

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 2023

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 increased by 15% to R258 million from R224 million
- Gross profit increased by 4% to R104 million from R99 million
- Profit before tax increased by 33% to R18 million from R13 million
- Earnings before interest, taxation, depreciation, and amortization (EBITDA) increased by 29% to R32 million from R25 million.
- Current asset ratio 3:1 (2022: 4:1)

The Group delivered a solid performance for the period ending 28 February 2023 in comparison to 28 February 2022. Revenue amounted to R258m, representing an increase of revenue by R34m primarily due to the improved squid resource. Volumes landed and sold, and overall catch rates in the squid sector have improved compared to the prior year. The export demand for the squid has been strong and the overall customer demand for the Group's exports remains strong.

The revenues for the other sectors have all had a solid first six months of the year, especially the lobster and hake deep sea. There have been some declines in revenue in certain sectors like pelagic, lobster and seagro compared to the prior year, but it's purely down to timing of sales. The resources in these sectors are healthy and in high demand and we expect an improved performance for the next six months, as compared to the first six months.

Catch rates to date for the lobster sector have been positive, especially in the south coast rock lobster where we have landed well over 60% of the quota allocated to the group.

The Group had a high value of stock unsold and a high value of accounts receivable on hand as at the end of this interim period. This has impacted our cash generated from operations as reflected in the cash flow statement, as the cash resources invested in catching the quotas was only realised in sales post the interim period. In addition; cash collections from debtors were also only received post this interim period. This timing of sale of stock and collection of cash from customers is temporary and the group is very confident of selling all stock and recovering all monies owed by the 31st of August 2023 financial year end.

Furthermore, we expect pelagic catches to improve in the second half of the year. The abalone sector has seen an improvement in the Far East export markets, with selling prices for live and canned abalone all improving.

Condensed Consolidated Statement of Profit or loss and Other Comprehensive Income for the six months ended 28 February 2023:

	Unaudited Group 28-Feb-23 6 months R'000	Unaudited Group 28-Feb-22 6 months R'000	Audited Group 31-Aug-22 12 months R'000
Revenue	257 709	224 296	475 086
Cost of sales	(153 967)	(124 798)	(321 869)
Gross profit	103 742	99 498	153 217
Other operating income	14 336	5 792	38 775
Other operating expenses	(103 811)	(94 594)	(177 800)
Operating profit	14 267	10 696	14 192
Investment revenue	4 500	4 719	9 998
Finance costs	(1 159)	(2 209)	(5 623)
Profit before taxation	17 608	13 206	18 567
Taxation	(5 033)	(3 156)	(6 841)
Profit after taxation for the period	12 575	10 050	11 726
Total comprehensive income for the period	12 575	10 050	11 726
Profit after tax attributable to:			
Shareholders of Premier	3 064	7 993	14 599
Non-controlling interests	9 511	2 057	(2 873)
Profit after taxation for the period	12 575	10 050	11 726
Basic and diluted earnings per share (cents)	1,18	3.07	5.62
Headline and diluted headline earnings per share (cents)	1,18	3.07	5.65
Weighted average number of shares (OOOs)	260 000	260 000	260 000

Condensed Consolidated Statement of Financial Position as at 28 February 2023

	Unaudited Group 28-Feb-23 6 months R' 000	Unaudited Group 28-Feb-22 6 months R' 000	Unaudited Group 31-Aug-22 12 months R' 000
Assets			
Non-current assets	581 172	684 020	644 298
Property, plant and equipment	468 403	460 269	465 332
Right-of-use assets	25 468	30 905	46 838
Goodwill	70 129	70 129	70 129
Intangible assets	17 153	17 168	17 160
Loans to group companies	-	105 527	44 820
Deferred tax	19	22	19
Current assets	346 088	315 576	363 846
Inventories	70 276	41 979	41 618
Other financial assets	4 983	1 429	3 711
Current tax receivable	3 791	4 516	2 744
Trade and other receivables	118 044	72 617	68 073
Biological assets	81 788	104 226	83 073
Cash and cash equivalents	67 206	90 809	164 627
Total assets	927 260	999 596	1 008 144
Equity and liabilities			
Equity			
Stated capital	507 517	507 517	507 517
Reserves	8 014	8 014	8 014

Retained income	129 405	196 314	202 922
Equity attributable to shareholders of Premier	644 936	711 845	718 453
Non-controlling interests	31 989	45 824	40 896
Total equity	676 925	757 669	759 349
Non-current liabilities	147 165	165 190	179 808
Post-employment medical costs	126	109	291
Deferred tax	122 989	125 739	126 354
Leased Liabilities	24 050	39 342	53 163
Current liabilities	103 170	76 737	68 987
Borrowings	1 191	1 214	1 084
Current tax payable	10 422	1 459	96
Trade and other payables	83 075	72 278	58 737
Lease liabilities	2 124	1 170	4 936
Provisions	6 358	616	4 134
Total liabilities	250 335	241 927	248 795
Total equity and liabilities	927 260	999 596	1 008 144
Net asset value per share (cents)	260,36	291.41	292.06
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 2023

Balance at the beginning of the year	759 350	760 579	760 579
Profit for the year attributable to shareholders of Premier	3 064	7 993	14 599
Profit for the year attributable to non-controlling interests	9 511	2 057	(2 873)
Dividends	-	(12 960)	(12 956)
Changes in ownership interest - control not lost	(95 000)	-	-
Balance at the end of the year	676 925	757 669	759 349

Comprising of:

Stated capital	507 517	507 517	507 517
Reserves	8 014	8 014	8 014
Retained income	129 405	196 314	202 922
Non-controlling interests	31 989	45 824	40 896
Total equity	676 925	757 669	759 349

Condensed Consolidated Statement of Cash Flows for the six months ended 28 February 2023:

	Unaudited Group 28-Feb-23 6 months R'000	Unaudited Group 28-Feb-22 6 months R'000	Unaudited Group 31-Aug-22 12 months R'000
Cash (used in) / generated from operations	(28 920)	6 281	12 537
Interest income	3 071	922	1 939
Finance cost	(103)	(72)	(536)
Tax refunded / (paid)	(791)	(292)	(3 075)

Net cash flows from operating activities	(26 743)	6 839	10 865
Cash flows from investing activities			
Purchases of property, plant and equipment	(21 229)	(12 859)	(30 702)
Purchases of intangible assets	-	-	(9)
Acquisition of extra shares in Talhado	(95 000)	-	-
Loans to group companies repaid	46 249	3 500	68 500
Advances of financial assets	-	-	(700)
Proceeds from sale of assets	-	-	259
Net cash flows from investing activities	(69 980)	(9 359)	37 348
Cash flows from financing activities			
Proceeds from other financial liabilities	107	65	-
Repayment of lease liabilities	(805)	(822)	(2 400)
Repayment of other financial liabilities	-	-	(193)
Dividends paid	-	(12 960)	(12 952)
Interest expense	-	-	(5 087)
Proceeds from the DTI Grant received	-	-	30 000
Net cash flows from financial activities	(698)	(13 717)	9 368
Total cash movement for the year	(97 421)	(16 237)	57 581
Cash at the beginning of the year	164 627	107 046	107 046
Total cash at the end of the year	67 206	90 809	164 627

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 2022.

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 Sooren Ramdenee, 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

	Revenue	Revenue	Revenue	Profit	Profit	Profit
	Unaudited	Unaudited	Audited	Unaudited	Unaudited	Audited
	28 February	28 February	31 August	28 February	28 February	31 August
	2023	2022	2022	2023	2022	2022
	R'000	R'000	R'000	R'000	R'000	R'000
Lobster	64 934	87 958	202 956	13 197	29 795	61 562
Pelagics	10 012	15 290	73 405	(2 767)	2 561	17 446
Hake	14 175	13 569	30 908	294	998	4 780

Squid	136 242	73 176	103 085	47 364	3 266	5 218
Farmed Abalone	21 413	20 670	39 226	(8 298)	1 169	(17 579)
Cold storage	1 654	6 016	10 779	(331)	2 382	2 064
Seagro	4 094	2 570	6 558	1 376	1 645	2 298
Processing and marketing	5 185	5 047	8 169	2 985	2 279	8 169
Total	257 709	224 296	475 086	53 820	44 095	83 958
Administration & support services				(38 267)	(41 716)	(87 405)
Fair value adjustment on abalone				(1 285)	8 316	(12 361)
DTI Grant income				-	-	30 000
Interest income				4 500	4 720	9 998
Finance costs				(1 160)	(2 209)	(5 623)
Profit before tax				17 608	13 206	18 567

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 2023 6 months R'000	Unaudited 28 February 2022 6 months R'000	Audited 31 August 2022 12 months R'000
Lobster	101 228	73 078	73 613
Pelagics	122 097	99 598	110 931

Hake	9 394	16 255	5 072
Squid	192 104	160 648	149 338
Aquaculture	326 148	337 281	317 032
Cold storage	1 482	1 066	932
Seagro	2 891	3 380	6 117
Processing and marketing	5 975	2 200	931
Administration and support services	165 922	306 069	344 159
Total segment assets	927 241	999 574	1 008 125
Unallocated	19	22	19
Consolidated total assets	927 260	999 596	1 008 144

Segment liabilities

	Unaudited 28 February 2023 6 months R' 000	Unaudited 28 February 2022 6 months R' 000	Audited 31 August 2021 12 months R' 000
Lobster	14 156	16 065	12 241
Pelagic	3 842	2 714	9 929
Hake	9 872	8 102	5 098
Squid	47 837	14 208	14 239
Aquaculture	15 030	14 840	16 331
Processing and marketing	5 109	1 778	2 723
Administration and support services	31 500	58 449	53 455
Total segment liabilities	127 346	116 186	114 016
Unallocated	122 989	125 739	124 674
Consolidated total liabilities	250 335	241 925	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 2023 Unaudited 6 months R'000	28 February 2022 Unaudited 6 months R'000	31 August 2022 Audited 12 months R'000	28 February 2023 Unaudited 6 months R'000	28 February 2022 Unaudited 6 months R'000	31 August 2022 Audited 12 months R'000
Lobster	5 880	3 924	8 070	5 994	6 002	11 692
Pelagics	4 244	3 556	7 979	10 064	1 407	14 654
Squid	3 486	4 372	7 587	1 955	1 967	852
Hake	-	-	-	-	-	1 382
Abalone	2 273	1 938	3 996	1 120	1 512	1 744
Cold storage	16	16	360	-	-	-
Seagro	22	91	43	-	-	-
Processing and marketing	1	2	2	-	-	-
Administration and support services	1 531	74	5 665	2 094	147	379
Total	17 453	13 973	33 702	21 227	11 034	30 702

Revenue per region

	Unaudited 28 February 2023 6 months R' 000	Unaudited 28 February 2022 6 months R' 000	Audited 31 August 2022 12 months R' 000
United States of America	46 662	75 577	172 124
Far East	33 180	22 265	46 317
Europe	149 920	86 493	132 984
South Africa	27 947	39 962	123 661
Total	257 709	224 297	475 086

5. HEADLINE EARNINGS

	Unaudited 28-Feb-23 6 months R' 000	Unaudited 28-Feb-22 6 months R' 000	Audited 31-Aug-22 12 months R' 000
Earnings attributable to ordinary equity holders of parent entity	3 064	7 993	14 599
Adjusted for:			
- (Profit) loss on disposal of property, plant and equipment	-	-	101
- Impairment of PPE	-	-	35
- Taxation effect	-	-	-38
Headline earnings	3 064	7 993	14 697

Weighted average number of shares	260 000	260 000	260 000
	000	000	000
Headline earnings per share (cents)	1,18	3.07	(3.39)

6. RELATED PARTIES

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 2023 Annual Financial Statements. Details of the material transactions between the group and other related parties are disclosed below:

	2023	2022
AFRICAN EQUITY EMPOWERMENT INVESTMENTS (AEEI)		
Interest received	1 429	3 084
Management fees paid	3 131	3 131

BALANCES

As at the end of this interim period ending 28 February 2023; the group had the following material related party balances on the group balance sheet:

	2023	2022
AFRICAN EQUITY EMPOWERMENT INVESTMENTS (AEEI)		
Loan to AEEI	-	105 527

7. SUBSEQUENT EVENTS

On 1 March 2023, The Group confirmed that it had acquired an extra 30% stake in its subsidiary, Talhado Fishing Enterprises (Proprietary) Limited and fulfilled all the necessary criteria to confirm the acquisition.

The Company is in the process of completing a scheme of arrangement ("scheme of arrangement"), for the delisting of the company, which is yet to be approved at a general meeting of the Company's shareholders. The circular and announcement for the scheme of arrangement detailing the process and timetable for completion were published on SENS on 5 May 2023.

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 of these interim financial statements.

8. DIVIDENDS

Due to the uncertainty of the banking facilities in the group in terms of access to overdraft facilities, the Board of Directors therefore believes that preservation of cash is paramount to ensure the sustainability of the Group in this current environment, and as such, has made the decision not to declare a dividend for the interim period ending 28 February 2023.

9. APPROVAL OF INTERIM FINANCIAL STATEMENTS

The Condensed Consolidated Interim results were authorised for issue by the Company's Board of Directors on Thursday 25 May 2023.

10. AUDIT OPINION

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

11. GOING CONCERN

Given the tough economic conditions, 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 2023 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 cash resources to meet its foreseeable cash requirements. The Board of Directors are not aware of any new material changes that will economically impact the Group.

REVIEW OF OPERATIONS

Lobster

The quota which is available to Premier is just over 130 tons which is approximately 40% of the Total Allowable Catch ("TAC") of the South Coast Rock Lobster ("SCRL"). 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 attract premium prices. The Group has done well for the first 6 months in this sector by landing approximately 60% of its quota. The Group also managed to obtain good selling prices and the USA export market remains strong. Furthermore, the Group has also managed to sell at good exchange rates. The Group is very 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 compared to the prior year. 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. As the usual trend in this sector, the Group expects the landings to improve in the second half of the year. 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 higher 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 improved compared to the prior year and has resulted in much higher revenues and profits in this sector. The export market for squid remains strong and will continue to improve.

The global market for South African squid remains strong. The Group looks forward to a solid end to this financial year.

Hake Deep Sea

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 the conclusion of the FRAP ('Fishing Rights Application process') with Premier's quota improved to over 1 000 tons (2022: 657 tons). The division delivered a solid 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

Sales revenues for the six months ending 28 February 2023 were slightly 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 compared to the prior period. We expect the revenue in this sector to continue to improve. However, the sector remains loss making for now, but we are addressing this and are hopeful that this situation will turn around over the next 6-12 months. The farm continues to strategically grow its abalone to a larger size to meet market demand, and thereby maximising the margins.

The Group remains focused on the expansion of the abalone farm with a target holding capacity between 300 to 350 tons upon completion. 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 increasing when compared to the prior period. This is one of the Group's smaller sectors and we expect a solid second half of the year.

Cold Storage

The Group rents out its cold storage to third parties. However, the Group decided to move to a new premises and hence will no longer have access to cold storage facilities to rent out. Hence, no further rent to be earned for the foreseeable future, and the Group will also experience cost savings of electricity, water, and employee costs, as a result of this decision.

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 slightly from that of the prior year, due to the Group contracting more quota holders in the west coast rock lobster sector.

Prospects

The outlook of the Group, given all the challenges that the Group still faces, remains one of optimism. 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 right across USA, Far East and Europe, 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.

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 2023, 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

Mr Sooren Ramdenee
Chief executive Officer

Cape Town
25 May 2023

DIRECTORATE AND STATUTORY INFORMATION

Directors

#*Aziza Amod (Independent non-executive chairman; *Sooren Ramdenee (Chief executive officer); *Brent Robertson (Chief financial officer; *Rushaan Isaacs (Sales Director); #*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

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Transfer secretaries

Link Market Services South Africa (Pty) Ltd,
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Joint 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