

PREMIER FISHING AND BRANDS LIMITED

(Incorporated in the Republic of South Africa)

(Registration number: 1998/018598/06)

JSE share code: PFB

ISIN: ZAE000247516

(**"PFB"** or **"the Company"**)

AFRICAN EQUITY EMPOWERMENT INVESTMENTS LIMITED

(Incorporated in the Republic of South Africa)

Registration number 1996/006093/06

JSE share code: AEE

ISIN: ZAE000195731

(**"AEEI"**)

JOINT ANNOUNCEMENT – ACQUISITION OF AN ADDITIONAL EQUITY STAKE BY PREMIER FISHING SA PROPRIETARY LIMITED IN TALHADO FISHING ENTERPRISES PROPRIETARY LIMITED

1. Introduction

- 1.1. Shareholders holding securities in PFB and AEEI respectively are advised that Premier Fishing SA Proprietary Limited (**"PFSA"** or the **"company"**), a wholly owned subsidiary of PFB, entered into a binding subscription agreement (**"Subscription Agreement"**) on 21 December 2022, in terms of which PFSA will subscribe for an additional 607 ordinary shares in the issued share capital (**"Equity Stake"**) of Talhado Fishing Enterprises Proprietary Limited (**"Talhado"**) at a subscription price of R95,000,000 (the **"Subscription"**).
- 1.2. In a separate, but linked transaction, Talhado entered into a binding share repurchase agreement (**"Repurchase Agreement"**) with Scofish Proprietary Limited (**"Scofish"**) on 21 December 2022, in terms of which Talhado will repurchase Scofish's Equity Stake, constituting 30.35% of the ordinary issued share capital of Talhado, at a repurchase price of R95,000,000

(the “**Repurchase**”) (the Subscription and Repurchase are hereinafter collectively referred to as the “**Transaction**”).

- 1.3. PFSA already holds 50.3% of the ordinary shares in Talhado and will, after the successful implementation of the Transaction, hold 80.65% of the ordinary shares in Talhado.
- 1.4. The ordinary shares of PFB are held beneficially by AEEI (56.23%), 3Laws Capital South Africa Proprietary Limited (34.06%), Sekunjalo Investment Holdings Proprietary Limited (3.57%), with the remaining 6.14% being held by minority shareholders.

2. Nature of Businesses

2.1. PFSA

The company, a wholly owned subsidiary of PFB, operates in South Africa and is engaged in commercial harvesting, processing and marketing of marine resources. The group's principal operations are catching, processing and marketing of pelagic (pilchards and anchovy), West Coast rock lobster, South Coast rock lobster, squid and hake. The group also earns cold storage revenue through the use of cold and dry storage space by its customers. The company is involved in the manufacture of environmentally friendly fertiliser products (organic liquid fertiliser). The company has been in operation since 1952. Its vision is to be “The First Choice” of all its stakeholders.

2.2. Talhado

Talhado is the largest squid player in the South African fishing market which complements PFSA's diversification strategy and extends its product basket. Talhado and its associated companies own over 15 vessels. The group owns a cold room facility, which can store up to 800 tons of squid. The group has a solid asset base in the squid sector and the synergies between PFSA and Talhado are expected to be realised in the short to medium term which will lead to further efficiencies within existing operations and the overall group. The ordinary shares of Talhado are held beneficially by PFSA (50.5%), Scofish (30.35%), Patrick Mbiko Family Trust (5%), The Sanbourne Trust (5%), Dino Moodaley Family Trust (5%) and Dino Mark Moodaley (4.35%).

2.3. Scofish

Scofish was founded in 1991 with its sole focus on the commercial fishing industry. Currently Scofish is a diversified investment company with interests in fishing, commercial property, technology and listed equity investments. The ordinary shares of Scofish are held beneficially by The Standur Trust.

3. Rationale for the Transaction

In terms of the Transaction, PFSA will effectively be acquiring an additional 30,35% shareholding in Talhado for further control over its squid fishing rights, brand, processing facilities, and in order to enhance the Company's footprint in the squid sector. This will assist PFSA to consolidate its business, in particular, in the squid sector which has proven to be a good generator of revenue. PFSA also intends to exploit synergies between its operations and those of Talhado and, thereby, introduce efficiencies in the business and save costs. Additionally, the Transaction will result in enhanced black ownership credentials for Talhado and, indirectly, PFSA. Talhado also has an extensive international sales network which PFSA intends to leverage in order to derive more operational and other benefits.

4. The Subscription

In terms of the Subscription, PFSA will subscribe for the Equity Stake, constituting an additional approximately 30.35% of the ordinary shares in Talhado (the **"Subscription Shares"**).

4.1. Subscription Price and Payment

4.1.1. The price payable by the PFSA to Talhado for the Subscription Shares is an aggregate amount of R 95,000,000 (the **"Subscription Price"**).

4.1.2. The Subscription Price is payable in cash by not later than 4 January 2023, which Subscription Price will be paid to a firm of attorneys appointed by PFSA to be held in trust by such attorneys, subject to and pending the fulfilment or waiver of the conditions precedent set out in paragraph 4.2 below (**"Subscription Conditions Precedent"**).

4.2. Subscription Conditions Precedent

The Subscription is subject to the fulfilment (or waiver to the extent legally (permissible) of the following Subscription Conditions Precedent, that by no later than 31 January 2023, or such later date agreed in writing between the parties –

4.2.1. the Repurchase Agreement has become unconditional and is of full force and effect in accordance with its terms, save for any condition requiring that the Subscription Agreement becomes unconditional;

4.2.2. special resolutions by Talhado shareholders have been approved, authorising:

4.2.2.1. an amendment to the memorandum of incorporation (**"MOI"**) of Talhado so as to increase the authorized share capital of Talhado; and

4.2.2.2. the issue and allotment of the Subscription Shares to PFSA in accordance with section 41 of the Companies Act, No 71 of 2008 as amended (the **"Companies Act"**);

4.2.3. resolutions by the board of directors of Talhado (**"Talhado Board"**) have been approved, authorising:

- 4.2.3.1. the entering into of the Subscription Agreement and all the agreements and transactions contemplated therein;
 - 4.2.3.2. an amendment to the MOI of Talhado so as to increase the authorized share capital of Talhado; and
 - 4.2.3.3. the issue and allotment of the Subscription Shares to PFSA in accordance with section 41 of the Companies Act;
- 4.2.4. the shareholders of Talhado, to the extent applicable, having waived, in writing any pre-emptive or similar rights under or in terms of Talhado's MOI and/or shareholders' agreement or otherwise in respect of the Subscription Shares; and
- 4.2.5. the JSE Limited, Takeover Regulation Panel and PFB shareholders approving the Transaction, to the extent required pursuant to paragraph 9.20 of the Listings Requirements of the JSE Limited ("**JSE Listings Requirements**") and/or section 126(1)(e) of the Companies Act.
- 4.3. The Subscription Agreement contains warranties and undertakings which are standard for a transaction of this nature.
- 4.4. **Closing Date**

The closing date of the Subscription is the 2nd business day after the date of fulfilment or waiver, as the case may be, of the Subscription Conditions Precedent set out in paragraph 4.2 above.

5. The Repurchase

In terms of the Repurchase, Talhado will repurchase Scofish's Equity Stake, constituting 30.35% of the ordinary issued share capital of Talhado (the "**Repurchase Shares**").

5.1. Repurchase Price and Payment

- 5.1.1. The price payable by Talhado to Scofish (the "**Parties**") for the Repurchase Shares is an aggregate amount of R95,000,000 (the "**Repurchase Price**").
- 5.1.2. The Repurchase Price is payable in cash on or before the earlier of 4 January 2023 and the Repurchase Closing Date (as defined in paragraph 5.4 below) (the "**Payment Date**"). Should the Repurchase Price not be paid by the Payment Date, the Repurchase Price shall bear interest at the Prime Rate of the Standard Bank of South Africa Limited, calculated from the Payment Date to the date of actual payment thereof, both dates inclusive, subject to the fulfilment (or waiver to the extent legally permissible) of the conditions precedent set out in paragraph 5.2 below ("**Repurchase Conditions Precedent**").
- 5.1.3. In addition, all amounts of any nature owing by, to or between the Parties from any cause whatsoever (including by way of loan account as at the Repurchase Closing Date and exclusive of any marketing claims and/or agency claims, referred to in paragraph 5.1.4 below) are repayable in full within 7 days of the Repurchase Closing Date.

5.1.4. In terms of the Repurchase Agreement, the existing marketing agreement and agency agreement in place between the Parties will both terminate and any marketing and/or agency claims arising respectively from such agreements as at the Closing Date, shall be settled in full by Talhado within 30 days of the Repurchase Closing Date.

5.2. Conditions Precedent

The Repurchase is subject to the fulfilment (or waiver to the extent legally permissible) of the following Repurchase Conditions Precedent, that by no later than 31 January 2023:

- 5.2.1. the Subscription Agreement has been concluded and is of full force and effect in accordance with its terms, save for any condition requiring that that the Repurchase Agreement becomes unconditional;
- 5.2.2. the surety agreements entered into by the directors of Scofish and PFSA, providing security for the due and punctual performance by Scofish of its obligations under the Repurchase Agreement relating to certain tax liability arising from the Subscription and/or Repurchase, has been concluded and is of full force and effect in accordance with its terms;
- 5.2.3. Talhado has delivered to Scofish a copy of the written resolutions passed by:
 - 5.2.3.1. the Talhado Board in terms of which (i) the execution, delivery and performance by Talhado of its obligations under the Repurchase Agreement have been authorised; and (ii) Talhado has been authorised in terms of section 48(2) (read with section 46) of the Companies Act to acquire the Repurchase Shares in accordance with the terms of the Repurchase Agreement; and
 - 5.2.3.2. the shareholders of Talhado in terms of which (i) a special resolution has been adopted in accordance with section 48(8) (read with sections 114 and 115) of the Companies Act, approving the decision of the Talhado Board to adopt the resolutions in terms of the Repurchase Agreement; and (ii) the execution, delivery and performance by Talhado of its obligations under the Repurchase Agreement have been authorised in accordance with the provisions of the MOI of Talhado;
- 5.2.4. Scofish has delivered to Talhado a copy of the written resolutions passed by the shareholders of Scofish, to the extent required in terms of section 112 read with section 115 of the Companies Act authorising the transactions contemplated in the Repurchase Agreement in a form and substance acceptable to Talhado;
- 5.2.5. the shareholders of Talhado, to the extent applicable, having waived, in writing any pre-emptive or similar rights under or in terms of Talhado's MOI and/or shareholders' agreement or otherwise in respect of the Repurchase Shares; and

5.2.6. the JSE Limited, Takeover Regulation Panel and PFB shareholders approving the Transaction, to the extent required pursuant to paragraph 9.20 of the JSE Listings Requirements and/or section 126(1)(e) of the Companies Act.

5.3. The Repurchase Agreement contains warranties and undertakings which are standard for a transaction of this nature.

5.4. Closing Date

The closing date of the Repurchase is the 2nd business day after the date of fulfilment or waiver, as the case may be, of the Repurchase Conditions Precedent set out in paragraph 5.2 above.

6. Effective Date

The effective date of the Transaction will be the 2nd business day after the date of fulfilment or waiver, as the case may be, of both the Subscription Conditions Precedent and Repurchase Conditions Precedent set out above in paragraphs 4.2 and 5.2, respectively.

7. Financial Information

7.1. The audited value of the net assets of Talhado as at 31 August 2022 was R23,273,465.

7.2. The audited loss after tax attributable to Talhado for the year ended 31 August 2022 was R1,930,849.

7.3. The annual financial statements for the year ended 31 August 2022 of Talhado were prepared in accordance with International Financial Reporting Standards and the Companies Act.

8. Classification of the Transaction

The Transaction is classified as a Category 2 transaction in terms of the JSE Listings Requirements for both PFB and AEEI.

9. Directors' Responsibility Statement

The board of directors of each of AEEI and PFB Board accepts responsibility for the information contained in this announcement insofar as it relates to details in respect of the Transaction. To the best of their knowledge and belief, the information contained in this announcement is true and this announcement does not omit anything likely to affect the importance of the information.

Cape Town

22 December 2022

Transaction Sponsor to AEEL and Designated Advisor to PFB



Vunani Corporate Finance

Legal Advisor to PFB and PFSA



Legal Advisor to Scofish



DAWSON · EDWARDS & ASSOCIATES
a Guiding Light since 1996

Dawson Edwards & Associates

Joint Sponsors to AEEL



Merchantec Capital



Vunani Capital Sponsors