



Premier Fishing & Brands Limited

The First Choice



Reviewed Provisional Condensed Consolidated Results

for the year ended 31 August 2021

A proudly South African Fishing Company

COMMENTS

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, pelagic and hake deep-sea trawl. The Group also owns an abalone farm and invests in organic fertilisers through the “Seagro” range of products.

The salient features are as follows when the results for the year ended 31 August 2021 are compared to the results for the year ended 31 August 2020:

- Revenue increased by 27% to R575 million from R454 million;
- Gross profit increased by 26% to R192 million from R152 million;
- Profit before tax increased by 1% to R18 million from R17 million
- EBITDA (Earnings before interest, taxation, depreciation, and amortization) amounted to R43 million compared to R55 million as in the Previous Period;
- Net asset value per share amounted to 292.53 cents per share compared to 296.23 cents in the prior year.
- Current asset ratio of the Group stands at 4.17:1 as at 31 August 2021 (2020: 4.52:1)
- Cash generated from operations amounted to R53 million compared to R35 million in the prior year.

The Group delivered a solid performance for the year ending 31 August 2021, which saw revenues rise to R575 million, primarily due to increases in revenue from the squid sector, lobster sector, hake sector and the pelagic sector. The demand for the Groups' products has remained strong, given the adverse effects of COVID-19 which is still present globally. The squid sector has enjoyed a massive turnaround from the prior period, due to the availability of the resource.

Operationally, the Group had a very strong fishing season, where catches improved in every sector. Catch rates for the squid, hake, pelagic and lobster sectors were all solid in comparison to the prior year. With catch rates being so strong, the Group was able to capitalise on its very strong customer relationships in the export market. The abalone sector remains a challenge due to the adverse effects of COVID-19 on the Asian markets, but we remain positive as the markets have shown signs of recovery and will continue to slowly open further opportunities.

Furthermore, the Group incurred some once off abnormal legal, consulting and administration costs in preparation The Fishing Rights Application process (“FRAP”) as well as having to incur in relation to tough trading circumstances such as bad debts and impairments, which placed the Group's operating margin, earnings per share and headline earnings per share under pressure. Had it not been for these once off and abnormal costs, the profitability and the earnings per share figures would be much stronger.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 August 2021

	Reviewed Group 31 August 2021 12 months R'000	Reviewed Group 31 August 2020 12 months R'000
Revenue	575 115	453 894
Cost of sales	(383 357)	(301 431)
Gross profit	191 758	152 463
Other operating income	10 023	10 185
Other operating expenses	(187 925)	(150 396)
Operating profit	13 856	12 252
Investment revenue	8 981	14 611
Finance costs	(5 250)	(9 433)
Profit before taxation	17 587	17 430
Taxation	(14 237)	(11 044)
Profit after taxation for the period	3 350	6 386
Total comprehensive income for the period	3 350	6 386
Profit after tax attributable to:		
Shareholders of Premier	(9 849)	4 001
Non-controlling interests	13 199	2 385
Profit after taxation for the period	3 350	6 386
Basic and diluted earnings per share (cents)	(3.79)	1.54
Weighted average number of shares (000s)	260 000	260 000

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 August 2021

	Reviewed Group 31 August 2021 12 months R'000	Reviewed Group 31 August 2020 12 months R'000
Assets		
Non-current assets	688 931	690 390
Property, plant and equipment	463 283	450 162
Right-of-use assets	33 061	49 535
Goodwill	70 129	70 129
Intangible assets	17 175	20 439
Loans to group companies	105 261	100 096
Deferred tax	22	29
Current assets	310 338	334 019
Inventories	34 082	34 179
Other financial assets	3 184	2 195
Current tax receivable	5 630	4 536
Trade and other receivables	64 486	100 771
Biological assets	95 910	84 436
Cash and cash equivalents	107 046	107 902
Total assets	999 269	1 024 409

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 August 2021 continued

	Reviewed Group 31 August 2021 12 months R'000	Reviewed Group 31 August 2020 12 months R'000
Equity and liabilities		
Equity		
Stated capital	507 517	507 517
Reserves	8 014	8 014
Retained income	188 323	211 172
Equity attributable to shareholders of Premier	703 854	726 703
Non-controlling interests	56 725	43 494
Total equity	760 579	770 197
Non-current liabilities	164 293	180 280
Borrowings	–	439
Post-employment medical costs	277	261
Deferred tax	124 674	124 191
Leased Liabilities	39 342	55 389
Current liabilities	74 397	73 932
Borrowings	1 277	2 825
Current tax payable	895	598
Trade and other payables	63 280	65 023
Lease liabilities	1 995	1 893
Provisions	6 950	3 593
Total liabilities	238 690	254 212
Total equity and liabilities	999 269	1 024 409
Net asset value per share (cents)	292.53	296.23
Weighted average number of shares in issue	260 000 000	260 000 000

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY

For the year ended 31 August 2021

	Reviewed Group 31 August 2021 12 months R'000	Reviewed Group 31 August 2020 12 months R'000
Opening balance as previously reported	770 197	814 008
Prior period error	–	(14 544)
Change in accounting policy for leases from IAS 17 to IFRS 16	–	(2 755)
Balance at the beginning of the year	770 197	796 709
Profit for the year attributable to shareholders of Premier	(9 849)	4 001
Profit for the year attributable to non-controlling interests	13 199	2 385
Dividends	(13 000)	(32 898)
Change in ownership interest	32	–
Balance at the end of the year	760 579	770 197
Comprising of:		
Stated capital	507 517	507 517
Reserves	8 014	8 014
Retained income	188 323	211 172
Non-controlling interests	56 725	43 494
Total equity	760 579	770 197

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 August 2021

	Reviewed Group 31 August 2021 12 months R'000	Reviewed Group 31 August 2020 12 months R'000
Cash generated from operations	52 992	34 612
Interest income	1 818	5 817
Finance cost	(900)	(9 433)
Tax refunded/(paid)	(14 541)	725
Net cash flows from operating activities	39 369	31 721
Cash flows from investing activities		
Purchases of property, plant and equipment	(25 286)	(65 410)
Purchases of intangible assets	(24)	(264)
Purchase of biological assets	–	(990)
Loans to group companies repaid	2 000	2 000
Net cash flows from investing activities	(23 310)	(64 664)
Cash flows from financing activities		
Repayment of other financial liabilities	(2 022)	(3 312)
Repayment of lease liabilities	(1 893)	(6 164)
Dividends paid	(13 000)	(32 899)
Net cash flows from financial activities	(16 915)	(42 375)
Total cash movement for the year	(856)	(75 317)
Cash at the beginning of the year	107 902	183 219
Total cash at the end of the year	107 046	107 902

1. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

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

2. ACCOUNTING POLICIES

The accounting policies applied in the preparation of the reviewed provisional condensed consolidated 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 2020, except for the adoption of accounting policies described below.

3. RESPONSIBILITY FOR THE REVIEWED PROVISIONAL CONDENSED CONSOLIDATED RESULTS

The reviewed provisional condensed consolidated financial statement have been prepared by Brent Robertson CA(SA), Chief Financial Officer, under the supervision of Rushaan Isaacs, the Chief Executive Officer and were reviewed by the Group’s joint external auditors, THAWT Inc. and Crowe JHB.

4. SEGMENTAL ANALYSIS

	SEGMENT REVENUE		SEGMENT PROFIT BEFORE TAX	
	Reviewed 31 August 2021 12 months R'000	Reviewed 31 August 2020 12 months R'000	Reviewed 31 August 2021 12 months R'000	Reviewed 31 August 2020 12 months R'000
Lobster	170 723	165 703	28 301	40 140
Pelagics	93 530	70 675	24 985	20 634
Hake	33 049	21 583	7 575	1 902
Squid	206 245	141 379	62 656	32 442
Abalone	35 108	26 785	(6 183)	(1 853)
Cold storage	10 412	8 821	3 105	2 730
Seagro	10 154	7 009	4 797	3 444
Processing and marketing	15 894	11 939	8 278	225
	575 115	453 894	133 514	99 664
Administration and support services	–	–	(119 989)	(100 129)
Fair value gains on biological assets	–	–	1 058	12 717
Interest income	–	–	8 255	14 611
Finance costs	–	–	(5 251)	(9 433)
Total	575 115	453 894	17 587	17 430

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.

During the year under review, inter divisional storage costs in the prior year amounting to 5 201 was reclassified from revenue to cost of sales to align itself with the correct accounting treatment. (Figures in R'000). This will be treated consistently going forward.

4. SEGMENTAL ANALYSIS continued
SEGMENT ASSETS

	Reviewed 31 August 2021 12 months R'000	Reviewed 31 August 2020 12 months R'000
Lobster	66 877	83 920
Pelagics	108 882	112 907
Hake	5 030	7 832
Squid	162 587	161 577
Abalone	325 046	307 097
Cold storage	1 465	1 077
Seagro	3 840	3 653
Processing and marketing	1 610	18 950
Administration and support services	323 910	327 367
Total segment assets	999 247	1 024 380
Unallocated	22	29
Consolidated total assets	999 269	1 024 409

4. SEGMENTAL ANALYSIS continued SEGMENT LIABILITIES

	Reviewed 31 August 2021 12 months R'000	Reviewed 31 August 2020 12 months R'000
Lobster	12 241	22 115
Pelagics	9 929	4 759
Hake	5 098	4 114
Squid	14 239	10 799
Abalone	16 331	6 591
Processing and marketing	2 723	9 862
Administration and support services	53 455	71 781
Total segment liabilities	114 016	130 021
Unallocated	124 674	124 191
Consolidated total liabilities	238 690	254 212

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.

4. SEGMENTAL ANALYSIS *continued*

INCLUDED IN THE SEGMENTAL RESULTS ARE:

	DEPRECIATION AND AMORTISATION		ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT	
	Reviewed 31 August 2021 12 months R'000	Reviewed 31 August 2020 12 months R'000	Reviewed 31 August 2021 12 months R'000	Reviewed 31 August 2020 12 months R'000
Lobster	3 933	6 744	6 255	15 095
Pelagics	7 403	5 140	6 226	13 575
Squid	8 079	19 611	3 103	2 102
Hake	71	–	2 815	–
Abalone	4 509	2 041	15 500	31 714
Cold storage	32	32	–	–
Seagro	43	43	–	–
Processing and marketing	3	2	–	–
Administration and support services	4 988	9 103	1 243	2 924
Total	29 061	42 716	35 142	65 410

REVENUE PER REGION

	Reviewed 31 August 2021 12 months R'000	Reviewed 31 August 2020 12 months R'000
United States of America	120 521	122 404
Far East	66 399	58 421
Europe	239 595	159 753
South Africa	148 600	113 316
Total	575 115	453 894

COMMENTS continued

5. ACQUISITIONS OF PROPERTY, PLANT AND EQUIPMENT

During the current reporting period, the carrying value of property plant and equipment increased from R450 million at 31 August 2020 to R463 million at 31 August 2021, the majority of which is attributed to the abalone farm expansion.

6. HEADLINE EARNINGS

	Reviewed 31 August 2021 12 months R'000	Reviewed 31 August 2020 12 months R'000
Earnings/(loss) attributable to ordinary equity holders of parent entity	(9 849)	4 014
Adjusted for:		
– Effect of (profit)/loss on disposal of property, plant and equipment	1 452	7
– Insurance income	–	(377)
– Impairment of PPE	–	945
– Impairment of loans	–	2 521
– Taxation effect	(407)	(593)
Headline earnings	(8 801)	6 503
Weighted average number of shares on which earnings and headline earnings per share is based	260 000 000	260 000 000
Headline earnings/(loss) per share (cents)	(3.39)	2.50

7. 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 and balances between the Group and other related parties are disclosed below:

	2021	2020
AFRICAN EQUITY EMPOWERMENT INVESTMENTS (AEEI)		
Material related party transactions		
Interest received	7 164	8 663
Management fees paid	6 263	3 348
Dividends paid	7 310	14 620
Material related party balances		
Loan to AEEI	105 261	100 096

8. DIVIDENDS

The impact of Covid-19 is still being felt in most of the markets that the Group operates in. 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. As a consequence of this uncertainty and the challenging year it has been, the Board of Directors believes that preservation of cash is paramount to ensure the sustainability of the Group in this current environment, and as such, made the decision not to declare a dividend for the year ending 31 August 2021.

9. CHANGES TO THE BOARD OF DIRECTORS

As previously reported on the JSE Stock Exchange News Service, the Board advises that Mr Ismet Amod resigned as a non-executive director of the Company with effect from 31 March 2021. Mr Salim Young resigned as a non-executive director of the Company with effect 1 September 2021. The Board would like to thank both of them for their valuable contribution and wishes them well in their future endeavours.

10. APPROVAL OF FINANCIAL STATEMENTS

The reviewed provisional condensed consolidated results were authorised for issue by the Company's Board of Directors on 26 November 2021.

11. REVIEW OPINION

The reviewed provisional condensed consolidated results for the year ended 31 August 2021 have been reviewed by Thawt Inc. ("THAWT") and Crowe Jhb. ("CROWE") who express an unmodified review conclusion. A copy of the independent review report is available for inspection upon request from the Company Secretary at cornellk@premfish.co.za.

Given the current coronavirus pandemic, the report will be sent electronically. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the review engagement, they should obtain a copy of the independent reviewers' report together with the accompanying financial information from the Company Secretary. Any reference to future financial performance included in this announcement is the responsibility of the directors and has not been reviewed or reported by the Company's independent reviewers.

12. GOING CONCERN

Following the outbreak of COVID-19, certain 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 in operation for the foreseeable future and accordingly these financial statements for the year ended 31 August 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 access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any new material changes, except for the COVID-19 pandemic that may economically impact the Group.

REVIEW OF OPERATIONS

LOBSTER

The 2020/2021 total allowable catch ("TAC") for South Coast Rock Lobster ("SCRL") saw an increase of 5% to 330 tons from the prior year TAC of 316 tons. The quota which is available to Premier is 135 tons (2020: 129 tons). The South Coast rock lobster specie remains a stable fishery and well managed resource.

The SCRL brand is a recognised leading brand in the US market. Generally, through high quality standards, we are able to attract premium prices, but the effects of COVID-19 on the USA economy have decreased selling prices and hence lowered operating margins. The Group experienced higher landings as compared to prior periods. The Group managed to catch 98% of the quota during the year which showed a massive improvement compared to prior year. Selling prices per kilogram remain steady compared to the prior year.

The West Coast Rock Lobster ("WCRL") sector remains a challenge as the industry saw a further reduction of the TAC. 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 in an effort to make up for the reduction in 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.

PELAGICS

The Pelagics division delivered a solid performance for the Group in the Current Period. Industrial fish catch rates were higher in the Current Period than those experienced in the Prior Period. The Group managed to increase its fishing days for the Current Period as compared to the Prior Period which resulted in higher volumes landed and higher revenues for the division in the Current Period. The Group expects the landings to be consistent for the next year.

SQUID

The squid division delivered industry wide higher catch rates compared to the prior year – a complete turnaround from the prior year where the squid resource was scarce. Revenue for the period amounted to R206 million (2020: R141 million) mainly due to higher catch rates in the industry.

The global market for South African squid remains strong, hence the potential of the squid division remains in a good position.

COMMENTS continued

HAKE

The Group's hake quota is caught, processed, and marketed through a joint venture with Blue Continents Products (Pty) Ltd. The demand for hake remains strong with Premier's quota being 657 tons (5% drop from prior year). The division delivered a strong performance, with market prices remaining relatively stable resulting in the division maintaining its margins. We expect revenues and profitability to be consistent for the foreseeable due to the consistent availability and stability of the resource.

ABALONE

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 and has a capacity of 260 tons as at 31 August 2021.

Sales volumes for the year ending 31 August 2021 were higher than that of the prior period. The farm continues to strategically grow its abalone to a larger size to meet market demand, and thereby maximising the margins received. 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 foreseeable future.

SEAGRO

Seagro is an organic fertiliser produced from a by-product of the fishmeal process. The division performed very well compared to the prior year. This is one of the Group's smaller sectors.

COLD STORAGE

The Group rents out its cold storage to third 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.

FRAP (FISHING RIGHTS APPLICATION PROCESS)

Our main strategic focus area is the Fishing Rights Application Process (FRAP) 2021 process, which the Group continues to be well positioned for. Premier is involved in multiple sectors with small to medium size quotas across the group. Therefore; we have positioned ourselves to apply in key numbers of sectors coming up for review namely South Coast Rock Lobster, Small Pelagic, Squid, Hake Deep Sea and Hake Longline. Premier Group has been very proactive in preparation of FRAP especially considering the extremely tight timelines issued by DFFE. The Minister has indicated a % cut in certain sectors to allow for new entrants which will indeed impact Premier Group bottom line and potentially employment for which we have strategically positioned the Group to mitigate some of these potential losses.

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.

REPORTING ENTITY

Premier is a Company domiciled in South Africa. These reviewed provisional condensed consolidated results as at the year ended 31 August 2021, 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

Non-executive Chairperson

Cape Town

26 November 2021

Mrs Rushaan Isaacs

Chief executive Officer

CORPORATE INFORMATION

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")

DIRECTORATE AND STATUTORY INFORMATION

DIRECTORS

- # Aziza Amod (Non-executive chairman)
 - * Rushaan Isaacs (Chief executive officer)
 - * Brent 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,
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AUDITORS

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