

OCEANA GROUP LIMITED

(Incorporated in the Republic of South Africa)

(Registration number: 1939/001730/06)

JSE share code: OCE

NSX share code: OCG

ISIN: ZAE000025284

("Oceana" or "the Company" or "the group")

Voluntary trading update for the 12 months ended 30 September 2021

Trading update

Pursuant to the announcement published on 29 October 2021 relating to a potential delay in the publication of the Oceana results for the 12 months ended 30 September 2021, the following update aims to provide an overview of the operating performance of the Group for that period.

The overall operating performance of the Group has been pleasing in the context of the on-going impact of Covid-19 on consumer spending and global supply chain and logistics. Continued strong demand and consequential improved pricing for all our products have underpinned our performance particularly in canned fish, horse mackerel, lobster, squid and cold storage. Supply to our global fishmeal and fish oil customer base, however, was negatively impacted by inhibiting weather conditions for both SA Anchovy and US Menhaden.

Our performance per segment can be summarised as follows:

Canned fish – continued strong demand for our core canned fish product supported by improved procurement costs, partially offset by supply challenges due to Covid-19 and KZN riots

- Net revenue was down by 2%, driven by a 6% overall decline in sales volumes, particularly due to tough trading conditions in the first half of the year. This was mitigated by a recovery in volumes in the second half of the year, notwithstanding the reduced inventory levels resulting from the KZN riots and further bolstered by a 5% price increase.
- Procurement of frozen fish decreased by 32% due to global supply chain impediments and Covid-19 impact on fishing in West Africa early in the calendar year. This impacted factory throughput and fixed cost absorptions. Positively this was partly offset by fresh pilchard catches being 93% up on the prior year.
- Continued focus on production efficiencies and cost savings in selling & distribution costs combined with a favourable exchange rate have contributed to margin improvement of 20%.
- Overall performance in the segment is strong.

Fishmeal and Fish Oil (Africa) – Good pricing and demand for FMO in Asia but performance materially impacted by lower industry landings

- Africa anchovy and redeye landings were down by 40% on the prior period due to by-catch limitations in the early part of the season and more adverse weather days in the mid-season in South Africa.
- The segment experienced healthy demand in all our markets. Increased feed production in China for both the aquaculture and pig farming sectors contributed to improved pricing in the global market. This resulted in average fishmeal price growth of 9% in USD terms.
- Despite strong global demand for fishmeal and fish oil, our Africa FMO segment was negatively impacted by significantly lower landings, resulting in a 35% reduction in revenue.
- The reduced volumes also impacted fixed cost absorption resulting in a decline in profitability.

Fishmeal and Fish Oil (USA) Daybrook – Challenging fishing year due to Covid-19 and weather condition. Performance bolstered by continued demand in core petfood and aquaculture markets and supported by an improvement in oil yield.

- In the US, supply of fishmeal and fish oil was negatively impacted by overall lower opening stock levels and challenging fishing conditions. Covid-19 restrictions impacted crew availability, hampering the overall efficiency of the Westbank fishing fleet. This was further exacerbated by the adverse effect of Hurricane Ida which made landfall on August 29th temporarily impacting access and services to our plant and subsequently to fishing conditions.
- Overall volumes sold were 12% down on the prior period notwithstanding a 20% reduction in landings.
- The segment also experienced healthy demand, particularly in the US where continued growth in petfood consumption attributed to steady pricing. Increased aquaculture activity in Europe and China had a positive effect on fish oil pricing.
- In USD terms average price growth of 2% and 5% was realised in fishmeal and fish oil respectively.
- As a result of the significant decrease in volumes, overall revenue was down 10% while margins in the US FMO business reduced by 11% compared to the prior period.

Horse Mackerel, Hake, Lobster and Squid – Strong performance underpinned by good demand for fresh fish products in key geographies

- Horse mackerel operating performance was exceptional, driven by strong demand across traditional African markets coupled with general protein supply shortages which contributed to very favourable pricing. Overall revenue growth of 9% was supported by steady supply but partly offset by a stronger Rand/\$ exchange rate resulting in a 23% improvement in margins.
- This has been a challenging period for our Hake business with operating performance negatively impacted by lower sea days for the period brought upon primarily by unplanned maintenance and extended Covid-19 protocols. This resulted in an 8% reduction in landings. Short term pressure in the first half of the year on European pricing due to decreased out of home consumption, negatively impacted revenue. Pricing restored to normalised levels during the latter part of the financial year. Overall revenue decline of 6% contributed to a 25% decrease in margin for the Hake business.
- Our lobster and squid businesses delivered solid performances supported by improved lobster pricing and good squid landings.
- On an overall basis this segment grew revenues by 14% and margins by 6%.

CCS – optimisation and efficiencies support positive performance

- A steady year for our cold storage and logistics business achieving improved margins through increased revenue per pallet in key markets and optimisation of storage capacity in the Western Cape.
- Overall occupancies were negatively impacted by reduced Lucky Star frozen fish volumes. Third party occupancies however remained fairly consistent in the period.
- Overall cost management has been positive further contributing to margin growth of 22%.

Exchange rate

During the period, the Rand strengthened by 11% against the dollar. The resulting reduction of translated US earnings was compensated by the strong performance of our South African and Namibian operations.

Update on publication of financial results

Shareholders are advised that the Company has made good progress in the investigation referred to in the 29 October 2021 announcement and will provide an update in this regard on or before 10 December 2021. The investigation is not complete but progress to date does not indicate any material impact on the results or the financial statements.

The information contained in this trading update has not been reviewed or reported on by Oceana's external auditors.

Cape Town

26 November 2021

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The Standard Bank of South Africa Limited