OCEANA GROUP LIMITED

(Incorporated in the Republic of South Africa)

(Registration number: 1939/001730/06)

JSE / A2X share code: OCE

NSX share code: OCG

ISIN: ZAE000025284

("Oceana" or "the Company" or "the Group")

AUDITED GROUP RESULTS FOR THE YEAR ENDED 30 SEPTEMBER 2023 AND CASH DIVIDEND DECLARATION

SALIENT FEATURES

	Continuing Operations*		
	2023 Rm	**2022 Rm**	**% change**
Revenue	9 987	8 148	22.6
Operating Profit	1 490	1 244	19.8
Profit after tax	990	791	25.2
Earnings per share (cents)	804.1	622.9	29.1
Headline earnings per share (cents)	808.8	626.0	29.2

*Excludes the profit on sale of Commercial Cold Storage and Logistics (CCS Logistics) and the result of its operations which is accounted for as a discontinued operation up until the date of sale on 4 April 2023.

GROUP UPDATE

The Board is pleased to announce the extension of Neville Brink's tenure as Chief Executive Officer ("CEO") of the Group to 31 December 2026. The Board is confident that Neville's leadership will provide the continuity necessary to execute on the Group's strategy and continue driving performance.

GROUP OVERVIEW

The Group delivered a strong performance for the year, increasing headline earnings per share from continuing operations by 29.2% to 808.8 cents per share. Daybrook increased its operating profit by 30.2% in US-dollar terms, aided by record global pricing for fish oil, and Lucky Star delivered on its volume growth strategy despite the constrained consumer environment.

The Group's performance benefitted further from increased demand and improved pricing across all wild caught seafood products. The strategy of holding higher inventory levels enabled us to capitalise on the ongoing demand for canned fish, fishmeal and fish oil to be serviced.

The benefit of the diversification across species, geographies and currencies enabled the Group to remain resilient in a challenging operating environment characterised by high inflation, rising interest rates, a volatile currency and increased loadshedding in South Africa (SA) which placed consumers under increased pressure.

Revenue from continuing operations increased by 22.6% to R10.0 billion (2022: R8.1 billion) with strong demand for affordable protein driving consumption and sales volumes. Revenue also benefitted from improved pricing across all products, particularly for fish oil, and the effect of the weaker rand exchange rate on export and US-dollar translated revenue.

Gross margin from continuing operations reduced to 28.6% (2022: 30.8%) despite positive price movements. The full impact of rising input costs in the canned fish business was not passed onto consumers as management adopted a strategy to maintain affordability. Margins were also negatively impacted by lower catch volumes and fish oil yields in both the SA and the United States (US) fishmeal and fish oil operations, poorer vessel utilisation and catch rates in our SA hake and horse mackerel fleets, and costs directly related to loadshedding in our SA land-based operations.

Sales and distribution expenditure from continuing operations increased by 9.9% to R526 million (2022: R479 million). As a percentage of revenue, these costs decreased to 5.3% (2022: 5.9%) due mainly to savings in freight and container costs in US-dollar terms.

Overhead expenditure from continuing operations increased by 16.5% to R958 million (2022: R822 million), mainly attributable to an increase in employment costs, which included provisions for performance-based incentives and costs related to the placement of vacant positions. The Group also incurred above inflation insurance premium increases and scrapped assets to the value of R11 million. This increase was partially offset by non-recurring legal and audit fees incurred in the prior year of R50 million.

The Group recognised a **foreign exchange gain** of R46 million (2022: foreign exchange loss of R23 million) related to realised and unrealised gains or losses on hedging instruments and relevant foreign currency translations.

Other income of R99 million includes insurance proceeds of R72 million related to the finalisation of the 2021 Hurricane Ida claim and R24 million related to the partial settlement of a prior year Covid business interruption claim. (2022: included insurance claims for Hurricane Ida of R63 million and the civil unrest in Kwa-Zulu Natal of R14 million, both events having occurred in 2021).

Profit from joint ventures and associate improved to R34 million (2022: R18 million) due mainly to the improved operating performance of our US associate, Westbank Fishing. Performance in the year benefitted from the weaker rand exchange rate effect on translation and insurance proceeds related to the finalisation of the 2021 Hurricane Ida claim.

Operating profit from continuing operations increased by 19.8% to R1.5 billion (2022: R1.2 billion).

Net interest expense from continuing operations increased to R192 million (2022: R180 million). Excluding interest related to lease liabilities of R38 million (2022: R12 million), the net interest expense reduced to R154 million (2022: R168 million) due to term debt repayments in the year. The interest expense in the year was however adversely impacted by unhedged interest rate increases, the translation of US-dollar interest at a weaker rand exchange rate and higher SA short-term borrowings to replenish inventory levels.

The **effective tax rate** from continuing operations reduced to 23.7% (2022: 25.7%) due to the improved performance of the US fishmeal and fish oil business, which is taxed at a lower rate, and the decrease in SA's corporate income tax rate. The taxation expense includes dividend withholding tax of R30 million (2022: R1.5 million) and non-resident shareholders' tax of R10.0 million (2022: R0.4 million) on dividends declared by foreign subsidiaries.

Profit after tax from continuing operations increased by 25.2% to R990 million (2022: R791 million). Profit after tax from total operations increased 74.6% to R1.3 billion (2022: R769 million) after recognising profit from discontinued operations of R353 million (2022: loss of R22 million), which includes R381 million profit on sale of CCS Logistics.

CASH FLOW AND FINANCIAL POSITION

Cash generated from total operations increased by 71.5% to R1 698 million (2022: R990 million), driven by the improved operating performance together with more efficient working capital utilisation.

Capital expenditure, from continuing operations, increased by 120.2% to R458 million (2022: R208 million) which included R37 million expenditure in the US fishmeal and fish oil business to optimise plant throughput and vessel utilisation. In SA, R54 million related to the upgrade of the canned fish and fishmeal production facilities and R61 million to the construction of the new canned meat facility, both on the West Coast. The Group commenced its programme to upgrade and enhance its hake fishing fleet, and spent R106 million on its flagship hake trawler during the year. The balance of the capital expenditure was largely replacement in nature.

The Group settled R767 million (2022: R220 million) term debt during the year in accordance with its debt reduction plan. The Group ended the year with net debt of R2 035 million (2022: R2 574 million) mainly due to term debt settlement, partially offset by higher working capital requirements in SA and the translation of US-dollar debt at a weaker exchange rate. The Group's net debt to EBITDA ratio improved to 1.2 times (2022: 1.7 times).

Gross debt reduced by 21.6% (R270 million) in SA and by 20.8% (USD 21 million) in US-dollar terms in the US. US-dollar-denominated debt decreased by 17.4% on translation due to a weaker exchange rate. The Group complied with all lender covenant requirements relating to both its SA and US debt.

REVIEW OF OPERATIONS

Revenue and operating profit by segment for the year:

	Revenue			Operating Profit		
	2023	**2022**	**%**	**2023**	**2022**	**%**
Segmental results	**Rm**	**Rm**	**change**	**Rm**	**Rm**	**change**
Canned fish and fishmeal (Africa)	5 553	4 610	20.5	496	476	4.2
Fishmeal and fish oil (USA)	2 697	1 946	38.6	810	584	38.7
Wild caught seafood	1 737	1 592	9.1	127	150	(15.3)
Total continuing operations*	**9 987**	**8 148**	**22.6**	**1 433**	**1 210**	**18.2**

* Operating profit for total continuing operations is before the elimination of R57 million (2022: R34 million) relating to intercompany revenue and support services between continuing and discontinued operations and IFRS 5 consolidation adjustments. Consolidated operating profit from continuing operations is R1 490 million (2022: 1 244 million) which is 19.8% up on the prior year.

CANNED FISH AND FISHMEAL (AFRICA)

CANNED FISH

Increasing consumer demand for affordable protein and the value offered by Lucky Star ensured that the brand delivered strong sales volume growth of 9.0% for the year across both local and export markets, totaling 9.6 million cartons (2022: 8.8 million cartons). This sales volumes growth, in an environment where consumers are under significant pressure, supports Lucky Star's strategy to grow consumption by maintaining affordability relative to competing proteins, building a resilient supply chain to meet growing consumer demand and continuing with innovative marketing and brand investment. The shelf-stable nature of Lucky Star's canned fish also provided consumers with a safe and convenient protein offering during prolonged periods of loadshedding.

The operating margin reduced year on year as higher selling prices were not sufficient to offset cost pressures, particularly energy, tin can and tomato paste costs, and the impact of the weaker rand / US-dollar exchange rate on the cost of imported frozen fish. Positively, local canning production volumes increased by 13.1% to 5.2 million cartons (2022: 4.6 million cartons) with 18.4% (2022: 10.1%) of raw fish volumes processed being locally caught pilchards. The growth in sales volumes ensured an improvement in the overall canned fish performance.

Inventory levels held at year end were 18.7% higher than the previous year, ensuring continuity of supply to meet expected ongoing consumer demand.

FISHMEAL (AFRICA)

Fishmeal and fish oil sales volumes in our African operations reduced by 9.8% to 24 088 tons (2022: 26 691 tons) with anchovy landings adversely impacted by both harsh winter weather conditions and plant reliability. This resulted in a 5.5% reduction in red eye and anchovy landings. This was partially mitigated by an increase in the volumes of pilchard offcuts from the cannery. Overall, production yields reduced to 23.3% (2022: 25.7%) mainly due to lower fish oil yields.

Revenue and operating profit benefited from record fish oil pricing, firm fishmeal pricing and the weaker rand against the US-dollar resulting in a 35.8% increase in average rand selling prices for the year, contributing to an improved performance despite the lower sales volumes.

Inventory levels closed 18.3% lower than the previous year, with a lower mix of fish oil inventory.

Loadshedding increased the reliance on generators at both the canned fish and fishmeal operations, resulting in incremental energy costs of R28 million for the year. Segmental operating profit includes R8 million Covid business interruption insurance proceeds.

FISHMEAL AND FISH OIL (USA)

In the US, Gulf Menhaden landings for the financial year declined 4.8% to 671 million fish (2022: 704 million fish) with high water temperatures in the latter part of the season adversely impacting fishing conditions. Fish oil yields at 8.1% were lower than the prior year's 10.4% due to lower fat content in the fish landed. Planned higher opening inventory levels, however, contributed to total sales volumes increasing 21.1% for the year. Fishmeal sales volumes increased by 44.8% to 52 804 tons (2022: 36 479 tons) while fish oil sales volumes decreased 27.8% to 12 729 tons (2022: 17 638 tons) given the lower catch and yield.

The cancellation of Peru's main anchovy fishing season due to the high presence of juveniles, resulting from the effect of the El Niño weather pattern, adversely impacted global fishmeal and fish oil supply levels. Consequently, Daybrook's US-dollar fishmeal sales prices increased by 6.6% and US-dollar fish oil sales prices increased by 23.3% compared to the prior year.

The effect of a weaker rand on translation of US-dollar earnings together with additional Hurricane Ida insurance proceeds of R72 million (2022: R63 million) further contributed to Daybrook's strong performance.

The division's operating margin of 30.0% is in line with the prior year with the impact of increased US-dollar sales prices being offset primarily by the effects of a lower proportion of fish oil volumes sold, lower landings and fish oil yield, and other cost push pressures experienced in the high inflationary environment.

Inventory levels closed 6.5% higher than the previous year with a higher mix of fish oil inventory.

WILD CAUGHT SEAFOOD

HORSE MACKEREL

Total horse mackerel sales volumes reduced 6.0% to 45 327 tons (2022: 48 245 tons). In South Africa, catch rates were 32.4% lower due to the impact of the ongoing La Niña weather pattern on the East Coast, and associated warmer sea temperatures extending into the 2023 season. The Desert Diamond vessel also underwent a planned engine overhaul in the first half of the year, resulting in a reduction in seadays. In Namibia, horse mackerel catch volumes improved by 7.5% with an increase in both catch rates and seadays.

Demand and US-dollar export pricing for horse mackerel remained firm which together with the weaker rand resulted in rand sales prices increasing by 19.0% year-on-year. Operating costs continued to be adversely impacted by high fuel costs in the year.

HAKE

Fewer seadays together with a reduction in catch rates resulted in hake catch volumes declining by 34.8% in the year. The reduction in seadays was due to a combination of both planned and unplanned maintenance which included the successful refrigeration freon conversion and production capacity upgrade to our flagship hake trawler, the Beatrice Marine. A 29.4% improvement in rand selling prices was insufficient to offset a 30.8% decline in sales volumes to 8 086 tons (2022: 11 687 tons), higher fuel costs and lower fixed cost absorption resulting in a decline in operating profit for the year.

LOBSTER AND SQUID

A 1.8% reduction in squid catch rates in the year was offset by a 34.6% increase in rand sales prices, driven by record prices in Europe and the weaker rand effect. The lobster business benefitted from a reduced cost base following the restructure of the West Coast Rock Lobster business, and good catch rates and sales prices for South Coast Rock Lobster.

Segmental operating profit includes R16 million Covid business interruption insurance proceeds.

FISHING RIGHTS ALLOCATION PROCESS (FRAP)

The FRAP appeals process is now largely complete with only the small pelagic appeal decision outstanding. Overall, we are satisfied with the outcome of the appeal decisions announced to date and believe that the Minister has met her mandate in recognising the need for both transformation and stability within the fishing industry. The certainty provided by the allocation of 15-year fishing rights enables Oceana to invest with confidence in its South African operations.

COMMERCIAL COLD STORAGE AND LOGISTICS (CCS LOGISTICS)

The Group disposed of its interest in CCS Logistics with effect from 4 April 2023 for R760 million. The disposal realised a profit of R477 million before taxation and R381 million after taxation, directly translating to an increase in earnings per share of 314.4 cents. This profit has no impact on headline earnings per share, being excluded for headline earnings purposes.

CCS Logistics was treated as a discontinued operation until the date of sale for reporting purposes having met the IFRS 5: Non-current Assets Held for Sale and Discontinued Operations reporting conditions.

DIVIDENDS

The Board resolved on 24 November 2023 to declare a final dividend of 305 cents (2022: 291 cents) per share, which together with the interim dividend, brings the total dividend for the year to 435 cents (2022: 346 cents) per share, an increase of 25.7%.

OUTLOOK

As the Group expects SA consumers to remain under financial pressure, management will continue to pursue its strategy to grow Lucky Star consumption through availability and relative affordability, supported by promotional activity and brand and inventory investment. The Group will remain responsive to enduring rand weakness due to the impact this has on Lucky Star's margins, noting however that the Group remains naturally hedged against rand volatility due to its high exposure to foreign currency earnings. We remain cognisant of failing infrastructure and the potential for port delays to disrupt Lucky Star's global supply chain. The new canned meat factory in St Helena Bay has been commissioned in the new financial year, enabling Lucky Star to continue to leverage both brand strength and depth of distribution into new canned food categories.

The Fishmeal (Africa) business has commenced with a major three-year phased capital expenditure project totaling R330 million to optimise processing capacity and efficiencies at its two processing facilities on the West Coast, which includes the conversion to a value and quality enhancing steam drying process at the Laaiplek facility.

The 2023 US Gulf Menhaden fishing season closed on 31 October, with landings by Westbank down 5.5% to 665 million fish (2022: 704 million fish) which is higher than the five-year average catch of 642 million fish. Higher closing inventory levels will benefit Daybrook's performance in the new financial year, enabling the sale of 9 000 tons of fish oil at prices ranging from of USD 5 000 to USD 6 000 per ton and 29 000 tons of fish meal at prices ranging from USD 1 650 to USD 1 850 per ton before commencing the new fishing season in April 2024. Peru, the world's largest fishmeal and fish oil producer, announced a 1.7 million ton anchovy quota for the second season in 2023, higher than anticipated but still 26.0% lower than the prior year. This is not expected to be sufficient to restore global fish oil supply levels, supporting continued strong pricing in the short to medium term.

Hake, horse mackerel and squid catch rates are anticipated to improve on the East Coast of SA in 2024 with the weather cycle moving from the La Niña to the El Niño effect. All three resources remain well managed and sustainable in the long term. Investments to upgrade the hake and horse mackerel fleet will continue in 2024, including expenditure to convert refrigeration from freon to other environmentally friendly gases. The Hake Deep-Sea Trawling fish rights allocation appeals process was concluded in October 2023, resulting in an effective 4.0% reduction in Oceana's allocated quota, but no net change when including the quota of contracted right holders. Demand and pricing are expected to remain firm across all products.

The Group will continue utilising excess cash to strengthen its balance sheet and create capacity for growth and improved returns.

CHANGES TO THE BOARD AND COMMITTEES

The following changes took place during the year in respect of directors and officers:

- Zaf Mahomed was appointed as Chief Financial Officer ("CFO") and executive director of the Board effective 1 February 2023. Ralph Buddle stepped down as interim CFO and executive director of the Board on 31 January 2023.
- Jayesh Jaga was appointed as the Company Secretary on 1 July 2023, replacing Nicole Morgan who resigned on 30 June 2023.

The changes to the Group's Board and Committees below were made following the Company's Annual General Meeting (AGM), held on 6 April 2023 and were effective immediately:

- Zarina Bassa retired as an independent non-executive director of the Board, chairperson of the Audit Committee, member of the Risk Committee and member of the Corporate Governance and Nominations Committee.
- Peter Golesworthy, an independent non-executive director and member of the Audit Committee, was appointed as chairperson of the Audit Committee and as a member of the Corporate Governance and Nominations Committee.
- Peter de Beyer, an independent non-executive director stepped down as chairperson of the Remuneration Committee and remained a member of the Remuneration Committee.
- Thoko Mokgosi-Mwantembe, an independent non-executive director and member of the Remuneration Committee, was appointed chairperson of the Remuneration Committee and member of the Corporate Governance and Nominations Committee.

Mustaq Brey
Chairman

Neville Brink
Chief Executive Officer

Cape Town
27 November 2023

DECLARATION OF FINAL DIVIDEND

Notice is hereby given of dividend number 159. A gross final dividend amounting to 305 cents per share, in respect of the year ended 30 September 2023 is declared out of current earnings. Where applicable, the deduction of dividends withholding tax at a rate of 20% will result in a net dividend amounting to 244 cents per share.
The number of ordinary shares in issue at the date of this declaration is 130 431 804. The Company's tax reference number is 9675/139/71/2. Relevant dates are as follows:

Dividend declaration date	Monday, 27 November 2023
Last day to trade *cum* dividend	Tuesday, 19 December 2023
Commence trading ex-dividend	Wednesday, 20 December 2023
Record date	Friday, 22 December 2023
Dividend payment date	Wednesday, 27 December 2023

Share certificates may not be dematerialised or rematerialised between Wednesday, 20 December 2023 and Friday, 22 December 2023, both dates inclusive.

This short-form announcement is the responsibility of the directors and it does not contain the full or complete information provided in the Group Annual Financial Statements. The information in this announcement has been extracted from the audited information, but the announcement is not itself audited. Any investment decisions by investors and/or shareholders should be based on consideration of the full Group Annual Financial Statements available on our website at:
https://results.oceana.co.za/audited-annual-financial-results-statements-2023 and at
https://senspdf.jse.co.za/documents/2023/JSE/ISSE/OCE/FY2023.pdf

The audited annual financial results for the year ended 30 September 2023 have been audited by Mazars who expressed an unmodified audit opinion thereon.

By order of the Board

Jayesh Jaga
Company Secretary
27 November 2023

Directorate and statutory information

Directors and Officers as at 30 September 2023:	Mr MA Brey (Chairman), Mr PG de Beyer (Lead Independent Director), Mr ND Brink* (Chief Executive Officer), Mr ZA Mahomed* (Chief Financial Officer), Ms ZBM Bassa (retired 6 April 2023), Mr PJ Golesworthy (British), Mr A Jakoet, Mr NA Pangarker, Ms L Sennelo, Ms NV Simamane, Ms TM Mokgosi-Mwantembe (*Executive)
Registered Office:	9th Floor, Oceana House, 25 Jan Smuts Street, Foreshore, Cape Town, 8001
Transfer Secretaries:	JSE Investor Services South Africa (Pty) Ltd (“JIS”) 13th Floor, 19 Ameshoff Street, Braamfontein (PO Box 4844, Johannesburg ,2000)
Sponsor – South Africa:	The Standard Bank of South Africa Limited
Sponsor – Namibia:	Old Mutual Investment Services (Namibia) Proprietary Limited
Auditors:	Mazars
Company Secretary:	Mr J Jaga (appointed 1 July 2023)
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