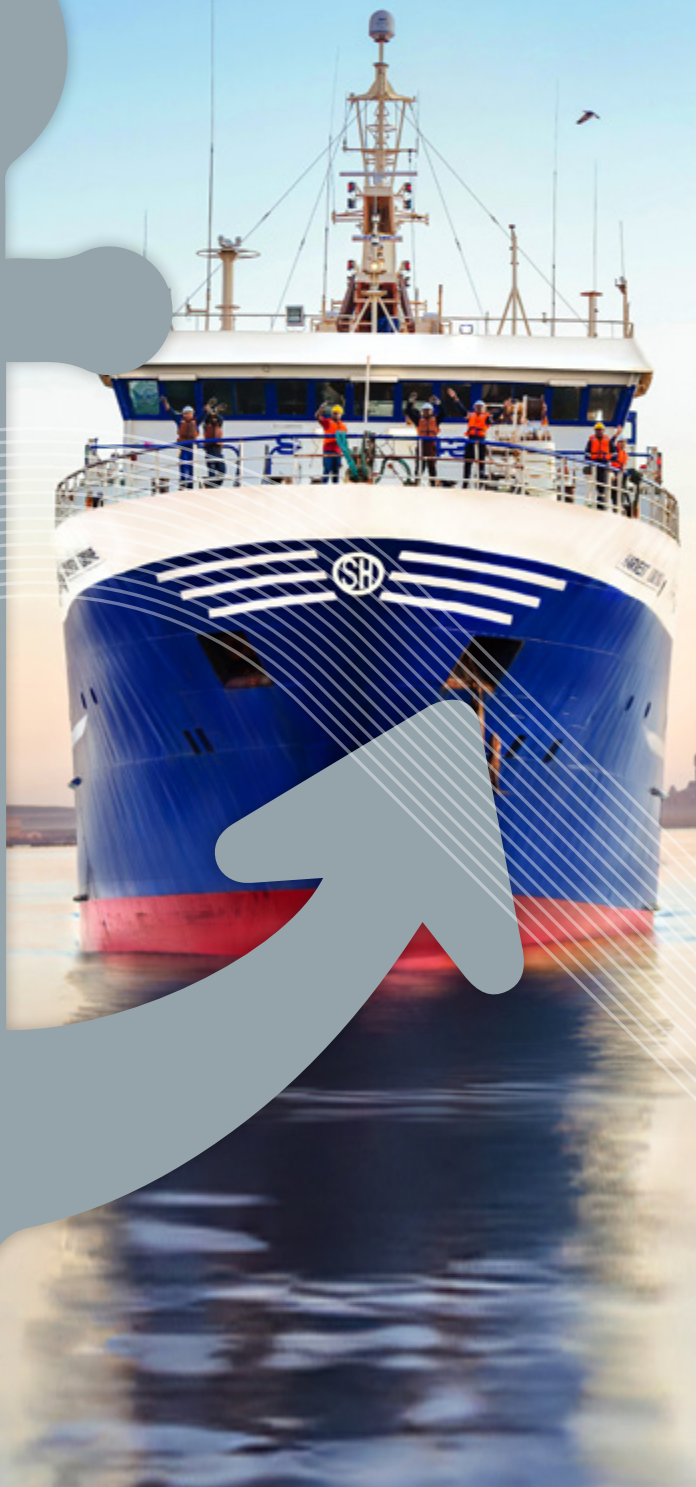
2023

Sea Harvest

# BUOYED
## BY WHAT WE DO BEST.

# ANCHORED
## BY OUR PURPOSE AND VALUES.



# INTEGRATED REPORT

FOR THE YEAR ENDED 31 DECEMBER 2023

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2023

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# NAVIGATING OUR REPORT

## OUR CAPITALS

Refer to **pages 41 to 52.**

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

## OUR MATERIAL CARDINAL POINTS

Refer to **pages 65 to 76.**

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

## OUR KEY STAKEHOLDERS

Refer to **pages 35 to 40.**

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




### Our Integrated Report

The Sea Harvest Group Limited's Integrated Report (IR) is our main report to our stakeholders; it details our value-creation story for the year ended 31 December 2023 and the factors that contributed to our performance for the year under review.




### Our Environmental, Social and Governance Report

The Sea Harvest Group Limited's Environmental, Social and Governance (ESG) Report provides additional reporting on how the Group drives positive change and the long-term sustainability of our people and the planet.




### Our Annual Financial Statements

The Sea Harvest Group Limited's Annual Financial Statements (AFS) is a comprehensive report of our financial performance and position for the year ended 31 December 2023.




### Our Notice of Annual General Meeting and Form of Proxy

The Sea Harvest Group Limited's Notice of Annual General Meeting (AGM) and Form of Proxy comprise information required by the Companies Act, No 71 of 2008 of South Africa (Companies Act), the JSE Limited (JSE) Listings Requirements and King IV Report on Corporate Governance™ (King IV™)* to our shareholders.

## UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (UN SDGS)

Information regarding Sea Harvest Group's response to the 17 UN SDGs is woven throughout our IR and ESG Reports.

- 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 65 to 76** for information on our material cardinal points, which are the main reference within our business when considering how we can support the UN SDGs.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

**Integrating ESG into investments**

Sea Harvest's 2023 integrated reporting includes our standalone ESG Report 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 King IV™ as well as details relating to the Group's commitment to supporting the UN SDGs.

**Visit https://seaharvestgroup.co.za/investors/integrated-reporting/ to download electronic copies of all our reports.**

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# 01

# ABOUT OUR REPORT


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Our report 6



# BUOYED BY WHAT WE DO BEST. ANCHORED BY OUR PURPOSE AND VALUES.

## OUR IR THEME AND RATIONALE

The Sea Harvest Group's buoy has always been our fishing business. It's what we're best known for, and it's what enables us to remain resilient, keep an even keel, and find safe passage in a challenging and dynamic operating environment.

We rely on safe anchorage in our purpose as a fishing and food company with our core values providing a strong and stable foundation. Our purpose and values also serve as a source of motivation – it drives the Group's creativity, innovation, and long-term, value-creation vision. This purpose propels our efforts to preserve and expand our assets. The outcome is not only financial stability and peace of mind but also sustainable advancement in business endeavours.

There are a number of outstanding qualities that make the Sea Harvest Group a leader in the fishing and food industries.

However, two seemingly contrasting characteristics, namely resilience and steadfastness, combine to secure the Group's sustained growth.

Two iconic marine symbols, the buoy and the anchor, represent these key features. From there, the concept of being buoyed by what we do best while anchored in our asset base describes our theme for the reporting year.

### DESIGN THEME

The anchor symbolises security and stability of position, as this is the effect of being anchored.

**ORGANIC SHAPES ARE USED TO REPRESENT THE CRUCIAL ROLE OF BUOYS FOR SECURITY/SAFETY/ STABILITY AND NAVIGATION IN CHALLENGING ENVIRONMENTS.**

These are combined with straight-line elements and solid colour pages to represent the reason behind the Group's buoyancy and being anchored in our asset base. Round, organic shapes symbolise harmony, while the solid shape suggests strength and stability.

# OUR REPORT

## OUR REPORTING SCOPE

Sea Harvest Group Limited's 2023 IR and supplementary reports seek to provide material information about the Group as it charts its path to be a leading and responsible diversified global seafood and food business. The reports cover 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 Australia). As per the Integrated Reporting Framework's definition of "integrated reporting", our aim has been to disclose how the Group has created and preserved value with every effort made to limit the erosion of value.

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 fishing operations in Cape Town, Mossel Bay and Durban. The information on Cape Harvest Foods pertains to the value-added dairy operations of Ladismith Company Proprietary Limited (Ladismith) and Mooivallei Suiwel Proprietary Limited (Mooivallei); the convenience foods business, BM Foods Group Proprietary Limited (BMFG); and the Group's factory shops in various cities and towns in South Africa. The information pertaining to Sea Harvest Aquaculture covers the Group's aquaculture interests in abalone; while the information pertaining to Sea Harvest International covers the Group's Australian wild-caught fishing, trading and engineering 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);
- IAS 34: Interim Financial Reporting, South African Institute of Chartered Accountants (SAICA) Financial Reporting Guides, issued by SAICA's Accounting Practices Committee and Financial pronouncements as issued by the Financial Reporting Standards Council;
- Companies Act;
- King IV™;
- International Integrated Reporting Framework (Integrated Reporting Framework); and
- 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 under the "Investors" section of the Sea Harvest Group website (**www.seaharvestgroup.co.za**):

- 2023 IR, including the summarised consolidated financial statements and 2023 ESG Report;
- Group and Company AFS for the year ended 31 December 2023;
- King IV™ Application Register; and
- Notice of AGM and Form of Proxy.

A glossary of definitions used throughout the IR is set out on **pages 148 to 150.**

## OUR FORWARD-LOOKING INFORMATION

This report contains forward-looking statements that, unless otherwise indicated, reflect the Group's expectations as at 31 December 2023. 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 Inc. has independently assured the financial statements. Our non-financial information was not independently assured with the exception of our Broad-Based Black Economic Empowerment (B-BBEE) verification, which was undertaken by Premier Verification.

## BOARD APPROVAL

The Board acknowledges its responsibility for ensuring the accuracy of our 2023 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 for the year under review. The Board has indicated its approval of the report.

**Fred 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.**

# 02



# THE SEA HARVEST GROUP AT A GLANCE


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| Who we are | **11** |
| Our offerings | **13** |
| Our leadership | **15** |
| Our value-creation business model | **19** |

# HIGHLIGHTS FOR 2023

**REVENUE**
**6%**
TO R6.2 BILLION
(2022: R5.9 BILLION)

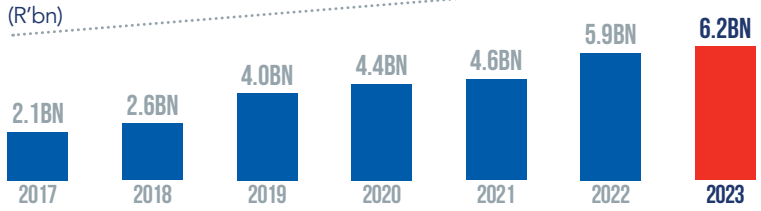
**DIVIDEND PER SHARE**
**40**
CENTS PER SHARE
(2022: 38 cents per share)

**EARNINGS BEFORE INTEREST AND TAX (EBIT)**
**15%**
TO R577 MILLION
(2022: R500 MILLION)

**HEADLINE EARNINGS PER SHARE (HEPS)**
**5%**
TO 100 CENTS PER SHARE
(2022: 105 cents per share)

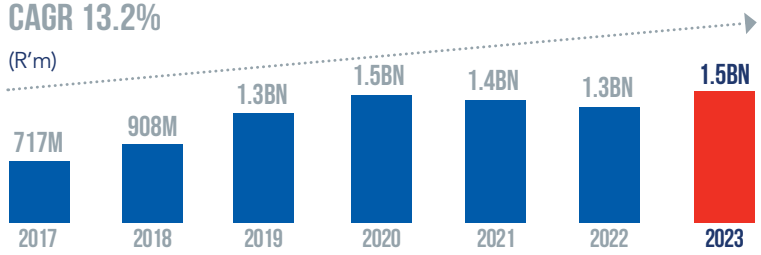
## REVENUE

CAGR 19.5%



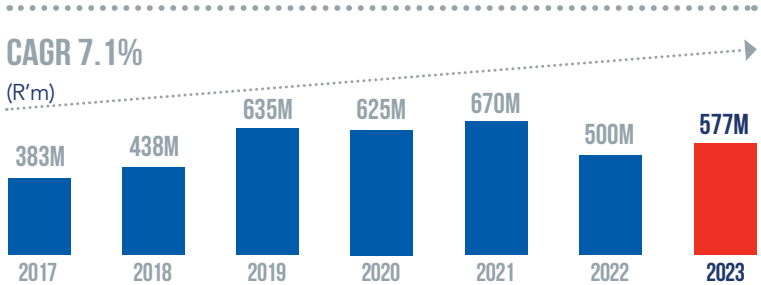

## GROSS PROFIT

CAGR 13.2%




## EBIT

CAGR 7.1%




## OUR INVESTMENT PROPOSITION

### RESILIENT AND DEFENSIVE
Amid challenging operational conditions

### LEVEL 1 B-BBEE CONTRIBUTOR C.95% BLACK-OWNED
B-BBEE score of 100.9

### STRONG TRACK RECORD OF FINANCIAL PERFORMANCE
Achieving a six-year compound annual growth rate (CAGR) in revenue of 19.5% and earnings before interest and tax (EBIT) CAGR of 7.1%

Geographically diversified customer base, providing a

### STRONG RAND HEDGE
with c.43% of sales denominated in hard currencies within established markets

### ATTRACTIVE INDUSTRY DYNAMICS
Where global demand for premium, sustainable wild-caught seafood surpasses available supply, alongside notable growth in both global aquaculture and global dairy sectors

### RECOGNISED AS SUSTAINABLE
South African hake, Exmouth and Shark Bay prawn fisheries Marine Stewardship Council (MSC) certified to 2026

CERTIFIED SUSTAINABLE SEAFOOD MSC www.msc.org

## SOUTH AFRICAN FISHING

Sea Harvest
Savour the sea

- 36 VESSELS
- 6 PROCESSING OPERATIONS

SPECIES

HAKE | HORSE MACKEREL | PRAWN
ANCHOVY | PILCHARD

EMPLOYEES

**3 300**

## SEA HARVEST INTERNATIONAL

Sea Harvest
AUSTRALIA

- 21 VESSELS
- 25 PRAWN LICENCES
- 20 SPANISH MACKEREL LICENCES
- 5 FISH TRAWL LICENCES

SPECIES

PRAWN | SCALLOP | CRAB
SPANISH MACKEREL | FISH TRAWL

EMPLOYEES

**150**

## SEA HARVEST AQUACULTURE

Sea Harvest
AQUACULTURE

- 3 AQUACULTURE OPERATIONS

SPECIES

ABALONE

EMPLOYEES

**270**

## CAPE HARVEST FOOD GROUP

Cape Harvest
FOODS

- 2 PROCESSING OPERATIONS
- 9 FACTORY SHOPS

CATEGORIES

CHEESE | BUTTER | POWDERS
CONVENIENCE FOODS

EMPLOYEES

**720**

# HIGHLIGHTS FOR 2023



An aerial view of Sea Harvest's fishing operation in Saldanha Bay

# 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 fishing and food business.

## 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.

# OUR HISTORY

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

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

**1980s** – Sea Harvest acquires Atlantic Trawling and becomes one of the largest, vertically integrated hake fishing companies in South Africa. However, sanctions against South Africa 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 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) (a black controlled and managed investment holding company) increases its ownership in Sea Harvest to 21%. In 2009, a black consortium consisting of Brimstone, Kagiso Investment Holdings (Kagiso) and senior management acquire Tiger Brands' interest in Sea Harvest and establishes 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 shareholders facilitate the acquisition of 4.4% of the business on behalf of employees through the establishment of the Sea Harvest Employee Share Trust.



An aerial view of Sea Harvest Aquaculture's abalone farm at Buffeljags

## 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**

**2016**

Brimstone acquires Kagiso's stake in Sea Harvest, increasing its shareholding to 85%. Sea Harvest 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 economic empowerment consortium that acquires 100% of Viking Fishing. Sea Harvest Group acquires a majority share of Viking Aquaculture Proprietary Limited (Viking Aquaculture)

**2019**

The Group acquires 100% of Ladismith and 100% of Mareterram, and renames Mareterram to Sea Harvest Australia and delists it from the ASX.

**2021**

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

**2022**

Sea Harvest secures its fishing rights in South Africa, laying the foundation for stability and long-term certainty.

The Group acquires 100% of the fishing business and related assets of MG Kailis Holdings Proprietary Limited (MG Kailis) in Australia.

**2023**

The Group increases its shareholding in Viking Aquaculture to 87%, allowing Sea Harvest to integrate Viking Aquaculture; extract operational synergies; and align operating structures, growth strategies and funding requirements with those of Sea Harvest.

With effect from 1 July, the Group disposed of 5% of its equity interest in BM Foods Manufacturers (Proprietary) Limited (BMFM) to the BM Foods executive committee and staff trust in order to drive succession and retention at BMFM.



# OUR OFFERINGS



## WHAT SETS US APART

### 1 RESILIENT AND DEFENSIVE NATURE OF THE GROUP

As the world navigates deeper into the 21st century, the global landscape is rapidly evolving. Amid heightened global socio-economic and political uncertainties and a challenging operational milieu, there is an escalating demand for innovation, stability and sustainable growth. Despite facing constraints, such as reduced access to primary natural resources, the Sea Harvest Group has demonstrated remarkable resilience and defensive capabilities during 2023. Operating in an environment characterised by low volumes, high inflation, elevated fuel costs, persistent electricity disruptions, infrastructure deterioration, and public institutional decay, Sea Harvest has delivered EBIT of R577 million, 15% ahead of 2022. Our commitment to job preservation and value creation for all stakeholders remains unwavering.

Refer to **pages 49 to 50** for more information on our Financial Capital, **pages 75 to 76** for more information on optimising Financial Capital and **pages 91 to 96** for our CFO's Report.

### 2 INCREASING GLOBAL DEMAND FOR OUR PRODUCTS

#### Seafood products from sustainable sources to fill the ever-increasing protein gap

The strain of the world's population growth on available food resources presents a pressing human challenge – the United Nation's World Food Programme (WFP) reports that 45% of the global population faces food insecurity. As demand for food production surges to bridge this gap, and with land becoming increasingly crowded and prone to degradation, the imperative to source food sustainably becomes paramount. Seafood, sustainably harvested or farmed, emerges as a vital solution. According to the Food and Agriculture Organization (FAO), it continues to support the livelihoods of approximately 59.6 million individuals with 3.2 billion relying on fish for at least 20% of their animal protein intake. Recognising the crucial role of seafood in addressing global food security and the escalating need for healthy, natural protein sources, Sea Harvest remains committed to pioneering solutions, where it invests in cutting-edge technologies and upholds sustainable fishing and marine farming practices, while optimising operational efficiencies to meet these challenges head-on. Moreover, the Group actively continues to pursue strategic acquisitions to capitalise on the burgeoning opportunities within the sector, building its position as a leader in sustainable seafood production.

Refer to **pages 83 to 84** for our South African Fishing segmental report, **pages 85 to 86** for our Sea Harvest International segmental report and **pages 87 to 88** for our Sea Harvest Aquaculture segmental report.

#### Dairy products

In the current global landscape, there is a notable surge in the demand for dairy products, propelled by factors such as burgeoning population figures, escalating income levels, and evolving dietary preferences. With a discernible inclination towards protein-rich food choices among consumers, the demand for dairy staples like milk, cheese and yogurt is experiencing a notable uptick. While the milk segment continues to hold sway over the global dairy market, butter and cheese have emerged as significant players, commanding the second and third largest segments, respectively.

The demand for dairy products continues to surge, even under strenuous economic conditions – revenue increased by 5% in the Group's dairy operations in the Cape Harvest Foods segment in 2023.

#### Convenience foods

In today's dynamic and fast-paced environment, convenience foods have emerged as a focal point for those who do not have the time to prepare traditional home-prepared meals. It has garnered widespread popularity, particularly among working professionals and individuals inhabiting communal living arrangements, such as young adults. These foods serve to streamline meal preparation processes at home, offering a solution to time constraints, while mitigating the occurrence of spoilage and waste.

The Group's share in the BMFG has sought to tap into this demand, driven by its diversified 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.

Refer to **pages 89 to 90** for our Cape Harvest Foods segmental report.

### 3 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 our extensive track record of growing and fostering partnerships with leading international customers. The Group generated 49% of its 2023 revenue from international markets, making it a strong rand hedge. With customers in over 30 countries, no single customer accounts for more than 10% of the Group's revenue.

Refer to **pages 35 to 40** for more information on our key stakeholders.

#### International reputation for commitment to sustainable business practices

Sea Harvest, as a renowned global producer of sustainable seafood products, has solidified its position as an industry frontrunner through the certification of its South African Cape Hake and Australian prawn fisheries by the Marine Stewardship Council (MSC) – recognised internationally as the pinnacle of sustainable wild-caught fishing standards. This endorsement not only distinguishes Sea Harvest in markets where these species are sold and distributed but also underscores the Company's unwavering dedication to marine sustainability. Moreover, the Group's commitment to sustainability encompasses an evolving carbon management strategy aimed at reducing emissions, proactive water conservation initiatives to minimise fresh-water consumption in operations, and the continuation of a robust educational programme empowering staff to actively participate in water conservation efforts across high-water-usage operations within the Group. Furthermore, Sea Harvest is intensifying efforts to augment recycled waste utilisation and is actively pursuing partnerships and initiatives to curtail waste destined for landfills.

With comprehensive environmental control systems in place, the Group remains steadfast in its pursuit of sustainable business practices and is well-prepared to address any emerging challenges with agility and resolve.

Refer to **pages 41 to 42** for more information on our Natural Capital and **pages 73 to 74** for more information on acting responsibly. Refer to our ESG report.

## 4 EXPERIENCED, GROWTH-ORIENTATED MANAGEMENT TEAM AND COMMITTED WORKFORCE

Sea Harvest has a robust and confident executive management team with a depth of experience and unwavering commitment to enhancing the Group's operations through innovative solutions. The leadership team, together with its steadfast workforce, remains focused in its pursuit of the Group's vision and the adoption of best practices, even amid challenging macro-economic conditions. Through its adeptness at generating novel ideas and methodologies, the team has been able to fortify stability within the business. This steadfastness has enabled the Sea Harvest leadership team to persistently propel the Group's strategy forward, even amid the complexities of 2023, where it effectively navigated fluctuating fishing and macroeconomic landscapes while capitalising on the global demand for seafood.

Refer to **pages 15 to 18** for more information on our leadership and **pages 77 to 82** for our strategy.

Refer to **pages 43 to 44** for more information on our Human Capital.

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

Our business operations encompass the entirety of the value chain, spanning from harvesting and sourcing to production, sales and distribution. The business has made substantial investments across every stage of its value chain, solidifying its presence and commitment to excellence throughout the process. Our factories are accredited by key international organisations and regulators, 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.

Industries such as fishing, aquaculture, value-added dairy, and convenience food demand significant capital investment due to their capital-intensive nature. These sectors rely on costly assets, substantial working capital, economies of scale, and access to markets to maintain competitiveness on a global scale. The Group's substantial investments in these areas over the past 60 years has allowed it to develop a foothold in a challenging world. At the end of 2023, the Group held total assets worth R8 billion.

Refer to **pages 47 to 48** for more information on our Manufactured Capital and **pages 65 to 66** for more information on operating efficiently.

## 6 DEMONSTRABLE COMMITMENT TO SOCIAL TRANSFORMATION

At Sea Harvest, our commitment to social transformation is unwavering and runs at the core of our business practices.

Our efforts in this regard are reflected in our Level 1 B-BBEE contributor status. During 2023, the Group spent R504 million (2022: R430 million) with 434 small, medium and micro enterprises (SMMEs) (2022: 421) and R1.6 billion (2022: R1.5 billion) with majority black-owned suppliers.

The Group is committed to catalysing positive societal transformation by fostering job creation, nurturing skills development, and strategically directing a significant portion of its procurement expenditure to suppliers located in economically disadvantaged and semi-rural areas. This deliberate approach yields far-reaching effects in communities, acting as a key driver for employment growth in these regions.

Moreover, Sea Harvest steadfastly upholds its commitment to advancing social progress through direct enterprise and supplier development initiatives, with a contribution of R13 million in 2023 (2022: R6.5 million). Additionally, the Company extended its support to the broader community in its operational vicinity through contributions to the Sea Harvest Foundation and the Fisheries Fund, totalling R4.8 million in 2023 (2022: R4.5 million).

Refer to **pages 51 to 52** for our Social and Relationship Capital and **pages 111 to 115** for our Social, Ethics and Sustainability Committee Report.

Refer to our ESG report.

## 7 ETHICAL AND EFFECTIVE LEADERSHIP THROUGH GOVERNANCE

Sea Harvest persistently adheres to its five core values, recognising them as the bedrock of our business and essential for fostering success. The Company's leadership wholeheartedly embrace these values, understanding their pivotal role in shaping a thriving organisation. Central to these principles is our unwavering dedication to cultivating trust through the consistent application of robust corporate governance practices, including transparency and disclosure. This commitment to integrity ensures that all stakeholders can place their trust in the Group, confident in the knowledge that it operates ethically and with integrity, while the leadership team remains resolutely dedicated to making well-informed decisions that serve the best interests of all stakeholders.

Refer to **pages 99 to 106** for our Governance Report. Refer to our ESG Report.



A learner from Middelpos Primary with a tree-in-a-can that was distributed by Sea Harvest during the School Recycling Project

# OUR LEADERSHIP

OUR LEADERSHIP

For information on our corporate governance, please refer to the Governance Report on **pages 99 to 106.**

## OUR BOARD OF DIRECTORS

For full profiles, please visit **www.seaharvestgroup.co.za/our-management/sea-harvest-group-directors/**

69



**Fred Robertson**
*Non-executive Chairperson*
*Appointed to board: 2009*

51



**Felix Ratheb**
*Group Chief Executive Officer*
*Appointed to board: 2009*

45



**Muhammad Brey**
*Group Chief Financial Officer*
*Appointed to board: 2016*

71



**Marshall Rapiya**
*Lead Independent Non-executive Director*
*Appointed to board: 2016*

49



**Tiloshani Moodley**
*Non-executive Director*
*Appointed to board: 2018*

58



**Iqbal Khan**
*Non-executive Director*
*Appointed to board: 2016*

46



**Kholeka Zama**
*Independent Non-executive Director*
*Appointed to board: 2018*

54



**Kari Lagler**
*Independent Non-executive Director*
*Appointed to board: 2018*

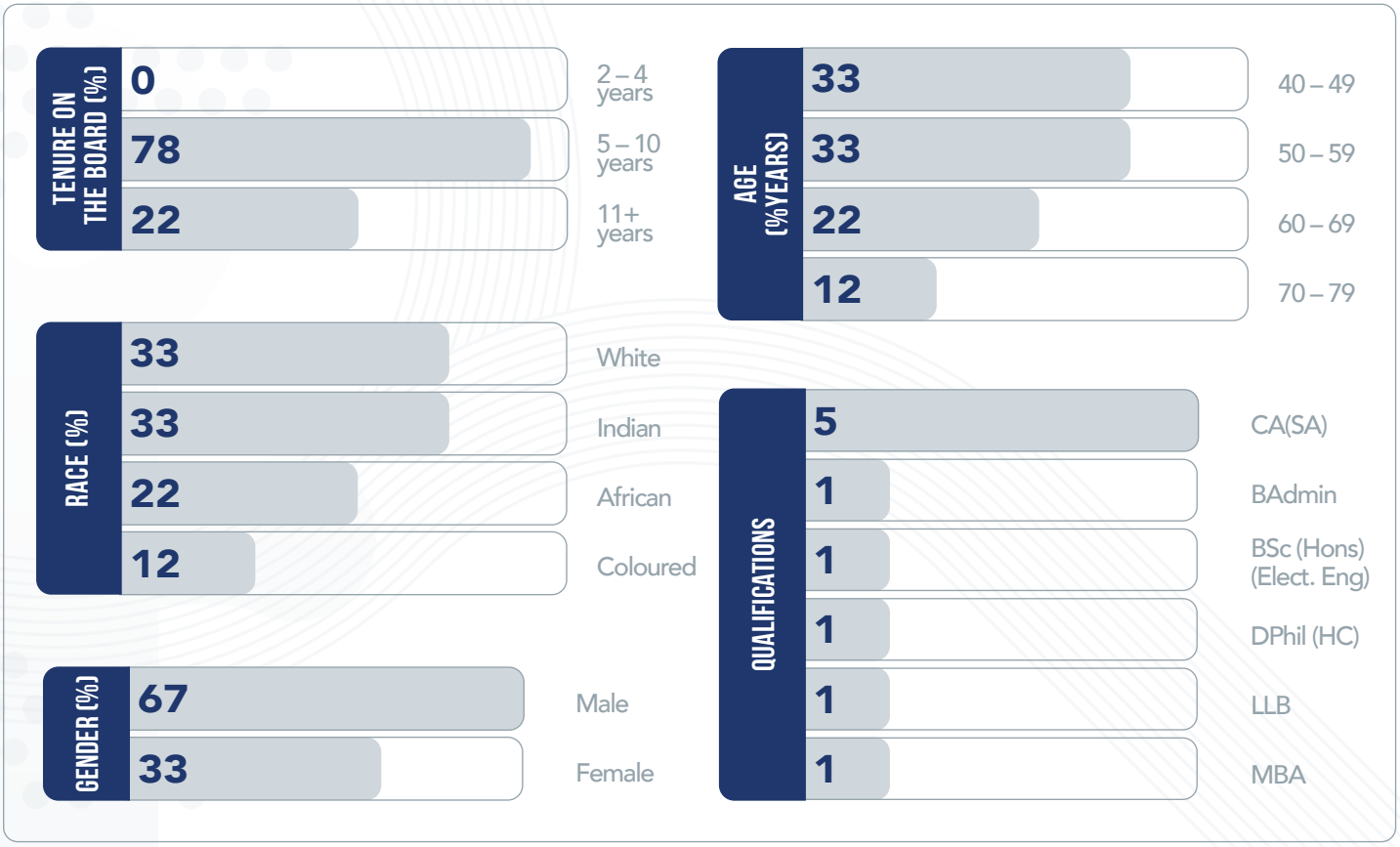
65



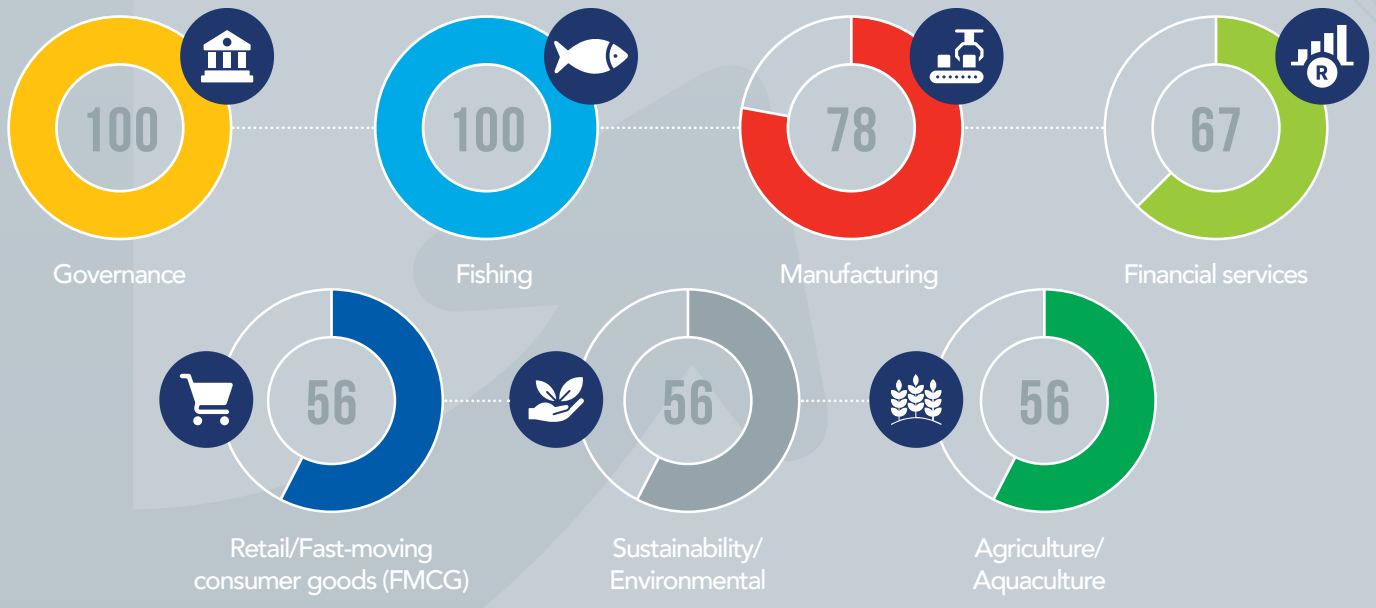
**André Hanekom**
*Independent Non-executive Director*
*Appointed to board: 2016*

## BOARD EXPERTISE, DEMOGRAPHICS AND RACIAL DIVERSITY

The Board comprises the appropriate balance of knowledge, experience, skills and diversity to discharge its responsibilities.




### EXPERIENCE (%)



# OUR LEADERSHIP

OUR LEADERSHIP

## OUR EXECUTIVE COMMITTEE

For full profiles, please visit **www.seaharvestgroup.co.za/our-management/sea-harvest-group-executives/**

51



**Felix Ratheb**
*Group Chief Executive Officer*
*Appointed to Exco: 2009*

45



**Muhammad Brey**
*Group Chief Financial Officer*
*Appointed to Exco: 2016*

38



**Madoda Khumalo**
*Strategic Services Director: South African Fishing*
*Appointed to Exco: 2015*

49



**Terence Brown**
*Managing Executive (Saldanha Operations): South African Fishing*
*Appointed to Exco: 2014*

64



**Mary-Lou Harry**
*Human Resources Director: South African Fishing*
*Appointed to Exco: 2009*

51



**Renaldo Groenewald**
*Managing Director: Ladismith*
*Appointed to Exco: 2019*

54



**Konrad Geldenhuys**
*Chief Operating Officer: South African Fishing*
*Appointed to Exco: 2013*

52



**Mats Jörnell**
*Managing Director: Sea Harvest Aquaculture*
*Appointed to Exco: 2021*

60



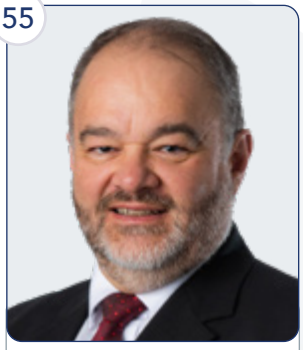
**Costas Vayanos**
*Managing Director: BM Foods Group*
*Appointed to Exco: 2021*

34



**Simone Gounden**
*Group Company Secretary, Legal and Compliance*
*Appointed to Exco: 2022*

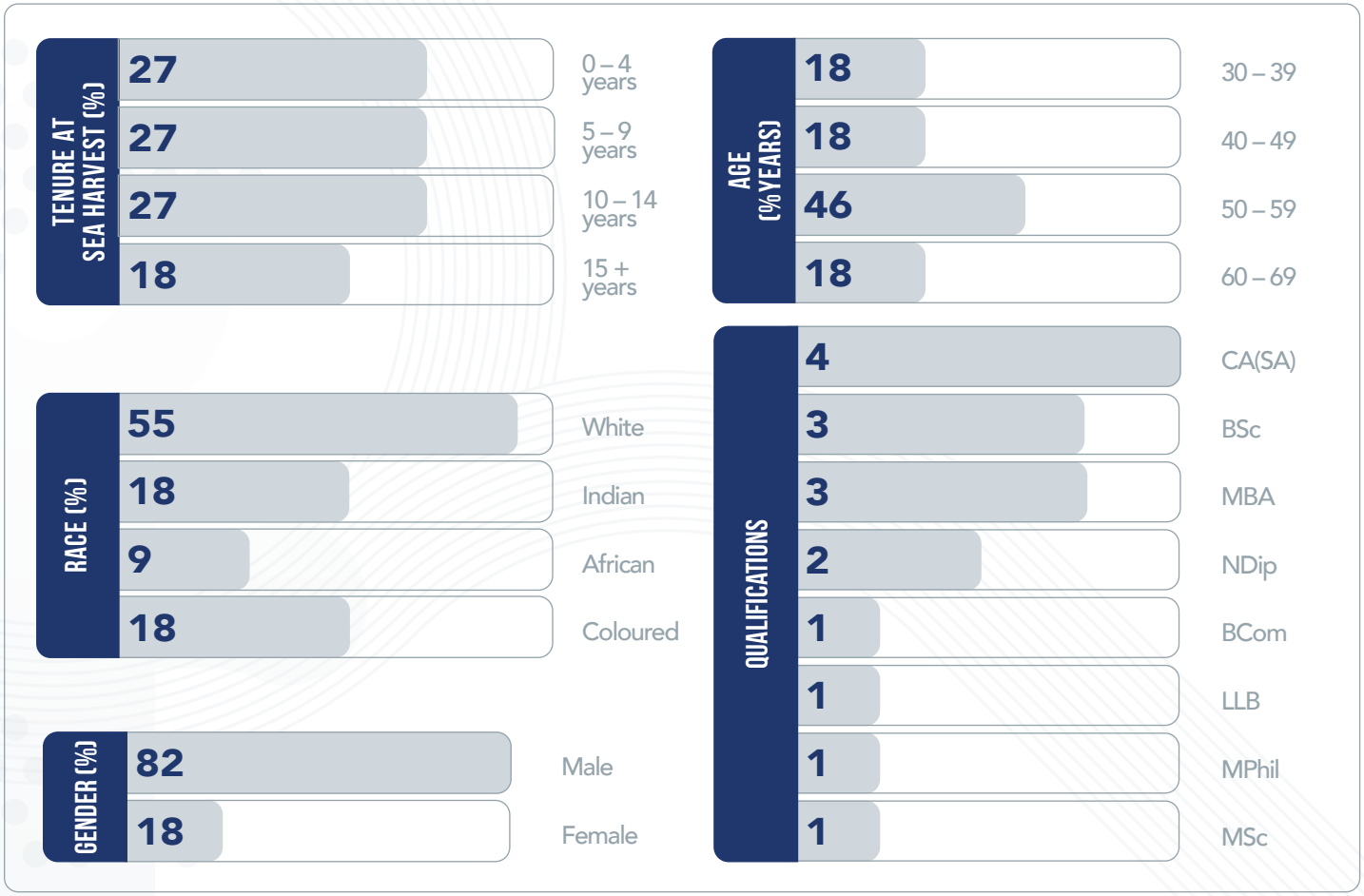
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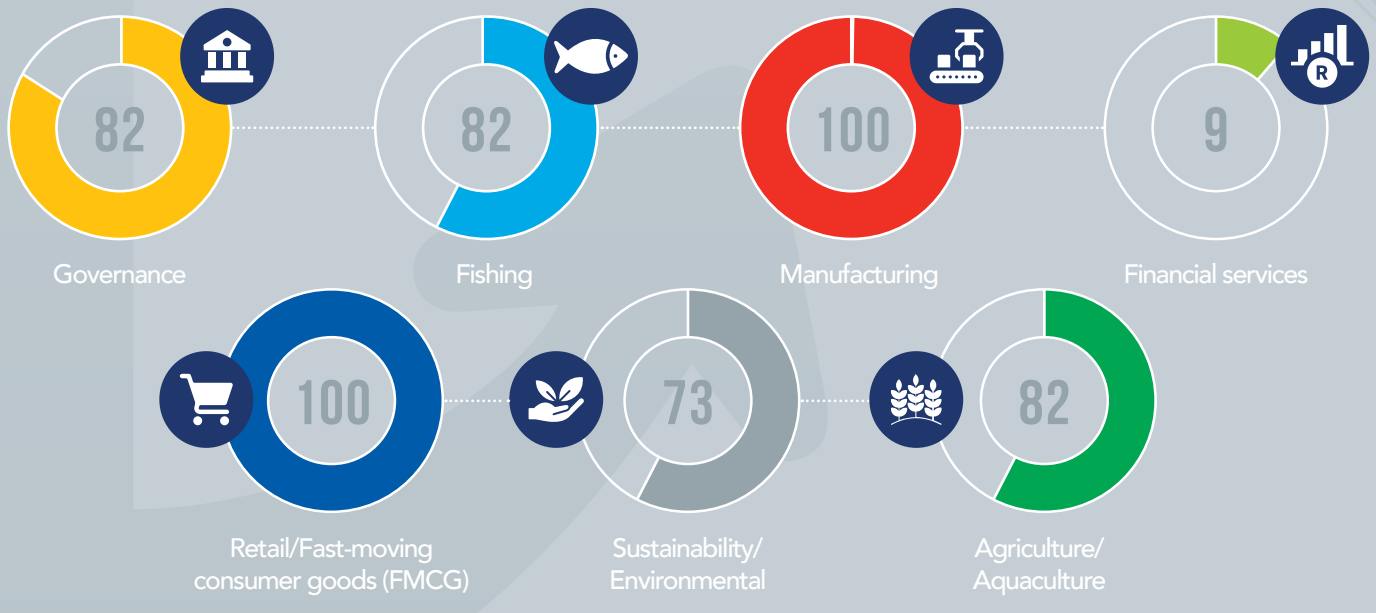
**Gerrit Nortje**
*Finance Director: South African Fishing*
*Appointed to Exco: 2013*

## COMPOSITION

The Group has a unitary Executive Committee, presently comprising directors and executives from the Group's subsidiaries.




### EXPERIENCE (%)



# OUR VALUE-CREATION BUSINESS MODEL

## THE SEA HARVEST GROUP AT A GLANCE



### CAPITAL INPUT

See **page 41**

**NC NATURAL CAPITAL**

The natural resources we use that enable the operation of our business

See **page 43**

**HC HUMAN CAPITAL**

The employees who are the major contributors to our success

See **page 45**

**IC INTELLECTUAL CAPITAL**

The skills, experience and innovation that Sea Harvest harnesses to deliver its world-class products

### VALUE-ADDING ACTIVITIES

See **pages 83 to 90**

**SOUTH AFRICAN FISHING**

- Efficiently harvests, processes and distributes premium fish products globally

**SEA HARVEST INTERNATIONAL**

- Harvests, processes and distributes premium prawn and other fish species
- Provides engineering services and maintenance for its vessels and third-party customers

**SEA HARVEST AQUACULTURE**

- Farming and marketing of South African abalone

**CAPE HARVEST FOOD GROUP**

- Dairy products – produces a variety of value-added dairy products from milk (such as cheese, butter and powdered milk) and markets these products
- Convenience foods – manufactures and distributes chilled, frozen and ambient convenience foods
- Sea Harvest factory shops




### CAPITAL OUTCOMES

- Our South African Cape Hake, Australian Shark Bay and Exmouth prawn fisheries products retained their certification by the MSC
- Implemented additional metrics to enhance water management effectiveness and bolstered our workforce to address any issues and facilitate reduction efforts
- Renewable wind energy with a 1.3MW power capacity and actively sought to diversify our energy mix further with solar energy procurement
- Carbon emissions (Scope 1): 130 457 $tCO_2e$ (2022: 125 391 $tCO_2e$)
- Worked with the regulator in Australia to reduce the headrope in the Shark Bay prawn fishery by 33% from 2023 to improve the maximum economic yield (MEY)

- R1.3 billion paid in salaries and wages
- African, Coloured and Indian (ACI) employees: 92% (2022: 92%) of South African employees
- DIFR reduced from 0.05 in 2022 to 0.03 in 2023 through a consistent focus on safety awareness
- Spent R43 million upskilling 1 359 Group employees during 2023, with over 95% spent on previously disadvantaged individuals

- Longstanding relationships with both suppliers and customers, ensuring a mutually beneficial relationship under challenging trading conditions in 2023
- Development and retention of highly talented and skilled staff within the Group
- Brands saw continued strengthening due to sustained online presence
- Maintained all of the Group's food quality assurance certifications during 2023

### VALUE CREATION FOR OUR STAKEHOLDERS

**EMPLOYEES AND LABOUR UNIONS**
See **page 35**

- ✪ Sustained c.4 440 jobs across the Group
- ▲ R1.3 billion paid in salaries and wages
- ▲ R43 million spent on providing training and skills development opportunities
- ▼ Lost-time injury frequency rate (LTIFR): 3.97

**SHAREHOLDERS**
See **page 36**

- ✪ Achieved EBIT of R577 million at EBIT margin of 9%
- ▼ HEPS reduced by 5% to 100
- ▲ An ordinary dividend of 40 cents per share was declared
- ▲ Aquaculture portfolio streamlined with the sale of the oyster business and the buy-out of Viking Aquaculture minorities, increasing the Group's shareholding to 87%

**FUNDERS**
See **page 36**

- ▼ R223 million was incurred in net interest
- ✪ No material funding covenants were breached
- ✪ Met the sustainability key performance indicator (KPI) related to a 5% reduction in water use in Saldanha
- ▼ Did not meet the sustainability KPI related to a 2% reduction in absolute emissions (Scope 1)

**GOVERNMENT AND REGULATORS**
See **pages 37**

- ✪ Retained Level 1 B-BBEE contributor status, with black ownership of c.95%
- ▲ Foreign revenue of R3 billion
- ▲ Paid taxes and levies of R437 million

✪ Achieved
▲ Increased
▼ Decreased

# STRATEGIC PERFORMANCE

Sea Harvest's strategy has been established around six pillars, split between organic growth and acquisitive growth. Please refer to **pages 77 to 82.**



See **page 47**

## MC MANUFACTURED CAPITAL

The assets that we leverage to craft our product offerings

See **page 49**

## FC FINANCIAL CAPITAL

The funds we allocate to facilitate the execution of our strategic initiatives

See **page 51**

## SC SOCIAL AND RELATIONSHIP CAPITAL

The relationships that support the business in its ambitions

NON-NEGOTIABLES

## OUR MATERIAL CARDINAL POINTS See **pages 65 to 76**

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

## OUR TOP RISKS See **pages 53 to 58**

1. Retention of fishing rights
2. Electricity load shedding
3. Macroeconomic factors
4. Sustainability of resources
5. Business interruption
6. Loss of major assets
7. Quality and food safety standards
8. Employee safety
9. Scarcity of critical skills
10. Market concentration risks

## OUTPUTS

**PREMIUM QUALITY SEAFOOD, DAIRY AND CONVENIENCE FOOD PRODUCTS** for our customers who are retailers, foodservice providers, and food producers locally and internationally in **over 30 COUNTRIES AROUND THE GLOBE.**

- Number of days at sea: 9 733 days (2022: 9 798 days)
- Land-based production output: 51 256 tonnes (2022: 56 978 tonnes):
  - Fish and shellfish: 23 642 tonnes (2022: 24 482 tonnes)
  - Dairy: 23 788 tonnes (2022: 24 796 tonnes)
  - Convenience foods: 3 826 tonnes (2022: 7 700 tonnes)

- Revenue increased by 6% to R6.2 billion (2022: R5.9 billion)
- EBIT increased by 15% to R577 million (2022: R500 million)
- HEPS reduced 5% to 100 cents per share (2022: 105 cents)
- Interest expense increased to R223 million (2022: R124 million) as a result of higher levels of debt and higher interest rates
- Ordinary dividends per share declared in respect of the 2023 financial year increased 5% to 40 cents (2022: 38 cents)
- Return on capital employed (ROCE) remained constant at 10% 2022: 10%) as a result of the softer performance
- Net debt to earnings before interest, taxes, depreciation and amortisation (EBITDA) remained stable at 2.7 times EBITDA (2022: 2.7 times) in a high interest and debt environment
- Generated R682 million (2022: R659 million) cash from operations

- Retained a Level 1 B-BBEE contributor status and achieved a score of 100.88 (2022: 102.21)
- Increased our support to nine black SMMEs in the fishing sector
- The Group spent R1.6 billion on procuring goods and services from 642 majority black-owned businesses
- The Group spent R1.5 million supporting small scale fishing communities and contributed to development of the Oceans Economy through the Fisheries Fund

### INDUSTRY PARTNERS See **page 38**

- Spent R504 million supporting 434 SMMEs
- Actively supported nine black SMMEs in the South African fishing sector
- Sea Harvest Australia continued to lead the way in the sustainable management of resources and participated in a share-fishing arrangement with the boat skippers who operate their fishing vessels

### CUSTOMERS AND CONSUMERS See **page 39**

- Spent R15 million in marketing and advertising activities during 2023
- Market share of 40% in the South African Fishing segment's domestic retail market in 2023
- Focus on social media resulted in 8 million views of Sea Harvest seafood product videos and 23 million advertising impressions in 2023, while Ladismith's social media had a reach of 2 million via Facebook and Twitter

### SUPPLIERS AND SERVICE PROVIDERS See **pages 39 to 40**

- The Group's procurement policies resulted in R1.6 billion being spent on majority black-owned suppliers
- R13 million was contributed towards enterprise and supplier development
- Spent R504 million supporting 434 SMMEs

### COMMUNITIES AND NON-GOVERNMENTAL ORGANISATIONS (NGOS) See **page 40**

- Through the Sea Harvest Foundation, the Group invested R3.3 million in community-based projects
- Through the Fisheries Fund, the Group, together with Brimstone and FoodBev Seta, supported SMMEs and the small-scale fishing sector communities by providing them with various training and coaching initiatives in 2023

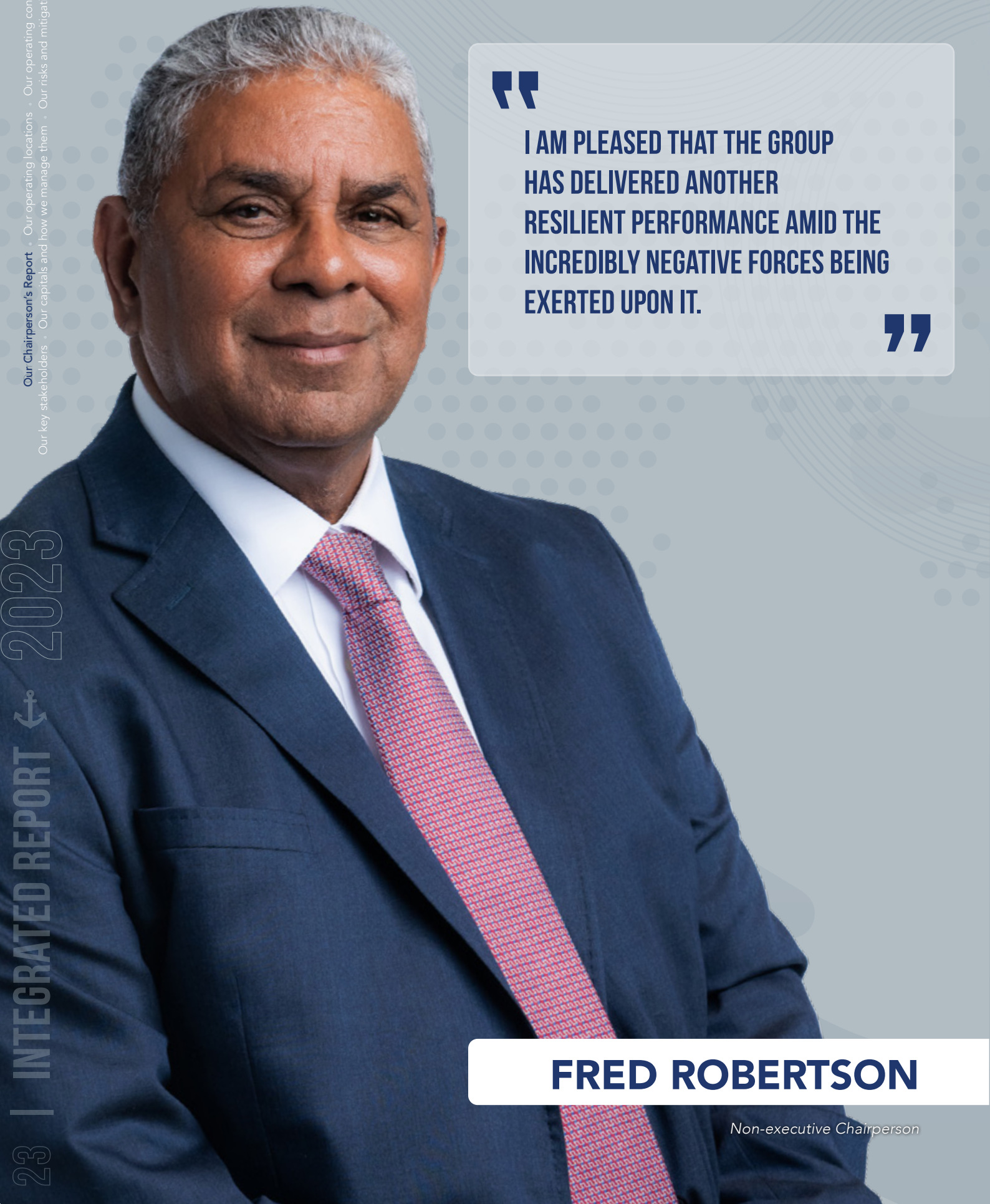

03

# NAVIGATING A TURBULENT CONTEXT


| | |
|---|---|
| Our Chairperson's Report | **23** |
| Our operating locations | **27** |
| Our operating context | **29** |
| Our key stakeholders | **35** |
| Our capitals and how we manage them | **41** |
| Our risks and mitigations | **53** |

# OUR CHAIRPERSON'S REPORT





> "I AM PLEASED THAT THE GROUP HAS DELIVERED ANOTHER RESILIENT PERFORMANCE AMID THE INCREDIBLY NEGATIVE FORCES BEING EXERTED UPON IT."

**FRED ROBERTSON**

*Non-executive Chairperson*

I have the privilege of presenting the Sea Harvest Group IR for the 2023 financial year. This IR provides the Group an opportunity to share its integrated thinking processes and financial results with all our stakeholders. It is my hope that through this report, coupled with the ESG Report, we will demonstrate how the Group has positively impacted and added value, directly or indirectly, to every one of our stakeholders. This is becoming more important in a more volatile global economy where value is being eroded and our humanity and its environment is being severely challenged.

The past year has seen an increase in global conflict politically and in the form of physical and violent warfare. The tension between Russia and the Ukraine has not abated, and the recent horrendous conflict in the Middle East, particularly in Palestine, has the potential to expand into a broader regional conflict with the immediate economic impact of surging oil prices. I commend South Africa and our government for rising as a beacon of democracy on the international stage and would urge all parties to work hard to de-escalate the situation and strive for peace in the region. Humanity and future generations deserve everlasting peace as a most basic human right; else we will only be an intelligent human race on paper but devoid of any humanity!

Globally, we have also seen increasing impacts of climate change. Unusual weather patterns resulting in torrential rains and flooding that have turned roads into rivers, washing away homes; earthquakes that have left communities destroyed; fires that have raged for days and even weeks on end forcing people to evacuate their homes; heat waves that have destroyed crops, pushed up water consumption, and put a strain on health and emergency services; and which have threatened food security. Climate change has also impacted many fisheries, and we have noticed the movement of biomass into different territories.

On the domestic front, South Africa continues to battle a variety of challenges. We have the untenable situation of load shedding that is causing major challenges to businesses and the lives of ordinary people. The impact of load shedding on the Group has directly added an additional cost of R46 million during the year under review. Crime and rampant corruption seem to be out of control with very slow progress in the prosecution of its perpetrators.

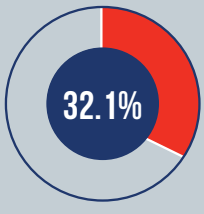
We have widely read about the failure of state-owned enterprises. For the South African economy to grow unfettered, we need a logistics network of roads, harbours, rail and air that operates efficiently. I am concerned at the current situation and appeal to government and Transnet to act swiftly to avert a potentially bigger crisis by implementing suitable long-term solutions to this crisis. Our ports are critical to the country's economic activity and our country can ill afford this becoming a bigger problem than what it already it is.

Despite the global and domestic challenges outlined above, I am pleased that the Group has delivered results that reflect a resilient business. Three of the four operating segments achieved increased revenue during the year under review, resulting in an overall increase in the Group's revenue and EBIT compared to the prior year. This is due to the hard work and effort of leadership, management teams, and the entire workforce that exist in this diversified food group.

With a view to acquisitive growth in our core fishing business, we have recently announced our offer to acquire, subject to various regulatory approvals, businesses in the Terrasan Group Limited, operating in the pelagic fish and abalone sectors. Importantly, in remaining anchored by our purpose and values as a company, the proposed transaction will benefit Terrasan employees by securing jobs and generating value for the beneficiaries of the Saldanha Foods Employee Trust and the local communities of Saldanha, St Helena Bay, Gansbaai, Buffeljags, Kleinzee and Hermanus.

Sea Harvest has grown its footprint from a small fishing community on the west coast of South Africa, to an international group of companies that markets and sells its products to more than 30 countries on five continents. In 2024, Sea Harvest will celebrate its 60th year of operations, with the Sea Harvest brand earning itself recognition as a truly South African success story. Over the years, Sea Harvest has remained true to its roots, cognisant of the power of its choices, and, as such, choosing to maintain its key hub and largest operating location in the town of Saldanha where its roots are anchored. It is evident that, despite all the changes that have taken place and the obstacles that it has had to navigate, the business has not deviated from its commitment to integrating the principles of responsibility towards the environment, society and governance into its operations.

### SOUTH AFRICA'S UNEMPLOYMENT RATE, Q4 2023

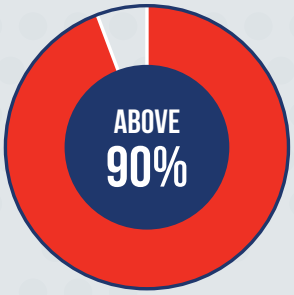



Unemployment and low growth remain a problem, with Stats SA reporting an official unemployment rate of 32.1% at the end of Q4 2023, equating to a staggering 7.9 million people who cannot find jobs and who, subsequently, are unable to provide for their families. High inflation and high interest rates are negatively impacting the South African consumer who is already under pressure. This characteristic is confirmed by the consumer behaviour we are observing in our sector.



# OUR CHAIRPERSON'S REPORT CONTINUED

## THE GROUP'S BLACK OWNERSHIP %




Some of our ESG highlights in 2023 were maintaining our **Level 1 B-BBEE** contributor status and black ownership at well **above 90%**.

We invested R43 million in developing our Human Capital through continued training and skills development. The Sea Harvest Foundation and Fisheries Fund invested significant time and funds in supporting thousands of beneficiaries, including many young people, from the local communities in which the Group operates. I am pleased to receive the overwhelmingly positive feedback about South African Fishing staff from the Saldanha Bay operations who were given an opportunity to join Sea Harvest Australia – they continue to integrate into and add value to that business, illustrating the high-quality skills we possess in South Africa.

The Board endeavours to ensure that the business always operates according to the highest standards of ethics and good corporate governance. Sustainability and sustainable practices in every form remain a key priority for the Board and executive team. The Social, Ethics and Sustainability Committee have begun consolidating our efforts into a coherent strategy with clear deliverables and timelines.

I express my sincere thanks to my fellow Board members and our CEO Felix Ratheb, the executive team, and staff for their unwavering commitment to ensuring that the Group was able to rise and face the risks and challenges during the year.

In conclusion, I thank all our shareholders, stakeholders, suppliers, customers, unions, regulators, advisors and associates for their unwavering support that contributes to Sea Harvest Group being the great company that it is.

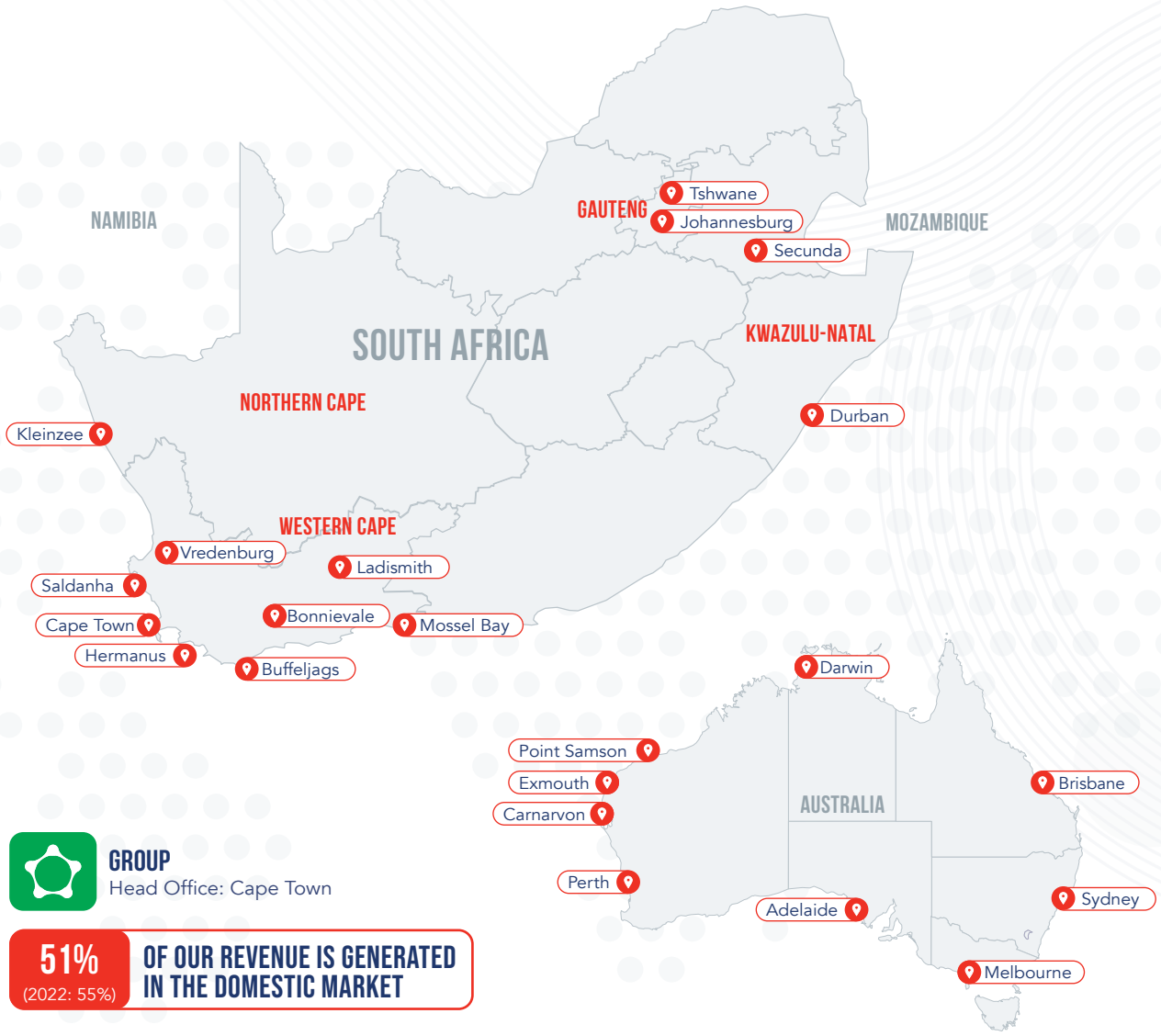
**FRED ROBERTSON**
*Non-executive Chairperson*





An aerial view of Sea Harvest Aquaculture's abalone farm in Buffeljags

# OUR OPERATING LOCATIONS

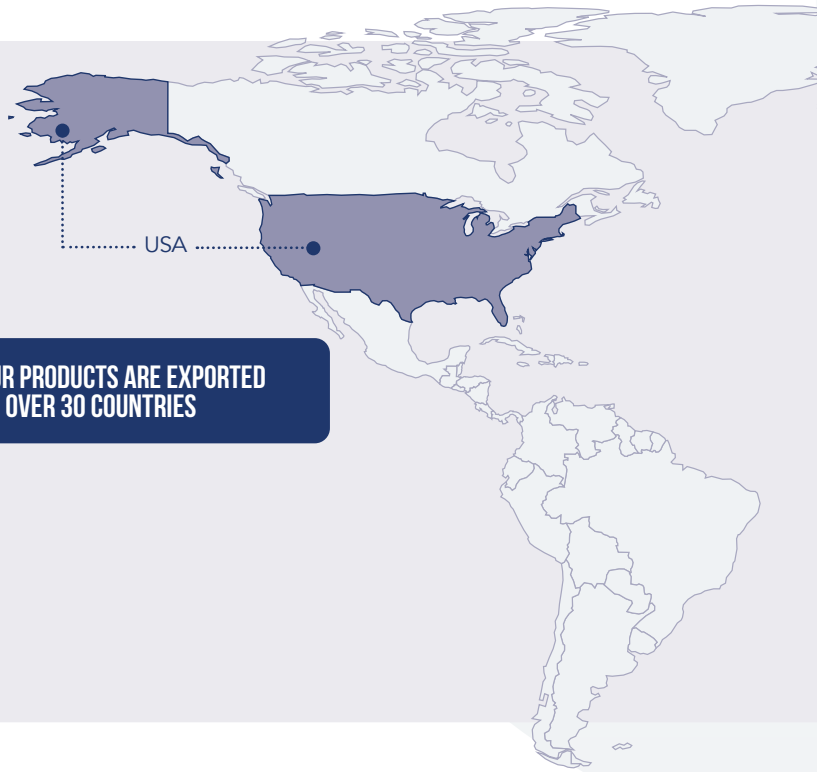



**GROUP**
Head Office: Cape Town

**51%** (2022: 55%) **OF OUR REVENUE IS GENERATED IN THE DOMESTIC MARKET**

## OPERATING CONTEXT

| Key factors | Page |
|---|---|
| Raw material availability | 29 |
| Inflation and high interest rates | 30 |
| Challenging domestic economic environment | 30 |
| Fuel price | 31 |
| South African regulatory and infrastructure challenges | 31 |
| Currency | 32 |
| Consumer demand | 33 |




**OUR PRODUCTS ARE EXPORTED TO OVER 30 COUNTRIES**

| 51% (2022: 55%) | Revenue SOUTH AFRICA | 22% (2022: 22%) | Revenue EUROPE | 18% (2022: 15%) | Revenue AUSTRALIA | 9% (2022: 8%) | Revenue OTHER MARKETS |
|---|---|---|---|---|---|---|---|

## KEY

- SOUTH AFRICAN FISHING
- SEA HARVEST INTERNATIONAL
- SEA HARVEST AQUACULTURE
- CAPE HARVEST FOOD GROUP

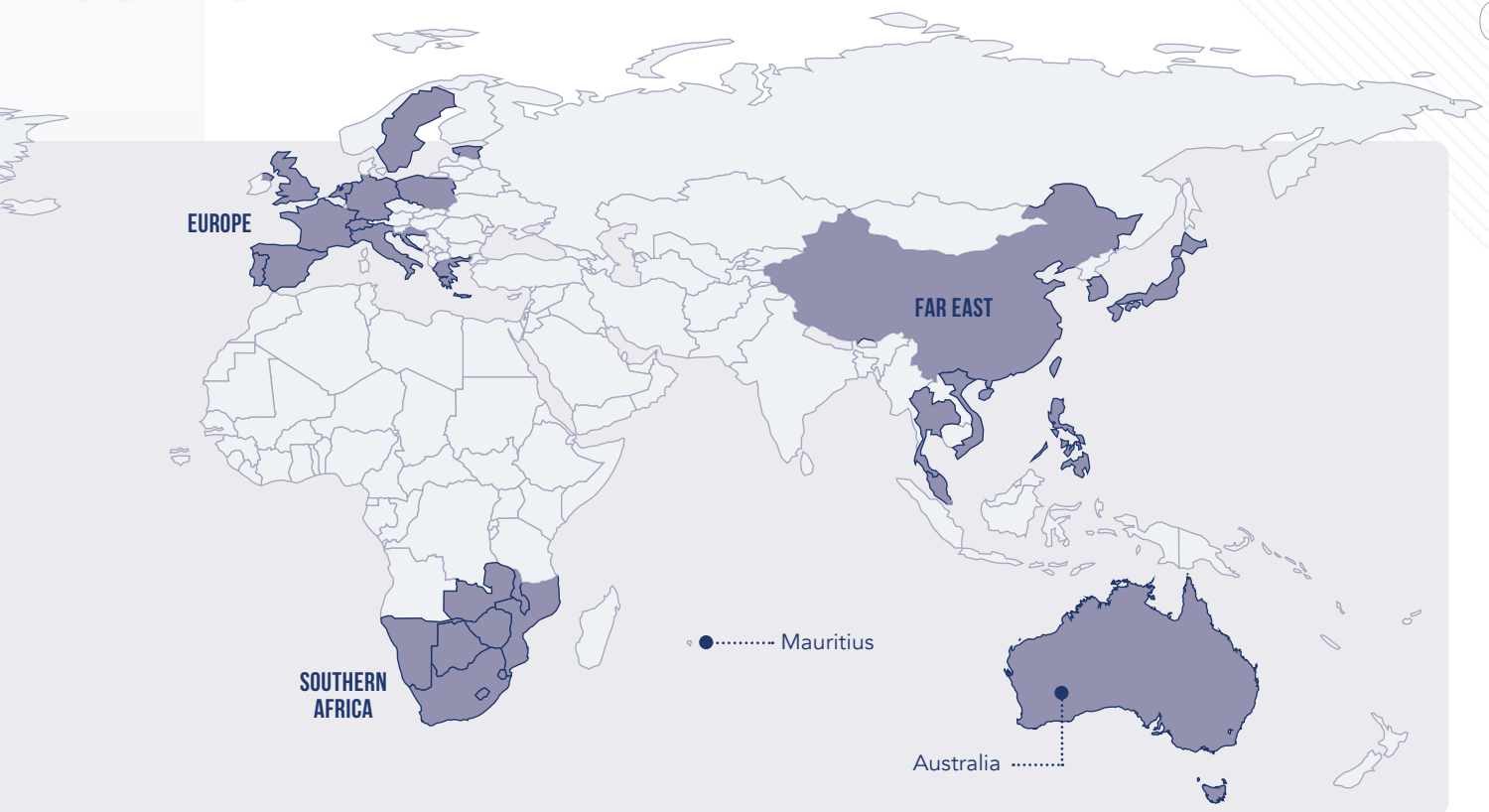
- Fishing operations
- Dairy production facilities
- Factory shops
- Offices
- Seafood processing facilities
- Aquaculture operations
- Cold storage and distribution
- Food manufacturing facilities
- Engineering facility

| | | |
|---|---|---|
| Adelaide | | |
| Bonnievale | | |
| Brisbane | | |
| Buffeljags | | |
| Cape Town (Factory shops: Paarl, Kenilworth) | | |
| Carnarvon | | |
| Darwin | | |
| Durban | | |
| Exmouth | | |
| Hermanus | | |
| Johannesburg (Factory shop: Xavier) | | |
| Kleinzee | | |
| Ladismith | | |
| Melbourne | | |
| Mossel Bay | | |
| Perth | | |
| Point Samson | | |
| Saldanha Bay | | |
| Secunda | | |
| Sydney | | |
| Tshwane (Silverton, Rooihuiskraal, Gezina) | | |
| Vredenburg | | |

Refer to **pages 83 to 90** for more information on our segments.

## OUR GLOBAL PRESENCE

● Regions where our products are sold



# 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, sustainable seafood, as well as value-added dairy and convenience foods, to over 30 countries around the world.

Our business model and value creation for our stakeholders are directly affected by the external environment. Understanding this environment is crucial to mitigate risks and seize opportunities. We have examined political, economic, social and environmental factors in our operating areas, identifying seven trends that currently or potentially impact Sea Harvest's operations and value creation for stakeholders in the short, medium and long term.

### 1 RAW MATERIAL AVAILABILITY

- The Fisheries Management Directorates in both South Africa and Western Australia, supported by their governments, lead in fisheries management and scientific research, collaborating with academic and industry partners. Under the governance of the Department of Forestry, Fisheries and the Environment (DFFE) and the Department of Primary Industries and Regional Development's (DPIRD's), stakeholders actively manage each country's fishing resources, following scientifically evaluated annual Total Allowable Catches (TACs) or effort controls to minimise environmental impacts. Surveys and assessments for targeted species are conducted year round to maintain their health, with adjustments made to TACs or effort controls as needed to ensure sustainability, guided by the respective regulators' objectives.
- The latest assessments for Cape Hake indicated a continued steady increase in the spawning biomass of shallow-water hake but a decrease in that of deep-water hake. Spawning biomasses of both species are estimated to lie well above Maximum Sustainable Yield (MSY).
- The most recent assessments for Cape Horse Mackerel indicate that the estimates of current spawning biomass are well above MSY.
- Small pelagic fishes (anchovy and sardine) are characterised by inherent and high levels of natural variability. The 2022 pelagic biomass survey indicated some recovery in sardine, but the population remains below the long-term average, and the resource is considered as being between depleted and optimal status. Anchovy are considered at optimal status.

**Impact**

- A fresh Operational Management Procedure (OMP) has been implemented for the period 2023-2026. This strategy establishes the fundamental scientific guidelines to regulate the management of the Cape Hake resource during this timeframe. The stabilisation of hake commercial catch rates between 2020 and 2021, coupled with a slight improvement in research survey assessments in 2022, saw the hake TAC for 2023 increase by 5% to 141 000 tonnes.
- Other species harvested by the Group, such as Cape Horse Mackerel and small pelagics, have enjoyed consistency, with the TAC for the former remaining the same between 2022 and 2023 and the latter increasing slightly during 2023.
- In 2023, the status of the slightly lower but dominant deep-water hake spawning biomass resulted in reduced catch rates during the year. This, in turn, reduced the South African Fishing operation's volumes in its premier target specie. Hake catch rates per sea day reduced by 8% compared to 2022, resulting in significantly lower hake catch volumes, severely impacting the 2023 results.

**Impact** CONTINUED

- In Australia, Shark Bay prawn catches remain historically low despite a 33% reduction in effort in 2023. Exmouth prawn catches also decreased due to below-average rainfall and reduced river runoff, leading to subdued productivity estimates in the bay.
- The general availability of milk in South Africa during 2023 was lower than what was produced in 2022 due to environmental and macroeconomic conditions.
- The Group's abalone farms are still in a growth phase, and even with improved growth rates, the animals were mainly smaller sized.

**Our response**

- In the Group's South African Fishing segment, revenue increased by 10% in 2023, despite a 6% reduction in hake raw material availability, driven by increased selling prices to mitigate the lower volumes.
- Through our leadership roles in the South African Deep-Sea Trawling Industry Association (SADSTIA) (members of the Executive and Scientific Committees) and as members of the South African Midwater Trawling Association (SAMTA) and the South African Pelagic Fishing Industry Association (SAPFIA), respectively, Sea Harvest actively promotes the sustainable management of our marine resources through responsible fishing practices and active engagement with all stakeholders in the sectors.
- In late 2019, Sea Harvest Australia successfully collaborated with the Western Australia Fisheries Department to advocate for a delayed start to the prawn catching season. This management initiative was put into effect, allowing the prawn resource to mature, thereby enhancing both volumes and size distribution. Despite these efforts, the desired objectives for resource growth were not met. Consequently, Sea Harvest engaged with fellow operators in the fishery and regulatory authorities to implement interventions beyond the initially agreed-upon measures. The 33% reduction in headrope in 2023 aimed to enhance catch volumes; however, it failed to deliver the expected results. Consequently, a more stringent approach will be adopted in 2024, with a 50% reduction planned. Although some efficiencies were realised in 2023, catch levels remained insufficient.
- The Group procured less milk than it did during 2022, due to lower milk availability; however, it directed its use to higher-margin products.
- The Group expanded its customer base and opened a sales office closer to its primary Far East markets. This, together with increased diversification in product formats for its abalone products, was an effort to increase sales.

## 2 INFLATION AND HIGH INTEREST RATES

- The confluence of the lingering effects of the COVID-19 pandemic and heightened geopolitical tensions in Central Europe led to an upward trajectory in interest rates across both developing and developed nations, reaching a peak in mid-2023. Although certain central banks have implemented modest rate reductions, the majority are adopting a cautious approach, maintaining rates at current levels amid an alleviation of global inflation from its peak in 2022.

### Impact

- Stubbornly high inflation remained relatively stagnant during 2023 and was felt by the Group, with persistently high input costs throughout the value chain affecting margins during the year under review.
- During 2023, the average inflation rate in South Africa was 6.0%, which was within touching distance of the South African Reserve Bank (SARB) target of 3% to 6%. In response, the SARB maintained a cautious approach and kept the repo and prime lending rates at 8.25% and 11.75%, respectively, by the close of 2023. The Group's average interest rates increased c.47%, coupled with higher debt levels, this resulted in net finance costs of R223 million, 79% higher than 2022.

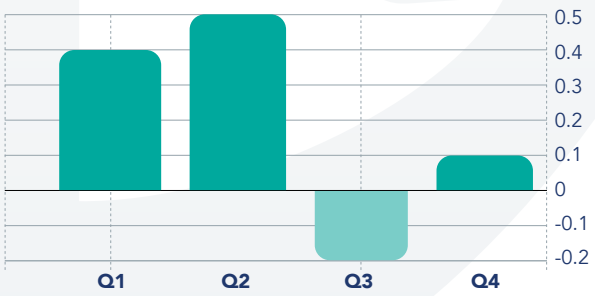
### Our response

- In response to escalating input costs and declining volumes, the Group concentrated on increasing selling prices, where feasible, and streamlining processes to extend efficiencies and curtail fixed costs, while managing variable costs effectively.
- The Group focused on cash generation during 2023.

## 3 CHALLENGING DOMESTIC ECONOMIC ENVIRONMENT

- During 2023, the global economy displayed greater resilience than anticipated, but overall growth remained subdued. Factors such as geopolitical instability, tighter fiscal and monetary policy, and a slower-than-expected recovery in China are contributing to a lower short-term global growth outlook. Although headline inflation has decreased, core inflation persists in many geographies, with risks remaining skewed towards the negative and the potential for inflation to persist longer than expected, coupled with further disruptions that could occur in energy and food markets.
- Like the rest of the world, and compounded by our own local challenges, the South African economy continued to show muted growth of 0.4% and 0.5% in the first and second quarters of 2023, respectively. There was a contraction in the third quarter, driven, in part, by the ongoing port and rail crisis together with load shedding. However, the economy saw a miniscule uptick by 0.1% in quarter four.
- In summary, the South African economy grew a paltry 0.6% in 2023.

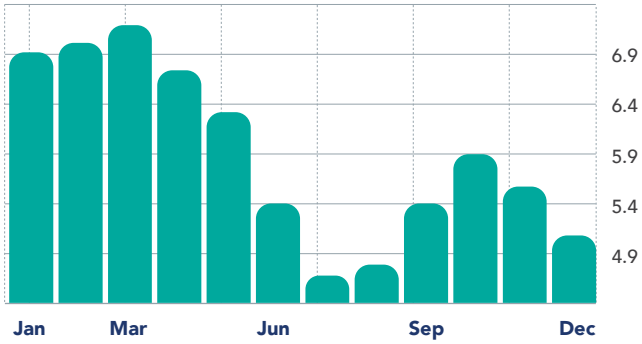
**South African GDP growth rate 2023 (%)**




*Tradingeconomics.com*
*Statistics South Africa*

- The yearly average inflation rate in South Africa during 2023 stood at 6.0%, a decrease from 6.9% in 2022. Inflation surged in the initial five months of 2023, consistently surpassing 6.0%. However, it moderated below this threshold for the subsequent seven months. March saw the peak at 7.1%, whereas the lowest point, 4.7%, occurred in July.

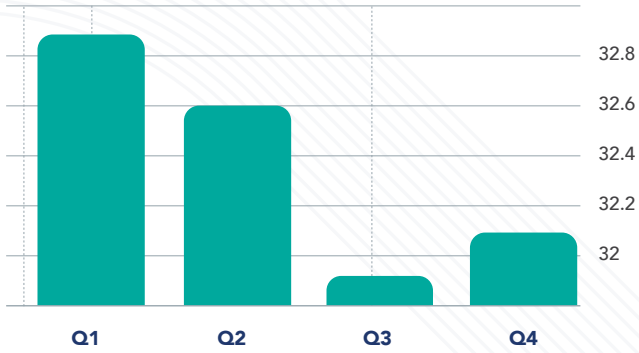
**South African inflation 2023 (%)**




*Tradingeconomics.com*
*Statistics South Africa*

- South Africa's unemployment rate rose to 32.1% in the fourth quarter of 2023, up from a one-year low of 31.9% in the prior period (Q4 2022).

**South African unemployment 2023 (%)**




*Tradingeconomics.com*
*Statistics South Africa*

### Impact

- The challenging South African economic environment with low to non-existent growth and stubbornly high interest and unemployment rates was compounded by the continuation of above-inflation input cost increases and a reduction in volumes, driving high production costs in the fishing and dairy segments and placing pressure on margins.

### Our response

- Where possible, we are persistently streamlining, reviewing and developing our product portfolio, aiming to maintain margins by allocating resources towards our most successful product lines.
- The sales teams pushed hard to recover the above-inflation cost increases in the market, resulting in improved pricing in most channels and markets.



# OUR OPERATING CONTEXT CONTINUED

## 4 FUEL PRICE

- The geopolitical tensions between Russia and Ukraine, which commenced in early 2022, catalysed a widespread energy challenge, exemplified by the sustained escalation in Brent crude prices throughout 2023. This prolonged elevation was chiefly propelled by an unprecedented surge in global demand, spearheaded by China. Over the initial nine months of the year, oil demand surged by 2.3 million barrels per day within developing economies, juxtaposed against a more stable trajectory observed within advanced economies. Notably, China is estimated to have contributed approximately 75% to the heightened oil demand witnessed in 2023.
- Throughout 2023, the average price of Brent crude oil stood at $83 per barrel, with the year concluding at $76.09 per barrel. Concurrently, the rand commenced the year at R16.99 against the US dollar and concluded at R18.29. Despite fluctuations against other currencies, the rand experienced sustained pressure in relation to the US dollar throughout the year. Notably, the rand's performance ranged from its peak position of R16.72 in early January to its lowest point of R19.83 against the US dollar in late May 2023.
- Even with the relative decrease in the average oil price during 2023 compared to 2022, the resultant weakening of the rand meant that the average rand price of fuel was largely in line with 2022. However, compared to 2021, the average rand price of fuel increased 95% to R15.94 per litre in 2023.

**Brent crude oil historical chart for year 2023**




**USD/ZAR historical chart for year 2023**




**Impact**

- The Group consumes c.37 million litres of fuel per year, and due to the price increases in 2022 and 2023, the fuel cost has increased by R276 million compared to 2021 and comprises c.12% of Group cost of sales.

**Our response**

- To mitigate the elevated oil prices over the course of 2023, the Group hedged 32% of its diesel exposure for the year under review, in accordance with the approved Hedging Policy.
- The Group recorded a fuel hedge gain of R7.7 million in 2023.

## 5 SOUTH AFRICAN REGULATORY AND INFRASTRUCTURE CHALLENGES

South Africa is facing a multitude of challenges, including anaemic economic growth driven by frequent power outages, deteriorating infrastructure, institutional obstacles, and substantial public debt. These factors have led to structural unemployment and entrenched inequality, positioning South Africa as one of the most unequal societies globally.

- Despite efforts to augment generation capacity since 2007, load shedding in South Africa has intensified both in frequency and duration. The South African government has indicated a scarcity of short-term solutions to address this pressing issue, heightening concerns for businesses reliant on a stable power supply.
- The country also grapples with extensive challenges stemming from the decay of public infrastructure, including roads, rail and ports. The lack of maintenance, attributed to various factors, has led to the breakdown of crucial public assets, stifling economic growth. Institutional erosion, compounded by governance issues and a decline in skills within public institutions, further exacerbates the situation, presenting significant obstacles to sustainable development.
- High unemployment remains a pressing challenge for South Africa. Consequently, the country holds the unfortunate distinction of being one of the most unequal societies globally, with race significantly influencing wealth distribution, as noted by the World Bank. In response, the government has implemented various programmes, including fiscal policies aimed at redistributing wealth, to address poverty and inequality. However, South Africa continues to face limitations in providing basic services such as healthcare, education, transportation and social welfare to all citizens, particularly the poor and vulnerable groups, underscoring ongoing struggles in meeting essential needs.

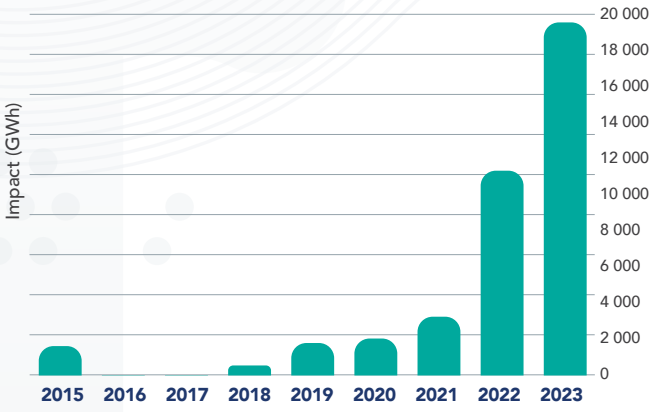
**Impact**

- In 2023, there was extensive load shedding, affecting business operations in all sectors throughout the country for 79% of the year, with increased severity in blackouts, resulting in prolonged periods at stages 5 and 6.
- Load shedding cost the Group R46 million during 2023 but a lot more through inefficiencies and breakdowns due to an unstable power supply.
- Due to chronic underinvestment in equipment and staffing challenges, South African ports had severe operational constraints during 2023 and were consistently ranked at the very bottom based on performance by the World Bank. These issues mitigated the general decrease in international freight costs and resulted in delays and costs in seagoing trade in the country.
- Service delivery challenges in local municipalities resulted in operational constraints and inefficiencies for businesses.

### Our response

- Our main strategy is to minimise and, if feasible, eliminate the effects of load shedding by employing diesel generators across all Group sites and renewable energy solutions.
- In response to load shedding, the Group's energy task team explored various solutions to achieve energy independence and diversify the Group's energy sources, prioritising a transition to renewables. Progress included enhancing solar capacity at BMFG facility, upgrading wind turbines at a major aquaculture farm, and initiating a solar PV project in Ladismith. The solar PV installation is expected to be operational by the end of H1 2024, enabling the Group to mitigate load shedding impacts at one of its most affected operational sites. In the interim, our fishing facilities are currently resilient to lower stages of load shedding; however, higher stages would likely disrupt operations.
- The Group bolstered and devised strategies through its logistics team to deal with port challenges.
- The Group continued its affiliation with Business Leadership South Africa (BLSA) to foster constructive dialogue among government, civil society and labour, aimed more recently at addressing South Africa's economic and social challenges.
- Sea Harvest created and maintained 4 440 jobs and contributed R3.3 million to social causes in communities through the Sea Harvest Foundation to contribute to the recovery of the country.

**Load shedding 2023**

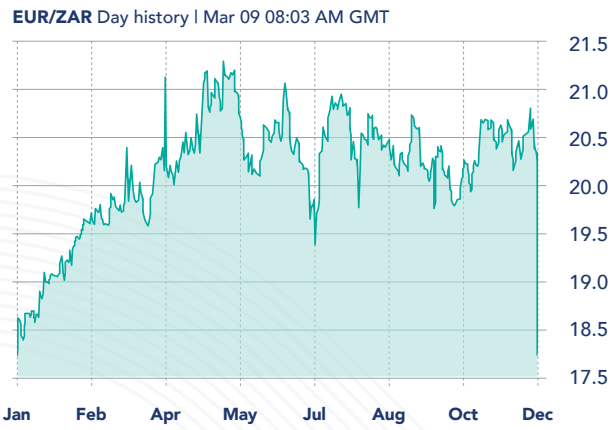



www.moneyweb.co.za

## 6 CURRENCY

- Throughout 2023, the rand exhibited volatility, primarily displaying a depreciating trend. Beginning the year at a rate of R18.18, it concluded 11% weaker at R20.19 against the euro, which serves as the Group's primary export trading currency. However, over the course of the year, the exchange rate fluctuated significantly, reaching its strongest position of R17.91 on 4 January 2023 and its weakest point of R21.27 against the euro on 25 May 2023.

**EUR/ZAR historical chart for year 2023**




*2024 © Exchangerates.org.uk*

### Impact

- In 2023, exports constituted 49% of Sea Harvest's revenue, compared to 45% in 2022. Nearly half of these export sales were directed to the EU. Consequently, fluctuations and depreciation in the rand exchange rate directly impacted our reported revenue.
- During 2023, the average movement of the rand, compared to 2022, had a positive 9% 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 South African Fishing segment reported hedge losses of R9.2 million in 2023.



An abalone being measured to track its growth at Sea Harvest Aquaculture's farm in Buffeljags

# OUR OPERATING CONTEXT CONTINUED

## 7 CONSUMER DEMAND

- In 2023, the global population surpassed 8 billion, with a growth rate just below 1% annually (approximately 73 million people per year). Despite concerns of an impending seafood shortage, McKinsey & Company research predicts a 14% increase in global demand for seafood by 2030. This surge is driven by the need to feed and ensure food security for the ever-expanding global population as well as a shift towards healthier protein sources. Currently, over 85% of the world's fisheries are either at or exceeding their sustainable limits. Thus, it is crucial to meet this demand with seafood from sustainable sources to bridge the "demand gap" well into the 21st century and beyond.
- The supply of capture fisheries remains static, and global wild-caught fish supplies are also stable at c.7 million tonnes, with the increase in seafood consumption and demand currently being filled by aquaculture.
- As populations continue to grow and become more affluent, Cape Hake and Shark Bay and Exmouth prawns 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 and Exmouth 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

- Despite a 6% reduction in hake volumes, due to lower hake catch rates per sea day, resulting in 7% lower sales volumes, the South African Fishing segment was able to achieve a 10% increase in revenue through price increases and prioritising export markets.
- The Australian segment struggled with weaker catch volumes in Shark Bay and Exmouth, compounded by global market price decreases for prawns due to the slowing Chinese economy and excess stock worldwide.
- The factory upgrade at Mooivallei has delivered improved quality, allowing for products to be sold at higher margins. The factory upgrade together with improved pricing across all categories and channels at Ladismith illustrated that demand for value-added protein in the local market remains firm, even in a constrained South African economy.





Milk being processed at the Mooivallei factory

# OUR KEY STAKEHOLDERS

Achieved Increased Decreased

## 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. This is achieved by always being mindful of how we respond to their expectations.

## EMPLOYEES AND LABOUR UNIONS

HC IC SC

| 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 the Group's ability to bring premium food products to market. | • Continued job security<br>• Fair remuneration and other financial and non-financial benefits<br>• Opportunities for career and skills development<br>• Safe and stimulating working environment<br>• Relevant and timely information about the business | • Transformation of the workforce and the South African business, especially through learning and development opportunities<br>• Awareness raised about company policies<br>• Changes in regulation, *inter alia*, those affecting retirement funds<br>• How Sea Harvest can assist the communities where staff reside<br>• The Company's commitment to sustainable and responsible business practices, including waste recycling and supporting the communities where we operate | • Face-to-face engagement<br>• Regular communication was published via printed publications, email, SMS, noticeboards, television screens and intranet. About 13 newsletters were published to provide regular information about the business to employees, while content on internal television screens was updated every two weeks<br>• Management, union official and shop-steward meetings<br>• Departmental heads address operational department-specific concerns |

| HOW WE RESPONDED TO THE MATTERS RAISED | VALUE CREATED |
|---|---|
| Sea Harvest Group companies adhered to internal processes and procedures to address matters at hand.<br><br>Regular communication with employees and unions was conducted throughout the year via the various communication platforms available.<br><br>Sea Harvest was committed to providing timely feedback to address concerns or uncertainties about key business decisions as well as a lack of awareness about Company policies and regulatory changes that affected staff.<br><br>Through the Sea Harvest Foundation, Sea Harvest invests in local communities, with many projects and organisations funded as a result of requests received from employees. | ★ Sustained c.4 440 (2022: c.5 400 including BMFM), jobs across the Group<br>▲ R1.3 billion (2022: R1.3 billion) paid in salaries and wages (including benefits)<br>▲ R43 million (2022: R50 million) spent on providing training and skills development opportunities<br>▲ C.3 000 people from local communities benefited from funding provided by the Foundation, in response to 180 requests received<br>▲ The Group's LTIFR reduced to 3.97 (2022: 4.23) and the disabling injury frequency rate (DIFR) reduced to 0.03 (2022: 0.05) |

EMPLOYEES AND LABOUR UNIONS



Achieved Increased Decreased

## SHAREHOLDERS

FC SC

| WHY THEY MATTER | THEIR EXPECTATIONS | MATTERS RAISED | HOW WE ENGAGED |
|---|---|---|---|
| Our shareholders carry the most risk because of their investment in our business. | • An appropriate return on their investment<br>• Transparent information about our business and adherence to good corporate governance | • The Group's commitment to ESG, specifically its management of natural resources, and optimisation of the marine resources allocated to the business<br>• The efficacy of the Group's current acquisitive growth strategy in a tough financial year | • Regular face-to-face engagements<br>• Information shared electronically, online, and through the media via the Stock Exchange News Service (SENS), press releases, IR, AGM and results presentations |

### HOW WE RESPONDED TO THE MATTERS RAISED

We reiterated our commitment to ESG, specifically environmental sustainability, highlighting a new reverse osmosis plant and pending solar PV installation at Ladismith and the refurbishment of wind turbines installed at Sea Harvest Aquaculture in Buffeljags. Furthermore, we explained the need to balance meeting local demand for fish products with exporting product, which generates a higher return.

Assurance of the resilience and defensive nature of the fishing and aquaculture businesses, despite tough trading conditions and the reduction in raw material, and the strength of acquired businesses that promote diversification and scale within the Group.

### VALUE CREATED

- Revenue growth of 6% to R6.2 billion (2022: R5.9 billion)
- Operating profit of R462 million (2022: R472 million), down by 2% with the operating profit margin reducing to 7% (2022: 8%)
- HEPS reduced by 5% to 100 cents (2022: 105 cents)
- Net debt to EBITDA maintained at 2.7 times
- An ordinary dividend of 40 cents per share (2022: 38 cents) was declared in respect of the 2023 financial year
- The Group adhered to continuous disclosure requirements to keep shareholders fully informed

## FUNDERS

FC SC

| WHY THEY MATTER | THEIR EXPECTATIONS | MATTERS RAISED | HOW WE ENGAGED |
|---|---|---|---|
| Our funders provide the financial capital we need to grow the business. | • Service all debt according to the agreed terms<br>• Adherence to the agreed sustainability loan KPIs<br>• The Group should operate within agreed covenants<br>• Timely communication regarding the performance of the business and risks faced | The Group's management of various factors that affect the long-term sustainability of the business, such as earnings growth and debt reduction. | • Face-to-face meetings with executive directors and Group executives<br>• Electronic communication, including results presentations via webcast<br>• Providing access to information relating to the operations of the Group, subject to applicable regulation |

### HOW WE RESPONDED TO THE MATTERS RAISED

We honoured our commitments to agreed loan terms and provided our funders with accurate information on a regular basis.

We explained the Group's decisions in respect of various factors affecting its long-term sustainability, which were informed by existing challenges and opportunities.

### VALUE CREATED

- R223 million was incurred in net interest (2022: R124 million)
- All material covenant requirements were met throughout the period
- Met the sustainability KPI related to a 5% reduction in water use in Saldanha
- Did not meet the sustainability KPI related to a 2% reduction in absolute emissions for South African Fishing (Scope 1)



# OUR KEY STAKEHOLDERS CONTINUED

Achieved Increased Decreased

## GOVERNMENT AND REGULATORS

NC SC

| 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. | • Adhere to legislative and regulatory requirements, including environmental legislation<br>• Support sustainable development objectives, such as job creation, wealth sharing and community involvement<br>• Accurate and timely information about our business and its operations | • Completion of the appeals process in the allocation of fishing rights in South Africa<br>• The Group's efforts to protect the health of the marine resource in South Africa and Australia<br>• The Group's commitment to various programmes, including skills development, to support the South African government's transformation objectives<br>• Assisting government in dealing with the country's decaying infrastructure and safety and security | • Regular face-to-face meetings and electronic correspondence<br>• Written reports and supporting documentation<br>• Active participation in various industry bodies, such as BLSA, SADSTIA, SAPFIA, the FLWI and RFA<br>• Trade shows and participation in the DPIRD's Western Australia Exporter Directory<br>• Ladismith is a member of the South African Milk Processors' Organisation (SAMPRO) and Milk SA; these organisations deal with government on behalf of all members of the industry. The Company also has quarterly meetings with the local municipality |

| HOW WE RESPONDED TO THE MATTERS RAISED | VALUE CREATED |
|---|---|
| We partnered and collaborated with various industry bodies to promote transformation in South Africa and job security in Australia.<br><br>The Group focused on costs, capital expenditure, working capital and cash conversion, thereby protecting the business and retaining jobs and livelihoods.<br><br>Through the Group's procurement policies, we were able to continue supporting majority black-owned suppliers.<br><br>Engaged through BLSA in assisting government in their plans to address infrastructure and crime and corruption challenges.<br><br>The Group continued to contribute towards supplier and enterprise development and supported SMMEs.<br><br>Sea Harvest Aquaculture worked with the South African government to ensure environmental sustainability by creating an aquaculture development zone, securing research permits, managing ranching rights, and providing comments on the Aquaculture Bill. | ★ The Group retained the majority of its deep-sea fishing rights in South Africa's recent Fishing Rights Allocation Process (FRAP) appeals<br>★ Retained a Level 1 on the B-BBEE scorecard with a score of 100.88<br>★ Maintained black shareholding at c.95%<br>▲ Paid R1.3 billion in salaries and wages (including benefits)<br>★ Spent R504 million supporting 434 SMMEs<br>★ Spent R13 million on enterprise and supplier development<br>▲ Paid taxes and levies in excess of R437 million and generated R3 billion in foreign revenue<br>★ The Group complied with all regulations affecting its operations and all licences and permits were retained<br>★ Reduced the headrope in the Shark Bay prawn fishery by 33% in 2023 to assist in maintaining the sustainability of the resource |

Achieved Increased Decreased

# INDUSTRY PARTNERS

NC SC

| 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. | • Honest and open communication<br>• Timely execution of agreed actions in line with shared objectives | • Identification of opportunities to support marginalised communities through collaborative efforts<br>• Long-term sustainability of marine resources<br>• Food waste and initiatives to reduce it<br>• Regulation of aquaculture, including food safety and export compliance | • Face-to-face dialogue<br>• Membership of different industry bodies<br>• Participation in industry events and submitting applications for recognition in respect of business best practice<br>• Digital communication, including the Group website |

## HOW WE RESPONDED TO THE MATTERS RAISED

We continued to be an active member of SADSTIA, RFA, the Global Whitefish Forum, Australian Quarantine and Inspection Service, Western Australian Fishing Industry Council (WAFIC), Chamber of Commerce and Industry Western Australia, Fremantle Chamber of Commerce, and other industry bodies.

Sea Harvest Aquaculture participated in engagement with government regarding the regulation of aquaculture in South Africa through the Abalone Farmers Association of South Africa (AFASA).

Although BMFG 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.

Through Ladismith, we continued our engagement with SAMPRO on regulations relevant to the dairy industry and as a member maintained a relationship with Milk SA.

Through the Group's membership in the FLWI, it sought to respond to the collective effort to prevent and reduce the loss and waste of food intended for human consumption, including the food insecurity dilemma in South Africa.

## VALUE CREATED

- Continued to actively support nine black SMMEs in the South African fishing sector
- Sea Harvest Australia continued to participate in a share-fishing arrangement with its boat skippers
- Continued to contribute to the growth of the South African dairy sector through Milk SA
- Comments provided on Aquaculture Bill via AFASA



An educator with learners from Diazville High School who participated in the 2023 Sea Harvest Foundation Golf Day

# OUR KEY STAKEHOLDERS CONTINUED

Achieved Increased Decreased

## CUSTOMERS AND CONSUMERS

IC FC SC

| 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. | Premium quality brands, competitive pricing, adherence to food safety standards, sustainable and ethical business practices, and product traceability | • Changes in pricing due to volatility in markets<br>• Efficient delivery and availability of product<br>• Access to accurate and timely information about products<br>• New product launches | • Electronic communication and digital marketing, including email, virtual meetings and social media platforms, such as Facebook and Instagram<br>• Regular in-person visits by our international customers to our seafood operations in South Africa<br>• Participation in international events, including the Global Seafood Expo in Barcelona, Spain, and World Aquaculture Conference in Singapore<br>• In-person product demonstrations and tastings in store and at Surfing South Africa events<br>• Set up a customer loyalty programme in 2023 |

### HOW WE RESPONDED TO THE MATTERS RAISED

The Group relied on the experience of its quality control, marketing and logistics teams to ensure maintenance of quality control standards and timely delivery of product to customers.

The Group capitalised on the strength of its long-term relationship with customers to manage challenges relating to pricing changes amid uncertain and volatile global trading conditions. At BM Foods, especially, there were significant price increases, due to increases in raw material input costs, which affected demand, given that consumers are generally under pressure.

Due to supply chain challenges, we ensured that the most profitable products were shipped first, supported by our strong relationships with logistics partners.

We continued to invest in building the Group's brands through social media and in-store activations.

We adjusted our aquaculture product range by removing oysters, while continuing to explore new distribution channels and markets.

### VALUE CREATED

- Sea Harvest maintained its established quality assurance protocols with all its products and reviewed quality protocols and supply chain steps within newly acquired businesses
- The Sea Harvest Fishing operation's domestic retail market share increased to 40% (32% in 2022)
- The sustained focus on social media resulted in 8 million views of Sea Harvest seafood product videos and 23 million advertising impressions in 2023, while Ladismith's social media had a reach of 2 million via Facebook and Twitter

## SUPPLIERS AND SERVICE PROVIDERS

FC IC SC

| WHY THEY MATTER | THEIR EXPECTATIONS | MATTERS RAISED | HOW WE ENGAGED |
|---|---|---|---|
| We depend on our suppliers and service providers to 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. | • Adherence to ethical and fair business practices<br>• Timely payments as well as relevant and up-to-date information<br>• SMMEs and majority black-owned suppliers expect preferential terms and support to grow their business | • Ongoing support from the Group to ensure business continuity<br>• Fair terms amid tough domestic and global trading conditions<br>• Availability of imported raw materials, due to the failure of ports infrastructure nationwide<br>• Load shedding, resulting in longer lead times and increased labour and operating cost (fuel for generators)<br>• Fuel price increases – which crippled the convenience foods industry as this directly influences generator cost, transport costs, etc. – ultimately leading to food cost increases<br>• In Australia, cold-storage and transport challenges for all companies involved in perishable products as well as the quality of imported resources | • Telephonic and electronic communication<br>• Regular, structured face-to-face and/or virtual meetings were held to understand what key factors were affecting the suppliers<br>• Performance reviews and site audits to ensure compliance with food safety standards and other performance requirements<br>• Second annual Sea Harvest Foundation Golf Day in Langebaan, South Africa |

Achieved Increased Decreased

| HOW WE RESPONDED TO THE MATTERS RAISED | VALUE CREATED |
|---|---|
| Sea Harvest maintained its commitment to pay all SMME suppliers within 30 days.<br><br>We engaged with suppliers as the need dictated to negotiate costs and supply availability, while approving multiple suppliers for certain product lines to ensure supply continues.<br><br>Negotiated with suppliers to limit price increases, while increasing stock levels on critical and long lead time items.<br><br>Across the Group, we engaged with suppliers to ensure their compliance with government regulations and supported suppliers to achieve compliance where required.<br><br>In Australia, reducing stocks was key. | Increased: The Group's procurement policies resulted in R1.6 billion being spent with majority black-owned suppliers<br><br>Increased: Spent R504 million supporting 434 SMMEs<br><br>Achieved: R6.8 million contributed towards supplier development<br><br>Increased: R5.9 million contributed towards enterprise development |

## COMMUNITIES AND NON-GOVERNMENTAL ORGANISATIONS

FC SC

| 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.<br><br>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. | Sea Harvest received c.180 requests for monetary and non-monetary donations from NGOs and vulnerable households within local communities in and around which the Group's companies operate. | • During 2023, Sea Harvest was able to conduct site visits and face-to-face meetings with funding applicants and beneficiaries to do assessments and measure impact following the disbursement of funds. However, electronic engagement was still preferred in most instances, due to the sheer volume of requests received<br>• In 2023, the Foundation hosted its second Golf Day to provide stakeholders with an opportunity to support the Foundation's activities and contribute to its mission of making a positive impact in local communities<br>• The Fisheries Fund provided various training initiatives for small-scale communities |

| HOW WE RESPONDED TO THE MATTERS RAISED | VALUE CREATED |
|---|---|
| The Foundation's Board of Directors met four times during year to consider applications for funding.<br><br>A reframed strategy was implemented to narrow the focus of projects and beneficiaries funded to deliver greater impact.<br><br>Bursaries awarded were based on programme study fields in alignment with the Group's Graduate Internship Programme.<br><br>Additional funds were generated with the second Foundation Golf Day supported by external suppliers and other business partners to increase the reach of the Foundation. | Achieved: Through the Sea Harvest Foundation, the Group invested R3.3 million in community-based projects. This included, *inter alia*, donating almost 9 200kg of fish to c.20 organisations and supporting soup kitchens, such as the Buffeljags community feeding scheme<br><br>Achieved: Funding for various early childhood development centres located in the communities in which the Group's companies operate and youth development projects, such as sports clubs and organisations, like the South African Rugby Legends<br><br>Achieved: 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<br><br>Achieved: In addition, the Sea Harvest Foundation invested in the health and wellness of local communities by providing funding for, *inter alia*, hospital transport and a satellite office for the South African government's Social Development Department in Saldanha on the Cape West Coast, which reported the highest foot traffic at its offices in the region<br><br>Increased: Sea Harvest was involved in the launch of a new strategic partnership agreement concluded between the Fisheries Economic Development Research Advisory and Training Institute (FEDRATI) and the Cape Peninsula University of Technology (CPUT), an initiative of the South African Fisheries Development Fund, to boost the South African Oceans Economy. Through FEDRATI, we allocated R1.8 million towards bursaries for tertiary students |

# OUR CAPITALS AND HOW WE MANAGE THEM

## NC NATURAL CAPITAL

### INPUT

The natural resources we use that enable the operation of our business.

- **Wild-capture fish:** 59 599 tonnes (2022: 60 842 tonnes)
  - Hake, Horse Mackerel, small pelagics (anchovy and sardine), prawns and various fish trawl species
- **Aquaculture fish:** 294 tonnes: (2022: 267 tonnes)
  - Abalone
- **Procured fish:** 406 tonnes: (2022: 365 tonnes)
  - Angel, hake, prawns, squid and various other wild-caught species
- **Milk consumption:** 133 million litres (2022: 139 million litres )
- **Water consumption:** 482 million litres (2022: 445 million litres)
- **Natural feed used in our aquaculture operations:** 1 013 tonnes (2022: 1 765 tonnes)
- **Fuel consumption:** 46 336 cubic metres (2022: 45 087 cubic metres)
- **Electricity consumption:** 60 842MWh (2022: 57 458MWh)
- **Total land used for aquaculture:** 437 hectares (2022: 428 hectares)

### 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 subscribing to the gold standard in sustainability certifications (MSC) for our key wild-capture species; and
  - in addition to managing our wild-capture target marine resources to achieve MSY, we undertake an extensive by-catch management programme to reduce and manage our incidental catch.
- Our water conservation efforts aim to reduce usage and educate stakeholders and communities on water sustainability.
- Our farmed abalone operations present a viable alternative to mitigate the depletion of the endangered abalone species through the substitution of wild-harvesting practices.
- Introduced energy efficiency measures across all sites, alongside deploying renewable wind and solar energy at select locations.
- Complied with international and local legislative environmental requirements.
- Continued standardising sustainability environmental management and data collection processes and systems.
- Continued enhancing operational efficiency and natural resource utilisation.

### IMPACTS ON AND TRADE-OFFS BETWEEN CAPITALS

| | POSITIVE IMPACT | NEGATIVE IMPACT |
|---|---|---|
| We utilise our Intellectual Capital to seek eco-friendly materials and operations, initially challenging our Financial Capital but promising positive returns through sustainable resource management | NC HC IC SC FC | FC |
| Reducing the TAC will initially lower landings, affecting revenue and earnings. Yet, in the long run, it will improve resource biomass health, driving efficiency gains and better margins | FC NC | FC |



# MANAGE THEM

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

## RELATED MATERIAL CARDINAL POINTS

**The following material cardinal points affect our ability to grow our Natural Capital:**

- At all of the Group's operational sites, we strive to utilise resources efficiently to reduce our burden on the environment
- By positioning our brands as a leader in sustainability, we strengthen our commitment to protecting and preserving our Natural Capital
- Managing relationships with key stakeholders, such as government, the MSC, and other environmental organisations, allows us to honour our commitment to protecting and preserving our Natural Capital
- The Group's commitment to preserving the ecosystem in the communities in which it operates helps ensure the long-term sustainability of our natural resources and our business
- Strengthening data collection and management systems will allow for improved measurement, management of resources, and business performance

## GOALS

**S**

- Align systems across all sites, specifically newly acquired sites, for improved measurement and management of all natural resources and waste
- Implement a Group-wide environmental sustainability strategy
- Group-wide approach to establishing energy and water security

**S M L**

- Engage with our stakeholders to ensure a collaborative approach to environmental management and conservation
- Continue to support industry initiatives to work with regulators to ensure effective management of resources
- Maintain our MSC certification for the Cape Hake, Shark Bay and Exmouth prawn fisheries

S Short term | M Medium term | L Long term

## OUTCOMES

- Adhered to all harvesting restrictions and requirements, environmental management, and subsequent authorisations from regulators
- Our South African Cape Hake, Australian Shark Bay and Exmouth prawn fisheries products retained their certification by the MSC
- Implemented additional metrics to enhance water management effectiveness and bolstered our workforce to address any issues and facilitate reduction efforts. Furthermore, we've begun incorporating non-potable water in applicable operations to decrease overall consumption
- Renewable wind energy with a 1.3MW power capacity and actively sought to diversify our energy mix further with solar energy procurement
- Carbon emissions (Scope 1): 130 457 $tCO_2e$ (2022: 125 391 $tCO_2e$)
- Reduced Scope 1 carbon emissions in the South African Fishing segment by 1%
- Worked with the regulator in Australia to reduce the headrope in the Shark Bay prawn fishery by 33% from 2023 to improve the MEY
- Completed a packaging audit on all products to identify and analyse the packaging materials used in the Group's supply chain. This will assist in driving future plans towards sustainable packaging solutions

# OUR CAPITALS AND HOW WE MANAGE THEM CONTINUED

## HC HUMAN CAPITAL

### INPUT

The employees of the Group are the major contributors to the success and value created by the organisation. Our workforce comprises permanent as well as fixed-term and contract workers, the majority of whom live in small and/or coastal towns.

The Group's focus on the sustainability of its operations is aimed at, *inter alia*, ensuring that it continues to deliver value by creating good quality jobs and thereby contributes to the economic growth of the communities in which it operates.

**Human Capital:**

- The Group employed a total of c.4 440 permanent and temporary employees, as at 31 December 2023; over 90% of South African employees are ACI.

**Human Capital investment:**

- During 2023, 150 learnerships, 41 apprenticeships, 26 cadetships, 14 graduate placements and four accredited skills programmes (bursaries, study assistance and management development) were in place
- The Group spent R43 million on training and skills development
- Additional financial benefits included medical aid, retirement benefits, death and disability benefits, long-service awards, bursaries and study assistance funding

### ACTIVITIES TO ENHANCE OUTCOMES

- 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.
- Complied with all legislation related to the management of our Human Capital.
- Established a Talent Forum comprising members of the Executive Committee to address critical and senior management positions through a focused staff succession and development programme. The Group has also capacitated the Forum with the technical skills required to manage such a process.
- Various employee wellness programmes were sustained and enhanced to support staff in managing health and wellness challenges, including early intervention of substance abuse, health screening, family days, fitness classes, and participation in health awareness activities.
- Increased the skills levels and workplace experience of 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.

### IMPACTS ON AND TRADE-OFFS BETWEEN CAPITALS

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

### OUTCOMES

- R1.3 billion paid in salaries and wages
- ACI employees: 92% (2022: 92%) of South African employees
- ACI employees in senior management: 72% (2022: 69%) of South African employees
- DIFR reduced from 0.05 in 2022 to 0.03 in 2023 through a consistent focus on safety awareness and the implementation of a new safety management system
- Spent R43 million upskilling 1 359 Group employees during 2023, with over 95% spent on previously disadvantaged individuals

## GOALS

RELATED MATERIAL CARDINAL POINTS

**The following material cardinal points affect our ability to grow our Human Capital:**

- The Group continuously reviews and rethinks its Human Capital policies, processes and procedures to achieve agreed upon targets and outputs in the most efficient manner
- Our stringent focus on employment equity targets through structured and determined practices and policies relating to inclusion, diversity and equality has allowed us to maintain a Level 1 B-BBEE status
- Sea Harvest adopts and practices responsible and fair labour practices, which not only assures our employees, unions and various industry bodies of our values but also assists in protecting our brand
- The relationship with our unions is a crucial part of maintaining sound employee relations, and our partnership with key government stakeholders helps us to maintain compliance and best practice
- We act responsibly by adopting fair labour practices and ensuring that workplace health and safety standards are maintained and improved upon

S M L

- Sustain our collaborative relationship with relevant trade unions
- Continue expanding our existing talent pool through identification of high potential employees, focused recruitment and targeting candidates from previously disadvantaged groups
- Be an employer of choice, attracting and retaining talented employees
- Retain our Level 1 B-BBEE score
- Develop and align the corporate culture throughout the Group and its subsidiaries

S Short term M Medium term L Long term



Members of Sea Harvest's 2023 firefighting team

# OUR CAPITALS AND HOW WE MANAGE THEM CONTINUED

## IC INTELLECTUAL CAPITAL

### INPUT

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.

- Extensive specialist know-how with respect to the catching and processing of fish; farming of shellfish; processing of cheese, butter and milk powders; manufacturing of chilled and frozen convenience foods; and the marketing of our range of products locally and internationally
- Continued enhancing our world-class digitalisation process and leveraging business intelligence and dynamics
- Strong reputation as a credible supplier with long-established customers across over 30 countries
- Continued to invest in new product development (NPD) to ensure that we meet our customers' changing demands and explore new markets
- The Group spent R43 million on skills development initiatives in 2023
- Maintained and upgraded rigorous systems for food safety and quality management
- Sales team utilised Intellectual Capital, such as market intelligence information, to alter the sales and marketing strategy during 2023

### 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.
- Funding of skills development initiatives and programmes, including our management leadership development programmes, mentorships, apprenticeships, cadet programmes and skills-specific learnerships.
- Launched a customer loyalty and rewards programme under the Sea Harvest brand to increase customer retention and enhance customer engagement.

### IMPACTS ON AND TRADE-OFFS BETWEEN CAPITALS

| | POSITIVE IMPACT | NEGATIVE IMPACT |
|---|---|---|
| Investment in NPD and research and development to ensure we are able to meet customer demands as well as pursue new markets | IC FC | FC |
| Skills development, training, learnerships and other programmes require significant investment | HC IC SC FC | 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 |

### OUTCOMES

- Longstanding relationships with both suppliers and customers, ensuring a mutually beneficial relationship under challenging trading conditions in 2023
- Development and retention of highly talented and skilled staff within the Group
- Brands saw continued strengthening due to sustained online presence
- Maintained all of the Group's food quality assurance certifications during 2023

## GOALS

### RELATED MATERIAL CARDINAL POINTS

**The following material cardinal points affect our ability to grow our Intellectual Capital:**

- Industry knowledge inherent within the management team allows for the best operational decisions, considering all known variables
- Skills recruitment, development and retention are in line with our employment equity strategy to drive transformation within the Group
- Through benchmarking, NPD and packaging reviews, we invest to protect and grow our household brand names
- We actively manage our relationships with customers and suppliers to ensure that we are viewed as a preferred partner
- Industry and regulatory knowledge of our experienced management team ensures we act responsibly by considering all stakeholders

S M L

- Initiate, develop and launch new products including continued renewal of products, packaging and brand development
- Maintain a brand leadership position and a strong reputation as a credible supplier across the global markets in which we trade
- Identify and address skills shortages through skills development initiatives, supplemented by targeted recruitment activities

S Short term M Medium term L Long term



# OUR CAPITALS AND HOW WE MANAGE THEM CONTINUED

## MC MANUFACTURED CAPITAL

### INPUT

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

- Number of vessels: 57 (2022: 57)
- Number of milk tankers: 16 (2022: 16)
- Number of land-based fish processing facilities: 6 (2022: 6)
- Number of dairy processing operations: 2 (2022: 2)
- Number of cold store facilities: 13 (2022: 13)
- Number of aquaculture facilities: 3 (2022: 5)

### ACTIVITIES TO ENHANCE OUTCOMES

- Spent R270 million on maintenance capex (2022: R216 million) and R202 million on expansion capex (2022: R43 million) in 2023.
- Expansion capex in 2023 was dedicated to the Mooivallei factory upgrade, the solar PV installation and roller dryer plant at Ladismith, and the acquisition of an additional freezer trawler.
- Optimise our manufactured assets throughout the Group.
- Constant monitoring and review of our asset care programme to optimise the effectiveness and efficiency of our vessels as well as our fish, dairy and convenience foods processing facilities and aquaculture farms.

### IMPACTS ON AND TRADE-OFFS BETWEEN CAPITALS

| | POSITIVE IMPACT | NEGATIVE IMPACT |
|---|---|---|
| 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 | MC FC | FC |
| Investing in technology upgrades in factories improves production efficiencies that could result in job losses | IC FC | NC HC SC |
| Reducing spend on preventative asset maintenance achieves short-term financial gain at the expense of poorer efficiency and reliability in the longer term | FC | MC FC |
| Investing in load shedding mitigations will deplete the Group's Financial Capital in the short term. This investment should have a positive impact on Financial and Human Capital in the short and long term by negating the production disruptions caused by load shedding | HC FC | FC |

### OUTCOMES

- Number of days at sea: 9 733 days (2022: 9 798 days)
- Land-based production output: 51 256 tonnes (2022: 56 978 tonnes):
  - Fish and shellfish: 23 642 tonnes (2022: 24 482 tonnes)
  - Dairy: 23 788 tonnes (2022: 24 796 tonnes)
  - Convenience foods: 3 826 tonnes (2022: 7 700 tonnes)
- Total number of fishing days lost due to dry docking (maintenance) and/or repairs: 778 (2022: 1 046)

## GOALS

### RELATED MATERIAL CARDINAL POINTS

**The following material cardinal points affect our ability to grow our Manufactured Capital:**

To operate efficiently, we must invest in and maintain sophisticated and technologically advanced Manufactured Capital

By driving transformation through staff learning and development programmes, we ensure proper handling and management of our Manufactured Capital

To produce premium products that cement our brands, we need to invest in sophisticated and technologically advanced Manufactured Capital

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

Utilising natural resources sustainably protects our environment

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

**S**
- Constant improvement in quality
- Optimise our fleet and factory reliability and utilisation
- Production facilities operate at design capacity

**S** **M**
- Improve on processing yields

**S** **M** **L**
- Develop alternative power generation capability to reduce dependency on national electricity grid and reduce the Group's carbon emissions
- Develop alternative water generation/ recycling capacity to reduce dependency on municipal services

S Short term M Medium term L Long term



Vessels from Sea Harvest Australia's fishing fleet in Shark Bay

# OUR CAPITALS AND HOW WE MANAGE THEM

## FC FINANCIAL CAPITAL

**INPUT**

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

- Equity funding: R3.4 billion of stated capital and reserves, with 299 million shares in issue
- Cash and debt funding: R2.6 billion long-term and short-term borrowings, cash of R224 million, and net debt of R2.4 billion
- Internally generated capital: R682 million internally generated cash from operations

**ACTIVITIES TO ENHANCE OUTCOMES**

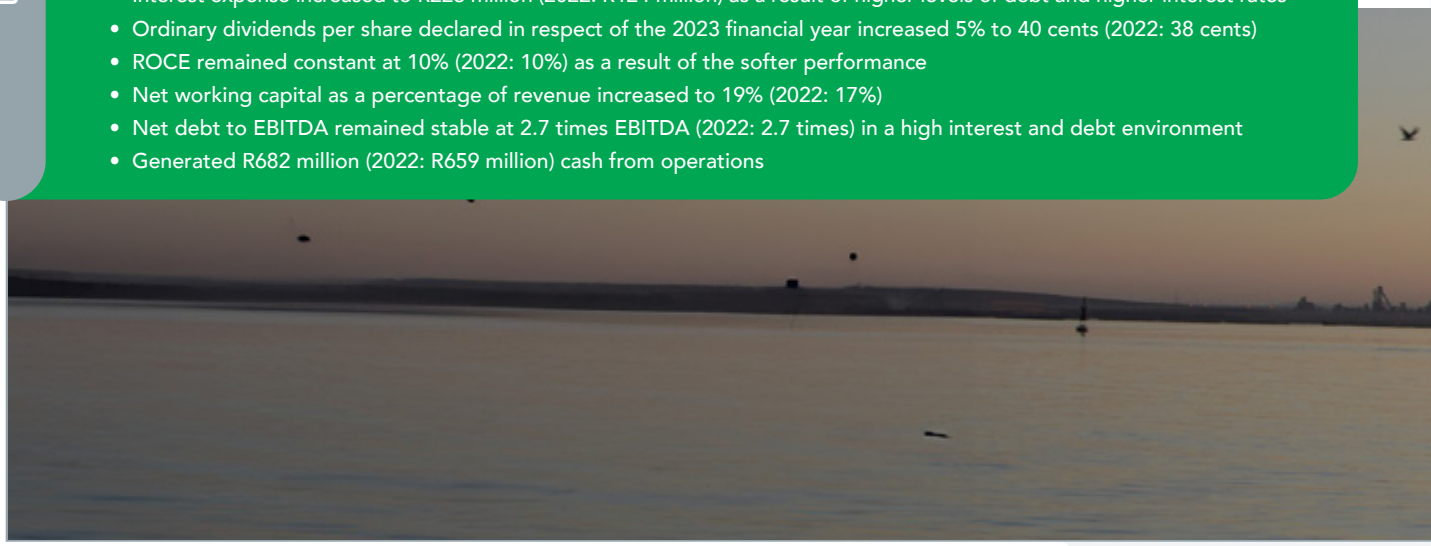
- The Group continued to utilise externally sourced and internally generated Financial Capital to execute our organic growth targets.
- Spent R270 million on maintenance capex (2022: R216 million) and R202 million on expansion capex (2022: R43 million) in 2023.
- Expansion capex in 2023 was dedicated to the Mooivallei factory upgrade, the solar PV installation and roller dryer plant at Ladismith, and the acquisition of an additional freezer trawler.

**IMPACTS ON AND TRADE-OFFS BETWEEN CAPITALS**

| | POSITIVE IMPACT | NEGATIVE IMPACT |
|---|---|---|
| Investment in Manufactured Capital depletes Financial Capital in the short term | MC | FC |
| Retaining a Level 1 B-BBEE rating requires significant investment, which depletes Financial Capital but enhances Human Capital, Natural Capital 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 depletes Financial Capital available for investments | SC | FC |

**OUTCOMES**

- Revenue increased by 6% to R6.2 billion (2022: R5.9 billion)
- EBIT increased by 15% to R577 million (2022: R500 million)
- Profit after tax attributable to shareholders of the Group decreased by 9% to R282 million (2022: R311 million)
- HEPS reduced 5% to 100 cents per share (2022: 105 cents)
- Interest expense increased to R223 million (2022: R124 million) as a result of higher levels of debt and higher interest rates
- Ordinary dividends per share declared in respect of the 2023 financial year increased 5% to 40 cents (2022: 38 cents)
- ROCE remained constant at 10% (2022: 10%) as a result of the softer performance
- Net working capital as a percentage of revenue increased to 19% (2022: 17%)
- Net debt to EBITDA remained stable at 2.7 times EBITDA (2022: 2.7 times) in a high interest and debt environment
- Generated R682 million (2022: R659 million) cash from operations



The *Harvest Lindiwe* arriving in Saldanha Bay at dawn

## RELATED MATERIAL CARDINAL POINTS

The following material cardinal points affect our ability to grow our Financial Capital:

- By improving efficiencies, we can reduce input costs and improve margins and profitability
- By supporting majority black-owned businesses, supplier development, enterprise development, employment equity and skills development of historically disadvantaged employees, we can ensure the long-term growth and development of the Group
- Profitability and adequate returns on capital in order to protect our brand
- Our stakeholders provide the Financial Capital to grow the business and procure the workforce, skills, licences and infrastructure to operate it
- By deploying Financial Capital in a responsible and prudent manner, we can ensure the long-term viability of the Group
- By optimising Financial Capital, we can meet our shareholders and debt funders' return expectations and, in that way, ensure the profitability of the business over the long term

## GOALS

**S M**

- Recover above-inflation cost increases through efficiency improvements, cost containment and price increases
- Deleverage, thereby reducing the net bank borrowings to EBITDA ratio
- Achieve a ROCE 3% above the Group's weighted average cost of capital (WACC)
- Achieve a 15% Group operating profit margin

**S M L**

- Manage capital expenditure and working capital and maintain good cost controls
- Invest in organic projects and acquisitions that deliver an appropriate margin above the Group's WACC
- If no investment opportunities exist that deliver an appropriate margin above the Group's WACC, then pay down debt and return capital to shareholders

S Short term M Medium term L Long term



# OUR CAPITALS AND HOW WE MANAGE THEM CONTINUED

## SC SOCIAL AND RELATIONSHIP CAPITAL

### INPUT

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

- In 2023, R3.3 million was invested through the Sea Harvest Foundation in community projects focused on sports and community development, education, healthcare, and early childhood development
- Awarded 54 bursaries to registered tertiary education students
- Continued to support businesses operating in small-scale fishing and allied sectors through the Fisheries Fund
- Spent R504 million supporting 434 SMMEs
- As a result of procurement policies, the Group spent R1.6 billion in support of majority black-owned suppliers
- Provided continued support to nine black SMMEs who catch and process 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.
- Reframing the Sea Harvest Foundation's funding strategy to achieve a greater impact and align focus areas with ESG reporting requirements.
- Active engagement with non-profit organisations and governmental organisations to establish the needs of the communities in and around which we operate.

### IMPACTS ON AND TRADE-OFFS BETWEEN CAPITALS

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

| POSITIVE IMPACT | NEGATIVE IMPACT |
|---|---|
| SC FC | FC |

### OUTCOMES

- Retained a Level 1 B-BBEE contributor status and achieved a score of 100.88 (2022: 102.21)
- The Sea Harvest Foundation spent R3.3 million on community projects
- Increased our support to nine black SMMEs in the fishing sector
- The Group spent R1.6 billion on procuring goods and services from 642 majority black-owned businesses
- The Group spent R504 million on procuring goods and services from 434 SMMEs
- The Group spent R1.5 million supporting small scale fishing communities and contributed to development of the Oceans Economy through the Fisheries Fund
- The Group spent R13 million on enterprise and supplier development

## GOALS

S M L

- Our commitment to growing our Social and Relationship Capital 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

S Short term M Medium term L Long term

### RELATED MATERIAL CARDINAL POINTS

The following material cardinal points affect our ability to grow our Social and Relationship Capital:

- Managing relationships with key internal and external stakeholders enables Sea Harvest to ensure that its operations run smoothly and efficiently
- Building strong relationships with the communities and societies in which we operate enables the business to unlock potential, integrate communities, and promote sustainable economic transformation
- 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
- Protecting and growing the Group's Social and Relationship Capital would not be possible without managing relationships
- Sea Harvest's Social and Relationship Capital would be destroyed if the Group failed to meet its stakeholders' expectations with regard to acting responsibly



One of the many youth who benefited from Sea Harvest's partnership with Surfing South Africa in 2023, which was aimed at improving transformation within the Olympic sport

# OUR RISKS AND MITIGATIONS

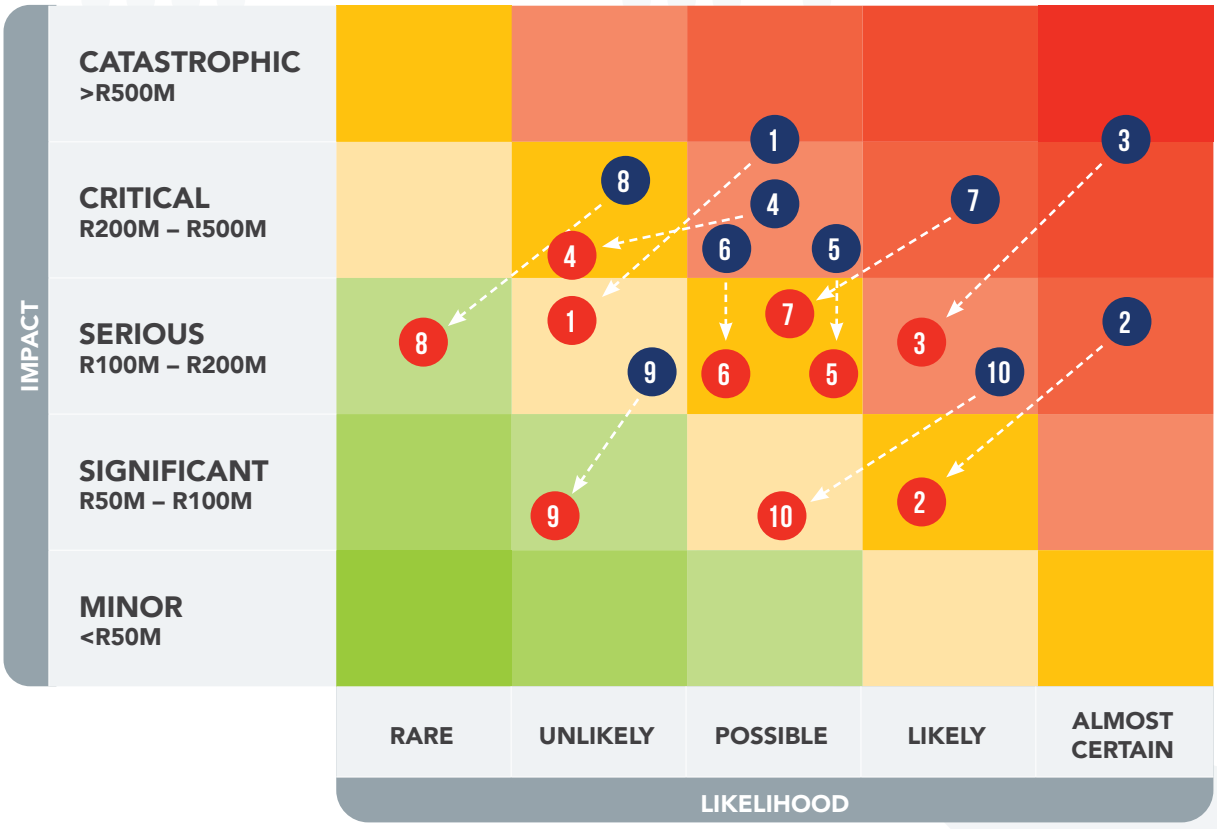


The Group has developed a comprehensive risk management framework that is approved by the Audit and Risk committee, consistent with its Board-delegated function. In terms of this framework, material risks are identified with relevant mitigation plans on a regular basis and monitored by the Audit and 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 position 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 a forward-looking view of the risks and opportunities, which may have an impact on the future performance of the Group.

## OUR TOP RISKS

1. RETENTION OF FISHING RIGHTS
2. ELECTRICITY LOAD SHEDDING
3. MACROECONOMIC FACTORS
4. SUSTAINABILITY OF RESOURCES
5. BUSINESS INTERRUPTION
6. LOSS OF MAJOR ASSETS
7. QUALITY AND FOOD SAFETY STANDARDS
8. EMPLOYEE SAFETY
9. SCARCITY OF CRITICAL SKILLS
10. MARKET CONCENTRATION RISKS




- Inherent risk rating, i.e. rating **before** consideration of control strategies
- Residual risk rating, i.e. rating **after** consideration of control strategies

THREAT LEVELS in relation to the heat map on **page 53.**

☐ Impact on value creation

## 1 RISK: RETENTION OF FISHING RIGHTS




### Risk considerations and descriptions

- 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

| Control and mitigation | Likelihood: **UNLIKELY** | Impact: **SERIOUS** |
|---|---|---|

- Active participation in industry organisations – Deputy chair of SADSTIA; Executive Committee member
- 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
- Successfully managed the appeals process with favourable outcomes in respect of long-term fishing rights
- Share register is carefully and regularly monitored
- In the South African Fishing operation, supported job creation and retention in economically depressed towns such as Saldanha Bay – c.3 300 direct jobs and 10 000 indirect jobs in fishing operations, with a 2023 wage bill of c.R990 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 R231 million relevant to the South African Fishing operation
- Export revenue in excess of R3 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
- South African Fishing operation supported 356 predominantly black-owned SMMEs across the value chain, with a procurement spend of R418 million

## 2 RISK: ELECTRICITY LOAD SHEDDING




### Risk considerations and descriptions

- The uncertainty of the severity (stages) and frequency of load shedding negatively impacts production planning for South African operations
- Potential blackouts
- Supply of milk being negatively affected as milk farmers are unable to produce sufficient good quality milk
- Excessive costs incurred in the procurement of diesel for generators and coal for boilers
- Negative impact on plant and machinery and increased maintenance costs due to disruptive electricity supply

| Control and mitigation | Likelihood: **LIKELY** | Impact: **SIGNIFICANT** |
|---|---|---|

- Backup generators in place across the Group
- Wind turbines installed at Buffeljags aquaculture farm
- Installation of solar alternative at Ladismith
- Consideration of solar and battery backup installations at multiple sites
- Continuous evaluation of alternative energy sources, e.g. solar, wind turbines, etc. as well as storage (battery) solutions
- Electricity audits and reviews conducted
- Business continuity plans in place

# OUR RISKS AND MITIGATIONS CONTINUED

## 3 RISK: MACROECONOMIC FACTORS




### Risk considerations and descriptions

- **Inflation:** Cost push – above-inflation cost increases across the board, e.g. wages, utilities, input costs/raw material, packaging materials, etc.
- **Interest rates:** Higher interest rates worldwide
- **Fuel:** Increased fuel costs, resulting in increases in cost of sales, selling and distribution costs, and the resultant effect on all cost categories
- **Global economic factors:** Inflation, interest rates, GDP growth rates in markets in which the Group trades, foreign governments' monetary policies, etc. impact on consumer confidence and the demand for our products
- **Currency:** Changes to political landscape and international sentiment towards South Africa resulting in rand strength and lower revenue from export sales
- **Hedges:** Lower fuel prices and the weaker rand cause hedges to move into an out-of-the-money position, resulting in hedge losses being incurred
- **Funding:** Impact of international conditions on the South African economy negatively affecting profitability and adherence to covenant requirements

| Control and mitigation | Likelihood: **LIKELY** | Impact: **SERIOUS** |
|---|---|---|

- The Group applies sound foreign currency and fuel hedging practices in line with approved policies and SARB criteria
- Pricing/market mix action to mitigate impact of above-inflation cost increases and rand volatility
- Regular monitoring of currency position, international oil prices, and interest rates to optimise hedge placement
- Cost reduction and efficiency plans to compensate for lost revenue and increased costs to protect bottom-line earnings
- Delivery of efficiency benefits from investments in fleet and factories
- Consideration of interest rate and fuel hedging solutions
- Ability to redirect products to different markets to limit exposure to negative currency position
- Regular reporting of covenants to banks

## 4 RISK: SUSTAINABILITY OF RESOURCES




### Risk considerations and descriptions

- Poor health of hake and prawn (Shark Bay and Exmouth) biomasses could reduce catch rates and size mixes to unsustainable levels of profitability
- Poor management of resource by government not following scientific advice could impact resource viability and marketability of catch
- Climate change could impact the environment, ultimately affecting the health of biomass and raw material supply
- Climate change could affect milk supply and availability
- Climate change could result in increased red tide events

| Control and mitigation | Likelihood: **UNLIKELY** | Impact: **CRITICAL** |
|---|---|---|

- Active participation in industry standard-setting organisations to champion sustainability, including Deputy chair of SADSTIA, RFA, DPIRD, WAFIC, Milk SA and AFASA
- Active engagement with regulators including DPIRD, DFFE and WAFIC
- 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
- Championing MSC accreditation of the South African Cape Hake and Shark Bay and Exmouth prawn fisheries
- Diversification of fisheries: South Africa (hake) and Australia (prawn)
- Appropriateness of fishing gear used

THREAT LEVELS in relation to the heat map on **page 53.**

☐ Impact on value creation

## 5 RISK: BUSINESS INTERRUPTION




### Risk considerations and descriptions

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

| Control and mitigation | Likelihood: **POSSIBLE** | Impact: **SERIOUS** |
|---|---|---|

- Desalination plant installed at Saldanha Bay facility
- Ladismith – installation of solar alternatives and reverse osmosis plant to harvest water
- Aquaculture – wind turbines installed at Buffeljags aquaculture farm
- Focused disaster recovery plans in place within individual business units
- HR climate survey conducted and focused communication strategy implemented
- Monitoring of container turnaround times to meet demand, considering the established constraints
- Operational diversification through Viking, Mooivallei and MG Kailis acquisitions providing alternative operational sites in the event of a continuity incident
- Information technology (IT) disaster recovery in place
- Assessment of IT environment with planned mitigations and further improvements where necessary
- IT SteerCo representation from subsidiaries
- Comprehensive cyber security strategy in place
- Business interruption insurance in place

## 6 RISK: LOSS OF MAJOR ASSETS




### Risk considerations and descriptions

- Loss of major assets due to vessel sinking or a fire within a production facility
- Loss of biological assets due to disease or events such as red tide
- Natural disasters, including drought, flooding, fires, etc., preventing access to facilities and necessitating the safeguarding of assets and products

| Control and mitigation | Likelihood: **POSSIBLE** | Impact: **SERIOUS** |
|---|---|---|

- Fit-for-purpose maintenance strategies and business continuity plans are in place
- Engineering skills
- Training
- Fire defence, including fire teams and training with suitable fire-fighting equipment
- Comprehensive safety-at-sea programme implemented
- The acquisition of Viking Fishing, Mooivallei and MG Kailis allows for 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
- Supporting community prevention and disaster recovery services when required to minimise the impact of natural disaster incidents

# OUR RISKS AND MITIGATIONS CONTINUED

## 7 RISK: QUALITY AND FOOD SAFETY STANDARDS

FC MC SC

**Risk considerations and descriptions**

- Failure in food safety standards may result in product recall thus negatively affecting the Group's brand, reputation, earnings per share, and share price
- Negative social media campaigns
- Poor quality products result in lower demand and inability to charge premium pricing

| Control and mitigation | 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 and media monitoring service providers
- Crisis Communication Framework developed

## 8 RISK: EMPLOYEE SAFETY

FC MC HC SC

**Risk considerations and descriptions**

- 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.

| Control and mitigation | Likelihood: **RARE** | Impact: **SERIOUS** |
|---|---|---|

- Compliance with Occupational Health and Safety Act, No 85 of 1993, and Compensation for Occupational Injuries and Diseases Act, No 10 of 2022, compliance evaluations
- Occupational Health and Safety Committees appointed and performance of regular risk assessments in all operating environments
- Safety manuals continuously updated to incorporate latest requirements
- Robust safety communication strategy
- Physical and staff-related insurances in place
- Independent audits by insurers, internal auditors and government



THREAT LEVELS in relation to the heat map on **page 53.**

☐ Impact on value creation

## 9 RISK: SCARCITY OF CRITICAL SKILLS

FC MC HC SC

### Risk considerations and descriptions

- The ability of the Group to sustain operations without interruption could be affected by a lack of available skills and/or critical skills, e.g. skippers, chief engineers and specialist skills, within the dairy and aquaculture operations of the Group
- Key positions within other specialist operations are reliant on key individuals

| Control and mitigation | Likelihood: **UNLIKELY** | Impact: **SIGNIFICANT** |
|---|---|---|

- Succession planning in place for key positions
- Development of in-house training capability
- Leverage of depth of skills across Group subsidiaries
- Retention strategies for key management including short-term incentives (STIs) and long-term incentives (LTIs)
- Acquisition strategy provides access to increased pool of industry-respected resources and may provide growth and development opportunities for such staff, which will aid retention
- A Talent Forum was established to identify strong performers within the business

## 10 RISK: MARKET CONCENTRATION RISKS

FC MC NC

### Risk considerations and descriptions

- Within Viking Aquaculture, abalone sales are heavily dependent on the Far East markets, which were negatively impacted during the 2019 geopolitical unrest and subsequently the sustained impact of the COVID-19 pandemic continuing to restrict sales
- Presence of other wild-caught prawn, imported and farmed Australian prawns in markets could result in decreased demand for wild-caught Shark Bay and Exmouth products

| Control and mitigation | Likelihood: **POSSIBLE** | Impact: **SIGNIFICANT** |
|---|---|---|

- Leveraging depth of skills to secure alternatives to existing markets throughout the Group
- Development of new abalone product formats other than "live", including canned, frozen and dried
- Pursuit of growth and larger sizes of abalone
- Appointment of key positions within the aquaculture business to optimise production and sales
- Additional controls implemented resulted in sourcing of multiple airline partners
- Source new prawn markets in Far East Asia (Japan, Hong Kong, etc.)



# 04

# OUR WAY FORWARD


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| Our strategy | **77** |
| Our operational performance within the business segments | **83** |
| Our CFO's Report | **91** |

# OUR CEO'S REPORT





> "IT IS ALWAYS VERY DIFFICULT IN THIS ENVIRONMENT AND THE WORLD WE LIVE IN TO ANTICIPATE WHAT WILL HAPPEN IN THE FUTURE, BUT WE ARE CONFIDENT THAT THE CHALLENGES WE FACE WILL BE OFFSET BY SEVERAL POSITIVE FACTORS."

**FELIX RATHEB**

*Group Chief Executive Officer*

In retrospect, the year 2023 presented a unique set of challenges and opportunities for our business. Despite facing unforeseeable obstacles beyond our control, our resilience as a business shone through, positioning us for potential success in what could have been one of our finest years. As we reflect on the performance of each segment of our business, it becomes apparent that our strategic focus on resilience and adaptability has been key to navigating turbulent waters.

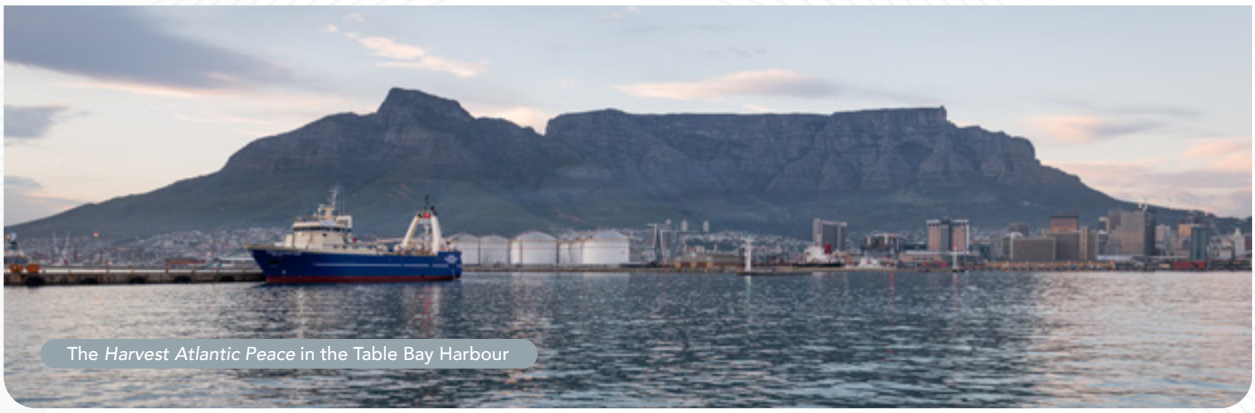
## SOUTH AFRICAN FISHING

One of the primary challenges in our South African Fishing business has been the notable decline in catch rates, particularly evident in the latter half of 2023. While the first half of the year under review showed some improvement from 2022, the subsequent months experienced a significant deterioration in catchability, largely attributed to environmental conditions at sea. Despite a 5% increase in the TAC for Cape Hake, the catchability issues persisted, impacting our operational performance for the year.

However, amid these challenges, our business managed to achieve a commendable financial outcome. Even facing the worst catch rates in recent memory, our fishing business saw double-digit earnings growth, underscoring the resilience and defensive nature of our foundational core. This positive result can be attributed to our strategic focus on cost management, market pricing, and proactive capacity expansion efforts.

Notably, we secured additional vessels to bolster our fishing fleet, including the acquisition of a sister freezer trawler to the *Harvest Atlantic Peace* and *Harvest Mzansi*, the *Harvest Cap Nord*, alongside strategic expansions in our fresh fish fleet. These investments in capacity enhancement were pivotal in mitigating the impact of fluctuating catch rates.

Furthermore, a significant milestone in 2023 was the conclusion of the FRAP appeals process by the Minister of DFFE. This decision provides much-needed certainty for our business operations, enabling us to plan and invest confidently for the next 15 years. Even though we continue to face formidable challenges, 2023 proved to be a year of resilience and progress for our business. By addressing operational hurdles, pursuing strategic investments, and leveraging regulatory clarity, we emerged more prepared to seize future opportunities when the tide turns – as it always eventually does.



The *Harvest Atlantic Peace* in the Table Bay Harbour

## SEA HARVEST AQUACULTURE

Regarding our aquaculture business, it constitutes a vital component of our overall operations. Reflecting to 2018, upon acquisition, the portfolio encompassed diverse offerings, including salmon trout, both on land and at sea, and abalone, alongside mussels and oysters. However, our strategic focus has long been on refining this portfolio, divesting from underperforming segments, and consolidating our presence in high-value areas, namely abalone.

Throughout 2023, significant efforts were directed towards streamlining our abalone portfolio, including the acquisition of minority interests to achieve an 87% ownership stake in Viking Aquaculture. This consolidation allows us to concentrate our resources and attention on expanding our abalone segment, recognising its potential for growth and profitability within the aquaculture market. Our approach emphasises the cultivation of high-value seafood, aligning with market demand and our commitment to delivering premium products. To this end, our strategic initiatives have centred on scaling up abalone production, transitioning from a focus on producing and selling live abalone to diversifying into dried and canned products, which offer superior returns. These strategic pivots in 2023 showcased notable successes within our aquaculture division. Particularly encouraging were the robust growth rates achieved by our animals, notably exceeding industry averages, particularly at our Buffeljags facility. Furthermore, our proactive investment in renewable energy infrastructure, such as wind farms, has positioned us advantageously with respect to electricity costs, bolstering our competitiveness in the sector. While our abalone business yielded profits in 2023, it fell short of our long-term expectations. However, these developments underscore our commitment to optimising performance and realising the full potential of our aquaculture operations in the years ahead.



# OUR CEO'S REPORT CONTINUED

## SEA HARVEST AUSTRALIA

Our Australian business stands as a cornerstone of our seafood operations, alongside our South African wild-caught and aquaculture businesses. While our portfolio may expand to include international aquaculture ventures in the future, our initial foray into the international arena has been through Australia, emphasising our strategic focus on establishing a robust presence in key markets. The acquisition of MG Kailis in May 2022 marked a significant milestone, consolidating our presence in Australia and positioning us with three distinct business lines in that geography. Firstly, our fish trawl business operates in the Kimberley and Pilbara areas, focusing on wild-caught fish, which are either frozen onboard or sold fresh. Secondly, our prawn business comprises separate operations in Exmouth and Carnarvon, each managed independently. Lastly, our trading business, while primarily centred on hake from South Africa, plays a crucial role in our Australian operations.

However, despite notable successes in our fish and trading businesses, our prawn division faced challenges primarily attributed to external price dynamics. Global oversupply compounded by a COVID-19 hangover in China led to a significant downturn in prawn prices, exacerbated by the situation in Australia, where favourable seasonal rainfall resulted in record banana prawn catches in the largest prawn fishery in the country. This convergence of factors necessitated price adjustments to move inventory effectively, despite the operational soundness and successful integration of our Australian operations. While our performance across various key performance indicators remained commendable, the unforeseen challenges encountered in the prawn division underscores the inherent unpredictability of market forces.

**NONETHELESS, OUR STEADFAST COMMITMENT TO OPERATIONAL EXCELLENCE AND STRATEGIC ALIGNMENT POSITIONS US WELL TO NAVIGATE SUCH OUTLIERS IN THE FUTURE.**




## CAPE HARVEST FOODS

The final component of our business portfolio encompasses the Cape Harvest Foods cluster, with Ladismith standing as its primary pillar. Despite encountering challenges throughout the year, Ladismith demonstrated remarkable resilience amid adverse operational conditions.

The challenges emanated from the start of the supply chain where the world transitioning from a La Niña to an El Niño weather phenomena posed initial challenges, as the onset of a mild El Niño typically entails drier conditions in the central and eastern parts of South Africa, impacting livestock and pasture health and, subsequently, milk production. This resulted in diminished raw material availability, further compounded by inflationary pressures experienced by farmers due to macroeconomic factors. Moreover, the occurrence of load shedding significantly elevated the cost of milk acquisition, with prices surging by over double digits in 2023. While the inherent lag in recovering these operational cost increases from the market persisted, our proactive approach enabled us to implement pricing adjustments across our product portfolio, effectively mitigating the impact of inflation. Notably, Ladismith bore the brunt of load shedding's repercussions within the Group, prompting our decision to invest in a solar PV solution to address energy reliability and emissions concerns. This strategic move, tailored to the operational context of Ladismith, underscored our commitment to sustainable energy solutions. When normalised for these exceptional circumstances, Ladismith exhibited a commendable performance, showcasing resilience amid adversity. While challenges persisted, particularly in the realm of operating profit, Ladismith remained steadfast, epitomising its enduring strength within our business portfolio.



## SUMMARY AND THE ROAD AHEAD

Reflecting on the past year, despite encountering a myriad of challenges, it is evident that our business weathered one of its most demanding periods admirably. In the face of environmental adversities, such as disruptions in fishing and milk production, our business diligently confronted double-digit volume declines across various categories. For many enterprises, such setbacks would have posed significant hurdles; however, we managed to deliver a performance that remained largely consistent with the previous year at an operating profit level, which is a testament to our defensive nature and resilience.

However, it is also essential to acknowledge that our business has been notably impacted by the substantial increase in interest rates over the past two years. With our debt levels rising and interest rates surging by nearly 50% last year, compounded by a 25% increase the year prior, the resultant interest burden has weighed heavily on our earnings per share (EPS), reflecting a decline for the year.

# BEYOND THE HORIZON



Seeing 2023 through the rear-view mirror, the Group has co-opted learnings from the period. Looking ahead, the continued integration of our Australian operations presents opportunities to optimise costs further while collaborating with governmental bodies to ensure the sustainability of the fisheries where we operate. Securing adequate biomass output is paramount to realising our profitability targets in Australia, particularly in our prawn fisheries and fish trawl operations.

In both our South African Fishing operations and Australian ventures, debt reduction will be a primary focus, driven by specific deleveraging initiatives aimed at fortifying our financial position. Within Ladismith, we anticipate the completion of several transformative projects initiated in 2023, including the installation of a new roller dryer powder plant and the commissioning of the forementioned solar PV plant. These endeavours are poised to yield tangible cost benefits, driving efficiency gains and enhancing our overall operational resilience. Moreover, efforts to augment milk flow by leveraging our existing facilities' untapped capacity are underway, with a targeted 20% increase in productivity anticipated. This expansion holds significant revenue and earnings growth potential, underscoring our commitment to maximising operational efficiency and capitalising on growth opportunities across our diversified business portfolio.

From a Group strategic standpoint, our trajectory remains steadfast, adhering to our predefined objectives. One pivotal area of focus lies in fortifying our presence in South Africa, namely within the small pelagic segment, which constitutes a substantial portion of South Africa's catch value, where hitherto our involvement has been minimal. In this vein, the impending acquisition of the Terrasan Group's fishing and aquaculture businesses looms large on our horizon. This strategic move promises to furnish us with a robust foothold in the anchovy and pilchard markets, alongside a flourishing aquaculture arm, aligning seamlessly with our overarching portfolio aspirations.

Furthermore, our primary ambition to cultivate a significant abalone enterprise has been actualised through organic growth initiatives. While organic expansion endeavours remain underway, the prospect of expediting our growth trajectory led us to the anticipated acquisition of Aqunion, renowned as a paragon of operational excellence within the abalone domain in South Africa. This transformative acquisition will augment our current abalone portfolio with a vertically integrated entity boasting production facilities, market strength, and an optimal stock profile, thus achieving the desired scale and product diversification.

Adding to that, central to our strategic ethos is a commitment to businesses with foreign currency denominated revenues, thereby safeguarding our margins amid local currency fluctuations. Furthermore, we prioritise ventures operating in supply-constrained markets, where demand consistently outstrips supply, thereby affording us premium pricing leverage and sustainable margins. Our stringent investment criteria mandate a thorough assessment of return on capital employed, ensuring that deployed capital yields returns surpassing our weighted average cost of capital. Moreover, we prioritise businesses that boast high cash conversion rates, reflecting our commitment to operational efficiency and sustainable financial performance.

In essence, our strategic imperatives remain unwavering, guided by a steadfast commitment to sustainable growth, operational excellence, and prudent capital deployment. Through astute acquisitions, operational enhancements, and strategic foresight, we are poised to capitalise on emerging opportunities, while delivering enduring value to our stakeholders.



**FELIX RATHEB**
*Group Chief Executive Officer*

# OUR MATERIAL CARDINAL POINTS

## INTRODUCTION

At Sea Harvest, our material cardinal points serve as the compass that guides our journey towards realising our vision and fulfilling our purpose. These guiding principles steer our actions and decisions at every point across the organisation.

## OPERATING EFFICIENTLY

FC MC NC HC IC SC

1 2 3 4 5 6 7 8 9 10

### WHY IT MATTERS

In a global market, Sea Harvest operates where economies of scale are essential and competitiveness is defined by vertical integration. Operational efficiency is crucial for maintaining sustainable operating margins and safeguarding the business's long-term viability, ultimately benefiting all stakeholders.

### CHALLENGES

- In the Cape Hake fishery, there have been issues with catchability, leading to lower catch rates. This has resulted in increased catching costs and a significant decrease in raw material volumes within the South African Fishing segment. As a result, fixed cost recovery in the segment was significantly impacted throughout 2023.
- Persistent increases in costs exceeding inflation continue to affect key input materials like ingredients and packaging.
- Additionally, fuel costs remained elevated throughout 2023. Compared to 2021, the average rand price of fuel increased by 95% to R15.94 per litre in 2023.
- In 2023, the increased frequency and longer duration of load shedding significantly affected the Group's operations in South Africa. This resulted in costs totalling R46 million, marking an 88% increase from the previous period. Load shedding also had a severe impact on operational efficiencies and machine availability.
- Increased interest cost affected the Group due to the elevated interest rates and high levels of debt.
- Prawn catches in Shark Bay remained below the long-term average for the fishery, while Exmouth also experienced lower catches attributed to seasonal environmental conditions.
- The Group's abalone farms are currently in a growth phase, leading to smaller sizes of the mollusc. Consequently, during 2023, the business was unable to fully capitalise on the improved demand as the majority of sales comprised lower-margin, smaller, live abalone.

### OPPORTUNITIES

| | |
|---|---|
| The South African Fishing segment added two additional vessels to its fleet – a freezer trawler and a fresh-fish trawler. This will allow the segment to increase its volumes. | The demand for wild-caught, sustainable seafood and high-value protein, such as dairy, remains strong in all markets and channels both locally and internationally, resulting in strong pricing in all businesses. |
| Sea Harvest Australia is working closely with regulators to ensure the continued sustainability of fishing in Shark Bay to ensure the growth of the biomasses. | Abalone farms are still in a growth phase. As farms mature, there should be a larger-size mix available, which will allow greater market serviceability in multiple formats. |
| Completing the roller dryer powder plant at Ladismith will add further product diversification to the basket. | |

Why it matters  Associated risks  Affected capitals

**Refer to pages 53 to 58 and for the risks mentioned**

## SUPPORTED UN SDGs



## OUR RESPONSE

- Despite the 6% lower available Hake volumes in the South African Fishing segment, revenue was up 10% during 2023.
- Despite the most challenging year in recent times, the South African Fishing business posted an improved operating profit up from R349 million in 2022 to R391 million in 2023.
- Revenue from Sea Harvest Australia operations was up 22%, driven by the full inclusion of MG Kailis, growth in the trading division, and good catches in Pilbara Fish Trawl.
- Good price growth in abalone during 2023 in Sea Harvest Aquaculture.
- The Aquaculture farms remain well stocked, and the abalone is poised to grow in size, thereby allowing greater access into higher-value product formats, such as dried abalone.
- Ladismith improved pricing across all categories, markets and channels, complemented by mix.
- Commenced the installation of a solar PV solution at Ladismith, which will increase energy security.

## GOALS

**S**

- Continue with the focus on fixed cost containment across the Group
- Complete the acquisition of the fishing and aquaculture businesses of the Terrasan Group
- Abalone size growth that allows for improved product mix
- Shark Bay prawn resource recovery towards long-term average

**S** **M**

- Provide energy security to Ladismith and invest in the production of new higher-margin products

**S** **M** **L**

- Maintain historical operating profit margins at 15% and return on invested capital (ROIC) at 3% above WACC through the cycle

S Short term M Medium term L Long term

**Refer to pages 35 to 52 for further information.**



# OUR MATERIAL CARDINAL POINTS CONTINUED

## DRIVING TRANSFORMATION

FC MC HC IC SC

1 9

### WHY IT MATTERS

Transformation is crucial for the Group's long-term viability in South Africa. Sea Harvest's strategy focuses on the ownership and staff structure necessary to become a diversified fishing and food business that is globally competitive, with a representative employee and shareholder base. Transformation governs our licence to operate.

### CHALLENGES

- Driving transformation is essential for the business, especially considering the public ownership of Sea Harvest. This presents the challenge of constant management and elevation of the standard in all other pillars encompassing transformation.

### OPPORTUNITIES

As one of the most transformed companies in the South African fishing sector – c.95% black ownership, a Level 1 B-BBEE contributor, and rurally based – the completed phases of FRAP lay a good foundation for certainty and stability for the next 15 years.

We support black SMMEs by securing their services across the value chain.

Our skills development programmes offer unemployed youth the opportunity to gain skills and workplace experience towards a trade or profession and gainful employment.

We contribute to supplier and enterprise development.

We implement our transformation strategy through skills development programmes offered to previously disadvantaged employees.

We support small-scale fishing in local communities through the Fisheries Fund.

We continuously invest in our local communities through food security, social, and health cohesion programmes.



Training provided by the South African Fisheries Development Fund in 2023 was aimed at supporting local communities, specifically traditional fishers, by enabling them to gain access to, and share in the wealth of, the local fishing industry

Why it matters ◯ Associated risks — Affected capitals

## SUPPORTED UN SDGs



## 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 100.88.
- Over 90% of all South African employees are ACI.
- During the year, the Group spent R504 million procuring goods and services from 434 SMMEs.
- Established a Talent Forum led by Group executives and enlisted the expertise of a talent management team to address succession planning and enable us to achieve our diversity targets. This will be achieved by upskilling individuals from previously disadvantaged backgrounds through our extensive skill development programme.
- The Group spent R43 million on various skills development initiatives.
- Sea Harvest Foundation spent R3.3 million on community-based projects, including sport and community development, education, healthcare, and early childhood development.
- Through the Fisheries Fund and in association with our majority shareholder, Brimstone, we were able to continue supporting co-operatives and small-scale fishers during 2023 through training programmes to assist them in successfully utilising their fishing rights.
- During 2023, we continued to actively support nine black SMMEs in the South African fishing sector.
- Contributed R13 million towards enterprise and supplier development.

## GOALS

S

- Retain Level 1 B-BBEE contributor status
- Maintain black shareholding above 90%
- Entrench employment equity in the Group's recruitment, learning and development, and talent management processes as platforms to promote transformation
- Adhere to the requirements of the updated Employment Equity Act, No 55 of 1998 by developing five-year plans for each division in consultation with the relevant trade unions

S
M
L

- Focus on securing specialised skills that are required throughout the Group and its subsidiaries, and which are not readily available in previously disadvantaged communities, through development and retention programmes
- 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, early childhood development, homes for the aged, and other care-giving institutions
- SMME development by supporting both new and established local majority black-owned businesses
- Continue to contribute to supplier and enterprise development, particularly in the South African fishing industry

S Short term M Medium term L Long term

**Refer to pages 35 to 52 for further information.**

# OUR MATERIAL CARDINAL POINTS CONTINUED

## PROTECTING OUR BRANDS

FC MC NC HC IC SC

2 3 4 5 6 7 8 10

### WHY IT MATTERS

It's crucial to emphasise the strong link between the Sea Harvest Group's brands and our corporate identity, characterised by authenticity, trustworthiness and value. These qualities are what consumers seek when interacting with us and our products.

### CHALLENGES

- Striking a balance between distributing a fixed fish supply in the local market to bolster the Sea Harvest brand and the export markets where returns are higher.
- As we pursue the UN SDGs, it's crucial to recognise that a primary goal is to encourage sustainable consumption and production practices. This poses a challenge for the Group as we aim to reconcile increasing customer demands with the imperative to uphold sustainable production methods that align with our business aspirations, benefit communities, and protect the planet.
- Aligning acquisitions with the existing customer and consumer brand expectations.

### OPPORTUNITIES

We market our products as both healthy and environmentally sustainable, aiming to enhance the well-being of our customers and the planet. Our dedication to these values aligns with the UN SDGs, particularly those related to good health and well-being as well as the conservation of life below water.

Our factory shops in South Africa capture the essence of our iconic seafood brand and make it available to local communities.

We continue to diversify the offerings in our factory shops to include products produced by our subsidiaries.




Why it matters ○ Associated risks — Affected capitals

## GOALS

### SUPPORTED UN SDGs

### OUR RESPONSE

- Protecting our brands is an ongoing journey, which is why we continued to invest in our brand equity, especially in the domestic retail market in 2023. We formed strategic partnerships with other well-known local brands to strengthen and enhance our own brand value. We implemented comprehensive digital marketing campaigns to highlight the benefits of our brands to customers. Furthermore, we undertook direct consumer engagement through our sponsorship of Surfing South Africa, with in-person demonstrations at surfing events through our mobile food truck.
- New product development efforts remained focused on innovation, value and maintaining high service levels due to increased retail demand.

**Refer to pages 35 to 52 for further information.**

| | |
|---|---|
| S | • Continue to focus on online consumer engagement and advertising within our marketing mix<br>• Improve stakeholder engagement on our value offerings<br>• Give our global customers a better idea of our sustainable approach to our quality-driven value offering |
| M | • Align customer and consumer brand expectations with respect to new acquisitions<br>• Group-wide approach to establishing energy and water security |
| S M | • As we increase our global footprint, we intend to participate in more trade shows, particularly in aquaculture |
| S M L | • Continue delivering on our customers' expectations |

S Short term M Medium term L Long term



# OUR MATERIAL CARDINAL POINTS CONTINUED

## MANAGING RELATIONSHIPS

FC MC NC HC IC SC

1 3 5 8 10

### WHY IT MATTERS

Sea Harvest emphasises the significance of its relationships with stakeholders in achieving success. As a responsible corporate citizen, the Company acknowledges the importance of nurturing mutually beneficial relationships to ensure a viable and sustainable future.

### CHALLENGES

- Ensuring that the Group understands and can effectively manage its dynamic and expanded stakeholder base due to the accelerated growth of the business over the past six years.

### OPPORTUNITIES

Reassess and identify our stakeholders and assess our impact on them and their impact on our business.

Measure engagement effectiveness by measuring perceptions of our engagement performance as part of a stakeholder survey (i.e. reputation analysis).

Frequent communication using digital and other platforms.

Harness the strengths, skills and expertise of our people to meet the varied expectations of the Group's many stakeholders.

Understand the expectations of our stakeholders.



The Sea Harvest customised stand built for stakeholder engagement and marketing purposes at the Barcelona Seafood Expo in 2023

Why it matters ◯ Associated risks — Affected capitals

## GOALS

### SUPPORTED UN SDGs



S

- Develop a new stakeholder management framework to ensure that all stakeholders are apprised of the Group's plans and objectives moving forward
- 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

S Short term M Medium term L Long term

### OUR RESPONSE

- The Group invested a significant amount of time to ensure that its stakeholders remained 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 functional teams and external business partners.
- In 2023, we published multiple publications at all our subsidiaries and increased face-to-face engagements between staff and management. We also continued our external communication campaign across various digital and traditional media platforms to highlight the relationship between the Group and its stakeholders.
- In 2023, we sustained our social media footprint on Facebook, Instagram and the Sea Harvest YouTube channel and continued to engage with other complimentary brands through multiple *ad hoc* marketing campaigns.

**Refer to pages 35 to 52 for further information.**



The solar PV solution installed at Ladismith to increase energy security and to diversify the Company's energy mix

# OUR MATERIAL CARDINAL POINTS CONTINUED

## ACTING RESPONSIBLY

FC MC NC HC IC SC

1 3 4 7 8 9

### WHY IT MATTERS

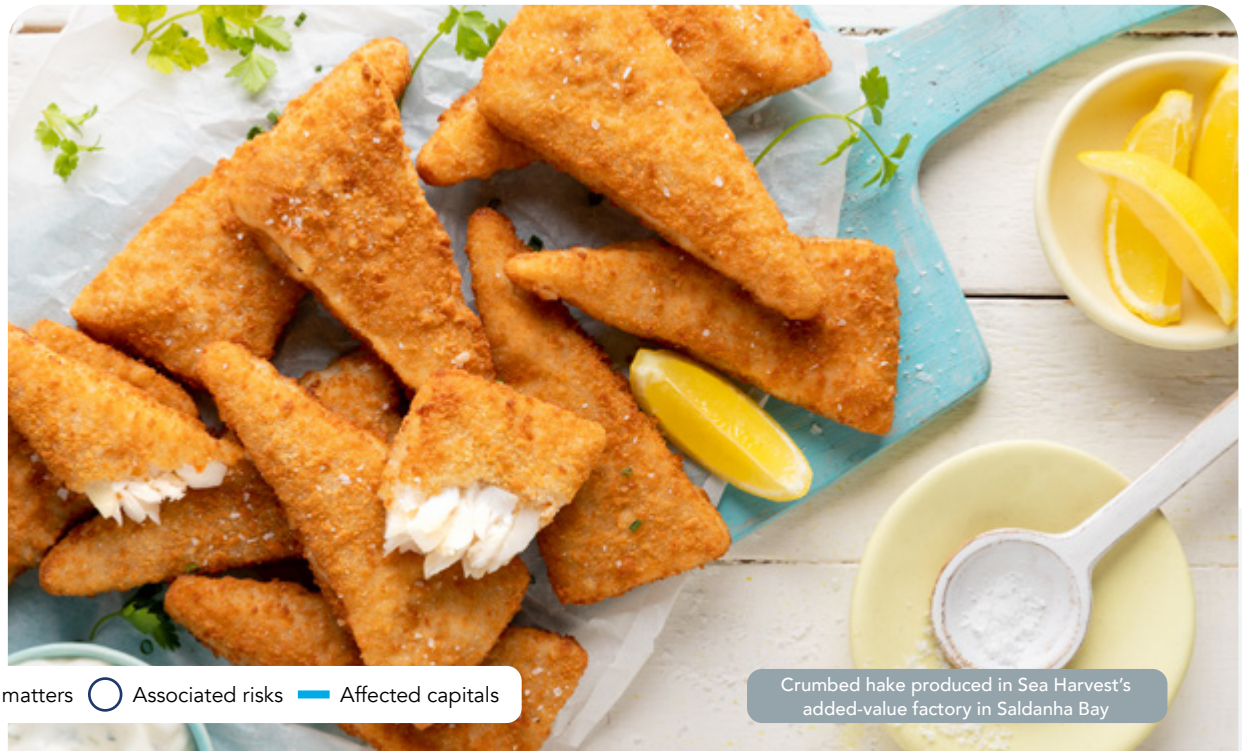
At the core of our business is the availability of natural resources. It is vital that we assume the role of responsible stewards for these resources, essential to both our operations and communities, to secure a sustainable future for our business and planet. However, our responsibility does not end there. As a responsible corporate citizen, we are obligated to maintain ethical standards, treat our employees and stakeholders with respect and care, and uphold transparent and accountable corporate governance practices.

### CHALLENGES

- As a Company primarily engaged in wild-caught fishing operations, we recognise that there are inherent impacts associated with our activities, including incidental by-catch of non-targeted species and potential impacts on the marine ecosystem.
- The impact of climate change on marine resources and weather patterns.
- Incorporating ESG practices in response to heightened regulation and sustainability.
- Ever increasing socio-economic challenges in South Africa affecting our employees and local communities.

### OPPORTUNITIES

| | |
|---|---|
| We have made significant strides in understanding the requirements of the local communities where we operate. Through the dedicated investment of time and resources, we aim to customise our support and pinpoint projects that can make the most meaningful impact in these communities. | Undertake climate risk assessments to aid in the development of resilience. |
| The Group is committed to building a global business that operates at the highest levels of sustainability and complies with all necessary standards. | Become a beacon for social change in our communities and an advocate for environmental stewardship. |



Why it matters ◯ Associated risks — Affected capitals

Crumbed hake produced in Sea Harvest's added-value factory in Saldanha Bay

## SUPPORTED UN SDGs



## OUR RESPONSE

- The Group ensured that all its business practices were responsibly managed and that an ecosystem-based approach was adopted with its sustainability efforts, as a means of protecting the environment and jobs into the future.
- Continued to implement management practices focused on by-catch reduction and the maintenance of marine benthic habitats.
- Supported and implemented regulator management initiatives in Australia, such as effort reduction, spatial closures, and gear modifications, in an effort to protect target species.
- Continued to explore innovative solutions to minimise freshwater use in our operations through stringent management interventions and focused data management.
- Reduced our waste to landfill through the expansion of our comprehensive recycling strategy to additional operational sites.
- Supported community initiatives geared towards addressing socio-economic challenges, such as education and hunger, through the Sea Harvest Foundation.
- Implemented a suite of governance practices, geared towards strengthening the Group's ethical practices, and upheld its values.

## GOALS

S M

- All spawning biomass of species we harvest to reach and be maintained at MSY in South Africa or MEY in Australia

S M L

- Embed ESG business practices in all the Group's subsidiaries
- Keep our stakeholders informed of our responsible actions regarding resource use and management
- Align monitoring and tracking systems across all facilities and subsidiaries to better manage health and safety, environmental risks and impacts, and efficient resource utilisation

S Short term M Medium term L Long term

**Refer to pages 13 to 14 and 35 to 52 for further information.**



# OUR MATERIAL CARDINAL POINTS CONTINUED

## OPTIMISING FINANCIAL CAPITAL

FC MC NC HC IC SC

1 2 3 4 5 6 7 8 9 10

### WHY IT MATTERS

The Group recognises Financial Capital as a limited resource that must be used efficiently to benefit shareholders and stakeholders. We evaluate both organic and acquisition opportunities, prioritising those meeting our required cost of capital hurdle rates to ensure sustainable profitability and meet shareholder return expectations while supporting employment.

### CHALLENGES

- Financial Capital must be rationed between organic and acquisitive investment opportunities to optimise returns.
- Low raw material volumes in South African Fishing, Sea Harvest International, and dairy negatively impacting returns on capital deployed in these segments.
- Capital allocation decisions are often based on projected performance that may not materialise, resulting in the expected returns not being achieved.
- Above-inflation input cost increases have negatively impacted margins and returns on the capital deployed.
- Balancing paying a dividend, internally funding future growth projects, and repaying interest and debt.

### OPPORTUNITIES

| | |
|---|---|
| Effective capital management enables investments in internal projects to drive operating efficiencies and earnings-accretive acquisitions. | Improved financial performance provides opportunity to pay down debt, thereby availing cash to fund future growth investments and projects. |
| Margin enhancement and EPS growth enable growth in total shareholder return (TSR), supporting access to further equity capital. | A higher dividend ratio if the Group generates excess cash. |
| Strong product demand will drive margin enhancement and improve the returns on capital deployed across the Group. | Well-stocked abalone farms will enable the business to meet its sales forecasts and deliver the expected ROCE in this segment. |



Why it matters ◯ Associated risks — Affected capitals

## GOALS

### SUPPORTED UN SDGs

### OUR RESPONSE

- The Group met all debt obligations and material covenants during the year.
- Dividend cover of 2.5 times, within the dividend policy range of between 2.5 to 3 times.
- ROCE was maintained at 10%.
- Net working capital as a percentage of revenue was 19% (2022: 17%).

**S M**

- Recover above-inflation cost increases through efficiency improvements, cost containment and price increases
- Deleverage, thereby reducing the net bank borrowings to EBITDA ratio to less than 1.5 times
- Achieve a ROCE 3% above the Group's WACC
- Achieve a 15% Group operating profit margin

**S M L**

- Invest in organic projects and acquisitions that deliver an appropriate margin above the Group's WACC
- Manage capital expenditure and working capital and maintain good cost control
- If no investment opportunities exist that deliver an appropriate margin above the Group's WACC, then pay down debt and return capital to shareholders

S Short term M Medium term L Long term

**Refer to pages 36 to 40 and pages 42, 48 and 50 for further information.**




*Harvest Lindiwe*, Sea Harvest's largest factory freezer trawler

# OUR STRATEGY

## INTRODUCTION

Over the course of the last six years, we've consistently executed our strategy, bringing the Group closer to its aspirations of becoming a leading black-owned, responsible and diversified player in the fishing and food industry. Our strategy remains centred on leveraging both our acquisitions and organic growth, supported by our robust brands, access to global markets, and impressive track record in transformation. Backed by a seasoned, resilient and dedicated leadership and workforce, this positions us strongly for the immediate future. The Group's short- to medium-term focus is to leverage our acquisitions, maximise cash generation, and deleverage the balance sheet.

## OVERVIEW

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

## OUR LONG-TERM FOCUS

Sea Harvest's long-term strategic goal is to become a leading, black-owned, fishing and food business focused on high-value protein sectors like seafood and value-add 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, we aim for a 15% operating profit margin.

# OUR STRATEGIC GOALS




- Enhance the margins within operations to targeted 15% Group operating profit margin
- Deleverage the balance sheet: Net Debt to EBITDA of less than 1.5 times
- Continue to maximise synergies from acquisitions
- Generate ROIC at least 3% above WACC

## LONG-TERM TARGET: 60% OF GROUP EBIT

# SEGMENT: SOUTH AFRICAN FISHING

## ORGANIC GROWTH

### VOLUME GROWTH

- **Fish stocks:**
  Assist DFFE in leveraging optimal scientific guidance to ensure the sustainable management of the fisheries it regulates
- **Co-packing and substitution:**
  Utilise Sea Harvest's strategic alliances with international partners to package the Sea Harvest brand tailored for the South African market, with a primary focus on hake products. Secure a steady supply of whitefish from key partners, enabling Sea Harvest to expand its product range with value-added offerings, leveraging existing manufacturing capabilities

### MARGIN ENHANCEMENT

- **Fleet efficiencies:**
  Maximise fillet factory vessel production at sea and, with the available capabilities, pursue higher margin export products
- **Processing efficiences:**
  Continuous improvement within our production facilities to drive margin enhancement
- **Market opportunities:**
  Current low penetration in the South African frozen fish sector; focus on and develop new export markets, while further consolidating our wholesale model
- **Pricing:**
  Recover above-inflation cost increases in the market

## ACQUISITIVE GROWTH

- Post-FRAP acquisition opportunities due to strong B-BBEE credentials
- Species diversification through other wild-caught seafood species in South Africa

## CHALLENGES AND OPPORTUNITIES

- Variable fishing conditions
- Above-inflation cost increases on key items such as packaging and ingredients
- The South African economy remains stagnant and, together with increasing food inflation and higher interest rates, consumers are under significant economic pressure
- Despite 7% lower volumes, revenue from the South African Fishing segment increased 10% to R3.03 billion in 2023, driven predominantly by price and product mix
- A 5% increase in the hake TAC in 2024
- Increased fishing fleet capacity with the addition of a freezer and fresh fish trawler
- On the verge of completing the acquisition of the pelagic fishing business of the Terrasan Group. This will round out Sea Harvest's exposure to all material wild-caught fisheries in South Africa

## OUR KPIs

**01** Reduce debt levels by focusing on cash generation

**02** Maintain species spawning biomasses above MSY

**03** Recover above-inflation cost increases in the market

**04** 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

**05** Extract further synergies from the Viking Fishing division

## HOW WE PERFORMED AGAINST OUR KPIs

- Above-inflation price increases achieved in 2023
- The Viking Fishing division continues to contribute positively to the Group
- 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 leverages internationally sourced raw materials to sustainably produce crumbed and coated seafood products. These products are distributed to both domestic retail and foodservice markets
- All target species' spawning biomasses in South Africa are above MSY

# OUR STRATEGY CONTINUED

## LONG-TERM TARGET: 40% OF GROUP EBIT

## SEGMENT: INTERNATIONAL SEAFOOD

### ORGANIC GROWTH

#### VOLUME GROWTH

- **Fish stocks:**
  Support regulators in utilising the best scientific advice for sustainable fisheries management

  Catch full allocation of quota

#### MARGIN ENHANCEMENT

- **Fleet and processing efficiencies:**
  Continuous improvements to lower cost and increase margins
- **Market opportunities:**
  Pursue most profitable markets, while balancing the long-term need to develop and support own local brands
- **Pricing:**
  Recover above-inflation cost increases in the market

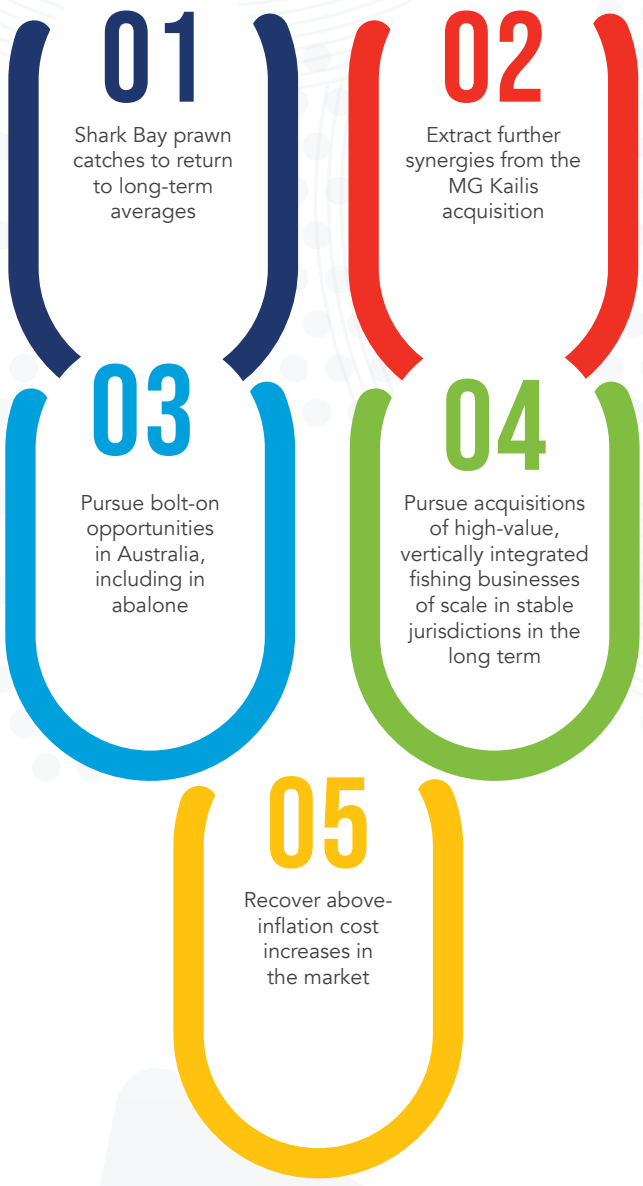
### ACQUISITIVE GROWTH

- 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

### CHALLENGES AND OPPORTUNITIES

- Depressed international prawn prices due to a global oversupply
- Catch the full allocation of Shark Bay and Exmouth prawns, and associated by-catch together with the Spanish Mackerel and fish trawl quota
- Lack of experienced skippers and sea-going crews in the local labour market
- Sea Harvest Australia is working closely with regulators to ensure the continued sustainability of fishing in the Shark Bay, Exmouth, Pilbara and Kimberley regions.
- Extract further synergies, and growth from the MG Kailis acquisition, in particular from the marine engineering division
- In the short to medium term, we are focused on bedding down the MG Kailis acquisition

### OUR KPIs




### HOW WE PERFORMED AGAINST OUR KPIs

- Due to a local and global oversupply of prawns there was significant pressure on pricing in 2023
- The Shark Bay prawn catch for 2023 was 3% lower than the 2022 catch, still below the long-term average
- The acquisition of MG Kailis has allowed Sea Harvest Australia to extract synergies resulting in strong fleet and marketing efficiencies through the merging of the two businesses

# SEGMENT: AQUACULTURE

## ORGANIC GROWTH

### VOLUME GROWTH

- **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

### MARGIN ENHANCEMENT

- **Processing efficiencies:**
  Continuous focus on growth rates and operational disciplines
- **Market opportunities:**
  Identification of new markets
- **Pricing:**
  Recover above-inflation cost increases in the market
- **Product diversification:**
  Live abalone sales supplemented with new product lines in the form of canned, frozen and dried abalone

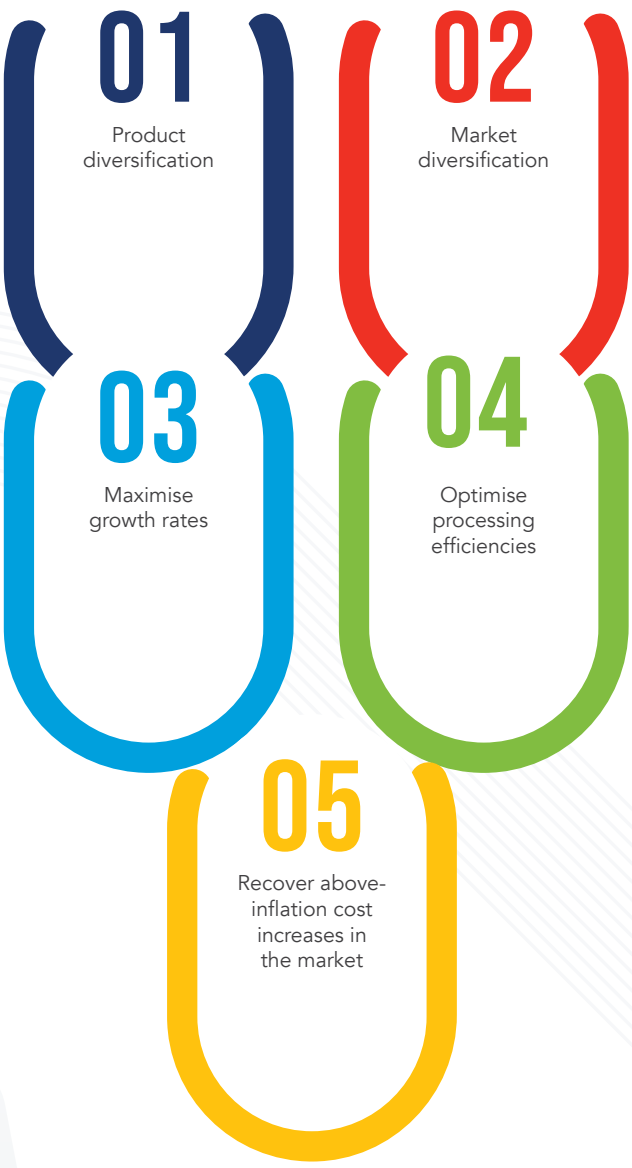
## ACQUISITIVE GROWTH

- Previous experience allied with a global marketing network offers opportunities in an attractive growth sector

## CHALLENGES AND OPPORTUNITIES

- Above-inflation cost increases and load shedding costs
- Abalone farms are still in a growth phase and, as farms mature, there should be a larger size mix available, which will allow greater market serviceability in multiple formats
- Abalone biological stock value increased by 28% during 2023
- On the verge of completing the acquisition of the abalone business of the Terrasan Group. This will expand Sea Harvest's abalone operations to over 1 000 tonnes

## OUR KPIs




## HOW WE PERFORMED AGAINST OUR KPIs

- Above-inflation price increases achieved in 2023
- Projects implemented in 2022 to boost the biological assets are yielding success with the animals enjoying good growth during 2023 increasing to 506 tonnes
- The business has reduced costs and started producing and selling abalone in canned, dried and frozen formats
- Continued engagement in tradeshows and on-the-ground participation in key markets through the opening of a dedicated sales office in Hong Kong
- To curb losses, a strategic decision was taken to discontinue all aquaculture activities unrelated to abalone (disposed of oysters in September 2023). This allowed management to focus on extracting greater efficiencies from the core operations

# OUR STRATEGY CONTINUED

## SEGMENT: SOUTH AFRICAN FOOD

### ORGANIC GROWTH

#### VOLUME GROWTH

- **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 adjacent categories

#### MARGIN ENHANCEMENT

- **Processing efficiencies:**
  Continuous improvement within the production facilities to drive margin enhancement
- **Market opportunities:**
  Current low penetration in the South African dairy sectors and the expansion into other dairy products beyond butter and cheese products
- **Pricing:**
  Recover above-inflation cost increases in the market
- **Optimise margins:**
  The procurement of additional milk, thereby driving factory efficiencies

### ACQUISITIVE GROWTH

- Expand into adjacent 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 experienced management team

### OUR KPIs

**01** Leverage our core competencies to achieve the organic and acquisitive growth potential of Ladismith

**02** Identify and execute value-enhancing acquisitions in the South African food segment

**03** Recover above-inflation cost increases in the market

### CHALLENGES AND OPPORTUNITIES

- Above-inflation cost increases
- Load shedding affecting milk volumes and general production efficiencies
- Commenced the installation of a solar PV solution at Ladismith, which will increase energy security
- Completing the roller dryer powder plant at Ladismith will add further product diversification to the basket
- Deconsolidated BM Foods from 1 July 2023 – sold 5% of the Group's equity in BM Foods to a staff trust for senior management in order to drive succession and retention

### HOW WE PERFORMED AGAINST OUR KPIs

- Above-inflation price increases achieved in 2023
- In a challenging environment in 2023, with reduced input raw material (i.e. milk) and severe load shedding, the segment was still able to increase revenue by 4% on a like-for-like basis
- Above-inflation milk price increase driven by significant farm gate inflation
- BM Foods was impacted by severe cost inflation from input cost increases and import product availability

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# 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 2 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 16 vessels focused on deep-sea hake and Horse Mackerel. Five vessels operate out of Mossel Bay catching hake, pilchards and anchovies. Another three vessels, focused on prawn catches, operate from the Durban harbour.

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.

The FRAP appeals in the Hake Deep-Sea Trawl sector were completed on 4 October 2023 with Sea Harvest's allocation decreasing marginally through the appeals process. The result gives the Group certainty for the next 15 years.

### Operating performance

The South African Fishing segment proved its resilience, despite challenging fishing conditions resulting in 8% lower hake catch rates and 7% lower sales volumes. From a markets perspective, global markets were strong for wild-caught seafood from sustainable fisheries, resulting in price increases locally and internationally.

The *Harvest Cap Nord*, a sister vessel to the Sterkoder vessels in the fleet, joined the hake freezer fleet at the beginning of 2024, adding much needed capacity to the hake fleet in the current lower catch rate environment.

### Financial performance

**REVENUE**
**10%**
**TO R3.030 BILLION**
(2022: R2.744 BILLION)

**GROSS PROFIT**
**29%**
**TO R934 MILLION**
(2022: R722 MILLION)

**OPERATING PROFIT**
**12%**
**TO R391 MILLION**
(2022: R349 MILLION)




Despite the lower sales volumes, revenue for the year ended 31 December 2023 increased by 10% to R3.030 billion (2022: R2.744 billion), benefiting from firm demand in all markets and channels, improved pricing, and a weaker rand.

Cost of sales increased 4%, resulting in gross profit increasing by 29% to R934 million (2022: R722 million), with the gross profit margin expanding to 31% (2022: 26%).

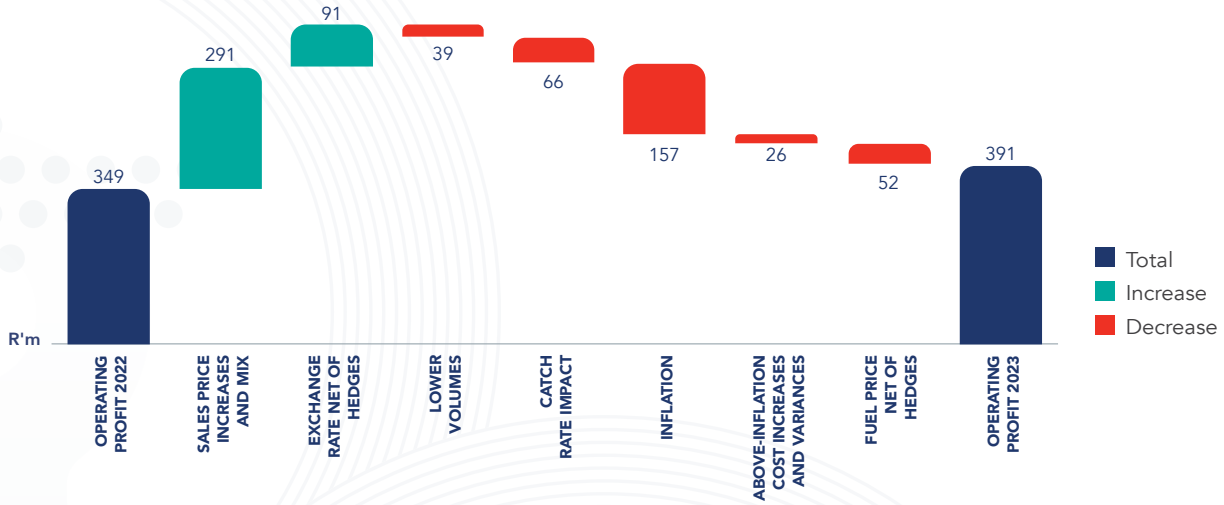
Operating expenses were well contained during the year, increasing by 6% to R635 million (2022: R596 million), with above-inflation cost increases in utilities and insurance offset by lower selling and distribution costs.

With spot rates and hedged rates largely on par, the segment recorded foreign exchange and fuel hedge gains of R1 million (2022: R165 million), with foreign exchange hedges R103 million lower and fuel hedges R61 million lower than 2022.

As a result, operating profit increased by 12% to R391 million (2022: R349 million), with the operating profit margin maintained at 13%.

# Financial performance continued

**Operating profit waterfall 2022 to 2023**




- Reported operating profit of R349 million for 2022
- The positive impact of increased revenue driven by price increases, product mix, and market mix of R291 million
- The net positive impact of a weaker rand partially offset by lower exchange rate gains of R91 million
- The net negative impact of lower sales volumes of R39 million
- The negative impact of lower hake catch rates of R66 million
- The negative impact of inflationary cost increases of R157 million
- The negative impact of above-inflation increases in packaging, ingredients and other variances of R26 million
- The net negative impact of lower fuel hedge gains partially offset by a lower average fuel price of R52 million
- Resulting in operating profit of R391 million for 2023, up 12%

| EXPORTS | FOODSERVICE | DOMESTIC RETAIL | WHOLESALE |
|---|---|---|---|
| 9% | 4% | 17% | 0% |
| TO R1.68 BILLION (2022: R1.55 BILLION) | R912 MILLION (2022: R880 MILLION) | TO R415 MILLION (2022: R353 MILLION) | TO R190 MILLION (2022: R190 MILLION) |
| % OF REVENUE | % OF REVENUE | % OF REVENUE | % OF REVENUE |
| 2023: 53% 2022: 52% | 2023: 28% 2022: 30% | 2023: 13% 2022: 12% | 2023: 6% 2022: 6% |

**Revenue includes inter-segmental revenue of R171 million (2022: R227 million)**

- Export revenue increased by 9% to R1.68 billion (2022: R1.55 billion), with lower volumes offset by firm demand driving improved pricing in all markets. The export mix increased to 53% (2022: 52%) of total revenue, with Europe remaining Sea Harvest's largest export market.
- Local foodservice revenue increased 4% to R912 million (2022: R880 million), driven by price increases and a higher-value product mix partially offset by lower sales volumes, with the foodservice channel mix decreasing to 28% (2022: 30%) of total revenue.
- Local revenue through the retail channel increased by 17% to R415 million (2022: R353 million), driven by higher sales volumes and price increases. The retail channel mix increased to 13% (2022: 12%) of total revenue.
- Wholesale revenue of R190 million was in line with 2022, driven by price increases offset by lower sales volumes. The wholesale channel mix remained constant at 6% (2022: 6%) of total revenue.

## Outlook

The hake TAC for 2024 has increased by 5%, a demonstration of the health and sustainability of the hake resource.The challenging fishing conditions are expected to continue into 2024 and the additional freezer trawler will be welcomed to take advantage of the increase in the hake TAC. Global demand for high-value, wild-caught, MSC-certified Cape Hake remains firm, with the rand weaker against major trading currencies.

The business will continue with the focus on fixed cost containment, although inflation due to the high fuel price and load shedding is expected to continue.

# OUR OPERATIONAL PERFORMANCE WITHIN THE BUSINESS SEGMENTS CONTINUED

## SEA HARVEST INTERNATIONAL

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 segment includes Sea Harvest Australia and MG Kailis, which was acquired in 2022.

The combined Australian business comprises a fisheries and trading division supported by the acquired engineering division from MG Kailis. The fisheries division operates in the Shark Bay, Exmouth, Pilbara and Kimberley regions of Western Australia. Both Shark Bay and Exmouth are MSC certified. With a long and proud history of operating within the Shark Bay Prawn Managed Fishery for over 50 years, the Shark Bay 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. The Exmouth Prawn Managed Fishery is located 400km north of Shark Bay in the Exmouth Gulf region, holding all 15 prawn licences. Western king prawns, brown tiger prawns and endeavour prawns are the major target species, with the respective fisheries also catching scallops, blue swimmer crabs, squid and cuttlefish. The Pilbara Fish Trawl targets various fish species in the Pilbara region of Western Australia.

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

The fisheries fleet is set up to process, package and snap-freeze their catch at sea, ensuring a high-quality, consistent and sustainable seafood product.

The engineering division operates out of Freemantle Harbour in Perth and provides engineering services to the fishing business and other third-party clients.

The combined business operates 21 vessels, holding 25 prawn, 20 Spanish Mackerel, and five fish trawl licences.

The trading division is the sales and marketing arm of the business and manages the sales of the fisheries' products, 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 Australian business was severely impacted by a significant reduction in prawn prices. Prawn prices reduced on a global basis as a result of higher inventories, driven by tightening economic conditions and the slow opening of the Chinese market. The sharp decrease in global prawn pricing was compounded by an oversupply of wild prawns into the Australian market caused by exceptional catches of banana prawns in the Northern Prawn Fishery. This resulted in lower prawn sales volumes and significantly lower prawn pricing in the Australian operation.

Prawn catch volumes in Shark Bay were 423 tonnes for the 2023 fishing season, 3% lower than 2022.

Positively, the DPIRD in Australia implemented a 33% headrope reduction in 2023 and a further reduction to 50% in 2024 to address the stock sustainability issues in the Shark Bay Fishery.

Scallop catch volumes for 2023 of 99 tonnes (2022: 27 tonnes) were 72 tonnes ahead of 2022.

Spanish Mackerel catch volumes for 2023 of 68 tonnes (2022: 90 tonnes) were 22 tonnes or 25% lower than 2022.

The Exmouth Fishing division, acquired from MG Kailis on 23 May 2022, achieved prawn catch volumes of 639 tonnes and the Pilbara Fishing division achieved catch volumes of 1 030 tonnes.

## Financial performance

| REVENUE | GROSS PROFIT | OPERATING PROFIT | EBITDA |
|---|---|---|---|
| 22% ▲ | 19% ▲ | 67% ▼ | 22% ▼ |
| TO R1.14 BILLION (2022: R938 MILLION) | TO R281 MILLION (2022: R237 MILLION) | TO R15 MILLION (2022: R45 MILLION) | TO R63 MILLION (2022: R80 MILLION) |

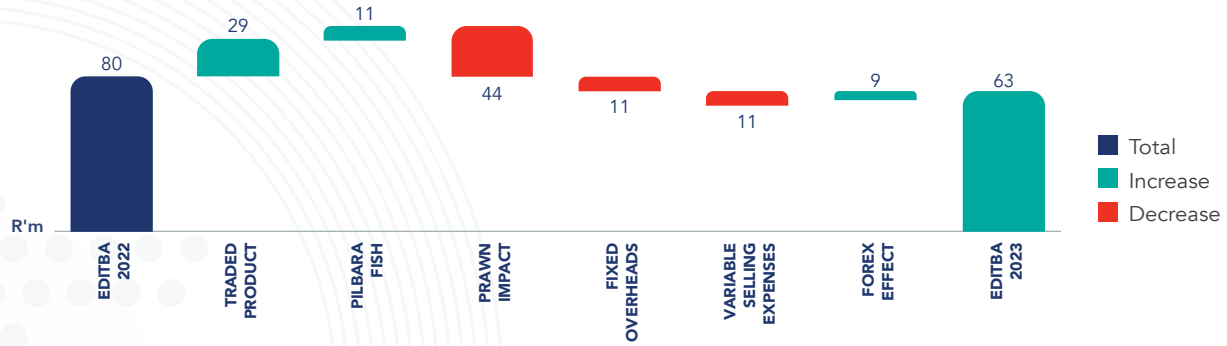
Revenue for the year increased by 22% to R1.14 billion (2022: R938 million), benefiting from the full year effect of MG Kailis, good traded product sales, good catches in Pilbara Fish Trawl, and a weaker rand, partially offset by lower prawn sales volumes and pricing.

Gross profit increased by 19% to R281 million (2022: R237 million), with the gross profit margin maintained at 25%.

The segment recorded operating profit of R15 million (2022: R45 million), 67% lower than 2022, impacted by low prawn sales volumes and pricing, additional fixed expenses in relation to MG Kailis for the full year, and elevated selling and distribution costs as a result of disruptions in the cold storage market in Australia.

# Financial performance continued

**EBITDA waterfall 2022 to 2023**




- Reported EBITDA of R80 million for 2022
- The positive impact of higher traded product sales volumes and price increases of R29 million
- The positive impact of increased sales volumes of Pilbara Fish Trawl (full year effect of MG Kailis) of R11 million
- The negative impact of lower prawn sales volumes and lower average prawn prices of R44 million
- The negative impact of increased fixed overheads due to inflationary increases and the full year effect of MG Kailis fixed overheads of R11 million
- The negative impact of increased selling and distribution costs of R11 million, as a result of disruptions in the cold storage market in Australia
- The positive impact of the weaker rand against the Australian dollar of R9 million
- Resulting in 2023 EBITDA of R63 million

**EXPORTS**

21%

TO R69 MILLION
(2022: R87 MILLION)

% OF REVENUE

| 2023 | 2022 |
|---|---|
| 6% | 9% |

**FOODSERVICE**

34%

TO R1.011 BILLION
(2022: R756 MILLION)

% OF REVENUE

| 2023 | 2022 |
|---|---|
| 89% | 81% |

**RETAIL**

38%

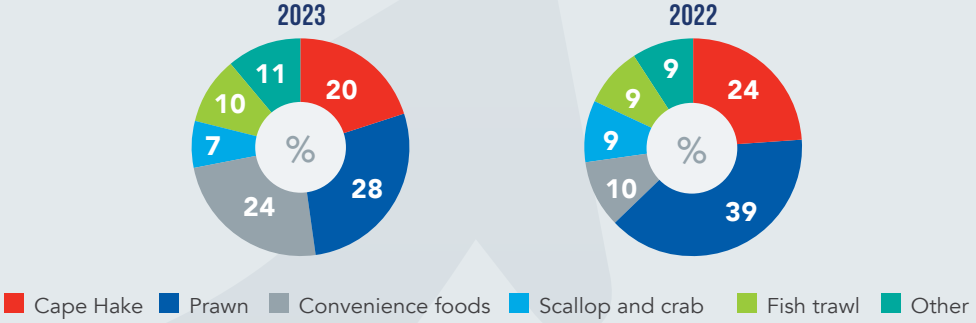
TO R60 MILLION
(2022: R96 MILLION)

% OF REVENUE

| 2023 | 2022 |
|---|---|
| 5% | 10% |

Export revenue decreased by 21% to R69 million (2022: R87 million), impacted by lower prawn sales volumes and lower pricing, and contributed 6% (2022: 9%) of segment revenue. Foodservice revenue increased by 34% to R1.011 billion (2022: R756 million), benefiting from good traded product sales volumes and increased pricing, contributing 89% (2022: 81%) of segment revenue. Retail revenue decreased by 38% to R60 million (2022: R96 million), with the channel making up 5% (2022: 10%) of segment revenue.

## REVENUE SPLIT BY CATEGORY




## Outlook

With softer prawn pricing and excess 2023 volumes expected to spill over to 2024, the Australian segment is focused on managing costs and inventories by diversifying product, market and channel mix. The recovery in international prawn demand will be key to improving pricing in the year ahead.

# OUR OPERATIONAL PERFORMANCE WITHIN THE BUSINESS SEGMENTS CONTINUED

## SEA HARVEST AQUACULTURE

On 8 March 2023, the Group acquired a further 28% of the shares in Viking Aquaculture for R28 together with loan claims with a face value of R303 million for a purchase consideration of R210 million from minority shareholders. This increased the Group's ownership in Viking Aquaculture to 82% and resulted in a gain on purchased loans of R93 million. A further 5% shareholding was acquired from minorities in May 2023, increasing the Group's shareholding in Viking Aquaculture to 87%.

The acquisition fit within the Group's investment criteria and allows Sea Harvest to integrate Viking Aquaculture; extract operational synergies; and align operating structures, growth strategies and funding requirements with those of Sea Harvest.

The strategic review of the Aquaculture portfolio resulted in the disposal of the oyster business, effective 1 September 2023.

The Group's Aquaculture operations employ 270 people across three locations.

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. The farms have shown good growth during 2023, with biological stock volumes at 31 December 2023 increasing by 13% to 506 tonnes (2022: 446 tonnes) and biological stock value increasing by 28% to R190 million (2022: R149 million).

**Buffeljags Abalone Farm**

Buffeljags Abalone Farm, 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 the various areas from hatchery to weaning and grow-out fully functional. The necessary capital expenditure has been incurred to achieve the design capacity and the pipeline of the product is in place.

1.3MW of wind turbine production capacity on site assists in mitigating the effects of the electricity crisis gripping the country.

**Diamond Coast Aquaculture**

Diamond Coast Aquaculture 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, thereby reducing feed costs.

## Operating performance

The farms are in a growth phase and could not fully exploit the live abalone market conditions, due to a shortage of volumes in saleable sizes and shipping constraints because of limited direct flights. The business, however, was able to increase sales volumes of the higher-margin dried abalone product format and with stable canned sales volumes, price increases, and a weaker rand was able to increase abalone revenue by 27% to R127 million.

The Group sold 252 tonnes of abalone (2022: 269 tonnes) and, due to the disposal of the oyster business effective 1 September 2023, 1.3 million oysters (2022: 2.2 million) in the year to 31 December 2023. The farms had a combined 506 tonnes of abalone on hand at 31 December 2023 (2022: 446 tonnes of abalone and 4.0 million oysters).



Kelp harvested at the abalone farm in Buffeljags

## Financial performance

| REVENUE | GROSS PROFIT | FAIR VALUE GAINS | EBIT |
|---|---|---|---|
| 15% | 14% | 237% | 326% |
| TO R136 MILLION (2022: R118 MILLION) | TO R50 MILLION (2022: R44 MILLION) | TO R14.6 MILLION (2022: R4.3 MILLION) | TO R84 MILLION (2022: -R37 MILLION) |

Revenue increased by 15% to R136 million (2022: R118 million), benefiting from improved pricing, a higher-value product mix and a weaker rand, partially offset by lower sales volumes as a result of the sale of the oyster business.

Gross profit increased by 14% to R50 million (2022: R44 million) with the gross profit margin maintained at 37%.

Despite absorbing R8 million (2022: R6 million) in load shedding-related costs, the segment reduced its operating loss by 39% to R24 million (2022: R40 million), and, after accounting for the fair value adjustment on biological assets, associate income, and the R93 million gain on purchased loans, recorded EBIT of R84 million (2022: R37 million loss).

Abalone is sold predominantly in the Far East in live, dried, canned and frozen formats, with abalone revenue increasing 27% to R127 million, (2022: R100 million). Notably, the abalone business turned profitable and recorded EBIT of R10 million (2022: R19 million loss).

## Outlook

With a sole focus on abalone, the Aquaculture segment is expected to benefit from larger-sized abalone driving an enhanced mix. Headwinds include a slowing Hong Kong economy, affected by higher interest rates and the spillover from the Chinese real estate meltdown.

# SEA HARVEST AQUACULTURE



Abalone in the growth phase at the Buffeljags farm

# OUR OPERATIONAL PERFORMANCE WITHIN THE BUSINESS SEGMENTS CONTINUED

## CAPE HARVEST FOOD GROUP

The Cape Harvest Foods segment encompasses Sea Harvest's factory shops, Ladismith (including Mooivallei), and BM Foods.

Ladismith'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 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.

Ladismith acquired 100% of Mooivallei on 2 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 through additional cheese production capacity, raw material supply, industry skills, and a strong asset base. The upgrade to the Mooivallei factory was completed in 2023.

BMFG manufactures and distributes a range of chilled and prepared 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. BMFG also holds a 20% shareholding in Alliance Foods, a broad-based ambient foodservice importer and distributor.

With effect from 1 July 2023, Cape Harvest Food Group, which owned 51% of BMFM, disposed of 5% of its equity interest in BMFM to the BM Foods executive committee and staff trust in order to drive succession and retention at BMFM. The transaction resulted in the Group deconsolidating BMFM, with BMFM accounted for as an equity-accounted associate from 1 July 2023.

From a factory shop perspective, the Group operates nine factory shops, selling Sea Harvest Fishing, Ladismith and BMFG products.

## Financial performance

The deconsolidation of BMFM for the second half of 2023, and lower sales volumes at Ladismith due to reduced milk flow as a result of environmental challenges and load shedding, resulted in segment revenue decreasing by 8% to R1.9 billion (2022: R2.07 billion) for the year ended 31 December 2023.

On a like-for-like basis, adjusting for the deconsolidation of BMFM from H2 2023, revenue in the segment increased 4%.

The lower sales volumes were tempered by a 12% improvement in pricing across all markets and channels, complemented by a higher-value product mix.

BM Foods was impacted by significant cost inflation in raw materials, packaging and ingredients as well as port disruptions impacting logistics. The resultant price increases led to lower volumes.

| REVENUE | GROSS PROFIT | OPERATING PROFIT |
|---|---|---|
| 8% ▼ | 27% ▼ | 31% ▼ |
| TO R1.899 BILLION (2022: R2.075 BILLION) | TO R245 MILLION (2022: R335 MILLION) | TO R81 MILLION (2022: R118 MILLION) |

At Ladismith, high inflation at the farm gate contributed to a double digit increase in the milk price, while above-inflation increases were also experienced in other raw material inputs, packaging and ingredients.

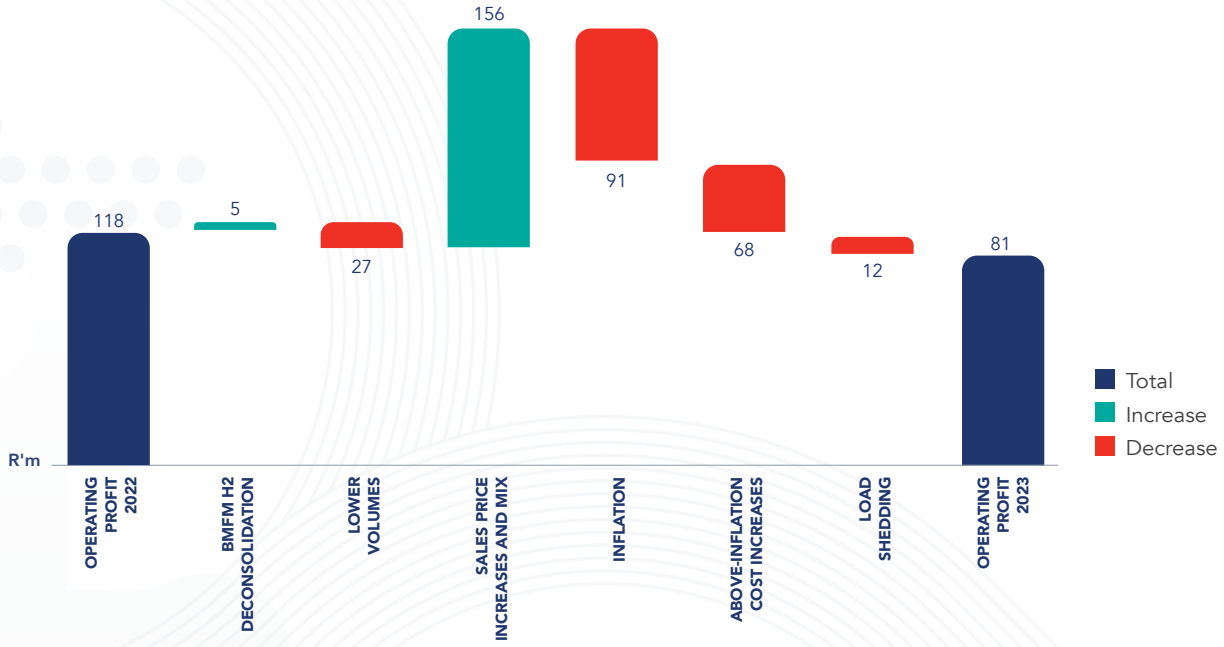
The segment spent R27 million (2022: R16 million) on mitigating the effects of load shedding during the year, while a load shedding-related fire at Ladismith caused a two-month disruption to operations and affected not only volumes but also margin, as a result of the production of a lower-margin product mix.

This resulted in the segment delivering operating profit of R81 million (2022: R118 million).



# Financial performance continued

**Operating profit waterfall 2022 to 2023**




- Reported operating profit of R118 million for 2022
- Adjusting for the deconsolidation of BMFM of R5 million
- The net negative impact of lower sales volumes of R27 million
- The positive impact of increased revenue, driven by price increases, product and market mix of R156 million
- The negative impact of inflationary cost increases of R91 million
- The negative impact of above-inflation increases, including the milk price of R68 million
- The increased cost of load shedding of R12 million
- Resulted in operating profit of R81 million

**RETAIL**

**5%**

TO R1.152 BILLION
(2022: R1.214 BILLION)

| % OF REVENUE | |
|---|---|
| 2023 | 2022 |
| 61% | 67% |

**FOODSERVICE**

**18%**

TO R654 MILLION
(2022: R554 MILLION)

| % OF REVENUE | |
|---|---|
| 2023 | 2022 |
| 34% | 30% |

**WHOLESALE**

**52%**

TO R92 MILLION
(2022: R60 MILLION)

| % OF REVENUE | |
|---|---|
| 2023 | 2022 |
| 5% | 3% |

**On a like-for-like basis, adjusting for the deconsolidation of BMFM from H2 2023**

Retail revenue decreased by 5% to R1.152 billion (2022: R1.214 billion) and contributed 61% (2022: 67%) of segment revenue, with a constrained consumer evident in South Africa. Foodservice revenue increased by 18% to R654 million (2022: R554 million) and contributed 34% (2022: 30%) of segment revenue. Wholesale revenue increased by 52% to R92 million (2022: R60 million) and contributed 5% (2022: 3%) of segment revenue. Foodservice and wholesale markets have proved more resilient in the current challenging economic environment.

## Outlook

The input cost inflation at Ladismith has tempered, while international dairy prices are ticking upwards. The local consumer is, however, still constrained. From a sustainability perspective, the business is completing its first solar PV installation, while from a growth perspective, the addition of a roller dryer powder plant will add further product diversification to the basket.

# OUR CFO'S REPORT



> THE 2023 YEAR WAS PARTICULARLY CHALLENGING WITH DIFFICULT FISHING CONDITIONS, LOWER VOLUMES, PERSISTENT INFLATION AND LOAD SHEDDING COMPOUNDED BY SHARPLY STEEPER INTEREST RATES.

**MUHAMMAD BREY**

*Group Chief Financial Officer*

# OVERVIEW

The Sea Harvest Group delivered a resilient operating performance for the financial year ended 31 December 2023, delivering EBIT of R577 million (2022: R500 million, up 15%) and HEPS of 100 cents (2022: 105 cents, down 5%).

The Group's performance benefited from strong demand across all markets and channels and improved pricing, while its 43% hard currency exposure allowed it to benefit from the weaker rand. Performance, however, was constrained by lower volumes as a result of difficult fishing conditions, above-inflation cost increases, load shedding, and significantly lower global prawn prices. The primary driver of softer earnings was a further 47% increase in average interest rates.

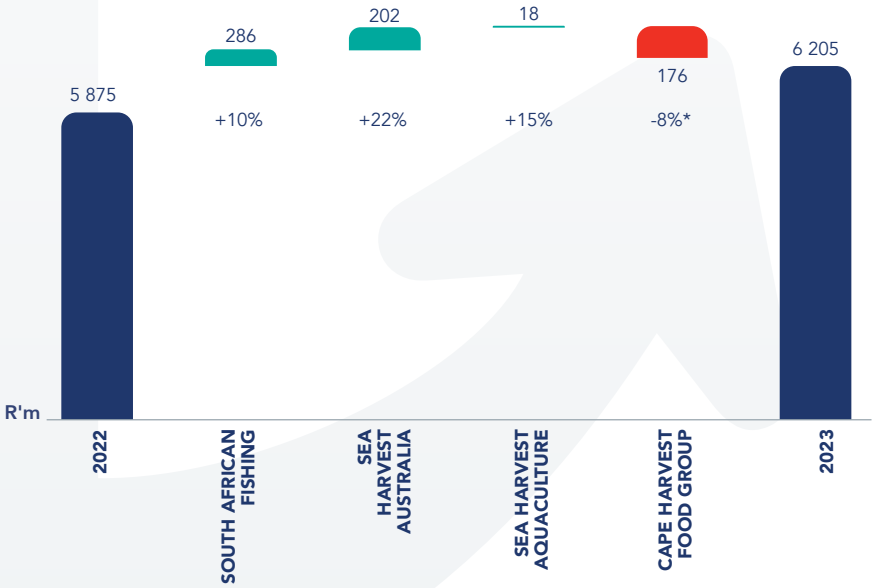
# FINANCIAL PERFORMANCE

| (R'000) | | 2023 | 2022 |
|---|---|---|---|
| Revenue* | 6% | **6 204 776** | 5 875 295 |
| Cost of sales | 3% | **(4 694 367)** | (4 537 353) |
| **Gross profit** | **13%** | **1 510 409** | **1 337 942** |
| *Gross profit margin* | | ***24%*** | *23%* |
| Other operating income | -47% | **132 757** | 251 647 |
| Net operating expenses | 6% | **(1 180 749)** | (1 117 846) |
| **Operating profit** | **-2%** | **462 417** | **471 743** |
| *Operating profit margin* | | ***7%*** | *8%* |
| Fair value, associates, impairments and bargain purchase | | **114 487** | 28 346 |
| **Profit before net finance costs and tax (EBIT)** | 15% | **576 904** | 500 089 |
| *EBIT margin* | | ***9%*** | *9%* |
| Net finance costs | 79% | **(222 605)** | (124 092) |
| Taxation | -4% | **(84 940)** | (81 932) |
| **Profit after tax** | **-8%** | **269 359** | **294 065** |
| Non-controlling interest | -23% | **(12 780)** | (16 545) |
| Profit attributable to Sea Harvest shareholders | -9% | **282 139** | 310 610 |
| EBITDA | 14% | **878 227** | 768 694 |
| EBITDA margin | | ***14%*** | *13%* |
| EPS (cents) | -8% | **102** | 111 |
| HEPS (cents) | -5% | **100** | 105 |

* *Excluding the revenue of BMFM (which was deconsolidated effective 1 July 2023) in both H2 2023 and H2 2022, revenue increased by 10% on a like-for-like basis.*

Group revenue for the year increased by 6% to R6.2 billion (2022: R5.9 billion), benefiting from strong demand in all markets and channels, improved selling prices, and a weaker rand, thereby mitigating the significant (9%) decrease in volumes.

# REVENUE




* *On a like-for-like basis, revenue increased by 4%.*

- Despite difficult fishing conditions resulting in 8% lower hake catch rates per sea day and consequently 7% lower sales volumes, revenue from Sea Harvest's South African Fishing segment increased R286 million or 10%, benefiting from firm demand in all markets and channels, improved pricing, and a weaker rand.
- Revenue from Sea Harvest Australia was R202 million or 22% higher than the prior year, benefiting from good traded product sales, good catches in Pilbara, a weaker rand, and the full year effect of MG Kailis, partially offset by lower prawn sales volumes and pricing.
- Revenue in the Sea Harvest Aquaculture segment increased R18 million or 15%, benefiting from improved pricing and a higher-value product mix, offset by lower volumes as a result of the sale of the oyster business, effective 1 September 2023.
- Revenue from Cape Harvest Foods decreased R176 million or 8%, as a result of the deconsolidation of BMFM for the second half of 2023 and lower milk flow as a result of environmental challenges and load shedding, resulting in lower volumes. This was tempered by a 12% improvement in pricing across all markets and channels, complemented by a higher-value product mix. On a like-for-like basis, revenue increased by 4%.

# OUR CFO'S REPORT CONTINUED



Despite the lower volumes, **cost of sales increased** by 3%, driven by cost inflation; the impact of load shedding; and above-inflation cost increases in the milk price, ingredients and packaging and utilities.

The Group minimised the production losses arising from the higher levels of load shedding during 2023 at a cost of R46 million (2022: R25 million) for the year.

As a result, **gross profit** for the year increased by 13% to R1.51 billion (2022: R1.34 billion), with the gross profit margin expanding to 24% (2022: 23%).

**Other operating income** of R133 million (2022: R252 million) includes R65 million (2022: R25 million) of insurance income and R1 million in net foreign exchange and fuel hedge loses (2022: R165 million net foreign exchange and fuel hedge gains).

**Selling and distribution expenses, marketing expenses and other operating expenses** increased 6% to R1.18 billion (2022: R1.12 billion) and remained constant at 19% of revenue, with the inclusion of the MG Kailis fixed expenses for the full year offset by lower export freight rates and good cost control.

**Fair value gains** of R17 million (2022: R29 million) included R15 million of net gains on the fair value adjustment to biological assets and, as a result of acquiring the 28% minority interest in and loan claims against Viking Aquaculture at a discount during the year, the Group **recognised a gain on purchased loans** of R93 million.

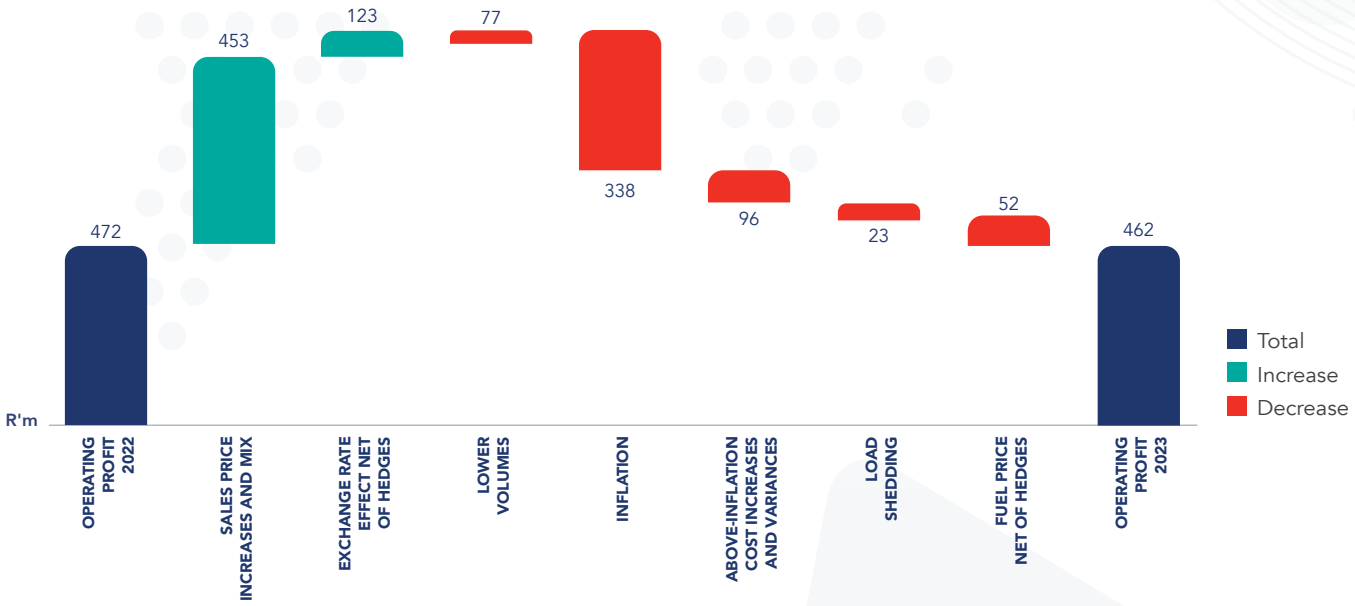
Group **EBIT** increased 15% to R577 million (2022: R500 million) with the Group EBIT margin maintained at 9%.

**Net finance costs**, which include investment income and interest expense, increased by 79% to R223 million (2022: R124 million) as a result of higher average borrowing levels and higher average interest rates. The average interest rates in South Africa increased by 40%, while the average interest rates in Australia increased by 63% from the prior year average.

Driven by the higher finance costs, **profit after tax attributable to shareholders of Sea Harvest** for the year decreased by 9% to R282 million (2022: R311 million), and **headline earnings** decreased by 6% to R275 million (2022: R293 million). Basic **EPS** decreased by 8% to 102 cents (2022: 111 cents) and basic **HEPS** decreased by 5% to 100 cents (2022: 105 cents).

**EBITDA** for the 2023 year was R878 million (2022: R769 million), 14% higher than 2022, with the EBITDA margin at 14% (2022: 13%).

**Sea Harvest Group operating profit waterfall 2022 to 2023**




- Sea Harvest Group delivered operating profit of R472 million for 2022, at an operating profit margin of 8%
- Overall, the Group gained R453 million from sales price increases and a higher-value product mix offset by lower prawn pricing
- The weaker rand offset by lower exchange rate hedges resulted in a positive impact of R123 million in 2023
- The negative impact of lower volumes of R77 million
- The negative impact of inflationary cost increases of R338 million
- The negative impact of above-inflation cost increases of R96 million
- The negative impact of higher levels of load shedding of R23 million
- The net effect of lower fuel hedges partially offset by a slightly lower fuel price of R52 million
- This resulted in operating profit of R462 million, 2% lower than 2022, with the operating profit margin at 7%

## HEPS AND DIVIDEND PER SHARE (DPS)

| RECONCILIATION OF HEADLINE EARNINGS (R'000) | 2023 | 2022 |
|---|---|---|
| Profit for the period attributable to shareholders of the parent | 282 139 | 310 610 |
| Adjustment for capital items post-tax | (7 013) | (17 406) |
| **Headline earnings** | **275 126** | **293 204** |
| **WANOS ('000)** | 275 923 | 279 167 |
| **HEPS (cents)** | 100 | 105 |

After adjusting for the after-tax effects of insurance proceeds and profit on disposal of property, plant, equipment and vehicles, headline earnings of the Group decreased by 6% to R275 million (2022: R293 million). The weighted average number of outstanding shares (WANOS) in issue decreased by 1% to 276 million shares. This resulted in HEPS for the year decreasing by 5% to 100 cents per share (2022: 105 cents per share).

| | | |
|---|---|---|
| Dividends declared | 119 546 | 113 569 |
| Number of ordinary shares in issue | 298 866 | 298 866 |
| **Ordinary dividend per share (cents)** | **40** | **38** |

In line with the 2.5 to 3.0 times dividend cover policy, a full and final ordinary dividend of 40 cents per share (2022: 38 cents per share) was declared with respect to the year ended 31 December 2023.

# FINANCIAL POSITION

Sea Harvest Group balance sheet at 31 December 2023.

| ASSETS (R'M) | 2023 | 2022 |
|---|---|---|
| Property, plant and equipment | 2 447 | 2 341 |
| Right-of-use assets | 196 | 194 |
| Biological assets | 71 | 87 |
| Investment properties | 79 | 4 |
| Intangible assets | 1 480 | 1 422 |
| Goodwill | 1 037 | 1 018 |
| Investment in associates | 37 | 7 |
| Other non-current assets | 313 | 279 |
| Current assets | 2 365 | 2 286 |
| | **8 025** | **7 638** |

**Property, plant and equipment** increased by R106 million to R2.447 billion:

- R472 million (2022: R259 million) on capital expenditure of which R270 million (2022: R216 million) was spent on maintenance capital expenditure and R202 million (2022: R43 million) on expansion capital expenditure. Expansion capital expenditure included the *Harvest Cap Nord*, a new freezer trawler in the South African Fishing segment; the Mooivallei upgrade; the solar PV installation at Ladismith; and the roller dryer powder plant at Ladismith.
- R25 million as a result of the effect of the foreign currency translation reserve (FCTR) on the translation of Sea Harvest Australia's property, plant and equipment.
- R50 million decrease due to the deconsolidation of BMFM and the sale of the oyster business.
- R75 million decrease due to the reallocation of BM Foods properties to investment property.
- The depreciation charge of R261 million (2022: R234 million).

**Investment property** increased by R75 million, due to the reallocation of BM Foods property from property, plant and equipment to investment property.

**Intangible assets** increased by R58 million to R1.480 billion, comprising R93 million as a result of the FCTR effect on the translation of Sea Harvest Australia's intangible assets, offset by a R7 million amortisation charge and the R26 million reduction due to the deconsolidation of BMFM.

**Goodwill** increased by R19 million to R1.037 billion, related to the FCTR effect on the translation of Sea Harvest Australia's goodwill.

**Investment in associates** increased by R30 million due to BMFM being accounted for as an associate from 1 July 2023.

# OUR CFO'S REPORT CONTINUED



**Current assets** decreased by R77 million to R2.365 billion:

- **Inventory** decreased by a net R21 million as a result of rebuilding low levels of stock, and the R14 million FCTR effect on the translation of Sea Harvest Australia's inventory, offset by the R69 million reduction due to the deconsolidation of BMFM.
- **Trade and other receivables** increased by a net R33 million as a result of the timing of sales and receipts compared to December 2022 and the R10 million FCTR effect on the translation of Sea Harvest Australia's receivables, partially offset by the deconsolidation of BMFM of R47 million.
- **Other financial assets** decreased by R41 million due to the cash flow hedges at the end of 2023 being less in the money compared to 31 December 2022.

**Cash** increased by R37 million (refer to the cash flow section on **page 96**).

| EQUITY AND LIABILITIES (R'M) | 2023 | 2022 |
|---|---|---|
| Stated capital | 1 689 | 1 706 |
| Reserves | 1 666 | 1 479 |
| Non-controlling interests | 23 | 52 |
| Non-current liabilities | 3 394 | 3 235 |
| Current liabilities | 1 253 | 1 166 |
| | **8 025** | **7 638** |

**Reserves** increased by R187 million to R1.666 billion:

- **Retained earnings** increased by R171 million as a result of after-dividend earnings.
- **FCTR reserve** increased by R86 million, driven by the weakening of the rand to the Australian dollar.
- **Hedge reserves** decreased by R64 million, due to the unmatured cash flow hedges being less in the money compared to 31 December 2022.

**Non-controlling interests** decreased by R29 million related to Viking Aquaculture minorities sharing in losses and the deconsolidation of BMFM.

**Non-current liabilities** increased by R159 million to R3.394 billion:

- **Long-term borrowings** increased by R132 million as a result of drawdowns, partially offset by repayments.
- **Deferred tax liability** increased by R28 million as a result of the increase in the FCTR reserve against the decrease in the cash flow hedge reserve.

**Current liabilities** increased by R87 million to R1.253 billion:

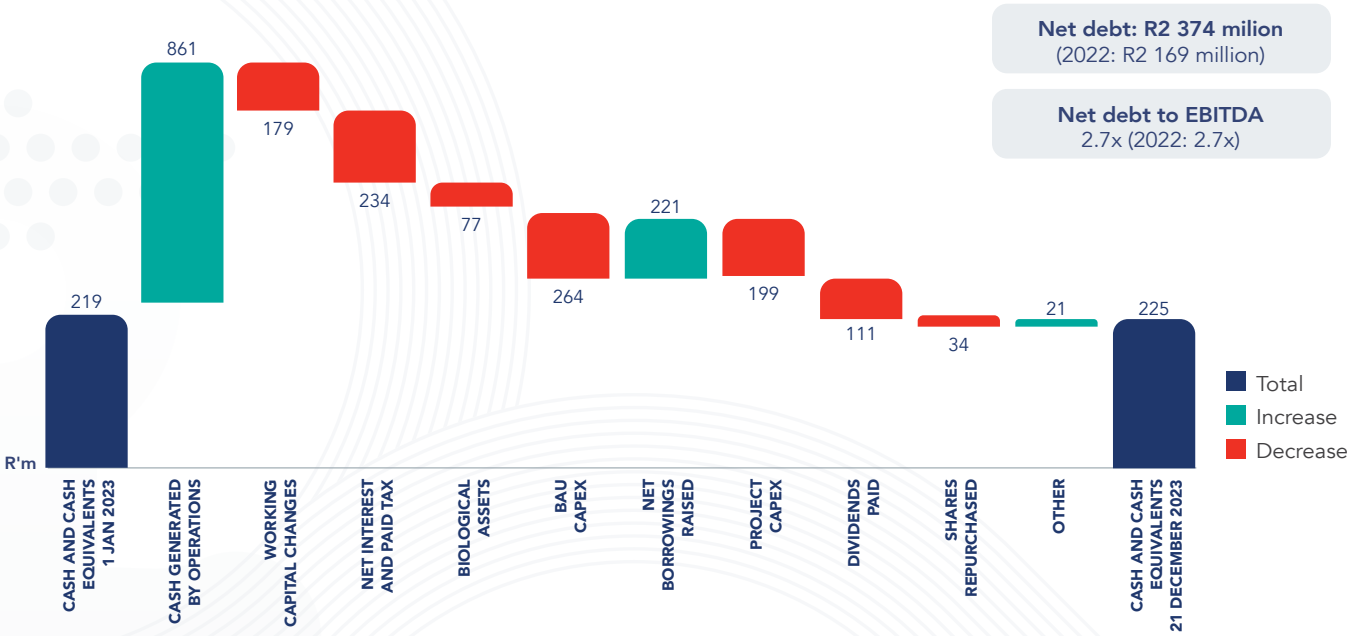
- **Short-term borrowings** increased by R79 million, mainly relating to Sea Harvest Australia utilising the trade finance facility.
- **Trade and other payables** decreased by a net R89 million of which R71 million relates to the deconsolidation of BMFM and the balance to the timing of expenditure and payments to trade creditors compared to December 2022.
- **Other financial liabilities** increased by R62 million due to the cash flow hedges at the end of 2023 being less in the money compared to 31 December 2022

**Bank overdraft** increased by R31 million (refer to the cash flow section on **page 96**)



# CASH FLOW MANAGEMENT

**Sea Harvest Group operating profit waterfall 2022 to 2023**




The Group generated cash from operations of R682 million (2022: R658 million) during the year after investing R179 million in working capital (2022: R68 million).

After settling net interest of R200 million (2022: R126 million) and taxes of R35 million (2022: R59 million), the Group generated cash of R450 million (2022: R480 million) from operating activities during the year.

The Group utilised R524 million (2022: R1.07 billion) in investing activities during the year, including:

- R463 million (2022: R259 million) invested in additions to property, plant, equipment and vehicles, including R264 million (2022: R216 million) on maintenance capital expenditure and R199 million (2022: R43 million) on expansion capital expenditure; and
- R77 million (2022: R71 million) in the growth of biological assets.

The Group generated R76 million (2022: R115 million) of cash from financing activities after paying a dividend of R111 million (2022: R170 million), repurchasing shares to the value of R34 million (2022: R89 million), and drawing down a net R221 million (2022: R484 million) of borrowings during the year.

The Group opened the year with cash of R219 million (2022: R687 million), generated R2 million (2022: utilised R474 million) of cash during the year, and ended the year with R225 million (2022: R219 million) of cash on hand. The Group's net debt position at 31 December 2023 was R2.387 billion (31 December 2022: R2 169 billion), an increase of R218 million.

**The Group will continue to monitor the effects of load shedding, high interest rates, infrastructure challenges (port bottlenecks), and the constrained consumer on performance. The Group is focused on maximising cash generation and deleveraging the balance sheet.**

**Muhammad Brey**
*Group Chief Financial Officer*

# 05



# CREATING AND SUSTAINING VALUE THROUGH EFFECTIVE GOVERNANCE


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| Our Nomination and Remuneration Committees Report | **116** |

# OUR GOVERNANCE REPORT



## INTRODUCTION

Sea Harvest is committed to the highest level of corporate governance, integrity and ethics. We aspire to surpass stakeholders' expectations by demonstrating exemplary corporate responsibility, adhering to ESG principles, and upholding the highest standards of good governance practices. During the 2023 financial year, the Board evaluated its strategic and operational performance and fulfilled its duties in accordance with the Companies Act, JSE Listings Requirements, and 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 2023.

## OUR BOARD OF DIRECTORS



**Fred Robertson**
*Non-executive Chairperson*



**Felix Ratheb**
*Group Chief Executive Officer*



**Muhammad Brey**
*Group Chief Financial Officer*



**Marshall Rapiya**
*Lead Independent Non-executive Director*



**Tiloshani Moodley**
*Non-executive Director*



**Iqbal Khan**
*Non-executive Director*



**Kholeka Zama**
*Independent Non-executive Director*



**Kari Lagler**
*Independent Non-executive Director*



**André Hanekom**
*Independent Non-executive Director*

## OUR CORPORATE GOVERNANCE

We are committed to good governance underpinned by the pillars of responsibility, fairness, transparency and accountability to all stakeholders. It remains essential for our strategic and governance practices to be aligned and relevant to ensure we maintain our legacy of responsible corporate governance and ethical business practices.

## OUR CORPORATE GOVERNANCE (CONTINUED)

Our approach to governance extends beyond compliance with legal prescripts, practices and principles. We leverage governance to improve performance by:

- fostering a culture of continuous good governance practices to add organisational value;
- identifying opportunities in governance requirements for enhanced accountability, improved decision-making, better risk mitigation, and more comprehensive disclosures at all levels;
- guiding decision-making, reinforcing material disclosures, and refining risk processes; and
- periodically reviewing these elements and benchmarking the Group's initiatives against recommended best practice.

**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 Group 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 Integrated Reporting 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 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.

## OUR COMMITTEES

| AR | N | R | SES | IH |
|---|---|---|---|---|
| AUDIT AND RISK | NOMINATION | REMUNERATION | SOCIAL, ETHICS AND SUSTAINABILITY | INVESTMENT AND HEDGING |
| KA Lagler | WA Hanekom | WA Hanekom | FJ Robertson | WA Hanekom |
| BM Rapiya<br>WA Hanekom<br>CK Zama | BM Rapiya<br>MI Khan | BM Rapiya<br>MI Khan | BM Rapiya<br>CK Zama<br>MI Khan<br>T Moodley<br>M Brey | MI Khan |
| FJ Robertson<br>MI Khan<br>T Moodley<br>F Ratheb<br>M Brey<br>Internal audit<br>External audit | FJ Robertson<br>F Ratheb | FJ Robertson<br>F Ratheb | F Ratheb<br>T Brown<br>M Khumalo<br>M Harry | FJ Robertson<br>F Ratheb<br>M Brey |

EXEC

**OUR EXECUTIVE COMMITTEE**

F Ratheb, M Brey, SS Gounden, T Brown, M Khumalo, M Harry, R Groenewald, M Jörnell, C Vayanos, K Geldenhuys and G Nortje

*Chairperson* *Member* *Invitee*

# OUR GOVERNANCE REPORT CONTINUED

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 2023 financial year. The table below records the attendance of directors at Board meetings for the year:

| | ATTENDANCE AT BOARD MEETINGS | | | |
|---|---|---|---|---|
| | 22 FEB 2023 | 17 MAY 2023 | 24 AUG 2023 | 22 NOV 2023 |
| Dr 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
- 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, ESG, 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
- 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™



Harvesting prawns in Exmouth

A summary of the activities undertaken by each Board subcommittee is presented on the following page.

Details of their Terms of Reference can be found on the Group's website **https://seaharvestgroup.co.za/investors/governance/**

## ESTABLISHED BOARD SUBCOMMITTEES

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

Directors and executives are specifically appointed to subcommittees 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.

## 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, which is reviewed annually. These Terms of Reference are aligned with the prescripts of the Companies Act, JSE Listings Requirements and King IV™ governance principles and can be found on the Company's website: **https://seaharvestgroup.co.za/investors/governance/**

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, materiality analyses and assessments, as well as 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, the IR and the ESG Report. The detailed report of the Audit and Risk Committee has been included in this report – refer to **pages 107 to 110**.

**MEETINGS AND ATTENDANCE OF THE AUDIT AND RISK COMMITTEE**

| | 21 FEB 2023 | 23 AUG 2023 | 21 NOV 2023 |
|---|---|---|---|
| Ms KA Lagler (Chairperson) | ✓ | ✓ | ✓ |
| Mr BM Rapiya | ✓ | ✓ | ✓ |
| Mr WA Hanekom | ✓ | ✓ | ✓ |
| Ms CK Zama | ✓ | ✓ | ✓ |
| Dr FJ Robertson (invitee) | ✓ | ✓ | × |
| Mr MI Khan (invitee) | ✓ | ✓ | × |
| Mr F Ratheb (invitee) | ✓ | ✓ | ✓ |
| Mr F Ratheb (invitee) | ✓ | ✓ | ✓ |
| Ms T Moodley (invitee) | ✓ | ✓ | ✓ |



# OUR GOVERNANCE REPORT CONTINUED

## 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 was reviewed during the reporting period. A copy of the committee's Terms of Reference can be found on the Company's website: **https://seaharvestgroup.co.za/investors/governance/**

**Responsibilities and activities**

- Established Board-level governance mechanisms for ESG and sustainable development practices
- Monitored corporate social investment activities for the period under review
- 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
- Considered water and electricity solutions in light of water shedding and load shedding
- Monitored the performance of the Sea Harvest Foundation and the Fisheries Fund against agreed mandates
- 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 the ESG Report and in this report – refer to **pages 111 to 115**.

**MEETINGS AND ATTENDANCE OF THE SOCIAL, ETHICS AND SUSTAINABILITY COMMITTEE**

| | 21 FEB 2023 | 17 MAY 2023 | 23 AUG 2023 | 21 NOV 2023 |
|---|---|---|---|---|
| Dr FJ Robertson (Chairperson) | ✓ | ✓ | ✓ | ✓ |
| Mr BM Rapiya | ✓ | ✓ | ✓ | ✓ |
| Ms CK Zama | ✓ | ✓ | ✓ | ✓ |
| Mr M Brey | ✓ | ✓ | ✓ | ✓ |
| Ms T Moodley | ✓ | ✓ | ✓ | ✓ |
| Mr MI Khan | ✓ | ✓ | ✓ | × |
| 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.

## 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 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: **https://seaharvestgroup.co.za/investors/governance/**

**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), LTI and STI; and
- evaluating and making recommendations relating to the 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 116 to 128**.

**MEETINGS AND ATTENDANCE OF THE NOMINATION AND REMUNERATION COMMITTEES**

| | 22 FEB 2023 | 22 NOV 2023 |
|---|---|---|
| Mr WA Hanekom (Chairperson) | ✓ | ✓ |
| Mr BM Rapiya | ✓ | ✓ |
| Mr MI Khan | ✓ | × |
| Dr 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 reviewed annually and is available on the Company's website at **https://seaharvestgroup.co.za/investors/governance/**. 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 COMMITTEES**

| | 25 JULY 2023 |
|---|---|
| **Mr WA Hanekom** (Chairperson) | ✓ |
| **Mr MI Khan** | ✓ |
| **Dr FJ Robertson** (invitee) | ✓ |
| **Mr F Ratheb** (invitee) | ✓ |
| **Mr M Brey** (invitee) | ✓ |

## 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 2023 and changes were made to incorporate the amendments prescribed in the revised JSE Listings Requirements.

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
**https://seaharvestgroup.co.za/investors/governance/**

**For more information about our stakeholder engagements throughout the year, refer to pages 35 to 40 of this report.**

### 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 enforced 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. The Group's electronic Declaration of Interest tool automates the process of declaring interests and conflicts and maintaining a gift registry to ensure transparency and good governance within the Group.

### 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.



A aerial view of a section of the Ladismith dairy production facility

# OUR GOVERNANCE REPORT CONTINUED

## 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.

## Board and subcommittee evaluations

Formal evaluations are conducted annually on each of the Board subcommittees to assess their effectiveness. The evaluation overall reflects an effective level of governance and reports conclude that the subcommittees' effectiveness has improved and that they generally function well and meet the objectives of their respective charters.

## Fraud, theft and corruption prevention mechanisms

The Group has zero tolerance for fraud, theft and corruption. The Group's approved Fraud Prevention Policy addresses all legislative and operational requirements including, *inter alia*, whistle-blower protection. The policy was reviewed and updated in 2023.

The Fraud Prevention Committee reports to the Audit and Risk Committee on all matters reported on the anonymous tip-off hotline as well as on 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.

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 take overarching responsibility for governance-related matters in each material subsidiary, and their 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 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 Steering Committee

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 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 in accomplishing its objectives by adopting a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, internal control and 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 Company Secretary Ms Gounden's qualifications and experience are adequate to enable her to properly perform the duties of Company Secretary. Ms Gounden 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 in legislation that affect 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
- Acted as the primary focal point in relation to directors' and employees' share trading, JSE requirements, and notification of closed periods

In accordance with good governance practice relating to company secretaries as recommended by King IV™, the Group Company Secretary is not a director of the Company and is deemed by the Board to be suitably independent. In addition, the Board is satisfied that an arm's length relationship exists between it and the Group Company Secretary.

In addition to the company secretarial functions, the Group Company Secretary is responsible for the Group's governance, compliance and legal functions and is supported by a suitably qualified team.



# OUR AUDIT AND RISK COMMITTEE REPORT

for the year ended 31 December 2023



The Audit and Risk Committee (the Committee) is governed by formal Terms of Reference that have been reviewed and approved by the Board. The functions of the Committee are consistent with:

- the Companies Act;
- King IV™; and
- the JSE Listings Requirements.

## ROLES AND RESPONSIBILITIES

The Terms of Reference include the Committee's statutory duties as described in the Companies 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 Companies Act, the Committee is required to provide independent oversight of the system of internal control 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.

## COMPOSITION OF THE COMMITTEE

The members of the Committee remained unchanged for the 2023 financial year. The members of the Committee, as indicated below, are knowledgeable about the affairs of the Group and all have extensive expertise in finance, accounting, commerce, industry, legal and risk management practices. The members of the Committee are appointed annually at the AGM. The composition of the Committee for the 2023 financial year and attendance at meetings were as follows:

### MEMBERSHIP AND COMPOSITION OF THE COMMITTEE



3/3

**KA Lagler**
*CA(SA)*



3/3

**CK Zama**
*CA(SA)*



3/3

**WA Hanekom**
*CA(SA)*



3/3

**BM Rapiya**
*BA Economics*

### COMMITTEE INVITEE



2/3

**F Robertson**
*DPhil (Honorary, UWC)*



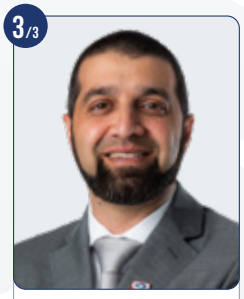
2/3

**MI Khan**
*CA(SA)*



3/3

**F Ratheb**
*BSc (Hons) (Eng), MBA*



3/3

**M Brey**
*CA(SA)*



3/3

**T Moodley**
*LLB*

*Chairperson:* ● *Meetings attended:* X/X

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 meetings of the Committee by invitation.

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.

## KEY FUNCTIONS OF THE COMMITTEE

The Committee performed the following duties during the year ended 31 December 2023:

- reviewed the interim and annual financial statements of Sea Harvest Group Limited and recommended them to the Board for approval;
- reviewed the solvency and liquidity, working capital, and going concern position;
- reviewed and recommended the annual dividend proposal to the Board for approval;
- considered the independence and effectiveness of the external auditors and received and considered the external auditors reports;
- considered and nominated for approval at the AGM the external auditors and the designated auditor for the financial year under review;
- determined the fees paid to the external auditors and their terms of engagement;
- reviewed the expertise and experience of the Group's CFO and finance function;
- satisfied itself with the adequacy of the Group's internal controls, including internal controls over financial reporting;
- reviewed work plans, discussions and reports of the respective subsidiary companies' Finance and Risk Committees;
- reviewed the strategic risk register and mitigation plans put in place by management;
- reviewed impairment assessment calculations and considerations;
- 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 Trading Policy, Non-Audit Services Policy, Fraud Prevention Policy inclusive of the Whistle-blowing Policy, and the Group's manual as required by the Promotion of Access to Information Act, No 2 of 2000;
- 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;
- rreviewed and approved the internal audit Terms of Reference and annual internal audit plan;
- considered the outcome of the external evaluation of the internal audit function's compliance with Standards for the Professional Practice of Internal Audit;
- considered the effectiveness and independence of the head of internal audit and the internal audit function and received and considered the internal auditor's reports;
- 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 over IT governance and IT risk management;
- 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;
- reviewed the Group's framework for determining materiality applied to ensure that significant areas of risk, complexity and judgement are included in the evaluation of internal financial reporting controls; and
- considered the Group structure and the nature and size of the components forming part thereof to ensure that management has established appropriate procedures to ensure that all relevant components have submitted audited or reviewed financial reporting packages, prepared in accordance with IFRS, which have been included in the consolidated financial statements of Sea Harvest, 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.

# OUR AUDIT AND RISK COMMITTEE REPORT CONTINUED

for the year ended 31 December 2022

## SUBSIDIARY FINANCE AND RISK COMMITTEE MEETINGS

For each material subsidiary, a subsidiary Finance and Risk Committee is in place and meets three times a year; coinciding with the meetings of this Committee. The South African subsidiary Finance and Risk Committees meetings are chaired by the Group CFO, while Sea Harvest Australia has its own independent, non-executive chairperson. Group Audit and Risk Committee members as well as the external auditors, internal auditors, and representation from Group Finance, Compliance and IT are invited to attend each subsidiary Finance and Risk Committee meeting.

As is relevant, the functions of these subsidiary Finance and Risk Committees mirror those of the Group Audit and Risk Committee and, as such, allow for the necessary oversight and governance to be exercised through these committees, including risk management, internal audit, compliance, financial reporting governance, and IT management.

## RISK MANAGEMENT AND COMBINED ASSURANCE

The Committee continues to exercise oversight of strategic risks that could materially impact the ability of the Group to deliver its objectives and the related mitigation plans and considers these appropriate through the adopted combined assurance approach. Assurance is obtained from several assurance providers in a co-ordinated manner to avoid duplication of effort.

For the 2023 financial year, the Committee considered the risk assessments and mitigation plans presented by management and evaluated and approved the plans of the internal audit function, the external auditors, and the outcomes of the audit work performed. The Committee is satisfied that the combined assurance approach 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, which is rigorously managed by management through the established IT Steering Committee.

IT governance and IT risk management are managed through various charters, plans, policies, procedures and practices. The Committee reviewed management's continued work in relation to, especially, the effectiveness of the technology and information environment, disaster recovery, and outsourced service providers.

The Committee is satisfied that the report of the IT Steering Committee adequately addresses IT governance and risk management requirements, including the appropriateness of IT strategy and policy, systems and network architecture, applications, disaster recovery, and 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 Companies 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 2023 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 chairperson and tabled at Committee meetings at set intervals. The fees paid to the external auditors for non-audit services in 2023 related to taxation work, transfer pricing assistance, agreed upon procedures in respect of royalty certificates issued to the MSC.

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

Mr P du Plessis was the designated audit partner for the year ended 31 December 2023. Mr P du Plessis has confirmed to the Committee that Ernst & Young Inc. have complied with the independence requirements in terms of the Independent Regulatory Board for Auditors and the South African Institute of Chartered Accountants standards.

### Key audit matter relating to the 2023 audit

The report of the independent auditors for the year ended 31 December 2023 contained the following key audit matter:

- Impairment assessment of Sea Harvest Australia's goodwill and fishing licences with indefinite useful life.

The Committee addressed the key audit matter as follows:

- The Committee considered the level of impairment testing performed by management and agreed with the conclusions reached by both management and the external auditor that no impairment is required.

## INTERNAL AUDITORS

The Group's in-house internal audit function operates in accordance with the Terms of Reference that 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.

An external quality assurance review of the internal audit function's compliance with the International Standards for the Professional Practice of Internal Auditing and the Institute of Internal Auditors Code of Ethics was completed during the reporting period.

The Committee regularly evaluated the progress made in relation to the internal audit coverage plan for 2023 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 are aligned with the Code of Ethics of the Institute of Internal Auditors.

## 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 as well as 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 2023 and is satisfied that it complies with 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 cash flow analysis, operational analysis, and available funding facilities. The cash flow analysis considered material factors that impact 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™ Codes. The King IV™ Application Register can be found on the Group's website: **https://seaharvestgroup.co.za/investors/governance/**

### JSE proactive monitoring report

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

- Report on proactive monitoring of financial statements in 2023 (issued 3 November 2023)
- Specific sections from the Proactive Monitoring Limited Scope Thematic review: Cash flow information and disclosures of liquidity and going concern (issued 6 October 2022):
  - Section 7.4: Cash and cash equivalents
  - Section 7.8: Changes in liabilities arising from financing activities
  - Section 8: Liquidity risk
- Specific sections from the Combined Findings of the JSE proactive monitoring of financial statements report (issued 27 October 2023):
  - General (due care) (page 7)

The Committee has ensured that, where applicable, the contents of these reports have been appropriately actioned in the preparation of the consolidated and separate annual financial statements for the year ended 31 December 2023.

### JSE reporting requirements 3.84(k)

The Committee 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 JSE Listings Requirement 3.84(k) is appropriately supported.

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

- the 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 this aforementioned process was applied to all material subsidiaries.

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

The Committee discussed and documented the basis for its conclusion, which includes discussions with internal audit, external audit and 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)

**28 March 2024**

*Independent Non-executive Director*

# OUR SOCIAL, ETHICS AND SUSTAINABILITY COMMITTEE REPORT

Sea Harvest Group's Social, Ethics and Sustainability Committee (the Committee) is tasked with monitoring the business's performance as a responsible corporate citizen and to perform its statutory functions in terms of the Companies Act, King IV™ and the JSE Listings Requirements, the Committee's Terms of Reference, internal policies, and any other applicable legislation. The Board subcommittee fulfils an independent role, while remaining accountable to the Board.

## OUR MANDATE

The Committee is mandated to ensure that the Group maintains its commitment to:

- overseeing the interplay between the environment and ecosystems of the planet, particularly the impact of the Group on the natural world, and reducing it where possible;
- considering how the business interacts with its social stakeholders, both within and outside the Group; and
- guaranteeing transparent and ethical conduct by the Company and its leaders with regard to regulations and oversight, so as to ensure that the business continues to act in the best interest of stakeholders.

This is achieved by ensuring bold and ethical leadership. In this report, we describe how we discharged our duties during the 2023 financial year.

## MEMBERSHIP AND COMPOSITION OF THE COMMITTEE



4/4 ●

**FJ Robertson**
*DPhil (Honorary, UWC)*



4/4

**BM Rapiya**
*BAdmin*



4/4

**CK Zama**
*CA(SA)*



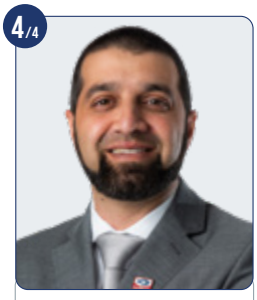
3/4

**MI Khan**
*CA(SA)*



4/4

**T Moodley**
*LLB*



4/4

**M Brey**
*CA(SA)*

## COMMITTEE INVITEE



4/4

**F Ratheb**
*BSc (Hons) (Eng), MBA*



4/4

**M Khumalo**
*MSc (Oceanography)*



3/4

**T Brown**
*National Diploma: (Mechanical Engineering)*



4/4

**M Harry**
*National Diploma: (Human Resources Management), MPhil, BCom (Hons)*

*Chairperson:* ● *Meetings attended:* X/X

## THE YEAR UNDER REVIEW

In 2023, the Committee's efforts were focused on ensuring that its commitment to the three key aspects (environment, social and governance) of its mandate was upheld amid challenging operating conditions. There remains an ambition by the Group to adapt to a constantly evolving world by fostering and solidifying ESG practices within the business that not only safeguard the environment but also contribute to building a better and just society through integrity and positive contributions.

## OUR 2023 TARGETS

1. Engage in meaningful ESG matters as defined by the UN SDGs
2. Achieve a Level 1 B-BBEE rating
3. In terms of safety, reduce the Group's DIFR and LTIFR
4. Continue investing in the communities in which we operate
5. Reduce Scope 1 carbon emissions intensity in the Group's South African Fishing segment by 2% from 2022

## SUSTAINABILITY AND ENVIRONMENTAL MANAGEMENT

The Group places utmost importance on ensuring the business's operations are always both profitable and sustainable. This is particularly critical as our products rely on natural resources. To attain this goal, the Group acknowledges the necessity of implementing initiatives prioritising marine and freshwater conservation, effective waste management, and the transition to the utilisation of clean energy sources.

In the fishing sector, adherence to scientific principles governing sustainable fish harvesting is paramount to maintaining long-term viability. This entails allowing marine resources to replenish and ensuring that our operations are conducted sustainably. Through these proactive measures, Sea Harvest reaffirms its dedication to responsible and sustainable business practices, safeguarding natural resources for future generations. The Group remains steadfast in its commitment to sustainability leadership – consistently setting and upholding sustainability standards to ensure the enduring success of our business.

During 2023, the Group remained steadfast in its commitment to guaranteeing that all subsidiary operational sites, cold storage facilities, distribution hubs, offices, and other relevant entities adhere to regulatory mandates. Concurrently, an assessment of compliance with the responsible business practices outlined by the Committee was conducted. Furthermore, efforts persisted in enhancing internal environmental control systems and streamlining data management processes across the organisation.

**Sustainable fishing:** Our Group's most significant environmental footprint occurs at sea. Hence, it is imperative that all our endeavours in this domain adhere to a stringent biological management framework, thereby maintaining our MSC certification. Notably, Cape Hake, the Shark Bay Prawn Managed Fishery, and the Exmouth Gulf Prawn Managed Fishery have all achieved MSC certification. This certification process is conducted by an independent third party that evaluates adherence to the three core principles of the MSC, recognised as the pinnacle of sustainability in wild-capture fishing practices (for more information on the status of the Group's target species, refer to the ESG Report).

**Water management:** During 2023, the Group improved its water management procedures. By enhancing water meter coverage at all our sites, we have yielded heightened precision in measurements and troubleshooting. This increased data collection has enabled the Group to achieve a more refined understanding of water consumption patterns at its operating sites and subsidiaries, thereby facilitating daily data analysis. To further optimise freshwater usage on site, we have allocated resources to establish a team of dedicated full-time employees who implement our water management protocol in Saldanha Bay, the Group's largest consumption site.

These resources aid in facilitating a rapid response to increased freshwater usage and ensuring an integrated management process to find solutions with all business units. Additionally, to compliment this process, we are leveraging sea water for cleaning and other non-potable needs, alongside the installation of aerators and low-flow devices across factory water sources. Our commitment to efficiency is underscored by the procurement of new ice production machines, ensuring streamlined operations for our vessels at sea.

**Waste management:** We actively seek opportunities to donate, repurpose or sell waste, aligning with our commitment to environmental stewardship. During 2023, the Group implemented recycling initiatives at our facilities in Cape Town and Mossel Bay, marking the initial stages of our recycling journey in those locations, and as we progress, we remain dedicated to reducing waste sent to landfills. In pursuit of our sustainability goals, we initiated a schools recycling project in Saldanha Bay, engaging stakeholders in our sustainability efforts. This project involved supporting select schools in establishing recycling facilities and educating scholars on the importance of waste management and recycling. Through collaboration with the Saldanha Bay Municipality, these schools have been able to generate additional income from their recycling efforts (for more information on the schools recycling project, refer to the ESG Report).

**Energy:** In continuation of our commitment to the energy conservation initiatives of 2022, 2023 marked a significant leap forward in this endeavour.

Over recent years, we have been actively exploring renewable energy sources, with our initial venture involving the installation of wind turbines at our largest aquaculture facility. While grid electricity remains essential at this site, our transition to renewable energy at Buffeljags has notably reduced our reliance on conventional sources.

Building on this progress, in 2023, we expanded our renewable energy portfolio with the commencement of a solar PV solution at our primary dairy facility in Ladismith. This installation not only enhances energy security but also substantially diminishes our dependence on the South African electricity grid at the site. Although our aspiration is to integrate sustainable solutions across all our sites, several factors, including the suitability of the renewable technology, capital expenditure requirements, and environmental assessments, must be carefully considered. As part of our ongoing journey, we remain committed to exploring and implementing alternative energy opportunities throughout our organisation.

# OUR SOCIAL, ETHICS AND SUSTAINABILITY COMMITTEE REPORT

## SUSTAINABILITY AND ENVIRONMENTAL MANAGEMENT CONTINUED

**Climate change:** We are pleased to announce the latest advancements in Sea Harvest's dedication to sustainability and our continuous endeavours to address climate change. Since 2022, we have been actively offsetting emissions generated by the Sea Harvest Food Truck annually. Carbon offsetting entails the reduction or removal of carbon dioxide and other greenhouse gas emissions from the atmosphere to counterbalance emissions produced elsewhere. At Sea Harvest, even as we enter the carbon offsetting arena, our primary focus remains on measuring and mitigating emissions within our own operations, as this represents the most impactful approach to emission reduction (for more information on the greenhouse gas emissions of the Group, refer to the ESG Report).

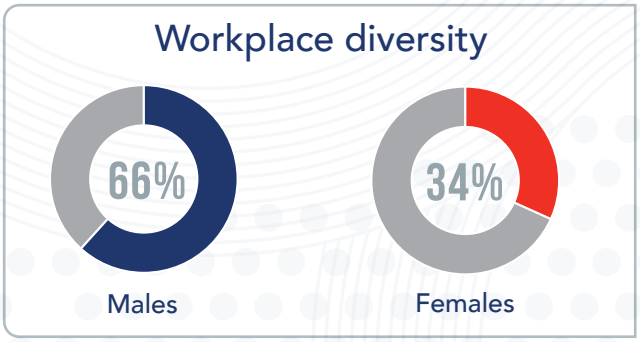


Employees inside the cheese factory at Mooivallei

## WORKPLACE DIVERSITY

In pursuit of rectifying historical workplace inequalities, Sea Harvest places significant emphasis on employment equity and adhering to relevant government mandates as integral components of its transformation agenda. Across all South African Group subsidiaries, the implementation of new one- to three-year employment equity plans is underway. These plans are designed to provide strategic direction for our diversity initiatives in the short term. Furthermore, Sea Harvest maintains active engagement with employment regulators regarding proposed mandated diversity targets for the fishing industry and other sectors of the economy. This ongoing dialogue facilitates the development of feasible and impactful strategies tailored to our sector, fostering positive change through collaborative consultation processes with governmental bodies.

To bolster the group's workplace diversity initiatives, it is imperative to fortify them with a robust succession plan centred on talent acquisition and retention programmes within the organisation. With this objective in mind, in 2023, the Group established a Talent Forum comprising key executives and representatives from the human resources department. This forum aims to formalise the Group's strategy and execution pertaining to succession planning, providing prominent visibility, and ensuring accountability for cultivating a sustainable talent pipeline for the future of the business.




For further information about the implementation and results of our transformation policies, refer to the report on our Human Capital and transformation on **pages 43 to 44** of this report.

## EMPLOYEE WELLNESS, SAFETY AND SECURITY

**Employee wellness:** Throughout 2023, the Group sustained its provision of primary healthcare services at several key operational sites, alongside implementing diverse employee wellness programmes aimed at supporting staff in managing their financial, physical and mental well-being. In response to high instances of substance abuse, formal engagements continued with the Department of Social Development to facilitate early intervention sessions addressing substance abuse and other domestic issues like gender-based violence. Additionally, the Group actively encouraged healthy lifestyle choices through initiatives such as fitness sessions and effective management of chronic medications within its healthcare services. The commitment to staff education extended to raising awareness about breast cancer detection and early intervention, alongside HIV testing initiatives, to equip staff with knowledge on virus prevention strategies.

In Australia, we continue to recognise the psychological pressures and stressors prevalent in modern life, which can lead to employee absenteeism. As a response, Sea Harvest Australia implemented an Employee Assistance Programme, offering up to six free professional counselling sessions. This support extends not only to employees but also to shared fishermen, immediate family members including partners and dependent children, and, under certain conditions, individuals residing in the worker's household.

**Safety:** The Group saw a minor increase in the number of injuries reported during the year (2023: 550; 2022: 546). However, positively, the Group's DIFR decreased from 0.05 in 2022 to 0.03 for the year. Furthermore, our LTIFR also improved from 4.31 in 2022 to 3.97 in 2023.

**Security:** Minor security incidents were reported at various operating sites, most of which related to petty theft or attempted theft. Investigations were conducted to determine ways of improving security, while the necessary disciplinary action was taken, or charges laid, against the perpetrators.

As per the table below, during 2023, only one out of four of the Group's major South African sites saw a slight decline in their risk scores following an audit of the health, safety and environmental operating procedures at the respective sites by Marsh, a leading global insurance broker and risk advisor.

| MARSH RISK GRADING SCORES | 2022/23 | 2021/22 |
|---|---|---|
| Sea Harvest Saldanha | **97%** | 97% |
| Sea Harvest Viking Fishing Division | **95%** | 94% |
| Ladismith | **97%** | 98% |
| Viking Aquaculture | **98%** | 97% |

## OUR SUPPLIER AND ENTERPRISE DEVELOPMENT

The Fisheries Fund, a collaborative venture between Sea Harvest and Brimstone, stands as a pioneering initiative dedicated to empowering co-operatives and small-scale fishers through mentorship, skills training, and robust business support mechanisms. Notably, the Fisheries Fund's commitment to maintaining an accidental death and disability policy for small-scale fishers and their families underscores Sea Harvest's holistic approach to community support.

In 2023, FEDRATI, fostering collaboration between the Fisheries Fund and CPUT. Operating under the joint auspices of the Fisheries Fund and CPUT, FEDRATI facilitated the allocation of 16 scholarships at CPUT to post-graduate students embarking on scientific research across various disciplines aimed at advancing ocean economy in South Africa. These scholarships represent a strategic investment in cultivating expertise that holds the potential to catalyse tangible advancements in the maritime field, particularly benefiting the historically marginalised. The ultimate aspiration is for these research initiatives to evolve into practical solutions that empower communities and drive sustainable economic growth.

Simultaneously, the Fisheries Fund, in collaboration with the FoodBev SETA, sustained programmes aimed at enhancing the capabilities of small-scale fishers in the Western Cape and Eastern Cape regions. These initiatives encompassed a spectrum of training modules, including pre-sea familiarisation, business acumen development, hazard analysis and critical control point (HACCP) standards training, safety protocols, and first aid proficiency.

Moreover, mentorship and coaching programmes were integral components, ensuring holistic support for participants as they navigate their professional journeys and utilise their access to the ocean's resources.

Refer to our Social and Relationship Capital on **pages 51 to 52**, our stakeholder section for industry partners on **page 38** of this report and our ESG Report.




2023 Doctor of Philosophy (PhD) candidate and FEDRATI beneficiary, Ziyanda Phike, addressing guests at the launch of the Institute

# OUR SOCIAL, ETHICS AND SUSTAINABILITY COMMITTEE REPORT CONTINUED

## OUR SOCIO-ECONOMIC DEVELOPMENT (SED)

The Sea Harvest Foundation serves as a pivotal platform through which Sea Harvest extends its positive influence within the communities it serves. Throughout 2023, the Foundation prioritised initiatives aimed at fostering inclusive economic participation and bolstering education, sports and youth development. Notably, our bursary programme sustained 38 tertiary students in their academic pursuits.

Further reinforcing our commitment, the Foundation continued its steadfast support for the satellite office of the Department of Social Development in Saldanha Bay. This collaboration enabled the provision of vital assistance to address pressing societal challenges, such as substance abuse, child neglect, and other social issues prevalent in South African communities.

In line with our dedication to alleviating hunger and enhancing food security, the Foundation's fish donation programme experienced significant growth and impact throughout 2023. Partnering with reputable organisations like the Harbour of Wellness, Huis van Heerde, Lily Haven, Eleanor Murray Residence, and the Paternoster Project, we reached a total of 2 143 beneficiaries across more than 20 organisations, effectively addressing immediate nutritional needs within our operational areas.

Furthermore, in 2023, our second Golf Day provided stakeholders with an update on the Foundation's initiatives and their tangible outcomes. The event not only served as a platform for networking but also raised crucial funds to supplement our ongoing endeavours.

Underpinning this community support is the unwavering commitment of the Foundation's Board. By prioritising collaboration and integration both internally and externally, we are poised to harness the collective strengths and resources of all stakeholders for greater impact. For detailed insights into the projects supported by the Sea Harvest Foundation, we invite you to explore our ESG Report.

Refer to our Social and Relationship Capital on **pages 51 to 52** and our stakeholder section for industry partners on **page 38** of this report.

## OUR CHALLENGES

Amid the rapid acquisitive expansion witnessed within the Group over the past five years, our organisation encounters ongoing challenges in standardising sustainability and social initiatives across all subsidiaries and sites. While notable progress has been achieved, there is still work to be done in consolidating the overall ESG portfolio within the business (for more information on our ESG journey, refer to the ESG Report).

## OUR PERFORMANCE IN RELATION TO OUR TARGETS IN 2023

We are happy to report that we:

- engaged in meaningful ESG matters, including improved disclosure for all our stakeholders, with our third standalone ESG Report;
- achieved a Level 1 B-BBEE rating;
- spent R43 million on skills development and R13 million on enterprise and supplier development;
- achieved a DIFR 0.03 and an LTIFR of 3.97;
- continued investing in the communities in which we operate through student bursary programmes, food donations, community projects and support for youth education initiatives at high schools and tertiary institutions; and
- reduced Scope 1 carbon emission intensity in the Group's South African Fishing segment by 2.6% from 2022.

## OUR FUTURE OUTLOOK

- Complete the ESG Materiality Assessment for the Group
- Devise and implement a fit-for-purpose ESG strategy
- Analyse vessels that utilise freon and the expenditure required to convert to non-freon gases
- Our long-term targets include eliminating unnecessary and problematic packaging and increasing the reuse, collection and recycling of all waste

**FRED 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 2023 financial year, along with details of the governance arrangements in place with respect to nomination and remuneration. The Group has a single committee that deals 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 2023 financial year, which 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



2/2 ●

**WA Hanekom**
*CA(SA)*



2/2

**BM Rapiya**
*BAdmin*



1/2

**MI Khan**
*CA(SA)*

## COMMITTEE INVITEE



2/2

**F Robertson**
*DPhil (Honorary, UWC)*



2/2

**F Ratheb**
*BSc (Hons) (Eng), MBA*

*Chairperson:* ● *Meetings attended:* X/X

# OUR NOMINATION AND REMUNERATION COMMITTEES REPORT CONTINUED

## 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 2023. 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

Sea Harvest experienced another challenging year in the year to 31 December 2023, driven primarily by 9% lower volumes (as a result of difficult fishing conditions), above-inflation cost increases, load shedding, and significantly lower global prawn prices. A further 47% increase in average interest rates constrained earnings.

Despite the significantly lower volumes, Group revenue increased by 6% to R6.2 billion (2022: R5.9 billion), benefiting from strong demand across all markets and channels and improved pricing, while its 43% hard currency exposure allowed it to benefit from the weaker rand.

Cost of sales increased by 3% despite the lower volumes, driven by cost inflation and the impact of load shedding. Above-inflation cost increases included double digit increases in the price of milk, ingredients and packaging, and utilities. The Group minimised production losses arising from the higher levels of load shedding during 2023 at a cost of R46 million (2022: R25 million) for the year.

Fixed and variable operating expenses were well controlled and increased by 6% to R1.18 billion (2022: R1.12 billion), remaining constant at 19% of revenue, with the inclusion of MG Kailis's fixed expenses for the full year offset by lower export freight rates and good cost control.

The challenging operating environment resulted in Group operating profit of R462 million (2022: R472 million), 2% lower than 2022.

Fair value gains of R17 million (2022: R29 million) included R15 million of net gains on the fair value adjustment to biological assets, and, as a result of acquiring the 28% minority interest in and loan claims against Viking Aquaculture at a discount during the year, the Group recognised a gain on purchased loans of R93 million.

Group EBIT increased by 15% to R577 million (2022: R500 million) with the Group EBIT margin maintained at 9%.

Net finance costs increased by 79% to R223 million (2022: R124 million) as a result of higher levels of debt and significantly higher interest rates during the period. Year on year, South African average interest rates have increased by 40%, while Australian rates have increased by 63%.

Despite the challenging year amid the 9% lower volumes, compounded by the sharply steeper interest rates, the Group performed resiliently in delivering reported HEPS of 100 cents (2022: 105 cents, down 5%) in 2023.

An important milestone in 2023 was the conclusion of the FRAP, giving the Group certainty for the next 15 years.

Sea Harvest continued to execute on its growth strategies and announced that it had entered into discussions with Terrasan to acquire the following target entities:

- 100% of Terrasan's subsidiaries engaged in the catching, processing and sale of pelagic fish (Saldanha); and
- 63.07% of Terrasan's subsidiaries engaged in the farming, processing and sale of abalone (Aqunion).

The transaction will diversify Sea Harvest into pelagic fishing and round out the Group's exposure to all material wild-caught fisheries in South Africa, while the abalone business will double in size. Importantly, the acquisition will increase the Group's hard currency earnings.

Underpinned by its Level 1 B-BBEE contributor status and c.95% black ownership, transformation remains core to Sea Harvest's existence and strategy of driving social change. The Group spent R4.8 million on social economic development (including projects focused on job creation, youth and rural development, education, health and local communities) and a further R13 million on supplier and enterprise development initiatives in 2023 to fuel broad-based economic growth and social transformation in mainly rural areas.

In 2024, as a result of the 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.

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 2024 financial year.

The Committee remains confident that the Group's remuneration philosophy and policy are aligned with its strategy and have contributed to the Group's growth. The Committee is also satisfied that the Remuneration Policy achieved its objectives in the 2023 financial year.

## GOVERNANCE

The Committee was established to assist in monitoring the Group's nomination and remuneration practices and performance and to perform the functions required of a nomination and remuneration committee in terms of the Companies Act, 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 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 2023.

The Charter is available at:
**https://seaharvestgroup.co.za/investors/governance/**

## COMPOSITION OF THE REMUNERATION COMMITTEE

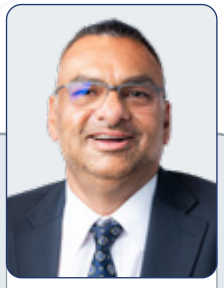
In line with best practice, the majority of the Committee members are independent non-executive directors of the Group. For the period under review the Committee comprised:



**WA Hanekom**
*Chairperson, Independent Non-executive Director*



**BM Rapiya**
*Independent Non-executive Director*



**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 2023 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 two 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 our Governance Report on **page 103.**

## COMPOSITION OF THE NOMINATION COMMITTEE

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

**WA Hanekom**
*Chairperson, Independent Non-executive Director*

**BM Rapiya**
*Independent Non-executive Director*

**MI Khan**
*Non-executive Director*

## INDEPENDENT EXTERNAL ADVICE

The Committee actively sources independent external advice 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.

## 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;
- succession planning in respect of Board members; and
- the Company's policy on diversity (including gender) for the nomination and appointment 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 with 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 2024 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 challenging 2022 and 2023 financial years combined with 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. For more information on the Group's compliance with King IV™ in terms of diversity and succession planning, refer to the Group's King IV™ Application Register on its website: **www.seaharvestgroup.co.za/investors/governance/**

# OUR NOMINATION AND REMUNERATION COMMITTEES REPORT CONTINUED

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 2022 and 2023 financial years;
- reviewed and approved the performance metrics and rules of the short-term incentives for the 2023 and 2024 financial years;
- reviewed the performance of the CEO for the 2022 and 2023 financial years;
- set the financial targets and functional targets for the CEO for the 2023 and 2024 financial years;
- considered and approved the vesting of the 2023 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 2023 and 2024 financial years;
- considered and recommended the increases in fees for non-executive directors for the 2023 and 2024 financial years;
- considered for approval by the Board the mandate for 2023 and 2024 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 with 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 18 May 2023, the 2022 Remuneration Policy and the Implementation Report received support of 83.32% and 85.00%, respectively, of shareholders voting in favour thereof.

In line with the requirements of King IV™ and the JSE Listings Requirements, the 2023 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 the shareholder engagement, the Committee reserves the right to amend elements of the Remuneration Policy to further align it with market practice and shareholder value creation.

The Committee is pleased to present the Remuneration Policy of the Group on **pages 120 to 124** and the Implementation Report on **pages 125 to 128** 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 2023 and the financial year ending 31 December 2024.

## 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.

## REMUNERATION MIX

Remuneration comprises guaranteed pay (GP) and variable pay. Variable pay comprises STIs and LTIs. 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.

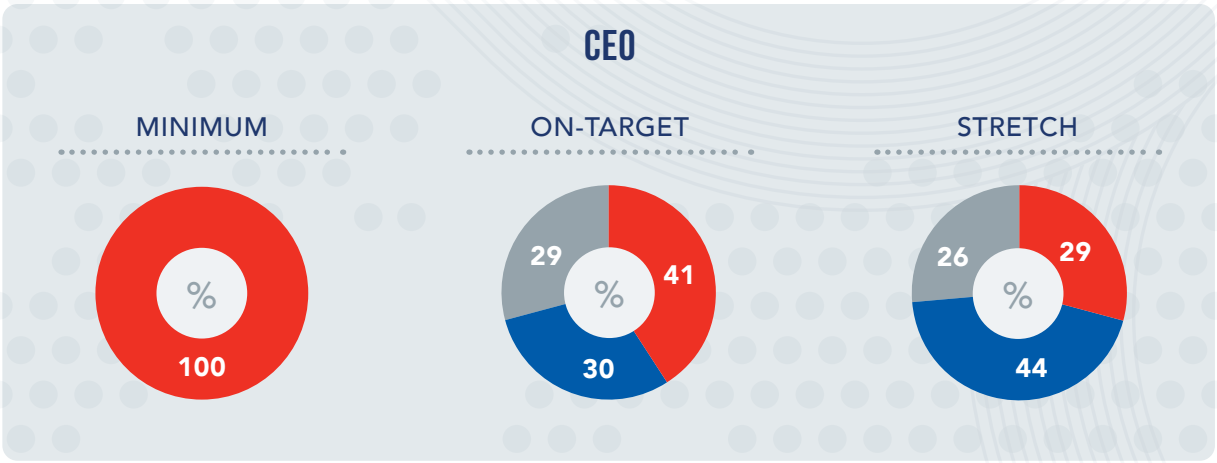
In order to drive a high-performance culture and alignment with shareholders through shared value creation, the total reward mix for the CEO and executive directors is geared towards a higher percentage of variable pay at risk for the achievement of stretch targets. Implicit in the Remuneration Policy is that, over time, executives should build up a combination of restricted and unencumbered shares, ensuring significant alignment between the executives and shareholders.

The pie charts on **page 121** 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™.

# OUR NOMINATION AND REMUNERATION COMMITTEES REPORT CONTINUED

## AGGREGATE EXECUTIVE DIRECTOR PAY MIX

### CEO




### CFO




*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.*

Fixed STI LTI

| ELEMENT | MINIMUM | ON-TARGET | STRETCH |
|---|---|---|---|
| **GP** | The 2023 salary and benefits are in line with those paid in the 2022 financial year, except for an increase in the STI percentage at stretch as a result of greater responsibilities arising from the growth of the Group | | |
| **STI** | Nil | 50% of stretch | 120% – 150% of GP |
| **LTI** | Nil | The maximum number of performance shares and bonus shares granted in 2023 multiplied by the fair value on grant date | The maximum number of performance shares and bonus shares granted in 2023 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.<br>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**<br>• Pension/ provident fund<br>• Motor vehicle allowances<br>• Medical aid | Performance bonuses are dependent on financial performance (financial target) and achievement of agreed strategic and individual KPIs (functional target).<br>Executives have a higher weighting on financial targets (70%) with 30% based on functional targets.<br>Lower-level executives have a greater weighting on strategic and individual performance.<br>The levels of remuneration that can be earned by the CEO and CFO are as follows:<br>• On target: 60% – 75% of GP<br>• Stretch target: 120% – 150% of GP based on a sliding scale for in-between performance<br>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<br>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**<br>The *ad hoc* award of retention shares is a means of retaining certain executives and key senior management.<br>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.<br>The December 2021 tranche of retention shares vest equally in 2024, 2025 and 2026, subject only to continued employment.<br>**Performance shares and bonus shares**<br>Allocations are on an annual basis subject to the Committee's discretion:<br>• CEO: Performance shares 83% of GP and bonus shares 33% of the previous year's STI<br>• CFO: Performance shares 67% of GP and bonus shares 33% of the previous year's STI<br>• Senior management: Performance shares 22% – 61% of GP and bonus shares 33% – 67% of the previous year's STI |
| PERFORMANCE CONDITIONS | Performance, i.e. meeting the 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.<br>Functional targets for the executive directors include:<br>• delivery of organic growth projects;<br>• turning around non-performing businesses;<br>• improving operational efficiencies;<br>• capital expenditure and working capital management and free cash flow generation;<br>• delivery of strategic acquisitions;<br>• integration of new acquisitions;<br>• B-BBEE credentials and transformation;<br>• retention of fishing rights;<br>• building organisational capability; and<br>• successful stakeholder engagement. | Refer to the following table for the performance conditions and characteristics of each share element. |

# OUR NOMINATION AND REMUNERATION COMMITTEES REPORT CONTINUED

## LTI ALLOCATION METHODOLOGY

LTI 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 2017 tranche of retention shares vests 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 was issued in order to retain, reward and incentivise management over a critical period of the Group's existence and vests equally in December 2024, 2025 and 2026, subject only to continued employment.

### 2 2.1 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.

### 2.2 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.

## 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 considers the proposed adjustments, taking into account remuneration increases across the Group. In order to preserve their independence, non-executive directors do not qualify for share options, nor do they participate in any variable pay incentive schemes. 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 Thursday, 30 May 2024.

The increase in non-executive director fees is in line with the increase in salaries for employees in 2024.

| ROLE | 1 JULY 2024 TO 30 JUNE 2025 (EXCLUDING VAT) R | 1 JULY 2023 TO 30 JUNE 2024 (EXCLUDING VAT) R | CHANGE % |
|---|---|---|---|
| Board Chairperson | 773 013 | **739 725** | 4.5% |
| Board Lead Independent Director | 365 280 | **349 550** | 4.5% |
| Board member | 292 224 | **279 640** | 4.5% |
| Audit and Risk Committee Chairperson | 189 947 | **181 767** | 4.5% |
| Audit and Risk Committee member | 101 052 | **96 700** | 4.5% |
| Nomination and Remuneration Committees Chairperson | 146 112 | **139 820** | 4.5% |
| Nomination and Remuneration Committees member | 73 056 | **69 910** | 4.5% |
| Social, Ethics and Sustainability Committee Chairperson | 146 112 | **139 820** | 4.5% |
| Social, Ethics and Sustainability Committee member | 73 056 | **69 910** | 4.5% |
| Investment and Hedging Committee Chairperson | 146 112 | **139 820** | 4.5% |

# OUR NOMINATION AND REMUNERATION COMMITTEES REPORT CONTINUED

## 3 IMPLEMENTATION REPORT

### BACKGROUND

**The implementation of the Remuneration Policy in the 2023 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 2023 financial year are aligned with the Group's financial performance for the 2023 financial year (as contextualised in the CEO's Report).

The graph on **page 126** compares the Group's STI paid to its operating profit. Based on the challenging 2023 financial year arising from the 9% lower volumes, significant decline in prawn prices, and load shedding resulting in a contraction of the Group operating profit margin to 7% and compounded by interest rates 79% higher, a minimal level of STI was paid to performing segments of the business.

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:

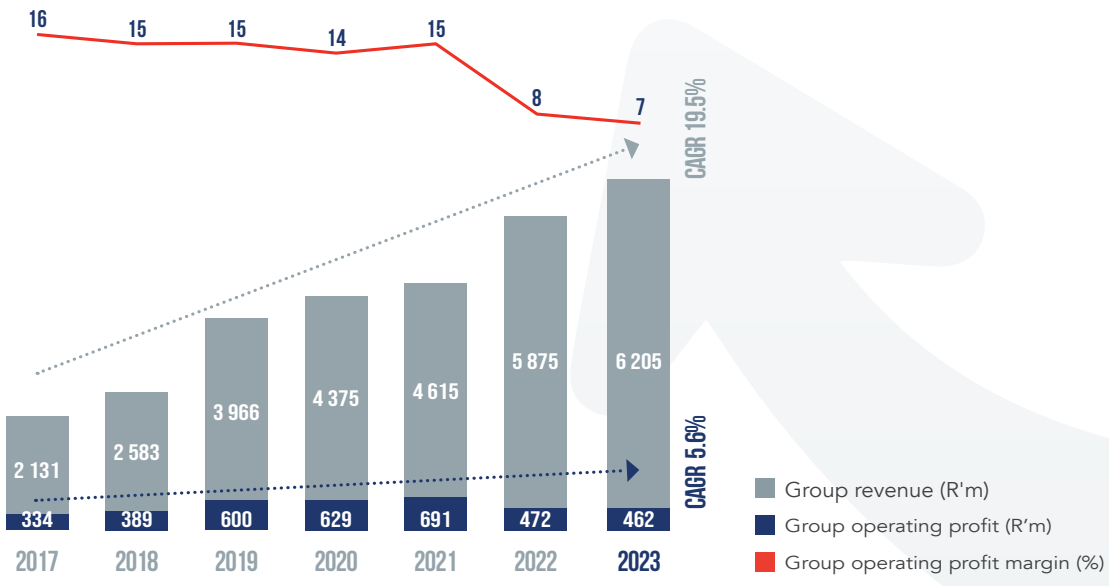
- the Marel factory implementation;
- the acquisition of the *Atlantic Peace* and *Harvest Mzansi* freezer trawlers;
- the completion of the third powder factory and butter plant at Ladismith;
- the installation of the reverse osmosis plant at Saldanha;
- the installation of wind turbines at Buffeljags; and
- the factory upgrade at Mooivallei.

The Group is currently completing a solar PV installation and a roller drier powder plant at Ladismith.

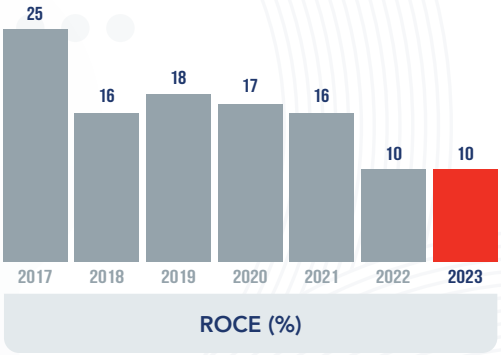
From an acquisitive growth perspective, the Group has executed on

- Viking Fishing in 2018;
- Viking Aquaculture in 2018;
- Ladismith in 2019;
- Sea Harvest Australia in 2019;
- Mooivallei in 2021;
- BMFG in 2021; and
- MG Kailis in 2022.

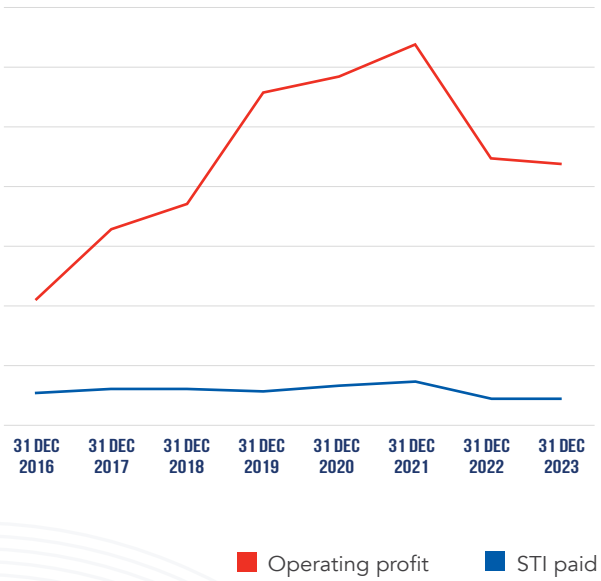
The Group is currently completing the acquisition of (i) the Terrasan pelagics business (Saldanha), thereby rounding out Sea Harvest's exposure to all material wild-caught fisheries in South African and (ii) the Terrasan abalone aquaculture business (Aqunion), thereby doubling the size of the abalone business.






## STI paid vs operating profit



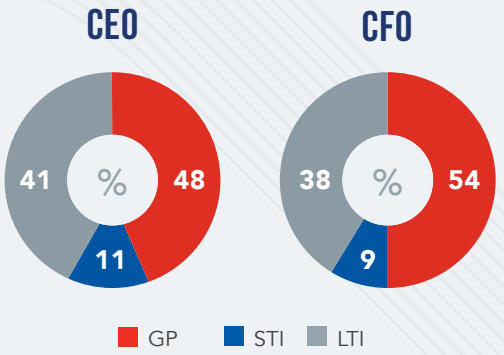

## ACTUAL PAY MIX

The actual pay mix graph has been prepared on the same basis as the chart on **page 121** that refers to pay mix, which represents GP, STI and LTI, and shows the actual mix achieved for the year ended 31 December 2023.

The actual pay mix for the Group CEO and Group CFO for the 2023 financial year is set out to the right.

The STI relates to the 2022 financial year, paid in February 2023 when the executives became unconditionally entitled to the bonus.

For the 2023 financial year, paid in February 2024, M Brey received R1.9 million and F Ratheb received R4.4 million in STI, which related to functional targets achieved.




## BENCHMARKING

Following the comprehensive benchmarking of executive directors and senior executives' STI and LTI measures and hurdles undertaken in 2022, no further benchmarking was undertaken in 2023.

## 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 2023 NUMBER OF EMPLOYEES | 2023 ANNUAL INCREASE IN GUARANTEED PAY* % |
|---|---|---|
| Group CEO, executive team and senior management | 136 | 5.7 |
| Junior management | 472 | 5.7 |
| Salaried staff | 239 | 5.7 |
| Factory-waged staff | 1 421 | 6.0 |
| Fleet-waged staff | 991 | 7.0 |

**Salary increases are for January 2023.*

# OUR NOMINATION AND REMUNERATION COMMITTEES REPORT CONTINUED

## 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 2023 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 2023 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 challenging 2023 financial year, 14% of the total possible 2023 STI was achieved during 2023.

## 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 respective tranches of the first (2017) issue of retention shares vested in March 2018, March 2019, March 2020, March 2021 and March 2022, respectively (retention shares vest equally over a three-/five-year period).

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 such a critical period of the Group's existence, a second tranche of retention shares was issued in December 2021. These shares vest equally in 2024, 2025 and 2026, subject only to continued employment, thereby retaining key management until 2026.

The fourth tranche of performance shares, qualifying for vesting during 2023, vested in full.

In addition, in line with the recommendation of King IV™, included is an indicative value of the unvested instruments as at 31 December 2023. For the bonus shares and retention shares, the indicative value is calculated as the number of instruments multiplied by the share price of R9.45 at year end. For the performance shares, a valuation was performed based on assumptions as at 31 December 2023.



Sea Harvest fish nuggets

| DATE OF AWARD | TYPE OF INSTRUMENT | NUMBER OF INSTRUMENTS 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** | | | | | | | | |
| Thursday, 18 March 2021 | Performance shares | 342 241 | 15.01 | Sunday, 17 March 2024 | – | – | 342 241 | 3 032 255 |
| Wednesday, 23 March 2022 | Performance shares | 391 627 | 13.70 | Saturday, 22 March 2025 | – | – | 391 627 | 3 195 676 |
| Wednesday, 13 March 2024 | Performance shares | 610 819 | 9.92 | Thursday, 12 March 2026 | – | – | 610 819 | 4 703 306 |
| Thursday, 18 March 2021 | Bonus shares | 205 344 | 15.01 | Sunday, 17 March 2024 | – | – | 205 344 | 1 940 501 |
| Wednesday, 23 March 2022 | Bonus shares | 228 256 | 13.70 | Saturday, 22 March 2025 | – | – | 228 256 | 2 157 019 |
| Wednesday, 13 March 2024 | Bonus shares | 52 320 | 9.92 | Thursday, 12 March 2026 | – | – | 52 320 | 494 424 |
| Wednesday, 1 December 2021 | Retention shares** | 1 250 436 | 13.05 | 30 Nov 2024, 30 Nov 2025, 30 Nov 2026 | – | – | 1 250 436 | 11 816 620 |
| **MUHAMMAD BREY** | | | | | | | | |
| Tuesday, 18 March 2021 | Performance shares | 181 590 | 15.01 | Sunday, 17 March 2024 | – | – | 181 590 | 1 608 887 |
| Wednesday, 23 March 2022 | Performance shares | 207 760 | 13.70 | Saturday, 22 March 2025 | – | – | 207 760 | 1 695 322 |
| Wednesday, 13 March 2024 | Performance shares | 302 849 | 9.92 | Thursday, 12 March 2026 | – | – | 302 849 | 2 331 937 |
| Thursday, 18 March 2021 | Bonus shares | 106 775 | 15.01 | Sunday, 17 March 2024 | – | – | 106 775 | 1 009 024 |
| Wednesday, 23 March 2022 | Bonus shares | 118 423 | 13.70 | Saturday, 22 March 2025 | – | – | 118 423 | 1 119 097 |
| Wednesday, 13 March 2024 | Bonus shares | 29 793 | 9.92 | Thursday, 12 March 2026 | – | – | 29 793 | 281 544 |
| Wednesday, 1 December 2021 | Retention shares** | 776 781 | 13.05 | 30 Nov 2024, 30 Nov 2025, 30 Nov 2026 | – | – | 776 781 | 7 340 580 |

*** Vest equally on 30 November 2024, 30 November 2025 and 30 November 2026*

## EXECUTIVE REMUNERATION

FOR THE YEAR ENDED 31 DECEMBER 2023

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 2023 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 2023 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 2023 financial year.

## APPROVAL

This report was approved by the Nomination and Remuneration Committees of Sea Harvest Group Limited.

April 2024

**ANDRÉ HANEKOM**

*Chairperson of the Nomination and Remuneration Committees*

# 06

# SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS


| | |
|---|---|
| Summarised consolidated statement of profit or loss | **131** |
| Summarised consolidated statement of other comprehensive income | **132** |
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| Corporate information | **151** |

# SUMMARISED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the year ended 31 December 2023

| | NOTES | AUDITED YEAR ENDED 31 DECEMBER 2023 R'000 | AUDITED YEAR ENDED 31 DECEMBER 2022 R'000 |
|---|---|---|---|
| Revenue | 3 | **6 204 776** | 5 875 295 |
| Cost of sales | | **(4 694 367)** | (4 537 353) |
| **Gross profit** | | **1 510 409** | 1 337 942 |
| Other operating income[1] | | **132 757** | 251 647 |
| Selling and distribution expenses | | **(276 467)** | (289 933) |
| Marketing expenses | | **(20 303)** | (22 244) |
| Other operating expenses | | **(883 979)** | (805 669) |
| **Operating profit** | | **462 417** | 471 743 |
| Share of profit/(loss) in associates | | **4 845** | (1 110) |
| Fair value gains | | **16 910** | 29 456 |
| Gain on purchased loans | 7.2 | **93 310** | – |
| Loss on disposal of subsidiaries | 7.1 | **(578)** | – |
| **Operating profit before net finance costs and taxation** | | **576 904** | 500 089 |
| Investment income | | **23 298** | 19 669 |
| Interest expense | | **(245 903)** | (143 761) |
| **Profit before taxation** | | **354 299** | 375 997 |
| Taxation | | **(84 940)** | (81 932) |
| **Profit after taxation** | | **269 359** | 294 065 |
| *Profit after taxation attributable to:* | | | |
| Shareholders of Sea Harvest Group Limited | | **282 139** | 310 610 |
| Non-controlling interests | | **(12 780)** | (16 545) |
| | | **269 359** | 294 065 |
| **Earnings per share (cents)** | | | |
| – Basic | | **102** | 111 |
| – Diluted | | **100** | 109 |

[1] *Other operating income includes net foreign exchange and fuel hedge losses of R1.4 million (2022: R165 million gain) and insurance income of R65 million (2022: R25 million).*

# SUMMARISED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2023

| | AUDITED YEAR ENDED 31 DECEMBER 2023 R'000 | AUDITED YEAR ENDED 31 DECEMBER 2022 R'000 |
|---|---|---|
| **Profit after taxation** | **269 359** | 294 065 |
| **Other comprehensive income** | | |
| *Items that may be reclassified subsequently to profit or loss:* | | |
| Movement in cash flow hedging reserve | **(62 974)** | (43 603) |
| Movement in cost of hedging reserve | **(6 301)** | 26 573 |
| Reserves recycled to other operating income | **5 398** | (361) |
| Exchange differences on foreign operations | **85 677** | 15 192 |
| *Items that may not be reclassified subsequently to profit or loss:* | | |
| Movement in investment at fair value through other comprehensive income | **(2 242)** | 965 |
| Net measurement gain on defined benefit plan | **1 513** | 2 129 |
| **Other comprehensive income, net of tax** | **21 071** | 895 |
| **Total comprehensive income for the year** | **290 430** | 294 960 |
| *Total comprehensive income attributable to:* | | |
| Shareholders of Sea Harvest Group Limited | **302 546** | 313 992 |
| Non-controlling interests | **(12 116)** | (19 032) |
| | **290 430** | 294 960 |

# SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

for the year ended 31 December 2023

| | NOTES | AUDITED YEAR ENDED 31 DECEMBER 2023 R'000 | RESTATED[1] AUDITED YEAR ENDED 31 DECEMBER 2022 R'000 |
|---|---|---|---|
| **ASSETS** | | | |
| Property, plant, equipment and vehicles[2] | | **2 447 353** | 2 341 225 |
| Right-of-use assets | | **196 098** | 194 149 |
| Biological assets | 6 | **71 410** | 87 287 |
| Investment properties | 6 | **79 432** | 3 700 |
| Intangible assets[2] | | **1 480 314** | 1 421 503 |
| Goodwill | | **1 036 759** | 1 017 694 |
| Investment in associates[2] | | **37 417** | 6 907 |
| Investment at fair value through other comprehensive income | 6 | **28 360** | 31 220 |
| Other financial assets | 6 | **33 174** | 29 616 |
| Loans to related parties | 8 | **131 086** | 113 478 |
| Loans to supplier partners | | **103 590** | 92 670 |
| Loan receivable | | **9 961** | 7 240 |
| Deferred tax assets | | **5 007** | 5 239 |
| **Non-current assets** | | **5 659 961** | 5 351 928 |
| Inventories[2] | | **1 034 520** | 1 013 197 |
| Trade and other receivables[2] | | **927 800** | 894 814 |
| Biological assets | 6 | **118 266** | 77 909 |
| Loan receivable | | **1 256** | 637 |
| Other financial assets | 6 | **34** | 41 532 |
| Tax assets | | **2 107** | 14 930 |
| Cash and bank balances | | **280 601** | 243 270 |
| **Current assets** | | **2 364 584** | 2 286 289 |
| **Total assets** | | **8 024 545** | 7 638 217 |

[1] *The restatement relates to the finalisation of the MG Kailis business combination. Refer to* **note 7.3**

[2] *Movement includes amounts related to the sale of subsidiaries. Refer to* **note 7.1**

| | NOTES | AUDITED YEAR ENDED 31 DECEMBER 2023 R'000 | RESTATED[1] AUDITED YEAR ENDED 31 DECEMBER 2022 R'000 |
|---|---|---|---|
| **EQUITY AND LIABILITIES** | | | |
| Stated capital | | **1 689 419** | 1 705 898 |
| Other reserves | | **66 296** | 51 615 |
| Retained earnings | | **1 598 636** | 1 427 529 |
| Attributable to shareholders of Sea Harvest Group Limited | | **3 354 351** | 3 185 042 |
| Non-controlling interests[2] | | **23 061** | 52 016 |
| **Capital and reserves** | | **3 377 412** | 3 237 058 |
| Long-term borrowings | | **2 277 006** | 2 144 828 |
| Employee-related liabilities | | **29 791** | 22 170 |
| Deferred grant income | | **30 990** | 34 342 |
| Lease liabilities | | **201 926** | 200 681 |
| Other financial liabilities | 6 | **–** | 7 256 |
| Deferred tax liabilities | | **853 988** | 826 151 |
| **Non-current liabilities** | | **3 393 701** | 3 235 428 |
| Short-term borrowings | | **321 786** | 242 266 |
| Trade and other payables[2] | | **768 031** | 857 186 |
| Lease liabilities | | **30 005** | 27 496 |
| Deferred grant income | | **4 292** | 2 776 |
| Other financial liabilities | 6 | **67 041** | 5 075 |
| Provision | | **2 838** | 5 740 |
| Taxation | | **3 366** | 512 |
| Bank overdrafts | | **56 073** | 24 680 |
| **Current liabilities** | | **1 253 432** | 1 165 731 |
| **Total equity and liabilities** | | **8 024 545** | 7 638 217 |

[1] *The restatement relates to the finalisation of the MG Kailis business combination. Refer to* **note 7.3**

[2] *Movement includes amounts related to the sale of subsidiaries. Refer to* **note 7.1**

# SUMMARISED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2023

| | AUDITED YEAR ENDED 31 DECEMBER 2023 R'000 | AUDITED YEAR ENDED 31 DECEMBER 2022 R'000 |
|---|---|---|
| **Balance at the beginning of the year** | **3 237 058** | 3 168 724 |
| Attributable to: | | |
| Shareholders of Sea Harvest Group Limited | **3 185 042** | 3 112 218 |
| Non-controlling interests | **52 016** | 56 506 |
| **Total comprehensive income for the year attributable to shareholders of Sea Harvest Group Limited** | **302 546** | 313 992 |
| Profit after taxation | **282 139** | 310 610 |
| Movements in other items of comprehensive income, net of tax | **20 407** | 3 382 |
| **Movements attributable to shareholders of Sea Harvest Group Limited** | | |
| Shares repurchased [1] | **(34 364)** | (88 688) |
| Dividends paid | **(111 032)** | (169 370) |
| Share-based payments | **33 487** | 32 020 |
| Further investment in subsidiary[2] | **(21 328)** | (15 130) |
| Movement attributable to non-controlling interests | **(28 955)** | (4 490) |
| **Balance at the end of the year** | **3 377 412** | 3 237 058 |

[1] *3 428 084 shares were repurchased for purposes of the forfeitable share plan.*

[2] *Transaction arising on acquisition of minority interests in Viking Aquaculture.*

# SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2023

| | AUDITED YEAR ENDED 31 DECEMBER 2023 R'000 | RESTATED[1] AUDITED YEAR ENDED 31 DECEMBER 2022 R'000 |
|---|---|---|
| **Operating activities** | | |
| Profit after taxation | **269 359** | 294 065 |
| Adjustments for non-cash and other items | **591 675** | 431 386 |
| Operating cash flows before changes in working capital | **861 034** | 725 451 |
| Increase in inventories | **(78 616)** | (28 802) |
| Increase in trade and other receivables | **(75 301)** | (102 826) |
| (Decrease)/increase in trade and other payables | **(24 888)** | 63 935 |
| Working capital changes | **(178 805)** | (67 693) |
| Cash generated from operations | **682 229** | 657 758 |
| Interest paid | **(215 348)** | (142 564) |
| Investment income received | **15 678** | 16 437 |
| Proceeds from government grants | **2 353** | 6 813 |
| Income taxes paid | **(34 728)** | (58 601) |
| **Net cash generated from operating activities** | **450 184** | 479 843 |
| **Investing activities** | | |
| Acquisition of subsidiaries | **–** | (768 430) |
| Disposal of subsidiaries, net bank overdraft disposed | **6 158** | – |
| Acquisition of property, plant, equipment and vehicles | **(462 986)** | (259 054) |
| Proceeds on disposal of property, plant, equipment and vehicles | **2 191** | 4 074 |
| Insurance proceeds | **9 410** | 25 099 |
| Acquisition of intangible assets | **(257)** | (2 754) |
| Additions to biological assets | **(76 874)** | (71 250) |
| Loans advanced to related parties | **(1 723)** | – |
| Proceeds on loans advanced to supplier partners | **3 330** | 2 789 |
| Loans advanced to supplier partners | **(250)** | – |
| Cash movement in other long-term and short-term loans | **(3 339)** | 105 |
| **Net cash utilised in investing activities** | **(524 340)** | (1 069 421) |
| **Financing activities** | | |
| Shares repurchased | **(34 364)** | (88 688) |
| Proceeds from borrowings | **392 966** | 1 409 385 |
| Repayment of borrowings and lease liabilities | **(171 674)** | (925 367) |
| Dividends paid | **(111 032)** | (169 958) |
| Settlement of contingent consideration | **–** | (110 000) |
| **Net cash generated from financing activities** | **75 896** | 115 372 |
| Net increase/(decrease) in cash and cash equivalents | **1 740** | (474 206) |
| Cash and cash equivalents at the beginning of the year | **218 590** | 686 919 |
| Effects of exchange rates on the balance of cash held in foreign operation | **4 198** | 5 877 |
| **Cash and cash equivalents at the end of the year** | **224 528** | 218 590 |

[1] *The restatement relates to the finalisation of the MG Kailis business combination. Refer to* **note 7.3**

# NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2023

## 1. BASIS OF PREPARATION

The summarised consolidated financial statements for the year ended 31 December 2023 are prepared in accordance with the requirements of the JSE Listings Requirements for summarised financial statements and the requirements of the Companies Act of South Africa applicable to summary financial statements. The JSE Listings Requirements require summarised financial statements to be prepared in accordance with the framework concepts and the measurement and recognition requirements of IFRS and contain the information required by IAS 34: Interim Financial Reporting, and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council.

The auditors, Ernst & Young Inc., have issued their unmodified audit opinion on the consolidated financial statements for the year ended 31 December 2023. 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. 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 financial statements were prepared under the supervision of the CFO, M Brey CA(SA).

## 2. ACCOUNTING POLICIES

The accounting policies and methods of computation applied in the preparation of the consolidated financial statements, from which the summarised consolidated financial statements were derived, are in terms of IFRS and are consistent with those accounting policies and methods of computation applied in the preparation of the consolidated financial statements of the previous year.

| | AUDITED YEAR ENDED 31 DECEMBER 2023 R'000 | AUDITED YEAR ENDED 31 DECEMBER 2022 R'000 |
|---|---|---|
| **3. REVENUE** | | |
| **Group revenue for the year can be analysed as follows:** | | |
| Revenue recognised at a point in time | **6 082 993** | 5 817 452 |
| Revenue recognised over time | **121 783** | 57 843 |
| | **6 204 776** | 5 875 295 |
| **Revenue per product mix comprises:** | | |
| Wild-caught fish[1] | **3 387 715** | 3 022 329 |
| Shellfish[2] | **559 516** | 595 195 |
| Convenience foods | **490 213** | 489 511 |
| Traded[3] | **180 361** | 189 600 |
| Dairy | **1 586 971** | 1 578 660 |
| | **6 204 776** | 5 875 295 |
| **Revenue per channel mix comprises:[4]** | | |
| International | **3 017 744** | 2 551 082 |
| Retail | **1 531 448** | 1 700 409 |
| Foodservice | **1 387 449** | 1 383 773 |
| Wholesale | **268 135** | 240 031 |
| | **6 204 776** | 5 875 295 |
| **Revenue is further split by geographic location as follows:[4]** | | |
| South Africa | **3 187 032** | 3 324 213 |
| Australia | **1 107 539** | 869 463 |
| Europe | **1 347 646** | 1 222 721 |
| Other markets | **562 559** | 458 898 |
| | **6 204 776** | 5 875 295 |

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

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

[3] *Includes sales of purchased products*

[4] *The December 2022 comparative amounts for revenue per channel mix and revenue per geographic location have been changed to allow accurate comparative information. Within revenue per channel mix, prior year international revenue increased by R115 million, retail revenue decreased by R27 million, foodservice revenue increased by R298 million, and wholesale revenue decreased by R386 million. Within the split of revenue by geographic location, South African revenue decreased by R115 million with a corresponding increase in revenue from other markets.*

## 3. REVENUE CONTINUED

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

International revenue is disclosed in all segments. Retail and wholesale revenue is disclosed in the South African Fishing and Cape Harvest Foods segments, while foodservice revenue is disclosed in the South African Fishing, Aquaculture and Cape Harvest Foods segments.

The geographic location split of revenue is based on where the customer is located. Within each segment, products are marketed nationally and internationally.

## 4. SEGMENTAL RESULTS

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

| | AUDITED YEAR ENDED 31 DECEMBER 2023 R'000 | RESTATED[1] AUDITED YEAR ENDED 31 DECEMBER 2022 R'000 |
|---|---|---|
| **Segment revenue** | | |
| South African Fishing[2] | **3 030 196** | 2 744 422 |
| Australia | **1 140 027** | 938 067 |
| Aquaculture[3,4] | **136 015** | 117 955 |
| Cape Harvest Foods[4] | **1 898 538** | 2 074 851 |
| **Total revenue** | **6 204 776** | 5 875 295 |
| **Segment profit/(loss) from operations** | | |
| South African Fishing | **390 733** | 349 193 |
| Australia | **14 571** | 44 773 |
| Aquaculture[4] | **(24 312)** | (40 162) |
| Cape Harvest Foods[4] | **81 425** | 117 939 |
| **Operating profit** | **462 417** | 471 743 |
| Share of profit/(loss) in associates | **4 845** | (1 110) |
| Fair value gains | **16 910** | 29 456 |
| Gain on purchased loans | **93 310** | – |
| Loss on disposal of subsidiaries | **(578)** | – |
| **Operating profit before net finance cost and taxation** | **576 904** | 500 089 |
| Investment income | **23 298** | 19 669 |
| Interest expense | **(245 903)** | (143 761) |
| **Profit before taxation** | **354 299** | 375 997 |
| **Total assets** | | |
| South African Fishing | **3 443 118** | 3 124 470 |
| Australia | **2 529 374** | 2 366 294 |
| Aquaculture | **692 424** | 686 664 |
| Cape Harvest Foods | **1 359 629** | 1 460 789 |
| | **8 024 545** | 7 638 217 |
| **Total liabilities** | | |
| South African Fishing | **2 624 682** | 2 243 394 |
| Australia | **1 277 232** | 1 194 152 |
| Aquaculture | **372 152** | 469 377 |
| Cape Harvest Foods | **373 067** | 494 236 |
| | **4 647 133** | 4 401 159 |

[1] *The restatement relates to the finalisation of the MG Kailis business combination. Refer to* **note 7.3**

[2] *Revenue excludes intersegmental revenue of R170.6 million (2022: R226.7 million), which is eliminated on consolidation.*

[3] *Revenue excludes intersegmental revenue of Rnil (2022: R1.0 million), which is eliminated on consolidation.*

[4] *The segment revenue and profit for the Cape Harvest Foods segment include the results of BMFM until disposal on 1 July 2023. The segment revenue and loss for the Aquaculture segment include the results of the Viking Aquaculture oyster business until disposal on 1 September 2023. Refer to* **note 7.1**

# NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended 31 December 2023

## 5. HEADLINE EARNINGS PER SHARE

| | AUDITED YEAR ENDED 31 DECEMBER 2023 R'000 | AUDITED YEAR ENDED 31 DECEMBER 2022 R'000 |
|---|---|---|
| **5.1 Determination of headline earnings** | | |
| Profit attributable to shareholders of Sea Harvest Group Limited | **282 139** | 310 610 |
| (Profit)/loss on disposal of property, plant, equipment and vehicles | **(1 887)** | 497 |
| Insurance proceeds | **(9 410)** | (25 134) |
| Loss on disposal of subsidiaries | **578** | – |
| Total non-controlling interest and tax effects of adjustments | **3 706** | 7 231 |
| **Headline earnings for the year** | **275 126** | 293 204 |
| **5.2 Calculation of weighted average number of shares (WANOS)** | | |
| WANOS on which basic earnings and headline earnings per share is based | **275 923 041** | 279 167 094 |
| WANOS on which diluted earnings and diluted headline earnings per share is based | **282 943 808** | 286 264 422 |
| Reconciliation of WANOS used in the calculation of basic and diluted headline earnings per share: | | |
| – Basic | **275 923 041** | 279 167 094 |
| – Dilutive effect of treasury shares (forfeitable share plan) | **7 020 767** | 7 097 328 |
| **Diluted** | **282 943 808** | 286 264 422 |
| **Headline earnings per share (cents)** | | |
| – Basic | **100** | 105 |
| – Diluted | **97** | 102 |

# 6. FAIR VALUE MEASUREMENT OF ASSETS AND LIABILITIES

## Fair value measurement

The following table analyses the Group's assets and liabilities that are measured at fair value subsequent to initial recognition, grouped in Levels 1 to 3 based on the degree to which fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

**Fair value measurement hierarchy for assets and liabilities as at 31 December 2023:**

| | DATE OF VALUATION | TOTAL R'000 | LEVEL 1 R'000 | LEVEL 2 R'000 | LEVEL 3 R'000 |
|---|---|---|---|---|---|
| **Assets measured at fair value** | | | | | |
| Biological assets | 31 December 2023 | **189 676** | **–** | **–** | **189 676** |
| Investment properties | 31 December 2023 | **79 432** | **–** | **–** | **79 432** |
| Investment at fair value through other comprehensive income | 31 December 2023 | **28 360** | **–** | **–** | **28 360** |
| Other financial assets | 31 December 2023 | **33 208** | **–** | **792** | **32 416** |
| **Liabilities measured at fair value** | | | | | |
| Other financial liabilities | 31 December 2023 | **67 041** | **–** | **67 041** | **–** |

**Fair value measurement hierarchy for assets and liabilities as at 31 December 2022:**

| | DATE OF VALUATION | TOTAL R'000 | LEVEL 1 R'000 | LEVEL 2 R'000 | LEVEL 3 R'000 |
|---|---|---|---|---|---|
| **Assets measured at fair value** | | | | | |
| Biological assets | 31 December 2022 | 165 196 | – | – | 165 196 |
| Investment at fair value through other comprehensive income | 31 December 2022 | 31 220 | – | – | 31 220 |
| Other financial assets | 31 December 2022 | 71 148 | – | 41 532 | 29 616 |
| **Liabilities measured at fair value** | | | | | |
| Other financial liabilities | 31 December 2022 | 12 331 | – | 12 331 | – |

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

# NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended 31 December 2023

## 6. FAIR VALUE MEASUREMENT OF ASSETS AND LIABILITIES CONTINUED

Specific valuation techniques used for the assets and liabilities are:

- **Biological assets:** Biological assets are measured at fair value less costs to sell. Biological assets relate to abalone 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 net fair value gain for the year of R14.6 million (2022: R4.3 million) 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 properties:** Subsequent to the sale of 5% of BMFM, commercial and industrial properties occupied by BMFM are no longer owner occupied and are held as investment properties, which resulted in an increase in investment properties of R75.7 million. Refer to **note 7.1**. The fair value has been determined by an independent valuator, using the income capitalisation approach.
- **Investment at fair value through other comprehensive income:** The asset valuation performed by an independent valuator represents the valuation of unlisted shares in a vessel-owning company. The underlying vessel is valued based on the age and condition of the vessel and current market value derived by sales comparison of these or similar types of vessels adjusted for differences in age, condition, size, and degree of upgrade already carried out on the vessel. A fair value loss for the year of R2.9 million (2022: R1.2 million gain) was recognised in other comprehensive income relating to the valuation of the investment. A change in unobservable inputs would not have a significant change in the fair value.
- **Financial assets/liabilities:**
  - Level 3 financial assets represents the call option to acquire shares in Vuna Fishing Company Proprietary Limited (Vuna). The fair value was independently determined by an expert using the Black-Scholes option pricing model, with key unobservable assumptions being (i) the value of Vuna calculated using an average of actual 2022 and 2023 earnings and 2024 projected earnings multiplied by a price earnings multiple, (ii) yield curve of 7.68% (2022: 8.01%), and (iii) volatility of 37.00% (2022: 37.57%). A change in unobservable inputs would not have a material change in the fair value. A fair value gain for the year on the revaluation of the share option of R2.3 million (2022: R4.7 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.

# 7 DISPOSAL OF SUBSIDIARIES AND OTHER TRANSACTIONS

## 7.1 DISPOSAL OF SUBSIDIARIES

With effect from 1 July 2023, the Group, through its wholly-owed subsidiary, CHFG, disposed of 5% of its equity interest in BMFM for R3 million to the BM Foods Exco and Staff Trust. The transaction resulted in the Group losing control of BMFM. BMFM is an equity-accounted associate from 1 July 2023.

With effect from 1 September 2023, Viking Aquaculture sold all the shares in its oyster business, including West Coast Oyster Growers Proprietary Limited, West Coast Aquaculture Proprietary Limited and Luderitz Mariculture Proprietary Limited to Redburg Investments Proprietary Limited (Redburg) (a minority shareholder at Viking Aquaculture) for R15.5 million, settled by Redburg in lieu of a portion of its loan claim against Viking Aquaculture.

| | BMFM R'000 | VIKING AQUACULTURE R'000 | TOTAL R'000 |
|---|---|---|---|
| **Assets acquired and liabilities disposed of** | | | |
| Property, plant, equipment and vehicles | 41 960 | 8 429 | 50 389 |
| Biological assets | – | 6 303 | 6 303 |
| Intangible assets | 25 609 | – | 25 609 |
| Investment in associate | 3 000 | – | 3 000 |
| Right-of-use assets | 365 | 4 080 | 4 445 |
| Inventory | 68 950 | 178 | 69 128 |
| Trade and other receivables | 50 231 | 1 950 | 52 181 |
| Cash and bank balances | – | 530 | 530 |
| Borrowings | (29 726) | – | (29 726) |
| Lease liability | (435) | (6 733) | (7 168) |
| Trade and other payables | (71 378) | (2 520) | (73 898) |
| Taxation | (2 165) | – | (2 165) |
| Bank overdraft | (6 688) | – | (6 688) |
| **Total assets and liabilities disposed of** | 79 723 | 12 217 | 91 940 |
| **Total consideration received** | | | |
| Decrease in loan account | – | 15 509 | 15 509 |
| Trade and other receivables | 2 989 | – | 2 989 |
| | 2 989 | 15 509 | 18 498 |
| **Net cash flow on disposal of subsidiary** | | | |
| Consideration received in cash | – | – | – |
| Overdraft/(cash) balance disposed of | 6 688 | (530) | 6 158 |
| | 6 688 | (530) | 6 158 |
| **(Loss)/profit on disposal of subsidiary** | | | |
| Consideration | 2 989 | 15 509 | 18 498 |
| Assets and liabilities disposed of | (79 723) | (12 217) | (91 940) |
| Increase in related party loan (previously intra-group) | 17 977 | – | 17 977 |
| Non-controlling interests disposed of | 29 546 | (2 824) | 26 722 |
| Investment in associate recognised at fair value | 28 165 | – | 28 165 |
| | (1 046) | 468 | (578) |

# NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended 31 December 2023

## 7 DISPOSAL OF SUBSIDIARIES AND OTHER TRANSACTIONS CONTINUED

### 7.2 Acquisition of a further 28% equity interest in Viking Aquaculture

On 8 March 2023, the Group, through its wholly-owned subsidiary, Sea Harvest Aquaculture Proprietary Limited, which owned 54% of the shares in Viking Aquaculture, entered into an agreement to acquire a further 28% of the shares in and loan claims with a face value of R303 million against Viking Aquaculture for a purchase consideration of R210 million from minority shareholders. The acquisition of the loan claims resulted in a gain on purchased loans of R93 million during the year.

The further acquisition fits within the Group's investment criteria and increases the Group's ownership in Viking Aquaculture from 54% to 82%, allowing Sea Harvest to integrate Viking Aquaculture; extract operational synergies; and align operating structure, growth strategies and funding requirements with those of Sea Harvest.

The purchase consideration relating to the 28% of the shares of R28 was settled in cash on the effective date of 15 March 2023. The purchase consideration of R210 million relating to the loan claims will be settled in five equal instalments of R42 million, together with interest calculated at a rate equal to prime less 2% per annum, commencing on 1 January 2024 and ending on 1 January 2028.

A further 5% shareholding was also acquired from minorities in May 2023, increasing the Group's shareholding in Viking Aquaculture to 87%.

### 7.3 Finalisation of the MG Kailis business combination

The initial accounting for the acquisition of MG Kailis was finalised at 30 June 2023. The final measurement period adjustment not already reported on at 31 December 2022 related to a decrease in the consideration paid of R1.2 million, which impacted the goodwill and trade and other payables lines in the 2022 summarised consolidated statement of financial position and the acquisition of subsidiaries line item in the 2022 summarised consolidated statement of cash flows. Prior year amounts have been restated where applicable.

## 8. RELATED PARTY TRANSACTIONS

This disclosure relates to material related party balances and transactions.

In terms of the supply agreement with Vuna and SeaVuna Fishing Company Proprietary Limited (SeaVuna), fish caught by Vuna and SeaVuna is marketed by Sea Harvest Corporation Proprietary Limited.

| | AUDITED YEAR ENDED 31 DECEMBER 2023 R'000 | AUDITED YEAR ENDED 31 DECEMBER 2022 R'000 |
|---|---|---|
| **8.1 Related party loans** | | |
| **Loans to related parties – non-current** | | |
| Vuna (joint venture of Brimstone) | **27 420** | 27 420 |
| Vuna Fishing Group Proprietary Limited (subsidiary of Brimstone) | **45 068** | 45 068 |
| SeaVuna[1] | **39 396** | 40 990 |
| BMFM[2] | **19 202** | – |
| **Total** | **131 086** | 113 478 |
| **8.2 Related party transactions** | | |
| **Sales to related parties** | | |
| SeaVuna[1] | **14 778** | 29 570 |
| **Recoveries and other income from related parties** | | |
| SeaVuna[1] | **23 623** | 26 374 |
| **Purchases from related parties** | | |
| SeaVuna[1] | **295 092** | 283 906 |

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

[2] *Previously eliminated as inter-group loans, reclassified to related party loans the disposal of BMFM. Refer to* **note 7.1**

## 9. STATED CAPITAL (NUMBER)

| | AUDITED YEAR ENDED 31 DECEMBER 2023 | AUDITED YEAR ENDED 31 DECEMBER 2022 |
|---|---|---|
| **In issue (number)** | | |
| Ordinary shares | **298 866 214** | 298 866 214 |
| Held as treasury shares | **(23 493 243)** | (22 530 877) |
| | **275 372 971** | 276 335 337 |

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

| | TOTAL SHARES IN ISSUE | LESS TREASURY SHARES | TOTAL NET SHARES IN ISSUE |
|---|---|---|---|
| **Opening balance** | **298 866 214** | **22 530 877** | **276 335 337** |
| Shares repurchased | **–** | **3 428 084** | **(3 428 084)** |
| Shares vested | **–** | **(2 465 718)** | **2 465 718** |
| **Closing balance** | **298 866 214** | **23 493 243** | **275 372 971** |

## 10. CONTINGENT LIABILITIES AND COMMITMENTS

The Group has no contingent liabilities at the end of the year (2022: Rnil).

| | AUDITED YEAR ENDED 31 DECEMBER 2023 R'000 | AUDITED YEAR ENDED 31 DECEMBER 2022 R'000 |
|---|---|---|
| Capital commitments | | |
| Budgeted capital expenditure is as follows: | | |
| – Contracted | **13 048** | 6 326 |
| – Not contracted | **276 115** | 264 696 |

# NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended 31 December 2023

## 11. GOING CONCERN

Management assessed going concern, taking into account current economic conditions, available information about future risks and uncertainties (including load shedding), cash flow analyses, operational analyses, and available funding facilities across the Group.

The South African Fishing and Australian segments' assessment included the consideration of the sustainability of fishing resources in the sectors and geographies in which the Group operates as well as the impact of climate change. The sustainability of resources and the impact of climate change features as one of the Group's top risks, and management continues to assess the potential effects on the business and value chain. The Group's diversification strategy and investment along different coastlines enable it to mitigate risk through geographic and species diversification.

The Cape Harvest Foods segment's assessment included the consideration of organic expansion projects through investment in additional capacity and the upgrade of facilities to increase performance. The Aquaculture segment's assessment included the consideration of growth rates, new product formats, and new markets and customers.

The Group's forecasts and projections of its current and expected profitability and cash flows, taking account of reasonably possible changes in trading performance, capital and liquidity, show that the Group will have sufficient cash resources to sustain operations for at least 12 months from the reporting date of the summarised consolidated financial statements.

No material funding covenants were breached during the 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 summarised consolidated financial statements have been prepared on a going concern basis.

## 12. EVENTS SUBSEQUENT TO THE REPORTING DATE

The Board of Directors recommended a gross and final cash dividend on 6 March 2024 amounting to 40 cents per share (2022: 38 cents per share), in respect of the year ended 31 December 2023.

Shareholders are referred to the SENS announcement released on 22 January 2024 wherein the Group announced that it had, through its wholly-owned subsidiaries Sea Harvest Pelagic Proprietary Limitied and Sea Harvest Aquaculture Proprietary Limited, entered into a share purchase agreement and implementation agreement in respect of the following target entities:

- the acquisition by Sea Harvest Pelagic of 100% of the issued shares and loan claims of certain of Terrasan's subsidiaries engaged in the catching, processing and sale of pelagic fish; and
- the acquisition by Sea Harvest Aquaculture of 63.07% of the issued shares and loan claims of certain of Terrasan's subsidiaries engaged in the farming, processing and sale of abalone.

The transaction represents a notable step in the execution of Sea Harvest's strategy to grow and diversify in the South African fishing and aquaculture sectors. The purchase price for the target entities comprises:

- an initial consideration of R965 million, to be settled as follows:
  - the issue of 60 million Sea Harvest shares at an issue price of R10.00 to the value of R600 million; and
  - a cash payment of R365 million;
- two contingent consideration payments totalling a maximum amount of R256 million based on the profit after tax generated by the target entities for the financial years ending 31 December 2023 and 31 December 2024, respectively. Settlement will be as follows:
  - a maximum amount of R98 million payable for the 31 December 2023 period, it being recorded that this amount has been settled from 2023 earnings; and
  - a maximum amount of R157 million payable on 30 June 2025, based on 31 December 2024 profit after tax targets of between R180 million and R210 million.

The transaction is subject to conditions normal for a transaction of this nature.

# ANALYSIS OF ORDINARY SHAREHOLDERS

for the year ended 31 December 2023

| SHAREHOLDER SPREAD | NUMBER OF SHAREHOLDINGS | % OF TOTAL SHAREHOLDINGS | NUMBER OF SHARES | % OF ISSUED CAPITAL |
|---|---|---|---|---|
| 1 – 1 000 | 2 553 | 82.94 | 221 467 | 0.07 |
| 1 001 – 10 000 | 294 | 9.55 | 1 086 883 | 0.36 |
| 10 001 – 100 000 | 112 | 3.64 | 3 880 765 | 1.30 |
| 100 001 – 1 000 000 | 92 | 2.99 | 37 191 912 | 12.44 |
| Over 1 000 000 | 27 | 0.88 | 256 485 187 | 85.82 |
| **Total** | **3 078** | **100.00** | **298 866 214** | **100.00** |

| DISTRIBUTION OF SHAREHOLDERS | NUMBER OF SHAREHOLDINGS | % OF TOTAL SHAREHOLDINGS | NUMBER OF SHARES | % OF ISSUED CAPITAL |
|---|---|---|---|---|
| Assurance companies | 6 | 0.19 | 2 617 031 | 0.88 |
| Close corporations | 10 | 0.32 | 77 490 | 0.03 |
| Collective investment schemes | 44 | 1.43 | 32 145 482 | 10.76 |
| Custodians | 4 | 0.13 | 487 677 | 0.16 |
| Foundations and charitable funds | 7 | 0.23 | 2 257 621 | 0.76 |
| Hedge funds | 12 | 0.39 | 6 997 668 | 2.34 |
| Insurance companies | 1 | 0.03 | 5 600 | 0.00 |
| Investment partnerships | 8 | 0.26 | 270 239 | 0.09 |
| Managed funds | 10 | 0.32 | 407 859 | 0.14 |
| Organs of state | 1 | 0.03 | 12 713 501 | 4.25 |
| Private companies | 56 | 1.82 | 199 199 645 | 66.65 |
| Public companies | 1 | 0.03 | 162 734 | 0.05 |
| Retail shareholders | 2 821 | 91.65 | 5 408 355 | 1.81 |
| Retirement benefit funds | 42 | 1.36 | 18 458 455 | 6.18 |
| Scrip lending | 2 | 0.06 | 422 113 | 0.14 |
| Share schemes | 1 | 0.03 | 3 548 446 | 1.19 |
| Sovereign funds | 2 | 0.06 | 12 347 842 | 4.13 |
| Stockbrokers and nominees | 7 | 0.23 | 477 885 | 0.16 |
| Trusts | 43 | 1.40 | 860 571 | 0.29 |
| **Total** | **3 078** | **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** | **10** | **0.32** | **169 450 297** | **56.70** |
| Directors and associates | 8 | 0.26 | 6 342 967 | 2.12 |
| Newshelf 1063 (Pty) Ltd (beneficial holders > 35% ) | 1 | 0.03 | 159 558 884 | 53.39 |
| Share schemes | 1 | 0.03 | 3 548 446 | 1.19 |
| **Public shareholders** | **3 068** | **99.68** | **129 415 917** | **43.30** |
| **Total** | **3 078** | **100.00** | **298 866 214** | **100.00** |

# ANALYSIS OF ORDINARY SHAREHOLDERS CONTINUED

for the year ended 31 December 2023

| FUND MANAGERS WITH A HOLDING GREATER THAN 3% OF THE ISSUED SHARES | NUMBER OF SHARES | % OF ISSUED CAPITAL |
|---|---|---|
| Camissa Asset Management | 30 209 474 | 10.11 |
| Visio Capital Management | 21 154 535 | 7.08 |
| 36One Asset Management | 14 348 628 | 4.80 |
| Public Investment Corporation | 12 713 501 | 4.25 |
| **Total** | 78 426 138 | 26.24 |

| BENEFICIAL SHAREHOLDERS WITH A HOLDING GREATER THAN 3% OF THE ISSUED SHARES | NUMBER OF SHARES | % OF ISSUED CAPITAL |
|---|---|---|
| Newshelf 1063 Proprietary Limited* | 159 558 884 | 53.39 |
| Sea Harvest Corporation Proprietary Limited | 18 998 975 | 6.36 |
| Camissa Asset Management | 14 176 131 | 4.74 |
| Government Employees Pension Fund | 12 713 501 | 4.25 |
| Odin Investments Proprietary Limited | 12 307 692 | 4.12 |
| 36One Asset Management | 9 888 511 | 3.31 |
| Government of Norway | 9 599 563 | 3.21 |
| **Total** | 237 243 257 | 79.38 |
| **Total number of shareholdings** | 3 078 | |
| **Total number of shares in issue** | 298 866 214 | |

** Subsidiary of Brimstone*

| SHARE PRICE PERFORMANCE | NUMBER OF SHAREHOLDINGS |
|---|---|
| Opening price 3 January 2023 | R11.64 |
| Closing price 29 December 2023 | R9.45 |
| Closing high for period | R11.40 |
| Closing low for period | R8.85 |
| Number of shares in issue | 298 866 214 |
| Volume traded during period | 33 257 941 |
| Ratio of volume traded to shares issued (%) | 11.13 |
| Rand value traded during the period | R326 460 444 |
| Price/earnings ratio as at 29 December 2023 | 8.08 |
| Earnings yield as at 29 December 2023 | 12.38 |
| Dividend yield as at 29 December 2023 | 3.22 |
| Market capitalisation at 29 December 2023 | R2 824 285 722 |

# GLOSSARY

| | |
|---|---|
| "ACI" | African, Coloured and Indian |
| "AFASA" | Abalone Farmers' Association of South Africa |
| "AFS" | Annual Financial Statements |
| "ASX" | Australian Securities Exchange |
| "B-BBEE" | Broad-Based Black Economic Empowerment |
| "BOARD OR DIRECTORS" | Sea Harvest Group's Board of Directors |
| "BMSY" | Spawning biomass maximum sustainable yield |
| "CAGR" | Compound annual growth rate |
| "CAPE HARVEST FOOD GROUP" | Cape Harvest Food Group Proprietary Limited |
| "CEO" | Chief Executive Officer |
| "CFO" | Chief Financial Officer |
| "COMPANIES ACT" | Companies Act, No 71 of 2008 as amended |
| "DFFE" | Department of Forestry, Fisheries and the Environment |
| "DPIRD" | Department of Primary Industries and Regional Development |
| "EBIT" | Earnings before interest and taxes |
| "EBITDA" | Earnings before interest, taxes, depreciation and amortisation |
| "ECD" | Early childhood development |
| "ESG" | Environmental, Social and Governance |
| "EPS" | Earnings per share |
| "FCTR" | Foreign currency translation reserve |
| "FMCG" | Fast-moving consumer goods |
| "FOUNDATION" OR "SEA HARVEST FOUNDATION" | Sea Harvest Foundation Not-for-Profit Company |

# GLOSSARY CONTINUED

| | |
|---|---|
| "FRAP" | Fishing Rights Allocation Process |
| "FLWI" | Food Loss and Waste Initiative |
| "FSP" | Forfeitable share plan |
| "FISHERIES FUND" | South African Fisheries Development Fund |
| "GHG" | Greenhouse gases |
| "GDP" | Gross domestic product |
| "HACCP" | Hazard Analysis and Critical Control Point |
| "HEPS" | Headline earnings per share |
| "HORECA" | Hotels, restaurants and catering |
| "IFRS" | International Financial Reporting Standards |
| "IR" | Integrated Report |
| "IT" | Information technology |
| "JSE" | Johannesburg Stock Exchange |
| "KING IV™" | King IV Report on Corporate Governance™ |
| "KPI" | Key performance indicator |
| "LADISMITH" | Ladismith Company Proprietary Limited |
| "LTI" | Long-term incentive |
| "LTIFR" | Loss time injury frequency rate |
| "MEY" | Maximum economic yield |
| "MSC" | Marine Stewardship Council |
| "MSY" | Maximum sustainable yield |
| "NPD" | New product development |
| "NRCS" | National Regulator for Compulsory Specifications |
| "NPC" | Not-for-profit company |
| "POPI ACT" | Protection of Personnel Information Act |

| | |
|---|---|
| **"PPE"** | Personal protective equipment |
| **"RFA"** | Responsible Fisheries Alliance |
| **"ROCE"** | Return on capital employed |
| **"ROIC"** | Return on invested capital |
| **"SADSTIA"** | South African Deep-Sea Trawling Industry Association |
| **"SAICA"** | South African Institute of Chartered Accountants |
| **"SAMPRO"** | South African Milk Processors' Organisation |
| **"SAPFIA"** | South African Pelagic Fishing Industry Association |
| **"SARB"** | South African Reserve Bank |
| **"SAMSA"** | South African Maritime Safety Authority |
| **"SAMTA"** | South African Midwater Trawling Association |
| **"SEA HARVEST CORPORATION"** | Sea Harvest Corporation Proprietary Limited |
| **"SEA HARVEST" OR "THE GROUP" OR "THE COMPANY"** | Sea Harvest Group Limited |
| **"SED"** | Socio-economic development |
| **"SETA"** | Sector Education and Training Authority |
| **"SMME"** | Small, medium and micro enterprise |
| **"STI"** | Short-term incentive |
| **"TAC"** | Total Allowable Catch |
| **"TSR"** | Total shareholder return |
| **"US"** | United States of America |
| **"VAT"** | Value added tax |
| **"WACC"** | Weighted average cost of capital |
| **"WAFIC"** | Western Australian Fishing Industry Council |
| **"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:** S Gounden

**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

# NOTES

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