



Premier Fishing & Brands Limited

The First Choice

**REVIEWED PROVISIONAL
CONDENSED CONSOLIDATED RESULTS
FOR THE YEAR ENDED 31 AUGUST 2022**
2022



**A proudly South African
Fishing Company**

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. 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 2022 are compared to the results for the year ended 31 August 2021:

- Revenue decreased by 17% to R475 million from R575 million
- Gross profit decreased by 20% to R153 million from R192 million
- Profit before tax increased by 6% to R19 million from R18 million
- Earnings before interest, taxation, depreciation, and amortisation (EBITDA) increased by 11% to R48 million from R43 million
- Basic and diluted earnings per share increased from (3.79) cents to 5.62 cents
- Basic and diluted headline earnings per share increased from (3.39) cents to 5.65
- Current asset ratio 5.27:1 as at 31 August 2022 (2021: 4.17:1).

From a revenue perspective, the Group had a tough year which saw overall revenue dropped by R100 million from R575 million to R475 million, mainly as a result of the squid division. The squid sector saw reduced catch rates, which was industry wide. However, whilst the export market for squid remains very strong as the market saw high prices per kilogram, the Group unfortunately could not capitalise on the price factor, due to the low volumes caught. Gross profit margins from 2021 to 2022 remained relatively consistent. Profit before tax rose to R19 million (2021: R18 million), primarily due to a grant received from The Department of Trade Industry and Competition ("DTI"), paired with solid performances for the lobster sector as well as solid divisional performances in the pelagic and the hake sector.

Catch rates for South Coast Rock Lobster, hake and pelagic were solid and this is expected to continue as the resource remains strong. The farmed abalone sector also showed good signs of improvement, especially in the export market. However, local costs such as electricity, water, fuel, bait, feeding costs, employee costs have placed massive strains on abalone's margins and the Group's operating margins as well.

The West Coast Rock Lobster sector remains a political and a resource challenge as we experienced a Total Allowable Catch ("TAC") decline and the catch rates during the year were low for both our own quota and outside quota holders. However, with all the challenges, we remain optimistic and positive as the abalone export markets have shown signs of recovery and we hope to experience better catch rates for West Coast Rock Lobster in the future years.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 August 2022

	Reviewed Group 31 August 2022 12 months R'000	Reviewed Group 31 August 2021 12 months R'000
Revenue	475 086	575 115
Cost of sales	(321 869)	(383 357)
Gross profit	153 217	191 758
Other operating income	38 775	10 023
Other operating expenses	(177 800)	(187 925)
Operating profit	14 192	13 856
Investment revenue	9 998	8 981
Finance costs	(5 623)	(5 250)
Profit before taxation	18 567	17 587
Taxation	(6 841)	(14 237)
Profit after taxation for the period	11 726	3 350
Total comprehensive income for the period	11 726	3 350
Profit after tax attributable to:		
Shareholders of Premier	14 599	(9 849)
Non-controlling interests	(2 873)	13 199
Profit after taxation for the period	11 726	3 350
Basic and diluted earnings per share (cents)	5.62	(3.79)
Basic headline and diluted headline earnings per share (cents)	5.65	(3.39)
Weighted average number of shares (OOOs)	260 000	260 000

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 August 2022

	Reviewed Group 31 August 2022 12 months R'000	Reviewed Group 31 August 2021 12 months R'000
Assets		
Non-current assets	644 298	688 931
Property, plant and equipment	465 332	463 283
Right-of-use assets	46 838	33 061
Goodwill	70 129	70 129
Intangible assets	17 160	17 175
Loans to group companies	44 820	105 261
Deferred tax	19	22
Current assets	363 846	310 338
Inventories	41 618	34 082
Other financial assets	3 711	3 554
Current tax receivable	2 744	5 630
Trade and other receivables	68 073	64 116
Biological assets	83 073	95 910
Cash and cash equivalents	164 627	107 046
Total assets	1 008 144	999 269

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 August 2022 continued

	Reviewed Group 31 August 2022 12 months R'000	Reviewed Group 31 August 2021 12 months R'000
Equity and liabilities		
Equity		
Stated capital	507 517	507 517
Reserves	8 014	8 014
Retained income	202 922	188 323
Equity attributable to shareholders of Premier	718 453	703 854
Non-controlling interests	40 896	56 725
Total equity	759 349	760 579
Non-current liabilities	179 808	164 293
Post-employment medical costs	291	277
Deferred tax	126 354	124 674
Leased liabilities	53 163	39 342
Current liabilities	68 987	74 397
Borrowings	1 084	1 277
Current tax payable	96	895
Trade and other payables	58 737	63 280
Lease liabilities	4 936	1 995
Provisions	4 134	6 950
Total liabilities	248 795	238 690
Total equity and liabilities	1 008 144	999 269
Net asset value per share (cents)	292.06	292.53
Weighted average number of shares in issue	260 000 000	260 000 000

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the year ended 31 August 2022

	Reviewed Group 31 August 2022 12 months R'000	Reviewed Group 31 August 2021 12 months R'000
Balance at the beginning of the year	760 579	770 197
Profit for the year attributable to shareholders of Premier	14 599	(9 849)
Profit for the year attributable to non-controlling interests	(2 873)	13 199
Dividends	(12 956)	(13 000)
Change in ownership interest	–	32
Balance at the end of the year	759 349	760 579
Comprising of:		
Stated capital	507 517	507 517
Reserves	8 014	8 014
Retained income	202 922	188 323
Non-controlling interests	40 896	56 725
Total equity	759 349	760 579

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 August 2022

	Reviewed Group 31 August 2022 12 months R'000	Reviewed Group 31 August 2021 12 months R'000
Cash generated from operations	12 537	57 343
Interest income	1 939	1 818
Finance cost	(536)	(900)
Tax refunded / (paid)	(3 075)	(14 541)
Net cash flows from operating activities	10 865	43 720
Cash flows from investing activities		
Purchases of property, plant and equipment	(30 702)	(25 286)
Proceeds from sale of assets	259	0
Purchases of intangible assets	(9)	(24)
Loans to group companies repaid	68 500	2 000
Advances of financial assets	(700)	
Net cash flows from investing activities	37 348	(23 310)
Cash flows from financing activities		
Repayment of other financial liabilities	(193)	(2 022)
Repayment of lease liabilities	(2 400)	(1 893)
Interest expense	(5 087)	(4 351)
Proceeds from the DTI Grant received	30 000	-
Dividends paid	(12 952)	(13 000)
Net cash flows from financial activities	9 368	(21 266)
Total cash movement for the year	57 581	(856)
Cash at the beginning of the year	107 046	107 902
Total cash at the end of the year	164 627	107 046

COMMENTS

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 ("IAS 34"), 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 2022, 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 has been prepared by Brent Robertson CA(SA), Chief Financial Officer, under the supervision of Sooren Ramdenee, the Chief Executive Officer and was 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 2022 12 months R'000	Reviewed 31 August 2021 12 months R'000	Reviewed 31 August 2022 12 months R'000	Reviewed 31 August 2021 12 months R'000
Lobster	202 956	170 723	61 562	28 300
Pelagics	73 405	93 530	17 446	24 985
Hake	30 908	33 049	4 780	7 575
Squid	103 085	206 245	5 218	62 656
Aquaculture	39 226	35 108	(17 579)	(6 183)
Cold storage	10 779	10 412	2 064	3 105
Seagro	6 558	10 154	2 298	4 797
Processing and marketing	8 169	15 894	8 169	8 278
	475 086	575 115	83 958	134 572
Administration and support services			(87 405)	(119 989)
Fair value adjustment of abalone			(12 361)	1 058
Proceeds from DTI Grant			30 000	-
Interest income			9 998	8 255
Finance costs			(5 623)	(5 251)
Total	475 086	575 115	18 567	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.

4. SEGMENTAL ANALYSIS CONTINUED

SEGMENT ASSETS

	Reviewed 31 August 2022 12 months R'000	Reviewed 31 August 2021 12 months R'000
Lobster	73 613	66 877
Pelagics	110 931	108 882
Hake	5 072	5 030
Squid	149 338	162 587
Aquaculture	317 032	325 046
Cold storage	932	1 465
Seagro	6 117	3 840
Processing and marketing	931	1 610
Administration and support services	344 159	323 910
Total segment assets	1 008 125	999 247
Unallocated	19	22
Consolidated total assets	1 008 144	999 269

SEGMENT LIABILITIES

	Reviewed 31 August 2022 12 months R'000	Reviewed 31 August 2021 12 months R'000
Lobster	10 143	12 241
Pelagics	7 206	9 929
Hake	5 472	5 098
Squid	13 446	14 239
Aquaculture	16 323	16 331
Processing and marketing	921	2 723
Administration and support services	68 931	53 455
Total segment liabilities	122 442	114 016
Unallocated	126 353	124 674
Consolidated total liabilities	248 795	238 690

COMMENTS continued

4. SEGMENTAL ANALYSIS CONTINUED

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, impairment and amortisation		Additions to property, plant and equipment	
	Reviewed 31 August 2022 12 months R'000	Reviewed 31 August 2021 12 months R'000	Reviewed 31 August 2022 12 months R'000	Reviewed 31 August 2021 12 months R'000
Lobster	8 070	3 933	11 692	6 255
Pelagics	7 979	7 403	14 654	6 226
Squid	6 942	8 079	852	3 103
Hake	645	71	1 382	2 815
Abalone	3 996	4 509	1 744	15 500
Cold storage	360	32	–	–
Seagro	43	43	–	–
Processing and marketing	2	3	–	–
Administration and support services	5 665	4 988	379	1 243
Total	33 702	29 061	30 702	35 142

REVENUE PER REGION

	Reviewed 31 August 2022 12 months R'000	Reviewed 31 August 2021 12 months R'000
United States of America	172 124	120 521
Far East	46 317	66 399
Europe	132 984	239 595
South Africa	123 661	148 600
Total	475 086	575 115

5. ACQUISITIONS OF PROPERTY, PLANT AND EQUIPMENT

During the current reporting period, the carrying value of property, plant and equipment increased from R459 million at 31 August 2021 to R465 million at 31 August 2022, the majority of which is attributed to the dry docking of vessels as required by SAMSA.

6. HEADLINE EARNINGS

	Reviewed 31 August 2022 12 months R'000	Reviewed 31 August 2021 12 months R'000
Earnings attributable to ordinary equity holders of parent entity	14 599	(9 849)
Adjusted for:		
– Effect of (profit)/loss on disposal of property, plant and equipment	101	1 452
– Impairment of PPE	35	–
– Taxation effect	(38)	(407)
Headline earnings	14 697	(8 801)
Weighted average number of shares on which earnings and headline earnings per share is based	260 000 000	260 000 000
Headline earnings per share (cents)	5.65	(3.39)

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 between the group and other related parties are disclosed below:

	2022	2021
AFRICAN EQUITY EMPOWERMENT INVESTMENTS (AEEI)		
Interest received	8 059	7 164
Management fees paid	6 263	6 263
Dividends paid	–	7 310
Loan to AEEI	44 820	105 261

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 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 has such, made the decision not to declare a dividend for the year ending 31 August 2022.

9. CHANGES TO THE BOARD OF DIRECTORS

As previously reported on the JSE Stock Exchange News Service, the Board advises that Mrs Rushaan Isaacs resigned as Chief Executive Officer of the Company with effect from 1 June 2022 and opted to take on a role as Sales and Marketing Director. The Board has appointed Sooren Ramdenee as the new Chief Executive Officer with effect 1 June 2022. The Board would like to thank Sooren and Rushaan for and wishes them both well in their new roles.

10. APPROVAL OF FINANCIAL STATEMENTS

The reviewed provisional condensed consolidated results were authorised for issue by the Company's Board of Directors on 16 November 2021.

11. REVIEW OPINION

The reviewed provisional condensed consolidated results for the year ended 31 August 2022 have been reviewed by Crowe JHB Inc. ("CROWE") and Thawt Inc. ("THAWT") 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.

The report will be sent to shareholders 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

Since the outbreak of COVID-19, the Group was placed under certain financial pressures. A number of interventions have been put in place to mitigate these financial pressures and as such, the Board of Directors believes that the Group still has adequate financial resources to continue in operation for the near future and accordingly these financial statements for the year ended 31 August 2022 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.

Shareholders of the Company are advised and reminded of the cautionary that was released on 9 November 2022. The cautionary sent out is in relation to African Equity Empowerment Investments Limited ("AEEI"), who holds 56% of the shares in the Company, has indicated that it is about to make a firm intention to make an offer to acquire all of the ordinary shares in the Company not held by AEEI and shareholders acting in concert with AEEI. Shareholders of the Company are urged to exercise caution in dealing in their shares in the Company until such time further announcements in this regard are made.

REVIEW OF OPERATIONS

Lobster

The 2021/2022 total allowable catch ("TAC") for South Coast Rock Lobster ("SCRL") has remained stable over the past few years which is great news for the Group. The quota which was available to Premier for the 2022 season is 142 tons (2021: 135 tons). The South Coast Rock Lobster specie remains a stable fishery and professionally managed resource.

The SCRL brand is a recognised leading brand in the USA market. Generally, through high quality standards, we are able to attract premium prices. The South Coast Rock Lobster sector has been by far the outstanding sector in the Group's overall performance. The Group experienced higher landings, increases prices per kilogram and sold at better exchange rates in 2022 compared to 2021. The export market in USA has done very well considering the tough times in relation to COVID-19. The Group managed to catch 140 tons of the 142 tons quota available during the year which showed a massive improvement compared to prior year. Furthermore, we have also built in cost efficiencies over the past few years which have started to take effect now and hence we were able to generate good profit margins on our exports.

The West Coast Rock Lobster ("WCRL") sector remains a challenge for the industry 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 near future. Premier is continuously looking to contract additional outside quota holders in the industry to try and make up for the cut 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. In 2022, catch rates were down which is industry-wide, and as a result, the revenue and profits for West Coast Rock Lobster were lower in 2022 compared to 2021.

Pelagics

The Pelagics division delivered a solid performance for the Group in the current period. Industrial fish catch rates were solid in the current period. The Group managed to attain a respectable amount of revenue of R73 million (2021: R93 million). The Group is optimistic for the future in this sector as the Group expects the resource to be solid and through the Group's good relationships in the industry. The Group will look to improve on this year's performance for the near future.

Squid

The squid division had a very tough year. The industry experienced exceptionally low catch rates compared to the prior year. The export market remains strong as the market saw exceedingly high euro prices per kilogram. However, the Group was not able to capitalise on this as catch volumes were extremely low industry wide. Revenue for the period amounted to R103 million (2021: R206 million) due to catch rates being down. The Group remains optimistic that the strength of the resource will improve as past history shows that the resource catch trend is volatile. As long as the global market for South African squid remains strong, the potential of the squid division remains in an advantageous position.

Hake

The Group's hake quota is caught, processed, and marketed through a joint venture with Blue Continents (Pty) Ltd. The demand for hake remains strong. With the conclusion of the FRAP 'Fishing Rights Application Process' with Premier's quota improved to over 900 tons (2021: 657 tons). The division delivered an impressive performance, with market prices remaining relatively stable resulting in the division maintaining its margins. We expect revenues and profitability to be consistent for the near future due to the consistent availability and stability of the resource.

Abalone

The expansion were put on hold due to COVID-19 and having to reduce cost. The hatchery continues to produce excellent quality spat which provides a solid platform for our current planned expansion in production output. To date, the farm has already increased its production to well over 200 tons since the expansion started.

From an export perspective, sales volumes for the year ended 31 August 2022 were higher than that of the prior period. There has also been an improvement in market prices per kilogram as the effects of COVID-19 begin to ease a little. The export live market had a better-than-expected performance in 2022 compared to 2021, which saw prices for bigger sizes of abalone (110g onwards) range between \$30/kg and \$42/kg, which is an improvement on prior periods. We also sold at good exchange rates throughout 2022. While the effect that COVID-19 had on the export market remains a challenge, the Group has already seen signs of improvement. The Group hopes that the improvement will continue for the near future.

Lastly, the Group was successful in receiving a grant from The Department of Trade Industry and Competition amounting to R30 million. The Group applied for the grant a few years back and was able to close the deal in the current year. This income has been reflected in the Group's figures as other income.

Seagro

Seagro is an organic fertiliser produced from a by-product of the fishmeal process. The division performed consistently in the sector for the 2022 year. This is one of the Group's smaller sectors, and strategic changes have been made to try and improve revenues and profitability in the sector for the near future.

Cold storage

The Group rents out its cold storage to third parties. Revenue for this sector has been consistent over the past few years, but the running costs of the sector remain a challenge in the sector, as we have seen rising electricity and water costs.

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 in the sector remains strong due to the reliance and focus on the Group to contract more outside quota holders in the West Coast Rock Lobster sector. The Group

COMMENTS continued

also plays a strategic part in coaching and helping these small outside quota holders run their business, offer strategic and business advice and building relationships with the quota holders who through their relationships with the Group, are also able to create opportunities within their local communities.

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.

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 efficiency and usage of the assets and resources, 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 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.

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

Cape Town

16 November 2022

Mr Sooren Ramdenee

Chief executive Officer

CORPORATE INFORMATION

PREMIER FISHING AND BRANDS LIMITED
(Previously Premier Food and Fishing 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 (Independent Non-executive Chairman)
- * Sooren Ramdenee (Chief Executive Officer)
- * Brent Robertson (Chief Financial Officer)
- * Rushaan Isaacs (Sales and Marketing Director)
- # Rosemary Phindile Mosia
- # Clifford Leonard van der Venter
- # Advocate Ngoako Ramatlhodi
- # Sebenzile Patrick Mngconkola
- # Ismet Amod
- # 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 Proprietary Limited,
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 Sponsors
Vunani House, Vunani Office Park
151 Katherine Street, Sandown Sandton, 2196

Cape Town
16 November 2023

