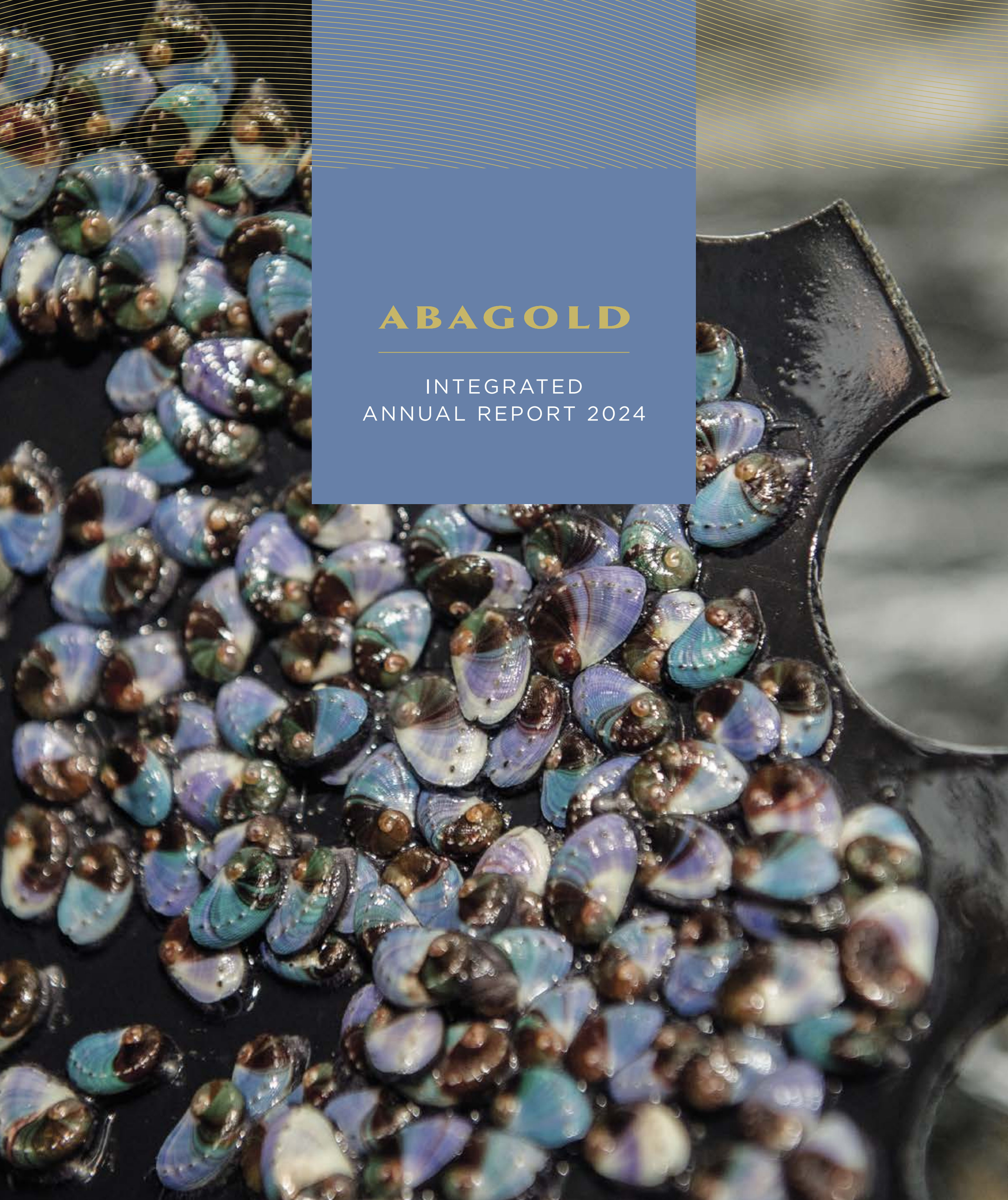
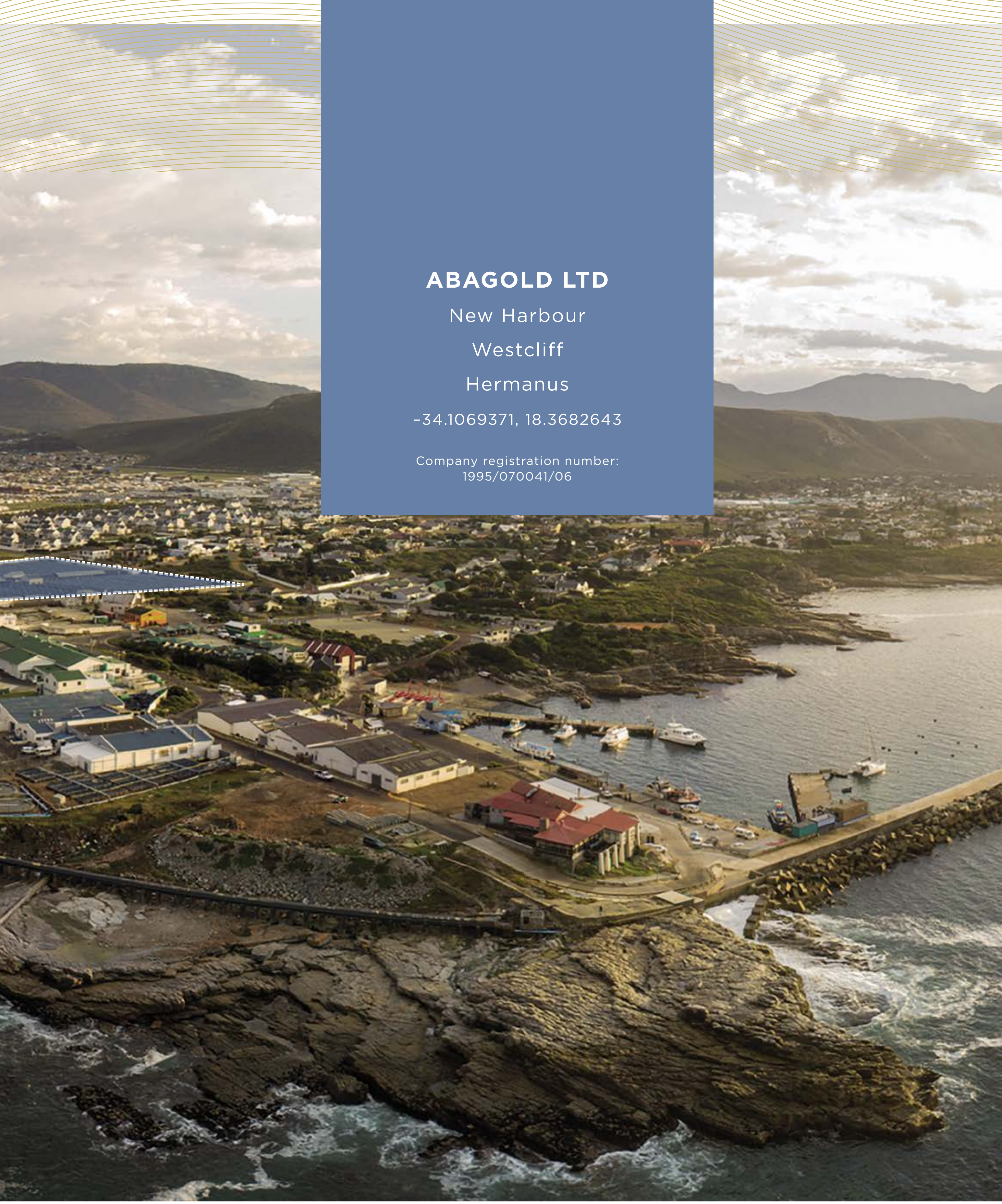


ABAGOLD

INTEGRATED
ANNUAL REPORT 2024



ABAGOLD LTD

New Harbour

Westcliff

Hermanus

–34.1069371, 18.3682643

Company registration number:
1995/070041/06

SHAREHOLDERS' DIARY

Important reporting and meeting dates

30 JUNE 2024

Financial year-end

20 SEPTEMBER 2024

Financial statements approved

6 DECEMBER 2024

Annual general meeting

Date: Friday, 6 December 2024
Time: 09h00
Venue: "The Heart of Abalone" shed, Sea View, Abagold, New Harbour, Hermanus

28 FEBRUARY 2025

Interim financial statements for the half-year to 31 December 2024 to be distributed by 28 February 2025

CONTENTS

ABAGOLD TIMELINE

2024
New ventures include a ranching project in Namibia

2023
Abagold acquired a 5,7 MVA battery energy storage system

Oman phase 1 with Hatchery

Upgrade of the processing factory including a new live holding area

2021–2022
500 tonnes of live equivalent abalone sold per annum into nine territories for two consecutive years

Power purchase agreement signed for a 2 MWh photovoltaic system

Abagold receives a major global sustainability award

2017–2020
Abagold production recovery from the 2017 red tide event

2016
The Board approves a capital investment in Phase 1 of an abalone farming project in Oman

2011
Construction begins on Sulamanzi Farm with 360-tonne capacity

2014
Construction started of the feed plant, Specialised Aquatic Feeds (Pty) Ltd

Partnership created with Port Nolloth Sea Farms Ranching

2007
Sea View Farm expanded to 90-tonne capacity through the acquisition of the Amaza Farm

2008
Abagold converts into a public company

2002
Construction of Bergsig Farm started with 180-tonne capacity

2006
Commissioning of the 500-tonne capacity processing factory

First dried abalone is exported

1996
Construction of Sea View Farm started with 60-tonne capacity

1999
First 100 kg of live farmed abalone exported

1991
Pilot hatchery set up in Old Harbour, Hermanus

1993
First permit to cultivate, harvest and sell abalone

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

- THE EARLY YEARS (1980s)
- COMMERCIALISATION (1990s)
- COMMERCIALISATION (2000s)
- COMMERCIALISATION (2010s)
- COMMERCIALISATION (2020s)

VALUE STATEMENT

Abagold's resilience, and that of the industry as a whole, have been tested again by continued load shedding in the first half of the year followed by a canned product recall in December 2023, with an interruption of can supply for most of the second half of the year, which eventually led to a full-blown canned product recall in December 2023 for the affected batch of cans supplied to the industry by the can supplier concerned.

In January 2024, the business requested the management team and employees to dig deep with an increased focus on improving production efficiency across the entire business. The results of this response have been admirable, with a sustainable reduction in production costs by 8%, which once again proves that our greatest asset is our people. The management team implemented "Masonge – Double Up" which is a call to all our staff to double the efforts to sustainably contain costs.

We believe that the current challenges have provided the team with the opportunity to demonstrate the Abagold values, which guides conduct in the best interests of the Company, our stakeholders, colleagues and loved ones:

Responsibility – Towards all our stakeholders by enhancing and adding value to what has been entrusted to us, and by ensuring that value creation is part of our long-term strategy and objectives. We have embraced the six capitals of sustainability, as the basis of our organisation's value creation process.

Respect – Promotes teamwork and increased productivity and efficiencies in the workplace. It lets employees know they are valued for their abilities, qualities and achievements, and that their role is important to the company's success.

Integrity – Demands of us all to provide ethical leadership with active management and supervision along with confident, accurate and professional reporting.

Quality – In everything we do and produce. Achieving and maintaining our commitment to FSSC and Friend of the Sea accreditations underpins that all processes and procedures are in place to ensure that we deliver quality in a consistent manner. We have added additional testing as a result of the can recall in December 2023.

Innovation – Questioning the status quo in a constructive manner, and continually looking for ways to be more efficient and productive through the application of new technology and what this means for the business

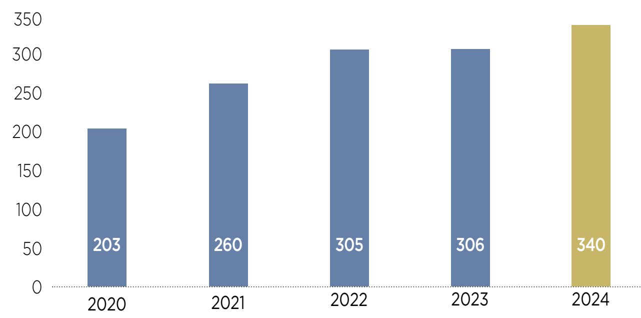
We are continually evaluating and gauging the cultural alignment of the business and exploring how we can positively influence individual behaviour at a personal level, which we believe will in turn deliver value to all stakeholders and help to achieve the strategic goals of the business.

SALIENT FEATURES OF 2024

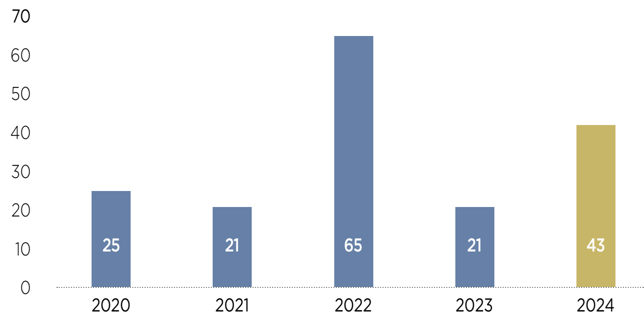
SALIENT FEATURES OF 2024

- The farm delivered **growth of 542 tonnes** (2023: 504 tonnes).
- **Abalone tonnage sold** decreased by 11% to **433 tonnes** (2023: 491 tonnes).
- Average abalone **selling price** improved slightly to 541/kg (2023: R522/kg).
- **Abalone revenue** decreased by 6% to R241 million (2023: R256 million).
- **Group revenue** increased by 33% to R340 million (2023: R306 million).
- **Gross margin** declined to R161 million and 47% gross margin (2023: R165 million and a 54% gross margin).
- **Adjusted EBITDA** increased to **R43 million** (2023: R21 million).
- **Profit from operations** decreased to a loss of R6,3 million (2023: R28 million).
- **Group cash generated from operations** increased slightly to **R17 million** (2023: R16 million).
- **Net debt** (including cash reserves) increased to **R165 million** (2023: R137 million).

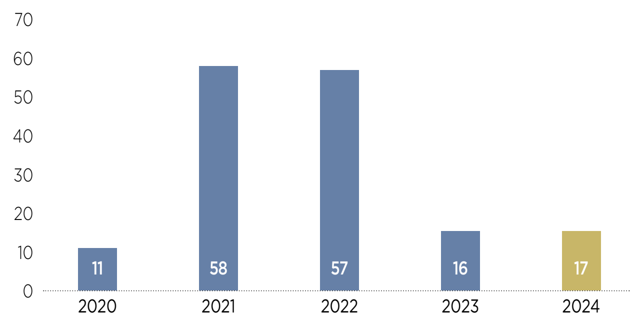
Group revenue (R'million)



Adjusted EBITDA (R'million)



Cash generated from operations (R'million)



FIVE-YEAR REVIEW

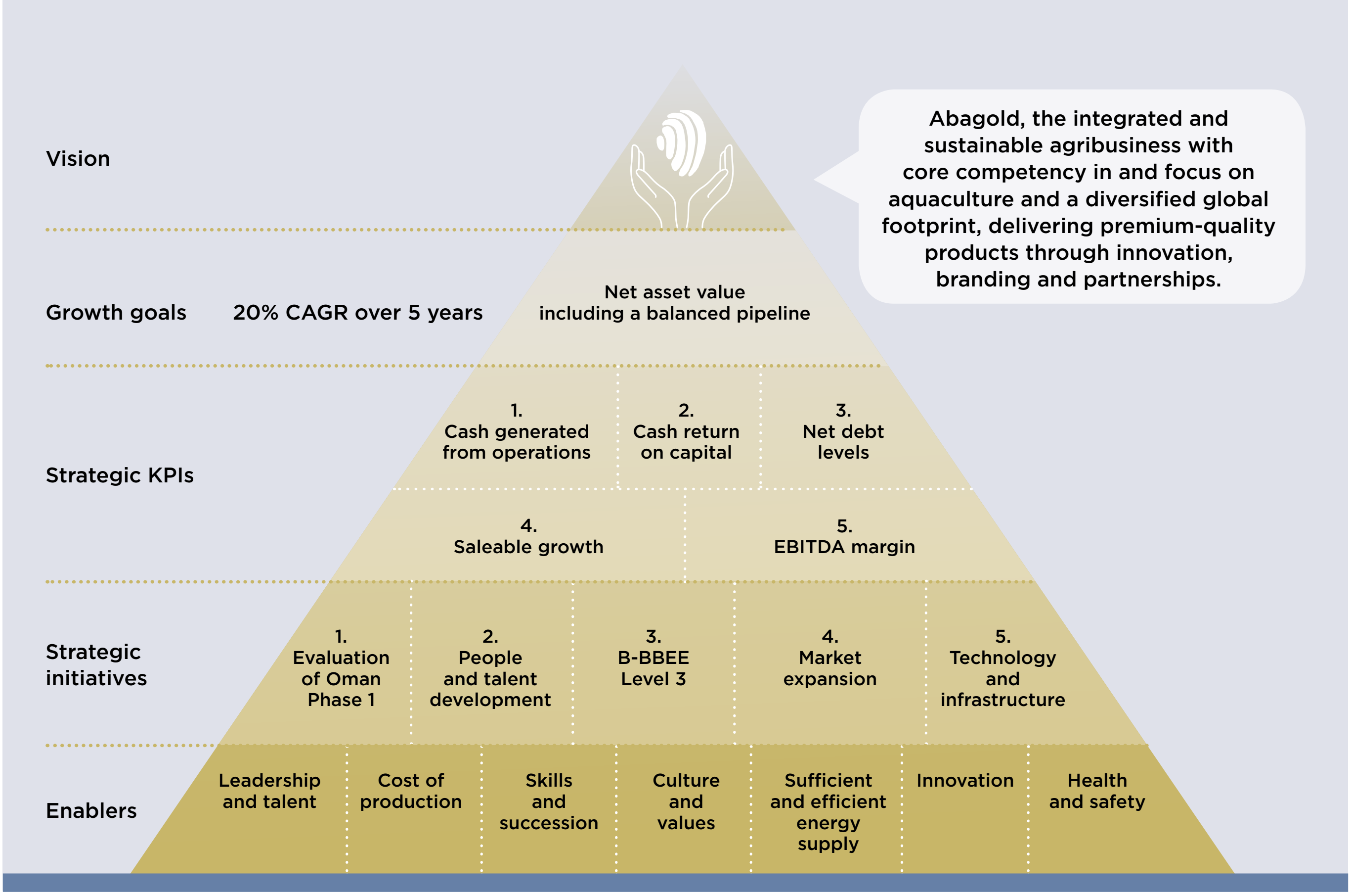
	GROUP				
	2024 R'000	2023 R'000	2022 R'000	2021 R'000	2020 R'000
Statement of comprehensive income					
Continuing operations					
Revenue	340 192	305 583	305 014	260 199	203 064
Adjusted EBITDA	43 143	21 503	65 421	21 074	24 665
Profit from Operations	(6 314)	27 496	20 040	5 285	27 447
Net finance charge	(16 888)	(6 939)	(5 938)	(7 809)	(8 520)
Profit/ (loss) before taxation	(45 549)	(154)	6 763	(4 155)	17 723
Taxation	6 634	(5 653)	(2 045)	394	(6 165)
Net profit/ (loss) for the year from continuing operations	(38 914)	(5 807)	4 718	(3 761)	11 558
Loss from discontinued operations	–	–	–	–	(31)
Net profit/ (loss) for the year	(38 914)	(5 807)	4 718	(3 761)	11 527
Fair value gain/ (loss) on biological assets and inventory due to exchange rate and dollar price changes	(33 747)	25 268	(14 121)	(10 195)	(38 250)
Net profit/ (loss) excluding exchange rates and dollar price changes	(5 166)	(31 076)	18 839	6 434	49 777
Statement of financial position					
Total assets	547 925	584 705	483 864	490 869	486 329
Total current assets	253 466	254 635	198 507	250 913	244 380
Total non-current assets	294 460	330 069	285 357	239 955	241 949
Total biological assets and inventory ("stock")	256 113	267 751	236 498	247 837	265 119
Non-current portion of biological assets	30 084	46 705	59 677	29 278	29 577
Total current liabilities	114 428	122 245	61 753	66 946	52 569
Total liabilities	309 726	307 590	192 167	201 997	193 824
Total equity	238 200	277 114	291 697	288 744	292 505
Cash flow statement					
Cash generated from operations	17 374	15 741	57 228	58 205	11 278
Dividend paid	–	7 027	3 514	–	–
Purchases of property, plant and equipment	12 672	37 919	27 955	9 336	9 095
Financial ratios and exchange rates					
Solvency ratio	1,8	1,9	2,5	2,4	2,5
Current ratio	2,2	2,1	3,2	3,7	4,6
Acid test ratio	0,2	0,3	0,4	0,5	0,2
Return on equity	(16,3%)	(2,1%)	1,6%	(1,3%)	3,9%
Return on assets	(7,1%)	(1,0%)	1,0%	(0,8%)	2,4%
Operating (loss)/profit margin on continuing operations	(13,4%)	(0,1%)	2,2%	(1,6%)	8,7%
Financing cost cover (times) on continuing operations	(0,4)	3,96	3,37	0,68	3,22
Average exchange rate for the year (R/USD)	18,76	17,81	15,34	15,80	15,53
Closing exchange rate (R/USD)	18,19	17,89	16,38	14,29	17,30
(Loss)/ Earnings per share (cents) from continuing operations	(27,69)	(4,13)	3,36	(2,68)	8,38
(Loss)/ Earnings per share (cents) including discontinued operation	(27,69)	(4,13)	3,36	(2,68)	8,38
Dividends per share (cents)*	–	–	7,50	–	–
Weight on the farm (in tonnes)	659	636	632	621	722

ABAGOLD STRATEGY

Abagold believes that a balanced, mature pipeline will allow us to maintain our premium brand in the marketplace, while delivering superior quality products in multiple abalone formats.

The 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 the abalone species, *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 central services, including finance, human resources, and information technology.

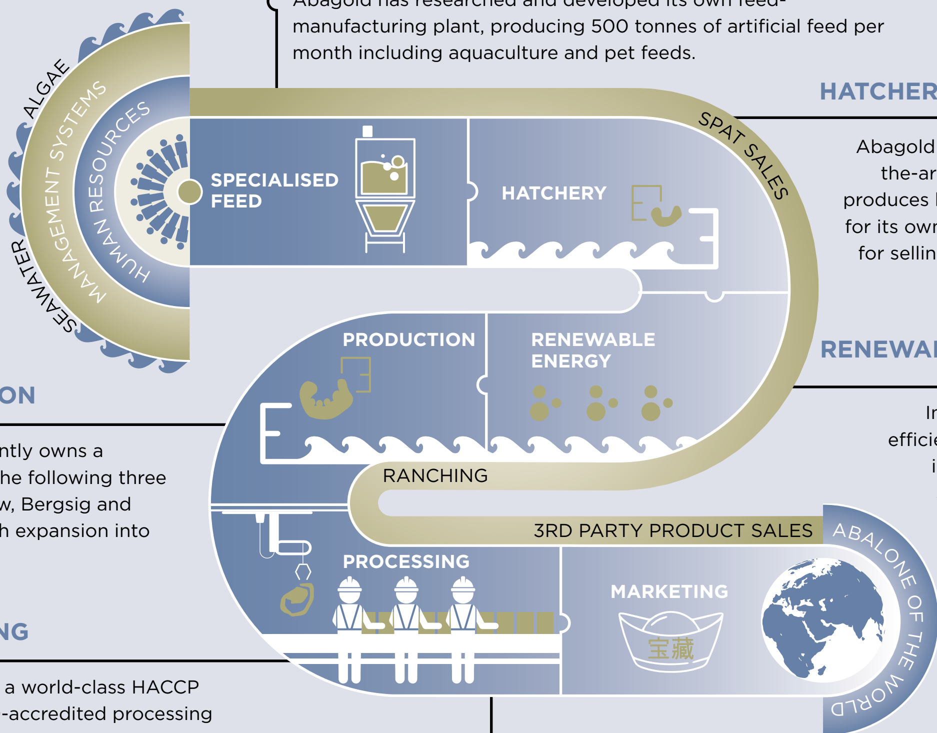
BUSINESS MODEL

SPECIALISED FEEDS

Abagold has researched and developed its own feed-manufacturing plant, producing 500 tonnes of artificial feed per month including aquaculture and pet feeds.

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

Integrated energy efficiency programme includes a 2 MWs solar system and a 5,7 MVA battery energy storage system.

PRODUCTION

Abagold currently owns a hatchery and the following three farms: Sea View, Bergsig 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, THE FISCAL YEAR TO 30 JUNE 2024

Abagold's resilience was again put to the test during the fiscal year to June 2024. A strong start to the year was followed by difficult conditions towards the end of the first half, whereafter the business had to battle multiple challenges and a complicated combination of issues that arose during the second half of the year. Nevertheless, the business managed, and continues, to build on the foundations laid over the past number of years, as reflected in some of the wins achieved in the year. Abagold remained committed to its plan and strategies that have been at the core of everything that Abagold stands for, especially on the production and operations side of the business, where a constant improvement in both efficiency and productivity can be seen. The Abagold values are entrenched and this, together with focused attention on improving the ESG ("environmental, social and governance") performance of the business, will deliver value and returns for shareholders in the medium term. By carefully managing resources and maintaining our customer-centric approach, the business has been able to meet the requirements of a challenging local production environment and the complicated and competitive international market of the last 12 months.

The long-term relationships, built over many years with our sales partners globally, have helped Abagold to maintain market share and a competitive edge while other players in the local industry appear to be seeking market share through price reductions in a marketplace with limited immediate growth opportunities. Abagold sees the latter as a short-sighted approach that will do more harm than good, thus making communication and strengthening of our existing relationships all the more important.

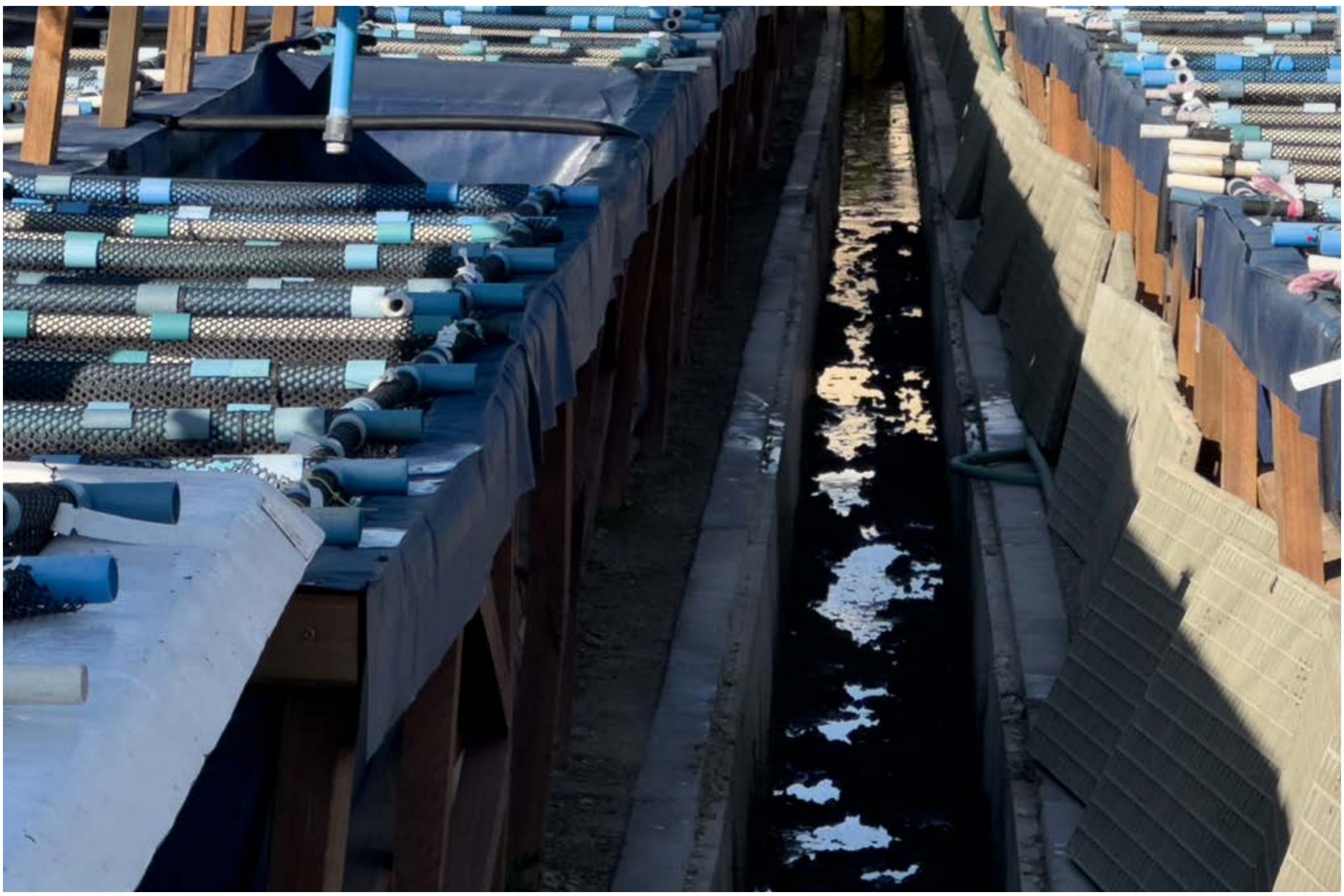
Abagold is committed to executing the renewable and sustainable energy production plan on our property. The business has now implemented one of the single largest, independent energy storage battery systems in South Africa, which is operating daily to deliver 5,7 MW of battery power that interfaces with the 2 MW photovoltaic system and the ever-necessary diesel generators for stability. This integrated power system has reduced the cost per kilowatt hour and improved energy security. More importantly, it has made the business less dependent on Eskom, and at a cost that will support the long-term sustainability of Abagold.

As indicated in the interim financial report, so much of the good work in the first five months of the year was thwarted by a certified recall by the National Regulator for Compulsory Specifications ("NRCS") of can material delivered by the can manufacturer, and of product packaged in the affected can material. This recall was due to defective can lids supplied to the abalone industry, including Abagold. The canned-product recall was applied to the entire South African abalone industry and affected product, some of which had already been distributed to the market, with the balance in the Abagold store in Hermanus. Abagold submitted detailed claims against the can supplier for costs and damages suffered as a result, with such claims totalling in excess of R30 million. The majority of this loss, which relates to the direct costs associated with the recall, was provided for in the results for the first half of the fiscal year and reflects the significant impact that this event has had on both sales and profitability. The recall was communicated to the industry in December 2023 but, to date, the detailed claims raised by Abagold against the can supplier have not elicited any committed attempt by the can supplier and its insurance representatives to settle. The recall event and the subsequent shortage of cans supplied to Abagold and the industry impacted supply to the market over the subsequent six months and well into May 2024. With the lack of supply of cans for one of our key format options, it was necessary to oversupply two other formats, dried and live product, so as not to overstock the farm. This has had a significant impact on the pricing of these formats of South African abalone.

The continued economic slowdown and poor demand for abalone – across all formats – out of China have impacted sales further in the second half of the year. The direct impact of the stalled flow of canned supply due to the said recall and non-resupply has had a major impact on overall sales performance at Abagold.

Abagold continues its commitment to long-term sustainability and, building on the success of the Friend of the Sea's Sustainability Awards, has focused on multiple areas to improve sustainability. These include water treatment and the use of the effluent water from the farming operations in order to produce seaweed, a significant reduction in the use of single-use plastics, investment in the use of abalone and local waste production to produce black soldier fly larvae in the Overberg (used as a source of protein for Specialised Aquatic Feeds' ("SAF") feed production), and the commitment to develop and increase the number of ranching projects. Such initiatives reflect positively in the Company's sustainability report, which is included in the annual financial report.

SAF has turned the corner with improved volumes and the associated financial performance. It has been a long road to sustainable profitability but the balanced approach to servicing multiple industries, including the fast-growing pet food industry, aquaculture and other smaller niche industries, is starting to deliver results.



BUSINESS OVERVIEW (GROUP)

The general performance of the Group as a whole, from both a revenue and profitability perspective, encountered some headwinds in the last year, with a reduced positive contribution from Abagold, while SAF continued to navigate a "recovery" year in 2023. Overall satisfactory revenue of R340 million were generated for the period, which was an improvement of 11% compared with the prior year. On an abridged EBITDA ("earnings before interest, taxes, depreciation and amortisation") basis (i.e. excluding fair value adjustments), the Group delivered R43,1 million compared with R21,5 million in the prior year, an increase of 100%.

Cash generated from operations ended positive for the year at R17,4 million (2023: R15,7 million), helped by a reduced level of load shedding but negatively impacted by the can recall described above and the subsequent pricing pressure in the market.

Net debt (including cash reserves) increased to R165 million (2023: R136 million). This increased debt is directly linked to capital expenditure to improve operational efficiencies, as well as to investments in renewable energy and to support strategic initiatives and investments in associates. Additional funding was required as bridging finance to support the business through the period of the can recall, in respect of which Abagold's claims are yet to be settled.

HEALTH AND SAFETY

Safety is a core commitment at Abagold, and we are determined to achieve our goal of zero harm. The safety and health of our employees and their families remain our top priority. In FY24, we continued our efforts to embed a proactive safety culture throughout the Company. The key safety metric is our lost-time injury frequency rate ("LTIFR"), which improved for the third year in a row to 0,9 compared with 1,1 in FY23 and 2,2 in FY22.

FINANCIAL SUMMARY

Fair value adjustments to biological assets and inventory have a material impact on the financial results due to changes in selling prices and exchange rates reflected in these unrealised values. The fair value adjustment loss for the year of R17,8 million, compared with the gain of R31,3 million in 2023, reflects the stronger rand and pricing pressure in the market, despite the continued improvement in growth on the farms and in efficiencies achieved by the operational team in the last year. Pricing remained under severe pressure, especially in the second half of the year and particularly in respect of live abalone, while the canned market is not fairly reflected due to the can recall.

To facilitate an improved understanding of the Company's core operational and financial performance measures, an abridged income statement in respect of the adjusted EBITDA and profit

from operations levels is presented below in a more traditional format and reconciled with the reported results of the Group.

R'000	% Change	30 June 2024	30 June 2023
Revenue	11%	340 192	305 583
Abalone sales	-6%	241 088	256 216
Feed sales (external)	101%	99 104	49 367
Cost of sales	-27%	(178 710)	(140 710)
Gross profit	-2%	161 483	164 873
Gross profit %		47%	54%
Other income	71%	5 781	3 383
Net realised forex gain/(loss)	120%	5 011	(24 597)
Administrative expenses	5%	(30 971)	(32 628)
Employment costs	-9%	(88 018)	(80 988)
Other operating costs	-19%	(10 144)	(8 540)
Adjusted EBITDA	57%	43 141	21 503
Adjusted EBITDA %		13%	7%
Depreciation and impairments	-11%	(33 732)	(21 606)
Adjustments to bio assets and stock	-157%	(19 688)	31 346
Net unrealised forex gain/(loss)	219%	3 935	(3 318)
(Loss)/profit from operations	-114%	(6 343)	27 925
Profit from operations %		-2%	9%

The financial performance of the Group in FY24 can be evaluated and assessed under the following headings:

Adjusted EBITDA

The Group delivered an adjusted EBITDA ("excluding fair value adjustments") of R43,1 million (2023: R21,5 million) and a higher adjusted EBITDA percentage of 13% (2023: 7%), mostly impacted by improved foreign exchange gains stemming from the Group's forex policy detailed below. The loss from operations of R6,4 million (2023: R27,9 million profit) was negatively impacted by the decline in biological-asset valuations of R19,7 million (2023: R31,3 million increase) and the can-recall cost in excess of R30 million.

A focused commitment and team effort with regard to cost management, labelled internally as Operation Masonge (which, translated means, "We Save Together"), are evident in reducing the cost of production by 8%. This area of focus for management, along with continued technology and innovation initiatives, remains an opportunity to return the overall Group EBITDA margins to levels previously achieved.

The Group's forex policy is to hedge up to 75% of the budgeted sales for the year, and in FY25 the forward contracts delivered an opportunity benefit of R5 million when compared with the opportunity cost of R25 million in the prior year. The forex policy helps to reduce the risk of a highly leveraged operating model and provides certainty with regard to expected rand income. The Board confirms that this policy remains appropriate.

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, debtors' days below 20 days at Abagold, and better payment terms negotiated with suppliers are just a few of the disciplines currently adhered to. The Group's cash generated from operations of R17,4 million improved slightly from R15,7 million last year despite the negative impact of the can recall. The Group cash generated from operating activities reduced to R1,8 million compared to R8,9 million in the prior year due to the increase in funding costs.

Debt and banking facilities

During the year, the Group's cash position deteriorated due to the can recall and a delay in the installation of the energy storage battery (now completed), along with continued commitments to subsidiaries like Oman Aquaculture.
This, together with the slow recovery of Asia to normal trading, placed the business under some financial strain during the year. The interest costs for the business increased to R16,7 million (2023: R6,8 million) due to the increased average debt levels in the current year. In addition, the debt-to-equity ratio increased to 50% (2023: 33%), which excludes the battery asset finance.

Adequate bank financing, in the form of overdraft and loan facilities, is available to maintain financial headroom and manage challenges that may occur while funding operations for the foreseeable future. The continued commitment to the Oman project required an additional planned investment of R8,6 million during the year. The total unutilised funding facilities headroom at year-end was R27 million (2023: R37 million), comprising available bank funding and cash reserves. A key focus for the business over the next two years is to significantly reduce debt levels.

Marketing and sales

After a great start to the first half of the year, Abagold experienced a significant impact from the can recall, and this is reflected in both volumes and revenue in the second half, delivering sales volumes totalling 433 tonnes of "live equivalent" abalone for the year. This reduced volume is reflected in the 50% reduction in can-product sales due to the can recall. Total sales volumes are therefore well down on last year's sales volumes of 491 tonnes. Total abalone sales revenue ended at R234 million, an 8% decrease on last year. With base demand in our market under pressure and the global economic conditions remaining so uncertain, the average USD selling price weakened for the second year in a row. This left the average selling price at a USD28,52/kg average across all formats, which represented a further decrease of 1,6% year-on-year and reflected the increased live and dried sales and the severe pricing pressure, together with reduced can sales in the year.

Abagold traditionally produces and participates across all the abalone sales formats. This strategy has enabled the business to absorb market softness in a specific format/s. However, losing the ability to supply cans to the market for more than half of the fiscal year had a major impact in 2024. The team nevertheless ensured that the Abagold brand maintained its presence in the dried and live markets, even while both markets were softer during the year.

Compared with the historical demand curve, the market still rewards larger sized South African abalone in the dried and canned formats. This has resulted in the continued focus on farming practices and abalone growth consistency, size profile management, planning and forecasting, all linked to a sound sales strategy. The more robust and flexible Abagold pipeline achieved since 2017 now provides the organisation with multiple options to adapt quickly to the ever-changing market and consumer demands.

Demand for, and pricing of, dried abalone softened during the year, with USD pricing for this format under pressure after a flood of new entrants into the dried market, comprising South African abalone farms together with the return of large volumes of poached and captured abalone to the market, all of varying quality and consistency. The premium position of the Abagold brand allowed the dried volume and price for 2024 to be maintained at reasonable levels and is linked to the strong relationships and market knowledge of the Abagold sales partners.

Live abalone demand is stable. However, pricing trended down in all markets during the latter part of the year, with South African abalone farms driving prices down in an attempt to retain market share. Unfortunately, the price elasticity of the live abalone market is such that the lower pricing has not resulted in the desired increase in volume for any of the farms. Abagold maintained its market share by continuing to supply live abalone consistently to a wide range of customers in more than nine territories. Abagold's live-product quality has been enhanced by the upgrades to the processing and packing facility in Hermanus, and the Abagold live product is highly sought after owing to the consistent quality and regular supply to both new and traditional long-term customers in multiple geographies.

Over the past year, the marketing and sales team remained committed to successful entry to, and expansion in, new territories and countries, reducing the overall dependence on Hong Kong to below 50% of sales for the year under review. The expansion directly into China has started to return to pre-Covid-19 levels and any recovery in the economy of the region will deliver significant improvements to the business.

OPERATIONAL OVERVIEW

Production performance

Growth on the farms delivered strong results and built on the 2023 momentum achieved in operations. Growth for the year was 537 tonnes, with standing stock of 659 tonnes at year end. The well-designed, mature and balanced biological pipeline now creates the flexibility required by the business to remain market-facing in its approach to meeting market demand on a sustainable basis. The joint disciplines of planning and demand forecasting, implemented some years back and further improved in 2024, have been valuable this year as the business adapted to changes in both demand and format challenges referenced above.

The production team includes the technical and maintenance department of Abagold, and the work done by this team in the past 12 months has built on the momentum achieved in 2023, delivering great efficiency results across most disciplines. Keeping the pumps and blowers running in the first half of FY24 during more than 2 500 hours of load shedding was a monumental task, and the incorporation of the generators, solar system and batteries since the installation and consolidation has been a great help and relief for the sustainability of the business long term. The Board and management congratulate Tremaine and his team on another great year of results, and their performance justifies the presentation of the Chairman's Award to this technical team in 2023.

Processing facility

The performance of the processing factory was definitely more challenging without the ability to pack and produce cans for seven months, but the commitment to quality across the formats has remained consistent. The continued value to the business of the 2023 factory expansion and the state-of-the-art live holding and packing area are assisting with the quality standards and sales volumes for Abagold. The factory processed 513 tonnes (2023: 487 tonnes) of abalone in the FSSC/ISO22000-certified facility during the production year. The can recall was the first quality variation experienced by the facility in three years and could not have been identified in the course of normal production, owing to the microscopic size of the defect identified leading to the forced recall by the can suppplier and the NRCS. In view of the tough market conditions, the team focused its attention on processing dried and live deliveries to an exceptionally high quality standard. There have also been a few new product introductions and improvements, including sauces and other by-products.

SUBSIDIARY BUSINESSES

Ranching: Port Nolloth Sea Farm Ranching and Benguella Wealth

Abalone ranching is the placing of abalone spat into the ocean, in well-protected and identified areas, for harvesting five to seven years later when sufficiently mature. Abagold has a 20% shareholding in Port Nolloth Sea Farms Ranching (Pty) Ltd ("PNSFR") at Kleinzee and a 50% stake in Benguella Wealth in Lüderitz. Abagold's co-shareholders in both operations are experienced ranching operators with all the necessary government permits to ranch abalone at the two sites.

Spat stock, supplied to PNSFR since 2013 from the Abagold hatchery in Hermanus, is being harvested for the fourth year at Kleinzee, with an additional 16,5 tonnes (2023: 12 tonnes) of full-sized abalone harvested at PNSFR and processed and sold by Abagold this fiscal year. We expect Benguella Wealth to start harvesting around 2028/9. The full-size product is sold predominantly in the dried and live formats, and Abagold continues to grow and develop this market as sustainable for the long term. Selling prices for this product came under pressure for the first time in 2024 as the market responded to the oversupply of dried product.

Abagold continues delivering approximately 1,2 tonnes of juvenile abalone per month to the PNSFR operation at market-related value, and up to 2,0 tonnes of juvenile abalone to Benguella Wealth, where the stock is planted into the ocean to ensure long-term sustainability and consistent volume flow for the future.

The monitored performance of the abalone planted in the ranching areas since 2013 remains encouraging and the high survival and growth rates of more recent plantings indicate significant long-term potential. The harvest for the coming year is expected to be around 15 tonnes.

Specialised Aquatic Feeds

Specialised Aquatic Feeds ("SAF") ended the financial year strongly with a significant increase in both total revenue and volumes. The negative impact of higher commodity prices on feed ingredients, and the general economic environment where most of SAF's customers operate, placed the operation under some pressure. However, the strategy to align with the growing pet food market is showing positive results. The efficiency improvements and good production management allowed SAF to deliver a profitable performance for the year. SAF has now balanced its offerings, reducing its reliance on the SA trout-farming market and building a sustainable

pet food market together with supporting the growing Koi markets. The FY25 plan for SAF to become a sustainable profit-making operation is well advanced currently. The SAF team remains committed and positive and acted responsibly throughout the year, while adjusting to the fast-changing environment and global conditions.

This commitment throughout the year resulted in full-year sales of 4 810 tonnes, an increase of 54% year-on-year. Total revenue of R121,2 million (including intergroup sales) was 66% higher than in 2023. The slightly reduced gross profit margin for the year on some of the newer products resulted in a net profit before tax of R1,9 million (2023: R0,9 million loss before tax), with positive cash generated from operations of R2,4 million for the full year (2023: R1,7 million positive).

SAF remains a critical and strategic partner of Abagold and is committed to product improvements in order to enhance growth on the Abagold farms, while diversifying its offering by producing feed for the abalone, tilapia, catfish, koi, pigeon and niche pet food markets nationally and into Africa.

Abagold farm management appreciates the continued improvements and innovation with regard to the abalone feed produced by SAF, which is delivering impressive growth performance, especially in respect of the larger-sized abalone. Management remains 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 50:50 joint venture with an Omani partner, Muscat Overseas Group ("MOG"), in a then 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 the hatchery in August 2022 and has been producing spat consistently and farming the unit since that time.

The abalone growth on the unit in Oman during the past year was disappointing, not reaching projected growth rates on the farm for most of the year. As a result, the shareholders and management presented a plan to address the areas considered to be restricting growth, and these included a further investment in the water intake by extending the intake structure into the bay in order to deliver higher volume and cooler water to the farm, especially during the annual warm-water period. There was significant work done on many other areas of operation, from stocking density, feeding, seaweed production for diet diversification, to sorting and handling methodology. The environmental conditions in Mirbat this year were complicated, with an extended warm-water period and temperatures well in excess of 10-year historical levels. The first abalone harvest and sales from the operation have now been delayed and are only planned for March 2025.

The initial investment in Phase 1 aimed for a limited-volume operation to complete the 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 a potential 600-tonne production unit. However, the ranching opportunity identified in this region of Oman will form part of any expansion plans in Oman, potentially reducing the need to build the full 600-tonne farm on land. The implementation of the fully diversified ranching project has overcome a number of key hurdles involving local and national government bodies, and this project is planned to move into the execution phase by mid 2025. Once the ranching project and partners have been approved, the full plan will be communicated. Success in the first phase is being measured against key performance milestones agreed with management and the joint venture partner.

Energy

Abagold has integrated the large battery on Sea View and the photovoltaic ("PV") installations on all three farms and this is now operating effectively. The focus on the capability and coordination of all electrical installations across the business has delivered meaningful savings and improved energy efficiency. Abagold will continue to identify all other potential sources of renewable energy as part of its mandate to reduce costs and to provide reliable energy supply to help offset the longer-term risks of the 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 the farms remains essential to ensure the sustainability of the Abagold biological pipeline. The focus in FY25 is for the hatchery to be efficient and to provide a cost-effective supply of spat to the Abagold pipeline. There will no longer be any distraction of producing spat for external sale to other farms. The hatchery continues to aim at reducing the time-in-hatchery and delivering more resilient spat, at lower cost, through genetic selection and improved performance. The hatchery operation is the springboard for the rest of the organisation to achieve growth targets, competitive feed-conversion rates and larger-sized abalone more quickly and consistently.

Production

The Sea View, Sulamanzi, Amaza and Bergsig farming operations are currently at 90% capacity (purposefully managed to ensure the active management and most efficient pumping and energy cost structure), with abalone maturing and enabling the sales team to have access to the balanced pipeline with larger-sized product to harvest throughout the year, in line with forecast and demand. The growth rates targeted for 2025 and the period beyond continue pushing the upper boundaries of the long-term performance measures, and this is possible with new technology, the growing impact of the genetic selection programme, and improved consistency in feeding and services delivered to the tanks. The production team is improving implemented innovations, such as improved technology in tank cleaning, radio frequency identification ("RFID") tracking technology for baskets, and paperless sorting systems that have already reduced costs and improved efficiency across all the farming units. These improvements are built into the forecast-production models. The focused improvements, measurement, analysis and efficiency across all production units will continue to deliver enhanced performance through FY25.

Sales and marketing

The market conditions through traditional channels and markets, especially Hong Kong, are expected to recover in the second quarter of FY25, with demand strengthening. The sales and marketing team is ready to react quickly, and remain innovative, in close contact with Abagold's loyal sales partners, to ensure continued efficient and profitable trading.

From a dried-abalone perspective, although large volumes of farmed, confiscated and poached product from South Africa have dampened demand somewhat, the consumption of dried abalone in China remains resilient and Abagold plans to maintain premium pricing and consistent quality into this market. The traditionally large volumes of illegal (i.e. poached) South African abalone continue flooding the Chinese market through Hong Kong, and this does have an impact on demand for farmed dried abalone. The team remains focused on expanding demand in Mainland China. We are confident that, with a recovery in the Chinese economy, more consistent Asian tourist travel and hospitality habits will return with demand for canned product, which should also recover by the end of the second quarter of FY25.

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 in order 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

Due to the impact of this most recent challenging year, including the impact of the can recall and the slow market recovery in Asia, along with the recognition that the business needs to maintain a minimum threshold of cash reserves to support it through such complex times and events, the Board regrets to announce that there will be no dividend for the 2024 financial year. The management and Board of Abagold remain committed to enhance shareholder value with a credible, consistent and effective dividend policy, but also believe that all shareholders will understand the decision in this regard for the 2024 fiscal year.

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, 19 of 2012 (the "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 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 Phindile Kubheka, the company secretary of Abagold, at phindile@abagold.co.za 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 counterparty.

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 phindile@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) Limited.

For questions relating to this interim procedure, please contact Phindile Kubheka (*company secretary*) on 028 313 0253.

BOARD OF DIRECTORS

During the year the Board welcomed Steven Faure as non-executive director. Steven replaced Wayne Keast as the Inspired Evolution representative on the Abagold Board, following Wayne's resignation as such. In terms of the Memorandum of Incorporation, Steven is required to be proposed for re-election by the shareholders at the annual general meeting on 6 December 2024. Details of his qualifications appear on page 31.

The Board would like to express its appreciation for Wayne's dedication and contribution to the activities of the Board on which he served for seven years.

In line with our Memorandum of Incorporation, Thlabeli Ralebitso is required to retire as director by rotation, but, being available, he is proposed for re-election to the Board. We thank Thlabeli for being willing to continue serving Abagold in this capacity. Details of his qualifications may be reviewed on page 31.

ACKNOWLEDGEMENTS

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 well-being 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, by the Board, along with input from the Board. This was further highlighted by the way that management maintained communication with the Board on components such as the can recall, load shedding, energy-supply challenges as well as changing market conditions and critical operational components, when necessary. This open communication is appreciated by the Board. We look forward to working together, while 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 20 September 2024.

Hennie van der Merwe
Chairman

Timothy Hedges
Managing Director

SUSTAINABILITY REPORT

MANUFACTURING CAPITAL | NATURAL CAPITAL | HUMAN CAPITAL | INTELLECTUAL CAPITAL | SOCIAL AND RELATIONSHIP CAPITAL | FINANCIAL CAPITAL

Abagold has adopted the "Six Capitals" model, as recommended by the International Integrated Reporting Council, which 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 680-tonne capacity, a processing plant, as well as an aquaculture feed manufacturing facility.

Measurables	■ As a continuation of the energy supply strategy, and in response to the excessive load shedding over the past few years, Abagold purchased a 5,7 MWh battery energy storage system ("BESS") in FY23, which was commissioned in FY24, requiring seamless integration of existing energy-generation and is a critical tool for managing the KW/h cost of electricity. ■ Abagold's digitisation journey continued with improvements in data handling when sorting abalone, which data is now captured digitally at the source. Abagold developed an in-house application and hardware solution, interchangeable with barcode or radio frequency identification ("RFID") technology, thereby mitigating errors and improving data flow. ■ Oman Aquaculture Company ("OAC") has improved the water flow on the farm by extending the water inlet pipe by 80 metres. This extension will also provide access to more consistent water supply as well as cooler sub-surface water which we expect will be growth positive. The grow-out unit is expected to reach full capacity early in 2025. ■ The hatchery spat production for the year of 9,4 million spat, at a competitive and affordable cost, with the excess spat of about 2,2 million being sold to various third parties to supplement their abalone pipeline. ■ Abagold delivered more than 17 tonnes of small abalone to ranching projects on the West Coast and Namibia, in which we own equity interests, and which serves as a model for further sustainable development. ■ The factory processed 513 tonnes of product in FY24, which includes dried, live and canned product for export. ■ The feed factory manufactured 4 800 tonnes of feed in FY24 and plan to manufacture 5 700 tons in FY25. This includes abalone feed, which provides Abagold and other abalone farms with a secure source of feed. Sustainability is enhanced by producing other aquaculture, niche pet and specialised feeds for sale. ■ Abagold entered into a new joint venture that produces insect protein for animal feed production, by utilising black soldier fly larvae which feed on a wide range of residual waste streams that is efficiently converted into protein-rich body mass. ■ More than 275 tonnes of different varieties of natural seaweed were produced during the year. ■ In 2017, basket-making was spun off into Aquawomen (Pty) Ltd, with majority ownership transferred to an employee trust with long-serving staff as the beneficiaries. In FY24, Aquawomen (Pty) Ltd produced and sold 5 630 (2023: 8 673) new baskets and repaired 15 679 (2023: 22 581) used baskets for Abagold.
Activities to enhance outcomes	■ Ongoing innovation and efficiency improvements in the processing factory in order to deliver improved yield results. ■ Infrastructure renewal on the farms to support and improve capacity and abalone growth rates. ■ Innovation enhancements to lower the cost of production and improve control of biological assets. ■ Maximising the benefit of the new 5,7 MWh battery energy storage system as a powerful tool to ensure consistent supply of water and air to the farms while helping to lower the cost of production during periods of load shedding. ■ Improving operational performance for the Oman farm as motivation for the potential expansion in Oman, which now includes a ranching project scheduled to start mid 2025.
Goals	■ Evaluate and measure the key milestones as part of Phase 1 of the business plan for the Oman abalone farm. ■ Improve growth performance on the Oman farm and implement a revised strategy with the inclusion of ranching in Oman. ■ Sustainably decrease production costs to R280/kg on a mature pipeline with the aid of automation and improved productivity. ■ Continue on the paperless journey through the roll-out of digitisation projects that improve the efficiency of data management and the flow of information. ■ Continue to actively expand the ranching footprint through sustainable partnerships and collaboration.
Combined assurance	■ The NRCS performs ongoing monitoring and evaluation of food-safety standards at Abagold. ■ Abagold holds a voluntary Food Safety System Certification (FSSC 22000). ■ Abagold is registered with the globally recognised organisation, Friend of the Sea, and holds its sustainability certification.

NATURAL CAPITAL

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

Measurables	■ Compliance with national fisheries and environmental regulations. ■ Rights held to engage in marine aquaculture (for renewal in 2032). ■ Permits held for integrated grow-out: Sulamanzi, Bergsig, Sea View and Amaza farms. ■ Permits held to possess abalone broodstock, operate a hatchery and operate a marine aquaculture fish-processing establishment. ■ Permits held for coastal water discharge and extraction of seawater. ■ Actively engaged resource management: This includes energy efficiency and water stewardship via metering to reduce freshwater dependency, bioremediation, monitoring and mitigation measures. ■ Long-term environmental monitoring: This includes water and tissue sampling for nutrients, bacteria, biotoxins, drug residue, heavy metals and phytoplankton both by in-house experienced specialists and accredited third-party service providers. In addition, high-tech monitoring equipment provides continuous water-quality data feed, including chlorophyl a and phycocyanin. ■ Animal health management: This includes dedicated and frequent third-party stock assessments, histopathology assessments, and polymerase chain reaction ("PCR") monitoring of diseases listed by the World Organisation for Animal Health ("WOAH") in compliance with 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 in order to mitigate risks to operations and ensure optimal animal health.
Activities to enhance outcomes	■ Ongoing monitoring and effective contingency planning to ensure resilience with regards 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 sustainability-focused circular economic model, including energy efficiency, engaging alternative energies, and water stewardship via feedback and maintenance plans, active waste management through bioremediation, recycling initiatives, innovation, and supplier accountability. ■ Continued investment in animal health management and biosecurity.
Goals	■ Continue to improve the digitalisation and automation of water-quality monitoring where justified through an adequate return on investment. ■ Continue to streamline and develop effective monitoring and reporting protocols in respect of resource use and systems management in order 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 United Nations ("UN") Global Compact Principle Seven, which calls for prevention rather than remediation, by recognising our environmental responsibility towards the continued development of a focused 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 mandated Department of Forestry, Fisheries and the Environment ("DFFE") compliance protocols, including the reporting of production, water-quality and food-safety data, mandated and third-party voluntary biosecurity audits, health management outputs and food-safety audits. Abagold holds an international Friend of the Sea Sustainability Certification and was awarded the prestigious Friend of the Sea 2022 Sustainability Award.

HUMAN CAPITAL

"Human capital" refers to the knowledge, skill sets and experience employees and prospective employees have. At Abagold, the concept of human capital has evolved into the realisation that the quality of work can also have an impact on the improvement of productivity and on engagement within the organisation.

Measurables	■ The Group average headcount for FY24 was 433 employees, including permanent and fixed-term employees. ■ FY24 showed monthly average of 2.22% absenteeism, which resulted in payroll cost of R60 000 for FY24 compared with R85 000 in FY23, which is a 28% decrease year on year. ■ The voluntary Abagold Stokvel Incentive Programme ("ASIP") has been operational for two years, with over 80% consistent participation. It rewards participating employees for saving, and includes additional incentives for improved productivity benefitting the business. The programme helps to align the entire business around important key performance indicators ("KPIs"), and participation is limited to eligible employees based on human resource ("HR") records. In FY24, the ASIP paid out approximately R1 million in added incentives due to the business achieving predetermined operational targets. ■ Agri-Seta also approved four artisans' recognition of prior learning programmes for internally sourced artisans in the field of Mechanical Fitting and Electrical. ■ Agri-Seta approved five graduates, 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. Our interns are now housed within two separate units in the Hermanus Beach Club, being in a safe environment and walking distance to work.
Activities to enhance outcomes	■ An on-site clinic supports our employees in terms of primary healthcare, with the nursing sister working closely with two local doctors, whose fees are subsidised by Abagold, and the local community clinic. ■ Ongoing collaboration with third parties takes place to improve the level of employee engagement through initiatives with the South African Revenue Service ("SARS") Mobile Unit, as well as wellness days with our local clinic. ■ Financial wellness training was introduced in response to internal survey feedback and the increase in the cost of living. Over 90 employees attended the workshops held by external consultants, which were hosted across four days. ■ Stress Management Workshops were held for over 95 employees that covered how to better understand what causes stress, how it affects their well-being, what coping techniques are optimal and so much more. ■ Abagold's aim for 2025 is to achieve Agri-Seta accreditation for relevant aquaculture qualifications. An internal committee has been established to assist in making this a reality, with the help of subject matter experts. ■ A six-month mentoring programme links all new employees and high-performing employees with a senior manager to help employees transition into the next phase of their careers. ■ In response to the current financial challenges facing Abagold, we reviewed our Masonge Initiative, and we are doubling our efforts in cost saving, efficiencies, and productivity improvements, hence the name (Masonge – "Double Up").
Combined assurance	■ The BEE rating agent provides an annual, independent measure of compliance with the AgriBEE scorecard and this year we achieved a level 3 B-BBEE rating. ■ The Department of Labour review conditions of employment in terms of the Basic Conditions of Employment Act ("BCEA") and of equity submissions, as well as compliance with regional targets.

INTELLECTUAL CAPITAL

Our "intellectual capital" refers to the expertise and industry knowledge, gained over more than 25 years of operations, and includes our know-how, systems, processes, and strong brand reputations, 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 22000), Hazard Analysis Critical Control Point ("HACCP") compliance, National Regulator for Compulsory Specifications ("NRCS") compliance, and Friend of the Sea certification. ■ A permit is held for Marine Aquaculture Scientific Investigations and Practical Experiments. ■ Abagold has a dedicated research department and engages with national and international tertiary institutions and research institutes, government, and industry research committees.
Activities to enhance outcomes	■ Through genotyping and genetic selection, the genetic improvement programme is committed to the continual development of profitable and biologically efficient abalone production, with improved utilisation of feed, land and water resources via high-yielding broodstock. ■ Feed product development is aligned with protocols to ensure optimal growth and animal health while mitigating effects on the environment through the continued commitment to sourcing traceable and sustainable ingredients, while at the same time investing in research such as fishmeal replacements, seaweed inclusion, and alternative proteins, thereby maintaining the "all natural" commitment. ■ Ongoing delivery of juvenile abalone to our ranching projects in order to ensure an adequate pipeline and stock for future harvesting. ■ Ongoing commitment to multidisciplinary research and collaboration locally and internationally.
Goals	■ Market access for export to new geographies such as Europe and North America. ■ Combined, global marketing expansion together with the Oman joint venture, and development of the market for Oman abalone. ■ Continued commitment to developing the knowledge base in respect of abalone-cultivation operations and the associated industry globally. ■ Improvement in growth rates of 5–10% resulting from the genetic improvement programme.
Combined assurance	■ Local assurance providers include DFFE, NRCS, the 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 404 permanently employed staff (FY2023: 402). ■ Abagold introduced its first-ever Employee Share Ownership Plan ("ESOP"), which purchased 10% of the share capital of the Abagold business through a vendor-financed arrangement with a 15-year time horizon. The beneficiaries are Abagold employees, and units are allocated based on years of service. ■ As part of our procurement policies, Abagold spent R87 million in support of small, medium and micro enterprises ("SMMEs") in the local community. ■ The Abagold Development Trust supports high school and tertiary-level students through bursaries, mentorships and holiday programmes across various disciplines, including accounting, law, information technology and the arts. ■ Abagold supports early childhood development centres through the initiatives of the Abagold Development Trust. ■ The Abagold Development Trust embarked on multiple community initiatives at schools and early childhood development centres in the local community and enlisted the help of Abagold employees. One of the projects included renovating a care facility for disabled children in Zwelihle township. The Trust has also initiated a maths programme at the local primary school with the aim of encouraging a love for maths that will help with improved career outcomes.
Activities to enhance outcomes	■ Active management of local procurement spend with the objective of promoting the development of local SMME suppliers. ■ Ongoing community engagement and investment through the Abagold Development Trust, comprising trustees who are active in the community. ■ The primary mandate of the Abagold Development Trust is education, and specifically early childhood development.
Goals	■ Contribute to the development of the talent pipeline in the community. ■ Upskill and ensure safe and effective local early childhood development centres. ■ Promote the shared objective of education development in the community through various community initiatives.
Combined assurance	■ External BEE rating agents provide an annual, independent measure of compliance with the AgriBEE scorecard. With the last review, Abagold achieved a Level 3 broad-based black economic empowerment ("B-BBEE") rating.

FINANCIAL CAPITAL

The Group's financial capital is comprised of equity, debt and internally generated capital in order to fund and sustain our organic and acquisitive growth targets. Refer to the consolidated financial statements for more details.

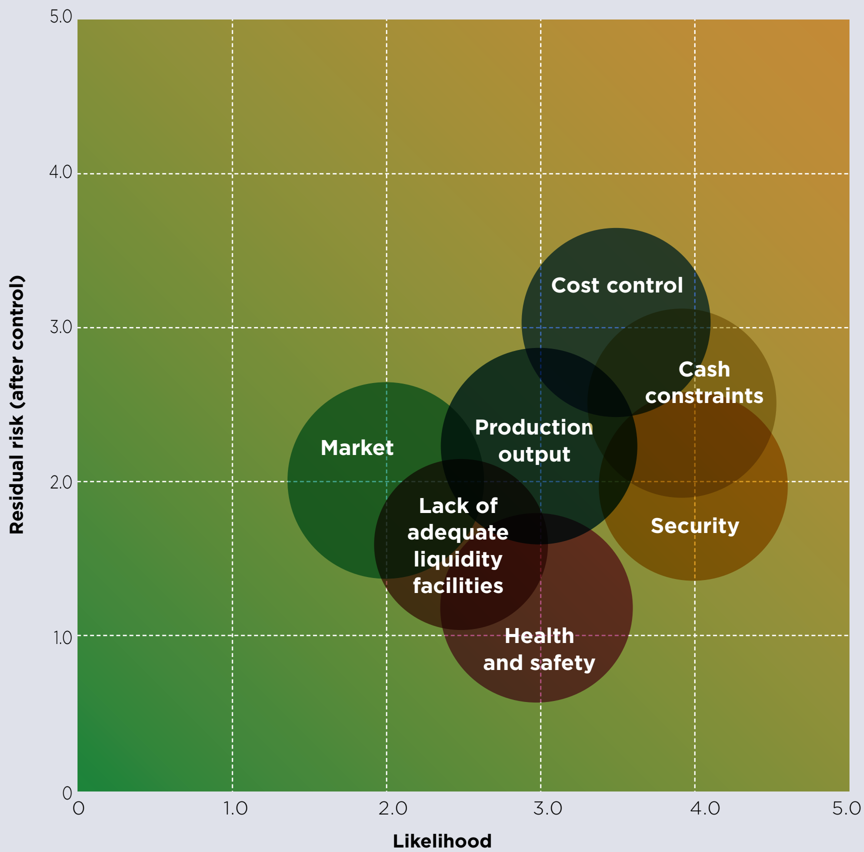
Measurables	■ Group cash generated from operations increased to R17 million compared with R16 million in the prior year. ■ Group net debt increased to R165 million as at year-end from R137 million in the prior year, inclusive of an increase in investing activity during the year. ■ The net debt-to-equity ratio was 46% excluding the battery loan, compared with 33% in the prior year. ■ Abagold successfully introduced a company initiative to contain costs and improve efficiencies, and through a combined team effort managed to reduce production costs per kg by 8%. ■ Omani bank-funding facilities for the Oman abalone farm were maintained, with the terms for both Phase 1 and 2 facilities renegotiated. ■ Investment in a new ranching project in Luderitz, Namibia will provide the business with more diversified and sustainable abalone production capability. ■ Investment in an innovative insect protein production facility, which utilises black soldier fly larvae as the protein source.
Activities to enhance outcomes	■ Monthly management review of monthly performance against agreed budgets and forecasts, including funding requirements. ■ Quarterly Board review of performance and of strategy implementation, including funding requirements. ■ Review and evaluation of the key milestones for Oman Phase 1, and provision of ongoing operational support. ■ Extracting maximum value from the battery energy storage system in order to make funding repayments to the bank.
Goals	■ Maintain 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 regard 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

INTRODUCTION

Abagold Ltd is committed to upholding robust risk management principles that help manage uncertainty and the related risks and opportunities, with the objective of achieving optimum shareholder value while mitigating risks to the business. The integration of risk management into our organisational culture ensures that risks are diligently identified, assessed, managed, and minimised to the greatest extent possible by our management team. This approach guarantees the long-term sustainability of operations and the leveraging of Abagold's competitive edge. Risks identified by management are monitored and reviewed regularly by the risk committee, which is a committee of the Board of directors of Abagold Ltd ("the Board"). The 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.

TOP RISKS - HEAT MAP



RESPONSIBILITY FOR RISK MANAGEMENT

The Board delegates full responsibility to management, while retaining accountability for risk management. The Board has delegated specific responsibility through the risk committee to management. The risk committee, 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 risk committee 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 alongside.

Rating	Risk Impact		Likelihood of Occurrence
1	Minimal	Loss < R2,5 m	Unlikely – 1
2	Moderate	R2,5m < 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 organisation 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 reassessed, 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 risk committee on a regular 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.

KEY RISKS			
Risk	**Impact of risk**	**Controls to mitigate risk**	**Current status**
Health & safety (H&S)			
• 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 representatives 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 occupational health and safety system and documentation required to achieve a safety culture.	• Continued improvements in safety culture at Abagold with collaboration between all staff at every level. • Abagold's Lost Time Injury Frequency Rate ("LTIFR") dropped from 1,1 in FY23 to 0,9 in FY24.
Production output			
• Grid collapse and excessive disruption in energy supply by Eskom or municipality (total interruption and/or shortage in national generation capacity). • External threats such as disease or damage to property. • Lapsing of permits, concessions or leases.	• Loss of production due to disruptions in energy supply. • Legal/compliance issues resulting in inability to farm/ process/export. • Reduced standing stock impacting production capacity.	• Integrated energy plan in place and reviewed annually. • Actively engaging the Department of Public Works ("DPW") regarding the lease renewal of the Sea View property in New Harbour. • 2 MW solar PV rollout complete and able to contribute to reduction in diesel consumption during load shedding. • 10 generators on site which are able to meet 100% of the energy requirement during load shedding. • 5,8MVA battery energy storage system provides additional capacity for lowering the cost of energy production.	• "Grid collapse" methodology defined to "keep pipeline alive" for 2–3 weeks without any diesel supply. • Diesel supply contracts in place as well as storage capacity for over 48 hours of energy generation at full capacity. • Aquaculture mortality insurance in place together with operational defence mechanisms, including reticulation. • Cost of energy currently below the average municipality blended rate.
Cost control			
• Increased production cost due to Eskom load shedding and inflationary pressures, resulting in potential margin erosion. • Delay in construction, and capex cost overruns.	• Excessive cost per kg of growth, thus increasing the operating costs. • Long-term sustainability at risk as margin is squeezed. • Increasing energy cost due increased diesel usage.	• Cost per kg of growth measured against a benchmark. • All major cost drivers linked to production output with the aim of driving efficiency. • Improved efficiency through automation and paperless technologies. • Improved growth performance and production output through innovation and automation. • Appropriate key performance indicators and incentive programmes that reward improved productivity. • Successfully using paperless technologies to roll out digital solutions in place of manual processing and improve the efficiency in data handling.	• Successful cost reduction initiatives during Operation Masonge (meaning "Lets Save!") contributed to an 8% reduction in the cost of production. • Acquired a 5,7 MVA battery energy storage system ("BESS") on an engineering, procurement and construction ("EPC") contract, which was commissioned in FY24. • Overall improved growth performance from focused attention to detail in the farming operations – water, air, feed and stocking density. • The Stokvel incentive programme has in excess of 80% employee participation and pays rewards based on individual behaviour as well as production output.

KEY RISKS			
Risk	**Impact of risk**	**Controls to mitigate risk**	**Current status**
Lack of adequate liquidity facilities			
• Insufficient and inadequate funding facilities. • Expensive and mismatched funding lines resulting in renewal risk.	• Not having the appropriate capital structure to support the operations. • Insufficient operational cash flows to fund the business's operational and growth requirements. • Inability to fund critical capex.	• Ongoing review of funding headroom and cash flow projections by management and the Board. • Signed bank facility agreements that are renewed annually. • Capex control through internal structure and a strict authorisation matrix. • Working capital and pipeline management focused on ensuring a minimum funding headroom.	• Debt-to-equity ratio of 50% excluding the battery loan. • Operation Masonge has been implemented across the business with a focus on reducing the cost of production. • Funding headroom has been negatively impacted by the product recall, which cost in excess of R30 million.
Market			
• Blocking of market access for South African abalone due to conditions outside of 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 in respect of 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 an ability to quickly adapt the biological pipeline in response to shifts in the market. • Well-diversified customer base and geographies with over 21 customers and nine territories. • Decreased demand for luxury goods due the global economic pressures have negatively impacted the abalone selling price in FY24.
Security			
• Physical loss of finished goods, causing potential major losses to the business. • Security breach or syndicate attack (theft). • Community unrest linked to service delivery or politics.	• Financial loss due to damaged or stolen fixed assets or stock. • Threat to employees and assets.	• Security systems in place and well-defined stock control to limit small-scale pilferage. • Adequate level of all-risk insurance and marine cargo insurance cover. • Regular physical checks/searches of premises. • Effective communication with law enforcement and emergency agencies. • Maintaining and improving coverage by onsite tactical team in association with neighbouring farms. • Newly installed camera system and off-site monitoring.	• Full-time security manager evaluating and managing potential security gaps and breaches. • Critical Event Management Plan (Strike Action Plan) in place. • Security company support with set protocols and 24-hour armed guards.

BOARD OF DIRECTORS

H van der Merwe (77)

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 the nominations committee and member of the 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)

T Hedges (61)

Managing director, executive director – appointed to the Board in April 2015

Qualifications: BSc (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 (62)

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

F Davids (29)

Non-executive director – appointed to the Board in July 2023

Qualifications: BBusSci (UCT); B. Com (Hons) (UCT), M. Com (UCT) , CA(SA)

Directorships in other entities: Fareez is a full-time employee of Futuregrowth, which 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

J Wilken (63)

Independent non-executive – appointed to the Board in December 2008

Qualifications: BCompt. (Hons); CA (SA); MBL

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

Directorships in other entities: Directorships in other entities: co-Founder & managing director Insurtech Fuel, chairman Bremer Investments and group entities, director Vredenburg Estate, Breedecom 026 and Merx Underwriting Managers. Previous positions held include financial director Santam & Telesure Investments Holdings, interim chief executive Officer Santam & Old Mutual Insure, chief executive Doves. and executive partner 360 Troy.

Y Visser (57)

Independent non-executive – appointed to the Board in June 2000

Qualifications: BLC LLB (Pret.)

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

Directorships in other entities: Managing director of Bremer Investments, vice-chairman of Acorn Agri and Food Ltd and Director of Heelbo Boerdery

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

BOARD OF DIRECTORS

E Manchest (51)

Financial director – appointed to the Board in February 2020

Qualifications: BPharm (UWC); BCom & 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

C Ralebitso (54)

Independent non-executive director – appointed to the Board in January 2021

Qualifications: BEng (Mech.)

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

Directorships in other entities: Tlhabeli is presently the chairman of Ralco Investments and the chief executive officer of the 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

M Hugo (43)

Chief operating officer – joined Abagold in February 2021 and appointed as alternate director in December 2023

Qualifications: BEng (Electr.) (Stell.); MBA (UCT)

Role at Abagold: Responsible for farming operations, technical, maintenance, project development and research

S Faure (47)

Non-executive director – appointed to the board in September 2024

Qualifications: BEcon (Hons) (Stell.); MBA (cum laude) (Stell.)

Directorships in other entities:
Directorships in other entities: Steven is a partner and investment committee member at Inspired Evolution Managers Limited (IEML). He represents the interests of IEML on various boards of unlisted companies.

P Kubheka (33)

Company secretary – joined Abagold in May 2018

Qualifications: B. Com & PGDA (UCT); PGDip (Tax) (Unisa); CA(SA)

Roles at Abagold: Member of social and ethics committee

Phindile is the financial controller for the Abagold Group

After completing articles with KPMG, she joined Abagold as the financial manager for Specialised Aquatic Feeds and was later promoted to financial controller for the Abagold Group

EXECUTIVE MANAGEMENT TEAM

T Hedges (64)

Managing director, executive director – Appointed to the Board in April 2015

Qualifications: BSc (Agric) Hons (Stell.)

Tim joined McCain Foods in 1996 and worked in Argentina, the 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 (51)

Financial director – appointed to the Board in February 2020

Qualifications: BPharm (UWC); BCom & 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)

J Engelbrecht (60)

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). Prior to that he was general manager at McCain (mechanisation and farming)

M Hugo (43)

Chief operating officer – joined Abagold in February 2021 and appointed as alternate director in December 2023

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

Qualifications: BEng (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

W Piek (46)

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

Responsible for sales and 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 REPORT

Attendance:	Non-executive to executive director split:	Gender diversity:	Board independence:
97%	7:2	20%	57%

MAJOR BOARD DECISIONS:

- Approved the amendment of the Memorandum of Incorporation to facilitate the terms of the AE Ordinary shares, as approved by the AGM, and which shares were issued to the Abagold Empowerment Trust.
- Approved the restructure and increase of the bank funding facility.
- Reviewed and revised the Group's strategy for the ensuing financial year.
- Approved the FY25 budget and five-year operating plan.

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 2024.

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 that may be affected by what we do.

COMPLIANCE STATEMENT:

The Board confirms that, for the year ended 30 June 2024, the Group complied with the provisions of the Companies Act and operated in conformity with its Memorandum of Incorporation. The Board further confirms the compliance in all material respects with the principles of the King IV Code of Corporate Governance.

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 (see table below) supporting the execution of the organisation's risk management capabilities.

			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	
	Managing director strategy meetings, manco meetings, departmental meetings, transformation forums			Policies, procedures, insurance and internal controls	
1st line of assurance			**GROUP AND DIVISIONAL MANAGEMENT**		

The Board is of the opinion that we have adhered to our Board charter and that the Group has complied in all material respects with the requirements of the King IV Report on Corporate Governance ("King IV") and 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 the Regulations thereunder ("the Companies Act").

Continued awareness of, and compliance with, the requirements of the Companies Act in daily operations and in corporate structuring and governance remained the focus for 2024.

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 mindful of the long-term effect the same could have on the Six Capitals employed in the value-creation process (refer page 18).

Composition and size

At the date of this report, the Board consists of seven 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 are proposed for re-election 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 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 providing 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 to 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 company secretary is an integral part of Abagold's corporate governance process and has a number of tasks, which 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, both collectively and individually;
- Responsibility for reporting to the Board any failure on the part of the Group and/or a director to comply 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 company 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 four non-executive directors and, as invitees, 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 nominations committee**, comprising three non-executive directors and, as invitees, two executive directors, is responsible for succession planning and makes recommendations to the Board regarding membership of the Board.
- **The audit committee**, comprising four non-executive directors who comply with the requirements of the Companies Act relating to audit committee members, 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; the external audit processes; the Company's process for monitoring compliance with laws and regulations; its own code of business conduct; and the 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 reappointment 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 comprising four non-executive directors. The committee has a formal mandate and its effectiveness is assessed by the Board in terms thereof.

The committee meets at least three times per year, or more often if required. The external auditor, the managing director and the financial director 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 pages 54 to 55.

- **The risk committee**, comprising four 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 the 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 at least three times per year, or more often if required. The managing director, financial director and chief operating 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 pages 25 to 29.

- **The social and ethics committee**, comprising one non-executive director 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. The audit committee and risk committee meet at least three times a year, while the other committees meet less frequently.

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

	Board	Audit committee	Risk committee	Remuneration committee	Nominations committee	Social and ethics committee
Number of meetings held	4/4	3/3	3/3	2/2	2/2	2/2
Attendance by directors:						
TR Hedges (managing director)	4/4	3/3*	3/3*	2/2*	2/2*	2/2
HR van der Merwe (chairman of the Board)	4/4@	1/3*	1/3*	2/2	2/2@	-
E Manchest (financial director)	4/4	3/3*	3/3*	2/2*	2/2*	2/2
M Hugo (alternate director)	3/3*	-	3/3*	-	-	-
WB Keast**	2/4	-	-	-	-	-
YJ Visser	4/4	3/3	3/3@	2/2	2/2	-
JW Wilken	4/4	3/3@	3/3	2/2@	2/2	-
JN Hamman#	2/2	-	-	-	-	-
CT Ralebitso	4/4	3/3	3/3	-	-	-
A Archary	4/4	-	-	2/2	-	2/2@
F Davids^	4/4	3/3	3/3	-	-	-
P Kubheka&	4/4	-	-	-	-	2/2*

@ Chairperson
* Attended by invitation
** Attended in person or by sending an observer
^ Appointed in June 2023
& Company secretary

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 are included as agenda items for the next board meeting.

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 advise 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 regarding 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 these companies' shares on an over-the-counter ("OTC") platform. The Board, however, wishes to continue facilitating trade in Abagold shares in a manner that will 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 in contact with one another in order 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 an appropriate stock exchange.

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 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 financial statements and explanations are set out in the directors' approval and declaration of responsibilities on page 56 of the 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 Report") 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 Report.

The Board confirms that the Group's current corporate governance practices enable material compliance with the 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 annually sign a staff declaration 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, to be 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 are included as agenda items for the next Board meeting.
	PRINCIPLE 5 ***Reporting for decision-making***	The Integrated Annual Report presents material so as 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 financial statements as well as corporate governance, value-creation and risk management disclosures. The Board, with the assistance of the audit and risk committees, ensures that reports issued comply with legal requirements and meet the information needs of material stakeholders. The external auditors provide assurance on the 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 are incorporated in the Board's annual work plan. The Board is satisfied that it has fulfilled its responsibilities in accordance with the Board charter. The Board embrace its role as custodian of governance, which includes annual Board continuity and effectiveness reviews to improve the overall well-being 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 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*	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 the audit committee, risk committee, nominations committee, remuneration committee, and social and ethics committee. Accountability is delegated through committee charters for the respective committees, and the effectiveness thereof is measured annually.
	PRINCIPLE 9 *Performance evaluation*	An informal self-evaluation of the Board and of committees' performance during the financial year ended 30 June 2024, was performed. The Board is satisfied that the evaluation process is improving its performance and effectiveness, and is satisfied with the remedial actions taken.
	PRINCIPLE 10 *Delegation to management*	The Board assesses succession planning, Board delegation policies and managing director ("MD") performance annually. The Board appointed a MD and financial 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, that risks are managed, and that the day-to-day business of the Company is monitored.
GOVERNANCE FUNCTIONAL AREAS	**PRINCIPLE 11** *Risk governance*	The governance and oversight of risk management have always been a material item in 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 is submitted at each meeting of the risk committee and twice a year at a Board meeting.
	PRINCIPLE 12 *Governance over technology and information*	The Board has formally delegated responsibility for governing information and technology to the risk committee, which reports directly to the Board. The FD 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 information technology ("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 the audit and risk committees, which regularly review significant risks and mitigating strategies and report 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, which, amongst other things, is 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 but we apply this principle to our own investments when applicable.

The Board confirms that the Group's current corporate governance practices enable material compliance with the King IV principles.

REMUNERATION REPORT

REWARD PHILOSOPHY:

We seek to attract, develop and retain high-performing employees, and to remunerate and incentivise them to perform in alignment with business objectives. We aim to recognise and reward performance and innovation, recognising those who deliver outstanding results and embrace our core values.

Our remuneration report comprises three parts:

Part A: consists of a background statement from the Remuneration committee ("Remco") chairman, highlighting matters that impacted remuneration policies, the implementation thereof and matters of governance;

Part B: consists of the forward-looking remuneration policy; and

Part C: illustrates how the policy was implemented during the 2024 financial year.

PART A: BACKGROUND AND GOVERNANCE

Our remuneration philosophy complies with the principles and recommended practices of King IV and other legislative requirements.

The remuneration report provides stakeholders with an overview of our Group's remuneration philosophy and key remuneration policies and sets out how these policies were implemented during the 2024 financial year ("FY24"). The report also focuses on payments made to non-executive directors and Executive committee members during FY24.

We continuously monitor relevant changes in legislation that might impact our human capital, remuneration policy, and practices. The Remco will continue to review the policy to ensure it remains relevant, fair, and equitable.

We are pleased that, despite the challenging operating environment, the Group continues to remunerate our employees above the prescribed minimum legislative pay rate. The Remco remains confident that the practice is business informed, aligns with the Group's strategic objectives, and supports the Group's long-term business strategy.

Our governance

Committee membership

The Remco is a Board committee with the primary responsibility of overseeing the remuneration and incentives of Executive committee members and key management. The Board annually appoints committee members and an independent non-executive director as Chairperson. Members consist of at least three non-executive directors, the majority of whom are independent. The composition of the Remco is illustrated below.

Name	Role	Capacity	Attendance
H Wilken	Chairman	Independent non-executive	2
H vd Merwe	Member	Independent non-executive	2
C Visser	Member	Independent non-executive	2
A Archary	Member	Independent non-executive	2

The Remco has two scheduled committee meetings annually, which are held in February and September. It is understood that special meetings can be scheduled at any time when required. Furthermore, any decision required by the Remco can, with proper written motivation, be considered and resolved on a round-robin basis.

The following Executive committee members are invitees to the Remco:

- T Hedges – Managing director ("MD")
- E Manchest – Finance director ("FD")

The level of accountability for governing the policy and implementation thereof is illustrated below:

Governance framework	
Board	The Board is ultimately responsible for determining and approving a business-aligned remuneration policy and ensuring implementation and compliance thereof to support strategy execution whilst managing associated risk.
Remco	In line with its role and responsibilities, the Remco monitors performance and determines appropriate remuneration policies and guidelines for different groups, subject to Board approval.
Executive team	The Executive team is responsible to implement and comply with approved Remco and Board remuneration decisions, and also to consider and evaluate changes in policies and practices to further support strategy and business execution.
HR manager	The HR manager manages the day-to-day application of the policy. She also recommends changes to policies and practices to the Executive team.

Remco functions and responsibilities

- Determining the MD's remuneration.
- Determining Executive remuneration, as recommended by the MD.
- Determining short- and long-term incentives for group executives.
- Setting targets for performance-related pay schemes of executives.
- Recommending the non-executive directors' fees to the Board for final approval at the annual general meeting.
- Ensuring that the remuneration philosophy, principles and practices are aligned with the Group's business strategy.
- Ensuring adequate disclosure of directors' remuneration.
- Approving the annual average increase for staff remuneration, effective 1 March each year.

Activities of the Remco

During the year, the Remco activities included the following:

- Approving annual increases for FY24.
- Approving budgeted annual increase mandate for FY25.
- Approving non-executive directors' fees for final approval at the annual general meeting.
- Approving the payment of short-term incentive plans ("STIPs") for FY24.
- Approving the annual long term incentive plan ("LTIP") awards and vesting.

PART B: REMUNERATION POLICY

Remuneration philosophy

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

- Attracting talented and suitably qualified and experienced directors and senior managers;
- Retaining the services of management, executives and directors; and
- Providing management, executives and directors with remuneration that is just, fair, equitable and unbiased in terms of race and gender.

The reward framework focuses on five key elements, that, when integrated, effectively attract, retain and incentivise employees to achieve business results. These are:

1. 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 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 determined 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 supports that key staff can earn market related remuneration, thus securing the service of key staff.

2. Performance and recognition

We utilise a performance management system that aligns individual employee objectives to those of the organisation. We have a well-established STIP, aligned to achieving positive cash generated from operations. In addition, the executive team participates in an LTIP which is aligned with delivering longer-term shareholder value. The LTIP provides the opportunity to address the pay gap between guaranteed pay and the targeted median remuneration.

3. Benefits

Abagold aims to provide employee benefits comparative with, and benchmarked against, our elected comparator groups. We target the median of our comparator groups and realise that this may take us several years to achieve. This will be incorporated into our annual cost-of-employment budgets.

4. Work/life balance

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

5. Development and career opportunities

Abagold promotes a culture of continuous learning and development by providing all employees with learning and development opportunities, for the purposes of:

- enabling our employees to acquire the necessary knowledge and skills to perform their jobs effectively, thus ensuring that employees are able to contribute effectively, making individual roles meaningful and 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 Remco reviews and evaluates, on an annual basis, the contribution of executive directors and members of senior management and determine their annual remuneration adjustments. For this purpose, the committee considers salary surveys compiled by independent organisations.


ABAGOLD

Components of remuneration and pay mix

The remuneration packages of each executive committee member are reviewed annually. The Group has various formal and informal frameworks for performance management that are directly linked to remuneration increases, total guaranteed pay ("TGP"), annual STIP and the LTIP. This is aimed at encouraging and motivating sustainable performance as well as retaining employees.

Key objective	Structure	Eligibility
Total guaranteed remuneration ("TGP") The key objective is to provide a base element of remuneration that reflects the person's role/position in Abagold and is payable for doing the expected job.	Guaranteed remuneration is paid monthly on a cost-to-company ("CTC") basis. All employees receive guaranteed remuneration which is reflective of their roles. Guaranteed remuneration is lower than the median/50th percentile level for a particular role, if so determined by the Remco. Guaranteed pay includes the 13th cheque for all staff, except the management team, which is payable in December. Guaranteed remuneration is benchmarked against the relevant market sector, size of the company and geographic considerations. Guaranteed remuneration is set at a level which is aligned to expected operational performance. Salary increases are determined by considering individual performance, competency, profitability forecast, benchmarking exercises and economic factors.	All employees, including executives
Short-term Incentive Plan ("STIP") The key objective is to create a performance culture by rewarding individuals/teams for achieving annual results in terms of predetermined targets.	Annual STIP is designed to recognise the achievement of a combination of the company's financial and strategic performance measures. The measurement period for assessing performance against the scorecard is normally a period of 12 months coinciding with the Group's financial year. The scorecard is reviewed annually and targets are set during the strategy sessions and budget process. Individual incentives are based on the agreed output with each participant prior to the beginning of the performance period. Individual incentives also depend on the performance of the division and team in which the individual operates. At the end of the financial year, the Remco assesses the level of financial and non-financial performance and determines the STIP payable. The STIP is self-funded and settled in cash after year-end performance assessments. There is no payment on termination of employment other than formal retirement, death, permanent disability or retrenchment agreements.	STIP applies to the management team. For purposes of STIP, the KPIs are set depending on position and responsibilities
Long-term Incentive Plan ("LTIP") The broad purpose of the LTIP is to attract, motivate, retain and reward key employees who are able to influence the performance and strategic direction of the group. LTIPs are aligned to multi-year targets of growth, long-term value targeting cash generated from operations.	This is a phantom unit scheme wherein participants are paid a cash amount referencing the increased value of Abagold's cash generation, subject to meeting pre-determined performance conditions. Participants do not acquire shares or any rights thereto. Under the scheme, participants are annually awarded an incentive unit participation. Performance units vest after three years of continued employment. Value accrues if the company has met specified performance targets over the three-year period as determined by the Remco and approved by the Board. Fault terminations (resignation, dismissal on the grounds of misconduct, proven poor performance or dishonest and fraudulent conduct, abscondment, and/or other just-cause dismissal) entails the forfeiture of all balances in the scheme on termination of employment. No-fault termination (retirement, death, ill-health, injury, disability, retrenchment, sale of employer company) entails no forfeiture, but the vested portion will become due and payable.	Executives of Abagold and SAF

Executive director and key management contracts

Executive directors, other executive committee members, and key management do not have fixed-term or bespoke key management contracts. They are employed in terms of the Group's standard contract of employment. The notice period for termination of service is three calendar months. No additional payments are made to key management on termination of employment (apart from those required in terms of labour legislation). On cessation of employment, STIPs are forfeited and LTIPs are treated in terms of the policy above.

Non-executive directors

Non-executive directors do not have employment contracts nor service contracts. The Remco reviews and recommends to the Board the fees payable to non-executive directors. The Board in turn makes recommendations to shareholders after considering the fees paid by comparable companies, responsibilities of the non-executive directors and consideration relating to the retention and attraction of high-calibre individuals.

In line with King IV, non-executive directors receive neither long- nor short-term incentives, nor any other benefits linked to performance other than directors' fees and reasonable reimbursement of expenses incurred on behalf of the company. Non-executive directors, including the Chairman of the Board, receive an annual retainer and an additional fee per meeting attended in cash. The fees are paid six-monthly.

Proposed 2024 non-executive directors' remuneration

Remuneration for 2025 will be submitted for approval by shareholders at the upcoming AGM on Friday, 6 December 2024. In terms of sections 66(8) and (9) of the Companies Act, the Company is required to obtain approval of shareholders by way of special resolution to compensate its non-executive directors for services rendered. The fees comprise an annual fee which takes cognisance of the responsibilities of the non-executive directors throughout the year, and a meeting attendance fee. The Board does not propose an increase for the period 1 January 2025 to December 2025. Refer to special resolution number 1 of the notice of AGM.

Proposed increase for non-executive directors		2024	2025
Board retainer	Chairman	R275 630	R276 000
	Member	R110 250	R110 000
Fees per meeting			
Board	Chairman	R30 320	R30 000
	Member	R15 160	R15 000
Audit committee	Chairman	R13 780	R14 000
	Member	R6 900	R7 000
Risk committee	Chairman	R13 780	R14 000
	Member	R6 900	R7 000
Remuneration committee	Chairman	R8 270	R8 000
	Member	R4 140	R4 000
Nominations committee	Chairman	R8 270	R8 000
	Member	R4 140	R4 000
Social & ethics committee	Chairman	R8 270	R8 000
	Member	R4 140	R4 000
Ad-hoc committee fees	Member	R10 000	R10 000

PART C: IMPLEMENTATION REPORT

The implementation report is a backwards-looking section that discloses the remuneration and performance outcomes of the executive management based on the FY24 remuneration policy. The Remco is satisfied that the Abagold Group materially complied with the policy during the year.

The annual percentage increase for unionised staff was determined in a three-year agreement with the registered trade union, CSAAWU, signed in 2022. The increase for all other staff is determined annually by the MD, considered and approved by the Remco, while the increase for the MD

is determined by the Remco. The percentage increases for 1 March 2024 approved by the Remco are set below:

Staff group	Percentage increase on 1 March 2024
Executive directors	6,70%
Management team	7,30%
Salaried staff	7,20%
Wage staff	7,50%

Total Remuneration

The following table sets out the remuneration paid to executive directors in 2024:

	Basic salaries R'000	Company contributions R'000	Short-term incentive (FY'23) R'000	LTIP 2020–2022 R'000	Total R'000
Executive directors					
T Hedges	3 170	46	228	1 416	4 860
E Manchest	2 001	64	150	651	2 865
M Hugo	1 734	52	129	–	1 915

The above values all relate to the payments made in the current year even though it may relate to prior year performance.

The annual salary increase mandate is based on several factors, including, but not limited to, the Company's profit, average CPI and market salary increase indicators.

Non-executive directors

The table below sets out fees paid to each non-executive director during the year. Non-executive directors receive no other remuneration or benefits aside from directors' fees. The table also indicates directors who resigned or were appointed during the year.

Executive directors	FY24 R'000	FY23 R'000
HR van der Merwe	479	495
YJ Visser	284	295
JW Wilken	287	325
W Keast*	137	165
J Hamman#	–	88
TC Ralebitso	214	205
A Archary	211	168
F Davids	214	164

* *These directors represent the shareholder therefore fees paid directly to the shareholder.*

\# *Resigned in December 2022*

Approval

This remuneration report has been approved by the Board of directors of Abagold.

Hannes Wilken

Chairman: Remuneration committee

20 September 2024

CONTENTS

Consolidated financial statements
for the year ended 30 June 2024

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

These consolidated 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 2024 and the statements of profit and loss and other comprehensive income, changes in equity and cash flows for the year then ended for Abagold Limited and its subsidiaries ("the Group"), as well as the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with the 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 committees' reports and the 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 have made an assessment of the ability of the Company to continue as a going concern and have no reason to believe that the business will not be a going concern in the year ahead.

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 20 September 2024, and signed on its behalf by:

HR van der Merwe
Chairman

TR Hedges
Managing director

Hermanus
20 September 2024

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 2024, 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.

P Kubheka
Company secretary

Hermanus
20 September 2024

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 and agreed upon between all parties concerned, after which such responsibilities were recorded in an approved 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. Its continued focus remains on assisting the Board with executing its responsibilities and 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 the King IV Report on Corporate Governance ("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 IFRS Accounting 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 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 Gawie Marais (registered in accordance with the Auditing Professions Act, 2005) was appointed as lead auditor;
- Considered 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 19 September 2024, 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 assessed its consistency with operational and other information known to committee members and for consistency with the 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. All members are required to act objectively and independently, as described in the Companies Act and King IV.

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

3. MEETING ATTENDANCE

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

Name of member	14 Sept 2024	13 Feb 2024	6 June 2024
Mr YJ Visser	Present	Present	Present
Mr JW Wilken	Present	Present	Present
Mr CT Ralebitso	Present	Present	Present
Mr F Davids*	N/A	Present	Present

* *Appointed at the Annual General Meeting in December 2023.*

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
20 September 2024

Directors' report

The directors are pleased to submit their annual report as part of the consolidated financial statements for the year ended 30 June 2024.

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 did not declare a dividend (2023: nil).

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)
A Archary	(non-executive)
F Davids	(non-executive, appointed in June 2023)
M Hugo	(executive, appointed as alternate director in December 2023)
W Keast	(non-executive)
E Manchest	(financial director)
CT Ralebitso	(non-executive)
YJ Visser	(non-executive)
JW Wilken	(non-executive)

REMUNERATION OF DIRECTORS AND PRESCRIBED OFFICERS

The remuneration of directors and prescribed officers is set out in note 28 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;
- nomination committee; and
- social and ethics committee.

These committees are chaired by non-executive directors. Membership of these committees and meeting frequency are set out on page 39.

EVENTS AFTER THE REPORTING PERIOD

Other than the specific events disclosed in note 37 to the financial statements, the directors are not aware of any other material fact, circumstance or event which occurred between the accounting date and the date of this report which might influence an assessment of the Company's financial position or the results of its operations.

In the recent years, the South African power utility, Eskom, has introduced unprecedented power outages to avoid a grid collapse. The impact of higher stages of load shedding or a total grid collapse on Abagold cannot be determined with any degree of certainty. The past 6 months up to August 2024 has been without load shedding; however, the business will continue to adopt a prudent and cautious approach to managing its affairs while maintaining adequate, available funding headroom in order to support the business during these uncertain times.

INVESTMENT IN SUBSIDIARIES

	2024	2023
Specialised Aquatic Feeds (Pty) Ltd	70%	70%
Abagold Mauritius Limited	100%	100%
Mean Sea Level (Pty) Ltd	100%	100%

INVESTMENTS

	2024	2023
Oman Aquaculture Co LLC	50%	50%
Port Nolloth Sea Farm Ranching (Pty) Ltd	20%	20%
Aquawomen (Pty) Ltd	45%	45%
Nambu Abagold JV (Pty) Ltd	50%	–
Benguella Wealth Farming (Pty) Ltd	50%	–

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

AUDITORS

BDO South Africa Incorporated was reappointed as auditor, in accordance with section 91(3) of the Companies Act of South Africa, at the annual general meeting held on 9 December 2023 and will continue in office, subject to reappointment by shareholders at the 2024 annual general meeting.

Independent auditor's report
to the shareholders of Abagold Limited

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

OPINION

We have audited the consolidated financial statements of Abagold Limited (the group) set out on pages 60 to 118 which comprise the consolidated statement of financial position as at 30 June 2024, 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 material accounting policy information.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Abagold Limited as at 30 June 2024 , and its financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board 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 2024", 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 IFRS Accounting Standards as issued by the International Accounting Standards Board 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 group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group 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 group’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors’ use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group’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 group 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.

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.

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 7 years.

BDO South Africa Incorporated
Registered Auditors
Practice number: 970879

BDO South Africa Inc.

Gawie Marais
Director
Registered Auditor

25 September 2024

119–123 Hertzog Boulevard
Foreshore
Cape Town
8001

Consolidated statement of financial position
at 30 June 2024

	Notes	2024 R'000	(restated)* 2023 R'000
ASSETS			
Non-current assets		**294 460**	**330 069**
Property, plant and equipment	2	239 863	247 297
Right-of-use asset	3	2 384	2 649
Biological assets	4	30 084	46 705
Trademarks	5	26	34
Goodwill	6	7 979	7 979
Equity-accounted investments	8	10 523	24 247
Loans receivable	9	3 601	1 160
Current assets		**253 466**	**254 635**
Biological assets	4	188 970	186 209
Inventories	10	37 058	34 837
Trade and other receivables	11	20 274	22 205
Derivative financial instruments	12	3 935	–
Cash and cash equivalents	20	3 229	11 384
Total assets		**547 926**	**584 704**
EQUITY AND LIABILITIES			
Equity		**238 200**	**277 114**
Share capital		21 637	21 637
Share premium	13	87 498	87 498
Retained earnings		122 538	161 890
Non-controlling interest	7.1	6 527	6 089
Total equity		**238 200**	**277 114**
Non-current liabilities		**202 997**	**185 346**
Share-based payment liability	14	965	429
Lease liability	15	6 650	6 599
Deferred income tax	16.2	84 072	90 717
Deferred income grant	17	6 092	6 992
Borrowings	18	105 219	80 609
Current liabilities		**106 729**	**122 244**
Lease liability	15	1 291	1 195
Deferred income grant	17	900	900
Borrowings	18	20 668	23 138
Trade and other payables	19	41 647	42 085
Derivative financial instruments	12	–	10 926
Bank overdraft	20	42 223	44 000
Total liabilities		**309 726**	**307 590**
Total equity and liabilities		**547 926**	**584 704**

* Refer to note 34 (restatement)

Consolidated statement of profit and loss and other comprehensive income

for the year ended 30 June 2024

	Notes	2024 R'000	(restated)* 2023 R'000
Revenue	24	340 192	305 583
Other income	25	5 778	3 082
Interest Income		3	301
Fair value gains/(losses) on financial instruments	26	8 946	(27 915)
Fair value gains on biological assets	4	189 481	253 241
Consumption of raw material		(90 473)	(52 307)
Abalone sold	10	(221 113)	(239 151)
Export costs		(28 785)	(24 703)
Production costs	27	(51 559)	(52 099)
Employee benefit expenses	28	(88 018)	(81 418)
Depreciation and amortisation		(23 907)	(21 585)
Other operating expenses		(37 064)	(35 512)
Impairment of property, plant and equipment	2	–	(21)
Impairment of loan receivable	9	(1 910)	–
Stock write-off for product recall	10	(7 914)	–
(Loss)/profit from operations	30	(6 343)	27 496
Finance costs	31	(16 888)	(6 939)
Share of loss of equity accounted investments	8	(22 319)	(20 711)
Loss before income tax		(45 550)	(154)
Income tax	16.1	6 634	(5 653)
Loss for the year		(38 914)	(5 807)
Other comprehensive income		–	–
Total comprehensive loss for the year		(38 914)	(5 807)
Total comprehensive loss for the year is attributable to:			
Owners of Abagold Limited		(39 352)	(5 601)
Non-controlling interests		438	(206)
		(38 914)	(5 807)
Basic loss per share (cents)	32	**(27,69)**	**(4,13)**
Diluted loss per share (cents)	32	**(27,69)**	**(4,13)**

* Refer to note 34 (restatement)

Consolidated statement of changes in shareholders' equity
for the year ended 30 June 2024

	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 2022	**21 637**	**87 498**	**174 518**	**6 295**	**289 948**
Total comprehensive loss for the year (restated)	–	–	(5 601)	(206)	(5 807)
Dividends paid	–	–	(7 027)	–	(7 027)
Balance at 30 June 2023*	**21 637**	**87 498**	**161 890**	**6 089**	**277 114**
Total comprehensive (loss)/profit for the year	–	–	(39 352)	438	(38 914)
Balance at 30 June 2024	**21 637**	**87 498**	**122 538**	**6 527**	**238 200**

* Refer to note 34 (restatement)

Consolidated statement of cash flows

for the year ended 30 June 2024

	Notes	2024 R'000	2023 R'000
Cash flow from operating activities		**1 774**	**8 932**
Cash received from clients	33.1	347 465	299 708
Cash paid to suppliers and employees		(330 091)	(283 967)
Cash generated from operations	33.2	**17 374**	**15 741**
Interest paid		(15 600)	(6 809)
Cash flow from investing activities		**(25 368)**	**(51 973)**
Purchases of property, plant and equipment		(12 672)	(37 919)
Deposits made towards property, plant and equipment		(1 564)	–
Proceeds from disposal of property, plant and equipment	2	179	–
Investment in equity-accounted entities	8	(8 595)	(14 068)
Loans granted to associate		(3 030)	–
Loans repaid by associate		356	–
Other investments		(18)	14
Purchase of trademarks	5	(24)	–
Cash flow from financing activities		**17 216**	**2 800**
Advance in long-term borrowings		42 364	43 118
Repayment of long-term borrowings		(25 149)	(33 891)
Dividends paid		–	(7 027)
Loan repaid to associate		(2 723)	–
Loan granted by associate		2 724	600
Net cash flow for the year		**(6 378)**	(40 241)
Cash and cash equivalents – beginning of the year		**(32 616)**	7 625
Cash and cash equivalents – end of the year	20	**(38 994)**	**(32 616)**
Reconciliation of interest paid:			
Interest paid		15 600	(6 809)
Interest non-cash adjustment		1 288	(130)
Interest expenses	31	16 888	6 939
Reconciliation of purchases of property, plant and equipment:			
Purchases of property, plant and equipment		12 672	37 919
Interest capitalised		1 287	–
Non-cash purchases, including accruals		–	12 374
Non cash acquisition of subsidiary		–	232
Supplier payments made directly by financiers*		2 487	36 142
Acquisitions as per Fixed asset note 2	2	16 446	86 667
Reconciliation of liabilities:			
Total borrowings – opening balance		103 747	46 535
Increase in long-term borrowings*		42 364	43 118
Decrease in long-term borrowings*		(24 043)	(33 891)
		18 321	9 227
Assets financed directly by financier		2 532	36 142
Items capitalised to the loan balance		1 287	11 843
Closing balance		125 887	103 747
Short-term borrowings		28 367	23 138
Long-term borrowings		97 519	80 609

* *In FY23, we acquired a battery energy storage system that was financed by the bank under an interim financing agreement, in terms of which the bank paid the supplier directly, which has been converted into an instalment sale agreement.*

Notes to the consolidated financial statements
for the year ended 30 June 2024

1. MATERIAL ACCOUNTING POLICY INFORMATION

Abagold Limited ("the Company") is a company domiciled in South Africa. These financial statements at 30 June 2024 are 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 Group has elected not to present separate financial statements for the Company.

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 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 certain entities, the Group has entered into contractual arrangements that allow the Group to control such entities. Because the Group controls such entities, they are consolidated in the consolidated financial statements.

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

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

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 parties 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 its 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.

1.1 BASIS OF CONSOLIDATION (CONTINUED)

If there is an indication of impairment, the associate and joint venture are 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 the International Financial Reporting Standards (IFRS) and the requirements of the Companies Act of South Africa.

The financial statements are presented in 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 measurement 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 have been separately disclosed.

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 a fair value through profit and loss. The classification is based on the financial objectives and characteristics of the contractual cash flow.

A financial asset is measured at amortised cost if it is held with the objective to collect contractual cash flows and 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, and loan receivables.

All financial assets not classified as at amortised cost are measured at fair value through profit and loss. Subsequently, 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 flow, 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 receivables 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.

Loan receivables

Loan receivables are categorised as at amortised cost. These financial assets originated by the Group providing loans that are repayable at variable interest rates 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.

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.

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 remeasurement 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.

1.9 PROPERTY, PLANT AND EQUIPMENT

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.

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 the business activity.

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.

1.11 INTANGIBLE ASSETS (CONTINUED)

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, 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 or 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. 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.

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 IFRS 9, 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. For trade receivables, which are reported net, such allowances are recorded in a separate allowance account with the loss being recognised in profit or loss. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated allowance.

1.13 IMPAIRMENT OF ASSETS (CONTINUED)

General approach

For loans and 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 considered as low, then a lifetime expected credit loss is recognised.

For loans and other receivables, which are reported net, such allowances are recorded in a separate allowance account with the loss being recognised in profit or loss. On confirmation that the loan receivable will not be collectable, the gross carrying value of the asset is written off against the associated allowance.

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 exceed its contractual payment terms.

At each reporting date, the Group assesses whether the financial assets at amortised costs are credit-impaired. Financial assets are considered credit-impaired when one or more events that have a 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 a contractually due payment and the probability of the borrower entering into liquidation. All impairment 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 the reporting date.

1.16 EMPLOYEE BENEFITS (CONTINUED)

Profit sharing and bonus plans
The Group recognises a liability and an expense for bonuses and long-term 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 a constructive obligation.

Share-based payment liability
The Employee Share Ownership Plan (ESOP) is classified as a cash-settled share-based payment transaction. The fair value of the equity instruments is measured at their grant date, and re-valued each year thereafter, with the expense and corresponding increase in liability is recognised over the vesting period based on the best available estimate at each reporting period. The vesting condition is that the individual remains an employee of the Group over the vesting period. Once the scheme rules are finalised, the Empowerment Trust will be converted into an Employee Share Ownership Scheme (ESOP).

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 performances 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 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 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 when the goods are collected at our premises. The general payment terms are 30 days from statement.

1.18 DIVIDEND INCOME

Dividend income is measured in terms of IFRS 9 and is recognised when the right to receive payment is established. Dividend income is included in investment income.

1.19 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.

1.20 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.

1.21 LEASES

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 interest rate implicit 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 reassesses 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.

1.22 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.

1.23 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.

1.24 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

1.24.1 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 Eskom load shedding on the financial statements.

Significant judgements include:

- **Significant influence over associates, including Aquawomen (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 directors.
- **Classification of joint arrangements as joint ventures:** The Group has a 50% (2023: 50%) interests in the following joint ventures: Nambu Abagold JV (2023: nil); Benguella Wealth Farming (2023: nil); and Oman Aquaculture Co LLC (2023: 50%), 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 the respective entities. 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 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 a 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 a 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 the dollar price of abalone. Refer to note 4 for a more detailed update on the judgement and estimates.

1.24.1 Judgements and estimates (continued)

- **Recoverability of investments**
  Management uses projected cash flows for the underlying investment, discounted at the relevant, weighed average cost of 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 Eskom load shedding has resulted in significant estimation in respect of the future cash flows for some local investments 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 load shedding on macro-economic factors as well as company-specific factors. Refer to notes 7 and 8 for a more detailed update.

- **Lease term**
  The assumption is 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 or an alternative agreed period. The lease term for the lease liability includes the extension period, which creates measurement uncertainty (note 15).

1.24.2 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 accounting standards, 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 that 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 following notes relating to biological assets (note 4), long-term incentive plan (note 29) and financial instruments (note 23).

1.25 RECENTLY ISSUED ACCOUNTING STANDARDS

1.25.1 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 2024 and are relevant to its operations:

Standard/Interpretation	Effective date Years beginning on or after	Impact
IFRS 16 Leases (Amendment – Liability in a sale and Leaseback)	1 January 2024	Not a material impact
IAS 7 'Supplier Finance Arrangements'	1 January 2024	Not a material impact
IAS 1 Presentation of Financial Statements (Amendment – Classification of Liabilities as Current or Non-Current)	1 January 2024	Not a material impact

1.25.2 Standards and Interpretations not yet effective

The Company has chosen not to early adopt the following standards and interpretations, which has been published and are mandatory and effective for periods beginning on or after 1 January 2025:

Standard/Interpretation	Effective date Years beginning on or after	Expected Impact
IAS 21 'Lack of Exchangeability'	1 January 2025	Unlikely there will be a material impact
IFRS 7 and 9 'Amendments to the Classification and Measurement of Financial Instruments'	1 January 2026	Unlikely there will be a material impact
IFRS 19 'Subsidiaries without Public Accountability: Disclosures	1 January 2027	Unlikely there will be a material impact
IFRS 18 'Presentation and Disclosures in Financial Statements	1 January 2027	Unlikely there will be a material impact

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 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	–	(38 429)	(13 011)	(98 076)	(2 213)	(3 074)	–	(154 801)
Reallocate between categories	–	5 223	3 230	10 496	426	(2)	(19 393)	(21)
Cost	–	8 558	–	10 636	199	–	(19 393)	–
Cost adjustment	–	(10 622)	7 580	160	233	–	–	(2 650)
Accumulated depreciation	–	7 287	(4 350)	(300)	(6)	(2)	–	2 629
Additions	–	–	–	232	–	–	86 435	86 667
Depreciation	–	(4 813)	(2 118)	(13 280)	(832)	(304)	–	(21 347)
Book value at 30 June 2023	10 987	76 638	15 575	62 599	3 171	51	78 274	247 297
Cost at 30 June 2023	10 987	112 593	35 054	174 255	6 223	3 431	78 274	420 817
Accumulated depreciation and impairment	–	(35 955)	(19 479)	(111 656)	(3 052)	(3 379)	–	(173 520)
Reallocate between categories	–	26 229	–	60 992	136	2 546	(90 002)	(98)
Cost	–	26 328	–	60 992	136	2 546	(90 002)	–
Cost adjustment	–	(98)	–	–	–	–	–	(98)
Additions	–	–	–	–	–	–	16 446	16 446
Disposal	–	(7)	–	(50)	–	(71)	–	(129)
Cost	–	(32)	–	(72)	–	(371)	–	(475)
Accumulated depreciation	–	25	–	22	–	299	–	346
Depreciation	–	(6 479)	(2 118)	(13 917)	(819)	(322)	–	(23 654)
Book value at 30 June 2024	10 987	96 383	13 458	109 624	2 488	2 205	4 718	239 863
Cost at 30 June 2024	10 987	138 790	35 055	235 175	6 359	5 607	4 718	436 691
Accumulated depreciation and impairment	–	(42 407)	(21 597)	(125 551)	(3 871)	(3 402)	–	(196 828)

2. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Other assets includes furniture & fittings and vehicles.

Assets under construction at the end of the current year decreased to R4,7 million (2023: R78 million). An impairment loss of nil (2023: R21 thousand) was recognised during the year for assets that were no longer in use or past their economic life.

During the current year, the Group conducted a review of the assets' useful lives and residual values within the operational context and no amendments were made compared with the prior year, when the review resulted in a R139 thousand decrease in the annual depreciation.

Leasehold improvements relates to assets on the Seaview farm, which is leased from the Department of Public Works.

The remaining 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 R'000
Erf 11068, Hermanus	Bergsig farm	2.4 ha	April 2002	1 377
Erf 11166, Hermanus	Sulamanzi farm	6.9 ha	July 2010	9 610
Erf 1188, Hermanus Beach Club	Unit 14 and 18	N/A	February 2024	1 903
Total				**12 889**

Refer to note 21 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 ("DWP"), with an initial lease term of 9 years and 11 months and the right to apply for a futher 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. We are still in the process of negotiating the lease renewal, which is currently on a month-to-month basis; however, we have used the original renewal term for measurement purposes. Our application for an extention is currently being reviewed by DPW. Refer to note 15 (lease liability).

	2024 R'000	2023 R'000
Reconciliation of carrying value of right-of-use assets:		
Carrying value at beginning of period	2 649	2 913
Depreciation	(265)	(264)
Carrying value at end of period	2 384	2 649
Comprising:		
Land	2 384	2 649
Closing carrying amount	2 384	2 649

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

	2024 R'000	2023 R'000
Opening carrying amount	232 914	206 048
Net fair value adjustment for spat, growth and mortalities	223 229	227 972
Fair value adjustment due to changes in US Dollar sales prices	(30 597)	(7 412)
Fair value adjustment due to exchange rate changes	(3 151)	32 680
Transfer to inventories	(203 340)	(226 375)
Closing carrying amount	219 055	232 914

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 40g (2023: 40g) are not considered as trading stock as they have not reached harvestable size based on prevailing product demand from the market.

	2024 R'000	2023 R'000
At 30 June:		
– Non-current biological assets	30 084	46 705
– Current portion of biological assets	188 970	186 209
	219 055	232 914

At 30 June 2024 there were 659 tonnes (2023: 636 tonnes) of live abalone on the three grow-out farms, Seaview, Bergsig and Sulamanzi.

	2024 Kg	2023 Kg
Quantities of biological assets:		
Opening carrying weight	636 074	632 245
Growth	542 095	503 654
Harvested	(518 763)	(499 824)
Closing carrying weight	659 406	636 075

4. BIOLOGICAL ASSETS (CONTINUED)

(i) Fair value hierarchy

The fair value measurements for abalone biological assets of R219 million (2023: R233 million) have been categorised as Level 3 fair values based on the inputs to the valuation techniques used.

(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 are 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. In the current year, the can product recall affected the sales mix such that the historical sales data was not reflective of the highest and best use and the expected sales mix was applied, which increased the year end fair value measurement by R3,5 million. Market prices are denominated in US Dollars. Biological assets are continuously counted and weighed in predetermined cycles and at reporting dates 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 1 gram each) are valued at R2,24 each (2023: R2,24 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 between 20 and 30 grams are valued at R225 per kilogram which is the market price for juvenile abalone between farms in South Africa. Abalone in the weight classes from 21 grams to 450 grams are valued using the highest and best use market US Dollar selling price per kilogram (active market price) for each weight class, including the yield as well as costs to sell for the different formats. 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 (6%) 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 2024, 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 R22 million (2023: R23 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.

Small abalone below 30g are priced in Rands and not Dollars, and are thus not included in the exchange rate sensitivity analysis above. At 30 June 2024, the value of smaller abalone included in biological assets was R33 million (2023: R35 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 23.7.

(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

	2024 R'000	2023 R'000
Reconciliation		
Opening carrying value	34	66
Cost	588	588
Accumulated amorisation and impairment	(554)	(522)
Additions	24	–
Amortisation	(32)	(32)
Closing carrying value	26	34
Cost	612	588
Accumulated amorisation and impairment	(586)	(554)

Trademarks relates to the cost of trademark registration of Group and Company trade names and logos in various countries, which has an average remaining useful life of 4 years.

6. GOODWILL

	2024 R'000	2023 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 was 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.

	2024 %	2023 %
In present		
Discount rate	19,4	16,0
Terminal value growth rate	N/A	N/A

The Company reviewed the cash flow projections used and included specific estimates over the "expected" remaining lease term for the land. Management's view is that goodwill is closer aligned to the "expected" remaining term of the leased land, of 8 years and 11 months, and not in pertuity as reported in the previous year. The long period of the cash flow projections are justified based on the fact that the business activity is a mature operation and cashflows have a high degree of certainty.

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 8,5 million spat per annum from the Hatchery delivers R25 million value-in-use on a discounted basis. A 32% 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 2024	Non-controlling interests ("NCI") ownership/voting interest at 30 June 2024
Specialised Aquatic Feeds (Pty) Ltd	South Africa	70% (2023: 70%)	30% (2023: 30%)
Mean Sea Level (Pty) Ltd	South Africa	100% (2023: 100%)	0% (2023: 0%)

7. **SUBSIDIARIES** (CONTINUED)

7.1 SPECIALISED AQUATIC FEEDS

Specialised Aquatic Feeds (Pty) Ltd (SAF) is a South African company that manufactures animal feed, including feed for abalone and trout. In 2017, the subsidiary issued additional shares in a private placement, resulting in a 30% shareholding to Viking Aquaculture (Pty) Ltd.

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	2024 R'000	2023 R'000
Revenue	120 876	73 061
Cost of sales	(97 941)	(57 635)
Gross profit	22 935	15 426
Other income	473	58
Interest Income	12	301
Employment costs	(12 497)	(9 435)
Depreciation	(2 719)	(2 782)
Other operating expenses	(5 910)	(4 276)
Operating profit	2 294	(708)
Finance costs	(369)	(261)
Profit before tax	1 925	(969)
Tax	(467)	282
(Loss)/profit after tax	1 458	(687)
Profit/(loss) allocated to NCI	438	(206)
Other comprehensive income allocated to NCI	–	-
Total comprehensive income allocated to NCI	438	(206)
Dividends paid to NCI	–	-
Cash flows from operating activities	2 335	1 346
Cash flows from investing activities	(4 204)	(362)
Cash flows from financing activities	1 604	(556)
Net cash inflows/(outflows)	(266)	428
Assets:		
Property plant and equipment	18 461	17 946
Loan receivable	120	80
Inventories	8 673	6 689
Trade and other debtors	16 861	8 065
Cash and cash equivalents	(9)	581
Liabilities:		
Deferred tax	1 802	1 346
Shareholder loans	13 461	12 661
Trade and other payables	13 645	7 831
Loans and other borrowings	4 337	2 131
Provisions	–	–
Accumulated non-controlling interests	6 527	6 089

7. SUBSIDIARIES (CONTINUED)

7.2 MEAN SEA LEVEL

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 million in MSL during the 2017 fiscal year, and R300 thousand 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. In 2023, Abagold took control of the entity and bought all the shares for a nominal value of R1 per share, thereby increasing it's shareholding from 23% to 100%, effective 1 July 2023.

Summarised financial information in relation to Mean Sea Level (Pty) Ltd, before intra-group eliminations, is presented below for the period ended 30 June:

	2024 R'000	2023 R'000
Revenue	704	54
Operating costs	(882)	(280)
Net (loss)/profit (100%)	(178)	(226)
Non-current assets	129	173
Current assets	8	31
Assets	138	204
Long term liabilities	(237)	(153)
Current liabilities	(46)	–
Liabilities (100%)	(283)	(153)
Net assets (100%)	(145)	51

7. **SUBSIDIARIES** (CONTINUED)

7.3 THE ABAGOLD EMPOWERMENT TRUST

Abagold Ltd shareholders approved the Employee Share Ownership Scheme ("ESOP") scheme at the 2022 annual general meeting held on 10 December. In terms of this transaction, Abagold issued a new class of restricted shares, AE Ordinary shares, in March 2023 to the Abagold Empowerment Trust. In the current year, the Trust is being consolidated for the first time. See restatement note 34.

Summarised financial information in relation to the Abagold Empowerment Trust, before intra-group elimination, is presented below for the period ended 30 June:

	2024 R'000	2023 R'000
Revenue	–	–
Operating costs	(19)	6
Net (loss)/profit (100%)	(19)	6
Non-current assets	965	429
Current assets	403	364
Assets	1 369	793
Long-term liabilities	(1 392)	(798)
Current liabilities	–	–
Liabilities (100%)	(1 392)	(798)
Net liabilities (100%)	(23)	(5)

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-ton standing capacity farm. The valuation model for this investment, when compared with SA 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 USD23,80/kg (vs USD30/kg), and a US Dollar discount rate of 10%. Phase 1 includes the evaluation of key milestones in terms of the business plan, which will be used to justify the further investment into Phase 2, however to date, these milestones have not yet been achieved.

Both parties have incurred certain costs related to the initial phase, of which Abagold's contribution at year-end is RNil million (2022: R54,7 million). The commitment by both parties is to fund the working capital requirements of the operations, of which Abagold portion is estimated to be R16 million per annum.

	2024 R'000	2023 R'000
Investment in Oman Aquaculture Co LLC at cost	63 344	54 750
Share of accumulated losses	(60 805)	(37 226)
Net investment	2 539	17 524

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.

	2024 R'000	2023 R'000
Fixed assets	158 065	161 571
Current assets (consisting of cash and cash equivalents)	6 406	7 002
Assets (100%)	164 471	168 573
Group's share of assets (50%)	**82 235**	**84 287**
Current liabilities	(32 909)	(10 150)
Long-term liabilities	(126 483)	(123 376)
Group's share of liabilities (50%)	**(79 696)**	**(66 763)**
Group's share of net assets (50%)	**2 539**	**17 523**
Depreciation	(12 651)	(12 001)
Interest	(10 973)	(7 512)
Net loss (100%)	(47 158)	(41 770)
Group's share of net (loss) (50%)	**(23 579)**	**(20 885)**
Prior year equity-accounted loss (50%)	(37 226)	(16 341)
Group's share of accumulated net loss (50%)	**(60 805)**	**(37 226)**
Remaining net investment	**2 539**	**17 523**

The Oman entity has a December year end, and the above figures include transaction up to 30 June 2024.

8. EQUITY-ACCOUNTED INVESTMENTS (CONTINUED)

8.2 INVESTMENT IN PORT NOLLOTH SEA FARMS

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 has the right of first refusal on all abalone harvested at market prices. Further supplies of spat will be at market related prices.

	2024 R'000	2023 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 - cumulative	1 928	742
Total investment	7 051	5 865
The following table summarises the financial information of PNSFR as included in its own financial statements:		
Non-current assets	4 982	3 259
Current assets	5 224	1 256
Current liabilities	(839)	(601)
Long-term liabilities	(1 303)	(183)
Net assets (100%)	8 065	3 731
Share of net assets (20%)	**1 613**	**746**
Income	17 925	6 360
Expenditure	(11 995)	(6 453)
Net profit/(loss) (100%)	5 930	(93)
Share of profit/(loss) (20%)	**1 186**	**(19)**
Elimination of inter-group transactions	**–**	**–**
Net share of profit/(loss) (20%)	**1 186**	**(19)**
Prior year equity-accounted profit (20%)	742	761
Group's share of accumulated net profit (20%)	1 928	742
Remaining net investment	**7 051**	**5 865**

The PNSFR entity has a February year end, and above figures include transactions up to 30 June 2024.

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 entities NAV value therefore reflects the value of the initial spat supplied.

8. EQUITY-ACCOUNTED INVESTMENTS (CONTINUED)

8.3 NAMBU ABAGOLD JV (PTY) LTD

Abagold owns 50% of Nambu Abagold JV (Pty) Ltd, an initiative to produce insect protein for animal feeds from Black Soldier Fly larvae as a more sustainable protein source than the traditional fish and poultry meal.

	2024 R'000
Investment in Nambu Abagold JV (Pty) Ltd	
At cost	–

The following table summarises the financial information of Nambu Abagold JV as included in its own financial statements:

	2024 R'000
Non-current assets	934
Current assets	230
Long-term liabilities	(2 360)
Current liabilities	(143)
Net assets (100%)	(1 339)
Share of net assets (50%)	**(670)**
Income	224
Expenditure	(1 563)
Net loss (100%)	(1 339)
Share of loss (50%)	**(670)**
Elimination of inter-group transactions	**–**
Net share of loss (50%)	**(670)**
Group's share of accumulated net loss (50%)	–
Group's share of accumulated net loss not recognised	(670)
Remaining net investment	**–**

8. EQUITY-ACCOUNTED INVESTMENTS (CONTINUED)

8.4 INVESTMENT IN BENGUELLA WEALTH FARMING (PTY) LTD

Abagold owns 50% of Benguella Wealth Farming (Pty) Ltd, a company registered in Namibia and operating an abalone ranching project in Luderitz.

	2024 R'000
Investment in Benguella Wealth Farming (Pty) Ltd	
At cost	–

The following table summarises the financial information of Benguella Wealth Farming as included in its own financial statements:

	2024 R'000
Non-current assets	–
Current assets	1 990
Current liabilities	(1 990)
Long-term liabilities	(195)
Net assets (100%)	(195)
Share of net assets (50%)	**(98)**
Income	–
Expenditure	(195)
Net loss (100%)	(195)
Share of loss (50%)	**(98)**
Elimination of inter-group transactions	
Net share loss (50%)	**(98)**
Prior year equity-accounted profit	–
Group's share of accumulated net loss – not recognised	(98)
Remaining net investment	**–**

Notes to the consolidated financial statements
for the year ended 30 June 2024 **continued**

8. EQUITY-ACCOUNTED INVESTMENTS (CONTINUED)

8.5 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.

	2024 R'000	2023 R'000
Opening balance	797	605
Share of profits	171	192
Total investment	968	797

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

	2024 R'000	2023 R'000
Non-current assets	2 547	2 742
Current assets	3 905	2 887
Current liabilities	(1 153)	(1 153)
Long-term liabilities	(3 763)	(2 705)
Net assets (100%)	1 537	1 771
Share of net assets (45%)	**692**	**797**
Income	24 892	11 089
Expenditure	(24 302)	(10 379)
Net profit (100%)	590	710
Share of profit (45%)	**266**	**320**
Elimination of unrealised profits transactions	**(94)**	**(127)**
Net share of profit (45%)	**171**	**192**
Prior year equity-accounted profit (20%)	797	–
Group's share of accumulated net profit (20%)	968	192
Remaining net investment	**968**	**797**
Total Investments		
Opening balance	24 247	30 890
Investment - current year	8 595	14 068
Share of loss - current year	(22 225)	(20 584)
Elimination of inter-group transactions	(94)	(127)
Total net investments	**10 523**	**24 247**

9. LOANS RECEIVABLE

	2024 R'000	2023 R'000
Reconciliation of loan receivable:		
Opening balance	1 160	1 830
Cash advanced during the year	4 392	-
Impairments	(1 910)	-
Cash repaid during the year	(41)	(670)
Loan receivable	3 601	1 160
Loan receivable consists of:		
Aquawomen (Pty) Ltd	1 115	1 115
Nambu Abagold JV	450	-
Benguella Wealth	1 990	-
Enterprise development*	38	45
Loan Account-ALSFET	4	-
Loan Account-ALSMET	4	-
Loans receivable	**3 601**	**1 160**

* These loans were made available to support local enterprise and supplier development initiatives, and are interest free and have a 3–5 year term. At 30 June 2024, 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.

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 2024 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.

In FY24, a loan was provided to Nambu Abagold JV to start production of protein larvae, which has subsequently been impaired by R1,9m due to the business being put on hold. The remaining loan balance is adequately covered by the operational assets owned by the entity.

The loan to Benguella Wealth Farming relates to the cost of supplying juvenile abalone for the ranching project in Namibia. In terms of the shareholder agreement the loan value will be repayable once the business starts generating profits. The business model for ranching is well established which adequately mitigates the credit risk arising from these loans.

Notes to the consolidated financial statements

for the year ended 30 June 2024 **continued**

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.

	2024 R'000	2023 R'000
Reconciliation of abalone inventory:		
Opening carrying amount	24 528	22 062
Transfer from biological assets	203 340	226 375
Purchases	9 846	5 947
Processing costs	6 728	5 655
Adjustments for stock transfers out at fair value	8 696	3 640
Stock write-off due to product recall	(7 914)	–
Abalone sold	(211 267)	(233 204)
Value of Abalone Stock Purchases sold	(9 846)	(5 947)
Closing carrying amount	24 111	24 528

The carrying amount includes work in progress of R4,7 million (2023: R8 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 changes in valuation for purposes of determining the measurement costs for biological assets as per IAS 41.

In December 2023, the business had to recall and write-off product in stock with a book value or R7,9 million (2023: nil), which was subsequently destroyed under directive from the relevant regulatory authority.

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.

	2024 R'000	2023 R'000
Non-abalone inventory:		
Raw materials	7 194	5 086
Machinery parts and spares	2 644	2 446
Finished goods - feed	3 109	2 776
Closing carrying amount	12 947	10 308
Total inventory	37 058	34 837

11. TRADE AND OTHER RECEIVABLES

	2024 R'000	2023 R'000
Trade receivables	14 474	11 254
Prepaid expenses	2 328	867
Sundry receivables	123	1 638
Value-added tax	3 349	8 446
	20 274	**22 205**

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

	2024 R'000	2023 R'000
– South African Rand	19 761	20 708
– US Dollar	513	1 497
	20 274	**22 205**

The Group does not hold any form of collateral as security relating to trade and other receivables.

A general allowances of nil (2023: R175 000) was recognised. A specific allowance of R36 000 for a defaulting feed customer was recognised on trade receivables (2023: RNil). The ageing analysis of trade receivables is as follows:

	30-Jun-24		30-Jun-23	
	Carrying value	Impairment	Carrying value	Impairment
Up to 1 month	12 548	–	9 835	–
1-2 months	1 578	(1)	1 193	–
2-3 months	30	(12)	6	–
More than 3 months	318	(23)	226	(175)
	14 474	**(36)**	**11 260**	**(175)**

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

Notes to the consolidated financial statements
for the year ended 30 June 2024 **continued**

12. DERIVATIVE FINANCIAL INSTRUMENTS

	2024 R'000	2023 R'000
The derivative financial instruments at 30 June comprise:		
– Forward foreign exchange contracts – assets	3 935	292
– Forward foreign exchange contracts – liabilities	–	(11 218)
	3 935	(10 926)

	2024 R'000	2023 R'000
Reconciliation of derivative financial instruments:		
Opening balance	(10 926)	(7 608)
– Contracts entered into	3 935	(10 926)
– Contracts expired	10 926	7 608
Closing balance	3 935	(10 926)

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 2024 was USD7 million (2023: USD10,8 million) with forward rates ranging from R18,30 to R19,70/USD (R17,69/USD to R18,84/USD 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

	2024		2023	
	Number	R'000	Number	R'000
Authorised Ordinary shares with no par value				
Opening balance	200 000 000	–	200 000 000	–
Transferred to AE Ordinary shares	(16 000 000)	–	(16 000 000)	–
Closing balance	184 000 000	–	184 000 000	–
Issued and fully paid up				
Closing balance	140 548 236	21 637	140 548 236	21 637

The Company did not declare a dividend in respect of the 2024 financial year (2023: RNil).

Unissued

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

14. SHARE-BASED PAYMENT LIABILITY

The AE Ordinary shares, equivalent to 10% of the issued share capital of Abagold, were issued at a discount to the Abagold Empowerment Trust in a vendor-financed transaction. The AE Ordinary shares participate in the net growth of the share value less the growth of the net debt value over the 15 year vesting period. The option value has been determined using a binomial pricing model with the related expense recognised in profit and loss over the vesting period. The ESOP has 5 200 units authorised which will be issued to Abagold employees over the vesting period based on years of service.

In 2023, the Abagold ordinary share was independently valued at R4,11 and the issue was at a discounted price of R3,66 per share.

	2024		2023	
	Number	**R'000**	**Number**	**R'000**
Authorised AE Ordinary shares with no par value				
Opening balance	16 000 000	–	–	–
Authorised in the current year	–	–	16 000 000	–
Closing balance	16 000 000	–	16 000 000	–
Issued AE Ordinary shares with no par value				
Opening balance	15 616 471	429	–	–
Issued in the current year	–	–	15 616 471	429
Movement in cash settled liability	–	536	–	–
Closing balance	15 616 471	965	15 616 471	429

The following information is relevant in the determination of the fair value of options granted during the year under the equity-settled share based schemes.

	2024	2023
	Black-Scholes	**Black-Scholes**
Option pricing model used		
Exercise price	3,66	3,66
Share price valuation at year end	3,54	3,66
Funding rate	9,75%	9,75%
Weighted average contractual period remaining (years)	13,75	14,75
Expected volatility	30%	30%
Expected dividend growth rate	4,0%	4,0%
Risk free interest rate	11,44%	11,44%
Fair value of ESOP units as at 30 June 2024 (R'000)	11 584	25 761

Notes to the consolidated financial statements

for the year ended 30 June 2024 **continued**

15. LEASE LIABILITY

The Company leases farming land (Sea View 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 2022, 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 R25,2 million. 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. The system has been fully commissioned and made operational in FY24.

15.1 RECONCILIATION OF LEASE LIABILITIES

	2024 R'000	2023 R'000
Carrying value at beginning of period	**7 794**	**7 664**
Finance costs (note 31)	1 253	1 256
Lease payments	(1 106)	(1 126)
Carrying value at end of period	**7 941**	**7 794**
At 30 June:	6 650	6 599
– Non-current lease liability	1 291	1 195
– Current portion of lease liability	7 941	7 794

15.2 MATURITY ANALYSIS

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

	2024 R'000	2023 R'000
– within one year	1 291	1 195
– 1 to 2 years	1 394	1 291
– 2 to 3 years	1 506	1 394
– 3 to 4 years	1 626	1 506
– 4 to 5 years	1 757	1 626
– after five years	8 548	10 305
	16 123	**17 318**

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, the lease arrangement would continue on a month-to-month baiss. In the event that the lease is not extended, then the Company would continue on a month-to-month basis the business would need to relocate its Hatchery and the Seaview farming operation, which will result in a full impairment of Goodwill.

16. TAXATION

16.1 INCOME TAX

	2024 R'000	2023 R'000
– Current tax - prior year	–	–
– Deferred tax - current year	6 634	(5 464)
– Deferred tax - prior year (over)/under provision	–	(189)
Total tax expense	**6 634**	**(5 653)**

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 27% (2023: 27%).

16.2 DEFERRED INCOME TAX

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 27% (2023: 27%).

The deferred tax categories are as follows:

	2024 R'000	2023 R'000
Deferred tax liability		
– Property, plant and equipment	48 411	44 260
– Right-of-use asset	644	715
– Trademarks	7	9
– Prepaid expenses	629	234
– Biological assets	59 139	62 887
Deferred tax asset		
– Accumulated tax loss	(18 508)	(11 033)
– Government grants	(1 888)	(2 130)
– Leave pay accrual	(1 464)	(1 170)
– Allowance for expected credit losses	(7)	–
– Loan receivable	–	–
– Lease liability	(2 144)	(2 104)
– Short-term share incentive liability	(486)	(316)
– Long-term share incentive liability	–	(634)
– Share-based payment liability	(261)	–
Net deferred tax liability	84 072	90 717

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

	Property, plant and equipment	Biological assets	Accumulated loss	Government grants	Other	Total
Balance at 1 July 2022	40 725	55 634	(3 632)	(2 373)	(5 286)	85 068
Charged/(credited) to profit and loss	3 535	7 253	(7 401)	243	2 024	5 654
Balance at 30 June 2023	44 260	62 887	(11 033)	(2 130)	(3 262)	90 717
Charged/(credited) to profit and loss	4 151	(3 748)	(7 475)	242	186	(6 645)
Balance at 30 June 2024	48 411	59 138	(18 508)	(1 888)	(3 076)	84 072

16. TAXATION (CONTINUED)

16.3 TAX RATE RECONCILIATION

The income tax on the profit before tax differs from the theoretical amount that would arise using the statutory rate of 27% (2023: 27%) as follows:

	2024 %	2023 %
South African normal tax rate	27,0	27,0
Adjusted for:		
– Employment Tax Incentive	0,2	122,9
– S12H learnership allowance	0,4	123,0
– Tax rate differential	(13,0)	(4 073,3)
– Prior year period overprovision - deferred tax	0,0	123,0
Actual effective tax rate	**14,6**	**(3 677,40)**

16.4 TAX LOSSES

Estimated tax losses and capital development costs available for set-off against future taxable income.

	2024 R'000	2023 R'000
Estimated tax losses and capital development costs available for set-off against future taxable income	68 495	37 220

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. The farming operation is entitled to accelerated allowances that contribute significantly to the tax loss; and the forecast for the business support the expectations that these assets will be recovered.

17. DEFERRED INCOME GRANT

	2024 R'000	2023 R'000
– Current portion	900	900
– Long-term portion	6 092	6 992
	6 992	7 892

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 expansion costs 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.

18. BORROWINGS

	2024 R'000	2023 R'000
ABSA Agri loan	17 659	19 797
Commercial Property Finance (CPF) loan	9 103	12 698
Viking – shareholder loan	4 000	4 000
Covid-19 loan	1 459	2 131
Term loan	40 969	15 670
Battery energy storage system loan	45 673	45 036
Vehicle and asset finance loan	7 024	4 414
Total borrowings	125 887	103 747

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

	2024 R'000	2023 R'000
– Non-current long-term borrowings	105 219	80 609
– Current portion of long-term borrowings	20 668	23 138
Total long-term borrowings	125 887	103 747

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 and matures in October 2029. During the 2019 fiscal year , the CPF loan facility was granted and is repayable over 7 years and attracts interest at prime interest rate.

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 will be settled in FY25.

As a result of the impact of the Covid-19 pandemic in 2020, the government provided guarantee support to local businesses through term funding at favourable rates. In terms of this, ABSA granted a R3,3 million medium-term loan to SAF at the prime lending rate, with a payment holiday for the first 6 months.

In FY23, Abagold obtained a R15 million term loan with a 4-year term at the prime lending rate to help fund capex projects. We also acquired operational equipment of R3 million which was financed on a 4-year term at the prime lending rate. In addition, we obtained 10 year asset finance for the battery energy storage system at an interest rate of prime less 0,15%.

In FY24, R30 million of the overdraft facility was converted into a 5-year term loan at the prime lending rate less 0,35%.

Over the years the Group has funded various equipment and vehicles on instalment sale arrangements with ABSA with a 4–5 year term on favourable rates. In FY24, SAF secured a R5 million loan facility from a customer as part of a supply arrangement which requires additional capex investments, including a new packing line. The loan term is 5 years at prime less 1% with the equipment provided as collateral.

As a result of the financial impact of the product recall and softer market conditions, ABSA has agreed to a 12-month moratorium on capital repayments starting from 1 July 2024.

Notes to the consolidated financial statements
for the year ended 30 June 2024 **continued**

19. TRADE AND OTHER PAYABLES

	2024 R'000	2023 R'000
Trade and other payables comprise the following items:		
– Trade payables	18 057	15 161
– Accrual for leave	4 020	3 698
– Other accruals^	8 156	10 505
– Other personnel accruals #	4 668	6 377
– Debtors with credit balances	2 708	2 505
– Other payables	1 553	1 171
– Loans payable *	2 486	2 667
	41 647	42 085

* *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.*

\# *Other personnel accruals include the LTIP 2018-21 accrual which is paid over three annual tranches, as well as the current year bonus accrual.*

^ *Other accruals include the remaining cost for the battery energy storage system that is due after completion of the testing phase.*

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

	2024 R'000	2023 R'000
Non current trade and other payables	–	–
Current portion of trade and other payables	41 647	42 085
	41 647	42 085

20. CASH AND CASH EQUIVALENTS

	2024 R'000	2023 R'000
Bank balance	3 234	11 406
Overdraft	(42 223)	(44 000)
Balance on credit cards	(5)	(22)
	(38 994)	(32 616)

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

The credit card balance relates to Diners Club and is interest free if paid before 30 days after statement.

The balance on the bank overdraft is payable on demand and accrues interest at prime less 0.75%.

Total approved banking facility includes a general banking facility of R65,5 million (2023: R76 million), of which R30 million was converted into a term loan in the current year. The general banking facility also includes limits for entering into forward exchange contracts. The next facility review date is November 2024.

21. 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 registered for R35 million and R15 million over erf 11166 which serves as security for the Agri loan and the Commercial Property Finance (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.
- Unlimited cession and pledge in security of proceeds from Policy of short-term insurance provided by Abagold Ltd covering erf 11608 and 11166.
- Unlimited cession and pledge in security of proceeds in income from lease rights and rental income provided by Abagold Ltd covering erf 11608 and erf 11166.

22. 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 R4,4 million (2023: R4,1 million) was recognised during the year as an expense in relation to the provident fund contributions.

23. FINANCIAL INSTRUMENTS

23.1 FAIR VALUE ESTIMATION

Where fair value measurements are 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).

23. FINANCIAL INSTRUMENTS (CONTINUED)

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 2024:

	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total R'000
Assets				
Biological assets	–	–	219 055	219 055
– Foreign exchange contract assets	–	3 935	–	3 935
Total assets	–	3 935	219 055	222 990

	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total R'000
Liabilities				
Financial liabilities at fair value through profit or loss				
– Foreign exchange contract liabilities	–	–	–	–
Total liabilities	–	–	–	–

The following table presents the Group's financial assets and liabilities that are measured at fair value at 30 June 2023:

	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total R'000
Assets				
Biological assets	–	–	232 914	232 914
– Foreign exchange contract assets	–	–	–	–
Total assets	–	–	232 914	232 914

	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total R'000
Liabilities				
Financial liabilities at fair value through profit or loss				
– Foreign exchange contract liabilities	–	10 926	–	10 926
Total liabilities	–	10 926	–	10 926

Biologicals assets refer to note 4.

23. **FINANCIAL INSTRUMENTS** (CONTINUED)

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 2024 and 2023.

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.

23.2 FINANCIAL INSTRUMENTS NOT MEASURED AT FAIR VALUE

The carrying value of cash and cash equivalents, loans receivable, trade and other receivables, borrowings, and payables reported in the statement of financial position approximate fair value.

23.3 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		✔	✔	

23. FINANCIAL INSTRUMENTS (CONTINUED)

23.4 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 rating “A” 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” are used for these purposes.

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 nll as it was considered immaterial.

The Group applies the simplified approach mandated by IFRS 9 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 aging 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 the 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.

23. FINANCIAL INSTRUMENTS (CONTINUED)

23.5 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 2024:					
Trade and other payables	42 341	–	–	–	42 341
Derivative financial instruments	–	–	–	–	–
Borrowings	20 668	31 986	83 650	55 694	191 998
Bank overdraft	42 223	–	–	–	42 223
	105 232	31 986	83 650	55 694	289 865
At 30 June 2023:					
Trade and other payables	42 085	–	–	–	42 085
Derivative financial instruments	10 926	–	–	–	10 926
Borrowings	27 677	20 650	50 476	42 936	141 738
Bank overdraft	44 000	–	–	–	44 000
	124 688	20 650	50 476	42 936	238 749

23.6 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 2024, if interest rates were 1 percentage point higher, with all other variables held constant, the profit before income tax for the year would have been R1,5 million lower (2023: R1,2 million). Conversely, if interest rates were 1 percentage point lower, it would have an opposite effect on profit with the same amounts.

23.7 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:

23.7.1 Foreign trade receivables

At 30 June 2024, the exchange rate used was R18,20/US Dollar; however, 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 R51 thousand greater (2023: R396 thousand 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.

23. FINANCIAL INSTRUMENTS (CONTINUED)

23.7.2 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 2024, 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 R25,9 million (2023: R21,1 million) less. Conversely, if the Rand strengthened 10%, it would have an opposite effect on profit with the same amounts.

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

23.8 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 2024 the return was 1,2% (2023: 3,3%). In comparison, the weighted average interest expense on interest-bearing borrowings was 11,85% (2023: 9,00%).

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 48% excluding the battery% (2023: 33%), which is outside 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.

24. REVENUE

	2024 R'000	2023 R'000
Revenue comprises of the following sales of abalone products and related services:		
– Processed abalone	119 791	164 503
– Unprocessed abalone	115 198	90 177
– Live baby abalone (spats)	6 099	1 536
– Animal feed (external sales)	98 401	49 367
	339 488	305 583

24. **REVENUE** (CONTINUED)

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

	2024 R'000	2023 R'000
Revenue comprises the following geographical regions:		
Asia	227 068	249 318
North America	6 881	4 716
Southern Africa	105 538	51 549
	339 488	**305 583**

25. OTHER INCOME

	2024 R'000	2023 R'000
The following items are included in "Other income":		
– Shared infrastructure	1 663	1 167
– Deferred income on a government grant	900	900
– Profit/(loss) on disposal of fixed assets	50	–
– Processing fees	371	634
– Agriseta grant	369	–
– Cost recoveries	1 053	–
– Other	1 372	1 016
	5 778	3 082

26. FAIR VALUE GAINS AND LOSSES IN FINANCIAL INSTRUMENTS

	2024 R'000	2023 R'000
The following items are included in fair value gains and losses in financial instruments:		
– Realised foreign exchange gains/(losses)	5 011	(24 597)
– Unrealised foreign exchange (gains/(losses)	3 935	(3 318)
Net fair value gains/(losses) on financial instruments	8 946	(27 915)

27. PRODUCTION COSTS

	2024 R'000	2023 R'000
Production costs comprise the following:		
– Utilities (electricity and water)	46 419	47 480
– Feed	1 329	612
– Consumables	2 154	2 218
– Chemicals	1 658	1 789
Total production costs	51 559	52 099

Notes to the consolidated financial statements
for the year ended 30 June 2024 **continued**

28. EMPLOYEE BENEFIT EXPENSES

	2024 R'000	2023 R'000
Employee benefit expenses comprise the following items:		
– Wages and salaries	69 803	64 567
– Directors' remuneration	8 893	7 080
– Short-term incentive schemes	3 034	3 605
– Long-term incentive schemes	–	–
– Provident fund contributions	4 418	4 126
– Protective clothing	1 077	1 286
– Staff tea and welfare	257	324
– Share-based payments	536	429
Total employee benefit expense	88 018	81 418

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

	2024 R'000				
	Basic salaries	Company contributions	Short-term incentive relating to FY23#	Fees for meetings	Total
Executive directors:					
T Hedges	3 110	46	60	–	**3 216**
E Manchest	1 962	64	39	–	**2 065**
M Hugo*	1 700	52	34	–	**1 786**
Non-executive directors:					
HR van der Merwe	–	–	–	479	**479**
YJ Visser	–	–	–	284	**284**
JW Wilken	–	–	–	287	**287**
W Keast	–	–	–	137	**137**
TC Ralebitso	–	–	–	214	**214**
A Archary	–	–	–	211	**211**
F Davids**	–	–	–	214	**214**
Total	**6 773**	**163**	**132**	**1 825**	**8 893**

Payable in full subject to approval of the annual results at the September 2023 Board meeting.

* *Appointed as alternate director of the Board in December 2023*

** *Appointed by the Board in September 2023*

28. EMPLOYEE BENEFIT EXPENSES (CONTINUED)

	2023 R'000				
	Basic salaries	Company contributions	Short-term incentive relating to FY23#	Fees for meetings	Total
Executive directors:					
T Hedges*	2 866	58	228	–	**3 152**
E Manchest	1 807	67	150	–	**2 024**
Non-executive directors:					
HR van der Merwe	–	–	–	495	**495**
YJ Visser	–	–	–	295	**295**
JW Wilken	–	–	–	325	**325**
W Keast	–	–	–	165	**165**
JN Hamman**	–	–	–	88	**88**
TC Ralebitso	–	–	–	205	**205**
A Archary	–	–	–	168	**168**
K Gordon*	–	–	–	164	**164**
Total	**4 673**	**125**	**378**	**1 903**	**7 080**

Payable in full subject to approval of the annual results at the September 2022 Board meeting.

* *Resigned from the Board in June 2023*

** *Retired from the Board in December 2022*

Please refer to note 29 for details relating to the vesting of rights to executive directors in terms of the long-term incentive plan.

29. 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 3-year period. The scheme is not linked to the actual share price of the Company.

The liability was determined as nil (R2,3 million: 2023) and the prior year payment related to the third and last tranche of LTIP 2018-21, and is classified as "other personnel accruals" under trade payables.

29. LONG-TERM INCENTIVE PLAN ("LTIP") (CONTINUED)

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 plan is based	
	2024 R'000	**2023 R'000**
Movement in the "LTIP units" awarded:		
Balance at the beginning of the year	2 022	1 097
Expired during the year	(1 097)	–
Additional units – LTIP FY23-25	–	924
Additional units – LTIP FY24-26	1 873	–
Balance at the end of the year	2 798	2 021

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

	30 June 2026: LTIP FY24-26	**30 June 2025: LTIP FY23-25**
Long-term Incentive Plan units:	1 873	924
TR Hedges	748	403
E Manchest	367	196
Other executives	757	326

An expense of nil (nil: 2023) was recognised in the statement of comprehensive income as employee benefits expense (refer note 28).

The remuneration payable to directors of the company in terms of the long-term incentive scheme are detailed in the table below.

There is no remuneration payable to directors of the company with respect to the FY23-25 LTIPs as these units will only vest in September 2025, and is subject to delivering a minimum "cash generated from operating activies" over the three year period. The performance to date indicates that these LTIPs will not reach the minimum target level for a pay-out.

30. PROFIT FROM OPERATIONS

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

	2024 R'000	**2023 R'000**
Auditor's remuneration for audit services	701	589
Amortisation and write-offs of trademarks	32	32
Depreciation	23 654	21 348
Maintenance	11 752	10 053
Professional fees	7 184	7 904
Legal fees	5	35
Variable lease rental costs not capitalised	1 920	1 406

31. FINANCE COSTS

Finance costs comprises of interest paid on the following interest bearing debt:

	2024 R'000	2023 R'000
Bank overdraft	4 479	1 124
Agri loan	2 369	1 407
Term Loan	2 673	1 291
Lease liability	1 253	1 256
CPF Loan	1 310	1 446
Loan from Associate	148	150
ABSA asset financing	4 627	229
Wesbank asset financing	29	37
Total finance costs	16 888	6 939

32. 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.

	2024 R'000 Net	2023 R'000 Net
Basic earnings/(loss) attributable to ordinary shareholders including discontinued operation (R'000)	(38 913)	(5 807)
Weighted number of ordinary shares (000s) at the beginning of the year	140 548	140 548
Potential shares (000s) on conversion of the ESOP	7 654	1 536
Weighted number of diluted ordinary shares (000s) issued for the year	148 202	142 084
Basic loss per share (cents)	(27,69)	(4,09)
Diluted loss per share (cents)	(27,69)	(4,09)

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33. NOTES TO THE STATEMENTS OF CASH FLOWS

33.1 CASH RECEIVED FROM CLIENTS

	2024 R'000	2023 R'000
Revenue	340 192	305 583
Other income	6 740	2 269
Plus: Receivables at the beginning of the year	22 205	14 061
Less: Receivables at the end of the year	(21 672)	(22 205)
	347 465	**299 708**

33.2 CASH GENERATED FROM OPERATIONS

	2024 R'000	2023 R'000
Loss before tax	(45 549)	(154)
Adjustments for non-cash items	54 851	18 357
– Trademark amortisation and write-offs	32	32
– Amortisation of deferred income grant	(900)	(900)
– Depreciation	23 918	21 612
– Loss on sale of property, plant and equipment	28	–
– Fair value gains on biological assets	(189 481)	(253 241)
– Transfers from biological assets to inventory	203 340	226 375
– Impairment of property, plant and equipment	98	21
– Impairment of investments	1 910	–
– Stock write-off due to product recall	7 914	–
– Share-based payments	536	429
– Share of loss in equity accounted investments	22 319	20 711
– Unrealised loss on revaluation of foreign exchange contracts	(3 935)	10 926
– Reversal of prior year loss on foreign exchange contracts	(10 926)	(7 608)
Separately disclosed items in statement of cash flow	16 888	6 939
– Finance costs	16 888	6 939
Changes in working capital:	(8 871)	(9 401)
– Increase in inventory	(10 136)	(4 388)
– Decrease/(increase) in receivables	3 495	(3 191)
– Decrease in trade payables	(2 176)	(1 821)
Cash generated from operations	17 374	15 741

33. NOTES TO THE STATEMENTS OF CASH FLOWS (CONTINUED)

33.3 NET DEBT

	2024 R'000	2023 R'000
Cash and cash equivalents	(38 993)	(32 995)
Borrowings – repayable within one year	(24 367)	(23 138)
Borrowings – repayable after one year	(101 522)	(80 609)
Net debt	(164 883)	(136 742)

Reconciliation of Net debt	Other loans	Battery loan	Shareholder loan	Cash & cash equivalents	Term loan	ABSA Covid-19 loan	Property finance	Asset finance	Net debt
Opening balance 1 July 2022	–	–	(4 000)	7 625	(4 514)	(2 747)	(32 900)	(2 377)	(38 910)
Proceeds	–	–	–	4 504	5 253	838	3 259	1 046	14 901
Repayments	–	(43 981)	–	(44 000)	(15 118)	–	–	(2 933)	(106 032)
Interest charge	–	(1 058)	–	(1 124)	(1 293)	(221)	(2 853)	(150)	(6 699)
Closing balance 30 June 2023	–	(45 039)	(4 000)	(32 995)	(15 672)	(2 131)	(32 494)	(4 414)	(136 741)
Repayments	–	6 982	–	(1 518)	7 374	894	9 411	2 885	26 028
Proceeds	(2 564)	(3 477)	–	–	(30 000)	–	–	(2 783)	(38 824)
Interest charge	–	(4 138)	–	(4 479)	(2 682)	(221)	(3 679)	(148)	(15 347)
Closing balance 30 June 2024	(2 564)	(45 673)	(4 000)	(38 993)	(40 979)	(1 459)	(26 761)	(4 460)	(164 883)

34. RESTATEMENT NOTE

Certain comparative figures have been restated.

The effects of the restatement are as follows:

	As previously stated 2023	Restated 2023	Difference
Statement of Financial Position:			
Loans receivable	1 525	1 160	(365)
Cash and cash equivalent	11 019	11 384	365
Empowerment Trust Share Reserve	429	–	(429)
Share based payments liability	–	429	429
Statement of Profit and Loss:			
Employment benefit expenses	81 418	81 418	–
Statement of cash flows			
Loans granted for enterprise development	(365)	–	(365)
Net cash flow for the year	(40 606)	(40 241)	(365)

In 2024, Abagold consolidated the Abagold Empowerment Trust for the first time after being introduced in 2023. Except for the changes reflected above, the consolidation of the Trust in the current year has not resulted in any restatement of the total equity for the Group.

35. RELATED PARTIES

35.1 IDENTITY OF RELATED PARTIES

- Abagold Ltd is the parent of the group and ultimate controlling entity.
- 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. See note 8.
- Abagold owns 45% of the shares in an associate, Aquawomen (Pty) Ltd, as documented in note 8.
- Abagold owns 100% of the shares in a subsidiary, Mean Sea Level (Pty) Ltd, as documented in note 7.
- Abagold owns 20% of the shares in an associate, Port Nolloth Sea Farm Ranching (Pty) Ltd, as documented in note 8.
- Abagold Ltd owns 50% of the shares in a joint venture, Benguella Wealth Farming (Pty) Ltd, an entity registered in Namibia, as documented in note 8.
- Abagold Ltd owns 50% of the shares in a joint venture, Nambu Abagold JV (Pty) Ltd. See note 8.
- Abagold Development Trust is public benefit organisation with Abagold as the main sponsor.
- 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.
- Mr M Hugo is a director of Mean Sea Level (Pty) Ltd and Abagold Ltd.

35.2 MATERIAL RELATED PARTY TRANSACTIONS AND BALANCES

35.2.1 Transactions with joint ventures

	2024 R'000	2023 R'000
Investments in Oman Aquaculture Co LLC	8 595	14 068

35.2.2 Transactions with associates

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

	2024 R'000	2023 R'000
Loan payable by Abagold to Aquawomen (Pty) Ltd	(2 486)	(2 667)
Trade payable by Abagold to Port Nolloth Sea Farm Ranching (Pty) Ltd	(1 441)	(1 157)
Loan receivable by Abagold from Aquawomen (Pty) Ltd	1 075	1 075
Loan receivable by Specialised Aquatic Feeds from Aquawomen (Pty) Ltd	40	40
Loan receivable by Abagold from Benguella Wealth (Pty) Ltd	1 990	–
Loan receivable by Abagold from Nambu Abagold JV (Pty) Ltd	2 360	–
Trade payable by Abagold to Aquawomen (Pty) Ltd	(3 681)	(2 572)

The following transactions related parties occurred during the year:

	2024 R'000	2023 R'000
Purchases by Abagold from Aquawomen (Pty) Ltd	(2 862)	(3 324)
Purchases by Abagold from PNSFR (Pty) Ltd	(8 828)	(6 360)
Sales by Abagold to Aquawomen (Pty) Ltd	166	264
Interest paid by Abagold to Aquawomen (Pty) Ltd	(148)	(150)
Rental expenses paid by Specialised Aquatic Feeds to Aquawomen (Pty) Ltd	–	–
Sales by Abagold to PNSFR (Pty) Ltd	1 999	–
Procurement services paid to Aquawomen (Pty) Ltd	(21 827)	(6 627)

35. RELATED PARTIES (CONTINUED

35.2.3 Material-related party transactions

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

	2024 R'000	2023 R'000
Donations by Abagold to Abagold Development Trust	459	(276)
Donations by Specialised Aquatic Feeds to Abagold Development Trust	(30)	(22)

35.2.5 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)		
	Direct	Indirect	Total
TR Hedges	(30)	(22)	(22)

36. COMMITMENTS

36.1 CAPITAL COMMITMENTS

	2024 R'000	2023 R'000
Authorised by the directors		
– Contracted for	4 065	4 800
– Not contracted for	13 600	15 000

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

The Company has signed contractual agreements for the battery energy storage system.

37. EVENTS AFTER THE REPORTING DATE

It would appear that the impact of Eskom load shedding on the business has been adequately managed and minimised, with the Group having adequate liquidity and funding facilities.

Specialised Aquatic Feeds repurchased all the minority shares in issue on 1 September 2024, which was approved by the shareholders in terms of section 115(2) of the Companies Act (read together with section 48(8)(b) of the Companies Act), and in terms of section 48(8)(a) of the Companies Act (as applicable).

38. 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.

Notes to the consolidated financial statements
for the year ended 30 June 2024 continued

39. CONTINGENT ASSET

In December 2023, Abagold was advised by our can supplier that a batch of cans supplied by them was defective and needed to be recalled. The recall was completed and, in February, product that was in stock was destroyed as well as product in the possession of our customers. The direct cost of this product recall was R20,3 million for which we have submitted a claim in terms of the conditions of sale. Furthermore, the can supplier did not supply cans for a period of 4 months after announcing the recall, which has resulted in a loss of sales for which we have submitted a separate claim for an additional R12,2 million. The claim is currently being reviewed by the suppliers insurer.

40. 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 20. The Group has recognised a positive cash generated from operations of R17,4 million for the year ended 30 June 2024 and, as at that date, current assets exceed current liabilities by R139 million. Banking facilities are subject to review by 30 November 2024, and there are unutilised banking facilities in excess of R25 million including cash reserves of R3 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 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 18 and 20. The Seaview lease term ended on 31 July 2023, and in terms of the Department of Public Works ("'DPW") expired lease agreement, an extension application has been submitted, and until approved the lease will be on a month-to-month basis. DPW has been operating numerous leases with other tenants in the New Harbour, as well as other sites around the country, on a month-to-month basis while they roll out their new leasing framework. Management is confident that the lease will be extended based on communication of DPW requirements for lease renewals in terms of the new framework. Management has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future.

41. OPERATING SEGMENTS

BASIS FOR SEGMENTATION

The Group has the following three 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 and non-abalone feeds
Mean Sea Level (Pty) Ltd	Generation of renewable energy

The Group's Managing Director and Chief Financial Director 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.

42. **OPERATING SEGMENTS** (CONTINUED)

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.

	2024			2023		
	Abagold R'000	**SAF R'000**	**MSL R'000**	**Abagold R'000**	**SAF R'000**	**MSL R'000**
External revenue	241 088	98 401	–	256 216	49 367	–
Inter-segment revenue	–	22 475	704	–	23 694	–
Segment revenue	**241 088**	**120 876**	**704**	**256 216**	**73 061**	**–**
Segment profit/(loss) before tax	(82 090)	1 925	(178)	15 278	(3 861)	(226)
Interest expense	(16 529)	(369)	–	(6 678)	(221)	–
Depreciation and amortisation	(21 188)	(2 719)	(43)	(18 803)	(2 488)	(49)
Share of profit/(loss) of equity-accounted investees	(22 319)	–	–	(20 711)	–	–
Changes in biological assets	189 481	–	–	253 241	–	–
Segment assets	527 969	44 115	138	608 198	32 796	204
Equity accounted investees	5 123	–	–	59 873	–	–
Capital expenditure	13 213	4 797	–	86 071	4 244	–
Segment liabilities	288 578	33 255	(237)	291 712	22 717	(153)

Notes to the consolidated financial statements
for the year ended 30 June 2024 **continued**

40. OPERATING SEGMENTS (CONTINUED)

RECONCILIATION OF INFORMATION ON REPORTABLE SEGMENTS TO IFRS MEASURES

	2024 R'000	2023 R'000
Revenues		
Total revenue for reporting segments	362 667	329 277
Elimination of inter-segment revenue	(22 475)	(23 694)
Consolidated revenue	**340 192**	**305 583**
Profit before tax		
Total profit before tax for reportable segments	(80 343)	11 191
Elimination of inter-segment loss	–	–
Share of profit/(loss) of equity-accounted investees	(22 319)	(20 711)
Consolidated profit before tax	**(102 662)**	**(9 520)**
Assets		
Total assets for reportable segments	572 221	641 198
Elimination of inter-segment transactions	(34 819)	(80 740)
Equity-accounted investees	10 523	24 247
Consolidated total assets	547 926	584 705
Liablities		
Total liabilities for reportable segments	321 595	314 276
Elimination of inter-segment transactions	(11 896)	(7 113)
Consolidated total liabilities	**309 726**	**307 162**
Other material items		
Interest expense	(16 888)	(6 939)
Capital expenditure	(18 010)	(37 919)
Depreciation and amortisation	(23 907)	(21 585)
Biological asset movements	189 481	253 241

Shareholder and administrative information

Analysis of the ordinary shareholders at 30 June 2023

	Number of shareholders		% Holding	
Size of holdings	**2024**	**2023**	**2024**	**2023**
Less than or equal to 1%	41	41	6.3%	6.3%
More than 1% but less than 5%	4	4	11.2%	11.2%
More than 5% but less than 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 ordinary shares, totalling 140 548 237 shares:

Entity	Holding
Old Mutual Life Assurance Company	17.3%
Agulhas Nominees (Pty) Ltd	15.7%
Evolution One	14.2%
Weiveld (Pty) Ltd	10.7%
Sea Yields Investments (Pty) Ltd	9.5%
Johan van Dyk Familie Trust	7.6%
Bonne Esperance Trust	7.4%

The following shareholders hold in excess of 5% of the issued AE ordinary shares, totalling 15 616 471 shares:

Entity	Holding
The Abagold Empowerment Trust	100%

Corporate information

Abagold Limited

Reg no: 1995/070041/06

Company secretary

Phindile Kubheka

Registered office

Cnr Church and Stil Streets

Hermanus, 7200

PO Box 1291, Hermanus, 7200

Tel +27 (0) 28 313 0253

Fax +27 (0) 28 312 2194

Email info@abagold.co.za

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

Notice of annual general meeting of shareholders

ABAGOLD LIMITED

(Registration number: 1995/070041/06)

Notice is hereby given that the 2024 annual general meeting ("the meeting") of the shareholders of Abagold Limited ("the Company") will be held at 09h00 on **Friday, 6 December 2024**, 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 FINANCIAL STATEMENTS

Resolved that the meeting has considered the consolidated financial statements for the year ended 30 June 2024.

ORDINARY RESOLUTION 1: RE-APPOINTMENT OF THE INDEPENDENT AUDITOR AND 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 CT Ralebitso

The directors recommend the election in terms of resolution 2.1 by the shareholders of the Company, based on Mr Ralebitso's qualifications, experience (refer pages 30–31) and contribution as a Board member.

ORDINARY RESOLUTION 3: RE-ELECTION OF DIRECTOR APPOINTED BY THE BOARD

Resolved the following director, who was appointed by the Board, is re-elected as director.

3.1 Mr S Faure

The directors recommend the election of Mr Faure based on his qualifications and experience (refer pages 30–31).

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 6 December 2024 until the conclusion of the next annual general meeting.

4.1 Mr YJ Visser

4.2 Mr J Wilken

4.3 Mr CT Ralebitso (subject to his re-election as director pursuant to resolution 2.1)

4.4 Mr F Davids

The directors recommend the elections in terms of resolutions 4.1, 4.2, 4.3 and 4.4 by the shareholders of the Company.

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, remained materially unchanged and from 1 January 2025 be paid in accordance with the following, together with such amount of Value-Added Tax ("VAT") as may be attributable thereto:

Retainer fee to be paid annually in two equal six-monthly instalments

		Rand (excl. vat)
1.1	Non-executive chairman	276 000
1.2	Non-executive director	110 000

Fees per meeting payable to the chairman of the Board and chairpersons of the Board committees

		Rand (excl. vat)
1.3	Board	30 000
1.4	Audit committee	14 000
1.5	Risk committee	14 000
1.6	Remuneration committee	8 000
1.7	Nominations committee	8 000
1.8	Social and ethics committee	8 000
1.9	Ad-hoc committee	10 000

Fees to be paid to the non-executive directors, including the chairman of the Board and chairpersons of the Board committees, per meeting

		Rand (excl. vat)
1.10	Board	15 000
1.11	Audit committee	7 000
1.12	Risk committee	7 000
1.13	Remuneration committee	4 000
1.14	Nominations committee	4 000
1.15	Social and ethics committee	4 000
1.16	Ad-hoc committee	10 000

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

REASON AND EFFECT

The reason for and effect of this special resolution 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 three board meetings and three meeting of each of the audit and risk committees, while the nomco, remco and social and ethics committees meet 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 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.

Attending and voting remotely through an electronic participation platform unfortunately will not be allowed or possible. Shareholders are, however, reminded that they are still able to vote normally through proxy submission, despite deciding not to participate in the annual general meeting. Shareholders 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 Wednesday, 4 December 2024. 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

P Kubheka
Company secretary
20 September 2024

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 6 December 2024 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 financial statements for the year ended 30 June 2024.			
	Ordinary resolutions			
1	Re-appointment of independent auditor.			
2	Re-election of director retiring by rotation:			
	2.1 Mr CT Ralebitso			
3	Re-election of director appointed by the Board:			
	3.1 Mr S Faure			
4	Election of members of the audit committee, each by separate vote:			
	4.1 Mr Y Visser			
	4.2 Mr J Wilken			
	4.3 Mr CT Ralebitso			
	4.4 Mr F Davids			

Please turn over...

No.	Business	In favour of	Against	Abstain
	Special resolutions			
1	Approval of non-executive directors' remuneration from 1 January 2024			
	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.			

Refer pages 30–31 for qualifications of directors.

(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 ____________________ 2024.

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 Wednesday, 4 December 2024 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.
11. NEW DIRECTORS: The proxy may vote with regard to the appointment of new directors not indicated in the preceding form of proxy as the proxy deems fit. Persons nominated for appointment as directors must have consented in writing to their nomination and must not be disqualified by virtue of the provisions of par 5.1.5 of the Company's Memorandum of Incorporation.

Return options:

EITHER Deliver to:

The Company Secretary
Cnr of Church and Stil Streets
Hermanus
7200

OR Post to:

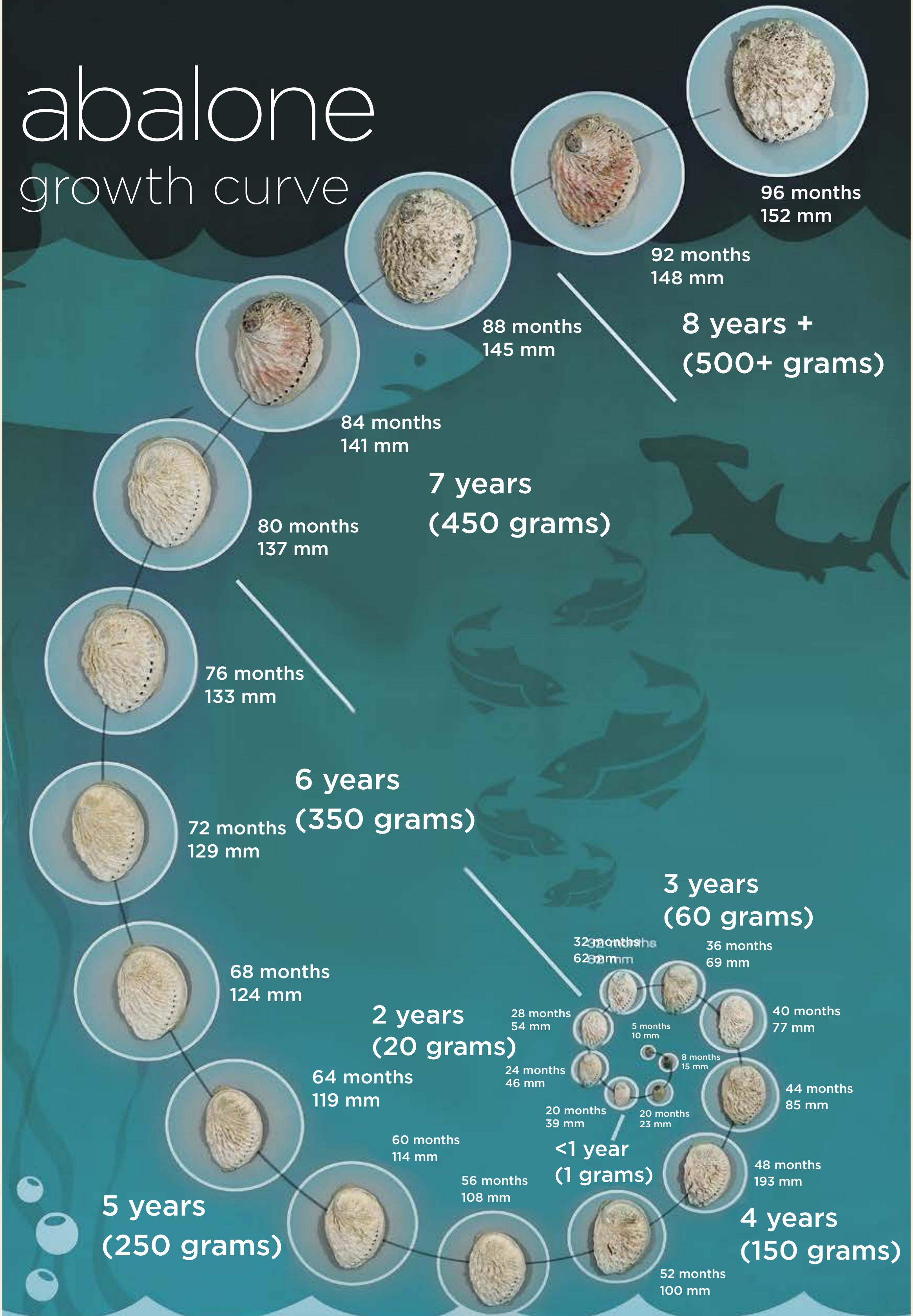
The Company Secretary
PO Box 1291
Hermanus
7200

OR email to:

phindile@abagold.co.za

To be received, preferably, by no later than 16h00 on Wednesday, 4 December 2024.

NOTES



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Abagold Limited
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