



**AFRICAN EQUITY
EMPOWERMENT
INVESTMENTS
LIMITED**

2020 INTEGRATED REPORT






HOW TO NAVIGATE OUR REPORT

Throughout our report, the following icons are used to show the connectivity between sections:

CAPITALS





- FC – Financial capital – capital, associate and strategic investments
- MC – Manufactured capital – quality products and services, innovative organic product, capital investment in our businesses to increase capacity and efficiency
- HC – Human capital – our employees
- SRC – Social and relationship capital – stakeholder engagement, leader in transformation, leader in social responsibility
- IC – Intellectual capital – patents, copyrights, software licences, associate partnerships, strategic partnerships, empowerment partner of choice, software development, skills and experience of management and employees, training, collaborative research and development investments
- NC – Natural capital – includes the responsible use of natural resources, effective environmental management systems, goals to address carbon emissions, water and electricity usage

OUR STAKEHOLDERS

-  Shareholders, investment community and capital providers
-  Employees
-  Clients
-  Regulators
-  Communities and NGOs

NAVIGATIONAL TOOLS

The following icons have been applied throughout the report to direct the reader to additional information or cross-referenced sections:

-  Online reference for further information
-  Page reference for information elsewhere in the report
-  King IV™
-  COVID-19

FEEDBACK

Your feedback is important to us and we welcome your input and comments on the integrated report to enhance the quality of our reporting. Please address any queries to info@aeei.co.za.

OUR REPORTING SUITE

This integrated report is supplemented by our full suite of online publications, which caters for the diverse needs of our stakeholder base and includes the following:

INTEGRATED REPORT

Our integrated report is the primary report to our stakeholders. It is structured to show the relationship between the interdependent elements involved in our value creation.

CORPORATE GOVERNANCE REPORT

Our corporate governance report is a detailed account of the Group, covering:

- Ethics
- Directors' and executives profiles
- Key policies
- Committee reports
 - Audit and risk
 - Remuneration
 - Social, ethics and transformation
- Investment

SUSTAINABILITY REPORT

Our sustainability report provides detailed information and covers:

- Sustainable development
- Stakeholder engagement
- Human resources
- Transformation and B-BBEE

INVESTMENT PORTFOLIO REPORT

Our investment portfolio report covers our various divisions in the Group:

- Fishing and brands
- Technology
- Events and tourism
- Health & beauty
- Biotherapeutics
- Strategic investments

ANNUAL FINANCIAL STATEMENTS







The Group's annual financial statements provide a comprehensive report of the Group's financial performance for the year.

NOTICE OF AGM AND PROXY

The notice of AGM provides supporting information for shareholders to participate in the AGM.

These can be accessed on our website: www.aeei.co.za

Our reporting suite is in compliance with:

-  The International Integrated Reporting <IR> Framework
-  The Companies Act, 2008 (Act 71 of 2008), as amended (Companies Act)
-  The JSE Listings Requirements
-  King IV™ Report on Corporate Governance for South Africa 2016 (King IV™)
-  International Financial Reporting Standards (IFRS)
-  Independent Third-Party Assurance Statement from Integrated Assurance & Reporting Services (IRAS)

DISCLAIMER

In this report, we make certain statements that relate to analyses and other information built on forecasts of future results based on historical data, which are based on estimations of new business and investment assumptions. These statements may also relate to our future prospects, developments, business strategy and estimates of amounts not yet determinable. Examples of these forward-looking statements include, but are not limited to the impact of the COVID-19 pandemic on the Group's businesses, results of operation, financial condition and liquidity and statements regarding the effectiveness of actions taken by the Company to address or limit the impact of COVID-19 on the business.

As defined, these are forward-looking statements. These statements may be identified by words such as "expect", "look forward to", "anticipate", "intend", "plan", "believe", "seek", "estimate", "will", "project", or words of similar meaning, which are intended to identify such forward-looking statements, but are not the exclusive means of identifying such statements. These are subject to a number of risks, uncertainties and factors, including, but not limited to, those described in disclosures and in the risk management report.

Should one or more of these risks or uncertainties materialise or should underlying expectations not occur or assumptions prove incorrect, actual results, performance or achievements of AEEI may (negatively or positively) vary materially from those described explicitly or implicitly in the relevant forward-looking statement. AEEI neither intends nor assumes any obligation to update or revise these forward-looking statements in light of developments that differ from those anticipated.





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INTRODUCTION

ABOUT OUR INTEGRATED REPORT

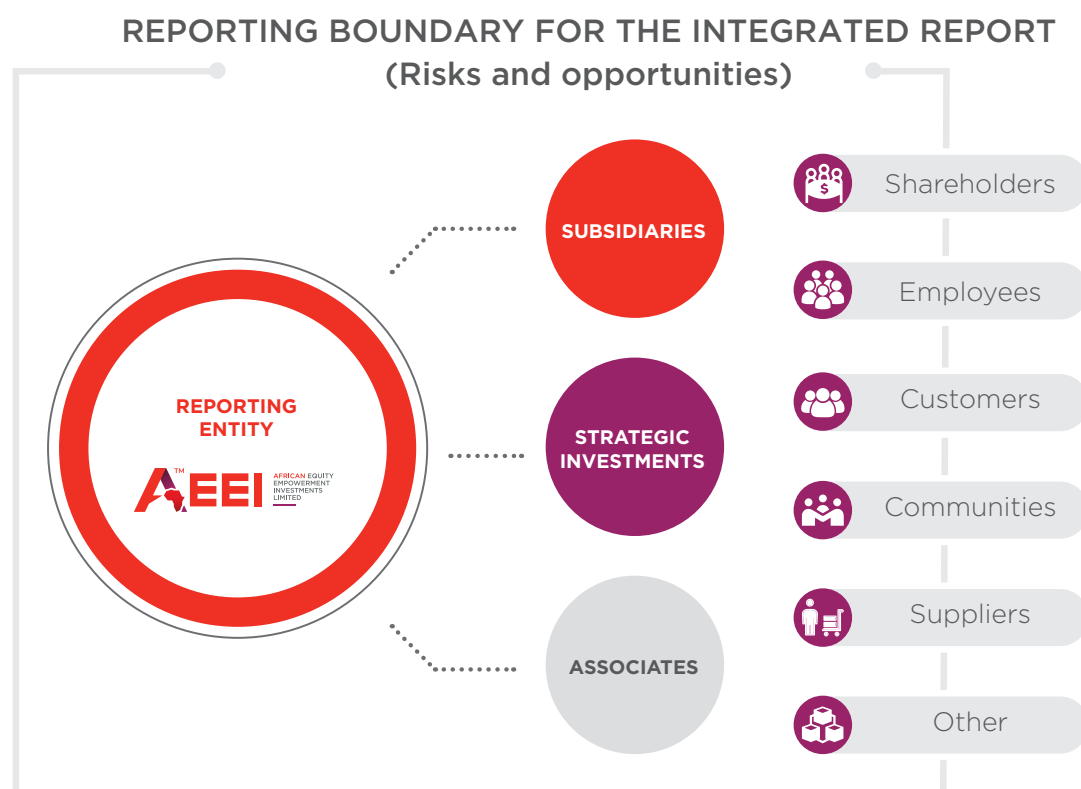
Our integrated report is prepared in accordance with the International <IR> Framework of the International Integrated Reporting Council (IIRC) and enables our providers of financial capital and all stakeholders to make an informed assessment of our ability to create sustainable value.

REPORTING BOUNDARY AND SCOPE

Our integrated report covers the performance of the Group for the financial year ended 31 August 2020 as well as the material matters related to our strategy, business model, governance, material matters and creating shared value, shareholders' interests, and our future outlook. It also incorporates the financial reporting boundary of the Group and its subsidiaries. Details of our investments in subsidiaries and strategic investments appear in our annual financial statements.

The aim of this report is to tell the story of African Equity Empowerment Investments Ltd (AEEI or the Group) clearly and concisely – who we are, what we do and how we create value over the short-, medium- and long-term. This report documents our journey including our opportunities and risks as well as our performance against our strategic objectives in a way that gives stakeholders a holistic view of the Group and our future prospects.

It also covers our response to the global COVID-19 pandemic, the resultant lockdown and the effects on the Company.



FINANCIAL AND NON-FINANCIAL PERFORMANCE

This report extends beyond financial reporting and includes non-financial performance, opportunities, risks and outcomes attributable to or associated with our key stakeholders.

TARGETS AND STRATEGY

Our report covers the strategic progress made during the 2020 financial year and provides insight into the Group's strategy and financial and non-financial targets for the short-, medium- and long-term. With the impact of the COVID-19 pandemic, our key targets are under review in all of the business operations.

MATERIALITY AND MATERIAL MATTERS

This report aims to disclose information about matters that substantively affect our ability to create value over the short-, medium- and long-term. Material matters and developments are comprehensively dealt with throughout the report. Our material matters, as described on pages 36 to 39, influence our strategy and inform the content of this report. Through a formal process, the Board committees and executive management identified material matters and in terms of relevance, these were approved by the Board of directors of AEEI (Board). The material matters are assessed continually to ensure that our strategy remains relevant in an evolving operating environment. We have used our top risks and opportunities arising from our operating context and stakeholder relationships as key in determining which material matters to report on.

The COVID-19 pandemic and subsequent lockdown that commenced at the end of March 2020 in South Africa, significantly impacted our material matters. Our response to these events has become a primary focus of the Company. Further information can be found on pages 24 and 25.

INTEGRATED RISK MANAGEMENT APPROACH

At AEEI, we believe that an effective risk governance model contains checks and balances to support appropriate consideration of risk and opportunity management throughout the Group. Further information can be found on page 14.

OUTLOOK

AEEI's outlook information is considered to be all the information that answers the questions in terms of: What challenges, opportunities and uncertainties are we likely to encounter in pursuing our strategy, and what are the potential implications for our business model and future performance?

Our outlook information can be found throughout this report and in the following sections:

Our material matters	-	Page 36
Our value-creating business model	-	Page 18
Our chief executive officer's report	-	Page 19
Our performance against our strategy	-	Page 57
Our chief financial officer's report	-	Page 58

BOARD RESPONSIBILITY STATEMENT

The Board is ultimately responsible for ensuring that the integrity of the integrated report is not compromised. The report in the Board's opinion addresses all issues that are material to the Group's ability to create value, and fairly represents the performance of the Group. The integrated report and the annual financial statements for the Group for the year ended 31 August 2020 were approved by the Board on 23 November 2020.

Board of directors:

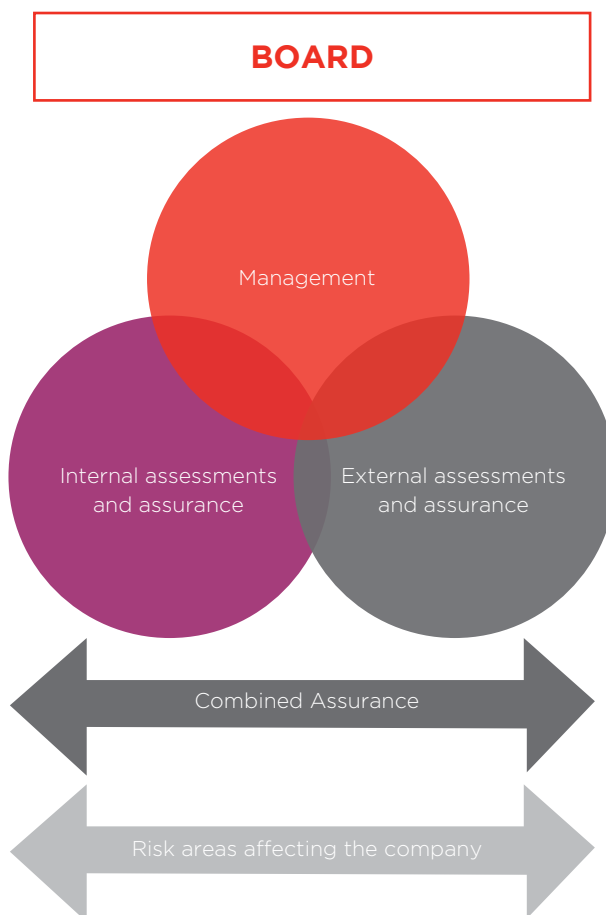
Aziza Amod Non-executive chairperson	
Willem Raubenheimer Lead independent non-executive director	Gaamien Colbie Non-executive director
Valentine Dzvovo Chief executive officer	Ismet Amod Non-executive director
Jowayne van Wyk Chief financial officer	Bongikhaya Qama Independent non-executive director

COMBINED ASSURANCE

AEEI has a combined assurance model, which includes internal and external assessments of key strategic risks, internal controls and other material areas to support the integrity of the management, monitoring and reporting of data. Crowe JHB (Crowe) and THAWT Inc., a member of Crowe Global, audited our 2020 consolidated annual financial statements and provided an unmodified opinion thereon.

The Board paid attention to the combined assurance, which ensured that our combined assurance model adequately addressed the Group's risk and material matters. The audit and risk committee provides internal assurance to the Board on a quarterly basis on the execution of the combined assurance plan. The Group's financial, operating, compliance and risk management controls are assessed by the Group's internal audit function, which is overseen by the audit and risk committee.

We continually look at optimising our combined assurance model to avoid duplication of efforts, rationalise collaboration and manage assurance costs. This enables an effective control environment and ensures the integrity of the information used for reporting and decision-making.



AEEI AT A GLANCE

WHO WE ARE – ORGANISATIONAL OVERVIEW



FISHING AND
BRANDS



TECHNOLOGY



EVENTS AND
TOURISM



HEALTH AND
BEAUTY



BIOTHERAPEUTICS



STRATEGIC
INVESTMENTS

AEEI is a diversified investment and empowerment company that has investments in fishing and brands, technology, events and tourism, health and beauty, and biotherapeutics, all supporting Broad-Based Black Economic Empowerment (B-BBEE) and small-, medium- and micro-enterprises (SMMEs) as well as strategic investments, some with international partners. Due to our diverse portfolio, our growth strategy continues on an upward trajectory, which is reflected in our financial year-end results. This growth strategy has laid a strong foundation for the next phase of the Group's evolution, which is reflected in our achievements in terms of our Vision 2020 Vision.

AEEI listed on the JSE on 3 May 1999 and is a majority black-owned and black-controlled investment holding company based in South Africa and is a subsidiary of Sekunjalo Investment Holdings (Pty) Ltd.

WHERE WE OPERATE

AEEI's primary market remains in South Africa and we continue to expand our footprint into the rest of Africa. Outside South Africa, we have a market presence in Asia, Dubai, Saudi Arabia, Spain, the United Kingdom, the United States, Ghana, Uganda, Zambia, Cameroon, Tanzania, Nigeria, Namibia, Kenya, Zimbabwe, Botswana, Ethiopia, Lesotho, Eswatini, Malawi, Mauritius, Côte d'Ivoire, France, Belgium and Canada.



OUR MISSION STATEMENT

African Equity Empowerment Investments Limited is a diversified Company that empowers people through profits and partnerships.

OUR VISION

We are a dynamic and innovative Company that creates superior stakeholder value.

OUR VALUES ARE WHAT DRIVES US



RESPECT AND TRUST	<i>To always</i> respect and trust: Fellow employees, customers, partners and stakeholders
INTEGRITY	<i>To always:</i> Act with integrity in whatever we do based on our values, principles, our Code of Ethics and our Code of Conduct
PEOPLE	<i>To always:</i> Respect fellow employees, partners and all stakeholders and provide sustainable employment opportunities for our employees and others and a safe and secure working environment. Develop, attract and retain the correct skills and structures to meet and support our strategic growth
INVESTMENT	<i>To stimulate:</i> Investment in the areas of green enterprises, including social innovation and societal development
STAKEHOLDERS	<i>To serve our stakeholders through:</i> Good corporate governance, value creation and affordable products and services
ACCOUNTABILITY	<i>To have:</i> Responsible and accountable leaders who address the expectations of our diverse stakeholders and embrace their responsibilities with efficiency
COMMITMENT	<i>To deliver:</i> On our promises and add value beyond expectations

WHAT DIFFERENTIATES US

Vision 2020 Vision strategy and implementation plan with clear short-, medium- and long-term business focus areas

Diversified investment portfolio, strong brand and credentials and proven delivery

B-BBEE partner of choice with solid empowerment credentials and return on investment

Sustainable and organic growth while containing costs and driving efficiencies

Successful track record and excellent business reputation

Strong management team and experienced executives leading our business units with a hands-on approach

Strong risk-based approach to management of investments

An enviable balance sheet with low debt ratio and significant cash reserves

Strategic investment portfolio

Investment in environmentally-friendly products

Proven transformation culture and results

THE VALUE WE CREATED

	2020	2019
Revenue (R'000)	3 427 579	2 377 368
Total assets (R'000)	7 211 679	7 454 311
Headline earnings (R'000)	4 554	494 317
Headline earnings per share (cents)	0.93	100.64
Operational cash flow (R'000)	199 642	143 144
Profit/(Loss) before tax (R'000)	111 155	(2 388 102)
Total gross dividend to shareholders (R'000)	147 307	83 474
Permanent employees	2 059	2 201

OUR ORGANISATIONAL STRUCTURE AND PRODUCT PORTFOLIO AND SERVICES

We have the following divisions and subsidiaries in the Group:



FISHING AND BRANDS



- Premier Fishing and Brands Ltd - 55%
- Premier Fishing SA (Pty) Ltd - 100%
 - Marine Growers (Pty) Ltd - 100%
 - Premfresh Seafoods (Pty) Ltd - 100%
 - Talhado Fishing Enterprises (Pty) Ltd - 50.31%

Premier Fishing and Brands Ltd (Premier) listed on the JSE in March 2017. Premier Fishing SA (Pty) Ltd (Premier Fishing), a division of Premier Fishing and Brands, is the largest 100% black-owned fishing company in South Africa. Premier Fishing has been in existence since 1952 and have four operating divisions, two subsidiary companies and a number of joint-venture operations. It is a vertically integrated group which specialises in the harvesting, processing and marketing of fish and fish-related products.

The Premier Group holds medium- to long-term fishing rights in west coast rock lobster, south coast rock lobster, small pelagics (anchovy), hake deep-sea trawl, hake longline and squid. They own an abalone farm and also invests in organic agriculture and processes wild abalone.

They offer sales, marketing and production of west coast rock lobster, south coast rock lobster, longline hake, squid, fishmeal, abalone and Seagro (organic fertiliser).



TECHNOLOGY



- AYO Technology Solutions Ltd - 49.36%
- AYO International Holdings (Pty) Ltd - 100%
 - Headsets Solutions Africa (Pty) Ltd - 51%
- Kalula Communications (Pty) Ltd T/A Headset Solutions - 76%
- Sekunjalo Medical Services (Pty) Ltd - 100%
 - Health System Technologies (Pty) Ltd - 100%
- Pule Technologies (Pty) Ltd - 100%
- Software Tech Holdings (Pty) Ltd - 42.5%
 - Digital Matter (Pty) Ltd - 75%
 - Afrozaar (Pty) Ltd - 75%
 - Acacia Cloud Solutions (Pty) Ltd - 65%
 - Publishers toolbox (UK) Ltd - 100%
- Global Command and Control Technologies (Pty) Ltd - 24%
- Main Street 1653 (Pty) Ltd - 40%
 - SGT Solutions (Pty) Ltd - 100%
- Tamlalor (Pty) Ltd - 50%
- Zaloserve (Pty) Ltd - 55%
 - Opiwize (Pty) Ltd - 100%
 - Sizwe IT Group Ltd - 100%
 - Koba IT Solutions (Pty) Ltd - 100%
 - Leboa IT Solutions (Pty) Ltd - 100%
 - Sizwe Business Networking (Pty) Ltd - 100%
- Mantella Trading 634 (Pty) Ltd - 40%
- NSX Solutions Consulting (Pty) Ltd - 100%

AYO Technology Solutions Ltd (AYO), including its subsidiaries, is one of the largest B-BBEE information and communications technology (ICT) groups in the South African market. They operate across a variety of industry verticals and geographies to deliver the full spectrum of ICT-related products and services - from physical infrastructure to networking, data storage and security, connectivity and communications.

Their collaborative business model combined with strong empowerment credentials and solid strategic partnerships sets them apart from their competitors. They use an open innovation process to cross-pollinate novel solutions across industries and transform their clients' organisations and their respective economic sectors.

Their highly specialised, skilled staff is critical to their success, enabling them to drive innovation in the marketplace, attracting and nurturing talent underpins all their decisions and actions. Through the AYO Academy (their skills development initiative) they strive to develop tomorrow's ICT leaders who will take the AYO Group as well as the South African digital transformation movement to new heights. They believe that to truly propel our economy we need to work together, by establishing and fostering strategic partnerships which includes suppliers, clients, employees, governing bodies and the broader community, who remain paramount to everything they do.



EVENTS & TOURISM



- AEEI Events and Tourism (Pty) Ltd - 100%
 - espAfrica (Pty) Ltd - 100%
 - Tripos Travel (Pty) Ltd - 56%
 - Magic 828 (Pty) Ltd - 39%

This division consists of events management, travel solutions as well as advertising sponsorship income through its radio station.

espAfrica (Pty) Ltd is a cutting-edge global competitive company in events management and travel solutions. Over the past decade, it has staged international music festivals throughout Africa. Under their leadership, the Cape Town International Jazz Festival is positioned as "Africa's Grandest Gathering".

Tripos Travel (Pty) Ltd has been in existence since 1970 and has two distinct operating divisions: Travel Management Services and Inbound Tours and Events. While they are specialists in corporate travel, they provide a service in both the corporate and leisure markets.

Magic 828 (Pty) Ltd is a medium wave (AM/MW) independent commercial music radio station, broadcasting throughout the Western Cape and streaming worldwide.



Detailed information on each division including the profiles, operational performance, products and brands, business model, stakeholders, risk and governance is available in our online investment portfolio report.



HEALTH & BEAUTY



- AfriNat (Pty) Ltd – 100%
- Orleans Cosmetics (Pty) Ltd – 90%

This division manufactures, sells and markets an extensive range of natural products for the food, agriculture, hygiene and general health sectors, and imports and distributes four cosmetic brands from Europe.

AfriNat (Pty) Ltd supplies a range of natural biostimulants and agriculture pre-harvest products as well as a range of hygiene and sanitation products under the brand VibacSan® to the post-harvest industry and hygiene and sanitation sectors. These products are human, animal and plant safe.

Orleans Cosmetics (Pty) Ltd is the exclusive South African distributor of the following imported cosmetic brands, each one with a long international history:

- Gatineau
- Nuxe
- RVB Skinlab/Diogo Dalla Palma Professional
- Sothys



BIOThERA- PEUTICS



- African Biotechnology and Medical Innovation Investments (Pty) Ltd – 100%
- Bioclones (Pty) Ltd – 73.69%
 - Integrated Bioworks (Pty) Ltd – 100%
- Ribotech (Pty) Ltd – 60.02%

Genius Biotherapeutics focuses on research and development, particularly on healthcare applications, and more specifically on the production of biopharmaceutical products (those that are derived from living genetically modified cells and are of a protein or carbohydrate nature).



STRATEGIC INVESTMENTS



- BT Communications Services South Africa (Pty) Ltd – 30%
- Saab Grintek Defence (Pty) Ltd – 25% + 1 share
- Sygnia Ltd – 1.735%

The Group holds equity stakes in BT Communications Services South Africa (Pty) Ltd (BT), Saab Grintek Defence (Saab) (Pty) Ltd, and Sygnia Ltd.



Detailed information on each division including the profiles, operational performance, products and brands, business model, stakeholders, risk and governance is available in our online investment portfolio report.

NON-EXECUTIVE CHAIRPERSON'S REPORT

Dear Shareholder



THIS PAST YEAR

Looking back on the past year I am extremely proud of African Equity Empowerment Investments Ltd's (AEEI) accomplishments amid difficult times. As governments worldwide deal with the containment of the highly infectious, deadly COVID-19 pandemic, we are witnessing global economic turmoil on a scale unlike anything we have ever experienced in history. The effects of COVID-19, the unstable political arena, the effects of global warming, as well as regular power outages on our already ailing South African economy, have all concerned.

Nevertheless, I am delighted to advise that AEEI remains cash generative and is financially sound, despite having to face a swathe of unprecedented challenges. We attribute this performance to the Group's sustained focus on executing its strategy diligently while striving to make a meaningful difference in the communities in which we operate.

I am proud of the resilience, focus and diligence of our wonderful team of employees, who continue to safeguard the Group during these trying times. The Board and I congratulate the various teams on their rapid activation and implementation of a comprehensive response plan aimed at stabilising the various business units in the short term, while preparing for a strategic reset to ensure a sustainable Group during this unprecedented period.

AEEI CELEBRATES ITS 21st ANNIVERSARY AS A JSE-LISTED COMPANY

AEEI's resilience during uncertain times is testimony to its values and work ethic that has stood the test of time over the last 21 years since listing on the JSE in 1999.

The Group has come a long way since its listing on the JSE as Sekunjalo Investments Limited, along with a name change to AEEI during May 2015. AEEI's asset base has increased significantly since its humble beginnings, with an initial investment of R250 000 to an asset base of more than R7.2bn. This remarkable growth would not have been possible without a vision, unwavering years of commitment, dedication, hard work and a team of great employees who never gave up on our vision to be one of the largest empowerment groups in the country.

With a key focus on transformation and the empowerment of previously-disadvantaged black South Africans, supporting the transformation agenda of the country and wealth creation for our shareholders and our employees, the Group has not wavered from its philosophy of growing the business through its value-creation and transformation process – *for the people, by the people*.

The face of AEEI has progressively transformed over the years, putting the Group in the hands of strong, highly qualified black women who fearlessly and unselfishly contribute to AEEI's sustainability and value-creation for our shareholders. Refer to page 18 for further details.

I wish to congratulate and celebrate the Group's "Coming of Age" and hope that the "new normal" will permit us to celebrate this exceptional milestone soon!

CHANGES TO THE BOARD

A sound and experienced board of directors is critical for any business, more so during extremely challenging times. The Group announced a series of changes and additions to its Board of directors this year. The new appointments do not only reinforce the Group's corporate governance credentials, but they also signal a fresh, new era of focused growth for the organisation as it looks to unlock its considerable balance sheet with a series of targeted investments, while safeguarding its existing businesses.

CHANGES IN OUR EXECUTIVE LEADERSHIP

Mr Khalid Abdulla, after being at the helm of AEEI as chief executive officer for 11 years, has accepted the opportunity to steer the Group's technology company, AYO Technology Solutions Limited (AYO), to greater heights. As AYO's deputy executive chairman, Khalid now spearheads the technology division's growth through a focused acquisition strategy to bolster the Group's investments and increase stakeholder value.

Under Khalid's leadership, the Group successfully achieved the goals of AEEI's Vision 2020 Vision strategy and was also responsible for the many awards which AEEI received. Join me in wishing Khalid well in his new role.

As Khalid steps down from his role as CEO of AEEI, the Board and I welcomed Mrs Valentine Dzvova as acting chief executive officer on 12 March 2020 after which she was appointed as CEO on 1 July 2020. Valentine's appointment is one key example of AEEI's application of gender equality and diversity in the workplace, an integral part of the transformation drive of the Group.

Valentine is already putting her mark on the Group as its first black female CEO. She has been tasked with steering AEEI from its operational management roots to that of a fully-fledged investment holding company. However, due to the current operating environment and the presence of the pandemic, this strategy has been placed on hold for the short-term. We are, however, feverishly working to preserve the Group, especially those divisions/subsidiaries that have been severely impacted by the global lockdown.

Valentine, a chartered accountant, is highly experienced and is committed to ensuring the sustainability of the Group. She has the Board and all our employees' full support and we look forward to her leadership and guidance in steering the next phase of growth for AEEI. Refer to page 19 for more from the CEO.

A special thank you is extended to Ms Chantelle Ah Sing who resigned as group chief financial officer (CFO) with effect from 31 July 2020. Chantelle has been an integral member of the AEEI Group and executive management team for 11 years and has provided excellent leadership in her role as the Group CFO. Chantelle has chosen to pursue her higher education and other personal interests, and we wish her well in her future endeavours.

No stranger to AEEI, Mr Jowayne van Wyk, a qualified chartered accountant, was appointed as CFO of AEEI as of 1 August 2020 and comes with a wealth of experience both on the local and international fronts. Jowayne was an independent non-executive director of AEEI before taking up the role of Group CFO. The Board and I would like to assure him of our full support and cooperation in his execution of duties within the Group.

NON-EXECUTIVE CHANGES

Messrs Bongikhaya Qama and Willem Raubenheimer were appointed as independent non-executive directors. We look forward to their fresh insights and contributions. As chairperson of the Board, I wish Bongikhaya and Willem well in their new positions and look forward to their contributions to the business.

Our gratitude for their service and advocacy to AEEI over the years is extended to Ms Chantelle Ah Sing, Advocate Dr Ngoako Ramatlhodi and Ms Moleboheng Mosia, who did not stand for re-election at the AGM held earlier this year. Refer to pages 45 for more detail on the Board.

KEY BOARD FOCUS AREAS FOR THE 2020 FINANCIAL YEAR

This year we are proud to announce that we met the end of our five-year Vision 2020 Vision strategy launched in 2015 by concluding all our objectives. Refer to page 57 for further details.

Our growth strategy has laid a strong foundation for the next phase of AEEI's evolution, which is earnestly being worked on. We now have a more diversified asset, investment and product base to reduce the exposure to risk and to secure access to distribution channels nationally and internationally. This will enable further value creation for our shareholders and stakeholders alike.

Enthusiastic about the next exciting phase for the Group, we are already considering our 2025 Vision strategy, which will be robust yet flexible. This will surely expand on the existing, solid business platform built to date. We hope to finalise the strategy going forward soon.



TRANSFORMATION

In my opinion, transformation, and the era of self-regulation in terms of changing the landscape of those in senior and executive levels in corporate South Africa, has been slow.

To us, transformation and inclusive economic growth is not a handout or a tick box. At AEEI we inculcate a unity of purpose and are inclusive in all our transactions – from the top, filtering all the way to all our employees.

AEEI addresses this issue through its detailed and active transformation drive, its corporate social responsibility programme, and its focus on empowerment in the true sense of the word.

I am pleased to inform you that AEEI has played a part in carving the way for our future nation through its skills development and corporate social responsibility programmes which are implemented in our businesses and the communities in which we operate.

At AEEI, we continue to drive the South African transformation agenda across our workforce and our value chain. I am happy to advise that the Group has been successful in providing equal opportunities and promoting our people through upskilling and succession planning.

Driving excellence and opportunities for all employees at AEEI is our focus on facilitating job creation, the employment of a diverse group of people, and our investment in training and development of our employees.

Investing in our employees and ensuring gender and race diversities are all key to driving excellence throughout the Group, thereby improving our ability to compete for business and deliver sustainable value to our shareholders, associates, partners, and other stakeholders.

To illustrate – not only has AEEI appointed the first black female CEO of the Group since its inception (as mentioned above), Mrs Rushaan Isaacs was appointed CEO of Premier Fishing and Brands Limited (PFB) on 1 February 2020, a first for the country's fishing industry, being the first black female CEO in the country. She has over 18 years of sales experience within the fishing industry, managing and developing strategy for global markets within the various fishing sectors Premier Fishing is involved in.

In addition to this, PFB's subsidiary company, Premier Fishing SA (Pty) Ltd, one of the largest B-BBEE owned, managed and transformed fishing companies in South Africa announced post year-end, that it would be issuing shares to more than 900 employees in one of the largest transactions of its kind in the country and the fishing sector. Refer to page our online sustainability report for a detailed breakdown of our B-BBEE representation.

CORPORATE SOCIAL INVESTMENT AT AEEI

The spirit of *Ubuntu* is strong at AEEI. With its meaning “I am because you are”, we apply that affirmative concept of common humanity – oneness. At AEEI we recognise that giving back is an imperative for any business, individual, or group.

As we continue to invest in our CSI programme with the aim of creating a sustained social impact in the impoverished communities within which we operate, a special focus is placed on previously-disadvantaged individuals and societies, to nurture and develop young people who represent the future of our country.

Having a physical presence in the communities has been a challenge this year, due to the restrictions placed during the COVID-19 lockdown regulations. This, however, did not prevent the Group from contributing and supporting its core focus areas which fall within the arts and culture, education, sports development, enterprise development, social development, and other ad hoc requests.

Before the lockdown, and in the run-up to the Cape Town International Jazz Festival, prior to it being cancelled due to lockdown, espAfrika managed to host a series of workshops including the arts, music business, master classes, gigs for kids, and a free-community concert.

Our subsidiaries continue to assist their employees with bursaries and learnerships for their dependents' further education, and AEEI continues to provide financial support for qualified ECD teachers' salaries at “Where Rainbows Meet Training and Development”, a foundation based in the community of Vrygrond.

Various other CSI initiatives are also included in our drive for transformation and social upliftment in the areas in which we operate. For detailed information, refer to the online Sustainability Report.

SUSTAINABILITY AT AEEI

At AEEI, we are cognisant of our sustainability focus areas and its impact on our stakeholders. Refer to page 26 for in-depth details of these focus areas.

Stakeholder engagement at AEEI is supported by transparent and effective communication, mutually beneficial outcomes where possible, and inclusiveness and integrity. We participate in initiatives to inform and ensure a best practice approach in the areas of sustainability and social impact. We actively engage with our stakeholders to ensure the achievement of the best outcomes, while strictly adhering to good corporate governance practices.

GOVERNANCE AT AEEI

As the custodians of governance, the Board serves as the focal point of good corporate governance, and with continued oversight while considering the Group's strategic direction and purpose. The Board strives to ensure that everything we do is governed effectively, with integrity, transparency and in accordance with sound corporate governance practices. Our governance structures and processes are continuously reviewed to incorporate new developments, to facilitate effective leadership and to provide sustainable corporate citizenship in support of the Group's strategy and to reflect national and international corporate governance standards, developments, and best practices. More about this can be read on page 40.

SINCERE APPRECIATION

It is with sincere appreciation that I thank all our shareholders, associates, partners and stakeholders for their unwavering support and confidence in me as the non-executive chairperson of the Board. Not only do they have the utmost confidence in me, but also in the leadership teams who have remained steadfast in their implementation of our strategy of growth and value creation.

I would like to recognise the support and contribution of all my fellow Board colleagues, including our newest Board members, who have willingly and without prejudice, contributed their collective skills and experiences during the year.

On behalf of the Board, I extend my thanks and deep appreciation for the profound contributions of every employee during a critical and unprecedented period in world history. AEEI employees stepped up by diligently working from home during the lockdown period, and many sacrificed a part of their salaries in support of the Group's sustainability. This, indeed, is evidenced by the spirit of our people.

I wish to acknowledge AEEI's shareholders, partners, and stakeholders to thank them for their continued support and engagement throughout the years.

Lastly, it would be remiss of me not to, on behalf of the Board, extend my sincere condolences to those who lost their family, friends, and colleagues during the COVID-19 pandemic.

CONCLUSION

As we mark AEEI's 21st anniversary as a listed company, I take comfort from the Group's resilience, although it is not taken for granted. The Board understands the extent of the work that is required to navigate successfully through the immediate macroeconomic storm, as well as the substantial changes that are required to ensure the long-term sustainability of the Group.

I look forward to chairing the Board through the next exciting growth phase of AEEI.



Mrs Aziza Amod

Non-executive chairperson

OUR VALUE-CREATING BUSINESS MODEL

Our business model is to actively manage the Company's activities and their impacts to ensure that we enhance the positive and minimise the negative outcomes of our business model, thereby ensuring sustained value for our shareholders. Our investment approach and philosophy resulted in the Company acquiring control of the majority of its operational investments as well as holding a significant minority stake in its associates and minority equity in strategic investments. This enables AEEI to add value through its extensive expertise and networks, while promoting a cascading entrepreneurial culture from management down to all our employees. Through our assets and investments, we drive the businesses to become efficient on a financially sustainable basis, which generates revenue, dividends and cash flow to support the Group.

OUR CAPITALS ENABLE US TO ADD VALUE THAT CREATES VALUE FOR OUR STAKEHOLDERS

INPUTS – RESOURCES WE RELY ON



FINANCIAL CAPITAL

Creating and sustaining shareholder value • Funding growth projects through the responsible use of capital • Cash generated • Use of assets
Investing in strategic investments



MANUFACTURED CAPITAL

Providing quality products and services • Capital investment in our businesses
Having leading facilities • Continuously innovate to deliver sustainable solutions
Operate assets safely and reliably



HUMAN CAPITAL

Providing equal opportunities by addressing skills shortage • Race and gender diversity
Investing in our employees • Training and skills development • Development of personal growth plans • Promote performance management • 2 059 permanent employees (2019: 2 201)
61 temporary employees and contractors (2019: 3 406)



INTELLECTUAL CAPITAL

Brand identification • Unique customer solutions • Knowledge-based assets
Patents and copyrights • Software licences • Innovative thinking and ability to adapt to change



SOCIAL AND RELATIONSHIP CAPITAL

Relationship with our key stakeholders:
Effective stakeholder engagement • Investors and funders
• Communities • Employees Leaders in transformation



NATURAL CAPITAL

Responsible use of natural resources • Effective environmental management systems
Responsible use of electricity and water • Reduction of carbon emissions

BUSINESS ACTIVITIES

Our business activities are geared to ensure long-term sustainable value for our stakeholders in the short-, medium- and long-term.

We use our capitals responsibly by evaluating the prospective returns of each capital deployed.

OUR OPERATING CONTEXT AND STRATEGIC RESPONSE



CHIEF EXECUTIVE OFFICER'S REPORT

PERCEPTION, PERSPECTIVES AND PERSISTENCE

2020 has been a year of firsts – for the world and particularly for AEEI, and as the Group's newly appointed and first black female CEO, I am pleased to write my report, albeit currently working from home, necessitated by another first in our lifetime, the COVID-19 pandemic.

This year has been about digging deep in both stamina and strength – much like training for an ultra-marathon. Starting the race is one thing, but going the distance and completing it, is another entirely. It takes a solid foundation, visualising the end goal, along with a comprehensive multi-faceted exercise and nutrition programme, total dedication to the aim, and the support of a team all pulling in the same direction, to succeed, despite any hiccups along the way.

AEEI's dream team has afforded the Group the ability and resilience to overcome the challenges this marathon of a year has presented. Joining AEEI a mere two weeks before the national lockdown, I have been humbled by the immense support I have received from the employees and the Board of AEEI, the spirit of *Ubuntu* and can-do attitude of the employees in our Group, which is our main asset, and for that I wish to thank everyone.

As noted in the chairman's report, AEEI has also welcomed new members to our Board and said farewell to others. I would like to extend my personal gratitude to Khalid Abdulla, Advocate Dr Ngoako Ramatlhodi, Moleboheng Mosia and Chantelle Ah Sing for their sterling service and advocacy and wish them well in their next endeavours. I would also like to extend a note of welcome to new Board members, Bongikhaya Qama and Willem Raubenheimer, and to our new chief financial officer, Jowayne Van Wyk, who, in a short space of time, have positively contributed to AEEI and who have also provided me with sound counsel over the past few months. .

A CHALLENGING OPERATING ENVIRONMENT

The last 12 months have seen the Group face difficult operating conditions, beginning with a weakened South African economy in the first half of the year, which was further exacerbated by the effects of COVID-19 in the second half. The South African national lockdown since 27 March 2020, as well as global lockdown restrictions, created significant business disruption around the world. In South Africa, it has been made even more challenging with load shedding, political uncertainty and a deteriorating fiscus balance sheet, which have added to the country's economic woes. This has led to large-scale closures of businesses, and those that remain have severe cash flow and profitability constraints. Consumers are highly cash strung, with a study by the United Nations Development Programme¹ indicating that as much as a third of South Africa's middle class is likely to become vulnerable.

While these factors are at play in the operating environment, a shrinking customer and client base for our businesses is becoming more prevalent. The AEEI Group has not escaped the effects of these extremely challenging times, as they have also brought to the fore the excellent leadership within our various divisions, the perseverance and loyalty of our employees, and the unwavering support resulting from our relationships with our customers and suppliers. Profit is the product of people, and it is the people we surround ourselves with and whom we engage with along with our diverse product portfolio, that have yielded a formidable financial performance despite the most challenging year in recent memory.

¹ Case Study – Businesstech Staff writer, 25 August 2020, Covid-19 has wiped out a third of South Africa's middle class – study and URL accessed

YEAR UNDER REVIEW

STELLAR GROUP PERFORMANCE

Against the backdrop of an economically challenging and turbulent year, the AEEI Group has delivered an admirable set of results for the period ended 31 August 2020. Revenue increased by 44% from R2.4bn to R3.4bn, while earnings per share increased by 101.32% from a loss of 283.30c to 3.74c in the current year. Our balance sheet is enviable, with a NAV of R6.1bn, which is a slight decrease from the prior year of R6.4bn as a result of impairments and fair value adjustments resulting from the impact of COVID-19 and cash reserves of R3.2bn. This puts the AEEI Group in a position to pursue lucrative investments and to focus on organic growth without the constraint of working capital.

Also notable for the 2019 financial year, is the successful conclusion of our Vision 2020 Vision Strategy, which saw AEEI overachieving on all the goals set in 2015 📌. There is no doubt that the success story that is AEEI today, is the culmination of the right investments and the deployment of the correct strategic direction for both, that has also initiated substantial organic growth across the Group.

Although Vision 2020 Vision has concluded this year, and we have produced a solid set of results for the past 12 months, it is important that we highlight that the COVID-19 pandemic has had a negative impact on all our business units, the full effects thereof expected to mature over the next 12-18 months.

DIVISIONAL REVIEW

FISHING AND BRANDS

Premier Fishing and Brands Ltd (Premier or the Premier Group) operated as an essential service provider throughout the lockdown period. Despite this, sales to its major customers in the United States and Asia were heavily disrupted by export restrictions in South Africa, with permits not being issued during the lockdown period.

Global prices for fish and fish-related products were also placed under immense pressure. In addition to the impact of COVID-19, other external factors have negatively impacted the performance of our fishing and brands division – most significantly, the seven-month period of riots in Hong Kong. The depleted squid resource saw catch rates dropping by 47% compared to the prior year. Despite this, the fishing and brands division posted a respectable revenue of R449m and profit after tax of R6m from R575m, R58m respectively, compared to the prior year.

This resilient set of results, although below expectation, could have been more devastating were it not for the swift mitigating actions of the Premier leadership team in curbing expenditure, maximising revenue and preserving cash flow. Sustainability in the fishing sector is of vital importance, and speaking directly to this, the expansion of the abalone farm is nearing completion after months of lockdown disruptions. Based on current growth of spat, Premier expects the abalone farm to produce up to 400 tons of abalone in the next 4-5 years (current: 200 tons). The Fishing Rights Allocation Process (FRAP 2021) is under way, and Premier's empowerment credentials and history of productivity in using their allocated rights has them standing in good stead to retain their FRAP allocations. The fishing and brands division is solid, and we are confident that AEEI will continue to reap maximum value from this investment.

TECHNOLOGY

The COVID-19 pandemic, as devastating as it has been, has also brought with it many opportunities for the digital economy, in the centre of which our technology division is central.. Our diversified portfolio has given us a competitive advantage, which is evident in the brilliant performance posted by this division.

In the face of adversity and the pressure on margins, AYO Technology Solutions Ltd's (AYO's) revenue grew by an impressive 47%, mainly through acquisitive growth, delivering on the promises made when AYO company listed on the JSE in 2017. The relentless, unfair treatment of AYO in the media has had a detrimental impact on this division's ability to swiftly deliver on its strategy. Despite this, the AYO management team remained focused, which is evident in the technology division's financial performance with revenue of R2.9bn and profit after tax of R104m from revenue of R1.9bn and profit after tax of R273m in the prior year.

In the wake of the COVID-19 pandemic, millions of people started working from home, which has seen online activity soaring. Our technology division's subsidiaries were well placed to respond to this emerging trend of "everything remote", which has accelerated the globe towards the 4th industrial revolution (4IR). Some examples of this are:

- Remote working – Sizwe Africa IT Group Ltd, Kalula (Pty) Ltd, Puleng (Pty) Ltd, Kathea Communications (Pty) Ltd
- Remote banking – Payment gateways and financial services through its investment in the fintech fund, Tamlalor (Pty) Ltd
- Remote Learning – Sizwe Africa IT Group Ltd and its eLearning solutions (a first of its kind in South Africa)
- Remote access – Puleng (Pty) Ltd

Acquisitive growth continued in the current year, and the technology division ended the year with the announcement of the acquisition of Kathea Communications (Pty) Ltd and a significant stake in Kathea Energy (Pty) Ltd. Kathea Communications (Pty) Ltd will see our technology division becoming the largest distributor of headset equipment in Africa, enabling AYO to capitalise on the remote working explosion, while Kathea Energy (Pty) Ltd will put AYO at the forefront of providing clean and sustainable energy solutions. This is a rapidly growing industry, which will assist in diversifying AYO's investment portfolio.

Although there is a good story to tell for our technology division, AYO has not escaped the aftermath of the pandemic, and expect subdued demand in the short- to medium-term, as cash strung clients delay purchases in order to preserve cash for the sustainability of their businesses. However, despite this challenge, AYO remains committed to the pursuance of their vision to be the leading empowered digital and technology service provider for business partners across the African continent. AYO has a desirable balance sheet, competent, highly skilled employees, and a passionate and strong leadership team to deliver on its vision.

EVENTS AND TOURISM

Our events and tourism division was particularly badly impacted by the fallout from COVID-19 and the subsequent national and international lockdowns, with business and leisure travel being banned, along with the prohibition of large gatherings. As a result, espAfrika (Pty) Ltd (espAfrika), the owners of the Cape Town International Jazz Festival (CTIJF), which is world renowned as "Africa's Grandest Gathering", a major arts and culture event for the Western Cape and the flagship event for espAfrika, could not be held. Depending on government regulations, "Africa's Grandest Gathering" may take place in 2021. The CTIJF festival continues to be a best seller, with ticket sales for the March 2020 event indicating that it would have sold out had lockdown regulations not disrupted proceedings. Despite this setback, the CTIJF festival is a household brand and significant value is retained in it. In anticipation of 2021, the team at espAfrika has been pivoted into conceptualising smaller, premium, as well as virtual events, which they hope will be staged in the new financial year.

Our travel business, Tripos Travel (Pty) Ltd, suffered considerably due to the national lockdown and the local and international travel restrictions that were imposed. Tripos Travel is currently in the process of mapping a new strategy to cater to emerging travel needs of a post-COVID-19 clientele. In the interim, the business has been right-sized to cater to a reduction in activity, thereby curbing operating losses.

Magic 828 (Pty) Ltd (Magic 828) continued on a path to improve its financial performance and finding new and alternate revenue streams to the traditional radio advertising. In the current year, Magic 828 managed to successfully set up an internet radio station for a restaurant chain in the Middle East. This is a significant opportunity for Magic 828 to increase its offshore revenue base. Spreading the geographical footprint of the radio station to other parts of the country is a major objective of the management team. This objective was partially achieved through a simulcasting opportunity with LM Radio in Gauteng, which is expected to increase its audience reach, advertising revenue, and reduce operating costs. They reached 240 000 listeners as at August 2020, compared to August 2019. The foundation for a growth phase has been set, and management is optimistic that the business will turn around in the next 12 months.

HEALTH AND BEAUTY

The health and beauty division has also proved to be relatively durable, despite its products being classified as non-essential items during the height of lockdown. Orleans Cosmetics products retail in stores located mostly in major shopping malls around the country, with a select line only available in spas and beauty salons. The lockdown restrictions have resulted in reduced foot traffic and increasingly cash-strung customers. This has negatively impacted our sales which have decreased by 10% compared to prior year sales.

However, the loss mitigation plans by the management team of Orleans Cosmetics and the personal sacrifices made by their employees curbed the losses, which saw Orleans Cosmetics contributing a positive EBIT to the Group for the 2020 financial year. There are early signs of improvement in sales and Orleans Cosmetics is confident that the 2021 financial year will yield much better results, albeit not at pre-COVID-19 levels. The exclusive distribution agreements with Gatineau, RVB, Sothys and Nuxe are due for renewal in December 2020, and Orleans Cosmetics is confident of a positive outcome.

The pandemic shone a spotlight on the health and agriculture business, AfriNat (Pty) Ltd (AfriNat), which saw a surge in the purchase of its organic sanitisers and cleaning products. Demand for farming produce rose due to a shortfall in supply of products from overseas suppliers whose countries were in lockdown and could not export as usual. The high demand was also pushed further by the high prices that South African produce was fetching from export markets. This led to farmers purchasing more of AfriNat's pre- and post-harvest products, in order to increase yields and benefit from these market dynamics. Revenue increased by 97% from R6.9m to R14m. We believe that our investment in AfriNat is at the beginning of a major growth trajectory, as AfriNat plans to keep expanding on their environmentally friendly and sustainable product offerings.

RESEARCH AND DEVELOPMENT

Genius Biotherapeutics (Genius) continues along its path to developing its dendritic cell vaccine (DCV). The national lockdown slowed down this process, but Genius remains hopeful that human trials will be completed by the end of the 2021 financial year. Genius has registered generation 3 dendritic cell maturation Intellectual Property in nine regions including the US, South America, China and Europe, which will be in effect until the year 2038. This updated Intellectual Property increases the value proposition and moves Genius closer to its goal of developing a cancer vaccine. Genius remains a long-term investment and the intention is to ultimately list on an international stock exchange due to significant capital required, and partnerships with international pharmaceutical companies, to fully harness the benefits of this novel treatment. The production of biosimilars remains on hold so that the team can continue to focus on the DCV project, which is their core biotech asset.

STRATEGIC INVESTMENTS

Our strategic investments in Saab Grintek Defence (Pty) Ltd, British Telecommunication Services South Africa (Pty) Ltd and Sygnia Ltd continue to bolster the value of our diversified investment portfolio with a regular annual dividend flow.

2021 – A YEAR TO EXERCISE OUR CORE STRENGTHS AND INVESTMENTS

Despite areas of resilience within the AEEI Group, we anticipate that 2021 will be an even more difficult year, as the real effects of the COVID-19 pandemic start to make themselves apparent. Although there are vaccines on the horizon, and economies around the globe are opening, there are signs of a second wave of lockdown at the time of writing this report, which are contributing to heightened uncertainty surrounding the global economy for 2021.

AEEI's response to this uncertainty is to focus on protecting our core strengths and investments through strategic cost saving, while also investing for future growth and managing our working capital more optimally. This may necessarily entail the disposal of some non-performing assets.

I would like to assure our stakeholders that we are treading very cautiously and working hard not to place AEEI's strong balance sheet at risk. We aim to protect the value of AEEI and safeguarding our continued survival during this challenging environment. It is for this reason that AEEI will delay its transition to a passive investment holding company, as we need to be operationally involved in our divisions, which have been thrust into operational fragility because of the pandemic. The holistic wellbeing of all our employees will continue to be a priority as we face this unknown future.

I do, however, enter 2021 with a sense of confidence even though the year will be difficult and there is already evidence of financial strain in our post-year-end performance. The Group will once again prove its determination and we will succeed in protecting the superior stakeholder value that we have created over the years. We will continue to go the distance.

GRATITUDE AND APPRECIATION

One aspect that the pandemic has confirmed with crystal clarity is the importance of relationships, in particular those we have with our stakeholders. The loyalty and steadfast commitment to AEEI has been exceptional. It has sustained us through this very difficult period, and my heartfelt gratitude goes to each one of you – our amazing stakeholders, including our strategic partners.

A successful company is the sum of all its parts, and I would like to extend a special message of gratitude to our employees without whom we could not have experienced the successes that we have achieved to date. At a time when they had to contend with the responsibility of keeping their families safe, adapting to a changed home/work/life balance, which in most instances entailed home schooling and/or taking care of elderly relatives, as well as continuing to keep the work fires burning, our team, without exception, continued to give AEEI their full commitment. It gives me much pleasure to work alongside such a dedicated and professional workforce.

Finally, I would like to thank our Board of Directors for supporting our new executive team in steering the Company through these trying times. With your support and that of all our stakeholders, I am confident that we will handle whatever 2021 and beyond has in store for us.

Thank you



VALENTINE DZVOVA

Group chief executive officer

RESPONDING TO THE IMPACT OF COVID-19 🦠

In March 2020, we witnessed the impact of the COVID-19 pandemic on countries, businesses, society and individuals as infection rates escalated in South Africa and around the world. The South African government, like the rest of the world, implemented emergency measures to curb the spread of the virus.

COVID-19 thrust a sudden set of new challenges on the Company. The Board supported the management team in rapidly activating a comprehensive response plan, with immediate steps to respond to the pandemic. This is underpinned by the repositioning of our strategy and revised operating model.

In responding to these new challenges, the Company required a swift pivot in its priorities to stabilise the business in the short-term, while chartering a path forward to the long-term sustainability under our revised strategy and operating model. We did this by conserving cash in operational and cash expenditure. Our primary focus is on the health and safety of our employees and stakeholders. Our material matters set out the strategic actions we have taken.

SOUTH AFRICAN GOVERNMENT'S RESPONSE

The President of South Africa declared a nationwide lockdown effective midnight on 26 March 2020, resulting in non-essential services being closed for a period of 21 days, then extended to 35 days on national alert Level 5 restrictions. On 1 May 2020, a gradual and phased easing of the lockdown restrictions began with a risk-adjusted strategy, lowering the national alert Level to 4. On 1 June the country moved to Level 3 lockdown restrictions, allowing certain industries to open partially. The restrictions were lowered to alert Level 2 on 17 August 2020, with further industries in the economy opening as the peak of the virus was lowering and the number of infections decreasing. At the time of writing this report, further restrictions were lifted to alert Level 1, with some of the tourism industry having opened further and a lift on certain travel restrictions.

OUR RESPONSE TO COVID-19

The COVID-19 pandemic continues to spread globally, leaving behind a wide-ranging array of devastating social and economic effects.

The response by the government to declare a national state of disaster, which we support as a response to curtail the spread of the disease, is out of our control. Despite this, at AEEI we managed the spread of the virus and business continuity by being proactive and responsible. We established a COVID-19 committee and nominated Compliance Officers to oversee our actions and manage the risks in line with our Office Workplace Plan in terms of the Disaster Management Act, Regulation 16(6)(b). The exco focussed on operational matters, including managing business continuity plans, maintaining liquidity and managing risks.

We remain committed to doing all that we can to help our stakeholders during this unprecedented and uncertain time.

Some of our key actions:

Shareholders, the investment community and providers of capital:

We engaged with our shareholders at the Annual General Meeting (AGM) held on 16 April 2020.

- Our main focus remains on the liquidity and capital of the Company and the Group.
- We continue to monitor our risks and emerging risks.
- We remain committed to what we can control, in particular costs, and our strategic initiatives to support our growth in revenue and efficiencies.

Employees:

Ensuring that our employees are healthy, safe and supported is of utmost importance to the Company and the Group.

- All employees who are able to work from home have been allowed to do so. More than 90% of our employees are equipped to work remotely.
- All scheduled on-site meetings are taking place remotely due to technology.
- All training, conferences and workshops have been put on hold, unless it can be done remotely.
- Some subsidiaries in the Group were essential service providers, and protocols have been put in place to ensure their safety, with teams being split to work rotational shifts.
- Increased focus on sanitation and health practices.
- PPE is available to all employees.
- Reconfiguration of the offices were made to encourage social distancing.
- Unemployment Insurance Fund – Temporary Employee Relief Fund (UIF-TERS) applications have been done for employees timeously to cover salary shortfalls as a result of reduced salaries, which were necessary to ensure the continued survival of our businesses.
- All employees have been retained in their jobs, albeit at reduced salaries, as we understand the tough economic times and the hardships our employees would endure if we had to make any retrenchments.

Clients:

With social distancing in place, we have refrained from physical client and service provider interaction as far as possible. We have also been committed to ensuring that we negotiate payment terms with suppliers and adhere to them to ensure the continuity of their businesses, most of which are small- and medium-sized enterprises.

Regulators:

A number of changes have been made in terms of guidance notes and regulations from the JSE and the International Reporting Standards. The Company complied with these guidance notes. We continue to work with regulators to manage emerging risks.

Communities:

COVID-19 has highlighted many socio-economic issues in our communities. Many of these socio-economic issues are because of high unemployment which has consequently been exacerbated by the effects of COVID-19. As a Group, we ensured that we did not contribute to the socio-economic crisis by ensuring that all jobs in our Group were preserved.

In addition, we continued to give to corporate social investment programmes at a time when many businesses went into cash preservation mode. We also ensured food security by giving food parcels to our most vulnerable employees in the fishing and brands division.

The spread of COVID-19 exacerbated the high levels of inequality, poverty and unemployment, making our social and economic contributions more critical by supporting our people and communities.

SUSTAINABILITY

AEEI is aware of and appreciates the evolution of governance and that the Group's core purpose, business model, performance, risks, opportunities and sustainable development are inseparable elements of the value-creation process. The Board of AEEI oversees and drives a strategic approach to sustainability that responds to the interests of all key stakeholders while protecting and creating value.

The Board is accountable and responsible for producing solid financial results, including managing the Company's environmental and social impact, as well as addressing the expectations of key stakeholders.

We have identified the following material areas of sustainability:

Material areas of sustainability
Ensuring sound governance
<ul style="list-style-type: none">• Through our sustainability governance practices• Engaging our stakeholders• Fostering ethical behaviour and good governance
Developing people
<ul style="list-style-type: none">• Workplace transformation and diversity• Promoting from within the organisation• Skills development• Attracting and retaining talent
Responsible products and services to our customers
<ul style="list-style-type: none">• Financing and empowerment infrastructure• Treating our clients fairly• Promoting responsible investment
Investing in a prosperous society
<ul style="list-style-type: none">• Transformation and empowerment• Responsible procurement and enterprise• Corporate social investment
Promoting environmental responsibility
<ul style="list-style-type: none">• Managing our direct environmental impact• Climate change and energy• Promoting sustainable water usage• Materials and waste management

SUSTAINABILITY GOVERNANCE FRAMEWORK

The ultimate responsibility of sustainability rests with the Board and the Board has tasked the social, ethics and transformation committee to manage and monitor sustainability.

Our products and services are the tangible outputs of our business activities and our social and ethical responsibilities guide our day-to-day activities. AEEI's goal has always been to provide management with innovative solutions to every subsidiary and client while remaining committed to social responsibility.

BOARD OF DIRECTORS

The Board of directors is primarily responsible for overseeing sustainability issues through the committees listed below:

CHIEF EXECUTIVE OFFICER

The CEO is accountable to the Board of directors for the implementation of the Group's strategy and the overall management of the Group

AUDIT AND RISK COMMITTEE	REMUNERATION COMMITTEE	SOCIAL, ETHICS AND TRANSFORMATION COMMITTEE
<ul style="list-style-type: none"> Responsible for overseeing and reviewing the integrated reporting process. Reviews the annual financial statements, interim reports and preliminary results announcement. Ensures integration in terms of integrated reporting and the application of our business model. Ensures that the combined assurance model is applied. Oversees the internal audit function. Responsible for risk management, considers the top risks and monitors the progress of mitigating risks. Findings and recommendations are reported on at Board level. Responsible for the governance of technology and information. Recommends the services of the external auditor. 	<ul style="list-style-type: none"> Reviews and approves the remuneration and benefits policy and the reward philosophy and strategy adopted by the Company. Ensures that the Company remunerates responsibly, fairly and transparently. Reviews and approves the reward philosophy and strategy. Determines the remuneration packages of the executive directors and senior managers. Recommends to the Board the fees to be paid to non-executive directors for their services. 	<ul style="list-style-type: none"> Ensures that the Company is and remains a committed socially responsible corporate citizen. Reports on organisational ethics, sustainable development and stakeholder relationships. Ensures compliance with statutory duties and encourages leading practice by having the social, ethics and transformation committee progress beyond mere compliance to contribute to value creation. Monitors the Company's social impact, oversees compliance and ensures sound ethical and governance practices. Responsible for the oversight of transformation management, ensuring that management has implemented and maintained an effective transformation management process in the Group. Assists the Board to lead transformation within the Company and to ensure that there are appropriate policies and procedures in place. Ensures compliance with the amended B-BBEE Codes of Good Practice as revised from time to time.

DAILY RESPONSIBILITY IS DELEGATED TO DIVISIONAL MANAGEMENT

The Group's material matters, the stakeholders affected and how we manage them can be found on pages 36 to 39.

Our full sustainability report can be found on www.aeei.co.za.

OUR STAKEHOLDER NEEDS AND EXPECTATIONS

CREATING SHARED VALUE FOR SUSTAINABLE OUTCOMES

IN THE SHORT-, MEDIUM- AND LONG-TERM

The Company creates value for its stakeholders through innovative and sustainable business models, concise strategy, a diverse product portfolio and through our subsidiaries, associates and strategic investments – all complemented by our experienced and empowered leadership team that focuses on our communities and stakeholder wealth creation.

Our Board is aware of its growing role in innovation governance and the strategic importance of innovation to create sustainable value.

BUILDING VALUE AND RELATIONSHIPS WITH OUR STAKEHOLDERS

At AEEI our ability to deliver depends on the contribution and activities of a diverse group of stakeholders.


Our stakeholders are integral to our ability to protect, create and grow value, a process that is advanced through relationships with others and balances the needs, interests and expectations of material stakeholders in the best interests of the Company over time. We believe that the strength of our relationships with our key stakeholders is critical to achieving our strategic objectives and creating mutual value for the Company and our stakeholders. As such, our stakeholder management approach involves gaining a thorough understanding of key stakeholders and assessing the matters that are material to them, including risks and opportunities. Our approach manages stakeholders' expectations and how much material matters impact them and the Group.

Building and maintaining trust and respect with our various stakeholders has a positive impact on our reputation and is essential in addressing risks and opportunities. We strive to respond timeously and appropriately to issues raised during our interactions.

KEY STAKEHOLDERS THAT CONTRIBUTE TO OUR VALUE DRIVERS

 SHAREHOLDERS, INVESTMENT COMMUNITY AND CAPITAL PROVIDERS	 EMPLOYEES	 REGULATORS	 COMMUNITIES AND NGOs	 CLIENTS
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BELOW IS AN OVERVIEW OF STAKEHOLDER CONCERNS, HOW WE ADDRESSED THESE CONCERNS, HOW WE ENGAGED WITH THEM AND HOW WE DELIVERED VALUE TO THEM:

	SHAREHOLDERS, THE INVESTMENT COMMUNITY AND PROVIDERS OF CAPITAL We have a broad shareholder base with most of them having taken a medium- to long-term view of their investment in AEEI. They consist of shareholders, analysts and providers of capital. We have a total of 1 997 shareholders as at 31 August 2020.		
PRIMARY CONCERNS	THEIR NEEDS AND EXPECTATIONS	HOW WE ADDRESSED THESE CONCERNS AND EXPECTATIONS	HOW WE ENGAGED WITH THEM
<ul style="list-style-type: none"> Impact of COVID-19 on the business The business and operational performance Acceptable return on investment capital Shareholder returns Use of capital management Growth of the businesses 	<ul style="list-style-type: none"> Creating sustainable growth in our businesses Value-add and return on investments Growth in net asset value Regular dividends Strong balance sheet Allocation of capital to businesses Experienced leadership Transparent reporting and disclosure Ethical operations on a sustainable basis Responsible corporate governance and ethics 	<ul style="list-style-type: none"> Adjusted the business strategy to deal with COVID-19 Delivered on our strategy to develop balance and sustainability in the businesses Regular engagement with shareholders, investors and capital providers to maintain awareness Delivered on our Vision 2020 Vision Addressed shareholder expectations Addressed negative media reports Reported against our Vision 2020 Vision and well-defined return targets The Group addressed the negative media reports and is committed to issues raised by the different interested parties 	We proactively communicated our strategy and activities to our shareholders, the investment community and providers of capital through: <ul style="list-style-type: none"> Our AGM Our interim results SENS announcements Pre-results and post-results feedback Our integrated report Sustainability information Site visits Media – print, television, radio broadcasts and social media Ad hoc meetings (as requested) Our website – www.aeei.co.za
HOW WE DELIVERED VALUE TO THEM: We delivered consistent financial performance and organic growth: <ul style="list-style-type: none"> With our revenue increasing by 44.18% from R2.4bn to R3.4bn. Our headline earnings decreased by 99.08% from R494m to R4.5m. Headline earnings per share decreased by 99.08% from 100.64c to 0.93c. Normalised headline earnings decreased by 70.15% from R586m to R175m. Total assets decreased marginally to R7.2bn. A final dividend of 20c per share was declared to shareholders, which equates to a total annual dividend of 30c for the financial year. Total dividends paid to shareholders for the 2020 financial year-end equated to R147m. Net cash generated from operating activities increased by 39.4%. NAV per share decreased slightly by 3.66% from 1 304.16c to 1 256.46c. Strong Board and experienced executive management team: We increased diversity on our Board and our executive management team with the Board changes during the year.			
Sustainable growth strategy: We delivered across all our strategic focus areas.			
Transparent reporting: <ul style="list-style-type: none"> We maintained transparency in our reporting to provide investors with complete and relevant information to make informed decisions. We executed on our Vision 2020 Vision strategy and met our targets during the 2019 financial year and ensured sustained financial performance through our investment portfolio for growth while managing the risks and opportunities in our markets. We used our capital responsibly, maintained sound corporate governance practices, provided transparent disclosures and reporting, as well as executive remuneration, and paid a dividend. 			
KEY OBJECTIVES AND METRICS WE TRACK: <ul style="list-style-type: none"> Dividends paid NAV per share AGM voting outcomes Return on investments Headline earnings per share Earnings per share 			

	EMPLOYEES		
PRIMARY CONCERNS	THEIR NEEDS AND EXPECTATIONS	HOW WE ADDRESSED THESE CONCERNS AND EXPECTATIONS	HOW WE ENGAGED WITH THEM
<ul style="list-style-type: none"> • Job security in terms of COVID-19 • Health and safety • Competitive market related remuneration and equal pay • Clear career paths and opportunities for career development, including skills training • Secondary and tertiary education programmes • Transformation and diversity • Preferred procurement from B-BBEE-accredited companies • Employee wellness programmes • Corporate social investment and socio-economic development in communities • Employee engagement and communication – the importance of open and honest feedback 	<ul style="list-style-type: none"> • Competitive market related remuneration • Career paths, development and opportunities • Skills training • A safe and healthy working environment 	<ul style="list-style-type: none"> • Preservation of job security across the Group in terms of COVID-19 • Additional health and safety standards and measures have been put in place, including protocols and procedures to be followed, and employees have been provided with PPE during the COVID-19 pandemic • Ensured acceptable working conditions for all employees • Fair treatment and market-related remuneration is paid to employees • A new performance evaluation system with benchmarking and evaluation development plans were put into place • Investment into skills development • Maintained a good working relationship with trade unions • The Group remains committed to transformation and diversity and this forms part of the Transformation Plan • Socio-economic development (SED) and corporate social investment (CSI) projects focus on Company specific areas of support • Bursary programmes are in place to assist with secondary and tertiary education • Created employment for more than 200 • Created employment for contractors and interns 	<ul style="list-style-type: none"> • We engaged with all levels of employees through a variety of regular and ongoing initiatives for both collective and individual interfaces • Work performance reviews are linked to individual development plans • Feedback and input from our employees assists us in understanding and responding to their concerns and needs. Communication channels include: <ul style="list-style-type: none"> - open-door policy; - newsletters, electronic communication and notice boards; - CEO's communiqué and direct communication between managers, teams and individuals; - regular internal meetings with trade union representatives; and - operational performance reviews and feedback sessions • Company website • Induction programmes • Performance evaluation, including job grading and job specification requirements • Training and development • Union interaction • Anonymous whistle blowing hotline


HOW WE DELIVERED VALUE TO THEM:

We assessed the quality of the relationship with our employees through the value we created, including performance against specific key performance indicators.

- Candidates for new vacancy positions are sourced from within the Group prior to being advertised externally and preference is provided for in terms of transformation and gender and race diversity in terms of the Transformation Plan.
- Continued progress is being made in delivering on our Transformation Plan and strategy, inclusive of persons with disabilities.
- A decline in the number of misconduct incidents and Commission for Conciliation, Mediation and Arbitration (CCMA) referrals demonstrates an improvement in employee relations.
- Standardised job profiles and performance evaluations were created in some business units to enhance consistency, fairness and assessing and developing employees.
- Career development and succession plans continue to be implemented in order for us to achieve our strategic objectives and to ensure that we have the right skills for employees to succeed. This assists us in identifying and establishing a pipeline of young leaders. Career mobility remains a challenge at certain levels due to low attrition rates. The Group continued with its resource planning in the business units during the year as this assisted in identifying scarce skills and enabled headcount planning, career advancement as well as training and development.
- A pension/provident fund is in place to assist employees towards investing for their future retirement. Group risk insurance, which is linked to the provident fund, provides a lump-sum payment in the event of the disability or death of an employee.
- Funeral cover is provided either through the existing retirement funds or as part of the collective bargaining council agreements.
- Share ownership schemes are in place in a number of the subsidiaries and associate companies.

KEY OBJECTIVES AND METRICS WE TRACK

- A diverse and inclusive employee profile
- A culture that is innovative
- Career development and employment opportunities

	CLIENTS		
PRIMARY CONCERNS	THEIR NEEDS AND EXPECTATIONS	HOW WE ADDRESSED THESE CONCERNS AND EXPECTATIONS	HOW WE ENGAGED WITH THEM
<ul style="list-style-type: none">• <i>Clients:</i> Quality ethical products, sustainability of our businesses, delivery and standards, cost competitiveness, brands, B-BBEE and transformation, innovative products and solutions• <i>Service providers:</i> Fair treatment and sustainability, and fair payment terms. Long-term sustainable support for small black-owned supplier companies• <i>Joint-venture partners:</i> Financial performance, transparency, growth and leadership	<ul style="list-style-type: none">• Delivery of quality products• Long-term security of supply• Innovative business solutions• Technical expertise• Distribution of innovative sustainable products• Adherence to regulatory requirements• Good corporate governance and ethics	<ul style="list-style-type: none">• <i>Clients:</i> Met and exceeded clients' needs and expectations with broader product ranges and innovative solutions, including technical expertise. Focused on manufacturing excellence, long-term security of supply and cost efficiencies• <i>Service providers:</i> Timeous and fair payment terms and sustainability. Engaged with suppliers on product relationships with small black-owned businesses to ensure their sustainability• <i>Joint-venture partners:</i> We remained committed to ethical business practices and respected the interests of all our partners	<ul style="list-style-type: none">• In a fast-changing competitive environment, we continue to foster relationships and understand our clients' needs and expectations.• We continuously worked towards understanding our customers, service providers and joint venture partners• We took an ethical approach to doing business and are committed to open, clear and transparent business practices, alignment on standards, requirements, service, objectives and customer satisfaction• Ensured that B-BBEE scores meet key clients' requirements and vice versa• We engaged with them through various forums including:<ul style="list-style-type: none">- quality and performance reviews;- contract negotiations and ongoing interactions in the ordinary course of business;- customer visits;- supplier audits;- industry forums;- service level agreements; and- meetings, including site visits, one-on-one engagements and telephonic and electronic interaction

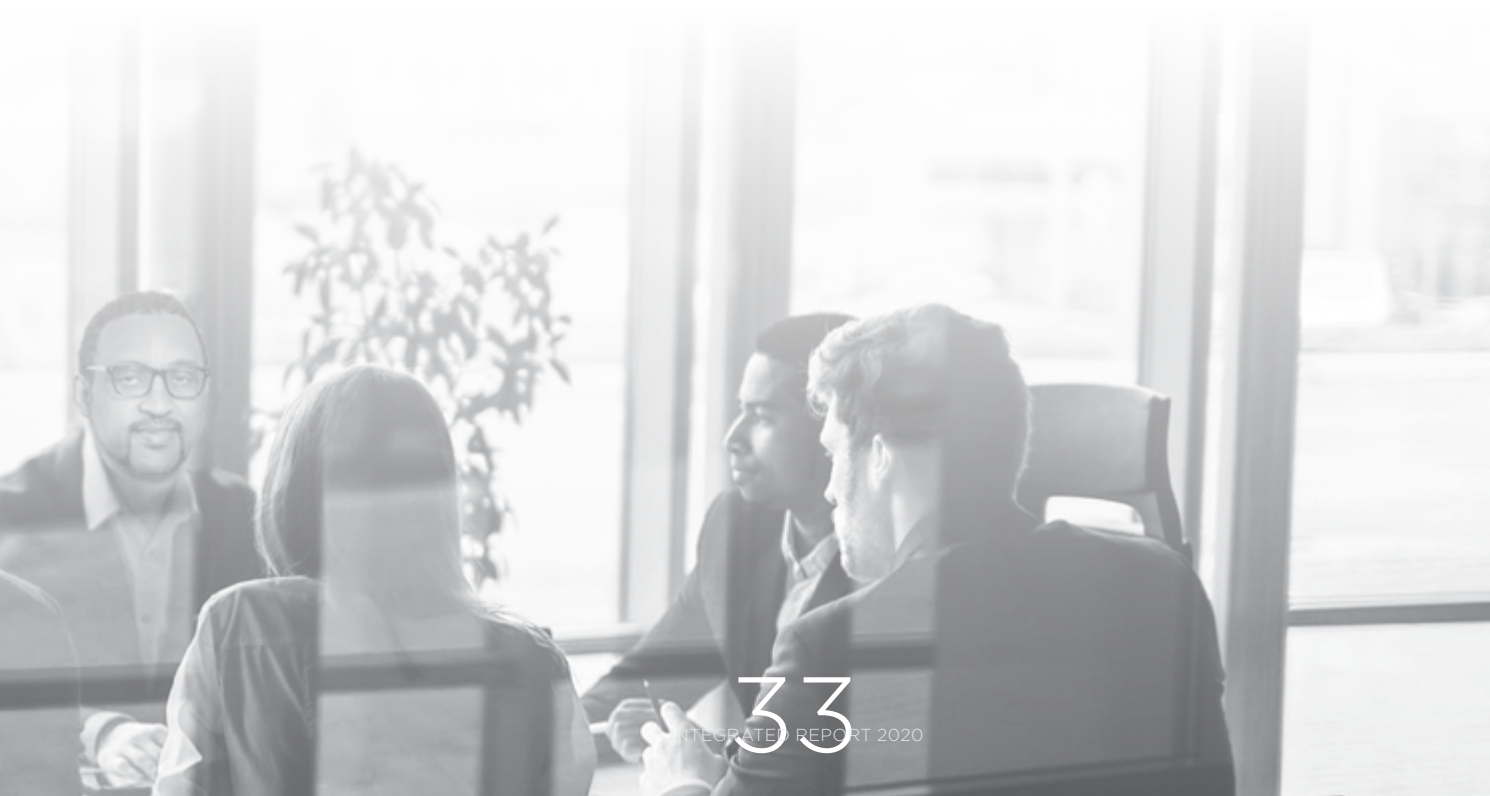
HOW WE DELIVERED VALUE TO THEM:

We continued to:


- Provide professional services
- Provide technical expertise
- Develop innovative business solutions
- Provide quality products and services
- Ensure timely delivery and payment
- Ensure continuity of long-term supply of products and services
- Adhere to regulatory compliance and laws in the supply of ethical products
- Strive for good corporate governance practices and ethical behaviour
- Enhance our procurement from community-based service providers, thus creating employment
- Assist with enterprise and supplier development
- Ensure appropriate environmental and social compliance
- Installed green energy at our abalone farm through a phased approach

KEY OBJECTIVES AND METRICS WE TRACK

- Client satisfaction
- Addressing client concerns and complaints
- Ensuring a reputable brand
- Providing impactful solutions that make a difference



	REGULATORS		
PRIMARY CONCERNS	THEIR NEEDS AND EXPECTATIONS	HOW WE ADDRESSED THESE CONCERNS AND EXPECTATIONS	HOW WE ENGAGED WITH THEM
<ul style="list-style-type: none"> • Ongoing compliance with regulatory frameworks and good governance • Transformation, including gender and race diversity • Environmental responsibility • Socio-economic development • Corporate social responsibility 	<ul style="list-style-type: none"> • Compliance with all legal regulatory frameworks and requirements • Responsible taxpayer • Participating in industry and regulatory groups 	<ul style="list-style-type: none"> • We maintained sound governance principles and procedures • We ensured timeous regulatory submissions of all relevant regulations to authorities • We have policies and procedures in place • We are represented on industry bodies • We engaged on specific policy issues • We remained sensitive to employment levels in line with regulatory requirements • We invested in employee development • We remained committed to ethical business practices and supported social and environmental sustainability • Our corporate social initiatives promoted SED 	<ul style="list-style-type: none"> • We continued to: <ul style="list-style-type: none"> - maintain transparent communication; - pay attention to detail; - remain professional and reacted to matters raised promptly; - ensure resilient business and management practices and processes; - ensure compliance with all industry requirements and obtained clarity where necessary; - report on ethics, governance, the impacts on society and our environmental stewardship; and - participate in industry meetings and interacted with regulators and industry stakeholders to ensure sound regulatory frameworks. • The Group maintained transparent relationships with all regulators and complied with all regulatory and legal requirements
	HOW WE DELIVERED VALUE TO THEM: We ensured: <ul style="list-style-type: none"> • That payments to regulatory bodies were made timeously to ensure compliance; • We contributed to government revenues through the payment of direct, indirect and employee taxes; and • We will continue to pay all taxes as required. 		
	KEY OBJECTIVES AND METRICS WE TRACK <ul style="list-style-type: none"> • Delivery of compliance with regulatory changes and meeting regulatory requirements • Direct and indirect tax contributions • B-BBEE contributor status 		

	COMMUNITIES AND NGOS		
PRIMARY CONCERNS	THEIR NEEDS AND EXPECTATIONS	HOW WE ADDRESSED THESE CONCERNS AND EXPECTATIONS	HOW WE ENGAGED WITH THEM
<p>Collaborated with them for the greater good regarding matters concerning society and the environment.</p> <ul style="list-style-type: none"> • They expect us to be a responsible corporate citizen and to partner with community initiatives, contribute to socio economic development and environmental issues • Pioneer responsible corporate citizenship. • They expect us to create awareness of social and environmental issues they are faced with and to assist them in obtaining the desired outcomes for their communities, their businesses and their families. 	<ul style="list-style-type: none"> • Socio-economic development • Enterprise development • Development of society through employment opportunities • Financial access for learnership programmes • Social welfare • Environmental matters 	<p>We addressed these through:</p> <ul style="list-style-type: none"> • Socio-economic development • Enterprise development initiatives • Development of society through employment opportunities and internships • Financial access for learnership programmes • Social welfare • Environmental matters 	<p>We continued:</p> <ul style="list-style-type: none"> • to support early childhood development as part of our socio-economic development; • making a monthly payment of salaries to an NGO to employ Grade R teachers in one of our communities – this is the foundation for learning opportunities; • to provide access to funding through defined programmes; • with our employee volunteerism, encouraging our employees to assist their communities by providing them with the time and resources needed to volunteer; • to ensure that social welfare is aligned with national policies; and • our contribution to the growth of small businesses through enterprise development initiatives.
	<p>HOW WE DELIVERED VALUE TO THEM:</p> <ul style="list-style-type: none"> • Support was provided for basic and tertiary education through our bursary, tertiary and learnership programmes. • We invested in building an early childhood development facility for Grade R learners in 2018 and continued to assist them with their basic needs. • We ensured that the facility is able to employ certificated early childhood development teachers by paying their monthly salaries. • Our investment in education and training as well as development programmes will continue and will enhance further growth prospects. • Our partnership with community-based entities resulted in the creation of new jobs and financial and in-kind support for new businesses. • Health, welfare and NGOs also received direct support. • Paying our taxes and royalties to government contributed to the welfare of society. • Our support of local businesses resulted in the promotion of social and economic development. • With the landscape changing in B-BBEE, we will continue to assist communities and businesses. • We ensured that our socio-economic contribution is in compliance with requirements. • We provided investment into research and educational bodies as well as academic partnerships. (📄 - Principle 16) 		
	<p>KEY OBJECTIVES AND METRICS WE TRACK</p> <ul style="list-style-type: none"> • Providing career opportunities • Promoting socio-economic transformation by enabling economic inclusion, job creation and poverty alleviation • Promoting education and learnership programmes 		

MATERIALITY, RISKS AND OPPORTUNITIES

OUR MATERIAL MATTERS

Our material matters are those challenges and opportunities that could substantively affect the Group's ability to create sustainable value over the short-, medium- and long-term for our stakeholders. We identified our material matters in terms of relevance from the risk assessment process. This process includes uncertain events which have a potentially negative effect on the Group, i.e. opportunities not materialising. It also takes into account the legitimate and reasonable needs, interests and expectations of all material stakeholders in the execution of the Board's governance role and responsibilities and in the best interests of the Group.

We focused our reporting on our sustainable business development directly affecting the Group's ability to create value as well as the Group's impacts and responses to the expectations of its stakeholders.

In defining our material themes, we focused on the following internal and external factors:

INTERNAL FACTORS	EXTERNAL FACTORS
<ul style="list-style-type: none"> Strategic focus areas and KPIs Board discussions and engagement with senior executives Issues raised through stakeholder engagements Group policies, values, Code of Conduct and Code of Ethics Risk management process 	<ul style="list-style-type: none"> Regulatory requirements Reporting frameworks Local and global, environmental, and socio-economic developments Responsible investments practices

MATERIAL MATTER - FINANCIAL					
MATTER	STRATEGY COMPONENT	RELEVANCE	GOVERNANCE STRUCTURE	STAKEHOLDER	REPORT SECTION
<ul style="list-style-type: none"> Impact of COVID-19 on the business: <ul style="list-style-type: none"> liquidity and capital risks and emerging risks cost containment Responsible use of capital generated to ensure a healthy financial position Asset efficiency Growth of businesses through associates and strategic investments Shareholder returns 	<ul style="list-style-type: none"> Double revenue by 2020 Maximise growth and income sustainably Increase operating profit, cash flow and assets Create medium- to long-term shareholder value Cost containment 	<ul style="list-style-type: none"> AEEI requires long-term shareholders that understand our businesses and support our strategy Execution of our Vision 2020 Vision requires the successful integration of our acquisitions and strategic investments 	<ul style="list-style-type: none"> Board Executive committee Audit and risk committee Investment committee 	<ul style="list-style-type: none"> Shareholders Providers of capital Investment community 	<ul style="list-style-type: none"> Chairperson's report CEO's report CFO's report Strategy Vision 2020 Vision Responding to the impact of COVID-19
COMBINED ASSURANCE: Operational reviews, risk management, audit and risk committee, and internal and external assurance of financial information					

MATERIAL MATTER - HUMAN CAPITAL

MATTER	STRATEGY COMPONENT	RELEVANCE	GOVERNANCE STRUCTURE	STAKEHOLDER	REPORT SECTION
<ul style="list-style-type: none"> COVID-19 <ul style="list-style-type: none"> employee health and safety employee job security Employee recruitment and retention of key skills Remuneration and employee recognition Employee job satisfaction and diversity Training and development of employees Diversity and cultural transformation Labour productivity and efficiency Labour costs Management retention and succession 	<ul style="list-style-type: none"> Create employment and opportunities for employee growth Develop the human capital strategy, key relationships and monitor progress against KPIs and targets Create a company that leads in both profits and sustainable business practices 	<ul style="list-style-type: none"> Human capital is a key input in the Group's cost efficiency and competitive-ness Diverse human capital Succession plans for senior executives and management Retention of key skills 	<ul style="list-style-type: none"> Board Remuneration committee Executive committee Social, ethics and transformation committee 	<ul style="list-style-type: none"> Shareholders The investment community Providers of capital Employees Clients (existing and potential) Employees Regulators 	<ul style="list-style-type: none"> Remuneration committee report Human capital report Social, ethics and transformation committee report Responding to the impact of COVID-19

COMBINED ASSURANCE: Regular management review, policies and procedures, remuneration committee, and social, ethics and transformation committee functions

MATERIAL MATTER – BUSINESS OPERATIONS					
MATTER	STRATEGY COMPONENT	RELEVANCE	GOVERNANCE STRUCTURE	STAKEHOLDER	REPORT SECTION
<ul style="list-style-type: none"> COVID-19 <ul style="list-style-type: none"> maintain a liquidity position managing business continuity plans managing risks Capital investment in our businesses Stimulate economic growth by investing in small business development Risk and capital requirements Quality products and services Provide and maintain high-quality infrastructures 	<ul style="list-style-type: none"> Develop strategy Monitor and execute strategies Balance in the business Focus on costs Stimulate growth with SMMEs Grow and secure product range and market share Launch new products and services 	<ul style="list-style-type: none"> The Group's strategy is to minimise risk through diversification, best practice manufacturing processes, and managing customer relationships Exchange rate volatility may have an impact on business performance The uncontrollable costs of diesel and electricity Labour strikes and salary demands Interruptions to operations due to natural disasters Cybersecurity 	<ul style="list-style-type: none"> Board Executive committee Investment committee Audit and risk committee 	<ul style="list-style-type: none"> Shareholders The investment community Providers of capital Employees Clients Regulators 	<ul style="list-style-type: none"> CEO's report Vision 2020 Vision CFO's report Investment portfolio report Responding to the impact of COVID-19
COMBINED ASSURANCE: Operational reviews, investment committee, and audit and risk committee functions					

MATERIAL MATTER – MACROECONOMIC					
MATTER	STRATEGY COMPONENT	RELEVANCE	GOVERNANCE STRUCTURE	STAKEHOLDER	REPORT SECTION
<ul style="list-style-type: none"> Shareholder satisfaction Return on investment Socio-economic stability in key markets Alternative technologies Competitors 	<ul style="list-style-type: none"> Diverse portfolio of investments Strategic investments Organic growth of portfolio Growth by acquisition List the biotechnology division Increase business into other sectors Further expansion into Africa 	<ul style="list-style-type: none"> The Group's strategy is to minimise risk through its diverse portfolio Strategic investments Changes in the economic landscape Not achieving investment targets Failure to innovate in areas critical to our clients 	<ul style="list-style-type: none"> Board Executive committee Investment committee Audit and risk committee 	<ul style="list-style-type: none"> Shareholders The investment community Providers of capital Employees Clients Regulators Communities 	<ul style="list-style-type: none"> CEO's report Vision 2020 Vision Investment portfolio report
COMBINED ASSURANCE: Operational reviews, investment committee, and audit and risk committee functions					

MATERIAL MATTER - THE ENVIRONMENT

MATTER	STRATEGY COMPONENT	RELEVANCE	GOVERNANCE STRUCTURE	STAKEHOLDER	REPORT SECTION
<ul style="list-style-type: none"> Energy consumption Water usage Carbon footprint Environmental impact Environmentally friendly products 	<ul style="list-style-type: none"> Capital has been allocated to address the Group's long term goals Create a Company that leads business practices Reduce the negative impact on the environment Green energy alternatives Produce environmentally friendly products 	<ul style="list-style-type: none"> Our aim is to ensure that we actively manage our impact on the environment through an effective environmental management system for waste, water and electricity 	<ul style="list-style-type: none"> Board Executive committee 	<ul style="list-style-type: none"> Shareholders The investment community Providers of capital Employees Clients Regulators 	<ul style="list-style-type: none"> CEO's report Environmental sustainability Investment portfolio report Social, ethics and transformation report

COMBINED ASSURANCE: Management review, audit and risk committee function, internal audit, policies and procedures

MATERIAL MATTER - SOCIAL AND RELATIONSHIP CAPITAL

MATTER	STRATEGY COMPONENT	RELEVANCE	GOVERNANCE STRUCTURE	STAKEHOLDER	REPORT SECTION
<ul style="list-style-type: none"> Compliance with laws and regulations Ethical and transparent leadership Governance Social community and economic development Transformation B-BBEE Collaborative stakeholder engagement Corporate social investment Support independent SMMEs 	<ul style="list-style-type: none"> Compliance with laws and regulations governing our diverse business portfolio as some business units depend on this Adhering to ethical standards and avoiding corruption Adhering to good corporate governance in the Group Maintaining an acceptable B-BBEE accreditation Meeting transformation targets Creating value through social investment Promoting social and economic development by assisting SMMEs Effective risk management and compliance 	<ul style="list-style-type: none"> AEEI's business depends on close relationships with key stakeholders Government is an important industry stakeholder for most of our businesses Incentive programmes 	<ul style="list-style-type: none"> Board Executive management Social, ethics and transformation committee 	<ul style="list-style-type: none"> Shareholders The investment community Providers of capital Employees Clients Regulators Communities 	<ul style="list-style-type: none"> CEO's report Corporate governance report Risk management report Social, ethics and transformation committee report Sustainability report

COMBINED ASSURANCE: Management review, policies and procedures, and social, ethics and transformation committee function

OUR STRATEGY

AEEI's strategic focus areas are to double revenue, increase operating profits, increase operational cash flow, increase NAV and double total assets, pay regular dividends to shareholders, create employment opportunities, build the AEEI brand and to create a Group that leads in both profits and sustainable business practices.

One of AEEI's key material matters is to create sustainable value for all of its stakeholders and to integrate sustainable development into its strategy, governance, management and reporting, with the strategic objective of reducing our negative impact on the environment. AEEI's financial strategy is to grow through acquisitions and to leverage the existing portfolio by maximising the net asset base and improving cash generation, thereby growing income sustainably and managing its costs. The Company's strategic approach to risk is to regularly assess whether the risk process is effective in identifying and evaluating risks.

GOVERNANCE

At AEEI, our governance structures and processes ensure that our business is well-managed and controlled. We have an inclusive strategy review process which considers the risk and opportunities connected to the broader context in which we operate. Our sound corporate governance and ethics processes ensure that we deliver against our strategy to create long-term value for our stakeholders. To achieve sustained value, we need to establish and maintain trust with our stakeholders.

We have adopted a stakeholder-inclusive approach on the execution of our governance role and responsibilities and we are guided by our commitment to the principles of King IV™ recommendations which are entrenched in our policies, internal controls, terms of reference and procedures and processes. For more information on how the Company has applied the principles of King IV™, see our report on <http://aeei.co.za/king-iv-on-corporate-governance/>.

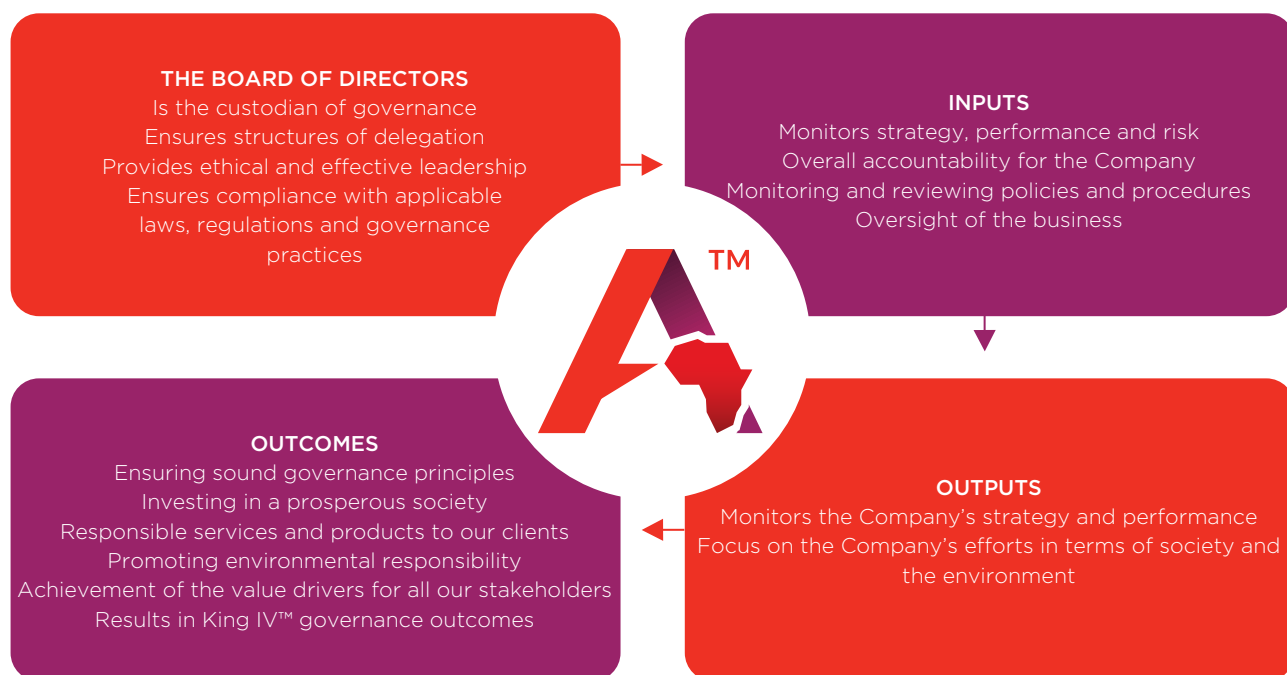
A SNAPSHOT OF OUR CORPORATE GOVERNANCE REPORT

This year, we have chosen to provide a summarised overview of our corporate governance report, reviewing the main focus areas that impact on value creation and briefly outlining our strategic response. More detailed information on our governance policies and activities is provided in the following online reports:

- Corporate governance report
- Audit and risk committee report
- Remuneration report
- Sustainability report

CUSTODIANS OF GOVERNANCE

Primary governance roles and collective responsibility



STATEMENT OF COMPLIANCE AND COMMITMENT

The Board is pleased to report that during the year ended 31 August 2020, the Company has fully complied with the provisions as set out in its Memorandum of Incorporation (MOI), the Companies Act, JSE Listings Requirements and all relevant legal and regulatory laws.

The Board is committed to the highest standards of ethics, governance and business integrity and has adopted an integrated approach to managing the Group. This ensures that the governance structure actively identifies, communicates on and responds to material matters that impact on the Group's capacity to create value. The Board believes that it has addressed all material matters appropriately and that it fairly represents the integrated performance of the Group. The Board continuously reviews the Group's governance structures and processes to incorporate and accommodate new corporate developments, to facilitate effective leadership, to provide sustainable corporate citizenship in support of the Group's strategy, and to reflect national and international corporate governance standards, developments and best practices.

APPLICATION OF AND APPROACH TO KING IV™

In supporting King IV™, the Board is the custodian of corporate governance for the Company and ensures that directors:

- lead ethically and effectively;
- support an ethical culture;
- set the strategic direction for the Group for the year ahead;
- approve policies and planning; and
- administer and monitor the Group's risk and opportunities, strategy, business model, performance and sustainable development.

AEEI has applied all the principles of King IV™. A statement of AEEI's application of the principles of King IV™ is available on www.aeei.co.za/king-iv-on-corporate-governance/.

RISKS RELATED TO OUR ACTIVITIES

The Board has delegated the management of risk to the audit and risk committee and is committed to effective risk management in pursuit of the Group's strategic objectives with the aim of growing shareholder value sustainably. In our material matters, our key risks and opportunities represent the issues that have the most impact on our ability to create sustainable value for our stakeholders. As new trends and developments shape the macro-economic environment, our themes have remained consistent over the past few years and have been amended to reflect the impact of COVID-19 where relevant.



A key component of the audit and risk committee was to review the top material risks that the Group faces in order to respond to new and emerging risks and to ensure alignment with regulatory changes as well as best practice. In doing so, the committee took stakeholder needs into account, including corporate governance principles, risk trends, global trends and external dynamics.

The Group's risk management approach continues to evolve and we continue to define risks as events that may impact our ability to deliver sustained value creation for our stakeholders. Our value creation strategy depends on management being able to leverage opportunities and the associated risks without jeopardising the direct interests of our stakeholders. With our sound management of risk, we are able to anticipate and respond to operating changes as well as make decisions under conditions of uncertainty.

Our risk management process is designed to proactively and effectively assess, identify, quantify and mitigate events, by providing us with reasonable assurance that our strategic objectives will be achieved through both the potential positive and negative effects of the risk.

**Refer to the governance of risk management section of the online corporate governance report for further information on the above risks.*

WHO GOVERNS US



Aziza Amod (58)
Non-executive chairperson
Appointed: 12 November 2012



Willem Raubenheimer (61)
Lead-independent non-executive director
BCom (Hons) CA(SA)
Diploma in Forensic Accounting
Appointed: 9 July 2020



Valentine Dzvova (37)
Chief executive officer
CA(SA) ACMA, CGMA
(Charter Global Management Accountant)
Certified Internal Auditor
Post Graduate Diploma in Accounting
BCom Accounting
Appointed: 12 March 2020*



Jowayne van Wyk (34)
Chief financial officer
CA(SA), BAcc (Hons), BCom,
SA/ICA Independent Reviewer Certificate
Appointed: 1 August 2020**



Ismet Amod (64)
Non-executive director
National Diploma in Civil Engineering
Appointed: 21 January 2019



Gaamien Colbie (31)
Non-executive director
BTech Cost and Management Accounting
Appointed: 30 August 2019



Bongikhaya Qama (43)
Independent non-executive director
Project Management; Finance for Non-Financial Managers Certificate; Customer Relations Certificate; Facilitation and Data Management Certificate
Appointed: 2 July 2020



EXPERTISE

- Leadership
- Finance
- Compliance and governance
- Risk and opportunity management
- Taxation

- Asset management
- Technology and information governance
- Environmental sustainability
- Human resources - people management and remuneration
- Mergers and acquisitions



*Previously acting chief executive officer

**Previously an independent non-executive director

WHO LEADS US AT AEEI



Valentine Dzvova Chief executive officer

During the year under review, Valentine took over from Khalid Abdulla and was responsible for leading the implementation and execution of the approved strategy, policy and operational planning. She served as the chief link between management and the Board and is accountable to the Board.

Valentine is responsible for aiding the achievement of performance goals, objectives and targets as well as maintaining an effective management team and management structure. She continued with the implementation of the Group's Vision 2020 Vision strategy as approved by the Board. She reviewed the annual business plans and budgets that support the Company's long-term view and made recommendations thereon. Valentine ensured that the appropriate policies were formulated and implemented to guide activities across the Group and ensured that effective internal organisation and governance measures were deployed. She also steered the Company to respond adequately to the challenges posed by COVID-19.

A succession plan is in place for the CEO in the event of unplanned leave or planned resignation. (📄 – Principle 10)

- Valentine Dzvova was appointed as the acting chief executive officer effective 12 March 2020 and took on the permanent role as of 1 July 2020.
- Jowayne van Wyk was an independent non-executive director and chairman of the audit and risk committee from September 2019 and took up the role of chief financial officer effective 1 August 2020.

Non-executive directors are given no fixed-term appointments and all directors are subject to retirement by rotation in terms of the Company's MOI.

Executive directors are subject to a 3-month notice period.



Jowayne van Wyk Chief financial officer

During the year under review, Jowayne took over from Chantelle Ah Sing. He assisted the Board to protect and manage the Company's financial position with the assistance of the audit and risk committee.

He supervised and reviewed the financial statements to ensure they are fairly presented and contain the requisite disclosures. Jowayne plays the overseer role to ensure the appropriate internal controls and regulatory compliance policies and processes are in place and that non-financial aspects relevant to the business of the Company were identified.

The audit and risk committee confirmed that the Company has, with consideration to all entities included in the consolidated Group IFRS financial statements, established appropriate financial reporting procedures and that those procedures are operating to ensure that it has access to all the financial information of the Company to allow AEEI to effectively prepare and report on the financial statements.

The audit and risk committee has considered and is satisfied that the finance department has the appropriate expertise and is adequately resourced. (📄 – Principle 10)

PREScribed OFFICER

Valentine Dzvova is the prescribed officer of the Company. The prescribed officer is required to perform her function and exercise her duties to the same standard of conduct applicable to all directors and is subject to the same liability provisions applied to directors.

Since her appointment, she exercised executive control over the management of the Group's subsidiaries and regularly participated in the exercise of general executive control of the Group's business units and activities.

She is not remunerated separately for this function.

COMPANY SECRETARY

Damien Terblanche is the company secretary and is accountable to the Board.

During the year, the company secretary:

- Provided guidance to the directors in terms of their duties, responsibilities and powers as well as their responsibilities and liabilities under the Companies Act.
- The Board was made aware of changes to any relevant law affecting the Company.
- Prepared Board packs and recorded detailed minutes of meetings.
- Ensured that Board and committee meetings and the AGM of the Company were conducted in a proper and orderly manner.
- Disclosed the corporate actions, SENS announcements and directors' dealings in securities and ensured compliance with the JSE Listings Requirements and the Companies Act.

The Board has considered the competence, qualifications and experience of the company secretary and is satisfied that they are appropriate. All directors have unlimited access to the services of the company secretary. The company secretary's appointment and removal is a matter for the whole Board.

The Board is satisfied that an arm's length relationship exists between the company secretary and the Company, as he is not a member of the Board, is not involved in the day-to-day operations of the Company and is not a prescribed officer.

STRATEGIC FOCUS AREAS OF THE EXECUTIVE COMMITTEE

Key focus areas of the executive committee:

- Developing the Group's strategy and budget for the Board's approval
- Managing the day-to-day operations of the Company
- Executing the strategic plan once agreed by the Board
- Assuming overall responsibility for the growth and performance of the Group
- Providing assurance to the Board in relation to overall performance and risk management
- Being the custodian of good corporate governance
- Providing strategic guidance and input to the subsidiaries in the Group
- Monitoring and managing the capital requirements and allocating and investing the Company's resources
- Providing strategic and operational support to subsidiaries in the Group
- Managing the investment portfolio of the Company in line with the Company's investment strategy
- Ensuring that the Company is a respected corporate citizen

The key focus areas for the Company are comprehensively addressed throughout this report.

SIGNIFICANT CHANGES DURING THE YEAR

The most significant changes during the year under review were the appointments of the CEO, Mrs Valentine Dzvova and CFO, Mr Jowayne van Wyk as well as the appointment of the joint external auditors, Crowe JHB and THAWT Inc.

CHANGES TO THE BOARD

Khalid Abdulla resigned as the chief executive officer effective 12 March 2020 to take up the position of deputy chairman within the Group. Valentine Dzvova was appointed as the acting chief executive officer effective 12 March 2020 and took up the permanent position on 1 July 2020.

Moloboheng Mosia and Advocate Dr Ngoako Ramatlhodi voluntarily elected to step down from the Board at the AGM of the Company which was held on 16 April 2020.

With a focus on growing the Board's independence, Bongikhaya Qama was appointed as an independent non-executive director effective 2 July 2020, and Willem Raubenheimer was appointed as the lead independent non-executive director effective 9 July 2020, replacing Jowayne van Wyk. Chantelle Ah Sing resigned as the chief financial officer after a 10-year tenure with the Group on 31 July 2020 to pursue her higher education and other personal interests. Jowayne remained on the Board in an executive capacity as the chief financial officer, effective 1 August 2020.

The Board remains mindful of the possible loss of intellectual capital as a result of the resignations of the long-standing executive directors. With a focus on our intellectual capital and maintaining our social and relationship capital, the Board sought to maintain some relationships in an advisory capacity, to ensure that we can draw on their wealth of experience and input when needed.

Following the changes to the Board during the year, we believe that we have the right team to guide the Company into the future. For more information regarding the current composition of the Board, refer to page 52 of this report.

OUR GOVERNANCE FRAMEWORK

The Board is the principal decision-maker and has an oversight role in terms of carrying out our strategic objectives. The governance framework supports the Company's strategic matters. This flows to the subsidiaries and divisional levels to ensure that the business is provided with a structure within which management can operate effectively.

The Board plays a pivotal role in strategy planning and has established clear KPIs to measure the strategic objectives of the Company. The Board ensures that its sound governance framework will enhance good corporate governance, improve internal controls and enhance the Company's performance.

The Board assumes collective responsibility for the performance of the Company and for:



The Board is supported by various committees and the executive management team with clear terms of reference to assist in discharging its responsibilities. The Board is responsible for the strategic direction of the Group's and the Company's governance framework.

RESPONSIBILITIES OF THE BOARD

As recommended in King IV™, the Board works to fulfil its primary governing roles and responsibilities, namely to:

- approve policy and planning;
- provide oversight and monitoring; and
- set and steer the strategic direction.

The Board has committed to fulfilling the following responsibilities:

- Delegate the management of the Group to the executive management team.
- Ensure compliance with appropriate legislation (including regulations) and appropriate best practices.
- Govern disclosures in order that stakeholders can assess the performance of the Group effectively.
- Ensure that a robust strategy is in place and executed by management.
- Oversee the management of technology and information.
- Oversee the risk management function.
- Protect the interests of the Group's stakeholders and ensure responsible, fair and transparent employee practices.


OBJECTIVES OF THE BOARD

The Board is constituted in terms of the Company's MOI and in line with King IV™. 


The Board is the principal decision-maker and is supported by various committees and the executive management team. Board members accept responsibility as custodians of governance within the Group. The Board members bring diversity to Board deliberations and create sustained value by constructively challenging management.

The Board is responsible for the strategic direction of the Group and the Company's governance framework. The governance framework supports the Company's strategic focus areas. The Board's governance oversight is guided by its commitment to its responsibilities and governance objectives. The following objectives provide a mechanism to evaluate and measure performance in terms of King IV™ principles and outcomes.


Leadership, ethics and corporate governance

The Board sets the tone to lead the Group ethically, responsibly and effectively. This ensures that Board members act independently in terms of decision-making, competence, diligence and inclusivity with the necessary awareness and insight. The Board ensures that the Group plays a pivotal role in society.  – Principles 1–3)


Governance areas

The Board provides leadership and vision to the Group to sustain growth and delivery on our strategic focus areas and purpose for all stakeholders.  – Principles 11–15)

Governing structures and delegation

The Board provides guidance and oversight to the Group on the management of risk compliance, remuneration governance as well as enterprise risk management to fully support the good governance practices.  – Principles 6–10)

Strategy, performance and reporting

The Board takes responsibility and accountability for the performance of the Group. It also supports the Group in setting its purpose and achieving its strategic objectives.  – Principles 4–5)

Stakeholder relationships

The Board ensures a stakeholder-inclusive approach.  – Principles 16–17)

BOARD COMPOSITION AND SKILLS

The Board comprises an appropriate balance of knowledge, skills, experience, diversity and independence to discharge their duties effectively and objectively.

KNOWLEDGE, SKILLS AND EXPERIENCE

Well-diversified Board to add value to the Group.

The Board determines the required composition of skills in response to the rapidly changing environment. Having the appropriate mix of skills and experience ensures that the Board is well-equipped to guide the Company's strategy and creating value.

BOARD SKILLS REQUIRED

During the year, the Chairperson led a review of the Board's composition, with a specific focus on diversity, skills, experience and expertise, having regard to the Company's strategy, purpose, changing external environment and future prospects.

The analysis revealed potential areas where Board skills can be enhanced. These areas of expertise will be addressed through suitable training in due course.

BOARD EFFECTIVENESS

At present, AEEI has seven Board members. The size gives the Board adequate membership for its five committees while maintaining adequate levels of independence. It also ensures the Board and management capacity and time to guide the Group's strategy. Ever-changing issues facing companies make it essential to look at the agenda items of the Board to ensure that it stays aligned with good governance and ethics, and meets current needs, best practice and matters of strategic importance.

Our Board and committees are monitored annually for effectiveness and transparency. The internal valuations of the Board and committees are done annually. Decisions are reviewed for the value that they add to the Company. Having regard to the findings, it was concluded that the Board and committees operate efficiently, openly and transparently, and there is a good level of discussion between members and attendees. The findings addressed some areas for improvement which will be addressed appropriately.

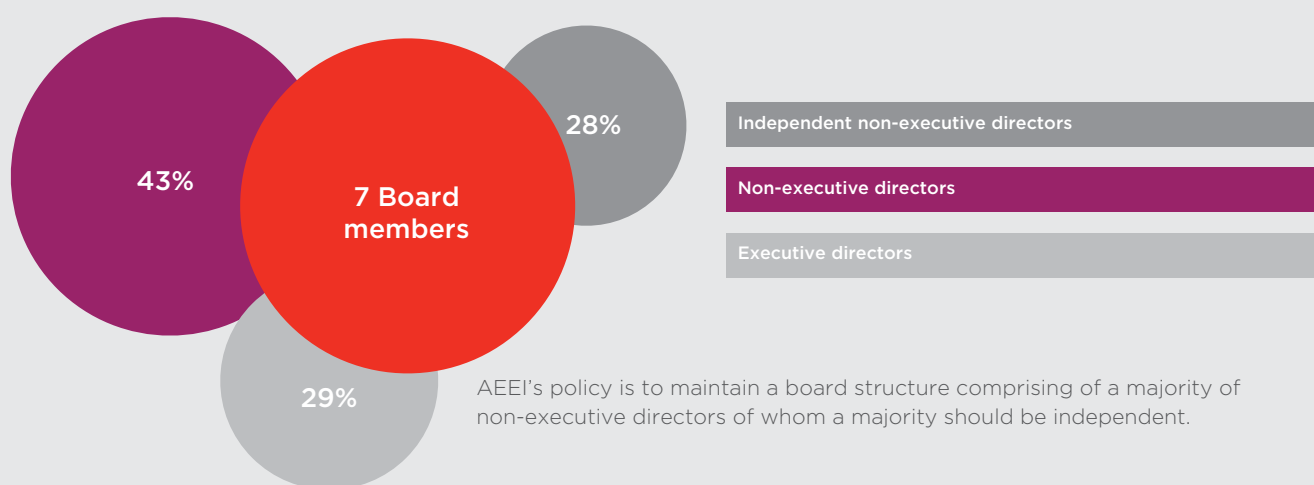
INDEPENDENCE

Protecting the interest of all shareholders.

The majority of Board members are non-executive directors in compliance with .

Non-executive directors bring independent judgement and experience to the Board's deliberations and decisions, with the structure of the Board ensuring that no one individual or group of individuals has unfettered powers of decision-making.

EXECUTIVE AND NON-EXECUTIVE DIRECTORS %



BOARD DIVERSITY

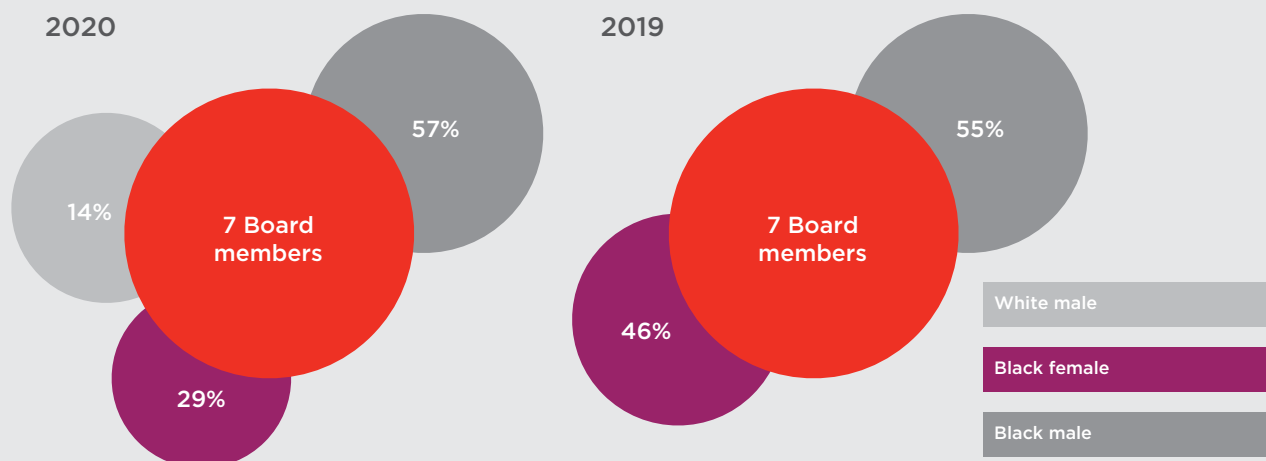
AEEI is committed to promoting diversity at Board level. We remain transformed and continue to meet our diversity targets. In line with the JSE Listings Requirements and King IV™, the Board replaced its Race and Gender Diversity Policy with a Broader Diversity Policy which is more inclusive. This policy was adopted on 11 June 2020 and a copy may be obtained from the company secretary.

The results of our Board diversity are listed below:

Promotion of Diversity at Board Level %

2020 %	2019 %	
86	100	Voting rights of black board members
29	43	Voting rights of black women board members
100	100	Black executive members
50	100	Black women executive members
43	43	Black independent non-executive board members

Board demographics %

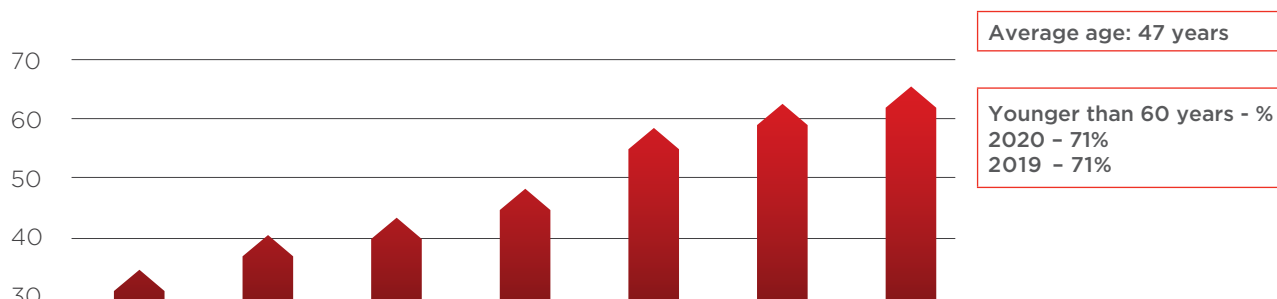


AEEI's policy – Considers and promotes the validity of the voluntary diversity targets having due regard for the demographics of South Africa and the Group's customer profile. In considering new appointments, the nominations committee considers the Board's current composition in respect of the voluntary diversity targets as well as gaps identified in the Board's fields of knowledge, skills and experience.

BOARD TENURE AND EXPERIENCE

Executive and non-executive directors' age

AGE (YEARS)



Non-executive time on the Board

< 1 YEAR	4
1-3 YEARS	2
5-8 YEARS	1

AEEI's policy – Non-executive directors must retire by rotation at the AGM or after nine years of being on the Board as a non-executive director. The staggered rotation of members ensures the introduction of new expertise and perspectives, retaining valuable industry knowledge, skills and experience while maintaining continuity.

ETHICAL AND RESPONSIBLE LEADERSHIP

The Board assumes ultimate responsibility for the Group's ethical performance and adherence to human rights principles. The Board provides effective leadership based on a principled foundation. Responsible leadership, instilled by the values of responsibility, transparency, accountability and fairness, has been a defining characteristic of the Company since inception. The Company's fundamental objective has always been to do business ethically while building a sustainable company that recognises the short- and long-term impacts of its activities on the economy, society and the environment.

The continued enhancement of the Group's ethical culture remains top of mind through relevant Board committees and executive management, especially against the backdrop of various commissions of inquiry, state capture, and corporate failures. In addition, due to material matters, such as the impact of the fourth industrial revolution, a challenging macroeconomic environment increases the emphasis on treating stakeholders fairly and the fight against corruption. This responsibility is delegated to executive management.



BOARD ACTIVITIES IN 2020

The Board uses its quarterly meetings as a mechanism for discharging its duties in terms of the JSE Listings Requirements, Companies Act and King IV™ as well as monitoring the strategic direction and the Company's approach to risk management.

Performance against strategic objectives

At each Board meeting, the CEO provides an update on the progress made against the Company's strategic objectives.





Board committee updates

The chairs of the various Board committees provide verbal reports to the Board regarding the actions of their respective committees as well as the material matters arising from their latest meetings.

Corporate reports

Based on the corporate reports, the Board oversees and monitors the Company's performance.

During the year, the Board and its various committees discussed, monitored and oversaw the Company's performance and key strategic initiatives:

-  Effective control
-  An ethical culture
-  Good performance
-  Legitimacy

TIMELINE

SEPTEMBER TO DECEMBER 2019	JANUARY TO APRIL 2020	MAY TO AUGUST 2020
<ul style="list-style-type: none">• Approved the annual financial statements and final dividend• Approved the 2019 integrated report• Approved online suite of reports• Appointed new Board members• Discussed the reappointment of the external auditors	<ul style="list-style-type: none">• Held the AGM• Appointment of external auditors• Resignation of Board members• Appointment of new Board members• Discussed the impact of COVID-19 on the business• Discussed and approved the updated strategy	<ul style="list-style-type: none">• Approved interim results and dividend declaration• Potential dilution of AEEI shareholding in Bowwood and Main No 180 (Pty) Ltd• Trading statement and restatement of prior period interim results• Appointment of new Board members• Reconstitution of committee members• Approved the 2021 budget

OUR APPROACH TO COMPLIANCE

The audit and risk committee is responsible for reviewing the compliance with legal, regulatory, codes and other standards, and continually monitors the implementation of the legal compliance processes. The audit and risk committee is satisfied that it has complied with all its legal, regulatory and other responsibilities during the year.

LEADING FROM THE TOP DOWN

Our culture, values and governance is set and supported by the Board and management. All employees in the Group embrace our culture in the organisation. As a result of the COVID-19 pandemic, we revisited our culture and the “new world of work” and digital transformation.


CONFLICTS OF INTEREST

Directors may accept other Board appointments, provided that any potential conflicts are considered and disclosed appropriately, are managed, and that the appointments do not conflict with the Group and/or adversely affect the director’s duties. Any proposed Board appointment must be agreed upon with the chairperson prior to the director accepting such appointment.

Directors and officers are also required to inform the Board timeously of conflicts, or potential conflicts of interest that they may have in relation to particular items of business or other directorships. At the start of each Board meeting, the chair requests Board members to declare any actual and/or potential conflict of interest with matters to be considered at that meeting. A register of director’s interest in and outside the Company are maintained and signed by the relevant director.

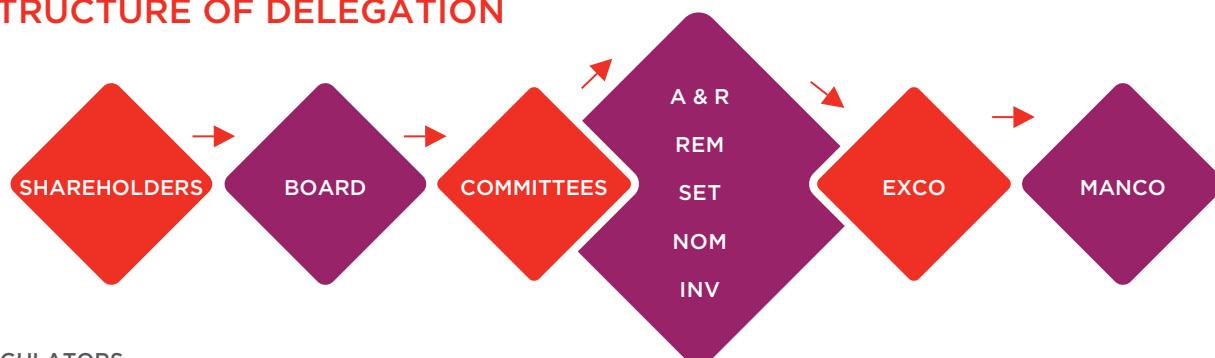
A director or prescribed officer is prohibited from using their position or confidential price-sensitive information to benefit themselves or any related third party.

RESPECTED CORPORATE CITIZENSHIP

The Board and management recognise that AEEI is an economic entity as well as a corporate citizen and that it has a social and moral standing in society with all the attendant responsibilities. Further information is provided in the AEEI sustainability report available online at www.aeei.co.za/integrated-report.  – Principle 3)



STRUCTURE OF DELEGATION



REGULATORS

A & R	Audit and Risk Committee	REM	Remuneration Committee	NOM	Nominations Committee
SET	Social, Ethics and Transformation Committee			INV	Investment Committee

OVERVIEW OF OUR COMMITTEES

Board of directors – chairperson – Mrs Aziza Amod				
Audit and risk committee	Remuneration committee	Social, ethics and transformation committee	Nominations committee	Investment committee
Chairman: Mr Willem Raubenheimer	Chairperson: Mrs Aziza Amod	Chairperson: Mr Ismet Amod	Chairperson: Mrs Aziza Amod	Chairperson: Mr Gaamien Colbie
The audit and risk committee's primary purpose is: <ul style="list-style-type: none"> to ensure the integrity of the financial statements; to oversee the effectiveness of the internal financial controls; and the internal and external audit function. 	The committee was established: <ul style="list-style-type: none"> to assist the Board with the monitoring of the Group's remuneration practices; and perform the statutory functions as required in terms of King IV™, the JSE Listings requirements and the Companies Act. 	The social, ethics and transformation committee is: <ul style="list-style-type: none"> committed to sustainable development; is therefore responsible for ensuring that the Group conducts its operations in an ethical manner; and that it meets existing needs without compromising the ability of future generations to meet their needs. 	The nomination committee is: <ul style="list-style-type: none"> the custodian of appointments to the Board; and assists the Board in identifying suitable candidates for appointment for election by the shareholders at the AGM. . 	The committee has an independent role: <ul style="list-style-type: none"> operating as an overseer; making recommendations to the Board for its consideration and final approval in terms of investment opportunities; and ensuring that investments are adjudicated to ensure that they are both a strategic fit with synergistic benefits to the current level of return, with a reasonable payback period based on the specific industry.

The full role, responsibilities and focus areas for the year under review for each committee are comprehensively addressed in the full corporate governance report, available on www.aeei.co.za.

	Name AEEI Shareholding	Designation Major directorships	NOM	A&R	REM	SET	INV
EXECUTIVE	Valentine Dzvova# 0%	Chief executive officer Saab Grintek Defence (Pty) Ltd British Telecommunications South Africa (Pty) Ltd Premier Fishing and Brands Ltd Orleans Cosmetics (Pty) Ltd Magic 828 (Pty) Ltd Ribotech (Pty) Ltd Bioclones (Pty) Ltd espAfrika (Pty) Ltd AfriNat (Pty) Ltd Tripos Travel (Pty) Ltd					
	Jowayne van Wyk# 0%	Chief financial officer Rexcore Innovations (Pty) Ltd Your Service Specialist (Pty) Ltd					
NON-EXECUTIVE DIRECTORS	Aziza Amod 0%	Non-executive chairperson Premier Fishing and Brands Ltd AYO Technology Solutions Ltd Health System Technologies (Pty) Ltd Orleans Cosmetics (Pty) Ltd Magic 828 (Pty) Ltd					
	Willem Raubenheimer# 0.12% Direct and indirect	Lead independent non-executive director Ticoma Petroleum (Pty) Ltd Zudotrix (Pty) Ltd Bledlow Investments (Pty) Ltd					
	Ismet Amod# 0.04% Direct	Non-executive director Premier Fishing and Brands Ltd AYO Technology Solutions Limited Sekunjalo Independent Media (Pty) Ltd Independent Media (Pty) Ltd Ribotech (Pty) Ltd Bioclones (Pty) Ltd AfriNat (Pty) Ltd Siemens (Pty) Ltd					
	Gaamiem Colbie 0%	Non-executive director Brightside Consulting (Pty) Ltd Property 360 (Pty) Ltd AEEI Corporate Finance (Pty) Ltd Independent Media (Pty) Ltd Loot Online (Pty) Ltd 3 Laws Capital (Pty) Ltd					
	Bongikhaya Qama# 0%	Independent non-executive director South African National Civic Organisation Genutek (Pty) Ltd					



Chairman



Committee member

Standing for election/re-election at the Company's next AGM on 25 February 2021.

- The above does not take into account the resignation of Ms M Moloboheng and Advocate Dr N Ramatlhodi who did not make themselves available for re-election at the AGM on 16 April 2020.
- In addition, it does not take into account the resignation of Mr K Abdulla and Ms C Ah Sing during the financial year.

NOM

Nominations Committee

A&R

Audit and Risk Committee

REM

Remuneration Committee

SET

Social, Ethics and Transformation Committee

INV

Investment Committee

The Nominations Committee is mandated to make judgements on whether directors are overcommitted in terms of board positions. This enables directors and executives to meet their commitments and effectively discharge their duties.

BOARD AND COMMITTEE ATTENDANCE

	BOARD	A & R	REM	SET	NOM	INV
Total number of meetings	3	3	2	2	4	3
A Amod	3		2		2	3
V Dzvova	2					2
J van Wyk	3			2		2
I Amod	1	2*	1	2	4	
G Colbie	3	3	2		4	3
B Qama	3	3		2		
W Raubenheimer	1	1				

COMMITTEE APPOINTMENTS DURING THE YEAR

- *J van Wyk was the chairman of the audit and risk committee until the appointment of W Raubenheimer and also chaired the investment committee until 11 August 2020.
- W Raubenheimer was appointed to the audit and risk committee on 9 July 2020.
- I Amod was appointed to the remuneration and the social, ethics and transformation committees on 6 August 2020.
- B Qama was appointed to the social ethics and transformation committee on 6 August 2020.
- V Dzvova was appointed to the investment committee on 6 August 2020.
- G Colbie was appointed as the chairman of the investment committee on 11 August 2020.

ATTENDANCE

All directors attended 100% of the meetings of the Board and the committees on which they served during the 2020 financial year. Board and committee meetings were held in line with the Group's financial reporting cycle.

POST-BALANCE SHEET EVENTS

Saab Grintek Defence (Pty) Ltd ("SGD") exercised its call option on the 25% plus 1 share ("Subject Shares") the Group held in SGD in line with agreements signed in 2015 when the Group acquired the investment in SGD. The Subject Shares were held, prior to their disposal, by Bowwood and Main no. 180 (Pty) Ltd ("Bowwood"), a 60% subsidiary of AEEI.

The disposal of the Subject Shares is a category 1 transaction in terms of the JSE Listings Requirements, requiring the issuance of a circular ("Circular") to AEEI shareholders calling for a general meeting of shareholders to obtain approval for such disposal.

Due to the legally binding agreements entered into in 2015 not making provision for shareholder approval by AEEI, Bowwood had no option but to dispose of the Subject Shares as per the aforementioned agreements, notwithstanding that AEEI itself needs to obtain shareholder approval. A failure or refusal by Bowwood to do so would have exposed Bowwood to a substantial damages claim for breach of contract. The disposal of the Subject Shares has thus taken place. This process took place and was concluded on 3 December 2020.

AEEI however, in terms of good corporate governance, will comply as far as possible, with the JSE Listings Requirements despite Bowwood disposing of the Subject shares prior to AEEI obtaining approval from its shareholders and in this regard is preparing the Circular.

On 6 September 2020, AYO withdrew its funds from the Cadiz Life Investment Enterprise Development Fund ("Cadiz"). The funds will be utilised by AYO as part of its entrepreneurship development expenditure into small-to- medium-sized enterprises in the information, communication, and technology sector for B-BBEE compliance.

AYO withdrew R200m from the Bank of China on 8 October 2020, and R100m on 28 October 2020. The withdrawn funds were invested with Ninety One Fund Managers SA (RF) (Pty) Ltd ("Ninety One"). The funds with Ninety One will be utilised to invest in the money market. At the time of issue of the financial results, AYO had invested funds of R520m with Ninety One.

OUR PERFORMANCE

OUR KEY PERFORMANCE INDICATORS (KPIs)

FINANCIAL KPIs	2020 TARGET	2020 ACHIEVEMENT	2021 TARGET
Revenue growth	20% increase in revenue growth	44.18%	*Decrease of less than 30%
Normalised profit before tax	20% increase in operating profit	104.65%	15% increase in operating profit
Net cash from operating activities	15% increase in cash flows	39.47%	20% increase in cash flows
Increase net asset value	20% increase in net asset value	(3.25%)	5% increase in net asset value
Growth in total assets	Grow total assets by 20%	233.33%	Grow total assets by 15%

**Note: The impact of the COVID-19 pandemic has been significant during the year under review including the loss of the Sasol contract as well as the once-off Sizwe contract.*

NON-FINANCIAL KPIs	2020 TARGET	2020 ACHIEVEMENT	2021 TARGET
B-BBEE	Retain Level 1 status	Level 8	*Level 6
Stakeholder relations	Increase stakeholder communications through various platforms	Increased communication to all stakeholder groups	Increase communication to stakeholders
Employee training and development	Continue with training and development	38 employees undertook training at AEEI	Continue with training and development

**Note: The decrease in our B-BBEE accreditation is due to the reconfiguration of the Company to an investment entity as well as the impact of the COVID-19 pandemic as the Company was unable to fulfil its corporate social responsibility and enterprise initiatives.*

September												October											
6	7	8	9	10	11	12		4	5	6	7	8	9	10									
13	14	15	16	17	18	19		11	12	13	14	15	16	17									
20	21	22	23	24	25	26		18	19	20	21	22	23	24									
27	28	29	30					25	26	27	28	29	30	31									

DELIVERING ON OUR STRATEGY

CREATING STAKEHOLDER VALUE		
FINANCIAL		
KPIs	DELIVERING ON OUR STRATEGY	HOW WE GOT THERE
<ul style="list-style-type: none"> • Increase revenue steadily year on year • Increase operating profit steadily year on year • Continued steady growth in assets year on year • Pay regular dividends • Steady organic growth increase year-on-year • Acquire new operational companies in fishing and brands and information technology • Acquire new strategic investments 	<ul style="list-style-type: none"> • Increased revenue • Increased profit • Increased assets • Increased cash generation • Increased net asset value (NAV) • Paid regular dividends to our shareholders • Maintained and improved on our sustainable and well-governed organisation • Grew the businesses organically • Increased operational companies in the fishing and brands division through the acquisition of Talhado Fishing Enterprises when Premier listed on the JSE • We continue to research and identify potential acquisition targets that will be approached at the right time • The technology division has grown through acquisitions which have been well publicised with the most recent being the acquisition of Kathea Communications (Pty) Ltd and Kathea Energy (Pty) Ltd • Increased equity in new and existing strategic investments 	<p>We optimised our capital by investing strategically and created sustained value for our stakeholders</p> <ul style="list-style-type: none"> • We secured capital in a constrained environment, operated efficiently and responsibly • We discussed and approved funding of the Company's investment portfolio and growth opportunities • Monitored the Company's investment strategy • We discussed and implemented the allocation of financial capital • Approved dividend payments to shareholders • We monitored currency volatility and took action accordingly to minimise any potential impact • We looked at interventions to improve operational sustainability • We implemented financial and human capital with the objective of optimising our resources

NON-FINANCIAL		
KPIs	DELIVERING ON OUR STRATEGY	HOW WE GOT THERE
<ul style="list-style-type: none"> • Employee retention • Employee development plans • Gender and race equality and diversity • Further develop and promote skills development • Employment equity • Profile the Company regularly • Communicate regularly with stakeholders • Advertise regularly • Present regularly to market analysts and institutions • Improve overall Company image 	<ul style="list-style-type: none"> • Attracted quality employees • Retained employees • Improved gender and race equality and diversity • Improved employment equity • Rolled out employee development plans • Built the AEEI brand through online platforms • Enhanced brand recognition through various platforms • Protected AEEI's reputation and value • Increased brand visibility 	<ul style="list-style-type: none"> • We continuously reviewed our brand reputation through living our purpose and engaging with our stakeholders • We profiled the Company through various platforms • We protected AEEI's reputation and value and increased brand visibility • We invested in our human capital • We approved the restructure of the business processes to enable service excellence despite the impact of COVID-19 • We retained all employees in the Group despite the impact of COVID-19 on the businesses • We engaged talent by harnessing our employee skills and abilities • We invested in employee training and initiatives • We continuously monitor transformation at all levels in the Group • We monitored transformation and employment equity • We continued to improve on gender and race diversity in the Group

VISION 2020 VISION – EXCELLENCE IN DELIVERY OVER 5 YEARS

In 2015, the Board of directors led by the CEO set its Vision 2020 Vision with clear deliverables and delegated the action plans to the Group's executive management team for implementation.

One of the key strategic objectives was to create sustainable value for all its stakeholders and to integrate long-term sustainable development into its strategy, governance, management and reporting, with the added objective of improving the impact on the environment. The financial strategy was to grow organically and through acquisitions and to leverage the existing portfolio by maximising the net asset base and improving sustainable profits and cash generation, thereby growing income sustainably while managing its costs.

The strategic approach to growth was to regularly assess whether the risk process was effective in regularly identifying and evaluating the portfolio and to determine whether the business operations have managed the risks in line with the Group's strategy while considering mitigation action and the overall sustainability of the business.

AEEI's philosophy, business model and investment approach resulted in it acquiring control of the majority of its operational investments as well as holding a significant minority stake in its strategic investments. This enabled the Company to add value through its extensive expertise and networks, while promoting a cascading entrepreneurial culture from management down to all our employees. Through our assets and investments, we drove the businesses to become efficient on a sustainable basis, which generated revenue, cash flow and dividends to support the Group as a whole.

The following high-level KPIs were set in 2015 in terms of Vision 2020 Vision:

- Double revenue
- Increase operating profit substantially
- Increase NAV significantly
- Substantially increase or double total assets
- Regularly pay dividends to shareholders
- Create medium- to long-term shareholder value
- Develop positive director and stakeholder involvement in the strategy
- Build the AEEI brand
- Create employment and opportunities for employee growth
- Create a Group that leads in both profits and sustainable business practices

AEEI is pleased to announce that it has reached all of its objectives set out in our Vision 2020 Vision strategy which was successfully achieved in the 2019 financial year - Vision 2020 Vision goals year on year from 2015:

- Double revenue growth over a 5-year period or at least by 20% per annum
- Increase net cash flows from operating activities over a 5-year period or at least by 10% per annum
- Double Net Asset Value over a 5-year period or at least by 10% per annum
- Increase Normalised Earnings Before Tax over a 5-year period or at least by 20% per annum

Summary

Vision 2020 Vision was achieved by 2019 as per the table below:

	2015 to 2019 Growth achieved	2019 R'000	2015 R'000	2015 Vision Goal Year on Year Minimum
Double Revenue Growth	254%	2 377 368	672 285	20%
Increase Net Cash Flows from Operating Activities	182%	143 144	50 794	10%
Double Net Asset Value	696%	6 403 691	804 549	10%
Double Total Assets	454%	7 454 311	1 345 471	10%
Increase Normalised Earnings Before Tax	197%	233 055	78 461	20%

	2020 R'000	2015 to 2019 Growth achieved	2019 R'000	2018 R'000	2017 R'000	2016 R'000	2015 R'000	2015 Vision 2020 Vision goal Year-on-year Minimum
Double revenue growth	3 427 579	254%	2 377 368	700 691	576 607	735 769	672 285	20%
Increase net cash flows from operating activities	199 642	182%	143 144	130 814	79 532	75 377	50 794	10%
Double net asset value	6 169 486	696%	6 403 691	5 665 049	2 038 120	1 001 035	804 549	10%
Double total assets	7 211 679	454%	7 454 311	7 362 276	2 822 153	1 691 219	1 345 471	10%
Increased normalised earnings before tax	309 273	197%	233 055	106 403	87 105	86 396	78 461	20%

- Created medium- to long-term shareholder value
- Developed a positive director and stakeholder involvement in strategy
- Built the AEEI Brand
- Created employment and opportunities for employee growth
- Created a Group that leads in both profits and sustainable business practices

CHIEF FINANCIAL OFFICER'S REPORT

STACKING UP THE NUMBERS OF BEING HUMAN

As the newly appointed chief financial officer at AEEL, it is with due respect to my predecessor, Chantelle Ah Sing, and regard to the turbulent year the business world has lately experienced, that I submit my first report.

Having had a non-executive role at AEEL, I am no stranger to the Company's investment into its human capital.



OPERATING IN A DIFFICULT MACROECONOMIC ENVIRONMENT

2020 has been a defining moment in business. With the COVID-19 pandemic triggering a national emergency, we are going through the most radical transformation the world has ever seen. The outbreak of the COVID-19 pandemic has led to a sudden shift in the dynamics of workforce behaviour. While businesses are hitting back at the impact of coronavirus with resilience, operating any business in this climate can be stressful. However, we are all navigating this new normal together, and as we lock arms (virtually) and try to find new ways of working and surviving, the result has been inspiring.

"The secret of change is to focus all of your energy, not on fighting the old, but on building the new." Socrates

South Africa's already ailing economy has been particularly hard hit by the COVID-19 pandemic. In order to overcome this, collaboration between government, business and people will be essential to our economic revival.

Pre-COVID-19, economists had hinted at the country being in a technical recession, which has been exacerbated over the past few months. Currently, South Africa finds itself in a perilous and subdued macroeconomic environment due to years of State Capture, a weak Rand, an inflexible labour market, and a lack of investment into infrastructure and education, which has led to a shortage of the necessary skills that will carry the country forward into the Fourth Industrial Revolution (4IR). This is underpinned by a lack of local and international business confidence in the country and its policies, which have seen our investment rating severely impaired in recent times.

Gross Domestic Product is expected to contract by 7% for the 2020 year. Business confidence is at an all-time low and CEOs of major businesses are expecting an 18- to 36-month recovery period for the economy to return to levels seen in 2019. The rate of unemployment in South Africa stood at 29% pre-COVID-19, and with the lockdown extending beyond five months, this percentage is expected to increase to unprecedented levels, not seen over the past 20 years.

Before the government applied a level 5 lockdown restrictions, the South African Revenue Service (SARS) had already warned stakeholders that they would not reach their 2020/2021 revenue collection target for the fiscal year. Revenue collections declined even further, and relief packages set out by the government have presented more challenges, with a R280bn shortfall expected, even though the South African Reserve Bank has cut the repo rate to provide businesses and consumers relief during these trying times.

AEEL's sustainability and model will have to be resilient, adaptable, and flexible to the "new normal". AEEL, as a diversified investment holding company has in the financial year-ending 31 August 2020, delivered robust results despite the unknown territory we find ourselves in.

COVID-19 – ITS IMPACT NOW AND BEYOND

As a direct result of worldwide lockdowns due to the proliferation and pervasive nature of COVID-19, the business world has been disrupted like never before. This has paved the way for technology to play a dominant role and which has resulted in an accelerated thrust into the 4IR for developed and developing economies.

This is certainly true of South Africa, where remote working has suddenly become the order of the day. With signs of an increase in productivity, many employees preferring to work from home and a reduction/change in cost centres, companies are adapting to operating in a new manner.

However, as aforementioned, not all sectors have been able to adjust, and against the backdrop of an economy that requires a radical overhaul and stimulus, we need to ask the question: Do we (as a country), borrow to improve investments, or make policies more investor friendly to attract foreign direct investment (FDI) into our country?

2020 FINANCIAL OVERVIEW

Key performance indicators	Actual 2020 R'000	Actual 2019 R'000	% Change
Revenue	3 427 579	2 377 368	↑ 44.18
Operating profit (excl. impairments, fair value)	18 892	(97 116)	↑ 119.45
Profit before tax	111 155	(2 388 102)	↑ 104.65
Total assets	7 211 679	7 454 311	↓ (3.25)
AEEI Group net asset value	6 169 486	6 403 691	↓ (3.66)
Group net asset value per share (cents)	1 256.46	1 304.16	↓ (3.66)

Commentary on key indicators

Revenue: Premier Fishing and Brands Ltd experienced a significant revenue reduction of 22% and also struggled to maintain sales margins as a result of the impact of the COVID-19 pandemic and other exogenous factors that affected the fishing industry and markets. Our other businesses also suffered severe margin pressures despite the increased revenue. In the face of adversity and the pressure on margins, AYO Technology Solutions Ltd's (AYO) revenue grew by an impressive 81.2% from R1.6bn to R2.9bn, mainly through acquisitive growth, delivering on the promises made when AYO listed on the JSE in 2017.

DIVISIONAL REVENUE - 2020 IMPACT

Segments	Actual 2020 R'000	Actual 2019 R'000	% Change
Revenue			
- Technology	2 885 214	1 640 903	↑ 75.83
- Fishing and brands	447 403	573 986	↓ (22.05)
- Health and beauty	45 412	42 219	↑ 7.56
- Events and tourism	33 907	79 718	↓ (57.47)
- Corporate	15 643	40 542	↓ (61.42)
Group revenue	3 427 579	2 377 368	↑ 44.18

FISHING AND BRANDS DIVISION

Premier Fishing and Brands Ltd (Premier), the fishing and brands division, was not untouched by the COVID-19 pandemic, which affected their revenue growth. Premier's selling prices came under pressure due to global economies suffering from the economic fallout of this pandemic, and prior to that, the rise in political unrest in the Far East led to a retarded export of seafood. The squid sector remained under pressure, with catch rates decreasing by 47% for the year under review compared to the prior year, primarily as a result of changes in climatic conditions that adversely affected squid reproduction and growth rates, as well as their location.

This had a material impact on revenue for 2020 and affected the Group's margins, which could not be offset by the increase in lower margin revenue growth from the technology businesses.

TECHNOLOGY DIVISION

In the face of adversity and the pressure on margins, AYO's revenue grew by an impressive 81.2% from R1.6bn to R2.9bn, mainly through acquisitive growth, delivering on the promises made when AYO listed on the JSE in 2017.

EVENTS AND TOURISM DIVISION

The events and tourism division's revenue decreased due to COVID-19 restrictions, which led to the cancellation of events and large public gatherings, including the annual Cape Town International Jazz Festival, also known as "Africa's Grandest Gathering". Also, hard hit was the travel business, as airlines were grounded with the cancellation of all non-essential inbound and outbound flights, therefore curtailing corporate as well as leisure travel.

Magic 828, our radio business, is steadily increasing its listenership and due to COVID-19 had to change direction from growing to surviving the pandemic. Advertisement income declined due to businesses reducing their marketing budgets.

HEALTH AND BEAUTY DIVISION

The health and beauty division's revenue increased, with its main contributor being AfriNat (Pty) Ltd (AfriNat), due to the successful supply of COVID-19-related personal protective equipment (PPE) products. Orleans Cosmetics (Pty) Ltd revenue is expected to break even this year, due to suppressed consumer spending on luxury items such as cosmetics and perfumes.

RESEARCH AND DEVELOPMENT DIVISION

Bioclones

This is the biotechnology research division of the Group and has not seen much progress on the DCV project, largely owing to the COVID-19 pandemic and delays by the Department of Trade and Industry.

The facility in Centurion, the production site of erythropoietin, was sold off as the decision was made to no longer invest further resources into biosimilars. This has reduced the overhead expenses drastically.

Ribotech

There has been no progress with the Technology Innovation Agency, and we have not been funded to continue the development of the G-CSF product.

STRATEGIC INVESTMENTS

AEEI's investment in BT and Sygnia has performed above market expectations and complemented the Group's result for the year ended 31 August 2020.

GROUP FINANCIAL POSITION

Summarised balance sheet	Actual 2020 R'000	Actual 2019 R'000	% Change
Non-current assets	2 696 310	2 501 535	↑ 7.79
Current assets	4 515 369	4 952 776	↓ (8.83)
Total assets	7 211 679	7 454 311	↓ (3.25)
Non-current liabilities includes deferred tax liability	287 148	283 628	↑ 1.24
Current liabilities	755 045	766 992	↓ (1.56)
Total liabilities	1 042 193	1 050 620	↓ (0.80)
Group's share of equity	3 199 645	3 315 257	↓ (3.49)
Group's net asset value per share (cents)	1 256.46	1 304.16	↓ (3.66)

Asset base

The AEEI Group maintained a strong total asset base of R7.2bn for the year 2020 and is very well positioned to take advance of potential investment opportunities in the future.

Shareholder returns

Total dividends paid for the year-ended 31 August 2020 was 30c, an increase of 76.5% from 2019.

Our strategic investments

BT and Sygnia have delivered great value for the year ending 31 August 2020 as has increased in value.

CASH FLOW

Cash from operating activities	Actual 2020 R'000	Actual 2019 R'000	% Change
Cash profits from operations	129 387	63 187	↑ 104.77
Working capital changes	(24 673)	(63 880)	↑ 61.38
Cash generated from operations	104 714	(693)	↑ 15 210.25
Net cash from operations	200 651	(143 144)	↑ 40.17

Cashflow

Cashflow from operations increased by 104.77% from the prior year which clearly demonstrates AEEI's ability to create value for shareholders despite the COVID-19 pandemic effect on businesses in South Africa. This was achieved through sacrifices from employees and management's intervention to ensure the sustainability of the business for the future.

FINANCIAL OUTLOOK

AEEI has been fortunate to mitigate much of the fallout from the economic challenges faced as a direct consequence of how the world's governments reacted to the COVID-19 pandemic. This was largely due to our strong growth strategy and the dedicated teams at AEEI, not forgetting the support that we received from all our stakeholders.

Our fishing and brands division remains on track to deliver an improvement in the catch landings in the squid sector, as actual catches for the 2021 financial year are already looking very promising. The Fishing Rights Allocation Process (FRAP) coming up in 2021 may have an impact, but management has addressed this issue with a ground-breaking B-BBEE transaction in Premier Fishing SA (Pty) Ltd, which will see a rights issue comprised of: employees at 20% and a B-BBEE woman-led consortium at 10% that will increase their B-BBEE significantly.

The 4IR is well and truly here, and AYO is well-positioned to take advantage of this evolution – not just in the products and services that it offers to meet the rapid and heightened demand in this sector, but in its training of human capital to cater for this surge.

The work from home and e-Commerce markets have shown to be resilient, with a substantial number of consumers seeing the value of online shopping and working from home. AYO, with its diverse basket of products – which directly addresses this shift – is well-placed to be an ICT partner of choice to help businesses achieve their own goals.

The health and beauty division have withstood the COVID-19 pandemic to deliver positive results in 2020, and the trajectory is looking extremely positive for the 2021 financial year.

LOOKING AHEAD

We are looking forward to a recovery in 2021 for the squid sector after the lowest catch rates were recorded in the last 15 years.

AEEI will continue on growing its technology division through organic and acquisitive growth in 2021.

The health and beauty division appears promising as the hygiene sector will benefit from COVID-19 and will have a great opportunity to increase market share with their organic range of product lines for the agriculture sector.



APPRECIATION

I would like to thank all our employees across the Group, our subsidiaries, business associates and partners as well as our stakeholders who weathered the proverbial storm with us through our commitment to creating sustainable value to shareholders and stakeholders alike.

I would also like to thank our Board of directors and the executive management team for their guidance and support during my first month as CFO.

CONCLUSION

This year, AEEI has demonstrated that it is well-positioned to mitigate risk, flexible enough to change strategic direction in the face of adversity and remains focused on further growth by improving its profitability and delivering greater value to its shareholders.



JOWAYNE VAN WYK
Group chief financial officer

OUR FUTURE OUTLOOK AND PRIORITIES FOR 2021

The AEEI Group continues to nurture its foundation business and looks forward to embarking on its next phase of growth.

Ensure survival and sustainability of the businesses through the COVID-19 pandemic by focusing on operational efficiencies, smart innovation and stringent cash management

Increase revenue and profit

Deliver sustainable growth to shareholders

Leverage the Group's combined synergistic power to further achieve efficiencies

Focus on selective acquisitions in line with the Group's risk appetite

Expand into new markets and grow our businesses through greater collaboration with our associates and strategic partners outside of South Africa and Africa

Further create employment opportunities especially for youth and women

Continue to promote responsible business practices and good corporate governance

Expand product portfolio

Explore joint-venture partnerships

Practice responsible environmental management

REMUNERATION COMMITTEE REPORT AND OUTCOMES



LETTER FROM THE CHAIRPERSON OF THE REMUNERATION COMMITTEE MRS AZIZA AMOD

Dear Shareholders

This report sets out the Group's remuneration philosophy and policy with an emphasis on non-executive and executive directors. It also provides a description of how the policy has been implemented and discloses payments made to non-executive and executive directors during the year as required by the provisions of King IV™. This report will be considered and voted upon at the forthcoming AGM of shareholders on behalf of the remuneration committee.

Championing the King IV™ Code on Corporate Governance and in line with our commitment to fair and responsible remuneration, we continuously review our remuneration policy and practices to ensure that they remain relevant and aligned to our strategy. Stakeholder focus remains on ensuring rewards for performance are aligned with shareholder goals and enhanced disclosure. We are committed to maintaining strong relationships with our shareholders, which is built on trust and a clear understanding of the quantum, rationale and drivers of executive remuneration and that our remuneration policy and the practices have been implemented.

It is fundamental to our core remuneration principles that executive remuneration is aligned to the Group's performance. Our approach to remuneration aligns to our ethics, corporate governance philosophy and shared values – respect and trust, people, integrity, accountability, stakeholders, commitment and investment. Remuneration and reward systems remain sensitive matters, especially in the socio-political environment. We will continue to review and adapt to changes in market conditions to ensure that our policy and principles remain appropriately aligned with our overall business strategy.

In the face of the deteriorating economic environment and slower growth due to the COVID-19 pandemic, executives, management and employees were requested to take a salary cut during the year under review.

Mrs Aziza Amod

Chairperson of the remuneration committee

REPORT OF THE REMUNERATION COMMITTEE

ROLE OF THE REMUNERATION COMMITTEE

The remuneration committee's main purpose is to implement the guiding principles in the application of remuneration governance, practices and policies and to ensure that the Group remunerates fairly, responsibly and transparently so as to promote the achievement of the strategic objectives as well as positive outcomes in the short-, medium- and long-term.

BACKGROUND

This report describes the material matters dealt with by the committee and summarises the Group's approach to transparent, fair and responsible remuneration. It sets out how the committee discharged its duties in terms of the statutory requirements as well as other duties assigned by the Board. It also provides an overview of the Group's remuneration philosophy and remuneration framework.

GOVERNANCE

The committee was established to assist with the monitoring of the Group's remuneration practices, and perform the statutory functions as required in terms of King IV™, the JSE Listings Requirements and the Companies Act.

The committee was tasked by the Board to oversee the implementation of the remuneration policy, enabling it to achieve the Group's strategic objectives, translating into market-related, yet affordable performance-linked rewards, and to ensure balanced and transparent outcomes that align with shareholder interests over the short- and long-term. Ultimately our policy enables the attraction and retention of valuable talent.

COMPOSITION OF THE COMMITTEE

For the period under review the committee was composed of the following members:

Name	Role	Meeting attendance
Aziza Amod	Chairperson	2/2
Gaamiem Colbie	Non-executive director	2/2
Ismet Amod*	Non-executive director	1/1

*Ismet Amod was appointed on 6 August 2020.

In order to assist the committee with the implementation of its mandate, the CEO attended the meetings by invitation. Committee members do not decide on their own remuneration. In line with its Charter, the committee held two meetings during the year.

RESPONSIBILITIES AND REPORT

This report highlights the key components of our policy and how these are aligned to our performance and strategic objectives for the 2020 financial year. The remuneration committee is governed by its charter that is reviewed annually.

The alignment of our executives' remuneration to the long-term strategic goals of the Group to deliver sustainable value to shareholders, and build the business, remained a key focus. Some decisions and their related impact in setting targets in terms of performance-related remuneration were made for the executives and senior management of the Group. Weightings of performance as well as specific financial targets were reviewed and amended accordingly. The committee was satisfied and will continue to monitor remuneration against the appropriate strategic objectives, performance and market benchmarks.

Our ethos is one of appreciation for commitment, diligence, care and attention to detail. We respect and recognise our employees for their contributions made during the year and inspire them to realise their full potential, and we believe in rewarding accordingly. We consistently applied the principle that our remuneration should be fair and competitive and should reflect the performance of the Group and the business units.

The committee remains mindful to ensure overall remuneration was appropriate for the performance of the Group and in relation to its operational peers. In doing so, the committee considered the overall risk environment, its risk appetite and risk profile and the need to attract, retain and motivate key talent to enable delivery of the Group's strategic objectives.

During the financial year, the remuneration committee:

- reviewed and determined the remuneration for the executives;
- reviewed the performance targets to ensure that they are both challenging and linked to the Group's strategic objectives;
- took into account the remuneration and employment conditions of all employees, the performance of the Group and the individual, current views and guidelines of shareholders and market conditions;
- continued to keep under review the relationship of risk to remuneration;
- satisfied itself that the remuneration structure for senior executives does not raise environmental, social or governance risks, nor does it inadvertently motivate irresponsible behaviour;
- retained absolute discretion to reduce variable compensation in light of risk and the Group's overall performance; and
- received guidance from the following independent advisors:
 - an external advisor; and
 - PE Corporate Services – executive salary benchmarking and job grading.

DETERMINATION OF PERFORMANCE INCENTIVES

The committee reviewed the targets set in terms of performance-related remuneration for the CEO, the executive management team and senior management in the Group; these targets include individual performance factors and a combination of portfolio-specific targets. The Group has formal and informal frameworks for performance that are directly linked to either increase in total cost to company or annual short-term incentive bonuses.

Remuneration components

The CEO and executive management team's performances are assessed against a set of predetermined objectives that include, inter alia, strategic leadership, execution of the strategy through business results and stakeholder relations.

The Board recognises that the successful delivery of the Group's objectives should constitute both financial and non-financial performance measures.

Remuneration comprises the following key elements:

Base salary	Performance bonuses	Other benefits
<ul style="list-style-type: none"> Base salary is guaranteed annual pay on a cost-to-company basis. Benchmarking is performed with reference to companies comparable in size, industry, and business complexity. The level of responsibility that the individual assumes. 	<ul style="list-style-type: none"> It motivates executive directors and key management to achieve the strategic objectives of the Group. 	<ul style="list-style-type: none"> Membership of the pension provident fund (providing death, disability and dread disease benefits). Medical aid. Unemployment Insurance Fund. Funeral cover. <p>This improves the employees' financial security on retirement and planning.</p>

Methodology		
<ul style="list-style-type: none"> Annual increase parameters are set, taking into account the financial performance, general economic environment, governance compliance, strategy, risk management practices, individual performance and the performance of the Group. It takes into account the general market in which the business operates and the skills required. General adjustments to guaranteed pay levels are effective 1 September annually. 	<ul style="list-style-type: none"> Executive directors have key financial measures, including profits, cash flow and asset growth weighted to 70% and the remaining 30% weighted to non-financial measures for most of the executives in the Group. Performance bonuses are dependent on the financial performance and achievement of the individual's agreed strategic KPIs. Performance bonuses are not earned if the minimum financial target is not met. Performance bonuses are paid annually. 	<ul style="list-style-type: none"> This is determined as a fixed percentage of the base salary.

Eligibility		
All employees in the Group	Includes all permanent employees commencing from junior management upwards	All permanent employees

CONDITIONS FOR DETERMINING PERFORMANCE BONUSES

Financial targets	Non-financial targets
<ul style="list-style-type: none"> Executive directors: <ul style="list-style-type: none"> Profit before tax Key management <ul style="list-style-type: none"> Divisional operating profit 	<ul style="list-style-type: none"> Performance against individual job requirements Operational efficiencies Organic growth Strategic acquisitions

The Group aims to ensure that for executive remuneration, the performance-based remuneration of executive directors and senior management should form a significant portion of their expected total compensation. The committee ensures that there is an appropriate balance between fixed and performance-related elements of executive remuneration and the aspects of the package linked to short-term performance and those linked to long-term shareholder value creation.

EXECUTIVE DIRECTORS' SERVICE CONTRACTS

Executive directors do not have fixed-term contracts but have permanent employment agreements with the Company. The remuneration of executives is determined on a cost-to-company basis and is subject to an annual review by the remuneration committee. Provident or pension fund and healthcare provision form part of the overall cost-to-company packages. Executive directors are members of the Group's provident fund and are required to retire from the Group as a director of the Board at the age of 65, unless requested by the Board to extend their term. There are no other special benefits for executive directors.

PRESCRIBED OFFICER

Mrs Valentine Dzvova is not remunerated for her role as the prescribed officer of the Company.

PERFORMANCE APPRAISALS

Performance appraisals of the executive management team are done by the committee on an annual basis. Line managers and divisional managers also conducted performance appraisals on employees in the Group. The CEO conducted the performance appraisals of the divisional heads in the Group and provided feedback to the committee.

NON-EXECUTIVE DIRECTORS' REMUNERATION

The non-executive directors receive fees for serving on the Board and its committees. The fees for non-executive directors are reviewed annually by AEEI's executive committee, and thereafter referred to the remuneration committee, which seeks to ensure that the fees are market-related and presented to the shareholders for approval.

The Board recommends the fees to shareholders for approval at the AGM of the Company. Consideration is given to the relative contribution of each non-executive director and their participation in the activities of the Board and its committees. Changes to the fee structure are effective 1 September, subject to the approval by shareholders at AEEI's AGM held between February and April of each year. The annual fees payable to non-executive directors are, as in the past, fixed and not subject to the attendance of meetings. In the event of non-attendance on a regular basis, same may be reviewed.

IMPLEMENTATION OF REMUNERATION

The committee ensured that total remuneration is aligned with sustainable value-creating strategic objectives and the legitimate expectations of all stakeholders, while being mindful of the income gap in South Africa. The committee is satisfied that the variable remuneration outcomes for the 2020 financial year are aligned with the Group's financial performance.

Guaranteed remuneration

The committee agreed to recommend to the Board the approval of a general salary increase based on the current price index of 5% for all employees in the Group, in line with inflation.

The 2020 guaranteed remuneration of the executive directors is set out below: Shading for latest figures

	2020 R'000	2019 R'000
K Abdulla*	2 358	3 845
C Ah Sing**	1 641	1 470
V Dzvova***	734	–
J van Wyk****	120	–

*Mr K Abdulla's remuneration only reflects his time served on the Board from 1 September 2019 to 12 March 2020

**Ms C Ah Sing's remuneration only reflects her time served on the Board from 1 September 2019 to 31 July 2020

***Mrs V Dzvova's remuneration only reflects her time served on the Board from 12 March 2020 to 31 August 2020

****Mr J van Wyk's remuneration only reflects his time served on the Board from 1 to 31 August 2020

Short-term incentive

Performance bonuses paid to executive directors based on financial and non-financial performance targets.

The table below sets out the targets for actual targets achieved:

Performance	Weighting	Threshold	Target
Profit before tax	70%	70%	70%
Non-financial targets	30%	30%	–

The achievement of targets for executive directors in respect of the 2020 financial year:

	Achievement of financial targets	Achievement of non-financial targets	Total as a percentage of maximum	Maximum bonus of guaranteed remuneration
K Abdulla*	100%	100%	0%	-
C Ah Sing*	100%	100%	35%	100%

There are no long-term incentives for executive directors.

The table below sets out the remuneration received by executive directors for the 2020 financial year:

2020	Base remuneration R'000	Performance Bonus R'000	Provident Fund R'000	Expense Allowance R'000	Total R'000
K Abdulla*	2 055	-	280	22	2 358
C Ah Sing**	1 438	500	186	17	2 141
V Dzvova***	619	-	113	2	734
J van Wyk****	113	-	7	1	120

*Mr K Abdulla's remuneration only reflects his time served on the Board from 1 September 2019 to 12 March 2020

**Ms C Ah Sing's remuneration only reflects her time served on the Board from 1 September 2019 to 31 July 2020

***Mrs V Dzvova's remuneration only reflects her time served on the Board from 12 March 2020 to 31 August 2020

****Mr J van Wyk's remuneration only reflects his time served on the Board from 1 to 31 August 2020

The 2020 annual remuneration of the non-executive directors is set out below:

Non-executive	2020 R'000	2019 R'000
A Amod	207	212
N Ramatlhodi	-	227
I Amod	207	-
W Raubenheimer*	33	-
B Qama*	32	-
J van Wyk	179	-
TOTAL	658	439

Mr G Colbie and Ms M Mosia waived their non-executive directors' remuneration for the 2020 financial year.

*Messrs J van Wyk, W Raubenheimer and B Qama's non-executive remuneration only reflects their time served on the Board

AEEI covers all reasonable travelling and accommodation expenses incurred to attend Board and committee meetings.

Non-executive directors do not have any employment contracts, nor do they receive any benefits associated with permanent employment.

The information provided in this report has been approved by the Board on the recommendation of the remuneration committee. For the year under review, the committee is satisfied that it has fulfilled and complied with its obligations and statutory duties as reflected in its charter, in terms of the policy and duties assigned by the Board.

FOCUS FOR 2021 AND BEYOND

- Ensuring that the implementation of remuneration is in accordance with the remuneration policy.
- The continued fulfilment of the requirements of the remuneration committee's policy.
- Continued dialogue with stakeholders ensuring the relevance and appropriateness of the Remuneration Policy in achieving our strategic objectives.
- Ensure that the Remuneration Policy and resultant outcomes support our strategic objectives and are appropriate in the environment of unprecedented health, safety and economic challenges as a result of the COVID-19 🦠 pandemic. The duration, nature and extent of these challenges are uncertain.

AEEI'S REMUNERATION POLICY

INTRODUCTION

AEEI's remuneration committee is primarily responsible for overseeing the remuneration and incentives of the Group's executive directors and key management, as well as providing strategic guidance.

To assist in the achievement of AEEI's long-term strategic goals, the remuneration committee has a formal remuneration policy in place. Each major subsidiary has its own remuneration committee and a policy specific to its business unit, including the industry in which it operates, taking into account AEEI's long-term strategic goals.

The main aim of the committee is to assist the Board in fulfilling its responsibilities in establishing formal and transparent policies and guiding principles of a standardised approach in the application of remuneration practices within all its business units and functions.

OVERVIEW OF THE MAIN PROVISIONS OF THE REMUNERATION POLICY

The remuneration policy is aimed at aligning remuneration practices that will enable the committee to support the Group in achieving its strategic objectives, translating these into market-related, yet affordable performance-linked rewards, and ensuring balanced and transparent outcomes that align with shareholders' interests over the short- and long-term, and ultimately enable the attraction and retention of valuable talent. Our approach to remuneration aligns to our ethical approach, corporate governance philosophy, shared values and best practices.

The remuneration policy is designed to achieve the following strategic objectives:

- Support the attainment of AEEI's strategic business objectives and strategies.
- Attract, retain and motivate key and talented individuals.
- Compete in the marketplace to be an employer of choice.
- Reward individual, team and business performance and encourage superior performance.
- Support AEEI's shared values.
- Promote the achievement of the Group's strategic objectives within its risk appetite.
- Promote positive outcomes.
- Promote an ethical culture and responsible corporate citizenship.

The remuneration policy addresses the Group's remuneration and includes provision for:

- arrangements towards ensuring that the remuneration of executive management is fair and responsible in the context of overall employee remuneration in the organisation;
- the use of performance measures that support positive outcomes across the economic, social and environmental context in which the Group operates and all the capitals that the Group uses or affects; and
- the Company to attract, engage and retain talent to drive performance and to meet the Group's strategic objectives.

EXECUTIVES AND EMPLOYEES

The remuneration of the executives is reviewed annually by the remuneration committee, which seeks to ensure that balance is maintained between the fixed (base salary) and variable (discretionary bonus) elements of remuneration, as well as between the short-term (base salary and discretionary bonus) and the long-term financial performance objectives of the Group.

Cost-to-company remuneration incorporates the following elements:

Base salary

Base salary is guaranteed annual pay on a cost-to-company basis. It is subject to annual review and adjustments are effective 1 September of each year, coinciding with the commencement of the Group's financial year. Benchmarking is performed with reference to companies comparable in size, industry, business complexity and the level of responsibility that the individual assumes.

Benefits

Benefits form part of the total cost-to-company and include:

- membership of the pension/provident fund (providing death, disability and dread disease benefits);
- medical aid;
- unemployment insurance fund; and
- funeral cover.

COMPLIANCE

The remuneration policy is reviewed each year to ensure that the remuneration framework remains effective in supporting the achievement of the Company's business objectives and remains in line with best practice. AEEI complied with the remuneration policy and relevant remuneration governance codes and statutes. The recommended practice as stated under Principle 14 of King IV™ has been applied and is explained throughout this report through the outcomes achieved.

During the year, the committee engaged the services of an independent external advisor to support our endeavours to act independently and provide specialist input.

NON-BINDING ADVISORY VOTES ON THE REMUNERATION POLICY AND IMPLEMENTATION REPORT

In the event that more than 25% of the votes cast on the resolutions at the AGM, the Board will invite dissenting shareholders to send reasons for such votes in writing. Thereafter, further engagements may be scheduled to appropriately address legitimate and reasonable objections and concerns raised.

IMPLEMENTATION REPORT

This part of the report focuses on the performance outcomes against the targets set for 2020.

SALARY INCREMENT

The committee reviewed the targets set in terms of performance-related remuneration for the CEO, executive management team and senior management in the Group, which include individual performance factors and a combination of portfolio-specific targets. For the year ended 31 August 2020, a general salary increase was approved based on the yearly average current price index of 5% for all employees in the Group.

DISCRETIONARY BONUS

A discretionary bonus may be awarded and calculated as a percentage of the qualifying executive/senior management/employee's base salary according to seniority and the level of responsibility assumed. Qualifying executives and senior management may receive a discretionary cash bonus, dependent on them meeting both financial and qualitative strategic performance objectives. Employees may receive a discretionary cash bonus, dependent on them meeting both their personal and the Company's strategic objectives. Financial, qualitative, personal and Company strategic performance are aimed at ensuring sustainable long-term value creation to the benefit of all stakeholders. The total base salary and bonus paid will be deemed to be fair to the Company and the executive/senior manager/employee.

The CEO and executive management team's performance will be assessed against a set of predetermined objectives that include, inter alia, strategic leadership, execution of the strategy through business results and stakeholder relations. The successful delivery of the Group's objectives constitute both financial and non-financial performance measures, with the key financial measures, which include profits, cash flow and asset growth weighted to 70% and the remaining 30% weighted to non-financial measures for most of the executives in the Group. The committee remains mindful of ensuring that overall remuneration is appropriate for the performance of the Group and in relation to its operational peers. In doing so, the committee will consider the overall risk environment, its risk appetite and risk profile and the need to attract, retain and motivate key talent to enable the delivery of the Group's strategic objectives. (a – Principle 14)

SHAREHOLDER VOTING/FEEDBACK

As required by King IV™ and the JSE Listings Requirements, the Company will put a non-binding advisory vote to shareholders regarding the approval of the remuneration policy and the implementation report. The Company seeks the support from its shareholders at the upcoming AGM. If any shareholders are inclined not to support the resolutions, we would ask that the reasons for such decision be communicated to the Company so that consideration can be given to those reasons. Please forward any comments to the company secretary at damien@aeei.co.za.

Should either vote receive 25% or more votes against, the Company will:

- issue a SENS announcement regarding the outcome of the voting results;
- invite shareholders to engage with the Company regarding their dissatisfaction with either of the votes;
- schedule engagements with concerned shareholders to record their concerns and objections;
- assimilate all responses and schedule a remuneration committee meeting to analyse concerns and issues raised with the aim of formulating changes to the policy and implementation required; and
- develop a formal response to shareholders that articulates the concerns raised, the details of where the changes will be made to address concerns raised and provide responses for areas where the Company, despite the shareholder feedback, believes its current policy and/or implementation is adequate.

Results of the shareholders' votes at the most recent AGM held on 16 April 2020, as a percentage of the total number of shares voted at the AGM, is indicated below and therefore no shareholder engagement was required:

	2020 %	2019 %
Approval of the remuneration policy	99.85	100
Implementation of the remuneration policy	99.85	100
Non-executive directors' fees	99.85	100

SUPPLEMENTARY INFORMATION

SHAREHOLDER INFORMATION

ANALYSIS OF SHAREHOLDERS AS AT 31 AUGUST 2020

	Number of shareholders	Percentage of total shareholders	Number of shares	Percentage of total shares issued
1 - 5 000	1 426	71.41	1 611 871	0.33
5 001 - 10 000	191	9.56	1 555 273	0.32
10 001 - 100 000	256	12.82	8 415 230	1.71
100 001 - 1 000 000	93	4.66	29 812 769	6.07
1 000 001 and more	21	1.55	449 627 291	91.57
Total	1 997	100.00	491 022 434	100.00

MAJOR SHAREHOLDERS (5% AND MORE OF THE SHARES IN ISSUE)

	Number of shares	Percentage of total issued share capital
Sekunjalo Investment Holdings (Pty) Ltd	303 756 325	61.86
Miramare Investments (Pty) Ltd	44 859 927	9.24
Total	348 616 252	71.00

DISTRIBUTION OF SHAREHOLDERS

	Number of shareholders	Percentage of total shareholders	Number of shares	Percentage of total shares issued
Individuals	1 817	90.99	42 000 217	8.55
Nominee companies and trusts	80	4.01	31 948 987	6.51
Public companies	11	0.55	21 264 505	4.33
Close corporations and private companies	89	4.46	395 808 725	80.61
Total	1 997	100.00	491 022 424	100.00

NON-PUBLIC AND PUBLIC SHAREHOLDING

	Number of shareholders	Percentage of total shareholders	Number of shares	Percentage of total shares issued
Non-public	8	0.40	362 539 892	73.83
Directors	3	0.15	799 250	0.16
>Than 10% of I/C	1	0.05	303 756 325	61.86
Associates	4	0.20	57 984 317	11.81
Public	1 989	99.60	128 482 542	26.17
Total	1 997	100.00	491 022 434	100.00

SHARE TRADING STATISTICS

High	195
Low	22
Year-end	70
Volume traded (shares)	12 983 938
Value traded (rand)	11 080 303
Volume of shares traded as a percentage of issued capital	2.64
Market capitalisation at 31 August 2020 (rand)	343 715 704
Market capitalisation at 30 November 2020 rand	441 920 190

VOTING RIGHTS

Share capital

Authorised

1 000 000 000 "B" class ordinary shares (listed)

1 000 "A" class convertible redeemable cumulative preference shares

10 000 000 "B" class redeemable preference shares 15% of the "B" class ordinary shares in issue at the beginning of the financial year are at the disposal of the directors in terms of a resolution of shareholders passed at the last AGM of the Company.

This authority remains in force until the next AGM of the Company.

"B" class ordinary shares each carries one vote per share.

Issued

491 022 434 "B" class ordinary shares

	2020 R'000	2019 R'000
Reconciliation of number of issued "B" class ordinary shares		
Opening balance	491 022	491 022
Closing balance	491 022	491 022

SHAREHOLDERS' DIARY

FOR THE YEAR ENDED 31 AUGUST 2020

FINANCIAL REPORTS

Announcement of annual results	November 2020
Integrated report	November 2020
Announcement of interim results	April 2021
Interim report	April 2021

Dividend payment

Gross dividend (cents per share)	20.00
Dividend net of dividend withholding tax (cents per share)	16.00
Last day to trade cum dividend	Monday, 14 December 2020
Trading ex-dividend commences	Tuesday, 15 December 2020
Record date	Friday, 18 December 2020
Date of payment	Monday, 21 December 2020

Share certificates may not be dematerialised between Tuesday, 15 December 2020 and Friday, 18 December 2020, both days inclusive.

ADMINISTRATION

COMPANY SECRETARY

Company secretary	Damien Terblanche	damien@aeei.co.za
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EXECUTIVE MANAGEMENT TEAM

Chief executive officer	Valentine Dzvova	valentine@aeei.co.za
Chief financial officer	Jowayne van Wyk	jowayne@aeei.co.za
Prescribed officer	Valentine Dzvova	valentine@aeei.co.za

BUSINESS ADDRESS AND REGISTERED OFFICE

1st Floor, Waterway House North, 3 Dock Road, Victoria & Alfred Waterfront, Cape Town, 8001, South Africa
Postal address: PO Box 181, Cape Town, 8000, South Africa
Telephone: +27 21 427 1500

EMAIL AND WEBSITE

Email address: info@aeei.co.za
Website: www.aeei.co.za

COMPANY REGISTRATION NUMBER

1996/006093/06

TRANSFER SECRETARIES

Link Market Services South Africa (Pty) Ltd
Rennie House, 13th Floor, 19 Ameshoff Street, Braamfontein, 2001
Postal address: PO Box 4844, Johannesburg, 2000, South Africa
Telephone: +27 11 713 0800
Telefax: +27 86 674 4381
Website: www.linkmarketservices.co.za

JOINT AUDITORS

Crowe JHB and THAWT Inc.

JOINT SPONSORS

Vunani Capital and Merchantec Capital

LISTING

Johannesburg Stock Exchange Sector: Diversified Industrials
Share code: AEE
ISIN code: ZAE000195731



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