

AFRICAN EQUITY EMPOWERMENT INVESTMENTS LIMITED

(Incorporated in the Republic of South Africa)

(Registration number 1996/006093/06)

ISIN: ZAE000195731

Share code: AEE

("AEEI")

UPDATE REGARDING THE UNBUNDLING BY AEEI OF ITS SHAREHOLDING IN AYO – PRO FORMA FINANCIAL EFFECTS

AEEI Shareholders are referred to the firm intention announcement released by AEEI on SENS on Monday, 6 March 2023 ("**Firm Intention Announcement**"), relating to the unbundling of AEEI's entire shareholding in AYO to AEEI Shareholders ("**Unbundling**"), by way of a *pro rata* distribution *in specie* in the ratio of 1 AYO Share for every 2.89 AEEI Shares held on the Unbundling record date. The Unbundling constitutes a proposal to dispose of the greater part of the assets of AEEI in terms of section 112 of the Companies Act and is, accordingly, subject to various provisions of the Companies Act and the Companies Regulations, 2011.

All capitalised terms used but not defined in this announcement, shall bear the meanings ascribed to them in the Firm Intention Announcement.

The Firm Intention announcement included summarised *pro forma* financial effects of the Unbundling on AEEI as at 31 August 2022 ("**pro forma financial effects**"), which *pro forma* financial effects had not been reviewed or audited by AEEI's external auditors, Crowe JHB and Thawt Inc ("**previously published pro forma financial effects**"). During the process of their review of the Circular, including the previously published *pro forma* financial effects, Crowe JHB ("**Auditors**"), in discussion with the directors of AEEI ("**Directors**"), concluded that material differences exist between the previously published *pro forma* financial effects and the *pro forma* financial information to be included in the Circular. This announcement serves to update the *pro forma* financial effects of the Unbundling.

The summarised *pro forma* financial effects of the Unbundling, which are the responsibility of the Board, have been prepared to illustrate the impact of the Unbundling on AEEI's financial position as at 30 August 2022 and AEEI's financial performance for the period then ended, as if the Unbundling had taken place at 1 September 2021 and for the period then ended, and, because of its nature may not give a fair presentation of the AEEI financial position, changes in equity, results of operations or cash flows after the Unbundling nor the effect of the Unbundling on AEEI's results of operations.

The *pro forma* financial effects have been prepared in a manner consistent in all respects with International Financial Reporting Standards, the accounting policies adopted by AEEI as at 30 August 2022, the SAICA Guide on *Pro Forma* Financial Information and the JSE Listings Requirements.

The table below sets out the *pro forma* financial effects of the Unbundling on AEEI as at 31 August 2022 and the assumptions used in the preparation thereof.

	Audited Group to 31 August 2022 before AYO Unbundling	Previously published <i>pro forma</i> financial effects	Revised <i>pro forma</i> financial effects	Change in respect of the revised <i>pro forma</i> financial effects
		AEEI Group after the AYO Unbundling	AEEI Group after the AYO Unbundling	
Loss before tax ('000)	(330 829)	(1 183 292)	(840 728)	342 564
Basic loss per AEEI Share (cents)	(45,78)	(237,06)	(167,49)	70
Headline (loss)/profit ('000)	(182 452)	100 155	108 815	8 660
Headline (loss)/profit per AEEI Share (cents)	(37,16)	20,40	22,16	2
Net asset value per AEEI Share (cents)	993,32	398,87	404,38	6
Net tangible asset value per AEEI Share (cents)	890,60	344,17	349,67	6
Total assets ('000)	6 029 757	2 283 790	2 327 163	43 373
Number of ordinary AEEI Shares in issue at period end ('000)	491 022	491 022	491 022	0
Weighted average number of AEEI Shares at period end ('000)	491 022	491 022	491 022	0

Details of the changes

- The loss on disposal of the AYO subsidiary was previously overestimated. The reduction in loss is due to a correction to the value of the dividend *in specie* to be declared at the fair value of the AYO Shares to be unbundled.
- The increase in loss per AEEI Share was previously overestimated. The reduction in loss per AEEI share is due to a correction of the loss on disposal of the AYO subsidiary.
- The increase in headline earnings was previously understated. The increase is due to the inclusion of equity accounted income of an investee which was deconsolidated as part of the AYO Unbundling.
- The increase in headline earnings per AEEI Share was previously understated. The increase is due to the inclusion of equity accounted income of an investee which was deconsolidated as part of the AYO Unbundling.
- The decrease in net asset value per AEEI Share was previously overestimated. The higher asset value per AEEI Share is due to the inclusion of an investment in an associate which was deconsolidated as part of the AYO Unbundling.
- The decrease in net tangible asset value per AEEI Share was previously overestimated. The higher net tangible asset value per AEEI Share is due to the inclusion of an investment in an associate which was deconsolidated as part of the AYO Unbundling.
- The decrease in total assets was previously overestimated. The higher total asset value is due to the inclusion of an investment in an associate which was deconsolidated as part of the AYO Unbundling.

AEEI Shareholders are referred to the announcement released on SENS on 31 March 2023 advising of the existence of certain delays in the finalisation of the Circular. AEEI Shareholders are advised that the revised *pro forma* financial effects as contained in this announcement will be included in the Circular, the date of distribution of which will be confirmed by way of a further announcement.

The Independent Board accepts responsibility for the information contained in this announcement. To the best of the Independent Board's knowledge and belief, the information contained in this announcement is true and the announcement does not omit anything likely to affect the importance of the information contained herein.

Cape Town
13 April 2023

Transaction adviser and Sponsor



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