AEEI

AFRICAN EQUITY EMPOWERMENT INVESTMENTS LIMITED

UNAUDITED CONDENSED CONSOLIDATED INTERIM RESULTS FOR THE SIX-MONTH PERIOD ENDED 28 FEBRUARY 2022

FINANCIAL HIGHLIGHTS

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")

	28 February 2022 R'000	28 February 2021 R'000	% Change
Revenue	**1 066 732**	1 171 203	(8.92)
Net cash utilised in operating activities	**(239 420)**	(250 376)	4.38
Loss before tax	**(86 316)**	(28 209)	(205.99)
Basic loss per share (cents)	**(23.71)**	(12.33)	(92.30)
Headline loss	**(69 000)**	(32 610)	(111.59)
Headline loss per share (cents)	**(14.05)**	(6.64)	(111.59)
Normalised headline loss	**(39 691)**	(6 368)	(523.29)
Normalised headline loss per share (cents)	**(8.08)**	(1.30)	(523.29)
Net asset value per share (cents)	**1 058.40**	1 195.81	(11.49)
Total assets	**6 345 636**	6 878 097	(7.74)
Gross interim dividend (cents)	**–**	30	(100.00)
Total interim dividend to shareholders	**–**	147 307	(100.00)

GROUP PERFORMANCE

Basic loss per share increased from (12.33) cents to (23.71) cents mostly due to a reduction in operating profits from our technology division as a result of the impact of the COVID-19 pandemic and restructuring of the technology investments portfolio. Technology revenue decreased by 6% to R811 million whilst the loss before tax increased by 46% to R91 million. The fishing and brands division had a decrease in revenue of 21% from R283 million to R222 million. Profitability was a modest R12 million, down 36% from the prior period.

Headline loss per share increased from (6.64) cents to (14.05) cents and normalised headline losses were R40m and increased from (1.30) cents per share to (8.08) cents per share.

The net asset value per share of the Group decreased from 1 195.81 cents to 1 058.40 cents as our investments have not been spared from the negative impact of the COVID-19 pandemic. As a result of this, the short-term outlook on the financial performance is not as optimistic as before the pandemic. However we are confident that the strategies we have put in place will yield positive shareholder gains for the long term.

CONDENSED GROUP STATEMENT OF FINANCIAL POSITION

	Unaudited Group to 28 February 2022 R'000	Unaudited Group to 28 February 2021 R'000	Audited Group to 31 August 2021 R'000
ASSETS			
Non-current assets	3 019 692	2 731 617	2 862 570
Property, plant and equipment	**510 439**	555 073	520 021
Right of use assets	**133 414**	110 519	151 960
Goodwill	**190 438**	181 772	190 438
Intangible assets	**403 198**	297 256	428 631
Investments in associates	**909 306**	880 198	896 566
Investment in joint ventures	**67 768**	20 060	43 502
Other financial assets	**216 501**	543 722	229 579
Finance lease receivables	**22 070**	22 854	22 854
Deferred tax	**120 693**	120 164	95 042
Loans receivable	**204 439**	–	47 142
Loans to related parties	**241 426**	–	236 835
Current assets	3 325 944	4 146 480	3 527 466
Biological assets	**104 226**	85 445	95 910
Inventory	**192 928**	170 923	189 347
Current tax receivable	**18 420**	31 731	16 488
Trade and other receivables	**827 159**	933 353	518 141
Other financial assets	**255 052**	15 142	189 052
Finance lease receivables	**11 800**	16 633	13 475
Loans receivable	**194 503**	–	161 167
Cash and cash equivalents	**1 721 856**	2 893 252	2 343 886
Assets held for sale IFRS 5	**–**	–	59 790
Total assets	6 345 636	6 878 097	6 449 826

CONDENSED GROUP STATEMENT OF FINANCIAL POSITION (CONTINUED)

	Unaudited Group to 28 February 2022 R'000	Unaudited Group to 28 February 2021 R'000	Audited Group to 31 August 2021 R'000
EQUITY AND LIABILITIES			
Equity			
Equity attributable to equity holders of parent			
Share capital and share premium	**402 240**	402 240	402 240
Reserves	**(21 927)**	(27 003)	(20 647)
Retained earnings	**2 284 426**	2 693 495	2 449 424
Equity attributable to equity holders of parents	**2 664 739**	**3 068 732**	**2 831 017**
Non-controlling interest	**2 532 259**	2 802 942	2 582 706
	5 196 998	**5 871 674**	**5 413 723**
LIABILITIES			
Non-current liabilities	**436 928**	**311 801**	**435 083**
Other financial liabilities	**52 817**	20 095	48 233
Deferred income	**417**	–	–
Deferred tax	**249 414**	196 468	249 791
Finance lease liabilities	**128 759**	89 591	131 583
Employee benefit obligation	**5 521**	5 646	5 476
Current liabilities	**711 710**	**694 622**	**577 367**
Trade and other payables	**490 421**	542 349	358 438
Other financial liabilities	**29 554**	16 131	3 107
Current tax payable	**12 782**	21 434	16 212
Deferred income	**36 237**	15 158	33 252
Provisions	**48 763**	45 766	63 881
Finance lease liability	**25 002**	32 107	37 295
Contingent consideration liability	**–**	803	24 228
Dividend payable	**57 727**	16 906	40 947
Bank overdraft	**36**	3 968	7
Loans from related parties	**11 188**	–	–
Liabilities held for sale	**–**	–	23 653
Total liabilities	**1 148 638**	**1 006 423**	**1 036 103**
Total equity and liabilities	**6 345 636**	**6 878 097**	**6 449 826**
Net asset value per share (cents)	**1 058.40**	1 195.81	**1 102.54**
Net tangible asset value (cents)	**937.51**	1 098.25	**976.46**
Number of ordinary shares in issue (000's)	**491 022**	491 022	**491 022**

CONDENSED GROUP STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

	Unaudited Group to 28 February 2022 6 months R'000	Unaudited Group to 29 February 2021 6 months R'000	Audited Group to 31 August 2021 12 months R'000
Revenue	1 066 732	1 171 203	2 339 169
Cost of sales	(783 748)	(832 520)	(1 659 382)
Gross profit	**282 984**	338 683	**679 787**
Other income	41 811	46 872	85 486
Other operating expenses	(468 607)	(494 977)	(1 043 264)
Net impairments, impairment reversals and write-off	(942)	(66 438)	(152 132)
Fair value adjustments	(36 537)	46 696	57 277
Income from equity accounted investments	40 553	14 928	52 521
Investment revenue	66 879	93 843	162 420
Finance cost	(12 457)	(7 816)	(22 943)
Loss before taxation	**(86 316)**	**(28 209)**	**(180 848)**
Taxation	(28 586)	(34 236)	(84 506)
Loss from continuing operations	**(114 902)**	**(62 445)**	**(265 354)**
Other comprehensive loss net of tax	**(1 501)**	**1 906**	**3 114**
Total comprehensive loss for the year	**(116 403)**	**(60 539)**	**(262 241)**
Total comprehensive loss attributable to:			
Equity holders of the parent	(65 955)	(35 104)	(130 014)
Non-controlling interest	(50 448)	(25 435)	(132 227)
	(116 403)	**(60 539)**	**(262 241)**
Basic and diluted loss per ordinary share to equity holders of parent entity (cents)	**(23.71)**	**(12.33)**	**(26.48)**
Weighted (and fully diluted) average number of ordinary shares in issue (000s)	**491 022**	**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 2020	**3 199 644**	**2 969 841**	**6 169 485**
Loss for the year	(133 128)	(132 227)	(265 356)
Other comprehensive losses	8 262	–	8 262
Movement in non-controlling interest - change in ownership	5 060	5 192	10 252
Change in ownership interest – acquisition of minorities – no change in control	18	14	32
Dividends paid	(248 840)	(260 113)	(508 953)
Balance at 31 August 2021	**2 831 017**	**2 582 707**	**5 413 723**
Loss for the 6 month period	**(64 454)**	**(50 448)**	**(114 902)**
Other comprehensive income	**(1 283)**	**–**	**(1 283)**
Dividends paid	**(100 540)**	**–**	**(100 540)**
Balance at 28 February 2022	**2 664 740**	**2 532 259**	**5 196 998**

CONDENSED GROUP STATEMENT OF CASH FLOWS

	Unaudited Group to 28 February 2022 6 months R'000	Unaudited Group to 29 February 2021 6 months R'000	Audited Group to 31 August 2021 6 months R'000
Cash utilised by operations	(239 420)	(250 376)	(250 642)
Investment revenue	37 572	85 876	131 492
Dividend income	6 139	2 135	14 244
Finance cost	4 242	(11 545)	(14 138)
Tax paid	(21 122)	(47 402)	(78 816)
Net cash flows to operating activities	**(212 589)**	**(221 312)**	**(197 860)**
Cash flows from investing activities			
Purchase of property, plant and equipment	(19 825)	(38 388)	(51 516)
Sale of property, plant and equipment	27	–	5 633
Purchase of subsidiary	–	–	(55 447)
Purchase of other intangible assets	(2 653)	(9 940)	(34 578)
Sale of other intangible assets	–	–	1 799
Sale of investment at fair value	–	–	150 000
Purchase of investments at fair value	(31 850)	–	(26 000)
Loans advanced to shareholders	–	–	(4 520)
Loans receipts / (advanced) to related parties	3 676	–	(94 150)
Receipt of loans at amortised cost	5 522	–	–
Receipts from / (advances to) other loans repaid	1 914	(50 499)	(117 388)
(Advanced) / proceeds of loans receivable	(97 970)	13 636	–
Lease liabilities paid	(1 267)	–	–
Purchase of investments at fair value through profit or loss	(31 850)	(59 464)	(110 518)
Amounts advanced to acquire other financial assets	(66 524)	–	
Sale of financial assets	–	–	16 378
Funds in trust withdrawn	30 081	–	295 521
Funds in trust advanced	(88 164)	–	(273 942)
Sale of investment at fair value	–	150 000	–
Installments received on finance lease receivables	5 751	–	–
Finance lease asset receipts	–	3 837	9 555
Net cash flows to investing activities	**(293 132)**	**9 182**	**(289 173)**

CONDENSED GROUP STATEMENT OF CASH FLOWS (CONTINUED)

	Unaudited Group to 28 February 2022 6 months R'000	Unaudited Group to 29 February 2021 6 months R'000	Audited Group to 31 August 2021 6 months R'000
Cash flows from financing activities			
Repayment of other financial liabilities	(6 230)	(2 333)	(10 482)
Proceeds from related parties	–	–	10 000
Repayment of contingent consideration liability	(15 000)	(5 500)	(5 500)
Loans received from related party companies	–	7 112	–
Finance lease payments	(12 945)	(13 181)	(29 055)
Proceeds from loans with shareholders	–	–	2 237
Repayment of borrowings	–	–	(3 446)
Proceeds from loans from group companies	20	–	–
Long service awards payments	–	–	(727)
Change in ownership	–	(1 750)	–
Reduction of share capital or buy back of shares	(1 252)	–	–
Dividends paid by parent	(32 372)	(95 809)	(243 550)
Dividends paid to minorities	(48 559)	(141 465)	(241 151)
Net cash flows to financing activities	**(116 338)**	**(251 175)**	**(521 674)**
Total cash movement for the year	**(622 059)**	**(463 305)**	**(1 008 707)**
Cash and cash equivalent at the beginning of the year	**2 343 879**	3 352 589	3 352 588
Cash and cash equivalents at the end of the year	**1 721 820**	**2 889 284**	**2 343 879**

DETERMINATION OF HEADLINE LOSS

		Unaudited Group to 28 February 2022 R'000	Unaudited Group to 28 February 2021 R'000	Audited Group to 31 August 2021 R'000
Loss attributable to ordinary equity holders of the parent entity	IAS 33	**(65 955)**	(35 104)	(130 014)
Adjusted for:				
Reversal of impairment of intangible assets	IAS 38	**(10)**	2 852	18 905
Gain on disposal of subsidiary	IFRS 10	**1 925**	–	–
Profit/(Loss) on disposals of property, plant and equipment	IAS 16	**(358)**	(358)	1 919
Profit on sale of intangibles	IAS 38	**(4 602)**		
Impairment of goodwill	IFRS 3	**–**	–	24 376
Headline loss		**(69 000)**	(32 610)	**(84 814)**
Normalised headline loss (See supplementary information)		**(39 691)**	(6 368)	(3 383)
Headline loss and diluted headline loss per ordinary share (cents)		**(14.05)**	(6.64)	(17.27)
Normalised headline loss per ordinary share (cents) (see supplementary information)		**(8.08)**	(1.30)	(0.69)

CONDENSED GROUP SEGMENTAL REPORT 2022

28 February 2022	Fishing and Brands Unaudited R'000	Technology Unaudited R'000	Health and beauty Unaudited R'000	Biotechnology Unaudited R'000	Events and tourism Unaudited R'000	Corporate Unaudited R'000	Group Unaudited R'000
Revenue	222 661	810 687	24 751	–	7 291	63 174	1 128 564
External revenue	222 092	810 687	24 716	–	4 686	4 551	1 066 732
Internal revenue	569	–	35	–	2 605	58 623	61 832
Segment results							
Profit/(Loss) before tax	12 375	(91 342)	(324)	(200)	(2 788)	(4 037)	(86 316)
Included in segment results:							
Net impairments and write-offs	14	(956)	–	–	–	–	(942)
Fair value adjustments	–	(26 861)	–	–	–	(9 676)	(36 537)
Depreciation and amortisation	(16 171)	(34 895)	(89)	–	(12)	(717)	(51 884)
Non-current assets	598 407	1 221 568	43 763	147 800	6 946	1 001 208	3 019 692
Current assets	313 138	2 859 683	18 854	(106)	5 173	129 202	3 325 944
Non-current liabilities	212 239	198 893	10 753	37 975	3 970	(26 902)	436 928
Current liabilities	72 168	571 893	5 493	629	9 622	51 905	711 710
Profit from associates	–	24 266	–	–	–	16 287	40 553
Capital expenditure	12 859	6 930	19	–	17		19 825

CONDENSED GROUP SEGMENTAL REPORT 2021

29 February 2021	Fishing and Brands Unaudited R'000	Technology Unaudited R'000	Health and beauty Unaudited R'000	Biotechnology Unaudited R'000	Events and tourism Unaudited R'000	Corporate Unaudited R'000	Group Unaudited R'000
Revenue	303 545	865 028	23 513		2 644	11 197	1 205 927
External revenue	282 842	859 676	23 513	–	1 623	3 549	1 171 203
Internal revenue	20 703	5 352	–	–	1 020	7 648	34 724
Segment results							
Profit/(Loss) before tax	19 483	(62 546)	4 079	128	(2 819)	13 466	(28 209)
Included in segment results:							
Net impairments and write-offs	–	(62 787)	(3 651)	–	–	–	(66 438)
Depreciation and amortisation	(22 471)	(29 488)	(91)	–	–	(428)	(52 479)
Fair value adjustments	–	25 186	6 565	–	–	14 945	46 696
Loss on deemed disposal of associate							
Non-current assets	534 194	1 023 152	33 793	138 644	11 582	990 252	2 731 617
Current assets	353 211	3 614 178	20 387	543	8 762	149 398	4 146 480
Non-current liabilities	125 833	147 030	1 078	(19 909)	4 546	53 224	311 801
Current liabilities	82 300	580 818	4 772	79	15 964	10 690	694 622
Profit from associates	–	1 097	–	–	–	13 831	14 928
Capital expenditure	15 690	22 520	–	14	2	162	38 388

RECONCILIATION OF REPORTABLE SEGMENTS LOSS

	Unaudited Group to 28 February 2022 R'000	Unaudited Group to 28 February 2021 R'000	Audited 31 August 2021 R'000
Total loss before tax for reportable segments	(86 316)	**(28 209)**	**(180 848)**
Taxation	(28 586)	(34 236)	(84 506)
Loss from continuing operations	(114 902)	**(62 445)**	**(265 354)**
Other comprehensive loss for the year net of taxation	(1 501)	1 906	3 114
Loss for the year and total comprehensive income	(116 403)	**(60 539)**	**(262 241)**

DIVISIONAL PERFORMANCE

FISHING AND BRANDS

Premier Fishing division specialises in the harvesting, processing, and marketing of fish and fish-related products. Revenue decreased by 21.5% to R222 million from R283 million, primarily due to the scarcity of the squid resource. Profit before tax decreased by 36.5% to R12 million from R19 million. Given the tough economic circumstances, locally and globally, and the decline in squid resource, the fishing segment still delivered a solid performance for the period end 28 February 2022. Volumes landed and overall squid catch rates in the squid sector have taken a massive knock compared to the prior year. The revenues for the other sectors have done very well, especially the lobster, hake deep sea and abalone sectors. Catch rates to date for the lobster sector have been positive and are expected to continue provided that the resource remains strong. The abalone sector has seen an improvement following the effects of the COVID-19 pandemic on the Far East markets.

TECHNOLOGY

Revenue decreased by 6% from R860 million to R811 million and loss before tax increased from R63 million to a loss before tax of R92 million. Effective 1 November 2021, the Group disposed of its 100% shareholding in Puleng Technologies Proprietary Limited ("Puleng"). These entities contributed revenues of R128 million and R72 million respectively in the six-month period ended 28 February 2021. In the current period under review, revenue of R8 million which was generated in the 2-month period from 1 September 2021 to 31 October 2021 has been consolidated in the results for the six months ended 28 February 2022. The disposal of Puleng and loss of control of GCCT resulted in an overall decrease in revenue for the Group as compared to the prior period. The decrease in revenue was however offset by the inclusion of revenue of R82 million from Kathea Communications Proprietary Limited ("Kathea") in the results for the six months ended 28 February 2022. The Group acquired Kathea on 1 March 2021 and therefore no revenues of Kathea were included in the prior period. The Group implemented cost saving initiatives, retrenchments, and restructuring which resulted in a decrease in overall operating expenditure.

HEALTH AND BEAUTY

Revenue increased from R24 million to R25 million, an increase of 5%. Profit before tax declined from R4 million to (R0.3) million. The Afrinat R&D team is making headway with new products to address the increase in fertiliser cost and supply constraints. With unrest in various territories and shipping delays there's been trepidation for spend on the new season in the citrus industry. Hence, the focus of sales has been on other cultivars pre-season such as grapes, cereals and grains to make up short term revenue deficits. Sales prospects till the end of the year are looking promising with new agencies coming on board. Orleans, our beauty and cosmetics distribution company, has experienced challenges with its larger brand Gatineau as a result of a less than optimal product range. A new owner has taken over Gatineau and has committed to better product development to support the brand and the improvement will be seen in the coming months. Challenges with shipment delays as an after effect of Covid-19 continued, however, management is committed to ensuring that the business continuity is not significantly interrupted during this time.

DIVISIONAL PERFORMANCE (CONTINUED)

BIOTECHNOLOGY

Genius Biotherapeutics, one of Africa's largest medical biotechnology companies, in collaboration with research partners at the University of Cape Town ("UCT") commenced recruiting human patients for breast cancer clinical trials for the dendritic cell vaccine (DCV) project, which has subsequently been put on hold due to the COVID-19 pandemic. The scientific team at UCT will continue with the research that will enable human trials for lung cancer.

The Repotin (Erythropoetin) product have currently stored the cells in cryopreservation and the processes have been filed. Discussions with partners are being held in order to relaunch this product into Africa.

The Recogen (GCSF – Filgrastim) project in partnership with TIA is currently suspended and is busy being re-evaluated in terms of the feasibility of continuing the development of scaled production.

EVENTS AND TOURISM

The events and tourism division had a significant increase of 189% in revenue from R1.6 million to R4.7 million and the loss before tax remained unchanged at R2.8 million for the six month period. This is due to business and leisure travel activity that increased during the six month period under review.

CORPORATE DIVISION

The Group's strategic investments consist of BT Communications Services South Africa (Pty) Ltd ("BT"), which is reported under corporate division together with investments in African Legend Investments (Pty) Ltd ("ALI") and Sygnia Ltd ("Sygnia").

These investments continue to bolster the value of our diversified investment portfolio with a regular annual dividend flow. Sygnia's share price decreased year on year, resulting in the value of our investment decreasing by R10 million in the half-year period to February 2022.

The corporate division's revenue increased from R3.5 million to R4.6 million and the profit before tax decreased from R13 million to a loss of R3.4 million.

OTHER FINANCIAL ASSETS

	Unaudited group as at 28 February 2022 R'000	Unaudited group as at 28 February 2021 R'000	Audited 31 August 2022 R'000
Fair value through profit and loss:			
Investments in unlisted public companies	**12 325**	9 841	12 325
Investments in unlisted private companies	**212 265**	107 110	46 107
Investments in listed public companies	**246 963**	53 919	115 652
Total fair value through profit and loss	**471 553**	**170 869**	**174 084**
Loans and receivables at amortised cost			
Cadiz Life Investment (Pty) Ltd	**–**	–	1 005
4 Plus (Pty) Ltd	**50 897**	34 408	37 399
Bambelela Capital (Pty) Ltd	**159 232**	161 806	161 162
Tamlalor (Pty) Ltd	**224 739**	154 247	215 966
Volt Business Solutions (Pty) Ltd	**7 654**	6 991	–
LML Shared Solutions (Pty) Ltd	**182 428**	–	–
Supplier development	**–**	23 441	–
Other	**15 518**	7 102	9 086
Total loans and receivables at amortised cost	**640 468**	**387 995**	**471 760**
Total other financial assets	**1 112 021**	**558 864**	**645 844**

EVENTS AFTER REPORTING DATE

On 7 April 2022, our technology segment subscribed for an additional 2000 cumulative redeemable preference shares in 4Plus Technology Venture Fund Africa Proprietary Limited ("4Plus") for R20 million.

Management has assessed the current economic conditions as well as the projected inflation and gross domestic product on the expected credit loss allowances ("ECL") for loans receivables and trade receivables as a result of the Covid-19 pandemic. As at the date of publication of the interim financial results, management considers the ECL to be appropriate and no further adjustment is required to the interim financial results.

The directors are not aware of any other material facts or circumstances which occurred between the reporting date and date of this report that would require any adjustments to the unaudited condensed consolidated interim financial results.

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 that use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

The Group held the following instruments measured at fair value:

	Fair value hierarchy	Unaudited group as at 28 February 2022	Unaudited group as at 29 February 2021	Audited group as at 31 August 2021
Recurring fair value measurements				
Abalone	Level 3	**105 428**	85 445	95 910
Total intangible assets	Level 3	**105 428**	**85 445**	**95 910**
Financial assets designated at fair value through profit/(loss)				
Listed shares	Level 1	**246 963**	53 919	115 652
Investments in unlisted private companies	Level 3	**212 265**	107 110	46 107
Investments in unlisted public companies	Level 3	**12 325**	9 841	12 325
Total financial assets designated at fair value through profit/(loss)		**471 553**	**170 869**	**174 084**
Loans and receivables		**640 468**	387 995	471 760
Total financial assets		**1 112 021**	**558 864**	**645 844**
Financial liabilities at fair value through profit/(loss)				
Other financial liabilities		**–**	803	–
Contingent consideration liability		**–**	2 389	4 234
Total financial liabilities at fair value through profit/(loss)		**–**	**3 192**	**4 234**

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

REPORTING ENTITY

AEEI is a company domiciled in South Africa.

These unaudited condensed consolidated interim results for the 6 months ended 28 February 2022 comprise of AEEI, its subsidiaries and its interest in associates and joint ventures.

USE OF JUDGEMENTS AND ESTIMATES

In preparing these unaudited condensed consolidated interim results, 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 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 including the following material transactions in the current year.

	2022 R'000	2021 R'000
Purchases of services from related parties		
BT Communication Services SA (Pty) Ltd	–	3 664
	–	**3 664**
Loan and other receivables balances		
Tamlalor (Pty) Ltd	**224 739**	154 247
LML Shared Solutions (Pty) Ltd	**182 428**	–
	407 167	**154 247**

BASIS OF PREPARATION

The unaudited condensed consolidated interim financial results for the six months ended 28 February 2022 have been prepared in accordance with the requirements of the JSE Limited Listings Requirements ("Listings Requirements") for interim reports, and the requirements of the Companies Act, 2008 (Act 71 of 2008) as amended ("Companies Act") applicable to interim financial statements. The Listings Requirements require interim reports to be prepared in accordance with IAS 34 Interim Financial Reporting and 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. The accounting policies applied in the preparation of the unaudited condensed consolidated interim financial results are in terms of International Financial Reporting Standards ("IFRS") and are consistent with those accounting policies applied in the preparation of the annual financial statements for the year ended 31 August 2021.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 August 2021.

The unaudited condensed interim financial results were prepared by Michelle Hunlun CA(SA), group financial manager, Makaita Chikwavira CA(SA), group financial controller and Basson van Eyssen AGA(SA), group accountant, under the supervision of Jowayne van Wyk CA(SA), chief financial officer. The interim results were not reviewed or audited by the Group's external auditors Crowe JHB and Thawt Inc.

REPORTING ENTITY (CONTINUED)

BUSINESS COMBINATIONS

In the calculation of goodwill arising from a business combination the Group allocates the excess fair value of the consideration transferred, over the net of the fair value of the identifiable assets and liabilities of the acquired entity. Management made judgements in determining the fair value allocation of the consideration transferred as well as estimates of the useful lives of the intangible assets recognised in the business combination.

SUBSIDIARIES CONSOLIDATED WHEN LESS THAN 50% INTEREST IS HELD

The Group consolidates subsidiaries with an effective interest of less than 50% when the Group has control and power over the investee; it is exposed to or has rights to variable returns from involvement with the investee; and it has the ability to use its power over the investee to affect the amount of the investor's returns.

GOVERNANCE MATTERS

PROSPECTS

Despite areas of resilience within the Group, we anticipate that the rest of 2022 will still be challenging and thus impacting the performance of our investments. Although there are signs of improvement in the economy as a result of the lifting of the national state of disaster and relaxation of covid rules, there is still a long runway for recovery, which will be made more uncertain with the introduction of load shedding by the power utility and the threat of a fresh wave of Covid infections. AEEI's response to this uncertainty is to focus on protecting our core strengths and investments through strategic cost saving and also investing for future growth and managing our working capital more optimally.

The Group's auditors have not reviewed nor reported on any comments relating to future prospects.

CHANGES IN THE DIRECTORATE

Carin-Lee Geuking-Cohausz was appointed as a non-executive director on 1 January 2022.

DIVIDENDS

The Board of directors has elected not to declare a dividend for the interim period ended 28 February 2022. Available cash will be used to extinguish debt.

SUPPLEMENTARY INFORMATION (UNREVIEWED)

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

Normalised loss before tax reconciliation	Unaudited Group to 28 February 2022 6 months R'000	Unaudited Group to 28 February 2021 6 months R'000	Audited Group at 31 August 2021 12 months R'000
Loss before tax	**(86 316)**	(28 209)	(180 848)
Fair value adjustments	**36 537**	(46 696)	(57 277)
Net impairments, impairment reversals and write-offs	**942**	66 438	152 132
Normalised loss before tax	**(48 837)**	**(8 467)**	**(85 993)**
Normalised headline loss before tax reconciliation			
Headline loss	**(69 000)**	(32 610)	(84 811)
Fair value adjustments	**36 537**	(46 696)	(57 277)
Deferred tax on fair value adjustments	**(8 184)**	10 461	12 830
Net impairments, impairment reversals and write-offs	**956**	62 477	125 875
Normalised headline loss	**(39 691)**	**(6 368)**	**(3 383)**
Normalised headline loss per share	**(8.08)**	**(1.30)**	**(0.69)**

APPRECIATION

We sincerely thank our employees, Group executives, management, our Board of directors as well as our strategic partners, shareholders, 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 chairperson	*Chief executive officer*

Cape Town

27 May 2022

Directors

*Valentine Dzvova (chief executive officer); Aziza Amod (non-executive Chairperson); *Jowayne van Wyk (chief financial officer);
Gaamiem Colbie; Willem Raubenheimer; Bongikhaya Qama; Membathisi Mdladlana; Stephen Nthite; Carin-Lee Geuking-Cohausz

* *Executive directors*

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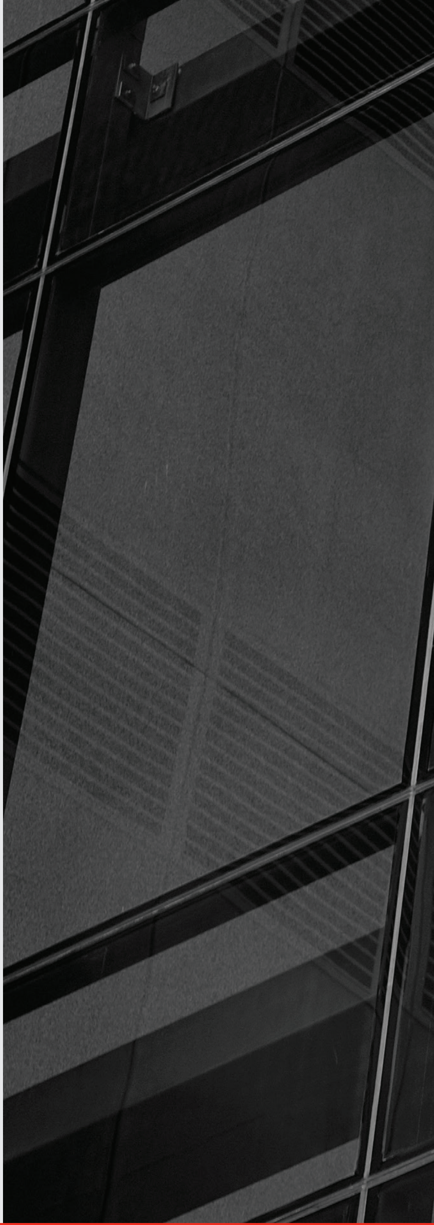
Joint auditors:	Crowe JHB 3 Sandown Valley Crescent, Sandown, Johannesburg, 2196 Thawt Inc. 3 Monte Vista Blvd, Monte Vista, Cape Town, 7460
Joint Sponsors:	Vunani Capital (Pty) Ltd Vunani House, Vunani Office Park, 151 Katherine Street, Sandown, Johannesburg, 2196 Merchantec Capital 13th Floor, Illovo Point, 68 Melville Road, Illovo, 2196



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