ABAGOLD

INTEGRATED
ANNUAL REPORT
2022

TRIBUTE TO SHAGAN SECONDS

Lost in a diving accident at Abagold

There were two things that stood out about Shagan Seconds. One was his passion for the ocean – he loved being in it, he loved being near it, and he loved everything that had anything to do with it. The other was that he was a people-person – he made friends wherever he went, whether at work or within his own community.

Born in Mossel Bay, his parents, Sheldon and René, became aware of his fascination with the sea at an early age and when he was in Grade 1, they sent him for swimming lessons. But that was just the beginning. At age 10 he joined his uncle's lifesaving club and even after the family (by that time he had been joined by a younger brother, Kenan) moved to Bredasdorp in 2007, he spent most of his school holidays with his grandparents in Mossel Bay, so that he could remain involved in the activities of the lifesaving club. By the age of 14, he had completed a first aid course and was an active lifesaving nipper.

At school he was popular with his fellow students as well as his teachers, even though he wasn't exactly an academic superstar, laughs Mom René. "There was something very special

about Shagan's smile and his exuberant laughter; I always felt he enjoyed the favour of God. But although he himself was a go-getter, it wasn't all about himself; he wanted everyone he knew to make the best of themselves, especially younger people, always challenging them to jump higher, move upwards. He was a caring and demonstrative child – my go-to person and his father's best friend. He took Kenan and his little brother RJ (Robert James) under his wing. Family was important to him."

With his positive personality he never struggled to find work, but when he was selected to join Abagold as a diver in early 2020, he was very excited, remembers René. That was when he moved to Hermanus to board with well-known Mount Pleasant resident, Jenny Sauls (a trustee of Abagold Development Trust). Each day he looked forward to going to work, invariably doing more than was asked of him. He was a team player and before long, as was his way, he had formed firm friendships with his colleagues.

On Wednesday 29 September 2021, a tragic diving accident on Abagold premises ended the life of this vibrant 24-year-old. The shock to his family and his many friends and colleagues, the suddenness of it, was unimaginable. Tributes poured in from near and far, some referring to him as a legend. Only now, almost a year later, René, Sheldon and their other two boys are slowly coming to terms with his death.

René, with whom he had a special relationship, comments, "As parents we are proud of how he turned out. He had a strong value system and a positive outlook on life. He would want us to move on. For me, he still lives. When I read his Bible and come across the verses he had highlighted, in some way it keeps him close. We are Christian believers and know we will see him again."

For Sheldon, a Bible verse, Isaiah 57:1-2, which was read at Shagan's funeral has brought great comfort: "*Good people pass away; the godly often die before their time. But no one seems to care or wonder why. No one seems to understand that God is protecting them from the evil to come. For those who follow godly paths will rest in peace when they die*."

In Shagan's memory, the family erected a plaque at Abagold, but René and Sheldon say they would like to see an annual award established in his name that will have a practical impact on local communities, and especially the children. "Young people looked up to him," explains Sheldon, "and we would like to promote the development of safety and security programmes for children. We believe that is what he would have wanted."

Abagold Board and Management extend our heartfelt condolences to Shagan's family, friends and colleagues.

SHAREHOLDERS' DIARY

Important reporting and meeting dates

30 JUNE'22

Financial year-end

16 SEPT'22

Annual financial statements approved

10 DEC'22

ANNUAL GENERAL MEETING

DATE	Saturday, 10 December 2022
TIME	09h00
VENUE	"The Heart of Abalone" shed, Seaview Farm, Abagold New Harbour Hermanus

CONTENTS

1984
Dr Pierre Hugo starts researching breeding abalone (Haliotis midae) in captivity

1991
Pilot hatchery set up in Old Harbour, Hermanus

1993
First permit to cultivate, harvest and sell abalone

1996
Construction started of Seaview Farm with 60-tonne capacity

1999
First 100 kg of live farmed abalone exported

2002
Construction of Bergsig Farm started with 180-tonne capacity

2006
Commissioning of the 720-tonne capacity processing factory. First dried abalone is exported

THE EARLY YEARS
COMMERCIALISATION

ABAGOLD TIMELINE

2022

500 tonnes of live equivalent sold per annum into nine territories for two consecutive years.

Power purchase agreement signed for a 2Mwh photovoltaic system.

Abagold receives a major global sustainability award.

2017–2020

Abagold recovery from the 2017 red tide event

2014

Construction started of the feed plant, Specialised Aquatic Feeds (Pty) Ltd

Partnership created with Port Nolloth Sea Farm Ranching

Joint venture started in Oman for an abalone farm (Haliotis mariae)

2011

Construction begins on Sulamanzi Farm with 360-tonne capacity

2008

Abagold converts into a public company

2007

Seaview Farm expanded to 90-tonne capacity through the acquisition of the Amaza Farm

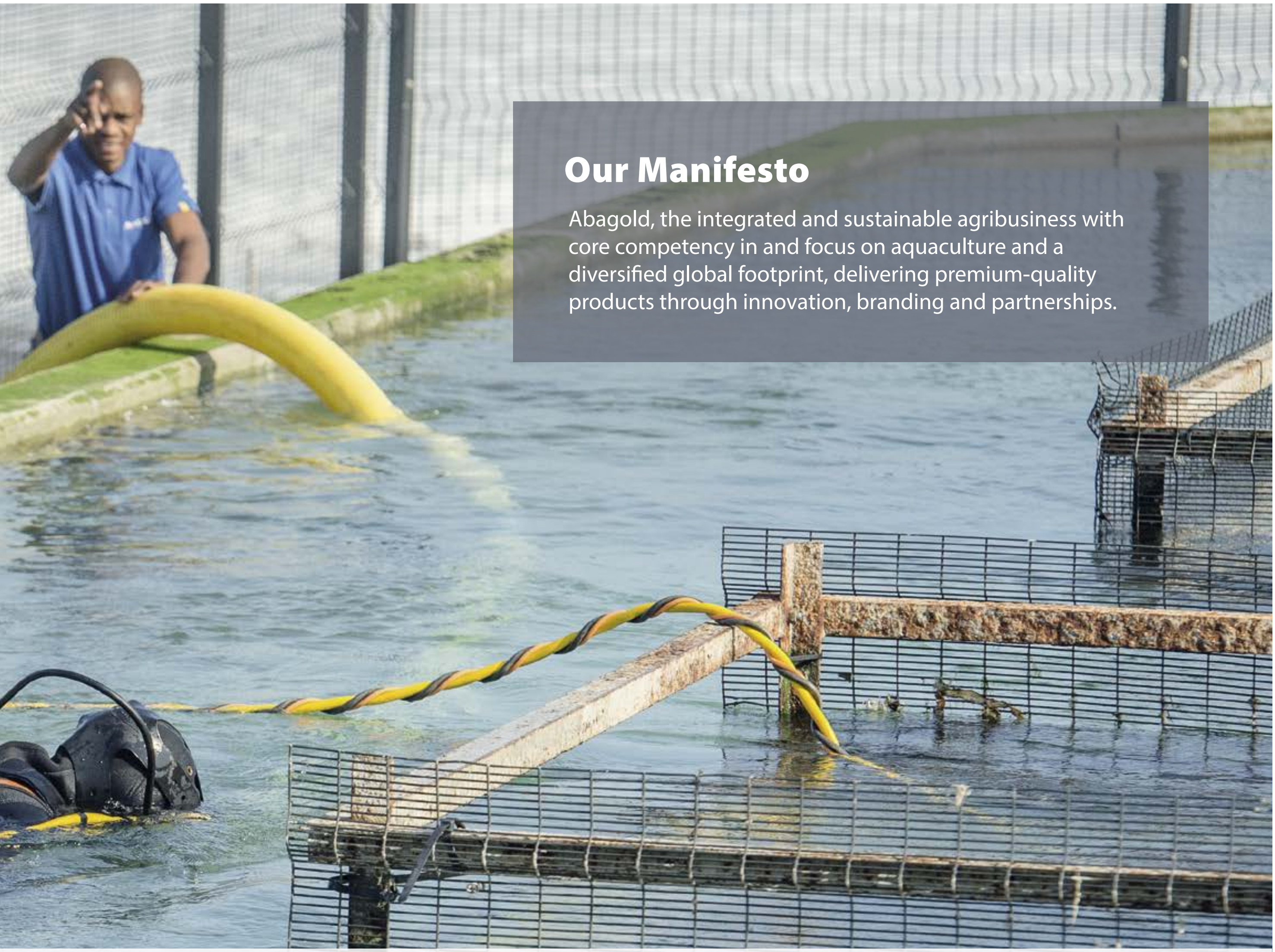
MANIFESTO AND VALUES

It has been 30 months since the first case of Covid-19 was reported and, while many families, companies and economies around the globe are still counting the costs, the majority of the Western world has all but moved on. Asia, however, remains in regular lockdowns as it continues to pursue a zero-tolerance policy. With Asia being our main export market, our customers, along with ourselves, continue to deal with the effects of the pandemic.

The Covid-19 health statistics at Abagold as at 30 June 2022 are summarised below:

Total positive cases:	165
Total recoveries:	164
Active cases:	0
Fatalities:	1
Total vaccinations:	96%

During this time, we want to re-emphasise the importance of the health and safety of our employees, as we continually evaluate our Covid-19 risk management measures to ensure that we are, at all times, responsive to the state of the pandemic. We believe that the Abagold values provide the necessary framework to ensure that we conduct ourselves not only in the best interest of the Company, but also our stakeholders, colleagues and loved ones.



Our Manifesto

Abagold, the integrated and sustainable agribusiness with core competency in and focus on aquaculture and a diversified global footprint, delivering premium-quality products through innovation, branding and partnerships.

Our Values

Integrity
Through purpose and principle we ensure natural and safe products

Respect
For each employee, customer, shareholder, society and the planet

Quality
In everything we do and produce

Innovation
Striving for continuous improvement in all processes

Responsibility
Towards all our stakeholders and the long-term sustainability of our Group, society and planet

Highlights – FY22

Abalone revenue

R256m

(2021: R202m)

27%

Adjusted EBITDA

R65m

(2021: R46m)

43%

Total dividend declared FY22

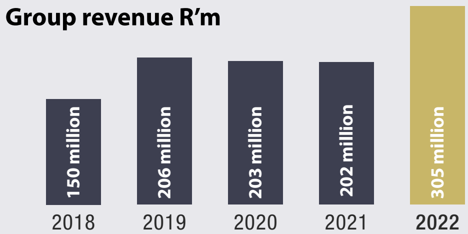
R10,5m

(2021: nil)

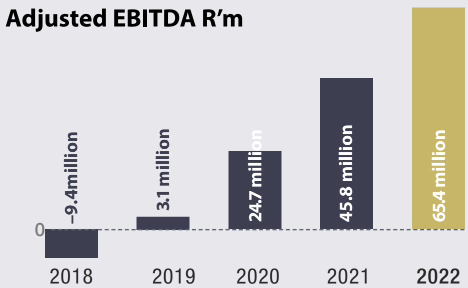
- The farm delivered growth of 451 tons (2021: 473)
- Abalone tonnage sold remained consistent at 501 tons (2021: 505 tons)
- Average abalone selling price improved to R503/kg (2021: R380/kg)
- Abalone revenue improved by 27% to R256m (2021: R202m)
- Group revenue improved by 17% to R305m (2021: R260m).
- Gross margin improved to R179m and 59% gross margin (2021: R140m and a 54% gross margin)
- Adjusted EBITDA excluding fair value adjustments improved by 57% to R65m (2021: R46m)
- Group Cash Generated from Operations declined slightly by 2% to R57m (2021: R58m)
- Net Debt (including cash reserves) reduced by 5% to R39m (2021: R41m)
- Interim dividend paid of R3,5m in FY22 and final FY22 dividend of R7m declared at September 2022 board meeting

SALIENT FEATURES OF 2022

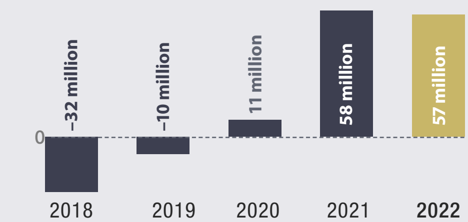
Group revenue R'm



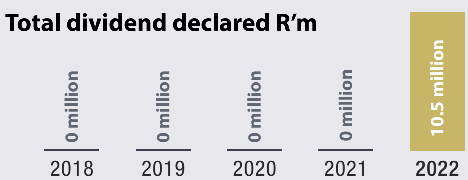
Adjusted EBITDA R'm



Cash generated from operations R'm



Total dividend declared R'm



FIVE-YEAR REVIEW

	GROUP				
	2022 R'000	2021 R'000	2020 R'000	2019 R'000	2018 R'000
Statement of comprehensive income					
Continuing operations					
Revenue	305 014	260 199	203 064	206 351	149 990
Adjusted EBITDA	65 421	45 803	24 665	3 131	(19 367)
Earnings before interest and tax (EBIT)	20 040	5 285	27 447	17 622	10 676
Net finance charge	(5 938)	(7 809)	(8 520)	(6 550)	(3 390)
Profit/(loss) before taxation	6 763	(4 155)	17 723	10 178	4 510
Taxation	(2 046)	394	(6 165)	(3 029)	91
Net profit/(loss) for the year from continuing operations	4 718	(3 761)	11 558	7 149	4 601
Loss from discontinued operations	–	–	(31)	(2 594)	(1 986)
Net profit/(loss) for the year	4 718	(3 761)	11 527	4 555	2 615
Fair value gain/(loss) on biological assets and inventory due to exchange rate and dollar price changes	(14 121)	(10 195)	(38 250)	(28 521)	11 615
Net profit/(loss) excluding exchange rates and dollar price changes	18 838	6 434	49 777	33 076	(9 000)
Statement of financial position					
Total assets	483 864	490 869	486 329	467 150	436 618
Total current assets	198 507	250 913	244 380	196 225	194 331
Total non-current assets	285 357	239 955	241 949	270 925	242 287
Total biological assets and inventory ("stock")	236 498	247 837	265 119	242 061	203 478
Non-current portion of biological assets	59 677	29 278	29 577	61 057	26 656
Total current liabilities	61 753	66 946	52 569	78 150	59 264
Total liabilities	192 167	201 997	193 824	193 823	182 021
Total equity	291 697	288 744	292 505	292 505	248 072
Statement of cash flow					
Cash generated from operations	57 228	58 205	11 278	-9 762	-32 237
Dividend paid	3 514	–	–	–	–
Purchases of property, plant and equipment	27 955	9 336	9 095	7 611	24 659
Financial ratios and exchange rates					
Solvency ratio	2,5	2,4	2,5	2,2	2,4
Current ratio	3,2	3,7	4,6	2,5	3,3
Acid test ratio	0,4	0,5	0,2	0,2	0,3
Return on equity	1,6%	(1,3%)	3,9%	1,8%	1,1%
Return on assets	1,0%	(0,8%)	2,4%	1,0%	0,6%
Operating (loss)/profit margin on continuing operations	2,2%	(1,6%)	8,7%	4,9%	3,0%
Financing cost cover (times) on continuing operations	3,37	0,68	3,22	2,69	3,1
Average exchange rate for the year (R/$)	15,34	15,80	15,53	14,64	13,40
Closing exchange rate (R/$)	16,38	14,29	17,30	13,75	13,75
Earning/(loss) per share (cents) from continuing operations	3,36	(2,68)	8,38	5,36	3,45
Earning/(loss) per share (cents) including discontinued operation	3,36	(2,68)	8,38	3,42	1,96
Dividend per share (cents)	7,50	–	–	–	–
Weight on the farm (in tonnes)	632	621	722	592	451

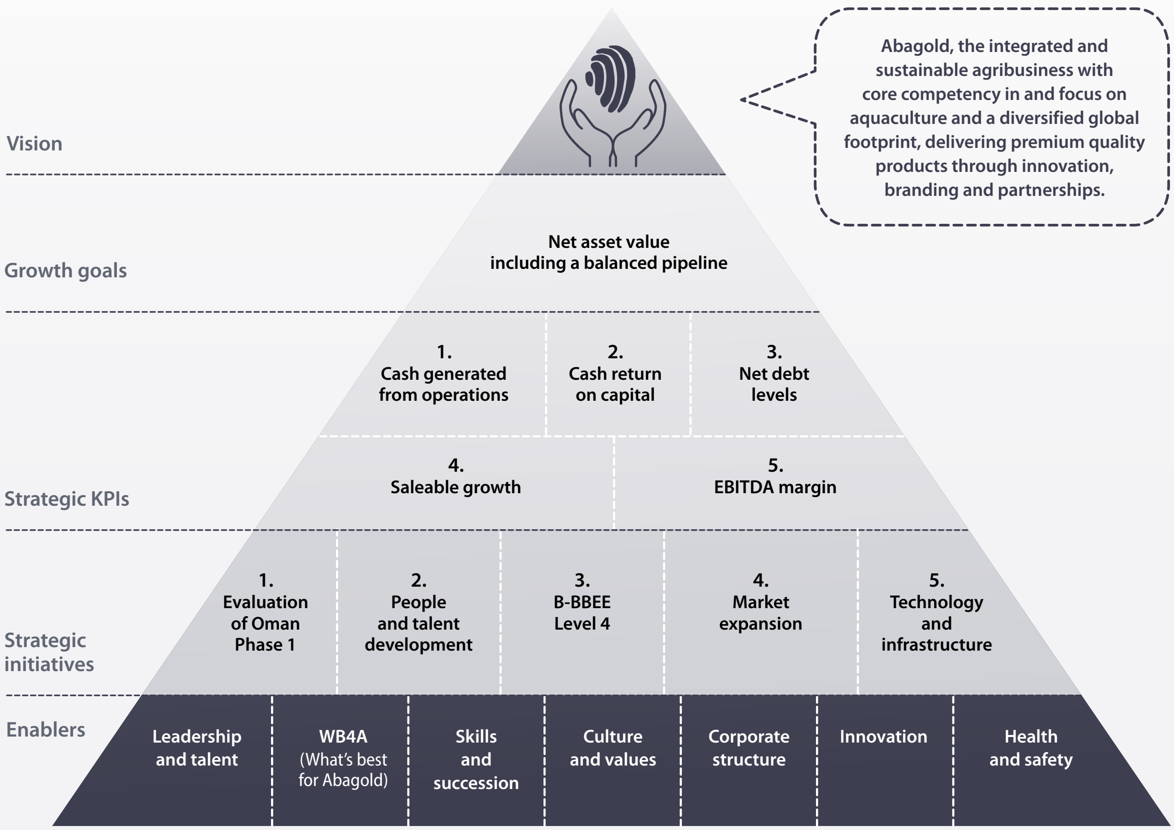
ABAGOLD STRATEGY

Abagold strategy has now clearly turned the corner from recovering and developing after the 2017 red tide event to managing a maturing pipeline. We believe that a balanced, mature pipeline will allow us the ability to maintain our premium brand in the marketplace, while delivering superior quality products.

The Covid-19 pandemic has not changed our strategic objective; however, the effects of the pandemic have significantly impacted the marketplace and disrupted normal logistics channels in the short to medium term. Our objective remains to seek alignment and agreement on priorities among the various stakeholders that support the sustainability of the business and deliver on our medium and long-term goals. These objectives have been cascaded down throughout the organisation, as building blocks that will enable the successful implementation of our strategy.

The strategic framework is set out below:

Strategic Framework: combined



ABAGOLD BUSINESS MODEL

Abagold cultivates abalone, *Haliotis midae*, which is revered around the world and is unique to our coastline. We export our live, canned and dried abalone all over the world and build lasting relationships with our customers and consumers.

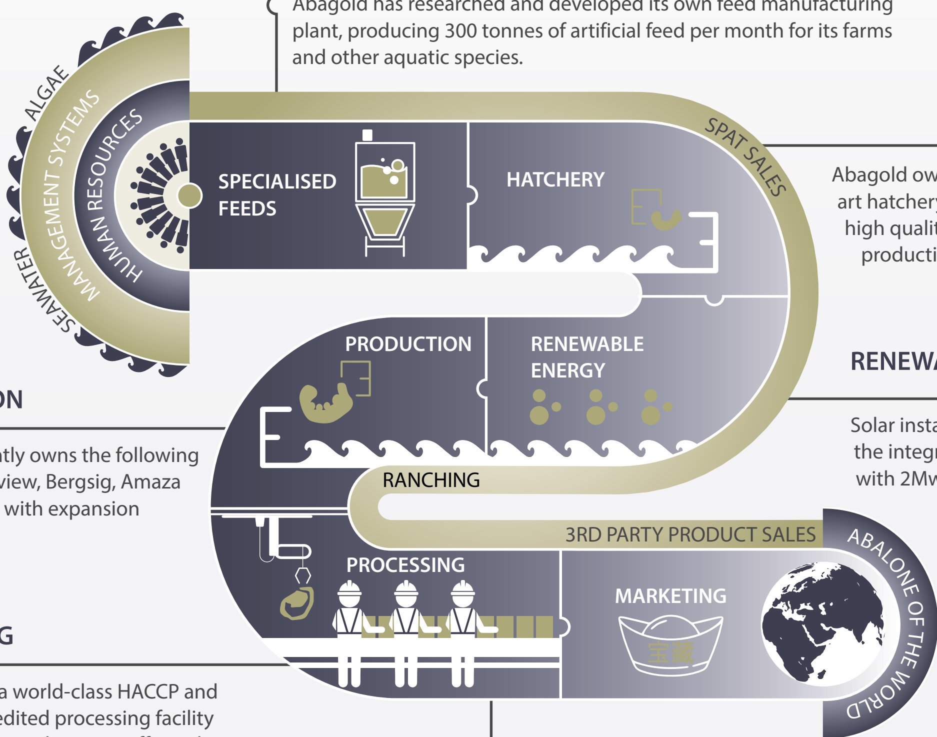
Our integrated supply chain comprises our hatchery, grow-out farms and processing factory, as well as a feed mill for sustainable feed supply and development. The business is supported by a range of centralised services, including finance, human resources and information technology.

The first abalone sales from the Oman operation are expected late in FY23

Business Model

SPECIALISED FEEDS

Abagold has researched and developed its own feed manufacturing plant, producing 300 tonnes of artificial feed per month for its farms and other aquatic species.



HATCHERIES

Abagold owns a state-of-the-art hatchery which produces high quality spat for its own production and for selling to other farms.

RENEWABLE ENERGY

Solar installations added to the integrated energy plan with 2Mwh capacity going live in 2022.

PRODUCTION

Abagold currently owns the following four farms: Seaview, Bergsig, Amaza and Sulamanzi, with expansion into Oman.

PROCESSING

Abagold owns a world-class HACCP and ISO22000-accredited processing facility which enables us to leverage off good customer relations to satisfy market needs.

MARKETING

Abagold markets its own product and is respected as a premium abalone producer from South Africa. This capability has developed to include marketing third party product from other farms.

CHAIRMAN AND MANAGING DIRECTOR'S REPORT

Overview of and performance for fiscal year to 30 June 2022

Abagold's solid performance in the fiscal year 2022 vindicates the long-held belief of its shareholders and Board in the business and management, and reflects the coming to fruition of the efforts and positive trends reported during the last three years. During this year, we remained committed to the plan and strategies that have been at the core of everything we do at Abagold. In the last twelve months, by carefully managing resources and taking a customer-centric approach, our business has been able to meet the requirements of an evolving and dynamic market and deliver a solid set of results.

Long-term relationships with our sales partners globally, built over many years, have enabled us to capitalise on improved demand during an otherwise challenging year. An already difficult sales and trading environment was exacerbated by the Abagold team's inability to travel and meet with customers in person. However, with base demand, especially in the dried format of sales, improving through the year and delivering a strong second half, the Abagold team maintained its focus on enhancing the stability and flexibility of the biological pipeline. This approach ensures our ability to meet the future requirements of the market in all three formats of live, dried and canned product. That we were able to achieve this balance successfully is reflected in the significant sales volume and revenue growth achieved during the fiscal year without compromising the quality of our biological pipeline. The notable reduction in debt, and stronger balance sheet position, bode well for the business for the years ahead.

Abagold is extremely proud to have been awarded a major global sustainability award, under the certification scheme Friend of the Sea, a project of the World Sustainability Organisation that independently certifies environmentally sustainable production for businesses from restaurants to fisheries, aquaculture, fish meal, sustainable shipping, whale and dolphin-watching, aquaria, ornamental fish, UV creams and food. Abagold's relationship with the certification programme goes back to 2015 when it was one of the first abalone companies to be awarded the independently verified Friend of the Sea Sustainability certification. Abagold received the Friend of the Sea's 2022 Sustainability Award in June this year, awarded globally each year to just one company for its engagement in sustainable production, from amongst more than 1,000 companies worldwide.

Sister Ulrike Mendelsohn receiving the Chairman's award.

Business overview (Group)

The general performance of the Group as a whole, from both a revenue and profitability perspective, continued the positive trends of last year, with a strong contribution from Abagold, while Specialised Aquatic Feeds ("SAF") endured a more challenging year. Overall pleasing revenue results of R305 million were achieved for the period, an increase of 17% over the prior year. On an abridged EBITDA basis (i.e. excluding fair value adjustments), the Group delivered a healthy R65,4 million compared to R45,8 million in the prior year, an improvement of 43%.

Cash generated from operations matched the sound performance of last year with R57 million (FY21: R58 million) despite the negative impact from SAF addressed below, as well as continued pricing pressure in the canned format and increased export costs, resulting from the continued pandemic overhang in Asia and the logistical backlog which impacted freight costs during the entire year.

Net debt (including cash reserves) reduced by 5% to R39 million (FY21: R41 million). This sound cash generation enhances our ability to meet our objective of a stable dividend distribution policy.

Health and safety

Safety is a core commitment at Abagold, and we are resolute to achieve our goal of zero harm. The safety and health of our employees and their families remain our top priority. In FY22, we continued our efforts to embed a proactive safety culture throughout the company. The key safety metric is the monthly lost-time incidents (LTI) which improved to 0,83 compared with 1,25 in FY21.

It is with great sadness that we report the untimely death of Shagan Seconds in a diving-related incident on 29 September 2021. We have included a tribute to Shagan on page 2 of this report and again extend our heartfelt condolences to his family, friends and colleagues.

Financial summary

Fair value adjustments to biological assets and inventory have a material impact on the financial results, due to changes in prices and exchange rates reflected in these values. The fair value adjustment loss for the year of R13,6 million, compared to the loss of R28,3 million in 2021, is an indication of the continued pricing pressure on the small and medium sized abalone in the market, despite this being countered to some extent by the Rand weakness over the full period.

To facilitate an improved understanding of the Company's core operational and financial performance, an abridged income statement is presented below in a more traditional form and reconciled to the reported results of the business.

R'000	% Change	30 June 2022	30 June 2021
Revenue	17	305 014	260 199
Abalone sales	27	255 812	202 150
Other external sales	15	49 202	58 049
Cost of sales	4	(125 922)	(120 506)
Gross profit	28	179 092	139 693
Gross profit %		59	54
Other income	25	5 470	7 262
Net realised forex gain	126	(3 500)	13 311
Administrative expenses	11	(28 193)	(25 507)
Employment costs	10	(75 700)	(84 453)
Other operating expenses	161	(11 748)	(4 503)
Adjusted EBITDA	43	65 421	45 803
Adjusted EBITDA %		21	18
Depreciation and impairments	59	(24 144)	(15 154)
Adjustments to bio assets and stock	52	(13 630)	(28 370)
Net unrealised forex gain/(loss)	353	(7 608)	3 006
Profit from operations	279	20 040	5 285
Finance costs	24	(5 938)	(7 809)
Loss from associates	350	(7 339)	(1 631)
Profit/(loss) before taxation	263	6 763	(4 155)
Taxation	619	(2 045)	394
Net profit/(loss)	225	4 718	(3 761)
Gross profit %		**59**	**54**
Adjusted EBITDA %		**21**	**18**
NPBT %		**2**	**(2)**

The financial performance of the Group in FY22 can be evaluated under the following headings:

Adjusted EBITDA

The Group delivered an improved adjusted EBITDA (excluding fair value adjustments) of R65,4 million (2021: R45,8 million) and an improved adjusted EBITDA % of 21% (2021: 18%).

In addition to growing the revenue line, key focus areas included cost control, forex risk management, and improved production efficiencies, with many additional operational initiatives delivering encouraging results in 2022. Abagold's production cost and total cost per kilogram did increase slightly in the year, in line with inflation, and were impacted by the flat growth in the year under review. This area of focus for management, along with continued technology and innovation initiatives, remains an opportunity to improve efficiencies and the overall Group EBITDA margin in future.

Cash generated from operating activities

Cash generated from operations is considered a key performance indicator and a valuable measure of Abagold's business health. Opportunities are constantly being evaluated to improve the overall health and efficiency of the organisation's working capital. Appropriate stock management, debtor days below 20 days, and better payment terms negotiated with suppliers are just a few of the disciplines currently adhered to. The result of these efforts can be seen in the Group's cash generated from operations, which decreased slightly by 3% from R58 million last year to a sustainable R57 million in 2022.

Debt and banking facilities

During the year the Group achieved the objective of improving the cash position and reducing debt, which together with stable cash generated from operations has resulted in the net debt position decreasing further to R39 million (2021: R41 million). The balance sheet remains strong with a comfortable debt-to-equity ratio of 13% (2021: 14%) after the convertible shareholder loan of R15 million was

Aerial view of the secondary sump

repaid seven months earlier than required. Furthermore, adequate bank financing, in the form of overdraft and loan facilities, is available to fund operations and expansion for the foreseeable future. The completion of Phase 1 of the Oman project required an additional planned investment of R16,7 million during the year, with operations starting in April 2022, and full production estimated by the end of 2023. The Group's finance costs for the period decreased to R5,9 million from R7,8 million in the prior year. The total unutilised funding facilities were impacted by capex spend, completion of Oman phase 1, and repayment of the convertible debt, and at year-end was R45 million (2021: R70 million) comprising available bank funding and cash reserves.

Marketing and sales

Abagold maintained consistent sales volumes totalling 501 tonnes of "live equivalent" abalone in the year, including a higher proportion of the low margin third party sales, which compares well to last year's sales volume of 505 tonnes. Total abalone sales revenue was R256 million, an increase of 27% over last year, indicating the improvement in both size and net return per kilogram of abalone sold. Even though global economic conditions remain uncertain, and the industry continues to be impacted by the Covid-19 pandemic's effect on the hospitality industry, particularly in Asia, the average US$ selling price strengthened through the fiscal year to an average of US$33/kg for the year, an increase of 26,9% year on year, reflecting a more mature pipeline and larger size profile.

Abagold produces and participates across all the abalone sales formats; in 2022, a higher proportion of product was sold in the dried format. The team, however, ensured that the Abagold brand maintained its presence in the canned and live markets as well, even while these markets were heavily impacted and constrained from continued Covid-19 restrictions and limitations throughout most of Asia. Compared to the historical demand curve, the market still rewards larger sized South African abalone in the dried and canned formats. This has resulted in further focus on farming practices and abalone growth consistency, size profile management and sales strategy. The more robust and flexible abalone pipeline that was created at Abagold as part of the 2017 recovery plan now provides the organisation with multiple options to adapt to the ever-changing market and consumer demands.

Demand and pricing for dried abalone remained strong throughout the year, and US$ pricing for this format continued its recovery from 2021. The increased volume of large, dried abalone produced and sold by Abagold in 2022 made a significant contribution to the overall strong sales performance of the company.

Live abalone demand and price stabilised during the year, delivering consistent monthly demand from a wide range of customers in more than nine territories. Abagold's live product remains highly sought after, due to the consistent quality and supply to both new and traditional long-term customers.

Over the past year, the marketing and sales team focussed on successful entry and expansion into new territories and countries, reducing the overall dependence on Hong Kong to below 45% of sales for the year under review. The expansion directly into China has been most impressive, with improving demand and more efficient logistics helping to grow this market. The Abagold commitment to sales partner development and collaboration over the past five years is paying handsome dividends in these complicated and challenging times.

Operational overview

Production performance

Growth on the farms returned to a more acceptable level in 2022, after the challenging and complicated impact and disruptions to staffing and operations during the extended period of the Covid-19 pandemic. Growth for the year came to 451 tonnes, with standing stock of 632 tonnes. The well-designed mature and balanced biological pipeline now creates the flexibility required by the business to remain market-facing in our approach to servicing market demand on a sustainable basis. The joint disciplines of planning and demand forecasting, implemented some years back and fine-tuned in 2021/2022, have again been rewarded this year as the business adapted to changes in both demand and format requirements and was able to supply the sizes, formats and volumes that the market demanded, while maintaining a healthy, balanced biological pipeline.

Processing facility

The performance of the processing factory when it comes to quality, consistent delivery and innovation has cemented the position of the Abagold brand at the premium end of the abalone market. The factory processed 494 tonnes of abalone (FY21: 532 tonnes) in the FSSC/ISO22000-certified facility in the production year. There were zero quality variations experienced, due to the continuous focus and attention to detail in this area by the processing team. The team has continued its processing innovations in canned products, and the improved dried quality standard delivered in 2022, along with improvements in sauce and other by-products, are just some of the world-class canned and processed products from this facility.

Subsidiary businesses

Ranching (Port Nolloth Sea Farm Ranching)

Abalone ranching is the placing of abalone spat into the ocean, in areas where the species does not occur or no longer occurs naturally, for harvesting five to seven years later when sufficiently mature. Abagold has a 20% shareholding in such an operation, Port Nolloth Sea Farms Ranching (Pty) Ltd ("PNSFR"). Abagold's co-shareholders are experienced ranching operators on the Northern Cape Coast with all the necessary government permits to ranch abalone at Kleinzee.

Bergsig farm renewal

Spat stock, supplied to PNSFR since 2013 from the Abagold hatchery in Hermanus, is now being harvested for the second year and an additional 10 tonnes (2021: 5 tonnes) of full-sized abalone were acquired from PNSFR, processed and sold by Abagold this fiscal year. The full-size product is sold predominately in the dried format. Selling prices for this product continued to improve in 2022 as consistent supply and quality ranched product are delivered.

Abagold plans to continue delivering approximately 2 tonnes of juvenile abalone per month to the PNSFR operation at market-related value, where they are being planted in the ocean to ensure long-term sustainability and consistent volume flow for the future.

The monitored performance of the abalone planted in the ranching area since 2013 remains encouraging and the high survival and growth rates indicate significant long-term potential. The harvest for the coming year is expected to increase to 13-15 tonnes.

Specialised Aquatic Feed (SAF)

SAF ended a challenging financial year with a significant reduction in revenue and volumes. The negative impact of Covid-19 on customers, together with significant increases in base raw materials costs for the feed operation, placed the operation under pressure. Whilst continuing to reduce its reliance on the South African trout farming market, the business struggled to gain traction on many of the new products, segments and markets it entered during the year, but management remains convinced that the recovery of SAF will be linked to this more diverse product and market approach. The SAF team remains committed and positive and acted responsibly throughout the year, while adjusting to the fast-changing environment and global conditions.

The well-designed mature and balanced biological pipeline now creates the flexibility required by the business to remain market-facing in our approach to servicing market demand on a sustainable basis

This commitment resulted in full-year sales of 3 260 tonnes, a decrease of 12% year-on-year. Total revenue of R69,7 million was 7,3% less than in 2021. Slightly higher expenses for the year resulted in a net loss before tax of R3,9 million (2021: R1 million profit before tax), and a negative cash generated from operations of R1,9 million for the full year (2021: positive R6 million).

SAF remains a critical and strategic partner to Abagold and is committed to diversifying its market by producing and selling feed for the tilapia, catfish, koi, pigeon and dog-food markets nationally and into Africa. This approach will help to reduce the reliance on the unstable trout market, and a relative recovery is expected in 2023.

Abagold farm management appreciates the continued improvements in and innovation on the abalone feed produced by SAF, which is delivering impressive growth performance, especially on the larger sized abalone. We remain optimistic regarding the long-term prospects of this operation as a valuable diversification for Abagold.

Oman

In 2016 the Board of Abagold approved a capital investment in Phase 1 of an Abalone farming project in Oman. This investment was made in a joint venture with an Omani partner, Muscat Overseas Group ("MOG"), in a newly formed Omani entity, Oman Aquaculture Co LLC. The construction of Phase 1 was completed in February 2022, and abalone production started in April 2022 in the state-of-the-art hatchery and single unit grow-out farm in Mirbat. The farming unit received its first spat from this hatchery in August 2022.

Due to the relatively faster growth rates of the Haliotis mariae species, the first abalone sales from the operation are still expected in late FY23. The initial investment in Phase 1 aimed for a limited volume operation to complete proof of concept and to evaluate the operational and unique local challenges of the region and species. The planned future infrastructure will support further expansion towards the full implementation of a 600-tonne production farm by 2025. Success in the first phase will be measured against key performance milestones agreed with management and the joint venture partner. There is also a plan to facilitate a Ministry of Fisheries, state-driven reseeding/ranching programme in the ocean in the region, which may create an additional revenue stream in the future.

Energy

Abagold has implemented a large solar PV installation on all three Hermanus farms, to supply up to 18% of the total energy requirement of the operations. This was implemented through a power purchase agreement with a vendor (requiring no capital outlay by Abagold) and will be fully functional by October 2022. Abagold will continue to identify all other potential sources of renewable energy as part of its mandate to reduce costs and to reliably supply energy to help offset the longer-term risks of a constrained and expensive national power supply system.

Future outlook

Hatchery

The consistent production of the required volumes of high-quality spat as efficiently and cost effectively as possible to our farms remains essential to

Aerial view of Abalone farming project in Oman

ensure the sustainability of the Abagold biological pipeline. As the expansion of operations on other farms in the region gathers pace again, there is a potential for increased demand for local spat sales. This demand for spat is inconsistent, but should the Abagold hatchery have any additional spat beyond the base needs of our own operations, these can easily be converted into cash by selling to the other farms. However, the focus of the hatchery remains on first meeting Abagold's own requirements through the production of larger spat, at lower cost, through innovation and improved performance. Our hatchery operation is the springboard for the rest of the organisation to achieve growth targets, competitive feed conversion rates and larger sized abalone consistently.

Production

The Seaview, Sulamanzi, Amaza and Bergsig production systems remain full, with abalone maturing and enabling the operation to have access to larger sized product to harvest, as per forecast. The growth rates, targeted for 2023 and the period beyond, are in line with the long-term performance expected from such a maturing pipeline, and any risk of overstocking is managed through the efficient and timely sorting and an active harvesting plan. The production team implemented several effective innovations within the operation, such as improved technology in tank cleaning, Radio Frequency Identification tags on baskets, and automated sorting systems that have already reduced costs and improved efficiency across all the farming units. There is an upgrade in progress on the Bergsig farm, where old tank designs and age have necessitated the upgrade of this production unit. Progress has been significant, and 50% of the upgrade is complete. The addition of another production unit on Sulamanzi takes preference on the capex front for the first half of FY23, and this will add 40 tonnes of production to the system. The focussed improvements, measurement, analysis and efficiency across all production units will continue to deliver enhanced performance through FY23. Further formulation improvements in the abalone feeds, the genetic selection programme and innovative husbandry practices are promising encouraging results.

Sales and marketing

The market conditions through traditional channels and markets, especially Hong Kong, remain complicated with demand being inconsistent. The further complications of political changes in Hong Kong, and the continued severe

lockdowns in large areas of our Asian market, will again require the sales and marketing team to react quickly and remain innovative and in close contact with our loyal sales partners, in order to ensure continued efficient and profitable trading.

Although demand has still not recovered to pre-Covid-19 levels, the sales and marketing team managed to sell large volumes of dried abalone into Mainland China, where the demand for the product is starting to show signs of improvement. The team is confident that, with a return to more consistent Asian tourist travel and hospitality habits, demand should return to normal for the remainder of the calendar year, leading up to Chinese New Year 2023. Although global inflation and potential recession fears in Western markets may influence the strength of the US Dollar, we are forecasting US Dollar pricing to remain stable. The traditionally large volumes of illegal (i.e. poached) South African abalone have again started to reach the Chinese market after two years of inconsistent supply due to Covid-19, and this may influence demand for farmed dried abalone negatively.

The improved offerings from the mature pipeline and the expected recovery of base demand for canned and live abalone in our markets, together with good momentum in new and developing markets, gives us comfort that demand will slowly recover in the first half of FY23, which will allow the business to maintain the momentum achieved in the year ahead.

In conclusion, the Abagold management team and Board have reviewed and evaluated all components of the current trading and market conditions and have implemented controls and measures to manage these ever-changing conditions and the evolving business environment and risk. The determined focus of this team is to maintain the base established for the primary business and to build in improvements to deliver consistent results while leveraging innovation and technology, managing risk, evaluating potential new opportunities and investigating additional diversification to ensure long-term sustainability for the overall business.

Dividend

Declaration of dividend (Number 16):
Notice is hereby given of, and the Board is pleased to announce, a final dividend for the 2022 financial year of 5,00 cents per share (final dividend 2021: nil), payable on 17 October 2022 to all shareholders registered as at close of business on 3 October 2022. Dividends will be paid by direct electronic transfer to shareholder bank details as supplied. The total dividend for the 2022 financial year of 7,50 cents indicates the Company's commitment to enhance shareholder value with a credible and consistent dividend policy.

Dividend withholding tax at the rate of 20% will be applicable to shareholders who are not exempt. On the declaration date Abagold had 140 548 237 ordinary shares of zero par value in issue.

Abagold's tax reference number is 9008/001/76/1.

Share trading

Since the conversion of Abagold to a public company in 2008, trade in its shares was facilitated by means of an "over the counter" ("OTC") trading platform which was developed and hosted by FNB Securities as third-party service provider.

Following the introduction of the Financial Markets Act, No. 19 of 2012 ("Financial Markets Act"), the Financial Sector Conduct Authority ("FSCA") took the view that such OTC share trading mechanisms fall within the definition of an “exchange” and have to be licensed as such in terms of the Financial Markets Act. FNB Securities elected not to seek an exchange licence, and as a result the Board of Abagold (“Board”) had to suspend trading in Abagold shares on the OTC platform of FNB Securities with effect from 19 September 2014.

Abagold itself will not apply for an “exchange” licence for trading in its shares, due to the costs involved and the onerous administrative burden that would place on Abagold.

Prospective sellers or buyers of Abagold shares may send an email to Enver Manchest, the chief financial officer and company secretary of Abagold, setting out their full names and contact details where prospective sellers/ buyers of Abagold shares may contact them. By sending this email to the company secretary of Abagold the shareholder agrees that its name and contact details may be sent to any prospective counter party.

It would then be up to the prospective purchasers and sellers to negotiate a transaction, including the purchase price payable. Once a prospective purchaser and seller have agreed on the sale of any Abagold shares, they should contact the company secretary at **enver@abagold.co.za** who will assist the parties in effecting the payment for and transfer of the relevant Abagold shares with its transfer secretaries, JSE Investor Services (Pty) Ltd.

For questions relating to this interim procedure, please contact Enver Manchest (company secretary) on 028 313 0253.

Board of Directors

The Board appointed Anisha Archery and Kearon Gordon as non-executive directors in 2022, and the Board looks forward to their contribution as members of the Board. In terms of the Memorandum of Incorporation, Anisha and Kearon are required to be re-elected by the shareholders at the annual general meeting on 10 December 2022. Details of their qualifications appear on page 38 of this report.

Kearon replaced Sarah de Villiers as Futuregrowth representative on the Board, following Sarah’s resignation from Futuregrowth and from the Abagold board. The Board would like to express its appreciation for Sarah’s dedication and contribution to the activities of the Board and the Board committees on which she served over the past few years.

In line with our Memorandum of Incorporation, Cobus Visser is required to retire as director by rotation, but being available he is proposed for re-election to the Board. We thank Cobus for being willing to continue serving Abagold in this capacity.

Acknowledgements

It was with great sadness that we learned of the passing away of the Abagold founder and source of much inspiration for many, Dr Pierre Hugo, on Sunday 21 August 2022. Pierre dedicated his life to creating and then building Abagold into a profitable and sustainable business over his 25 years of active involvement. Even after his retirement from the board of directors, Pierre remained a mentor to many of the Abagold team members while he continued to keep an active interest and focus on many areas of the business. Pierre will be missed by all of us, but his legacy will live on for many generations to come.

Our experienced and diverse Board members continue to serve with adherence and energy, and we thank them for this along with their insightful guidance. We also thank our shareholders for their continued support.

The dedication of management and staff to the wellbeing of Abagold is exemplary, and we are thankful for their commitment and energy. This includes the important area of open and timely communication with the Board on key matters, enabling fruitful interaction with and focussed oversight, along with input from the Board. This was further highlighted by the way that management handled communication of the latter stages and impact of the Covid-19 pandemic on site and on global markets, and once again highlighted the importance of these processes. We look forward to working together, continuing to build a business of which shareholders and all other stakeholders can be proud.

Signed on behalf of the Board of directors at Hermanus on 16 September 2022.

Hennie van der Merwe
Chairman

Timothy Hedges
Managing Director

SUSTAINABILITY REPORT

Abagold has adopted the "Six Capitals" model, as recommended by the International Integrated Reporting Council, that demonstrates the various components of value that form the basis of the organisation's value-creation process. The organisation's business model draws on various capital inputs, and shows how its activities transform them into outputs.

The availability, quality and affordability of the Six Capitals may impact the long-term viability of an organisation's business model and, therefore, provide a broader view of the ability of the business to provide sustainable economic value to its key stakeholders. Reporting this information is critical to a meaningful assessment of the long-term viability of the organisation's business model and strategy.

MANUFACTURING CAPITAL

The Group's manufacturing capital consists of a hatchery and three grow-out farms with 640-tonne capacity, a processing plant, an aquaculture feed manufacturing facility, as well as investments in other abalone operations.

Measurables

- The Bergsig renewal project has resulted in the installation of 500 new tanks, which will improve the farming operation and deliver improved growth results.
- Phase 1 of the Oman farming operation was completed. This includes a hatchery facility as well as a grow out unit of 30-tonne standing capacity. The hatchery operations started early April 2022 with regular broodstock spawning and larvae settlement.
- We successfully implemented the Radio Frequency Identification technology to facilitate improved control of baskets on the farms.
- The phased renewable energy programme was implemented, with a 2Mwh photovoltaic ("PV") system under a 20 year take-or-pay power purchase agreement ("PPA"). Once fully operational in FY23, this PV system will deliver 18% of Abagold's energy requirement during daytime peak. The PPA rate delivers a 20% savings against the current local municipality rate, with a 6% fixed-rate escalation.
- The hatchery spat production for the year of 6,4 million spat, at competitive and affordable cost, was sufficient for Abagold's requirements.
- In the last six years we delivered more than 5 million juvenile abalone to a ranching project on the West Coast in which we have an interest, which serves as a model for further sustainable development.
- The factory processed 500 tonnes of product in FY22, including dried, live and canned product for export.
- The feed factory manufactured 3 200 tonnes of feed, including Abalone feed which supplies Abagold and other abalone farms with a secure source of feed. Sustainability is enhanced by producing other aquaculture and specialised feed for sale.
- More than 100 tonnes of natural seaweeds were produced this year.
- In 2017 the basket-making activity was spun off into Aquawomen (Pty), with majority ownership transferred to employee trusts with long-serving staff as the beneficiaries. In FY22, this entity produced and sold 5 521 (FY21: 3 900) new baskets and repaired 30 491 (FY21: 28 900) used baskets for Abagold.

Activities to enhance outcomes

- Ongoing innovation and efficiency improvements in the processing factory to deliver best yield results.
- Infrastructure renewal on the farms to support and improve capacity and abalone growth rates.
- Innovation enhancement to lower the cost of production and improve control of biological assets.
- Implementation of an adverse water-quality system in order to mitigate the potential impact of future red tide or similar environmental events where the risk of water contamination exists.

Goals

- Evaluate the key milestones as part of Phase 1 of the business plan for the Oman abalone farm.
- Decrease production costs on a mature pipeline with average size of 115g, with the aid of automation and improved productivity.
- Renew the aged Bergsig farm infrastructure on a phased basis in order to improve farming efficiencies.
- Build a new under-roof live holding area with temperature-controlled facilities.
- Increase production capacity, through expansion, by adding an additional 120 tonne production capacity on the Sulamanzi farm.

Combined assurance

- The National Regulator for Certification Standards performs ongoing monitoring and evaluation of food safety standards at Abagold.
- Abagold holds a voluntary FSSC 22000 food safety certification.

NATURAL CAPITAL	**At Abagold, the cultivation of abalone (Haliotis midae) includes broodstock management and grow out on four farms.**

Measurables	• **Compliance with local environmental laws:**
	  • Permits held for integrated grow-out (engage in marine aquaculture): Sulamanzi, Bergsig, Seaview, Amaza farms.
	  • Permits held to possess abalone brood stock, operate a hatchery and operate a marine aquaculture fish-processing establishment.
	  • Permits held for coastal water discharge and the extraction of sea water.
	  • Rights held to engage in marine aquaculture (for renewal in 2032).
	• **Actively engaged resource management:** this includes energy efficiency and water stewardship via metering, monitoring and mitigation measures.
	• **Long-term environmental monitoring:** this includes water sampling for nutrients, bacteria, biotoxins, drug residue, heavy metals and phytoplankton both by in-house experienced specialists and accredited third-party service providers. Additionally, high-tech monitoring equipment provides continuous water quality data feed.
	• **Animal health management:** this includes dedicated and frequent third-party stock assessments, histopathology assessments, PCR monitoring disease listed by the World Organisation for Animal Health in compliance to the Veterinary Procedural Notice (VPN) and other animal health certificates and protocols. Farm biosecurity, in consultation with industry, government and a third-party service provider, is carefully managed, monitored and audited to mitigate risk to operations and ensure optimal animal health.

Activities to enhance outcomes	• Ongoing monitoring and effective contingency planning, to ensure resilience to short-term environmental risks such as harmful algal bloom, diesel spills and warm water events. • Continued resource management and investment in sustainable production, embracing a circular economic model in terms of sustainability, including energy efficiency, engaging alternative energies and water stewardship via feedback and maintenance plans, active waste management, recycling initiatives, innovation and supplier accountability. • Continued investment into animal health monitoring and biosecurity.
Goals	• Improve the digitalisation and automation of water-quality monitoring, where justified through an adequate return on investment. • Develop an effective monitoring and reporting protocol on resource use and systems management to ensure that mitigation and efficiency measures are maintained through policy and action. • Continue to participate and collaborate with industry associations, government initiatives and other stakeholders to ensure effective management of abalone and marine natural resources. • Maintain and expand on certifications and accreditations, embracing sustainable development. • Engaging UN Global Compact Principle 7, which calls for prevention rather than remediation, recognising our environmental responsibility in continued development of focussed vision, policies, strategies, targets and indicators to ensure a culture of resilience and adaptation.
Combined assurance	• Assurance over natural capital is provided through both internal and external monitoring and service providers. Abagold complies with compulsory permitted compliance protocols issued by the Department of Forestry, Fisheries and Environment ("DFFE"), including the provision of production, water-quality and food-safety monitoring data, and submitting to DFFE-mandated and third-party voluntary biosecurity, stock inspection and food safety audits. Abagold holds an international Friend of the Sea sustainability certification.

The FY22 engagement survey achieved an 88% participation level, providing valuable feedback for consideration

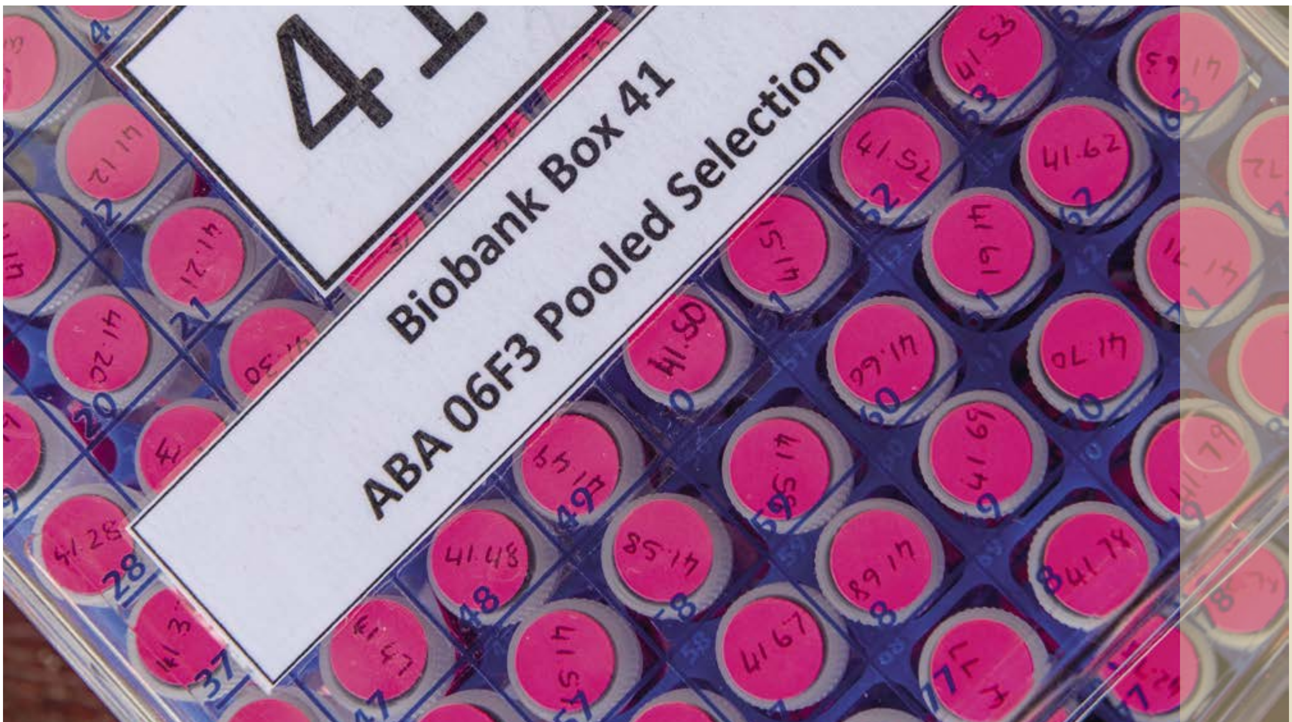
HUMAN CAPITAL	**Human Capital refers to the knowledge, skill sets, and experience employees and prospective employees have. At Abagold, the management of human capital is aimed at improving of productivity and engagement within the organisation.**
Measurables	• Our average headcount for FY22 was 402 employees, including permanent and fixed-term employees, and during the year the absenteeism rate reduced to 2.05% per month (2021: 2.56%). • The voluntary Abagold Stokvel Incentive Programme ("ASIP") went live on 1 July 2021. It rewards participating employees for saving, and includes additional incentives for improved productivity. The programme helps to align the entire business around a key KPI, and participation is limited to eligible employees based on human resource ("HR") records. In FY22, the ASIP had an 86% participation level and paid out more than R500 000 in added incentives. • Employee engagement levels are directly linked to employee turnover and the effectiveness of our management abilities. The Annual Engagement survey helps to gauge employees' engagement level and provides an indication of shortcomings and blind spots as well as successes. The FY22 survey achieved an 88% participation level and provided valuable feedback for consideration by the business. • Wage negotiations with the trade union, Commercial Stevedoring Agricultural & Allied Workers Union ("CSAAWU"), were finalised by the middle of March 2022 and the parties agreed to a three-year wage agreement. • Additional financial benefits include retirement benefits, death and disability benefits and long-service awards. Bursaries and study assistance funding are provided to enhance the relationship and long-term sustainability of human capital. • Agri-Seta approved six graduates and one apprentice, and these individuals form part of the recruitment talent pool within Abagold. Our current recruitment process has enabled us to attract and offer employment to a high percentage of these learners.

HUMAN CAPITAL continued	
Activities to enhance outcomes	• An on-site clinic supports our employees in terms of primary health care, with the nursing sister working closely with two local doctors and the local community clinic. • With the Covid-19 pandemic, Abagold's health and safety team ensured continuous awareness and training of all staff and external visitors, and has achieved a 96% vaccination rate thus far. Internal safety measures are being maintained to ensure the health and safety of our employees. • Ongoing collaboration with third parties to improve the level of employee engagement through initiatives with the SARS mobile unit as well as wellness days with our local clinic. The wellness days will provide employees with the convenience of on-site primary health care with minimal interruption to productivity. • For FY22, eight of our high-performing junior management are taking part in an Abagold leadership programme, which forms part of the talent management process to prepare and develop these employees into mid/senior management positions. • An inclusive workplace values all employees for their strengths. It offers employees with disabilities, whether visible or invisible, an equal opportunity to succeed, learn, be compensated fairly, and advance. We have partnered with the New Hope training organisation, which are locally based and focussed on sustainable development and growth. Ten students with disabilities studying towards their NQF level 4 in animal production will be doing their practical training at Abagold. • Our quarterly recognition awards ceremony has been revamped and improved, with the aim of positively impacting morale and productivity in the workplace. • Improved communication is provided through the "Masithethe" newsletter (directly translated as "Let's talk"), which serves as a feedback and information tool to ensure that employees are kept up to date and informed.
Goals	• Maintain communication in the alignment of Abagold objectives and continuous improvement on overall engagement. • Maintain, continually review and endeavour to improve our B-BBEE status. • Commit to health, safety and environmental standards and improve and reduce the lost-time incidence ("LTI"). • Establish an accredited animal production course to ensure that our employees are developed and groomed for future promotions. This will be accredited by the relevant Seta, and be completely owned by Abagold. • Be an employer of choice, attracting and retaining talented employees, particularly from previously disadvantaged groups, and including people with disabilities from the surrounding community. • Employee engagement included addressing tax related queries through inviting a SARS mobile unit on premises in July 2022 as well as hosting a wellness day event in conjunction with our nursing sister and our local CDC, for all employees. • We have also implemented a job-shadowing programme for Grade 12s from our local communities. The programme targets learners interested in a Marine Science/Agri Cultural career path.
Combined assurance	• The BEE rating agent provides an annual independent measure of compliance with the AgriBEE scorecard. • Department of Labour review of BCEA conditions of employment and equity submissions and compliance with regional targets.

INTELLECTUAL CAPITAL	**Our intellectual capital refers to the expertise and industry knowledge gained over 25 years of operations, and includes our know-how, systems, processes and strong brands, all of which are critical to our success when operating at a global level in a highly competitive environment.**
Measurables	• The Abagold brand has developed a strong position in the marketplace and is a sound base for the long -term performance and results of the business. • Accreditations include Food Safety System Certification ("FSSC"), Hazard Analysis Critical Control Points ("HACCP") compliance, National Regulator for Compulsory Specifications ("NRCS") compliance and Friend of the Sea ("FOS") certification. • A permit is held for Marine Aquaculture Scientific Investigation and Practical Experimentation. • Abagold has a dedicated research department and engages with tertiary institutions, government and industry research committees.
Activities to enhance outcomes	• Genetic improvement programme: through genotyping and molecular genetic selection, the operation is continually committed to the development of profitable and biologically efficient abalone production with improved utilisation of feed, land and water resources via high-yielding brood stocks. • Feed product development aligns with protocols to ensure optimal growth and animal health whilst mitigating effects on the environment through the investigation of alternative and sustainable ingredients and components such as kelp inclusion and alternative proteins, maintaining the "all natural" commitment. • Ongoing delivery of juvenile abalone to the ranching project ensures adequate pipeline and stock for future harvest.
Goals	• Product certification for export to Europe and North America. • Combined global marketing expansion with the Oman joint venture, and develop the market for Oman abalone. • Continued commitment to developing the knowledge base of abalone cultivation operations and associated industry. • Improvement in annual growth rates of 5-10% resulting from the genetic programme.
Combined assurance	• Local assurance providers include DFFE, NRCS, Abalone Farmers Association of South Africa ("AFASA") and Amanzi Biosecurity.

SOCIAL AND RELATIONSHIP CAPITAL	**Investments in key stakeholder relationships, including social transformation, empowerment initiatives and community upliftment programmes.**
Measurables	• Abagold remains the largest private sector employer in the Overstrand with 393 permanently employed staff (2021: 380). • As part of our procurement policies, we spent R30 million to support SMMEs in the local community. • Abagold supports high school and tertiary-level students through bursaries, mentorship and holiday programmes across various disciplines, including accounting, law, IT and music. • Abagold supports early childhood development ("ECD") centres through the initiatives of the Abagold Development Trust.
Activities to enhance outcomes	• Active management of local procurement spend with an objective of promoting the development of local SMME suppliers. • Ongoing community engagement and investment through the Abagold Development Trust, with trustees that are active in the community. • The primary mandate of the Abagold Development Trust is education, and specifically ECD.
Goals	• Contribute to the development of the talent pipeline in the community. • Upskill and ensure safe and effective local ECD centres. • Employ a full-time liaison officer to promote the shared objective of education development in the community.
Combined assurance	• BEE rating agents provide an annual independent measure of compliance with the AgriBEE scorecard.

FINANCIAL CAPITAL	**The Group's financial capital is comprised of equity, debt and internally generated capital to fund and sustain our organic and acquisitive growth targets. Refer to the annual financial statements for more detail.**
Measurables	• Cash generated from operating activities of R49,6 million compared with R52,7 million in the prior year. • Net debt decreased to R39 million at year end from R41 million in the prior year, despite an increase in investing activity during the year. • Net debt-to-equity ratio of 13% compared with 14% in the prior year. • Omani bank funding facilities for the Oman abalone farm, with the terms for both Phase 1 and Phase 2 facilities negotiated.
Activities to enhance outcomes	• Management review of monthly performance against agreed budgets and forecast, including funding requirements. • Quarterly Board review of performance and review of strategy implementation, including funding requirements. • Completed the construction of Phase 1 in Oman, and providing ongoing operational support. • Abagold resumed dividend distribution in FY22, after having completed the recovery from the 2017 red tide event.
Goals	• Maintain an adequate funding headroom to enable the business to weather business disruptions and lower the overall cost of debt. • Provide an adequate return to shareholders with sustainable dividend distributions. • Implement the Board mandate with regards to enhanced long-term sustainability.
Combined assurance	• Annual external audit performed by an independent auditor, registered with The Independent Regulatory Board for Auditors. Abagold has always maintained an unqualified audit, with no material misstatement in the financial results.



RISK COMMITTEE REPORT

The market conditions through traditional channels and markets, especially Hong Kong, remain complicated with demand being inconsistent

Introduction

Abagold Ltd is committed to applying risk management principles that effectively oversee and evaluate uncertainty and the related risks and opportunities, with the objective of achieving optimum shareholder value, while mitigating risks to the business. Risk management is part of the culture whereby risks are identified, evaluated, managed and mitigated as far as reasonably possible, by management, in order to ensure sustainability and leverage competitive advantage. Risks identified by management are monitored and reviewed quarterly by the Risk Committee ("the RiskCom"), which is a committee of the Board of Directors of Abagold Ltd ("the Board"). The revised risk management methodology is an iterative process with continuous improvements and updates aligned with changes to the business and the environment in which it operates.

Responsibility for risk management

The Board has delegated specific responsibility through the RiskCom to management, while retaining accountability for risk management. The RiskCom, which operates within the terms of the risk committee charter ("the charter"), is responsible for assessing risk management processes and procedures adopted by management and ensuring compliance with the risk management principles. The role, functions and composition of the RiskCom are included in this charter, with the work plan aligned to ensuring consistent review and evaluation.

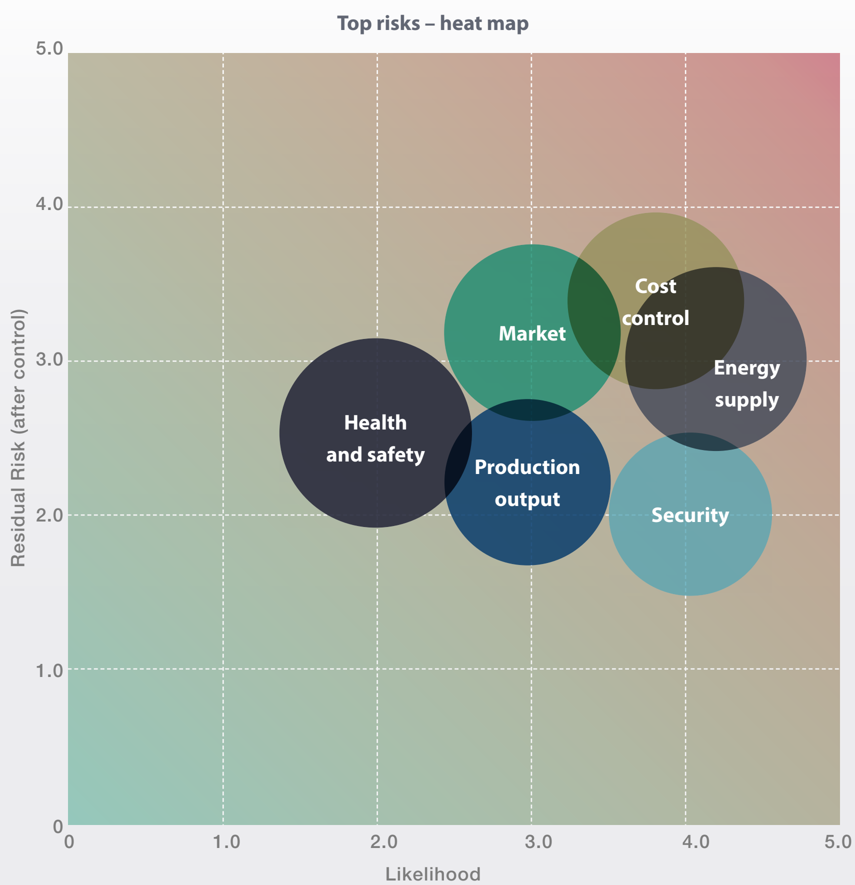
Risk management process

Risk management is embedded in the Company's annual business planning cycle and fulfilled through timeously managing risks according to the Risk Committee work plan. In determining the strategic and operational plans for the year ahead, each business area is required to review and update the Risk Matrix pertaining to its respective areas of involvement. This includes a review of the risks of the previous financial year and considering new or emerging risks. Facilitated workshops with all levels of management and, where required, presentations by industry experts or external consultants form part of the annual plan to ensure a broad information base is utilised in reviewing and updating the Risk Matrix.

The risks are classified according to the following major risk categories: Operational; Financial, Strategic, Safety, Health, Environment & Quality ("SHEQ"), and Reputational & Communication.

Each risk captured within the Risk Matrix is reviewed and a potential Risk Impact and "Likelihood of Occurrence", prior to the implementation of any mitigation controls, is assigned. These ratings are assigned based on the following approach displayed in the table below:

Risk Matrix



Rating	Risk Impact (RI)		Likelihood of Occurrence (LO)	
1	Minimal	Loss < R2,5 m	Unlikely	1
2	Moderate	R2,5 m < Loss < R5,0 m	Low	2
3	Major	R5,0 m < Loss < R10 m	Moderate	3
4	Catastrophic	Loss > R10 m	High	4

The Risk Index assigned to a risk considers the impact on the Six Capitals that underpin the organisation's value creation process and assigns a potential financial loss to the Company for each item. The Likelihood of Occurrence Index rating reviews the probability of the risk materialising.

Once the risks have been captured and the pre-control ratings assigned, the existing mitigating controls are evaluated, the risk is then re-assessed, and a new post-control rating is assigned, based on the same table as above. The Risk Matrix remains a working document and management reviews and updates the document on a continuous basis in line with changes in the risk profile, environmental conditions, and implementation of controls. The contents of the Risk Matrix, as well as the associated Risk Impact and the Likelihood of Occurrence, are evaluated by the RiskCom on a quarterly basis.

The risk management objective is to address all the major risk areas in the Risk Matrix; however, the business also needs to be able to quickly review and evaluate new and unexpected risks in order to adequately mitigate their potential business effects and impact.

Covid-19 pandemic

As expected, the operational impact of the Covid-19 pandemic on Abagold has reduced significantly compared to the previous financial year. Staff are 96% vaccinated and only 3 positive cases were recorded at Abagold during the most recent "5th wave".

Abagold has aligned its Covid-19 policy with the latest, less restrictive, government regulations; however, the Operational Health & Safety Team remains vigilant to any further variants or outbreaks.

KEY RISKS

Health & Safety ("H&S")

Risk	Impact of risk	Proposed action to mitigate risk	Current status
• Unsafe work environment.	• Injury, loss of life or limb. • Ultimate non-compliance with Occupational Health and Safety Act leading to site shutdown. • Negative impact on safety culture and reduced employee productivity and morale.	• H&S committee, safety reps and monthly audit. • Weekly safety toolbox. • Board, executive and senior management commitment to H&S. • Collective agreement with union to collaborate towards a safe working environment. • Continued improvement of OHS system and documentation required to achieve a safety culture.	• Full-time operational health and safety ("OHS") contractor replaced with permanently employed OHS professional. • The average monthly lost-time incidence ("LTI") for the past six months of the fiscal year was 0,83, below the Company target of 1,0.

Market

Risk	Impact of risk	Proposed action to mitigate risk	Current status
• Blocking of market access for South Africa abalone due to conditions outside our control. • Changes in market conditions and buying patterns.	• Lower demand, loss of market share, price drop to lower than production cost, order size and frequency. • Reduction in revenue due to loss in market share.	• Ensure that compliance on local, international and statutory components are up to date and above global standards. • Manage and maintain good client relationships and service. • Ensure quality standards of product established by consumer environment. • Widen pool of customers and geography to reduce concentration of risk. • New product development and innovation and niche market identification.	• Abagold has adopted a balanced pipeline approach that gives the business the ability to quickly adapt the biological pipeline in response to shifts in the market. • Well-diversified customer base and geographies with over 21 significant customers and 9 territories.

KEY RISKS

Energy supply			
Risk	**Impact of risk**	**Proposed action to mitigate risk**	**Current status**
• Insufficient diesel availability. • Excessive load shedding and disruption in energy supply by Eskom or Municipality (total interruption and/or shortage in national generation capacity).	• Loss of production due to disruptions in energy supply.	• Diesel generators in place to meet energy requirements during load shedding. • Integrated energy plan in place and reviewed annually • Alternative energy sources, including batteries, being investigated and pursued. • Diesel supply contracts in place.	• 10 generators on site which are able to meet 100% of the energy requirement during load shedding. • Diesel supply contracts in place, as well as storage capacity for over 48 hours of energy generation at full capacity. • 2Mwh solar PV rollout in progress, which will be fully operational in October 2022, with an integrated switchgear solution for load shedding. This initiative reduces reliance on traditional energy supply, while reducing demand on diesel generation in daylight hours.

KEY RISKS

Cost control

Risk	Impact of risk	Proposed action to mitigate risk	Current status
• Increased production cost, due to inflationary pressures, resulting in potential margin erosion.	• Excessive cost per kg of growth increasing operating costs. • Long-term sustainability at risk as margin is squeezed.	• Cost per kg of growth measured against a benchmark. • Application of an appropriate harvest methodology. • All major cost drivers linked to production output, with the aim of driving efficiency. • Improved efficiency through automation. • Improved growth performance and production output through innovation and automation.	• Cost containment measures that apply an ongoing zero-based budgeting mindset. • Implementation of technologies and automation that improve efficiency and control. • Appropriate key performance indicators and incentive programmes that reward improved productivity. • Overall improved growth performance from focussed attention to detail in the farming operations – water, air, feed and stocking density.

Production output

Risk	Impact of risk	Proposed action to mitigate risk	Current status
• Reduced infrastructure capacity and performance. • External threats such as disease or damage to property. • Lapsing of permits, concessions or leases.	• Reduced standing stock impacting production capacity. • Reduced production output resulting in loss in revenue. • Legal/compliance issues results in inability to farm/process/export.	• Infrastructure renewal and maintenance to maximise the lifespan and production output. • Expansion of production capacity with additional units on Sulamanzi. • Maintaining a B-BBEE level appropriate for the industry. • Actively engaging the Department of Public Works (DPW) regarding the lease renewal of the Seaview property in New Harbour. • Aquaculture mortality insurance in place together with operational defence mechanisms, including recirculation.	• Bergsig Phases 1 and 2 renewals/ upgrade completed, with one additional unit planned for Sulamanzi in FY23. • Ongoing review of all B-BBEE elements through the monthly management committee meetings and at Board level. • DPW has referred our application for the Seaview lease to National Treasury for special approval as it currently falls outside the unpublicised leasing framework. • Insurance cover consistently under review.

Security

Risk	Impact of risk	Proposed action to mitigate risk	Current status
• Physical loss of finished goods causing potential major losses to the business. • Security breach or syndicate attack (theft).	• Financial loss due to damaged or stolen fixed assets or stock.	• Security systems in place and constant review of processes and standard operating procedures ("SOPs") to identify potential or new gaps. • Building good staff relations. Encouraging employee loyalty and long-term service. • Adequate level of all-risk insurance and marine cargo insurance cover. • Regular stock and documentation audits. • Regular physical checks/searches of premises.	• Initiatives planned for FY23: – Camera upgrade with the capability of remote/smart monitoring. – Increased full farm and people random searches. – Monthly Radio Frequency Identification (RFID) basket stock take. – Employment of a full-time security manager.

BOARD OF DIRECTORS

H van der Merwe (75)

Independent non-executive Chairman – Appointed to the Board in December 2008

Qualifications: BA (Law); LLB; LLM (Tax)

Role at Abagold: Chairman of the Board, chairman of nomination committee, member of remuneration committee

Directorships in other entities: Director of Bell Equipment Limited (JSE listed); Chairman of Master Drilling Group Limited (JSE listed) and director of Klein Karoo (Pty) Ltd and its subsidiaries

Previous positions held include Chief Executive Officer of Trencor Limited (JSE-listed) and director of Textainer Group Holdings Limited (NYSE-listed)

TR Hedges (59)

Managing Director, Executive Director – Appointed to the Board in April 2015

Qualifications: B.Sc (Agric) Hons (Stell.)

Additional roles at Abagold: Member of social and ethics committee

Attends various committees by invitation and attends various subsidiary and associate company board meetings as a director and Specialised Aquatic Feeds as Chairman

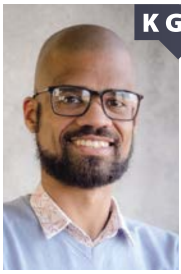
A Archary (60)

Independent Non-executive director – Appointed to the Board in June 2022

Qualifications: B PAED (SA); MA (Psychology)(SA), Leading Change and Organizational Renewal (Harvard)

Additional role at Abagold: Chairman of the social and ethics committee

Directorships in other entities: Anisha is the former HR Director of Old Mutual and was instrumental in taking the company to Top Employer status in SA and 13 countries on the African continent



K Gordon (33)

Non-executive director – Appointed to the Board in June 2022

Qualifications: B. BusSci; PGDA (UCT); CA (SA)

Directorships in other entities: Kearon is a fulltime employee of Futuregrowth, who manages the investment in Abagold on behalf of OMLACSA.

In his capacity as investment analyst he represents the interests of Futuregrowth on various boards of unlisted companies

Johannes Hamman (81)

Non-executive director – Re-appointed to the Board in January 2021

Qualifications: BA-LLB

Directorships in other entities: Wenakker (Pty) Limited

As one of the founding investors in Abagold, Johannes has extensive knowledge of Abagold and the broader aquaculture industry. He previously held the role as chairman of the Abagold Board and over the years he has been inextricably involved in the success and growth of the company

BOARD OF DIRECTORS

W Keast (52)

Non-executive director – Appointed to the Board in February 2015

Qualifications: B.Compt. (Hons) ACA CA(SA)

Directorships in other entities: In 2008 Wayne co-founded and became the Managing Partner and an Investment Committee member of the Evolution One Fund, a US$100m Southern African renewable energy and ESG Fund

E Manchest (49)

Financial director – Appointed to the Board in February 2020

Qualifications: B. Pharm (UWC); B. Com & PGDA (UCT); CA (SA)

Additional roles at Abagold: Member of social and ethics committee

Attends various committees by invitation and attends various subsidiary and associate company board meetings as a director

CT Ralebitso (52)

Independent Non-executive director – Appointed to the Board in January 2021

Qualifications: B. Eng (Mech.)

Additional role at Abagold: Member of the audit committee, member of the risk committee

Directorships in other entities; Tlhabeli is presently the Chairman of Ralco Investments and the Chief Executive Officer of Vulatel Group, which he cofounded on behalf of Ralco Investments in July 2017. He is also an independent member of the investment committee of the STANLIB Infrastructure Funds

YJ Visser (55)

Independent Non-executive – Appointed to the Board in June 2000

Qualifications: B.LC LLB (Pret.)

Additional roles Additional roles at Abagold: Chairman of the risk committee, member of the remuneration committee, nominations committee, audit committee, and social and ethics committee

Directorships in other entities: Managing director of Bremer Investments, Chairman of Acorn Agri and Food Ltd; Director of Heelbo Boerdery

Cobus serves on various inter group boards as well as on boards of various investee companies in primary agriculture, agri-processing, aquaculture, food production, healthcare and investment management

JW Wilken (61)

Independent Non-executive – Appointed to the Board in December 2008

Qualifications: B. compt. (Hons), CA (SA), MBL

Additional roles at Abagold: Chairman of the audit committee, chairman of the remuneration committee, member of nomination committee, risk committee, and social and ethics committee

Directorships in other entities: Managing Executive Partner, 360 Troy & Old Mutual iWYZE, Old Mutual Direct Insurance Holdings. Previous directorships include, Telesure Investment Holdings, Auto & General Insurance, Dial Direct Insurance, Budget Insurance, First for Women Insurance, 1Life Insurance, Credit Guarantee, Santam & Santam subsidiaries

Abagold maintained consistent sales volumes totalling 501 tonnes of "live equivalent" abalone

EXECUTIVE MANAGEMENT TEAM

TR Hedges (59)

Managing Director, Executive Director – Appointed to the Board in April 2015

Qualifications: B.Sc (Agric) Hons (Stell.)

Tim joined McCain Foods in 1996 and worked in Argentina, UK, Holland and Canada where he fulfilled a variety of senior positions in Management, Sales, Marketing and Supply Chain, before returning to South Africa in 2006, as director of Agriculture

Before joining Abagold in 2015, Tim performed CEO roles for a number of organisations, including Incolabs and Fry Group Foods

E Manchest (49)

Financial director – Appointed to the Board in February 2020

Qualifications: B. Pharm (UWC); B. Com & PGDA (UCT); CA (SA)

Enver completed his articles with Ernst & Young and in 2003 joined Standard Bank Structured Finance Division, as finance manager and later pricing manager. Before joining Abagold in 2018, he also held roles as finance manager at Eqstra “Rest of Africa” division as well as divisional CFO (equipment leasing)

Japie Engelbrecht (58)

Managing Director of Specialised Aquatic Feeds (Pty) Ltd – Joined Abagold in October 2016

Qualifications: National engineering diploma

Japie’s previous roles include Vegetable and Potato Supply Manager at McCain Foods (2010 to 2016) and prior to that he was General Manager at McCain (Mechanisation and farming)

Marius Hugo (41)

Chief Operating Officer – Joined Abagold in February 2021

Responsible for farming operations, technical, maintenance, project development and research.

Qualifications: B. Eng (Electr.) (Stell.); MBA (UCT)

Marius started his career as a design engineer in Boston, USA, whereafter he completed his MBA in 2006 and served as a deal executive with Absa Capital and Metier Private Equity until 2011. He headed up the African business development team at the World Economic Forum, Geneva, until 2014 after which he co-founded Mean Sea Level, a start-up with a mandate of commercialising renewable energy production from ocean wave energy

Werner Piek (44)

Sales, marketing, and processing executive – Joined Abagold in 2006

Responsible for sales & marketing as well the processing factory

Qualifications: Food technology (CPUT)

Werner joined Abagold in 2006 as the processing manager and was later promoted to also head up the sales and marketing department. Werner started his career in the fresh fruit industry and was one of the founder directors of FairTrade South Africa (FTSA) and served two years as Chairperson on the FTSA trust

CORPORATE GOVERNANCE

Sound corporate governance remains a dominant theme throughout Abagold's business. The governing structures responsible for directing and controlling the pursuit of Abagold's strategic objectives have remained unchanged during 2022.

Besides ensuring that all decision-making takes place against the backdrop of Abagold's stated values, good corporate governance and housekeeping must, of necessity, be based on a clear system of structure, control and execution. This includes creating a balance between the expectations of our stakeholders, in particular:

- Stakeholders who are affected by our business and/or our operations;
- Parties who could potentially influence our business; and
- Those who have an interest in what we do or how we do it.

The Board of Directors ("the Board") remains the focal point and custodian of corporate governance. Therefore, it is committed to collectively and individually ensuring that sound governance principles are fully integrated into all aspects of the business. The Board takes ownership of the accountabilities and responsibilities assigned to it in this regard, and is dedicated to the execution thereof.

Creating value for all our stakeholders is a priority. We acknowledge that this can only be achieved through sustaining a culture that is based on a foundation of sound governance and business ethics, which includes taking cognisance of the present and future needs of those who have an interest in Abagold, as well as others who may be affected by what we do.

Compliance framework

Abagold Ltd aims to continually improve the structures that serve as lines of defence in order to strengthen our safeguards against breakdowns in governance. We recognise five lines of defence supporting the execution of the operation's risk management capabilities (see table).

The Board is of the opinion that we have adhered to our board charter and that the Group has complied with the spirit and intent of the King IV Report on Corporate Governance ("King IV") and with the Companies Act, Act 71 of 2008 ("the Companies Act").

In line with King IV, the Board believes that it has executed its responsibilities in an ethical manner. Furthermore, it remains fully committed to compliance with the principles and practices of good corporate governance as set out in King IV, where this is practicable. By implementing them, the Board binds itself to the principles of fairness, accountability and transparency and fully understands its responsibility to all stakeholders of the Company.

Companies Act, Act 71 of 2008

Abagold Ltd is a public company duly incorporated in South Africa under the provisions of the Companies Act, Act 71 of 2008, as amended, and Regulations thereunder (the Companies Act).

Continued awareness of, and compliance with, the requirements of the Companies Act in daily operations, corporate structuring and governance remained the focus in 2022.

The Board of Directors

Abagold has a fully functional Board that leads and controls the Company. The Board is responsible for strategic direction, leading and overseeing the performance of management, and monitoring the management of risk while striving for sustainability.

The Board is guided by its formal terms of reference and remains responsible for ensuring that the necessary systems and processes are in place so that objectives are achieved on an ongoing basis. The Board also guides management in setting Group strategies and business plans, whilst being

BOARD OF DIRECTORS					
5th line of assurance	Audit committee	Risk committee	Remuneration committee	Nominations committee	Social and ethics committee
4th line of assurance	EXTERNAL AUDIT				
	GROUP GOVERNANCE FRAMEWORK				
3rd line of assurance	Internal control review	Global standard certifications	Regulatory audit inspections	Industry assurance providers	Other insurance providers
2nd line of assurance	Executive governance			Risk governance	
	CEO strategy meetings, manco meetings, departmental meetings, transformation forums			Policies, procedures, insurance and internal controls	
1st line of assurance	GROUP AND DIVISIONAL MANAGEMENT				

mindful of the long-term effect the same could have on the six capitals (see page 24) employed in the value creation process.

Composition and size

At the date of this report, the Board consists of eight non-executive directors and two executive directors.

The chairman of the Board is an independent, non-executive director and the roles of the managing director and the chairman are separate. This meets the requirements of the Memorandum of Incorporation ("MOI").

Directors are initially appointed by the Board, and re-elected by the shareholders at the first Annual General Meeting ("AGM") after their appointment. The company secretary is appointed by the Board. The terms of service of executive directors are coupled to their terms of service as employees, whilst the non-executive directors rotate on a three-year basis. All appointments to the Board are formal and transparent and are considered as a matter for the Board as a whole.

Roles and responsibilities

The responsibilities of the Board are defined in an approved charter which is reviewed on an annual basis. This charter is aligned with the Companies Act and King IV. It clearly defines the individual and collective accountability of Board members, as well as powers and responsibilities.

The effective discharge of the Board's duties is assured by having members with appropriate industry knowledge, the required qualifications and diverse experience. Besides this expertise, the Board

The voluntary Abagold Stokvel Incentive Programme ("ASIP") went live on 1 July 2021… and includes additional incentives for improved productivity…

exercises leadership, integrity and judgement based on fairness, accountability, responsibility and transparency so as to achieve sustainable prosperity for the Company.

The Board meets its responsibilities by giving strategic leadership, appointing competent management, delegating responsibilities in a structured manner, assessing business plans and budgets and monitoring their implementation and results, and overseeing risk management.

The Board is responsible for identifying and the induction of new directors. Non-executive directors are selected for their broader knowledge and experience and are expected to contribute effectively to decision-making and the formulation of strategies and policy.

Executive directors and senior managers contribute their insight into day-to-day operations, enabling the Board to identify goals, provide direction and determine the feasibility of the strategies proposed. These executive directors and senior managers are generally responsible for taking and implementing all operational decisions.

Company secretary

The secretary is an integral part of Abagold's corporate governance process and has a number of tasks that include:

- Responsibility for ensuring that the proceedings of all shareholders' meetings, board meetings and meetings of board committees are properly arranged and recorded. This includes circulating the minutes and agendas in a timely manner;
- Assisting the Board on good corporate governance principles and directors' duties, responsibilities and powers - collectively and individually;
- Responsibility for reporting to the Board any failure on the part of the Group and/or a director, in compliance with the MOI, any of the rules of the Company or the requirements outlined in the Companies Act;
- Overseeing the induction of new directors and responsibility for regular briefings and training of directors and prescribed officers regarding applicable laws and regulations; and
- Coordinating the process of assessing the performance of the Board and its committees.

The directors have unrestricted access to the advice and services of the secretary.

Board committees

In discharging its responsibilities, the Board has constituted various committees in order to achieve the highest standards of governance. The complete terms of reference of the board committees can be viewed on our website: **www.abagold.com**.

The Board has established the following committees to assist it in discharging its duties and responsibilities:

- **The remuneration committee**, comprising three non-executive directors and two executive directors, advises the Board on the remuneration philosophies and terms of employment. All remuneration and benefits-in-kind are evaluated and approved by the committee. Its role includes ensuring that executive directors and senior management are remunerated fairly, responsibly and appropriately and that the remuneration scales and conditions of employment are market-related and serve to both attract and retain the required talent.

- **The nomination committee**, comprising three non-executive directors and two executive directors, is responsible for succession planning and makes recommendations to the Board regarding membership of the Board.

- **The audit committee** comprises three non-executive directors who comply with the requirements of the Companies Act relating to audit committee members. The committee reviews: the adequacy and effectiveness of the financial reporting process; the system of internal control; the appropriateness of accounting policies; interim and annual financial statements; external audit processes; the Company's process for monitoring compliance with laws and regulations; its own code of business conduct; and procedures implemented to safeguard the Company's assets. The committee approves the external auditor's fees for audit services and non-audit services. BDO South Africa Inc. is being proposed to shareholders for re-appointment as external auditor and the audit committee is satisfied that this firm is independent and suitably qualified to act as external auditor of the Company.

  An independent non-executive director is chairman of the committee. The committee has a formal mandate and its effectiveness is assessed by the Board in terms thereof.

  The committee meets four times per year, or more often if required. The external auditor, the managing director and the chief financial officer attend these meetings by invitation, as required. Any other non-executive director may attend any meeting of the committee. The external auditor has unrestricted access to the committee and its chairman.

  The detailed report of the audit committee is found on page 58.

- **The risk committee**, comprising three non-executive directors, reviews: the adequacy and effectiveness of the management of financial, technological and operational risks; the Company's process for monitoring compliance with laws and regulations; its own code of business conduct; and procedures implemented to safeguard the Company's assets.

  An independent non-executive director is chairman of the committee. The committee has a formal mandate and its effectiveness is assessed by the Board in terms thereof.

  The committee meets four times per year, or more often if required. The managing director, group technical and innovations manager, and the chief financial officer attend these meetings by invitation, as required. Any other non-executive director may attend any meeting of the committee.

  The detailed report of the risk committee is found on page 32.

- The **social and ethics committee**, comprising two non-executive directors and two executive directors, assists the Board in all matters relating to organisational ethics, responsible corporate citizenship, transformation, health and safety, sustainable development and stakeholder relationships. The committee fulfils the functions and responsibilities assigned to it in terms of the Companies Act Regulations and such other functions as may be assigned to it by the Board from time to time in order to assist the Board in ensuring that the Group remains a responsible corporate citizen.

Meetings and quorums

The MOI requires three directors to form a quorum for board meetings. A majority of committee members, preferably with significant representation of the non-executive directors, is required to attend all committee meetings.

The Board meets on a quarterly basis or more frequently if circumstances require it. All its committees, except the social and ethics committee, meet at least four times a year.

The table below depicts the attendance of the members serving on the Board and each of its committees during the year.

Materiality and approvals framework

Issues of a material or strategic nature which can impact on the reputation and performance of the Company are referred to the Board. Other issues, as mandated and delegated by the Board, are dealt with at senior management level.

The minutes of all the committee meetings are circulated to the members of the Board. Issues that require the attention of the Board are highlighted and included as agenda items for the next board meeting.

Remuneration principles

The Company's policy that guides the remuneration of all directors and senior management is aimed at:

- Retaining the services of existing directors and senior managers;
- Attracting potential directors and senior managers; and
- Providing directors and senior management with remuneration that is just and fair.

We seek to attract, develop and retain high-performing employees, and motivate them to perform in alignment with business objectives. We aim to recognise and reward performance and innovation, recognising those who deliver outstanding work and embrace our core values. The reward framework focuses on five key elements, that, when integrated, effectively attract, retain and motivate employees to achieve business results. These are:

- Compensation;
- Performance and recognition;
- Benefits;
- Work/life balance; and
- Development and career opportunities.

The total dividend declared for the 2022 financial year of 7,50 cents indicates the Company's commitment to enhance shareholder value

	Board	Audit committee	Risk committee	Remuneration committee	Nominations committee	Social and ethics committee
Number of meetings held	**4**	**4**	**4**	**4**	**4**	**2**
Attendance by directors:						
TR Hedges (managing director)	4/4	4/4*	4/4*	4/4*	4/4*	1/2
HR van der Merwe (chairman of the Board)	4/4	1/4*	1/4*	4/4	4/4@	–
E. Manchest#	4/4	4/4*	4/4*	4/4*	4/4*	2/2
WB Keast**	4/4	–	–	–	–	–
YJ Visser	4/4	4/4	4/4@	4/4	4/4	2/2
JW Wilken	4/4	4/4@	4/4	4/4@	4/4	2/2
JN Hamman	4/4	–	–	–	–	–
CT Ralebitso	4/4	4/4	4/4	–	–	–
SL de Villiers&	3/3	–	–	–	–	1/1
A Archary#	1/1	–	–	–	–	–
K Gordon#	1/1	–	–	–	–	–
P Kubheka	–	–	–	–	–	2/2*

* Attended by invitation
** Attended in person or by sending an observer
& Resigned in May 2022
# Appointed in June 2022
@ Chairperson

Wage negotiations with the trade union were finalised by the middle of March 2022 and the parties agreed to a three-year wage agreement

The following statements define our overall policy for each element:

Compensation: We aim to attract and retain employees by benchmarking average base pay against the median (50th percentile) of our selected comparator groups and for our relevant geographic area. It is a stated objective that guaranteed remuneration for executives will not be targeted at the median of the comparator group, but at a lower level as considered appropriate by the Remco. The gap in total remuneration, as measured against the median of the comparator group, is addressed by non-guaranteed incentive pay. This aligns remuneration with shareholder value delivery and also assists to retain and secure the service of key staff.

Performance and recognition: We utilise a performance management system that aligns individual objectives to that of the organisation. We also have a well-established short-term incentive plan ("STIP"), aligned to achieving positive cash generated from operations on a sustainable basis. In addition, the executive team participate in a long-term incentive plan ("LTIP") which is aligned with delivering longer-term shareholder value. The incentive plans provide the opportunity to address the pay gap between guaranteed pay and the targeted median remuneration.

Benefits: Abagold aims to provide benefits comparable to, and benchmarked against, the median of our elected comparator groups. We realise that this will take us a number of years to achieve and this will be incorporated into our annual cost-of-employment budgets.

Work/life balance: We recruit and retain valuable employees by fostering an organisation culture that is respectful of work/life balance, diversity and inclusion. We develop and promote relevant policies and interventions to achieve this.

Development and career opportunities: We promote a culture of continuous learning and development by providing all employees with learning and development opportunities, for the purposes of:

- Enabling employees to acquire the necessary knowledge and skills to perform their jobs effectively, thus creating an informed employee who is able to contribute effectively and thereby making their role more rewarding; and
- Creating internal capability to fill vacant positions, thus providing employees with opportunities for career and personal growth and development.

In accordance with these objectives, the remuneration and nomination committees review and evaluate, on an annual basis, the contribution of each director and members of senior management, and determines their annual salary adjustments. For this purpose, these committees consider salary surveys compiled by independent organisations and will also refer to the PwC Executive Directors' Remuneration Trends Report.

The remuneration of the non-executive directors consists of an annual retainer fee and meeting fees for services as a director, an additional amount for duties on committees, and reimbursement for travelling and other costs.

The remuneration of executive directors consists of remuneration (which includes incentives) as employees. Executive directors receive no additional remuneration in their capacity as directors.

Duties of directors

The Companies Act places certain duties on directors and determines that they should apply the necessary care and skills in fulfilling their duties. To ensure that this is achieved, best-practice principles as contained in the King IV Report are applied where appropriate.

The directors are responsible for ensuring that the operations of the business are known to them to a degree sufficient to enable them to fulfil their fiduciary duties, and the company secretary is responsible for ensuring that directors are kept abreast of all relevant legislation and changes to legislation. After evaluating their performance in line with their respective charters, the directors are of the opinion that the Board and its committees have discharged all their responsibilities.

Directors' interests

Mechanisms are in place to recognise, respond to and manage any potential conflict of interest. Directors sign, at least once a year, a declaration of their interests that may conflict with those of the Company and stating that they are not aware of any undeclared conflicts of interest that may exist due to their interest in, or association with, any other company. In addition, directors disclose interests in contracts and/or matters that are of significance to the Company's business and do not participate in the Board voting process on such matters.

All information acquired by directors in the performance of their duties, which is not disclosed publically, is treated as confidential. Directors may not disclose or use, or appear to use, such information for personal advantage or for the advantage of third parties.

All directors of the Company are required to comply with the Abagold Code of Conduct regarding insider information, closed share trading periods, transactions and disclosures of transactions.

Risk management and internal control

The Board relies on systems of internal control and accounting information, the objective of which is to provide a reasonable assurance that assets are being safeguarded and that the risk of errors, fraud or losses is effectively being kept to the minimum. These control measures, which are contained in written policy documents and procedures, include the delegation of responsibilities and powers within a clearly defined framework, effective accounting procedures, and the separation of duties and monitoring.

The audit and risk committees monitor the appropriateness of, and compliance with, internal control and advises the Board in this regard. During the year under review, no material deterioration in the functioning of these control measures was reported.

Share trading

The Company has adopted a code of conduct to prevent insider trading. During closed periods directors and designated employees are prohibited from dealing in the Company's shares. Directors and designated employees may only deal in the Company's shares outside the closed period, with the authorisation of the chairman or the managing director. The closed period lasts from the end of a financial reporting period until the publication of the financial results for that period. Additional closed periods may be declared from time to time if circumstances warrant such action.

In view of the Financial Sector Conduct Authority's directive in the Government Gazette of 11 July 2014, shareholders of unlisted companies like Abagold Ltd are not able to trade in the companies' shares on an over-the-counter ("OTC") platform. The Board however wishes to continue facilitating trade in Abagold shares in a manner that would not contravene the provisions of the Financial Markets Act. Accordingly, the Board has introduced an alternative procedure in terms of which Abagold will endeavour to put prospective purchasers and sellers into contact with one another for them to reach agreement on the sale and purchase (including the price) of any Abagold shares.

There is continued uncertainty in the market regarding the eventual outcome of OTC trading and/or the success of alternate exchanges that have been/may be licensed. However, we continue to liaise with our advisors and providers of alternative exchanges, including regarding the possibility and timing of Abagold's listing on one of the recognised exchanges in South Africa. Shareholders will be updated as this matter progresses.

Ethics

Abagold subscribes to sound principles of ethics and good business practice and the directors believe that the ethical standards and the criteria for compliance with these standards are being met. A formal documented code of ethics is in place and is the source of reference for questions of an ethical nature.

Going concern

The annual financial statements are compiled in accordance with International Financial Reporting Standards ("IFRS") and these standards are implemented with consistency.

The Board considers these financial statements, as well as the forthcoming year's business plan, budgets and the liquidity position in the context of anticipated trading and economic conditions in order to form its opinion on the Company's ability to trade as a going concern.

The Board's opinion pertaining to the appropriateness, validity and disclosure of the annual financial statements and explanations are is out in the Directors' approval and declaration of the responsibilities on page 56 of this Integrated Annual Report.

Corporate governance statement

Application of the King IV Report on corporate governance

The Board of Directors is responsible for directing the Group to create and sustain value through responsible and ethical business actions. The Board has adopted the principles of the King IV report on Corporate Governance ("King IV") and has made every effort to ensure that the leadership of the business is aligned with achieving the core outcomes for good governance as defined in King IV.

It was resolved that the Group's current corporate governance practices enable achievement of King IV principles.

Details on the Group's implementation of the King IV principles are highlighted below:

LEADERSHIP, ETHICS AND CORPORATE CITIZENSHIP	**PRINCIPLE 1** *Ethical and effective leadership*	The charter of the Board commits the Board to effective and ethical leadership and sound corporate governance. Directors are individually and collectively accountable for their ethical and effective leadership and are required to conduct themselves in accordance with the Board Code of Conduct and their legal duties as Company directors under the Companies Act of 2008. Directors complete a detailed conflict of interests disclosure annually. The complete list is circulated annually to all Board members to ensure transparency. The Board performs an annual performance self-evaluation which helps to identify areas of weakness that require specific attention.
	PRINCIPLE 2 *Organisational ethics and culture*	Abagold has a code of ethics in place that is applicable to all employees, including the Board. The Code is also explained as part of the employee induction process and through ongoing training. The ethical standards are embedded in processes for the recruitment, evaluation of performance and reward of employees. Relevant sanctions and remedies are consistently applied when ethical standards are breached. Employees sign a staff declaration annually disclosing conflicts of interest and any gifts received or given. The Board is committed to a culture and characteristics that promote and encourage members and employees to act with integrity, to be responsible and accountable, being fair and transparent and to be competent. These are all captured in our values.
	PRINCIPLE 3 *Responsible corporate citizenship*	Compliance with the laws of the country is monitored with any instances of non-compliance promptly remedied. The Board has delegated responsibility for monitoring the Group's social responsibility targets to the social and ethics committee. The scope of the committee's mandate includes activities related to the workplace, economy, society and the environment. Performance of the Group is monitored on an ongoing basis. The Group's strategy takes into account stakeholder needs and expectations. The focus is on strategic outcomes that support the organisation's corporate citizenship status. Social and environmental risk is one of the risks that is actively monitored. The group has a tax compliance philosophy in place that promotes good corporate citizenship. We are committed to being a responsible taxpayer, based on professionally executed tax compliance and legitimate tax planning for fulfilling our compliance and disclosure obligations in accordance with all relevant laws.
STRATEGY, PERFORMANCE AND REPORTING	**PRINCIPLE 4** *Value creation process*	Strategy and performance have always been regarded as primary responsibilities of the Board. The Board sets key performance targets to continuously monitor the achievement of strategic objectives for value creation over the short, medium and long term, while management is tasked with executing the approved strategy. Management initiates the strategy review and business planning process. The major macro trends in our operating environment are considered when compiling the budget. Issues of a material or strategic nature which can impact on the reputation and performance of the Company are referred to the Board. Other issues, as mandated and delegated by the Board, are dealt with at senior management level. The minutes of all the committee meetings are circulated to the members of the Board. Issues that require the attention of the Board are highlighted and included as agenda items for the next Board meeting.
	PRINCIPLE 5 *Reporting for decision making*	The annual integrated report presents information to provide stakeholders and users with a holistic view of the Group's performance in a clear, concise and understandable manner. This report contains, amongst others, the annual financial statements, corporate governance, value creation and risk management disclosures. The Board, with the assistance of the audit and risk committees, ensures that the reports issued comply with legal requirements and meet the information needs of material stakeholders. The external auditors provide assurance on the annual financial statements as presented in the integrated annual report.
GOVERNING STRUCTURES AND DELEGATION	**PRINCIPLE 6** *Custodians of corporate citizenship*	The Board is ultimately responsible for the application of corporate governance principles in the Group. The role and functions of the Board are set out in the board charter and incorporated into the Board's annual work plan. The Board is satisfied that it has fulfilled its responsibilities in accordance with its board charter. The Board embraces its role as custodian of governance, which include annual board continuity and effectiveness reviews to improve the overall wellbeing of the organisation.
	PRINCIPLE 7 *Board composition*	The Board is satisfied that its composition reflects the appropriate mix of knowledge, skills, experience, diversity and independence. Abagold aims to ensure that the board composition is aligned with the requirements of King IV regarding the number of executive versus non-executive directors, and the skills, experience and tenure of directors are monitored on an ongoing basis. The chairman of the Board is an independent non-executive director.

GOVERNING STRUCTURES AND DELEGATION	**PRINCIPLE 8** *Delegation of authority and balance of power within the Board*	The delegation of matters and mandates to individuals and/or ad hoc committees is managed through a formal delegation of authority process and accompanying terms of reference. Board structures undergo annual review for effectiveness through Board self-evaluations. The current board committees are: audit committee, risk committee, nomination committee, remuneration committee, and social and ethics committee. Accountability is delegated through committee charters for the respective committees and effectiveness thereof is measured annually.
	PRINCIPLE 9 *Performance evaluation*	An informal self-evaluation of the Board and committees' performance during the financial year ended 30 June 2022 was performed. The Board is satisfied that the evaluation process is improving its performance and effectiveness, and with the remedial actions taken.
	PRINCIPLE 10 *Delegation to management*	The Board assesses succession planning, board delegation policies and chief executive officer ("CEO") performance annually. The Board appointed a CEO and finance director ("FD") to implement the strategies and business plans. They in turn rely on the assistance of the executive committee to ensure that the operational strategies are implemented, risks are managed, and the day-to-day business of the company is monitored.
GOVERNANCE FUNCTIONAL AREAS	**PRINCIPLE 11** *Risk governance*	The governance and oversight of risk management has always been a material item of the Board's work plan. This function is fulfilled with the assistance of the risk committee. A comprehensive risk management process is in place for identifying, evaluating and monitoring the nature and extent of risks affecting the business. A Group risk register is updated on a continuous basis and submitted at each meeting of the risk committee and twice a year at the board meeting.
	PRINCIPLE 12 *Governance over technology and information*	The Board has formally delegated responsibility for governing information and technology to the risk committee who reports directly to the Board. The CFO is responsible for discharging the governance of technology and information in the organisation. The risk committee is responsible for reviewing and approving the Group's IT strategy and good governance throughout the IT ecosystem by ensuring the effectiveness and efficiency of the group's information systems from a strategic alignment and risk perspective.
	PRINCIPLE 13 *Compliance with laws and standards*	The Board's approach to compliance is addressed in the board charter. The Board has specific responsibility for compliance in the Group. The Board has delegated this function to audit and risk committee, which regularly reviews significant risks and mitigating strategies, and reports to the Board on material changes in the Group's risk profile. Compliance with, and enforcement of, the Companies Act, legislation and the Company's governance policies are monitored and tracked through internal monitoring and reporting systems, reviews, and external audits. The Group is not aware of any breaches of laws and regulations.
	PRINCIPLE 14 *Fair and responsible remuneration*	The remuneration committee is responsible for remuneration governance, and its Group-wide responsibilities are fully set out in the board-approved charters. The committee applies the guiding principles provided for in terms of the remuneration policy as far as it is feasible, but retains the right to apply discretion to deviate from this policy in exceptional circumstances. The committee ensures that it remains knowledgeable about the changing remuneration regulatory environment.
	PRINCIPLE 15 *Assurance service and function*	This function is fulfilled with the assistance of the audit committee who, amongst other things, are responsible for advising the Board on the appointment of the external auditors. The audit committee is also responsible for reviewing interim and final financial results before submission to the Board. The audit committee charter, which stipulates the oversight responsibilities of the committee, such as external audit and combined assurance, is reviewed annually.
STAKEHOLDER RELATIONSHIPS	**PRINCIPLE 16** *Stakeholder inclusive approach*	The Board has identified material stakeholders of the Group and considers the legitimate and reasonable needs and expectations of such stakeholders on an ongoing basis as part of the decision-making process and in acting in the best interest of the Group.
	PRINCIPLE 17 *Responsible investment practices*	Abagold is not an institutional investor; however, we apply this principle to our own investments when applicable.

Consolidated annual financial statements
for the year ended 30 June 2022

CONTENTS

Notice in terms of section 29 of the Companies Act, Act 71 of 2008 (the “Act”)

These consolidated annual financial statements have been audited by BDO South Africa Incorporated in compliance with the Companies Act of South Africa and have been prepared under the supervision of E Manchest CA(SA), the Financial Director of Abagold Limited.

Directors' approval and declaration of responsibilities

To the shareholders of Abagold Limited

The directors are responsible for the preparation and fair presentation of the consolidated financial statements comprising the statement of financial position at 30 June 2022 and the statements of comprehensive income, changes in equity and cash flows for the year then ended for Abagold Limited and its subsidiaries ("the Group"), and the notes to the financial statements which include 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. In addition, the directors are responsible for preparing the directors' report, the audit and risk committee's report and secretarial certification.

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

The directors believe that the Group has adequate resources to continue operations as a going concern in the foreseeable future, based on budgets, cash flow forecasts and available cash resources. The consolidated annual financial statements, reflecting the current financial position and existing borrowing facilities, support the viability of the Group.

The auditor is responsible for reporting on whether the financial statements are fairly presented in accordance with the applicable financial reporting framework.

Approval of financial statements

The consolidated financial statements of Abagold Limited, as identified in the first paragraph, were approved by the Board of directors on 16 September 2022, and signed on its behalf by:

HR van der Merwe
Chairman

TR Hedges
Managing director

Hermanus
16 September 2022

Secretarial certification

In accordance with section 88(2)(e) of the Companies Act of South Africa, as amended ("the Act"), for the year ended 30 June 2022, it is hereby certified that the Company has lodged with the Companies and Intellectual Property Commission all such returns that are required of a public company in terms of the Act and that such returns are true, correct and up to date.

E Manchest
Company secretary

Hermanus
16 September 2022

Audit committee's report

The audit committee ("the committee") submits this report as required by section 94(7)(f) of the Companies Act of South Africa, as amended (hereafter referred to as "the Companies Act").

The Board of Directors ("the Board"), within its discretion and the provisions of the applicable set of legislative requirements, delegated some of its responsibilities to the committee. During the year under review, these responsibilities were clearly defined, agreed and recorded in an approved charter ("the charter"). The charter governed the execution of the committee's mandate relevant to the reporting period.

As per the responsibilities assigned by the Board, the committee fulfils an independent role and is accountable to both the Board and the Group's shareholders. It is an integral part of the Group's governance structures and risk management protocols. Its continued focus remains on assisting the Board with executing its responsibilities pertaining to financial reporting and risk management and, at the same time, embedding best practices across all levels of the organisation.

This report includes both sets of accountabilities relevant to the functional responsibilities of the committee as outlined in the Companies Act and King IV. The charter, which outlines the committee's role and mandate, is available on our website at www.abagold.com.

1. Roles and responsibilities of the audit committee

The committee has discharged the functions outlined in its charter and ascribed to it in terms of the Companies Act and King IV, as follows:

- Reviewed the interim, preliminary and abridged results as well as the year-end financial statements, culminating in a recommendation to the Board for approval. In the course of its review, the committee:
  - took the necessary steps to ensure that the financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act;
  - considered and, when appropriate, made recommendations on internal financial controls;
  - ensured that a process is in place to be informed of any reportable irregularities (as per the Auditing Professions Act, 2005) identified and reported by the external auditor; and
  - received and dealt appropriately with any concerns or complaints, whether from within or outside the Group, or on its own initiative, relating to the accounting practices, the content of the financial statements, and the internal financial controls of the Group or any related matter. During the financial year under review, no such material concerns or complaints were raised;
- Reviewed the external audit reports on the Group's annual financial statements;
- Verified the independence of the external auditors, BDO South Africa Incorporated, and recommended BDO as the auditors for the year under review, noting that Mr Bernard van der Walt (registered in accordance with the Auditing Professions Act, 2005) was appointed as lead auditor;
- Determined and approved the audit fees and the terms of engagement of the external auditors;
- Determined, subject to the provisions of the Companies Act, the nature and extent of allowable non-audit services and approved the contract terms for the provision of non-audit services rendered by the external auditors;
- Pre-approved any proposed agreement with the external auditors for the provision of non-audit services to the Group;
- Oversaw the integrated reporting process. The committee, as a result, at its meeting held on 14 September 2022, recommended the integrated report for approval by the Board; and
- Considered the Group's information pertaining to its non-financial performance as disclosed in the integrated report and has assessed its consistency with operational and other information known to committee members, and for consistency with the annual financial statements. The committee is satisfied that the sustainability information presented is reliable and consistent with the financial results.

2. Members of the audit committee

The committee comprises non-executive directors, who were elected at the previous annual general meeting in terms of section 94(2) of the Companies Act, or appointed by the Board in terms of section 94(6)of the Companies Act. All members are required to act objectively and independently, as described in the Companies Act and the King IV report on good governance.

The external auditors, in their capacity as auditors to the Company, attended and reported to the committee at the meeting relating to the annual financial statements.

Executive directors and relevant senior managers attended meetings on invitation.

Only the official members of the committee are allowed to exercise their respective voting rights and partake in decision-making exercises as prescribed in the charter; however, all non-executives are welcome to attend meetings.

3. Meeting attendance

The following table illustrates the attendance of audit committee meetings relevant to the reporting period:

Name of member	16 Sept 2021	9 Dec 2021	10 Feb 2022	9 June 2022
Mr YJ Visser	Present	Present	Present	Present
Mr JW Wilken	Present	Present	Present	Present
Mr CT Ralebitso	Present	Present	Present	Present

4. Confidential meetings

Agendas are prepared and circulated prior to meetings to improve effectiveness and provide for confidential meetings between the committee members and the external auditors.

5. Conclusion

The committee is satisfied that it has considered and discharged its responsibilities in accordance with its mandate and terms of reference during the year under review.

JW Wilken
Chairman of the audit committee

Hermanus
16 September 2022

Directors' report

The directors are pleased to submit their annual report as part of the annual consolidated financial statements for the year ended 30 June 2022.

Nature of the Company's business

During the year under review, the Company continued its business of farming, processing, marketing and selling abalone. In addition, Specialised Aquatic Feeds (Pty) Ltd, a subsidiary of Abagold, continued its business of producing, marketing and selling feed for abalone and other animals.

Reporting period

The Company's year-end is 30 June.

Financial results

The operating results and the state of affairs of the Company are set out fully in the attached statement of financial position, statement of comprehensive income, and notes thereto.

Share capital

Full details of the authorised and issued share capital appear in note 13 to the financial statements.

Dividends

During the year, the Company declared a R3,5 million interim dividend, and a final dividend of R7 million in respect of FY22 at the September board meeting, totalling R10,5 million in respect of FY22 (2021: Rnil).

Directors

The directors of the Company at the date of this report and any changes during the year are set out below:

HR van der Merwe	(non-executive and chairman of the Board)
TR Hedges	(managing director)
E Manchest	(financial director)
YJ Visser	(non-executive)
JW Wilken	(non-executive)
W Keast	(non-executive)
JN Hamman	(non-executive)
CT Ralebitso	(non-executive)
SL de Villiers	(non-executive, resigned in May 2022)
A Archary	(non-executive, appointed in June 2022)
K Gordon	(non-executive, appointed in June 2022)

Remuneration of directors and prescribed officers

The remuneration of directors and prescribed officers is set out in note 27 to the financial statements.

Committees of the Board

The Board of directors may, as required from time to time, delegate responsibilities to committees of the Board. During the year the following committees assisted the Board:

- audit committee
- risk committee
- remuneration committee
- nominations committee; and
- social and ethics committee

These committees are chaired by non-executive directors. Membership of these committees and meeting frequency is set out on page 47.

Events after the reporting period

Other than the specific events disclosed in note 35 to the financial statements, the directors are not aware of any other material fact, circumstance or event which occurred between the year-end date and the date of this report which might influence an assessment of the Company's financial position or the results of its operations.

The global Covid-19 pandemic has continued to impact economies specifically in Asia, due to their zero-tolerance policy. Due to the uncertainty surrounding the duration of the pandemic and the success of the vaccination programme, the impact thereof on Abagold cannot be determined with any degree of certainty. Under the current circumstances the business will continue to adopt a prudent and cautious approach in managing its affairs while maintaining adequate available funding head room in order to support the business during these unprecedented times.

Investment in subsidiaries

	2022	2021
Specialised Aquatic Feeds (Pty) Ltd	70%	70%
Abagold Mauritius Limited	100%	100%

Investments

	2022	2021
Oman Aquaculture Co LLC	50%	50%
Mean Sea Level (Pty) Ltd	23.08%	23.08%
Port Nolloth Sea Farm Ranching (Pty) Ltd	20%	20%
Aquawomen (Pty) Ltd	45%	45%

Details of the Company's equity accounted investments are set out in note 8.

Auditors

BDO South Africa Incorporated was re-appointed as auditor in accordance with section 91(3) of the Companies Act of South Africa at the annual general meeting held on 10 December 2022 and will continue in office, subject to reappointment by shareholders at the 2022 Annual General Meeting.

Independent **auditor's** report
to the shareholders of Abagold Limited

OPINION
We have audited the consolidated financial statements of Abagold Limited (the group) set out on pages 64 to 114, which comprise the consolidated statement of financial position as at 30 June 2022, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Abagold Limited as at 30 June 2022 , and its financial performance and 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 OF 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 Financial Statements section of our report. We are independent of the group in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OTHER INFORMATION
The directors are responsible for the other information. The other information comprises the information included in the document titled "Abagold Limited Annual Consolidated financial statements for the year ended 30 June 2022", which includes the Directors' Report as required by the Companies Act of South Africa. The other information does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated 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 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 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 FINANCIAL STATEMENTS
The directors are responsible for the preparation and fair presentation of the consolidated 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 the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the 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 company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS
Our objectives are to obtain reasonable assurance about whether the consolidated 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 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 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 control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 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 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 company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated 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 financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 BDO South Africa Incorporated has been the auditor of Abagold Limited for 5 years.

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.

BDO SA Inc.

BDO South Africa Incorporated
Registered Auditors

Bernard van der Walt
Director
Registered Auditor

21 September 2022

6th Floor, BDO House
119–123 Hertzog Boulevard, Foreshore
Cape Town, 8001

Consolidated statement of financial position

at 30 June 2022

	Notes	2022 R'000	2021 R'000
ASSETS			
Non-current assets		**285 357**	**239 955**
Property, plant and equipment	2	182 002	177 221
Right of use asset	3	2 913	3 178
Biological assets	4	59 677	29 278
Trademarks	5	65	100
Goodwill	6	7 979	7 979
Equity accounted investments	8	30 891	21 519
Loans receivable	9	1 830	680
Current assets		**198 507**	**250 913**
Biological assets	4	146 372	189 566
Inventories	10	30 449	28 994
Trade and other receivables	11	14 061	9 619
Derivative financial instruments	12	–	3 006
Cash and cash equivalents	19	7 625	19 728
Total assets		**483 864**	**490 868**
EQUITY AND LIABILITIES			
Equity		**289 948**	**288 744**
Share capital	13	21 637	21 637
Share premium	13	87 498	87 498
Retained earnings		174 518	172 514
Non-controlling interest	7.1	6 296	7 095
Total equity		**289 948**	**288 744**
Non-current liabilities		**132 163**	**135 178**
Lease liability	14	6 557	6 519
Deferred income tax	15	85 064	83 021
Deferred income grant	16	7 891	8 790
Borrowings	17	27 583	30 916
Trade and other payables	18	5 068	5 932
Current liabilities		**61 753**	**66 946**
Lease liability	14	1 107	1 025
Deferred income grant	16	900	900
Borrowings	17	18 952	29 872
Trade and other payables	18	33 186	35 149
Derivative financial instruments	12	7 608	–
Total liabilities		**193 916**	**202 124**
Total equity and liabilities		**483 864**	**490 868**

Consolidated statement of comprehensive income
for the year ended 30 June 2022

	Notes	2022 R'000	2021 R'000
Revenue	23	305 014	260 199
Other income	24	5 292	7 108
Interest Income		179	153
Fair value gains in financial instruments	25	(11 108)	16 317
Fair value gains on biological assets	4	207 644	163 759
Consumption of raw material		(49 748)	(53 318)
Fair value of sold abalone	10	(248 124)	(199 807)
Export costs		(18 290)	(27 394)
Production costs	26	(35 349)	(31 512)
Employee benefit expenses	27	(75 700)	(84 453)
Depreciation and amortisation		(20 391)	(15 154)
Other operating expenses		(35 626)	(30 010)
Impairment of loan receivable	9	–	(603)
Impairment of Property, plant and equipment	2	(3 753)	–
Profit from operations	29	20 040	5 285
Finance costs	30	(5 938)	(7 809)
Share of loss of equity accounted investments	8	(7 339)	(1 631)
Profit/(loss) before income tax		6 763	(4 155)
Income tax	15.1	(2 045)	394
Profit/(loss) for the year		4 718	(3 761)
Other comprehensive income		–	–
Total comprehensive income/(loss) for the year		4 718	(3 761)
Total comprehensive income/(loss) for the year is attributable to:			
Owners of Abagold Limited		5 518	(3 988)
Non-controlling interests		(800)	227
		4 718	(3 761)
Basic earnings/(loss) per share (cents)	31	3,36	(2,68)
Diluted earnings/(loss) per share (cents)	31	3,36	(2,68)

Consolidated statement of changes in shareholders' equity
for the year ended 30 June 2022

	Share capital R'000	Share premium R'000	Retained earnings R'000	Non-controlling interest R'000	Total equity R'000
Balance at 1 July 2020	**21 637**	**87 498**	**176 502**	**6 868**	**292 505**
Total comprehensive (loss)/income for the year	–	–	(3 988)	227	(3 761)
Balance at 30 June 2021	**21 637**	**87 498**	**172 514**	**7 095**	**288 744**
Total comprehensive income/(loss) for the year	–	–	5 518	(800)	4 718
Dividends paid	–	–	(3 514)	–	(3 514)
Balance at 30 June 2022	**21 637**	**87 498**	**174 518**	**6 295**	**289 948**

Consolidated statement of cash flows
for the year ended 30 June 2022

	Notes	2022 R'000	RESTATED* 2021 R'000
Cash flow from operating activities		**49 659**	**52 789**
Cash received from clients	32.1	305 863	266 526
Cash paid to suppliers and employees		(248 634)	(208 321)
Cash generated from operations	32.2	57 228	58 205
Interest paid	30	(7 569)	(5 416)
Cash flow from investing activities		**(45 744)**	**(15 840)**
Purchases of property, plant and equipment	2	(27 955)	(9 336)
Proceeds from disposal of property, plant and equipment	2	75	625
Loan (granted to)/repaid by associate		(544)	90
Loan granted for enterprise development		(606)	–
Investment in equity accounted entities	8	(16 713)	(7 213)
Purchase of trademarks		(1)	(6)
Cash flow from financing activities		**(16 018)**	**8 848**
Increase in long term borrowings		50 309	12 485
Decrease in long term borrowings		(47 813)	(18 637)
(Repayment)/advance of convertible loan		(15 000)	15 000
Dividends paid		(3 514)	–
Net cash flow for the year		**(12 103)**	**45 797**
Cash and cash equivalents – beginning of the year		19 728	(26 069)
Cash and cash equivalents – end of the year	19	**7 625**	**19 728**

* Restatement of prior period error:
1) In 2021, lease payments of R882k were in error disclosed as part of cash flow from financing activities and restated in the current year to interest paid, which more appropriately reflects the underlying nature of the amount.
2) The gross cash flows from borrowings have been restated in the current year, which was previously disclosed in error on a net basis of R8,848 million.

In 2021, Abagold Group previously reported:

	R'000
Cash flow from financing activities	7 966
Increase in long-term borrowings	8 848
Lease payments	(882)

Notes to the consolidated financial statements
for the year ended 30 June 2022

1. ACCOUNTING POLICIES
Abagold Limited (the "Company") is a company domiciled in South Africa. These financial statements are the financial statements as at 30 June 2022 for the Group, comprising Abagold Limited and its subsidiaries.

Where reference is made to the "Group" in the accounting policy, it should be interpreted as referring to the Company where the context requires, unless otherwise noted. The accounting policies adopted herein by the Group are in line with those of the Group, except for investments in associates for which the Company policy is to recognise investments at cost.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented.

1.1 BASIS OF CONSOLIDATION
The consolidated annual financial statements include the results of Abagold Limited and its subsidiaries, associated companies and joint ventures.

Subsidiaries
Subsidiaries are entities over which the Group has control. The existence and effect of potential voting rights are considered when assessing whether the Group controls another entity to the extent that those rights are substantive.

Subsidiaries are consolidated from the date on which control is obtained (acquisition date) up to the date control ceases. For the certain entities, the Group has entered into contractual arrangements that allow the Group to control such entities. Because the Group control such entities, they are consolidated in the consolidated annual financial statements.

Intergroup transactions, balances, and unrealised gains and losses are eliminated on consolidation.

Non-controlling interest
For each business combination, the Group measures the non-controlling interest in the acquiree at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

Associates and joint ventures
Investments in associated companies (associates) and joint ventures are accounted for in terms of the equity method. Associates are entities over which the Group exercise significant influence, but which it does not control or jointly control. Joint ventures are arrangements in which the Group contractually shares control over the activity with others and in which the party have rights to the net assets of the arrangement.

Where a foreign joint venture does not have the same year-end as that of the Group, the group's accounting policy is to allow for an appropriate lag period in reporting their reporting their results, but not exceeding three months The most recent available financial statements of the associate or joint venture are used by the entity in applying the equity method.

Any differences in accounting policies, and significant transactions and events occurring between the investees and the Group's June year-end are taken into account.

Unrealised gains or losses on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in the relevant associates or joint ventures.

The Group's share of other comprehensive income and other changes in the net assets of associates and joint ventures is recognised in the statement of comprehensive income.

If there is an indication of impairment the associate and joint venture is assessed for impairment on an annual basis as a single asset. If impaired, the carrying value of the Group's investment in the associate or joint venture is adjusted to its recoverable amount and the resulting impairment loss is included in "Share of loss of equity accounted investments" in the income statement.

1.2 BASIS OF PREPARATION

The financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act, Act 71 of 2008 ("the Company's Act").

The financial statements are presented in the South African Rand ("Rand"), which is the Group's functional currency. They are prepared on the basis that the Group and its subsidiaries are going concerns, using the historical-cost basis of measurements except for derivative financial instruments (refer to note 1.5) and biological assets (refer to note 1.10). Minor adjustments have been made to certain comparative figures in the statement of comprehensive income to allow for more meaningful disclosure. These adjustments are separately disclosed where applicable.

1.3 FINANCIAL ASSETS

Financial assets are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

On initial recognition, financial assets are classified as financial assets measured at amortised cost, or at fair value through profit and loss. The classification is based on the financial objectives and characteristics of its contractual cash flow.

A financial asset is measured at amortised cost if it is held with the objective to collect contractual cash flows and the contractual cash flows represent solely payments of principal and interest on the amount outstanding. Financial assets classified as at amortised costs include only trade and other receivables.

All financial assets not classified as at amortised cost are measured at fair value through profit and loss. Subsequent to initial recognition, these instruments are measured based on classification according to their nature.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents are carried in the statement of financial position at amortised cost which equals the cost or face value of the asset.

For the purpose of the statement of cash flows, cash and cash equivalents compromise cash on hand, deposits held on call with banks, and the investments in the money market instrument, net of bank overdrafts, all of which are available for use by the Group unless otherwise stated.

TRADE AND OTHER RECEIVABLES

Trade and other receivable are categorised as at amortised cost. These financial assets originated by the Group providing goods, services or money directly to a debtor and are subsequent to initial recognition measured at amortised cost using the effective interest method less any accumulated impairment losses.

1.4 FINANCIAL LIABILITIES

Financial liabilities are recognised when the Group becomes party to the contractual provisions of the relevant instrument. The Group classifies financial liabilities at amortised cost or at fair value through profit and loss. Financial liabilities compromise primarily trade and other payables, borrowings, and cash and cash equivalent in a net overdraft. These financial liabilities are initially recognised at fair value, net of transaction costs.

Notes to the consolidated financial statements
for the year ended 30 June 2022 **continued**

INTEREST-BEARING LOANS AND BORROWINGS
Loans are recognised initially at fair value, net of transaction costs incurred. Subsequent to initial recognition, these financial instruments are measured at amortised cost with any amount exceeding the difference between cost and redemption value being recognised in profit or loss over the period of borrowings on an effective interest basis.

CONVERTIBLE DEBT
The proceeds received on issue of the Group's convertible debt are allocated into their liability and equity components. The amount initially attributed to the debt component equals the discounted cash flows using a market rate of interest that would be payable on a similar debt instrument that does not include an option to convert. Subsequently, the debt component is accounted for as a financial liability measured at amortised cost until extinguished on conversion or maturity of the bond. The remainder of the proceeds is allocated to the conversion option and is recognised in the "Convertible debt option reserve" within shareholders' equity, net of income tax effects. Refer to note 17 for further details.

TRADE AND OTHER PAYABLES
Subsequent to initial recognition, trade and other payables are measured at amortised cost.

1.5 DERIVATIVE FINANCIAL INSTRUMENTS
The Group uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risk arising from operational activities. In accordance with its treasury policy, the Group does not hold or issue derivative financial instruments for trading purposes.

Subsequent to initial recognition, derivatives are measured at fair value. The gain or loss arising from a change in fair value on re-measurement is recognised in profit or loss in the period in which the change arises.

The fair value of forward exchange contracts is their quoted market price at the reporting date.

1.6 DERECOGNITION

FINANCIAL ASSETS
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

FINANCIAL LIABILITIES
A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

1.7 HEDGE OF MONETARY ASSETS AND LIABILITIES
Where a derivative financial instrument is used to hedge the foreign exchange exposure of a recognised asset or liability, no hedge accounting is applied and gains or losses on the hedging instrument are recognised in profit or loss.

1.8 FOREIGN CURRENCY TRANSLATION

FUNCTIONAL AND PRESENTATION CURRENCY

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the "functional currency").

The financial statements are presented in South African Rand, which is the Group's functional and presentation currency.

TRANSACTIONS AND BALANCES

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in profit or loss.

Translation differences on non-monetary financial assets and liabilities are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss.

1.9 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are tangible assets held by the Group for use in the production or supply of goods or services or for administrative purposes and are expected to be used during more than one period. Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that 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 are charged to profit or loss during the financial period in which they are incurred.

Land is initially recorded at cost and adjusted for any impairment in value. It is not depreciated, as it is deemed to have an unlimited useful life.

Depreciation is calculated using the straight-line method, from the date that assets are available for use, at rates considered appropriate to reduce book values to estimated residual values over the useful lives of the assets, as follows:

Land and buildings	= 10–20 years
Computer equipment	= 5–10 years
Equipment	= 5–20 years
Furniture and fittings	= 5–10 years
Vehicles	= 5–10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amounts. These are included in profit or loss.

Notes to the consolidated financial statements

for the year ended 30 June 2022 **continued**

1.10 BIOLOGICAL ASSETS

Biological assets consist of abalone livestock and are stated at fair value. Fair value is determined based on the principal market for abalone of similar size and breed less estimated point-of-sale costs at the point of harvest, with any resultant gain or loss recognised in profit or loss. Point-of-sale costs includes all costs that would be necessary to sell the assets, excluding costs necessary to get the assets to the market. The exchange rate and expected sales prices are significant factors in determining the fair value of biological assets.

Biological assets are considered as current assets, unless the Group considers the abalone too small to harvest and sell in the next 12 months.

1.11 INTANGIBLE ASSETS

GOODWILL

Goodwill represents the excess of the consideration transferred over the fair value of the identifiable net assets acquired. Goodwill is tested at least annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Acquisition costs are expensed as incurred.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. 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, identified according to operating segment.

OTHER INTANGIBLE ASSETS

Intangible assets (other than goodwill) are initially recognised at cost if acquired externally, or at fair value if acquired as part of a business combination. The cost of intangible assets acquired in a business combination is fair valued as at the date of acquisition.

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. The useful lives of intangible assets are assessed to be either finite or indefinite. Amortisation of intangible assets with a finite useful life is recognised in profit or loss on a straight-line basis over the estimated useful life of intangible assets.

The amortisation period, amortisation method and residual value for an intangible asset with a finite useful life are reassessed annually. Changes in the expected useful life, or the expected pattern of consumption for future economic benefits embodied in the asset, is accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

Intangible assets are comprised of trademarks, and currently all trademarks' useful lives are ten years.

1.12 INVENTORY

Inventory consists of harvested and processed (canned or dried) abalone and is stated at the lower of cost and net realisable value. The cost of abalone finished goods and work in progress is determined in accordance with IAS 41 as the fair value of the biological asset at point of harvest plus direct costs to completion. Net realisable value is the estimated selling price in the ordinary course of business, less the applicable costs of completion and selling expenses.

Inventory also includes raw materials used in the processing of abalone and general inventory items used by operational and support divisions. These inventory items are valued at the lower of cost and net realisable value.

1.13 IMPAIRMENT OF ASSETS

NON-FINANCIAL ASSETS

The carrying amounts of the Group's non-financial assets other than deferred tax assets, biological assets and inventory (see accounting policy note for deferred tax, biological assets and inventory), are reviewed at each reporting date to determine whether there is any indication of impairment exists. If any such indication exists, the asset's recoverable amount is estimated.

For goodwill, the recoverable amount is estimated at each reporting date, or when there is an indicator of impairment. Whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount, an impairment loss is recognised in profit or loss. As goodwill is not capable of generating cash flows independently of other assets, in assessing the recoverable amount of goodwill the goodwill is allocated to cash-generating units on a reasonable and consistent basis. The recoverable amount of the cash-generating unit (including an allocation of goodwill and corporate assets) is assessed with reference to the future cash flows of the cash-generating unit. Where an impairment loss is recognised for a cash-generating unit, the impairment loss is applied first to the goodwill allocated to the cash-generating unit (if any) and then to other assets on a pro rata basis comprising the cash-generating unit, provided that each identifiable asset is not reduced to below its recoverable amount.

RECOVERABLE AMOUNT

The recoverable amount of an asset is the greater of its fair value less cost to sell and its value in use. Recoverable amounts are estimated for individual assets or, if an asset does not generate largely independent cash flows, for a cash-generating unit.

A cash-generating unit is the smallest collection of assets capable of generating cash flows independent of other assets or cash-generating units.

The fair value less cost to sell is the amount obtainable from the sale of an asset or cash-generating unit in an arm's length transaction, less the costs of disposal.

Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset or cash-generating unit and from its disposal at the end of its useful life. The estimated future cash flows are discounted using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Notes to the consolidated financial statements
for the year ended 30 June 2022 **continued**

1.13 IMPAIRMENT OF ASSETS (CONTINUED)

REVERSAL OF IMPAIRMENT LOSSES
A previously recognised impairment loss is reversed if the recoverable amount of the asset increases as a result of a change in the estimate used to determine the recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in the prior years.

An impairment loss in respect of goodwill is not reversed.

FINANCIAL ASSETS
The Group recognises expected credit losses on financial assets measured at amortised cost. At each reporting date, an assessment is made on the forward-looking basis, of the impairment allowances associated with these financial assets on a specific allowance basis.

For trade receivables at amortised cost, the Group applies the simplified model terms of IFRS9, and measures impairment allowances at an amount equal to the historical loss rates given that over the credit exposure period a significant change in economic conditions is considered unlikely. Historical loss rates are also further adjusted for forward-looking information that might impact the future credit losses.

GENERAL APPROACH
For other receivables the Group measures impairment losses on an individual basis in three stages. The impairment provisions are recognised based on a forward-looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, 12-month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

On origination and subsequent reporting dates the expected credit losses from default events possible within the next 12 months are recognised and a loss allowance is established. If a loan credit risk increases to the point where it is no longer consider as low, then a lifetime expected credit loss is recognised.

DEFINITION OF DEFAULT
The Group considers a financial asset to be in default when the borrower is unlikely to pay its obligations in full or the outstanding amounts exceeds its contractual payment terms.

At each reporting date the Group assesses whether the financial assets at amortise costs are credit impaired. Financial assets are considered credit impaired when one or more events that have detrimental impact on expected future cash flows have occurred.

Evidence that a financial asset is credit impaired includes a breach of contract, such as defaulting on contractually due payment, and the probability of the borrower entering into liquidation. All impairments losses are recognised in profit or loss, and the gross carrying amount of the financial asset is reduced by the allowance.

1.14 SHARE CAPITAL
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds, net of tax.

1.15 CURRENT AND DEFERRED INCOME TAX

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated in accordance with tax laws enacted, or substantively enacted, at the reporting date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions, where it is not probable that the tax authority will accept the Company's position, on the basis of amounts expected to be paid to the tax authorities.

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the consolidated statement of financial position differs from its tax base, except for differences arising on:

- The initial recognition of goodwill;
- The initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit; and
- Investments in subsidiaries, associates and joint arrangements where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

Deferred income tax is determined using tax rates (and laws) that have been enacted, or substantively enacted, by the reporting date and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled.

Dividend withholding tax is a tax levied on the beneficial owner of the shares instead of the Group. The tax is withheld by the Group and paid over to the South African Revenue Service ("SARS") on the beneficiaries' behalf. The resultant tax expense and liability have been transferred to the shareholder and are accounted for as part of dividend declared.

1.16 EMPLOYEE BENEFITS

PENSION OBLIGATIONS

The Group only has defined-contribution plans. A defined-contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The contributions are recognised as an employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

OTHER POST-RETIREMENT BENEFITS

The Group has no liabilities with regard to post-retirement medical benefits.

ANNUAL LEAVE

Employee entitlements to annual leave are recognised when they accrue to employees. An accrual is made for the estimated annual leave as a result of services rendered by employees up to reporting date.

PROFIT SHARING AND BONUS PLANS

The Group recognises a liability and an expense for bonuses and incentives plans. The Group recognises a provision for such expenditure where a contractual obligation exists or where there is a past practice that has created constructive obligation.

Notes to the consolidated financial statements
for the year ended 30 June 2022 **continued**

1.17 REVENUE RECOGNITION

Revenue from contracts with customers is derived from the sale of goods. Revenue is measured based on the transaction price specified in the contract with the customer. The Group recognises revenue when (or as) it transfers control of goods and/or services to its customer. Revenue is recognised at the amount the Group expects to be entitled to in exchange for the goods and/or services transferred to customers. Revenue is shown net of value-added tax (VAT), returns, rebates and discounts.

Revenue earned but not yet invoiced or for which the Group's right to payment is conditional on future performance is presented as accrued income as part of other receivables in the statement of financial position. Payments received in advance from contracts with customers present an obligation to transfer future goods and/or services and are presented as part of accrued expenses and other liabilities in the statement of financial position.

The Group is not party to contracts where the period between transfer of goods and/or services and payment exceeds one year. Consequently, the Group does not adjust its transaction prices for financing components.

ABALONE SALES

The Group sells abalone to export customers on a cost insurance and freight basis. Revenue is recognised at a point in time where the goods are transferred onto the vessel, as this is when all our obligations in terms of the sales agreement are fulfilled. For local sales, revenue is recognised at a point in time when goods are collected at our premises. The general payment terms are 15 days from date of delivery.

FEED SALES

The Group sells abalone and non-abalone feed to local and export customers. Revenue is recognised at a point in time when the goods are collected at our premises. The general payment terms are 30 days from statement.

1.18 INTEREST INCOME

Interest income for financial assets that are not classified as at fair value through profit and loss is recognised using the effective interest method in accordance with IFRS 9.

1.19 GOVERNMENT GRANTS

Government grants are recognised when there is reasonable assurance that the entity will comply with the conditions attaching to them and that the grants will be received by the Group.

Government grants related to the purchase of depreciable assets are recognised as a liability (deferred revenue) and credited to profit or loss on a straight-line method over the useful lives of the assets.

1.20 LEASES

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of 12 months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the group's incremental borrowing rate on commencement of the lease is used.

On initial recognition, the right-of-use assets are initially measured at the amount of the lease liability.

Subsequent to initial measurement, lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

When the Group revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted using a revised discount rate. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised, except the discount rate remains unchanged. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term. If the carrying amount of the right-of-use asset is adjusted to zero, any further reduction is recognised in profit or loss.

Refer to note 3 (Right-of-use asset) and note 14 (Lease liability).

1.21 DIVIDEND DISTRIBUTIONS

Dividend distributions to the Group's shareholders are recognised as a liability in the Group's financial statements in the period in which the dividends are approved by its Board of directors.

1.22 EARNINGS PER SHARE

The Group presents basic and diluted earnings per share ("EPS") data in relation to its ordinary shares.

Basic EPS is calculated by dividing profit or loss attributable to the ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. This provides a measure of the interests of each ordinary share of the Company in the performance of the entity over the reporting period.

Diluted EPS takes into account the effect of all dilutive potential ordinary shares outstanding during the period.

Notes to the consolidated financial statements
for the year ended 30 June 2022 **continued**

1.23 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

1.23.1 Judgements and estimates

In preparing the financial statements, management is required to make estimates and assumptions that affect the amounts represented in the financial statements and related disclosures. Use of available information and the application of judgement are inherent in the formation of estimates.

Actual results in the future could differ from these estimates, which may be material to the financial statements. We have exercised judgement in evaluating the impact of Covid-19 on the financial statements.

Significant judgements include:

- **Significant influence over associates, including Aquawomen (Pty) Ltd, Mean Sea Level (Pty) Ltd, and Port Nolloth Sea Farm Ranching (Pty) Ltd ("PNSFR"):** The percentage of voting rights in these entities is between 20–50%, and the rebuttable presumption of significant influence is supported by representation on the board of the investee.
- **Classification of joint arrangements as joint ventures:** The Group has a 50% (2020: 50%) interest in joint venture, Oman Aquaculture Co LLC, a separate entity incorporated and operating in Oman. The contractual arrangement provides the Group with only the rights to the net assets of the joint arrangement, with the rights to the assets and obligations for liabilities of the joint arrangement resting primarily with Oman Aquaculture Co LLC. Under IFRS 11, this joint arrangement is classified as a joint venture and has been included in the consolidated financial statements using the equity method. See note 8.1 for further details.
- **Classification of the convertible shareholder loan as a debt instrument:** The conversion rights in terms of the shareholder loan are considered as significantly below the market value of the underlying shares, and as a result this loan has been classified as debt. Refer to note 17 for further details.

Significant estimates and assumptions include:

- **Assets' useful lives, residual values and impairment**
  Property, plant, and equipment are depreciated over their useful lives, taking into account the residual values and possible impairment where appropriate. The actual useful lives of assets and residual values are assessed annually. In reassessing assets' useful lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values. Whether an asset is impaired is subject to management's view of changes in circumstances which could indicate that the carrying value may not be recoverable. Refer to note 2 for more detailed update.

- **Impairment of goodwill**
  Goodwill is subjected annually to an impairment test. The impairment test is performed by calculating a value-in-use for the cash-generating unit to which the goodwill is allocated. The calculation of value-in-use requires assumptions to be made regarding future cash flows and appropriate outcomes. Refer to note 6 for more detailed update.

- **Biological assets**
  In order to measure and value biological assets, management uses a growth-formula and drip- and purge-loss factors to determine the weight of the animals at the reporting date. These formulas are based on empirical evidence and confirmed industry norms. A key source of estimation uncertainty for the Group involves the impact of Covid-19 on future exchange rates and dollar price of abalone. Refer to note 4 for more detailed update on the judgements and estimates.

- **Recoverability of investments**
  Management uses projected cash flows for the underlying investment, discounted at the relevant weighed average cost capital. The assumptions relating to the projected cash flows are reviewed, as well as the growth rate and risk factors in the discount

rate. The uncertainty surrounding the ultimate impact of Covid-19 pandemic has resulted in significant estimation in respect to the future cash flows for some investment in associates and joint ventures. This includes estimation in relation to exchange rates, interest rates and the dollar price of abalone. The discount rates applied to almost all investments have been increased, reflecting increased uncertainty around the effect of the Covid-19 pandemic on country policies and macro-economic factors as well as Company-specific factors. Refer to notes 7 and 8 for a more detailed update.

- **Lease term**
  There is an assumption that the land lease in which the Group is a lessee will be extended by the Company in 2023, as per the lessee option, for a further 9 years and 11 months. The lease term for the lease liability includes the extension period which creates measurement uncertainty (note 14).

1.23.2 Measurement of fair value

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the chief financial officer. Significant unobservable inputs and valuation adjustments are reviewed regularly. If third-party information, such as market prices, is used to measure fair values, then such evidence is assessed to support the conclusion that such valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which such valuations should be classified.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in 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: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Significant valuation issues are reported to the audit and risk committees.

If the inputs are used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entity in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the notes relating to biological assets (note 4), long-term incentive plan (note 28) and financial instruments (note 22).

Notes to the consolidated financial statements
for the year ended 30 June 2022 **continued**

1.24 RECENTLY ISSUED ACCOUNTING STANDARDS

1.24.1 STANDARDS AND INTERPRETATIONS EFFECTIVE AND ADOPTED IN THE CURRENT YEAR

The Group has adopted new standards in the annual financial statements for the year ended 30 June 2022 and are relevant to its operations:

Standard/Interpretation	Effective date Years beginning on or after	Expected Impact
IAS 37 Provisions, Contingent Liabilities and Contingent Assets (Amendment – Onerous Contracts – Cost of Fulfilling a Contract)	1 January 2022	The impact of the amendment is not material
IAS 16 Property, Plant and Equipment (Amendment – Proceeds before Intended use)	1 January 2022	The impact of the amendment is not material

1.24.2 STANDARDS AND INTERPRETATIONS NOT YET EFFECTIVE

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

Standard/Interpretation	Effective date Years beginning on or after	Expected Impact
IFRS 17 Insurance Contracts	1 January 2023	Unlikely there will be a material impact
IAS 1 Presentation of Financial Statements (Amendment – Classification of Liabilities of Current or Non-Current)	1 January 2023	The impact of the amendment is not material
IAS 1 Presentation of Financial Statements (Amendment – Disclosure of Accounting Policies)	1 January 2023	The impact of the amendment is not material
IAS 8 Accounting Policies, Change in Accounting Estimates and Errors (Amendments – Definition of Accounting Estimates)	1 January 2023	The impact of the amendment is not material
IAS 12 Incomes Taxes (Amendment – Deferred Tax related to Assets and Liabilities arising from a Single transaction)	1 January 2023	The impact of the amendment is not material

2. PROPERTY, PLANT AND EQUIPMENT

	Land R'000	Buildings R'000	Leasehold improvement R'000	Equipment R'000	Computer equipment R'000	Other assets R'000	Assets under construction R'000	Total R'000
Book value at 30 June 2020	10 987	68 050	17 384	75 096	3 538	1 465	6 966	183 487
Cost at 30 June 2020	10 987	99 061	27 474	152 275	4 959	2 524	6 966	304 246
Accumulated depreciation and impairment	–	(31 011)	(10 090)	(77 179)	(1 421)	(1 059)	–	(120 760)
Reallocations	–	1 505	–	9 727	1 478	549	(13 261)	–
Cost	–	1 505	–	9 727	1 478	549	(13 261)	–
Accumulated depreciation	–	–	–	–	–	–	–	–
Additions	–	–		–	–	–	9 336	9 336
Disposal	–	–	–	(474)	–	(53)	–	(527)
Cost	–	–	–	(499)	–	(155)	–	(654)
Accumulated depreciation	–	–	–	25	–	102	–	127
Depreciation	–	(4 342)	(1 460)	(8 570)	(243)	(215)	–	(14 830)
Impairment	–	–		–	–	–	–	–
Adjustment	–	–		(66)	–	–	(178)	(244)
Book value at 30 June 2021	10 987	65 214	15 923	75 713	4 773	1 746	2 863	177 221
Cost at 30 June 2021	10 987	100 566	27 474	161 437	6 437	2 918	2 863	312 684
Accumulated depreciation and impairment	–	(35 353)	(11 550)	(85 724)	(1 664)	(1 172)	–	(135 463)
Reallocations	–	14 091	–	4 996	320	602	(20 009)	–
Cost	–	14 091	–	4 996	320	602	(20 009)	–
Impairment	–	–	–	(2 701)	(674)	(35)	(343)	(3 753)
Cost	–	–	–	(3 068)	(966)	(89)	(343)	(4 466)
Accumulated depreciation	-	-	-	367	292	54	–	713
Additions	–	–		–	–	–	28 726	28 726
Disposal	–	–	–	(97)	–	–	–	(97)
Cost	–	–	–	(138)	–	–	–	(138)
Accumulated depreciation	–	–	–	40	–	–	–	40
Depreciation	–	(3 075)	(1 460)	(12 758)	(841)	(1 956)	–	(20 091)
Adjustments	–	–		–	–	–	(4)	(4)
Book value at 30 June 2022	10 987	76 229	14 463	65 152	3 577	357	11 232	181 999
Cost at 30 June 2022	10 987	114 657	27 474	163 227	5 791	3 431	11 232	336 800
Accumulated depreciation and impairment	–	(38 428)	(13 011)	(98 075)	(2 213)	(3 074)	–	(154 801)

"Other assets" includes Furniture & Fittings and Vehicles.

Notes to the consolidated financial statements

for the year ended 30 June 2022 **continued**

2. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Assets under construction at the end of the current year increased to R11 million (2021: R3 million). An impairment loss of R3,7 million (2021: Rnil) was recognised during the year for assets that were no longer in use or past their economic life.

During the current year, the Company conducted a review of the assets' useful lives within the operational context. As a result, the expected useful life of some assets decreased. The effect of these changes on the current year depreciation expense is an increase of R4,8 million, while future depreciation is expected to increase by R4 mllion.

During the current year, the Company reviewed the disclosure relating to assets on the Seaview farm, which is leased from the Department of Public Works. In terms of the lease agreement, the immovable assets remain the property of the landlord and were previously disclosed under Buildings. We have restated and seperately disclosed these assets as leasehold improvements and limited the useful life to the expected lease term.

All the above assets are owned by the Group and not leased.

Land includes the following two properties which are owned by the Group, at cost:

Erf	Name	Size	Purchase date	Cost
Erf 11068, Hermanus	Bergsig farm	2.4 ha	April 2002	1 377
Erf 11166, Hermanus	Sulamanzi farm	6.9 ha	July 2010	9 610
Total				**10 987**

Refer to note 20 for encumbrances on property, plant and equipment.

The detailed fixed assets register is available for viewing at the Company's office.

3. RIGHT-OF-USE ASSET

The Group entered into a lease agreement in August 2013, as the lessee of farming land from the Department of Public Works, with an initial lease term of 9 years and 11 months, until 31 July 2023, and the right to apply for an extention of a further 9 years and 11 months. This lease conveys the right to control the use of the underlying leased asset, and the Group classifies this lease a right-of-use asset in a consistent manner to its property, plant and equipment. Refer to note 14 (lease liability).

	2022 R'000	2021 R'000
Reconciliation of carrying value of right-of-use assets:		
Carrying value at beginning of period	3 178	3 443
Depreciation	(265)	(265)
Carrying value at end of period	2 913	3 178
Comprising:		
Land	2 913	3 178

4. BIOLOGICAL ASSETS

The Group owns biological assets in the form of abalone livestock, which is grown out on four farms, namely Hatchery, Seaview, Bergsig and Sulamanzi. Biological assets are measured at the best estimate of fair value less anticipated marketing and other related selling costs.

(A) RECONCILIATION

	2022 R'000	2021 R'000
Opening carrying amount	218 843	237 712
Net fair value adjustment for spat, growth and mortalities	221 765	173 954
Fair value adjustment due to changes in US Dollar sales prices	(40 293)	37 435
Fair value adjustment due to exchange rate changes	26 172	(47 630)
Transfer of small abalone to Port Nolloth Sea Farm Ranching	–	(2 969)
Transfer to inventories	(220 439)	(179 659)
Closing carrying amount	206 048	218 843

Biological assets typically have a production cycle of more than one year; however, the portion of the abalone that is held primarily as trading stock is classified as current assets. Management has decided that animals below the size of 50g (2021: 50g) are not considered as trading stock as they have not reached harvestable size based on prevailing market conditions.

	2022 R'000	2021 R'000
At 30 June:		
– Non-current biological assets	59 677	29 278
– Current portion of biological assets	146 372	189 566
	206 048	218 843

At 30 June 2022 there were 632 tonnes (2021: 621 tonnes) of live abalone on the three grow-out farms, Seaview, Bergsig and Sulamanzi.

	2022 Kg	2021 Kg
Quantities of biological assets:		
Opening carrying weight	621 019	721 504
Growth	451 924	460 840
Harvested	(440 698)	(561 325)
Closing carrying weight	632 245	621 019

(i) Fair value hierarchy

The fair value measurements for abalone biological assets of R205 million (2021: R219 million) have been categorised as Level 3 fair values based on the inputs to the valuation techniques used.

Notes to the consolidated financial statements

for the year ended 30 June 2022 **continued**

4. BIOLOGICAL ASSETS (CONTINUED)

(ii) Level 3 fair values

The following valuation techniques and significant unobservable inputs are used in measuring fair value of abalone biological assets:

The fair value of biological assets is determined using the market comparison technique and is based on market export prices of abalone in a format representing the highest and best use of a similar size and breed, i.e. the export prices of live, canned and dried abalone are used when valuing biological assets per size category. The fair value of biological assets was determined using export prices for live, dried and canned formats as it represents the sales mix for abalone across the various sizes. Market prices are denominated in US Dollars. Biological assets are continuously counted and weighed in predetermined cycles and a formula is used to project the present weight of the abalone at each reporting date. The present weight is calculated by extrapolating the average weight of each of the baskets on the farms at a growth rate which is equal to its life-to-date growth rate. The abalone are then classified into weight classes for valuation purposes and valued using relevant selling prices for each weight class, adjusted for drip-and-purge losses, and cost to sell.

(B) MEASUREMENT OF FAIR VALUES

Smaller abalone (less than 5 grams each) are valued at between R1.86 and R5.19 each, which is the market price for selling small abalone (known as “spats”) between farms in South Africa. These values are extrapolated for valuing each weight class of abalone up to 20 grams as no active export market exists for these sizes. Abalone in the weight classes from 21 grams to 450 grams are valued using the US Dollar selling price per kilogram (active market price) for each weight class in its principal market. As there is no active live market for larger abalone, and in order to be conservative, the value for abalone in the weight classes greater than 450 grams is capped at the value used for 450 gram abalone.

The drip (9%) and purge (5%) loss used in the valuation model for live exports is based on results from empirical tests and industry benchmarking.

At 30 June 2022, if the US Dollar price of live abalone increased by 10% with all other variables held constant, the value of biological assets and the profit before income tax for the year would have been R20 million (2021: R22 million) higher. Conversely, if the US Dollar price decreased by 10%, the value of biological assets and profit would be less with the same amounts. This variation in profit would be due to the fair value adjustment of biological assets through profit or loss.

During the year, in response to changes in demand in the medium to large size abalone market, the reference selling price was changed to match the size profile of the principal market based on the sales mix. The impact of this change in sales mix was that the biological asset valuation was R19 million lower (R3,4 million higher: 2021) in the current year.

Small abalone below 20g are priced in Rands and not Dollars, and are thus not included in the exchange rate sensitivity analysis above. At 30 June 2022, the value of smaller abalone included in biological assets was R26,6 million (2021: R19,5 million), excluding the animals in the Hatchery.

Although the Company is exposed to risks arising from changes in the price of abalone it does not anticipate that abalone prices will decline significantly in the foreseeable future. The Company reviews its outlook for the price of abalone regularly when considering the need for active risk management.

4. BIOLOGICAL ASSETS (CONTINUED)

(C) RISK MANAGEMENT STRATEGY RELATED TO AQUACULTURAL ACTIVITIES

The Company is exposed to the following risks related to aquacultural activities:

(i) Exchange rate risks

The Company is subject to changes in the exchange rate as abalone sales prices are predominantly denominated in US dollar and biological assets are measured at fair value which is also based on the US Dollar market price. The Company's currency risk management is described in note 22.7.

(ii) Mechanical risks

Reliance on plant and equipment to sustain a living environment for the abalone exposes the Company to certain risks. This risk is managed by allowing for redundancy of key equipment and generators, and shortage of electricity supply. Critical assets are monitored with sophisticated alarm systems. Livestock mortality and assets insurance is in place.

(iii) Disease risks

The Company subscribes to the highest biosecurity measures. Abagold is part of a health monitoring programme which includes detailed surveillance of the condition of abalone populations. Short-term insurance cover, as part of an overall management strategy, is utilised to protect the Company against the replacement cost of re-stocking the farms in the event of mortalities caused by natural perils, forced de-stocking, disease or mechanical failure. Abagold has successfully implemented physical measures to mitigate the risk and negative conseqences of a red tide event reoccurence.

5. TRADEMARKS

	2022 R'000	2021 R'000
Reconciliation		
Opening carrying value	100	152
Cost	587	581
Accumulated amortisation and impairment	(488)	(429)
Additions	1	6
Amortisation	(35)	(58)
Closing carrying value	65	100
Cost	588	587
Accumulated amortisation and impairment	(522)	(488)

Trademarks relates to the cost of trademark registration of Group and Company trade names and logos in various countries, which have an average remaining useful life of 6 years.

Notes to the consolidated financial statements
for the year ended 30 June 2022 **continued**

6. GOODWILL

	2022 R'000	2021 R'000
Carrying amount	7 979	7 979

Goodwill arose with the purchase of the operations of a subsidiary, Abamax Abalone Farm (Pty) Ltd, the assets of which were subsequently acquired by the Company, together with access to the leased land on which the operations are conducted. For purposes of impairment testing, the goodwill is allocated to the assets and the leased land which form part of the Hatchery, as a cash-generating unit.

Goodwill is tested annually for impairment. The recoverable amount of these assets has been determined based on its value-in-use calculation, using a discounted cash flow method.

The key assumptions used in the estimation of the recoverable amount are set out below. The values assigned to the key assumptions represent management's assessment of the future trends in the relevant industry and were based on historical data from both internal and external sources.

	2022 %	2021 %
Discount rate	15.1	17.0
Terminal value growth rate	N/A	2.0

The Company reviewed the cash flow projections used and included specific estimates over the remaining lease term for the land. Management's view is that goodwill is closer aligned to the remaining term of the leased land including the extension period, of 10 years and 11 months, and not in perpetuity as reported in the previous year.

Had the discount rate used in the discounted cash flow calculation above been 1% greater, there would still be no impairment of the goodwill.

The cash generating unit allocated to goodwill is the hatchery division, with the key assumption being the level of spat production and output. The forecast production output of 8,4 million spat per annum from the Hatchery delivers R16,6 million value-in-use on a discounted basis. A 12,7% reduction in production output will result in the value-in-use equalling the goodwill carrying value.

7. SUBSIDIARIES

The principal subsidiaries of Abagold Group, all of which have been included in these consolidated financial statements, are as follows:

Name	Country of incorporation and principal place of business	Proportion of ownership interest at 30 June 2022	Non-Controlling interests Ownership/voting interest at 30 June 2022
Specialised Aquatic Feeds (Pty) Ltd	South Africa	70%	30%

7. SUBSIDIARIES (CONTINUED)

7.1 NON-CONTROLLING INTERESTS

Specialised Aquatic Feeds (Pty) Ltd, a 70% owned subsidiary of the Company, has material non-controlling interests ("NCI").

Summarised financial information in relation to Specialised Aquatic Feeds (Pty) Ltd, before intra-group eliminations, is presented below together with amounts attributable to NCI:

For the period ended 30 June	2022 R'000	2021 R'000
Revenue	69 634	75 113
Cost of sales	(53 955)	(56 488)
Gross Profit	15 679	18 625
Other income	104	142
Employment costs	(9 484)	(9 286)
Depreciation	(2 488)	(2 338)
Other operating expenses	(7 673)	(6 212)
Operating (loss)/profit	(3 861)	931
Finance costs	–	(33)
(Loss)/profit before tax	(3 861)	964
Tax	(1 196)	(206)
(Loss)/profit after tax	(2 665)	758
(Loss)/profit allocated to NCI	(800)	227
Other comprehensive (loss)/income allocated to NCI	–	–
Total comprehensive (loss)/income allocated to NCI	(800)	227
Dividends paid to NCI	–	–
Cash flows from operating activities	(2 188)	(5 663)
Cash flows from investing activities	(4 244)	(2 142)
Cash flows from financing activities	4 420	(1 518)
Net cash (outflows)/inflows	(2 011)	5 039
Assets:		
Property plant and equipment	20 367	18 611
Loan receivable	80	2 695
Inventories	4 810	5 506
Trade and other debtors	7 386	7 939
Cash and cash equivalents	152	2 164
Liabilities:		
Deferred Tax	1 629	2 825
Shareholder loans	12 601	10 241
Trade and other payables	5 741	7 761
Loans and other borrowings	2 747	3 344
Provisions	–	–
Accumulated non-controlling interests	6 295	7 095

Notes to the consolidated financial statements

for the year ended 30 June 2022 **continued**

8. EQUITY ACCOUNTED INVESTMENTS

8.1 INVESTMENT IN OMAN AQUACULTURE CO LLC

During the 2015 fiscal year, Abagold entered into a share purchase agreement with Muscat Overseas Co LLC whereby Abagold obtained 50% interest in a newly formed joint venture company, Oman Aquaculture Co LLC. The joint venture was originally set up to run a pilot project to determine whether Omani abalone could be bred in captivity. The construction of Phase 1 has been completed in FY22 and includes a fully functional hatchery and 30-tonne standing capacity farm. The valuation model for this investment, when compared with South African abalone, includes the following key assumptions: annual growth rates of 200% (vs 100%) for a similar size profile; cost of production of R170/ kg (vs R300/kg); selling price of $23,80/kg (vs $30/kg); and a US$ discount rate of 10%. Phase 1 will include the evaluation of key milestones in terms of the business plan, which will be used to justify the further investment into Phase 2, which, subject to Board approval, is scheduled for 2024.

Both parties have incurred certain costs related to the initial phase, of which Abagold's contribution at year-end is R40,7 million (2021: R24 million). The commitment by both parties is to fund the working capital requirements of the operation, of which Abagold's portion is estimated to be R11 million per annum.

	2022 R'000	2021 R'000
Investment in Oman Aquaculture Co LLC at cost	**40 682**	**23 968**

The following table summarises the financial information of Oman Aquaculture Co LLC as included in its own financial statements. Although the company's reporting currency is Omani Rial, the amount has been converted to Rands using the closing exchange rate at 30 June.

	2022 R'000	2021 R'000
Fixed assets	161 815	45 128
Current assets (consisting of cash and cash equivalents)	4 655	2 541
Assets (100%)	166 470	47 669
Group's share of assets (50%)	**82 235**	**23 834**
Current liabilities	(14 075)	(79)
Long term liabilities	(102 365)	(28 431)
Group's share of liabilities (50%)	**(58 220)**	**(14 255)**
Group's share of net assets (50%)	**25 015**	**9 579**
Net loss (100%)	(16 200)	(3 261)
Group's share of net loss (50%)	**(8 100)**	**(1 631)**
Prior year equity-accounted loss (50%)	(8 241)	(6 610)
Group's share of accumulated net loss (50%)	(16 341)	(8 241)
Remaining net investment	**24 340**	**15 727**

The Oman entity has a December year end, and the above figures include transactions up to 30 June 2022.

8. EQUITY ACCOUNTED INVESTMENTS (CONTINUED)

8.2 INVESTMENT IN MEAN SEA LEVEL (PTY) LTD

At the end of the 2016 fiscal year, Abagold owned 31.95% in Mean Sea Level (Pty) Ltd ("MSL"). MSL pursues renewable energy projects and its first two projects included the construction of a Energy Recovery Turbine ("ERT") which generates electricity from Abagold's return-water to the ocean, and a pilot Wave Energy project. During the 2015 fiscal year, Abagold had signed a guarantee over a R4.6 million loan from the Industrial Development Corporation ("IDC") to MSL for the construction of the ERT. In addition to this, Abagold had entered into a power purchase agreement with MSL to purchase electricity generated by the ERT at a fixed rate below the Eskom rate. In the 2017 fiscal year, Abagold paid for and took ownership of the ERT, and MSL have settled the outstanding loan with the IDC and released Abagold from the guarantee. The power purchase agreement has accordingly fallen away. Abagold invested a further R1.95 power purchase agreement in MSL during the 2017 fiscal year, and R300 00 in terms of a rights issue in 2018. MSL had additional rights issues in 2018 which Abagold declined to participate in. This has resulted in a further dilution of Abagold's shareholding in MSL to 23.08%. During 2018, Abagold fully impaired the investment in MSL due to the loss-making nature of the business. In 2020 this business temporarily ceased operations in order to raise additional funding and review the project design.

	2022 R'000	2021 R'000
Investment in Mean Sea Level (Pty) Ltd:		
Cost	2 675	2 675
Share of loss	(2 675)	(2 675)
Carrying value	–	–

The following table summarises the financial information of MSL as included in its own financial statements:

	2022 R'000	2021 R'000
Non-current assets	227	7 003
Current assets	42	74
Assets (100%)	269	7 050
Group's share of assets (23.08%)	**62**	**1 627**
Long-term liabilities	–	–
Current liabilities	–	–
Liabilities (100%)	–	–
Group's share of liabilities (23.08%)	**–**	**–**
Net assets (100%)	269	7 050
Share of net assets (23.08%)	**62**	**1 627**
Net profit (100%)	(6 781)	(1 291)
Group's share of net loss (23.08%)	**(1 565)**	**(298)**
Prior year equity-accounted loss (23.08%)	(3 968)	(3 670)
Group's share of accumulated net loss (not recognised)	(5 533)	(3 968)
Remaining net investment	**–**	**–**

The unrecognised portion of the loss is R5.5 million (2021: R3.97 million), and will be carried forward for recovery against future profits.

Notes to the consolidated financial statements

for the year ended 30 June 2022 **continued**

8. EQUITY ACCOUNTED INVESTMENTS (CONTINUED)

8.3 INVESTMENT IN PORT NOLLOTH SEA FARM

During the 2015 fiscal year, Abagold finalised a 20% share in Port Nolloth Sea Farm Ranching (Pty) Ltd ("PNSFR"), an initiative whereby abalone is ranched in the sea. As part of its shareholder obligations, Abagold agreed to supply PNSFR with spat at no charge until December 2020 and would have the right of first refusal on all abalone harvested at market prices. Further supplies of spat would be at market related prices. The entity has a February year-end and has completed its first year of trading in 2022.

	2022 R'000	2021 R'000
Investment in Port Nolloth Sea Farm Ranching (Pty) Ltd:		
Fair value of the spat multiplied by the number of spat supplied by Abagold to PNSFR	5 123	5 123
Share of profits	761	–
Total investment	5 884	5 123

The investment is calculated using the fair value of the spat multiplied by the number of spat supplied by Abagold to PNSFR.

The following table summarises the financial information of PNSFR as included in its own financial statements:

	2022 R'000	2021 R'000
Non-current assets	2 751	–
Current assets	2 715	–
Current liabilities	(129)	–
Long-term liabilities	(1 533)	–
Net assets (100%)	3 804	–
Share of net assets (20%)	**761**	**–**
Income	10 025	–
Expenditure	(6 221)	–
Net profit (100%)	3 804	–
Share of profit (20%)	**761**	**–**
Elimination of intergroup transactions	**–**	**–**
Net share of profit (20%)	**761**	**–**

The PNSFR entity has a February year end, and the above figures include transactions up to 30 June 2022.

The net asset value of PNSFR does not include the value of abalone supplied by Abagold as these animals were placed in the sea without any subsequent control and are not classified as biological assets by PNSFR. The difference between our investment book value and the entity's NAV value therefore reflects the value of the initial spat supplied.

8. EQUITY ACCOUNTED INVESTMENTS (CONTINUED)

8.4 INVESTMENT IN AQUAWOMEN (PTY) LTD

Abagold owns 45% of Aquawomen (Pty) Ltd, in which Aquawomen Trust, representing the long-serving black staff of Abagold, owns the majority stake. Aquawomen is an initiative to create viable black businesses around the Abagold supply chain. Aquawomen manufactures and repairs baskets and racks.

	2022 R'000	**2021 R'000**
Investment in Aquawomen (Pty) Ltd	605	605

The following table summarises the financial information of Aquawomen as included in its own financial statements:

Non-current assets	2 182	1 248
Current assets	234	424
Current liabilities	(1 153)	(678)
Long-term liabilities	(7)	(77)
Net assets (100%)	1 256	918
Share of net assets (45%)	**565**	**413**
Income	2 978	2 978
Expenditure	(2 508)	(2 470)
Net profit (100%)	470	508
Share of profit (45%)	**212**	**229**
Elimination of unrealised profits	**(212)**	**(229)**
Net share of profit (45%)	**–**	**–**

EQUITY ACCOUNTED INVESTMENTS

Opening balance	21 519	15 938
Investment – current year	16 714	7 212
Share of loss – current year	(7 131)	(1 402)
Elimination of intergroup transactions	(212)	(229)
Reversal of prior year losses	–	–
TOTAL NET INVESTMENTS	**30 890**	**21 519**

Notes to the consolidated financial statements
for the year ended 30 June 2022 **continued**

9. LOANS RECEIVABLE

	2022 R'000	2021 R'000
Aquawomen (Pty) Ltd	1 115	640
Doringbay Abalone (Pty) Ltd	69	–
A3M Manufacturing (Pty) Ltd	646	40
Loans receivable	**1 830**	**680**

These loans were made available to support local enterprise and supplier development, and are interest free with a 3-5 year term.

The Group establishes allowances for credit losses on loans receivable equal to the 12 month expected credit losses on these items unless there has been a significant increase in credit risk since initial recognition of these loans. Where there has been a significant increase in credit risk since initial recognition, impairment allowances are adjusted to equal the lifetime expected credit losses on these loans.

At 30 June 2022 the impairment allowances to Aquawomen (Pty) Ltd were not significant on account of a supply agreement to produce and repair baskets and racks for the Group. The value of this supply contract significantly mitigates the credit risk arising from these loans. Similarly, the impairment allowances to Mean Sea Level (Pty) Ltd were not significant on account of available collateral.

At 30 June 2022 the impairment allowances to the enterprise development suppliers were not significant on account of supply agreements or collateral which mitigates the credit risk arising from these loans.

10. INVENTORIES

Inventories consist of abalone and non-abalone inventory. Abalone inventory is harvested abalone which is being processed or is in a final dried or canned form, ready for sale. Non-abalone inventory includes raw materials, general inventory and feed inventory.

	2022 R'000	2021 R'000
Reconciliation of abalone inventory		
Opening carrying amount	20 503	19 335
Transfer from biological assets	220 439	179 659
Purchases	18 164	8 931
Processing costs	4 473	4 063
Adjustments for stock transfers out at fair value	6 607	8 322
Fair value of Abalone sold	(229 960)	(190 876)
Value of Abalone stock Purchases sold	(18 164)	(8 931)
Closing carrying amount	22 062	20 503

The carrying amount includes work in progress of R5.7 million (2021: R7.3 million), which represents harvested abalone being processed but not yet in a final product ready for sale at the reporting date.

Processing costs including the material, labour and related costs of getting the product ready for sale.

Adjustments for stock transfers at fair value relate to transfers out on discounted product in the second half of the year.

10. INVENTORIES (CONTINUED)

Inventory is valued at the lower of cost or net realisable value. Cost is determined using the fair value of biological assets at point of harvest. The net realisable value of inventory is dependent on current US Dollar market prices of abalone and consequently also on the Rand-US Dollar exchange rate.

	2022 R'000	2021 R'000
Non-abalone inventory:		
Raw materials	4 465	5 440
Machinery parts and spares	2 390	1 956
Finished goods – feed	1 532	1 095
Closing carrying amount	8 387	8 491
Total inventory	**30 449**	**28 994**

11. TRADE AND OTHER RECEIVABLES

	2022 R'000	2021 R'000
Trade receivables	10 094	6 257
Prepaid expenses	582	1 389
Sundry receivables	55	32
Value-added tax	3 330	1 942
	14 061	9 619

The carrying amounts of trade and other receivables are denominated in the following currencies:

South African Rand	11 349	9 489
US Dollar	2 713	130
	14 061	9 619

Trade and other receivables are assessed individually for any indication that the counterparty might not be able to honour its commitments. The Group does not hold any form of collateral as security relating to trade and other receivables.

No general allowances were recogised; however, a specific allowances of R2,2 million on trade receivables (2021: Rnil) was recognised which represents the full outstanding balance of a defaulting Lesotho-based customer. The age analysis of trade receivables is as follows:

	30 June 2022		30 June 2021	
	Carrying value R'000	Impairment R'000	Carrying value R'000	Impairment R'000
Up to 1 month	7 328	(60)	5 947	–
1–2 months	765	(129)	246	–
2-3 months	–	–	–	–
More than 3 months	2 001	(1 995)	64	–
	10 094	(2 183)	6 257	–

Notes to the consolidated financial statements
for the year ended 30 June 2022 **continued**

11. TRADE AND OTHER RECEIVABLES (CONTINUED)

Based on historic loss ratios, forward looking information and our credit risk management practices, we consider the ECL allowance to be immaterial.

Historical loss rate per region	30 days 0-30 days	60 days past due	90 days past due	past due
Asia region	0%	0%	0%	10%*
Southern Africa region	0%	0%	0%	15%*

**Historical loss rates adjusted for the impact of Covid-19 on economic activity.*

12. DERIVATIVE FINANCIAL INSTRUMENTS

	2022 R'000	2021 R'000
The derivative financial instruments at 30 June comprise:		
– Forward foreign exchange contracts – assets	581	3 006
– Forward foreign exchange contracts – liabilities	(8 190)	–
	(7 608)	3 006
Reconciliation of derivative financial instruments:		
Opening balance	3006	(76)
– Contracts entered into	(7 608)	3 006
– Contracts expired	(3 006)	76
Closing balance	(7 608)	3 006

The forward foreign exchange contracts are not designated as hedging instruments.

The notional principal amount of the outstanding forward foreign exchange contracts at 30 June was US$11,75 million (2021: US$5,95 million) with forward rates ranging from R15.55 to R16.42 (R14.20/US$ to R15.90/US$ for the prior year).

The derivatives are classified as a current asset or liability as the forward exchange contracts expire within the next 12 months.

13. SHARE CAPITAL

	2022		2021	
	Number	R'000	Number	R'000
Authorised				
200 000 000 ordinary shares with no par value	200 000 000	10	200 000 000	10
Issued and fully paid up				
Opening balance ordinary shares of no par value	140 548 236	21 637	140 548 236	–
	140 548 236	21 637	140 548 236	21 637

There has been no change to the authorised or issued share capital during the year.

During the year the Company declared an interim dividend of R3,5 million and an additional final dividend of R7,0 million for the 2022 financial year. The final dividend for 2022 was declared by the Board on 16 September 2022.

UNISSUED
Unissued shares are under the directors' control until the next annual general meeting.

14. LEASE LIABILITY

The Company leases farming land (Seaview and Amaza) from the Department of Public Works. The lease conveys the right to control the use of underlying leased assets for which the Company recognises the present value of future lease payments under the lease as lease liabilities. Future lease payments are discounted at an average borrowing rate of 15%.

In the current year, the Company entered into a 20 year power purchase agreement with BrightBlack Energy (Pty) Ltd for a 2Mwh capacity photovoltaic (PV) system with a capital value of R25,2m. The Company is obliged to buy the energy output at an agreed rate plus 6% annual escalation, in terms of which ownership transfers at the end of the lease term for a nominal value. Due to the variable nature of the lease payments the Company did not recognise a right-of-use asset and lease liability, and is expensing the lease payments to profit and loss. Approximately a third of the system has been commissioned in 2022 with the remainder scheduled to come onstream early in the next financial year.

14.1 RECONCILIATION OF LEASE LIABILTIES

	2022 R'000	2021 R'000
Carrying value at beginning of period	**7 544**	**7 249**
Finance costs (note 30)	1 236	1 177
Lease payments	(1 117)	(882)
Carrying value at end of period	**7 664**	**7 544**
At 30 June:		
Non-current lease liability	6 557	6 519
Current portion of lease liability	1 107	1 025
	7 664	7 544

14.2 MATURITY ANALYSIS

The Company rents certain parts of its farming land (Seaview and Amaza farms) and the future lease payments are as follows:

within one year	1 107	1 025
1 to 2 years	1 195	1 107
2 to 3 years	1 291	1 195
3 to 4 years	1 394	1 291
4 to 5 years	1 506	1 394
after five years	12 956	13 437
	19 450	**19 450**

In 2013, the land lease was renewed for a further term of 9 years and 11 months, and the agreement includes a option to renew the lease for a further 9 years and 11 months. The lease payments above include the optional renewal term. In the event that the lease is not extended, then the Company would need to relocate its Hatchery and the Seaview farming operation, and the recoverable amount of goodwill would need to be reassessed.

Notes to the consolidated financial statements

for the year ended 30 June 2022 **continued**

15. TAXATION

15.1 INCOME TAX

	2022 R'000	2021 R'000
Current tax – current year	–	–
Deferred tax – current year	(3 447)	(429)
Deferred tax – prior year (over)/under provision	(1 749)	35
Deferred tax – change in tax rate	3 151	–
Total income tax	(2 045)	(394)

15.2 DEFERRED INCOME TAX

In March 2022, an amendment to the Income Tax Act of South Africa was enacted that reduced the rate of income tax from 28% to 27% for the years of assessment ending on any date between or on or after 31 March 2023. Deferred tax balances as at 30 June 2022 have been recognised at 27%, the rate of corporate tax enacted by the amendment to the Income Tax Act that will apply for periods from 1 July 2022.

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 27% (2021: 28%). The reduction in the main rate of corporation tax to 27% was substantively enacted in March 2022.

The deferred tax categories are as follows:

	2022 R'000	2021 R'000
Deferred tax liability		
– Property, plant and equipment	40 725	35 617
– Right-of-use asset	787	890
– Trademarks	18	28
– Prepaid expenses	157	389
– Biological assets	55 633	61 276
Deferred tax asset		
– Accumulated tax loss	(3 632)	(2 486)
– Inventory impairment	–	–
– Equity accounted investments	–	(1 749)
– Government grants	(2 373)	(2 713)
– Leave pay accrual	(1 033)	(1 105)
– Allowance for expected credit losses	(442)	–
– Loan receivable	(163)	(169)
– Lease liability	(2 070)	(2 113)
– Short-term share incentive liability	(620)	(644)
– Long-term share incentive liability	(1 922)	(4 200)
Net deferred tax liability	85 064	83 021

15. TAXATION (CONTINUED)

The movement in net deferred tax liability during the year is as follows:

	Property, plant and equipment R'000	Biological assets R'000	Accumulated loss R'000	Equity accounted investments R'000	Government grants R'000	Other R'000	Total R'000
Balance at 1 July 2020	37 926	66 560	(15 013)	(1 504)	(2 965)	(1 586)	83 415
Charged/(credited) to profit or loss	(2 309)	(5 283)	12 527	(245)	252	(5 336)	(394)
Balance at 30 June 2021	35 617	61 277	(2 486)	(1 749)	(2 713)	(6 922)	83 021
Charged/(credited) to profit or loss	5 108	(5 643)	(1 146)	1 749	340	1 636	2 043
Balance at 30 June 2022	40 725	55 634	(3 632)	–	(2 373)	(5 286)	85 064

15.3 TAX RATE RECONCILIATION

The income tax on the profit before tax differs from the theoretical amount that would arise using the statutory rate of 28% (2021: 28%) as follows:

	2022 %	2021 %
South African normal tax rate	28,00	28,00
Adjusted for:		
– Employment Tax Incentive	(2,8)	1,7
– S12H learnership allowances	(3,5)	(15,0)
– Tax rate differential	33,5	(4,3)
– Prior period under provision – deferred tax	25,9	(0,8)
– Deferred tax - rate change	(50,8)	–
Actual effective tax rate	**30,3**	**9,5**

15.4 TAX LOSSES

	2022 R'000	2021 R'000
Estimated tax losses and capital development costs available for set-off against future taxable income	20 791	20 536

Deferred tax assets have been recognised in respect of all tax losses and other temporary differences giving rise to deferred tax assets where the directors believe it is probable that these assets will be recovered.

Notes to the consolidated financial statements
for the year ended 30 June 2022 **continued**

16. DEFERRED INCOME GRANT

	2022 R'000	2021 R'000
Current portion	900	900
Long-term portion	7 891	8 790
	8 790	9 690

During the 2014 fiscal year, R5.7 million was received as a government grant under the Aquaculture Development and Enhancement Programme ("ADEP"). This grant related to the Sulamanzi farm expansion costs for the period 1 September 2012 to 30 June 2013. A further ADEP grant of R5.6 million was received in the 2017 fiscal year and relates to both the Sulamanzi farm expansions cost and the feed factory development costs. The final amount of R3.7 million relating to the Sulamanzi farm expansion was received in the 2018 financial year.

The grant is recognised in the statement of comprehensive income over the average useful lives of the related assets, which is 17 years.

17. BORROWINGS

	2022 R'000	2021 R'000
ABSA Agri loan	16 838	23 431
Viking – shareholder loan	4 000	4 000
Commercial Property Finance ("CPF") loan	16 062	3 526
Term Loan	4 514	7 281
Wesbank Tractor Finance	453	–
Vehicle and asset finance loan	1 924	2 611
Convertible shareholder loan	–	16 595
Covid-19 loan	2 747	3 344
Total borrowings	46 538	60 788

Long-term agreement are divided in a current and non-current portion on the statements of financial position as follows:

	2022 R'000	2021 R'000
Non-current portion of borrowings	27 585	30 916
Current portion of borrowings	18 952	29 872
Total borrowings	46 538	60 788

The Agri loan and the CPF loan are access bonds with a mortages registered over erf 11166 and erf 11068. The Agri loan was used to finance the expansion of the Sulamanzi farm, which was completed in the 2016 fiscal year. The Agri loan facility is repayable in monthly instalments at 0.5% below the prime interest rate over a period of 20 years. During the 2019 fiscal year , the CPF loan facility was granted and is repayable over seven years and attracts interest at prime interest rate. During FY20, a portion of the overdraft facility was restructured into a term loan with a four-year repayment term at prime less 0.5%.

The Viking shareholder loan was granted to Specialised Aquatic Feed (Pty) Ltd as part of the initial investment when taking up their minority stake in 2017. The loan is unsecured, interest free and has no specific repayment terms.

In FY21 an automatic seamer and a replacement vehicle were acquired, both of which were financed through a four-year instalment sale agreement at the prime lending rate.

17. BORROWINGS (CONTINUED)

The convertible loan which was secured with Futuregrowth in FY20 had a maturity date of 30 June 2022, and was drawn down in September 2020. The loan has an interest rate of prime plus 5% payable on maturity, and was convertible into ordinary shares at the option of the issuer. The conversion rate was for a fixed price at R2 per share, which is considered by management to be a substantial discount to fair value. Consequently, the loan was repaid in full seven months prior to the maturity date.

During the first year of the Covid-19 pandemic, Specialised Aquatic Feeds obtained a Government backed Covid-19 loan, which has a five-and-a-half repayment period at the prime lending rate.

In FY22, tractors were acquired and financed through a four-year instalment sale agreement at the prime linked lending rates.

18. TRADE AND OTHER PAYABLES

	2022 R'000	2021 R'000
Trade and other payables comprise the following items:		
Trade payables	11 308	9 889
Accrual for leave	3 239	3 454
Other accruals	5 505	4 646
Other personnel accruals#	11 087	17 378
Other payables	5 019	4 862
Loans payables*	2 095	852
	38 254	41 081

 # Other personnel accruals include accruals for LTIP 2018-21 and LTIP 2022-24, as well as the current year short term incentive bonus accrual.

** The loan payable is in respect of services and products acquired from Aquawomen (Pty) Ltd, which is payable on demand and attracts interest at money market rates.*

Trade and other payables are divided in a current and non-current portion on the statements of financial position as follows:

	2022 R'000	2021 R'000
Non current trade and other payables	5 068	5 932
Current portion of trade and other payables	33 186	35 149
	38 254	41 081

Notes to the consolidated financial statements
for the year ended 30 June 2022 **continued**

19. CASH AND CASH EQUIVALENTS

	2022 R'000	2021 R'000
Cash and cash equivalents	7 625	19 728
	7 625	19 728

Positive bank balances earn interest at market related money market rates with AAA (National scale) rated financial institutions.

The balance on the bank overdraft is payable on demand and accrues interest at the prime rate less.

Total approved banking facility includes a general banking facility of R46 million (2021: R36 million), an Agri loan with access bond facility balance of R22 million (2021: R24 million), an amortising term loan of R5,7 million (2021: R7,3 million), the CPF loan access bond facility balance of R16 million (2021: R18 million), Covid-19 loan of R2,8 million (2021: R3,3 million), and vehicle and asset finance of RR2,8m million (2021: R50 000). The general banking facility also includes limits for entering into forward exchange contracts. The next facility review date is November 2022.

20. SECURITIES

The following items are secured to the Group's bankers, ABSA, at the reporting date:

First and second general notarial bond over biological assets and inventory for R10 million and R20 million; registered cession of insurance policy over biological assets and inventory; first, second and third covering mortgage bond for R2.5 million, R7.5 million and R5 million over erf 11068; registered cession of reversionary rights in combined insurance policy.

A first and second mortgage bond have been registered for R35 million and R15 million over erf 11166 which serves as security for the Agri loan and the CPF loan.

A general notarial bond of R10 million over movable assets and R20 million over all stock.

A cession of loan account limited to R5,8 million in favour of Specialised Aquatic Feeds (Pty) Ltd.

An unlimited cession and pledge in security of proceeds from book debts of Abagold and Specialised Aquatic Feeds.

21. DEFINED-CONTRIBUTION PLAN

The Group provides retirement benefits for its full-time employees by way of contributions to a third-party-administered provident fund. All full-time employees are eligible to join the fund. Contributions to the fund are paid on a fixed scale. Substantially all the Company's full-time employees are members of this plan.

An amount of R3,7 million (2021: R3,1 million) was recognised during the year as an expense in relation to the provident fund contributions.

22. FINANCIAL INSTRUMENTS

22.1 FAIR VALUE ESTIMATION

Where fair value measurements is applied in the statement of financial position, disclosure is required of fair value measurements by level of the following fair value measurement hierarchy:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
Level 3 – Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset or liability.

The determination of what constitutes ‘observable’ requires significant judgement by the Group. The Group considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The following table presents the Group’s financial assets and liabilities that are measured at fair value at 30 June 2022:

	Level 1 R’000	Level 2 R’000	Level 3 R’000	Total R’000
Assets				
Biological asset	–	–	206 048	206 048
Foreign exchange contract assets	–	–	–	–
Total assets	–	–	206 048	206 048

	Level 1 R’000	Level 2 R’000	Level 3 R’000	Total R’000
Liabilities				
Foreign exchange contract liabilities	–	7 608	–	7 608
Total assets	–	7 608	–	7 608

The following table presents the Group’s financial assets and liabilities that are measured at fair value at 30 June 2021:

	Level 1 R’000	Level 2 R’000	Level 3 R’000	Total R’000
Assets				
Biological assets	–	–	218 844	218 844
Foreign exchange contract assets	–	3 006	–	3 006
Total assets	–	3 006	218 844	221 850
Liabilities				
Financial liabilities at fair value through profit or loss				
Foreign exchange contract liabilities	–	–	–	–
Total liabilities	–	–	–	–

Notes to the consolidated financial statements
for the year ended 30 June 2022 **continued**

22. FINANCIAL INSTRUMENTS (CONTINUED)

Biological assets refer to note 4.

Financial instruments that trade in markets that are not considered to be active but are valued (using valuation techniques) based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2. These include over-the-counter derivatives. As Level 2 investments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3. The Group does not have any Level 3 financial instruments for the years ended 30 June 2022 and 2021.

Specific valuation techniques used to value financial instruments include:

- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the reporting date, with the resulting value discounted back to present value.

22.2 FINANCIAL INSTRUMENTS NOT MEASURED AT FAIR VALUE
The carrying value of cash and cash equivalents, trade and other receivables, loan receivables, borrowings and payables reported in the statement of financial position approximate fair value.

22.3 FINANCIAL RISK MANAGEMENT
Financial instruments are subject to the relevant risks in the table below:

	Credit risk	Liquidity risk	Interest rate	Exchange rate
Financial assets:				
Derivative financial instruments – asset	✔		✔	✔
Trade and other receivables	✔			✔
Cash and cash equivalents	✔		✔	✔
Financial liabilities:				
Derivative financial instruments – liability		✔	✔	✔
Trade and other payables		✔		
Borrowings		✔	✔	
Bank overdraft		✔	✔	

22.4 CREDIT RISK MANAGEMENT
Credit risk arises from financial instruments with banks and trade and other receivables (refer to note 11 excluding prepayments and value added tax) which exposes the Group to credit risk.

Credit risk also arises from cash and cash equivalents and deposits with banks and financial institutions. For banks and financial institutions, only independently rated parties with minimum “A” credit rating are accepted.

The Group uses derivative financial instruments in the form of foreign exchange contracts. Only financial institutions with a minimum independent credit rating of “BB”, following the recent downgrades from the Covid-19 pandemic, are used for these purposes.

22. FINANCIAL INSTRUMENTS (CONTINUED)

Substantially all foreign trade receivables relate to clients in the Far East (Hong Kong, Singapore, China, Japan and Malaysia). Credit risk is managed by performing credit checks on all clients prior to engaging in trade and enforcing strict payment terms. At year-end, the allowance for expected credit losses was nil as it was considered immaterial.

The Group applies the simplified approach mandated by IFRS9 Financial Instruments when measuring impairment loss allowances related to trade receivables and accordingly the Company's impairment allowances on these financial assets equal, at all times, the credit losses expected to arise over the lifetime of these financial assets.

In measuring credit losses expected to arise over the lifetime of trade receivables, financial assets are grouped according to their shared credit characteristics and ageing profile. The quantification of credit losses expected to arise over the lifetime of trade receivables and accrued income balances is based on (i) the Group's actual observed historical loss experience/rates within each business; and (ii) forward-looking information that is considered predictive of future credit losses within each business.

The historical loss experience/rates that are taken into account when determining impairment allowances are determined with reference to representative sales period (typically not shorter than 12 months) and the credit losses incurred over that period. Forward-looking information considered in measuring lifetime expected credit losses include macroeconomic factors,with the target country GDP per capita considered to most significantly affect the futureability of the Group's customers to settle their accounts as they fall due for payment. Due to the group's diverse operations, the forward-looking information considered and the values assigned to forward-looking information when calculating impairment allowances vary by country in which the customer is located.

22.5 LIQUIDITY RISK MANAGEMENT

The Group's cash and cash equivalents are monitored and measured against budget on a monthly basis and it is expected that the Group will be able to settle its trade and other payables as these become due. The credit terms with trade and other payables are 30 days from statement date.

The contractual periods of the Group's liabilities at year-end are as follows:

	Contractual cash flows (undiscounted)				
	0–1 year R'000	1–2 years R'000	2–5 years R'000	More than 5 years R'000	Total R'000
At 30 June 2022:					
Trade and other payables	34 518	2 718	2 349	–	39 584
Derivative financial instruments	7 608	–	–	–	7 608
Borrowings	21 647	16 040	27 037	–	64 725
Bank overdraft	–	–	–	–	–
	63 773	18 758	29 386	–	111 918
At 30 June 2021:					
Trade and other payables	35 150	3 717	2 214	–	41 081
Derivative financial instruments	–	–	–	–	–
Borrowings	31 787	13 087	17 699	4 000	66 573
Bank overdraft	–	–	–	–	–
	66 937	16 804	19 913	4 000	107 654

Notes to the consolidated financial statements
for the year ended 30 June 2022 **continued**

22. FINANCIAL INSTRUMENTS (CONTINUED)

22.6 INTEREST RATE RISK
The Group's cash and cash equivalents are exposed to changes in market interest rates and therefore give rise to cash flow interest rate risk. No portion of this debt has a fixed interest rate.

At 30 June 2022, if interest rates were 1% higher, with all other variables held constant, the profit before income tax for the year would have been R506k lower (2021: R545k). Conversely, if interest rates were 1% lower, it would have an opposite effect on profit by the same amounts.

22.7 CURRENCY RISK MANAGEMENT
Exposure to currency risk arises in the normal course of the Group's business of exporting abalone for which the selling price is denominated in US Dollars. This risk is relevant to the following:

22.7.1 Foreign trade receivables
At 30 June 2022, if the Rand had weakened 10% against the US Dollar with all other variables held constant, the profit before income tax for the year would have been R271k greater (2021: R13k higher). Conversely, if the Rand strengthened 10%, the profit would be less with the same amounts. This variation in the profit would be due to the fair value adjustment of foreign currency denominated trade receivables. The higher foreign exchange rate sensitivity in the profit is attributable to an increase in these trade receivables at year-end.

22.7.2 Forward foreign exchange contracts
The Group uses derivative financial instruments to reduce exposure to fluctuating foreign exchange rates. To this effect the Company has entered into certain forward exchange contracts which do not relate to specific items in the statement of financial position but were entered into to cover future foreign currency sales transactions. The contracts will be utilised against US Dollar receipts from foreign customers in the forthcoming financial year.

Whilst these financial instruments are subject to the risk of market rates changing subsequent to acquisition, such changes would generally be offset by opposite effects on the items being hedged. Open foreign exchange contracts at year-end are revalued using market rates for contracts with similar maturity dates with the adjustment to fair value affecting profit for the year. At 30 June 2022, if the Rand had weakened 10% against the US Dollar with all other variables held constant, profit before income tax for the year would have been R19,6 million rating (2021: R18,6 million rating) less. Conversely, if the Rand strengthened 10%, it would have an opposite effect on profit by the same amounts.

Refer to note 12 on derivative financial instruments for details of the forward foreign exchange contracts.

22.8 CAPITAL RISK MANAGEMENT
The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of total equity. The Board of Directors monitors the return on capital as well as the level of dividends to ordinary shareholders.

The Board of Directors seek to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. The Group's target is to achieve a cash return on capital (cash flow from operating activities divided by equity) above 20%. In 2022 the return was 17,1% (2021: 18,6%). In comparison, the weighted average interest expense on interest-bearing borrowings was 9,4% (2021: 7,1%).

Consistent with others in the industry, the Group monitors capital using a net debt to capital ratio. For this purpose, net debt is defined as interest bearing debt less cash and cash equivalents, and capital comprises all components of equity. The Group's net debt to capital ratio at the end of the reporting period was 13,3% (2021: 12%), which is within the target range of below 30%.

To date, the Company has not purchased its own shares on the market.

There were no changes in the Company's approach to capital management during the year.

23. REVENUE

	2022 R'000	2021 R'000
Revenue comprises of the following sales of abalone products and related services:		
– Processed abalone	186 151	143 965
– Unprocessed abalone	69 662	56 643
– Live baby abalone (spats)	–	1 543
– Animal feed (external sales)	49 202	58 048
	305 014	260 199

Revenue is recognised at a point in time when control passes to the customer.

	2022 R'000	2021 R'000
Revenue comprises the following geographical regions:		
Asia	245 877	189 328
North America	8 101	7 886
Southern Africa	51 036	62 986
	305 014	**260 199**

24. OTHER INCOME

The following items are included in Other Income:

	2022 R'000	2021 R'000
– Shared infrastructure	1 230	1 152
– Deferred income on a government grant	900	900
– Profit/(loss) on disposal of fixed assets	(22)	98
– Processing fee	3 266	81
– Other	(82)	530
– Insurance proceeds due to the Covid-19 pandemic	–	4 348
	5 292	7 108

25. FAIR VALUE GAINS AND LOSSES IN FINANCIAL INSTRUMENTS

The following items are included in fair value gains and losses in financial instruments:

	2022 R'000	2021 R'000
– Realised foreign exchange gains	(3 500)	13 311
– Unrealised foreign exchange gains/(losses)	(7 608)	3 006
Net fair value gains on financial instruments	(11 108)	16 317

Notes to the consolidated financial statements
for the year ended 30 June 2022 **continued**

26. PRODUCTION COSTS

Production costs comprise the following:

	2022 R'000	2021 R'000
– Utilities (electricity and water)	31 501	28 097
– Feed	444	431
– Consumables	2 041	1 980
– Chemicals	1 363	1 004
Total production costs	35 349	31 512

27. EMPLOYEE BENEFIT EXPENSES

Employee benefit expenses comprise the following items:

	2022 R'000	2021 R'000
– Wages and salaries	60 282	57 187
– Directors' remuneration	7 573	7 530
– Short term incentive schemes	2 296	390
– Long term incentive schemes	624	14 904
– Provident fund contributions	3 687	3 104
– Protective clothing	1 169	894
– Staff tea and welfare	59	56
– Recruitment costs	11	389
Total employee benefit expense	75 700	84 453

The remuneration paid to directors of the Company is detailed in the table below:

	2022 R'000				
	Basic salaries (including back pay)	**Company contributions**	**Short term incentive relating to FY22**	**Fees for meetings**	**Total**
Executive directors:					
TR Hedges	2 759	102	950	–	**3 810**
E Manchest	1 748	71	449	–	**2 267**
Non-executive directors:					
HR van der Merwe	–	–	–	413	**413**
YJ Visser	–	–	–	224	**224**
JW Wilken	–	–	–	247	**247**
W Keast	–	–	–	130	**130**
JN Hamman	–	–	–	130	**130**
TC Ralebitso	–	–	–	165	**165**
S de Villiers*	–	–	–	109	**109**
A Archary**	–	–	–	39	**39**
K Gordon**	–	–	–	39	**39**
Total	**4 507**	**173**	**1 399**	**1 496**	**7 573**

Payable in full subject to approval of the annual results at the September 2022 Board meeting
* *Resigned from the Board in May 2022*
** *Appointed to the Board in June 2022*

	2021 R'000					
	Basic salaries	Company contributions	Short term incentive relating to FY20	Short term incentive relating to FY21#	Fees for meetings	Total
Executive directors:						
TR Hedges	2 756	26	431	904	–	**4 117**
E Manchest	1 746	52	271	430	–	**2 499**
Non-executive directors:						
HR van der Merwe	–	–	–	–	266	**266**
T Mokgosi-Mwantembe*	–	–	–	–	69	**69**
YJ Visser	–	–	–	–	142	**142**
JW Wilken	–	–	–	–	180	**180**
W Keast	–	–	–	–	89	**89**
CIJ Williams**	–	–	–	–	76	**76**
JN Hamman***	–	–	–	–	52	**52**
CT Ralebitso***	–	–	–	–	58	**58**
S de Villiers****	–	–	–	–	33	**33**
Total	**4 502**	**78**	**702**	**1 334**	**965**	**7 581**

Payable in full subject to final approval of the annual results at the September Board meeting
* *Resigned from the board in March 2021*
** *Resigned from the board in January 2021*
*** *Appointed to the board in January 2021*
**** *Appointed to the board in February 2021*

Please refer to note 28 for details relating to the vesting of rights to executive directors in terms of the long-term incentive plan.

28. LONG-TERM INCENTIVE PLAN ("LTIP")

The Group has granted compensation in the form of "LTIP units" to members of its executive management team. These units are assigned a value on the award date and participants are entitled to receive cash payments based on the growth in cash generated from operating activities between the dates of the grants ("award value") and the maturation dates of the rights, three years later, subject to a minimum "cash generated from operating activities" hurdle for the combined three-year period. The scheme is not linked to the actual share price of the Company.

The liability was determined as R6,5 million (2021: R14,9 million), which includes R5,85 million from the prior year LTIP FY18-21 and R623k relating to LTIP FY22-24, and is classified as "other personnel accruals" under trade payables.

The details of the "LTIP units" on which the participation rights are based as well as the award values and maturation dates are set out below.

	Number of units on which the right is based	
	2022 '000	2021 '000
Movement in the "LTIP units" awarded		
Balance at the beginning of the year	7 466	2 411
Exercised during the year	(7 466)	–
Additional units – LTIP FY19-21	–	5 055
New units – LTIP FY22-24	1 097	–
Balance at the end of the year	1 097	7 466

Notes to the consolidated financial statements

for the year ended 30 June 2022 **continued**

28. LONG-TERM INCENTIVE PLAN (“LTIP”) (CONTINUED)

The “award values” on 30 June are conditional on reaching Cash Generated From Operations targets on the following dates:

	Number of units on which the right is based	
	2022 ’000	**2021 ’000**
30 June 2021 (LTIP FY16-18 of the Long Term Incentive Plan)		711
TR Hedges	–	541
Other executives	–	170
30 June 2021 (LTIP FY19-21 of the Long Term Incentive Plan)	–	6 755
TR Hedges	–	4 072
E Manchest	–	1 871
Other executives	–	812
	–	7 466
30 June 2024 (LTIP FY22-24 of the Long Term Incentive Plan):		
TR Hedges	479	–
E Manchest	232	–
Other executives	386	–
Balance at the end of the year	1 097	7 466

An expense of R623 000 (2021: R14,9 million) was recognised in the statement of comprehensive income as employee benefits expense (refer note 27).

The remuneration payable to directors of the Company in terms of the Long-term Incentive Plan are detailed in the table below:

There is no remuneration payable to directors of the Company with respect to the FY22-24 LTIP as these units will only vest in June 2024, and are subject to delivering a minimum Cash Generated from Operating activities over the three-year period.

	2022 R’000	**2021 R’000**		
	LTIP FY22-24#	**LTIP FY16-18***	**LTIP FY18-21****	**Total**
Executive director:				
TR Hedges	–	3 113	7 081	10 194
E Manchest	–	–	3 253	3 253
	–	3 113	10 334	13 447

 # The LTIP FY22-24 will only vest at the end of June 2024.
** Payable in full after approval at the September Board 2021 meeting*
*** Payable after approval at the September 2021 Board meeting over a three year period on a 50%/30%/20% basis*

The award values indicated above bear no resemblance to any market value of Abagold’s physical shares, and are merely a calculated value to be used for the purposes of this plan. Note that the additional award values indicated above are due to an adjustment to the benchmark remuneration to align with the remuneration policy, which targets the 50th percentile remuneration for eligible executives. This award value is calculated such that it incentivises those elements that the Board considers necessary to build longer-term value in the Company.

29. PROFIT FROM OPERATIONS

Profit from operations is stated after the items below were taken into account:

	2022 R'000	2021 R'000
Auditor's remuneration for audit services	555	510
Amortisation of trademarks	35	58
Depreciation	20 091	14 830
Maintenance	9 767	8 954
Professional fees	6 696	6 386
Legal fees	54	20
Variable lease rental costs not capitalised (see note 14 - lease liability)	203	–

30. FINANCE COSTS

Finance costs comprise interest paid on the following interest-bearing debt:

	2022 R'000	2021 R'000
Bank overdraft	1 791	1 787
Agri loan	366	1 741
Term loan	407	569
Lease liability	1 236	1 177
Commercial Property Finance ("CPF") loan	1 130	247
Loan from Associate	58	29
ABSA asset financing	181	161
Wesbank asset financing	30	
Convertible loan*	739	2 097
Total finance costs	5 938	7 809

** The convertible loan with Futuregrowth was repaid before the maturity date, including the accumulated interest from inception.*

31. EARNINGS PER SHARE – BASIC

Basic earnings per share is calculated by dividing the profit attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the year.

	2022		2021	
	Gross	Net	Gross	Net
Basic earnings/(loss) attributable to ordinary shareholders (R'000)	–	4 718	–	(3 760)
Interest saving on conversion of shareholder loan	–	–	2 097	1 510
Diluted earnings/(loss) attributable to ordinary shareholders (R'000)		4 718		(2 250)
Weighted number of ordinary shares (000s) at the beginning of the year		140 548		140 548
Weighted number of ordinary shares (000s) issued during the year		–		–
Weighted number of ordinary shares (000s) issued for the year		140 548		140 548
Potential shares (000s) on conversion of the shareholder loan		–		8 298
Weighted number of diluted ordinary shares (000s) issued for the year		140 548		148 846
Basic earnings/(loss) per share (cents)		3,36		(2,68)
Diluted earnings/(loss) per share (cents)		3,36		(2,68)

There are no potential dilutive instruments as at 30 June 2022 (2021: 8 298 000).

Notes to the consolidated financial statements
for the year ended 30 June 2022 **continued**

32. NOTES TO THE STATEMENTS OF CASH FLOWS

32.1 CASH RECEIVED FROM CLIENTS

	2022 R'000	2021 R'000
Revenue	305 014	260 199
Other income	5 292	7 108
Plus: Receivables at the beginning of the year	9 619	8 838
Less: Receivables at the end of the year	(14 061)	(9 619)
	305 863	266 526

32.2 CASH GENERATED FROM OPERATIONS

	2022 R'000	2021 R'000
Profit/(loss) before tax from continuing operations	6 763	(4 155)
Adjustments for non-cash items	54 022	32 177
– Trademark amortisation	35	58
– Amortisation of deferred income grant	(900)	(900)
– Depreciation	20 356	15 095
– Loss on sale of property, plant and equipment	22	(98)
– Fair value gains on biological assets	(207 644)	(163 759)
– Transfers out of biological assets	220 439	182 628
– Impairment of PPE	3 757	–
– Loan impairments	–	603
– Share of loss in equity accounted investments	7 343	1 631
– Unrealised loss on revaluation of foreign exchange contracts	7 608	(3 006)
– Reversal of prior year loss on foreign exchange contracts	3 006	(76)
Separately disclosed items in statement of cash flow	5 938	7 809
– Finance costs	5 938	7 809
Changes in working capital:	(9 495)	22 374
– Increase in inventory	(1 455)	(1 588)
– (Increase)/decrease in receivables	(4 442)	(781)
– (Decrease)/increase in trade payables	(3 597)	24 743
Cash generated from operations	57 228	58 205

32. NOTES TO THE STATEMENTS OF CASH FLOWS (CONTINUTED)

32.3 NET DEBT

	2022 R'000	2021 R'000
Cash and cash equivalents	7 625	19 728
Borrowings – repayable within one year	(14 952)	(29 872)
Borrowings – repayable after one year	(31 583)	(30 916)
Net debt	(38 910)	(41 060)

Reconciliation of Net debt	Shareholder loan	Cash and cash equivalents	Term loan	ABSA COVID-19 loan	Property finance	Asset finance	Net debt
Opening balance 1 July 2020	(4 000)	(26 069)	(9 613)	–	(36 183)	(49)	(75 914)
Proceeds	(15 000)	–	–	(3 300)	–	(2 846)	(21 146)
Cash movements	502	47 584	2 901	135	11 212	313	62 647
Interest charge	(2 097)	(1 787)	(567)	(180)	(1 989)	(29)	(6 649)
Closing balance 30 June 2021	(20 595)	19 728	(7 279)	(3 344)	(26 959)	(2 611)	(41 060)
Repayments/movements	17 334	(10 312)	3 174	819	(4 445)	985	7 556
Proceeds	–	–	–	–	–	(692)	(692)
Interest charge	(739)	(1 791)	(409)	(221)	(1 496)	(58)	(4 714)
Closing balance 30 June 2022	(4 000)	7 625	(4 514)	(2 747)	(32 900)	(2 377)	(38 910)

33. RELATED PARTIES

33.1 IDENTITY OF RELATED PARTIES

- Abagold Ltd owns 70% of the shares in a subsidiary, Specialised Aquatic Feeds (Pty) Ltd. See note 7 for the disclosure relating to Specialised Aquatic Feeds (Pty) Ltd.
- Abagold Ltd owns 50% of the shares in a joint venture, Oman Aquaculture LLC, an entity registered in Oman.
- Abagold owns 45% of the shares in an associate, Aquawomen (Pty) Ltd, as documented in note 8.
- Abagold owns 23% of the shares in an associate, Mean Sea Level (Pty) Ltd, as documented in note 8.
- Abagold owns 20% of the shares in an associate, Port Nolloth Sea Farm Ranching (Pty) Ltd, as documented in note 8.
- Abagold Development Trust is a public benefic organisation with Abagold as the main sponsor.
- Futuregrowth is a subsidiary of Old Mutual Group, and transations are documented in note 17 and 30.
- Mr TR Hedges is a director of Specialised Aquatic Feeds (Pty) Ltd, Mean Sea Level (Pty) Ltd and Abagold Ltd.
- Mr E Manchest is a director of Specialised Aquatic Feed (Pty) Ltd and Abagold Ltd.

33.2 MATERIAL-RELATED PARTY TRANSACTIONS AND BALANCES

33.2.1 Transactions with joint ventures

	2022 R'000	2021 R'000
Investments in Oman Aquaculture Co LLC	16 714	7 211

Notes to the consolidated financial statements
for the year ended 30 June 2022 **continued**

33. RELATED PARTIES (CONTINUED)

33.2.2 Transactions with joint associates

The following balances are outstanding with related parties at the reporting date:

	2022 R'000	2021 R'000
Loan payables by Abagold to Aquawomen (Pty) Ltd	(2 095)	(852)
Trade payable by Abagold to Port Nolloth Sea Farm Ranching (Pty) Ltd	(735)	–
Loan receivable by Abagold from Aquawomen (Pty) Ltd	1 075	600
Loan Receivable by Specialised Aquatic Feeds from Aquawomen (Pty) Ltd	40	40

The following transactions related parties occurred during the year:

	2022 R'000	2021 R'000
Purchases by Abagold from Aquawomen (Pty) Ltd	(3 355)	(2 688)
Purchases by Abagold from PNSFR (Pty) Ltdd	(10 025)	–
Sales by Abagold to Aquawomen (Pty) Ltd	427	825
Interest paid by Abagold to Aquawomen (Pty) Ltd	(58)	(29)
Rental expenses paid by Specialised Aquatic Feeds to Aquawomen (Pty) Ltd	(63)	(108)

33.2.4 Material-related party transactions

The following transactions occurred with related parties during the period under review:

	2022 R'000	2021 R'000
Donations by Abagold to Abagold Development Trust	(610)	(322)
Donations by Specialised Aquatic Feeds to Abagold Development Trust	(22)	(20)

33.2.5 Securities issued to directors

At the reporting date, the following number of securities in the Company were in issue to directors or to any person related to them, which was unchanged from the prior year:

	Number of shares ('000)		
Director	**Direct**	**Indirect**	**Total**
TR Hedges	545	–	545

34. COMMITMENTS

34.1 CAPITAL COMMITMENTS

	2022 R'000	2021 R'000
Authorised by the directors		
– Contracted for	15 990	595
– Not contracted for	16 210	24 785

The proposed capital expenditure will be financed using bank facilities, borrowings and cash generated from operations.

The Company has signed contractual agreements for the factory expansion as well as an additional unit on Sulamanzi.

35. EVENTS AFTER THE REPORTING DATE

It would appear that the impact of Covid-19 on the business has been adequately managed and minimised, with the Group having adequate liquidity and funding facilities. We do however draw attention to the uncertainty of the knock-on effects of the pandemic on customers, suppliers and other key stakeholders.

36. CONTINGENT LIABILITY

Management apply their judgement to the fact patterns and advice they receive from their attorneys, advocates and other advisors in assessing whether an obligation is probable, more likely than not, or remote. There are no contingent liabilities.

37. GOING CONCERN

The Group financial statements have been prepared on a going concern basis, which assumes that the Group will be able to meet the mandatory repayment terms of the banking facilities as disclosed in note 19. The Group has recognised a positive cash generated from operations of R57,2 million for the year ended 30 June 2022 and, as at that date, current assets exceed current liabilities by R136 million. Banking facilities are subject to review by 30 November 2022, and there are unutilised banking facilities in excess of R30 million including cash reserves of R7,6 million. Management believes that the repayment of the facilities will occur in line with the agreed repayment terms, and anticipates that this will be funded by the operational cash flow. The Seaview lease term ends on 31 July 2023, and in terms of the lease agreement application has been submitted for a further extension of 9 years and 11 months; however, management is engaging with Department of Public Works with regards to the requirements for lease renewal. Management has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future.

38. OPERATING SEGMENTS

BASIS FOR SEGMENTATION

The Group has the following two divisions which are reportable segments. These divisions offer different products, and are managed seperately, because they require different technology and have different customer markets and strategies.

The following summary describes the operations of each reporting segment.

Reportable segments	Operations
Abagold Ltd	Breeding, farming, processing, marketing and selling abalone
Specialised Aquatic Feeds (Pty) Ltd	Producing abalone feed and non-abalone feeds

The Group's chief executive officer and chief financial officer review the internal management reports of each division on a monthly basis.

There are varying levels of integration between the Abagold Ltd ("Abagold") and Specialised Aquatic Feeds (Pty) Ltd ("SAF) segments. This integrations includes transfers of abalone feed and shared support services Inter-segment pricing is determined on an arm's length basis.

INFORMATION ABOUT REPORTABLE SEGMENTS

Information related to each reportable segment is set out below. Segment profit(loss) is used to measure performance because management believe that this information is the most relevant in evaluating the results of the respective segments relative to the other entities that operate in the same industries.

Notes to the consolidated financial statements
for the year ended 30 June 2022 **continued**

38. OPERATING SEGMENTS (CONTINUED)

INFORMATION ABOUT REPORTABLE SEGMENTS (CONTINUED)

	2022		2021	
	ABAGOLD R'000	SAF R'000	ABAGOLD R'000	SAF R'000
External revenue	255 812	49 202	202 150	58 048
Inter-segment revenue	–	20 432	–	17 064
Segment revenue	**255 812**	**69 634**	**202 150**	**75 113**
Segment profit/(loss) before tax	17 964	(3 861)	(3 487)	964
Interest expense	(5 759)	(221)	(7 688)	(235)
Depreciation and amortisation	(17 902)	(2 488)	(12 816)	(2 338)
Share of loss of equity-accounted investees	(7 339)	–	(1 631)	–
Changes in biological assets	207 644	–	163 759	–
Segment assets	**493 205**	**32 796**	**489 187**	**36 914**
Equity accounted investees	45 805	–	29 092	–
Capital expenditure	24 481	4 244	7 194	2 087
Segment liabilities	**181 137**	**22 717**	**190 077**	**24 171**

RECONCILIATION OF INFORMATION ON REPORTABLE SEGMENTS TO IFRS MEASURES

	2022 R'000	2021 R'000
Revenues		
Total revenue for reporting segments	325 446	277 263
Elimination of inter-segment revenue	(20 432)	(17 064)
Consolidated revenue	305 014	260 199
Profit/(loss) before tax		
Total profit before tax for reportable segments	14 104	(2 523)
Elimination of inter-segment loss	–	–
Share of loss of equity-accounted investees	(7 339)	(1 631)
Consolidated profit/(loss) before tax	6 764	(4 154)
Assets		
Total assets for reportable segments	526 000	526 101
Elimination of inter-segment transactions	(73 027)	(56 753)
Equity-accounted investees	30 891	21 519
Consolidated total assets	483 864	490 868
Liabilities		
Total liabilities for reportable segments	203 854	214 247
Elimination of inter-segment transactions	(9 938)	(12 124)
Consolidated total liabilities	193 916	202 124
Other material items		
Interest expense	(5 938)	(7 809)
Capital expenditure	(27 955)	(9 336)
Depreciation and amortisation	(20 391)	(15 154)
Biological asset movements	207 644	163 759

Shareholder and administrative information

Analysis of shareholders at 30 June 2022

	Number of shareholders		% Holding	
Size of holdings	2022	2021	2022	2021
Less than or equal to 1%	41	41	6.3%	6.3%
More than 1% but less than or equal to 5%	4	4	11.2%	11.2%
More than 5% but less than or equal to 10%	3	3	24.5%	24.5%
More than 10% but less than 20%	4	4	57.9%	57.9%

The following shareholders hold in excess of 5% of the issued share capital:

Entity	Holding
Old Mutual Life Assurance Company	17.3%
Agulhas Nominees (Pty) Ltd	15.7%
Evolution One	14.2%
Weiveld (Pty) Ltd	10.6%
Sea Yields Investments (Pty) Ltd	9.5%
Johan van Dyk Familie Trust	7.6%
Bonne Esperance Trust	7.4%

Corporate information

Abagold Limited
Reg no: 1995/070041/06

Registered office
Cnr Church and Stil Streets
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Tel +27 (0) 28 313 0253
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Email info@abagold.co.za

Company secretary
Enver Manchest

Auditors
BDO South Africa Incorporated
Cape Town

Bankers
ABSA Bank Limited

Transfer secretary
Link Market Services
11 Diagonal Street
Johannesburg, 2001
Tel +27 (0) 11 630 0823
Fax +27 (0) 11 834 4398


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Notice of **annual general** meeting of shareholders

ABAGOLD LIMITED
(Registration number: 1995/070041/06)

Notice is hereby given that the 2022 annual general meeting ("the meeting") of the shareholders of Abagold Limited ("the Company") will be held at 09h00 on Saturday, 10 December 2022, at the "Heart of Abalone" shed, Seaview, Abagold, New Harbour, Hermanus.

The following resolutions by shareholders, in which the Companies Act, Act 71 of 2008 is referred to as "the Act", will be proposed and considered at the meeting and, if approved, will be adopted with or without amendment.

Consideration of the annual financial statements
Resolved that the meeting has considered the consolidated annual financial statements for the year ended 30 June 2022.

Ordinary resolution 1: Re-appointment of the independent auditor and noting of designated auditor
Resolved that, as recommended by the Board and audit committee, BDO South Africa Incorporated, be re-appointed as independent registered auditor of the Group and that shareholders note the nomination of Mr Gawie Marais of the said firm as the designated registered auditor to hold office for the ensuing year.

Ordinary resolution 2: Re-election of director retiring by rotation
Resolved that the following director, who retires by rotation, and being eligible and having made himself available for re-election as director of the Company, is re-elected as director:

2.1 Mr YJ Visser

Ordinary resolution 3: Re-election of directors appointed by the Board
Resolved that the following directors, who were appointed by the Board, are re-elected as directors, each by way of separate resolution:

3.1 Mrs A Archary
3.2 Mr K Gordon

The directors unanimously recommend the elections in terms of resolutions 2.1, 3.1 and 3.2 by the shareholders of the directors each by way of a seperate resolution.

Ordinary resolution 4: Election of members of the audit committee
Resolved that the following independent non-executive directors be elected, each by way of a separate resolution, as members of the audit committee of the Company for the period from 10 December 2022 until the conclusion of the next annual general meeting.

4.1 Mr YJ Visser (subject to his re-election as director pursuant to resolution 2.1 above)
4.2 Mr JW Wilken
4.3 Mr CT Ralebitso
4.4 Mr K Gordon (subject to his re-election as director pursuant to resolution 3.2 above)

Notice of annual general meeting of shareholders
continued

Special resolution 1: Non-executive directors' remuneration

Resolved that the non-executive directors' annual remuneration, in their capacity only as directors of the company, increases by 5% from 1 January 2023 and be approved by shareholders in accordance with the following, together with such amount of value-added tax ("VAT") as may be attributable thereto:

		Rand (excl. vat)
Retainer fee to be paid annually in two equal six-monthly instalments		
1.1	Non-executive chairman	262 500
1.2	Non-executive director	105 000
Fees per meeting payable to the chairman of the Board and chairpersons of the Board committees		
1.3	Board	28 875
1.4	Audit committee	13 125
1.5	Risk committee	13 125
1.6	Remuneration committee	7 875
1.7	Nominations committee	7 875
1.8	Social and ethics committee	7 875
1.9	Ad-hoc committee	10 500
Fees to be paid to the non-executive directors, including the chairman of the Board and chairpersons of the Board committees, per meeting		
1.10	Board	14 438
1.11	Audit committee	6 563
1.12	Risk committee	6 563
1.13	Remuneration committee	3 938
1.14	Nominations committee	3 938
1.15	Social and ethics committee	3 938
1.16	Ad-hoc committee	10 500

The proposed fees as set out above are exclusive of VAT.

Reason and effect

The reason for and the effect of special resolution number 1 is to grant the Company authority to pay remuneration to its non-executive directors for their services as directors, as well as VAT thereon, in line with the requirements of King IV and the Act. Currently the number of board and scheduled committee meetings held during a year comprises four board meetings and four meetings of each of the committees, other than the social and ethics committee which meets twice a year.

ABAGOLD LIMITED
Registration number: 1995/070041/06

Special resolution 2: Financial assistance to related or inter-related entities

Resolved that the directors, in terms of and subject to the provisions of Section 45 of the Act, be authorised to cause the Company to provide any financial assistance to any company or corporation which is related or interrelated to the Company.

Reason and effect

The reason for and effect of this special resolution number 2 is to grant the directors of the Company the authority to cause the Company to provide financial assistance, in the normal course of business, to any company or corporation which is related or interrelated to the Company.

VOTING AND PROXIES

An ordinary shareholder entitled to attend and vote at the annual general meeting is entitled to appoint a proxy to attend, speak and vote in his/her stead. A proxy need not be a shareholder of the Company. For the convenience of registered ordinary shareholders of the Company, a proxy form is enclosed herewith.

Any person present and entitled to vote at the meeting, as member or as proxy or as a representative of a body corporate, shall on a show of hands have on one vote irrespective of the number of shares held or represented. On a poll, he/she will have a number of votes equal to the number of ordinary shares held or represented.

Any ordinary resolution is passed by a majority of votes present and voting at the meeting.

Voting remotely through the electronic participation platform will not be allowed or possible. Shareholders are, however, reminded that they are still able to vote normally through proxy submission, and are strongly encouraged to submit votes by proxy in advance of the Annual General Meeting.

Forms of proxy are requested to be lodged with the company secretary (using the return options set out on the back of the proxy form), for ease of administration, by no later than 16h00 on Thursday, 8 December 2022. Any forms of proxy not lodged by this time and date may be handed to the chairman of the annual general meeting immediately prior to the commencement of voting at the meeting. A shareholder who completes and lodges a form of proxy will nevertheless be entitled to attend and, to the exclusion of the proxy, vote in person at the annual general meeting.

BY ORDER OF THE BOARD

E Manchest
Company secretary

16 September 2022

Diatom cultivation

ABAGOLD

ABAGOLD LIMITED
(Registration number: 1995/070041/06)
("the Company")

PROXY FORM

Proxy form for use at the annual general meeting ("the meeting") of Abagold Limited (" the Company") to be held on 10 December 2022 at 09h00 by ordinary shareholders who are unable to, or who do not wish to, attend the meeting in person, but wish to be represented thereat:

I, the undersigned ____

Please print full names

of address: ____

being the registered holder of ______________________________ ordinary shares
in the capital of the Company do hereby appoint

______________________________ or failing him/her

______________________________ or failing him/her

the chairman of the meeting as my proxy to act for me and on my behalf at the above-mentioned meeting for the purpose of considering and, if deemed fit, passing, with or without modification, the resolutions to be proposed for adoption thereat, and at any adjournment of that meeting, and to vote for and/or against the resolutions and/or abstain from voting in respect of the shares registered in my name, in accordance with the following instructions:

No.	Business	In favour of	Against	Abstain
	Consideration of consolidated annual financial statements for the year ended 30 June 2022.			
	Ordinary resolutions			
1	Re-appointment of independent auditor.			
2	Re-election of director retiring by rotation:			
	2.1 Mr YJ Visser			
3	Re-election of directors appointed by the Board:			
	3.1 Mr K Gordon			
	3.2 Ms A Archary			
4	Election of members of the audit committee, each by separate vote:			
	4.1 Mr YJ Visser			
	4.2 Mr JW Wilken			
	4.3 Mr CT Ralebitso			
	4.4 Mr K Gordon			

Please turn over..

No.	Business	In favour of	Against	Abstain
	Special resolutions			
1	Approval of non-executive directors' remuneration from 1 January 2023			
	Retainer fee to be paid annually in two six-monthly instalments			
	1.1 Non-executive chairman			
	1.2 Non-executive director			
	Fees per meeting payable to the chairman of the Board and chairpersons of the Board committees:			
	1.3 Board			
	1.4 Audit committee			
	1.5 Risk committee			
	1.6 Remuneration committee			
	1.7 Nominations committee			
	1.8 Social and ethics committee			
	1.9 Ad-hoc committee			
	Fees to be paid to the non-executive directors, including the chairman of the Board and chairpersons of the Board committees, per meeting:			
	1.10 Board			
	1.11 Audit committee			
	1.12 Risk committee			
	1.13 Remuneration committee			
	1.14 Nominations committee			
	1.15 Social and ethics committee			
	1.16 Ad-hoc committee			
2	To enable the provision of financial assistance to related or inter-related entities.			

See qualifications of non-executive directors on page 38 and 39.

(Indicate instruction to Proxy by way of a cross in the appropriate space provided above)
Unless otherwise instructed, my Proxy may vote as he/she thinks fit.

Signed at: ______________________________ this ____________ day of ____________________ 2022

Signature: ______________________________

NOTES

1. A member entitled to attend and vote is entitled to appoint a proxy to attend, speak and on a poll vote in his/her stead, and such proxy need not also be a member of the Company.
2. Should a proxy not be specified, the chairman of the meeting will act as the proxy.
3. An ordinary shareholder's instructions to the proxy must be indicated by inserting the relevant number of votes exercisable by him/her in the appropriate space provided above.
4. If any ordinary shareholder does not indicate on this instrument that his proxy is to vote in favour of or against any resolution or to abstain from voting, or give contradictory instructions, or should any further resolution(s) or any amendment(s) which may be properly put before the meeting be proposed, the proxy shall be entitled to vote as he/she thinks fit.
5. Documentary evidence establishing the authority of a person signing the proxy form in a representative capacity must be attached to this proxy form, unless previously recorded by the Company or waived by the Chairman of the meeting.
6. This proxy form is requested to be completed and returned so as to reach the registered office of the Company, for ease of administration, by no later than 16h00 on Thursday, 8 December 2022 and may be returned in any manner set out below. Any forms of proxy not lodged by this time and date may be handed to the Chairman of the Annual General Meeting immediately prior to the commencement of voting at the meeting.
7. The completion and lodging of this Proxy form does not preclude the relevant shareholder from attending the meeting and speaking and voting in person thereat to the exclusion of any appointed proxy.
8. Any person present and entitled to vote at the meeting, as a member or as a proxy or as a representative of a body corporate, shall on a show of hands have only one vote irrespective of the number of shares held or represented. On a poll, he/she/it will have a number of votes equal to the number of ordinary shares held or represented.
9. An ordinary resolution is passed by a majority of votes present and voting at the meeting.
10. This form of proxy expires after the conclusion of the meeting, but may still be used at any adjournment of the meeting.

Return options:

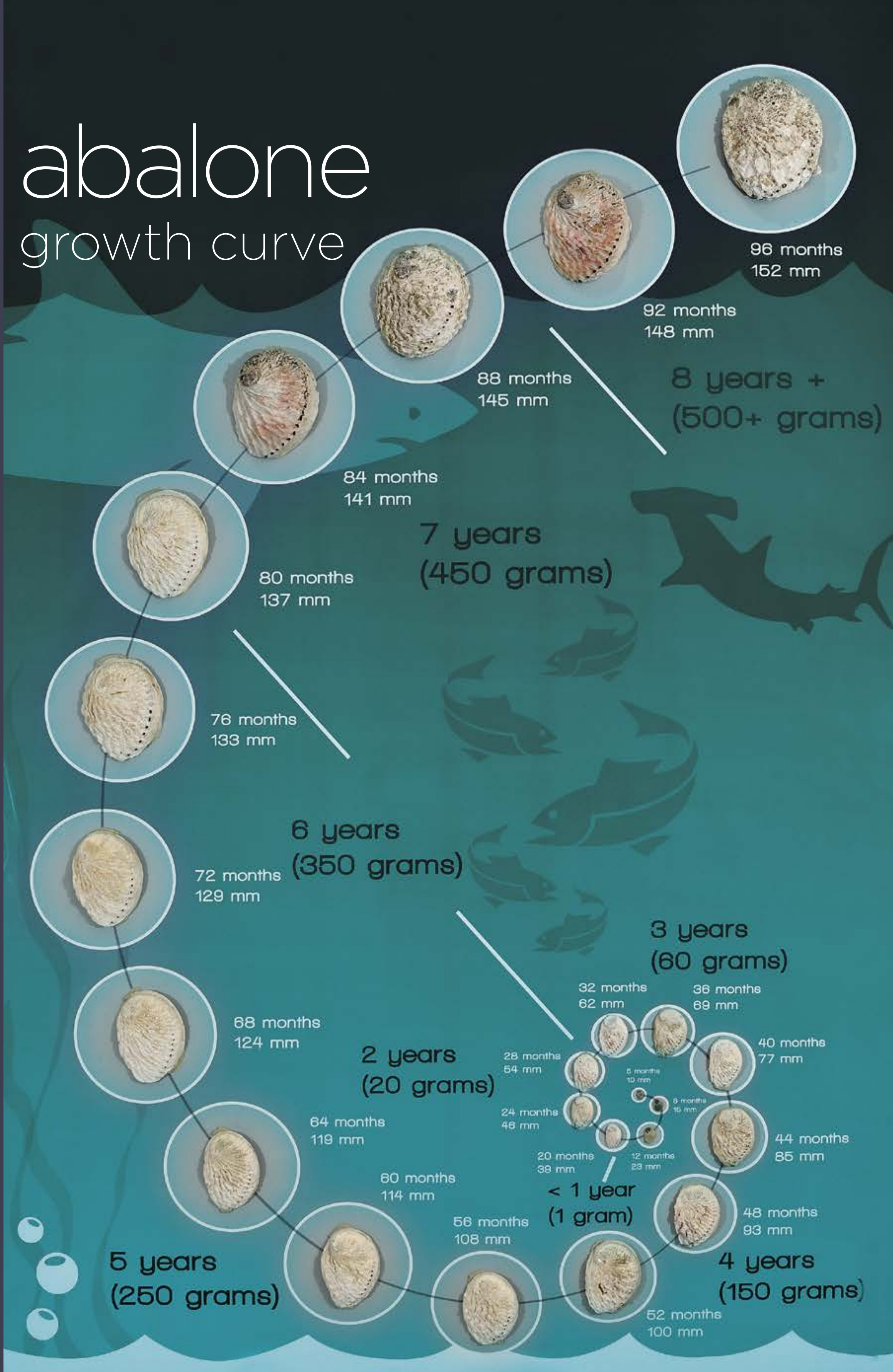
EITHER Deliver to:
The Company Secretary
Cnr of Church and Stil Streets
Hermanus
7200

OR Post to:
The Company Secretary
PO Box 1291
Hermanus
7200

OR Fax to:
The Company Secretary
028 312 2194

To be received, preferably, by no later than 16h00 on Thursday, 8 December 2022.

NOTES



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