UNAUDITED INTERIM RESULTS

FOR THE SIX MONTHS ENDED
30 JUNE 2022

2022

SETTING THE COURSE FOR A NEW REALITY



Sea Harvest

CORPORATE INFORMATION

Sea Harvest Group Limited
(Incorporated in the Republic of South Africa)

Registration number:	2008/001066/06
JSE share code:	SHG
ISIN:	ZAE000240198

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

Registered address:	The Boulevard Office Park 1st Floor, Block C Searle Street Woodstock Cape Town 7925 South Africa
Directors:	F Robertson* (Chairperson) BM Rapiya** WA Hanekom*** MI Khan* T Moodley* KA Lagler*** CK Zama*** F Ratheb (Chief Executive Officer) M Brey (Chief Financial Officer) ** Non-executive Director* *** Lead Independent Non-executive Director* **** Independent Non-executive Director*
Company Secretary:	N Seshoka (resigned 31 May 2022) S Gounden (appointed 1 June 2022)
Transfer Secretary:	Computershare Investor Services Proprietary Limited Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196
Sponsor:	The Standard Bank of South Africa Limited
Auditors:	Ernst & Young Incorporated

COMMENTARY

YEAR ENDED 31 DECEMBER 2021	KEY PERFORMANCE INDICATORS	CHANGE	UNAUDITED SIX MONTHS ENDED 30 JUNE 2022	UNAUDITED SIX MONTHS ENDED 30 JUNE 2021
4 615 463	Revenue (R'000)	▲ 29%	**2 705 863**	2 103 926
42	International revenue mix (%)		**39**	44
1 423 855	Gross profit (R'000)	▲ 0%	**676 965**	676 515
31	Gross profit margin (%)		**25**	32
669 600	Earnings before interest and tax (EBIT) (R'000)	▼ -10%	**286 916**	318 303
15	EBIT margin (%)		**11**	15
434 185	Profit after tax for the period (R'000)	▼ -10%	**180 078**	199 336
469 890	Profit after tax attributable to shareholders of Sea Harvest Group	▼ -14%	**186 662**	218 177
280 353	Weighted average number of shares ('000)		**280 433**	280 674
168	Basic earnings per share (EPS) (cents)	▼ -14%	**67**	78
157	Basic headline earnings per share (HEPS) (cents)	▼ -10%	**65**	72
1 110	Net asset value (NAV) per share (cents)	▲ 10%	**1 125**	1 021
17.40	ZAR: Euro average exchange rate[1]	▼ -3%	**16.90**	17.42
11.05	ZAR: AUD average exchange rate[1]	0%	**11.09**	11.09
1 380	Closing share price (cents)		**1 219**	1 365

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

SALIENT FEATURES FOR THE PERIOD

- Despite a challenging six months driven by quota losses in the South African Fishing segment from the Fishing Rights Allocation Process (FRAP), significant input cost pressure and supply chain disruptions, the Group reported:
  - EBIT of R287 million, 10% lower than 2021; and
  - HEPS of 65 cents, 10% lower than 2021
- Although a disappointing FRAP outcome, as Sea Harvest was one of the top companies in all sectors it applied for, the result lays a good foundation for certainty and stability for the next 15 years
- The South African Fishing segment faced significant headwinds during the period, including:
  - a 10% decrease in available hake quota volumes;
  - supply chain disruptions globally and domestically;
  - material input cost inflation, including significantly higher fuel prices; and
  - a stronger rand against the Group's major trading currencies.
- The Group completed the AUD 68 million (R765 million) acquisition of 100% of MG Kailis' Western Australia-based fishing assets on 23 May 2022; a market-leading vertically integrated seafood business with over 50 years' experience in the seafood industry in Australia
- Sound performance at Ladismith Cheese, leveraging the new powder plant and new butter factory as well as the additional capacity arising from the Mooivallei acquisition
- Increased abalone sales volumes, firm pricing and weaker rand to the US dollar resulted in the Aquaculture segment reducing its operating loss by 51%

TRADING AND FINANCIAL PERFORMANCE

Sea Harvest had a challenging six months to 30 June 2022, driven by quota losses from FRAP, a tough local economic environment, significant input cost pressure and supply chain disruptions. The South African Fishing operation, the bedrock of the Group, had to contend with a 10% decrease in hake volumes, significantly higher fuel prices and a stronger rand. Despite the headwinds, the Group delivered **EBIT** of R287 million (2021: R318 million, down 10%), and **HEPS** of 65 cents (2021: 72 cents, down 10%).

The Group completed the acquisition of MG Kailis on 23 May 2022, with this transformative transaction representing a significant step in the execution of the Group's investment strategy of acquisitive growth in the international seafood space that focuses on businesses of scale in high-value seafood species. MG Kailis complements and diversifies the Group's existing business operations in Australia from a wild-caught fishing, trading, engineering and sales perspective.

Group revenue for the six months to 30 June 2022 increased 29% to R2.7 billion (2021: R2.1 billion) benefiting from revenue growth across all segments, supplemented by the Mooivallei, BM Foods and MG Kailis acquisitions.

Impacted by lower volumes and a stronger rand, revenue from the **South African Fishing segment** increased 8% to R1.42 billion (2021: R1.32 billion), benefiting from price increases and strong export markets. As a result of the increased capacity at Ladismith Cheese, combined with the Mooivallei and BM Foods acquisitions, revenue in the **Cape Harvest Foods segment** increased 85% to R956 million (2021: R516 million). The **Australian segment** delivered a 17% increase in revenue to R270 million (2021: R231 million), benefiting from good top-line growth. Revenue in the **Aquaculture segment** increased 55% to R56 million (2021: R36 million), benefiting from increased abalone sales volumes, higher prices and a weaker rand to the US dollar.

Cost of sales increased 42%, driven by significantly higher fuel prices, material input cost inflation, supply chain disruptions and the inclusion of Mooivallei, BM Foods and MG Kailis. With cost of sales also negatively impacted by lower input volumes, **gross profit** for the six months to 30 June 2022 was constant at R677 million (2021: R677 million), with the gross profit margin diluting to 25% (2021: 32%).

Other operating income of R119 million (2021: R95 million) includes R89 million in foreign exchange and fuel hedge gains (2021: R51 million) and R6 million (2021: R17 million) in insurance income.

Selling and distribution expenses, marketing expenses and other operating expenses increased 16% to R518 million (2021: R448 million) as a result of increased freight costs, R15 million in acquisition-related costs and the inclusion of Mooivallei, BM Foods and MG Kailis.

As a result of the challenges in the South African Fishing operation, significant cost inflation across the Group, a stronger rand, and acquisition-related costs, the Group delivered **operating profit** of R277 million (2021: R323 million) for the six months to 30 June 2022, 14% lower than the prior period, with the operating profit margin contracting to 10% (2021: 15%).

The Group recognised **fair value gains** of R11 million (2021: R4 million loss) during the period, while **net finance costs**, which includes investment income and interest expense, increased to R52 million (2021: R29 million) as a result of higher levels of debt and higher interest rates during the period.

Profit after tax attributable to shareholders of Sea Harvest for the period decreased 14% to R187 million (2021: R218 million) and **headline earnings** decreased 10% to R182 million (2021: R202 million). Basic **EPS** decreased 14% to 67 cents (2021: 78 cents) and basic **HEPS** decreased 10% to 65 cents (2021: 72 cents).

	REVENUE			OPERATING PROFIT			OPERATING PROFIT MARGIN	
	% CHANGE	H1 2022 R'M	H1 2021 R'M	% CHANGE	H1 2022 R'M	H1 2021 R'M	H1 2022	H1 2021
South African Fishing	8%	**1 424**	1 320	-25%	**236**	316	**17%**	24%
Aquaculture	55%	**56**	36	51%	**(18)**	(37)	**n/a**	n/a
Cape Harvest Foods	85%	**956**	516	44%	**55**	39	**6%**	7%
Australia	17%	**270**	231	-29%	**4**	5	**1%**	2%
Group	29%	**2 706**	2 104	-14%	**277**	323	**10%**	15%

South African Fishing: The South African Fishing segment had a challenging six months to 30 June 2022, impacted by a 10% decrease in available hake volumes, significantly higher fuel prices, input cost pressure, and a stronger rand, with revenue increasing 8% to R1.42 billion (2021: R1.32 billion), driven by firm export markets and strong pricing.

With cost of sales increasing 24% as a result of significantly higher fuel prices (which were up 83%), material input cost inflation and lower input volumes, gross profit in the segment decreased 20% to R423 million (2021: R529 million), with the gross profit margin diluting to 30% (2021: 40%).

The strong focus on fixed cost control was offset by increased selling and distribution expenses, largely as a result of the increases in export and local freight rates. Benefiting from its sound hedging strategy, the segment recorded foreign exchange and fuel hedge gains of R89 million (2021: R51 million).

As a result, operating profit in the South African Fishing segment for the six months to 30 June 2022 decreased 25% to R236 million (2021: R316 million), with the operating profit margin contracting to 17% (2021: 24%).

Export revenue increased 11%, benefiting from additional volumes allocated to exports, as well as price increases in all markets, offset by a 3% strengthening of the rand to the euro over the period. The export mix increased to 55% (2021: 53%) of total revenue with Europe remaining Sea Harvest's largest export market.

Domestic revenue increased 4% with firm foodservice and wholesale markets offset by a softening retail environment as consumers are increasingly under economic pressure and shopping behaviour returns to pre-COVID levels.

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

Aquaculture: Revenue in the Aquaculture segment for the six months to 30 June 2022 increased 55% to R56 million (2021: R36 million), benefiting from increased abalone sales volumes, firmer pricing and a weaker rand to the US dollar.

Although abalone demand increased, the performance of the Aquaculture segment for the six months to 30 June 2022 was tempered by available size mix, the zero-COVID policy and associated lockdowns in Hong Kong and China, along with limited flight options from South Africa.

The improved performance of the abalone division, combined with the closure of the mussel and trout divisions, resulted in the Aquaculture segment reducing its operating loss by 51% to R18 million (2021: R37 million).

TRADING AND FINANCIAL PERFORMANCE CONTINUED

Cape Harvest Foods: The Cape Harvest Foods segment, which includes Ladismith Cheese and Mooivallei, BM Foods and Sea Harvest's factory shops, delivered revenue of R956 million (2021: R516 million, up 85%) for the six months to 30 June 2022, benefiting from the inclusion of Mooivallei (effective 1 August 2021) and BM Foods (effective 1 September 2021), which combined added R348 million in revenue.

BM Foods is integrating well into the Group; however, the business encountered significant input cost pressures, and supply chain disruptions during the period.

Operating profit in the Cape Harvest Foods segment increased 44% to R55 million (2021: R39 million), with the operating profit margin at 6% (2021: 7%), diluted as a result of the inclusion of the lower margin Mooivallei and BM Foods businesses.

Australian operations

MG Kailis acquisition: With effect from 23 May 2022, the Group has, through its wholly-owned Australian subsidiaries Sea Harvest Proprietary Limited and Sea Harvest Marine Proprietary Limited, acquired the Western Australia-based fishing and related businesses of MG Kailis Holdings Proprietary Limited and its subsidiaries (MG Kailis) for a purchase consideration of AUD68 million (R765 million).

MG Kailis is a well-established and market-leading vertically integrated seafood business, involved in the trawling and processing of high-value prawn and fish, with over 50 years' experience in the seafood industry in Australia. The acquisition is a significant step in the execution of the Group's investment strategy of acquisitive growth in the international seafood space that focuses on businesses of scale in high-value seafood species. MG Kailis complements the Group's existing business operations in Australia from a fishing, trading, engineering and sales perspective.

Revenue in the Australian segment increased 17% to R270 million (2021: R231 million) for the six months to 30 June 2022, benefiting from firm pricing and the inclusion of MG Kailis for one month.

After absorbing R13 million in acquisition-related costs, the segment recorded operating profit of R4 million (2021: R5 million) for the six months to 30 June 2022. Adjusting for the acquisition-related costs would have resulted in the Australian operations delivering operating profit of R17 million (2021: R5 million) for the period at an operating profit margin of 6% (2021: 2%).

The segment is weighted towards H2, as the prawn fishing seasons in Shark Bay and Exmouth commenced in April, with sales weighted towards the second half of the year.

CASH FLOW AND FINANCIAL POSITION

The Group generated cash from operations of R210 million (2021: R265 million) for the six months to 30 June 2022, after settling the Sea Harvest Employee Share Trust liability of R36 million and investing R172 million in working capital (2021: R178 million). The investment in working capital includes rebuilding low levels of inventory at BM Foods, being in the middle of the fishing season in both Shark Bay and Exmouth in Australia, and the timing of sales.

After settling net interest of R49 million (2021: R30 million) and taxes of R42 million (2021: R60 million), the Group generated cash of R119 million (2021: R178 million) from **operating activities** during the period.

The Group utilised R902 million (2021: R180 million) in **investing activities** during the period, including:

- R761 million on the MG Kailis acquisition;
- R117 million (2021: R162 million) in additions to property, plant, equipment and vehicles, including R96 million (2021: R108 million) on maintenance capital expenditure and R21 million (2021: R54 million) on expansion capital expenditure; and
- R30 million (2021: R34 million) in the growth of biological assets.

The Group generated R299 million (2021: utilised R191 million) of cash from **financing activities** during the period including:

- drawing down a net R619 million (2021: R10 million net repayment) of borrowings;
- paying a dividend of R169 million (2021: R133 million);
- repurchasing shares to the value of R41 million (2021: R36 million); and
- settling the contingent consideration due to the former owners of Viking Fishing of R110 million.

The Group opened the period with cash of R687 million (2021: R270 million), utilised R484 million of cash during the six months to 30 June 2022 and ended the period with R207 million (2021: R78 million) of cash at bank.

With total borrowings of R2.49 billion (31 December 2021: R1.86 billion), the Group's net debt position at 30 June 2022 was R2.28 billion (31 December 2021: R1.18 billion), an increase of R1.1 billion.

DRIVING SOCIAL CHANGE SUSTAINABLY

The Sea Harvest Group remains committed to maintaining a leadership position in its response to sustainability, transformation and social change in the sectors in which it operates. This is evidenced by the release of the Group's first stand-alone Environmental, Social and Governance (ESG) Report at the end of the previous financial year. The Group believes that by managing the business in a way that promotes the sustainable utilisation of all available resources, it will continue to support the local communities in which it operates, while contributing to the creation of a fair and equitable South Africa.

A key aspect of the Group's efforts to reduce its environmental impact is ensuring that the main targeted species (South African deep-sea hake and Australian prawn) retain their Marine Stewardship Council accreditation, the global gold standard in sustainable fishery management; that the Group maintains its collaborative efforts with like-minded organisations; and that the Group introduces innovations and solutions into the business, such as its investments in wind turbines and desalination plants at various sites.

Driving transformation within the Group is central to Sea Harvest's existence and strategy and is strongly underpinned by the Group's Level 1 B-BBEE contributor status and c.90% black ownership. Sea Harvest continues to invest significant resources in skills development, employment equity, and supplier and enterprise development initiatives as well as projects focused on job creation, the youth and rural development. In support of National Government's NDP ambitions, the Group remains steadfast in procuring goods and services from small- and medium-sized enterprises, and driving economic growth in rural areas.

Sea Harvest's community transformation ambitions remain spearheaded by the Sea Harvest Foundation (Foundation), with its continued focus on community-based projects, including the provision of bursaries, healthcare initiatives, early childhood development, donations and supporting youth sports development projects. Through the Foundation's initiatives, it is the Group's hope that all who seek and benefit from them, will one day themselves be able to "pay it forward", thereby creating a tapestry of community assistance that builds a stronger society.

The Group has pressed forward with various transformation objectives over the past year and remains committed to driving change in the South African fishing industry. The Group is a co-founding member of the South African Fisheries Development Fund (Fund), a joint initiative with its holding company, Brimstone Investment Corporation Limited (Brimstone). The Fund has continued to train small-scale communities and artisanal fisherfolk on all of the encompassing aspects of successfully utilising their access to marine resources. Furthermore, in 2022, the Fund embarked on an ambitious plan with a local higher learning institution to contribute to the wider oceans economy through initiatives that promote participation in the marine space for the most marginalised in society.

As the Group broadens its horizons, its commitment to good corporate governance also remains intact as a result of an uncompromising approach towards integrating financial and non-financial practices, including ESG, into its business to ensure ongoing value creation and the long-term sustainability of the Sea Harvest Group.

DIVIDENDS

In accordance with the Group's dividend policy, no interim dividend is declared or proposed for the six months ended 30 June 2022.

OUTLOOK

The outcome of FRAP was announced on 9 February 2022, providing a good foundation for certainty and stability for the **South African Fishing segment** for the next 15 years. However, the segment has to contend with 10% lower hake volumes, a stronger rand, increased freight costs and a high fuel price. Fortunately, demand is strong, as inflation is high in the core markets in which the Group operates. The Group continues to leverage price increases to recover cost push. The effects of the currency and fuel will be partially mitigated with the hedges in place for the second half of 2022.

The **Aquaculture segment,** which is now largely abalone focused, is reliant on the easing of the zero-COVID policy and related lockdown measures in Far East markets and the normalisation of international flights. The segment is well poised to take advantage of the recovery in markets and, once the farms mature, benefit from the higher-margin dried market.

Within the **Cape Harvest Foods segment**, Ladismith Cheese is expected to continue to leverage the investment in additional capacity and Mooivallei to increase performance, with the business weighted towards H2 due to the increase in milk flow. BM Foods will continue to focus on recovering above-inflation cost pressures.

With a bigger and more diversified wild-caught and traded product mix, the performance of the **Australian segment** is weighted towards H2, with the Group focused on continuing the integration of MG Kailis during the remainder of the year.

Any forward-looking statement included in this Outlook section has not been reviewed or reported on by the Group's auditors.

On behalf of the Board

FJ Robertson
Chairperson

F Ratheb
Chief Executive Officer

Cape Town
29 August 2022



CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the six months ended 30 June 2022

AUDITED YEAR ENDED 31 DECEMBER 2021 R'000		NOTES	UNAUDITED SIX MONTHS ENDED 30 JUNE 2022 R'000	UNAUDITED SIX MONTHS ENDED 30 JUNE 2021 R'000
4 615 463	Revenue	3	**2 705 863**	2 103 926
(3 191 608)	Cost of sales		**(2 028 898)**	(1 427 411)
1 423 855	**Gross profit**		**676 965**	676 515
241 778	Other operating income[1]		**118 746**	95 315
(238 625)	Selling and distribution expenses		**(135 081)**	(110 043)
(20 638)	Marketing expenses		**(16 080)**	(10 094)
(715 140)	Other operating expenses		**(367 259)**	(328 264)
691 230	**Operating profit**		**277 291**	323 429
(478)	Share of loss in associate		**(1 092)**	(733)
1 578	Gains on bargain purchase		**–**	–
(16 577)	Fair value gains/(losses)		**10 717**	(4 393)
(6 153)	Impairment of assets		**–**	–
669 600	**Operating profit before net finance costs and taxation**		**286 916**	318 303
20 770	Investment income		**6 713**	6 852
(77 859)	Interest expense		**(59 151)**	(36 203)
612 511	**Profit before taxation**		**234 478**	288 952
(178 326)	Taxation[2]		**(54 400)**	(89 616)
434 185	**Profit after taxation**		**180 078**	199 336
	Profit after taxation attributable to:			
469 890	Shareholders of Sea Harvest Group Limited		**186 662**	218 177
(35 705)	Non-controlling interests		**(6 584)**	(18 841)
434 185			**180 078**	199 336
	Earnings per share (cents)			
168	– Basic		**67**	78
166	– Diluted		**65**	75

[1] *Other operating income includes net foreign exchange and fuel hedge gains of R89 million (30 June 2021: R51 million, 31 December 2021: R143 million) and insurance income of R6 million (30 June 2021: R17 million, 31 December 2021: R46 million).*

[2] *The change in the corporate tax rate from 28% to 27%, as announced by the Minister of Finance on 23 February 2022, resulted in a decrease in the net deferred taxation liability at 30 June 2022 of R18 million.*

CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

for the six months ended 30 June 2022

AUDITED YEAR ENDED 31 DECEMBER 2021 R'000		UNAUDITED SIX MONTHS ENDED 30 JUNE 2022 R'000	UNAUDITED SIX MONTHS ENDED 30 JUNE 2021 R'000
434 185	**Profit after taxation**	**180 078**	199 336
	Other comprehensive income		
	Items that may be reclassified subsequently to profit or loss:		
59 886	Movement in cash flow hedging reserve	**22 705**	143 715
(34 660)	Movement in cost of hedging reserve	**39 307**	(39 212)
(10 507)	Reserves recycled to other operating income	**7 325**	(15 008)
18 947	Exchange rate differences on foreign operations	**(20 467)**	(35 342)
	Items that may not be reclassified subsequently to profit or loss:		
3 639	Movement in investment at fair value through other comprehensive income	**–**	–
324	Net measurement gain on defined benefit plan	**–**	–
37 629	**Other comprehensive income, net of tax**	**48 870**	54 153
471 814	**Total comprehensive income for the period**	**228 948**	253 489
	Total comprehensive income attributable to:		
507 519	Shareholders of Sea Harvest Group Limited	**235 532**	272 330
(35 705)	Non-controlling interests	**(6 584)**	(18 841)
471 814		**228 948**	253 489

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2022

AUDITED YEAR ENDED 31 DECEMBER 2021 R'000		NOTES	UNAUDITED SIX MONTHS ENDED 30 JUNE 2022 R'000	UNAUDITED SIX MONTHS ENDED 30 JUNE 2021 R'000
	ASSETS			
2 192 999	Property, plant, equipment and vehicles[1]		**2 302 670**	2 032 529
114 446	Right-of-use assets		**166 163**	123 182
68 299	Biological assets	6	**83 264**	67 623
3 700	Investment property		**3 700**	–
769 463	Intangible assets[2]		**1 285 249**	700 522
865 192	Goodwill[3]		**1 080 648**	857 230
8 073	Investment in associate		**6 924**	5 261
29 989	Investment at fair value through other comprehensive income	6	**29 989**	25 264
24 936	Other financial assets	6	**59 142**	38 687
121 718	Loans to related parties	8	**123 038**	128 845
94 384	Loans to supplier partners		**94 384**	96 181
7 446	Long-term loan receivable		**7 496**	4 109
3 312	Deferred tax assets		**4 967**	627
4 303 957	**Non-current assets**		**5 247 634**	4 080 060
902 618	Inventories[4]		**1 037 174**	749 214
82 123	Biological assets	6	**72 966**	98 024
739 496	Trade and other receivables[5]		**918 611**	774 104
537	Short-term loan receivable		**2 372**	1 036
58 866	Other financial assets	6	**108 717**	151 803
10 678	Tax assets		**9 197**	3 355
739 909	Cash and bank balances		**283 603**	87 114
2 534 227	**Current assets**		**2 432 640**	1 864 650
6 838 184	**Total assets**		**7 680 274**	5 944 710

[1] *Movement in property, plant, equipment and vehicles includes R117 million acquired through business combination. Refer to note 7 for details.*

[2] *Movement in intangible assets includes fishing licences acquired through business combination of R535 million. Refer to note 7 for details.*

[3] *Movement in goodwill includes goodwill of R218 million arising on acquisition of MG Kailis. Refer to note 7 for details.*

[4] *Movement in inventories includes inventories acquired through business combination of R76 million. Refer to note 7 for details.*

[5] *Movement in trade and other receivables includes trade and other receivables acquired through business combination of R56 million. Refer to note 7 for details.*

AUDITED YEAR ENDED 31 DECEMBER 2021 R'000		NOTES	UNAUDITED SIX MONTHS ENDED 30 JUNE 2022 R'000	UNAUDITED SIX MONTHS ENDED 30 JUNE 2021 R'000
	EQUITY AND LIABILITIES			
1 832 487	Stated capital		**1 791 239**	1 773 147
(6 558)	Other reserves		**58 493**	58 080
1 286 289	Retained earnings		**1 304 554**	1 034 575
3 112 218	Attributable to shareholders of Sea Harvest Group Limited		**3 154 286**	2 865 802
56 506	Non-controlling interests		**49 334**	20 205
3 168 724	**Capital and reserves**		**3 203 620**	2 886 007
1 793 679	Long-term borrowings[3]		**2 369 351**	1 369 662
20 927	Employee-related liabilities		**23 372**	22 694
32 148	Deferred grant income		**30 270**	32 042
9 773	Contingent consideration	6	**–**	–
125 224	Lease liabilities		**173 018**	136 624
608 994	Deferred taxation[1]		**789 551**	554 392
2 590 745	**Non-current liabilities**		**3 385 562**	2 115 414
70 828	Short-term borrowings[3]		**121 654**	43 339
120 671	Contingent consideration	6	**10 294**	104 987
727 408	Trade and other payables[2]		**818 882**	670 837
19 882	Lease liabilities		**25 030**	16 688
35 746	Share-based payment liability		**–**	33 159
3 546	Deferred grant income		**2 631**	3 962
118	Other financial liabilities		**–**	11 373
47 513	Short-term provisions		**24 859**	40 847
13	Taxation		**10 951**	8 817
52 990	Bank overdrafts		**76 791**	9 280
1 078 715	**Current liabilities**		**1 091 092**	943 289
6 838 184	**Total equity and liabilities**		**7 680 274**	5 944 710

[1] Movement in deferred taxation includes deferred taxation arising from the current period business combination of R160 million. Refer to note 7 for details.

[2] Movement in trade and other payables includes trade and other payables acquired through business combinations of R75 million. Refer to note 7 for details.

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 June 2022

AUDITED YEAR ENDED 31 DECEMBER 2021 R'000		UNAUDITED SIX MONTHS ENDED 30 JUNE 2022 R'000	UNAUDITED SIX MONTHS ENDED 30 JUNE 2021 R'000
2 794 344	**Balance at the beginning of the period**	**3 168 724**	2 794 344
	Attributable to:		
2 754 206	Shareholders of Sea Harvest Group Limited	**3 112 218**	2 754 206
40 138	Non-controlling interests	**56 506**	40 138
507 519	**Total comprehensive income for the period attributable to shareholders of Sea Harvest Group Limited**	**235 532**	272 330
469 890	Profit after taxation	**186 662**	218 177
37 629	Movements in other items of comprehensive income, net of tax	**48 870**	54 153
	Movements attributable to shareholders of Sea Harvest Group Limited		
(36 221)	Shares repurchased[1]	**(41 248)**	(35 891)
(131 913)	Dividends paid	**(168 396)**	(131 913)
18 703	Share-based payments	**16 180**	7 070
(76)	Further acquisition of investment in subsidiary	**–**	**–**
16 368	Movement attributable to non-controlling interests	**(7 172)**	(19 933)
3 168 724	**Balance at the end of the period**	**3 203 620**	2 886 007

[1] *2 849 599 shares were repurchased for purposes of the Forfeitable Share Plan.*

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the six months ended 30 June 2022

AUDITED YEAR ENDED 31 DECEMBER 2021 R'000		UNAUDITED SIX MONTHS ENDED 30 JUNE 2022 R'000	UNAUDITED SIX MONTHS ENDED 30 JUNE 2021 R'000
	Operating activities		
434 185	Profit after taxation	**180 078**	199 336
543 512	Adjustments for non-cash and other items	**202 449**	243 275
977 697	Operating cash flows before changes in working capital	**382 527**	442 611
(196 400)	Increase in inventories	**(62 604)**	(124 986)
18 150	(Increase)/decrease in trade and other receivables	**(126 226)**	(81 683)
22 297	Increase in trade and other payables	**16 587**	29 070
821 744	Cash generated from operations	**210 284**	265 012
19 006	Investment income received	**6 771**	5 087
3 048	Proceeds from government grant	**–**	3 051
(131 347)	Income taxes paid	**(41 762)**	(60 125)
(75 506)	Interest paid	**(55 989)**	(34 961)
636 945	**Net cash generated from operating activities**	**119 304**	178 064
	Investing activities		
(65 116)	Acquisition of investment in subsidiaries	**(761 305)**	–
(273 751)	Acquisition of property, plant, equipment and vehicles	**(117 254)**	(161 527)
2 496	Proceeds on disposal of property, plant, equipment and vehicles	**6 486**	389
46 450	Insurance proceeds	**5 876**	16 891
(1 940)	Acquisition of intangible assets	**(2 754)**	(1 938)
(68 703)	Additions to biological assets	**(30 088)**	(34 341)
–	Amounts advanced to related parties	**(1 320)**	599
7 725	Proceeds on loans advanced to related parties	**–**	500
1 559	Proceeds on loans advanced to supplier partners	**–**	–
(1 142)	Cash movement in other long-term and short-term loans	**(1 885)**	(273)
(352 422)	Net cash utilised in investing activities	**(902 244)**	(179 700)
	Financing activities		
(36 221)	Shares repurchased	**(41 248)**	(35 891)
544 878	Proceeds from borrowings	**1 345 224**	141 669
(220 041)	Repayment of borrowings and lease liabilities	**(726 003)**	(151 636)
(24 448)	Repayment of other financial liabilities	**–**	(12 245)
(133 005)	Dividends paid	**(168 984)**	(133 005)
–	Settlement of contingent consideration	**(110 000)**	–
131 163	Net cash generated from/(utilised in) financing activities	**298 989**	(191 108)
415 686	Net (decrease)/increase in cash and cash equivalents	**(483 951)**	(192 744)
270 441	Cash and cash equivalents at the beginning of the period	**686 919**	270 441
792	Effects of exchange rates on the balance of cash held in foreign operation	**3 844**	137
686 919	**Cash and cash equivalents at the end of the period**	**206 812**	77 834

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2022

1. BASIS OF PREPARATION

The condensed consolidated interim financial statements have been prepared in accordance with, and contain the information required by IAS 34: Interim Financial Reporting, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the Listings Requirements of the JSE Limited, and the requirements of the Companies Act of South Africa, No 71 of 2008. The condensed financial information has been prepared under the supervision of the Chief Financial Officer, M Brey CA(SA).

The condensed consolidated interim financial statements do not include all information and disclosures required in the annual financial statements and should be read in conjunction with the Group's consolidated annual financial statements as at 31 December 2021.

The information has not been audited or reviewed by the Group's auditors, Ernst & Young Inc.

2. ACCOUNTING POLICIES

The accounting policies applied in the preparation of these condensed consolidated interim financial statements are in terms of International Financial Reporting Standards and are consistent with those applied in the financial statements for the year ended 31 December 2021.

3. REVENUE

AUDITED YEAR ENDED 31 DECEMBER 2021 R'000		UNAUDITED SIX MONTHS ENDED 30 JUNE 2022 R'000	UNAUDITED SIX MONTHS ENDED 30 JUNE 2021 R'000
	Group revenue for the period can be analysed as follows:		
4 590 316	Revenue recognised at a point in time	**2 688 623**	2 089 924
25 147	Revenue recognised over time	**17 240**	14 002
4 615 463		**2 705 863**	2 103 926
	Revenue comprises:		
2 808 530	Wild-caught fish[1]	**1 505 197**	1 384 327
343 255	Shellfish[2]	**150 354**	127 032
246 588	Convenience foods	**259 160**	55 596
132 005	Traded[3]	**98 576**	60 938
1 085 085	Dairy	**692 576**	476 033
4 615 463		**2 705 863**	2 103 926
	Revenue is further split by geographic location as follows[4]:		
2 657 470	South Africa	**1 638 370**	1 174 758
544 388	Australia	**266 440**	229 831
1 143 488	Europe	**668 041**	597 283
270 117	Other markets	**133 012**	102 054
4 615 463		**2 705 863**	2 103 926

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

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

[3] *Includes sales of purchased products*

[4] *The 30 June 2021 comparative amounts for revenue by geographic location has been changed to reflect where the customer is located, which conforms with the basis reported to the CEO, who is the chief operating decision-maker*

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

4. SEGMENTAL RESULTS

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

AUDITED YEAR ENDED 31 DECEMBER 2021 R'000		UNAUDITED SIX MONTHS ENDED 30 JUNE 2022 R'000	UNAUDITED SIX MONTHS ENDED 30 JUNE 2021 R'000
	Segment revenue		
2 664 472	South African Fishing[1]	**1 423 603**	1 320 412
553 722	Australia[3]	**269 920**	231 043
91 686	Aquaculture[2]	**56 352**	36 420
1 305 583	Cape Harvest Foods	**955 988**	516 051
4 615 463	**Total revenue**	**2 705 863**	2 103 926
	Segment profit/(loss) from operations		
671 583	South African Fishing	**236 362**	316 358
31 243	Australia[3]	**3 648**	5 165
(63 701)	Aquaculture	**(18 073)**	(36 642)
52 105	Cape Harvest Foods	**55 354**	38 548
691 230	**Operating profit**	**277 291**	323 429
(478)	Share of loss in associate	**(1 092)**	(733)
1 578	Gains on bargain purchase	**–**	–
(16 577)	Fair value gains/(losses)	**10 717**	(4 393)
(6 153)	Impairment of assets	**–**	–
669 600	**Operating profit before net finance cost and taxation**	**286 916**	318 303
20 770	Investment income	**6 713**	6 852
(77 859)	Interest expense	**(59 151)**	(36 203)
612 511	**Profit before taxation**	**234 478**	288 952
	Total assets		
3 696 190	South African Fishing	**3 287 757**	3 225 268
1 130 391	Australia[3]	**2 313 448**	1 074 908
665 697	Aquaculture	**675 076**	702 880
1 345 906	Cape Harvest Foods	**1 403 993**	941 654
6 838 184		**7 680 274**	5 944 710
	Total liabilities		
2 322 218	South African Fishing	**2 387 552**	1 967 953
412 048	Australia[3]	**1 139 990**	396 314
454 917	Aquaculture	**457 128**	467 433
480 277	Cape Harvest Foods	**491 984**	227 003
3 669 460		**4 476 654**	3 058 703

[1] Revenue excludes intersegmental revenue of R109.3 million (2021: R106.2 million), which is eliminated on consolidation

[2] Revenue excludes intersegmental revenue of R1.1 million (2021: R3.7 million), which is eliminated on consolidation

[3] The Australian segment includes the results of the Western Australia-based fishing and related businesses of MG Kailis and its subsidiaries, which was acquired through business combination in the current period

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2022

5. HEADLINE EARNINGS PER SHARE

	AUDITED YEAR ENDED 31 DECEMBER 2021 R'000		UNAUDITED SIX MONTHS ENDED 30 JUNE 2022 R'000	UNAUDITED SIX MONTHS ENDED 30 JUNE 2021 R'000
5.1		DETERMINATION OF HEADLINE EARNINGS		
	469 890	Profit after tax for the period attributable to shareholders of Sea Harvest Group Limited	**186 662**	218 177
	(970)	Profit on disposal of property, plant, equipment and vehicles	**(746)**	(5 600)
	(46 135)	Insurance proceeds	**(5 876)**	(16 891)
	(1 578)	Gains on bargain purchase	**–**	**–**
	6 153	Impairment of assets	**–**	**–**
	11 675	Total non-controlling interest and tax effects of adjustments	**2 265**	6 540
	439 035	**Headline earnings for the period**	**182 305**	202 226
5.2		CALCULATION OF WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES		
	280 352 798	Weighted average number of shares on which earnings and headline earning per share is based	**280 432 840**	280 673 670
	282 478 541	Weighted average number of shares on which diluted earnings and diluted headline earnings per share is based	**286 378 276**	289 514 357
		Reconciliation of weighted average number used in the calculation of basic and diluted headline earnings per share:		
	280 352 798	– Basic	**280 432 840**	280 673 670
	2 125 743	– Dilutive effect of treasury shares (Forfeitable Share Plan)	**5 945 436**	8 840 687
	282 478 541	**Diluted**	**286 378 276**	289 514 357
		Headline earnings per share (cents)		
	157	– Basic	**65**	72
	155	– Diluted	**64**	70

6. FAIR VALUE MEASUREMENT OF ASSETS AND LIABILITIES

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).

6. FAIR VALUE MEASUREMENT OF ASSETS AND LIABILITIES (continued)

Fair value measurement hierarchy for assets and liabilities as at 30 June 2022:

	DATE OF VALUATION	TOTAL	PRICES QUOTED IN ACTIVE MARKETS (LEVEL 1)	SIGNIFICANT OBSERVABLE INPUTS (LEVEL 2)	SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3)
Assets measured at fair value					
Biological assets	**30 June 2022**	**156 230**	**–**	**–**	**156 230**
Investment at fair value through other comprehensive income	**30 June 2022**	**29 989**	**–**	**–**	**29 989**
Financial assets	**30 June 2022**	**167 859**	**–**	**142 704**	**25 155**
Liabilities measured at fair value					
Contingent consideration liability	**30 June 2022**	**10 294**	**–**	**–**	**10 294**

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

Assets measured at fair value					
Biological assets	31 December 2021	150 422	–	–	150 422
Investment at fair value through other comprehensive income	31 December 2021	29 989	–	–	29 989
Financial assets	31 December 2021	83 802	–	58 866	24 936
Liabilities measured at fair value					
Financial derivatives liabilities	31 December 2021	118	–	118	–
Contingent consideration liability	31 December 2021	130 444	–	–	130 444

Fair value measurement hierarchy for assets and liabilities as at 30 June 2021:

Assets measured at fair value					
Biological assets	30 June 2021	165 647	–	–	165 647
Investment at fair value through other comprehensive income	30 June 2021	25 264	–	–	25 264
Financial assets	30 June 2021	190 490	–	166 815	23 675
Liabilities measured at fair value					
Fishing licence liability	30 June 2021	11 373	–	11 373	–
Contingent consideration liability	30 June 2021	104 987	–	–	104 987

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

Specific valuation techniques used for the instruments are:

- **Biological assets:** Biological assets are measured at fair value less costs to sell. Biological assets include abalone and oysters cultivated at aquaculture farms, and are measured at their fair value less estimated point-of-sale costs. Fair value is determined based on the dollar-denominated market prices of biological assets of similar age, breed and genetic merit. In order to measure and value biological assets, management uses growth-formula and drip-and-purge-loss factors to determine the weight of animals at the reporting date. These formulas are based on empirical evidence and confirmed industry norms. A fair value gain for the period of R0.2 million (2021: R2.1 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 at fair value through other comprehensive income:** Asset valuation method performed by an independent valuator and represents unlisted shares in a vessel-owning company. The underlying vessel is valued based on the age and condition of the vessel and current market value derived by sales comparison of these or similar types of vessels adjusted for differences in age, condition, degree of upgrade already carried out on the vessel, and size. A change in unobservable inputs would not have a significant change in the fair value.
- **Financial assets:**
  - Level 3 financial assets represent the call option to acquire shares in Vuna Fishing Company Proprietary Limited (Vuna Fishing Company). The fair value was independently determined by an expert using the Black-Scholes option pricing model. Key unobservable assumptions being (i) the value of Vuna Fishing Company calculated using an average of actual 2021 earnings and 2022 projected earnings multiplied by a price earnings multiple, (ii) yield curve of 8.10% (2021: 6.27%), and (iii) volatility of 37.60% (2021: 33.98%). A change in unobservable inputs would not have a material change in the fair value. A fair value gain for the period on the revaluation of the share option of R0.3 million (2021: R1.5 million loss) has been recognised in profit or loss.
  - Level 2 financial assets and liabilities relate to hedging contracts entered into by the Group for the purpose of minimising the Group's exposure to foreign currency and fuel price volatility. The valuation is performed by an independent valuator, taking into account forward exchange contracts spot and forward rates, current fuel prices, and discount factors.
- **Contingent consideration:** The fair value of the contingent consideration arrangements was estimated by calculating the present value of the expected future cash flows. The estimates are based on discount rates and the assumption that the earn-out targets will be met based on the best available forecast information at acquisition date. As at 30 June 2022, there was a decrease of R120 million (2021: R5.1 million decrease) in the contingent consideration liability as a result of the R110 million settlement of the Viking Fishing earn-out and the recognition of a fair value gain of R10 million relating to the BM Foods contingent consideration as a result of the 2021 year earn-out not being achieved.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2022

7. BUSINESS COMBINATIONS

7.1 MG KAILIS

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

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

The acquisition is a significant step in the execution of the Group's investment strategy of acquisitive growth in the international seafood space focusing on businesses of scale in high-value seafood species. The acquisition assets include vessels, licenses, and fishing rights for prawns in the Exmouth region and trawled fish in the Pilbara region in Western Australia, providing the Group with further security of supply and diversification of product.

The initial accounting for the acquisition of MG Kailis has not been finalised at reporting date of 30 June 2022, as the effective date of acquisition was 23 May 2022 and is subject to potential working capital and intangible asset changes.

The provisional purchase price allocation is as follows:

	PROVISIONAL FAIR VALUES AT ACQUISITION DATE R'000
Assets acquired and liabilities assumed	
Property, plant, equipment and vehicles	**117 174**
Right-of-use assets	**7 162**
Intangible assets	**534 770**
Inventories	**75 624**
Trade and other receivables	**55 744**
Deferred tax	**(160 431)**
Lease liabilities	**(7 532)**
Trade and other payables	**(75 385)**
Total identifiable assets and liabilities	**547 126**
Total consideration transferred	
Cash	**761 305**
Deferred payment	**3 917**
	765 222
Net cash flow on acquisition of subsidiary	
Consideration paid in cash	**761 305**
	761 305
Goodwill	
Consideration	**765 222**
Less: Fair value of identifiable assets acquired and liabilities assumed	**(547 126)**
	218 096

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

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

The fair value of trade and other receivables of R55.7 million includes trade receivables with a fair value of R47.3 million, which approximates the gross contractual amount.

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

7. BUSINESS COMBINATIONS (continued)

7.2 IMPACT OF THE ACQUISITION ON THE RESULTS OF THE GROUP

	R'000
Amounts included in the Group's results relating to MG Kailis since the date of acquisition:	
Revenue	**43 078**
Profit for the period	**5 400**
Results of the Group if MG Kailis had been consolidated from 1 January 2022:	
Revenue	**2 827 540**
Profit for the period	**179 626**

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

Acquisition-related costs
Acquisition-related costs of R12.8 million for the period were recognised in profit or loss within other operating expenses.

8. RELATED PARTY TRANSACTIONS

This disclosure relates to material-related party balances and transactions.

	AUDITED YEAR ENDED 31 DECEMBER 2021 R'000		UNAUDITED SIX MONTHS ENDED 30 JUNE 2022 R'000	UNAUDITED SIX MONTHS ENDED 30 JUNE 2021 R'000
8.1		RELATED PARTY LOANS		
		Loans to related parties – non-current		
	27 420	Vuna Fishing Company (joint venture of Brimstone Investment Corporation Limited)	**27 420**	27 420
	45 068	Vuna Fishing Group Proprietary Limited (subsidiary of Brimstone Investment Corporation Limited)	**45 068**	45 068
	49 230	SeaVuna Fishing Company Proprietary Limited[1]	**50 550**	56 357
	121 718	**Total**	**123 038**	128 845
8.2		RELATED PARTY TRANSACTIONS		
		Sales to related parties		
	21 471	SeaVuna Fishing Company Proprietary Limited[1]	**20 486**	14 004
		Purchases from related parties		
	240 230	SeaVuna Fishing Company Proprietary Limited[1]	**134 284**	137 159

[1] *SeaVuna Fishing Company Proprietary Limited is a wholly-owned subsidiary of Vuna Fishing Company, which is a joint venture of Brimstone Investment Corporation Limited.*

In terms of the supply agreement with Vuna Fishing Company and SeaVuna Fishing Company Proprietary Limited (SeaVuna), fish caught by Vuna Fishing Company and SeaVuna is marketed by Sea Harvest Corporation Proprietary Limited.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2022

9. STATED CAPITAL (NUMBER)

AUDITED YEAR ENDED 31 DECEMBER 2021		UNAUDITED SIX MONTHS ENDED 30 JUNE 2022	UNAUDITED SIX MONTHS ENDED 30 JUNE 2021
	In issue (number)		
298 866 214	Ordinary shares	**298 866 214**	294 293 814
(18 899 604)	Held as treasury shares	**(18 995 005)**	(14 388 975)
279 966 610		**279 871 209**	279 904 839

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

	TOTAL SHARES IN ISSUE	LESS TREASURY SHARES	TOTAL NET SHARES IN ISSUE
Opening balance	298 866 214	18 899 604	279 966 610
Shares repurchased	–	2 849 599	(2 849 599)
Shares vested	–	(2 754 198)	2 754 198
Closing balance	**298 866 214**	**18 995 005**	**279 871 209**

10. COVID-19 PANDEMIC ASSESSMENT AND GOING CONCERN

COVID-19 PANDEMIC ASSESSMENT

- As previously reported, the Aquaculture operation, with its main markets being in the Far East, continues to experience the negative effects of COVID-19 as a direct result of continued lockdown restrictions in China and Hong Kong, the curtailment of air freight, and associated high freight costs from South Africa.
- The improved performance of the abalone business, combined with the closure of the mussel and trout businesses has resulted in the segment reducing its operating losses for the period to R18 million (2021: R37 million).
- With the Aquaculture segment incurring operating losses for the six months ended 30 June 2022, management performed an assessment of goodwill impairment. The assessment resulted in an update to the forecast abalone sales volumes used in the last reporting period's value-in-use calculation to reflect the current and forecast performance of the business. The calculation was also updated with current and forecast sales prices and, with the weakening of the rand to the US dollar during the period, revised forecast exchange rates. The discount rate was also increased to 15.56% compared to the discount rate of 15.29% as at 31 December 2021. The assessment of goodwill resulted in decreased headroom since 31 December 2021. Management will continue to assess the long-term effects of COVID-19 on the Aquaculture operation and the impact it has on the assessment of goodwill impairment.

GOING CONCERN

- Management has assessed the going concern assumption, considering the impact of COVID-19 and taking into account cash flow analysis, operational analysis and available funding facilities. The cash flow analysis considered factors impacting the ability of the Group to generate or preserve cash. Such factors included limitations of COVID-19 on production and the resulting sales, fixed costs and capital expenditure plans that would require funding, as well as available facilities. The result of these analyses was that the Group will have sufficient cash resources to sustain operations. An analysis of the potential impact of COVID-19 on funding covenants was also considered and management is of the view that funding covenants will not be breached. No funding covenants were breached in the six-month period ended 30 June 2022. Therefore, the directors have no reason to believe that the Group will not be a going concern in the foreseeable future and, accordingly, the financial statements have been prepared on a going concern basis.

11. EVENTS SUBSEQUENT TO THE REPORTING DATE

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


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