AFRICAN EQUITY EMPOWERMENT INVESTMENTS LIMITED

PROVISIONAL REVIEWED CONDENSED CONSOLIDATED ANNUAL FINANCIAL RESULTS FOR THE YEAR ENDED 31 AUGUST 2021 AND FINAL DIVIDEND DECLARATION

PROVISIONAL REVIEWED CONDENSED CONSOLIDATED ANNUAL FINANCIAL RESULTS FOR THE YEAR ENDED 31 AUGUST 2021 AND FINAL DIVIDEND DECLARATION

African Equity Empowerment Investments Limited
(Incorporated in the Republic of South Africa)
Registration number 1996/006093/06
Share code: AEE ISIN: ZAE000195731
("AEEI" or "the Group" or "the Company")

Provisional reviewed condensed consolidated annual financial statements results for the year ended 31 August 2021 and final dividend declaration.

FINANCIAL HIGHLIGHTS

	Reviewed Group to 31 August 2021 R'000	Audited Group to 31 August 2020 R'000	% Change
Revenue	**2 339 169**	3 427 579	(31.75)
Net cash (utilised)/generated from operating activities	**(195 609)**	199 642	(197.98)
(Loss)/profit before tax	**(180 849)**	111 155	(262.70)
Basic earnings per share (cents)	**(26.48)**	1.93	(1 472.70)
Headline earnings	**(124 652)**	4 554	(2 837.21)
Headline earnings per share (cents)	**(25.39)**	0.93	(2 829.71)
Normalised headline earnings	**(36 569)**	174 832	(120.92)
Normalised headline earnings per share (cents)	**(7.45)**	35.61	(120.92)
Net asset value per share (cents)	**1 102.54**	1 256.46	(12.25)
Total assets	**6 449 826**	7 211 679	(10.56)
Gross final dividend (cents)	**10**	20	(50.00)
Final gross dividend to shareholders	**49 102**	98 204	(50.00)
Total gross final dividend to shareholders(cents)	**40**	30	33.33
Total gross dividend to shareholders	**196 408**	147 307	33.33

GROUP PERFORMANCE

Headline earnings per share declined from 0.93 cents to (25.39) cents mostly due to a reduction in operating profits from our technology division.

Basic earnings per share in 2021 decreased from 1.93 cents to (26.48) cents.

Headline earnings declined due to once off items such as R133 million net impairments and R57 million fair value adjustments and once these are eliminated normalised headline earnings declined by 120.92%.

Net cash utilised from operations decreased by 197.98% as a result of the tough trading environment which led to lower revenues and margins.

The net asset value per share of the Group decreased by 12.25% from 1 256.46 cents to 1 102.54 cents as our investments have not been spared from the negative impact that the COVID-19 pandemic is having on all global markets. As a result of this, the short-term outlook on the financial performance is not as optimistic as before the pandemic and as a result we had to impair the value of some of these investments to reflect this new reality. Despite this slight reduction in the NAV of the Group, the Group continues to have a strong balance sheet and liquidity which is bolstered by cash reserves of R2.3 billion.

CONDENSED GROUP STATEMENT OF FINANCIAL POSITION

	Reviewed Group to 31 August 2021 R'000	Audited Group to 31 August 2020 R'000
ASSETS		
Non-current assets	**2 862 570**	2 696 310
Property, plant and equipment	**520 021**	547 932
Goodwill	**190 438**	181 772
Intangible assets	**428 631**	290 787
Investments in associates	**896 566**	866 367
Investment in joint ventures	**43 502**	18 963
Other financial assets	**456 792**	580 624
Finance lease receivables	**22 854**	25 189
Right of use asset	**151 960**	84 828
Deferred tax	**95 042**	99 847
Loans receivable	**35 894**	–
Loans to group companies	**20 870**	–
Current assets	**3 587 256**	**4 515 369**
Inventory	**189 347**	187 100
Trade and other receivables	**518 141**	807 807
Other financial assets	**189 052**	50 415
Biological assets	**95 910**	84 436
Current tax receivable	**16 488**	9 503
Finance lease receivables	**13 475**	18 135
Assets held for sale IFRS 5	**59 790**	–
Cash and cash equivalents	**2 343 886**	3 357 973
Loans receivable	**161 167**	–
Total assets	**6 449 826**	**7 211 679**
EQUITY AND LIABILITIES		
Equity		
Equity attributable to equity holders of parent		
Share capital and share premium	**402 240**	402 240
Reserves	**(20 647)**	(28 909)
Retained earnings	**2 449 424**	2 826 314
Equity attributable to equity holders of parents	**2 831 017**	**3 199 645**
Non-controlling interest	**2 582 706**	2 969 841
	5 413 723	6 169 486

CONDENSED GROUP STATEMENT OF FINANCIAL POSITION (CONTINUED)

	Reviewed Group to 31 August 2021 R'000	Audited Group to 31 August 2020 R'000
LIABILITIES		
Non-current liabilities	**455 036**	**287 148**
Other financial liabilities	46 317	21 270
Contingent consideration liability	–	5 097
Deferred income	–	751
Deferred tax	249 791	181 874
Finance lease liabilities	131 583	71 781
Employee benefit obligation	5 476	6 376
Loan from shareholder	1 916	–
Derivatives	19 953	–
Current liabilities	**581 067**	**755 045**
Trade and other payables	358 438	584 527
Other financial liabilities	1 277	5 289
Current tax payable	16 212	13 874
Deferred income	24 519	45 974
Provisions	63 881	61 617
Finance lease liability	37 295	25 683
Contingent consideration liability	4 237	–
Dividend payable	40 947	12 696
Liabilities held for sale	23 653	–
Bank overdraft	7	5 385
Loan from group company	10 601	–
Total liabilities	**1 036 103**	**1 042 193**
Total equity and liabilities	**6 449 826**	**7 211 679**
Net asset value per share (cents)	1 102.54	1 256.46
Net tangible asset value (cents)	976.46	1 160.22
Number of ordinary shares in issue (000's)	491 022	491 022

CONDENSED GROUP STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

	Reviewed Group to 31 August 2021 12 months R'000	Audited Group to 31 August 2020 12 months R'000
Revenue	2 339 169	3 427 579
Cost of sales	(1 659 382)	(2 613 080)
Gross profit	679 787	814 499
Other income	85 486	154 385
Other operating expenses	(1 062 205)	(949 992)
Net impairments, impairment reversals and write-off	(133 217)	(89 560)
Fair value adjustments	57 277	(108 558)
Income from equity accounted investments	52 521	74 819
Investment revenue	162 420	247 321
Finance cost	(22 943)	(31 759)
Gain on acquisition	26	-
(Loss)/profit before taxation	(180 848)	111 155
Taxation	(84 506)	(92 275)
(Loss)/profit from continuing operations	(265 354)	18 880
Discontinued operations		
Profit from discontinued operations		
(Loss)/profit for the year	-	-
Other comprehensive loss net of tax	3 114	(515)
Total comprehensive loss for the year	(262 241)	(515)
Total comprehensive loss attributable to:		
Equity holders of the parent	(130 014)	9 471
Non-controlling interest	(132 227)	8 894
	(262 241)	18 365
Basic and diluted (loss)/earnings per ordinary share to equity holders of parent entity (cents)	(26.48)	1.93
Weighted (and fully diluted) average number of ordinary shares in issue (000s)	491 022	491 022

CONDENSED GROUP STATEMENT OF CHANGES IN EQUITY

	Attributable to Parent R'000	Non-Controlling Interest R'000	Total Equity R'000
Balance at 1 September 2019	**3 315 257**	**3 088 435**	**6 403 692**
Profit for the year	9 986	8 894	18 880
Other comprehensive loss	(36 685)	–	(36 685)
Change in accounting policy – IFRS 16	(1 743)	–	(1 743)
Opening adjustment to NCI	5 451	(7 108)	(1 657)
Acquisition of additional interest	3 150	3 150	6 300
Change in ownership interest – additional shares acquired	(17 194)	(23 279)	(40 473)
Dividends paid	(78 578)	(100 251)	(178 829)
Balance at 31 August 2020	**3 199 645**	**2 969 841**	**6 169 486**
Loss for the year	**(133 128)**	**(132 228)**	**(265 356)**
Other comprehensive income	**8 262**		**8 262**
Movement in non-controlling interest - change in ownership	**5 060**	**5 192**	**10 252**
Changes in ownership interest	**18**	**14**	**32**
Dividends paid	**(248 840)**	**(260 113)**	**(508 953)**
Balance at 31 August 2021	**2 831 017**	**2 582 706**	**5 413 723**

CONDENSED GROUP STATEMENT OF CASH FLOWS

	Reviewed 31 August 2021 R'000	Audited 31 August 2020 R'000
Cash (utilised)/generated by operations	(245 377)	103 551
Investment revenue	128 518	209 096
Divided income	14 244	10 106
Finance cost	(14 179)	(31 759)
Tax paid	(78 815)	(91 352)
Net cash flows from operating activities	(195 609)	199 642
Cash flows from investing activities		
Purchase of biological assets	–	(990)
Purchase of property, plant and equipment	(51 409)	(89 056)
Sale of property, plant and equipment	5 633	6 283
Purchase of other intangible assets	(34 589)	(12 007)
Sale of other intangible assets	1 777	59
Sale of investment at fair value	150 000	–
Purchase of investments at fair value	(26 000)	–
Loans advanced to shareholders	(4 520)	–
Loans advanced to related parties	(94 150)	–
Other loans advanced	(118 056)	(70 747)
Purchase of financial assets	(110 518)	(121 015)
Amounts repaid from other financial assets	16 378	12 805
Purchases of additional shares	(55 447)	(12 000)
Funds withdrawn in trust	295 521	–
Funds advanced in trust	(273 942)	–
Finance lease asset receipts	9 555	6 447
Net cash flows (to)/from investing activities	(289 767)	(280 221)
Cash flows from financing activities		
Repayment in financial liabilities	(10 482)	(134 056)
Proceeds from related parties	10 000	–
Proceeds from other financial liabilities	–	37
Reduction of share capital or buy back of shares	–	(277)
Payments from contingent consideration arrangements	(5 500)	(39 141)
Finance lease payments	(28 476)	(42 500)
Repayment of borrowings	(3 446)	–
Long service awards payments	(727)	–
Repayment of borrowings	–	(637)
Purchase of additional shares	–	(1 750)
Dividends paid by parent	(247 282)	(78 578)
Dividends paid to minorities	(237 420)	(106 427)
Net cash flows to financing activities	(523 333)	(403 329)
Total cash movement for the year	(1 008 709)	(483 908)
Cash and cash equivalent at the beginning of the year	3 352 588	3 836 496
Cash and cash equivalents at the end of the year	2 343 879	3 352 588

CONDENSED GROUP SEGMENTAL REPORT 2021

31 August 2021	Fishing and brands Reviewed R'000	Technology Reviewed R'000
Revenue	624 475	1708 993
External revenue	569 852	1700 818
Internal revenue	54 623	8 175
Segment results		
Profit/(loss) before tax	12 994	(193 573)
Included in segment results:		
Net impairments and write-offs	–	(111 365)
Fair value adjustments	–	41 644
Depreciation and amortisation	(29 061)	(67 028)
Non-current assets	624 317	1070 273
Current assets	308 031	3186 065
Non-current liabilities	212 239	166 494
Current liabilities	72 168	466 264
Profit from associates	–	24 539
Capital expenditure	(25 286)	(25 595)

CONDENSED GROUP SEGMENTAL REPORT 2021 (CONTINUED)

31 August 2021	Health and beauty Reviewed R'000	Biotechnology Reviewed R'000	Events and tourism Reviewed R'000	Corporate Reviewed R'000	Group Reviewed R'000
Revenue	44 746	–	9 958	30 443	2418 615
External revenue	44 454	–	7 448	16 597	2339 169
Internal revenue	292	–	2 510	13 846	79 446
Segment results					
Profit/(loss) before tax	5 816	(924)	(7 714)	2 552	(180 849)
Included in segment results:					
Net impairments and write-offs	–	94	(4 818)	(17 128)	(133 217)
Fair value adjustments	3 651	–	(182)	12 164	57 277
Depreciation and amortisation	(186)	(2)	(53)	(1 581)	(97 911)
Non-current assets	43 415	139 013	6 545	979 007	2862 570
Current assets	18 153	144	5 504	69 358	3587 255
Non-current liabilities	10 753	37 975	3 970	23 604	455 035
Current liabilities	5 493	629	9 622	26 890	581 066
Profit from associates	–	–	–	27 982	52 521
Capital expenditure	(113)	(14)	–	(401)	(51 409)

CONDENSED GROUP SEGMENTAL REPORT 2020

31 August 2020	Fishing and brands Reviewed R'000	Technology Reviewed R'000
Revenue	494 417	2 928 092
External revenue	447 403	2 885 214
Internal revenue	47 014	42 878
Segment results		
Profit/(loss) before tax	345	115 143
Included in segment results:		
Net impairments and write-offs	–	(86 425)
Fair value adjustments	–	(72 340)
Depreciation and amortisation	(25 745)	(60 706)
Non-current assets	519 584	891 504
Current assets	334 820	4 114 418
Non-current liabilities	117 170	136 093
Current liabilities	73 789	644 613
Profit from associates	–	20 571
Capital expenditure	(65 000)	(23 000)

CONDENSED GROUP SEGMENTAL REPORT 2020 (CONTINUED)

31 August 2020	Health and beauty Reviewed R'000	Biotechnology Reviewed R'000	Events and tourism Reviewed R'000	Corporate Reviewed R'000	Group Reviewed R'000
Revenue	45 412	–	37 783	28 200	3 533 904
External revenue	45 412	–	33 907	15 643	3 427 579
Internal revenue	–	–	3 876	12 557	106 325
Segment results					
Profit/(loss) before tax	452	(6 578)	(5 366)	7 159	111 155
Included in segment results:					
Net impairments and write-offs	1	(2 695)	(441)	–	(89 560)
Fair value adjustments	–	–	(777)	(35 441)	(108 558)
Depreciation and amortisation	(198)	(2 442)	(171)	(1 589)	(90 851)
Non-current assets	30 395	174 727	5 716	1 074 384	2 696 310
Current assets	23 940	2 529	11 658	28 004	4 515 369
Non-current liabilities	757	15 905	(21)	17 244	287 148
Current liabilities	8 576	2 334	11 129	14 604	755 045
Profit from associates	–	–	–	54 247	74 818
Capital expenditure	(141)	–	(6)	(320)	(88 467)

DETERMINATION OF HEADLINE EARNINGS

		Reviewed 31 August 2021 R'000	Audited 31 August 2020 R'000
(Loss/earnings attributable to ordinary equity holders of the parent entity	IAS 33	(130 014)	9 471
Adjusted for:			
Reversal of impairment of intangible assets	IAS 38	494	2 537
(Loss)/gain on disposal of subsidiary	IFRS 10	26	–
Loss on disposals of property, plant and equipment	IAS 16	66	(1 472)
Impairment of goodwill	IAS 36	4 776	645
Headline earnings		(124 652)	11 181
Normalised headline earnings (See supplementary information)		(36 569)	174 832
Headline earnings and diluted headline earnings per ordinary share (cents)		(25.39)	0.93
Normalised headline earnings per ordinary share (cents) (see supplementary information)		(7.45)	35.61

RECONCILIATION OF REPORTABLE SEGMENTS PROFIT OR LOSS

	Reviewed 31 August 2021 R'000	Audited 31 August 2020 R'000
Total (loss)/gain before tax for reportable segments	**(180 848)**	**111 155**
Taxation	**(84 506)**	(92 275)
(Loss)/profit from continuing operations	**(265 354)**	**18 880**
Other comprehensive loss for the year net of taxation	**3 114**	(515)
(Loss)/profit for the year and total comprehensive income	**(262 241)**	**18 365**

DIVISIONAL PERFORMANCE

FISHING AND BRANDS

Premier Fishing and Brands Ltd (“Premier“), the fishing and brands division, delivered an outstanding performance after last year's subdued results. Revenue in the current financial period increased by 27%. This is mainly attributed to the squid sector which delivered excellent results. Squid revenue increased by 46% from R141m to R206m. Lobster sales also had a healthy increase of 5% in tons from 129 tons to 135 tons.

TECHNOLOGY

The technology division had a challenging year which consisted of loss of major contracts as well as a volatile economic landscape. As a result of these factors, AYO Technology Solutions Ltd's (AYO) revenue decreased by 42% to R1.7bn. Clients across industry verticals and sectors switched into cash preservation mode and suspending infrastructure expenditure.

In keeping with its growth strategy, AYO acquired Kathea Communications Proprietary Limited (Kathea) in March 2021, becoming the largest distributor of headset equipment in Africa, positioning AYO to capitalise on available opportunities brought about by work-from-home and other changes in workforce behaviour. The revenue and profits from Kathea offset some of the effects of the loss of contracts and margins as a result of the adverse trading environment.

AYO's balance sheet remains buoyant, with total assets approximating R4.2bn and robust cash reserves. The board of AYO directors remains confident that’s its solid asset base will ensure that AYO weathers the uncertainties of the future and makes use of the opportunities that will be present as the economy stabilises from the effects of the pandemic

HEALTH AND BEAUTY

Orleans Cosmetics (Pty) Ltd (Orleans Cosmetics) had a particularly challenging year and made an operating profit at the EBIT level of R2.8m. However, they benefited from a reversal of impairment on intangible assets of R3.65m (2020 impairment of R3.65m) as distribution agreements with the overseas Principals have been renewed or extended.

The impact of the COVID-19 pandemic continued to affect their operating results. In addition, the recent political unrest in KZN and Gauteng affected their revenue for July downward by 25% compared to June, leading to the year-end financial results being lower than expected.

AfriNat (Pty) Ltd (AfriNat) operates in three sectors, agriculture which includes pre-and post harvest, hygiene and sanitation, and food preservation, focused on providing sustainable solutions in food production and processing from seed to table.

Before the COVID-19 pandemic lockdown in 2020, AfriNat had a spike in hygiene and sanitation sales, which subsequently reduced in 2021, with alcohol sanitisers being commonplace. Despite having a superior product, it was not widely used as the Department of Health mandated alcohol sanitisers as the preferred option.

Revenue on the agricultural side grew by 15% and would have grown more than this had it not been for supply chain challenges which resulted in major delays of imported raw materials from Europe. The impact of this was that AfriNat could not fulfil all orders before the financial year end. Climatic changes leading to late rains which pushed revenue into the 2022 financial year end and pressure on margins also resulted in lower than anticipated revenue.

AfriNat revenue for 2021 decreased by 3.6% to R13.1m (2020: 13.6m) with a R64.5k profit.

DIVISIONAL PERFORMANCE (CONTINUED)

RESEARCH AND DEVELOPMENT

The research and development division is engaged in product development phases at different stages, including developmental work on the dendritic cell vaccine (DCV) for cancer immunotherapy and communicable diseases such as extreme drug - resistant tuberculosis.

There was very little progress during 2021, mainly due to second and third waves of the COVID-19 pandemic, which prevented work from being done at Groote Schuur Hospital. In addition, our legal teams have registered and maintained the IP registrations into new territories worldwide for the maturation of the dendritic cells, which is the basis of this technology.

EVENTS AND TOURISM

The revenue of the events and tourism division decreased due to the COVID-19 pandemic restrictions, which led to the cancellation of events and large public gatherings, including the division's flagship event, the annual Cape Town International Jazz Festival. Staff retrenchments and streamlining of operating costs were necessary in the current year to curtail costs in the reality of having no income.

The third wave of COVID-19 severely impacted the travel business with very little corporate and leisure travel taking place, resulting in the closure of the Inbound Travel sector. Despite the above, the Company made an operational profit for the year under review. A renewed interest in travel has been shown post- financial year end after travel restrictions were relaxed.

Magic 828 experienced a tumultuous year, with the COVID-19 pandemic continuing to negatively impact sales revenue leading to a decline in advertising income. Faced with the reality of constrained cashflows, the company had to cut expenses and right-size their operations.

Unfortunately, the impact of the COVID-19 pandemic resulted in staff retrenchments in this division.

Overall revenue in this division was R10m (2020: R36m).

STRATEGIC INVESTMENTS

Our strategic investments continue to yield good returns. In the current financial year our strategic investments yielded revenue of R28m (2020: R54m).

DIVISIONAL PERFORMANCE (CONTINUED)

BUSINESS COMBINATIONS

Acquisition of Kathea Communication Proprietary Limited

AYO completed the acquisition of a 100% shareholding in Kathea on 1 March 2021 for a consideration of R59.8 million, plus a contingent consideration of R30 million. Kathea is a value-added distributor of voice, audio visual, video conferencing and workspace management products solutions and services and represents some of the top brands in the communication,collaboration, audio visual and workspace technology arenas. Kathea's brand offering includes Jabra, Polycom, Plantronics, CTouch, Logitech and Yealink, amongst others. The Group consolidated revenue of R92m and profit before tax of R8m from Kathea for the 6 month period since its acquisition.

The fair values of the identifiable assets and liabilities acquired are shown below

	2021 R'000
PPE	691
Right-of-use assets	2 451
Intangible assets	62 012
Deferred tax asset	(12 673)
Finance Lease Receivables	2 095
Inventories	18 077
Trade & other receivables	21 622
Cash & cash equivalents	5 778
Other financial liabilities	(11 488)
Finance lease liabilities	(2 576)
Current tax payable	(911)
Trade and other payables	(28 993)
Provisions	(2 291)
Dividend payable	(4 000)
Bank overdraft	(1 490)
Total identifiable assets and liabilities	**48 304**
Goodwill	35 715
Total purchase consideration	**84 019**
Consideration paid	
Cash	59 791
Contingent consideration	24 228
Total purchase consideration	**84 019**
Net cash outflow on acquisition date	
Cash consideration paid	(59 791)
Cash acquired	4 288
Net cash outflow	**(55 503)**

Disposal groups classified as held for sale

The following assets and liabilities were reclassified as held for sale as at 23rd August 2021:

	2021 R'000	2020 R'000
Assets classified as held for sale		
Property, plant and equipment	430	–
Right of use Asset	2 037	–
Deferred tax	842	–
Trade and other receivables	54 835	–
Other financial assets	640	–
Cash and cash equivalents	1 006	–
Total assets of disposal group held for sale	59 790	**–**
Liabilities directly associated with assets classified as held for sale		
Lease liabilities	1 921	–
Trade and other payables	21 475	–
Total liabilities of disposal group held for sale	23 653	**–**

OTHER FINANCIAL ASSETS

	Reviewed 31 August 2021 R'000	Audited 31 August 2020 R'000
Fair value through profit and loss:		
Investments in unlisted public companies	12 325	9 841
Investments in unlisted private companies	46 107	223 489
Investments in listed public companies	115 652	40 462
Total fair value through profit and loss	174 084	273 792
Loans and receivables at amortised cost		
4Plus Proprietary Limited	37 399	31 478
Bambelela Capital Proprietary Limited	161 162	160 933
Cadiz Life Investments Proprietary Limited	1 005	–
Tamlalor Proprietary Limited	215 966	114 644
Cortex Logic Proprietary Limited	–	12 670
LMLA	17 996	–
Louisayahna	740	–
Last Mile Logistics Proprietary Limited	28 406	
Supplier development	–	26 452
Other	9 086	11 070
Total loans and receivables at amortised cost	471 760	357 247
Total other financial assets	645 844	631 039

EVENTS AFTER REPORTING DATE

On 1 September 2021, AYO concluded an asset for share agreement in which AYO disposed of its 100% shareholding in Puleng Technologies Proprietary Limited ("Puleng") for a consideration of R20 million in exchange for redeemable and cumulative preference shares from the purchaser for a total consideration of R20 million. Puleng is a cyber security company which focuses on the development of efficient Governance, Risk and Compliance (GRC) programmes and providing data centre infrastructure which effectively protects sensitive client data.

On 23 September 2021, AYO subscribed for 30% of ordinary shares in Crealpha Proprietary Limited ("Crealpha") for a nominal amount. As part of the shareholders agreement AYO has also provided Crealpha with a R30 million working capital loan to enable the company's expansion. Crealpha is a cloud data services business that enables the Group to expand its service offering as part of the Group's go-to-market strategy.

On 1 October 2021, AYO subscribed for an additional 30 ordinary shares in 4Plus Technology Venture Fund Africa Proprietary Limited ("4Plus") for a subscription price of R24 million. AYO now holds a total of 28% of the ordinary shares in issue of 4 Plus.

A final dividend of 10 cents per share was approved by the board of directors of AEEI ("Board") in respect of the financial year ended 31 August 2021. The dividend is payable on 3 January 2022 to shareholders recorded in the register of the Company at close of business on 31 December 2021.

FAIR VALUE INFORMATION

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2: Other techniques for all inputs which have a significant effect on the recorded fair value and are observable, either directly or indirectly.

Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

As at 31 August 2021, the Group held the following instruments measured at fair value:

	Fair value hierarchy	2021	2020
Recurring fair value measurements			
Abalone	Level 3	**95 910**	84 436
Non-financial instruments – Intangible assets acquired through business combinations			
Total intangible assets	Level 3	**95 910**	**84 436**
Financial assets designated at fair value through profit/(loss)			
Listed shares	Level 1	**115 652**	40 462
Investments in unlisted private companies	Level 3	**46 107**	223 489
Investments in unlisted public companies	Level 3	**12 325**	9 840
Total financial assets designated at fair value through profit/(loss)		**174 084**	**273 791**
Loans and receivables		**471 760**	357 248
Total financial assets		**645 844**	631 039
Financial liabilities at fair value through profit/(loss)			
Other financial liabilities		**–**	887
Contingent consideration liability		**4 234**	5 097
Total financial liabilities at fair value through profit/(loss)		**4 234**	**5 983**

Refer to fair value adjustments in the Group's Statement of Comprehensive Income.

REPORTING ENTITY

AEEI is a company domiciled in South Africa.

These condensed consolidated annual financial statements for the year ended 31 August 2021 comprise of AEEI, and its subsidiaries and its interest in associates and joint ventures.

USE OF JUDGEMENTS AND ESTIMATES

In preparing these condensed consolidated annual financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the audited consolidated financial statements as at and for the year ended 31 August 2021.

RELATED PARTIES

The Group entered into various transactions with related parties in the ordinary course of business which included the following other transactions in the current year.

	2021 R'000	2020 R'000
Purchases of services from related parties		
BT Communication Services SA Proprietary Limited	–	313 279
African News Agency Proprietary Limited	732	390
Independent News and Media Proprietary Limited	292	281
	1 024	**313 950**
Loan and other receivables balances include the following:		
Tamlalor Proprietary Limited	215 966	114 294
Trade payables to related parties		
BT Communication Services South Africa Proprietary Limited	–	46 653

REPORTING ENTITY (CONTINUED)

BASIS OF PREPARATION

The provisional condensed consolidated annual financial statements are prepared in accordance with the JSE Limited ("JSE") Listings Requirements and the requirements of the Companies Act of South Africa, 2008 (Act 71 of 2008), as amended, applicable to summarised audited financial statements. The JSE Listings Requirements require financial reports to be prepared in accordance with the framework concepts, the measurement and recognition requirements of International Financial Reporting Standards ("IFRS"), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and also that they, as a minimum, contain the information required by IAS 34 "Interim Financial Reporting". The accounting policies applied in the preparation of the condensed consolidated annual results for the year ended 31 August 2021 are in terms of IFRS and are consistent with the accounting policies applied in the preparation of the previous consolidated annual financial statements, except for adoption of accounting policies described below.

The reviewed annual financial results were prepared by Michelle Hunlun, the Group financial manager, CA(SA), and Basson Van Eyssen , the Group accountant, AGA(SA), under the supervision of Jowayne Van Wyk CA(SA), chief financial officer, and were reviewed by Crowe JHB and Thawt Inc, the Group's external auditors.

The reviewed condensed consolidated financial results for the year ended 31 August 2021 have been reviewed by Crowe JHB and Thawt Inc, who expressed an unmodified review conclusion. A copy of the independent reviewer's report is available for inspection at the Company's registered office together with the financial statements identified in the independent reviewers' report. The independent reviewers' report does not necessarily report on all of the information contained in these financial results. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the independent reviewers' engagement, they should obtain a copy of the independent reviewers' report together with the accompanying financial information from the Company's registered office. 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 auditors.

ACCOUNTING POLICIES

STANDARDS AND INTERPRETATIONS THAT BECAME EFFECTIVE IN THE CURRENT YEAR

During the reporting year, the Group adopted the following newly effective standards as from 1 September 2020 which had a material impact on the 2021 annual financial statements: The effect of applying this standard are detailed below:

STANDARD ISSUED BUT NOT YET EFFECTIVE

The Group has decided not to adopt the following standard which is effective for the financial year commencing:

Amendments to References to Conceptual Framework in IFRS Standards 1 January 2022.
Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) 2021/01/01
COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16) 2021/04/01
Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) 2022/01/01
Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) 2022/01/01
Reference to the Conceptual Framework (Amendments to IFRS 3) 2022/01/01
IFRS 17 Insurance Contracts ~2023/01/01
Classification of liabilities as current or non-current (Amendments to IAS 1) ^ 2023/01/01
Amendments to IFRS 17 ~ 2023/01/01
Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) 2023/01/01

PROSPECTS

We remain resolute in our determination to succeed as a Group. However, the pandemic aftershock is far from over despite the slow re-opening of markets, progressive uptake of vaccinations and the development of workable solutions to enact a more inclusive society – the world over. Despite our optimism for the future, we are cautious in our outlook and approach. AEEI will remain focused on strategic cost-savings and operational efficiencies in the year ahead, as it did in 2021, and it may also require the disposal of non-performing assets. This will assist in safeguarding the underlying value the Group has built over many years and which we cannot allow to be eroded.

AEEI has also once again stayed its decision to transition to a passive investment holding company, electing to remain hands-on where it is required and needed. The health of our balance sheet aside, we are also committed to the wellbeing of our people, as we recognise that without their contributions, we would not be nearly as well as we are.

CHANGES IN THE DIRECTORATE

Mr Ismet Amod resigned as a non-executive director effective 31 March 2021.
Mr Stephen Nthite was appointed as an independent non-executive director with effect from 26 August 2021.
Mr Membathisi Mdladlana was appointed as an independent non-executive director with effect from 27 August 2021.
Due to the changes on the Board during the year, the committees were restructured.

DIVIDENDS

The Board is pleased to announce that it has approved and declared a final dividend of 10 cents per share for the year ended 31 August 2021 from income reserves. The final dividend amount, net of South African dividend tax of 20% which equates to 2 cents per share, is therefore 8 cents per share for those shareholders that are not exempt from dividend tax.

The number of ordinary shares in issue at declaration date is 491 022 434 and the income tax number of the Company is 9314001034.

The salient dates of this dividend distribution are:

Gross dividend (cents per share) 10
Dividend net of dividend withholding tax (cents per share) 8
Last day to trade *cum* dividend Tuesday, 28 December 2021
Trading *ex*-dividend commences Wednesday, 29 December 2021
Record date Friday, 31 December 2021
Date of payment Monday, 3 January 2022
Share certificates may not be dematerialised or rematerialised between Wednesday, 22 December 2021 and Friday, 24 December 2021, both days inclusive.

SUPPLEMENTARY INFORMATION (UNREVIEWED)

Normalised earnings are defined as earnings from continuing operations excluding non-recurring items and once-off fair value adjustments.

Normalised earnings before tax reconciliation	Reviewed Group to 31 August 2021 12 months R'000	Audited Group to 31 August 2020 12 months R'000
(Loss)/profit before tax	**(180 848)**	111 155
Loss on deemed disposal	26	–
Fair value adjustments	(57 277)	108 558
Net impairments, impairment reversals and write-offs	133 217	89 560
Normalised (loss)/profit before tax	**(104 882)**	**309 273**
Normalised headline earnings before tax reconciliation		
Headline earnings	(124 652)	4 554
Fair value adjustments	(57 277)	108 558
Deferred tax on fair value adjustments	12 830	(24 317)
Net impairments, impairment reversals and write-offs	132 530	86 037
Normalised headline earnings	**(36 569)**	**174 832**
Normalised headline earnings per share	**(7.45)**	**35.61**

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.

Mrs Aziza Amod	**Mrs Valentine Dzvova**
Non-executive chairman	*Chief executive officer*

Cape Town

30 November 2021

Directors
*Valentine Dzvova (chief executive officer); Aziza Amod (non-executive Chairman); *Jowayne Van Wyk (chief financial officer); Gaamiem Colbie; Willem Raubenheimer; Bongikhaya Qama; Stephen Nthite (appointed 26 August 2021); Membathisi Mdladlana (appointed 27 August 2021)
*Executive directors

Company secretary: Damien Terblanche
Registered address: 1st Floor, Waterway House North,3 Dock Road, Victoria and Alfred Waterfront, Cape Town, 8001,
Email: damien@aeei.co.za
Transfer secretaries: Link Market Services South Africa Proprietary Limited 19 Ameshoff Street, 13th Floor, Rennie House, Braamfontein, Johannesburg, 2001

Joint auditors: Crowe JHB
3 Sandown Valley Crescent, Sandown, Johannesburg, 2196

Thawt Inc.
3 Monte Vista Blvd, Monte Vista, Cape Town, 7460

Joint Sponsors: Vunani Capital Proprietary Limited
Vunani House, Vunani Office Park, 151 Katherine Street, Sandown, Johannesburg, 2196

Merchantec Capital
13th Floor, Illovo Point, 68 Melville Road, Illovo, 2196

WWW.AEEI.CO.ZA