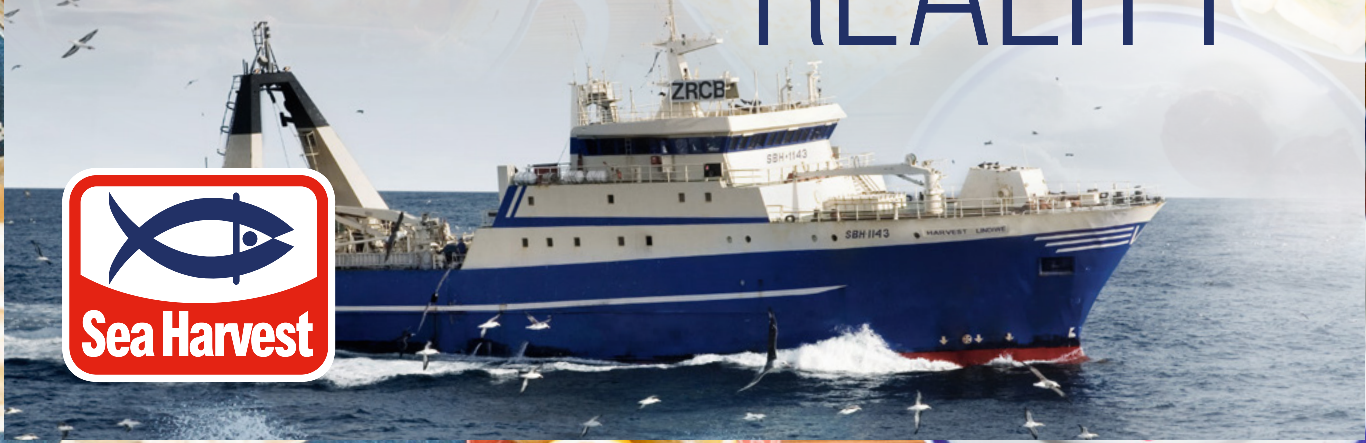
AUDITED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

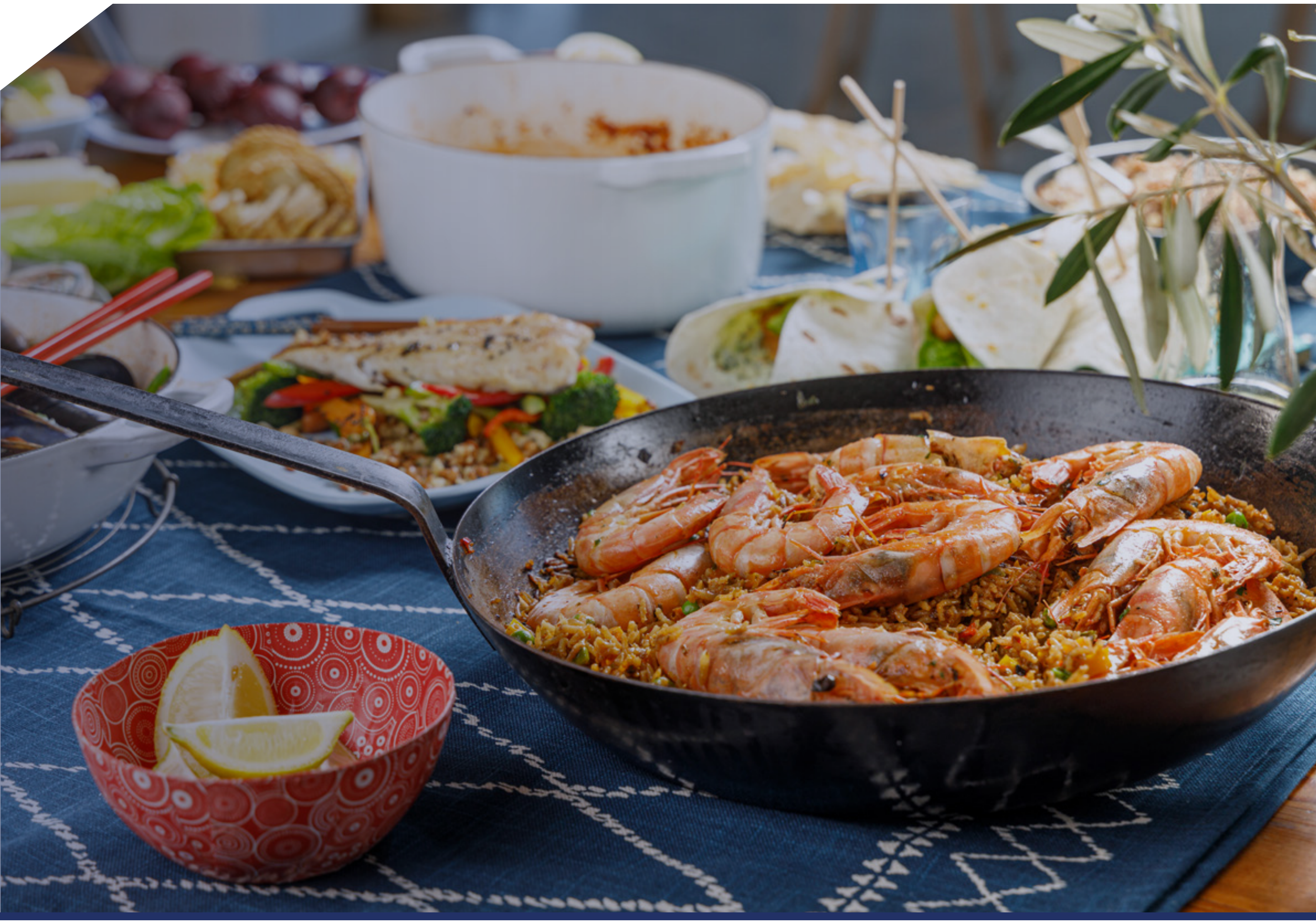
2021

SETTING THE COURSE FOR A NEW REALITY



Sea Harvest

INDEX



APPROVAL OF ANNUAL FINANCIAL STATEMENTS

The directors of Sea Harvest Group Limited (the "Group" or the "Company" or "Sea Harvest") are responsible for the preparation, integrity and objectivity of the consolidated and separate annual financial statements.

To fulfil this responsibility, the Group and Company maintain controls to provide reasonable assurance that assets are safeguarded and that records accurately reflect the transactions of the Group and Company.

The Group and Company annual financial statements are prepared in terms of International Financial Reporting Standards (IFRS) and have been reported on by our auditors in conformity with International Standards of Auditing and the Companies Act, No 71 of 2008 (Companies Act). The Group and Company annual financial statements for the year ended 31 December 2021, which appear on **pages 9 to 112**, were approved by the Board of Directors on 31 March 2022 and signed on its behalf by:

F Robertson
Chairperson

F Ratheb
Chief Executive Officer

PREPARATION OF ANNUAL FINANCIAL STATEMENTS

The Group and Company annual financial statements of Sea Harvest Group Limited for the year ended 31 December 2021 were prepared under the supervision of the Chief Financial Officer, M Brey CA(SA).

DECLARATION BY GROUP CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCIAL OFFICER (CFO)

for the year ended 31 December 2021

The Group CEO and the CFO hereby confirm that:

- the consolidated and separate annual financial statements, set out on **pages 9 to 112**, fairly present in all material respects the financial position, financial performance and cash flows of Sea Harvest Group Limited in terms of IFRS;
- no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading;
- internal financial controls have been put in place to ensure that material information relating to Sea Harvest Group Limited and its consolidated subsidiaries have been provided to effectively prepare the financial statements; and
- the internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function within the combined assurance model pursuant to principle 15 of the King Report on Corporate Governance™ for South Africa, 2016 (King IV™). Where we are not satisfied, we have disclosed to the Audit Committee and the auditors the deficiencies in design and operational effectiveness of the internal financial controls and any fraud that involves directors, and have taken the necessary remedial action.

F Ratheb
Chief Executive Officer

M Brey
Chief Financial Officer

REPORT OF THE COMPANY SECRETARY

In terms of section 88(2)(e) of the Companies Act, I certify that the Company has lodged with the Commissioner all such returns and notices as are required by the Companies Act, and that all such returns and notices are true, correct and up to date.

N Seshoka
Company Secretary

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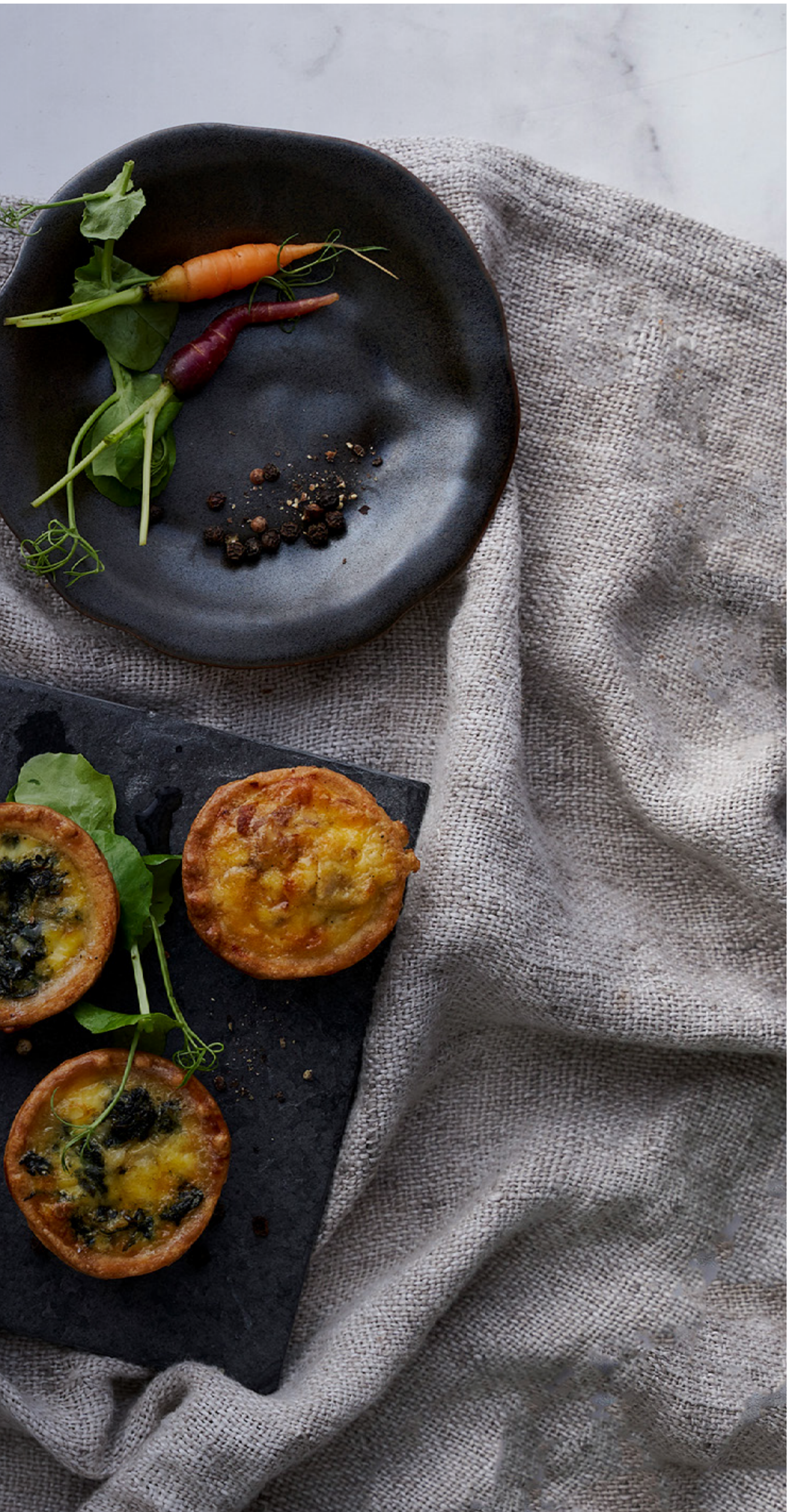
OUR REPORTS



INDEPENDENT AUDITOR'S REPORT
to the shareholders of Sea Harvest Group Limited

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Opinion

We have audited the consolidated and separate financial statements of Sea Harvest Group Limited and its subsidiaries (the "Group") and Company set out on **pages 20 to 105**, which comprise of the consolidated and separate statements of financial position as at 31 December 2021, and the consolidated and separate statements of comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies and the directors' shareholdings table on **page 110**.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the Group and Company as at 31 December 2021, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated and separate financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated and separate financial statements.

The key audit matters apply only to the audit of the consolidated financial statements.

KEY AUDIT MATTER	HOW THE MATTER WAS ADDRESSED IN THE AUDIT
Aquaculture operation valuation of goodwill	
Goodwill intangible assets comprise 20% of total non-current assets in the statement of financial position amounting to R865 million (2020: R862 million). R70 million of this balance arose on the acquisition of 51% of Viking Aquaculture Proprietary Limited Group in 2018. The goodwill is allocated to the Aquaculture operation's CGU. The Group is required to assess the recoverable amount of these assets on an annual basis in accordance with IAS 36: Impairment of Assets ("IAS 36"). Management applies significant judgement and estimation in determining the recoverable amounts regarding future performance of the cash-generating units ("CGU's") by applying value in use discounted cash flow computations. Details of the assumptions applied are disclosed in **note 11** of the financial statements. The key assumptions applied in the value in use assessments are with respect to discount rates and growth rates in the forecasted cash flows. The valuation of goodwill for the aquaculture operations CGU required significant auditor attention and is considered a key audit matter due to the following factors: ➢ Obtaining an understanding of the nature, type and valuation methodologies which apply to the biological assets contained within the CGU. ➢ Assessing the changes in managements assumptions around foreign economic recoveries in a post-COVID world and the changes in their strategies including sales mix. ➢ Assessing the changes to the inputs into the model in terms of sales prices, biological asset grades and sales mix. ➢ The extent to which we involved our internal valuations specialists to evaluate management's judgements and assumptions.	Our procedures included, amongst others: ➢ We obtained an understanding of management's process for assessing the recoverability of the goodwill for the Aquaculture operation's CGU. ➢ Assessed whether the Aquaculture operation's CGU met the definition in terms of IAS 36. ➢ In conjunction with our internal valuation specialists, we assessed the methodologies and assumptions applied in determining the recoverable amount of the Aquaculture CGU. We: – Compared the cash flow forecast to approved budgets and other independent relevant market and economic information to assess the reasonability thereof; – Assessed the impairment model for compliance with IAS 36; – Recalculated the discount rate and assessed the reasonability thereof with the assistance of our internal valuation specialists by performing sensitivity analysis, assessing the inputs used in determining the discount rate and benchmarking against independent data; – Assessed the inputs and assumptions used in determining the appropriateness of the revenue growth rates, selling prices, and exchanges rates with specific emphasis on forecasted abalone quantities of the Aquaculture's CGU by performing the following procedures: ▪ Enquiry of management. ▪ Assessing growth rates against historical performance and independent industry information. ▪ Performing sensitivity analyses on areas of judgement and estimation. ▪ Compared selling prices and exchanges rates to external independent sources. ➢ Recalculated the enterprise value comprising of assets and liabilities to be included in the carrying amount of the CGU); ➢ Recalculated the value-in-use of the CGU and compared the calculated recoverable amount against the carrying values the CGU; ➢ Evaluated the completeness and accuracy of the Group's disclosures relating to the impairment assessments for compliance with the requirements of IAS 36: Impairment of Assets.

KEY AUDIT MATTER	HOW THE MATTER WAS ADDRESSED IN THE AUDIT
Valuation of biological assets	
As disclosed in **note 9**, the Group's biological assets balance is R150 million (R68 million Non-current; R82 million Current) as at 31 December 2021. The Group is required to assess the fair value less costs to sell of these assets on an annual basis in accordance with IAS 41: Agriculture ("IAS 41"). The fair value is determined based on the market prices of biological assets of similar age, breed and genetic merit. Management's valuation methodology requires estimates of growth rates, harvest rates, sales price and costs to sell, associated with the biological assets. Significant auditor attention was spent on auditing the valuation of the biological assets due to the specialised nature of the biological assets, namely abalone. We spent significant effort, due to it being an initial audit, in obtaining an understanding of the abalone market, the grading and valuation process of abalone on hand at year end as well as the assumptions and estimates applied in the valuation model when valuing the abalone. Due to the level of judgment involved in the valuation of biological assets, as well as the significance of biological assets to the Group's financial position, this is considered to be a key audit matter.	Our procedures included, amongst others: ➢ We obtained an understanding of management's process for assessing the fair value less costs to sell of the groups biological assets. ➢ We obtained an understanding over management's controls of systems in place for the valuation of biological assets directly owned by the subsidiary companies. ➢ We have assessed the key inputs contained within the fair value calculations including estimated sales price, weight, quantity and estimated cost to sell by vouching to underlying supporting documents or physical evidence as appropriate. ➢ We tested the underlying inputs to the model, considered its appropriateness through agreement to independent sources. ➢ We have also observed the grading process, by attending physical abalone counts at various locations during the year, observing the counting process as well as conducting our own asset counts and assessments of their methods of counting.

Other information

The directors are responsible for the other information. The other information comprises the information included in **pages 1 and 9 to 17** of the document titled "Sea Harvest Group Limited Audited Annual Financial Statements 2021", which includes the Report of the Directors, the Audit and Risk Committee Report, and the Report of the Company Secretary as required by the Companies Act of South Africa. The other information does not include the consolidated or the separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated and separate financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated and separate financial statements

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and/or the Company to cease to continue as a going concern.

INDEPENDENT AUDITOR'S REPORT

to the shareholders of Sea Harvest Group Limited CONTINUED

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

Other matters

- The annual consolidated financial statements of Sea Harvest Group Limited for the year end 31 December 202s0, was audited by another auditor who expressed an unmodified opinion on those statements on 31 March 2021.

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication

Report on other legal and regulatory requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that this is the first year Ernst &Young Inc. has been the auditor of Sea Harvest Group Limited.

Ernst & Young Inc.

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

31 March 2022

Waterway House
3 Dock Road
Cape Town

REPORT OF THE DIRECTORS

The directors have pleasure in submitting their report which forms part of the annual financial statements for Sea Harvest Group Limited and its subsidiaries (the Group) for the year ended 31 December 2021.

NATURE OF BUSINESS AND OPERATIONS

Sea Harvest is a leading black-controlled and internationally recognised, vertically integrated fishing and branded FMCG business established in 1964. The Group's principal business is deep-sea trawling, the processing of its catch into a range of value-added frozen and chilled seafood, and the marketing of its produce nationally and internationally. Its range of products in South Africa include hake, Horse Mackerel, prawn, anchovy, pilchard and tuna. In addition, the Group has the following operations:

- Sea Harvest Australia, a vertically integrated fishing business which processes and packs king and tiger prawns, scallops, crabs and Spanish mackerel for the Australian domestic and international markets, and operates a nationwide retail and foodservice sales and distribution business;
- the ownership of 51% of the shares of Viking Aquaculture delivered diversification into high-value aquaculture; and
- Cape Harvest Foods, which includes Ladismith Cheese, a value-added dairy operation, which, together with the acquistion of Mooivallei and BM Foods Group in the current year, is a further step in the execution of the Group's investment strategy of growing through acquisitions in complementary sectors of the South African food and agricultural industry that exhibit strong fundamentals and growth, and where the Group is able to leverage its core competencies and strengths.

COMPANIES ACT

The Board confirms that the Group has complied with the provisions of the Companies Act, specifically relating to its incorporation and has operated in conformity with its Memorandum of Incorporation during the year under review.

FINANCIAL RESULTS AND GENERAL REVIEW

The results for the year under review are reflected in the statement of comprehensive income on **page 20**.

The profit attributable to ordinary shareholders for the year is R469.9 million (2020: R430.8 million)

SHARE CAPITAL

The following share movements occurred during the year under review:

	TOTAL SHARES IN ISSUE	LESS TREASURY SHARES	TOTAL NET SHARES IN ISSUE
Balance at the beginning of the year	294 293 814	14 600 889	279 692 925
Issue of shares (Group's forfeitable share plan)	4 572 400	4 572 400	–
Shares vested in terms of the Group's forfeitable share plan	–	(2 706 614)	2 706 614
Shares repurchased	–	2 432 929	(2 432 929)
Closing balance	298 866 214	18 899 604	279 966 610

Details of the authorised and issued share capital of the Company are set out in **note 20**.

SPECIAL RESOLUTIONS

During the 2021 financial year, the shareholders of the Company passed the following special resolutions:

- The approval of the general authority to repurchase the Company's shares, the effect of which was to authorise the Company and/or its subsidiaries to repurchase its own securities.
- The approval of the non-executive director's remuneration, the effect of which was to approve the annual remuneration of non-executive directors for the period from 1 July 2021 to 30 June 2022.
- The approval to provide financial assistance to related or inter-related companies, the effect of which was to authorise the Company to provide direct and indirect financial assistance to related or inter-related companies in terms of section 45 of the Companies Act.
- The approval to provide financial assistance for the acquisition of shares, the effect of which was to authorise the Company to provide such direct and indirect financial assistance in terms of section 44 of the Companies Act.
- The specific authority to repurchase vested shares resulting from the Company's forfeitable share plan.

Changes in the Board

There was no change to the Board in the current financial year.

Directors

The names of the directors in office at the date of this report appear are set out on **page 112** along with the name, business and registered address of the Company.

Directors' interest in shares

The aggregate direct and indirect beneficial interest of the directors in the issued share capital of the Company at 31 December 2021 was as follow:

	NUMBER OF SHARES			
	DIRECT BENEFICIAL	INDIRECT BENEFICIAL	TOTAL	PERCENTAGE OF ISSUED ORDINARY SHARE CAPITAL
2021				
M Brey	**2 024 948**	**–**	**2 024 948**	0.68%
WA Hanekom	**–**	**730 009**	**730 009**	0.24%
MI Khan	**8 000**	**–**	**8 000**	0.00%
T Moodley	**–**	**8 000**	**8 000**	0.00%
BM Rapiya	**40 000**	**–**	**40 000**	0.01%
F Ratheb	**3 066 743**	**–**	**3 066 743**	1.03%
F Robertson	**5 600**	**233 826**	**239 426**	0.08%
Total	**5 145 291**	**971 835**	**6 117 126**	2.05%
2020				
M Brey	1 334 554	–	1 334 554	0.45%
JP de Freitas*	1 300 012	–	1 300 012	0.44%
WA Hanekom	–	730 009	730 009	0.25%
MI Khan	8 000	–	8 000	0.00%
T Moodley	–	8 000	8 000	0.00%
BM Rapiya	40 000	–	40 000	0.01%
F Ratheb	1 959 917	–	1 959 917	0.67%
F Robertson	5 600	233 826	239 426	0.08%
Total	4 648 083	971 835	5 619 918	1.90%

Resigned in May 2020

No shares held by directors are pledged as security for loans.

The following shares have been issued to directors in terms of the forfeitable share plan since 31 December 2021 and the date of approval of the financial statements:

M Brey 326 183
F Ratheb 619 884

Details of directors' individual interests in options held in terms of the forfeitable share plan are set out in **note 37**.

Subsidiaries

Details of the Company's interest in and share of the aggregate profits and losses of its subsidiaries is given in separate schedules on **pages 108 and 109**.

Property, plant, equipment and vehicles

Capital expenditure during the year amounted to R273.7 million (2020: R286.3 million). Further details are disclosed in **note 7**. During the year there was no major change in the nature of the assets or in the policy relating to their use.

Directors' responsibility for annual financial statements

The directors are responsible for the preparation and fair presentation of the Group and separate annual financial statements of Sea Harvest Group Limited, comprising the statements of financial position as at 31 December 2021, and the statements of comprehensive income, statements of changes in equity and cash flows for the year then ended, and the notes to the annual financial statements which includes a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa and the JSE Limited Listings Requirements.

Internal control

The directors are responsible for such internal control as the directors determine is necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and effective systems of risk management as well as the preparation of the supplementary schedules included in these annual financial statements.

Going concern

- Management has assessed the going concern assumption, considering the impact of COVID-19 and taking into account cash flow analysis, operational analysis and available funding facilities. The cash flow analysis considered factors impacting the ability of the Group to generate or preserve cash. Such factors included limitations of COVID-19 on production and the resulting sales, fixed costs and capital expenditure plans that would require funding, as well as available facilities. The result of these analyses was that the Group will have sufficient cash resources to sustain operations. An analysis of the potential impact of COVID-19 on funding covenants was also considered and management is of the view that funding covenants will not be breached. No funding covenants were breached in the 2021 financial year. Therefore, the directors have no reason to believe that the Group will not be a going concern in the foreseeable future and, accordingly, the financial statements have been prepared on the going concern basis.
- Fortunately, the July 2021 unrest in KwaZulu-Natal and Gauteng had minimal impact on the Group's operations.

Litigation

There is no material litigation outstanding for the Company or its subsidiaries.

Events subsequent to the reporting date

On 11 January 2022, the Group announced that it had, through its wholly-owned foreign subsidiaries, Sea Harvest Proprietary Limited and Sea Harvest Marine Proprietary Limited, entered into a business purchase agreement to acquire the Western Australia-based fishing and related businesses of MG Kailis and its subsidiaries for a purchase consideration of AUD70 million (R783 million) subject to the fulfilment or waiver (as the case may be) of various conditions precedent by no later than 31 March 2022 or such later date as may be agreed.

During the budget speech held on 23 February 2022, the Minister of Finance announced a decrease in the corporate tax rate from 28% to 27% with effect from 1 April 2022. If the legislation had been effective as at year end, this would have resulted in an estimated decrease of the deferred tax liability at 31 December 2021 of R18.1 million.

The directors recommended a gross and final cash dividend on 28 February 2022 amounting to 56 cents per share (2020: 45 cents), in respect of the year ended 31 December 2021.

The Department of Forestry, Fisheries and Environment (DFFE) recently concluded the allocation of commercial fishing rights in nine sectors. Sea Harvest applied for quota in four commercial sectors and achieved one of the highest scores during the process. Sea Harvest was successful in renewing its rights; 10-years for KZN Crustacean Trawl and 15-years for Hake Deep-Sea Trawl, Small Pelagics: Anchovy and Small Pelagics: Sardines. The results are not final as yet, as applicants reserve the right to appeal their allocation. Sea Harvest does not project any significant changes will be made to the allocations after the appeals process. The new fishing season commenced in all four sectors on 1 March 2022.

OUR AUDIT AND RISK COMMITTEE REPORT

for the year ended 31 December 2021

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

INDEPENDENT NON-EXECUTIVES

Committee Chairperson

KA LAGLER

CA(SA)

Meetings attended: 3/3

CK ZAMA

CA(SA)

Meetings attended: 3/3

WA HANEKOM

CA(SA)

Meetings attended: 3/3

BM RAPIYA

BAdmin

Meetings attended: 3/3

ROLES AND RESPONSIBILITIES

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

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

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

COMPOSITION OF THE COMMITTEE

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

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

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

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

MEETINGS AND WORK PLAN

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

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

Three Audit and Risk Committee meetings were held during the year under review and the members' attendance records are set out above.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OUR AUDIT AND RISK COMMITTEE REPORT

CONTINUED for the year ended 31 December 2021

KEY FUNCTIONS OF THE COMMITTEE

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

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

FINANCE FUNCTION

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

RISK MANAGEMENT AND COMBINED ASSURANCE

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

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

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

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

IT GOVERNANCE

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

EXTERNAL AUDITORS

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

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

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

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

Mandatory audit firm rotation

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

Key audit matters relating to the 2021 audit

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

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

The Committee has addressed the key audit matters as follows:

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

INTERNAL AUDITORS

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

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

OUR AUDIT AND RISK COMMITTEE REPORT

CONTINUED for the year ended 31 December 2021

ACCOUNTING PRACTICES AND INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

ANNUAL FINANCIAL STATEMENTS

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

GOING CONCERN, SOLVENCY AND LIQUIDITY

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

JSE REPORTING REQUIREMENTS

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

JSE proactive monitoring reports

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

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

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

JSE reporting requirements 3.84(k)

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

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

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

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

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

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

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

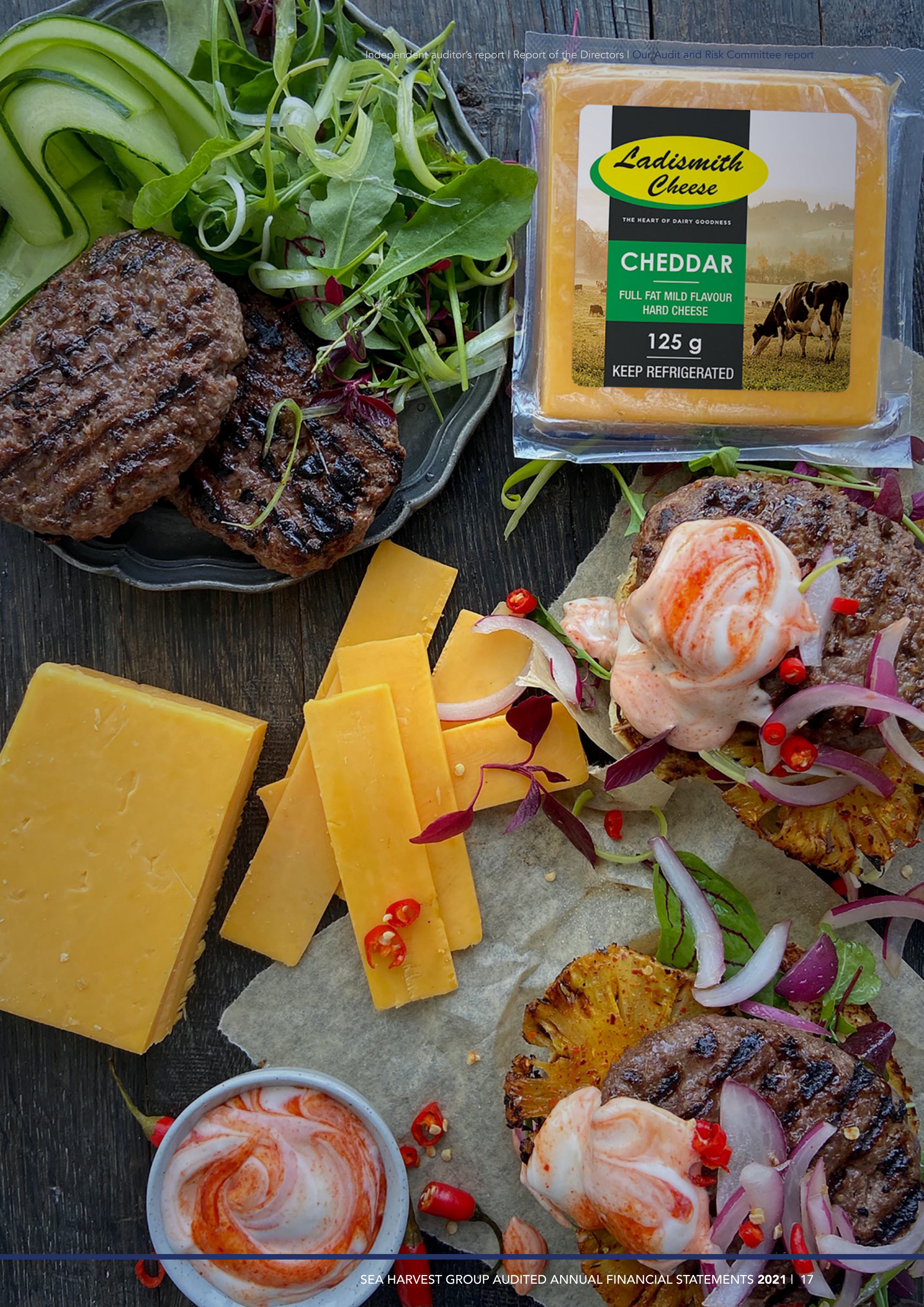
CONCLUSION

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

Kari Ann Lagler

CA(SA)

31 March 2022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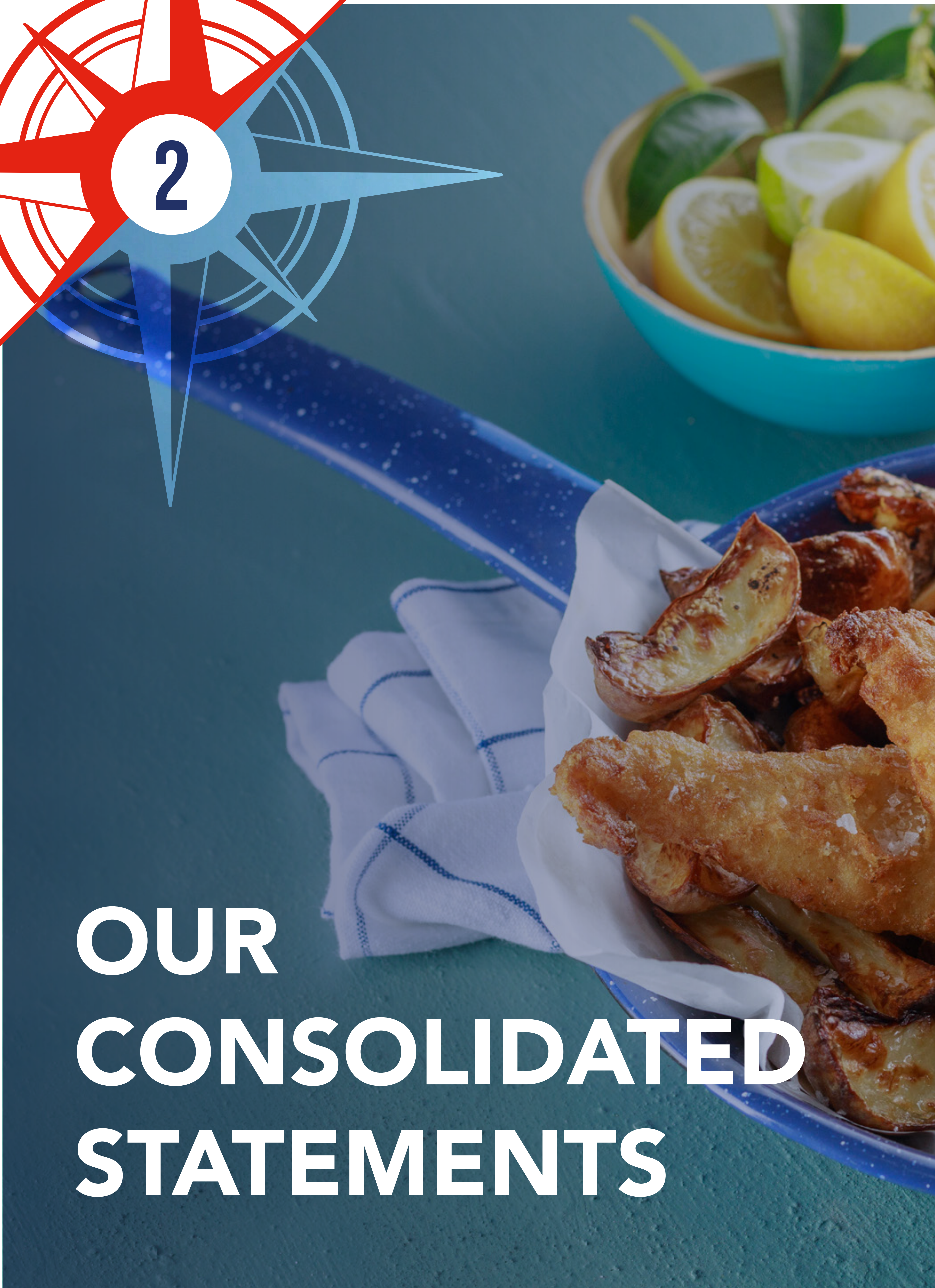

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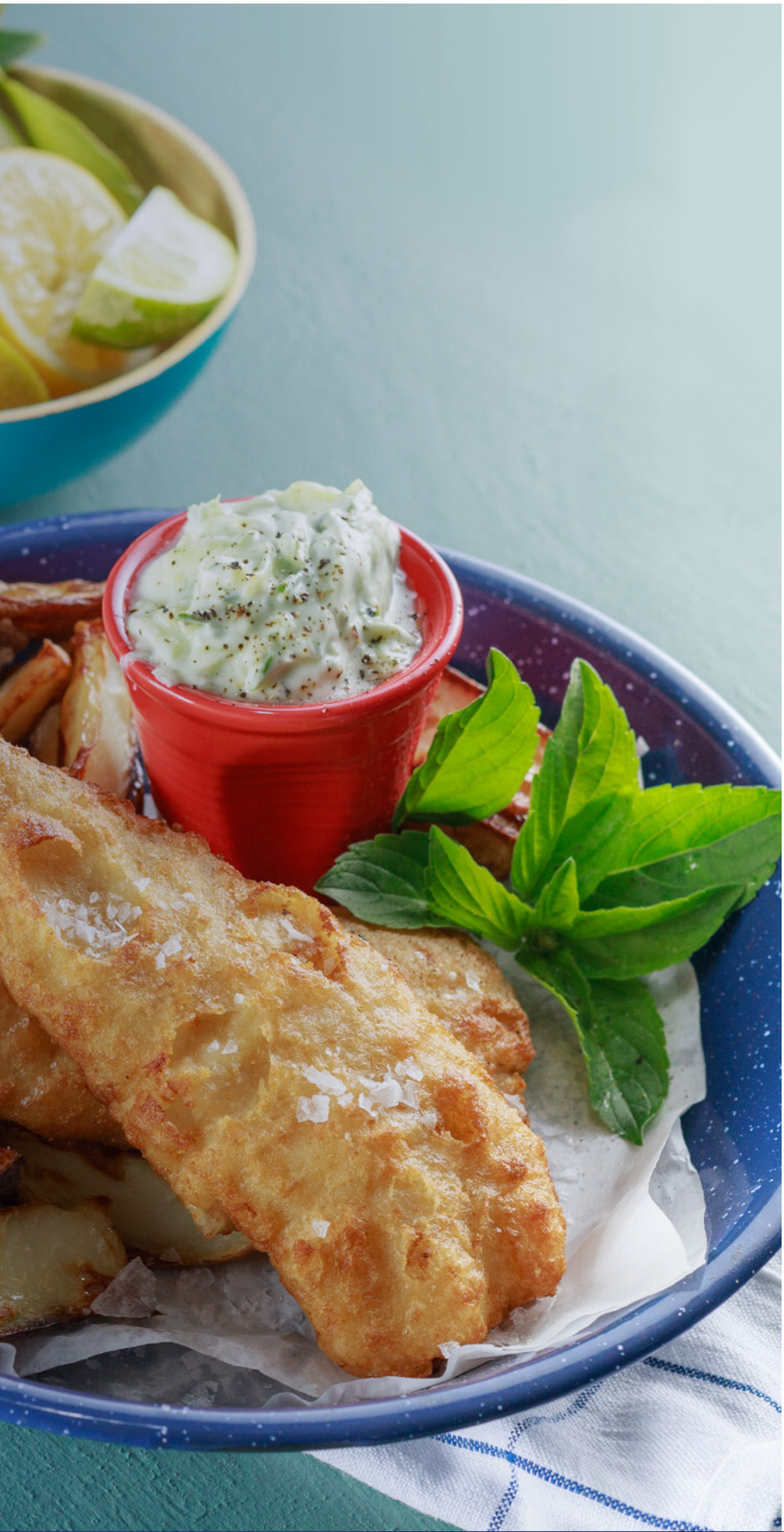
OUR CONSOLIDATED STATEMENTS



CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2021

	NOTES	2021 R'000	2020 R'000
Revenue	1	**4 615 463**	4 375 339
Cost of sales		**(3 191 608)**	(2 894 578)
Gross profit		**1 423 855**	1 480 761
Other operating income/(loss)		**241 778**	(8 041)
Selling and distribution expenses		**(238 625)**	(207 895)
Marketing expenses		**(20 638)**	(14 476)
Other operating expenses[1]		**(715 140)**	(621 089)
Operating profit	2	**691 230**	629 260
Share of (losses)/profit of in associates		**(478)**	790
Gains on bargain purchase		**1 578**	–
Fair value losses		**(16 577)**	(4 608)
Impairment of assets		**(6 153)**	–
Operating profit before net finance costs and taxation		**669 600**	625 442
Investment income	3	**20 770**	28 994
Finance costs	4	**(77 859)**	(101 079)
Profit before taxation		**612 511**	553 357
Taxation	5	**(178 326)**	(155 509)
Profit after taxation		**434 185**	397 848
Other comprehensive income/(loss)			
Items that may not be reclassified subsequently to profit or loss:		**3 963**	619
Remeasurement gain on defined benefit plan		**324**	619
Movement in investment at fair value through other comprehensive income		**4 725**	–
Deferred taxation effect		**(1 086)**	–
Items that may be reclassified subsequently to profit or loss:		**33 666**	10 159
Exchange rate differences on foreign operations		**18 947**	69 126
Movement in cash flow hedging reserve		**83 551**	(152 402)
Movement in cost of hedging reserve		**(48 139)**	26 944
Reserves recycled to other operating income		**(14 593)**	43 332
Deferred taxation effect		**(6 100)**	23 159
Other comprehensive income, net of taxation		**37 629**	10 778
Total comprehensive income for the year		**471 814**	408 626
Profit after taxation attributable to:			
Shareholders of Sea Harvest Group Limited		**469 890**	430 751
Non-controlling interests		**(35 705)**	(32 903)
		434 185	397 848
Total comprehensive income/(loss) for the year attributable to:			
Shareholders of Sea Harvest Group Limited		**507 519**	444 035
Non-controlling interests		**(35 705)**	(35 409)
		471 814	408 626
Earnings per share (cents)			
– Basic	6	**168**	154
– Diluted	6	**166**	149

[1] *Included in other operating expenses is movement in expected credit loss of R2.7 million (2020: -R3.1 million).*

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 December 2021

	NOTES	2021 R'000	2020 R'000
ASSETS			
Property, plant, equipment and vehicles	7	**2 192 999**	1 993 274
Right-of-use assets	8	**114 446**	131 904
Biological assets	9	**68 299**	67 321
Intangible assets	10	**769 463**	733 174
Investment property	31	**3 700**	–
Goodwill	11	**865 192**	862 492
Investments in associates	13	**8 073**	5 994
Investment at fair value through other comprehensive income	14	**29 989**	25 264
Loans to supplier partners	15.1	**94 384**	85 484
Other financial assets	25	**24 936**	25 138
Loans to related parties	36	**121 718**	129 444
Loan receivable	15.2	**7 446**	3 836
Deferred tax assets	16	**3 312**	489
Non-current assets		**4 303 957**	4 063 814
Trade and other receivables	18	**740 033**	695 783
Biological assets	9	**82 123**	93 087
Inventories	17	**902 618**	631 023
Other financial assets	25	**58 866**	27 334
Tax assets		**10 678**	7 729
Cash and bank balances	19	**739 909**	275 245
Current assets		**2 534 227**	1 730 201
Total assets		**6 838 184**	5 794 015
EQUITY AND LIABILITIES			
Stated capital	20	**1 832 487**	1 809 038
Other reserves	20	**(6 558)**	(3 143)
Retained earnings		**1 286 289**	948 311
Equity attributable to the owners of the Company		**3 112 218**	2 754 206
Non-controlling interests		**56 506**	40 138
Equity		**3 168 724**	2 794 344
Long-term borrowings	21	**1 793 679**	1 308 982
Employee-related liabilities	22	**20 927**	22 557
Share-based payment liabilities	30	**–**	31 510
Deferred grant income	23	**32 148**	30 814
Contingent consideration	24	**9 773**	99 974
Lease liabilities	26	**125 224**	144 261
Deferred taxation	16	**608 994**	508 807
Non-current liabilities		**2 590 745**	2 146 905
Short-term borrowings	21	**70 828**	117 758
Trade and other payables	27	**727 408**	648 340
Deferred grant income	23	**3 546**	4 059
Contingent consideration	24	**120 671**	–
Other financial liabilities	25	**118**	24 889
Lease liabilities	26	**19 882**	15 706
Share-based payment liabilities	30	**35 746**	–
Short-term provisions	28	**47 513**	36 432
Taxation		**13**	778
Bank overdrafts	19	**52 990**	4 804
Current liabilities		**1 078 715**	852 766
Total equity and liabilities		**6 838 184**	5 794 015

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2021

	ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT			
	STATED CAPITAL R'000	FORFEITABLE SHARE PLAN RESERVE (TREASURY SHARES) R'000	SHARE-BASED PAYMENTS RESERVE R'000	INVESTMENT REVALUATION RESERVE R'000
Balance as at 1 January 2020	1 810 506	(71 241)	(22 074)	17 309
Profit for the year	–	–	–	–
Dividends declared and paid	–	–	–	–
Other comprehensive income for the year	–	–	–	–
Recognition of share-based payments	–	–	23 447	
Transfer to share-based payment liability subsequent to modification date	–	–	(2 921)	–
Shares vested in terms of forfeitable share plan	–	31 800	(31 800)	–
Shares repurchased for purposes of forfeitable share plan	(1 468)	–	–	–
Balance as at 1 January 2021	**1 809 038**	**(39 441)**	**(33 348)**	**17 309**
Issue of shares	**59 670**	**(59 670)**	**–**	**–**
Profit for the year	**–**	**–**	**–**	**–**
Dividends declared and paid	**–**	**–**	**–**	**–**
Other comprehensive income for the year	**–**	**–**	**–**	**3 639**
Recognition of share-based payments	**–**	**–**	**22 128**	**–**
Transfer to share-based payment liability subsequent to modification date	**–**	**–**	**(3 425)**	**–**
Shares vested in terms of forfeitable share plan	**–**	**35 694**	**(35 694)**	**–**
Shares repurchased for purposes of forfeitable share plan	**(36 221)**	**–**	**–**	**–**
Acquisition of non-controlling interests	**–**	**–**	**–**	**–**
Non-controlling interests at acquisition of a subsidiary	**–**	**–**	**–**	**–**
Balance as at 31 December 2021	**1 832 487**	**(63 417)**	**(50 339)**	**20 948**

ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT								
CASH FLOW HEDGING RESERVE R'000	COST OF HEDGING RESERVE R'000	FOREIGN CURRENCY TRANSLATION RESERVE R'000	ACTUARIAL GAINS/ LOSSES RESERVE R'000	CHANGE OF OWNERSHIP R'000	RETAINED EARNINGS R'000	TOTAL R'000	NON-CONTROLLING INTERESTS R'000	TOTAL EQUITY R'000
124 337	(57 790)	(31 536)	7 419	(3 377)	663 721	2 437 274	76 500	2 513 774
–	–	–	–	–	430 751	430 751	(32 903)	397 848
–	–	–	–	–	(146 161)	(146 161)	(953)	(147 114)
(49 068)	(7 393)	69 126	619	–	–	13 284	(2 506)	10 778
		–	–	–	–	23 447	–	23 447
–	–	–	–	–	–	(2 921)	–	(2 921)
–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	(1 468)	–	(1 468)
75 269	**(65 183)**	**37 590**	**8 038**	**(3 377)**	**948 311**	**2 754 206**	**40 138**	**2 794 344**
–	–	–	–	–	–	–	–	–
–	–	–	–	–	469 890	469 890	(35 705)	434 185
–	–	–	–	–	(131 912)	(131 912)	(1 093)	(133 005)
28 839	(14 120)	18 947	324	–	–	37 629	–	37 629
–		–	–	–	–	22 128	–	22 128
–	–	–	–	–	–	(3 425)	–	(3 425)
–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	(36 221)	–	(36 221)
–	–	–	–	(77)	–	(77)	1 968	1 891
–	–	–	–	–	–	–	51 198	51 198
104 108	**(79 303)**	**56 537**	**8 362**	**(3 454)**	**1 286 289**	**3 112 218**	**56 506**	**3 168 724**

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2021

	NOTES	2021 R'000	2020 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated by operations	A	**977 697**	923 569
Working capital changes	B	**(155 953)**	71 038
Cash generated by operating activities		**821 744**	994 607
Interest received		**11 006**	13 163
Dividends received		**8 000**	8 000
Interest paid		**(75 506)**	(96 645)
Income tax paid		**(131 347)**	(111 737)
Proceeds from government grants		**3 048**	3 328
Net cash generated from operating activities		**636 945**	810 716
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of investment in subsidiaries		**(65 116)**	–
Acquisitions of property, plant, equipment and vehicles		**(273 751)**	(286 313)
Insurance proceeds		**46 450**	25 747
Proceeds from the disposal of property, plant, equipment and vehicles		**2 496**	7 574
Acquisition of intangible assets		**(1 940)**	(32 210)
Additions to biological assets		**(68 703)**	(65 605)
Loans advanced to supplier partners		**–**	(8 425)
Proceeds on loans advanced to supplier partners		**1 559**	1 130
Loans advanced to related parties		**–**	(56 270)
Proceeds on loans advanced to related parties		**7 725**	10 891
Cash movement in other long-term and short-term loans		**(1 142)**	343
Net cash utilised in investing activities		**(352 422)**	(403 138)
CASH FLOWS FROM FINANCING ACTIVITIES			
Shares repurchased		**(36 221)**	(15 322)
Proceeds from borrowings		**544 878**	588 026
Repayment of borrowings and lease liabilities		**(220 041)**	(769 836)
Repayment of other financial liabilities		**(24 448)**	(22 752)
Dividend paid		**(133 005)**	(147 115)
Net cash generated/(utilised) from financing activities		**131 163**	(366 999)
Net increase in cash and cash equivalents		**415 686**	40 579
Cash and cash equivalents at the beginning of the year		**270 441**	229 293
Effects of exchange rate changes on the balance of cash held in foreign currencies		**792**	569
Cash and cash equivalents at the end of the year	19	**686 919**	270 441

		2021 R'000	2020 R'000
A.	**Cash generated by operations**		
	Profit after taxation	**434 185**	397 848
	Adjustments for:		
	Finance costs	**77 859**	101 079
	Taxation charge	**178 326**	155 509
	Investment income	**(20 770)**	(28 994)
	Profit on disposal of property, plant, equipment and vehicles	**(8 616)**	(750)
	Loss on disposal of property, plant, equipment and vehicles	**7 646**	8 327
	Gain on lease modification	**(1 199)**	(266)
	Gains on bargain purchase	**(1 578)**	–
	Unrealised foreign exchange (gains)/losses	**(11 703)**	11 920
	Depreciation and amortisation on non-current assets	**246 034**	219 293
	Share of losses/(profits) of associates	**478**	(790)
	Government grant income	**(2 235)**	(4 008)
	Non-cash movements in relation to share-based payments	**22 938**	22 472
	Fair value loss/(gain) on option	**307**	(1 919)
	Fair value adjustment on contingent consideration	**10 629**	9 112
	Fair value adjustment on biological assets	**5 642**	(2 585)
	Non-cash movement on biological assets	**73 047**	47 120
	Movement in provisions	**7 004**	15 344
	Insurance proceeds	**(46 450)**	(25 747)
	Impairment of assets	**6 153**	–
	Other non-cash movements	**–**	604
		977 697	923 569
B.	**Movements in working capital**	**(155 953)**	71 038
	Decrease in trade and other receivables	**18 150**	15 010
	Increase in trade and other payables	**22 297**	97 132
	Increase in inventory	**(196 400)**	(41 104)
	Cash generated by operating activities	**821 744**	994 607

SEGMENT REPORT
for the year ended 31 December 2021

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

BASIS OF SEGMENT PRESENTATION

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

IDENTIFICATION OF REPORTABLE SEGMENTS

The Group discloses its reportable segments according to the entity components that the chief operating decision maker monitors regularly in making decisions about operating matters. The Group has four reportable segments being the South African Fishing, Australian, Aquaculture and Cape Harvest Foods segments.

Segment information is prepared in conformity with the basis that is reported to the CEO, who is the chief operating decision maker, in assessing segment performance and allocating resources to segments. These values have been reconciled to the consolidated annual financial statements. The basis reported by the Group is in accordance with the accounting policies adopted for preparing and presenting the consolidated annual financial statements.

The South African Fishing operations predominantly fish Cape Hake and Horse Mackerel; the Aquaculture operation farms and sells abalone and oysters; the Australian operations predominantly fish Shark Bay prawns, scallops, crabs and Spanish mackerel with value-added dairy products and the Sea Harvest factory shops in Cape Harvest Foods. Both the Cape Harvest Foods and Australian segment have convenience foods products. The resultant products are marketed nationally and internationally.

The following tables are an analysis of the Group's revenue and results by reportable segment for the year ended 31 December 2021:

2021	SOUTH AFRICAN FISHING R'000	AUSTRALIA R'000	AQUACULTURE R'000	CAPE HARVEST FOODS* R'000	TOTAL R'000
Revenue	2 664 472	553 722	91 686	1 305 583	4 615 463
Depreciation and amortisation	(171 028)	(25 686)	(17 759)	(31 560)	(246 033)
Foreign currency and commodity price gains	141 892	84	82	904	142 962
Employee-related expenses	(884 667)	(38 684)	(45 568)	(197 276)	(1 166 195)
Share-based payment expenses	(20 408)	–	–	(1 719)	(22 127)
Other expenses	(1 058 678)	(458 193)	(92 142)	(1 023 827)	(2 632 840)
Operating profit	671 583	31 243	(63 701)	52 105	691 230
Investment income	19 814	401	44	511	20 770
Finance costs	(61 893)	(10 154)	(2 100)	(3 712)	(77 859)
Fair value (loss)/gain	(11 571)	–	(5 641)	635	(16 577)
Gains on bargain purchase	–	–	–	1 578	1 578
Impairment of assets	–	–	(6 153)	–	(6 153)
Share of losses of associates	–	–	(478)	–	(478)
Profit before taxation	617 933	21 490	(78 029)	51 117	612 511
Taxation	(173 937)	(5 874)	(1 397)	2 882	(178 326)
Profit after taxation	443 996	15 616	(79 426)	53 999	434 185
Segment assets	3 696 190	1 130 391	665 697	1 345 906	6 838 184
Segment liabilities	2 322 218	412 048	454 917	480 277	3 669 460
Non-current assets	2 022 673	920 157	562 879	798 248	4 303 957
Additions to non-current assets	173 714	36 440	13 741	67 759	291 654
The above segment assets include the following:					
Investment in associate	–	–	5 516	2 557	8 073

* *BM Foods Group and Mooivallei, which were acquired through business combination, have been included in the Cape Harvests Foods segment since the respective acquisition dates.*

Revenue excludes the following intersegmental revenues between South Africa and Australia which are eliminated on consolidation: R169.4 million (2020: R172.0 million), R38.5 million (2020: R46.4 million) between South African Fishing and Cape Harvest Food and R5.5 million (2020: R2.5 million) between Aquaculture and South African Fishing.

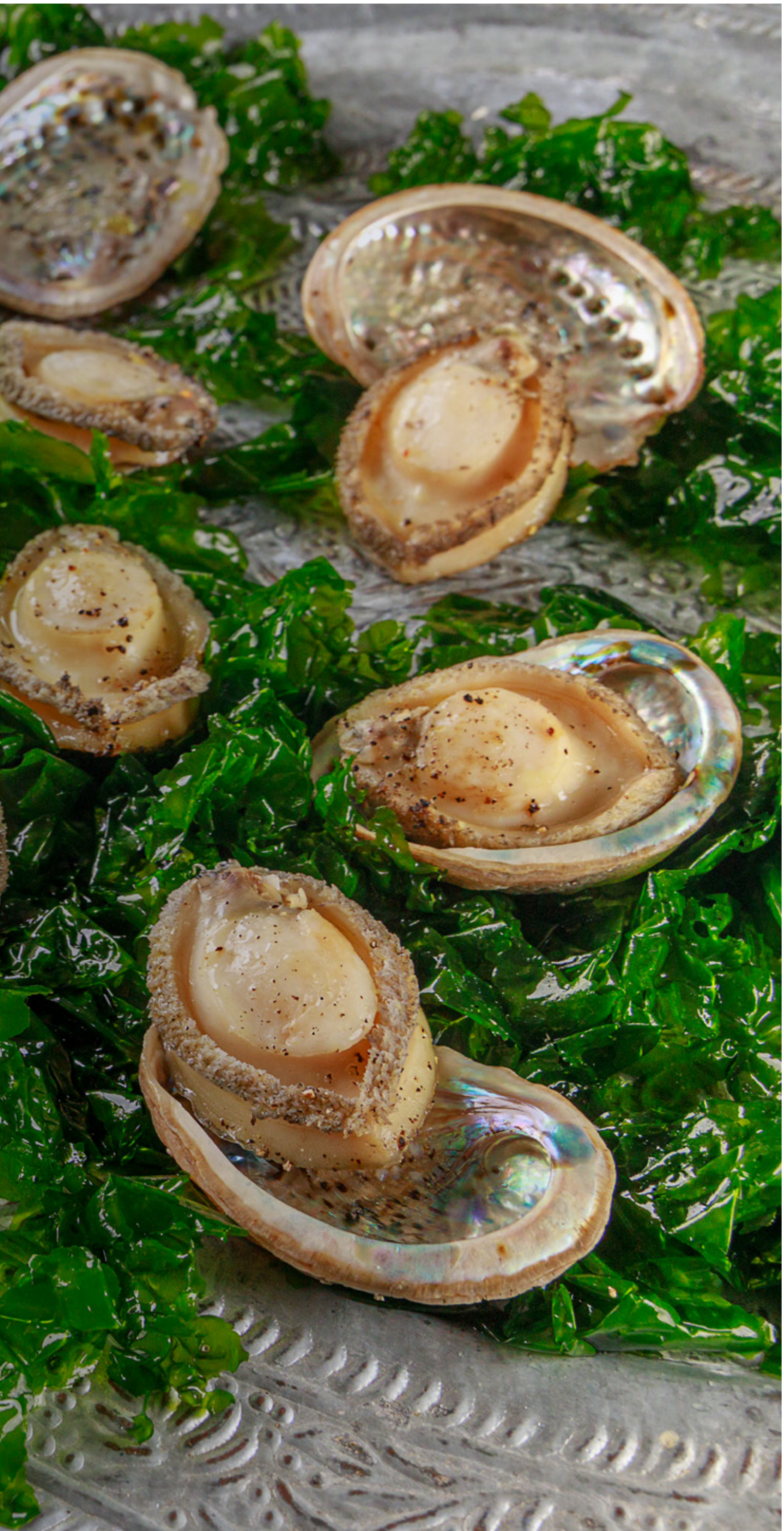
2020	SOUTH AFRICAN FISHING R'000	AUSTRALIA R'000	AQUACULTURE R'000	CAPE HARVEST FOODS R'000	TOTAL R'000
Revenue	2 758 205	542 477	53 334	1 021 323	4 375 339
Depreciation and amortisation	(156 149)	(20 720)	(17 136)	(25 289)	(219 294)
Foreign currency and commodity price gains	(61 119)	2 963	(9 136)	(254)	(67 546)
Employee-related expenses	(825 015)	(37 635)	(39 634)	(95 820)	(998 104)
Share-based payment expenses	(23 932)	–	–	(595)	(24 527)
Other expenses	(1 121 814)	(449 560)	(59 939)	(805 295)	(2 436 608)
Operating profit	570 176	37 525	(72 511)	94 070	629 260
Investment income	27 499	36	50	1 409	28 994
Finance costs	(83 564)	(11 769)	(3 679)	(2 067)	(101 079)
Fair value (loss)/gain	(7 193)	–	2 585	–	(4 608)
Share of profits of associate	–	–	790	–	790
Profit before taxation	506 918	25 792	(72 765)	93 412	553 357
Taxation	(141 132)	(5 930)	17 237	(25 684)	(155 509)
Profit after taxation	365 786	19 862	(55 528)	67 728	397 848
Segment assets	3 048 569	1 084 782	708 189	952 475	5 794 015
Segment liabilities	1 878 634	398 741	455 666	266 630	2 999 671
Non-current assets	2 033 149	896 678	588 275	545 712	4 063 814
Additions to non-current assets	176 613	83 902	22 073	57 234	339 822
The above segment assets include the following:					
Investment in associate	–	–	5 994	–	5 994

Information regarding major customers

No customers (2020: Nil) individually contribute 10% or more of the Group's revenue arising from the South African Fishing, Australian, Aquaculture and Cape Harvest Foods segments.

3

OUR POLICIES



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Group accounting policies

GROUP ACCOUNTING POLICIES

PRESENTATION OF FINANCIAL STATEMENTS

Basis of preparation

Statement of compliance

The consolidated (or Group) and separate (or Company) financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), in compliance with the JSE Limited Listings Requirements, the interpretations adopted by the International Accounting Standards Board (IASB), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and the requirements of the South African Companies Act, No 71 of 2008. The financial statements were approved for issue by the Board of Directors on 31 March 2022.

Basis of measurement and preparation

The Group and Company financial statements are prepared in accordance with the going concern and historical cost basis, except for the revaluation of certain assets and liabilities detailed in **notes 9, 14 and 30.**

The principal accounting policies set out below and in the individual notes have been applied on a basis consistent with the previous year.

Functional and presentation currency

The presentation and functional currency of the Group and Company financial statements is South African rand, and all amounts are rounded to the nearest thousand, except when stated otherwise.

Disclosure of accounting policies

The Group and Company disclose only those accounting policies which relate to material transactions, other events or conditions, and:

- was changed during the reporting period because the Group and Company were required to or chose to change its policy, and this change resulted in a material change to the amounts included in the financial statements;
- was chosen from one or more alternatives in an IFRS standard;
- was developed in accordance with paragraphs 10 to 12 of IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors in the absence of an IFRS standard that specifically applies;
- relates to an area for which the Group and Company are required to make significant judgements;
- is in relation to assumptions in applying an accounting policy and discloses those judgements or assumptions; or
- applies the requirements of an IFRS standard in a way that reflects the Group and Company's specific circumstances.

Foreign currency translation

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the reporting date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a foreign currency translation reserve.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

Critical accounting judgements and key sources of estimation uncertainty

The preparation of the Group and Company financial statements in conformity with IFRS requires management to make judgements (other than those including estimations) that have a significant impact on the amounts recognised, and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. These judgements and estimates are described in the notes and identified under the heading "Significant judgements and estimates". The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision only affects that period, or in the period of the revision and future periods if the revision affects both current and future periods.

New standards, interpretations, and amendments effective and adopted

In the current year, the Group has applied amended IFRS Standards and Interpretations issued by the International Accounting Standards Board (IASB) that are effective for an annual period that begins on or after 1 January 2021. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

- **Interest Rate Benchmark Reform (RBF – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)**

  The amendments to Interest Rate Benchmark Reform introduce a practical expedient for modifications required by the reform and clarify that hedge accounting is not discontinued solely because of the Interbank Offered Rate (IBOR) reform. They also introduce disclosures that allow users to understand the nature and extent of risks arising from the IBOR reform to which the entity is exposed and how the entity manages those risks as well as the entity's progress in transitioning from IBORs to alternative benchmark rates, and how the entity is managing this transition.

  The amendments must be applied prospectively for annual periods which began on or after 1 January 2021, with earlier application permitted. While most non-US dollar LIBORs will transition to RFRs at the end of 2021, other IBORs (such as the Johannesburg InterBank Average Rate (JIBAR)) may transition at some further date in the future. The Sea Harvest Group only has JIBAR linked long term liabilities, therefore no change is required in the current year.

Standards that are issued but not yet effective:

The amendment below will not be early adopted and will be implemented on the effective date. The impact of the new standards are in the process of being determined.

- **Definition of Accounting Estimates (Amendments to IAS 8)**

  The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are 'monetary amounts in financial statements that are subject to measurement uncertainty'. Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate resulting from new information or new developments is not the correction of an error.

  The amendments must be applied prospectively for annual periods beginning on or after 1 January 2023, with earlier application permitted.

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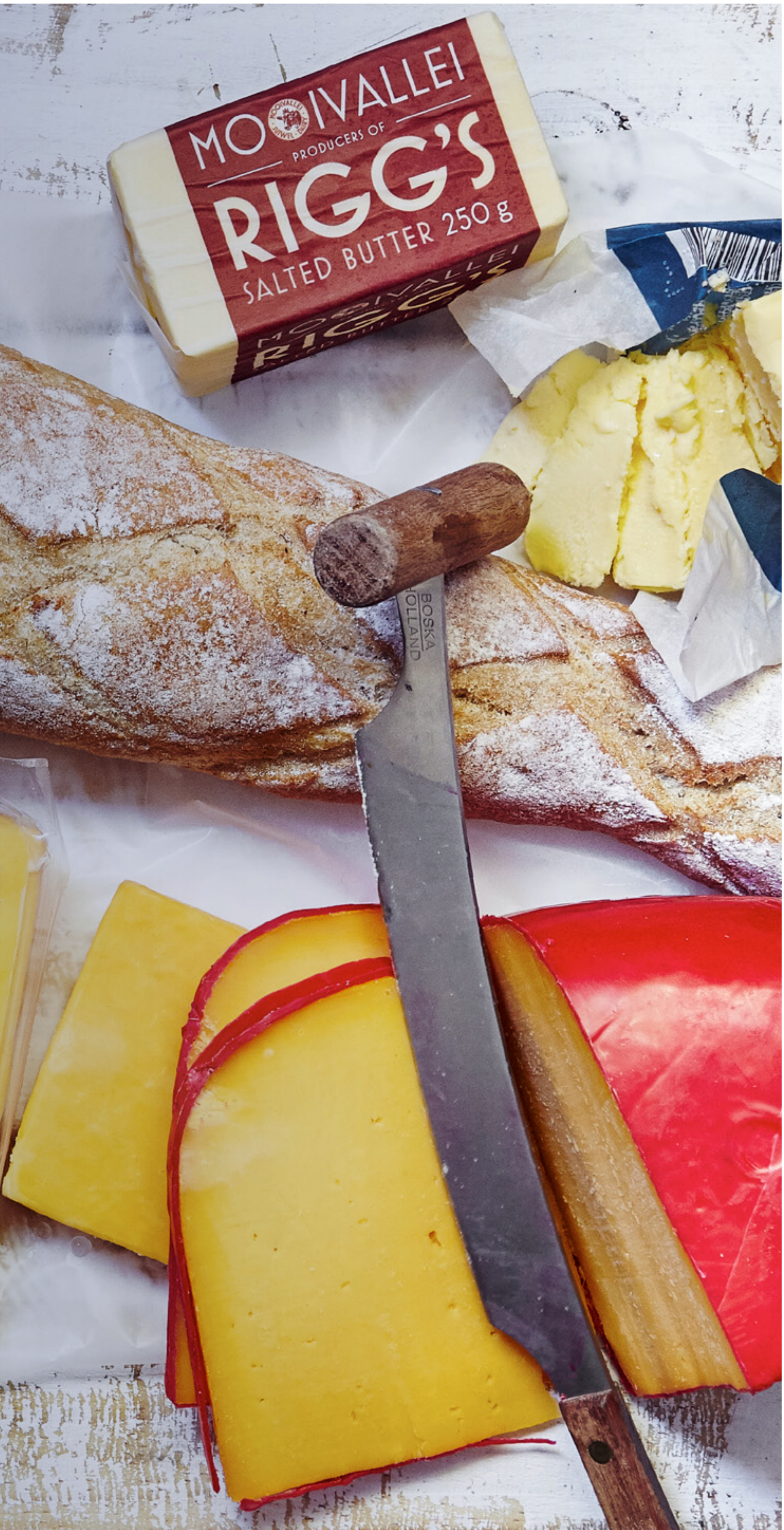
OUR NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS



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Notes to the consolidated annual financial statements

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2021

1. REVENUE

ACCOUNTING POLICY

Recognition and measurement

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer, excluding value added tax. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Revenue from the sale of goods is recognised at the point in time when control of the asset is transferred to the customer, which is normally on delivery. Delivery in the case of export sales is determined by reference to the sales contract and application of Incoterms. The normal credit terms are 30 to 90 days after delivery.

The Group considers whether there are other promises in the sales order that are separate performance obligations to which a portion of the transaction price needs to be allocated, such as warranties and customer loyalty points. The impact of warranties and customer loyalty points is insignificant.

Revenue recognised over time is generated from the Cape Harvest Foods segment and arises from the performance of services relating to co-manufacturing and packaging contracts. The amount of revenue recognised is based on the conversion cost and is recognised upon collection of the stock by the customer, which is the best estimate of the point at which the service is rendered. A liability is raised by the Group upon receipt of input material from the customer to be converted into specific product formats. Refer to **note 27** for the liability recognised as at 31 December 2021.

The Group does not adjust consideration for the effect of financing, as the period between the transfer of goods and services and receipt of payment from customers is less than one year.

	GROUP	
	2021 R'000	**2020 R'000**
Group revenue for the year can be analysed as follows:		
Revenue recognised at a point in time	**4 590 316**	4 360 967
Revenue recognised over time	**25 147**	14 372
	4 615 463	4 375 339
Revenue from sale of goods comprises:		
Wild-caught fish[1]	**2 808 530**	2 848 476
Shellfish[2]	**343 255**	308 089
Convenience foods	**246 588**	93 852
Traded[3]	**132 005**	188 774
Dairy	**1 085 085**	936 148
	4 615 463	4 375 339
Revenue is further split by geographic location as follows:		
South Africa	**2 657 470**	2 348 134
Australia	**544 388**	543 009
Europe	**1 143 488**	1 299 838
Other markets	**270 117**	184 358
	4 615 463	4 375 339

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

[2] *Prawns, scallops, crabs and abalone and related by-catch.*

[3] *Includes sales of purchased in products*

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

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

	GROUP	
	2021 R'000	**2020 R'000**
2. OPERATING PROFIT		
Operating profit is arrived at after taking into account the following:		
Income		
Foreign currency and commodity price gains/(losses)	**142 961**	(67 546)
Government grant income	**2 235**	4 008
Profit on the disposal of property, plant, equipment and vehicles	**8 616**	750
Insurance proceeds	**46 450**	25 747
Operating expenses		
Amortisation of intangibles	**8 731**	8 631
Auditors remuneration		
– External statutory audit	**5 249**	4 941
– Other	**5 040**	883
Depreciation of property, plant, equipment and vehicles	**215 921**	191 532
Depreciation of right-of-use assets	**21 381**	19 130
COVID-19 expenses	**26 898**	39 203
Movement in expected credit losses	**2 720**	(3 137)
Inventory adjustments		
– Net increase in the provision for obsolescence	**15 457**	1 439
– Write downs to net realisable value	**19 517**	2 441
Loss on the disposal of property, plant, equipment and vehicles	**7 646**	8 327
Rental expense on low-value and short-term leases		
– Land and buildings	**7 812**	4 822
– Property, plant, equipment and vehicles	**4 343**	5 954
Employee-related expenses		
Salaries, wages and other short-term benefits	**1 166 195**	998 104
Share-based payments expense	**22 128**	24 527
Post-employment benefits	**46 556**	43 720
Total employee-related expenses	**1 234 879**	1 066 351
3. INVESTMENT INCOME		
Interest received on bank deposits and from external parties	**12 770**	20 994
Dividends received from investment at fair value through other comprehensive income	**8 000**	8 000
	20 770	28 994
4. FINANCE COSTS		
Interest on borrowings	**59 059**	82 433
Interest on lease liability	**13 773**	15 213
Other[1]	**5 027**	3 433
	77 859	101 079

[1] *Other finance costs mainly relate to interest paid to post-retirement medical aid and interest charged on instalment sale obligations*

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

CONTINUED for the year ended 31 December 2021

	GROUP 2021 R'000	GROUP 2020 R'000
5. TAXATION		
Current tax: South Africa		
In respect of the current year	**126 639**	115 091
In respect of prior years	**159**	(2 231)
	126 798	112 860
Deferred tax: South Africa		
In respect of the current year	**45 546**	36 721
In respect of prior years	**–**	(1)
	45 564	36 720
Current tax: Australia[1]		
In respect of the current year	**(558)**	967
	(558)	967
Deferred tax: Australia		
In respect of the current year	**7 216**	5 012
In respect of prior years	**(694)**	(50)
	6 522	4 962
Taxation charge	**178 326**	155 509
Deferred tax recognised through other comprehensive income		
Fair value remeasurement of cash flow hedges	**(6 100)**	23 159
Movement in investment at fair value through other comprehensive income	**(1 086)**	–
	(7 186)	23 159
Tax rate reconciliation		
Profit before tax	**612 511**	553 357
Income tax expense calculated at 28% (2020: 28%)	**171 946**	154 940
Prior year adjustment	**4 978**	848
Over provided previous year	**(534)**	(2 281)
Non-taxable income[2]	**(16 064)**	(14 446)
Non-deductible expenses[3]	**16 194**	12 569
Deferred tax asset not recognised	**16 390**	4 071
Capital gains tax	**(387)**	(433)
Tax effect of fair value gains	**(347)**	–
Tax effect of utilisation of prior year losses	**(13 872)**	–
Tax effect of share of results of associates	**134**	(221)
Tax effect of tax rates of subsidiary operating in other jurisdictions	**(112)**	462
Taxation charge	**178 326**	155 509

[1] *The Australian tax rate is 30% (2020: 30%).*

[2] *Non-taxable income relates to the reversal of prior year provisions, dividend income and learnership incentives.*

[3] *Non-deductible expenses mainly relate to legal, consulting and other professional fees.*

	NUMBER OF SHARES	
	2021	**2020**

6. EARNINGS PER SHARE

6.1 CALCULATION OF WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES

	2021	2020
Weighted average number of ordinary shares used in the calculation of basic and headline earnings per share	**280 352 798**	279 177 043
Dilutive effect of treasury shares (forfeitable share plan)	**2 125 743**	10 321 837
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	**282 478 541**	289 498 880

	GROSS OF TAX 2021 R'000	NET OF TAX AND NON-CONTROLLING INTEREST 2021 R'000	GROSS OF TAX 2020 R'000	NET OF TAX AND NON-CONTROLLING INTEREST 2020 R'000
6.2 DETERMINATION OF HEADLINE EARNINGS				
Profit attributable to shareholders of Sea Harvest Group Limited	**612 511**	**469 890**	553 357	430 751
Adjusted for:				
Net gain on disposal of property, plant, equipment and vehicles	**(970)**	**(970)**	7 574	7 574
Impairment of assets	**6 153**	**2 951**	–	–
Gains on bargain purchase	**(1 578)**	**(1 578)**	–	–
Insurance proceeds[1]	**(46 135)**	**(31 258)**	(25 747)	(17 416)
Headline earnings for the year	**569 981**	**439 035**	535 184	420 909

[1] *Excluded in insurance proceeds is an amount received from insurance for loss of biological assets stock.*

	2021	2020
Headline earnings per share (cents)		
– Basic	**157**	151
– Diluted	**155**	145
Basic earnings per share (cents)	**168**	154
Diluted earnings per share (cents)	**166**	149

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

CONTINUED for the year ended 31 December 2021

7. PROPERTY, PLANT, EQUIPMENT AND VEHICLES

ACCOUNTING POLICY

Recognition and measurement

Property, plant, equipment and vehicles is stated at historical cost less accumulated depreciation and accumulated impairment losses.

Cost

Historical cost includes expenditure that is directly attributable to the acquisition of the item.

The cost of fishing trawler refits (major overhauls) includes expenditure on materials, direct labour and an allocated proportion of project overheads. Subsequent costs are included in the asset's carrying amount, or recognised as a separate asset, only when it is probable that the future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the statement of comprehensive income in the period in which they are incurred.

Gains or losses on disposals of property, plant, equipment and vehicles are determined by comparing proceeds with the carrying amount and are included in operating profit in the statement of comprehensive income.

Depreciation

Property, plant, equipment and vehicles are depreciated to their estimated residual values on a straight-line basis over their expected useful life. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Impairment

The Group reviews the carrying amount of its property, plant, equipment and vehicles annually and if events occur which call into question the carrying amount of the assets to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated, being the higher of the asset's fair value less costs to sell and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows (cash generating units). Where the carrying amount exceeds the estimated recoverable amount, such assets are written down to their recoverable amount.

Significant judgements and estimates

Depreciation and residual values

The Group depreciates its assets over their estimated useful lives. The estimation of the useful lives of assets is based on historic performance as well as expectations of future use and therefore requires a significant degree of judgement to be applied by management. The actual lives of these assets can vary depending on a variety of factors, including technological innovation, operating conditions and maintenance programmes. The depreciation rates represent management's current best estimate of the useful lives of these assets.

Significant judgement is applied by management when determining the residual values for property, plant, equipment and vehicles. When determining the residual value, the following factors are taken into account:

- External residual value information (if available); and
- Internal technical assessments for specialised plant and machinery.

The Group has reviewed the residual values and useful lives of its assets. No material adjustments resulted from the review in the current year.

The useful lives for classes of property, plant, equipment and vehicles are as follows:

	USEFUL LIFE
Freehold buildings	5 – 50 years
Leasehold improvements	Term of lease
Fishing trawlers	5 – 45 years
Refits	2 – 2.5 years
Plant, machinery and equipment	2 – 40 years
Motor vehicles	2 – 14 years
Office equipment	2 – 26 years

	FREEHOLD LAND AND BUILDINGS R'000	LEASEHOLD LAND AND BUILDINGS R'000	FISHING TRAWLERS AND REFITS R'000	PLANT, MACHINERY AND EQUIPMENT R'000	MOTOR VEHICLES R'000	OFFICE EQUIPMENT R'000	TOTAL R'000
2021							
Balance as at 1 January 2021	**149 998**	**28 021**	**905 697**	**842 758**	**20 397**	**46 403**	**1 993 274**
Cost	**163 842**	**58 774**	**1 244 000**	**1 044 216**	**32 482**	**88 331**	**2 631 645**
Accumulated depreciation and impairment	**(13 844)**	**(30 753)**	**(338 303)**	**(201 458)**	**(12 085)**	**(41 928)**	**(638 371)**
Transfers in – cost	**75 089**	**109**	**28 682**	**92 017**	**1 499**	**589**	**197 985**
Transfers out – cost	**(315)**	**(653)**	**(1 670)**	**(201 487)**[1]	**(295)**	**(29)**	**(204 449)**
Additions	**1 151**	**7 093**	**133 203**	**103 579**	**11 969**	**16 756**	**273 751**
Acquisitions through business combinations	**110 533**	**1 764**	**–**	**46 092**	**3 460**	**2 197**	**164 046**
Disposals/derecognition	**(360)**	**(1)**	**(15 832)**	**(1 035)**	**(588)**	**(45)**	**(17 861)**
Cost	**(599)**	**(1 959)**	**(96 230)**	**(4 218)**	**(1 795)**	**(2 505)**	**(107 306)**
Accumulated depreciation and impairment	**239**	**1 958**	**80 398**	**3 183**	**1 207**	**2 460**	**89 445**
Depreciation for the year	**(6 162)**	**(6 195)**	**(118 492)**	**(64 304)**	**(5 032)**	**(15 736)**	**(215 921)**
Impairment losses during the year	**(347)**	**(165)**	**(324)**	**(5 152)**	**(84)**	**(81)**	**(6 153)**
Effect of foreign currency exchange differences	**513**	**–**	**4 957**	**2 763**	**4**	**90**	**8 423**
Balance as at 31 December 2021	**330 100**	**29 973**	**936 221**	**815 231**	**31 330**	**50 144**	**2 192 999**
Cost	**350 455**	**65 128**	**1 314 665**	**1 083 126**	**47 344**	**106 075**	**2 966 793**
Accumulated depreciation and impairment	**(20 355)**	**(35 155)**	**(378 444)**	**(267 895)**	**(16 014)**	**(55 931)**	**(773 794)**
2020							
Balance as at 1 January 2020	151 900	23 991	818 950	819 894	21 377	45 622	1 881 734
Cost	160 373	52 955	1 099 800	974 607	28 724	80 466	2 396 925
Accumulated depreciation and impairment	(8 473)	(28 964)	(280 850)	(154 713)	(7 347)	(34 844)	(515 191)
Transfers in	(1)	(55)	22 731	37 718	618	31	61 042
Transfers out	(193)			(60 751)	–	(98)	(61 042)
Additions	251	8 419	161 282	107 932	4 243	13 019	295 146
Disposals/derecognition	(125)	(174)	(12 736)	(1 532)	(383)	(201)	(15 151)
Cost	(125)	(2 599)	(62 973)	(14 775)	(1 133)	(6 912)	(88 517)
Accumulated depreciation and impairment	–	2 425	50 237	13 243	750	6 711	73 366
Depreciation for the year	(4 692)	(4 160)	(104 256)	(59 633)	(5 475)	(13 315)	(191 531)
Effect of foreign currency exchange differences	2 858	–	19 726	(870)	17	1 345	23 076
Balance as at 31 December 2020	149 998	28 021	905 697	842 758	20 397	46 403	1 993 274
Cost	163 842	58 774	1 244 000	1 044 216	32 482	88 331	2 631 645
Accumulated depreciation and impairment	(13 844)	(30 753)	(338 303)	(201 458)	(12 085)	(41 928)	(638 371)

[1] *Projects costs are accumulated in a capital work in progress account and transferred to the relevant asset categories when the asset is complete and ready for use.*

In 2015, property, plant, equipment and vehicles with a carrying amount of approximately R62 million was acquired with the assistance of a DTI government grant.

An additional grant of R3 million (2020: R3.3 million) was received and used towards the purchase of property, plant, equipment and vehicles with a carrying value of approximately R143 million (2020: R121.7 million). The government grant is treated as deferred income and released to the statement of comprehensive income over the useful lives of the assets. Please refer to **note 23**.

The moveable assets of the Group, including property, plant, equipment and vehicles with a carrying amount of approximately R2.2 billion (2020: R2 billion) have been pledged to secure long-term borrowings of the Group (see **note 21**).

The cost of fully depreciated property, plant, equipment and vehicles amounts to R156.8 million (2020: R189.9 million).

An amount of R46.1 million (2020: R18.5 million) was received as compensation from third parties for items of property, plant equipment and vehicles that were scrapped due to damages.

The Aquaculture operation, with its main markets being in the Far East, continues to experience the negative effects of COVID-19 as a direct result of continued lockdown restrictions and the curtailment of air freight and associated high freight costs from South Africa. With the segment still under pressure, the board of Viking Aquaculture resolved to limit the losses in the Aquaculture segment by closing the mussel and trout businesses. These closures resulted in R6.2 million in impairment losses in the Aquaculture segment for the year ended 31 December 2021.

8. RIGHT-OF-USE ASSETS

ACCOUNTING POLICY

Recognition and measurement

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

The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable or variable lease payments that depend on an index or a rate.

The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of certain properties, motor vehicles and equipment (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value (i.e. below R100 000). Lease payments on short-term leases and leases of low-value assets are recognised as expenses on a straight-line basis over the lease term.

Significant judgement in determining the lease term of contracts with renewal options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease if it is reasonably certain not to be exercised. Judgement is required in determining whether the Group is reasonably certain to exercise its option to extend the lease or terminate the lease at initial inception. This is based on various factors including terms for renewal in relation to market rates, whether there has been significant leasehold improvements and the costs relating to termination.

The Group has entered into agreements to lease land and manufacturing/office buildings and retail shops, with lease terms between three and 10 years. The Group has the option, under some leases, to lease the assets for additional terms of three to five years. The likelihood of exercising these options is assessed on a lease-by-lease basis.

	2021 R'000	2020 R'000
Balance at the beginning of the year	**131 904**	136 695
Cost	**173 945**	152 705
Accumulated depreciation and impairment losses	**(42 041)**	(16 010)
Additions to leases	**6 961**	14 789
Acquired through business combination	**3 243**	–
Terminated leases	**(6 333)**	(1 449)
Cost	**(13 140)**	(2 593)
Accumulated depreciation on leases discountinued	**6 807**	1 144
Depreciation	**(21 381)**	(19 130)
Effect of foreign currency exchange differences	**52**	999
Balance as at 31 December 2021	**114 446**	131 904
Cost	**171 379**	173 945
Accumulated depreciation and impairment losses	**(56 933)**	(42 041)
Amounts recognised in profit or loss:		
Depreciation expense on right-of-use assets	**21 381**	19 130
Expenses relating to leases of low value assets	**4 343**	5 954
Expenses relating to short-term leases	**7 812**	4 822
Gain on modification of leased asset	**1 198**	266
Interest expense on lease liabilities	**13 773**	14 535
Total cash flows recognised:		
Rental expenses[1]	**45 102**	39 381

[1] *Total rental expenses consist of R12.1 million (2020: R10.8 million) relating to low-value and short-term leases (classified as operating activities), R13.7 million (2020: R12.9 million) relating to interest on lease liabilities (classified as operating activities) and R19.2 million (2020: R15.7 million) relating to the capital portion of lease liabilities (classified as financing activities).*

At 31 December 2021, the Group is committed to R1.4 million (2020: R1.7 million) relating to short-term leases.

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9. BIOLOGICAL ASSETS

ACCOUNTING POLICY

Recognition and measurement

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 US dollar and rand denominated market prices of biological assets of similar age, breed and genetic merit. Point-of-sale costs include all costs that would be incurred in order to get the biological assets to the customer. Gains or losses arising from measurement on initial recognition or from a subsequent change in fair value less estimated point-of-sale costs is included in the statement of comprehensive income in the period in which it arises.

Significant estimates

The fair value of abalone and oysters are determined based on US dollar and rand denominated market prices of biological assets of a similar age, breed, and genetic merit. In the absence of an active market, due to early stages of biological assets development , the capitalised costs are deemed to be the best estimate of fair value. Subsequent expenditure incurred in the development of abalone and oysters from a certain size up to the point of maturity, is capitalised in the cost.

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.

9.1 RECONCILIATION OF BIOLOGICAL ASSETS

	ABALONE R'000	MUSSELS AND OYSTERS R'000	FISH R'000	TOTAL R'000
2021				
Balance as at 1 January 2021	**123 276**	**29 935**	**7 197**	**160 408**
Increase due to additions and cost capitalised	**50 065**	**15 296**	**3 342**	**68 703**
Decrease due to harvest and mortalities	**(42 606)**	**(21 013)**	**(9 428)**	**(73 047)**
Fair value adjustment	**2 902**	**(7 577)**	**(967)**	**(5 642)**
Balance as at 31 December 2021	**133 637**	**16 641**	**144**	**150 422**
Transferred to current	**80 325**	**1 654**	**144**	**82 123**
Total non-current	**53 312**	**14 987**	**–**	**68 299**
2020				
Balance as at 1 January 2020	107 758	24 181	7 400	139 339
Increase due to additions and cost capitalised	47 069	12 190	6 346	65 605
Decrease due to harvest and mortalities	(28 451)	(8 456)	(10 214)	(47 121)
Fair value adjustment	(3 100)	2 020	3 665	2 585
Balance as at 31 December 2020	123 276	29 935	7 197	160 408
Transferred to current	73 035	16 099	3 953	93 087
Total non-current	50 241	13 836	3 244	67 321

	ABALONE (TONNES)	MUSSELS (TONNES)	OYSTERS (UNITS IN '000)	FISH (TONNES)
2021				
Quantities on hand at 31 December 2021	**501**	**–**	**8**	**41**
Quantities harvested during the period	**210**	**144**	**1 550**	**46**
2020				
Quantities on hand at 31 December 2020	572	743	12 726	118
Quantities harvested during the period	153	158	924	22

Included in finished goods inventory is an amount of R9.9 million (2020: R12.7 million) relating to canned, frozen and dried biological assets.

The operating cycle is more than one year and therefore only abalone above and including 40 – 50g, oysters above and including 50 – 60g size categories, and fish larger than 1.5kg are classified as current assets.

The fair value adjustment to biological assets of -R5.6 million (2020: R2.6 million) consists of -R11.3 million (2020: R10.3 million) relating to physical change in size and R5.7 million (2020: -R7.7 million) relating to change in market price. A change in unobservable inputs would not have a significant change in fair value.

The Group has budgeted to spend R81.3 million (2020: R74.1 million) in further development and acquisition of biological assets during the next reporting period. There are no biological assets pledged as security for debt.

9.1.1 Fair value hierarchy

The fair value measurements for biological assets have been categorised as Level 3 fair values based on the inputs to the valuation techniques used. Refer to **note 33** and the accounting policy.

9.2 RISK MANAGEMENT STRATEGY RELATED TO AQUACULTURAL ACTIVITIES

9.2.1 Exchange rate risks

The Group is subject to changes in the exchange rate as abalone sales prices are denominated in US dollar and biological assets are measured at fair value which is based on the US dollar market price. The Group's currency risk management is described in **note 34**.

9.2.2 Mechanical, environmental and disease risks

Reliance on property, plant, equipment and vehicles to sustain a living environment for the abalone exposes the Group to certain risks. This risk is managed by allowing for redundancy of key equipment and the use of generators and wind turbines to mitigate a shortage of electricity supply. Critical assets are monitored with sophisticated alarm systems.

Aquaculture farming is exposed to storms, red tides and water temperatures that could kill the animals and/or introduce stress-related illnesses. As far as possible, the farms have been placed within the biological parameters of the species being grown to minimise extreme temperature profiles. Each of the farms belong to a Veterinary Health Programme to ensure good husbandry to minimise disease risk. The abalone farms have well proven recirculation systems to prevent the abalone being exposed to red tides and other contaminants.

Strict testing and closure protocols are in place where animals cannot be removed from red tide events to prevent accidental human consumption and illness.

9.2.3 Kelp rights

The aquaculture farms rely on wild harvested kelp either from their own concessions or third parties. These concessions are regulated by the Fishing Rights Allocation Process (FRAP) and allocation is dependent on maintaining sound B-BBEE credentials.

9.3 ASSUMPTION SENSITIVITY ANALYSIS

The Group has performed a sensitivity analysis relating to its exposure to a change in exchange rates used in the valuation of abalone. The sensitivity analysis demonstrates the increase/(decrease) on the biological assets which could result from a change in this assumption.

	EXCHANGE RATE	FAIR VALUE ADJUSTMENT R'000
2021		
-10% (weakening of the rand against the US dollar)	**$1/R17.51453**	**10 610**
+10% (Strengthening of the rand against the US dollar)	**$1/R14.33007**	**(10 610)**
2020		
-10% (weakening of the rand against the US dollar)	$1/R16.11863	8 745
+10% (Strengthening of the rand against the US dollar)	$1/R13.18797	(8 745)

10. INTANGIBLE ASSETS

ACCOUNTING POLICY

Recognition and measurement

Intangible assets acquired separately are initially measured at cost. Intangible assets acquired separately include long-term fishing rights and permits, retail agency rights, trade names and brands, aquaculture-related intangibles and computer software. Intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy either the separability criterion or contractual legal criterion in terms of IFRS 3: Business Combinations. The cost of such intangible assets is their fair value at the acquisition date.

Accumulated amortisation
Subsequent to initial recognition, intangible assets with finite useful lives, are carried at cost less accumulated amortisation. Amortisation is charged on a straight-line basis over the assets estimated useful lives, and is recognised as expenses in the statement of comprehensive income. The estimated useful lives and amortisation methods are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Impairment
An indefinite useful life intangible asset is an intangible asset where there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the Group. An impairment assessment is performed on indefinite useful life intangible assets at the end of each reporting period, or more frequently if there are impairment indicators.

Intangible assets with finite useful lives are reviewed at the end of each reporting period, but only assessed for impairment when there are impairment indicators. Impairment testing is performed by comparing the recoverable amount to the carrying amount of the intangible asset.

The recoverable amounts of the intangible assets are determined as the higher of value-in-use and fair value less costs to sell.

Value-in-use
Refer to the goodwill accounting policy in **note 11**.

ACCOUNTING POLICY

Significant judgements and estimates

Intangible assets as a result of contractual or legal rights

Significant judgement is applied by management when determining the classification of long-term fishing rights and permits as finite or indefinite useful life intangible assets and in determining the amortisation period for finite useful life intangible assets.

Perpetual fishing licences

Australian fishing licences held in perpetuity by the Group are subject to compliance with regulatory and financial obligations, which are probable of being complied with, are classified as indefinite useful life intangible assets.

Long-term fishing rights

Fishing rights allocated by the South African Department of Forestry, Fisheries and the Environment for a period of time in terms of its Fishing Rights Allocation Process (FRAP) are classified as finite useful life intangible assets.

Indefinite useful life intangible assets constitute 85% of total intangible assets (2020: 83% of total intangible assets).

Amortisation of long-term fishing rights

The Group amortises long-term fishing rights over a longer period than the original term of the right, after considering the following factors:

- whether the Group intends and is able to renew the fishing rights;
- whether there are substantial costs associated with renewal; and
- whether there will be any material modifications to existing terms of the rights.

The expectation of renewal of the long-term fishing rights is based on the Group's:

- transformation credentials;
- history of compliance with permit conditions and fishing responsibly;
- significant capital investment in order to conduct deep sea fishing operations;
- employment and job creation;
- socio-economic impact on the communities in which the Group operates;
- assessment of the impact of new entrants on the FRAP;

and therefore requires a significant degree of judgement to be applied by management.

Due to the nature of the Group's intangible assets, management do not apply residual values to them.

Useful lives

The anticipated useful lives used to amortise the Group's intangible assets for the 2021 year are as follows:

	USEFUL LIFE
Fishing rights	Two allocation cycles
Fishing licences	Indefinite
Trade names	5 years
Maritime, aquaculture and seaweed rights	8 – 14 years
Retail agency rights	Indefinite
Brands	8 years – Indefinite

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10. INTANGIBLE ASSETS (continued)

	INDEFINITE USEFUL LIFE INTANGIBLE ASSETS			FINITE USEFUL LIFE INTANGIBLE ASSETS				
	FISHING LICENCES R'000	BRAND R'000	RETAIL AGENCY RIGHT R'000	FISHING RIGHTS R'000	MARITIME AQUACULTURE AND SEAWEED RIGHTS R'000	TRADE NAMES R'000	BRAND R'000	TOTAL R'000
2021								
Balance at the beginning of the year	**559 693**	**46 603**	**3 390**	**119 740**	**2 427**	**1 321**	**–**	**733 174**
Cost	**559 693**	**46 603**	**3 390**	**267 502**	**2 991**	**2 643**	**–**	**882 822**
Accumulated amortisation and impairment	**–**	**–**	**–**	**(147 762)**	**(564)**	**(1 322)**	**–**	**(149 648)**
Additions from separate acquisitions	**1 940**	**–**	**–**	**–**	**–**	**–**	**–**	**1 940**
Acquisitions through business combinations	**–**	**25 609**	**–**	**–**	**–**	**–**	**1 972**	**27 581**
Amortisation for the year	**–**	**–**	**–**	**(7 873)**	**(226)**	**(529)**	**(103)**	**(8 731)**
Effect of foreign currency exchange differences	**15 357**	**22**	**93**	**79**	**–**	**–**	**–**	**15 551**
Balance at the end of the year	**576 990**	**72 234**	**3 483**	**111 894**	**2 201**	**792**	**1 869**	**769 463**
Cost	**576 990**	**72 234**	**3 483**	**267 555**	**2 991**	**2 643**	**1 972**	**927 868**
Accumulated amortisation and impairment	**–**	**–**	**–**	**(155 661)**	**(790)**	**(1 851)**	**(103)**	**(158 405)**
2020								
Balance at the beginning of the year	458 422	45 813	2 947	127 433	2 652	2 528	–	639 795
Cost	458 422	45 813	2 947	267 252	2 991	3 321	–	780 746
Accumulated amortisation and impairment	–	–	–	(139 819)	(339)	(793)	–	(140 951)
Additions from separate acquisitions	32 200	–	–	–	–	10	–	32 210
Transfers between classes of assets – cost	–	790	–	–	–	(790)	–	–
Amortisation for the year	–	–	–	(7 877)	(225)	(530)	–	(8 632)
Effect of foreign currency exchange differences	69 071	–	443	184	–	103	–	69 801
Balance at the end of the year	559 693	46 603	3 390	119 740	2 427	1 321	–	733 174
Cost	559 693	46 603	3 390	267 502	2 991	2 643	–	882 822
Accumulated amortisation and impairment	–	–	–	(147 762)	(564)	(1 322)	–	(149 648)

The most significant intangible assets are the fishing licences with an indefinite useful life. These fishing licences were acquired as part of the Sea Harvest Australia business acquisition in 2016 and have an indefinite life. The licences represent 10 of 18 licences issued by the Western Australian Department of Fisheries for the Shark Bay Prawn Managed Fishery (SBPMF) and are held in perpetuity by the Group, subject to compliance with regulatory and financial obligations. The Group acquired an additional Spanish mackerel license in the current year for R1.9 million (2020: six licenses were acquired for R32.2 million), resulting in the Group now owning 20 Spanish mackerel licenses. There have been no breaches of financial or regulatory obligations. Fishing licences with a carrying value of R577.0 million (2020: R559.7 million) have been pledged to secure long-term borrowings with the National Australian Bank.

Fishing licenses and permits with finite useful lives have a remaining useful life of 14.8 years.

In addition, the Group acquired retail agency rights which have an indefinite life and are assessed annually for impairment. Refer to **note 11** for impairment assessment of the Australian operation.

Brands with indefinite useful lives relate to the Ladismith Cheese and BM Foods Group (acquired through current year business combination) brands (refer to **note 11** for impairment assessment of the Cape Harvest Foods operation). Management has, based on an analysis of relevant factors, concluded that there is no foreseeable limit to the period over which the brand is expected to generate net cash inflows for the Group. Factors considered include historical product sales, volumes and margins, the stability of the industry, limited risk of obsolescence and future cash flows considering Group strategy.

11. GOODWILL

ACCOUNTING POLICY

Recognition and measurement

Goodwill arising on the acquisition of subsidiaries or businesses is presented separately in the statement of financial position and carried at cost less accumulated impairment losses.

Cost

Goodwill is initially measured as the excess of the aggregate of the consideration transferred, the amount of any non-controlling interest, and the acquisition date fair value of any previously held equity interest over the net identifiable assets acquired and liabilities assumed. If the cost of the acquisition is less than the fair value of the net assets of the subsidiary or business acquired, the difference (gain on bargain purchase) is recognised in profit or loss.

The gain or loss recognised in profit or loss on the loss of control of a subsidiary is calculated after taking into account the carrying amount of any related goodwill.

Impairment

For the purposes of impairment testing, goodwill is allocated to the lowest level of cash generating unit (CGU). Each of those cash generating units represents the smallest identifiable group of assets that generates cash flows that are largely independent of the cash flows from other assets or groups of assets. The allocation is made to those cash generating units or groups of cash generating units that are expected to benefit from the business combination in which the goodwill arose. Impairment assessments are performed annually, or more frequently if there are indicators that the carrying amount might be impaired. Impairment testing is performed by comparing the value-in-use of the cash generating unit to the carrying amount. Impairment testing is only performed on cash generating units that are considered to be significant in comparison to the total carrying amount of goodwill. In addition, the carrying values of intangible assets with an indefinite useful life have been included in the carrying amounts and fair values of the CGU's and therefore forms part of the overall impairment consideration.

Significant judgments and estimates

The value-in-use calculation requires management to estimate future cash flows, suitable discount rates, revenue growth rates and terminal growth rates in order to calculate present value. The South African Fishing CGU recoverable amount is the fair value less costs to sell which require earnings projections and price earnings multiple estimates.

Value-in-use

Key assumptions relating to this valuation methodology include the discount rate and cash flows used to determine the value-in-use. Future cash flows are estimated based on the most recent budgets and forecasts approved by management covering a period of up to five years and are extrapolated over the useful life of the asset to reflect the long-term plans of the Group using the estimated growth rate for the specific business or product. The estimated future cash flows and discount rates used are pre-tax based on an assessment of the current risks applicable to the specific asset and/or entity and country in which it operates or the product is sold.

Management determines the expected performance of the assets based on the following:

- An assessment of existing products against past performance and market conditions;
- An assessment of existing products against existing market conditions; and
- The pipeline of existing products under development, applying past experiences of launch success, existing market conditions and new markets.

The growth rate used to extrapolate cash flow projections beyond the period covered by the budgets and forecasts takes into account the long-term average rates of the industry in which the cash generating unit is operating. Estimations are based on a number of key assumptions such as volume, price and product mix which will create a basis for future growth and gross margin. These assumptions are set in relation to historic figures and external reports on market growth. If necessary, these cash flows are then adjusted to take into account any changes in assumptions or operating conditions that have been identified subsequent to the preparation of the budgets and forecasts. Management judgement is also applied in estimating the future cash flows of the cash generating units. These values are sensitive to the cash flows projected for the periods for which detailed forecasts are not available and to the assumptions regarding the long-term sustainability of the cash flows thereafter.

The weighted average cost of capital is derived from a pricing model based on credit risk and the cost of debt. The variables used in the model are established on the basis of management judgement and current market conditions.

Impairment losses recognised in respect of goodwill are not reversed in subsequent periods.

11. GOODWILL (continued)

	2021 R'000	2020 R'000
Balance at the beginning of the year	**862 492**	849 615
Cost	**862 492**	849 615
Effect of foreign currency exchange differences	**2 700**	12 877
Balance at the end of the year	**865 192**	862 492
Cost	**865 192**	862 492
Allocation of goodwill to cash-generating units for the purpose of impairment reviews and testing		
Goodwill is allocated to the consolidated entity's cash generating units (CGUs) identified according to geographical segments.		
South African Fishing operations	**463 325**	463 325
Australian operations	**101 303**	98 603
Aquaculture operations	**69 983**	69 983
Cape Harvest Foods	**230 581**	230 581
	865 192	862 492

South African Fishing operations

The recoverable amount of the CGU was determined on the basis of fair value less costs to sell. The fair value less costs to sell calculation used an average of actual 2021 earnings and 2022 projected earnings. A price earnings multiple of 11.05 (2020:8.84) was used in the valuation, which is an average of listed companies operating in the same industry adjusted by a 20% (2020: 25%) risk factor for size and the unlisted nature of the CGU. The valuation resulted in a surplus over the carrying value of the CGU and the directors believe that a reasonably possible change in the multiple would not result in an impairment of the carrying value of goodwill.

The fair value measurements for the recoverable amount have been categorised as Level 3 fair value based on the inputs to the valuation techniques used.

Australian operations

The recoverable amount of this cash-generating unit is determined based on a value in use calculation which requires the use of certain assumptions. The calculation uses cash flow projections based on financial budgets approved by the Board, covering a five year period. The below key estimates are used in the value in use calculation and have changed from the prior year as a result of inflationary targets set by the Reserve Bank of Australia and independent research data:

	2021	2020
Pre-tax discount rate	**10.78%**	10.38%
Revenue growth per annum	**2.30%**	2.30%
Inflation	**2.00%**	2.00%
Terminal growth rate[1]	**2.50%**	2.50%

[1] *The 2.5% terminal growth rate is the mid-point of the long-term Reserve Bank of Australia inflation target of 2% to 3%.*

The valuations resulted in a surplus over the carrying values of the CGU and the directors believe that a reasonably possible change in the assumptions would not result in an impairment of the carrying value of goodwill.

Aquaculture operations

The recoverable amount of this CGU is determined based on a value-in-use calculation which requires the use of certain assumptions. The calculation uses cash flow projections based on financial budgets approved by the Board, covering a five-year period. The below key estimates are used in the value-in-use calculation:

	2021	2020
Pre-tax discount rate	**15.29%**	15.03%
Revenue growth per annum[1]	**6.50%**	16.00%
Inflation[2]	**5.00%**	3.00%
Terminal growth	**4.00%**	3.20%

[1] The significant change in the revenue growth per annum is as a result of the forecast (four years average) stronger rand against the US dollar compared to the previous forecast (five years average), and the lower abalone US dollar prices. The forecast for 2022 has been revised to take into account the effects of the COVID-19 pandemic, by appropriately adjusting the forecasted sales volumes to reflect lower demand.

[2] In line with the inflation rate in South Africa.

As a result of the lower than expected financial performance of the Aquaculture segment in the current year and tough prevailing market conditions in the Far East, significant judgement is required in estimating future sale quantities of abalone.

The valuation resulted in a surplus over the carrying values of the CGU and the directors believe that a reasonably possible change in the assumptions would not result in an impairment of the carrying value of goodwill.

The Group performed a scenario analysis on the sensitivity of the valuation to sales volumes, prices and the discount rate. A reasonable decrease in sales volume and price still resulted in a surplus over the carrying value of the CGU.

Cape Harvest Foods

The recoverable amount of this CGU is determined based on a value-in-use calculation which requires the use of certain assumptions. The calculation uses cash flow projections based on financial budgets approved by the Board, covering a five-year period. The below key estimates are used in the value-in-use calculation:

	2021	2020
Pre-tax discount rate	**16.22%**	14.53%
Revenue growth per annum (five years average)[1]	**9.00%**	7.00%
Inflation[2]	**5.00%**	3.00%
Terminal growth	**5.00%**	5.60%

[1] Revenue forecast increased as a result of an increase in milk supply from the farmers.
[2] In line with the inflation rate in South Africa.

A terminal growth rate of 5% is based on the long-term forecast of the consumer price inflation.

The valuation resulted in a surplus over the carrying value of the CGU, and the directors believe that a reasonably possible change in the assumptions would not result in an impairment of the carrying value of goodwill.

The carrying values of intangible assets with indefinite useful lives have been included in the carrying amounts and fair values of the Australian and Cape Harvest Foods CGUs.

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12. INVESTMENTS IN SUBSIDIARIES

Non-wholly owned subsidiaries that have material non-controlling interests

Summarised financial information in respect of the Group's subsidiaries that has material non-controlling interests are set out below.

The summarised financial information below represents amounts before intra-group eliminations.

	VIKING AQUACULTURE PROPRIETARY LIMITED		BM FOODS GROUP PROPRIETARY LIMITED	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Current assets	**104 761**	121 933	**111 774**	–
Non-current assets	**231 950**	250 933	**165 118**	–
Current liabilities	**(28 499)**	(22 650)	**(67 346)**	–
Non-current liabilities	**(365 286)**	(365 286)	**(51 186)**	–
Net (liabilities)/assets of the subsidiary	**(57 074)**	(15 070)	**158 360**	–
Attributable to owners of the Company	**(30 249)**	(7 686)	**80 764**	–
Attributable to non-controlling interests	**(26 825)**	(7 384)	**77 596**	–
Revenue	**97 150**	55 870	**154 928**	–
(Loss)/profit for the year	**(74 704)**	(52 757)	**14 087**	–
Attributable to owners of the Company	**(34 518)**	(26 906)	**7 184**	–
Attributable to non-controlling interests	**(40 186)**	(25 851)	**6 903**	–
Total (loss)/profit for the year	**(74 704)**	(52 757)	**14 087**	–
Other comprehensive loss for the year attributable to owners of the Company	**–**	(1 964)	**–**	–
Other comprehensive loss for the year attributable to non-controlling interests	**–**	(1 887)	**–**	–
Other comprehensive loss for the year	**–**	(3 851)	**–**	–
Total comprehensive (loss)/income for the year attributable to owners of the Company	**(34 518)**	(28 870)	**7 184**	–
Total comprehensive (loss)/income for the year attributable to non-controlling interests	**(40 186)**	(27 737)	**6 903**	–
Total comprehensive (loss)/income for the year	**(74 704)**	(56 607)	**14 087**	–

No dividends were paid to non-controlling interests during the current or prior reporting period. Refer to **pages 108 and 109** for details of all investments in subsidiaries.

13. INVESTMENTS IN ASSOCIATES

ACCOUNTING POLICY

Recognition and measurement

Associates are entities in which the Group has an interest directly or indirectly and over which it has significant influence, but not control or joint control, through participation in the financial and operating policy decisions of the entity. Where the Group holds at least a 20% equity interest it is presumed to have significant influence.

The Group applies the equity method of accounting, under which the investments are initially recognised at the fair value of the purchase consideration, including acquisition related costs and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the investee, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the investee.

The most recent available financial statements of the associate is used in applying the equity method. When the reporting period of the associate is different to that of the Group by not more than three months, the associate prepares, for the use of the Group, financial statements as of the same date as the financial statements of the Group unless it is impracticable to do so.

The investment in associate relates to Viking Aquaculture Proprietary Limited's 30% investment in Specialised Aquatic Feeds Proprietary Limited (Specialised Aquatic Feeds), a company incorporated in South Africa. Specialised Aquatic Feeds provides feed for the biological assets within the Aquaculture operations. No dividend was received from the associate in the current financial year.

Through the current year business combination, the Group has a 25% investment in Alliance Foods Proprietary Limited (Alliance Foods) through BM Foods Group. Alliance Foods is a broad-based ambient foodservice importer and distributor.

The following table illustrates the summarised financial information of the Group's investment in Specialized Aquatic Feeds and Alliance Foods respectively:

	SPECIALIZED AQUATIC FEED		ALLIANCE FOODS	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Current assets	**14 738**	24 822	**22 244**	–
Non-current assets	**17 450**	14 492	**1 877**	–
Current liabilities	**(5 289)**	(10 848)	**(12 397)**	–
Non-current liabilities	**(13 450)**	(13 423)	**(11 825)**	–
Net assets of the associates	**13 449**	15 043	**(101)**	–
Revenue	**65 551**	75 611	**25 500**	–
Expenses	**(67 513)**	(71 954)	**(25 500)**	–
Operating (loss)/profit before tax	**(1 962)**	3 657	**–**	–
Income tax expense	**368**	(1 025)	**–**	–
(Loss)/profit for the year	**(1 594)**	2 632	**–**	–
Group's share of (loss)/profit for the year	**(478)**	790	**–**	–

13. INVESTMENTS IN ASSOCIATES (continued)

A reconciliation of the above summarised financial information to the carrying amount of the investment in associate recognised in the consolidated financial statements is set out below:

	SPECIALIZED AQUATIC FEED		ALLIANCE FOODS	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Net assets of the associates	**13 449**	15 043	**–**	–
Proportion of the Group's ownership interest in the associates	**30%**	30%	**25%**	0%
Share of associate's net assets	**4 035**	4 513	**–**	–
Pre-acquisition impairment reversal not recognised	**(5 950)**	(5 950)	**–**	–
Loans to associate	**4 000**	4 000	**2 557**	–
Goodwill recognised at acquisition of the associate	**3 431**	3 431	**–**	–
Carrying amount of the Group's interest in the associates	**5 516**	5 994	**2 557**	–

14. INVESTMENT AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

ACCOUNTING POLICY

The Group elected to classify irrevocably its unlisted equity investments under this category.

Investment at fair value through other comprehensive income financial assets are measured at fair value, and any fair value changes in the carrying amount of financial assets are recognised in other comprehensive income and accumulated under the heading of investment revaluation reserve. Gains or losses on these financial assets are never recycled to profit or loss.

Dividends are recognised in investment income in the statement of comprehensive income when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income.

	2021 R'000	2020 R'000
Balance at the beginning of the year	**25 264**	25 264
Fair value adjustment	**4 725**	–
	29 989	25 264

The Group holds 10% of the ordinary share capital of Desert Diamond Fishing Proprietary Limited, a Company involved in the fishing and fish processing industries.

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, 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.

The fair value measurement for the investment through other comprehensive income has been categorised as Level 3 based on the inputs to the valuation techniques used. Refer to **note 33**.

	2021 R'000	2020 R'000
15. LOANS TO SUPPLIER PARTNERS AND OTHER LOAN RECEIVABLE		
15.1 LOANS TO SUPPLIER PARTNERS		
Balance at the beginning of the year	**85 484**	78 464
Advances to supplier partners	**18 695**[1]	8 425
Interest charged	**3 036**	5 565
Loans repaid	**(2 830)**	(1 130)
Current portion transferred to accounts receivable	**(10 001)**	(5 840)
Balance at the end of the year	**94 384**	85 484

The balance mainly relates to loans advanced to Nalitha Investments Proprietary Limited, and South African Fishing Empowerment Corporation Proprietary Limited. These loans bear interest at JIBAR plus 2.65%

15.2 LOAN RECEIVABLE	2021 R'000	2020 R'000
Balance at the beginning of the year	**3 836**	3 606
Advances during the year	**5 430**	1 656
Loans repaid	**(1 283)**	(390)
Current portion transferred to accounts receivable	**(537)**	(1 036)
Balance at the end of the year	**7 446**	3 836

[1] Advances to supplier partners were in the form of non-cash to assist the supplier partners to acquire portions of vessels from the Group.

The Group applies the general approach in calculating expected credit losses (ECLs) for loans and advances. ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (12-month ECL). For credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (lifetime ECL). The Group considered the ECLs required on these loans and the impact is insignificant.

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16. DEFERRED TAXATION

ACCOUNTING POLICY

Recognition and measurement

Deferred tax is provided using the liability method, providing for temporary differences arising between the tax base and the accounting carrying amount of amounts reflected in the consolidated financial statements. Deferred tax is, however, not provided for temporary differences that arise from the initial recognition of an asset or liability where that transaction affects neither accounting profit nor tax profit (tax loss). The only exception to this being when that asset or liability arises in terms of a business combination. Deferred tax is determined at tax rates that are enacted or substantively enacted at year-end and are expected to apply when the temporary difference reverses.

Deferred tax is not provided on temporary differences arising on investments in subsidiaries and associates where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities are only offset to the extent that the balances are recoverable from the same tax authority and there is a legal right to offset them at settlement of those balances.

Temporary differences arising in connection with investments in associates are insignificant.

	2021 R'000	2020 R'000
Deferred tax assets	**(3 312)**	(489)
Deferred tax liabilities	**608 994**	508 807
Net deferred tax liability	**605 682**	508 318
Net deferred tax liability at the beginning of the year	**508 318**	477 934
Recognised in profit or loss	**52 086**	41 682
Recognised in other comprehensive income	**7 186**	(23 159)
Other	**(368)**	–
Recognition on acquisition of subsidiary	**35 733**	–
Effect of foreign currency exchange differences	**2 727**	11 861
Net deferred tax liability at the end of the year	**605 682**	508 318
The major components of the deferred tax balances are as follows:		
Excess tax allowance over depreciation charges for property, plant, equipment and vehicles	**493 570**	432 601
Excess of tax allowances over amortisation of intangible assets	**222 192**	181 931
Investment at fair value through other comprehensive income	**4 987**	957
Derivative financial instruments	**4 904**	5 447
Difference between tax and accounting treatment of:		
– Biological assets	**6 354**	7 751
– Inventory	**(12 253)**	(9 497)
– Prepayments	**1 400**	1 476
– Government grants	**(1 806)**	(1 948)
– Cash flow hedges and cost of hedging	**13 071**	7 337
– Voluntary Fisheries Adjustment Scheme	**–**	(8 159)
– Leases	**185**	(27)
Provisions*	**(29 899)**	(22 674)
Other	**(2 770)**	(1 310)
Effect of tax losses[1]	**(94 253)**	(85 567)
	605 682	508 318

** Provisions includes leave pay accruals*

[1] The tax losses mainly relate to BM Foods Group , Mooivallei, Australian and Aquaculture operations to the extent that they are considered recoverable in the foreseeable future. The recognition of the deferred tax asset is based on the achievement of future taxable income that is highly probable based on recent forecasts and budgets.

17. INVENTORIES

ACCOUNTING POLICY

Recognition and measurement

The Group recognises inventories initially at cost when it has control of the inventories, expects it to provide future economic benefits, and the cost can be measured reliably. Cost is determined on the first-in-first-out basis. Cost includes expenditure incurred in acquiring, manufacturing and transporting the inventory to its present location. Inventories are subsequently measured at the lower of cost and net realisable value. The carrying amounts of finished goods and work in progress include raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity), but exclude borrowing costs. Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and applicable variable selling expenses.

A provision for obsolete inventories is established when there is evidence that no future economic benefits will be obtained for such inventories. The carrying amount of the inventories is reduced and the amount of the loss is recognised in the statement of comprehensive income within cost of sales.

Significant judgments and estimates

Determination of net realisable value of inventories
Management is required to exercise considerable judgement in the determination of net realisable value, specifically relating to the forecasting of demand.

Management is also required to exercise significant judgement in estimating the provision for obsolete inventory. Such judgement would take into account the following:

- change in taste;
- change in market; and
- inventory nearing expiry dates.

	2021 R'000	2020 R'000
Raw materials	**95 725**	34 061
Work in progress	**33 930**	4 922
Finished goods	**664 178**	473 207
Consumable stores	**134 793**	129 384
	928 626	641 574
Obsolescence provision	**(26 008)**	(10 551)
Total inventories at the lower of cost and net realisable value	**902 618**	631 023

The cost of inventories recognised as an expense during the year was R3.2 billion (2020: R2.9 billion). This is recognised in cost of sales.

The cost of inventories recognised as an expense includes R19.5 million in respect of a write down of inventory to net realisable value (2020: R2.4 million). The amount of inventories carried at cost was R825.1 million (2020: R602.2 million) and inventories carried at net realisable value was R77.5 million (2020: R28.8 million).

The moveable assets of the Group, including inventory with a carrying amount of approximately R902.6 million (2020: R631 million), have been pledged to secure long-term borrowings of the Group (see **note 21**).

18. TRADE AND OTHER RECEIVABLES

ACCOUNTING POLICY

Receivables (except for trade receivables which are initially measured at transaction price) are initially recognised at fair value and subsequently measured at amortised cost less impairments, using the effective interest rate method. No fair value adjustment is made for the effect of time value of money where receivables have a short-term profile.

Other receivables comprise mainly prepayments and value-added tax, initially recognised at fair value and subsequently at amortised cost.

The Group applied the simplified approach in calculating expected credit losses (ECLs). Trade receivables are assessed collectively in groups that share similar credit risk characteristics within operating segments and days past due. There has been no change in the estimation techniques during the current reporting period. The Group has established a provision matrix based on its historical credit loss data, adjusted for forward-looking factors specific to the debtors and economic environment by looking at the future prospects of the industries in which the Group's debtors operate, obtained from financial analysts and various forecast economic information relating to the debtors' core operations.

The Group considered the ECLs on receivables other than trade receivables under the general model and the impact is not considered material.

This provision is recognised through the use of an allowance account for losses. The carrying amount of the asset is reduced and the amount of the loss is recognised in the statement of comprehensive income within operating expenses. When a trade receivable is uncollectible, it is written off against the allowance account for losses.

Trade receivables are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, among others, the failure of a debtor to engage in a repayment plan with the Group for a period of greater than 180 days past due.

If, in a subsequent period, the amount of the impairment loss, decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is credited against other operating income in profit or loss.

	2021 R'000	2020 R'000
Trade receivables, gross	**569 808**	552 705
Less: allowance for impairment of receivables	**(6 117)**	(3 397)
Net trade receivables	**563 691**	549 308
Short-term loans to supplier partners	**13 708**	6 876
Other receivables	**27 167**	22 590
Prepayments	**54 396**	39 837
VAT receivable	**81 071**	77 172
	740 033	695 783

Trade receivables and other receivables are non-interest bearing and are generally on terms of 30 to 90 days.

Other receivables consist of non-trade debtors and other sundry receivables.

As at 31 December 2021, the following table shows the movement in lifetime ECL that has been recognised for trade receivables in accordance with the simplified approach set out in IFRS 9: Financial Instruments.

	2021 R'000	2020 R'000
Balance at the beginning of the year	**(3 397)**	(6 534)
Allowances (increased)/reversed through profit or loss	**(2 715)**	3 158
Effect of foreign currency exchange differences	**(5)**	(21)
Balance at the end of the year	**(6 117)**	(3 397)

As at 31 December 2021, the total allowance for impairment of trade receivables comprised both portfolio allowances and specific allowances. The majority of the allowance related to a portfolio allowance, which cannot be identified with specific receivables.

	31 DECEMBER 2021			31 DECEMBER 2020		
	CARRYING VALUE R'000	IMPAIRMENT R'000	EXPECTED LOSS RATE %	CARRYING VALUE R'000	IMPAIRMENT R'000	EXPECTED LOSS RATE %
Current	**468 578**	**–**	**0**	468 708	–	0
30 – 60 days	**68 343**	**(95)**	**0**	69 885	(76)	0
60 – 90 days	**16 294**	**(106)**	**1**	7 359	(38)	1
90 – 120 days	**7 604**	**(823)**	**11**	1 090	(170)	16
121 – 150 days	**909**	**(761)**	**84**	1 681	(328)	20
151 – 180 days	**–**	**–**	**0**	150	(2)	1
181 – 210 days	**5**	**(2)**	**32**	113	(1)	1
211 – 240 days	**187**	**(151)**	**81**	25	(24)	96
Over 240 days	**7 888**	**(4 179)[1]**	**53**	3 694	(2 758)	75
	569 808	**(6 117)**		552 705	(3 397)	

[1] *A significant portion of debtors amounts over 240 days that were not provided for relates to two customers in Ladismith Cheese, of which it has started recovering the amount outstanding on one of the customers and the insurance has approved payment of the outstanding balance on the other customer.*

The granting of credit is controlled by application and credit-vetting procedures, which are reviewed and updated on an ongoing basis. Credit risk is reduced by other measures depending on the nature of the customer and market. Credit exposure relating to the South African Fishing and Australian segment is largely covered by credit guarantee insurance, which will settle a percentage of the lower of the credit limit approved or the amount outstanding at the bad debt date subject to certain criteria, including strict adherence to procedures in the event of a customer paying after payment due date.

At 31 December 2021, 75% (2020: 81%) of the Group's trade receivables are covered by credit guarantee insurance. The decrease in the credit default cover has resulted in an increase in the allowance for ECLs to R6.1 million (2020: R3.4 million).

The Group considers a financial asset in default when contractual payments are 90 days and more past due. However, in certain cases, the Group also considers a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

The increase in the allowance for impairment in the current year is mainly due to trade receivables that were past due.

Trade receivables past due and impaired at the end of the year is R5.9 million (2020: R3.2 million).

Refer to **note 34** on credit risk of trade receivables, which explains how the Group manages and measures credit quality of trade receivables that are neither past due not impaired.

The moveable assets of the Group including trade and other receivables with a carrying amount of approximately R740.0 million (2020: R695.8 million) have been pledged to secure long-term borrowings of the Group (refer **note 21**).

19. CASH AND BANK BALANCES

ACCOUNTING POLICY

Cash and cash equivalents consists of cash on hand and short-term deposits held with banks that are available for use by the Group and are initially measured at fair value. Due to their short-term nature, amortised cost approximates fair value.

For the purpose of the statement of cash flows, cash and cash equivalents includes cash on hand and deposits held with banks.

	2021 R'000	2020 R'000
Cash at banks and on hand	**739 909**	275 245
Bank overdrafts	**(52 990)**	(4 804)
	686 919	270 441

Cash at banks earns interest at floating rates based on daily bank deposit rates.

The assets of the group included in cash and cash equivalents with a carrying amount of approximately R686.9 million (2020: R270.4 million) have been pledged to secure long-term borrowings of the Group (see **note 21**).

		Notes	2021 R'000	2020 R'000
20.	**SHARE CAPITAL AND RESERVES**			
20.1	STATED CAPITAL			
	Authorised			
	10 000 000 000 (2020: 10 000 000 000) ordinary shares of no par value		**–**	–
	Issued and fully paid			
	298 866 214 (2020: 294 293 814) ordinary shares of no par value		**1 939 206**	1 879 536
	Held as treasury shares			
	13 982 784 (2020: 11 767 030) ordinary shares of no par value	20.1.3	**(106 719)**	(70 498)
	Total stated capital		**1 832 487**	1 809 038
20.1.1	**Ordinary shares**			
	As at 31 December 2021, the movement in share capital is as follows:			
	Balance at the beginning of the year		**1 879 536**	1 879 536
	Issue of shares under the Group's forfeitable share plan		**59 670**	–
	Balance at the end of the year		**1 939 206**	1 879 536

	Number of shares 2021	Number of shares 2020
Balance at the beginning of the year	**294 293 814**	294 293 814
Issue of shares under the Group's forfeitable share plan	**4 572 400**	–
Balance at the end of the year	**298 866 214**	294 293 814

		2021	2020
20.1.2	**Held as treasury shares**		
	As at 31 December, the movement in share capital is as follows:		
	Balance at the beginning of the year	**(70 498)**	(69 030)
	Share repurchase, net of tax[1]	**(36 221)**	(1 468)
	Balance at the end of the year	**(106 719)**	(70 498)

	Number of shares		
	Netted against stated capital	Recognised in forfeitable share plan reserve	Total
20.1.3 Held as treasury shares (number)			
2021			
Balance at the beginning of the year	**11 767 030**	**2 833 859**	**14 600 889**
Issue of shares under the Group's forfeitable share plan	**–**	**4 572 400**	**4 572 400**
Shares repurchased[1]	**2 432 929**	**–**	**2 432 929**
Shares vested in terms of the Group's forfeitable share plan	**(217 175)**	**(2 489 439)**	**(2 706 614)**
Balance at the end of the year	**13 982 784**	**4 916 820**	**18 899 604**
2020			
Balance at the beginning of the year	11 691 295	5 377 864	17 069 159
Shares repurchased[1]	75 735	–	75 735
Shares vested in terms of the Group's forfeitable share plan	–	(2 544 005)	(2 544 005)
Balance at the end of the year	11 767 030	2 833 859	14 600 889

[1] *The average price for the shares bought back was R14.89 (2020:R13.19) per share.*

It is the Group's policy to include new issues of shares to forfeitable share plan participants in the forfeitable share plan reserve, with any repurchase or awards to employees through subsidiaries netted off against stated capital.

	Notes	2021 R'000	2020 R'000
20.2 RESERVES (NET OF INCOME TAX)			
Forfeitable share plan reserve	A	**(63 417)**	(39 441)
Share-based payment reserve	B	**(50 339)**	(33 348)
Investment revaluation reserve	C	**20 948**	17 309
Cash flow hedging reserve	D	**104 108**	75 269
Cost of hedging reserve	E	**(79 303)**	(65 183)
Foreign currency translation reserve	F	**56 537**	37 590
Actuarial gains/losses reserve	G	**8 362**	8 038
Change in ownership	H	**(3 454)**	(3 377)
		(6 558)	(3 143)

A. Ordinary shares have been awarded to key Sea Harvest employees in terms of a long-term forfeitable share plan incentive scheme and the reserve represents the market value of the shares issued.

B. The share-based payments reserve arises on the recognition of share options granted by the Group to certain employees under its employee share incentive schemes. Further information about the share-based payments are set out in **note 30**.

C. The investment revaluation reserve represents the cumulative gains and losses arising on the revaluation of the "investment at fair value through other comprehensive income" financial asset that has been recognised in other comprehensive income. Refer to **note 14**.

D. The cash flow hedging reserve arises from the change in fair value of foreign exchange forward contracts held by the Group and designated as effective cash flow hedging instruments at year end. The effective portion of changes in the fair value of foreign exchange forward contacts is recognised in other comprehensive income and accumulated in the cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in other operating income or loss in the statement of comprehensive income.

E. The cost of hedging reserve is the forward elements of the forward exchange contracts (FECs) that arise as a result of Sea Harvest choosing to designate only the spot rate as per IFRS 9: Financial Instruments.

F. Exchange differences relating to the translation of the results and net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e. South African rand) are recognised directly in other comprehensive income and accumulated in the foreign currency translation reserve. Exchange differences previously accumulated in the foreign currency translation reserve are reclassified to profit or loss on the disposal of the foreign operation.

G. The actuarial gains/losses reserve represents the actuarial gains/losses on the Group's defined benefit plans.

H. The change in ownership reserve arose on the acquisition of additional shares in a subsidiary.

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		2021 R'000	2020 R'000
20.	**SHARE CAPITAL AND RESERVES (continued)**		
20.2	RESERVES (NET OF INCOME TAX) (continued)		
	As at 31 December, the movement in the reserves (net of income tax), is as follows:		
A.	FORFEITABLE SHARE PLAN RESERVE		
	Balance at the beginning of the year	**(39 441)**	(71 241)
	Issue of shares	**(59 670)**	–
	Shares vested and reclassified to share based payment reserve	**35 694**	31 800
	Balance at the end of the year (4 916 820 shares (2020: 2 833 859 shares))	**(63 417)**	(39 441)
B.	SHARE-BASED PAYMENTS RESERVE		
	Balance at the beginning of the year	**(33 348)**	(22 074)
	Arising on share-based payments	**22 128**	23 447
	Recognition of change in value of share option liability directly in equity	**(3 425)**	(2 921)
	Transfer from forfeitable share plan (shares vested)	**(35 694)**	(31 800)
	Balance at the end of the year	**(50 339)**	(33 348)
C.	INVESTMENT REVALUATION RESERVE		
	Balance at the beginning of the year	**17 309**	17 309
	Current year movement	**4 725**	–
	Less: deferred taxation	**(1 086)**	–
	Balance at the end of the year	**20 948**	17 309
D.	CASH FLOW HEDGING RESERVE		
	Balance at the beginning of the year	**75 269**	124 337
	Net fair value gain/(loss) on cash flow hedges	**83 552**	(148 488)
	Transferred to other operating income	**(43 122)**	78 588
	Less: tax effects of the transactions above	**(11 591)**	20 832
	Balance at the end of the year	**104 108**	75 269
E.	COST OF HEDGING RESERVE		
	Balance at the beginning of the year	**(65 183)**	(57 790)
	Current year movement	**(48 139)**	25 536
	Transferred to other operating income	**28 528**	(35 256)
	Less: deferred taxation	**5 491**	2 327
	Balance at the end of the year	**(79 303)**	(65 183)

For FEC's designated as cash flow hedges, the gains and losses transferred from equity into profit or loss are included in foreign currency and commodity price gains and losses.

		2021 R'000	2020 R'000
F.	FOREIGN CURRENCY TRANSLATION RESERVE		
	Balance at the beginning of the year	**37 590**	(31 536)
	Net foreign currency gain on the translation of foreign operations	**18 947**	69 126
	Balance at the end of the year	**56 537**	37 590
G.	ACTUARIAL GAINS/LOSSES RESERVE		
	Balance at the beginning of the year	**8 038**	7 419
	Net actuarial gain on post retirement medical aid obligation	**324**	619
	Balance at the end of the year	**8 362**	8 038
H.	CHANGE IN OWNERSHIP		
	Balance at the beginning of the year	**(3 377)**	(3 377)
	Arising on acquisition of additional shares in subsidiary	**(77)**	–
	Balance at the end of the year	**(3 454)**	(3 377)

20.3 EMPLOYEE SHARE INCENTIVE SCHEMES

The Group has a trust that has been established as a vehicle through which certain executives, senior management and employees have made an investment in or acquired an economic exposure to an investment in shares in the company. The shares held by this trust carry rights to dividends and voting rights.

Further details of the employee share incentive schemes are provided in **note 30**.

21. LONG-TERM BORROWINGS

ACCOUNTING POLICY

Recognition and measurement

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings.

Fees paid on the establishment of selected loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment against the loan for liquidity services and amortised over the period of the facility to which it relates.

The Group presents separately current and non-current borrowings in the statement of financial position. A liability is classified as current unless the Group expects, and has the discretion, to refinance or roll over the obligation for at least twelve months after the reporting period under an existing loan facility, in which case the Group classifies the obligation as non-current, even if it would otherwise be due within a shorter period.

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

All other borrowing costs are expensed in profit or loss in the period in which they are incurred.

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21. LONG-TERM BORROWINGS (continued)

	2021 R'000	2020 R'000
Secured – at amortised cost		
Senior loan with Standard Bank of South Africa Limited (SBSA) (variable interest rate)[1]	**561 000**	561 000
Revolving credit facility with SBSA (variable interest rate)[2]	**600 000**	250 000
Senior loan with National Australia Bank (NAB) (variable interest rate)[3]	**130 639**	138 729
Corporate market loan with NAB (variable interest rate)[4]	**58 053**	56 504
Corporate receivables finance loan with NAB (variable interest rate)[5]	**31 858**	20 014
Corporate market loan with NAB (variable interest rate)[6]	**23 221**	22 602
Investec term loan[10]	**35 658**	–
Nedbank bond[12]	**24 548**	–
Loans from previous shareholders of Chelsea Pies Proprietary Limited[13]	**4 477**	–
Standard Bank – instalment sale agreements[8]	**4 755**	–
Wesbank – instalment sale agreements[8]	**2 294**	–
Standard Bank – instalment sale agreements[8]	**6 751**	–
Wesbank – instalment sale agreements[8]	**–**	5 649
Nedbank – instalment sale agreements[11]	**2 448**	2 700
Unsecured – at amortised cost		
Loan from Viking Fishing Group Administration Proprietary Limited (Non-controlling shareholders of Viking Aquaculture Proprietary Limited)[7]	**248 488**	248 486
Loan from Odin Investments Proprietary Limited[7]	**55 009**	55 009
Loan from Redburg Investments Proprietary Limited[7]	**61 789**	61 789
COVID-19 Business Support Loan and business options instalment loan NAB[9]	**9 724**	2 700
Premium Funding Agreement with Premium Finance Proprietary Limited[14]	**3 795**	4 258
	1 864 507	1 426 740
Current portion of long-term interest bearing liabilities	**(70 828)**	(117 758)
Non-current portion of long-term interest bearing liabilities	**1 793 679**	1 308 982
Opening balance	**1 426 740**	1 553 976
Acquired through business combination	**84 553**	–
Loans raised	**544 878**	588 026
Interest charged	**59 059**	82 433
Interest paid	**(58 300)**	(79 892)
Capital repaid	**(200 866)**	(754 133)
Effect of foreign currency exchange differences	**8 443**	36 330
Closing balance	**1 864 507**	1 426 740
Transferred to short-term loans	**(70 828)**	(117 758)
Non-current portion of long-term interest bearing liabilities	**1 793 679**	1 308 982

Refer to **note 34** for banking and loan facilities headroom.

[1] No capital repayments were made in 2021 (2020: R161.5 million) and the remainder of the balance is payable in full on 30 November 2024 and is subject to a variable interest rate of three-month JIBAR plus 2.13%. The loan is secured by marine bonds and a general notarial bond over all of the Company's assets.

[2] R100 million was repaid during 2021 (2020: R466 million). An additional draw down of R450 million was made in the current year (2020: R465.5 million). The loan is repayable in full on 30 November 2024 and is subject to a variable interest rate of three-month JIBAR plus 2.13%. The loan is secured by marine bonds and a general notarial bond over all of the Companies assets.

[3] The loan expires on 28 February 2024. The loan is subject to a variable interest rate of 100% floating at BBSY plus funding margin 0% plus customer margin of 2.38%. The loan is secured by a security interest and charge in the form of a General Security Agreement on the Personal Property Securities Register (PPSR) over all of Sea Harvest Australia's assets.

[4] The loan is reviewed annually on 28 February. Maximum borrowing limit of R58.1 million (AUD5 million). Subject to a variable interest rate of 100% floating at BBSY plus funding margin 0% plus drawn margin of 3.08%.The loan is secured by a security interest and charge in the form of a General Security Agreement on the Personal Property Securities Register (PPSR) over all of Sea Harvest Australia's assets.

[5] The loan is reviewed annually on or about 31 January. Up to R69.7 million (AUD6 million) available funding based on 85% of trade debtors value. The loan is subject to a variable interest rate of 100% floating at Lender Indicator rate plus customer margin of 1.39% plus purchase charge rate of 1.00% on facility limit.

[6] The loan is reviewed annually on or about 31 January. Maximum borrowing limit of R23.2 million (AUD2.0 million). Subject to a variable interest rate of 100% floating at BBSY plus funding margin 0% plus drawn margin of 2.38%. The loan is secured by a security interest and charge in the form of a General Security Agreement on the Personal Property Securities Register (PPSR) over all of Sea Harvest Australia's assets.

[7] R110.5 million bears interest from 1 January 2020 at prime plus 2%, nominal annual compounded monthly and payable monthly in arrears. An additional R195 million bears interest from 1 January 2021 at prime plus 2%, nominal annual compounded monthly and payable monthly in arrears. There are no fixed capital repayment terms and will be determined by directors on the basis as provided for in the annual budget and as set out in the shareholders agreement.

[8] Instalment sale contracts with terms between 48 to 60 months over the fleet with variable interest rates from prime less 1.5% to prime and a fixed interest rate of 11%.

[9] The loans bears interest at 4.5% and are due to expire on 31 May 2023 and 28 February 2026 respectively.

[10] The loan bears interest at prime plus 1% and has a maturity date of 4 November 2024.

[11] Instalment sale contracts with terms between 48 to 60 months over the fleet with variable interest rates.

[12] The loan bears interest at prime less 1% and is repayable in equal monthly instalments over a period of 9 years.

[13] The loan is owed to the previous shareholders of Chelsea Pies Proprietary Limited (a subsidiary of BM Foods Group), is interest free and payable on 1 May 2022.

[14] The loan relates to group insurance policy, attracts interest at 2.15% and is repayable over 10 installments.

	2021 R'000	2020 R'000
22. EMPLOYEE-RELATED LIABILITIES		
Post-employment medical aid liability	**20 587**	22 167
Leave pay liability	**340**	390
	20 927	22 557

DEFINED CONTRIBUTION PLANS

The Group provides for retirement benefit plans for all qualifying employees through independent funds. These funds (listed below) are governed by the Pension Funds Act, No 24 of 1956 of the Republic of South Africa.

The number of employees that belong to each fund are:		
Sea Harvest Old Mutual Superfund Provident Fund	**–**	1 564
Sea Harvest Old Mutual Superfund Management Provident Fund	**–**	20
Sea Harvest Old Mutual Superfund Pension Fund	**–**	114
Sanlam Umbrella Management Provident Fund	**780**	–
Sanlam Umbrella Provident Fund	**1 633**	645
Sanlam Umbrella Pension Fund	**267**	162
NMG Umbrella Pension Fund	**285**	259
Australian BT Super Fund	**372**	363
Australian BT Super Fund	**53**	46
BM Foods Group Old Mutual Superfund Provident Fund	**410**	–
PGEASA National Provident Fund	**77**	–

The only obligation of the Group with respect to the retirement benefit plans funds is to make the specified contributions each month.

The total expense recognised in profit or loss of R46.6 million (2020: R43.7 million) represents contributions payable to these funds by the Group at rates specified in the rules of the funds.

DEFINED BENEFIT PLANS

The Company sponsors a portion of medical aid subscriptions for all qualifying employees. The defined benefit plans are administered by a separate fund that is legally separated from the entity. The board of the Medical Assistance Fund is required by law and by its Articles of Association to act in the interest of the fund and of all relevant stakeholders.

The Group operates a post-employment medical benefit scheme that covers certain of its retirees. This benefit is no longer offered by the Group to current employees or new employee.

The liabilities are valued annually using the Projected Unit Credit Method and have been funded by contributions to an independent administered insurance plan. The latest full actuarial valuation was performed at 31 December 2021.

The principal assumptions used for the purposes of the actuarial valuations were as follows.

Discount rate	**11.0%**	11.0%
Health care cost inflation	**7.7% to 8.2%**	7.1% to 7.6%
Retirement age	**63 or 65**	63 or 65

Amounts recognised in comprehensive income in respect of these defined benefit plan are as follows.

Current service cost	**198**	157
Interest costs	**2 344**	2 138
Actuarial gain recognised	**(324)**	(619)
	2 218	1 676

The net unexpected actuarial gain of R0.3 million (2020: R0.6 million) arose as a result of a combination of the following factors:

	2021 R'000	2020 R'000
Change in real discount rate	**(1 039)**	1 865
Higher than expected healthcare cost inflation including changes in members' benefit options	**(46)**	257
Change in subsidy valued	**(308)**	–
Unexpected changes in membership	**1 717**	(1 503)
	324	619
Movements in the present value of the defined benefit obligation in the current year were as follows:		
Opening defined benefit obligation	**22 167**	22 395
Current service cost	**198**	157
Interest cost	**2 344**	2 138
Actuarial gain arising during the year	**(324)**	(619)
Benefits paid	**(1 968)**	(1 904)
Current portion transferred to trade and other payables	**(1 830)**	–
Closing defined benefit obligation	**20 587**	22 167

The expected contribution to the plan for the next annual reporting period is R1.9 million (2020: R1.8 million).

ACTUARIAL ASSUMPTION SENSITIVITY ANALYSIS

The Group has performed a sensitivity analysis relating to its exposure to a change in the actuarial assumptions used in the valuation. This sensitivity analysis demonstrates the increase/(decrease) in the defined benefit obligation which could result from a change in these risks.

Discount rate		
+1%	**(1 750)**	(1 668)
-1%	**2 040**	1 936
Healthcare cost inflation		
+5% for 5 years	**3 471**	3 435
+10% for 5 years	**7 397**	7 366
Retirement age		
One year younger	**30**	60
One year older	**1**	(100)
Leave pay liabilities		
Balance at the beginning of the year	**45 829**	38 090
Acquisition of a subsidiary	**4 025**	–
Arising during the year	**28 533**	20 234
Utilised during the year	**(22 223)**	(13 347)
Effect of foreign currency exchange differences	**270**	852
Balance at the end of the year	**56 434**	45 829
Current portion of leave pay liabilities	**(56 094)**	(45 439)
Non-current portion of leave pay liabilities	**340**	390

Please refer to **note 34** on the liquidity risk of employee-related liabilities, which explains the Group's process for managing its liquidity risk.

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23. DEFERRED GRANT INCOME

ACCOUNTING POLICY

Government grants are initially recognised as deferred income when there is reasonable assurance that they will be received and that there is reasonable assurance that the Group will comply with the conditions attaching to them.

Government grants that compensate the Group for expenses incurred are recognised as income over the period necessary to match them with the related costs for which the grants are intended to compensate. Government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

	2021 R'000	2020 R'000
Balance at the beginning of the year	**34 873**	35 553
Received in the current year	**3 048**	3 328
Released to the statement of comprehensive income	**(2 227)**	(4 008)
Balance at the end of the year	**35 694**	34 873
Current portion of deferred government grant	**(3 546)**	(4 059)
Non-current portion of deferred government grant	**32 148**	30 814

Government grants received in the prior years and in 2021 were for the purchase of items of property, plant, equipment and vehicles.

All conditions or contingencies attached to these grants were fulfilled and the grant is treated as deferred income and released to the statement of comprehensive income over the useful lives of the grant assets.

	2021 R'000	2020 R'000
24. CONTINGENT CONSIDERATION		
Viking Fishing Holdings Proprietary Limited[1]	**99 974**	90 862
Balance at the beginning of the year	**99 974**	90 862
Arising from current year business combination[2]	**19 842**	–
Effect of discounting	**10 628**	9 112
Balance at the end of the year	**130 444**	99 974
Portion transferred to current liabilities	**120 671**	**–**
Non-current liabilities	**9 773**	**99 974**

[1] *The contingent consideration arrangement requires the Group to pay the former owners of Viking Fishing for achieving certain earn-out targets for the 2018 and 2019 financial years, up to a maximum undiscounted amount of R110 million. The fair value of the contingent consideration arrangement was estimated calculating the present value of the future expected cash flows. The estimates are based on a discount rate equal to the prime lending rate and the assumption that the earn-out targets will be met based on the best available forecast information at acquisition date.*

[2] *The contingent consideration requires the Group to pay the former owners of BM Foods Group for achieving earn-out targets for the 12-month period ending 28 February 2022 and the 31 December 2022 financial years respectively, up to a maximum undiscounted amount of R20 million. The fair value of the contingent consideration was estimated by calculating the present value of future expected cash flows. The estimates are based on a discount rate determined using the entity's specific risk and the assumption that the earn-out targets will be met based on the best available forecast information at acquisition date.*

The balance relating to Viking Fishing was paid on 1 January 2022, with BM Foods Group payable on 1 April 2022 and 1 March 2023, respectively.

The contingent consideration is regarded as a Level 3 financial instrument for fair value purposes

		2021 R'000	2020 R'000
25.	**FINANCIAL ASSETS AND LIABILITIES**		
	Financial derivative assets	**58 866**	27 334
	Asset held at fair value through profit or loss	**24 936**	25 138
		83 802	52 472
	Current portion of other financial assets	**(58 866)**	(27 334)
	Non-current portion of financial assets	**24 936**	25 138
	Financial derivative liabilities	**118**	227
	Fishing licence liability	**–**	24 662
		118	24 889
	Current portion of other financial liabilities	**(118)**	(24 889)
	Non-current portion of financial liabilities	**–**	–

FINANCIAL DERIVATIVE ASSETS AND LIABILITIES

Financial derivative assets and liabilities arise from hedging contracts entered into by the Group for the purpose of minimising the Group's exposure to foreign currency and commodity prices volatility. (Refer to **note 34** for details on the Group's hedging process).

ASSET HELD AT FAIR VALUE THROUGH PROFIT OR LOSS

Included in non-current financial assets is a call option, entered into on 1 January 2017, to acquire 100% of the shareholding in Vuna Fishing Company Proprietary Limited from Vuna Fishing Group Proprietary Limited.

The fair value was independently determined by an expert using the Black-Scholes option pricing model. The call option financial asset has been classified as a non-current asset at year end due to the expected exercise date thereof exceeding 12 months from the reporting date. The call option is regarded as a Level 3 financial instrument for fair value purposes.

A fair value loss on share option of R0.2 million (2020: gain of R1.9 million) has been recognised in profit or loss.

The movement in the call option derivative is as follows:

	2021 R'000	2020 R'000
Opening balance	**25 138**	23 218
Fair value movement	**(202)**	1 920
Closing balance	**24 936**	25 138

ASSUMPTION SENSITIVITY ANALYSIS

The Group has performed a sensitivity analysis relating to its exposure to a change in the assumptions used in the valuation.

The sensitivity analysis demonstrates the increase/(decrease) on the asset held at fair value through profit or loss which could result from a change in these assumptions.

	2021 R'000	2020 R'000
Vuna Fishing Company valuation		
+5%	**2 264**	2 212
-5%	**(2 215)**	(2 161)
Yield curve 6.391% (2020: 5.277%)		
+5%	**1 595**	1 782
-5%	**(1 566)**	(1 786)
Volatility 36.022% (2020: 37.163%)		
+1%	**798**	839
-1%	**(780)**	(817)

As Vuna Fishing Company Proprietary Limited is unlisted, the volatility was determined using the quadratic mean volatility of peer group companies.

FISHING LICENCE LIABILITY

The fishing licence liability relates to the Shark Bay Prawn Managed Fishery Voluntary Fisheries Adjustment Scheme (VFAS), which was established on 12 November 2010 pursuant to the Fisheries Adjustment Schemes Act 1987 (Western Australia). The VFAS operates from 12 November 2010 until 1 July 2021, and for the period 2015 to 2021 an annual fee of R2.23 million is payable by the holder of a licence that authorises fishing in the Shark Bay region. Sea Harvest Australia owns 10 fishing licences in the Shark Bay region. The liabilities shown represent present values discounted at the five-year Australian Corporate Bond rate. Fishing licence liabilities are carried at amortised cost. The liability was fully extinguished as at 31 December 2021.

	2021 R'000	2020 R'000
26. LEASE LIABILITIES		
Carrying value 1 January	**159 967**	159 900
New leases acquired	**6 959**	14 701
Acquired through business combinations	**3 279**	–
Leases terminated	**(7 531)**	(1 648)
Interest charged	**13 773**	14 535
Interest paid	**(12 232)**	(12 903)
Capital repaid	**(19 174)**	(15 702)
Effect of foreign currency exchange differences	**65**	1 084
Carrying value	**145 106**	159 967
Transfer to short term lease liability	**(19 882)**	(15 706)
Carrying value at 31 December	**125 224**	144 261
Maturity analysis		
Year 1	**31 816**	29 173
Year 2	**29 005**	28 383
Year 3	**26 740**	26 767
Year 4	**25 232**	27 105
Year 5	**16 485**	25 827
Onwards	**85 254**	109 869
Total	**214 532**	247 124
Less: unearned interest	**(69 426)**	(87 157)
	145 106	159 967

The Group does not face a significant liquidity risk with regard to its lease liabilities.

	2021 R'000	2020 R'000
27. TRADE AND OTHER PAYABLES		
Trade payables	**560 926**	467 380
Employee-related payables	**36 520**	33 628
Contract liability[1]	**24 958**	69 679
Other payables[2]	**48 274**	32 214
Leave pay accrual	**56 730**	45 439
Total	**727 408**	648 340

[1] *The Group has a revenue stream arising from the performance of services which relates to co-manufacturing and packaging contracts, the amount payable under contract as at 31 December 2021 was R25 million (2020: 70 million). The significant change in contract liability is as a result of the discharge of the obligation when stock is collected by the customers, with the difference between liability and stock being the conversion cost to be recognised as revenue in the next reporting period. The conversion cost in relation to the 31 December 2020 liability was recognised as revenue in the current financial year.*

[2] *Included in other payables is VAT payable, audit fees, tenant allowance and licence fee accruals.*

Trade and other payables are non-interest bearing and are generally on terms of 30 to 90 days. Refer to **note 34** on the liquidity risk of trade payables, which explains the Group's process for managing its liquidity risk.

	2021 R'000	2020 R'000
28. PROVISIONS		
BONUS		
Balance at the beginning of the year	**36 432**	21 088
Acquired through business combinations	**1 300**	–
Arising during the year	**56 025**	40 911
Utilised during the year	**(46 244)**	(25 567)
Balance at the end of the year	**47 513**	36 432

BONUS

A provision is recognised for an expected bonus pay-out in the first quarter. The provision is calculated by management based on earnings targets for the year and employee performance during the year.

29. COVID-19 PANDEMIC ASSESSMENT AND GOING CONCERN

COVID-19 PANDEMIC ASSESSMENT

- The Group is fully committed to the preventative measures that have been implemented by various governments in the countries in which it operates to contain the spread of COVID-19 since early 2020. The Group's primary concern is to ensure the health and safety of employees, preserve jobs and hence livelihoods, ensure food security through the continuity of operations, and ensure the Group's ability to continue meeting stakeholders' expectations in terms of product demand.
- As previously reported, the Aquaculture operation, with its main markets being in the Far East, continues to experience the negative effects of COVID-19 as a direct result of continued lockdown restrictions and the curtailment of air freight and associated high freight costs from South Africa. With the segment still under pressure, the board of Viking Aquaculture resolved to limit the losses in the Aquaculture segment by closing the mussel and trout businesses. These closures resulted in R6.2 million in impairment losses in the Aquaculture segment for the year ended 31 December 2021.
- With the Aquaculture segment incurring operating losses for the year ended 31 December 2021, management performed an assessment of goodwill impairment. The assessment resulted in an update to the forecast abalone sales volumes used in the last reporting period's value-in-use calculation to reflect the current and forecast performance of the business. The calculation was also updated with current and forecast sales prices and, with the strengthening of the rand to the US dollar during the year, revised forecast exchange rates. The discount rate was also increased to 15.29% compared to the discount rate of 15.03% as at 31 December 2020. The assessment of goodwill resulted in reduced headroom since 31 December 2020. Management will continue to assess the long-term effects of COVID-19 on the Aquaculture operation and the impact it has on the assessment of goodwill impairment.

GOING CONCERN

- Management has assessed the going concern assumption, considering the impact of COVID-19 and taking into account cash flow analysis, operational analysis and available funding facilities. The cash flow analysis considered factors impacting the ability of the Group to generate or preserve cash. Such factors included limitations of COVID-19 on production and the resulting sales, fixed costs and capital expenditure plans that would require funding, as well as available facilities. The result of these analyses was that the Group will have sufficient cash resources to sustain operations. An analysis of the potential impact of COVID-19 on funding covenants was also considered and management is of the view that funding covenants will not be breached. No funding covenants were breached in the 2021 financial year. Therefore, the directors have no reason to believe that the Group will not be a going concern in the foreseeable future and, accordingly, the financial statements have been prepared on a going concern basis.
- Fortunately, the July 2021 unrest in KwaZulu-Natal and Gauteng had minimal impact on the Group's operations.

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30. SHARE-BASED PAYMENT PLANS

ACCOUNTING POLICY

Equity-settled share-based benefits

In terms of the Group's share plans, executive directors and senior managers are awarded forfeitable shares in the Group.

The equity-settled share-based payment reserve is measured at the fair value of share instruments granted to Group employees at grant date with a corresponding charge to profit or loss over the period during which the employee becomes unconditionally entitled to the instruments.

The fair value of the instruments granted is measured using generally accepted valuation techniques, taking into account the terms and conditions upon which the instruments are granted.

Reclassification from equity-settled to cash-settled

The Group has a controlled trust which has been established as a vehicle through which certain employees have made an investment in or acquired an economic exposure to shares in the Group.

The Group measured the liability initially using the reclassification date fair value of the equity award based on the elapsed portion of the vesting period. This amount is recognised as a liability with the corresponding entry in equity.

Subsequent to the modification of the share schemes, the Group recognises, as a minimum, the services received measured at the grant date fair value of the equity instruments granted.

Cash-settled transactions

The fair value of the amount payable to employees in respect of these shares, which are now settled in cash, is recognised as an expense, with a corresponding increase in liabilities, over the period in which the employee becomes unconditionally entitled to payment. The liability is remeasured at each reporting date and at settlement date. Any changes in the fair value of the liability is recognised in profit or loss.

	2021 R'000	2020 R'000
Equity-settled compensation plans		
The Sea Harvest Management Investment Trust No. 2	**(42 441)**	(42 441)
Sea Harvest Employee Share Trust	**(28 851)**	(25 749)
Sea Harvest Australia	**(3 186)**	(3 002)
Forfeitable share plan	**24 139**	37 844
Share-based payment reserve	**(50 339)**	(33 348)
Cash-settled compensation plans		
Sea Harvest Employee Share Trust	**35 746**	31 510
Share-based payment liabilities	**35 746**	31 510

Staff share costs of R22.1 million (2020: R24.5 million) are accounted for as employee expenses and are included in the calculation of distributable reserves.

THE SEA HARVEST MANAGEMENT INVESTMENT TRUST NO 2

The Sea Harvest Management Investment Trust No 2 was established as an investment vehicle for senior executives of Sea Harvest Corporation Proprietary Limited to acquire an investment in the Company.

The original terms at grant date were as follows:

DATE OF GRANT	NUMBER	EXPIRY DATE	EXERCISE PRICE (ZAR)	FAIR VALUE AT GRANT DATE R'000
31 March 2014	8 257 897	31 March 2020	4.91	8 788

	2021	2020
Movement in share options during the year		
Balance at the beginning of the year	**–**	1 376 315
Shares vested	**–**	(1 376 315)
Balance at the end of the year	**–**	–

SEA HARVEST EMPLOYEE SHARE TRUST

The Sea Harvest Employee Share Trust was established as an investment vehicle for employees of Sea Harvest Corporation Proprietary Limited to acquire an economic exposure to an investment in shares in the Company.

Before the modification in 2017, the options were to vest fully in 2022 and expire eight years after grant date.

In 2017, the scheme was modified and 50% of the options were settled. The remaining 50% of the options will vest in 2022.

As a result of the settlement of a significant portion of the scheme in cash, it was considered to be a cash-settled scheme with the fair value of the liability measured at each reporting date.

The original terms at grant date were as follows:

DATE OF GRANT	NUMBER	EXPIRY DATE	EXERCISE PRICE (ZAR)	FAIR VALUE AT GRANT DATE R'000
31 March 2014	4 258 138	31 March 2022	5.73	5 155

	2021	2020
Movement in number of shares during the year:		
Balance at the beginning of the year	**3 548 450**	3 548 449
Balance at the end of the year	**3 548 450**	3 548 450
The key assumptions used in the measurement of the fair values at year end were as follows:		
Dividend yield (%)	**2.55**	2.55
Historical volatility (%)	**34.96**	45.46
Risk–free interest rate (%)	**4.69**	3.38
Expected life of options (years)	**8.01**	8.00
Grant date share price (ZAR)	**3.57**	3.57
Model used	**Finite difference**	Finite difference

Volatility was calculated using historical market information from peer group companies, using one to five-year historical annualised share price volatilities on a daily, weekly and monthly basis.

30. SHARE-BASED PAYMENT PLANS (continued)

FORFEITABLE SHARE PLAN

Sea Harvest Group Limited has a forfeitable share plan to attract, retain, incentivise and reward the right calibre of employees. The following awards are issued:

1. Performance shares

Annual awards of performance shares to key executives and strategic management, as a percentage of guaranteed pay and the vesting of which will be subject to:

(i) the employment condition of three years post-award date; and

(ii) sufficiently stretching performance conditions measured over a three-year period, which include a combination of total shareholder return (TSR) in relation to a comparator Group, return on capital employed (ROCE), headline earnings per share (HEPS) growth, and transformation.

2. Bonus shares

Annual awards of bonus shares to key executives and strategic management in the form of a matched short-term incentive (STI), the vesting of which will be subject to an employment condition of three years from award date.

3. Retention shares

Once-off awards of retention shares in order to retain key executives and selected members of strategic management instrumental in delivering the Group's business strategy.

The shares issued upon listing vest in equal annual tranches over (i) five years (CEO and key executives) (ii) three years (other) from award date. Subsequent issues vest equally in years 3, 4, and 5 from award date.

	PERFORMANCE SHARES	BONUS SHARES	RETENTION SHARES	TOTAL
2021				
Number of shares outstanding at the beginning of the year	**5 361 919**	**2 123 247**	**525 129**	**8 010 295**
Granted during the year	**1 667 466**	**658 281**	**4 908 422**	**7 234 169**
Vested during the year	**(1 638 554)**	**(805 495)**	**(262 565)**	**(2 706 614)**
Forefeited during the year	**(83 760)**	**–**	**–**	**(83 760)**
Number of shares outstanding at the end of the year	**5 307 071**	**1 976 033**	**5 170 986**	**12 454 090**
2020				
Number of shares outstanding at the beginning of the year	4 697 237	2 211 288	1 172 013	8 080 538
Granted during the year	1 966 195	529 476	–	2 495 671
Vested during the year	(1 279 604)	(617 517)	(646 884)	(2 544 005)
Forfeited during the year	(21 909)	–	–	(21 909)
Number of shares outstanding at the end of the year	5 361 919	2 123 247	525 129	8 010 295

Shares that have not been exercised in accordance with the rules of the plan are forfeited upon termination of employment, other than on death, retrenchment or retirement.

The fair value of the equity-settled shares plan is estimated at the award date using the Monte Carlo model, taking into account the terms and conditions upon which the options were granted.

The key assumptions used in the measurement of the fair values at grant date of the equity-settled share-based payment plans were as follows:

FORFEITABLE SHARES ISSUED 23 MARCH 2017	TOTAL
Fair value at grant date (R'000)	46 284
Dividend yield (%)	2.50
Expected volatility (%)	33.00
Risk-free interest rate (%)	7.01
Share price at grant date	12.50
Attrition rate per annum	5%
Expected life of share offers	3 – 5 years
Model used	Monte Carlo

FORFEITABLE SHARES ISSUED 3 SEPTEMBER 2018	TOTAL
Fair value at grant date (R'000)	32 413
Dividend yield (%)	2.70
Expected volatility (%)	42.92
Risk-free interest rate (%)	6.80
Share price at grant date	14.55
Expected life of share offers	3 – 5 years
Model used	Monte Carlo

FORFEITABLE SHARES ISSUED 23 MARCH 2019	TOTAL
Fair value at grant date (R'000)	20 896
Dividend yield (%)	2.9
Expected volatility (%)	51.8
Risk-free interest rate (%)	7.19
Share price at grant date (R)	14.05
Expected life of share offers	3 – 5 years
Model used	Monte Carlo

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30. SHARE-BASED PAYMENT PLANS (continued)

3. Retention shares (continued)

FORFEITABLE SHARES ISSUED 9 MARCH 2020	TOTAL
Fair value at grant date (R'000)	17 421
Dividend yield (%)	3.4
Expected volatility (%)	31.62
Risk-free interest rate (%)	6.24
Share price at grant date (R)	12.61
Expected life of share offers	3 years
Model used	Monte Carlo

FORFEITABLE SHARES ISSUED 18 MARCH 2021	TOTAL
Fair value at grant date (R'000)	**24 014**
Dividend yield (%)	**3.0**
Expected volatility (%)	**45.4**
Risk-free interest rate (%)	**6.10**
Share price at grant date	**15.01**
Expected life of share offers	**3 – 5 years**
Model used	**Monte Carlo**

FORFEITABLE SHARES ISSUED 30 NOVEMBER 2021	TOTAL
Fair value at grant date (R'000)	**58 574**
Dividend yield (%)	**3.5**
Expected volatility (%)	**35.78**
Risk-free interest rate (%)	**6.60**
Share price at grant date	**12.81**
Expected life of share offers	**5 years**
Model used	**Monte Carlo**

Expected volatility was calculated using historical market information from the peer group companies, using one-to five-year historical annualised share price volatilities on a daily, weekly and monthly basis:

4. Unallocated shares

At 31 December 2021 the Group has 2 897 069 (2020: 3 042 149) of its own shares bought back for the purpose of future forfeitable share plan allocation. The movement is as follows:

	2021 R'000	2020 R'000
Numbers of shares at the beginning of the year	**3 042 149**	4 063 857
Shares repurchased	**2 432 929**	1 452 054
Forfeitable shares plan allocation during the year	**(2 661 769)**	(2 495 671)
Forfeitable shares plan shares forfeited	**83 760**	21 909
Numbers of shares at the end of the year	**2 897 069**	3 042 149

31. BUSINESS COMBINATIONS

31.1 MOOIVALLEI

With effect from 2 August 2021, Sea Harvest has, through its wholly owned subsidiary Ladismith Cheese, acquired 100% of the issued share capital of Mooivallei for a purchase consideration of R9 million and assumed or settled Mooivallei debts to the value of R32 million.

Based in Bonnievale in the Western Cape, Mooivallei is a producer and supplier of value-added dairy products, with its main products of cheese and butter sold into the retail and non-retail channels in South Africa. The Mooivallei acquisition complements Ladismith Cheese through 40% additional cheese production capacity, raw material supply, access to industry skills and expertise, a strong asset base, and additional working capital.

The accounting for the acquisition of Mooivallei has been finalised.

	FAIR VALUE AT ACQUISITION DATE R'000
Assets acquired and liabilities assumed	
Property, plant, equipment and vehicles	**41 592**
Right-of-use assets	**678**
Intangible assets	**1 972**
Inventory	**14 426**
Trade and other receivables	**13 651**
Borrowings	**(13 001)**
Deferred tax	**(9 793)**
Lease liabilities	**(714)**
Trade and other payables	**(19 491)**
Bank overdraft	**(19 203)**
Total identifiable assets and liabilities	**10 117**
Total consideration transferred	
Cash	**8 877**
Net cash flow on acquisition of subsidiary	
Consideration paid in cash	**8 877**
Add: bank overdraft assumed	**19 203**
	28 080
Gain on bargain purchase	
Consideration	**8 877**
Less: Fair value of identifiable assets acquired and liabilities assumed	**(10 117)**
	(1 240)

Property, plant, equipment and vehicles with a carrying amount of R35.8 million were revalued to its fair value of R41.6 million at acquisition date. The fair value adjustment of R5.8 million relates to land and buildings. The valuations for land and buildings was performed by an independent valuator.

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

The fair value of trade and other receivables of R13.7 million includes trade receivables with a fair value of R13.5 million, which approximates the gross contractual amount.

The gain on bargain purchase is attributable to Ladismith Cheese securing a lower price for the distressed Mooivallei business.

31. BUSINESS COMBINATIONS (continued)

31.2 BM FOODS GROUP

With effect from 2 September 2021, Sea Harvest has, through its wholly owned subsidiary Cape Harvest Foods, acquired 53.70% of the issued share capital of BM Foods Group.

BM Foods Group manufactures and distributes a range of chilled and frozen food products and convenience foods to the local retail and foodservices markets. Brands include Bettafresh, Mediterranean Delicacies, Tuna Marine, Judy's Preserves and Chelsea Pies.

The acquisition is a diversification into a new food sector in the South African food industry, providing synergies with the Group's dairy and fishing businesses and providing access to a platform business with good management and growth opportunities.

The Group has elected to measure the non-controlling interest in BM Foods Group at its proportionate percentage of the recognised amounts of the acquiree's identifiable net assets.

The accounting for the acquisition of BM Foods Group has been finalised.

	FAIR VALUE AT ACQUISITION DATE R'000
Assets acquired and liabilities assumed	
Property, plant, equipment and vehicles	122 454
Right-of-use assets	2 565
Investment property	3 700
Intangible assets	25 609
Investment in associate	2 557
Inventory	55 152
Trade and other receivables	35 953
Cash and cash equivalents	2 164
Borrowings	(71 551)
Deferred tax	(25 941)
Lease liabilities	(2 565)
Trade and other payables	(35 997)
Short-term provisions	(2 767)
Tax liability	(755)
Total identifiable assets and liabilities	110 578
Total consideration transferred	
Cash	39 200
Contingent consideration	19 842
	59 042
Net cash flow on acquisition of subsidiary	
Consideration paid in cash	39 200
Less: Cash and cash equivalents acquired	(2 164)
	37 036
Gain on bargain purchase	
Consideration	59 042
Less: Fair value of identifiable assets acquired and liabilities assumed	(110 578)
Non-controlling interest	51 198
	(338)

31.2 BM FOODS GROUP (continued)

Property, plant, equipment and vehicles with a carrying amount of R99.4 million were revalued to its fair value of R122.5 million at acquisition date. The fair value adjustment of R23.1 million relates to land and buildings. The valuations for land and buildings were performed by independent valuators.

The intangible assets identified were the Mediterranean Delicacies, Judy's Preserves, Tuna Marine and Bettafresh brands. The fair value was determined by an independent valuator with reference to the best estimate of a market participant's ability to generate economic benefits by using the asset in its highest and best use.

The fair value of trade and other receivables of R35.9 million includes trade receivables with a fair value of R33.1 million, which approximates the gross contractual amount.

The contingent consideration was estimated by an independent valuator and is based on BM Foods Group achieving earn-out targets for the 12-month period ending 28 February 2022 and the 31 December 2022 financial year, respectively, discounted at the prime lending rate at acquisition date. The contingent consideration is regarded as a Level 3 financial instrument for fair value measurement purposes

31.3 IMPACT OF THE ACQUISITION ON THE RESULTS OF THE GROUP

	R'000
Amounts included in the Group's results relating to Mooivallei and BM Foods Group since the date of acquisition:	
Revenue	**235 261**
Profit for the year	**26 618**
Results of the Group if Mooivallei and BM Foods Group had been consolidated from 1 January 2021:	
Revenue	**4 945 719**
Profit for the year	**422 578**

The directors consider these amounts to represent an approximate measure of the performance of the combined Group on an annualised basis.

In determining the profit of the Group had Mooivallei and BM Foods Group been acquired on 1 January 2021, the directors have taken into consideration the following:

- Additional finance costs that would have been incurred had the transaction taken place on 1 January 2021;
- The depreciation of property, plant, equipment and vehicles and amortisation of intangibles acquired was calculated on the basis of the fair values arising in the accounting for the business combination, rather than the carrying amounts recognised in the pre-acquisition financial statements; and
- Incremental operating costs that would have been incurred by the Group had the transaction taken place on 1 January 2021.

Acquisition-related costs

Acquisition-related costs of R3.5 million were recognised in profit or loss for the 2021 year.

32. EVENTS SUBSEQUENT TO THE REPORTING DATE

On 11 January 2022, the Group announced that it had, through its wholly-owned foreign subsidiaries, Sea Harvest Proprietary Limited and Sea Harvest Marine Proprietary Limited, entered into a business purchase agreement to acquire the Western Australia-based fishing and related businesses of MG Kailis and its subsidiaries for a purchase consideration of AUD70 million (R783 million) subject to the fulfilment or waiver (as the case may be) of various conditions precedent by no later than 31 March 2022 or such later date as may be agreed.

During the budget speech held on 23 February 2022, the Minister of Finance announced a decrease in the corporate tax rate from 28% to 27% with effect from 1 April 2022. If the legislation had been effective as at year end, this would have resulted in an estimated decrease of the deferred tax liability at 31 December 2021 of R18.1 million.

The Board of Directors recommended a gross and final cash dividend on 28 February 2022 amounting to 56 cents per share (2020: 45 cents), in respect of the year ended 31 December 2021.

The Department of Forestry, Fisheries and Environment (DFFE) recently concluded the allocation of commercial fishing rights in nine sectors. Sea Harvest applied for quota in four commercial sectors and achieved one of the highest scores during the process. Sea Harvest was successful in renewing its; 10-years for KZN Crustacean Trawl and 15-years for Hake Deep-Sea Trawl, Small Pelagics: Anchovy and Small Pelagics: Sardines. The results are not final as yet, as applicants reserve the right to appeal their allocation. Sea Harvest does not project any wholesale changes will be made to the allocations after the appeals process. The new fishing season commenced in all four sectors on 1 March 2022.

33. FAIR VALUE MEASUREMENT OF ASSETS AND LIABILITIES

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

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

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

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

Fair value measurement hierarchy for assets and liabilities as at 31 December 2020:

	DATE OF VALUATION	TOTAL	PRICES QUOTED IN ACTIVE MARKETS (LEVEL 1)	SIGNIFICANT OBSERVABLE INPUTS (LEVEL 2)	SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3)
Assets measured at fair value					
Biological assets	31 December 2020	160 408	–	–	160 408
Investment at fair value through other comprehensive income	31 December 2020	25 264	–	–	25 264
Financial assets	31 December 2020	52 472	–	27 334	25 138
Liabilities measured at fair value					
Financial derivatives liabilities	31 December 2020	227	–	227	–
Contingent consideration liability	31 December 2020	99 974	–	–	99 974

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

Specific valuation techniques used for the instruments are:

- **Biological assets:** Biological assets are measured at fair value less costs to sell. Biological assets include abalone, mussels, oysters, fish and spats cultivated at aquaculture farms, and are measured at their fair value less estimated point-of-sale costs. Fair value is determined based on the US 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.
- **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.
- **Financial assets:**
  - 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.
  - Level 3 financial assets represent the call option to acquire shares in Vuna Fishing Company Proprietary Limited (Vuna Fishing Company) was independently determined by an expert using the Black-Scholes option pricing model (finite differencing technique). Key unobservable inputs applied in the option pricing model were (i) the value of Vuna Fishing Company which was calculated using an average of actual 2021 earnings and 2022 projected earnings multiplied by a price earnings multiple, (ii) the yield curve of 6.39% (2020: 5.28%), and (iii) volatility of 36.02% (2020: 37.16%).
- **Contingent consideration:** The fair value of the contingent consideration arrangements was estimated calculating the present value of the expected future cash flows. The estimates are based on discount rates and the assumption that the earn-out targets will be met based on the best available forecast information at acquisition date. Refer to **note 24**.

The sensitivity of the valuation assumptions for the Level 3 financial instruments is set out in **notes 9**, **14**, and **25**.

34. FINANCIAL RISK MANAGEMENT

Through the Group's activities it is exposed to capital risk, market risk (currency and interest rate risk), liquidity risk and credit risk.

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

The Board and the Audit Committee oversee how management monitors compliance with the Group's risk management policies and procedures and review the adequacy of the risk management framework in relation to the risks faced by the Group.

Capital risk management

Capital risk is managed to ensure that entities in the Group will be able to continue as a going concern, the return to stakeholders is optimised, and that expansion can be funded as and when necessary.

The capital structure of the Group consists of net debt (borrowings as detailed in **note 21** offset by cash and bank balances as detailed in **note 19**) and equity of the Group (comprising issued capital, reserves, retained earnings and non-controlling interests as detailed in **note 20**). The Group manages its capital structure and makes adjustments in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2021.

Liquidity and interest rate risk management

The Group is exposed to interest rate risk because entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings.

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group does this by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

34. FINANCIAL RISK MANAGEMENT (continued)

	2021 R'000	2020 R'000
Unutilised banking facilities		
Total banking and loan facilities	**2 763 268**	1 620 531
Facilities utilised	**(1 864 507)**	(1 061 454)
Unutilised banking facilities	**898 761**	559 077
Unrestricted cash and cash equivalents	**686 919**	270 441
Unutilised banking facilities and cash and cash equivalents	**1 585 680**	829 518

Liquidity and interest rate risk tables

The following tables detail the Group's remaining contractual maturity for derivative and non-derivative financial liabilities and assets.

The liabilities are drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the liabilities can be repaid and includes both interest and principal cash flows. The asset tables have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets and in the case when contractual maturities cannot be determined, using management best view of the period when the amounts will be recovered.

	INTEREST RATE %	WITHIN 1 YEAR	1 – 5 YEARS	OVER 5 YEARS	TOTAL
2021					
Financial Assets					
Investment at fair value through other comprehensive income	**0**	**–**	**–**	**29 989**	**29 989**
Loans to related parties	**Prime plus 2**	**3 402**	**49 237**	**–**	**52 639**
Loans to related parties	**JIBAR plus 2.65**	**–**	**13 765**	**–**	**13 765**
Loans to related parties	**0**	**–**	**–**	**72 489**	**72 489**
Loans to supplier partners	**JIBAR plus 2.65**	**13 708**	**75 792**	**12 040**	**101 540**
Loans to supplier partners	**0**	**–**	**–**	**19 418**	**19 418**
Financial assets	**0**	**58 866**	**–**	**24 936**	**83 802**
Trade and other receivables	**0**	**590 858**	**–**	**–**	**590 858**
Cash and banks balances	**Bank deposit rates**	**739 909**	**–**	**–**	**739 909**
		1 406 743	**138 794**	**158 872**	**1 704 409**
Financial Liabilities					
Term loan borrowings – variable rates	**Refer note 21**	**103 530**	**1 408 311**	**477 009**	**1 988 850**
Corporate receivables finance loan – variable rates	**Refer note 21**	**33 256**	**23 982**	**–**	**57 238**
Instalment sale agreement borrowings – fixed rates	**Refer note 21**	**5 863**	**10 385**	**–**	**16 248**
Financial derivative liabilities	**0.00**	**118**	**–**	**–**	**118**
Trade and other payables	**0.00**	**629 342**	**–**	**–**	**629 342**
Bank overdrafts	**Bank overdraft rates**	**52 990**	**–**	**–**	**52 990**
Lease liabilities	**Various incremental borrowing rates**	**31 816**	**97 462**	**85 254**	**214 532**
		856 915	**1 540 140**	**562 263**	**2 959 318**

	INTEREST RATE %	WITHIN 1 YEAR	1 – 5 YEARS	OVER 5 YEARS	TOTAL
2020					
Financial assets					
Investment at fair value through other comprehensive income	0	–	–	25 264	25 264
Loans to related parties	Prime plus 2	5 624	16 336	45 379	67 339
Loans to related parties	JIBAR plus 2.65	–	–	13 431	13 431
Loans to related parties	0	–	–	72 488	72 488
Loans to supplier partners	JIBAR plus 2.65	5 036	66 719	23 701	95 456
Loans to supplier partners and loan receivable	0	–	–	13 057	13 057
Financial assets	0	27 334	–	25 138	52 472
Trade and other receivables	0	571 898	–	–	571 898
Cash and bank balances	Bank deposit rates	275 245	–	–	275 245
		885 137	83 055	218 458	1 186 650
Financial liabilities					
Term loan borrowings – variable rates	Refer note 21	122 746	963 170	454 560	1 540 476
Corporate receivables finance loan – variable rates	Refer note 21	42 616	–	–	42 616
Instalment sale agreement borrowings – fixed rates	Refer note 21	5 914	3 993	–	9 907
Fishing licence liability	2.35	25 242	–		25 242
Financial derivative liabilities	0.00	227	–	–	227
Trade and other payables	0.00	648 340	–	–	648 340
Bank overdrafts	Bank overdraft rates	4 804	–	–	4 804
Lease liabilities	Various incremental borrowing rates	29 173	108 082	109 869	247 124
		879 062	1 075 245	564 429	2 518 736

34. FINANCIAL RISK MANAGEMENT (continued)

The Group has performed a sensitivity analysis relating to its exposure to interest rate risk at the reporting date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a 50 basis point change in these risks.

	2021 R'000	2020 R'000
Increase in profits	**7 091**	5 279
Decrease in profits	**(7 091)**	(5 279)

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group.

The maximum exposure to credit risk, excluding the value of any collateral or other security at the reporting date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements.

The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

Credit exposure in relation to fast-moving consumer and retail goods is largely covered by credit guarantee insurance. The insurance will settle a percentage of the amount outstanding at the bad debt date subject to certain criteria, including the adherence to procedures if the customer will pay subsequently, set out by the insurance company.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Because of this, the Group has no significant concentration of credit risk with respect to any single counter party or group of counter parties other than those receivables specifically provided for.

Foreign currency risk management

Foreign currency risk is the risk that the fair value of future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a foreign currency).

Exchange rate exposures are managed within approved policy parameters utilising foreign currency forward exchange contracts.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	2021 R'000	2020 R'000
Assets		
USD denominated	**13 163**	6 210
GBP denominated	**2 762**	1 617
EURO denominated	**157 282**	197 796
AUD denominated	**15 754**	10 903
Liabilities		
EURO denominated	**492**	4 326
UK denominated	**240**	–
USD denominated	**492**	–

Foreign currency sensitivity analysis

The following table details the Group's sensitivity to a 10% increase or 10% decrease in the rand against the respective foreign currencies. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 10% change in foreign currency rates.

This analysis has been conducted for the exposure on receivables and payables outstanding at reporting date. A negative number indicates a decrease in profit where the rand strengthens by 10% against the relevant currency. For a 10% weakening in the rand against the relevant currency, there would be an equal and opposite effect on the loss.

	2021 R'000	2020 R'000
USD denominated		
Profit or loss	**(2 450)**	(1 587)
GBP denominated		
Profit or loss	**(252)**	60
EURO denominated		
Profit or loss	**(25 667)**	(37 759)
AUD denominated		
Profit or loss	**(1 845)**	(1 982)

Commodity price risk management

Commodity price risk is the risk that the fair value of future cash flows of an exposure will fluctuate because of changes in commodity prices. The Group's exposure to the risk of changes in commodity prices relates primarily to the Group's operating activities which require the ongoing purchase of diesel fuel. Due to the volatility, the Group enters into derivatives such as swaps and options for the forecasted diesel fuel purchase requirements for the 2021 fishing season.

Commodity price exposures are managed within approved policy parameters utilising a mix of cash settled commodity forward exchange contracts, swaps and options for diesel fuel.

Hedging and derivatives

Cash flow hedges

Due to the volatility in foreign currency rates and commodity prices, the Group enters into derivatives such as options, swaps and forward exchange contracts, for the purpose of minimising the Group's exposure to fluctuations in cash flows over the hedging period that results from the volatility.

The derivatives are designated as effective cash flow hedging instruments at year end. The effective portion of changes in the fair value of the derivatives is recognised in other comprehensive income and accumulated in the cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in the statement of comprehensive income.

The Group designates only the spot element of forward contracts as a hedging instrument. The forward element is recognised in other comprehensive income and accumulated in a separate component of equity under cost of hedging reserve. The hedges relate to highly probable forecast transactions and critical terms of both the hedged items and the hedging instruments are the same. The Group performs a qualitative assessment of effectiveness and it is expected that the value of the forward contracts and the value of the corresponding hedged items will systematically change in the opposite direction in response to the movements in the underlying exchange rates.

The main sources of ineffectiveness in these hedge relationships is the effect of counterparty and the Group's own credit risk on the fair value of the forward contracts, which is not reflected in the fair value of the hedged item attributable to changes in the foreign exchange rates. No other sources of ineffectiveness emerged from these relationships.

i. Foreign currency risk

The Group enters into forward exchange contracts to buy and sell specified amounts of various foreign currencies in the future at a predetermined exchange rate.

Within the South African operations, the contracts are entered into to manage the Group's exposure to fluctuations in foreign currency exchange rates on specific transactions.

The contracts are matched by anticipated future cash flows in foreign currencies, primarily from sales. It is the Group's policy to enter into forward exchange contracts for all material net foreign currency trade or capital items. No forward exchange contract is entered into where a relatively short settlement period is involved and risk is considered to be minimal.

ii. Commodity price risk

The Group entered into commodity forward exchange contracts and options to reduce the volatility attributable to price fluctuations of diesel fuel. Hedging the price volatility of forecast diesel fuel purchases is in accordance with the risk management strategy outlined by the Board of Directors.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

CONTINUED for the year ended 31 December 2021

34. FINANCIAL RISK MANAGEMENT (continued)

The following tables detail the amounts that the Group is contracted to sell under forward exchange contracts in respect of future receivables:

FOREIGN CURRENCY	R'000	AVERAGE CONTRACT EXCHANGE RATE %	CONTRACTUAL EXPIRY DATE
2021			
USD	**2 952**	**16.01**	**11 January 2022**
EURO	**1 630 699**	**19.17**	**11 January 2022 – 29 December 2023**
AUD	**256 024**	**12.09**	**11 January 2022 – 29 December 2023**
2020			
USD	1 538	14.67	29 December 2020 – 7 January 2021
EURO	1 461 470	18.86	28 February 2020 – 28 February 2022
AUD	178 576	11.34	2 March 2020 – 28 February 2022

The following tables detail the amounts that the Group is contracted to buy under forward exchange contracts in respect of future payables:

FOREIGN CURRENCY	R'000	AVERAGE CONTRACT EXCHANGE RATE %	CONTRACTUAL EXPIRY DATE
2021			
USD	**5 983**	**16.03**	**7 January 2022 – 4 March 2022**
EURO	**2 881**	**18.23**	**3 January 2022 – 18 February 2022**
EURO	**2 371**	**21.69**	**5 January 2022 – 4 February 2022**
DKK	**619**	**2.46**	**23 February 2022**
2020			
USD	1 854	14.69	22 December 2020 – 16 February 2021
EURO	482	18.41	16 November 2020 – 17 February 2021
EURO	2 081	18.43	29 October 2020 – 15 March 2021

Hedge accounting applied in respect of foreign currency and price risk cash flow hedges:

	2021 R'000	2020 R'000
Carrying value of foreign currency forward exchange contracts	**58 748**	27 107

The foreign exchange currency contracts have been acquired to hedge the underlying currency risk arising from firm commitments received from customers for the purchase of goods as well as forecast sales.

The majority of cash flows are expected to occur and affect profit or loss within the next 24 months.

35. COMMITMENTS AND CONTINGENCIES

As a result of the Group's strategic and operating decisions, the Group has the following capital and other commitments at the end of the reporting period.

Capital commitments

Budgeted capital expenditure is as follows:

	2021 R'000	2020 R'000
Commitments for the acquisition of property, plant, equipment and vehicles	**21 189**	32 023
Authorised by the directors but not contracted	**197 914**	205 812
	219 103	237 835

Contingent liabilities

The Group has no contingent liabilities at the end of the reporting period.

36. RELATED PARTY TRANSACTIONS

Balances and transactions between the Group and its subsidiaries, which are related parties of the Group, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed as follows:

A. TRADING TRANSACTIONS

	Sales to related parties R'000	Purchases from related parties[1] R'000	Recoveries and other income[2] R'000	Amounts owed by related parties[3] R'000	Amounts owed to related parties[3] R'000
2021					
SeaVuna Fishing Company Proprietary Limited (subsidiary of Vuna Fishing Company Proprietary Limited)*	**21 471**	**240 230**	**5 240**	**9 123**	**30 740**
House of Monatic Proprietary Limited (subsidiary of Brimstone Investment Corporation Limited)	**–**	**–**	**–**	**–**	**–**
Obsidian Health Proprietary Limited (subsidiary of Brimstone Investment Corporation Limited Group)	**–**	**824**	**–**	**–**	**–**
Oceana Group Limited (associate of Brimstone Investment Corporation Limited)	**2 343**	**–**	**–**	**–**	**–**
2020					
SeaVuna Fishing Company Proprietary Limited (subsidiary of Vuna Fishing Company Proprietary Limited)*	33 408	221 374	14 999	11 098	36 722
House of Monatic Proprietary Limited (subsidiary of Brimstone Investment Corporation Limited)	–	188	–	–	–
Oceana Group Limited (associate of Brimstone Investment Corporation Limited)	1 279	–	–	–	–

** Vuna Fishing Company Proprietary Limited is a joint venture of Brimstone Investment Corporation Limited.*

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

[2] Included in this amount are quota fees charged and vessels sold to SeaVuna. Recoveries relate to expenses incurred by Sea Harvest Corporation Proprietary Limited on behalf of SeaVuna and on charged to SeaVuna. This has no impact on the Group earnings.

[3] The amounts are classified as trade receivables and trade payables, respectively (see ***note 18 and 27****).*

All sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's-length transactions.

Outstanding balances at the year end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables.

For the year ended 31 December 2021, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (2020: Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

36. RELATED PARTY TRANSACTIONS (continued)

B. LOANS TO AND FROM RELATED PARTIES

	INTEREST RECEIVED R'000	AMOUNTS OWED BY RELATED PARTIES R'000	AMOUNTS OWED TO RELATED PARTIES R'000
2021			
Non-current			
Vuna Fishing Company Proprietary Limited (joint venture of the Brimstone Investment Corporation Limited group)*	**–**	**27 420**	**–**
Vuna Fishing Group Proprietary Limited (subsidiary of Brimstone Investment Corporation Limited)*	**–**	**45 069**	**–**
SeaVuna Fishing Company Proprietary Limited (wholly-owned subsidiary of Vuna Fishing Company Proprietary Limited)	**3 742**	**49 229**	**–**
	3 742	**121 718**	**–**
Non-current (investment in associate)			
Specialised Aquatic Feeds Proprietary Limited (associate of Viking Aquaculture Proprietary Limited). Refer to **note 13.**	**–**	**4 000**	**–**
Alliance Foods Proprietary Limited (associate of BM Foods Group)	**–**	**2 557**	**–**
	–	**6 557**	**–**
Current			
Obsidian Health Proprietary Limited (subsidiary of Brimstone Investment Corporation Limited Group)	**–**	**–**	**278**
	–	**–**	**278**
2020			
Non-current			
Vuna Fishing Company Proprietary Limited (joint venture of the Brimstone Investment Corporation Limited group)	–	27 420	–
Vuna Fishing Group Proprietary Limited (subsidiary of Brimstone Investment Corporation Limited)	–	45 069	–
SeaVuna Fishing Company Proprietary Limited (wholly-owned subsidiary of Vuna Fishing Company Proprietary Limited)	2 266	56 956	–
	2 266	129 445	–
Non-current (investment in associate)			
Specialised Aquatic Feeds Proprietary Limited (associate of Viking Aquaculture Proprietary Limited) Refer to **note 13.**	–	4 000	–
	–	4 000	–
Current			
Oceana Group Limited (associate of Brimstone Investment Corporation Limited Group)	–	82	–
	–	82	–

** Classified as non-current based on expected settlement date rather than contractual maturity.*

Loans to fellow subsidiaries have no fixed terms of repayment.

C. COMPENSATION FOR KEY MANAGEMENT PERSONNEL

	2021 R'000	2020 R'000
Short-term benefits	**71 453**	57 743
Post-employment benefits	**3 608**	3 570
	75 061	61 313

The remuneration of directors and key executives is determined by the Remuneration Committee having regard to the performance of individuals and market trends. Also refer to **note 37** for remuneration paid to directors and prescribed officers.

D. OTHER RELATED PARTY TRANSACTIONS

In addition to the above, the following related party transactions took place during the year:

a. Sea Harvest Corporation Proprietary Limited performed certain administrative services for the Vuna Fishing Company Proprietary Limited, for which a management fee was charged and paid.

Management fees received	**1 452**	1 452

b. Brimstone Investment Corporation Limited performed certain administrative services for Sea Harvest Corporation Proprietary Limited, for which a management fee was charged and paid.

Management fees paid to Brimstone Investment Corporation Limited	**1 709**	1 650

c. The Group has an option to acquire 100% of the shareholding in Vuna Fishing Company Proprietary Limited from Vuna Fishing Group Proprietary Limited. Refer to note 25.

E. HOLDING COMPANY

The intermediate holding company of Sea Harvest Group Limited is Brimco Proprietary Limited through its wholly-owned subsidiaries, Newshelf 1411 Proprietary Limited, and Newshelf 1169 Proprietary Limited. The ultimate holding ultimate holding company is Brimstone Investment Corporation Limited, which is based in South Africa and listed on the JSE.

37. REMUNERATION PAID TO DIRECTORS AND PRESCRIBED OFFICERS

	SHORT-TERM BENEFITS				POST-EMPLOYMENT BENEFITS	
	SALARY AND FEES R'000	SHORT-TERM INCENTIVE R'000	FORFEITABLE SHARE PLAN VESTED R'000	OTHER R'000	PENSION/ PROVIDENT R'000	TOTAL R'000
2021						
Executive Directors						
M Brey	3 351	3 384	5 748	56	648	13 187
F Ratheb	5 390	7 424	10 602	94	1 043	24 553
	8 741	10 808	16 350	150	1 691	37 740

	FORFEITABLE SHARES	VALUE OF FORFEITABLE SHARES
M Brey	1 733 132	20 990 500
F Ratheb	3 066 743	36 805 121

The remuneration of the above mentioned directors and prescribed officers is paid by Sea Harvest Corporation Proprietary Limited for services rendered to the Group.

There are no service contracts with directors of the Group with a notice period of greater than three months.

	BOARD FEES R'000	COMMITTEE FEES R'000	TOTAL R'000
Non-executive Directors			
WA Hanekom	186	250	436
MI Khan[1]	246	61	307
BM Rapiya	307	208	515
F Robertson[2]	650	123	773
KA Lagler	246	160	406
CK Zama	246	148	394
T Moodley[3]	246	–	246
	2 127	950	3 077

[1] Fees above were paid to Brimstone Investment Corporation Limited. In addition, MI Khan received R6.1 million (2020: R5.8 million) as remuneration from Brimstone Investment Corporation Limited in his capacity as an Executive Director.

[2] F Robertson received R9.6 million (2020: R8.8 million) as remuneration from Brimstone Investment Corporation Limited in his capacity as an Executive Director.

[3] Fees above were paid to Brimstone Investment Corporation Limited. In addition, T Moodley received R3.1 million (2020: R2.9 million) as remuneration from Brimstone Investment Corporation Limited in her capacity as an Executive Director.

	Short-term benefits				Post-employment benefits	
	Salary and fees R'000	Short-term incentive R'000	Forfeitable share plan vested R'000	Other R'000	Pension/ provident R'000	Total R'000
2020						
Executive Directors						
M Brey	3 000	2 888	3 502	52	581	10 023
JP de Freitas*	1 483	2 726	3 040	110	287	7 646
F Ratheb	5 088	5 864	6 228	110	985	18 275
	9 571	11 478	12 770	272	1 853	35 944

	Forfeitable shares	Value of forfeitable shares
M Brey	1 042 738	11 892 453
JP de Freitas*	486 307	5 546 344
F Ratheb	1 959 917	22 360 941

** Resigned in May 2020.*

The remuneration of the above mentioned directors and prescribed officers is paid by Sea Harvest Corporation Proprietary Limited for services rendered to the Group.

There are no service contracts with directors of the Group with a notice period of greater than three months.

	Board fees R'000	Committee fees R'000	Total R'000
Non-executive Directors			
WA Hanekom	177	238	415
MI Khan	234	59	293
BM Rapiya	293	198	491
F Robertson	636	117	753
KA Lagler	234	152	386
CK Zama	234	140	374
T Moodley	234	–	234
	2 042	904	2 946

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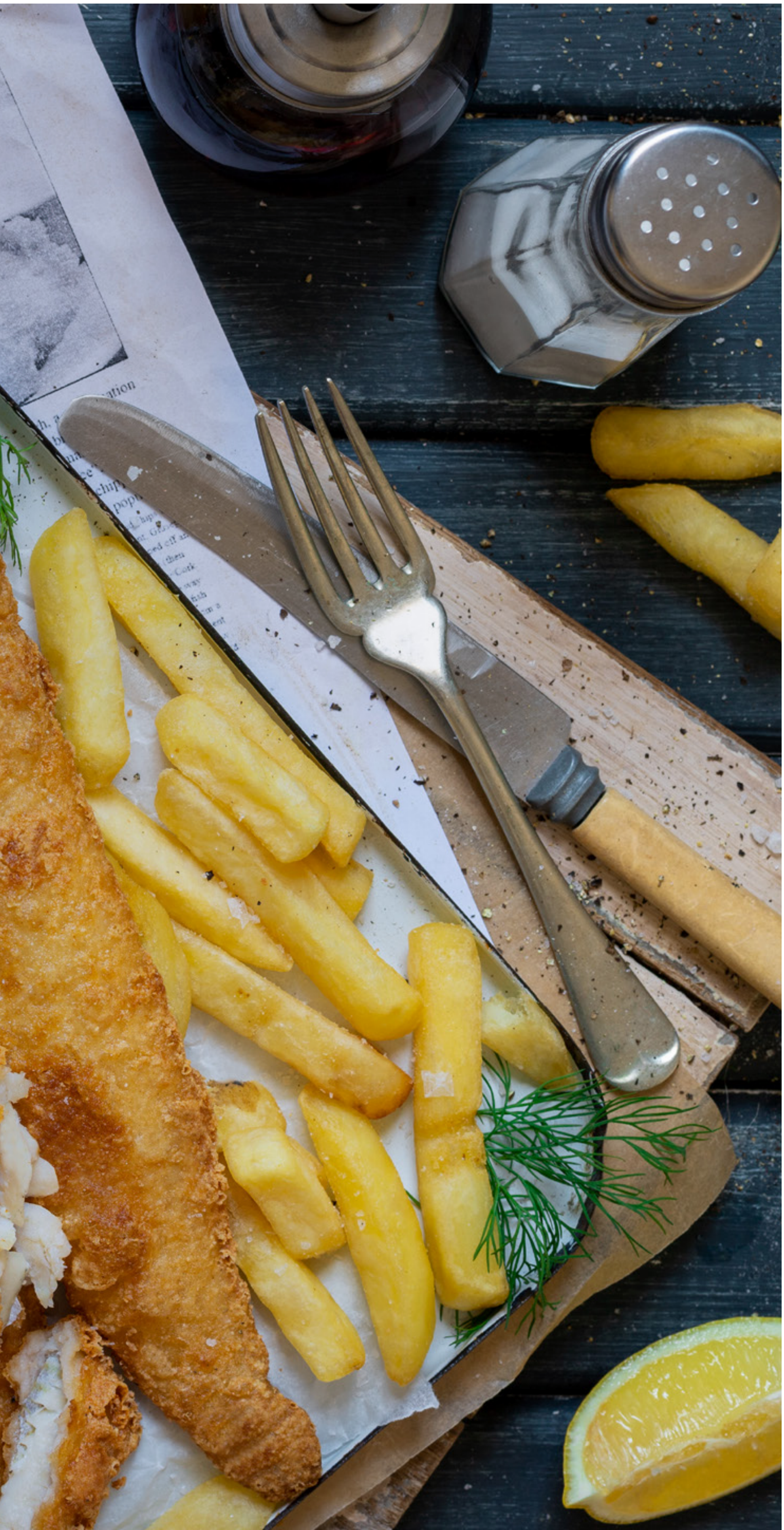
OUR COMPANY STATEMENTS



COMPANY STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2021

	NOTES	2021 R'000	2020 R'000
Revenue	2	**529 194**	6 851
Gross profit		**529 194**	6 851
Other operating income	3	**(307)**	1 919
Operating expenses	3	**(7 569)**	(7 190)
Operating profit before net investment income and taxation		**521 318**	1 580
Investment income	4	**1 821**	66
Profit before taxation		**523 139**	1 646
Taxation	5	**(441)**	(461)
Profit after taxation		**522 698**	1 185
Other comprehensive income, net of taxation		**–**	–
Total comprehensive income for the year		**522 698**	1 185

COMPANY STATEMENT OF FINANCIAL POSITION

for the year ended 31 December 2021

	NOTES	2021 R'000	2020 R'000
ASSETS			
Loans to related parties	14	**1 378 369**	1 311 083
Other financial asset	8	**24 831**	25 138
Non-current assets		**1 403 200**	1 336 221
Cash and bank balances		**450 696**	2 076
Trade receivables and other receivables		**1 482**	–
Taxation		**–**	1
Current assets		**452 178**	2 077
Total assets		**1 855 378**	1 338 298
EQUITY AND LIABILITIES			
Capital and reserves			
Stated capital	6	**1 939 206**	1 812 394
Accumulated loss		**(90 117)**	(480 597)
Total equity		**1 849 089**	1 331 797
Loans from related parties	14	**178**	178
Deferred tax liabilities	10	**5 562**	5 631
Non-current liabilities		**5 740**	5 809
Trade and other payables	7	**547**	692
Taxation		**2**	–
Current liabilities		**549**	692
Total equity and liabilities		**1 855 378**	1 338 298

COMPANY STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2021

	STATED CAPITAL R'000	ACCUMULATED LOSS R'000	TOTAL R'000
Balance as at 1 January 2020	1 813 420	(335 621)	1 477 799
Shares repurchased	(1 026)	–	(1 026)
Profit for the year	–	1 185	1 185
Dividends paid	–	(146 161)	(146 161)
Balance as at 1 January 2021	**1 812 394**	**(480 597)**	**1 331 797**
Issue of shares, net of listing costs	**59 670**	**–**	**59 670**
Treasury shares transferred to subsidiary[1]	**67 142**	**–**	**67 142**
Profit for the year	**–**	**522 698**	**522 698**
Dividends paid	**–**	**(132 218)**	**(132 218)**
Balance as at 31 December 2021	**1 939 206**	**(90 117)**	**1 849 089**

[1] *The transaction was non-cash through inter-company loan.*

COMPANY STATEMENT OF CASH FLOWS
for the year ended 31 December 2021

	NOTES	2021 R'000	2020 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	A	**(375)**	(339)
Working capital changes	B	**(1 627)**	(648)
Cash generated from operating activities		**(2 002)**	(987)
Investment income received		**1 821**	66
Dividends received from subsidiary		**522 000**	–
Income tax paid		**(510)**	(32)
Net cash generated from operating activities		**521 309**	(953)
CASH FLOWS FROM INVESTING ACTIVITIES			
Amounts advanced to related parties		**(91 255)**	(54 330)
Amounts repaid by related parties		**91 114**	203 995
Net cash utilsed in investing activities		**(141)**	149 665
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		**(132 218)**	(146 161)
Shares issued		**59 670**	–
Shares repurchased		**–**	(1 026)
Net cash utilised in financing activities		**(72 548)**	(147 187)
Net decrease in cash and cash equivalents		**448 620**	1 525
Cash and cash equivalents at the beginning of the year		**2 076**	551
Cash and cash equivalents at the end of the year		**450 696**	2 076
A. Cash generated from operations			
Profit for the year		**522 698**	1 185
Adjustments for:			
Taxation charge		**441**	461
Investment income		**(1 821)**	(66)
Dividends received from subsidiary		**(522 000)**	–
Fair value loss/(gain) on financial assets		**307**	(1 919)
		(375)	(339)
B. Working capital changes		**(1 627)**	(648)
Increase in trade and other receivables		**(1 482)**	–
Decrease in trade and other payables		**(145)**	(648)
Cash generated from operations		**519 998**	(987)

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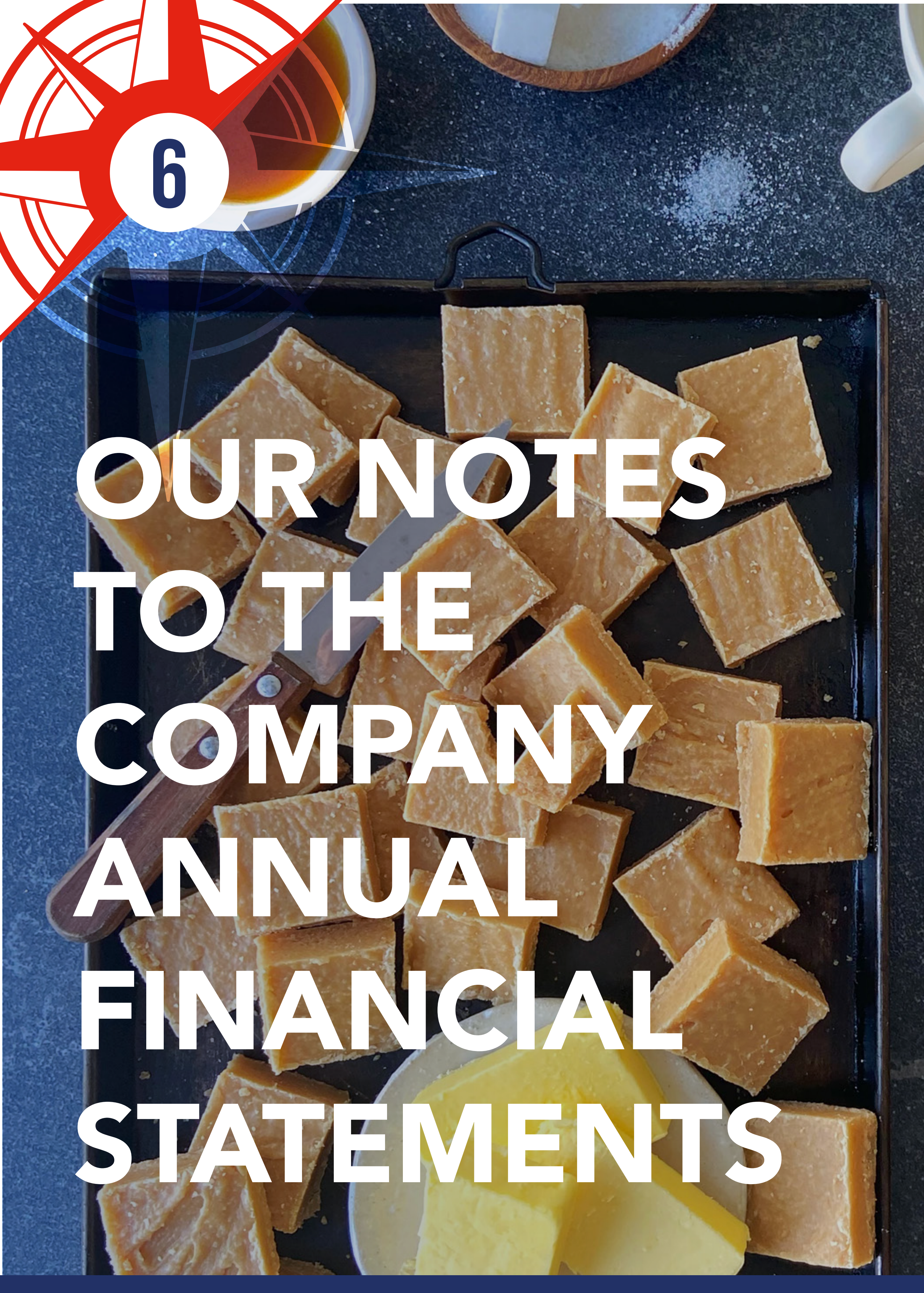
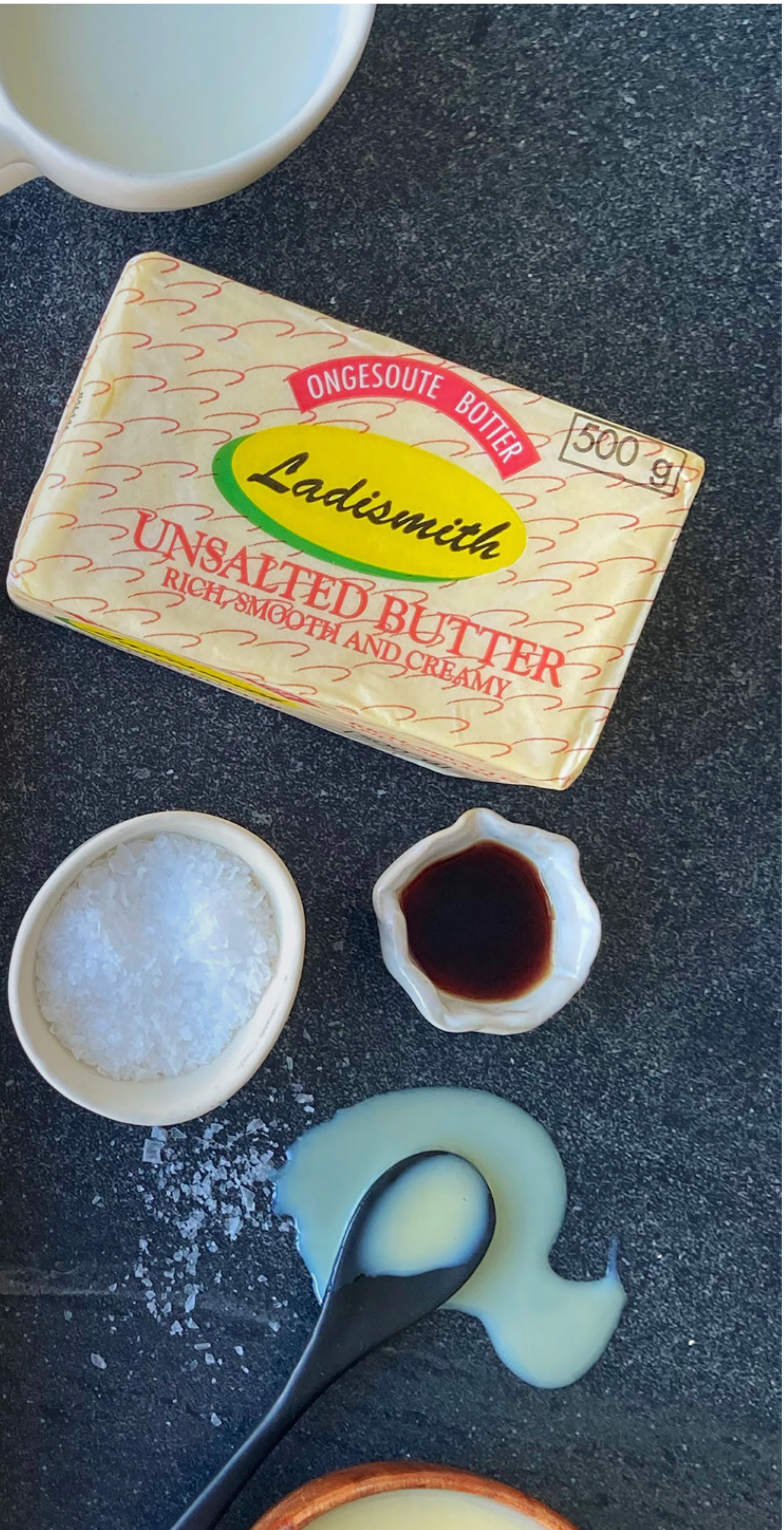
OUR NOTES TO THE COMPANY ANNUAL FINANCIAL STATEMENTS





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Notes to the company annual financial statements

NOTES TO THE COMPANY ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2021

1. ACCOUNTING POLICIES AND BASIS OF PREPARATION

PRESENTATION OF FINANCIAL STATEMENTS

A. BASIS OF PREPARATION

ACCOUNTING POLICY

Statement of compliance

The Company financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), in compliance with the JSE Listings Requirements, the interpretations adopted by the International Accounting Standards Board (IASB), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and the requirements of the South African Companies Act, No 71 of 2008. The financial statements were approved for issue by the Board of Directors on 31 March 2022.

Basis of measurement and preparation

The Company financial statements are prepared in accordance with the going concern and historical cost basis, except for the revaluation of certain financial instruments that are measured at fair values at each reporting period, as explained in accounting policies.

The principal accounting policies set out below and in the individual notes have been applied on a basis consistent with the previous year.

Functional and presentation currency

The presentation and functional currency of the Company financial statements is South African rand, and all amounts are rounded to the nearest thousand, except when stated otherwise.

Disclosure of accounting policies

The Company disclose only those accounting policies which relate to material transactions, other events or conditions, and:

- was changed during the reporting period because the Company were required to or chose to change its policy, and this change resulted in a material change to the amounts included in the financial statements;
- was chosen from one or more alternatives in an IFRS standard;
- was developed in accordance with paragraphs 10 to 12 of IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors in the absence of an IFRS standard that specifically applies;
- relates to an area for which the Company are required to make significant judgements;
- is in relation to assumptions in applying an accounting policy and discloses those judgements or assumptions; or
- applies the requirements of an IFRS standard in a way that reflects the Company's specific circumstances.

B. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

ACCOUNTING POLICY

The preparation of the Company financial statements in conformity with IFRS requires management to make judgements (other than those including estimations) that have a significant impact on the amounts recognised, and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. These judgements and estimates are described in the notes and identified under the heading "Significant judgements and estimates". The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision only affects that period, or in the period of the revision and future periods if the revision affects both current and future periods.

There are no reportable segments as required by IFRS 8: Operating Segments.

1.1 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE COMPANY

There are no new standards, interpretations and/or amendments that became applicable for the current reporting period that had an impact on the Company's accounting policies.

2. REVENUE

ACCOUNTING POLICY

Recognition and measurement

Revenue is measured based on the consideration to which the Company expects to be entitled in a contract with a customer, excluding value added tax.

Revenue from providing services is recognised in the accounting period in which the services are rendered. For fixed-price management contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided, because the customer receives and uses the benefits simultaneously. This is determined based on the actual labour hours spent relative to the total expected labour hours.

Dividend income is recognised when the right to receive payment has been established, which is normally the last date to trade.

	2021 R'000	2020 R'000
Revenue consists of:		
Adminstration fee from subsidiaries	**7 194**	6 851
Dividends received from subsidiaries	**522 000**	–
	529 194	6 851

3. OPERATING PROFIT BEFORE INVESTMENT INCOME AND TAXATION

	2021 R'000	2020 R'000
Operating profit before associate and joint venture income is arrived at after taking into account the following:		
Income		
Fair value (loss)/gain on option	**(307)**	1 919
Expenses		
Auditors' remuneration		
– External statutory audit	**1 022**	981
Directors fees (refer to **note 37** of the Group financial statements for more detail)	**3 077**	2 947

4. INVESTMENT INCOME

	2021 R'000	2020 R'000
Interest received on bank deposits and from external parties	**1 821**	66
	1 821	66

NOTES TO THE COMPANY ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2021

		2021 R'000	2020 R'000
5.	**TAXATION**		
	Current tax		
	In respect of the current year	**510**	18
	In respect of the prior year	**–**	13
		510	31
	Deferred tax		
	In respect of the current year	**(69)**	430
	Total income tax expense recognised in the current year	**441**	461
	Tax rate reconciliation:		
	Profit before tax	**523 139**	1 646
	Income tax expense calculated at 28% (2020: 28%)	**146 479**	461
	Prior year under provision	**–**	13
	Non-deductible expenses	**105**	95
	Non-taxable income	**(146 160)**	–
	Capital gains tax	**17**	(108)
		441	461

Non-taxable income mainly relates to dividend income received from a subsidiary.

		2021 R'000	2020 R'000
6.	**SHARE CAPITAL AND RESERVES**		
6.1	STATED CAPITAL		
	Authorised		
	10 000 000 000 (2020: 10 000 000 000) ordinary shares of no par value	**–**	–
	Issued and fully paid		
	298 866 214 (2020: 294 293 814) ordinary shares of no par value	**1 939 206**	1 879 536
	Held as treasury shares		
	Nil (2020: 3 042 149) ordinary shares of no par value	**–**	(67 143)
	Total stated capital	**1 939 206**	1 812 393
6.1.1	**Ordinary shares**		
	As at 31 December 2021, the movement in share capital is as follows:		
	Balance at the beginning of the year	**1 879 536**	1 879 536
	Issue of share capital	**59 670**	–
	Balance at the end of the year	**1 939 206**	1 879 536

	NUMBER OF SHARES	
	2021	2020
Balance at the beginning of the year	**294 293 814**	294 293 814
Issue of share capital	**4 572 400**	–
Balance at the end of the year	**298 866 214**	294 293 814

	2021 R'000	2020 R'000
6.1.2. Held as treasury shares		
As at 31 December 2021, the movement in share capital is as follows:		
Balance at the beginning of the year	**(67 142)**	(66 116)
Shares transferred to subsidiary	**67 142**	(1 026)
Balance at the end of the year	**–**	(67 142)

	NUMBER OF SHARES	
	2021	2020
Balance at the beginning of the year	**3 042 149**	4 063 857
Shares repurchased	**–**	1 452 054
Forfeitable shares plan allocation during the year	**–**	(2 495 671)
Forfeitable shares plan shares forfeited	**–**	21 909
Transfer to subsidiary	**(3 042 149)**	–
Balance at the end of the year	**–**	3 042 149

	2021 R'000	2020 R'000
7. TRADE AND OTHER PAYABLES		
Other payables	**547**	692
	547	692

Trade and other payables are non-interest bearing and are generally on terms of 30 to 90 days.

8. OTHER FINANCIAL ASSET

ACCOUNTING POLICY

Included in non-current financial assets is a call option, entered into on 1 January 2017, to acquire 100% of the shareholding in Vuna Fishing Company Proprietary Limited from Vuna Fishing Group Proprietary Limited. The fair value was independently determined by an expert using the Black-Scholes option pricing model. The 10-year call option financial asset which can be exercised at any time has been classified as a non-current asset at year-end due to the expected exercise date thereof exceeding 12 months from the reporting date. The call option is regarded as a Level 3 financial instrument for fair value measurement purposes.

Classification and measurement in accordance with IFRS 9: Financial instruments
The Company initially records all financial assets at fair value. The Company subsequently holds each financial asset at fair value – fair value through profit or loss (FVTPL) – or at amortised cost. Fair value is the price that would be received to sell an asset or paid to transfer a liability between market participants. Amortised cost is the amount determined based on accreting the initial amount recognised for the financial instrument to the maturity value on a systematic basis using a fixed interest rate (effective interest rate), taking account of repayment dates and initial premiums or discounts.

Financial assets at fair value through profit or loss
Financial assets are held at FVTPL. The Company's financial assets at FVTPL principally comprise investments in equities and derivatives.

8. OTHER FINANCIAL ASSET (continued)

	2021 R'000	2020 R'000
Asset held at fair value through profit or loss	**24 831**	25 138
Fair value loss on share option of R0.3 million (2020 gain: R1.9 million) is recognised in profit or loss.		
The movement in the call option derivative is as follows:		
Balance at the beginning of the year	**25 138**	23 218
Fair value movement	**(307)**	1 920
Balance at the end of the year	**24 831**	25 138

Assumption sensitivity analysis

The Company has performed a sensitivity analysis relating to its exposure to a change in the assumptions used in the valuation. This sensitivity analysis demonstrates the increase/(decrease) on the asset held at fair value through profit or loss which could result from a change in these assumptions.

Vuna Fishing Company valuation		
+5%	**2 264**	2 212
-5%	**(2 215)**	(2 161)
Yield Curve 5.277% (2020: 7.325%)		
+5%	**1 595**	1 782
-5%	**(1 566)**	(1 786)
Volatility 37.163% (2020: 27.363%)		
+1%	**798**	839
-1%	**(780)**	(817)

As Vuna Fishing Company Proprietary Limited is unlisted, the volatility was determined using the quadratic mean volatility of peer group companies.

9. FAIR VALUE MEASUREMENT

The following table analyses the Company'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 input other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

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

	DATE OF VALUATION	TOTAL	PRICES QUOTED IN ACTIVE MARKETS (LEVEL 1)	SIGNIFICANT OBSERVABLE INPUTS (LEVEL 2)	SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3)
Assets measured at fair value					
Other financial asset	**31 December 2021**	**24 831**	**–**	**–**	**24 831**

Fair value measurement hierarchy for assets and liabilities as at 31 December 2020:

	DATE OF VALUATION	TOTAL	PRICES QUOTED IN ACTIVE MARKETS (LEVEL 1)	SIGNIFICANT OBSERVABLE INPUTS (LEVEL 2)	SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3)
Assets measured at fair value					
Other financial asset	31 December 2020	25 138	–	–	25 138

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

Specific valuation techniques used for the Level 3 instruments are:

- Other financial assets: Asset valuation method performed by an independent valuator.

The sensitivity of the valuation assumptions for the Level 3 financial instruments are set out in **note 8**.

10. DEFERRED TAXATION

ACCOUNTING POLICY

Recognition and measurement

Deferred tax is provided using the liability method, providing for temporary differences arising between the tax base and the accounting carrying amount of amounts reflected in the financial statements. Deferred tax is, however, not provided for temporary differences that arise from the initial recognition of an asset or liability where that transaction affects neither accounting profit nor tax profit (tax loss). The only exception to this being when that asset or liability arises in terms of a business combination. Deferred tax is determined at tax rates that are enacted or substantively enacted at year-end and are expected to apply when the temporary difference reverses.

	2021 R'000	2020 R'000
Deferred tax liabilities	**5 562**	5 631
	5 562	5 631

The movement in deferred tax liabilities can be analysed as follows:

	OPENING BALANCE R'000	RECOGNISED IN PROFIT OR LOSS R'000	RECOGNISED IN OTHER COMPREHENSIVE INCOME R'000	CLOSING BALANCE R'000
2021				
Deferred tax liabilities in relation to:				
Derivative instruments	**5 631**	**(69)**	**–**	**5 562**
	5 631	**(69)**	**–**	**5 562**
2020				
Deferred tax liabilities in relation to:				
Derivative instruments	5 201	430	–	5 631
	5 201	430	–	5 631

11. EVENTS SUBSEQUENT TO THE REPORTING DATE

The Board of Directors recommended a gross and final cash dividend on 28 February 2022 amounting to 56 cent per share (2020: 45 cents), in respect of the year ended 31 December 2021.

During the budget speech held on 23 February 2022, the Minister of Finance announced a decrease in the corporate tax rate from 28% to 27% with effect from 1 April 2022. If the legislation had been effective as at year end, the impact would have been insignificant.

There has not arisen in the interval between the end of the financial year 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 Company, the results of those operations or the state of affairs of the Company.

12. COMMITMENT AND CONTINGENCIES

The Company has no commitments or contingent liabilities at the end of the reporting period.

13. FINANCIAL RISK MANAGEMENT

The Company's financial risk management strategy is consistent with that of the Group set out in **note 34** of the Group financial statements.

Liquidity and interest rate risk management

The following tables detail the Company's remaining contractual maturity for its non-derivative financial assets and liabilities within agreed repayment periods.

	INTEREST RATE %	WITHIN 1 YEAR	1 TO 5 YEARS	OVER 5 YEARS	TOTAL
2021					
Financial Assets					
Asset held at fair value through profit or loss	**0**	**–**	**–**	**24 831**	**24 831**
Loans to related parties	**0**	**–**	**1 378 369**	**–**	**1 378 369**
Trade receivables and other receivables	**0**	**1 482**	**–**	**–**	**1 482**
Cash and banks balances	**Bank deposit rate**	**450 696**	**–**	**–**	**450 696**
		452 178	**1 378 369**	**24 831**	**1 855 378**
Financial liabilities					
Trade and other payables	**0**	**547**	**–**	**–**	**547**
Loans from related parties	**0**	**–**	**178**		**178**
		547	**178**	**–**	**725**
2020					
Financial assets					
Asset held at fair value through profit or loss	0	–	–	25 138	25 138
Loans to related parties	0	1 311 083	–	–	1 311 083
Cash and bank balances	Bank deposit rate	2 076	–	–	2 076
		1 313 159	–	25 138	1 338 297
Financial liabilities					
Trade and other payables	0	692	–	–	692
Loans from related parties	0	–	178	–	178
		692	178	–	870

14. RELATED PARTY TRANSACTIONS

A. LOANS AND TRANSACTIONS TO AND FROM RELATED PARTIES

	DIVIDENDS RECEIVED R'000	ADMINISTRATION FEES RECEIVED R'000	AMOUNTS OWED BY RELATED PARTIES R'000	AMOUNTS OWED TO RELATED PARTIES R'000
2021				
Sea Harvest Corporation Proprietary Limited (subsidiary)	**522 000**	**5 182**	**76 796**	**–**
Cape Harvest Foods Proprietary Limited (subsidiary)	**–**	**193**	**–**	**–**
Cape Harvest Food Group Proprietary Limited (subsidiary)	**–**	**–**	**608 168**	**–**
Ladismith Cheese Proprietary Limited	**–**	**1 819**	**–**	**–**
Sea Harvest International Proprietary Limited (subsidiary)	**–**	**–**	**556 162**	**–**
Vuna Fishing Group Proprietary Limited (fellow subsidiary)	**–**	**–**	**45 069**	**–**
Vuna Fishing Company Proprietary Limited (joint venture of Brimstone Investment Corporation Limited)	**–**	**–**	**27 420**	**–**
Sea Harvest Aquaculture Proprietary Limited (subsidiary)	**–**	**–**	**64 754**	**–**
Sea Harvest Employee Share Trust (controlled trust)	**–**	**–**	**–**	**178**
	522 000	**7 194**	**1 378 369**	**178**
2020				
Sea Harvest Corporation Proprietary Limited (subsidiary)	–	4 934	100 765	–
Cape Harvest Foods Proprietary Limited (subsidiary)	–	184	–	–
Cape Harvest Food Group Proprietary Limited (subsidiary)	–	–	557 310	–
Ladismith Cheese Proprietary Limited	–	1 733	–	–
Sea Harvest International Proprietary Limited (subsidiary)	–	–	515 796	–
Vuna Fishing Group Proprietary Limited (fellow subsidiary)	–	–	45 069	–
Vuna Fishing Company Proprietary Limited (joint venture of Brimstone Investment Corporation Limited)	–	–	27 420	–
Sea Harvest Aquaculture Proprietary Limited (subsidiary)	–	–	64 723	–
Sea Harvest Employee Share Trust (controlled trust)	–	–	–	178
	–	6 851	1 311 083	178

Loans to/from subsidiaries and other related parties are interest free and classified as non-current based on expected redemption instead of contractual maturity. These loans are unsecured and are repayable only if and to the extent such payment is permissible under the Third Party Funding Agreements and the directors resolve that they shall be repaid.

B. KEY MANAGEMENT PERSONNEL

Details of remunerations of key management personnel is set out in **note 37** of the Group financial statements.

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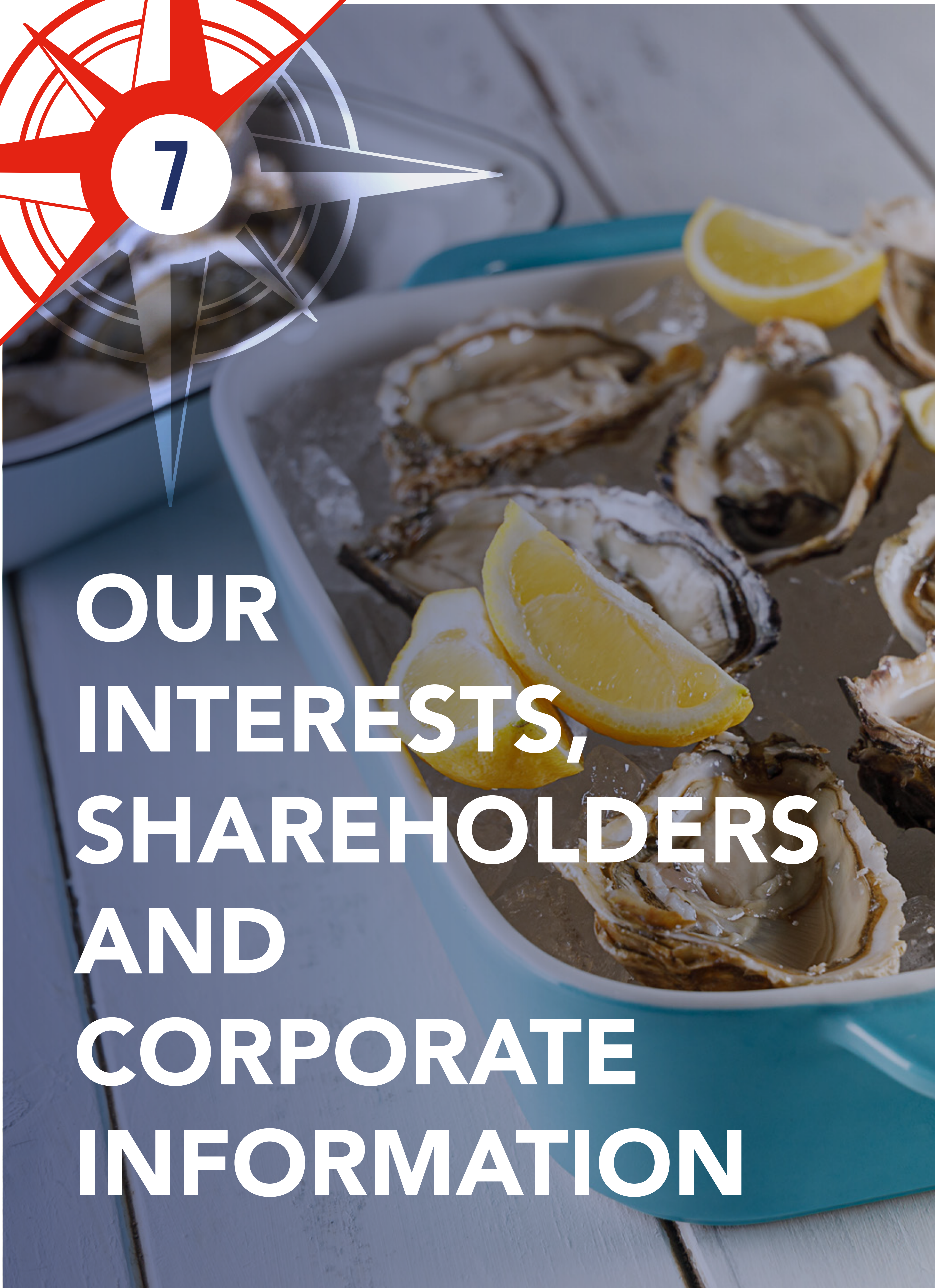


OUR INTERESTS, SHAREHOLDERS AND CORPORATE INFORMATION

INTERESTS IN PRINCIPAL SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

for the year ended 31 December 2021

NAME OF COMPANY	NOTES	NATURE OF BUSINESS	ISSUED CAPITAL 2021 R	EFFECTIVE HOLDING 2021 %
South Africa				
Sea Harvest Corporation Proprietary Limited		Fishing and fish processing	**100**	**100**
Cape Harvest Foods Proprietary Limited		Retail business	**100**	**100**
Ladismith Cheese Company Proprietary Limited	2	Value-added dairy	**33 045**	**100**
Sea Harvest International Proprietary Limited		Holding Company for international operations	**100**	**100**
Sea Harvest Employee Share Trust	4	Share Trust	**n/a**	
The Sea Harvest Management Investment Trust No 2	4	Share Trust	**n/a**	
The Sea Harvest Foundation NPC		Non-profit organisation	**n/a**	
Cape Harvest Food Group Proprietary Limited		Holding Company for Ladismith Cheese Company Proprietary Limited and BM Foods Group Proprietary Limited	**100**	**100**
Sea Harvest Aquaculture Proprietary Limited		Holding Company for acquaculture business	**100**	**100**
Viking Aquaculture Proprietary Limited	1	Abalone, mussels, oysters and trout farming	**100**	**54**
BM Foods Group Proprietary Limited	5	Convenience foods	**16 421 451**	**51**
Australia				
Cape Haddie Limited – Australia		Dormant	**100**	**100**
Sea Harvest Proprietary Limited (Sea Harvest Australia)	3	Fishing and fish processing	**301 102 649**	**100**

[1] *These are the material subsidiaries held by Viking Aquaculture Proprietary Limited:*

Molapong Aquaculture Proprietary Limited	*87%*
Tuna Marine Proprietary Limited	*69%*
Buffeljags Abalone Farm Proprietary Limited	*100%*
Luderitz Mariculture Proprietary Limited	*95%*
West Coast Oyster Growers Proprietary Limited	*100%*
West Coast Aquaculture Proprietary Limited	*50%*
Diamond Coast Aquaculture Proprietary Limited	*90%*
Bluecap General Trading Proprietary Limited	*100%*

[2] *Ladismith Cheese Company Proprietary Limited holds 100% of the shares issued by Ladismith Powder Company Proprietary Limited and Mooivallei Suiwel Proprietary Limited.*

[3] *Sea Harvest Australia is the holding company of Sea Harvest Fishing Company Proprietary Limited, Sea Harvest Trading Proprietary, Nor-West Seafoods Proprietary Limited and Sea Harvest Marine Proprietary Limited.*

[4] *Consolidated special-purpose entities.*

[5] *These are the material subsidiaries held by BM Foods Group Proprietary Limited:*

BM Food Manufacturers Proprietary Limited	*100%*
BM Foods Investments Proprietary Limited	*100%*
Delecto Close Corporation	*100%*
Mesogio Properties Close Corporation	*100%*

The company's interest in the aggregate profits and losses after taxation of consolidated subsidiaries was as follows:

	2021 R'000	2020 R'000
Profits	**431 996**	396 662

		INTERESTS OF HOLDING COMPANY	
ISSUED CAPITAL 2020 R	EFFECTIVE HOLDING 2020 %	INDEBTEDNESS 2021 R'000	INDEBTEDNESS 2020 R'000
100	100	**76 796**	100 765
100	100	**–**	–
33 045	100	**–**	–
100	100	**556 162**	515 796
n/a	–	**–**	–
n/a			
n/a			–
100	100	**608 168**	557 310
100	100	**64 754**	64 723
100	51	**–**	–
		–	–
100	100	**–**	–
246 964 101	100	**–**	–
		1 305 880	1 238 594

ANALYSIS OF ORDINARY SHAREHOLDERS

for the year ended 31 December 2021

SHAREHOLDER SPREAD	NUMBER OF SHAREHOLDINGS	% OF TOTAL SHAREHOLDINGS	NUMBER OF SHARES	% OF ISSUED CAPITAL
1 – 1 000 shares	1 682	79.68	159 484	0.05
1 001 – 10 000 shares	195	9.24	768 341	0.26
10 001 – 100 000 shares	114	5.40	4 654 099	1.56
100 001 – 1 000 000 shares	92	4.36	33 085 641	11.07
Over 1 000 000 shares	28	1.33	260 198 649	87.06
Total	**2 111**	**100.00**	**298 866 214**	**100.00**

DISTRIBUTION OF SHAREHOLDERS	NUMBER OF SHAREHOLDINGS	% OF TOTAL SHAREHOLDINGS	NUMBER OF SHARES	% OF ISSUED CAPITAL
Assurance companies	5	0.24	1 241 088	0.42
Close corporations	6	0.28	42 148	0.01
Collective investment schemes	39	1.85	27 526 899	9.21
Custodians	4	0.19	135 907	0.05
Foundations and charitable funds	8	0.38	2 397 869	0.80
Hedge funds	12	0.57	7 795 740	2.61
Insurance companies	1	0.05	5 600	0.00
Investment partnerships	7	0.33	186 720	0.06
Managed funds	3	0.14	295 745	0.10
Medical aid funds	1	0.05	19 522	0.01
Organs of state	1	0.05	26 325 000	8.81
Private companies	52	2.46	194 074 982	64.94
Public companies	1	0.05	99 105	0.03
Retail shareholders	1 852	87.73	4 437 061	1.48
Retirement benefit funds	64	3.03	17 275 640	5.78
Scrip lending	1	0.05	287 009	0.10
Share schemes	1	0.05	3 548 446	1.19
Sovereign funds	2	0.09	9 170 939	3.07
Stockbrokers and nominees	4	0.19	256 254	0.09
Trusts	47	2.23	3 744 540	1.25
Total	**2 111**	**100.00**	**298 866 214**	**100.00**

* *Pursuant to the provisions of section 56 of the Companies Act, disclosures from foreign nominee companies have been included in this analysis.*

SHAREHOLDER TYPE	NUMBER OF SHAREHOLDINGS	% OF TOTAL SHAREHOLDINGS	NUMBER OF SHARES	% OF ISSUED CAPITAL
Non-public shareholders	11	0.52	147 705 905	56.61
Directors and associates	8	0.38	6 117 126	2.05
Newshelf 1411 and Newshelf 1169 Proprietary Limited (beneficial holders > 10%)	2	0.09	159 507 961	53.37
Share schemes	1	0.05	3 548 446	1.19
Public shareholders	2 100	99.48	151 160 309	43.39
Total	**2 111**	**100.00**	**298 866 214**	**100.00**

FUND MANAGERS WITH A HOLDING GREATER THAN 3% OF THE ISSUED SHARES	NUMBER OF SHARES	% OF ISSUED CAPITAL
Public Investment Corporation	26 325 000	8.81
Visio Capital Management	19 667 804	6.58
36One Asset Management	16 474 045	5.51
Kagiso Asset Management	16 306 264	5.46
Total	**78 773 113**	**26.36**

BENEFICIAL SHAREHOLDERS WITH A HOLDING GREATER THAN 3% OF THE ISSUED SHARES	NUMBER OF SHARES	% OF ISSUED CAPITAL
Newshelf 1411 Proprietary Limited*	138 040 333	46.19
Government Employees Pension Fund	26 325 000	8.81
Newshelf 1169 Proprietary Limited*	21 467 628	7.18
Odin Investments Proprietary Limited	14 606 668	4.89
Sea Harvest Corporation Proprietary Limited	12 307 692	4.12
36One	10 444 902	3.49
Total	**223 192 223**	**74.68**
Total number of shareholdings		2 111
Total number of shares in issue		**298 866 214**

** Both companies are subsidiaries of Brimstone Investment Corporation Limited, with a combined shareholding of 53.37%.*

SHARE PRICE PERFORMANCE	NUMBER OF SHAREHOLDINGS
Opening price 4 January 2021 (rand)	14.99
Closing price 31 December 2021 (rand)	13.80
Closing high for period (rand)	16.50
Closing low for period (rand)	12.35
Number of shares in issue	298 866 214
Volume traded during period	12 492 584
Ratio of volume traded to shares issued (%)	4.18
Rand value traded during the period (rand)	174 978 423
Price/earnings ratio as at 31 December 2021	8.52
Earnings yield as at 31 December 2021	11.73
Dividend yield as at 31 December 2021	2.61
Market capitalisation at 31 December 2021 (rand)	4 124 353 753

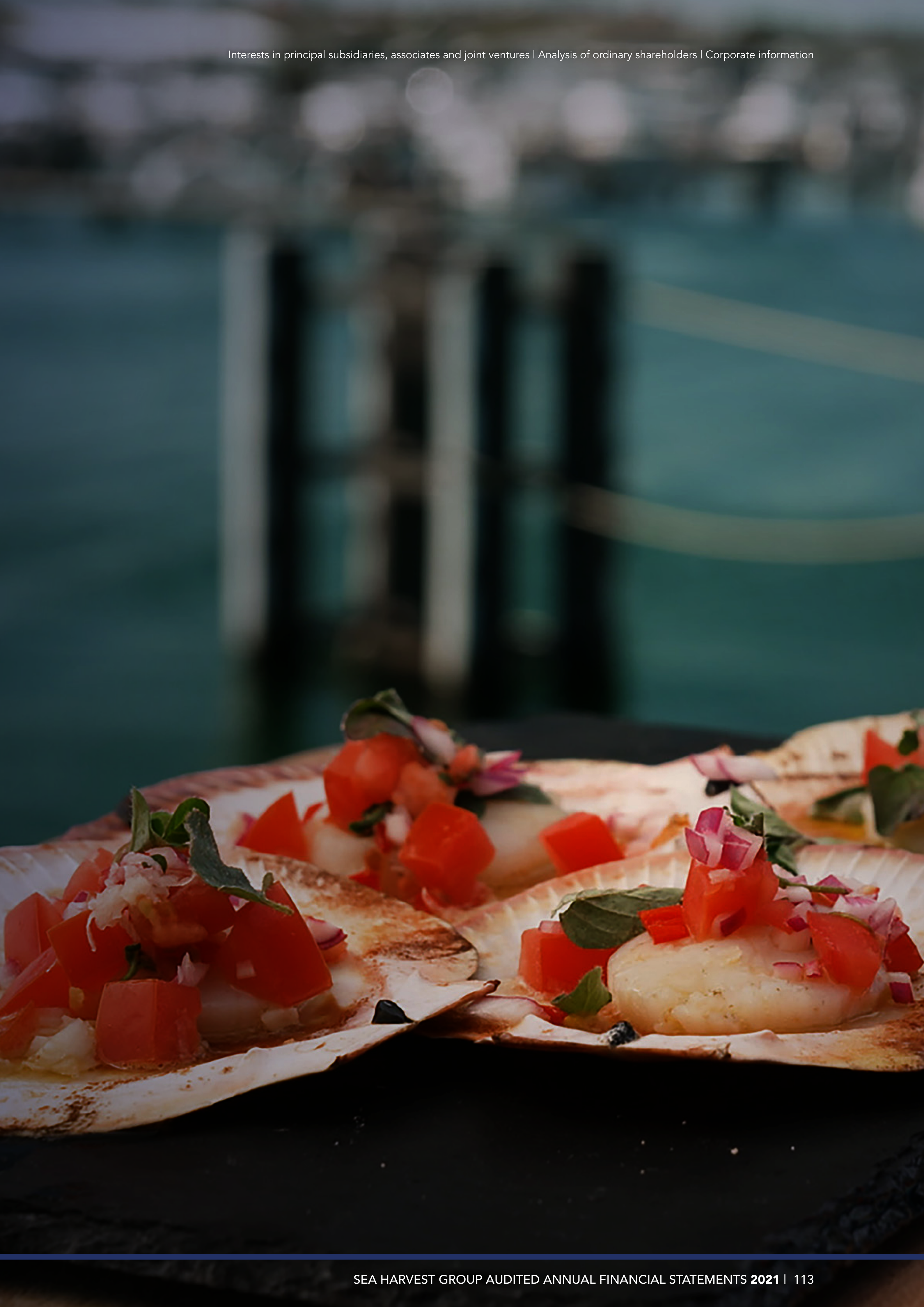
CORPORATE INFORMATION

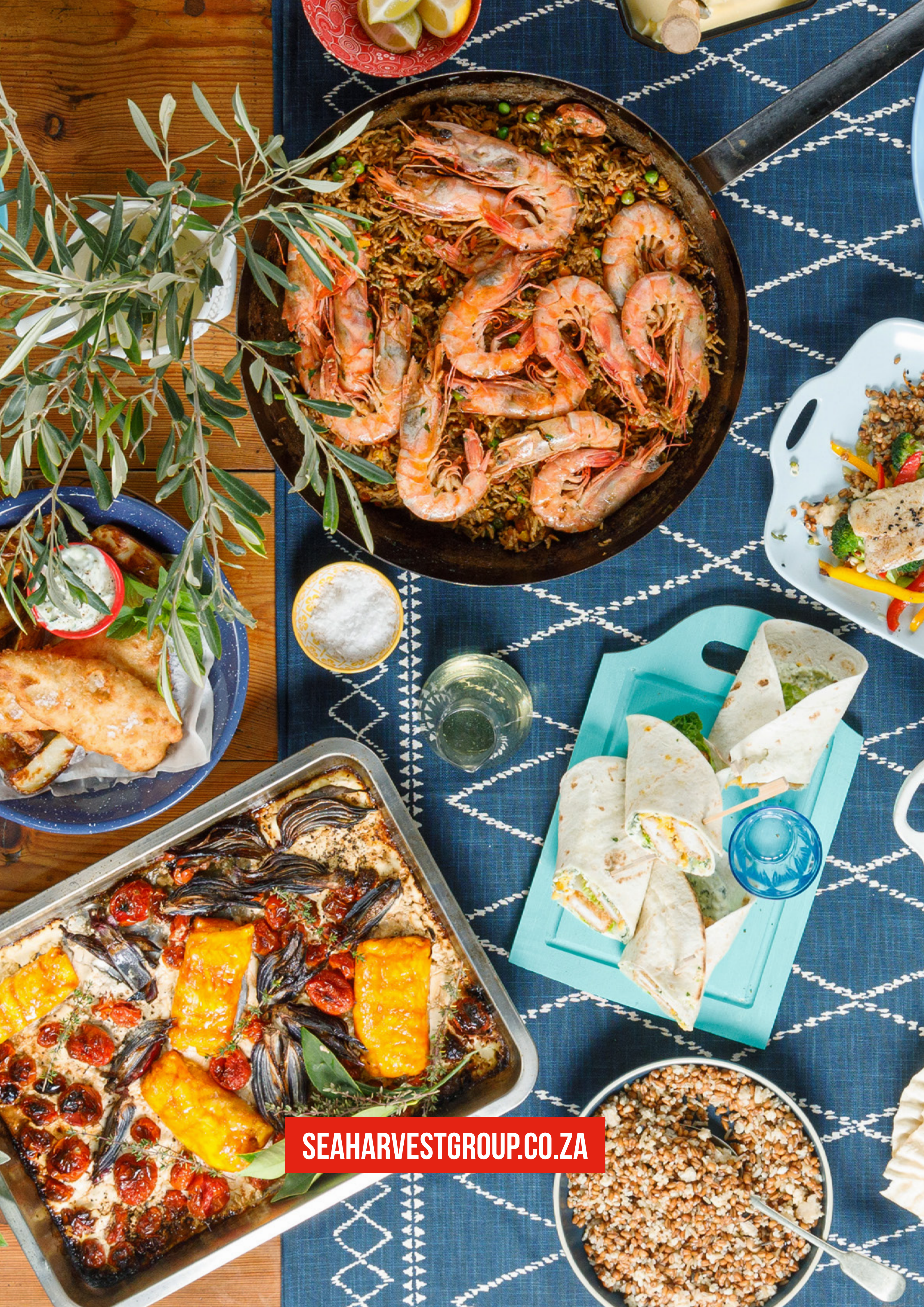
Sea Harvest Group Limited
(Incorporated in the Republic of South Africa)

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

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

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

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