INTEGRATED REPORT

FOR THE YEAR ENDED
31 DECEMBER 2021

2021

SETTING THE COURSE FOR A NEW REALITY

Sea Harvest

NAVIGATING OUR REPORT

OUR CAPITALS

- FC Financial Capital
- MC Manufactured Capital
- NC Natural Capital
- HC Human Capital
- IC Intellectual Capital
- SC Social and Relationship Capital

Refer to **pages 41 to 52.**

OUR MATERIAL CARDINAL POINTS

- Operating efficiently
- Driving transformation
- Protecting our brands
- Managing relationships
- Acting responsibly
- Optimising financial capital

Refer to **pages 67 to 73.**

OUR KEY STAKEHOLDERS

- Employees and labour unions
- Shareholders
- Funders
- Government and regulators
- Fishing industry partners
- Customers and consumers
- Suppliers and service providers
- Communities and non-governmental organisations (NGOs)

Refer to **pages 31 to 40.**



Our Integrated Report

The Sea Harvest Group Limited's Integrated Report is our main report to our stakeholders. It details all the elements that contributed to our value-creation story for the year ended 31 December 2021.



Our Environmental, Social and Governance Report

The Sea Harvest Group Limited's first stand-alone Environmental, Social and Governance Report is a reference for key ESG information required by our diverse stakeholder groups.



Our Annual Financial Statements

The Sea Harvest Group Limited's Annual Financial Statements is a comprehensive report of our financial performance and standing for the year ended 31 December 2021.



Our Notice of Annual General Meeting and Form of Proxy

The Sea Harvest Group Limited's Notice of Annual General Meeting and Form of Proxy comprise information required by the Companies Act, the JSE Listing Requirements and King IV™ to our shareholders.

Visit www.seaharvestgroup.co.za to download electronic copies of all our reports.

UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (UN SDGs)

Information regarding Sea Harvest Group's response to the 17 UN SDGs is woven throughout our Integrated Report with further information provided in our ESG Report.

- No poverty
- Zero hunger
- Good health and well-being
- Quality education
- Gender equality
- Clean water and sanitation
- Affordable and clean energy
- Decent work and economic growth
- Industry, innovation and infrastructure
- Reduced inequalities
- Sustainable cities and communities
- Responsible consumption and production
- Climate action
- Life below water
- Life on land
- Peace, justice and strong institutions
- Partnerships for the goals

Refer to **pages 67 to 73** for information on our material cardinal points, which is the main reference within our business when considering how we can support the UN SDGs.

OUR SHORT-, MEDIUM- AND LONG-TERM GOALS

Refer to **pages 75 to 78.**

The Board has reiterated its commitment to ensuring the long-term sustainability of the business. Taking into consideration the current global instability amid the Coronavirus pandemic (COVID-19), the Group has elected to retain a five-year framework for the achievement of the Group's strategic objectives.

Short term: Two years or less | **Medium term:** Two to five years | **Long term:** More than five years

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ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Integrating ESG into investments

Sea Harvest's 2021 integrated reporting includes our first stand-alone Environmental, Social and Governance Report (ESG) that provides a range of ESG information relating to various aspects of Sea Harvest's business relevant to various stakeholders. The ESG Report also includes information relating to Sea Harvest's performance in terms of the King IV™ Report on Corporate Governance as well as details relating to the Group's commitment to supporting the UN SDGs.



1



ABOUT OUR REPORT



5
Our IR theme and rationale

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Our report

OUR IR THEME AND RATIONALE



2021

THE COMPASS ENABLES NAVIGATION TOWARDS THE HORIZON

THE TRIANGLE IS THE MOST STABLE AND RIGID SHAPE, REVEALING RESILIENCE AND STEADFASTNESS OF CHARACTER

SETTING THE COURSE FOR A NEW REALITY

Sea Harvest's year under review took place against the backdrop of a world at sea. The second year of the global COVID-19 pandemic, 2021 saw our lives forever altered as history claimed a devastating chapter. The virus, and the worldwide crisis it unleashed, has presented not only mankind but also the Group with the greatest challenge of our lifetime. As an industry leader, and vital community support structure, our commitment and responsibilities to our stakeholders are not only far-reaching but essential, especially during a time of such great human need. It is this sense of duty that inspired us to stay the course and prevented us from buckling under the ever-present tide of uncertainty and fear.

Instead, we drew on decades of experience navigating our business through turbulent waters. As a global agribusiness, we know how to adapt and set a course for sustainable survival in our industry from sea to shore. We do this by maintaining our focus on the horizon. Our purpose to create value that fuels inclusive economic growth and benefits society through job creation, food security and social transformation is what steadied the waters and ensured we remained on solid ground.

Anchored by our values, we were able to forge a shared path to success with innovation and continued growth. The Group's resilience and defensive nature allowed us to streamline our business strategy, so we remained steadfast amid a global storm but also stayed the course toward reaching our short-, medium- and long-term value-creating goals. Though the global challenges remained a constant fixture in 2021, we continued to deliver on our mandate to preserve our precious natural resources, while supporting our people, our communities, and all our stakeholders. Our course is set to succeed within a changed world amidst this new reality.

APPLICATION

The theme is integrated throughout the reports with reference to the Group's business activities that set the course for a new reality. Our use of the compass still holds true, as we adapt to a more sustainable future in our industry from sea to shore, and focus on the horizon.

OUR REPORT

OUR REPORTING SCOPE

Sea Harvest Group Limited's 2021 IR and supplementary reports seek to provide material information about the Group's operating companies and subsidiaries, including Sea Harvest Corporation Proprietary Limited (Sea Harvest Corporation/South African Fishing), Cape Harvest Food Group Proprietary Limited (Cape Harvest Foods), Sea Harvest Aquaculture Proprietary Limited (Sea Harvest Aquaculture), and Sea Harvest International Proprietary Limited (Sea Harvest International/Sea Harvest Australia).

The information pertaining to Sea Harvest Corporation covers the South African Fishing operations in Saldanha Bay on the West Coast of South Africa as well as the Viking Fishing divisions in Cape Town, Mossel Bay and Durban. The information on Cape Harvest Foods pertains to the value-added dairy operations of Ladismith Cheese Company Proprietary Limited (Ladismith Cheese) and Mooivallei Suiwel Proprietary Limited (Mooivallei); the recently acquired convenience foods business, BM Foods Group Proprietary Limited (BM Foods Group); and the Group's factory shops. The information pertaining to Sea Harvest Aquaculture covers the Group's aquaculture interests in abalone and oysters, while the information pertaining to Sea Harvest International covers the Group's Australian wild-caught fishing and trading operations.

OUR REPORT PREPARATION

This report has been prepared in accordance with the following guidelines and frameworks:

- Recognition and measurement requirements of the International Financial Reporting Standards (IFRS);
- South African Institute of Chartered Accountants (SAICA) Financial Reporting Guides, issued by SAICA's Accounting Practices Committee and Financial Reporting Committee applicable to summarised financial information;
- Companies Act, No 71 of 2008 (Companies Act) of South Africa;
- King IV Report on Corporate Governance™ (King IV™)[1];
- International Integrated Reporting Council's Integrated Reporting <IR> Framework; and
- JSE Limited (JSE) Listings Requirements.

OUR REPORTS

A suite of reports has been produced to satisfy our stakeholders' specific information requirements. The following reports are available for download on the Sea Harvest Group website (**www.seaharvestgroup.co.za**):

- 2021 IR, including the summarised consolidated financial statements and 2021 ESG Report;
- Group and Company AFS for the year ended 31 December 2021;
- King IV™ Application Register;
- Notice of Annual General Meeting and Form of Proxy; and

A glossary of definitions used throughout the IR is set out on **page 147**.

OUR FORWARD-LOOKING INFORMATION

This report contains forward-looking statements that, unless otherwise indicated, reflect the Group's expectations as at 31 December 2021. Actual results may differ materially from the Group's expectations, if known and unknown risks or uncertainties affect its business or if estimates or assumptions prove to be inaccurate. We cannot guarantee that any forward-looking statement will materialise. Readers are cautioned not to place undue reliance on any forward-looking statements. Sea Harvest Group Limited does not commit, and disclaims any obligation, to update or revise any forward-looking statement, even if new information becomes available because of future events, or for any reason other than as required by the JSE Listings Requirements.

OUR INFORMATION ASSURANCE

We have strived to achieve a high standard of disclosure that promotes accurate, transparent, balanced and complete reporting. Our Board of Directors, its committees and management were involved in finalising the disclosures made in this report and assume responsibility for the information contained herein. Ernst & Young has independently assured the consolidated financial statements and the summarised consolidated financial statements. Our non-financial information was not independently assured.

[1]*Copyright and trademarks are owned by The Institute of Directors in South Africa, a non-profit company and all of its rights are reserved.*

BOARD APPROVAL

The Board acknowledges its responsibility for ensuring the accuracy of our 2021 Integrated Report and, in its opinion, the report addresses all material issues relevant to the business and presents an integrated view of the Group's performance in the year under review. The Board has indicated its approval of the report.

Frederick Robertson
Non-executive Chairperson

Felix Ratheb
Chief Executive Officer

Muhammad Brey
Chief Financial Officer

Iqbal Khan
Non-executive Director

Tiloshani Moodley
Non-executive Director

Marshall Rapiya
Lead Independent Non-executive Director

André Hanekom
Independent Non-executive Director

Kari Ann Lagler
Independent Non-executive Director

Carol Kholeka Zama
Independent Non-executive Director

OUR FEEDBACK

We value feedback from our stakeholders and would appreciate any correspondence that would allow us to produce reports that improve in quality every year. Any comments or requests for additional information can be emailed to **Anthea Abraham** at **antheaa@seaharvest.co.za.**

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THE SEA HARVEST GROUP AT A GLANCE





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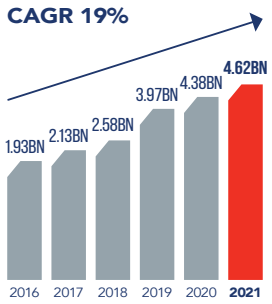
13
Our offerings

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Our leadership

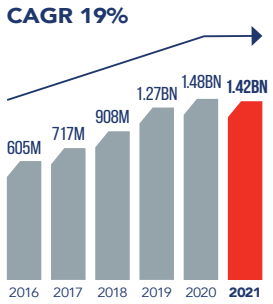
19
Our value-creation business model

HIGHLIGHTS FOR 2021

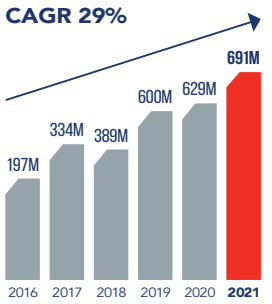
REVENUE	OPERATING PROFIT	EARNINGS PER SHARE	DIVIDEND PER SHARE
5% ↑	10% ↑	9% ↑	24% ↑
TO R4.6BN (2020: R4.4BN)	TO R691M (2020: R629M)	TO 168 cents per share (2020: 154 cents per share)	TO 56 cents per share (2020: 45 cents per share)



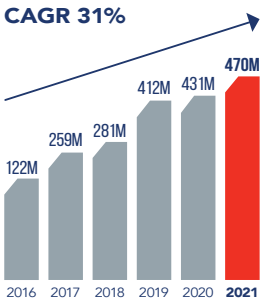
REVENUE



GROSS PROFIT



OPERATING PROFIT



ATTRIBUTABLE PROFIT*

Profit after tax attributable to shareholders of Sea Harvest Group.

			SPECIES:	EMPLOYEES:
SOUTH AFRICAN **FISHING**	Sea Harvest Savour the sea	36 VESSELS 6 PROCESSING OPERATIONS	HAKE | HORSE MACKEREL | PRAWN | ANCHOVY | PILCHARD	3 700
SEA HARVEST **INTERNATIONAL**	Sea Harvest Australia	14 VESSELS 10 SHARK BAY PRAWN FISHERY LICENCES 20 SPANISH MACKEREL LICENCES	PRAWN | SCALLOP | CRAB | SPANISH MACKEREL	110
SEA HARVEST **AQUACULTURE**	Viking Aquaculture	8 AQUACULTURE OPERATIONS	ABALONE | OYSTERS	360
CAPE HARVEST **FOOD GROUP**	Ladismith Cheese; BM; Hooivallei Suiwel Dairy	16 FACTORY SHOPS 5 PROCESSING OPERATIONS	CHEESE | BUTTER | POWDERS | CONVENIENCE FOODS	1 100

*Refer to **pages 79 to 86** for more information on our operational performance within the business segments.*

OUR INVESTMENT CASE

1 **RESILIENT AND DEFENSIVE**

Maintained profitability and **margins** in a tough environment

2 **LEVEL 1 B-BBEE CONTRIBUTOR >90% BLACK-OWNED**

B-BBEE score of **103.11**

3 **STRONG TRACK RECORD OF FINANCIAL PERFORMANCE**

Five-year revenue **CAGR of 19%** and attributable profit* **CAGR of 31%**

4 Geographically diverse customer base providing a **STRONG RAND HEDGE** with **40% of sales** in hard currency within developed markets

5 **ATTRACTIVE INDUSTRY DYNAMICS**

with global demand for premium, wild-caught, MSC-certified seafood exceeding supply. Global aquaculture grew at a **CAGR of 9%** from 2009 to 2018 and global dairy is expected to grow at a **CAGR of 5%** from 2020 to 2025

6 **RECOGNISED AS SUSTAINABLE**

South African hake and Australian Shark Bay prawn fisheries **MSC** certified to 2026

Profit after tax attributable to shareholders of Sea Harvest Group



WHO WE ARE

OUR

PURPOSE

Our purpose is to create value that fuels inclusive economic growth and benefits society through job creation, food security and social transformation.

VISION

We envision a Sea Harvest Group that is a leading, black-owned, responsible and diversified global agribusiness.

MISSION

To responsibly harvest, source and add value to natural and other resources in a way that exceeds stakeholder expectations, while providing sustainable employment and positively impacting the communities in which we operate and the stakeholders we serve.

VALUES

Our five core values anchor our behaviour to guide our engagements with all our stakeholders, namely:

1. We act **RESPONSIBLY**
2. We **DO WHAT WE SAY**
3. We respect **DIVERSITY**
4. We are **PASSIONATE** about our business
5. We **SAVOUR THE SEA AND THE SHORE**

OUR HISTORY

1964 Pescanova, Southern Sea Fishing Company and Imperial Cold Storage (ICS) establish Sea Harvest Corporation in Saldanha Bay.

1960s 1970s Increased focus on international markets and Cape Hake is positioned as a premium species.

1980s Sea Harvest Corporation acquires Atlantic Trawling and becomes one of the largest, vertically integrated deep-sea hake fishing companies in South Africa. However, sanctions prevent the Company from operating beyond the country's borders.

1990s Pescanova divests from Sea Harvest Corporation and ICS increases its stake to 62% and lists Sea Harvest Corporation on the JSE. Post-1994, international markets reopen and exports recommence. Tiger Brands acquires 100% of ICS and delists Sea Harvest Corporation from the JSE.

2000s Brimstone Investment Corporation Limited (Brimstone) increases its ownership in Sea Harvest Corporation to 21%. In 2009, a black consortium consisting of Brimstone, Kagiso Investment Holdings (Kagiso) and senior management acquire Tiger Brands' interest in Sea Harvest Corporation and establish Sea Harvest Holdings, of which Sea Harvest Corporation becomes a wholly-owned subsidiary.

2014 A new management team is appointed and drives a bold investment strategy to renew the Sea Harvest fleet and factories and turn around the performance of the business.

2015 Sea Harvest Holdings' shareholders facilitate the acquisition of 4.4% of the business on behalf of employees through the establishment of the Sea Harvest Employee Share Trust.

2016 Brimstone acquires Kagiso's stake in Sea Harvest Holdings, increasing its shareholding to 85%. Sea Harvest Holdings acquires a controlling interest in Mareterram Limited (Mareterram), a diversified agribusiness listed on the Australian Securities Exchange (ASX).

2017 Sea Harvest Holdings lists on the JSE as Sea Harvest Group Limited.

2018 Sea Harvest leads a black empowerment consortium that acquires 100% of Viking Fishing. Sea Harvest Group acquires a majority share of Viking Aquaculture.

2019 The Group acquires 100% of Ladismith Cheese. In May, Sea Harvest acquires 100% of Mareterram, renames the business Sea Harvest Australia and delists it from the ASX.

2020 COVID-19 severely impacts economies and businesses around the world and Sea Harvest proves its resilience and defensive characteristics in very tough conditions. Sea Harvest continues to integrate its subsidiaries and the Group readies itself for the fishing rights allocation process (FRAP) in 2021.

2021 The Group continues to navigate the COVID-19 storm, continuously adjusting to fluctuating markets.

The Group maintains its commitment to provide premium, sustainably harvested seafood and other food products demanded by its global customer base, while continuously seeking organic and acquisitive growth to ensure the long-term sustainability of the business.

The Group acquires 100% of Mooivallei on 02 August 2021, thereby increasing its cheese production capacity, and further diversifies in the South African Foods segment through the acquisition of a 53.7% majority share in the convenience foods business, BM Foods Group on 02 September 2021.

OUR FUTURE

Sea Harvest has secured its fishing rights in South Africa for the next 15 years providing certainty and business continuity. The impending MG Kailis acquisition builds a strong, diversified vertically integrated seafood business in Australia, creating an excellent business platform. The diversification into new abalone product formats and new markets are expected to drive sales and assist the business to turn around the operating loss of 2021. The availability of additional capacity at Ladismith and the acquisition of Mooivallei is expected to deliver additional volume, efficiencies and increased profitability while the acquisition of BM Foods Group introduces a platform asset with good growth prospects.



OUR OFFERINGS

WHAT SETS US APART

1

RESILIENT AND DEFENSIVE NATURE OF THE GROUP

The COVID-19 pandemic continued to create significant volatility in economies and businesses around the world. The Sea Harvest Group proved its resilience and defensive nature by delivering revenue growth of 5%, expanding the Group operating profit margin to 15%, and expanding headline earnings per share (HEPS) by 4% to 157 cents per share, while keeping its people safe and protecting jobs and livelihoods.

Refer to **pages 41 to 42** for more information on our Financial Capital, **page 73** for more information on optimising Financial Capital and **pages 87 to 92** for our CFO's Report.

2

INCREASING GLOBAL DEMAND FOR OUR PRODUCTS

Natural wild-caught fish from sustainable fisheries, with static supply

An increasing demand for sustainable seafood products remains evident in many markets around the world, prompted, in part, by population growth, which the World Bank has projected would average 1% per annum until 2025. Supporting the natural demand from population growth is a global rise in per capita fish consumption, which is projected to increase from an average of 20.2kg per annum in 2015 to 21.8kg per annum in 2025. On the supply side, the supply of valuable wild-caught species remains static, with global supply of wild-caught white fish remaining relatively stable at 7 million tonnes per annum.

Refer to **pages 79 to 80** for our South African Fishing segmental report and **pages 85 to 86** for our Sea Harvest International segment report.

Dairy products

The world's growing population, along with higher income levels and rising health consciousness, has also been driving the growing demand for dairy, which is considered an important part of dietary requirements and essential in both the foodservice and retail categories, with cheese being an essential topping for pizza – a favourite meal in most parts of the world. Although the global dairy market is primarily dominated by the milk segment, butter and cheese account for the second and third largest segments, respectively.

At Ladismith Cheese a third powder plant and a new butter factory was completed in 2021, increasing production capacity. The Group's acquisition of 100% of Mooivallei increased cheese production capacity by 40% and raw material supply by 15%, in addition to providing skills and expertise, with the acquisition having a strong net asset value underpin.

Convenience foods

The Group's acquisition of 53.7% of BM Foods Group enhanced and diversified its food offering of premium convenience food products with a wide range of chilled and prepared product categories, such as dips, patés, olives, soups, dairy and baked goods, which include pies, pizzas and pastries. BM Foods Group' products have a wide appeal to both the retail and foodservice markets in Southern Africa.

Refer to **pages 81 to 82** for our Cape Harvest Foods segmental report.

3

MARKET-LEADING BRANDS WITH BROAD AND INNOVATIVE RANGES OF PRODUCTS

Sea Harvest has a number of market-leading brands that are household names in their respective categories. In addition to the Sea Harvest brand, the Group also owns the established value-added dairy brand, Ladismith Cheese.

The Sea Harvest brand is a leading brand in frozen fish since 1964. Internationally, Cape Hake is recognised as a valued brand in its own right, and is supplied to leading international retailers in well-diversified export markets.

With the acquisitions of Mooivallei and BM Foods Group, the year under review saw several brands added to the Group's portfolio, including Riggs, Mediterranean Delicacies, Tuna Marine, Bettafresh and Judy's Preserves.

The Group's acquisitions in 2021, together with new products developed at its own new product development (NPD) facilities, have resulted in the number of its product lines for local and international markets increasing to c.2 200.

In South Africa, Sea Harvests' Panko Crumbed Hake Portion Range produced for Woolworths was the Overall Winner in the "2021 Food Review/Symrise New Product Competition Awards". The same product also received first prize in the Prepared Foods Category and was the winner of the Marketing Award in the same competition.

In Australia, Sea Harvest supplied hake to "Costa's Seafood Cafe", Capalaba, which won the 'Best Fish and Chip Shop in Queensland' award in the Great Australian Fish & Chip Awards 2021 MasterFoods™ People's Choice Awards.

Refer to **pages 49 to 50** for more information on our Intellectual Capital and **page 70** for more information on protecting our brands.

4

STRONG RAND HEDGE DUE TO GEOGRAPHICALLY DIVERSE, LONG-STANDING INTERNATIONAL CUSTOMER BASE

Our consistently high-quality products and world-class business standards are reflected in the extensive track record of growing and fostering partnerships with leading international customers, some of whom have been purchasing from Sea Harvest for over 50 years. The Group generated 42% of its 2021 revenue from international markets, making it a strong rand hedge. No single customer accounts for more than 10% of the Group's revenue.

Refer to **pages 31 to 40** for more information on our key stakeholders.

5

INTERNATIONAL REPUTATION FOR COMMITMENT TO SUSTAINABLE BUSINESS PRACTICES

Sea Harvest maintained its reputation as a leading global supplier of sustainable seafood products with both its South African Cape Hake and Australian Shark Bay prawn fisheries certified by the MSC, the international gold standard for sustainable wild-caught fishing practices and a major differentiator in the markets where the species are sold. South Africa's Cape Hake industry was recertified by the MSC for a fourth five-year period in February 2021 after an exacting 12-month reassessment process. The Group further renewed its commitment as a member of the Responsible Fisheries Alliance (RFA) in South Africa. The Group's sustainable practices extend to its aquaculture, dairy and convenience foods operations, where all of its facilities are governed by robust and stringent measures to ensure minimal environmental impact.

In November 2021, Sea Harvest implemented a R700 million sustainability-linked funding package with one of South Africa's leading banks. The KPIs and Sustainability Performance Targets (SPTs) agreed upon are linked to the terms of funding provided and will be assured by an independent party.

Refer to **pages 45 to 46** for more information on our Natural Capital and **page 72** for more information on acting responsibly.

6

EXPERIENCED, GROWTH-ORIENTATED MANAGEMENT TEAM

The Group has a diverse and experienced executive management team who strive for continuous improvement through innovation and the application of best practice methodologies in their respective fields.

Sea Harvest's leadership team continues to focus on the Group's organic and acquisitive growth and expansion strategy, successfully completing the new powder and butter factories at Ladismith Cheese and acquiring two additional companies in the dairy (Mooivallei) and convenience foods (BM Foods Group) sectors, respectively, which are being integrated into the Group.

Refer to **pages 15 to 18** for more information on our leadership and **pages 75 to 78** for our strategy.

7

DIVERSE, SKILLED AND COMMITTED WORKFORCE

The Group's c.5 270 employees possess a diverse range of talent, skills and essential attributes that shape the culture of continuous improvement within the organisation. Our workforce has displayed unwavering and continued commitment during the pandemic, demonstrating their loyalty and dedication to safeguarding the future of the organisation and thereby contributing to protecting their livelihoods.

The acquisition of Mooivallei, as well as BM Foods Group, brings additional industry skills, which enhances the Group's ability to remain competitive.

To ensure the safety of our workforce, the Group successfully launched two workplace COVID-19 vaccination clinics and, at the time of writing this report, 92% of employees had been vaccinated.

Refer to **pages 47 to 48** for more information on our Human Capital.

8

VERTICALLY INTEGRATED BUSINESSES WITH WELL-LOCATED, WORLD-CLASS FACILITIES IN INDUSTRIES WITH HIGH BARRIERS TO ENTRY

Our business platforms extend across the entire value chain from harvesting and sourcing, to production, sales and distribution, with significant investments throughout the entire value chain. Our factories are accredited by key international organisations, such as the international British Retail Consortium and the MSC, and locally by the National Regulator for Compulsory Specifications (NRCS).

Furthermore, our facilities enjoy accreditation by key customers, including Nestlé, Nomad Foods and Woolworths (South Africa).

The South African and Australian fishing industries are highly regulated, with fishing rights issued for 15 years in South Africa and in perpetuity in Australia.

Fishing, aquaculture, value-added dairy and convenience food businesses are highly capital intensive, requiring expensive assets, working capital and economies of scale to be globally competitive.

Refer to **pages 43 to 44** for more information on our Manufactured Capital and **pages 67 to 68** for more information on operating efficiently.

9

DEMONSTRABLE COMMITMENT TO SOCIAL TRANSFORMATION

Our commitment to social transformation has remained steadfast over the years and runs deep within the Group's business practices. It is evidenced by the fact that the Group has retained its Level 1 B-BBEE contributor status with a rating of 103.11. The Group is committed to continuing its journey in aiding the social transformation of South Africa through job creation and skills development, as well as its procurement policies where R393 million of the Group's procurement spend was directed towards suppliers in economically depressed and semi-rural areas. This is a significant job multiplier in semi-rural areas of South Africa.

Furthermore, the Group remains dedicated to social change through direct enterprise and supplier development with a contribution of R20 million during 2021, as well as wider community support through contributions to the Sea Harvest Foundation and the South African Fisheries Development Fund (Fisheries Fund) totalling R5.1 million.

Refer to **pages 51 to 52** for our Social and Relationship Capital and **pages 109 to 112** for our Social, Ethics and Sustainability Committee Report.

10

ETHICAL AND EFFECTIVE LEADERSHIP THROUGH GOVERNANCE

Our leadership remains committed to ensuring the creation of value for all stakeholders over the long term through the implementation of sound corporate governance principles, including disclosure and transparency. In advancing governance, the Group is proud to have launched its first ESG report.

Refer to **pages 95 to 102** for our Governance Report and our stand-alone ESG Report.



OUR LEADERSHIP

OUR BOARD OF DIRECTORS

Our Board of Directors remains committed to ensuring the creation of value for all stakeholders over the long term. Collectively, the Board possesses the requisite skills to realise the fulfilment of the Group's vision, mission and strategy. The composition of the Board ensures a balance of authority and does not permit individual dominance in decision-making processes. The roles and functions of the Chairperson of the Board and the Chief Executive Officer are separate and clearly distinguishable. The composition of the Board for the 2021 financial year was as follows:



Frederick Robertson (67)

Non-executive Chairperson

Qualifications: Honorary Doctorate in Philosophy
Appointed: 2009

Committees: Chairperson: SES **Invitee:** AR N R IH

Experience: Executive Chairman and co-founder of Brimstone. Serves as Deputy Chairman of Remgro Limited and Chairman of Lion of Africa Life Assurance Company. Also serves as Non-executive Director of AON Re Africa and Swiss Re Life and Health Africa. His trusteeships and patronages include: Chairman of the Board of trustees of the University of the Western Cape Foundation; patron to the South African Academy for Young Leaders; and trustee of The District Six Museum Foundation. Has received numerous awards over the years and, in 2016, was conferred an Honorary Doctorate in Philosophy by the University of the Western Cape.



Muhammad Brey (43)

Group Chief Financial Officer

Qualifications: CA(SA)
Appointed: 2016

Committees: Member: SES EXEC **Invitee:** AR IH

Experience: Former member of the corporate finance division of Nedbank Capital, Managing Executive at Brimstone, former Chief Investment Officer and current Chief Financial Officer of Sea Harvest Group Limited.



Tiloshani Moodley (47)

Non-executive Director

Qualifications: LLB
Appointed: 2018

Committees: Member: SES

Experience: Executive Director and Company Secretary at Brimstone and Non-executive Chairperson of Obsidian Health.



Felix Ratheb (49)

Group Chief Executive Officer

Qualifications: BSc (Hons) (Elec Eng), MBA
Appointed: 2009

Committees: Member: EXEC **Invitee:** AR N R SES IH

Experience: Over 19 years' experience in the fast-moving consumer goods (FMCG) and fishing industries. Chairman of the South African Deep-Sea Trawling Industry Association (SADSTIA), board member of the Groundfish Forum, former trustee on the board of the MSC from 2016 until 2019, and current Chief Executive Officer of Sea Harvest Group Limited.



Marshall Rapiya (69)

Lead Independent Non-executive Director

Qualifications: BAdmin
Appointed: 2016

Committees: Member: AR N R SES

Experience: Extensive business leadership and management experience and former Chief Executive Officer of Old Mutual Life Insurance (SA). Served on various boards in South Africa.



Iqbal Khan (55)

Non-executive Director

Qualifications: CA(SA)
Appointed: 2016

Committees: Member: N R SES IH **Invitee:** AR

Experience: Over 26 years' experience as a Chartered Accountant at SAA and the Old Mutual Group, former partner at Ernst & Young, former Chief Operating Officer at Old Mutual Investment Group, former board member of the Independent Regulatory Board of Auditors, former head of the audit committee of the University of the Western Cape, and currently Chief Operating Officer of Brimstone.

COMMITTEES

AR Audit and Risk	R Remuneration	IH Investment and Hedging
N Nomination	SES Social, Ethics and Sustainability	EXEC Executive



Kholeka Zama (44)

Independent Non-executive Director

Qualifications: CA(SA)
Appointed: 2018

Committees: Member: AR SES

Experience: Over 26 years' experience in finance, former Management Accountant for Mondi, former Chief Financial Officer of Ezemvelo KZN Wildlife, former head of internal audit and financial controller at British American Tobacco South Africa, and current Chief Financial Officer and Finance Director at Wesgro.



Kari Lagler (52)

Independent Non-executive Director

Qualifications: CA(SA)
Appointed: 2018

Committees: Chairperson: AR

Experience: Over 26 years' business experience, former tax partner at KPMG, former General Manager at Old Mutual Corporate, accountant member of the Western Cape Tax Court, tax practitioner and professional trustee.



André Hanekom (63)

Independent Non-executive Director

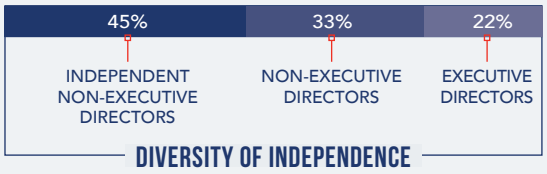
Qualifications: CA(SA)
Appointed: 2016

Committees: Chairperson: N R IH **Member:** AR

Experience: Over 31 years' experience in the FMCG and manufacturing industries, former Chief Executive Officer of Bokomo, former Chief Executive Officer of Pioneer Foods, and Chairperson of Quantum Foods.

BOARD COMPOSITION

The Group has a unitary board structure, presently comprising nine directors, with four independent non-executive directors, three non-executive directors and two executive directors.

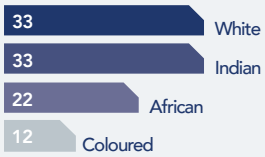


DIVERSITY OF INDEPENDENCE

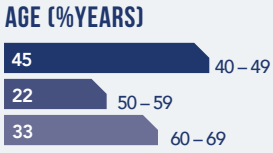


Board expertise, demographics and racial diversity

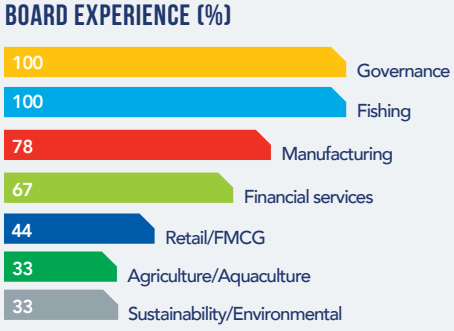
The Board comprises the appropriate balance of knowledge, experience, skills and diversity to discharge its responsibilities. Our Board is an independent body with the relevant expertise to provide perspective and facilitate robust decision-making for the benefit of the entire Group.











OUR LEADERSHIP CONTINUED

OUR EXECUTIVE COMMITTEE

The Executive Committee is primarily charged with the achievement of the Group's strategy as established by the Board. As the operational committee of the Group, the Executive Committee comprises executives and directors of key subsidiary companies and divisions. The Committee meets regularly to determine, assess and monitor the implementation of strategies and policies approved by the Board, while ensuring value creation. Assessing previously reported barriers and risks to the attainment of the Group's objectives and identifying and mitigating newly identified ones are a key focus of the Executive Committee. At the end of 2021, the Executive Committee was restructured in line with the Group's expansion.



Felix Ratheb (49)

Group Chief Executive Officer

Qualifications: BSc (Hons) (Elec Eng), MBA
Appointed to the Exec: 2009
Years at Sea Harvest: 18

Committees: Member: EXEC **Invitee:** AR N R SES IH

Experience: Over 19 years' experience in the FMCG and fishing industries. Chairman of the South African Deep-Sea Trawling Industry Association (SADSTIA), board member of the Groundfish Forum, former trustee on the board of the MSC from 2016 until 2019, and current Chief Executive Officer of Sea Harvest Group Limited.



Muhammad Brey (43)

Group Chief Financial Officer

Qualifications: CA(SA)
Appointed to the Exec: 2016
Years at Sea Harvest: 9

Committees: Member: SES EXEC **Invitee:** AR IH

Experience: Former member of the corporate finance division of Nedbank Capital, Managing Executive at Brimstone, and former Chief Investment Officer and current Chief Financial Officer of Sea Harvest Group Limited.



Madoda Khumalo (35)

Chief Strategy Officer

Qualifications: BSc, MSc (Oceanography)
Appointed to the Exec: 2015
Years at Sea Harvest: 8

Committees: Member: EXEC **Invitee:** SES

Experience: Extensive knowledge in marine science, with seagoing research experience obtained at various institutions, such as DFFE and the University of Cape Town; former Resource and Sustainability Manager of Sea Harvest Corporation; and current Chief Strategy Officer. Chairperson of SADSTIA's scientific subcommittee.



Terence Brown (47)

Operations Director

Qualifications: National Diploma: Mechanical Engineering
Appointed to the Exec: 2014
Years at Sea Harvest: 11

Committees: Member: EXEC **Invitee:** SES

Experience: Over 20 years' experience in the local and international fishing industry, former General Manager at Ireland Blyth Limited, former Chairperson of SADSTIA, and current Chairperson of the Sea Harvest Foundation.



Mary-Lou Harry (62)

Human Resources Director

Qualifications: National Diploma: Human Resources Management, MPhil (Management Coaching), BCom (Hons)
Appointed to the Exec: 2008
Years at Sea Harvest: 14

Committees: Member: EXEC **Invitee:** SES

Experience: Numerous senior management and executive positions in the human resources field in the broadcasting and engineering sectors, former Chairperson of South African Fishing Industry Employers' Organisation (SAFIEO), former board member of Fishing Industry Medical Aid Scheme (Fishmed) and the Food and Beverages Sector Education and Training Authority (FoodBev SETA), and Executive Member of the Bargaining Council for the Fishing Industry.



Renaldo Groenewald (49)

Managing Director Ladismith Cheese

Qualifications: CA(SA), MBA
Appointed to the Exec: 2019
Years at Sea Harvest: 3 years, with 14 years at Ladismith Cheese

Committees: Member: EXEC

Experience: Senior roles at Deutsche Bank, DHL and the South African National Defence Force, over 15 years' experience in the dairy industry, former Chief Financial Officer and current Managing Director of Ladismith Cheese.

COMMITTEES

AR Audit and Risk	R Remuneration	IH Investment and Hedging
N Nomination	SES Social, Ethics and Sustainability	EXEC Executive



Mats Jörnell (49)

Managing Director Viking Aquaculture

Qualifications: BSc, Business Administration
Appointed to the Exec: 2021
Years at Sea Harvest: 3

Committees: Member: EXEC
Experience: Over 25 years' experience in European and other international FMCG businesses within fish, food and confectionery. Various leadership positions in branded sales, marketing and export with: MARS, Youngs, Findus and Nomad Foods. Current Managing Director of Viking Aquaculture and GM Retail Division (South African Fishing).



Costas Vayanos (58)

Managing Director BM Foods Group

Qualifications: CA(SA)
Appointed to the Exec: 2021
Years at Sea Harvest: 31 years at BM Foods Group

Committees: Member: EXEC
Experience: 31 years' experience in managing food manufacturing businesses covering chilled, frozen and ambient.



Nondumiso Seshoka (31)

Company Secretary

Qualifications: LLB; Post Grad Diploma: Compliance Management
Appointed to the Exec: 2020
Years at Sea Harvest: 1

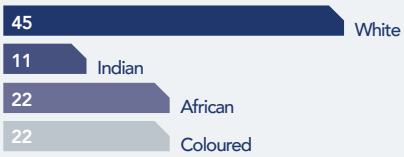
Committees: Member: EXEC
Experience: Over nine years' experience in the legal, company secretarial, compliance and agricultural fields gained in private practice and in-house.

EXECUTIVE COMMITTEE COMPOSITION

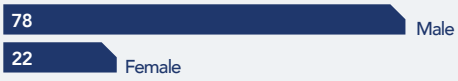
DIVERSITY OF TENURE AT SEA HARVEST (%)



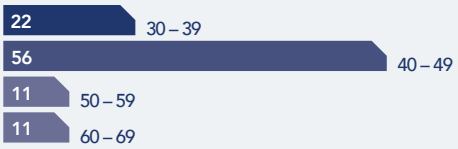
RACE (%)



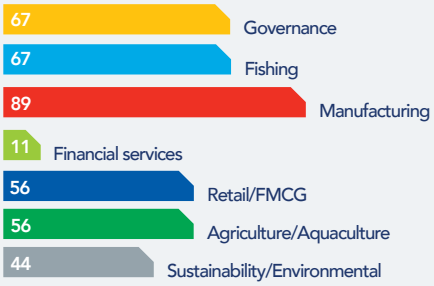
GENDER (%)



AGE (%YEARS)



BOARD EXPERIENCE (%)



QUALIFICATIONS



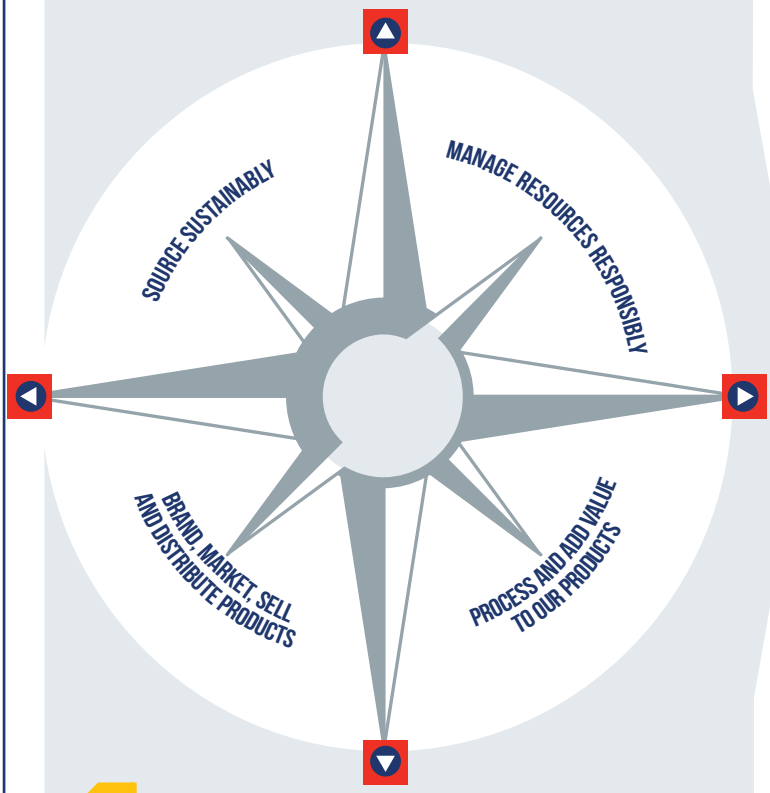
OUR VALUE-CREATION BUSINESS MODEL

CAPITAL INPUTS

FC 41 FINANCIAL CAPITAL
Equity, debt and internally generated capital to fund and sustain organic and acquisitive growth

MC 43 MANUFACTURED CAPITAL
Vessels, tankers, processing plants, cold stores, distribution facilities, information technology (IT), aquaculture farms and factory shops

NC 45 NATURAL CAPITAL
Natural resources, including various fish species, milk, water, energy and land



HC 47 HUMAN CAPITAL
Employees – both skilled and semi-skilled

IC 49 INTELLECTUAL CAPITAL
Brands, trademarks, reputation, employees' skills, know-know and experience

SC 51 SOCIAL AND RELATIONSHIP CAPITAL
Stakeholder relationships and socio-economic investments

STRATEGIC PERFORMANCE
Sea Harvest's strategy has been established around six pillars, split between organic growth and acquisitive growth. Please refer to **pages 75 to 78.**

VALUE-ADDING ACTIVITIES
79 to 86

SOUTH AFRICAN FISHING
NO OF PRODUCTS: c.600

TYPE OF SERVICE:
Catching, processing and marketing of Cape Hake, Horse Mackerel, small pelagics (anchovies and pilchards) and prawn

SEA HARVEST INTERNATIONAL
NO OF PRODUCTS: c.360

TYPE OF SERVICE:
- Catching, processing and marketing of prawn, scallops, crab and Spanish Mackerel
- Importing and marketing of traded product, including Cape Hake

SEA HARVEST AQUACULTURE
NO OF PRODUCTS: c.10

TYPE OF SERVICE:
Farming and marketing of abalone and oysters

CAPE HARVEST FOOD GROUP
NO OF PRODUCTS: c.1 230

TYPE OF SERVICE:
- Dairy products – sourcing and processing milk into a variety of dairy products, such as cheese, butter and powdered milk, and the marketing of these products
- Convenience foods – manufacturing and distributing chilled, frozen and ambient convenience foods
- Sea Harvest factory shops

NON-NEGOTIABLES
67 to 73

OUR MATERIAL CARDINAL POINTS
67 to 73

Operating efficiently	Driving transformation	Protecting our brands
Managing relationships	Acting responsibly	Optimising financial capital

OUR TOP RISKS
54 to 59

1. Retention of fishing rights	2. Macroeconomic factors
3. COVID-19 pandemic	4. Loss of major assets
5. Business interruption	6. Failure of food safety standards
7. Sustainability of resources	8. Market concentration risks
9. Employee safety	10. Acquisition integration challenges

OUTPUTS
PREMIUM QUALITY SEAFOOD, DAIRY AND CONVENIENCE FOOD PRODUCTS for our customers who are retailers, foodservice providers, and food producers locally and internationally in **31 COUNTRIES AROUND THE GLOBE**.

GOVERNANCE

CAPITAL OUTCOMES

FC 41
- + Revenue increased by 5% to R4.6 billion
- + Profit after tax attributable to shareholders of the Group increased by 9% to R470 million
- + HEPS growth of 4% to 157cents
- + An ordinary dividend of 56 cents per share was declared in respect of the 2021 financial year
- + Net debt to Earnings before interest, taxes, depreciation and amortisation (EBITDA) improved to 1.2 times EBITDA
- + Return on capital employed (ROCE) improved to 18%

MC 43
- + Number of days at sea increased to 9 179 days
- + Land-based production output increased to 47 158 tonnes
- + c.2 200 fish, dairy and convenience food products produced across the Group
- + Benefits realised from R274 million capital expenditure investment

NC 45
- + The TAC was scientifically evaluated, thus allowing for sustainable extraction of resources from the ocean
- + Adhered to all harvesting restrictions and requirements, environmental management and subsequent authorisations
- + South African Cape Hake and Australian Shark Bay prawn products have been recertified by the MSC for a further five years to 2026
- + Saldanha desalination plant resulted in a 60% saving in fresh water since 2018
- + Renewable wind energy reduced the Group's electricity usage by 6%

HC 47
- + R1.2 billion paid in salaries and wages
- + African, Coloured and Indian (ACI) employees: 92% of South African employees
- + More than 70 employees received long service awards for service to the Group ranging from five to 40 years
- + 900 (17%) Group employees were upskilled in 2021, despite the challenges experienced as a result of COVID-19
- + R44 million spent on skills development
- + No fatalities as a result of injuries on duty

IC 49
- + Longstanding relationships with both suppliers and customers allowed the business to withstand turbulent headwinds
- + Refresh of Sea Harvest retail frozen fish range packaging
- + Aquaculture focused its efforts on its abalone offering and divested from its mussels and ocean trout activities
- + Ladismith added an additional powder plant and new butter factory
- + Refresh of Ladismith retail brand, website and packaging
- + Acquisition of Mooivallei and BM Foods Group, with retention of key management

SC 51
- + Retained level 1 B-BBEE contributor status, with black ownership of >90%
- + c.R1.2 billion spent procuring goods and services from majority black-owned businesses
- + R580 million in 2021 spent on procuring goods and services from 665 small, medium and micro enterprises (SMMEs)
- + R20 million spent on supplier and enterprise development
- + R4.8 million spent by the Sea Harvest Foundation

VALUE CREATION FOR OUR STAKEHOLDERS

Achieved ✪ Increased ▲ Decreased ▼

31 to 32
- ✪ Sustained c.5 270 jobs across the Group with no job losses
- ▲ R1.2 billion paid in salaries and wages
- ✪ c.R44 million spent on providing training and skills development opportunities
- ✪ 201 learnerships, 27 apprenticeships, 10 cadetships, 18 graduate placements, 8 management development programmes, 2 senior management development programmes as well as 21 mentorship programmes were in place during 2021
- ✪ Administered c.4 700 vaccines
- ✪ At the time of writing this report, 92% of employees had been vaccinated

33
- ▲ Operating profit growth of 10% to R691 million with the operating profit margin expanding to 15%
- ▲ HEPS growth of 4% to 157cents
- ▲ Ordinary dividend declared increased 24% to 56 cents per share
- ▲ ROCE improved to 18%

35
- ✪ R57 million was paid in net interest
- ✪ All covenant requirements were met
- ✪ Implemented our inaugural R700 million sustainability-linked finance facility

36
- ✪ Retained level 1 B-BBEE contributor status, with black ownership of >90%
- ✪ The Group harvested its full quota
- ▲ Invested R274 million in its fleet and factories to improve efficiencies and increase production capacity
- ▲ Paid taxes and levies of R496 million and generated R1.8 million in foreign revenue

37
- ▲ Spent R580 million supporting 665 SMMEs
- ▲ Actively supported four black SMMEs in the South African fishing sector
- ✪ Sea Harvest Australia continued to participate in a share-fishing arrangement with the boat skippers who operate their fishing vessels in Carnarvon and Darwin
- ▲ Secured MSC certification for our Cape Hake products in South Africa and Shark Bay prawn products in Australia

38
- ▲ Grew diversified product range to c.2 200 products distributed to a wide range of customers located in 31 countries
- ▲ Increased social media activity with 9.1 million views of Sea Harvest seafood product videos, and 39.1 million advertising impressions, while Ladismith Cheese's social media reach via Facebook and Twitter reached 6.85 million
- ▲ Market share in the South African fishing segments' domestic retail market increased to 33% in 2021

39
- ▲ The Group's procurement policies resulted in R1.2 billion being spent on 202 majority black-owned suppliers
- ✪ R11.2 million was contributed towards supplier development
- ▲ R8.8 million was contributed towards enterprise development
- ✪ Spent R580 million supporting 665 SMMEs

35 to 36
- ▲ Through the Sea Harvest Foundation, the Group invested R4.28 million in community-based projects
- ▲ Through the Fisheries Fund supported SMMEs and the small-scale fishing sector by providing training and coaching and developing a specialist insurance policy for fisherfolk



3

NAVIGATING A TURBULENT CONTEXT



23
Our Chairperson's Report

25
Our operating locations

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Our operating context

31
Our key stakeholders

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Our capitals and how we manage them

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Our risks and mitigations

OUR CHAIRPERSON'S REPORT



FRED ROBERTSON

The year 2021 has been another difficult year. I present this report within that context and with the conviction that we have successfully navigated a trying two-year period. Every year presents new challenges, and like the ebb and flow of the oceans these challenges test the resilience and strength of our businesses and teams. They also test our responsibility as corporate citizens and the role we fulfil in our communities. Sea Harvest operates in multiple geographies albeit that our major operations are based in South Africa.

In South Africa, the year under review again showed multiple complexities that tested us on many fronts. We saw a vicious third wave of the COVID-19 pandemic that claimed many South African lives, including 10 of our colleagues. We extend our condolences to their families and loved ones. I firmly believe that vaccination is currently our only tested and proven management tool for the virus. It mitigates the loss of lives – any life lost is one too many. We will continue to advocate and promote the use of vaccines, which ultimately brings stability to our workforce and communities. I am delighted that South Africa has transitioned well through the pandemic. I feel that we are now on course for a post-COVID era and have learnt to live with the virus; however, we should remain vigilant as further waves are anticipated. At the time of writing, the National State of Disaster imposed by the government has also been lifted. This indeed is positive for us to rejuvenate the economy.

In July 2021, we witnessed mass looting on an unprecedented scale in KwaZulu-Natal and Gauteng. The economic destruction, loss of jobs and destruction of property brought about by this event are still being felt. Sadly, smaller business owners were probably hardest hit in relative terms, as many of them did not have the necessary business insurance. This event brings into question the effectiveness of our government's security and intelligence agencies. We hope that the perpetrators and masterminds are brought to account for their actions.

As a responsible corporate citizen we closely monitor breakdowns in governance and corruption. To this extent we are pleased that the Zondo Commission has presented a major part of its findings in the release of their reports to President Cyril Ramaphosa. We now hope that the necessary course of action against the individuals and organisations involved in state capture is taken swiftly. Corruption has cost our economy dearly, and unfortunately, the poorest of the poor continue to bear the brunt of it.

The South African economy had a great rebound in the year under review. After a record contraction of -6.4% in GDP in 2020, South Africa's real GDP growth bounced back to +4.9% in 2021. This was largely driven by strong commodity prices, and the gradual reopening of the economy after strict COVID-19 regulations. Unemployment still remained very high at around 35% – a serious challenge for any economy with low growth rates. I am optimistic about our President's drive to attract foreign investment, as such private sector investment can help create jobs and thereby stimulate growth in a mutually beneficial manner. We cautiously observe the increasing interest rate cycle, rising energy prices, continued global logistics challenges and their resultant increase in costs of moving goods worldwide.

At the time of writing, it is sad and horrific that we are faced with the Russian invasion of Ukraine. I am reminded of the words of HG Wells, **"If we don't end war, war will end us."** I hope and pray that this and other conflicts around the world are resolved as soon as possible so that peace may prevail.

I also note the severe flooding in the KwaZulu-Natal region. This is most unfortunate for a region that has endured so much loss last year.

I am hopeful that the reconstruction of facilities and infrastructure happens swiftly to restore livelihoods and economic activity in the region.

Despite the mixed South African and global socio-economic context of the past year, I am delighted to advise that Sea Harvest has reported solid and resilient results for the year under review. Financial performance highlights include a 5% increase in revenue for the year to R4.6 billion from R4.4 billion in the previous year. Operating profit increased by 10% to R691 million from R629 million. This translated into earnings growth of 9% to 168 cents per share. Dividend per share increased by 24% to 56 cents per share.

Sea Harvest has clearly stated its intention to grow by acquiring good quality assets that meet its strategic objectives and pre-defined deal metrics. In line with this strategy, the Group acquired a majority stake in BM Foods Group, thereby gaining access to an asset in convenience foods and achieving a further footprint in South Africa's FMCG market. Through this acquisition, the Group is diversifying into new food categories that present synergies with our dairy and fishing businesses.

Further afield, in Australia, the objective of concluding a transformative acquisition with strong synergies and scale was achieved through the proposed acquisition of MG Kailis. This acquisition will effectively double the size of the Australian operations and reinforce our position in that market.

In pursuit of organic growth, the Group completed the installation of a new powder plant at Ladismith Cheese, thereby increasing the milk powder production capacity by about one third. In addition, the construction of a new butter factory also significantly increased production capacity. From an acquisition perspective, the Group acquired Mooivallei (a cheese and butter producer) in Bonnievale, near Ladismith, bringing additional cheese production capacity to the Group.

The South African government's long-awaited, and much anticipated, FRAP gained traction in the year under review. Our dedicated team was seriously engaged in our application process, ensuring that our position is clearly articulated. The process concluded after year end with the allocation of commercial fishing rights in nine sectors. Sea Harvest applied for quota in four commercial sectors and, pleasingly, achieved one of the highest scores during the process, thereby successfully renewing its rights (albeit at slightly reduced levels) for the next 15 years in all sectors applied for, bringing stability and certainty to the Group. The finalisation of FRAP enables the Group to continue on its empowerment journey in the interest of all its stakeholders, including its employees and local communities.

I am proud that Sea Harvest has again retained its Level 1 B-BBEE score according to the Department of Trade, Industry and Competition's (the dtic's) verification process. B-BBEE is truly very deeply anchored in our Company and resonates in everything we do at Sea Harvest. For example, during the year under review we spent R494 million in our South African Fishing operations to procure goods and services from 606 predominately black-owned SMMEs, an increase of 8% from R463 million in the previous year. A further R20 million was spent on direct enterprise and supplier development.

We created more jobs and now employ approximately 5 300 people across the Group. Our employment creation efforts are mostly aimed at the rural areas in which we operate. In Saldanha Bay, the Group's largest operation site, Sea Harvest is the largest employer and economic driver in the municipality.

Sea Harvest is a co-founding member and key driver of the South African Fisheries Development Fund (Fisheries Fund), a joint initiative with our majority shareholder, Brimstone. Through the Fisheries Fund, the Group provides training and support to SMMEs and small-scale fishing communities in the South African fishing industry and allied sectors. As a Group, we strive to be an example of how B-BBEE can be realised and implemented, not only in our sector but throughout corporate South Africa.

I BELIEVE IT IS OUR COMMITMENT TO JOB CREATION, SKILLS DEVELOPMENT, AND EMPOWERING PROCUREMENT POLICIES THAT DRIVES OUR SUCCESSFUL CONTRIBUTION TO THE COUNTRY'S SOCIAL TRANSFORMATION.

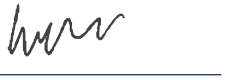
We operate in the highly regulated and ecologically sensitive fishing industry, which requires us to be responsible stewards of our natural environment. The Group has maintained its MSC certification for its Cape Hake and Shark Bay prawn fisheries, which is valid until 2026. The Group also renewed its commitment as a member of the RFA in South Africa, whereby we continue to support projects that aid in the rehabilitation and securing of a healthy marine environment.

For further information on our ESG activities please refer to our maiden ESG Report (published separately).

The Group further fulfils its mandate to communities through the many projects of the Sea Harvest Foundation. Sea Harvest invested over R4 million in community-based projects, including donations of food parcels and personal protective equipment (PPE) to local schools and organisations in the Western, Eastern and Northern Cape. During the year under review, we continued our partnerships with community organisations to address the specific challenges that communities faced, with community sports clubs and tertiary students, in particular, benefiting from the Sea Harvest Foundation.

To all our employees, stakeholders, shareholders, suppliers, customers, unions, regulators, advisors and associates, thank you for your support – I am proud to say that it is all of you who shape us into the exemplary organisation we are today.

Finally, I wish to congratulate and thank our CEO Felix Ratheb and his executive team for their hard work and dedication, the outcome of which can be seen in these resilient results. I thank my fellow Board members for their guidance, support and good counsel.



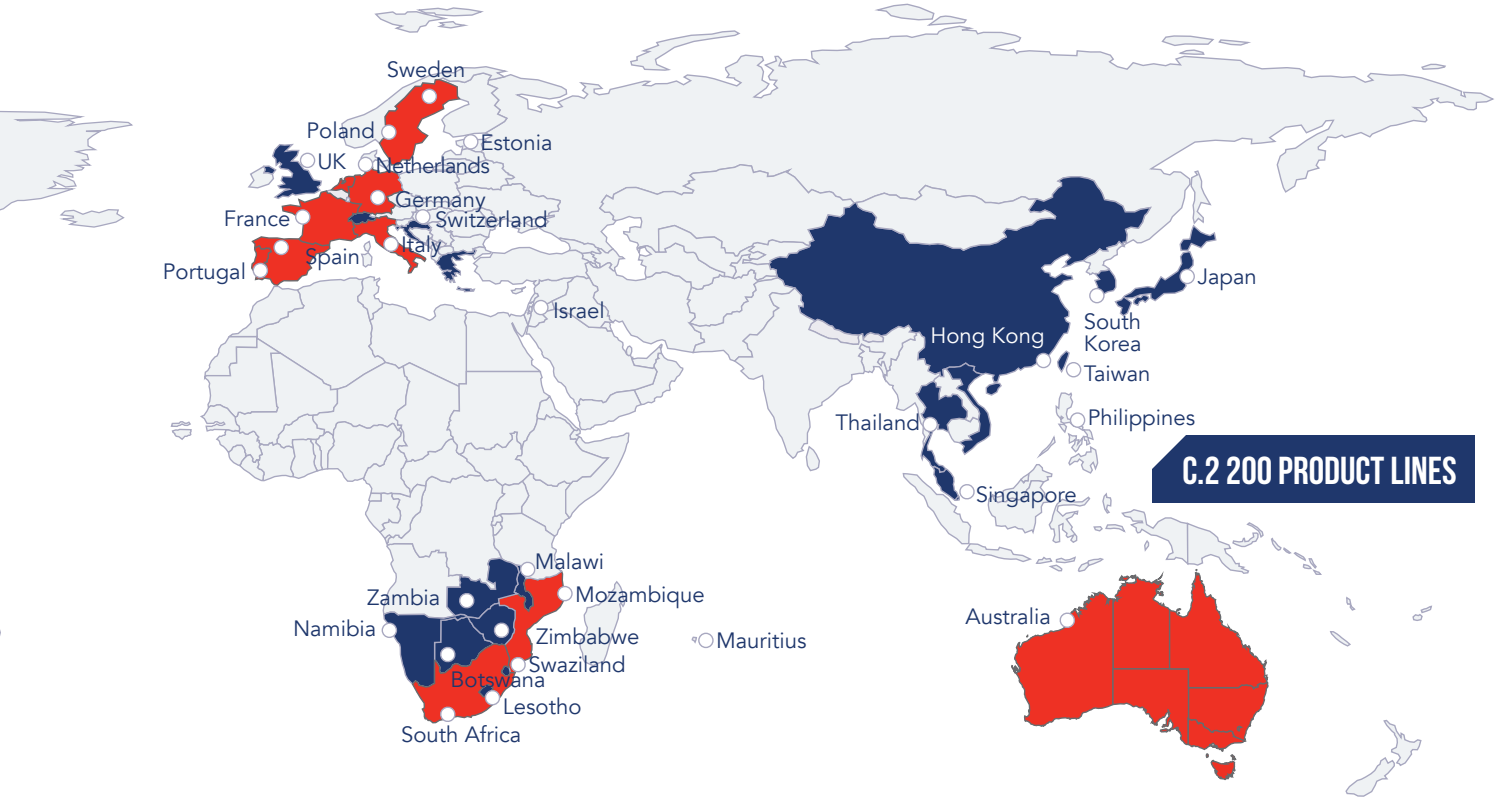
Fred Robertson
Non-executive Chairperson

OUR OPERATING LOCATIONS

OPERATING CONTEXT

Key factors	Page
COVID-19	27
South African regulatory policy uncertainty	27
Well-managed fish stock	28
Shark Bay prawn catches track below long-term average on an improving trajectory	28
Continued strong demand for high quality, wild-caught species such as Cape Hake and Shark Bay prawn as well as value-added dairy	28
Sales of abalone and oysters negatively impacted by COVID-19	29
Challenging domestic economic environment	29
Volatile rand	29
Fuel price	30
Technological advancement and disruption	30





C.2 200 PRODUCT LINES

25%	Revenue EUROPE	(2020: 30%)
58%	Revenue SOUTH AFRICA	(2020: 54%)
12%	Revenue AUSTRALIA	(2020: 12%)
5%	Revenue OTHER MARKETS	(2020: 4%)

OUR GLOBAL PRESENCE

Major markets (95%) | Minor markets (5%) | Countries where our products are sold

SOUTH AFRICAN FISHING

Catching, processing and marketing of Cape Hake, Horse Mackerel, small pelagics (anchovies and pilchards) and prawn.

- Saldanha Bay
- Cape Town
- Mossel Bay
- Durban
- Maputo

- Saldanha Bay
- Cape Town
- Mossel Bay

- Saldanha Bay
- Cape Town
- Mossel Bay
- Durban

- Saldanha Bay
- Cape Town
- Mossel Bay
- Johannesburg
- Durban

SEA HARVEST INTERNATIONAL

Catching, processing and marketing of prawn, scallops, crab and Spanish Mackerel as well as importing and marketing traded product, including Cape Hake.

- Carnarvon
- Darwin

- Carnarvon

- Carnarvon
- Perth
- Adelaide
- Melbourne
- Sydney
- Brisbane

SEA HARVEST AQUACULTURE

Farming and marketing of abalone and oysters.

- Lüderitz
- Kleinzee
- Paternoster
- Saldanha Bay
- Hermanus
- Buffeljags
- Fisantekraal

- Saldanha Bay
- Hermanus

- Saldanha Bay
- Hermanus

- Lüderitz
- Hermanus

CAPE HARVEST FOOD GROUP

Sourcing and processing milk into a variety of dairy products and the marketing of these products, operating Sea Harvest factory shops and sourcing, manufacturing and marketing fresh, chilled and frozen convenience food products to the retail, foodservice and catering industries.

- Cape West Coast (Vredenburg, Saldanha Bay, Worcester)
- Cape Town (Paarl, Kenilworth, Kuilsrivier)
- Johannesburg (Xavier, Boksburg, Honeydew)
- Tshwane (Silverton, Centurion, Rooihuiskraal, Gezina)
- Rustenburg
- Umhlanga
- Secunda

- Ladismith
- Bonnievale

- Ladismith
- Bonnievale
- Johannesburg
- Cape Town

- Johannesburg
- Cape Town

Fishing operations	Seafood processing facilities
Dairy production facilities	Aquaculture operations
Factory shops	Cold storage and distribution
Offices	Food manufacturing facilities

OUR OPERATING CONTEXT

OPERATING CONTEXT

The Sea Harvest Group is a global fishing, aquaculture and food business with operations in South Africa and Australia. We catch, source, process, market and distribute premium, sustainably sourced seafood, value-added dairy and convenience foods to 31 countries around the world.

The external environment in which we operate has a direct influence over our business model and impacts on our ability to create value for our various stakeholders. Understanding our operating context is important as it influences what we do to mitigate risks identified within the external environment and harness emerging opportunities. We have analysed the political, economic, social and environmental factors that influence our business in the jurisdictions in which we operate and have identified the following 10 trends that already, or may in the future, materially impact Sea Harvest's operations and our ability to create value for all our stakeholders in the short, medium and long term.

1 COVID-19

Management remained cognisant of the continuing impact that COVID-19 had, has and will continue to have in the short to medium term on the Group's operating context.

The Group COVID-19 Steering Committee (SteerCo) ramped up efforts to protect the business and its people against the pandemic in 2021.

IMPACT

- In the second year of the pandemic, COVID-19 continued to create volatility on, *inter alia*, the supply and demand sides of the business, with disruptions to global freight and logistics – both inbound and outbound.
- The management of COVID-19 required a significant focus on internal and external statistics and information. This provided an intelligence-based foundation to drive a more proactive strategy in 2021.
- A total of R27 million was spent on COVID-19-related expenses in 2021.

OUR RESPONSE

- Our primary response was to ensure that our staff were safe and protected at the workplace through rigorous medical screenings, testing, hygiene practices, PPE, social distancing and the provision of private transport.
- The Group's vaccination drive was prioritised when viable COVID-19 vaccines became available. This included vaccine education and information campaigns, including general communications, focus groups and individual counselling to increase understanding and encourage vaccinations. The Group successfully launched two workplace COVID-19 vaccination clinics and administered c.4 700 vaccines and, at the time of writing this report, 92% of employees are vaccinated.
- Operationally, the Group focused on the recovering foodservice markets locally and internationally and actively managed both inbound and outbound logistics.

2 SOUTH AFRICAN REGULATORY POLICY UNCERTAINTY

- The FRAP for the hake deep-sea trawl, small pelagics, KwaZulu-Natal prawn trawl and tuna pole-line sectors was scheduled to be completed during 2021, with new rights coming into effect from 01 January 2022.
- During September 2021, DFFE communicated the revised FRAP timeline to the Parliamentary Portfolio Committee.
- There are particular legislated requirements that DFFE had to undertake for the process such as: a) the promulgation of general and sector specific policies to guide the allocation process; b) the promulgation of an application form; and c) a public participation process required to finalise the policies. These processes commenced on 20 September 2021.
- On 01 November 2021, prospective applicants were invited to register and apply for fishing rights and had until 10 December 2021 to complete and submit their applications. Thereafter, the assessment period was to commence and conclude by 31 December 2021. However, due to technical challenges, DFFE extended the closing date for submissions to 28 January 2022.
- The outcome of FRAP was announced on 28 February 2022.

IMPACT

- Quota allocations are proportional to the number of jobs created, and therefore a quota reduction would have translated into job losses within the rural communities in which we operate.
- A reduction in Sea Harvest's quota allocation would have resulted in lower catches, and consequently, proportionally lower sales tonnes and revenue as well as stranded assets and a reduction in investment in the fishing sector.

OUR RESPONSE

Sea Harvest continues to invest significant effort and resources to align with government's objectives of transformation, job creation, investment and growth.

- We supported government's inclusive growth and transformation objectives by:
  - retaining a Level 1 B-BBEE contributor status within our South African Fishing operations, with a score of 106.84;
  - spending R494 million in 2021 within our South African Fishing operations to procure goods and services from 606 predominately black-owned SMMEs;
  - increasing our black shareholding from 21% in 2005 to >90% in 2021; and
  - investing R19 million in projects to empower local communities in and around the areas in which we operate between 2017 and 2021.
- We supported government's job creation objective by increasing the number of jobs in our South African Fishing operations to c.3 700, in mostly rural areas, from approximately 2 000 at the time that the long-term hake rights were last awarded in 2005. In 2021, the South African Fishing operations paid R884 million in salaries and wages to our employees.
- We supported government's investment and growth objectives by investing significantly in the South African fishing sector. Since our long-term hake rights were last awarded in 2005, it is estimated that the Group has invested over R3 billion in acquiring and maintaining existing vessels and production facilities.
- We maximise beneficiation in South Africa, thereby maximising jobs.
- The outcome of FRAP was announced on 28 February 2022 with Sea Harvest achieving one of the highest scores during the process, thereby successfully renewing its rights in all sectors applied for.

3 WELL-MANAGED FISH STOCKS

- DFFE's Fisheries Research and Development directorate is supported by scientific stakeholders from multiple academic institutions and industry. Together, through governance by DFFE, all stakeholders actively manage South Africa's fishing resources by limiting fishing efforts and allocating a scientifically evaluated annual TAC.
- Surveys and stock assessments for the Group's targeted species are conducted throughout the year to evaluate the health of the fish species, and adjustments are then made to the TAC or fishing efforts where necessary.
- **Cape Hake**: Recently updated assessments indicate that the deep-water hake resource has recovered satisfactorily above the maximum sustainable yield (MSY) level since 2016. The stock is in a healthy state.
- **Horse Mackerel** experienced a reduction in TAC from 2014 to 2018. Recent results showed that the stock recovered to 66% of pre-exploitation levels, which is more than double the MSY, and that current spawning biomass are above MSY levels. The year under review showed a 27 670 tonnes TAC.
- While **small pelagic fish** (anchovies and sardines) have characteristically high levels of natural variability, sardine and anchovy catches have been low since 2016, resulting in a precautionary anchovy TAC being applied in the short to medium term. DFFE continues to monitor and adjust management strategies to optimise fishing efforts and to stimulate future growth of the stock.
- Deep-water **prawn** in South Africa is considered to have an optimal yield level with no expected room for further expansion, despite an overall confirmed increase in catch since 2007.

IMPACT

- Due to a slight reduction in commercial catch rates since 2019, as well as the low survey assessments from the same year, the hake TAC for 2021 was reduced by 5% to 139 000 tonnes.
- In 2021, the status of the hake biomass resulted in stable catch rates and size mix, keeping the trawling cost per kilogram steady, which in turn benefited the South African Fishing operations margins in a tumultuous year.

OUR RESPONSE

- Through our leadership roles in the South African fishing industry, Sea Harvest actively promotes the sustainable management of our marine resources through responsible fishing practices and active engagement with all stakeholders in the sector.



4 SHARK BAY PRAWN CATCHES TRACK BELOW LONG-TERM AVERAGE ON AN IMPROVING TRAJECTORY

The 2021 Shark Bay prawn catch volumes of 649 tonnes were 2% higher than the prawn catches experienced in the 2020 prawn season. However, even though this still remains below the long-term average prawn catch of 800 tonnes, the resource management strategies undertaken by the Western Australia Fisheries Department in consultation with the industry seem to be yielding dividends and building towards the stock objectives.

IMPACT

- The lower than average prawn catch has been offset by significant price increases in 2021, benefiting from low-catch volumes in other Australian prawn fisheries.

OUR RESPONSE

- In late 2019, Sea Harvest Australia successfully engaged with the Western Australia Fisheries Department to motivate a later start to the prawn catching season in 2020.
- This management strategy was implemented and the later start to the prawn season allowed the resource an opportunity to grow, improving volumes and size mix.
- The strategy was continued in 2021.

5 CONTINUED STRONG DEMAND FOR HIGH QUALITY, WILD-CAUGHT SPECIES, SUCH AS CAPE HAKE AND SHARK BAY PRAWN, AND VALUE-ADDED DAIRY

- Increasing global populations and a growing global trend towards healthier proteins are continuing to drive an upward trend in global demand for sustainable and natural seafood and value-added dairy.
- The supply of wild-caught fish remains static, with global wild-caught white fish supplies also remaining stable at c.7 million tonnes.
- Cape Hake and Shark Bay prawn are sought after wild-caught, MSC-certified species with limited supply, which are in high demand globally, particularly in our key markets in Europe and Australia.

IMPACT

- The global demand for wild-caught species such as Cape Hake and Shark Bay prawn exceeds supply, which creates a positive dynamic that enables continued firm pricing in the markets in which Sea Harvest operates.
- South Africa is a net importer from a dairy perspective.

OUR RESPONSE

- Due to an easing of lockdown measures worldwide, the hotels, restaurants and catering (HORECA) sector recovered in 2021, especially during the second half of the year, resulting in the Group focusing on this recovery with the foodservice market mix increasing to 46% (2020: 41%) and the retail market mix reducing to 46% (2020: 50%) of total Group revenue.
- Despite the 5% reduction in the TAC in 2021 and the 7% strengthening of the rand to the EURO, the South African fishing segment contained its revenue decrease to 3% and prioritised export markets. The Australian segment benefited from low-catch volumes in other Australian prawn fisheries.

OUR OPERATING CONTEXT

6 SALES OF ABALONE AND OYSTERS NEGATIVELY IMPACTED BY COVID-19

- South African abalone is a valued species and historically has been in high demand in Hong Kong and China. Our two abalone farms have a design capacity of 500 tonnes with most animals destined for live sale into Hong Kong and China.
- Oysters are sold locally into the foodservice market.
- In the year under review, sales were severely affected by the global COVID-19 lockdowns and the limitation on international flights.

IMPACT

- The curtailment of international air travel and resultant inflated freight costs from South Africa, together with the continued lockdown restrictions and the slow roll-out of COVID-19 vaccines in the Far East, continue to negatively impact on the Aquaculture segment.
- Sea Harvest Aquaculture recorded an operating loss of R64 million for the year, compared to an operating loss of R73 million for 2020.

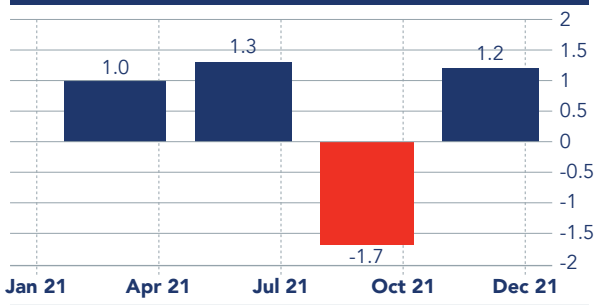
OUR RESPONSE

- The expansion of the Kleinzee abalone farm in the Northern Cape has been suspended until markets recover.
- The business has made progress in diversifying market concentration away from Hong Kong by identifying alternative markets.
- Alternate products in the form of frozen and dried abalone increased to 65 sales tonnes (2020: 6 tonnes) and live sales volumes increased to 141 tonnes (2020: 55 tonnes).
- Revenue increased 72% to R92 million (2020: R53 million).
- The board of Viking Aquaculture resolved to limit their losses by closing the mussel and trout businesses to focus management's time and efforts on the high-value, high-margin abalone business.

7 CHALLENGING DOMESTIC ECONOMIC ENVIRONMENT

- Like the rest of the world, the South African economy showed signs of recovery in 2021 after a devasting 2020, the result of COVID-19. Following two consecutive quarters of growth in H1 2021, the economy contracted by 1.7% in quarter three 2021 before recovering with 1.2% growth in quarter four.
- The quarter three contraction was a result of the July 2021 social unrest in Gauteng and KwaZulu-Natal, as well as tighter lockdown restrictions. In summary, the South African economy grew 4.9% in 2021, albeit off a low COVID-19 impacted base in 2020.

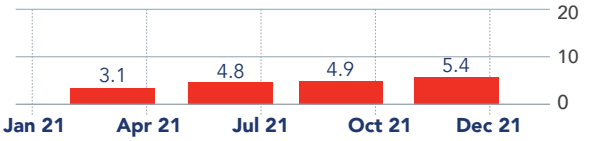
South Africa GDP growth rate (%)



Source: Tradingeconomics.com
Statistics South Africa

- Again, following the global trend, South Africa's inflation reached a 5-year high of 5.9% in December 2021, the top end of the 3 – 6% target range set by the Reserve Bank, with 2021 seeing average inflation at 4.5% compared to 3.3% in the previous year.

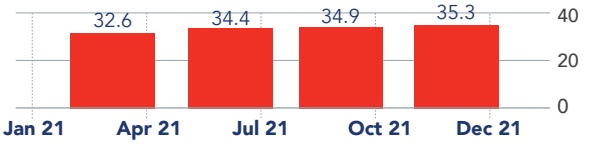
South Africa inflation (%)



Source: Tradingeconomics.com
Bureau for Economic Research (BER)

- South Africa's unemployment rate climbed to 35.3% in the fourth quarter of 2021, up from 32.5% in the fourth quarter of 2020. It was the highest unemployment rate since comparable data began in 2008. The number of unemployed persons increased to 7.9 million, from 7.2 million in quarter four of 2020.

South Africa's unemployment (million)



Source: Tradingeconomics.com
Statistics South Africa

IMPACT

- The challenging South African economic environment with low growth, inflation and record levels of unemployment was compounded by above-inflation cost increases, including elevated fuel and milk prices in the fishing and dairy segments, respectively putting pressure on margins.

OUR RESPONSE

While the sales teams pushed hard to recover the above-inflation cost increases in the market, this was not always possible, particularly in the value-added dairy sector.

8 VOLATILE RAND

- The rand remained volatile during 2021, starting the year at a rate of R17.79 and ending 2% weaker at R18.14 against the euro. However, through the course of the year the rate varied widely from its weakest position of R18.95 on 07 January 2021 to its strongest position of R16.33 to the euro on 05 June 2021.

EUR ZAR historical chart for year 2021



2022 © Exchangerates.org.uk

IMPACT

- In 2021, exports made up 42% (2020: 46%) of Sea Harvest's revenue, which meant the volatility of the rand exchange rate had a significant and direct influence on our reported revenue.
- During 2021, the average movement of the rand compared to 2020 had a negative 7% impact on the Group's reported export revenue.

OUR RESPONSE

- To mitigate the impact on the Group's results because of a fluctuating rand, Sea Harvest has an established Hedging Policy, which is reviewed annually and approved by the Investment and Hedging Committee and the Board.
- In accordance with the approved Hedging Policy, Sea Harvest hedges 50% of its export sales as a matter of course and up to 75% with the specific approval of the Investment and Hedging Committee.
- The Group covered 64% of its expected 2021 foreign currency exposure, resulting in an exchange rate gain of R118 million in 2021.

9 FUEL PRICE

- The price of Brent crude was also volatile during 2021, beginning the year at US$51 per barrel, increasing steadily to US$76 per barrel by the end of the year.
- The rand opened the year at R14.66 and ended the year at R15.95 against the US dollar. However, as against other currencies, the rand remained volatile against the US dollar, tracking between its weakest position of R16.28 against the US dollar in November 2021 and its strongest position of R13.43 on 5 June 2021.
- As a result of the above two factors, the rand cost of fuel increased by 51% during the course of 2021, from R741 per barrel at the beginning of the year to R1 118 per barrel at the end of 2021.

Brent crude oil historical chart for year 2021



2020 © Exchangerates.org.uk

USD ZAR historical chart for year 2021



2021 © Exchangerates.org.uk

IMPACT

- The Group's fleet consumed c.36 million litres of fuel in 2021, and, as a result, the movement in the price of Brent crude and the rand and Australian dollar exchange rates relative to the US dollar had a significant impact on the cost of fuel, which comprised c.9% of our total Group cost of sales in 2021.

OUR RESPONSE

- To mitigate the volatility of oil prices over the course of 2021, the Group hedged 75% of its diesel exposure for the year under review.
- As a result, the Group recorded a fuel hedge gain of R25 million in 2021.

10 TECHNOLOGICAL ADVANCEMENT AND DISRUPTION

With the "new normal" of a hybrid workspace embedded in our business, little disruption was experienced due to the protracted COVID-19 epidemic. An embedded cloud strategy with cyber resilience at its core allowed full-time access to all business critical systems, irrespective of staff location or health status. Meanwhile, there were ongoing projects to ensure the alignment of all systems across the Group in view of recent acquisitions.

IMPACT

- There was a need for alignment of cyber security standards as well as systems and processes in the Group.
- With a partial remote workforce, the flow of manual documentation for signatures became a challenge.
- With the acquisitions, obtaining accurate consolidated reporting from various systems in a timely fashion became essential.
- The implementation of the Protection of Personal Information Act, No 4 of 2013 (POPI Act) required compliance.
- The ongoing COVID-19 pandemic continued to accelerate the need for innovative customer retail solutions.

OUR RESPONSE

- The continued restrictions on in-store marketing, due to COVID-19 resulted in the Marketing Department utilising social media and other online platforms more extensively. The team increased the Group's activities via Instagram, Facebook and YouTube, resulting in a significant increase in Sea Harvest's online presence.
- Online shopping has increased significantly due to government-imposed restrictions. The newly implemented point of sale (POS) system allows for an e-commerce, as well as a customer loyalty solution, to be implemented in the future.
- A Group IT Standards blueprint was developed and audits were completed on all Group companies. Gaps or shortcomings were reported to the Group IT Steering Committee and action plans put in place where required.
- Utilising tools available through our cloud adoption, various paper-based processes were replaced with electronic document flow and approval sytems, yielding not only a reduction in paper usage but also a gain in efficiencies.
- The adoption of standardised consolidation reporting tools across the Group meant the time to completion for month-end and year-end reporting could be reduced.
- In preparation for the implementation of the POPI Act, all necesary document sources were identified and data was classified according to the POPI Act requirements. Users were trained on the requirements of the POPI Act and security controls were tightened to protect personal information in the Group.
- The business continued meeting key stakeholders online, either through MS Teams or stakeholder-specific electronic communication platforms.

OUR KEY STAKEHOLDERS

INTRODUCTION

Our key stakeholders are those who are directly or indirectly affected by our business activities. As one of our material cardinal points, managing our relationships with our key stakeholders is prioritised throughout the year. We are always mindful of their expectations and how we can best respond for a mutually beneficial outcome.

HC IC SC

EMPLOYEES AND LABOUR UNIONS

WHY THEY MATTER	THEIR EXPECTATIONS	MATTERS RAISED	HOW WE ENGAGED
Our employees' collective skills, knowledge and abilities are critical to the Group's success, as it impacts on Sea Harvest's ability to bring premium products to market. The Group engages with various labour unions that seek to improve the economic and labour interests of its members. The prolonged impact of COVID-19 on the physical, emotional and mental well-being of our employees required renewed focus in order to protect employees.	Our employees and labour unions expect continued job security, fair remuneration and other financial and non-financial benefits to reward performance; opportunities for career and skills development; safe and stimulating working environments; and relevant and timely information about our business. Employees expect to be kept abreast and informed of COVID-19 statistics and information, as it was clear that the virus was not short-lived and would remain with us far longer than expected.	Conflicting messages in the media regarding vaccinations led to indecision and anxiety among our employees. Employees required reliable information regarding vaccinations and their potential impact to assist them in making informed decisions with respect to receiving the vaccination. Employees continued to be concerned about the impact on job security and remuneration.	Regular communication from executives and the COVID-19 SteerCo was published via email, SMS, message boards and media screens in staff canteens. The COVID-19 SteerCo became the hub for regulating information shared with employees, as its main purpose was to provide reputable and ratified information regarding the pandemic. This approach allowed the Group to ensure that all of its sites were provided with consistent and dependable information.



Achieved Increased Decreased

EMPLOYEES AND LABOUR UNIONS (CONTINUED)

HOW WE RESPONDED TO THE MATTERS RAISED

The vigilant and continual focus on the health and safety of our employees allowed the Group to protect its most important asset, its people.

Despite the financial impact that the pandemic has had on the organisation, the Group has been able to mitigate job losses and remunerate increases in line with the consumer price index (CPI).

- Online training and development have continued as a normal form of providing our employees with learning and development opportunities.
- The Group placed an emphasis on educating employees regarding the vaccination, providing regular updates across all sites, and encouraging employees to make the decision to receive the vaccination conveniently at their place of work.
- The on-site counselling by medical practitioners and social workers continued to provide valuable support to infected and affected employees throughout the year.
- The Group's established COVID-19 call centre maintained its daily support to affected employees and became an important source of monitoring employee morale.
- The Group successfully established two on-site vaccination clinics, its Saldanha Bay vaccination clinic was the first within the fishing industry.
- The Group's leadership furthermore acknowledged employees for their continued committment and loyalty to the Group during the pandemic.

VALUE CREATED

- Sustained c.5 270 jobs across the Group with no job losses, thereby protecting livelihoods
- R1.2 billion paid in salaries and wages
- R44 million spent on providing training and skills development opportunities
- 201 learnerships, 27 apprenticeships, 10 cadetships, 18 graduate placements, 8 management development programmes, 2 senior management development programmes and 21 mentorship programmes were in place during 2021
- R27 million spent on COVID-19-related expenses
- Administered c.4 700 vaccinations on-site
- At the time of writing this report, 92% of employees had been vaccinated



OUR KEY STAKEHOLDERS

FC SC

SHAREHOLDERS

WHY THEY MATTER	THEIR EXPECTATIONS	MATTERS RAISED	HOW WE ENGAGED
Our shareholders carry the most risk, because their investment provides the financial capital needed to grow our business.	Our shareholders expect to receive an appropriate return on their investment through a combination of an increase in share price and dividends; that wealth not only be created but also shared; and transparent information be provided about our business that demonstrates the Group's adherence to good corporate governance.	Our shareholders wanted to better understand how the Group supports and engages its staff and the communities in which it operates. Our shareholders requested additional information relating to the Group's ESG initiatives.	We had regular face-to-face engagements with shareholders through meetings and conferences, while information was also shared electronically, online, and through the media by way of announcements through the Stock Exchange News Service (SENS), advertorials, press releases, IR, Notice of AGM and results presentations.

HOW WE RESPONDED

We continued to deliver on our organic and acquisitive growth strategies with benefits flowing from various efficiency projects and acquisitions.

We took into account recommendations and comments received from stakeholders over the year and implemented these where relevant.

We expounded on the work of the Sea Harvest Foundation and the Fisheries Fund, further demonstrating the Group's commitment to socio-economic development.

The Group's 2021 IR includes our first stand-alone ESG Report.

VALUE CREATED

- Revenue growth of 5% to R4.6 billion (2020: R4.4 billion)
- Operating profit growth of 10% to R691 million (2020: R629 million) with the operating profit margin expanding to 15% (2020: 14%)
- HEPS growth of 4% to 157 cents (2020: 151 cents)
- Net debt to EBITDA improved to 1.2 times (2020: 1.4 times)
- Cash flow conversion decreased from 79% in 2020 to 54% in 2021 as a result of an investment in working capital
- ROCE improved to 18% (2020: 17%)
- Share price decreased 3% to R13.80 (2020: R14.26)
- An ordinary dividend of 56 cents per share (2020: 45 cents) was declared in respect of the 2021 financial year, 24% higher than 2020
- The Group adhered to continuous disclosure requirements to keep shareholders fully informed
- Ongoing communication, including meetings, conferences and results presentations

Achieved Increased Decreased



OUR KEY STAKEHOLDERS CONTINUED

FC SC

FUNDERS

WHY THEY MATTER	THEIR EXPECTATIONS	MATTERS RAISED	HOW WE ENGAGED
Our funders provide the financial capital we need to grow the business.	Our funders expect repayment of their loan capital and interest according to the agreed terms; that we operate within agreed covenants; and that we communicate timeously regarding the performance of the business and risks faced.	Our funders wanted to understand the potential impact of COVID-19 on the Group.	The Group regularly engaged with our funders through a combination of face-to-face meetings and electronic communication. Our funders attended results presentations and the AGM and have access to budgets and transparent financial information relating to the operations of the Group.

HOW WE RESPONDED	VALUE CREATED
We honoured our commitments to agreed loan terms and provided our funders with accurate information on a regular basis. We met our loan covenants during the year. We reported on the impact of COVID-19 on the Group and its employees in our interim and year-end results announcement and presentation.	☐ The Group drew net borrowings of R300 million to place itself in a position to fund growth (2020: repaid net borrowings of R205 million) ☐ R57 million was paid in net interest (2020: R75 million) ☐ Through active management of the debt facility, the Group reduced interest leakage ☐ All covenant requirements were met throughout the period ☐ The Group implemented its inaugural R700 million sustainability-linked financing facility during the year to support growth ambitions



Achieved Increased Decreased

NC SC

GOVERNMENT AND REGULATORS

WHY THEY MATTER	THEIR EXPECTATIONS	MATTERS RAISED	HOW WE ENGAGED
Government and other regulators provide us with the licences, services and infrastructure we need to operate our business.	Government and other regulators expect us to adhere to legislative and regulatory requirements. They also expect us to support sustainable development objectives, such as job creation, wealth-sharing and community involvement, thus ensuring the overall well-being of citizens individually and collectively. They also expect accurate and timely information about our business and operations.	In South Africa, Sea Harvest engaged with DFFE in respect of FRAP. We worked with government to identify ways in which we could support its drive to vaccinate as many people as possible in order to achieve community immunity. There were ongoing discussions about efforts to protect the health of the marine resource in South Africa and Australia. Discussions relating to the support of previously disadvantaged business owners in South Africa to develop viable enterprises continued.	We engaged with government and regulators, including DFFE in South Africa and Department of Primary Industries and Regional Development (DPIRD) in Australia, directly and through active participation in various industry bodies. In South Africa, we participated in the development of an Oceans Economy Master Plan, which focuses on the creation of sustainable employment and transformation in the oceans' sector, while ensuring the effective management of climate change, an ecosystem approach to fisheries, and the overall protection of the environment. We regularly engaged through face-to-face meetings and electronic correspondence with other key regulators, including the NRCS, South African Maritime Safety Authority (SAMSA) and the Department of Labour. In Australia, we participated in a number of virtual trade shows with government, including: Busan in Korea with Austrade and Vigo in Spain; participated in DPIRD's WA Exporter Directory, and a television show featuring 'Our State on a Plate'.

HOW WE RESPONDED

Sea Harvest participated in the public consultation process on the drafting of the policies governing FRAP.

Two vaccination centres were established – one in Saldanha Bay and the other at Viking's Cape Town site.

We partnered with the Australian government on its Job Keeper programme.

The Group complied with all COVID-19 regulations, including additional safety protocols, and provided PPE to protect staff on land and at sea.

We worked with government to provide industry input on South Africa's Operation Phakisa Master Plan Process, as well as the Greenhouse Gas Mitigation Potential Analysis that identifies and analyses mitigation options in key economic sectors.

The Group focused on costs, capital expenditure, working capital and cash conversion, thereby protecting the business and retaining jobs and livelihoods.

Through the Group's procurement policies, it was able to continue supporting majority black-owned suppliers.

The Group continued to contribute towards supplier and enterprise development and support SMMEs.

VALUE CREATED

- Retained a Level 1 on the B-BBEE scorecard with a score of 103.11
- Maintained black shareholding at >90%
- The Group harvested its quota fully and, as a result, maximised the jobs created within its South African Fishing operation
- The Group invested R274 million in its fleet and factories to improve efficiencies and increase production capacity
- The Group focused on creating and protecting jobs within local communities, providing c.5 270 jobs across the Group, thereby safeguarding livelihoods
- Administered c.4 700 vaccines, with 92% of employees vaccinated
- Paid R1.2 billion in salaries and wages
- Spent R580 million supporting 665 SMMEs
- Spent R11.2 million and R8.8 million on supplier and enterprise development, respectively
- Paid taxes and levies in excess of R496 million and generated R1.8 billion in foreign revenue
- Actively supported SMMEs involved in small-scale fishing and allied sectors through the Fisheries Fund, which Sea Harvest co-founded
- The Group complied with all regulations affecting its operations; no fines or penalties were incurred during the year under review and all licences and permits were retained

OUR KEY STAKEHOLDERS CONTINUED

NC SC

INDUSTRY PARTNERS

WHY THEY MATTER	THEIR EXPECTATIONS	MATTERS RAISED	HOW WE ENGAGED
In many instances, we rely on our partnerships with various industry bodies to meet the expectations of government and other stakeholders.	Our industry partners expect honest and open communication as well as the timely execution of agreed actions in line with our shared objectives.	Sea Harvest worked with various roleplayers within the industry to ensure that, in South Africa and Australia, Sea Harvest, as a single entity and as a member of various industry bodies, supports government's research objectives where required. In South Africa, Sea Harvest, together with its industry partners, engaged with DFFE on FRAP and addressed challenges related to marine spatial use with competing industries.	Our engagement with industry partners was mostly in the form of face-to-face dialogue, while information was also made available online and through the media. Where required, industry partners engaged with other marine stakeholders in order to create dialogue for a sustained relationship. In Australia, we submitted applications for Awards with the Freemantle Chamber of Commerce (runners up) and Western Australian Fishing Industry Council (WAFIC). In the dairy sector, we engaged with South African Milk Processors Organisation (SAMPRO) on regulations relevant to the dairy industry such as the National Environmental Management: Waste Act, No 59 of 2008 and Extended Producer Responsibility (EPR) Regulations.

HOW WE RESPONDED

We continue to be an active member of the SADSTIA, the RFA, the Global Whitefish Forum, the Australian Quarantine and Inspection Service, WAFIC, Chamber of Commerce and Industry Western Australia, Freemantle Chamber of Commerce, as well as other industry bodies.

Although BM Foods Group is not an olive grower, it engaged with stakeholders as a member of the South African Olive Growers Association by virtue of the fact that it is one of the largest procurers of olives in the country.

Marine Spatial Workshops between all sectors were held, where discussions were held and comment given to the relative authorities on the needs of competing sectors.

Through Ladismith Cheese, we continued our engagement with Milk South Africa in an effort to broaden the market for milk and other dairy products and empower disadvantaged individuals.

VALUE CREATED

- SMMEs in the small-scale fishing and allied sectors benefited from training and other support funded by the Fisheries Fund, which Sea Harvest co-founded with its majority shareholder, Brimstone
- Continued to actively support four black SMMEs in the South African fishing sector
- Sea Harvest Australia continued to participate in a share-fishing arrangement with the boat skippers who operate 10 fishing vessels in Carnarvon and four fishing vessels in Darwin
- The Group secured MSC certification for its Cape Hake products in South Africa and Shark Bay prawn products in Australia for a further five years to 2026
- Continued to contribute to the growth of the South African dairy sector through Milk SA

NEW RETAIL PACKAGING



Achieved Increased Decreased

FC IC SC

CUSTOMERS AND CONSUMERS

WHY THEY MATTER	THEIR EXPECTATIONS	MATTERS RAISED	HOW WE ENGAGED
Our customers and consumers are essential; they are who we produce for and whose expectations we aim to exceed. Our consumers are families, communities and people who care about eating healthy, nutritious and great-tasting food. They care about quality and value, but most of all they care about one another and our shared future.	Our customers and consumers expect premium quality brands, competitive pricing, adherence to food safety standards, sustainable and ethical business practices, as well as product traceability. That means entering into competitive trade agreements and providing a continuous supply of products to meet their demands.	Delivery of product to customers. Ability to share product information with customers and consumers.	Sea Harvest's engagement with its customers and consumers took place via electronic platforms, including meetings and social media platforms, such as Facebook and Instagram. International trade shows were postponed to 2022 and international travel was curtailed.

HOW WE RESPONDED

Despite the logistical challenges as a result of the on/off global COVID-19 lockdowns, the South African fishing segment was able to deliver to customers due to strong relationships with logistical partners, while the Aquaculture segment struggled.

The Group continued to invest in building its brands and ensuring the quality of its products. The most notable marketing campaigns in 2021 included the following:

New packaging (previous page)
The Sea Harvest retail frozen fish range received a complete packaging revision, highlighting the product benefits and including additional recipe ideas and bringing fresh imagery and design to the category.

The Ladismith Cheese packaging was also refreshed.

Friends in your Freezer
Sea Harvest approached McCain to create a first-of-its-kind collaboration in frozen food in South Africa, with two frozen food brands coming together for a big campaign to attract more consumers into the frozen aisle. Sea Harvest and McCain looked to capture the newly gained consumers – entering the category because of consumers spending more time at home during the pandemic – and to drive convenient, inspired meal solutions. The campaign included above the line, influencer marketing, public relations, in-store and online campaigns, and others – a truly through the line offering for the benefit of the frozen category – and saw a 17% increase in sales for Sea Harvest.

It's in our Nature
Sea Harvest collaborated with the MSC in a campaign dubbed "It's in our Nature" – highlighting the importance of sustainable fishing and illustrating the importance of environmental sustainability of big companies and the people they employ. The campaign included an in-store, social media and public relations campaign.

Fact or Fishy
Sea Harvest developed a six-part YouTube series tackling the most frequently asked questions from consumers, which have proven to be myths or barriers to entry into the seafood category. These included questions such as "Are their differences in fresh vs frozen fish?", "What's in your fish fingers?", "Is fishing sustainable?", "How to cook with frozen fish?", "Is fish good for you?" and "How long does it take to get fish from the sea to your plate?".

Fish n Tips
Sea Harvest continues to drive the education of cooking with frozen fish through the Fish n Tips recipe video series, and published a recipe book that was translated into three South African languages – isiZulu, isiXhosa and Afrikaans. These will be used to drive the education of cooking with frozen fish into areas and populations who under-index in the consumption of frozen fish.

Social media
Social media continues to be a strong focus for the Sea Harvest marketing effort, with an emphasis on Facebook and Instagram and good growth coming from the Sea Harvest YouTube channel, which looks to inspire and engage with consumers across South Africa.

VALUE CREATED

- The Group was able to grow its diversified product range to c.2 200 products in 2021 that were distributed to a wide range of customers located in 31 countries across the globe
- In South Africa, our Panko Crumbed Hake Portion Range produced for Woolworths was the Overall Winner in the "2021 Food Review/ Symrise New Product Competition Awards". The same product also received first prize in the Prepared Foods Category and was the winner of the Marketing Award in the same competition
- In Australia, Sea Harvest supplied seafood to Costa's Seafood Cafe, Capalaba, which won the 'Best Fish and Chip Shop in Queensland' award in the Great Australian Fish & Chip Awards 2021 MasterFoods™ People's Choice Awards
- Sea Harvest has established quality assurance protocols, which customers and consumers may rely upon to ensure the safety of products produced
- The Sea Harvest fishing operation's domestic retail market share increased to 33% in 2021
- The increased focus on social media resulted in 9.1 million views of Sea Harvest seafood product videos and 39.1 million advertising impressions in 2021, while Ladismith Cheese's social media reach via Facebook and Twitter reached 6.85 million in 2021



OUR KEY STAKEHOLDERS CONTINUED

FC SC

SUPPLIERS AND SERVICE PROVIDERS

WHY THEY MATTER	THEIR EXPECTATIONS	MATTERS RAISED	HOW WE ENGAGED
We depend on our suppliers and service providers to provide and render quality products and services and operate according to their required industry standards, as these impact on our ability to produce premium quality products, safeguard our own reputation and protect our employees.	Our suppliers and service providers expect adherence to ethical and fair business practices and timely payments as well as relevant and up-to-date information.	The COVID-19 pandemic placed a strain on the entire supply chain, with suppliers at risk of being unable to supply on time. Many suppliers, especially SMMEs, experienced cash flow challenges that threatened their business continuity. The extended pandemic exacerbated the pressures on the supply chain and the increased demand for commodities and services increased prices. Inbound and outbound logistical issues impacted freight availability and cost.	Engagements with this stakeholder group were mostly in the form of telephonic and electronic communication and regular, structured face-to-face and/or online meetings. Performance reviews and site audits were done on key suppliers to ensure compliance with food safety standards and other performance requirements. Suppliers also had access to information published online and through the media.

HOW WE RESPONDED

We increased our purchases of critical raw materials and consumables to ensure sufficient stock on-site to sustain our business operations.

Sea Harvest committed to pay all SMME suppliers within 30 days.

We ensured that the most profitable products were shipped first, supported by our strong relationships with logistics partners.

Across the Group, we engaged with suppliers to ensure their compliance with government regulations (specifically, the Extended Producer Responsibility Act, No 59 of 2008 in South Africa) and supported suppliers to achieve compliance, where required.

VALUE CREATED

- The Group's procurement policies resulted in R1.2 billion being spent with 202 majority black-owned suppliers
- Spent R580 million supporting 665 SMMEs
- R11.2 million was contributed towards supplier development
- R8.8 million was contributed towards enterprise development



Achieved Increased Decreased

FC SC

COMMUNITIES AND NON-GOVERNMENTAL ORGANISATIONS

WHY THEY MATTER	THEIR EXPECTATIONS	MATTERS RAISED	HOW WE ENGAGED
Sea Harvest relies on the goodwill of the communities in and around which it operates, especially as the majority of its employees reside in communities surrounding its operational facilities. Our investment in local communities creates shared value and empowers and uplifts the communities in which we operate.	Local communities and NGOs expect us to contribute towards their economic and social welfare through not only job creation but also socio-economic development initiatives. Amid the COVID-19 pandemic, there has been a further expectation that Sea Harvest adhere to the necessary protocols to protect its employees and, in so doing, their families and local communities.	Sea Harvest received a steady flow of requests for assistance from NGOs and vulnerable households within local communities, including some that were severely impacted on by the COVID-19 pandemic. Requests for funding and non-monetary donations were received by all of the Group's companies.	While Sea Harvest still relied on electronic engagement with members of local communities and NGOs in 2021, face-to-face engagements increased (compared to 2020) to facilitate impact and need assessments. The Sea Harvest Foundation has a dedicated administrator who was responsible for liaising with funding applicants and beneficiaries in a timely manner and providing the Sea Harvest Foundation's Board with adequate information to enable it to make decisions in response to funding applications in a manner that will ensure meaningful impact within the communities served.

HOW WE RESPONDED

During 2021, we continued to provide sustainable jobs and invest in communities and NGOs through the Sea Harvest Foundation, which prioritised projects that focused on healthcare, early childhood development, sports development, community development and education.

The small-scale fishing sector was, meanwhile, supported through the Fisheries Fund, established by Sea Harvest and its majority shareholder, Brimstone.

As a separate not-for-profit company in South Africa, the Sea Harvest Foundation's Board of Directors met four times in 2021 to consider applications for support from various community-based organisations, with well over 100 projects supported by the Sea Harvest Foundation.

In Australia, we sponsored the Gascoyne Food Festival Long Table Lunch, which took place on a much smaller scale, due to the pandemic, and undertook other community sponsorships in Carnarvon.

VALUE CREATED

- Through the Sea Harvest Foundation, the Group invested R4.28 million in community-based projects, including Kumisi Trading, which is led by a young black farmer who started a community vegetable garden project and with a donation from the Sea Harvest Foundation was able to start his own hydroponic garden and now supplies a local retailer with his produce (see below).
- Through the Fisheries Fund, we supported SMMEs and small-scale fishing communities with their development by providing business support, skills development and coaching, alternative economic opportunities, and a specialist insurance policy with death and disability cover for local fisher folk. The Fisheries Fund continued to support the most vulnerable in the fishing sector.





OUR CAPITALS AND HOW WE MANAGE THEM

FC FINANCIAL CAPITAL

INTRODUCTION

The Group's Financial Capital comprises equity, debt and internally generated capital to fund and sustain our organic and acquisitive growth targets.

RELATED MATERIAL CARDINAL POINTS

OPERATING EFFICIENTLY
- Opportunities to improve efficiency, reduce cost, and
- improve margins and profitability.

DRIVING TRANSFORMATION
- Supporting majority black-owned businesses, supplier development, enterprise development, employment equity and skills development of previously disadvantaged employees drives transformation, which is crucial to the long-term growth and development of the Group.

PROTECTING OUR BRANDS
- Profitability and adequate returns to funders of capital protects our brand.

MANAGING RELATIONSHIPS
- Our stakeholders provide the financial capital to grow the business and procure the workforce, skills, licences and infrastructure to operate it.

ACTING RESPONSIBLY
- The prudent deployment of financial capital is critical for the long-term viability of the Group.

OPTIMISING FINANCIAL CAPITAL
- Ensures long-term sustainable profitability and meets our shareholders and debt funders' return expectations.

INPUTS

- Equity funding: R3.1 billion of stated capital and reserves, with 299 million shares in issue.
- Cash and debt funding: R1.9 billion long-term and short-term borrowings, cash of R687 million and net debt of R1.2 billion.
- Internally generated capital: R822 million internally generated cash from operations.

ACTIVITIES TO ENHANCE OUTCOMES

- Following our JSE listing in 2017, we accessed equity capital and settled our existing South African debt and built a platform to execute our organic and acquisitive growth strategy.
- Over the past three years, the Group has utilised its externally sourced and internally generated financial capital and has largely executed upon its organic and acquisitive growth strategy, thereby delivering significant growth across all financial performance measures.
- In 2021, we restructured our debt to further support our growth ambitions, including implementing our inaugural R700 million sustainability-linked financing facility.
- Spent R222 million on maintenance capex (2020: R213 million) and R52 million on expansion capex (2020: R73 million) in 2021.

COVID-19 AND INFLATION

- The Group spent R27 million on COVID-19 costs to ensure the health and safety of employees, protect jobs and support our employees and communities.
- Market disruption, supply chain interruptions, inflation and COVID-19 costs resulted in pressure on operating margins.
- Difficult trading conditions in the Aquaculture segment resulted in a significant loss.
- Above-inflation cost increases, including elevated fuel and milk prices, affected profitability.
- The Group focused on the topline, managing costs, capital expenditure, working capital and cash flow generation, and the distribution strategy was adjusted to optimise revenue, profit and cash flow.

OUTCOMES

- Revenue increased by 5% to R4.6 billion (2020: R4.4 billion).
- Profit after tax attributable to shareholders of the Group increased by 9% to R470 million (2020: R431 million).
- HEPS increased 4% to 157 cents per share (2020: 151 cents).
- Ordinary dividends per share declared in respect of the 2021 financial year increased 24% to 56 cents (2020: 45 cents).
- ROCE improved to 18% (2020: 17%).
- Net working capital as a percentage of revenue increased to 19% (2020: 16%) as a result of the acquisitions and investment in inventory.
- Net debt to EBITDA improved to 1.2 times EBITDA (2020: 1.4 times).
- Generated R822 million (2020: R995 million) cash from operations.

IMPACTS ON AND TRADE-OFFS BETWEEN CAPITALS

	POSITIVE	NEGATIVE
Investment in Manufactured Capital will deplete Financial Capital in the short term.	MC	FC
Retaining a Level 1 B-BBEE rating requires significant investment in skills development, supplier and enterprise development, and social development, which depletes Financial Capital, but enhances Human Capital, Natural Capital (through the protection of fishing rights) and Social and Relationship Capital.	NC HC SC	FC
Paying a dividend meets the expectations of our shareholders, positively impacting Social and Relationship Capital, but depleting Financial Capital available for investments.	SC	FC
Continued selling during COVID-19 ensured sound working capital management and cash conversion and allowed the Group to retain jobs and livelihoods.	HC SC	FC

GOALS

- [S] To keep selling during one of the largest pandemics facing the world in recent times to ensure cash conversion and sound working capital management
- [S] [M] Recover above-inflation cost increases in the market
- [S] [M] [L] Manage capital expenditure, working capital and maintain good cost control
- [S] [M] Deleverage, thereby reducing the net bank borrowings to EBITDA ratio to less than 1 times
- [S] [M] Achieve a target ROCE 3% above the Group's weighted average cost of capital (WACC)
- [S] [M] [L] Invest in organic projects and acquisitions that deliver an appropriate margin above the Group's WACC
- [S] [M] [L] If no investment opportunities exist that deliver an appropriate margin above the Group's WACC, then pay down debt and return capital to shareholders

Short term [S] Medium term [M] Long term [L]



OUR CAPITALS AND HOW WE MANAGE THEM CONTINUED

MC MANUFACTURED CAPITAL

INTRODUCTION

The Group's Manufactured Capital includes vessels, tankers, processing plants, cold stores, distribution facilities, IT, aquaculture farms and factory shops.

RELATED MATERIAL CARDINAL POINTS

OPERATING EFFICIENTLY

- Investing in sophisticated and technologically advanced fishing vessels, processing equipment and aquaculture farms and maintaining these at world-class standards ensures efficient operations and international competitiveness.

DRIVING TRANSFORMATION

- Upskilling all levels of staff, some of whom are required to operate sophisticated machinery, by means of training interventions and mentorship programmes.

PROTECTING OUR BRANDS

- Optimising the effective use of our assets supports the production of high-quality products to meet customer expectations, thereby enhancing and protecting our brands.

MANAGING RELATIONSHIPS

- Maintaining mutually beneficial relationships with suppliers to secure raw materials, consumables and services together with healthy staff relations and satisfied customers are pivotal in optimising asset utilisation throughout the supply chain.

ACTING RESPONSIBLY

- By adhering to health and safety regulations in utilising our assets, we ensure the safety of our staff and contractors on-site.

OPTIMISING FINANCIAL CAPITAL

- Economical and effective maintenance and safe operation of our assets ensure business continuity and maintain asset values.

COVID-19

- COVID-19 continues to create volatility on both the supply and demand sides of the business, including disruptions to global freight and logistics, high infection rates impacting operations and productivity, key management out of the business for prolonged periods, and market disruption due to the on/off global lockdowns.
- The strict COVID-19 protocols and measures implemented in 2020, on all fishing vessels and in all manufacturing facilities, ensured the safety and well-being of our employees, thus minimising the impact on operations and productivity in 2021.

INPUTS

- Number of vessels: 50 (2020: 51)
- Total fishing vessel capacity (tonnes) = c.83 000
- Number of milk tankers: 16 (2020: 12)
- Number of fish processing facilities on land: 6 (2020: 6)
- Number of dairy processing facilities: 2 (2020: 1)
- Number of cold store facilities: 12 (2020: 10)
- Number of aquaculture facilities: 8 (2020: 9)

ACTIVITIES TO ENHANCE OUTCOMES

- The Group spent R306 million (2020: R321 million) on repairs and maintenance of its asset base, using a combination of in-house engineering capability and specialist outside contractors.
- The Group spent R222 million on maintenance capex (2020: R213 million) and R52 million on expansion capex (2020: R73 million) in 2021.
- At Ladismith Cheese, a third powder plant and a new butter factory were completed.
- The Group acquired Mooivallie and BM Foods Group in 2021, increasing cheese capacity and diversifying into new food categories.
- Industry-standard monitoring information is used to monitor the effectiveness of key production assets, while stock management systems are used in cold stores.
- The Group operates a best-in-class asset care programme to optimise the effectiveness, efficiency and reliability of its vessels, fish, dairy and convenience foods processing facilities and its aquaculture farms.

OUTCOMES

- Number of days at sea increased to 9 179 days (2020: 8 781days).
- Land-based production output increased by 17% to 47 158 tonnes (2020: 40 298 tonnes):
  - Fish and shellfish: 22 820 tonnes (2020: 21 340 tonnes);
  - Dairy: 21 603 tonnes (2020: 18 958 tonnes); and
  - Convenience foods: 2 416 tonnes.
- c.2 200 fish, shellfish, dairy and convenience food product lines produced across the Group.
- Total number of fishing days lost due to dry docking (maintenance) and/or repairs = 842 (2020: 888).

IMPACTS ON AND TRADE-OFFS BETWEEN CAPITALS

	POSITIVE	NEGATIVE
➢ Investment in Manufactured Capital depletes the Group's Financial Capital in the short term. This investment should have a positive impact on Financial Capital over the long term through additional capacity, improved reliability and efficiencies.	FC MC	FC
➢ Investing in technology upgrades in factories improves production efficiencies that could result in job losses.	FC IC	HC SC
➢ Reducing spend on preventative asset maintenance for short-term financial gain, at the expense of poorer efficiency and reliability in the longer term.	FC	FC MC
➢ Increasing water and electricity self-generation will reduce the local municipal revenue generation, impacting Social and Relationship Capital.	FC NC	SC

GOALS

- [S] Optimise our fleet and factory reliability and utilisation
- [S] Production facilities operate at design capacity
- [S] Upgrade and integrate management and payroll systems across the fishing business
- [S] [M] Improve on processing yields
- [M] [L] Develop alternative power generation capability to reduce dependency on national electricity grid and reduce the Group's carbon emissions
- [M] [L] Develop alternative water generation capacity to reduce dependency on government

Short term [S] Medium term [M] Long term [L]



OUR CAPITALS AND HOW WE MANAGE THEM CONTINUED

NC NATURAL CAPITAL

INTRODUCTION

At Sea Harvest, we catch and farm the following species: Cape Hake, Horse Mackerel, small pelagics (anchovies and pilchards), prawn, scallops, crabs, Spanish Mackerel, abalone and oysters. We also process milk into a variety of dairy products, such as cheese, butter and powdered milk through our subsidiary, Ladismith Cheese, while BM Foods Group produces a range of frozen and chilled convenience foods. Safety, health and environment (SHE) officers help ensure that Sea Harvest's commitment to safety, limiting the Group's impact on the environment, and the sustainable use of natural resources remain a priority with employees during all production processes.

RELATED MATERIAL CARDINAL POINTS

OPERATING EFFICIENTLY

- Sea Harvest is committed to ensuring that our efforts to promote the long-term sustainability of our natural resources align with an ecosystem-based approach, which will have the added benefit of avoiding potential disruptions to our operations on land and at sea.
- At all of the Group's operational sites, we strive to use resources efficiently and effectively to reduce our burden on the environment.

PROTECTING OUR BRANDS

- Our commitment to sustainable and responsible business practices ensures that we protect the image of our brands. It is in our nature to care for our environment, and we strive to position our brands as a leader in sustainability.

MANAGING RELATIONSHIPS

- During 2021, we maintained and further developed our relationships, in particular with stakeholders in the MSC certification process.
- Sea Harvest is a co-founder and member of the RFA, alongside WWF South Africa, BirdLife South Africa and other fishing industry players, and maintained its engagement with its partners in the RFA in order to chart a new future.

ACTING RESPONSIBLY

- As a resource-based business, Sea Harvest is committed to preserving the ecosystem and the communities in which it operates to ensure the long-term sustainability of our natural resources and our business.

OPTIMISING FINANCIAL CAPITAL

- Through the set-up of sophisticated remote data analytics systems, the Group is working diligently to ensure the alignment of data and data collection methods across all facilities, including newly acquired facilities. Strengthening data collection and management systems will allow for improved measurement, management of resources and business performance.

COVID-19

- The pandemic did not materially hamper our ability to continue preserving the environment.
- The sustainable practices adopted throughout the Group remained in place during 2021. However, one minor impact of the pandemic was the inability to fulfil our commitment to work with stakeholders who share the same passion as ours in preserving and protecting the environment through joint projects and support. We look forward to resuming these shared partnerships in the future.

INPUTS

- TAC held for hake: c.31.2%
- TAC held for Horse Mackerel: c.5.9%
- TAC held for small pelagics: c.0.29%
- Permits held for large pelagics: 1
- Permits held for prawn: 2
- Licences held for Shark Bay prawn: 10
- Licences held for Spanish Mackerel: 20
- Biological stock of abalone 500 tonnes and oysters 8 million units
- 392 million litres of water was used by the Group during 2021 (2020: 492 million) resulting in a 20.5% reduction in water usage
- 1 390 tonnes (2020: 1 454 tonnes) of natural feed used in our aquaculture farms
- 36 million litres of fuel used in our operations
- Total land used for aquaculture: total 2 157(ha)

ACTIVITIES TO ENHANCE OUTCOMES

- Sea Harvest strives to ensure that all of its activities are aligned with best practice to reduce and mitigate our impact on the environment by:
  - Actively encouraging an ecosystem approach to sustainably manage fish resources and working with stakeholders to promote the health of the marine environment.
  - Our approach to wild capture fishing is to study and protect our finely balanced and highly complex marine ecosystem. We aim to significantly reduce the loss of biodiversity, to restore fisheries to their MSY, and to prevent, deter and eliminate illegal, unreported and unregulated fishing.
  - In addition to managing our target marine resources to achieve MSY in South Africa and maximum economic yiled (MEY) in Australia, we also undertake an extensive by-catch management progamme to reduce and manage our incidental catch.
  - Furthermore, we actively collaborate with industry leaders and stakeholders to best contribute towards research on and the sustainability of our marine ecosystems.
- In 2021, Sea Harvest led a campaign with the MSC to educate consumers about sustainable fishing, how assessments are conducted, and how traceability throughout the supply chain is made possible.
- Understanding the impact of trawling on our ecosystem is of utmost importance to Sea Harvest because it will help us to work on appropriate management measures to protect the seabed. Hake trawling has been restricted to a pre-existing trawl footprint since 2009, defined for operational purposes as the hake trawl ring fence.

ACTIVITIES TO ENHANCE OUTCOMES CONTINUED

- The SADSTIA Observer Programme has been running successfully with CAPMARINE since November 2005 and continues to be an important source of scientific information that can be used to augment South African hake research and MSC requirements. Since its implementation, the SADTSIA Observer Programme has been monitoring between 5% and 10% of the deep-sea hake trawl fleet annually.
- Our water conservation initiatives include a focus on reducing our dependency on municipalities and educating our stakeholders and the communities in which we operate about sustainability and environmental stewardship. We have a target to reduce water usage at our biggest site in Saldanha Bay by 4% of potable/fresh water over the next few years. This is in addition to the 60% already saved at this site since 2018.
- The Group actively manages the disposal of effluent at all its sites, ensuring that we do not pollute or contaminate sensitive environments.
- Sea Harvest has implemented energy efficiency interventions at all sites and alternative energy (in the form of renewable wind energy) at one of our aquaculture sites to reduce our fossil fuel consumption.
- We comply with international and local legislative requirements as well as voluntary frameworks, including the UN SDGs.
- As part of the effort to standardise the Group's sustainability and environmental management procedures and systems at all its operational sites, a new environmental control system was implemented at Ladismith Cheese.

OUTCOMES

- The TAC was scientifically evaluated, thus allowing for sustainable extraction of resources from the ocean.
- Adhered to all harvesting restrictions and requirements, environmental management and subsequent authorisations.
- Both our South African Cape Hake and Australian Shark Bay prawn products have been recertified by the MSC for a further five years to 2026.
- Renewable wind energy with a 1.3MW power capacity contributed to an overall reduction in electricity usage by 3.3 million kWh. This reduced the Group's electricity usage by 6%.
- Carbon emissions (Scope 1): 121 464 tCO_2e.
- 60% saving in fresh water usage at our largest facility since 2018 as a result of the installation of a desalination plant.
- At our main cheese factory, water from the manufacturing process is recovered through a sophisticated reverse osmosis filtration system and is then re-used within the factory operation. The unused water is donated to neighbouring schools and farms.
- BM Foods Group improved its water treatment plant in Lanseria by introducing more environmentally friendly chemicals and enhanced its waste management, which had the further benefit of job creation.
- In November 2021, Sea Harvest signed its inaugural sustainability-linked funding package with one of South Africa's leading banks. The KPIs and SPTs agreed to are linked to the terms of funding provided and will be assured by an independent party. The KPIs entail reduction in carbon emissions and municipal water usage.
- Shopping bags sold at the Group's factory shops are now made from 100% recycled material and can be recycled further by the customer.

IMPACTS ON AND TRADE-OFFS BETWEEN CAPITALS

	POSITIVE	NEGATIVE
By implementing our Intellectual Capital to find alternative materials and operational practices, we can limit the impact on our natural resources. This also has a positive impact on our Social and Relationship and Human Capitals. However, this impacts negatively on our Financial Capital based on the capital outlay requirements, but in the long term the sustainable use of the resources will yield a positive impact on Financial Capital.	FC NC HC IC SC	FC
A reduction in the TAC will result in short-term reductions in landings and, as a result, revenue and earnings. However, over the longer term, the reduction in the TAC will result in the improved health of the resource biomass, which will drive efficiency gains and improved margins.	FC NC	FC

GOALS

- S M L Engage with our stakeholders to ensure a collaborative approach to environmental management and conservation
- S M L Continue to support industry initiatives to work with regulators to ensure effective management of resources
- S M L Maintain our MSC certification for the Cape Hake and Shark Bay prawn fishery
- M Align systems across all sites, specifically newly acquired sites, for improved measurement and management of all natural resources
- M Implement a Group environmental sustainability strategy

Short term S Medium term M Long term L

OUR CAPITALS AND HOW WE MANAGE THEM CONTINUED

HC HUMAN CAPITAL

INTRODUCTION

The employees of the Group are the major contributors to the success and value created by the organisation. Our workforce is comprised of permanent as well as fixed-term and contract workers. A large number of our employees hail from smaller and/or coastal towns, due to the nature of the industries, and largely contribute to the economic growth of the communities in which we operate.

The Group has continued to focus on the sustainablity of its operations where it delivers value to surrounding communities and has mostly been able to avoid job losses amid the COVID-19 onslaught.

RELATED MATERIAL CARDINAL POINTS



OPERATING EFFICIENTLY

- The Group continuously reviews and re-thinks its Human Capital policies, processes and procedures to ensure that it is able to achieve its goals and outputs in the most efficient manner.

DRIVING TRANSFORMATION

- The Company has maintained its Level 1 B-BBEE status through structured and determined practices to ensure advancement in inclusion, diversity and equality. Our stringent focus on the Group's realisation of its employment equity targets has contributed to the achievement of this status and the Group's transformation mandate.

PROTECTING OUR BRANDS

- By adopting and practising responsible and fair labour practices, our stakeholders, namely, our employees, unions, and various industry bodies are assured of our values and, in so doing, assists in protecting our brand.

MANAGING RELATIONSHIPS

- The relationship with our unions is a crucial part of maintaining sound employee relations.
- Our partnership with key government stakeholders, such as the Department of Health, Department of Labour and the SETAs helps us to maintain compliance and best practice.

ACTING RESPONSIBLY

- Consistent consultation with employees and regulatory bodies ensures that the Group acts in the best interest of its stakeholders in all areas of the business.

COVID-19

- Sea Harvest established two on-site vaccination clinics – one at our largest site in Saldanha Bay and another at Viking Fishing Division at the Cape Town Waterfront. At the time, these were two out of the 14 workplace vaccination clinics in the South African manufacturing sector. The vaccination rate in the Group is well beyond the community immunity estimates. The positive impact of vaccinations on our people and operational units will become apparent in future infection waves. At the time of writing this report, c.4 700 vaccines had been administered with 92% of employees vaccinated.
- 24% or 1 229 employees in South Africa tested positive for COVID-19, with a recovery rate of 93%. Regrettably, the Group lost 10 employees to COVID-19.
- The Group conducted 16 321 antigen tests resulting in the detection of 394 positive COVID-19 cases.

INPUTS

HUMAN CAPITAL

- The Group employed a total of c.5 270 permanent and temporary employees as at 31 December 2021; 92% of South African employees are ACI.

HUMAN CAPITAL INVESTMENT

- 201 Learnerships, 27 apprenticeships, 10 cadetships, 18 graduate placements, 8 management development programmes, 2 senior management development programmes and 21 mentorship programmes were in place during 2021.
- The Group spent R44 million on skills development.
- The Group spent R27 million on COVID-19 prevention, testing and vaccine administration.
- Additional financial benefits included medical aid, retirement benefits, death and disability benefits, long service awards, bursaries and study assistance funding.

ACTIVITIES TO ENHANCE OUTCOMES

- To ensure that employees' health and safety were not compromised during the pandemic, while still allowing operations to run smoothly, some employees were allowed to work from home, and those whose roles did not allow for remote working were safely placed within reasonable distance of each other.
- At operating sites, factories and workshops protective screens were placed between workers and there is strict adherence to COVID-19 protocols in social areas within the workplace.
- The implementation of online learning introduced in 2020, has become standard in providing ongoing learning and development, so as not to hinder this vital process.
- The Group's investment in apprenticeships, cadetships, learnerships and leadership and management development met the skills development objectives as set out in our employment equity plan.
- We have complied with all legislation related to the management of our Human Capital.
- On-site clinics across the Group provide for the day-to-day medical needs of our employees and include a collection facility for chronic medication; family planning; employment medicals, wellness advice and consultations, as well as the services of a social worker.
- We have increased the skills levels and workplace experience of the unemployed youth in the communities in which we operate, while developing and improving the skills levels of employees with a focus on the previously disadvantaged.
- Antigen tests were made available to employees displaying COVID-19 symptoms, and all sea-going employees were tested before sailing.
- The Group's vaccination drive has been a top priority since viable COVID-19 vaccines became a reality. Vaccine education and information campaigns included general communications, focus groups and individual counselling to increase understanding and encourage vaccinations.
- Our employee engagement remained a focus amidst the pandemic, and we manintained the multi-channel approach to allow for effective and consistent communication. This included small group face-to-face sessions complemented by print and electronic media.

OUTCOMES

- R1.2 billion paid in salaries and wages.
- ACI employees: 92% of South African employees.
- ACI employees in senior management: 69% (2020: 60%) of South African employees.
- More than 70 employees received long service awards for service to the Group ranging from five to 40 years.
- No fatalities as a result of injuries on duty.
- 900 (17%) Group employees were upskilled in 2021, despite the challenges experienced as a result of COVID-19.

IMPACTS ON AND TRADE-OFFS BETWEEN CAPITALS

	POSITIVE	NEGATIVE
Challenge to source scarce skills and experience to fill key critical and senior management positions, particularly in remote locations, impacts mandate to appoint from ACI groups.		HC IC
Further investment in leadership development and mentoring programmes to assist with succession planning and availability of scarce skills.	FC HC IC	FC
Maintaining retention strategies in respect of young ACI talent seeking growth and development.	HC IC	FC

GOALS

- S M L Sustain our collaborative relationship with relevant trade unions
- M L Maintain development of maritime and dairy skills to increase the industry talent pool
- S M L Continue expanding our existing talent pool through identification of high potential employees, focused recruitment and targeting candidates from previously disadvantaged groups
- S M L Be an employer of choice, attracting and retaining talented employees
- S M L Retain our Level 1 B-BBEE score

Short term S Medium term M Long term L



OUR CAPITALS AND HOW WE MANAGE THEM CONTINUED

IC INTELLECTUAL CAPITAL

INTRODUCTION

Our Intellectual Capital refers to the expertise and knowledge inherent in our organisation. It includes our know-how, systems, processes and brands, all of which are critical to our success when operating at a global level in highly competitive and regulated industries.

RELATED MATERIAL CARDINAL POINTS

OPERATING EFFICIENTLY
- Industry knowledge inherent within the management team allows for the best operational decisions, considering all known variables.

DRIVING TRANSFORMATION
- Skills recruitment, development and retention are in line with our employment equity strategy to drive transformation within the Group.

PROTECTING OUR BRANDS
- Through benchmarking, NPD and packaging reviews, we invest to protect and grow our household brand names.

MANAGING RELATIONSHIPS
- We actively manage our relationships with customers and suppliers to ensure that we are viewed as a preferred partner.

ACTING RESPONSIBLY
- Industry and regulatory knowledge of our experienced management team ensures we act responsibly by considering all stakeholders.

INPUTS

- Extensive specialist know-how with respect to the catching and processing of fish; farming of shellfish and fin-fish; processing of cheese, butter and milk powders; manufacture of chilled and frozen convenience foods; and the marketing of our range of c.2 200 premium products locally and internationally to 31 countries.
- A number of market-leading FMCG brands that are household names in their respective frozen fish, value-added dairy, and convenience foods categories.
- Strong reputation as a credible supplier with long-established customers across 31 countries.
- The Group invests significantly into NPD, ensuring we are able to meet our customers' changing demands and explore new markets.
- The Group spent R44 million on skills development initiatives in 2021.
- Enhanced online presence with increased social media activity.
- Sales team utilised Intellectual Capital to alter sales and marketing strategy during 2021.
- New managing director appointed at Viking Aquaculture.

COVID-19

- The role of the digital economy in Sea Harvest's business has been enhanced by the COVID-19 pandemic.
- Virtual knowledge sharing between the various sites provided learning across the Group and a sharing of expertise to best manage the pandemic.
- Sea Harvest's centralised COVID-19 data management and analysis team remained operational in 2021 to ensure all sites were implementing the necessary measures and protocols in response to the threat the pandemic posed to the business and its employees.

ACTIVITIES TO ENHANCE OUTCOMES

- The Group recruits, develops and retains highly qualified and experienced people and has a comprehensive succession plan in place in respect of critical skills.
- A graduate programme ensuring the best talent is sourced from leading institutions to be developed and grown within the business.
- Actively manages relationships with both suppliers and customers.
- Continued integration of newly acquired business brands into the Group structure.
- Longstanding and established relationships with suppliers who go above and beyond during times of business disruption due to external factors, such as COVID-19.
- Funding of skills development initiatives and programmes, including our management leadership development programmes, mentorships, apprenticeships, cadet programmes and skills-specific learnerships.

OUTCOMES

- Longstanding relationships with both suppliers and customers allowed the business to withstand turbulent headwinds in 2021, most significantly allowing continued sales and operations during the COVID-19 pandemic.
- Acquisition of Mooivallei and BM Foods Group with the retention of key management.
- Refresh the Sea Harvest retail frozen fish range packaging.
- Refresh the Ladismith retail brand, website and packaging.
- Aquaculture focused its efforts on its abalone offering and divested from its mussel and ocean trout activities.
- Development and retention of highly talented and skilled people within the Group.
- Achieved enhanced online presence with increased social media activity.

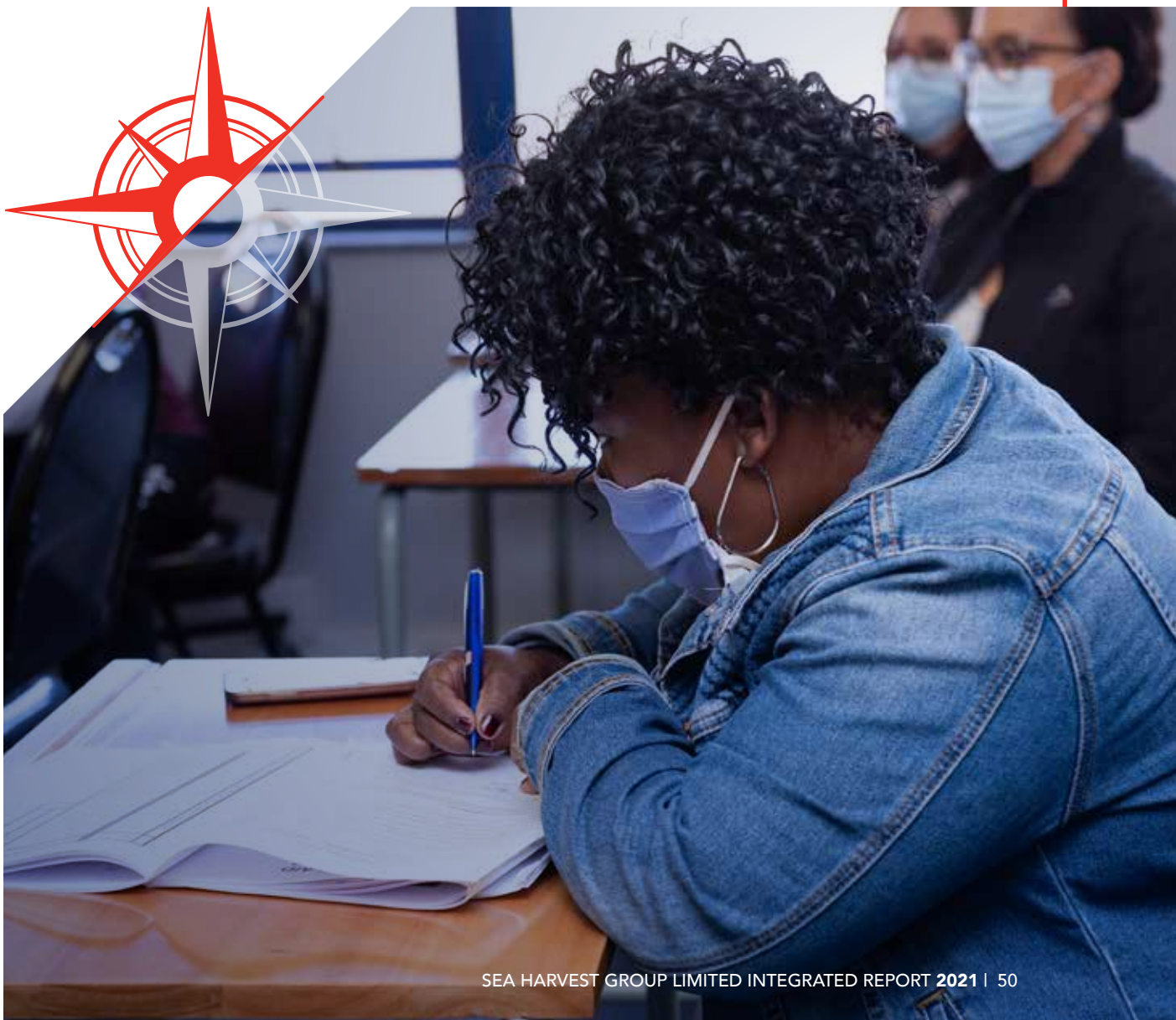
IMPACTS ON AND TRADE-OFFS BETWEEN CAPITALS

	POSITIVE	NEGATIVE
➢ Investment in NPD and research and development to ensure we are able to meet customer demands as well as pursue new markets.	FC IC	FC
➢ Skills development, training, learnerships and other programmes require significant investment.	FC HC IC	FC
➢ Members of our senior and top management serve on external industry bodies to the benefit of stakeholder relationships at a financial cost.	SC	FC

GOALS

- S M L Initiate, develop and launch new products including continued renewal of products, packaging and brand development
- S M L Maintain a brand leadership position and a strong reputation as a credible supplier across the global markets in which we trade
- S M L Align systems and processes across the Group, where appropriate, without negatively impacting agility and the focus on costs
- S M L Identify and address skills shortages through skills development initiatives, supplemented by targeted recruitment activities

Short term S Medium term M Long term L



OUR CAPITALS AND HOW WE MANAGE THEM CONTINUED

SC SOCIAL AND RELATIONSHIP CAPITAL

INTRODUCTION

It is impossible for a business to succeed without developing long-standing relationships with all your stakeholders, including the local communities in and around which the business operates.

RELATED MATERIAL CARDINAL POINTS



OPERATING EFFICIENTLY

- By managing relationships with key internal and external stakeholders, Sea Harvest is able to ensure that its operations run smoothly and efficiently.

DRIVING TRANSFORMATION

- We are dependent on the relationships we build with the communities and societies in which we operate to unlock potential, integrate communities and promote sustainable economic transformation.

PROTECTING OUR BRANDS

- Investing in relationships with, *inter alia*, employees, communities, customers and consumers, suppliers and service providers contributes to growing the value of Sea Harvest's corporate and product brands.

MANAGING RELATIONSHIPS

- Protecting and growing the Group's Social and Relationship Capital would not be possible without managing relationships.

ACTING RESPONSIBLY

- Sea Harvest's Social and Relationship Capital would be destroyed if the Group failed to meet its stakeholders' expectations with regard to acting responsibly.

COVID-19

Sea Harvest, through the Sea Harvest Foundation, continued to support local communities affected by COVID-19.

INPUTS

- In 2021, R4.28 million was invested through the Sea Harvest Foundation in more than 100 community projects focused on sports and community development, education, healthcare and early childhood development.
- Awarded 43 bursaries toregistered tertiary education students.
- Continued to support SMME businesses operating in small-scale fishing and allied sectors through the Fisheries Fund.
- Spent R580 million supporting 665 SMMEs.
- As a result of procurement policies, the Group spent R1.2 billion in support of 202 majority black-owned suppliers.
- Provided continued support to four new black entrants in the fishing sector.

ACTIVITIES TO ENHANCE OUTCOMES

- A dedicated administrator is responsible for liaising with funding applicants and beneficiaries and providing the Sea Harvest Foundation's Board with adequate information to enable it to make decisions in response to funding applications in a manner that will ensure meaningful impact within the communities served.
- Adjusting the Sea Harvest Foundation's, funding strategy to include projects supported by the subsidiaries acquired in 2021.
- Active enagement with non-profit organsiations and governmental organisations to establish the needs of the communities in and around which we operate

OUTCOMES

- Retained a Level 1 B-BBEE contributor status and achieved a score of 103.11.
- Developed an insurance policy to protect, and provided of training and coaching to, small-scale fishing sector operators through the Fisheries Fund.
- The Sea Harvest Foundation spent R4.28 million on community projects.
- Continued to support four new black entrants in the fishing sector.
- Supported SMMEs operating in small-scale fishing and allied sectors through the Fisheries Fund.
- The Group spent R1.2 billion on procuring goods and services from majority black-owned businesses.
- The Group spent R580 million on procuring goods and services from 665 SMMEs.
- The Group spent R44 million on skills development.
- The Group spent R20 million on supplier and enterprise development.

IMPACTS ON AND TRADE-OFFS BETWEEN CAPITALS

	POSITIVE	NEGATIVE
➢ The highly regulated environment in which Sea Harvest operates means that the business is dependent on meeting the reasonable expectations of its stakeholders, including that of the South African and Australian governments, local communities, employees and customers. Investing in communities impacts on our financial resources.	FC SC	FC

GOALS

S M L Our commitment to growing our Social and Relationship Capitalis to always respond to the reasonable expectations of stakeholders and to engage with them in a timely and meaningful manner and create opportunities for the previously disadvantaged

Short term S Medium term M Long term L



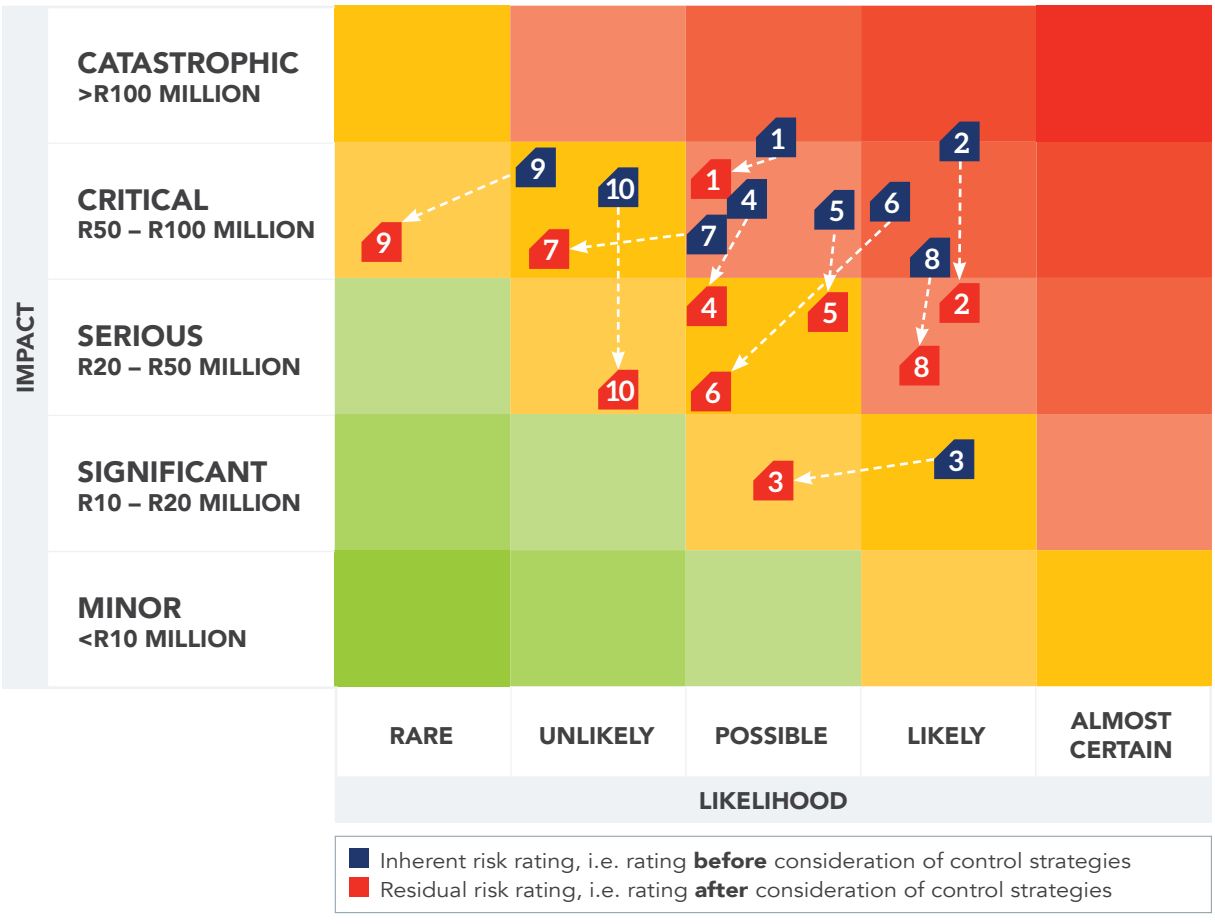

Spreads

OUR RISKS AND MITIGATIONS

The Group has developed a comprehensive risk-management framework, which is approved by the Audit and Risk Committee consistent with its Board-delegated function. In terms of this framework, material risks are identified on a regular basis with relevant mitigation plans monitored by the Audit and Risk Committee at each meeting of that Committee.

Risk mitigation remains a management function and is robustly managed to be within the Group's risk tolerance and appetite. The risk rating position on the heat map below considers both the inherent and residual risk positions after considering the effectiveness of mitigation strategies and actions. We have ranked these risks in order of magnitude, although we recognise that these positions may change during the year. Associated controls and mitigations may include forward-looking views of the risks and opportunities, which may have an impact on the future performance of the group.

1	Retention of fishing rights
2	Macroeconomic factors
3	COVID-19 pandemic
4	Loss of major assets
5	Business interruption
6	Failure of food safety standards
7	Sustainability of resources
8	Market concentration risks
9	Employee safety
10	Acquisition integration challenges



OUR RISKS AND MITIGATIONS CONTINUED

1 RISK: RETENTION OF FISHING RIGHTS

INHERENT RISK CONSIDERATIONS

- Uncertainty with regard to the regulator's policy of allocating fishing rights.
- New entrants into the fishing sector with resultant fragmentation could lead to a reduction of fishing rights allocated to the Group.
- Loss of long-term fishing rights if the Group's black shareholding falls below the level it was when rights were issued or when change of control occurs.
- Reduction in Brimstone's black shareholding.

IMPACT ON VALUE CREATION



CONTROL AND MITIGATION

THREAT LEVELS

In relation to the heat map on page 54

LIKELIHOOD: Possible
IMPACT: Critical

- Active participation in industry organisations – chairperson of SADSTIA; chairperson of SADSTIA scientific subcommittee.
- Retention of Level 1 B-BBEE scorecard and B-BBEE ownership credentials greater than 90%.
- Engagement with government stakeholders through a rigorous stakeholder management process to illustrate the commercial and socio-economic value created in the commercial fishing sectors in which Sea Harvest is involved.
- Commissioned independent socio-economic impact study, proving the hake deep-sea sector does not lend itself to further fragmentation without destroying jobs, closing factories and destroying long-term investment and hence growth in the sector.
- Share register is carefully and regularly monitored.
- Establishment and functioning of strategic team for the FRAP process.
- In the South African Fishing operation, supported job creation and retention in economically depressed towns such as Saldanha Bay – c.3 700 direct jobs and 10 000 indirect jobs in fishing operations, with a 2021 wage bill of c.R884 million.
- Maximum beneficiation in South Africa, thereby maximising jobs.
- Globally competitive and profitable business model, adding value across the supply chain through vertical integration and thereby paying taxes and levies of R300 million relevant to the South African fishing operation.
- Export revenue in excess of R1.4 billion, making the Group a large contributor of foreign exchange for the country.
- Strategically located in semi-urban and rural towns as a significant socio-economic contributory, employing more than 30% of the town of Saldanha Bay.
- South African Fishing operations supported 606 predominantly black-owned SMMEs across the value chain, with a procurement spend of R494 million. The SMMEs are reliant on Sea Harvest's operations and would collapse if Sea Harvest had to close facilities due to the loss of quota.

2 RISK: MACROECONOMIC FACTORS

INHERENT RISK CONSIDERATIONS

- **Global economic factors:** Inflation, interest rate increases, gross domestic product (GDP) growth rates, unemployment in markets in which the Group trades, foreign governments' monetary policies, etc. can impact consumer confidence and the demand for our premium products.
- **Currency:** Changes to political landscape and international sentiment towards South Africa resulting in rand fluctuations.
- **Fuel:** Increasing international fuel costs resulting in cost of sales increases.
- **Cost push:** Above inflation cost increases across the board.
- **Hedges:** Lower fuel prices and the weaker rand causes hedges to move into an out-of-the-money position resulting in hedge losses being incurred.

IMPACT ON VALUE CREATION



CONTROL AND MITIGATION

THREAT LEVELS

In relation to the heat map on page 54

LIKELIHOOD: Likely
IMPACT: Serious

- The Group applies sound foreign currency and fuel hedging practices in line with approved policies and South African Reserve Bank criteria.
- Pricing/market mix action to mitigate the impact of increased costs and rand volatility.
- Cost reduction and efficiency plans to compensate for lost revenue to protect bottom-line earnings.
- Deliver efficiency benefits from investments in fleet and factories.

3 RISK: COVID-19 PANDEMIC

INHERENT RISK CONSIDERATIONS

- Supply chain interruptions on both supply side and market side.
- Labour availability due to outbreaks in facilities or on vessels.
- Product demand reduction due to global lockdown in HORECA trade due to global lockdowns.
- Distribution challenges due to inability to get the product to the right market as a result of flight restrictions and/or port challenges.

IMPACT ON VALUE CREATION



CONTROL AND MITIGATION

THREAT LEVELS

In relation to the heat map on page 54

LIKELIHOOD: Possible
IMPACT: Significant

- COVID-19 SteerCo follows a subsidiary/site-specific risk reduction approach, while maintaining oversight at a Group level.
- In-house pre-emptive compliance inspections in relation to most up-to-date Department of Labour regulations.
- Strengthening of sales and marketing capacity within most affected subsidiaries and focused sourcing of transportation modes to ensure that most profitable products get to market as soon as possible.
- Improved familiarity with COVID-19-required working conditions resulting in better responses to changing restriction levels.
- Balance of markets between retail and foodservice/ HORECA.
- Registered by the Department of Health as certified vaccination sites – successfully administered c.4 700 doses, resulting in 92% of employees being vaccinated.

4 RISK: LOSS OF MAJOR ASSETS

INHERENT RISK CONSIDERATIONS

- Loss of major assets due to a vessel sinking or a fire within a production facility.
- Loss of biological assets due to disease or events such as red tide.

IMPACT ON VALUE CREATION



CONTROL AND MITIGATION

THREAT LEVELS

In relation to the heat map on page 54

LIKELIHOOD: Possible
IMPACT: Serious

- Fit-for-purpose maintenance strategies and business continuity plans are in place.
- Fire defence, including fire teams and training with suitable fire-fighting equipment.
- Comprehensive safety-at-sea programme implemented.
- Multiple operational sites in the event of a continuity incident.
- Multiple aquaculture sites to manage biological risk or disease.
- Comprehensive asset replacement and business interruption insurance in place.

OUR RISKS AND MITIGATIONS CONTINUED

5 RISK: BUSINESS INTERRUPTION

INHERENT RISK CONSIDERATIONS

- Prolonged (>1 month) disruption of business operations due to lack of availability of key services, e.g. water or electricity.
- Industrial action resulting in extended periods of lost productivity (>1 month).
- Business disruption as a result of cyber attack.

IMPACT ON VALUE CREATION



CONTROL AND MITIGATION

THREAT LEVELS

In relation to the heat map on page 54

LIKELIHOOD: Possible
IMPACT: Serious

- Desalination plant installed at Saldanha Bay facility.
- Wind turbines installed at Buffeljags aquaculture farm.
- Back-up generators installed at key sites.
- Focused disaster recovery plans in place within individual business units.
- Human resources climate survey conducted and focused communication strategy implemented.
- Operational diversification through Viking and Mooivallei acquisitions providing alternative operational sites in the event of a continuity incident.
- IT disaster recovery plan in place.
- Initial assessment of IT environments of acquired companies/businesses with planned mitigations and improvements where necessary.
- Comprehensive cyber security strategy in place.
- Business interruption insurance in place.

6 RISK: FAILURE OF FOOD SAFETY STANDARDS

INHERENT RISK CONSIDERATIONS

- Failure in food safety standards may result in a product recall thus negatively affecting the Group's brand, reputation, earnings per share and share price.

IMPACT ON VALUE CREATION



CONTROL AND MITIGATION

THREAT LEVELS

In relation to the heat map on page 54

LIKELIHOOD: Possible
IMPACT: Serious

- Strict compliance with the highest food safety standards, which are regulated and audited by various local and international regulatory bodies.
- Specialised in-house quality assurance teams in place.
- Comprehensive public liability insurance.
- Constant social media intelligence monitoring and engagement with specialist public relations service providers.

7 RISK: SUSTAINABILITY OF RESOURCES

INHERENT RISK CONSIDERATIONS

- Poor health of Cape Hake and Shark Bay prawn biomass could negatively impact catch rates and size mix, driving up catch costs.
- Poor management of resource by government by not following scientific advice regarding TAC levels could impact resource viability and marketability of the catch.
- Climate change could affect the availability and health of fish biomass.
- Climate change could affect milk supply and availability.

IMPACT ON VALUE CREATION



CONTROL AND MITIGATION

THREAT LEVELS

In relation to the heat map on **page 54**

LIKELIHOOD: Unlikely
IMPACT: Critical

- Active participation in industry standard setting organisations to champion sustainability, including SADSTIA Chairperson, scientific sub-committee Chairperson, alliance partner to the RFA, participation at DPIRD, WAFIC and member of Milk SA.
- Continued support of an ecosystem approach to fisheries management, underpinned by robust scientific research.
- Industry support to ensure continued stock assessments occur.
- Support for government and industry to ensure effectiveness of research.
- Diversification into aquaculture.
- Endeavours to champion MSC accreditation of the South African Cape Hake and Shark Bay prawn fisheries.

8 RISK: MARKET CONCENTRATION RISKS

INHERENT RISK CONSIDERATIONS

- Within Viking Aquaculture, abalone sales are heavily dependent on the Far East markets, which were negatively impacted by the effects of COVID-19.

IMPACT ON VALUE CREATION



CONTROL AND MITIGATION

THREAT LEVELS

In relation to the heat map on **page 54**

LIKELIHOOD: Likely
IMPACT: Serious

- Appointment of key positions within the Aquaculture business to optimise production and sales.
- Leveraging depth of skills to secure alternative markets.
- Development of new product formats other than "live", including canned, frozen and dried.
- Growth of biological stock and future profitability.

OUR RISKS AND MITIGATIONS CONTINUED

9 RISK: EMPLOYEE SAFETY

INHERENT RISK CONSIDERATIONS

- Failing to adhere to safety requirements through improper working conditions or deliberate circumvention of safety performance standards – inclusive of shore-based and sea-going environments.
- Inconsistent application of safety rules and hazard identification, including non-compliance with critical controls.
- Exposure to major safety-related issues: material handling, moving machinery, working at sea, etc.

IMPACT ON VALUE CREATION



CONTROL AND MITIGATION

THREAT LEVELS

In relation to the heat map on **page 54**

LIKELIHOOD: Rare
IMPACT: Critical

- Compliance with Occupational Health and Safety and the Compensation for Occupational Injuries and Diseases Act, No 130 of 1993 compliance requirements.
- Occupational Health and Safety Committees appointed and performance of regular risk assessments in all operating environments.
- Robust safety communication strategy.
- Physical and staff-related insurances in place.
- Independent audits by insurers, internal auditors and government.

10 RISK: ACQUISITION INTEGRATION CHALLENGES

INHERENT RISK CONSIDERATIONS

- Challenges with the integration of acquisitions could impair or delay delivery of expected benefits, negatively impacting earnings.
- Cost of introducing required corporate governance, controls and reporting capacity could increase costs, negatively impacting earnings.
- Management depth to effectively implement and integrate acquisitions.

IMPACT ON VALUE CREATION



CONTROL AND MITIGATION

THREAT LEVELS

In relation to the heat map on **page 54**

LIKELIHOOD: Unlikely
IMPACT: Serious

- Leverage of depth and capacity at head office.
- Upskilling and development of subsidiary finance teams.
- Use of internal resources, corporate finance capabilities and external service providers to implement and integrate acquisitions.


MOOIVALLEI
PRODUCERS OF
RIGG'S
SALTED BUTTER 250 g
PRODUCERS OF
RIGG'S
GOUDA CHEESE
MANUFACTURED IN BONNIEVALE

4



OUR WAY FORWARD



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OUR CEO'S REPORT

If 2020 was the year that a "once in a lifetime" pandemic sent shockwaves throughout the world, 2021 became the year that tested resilience and illustrated Sea Harvest's sheer mettle against waves of continued uncertainty. Even though the Group withstood the continued rumblings of COVID-19, 2021 was quite a mixed year with regard to performance.

The year started off with Sea Harvest having a 5% reduction in the TAC for hake in support of our commitment to harvest the natural marine resources responsibly in order to manage available fish volumes over the long term. The reduction in TAC was further compounded by the effects of COVID-19 and the global disruptions in supply chains and lockdowns triggered by the pandemic. However, it is gratifying that even during these trying times, from a business perspective, Sea Harvest was still able to deliver pleasing results with revenue and operating profit increasing by 5% and 10%, respectively. This positive performance also permeated through to our attributable profit and EPS with both being up 9% and the business' operating margin growing from 14% to 15%, while the EBITDA margin was 20%.

> THIS **PERFORMANCE DURING A CHALLENGING PERIOD** WAS MADE POSSIBLE THROUGH **THE COMMITMENT AND DEDICATION OF ALL OUR STAFF**, WHO TOGETHER WITH OUR MANAGEMENT TEAM NAVIGATED THE BUSINESS THROUGH A VERY DEMANDING PERIOD.

GROUP **KEY METRICS**

REVENUE



TO R4.6 BILLION
(2020: R4.4 BILLION)

OPERATING PROFIT



TO R691 MILLION
(2020: R629 MILLION)

EARNINGS PER SHARE



TO 168 CENTS PER SHARE
(2020: 154 CENTS PER SHARE)

DIVIDEND PER SHARE



TO 56 CENTS PER SHARE
(2020: 45 CENTS PER SHARE)

SOUTH AFRICAN FISHING

Within the Group, the South African fishing business remains the crown jewel that drives the overall performance of the business. During 2021, the fishing business experienced swells where supply chain disruptions and logistical challenges were experienced in trying to get containers in and out of South Africa and other jurisdictions, which created significant hurdles that needed to be overcome. Even though freight transport was very difficult to manage during the year, the South African fishing business was able to surmount these challenges and continue to supply markets that held firm both locally and internationally. What is undeniable and has been evident throughout this pandemic, is that the demand for wild-caught sustainable fish continues to increase, particularly as people want to eat healthier. That strong demand facilitated good price inflation, thereby counteracting a lot of the producer inflation that came through rising fuel costs. Despite the stronger rand during the reporting period, the prudent hedging policy in place offset its impact and shielded the fishing business from further headwinds. The resultant effect in 2021 was that the South African fishing business had a very strong year and good performance across all metrics.

While the South African fishing business remained resilient during 2021, the FRAP remained on the horizon with an expected completion date of 31 December 2021. This required us to strike a balance between ensuring optimal performance to secure the sustainability of the business, while preparing for the FRAP. Unfortunately, FRAP 2021 experienced a slight delay, and government committed to completing it in early 2022.

Sea Harvest is confident that it put forward its best effort in showcasing the great work that it has done over the past 15 years in support of government's objectives. We believe that our South African fishing business entered the process in a commanding position, given that, in the 15-year period since the previous FRAP, our black ownership has increased from 21% in 2005 to over 90% in 2021. This is further reinforced by the Company's phenomenal achievement in terms of holistic transformation by being a Level 1 B-BBEE contributor and one of the most transformed companies on the JSE.

Through this performance, and as announced by DFFE on 28 February 2022, Sea Harvest was one of the highest scoring applicants and therefore successful in renewing its rights in all sectors applied for. The results are not final as yet, as applicants reserve the right to appeal their allocation. However, Sea Harvest does not project any wholesale changes will be made to the allocations after the appeals process.

The finalisation of FRAP allows us 15 years of certainty and the ability to plan the business for the long term.

LADISMITH CHEESE

Since 2019, when the Group acquired Ladismith Cheese, the ambition has remained to grow the Company both organically and acquisitively, and 2021 delivered substantial gains in fulfilling those ambitions. Central to our pursuit of organic growth within that business, we invested in increasing its milk powder production capacity by 33% by installing a new powder plant in 2021.

This massive project was further supported by rebuilding and expanding the butter factory, thereby significantly increasing production capacity.

Parallel to the significant organic upscaling at this site, the Group further fulfilled its growth objectives and acquired Mooivallei situated in Bonnievale, not too far from Ladismith. Mooivallei produces cheese and butter for both retail and foodservice. Through this acquisition, Ladismith Cheese increased its cheese capacity by 40%, allowing the Group to achieve its target of increasing its overall production capacity in this segment of the Group. Even though the increased capacity is scheduled to ultimately yield positive results, the cost burden continues to outstrip the revenue growth in this project, due to raw material (milk) cost and availability constraints. Overall, it has been challenging for the business to absorb this higher cost base, without the complementary revenue increase. That ultimately has impacted the financial performance of Ladismith Cheese and, despite modest revenue growth in 2021, the increased costs significantly diluted the overall margins.

Looking forward, our view is that the costs together with other minor operational challenges will be have a short-term effect, but it was imperative that we made the decision to invest in the business to facilitate its growth in the near future.

VIKING AQUACULTURE

Over the past three years, our aquaculture business has really toiled with constant roadblocks from the Hong Kong riots in 2019 to the prolonged continuation of the COVID-19 pandemic. These two barriers have severely impacted this side of our business, however, it remains poised for growth in the future. Abalone remains the main product that the Aquaculture division sells, and it is primarily destined for upper-tier restaurants in the Far East in the live format. This route to market has encountered severe pressure over the past two years: it has not only been impacted not only by fewer people engaging in public dining but also from a logistics perspective because the product format relies on export by air freight.

BEYOND THE MARKET **CHALLENGES EXPERIENCED** BY OUR AQUACULTURE BUSINESS, WE CONTINUE TO SEE **PLEASANT GROWTH OF THE BIOMASS** IN ALL OF OUR FARMED SPECIES.



FELIX RATHEB

However, good growth doesn't come without its impacts, as the operational requirements of growing and housing that biomass resulted in higher feed and habitat maintenance costs. The primary hindrance that remains is that we're not able to harvest all of the biomass due to the lack of a strong outlet into the markets because of their depressed nature (due to the pandemic). We have begun to see green offshoots of recovery in the aquaculture sector, but the freight and market challenges continue to affect the business, even if we've seen a significant year-on-year increase in revenue.

Unfortunately, even though we worked tirelessly to contain costs during 2021, it continued to burden the entire business.

Central to our cost containment target was ensuring that non-profitable assets were removed from the aquaculture portfolio, which resulted in us closing down our salmon trout and mussel operations in Saldanha Bay, allowing management to provide a stronger focus on our abalone and oyster businesses.

Ultimately, the performance of this business is highly dependent on the pandemic shifting to become endemic, and we experience the resultant market rebound. To cope with the curveballs thrown by COVID-19, we introduced new abalone product formats and pursued new markets, and we believe this will hold the business in good stead once COVID-19 makes a positive turn. Furthermore, we believe that our targeted expansion beyond our primary market of Hong Kong into mainland China will eventually yield greater opportunity and solidify our diversified market strategy in the near future.

As our aquaculture business is poised to rebound, it was also important to us that we capacitate the organisation accordingly, thereby allowing us to seize the opportunities on the horizon. To that end, we've made management changes to the business, establishing a team with a stronger focus on sales, and, more importantly, appointing a new managing director to oversee the next exciting period for the business. The new managing director arrives with strong sales and seafood experience and the target of improving operational efficiencies, enhancing quality and product formats, and delivering a more diversified market portfolio.

> "WITH THESE KEY STRATEGIC MODIFICATIONS MADE IN 2021, WE LOOK FORWARD TO **HARVESTING THE FULL POTENTIAL OF OUR AQUACULTURE OPERATIONS.**

SEA HARVEST AUSTRALIA

Our journey in Australia, which started many decades ago as a crucial market, has evolved into a key operational beachhead since 2015. The 2021 reporting period yielded a record year for the Group in Australia through our subsidiary, Sea Harvest Australia. This stellar performance was primarily driven by strong catches in our prawn, crab and scallop operations in Shark Bay and good catches in our Spanish Mackerel operations in the Kimberley region of Western Australia (WA). That resulted in more volume of our own wild-caught fisheries products, which provides a greater return than utilising substitute or traded product. This strong performance was also largely facilitated by a firm market in Australia with regards to price and volume due to the limited impact from COVID-19. Furthermore, our South African wild-caught products, which are traded by our business in Australia, provided a particular impetus in the overall result of our subsidiary, as more consumers enjoyed their meals at home.

The business costs, however, continue to curtail the translation of that performance to its overall financial results. Over the past few years, we've worked at addressing these costs and we have succeeded in removing a large bulk of them. Nevertheless, a transformative acquisition remains the only viable option in ensuring a reduction in the cost base of the business. Therefore, the primary focus in 2021 was to complete a transformative acquisition with strong synergies and scale. MG Kailis was identified as a business that provides the right credentials for a transformative acquisition, as it is of a very similar size to our current business in Australia. Successfully completing such an acquisition would double the size of our operations in Western Australia and would make Sea Harvest Australia significantly more relevant in that market.

CAPE HARVEST FOOD GROUP

And finally, in terms of our food expansion strategy, which is our last strategic pillar, we acquired a controlling interest in BM Foods Group during 2021. BM Foods Group is an agglomeration of the much-loved Mediterranean Delicacies and Bettafresh, together with the later additions of Tuna Marine, Judy's Preserves and Chelsea Pies. The business currently has three operations, two in Johannesburg and one in Cape Town, with a national sales footprint throughout South Africa, which is supported by strong management, brands and access to retail markets.

The acquisition presents the Group with a great beachhead for further growth in revenue and, in due course, such an acquisition will give Sea Harvest more relevance in the local retail and foodservice environment in various categories within South Africa.

LOOKING FORWARD

Firstly, Sea Harvest has secured its fishing rights. The new fishing season commenced in all four sectors on 1 March 2022. The fishing rights in the hake deep-sea, anchovy and pilchard sectors are valid for a 15-year period and the prawn rights are valid for a 10-year period. This allows us to plan for the long term.

Secondly, it is of the utmost importance that we complete the targeted acquisition in Australia to allow us to further expand our international footprint.

Thirdly, in South Africa, for the remaining portfolio beyond our fishing business, we need to "bed down" our new acquisitions and capacity increases to facilitate our growth in the "food space".

Fourthly, as we remain entangled in COVID-19, our clear goal is to continue to work in limiting the disruptions associated with the pandemic. Even though a few of the disruptions remain beyond Sea Harvest's control, we believe that through our COVID-19 employee safety protocols supported by our on-site clinics and vaccination centers we have been able to limit the pandemic's direct impact on our operations. Through these interventions, at the time of writing, we managed to vaccinate 92% of our employees. I would like to thank all staff for their co-operation in this regard and our COVID-19 team in ensuring that employee safety remains a key priority in our business. Hopefully, in the near-term, we will also see the back of the pandemic and a sense of normalcy will return to the markets.

Finally, 2021 was ultimately a good year for Sea Harvest and once again I would like to thank our staff, shareholders and the rest of our stakeholders for the support that they've given us during the year. This business continues to deliver and may it continue into the future as we fulfil our ambition of being a leading, diversified, black-owned global agribusiness.



Felix Ratheb
Chief Executive Officer



OUR MATERIAL CARDINAL POINTS

INTRODUCTION

At Sea Harvest, our material cardinal points provide the direction we need to navigate our way on our journey to achieving our vision, while fulfilling our true purpose. These material cardinal points dictate our course of action in every situation and for every decision made across the Group.

OPERATING EFFICIENTLY

WHY IT MATTERS

Sea Harvest operates in a global market where economies of scale and vertical integration determine competitiveness. We compete with large corporations from developed and developing economies. Operating efficiently is key to delivering sustainable operating margins and protecting the long-term future of the business for the benefit of all stakeholders.

CHALLENGES

- In the second year of the pandemic, COVID-19 continued to create volatility across the Group, with the on/off global lockdowns as well as global freight and logistics disruptions.
- The Group expended c.R27 million in COVID-19-related costs during 2021 in order to keep its people safe and ensure that the Group could continue to operate.
- Lower than budgeted abalone, oyster and mussel sales, as a result of the partial closure of key markets, freight availability and associated inflated freight cost on international airlines impacted the operating efficiencies and margins of the Aquaculture business.
- High fuel prices and significant milk price increases resulted in above-inflation cost increases, with Ladismith Cheese not able to fully pass on the above-inflation cost increase in the milk price.
- The organic growth projects at Ladismith Cheese resulted in additional costs with the additional capacity not yet fully utilised.

OPPORTUNITIES

- The roll-out of the COVID-19 vaccines and a return to market normality are expected to result in a return in productivity and efficiency levels, normalising supply chains, the reopening of slower and disrupted markets, and a saving in COVID-19-related costs.
- Synergies delivered through the acquisition of Viking Fishing resulted in improved operating margins.
- Prawn catches in Australia improved towards the long-term average of 800 tonnes per annum, also improving efficiencies and operating margins.
- The acquisition of MG Kailis is expected to double the size of the Australian business, provide additional valuable wild-caught species and volumes, extract synergies, and increase the relevance of Sea Harvest Australia.
- The opening of the Hong Kong, Chinese and other export markets following COVID-19 will increase sales rates of abalone, and better pricing levels and the freeing up of space in the tanks will allow for normal growth rates.
- The product diversification into dried, frozen and canned abalone and the diversification into new markets are expected to drive sales in the abalone business and assist the business to turn around the operating loss of 2021.
- The availability of additional capacity at Ladismith Cheese and the acquisition of Mooivallei are expected to deliver additional volume, efficiencies and increased profitability.
- The acquisition of BM Foods Group introduces a platform asset with strong management and good growth prospects.

ASSOCIATED RISKS	AFFECTED CAPITALS	SUPPORTED UN SDGs
1, 2, 3, 4, 5, 6, 7, 8, 9, 10	FC MC NC HC IC SC	

OUR RESPONSE

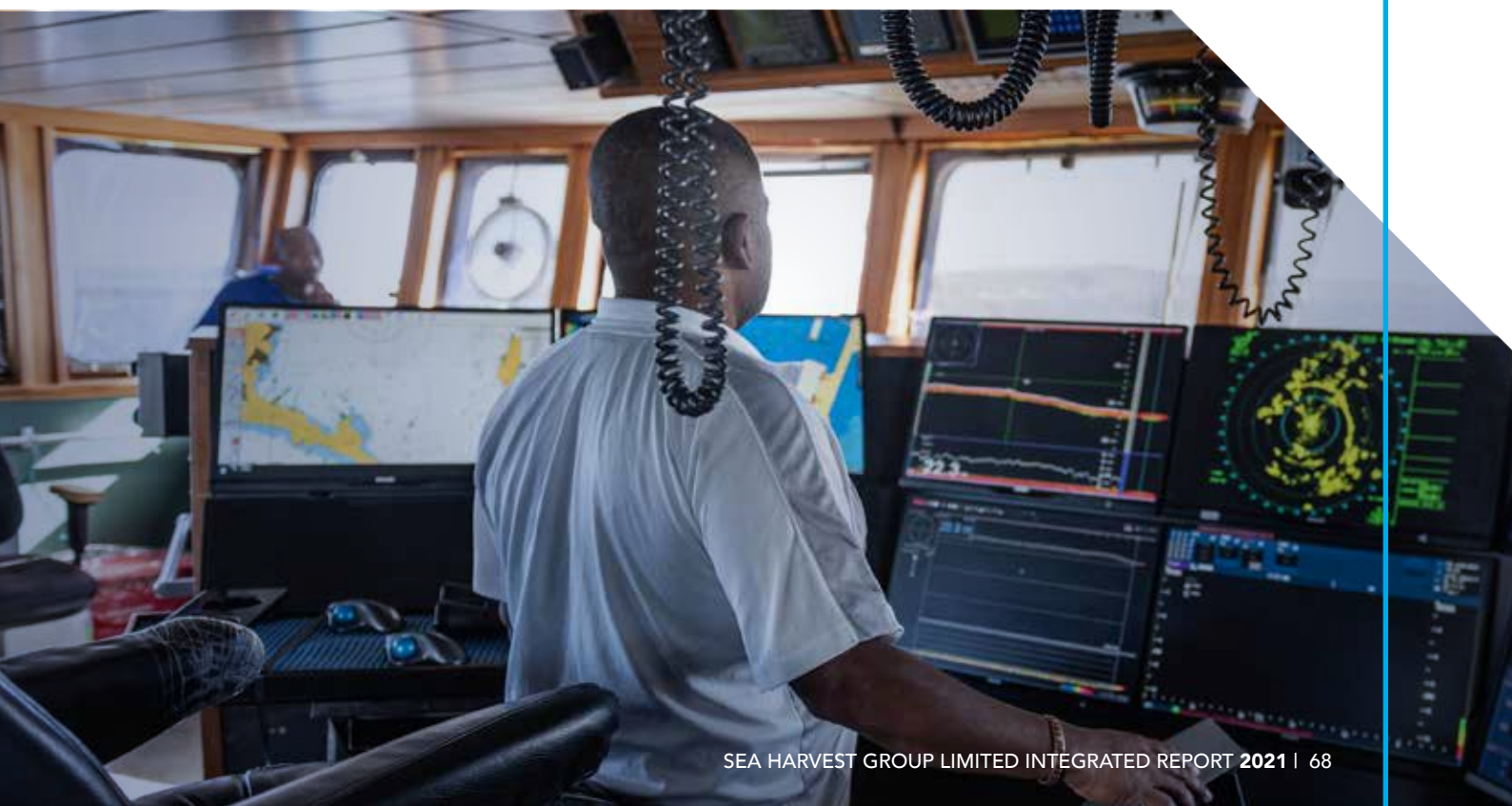
- The robust processes implemented since the first phase of the COVID-19 pandemic, together with a vaccination rate of 92%, has enabled the Group's operations to continue to run smoothly, and the Group has been able to maintain full employment and support productive remote working for many of its employees.
- The Aquaculture segment has discontinued the mussel business, with the trout business closing by 31 March 2022, to focus managements time on the high-value, high-margin abalone business.
- The Aquaculture operation diversified into dried, canned and frozen abalone formats and diversified into new markets.
- The South African Fishing operation caught its full allocation of hake TAC in 2021.
- The acquisition and integration of Viking Fishing enabled the delivery of operating synergies that enhanced the efficiency of the South African Fishing operation with an operating profit margin of 25% (2020: 21%).
- In the Australian operations, the identification of the sizable MG Kailis acquisition will provide scale, synergies, operational efficiencies and relevance.
- The Cape Harvest foods segment invested in additional powder and butter capacity at Ladismith Cheese, while the acquisition of 100% of Mooivallei provides additional cheese capacity and a diversification of sites.
- The acquisition of a majority shareholding in BM Foods Group provides further opportunity for growth in the South African food sector.

OUR FUTURE GOALS

Short term S Medium term M Long term L

- S M L Sea Harvest Group Limited: Maintaining historical operating profit margins through the cycle
- S South African Fishing operation: Submitted its best possible FRAP 2021 application by the extended deadline of 28 January 2022
- S M Sea Harvest Australia: Prawn resource recovery towards long-term average
- S Complete the MG Kailis acquisition
- S M Cape Harvest Foods: Deliver the business case for the capacity expansion at Ladismith Cheese and acquisitions of Mooivallei and BM Foods Group
- S Sea Harvest Aquaculture: Abalone market recovery and business turns to profit

Refer to **pages 31, 33, 35, 36, 37, 38, 39, 41, 43, 45, 47, 49 and 51** for further information.



OUR MATERIAL CARDINAL POINTS CONTINUED

DRIVING TRANSFORMATION

WHY IT MATTERS

Not only is transformation an imperative in the South African context, it is crucial to the long-term viability of the Group. Our transformation strategy drives the requisite human capital changes that are vital to our vision of being a diversified fishing and food business – a globally competitive group with an employee base that is representative of the various communities in which we operate. Our operating licence in the South African fishing sector is dependent on our commitment to driving transformation, which means the long-term gains far outweigh any short-term financial investment required.

CHALLENGES

- Driving transformation is a non-negotiable and vital aspect of our business. The acquisition of less transformed businesses than Sea Harvest has created the challenge of raising the standard of these businesses so as not to dilute the overall transformation credentials of the Group.

OPPORTUNITIES

- Strong transformation credentials could result in a favourable outcome in FRAP 2021.
- We are able to implement our transformation strategy through skills development programmes offered to previously disadvantaged employees.
- Our skills development programmes offer unemployed youth the opportunity to gain skills and workplace experience towards a trade or profession and gainful employment.
- Sea Harvest is committed to wealth-sharing through our Employee Share Trusts.
- We continuously invest in our local communities through food security, social, and health cohesion programmes.
- Supporting black SMMEs by securing their services across the value chain.
- Contributing to supplier and enterprise development.

ASSOCIATED RISKS	AFFECTED CAPITALS	SUPPORTED UN SDGs
1	FC MC HC IC SC	

OUR RESPONSE

- Through a focused effort on driving transformation, the Group has retained a Level 1 B-BBEE contributor status with an improved score of 103.11.
- 92% of all South African employees are ACI.
- During the year, the Group spent R580 million procuring goods and services from 665 SMMEs.
- The Group spent R44 million on various skills development initiatives.
- Sea Harvest Foundation spent R4.28 million on community-based projects, including sport and community development, education, healthcare, and early childhood development.
- Eleven employees enrolled in management and leadership programmes at various universities and other higher education and training institutions.
- Through the Fisheries Fund and in association with our majority shareholder, Brimstone, we were able to continue supporting cooperatives and small-scale fishers during 2021.
- Our skills programmes include apprenticeships, learnerships, internships and cadet programmes.
- As an extension to management and leadership development, we continued a mentorship programme for our junior employees.
- During 2021, we continued to actively support four black entrants into the South African fishing sector
- Contributed R11.2 million towards enterprise development and R8.8 million towards supplier development.

OUR FUTURE GOALS

Short term S Medium term M Long term L

- S Retain Level 1 B-BBEE contributor status
- S Maintain black shareholding above 90%
- S M L Continue building Sea Harvest's reputation as a key contributor to empowering the communities in which we operate by providing financial and social development support to vulnerable households, local crèches, homes for the aged, and other care-giving institutions, more so amid the COVID-19 pandemic
- S M Skills development programmes that support national initiatives
- S M Submit quarterly employment equity progress reports to the Department of Labour
- M Adhere to the requirements of the Employment Equity Act, No 55 of 1998 by developing five-year plans for each division and in consultation with the relevant trade unions
- S M L Retain key talent through recruitment, performance management, and learning and development programmes
- S M L SMME development by supporting both new and established local majority black-owned businesses
- S Entrench employment equity in the Group's recruitment, learning and development, and talent management processes as platforms to promote transformation
- S Identify candidates to succeed our leadership to ensure continuity and competitive organisational performance through succession planning
- M Focus on securing specialised skills that are required throughout the Group and its subsidiaries, and which are not readily available in the previously disadvantaged communities, through development and retention programmes
- S M L Continue to contribute towards supplier and enterprise development

Refer to **pages 31, 33, 36, 37, 39, 39, 40, 41, 43, 47, 49 and 51** for further information.

PROTECTING OUR BRANDS

WHY IT MATTERS

The Sea Harvest Group brands cannot be separated from our corporate identity, and our identity is one of authenticity, trustworthiness and value. It is these qualities that our consumers relate to when they interact with us and with our products, which makes it critical that we protect the Sea Harvest Group brands.

CHALLENGES

- Balancing the allocation of a static fish supply between the local market to support the Sea Harvest brand and export markets that offer higher returns.
- The UN SDGs promote sustainable consumption and production patterns. This is a challenge to ensure we are able to meet growing customer demand while continuing to produce in a sustainable manner.
- Locally, balancing the achievement of acceptable returns with protecting the brand market share through pricing action and promotions.
- Aligning acquisitions with the existing customer and consumer brand expectation.

OPPORTUNITIES

- We promote our products as a healthy and environmentally sustainable alternative to ensure the well-being of our customers, aligned to the UN SDGs of good health and well-being and life below water.
- Our 16 factory shops which are located across South Africa, capture the essence of our iconic seafood brand and make it available to local communities.
- We diversified the offerings in our factory shops to include products produced by our subsidiaries.

ASSOCIATED RISKS	AFFECTED CAPITALS	SUPPORTED UN SDGs
1, 3, 4, 5, 6, 7, 8, 9, 10	FC MC NC HC IC SC	

OUR RESPONSE

- Protecting our brands is a steadfast journey, which is why we continued to invest in our brand equity, especially in the domestic retail market in 2021. Due to COVID-19 restrictions, consumer habits changed and therefore, the way we engaged with our consumers changed, with greater emphasis placed on social media platforms, such as Facebook and Instagram.
- New product development efforts remained focused on innovation, value and maintaining high service levels due to increased retail demand.

OUR FUTURE GOALS

Short term S | Medium term M | Long term L

- S M L Continue delivering on our customers' expectations
- S Continue to focus on online consumer engagement and advertising within our marketing mix
- S Improve stakeholder engagement on our value offerings
- S Engage with our new consumer landscape through new sales platforms
- M Align customer and consumer brand expectations with respect to new acquisitions
- M As we increase our global footprint, we intend on participating in more trade shows
- S Give our global customers a better idea of our sustainable approach to our quality-driven value offering

Refer to **pages 31, 33, 36, 38, 39, 40, 41, 43, 45, 47, 49 and 51** for further information.



OUR MATERIAL CARDINAL POINTS CONTINUED

MANAGING RELATIONSHIPS

WHY IT MATTERS

As a Group, our successes are built on and inextricably linked to our relationships with our stakeholders. As a global corporate citizen, Sea Harvest is dependent on mutually beneficial relationships with our stakeholders to ensure an economically viable and sustainable future.

CHALLENGES

- For the second consecutive year, engaging in face-to-face communication remained a challenge. Even though personal engagement was difficult, we continued managing our relationships remotely via digital platforms.

OPPORTUNITIES

- Frequent communication using digital and other platforms.
- Understanding the expectations of our stakeholders.
- Harnessing the strengths, skills and expertise of our people to meet the varied expectations of the Group's many stakeholders.

ASSOCIATED RISKS	AFFECTED CAPITALS	SUPPORTED UN SDGs
1, 5, 6, 7, 8, 9	FC MC NC HC IC SC	

OUR RESPONSE

- The Group invested a significant amount of time ensuring that its stakeholders remain informed on matters that affected them. Different functional areas in the business are responsible for managing the relationships with different groups of stakeholders, but achieving positive results requires an integrated approach between different functional teams and external business partners. Face-to-face engagement was increased amid strict COVID-19 protocols.
- In 2021, we published, *inter alia*, a total of nine internal newsletters, two internal magazines, two external corporate brochures, as well as our Annual Integrated Report, which won the Best Report for a consecutive year in the Fledgling/ AltX category of the Chartered Governance Institute of Southern Africa (CGISA) | JSE Integrated Reporting Awards. We also launched an external communication campaign across various digital and traditional media platforms.
- In 2021, we increased our social media footprint on Facebook, Instagram and the Sea Harvest YouTube channel.

OUR FUTURE GOALS

Short term S Medium term M Long term L

- S M Maintain our stakeholder management framework to ensure that all stakeholders are apprised of the Group's plans and objectives moving forward
- S M Frequent reassessment of the state of our stakeholder interactions to improve and build on our relationships
- S M L Actively build and maintain long-term, constructive and transparent relationships with our stakeholders

Refer to our key stakeholders section for details on how we interacted on **pages 31 to 40.**



ACTING RESPONSIBLY

WHY IT MATTERS

As a Group, this mandate speaks to the core of our business, namely our reliance on natural resources. However, acting responsibly also extends to our responsibilities as a corporate citizen, the way we treat our employees and our sstakeholders, and our corporate governance.

CHALLENGES

- The nature of our wild-caught fishing operations results in incidental by-catch of non-targeted species and impacts on the seabed. However, we continue to manage these species in a precautionary manner through limiting our catches and only trawling in previously trawled areas.
- Within our dairy business, we work with farmers to balance the supply of milk by paying competitive prices.
- Acquired businesses are aligned with the Group's ESG standards.
- Ensuring that there is an alignment in the reporting format for health and safety for all of the subsidiaries in the Group.

OPPORTUNITIES

- The many challenges that the business has faced, including COVID-19, FRAP, and concerns about responsible fishing practices, have provided it with the opportunity to demonstrate its unwavering commitment to acting responsibly, even in tough times.
- The Group continued to invest considerable effort and time in ensuring that it understands the needs of local communities and identifies and supports projects that will deliver maximum impact.
- The Group is committed to building a global business that operates at the highest levels while complying with required regulatory requirements and standards.

ASSOCIATED RISKS	AFFECTED CAPITALS	SUPPORTED UN SDGs
1, 3, 6, 7, 9	FC MC NC HC IC SC	

Our global operations, coupled with our efforts directed through the Sea Harvest Foundation, Fisheries Fund and other partnerships (RFA, etc.), create sustainable jobs and commit to fair and equitable business practices that promote gender equality and the well-being of people of all ages, the development of local communities, the sustainable use of natural resources, and sustainable consumption and production patterns.

Through our vessel Safety Management System, Sea Harvest is able to remain at the vanguard of the best health and safety procedure systems, which provide an invaluable platform for the current and future protection of the Group's employees.

OUR RESPONSE

- The Group ensured that all its business practices are responsible and that its sustainability efforts have an ecosystem-based approach as a means to protect the environment and jobs into the future. Furthermore, the Group's resource efficiency measures ensured the sustainable utilisation of resources, limited disruption to operations and reduced operating costs.
- During 2021, the Group continued implementing its COVID-19 safety procedures in order to keep its employees safe during the ongoing pandemic. The ongoing consolidation of the health and safety practices of the Group continued during 2021. However, it was also essential that the Group evaluate the maturity of the safety standards of new acquisitions and align them with the consolidated Group health and safety strategy, supported by aligned reporting mechanisms.

OUR FUTURE GOALS

Short term [S] Medium term [M] Long term [L]

- [S] [M] [L] Keep our stakeholders informed of our responsible actions regarding resource use and management
- [S] Embed responsible business practices throughout all of the Group's subsidiaries
- [S] [M] All biomass of species we harvest to reach and be maintained at MSY in South Africa or MEY in Australia
- [S] [M] [L] Align monitoring and tracking systems across all facilities and subsidiaries, specifically newly acquired ones to better manage health and safety, environmental impacts, and efficient resource utilisation

Refer to **pages 13 and 14** for our offerings and **pages 31 to 40** for our key stakeholder information.



OUR MATERIAL CARDINAL POINTS CONTINUED

OPTIMISING FINANCIAL CAPITAL

WHY IT MATTERS

Financial Capital is a scarce resource that must be used to optimise the value we create for our shareholders and other stakeholders. Organic and acquisitive investment decisions are evaluated to meet the required cost of capital hurdle rates to deliver an appropriate, risk-adjusted return above our cost of capital. Optimising our Financial Capital not only ensures long-term sustainable profitability, but also meets our shareholders' return expectations while protecting existing jobs and creating new ones.

CHALLENGES

- Financial Capital must be rationed between organic and acquisitive investment opportunities so as to optimise returns.
- Capital allocation decisions are often based on projected performance that may not materialise, resulting in the expected returns not being achieved.
- Significant milk price increases and the additional cost related to the third powder plant and new butter factory that are not yet fully utilised have negatively impacted margins and returns on the capital deployed to the Cape Harvest Foods segment.
- Market issues in Hong Kong and China due to COVID-19 in 2021 have affected abalone sales volumes, negatively impacting returns on capital deployed to this segment.
- Balancing between paying a dividend, internally funding future growth, and repaying debt.

OPPORTUNITIES

- Effective capital management enables investments in internal projects to drive operating efficiencies and earnings-accretive acquisitions.
- Margin enhancement and EPS growth enable growth in total shareholder return (TSR), supporting access to further equity capital.
- Improved financial performance provides access to further debt funding for future growth investments.
- Recovery of operations and markets from COVID-19 will drive margin enhancement and improve the returns on capital deployed across the Group.
- Leverage the impending MG Kailis acquisition to extract synergies and increase relevance in the Australian market.
- Recovery of Hong Kong and Chinese markets following COVID-19 will enable the business to meet its sales forecasts and deliver the expected returns on capital deployed in this segment.
- A higher dividend ratio if the Group generates excess cash.

ASSOCIATED RISKS	AFFECTED CAPITALS	SUPPORTED UN SDGs
1, 2, 3, 4, 5, 6, 7, 8, 9, 10	FC MC NC HC IC SC	

OUR RESPONSE

- The Group's operating profit margin expanded to 15%.
- Generated R822 million (2020: R995 million) cash from operations.
- The Group met all debt obligations and covenants during the year.
- Dividend cover of 2.8 times, within the dividend policy range of between 2.5 and 3 times.
- ROCE was 18% in 2021 (2020: 17%).
- We achieved a cash flow conversion of 54% (2020: 79%), as a result of the investment in working capital.
- Net working capital as a percentage of revenue was 19% (2020: 16%), as a result of the acquisitions and investment in working capital.

OUR FUTURE GOALS

Short term S Medium term M Long term L

- S M L Invest in organic projects and acquisitions that deliver an appropriate margin above the Group's cost of capital
- S M L Surplus cash will be used to pay down long-term debt and/or be returned to shareholders
- M L Deleverage the balance sheet to reduce the net interest-bearing bank debt to EBITDA ratio to less than 1 times
- S M L Achieve a targeted ROCE of 3% or more above the Group's WACC
- S M Maintain dividend cover of between 2.5 and 3 times

Refer to **pages 33, 35 and 41** for further information.



OUR STRATEGY

INTRODUCTION

Our strategy remained unchanged in 2021 with our focus firmly set on securing organic and acquisitive growth in the four operating segments of the Group. Our strategy is based on our foundation of strong brands, access to 31 markets globally, exceptional transformation and sustainability credentials, solid financial performance, a strong balance sheet and a strong management team.

OVERVIEW

Sea Harvest's strategy has been established around six pillars, split between organic growth and acquisitive growth.

Organic growth focuses on volume growth and margin enhancement, while acquisitive growth targets South African seafood, aquaculture, international seafood and the broader South African food market.

SEGMENT	ORGANIC GROWTH		ACQUISITIVE GROWTH
	VOLUME GROWTH	MARGIN ENHANCEMENT	
SOUTH AFRICAN SEAFOOD LONG-TERM TARGET: 60% OF GROUP EBIT	➢ **Fish stocks:** By supporting regulators and the use of scientific guidelines in fisheries management, Sea Harvest is able to contribute to the sustainability of the biomass. ➢ **Co-packing and substitution:** Sea Harvest leverages its strategic relationships with global partners to pack the Sea Harvest brand for the South African market (primarily in hake) and to secure whitefish to produce additional value-added products utilising Sea Harvest's available manufacturing capacity. ➢ **Protecting existing** quota in the FRAP process.	➢ **Fleet efficiencies:** Sea Harvest maximises fillet factory vessel production at sea and, with these capabilities, pursues higher margin export products. ➢ **Processing efficiencies:** Continuous improvement within our production facilities to drive margin enhancement. ➢ **Market opportunities:** Current low penetration in the South African frozen fish sector, new export markets, further development of the wholesale model, expanding footprint of factory shops.	➢ Strong B-BBEE credentials and balance sheet enables acquisition opportunities. ➢ Post-FRAP opportunities. ➢ Species diversification through other wild-caught seafood species.



OUR STRATEGIC GOALS

1. Prepare the South African Fishing operations for FRAP.
2. Enhance the margins within operations following our investments in EBIT-enhancing projects over the last few years.
3. Continue to maximise synergies from acquisitions.
4. Sea Harvest International to identify and execute vertically integrated fishing acquisitions of scale in stable jurisdictions.
5. Sea Harvest International's focus for bolt-on acquisitions to further strengthen the operations in Australia, while in the longer term identifying and executing an acquisition of scale.
6. Identify and execute value-enhancing acquisitions in the South African food segment.

OUR LONG-TERM FOCUS

Sea Harvest's long-term strategic goal is to become a leading black-owned, vertically integrated FMCG business focused on high-value protein sectors like seafood and dairy.

Our aim is to be geographically diversified with >50% of earnings generated in hard currency outside of South Africa.

The Group is committed to maintaining its B-BBEE credentials.

In the long term, maintain a 15% operating profit margin.

OUR KPIs

- Integrate the Viking Fishing business acquired in 2018 and extract further synergies.
- Increase the percentage of local sales derived from imported/traded species, allowing for a greater export mix while maintaining optimal service levels with local customers.
- Cape Hake biomass at MSY.

HOW WE PERFORMED AGAINST OUR KPIs

- The Viking Fishing division was successfully integrated into the Group in 2019. The Viking transition was seamless, and it is now a proud Sea Harvest brand. The Group continues to extract synergies from this acquisition.
- Sea Harvest continues to leverage its strategic relationships with global partners to pack the Sea Harvest brand for South African consumers.
- Sea Harvest's value-adding factory in Saldanha Bay benefited from internationally sourced raw material to produce crumbed and coated products for the domestic retail and foodservice markets.

CHALLENGES AND OPPORTUNITIES

- South African consumers remain under significant economic pressure.
- Export revenue from the South African Fishing operation decreased 10% to R1.47 billion in 2021, driven by a 7% strengthening of the rand, logistical challenges, and the 5% decrease in the hake TAC.
- In 2021, throughput in the fresh fish processing facility in Saldanha improved, yielding dividends from the Marel investment.
- A 5% decrease in the hake TAC was announced with effect from 01 January 2022.
- The FRAP outcome was announced on 28 February 2022 with Sea Harvest, as one of the highest scoring applicants, successfully renewing its rights for 15 years.



OUR STRATEGY CONTINUED

LONG-TERM TARGET: 40% OF GROUP EBIT

SEGMENT	ORGANIC GROWTH		ACQUISITIVE GROWTH
	VOLUME GROWTH	MARGIN ENHANCEMENT	
INTERNATIONAL SEAFOOD	➢ **Fish stocks:** By supporting regulators and the use of scientific guidelines in fisheries management, Sea Harvest is able to contribute to the sustainability of the biomass. ➢ Lease additional quota to maximise asset utilisation. ➢ Catch full allocation of crab and Spanish Mackerel quota.	➢ **Fleet efficiencies:** Continuous improvements to lower cost and increase margins. ➢ **Market opportunities:** Pursue most profitable markets, while balancing for the long term ➢ Improve efficiencies in crab and Spanish Mackerel business.	➢ Leveraging our experience in operating vertically integrated fishing businesses will allow us to utilise our skills to acquire and operate high-value, high-margin, vertically integrated fishing businesses in stable jurisdictions where security of tenure is assured. ➢ Identify and execute bolt-on acquisitions in Australia to further leverage the fixed base, while pursuing an acquisition of scale in the medium term.
AQUACULTURE	➢ **Capacity expansion:** Once abalone markets recover, the Group has the ability to invest in increasing the capacity of its Aquaculture facilities, thereby securing additional volume growth in non-quota constrained segments. ➢ Achieve 1 000 tonnes abalone in the long term.	➢ **Processing efficiencies:** Continuous focus on improved feed conversion and other operational disciplines within our Aquaculture operations. ➢ **Market opportunities:** Identification of new markets. ➢ **Product diversification:** New product lines in the form of canned, frozen and dried abalone. ➢ **Optimise margins** and strategically review unprofitable businesses.	➢ Previous experience allied with a global marketing network offers opportunities in an attractive growth sector. ➢ Acquisition opportunities arising as a result of the COVID-19 pandemic.
SOUTH AFRICAN FOOD	➢ **Capacity expansion:** The Group will invest in additional capacity in its South African food facilities, by increasing cheese, butter and powder production and by diversifying into new product categories.	➢ **Processing efficiencies:** Continuous improvement within the production facilities to drive margin enhancement. ➢ **Market opportunities:** Current low penetration in the South African dairy sectors and expansion of Sea Harvest factory shops. Additional retail exposure through the opening of additional factory shops and through the acquisitions of Mooivallei and BM Foods Group. ➢ **Optimse margins:** The procurement of additional milk thereby driving factory efficiencies.	➢ Expand into related food sectors in South Africa where we can leverage our manufacturing, processing and operational expertise, our business networks, strong B-BBEE credentials, brand management and markets, and an experienced management team. ➢ Acquisition opportunities arising as a result of the COVID-19 pandemic

OUR KPIs	HOW WE PERFORMED AGAINST OUR KPIs	CHALLENGES AND OPPORTUNITIES
➢ Shark Bay prawn catches to return to long-term averages. ➢ Catch full allocation of crab and Spanish Mackerel quota. ➢ Pursue bolt-on opportunities in Australia. ➢ Execute on acquisition of scale in Australia. ➢ Pursue acquisitions of high-value, vertically integrated fishing businesses of scale in stable jurisdictions.	➢ The prawn catch for 2021 showed a 2% increase over the 2020 catch, still below the long-term average, while the Spanish Mackerel and crab catch for 2021 increased by 132% and 75%, respectively. ➢ Reviewed a number of bolt-on acquisition targets during 2021. Unfortunately, these did not meet our investment criteria. ➢ On 11 January 2022, the Group announced that it had, through its wholly-owned Australian subsidiaries, entered into a business purchase agreement to acquire the Western Australia-based fishing and related businesses of MG Kailis, a well-established and market leading vertically integrated seafood business involved in the trawling and processing of high-value prawn and fish, with over 50 years experience in the seafood industry in Australia.	➢ Catch its full allocation of crab and Spanish Mackerel quota. ➢ Sea Harvest Australia is working closely with regulators to ensure the continued sustainability of fishing along the West Coast of Australia. ➢ The acquisition of MG Kailis is expected to double the size of the Australian business, provide additional valuable wild-caught species and volumes, extract synergies and increase the relevance of Sea Harvest Australia.
➢ Product diversification. ➢ Market diversification. ➢ Optimise processing efficiencies.	➢ Appointed a new managing director with a strong sales and marketing focus. ➢ Various capex projects to alleviate overstocking in the Viking Aquaculture operations were successfully completed during the year. ➢ The business has reduced costs and started producing and selling abalone in canned, dried and frozen formats. ➢ Identified and started selling in new markets. ➢ In order to curb losses, a strategic decision was taken to discontinue the marginal mussel and trout businesses.	➢ Abalone sales were severely affected by the global COVID-19 lockdowns and the expansion projects are on hold until abalone markets recover. ➢ Likewise, oysters and mussels which are sold in local foodservice were affected by COVID-19 lockdowns ➢ Space to increase abalone volumes to c.1 000 tonnes. ➢ Acquisition opportunities as a result of the COVID-19 pandemic.
➢ Leverage our core competencies to achieve the organic and acquisitive growth potential of Ladismith Cheese. ➢ Expand our footprint of factory shops. ➢ Identify and execute value-enhancing acquisitions in the South African food segment. ➢ Leverage the BM Foods Group as a platform asset for growth in the South African food segment.	➢ In 2021, the Group invested in the growth potential of Ladismith Cheese through organic expansion increasing cheese, butter and powder production capacity. ➢ In 2021, two new Sea Harvest branded factory shops were opened. ➢ Reviewed a number of acquisition targets during 2021. ➢ Ladismith Cheese acquired Mooivallei on 02 August 2021; increasing cheese capacity by 40% and raw material supply by 15%, expanding industry skills and expertise within the business, and securing a strong, fixed asset base and working capital. ➢ On 02 September 2021, the Group acquired 53.7% of BM Foods Group, thereby further diversifying in the FMCG sector in South Africa and accessing management and skills to further consolidate in this space. The transaction was backed by strong management and a significant asset underpin, including significant working capital.	➢ A number of organic growth projects were initiated during 2019 with the aim of increasing capacity in our core cheese, butter and milk powder business. These projects were completed during the course of 2021. ➢ Acquisition opportunities arising as a result of the COVID-19 pandemic.

OUR OPERATIONAL PERFORMANCE WITHIN THE BUSINESS SEGMENTS

SOUTH AFRICAN FISHING

The Group's South African Fishing segment includes the operations of Sea Harvest and the Viking Fishing division, which was acquired on 02 July 2018. The combined South African Fishing segment operates 36 vessels. Operating from the Saldanha Bay harbour, the Group has 12 hake deep-sea vessels, comprising eight fresh fish vessels that feed the land-based fresh fish processing factory and four factory freezer vessels whose products are mainly targeted at the export markets. Operating from the Cape Town harbour, the Group has 15 vessels focused on deep-sea hake and Horse Mackerel. Six vessels operate out of Mossel Bay catching hake, East Coast sole, pilchards and anchovies. Another three vessels operate from the Durban harbour focused on prawn catches in South Africa and Mozambique.

The Group operates four fish processing factories in South Africa. Our flagship fresh fish processing factory in Saldanha Bay is predominantly focused on processing hake, including skin-on and skinless fillets, loins, steaks and portions for both the international and local markets. The Group's added-value factory is also located in Saldanha Bay, producing a wide range of coated, battered, crumbed and sauced hake products for both the local and international markets. The Selecta Sea Products factory is situated in Cape Town and focuses on grading and processing hake and other by-catch species into a range of products including fillets and individually wrapped portions. The factory in Mossel Bay processes hake, pilchards and anchovies.

Operating performance

Despite the 5% reduction in the hake TAC in 2021, the 7% strengthening of the rand to the euro, high fuel costs, and supply chain disruptions, the South African Fishing operations performed well, benefiting from improved fishing conditions, increased vessel availability and factory throughput yielding dividends from the Marel investment.

From a markets perspective, local and international foodservice markets benefited from the gradual re-opening of the HORECA sector, while local and international retail markets experienced a slowdown as a result of lower in-home consumption as lockdown restrictions eased. The South African Fishing operations enjoyed firm pricing in both the export and local markets.



Financial performance

The South African Fishing segment delivered a pleasing set of results for the year ended 31 December 2021, despite the challenges posed by COVID-19 on both the market and supply chain sides of the business.

REVENUE

3%

TO R2.66 BILLION
(2020: R2.76 BILLION)

GROSS PROFIT

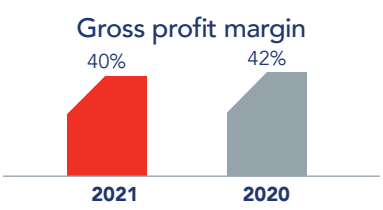
9%

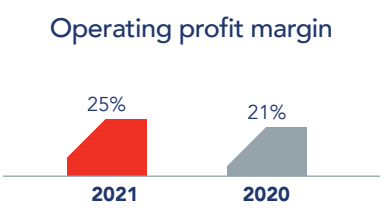
TO R1.06 BILLION
(2020: R1.16 BILLION)

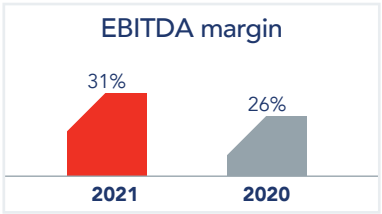
OPERATING PROFIT

18%

TO R672 MILLION
(2020: R570 MILLION)







Revenue for the year ended 31 December 2021 decreased 3% to R2.66 billion (2020: R2.76 billion), driven by a 5% reduction in the TAC in 2021, a 7% strengthening of the rand to the euro, and supply chain disruptions.

With cost of sales increasing 0.4% as a result of higher fuel costs and inflation, gross profit decreased 9% to R1.059 billion (2020: R1.158 billion), with the gross profit margin diluting to 40% (2020: 42%).

Benefiting from improved fishing conditions, increased vessel availability, factory efficiencies and foreign exchange and fuel hedge gains, operating profit for the South African Fishing segment increased 18% to R672 million (2020: R570 million), with the operating profit margin expanding to 25% (2020: 21%).

EXPORTS

10%

TO R1.47 BILLION
(2020: R1.62 BILLION)

FOODSERVICE

7%

TO R814 MILLION
(2020: R760 MILLION)

DOMESTIC RETAIL

3%

TO R388 MILLION
(2020: R377 MILLION)

WHOLESALE

6%

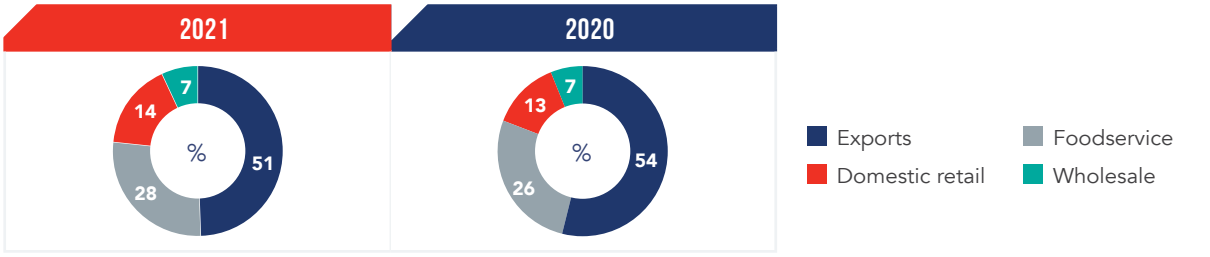
TO R205 MILLION
(2020: R218 MILLION)

Export revenue decreased by 10% to R1.47 billion (2020: R1.62 billion), impacted by the 5% reduction in the hake TAC, a 7% strengthening of the rand to the euro, and export logistics challenges, with the export mix at 51% (2020: 54%) of total revenue.

Local foodservice revenue increased 7% to R814 million (2020: R760 million) driven by the easing of lockdown restrictions, with the foodservice channel mix increasing to 28% (2020: 26%) of total revenue.

Local revenue through the retail channel increased 3% to R388 million (2020: R377 million) from a high base in 2020 – the result of elevated levels of in-home consumption during the hard lockdowns of 2020. The retail channel mix increased to 14% (2020: 13%) of total revenue.

Product was diverted from the local wholesale channel, resulting in revenue decreasing 6% to R205 million (2020: R218 million), with the wholesale channel mix constant at 7% of total revenue.



Outlook

Sea Harvest was successful in renewing its rights for the next 15 years in all sectors applied for. The results are not final as yet, as applicants reserve the right to appeal their allocation. However, Sea Harvest does not project any wholesale changes will be made to the allocations after the appeals process. The new fishing season commenced in all four sectors on 1 March 2022 and the fishing rights are valid for a 15-year period for the hake deep-sea, anchovy and pilchard sectors and a 10-year period for the prawn sector.

In line with prudent scientific research, the Group will be affected by a further 5% reduction in the hake TAC in 2022, with revenue potentially further impacted by a stronger rand. This is expected to be somewhat mitigated by firmer pricing globally.

Cost inflation due to higher fuel prices and supply chain disruptions is also expected to place further pressure on margins in 2022. The effects of the currency and fuel factors will be mitigated with the hedges that are in place for the year ahead.

The business expects to see continued global demand for high-value, wild-caught, MSC-certified Cape Hake, which will continue to drive export growth and price inflation.

While markets have generally become more settled since the first outbreaks in December 2019 and living with COVID-19 is becoming the norm, it is difficult to predict the impact of the pandemic on both the supply chain and demand side, as the situation remains extremely fluid. The success rate in the roll-out of vaccines in various jurisdictions is varied, resulting in varying levels of lockdowns globally.

The Group will continue to focus on its COVID-19 protocols to ensure the safety and well-being of its employees, including continuing to encourage employees to take the COVID-19 vaccines in order for sites to reach full immunity as soon as possible.

OUR OPERATIONAL PERFORMANCE WITHIN THE BUSINESS SEGMENTS CONTINUED

CAPE HARVEST FOODS

The Cape Harvest Foods segment encompasses Sea Harvest's factory shops, Ladismith Cheese, Mooivallei from 02 August 2021 and BM Foods Group from 02 September 2021.

Ladismith Cheese's primary business is the production, distribution, marketing and sale of cheese, butter and milk powders in both retail and bulk formats, serving the South African retail, foodservice and food producer markets. Ladismith Cheese has a factory based in Ladismith in the Western Cape, where its fleet of tankers collect milk from a dedicated group of farmers located in the south of the country. This milk is processed into gouda, cheddar, mozzarella and edam cheese as well as various types of butters and spreads. The Company also has depots in Cape Town and Johannesburg. From an organic growth perspective, a third powder plant and a new butter factory were commissioned at Ladismith Cheese in 2021.

Ladismith Cheese acquired 100% of Mooivallei on 02 August 2021. With a factory in Bonnievale in the Western Cape, Mooivallei is a producer and supplier of valued-added dairy products, with its main products of cheese and butter sold into the retail and non-retail channels in South Africa. The Mooivallei acquisition complements Ladismith Cheese through 40% additional cheese production capacity, raw material supply, industry skills and a strong asset base.

With effect from 02 September 2021, the Group has acquired 53.7% of BM Foods Group. BM Foods Group manufactures and distributes a range of chilled and frozen products. Categories include convenience foods and bakery and dairy products, marketed and sold to local retail and foodservice markets, with brands including Mediterranean Delicacies, Judy's Preserves, Chelsea Pies and Bettafresh. BM Foods Group also holds a 20% shareholding in Alliance Foods, a broad-based ambient foodservice importer and distributor. The BM Foods Group acquisition is diversification into new food categories in the South African food industry, presenting synergies with the Group's dairy and fishing businesses.

From a factory shop perspective, the Group opened two new factory shops (bringing the total to 16), now also selling Ladismith Cheese and BM Foods Group products.



Financial performance

The Cape Harvest Foods segment experienced significant organic and acquisitive growth in the year ended 31 December 2021. While Ladismith Cheese experienced a challenging 2021, Mooivallei has made good progress with its turnaround plan and BM Foods Group benefited from the re-opening of foodservice markets.

REVENUE
28% ↑
TO R1.306 BILLION
(2020: R1.021 BILLION)

GROSS PROFIT
4% ↑
TO R206 MILLION
(2020: R199 MILLION)

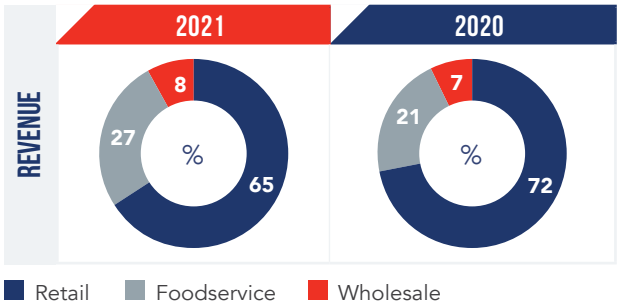
OPERATING PROFIT
45% ↓
TO R52 MILLION
(2020: R94 MILLION)

Revenue in this segment increased 28% to R1.3 billion (2020: R1.0 billion) for the year ended 31 December 2021, driven by organic growth and R235 million of acquisitive growth. Operating profit decreased by 45% to R52 million (2020: R94 million) due to significant increases in the price of milk during the year, absorbing a once-off R12 million write-down of stock to net realisable value, once-off acquisition-related costs, and absorbing additional costs related to Mooivallei, the third powder plant and the new butter factory that are not yet fully utilised. As a result, the operating profit margin within the segment decreased to 4% (2020: 9%).

RETAIL
17% ↑
TO R852 MILLION
(2020: R731 MILLION)

FOODSERVICE
61% ↑
TO R348 MILLION
(2020: R215 MILLION)

WHOLESALE
41% ↑
TO R105 MILLION
(2020: R75 MILLION)



With retail markets benefiting from the inclusion of Mooivallei for five months and BM Foods Group for four months, and the opening of two additional factory shops, retail revenue increased 17% to R852 million (2020: R731 million) and contributed 65% (2020: 72%) of segment revenue. Foodservice revenue increased 61% to R348 million (2020: R216 million), as a result of the re-opening of the foodservice markets as well as the inclusion of BM Foods Group for four months, and contributed 27% (2020: 21%) of segment revenue. Wholesale revenue increased 41% to R105 million (2020: R75 million), benefiting from the inclusion of Mooivallei for five months and contributed 8% (2020: 7%) of segment revenue.

Outlook

The business is expected to track upwards in the long term on the back of a continued global consumer shift towards natural fats. Management is focused on delivering the business cases on the new powder plant and butter factory as well as the successful integration of Mooivallei and BM Foods Group. Offsetting this is a weak, local economic environment and the difficulty in estimating the impact of COVID-19 on supply chains and markets.

OUR OPERATIONAL PERFORMANCE WITHIN THE BUSINESS SEGMENTS CONTINUED

SEA HARVEST AQUACULTURE

The 54% shareholding in the Aquaculture business has further diversified the Group's revenue base. The Group's Aquaculture operations comprise abalone and oysters and employ 360 people across eight locations.

Abalone

The Group operates two abalone facilities: Buffeljags Abalone Farm outside Hermanus in the Western Cape and Diamond Coast Aquaculture in Kleinzee in the Northern Cape. The ability to farm abalone over multiple, geographically dispersed locations reduces the biosecurity risk exposure of the Group.

The Group's current combined design capacity is 570 tonnes. As a result of abnormally high water temperatures, power outages and stock density impacting on growth rates during 2021, biological stock has decreased by 12% from 572 tonnes at 31 December 2020 to 501 tonnes at 31 December 2021.

Buffeljags Abalone Farm

The Buffeljags Abalone Farm, situated outside Hermanus, is the Group's flagship aquaculture operation, with a design capacity of 390 tonnes. Due to its location, the farm is less susceptible to red tide. The farm is fully established, with all the various areas from hatchery to weaning and grow-out, and is fully functional. The necessary capital expenditure has been incurred to achieve the design capacity and the pipeline of the product is in place.

The Group successfully completed the installation of 1.3MW of wind turbine production capacity on-site to mitigate the effects of the electricity crisis gripping the country.

Diamond Coast Aquaculture (DCA)

Located in Kleinzee in the Northern Cape, DCA has achieved its design capacity of 180 tonnes and production has settled onto a sustainable growth path. The Company has activated its kelp harvesting right and is producing enough feed for the current farm size and the farm's expected expansion.

In 2019, the Group approved the expansion of the DCA farm and included a 5MW wind farm as part of this project. Due to the slowdown of local and international foodservice markets during the COVID-19 pandemic and the uncertainty around the timing of recovery, the Viking Aquaculture board has suspended the approved 850 tonnes expansion of the DCA farm until such time as abalone markets recover.

Oysters and mussels

West Coast Aquaculture, West Coast Oyster Growers and Lüderitz Mariculture

Located in Saldanha Bay, West Coast Aquaculture and West Coast Oyster Growers cultivate oysters and mussels largely for the South African foodservice market. Lüderitz Mariculture holds extensive water leases in the Lüderitz lagoon, which houses 400 rafts for the cultivation of oysters that are destined largely for the South African foodservice market. Strategically, the Group's own oyster hatchery is located at Lüderitz, supplying oyster spat to the various Sea Harvest Aquaculture operations. In view of the consistent poor financial results of the mussel operations, a strategic decision was taken to close the mussel farming operations by 31 December 2021.

Trout

Likewise, in view of the consistent poor financial results of the trout operations, a strategic decision was made to close the trout operations by the end of March 2022.

Operating performance

Performance for 2020 and 2021 has been severely impacted on by COVID-19, with the Aquaculture business supplying abalone to the HORECA/foodservice industry in Hong Kong, China and Taiwan. The curtailment of international air travel and resultant inflation in freight costs from South Africa, together with the continued lockdown restrictions and slow roll-out of COVID-19 vaccines in the Far East, continue to negatively impact on the Aquaculture segment. The business is significantly reliant on international air travel, which is only expected to pick up during 2022. Alternative product formats (canned, frozen and dried) were formulated and launched during 2021, combined with the pursuit of diversified markets, the sale volumes of frozen and dried abalone increased to 65 tonnes from 6 tonnes in 2020, while live tonnes increased to 141 tonnes (2020: 55 tonnes).

The Group sold 210 tonnes of abalone (2020: 153 tonnes), 144 tonnes of mussels (2020: 158 tonnes), 1 550 000 oysters (2020: 924 000) and 46 tonnes of trout (2020: 22 tonnes) in the year to 31 December 2021. The farms had a combined 501 tonnes of abalone, Nil tonnes of mussels, 8.1 million oysters and 41 tonnes of trout on hand at 31 December 2021 (2020: 572 tonnes of abalone, 743 tonnes of mussels, 12.7 million oysters and 118 tonnes of trout).



Financial performance

REVENUE	GROSS PROFIT	OPERATING LOSS	OPERATING LOSS EXCL. DISCONTINUED
72% ↑	254% ↑	13% ↓	16% ↓
TO R92 MILLION (2020: R53 MILLION)	TO R20 MILLION (2020: R6 MILLION)	TO -R64 MILLION (2020: -R73 MILLION)	TO -R41 MILLION (2020: -R49 MILLION)

Despite the tough trading conditions and the 8% strengthening of the rand to the US dollar over the year, the introduction of additional abalone product formats complementing good live volume growth resulted in revenue increasing 72% to R92 million (2020: R53 million).

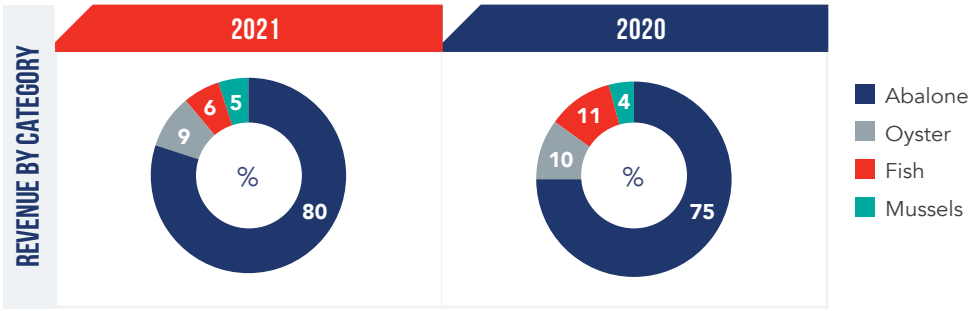
This increase in revenue was insufficient to turn the segment around. However, the Aquaculture segment reduced its operating loss to R64 million (2020: R73 million).

With the segment still under pressure, the board of Viking Aquaculture resolved to limit their losses by closing the mussel and trout businesses to focus management's time and effort on the high-value, high-margin abalone business. The operating loss attributable to the discontinued mussel and trout businesses amounted to R23 million (2020: R24 million) for the year ended 31 December 2021 and excluding the discontinued operations results in the segment operating loss decreasing to R41 million (2020: R49 million).

The segment delivered a loss of R76 million before interest and tax, compared to a loss of R69 million in 2020, after accounting for R6.2 million of impairment losses relating to the discontinued mussel and trout businesses and fair value losses on the revaluation of biological assets of R5.6 million (2020: R2.6 million gain) for the year ended 31 December 2021.

Abalone is sold predominantly in the Far East in live, dried, canned and frozen formats, with abalone revenue increasing 85% to R78 million, (2020: R42 million), accounting for 80% of Viking Aquaculture's revenue for the year to 31 December 2021. Realisations per sales kilogramme were up significantly, driven by a higher-value product mix, partially offset by a 8% strengthening of the rand to the US dollar during the year.

Oyster revenue increased 60% to R9 million (2020: R6 million) with oyster revenue accounting for 9% (2020: 10%) of segment revenue.



Outlook

The Aquaculture operation is not expected to recover in H1 of 2022, as the business is highly reliant on international air travel and the easing of lockdowns in the Far East. The business is also reliant on the vaccination programmes in key export markets gaining traction quickly and markets returning to normal. With the closure of the mussel and trout operations, Aquaculture management is focused on the high-value abalone business. The business has the oyster stock levels to capitalise on a recovery in the local foodservice market and the oyster export market.

OUR OPERATIONAL PERFORMANCE WITHIN THE BUSINESS SEGMENTS CONTINUED

SEA HARVEST INTERNATIONAL

The Group's international operations comprise its Australian subsidiary, Sea Harvest Australia (previously Mareterram Limited).

Sea Harvest Australia is a vertically integrated fishing business headquartered in Fremantle, Western Australia. It provides premium quality and sustainable produce to Australian and international consumers. The business comprises two operating divisions: the fisheries division and the trading division. With a long and proud history of operating within the Shark Bay Prawn Managed Fishery for over 50 years, the fisheries division (formerly Nor-West Seafoods) is the single largest owner-operator in the fishery, holding 10 of the 18 prawn licences in Shark Bay. Western king prawns and brown tiger prawns are the major target species, with the division also catching scallops, blue swimmer crabs, squid and cuttlefish. The fisheries division's fleet of 10 prawn trawlers are set up to process, package and snap-freeze all their catch at sea, ensuring a high-quality, consistent and sustainable seafood product.

After the 2020 acquisition of Spanish Mackerel vessels and licences, the Group now owns 20 Western Australia Mackerel licences and three vessels, giving it access to 56% of the Western Australian Mackerel Fishery and adding another premium species to its basket.

The trading division is the sales and marketing arm of the business and manages the sales of the fisheries' product from Shark Bay, together with other premium, sustainably caught seafood that it sources from its worldwide network of key suppliers. The division also acts as an exclusive agent for other premium food brands, including Sea Harvest, whose products complement Sea Harvest Australia's seafood offering. The trading division has a sales presence in Perth, Brisbane, Sydney, Adelaide and Melbourne.

Operating performance

The recovery in prawn catch in 2020 has continued into 2021, with prawn catch volumes of 649 tonnes achieved during the year, 2% higher than the 637 tonne catch volumes for the 2020 season. The division experienced firm pricing during 2021, driven by a shortage of volume from other prawn fisheries in Australia.

Management continued to work with key stakeholders to ensure that the Shark Bay fishery is managed to MEY by starting the season later to allow the biomass to grow.

Scallop catch volumes in 2021 were consistent with those of 2020, with higher average sales prices achieved for scallop sales during 2021.

Crab volumes increased to 154 tonnes, however, still short of the Group's full crab availability.

Mackerel catch volumes increased from 46 tonnes in 2020 to 107 tonnes in 2021, driven by the additional vessels and licences purchased in 2020.



Financial performance

REVENUE	GROSS PROFIT	OPERATING PROFIT	ADJUSTED OPERATING PROFIT
2% ↑	17% ↑	17% ↓	71% ↑
TO R554 MILLION (2020: R543 MILLION)	TO R139 MILLION (2020: 118 MILLION)	TO R31 MILLION (2020: R38 MILLION)	TO R41 MILLION (2020: R24 MILLION)

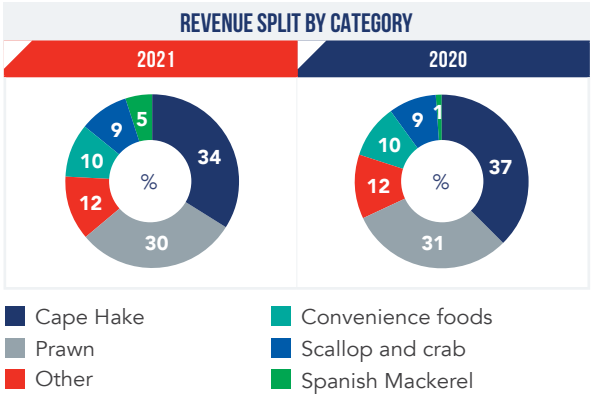
Benefiting from increased prawn and Spanish Mackerel catches and firm pricing, revenue for the year increased by 2% to R554 million (2020: R543 million) despite a 5% strengthening of the rand to the Australian dollar.

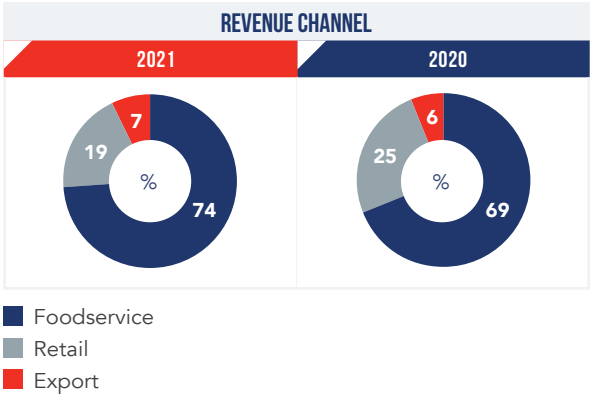
Gross profit increased 17% to R139 million (2020: R118 million), with gross profit expanding to 25% (2020: 22%), driven by the higher proportion of wild-caught products in the basket.

The segment recorded operating profit of R31 million after absorbing R10 million of acquisition-related costs (2020: R38 million, including R13 million of COVID-19 relief benefits), 17% behind 2020. Adjusting for the acquisition-related costs in 2021 and COVID-19 relief benefits in 2020 would have resulted in the Australian operations delivering an operating profit of R41 million (2020: R24 million), up 71%, at an operating profit margin of 7% (2020: 4%).

RETAIL	FOODSERVICE	EXPORT
22% ↓	9% ↑	20% ↑
TO R106 MILLION (2020: R137 MILLION)	TO R408 MILLION (2020: R373 MILLION)	TO R40 MILLION (2020: R33 MILLION)

Retail revenue decreased 22% to R106 million (2020: R137 million) from a high base in 2020 – due to increased in-home consumption – and the channel now makes up 19% (2020: 25%) of segment revenue. Fish 'n chip shops were open during lockdown while the HORECA markets have rebounded, which benefited the foodservice channel, with foodservice revenue increasing 9% to R408 million (2020: R373 million) and contributing 74% (2020: 69%) of segment revenue. Export revenue increased 20% to R40 million (2020: R33 million), showing recovery as global lockdown restrictions were eased, and contributes 7% (2020: 6%) of segment revenue.





Outlook

The business had a good prawn-catching season in 2021: catching a bigger sized prawn and benefiting from firm pricing across the board. With the Spanish Mackerel acquisitions and additional crab volumes secured, the Australian business is well placed to maximise its wild-caught offering.

Sea Harvest Australia is working with key stakeholders to ensure the fishery is managed to optimise the MEY, resulting in abundant volumes of prawns in larger sizes and has had some success in this respect, with the 2020, 2021 and 2022 start of the prawn fishing season being pushed back to April.

The impending acquisition of MG Kailis, expected to be completed in April 2022, is highly complementary to the existing Australian operations from a fishing, engineering, trading and sales, and marketing perspective and places Sea Harvest Australia as one of the largest wild-caught fishing companies in Australia.

Sea Harvest Australia will continue to refine and implement its four key strategic pillars in 2022, these being to:

- maximise the volume and value of its catch;
- maximise the utilisation of its assets:
- grow its trading division; and
- build further scale and diversification through acquisitions.

OUR CFO'S REPORT



OVERVIEW

Despite the ongoing volatility caused by COVID-19, Sea Harvest proved its resilient and defensive nature in delivering operating profit for the year ended 31 December 2021 of R691 million (2020: R629 million), 10% ahead of 2020, while EPS increased 9% to 168 cents (2020: 154 cents).

The Group executed on its growth strategies in 2021. In value-added dairy, the Group commissioned a third powder plant and a new butter factory at Ladismith Cheese and acquired Mooivallei on 02 August 2021, thereby securing 40% additional cheese production capacity. In the broader food sector, the Group acquired 53.7% of BM Foods Group on 02 September 2021, thereby diversifying the Group's South African food offering across multiple new categories.

Group **revenue** for the year increased 5% to R4.6 billion (2020: R4.4 billion) driven by top-line growth in Ladismith Cheese, Sea Harvest Australia and Aquaculture as well as the acquisitions of Mooivallei and BM Foods Group, which added R235 million to Group revenue. This partially offset a 5% reduction in the hake TAC and a stronger rand.

FINANCIAL PERFORMANCE

(R'000)		2021	2020
Revenue	5%	4 615 463	4 375 339
Gross profit	**-4%**	**1 423 855**	**1 480 761**
Gross profit margin		*31%*	*34%*
Other operating income		241 778	(8 041)
Net operating expenses	16%	(974 403)	(843 460)
Operating profit	**10%**	**691 230**	**629 260**
Operating profit margin		*15%*	*14%*
Fair value, impairments and bargain purchase		(21 630)	(2 818)
Profit before net finance costs and tax (EBIT)	7%	669 600	625 442
Net finance costs	21%	(57 089)	(72 085)
Taxation	15%	(178 326)	(155 509)
Profit after tax	**9%**	**434 185**	**397 848**
Non-controlling interest	9%	(35 705)	(32 903)
Profit attributable to Sea Harvest shareholders	5%	469 890	430 751
EBITDA	8%	915 633	844 734
EBITDA margin		*20%*	*19%*
EPS (cents)	9%	168	154
HEPS (cents)	4%	157	151

MUHAMMAD BREY

DESPITE THE 5% REDUCTION IN THE TAC, A STRONGER RAND, ABOVE-INFLATION COST INCREASES, R16 MILLION ACQUISITION-RELATED COSTS, AND A R64 MILLION OPERATING LOSS IN THE AQUACULTURE SEGMENT, **THE GROUP DELIVERED OPERATING PROFIT OF R691 MILLION, 10% AHEAD OF 2020.**

REVENUE (R'M)



- Revenue from Sea Harvest's South African Fishing operation decreased R94 million or 3%, driven by a 5% reduction in the hake TAC in 2021, a 7% strengthening of the rand to the euro, and supply chain disruptions.
- Revenue from Sea Harvest Australia was R11 million or 2% higher than the prior year, benefiting from a higher proportion of wild-caught products in the basket despite a 5% strengthening of the rand to the Australian dollar.
- Sea Harvest Aquaculture revenue increased R39 million or 72%, benefiting from the introduction of additional abalone product formats complementing good live volume growth. This was partially offset by an 8% strengthening of the rand to the US dollar and tough trading conditions.
- Revenue from Cape Harvest Foods increased R285 million or 28%, driven by top-line growth in Ladismith Cheese and the acquisitions of Mooivallei and BM Foods Group.

Cost of sales increased 10% as a result of the acquisitions of Mooivallei and BM Foods Group as well as significantly higher fuel and milk prices in the fishing and dairy businesses, respectively. With a stronger rand and higher commodity prices, **gross profit** for the year decreased 4% to R1.42 billion (2020: R1.48 billion), with the gross profit margin diluting to 31% (2020: 34%).

Other operating income of R242 million (2020: other operating loss of R8 million) includes R143 million in foreign exchange and fuel hedge gains (2020: R68 million hedge losses) and R46 million (2020: R26 million) of insurance income.

Selling and distribution expenses, marketing expenses and other operating expenses increased 16% to R974 million (2020: R843 million) predominantly as a result of the acquisitions of Mooivallei and BM Foods Group, increased logistics costs due to supply chain disruptions arising from COVID-19, and R16 million of acquisition-related costs.

To ensure that the Group continued to provide a safe working environment at its sea-based and land-based operations, the Group incurred **COVID-19-related costs** of R27 million (2020: R39 million) in the provision of PPE, transport, screening, testing and administering vaccinations, thereby allowing operations to continue in a safe manner. Of this, R19 million was absorbed in cost of sales and R8 million in other operating expenses.

		REVENUE			OPERATING PROFIT		OPERATING PROFIT MARGIN	
		2021 R'M	2020 R'M		2021 R'M	2020 R'M	2021	2020
South African Fishing	-3%	**2 664**	2 758	18%	**672**	570	**25%**	21%
Sea Harvest Australia	2%	**554**	543	-18%	**31**	38	**6%**	7%
Sea Harvest Aquaculture	72%	**92**	53	12%	**(64)**	(73)	**n/a**	n/a
Cape Harvest Foods Group	28%	**1 306**	1 021	-45%	**52**	94	**4%**	9%
Group	**5%**	**4 616**	**4 375**	**10%**	**691**	**629**	**15%**	**14%**

Despite the 5% reduction in the hake TAC in 2021, a stronger rand, above-inflation cost increases, supply chain disruptions, R16 million acquisition-related costs, and a R64 million (2020: R73 million) operating loss in the Aquaculture segment, the Group delivered operating profit of R691 million (2020: R629 million) for the year, 10% higher than the prior year, with the **operating profit margin** expanding to 15% (2020: 14%).

FINANCIAL PERFORMANCE CONTINUED

Fair value losses of R17 million (2020: R5 million) include a R6 million loss (2020: R3 million gain) on biological assets in the Aquaculture segment, with the closure of the mussel and trout operations within the Aquaculture segment resulting in an **impairment of assets** of R6 million (2020: Nil).

Net finance costs, which include investment income and interest expense, decreased to R57 million (2020: R72 million) as a result of lower interest rates and lower levels of debt during the year.

Profit after tax attributable to shareholders of Sea Harvest for the year increased 9% to R470 million (2020: R431 million), while **headline earnings** increased 4% to R439 million (2020: R421 million). Basic **HEPS** increased 4% to 157 cents (2020: 151 cents).

EBITDA for the 2021 year was R916 million (2020: R845 million) – 8% higher than 2020 – with the EBITDA margin expanding to 20% (2020: 19%).

HEPS, normalised HEPS and dividends per share (DPS)

RECONCILIATION OF HEADLINE EARNINGS (R'000)		2021	2020
Profit for the period attributable to shareholders of the parent		469 890	430 751
Adjustment for capital items post tax		(30 855)	(9 842)
Headline earnings	4%	**439 035**	**420 909**
WANOS ('000)	1%	280 353	279 177
HEPS (cents)	4%	157	151

After adjusting for the after-tax effects of insurance proceeds, gains on bargain purchase and impairment of assets, **headline earnings** for the Group increased 4% to R439 million (2020: R421 million). The weighted average number of outstanding shares (WANOS) in issue increased by 1% to 280 million shares. This resulted in **HEPS** for the year increasing 4% to 157 cents per share, from 151 cents in 2020.

Acquisition-related costs (post-tax)		11 228	1 101
Net COVID-19 expenses (post-tax)		19 367	28 226
Normalised headline earnings	4%	**469 630**	**450 236**
WANOS ('000)	1%	280 353	279 177
Normalised HEPS (cents)	4%	168	161

Included in the Group's headline earnings for 2021 are COVID-19 post-tax expenses of R20 million (2020: R28 million) and acquisition-related post-tax expenses of R11 million (2020: R1 million). Adjusting for these, the Group delivered **normalised headline earnings** of R470 million; 4% higher than the normalised headline earnings of R450 million delivered in 2020. This translates into a **normalised HEPS** of 168 cents per share; an increase of 4% compared to the normalised HEPS of 161 cents per share delivered in 2020.

Dividends declared	167 365	132 432
Number of ordinary shares in issue	298 866	294 294
Ordinary dividend per share (cents)	56	45

In line with the 2.5 to 3.0 times dividend cover policy, a full and final ordinary **dividend** of 56 cents per share (2020: 45 cents per share) has been declared with respect to the year ended 31 December 2021 – 24% higher than 2020.

FINANCIAL POSITION

Sea Harvest Group balance sheet at 31 December 2021.

ASSETS (R'M)	2021	2020
Property, plant and equipment	2 193	1 993
Right-of-use assets	114	132
Biological assets	68	67
Investment property	4	-
Intangible assets	769	733
Goodwill	865	862
Other non-current assets	291	277
Current assets	2 534	1 730
	6 838	**5 794**

Property, plant and equipment increased to R2.193 billion. In 2021, R222 million (2020: R213 million) was spent on maintenance capital expenditure and R52 million (2020: R73 million) on expansion capital expenditure, a huge portion of this was spent on completing the powder and butter factories at Ladismith Cheese. The BM Foods Group and Mooivallei acquisitions added R122 million and R42 million to property, plant and equipment during 2021, respectively. This partly offset a depreciation charge of R216 million (2020: R192 million) and impairments in the Aquaculture segment of R6.2 million.

Investment property increased by R4 million, arising as a result of the acquisition of offices as part of the BM Foods Group acquisition.

Intangible assets increased by R36 million to R769 million, driven by an increase of R15 million as a result of the effect of the foreign currency translation reserve (FCTR) on the translation of Sea Harvest Australia's intangible assets, R28 million relating to the brands attributable to the BM Foods Group and Mooivallei acquisitions, offset by a R9 million amortisation charge.

Goodwill increased by R3 million to R865 million, driven by the FCTR effect on the translation of Sea Harvest Australia's goodwill.

Other non-current assets increased by R14 million to R291 million, mainly due to an increase in loans to supplier partners.

Current assets increased by R804 million to R2.534 billion:

- **Inventory** increased by R272 million of which R55 million and R14 million relate to the BM Foods Group and Mooivallei acquisitions, respectively, and in the South African Fishing segment to rebuild low levels of finished goods inventory;
- **Trade and other receivables** increased by R45 million of which R36 million and R14 million relate to the BM Foods Group and Mooivallei acquisitions, respectively;
- **Other financial assets** increased by R32 million due to the cash flow hedges at the end of 2021 being more in the money compared to 31 December 2020; and
- **Cash** increased by R465 million as a result of the accumulation of cash to place the Group in a position to settle acquisitions.

FINANCIAL POSITION CONTINUED

EQUITY AND LIABILITIES (R'M)	2021	2020
Stated capital	1 832	1 809
Reserves	1 280	945
Non-controlling interests	56	40
Non-current liabilities	2 591	2 147
Current liabilities	1 079	853
	6 838	**5 794**

Reserves increased by R335 million to R1.832 billion:

- **Retained earnings** increased R338 million as a result of after-dividend earnings;
- **FCTR reserve** increased by R19 million, driven by the R0.31 weakening of the rand to the Australian dollar (from R11.30 at the end of 2020 to R11.61 at the end of 2021);
- **Hedge reserves** increased by R15 million, driven by higher levels of foreign exchange hedges; and
- **Non-controlling interests** increased by R17 million, driven by a reduction in Aquaculture minorities as a result of losses in this segment, offset by the introduction of the minorities relating to BM Foods Group.

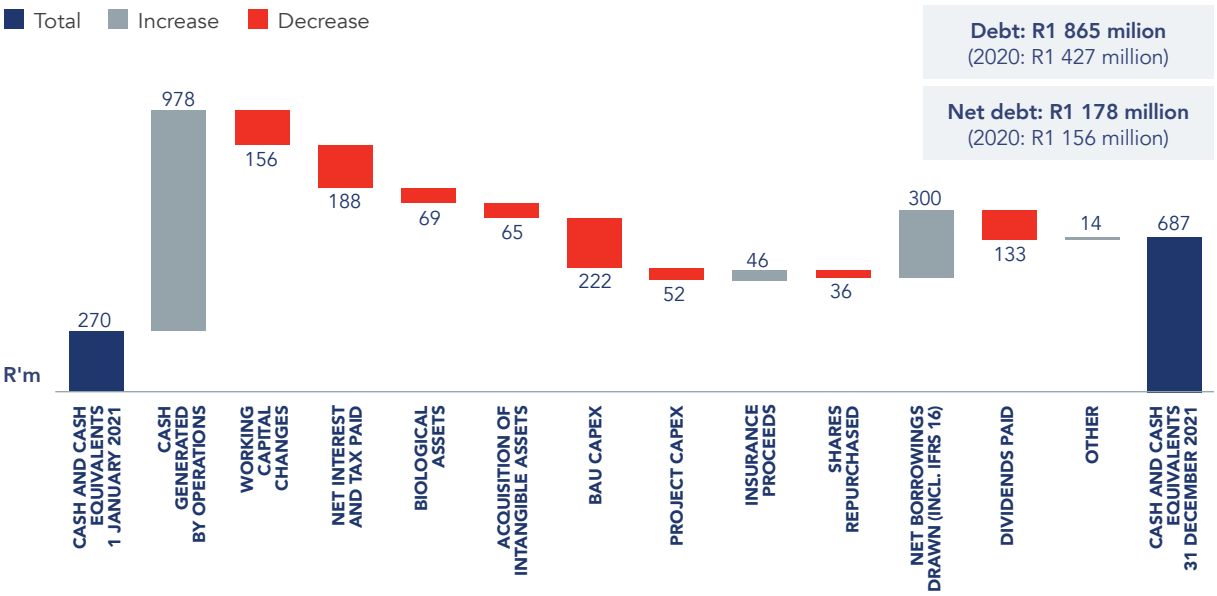
Non-current liabilities increased by R444 million to R2.591 billion:

- **Long-term liabilities** increased by R485 million, with loans raised of R545 million, the reclassification of R51 million of short-term loans to long-term, the inclusion of R72 million and R13 million of long-term debt relating to the BM Foods Group and Mooivallei acquisitions, respectively, and repayments of R220 million;
- **Deferred tax liability** increased by R100 million as a result of the increase in other financial assets, the BM Foods Group and Mooivallei acquisitions, and an increase in temporary differences;
- **Deferred contingent consideration** relating to the Viking Fishing earn-out decreased by R90 million due to the liability being current at 31 December 2021; and
- **Share-based payment liability** (Employee Share Trusts) decreased by R32 million due to this liability being current at 31 December 2021.

Current liabilities increased by R226 million to R1.079 billion:

- **Short-term loans** decreased by R47 million due to Sea Harvest Australia's corporate market loans being reclassified as long-term liabilities;
- **Trade and other payables** increased by R79 million due to R36 million and R19 million relating to the BM Foods Group and Mooivallei acquisitions, respectively, and the timing of expenditure incurred;
- **Deferred contingent consideration** (earn-out) increased by R120 million due to these liabilities being current at 31 December 2021 of which R110 million relates to the Viking Fishing earn-out and R10 million to BM Foods Group;
- **Share-based payment liability** (Employee Share Trusts) increased by R36 million due to this liability being current at 31 December 2021; and
- **Other financial liabilities** decreased by R25 million as a result of the final instalment of the Voluntary Fisheries Adjustment Scheme (VFAS) debt in Australia being repaid during 2021.

CASH FLOW MANAGEMENT



The Group generated cash from operations of R822 million (2020: R995 million) during the year after investing R156 million in working capital (2020: R71 million release of working capital). The investment of R196 million in inventory during the year was primarily as a result of the South African Fishing operation taking advantage of good fishing conditions and supply chain disruptions in ports both locally and internationally.

After settling net interest of R57 million (2020: R75 million) and taxes of R131 million (2020: R112 million), the Group generated cash of R637 million (2020: R811 million) from operating activities during the year.

The Group utilised R352 million (2020: R403 million) in investing activities during the year, including:

- R274 million (2020: R286 million) invested in additions to property, plant, equipment and vehicles, including R222 million (2020: R213 million) on maintenance capital expenditure and R52 million (2020: R73 million) on expansion capital expenditure, the majority of which relates to the completion of the third powder plant and the butter factory at Ladismith Cheese;
- R69 million (2020: R66 million) in the growth of biological assets; and
- R65 million on the acquisitions of Mooivallei and BM Foods Group.

The Group generated R131 million (2020: utilised R367 million) of cash from financing activities after paying a dividend of R133 million (2020: R147 million), repurchasing shares to the value of R36 million, and drawing down a net R300 million (2020: R205 million net repayment) of borrowings during the year.

The Group opened the year with cash of R270 million (2020: R229 million), generated R416 million of cash during the year, and ended the year with R687 million (2020: R270 million) of cash on hand. The cash accumulation during 2021 was largely to place the Group in a position to execute on its acquisitions.

With total borrowings of R1.865 billion (31 December 2020: R1.427 billion), the Group's net debt position at 31 December 2021 was R1.178 billion (31 December 2020: R1.156 billion), an increase of R22 million.

The Group is proud to have implemented its inaugural R700 million sustainability-linked financing facility during the year.

		2021	2020
Net asset value per share	(cents)	1 110	987
Net debt to EBITDA*	(times)	1.2	1.4
ROCE*	(%)	18	17
Net working capital as a % of revenue*	(%)	19	16
Cash flow conversion**	(%)	54	79

**Ratios annualised for the full-year effect of Mooivallei and BM Foods Group*
***(Operating cash flow +/- changes in NWC - BAU capex - tax paid)/EBITDA*

- Net asset value per share increased 13% to 1 110 cents per share from 987 cents in 2020.
- The net debt to EBITDA ratio decreased from 1.4 times in 2020 to 1.2 times in 2021.
- ROCE improved from 17% in 2020 to 18% in 2021.
- Net working capital as a percentage of revenue increased from 16% in 2020 to 19% in 2021, driven by the investment in finished goods inventory.
- Cash flow conversion decreased from 79% in 2020 to 54% in 2021, impacted by the increase in working capital.



Muhammad Brey
Chief Financial Officer



5

CREATING AND SUSTAINING VALUE THROUGH EFFECTIVE GOVERNANCE



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OUR GOVERNANCE REPORT

INTRODUCTION

The COVID-19 pandemic has highlighted the value of integrating financial and non-financial practices, including ESG, for value creation and ensuring longer-term sustainability. During the 2021 financial year, the Board evaluated its strategic and operational performance and fulfilled its duties in accordance with the Companies Act, JSE Listings Requirements and the principles set out in King IV™. What follows, in support of our value-creation process, is a detailed account of our governance structures as at 31 December 2021.

OUR CORPORATE GOVERNANCE

We are committed to good governance underpinned by the pillars of responsibility, fairness, transparency and accountability to all stakeholders.

For Sea Harvest, corporate governance is not simply about compliance. We leverage governance to improve performance by:

- determining how governance requirements can be implemented to add organisational value;
- enhancing accountability for actions at all levels; and
- guiding decision-making, reinforcing material disclosures and refining risk processes.

Refer to our **ESG Report** for more information.

OUR GOVERNANCE CHECKS AND BALANCES

As a Company listed on the JSE, Sea Harvest is subject to, and the Board is satisfied that the Group has implemented, controls to provide reasonable assurance of compliance with all relevant laws of establishment including the JSE Listings Requirements, the Companies Act, King IV™ and the Sea Harvest Memorandum of Incorporation. In line with King IV™, the Board believes that it has executed its responsibilities in an ethical manner and has reported the outcomes of its direction in accordance with King IV™ and the International <IR> Framework. The Board's application of King IV™ can be viewed in the Group's ESG Report and on our website: **https://seaharvestgroup.co.za/investors/governance/**.

OUR GOVERNANCE FRAMEWORK

We believe that good governance extends far beyond compliance with legal prescripts, practices and principles. We believe that maintaining the highest levels of governance contributes to achieving our vision and mission and remaining grounded in our values.

The framework within which the Board operates is underpinned and constantly evaluated in terms of governance recommendations in South Africa. By doing this, the Board encourages outstanding levels of performance from the Group to achieve its vision, mission and strategy. Throughout our operations, we are guided by the ethical culture embedded by the Board, while remaining aware of our responsibility to positively transform the communities and environments in which we operate.

OUR IMPROVED PERFORMANCE

Corporate governance throughout the Group enables:

- diverse opinions at Board level to improve decision-making;
- comprehensive management reporting to the Board;
- clear management accountability;
- risk controls embedded in day-to-day processes and decision-making;
- improved integrated reporting of all business aspects; and
- appropriately prioritised engagement with various stakeholders.

INTRODUCTION

The governance structure in operation within the Group for the 2021 financial year was as follows:

OUR BOARD OF DIRECTORS

Non-executive Chairperson



FJ ROBERTSON

Lead Independent Non-executive Director



BM RAPIYA

Independent Non-executive Director



WA HANEKOM

Independent Non-executive Director



CK ZAMA

Independent Non-executive Director



KA LAGLER

Non-executive Director



MI KHAN

Non-executive Director



T MOODLEY

Executive Director



F RATHEB (CEO)

Executive Director



M BREY (CFO)

OUR COMMITTEES

AUDIT AND RISK

Chairperson:
KA Lagler

Members:
BM Rapiya
WA Hanekom
CK Zama

Invitees:
FJ Robertson
MI Khan
F Ratheb
T Moodley
M Brey
Internal Audit
External Audit

NOMINATION

Chairperson:
WA Hanekom

Members:
BM Rapiya
MI Khan

Invitees:
FJ Robertson
F Ratheb

REMUNERATION

Chairperson:
WA Hanekom

Members:
BM Rapiya
MI Khan

Invitees:
FJ Robertson
F Ratheb

SOCIAL, ETHICS AND SUSTAINABILITY

Chairperson:
FJ Robertson

Members:
BM Rapiya
CK Zama
MI Khan
T Moodley
M Brey

Invitees:
F Ratheb
T Brown
M Khumalo
M Harry

INVESTMENT AND HEDGING

Chairperson:
WA Hanekom

Members:
MI Khan

Invitees:
FJ Robertson
F Ratheb
M Brey

OUR EXECUTIVE COMMITTEE

Members:
F Ratheb, M Brey, N Seshoka, T Brown, M Khumalo, M Harry, R Groenewald, M Jörnell and C Vayanos

The Board believes that the adopted governance disciplines are appropriate, in all material respects, to ensure adherence to the principles embodied in King IV™.

The Board, through its oversight responsibilities, remains committed to ensuring the achievement of the Group's vision, mission and strategy. The Board sets the tone for the Group's values, including principles of ethical practices. In fulfilling its obligation as embodied in the fourth principle of King IV™, the Board held four Board meetings during the 2021 financial year. The table below records the attendance of directors at Board meetings for the year:

	ATTENDANCE AT BOARD MEETINGS			
	24 FEB '21	25 MAY '21	26 AUG '21	17 NOV '21
Mr FJ Robertson (Chairperson)	✓	✓	✓	✓
Mr F Ratheb	✓	✓	✓	✓
Mr M Brey	✓	✓	✓	✓
Mr BM Rapiya	✓	✓	✓	✓
Mr WA Hanekom	✓	✓	✓	✓
Ms CK Zama	✓	✓	✓	✓
Ms KA Lagler	✓	✓	✓	✓
Mr MI Khan	–	✓	–	✓
Ms T Moodley	✓	✓	✓	✓

In its value-creating activities for the reporting period, the Board performed the following functions and duties, consistent with its mandate:

- Evaluated and deliberated over the Group strategy prior to approval;
- Evaluated the Group's implementation of its ongoing COVID-19 strategy;
- At each meeting, evaluated the progress in relation to the timeframes contained in the approved strategy;
- Reviewed and considered strategic risks, including those relevant to the operating and geographic environments relevant to the Group;
- Approved the budget for the reporting period as well as the medium- and long-term targets;
- Evaluated and approved material acquisitions, disposals, investments, capital expenditure and the Hedging Policy;
- Received and considered feedback of its established subcommittees on matters affecting the Group's strategy;
- Reviewed the solvency, liquidity and going concern status in the process of approving dividends;
- Evaluated and approved the IR, AFS and results announcements;
- Considered and ensured the implementation of the recommendations of King IV™;
- Approved the Remuneration Policy as well as the short-term and long-term incentive schemes; and
- Evaluated the outcomes of the assessment of its and its subcommittees' performances and determined appropriate improvement mechanisms in line with the recommendations of King IV™.

ESTABLISHED BOARD SUBCOMMITTEES

To enable the Board to properly discharge its responsibilities and duties, certain responsibilities have been delegated to Board committees. All Board committees are chaired by a non-executive or independent non-executive director. All committees' terms of reference are reviewed annually to ensure that the committees' duties and responsibilities are aligned with the requirements of corporate governance and that the committees keep abreast of new requirements that may arise from time to time.

Directors and executives are specifically appointed to committees based on their qualifications, knowledge and experience. This allows for the proper discharge of the Board's responsibilities and for the implementation of the approved strategy for evaluation and discussion. Executives are available to non-executives, where necessary, to provide further insights into the Group's value-creation process.

A summary of the activities undertaken by each Board committee is presented below. Details of their terms of reference can be found on the Group's website: **www.seaharvestgroup.co.za**.

AUDIT AND RISK COMMITTEE

The Audit and Risk Committee meets three times a year and performs its Board-assigned duties and responsibilities in line with the approved terms of reference. These terms of reference are aligned to the prescripts of the Companies Act, JSE Listings Requirements and King IV™ governance principles.

A detailed work plan sets out the timeframes for the full discharge of its duties including, but not limited to, oversight of the Group's system of internal control and risk management, and the effectiveness of the internal financial controls. This, in turn, assists the Board in monitoring the integrity and fairness of the Group's publicly reported financial results.

Responsibilities and activities

The Audit and Risk Committee also has oversight responsibility of the Group's external auditors and various assurance functions that affect the Group's control environments. The Audit and Risk Committee received feedback on the various reports from the established governance structures, namely the respective subsidiary Finance and Risk Committees, Internal Audit, External Audit, the Fraud Prevention Committee and the IT Steering Committee.

The Audit and Risk Committee also evaluated the financial reports presented to it and subsequently to the Board. These included the AFS, mid-year results and the IR. The detailed report of the Audit and Risk Committee has been included in this report – refer to **pages 103 to 108**.

	MEETINGS AND ATTENDANCE OF THE AUDIT AND RISK COMMITTEE		
	23 FEB '21	25 AUG '21	16 NOV '21
Ms KA Lagler (Chairperson)	✓	✓	✓
Mr BM Rapiya	✓	✓	✓
Mr WA Hanekom	✓	✓	✓
Ms CK Zama	✓	✓	✓
Mr FJ Robertson (invitee)	✓	✓	✓
Mr MI Khan (invitee)	–	✓	✓
Mr F Ratheb (invitee)	✓	✓	✓
Mr M Brey (invitee)	✓	✓	✓

SOCIAL, ETHICS AND SUSTAINABILITY COMMITTEE

The Social, Ethics and Sustainability Committee assists the Board in all matters relating to organisational ethics, responsible corporate citizenship, health and safety, sustainable development and stakeholder relationships. The committee operates in accordance with the requirements of the Companies Act, JSE Listings Requirements and King IV™. The committee operated in accordance with its approved terms of reference which remained unchanged for the year under review. A copy of the committee's terms of reference can be found on the Company's website: **www.seaharvestgroup.co.za**.

Responsibilities and activities

- Monitored social investment activities for the period under review;
- Monitored the implementation of COVID-19 initiatives;
- Reviewed and monitored performance with respect to the B-BBEE codes;
- Reviewed the Group's labour relations developments, including the applicable human resources policies;
- Reviewed employment equity and succession plans of the Group;
- Considered the relevant laws and regulations applicable to the Group's operations;
- Evaluated the operations of the Group in terms of sustainability and environmental considerations;
- Monitored the performance of the Sea Harvest Foundation and the Fisheries Fund against agreed mandates; and
- Evaluated matters relating to the Group's health and safety initiatives.

The detailed report of the Social, Ethics and Sustainability Committee has been included in this report – refer to **pages 109 to 112**.

	MEETINGS AND ATTENDANCE OF THE SOCIAL, ETHICS AND SUSTAINABILITY COMMITTEE			
	23 FEB '21	25 MAY '21	25 AUG '21	16 NOV '21
Mr FJ Robertson (Chairperson)	✓	✓	✓	✓
Mr BM Rapiya	✓	✓	✓	✓
Ms CK Zama	✓	✓	✓	✓
Mr MI Khan	✓	✓	–	✓
Mr M Brey	✓	✓	✓	✓
Ms T Moodley	✓	✓	✓	✓
Mr F Ratheb (invitee)	✓	✓	✓	✓
Mr M Khumalo (invitee)	✓	✓	✓	–
Mr T Brown (invitee)	✓	✓	✓	✓
Ms M Harry (invitee)	✓	✓	–	✓

Mr FJ Robertson has been evaluated by the Board as suitable to chair the committee given his extensive exposure to and involvement in numerous socio-economic initiatives.



South Africa 7's rugby team member, Shilton van Wyk, has been supported by the Sea Harvest Foundation since the start of his school rugby career. In November 2021, he was called up to join the South Africa 7's rugby team. As a token of appreciation for the support he has received from the Sea Harvest Foundation, he decided to give the jersey he wore during his first match to the Sea Harvest Foundation. It was accepted by Sea Harvest Foundation Board Chairman, Terence Brown.

THE NOMINATION AND REMUNERATION COMMITTEES

The CEO, executive directors and Group executives' remuneration structures are included in the ambit of the Remuneration Committee's responsibilities. All remuneration, share awards and benefits in kind are evaluated and approved by the committee. The committee is focused primarily on principle 14 of the King IV™ and thus adheres to the principle of fair remuneration. The committee operated in accordance with its approved terms of reference, which remained unchanged for the period under review. A copy of the committee's terms of reference can be found on the Company's website: **www.seaharvestgroup.co.za**.

For the reporting period, the Remuneration Committee functions included:

- Determining the key performance targets and remuneration structures for the CEO and executives;
- Evaluating the levels of achievement of the forfeitable share plan (FSP), long-term incentive and short-term incentive; and
- Evaluating and making recommendations relating to staffing of key functional areas within the business.

The Nomination Committee is responsible for the structure and composition of the Board, considerate of its current position and future requirements.

The detailed report of the Nomination and Remuneration Committees has been included in this report – refer to **pages 113 to 126**.

	MEETINGS AND ATTENDANCE OF THE NOMINATION AND REMUNERATION COMMITTEES		
	24 FEB '21	6 OCT '21	17 NOV '21
Mr WA Hanekom (Chairperson)	✓	✓	✓
Mr BM Rapiya	✓	✓	✓
Mr MI Khan	✓	✓	✓
Mr FJ Robertson (invitee)	✓	✓	✓
Mr F Ratheb (invitee)	✓	✓	✓

INVESTMENT AND HEDGING COMMITTEE

The Investment and Hedging Committee is a Board-appointed committee established during the 2017 financial year. The committee operates in terms of an approved terms of reference, which is available on the Company's website at **www.seaharvestgroup.co.za**. The committee is responsible for evaluating the business-enhancing capital expenditure, hedging and investment strategies of the Group, including acquisitions and disposals.

	MEETINGS AND ATTENDANCE OF THE INVESTMENT AND HEDGING COMMITTEE			
	20 MAY '21	11 AUG '21	8 DEC '21*	9 DEC '21*
Mr WA Hanekom (Chairperson)	✓	✓	✓	✓
Mr MI Khan	✓	✓	✓	✓
Mr FJ Robertson (invitee)	✓	✓	✓	✓
Mr F Ratheb (invitee)	✓	✓	✓	✓
Mr M Brey (invitee)	✓	✓	✓	✓

**Presentations were made to members and invitees of the committee, which were followed by a round robin resolution.*

GOVERNANCE DISCIPLINES

Share-dealing Policy

The Group has an approved Share-dealing Policy, which restricts directors, prescribed officers, staff and their associates from dealing in Group shares within the periods and conditions prescribed by the JSE Listings Requirements, Companies Act, Financial Markets Act, No 19 of 2012 and Financial Sector Regulation Act, No 9 of 2017.

The policy stipulates the conditions under which share trading clearance must be obtained for various designations within the Group. The policy was reviewed in 2021 and no changes were made to it.

All information relating to the securities trading of directors and prescribed officers and their associates is published via the SENS of the JSE and can be viewed at **www.seaharvestgroup.co.za**.

Interest in contracts

All directors act in the best interest of the Group and their fiduciary responsibilities are understood. Strict compliance with the provisions of sections 75 and 76 of the Companies Act is adhered to at all times through the declaration of interests in any contracts submitted to the Company Secretary and directorship in any enterprises with which the Group may potentially interact. Such declarations are evaluated on a regular basis by the compliance and assurance providers within the Group.

Approved codes of conduct and ethics applicable to all directors and employees govern behaviour relating to, among others, potential conflicts of interest and the conditions under which gifts may be accepted.

Stakeholder engagement

Relationships with key stakeholders including customers, suppliers, government, society and investors are recognised as pivotal to the Group's ability to ensure mutually beneficial, sustained value creation. The manner in which key information about the Group's strategies, future activities and progress in relation thereto is communicated, is contained in an approved policy.

For more information about our stakeholder engagements throughout the year, refer to pages 31 to 40 of this report.

Code of Conduct

The approved Code of Conduct is the fundamental policy relating to the manner in which employees, directors and business partners interact with each other. The policy stipulates the duty of care principle, which is to be applied consistently while maintaining the highest standards of honesty and integrity.

All directors, employees and suppliers are informed of the Code of Conduct either at induction or during the contract negotiation stage. The relevance of this policy is overseen by the Social, Ethics and Sustainability Committee and any significant instances of non-adherence are monitored by the Audit and Risk Committee.

Fraud, theft and corruption prevention mechanisms

The Group has a zero tolerance for fraud, theft and corruption. Our approved Fraud Prevention Policy addresses all legislative and operational requirements including, *inter alia*, whistle-blower protection. The policy was reviewed and updated in 2021.

Our Fraud Prevention Committee reports to the Audit and Risk Committee on all matters reported on the anonymous tip-off hotline as well as the sanctions applied and outcomes of investigations conducted by either the internal audit function or appointed investigators, as the case may be.

Fraud, theft and corruption prevention remains a crucial aspect of the operations of the Group with various activities in place to prevent such activities from occurring. These mechanisms include an established network of staff trained to assist fellow staff members in matters to be reported, on-site security at all major centres of operations as well as communication of prevention and reporting processes in induction programmes and communication channels in operation. In 2021, the Group commenced with the roll-out of the MyDisclosures platform, a disclosure management platform that facilitates the disclosure of interests, ensuring transparency. It is anticipated that the roll-out will be finalised during the first half of 2022.

During the year, no material incidents of fraud, theft or corruption were detected.

Combined assurance and internal controls

During the year the Group continued its efforts to implement a combined assurance model to maximise the assurance gained from management as well as internal and external assurance providers in relation to the material risks facing the Group.

The Audit and Risk Committee considered the risks identified through the risk management process, and assurance was provided to mitigate these risks and to prevent duplication of assurance work by these providers.

Group subsidiary Finance and Risk Committees

The subsidiary Finance and Risk Committees takes overarching responsibility for governance-related matters in each material subsidiary, and its activities mirror those of the Group Audit and Risk Committee and are reported to the Audit and Risk Committee. The subsidiary Finance and Risk Committees held three meetings during the year.

The executive directors and directors of key subsidiaries are responsible for ensuring that a robust internal control environment exists in order to ensure that:

- Group assets are adequately safeguarded and used only for the purposes of value creation;
- Accurate accounting records are regularly maintained; and
- All financial and operational information used in the business is reliable and accurate.

IT governance

Embracing the principles of King IV™ and being cognisant that IT is crucial to operations, the Group has an established IT Steering Committee, which reports to the Executive Committee and the Audit and Risk Committee. The IT Steering Committee, chaired by the CFO, operates in terms of an approved terms of reference and comprises executives, the head of IT, the head of internal audit and representation from subsidiary companies and the outsourced service providers.

The Audit and Risk Committee evaluates the effectiveness of the IT structure of the Group, including network security and threats related to cyber crime. Regular assessments of the appropriateness of the Group's IT structures are performed internally by management and externally by assurance providers.

Internal audit

The in-house internal audit function provides independent, objective assurance and consulting services to the Group, designed to add value and improve operations. The internal audit function assists the Group to accomplish its objectives by adopting a systematic, disciplined approach in order to evaluate and improve the effectiveness of risk management, internal control, operational, governance and compliance activities.

The internal audit function follows a risk-based approach and reports functionally to the Audit and Risk Committee Chairperson and administratively to the CFO. The internal audit function operates in terms of an approved terms of reference, which is reviewed on an annual basis for relevance to the Group's strategies, operations and legislative environment.

Company Secretary

The Board is satisfied that the Company Secretary, Ms Seshoka's qualifications and experience are adequate to enable her to properly perform the duties of Company Secretary. Ms Seshoka has performed the following functions in this capacity:

- Provided the directors with information and guidance about their responsibilities and how this should be properly discharged in the best interests of the Group;
- Made the Board aware of developments to legislation affecting the business;
- Assisted the Board with its annual evaluation of the Board and its subcommittees;
- Provided guidance to the Board on the duties of directors and matters relating to ethics and good corporate governance; and
- Acted as the primary focal point in relation to the directors' and employees' share trading, JSE requirements and notification of closed periods.



OUR AUDIT AND RISK COMMITTEE REPORT

for the year ended 31 December 2021

The Audit and Risk Committee (the Committee) is pleased to present its report to the shareholders of Sea Harvest Group Limited for the year ended 31 December 2021. This report is prepared in line with the Committee's responsibilities as defined in the Companies Act of South Africa, No 71 of 2008 (the Act), the King IV™ Report on Corporate Governance (King IV™) for South Africa and the JSE Limited Listings Requirements.

INDEPENDENT NON-EXECUTIVES

Committee Chairperson



KA LAGLER

CA(SA)

Meetings attended: 3/3



CK ZAMA

CA(SA)

Meetings attended: 3/3



WA HANEKOM

CA(SA)

Meetings attended: 3/3



BM RAPIYA

BAdmin

Meetings attended: 3/3

ROLES AND RESPONSIBILITIES

The Committee is governed by a formal terms of reference which has been approved by the Board and which is reviewed annually; it was last reviewed in November 2021. A copy of the Committee's terms of reference can be found on the Group's website **www.seaharvestgroup.co.za.**

The terms of reference include the Committee's statutory duties as described in the Act, King IV™, the JSE Listings Requirements and the additional responsibilities assigned to it by the Board. In addition to its statutory duties prescribed in the Act, the Committee is required to provide independent oversight of the system of internal controls and risk management, and the effectiveness of the internal financial controls, to assist the Board in monitoring the integrity of the Group's interim and annual financial statements and other performance-related external reports. The Committee further oversees the effectiveness and independence of the Group's external and internal assurance providers and services that contribute to the integrity of the Group's financial and integrated reporting.

The Committee is satisfied that it has discharged all of its responsibilities as mandated by its terms of reference. This report sets out the manner in which the Committee has fulfilled these responsibilities during the year under review.

COMPOSITION OF THE COMMITTEE

The Committee comprises four independent non-executive directors. The members of the Committee have remained unchanged for the 2021 financial year.

The Nominations Committee and the Board are satisfied that the members of the Committee have the requisite knowledge and experience as set out in Section 94(5) of the Companies Act and Regulation 42 of the Companies Regulations, 2011.

The Committee chairperson, Ms KA Lagler, and members Mr BM Rapiya, Mr WA Hanekom and Ms CK Zama will hold office until the upcoming AGM on 18 May 2022, where their re-election to the Committee will be a matter for shareholder consideration.

The Group Chairman, CEO, CFO, Mr MI Khan (Non-executive Director), Ms T Moodley (Non-executive Director), the Brimstone Financial Director, senior executives, internal auditors and external auditors attend the meeting of the Committee by invitation.

MEETINGS AND WORK PLAN

The agenda of the meetings are derived from the adopted work plan of the Committee, which is based on the formal terms of reference, ensuring that the Committee discharges its responsibilities in a structured manner.

The external and internal auditors attend committee meetings and have unrestricted access to the Committee and its chairperson and have the opportunity to address the committee and its chairperson without management being present to ensure open discussion. The Committee reviewed detailed reports from the external auditors and internal auditors, the outcomes of which were reported to the Board by the chairperson of the Committee.

Three Audit and Risk Committee meetings were held during the year under review and the members' attendance records are set out above.


PROTECT

OUR AUDIT AND RISK COMMITTEE REPORT

CONTINUED for the year ended 31 December 2021

KEY FUNCTIONS OF THE COMMITTEE

The Committee performed the following duties during the year ended 31 December 2021:

- Reviewed the interim and annual financial statements of Sea Harvest Group Limited and recommended them to the Board for approval;
- Satisfied itself with the adequacy of the Group's internal controls, including internal controls over financial reporting;
- Reviewed the solvency and liquidity, working capital, and going concern position;
- Reviewed and recommended the annual dividend proposal to the Board for approval;
- Reviewed the expertise and experience of the Group's CFO and finance function;
- Concluded a process of selection of new auditors in terms of mandatory audit rotation;
- Considered and nominated for approval at the AGM the external auditors and the designated auditor for the financial year under review;
- Reviewed reports from the established subsidiary companies' Finance and Risk Committees;
- Reviewed the fraud and defalcation reports;
- Reviewed insurance renewal terms;
- Conducted a self-assessment evaluation in accordance with the terms of reference;
- Reviewed the Insider Trader Policy and the Revised Non-Audit Services Policy;
- Reviewed goodwill impairment assessment calculations and considerations;
- Considered the independence and effectiveness of the external auditors;
- Determined the fees paid to the external auditors and their terms of engagement;
- Reviewed revisions to the Group's Policy on Use of External Auditors for Non-Audit Services to ensure conformity with the revisions to the International Ethics Standards Board's Non-Assurance Services Provisions of the Code (issued April 2021);
- Determined the nature and extent of non-audit services and the pre-approval of such services as the Committee deemed appropriate in accordance with the approved Non-Audit Services Policy;
- Reviewed and approved the internal audit terms of reference and annual audit plan;
- Considered the effectiveness and independence of the head of internal audit and the internal audit function;
- Received and considered the JSE Proactive Monitoring Reports, and satisfied itself with the responses provided to the Committee by management;
- Confirmed that there were no concerns or complaints raised in relation to financial reporting matters and internal controls;
- Provided oversight of IT governance and IT risk management;
- Assessed the Group's combined assurance model and risk management framework;
- Assessed the Group's application of the King IV™ principles as set out in the King IV™ Application Register and Report on Corporate Governance;
- Received reports detailing the tax status of each company within the Group and compliance with tax laws and regulations; and
- Considered the Group structure and the nature and size of the components forming part thereof, to ensure that management have established appropriate procedures to ensure that all relevant components have submitted audited or reviewed financial reporting packages, prepared in accordance with International Financial Reporting Standards ("IFRS"), which have been included in the consolidated financial statements of Sea Harvest using an appropriate IFRS treatment, as required by paragraph 3.84(g))(ii) of the JSE Listings Requirements.

FINANCE FUNCTION

The preparation of financial reports, including the annual financial statements, were completed under the supervision of Mr M Brey (CA)SA, the Group's CFO. As required by paragraph 3.84(g) of the JSE Listings Requirements, as well as the recommended practices of the King IV™ Code, the Committee reviewed and satisfied itself that the expertise and experience of Mr Brey is appropriate to meet his responsibilities in that position. The Committee further reviewed and was satisfied that the expertise and resources within the finance function were appropriate.

RISK MANAGEMENT AND COMBINED ASSURANCE

The Committee reviewed the strategic risks that could materially impact the ability of the Group to deliver its objectives and the related mitigation plans and considers these appropriate.

The Committee continues to have oversight of the Group's approach to Combined Assurance in response to the risks facing the Group, and which incorporates the "lines of defence" strategy. Assurance is obtained from several assurance providers in a co-ordinated manner to avoid duplication of effort. The internal audit plan is compiled in consultation with management, using a risk-based methodology. In addition, internal and external auditors work in a collaborative manner. For the 2021 financial year, the Committee considered the risk assessments and mitigation plans presented by management, evaluated and approved the plans of the internal audit function, and the external auditors, and the outcomes of the audit work performed.

The Committee meets with the internal and external auditors without management's presence and the chairperson of the Committee has regular meetings with the head of internal audit. Through the evaluation of the submissions made, the Committee is satisfied that the independent assurance providers' work undertaken, together with the internal controls designed by management, are adequate.

The Committee is satisfied that the combined assurance framework implemented by the Group is appropriate and provides sufficient assurance over the Group's risk universe.

IT GOVERNANCE

The Committee has oversight responsibility for IT governance and IT risk management. IT governance and IT risk management are managed through various charters, plans, policies, procedures and practices. An IT Steering Committee meets regularly to monitor IT governance and risk related matters, and the adherence to various policies and procedures and provides written feedback to the Committee at each meeting. The Committee is satisfied that the reports of the IT Steering Committee adequately addresses IT governance and risk management requirements, including the appropriateness of the IT strategy and policies, systems and network architecture, applications, disaster recovery and cyber security management.

EXTERNAL AUDITORS

The Committee has satisfied itself, through the evaluation of submissions made, that the external auditors of the Group and its subsidiaries are independent as defined by the Act and therefore are able to express an independent opinion on the Group's annual financial statements. The Committee, in consultation with management, has agreed to the audit fee for the 2021 financial year and has evaluated the extent of non-audit work in accordance with the established policy in this regard. The policy of non-audit services establishes that non-audit work performed by the external auditor beyond an agreed rand quantum is approved by the Committee Chair and tabled at committee meetings at set intervals. The fees paid to the external auditors for non-audit services in 2021 related to due diligence for specific business acquisitions, taxation work, agreed upon procedures in respect of royalty certificates issued to the Marine Stewardship Council, and FRAP supporting documentation.

At each meeting of the Committee, the external auditor is provided the opportunity to engage with the Committee without management's presence.

The Committee participated, in an oversight capacity, in the process to appoint the new auditors, Ernst & Young Inc. (EY) for the year ended 31 December 2021. EY provided the Committee with the information detailed in paragraph 22.15(h) of the JSE Listings Requirements to assist the Committee in its assessment of the suitability for appointment of EY as the external auditors of the Company and the appointment of Mr Pierre Du Plessis as the designated individual partner as required by paragraph 3.84(g)(iii) of the JSE Listings Requirements.

Mr Pierre du Plessis was the designated audit partner for the year ended 31 December 2021 and was appointed as such in 2021. Mr Pierre du Plessis has confirmed to the Committee that EY have complied with the independence requirements in terms of the Independent Regulatory Board for Auditors and the South African Institute of Chartered Accountants standards.

Mandatory audit firm rotation

The Committee satisfied itself as to the appointment of EY as the Group's external auditors for the year ended 31 December 2021, which was subsequently approved by shareholders at the 2021 AGM.

Key audit matters relating to the 2021 audit

The report of the independent auditors for the year ended 31 December 2021 contained the following key audit matters:

- Aquaculture operation valuation of goodwill; and
- Valuation of biological assets.

The Committee has addressed the key audit matters as follows:

- The Committee has considered the level of impairment testing performed by management and agreed with the conclusions reached by both management and the external auditors that no impairment of goodwill is required;
- The determination of quantities on hand and the fair value of biological assets requires various estimates and judgment. The Committee is satisfied with the process, competence, expertise and estimates used in the valuation of biological assets.

INTERNAL AUDITORS

The Group's in-house internal audit function operates in accordance with the terms of reference which the Committee reviewed and approved during the reporting period. The Committee has considered the independence and effectiveness of the in-house internal audit function and considered these appropriate. The Committee has also regularly evaluated the progress made in relation to the internal audit coverage plan for 2021 and is satisfied that significant matters reported to it and management by the internal audit function are appropriately remediated.

The head of internal audit has the opportunity to meet with the Committee at each meeting without management being present. On a regular basis the chairperson of the Committee also meets with the head of internal audit and provides feedback to the Committee as appropriate. The Committee is satisfied, through the declarations made by the internal auditors, that the assurances provided to the Committee is aligned to the Code of Ethics of the Institute of Internal Auditors.

OUR AUDIT AND RISK COMMITTEE REPORT

CONTINUED for the year ended 31 December 2021

ACCOUNTING PRACTICES AND INTERNAL CONTROL OVER FINANCIAL REPORTING

The Group has designed internal financial controls and systems to provide reasonable assurances as to the integrity and reliability of the interim and annual financial information, and to safeguard and maintain the assets of the Group.

The Committee has reviewed the written assessment performed by internal audit on the design, implementation and effectiveness of the Group's internal financial controls. Based on the results of this review, information provided by management, and in conjunction with the independent assurance providers, the Committee believes the internal financial controls are suitable and effective and provide a sound basis for the preparation of reliable financial information.

ANNUAL FINANCIAL STATEMENTS

The Committee reviewed the annual financial statements for the year ended 31 December 2021 and is satisfied that it complies with International Financial Reporting Standards (IFRS). Accordingly, the Committee recommended the annual financial statements to the Board for approval, which the Board subsequently approved.

GOING CONCERN, SOLVENCY AND LIQUIDITY

The Committee reviewed the going concern status of the Group, taking into account the impact of COVID-19 which took into account cash flow analysis, operational analysis, and available funding facilities. The cash flow analysis considered material factors impacting the ability of the Group to generate or preserve cash. The Committee recommended to the Board that the going concern basis of accounting is considered appropriate, and that the Group is considered solvent and liquid to be able to distribute its proposed dividend to shareholders.

JSE REPORTING REQUIREMENTS

The Committee evaluated the submissions made to it by the Company Secretary and management and is satisfied that the Group has met the JSE Listings Requirements and the requirements of the King IV™ Code. The King IV™ application code can be found on the Group's website: **www.seaharvestgroup.co.za.**

JSE proactive monitoring reports

The Committee has received and considered the findings in the JSE's reports for compliance with IFRS:

- Report back on proactive monitoring of financial statements in 2021 (Issued 9 November 2021);
- The "Final Findings of our thematic review for compliance with IFRS 9 and 15", issued by the JSE on 6 November 2019 (2019 new standards thematic report);
- The following sections from the Combined Findings Report issued in October 2021:
  - Disclosure of judgements and estimates;
  - Revenue; and
  - Financial Instruments: Disclosures.
- The letter issued by the JSE in May 2020, (containing its expectations for reporting the impact of covid-19) which should now be reconsidered in the context of reporting the impact of the July 2021 civil unrest.

The Committee has ensured that, where applicable, the contents of these reports and previously issued reports have been appropriately actioned in the preparation of the consolidated and separate annual financial statements for the year ended 31 December 2021.

JSE reporting requirements 3.84(k)

The Committee has considered the approach adopted by management to ensure that the CEO and CFO responsibility statement sign-off on the annual financial statements and internal financial reporting controls in terms of the JSE Listings Requirement 3.84(k) is appropriately supported.

The Committee, in satisfying itself in this regard, has evaluated:

- Consistency of the processes adopted in respect of risk assessment and scoping, including the determination of materiality applied to ensure that significant areas of risk, complexity and judgement are included for the evaluation of internal financial reporting controls; and
- At each reporting period, the assessment of controls following a combined assurance approach, including management declarations and internal audit findings, following their assessment of the operating effectiveness of internal financial reporting controls.

The Committee is satisfied that the aforementioned process was applied to all material subsidiaries; including those acquired during the reporting period.

The Committee will continue to monitor progress in the implementation of amended and supplementary controls over financial reporting, and formal remediation plans have been developed to address control deficiencies identified, in operating effectiveness and design.

The Committee has discussed and documented the basis for its conclusion, which includes discussions with internal and external auditors as well as management.

The Committee believes that the Group's internal financial reporting controls can be relied upon as a reasonable basis for the preparation of the annual financial statements.

CONCLUSION

I wish to extend my thanks to my fellow Committee members for the work undertaken during this reporting period. On behalf of the Committee I wish also to thank the invitee non-executive and executive directors, management and assurance providers for their contributions to the Committee this year.



Kari Ann Lagler

CA(SA)

31 March 2022


Ladismith Cheese
MATURE CHEDDAR
6 MONTHS MATURED
STRONG FLAVOUR CHEESE
300 g
KEEP REFRIGERATED

OUR SOCIAL, ETHICS AND SUSTAINABILITY COMMITTEE REPORT

The Sea Harvest Group acknowledges that without our employees, the support of the local communities in which we operate, the relationships we enjoy with our shareholders and other key stakeholders, and the natural environment that provides us with the resources that we need to produce our products, we would have no business. As the pandemic continues, we remain committed to supporting our employees, their families, local communities and other key stakeholders.

The Social, Ethics and Sustainability Committee (the Committee) is tasked with monitoring Sea Harvest's performance as a responsible corporate citizen and to perform its statutory functions in terms of the Companies Act, King IV™, and the JSE's Listings Requirements, the Committee's terms of reference charter (the charter), internal policies and any other applicable legislation.

OUR MANDATE

The Committee is mandated to ensure that the Group maintains its commitment to providing employment which is entrenched in fair labour practices and equity; social upliftment which is underpinned by transforming society; and environmentally sustainable and ethical business practices. This is achieved by ensuring bold and ethical leadership and sound corporate governance practices. The Board subcommittee fulfils an independent role, while remaining accountable to the Board. In this report, we describe how we discharged our duties for the 2021 financial year.

MEMBERSHIP AND COMPOSITION OF THE COMMITTEE

Committee Chairperson



FJ ROBERTSON
Meetings attended: 4/4



BM RAPIYA
Meetings attended: 4/4



CK ZAMA
Meetings attended: 4/4



MI KHAN
Meetings attended: 3/4



T MOODLEY
Meetings attended: 4/4



M BREY
Meetings attended: 4/4

Committee invitee



F RATHEB
Meetings attended: 4/4

Committee invitee



M KHUMALO
Meetings attended: 3/4

THE YEAR UNDER REVIEW

In 2021, following the successful acquisitive and diversification direction we pursued as a Group, our primary concern was ensuring that the Group used its collective muscle through its increased footprint to make more of a difference to its employees and other stakeholders. Our singular pursuit of being a vertically integrated, transnational, majority black-owned and empowered, responsible JSE-listed fishing and food company, remained our focal point for the year.

Committee invitee



T BROWN
Meetings attended: 4/4

Committee invitee



M HARRY
Meetings attended: 3/4

OUR 2021 TARGETS

1. Engage in meaningful ESG matters as defined by the UN SDGs.
2. Continue to provide skills development and growth opportunities for the Group's employees.
3. Continue investing in the communities in which we operate.
4. Continued enhancement of governance practices and stakeholder engagement.

OUR TRANSFORMATION MANDATE

Sea Harvest's continued commitment to the economic growth and social transformation of South Africa remains the true bedrock in all that it does. This commitment as one of the largest black-owned companies in the fishing and food sectors has endured over the past decade; more recently, the desire to drive local economic development in the communities in which we operate, remains unwavering. Our development from a Level 4 to a Level 1 B-BBEE rated, an over 90% black-owned business, is a journey we are proud of, and one which we will continue. As the world lurches from one crisis to another, we remain authentic in our pursuit of fair and just principles that play an active role in empowering marginalised and disadvantaged groups and communities.

One of the key motivations for the recent acquisitions and subsequent incorporations was to diversify, not only in terms of business prospects but also in terms of the transformation of our human capital. The completion of the Group's five-year employment equity plan (2019 – 2024) will yield a guiding light in ensuring that we examine ourselves constantly with respect to development, succession and growth within our Group. This will be ably facilitated through our mentorship programme, where we identified high-performing young employees, especially those previously marginalised and disadvantaged individuals who would benefit from such a programme aimed at preparing them for management positions within the organisation.

As previously mentioned during 2020, the Group continued on its exemplary path of retaining a Level 1 B-BBEE score according to the dtic's verification process. The continued achievement is a recognition of the hard work and dedication undertaken by the Group in ensuring that it plays its part in building a just and equitable South Africa.

For further information about the implementation and results of our transformation policies, refer to the report on our Human Capital and transformation on pages 47 to 48 of this report.

EMPLOYEE WELLNESS, SAFETY AND SECURITY

During 2021, existing COVID-19 protocols and measures were refined with mechanisms put in place to sustain compliance. The integration of good practices, as a new normal, provided evergreen benefits to the health and safety of our staff as well as our operational capabilities.

- As 2020 was a year of learning and adapting to a pandemic, the response had to be mainly reactive with high agility. Positive case and close contact management were efficiently managed to mitigate employee and Company risks as much as possible. This was due to the speed of reaction, combined with quality care. The protection of vulnerable individuals was prioritised from the start of the pandemic with individual risk assessments and medical mitigation strategies initiated where required. 24% or 1 229 employees in South African tested positive for COVID-19, with a recovery rate of 93%. Regrettably, the Group lost 10 employees to COVID-19.
- The management of COVID-19 required a significant focus on internal and external statistics and information. This provided an intelligence-based foundation to drive a more proactive strategy in 2021. On-site rapid antigen testing was employed to identify cases even before symptoms appeared and reduced the, all too often, blind area of asymptomatic infections. These tests were administered on employees even when there was only the slightest risk of infection. Curbing the spread of the virus as early as possible appears to have significantly improved employee wellness and minimised business interruption. Antigen tests were conducted when employees returned to work after being on leave, after any absence of more than three days or after traveling; when there were crew changes and exposure to low risk close contacts. The Group conducted 16 321 antigen tests resulting in the detection 394 positive COVID-19 cases.
- The Group's vaccination drive became a top priority when viable COVID-19 vaccines were made available. The status of each employee was tracked weekly. Vaccine education and information campaigns included general communications, focus groups and individual counselling to increase understanding and encourage vaccinations. The Group launched two workplace COVID-19 vaccination clinics at its sites. At the time, these were two out of the 14 workplace vaccination clinics in the South African manufacturing sector. The Group successfully administered c.4 700 vaccinations.

During 2021, the vaccination rate amongst the Group's employees was, consistently, more than two times higher than the national rate and well above the community immunity estimates. The positive impact of vaccinations on our people and operational units will become apparent in future infection waves. At the time of writing this report, 92% of employees are vaccinated.

For more information about our Human Capital refer to page 47, and our stakeholder section for employees and labour unions, refer to pages 31 to 32 of this report.

OUR SOCIAL, ETHICS AND SUSTAINABILITY COMMITTEE REPORT CONTINUED

OUR SUPPLIER AND ENTERPRISE DEVELOPMENT

As Sea Harvest has developed into a leading black-owned and managed vertically integrated business, its internal vision has been to ensure that it recognises its role in and is committed to assisting and developing smaller businesses and promoting transformation within the South African economy and specifically within the smaller business communities in the rural areas in which it operates. As a business, Sea Harvest has long recognised that its business is only as strong as the people and the sectors in which it operates, therefore it is imperative to assist others in the fishing and food manufacturing sectors as well. Through that recognition, Sea Harvest, in addition to its financial support of smaller black, right-holders in the fishing industry over the past few years, places an important premium on playing an educational and mentorship role towards its SMME partners and suppliers where possible, so as to allow them to develop alongside Sea Harvest.

Refer to our Social and Relationship Capital on pages 51 to 52 and our stakeholder section for industry partners on page 37 of this report.

During 2021, Sea Harvest continued to develop and improve its relationships and support for black SMMEs currently in the fishing industry to ensure that they were also able to traverse the challenges in the sector. The primary objective of the Group is to transform the fishing industry from the ground up by assisting smaller quota holders in catching their quotas, processing their catch, and accessing markets. This support was also extended to our suppliers who are predominantly black and operate in rural and semi-rural regions of the country where the opportunity to retail one's goods or services remains challenging. Through our procurement practices we have been able to develop a mutually beneficial relationship with these suppliers and our intention is to continue to grow with them as the Group progresses over the next few years, so that they continue to create employment and a livelihood through their interactions with Sea Harvest.

Through our Fisheries Fund in association with our majority shareholder, Brimstone, we were able to continue supporting co-operatives and small-scale fishers during 2021. During 2021, the Fund and FoodBev Seta signed a partnership agreement, where the Fisheries Fund would facilitate the training of small-scale fishing communities in various skills such as: business skills, governance and office-bearer development, mentorship and coaching, and critical food safety principles. The development of these skills would seek to equip small-scale communities with the ability to utilise their access to fish in a safe, viable and sustainable manner, where they can alleviate the socio-economic challenges currently felt in the communities. The Fisheries Fund looks forward to continuing its training initiatives and launching the Fisheries Economic Development Research, Advisory and Training Institute (FEDRATI), which will serve as a vehicle for co-operation between the Fund and the Cape Peninsula University of Technology (CPUT).

Through this strategic partnership, the Fisheries Fund would be able to facilitate scholarships, work-in-learning and short-skills programmes through CPUT in an effort to equip potential students with the support and skills required in the marine space within South Africa. FEDRATI will officially launch in Q2 2022. As we move forward, we are excited by the endless opportunities available to the Fisheries Fund to make a difference to those who need it most in the fishing sector.

OUR SOCIO-ECONOMIC DEVELOPMENT (SED)

During 2021, organisations slowly but surely started taking shape again after the devastating impact of the pandemic. Our approach was to assist organisations to establish or continue programmes that will positively benefit communties and create opportunities for social change.

The Sea Harvest Foundation is continuously guided by the needs of the communities in which we operate. Establishing relationships and partnerships with community development and government organisations helps us to identify challenges and adopt a targeted approach to ensure we achieve the desired outcomes.

We stood by our commitment to lend support to initiatives focused on early childhood development; sport and youth development; support for the aged, health and education; and small business development.

Some of our projects resulted in historically disadvantaged South Africans gaining access to the local economy, such as our investment in the iKasi Media Film and Media Training programme on the Cape west coast. It equipped more than 30 young people with the skills and tools to create and direct short video clips for marketing or entertainment purposes.

Our investment in the Waves for Change surfing programme (see image below) gave beneficiaries access to a combination of surf therapy and mental health support. This allowed them to develop skills to cope with stress and assisted them in forming social connections with whom to share their thoughts and experiences.



Refer to our Social and Relationship Capital on pages 51 to 52 for more information.

SUSTAINABILITY AND ENVIRONMENTAL MANAGEMENT

Sustainable fishing practices guarantee that there will be populations of ocean and freshwater wildlife in the future. Fishing is in our DNA, and providing the world with good quality food is our purpose. We pledge to safeguard the ecosystem in which we fish so that future generations can continue to benefit from the oceans and our sensitive environment. The continued success of Sea Harvest's operations is dependent on the health of our marine and terrestrial resources. Nature allows us to produce the premium seafood products, high quality cheeses and fresh foods that we all love to enjoy. Therefore, the environment and everything that nature has to offer is not just a motto or an exercise in responsible corporate citizenry, but rather a way of life in a sector that relies on a fragile environment. As a business, we are committed to adhering to local and international environmental management laws and requirements.

Central to realising our goals of advancing environmental stewardship during 2021 was the continual maintenance of the Group's MSC certification for its Cape Hake and Shark Bay prawn fisheries until 2026. In terms of sustainable fishing, the MSC standard remains the most robust, scientifically-based assessment for fisheries sustainability on the planet. Through this certification, the Group along with its partners, have been able to ensure that target stocks remain healthy, and by-catch and general ocean environmental impacts are constantly reduced. Even though the MSC certification remains the gold standard, the Group recognises that it is not a panacea for addressing all of the concerns and challenges the oceans face in this day and age. As has been undertaken over the past few years, the Group challenges itself to understand and manage its environmental and social impacts and to devise methodologies and practices that not only improve company efficiencies, but also secure the environment.

In 2021, we focused on internal control systems and strenghtened internal data management on resource use and environmental impacts. We put in place internal mechanisms to ensure that all of our existing and newly acquired companies record and manage their environmental impacts in a practical and centralised system.

In support of our ambition of strengthening the Group's sustainability and environmental management systems, we implemented a new environmental control system at Ladismith Cheese, conducted energy and water audits at various sites, and completed internal ISO 14001-based audits across all sites. Through this implementations, we were able to undertake a new baseline risk assessment for all divisions within the Group in order to work towards better protecting our environment. Additionally, part of our long-term goals is to reduce waste wherever possible, and that begins in our operations. Our long-term targets include eliminating unnecessary and problematic packaging and to increase the reuse, collection and recycling of all waste.

OUR CHALLENGES

The COVID-19 pandemic has given us an opportunity to assist those who need it most during this time. Even though we are still in the throes of the pandemic, our tasks to align the social, ethics and sustainability processes further throughout the Group are essential. Our partnerships and support of local communities can be difficult due to socio-economic circumstances that sometimes impede our efforts to fulfil our mandate in all of the communities, but we feel confident that we will surmount these challenges, especially after demonstrating our resilience during the pandemic thus far.

OUR PERFORMANCE IN RELATION TO OUR TARGETS

We are happy to report that we:

- Engaged in meaningful ESG matters, including improved disclosure for all our stakeholders, with our inaugural, stand-alone ESG report.
- Entered into a sustainability-linked financial arrangement with our banking partners.
- Spent R44 million on skills development during 2021.
- Spent R20 million on supplier and enterprise development.
- Continued investing in communities where we operate, through student bursary programmes, food pack donations, community projects and supporting youth education initiatives in high schools and tertiary institutions.

OUR FUTURE OUTLOOK

As a Group, we remain committed to implementing and maintaining strategies and achievable goals that contribute to achieving a better life for all. The Committee acknowledges that post the challenges of the pandemic, ongoing effort is required to educate our staff and the communities in which we operate about our collective sustainability and environmental management responsibilities. We plan on increasing our internal communication as well as addressing these responsibilities in our communities.



Frederick Robertson
Chairperson of the Social, Ethics and Sustainability Committee

OUR NOMINATION AND REMUNERATION COMMITTEES REPORT

THIS REPORT COMPRISES THREE PARTS:

1 THE NOMINATION AND REMUNERATION COMMITTEES' CHAIRPERSON'S REPORT

The Nomination and Remuneration Committees' (the Committee) Chairperson's Report, which provides an overview of performance and remuneration in the 2021 financial year, along with details of the governance arrangements in place with respect to nomination and remuneration. The Group has a single committee dealing with both nomination and remuneration matters and the Committee therefore prepares a single report combining both.

2 FORWARD-LOOKING REMUNERATION POLICY

The remuneration philosophy, policy and framework to be tabled at the AGM for a non-binding advisory vote by the Group's shareholders.

3 IMPLEMENTATION REPORT

The implementation of the Remuneration Policy in the 2021 financial year, is to be tabled at the AGM for a separate non-binding advisory vote by the Group's shareholders.



MEMBERSHIP AND COMPOSITION OF THE COMMITTEE

Committee Chairperson



WA HANEKOM

Meetings attended: 3/3



BM RAPIYA

Meetings attended: 3/3



MI KHAN

Meetings attended: 3/3

Committee invitee



FJ ROBERTSON

Meetings attended: 3/3

Committee invitee



F RATHEB

Meetings attended: 3/3

1 THE NOMINATION AND REMUNERATION COMMITTEES' CHAIRPERSON'S REPORT

BACKGROUND

Sea Harvest, as a responsible corporate citizen, remains committed to ethical leadership and responsible corporate governance practices, thus creating sustainable growth in shareholder value through consistent improvement in earnings, clear growth and expansion of capital, and engaging with its shareholders and stakeholders.

This report describes the material matters dealt with by the Committee and summarises the Group's approach to fair, responsible and transparent remuneration. The report sets out how the Committee has discharged its duties in terms of statutory requirements as well as additional duties assigned to it by the Board in respect of the financial year ended 31 December 2021. This report also provides an overview of the Group's approach to nomination matters and the remuneration philosophy, policy and framework, with a particular emphasis on executive directors, non-executive directors and management.

OVERVIEW OF PERFORMANCE AND REMUNERATION

Despite the ongoing volatility caused by COVID-19, Sea Harvest proved its resilient and defensive nature in delivering profit after tax of R434 million (2020: R398 million) for the year ended 31 December 2021, 9% ahead of 2020, while EPS increased 9% to 168 cents (2020: 154 cents).

Revenue for the year increased 5% to R4.6 billion (2020: R4.4 billion) benefiting from good performances from the South African Fishing segment and the Australian operations. The Cape Harvest Foods segment had a mixed year and the Aquaculture segment, while showing an improving trend, continued to be impacted by the effects of COVID-19.

Despite the 5% reduction in the TAC in 2021, a stronger rand, above-inflation cost increases, and R16 million in acquisition-related costs, Sea Harvest delivered operating profit of R691 million (2020: R629 million) for the year, 10% higher than the prior year, with the operating profit margin expanding to 15% (2020: 14%).

Profit after tax attributable to shareholders of Sea Harvest for the year ended 31 December 2021 increased 9% to R470 million (2020: R431 million), while headline earnings increased 4% to R439 million (2020: R421 million). Basic HEPS increased 4% to 157 cents (2020: 151 cents).

Sea Harvest continued to execute on its growth strategies in 2021. In value-added dairy, Sea Harvest commissioned a third powder plant and a new butter factory at Ladismith Cheese and acquired 100% of Mooivallei, thereby securing additional cheese capacity, while in the broader food sector, Sea Harvest acquired 53.7% of BM Foods Group, thereby diversifying the Group's South African food offering across multiple new categories.

On 11 January 2022, Sea Harvest announced the acquisition of the Western Australia-based fishing and related businesses of MG Kailis, one of the oldest and a leading vertically integrated fishing businesses in Australia.

With a focus on cash management during 2021, the Group increased its ordinary dividend 24% to 56 cents (2020: 45 cents) per share in respect of the year ended 31 December 2021.

ROCE improved from 17% in 2020 to 18% in 2021.

Driving transformation within Sea Harvest, and the fishing industry more broadly, is central to Sea Harvest's existence and strategy, and the Group is proud to have retained its Level 1 B-BBEE contributor status with a score of 103.11 and black shareholding above 90%.

OUR NOMINATION AND REMUNERATION COMMITTEES REPORT CONTINUED

In 2022, as a result of the significant organic and acquisitive growth of the Group, the Committee will continue reviewing the Group's remuneration structures to ensure that these are fit for purpose and drive the behaviours required of employees. The Committee will also continue to actively monitor the impact of COVID-19 and its impact on the Group and amend and adjust its policy in order to ensure that it is fit for purpose.

Further details on specific activities of the Committee during the year are set out in this report.

There are no planned material changes to the Remuneration Policy for the 2022 financial year.

The Committee remains confident that the Group's remuneration philosophy and policy are aligned to its strategy and have contributed to the Group's growth. The Committee is also satisfied that the Remuneration Policy achieved its objectives in the 2021 financial year.

GOVERNANCE

The Committee was established to assist in monitoring the Group's nomination and remuneration practices and performance and to perform the statutory functions required of a nomination and remuneration committee in terms of the Companies Act, as amended, King IV™, the JSE Listings Requirements, the Committee's terms of reference (the Charter), the Group's Remuneration Policy and any other applicable legislation.

The Committee is a subcommittee of the Group's Board of Directors (the Board) and has an independent role with accountability to the Board.

The Committee operates in terms of a formally approved Charter that was approved by the Board on 12 January 2017 and is reviewed annually, with the Charter having been reviewed by the Committee in November 2021. The Charter is available at **https://seaharvestgroup.co.za/investors/governance/**

COMPOSITION OF THE REMUNERATION COMMITTEE

In line with best practice, the majority of the Committee members are independent non-executive directors of the Group. For the period under review the Committee consisted of:

	Mr WA Hanekom	Chairperson (Independent Non-executive Director)
	Mr BM Rapiya	(Independent Non-executive Director)
	Mr MI Khan	(Non-executive Director)

The chairperson of the Board is an *ex officio* member of the Committee. To assist the Committee with the execution of its mandate, the CEO attended the meetings in the 2021 financial year.

Invitees attend Committee meetings but are not present when their remuneration is discussed and hold no voting powers. Similarly, Committee members do not decide on their own remuneration.

The Committee holds three meetings a year (in line with its Charter) and draws matters within its mandate to the attention of the Board on a quarterly basis and as occasion requires. The attendance record of the Committee is set out in the Corporate Governance Report on **page 100 and above.**

COMPOSITION OF THE NOMINATION COMMITTEE

The Nomination Committee deals with dedicated nomination matters and comprises three members as follows:

	Mr WA Hanekom	Chairperson (Independent Non-executive Director)
	Mr BM Rapiya	(Independent Non-executive Director)
	Mr MI Khan	(Non-executive Director)

INDEPENDENT EXTERNAL ADVICE

The Committee actively sources independent external advice from PricewaterhouseCoopers (PwC), Bowmans, and Remchannel on remuneration trends and benchmarks for executive directors and management. Sea Harvest uses the Remchannel survey to benchmark the salaries of employees. The Committee is satisfied that the advisors were independent and objective.



OUR NOMINATION AND REMUNERATION COMMITTEES REPORT CONTINUED

ROLES AND RESPONSIBILITIES OF THE COMMITTEE

The role of the Committee in respect of nomination matters is to have oversight of:

- the process for nominating, electing and appointing members of the Board;
- the attributes of the members of the Board;
- the independence of the Board members;
- the succession planning in respect of Board members; and
- the Company's policy on diversity (including gender) for nominations and appointments of directors.

The role of the Committee in respect of remuneration is to assist the Board to ensure that:

- the employee value proposition promotes fair, responsible, transparent remuneration and reasonable employment practices;
- the review of executive performance is conducted;
- the Group remunerates executive and non-executive directors fairly and responsibly; and
- the disclosure of directors' remuneration is accurate, complete and transparent.

The Board delegates the following responsibilities to the Committee:

- Determine the Group's remuneration philosophy and policy to ensure alignment to the Group's strategy;
- Review and approve the composition of remuneration packages for executive directors and senior executives to ensure that the Group remunerates fairly and responsibly;
- Recommend the remuneration of non-executive directors;
- Determine the performance criteria and targets for both short- and long-term incentives;
- Approve the allocation and award of FSP shares in terms of the Group's long-term incentive plan rules;
- Consider the composition and performance of the Board as well as succession planning; and
- Consider the succession planning for executive directors and key senior executives.

During the 2022 financial year, the main focus of the Committee is expected to be on ensuring that the Remuneration Policy is effective and driving the required behaviours of management and employees. This will be particularly important due to the organic and acquisitive growth experienced by the Group over the last few years and the alignment and integration of these businesses within the Group. The Committee will also continue to assess the impact of COVID-19 on the Group and amend its policy, should it be required, in order to ensure the required behaviour of management and employees. For more information on our compliance with King IV™ in terms of diversity and succession planning, refer to our King IV™ Application Register on our website: **www.seaharvestgroup.co.za/investors/governance/.**

The Committee will also provide input when requested with regard to the integration of the Group's acquisition targets.

In satisfying its mandate during the year under review, the Committee:

- considered nomination matters;
- reviewed the composition of the Board and its committees;
- considered the diversity of the Board;
- reviewed the performance of the Committee;
- considered succession planning for the Board, the CEO and the Executive Committee;
- considered the executive depth in the Group;
- reviewed the independent directors' (including the chairperson's) outside professional commitments;
- reviewed the independence of directors;
- deliberated on the Board's diversity policy and targets;
- approved the short-term incentive payments for the 2020 and 2021 financial years;
- reviewed and approved the performance metrics and rules of the short-term incentives for the 2021 and 2022 financial years;
- reviewed the performance of the CEO for the 2020 and 2021 financial years;
- set the financial targets and functional targets for the CEO for the 2021 and 2022 financial years;
- considered and approved the vesting of the 2021 tranche of FSPs;
- considered and approved the allocation and award of shares in terms of the Group's FSP to eligible participants, including performance hurdles;
- considered and approved the allocation and award of retention shares in terms of the Group's FSP after benchmarking by external service providers;
- benchmarked packages of executive directors and senior executives with external service providers for recommendation;
- considered and approved the increases in guaranteed pay for executives and employees in management positions for the 2021 and 2022 financial years;
- considered and recommended the increases in fees for non-executive directors for the 2021 and 2022 financial years;
- considered for approval by the Board the mandate for 2021 and 2022 plant level and bargaining council wage negotiations;
- considered for approval by the Board the *ex gratia* bonus payments to employees;
- considered for approval by the Board remuneration-specific resolutions to be approved by shareholders at the AGM;
- considered the Committee's Charter and the Remuneration Policy;
- implemented the Committee's Charter and ensured its alignment to King IV™;
- set the annual work plan for the Committee; and
- approved the Nomination and Remuneration Committees' report for inclusion in the IR.

NON-BINDING ADVISORY VOTES

At the AGM held on 26 May 2021, the 2020 Remuneration Policy and the implementation report both received support of 93.33% and 91.27%, respectively, of shareholders voting in favour thereof.

In line with the requirements of King IV™ and the JSE Listings Requirements, the 2021 Remuneration Policy together with the implementation report will be tabled for two separate non-binding advisory votes at the upcoming AGM.

In the event of 25% or more of the shareholders voting against either resolution at the AGM, the Committee will:

- extend an invitation to dissenting shareholders in the SENS announcement with the results of the AGM for them to engage with the Committee regarding their reasons for voting against the relevant resolution; and
- propose in the invitation the manner and timing of engagement, which may include but is not limited to communication via email, telephone calls, meetings and roadshows.

The Committee will ascertain the reasons for dissenting votes, respond and provide constructive feedback to shareholders' questions, queries and legitimate concerns. After consideration of the results of shareholder engagement, the Committee reserves the right to amend elements of the Remuneration Policy to further align it to market practice and shareholder value creation.

The Committee is pleased to present the Remuneration Policy of the Group on **pages 118 to 122** and the Implementation Report on **pages 123 to 126** for separate non-binding advisory votes

2 FORWARD-LOOKING REMUNERATION POLICY

BACKGROUND

This section of the report deals specifically with the remuneration of non-executive directors, executive directors, management and other grades of employees. It sets out the remuneration philosophy and policy and the reward framework in place for the financial year ended 31 December 2021 and the financial year ending 31 December 2022.

POLICY AND PHILOSOPHY

The Group's remuneration philosophy is that employees are remunerated appropriately for their contribution to the delivery of the Group's strategy. The Remuneration Policy framework is based on the principles of fair and responsible remuneration and is formulated to attract, retain, motivate and reward high-calibre employees. The Group aims to encourage high levels of performance that are sustainable and aligned with the strategic direction and specific value drivers of the business. The way the Group remunerates employees reflects the dynamics of the market as well as the social, economic and environmental context in which the Group operates.

The Committee aims to reward superior performance and the achievement of the Group's strategy and ensures that there are consequences for underperformance. Managers play a vital role in ensuring that the performance management process provides the right information required to inform remuneration decisions made by the Committee.

Sea Harvest's operations include a number of employees who either form part of a bargaining unit or are independent contractors engaged on fixed-term contracts (within the bounds of South African labour legislation). The employment and remuneration arrangements of these employees are governed by separate agreements and are negotiated on an operational level (subject to oversight by the Committee); therefore, they are not covered by the Remuneration Policy framework.

FAIR AND RESPONSIBLE REMUNERATION

The principle of fair and responsible remuneration is at the core of the Group's remuneration philosophy. The Group is dedicated to improving employment conditions for all employees across the Group, and may undertake and implement various initiatives from time to time to realise progressively the concept of fair and responsible remuneration.

Some of the principles driving this commitment include:

- Ensuring compliance with legislative requirements in terms of remuneration and benefits; and
- On an annual basis, conducting external benchmarking on remuneration packages across the various grades and job functions, which is a determining factor for setting remuneration across the Group.

OUR NOMINATION AND REMUNERATION COMMITTEES REPORT CONTINUED

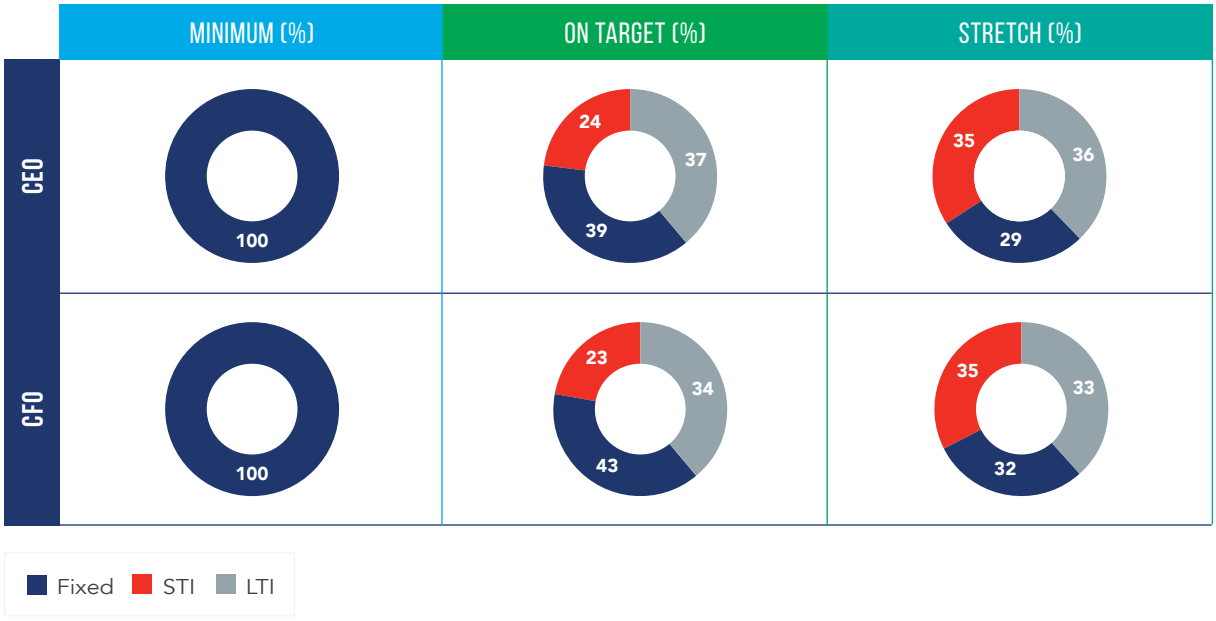
REMUNERATION MIX

Remuneration comprises guaranteed pay (GP) and variable pay. Variable pay consists of short-term incentives (STI) and long-term incentives (LTI). The remuneration mix reflects the relative proportions of each component in the package, which is linked to a job type and the nature of expected outcomes. The target remuneration mix varies at each grade. As a guideline, more senior employees should have a higher proportion of variable pay in their remuneration mix as they have the ability to influence the financial performance and strategic outcomes of the Group. The Committee has designed the remuneration mix for executive directors in a way that avoids overdependence on the variable pay components, which in turn discourages any excessive risk-taking behaviour. At lower levels, the remuneration mix is weighted in favour of GP.

In order to drive a high-performance culture and an alignment with shareholders through shared value creation, the total reward mix for the CEO and executive directors is geared towards a higher percentage of variable pay at risk for the achievement of stretch targets. Implicit in the Remuneration Policy is that, over time, executives should build up a combination of restricted and unencumbered shares, ensuring significant alignment between executives and shareholders.

The pie charts below illustrate the potential remuneration mix for each executive director at minimum, on-target and stretch performance levels. The methodology used is in line with that recommended by King IV™.

AGGREGATE EXECUTIVE DIRECTOR PAY MIX



Note: Retention shares have not been included in the pay mix graphs, as they do not form part of the ongoing packages for executive directors.

ELEMENT	MINIMUM	ON-TARGET	STRETCH
GP	Salary and benefits in line with those paid in the 2021 financial year		
STI	Nil	50% of stretch	110% – 120% of GP
LTI	Nil	The maximum number of performance shares and bonus shares granted in 2021 multiplied by the fair value on grant date	The maximum number of performance shares and bonus shares granted in 2021 multiplied by the share price on grant date

COMPONENTS OF REMUNERATION

	GUARANTEED PAY		VARIABLE PAY	
	BASIC SALARY	BENEFITS	STI	LTI
PURPOSE AND LINK TO STRATEGY	Attracts and retains talent	Improve employees' financial planning and security on retirement	Encourages a high-performance culture to promote the achievement of specific objectives. Motivates executive directors and key senior managers to achieve short-term strategic, financial and non-financial objectives in the one-year business plan.	Attracts, retains, incentivises and rewards key management by linking performance to shareholder expectations. This promotes the achievement of long-term objectives with the desired outcome of an appreciating share price and the payment of a regular dividend, thereby providing key employees with the opportunity to share in the success of the Group.
ELIGIBILITY	All staff employed by Sea Harvest	All permanent staff; benefit is dependent on grade	Permanent staff from senior management upwards	Executive directors and executives
REMUNERATION METHODOLOGY	Reviewed annually against market benchmarks	**Market-related benefits:** ➢ Pension/ provident fund ➢ Motor vehicle allowances ➢ Medical aid	Performance bonuses are dependent on financial performance (financial target) and achievement of agreed strategic and individual KPIs (functional target). Executives have a higher weighting on financial targets (80%) with 20% based on functional targets. Lower-level executives have a greater weighting on strategic and individual performance. The levels of remuneration that can be earned by the CEO and CFO are as follows: ➢ On-target: 55% to 60% of GP ➢ Stretch target: 110% to 120% of GP based on a sliding scale for performance in between The STI is self-funding in that the threshold for the financial target of EBIT is calculated after taking into account the cost of the STI. In addition to setting targets at Group level, targets are also set at operating segment level, aligning performance and rewards of the relevant management.	**Retention shares** *Ad hoc* award of retention shares is a means of retaining certain executives and key senior management. The 2017 tranche of retention shares vest annually in equal portions over a three-year period (this period is five years for the CEO and CFO), subject only to continued employment. The December 2021 tranche of retention shares vest equally in 2024, 2025 and 2026, subject only to continued employment. **Performance shares and bonus shares** Allocations are on an annual basis subject to the Committee's discretion: ➢ CEO – performance shares 78% of GP and bonus shares 33% of previous year STI ➢ CFO – performance shares 67% of GP and bonus shares 33% of previous year STI ➢ Senior management – performance shares 22% to 61% of GP and bonus shares 33% to 67% of previous years' STI **Employee Share Trust** Broad-based equity scheme for the benefit of all employees who are permanently employed for an unbroken period of 24 months and do not participate in any other equity incentive scheme.
PERFORMANCE CONDITIONS	Performance, i.e. meeting requirements of the job	n/a	A single financial target (i.e. EBIT) is used for lower-level executives, while dual financial targets (i.e. EBIT and HEPS) are used for executive directors. Functional targets for the executive directors include: ➢ Delivery of organic growth projects and improving operational efficiencies; ➢ Delivery of strategic acquisitions; ➢ Integration of new acquisitions; ➢ B-BBEE credentials and transformation; ➢ Retention of fishing rights ➢ Building organisational capability; and ➢ Successful stakeholder engagement.	Refer to the following table for performance conditions and characteristics of each share element.

OUR NOMINATION AND REMUNERATION COMMITTEES REPORT CONTINUED

LTI ALLOCATION METHODOLOGY

Long-term Incentive Eligibility Plan elements and performance conditions

1. RETENTION SHARES

EXECUTIVE DIRECTORS AND KEY SENIOR MANAGEMENT

- Awarded at listing and on an *ad hoc* basis, the retention share element of the FSP acts as a means to retain certain executive directors and key senior management. The December 2021 tranche was issued in order to retain, reward and incentivise management over the critical period of the Group's existence.
- The 2017 tranche of retention shares vest equally over a three-year period (this period is five years for the CEO and CFO), subject only to continued employment and is therefore relevant for a five year period.
- The December 2021 tranche of retention shares vests equally in December 2024, 2025, and 2026, subject only to continued employment.

2. PERFORMANCE SHARES (CONDITIONAL)

EXECUTIVE DIRECTORS AND KEY SENIOR MANAGEMENT

- The performance share element of the FSP rewards future Company and share performance.
- Performance shares are conditionally awarded to those individuals who can influence long-term strategic performance.
- Performance shares vest on the third anniversary of their award, the number vesting being tied to continued employment and the extent to which the Company has met preset performance criteria over the three-year period.

Currently, vesting is:

- governed by continued employment;
- weighted 33% – the first performance criterion is the Group's average HEPS growth weighted for the main territories in which the Group operates:
  - If the average HEPS compound annual growth rate (CAGR) over the three-year period places it at the average CAGR in CPI plus GDP, or better, then the targeted number (30% of the maximum number) of performance shares awarded will vest.
  - If the average HEPS CAGR over the three-year period places it at the average CAGR in CPI plus GDP plus 3%, or better, then the maximum number (100% of the maximum number) of performance shares awarded will vest.
  - If the average HEPS CAGR over the three-year period places it at the average CAGR in CPI plus GDP, or below, then all performance shares awarded relating to that HEPS tranche will be forfeited.
  - HEPS performance between any of the above points results in pro-rated vesting. No retesting will be allowed, and any shares not vesting will lapse.
- weighted 33% – the second performance criterion is the Group's transformation credentials:
  - If the Group achieves a Level 3 B-BBEE rating on the current scorecard, then the targeted number (50% of the maximum number) of performance shares awarded will vest.
  - If the Group achieves a Level 2 B-BBEE rating on the current scorecard, or better, then the targeted number (100% of the maximum number) of performance shares awarded will vest.
  - The transformation condition will have a binary profile.
  - No retesting will be allowed, and any shares not vesting will lapse.
- weighted 33%, the third performance criterion measures the Group's average ROCE in relation to its WACC, weighted for the main territories in which the Group operates:
  - If the average ROCE over the three-year period places it at the average WACC over the three-year period, or better, then the targeted number (30% of the maximum number) of performance shares awarded will vest.
  - If the average ROCE over the three-year period places it at the average WACC over the three-year period plus 3%, or better, then the maximum number (100% of the maximum number) of performance shares awarded will vest.
  - If the average ROCE over the three-year period places it at the average WACC over the three-year period, or below, then all performance shares awarded relating to that HEPS tranche will be forfeited.
  - Average ROCE performance between any of the above points results in pro-rated vesting. No retesting will be allowed, and any shares not vesting will lapse.

2.1 BONUS SHARES

EXECUTIVE DIRECTORS AND KEY SENIOR MANAGEMENT

- The bonus share element of the FSP provides share-based rewards for individual performance.
- Bonus shares are granted on an annual basis, the number of which is calculated with reference to the prior year's STI, thus ensuring a strong link to individual performance on an annual basis.
- Bonus shares vest at the end of the three-year period, subject to continued employment.

3. STAFF TRUST

ALL EMPLOYEES OF THE GROUP WHO DO NOT QUALIFY FOR THE LTI SCHEME AND ARE PERMANENTLY EMPLOYED FOR AN UNINTERRUPTED PERIOD OF 24 MONTHS

- Qualifying employees must be in "good standing" at all times.
- Employees who leave the employ of the Group due to retirement, death, permanent physical impairment or mental incapacity will receive 100% of the distribution when the Employee Share Trust terminates.
- Employees who resign will lose all entitlements in the Employee Share Trust.
- The Employee Share Trust terminates in March 2022.

SHARE DILUTION LIMITS

In terms of the FSP, the maximum number of new shares to be issued under the FSP may not exceed 12 959 048 shares (4.34% of total shares in issue) and the maximum number of new shares to be issued under the FSP to any one individual may not exceed 3 887 714 shares (1.30% of total shares in issue).

EXECUTIVE DIRECTOR SERVICE CONTRACTS

Sea Harvest concludes permanent employment contracts with its executive directors (including the CEO), which can be terminated with notice periods of between one and three months. In the event of termination of employment, the Committee may elect to pay a departing executive director a cash lump sum *in lieu* of the notice period. The executive directors are not subject to any restraint of trade agreements. The retirement age for an executive director is 63 years.

In the event that an executive director's service contract is terminated due to operational reasons, the Group's obligation to make a severance payment will be governed by the provisions of the Labour Relations Act, No 66 of 1995.

In the event of an executive director ceasing employment as a "bad leaver", all STI and unvested LTI awards will be forfeited. In other circumstances, STI and LTI awards will be treated in accordance with the relevant plan rules.

Executive directors may not serve as non-executive directors in other companies without the express approval of the Board.

NON-EXECUTIVE DIRECTORS' FEES

Non-executive directors' fees are paid on an annual retainer basis to account for the responsibilities borne by them throughout the year. They are not paid an attendance fee per meeting. The fee structure is evaluated as requested based on non-executive director fee surveys and the results of benchmarking exercises.

Fees are reviewed annually, and proposed adjustments are tabled by the CEO for review by the Committee, which will consider the proposed adjustments, taking into account remuneration increases across the Group. Non-executive directors do not qualify for share options nor do they participate in any variable pay incentive schemes, in order to preserve their independence. Where a non-executive director is appointed by a shareholder, the fee may be paid to the shareholder and not directly to the non-executive director.

The table below sets out the present and proposed non-executive director fees. The proposed fees will be tabled before shareholders for approval by special resolution at the AGM on Wednesday, 18 May 2022.

The increase in non-executive director fees is in line with the increase in salaries for employees in 2022.

ROLE	1 JULY 2022 TO 30 JUNE 2023 (EXCLUDING VAT) R	1 JULY 2021 TO 30 JUNE 2022 (EXCLUDING VAT) R	CHANGE %
Board Chairperson	**694 577**	664 667	4.5%
Board Lead Independent Director	**328 216**	314 082	4.5%
Board member	**262 572**	251 265	4.5%
Audit and Risk Committee Chairperson	**170 673**	163 323	4.5%
Audit and Risk Committee member	**90 797**	86 887	4.5%
Nomination and Remuneration Committees' Chairperson	**131 286**	125 633	4.5%
Nomination and Remuneration Committees' member	**65 644**	62 817	4.5%
Social, Ethics and Sustainability Committee Chairperson	**131 286**	125 633	4.5%
Social, Ethics and Sustainability Committee member	**65 644**	62 817	4.5%
Investment and Hedging Committee Chairperson	**131 286**	125 633	4.5%

OUR NOMINATION AND REMUNERATION COMMITTEES REPORT CONTINUED

3 IMPLEMENTATION REPORT

The implementation of the Remuneration Policy in the 2021 financial year, is to be tabled at the AGM for a separate non-binding advisory vote by the Group's shareholders.

The Committee has monitored the implementation of the Remuneration Policy during the financial year and is of the view that the Group's compliance with the policy has been satisfactory. This Implementation Report discloses the detailed information and figures pertaining to the application of the Remuneration Policy in relation to the relevant executive and non-executive directors. The Committee is satisfied that variable pay outcomes for the 2021 financial year are aligned with the Group's financial performance for the 2021 financial year (as contextualised in the CEO's report).

The graphs alongside set out (1) the five-year CAGR of the Group, from a revenue (19%) and operating profit (29%) perspective, and the evolution of its operating profit margin from 10% in 2016 to 15% in 2021; (2) the evolution of HEPS and ROCE over the last three years (the performance period) in a tough economic environment; and (3) compare the Group's STI paid to its operating profit, with operating profit growth well ahead of growth in STI.

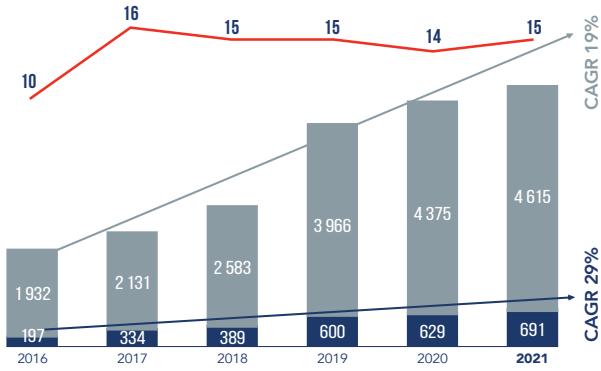
The Committee is satisfied that remuneration is linked to long-term performance and value creation.

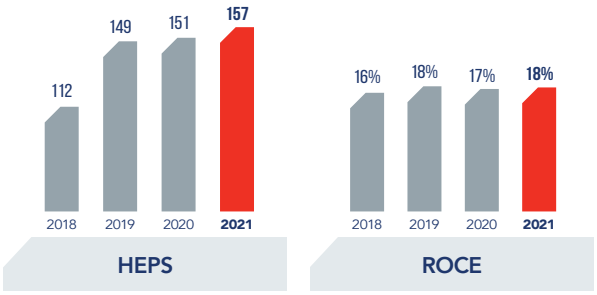
The Committee is also cognisant of the strides made by management in executing the Group's growth strategies, including from an organic growth perspective:

- The Marel factory implementation;
- The acquisition of the Atlantic Peace and Mzansi freezer trawlers;
- The completion of the third powder factory and butter plant at Ladismith Cheese;
- The installation of the reverse osmosis plant at Saldanha; and
- The installation of wind turbines at Buffeljags.

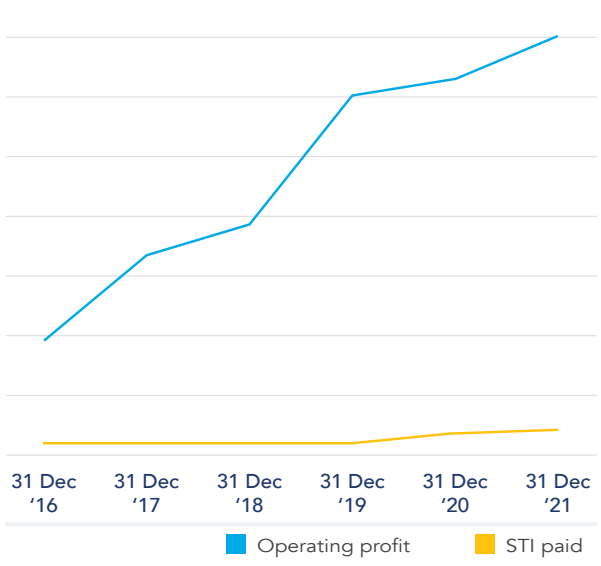
From an acquisitive growth perspective, the Group has executed on:

- Viking Fishing in 2018;
- Viking Aquaculture in 2018;
- Ladismith Cheese in 2019;
- Sea Harvest Australia in 2019;
- Mooivallei in 2021;
- BM Foods Group in 2021; and
- Announced the impending MG Kalis acquisition in January 2022.





STI paid vs operating profit

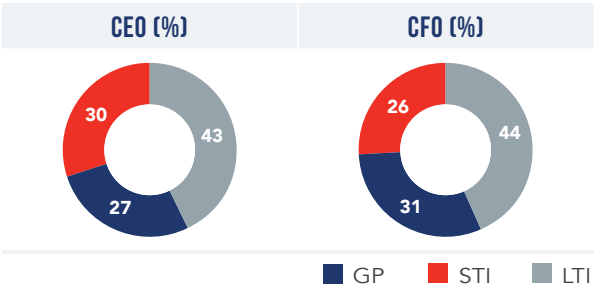


Actual pay mix

The actual pay mix graph has been prepared on the same basis as the chart on **page 119** that refers to pay mix, which represents GP, STI and LTI, and shows the actual mix achieved for the year ended 31 December 2021.

The actual pay mix for the Group CEO and Group CFO for the 2021 financial year is set out to the right.

Remuneration of executive directors is set out in the full AFS.



BENCHMARKING

In 2021, a comprehensive benchmarking of executive directors and senior executives, remuneration was undertaken by an external service provider, with the majority of executives' remuneration placing at the median.

GUARANTEED PAY

In line with the principle of fair and responsible remuneration, the Group monitors the internal wage gap and disparities in remuneration in the Group. The average increase in executive director remuneration is determined after consideration of the average increase in remuneration for management and general staff.

SEA HARVEST CORPORATION	DECEMBER 2021 NUMBER OF EMPLOYEES	2021 ANNUAL INCREASE IN GUARANTEED PAY* %
Group CEO, executive team and senior management	74	4.6
Junior management	123	4.7
Salaried staff	186	4.5
Factory-waged staff	1 737	6.0
Fleet-waged staff	879	5.5

**Salary increases are for January 2021.*

SHORT-TERM INCENTIVE

As set out in the Remuneration Policy, the STI for executive directors and senior management is based on a combination of financial targets and functional targets.

For the 2021 financial year, dual financial targets, being EBIT and HEPS, were used for executive directors, while EBIT was used for senior management.

Targets were also set at operating segment level, aligning the performance and rewards of the relevant management.

The functional targets for the executive directors for 2021 encompassed transformation, retention of fishing rights, efficiency initiatives, cash management, organic and acquisitive growth, and building organisational capacity.

In line with the Group's performance in the 2021 financial year, 78% of the total possible 2021 STI was achieved.

LONG-TERM INCENTIVE

The FSP was put in place when the Group listed on 23 March 2017.

At listing, the Group issued retention shares and, on an annual basis, the Group issues performance and bonus shares to executive directors, executives and key senior management.

The first four tranches of retention shares vested in March 2018, March 2019, March 2020 and March 2021 respectively (retention shares vest equally over a three/five-year period) with the final tranches expected to vest in March 2022.

With the original tranche of retention shares coming to conclusion after a period of five years and in order to retain, reward and incentivise management over the critical period of the Group's existence, a second tranche of retention shares were issued in December 2021. These shares vest equally in years 2024, 2025 and 2026, subject only to continued employment, thereby retaining key management until 2026.

With respect to the 2021 vesting of performance FSPs:

- The Group delivered HEPS CAGR over the performance period above the target of CPI plus GDP plus 3%;
- The Group maintained its Level 1 B-BBEE rating, critical to FRAP; and
- The Group delivered ROCE over the performance period above the target of WACC plus 3%.

This resulted in a second tranche of performance shares qualifying for vesting during 2021, achieving a 100% vesting.

OUR NOMINATION AND REMUNERATION COMMITTEES REPORT CONTINUED

In addition, in line with the recommendation of King IV™, included is an indicative value of the unvested instruments as at 31 December 2021. For the bonus shares and retention shares, the indicative value is calculated as the number of instruments multiplied by the share price of R13.80 at year end. For the performance shares, a valuation was performed based on assumptions as at 31 December 2021.

DATE OF AWARD	TYPE OF INSTRUMENT	NUMBER OF INSTRU-MENTS AWARDED	SHARE PRICE ON DATE OF GRANT R	VESTING DATE	NUMBER OF INSTRUMENTS VESTED	NUMBER OF INSTRUMENTS LAPSED	CLOSING NUMBER OF UNVESTED INSTRUMENTS	INDICATIVE VALUE OF UNVESTED INSTRUMENTS R
		A	B		C	D	E=A-C-D	F
Felix Ratheb								
23 March 2019	Performance shares	325 575	14.05	22 March 2022	–	–	325 575	2 891 106
09 March 2020	Performance shares	382 693	12.61	08 March 2023	–	–	382 693	3 057 717
18 March 2021	Performance shares	342 241	15.01	17 March 2024	–	–	342 241	3 032 255
23 March 2019	Bonus shares	172 881	14.05	22 March 2022	–	–	172 881	2 385 758
09 March 2020	Bonus shares	229 616	12.61	08 March 2023	–	–	229 616	3 168 701
18 March 2021	Bonus shares	205 344	15.01	17 March 2024	–	–	205 344	2 833 747
23 March 2017	Retention shares*	789 786	12.50	22 March 2022	631 828	–	157 958	2 179 820
01 December 2021	Retention shares**	1 250 436	12.81	30 Nov 2024 30 Nov 2025 30 Nov 2026	–	–	1 250 436	17 256 017
Muhammad Brey								
23 March 2019	Performance shares	172 747	14.05	22 March 2022	–	–	172 747	1 533 993
09 March 2020	Performance shares	203 053	12.61	08 March 2023	–	–	203 053	1 622 393
18 March 2021	Performance shares	181 590	15.01	17 March 2024	–	–	181 590	1 608 887
23 March 2019	Bonus shares	90 692	14.05	22 March 2022	–	–	90 692	1 251 550
09 March 2020	Bonus shares	112 085	12.61	08 March 2023	–	–	112 085	1 546 773
18 March 2021	Bonus shares	106 775	15.01	17 March 2024	–	–	106 775	1 473 495
23 March 2017	Retention shares*	447 040	12.50	22 March 2022	357 632	–	89 408	1 233 830
01 December 2021	Retention shares**	776 781	12.81	30 Nov 2024 30 Nov 2025 30 Nov 2026	–	–	776 781	10 719 578

** Five-year vesting from 22 March 2018 to 2022*
*** Vests equally 30 November 2024, 30 November 2025 and 30 November 2026*

EXECUTIVE REMUNERATION

FOR THE YEAR ENDED 31 DECEMBER 2021

Remuneration of executive directors and prescribed officers is set out in full in **note 37** of the AFS.

DIVERSITY TARGETS

The Committee set the following diversity targets during the 2017 financial year and reviewed these targets during the 2021 financial year.

Transformation – ACI targets

The Committee agreed that 70% of the Board composition should be made up of ACI designated groups within a period of three years, and achieved a score of 67% at the end of the 2021 financial year.

Gender – female targets

The Committee agreed that 30% of the Board composition should be female within a period of three years, with the Board exceeding this target and achieving a score of 33% at the end of the 2021 financial year.

APPROVAL

This report was approved by the Nomination and Remuneration Committees of Sea Harvest Group Limited.

André Hanekom
Chairperson of the Nomination and Remuneration Committees
14 April 2022



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SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

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SUMMARISED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the year ended 31 December 2021

	NOTES	AUDITED YEAR ENDED 31 DECEMBER 2021 R'000	AUDITED YEAR ENDED 31 DECEMBER 2020 R'000
Revenue	3	**4 615 463**	4 375 339
Cost of sales		**(3 191 608)**	(2 894 578)
Gross Profit		**1 423 855**	1 480 761
Other operating income/(loss)[1]		**241 778**	(8 041)
Selling and distribution expenses		**(238 625)**	(207 895)
Marketing expenses		**(20 638)**	(14 476)
Other operating expenses		**(715 140)**	(621 089)
Operating profit before fair value (losses)/gains, associate (loss)/ income, gain on bargain purchase and impairment of assets		**691 230**	629 260
Share of (loss)/profit in associate		**(478)**	790
Gains on bargain purchase		**1 578**	–
Fair value losses		**(16 577)**	(4 608)
Impairment of assets		**(6 153)**	–
Operating profit before net finance cost and taxation		**669 600**	625 442
Investment income		**20 770**	28 994
Interest expense		**(77 859)**	(101 079)
Profit before taxation		**612 511**	553 357
Taxation		**(178 326)**	(155 509)
Profit after taxation		**434 185**	397 848
Profit after taxation attributable to:			
Shareholders of Sea Harvest Group Limited		**469 890**	430 751
Non-controlling interests		**(35 705)**	(32 903)
		434 185	397 848
Earnings per share (cents)			
– Basic		**168**	154
– Diluted		**166**	149

[1] *Other operating income includes net foreign exchange and fuel hedge gains of R143 million (2020: R68 million hedge losses) and insurance income of R46 million (2020: R26 million) largely relating to vessel breakdowns.*

SUMMARISED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2021

	AUDITED YEAR ENDED 31 DECEMBER 2021 R'000	AUDITED YEAR ENDED 31 DECEMBER 2020 R'000
Profit after taxation	**434 185**	397 848
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Movement in cash flow hedging reserve	**59 886**	(109 566)
Movement in cost of hedging reserve	**(34 660)**	19 400
Reserves recycled to other operating income	**(10 507)**	31 199
Exchange rate differences on foreign operations	**18 947**	69 126
Items that may not be reclassified subsequently to profit or loss:		
Movement in investment at fair value through other comprehensive income	**3 639**	–
Net measurement gain on defined benefit plan	**324**	619
Other comprehensive income, net of tax	**37 629**	10 778
Total comprehensive income for the year	**471 814**	408 626
Total comprehensive income attributable to:		
Shareholders of Sea Harvest Group Limited	**507 519**	444 035
Non-controlling interests	**(35 705)**	(35 409)
	471 814	408 626

SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

for the year ended 31 December 2021

	NOTES	AUDITED YEAR ENDED 31 DECEMBER 2021 R'000	AUDITED YEAR ENDED 31 DECEMBER 2020 R'000
ASSETS			
Property, plant, equipment and vehicles[1]		**2 192 999**	1 993 274
Right-of-use assets		**114 446**	131 904
Biological assets	6	**68 299**	67 321
Investment property		**3 700**	–
Intangible assets		**769 463**	733 174
Goodwill		**865 192**	862 492
Investment in associate		**8 073**	5 994
Investments at fair value through other comprehensive income	6	**29 989**	25 264
Other financial assets	6	**24 936**	25 138
Loans to related parties	8	**121 718**	129 444
Loans to supplier partners		**94 384**	85 484
Long-term loan receivable		**7 446**	3 836
Deferred tax assets		**3 312**	489
Non-current assets		**4 303 957**	4 063 814
Inventories[2]		**902 618**	631 023
Biological assets	6	**82 123**	93 087
Trade and other receivables[3]		**739 496**	694 747
Short-term loan receivable		**537**	1 036
Other financial assets		**58 866**	27 334
Tax assets		**10 678**	7 729
Cash and bank balances		**739 909**	275 245
Current assets		**2 534 227**	1 730 201
Total assets		**6 838 184**	5 794 015

[1] Movement in property, plant, equipment and vehicles includes:

– Acquired through business combination of R164 million. Refer to note 7 for details; and

– Vessel refits of R113 million.

[2] Movement in inventories includes inventories acquired through business combination of R70 million (refer to note 7 for details), with the remaining movement largely relating to supply chain disruptions and the rebuilding of low finished goods inventory levels.

[3] Movement in trade and other receivables includes trade and other receivables acquired through business combination of R50 million. Refer to note 7 for details.

	NOTES	AUDITED YEAR ENDED 31 DECEMBER 2021 R'000	AUDITED YEAR ENDED 31 DECEMBER 2020 R'000
EQUITY AND LIABILITIES			
Stated capital[1]		**1 832 487**	1 809 038
Other reserves		**(6 558)**	(3 143)
Retained earnings		**1 286 289**	948 311
Attributable to shareholders of Sea Harvest Group Limited		**3 112 218**	2 754 206
Non-controlling interests[4]		**56 506**	40 138
Capital and reserves		**3 168 724**	2 794 344
Long-term borrowings[2]		**1 793 679**	1 308 982
Employee-related liabilities		**20 927**	22 557
Share-based payment liability		**–**	31 510
Deferred grant income		**32 148**	30 814
Contingent consideration	6	**9 773**	99 974
Lease liabilities		**125 224**	144 261
Deferred taxation		**608 994**	508 807
Non-current liabilities		**2 590 745**	2 146 905
Short-term interest bearing borrowings[2]		**70 828**	117 758
Contingent consideration	6	**120 671**	–
Trade and other payables[3]		**727 408**	648 340
Lease liabilities		**19 882**	15 706
Share-based payment liability		**35 746**	–
Deferred grant income		**3 546**	4 059
Other financial liabilities		**118**	24 889
Short-term provisions		**47 513**	36 432
Taxation		**13**	778
Bank overdrafts		**52 990**	4 804
Current liabilities		**1 078 715**	852 766
Total equity and liabilities		**6 838 184**	5 794 015

[1] 4 572 400 shares were issued and 2 432 929 shares were repurchased during the year.

[2] Movement in borrowings includes borrowings assumed through business combinations of R85 million (refer to note 7 for details) and borrowings of R451 million raised to place the Group in a position to execute on acquisitions.

[3] Movement in trade and other payables includes trade and other payables acquired through business combinations of R55 million. Refer to note 7 for details.

[4] Movement in non-controlling interests includes non-controlling interests arising at acquisition of BM Foods Group of R51 million. Refer to note 7 for details

SUMMARISED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2021

	AUDITED YEAR ENDED 31 DECEMBER 2021 R'000	AUDITED YEAR ENDED 31 DECEMBER 2020 R'000
Balance at the beginning of the year	**2 794 344**	2 513 774
Attributable to:		
Shareholders of Sea Harvest Group Limited	**2 754 206**	2 437 274
Non-controlling interests	**40 138**	76 500
Total comprehensive income for the period attributable to shareholders of Sea Harvest Group Limited	**507 519**	444 035
Profit after taxation	**469 890**	430 751
Movements in other items of comprehensive income, net of tax	**37 629**	13 284
Movements attributable to shareholders of Sea Harvest Group Limited		
Shares repurchased	**(36 221)**	(1 468)
Dividends paid	**(131 913)**	(146 161)
Share-based payments	**(18 703)**	20 526
Further acquisition of investment in subsidiary	**(76)**	–
Movement attributable to non-controlling interests	**16 368**	(36 362)
Balance at the end of the year	**3 168 724**	2 794 344

SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2021

	AUDITED YEAR ENDED 31 DECEMBER 2021 R'000	AUDITED YEAR ENDED 31 DECEMBER 2020 R'000
Operating activities		
Profit after taxation	**434 185**	397 848
Adjustments for non-cash and other items	**543 512**	525 721
Operating cash flows before changes in working capital	**977 697**	923 569
Increase in inventories	**(196 400)**	(41 104)
Decrease in trade and other receivables	**18 150**	15 010
Increase in trade and other payables	**22 297**	97 132
Cash generated from operations	**821 744**	994 607
Investment income received	**19 006**	21 163
Proceeds from government grant	**3 048**	3 328
Income taxes paid	**(131 347)**	(111 737)
Interest paid	**(75 506)**	(96 645)
Net cash generated from operating activities	**636 945**	810 716
Investing activities		
Acquisition of investment in subsidiaries	**(65 116)**	–
Acquisition of property, plant, equipment and vehicles	**(273 751)**	(286 313)
Proceeds on disposal of property, plant, equipment and vehicles	**2 496**	7 574
Insurance proceeds	**46 450**	25 747
Acquisition of intangible assets	**(1 940)**	(32 210)
Additions to biological assets	**(68 703)**	(65 605)
Amounts advanced to supplier partners	**–**	(8 425)
Amounts advanced to related parties	**–**	(56 270)
Proceeds on loans advanced to related parties	**7 725**	10 891
Proceeds on loans advanced to supplier partners	**1 559**	1 130
Cash movement in other long-term and short-term loans	**(1 142)**	343
Net cash utilised in investing activities	**(352 422)**	(403 138)
Financing activities		
Shares repurchased	**(36 221)**	(15 322)
Proceeds from borrowings	**544 878**	588 026
Repayment of borrowings and lease liabilities	**(220 041)**	(769 836)
Repayment of other financial liabilities	**(24 448)**	(22 752)
Dividends paid	**(133 005)**	(147 115)
Net cash generated/(utilised in) from financing activities	**131 163**	(366 999)
Net increase in cash and cash equivalents	**415 686**	40 579
Cash and cash equivalents at the beginning of the year	**270 441**	229 293
Effects of exchange rates on the balance of cash held in foreign operation	**792**	569
Cash and cash equivalents at the end of the year	**686 919**	270 441

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2021

1. BASIS OF PREPARATION

The summarised consolidated financial statements for the year ended 31 December 2021 are prepared in accordance with the requirements of the JSE Limited Listings Requirements for preliminary reports and the requirements of the Companies Act 71 of 2008 (Companies Act) of South Africa. The Listings Requirements require preliminary reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34: Interim Financial Reporting.

The auditors, Ernst & Young Inc., have issued their unmodified audit opinion on the consolidated financial statements for the year ended 31 December 2021. The audit was conducted in accordance with International Standards on Auditing. These summarised financial statements have been derived from the consolidated financial statements, with which they are consistent in all material respects. Copies of the audit report on the full consolidated financial statements are available for inspection at the Company's registered office or on the Company's website. The audit report does not necessarily cover all the information contained in this announcement. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's work they should obtain a copy of that report together with the accompanying financial information from the Company's website or from the registered office of the Company.

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

2. ACCOUNTING POLICIES

The accounting policies applied in the preparation of these summarised consolidated financial statements are in terms of International Financial Reporting Standards and are consistent with those applied in the financial statements for the year ended 31 December 2020.

3. REVENUE

	AUDITED YEAR ENDED 31 DECEMBER 2021 R'000	AUDITED YEAR ENDED 31 DECEMBER 2020 R'000
Group revenue for the year can be analysed as follows:		
Revenue recognised at a point in time	**4 590 316**	4 360 967
Revenue recognised over time	**25 147**	14 372
	4 615 463	4 375 339
Revenue from sale of goods comprise of:		
Wild-caught fish[1]	**2 808 530**	2 848 476
Shellfish[2]	**343 255**	308 089
Convenience foods	**246 588**	93 852
Traded[3]	**132 005**	188 774
Dairy	**1 085 085**	936 148
	4 615 463	4 375 339
Revenue is further split by geographic location as follows:		
South Africa	**2 657 470**	2 348 134
Australia	**544 388**	543 009
Europe	**1 143 488**	1 299 838
Other markets	**270 117**	184 358
	4 615 463	4 375 339

[1] *Cape Hake, Horse Mackerel and related by-catch*
[2] *Prawns, scallops, crabs and abalone*
[3] *Includes sales of purchased in products*

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

		AUDITED YEAR ENDED 31 DECEMBER 2021 R'000	AUDITED YEAR ENDED 31 DECEMBER 2020 R'000
4.	**HEADLINE EARNINGS PER SHARE**		
4.1	DETERMINATION OF HEADLINE EARNINGS		
	Profit for the period attributable to shareholders of Sea Harvest Group Limited	**469 890**	430 751
	(Profit)/loss on disposal of property, plant, equipment and vehicles	**(970)**	7 574
	Insurance proceeds	**(46 135)**	(25 747)
	Gains on bargain purchase	**(1 578)**	–
	Impairment of assets	**6 153**	–
	Total non-controlling interest and tax effects of adjustments	**11 675**	8 331
	Headline earnings for the year	**439 035**	420 909
4.2	CALCULATION OF WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES		
	Weighted average number of shares on which earnings and headline earning per share is based	**280 352 798**	279 177 043
	Weighted average number of shares on which diluted earnings and diluted headline earnings per share is based	**282 478 541**	289 498 880
	Reconciliation of weighted average number used in the calculation of basic and diluted headline earnings per share:		
	– Basic	**280 352 798**	279 177 043
	– Dilutive instruments	**2 125 743**	10 321 837
	Diluted[1]	**282 478 541**	289 498 880
	Headline earnings per share (cents)		
	– Basic	**157**	151
	– Diluted	**155**	145

[1] *Dilutive instruments relate to forfeitable share plan of 2 125 743 (2020: 6 213 085).*

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended 31 December 2021

5. SEGMENTAL RESULTS

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

	AUDITED YEAR ENDED 31 DECEMBER 2021 R'000	AUDITED YEAR ENDED 31 DECEMBER 2020 R'000
Segment revenue		
South African Fishing[1]	**2 664 472**	2 758 205
Australian operations	**553 722**	542 477
Aquaculture[2]	**91 686**	53 334
Cape Harvest Foods[3]	**1 305 583**	1 021 323
Total revenue	**4 615 463**	4 375 339
Segment profit/(loss) from operations		
South African Fishing	**671 583**	570 176
Australian operations	**31 243**	37 525
Aquaculture	**(63 701)**	(72 511)
Cape Harvest Foods[3]	**52 105**	94 070
Operating profit before fair value (losses)/gains, associate (loss)/income, gain on bargain purchase and impairment of assets	**691 230**	629 260
Share of (loss)/profit in associate	**(478)**	790
Gain on bargain purchase	**1 578**	–
Fair value losses	**(16 577)**	(4 608)
Impairment of assets	**(6 153)**	–
Operating profit before net finance cost and taxation	**669 600**	625 442
Investment income	**20 770**	28 994
Interest expense	**(77 859)**	(101 079)
Profit before taxation	**612 511**	553 357
Total assets		
South African Fishing	**3 696 190**	3 048 569
Australian operations	**1 130 391**	1 084 782
Aquaculture	**665 697**	708 189
Cape Harvest Foods[3]	**1 345 906**	952 475
	6 838 184	5 794 015
Total liabilities		
South African Fishing	**2 322 218**	1 878 634
Australian operations	**412 048**	398 741
Aquaculture	**454 917**	455 666
Cape Harvest Foods[3]	**480 277**	266 630
	3 669 460	2 999 671

[1] Revenue excludes inter-segmental revenue of R208.4 million (2020: R218.4 million), which is eliminated on consolidation.

[2] Revenue excludes inter-segmental revenue of R5.5 million (2020: R2.5 million), which is eliminated on consolidation.

[3] BM Foods Group and Mooivallei, which were acquired through business combination, have been included in the Cape Harvests Foods segment since the respective acquisition dates.

6. FAIR VALUE MEASUREMENT OF ASSETS AND LIABILITIES

The following table displays the Group's assets and liabilities that are measured at fair value subsequent to initial recognition, grouped in Levels 1 to 3 based on the degree to which fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

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

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

Fair value measurement hierarchy for assets and liabilities as at 31 December 2020:

	DATE OF VALUATION	TOTAL	PRICES QUOTED IN ACTIVE MARKETS (LEVEL 1)	SIGNIFICANT OBSERVABLE INPUTS (LEVEL 2)	SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3)
Assets measured at fair value					
Biological assets	31 December 2020	160 408	–	–	160 408
Investment at fair value through other comprehensive income	31 December 2020	25 264	–	–	25 264
Financial assets	31 December 2020	52 472	–	27 334	25 138
Liabilities measured at fair value					
Financial derivatives liabilities	31 December 2020	227	–	227	–
Contingent consideration liability	31 December 2020	99 974	–	–	99 974

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

Specific valuation techniques used for the instruments are:

- **Biological assets:** Biological assets are measured at fair value less costs to sell. Biological assets include abalone, mussels, oysters, fish and spats cultivated at aquaculture farms, and are measured at their fair value less estimated point-of-sale costs. Fair value is determined based on the dollar denominated market prices of biological assets of similar age, breed and genetic merit. In order to measure and value biological assets, management uses growth-formula and drip-and-purge-loss factors to determine the weight of animals at the reporting date. These formulas are based on empirical evidence and confirmed industry norms. A fair value loss of R5.6 million (2020: R2.6 million gain) was recognised in profit or loss relating to the valuation of biological assets. A change in unobservable inputs would not have a significant change in the fair value.
- **Investment at fair value through other comprehensive income:** Asset valuation method performed by an independent valuator and represents unlisted shares in a vessel-owning company. The underlying vessel is valued based on the age and condition of the vessel and current market value derived by sales comparison of these or similar types of vessels adjusted for differences in age, condition, degree of upgrade already carried out on the vessel, and size. A change in unobservable inputs would not have a significant change in the fair value.
- **Financial assets:**
  - Level 3 financial assets represent the call option to acquire shares in Vuna Fishing Company Proprietary Limited (Vuna Fishing Company). The fair value was independently determined by an expert using the Black-Scholes option pricing model. Key unobservable assumptions being the value of Vuna Fishing Company calculated using an average of actual 2021 earnings and 2022 projected earnings multiplied by a price earnings multiple, yield curve of 6.39% (2020: 5.28%), and volatility of 36.02% (2020: 37.16%). A change in unobservable inputs would not have a material change in the fair value. A fair value loss on the revaluation of the share option of R0.4 million (2020: R1.9 million) has been recognised in profit or loss.
  - Level 2 financial assets and liabilities relate to hedging contracts entered into by the Group for the purpose of minimising the Group's exposure to foreign currency and fuel price volatility. The valuation is performed by an independent valuator, taking into account forward exchange contracts spot and forward rates, current fuel prices, and discount factors.
- **Contingent consideration:** The fair value of the contingent consideration arrangements was estimated calculating the present value of the expected future cash flows. The estimates are based on discount rates and the assumption that the earn-out targets will be met based on the best available forecast information at acquisition date. As at 31 December 2021, there was an increase of R10.6 million (2020: R9.1 million) recognised in fair value losses in profit or loss as a result of discounting the Viking Fishing earn-out. An additional R19.8 million relating to the acquisition of BM Foods Group was recognised in 2021.

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended 31 December 2021

7. BUSINESS COMBINATIONS

7.1 MOOIVALLEI

With effect from 2 August 2021, Sea Harvest has, through its wholly owned subsidiary Ladismith Cheese, acquired 100% of the issued share capital of Mooivallei for a purchase consideration of R9 million and assumed or settled Mooivallei debts to the value of R32 million.

Based in Bonnievale in the Western Cape, Mooivallei is a producer and supplier of value-added dairy products, with its main products of cheese and butter sold into the retail and non-retail channels in South Africa. The Mooivallei acquisition complements Ladismith Cheese through 40% additional cheese production capacity, raw material supply, access to industry skills and expertise, a strong asset base, and additional working capital.

The accounting for the acquisition of Mooivallei has been finalised.

	FAIR VALUE AT ACQUISITION DATE R'000
Assets acquired and liabilities assumed	
Property, plant, equipment and vehicles	**41 592**
Right-of-use assets	**678**
Intangible assets	**1 972**
Inventory	**14 426**
Trade and other receivables	**13 651**
Borrowings	**(13 001)**
Deferred tax	**(9 793)**
Lease liabilities	**(714)**
Trade and other payables	**(19 490)**
Bank overdraft	**(19 204)**
Total identifiable assets and liabilities	**10 117**
Total consideration transferred	
Cash	**8 877**
Net cash flow on acquisition of subsidiary	
Consideration paid in cash	**8 877**
Add: bank overdraft assumed	**19 203**
	28 080
Gain on bargain purchase	
Consideration	**8 877**
Less: Fair value of identifiable assets acquired and liabilities assumed	**(10 117)**
	(1 240)

Property, plant, equipment and vehicles with a carrying amount of R35.8 million were revalued to its fair value of R41.6 million at acquisition date. The fair value adjustment of R5.8 million relates to land and buildings. The valuations for land and buildings was performed by an independent valuator.

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

The fair value of trade and other receivables of R13.7 million includes trade receivables with a fair value of R13.5 million, which approximates the gross contractual amount.

The gain on bargain purchase is attributable to Ladismith Cheese securing a lower price for the distressed Mooivallei business.

7. BUSINESS COMBINATIONS (continued)

7.2 BM FOODS GROUP

With effect from 2 September 2021, Sea Harvest has, through its wholly owned subsidiary Cape Harvest Foods, acquired 53.70% of the issued share capital of BM Foods Group.

BM Foods Group manufactures and distributes a range of chilled and frozen food products and convenience foods to the local retail and foodservices markets. Brands include Bettafresh, Mediterranean Delicacies, Tuna Marine, Judy's Preserves and Chelsea Pies.

The acquisition is a diversification into a new food sector in the South African food industry, providing synergies with the Group's dairy and fishing businesses and providing access to a platform business with good management and growth opportunities.

The Group has elected to measure the non-controlling interest in BM Foods Group at its proportionate percentage of the recognised amounts of the acquiree's identifiable net assets.

The accounting for the acquisition of BM Foods Group has been finalised.

	FAIR VALUE AT ACQUISITION DATE R'000
Assets acquired and liabilities assumed	
Property, plant, equipment and vehicles	**122 454**
Right-of-use assets	**2 565**
Investment property	**3 700**
Intangible assets	**25 609**
Investment in associate	**2 557**
Inventory	**55 152**
Trade and other receivables	**35 953**
Cash and cash equivalents	**2 164**
Borrowings	**(71 551)**
Deferred tax	**(25 941)**
Lease liabilities	**(2 565)**
Trade and other payables	**(35 997)**
Short-term provisions	**(2 767)**
Tax liability	**(755)**
Total identifiable assets and liabilities	**110 578**
Total consideration transferred	
Cash	**39 200**
Contingent consideration	**19 842**
	59 042
Net cash flow on acquisition of subsidiary	
Consideration paid in cash	**39 200**
Less: Cash and cash equivalents acquired	**(2 164)**
	37 036
Gain on bargain purchase	
Consideration	**59 042**
Less: Fair value of identifiable assets acquired and liabilities assumed	**(110 578)**
Non-controlling interest	**51 198**
	(338)

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended 31 December 2021

7.2 BM FOODS GROUP (continued)

Property, plant, equipment and vehicles with a carrying amount of R99.4 million were revalued to its fair value of R122.5 million at acquisition date. The fair value adjustment of R23.1 million relates to land and buildings. The valuations for land and buildings were performed by independent valuators.

The intangible assets identified were the Mediterranean Delicacies, Judy's Preserves, Tuna Marine and Bettafresh brands. The fair value was determined by an independent valuator with reference to the best estimate of a market participant's ability to generate economic benefits by using the asset in its highest and best use.

The fair value of trade and other receivables of R35.9 million includes trade receivables with a fair value of R33.1 million, which approximates the gross contractual amount.

The contingent consideration was estimated by an independent valuator and is based on BM Foods Group achieving earn-out targets for the 12-month period ending 28 February 2022 and the 31 December 2022 financial year, respectively, discounted at the prime lending rate at acquisition date. The contingent consideration is regarded as a Level 3 financial instrument for fair value measurement purposes.

7.3 IMPACT OF THE ACQUISITIONS ON THE RESULTS OF THE GROUP

	R'000
Amounts included in the Group's results relating to Mooivallei and BM Foods Group since the date of acquisition:	
Revenue	**235 261**
Profit for the year	**26 618**
Results of the Group if Mooivallei and BM Foods Group had been consolidated from 1 January 2021:	
Revenue	**4 945 719**
Profit for the year	**422 578**

The directors consider these amounts to represent an approximate measure of the performance of the combined Group on an annualised basis.

In determining the profit of the Group had Mooivallei and BM Foods Group been acquired on 1 January 2021, the directors have taken into consideration the following:

- Additional finance costs that would have been incurred had the transaction taken place on 1 January 2021;
- The depreciation of property, plant, equipment and vehicles and amortisation of intangibles acquired was calculated on the basis of the fair values arising in the accounting for the business combination, rather than the carrying amounts recognised in the pre-acquisition financial statements; and
- Incremental operating costs that would have been incurred by the Group had the transaction taken place on 1 January 2021.

Acquisition-related costs
Acquisition-related costs of R3.5 million were recognised in profit or loss for the 2021 year.

		AUDITED YEAR ENDED 31 DECEMBER 2021 R'000	AUDITED YEAR ENDED 31 DECEMBER 2020 R'000
8.	**RELATED PARTY TRANSACTIONS**		
	This disclosure relates to material related party balances and transactions.		
8.1	RELATED PARTY LOANS		
	Loans to related parties – non-current		
	Vuna Fishing Company Proprietary Limited (joint venture of Brimstone Investment Corporation Limited)	**27 420**	27 420
	Vuna Fishing Group Proprietary Limited (subsidiary of Brimstone Investment Corporation Limited)	**45 068**	45 068
	SeaVuna Fishing Company Proprietary Limited[1]	**49 230**	56 956
	Total	**121 718**	129 444
8.2	RELATED PARTY TRANSACTIONS		
	Sales to related parties		
	SeaVuna Fishing Company Proprietary Limited[1]	**21 471**	33 408
	Recoveries and other income from related parties		
	SeaVuna Fishing Company Proprietary Limited[1]	**5 240**	14 999
	Purchases from related parties		
	SeaVuna Fishing Company Proprietary Limited[1]	**240 230**	221 374

[1] *SeaVuna Fishing Company Proprietary Limited is a wholly-owned subsidiary of Vuna Fishing Company, which is a joint venture of Brimstone Investment Corporation Limited.*

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

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended 31 December 2021

9. STATED CAPITAL (NUMBER)

	AUDITED YEAR ENDED 31 DECEMBER 2021	AUDITED YEAR ENDED 31 DECEMBER 2020
In issue (number)		
Ordinary shares	**298 866 214**	294 293 814
Held as treasury shares	**(18 899 604)**	(14 600 889)
	279 966 610	279 692 925

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

	TOTAL SHARES IN ISSUE	LESS TREASURY SHARES	TOTAL NET SHARES IN ISSUE
Opening balance	294 293 814	14 600 889	279 692 925
Issue of shares (Group's forfeitable share plan)	4 572 400	4 572 400	–
Shares repurchased	–	2 432 929	(2 432 929)
Shares vested	–	(2 706 614)	2 706 614
Closing balance	298 866 214	18 899 604	279 966 610

10. CONTINGENT LIABILITIES AND COMMITMENTS

The Group has no contingent liabilities at the end of the year (2020: Nil)

	AUDITED YEAR ENDED 31 DECEMBER 2021 R'000	AUDITED YEAR ENDED 31 DECEMBER 2020 R'000
Capital commitments		
Budgeted capital expenditure is as follows:		
– Contracted	**21 189**	32 023
– Not contracted	**197 914**	205 812

11. COVID-19 PANDEMIC ASSESSMENT AND GOING CONCERN

COVID-19 PANDEMIC ASSESSMENT

- The Group is fully committed to the preventative measures that have been implemented by various governments in the countries in which it operates to contain the spread of COVID-19 since early 2020. The Group's primary concern is to ensure the health and safety of employees, preserve jobs and hence livelihoods, ensure food security through the continuity of operations, and ensure the Group's ability to continue meeting stakeholders' expectations in terms of product demand.
- As previously reported, the Aquaculture operation, with its main markets being in the Far East, continues to experience the negative effects of COVID-19 as a direct result of continued lockdown restrictions and the curtailment of air freight and associated high freight costs from South Africa. With the segment still under pressure, the board of Viking Aquaculture resolved to limit the losses in the Aquaculture segment by closing the mussel and trout businesses. These closures resulted in R6.2 million in impairment losses in the Aquaculture segment for the year ended 31 December 2021.
- With the Aquaculture segment incurring operating losses for the year ended 31 December 2021, management performed an assessment of goodwill impairment. The assessment resulted in an update to the forecast abalone sales volumes used in the last reporting period's value-in-use calculation to reflect the current and forecast performance of the business. The calculation was also updated with current and forecast sales prices and, with the strengthening of the rand to the US dollar during the year, revised forecast exchange rates. The discount rate was also increased to 15.29% compared to the discount rate of 15.03% as at 31 December 2020. The assessment of goodwill resulted in reduced headroom since 31 December 2020. Management will continue to assess the long-term effects of COVID-19 on the Aquaculture operation and the impact it has on the assessment of goodwill impairment.

GOING CONCERN

- Management has assessed the going concern assumption, considering the impact of COVID-19 and taking into account cash flow analysis, operational analysis and available funding facilities. The cash flow analysis considered factors impacting the ability of the Group to generate or preserve cash. Such factors included limitations of COVID-19 on production and the resulting sales, fixed costs and capital expenditure plans that would require funding, as well as available facilities. The result of these analyses was that the Group will have sufficient cash resources to sustain operations. An analysis of the potential impact of COVID-19 on funding covenants was also considered and management is of the view that funding covenants will not be breached. No funding covenants were breached in the 2021 financial year. Therefore, the directors have no reason to believe that the Group will not be a going concern in the foreseeable future and, accordingly, the financial statements have been prepared on a going concern basis.
- Fortunately, the July 2021 unrest in KwaZulu-Natal and Gauteng had minimal impact on the Group's operations.

12. EVENTS SUBSEQUENT TO THE REPORTING DATE

On 11 January 2022, the Group announced that it had, through its wholly-owned foreign subsidiaries, Sea Harvest Proprietary Limited and Sea Harvest Marine Proprietary Limited, entered into a business purchase agreement to acquire the Western Australia-based fishing and related businesses of MG Kailis and its subsidiaries for a purchase consideration of AUD70 million (R783 million) subject to the fulfilment or waiver (as the case may be) of various conditions precedent by no later than 31 March 2022 or such later date as may be agreed.

During the budget speech held on 23 February 2022, the Minister of Finance announced a decrease in the corporate tax rate from 28% to 27% with effect from 1 April 2022. If the legislation had been effective as at year end, this would have resulted in an estimated decrease of the deferred tax liability at 31 December 2021 of R18.1 million.

The directors recommended a gross and final cash dividend on 28 February 2022 amounting to 56 cents per share (2020: 45 cents), in respect of the year ended 31 December 2021.

The Department of Forestry, Fisheries and Environment (DFFE) recently concluded the allocation of commercial fishing rights in nine sectors. Sea Harvest applied for quota in four commercial sectors and achieved one of the highest scores during the process. Sea Harvest was successful in renewing its rights; 10-years for KZN Crustacean Trawl and 15-years for Hake Deep-Sea Trawl, Small Pelagics: Anchovy and Small Pelagics: Sardines. The results are not final as yet, as applicants reserve the right to appeal their allocation. Sea Harvest does not project any significant changes will be made to the allocations after the appeals process. The new fishing season commenced in all four sectors on 1 March 2022.

ANALYSIS OF ORDINARY SHAREHOLDERS

for the year ended 31 December 2021

SHAREHOLDER SPREAD	NUMBER OF SHAREHOLDINGS	% OF TOTAL SHAREHOLDINGS	NUMBER OF SHARES	% OF ISSUED CAPITAL
1 – 1 000 shares	1 682	79.68	159 484	0.05
1 001 – 10 000 shares	195	9.24	768 341	0.26
10 001 – 100 000 shares	114	5.40	4 654 099	1.56
100 001 – 1 000 000 shares	92	4.36	33 085 641	11.07
Over 1 000 000 shares	28	1.33	260 198 649	87.06
Total	**2 111**	**100.00**	**298 866 214**	**100.00**

DISTRIBUTION OF SHAREHOLDERS	NUMBER OF SHAREHOLDINGS	% OF TOTAL SHAREHOLDINGS	NUMBER OF SHARES	% OF ISSUED CAPITAL
Assurance companies	5	0.24	1 241 088	0.42
Close corporations	6	0.28	42 148	0.01
Collective investment schemes	39	1.85	27 526 899	9.21
Custodians	4	0.19	135 907	0.05
Foundations and charitable funds	8	0.38	2 397 869	0.80
Hedge funds	12	0.57	7 795 740	2.61
Insurance companies	1	0.05	5 600	0.00
Investment partnerships	7	0.33	186 720	0.06
Managed funds	3	0.14	295 745	0.10
Medical aid funds	1	0.05	19 522	0.01
Organs of state	1	0.05	26 325 000	8.81
Private companies	52	2.46	194 074 982	64.94
Public companies	1	0.05	99 105	0.03
Retail shareholders	1 852	87.73	4 437 061	1.48
Retirement benefit funds	64	3.03	17 275 640	5.78
Scrip lending	1	0.05	287 009	0.10
Share schemes	1	0.05	3 548 446	1.19
Sovereign funds	2	0.09	9 170 939	3.07
Stockbrokers and nominees	4	0.19	256 254	0.09
Trusts	47	2.23	3 744 540	1.25
Total	**2 111**	**100.00**	**298 866 214**	**100.00**

** Pursuant to the provisions of section 56 of the Companies Act, disclosures from foreign nominee companies have been included in this analysis.*

SHAREHOLDER TYPE	NUMBER OF SHAREHOLDINGS	% OF TOTAL SHAREHOLDINGS	NUMBER OF SHARES	% OF ISSUED CAPITAL
Non-public shareholders	11	0.52	147 705 905	56.61
Directors and associates	8	0.38	6 117 126	2.05
Newshelf 1411 and Newshelf 1169 Proprietary Limited (beneficial holders > 10%)	2	0.09	159 507 961	53.37
Share schemes	1	0.05	3 548 446	1.19
Public shareholders	2 100	99.48	151 160 309	43.39
Total	**2 111**	**100.00**	**298 866 214**	**100.00**

FUND MANAGERS WITH A HOLDING GREATER THAN 3% OF THE ISSUED SHARES	NUMBER OF SHARES	% OF ISSUED CAPITAL
Public Investment Corporation	26 325 000	8.81
Visio Capital Management	19 667 804	6.58
36One Asset Management	16 474 045	5.51
Kagiso Asset Management	16 306 264	5.46
Total	**78 773 113**	**26.36**

BENEFICIAL SHAREHOLDERS WITH A HOLDING GREATER THAN 3% OF THE ISSUED SHARES	NUMBER OF SHARES	% OF ISSUED CAPITAL
Newshelf 1411 Proprietary Limited*	138 040 333	46.19
Government Employees Pension Fund	26 325 000	8.81
Newshelf 1169 Proprietary Limited*	21 467 628	7.18
Odin Investments Proprietary Limited	14 606 668	4.89
Sea Harvest Corporation Proprietary Limited	12 307 692	4.12
36One	10 444 902	3.49
Total	**223 192 223**	**74.68**
Total number of shareholdings		2 111
Total number of shares in issue		**298 866 214**

** Both companies are subsidiaries of Brimstone Investment Corporation Limited, with a combined shareholding of 53.37%.*

SHARE PRICE PERFORMANCE	NUMBER OF SHAREHOLDINGS
Opening price 4 January 2021 (rand)	14.99
Closing price 31 December 2021 (rand)	13.80
Closing high for period (rand)	16.50
Closing low for period (rand)	12.35
Number of shares in issue	298 866 214
Volume traded during period	12 492 584
Ratio of volume traded to shares issued (%)	4.18
Rand value traded during the period (rand)	174 978 423
Price/earnings ratio as at 31 December 2021	8.52
Earnings yield as at 31 December 2021	11.73
Dividend yield as at 31 December 2021	2.61
Market capitalisation at 31 December 2021 (rand)	4 124 353 753

GLOSSARY

ACI	African, Coloured and Indian	King IV™	King IV Report on Corporate Governance™
AFS	Annual Financial Statements	KPI	Key performance indicator
ASX	Australian Securities Exchange	Ladismith Cheese	Ladismith Cheese Company Proprietary Limited
B-BBEE	Broad-Based Black Economic Empowerment	LTI	Long-term incentive
Board **or** Directors	Sea Harvest Group's Board of Directors	MEY	Maximum economic yield
Brimstone	Brimstone Investment Corporation Limited	MSC	Marine Stewardship Council
CAGR	Compound annual growth rate	MSY	Maximum sustainable yield
Cape Harvest Food Group	Cape Harvest Food Group Proprietary Limited	NPD	New product development
CEO	Chief Executive Officer	NRCS	National Regulator for Compulsory Specifications
CFO	Chief Financial Officer	NPC	Not-for-profit company
Companies Act	Companies Act, No 71 of 2008	POPI Act	Protection of Personnel Information Act
DFFE	Department of Forestry, Fisheries and the Environment	PPE	Personal protective equipment
DPIRD	Department of Primary Industries and Regional Development	RFA	Responsible Fisheries Alliance
EBIT	Earnings before interest and taxes	ROCE	Return on capital employed
EBITDA	Earnings before interest, taxes, depreciation and amortisation	SADSTIA	South African Deep-Sea Trawling Industry Association
ECD	Early childhood development	SAICA	South African Institute of Chartered Accountants
ESG	Environmental, Social and Governance	SAMPRO	South African Milk Processors Organisation
EPS	Earnings per share	SAMSA	South African Maritime Safety Authority
FCTR	Foreign currency translation reserve	Sea Harvest Corporation	Sea Harvest Corporation Proprietary Limited
FMCG	Fast-moving consumer goods	Sea Harvest **or** the Group **or** the Company	Sea Harvest Group Limited
Foundation **or** Sea Harvest Foundation	Sea Harvest Foundation Not-for-Profit Company	SED	Socio-economic development
FRAP	Fishing rights allocation process	SETA	Sector Education and Training Authority
FSP	Forfeitable share plan	SMME	Small, medium and micro enterprise
Fisheries Fund	South African Fisheries Development Fund	STI	Short-term incentive
GDP	Gross domestic product	TAC	Total Allowable Catch
HEPS	Headline earnings per share	TSR	Total shareholder return
HORECA	Hotels, restaurants and catering	US	United States of America
IFRS	International Financial Reporting Standards	VAT	Value added tax
IR	Integrated Report	WACC	Weighted average cost of capital
IT	Information technology	WAFIC	Western Australian Fishing Industry Council
JSE	Johannesburg Stock Exchange	WANOS	Weighted average number of outstanding shares

CORPORATE INFORMATION

Sea Harvest Group Limited
(Incorporated in the Republic of South Africa)
Registration number: 2008/001066/06
JSE share code: SHG
ISIN: ZAE000240198

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

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

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

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

Company Secretary: N Seshoka

Transfer Secretary: Computershare Investor Services Proprietary Limited
Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196

Sponsor: The Standard Bank of South Africa Limited

Auditors: Ernst & Young Incorporated


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