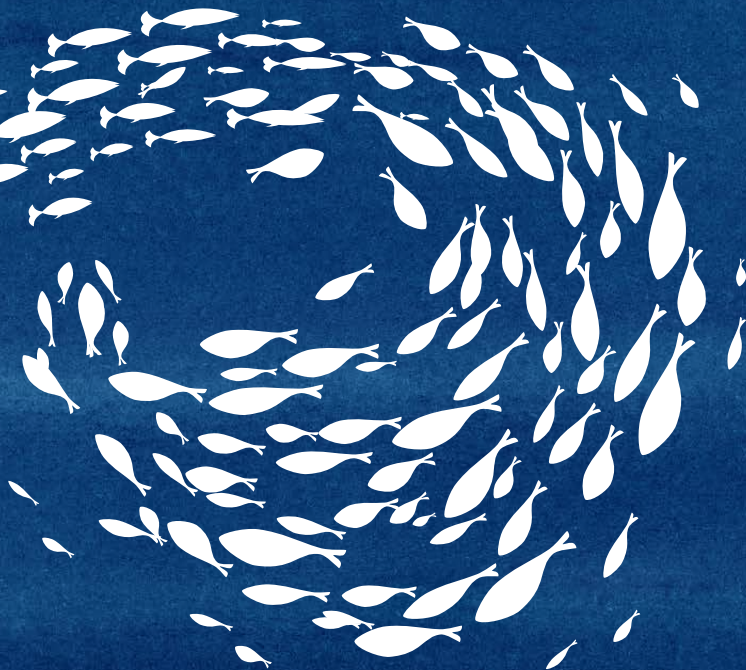


# REVIEWED CONDENSED CONSOLIDATED RESULTS

FOR THE YEAR ENDED 30 SEPTEMBER 2021



# SALIENT FEATURES

FOR THE YEAR ENDED 30 SEPTEMBER 2021

## REVENUE

▼ 8%

## EARNINGS PER SHARE

▼ 12%

## OPERATING PROFIT (AFRICA)

▼ 1%

## HEADLINE EARNINGS PER SHARE

▼ 12%

## PROFIT BEFORE TAX

▼ 12%

## TOTAL DIVIDENDS DECLARED

358 cents per share  
(2020: 393 cents per share)

## CASH GENERATED FROM OPERATIONS

R1 447 MILLION  
(2020\*: R2 252 MILLION)

\* Restated

## NET DEBT TO EBITDA\*

1.5 TIMES  
(2020: 1.4 TIMES)

\* Excluding net debt / EBITDA of Joint Operation



# COMMENTS

## DELAY IN FINALISING GROUP FINANCIAL RESULTS

During October 2021, Oceana Group Ltd ("the Company"), its subsidiaries and joint arrangements (collectively referred to as "the Group") were made aware of concerns raised by a whistle-blower relating predominantly to the accounting treatment of a United States subsidiary of the Group, Daybrook Fisheries Incorporated ("Daybrook") together with its 25% interest in Westbank Fishing LLC ("Westbank"). In order to protect the integrity of the Group's accounting and governance processes, the Board took the decision to undertake a comprehensive forensic investigation and review process of all matters raised. In February 2022, the auditors raised a new concern regarding the dating of signatures on an internal document pertaining to an insurance claim in the amount of USD4.2 million that was then also independently investigated. As a result, the publication of the annual financial results was delayed.

The results of these investigations and the basis for the delay in the publication of the annual financial results were communicated in SENS publications on 10 December 2021, 31 January 2022, 10 February 2022 and 25 February 2022. The backdated documents created concern that other insurance claim documentation was also backdated. ENS Forensics performed a comprehensive review and was able to confirm no further impact to the consolidated financial statements as a result of the backdating of any insurance claims. However, the investigation did identify other instances of backdating, although none of those instances impacted the annual financial statements. The Oceana Board views the practice of backdating documents in a serious light and is implementing appropriate remedial interventions to address this, which includes disciplinary action and training. The forensic investigations concluded that none of the matters considered resulted in financial loss to the Company nor was there any evidence of fraud or criminal conduct. A detailed summary of the findings of the forensic investigation completed in December 2021, as well as a preliminary update on the forensic investigation pertaining to the insurance matter, is available on the Company's website at <http://oceana.co.za/investors/sens-announcements/>. Some of these matters are dealt with further in the prior period restatement notes (refer to note 16).

## GROUP OVERVIEW

The Group demonstrated agility and resilience in delivering a good operating performance relative to the strong base that was set in the prior year. 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 was, however, negatively impacted by unfavourable weather conditions affecting both SA anchovy and US menhaden catch.

Group **revenue** decreased by 8.1% to R7 633 million (2020: R8 308 million) as a result of lower canned fish, fishmeal and fish oil sales volumes, lower occupancy levels in the commercial cold storage segment, and a stronger exchange rate on export and US dollar translated revenue. This was offset by favourable pricing across most products.

Higher fixed cost absorption from lower fresh fish landings impacted **gross margins**, which reduced to 33.7% (2020: 36.7%).

The Group's underlying performance for the year was also negated by the following **extraneous events**:

- The Desert Diamond suffered main engine damage in October 2020 resulting in the vessel being non-operational for 49 days.
- During July 2021, the Group's Lucky Star canned fish operations were disrupted by civil unrest and looting in KwaZulu-Natal ("KZN"). Inventory lost of R86 million hindered product availability for the remainder of the year. The R20 million outstanding balance of the total R108 million insurance claim (including loss of profits) has not been accrued for but has been disclosed as a contingent asset at year end.
- Operations in the USA were affected by Hurricane Ida, which made landfall on 29th August 2021. Damage was limited by flood protection measures, but disruptions to road access and utilities resulted in plant closure for a week. Fishing conditions after the hurricane were challenging, contributing to further reduced landings through September. As the R63 million business interruption insurance claim was received in October 2021 it has not been accrued for but has been disclosed as a contingent asset at year end.
- The Group continued to incur costs in ensuring a safe operating environment during the Covid-19 pandemic at both its land- and sea-based operations. However, fishing operations were disrupted and our canned fish and cold storage operations were further challenged by global container shortages and port challenges.

**Other income** includes insurance claims related to the Desert Diamond (R28 million) and the Covid-19 costs (R30 million).

As a result of the above, and partially offset by a stronger rand and tight cost control, Group **operating profit** before other operating items decreased by 14.3% to R1 185 million (2020: R1 383 million). If the insurance claims, referred to in note 18, of R83 million (which all relate to insured losses incurred during the year) were to have been recognised before year-end, the decrease in Group operating profit before other operating items would have been limited to 8.3%.

**Other operating items** of R16 million (2020: R17 million) include the profit on disposal of the Bayhead cold store facility of R28 million, and R11 million once-off transaction costs pertaining to the establishing of new BEE trusts.

Net **interest** expense reduced by 24.2% to R192 million (2020: R254 million) due to lower interest rates, debt repayments of R222 million (2020: R350 million) and the benefit of lower inventory levels on short term funding requirements.

**Headline earnings** declined by 11.2% from R734 million to R652 million, with headline earnings per share declining by 12.5% from 628.4 cents per share to 550.0 cents per share. If the insurance claims, referred to in note 18, had been recognised, the decrease in headline earnings per share would have been limited to 4.7%.

# COMMENTS continued

## CASH FLOW AND FINANCIAL POSITION

Management continued a defensive approach to **cash flow** management, with tight cost control due to the ongoing uncertainties of the Covid-19 pandemic.

The decline in overall cash balances to R934 million (2020: R1 433 million) is largely the result of the R222 million net movement in borrowings, a R137 million outflow for working capital purposes, R133 million outflow for the unwinding of the Oceana Empowerment Trust and a R116 million reduction arising from the translation of the USA cash balances at a lower exchange rate.

During the year the SA loans were refinanced on similar terms but with repayments extended to 2025 and 2026. The Group's **net debt** levels reduced by 5% to R2 127 million (2020: R2 241 million) and the Net Debt to EBITDA ratio, increased to 1.5 times (2020: 1.4 times), excluding the net debt / EBITDA of the joint operation.

The Group is required to comply with lender **covenant requirements** relating to both its SA and USA debt. These requirements are closely monitored and in the event that there is a risk of breaching a covenant, negotiations are entered into with the respective lender to remediate.

The negative effect of Hurricane Ida on the USA operations resulted in both Daybrook (Net Debt to EBITDA ratio) and Westbank (fixed cover ratio) being at risk of breaching covenant requirements and negotiations were entered into with lenders. Subsequent to 30 September 2021, Westbank's lender agreed to waive the fixed cover ratio covenant requirement and Daybrook amended its credit agreement, following approval of lenders, to increase the net debt to EBITDA covenant requirement retrospectively to 30 September 2021.

In compliance with IAS1, the Group has classified the long-term portion of the Westbank term loan as a current liability as the waiver of covenant requirements was only approved by the lender subsequent to the year end. This amount has subsequently been classified as long-term with effect from 1 October 2021. Refer to note 10.

## REVIEW OF OPERATIONS

	Revenue			Operating profit before other operating items		
	2021	2020	%	2021	2020	%
	R'000	R'000	change	R'000	R'000	change
Canned fish and fishmeal (Africa)	<b>4 101 483</b>	4 471 836	(8)	<b>478 609</b>	522 077	(8)
Fishmeal and fish oil (USA)	<b>1 533 381</b>	1 905 553	(20)	<b>236 900</b>	425 170	(44)
Horse mackerel, hake, lobster and squid	<b>1 661 022</b>	1 545 989	7	<b>387 236</b>	353 749	9
Commercial cold storage and logistics	<b>337 530</b>	384 963	(12)	<b>82 437</b>	81 657	1
	<b>7 633 416</b>	8 308 341	(8)	<b>1 185 182</b>	1 382 653	(14)

## CANNED FISH AND FISHMEAL (AFRICA)

The continued strategic focus on affordable pricing ensured canned fish demand remained strong, despite the constrained consumer environment. Canned pilchard sales volumes in SA declined by 5%, particularly due to tough trading conditions in the first half of the year. This was partially offset by an 11% improvement in volumes to neighbouring countries and the rest of the African continent based on improved demand. Overall sales volumes of 8.9 million cartons (2020: 9.5 million cartons) reflect positive trading conditions in the second half of the year, notwithstanding the reduced stock availability resulting from the KZN riots and the impact of global supply chain and port challenges on stock availability.

Procurement of frozen fish decreased by 32% due to global supply chain impediments and the effect of Covid-19 on fishing in West Africa early in the calendar year. The enhanced reliance of our canneries on imported frozen pilchards and lower procured volumes as well as supply chain disruptions negatively affected operations, overall fixed cost recoveries and stock availability. Offsetting this, fresh pilchard catches were up by 64% on the prior period, albeit off a very low base.

Despite these challenges, operating margins increased due to a 5% price increase, and continued focus on production efficiencies. A stronger exchange rate further contributed to operating profit margin improvement.

The Group's African fishmeal and fish oil segment was hampered by a 40% reduction in industrial landings due to by-catch limitations in the early part of the season, and more adverse weather days in the mid-season. Fishmeal demand improved significantly during the period with increased feed production in China contributing to improved pricing in the global market. On average, a 9% pricing benefit was realised (in US dollar terms).

Overall volume decline in this segment further reduced fixed cost absorptions and notwithstanding strong pricing, overall profitability declined by 8%.

# COMMENTS continued

## FISHMEAL AND FISH OIL (USA)

Our USA business endured a difficult year as overall operating conditions were hampered by poor fishing conditions and lower opening inventory levels. Covid-19 restrictions influenced crew availability, reducing the overall efficiency of the Westbank fishing fleet. This was exacerbated by Hurricane Ida, as mentioned above.

Overall sales volumes were 12% down on the prior period, despite a 20% reduction in landings.

Revenue for the year declined by 10% in US dollar terms, benefitting from healthy demand, particularly in the US where continued growth in petfood consumption contributed to steady pricing. Increased aquaculture activity in Europe and China had a positive effect on fish oil pricing. On average fishmeal pricing increased 2% and fish oil pricing 5% (in US dollar terms).

Overall operating profit declined 36% in US dollar terms and margins declined to 15.4% (2020: 22.3%) as a result of lower catch rates and lower production volumes. The full Hurricane Ida business interruption costs are accounted for in the current financial year with the related insurance proceeds only recognised in 2022. The decline in revenue and operating profit was exacerbated by an 11% strengthening of the rand.

## HORSE MACKEREL, HAKE, LOBSTER AND SQUID

The segment delivered a 9% growth in operating profit driven by strong demand for fresh fish products in key African geographies.

Horse mackerel operations delivered an exceptional result, remaining resilient throughout the year. Strong demand for fresh fish protein particularly across the traditional African markets, coupled with supply shortages, contributed to very favourable pricing.

Hake landings decreased by 8% due to fewer sea days brought upon primarily by unplanned maintenance and Covid-19 protocols. Pressure on revenue arose as a result of short term pressure on European pricing due to decreased out of home consumption in the first half of the year. Pricing restored to normalised levels during the second half of the year.

Profitability in the lobster segment benefited from improved pricing. The squid sector experienced good catch rates throughout the year.

## COMMERCIAL COLD STORAGE AND LOGISTICS ("CCS")

The CCS business delivered a good performance despite lower occupancy levels from both our own frozen fish, and third party requirements. Increased per pallet revenue and improved occupancies and throughput in Gauteng and Namibia were good despite supply chain disruptions and global container shortages. Additional cost saving initiatives were implemented resulting in improved margins for this segment.

## OCEANA EMPOWERMENT TRUST ("OET")

The OET (formerly Khula Trust) established in 2006 and holding a 10.2% shareholding in Oceana vested in January 2021. On vesting, 99% of the 2 431 previously disadvantaged employee beneficiaries elected to exit the trust either by selling or taking transfer of their respective shares. The total additional value delivered to beneficiaries that elected to exit the OET was approximately R401 million (before tax), bringing the trusts full value to beneficiaries (including distributions and advance pay out) to just under R900 million over the trust's life. In addition to the direct financial benefits received, beneficiaries were also provided with personal financial management programmes thereby enabling them to become financially empowered.

During the year, shareholder approval was obtained to establish two new empowerment Trusts, namely the Saam-Sonke Trust holding a 6.0% shareholding in Oceana with participatory rights allocated to qualifying employees and the Oceana Stakeholder Empowerment Trust holding 0.5% shareholding in Oceana with participatory rights to be allocated to fishing partners.

# COMMENTS continued

## PRIOR PERIOD RESTATEMENTS

During the preparation of the current year financial statements, certain incorrect classifications were identified requiring the restatement of the previously reported consolidated statement of comprehensive income, consolidated statement of financial position and consolidated statement of cashflows. The restatements had no effect on the Group's current year or prior year earnings. The impact of the restatements on the Group's net asset value results in a net reduction of R34 million in the prior year.

The pertinent prior period restatements (refer to note 16) include the following:

- The exchange rate used in translating the assets and liabilities of the Company's USA subsidiary did not meet the requirements of IAS 21 – The Effects of Changes in Foreign Exchange Rates. This restatement had no effect on the Group's profit after tax for prior period and has been reflected by adjusting each of the respective statement of financial position line items reducing the Group's net asset value by R89 million in the prior period.
- Accounting treatment of the investment in Westbank:

As previously communicated in our various SENS announcements relating to the delay of our results, the accounting treatment of our 25% investment in Westbank was re-visited.

Lengthy deliberations and discussions were held to consider the matters highlighted by the whistle-blower and auditors in this regard. Various independent technical and legal advisors (both in SA and the US) were consulted over the last few months to:

1. Consider whether our initial governance, regulatory and technical accounting processes were sufficient and appropriate and whether there were any shortcomings in said processes both in 2015 and 2018. No shortcomings in the processes were identified in this regard by said advisors.
2. Whether there were any grounds to suggest a change in accounting treatment based on a different interpretation of the agreements and the practical day to day implementation thereof, including the implications of a change, based on a technical interpretation of IFRS 11 (joint control and proportionate consolidation) vs IAS 28 (significant influence and equity accounting), on the licensing of fishing vessels in the US by Westbank, the 75% US citizen owned entity. Our US legal and marine law advisors have confirmed no risk to the fishing licenses but for the avoidance of doubt any clauses that may be considered to indicate control will be refined to confirm the original intent. Westbank has also detailed the background to the change to the marine regulator; the vessel fishing licenses remain in place for the start of the April 2022 fishing season.

The crux of the argument has centered around our ability to exert significant influence *versus* joint control over Westbank, and the matters considered consist of a number of legal, accounting and operational practices with evidence supporting both arguments. The Board, its technical advisors and auditors have acknowledged that there are complex areas that impact the outcome, and therefore have spent considerable time in evaluating both the legal aspects as well as the factors indicating joint operational control or significant influence.

After careful consideration of the matter, and being cognisant of the delays in reporting to date, the Board adopted the proportionate consolidation accounting treatment based on the assessment to the understanding and appreciation of our investment in Westbank and the Group financial statements as a whole. Further, that the earnings on the consolidated statement of comprehensive income and net asset value on the consolidated statement of financial position do not change as a result of the change in treatment. The consolidated statement of cash flows has also been restated to take into account this change. The Board also wishes to re-iterate (as mentioned above under the Forensics update) that there has been no evidence of fraud, misappropriation or loss of funds or management override of controls arising from the review.

The Company has treated this change in line with the requirements of International Financial Reporting Standards, and accordingly recorded this as a prior year adjustment with full disclosure of this in our condensed financial statements.

## COMMENTS continued

The summarised effect of proportionately consolidating Westbank on the Group's financial position as at 30 September is as follows:

	2021	2020 Restated <sup>1</sup>
	R'000	R'000
Property, plant and equipment	714 902	758 370
Investment in associate	(193 788)	(246 370)
Cash and cash equivalents	105 816	232 124
<b>TOTAL ASSETS</b>	<b>626 930</b>	<b>744 124</b>
Long term liabilities	497 815	490 664
Other net liabilities	4 076	48 692
Liability to joint operator	125 039	204 768
<b>TOTAL LIABILITIES</b>	<b>626 930</b>	<b>744 124</b>
<b>NET ASSET VALUE EFFECT</b>	<b>-</b>	<b>-</b>

<sup>1</sup> The summarised effect excludes the correction of the R52.8 million / USD3.5 million referred to in note 16.1.

- An amount paid on the exercise of a put option was incorrectly recognised as a receivable. The put option was granted to the previous shareholders of Daybrook and the potential amount payable under the option should have been estimated at the time of the acquisition and included in goodwill. Then, a special dividend of R66.7 million / USD4.4 million paid by Westbank to Daybrook in 2019 (i.e. 4 years after the acquisition) was incorrectly recorded as a reduction against this receivable instead of 25% being recorded as a reduction of Daybrook's investment and 75% recognized as a gain. The prior year restatement results in an increase in goodwill of R133 million, a reduction in trade and other receivables of R60 million, an increase in liability to joint operator of R18 million, and an increase in distributable reserves of R55 million.

### FSCA INVESTIGATION UPDATE

The Company was informed by the Financial Sector Conduct Authority ("FSCA") on 21 February 2022 that the FSCA had registered an investigation to determine whether any person may have published false, misleading or deceptive statements, promises and forecasts regarding the past or future performance of the Company, or its securities.

The Company engaged with the FSCA on 23 February 2022 in order to address their queries. We await their conclusion on the matter and will continue to co-operate fully with them to the extent still required, if at all, until their investigation is finalised.

### DIVIDENDS

The Board declared a final dividend of 248 cents (2020: 293 cents) per share, which together with the interim dividend, brings the total dividend for the year to 358 cents (2020: 393 cents) per share.

### DIRECTOR AND OFFICER CHANGES

Following the sad passing of our Lead Independent Director and chairman of the Audit Committee, Mr Shams Pather, on 5 July 2021, the Board appointed Mr Peter de Beyer as Lead Independent Director, with effect from 15 July 2021 and Ms Zarina Bassa as chairman of the Audit Committee effective 14 July 2021.

In addition, Ms Thoko Mwantembe and Mr Peter Golesworthy were appointed as independent non-executive directors effective 7 April 2021.

As announced on 7 February 2022, Ms Hajra Karrim, the Group's Chief Financial Officer ("CFO") was suspended on a precautionary basis pending a disciplinary process and a subsequent grievance has been lodged by the CFO in relation to the suspension. Mr Imraan Soomra resigned as executive director and Chief Executive Officer ("CEO") effective 14 February 2022. The Group appointed Mr Neville Brink as Interim CEO effective 14 February 2022 and as an executive director effective 21 February 2022. Mr Ralph Buddle was appointed as Interim CFO effective 23 February 2022.

Ms Adela Fortune resigned as Company Secretary on 4 March 2022. Mr Ralph Buddle was appointed as Interim Company Secretary (pending dispensation from the JSE) effective 9 March 2022.

# COMMENTS continued

## OUTLOOK

The Group has experienced a challenging first half performance in 2022 due primarily to:

- Low opening inventory levels of canned fish, hake and fishmeal affected sales volumes in the first quarter, and global supply chain constraints negatively affected availability in our canned fish division despite strong demand. We expect supply levels to begin to normalise into the third quarter.
- Supply pressures exist in our fishmeal and fish oil operations due to low opening inventory levels and from our hake and horse mackerel operations due to statutory dry-docks. Unexpected La Nina weather patterns have also had a negative effect on South African landings in some segments.

Improving market conditions will see strong demand and continued favourable pricing particularly in fishmeal, fish oil and horse mackerel benefiting second half performance. A 7% price increase on canned fish is also in place from 24 January 2022. The uncertainty of the effect of the Ukraine war on oil prices could increase operational cost pressures in the second half of the 2022 financial year.

The Department of Forestry, Fisheries and the Environment concluded the 2021/22 Fishing Rights Allocation Process ("FRAP") at the end of February 2022. Oceana was successful in all of its applications and was allocated 15-year fishing rights until 2037 in each of hake deep sea trawl, small pelagics (pilchard and anchovy), squid, south coast lobster and tuna pole line sectors. Oceana's allocations in the hake deep sea trawl, small pelagics, south coast lobster and squid sectors were materially in line with its previously held allocations. Appeals to the FRAP have to be submitted by 29 April 2022.

## NOTE OF APPRECIATION

The Board would like to thank all employees and stakeholders of the Group for their continued and committed diligence, care, and professionalism especially considering the difficult and challenging circumstances endured by the Group in recent months.

Forward-looking statements set out in this announcement have not been reviewed or reported on by the auditors.

These condensed consolidated Annual Financial Statements (AFS) were reviewed by the auditors, PricewaterhouseCoopers Inc..

On behalf of the Board



**MA Brey**  
*Chairperson (non-executive)*  
Cape Town  
9 March 2022



**N Brink**  
*Interim Chief Executive Officer*

## DECLARATION OF FINAL DIVIDEND

Notice is hereby given of dividend number 155. A gross final dividend amounting to 248 cents per share, in respect of the year ended 30 September 2021, was declared on 9 March 2022, 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 198.4 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:

Last day to trade <i>cum</i> dividend	Tuesday, 29 March 2022
Commence trading <i>ex-dividend</i>	Wednesday, 30 March 2022
Record date	Friday, 1 April 2022
Dividend payable	Monday, 4 April 2022

Share certificates may not be dematerialised or rematerialised between Wednesday, 30 March 2022 and Friday, 1 April 2022, both dates inclusive.

By order of the Board



**R Buddle**  
*Interim Company Secretary*  
9 March 2022





## INDEPENDENT AUDITOR'S REVIEW REPORT ON CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### TO THE SHAREHOLDERS OF OCEANA GROUP LIMITED

We have reviewed the condensed consolidated financial statements of Oceana Group Limited, set out on pages 8 to 33 of the provisional report, which comprise the condensed consolidated statement of financial position as at 30 September 2021 and the related condensed consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and selected explanatory notes.

### DIRECTORS' RESPONSIBILITY FOR THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with the requirements of the JSE Limited Listings Requirements for provisional reports, as set out in note 1 to the financial statements, 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 financial statements that are free from material misstatement, whether due to fraud or error.

### AUDITOR'S RESPONSIBILITY

Our responsibility is to express a conclusion on these financial statements. We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2410, which applies to a review of historical financial information performed by the independent auditor of the entity. ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the financial statements are not prepared in all material respects in accordance with the applicable financial reporting framework. This standard also requires us to comply with relevant ethical requirements.

A review of financial statements in accordance with ISRE 2410 is a limited assurance engagement. We perform procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluate the evidence obtained. The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these financial statements.

### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with our responsibilities in terms of sections 44(2) and 44(3) of the Auditing Profession Act, we report that we have identified reportable irregularities in terms of the Auditing Profession Act. We have reported such matters to the Independent Regulatory Board for Auditors. The matters pertaining to the reportable irregularities have been described in note 19 to the condensed consolidated financial statements.

### CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements of Oceana Group Limited for the year ended 30 September 2021 are not prepared, in all material respects, in accordance with the requirements of the JSE Limited Listings Requirements for provisional reports, as set out in note 1 to the financial statements, and the requirements of the Companies Act of South Africa.

*PricewaterhouseCoopers Inc.*

**PricewaterhouseCoopers Inc.**

**Director: R Jacobs**

*Registered Auditor*

Cape Town, South Africa

09 March 2022

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Chief Executive Officer: L S Machaba

The Company's principal place of business is at 4 Lisbon Lane, Waterfall City, Jukskei View, where a list of directors' names is available for inspection.

Reg. no. 1998/012055/21, VAT reg.no. 4950174682

# CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 SEPTEMBER 2021

	Notes	Reviewed year ended 30 Sep 2021	Reviewed Restated <sup>1</sup> year ended 30 Sep 2020	%
		R'000	R'000	Change
<b>Revenue</b>	4	<b>7 633 416</b>	8 308 341	(8)
Cost of sales		<b>(5 062 180)</b>	(5 260 250)	(4)
<b>Gross profit</b>		<b>2 571 236</b>	3 048 091	(16)
Sales and distribution expenditure		<b>(364 527)</b>	(424 885)	(14)
Marketing expenditure		<b>(43 107)</b>	(59 993)	(28)
Overhead expenditure		<b>(1 078 592)</b>	(1 170 183)	(8)
Other income		<b>73 488</b>	1 871	
Net foreign exchange gain / (loss)		<b>20 757</b>	(3 146)	760
Net impairment reversal / (loss) on financial assets		<b>6 259</b>	(8 228)	176
<b>Operating profit before joint ventures loss</b>		<b>1 185 514</b>	1 383 527	(14)
Joint ventures loss		<b>(332)</b>	(874)	62
<b>Operating profit before other operating items</b>		<b>1 185 182</b>	1 382 653	(14)
Other operating items	6	<b>16 306</b>	17 188	(5)
<b>Operating profit</b>		<b>1 201 488</b>	1 399 841	(14)
Interest income		<b>36 320</b>	41 306	(12)
Interest expense		<b>(228 773)</b>	(295 256)	(23)
<b>Profit before taxation</b>		<b>1 009 035</b>	1 145 891	(12)
Taxation expense		<b>(290 535)</b>	(329 740)	(12)
<b>Profit after taxation</b>		<b>718 500</b>	816 151	(12)
<b>Other comprehensive income</b>				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Movement on foreign currency translation reserve		<b>(552 349)</b>	492 208	(212)
Movement on foreign currency translation reserve from joint ventures		<b>164</b>	5 415	(97)
Movement on cash flow hedging reserve		<b>51 901</b>	(72 334)	172
Income tax related to (gain) / loss recognised in equity		<b>(7 542)</b>	11 813	(164)
<b>Other comprehensive (loss) / income, net of taxation</b>		<b>(507 826)</b>	437 102	(216)
<b>Total comprehensive income for the year</b>		<b>210 674</b>	1 253 253	(83)
<b>Profit after taxation attributable to:</b>				
Shareholders of Oceana Group Limited		<b>676 280</b>	760 635	(11)
Non-controlling interests		<b>42 220</b>	55 516	(24)
		<b>718 500</b>	816 151	(12)
<b>Total comprehensive income for the year attributable to:</b>				
Shareholders of Oceana Group Limited		<b>168 540</b>	1 197 706	(86)
Non-controlling interests		<b>42 134</b>	55 547	(24)
		<b>210 674</b>	1 253 253	(83)
<b>Earnings per share (cents)</b>				
– Basic		<b>570.7</b>	650.9	(12)
– Diluted		<b>531.6</b>	603.3	(12)

<sup>1</sup> Refer to note 16 for further detail of reclassifications and prior period errors.

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 SEPTEMBER 2021

	Notes	Reviewed year ended 30 Sep 2021 R'000	Reviewed Restated <sup>1</sup> year ended 30 Sep 2020 R'000	Reviewed Restated <sup>1</sup> 1 Oct 2019 R'000
<b>ASSETS</b>				
<b>Non-current assets</b>		<b>7 879 826</b>	8 403 681	7 572 603
Property, plant and equipment	7	2 590 207	2 593 844	2 345 841
Right-of-use assets		202 912	175 815	–
Goodwill and intangible assets	8	4 914 750	5 453 428	4 997 605
Interest in joint ventures		70 919	72 229	94 908
Deferred taxation		6 661	20 793	26 567
Investments and loans		94 377	84 910	107 682
Derivative asset		–	2 662	–
<b>Current assets</b>		<b>3 456 548</b>	4 215 470	3 766 735
Inventories		1 049 986	1 713 485	1 876 899
Trade and other receivables	9	1 424 268	1 045 630	1 053 436
Taxation receivable		48 682	23 663	73 523
Cash and cash equivalents		933 612	1 432 692	762 877
<b>Assets held for sale</b>		<b>–</b>	19 420	–
<b>Total assets</b>		<b>11 336 374</b>	12 638 571	11 339 338
<b>EQUITY AND LIABILITIES</b>				
<b>Capital and reserves</b>		<b>5 503 115</b>	5 945 995	5 146 442
Share capital		1 222 388	1 200 493	1 193 473
Foreign currency translation reserve		715 291	1 268 554	770 931
Cash flow hedging reserve		(31 778)	(76 223)	(15 671)
Share-based payment reserve		61 179	99 066	93 406
Distributable reserve		3 336 527	3 271 309	2 993 868
Interest of own shareholders		5 303 607	5 763 199	5 036 007
Non-controlling interests		199 508	182 796	110 435
<b>Non-current liabilities</b>		<b>3 478 113</b>	4 391 721	4 279 201
Liability for share-based payments		14 329	7 919	6 044
Provisions		39 925	27 626	29 378
Borrowings	10	2 663 792	3 502 425	3 694 101
Lease liabilities		225 539	206 232	–
Derivative liabilities		34 306	113 490	26 851
Deferred taxation		500 222	534 029	522 827
<b>Current liabilities</b>		<b>2 355 146</b>	2 300 855	1 913 695
Accounts payable		1 343 620	1 573 146	1 315 868
Provisions		7 776	12 092	9 608
Borrowings	10	697 594	410 107	381 445
Lease liabilities		46 528	45 712	–
Short-term banking facility		91 000	–	–
Derivative liabilities		7 194	–	–
Liability to joint operator	16.1	141 654	223 203	200 205
Taxation payable		19 780	36 595	6 569
<b>Total equity and liabilities</b>		<b>11 336 374</b>	12 638 571	11 339 338

<sup>1</sup> Refer to note 16 for further detail of reclassifications and prior period errors.

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER 2021

	Share capital	Foreign currency translation reserve	Cash flow hedging reserve	Share-based payment reserve	Distributable reserve	Interest of own shareholders	Non-controlling interests	Total
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
<b>Restated as at the beginning of 1 October 2019<sup>1</sup></b>	1 193 473	770 931	(15 671)	93 406	2 993 868	5 036 007	110 435	5 146 442
IFRS 16 transition adjustment	–	–	–	–	(50 084)	(50 084)	(3 596)	(53 680)
Total comprehensive income for the year <sup>1</sup>	–	497 623	(60 552)	–	760 635	1 197 706	55 547	1 253 253
Movement on foreign currency translation reserve – restated <sup>1</sup>	–	492 208	–	–	–	492 208	–	492 208
Movement on foreign currency translation reserve from joint ventures	–	5 415	–	–	–	5 415	–	5 415
Movement on cash flow hedging reserve	–	–	(72 365)	–	–	(72 365)	31	(72 334)
Income tax related to loss recognised in equity	–	–	11 813	–	–	11 813	–	11 813
Profit for the year	–	–	–	–	760 635	760 635	55 516	816 151
Transfers between reserves <sup>2</sup>	6 625	–	–	(6 625)	562	562	(562)	–
Decrease in treasury shares held by share trusts	1 105	–	–	–	–	1 105	–	1 105
Increase in treasury shares held by subsidiary	(710)	–	–	–	(16 168)	(16 878)	–	(16 878)
Share-based payment expense	–	–	–	14 309	–	14 309	–	14 309
Share-based payment exercised	–	–	–	(2 024)	–	(2 024)	–	(2 024)
Gain on disposal of shares distributed to deceased employee beneficiaries of Oceana Empowerment Trust (“OET”)	–	–	–	–	1 265	1 265	–	1 265
Issuance of shares to non-controlling interests <sup>3</sup>	–	–	–	–	–	–	44 636	44 636
Distribution to OET beneficiaries	–	–	–	–	(21 312)	(21 312)	–	(21 312)
Dividends	–	–	–	–	(397 457)	(397 457)	(23 664)	(421 121)
<b>Restated balance as at 30 September 2020<sup>1</sup></b>	<b>1 200 493</b>	<b>1 268 554</b>	<b>(76 223)</b>	<b>99 066</b>	<b>3 271 309</b>	<b>5 763 199</b>	<b>182 796</b>	<b>5 945 995</b>
Total comprehensive income for the year	–	(552 185)	44 445	–	676 280	168 540	42 134	210 674
Movement on foreign currency translation reserve	–	(552 349)	–	–	–	(552 349)	–	(552 349)
Movement on foreign currency translation reserve from joint ventures	–	164	–	–	–	164	–	164
Movement on cash flow hedging reserve	–	–	51 987	–	–	51 987	(86)	51 901
Income tax related to gain recognised in equity	–	–	(7 542)	–	–	(7 542)	–	(7 542)
Profit for the year	–	–	–	–	676 280	676 280	42 220	718 500
Transfers between reserves <sup>4</sup>	–	(1 078)	–	(68 969)	66 116	(3 931)	3 931	–
Decrease in treasury shares held by share trusts	30 672	–	–	–	40 051	70 723	–	70 723
Loss on cancellation of treasury shares <sup>5</sup>	–	–	–	–	(311 904)	(311 904)	–	(311 904)
Share-based payment expense	–	–	–	33 346	–	33 346	–	33 346
Share-based payment exercised	(8 777)	–	–	(7 253)	–	(16 030)	–	(16 030)
Allocation of elective deferral restricted shares	–	–	–	4 989	–	4 989	–	4 989
Gain on disposal of treasury shares – OET wind-up	–	–	–	–	85 929	85 929	–	85 929
Gain on disposal of shares distributed to deceased employee beneficiaries of OET	–	–	–	–	2 360	2 360	–	2 360
Distribution to OET beneficiaries	–	–	–	–	(19 608)	(19 608)	–	(19 608)
Dividends	–	–	–	–	(474 006)	(474 006)	(29 353)	(503 359)
<b>Balance as at 30 September 2021</b>	<b>1 222 388</b>	<b>715 291</b>	<b>(31 778)</b>	<b>61 179</b>	<b>3 336 527</b>	<b>5 303 607</b>	<b>199 508</b>	<b>5 503 115</b>

<sup>1</sup> Refer to note 16 for further detail of reclassifications and prior period errors.

<sup>2</sup> In the prior year R6.6 million was transferred between share capital and share-based payments reserve on exercising of equity settled incentives by employees.

<sup>3</sup> In the prior year, Amawandle Pelagic Proprietary Limited, a 75% held subsidiary of Oceana Group Limited, issued new shares to shareholders in the proportion to their respective shareholding, of which an amount of R44.6 million was allocated to non-controlling interests. The allocation to non-controlling interest was settled through a right of set-off against a long-term loan.

<sup>4</sup> IFRS 2 cost of R69.0 million relating to share trusts, for which rights have vested with employee beneficiaries, was transferred from the share-based payment reserve to the distributable reserve and non-controlling interest.

<sup>5</sup> During the current year, 8 478 067 treasury shares were repurchased from the OET at a 30-day VWAP of R67.90. The loss relates to the difference between the value of the shares repurchased and the original cost of the shares to the Group. These shares were subsequently cancelled.



# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 SEPTEMBER 2021

	Reviewed year ended 30 Sep 2021	Reviewed Restated <sup>1</sup> year ended 30 Sep 2020
	R'000	R'000
<b>Cash flow from operating activities</b>		
Operating profit before joint ventures loss	1 185 514	1 383 527
Adjustment for non-cash and other items	397 937	389 569
<b>Cash operating profit before working capital changes</b>	<b>1 583 451</b>	1 773 096
Working capital changes	(136 838)	478 751
<b>Cash generated from operations</b>	<b>1 446 613</b>	2 251 847
Investment income received	30 021	41 306
Interest paid	(224 829)	(286 933)
Taxation paid	(314 428)	(234 751)
Dividends paid	(522 967)	(442 433)
<b>Cash inflow from operating activities</b>	<b>414 410</b>	1 329 036
<b>Cash outflow from investing activities</b>	<b>(358 917)</b>	(278 098)
Purchases of property, plant and equipment	(398 257)	(347 315)
Purchases of intangible assets	(3 753)	–
Proceeds on disposal of property, plant and equipment	6 240	18 497
Decrease in loans receivable from business partners	4 724	18 931
Proceeds on disposal of fishing rights	–	2 016
Proceeds on disposal of intangible assets	–	30 114
Proceeds on disposal of non-current asset held for sale	32 129	–
Purchase of additional shareholding in other investment	–	(341)
<b>Cash outflow from financing activities</b>	<b>(439 070)</b>	(436 677)
Short-term borrowings repaid	(401 845)	(349 899)
Long-term borrowings raised	88 371	–
Short-term banking facility raised	3 593 000	4 036 000
Short-term banking facility repaid	(3 502 000)	(4 036 000)
Repayment of principal portion of lease liability	(49 260)	(39 661)
Loans advanced	(2 850)	–
Payment of joint operator liability	(21 678)	(18 919)
Repurchase of treasury shares <sup>2</sup>	–	(16 879)
Costs associated with loan refinancing	4 012	(4 319)
Proceeds from sale of treasury shares	2 360	2 370
Proceeds on sale of treasury shares to open market <sup>3</sup>	287 170	–
Payment to OET employee beneficiaries <sup>3</sup>	(420 320)	–
Purchase of treasury shares for the settlement of long-term incentives <sup>4</sup>	(16 030)	(9 370)
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(383 577)</b>	614 261
Cash and cash equivalents at the beginning of the year	1 432 692	762 877
Effect of exchange rate changes	(115 503)	55 554
<b>Cash and cash equivalents at the end of the year</b>	<b>933 612</b>	1 432 692

<sup>1</sup> Refer to note 16 for further detail of reclassifications and prior period errors.

<sup>2</sup> During the prior year Lucky Star Limited repurchased 288 400 treasury shares.

<sup>3</sup> Proceeds on sale includes repurchased and subsequently cancelled treasury shares of 8 478 067 from the OET beneficiaries as part of the winding down of OET.

<sup>4</sup> Acquisition of shares to settle employee equity-settled share-based scheme on vesting.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2021

## 1. BASIS OF PREPARATION

The condensed consolidated financial statements are prepared in accordance with the requirements of the JSE Limited Listings Requirements for provisional reports, and the requirements of the Companies Act, 71 of 2008. The Listings Requirements require provisional reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34 - Interim Financial Reporting. The accounting policies applied in the preparation of the condensed consolidated financial statements, are in terms of International Financial Reporting Standards and are consistent with those accounting policies and methods of computation applied in the preparation of the previous consolidated annual financial statements except for the prior period errors and restatements as set out in note 16 and the adoption of new standards effective during the current financial year. The condensed consolidated financial statements were prepared under the supervision of the interim chief financial officer, Mr R Buddle CA(SA).

## 2. ADOPTION OF NEW ACCOUNTING STANDARDS

In the current year, the following new standards and amendments became effective that are relevant to the Group's operations but did not have a material impact on the amounts recognised in prior periods and are not expected to significantly affect the current and future periods:

Standard / Interpretation:	Effective date: Financial years beginning on or after:
• Amendments to IFRS 9, IAS 39 and IFRS 7: IBOR reform Phase 1	1 January 2020
• Amendments to references to the Conceptual Framework and new Materiality definition: IAS 1 Presentation of Financial Statement	1 January 2020
• Accounting Policies, Changes in Accounting Estimates and Errors: Disclosure initiative	1 January 2020

## 3. SIGNIFICANT JUDGEMENTS AND ESTIMATES

The preparation of the condensed consolidated financial statements in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses.

Significant judgement has been applied in determining the appropriate accounting treatment of the Group's 25% investment in Westbank, which was acquired in 2015 via the acquisition of 100% of the shares in Daybrook, a US subsidiary of the Group. Westbank is a US fishing business that has an agreement to supply Daybrook with its entire catch, which Daybrook processes for fishmeal and fish oil products. In order to fish in US waters, Westbank is required to have at least 75% of its shares held by US citizens. By shareholder agreement, certain decisions over the activities of Westbank, for example setting the operating expenditure and capital budgets, are subject to super majority voting clauses, which necessitate unanimous consent between the Group and Makimry (the 75% US citizen shareholder). Previously it was considered that these veto rights were minority protection clauses, resulting in the Group concluding that it had significant influence over Westbank, and thus treating Westbank as an associate.

In addition, consideration was given to terms of the Daybrook warrant and Makimry put options that were in place since 2018.

After extensive debate and assessment in the current year between management, the Audit Committee and the Board's accounting advisors it was concluded that the decisions subject to the super majority voting clauses were not merely minority protection rights but gave the Group the ability to exercise joint control over Westbank. Judgement was applied in determining whether this ability was substantive or not. This is because, should the Group vote against the current 75% shareholder and should this result in a deadlock, the 75% shareholder has the right to sell its shares in Westbank to Daybrook or its nominee. Without at least a 75% US citizen shareholding, Westbank would not be able to operate its fishing vessels and would not be able to supply Daybrook. Thus, it was considered whether, because of the resultant economic risk to the Group of exercising its veto rights, the Group practically only had significant influence over Westbank. This assessment was very subjective, and it was finally concluded that more weight needed to be given to the contractual rights that the Group has, resulting in Westbank being reclassified as a joint arrangement (refer to note 16.1 for more information).

As Daybrook is required to buy 100% of Westbank's output, it is considered to have, in substance, rights to the underlying assets of, and obligations for the underlying liabilities of, Westbank, resulting in Westbank being classified as a joint operation. Joint operations are accounted for by the entity recognising its share of the assets and its share of the liabilities on a line-by-line basis, akin to proportionate consolidation. Although the Group only owns 25% of the shares of Westbank, it was decided that it would be more appropriate to recognise 100% of the assets and liabilities on a line-by-line basis because Daybrook takes 100% of Westbank's output. This accounting approach results in the recognition of a liability to the 75% shareholder for its share of the net assets to which the Group is not entitled. This liability has been called 'liability to joint operator' and all changes (except for dividends paid by Westbank) are recognised in cost of sales in order to appropriately reflect the Group's cost of fish acquired from Westbank.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED SEPTEMBER 2021

## 4. REVENUE

	Reviewed year ended 30 Sep 2021	Reviewed Restated year ended 30 Sep 2020
	R'000	R'000
The main categories of revenue and the segment to which they relate are set out below:		
<b>Sale of goods</b>		
Canned fish and fishmeal (Africa)	4 099 203	4 468 561
Fishmeal and fish oil (USA)	1 533 381	1 905 553
Horse mackerel, hake, lobster and squid	1 626 114	1 519 159
<b>Rendering of services</b>		
Commercial cold storage and logistics	336 837	383 704
<b>Other non-trade revenue</b>		
Canned fish and fishmeal (Africa)	2 281	3 275
Horse mackerel, hake, lobster and squid	34 908	26 830
Commercial cold storage and logistics	692	1 259
	<b>7 633 416</b>	<b>8 308 341</b>

Revenue from the sale of goods is recognised at a point in time except for the freight and insurance component which is recognised over time. The freight and insurance component included in fishmeal (Africa), horse mackerel, hake, lobster and squid of R60.7 million (2020: R100.2 million) is recognised over time.

Revenue from rendering of services is recognised over time except for handling, other minor services and income from transportation which is recognised at a point in time of R2.8 million (2020: R21.4 million).

Other non-trade revenue includes quota fees R25.1 million (2020: R19.3 million); commission R2.7 million (2020: R2.8 million) and factory processing and other minor recoveries R10.1 million (2020: R9.3 million).

## 5. SEGMENTAL RESULTS

The segmental information was prepared in accordance with IFRS 8 - Operating Segments (IFRS 8), which defines requirements for the disclosure of financial information of an entity's operating segments. IFRS 8 requires operating segments to be identified on the basis of internal reporting of Group components that are regularly reviewed by the chief operating decision-maker (CODM) to allocate resources to segments and to assess their performance. The Group's executive committee ("Exco") has been identified as the CODM.

The segments have been classified based on both the geographic region of the primary Group operations as well as where the different products are sold and services are rendered by the Group.

For geographic segmental reporting South Africa and Namibia have been aggregated as the primary operations having similar economic characteristics with regards to the nature of the products and services, production process, methods used to distribute products or render services and are managed as a single segment.

Revenue per geographic region is classified based on the region in which product is sold and services are rendered, irrespective of where produced. Non-current assets per geographic region are allocated based on where the subsidiary is located and includes property, plant and equipment, right-of-use assets, goodwill and intangible assets and excludes assets held for sale.

Revenue per geographic region excludes inter-segmental revenues in South Africa and Namibia which are eliminated on consolidation as follows: Horse mackerel, hake, lobster and squid R87.1 million (2020: R77.6 million) and Commercial cold storage and logistics R20.9 million (2020: R18.9 million).

Inter-segmental revenue is eliminated on consolidation between revenue and the corresponding expense line to which it relates.

The statement of financial position is reflected after eliminating inter-segmental assets and liabilities. Total assets for Commercial cold storage and logistics of R280.2 million (2020: R314.6 million) and Horse mackerel, hake, lobster and squid of R471.8 million (2020: R575.6 million) were eliminated against Canned fish and fishmeal (Africa) of R752.0 million (2020: R890.0 million). Total liabilities for Commercial cold storage and logistics of R7.5 million (2020: R2.5 million) and Horse mackerel, hake, lobster and squid of R36.6 million (2020: R70.6 million) were eliminated against Canned fish and fishmeal (Africa) of R44.1 million (2020: R73.0 million).

The Group does not have a customer who individually contributes 10% or more of the Group's revenue.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED SEPTEMBER 2021

## 5. SEGMENTAL RESULTS continued

Reviewed 2021	Canned fish and fishmeal (Africa)	Fishmeal and fish oil (USA) <sup>1</sup>	Horse mackerel, hake, lobster and squid	Commercial cold storage and logistics	Total
	R'000	R'000	R'000	R'000	R'000
<b>Statement of comprehensive income</b>					
Gross revenue	4 294 021	1 533 381	1 681 705	416 168	7 925 275
Inter-segmental revenue	(192 538)	–	(20 683)	(78 638)	(291 859)
<b>Net revenue</b>	<b>4 101 483</b>	<b>1 533 381</b>	<b>1 661 022</b>	<b>337 530</b>	<b>7 633 416</b>
Operating profit before other operating items	478 609	236 900	387 236	82 437	1 185 182
Other operating items	(15 132)	(118)	4 282	27 274	16 306
<b>Operating profit</b>	<b>463 477</b>	<b>236 782</b>	<b>391 518</b>	<b>109 711</b>	<b>1 201 488</b>
Interest income	14 399	18 185	2 761	975	36 320
Interest expense	(125 001)	(89 953)	(3 555)	(10 264)	(228 773)
<b>Profit before taxation</b>	<b>352 875</b>	<b>165 014</b>	<b>390 724</b>	<b>100 422</b>	<b>1 009 035</b>
Taxation expense	(111 830)	(27 940)	(120 719)	(30 046)	(290 535)
<b>Profit after taxation</b>	<b>241 045</b>	<b>137 074</b>	<b>270 005</b>	<b>70 376</b>	<b>718 500</b>
The above profit after taxation includes the following:					
Joint ventures loss	332	–	–	–	332
Depreciation, amortisation and impairment	49 922	167 826	64 100	31 447	313 295
<b>Statement of financial position</b>					
<b>Total assets<sup>2</sup></b>	<b>2 292 312</b>	<b>7 810 153</b>	<b>848 002</b>	<b>385 907</b>	<b>11 336 374</b>
<b>Total liabilities<sup>2</sup></b>	<b>2 229 651</b>	<b>2 890 528</b>	<b>487 010</b>	<b>226 070</b>	<b>5 833 259</b>
The above amounts of assets and liabilities includes the following:					
Additions to property, plant and equipment and intangible assets	148 375	146 599	95 937	72 731	463 642
Interest in joint ventures	70 918	–	1	–	70 919

The Group's revenue and non-current assets by geographic segment are detailed below:

2021 Region	South Africa and Namibia	Other Africa	North America <sup>1</sup>	Europe	Far East	Other	Total
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
<b>Revenue</b>	<b>4 327 874</b>	<b>848 180</b>	<b>1 162 695</b>	<b>1 061 881</b>	<b>197 267</b>	<b>35 519</b>	<b>7 633 416</b>
<b>Non-current assets</b>	<b>1 431 076</b>	<b>–</b>	<b>6 442 089</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>7 873 165</b>



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED SEPTEMBER 2021

## 5. SEGMENTAL RESULTS continued

Reviewed Restated 2020	Canned fish and fishmeal (Africa)	Fishmeal and fish oil (USA) <sup>1</sup>	Horse mackerel, hake, lobster and squid	Commercial cold storage and logistics	Total
	R'000	R'000	R'000	R'000	R'000
<b>Restated statement of comprehensive income</b>					
Gross revenue	4 628 440	1 905 553	1 568 305	483 457	8 585 755
Inter-segmental revenue	(156 604)	–	(22 316)	(98 494)	(277 414)
<b>Net revenue</b>	<b>4 471 836</b>	<b>1 905 553</b>	<b>1 545 989</b>	<b>384 963</b>	<b>8 308 341</b>
Operating profit before other operating items	522 077	425 170	353 749	81 657	1 382 653
Other operating items	14 053	–	3 135	–	17 188
<b>Operating profit</b>	<b>536 130</b>	<b>425 170</b>	<b>356 884</b>	<b>81 657</b>	<b>1 399 841</b>
Interest income	11 107	26 287	3 781	131	41 306
Interest expense	(170 086)	(109 376)	(4 720)	(11 074)	(295 256)
<b>Profit before taxation</b>	<b>377 151</b>	<b>342 081</b>	<b>355 945</b>	<b>70 714</b>	<b>1 145 891</b>
Taxation expense	(129 868)	(69 897)	(103 473)	(26 502)	(329 740)
<b>Profit after taxation</b>	<b>247 283</b>	<b>272 184</b>	<b>252 472</b>	<b>44 212</b>	<b>816 151</b>
The above profit after taxation includes the following:					
Joint ventures loss	874	–	–	–	874
Depreciation, amortisation and impairment	43 566	186 993	75 694	26 814	333 067
<b>Restated statement of financial position</b>					
<b>Total assets<sup>2</sup></b>	<b>2 800 014</b>	<b>8 866 828</b>	<b>683 054</b>	<b>288 675</b>	<b>12 638 571</b>
<b>Total liabilities<sup>2</sup></b>	<b>2 664 010</b>	<b>3 401 392</b>	<b>432 302</b>	<b>194 872</b>	<b>6 692 576</b>
The above amounts of assets and liabilities includes the following:					
Additions to property, plant and equipment and intangible assets	82 769	176 405	63 365	22 570	345 109
Interest in joint ventures	72 228	–	1	–	72 229

The Group's revenue and non-current assets by geographic segment are detailed below:

2020 Reviewed Restated Region	South Africa and Namibia	Other Africa	North America <sup>1</sup>	Europe	Far East	Other	Total
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
<b>Revenue</b>	<b>4 232 729</b>	<b>884 869</b>	<b>1 597 974</b>	<b>1 304 953</b>	<b>262 941</b>	<b>24 875</b>	<b>8 308 341</b>
<b>Non-current assets</b>	<b>1 208 822</b>	<b>–</b>	<b>7 174 066</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>8 382 888</b>

<sup>1</sup> Restated fishmeal and fish oil (USA) and North America balances and transactions. Refer to note 16.1 and 16.4.

<sup>2</sup> Restated inter-segmental elimination. Refer to note 16.7.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED SEPTEMBER 2021

## 6. OTHER OPERATING ITEMS

Transactions outside the ordinary course of business that are substantially capital or non-recurring in nature are disclosed under other operating items in the statement of comprehensive income. These comprise profits or losses on disposal and scrapping of property, plant and equipment, intangible assets and non-current assets held for sale, impairments or reversal of impairments, profits or losses on disposal of investments, operations or subsidiaries and business combination related costs or gains.

	Reviewed year ended 30 Sep 2021	Reviewed Restated year ended 30 Sep 2020
	R'000	R'000
(Loss) / profit on disposal of land and buildings	(439)	11 799
Profit on disposal of property, plant and equipment	3 645	750
Impairment of computer software	(2 369)	–
Impairment of long-term interests in joint venture	–	(9 716)
Foreign exchange loss on translation of impaired long-term interests in Angolan joint venture (Oceana Boa Pesca Limitada ("OBP"))	–	(10 160)
Impairment of property, plant and equipment	–	(1 006)
Profit on disposal of intangible assets (Glenryck UK trademark)	–	22 107
Gain on deregistration of foreign subsidiary	–	3 414
Profit on disposal of non-current asset held for sale (Bayhead cold store)	27 684	–
Once-off transaction costs pertaining to new B-BBEE trusts	(11 349)	–
Trademark written off	(866)	–
	<b>16 306</b>	<b>17 188</b>

Once off transaction costs were incurred in relation to the specific repurchase of shares from the OET and the establishment of Saam-Sonke Trust and Oceana Stakeholder Empowerment Trust ("OSET").

## 7. PROPERTY, PLANT AND EQUIPMENT

	Freehold land and buildings R'000	Leasehold land and buildings R'000	Plant, equipment and vehicles R'000	Aircrafts and vessels R'000	Total R'000
<b>2021</b>					
Cost	<b>987 353</b>	<b>97 409</b>	<b>1 936 522</b>	<b>1 800 824</b>	<b>4 822 108</b>
Accumulated depreciation and impairment losses	<b>(326 121)</b>	<b>(44 384)</b>	<b>(1 082 118)</b>	<b>(779 278)</b>	<b>(2 231 901)</b>
<b>Net book value at 30 September 2021</b>	<b>661 232</b>	<b>53 025</b>	<b>854 404</b>	<b>1 021 546</b>	<b>2 590 207</b>
<b>2020</b>					
Cost	977 968	103 674	1 960 640	1 736 158	4 778 440
Accumulated depreciation and impairment losses	(336 918)	(44 208)	(1 085 716)	(717 754)	(2 184 596)
<b>Restated net book value at 30 September 2020</b>	<b>641 050</b>	<b>59 466</b>	<b>874 924</b>	<b>1 018 404</b>	<b>2 593 844</b>

Refer to note 5 for detail of segmental assets and to note 10 for detail of relating to assets provided as security for borrowings.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED SEPTEMBER 2021

## 8. GOODWILL AND INTANGIBLE ASSETS

	Goodwill	Trademark	Intellectual property	Fishing rights	Customer relations	Non-competes	Computer software	Total
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
<b>2021</b>								
Cost	<b>3 657 542</b>	<b>245 742</b>	<b>919 340</b>	<b>161 903</b>	<b>52 836</b>	<b>104 162</b>	<b>141 144</b>	<b>5 282 669</b>
Accumulated amortisation	-	<b>(44 967)</b>	-	<b>(107 423)</b>	<b>(52 836)</b>	<b>(95 539)</b>	<b>(63 509)</b>	<b>(364 274)</b>
Accumulated impairment	<b>(1 276)</b>	-	-	-	-	-	<b>(2 369)</b>	<b>(3 645)</b>
<b>Net book value at 30 September 2021</b>	<b>3 656 266</b>	<b>200 775</b>	<b>919 340</b>	<b>54 480</b>	-	<b>8 623</b>	<b>75 266</b>	<b>4 914 750</b>
<b>2020</b>								
Cost	4 051 022	281 799	1 020 008	171 510	58 621	115 567	138 662	5 837 189
Accumulated amortisation	-	(58 172)	-	(113 450)	(50 725)	(103 488)	(56 650)	(382 485)
Accumulated impairment	(1 276)	-	-	-	-	-	-	(1 276)
<b>Restated net book value at 30 September 2020</b>	<b>4 049 746</b>	<b>223 627</b>	<b>1 020 008</b>	<b>58 060</b>	<b>7 896</b>	<b>12 079</b>	<b>82 012</b>	<b>5 453 428</b>

Refer to note 5 for detail of segmental assets and to note 10 for detail relating to assets provided as security for borrowings.

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. The change in net book value of goodwill and intangible assets includes a decrease of R538.7 million (2020: increased by R455.1 million) as a result of the translation of the US assets.

Goodwill includes R3 593.4 million (2020: R3 986.9 million) relating to the acquisition of Daybrook and its 25% investment in Westbank within the fishmeal and fish oil (USA) cash generating unit ("CGU"). The recoverable amount of the Daybrook investment is determined based on a value-in-use calculation using cash flow forecasts approved by management, covering a period of three years followed by an extrapolation of expected cash flows for years four and five using assumptions determined by management. When determining the assumptions, consideration is given to the impact of external market factors, such as changes in market demand and pricing and changes in interest rates as well as internal factors relating to current operating conditions and production trends. The current and prior year assessment also took into account the Covid-19 pandemic.

The main areas of judgement applied in determining the recoverable amount relate to fish catch, production yields, sales pricing and weighted average cost of capital.

Based on management's review, the carrying amount of the goodwill is not considered to be impaired in the current year.

## 9. TRADE AND OTHER RECEIVABLES

Included in trade and other receivables are insurance claims of R146.3 million relating to claims not yet settled as at 30 September 2021, which the Group has recognised in terms of IAS 37 which requires an asset to be recognised when the realisation of income is considered to be virtually certain. Based on management's judgement that these insurance claims meet the virtually certain recognition threshold, by virtue of their state of assessment and settlement, an insurance claims asset was recognised at 30 September 2021. The amounts that were determined to not meet the threshold for recognition in terms of IAS37 in total amounting to R82.9 million (refer to note 18) have not been accrued but have been recorded as contingent assets (refer to note 18).

The claims relate to:

- The impact of civil unrest in Kwazulu-Natal, which resulted in the write-off of R86.1 million in canned fish inventory and R21.7 million in increased costs required to secure operations and replace lost and damaged product. A total of R88.0 million of the amount claimed has been recognised.
- The impact on the Horse Mackerel division as a result of engine damage to the MFV Desert Diamond which resulted in the vessel being non-operational for 49 days during the peak fishing period. A business interruption claim amounting to R28.1 million was lodged with insurers has been recognised.
- The increased cost of operating as a result of the enhanced safety protocols required to protect employees and ensure a safe working environment under the Covid-19 conditions. Claims to the value of R30.2 million have been submitted to insurers towards the costs incurred and have been recognised.

The insurance claims were recognised within the Consolidated Statement of Comprehensive Income as follows: R86.1 million recorded in cost of sales and R60.2 million recorded in other income. The total value of the claims recognised were received subsequent to 30 September 2021.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED SEPTEMBER 2021

## 10. BORROWINGS

	Reviewed year ended 30 Sep 2021	Reviewed Restated year ended 30 Sep 2020
	R'000	R'000
South African Rand-denominated loans	1 248 682	1 533 113
USA dollar-denominated term loan	2 112 704	2 379 419
<b>Total borrowings</b>	<b>3 361 386</b>	<b>3 912 532</b>
<b>Categorised between non-current and current portions</b>		
Non-current portion of liabilities	2 663 792	3 502 425
Current portion of liabilities	697 594	410 107
<b>Total borrowings</b>	<b>3 361 386</b>	<b>3 912 532</b>

The South African rand-denominated loans include term loans of R1 237.7 million (2020: R1 518.3 million) which bear interest at a rate of JIBAR plus average margin of 1.68% (2020: 1.77%) and are repayable through a combination of semi-annual instalments and bullet instalments. The loans were refinanced in the 2021 financial year with the final principal payment due on 15 October 2026. R437.8 million was structured as an amortisation payment facility maturing on 31 December 2024, R250.0 million was structured as a bullet payment facility maturing on 15 October 2025 and R550.0 million as a bullet payment facility maturing on 15 October 2026. The loans are secured by inter-company, cross guarantees and indemnities provided by Oceana Group Limited, Lucky Star Limited, Blue Continent Products Proprietary Limited, Commercial Cold Storage Proprietary Limited, Erongo Marine Enterprises Proprietary Limited, Amawandle Pelagic Proprietary Limited and Amawandle Hake Proprietary Limited.

The USA dollar-denominated borrowings include R1 614.9 million / USD 107.0 million (2020: R1 889.7 million / USD 112.8 million) owing by Daybrook and R497.7 million / USD 33.0 million (2020: R490.7 million / USD 29.3 million) being the 100% proportionately consolidated amount owing by Westbank. The Daybrook borrowings bears interest at a rate of LIBOR plus applicable margin of 3.0% (2020: 3.0%) which varies with the total leverage ratio at the pricing date. The facility is structured as an amortisation payment facility repayable in quarterly instalments with the final payment due on 30 September 2024. The loan is secured by a first-priority perfected security interest in substantially all of the tangible and intangible assets of the Oceana US Holdings Inc., Daybrook Investors Inc., Daybrook Holdings Inc. and Daybrook Fisheries Inc..

The Westbank borrowing includes a term loan facility and a delayed draw-down facility owing by Westbank. Both facilities bear interest at the 30-day LIBOR rate plus an applicable margin of 1.50% to 2.10% depending on Westbank's total funded debt ratio.

The balance outstanding on the delayed drawdown term facility on 30 September 2021 was R111.4 million / USD 7.4 million (2020 R33.9 million / USD 2.0 million) payable in minimum quarterly instalments, with no payments due through December 2020, and of R1.7 million / USD 0.1 million to December 2021 with increasing minimum quarterly payments thereafter through December 2024, with all outstanding principle and interest being due by March 2025.

The balance outstanding on the term loan at 30 September 2021 amounts to R386.3 million / USD 25.6 million (2020: R456.7 million / USD 27.3 million) payable in minimum quarterly instalments R5.0 million / USD 0.3 million to December 2020 and R6.0 million / USD 0.4 million to December 2021 with increasing minimum quarterly payments thereafter through December 2024, with all outstanding principal and interest being due by March 2025.

In addition, Westbank has a revolving credit facility of R19.6 million / USD 1.3 million which bears interest at the same rate as the term loan. The revolving credit loans may be repaid and the principal amount re-borrowed until March 2025.

### OCEANA US HOLDING CORPORATION CALL OPTION

Oceana US Holdings Corporation ("OUSHC") has entered into a "call" agreement with the lenders, which includes call rights in favour of OUSHC, in the event of an uncured payment default by Westbank, requiring or allowing the loan made to Westbank by the lender and the related security to be assigned to and assumed by OUSHC or its designee.



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED SEPTEMBER 2021

## 10. BORROWINGS continued

### COVENANTS

The SA and USA loans provided by the lenders, are subject to covenant conditions using specific bank defined formulae as set out in the loan agreements and are regularly monitored by management to ensure these are complied with. In the event that an entity is at risk of breaching their covenants, negotiations are entered into with lenders to remediate.

	2021		2020	
	Required covenant	Achieved	Required covenant	Achieved
<b>Covenants regarding term loans and revolving credit facilities</b>				
<b>South African Rand-denominated term loans</b>				
Net debt: EBITDA cover	2.50	Yes	2.50	Yes
Interest cover	3.75	Yes	3.75	Yes
Debt service cover	1.30	Yes	1.20	Yes
<b>Daybrook USA dollar-denominated term loan</b>				
Net debt: EBITDA cover	4.00	Yes	3.75	Yes
Fixed cover	1.25	Yes	1.25	Yes
<b>Westbank USA dollar-denominated term loan</b>				
Funded debt to cap ratio max <sup>1</sup>	50%	Yes	N/A	N/A
Net debt: EBITDA cover	N/A	N/A	4.25	Yes
Fixed cover	1:1	No	1.1	Yes
Maximum operating lease rentals <sup>2</sup>	R7.5 million / USD0.5 million	N/A <sup>2</sup>	R7.5 million / USD0.5 million	N/A <sup>2</sup>
Maximum capital expenditure	R57.3 million / USD3.8 million	Yes	R68.7 million / USD4.1 million	Yes

<sup>1</sup>. Leverage ratio was replaced with funded debt to capital ratio

<sup>2</sup>. Westbank has no significant operating leases currently

The SA loan covenants have been achieved and management is comfortable with the level of available headroom.

Westbank fishing operations were negatively impacted post Hurricane Ida due to poor fishing conditions contributing to an overall reduction in landings. As a result, Westbank fell short of its bank loan compliance on its fixed cover ratio for the quarter ended 30 September 2021 and accordingly, Westbank entered into negotiations with the lender to waive this covenant requirement. In terms of the loan agreement the lender has the right to provide written notice to call on the loan but did not execute this right. In December 2021, Westbank successfully concluded negotiations with the lender to grant the waiver.

In addition as a result of reduced input volumes, Daybrook was at risk of breaching of its leverage ratio covenant, at 30 September 2021, and had entered negotiations with lenders to revise the terms of its loan agreement including revising its covenant levels. Daybrook successfully concluded an amendment to its credit agreement with its lenders on 1 November 2021, within the 45 days equity cure grace period as allowed in the agreement, whereby its leverage ratio was increased to 4.0 times with retrospective effect as of 30 September 2021 resulting in Daybrook no longer breaching this covenant.

In terms of IAS 1, should a debt covenant be breached, and the lender have the contractual right to demand immediate repayment of the loan within 12 months after the reporting period, then the full loan value must be classified as a current liability. In compliance with the requirements of IFRS, the Group has accordingly recognised the long-term portion of the Westbank term loan and draw-down facility amounting to R459.1 million / USD30.4 million as current borrowings. These amounts will be classified as long-term with effect from 1 October 2021 based on the waiver obtained from the lender.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED SEPTEMBER 2021

## 11. DETERMINATION OF HEADLINE EARNINGS

	Reviewed year ended 30 Sep 2021	Reviewed Restated year ended 30 Sep 2020
	R'000	R'000
<b>Profit after taxation attributable to shareholders of Oceana Group Limited</b>	<b>676 280</b>	760 635
Adjusted for:		
Impairment of capital contribution	-	4 047
Impairment reversal / impairment of property, plant and equipment and intangible assets	(1 150)	1 006
Joint venture: loss / (profit) on disposal of vessels	1 028	(710)
Net profit on disposal of non-current asset held for sale	(27 684)	-
Gain on deregistration of foreign subsidiary	-	(3 414)
Profit on disposal of intangible assets (Glenryck UK trademark)	-	(22 108)
Insurance proceeds on capital items	-	(2 576)
Net profit on disposal of property, plant and equipment	(3 323)	(12 548)
Total non-controlling interest in above	312	200
Total tax effect of adjustments	6 352	9 886
<b>Headline earnings for the year</b>	<b>651 815</b>	734 418
<b>Headline earnings per share (cents)</b>		
- Basic	550.0	628.4
- Diluted	512.3	582.5

## 12. DIVIDENDS

	Reviewed year ended 30 Sep 2021	Reviewed year ended 30 Sep 2020
	R'000	R'000
Dividend declared after reporting date	302 833	342 296
Dividend per share (cents)	358.0	393.0
Number of shares in issue net of treasury shares (in millions)	121 386	116 747

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED SEPTEMBER 2021

## 13. SUPPLEMENTARY INFORMATION

	Reviewed year ended 30 Sep 2021	Reviewed Restated year ended 30 Sep 2020
	R'000	R'000
Insurance recoveries	(159 592)	(4 371)
Amortisation	21 004	38 956
Impairment of intangible assets	2 369	–
Depreciation of property, plant and equipment	247 058	259 056
Depreciation of right-of-use assets	42 864	35 055
Inventory written-off	113 003	16 141
Civil unrest	86 104	–
Damaged and obsolete	26 899	16 141
Share-based expenses	37 187	20 493
Cash-settled compensation	6 455	1 884
Equity-settled compensation	30 732	18 609
Capital expenditure (property, plant and equipment and intangible assets)	426 118	347 315
Replacement	335 347	329 914
Expansion	90 771	17 401
Budgeted capital commitments	281 488	340 636
Contracted	34 881	101 651
Not contracted	246 607	238 985

A provision of R17.1 million raised in previous years against the damaged and obsolete stock was released at time of write-off.

## 14. ELIMINATION OF TREASURY SHARES

	2021 Reviewed number of shares	2020 Reviewed number of shares
	'000	'000
Weighted average number of shares in issue	130 432	130 432
Less: Weighted average treasury shares held by OET	(7 091)	(13 433)
Less: Weighted average treasury shares held by Lucky Star Limited	(288)	(119)
Less: Weighted average treasury shares held by Oceana Group Share Trust	(17)	(17)
Less: Weighted average treasury shares held by Saam-Sonke Trust	(4 181)	–
Less: Weighted average treasury shares held by OSET	(348)	–
Weighted average number of shares on which basic earnings per share and basic headline earnings per share are based	118 507	116 863
Weighted average number of shares on which diluted earnings per share and diluted headline earnings per share are based	127 211	126 087

As part of the wind up process employees were afforded the opportunity to sell their shares to the Company, retain them or request the Company to facilitate the sale of the shares for their benefit. The lock-in period for the OET expired in January 2021 and the Trust's winding up process commenced in terms of the Trust deed. To facilitate the establishment of two new B-BBEE Trusts the Company repurchased 8 478 067 shares from the beneficiaries of the OET. These shares were subsequently delisted and cancelled.

The Saam-Sonke Trust subscribed for 7 825 908 shares in Oceana Group Limited in March 2021 at a cost of 1 cent per share. The participatory rights to acquire these shares were allocated to qualifying employees of the Company on 30 September 2021 at a grant price of R67.70. The rights vest in three tranches, one third after a period of eight years, one third over a period of nine years and a final third after ten years provided the employee remains in service. These equity settled rights are valued at fair value on grant date using a Black Scholes option pricing model taking into account terms and conditions upon which rights have been granted. An expense of fifty three thousand rand was recognised during the year.

The OSET was also established in March 2021 and subscribed for 652 159 shares in Oceana Group Limited at a cost of 1 cent per share. No allocations have been made to beneficiaries as at year end 30 September 2021. Once off transaction costs of R11.3 million were incurred in relation to the specific repurchase of shares from the OET and the establishment of Saam-Sonke Trust and OSET.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED SEPTEMBER 2021

## 15. FAIR VALUE

Items carried at fair value are classified according to the fair value hierarchy, by valuation method. The different levels have been defined as follows:

**Level 1** – quoted (unadjusted) prices 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 (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).

Interest rate swaps recorded in the cash flow hedging reserve and derivative liabilities are regarded as level 2 financial instruments. Foreign exchange contracts entered into by the Group for the purpose of minimising exposure to foreign currency volatility are regarded as level 2 financial instruments.

The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves. The fair value of the foreign exchange contracts incorporates various inputs, including the nominal amount of foreign currency as well as foreign exchange spot and forward rates.

The Group only has level 2 instruments and there have been no transfers between levels 1, 2 or 3 of the fair value hierarchy during the current and prior year.

The fair value of all other financial assets and financial liabilities approximates their carrying value.

### Measurement of fair values

The following tables show the valuation techniques used in measuring level 2 fair values for financial instruments in the statement of financial position, as well as the significant unobservable inputs used.

Instrument	Level	Valuation basis/techniques	Significant unobservable inputs
Derivative instruments – Interest rate swaps	2	Swap models: The fair value is calculated as the present value of the estimated future cash flows. Estimates of future floating-rate cash flows are based on quoted swap rates, futures prices and interbank borrowing rates. Estimated cash flows are discounted using a yield curve constructed from similar sources and which reflects the relevant benchmark interbank rate used by market participants for this purpose when pricing interest rate swaps. The fair value estimate is subject to a credit risk adjustment that reflects the credit risk of the Group and of the counterparty; this is calculated based on credit spreads derived from current credit default swap or bond prices.	Not applicable
Derivative instruments – Foreign currency forwards	2	Forward pricing: The fair value is determined using quoted forward exchange rates at the reporting date and present value calculations based on high credit quality yield curves in the respective currencies.	Not applicable

## 16. PRIOR PERIOD ERRORS AND RESTATEMENTS

The Group has restated its previously reported consolidated financial statements and all related disclosures following a process which included both an internal review conducted as part of a continuous assessment of compliance with IFRS and the JSE Limited listing requirements regulations and a review by our auditors.

In particular, this review process identified:

- That the exchange rate used in translating the USA statement of financial position did not fully comply with IAS 21. Refer to note 16.4 below.
- In addition, significant judgement was applied in determining that the Group's 25% investment in Westbank should be classified as a proportionately consolidated joint operation in terms of IFRS 11 and not as an associate on the equity method. Refer to note 16.1.
- An amount was incorrectly reflected as a net receivable and should have been recorded on a gross basis against goodwill, liability for joint operations and distributable reserves. Refer to note 16.1.
- Items within the consolidated statement of comprehensive income, consolidated statement of financial position and consolidated statement of cashflow were incorrectly classified. Refer to note 16.

The errors noted above had no material impact on previously reported profits and headline earnings and have been corrected by restating each of the affected financial statement line items.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED SEPTEMBER 2021

## 16. PRIOR PERIOD ERRORS AND RESTATEMENTS continued

Consolidated Statement of Comprehensive Income (extract)	Reviewed Restated 2020				
	Previously reported	Effect of exchange rate change	Effect of joint operation	Other effect	Restated
	R'000	R'000	R'000	R'000	R'000
Revenue	8 308 341	-	-	-	8 308 341
Cost of sales	(5 338 068)	-	115 383	(37 565)	(5 260 250)
<b>Gross profit</b>	<b>2 970 273</b>	-	<b>115 383</b>	<b>(37 565)</b>	<b>3 048 091</b>
Sales and distribution expenditure	(461 095)	-	-	36 210	(424 885)
Marketing expenditure	(59 993)	-	-	-	(59 993)
Overhead expenditure	(1 082 222)	-	(95 673)	7 712	(1 170 183)
Other income	-	-	-	1 871	1 871
Net foreign exchange loss	(3 146)	-	-	-	(3 146)
Net impairment loss on financial assets	-	-	-	(8 228)	(8 228)
<b>Operating profit before joint ventures loss</b>	<b>1 363 817</b>	-	<b>19 710</b>	-	<b>1 383 527</b>
Joint ventures loss	18 462	-	(19 336)	-	(874)
<b>Operating profit before other operating items</b>	<b>1 382 279</b>	-	<b>374</b>	-	<b>1 382 653</b>
Other operating items	17 188	-	-	-	17 188
<b>Operating profit</b>	<b>1 399 467</b>	-	<b>374</b>	-	<b>1 399 841</b>
Interest income	18 383	-	22 923	-	41 306
Interest expense	(271 959)	-	(23 297)	-	(295 256)
<b>Profit before taxation</b>	<b>1 145 891</b>	-	-	-	<b>1 145 891</b>
Taxation expense	(329 740)	-	-	-	(329 740)
<b>Profit after taxation</b>	<b>816 151</b>	-	-	-	<b>816 151</b>
<b>Other comprehensive income</b>					
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Movement on foreign currency translation reserve	524 635	(61 055)	17 573	11 055	492 208
Movement on foreign currency translation reserve from joint ventures	31 643	(2 911)	(23 317)	-	5 415
Movement on cash flow hedging reserve	(69 609)	-	(2 725)	-	(72 334)
Movement on cash flow hedging reserve from associate	(2 120)	-	2 120	-	-
Income tax related to loss recognised in equity	11 208	-	605	-	11 813
<b>Other comprehensive income, net of taxation</b>	<b>495 757</b>	<b>(63 966)</b>	<b>(5 744)</b>	<b>11 055</b>	<b>437 102</b>
<b>Total comprehensive income</b>	<b>1 311 908</b>	<b>(63 966)</b>	<b>(5 744)</b>	<b>11 055</b>	<b>1 253 253</b>
<b>Profit after taxation attributable to:</b>					
Shareholders of Oceana Group Limited	760 635	-	-	-	760 635
Non-controlling interests	55 516	-	-	-	55 516
	<b>816 151</b>	-	-	-	<b>816 151</b>
<b>Total comprehensive income attributable to:</b>					
Shareholders of Oceana Group Limited	1 256 361	(63 966)	(5 744)	11 055	1 197 706
Non-controlling interests	55 547	-	-	-	55 547
	<b>1 311 908</b>	<b>(63 966)</b>	<b>(5 744)</b>	<b>11 055</b>	<b>1 253 253</b>
Notes		16.4	16.1	16.3	



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED SEPTEMBER 2021

## 16. PRIOR PERIOD ERRORS AND RESTATEMENTS continued

Consolidated Statement of Financial Position (extract)	Reviewed Restated 2020				
	Previously reported	Effect of exchange rate change	Effect of joint operation	Other effect	Restated
	R'000	R'000	R'000	R'000	R'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	1 856 973	(21 500)	758 371	-	2 593 844
Right-of-use assets	173 507	2 308	-	-	175 815
Goodwill and intangible assets	5 388 881	(84 149)	15 134	133 562	5 453 428
Interest in joint ventures	322 664	(4 064)	(244 601)	(1 770)	72 229
Deferred taxation	20 793	-	-	-	20 793
Investment and loans	84 910	-	-	-	84 910
Derivative asset	-	-	2 662	-	2 662
<b>Total non-current assets</b>	<b>7 847 728</b>	<b>(107 405)</b>	<b>531 566</b>	<b>131 792</b>	<b>8 403 681</b>
<b>Current assets</b>					
Inventories	1 695 975	(6 232)	23 742	-	1 713 485
Trade and other receivables	1 271 898	(6 653)	36 234	(255 849)	1 045 630
Taxation receivable	23 663	-	-	-	23 663
Cash and cash equivalents	1 212 697	(12 129)	232 124	-	1 432 692
<b>Total current assets</b>	<b>4 204 233</b>	<b>(25 014)</b>	<b>292 100</b>	<b>(255 849)</b>	<b>4 215 470</b>
<b>Assets held for sale</b>	<b>19 420</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>19 420</b>
<b>Total assets</b>	<b>12 071 381</b>	<b>(132 419)</b>	<b>823 666</b>	<b>(124 057)</b>	<b>12 638 571</b>
<b>EQUITY AND LIABILITIES</b>					
Share capital	1 200 493	-	-	-	1 200 493
Foreign currency translation reserve	1 352 491	(89 248)	(5 744)	11 055	1 268 554
Cash flow hedging reserve	(76 223)	-	-	-	(76 223)
Share-based payment reserve	99 066	-	-	-	99 066
Distributable reserve	3 221 312	-	49 997	-	3 271 309
<b>Interest of own shareholders</b>	<b>5 797 139</b>	<b>(89 248)</b>	<b>44 253</b>	<b>11 055</b>	<b>5 763 199</b>
Non-controlling interests	182 796	-	-	-	182 796
<b>Total capital and reserves</b>	<b>5 979 935</b>	<b>(89 248)</b>	<b>44 253</b>	<b>11 055</b>	<b>5 945 995</b>
<b>Non-current liabilities</b>					
Liability for share-based payments	7 919	-	-	-	7 919
Provisions	-	-	2 881	24 745	27 626
Borrowings	3 069 338	(29 528)	462 615	-	3 502 425
Lease liabilities	204 457	(218)	1 993	-	206 232
Derivative liabilities	85 721	(931)	28 700	-	113 490
Deferred taxation	541 257	(7 228)	-	-	534 029
<b>Total non-current liabilities</b>	<b>3 908 692</b>	<b>(37 905)</b>	<b>496 189</b>	<b>24 745</b>	<b>4 391 721</b>
<b>Current liabilities</b>					
Accounts payable	1 680 101	(2 878)	31 035	(135 112)	1 573 146
Provisions	37 199	(362)	-	(24 745)	12 092
Borrowings	383 688	(1 631)	28 050	-	410 107
Lease liabilities	45 006	(230)	936	-	45 712
Liability to joint operator	-	-	223 203	-	223 203
Taxation payable	36 760	(165)	-	-	36 595
<b>Total current liabilities</b>	<b>2 182 754</b>	<b>(5 266)</b>	<b>283 224</b>	<b>(159 857)</b>	<b>2 300 855</b>
<b>Total liabilities</b>	<b>6 091 446</b>	<b>(43 171)</b>	<b>779 413</b>	<b>(135 112)</b>	<b>6 692 576</b>
<b>Total equity and liabilities</b>	<b>12 071 381</b>	<b>(132 419)</b>	<b>823 666</b>	<b>(124 057)</b>	<b>12 638 571</b>
Notes		16.4	16.1	16.5; 16.6	

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED SEPTEMBER 2021

## 16. PRIOR PERIOD ERRORS AND RESTATEMENTS continued

Consolidated Statement of Financial Position (extract)	Reviewed Restated 2019				
	Previously reported R'000	Effect of exchange rate change R'000	Effect of joint operation R'000	Other effect R'000	Restated R'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	1 697 221	(5 253)	653 873	–	2 345 841
Goodwill and intangible assets	4 886 609	(23 421)	13 680	120 737	4 997 605
Interest in joint ventures	324 233	(1 154)	(228 171)	–	94 908
Deferred taxation	26 567	–	–	–	26 567
Investments and loans	107 682	–	–	–	107 682
<b>Total non-current assets</b>	<b>7 042 312</b>	<b>(29 828)</b>	<b>439 382</b>	<b>120 737</b>	<b>7 572 603</b>
<b>Current assets</b>					
Inventories	1 852 707	(2 561)	26 753	–	1 876 899
Trade and other receivables	1 243 324	(2 418)	47 490	(234 960)	1 053 436
Taxation receivable	73 820	(297)	–	–	73 523
Cash and cash equivalents	588 036	(2 250)	177 091	–	762 877
<b>Total current assets</b>	<b>3 757 887</b>	<b>(7 526)</b>	<b>251 334</b>	<b>(234 960)</b>	<b>3 766 735</b>
<b>Total assets</b>	<b>10 800 199</b>	<b>(37 354)</b>	<b>690 716</b>	<b>(114 223)</b>	<b>11 339 338</b>
<b>EQUITY AND LIABILITIES</b>					
Share capital	1 193 473	–	–	–	1 193 473
Foreign currency translation reserve	796 213	(25 282)	–	–	770 931
Cash flow hedging reserve	(15 671)	–	–	–	(15 671)
Share-based payment reserve	93 406	–	–	–	93 406
Distributable reserve	2 943 871	–	49 997	–	2 993 868
<b>Interest of own shareholders</b>	<b>5 011 292</b>	<b>(25 282)</b>	<b>49 997</b>	<b>–</b>	<b>5 036 007</b>
Non-controlling interests	110 435	–	–	–	110 435
<b>Total capital and reserves</b>	<b>5 121 727</b>	<b>(25 282)</b>	<b>49 997</b>	<b>–</b>	<b>5 146 442</b>
<b>Non-current liabilities</b>					
Liability for share-based payments	6 044	–	–	–	6 044
Provisions	–	–	3 102	26 276	29 378
Borrowings	3 298 904	(8 610)	403 807	–	3 694 101
Derivative liabilities	10 320	(31)	16 562	–	26 851
Deferred taxation	524 875	(2 048)	–	–	522 827
<b>Total non-current liabilities</b>	<b>3 840 143</b>	<b>(10 689)</b>	<b>423 471</b>	<b>26 276</b>	<b>4 279 201</b>
<b>Current liabilities</b>					
Accounts payable	1 444 497	(946)	(13 460)	(114 223)	1 315 868
Provisions	36 005	(121)	–	(26 276)	9 608
Borrowings	351 258	(316)	30 503	–	381 445
Liability to joint operator	–	–	200 205	–	200 205
Taxation payable	6 569	–	–	–	6 569
<b>Total current liabilities</b>	<b>1 838 329</b>	<b>(1 383)</b>	<b>217 248</b>	<b>(140 499)</b>	<b>1 913 695</b>
<b>Total liabilities</b>	<b>5 678 472</b>	<b>(12 072)</b>	<b>640 719</b>	<b>(114 223)</b>	<b>6 192 896</b>
<b>Total equity and liabilities</b>	<b>10 800 199</b>	<b>(37 354)</b>	<b>690 716</b>	<b>(114 223)</b>	<b>11 339 338</b>
Notes		16.4	16.1	16.5; 16.6	

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED SEPTEMBER 2021

## 16. PRIOR PERIOD ERRORS AND RESTATEMENTS continued

Consolidated Statement of Cash Flows (extract)	Reviewed Restated 2020				
	Previously reported R'000	Effect of exchange rate change R'000	Effect of joint operation R'000	Other effect R'000	Restated R'000
<b>Cash generated from operations</b>	<b>2 082 631</b>	<b>-</b>	<b>169 216</b>	<b>-</b>	<b>2 251 847</b>
Investment income received	32 047	-	9 259	-	41 306
Interest paid	(269 456)	-	(17 477)	-	(286 933)
Taxation paid	(235 069)	-	318	-	(234 751)
Dividends paid	(442 433)	-	-	-	(442 433)
<b>Net cash inflow from operating activities</b>	<b>1 167 720</b>	<b>-</b>	<b>161 316</b>	<b>-</b>	<b>1 329 036</b>
Purchases of property, plant and equipment	(239 858)	-	(107 457)	-	(347 315)
Proceeds on disposal of property, plant and equipment	18 497	-	-	-	18 497
Decrease in loans receivable from business partners	18 931	-	-	-	18 931
Proceeds on disposal of fishing right	2 016	-	-	-	2 016
Proceeds on disposal of intangible assets	30 114	-	-	-	30 114
Purchase of additional shareholding in other investment	(341)	-	-	-	(341)
<b>Cash flows used in investing activities</b>	<b>(170 641)</b>	<b>-</b>	<b>(107 457)</b>	<b>-</b>	<b>(278 098)</b>
Repurchase of treasury shares	(16 879)	-	-	-	(16 879)
Short-term banking facility raised	-	-	-	4 036 000	4 036 000
Short-term banking facility repaid	-	-	-	(4 036 000)	(4 036 000)
Short-term borrowings repaid	(365 583)	-	15 684	-	(349 899)
Payment of joint operator liability	-	-	(18 919)	-	(18 919)
Costs associated with loan refinancing	-	-	(4 319)	-	(4 319)
Repayment of principal portion of lease liability	(38 816)	-	(845)	-	(39 661)
Proceeds from sale of treasury shares	2 370	-	-	-	2 370
Purchase of treasury shares for the settlement of long-term incentives	(9 370)	-	-	-	(9 370)
<b>Cash flows used in financing activities</b>	<b>(428 278)</b>	<b>-</b>	<b>(8 399)</b>	<b>-</b>	<b>(436 677)</b>
<b>Net increase in cash and cash equivalents</b>	<b>568 801</b>	<b>-</b>	<b>45 460</b>	<b>-</b>	<b>614 261</b>
Net cash and cash equivalents at the beginning of the year	588 036	(2 249)	177 090	-	762 877
Effect of exchange rate changes	55 860	(9 879)	9 573	-	55 554
<b>Cash and cash equivalents at end of the year</b>	<b>1 212 697</b>	<b>(12 128)</b>	<b>232 123</b>	<b>-</b>	<b>1 432 692</b>

### 16.1 JOINT OPERATION

In terms of IFRS 11 – Joint Arrangements, a joint arrangement is defined as being an arrangement whereby two or more parties contractually agree to share control. Joint control exists only when the decisions about activities that significantly affect the returns of an arrangement require the unanimous consent of the parties sharing control.

The Group acquired a 25% shareholding in Westbank in 2015 and at the time of the acquisition concluded that it had significant influence over Westbank and accordingly classified it as an associate and applied the equity method of accounting (refer to note 3). Although certain decisions, for example setting the operating expenditure budget and the capital expenditure budget, require approval by at least 76% of the votes (a 'super majority vote'), it was considered that these were minority protection rights, and that the party with the 75% shareholding had control over Westbank.

During the current year the nature of the Westbank investment, under IFRS, in Westbank was revisited and extensively assessed. Since Daybrook is not at least 75%-owned by a US citizen, if it were to acquire the shares in Westbank, Westbank would not be permitted to operate its fishing vessels in US waters. Thus, it could be said that there is a significant economic disincentive for Daybrook to vote against the current 75% shareholder, effectively giving the 75% shareholder de facto control. However given Daybrook retains the contractual right to exercise joint control, effect should still be given to the contractual rights, resulting in Westbank being reclassified as a joint arrangement. Furthermore, Daybrook is unable to unilaterally remove the other shareholder from the Westbank structure in their managerial and ownership capacity, which suggests that Daybrook does not have the ability to unilaterally control Westbank.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED SEPTEMBER 2021

## 16. PRIOR PERIOD ERRORS AND RESTATEMENTS continued

### 16.1 JOINT OPERATION continued

During the process of revising the accounting treatment for the interest in Westbank, the accounting treatments of a payment made to Westbank Fishing Partners LLC ("WBFP") of R120.7 million / USD7.9 million and a special dividend received from Westbank of R66.7 million / USD4.4 million, both of which ultimately resulted in a net receivable of R52.8 million / USD3.5 million reflected on the balance sheet, were reconsidered.

In 2015 when the Group acquired 100% of the shares in Daybrook together with 25% of the shares in Westbank, the previous shareholders of Daybrook, namely WBFP, were granted a put option against Daybrook in respect of their 75% shareholding in Westbank. The put option was taken into account at the date of acquisition in determining the Group's purchase price of its investments in Daybrook and Westbank and the resultant goodwill. However, a portion of the amount payable under the put option, the value of which would depend on future profits of Daybrook and Westbank, was incorrectly excluded from this assessment. When this amount, which constituted R120.7 million / USD7.9 million, was paid by Daybrook during the 2019 financial year, it was recognised as a receivable from Westbank. Had this component of the put option been treated correctly from the date of acquisition, it would have resulted in an increase in the recognition of goodwill of R120.7 million / USD7.9 million and not as a receivable. This incorrect treatment has now been corrected. The impact of the correction is reflected as part of the effect of reclassifications and errors (refer to note 16.2.2). In 2019, Westbank paid a special dividend of R66.7 million / USD4.4 million only to Daybrook. At the time of receipt, the amount was reflected as a reduction against the aforementioned receivable that had been recognised of R120.7 million / USD7.9 million, resulting in a net receivable of R52.8 million / USD3.5 million. Had this dividend received been accounted for correctly at the time, it should have been treated partly as a reduction of the investment in Westbank, to the extent of 25% (R16.6 million / USD1.1 million), and as a gain, to the extent of 75% (R50.0 million / USD3.3 million), since the 75% shareholder did not participate in the special dividend. Thus, the restatement of the accounting for Westbank reflects an increase of R50.0 million / USD3.3 million in distributable reserves.

### 16.2 RESTATEMENT OF GOODWILL AND INTANGIBLE ASSETS

- 16.2.1. In 2020 the classification of cost and accumulated impairment within the goodwill and intangible assets note was incorrectly disclosed, resulting in an overstatement of the cost of goodwill by R27.6 million and goodwill accumulated impairment by R27.6 million. The trademark cost was overstated by R13.2 million and trademark accumulated impairment by R13.2 million.
- 16.2.2. The amount of R120.7 million / USD7.9 million referred to in note 16.1 had been recognised incorrectly as a receivable as opposed to goodwill. The impact of correctly recording the value as goodwill has been included in the impact of the effect of reclassifications and errors on the consolidated statement of financial position as set out below.

Consolidated Statement of Financial Position (extract)	2020 Effect of change R'000	2019 Effect of change R'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Goodwill and intangible assets	133 562	120 737
Interest in joint ventures	(1 770)	-
<b>Total non-current assets</b>	<b>131 792</b>	<b>120 737</b>
<b>Current assets</b>		
Trade and other receivables	(120 737)	(120 737)
<b>Total current assets</b>	<b>(120 737)</b>	<b>(120 737)</b>
<b>Total assets</b>	<b>11 055</b>	<b>-</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and reserves</b>		
Foreign currency translation reserve	11 055	-
Interest of own shareholders	11 055	-
<b>Total capital and reserves</b>	<b>11 055</b>	<b>-</b>

### 16.3 RECLASSIFICATION WITHIN THE STATEMENT OF COMPREHENSIVE INCOME

The Group identified expenses that were erroneously classified and reflected as part of the "Cost of Sales" as opposed to "Sales and distribution" and "Overhead expenditure" during the 30 September 2020 period. In addition, in terms of IAS 1 and IFRS 9, impairment loss on financial assets must be separately disclosed on the statement of comprehensive income reducing "Overhead expenditure" and increasing "Net impairment loss on financial assets" with R8.2 million. Although the amount is not material the Group has restated the results to align with these requirements.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED SEPTEMBER 2021

## 16. PRIOR PERIOD ERRORS AND RESTATEMENTS continued

### 16.4 CORRECTION OF TRANSLATION RATE USED

The exchange rate used in translating a USA subsidiary's statement of financial position did not fully meet the requirements of IAS 21 – The Effects of Changes in Foreign Exchange Rates. This restatement had no impact on the profit after tax for the prior period and has been revised in each of the respective financial statement line items.

### 16.5 RECLASSIFICATION OF REBATES AND TRADE ALLOWANCES

Rebates and trade allowances balances owing to customers were reflected as part of the 'Trade and other payables' balance as opposed to offsetting these against the 'Trade and other receivables' as required by the accounting standard. The reclassification has affected the financial statement line items as follows:

Consolidated Statement of Financial Position (extract)	2020 Effect of change R'000	2019 Effect of change R'000
<b>Current assets</b>		
Trade and other receivables	(135 112)	(114 223)
<b>Total current assets</b>	<b>(135 112)</b>	<b>(114 223)</b>
<b>Total assets</b>	<b>(135 112)</b>	<b>(114 223)</b>
<b>Current liabilities</b>		
Trade and other payables	135 112	114 223
<b>Total current liabilities</b>	<b>135 112</b>	<b>114 223</b>
<b>Total liabilities</b>	<b>135 112</b>	<b>114 223</b>

### 16.6 RECLASSIFICATION OF LONG-TERM PROVISION TO NON-CURRENT LIABILITIES

As part of our review of disclosure against IAS 1 - Presentation of Financial Statements requirements we identified that provisions relating to the ex-gratia retirement provision and the non-qualified deferred compensation benefits would be settled in greater than 12 months and therefore, should be reflected as non-current liabilities. The prior year values were restated to align with the requirements of the standard.

Consolidated Statement of Financial Position (extract)	2020 Effect of change R'000	2019 Effect of change R'000
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Provisions	24 745	26 276
<b>Total non-current liabilities</b>	<b>24 745</b>	<b>26 276</b>
<b>Current liabilities</b>		
Provisions	(24 745)	(26 276)
<b>Total current liabilities</b>	<b>(24 745)</b>	<b>(26 276)</b>

### 16.7 RECLASSIFICATIONS WITHIN SEGMENTS

The separate classification and disclosure of the finance segment did not meet the requirements set out in IFRS 8 - Operating Segments. In light of this, the prior year segmental report has been restated to incorporate the finance segment within the other operating segments in line with how these values are managed. In addition, the Group identified that the consolidation of inter-segmental assets and liabilities was incorrectly reflected against the canned fish and fishmeal segment. Refer to note 5.

### 16.8 CHANGE IN DISCLOSURE OF RELATED PARTIES

The related party note did not include all transactions as required in terms of IAS 24 - Related Party Disclosures, with specific reference to disclosing the details of the parties transacted with and details of transactions with companies affiliated to our 25% shareholder, Brimstone Investment Corporation (Sea Harvest Group Limited, House of Monatic Proprietary Limited). The full amount of related party transactions relating to these affiliated companies amounts to R6.9 million (2020: R3.9 million). Refer to note 17.

### 16.9 RECLASSIFICATION WITHIN THE STATEMENT OF CASH FLOWS

In terms of IFRS 7 - Financial instruments: Disclosures, the movements of short term banking facilities are required to separately reflect the total facilities raised and facilities repaid in the statement of cashflows. There was no short term banking facility balance as at 30 September 2020, however, the separate movement should have been disclosed on the face of the cashflow. The cashflow statement has been updated to reflect the gross movements.



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED SEPTEMBER 2021

## 17. RELATED PARTY TRANSACTIONS

The Group entered into various transactions with related parties in the normal course of business. The nature of these related party transactions are consistent with those reported previously, other than the purchase of the Oceana Boa Pesca Limitada fishmeal plant that was acquired as part of the exit from the Angolan operation.

Related party relationships exist between shareholders, subsidiaries and joint venture companies within the Group.

These transactions are concluded in the normal course of business. All material intergroup transactions are eliminated on consolidation. The amounts outstanding are unsecured and will be settled in cash.

Transactions with joint operations are proportionately consolidated, however, where companies within the Group transact with the joint operations, the portion not consolidated is effectively a transaction with a related party.

### TRADING BALANCES AND TRANSACTIONS

The following is a summary of transactions with related parties during the year and the balances of receivables and payables at year-end.

	2021	2020 Reviewed Restated <sup>1</sup>	2020 Reviewed Previously reported
	R'000	R'000	R'000
<b>Transactions with outside shareholders of the Oceana Paragon, Oceana Pegasus, Oceana Concorde and the Premier/BCP Hake joint venture</b>			
Administration fees received	6 396	2 607	534
Net interest received from	334	360	381
Goods and services sold	(6 898)	(11 723)	–
Goods and services procured	40 557	37 165	–
Amount payable	(7 278)	(9 809)	–
<b>Transactions and balances with subsidiaries and joint ventures</b>			
Administration fees received			
Etosha Fishing Corporation Limited	565	543	543
Goods and services sold to joint ventures			
Etosha Fishing Corporation Limited	36 453	135 363	–
Goods and services bought from joint ventures	177 103	152 447	781 150
Etosha Fishing Corporation Limited	176 938	152 289	98 055
MFV Romano Paulo Vessel	165	158	–
Westbank Fishing Limited Liability Company <sup>2</sup>	–	–	683 095
Interest paid to			
Etosha Fishing Corporation Limited	1 120	589	–
Amount (payable)/receivable from joint ventures	(10 099)	(40 962)	14 509
Etosha Fishing Corporation Limited	(10 099)	(52 863)	109
MFV Romano Paulo Vessel	–	(16)	–
Westbank Fishing Limited Liability Company <sup>2</sup>	–	–	2 483
Oceana Boa Pesca Limitada	–	11 917	11 917

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED SEPTEMBER 2021

## 17. RELATED-PARTY TRANSACTIONS continued

	2021	2020 Reviewed Restated <sup>1</sup>	2020 Reviewed Previously reported
	R'000	R'000	R'000
<b>Transactions and balances with other related parties</b>			
Good and services procured from other related parties <sup>1</sup>	<b>6 620</b>	4 108	–
Obsidian Health Proprietary Limited	<b>2 351</b>	–	–
Sea Harvest Group Limited	<b>2 343</b>	1 279	–
House of Monatic Proprietary Limited	–	529	–
Ulwandle Management Services Proprietary Limited	<b>1 479</b>	1 461	–
Ulwandle Fishing Proprietary Limited	<b>447</b>	839	–
Goods and services sold to other related parties <sup>1</sup>			
Sea Harvest Group Limited	<b>(16)</b>	–	–
Interest received from <sup>1</sup>			
Ulwandle Fishing Proprietary Limited	<b>(7 135)</b>	(6 891)	–
Amount (payable)/receivable from other related parties <sup>1</sup>	<b>(96)</b>	(10)	–
Sea Harvest Group Limited	–	82	–
Ulwandle Management Services Proprietary Limited	<b>(96)</b>	(92)	–
Loans receivable from shareholders of subsidiary companies			
Ulwandle Fishing Proprietary Limited	<b>90 783</b>	82 359	83 331
Loans payable to shareholders of subsidiary companies			
Ulwandle Fishing Proprietary Limited	<b>(14 768)</b>	(10 947)	–
<b>Compensation of key management personnel</b>	<b>90 537</b>	58 142	58 142
Short-term employee benefits	<b>54 175</b>	47 265	47 265
Post-employment benefits	<b>3 194</b>	2 295	2 295
Share-based payments – cash-settled compensation scheme	<b>2 521</b>	1 245	1 245
Share-based payments – equity-settled compensation scheme	<b>19 397</b>	2 980	2 980
Share-based payments – OET	<b>5 966</b>	104	104
Non-executive directors' emoluments	<b>5 284</b>	4 253	4 253

<sup>1</sup> Restated related party balances and transactions. Refer to note 16.8.

<sup>2</sup> Restated related party balances and transactions. Refer to note 16.1.

The Group acquired the Angolan based fishmeal plant equipment to the value of R21.6 million as part of winding down of OBP joint venture.

### TRANSACTIONS WITH OTHER RELATED PARTIES

Transaction with other related parties includes arrangements and agreements with connected persons and other related companies as defined in IAS 24 - Related party disclosure. These related parties arose by virtue of their relationship with the Group's 25% shareholder as well as outside shareholders who have significant influence over subsidiaries. The transactions did not involve more than the normal risk of repayment. None of these loans have been impaired.

### ULWANDLE LOAN PLEDGE

On 2 February 2015, Blue Continent Products Proprietary Limited ("BCP") and Lucky Star Limited ("Lucky Star") each concluded loan agreements with Ulwandle Fishing Proprietary Limited ("Ulwandle") in terms of which BCP and Lucky Star (the "Lenders"), lent to Ulwandle (the "Borrower"), an aggregate amount not exceeding R115,6 million. In order to secure the rights of the Lenders, Ulwandle has pledged and ceded all of its rights, title and interest in and to the shares in Amawandle Hake and Amawandle Pelagic to the Lenders of the respective loan agreements. The loan is a full recourse loan and bears interest at the prime rate plus 3%, with fixed terms of repayment. The final instalment is due on 30 November 2025.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED SEPTEMBER 2021

## 18. CONTINGENT ASSETS

The Group's USA fishmeal and fish oil operations' ability to process fish was interrupted due to the disruption of the supply of power, fuel and water following Hurricane Ida which made landfall on 29 August 2021. In September 2021, the Group lodged a business interruption insurance claim to the value of R63.1 million relating to the operational impact of the disruption. Subsequent to the claim being approved by the insurer's, other income and overall operating profit will increase by R63.1 million. For the Group to recognise the amount within the current reporting period, the Group must have been virtually certain of settlement, however, as the review and approval of the claim had not been finalised by the assessor nor the insurer at 30 September 2021, the income and corresponding receivable was not recognised. The claim was assessed on 7 October, approved for settlement on 14 October and settled in full on 27 October 2021.

In July 2021 the Group suffered R107.8 million loss due to the civil unrest in KZN, which resulted in inventory write off of R86.1 million and R21.7 million in increased costs required to secure operations and replace lost and damaged product. The Group has adequate South African Special Risks Insurance Association (SASRIA) and general insurance cover for material damage to assets, inventory and business interruption, however, at 30 September 2021 only accounted for R88.0 million as accrued revenue based on initial interim settlements which have also subsequently been settled by insurers. The balance of R19.8 million has not been recognised as a receivable at 30 September 2021 as no agreements of loss had been received from the respective insurers.

## 19. REPORTABLE IRREGULARITIES

Subsequent to the financial year end, five Reportable Irregularities (RI's) were lodged by our external auditors, PwC, with the Independent Regulatory Board for Auditors ("IRBA") as required by the Auditing Profession Act (APA).

These are summarised below:

1. Non-disclosure of a conflict of interest by a senior member of management relating to a relationship conflict with a staff member, for whom an *ex gratia* payment was approved and paid ("RI 1").
2. Behavioural matters that contributed towards a culture of dominance and bullying involving a senior member of management ("RI 2").
3. The obstruction and / or interference with the forensic investigation by deletion of certain information from their electronic devices by two senior members of management in contravention of a 'hold notice' that was issued to the management team to hold and preserve all email and electronic records during the investigation ("RI 3").  
RI 1, RI 2 and RI 3, pertain to behavioural and conduct matters where disciplinary action is in process or the individuals are no longer with the Company. The contraventions are in respect of non-financial matters and no financial loss has been caused to the Company, nor has there been any impact on the financial statements.
4. Suspected irregularities by management in the submission of an insurance claim relating to the backdating of an internal approval document submitted with the final claim to the date of the initial claim notification to the insurer. ("RI 4").
5. Two members of management implicated in RI 4 were found to have contravened a confidentiality instruction from the forensic investigators ("RI 5") to not discuss the investigation. The forensic investigation took appropriate steps to ensure that the integrity of the investigation was not compromised by this contravention.

The forensic investigation in respect of RI 4 and RI 5 did not identify any deliberate attempt to misrepresent through the backdating of the insurance claim or any intent to mislead the investigation through the confidentiality breach. The proceeds of the claim have been recorded in the 2022 financial year following a review in terms of IFRS recognition requirements, and no loss has been suffered by the Group. Remedial actions in respect of RI 4 and RI 5 are in the process of being initiated.

PwC have reviewed the responses by management and are satisfied that the reportable irregularities described above are no longer taking place (classified as "not ongoing" from a regulatory reporting perspective) and where appropriate, the Company has or is in the process of taking disciplinary action in accordance with the Company's disciplinary code and procedures and with due cognisance of applicable labour legislation. PwC have notified the IRBA accordingly that the reportable irregularities listed above are not ongoing.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED SEPTEMBER 2021

## 20. EVENTS AFTER THE REPORTING DATE

### INVESTIGATIONS

The independent forensic investigations initiated by the Board in response to the whistle-blower concerns and subsequent backdated document concerns were concluded in December 2021 and March 2022 respectively. The investigations concluded that none of the matters considered resulted in financial loss to the Company nor was there any evidence of fraud or criminal conduct. A detailed summary of the findings of the forensic investigation completed in December 2021, as well as a preliminary update on the forensic investigation pertaining to the backdated document matter, is available on the Company's website at <http://oceana.co.za/investors/sens-announcements/>.

### COVENANT WAIVERS

Due to the delay in the publishing of the financial results for the financial year ended 30 September 2021 the Company obtained default waivers from lenders. The waiver obtained from SA lenders requires the Group's audited annual financial statements to be published by no later than 15 April 2022. Lenders also require the audited financial statements for Daybrook Inc. for the year ended 30 September 2021 to be completed by no later than 30 June 2022. The Company is confident that it will comply with these dates and that no disruption to banking facilities likely to occur.

### FISHING RIGHTS ALLOCATION PROCESS ("FRAP")

The Company is pleased with the conclusion of the Department of Forestry, Fisheries and the Environment's 2021/22 Fishing Rights Allocation Process which was announced on 28 February 2022. The outcome secures the Group's rights in 5 key species for the next 15 years and ensures that current South African fishing operations will continue unimpacted. There has been no material change to the Group's previous rights.

### ENGAGEMENT WITH JOHANNESBURG SECURITIES EXCHANGE (JSE)

We have engaged extensively with the JSE over the delay in the announcement of our results, and continue to give them full co-operation on all issues and concerns raised.

### FSCA INVESTIGATION UPDATE

The Company was informed by the Financial Sector Conduct Authority ("FSCA") on 21 February 2022 that the FSCA has registered an investigation to determine whether any person may have published false, misleading or deceptive statements, promises and forecasts regarding the past or future performance of the Company, or its securities.

The Company has engaged with the FSCA in this regard on 23 February 2022. We await their conclusion on the matter and will continue to co-operate fully with them.

### DIRECTOR AND OFFICER CHANGES

As announced on 7 February 2022, Ms Hajra Karrim, the Group's Chief Financial Officer ("CFO") was suspended on a precautionary basis pending a disciplinary process and a subsequent grievance has been lodged by the CFO in relation to the suspension. Mr Imraan Soomra resigned as executive director and Chief Executive Officer ("CEO") effective 14 February 2022. The Group appointed Mr Neville Brink as Interim CEO effective 14 February 2022 and as an executive director effective 21 February 2022. Mr Ralph Buddle was appointed as Interim CFO effective 23 February 2022.

Ms Adela Fortune resigned as Company Secretary on 4 March 2022. Mr Ralph Buddle was appointed as Interim Company Secretary (pending dispensation from the JSE) effective 9 March 2022.

### TAX RATE CHANGE

On 24 February 2021, the South African Minister of Finance announced a change in the companies tax rate from 28% to 27% for companies for tax years commencing on or after 1 April 2022. The Minister confirmed this rate change on 23 February 2022. The change in rate has no impact on the 2021 financial results as the change has not yet been substantively enacted. The rate change will affect the deferred tax for the year ending 31 September 2022 and the income tax for the year ending 31 September 2023.

Other than the dividend that has been declared (refer to note 12) after the reporting period, and the items noted above no further events occurred after the reporting date that may have an impact on the Group's reported position at 30 September 2021 or require separate disclosure in these condensed consolidated financial statements.

# DIRECTORATE AND STATUTORY INFORMATION

<b>Directors and officers:</b>	MA Brey (chairman), I Soomra* (chief executive officer – resigned on 14 February 2022), N Brink* (interim chief executive officer – appointed on 14 February 2022; appointed as executive director on 21 February 2022), H Karrim* (chief financial officer – appointed on 1 November 2020; suspended on 7 February 2022), R Buddle# (interim chief financial officer – appointed on 23 February 2022), ZBM Bassa, PG de Beyer, A Jakoet, S Pather (passed on 5 July 2021), NA Pangarker, L Sennelo, NV Simamane, TM Mwantembe (appointed on 7 April 2021), PJ Golesworthy (appointed on 7 April 2021). (*Executive; #Officer)
<b>Registered Office:</b>	9th Floor, Oceana House, 25 Jan Smuts Street, Foreshore, Cape Town, 8001
<b>Transfer Secretaries:</b>	JSE Investor Services South Africa (Pty) Ltd (“JIS”) 13th Floor, 19 Ameshoff Street, Braamfontein (PO Box 4844, Johannesburg, 2000)
<b>Sponsor – South Africa:</b>	The Standard Bank of South Africa Limited
<b>Sponsor – Namibia:</b>	Old Mutual Investment Services (Namibia) Proprietary Limited
<b>Auditors:</b>	PricewaterhouseCoopers Inc.
<b>Company Secretary:</b>	R Buddle appointed interim company secretary (pending dispensation from the JSE) (appointed 9 March 2022) A Fortune (resigned on 4 March 2022)
<b>JSE share code:</b>	OCE
<b>NSX share code:</b>	OCG
<b>ISIN:</b>	ZAE000025284



