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AEEI Posts Mixed but Stable Results Amid COVID-19 Storm

AEEI Unaudited Consolidated Condensed Interim Results to 28 February 2021

Cape Town, 28 May 2021 – JSE-listed, diversified investment group, African Equity Empowerment Investments (AEEI), today released its Unaudited Condensed Consolidated Interim Results for the six months to 28 February 2021.

Despite a tough economic environment with a deepening global economic recession and the COVID-19 pandemic directly overlapping the reporting period, AEEI achieved stable results, as projected. A resilient balance sheet and cash resources with minimal external debt underpin AEEI's performance. This is despite anticipated declines in revenue, headline earnings and net asset value. AEEI's revenue and headline earnings declined, and net assets consequently decreased slightly by 9%. Strong cash balances resulted in the declaration of an ordinary dividend of 30c per share up from 10c per share in the prior year.

Valentine Dzvova, group chief executive officer says: "While businesses are firmly hitting back at the impact of the coronavirus, operating any business in this climate is not without considerable challenges. AEEI's response to the uncertainty of the depressed global economic environment, necessitated the Group's focus on protecting its core investments through strategic cost efficiencies, while also investing for future growth, and optimally managing the working capital, something I believe we have successfully achieved."

AEEI's corporate division has been streamlined and is based on risk management which demonstrates the Group's strategy to minimise corporate costs and increase its' shareholder value. The corporate division reported increased revenue and a decrease in total overhead costs. The corporate division includes stakes in BT Communication Services SA (Pty) Limited and Sygnia Limited, which continue to deliver growth in value while paying regular annual dividends.

Jowayne van Wyk, the Group's chief financial officer, commented: "Exceptional cost and margin management across the Group minimised a more acute negative set of interim results and softened the impact that the pandemic has had on our balance sheet. While our challenge continues, the management team is already working hard to grow the Group's operating results to pre-pandemic levels."

Divisional Reports

AEEI's fishing and brands subsidiary delivered an excellent performance with increases in revenue by 31% for its squid, lobster, and pelagic sectors, while profit before tax increased by 62%. Prospects for this division are looking decidedly promising as the demand for the well-known brand and resources remain strong.

A decrease in revenue and profit before tax was experienced by AEEI's technology subsidiary, which is largely driven by the declining overall trading environment, non-renewal of contracts, and a decrease in interest income. On the upside, the acquisition of Kathea Communications, effective 1 March 2021, is expected to mitigate against a reduction in revenue over the next six months.

While there is a slight decrease in the import and distribution of AEEI's cosmetics brands as well as the manufacturing, sales and marketing of the Group's natural products, the agricultural sector has seen an uptake of this division's Agri Biostimulants.

AEEI's events and tourism division is hardest hit by the ban on national and international travel and the prohibition of large gatherings, which was a global trend over the past year.

The Group's commitment to B-BBEE and accelerated transformation, stringent application of corporate governance, transparent reporting, ethical business practices and its drive to further increase shareholder value, reflects strongly in AEEI's preservation and sustainable practices.

Medium term prospects for AEEI

Due to the ongoing fall-out of the pandemic, AEEI is currently focusing on sustaining its core assets and continues to explore acquisitions to augment the Group's diversified portfolio.

In the short-term, Dzvova points out: "We realistically expect the impact of the pandemic to last for at least the next 24-36 months, with the likelihood of further fallout. To this end, we have already started making the necessary adjustments to the business, mindful of the people and environments these decisions will affect."

Van Wyk added, “The AEEI Group is well-positioned to make high-quality acquisitions which will benefit the Group over the long-term. Our policy is to thoroughly study potential target companies so as not to put our balance sheet at risk, with our due diligence leading to a slower acquisition rate.” He added that the Group is currently implementing its’ developed resilience plan to support its stakeholders through the continued economic crisis.

Dzvova concluded by saying, “The pandemic has brought many changes, but on a more human level, the way in which we work and engage with our colleagues and employees at AEEI has improved our productivity and social structure and assisted us to work through these challenges as a cohesive unit. Consequently, our Group has the requisite agility and flexibility to endure and prosper in these new ‘normal’ working conditions.”

This, only her second set of results since becoming CEO, Dzvova also recognised and paid homage to her employees, board of directors, partners, shareholders and stakeholders for their commitment and resilience during this very challenging time.

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To set up an interview with CEO Valentine Dzvova, contact:

Feroza Petersen, Group Communications & Marketing Manager | Email: feroza@aeei.co.za

