

PREMIER FISHING AND BRANDS LIMITED
(Incorporated in the Republic of South Africa)
Registration number 1998/018598/06
Share code: PFB and ISIN: ZAE000247516
("PFB" or "the Company" or "the Group" or "Premier")

Unaudited Condensed Consolidated Interim results for the six months ended 28 February 2022

Group Profile

Premier Fishing and Brands Limited through its subsidiaries operates a vertically integrated fishing business which specialises in the harvesting, processing, and marketing of fish and fish-related products. The Group holds medium to long-term fishing rights in squid, lobster, small pelagics, large pelagics, hake and horse mackerel. The Group also owns an abalone farm and produces organic fertiliser's through the "Seagro" range of products.

The salient features are as follows:

- Revenue decreased by 22% to R224 million from R286 million
- Gross profit increased by 4% to R90 million from R87 million
- Profit before tax decreased by 38% to R13 million from R21 million
- Earnings before interest, taxation, depreciation, and amortization (EBITDA) decreased by 38% to R25 million from R40 million.
- Cash balances have improved from R58m for the period February 2021 to R91m for the period February 2022, which is testament to all the operating efficiencies that the Group has achieved over the past couple of years.
- Current asset ratio 4:1 (2021: 4:1)

Given the tough economic circumstances, locally and globally, and the decline in squid resource, the Group still delivered a solid performance for the period ending 28 February 2022. Revenue amounted to R224m, representing a decline

of revenue by R62m primarily due to the scarcity of the squid resource. Volumes landed and overall squid catch rates in the squid sector have taken a massive knock compared to the prior year. As noted in prior years, the availability of the squid resource has become a challenge, which is industry wide. However, export demand for the squid has remained strong with selling prices per kilogram improving and overall customer demand improving, but due to the industry wide scarcity of the resource, the revenue in this sector has declined.

The revenues for the other sectors have done very well, especially the lobster, hake deep sea and abalone sectors. For the pelagic sector, catch rates have declined. However, this is a standard trend and hence, we should see an improved second half of the year for the pelagic sector.

Catch rates to date for the lobster sector have been positive and are expected to continue provided the resource remains strong. Furthermore, we expect pelagic catches to pick up in the second half of the year. The abalone sector has seen an improvement following the effects of the COVID-19 on the Far East markets, with selling prices per kilogram for certain sizes. The Group has also managed to increase its volumes sold in this sector.

Condensed Consolidated Statement of Profit or loss and Other Comprehensive Income for the six months ended 28 February 2022

	Unaudited Group 28 February 2022 6 months R'000	Unaudited Group 28 February 2021 6 months R'000	Audited Group 31 August 2021 12 months R'000
Revenue	224 296	285 826	575 115
Cost of sales	(134 053)	(198 768)	(383 357)
Gross profit	90 243	87 058	191 758
Other operating income	5 792	6 751	10 023

Other operating expenses	(85 339)	(74 735)	(187 925)
Operating profit	10 696	19 074	13 856
Investment revenue	4 719	4 478	8 981
Finance costs	(2 209)	(2 933)	(5 250)
Profit before taxation	13 206	20 619	17 587
Taxation	(3 156)	(4 961)	(14 237)
Profit after taxation for the period	10 050	15 658	3 350
Total comprehensive income for the period	10 050	15 658	3 350
Profit after tax attributable to:			
Shareholders of Premier	7 993	4 539	(9 849)
Non-controlling interests	2 057	11 119	13 199
Profit after taxation for the period	10 050	15 658	3 350
Basic and diluted earnings per share			
(cents)	3.07	1.75	(3.79)
Headline and diluted headline earnings			
per share (cents)	3.07	1.75	(3.79)
Weighted average number of shares			
(OOOs)	260 000	260 000	260 000

Condensed Consolidated Statement of Financial Position as at 28 February 2022

	Unaudited Group 28 February 2022 6 months R' 000	Unaudited Group 28 February 2021 6 months R' 000	Audited Group 31 August 2021 12 months R' 000
Assets			

Non-current assets	684 020	676 247	688 931
Property, plant and equipment	460 269	450 532	463 283
Right-of-use assets	30 905	35 405	33 061
Goodwill	70 129	70 129	70 129
Intangible assets	17 168	18 530	17 175
Loans to group companies	105 527	101 622	105 261
Deferred tax	22	29	22
Current assets	315 576	353 742	310 338
Inventories	41 979	53 947	34 082
Other financial assets	1 429	2 098	3 184
Current tax receivable	4 516	5 447	5 630
Trade and other receivables	72 617	148 939	64 486
Biological assets	104 226	85 445	95 910
Cash and cash equivalents	90 809	57 866	107 046
Total assets	999 596	1 029 989	999 269
Equity and liabilities			
Equity			
Stated capital	507 517	507 517	507 517
Reserves	8 014	8 014	8 014
Retained income	196 314	215 711	188 323
Equity attributable to shareholders of Premier	711 845	731 242	703 854
Non-controlling interests	45 824	54 643	56 725
Total equity	757 669	785 885	760 579
Non-current liabilities	165 190	158 241	164 293
Borrowings	-	575	-
Post-employment medical costs	109	109	277

Deferred tax	125 739	115 395	124 674
Leased Liabilities	39 342	42 162	39 342
Current liabilities	76 737	85 863	74 397
Borrowings	1 214	1 233	1 277
Current tax payable	1 459	10 777	895
Trade and other payables	72 278	73 052	63 280
Lease liabilities	1 170	397	1 995
Provisions	616	404	6 950
Total liabilities	241 927	244 104	238 690
Total equity and liabilities	999 596	1 029 989	999 269
Net asset value per share (cents)	291.41	302.26	292.53
Weighted average number of shares in issue	260 000 000	260 000 000	260 000 000

Condensed Consolidated Statement of Changes in Shareholder's Equity for the six months ended 28 February 2022

	Unaudited Group 28 February 2022 6 months R'000	Unaudited Group 28 February 2021 6 months R'000	Audited Group 31 August 2021 12 months R'000
Balance at the beginning of the year	760 579	770 197	770 197
Profit for the year attributable to shareholders of Premier	7 993	4 539	(9 849)
Profit for the year attributable to non-controlling interests	2 057	11 119	13 199
Dividends	(12 960)	-	(13 000)

Changes in ownership interest - control not lost	-	30	32
Balance at the end of the year	757 669	785 885	760 579
Comprising of:			
Stated capital	507 517	507 517	507 517
Reserves	8 014	8 014	8 014
Retained income	196 314	215 711	188 323
Non-controlling interests	45 824	54 643	56 725
Total equity	757 669	785 885	760 579

Condensed Consolidated Statement of Cash Flows for the six months ended 28 February 2022

	Unaudited Group 28 February 2022 6 months R'000	Unaudited Group 28 February 2021 6 months R'000	Audited Group 31 August 2021 12 months R'000
Cash (used in)/generated from operations	6 281	(27 043)	52 992
Interest income	922	831	1 818
Finance cost	(72)	(2 934)	(900)
Tax paid / refunded	(292)	(3 694)	(14 541)
Net cash flows from operating activities	6 839	(32 840)	39 369
Cash flows from investing activities			
Purchases of property, plant and equipment	(12 859)	(15 690)	(25 286)
Purchases of intangible assets		(24)	(24)
Purchase of biological assets	-	-	-
Loans to group companies repaid	3 500	2 000	2 000

Financial assets advanced	-	-	-
Net cash flows from investing activities	(9 359)	(13 714)	(23 310)
Cash flows from financing activities			
Repayment of other financial liabilities	-	(1 457)	(2 022)
Repayment of lease liabilities	(822)	(2 025)	(1 893)
Proceeds from other financial liabilities	65	-	-
Dividends paid	(12 960)	-	(13 000)
Net cash flows from financial activities	(13 717)	(3 482)	(16 915)
Total cash movement for the year	(16 237)	(50 036)	(856)
Cash at the beginning of the year	107 046	107 902	107 902
Total cash at the end of the year	90 809	57 866	107 046

1. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements have been prepared and presented in accordance with International Accounting Standard 34 ("IAS34"), the Listings Requirements of the JSE Limited ("JSE") ("the Listings Requirements"), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and the requirements of the Companies Act of South Africa (No. 71 of 2008), as amended, applicable to summarised financial statements.

The unaudited condensed consolidated interim financial statements have been prepared on the going concern basis and historical cost bases, except where otherwise indicated.

2. ACCOUNTING POLICIES

The accounting policies applied in the preparation of the condensed consolidated interim financial statements, which are based on reasonable judgement and estimates, are in accordance with International Financial Reporting Standards ("IFRS") and are consistent with those applied in the audited annual financial statements for the year ended 31 August 2021.

3. RESPONSIBILITY FOR THE UNAUDITED CONDENSED CONSOLIDATED INTERIM RESULTS

The condensed consolidated interim financial statement has been prepared by Brent Robertson CA(SA), Chief Financial Officer, under the supervision of Rushaan Isaacs, the Chief Executive Officer and were not reviewed nor audited by the Group's joint external auditors, THAWT Inc. and Crowe JHB.

4. SEGMENTAL ANALYSIS

	Segment Revenue			Segment Profit before tax		
	Unaudited 28 February 2022 6 months R'000	Unaudited 28 February 2021 6 months R'000	Audited 31 August 2021 12 months R'000	Unaudited 28 February 2022 6 months R'000	Unaudited 28 February 2021 6 months R'000	Audited 31 August 2021 12 months R'000
Lobster	87 958	64 310	170 723	29 795	8 861	28 301
Pelagics	15 290	23 086	93 530	2 561	3 794	24 985
Hake	13 569	14 064	33 049	998	3 242	7 575
Squid	73 176	157 381	206 245	3 266	40 692	62 656
Abalone	20 670	12 158	35 108	1 169	(1 229)	(6 183)
Cold storage	6 016	5 322	10 412	2 382	2 564	3 105
Seagro	2 570	3 150	10 154	1 645	1 723	4 797

Processing and marketing	5 047	6 355	15 894	2 279	1 694	8 278
	224 296	285 526	575 115	44 095	61 341	133 514
Administration and support services	-	-	-	(41 716)	(42 265)	(119 989)
Fair value adjustment - abalone farm	-	-	-	8 316	-	1 058
Interest income	-	-	-	4 720	4 477	8 255
Finance costs	-	-	-	(2 209)	(2 934)	(5 251)
Total	224 296	283 657	575 115	13 206	20 619	17 587

Segment profit represents the profit before tax earned by each segment without the allocation of central administration costs, fair value adjustments, interest income and finance costs. This is the measure that is reported to the chief operating decision-maker for the purposes of assessing the segment performance and resource allocation. The accounting policies of the reportable segments are the same as the Group's accounting policies.

Segment assets

	Unaudited 28 February 2021 6 months R'000	Unaudited 28 February 2021 6 months R'000	Audited 31 August 2021 12 months R'000
Lobster	73 078	90 554	66 877
Pelagics	99 598	102 478	108 882
Hake	16 255	17 352	5 030
Squid	160 648	149 673	162 587
Aquaculture	337 281	315 405	325 046
Cold storage	1 066	822	1 465
Seagro	3 380	1 476	3 840
Processing and marketing	2 200	9 219	1 610
Administration and support services	306 068	342 260	323 910
Total segment assets	999 574	1 029 960	999 247
Unallocated	22	29	22
Consolidated total assets	999 596	1 029 989	999 269

Segment liabilities

	Unaudited 28 February 2022 6 months R'000	Unaudited 28 February 2021 6 months R'000	Audited 31 August 2021 12 months R'000
Lobster	16 065	22 304	12 241
Pelagic	2 714	2 635	9 929
Hake	8 102	4 535	5 098

Squid	14 208	15 580	14 239
Aquaculture	14 840	6 669	16 331
Processing and marketing	1 778	277	2 723
Administration and support services	58 481	76 709	53 455
Total segment liabilities	116 188	128 709	114 016
Unallocated	125 739	115 395	124 674
Consolidated total liabilities	241 927	244 104	238 690

For the purposes of monitoring segment performances and resource allocations between segments all assets and liabilities are allocated to reportable segments other than deferred tax assets and liabilities.

Included in the segmental results are:

	Depreciation and amortisation			Additions to property, plant and equipment		
	28 February 2022 Unaudited 6 months R'000	28 February 2021 Unaudited 6 months R'000	31 August 2021 Audited 12 months R'000	28 February 2022 Unaudited 6 months R'000	28 February 2021 Unaudited 6 months R'000	31 August 2021 Audited 12 months R'000
Lobster	3 924	4 069	3 933	7 827	7 048	6 255
Pelagics	3 556	4 204	7 403	1 407	1 447	6 226
Squid	4 372	6 018	8 079	1 967	2 355	3 103
Hake	-	621	71	-	-	2 815
Abalone	1 938	2 148	4 509	1 512	3 437	15 500
Cold storage	16	16	32	-	-	-
Seagro	91	22	43	-	-	-

Processing and marketing Administration and support services	2	-	3	-	-	-
Total	74	3 487	4 988	147	1 403	1 243
	13 973	20 586	29 061	12 859	15 690	35 142

Revenue per region

	Unaudited 28 February 2022 6 months R'000	Unaudited 28 February 2021 6 months R'000	Audited 31 August 2021 12 months R'000
United States of America	75 577	41 714	120 521
Far East	22 265	21 264	66 399
Europe	86 493	169 737	239 595
South Africa	39 961	50 942	148 600
Total	224 296	283 657	575 115

5. HEADLINE EARNINGS

	Unaudited 28 February 2022 6 months R'000	Unaudited 28 February 2021 6 months R'000	Audited 31 August 2021 12 months R'000
Earnings attributable to ordinary equity holders of parent entity	7 993	4 539	(9 849)
Adjusted for:			
- Effect of (profit) loss on disposal of property, plant and equipment	-	-	1 452
- Taxation effect	-	-	(407)
Headline earnings	7 993	4 539	(8 801)
Weighted average number of shares on which earnings and headline earnings per share is based	260 000 000	260 000 000	260 000 000
Headline earnings per share (cents)	3.07	1.75	(3.39)

6. RELATED PARTY TRANSACTIONS

During the period under review, in the ordinary course of business, the Group entered into related party transactions, the substance of which will be disclosed in the Group's 2021 Annual Financial Statements. Details of the material transactions between the group and other related parties are disclosed below:

	2022	2021
AFRICAN EQUITY EMPOWERMENT INVESTMENTS (AEEI)		
Interest received	3 084	3 526
Management fees paid	3 131	3 131
Loan to AEEI	105 526	101 622

7. SUBSEQUENT EVENTS

As previously reported on the JSE Stock Exchange News Service, The Board advises that Mrs Rushaan Isaacs

has stepped down as Chief Executive Officer and will take on a Marketing Director role within the Group. Sooren Ramdenee has been appointed as the new Chief Executive Officer of the Company with effect from 1 June 2022. The Board would like to thank Rushaan for her valuable contribution and wishes her well in her new directorship role.

Furthermore, the directors are not aware of any other material facts or circumstances which occurred between the statement of financial position date and the date of approval.

8. DIVIDENDS

The impact of Covid-19 is still being felt in most of the markets that the Group operates in, despite there being a slight improvement in the export markets. There is no certainty as to when the pandemic will be brought under control and how long it will take for our markets to return to normal levels.

Furthermore, the Group has had a particularly challenging squid season, due to the resource being scarce. With the squid sector being our biggest contributor to profitability and having endured a tough first half of the year, this has had an impact on cashflow.

The Board of Directors believes that due to the factors mentioned above, preservation of cash is paramount to ensure the operational and sustainability of the Group, and has such, made the decision not to declare an interim dividend for the period ending 28 February 2022.

9. APPROVAL OF INTERIM FINANCIAL STATEMENTS

The Condensed Consolidated Interim results were authorised for issue by the Company's Board of Directors on 17 May 2022.

10. AUDIT OPINION

The Condensed Consolidated Interim results have not been reviewed nor audited.

11. GOING CONCERN

Following the recent outbreak of COVID-19, financial pressures will be placed on certain divisions

Within the Group. A number of interventions have been put in place to mitigate these financial pressures and as such, the Board of Directors believe that the Group still has adequate financial resources to continue to operate for the foreseeable future and accordingly these interim financial statements for the six months ended 28 February 2021 have been prepared on a going concern basis.

The Board of Directors have satisfied themselves that the Group is in a sound financial position and that it has sufficient cash resources to meet its foreseeable operational requirements. The Board of Directors are not aware of any new material changes, except for the COVID-19 pandemic that will economically impact the Group.

REVIEW OF OPERATIONS

Lobster

The 2021/2022 total allowable catch ("TAC") for South Coast Rock Lobster ("SCRL") saw a considerable increase up to 354 tons. The quota which is available to Premier is 142 tons which is approximately 40.1%. The South Coast Rock Lobster specie remains a stable fishery and well managed resource.

The SCRL brand is a recognised leading brand in the United States of America ("USA") market. Generally, through high quality standards, we are able to attract premium prices. The Group has done exceptionally well for the first 6 months in this sector by landing approximately half of its quota, which is a massive improvement compared to last year. The Group also managed to obtain competitive prices as the effects of COVID-19 start to ease and the USA market has seen a steady improvement. Furthermore, the Group has also managed to sell at good exchange rates. The Group is optimistic that the full quota will be landed and exported.

The West Coast Rock Lobster ("WCRL") sector remains a challenge for the industry. Premier Fishing currently contributes positively as an industry player to ensure the resource remains sustainable for the foreseeable future. Premier is continuously looking to contract additional outside quota holders in the industry to try and make up for all the deductions in the TAC. There is still a high demand for the product in the Far east market, and the quality of brand and the work ethic of our staff means that we are able to still do well in the sector, despite the challenges we face.

The export market in the far east has seen a steady improvement as the COVID-19 effects eased a bit. Selling prices in the export have improved and the Group has managed to sell at good exchange rates. We expect a solid performance in this sector in the second half of the year.

Small Pelagics

Industrial fish catch rates were lower than those experienced in the prior year. The Group has had a slower start to this fishing season compared to the prior period which resulted in slightly lower volumes landed and lower revenues and profit for the division in the current period. The Group expects the landings to be consistent for the next 6 months. The Group also expects the quota for industrial fish to be consistent with that of the prior period.

The pilchard's resource has shown signs that the resource has strengthened. The Group will push to land its full quota of pilchards, thereby maximising profitability in this sector.

Squid

The squid division delivered industry wide lower catch rates compared to the prior year. This sector has the tendency to be a very trendy and hence the catches can be very inconsistent in between years. For the first 6 months, industry wide catches have been extremely low, and has resulted in lower revenues and lower profits in this sector. The export market has strengthened with selling prices and exchange rates having improved from the prior year to the current year.

The global market for South African squid remains strong, hence the potential of the squid division is in a good position. The Group looks forward to a solid end to this financial year.

Hake Deep Sea

The Group's hake deep sea ("Hake") quota is caught, processed, and marketed through a joint venture with Blue Continents Products (Pty) Limited. The demand for hake remains strong with Premier's quota being 657 tons. The division delivered a strong performance, with market prices remaining relatively stable resulting in revenues being consistent. However, the vessel had a major refit which resulted in a substantial amount of repairs and maintenance incurred, which has decreased operating profit in the sector. However, we expect revenues and profitability to be very strong for the next 6 months.

Abalone

Sales revenues for the six months ending 28 February 2022 were much higher than that of the prior period, primarily due to increases in selling prices and volumes. We have seen a steady improvement in the export market as the effects of COVID-19 eased a bit. We expect that revenue will be consistent for the next 6 months. The farm continues to strategically grow its abalone to a larger size to meet market demand, and thereby maximising the margins received for our abalone division. The effect that COVID-19 had on the export market remains a challenge, but the Group has already seen signs of improvement. The Group hopes that the improvement will continue for the next 6 months.

The Group remained focused on the expansion of the abalone farm with a target holding capacity between 300 to 350 tons upon completion. However, certain parts of the expansion were put on hold due to COVID-19 and having to reduce cost. The hatchery continues to produce good quality spat which provides a solid platform for our planned expansion in production output.

To date, the farm has already increased its production to well over 200 tons since the expansion started.

Seagro

Seagro is an organic fertiliser produced from a by-product of the fishmeal process. The division performed in line with expectation, with sales volumes slightly decreasing when compared to the prior period. This is one of the Group's smaller sectors and we expect a strong end to the year.

Cold Storage

The Group rents out its cold storage to 3rd parties. Revenue and profitability for this sector has been relatively consistent over the past few years.

Processing and marketing

The Group performs processing and marketing services in respect of the outside quota holders that the Group contracts for west coast rock lobster and wild abalone. Revenue and profitability have increased from that of the prior year, due to the Group contracting more quota holders in the west coast rock lobster sector, and hence an increase in revenue from performing these services on behalf of these quota holders.

Fishing Rights Application Process ("FRAP")

The FRAP was officially concluded during March 2022. The Group's applications were scored and rated based on the quality of how we operated the fishing rights, the use of the vessels, investment into the vessels and the management

of the entire crew over the past 15 years. Other areas where ratings were given include job creation, corporate social investment, transformation and other societal benefits.

The Group scored very well in all its major applications as we submitted very strong applications.

The Group is pleased to announce that the Department of Agriculture, Forestry and Fishing ("DAFF") granted the Group all its fishing rights for the next 15 years in March 2022, in all the sectors below:

- South Coast Rock Lobster
- Anchovies
- Pilchards
- Squid
- Hake Deep Sea
- Hake Longline

The Group looks forward to the next 15 years of fishing and will look to continue its good management of the entire fleet and crew and continue its massive strides it has made into job creation, corporate social investment and transformation.

Future Prospects

The future outlook of the Group, despite the global effects of COVID-19 still being eminent, remains one of optimism and positivity. The Group is still well positioned to create and maintain shareholder value through organic and acquisitive growth, thereby ensuring delivery on our stakeholder commitments. We are confident that due to the demand for our products, and that all major economies globally will recover from the global effects of COVID-19, and hence the major fish markets will recover as well, the Group will continue to focus on its short and long-term strategic objectives.

The Group continues to pursue strategic acquisitions within the fishing industry, in line with its growth strategy.

The abalone farm expansion continues to progress well and upon completion, production capacity will increase from 120 tons to between 300 to 350 tons per annum which will increase revenues and profits.

Furthermore, with the FRAP being concluded and all the positives and momentum gained from the process, the Group looks forward to a long-term future of fishing in all its sectors, as all the uncertainty surrounding the FRAP has now been removed.

Reporting entity

Premier is a Company domiciled in South Africa. These condensed unaudited consolidated interim financial statements as at and for the six months ended 28 February 2022, comprises of Premier the Company, its subsidiaries, and interests in joint ventures operations.

Appreciation

We wish to thank our employees, Group executives, management, our Board of directors, as well as our strategic partners, stakeholders and business partners for their loyalty and dedication in contributing to the success of the Group during this trying period.

Mrs Aziza Amod
Independent non-executive Chairperson

Mrs Rushaan Isaacs
Chief executive Officer

Cape Town
17 May 2022

DIRECTORATE AND STATUTORY INFORMATION

Directors

*Aziza Amod (Independent non-executive chairman; *Rushaan Isaacs (Chief executive officer); *B Robertson (Chief financial officer #*Rosemary Phindile Mosia; #*Clifford Leonard van der Venter; #*Advocate Ngoako Ramatlhodi, #*Sebenzile Patrick Mngconkola; #*Valentine Dzvova

*Executive directors

#*Non-executive directors

Company secretary
Cornell Kannemeyer

No 3, South Arm Road, Victoria Basin, V & A Waterfront, Cape Town, 8001
Email: cornellk@premfish.co.za

Registered address

No 3, South Arm Road, Victoria Basin, V & A Waterfront, Cape Town 8001

Transfer secretaries

Link Market Services South Africa (Pty) Ltd,

Rennie House, 13th Floor, 19 Ameshoff Street, Braamfontein, 2001

Auditors:

THAWT Inc and Crowe JHB (3 Sandown Valley Crescent, Sandown 3196, PO Box 652550, Benmore 2010, South Africa, Docex 12, Nelson Mandela Square)

Sponsor: Vunani Capital