



AFRICAN EQUITY
EMPOWERMENT
INVESTMENTS
LIMITED

2021

INVESTMENT
PORTFOLIO
REPORT

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INTRODUCTION



ABOUT OUR INVESTMENT PERFORMANCE PORTFOLIO

This report aims to inform our providers of financial capital, stakeholders and future shareholders of African Empowerment Investments Ltd's (AEEI) investment portfolio clearly and concisely across our various divisions, including fishing and brands, technology, events and tourism, health and beauty, biotherapeutics and strategic investments. This will allow them to make an informed assessment of our ability to create sustainable value in the short, medium and long-term.

The content of the investment performance portfolio has been informed by the following:

- Basic regulatory and compliance guidelines
- King IV™ Report on Corporate Governance for South Africa 2016 (King IV™)
- SAICA Financial Reporting Guides as issued by the Accounting Practices Committee
- Financial Pronouncements as issued by Financial Reporting Standards Council
- The International Integrated Reporting <IR> Framework
- The Companies Act 2008 (Act 71 of 2008), as amended (Companies Act)
- The JSE Listings Requirements
- The Global Platform for Intellectual Property's Governance Assessment Appraisal Instrument

Our investment performance portfolio covers all the divisions in the AEEI Group and forms part of the AEEI's integrated reporting suite for 2021. The report reflects the achievements, successes, and journeys of our subsidiaries and associates and our strategic investments for the year ending 31 August 2021.

REPORTING BOUNDARY AND SCOPE

This report covers the performance of each subsidiary in the Group for the financial year ending 31 August 2021 as well as the following:

- Profile of what they do
- Market presence
- Products and brands
- Operational performance
- Impact of COVID-19 and value proposition post-pandemic
- Contribution to the Group
- Achievements
- Prospects and future outlook
- Strategy
- Business model
- Governance
- Material Matters
- Stakeholder management
- Strategic planning and monitoring
- Economic, environmental and social sustainability
- Key challenges

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This investment portfolio report is supplemented by our full suite of online publications, catering to our stakeholder base's diverse needs. A summary of this report is included in the integrated report. The full suite consists of the:

- Integrated report
- Corporate governance report
- Sustainability report
- Investment portfolio report
- Full consolidated annual financial statements
- AEEI King IV™ Governance Register 2020 (King IV™)
- Notice to the annual general meeting
- Independent Third-Party Assurance Statement from Integrated Assurance & Reporting Services (IRAS)

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

NAVIGATIONAL TOOLS

Throughout the report, the following icon has been applied to direct the reader to additional information or cross-referenced section  King IV™.

To highlight evidence of our application of the King IV™ principles, we have indicated references to the relevant principles per section. For the definitions of the principles and detail of our application and practices, download the full governance report - <https://aeei.co.za/about-us/corporate-governance/king-iv-on-corporate-governance-report/>.

DISCLAIMER

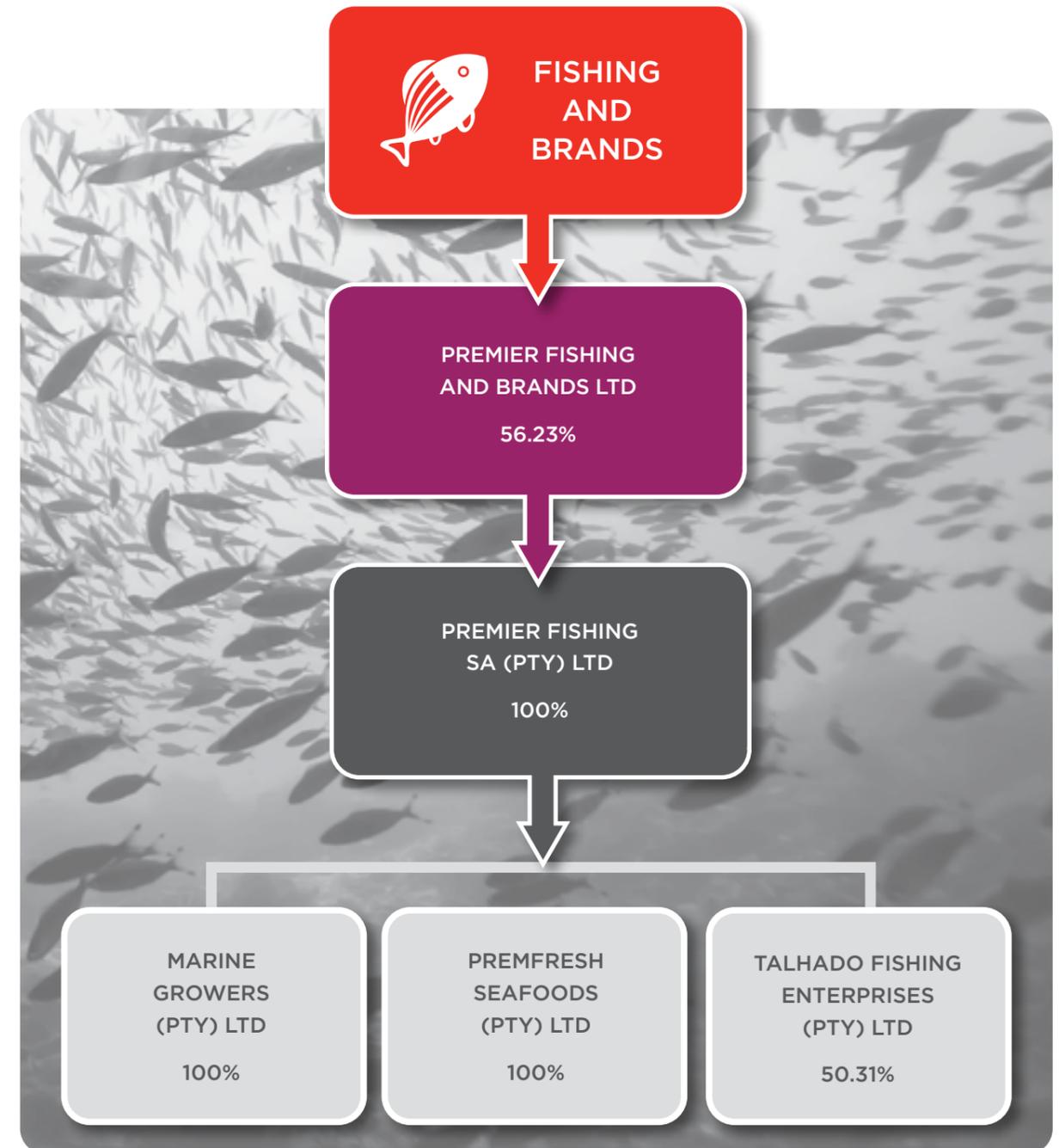
In this report, we make certain statements related to analysis and other information built on forecasts of future results based on historical data, based on estimations of new business and investment assumptions. These statements may also relate to our future prospects, developments, business strategy 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.

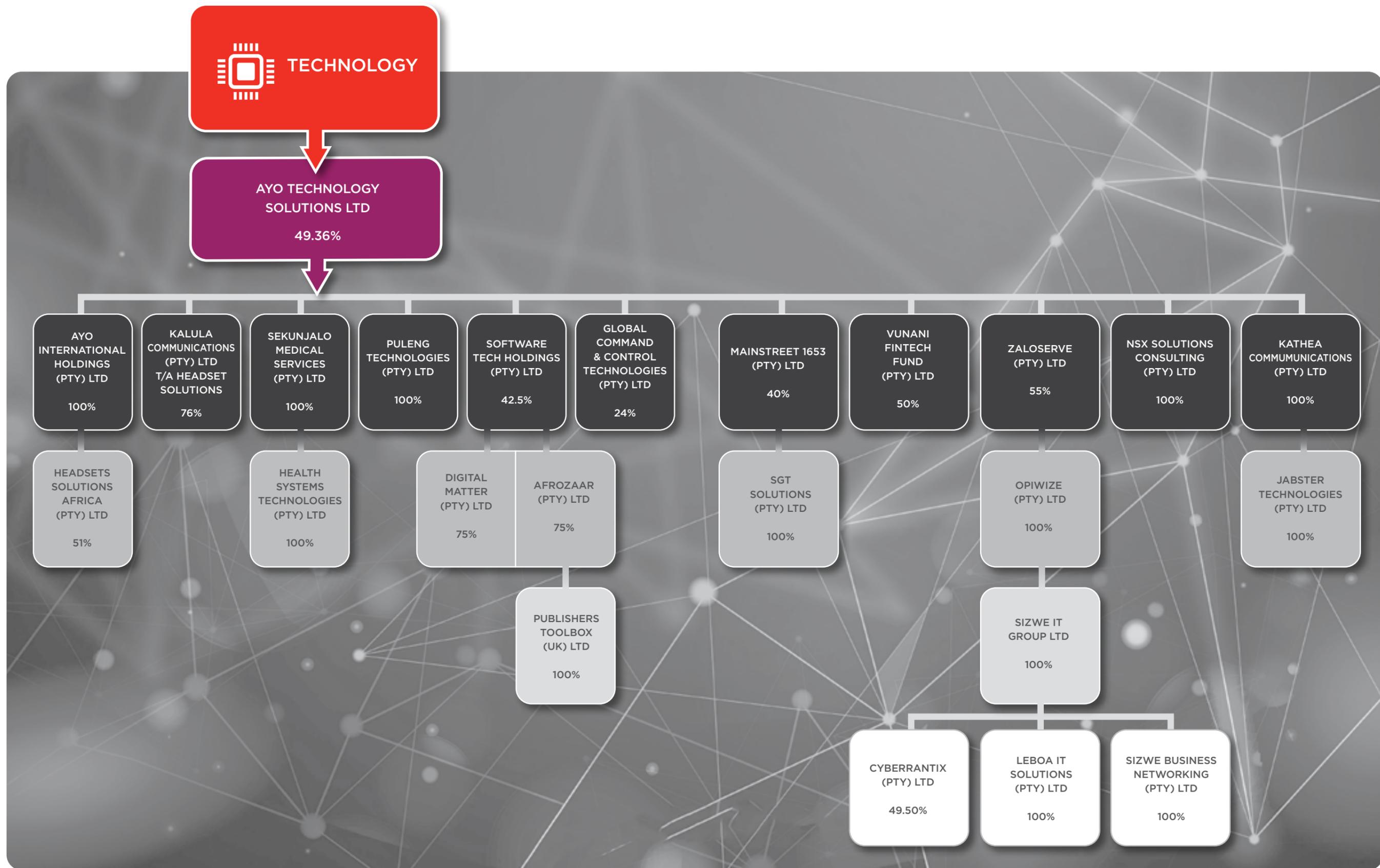
As defined, these are forward-looking statements. These statements may be identified by words such as "expect", "look forward to", "anticipate", "intend", "plan", "believe", "seek", "estimate", "will", "project", or words of similar meaning, which are intended to identify such forward-looking statements 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 the risk management report.

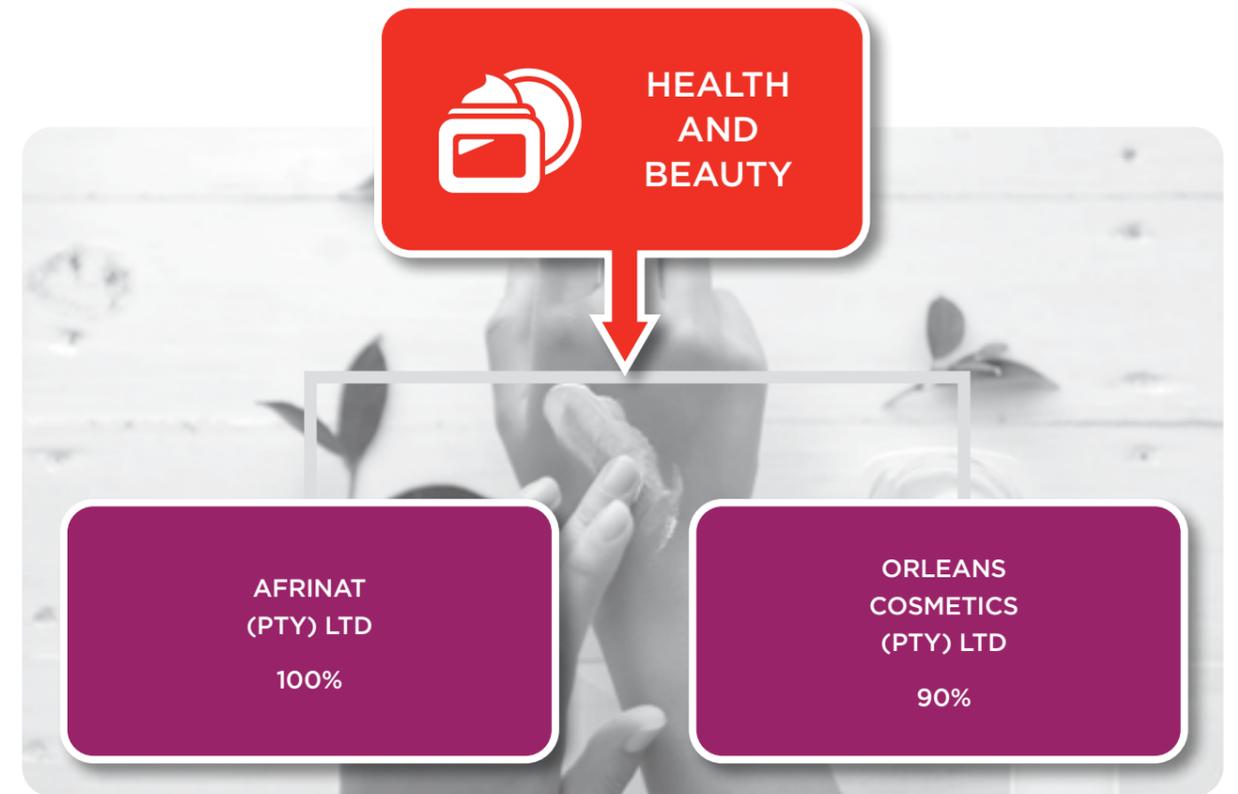
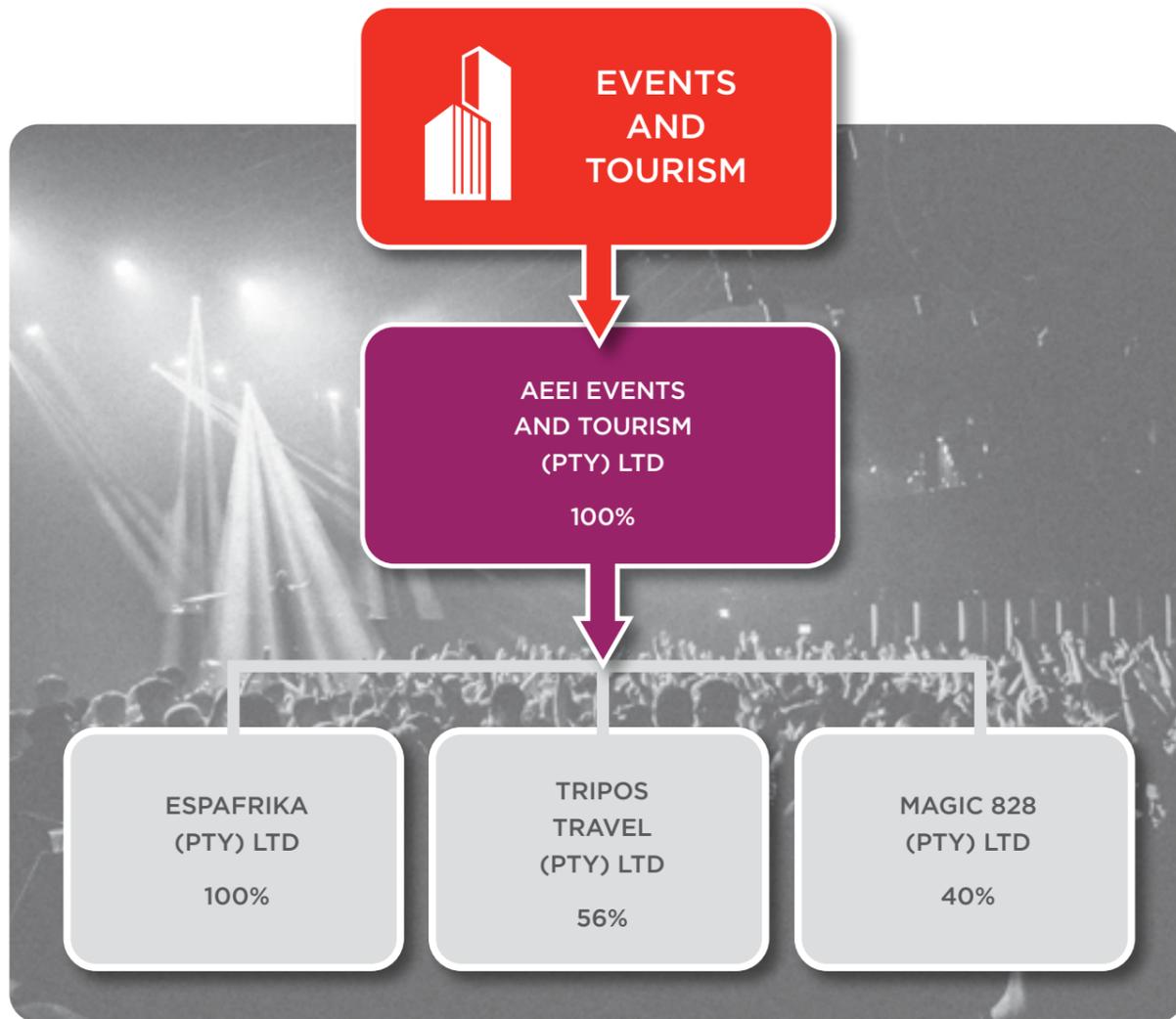
Should one or more of these risks or uncertainties materialise or should underlying expectations not occur or assumptions prove incorrect, actual results, performance or achievements of AEEI may (negatively or positively) vary materially from those described explicitly or implicitly in the relevant forward-looking 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. This forward-looking statement has not been reviewed or reported on by AEEI's auditors.

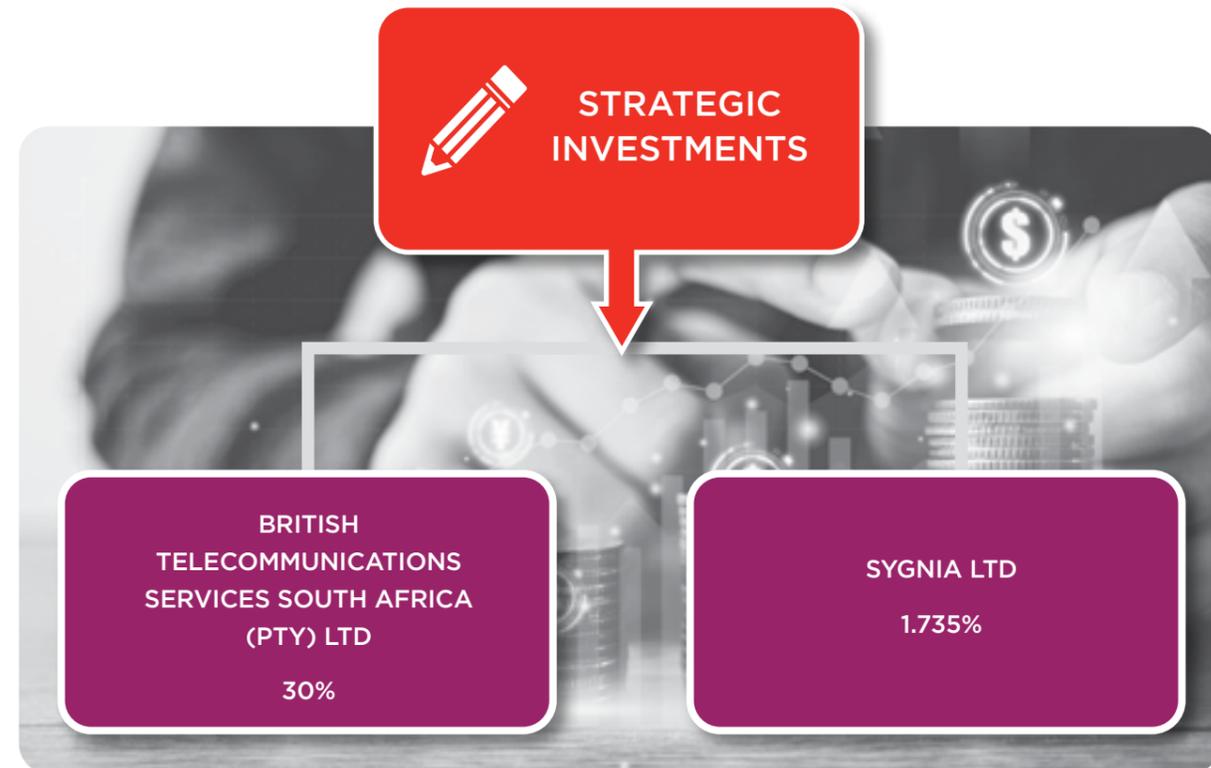
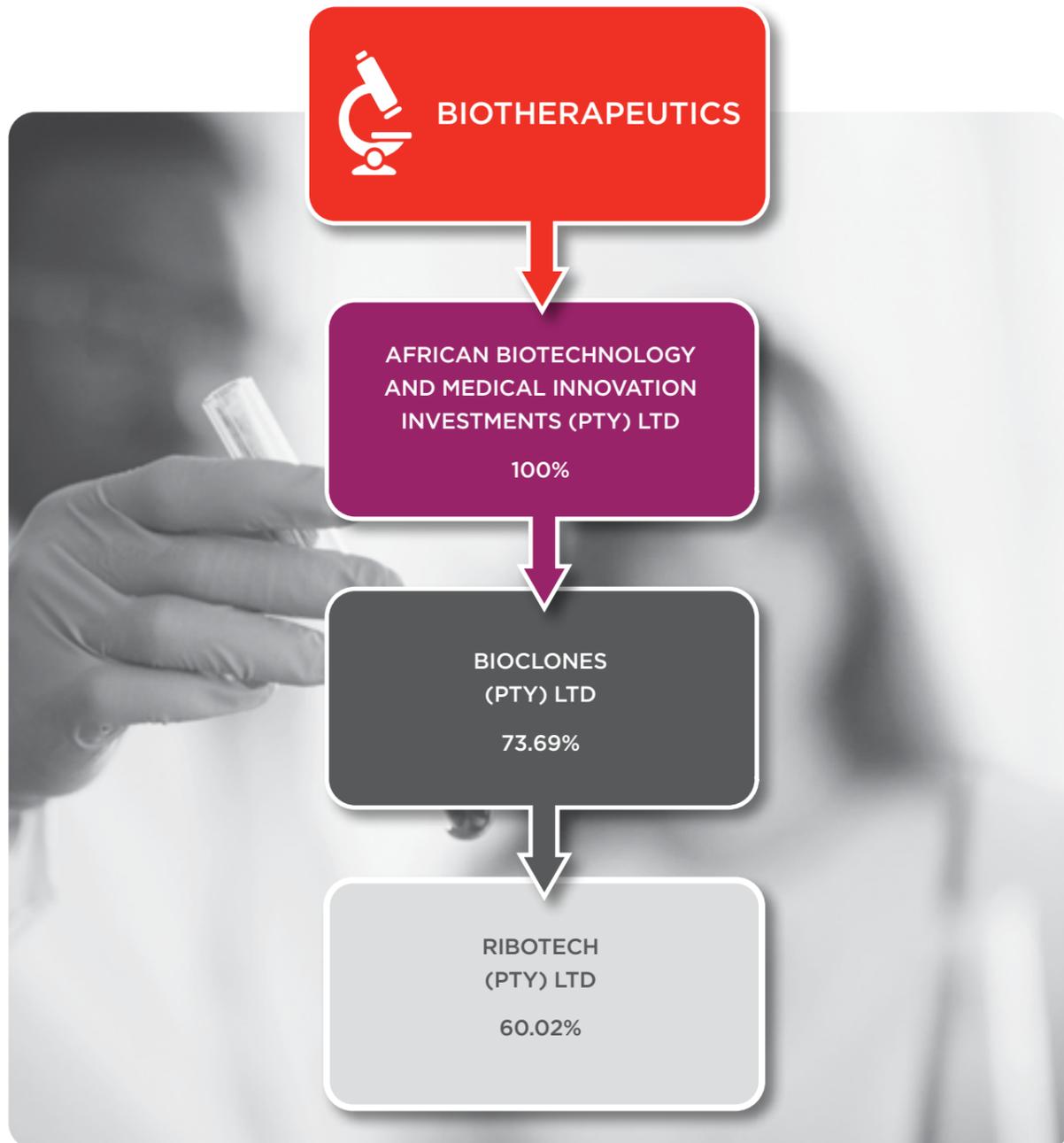
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GROUP STRUCTURE









MARKET PRESENCE



The Group has an operational presence in the following South African regions:

Western Cape: Overberg Region, Gansbaai, Saldanha Bay, Hout Bay, Cape Town, Hex River Valley, Citrusdal, Ceres, Riebeeck-Kasteel, Tulbagh, Vredendal, Clanwilliam, Sutherland, Prince Albert, Still Bay and Simon's Town

Eastern Cape: Patensie, Gamtoos, Sundays River Valley, Port Alfred and Humansdorp

Limpopo: Polokwane, Groblersdal, Marble Hall, Hoedspruit, Letsitele, Tzaneen and Alldays

Mpumalanga: Nelspruit, Komatipoort, Hazyview, Malelane and Ogies

Northern Cape: Keimoes, Augrabies, Kakamas, Upington, Vaalharts and Port Nolloth

Free State: Bethlehem and Ficksburg

Other: Gauteng, North West and KwaZulu-Natal

AEEI's primary market remains in South Africa while the Group expands into the rest of Africa. Outside South Africa, we have a market presence in Asia, Dubai, Saudi Arabia, Spain, the UK, the USA, Ghana, Uganda, Zambia, Cameroon, Tanzania, Nigeria, Namibia, Kenya, Zimbabwe, Botswana, Ethiopia, Lesotho, Eswatini (previously Swaziland), Malawi, Mauritius, Côte d'Ivoire, France, Belgium and Canada.

As we expand our sphere of operations across Africa and the rest of the world, we embrace strategic partnerships to diversify our investments portfolio.



FISHING AND BRANDS

CONTRIBUTION TO REVENUE

R569m

PROFIT BEFORE TAX

R18m

PREMIER FISHING AND BRANDS LTD



Premier Fishing & Brands Limited

The First Choice

KEY FACTS	
CHIEF EXECUTIVE OFFICER	R Isaacs
BOARD OF DIRECTORS	R Isaacs, B Robertson, A Amod, R Mosia, C van der Venter, S Young Advocate Dr N Ramathodi, S Mngconkola and V Dzvova
HEAD OFFICE	V&A Waterfront, Cape Town

PROFILE

Premier Fishing and Brands Ltd (Premier or the Premier Group) has been in existence since 1952 and has four operating divisions, two subsidiary companies and a number of joint venture operations. Premier is a vertically integrated group specialising in the harvesting, processing and marketing of fish and fish-related products.

Premier is the only fishing company to have a black female chief executive officer steering their ship.

Premier and its subsidiaries hold medium to long-term fishing rights in west coast rock lobster, south coast rock lobster, small pelagics (anchovy and sardine), hake deep-sea trawl, longline hake and squid. In addition, Premier owns an abalone farm and invests in organic agriculture through the Seagro range of products.

The Premier Group is the largest black-owned and controlled fishing Company in South Africa and aims to:

- implement innovative procedures within the value chain to increase efficiency in line with environmental best practices, thereby reducing their carbon footprint;
- invest in reliable technology which allows Premier to reduce mortalities of live lobster kept for the export market, therefore assisting in obtaining the best market price;
- develop all its employees;
- assist small businesses to grow and achieve their full potential; and
- ultimately deliver sustainable returns to all stakeholders.

MARKET PRESENCE

Premier has operations in Cape Town, the Overberg region, Saldanha Bay, Hout Bay, the Eastern Cape, Humansdorp, the USA, Asia, and Europe.

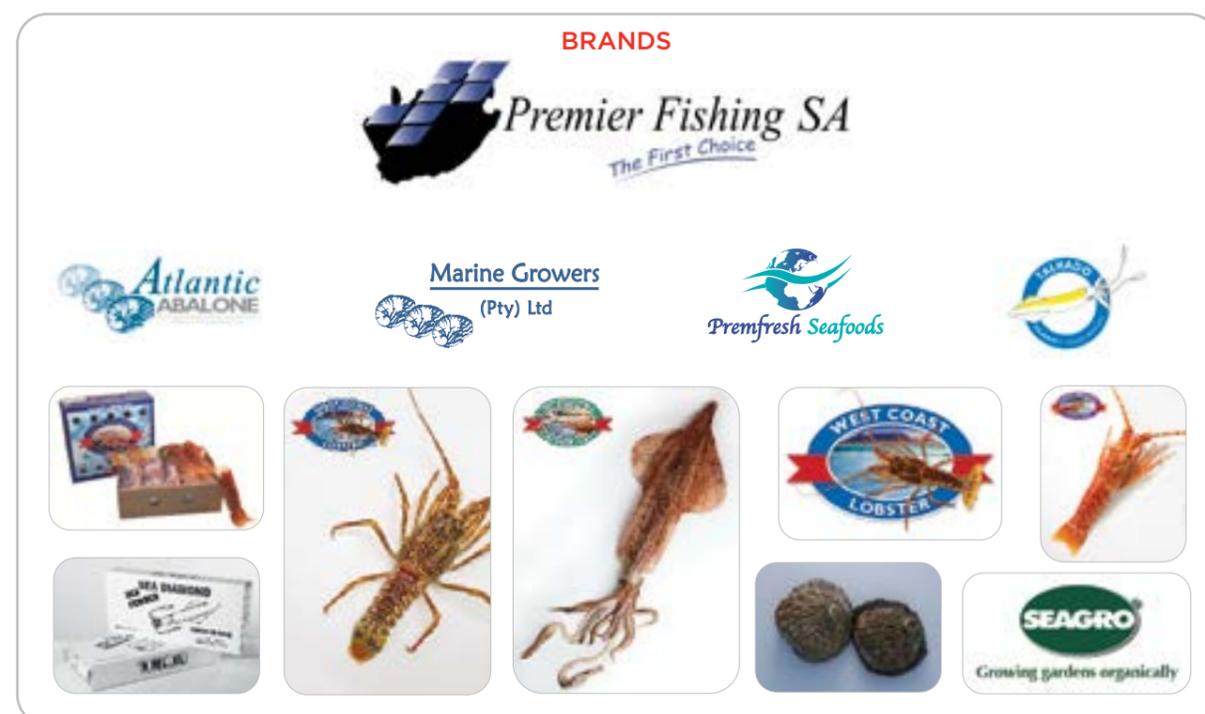
BRAND



Premier Fishing & Brands Limited
The First Choice

PRODUCTS/BRANDS

Through their various business activities, Premier offers the following products and services: sales, marketing and production of west coast rock lobster, south coast rock lobster, abalone, small pelagics, canned fish products, longline hake, squid and Seagro (organic fertiliser)



2021 OPERATIONAL PERFORMANCE

The Premier Group achieved revenue of R569m in the current period compared to R447m in the prior period. A gross profit of R192m was achieved compared to R152m in the prior period. EBITDA (Earnings before interest, taxation, depreciation, and amortisation) of R43m was achieved from R55m in the prior period. The abalone farm's production increased from 229 tons to 260 tons during the period under review. Premier's current asset ratio of the Group stands at 4.17:1 as of 31 August 2021.

The south coast rock lobster continues to be a stable fishery with an expectant 5% increase in the total allowable catch (TAC) for the next season. The squid division improved due to resource trends. However, this sector suffered a loss of catches due to union interference. The west coast rock lobster sector suffered a further TAC drop.

The Group's policy allows the directors to declare a cash dividend based on cash resources remaining after taking into account, capital expenditure and working capital as a dividend to shareholders. The impact of COVID-19 is being felt in most of the Group's markets despite the Group being deemed an essential business service. There is no certainty about when the pandemic will be brought under control and how long it will take for their markets to return to normal levels. As a consequence of this uncertainty and the challenging year it has been, the Board of Directors of Premier believes that preserving cash is paramount to ensure the sustainability of the Premier Group in this current environment. There are key areas in the business where it requires significant CAPEX spend to extract more efficient/effective shareholder value.

Note: The seasonal nature of the fishing industry does not align with the financial year.

IMPACT OF COVID-19 AND VALUE PROPOSITION POST-PANDEMIC

Premier operated as an essential service provider during the COVID-19 pandemic lockdown period, and some of the employees and crew were not immune to contracting the virus and tested positive. The office was closed for two days during this period, and employees continue to be tested daily. During their quarantine and self-isolation, Premier used the time to do maintenance work on their vessels, which will assist in reducing down-time in the future.

During this period, Premier assisted employees by allowing them to work from home and ensured no job losses or retrenchments took place. In addition, salary cuts were applied to some employees and lower-paid employees were supplied with food parcels.

The COVID-19 pandemic will still have a lasting impact on revenue going forward with the selling prices of abalone, west coast rock lobster and squid, which will take some time to recover. Their marketing team performed admirably, pushing for more volumes despite the drop in selling prices under extremely tough conditions. Premier continues to monitor market prices and currency fluctuations.

With the lifting of certain restrictions to Level 2 and the opening of international borders, Premier will continue to monitor the various variables and uncertainties in the fishing industry and selling prices.

Transformation and job creation remain key focuses of the Group.

PREMIER'S CONTRIBUTION

Their strategic planning session entailed an analysis of the business with the primary objective of having focused and aligned efforts across the business to deliver on its long-term goals. The strategic plan has clear deliverables, strategic actions for each strategic lever, and specific time frames.

Below is the high-level outline of their strategic goals:

- Abalone farm - the expansion spend will continue to be put on hold, and the key focus will be driving efficiencies throughout the value chain
- Expand the abalone farm and capital expenditure in their underlying businesses to improve production and revenue
- Drive an efficient cost base
- Construct/acquire a processing facility
- Product diversification to further penetrate foreign markets - procurement of fish species for local and international markets and enhanced marketing capacity
- The continuous growth of outside quota holders
- Increase enterprise development initiatives
- Acquire a canning facility
- Acquire another fishing business
- Further explore green energy alternatives with the emphasis on the efficient use of water and electricity

2021 ACHIEVEMENTS

Obtained a Level 1 B-BBEE rating for both Premier Fishing SA (Pty) Ltd and Marine Growers (Pty) Ltd (Premier owns the abalone farm).

- Obtained synergies from their acquisition in the Talhado Group.
- The expansion of the abalone farm continues to be a key focus.
- The new hatchery has tripled the spat production, and their stock holding increased to 260 tons, compared to 229 tons in the prior year.
- They continued to produce spat at an average monthly production of 250 000 animals per month.
- Increase in third-party contracted quotas year-on-year.
- Premier successfully navigated through the pandemic by
 - maintaining employment of staff
 - they caught all of their quotas timeously
 - all of their products sold irrespective of global market challenges
 - they have no bad debt
 - they managed to ship all their products effectively and efficiently without any losses.

PROSPECTS AND FUTURE OUTLOOK

Premier is well-positioned for growth over the next two years to further unlock shareholder value. The following prospects have been identified in reaching their vision:

- Continue to explore innovative fishing and production techniques.
- Increase partnerships with outside quota holders.
- Product diversification to further penetrate foreign markets.
- Additional production capacity created as part of the abalone farm expansion project.
- More jobs are to be created as part of the abalone farm expansion project.
- Premier aims to sell:
 - all landed quota of the new season;
 - more squid as this is effort-based; and
 - full hake quota for the 2021 season, plus the 2020 portion that has been rolled-over.
- The tonnage at the abalone farm is expected to increase following the expansion.
- Once the Fishing Rights Allocation Process (FRAP) 2021 applications have been completed, Premier aims to target strategic companies to diversify their product basket and markets, which will result in increased shareholder value.
- Explore solar, wind, hydro and battery energy as going green is a huge cost-saving and will have an environmental impact.

STRATEGY

Premier's strategic vision is to be a pre-eminent vertically integrated empowered marine business that uses ethical and sustainable business practices.

Their long-term value-creation ambitions are framed around and governed through the pursuit of their strategic vision. At the heart of achieving their strategic vision is their strategic growth plan, which sets out medium-term goals that help them realise their strategic vision.

BUSINESS MODEL

Premier is a vertically integrated fishing group and predominately a commercial fishing, fish processing and marketing Company. Revenue is generated from the sale of west coast rock lobster, south coast rock lobster, small pelagics, hake, squid and abalone, and cold storage facilities.

Premier aims to catch all its fish in an environmentally-friendly and cost-effective manner. In line with this, the Premier Group has developed strong brands across all its products and built solid relationships with its customers in Asia (China, Japan, Vietnam and Taiwan), Spain and the USA. In doing so, Premier developed sustainable profits through efficient cost management and sound marketing strategies.

The Premier Group continues to develop partnerships with small companies, particularly in the west coast rock lobster and wild abalone sectors. It assists these small companies by providing business advice on how to run their businesses sustainably and profitably. This is in line with the Premier Group's principle of developing smaller marginalised-owned companies and investing in the communities from which it operates.

The Premier Group continues to:

- implement innovative procedures within the value chain to increase efficiency in line with environmental best practices, thereby reducing its carbon footprint;
- invest in reliable technology which allows it to reduce mortalities for live lobster reserved for the export market, therefore assisting in obtaining the best market price;
- develop its employees;
- assist small businesses to grow and achieve their full potential; and
- deliver good sustainable returns to all its stakeholders.

GOVERNANCE

Premier adopted the application of policies and structures as defined by the Group and complies with all sound governance structures and regulatory functions. It has had no fraud reported or deviation in the application of these principles during the current period. The continued training and exposure of employees to the regulatory environment and regulations of the Companies Act ensure that employees are fully informed of their responsibilities.

The Board has the appropriate balance of knowledge, skills, experience, diversity, and independence to discharge its governance role and responsibilities objectively and effectively. The Board promotes independent judgement to assist with the balance of power and the effective discharge of its duties.

The Premier Group's governance principles regarding King IV™ have been measured using The Global Platform for Intellectual Property's Governance Assessment Appraisal Instrument.

GOVERNANCE STRUCTURE

BOARD OF DIRECTORS				
INDEPENDENT NON-EXECUTIVES	NON-EXECUTIVES		EXECUTIVES	
C van der Venter - Lead Independent	A Amod - Chairperson		R Isaacs	
S Young	V Dzvova		B Robertson	
R Mosia				
Advocate Dr N Ramatlhodi				
S Mngconkola				

COMMITTEES				
Nominations committee	Audit and risk committee	Social, ethics and transformation committee	Remuneration committee	Investment committee
<i>Chairperson:</i> A Amod	<i>Chairperson:</i> R Mosia	<i>Chairman:</i> C van der Venter	<i>Chairman:</i> S Young	<i>Chairman:</i> S Young
<i>Members:</i> S Young	<i>Members:</i> C van der Venter SP Mngconkola Advocate Dr N Ramatlhodi V Dzvova	<i>Members:</i> R Mosia SP Mngconkola	<i>Members:</i> A Amod C van der Venter	<i>Members:</i> A Amod Advocate Dr N Ramatlhodi R Mosia

MATERIAL MATTERS

Premier has identified material matters as being those items that can significantly impact the performance and sustainability of the Premier Group in the short, medium and long-term.

Premier's considerations: Material interests, expectations and concerns of their stakeholder groups most likely to influence the Premier Group's ability to create sustained stakeholder value form the primary basis for determining their material matters.

Premier's stakeholders include:

- Shareholders
- Suppliers and service providers
- Customers
- Employees and trade unions
- Government and regulatory authorities
- Local communities and other small-quota holders

STAKEHOLDER MANAGEMENT

CREATING STAKEHOLDER VALUE IN THE SHORT, MEDIUM AND LONG-TERM

Premier appreciates the role of its stakeholders and is committed to nurturing impactful relationships that deliver mutual benefits and encourage transparent, objective and relevant communication. They recognise the importance of building and maintaining trust and respect with their various stakeholders. They strive to respond timeously and appropriately to issues raised in their interactions with stakeholders.

Premier's stakeholder management approach involves understanding stakeholders' needs and expectations, addressing those needs and expectations, and identifying and acting on opportunities that are of mutual benefit.

Premier's stakeholder engagement involves identifying stakeholders who have the most significant impact on their business. Their engagement includes communicating their strategy, performance, decisions, and activities that impact or are of significant interest to their stakeholders and understanding their needs and perspectives.

Premier addressed essential risks and opportunities and responded timeously and appropriately to issues raised in their interactions with their various stakeholders. (📄 – Principle 16)

The Premier Group recognises the importance of creating value for its stakeholders in the short, medium and long-term. Their principal stakeholders are their shareholders, employees, customers, suppliers, communities and government.

Premier recognises the importance of constant engagement with stakeholders. A key element of their strategic planning process is documenting their business units' values and culture.

Premier has various procedures in place regarding stakeholder management.

STRATEGIC PLANNING AND MONITORING

The Premier Group manages its businesses strategically, following a process that includes an annual review of past performance, product basket, capacity, markets, and a review of internal and external environments. This review is followed by setting strategies, targets, and action plans, aimed at both growth and sustainability in the short to long-term.

As part of its strategy, the Premier Group empowers the communities in which it operates. This is achieved by transferring skills and technical knowledge in devising catch and marketing plans to smaller, black-owned fishing companies and small-scale fishers. In addition, this promotes preferential procurement from small, black-owned companies.

The board of each business unit in the Premier Group has an approved formal delegated authority schedule, which informs executive management of the necessary levels of approval for all key business transactions. In this way, the Premier Group ensures that there is a senior manager or the Board itself reviewing each key business transaction/initiative and that key business activities are aligned with the Premier Group's strategy, are lawful, contribute to Premier's sustainability and will not be harmful to any stakeholders and/or the environment. In this manner, each business unit can monitor its financial performance against its strategies and evaluate this against management and employees' key performance areas. Through this process, the sustainability of operations is ensured.

ECONOMIC SUSTAINABILITY

The Premier Group aims to deliver sustainable returns to all its stakeholders. The Premier Group has defined several targets to measure its performance and continually monitors progress against these targets. When necessary, it revises them to take into account changes in the Premier Group's business environment.

ENVIRONMENTAL SUSTAINABILITY

As a predominantly fishing business, the short and long-term strategic plan incorporates sustainable usage of its resources. This is an important aspect that is discussed internally and within the fishing industry, as it deals with natural resources.

To meet the objective of sustainable resources, the Premier Group is:

- committed to the best local and international fishing practices;
- supportive of various stakeholders involved in the proper management of marine resources;

- supportive of regulatory policies to manage the marine resources;
- implementing plans and strategies to ensure that it maintains its fishing rights;
- committed to improving energy efficiency through renewable solar technology, reducing consumption of non-renewable energy, and carbon reduction; and
- committed to conservatively using water and electricity.

SOCIAL SUSTAINABILITY

The Premier Group subscribes to a sustainable approach in conducting its business. For Premier, corporate citizenship goes beyond legislative compliance and profits. It recognises the rights and responsibilities of businesses within a broader societal context and reinforces the aim of Premier to implement a social contract between business, government and civil society.

Premier is well aware of the critical role of its business in the upliftment and development of the previously disadvantaged majority. However, a task of this magnitude will be beyond the scope of state resources alone for a substantial period of time. For this reason, the Premier Group needs to give back to the communities in which they operate.

To this end, Premier also believe in assisting small businesses to grow and achieve their full potential in the communities from which they operate by:

- providing small enterprises with opportunities to engage with Premier's factory, administration, finance and operational divisions for skills development, training and support;
- assisting with finances for start-up businesses;
- ensuring the availability of services by assisting with the development and growth of previously disadvantaged partners; and
- imparting skills and resources to small business partners to improve business management capacity.

The Premier Group continues to create a working environment that develops and empowers its employees, recognises the contributions of each team player in pursuit of excellent performance, and continues to maintain a safe working environment for all.

The Premier Group also recognises the importance of the communities in which it operates and aims to develop them through their continued employment, procurement and enterprise and technical development.

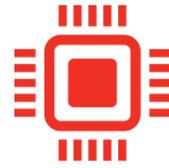
The Premier Group is actively involved in various corporate social initiatives on the West Coast and Overberg regions.

KEY CHALLENGES

At present, the Premier Group's strategic focus is aimed at overcoming the following potential key challenges:

Regulation and legislation	The compliance and demands placed on companies in this highly regulated industry require continuous review of business processes and strategy.
Competition from other companies	The Premier Group exports most of its products and is faced with competition from local and international companies with critical mass and funding. This also influences the market prices obtained for Premier Group's products.
Employee skills and retention	The industry in which the Premier Group operates requires skilled and experienced employees, thus employee retention is a key challenge. Limited resources of high-quality personnel make employee mobility one of the highest risk factors.
Total allowable catches (available fish stocks)	The Premier Group's quota allocations are dependent on the total allowable catches as determined by scientists and the Department of Agriculture, Forestry and Fisheries (DAFF). The Premier Group is faced with the challenge of declining fish stocks and ultimately declining quota allocations.
Information technology (IT) systems	The Premier Group is dependent on the efficient operation of its IT systems for its business operations and internal controls. Unfortunately, there has been a recent increase in the number of global virus attacks on companies' information systems and the Premier Group is faced with the same threat.

For more information on Premier Fishing and Brands visit: <https://premierfishing.co.za/>.



TECHNOLOGY

CONTRIBUTION TO REVENUE

R1.7bn

LOSS BEFORE TAX

R258m

AYO TECHNOLOGY SOLUTIONS LTD



KEY FACTS	
CHIEF EXECUTIVE OFFICER	H Plaatjes
BOARD OF DIRECTORS	W Mgoqi, H Plaatjes, IT Bundo, V Govender, K Abdulla, I Amod, A Amod, D George, R Mosia, S Rasethaba, N Ramatlhodi, and L Fourie
HEAD OFFICE	1st Floor, Waterway House North, 3 Dock Road, Victoria & Alfred Waterfront

PROFILE

AYO Technology Solutions Ltd (AYO), including its subsidiaries is one of the largest Broad-Based Black Economic Empowerment (B-BBEE) information and communications technology (ICT) groups in the South African market. They operate across various 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.

AYO's 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 thus transform their clients' organisations and their respective economic sectors.

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

As the age-old African proverb goes: *"If you want to go fast, go alone. If you want to go far, go together."*

At the end of the financial year, the AYO Group employed over 1 120 people and has over 500 clients in the public and private sectors with operations located in South Africa, Mauritius, East Africa and the United Kingdom.

The AYO Group consists of the following operating companies:

- Puleng Technology Solutions (Pty) Ltd (Puleng)
- Sizwe Africa IT Group (Pty) Ltd (Sizwe)
- Health System Technologies (Pty) Ltd (HST)
- Kalula Communications (Pty) Ltd (Kalula)
- SGT Solutions (Pty) Ltd (SGT)
- Global Control and Command Technologies (Pty) Ltd (GC²T)

- Digital Matter (Pty) Ltd (Digital Matter)
- Afrozaar (Pty) Ltd (Afrozaar)
- NSX Solutions Consulting (Pty) Ltd (NSX)
- Kathea Communications (Pty) Ltd

MARKET PRESENCE

AYO has its main office in Cape Town, with a satellite office in Johannesburg. Through their subsidiaries, they have a presence in all major South African centres, Botswana and Eswatini, the SADC region, Mauritius, Madagascar, East Africa and Nigeria.

BRANDS



2021 OPERATIONAL PERFORMANCE

In the volatile economic climate induced by the prolonged COVID-19 pandemic, where organisational clients across industry verticals and sectors switched into cash preservation mode and suspended infrastructure expenditure, AYO's revenues shrunk by 41% to R1.7bn. As a result, the bulk of the AYO Group's operating expenses covered human capital costs, and working capital requirements had to be reduced, negatively affecting profitability and resulting in a net loss after tax of R258m.

AYO's Group's balance sheet remains buoyant with total assets close to R4.2bn and robust cash reserves.

Having spent more than 18 months in a state of national disaster, with various lockdown restriction levels, AYO recognises that this is a battle of endurance. However, they are confident that their solid asset base will carry them through until the storm is over.

IMPACT OF COVID-19 AND VALUE PROPOSITION POST-PANDEMIC ERA

The effects of the COVID-19 pandemic significantly impacted the technology sector, affecting raw materials supply, disrupting the electronics value chain, and causing an inflationary risk on products. More positively, the disruption has caused an acceleration of remote working and a rapid focus on evaluating and de-risking the end-to-end value chain. In addition, remote work, online education and social distancing will create demand for products and services delivered by the technology industry.

AYO is exceptionally well-positioned to take advantage of these opportunities with solutions that respond to important questions around safety, privacy, sustainability and trust:

- remote working – Kathea Communications and Headset Solutions is experiencing a strong demand for communication and telecom equipment;
- cybersecurity – Puleng has a wide range of products and skills to deliver critical cybersecurity solutions;
- online learning – Sizwe has the nationwide infrastructure to roll out e-learning products and services to students;
- laboratory services – HST has the software and skills to manage complex data networks in healthcare facilities; and
- crisis management – GC²T has command and control specialist solutions for defence and monitoring social distancing.

Despite the above optimism, AYO will not be able to escape the ravages of the global and local economies, with some clients postponing purchases. Cash flow challenges will test some of their business units and may require subsidising during the crisis to confirm readiness in its aftermath.

AYO'S CONTRIBUTION

AYO's vision is to be the leading empowered digital and technology service provider for business partners across the African continent. We aim to deliver this vision through strategic acquisitions and organic development of current subsidiary businesses to gain further market share and revenues.

AYO acquired a 100% stake in Kathea Communications (Pty) Ltd (Kathea Communications). Kathea Communications is a leading re-seller of audio and video conferencing equipment during the financial year. With AYO's existing interest in this segment through Headset Solutions, it is expected to position the Group as the largest provider of such equipment in the African continent.

PROSPECTS AND FUTURE OUTLOOK

AYO continues to focus on its acquisition strategy to complement and enhance its current businesses in its portfolio. They are also looking to establish a strong foothold in technology sectors in the next five years. This will enable them to service a substantial customer base in a number of industry verticals, including financial services, telecommunications, health care providers, public enterprises, media and many more. As an ICT investment holding Group, AYO has a strong balance sheet to make suitable acquisitions. In addition, company valuations are becoming more attractive for investments, and AYO has specific targets in mind.

As companies seek business solutions to address remote work and social distancing, the demand for developer and engineering talent is likely to increase. Retaining top talent will be essential for AYO to remain relevant and competitive in this period.

STRATEGY

AYO's strategic objective is to diversify its investment portfolio through technology-based businesses investments that advance life, business and economics, thus becoming Africa's largest and most inclusive technology provider.

Creating long-term value for all stakeholders is what drives AYO's investment philosophy. Accordingly, AYO invests in businesses that have the potential to grow in terms of revenue and deliver true technological disruption while contributing to the well-being of the broader society.

As a prudent investor, AYO strives for a diverse portfolio balancing risk, growth and cash flow. Truly disruptive technological innovations drive progress and have the potential to advance life, business and economics fundamentally but are inherently risky and require patience and nurturing. They also need sophisticated underlying infrastructure to be implemented at scale, which is a challenge on the African continent. Through their investments, they aim to advance the technologies they believe will drive disruption over the next decade while simultaneously fostering an environment that facilitates their rapid adoption. That is why AYO's investment portfolio and pipeline include all technology "touch points" from connectivity infrastructure and hardware supply to software development and artificial intelligence.

BUSINESS MODEL

AYO is a thematic investment holding company with subsidiaries across various technology segments, including e-health, cyber security, managed services, hardware sales and services, e-commerce, software development, IoT and more. While their subsidiaries operate on a decentralised management model system, they add value to their subsidiaries in the form of industry expertise, strategic guidance, financial support for rapid scope of operations, access to new customer segments and markets, B-BBEE credentials and centralised group services e.g. human resources, treasury, payroll etc.

AYO's value proposition can be identified in the following ways:

- Shareholder value
- Employee value
- Customer/client value
- Partner value
- Societal value

GOVERNANCE

Their Board is the principal decision-maker and is supported by its various committees and the executive management team.

AYO adopted the application of policies and structures as defined by the AEEI Group, complies with all sound governance structures and regulatory functions, and has had no reported fraud or deviation in applying these principles in the current period. In addition, they continued training and exposure of employees to the regulatory environment and regulations of the Companies Act ensure that employees are fully informed of their responsibilities.

The Board has the appropriate balance of knowledge, skills, experience, diversity, and independence to discharge its governance role and responsibilities objectively and effectively. The Board promotes independent judgement to assist with balancing power and the effective discharge of its duties.

GOVERNANCE STRUCTURE

BOARD OF DIRECTORS		
INDEPENDENT NON-EXECUTIVES	NON-EXECUTIVES	EXECUTIVES
Dr W Mgoqi - Chairman	A Amod	H Plaatjes
Dr D George	I Amod	V Govender
Advocate Dr N Ramatlhodi		I Bundo
Prof L Fourie		K Abdulla
R Mosia		
S Rasethaba		

COMMITTEES				
Nominations committee	Audit and risk committee	Social, ethics and transformation committee	Remuneration committee	Investment committee
<i>Chairman:</i> Dr W Mgoqi	<i>Chairperson:</i> R Mosia	<i>Chairman:</i> Dr D George	<i>Chairman:</i> A Amod	<i>Chairman:</i> Dr W Mgoqi
<i>Members:</i> A Amod R Mosia	<i>Members:</i> S Rasethaba Dr D George A Amod Advocate Dr N Ramatlhodi	<i>Members:</i> A Amod R Mosia	<i>Members:</i> Dr W Mgoqi S Rasethaba	<i>Members:</i> A Amod R Mosia K Abdulla Prof L Fourie

STAKEHOLDER MANAGEMENT

CREATING VALUE IN THE SHORT, MEDIUM AND LONG-TERM

AYO strives to ensure a systematic and integrated approach to stakeholder engagement, facilitated by engagement programmes that provide increased assurance to the Board that all stakeholder issues have been identified, prioritised and appropriately addressed. The Board is equipped with the necessary information to take stakeholders' legitimate interests and expectations into account in its decision-making.

AYO understands and is responsive to the needs and interests of key stakeholder groups. This includes:

- Shareholders
- The investment community
- Employees
- Clients
- Suppliers
- Joint venture partners
- Regulators
- Business partners
- Communities

AYO constantly seeks to improve how it engages with its stakeholders to respond to their needs effectively. Interaction with stakeholders happens during the ordinary course of business at multiple levels across their business, and AYO strives to resolve disputes with its stakeholders effectively and expeditiously. AYO's corporate affairs function is the custodian of the business' stakeholder engagement approach, associated processes and standards, and ensures a coordinated and consistent approach. The function acts as an enabler to AYO to systematically embed and continuously improve how stakeholders are managed.

To ensure AYO communicates with its smaller shareholders and those stakeholders who lack access to electronic media, the Company publishes and reports on details of its corporate actions and performance, including its interim and final financial results in South Africa's leading daily newspapers.

AYO also publishes its most recent financial and operational performance and provides recent historical information, including its annual reports, on its website. AYO invites all shareholders to attend its AGM and facilitates participation through focused proxy solicitation and electronic means.

AYO aims to create sustainable value for its stakeholders.

The AYO Group recognises the importance of constant engagement with stakeholders. Therefore, a key element of their strategic planning process is documenting their business units' values and culture.

The AYO Group has various procedures in place regarding stakeholder management.

STRATEGIC PLANNING AND MONITORING

AYO's growth strategy is defined as being underpinned by six mission-critical success factors of capital optimisation, customer focus, operational excellence, people and culture, partnerships and leadership. Over a three-year planning horizon in the context of this long-term vision, AYO identified key strategic driver initiatives that it will execute to achieve the growth intended.

The above initiatives and others identified through some group-wide engagements will be executed at Group level, with subsidiary participation where required. Each subsidiary develops and executes its own business strategies and operations with Group and individual Board oversight, primarily for ensuring that there is strategic alignment in the Group and the leveraging of synergistic opportunities in their go-to-market strategies and operations.

Group monitoring of the above initiatives is achieved through continuous interaction between the subsidiaries and the AYO executive office. While this covers all initiatives, the strategic time horizons determine which elements are prioritised at any given reporting period, which is monthly and quarterly. From a subsidiary perspective, business performance and monitoring are also negotiated and agreed upon with their respective Boards.

The AYO Group manages its businesses strategically, following a process that includes an annual review of past performance, product basket, capacity, markets, and a review of the internal and external environments. This review is followed by setting strategies, targets, and action plans for both growth and sustainability in the short to long-term.

The Board of each business unit in the AYO Group has an approved formal delegated authority schedule, which informs executive management of the necessary levels of approval for all key business transactions. In this manner, the AYO Group ensures that a senior manager or the Board itself reviews each key business transaction/initiative. This ensures that key business activities are aligned with the AYO Group's strategy, are lawful, contribute to the Company's sustainability and will not be harmful to any stakeholders and/or the environment. In addition, in this manner, each business unit can monitor its financial performance against its strategies and evaluate this against management and employees' key performance areas. Through this process, the sustainability of operations is ensured.

ECONOMIC SUSTAINABILITY

AYO aims to deliver sustainable returns to all its stakeholders, founded on trusted relationships with key clients and innovative and high-quality brands. This positions AYO well for continued growth, underpinned by a focus on developing and acquiring a set of core products.

ENVIRONMENTAL SUSTAINABILITY

AYO recognises its responsibility to apply sound environmental practices and promote sustainability in all aspects of the businesses.

AYO is committed to continually improving its environmental performance as an integral part of its business strategy and sustainability commitment. Their business does not place significant demands on the natural environment. Despite this, they are committed to implementing sustainable business practices that minimise their environmental impact, supported by policies, procedures and concrete work plans.

SOCIAL SUSTAINABILITY

The AYO Group is aware of the critical role of business in the upliftment and development of the previously disadvantaged majority. This reinforces their mission to implement a social contract between business, government and civil society.

Competent technical skill is the single largest contributing factor towards project success within the global ICT industry. This situation is further amplified in South Africa due to the severe lack of competent technical skills. AYO is committed to internal training and development within the communities in which they operate to contribute toward social upliftment and sustainability. They launched the AYO Academy to train interns and learners and prepare them for the world of work.

In addition, they invested over R5.6m in education initiatives for their immediate communities through approved impact-CSI partners, including the SAME Foundation, Quad-Para Association of SA and the Sakhikamva Foundation.

KEY CHALLENGES

The key challenge for AYO in 2021 remained the reputation management for their brand and their subsidiaries post the Public Investment Corporation's (PIC) Commission of Inquiry. With the investigation now completed and AYO absolved of any wrongdoing, the media attention has subsided significantly. However, the reputational damage still lingers and will remain for them in the medium-term.

For more information on AYO Technology Solutions Ltd visit: <https://ayotsl.com/>.



EVENTS AND TOURISM

CONTRIBUTION TO REVENUE

R7.4m

LOSS BEFORE TAX

R7.7m

ESPAFRIKA (PTY) LTD



KEY FACTS	
CHIEF EXECUTIVE OFFICER	V Dzvova (Acting)
BOARD OF DIRECTORS	V Dzvova, K Abdulla, J van Wyk, A Amod and S Ramdenee
HEAD OFFICE	Waterfront, Cape Town

PROFILE

espAfrika (Pty) Ltd (espAfrika) is a cutting-edge global competitor in events management and producing unique, entertaining experiences throughout the African continent. The Cape Town International Jazz Festival (CTIJF) is affectionately known as “Africa’s Grandest Gathering” and is espAfrika’s flagship event. The Festival is ranked amongst the top 10 Jazz Festivals in the world. In 2015, the OFLOCAL voted the Festival as the Best Festival in Cape Town, and in 2016 it was voted one of the World’s Best Festivals by FEST 300. The CTIJF contributes more than R0.9bn to the South African economy’s gross domestic product (GDP) and creates over 3 000 jobs.

With over 20 years in the business, the Company has grown into one of the most highly awarded event management and production organisations in South Africa. espAfrika thrives on understanding clients’ ideas and is exceptional at creating relevant and engaging solutions to today’s audiences.

espAfrika’s can produce and host various events, from music festivals to corporate functions, gala dinners, and conferences. This innovative events management Company thrives on challenges. espAfrika’s primary strategy is to use indigenous resources, and they collaborate with local businesses and the public to ensure that all stakeholders benefit from this collaboration.

espAfrika consistently aspires and inspires new business within the events and entertainment sector throughout Africa. espAfrika is well respected in the international music industry and can leverage artists and expertise between Africa, Europe, Asia, and the United States.

MARKET PRESENCE

espAfrika operates in the Western Cape.

BRANDS

2021 OPERATIONAL PERFORMANCE

Due to the ongoing COVID-19 pandemic, the Cape Town International Jazz Festival was postponed for a second year due to the prevailing National and Local Government regulations prohibiting gatherings of large groups of people. A new date for the Festival will be announced once clarity is obtained from the authorities when mass gatherings and events can resume. The COVID-19 pandemic led espAfrika to streamline its business operations to ensure its future sustainability. espAfrika contributes positively to all its stakeholders, and with its projected plan, it will continue to strengthen its sustainability and returns to all the stakeholders.

IMPACT OF COVID-19 AND VALUE PROPOSITION POST-PANDEMIC ERA

The effects of the COVID-19 pandemic continue to spread across the entire world. It has had a severe impact on the world economy - and more significantly on the hospitality industry where espAfrika operates. Gathering and crowd restrictions will continue to impact the business of espAfrika. With the cost-cutting exercise the Company has implemented, they are confident that once the COVID-19 pandemic normalises, espAfrika will continue its business on a sustainable path.

espAfrika will continue to streamline its operation and diversify to look for new growth opportunities.

ESPAFRIKA'S CONTRIBUTION

espAfrika was on track to meet its strategic objectives until the start of the COVID-19 pandemic.

2021 ACHIEVEMENTS

During the financial year, espAfrika incurred a small loss due to the postponement of the Cape Town International Jazz Festival. However, plans have been put in place to return espAfrika to profitability and ensure it is sustainable for the foreseeable future, thus providing adequate returns to all its stakeholders.

PROSPECTS AND FUTURE OUTLOOK

The Cape Town International Jazz Festival will remain the flagship event of espAfrika. espAfrika is working on securing tenders relating to its core business activity while looking for new growth opportunities.

BUSINESS MODEL

espAfrika's business model is a mix of organising and producing its Company-owned events and managing events on behalf of clients (third-party events). espAfrika also provides event management services to its network of corporate clients. It will enable espAfrika to create a more sustainable business model going forward and lessen the dependency on the Cape Town International Jazz Festival.

GOVERNANCE

By applying policies and structures as defined by the holding Company AEEI, espAfrika complies with all sound governance and regulatory functions and has had no reported fraud or deviations in applying these principles in the year under review.

The Board of espAfrika meets quarterly to review the action plans of the executives and the progress of the Company towards its set objectives. The holding company conducts regular peer reviews regarding the delegated authority level and adherence to the AEEI Group policies.

The Board of espAfrika has the appropriate balance of knowledge, skills, experience, diversity, and independence to discharge its governance role and responsibilities objectively and effectively. The Board of espAfrika promotes independent judgement to assist with the balance of power and the effective discharge of its duties. The Board of espAfrika is evaluated annually to ensure effective functioning.

espAfrika complies with the governance principles as outlined in King IV™.

MATERIAL MATTERS

espAfrika defines its material matters as the factors that have the highest potential to impact the long-term sustainability of their business and stakeholders positively or negatively. These material matters range from internal to external issues:

- The effect of COVID-19 on the business – impact on employees and business operations
- Key market analysis
- Change in significant market and technology trends due to COVID-19
- Customer requirements and shifts
- Meeting business performance targets and budgets
- Developments in legislation and regulation
- Long-term sustainability of the business

STAKEHOLDER MANAGEMENT

CREATING VALUE IN THE SHORT, MEDIUM AND LONG-TERM

espAfrika recognises the importance of creating value for its stakeholders in the short, medium and long-term. The principal stakeholders for espAfrika are its shareholders, customers, suppliers, communities, and Government.

espAfrika recognises the importance of constant engagement with stakeholders. The principal stakeholders for espAfrika are shareholders, customers, suppliers, regulatory authorities, trade unions, government, and local communities.

espAfrika has various procedures in place regarding stakeholder management.

espAfrika has a diverse group of stakeholders ranging from communities, service providers, Government and shareholders. These stakeholders have different expectations and needs from the business.

STRATEGIC PLANNING AND MONITORING

espAfrika manages its business strategically, following a process that includes an annual review of performance, products/services, markets, and a review of internal and external environments. This review is followed by setting strategies and action plans for growth and sustainability based on current and forecasted market conditions.

In addition to the annual strategic planning exercise and quarterly reviews of strategy achievement, espAfrika's management discusses its long and short-term targets and objectives to maintain espAfrika's current economic, operational and environmental sustainability and advantage.

The Board of espAfrika has approved a formal delegated authority schedule, which informs executive management of the necessary levels of approval for all key business transactions. This provides adequate measures for the Board to ensure that a senior manager, or the Board itself, reviews each key business transaction/initiative. It further ensures that key business activities are aligned with the Company's strategy, are lawful, contribute to the Company's sustainability, and not be detrimental to any stakeholders and the environment.

espAfrika can monitor its financial performance against strategies set for the year and evaluate this against key performance areas. Through this process, the sustainability of operations is effectively managed, and the objectives of the Company are met.

ECONOMIC SUSTAINABILITY

espAfrika aims to deliver sustainable returns to all its stakeholders. A measure of the value created by espAfrika is the amount of value-added within the economy by supporting and developing small and micro-enterprises within its procurement and the jobs it creates via its various projects.

espAfrika continuously reviews its entire cost base using a zero-base approach to ensure that this is in line with its revenue and business growth expectations and ensures that the return on investment is in line with the industry standard.

The strategy adopted will result in espAfrika improving its sustainability, liquidity and ensuring sustainable growth and profitability for future financial years.

ENVIRONMENTAL SUSTAINABILITY

espAfrika adheres to a strict environmentally-friendly policy when producing events. This is achieved through:

- Waste management
- Recycling
- Responsible water usage

All the events incorporate a recycling and waste management plan, utilising different coloured bins spread throughout the event. The bins are transported to a waste management complex, where the waste is then recycled. In addition, all used construction materials such as plasterboard, plywood, beams, and corrugated iron are donated to needy causes. espAfrika limits its water usage and uses a water-efficient methodology to ensure that its events are water efficient.

SOCIAL SUSTAINABILITY

The integrated sustainability plan is two-pronged:

- To develop from within the Company and grow their human capital.
- To develop small businesses within the industry and to grow community-based services to alleviate poverty. During the year, espAfrika held many workshops to promote this initiative further. The initiative is fully supported by the National Department of Arts and Culture as part of the Mzansi Golden Economy. espAfrika also uses several small and micro-enterprises as part of its procurement policy.

The events industry strongly relies on skilled contractors. espAfrika is an active member of the SETA and strongly believes in training and development. However, espAfrika always matches an experienced contractor with an unskilled person so that a transfer of skills can occur.

espAfrika believes that all relevant resources must be used to support and develop the arts and culture industry in creating employment. espAfrika, through the Cape Town International Jazz Festival, typically creates more than 3 400 jobs to the many skills transfer and development projects held during the event. With the development of new events, the impact on job creation, support for small companies, and poverty alleviation will further improve.

KEY CHALLENGES

The following key challenges have been identified:

COVID-19 pandemic	The impact of the COVID-19 pandemic on the economy and the events industry. Government regulations concerning mass gatherings and their resultant effect on large events.
Raising of sponsorship	The raising of commercial sponsorship income is critical to the success of the Company and to further develop its strategic objectives.
Establishing new espAfrika-owned events	To expand its offerings and footprint and lessen the impact of third-party events on its financial performance.
Cash management	Managing limited cash resources is critical to delivering on espAfrika's strategic objectives.
Technology	With the continued advancement of technology, the Company needs to continually review its impact on the business and adapt its processes and methodology to maximise benefits.

For more information on espAfrika visit: <http://www.espafrika.com/>.

TRIPOS TRAVEL (PTY) LTD



KEY FACTS	
CHIEF EXECUTIVE OFFICER	V Dzvova (Acting)
BOARD OF DIRECTORS	K Abdulla, L Burt, V Dzvova and J van Wyk
HEAD OFFICE	V & A Waterfront, Cape Town

PROFILE

Tripos Travel (Pty) Ltd (Tripos) 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 leisure markets.

Tripos has long-term contracts with corporate clients and independent (on and off-site) travel consultants.

Tripos aims to:

- deliver superior service while actively contributing to the development of people in the travel industry;
- invest in leading-edge technology to service clients online and in-person;
- develop their employees;
- build strong relationships and leverage its membership in the Sure Group to provide clients with the best prices;
- grow the inbound tourism business; and
- ultimately deliver good sustainable returns to their stakeholders.

MARKET PRESENCE

SOUTH AFRICA - Tripos has a single office in Cape Town. As a result, its corporate client list is predominantly Cape Town based with a small percentage (less than 5%) based in Gauteng. This year, Tripos served clients from Dubai, France, Belgium and Canada.

BRAND



2021 OPERATIONAL PERFORMANCE

The COVID-19 pandemic's third wave impacted travel once again, with very little corporate and leisure travel taking place, resulting in the closure of the Inbound Travel sector. In addition, the cancellation of local flights by three domestic carriers saw most corporates travelling for essential purposes only during the year under review. There was a slight uptake in travel during July and August. Despite very little income from traveling, the Company reduced its debt drastically during the year under review by streamlining operations, thus freeing up cash to service debt.

With some countries announcing the relaxation of restrictions on South African vaccinated travellers, a renewed interest has already been shown with inquiries for international travel. However, at the time of writing this report, South Africa was on the "red list" of many international countries, which has subsequently changed. The local market will be restarting their local flights, and the Company should see an uptake in local and international travel in the next financial year. For the year under review, the Company made a minor profit.

IMPACT OF COVID-19 AND VALUE PROPOSITION POST-PANDEMIC ERA

The impact of the COVID-19 pandemic has negatively affected the travel industry worldwide, with a ban on local and international travel resulting in a total lack of income for most of the financial year. The South African government has allowed local travel under stringent conditions, but the income is minimal as clients were not travelling as they had done previously.

The opening of international borders will positively impact the business but will only be reflected in the next financial year. In addition, two local airlines and some international airlines are to resume their flight schedule in the new financial year, encouraging local and international travel.

International travel is set to resume with international countries already opening their borders under strict conditions (at the time of writing this report). The forecasts look promising as many European countries are opening up, and some international carriers are resuming their flights to and from South Africa. Some airlines were only permitting the transfer of passengers, but their global network is slowly opening up to South African travellers.

Until then, the promotion of domestic travel for business and leisure is a way to get clients to start travelling again. Tripos has started with marketing campaigns, advertising flights, packages and specials to those countries that have moved to open their borders. However, to date, the uptake on bookings has been very sluggish as the harsh trading conditions of the travel industry prevail.

TRIPOS TRAVEL'S CONTRIBUTION

The prolonged effect of the COVID-19 pandemic has negatively affected growth in the industry during the last financial year. As a result, Tripos sought to maintain and service clients they currently have and drive interest in future travel for clients when the travel industry reopens fully.

FUTURE PROSPECTS AND OUTLOOK

Tripos plans to improve its revenue position by aggressively targeting small businesses for new business, marketing outbound leisure travel and exploit the reopening of international travel for inbound clients to South Africa, post COVID-19.

Tripos plans to restructure and consolidate resources to improve its profitability.

The actions in progress to achieve this are listed below:

- Expand the responsibilities of an existing staff member to focus on the acquisition of new business targeting small to medium companies
- Evaluate prospects for the tourism sector
- Promote and sell outbound leisure packages
- Work closely with suppliers to provide the best deals to customers
- Arrange customer service and sales training for all employees
- Build on and make optimal use of their improved systems and processes

TRAVEL MANAGEMENT

Retail

- Travel
- Outbound leisure travel
- Corporate travel
 - Tripos has contracts with corporate clients, NGOs and government bodies to manage their travel arrangements
 - Tripos also has a number of agreements with corporates where it is retained as a preferred supplier

Wholesale travel

- Tripos structures packages (air, accommodation, tours and transfers) for resale by other travel agencies. This is done for certain niche products such as the Cape Town International Jazz Festival

List of services offered:

- IATA air tickets and non-IATA air tickets (e.g. air charters)
- Accommodation and car hire
- Transfer and chauffeur services
- Packaged travel arrangements
- Travel insurance, passports and visas
- After-hours service line
- Manage corporate events, including meetings and conferences
- Incentive travel
- Tours

BUSINESS MODEL

Tripos is a retail and wholesale travel business. It retails air, land and associated services directly to the consumer while wholesaling travel packages to other travel companies. Tripos' retail business is split into corporate and leisure travel.

Tripos has contracts to manage the travel arrangements for several corporate clients based in South Africa. In leisure travel, the focus is on selling outbound travel packages to clients in the local market. In addition, Tripos has agreements with independent travel consultants who use its infrastructure to issue tickets and service their clients.

Revenues from travel management are generated from service fees and commissions (the latter is only from some service providers). In addition, a small portion of the income is in the form of rental from independent travel consultants.

Tripos aims to grow its retail travel business in line with its strategy. This strategy ensures regular income from corporate clients and outbound sales, improving the overall profit and margin.

GOVERNANCE

Tripos adopted the application of policies and structures as defined by the AEEI Group and complies with all sound governance structures and regulatory functions and has had no reported fraud or deviation in the application of these principles in the current period. In addition, the continued training and exposure of employees to the regulatory environment and regulations of the Companies Act ensure that employees are fully informed of their responsibilities.

The Board has the appropriate balance of knowledge, skills, experience, diversity, and independence to discharge its governance role and responsibilities objectively and effectively. The Board promotes independent judgement to assist with the balance of power and the effective discharge of its duties.

MATERIAL MATTERS

Tripes identifies its material matters as the factors with the highest potential - positive or negative - on its long-term sustainability and stakeholders. These range from internal to external issues.

- The effect of COVID-19 on their business
- Key market analysis
- Significant market and technology trends
- Customer requirements
- Business performance and budgets
- Developments in legislation and regulation
- Information gathered from with key stakeholders
- Peer reports and industry benchmarks
- Risk and opportunities
- Sustainability and best practice

STAKEHOLDER MANAGEMENT

CREATING VALUE IN THE SHORT, MEDIUM AND LONG TERM

The prolonged waves of COVID-19 do not provide a good progress report for 2021. The anticipated opening of country borders to South African travellers did not materialise prior to the financial year-end. Although some European countries started to open up to vaccinated travellers from South Africa, the industry forecast does not see a significant increase in travel until the end of 2021.

OUTLOOK FOR 2022

With that in mind, the pent-up travel demand will be realised once borders are open, and they anticipate an increase in travel and bookings for the remainder of 2021 and early in the first quarter of 2022. Having been active with a strong base throughout the pandemic, they are poised and ready for the anticipated surge of bookings.

CREATING STAKEHOLDER VALUE

Tripes recognises the importance of creating value for its stakeholders in the short, medium and long-term. The principal stakeholders for Tripes are its shareholders, employees, customers, suppliers, communities and government. Tripes has various procedures in place regarding stakeholder management.

STRATEGIC PLANNING AND MONITORING

Tripes manages its business strategically by following a process that includes an annual review of past performance, source of income and a review of the internal and external environments, including the market. This review is followed by setting new strategies, targets and action plans for short to long-term growth and sustainability.

Quarterly reviews are conducted of strategic achievements, progress on action plans and how changes in the internal and external environments may positively or negatively affect each action plan are conducted. Monitoring of the new strategic levers has been implemented, and strategies and actions adjusted to ensure that the Company achieves its targets and delivers on its action plans.

As part of its strategy, Tripes also empowers the communities in which it operates. This is achieved by transferring skills and technical knowledge by employing interns as consultants and in the back office. In addition, Tripes promotes preferential procurement from small black-owned companies.

Tripes has an approved formal delegated authority schedule, which informs executive management of the necessary levels of approval for all key business transactions. In this way, the Company ensures that there is a senior manager or the Board itself reviewing each key business transaction/initiative to ensure that key business activities are aligned with the Company strategy, are lawful, contribute to the Company's sustainability and will not be harmful to any stakeholders and/or the environment.

ECONOMIC SUSTAINABILITY

Tripes aims to deliver good and sustainable returns to all its stakeholders. Tripes plans to restructure the business to focus on new business acquisitions and reduce fixed costs. To mitigate the low margins in corporate travel, it has embarked on a strategy to grow its tours and leisure, which traditionally return higher margins. Revenue, costs and cash flow are monitored closely to ensure sustainability.

ENVIRONMENTAL SUSTAINABILITY

The growth of tourism has led to a strain on the world's natural environment. Tripes promotes responsible travel and encourages the conservation of the environment and the improvement of indigenous people. It also reflects the carbon emissions from air travel on their invoices to create awareness around the traveller's carbon footprint. It is also committed to reducing its environmental footprint.

SOCIAL SUSTAINABILITY

Tripes is aware of its responsibility to play a meaningful role in the communities in which it operates.

Tripes is committed to introducing and integrating people from previously disadvantaged backgrounds into the travel and tourism sector. To achieve this, Tripes assists with the growth of small businesses by giving them preferred supplier status.

KEY CHALLENGES

At present, Tripes' strategy focus is aimed at overcoming the following potential key challenges:

Government policy	Government policy to cut all commissions and overrides will negatively affect the revenue that can be generated from these accounts
Competition	Travel management companies are under pressure from: <ul style="list-style-type: none">• online travel agencies;• a large number of competitors in the market;• suppliers selling directly to the consumer;• the growth of collaborative sales (the sharing economy); and• corporates insourcing or cutting down on their travel management in the belief that it will save them money. All the above put downward pressure on pricing and leads to thinner margins
Employee skills and retention	A consultant's reputation is the main selling point when clients consider using a travel management company and the relationship they build is the main factor why their business is retained A consultant's knowledge, experience, interpersonal skills and reputation are critical in acquiring and retaining business Skilled consultants are in short supply and employee retention is a key challenge Incentive and retention schemes are becoming increasingly important to retain the best talent; as a small business in the sector, they are at a disadvantage compared to larger enterprises
Employees and community	In meeting these values, Tripes has at its core the development of both the individual employee and the creation of opportunity for the broader community
POPI compliance	Maintain client database without compromising the personal data Successfully store clients personal data Securely update client data when transferring to a 3 rd party
COVID-19 Pandemic	Keep updated with changes to Travel regulations under COVID-19 Ensure clients have the latest ever-changing COVID-19 regulations

For more information on Tripes Travel visit: <https://www.suretravel.co.za/agency/sure-tripos-travel>.

MAGIC 828 (PTY) LTD



KEY FACTS	
CHIEF EXECUTIVE OFFICER	L Johnstone
BOARD OF DIRECTORS	K Abdulla, A Amod, J van Niekerk, V Dzvova and J van Wyk
HEAD OFFICE	Century City, Cape Town

PROFILE

Magic 828 (Pty) Ltd (Magic) is a medium wave (AM/MW) independent commercial music radio station, broadcasting throughout the Western Cape and streaming worldwide. The studios are situated in The Estuaries, Century City, Cape Town, with a transmitter situated at the centre of a geographic triangle with Paarl, Durbanville and Malmesbury as the three corner points.

The station radiates a 25 000-watt (25kw) signal to all areas of the Western Cape, unrestricted by mountainous terrain. The transmitter is five generations up on existing MW transmitters in South Africa. Magic also broadcasts in digital/stereo streaming via its website, mobile applications on both IOS and Android platforms, and other third-party radio applications.

Magic's music format is defined as Golden Oldies, including Rock, broadcasting hits from the 1960s to 2000s. Magic believes that its music format has no colour lines as these hits are easily recognised by listeners, constantly entertaining them through more music and less talk, thus invoking memories of past experiences. Magic's target audience comprises individuals between the ages of 35 to 65 of no specific race or gender, with a core target audience of 40-59.

Magic's listenership has steadily grown since inception and stands at around 210 000 on 31 August 2021.

A long-term goal of the management team has been to grow the radio business into other geographies in South Africa. This dream was realised during the year with the strategic partnership with LM Radio in Gauteng. The increased reach, cost efficiencies, and advertiser attractiveness have enabled Magic to grow towards its long-term goals. A short-term plan has been put in place concerning programming, sales and marketing, and establishing clear reporting channels to all employees to understand their roles and responsibilities.

MARKET PRESENCE

Magic's market presence includes the Cape Town region and Simon's Town, extending to Vredendal, Clanwilliam, Sutherland and Prince Albert, up to and including Stilbaai.

BRAND



2021 OPERATIONAL PERFORMANCE

The focus for the management team remains on increasing the revenue of the business and finding new and alternate revenue streams to traditional radio advertising. The first offshore product in the form of a turnkey internet radio solution for a restaurant chain in the Middle East has been extended for a further two years. This provides consistent monthly revenue to the business.

COVID-19 had a major impact on the revenue the business could earn. The marketing spend is usually the first thing a business cuts with constrained cash, and their experience was no different. They cut costs where possible and right-sized their operations to the point that they could survive the worst of the economic impact. As a result, they are now well-positioned to benefit from the return to normal trading conditions.

Magic has also focused on increasing listenership, generating high-quality programming to retain existing listeners, and ultimately building a sustainable business that can be profitable for all shareholders and stakeholders.

Traditional radio advertising remains the biggest driver of revenue. This should be split between agencies and direct advertising, which is driven primarily by listenership. Revenue is currently generated from the direct market exclusively. The appointment of a National Sales House to generate agency sales should reap substantial benefits in the new financial year.

Magic understands that listenership figures from the Broadcasting Research Council are predominately used by customers to assess a potential return on investment. This has been a challenge. However, Magic has forged new relationships with all stakeholders, including the Broadcasting Research Council, allowing the Company to appear on its research as having listenership figures.

The strategic partnership entered into with LM Radio in Gauteng, whereby the stations share content and resources, is bearing fruit. There are many similarities between the two, in that both target the same audience, play the same music, and are focused on music over talk. From an advertising perspective, it has given them the ability to reach the two biggest metropolises in South Africa and thus a nationwide reach. This is now a key pillar of their marketing and advertising strategy.

IMPACT OF COVID-19 AND VALUE PROPOSITION POST-PANDEMIC ERA

The COVID-19 lockdown has undoubtedly been a huge economic hurdle to overcome for all businesses around the globe. Magic is no different, as the economic constraints of the lockdown affected them adversely. The management team acted swiftly in cutting costs and reducing overheads to a large extent. The collaboration with LM Radio has helped reduce costs even further while moving to more cost-effective premises became key to the business's survival. With the appointment of an experienced radio executive to head up the business, it is now well-placed to rebound as the country's economic activity returns to normal.

With a reduced cost base and slimmed-down operations, the business can now take advantage of opportunities in the market. Over the past few years, the focus on the digital side of the business has stood them in good stead with the focus on digital marketing and advertising that is currently in favour with most clients.

They have also expanded their current product set to include turnkey internet radio solutions for the international market. In addition, they hope to expand over the next two years, bringing in a much-needed source of foreign-based revenue.

COVID-19 has been incredibly tough for all and far from over, but they are optimistic and excited to negotiate the return to profitability.

MAGIC'S CONTRIBUTION

The following is what they focused on in the pursuit of their vision:

- Further increasing brand awareness and increasing listenership.
- Extending broadcasting via programming on other AM stations in South Africa.
- Further advertising opportunities arising due to the exposure of the radio station.
- Further growth in listenership, particularly in the digital space.
- Continue to look at joint ventures in marketing and advertising.
- Employing people on an equal employment basis and striving towards the HDP level of 70% as per the Independent Communications Authority of South Africa (ICASA) licence agreement.
- Increasing its broadcast area by focusing on boosting the digital offering.

PROSPECTS AND FUTURE OUTLOOK

Magic has aligned its business model to ensure that the business structure, processes and objectives comply with the requirements of the ICASA radio licence. They completed the implementation of the partnership with LM Radio in Gauteng. This was a year-long process, and they now share content and resources across the two stations. The cross-selling of advertising also boosts revenue.

Over the past few years, they have bolstered their resources in the digital space and the radio products they can offer. They now offer their clients a full suite of products and cater to a wider range of their needs. The streaming platforms have grown and gives a good indication of listener growth.

A major opportunity that exists is the agency business through its sales house, Viacom. This relationship is expected to reap the rewards in the new financial year. On another positive note, the station's standing has been bolstered by the partnership with LM Radio in Gauteng, thus providing advertisers with an expanded footprint. In addition, it allows Magic to sell national advertising and benefit from these two stations' combined listenership. This also resulted in interest from other agency sales partners.

The following prospects were identified in reaching their vision in 2021 and will be further targeted in 2022:

- Increasing the broadcast footprint;
- Further increasing brand awareness and increasing listenership with aggressive marketing;
- Exploring opportunities to obtain government business with the assistance of its partners;
- Finalising a roadshow to visit agencies in three regions, namely Gauteng, Cape Town and KwaZulu-Natal; other stations have proved this to be very successful;
- Extending its broadcasting via programming from Magic AM online for digital presence;
- Further advertising opportunities arising due to the exposure of its radio station;
- Growing the listenership;
- Continue to look at joint ventures in marketing and advertising; and
- Employing people on an equal employment basis and obtaining the HDP level of 70% as per the ICASA licence agreement.

STRATEGY

The strategic focus is to consolidate the on-air brand with LM Radio to leverage off the solid nostalgic brand equity of LM Radio. With operational costs having been cut drastically, the focus for 2022 will be driving revenue. Agency sales are critical, and the appointment of Viacom will assist in driving momentum. Another key driver will be marketing. The exploring of partnerships with key stakeholders for trade exchange opportunities will take priority. Brand awareness through billboards, bus advertising and event partnership is being negotiated.

BUSINESS MODEL

Magic has aligned its business model to ensure that the business structure, processes and objectives comply with the requirements of the ICASA radio licence. They completed the implementation of the partnership with LM Radio in Gauteng. This was a year-long process that allows them to share content and resources across the two stations. This has the benefit of not only reducing costs but also boosting revenue.

Over the past few years, they bolstered their resources in the digital space and the radio products they can offer. They have done this to offer their clients a full suite of products and cater to a wider range of their needs. They have had great success with the launch of their streaming app, as the listenership continues to grow.

They built out their product offering to include a turnkey internet radio solution that they can offer to clients worldwide. In addition, they are targeting offshore clients to get a steady stream of offshore-based revenue.

GOVERNANCE

Magic applied the policies and structures defined by the AEEI Group and complies with all sound governance structures and regulatory functions; it has had no reported fraud or deviation in applying these principles in the current period. The continued training and exposure of employees to the regulatory environment and regulations of the Companies Act ensures that employees are fully informed of their responsibilities.

The Board of Magic has the appropriate balance of knowledge, skills, experience, diversity, and independence to discharge its governance role and responsibilities objectively and effectively. The Board promotes independent judgement to assist with the balance of power and the effective discharge of its duties.

Magic complies with the governance principles as outlined in King IV™.

MATERIAL MATTERS

Magic defined their material matters as the factors with the highest potential - positive or negative on the Company's long-term sustainability and their stakeholders. These range from internal to external issues:

The most significant material matter during the year:

COVID-19		
Impact on employees	The loss of revenue has resulted in a 30% salary cut for all employees. Most employees have been working remotely since March 2020, with studio connectivity provided at their homes. Anyone entering the studio premises has to adhere to all COVID-19 protocols. The Company lost several advertisers, especially in the hospitality/tourism industry. With the potential of a fourth wave, the business has tried to be future-proof by offering longer-term on-air packages to advertisers and requesting payment upfront.	Opportunities: Remote operations have given the business more flexibility regarding broadcast opportunities. Offer special advertising packages to small businesses to allow them to advertise during the COVID-19 pandemic. Reduction of overheads due to reduced staff in the studio.
Impact on operations		
Impact on customers and the economy		
Impact on the supply chain		
Impact on strategic review		
Socio-economic impact on the business		
The potential impact of a fourth wave		

STAKEHOLDER MANAGEMENT

CREATING VALUE IN THE SHORT, MEDIUM AND LONG-TERM

Magic recognises the importance of creating value for its stakeholders in the short, medium and long-term. The principal stakeholders for Magic are its shareholders, employees, customers, suppliers, communities and government.

During the 2021 financial year, Magic made great strides towards the goals set at the outset of the year. Many of the initiatives put in place around the expansion of the listener base, marketing of the brand and new revenue streams were being realised when the COVID-19 lockdown started.

Looking ahead, although the economic outlook remains cautious and the prospects for a quick return to previous levels of economic activity remain unlikely, they remain cautiously optimistic. They have weathered the storm and have come out leaner and a more efficient business.

The cost efficiencies and increased revenue potential they gained from the partnership with LM Radio in Gauteng will stand them in good stead for the year ahead. These, coupled with the potential for growth from the offshore radio clients and the building out of their digital offering, will give them optimism that they will turn the corner and achieve profitability in the 2022 financial year.

Magic recognises the importance of constant engagement with stakeholders. A key element of Magic's strategic planning process is to document its business units' values and culture.

Magic has various procedures in place regarding stakeholder management.

STRATEGIC PLANNING AND MONITORING

Strategic planning is assessed by the Board of Magic and implemented by the executive team consisting of management and shareholders representatives. Quarterly Board meetings are held whereby the Board can monitor the progress of the business, whereas monthly executive meetings are held to discuss implementation plans in more detail.

ECONOMIC SUSTAINABILITY

The COVID-19 pandemic had a major impact on profitability for the year, but after the cost-cutting regime, rationalisation and pursuing of alternate revenue streams, the economic outlook for the business is far more stable. From a revenue point of view, they are not yet back to pre-lockdown levels, but the signs are encouraging.

Agency sales are expected to pick up, and more interest is expected as businesses become more active.

As momentum continues to pick up and their sales and marketing efforts continue to bear fruit, they believe they will be at a breakeven level within the next few months.

ENVIRONMENTAL SUSTAINABILITY

In terms of Magic's licence agreement with ICASA, they are required to spend on CSI initiatives. Magic has not selected a specific cause as the Company believes it can assist in various areas where required. Advertising and promotions have been provided to local hospitals, promoting awareness regarding pollution and lack of resources and single-use plastic initiatives, among others.

Development and implementation of strategies in all departments – marketing, sales, programming and production – develop identities/products around all shows focused on listeners and advertisers.

SOCIAL SUSTAINABILITY

Magic contributes to social sustainability by establishing a professional yet entertaining corporate image and striving to achieve the objectives in their ICASA licence agreement. Magic has trained employees and interns in various areas of the industry and offered them opportunities to commence a career at Magic. Additionally, Magic has increased its quota of HDIs within the business by promoting gender and race diversity in terms of female employees and HDI individuals.

KEY CHALLENGES

Magic's current strategic focus is aimed at overcoming the following potential key challenges:

COVID-19 lockdown	The business operates remotely where possible and follows stringent protocols for the workplace.
Advertising revenue	The creativity of advertising content on shows and presentations to agencies. Reach and maintain targets from direct sales and sales houses in a depressed marketplace.
Competition	Competition from other radio stations.
Employee skills and retention	The industry in which Magic operates requires highly skilled and experienced employees, thus employee retention is a high priority and a key challenge. There are extremely limited resources of high-quality personnel, making enticement from other radio stations an ongoing risk factor. Due to the small employee complement, Magic is continually at risk for not being able to enter new markets due to time constraints and a shortage of employees.
Training	This is of great importance to Magic and remains an ongoing project.
Technology	Technological advancements are monitored regularly. The backing up of critical information and the music playlist is done monthly. Continual involvement with ICASA relating to stereo broadcasting, which would have a significant impact on listenership.

For more information on Magic 828 visit: <https://magic828.co.za/>.



HEALTH AND BEAUTY

CONTRIBUTION TO REVENUE
R44m

PROFIT BEFORE TAX
R5.8m

AFRINAT (PTY) LTD



KEY FACTS	
CHIEF EXECUTIVE OFFICER	Dr A Sidar
BOARD OF DIRECTORS	A Amod, A Sidar, J van Wyk, K Abdulla and V Dzvova
HEAD OFFICE	Victoria & Alfred Waterfront, Cape Town

PROFILE

AfriNat (Pty) Ltd (AfriNat) supplies a range of natural biostimulants, agricultural pre-harvest products, and a range of cleaning solutions under the brand ViBacSan® to the post-harvest industry and hygiene and sanitation sectors. These products are human, animal and plant safe, internationally recognised and certified as such, using British and European Standards (BS, ES), National Regulatory Compulsory Specifications (NRCS) and SABS. Agricultural products are registered with the Department of Agriculture, Land Reform and Rural Development (DALRRD).

The products are registered and manufactured locally and used successfully in the agricultural, food, and general health and hygiene sectors. AfriNat acquired the intellectual property (IP) from a UK-based company called Phyto and is currently in a joint venture with them, providing access to their other products for select markets.

MARKET PRESENCE

AfriNat has the following market presence:

- *Western Cape* - Hex River Valley, Citrusdal, Ceres, Riebeeck-Kasteel and Tulbagh
- *Eastern Cape* - Patensie, Gamtoos, Sundays River Valley, Port Alfred and Humansdorp
- *Limpopo* - Polokwane, Groblersdal, Marble Hall, Hoedspruit, Letsitele, Tzaneen and Alldays
- *Mpumalanga* - Nelspruit, Komatipoort, Hazyview, Malelane and Ogies
- *Northern Cape* - Keimoes, Augrabies, Kakamas, Upington and Vaalharts
- *Free State* - Bethlehem and Ficksburg



PRODUCTS



2021 OPERATIONAL PERFORMANCE

AfriNat operates in three sectors: agriculture which includes pre-and post-harvest, hygiene and sanitation, and food preservation. Each sector has a different range of products, with good overall performance despite many COVID-19 related market and climatic challenges. The hygiene and sanitation products have been a widely accepted alternative for COVID-19 protection and is gaining market share.

Agricultural products are the primary revenue generators, and this has improved since the previous year in volume by almost 20%. The Syn-G and Elicitor products are gaining traction, especially in the export market segment. The quality of produce yielded is superior, and there are no harmful residues left on the fruit products, which is a major trend in the European and Asian markets.

The continued effects of COVID-19 have forced people to relook at the hygiene sector in more detail since the beginning of the pandemic. The SABS has also adopted international standards, and AfriNat's VibacSan range is being accredited with the new SANAS 1853:2020 standards.

AfriNat introduced the food additives and preservatives but was limited as COVID-19 prevented further engagement with clients. However, research and development projects are underway with a few clients to shift from synthetic or no preservatives to a natural alternative.

IMPACT OF COVID-19 AND VALUE PROPOSITION POST-PANDEMIC ERA

AfriNat worked again as an essential service provider through the COVID-19 pandemic in the hygiene and sanitation sector.

With export focus, AfriNat continued supply to the export fruit market despite the products being classed as "add-ons" during the COVID-19 period.

AFRINAT'S CONTRIBUTION

A new normal has evolved, and their business is geared towards providing safe and economic opportunities to their clients and associates. This is done through their product portfolio in the Agricultural sector, which promotes increased productivity and high crop yields, which in turn produces more profits.

2021 ACHIEVEMENTS:

- AfriNat survived the COVID-19 pandemic for a second year;
- They successfully marketed three ranges of products nationally;
- They began introducing additional products into the Agricultural sector for growers;
- Group 3 trial data has been submitted to DALRRD;
- Updated hygiene and sanitation products to SANAS 1853:2020;
- They increased their market share in hectares in multiple cultivars and gave growers an average 20% increase in yield; and
- Begun development work on food additives for shelf life extension for food producers.

PROSPECTS AND FUTURE OUTLOOK

AfriNat has developed a platform for growth estimated at 20% per annum based on the uptake of the product offering over the next three years.

However, with the increasing coverage of hectares, the growth can be supported through technical resource placements in new territories. Their products have been independently tested at a high cost. This will enable new farmers and territories to adopt their programme based on results. Further growth will come once these tests have been incorporated with the DAFF registrations.

There are no planned acquisitions in the short to medium-term, except for vertically integrating and introducing in-house manufacturing.

Organic growth is expected by increasing market share and the penetration into pre-harvest and post-harvest markets in the coming season. An experienced national sales manager has been employed to increase the market share through distribution channels. This is now possible as the group 3 data results have shown phenomenal results.

Another crucial focus is the international green economy and protecting the environment as AfriNat has acquired the rights to internationally recognised natural products, supporting key industries that impact the health and well-being of the population. These products range from domestic hygiene to food security.

The following prospects have been identified in reaching their vision:

- Growth of the product portfolio in pre-harvest - the opportunities to capitalise on their empowered status and successfully attract international and local partners to expand their product portfolio.
- Discussions with multiple international companies to have trade relations supplying products and, in turn, having exclusivity on their products in South Africa in the pre-harvest sector.
- The food and beverage manufacturing and processing sector have been delayed for active entry until the 2021-2022 fiscal year due to the intense focus and demand from the agricultural sector and COVID-19.
- Conclude a local manufacturing facility - this initiative will provide jobs locally and require the transfer of new skills to employees.
- Diversity of products and market - AfriNat is adding additional products to its portfolio.
- Expansion into new sectors with innovative products - a significant opportunity exists to capture a large portion of the infection control and hygiene and sanitation markets in the health delivery system and the food processing and hospitality sectors. This can be achieved with their internationally recognised, totally natural range of sanitation and hygiene products.
- Retention of business won - in a business environment based on a high level of relationship building, the successful retention of business won on this basis is a key measure of AfriNat's performance.
- Expand into new markets outside of South Africa to neighbouring countries and other developing nations where their solutions will have the most significant impact.

STRATEGY

Over the next three years, AfriNat's strategy will grow its market access into multiple cultivars and service additional pack houses. The food solution business will be entering a new territory of synthetic preservative replacement.

AfriNat will achieve this by:

- Engaging with additional agents and distributors with the current product portfolio;
- Develop new products in line with market demand for natural alternatives; and
- Increase the footprint of Seagro in the commercial agriculture sector.

The risk related to this growth is the supply chain. AfriNat only uses the highest quality raw materials, and some are sourced internationally. There has been an array of delays during the COVID-19 pandemic, and they have had to order long before the time to ensure continuity of their products.

This growth is supported by the increase in demand and sales for agricultural products in the last season. With this, AfriNat has employed an experienced sales manager from a leading international agricultural company to expedite this growth further.

Most of this growth will be self-funding as the sales and margins have been good; however, further growth funding will be through the holding entity on a short-term basis.

BUSINESS MODEL

AfriNat's model for the manufacture and distribution of its products is based on the following principles:

- The acquisition of innovative local and international products, patents and internal IP, including an international collaborative IP that is relevant to the African markets.
- AfriNat trials and micro-challenges all products and brings them to registration, at which point they do the following upon receipt of registration and certification:
 - Appoint local manufacturers to produce the products to stringent quality standards with the objective to establish their own manufacturing facilities throughout the country where critical mass has been attained; and
 - Appoint local distributors who are active in the markets relevant to the products.
- Provide their partners with ongoing technical support.

The ultimate objective of applying this business model is to transfer knowledge and opportunities to local SMMEs while providing employment opportunities.

GOVERNANCE

Through applying policies and structures within the AEEI Group, AfriNat complies with all sound governance and regulatory functions and has had no reported fraud or deviations in applying these principles in the year under review. The continued training and exposure of employees to the ever-changing regulatory environment and regulations of the Companies Act ensure that all employees are fully informed of their responsibilities.

The Board of AfriNat has approved a formal delegated authority schedule, which informs executive management of the necessary levels of approval for all key business transactions. In this way, the Board ensures that there is a senior manager, or the Board itself, reviewing each key business transaction/initiative to ensure that these are aligned with the Company's strategy, are lawful, will contribute to the Company's sustainability and will not be harmful to any stakeholders and/or the environment.

AfriNat complies with the governance principles as outlined in King IV™.

MATERIAL MATTERS

The effects of the COVID-19 pandemic caused many delay factors in the food industry, from shipping to distribution and demand.	
Employee factors	Employees have been affected indirectly as well as directly by the COVID-19 pandemic reducing productivity.
Market factors for international exporters of fruit and produce. Shipping delays lower demand and lower pricing received for stock.	AfriNat received fewer orders as farmers have had cash flow and profit cuts. Thus, their action has been to expand their reach aggressively.
Manufacturing and stock production have been affected negatively by delayed shipping from Europe and China.	This has affected revenue as stock and production delays did not allow them to meet all orders on time.
Local regulatory offices affected by COVID-19 are still causing backlogs in registrations.	DARRLD and SABS have seen massive delays resulting in their products not having the accreditations in time for label printing.

STAKEHOLDER MANAGEMENT

CREATING VALUE IN THE SHORT, MEDIUM AND LONG-TERM

AfriNat recognises the importance of creating value for its stakeholders in the short, medium and long-term. Their principal stakeholders are their shareholders, employees, customers, suppliers, communities and government.

AfriNat recognises the importance of constant engagement with stakeholders. A key element of AfriNat's strategic planning process is documenting the values and culture of its business units. AfriNat has various procedures in place regarding stakeholder management.

STRATEGIC PLANNING AND MONITORING

In applying its business model, AfriNat is focused on becoming one of the leading suppliers of natural products with a low B-BBEE. AfriNat believes its current strategy of focusing on innovation, technology, and converting current markets to future thinking will provide for the Company's long-term sustainability. Through this focus, existing business will be maintained while future business is developed in new markets. This will assist with employment and knowledge transfer to the broadest possible population of South Africa. In achieving this objective, they strive to support similar strategies in the rest of Africa.

AfriNat manages its businesses strategically, following a process that includes an annual review of past performance, products/services, markets, and a review of internal and external environments. This review is followed by setting strategies and action plans for growth and sustainability in current markets.

In addition to the annual strategic planning exercise, they held quarterly reviews of their strategic achievements and how changes in the internal and external environments may positively or negatively affect the Company. As a result, strategies and actions are adjusted to ensure the growth and sustainability of the business with due regard to the success of its partners.

The Board of AfriNat approves the annual operational budgets. It monitors their financial performance against strategies set for the year and evaluates this against management and employees' key performance areas. Through this process, the sustainability of operations is ensured.

AfriNat focuses on servicing the public and private sectors and strategically maximising opportunities that arise from legislative changes to introduce their natural range of products, which promote health and environmental safety. In June 2016, the Reach Accord blacklisted more than 50 agro-chemical products. Over time their product range will replace a high percentage of the blacklisted synthetic chemical products.

ECONOMIC SUSTAINABILITY

The key to sustainability is Southern Africa's food production and security. The ownership of IP, trademarks and patents allows AfriNat to be the center of excellence for future product development. This can then be scaled into Africa to provide solutions to various food security issues.

As reform initiatives start to impact various sectors, the involvement of communities in this process will increase the sustainability and raise the profile of AfriNat, especially in the agricultural sector with emerging farmers. AfriNat will continue to diversify its business to compete in key sectors of the total health and agricultural produce delivery system in South Africa and Southern Africa and increase its product offering by acquiring innovative new products in the medical, general healthcare, food safety and agricultural sectors.

ENVIRONMENTAL SUSTAINABILITY

AfriNat specialises in this arena with a product range developed and derived from totally natural plant sustainable resource extracts. These extracts can be formulated into products that achieve the same level or better results as synthetic chemicals, currently being banned in the Reach Accord.

AfriNat, together with the Citrus Research Institute, completed three years of trials to eliminate the "Citrus Black Spot". The trials have yielded excellent results. The significance of this trial is that the Citrus Black Spot is one of the largest threats to the citrus export industry. Blacklisting of citrus exports to Europe could jeopardise employment in the agricultural sector and negatively impact the 100,000 individuals employed in the citrus industry.

The initiatives taken in AfriNat within the agricultural sector offer local farmers alternative products to the synthetic chemicals, which are being eliminated through the Reach Accord, to which South Africa is a signatory.

In addition, Government regulations for "Clean Labelling" and the ongoing collaboration with food manufacturing and processing researchers will positively impact the sustainable production of food using ViBacSan®. This will positively enhance the health of consumers and the environment by reducing the use of harmful chemicals in food production. Recent trials have been successful and resulted in the shelf life extension of bread (which is one of the staple foods of the lower-income groups), as well as at abattoir level, and the prevention of fruit decomposition before packaging in controlled atmospheric cold storage facilities. This innovative and natural solution will ensure less wastage and longer storage in the supply chain. In following these exhaustive trials, AfriNat has ensured that human and environmental safety standards have met the stringent regulatory standards.

AfriNat considers itself among the cutting-edge companies in producing sustainable products without any adverse effect on the environment.

SOCIAL SUSTAINABILITY

AfriNat subscribes to the holding Company's code in this regard and recognises that without the upliftment and involvement of the total population, they will not have a viable business environment and will not achieve their social contract to improve health service delivery to all our people. The assistance to and support of government's initiative for emerging farmers is an area to which their products are specifically applicable, as is the ability to support this sector of farming practices technically.

AfriNat has highly motivated employees with the required skills to grow the Company in each chosen sector and will continue to develop internal skills and acquire external expertise to bring knowledge and skills to South Africa, creating opportunities for the transfer of IP to South Africans.

Their key aims are to:

- transfer knowledge and skills beyond their workforce;
- to give the community access to resources that encourage innovation; and
- to support entrepreneurs as they extend their product offerings.

AfriNat continues to form local and international alliances to introduce cost-effective services and innovative products relevant to the needs of South African citizens. The primary objective is to include the transfer of knowledge through job opportunities to the local economy.

KEY CHALLENGES

Key challenges that must be overcome to achieve their strategic objectives within their value set are:

Regulation and legislation	The compliance and demands placed on companies in this highly-regulated industry require continuous review of the business capacity and strategy and compliance with several regulatory bodies that govern agricultural products, public health and safety. Therefore, the Company must be fully compliant with all regulatory requirements.
Acquisition of new and innovative products	Being open to local and international companies, the industry is highly competitive, and the biggest challenge is competing with companies with critical mass and funding.
Employee skills and retention	This remains the key challenge as experience and reputation are critical factors in influencing the market. Limited resources of high-quality personnel make employee mobility one of the highest risk factors.
Technology	The high-tech nature of the industry requires that companies establish a presence in the market and present themselves as stable, professional and sustainable entities. This is achieved through quality information, the professionalism of their employees and the ability to deliver new products to the markets. The application of independent local trials, although costly and time-consuming, are critical to the introduction of new and innovative products.
Employees and community	In meeting these values, AfriNat has at its core the development of both the individual employee and the creation of opportunity for the broader community to participate in the growing economy through SMMEs.

For more information on AfriNat visit: <https://afrinat.co.za/>

ORLEANS COSMETICS (PTY) LTD



KEY FACTS	
CHIEF EXECUTIVE OFFICER	D Kourie
BOARD OF DIRECTORS	K Abdulla (Chairman), D Kourie, V Dzvova, A Amod and J van Wyk
HEAD OFFICE	Westlake Business Park, Cape Town

PROFILE

Orleans Cosmetics (Pty) Ltd (Orleans Cosmetics) was acquired in May 2017 and became a subsidiary of AEEI. It was a business previously known as Orleans Distributors CC and RVB Cosmetics CC, which had been in South Africa for the past 21 years.

Orleans Cosmetics imports and distributes four cosmetic brands from Europe on an exclusive basis in South Africa and neighbouring territories through retailers and beauty salons. Approximately 30 months ago, it introduced fragrances.

Orleans Cosmetics is the exclusive Southern Africa distributor of the following imported cosmetic brands, each one with a long international history

- Gatineau - founded in France in 1932;
- NUXE - founded in France in 1989;
- RVB Skinlab/Diego Dalla Palma professional - founded in Italy in 1963;
- Sothys - founded in France in 1946; and
- Berdoues - founded in France in 1902.

Gatineau and NUXE are sold in retailing groups such as Truworths and Woolworths, while Gatineau is sold in Dis-Chem, and NUXE is sold in Foschini, with both brands being sold in beauty salons.

RVB Skinlab/Diego Dalla Palma Professional and Sothys are found exclusively in beauty salons and spas across the country Berdoues are sold in Foschini and Truworths.

Orleans Cosmetics' present focus is on skincare with a particular emphasis on anti-aging. They also have a make-up range in RVB Skinlab/Diego Dalla Palma.

MARKET PRESENCE

Orleans Cosmetics has exclusive distribution rights from the four overseas-based Principals for South Africa and Namibia. In some instances, they also have exclusive rights in Mauritius and Zimbabwe.

Orleans Cosmetics operates in South Africa from Cape Town, Johannesburg, Pretoria, KwaZulu-Natal, Port Elizabeth and Bloemfontein.

PRODUCTS/BRANDS

Orleans Cosmetics is the exclusive South African and Southern African distributor of Gatineau, NUXE, RVB Skinlab/Diego Dalla Palma Professional, Sothys and Berdoues brands.

BRANDS

















PRODUCTS





















2021 OPERATIONAL PERFORMANCE

Orleans Cosmetics made an operating loss at the EBIT level of R0.76m for the year under review. It benefitted from a revaluation of intangible assets of R3.65m (2020 impairment of R3.65m) as distribution agreements with the overseas Principals have been renewed or extended. The overall EBIT was therefore a profit of R2.9m.

The impact of the COVID-19 pandemic also affected the operating results for the financial year. In addition, the recent unrest affected their revenue for July by dropping 25% compared to June, resulting in an EBIT loss of R399k, resulting in the year-end financial results being lower than expected. No interest was charged on shareholder loans which assisted with their performance.

IMPACT OF COVID-19 AND VALUE PROPOSITION POST-PANDEMIC ERA

The impact of the COVID-19 pandemic has affected sales with reduced consumer spending. However, the cosmetics industry is fundamentally very resilient, and skincare sales as a category are doing better compared with make-up and fragrance.

The vast majority of sales were in skincare. In addition, their online sales increased dramatically with some department stores and modestly with other stores. They measure the cost of sales in department stores very closely where they have their own staff. Where appropriate, they converted certain staffing from full-time to part-time employees. In addition, with the replacement of employees, they are only offering short-term contracts of three months or six months, to give them flexibility.

Expenses, inventories and costs are tightly controlled to conserve cash. As a result, consultants accepted a salary reduction of 10% since April 2020. Head office employees and area managers earning more than R18k per month received a 10% adjustment in August, resulting in the current salaries being 7.6% below March 2020 levels. Employees earning less than R18k per month have had their salaries cut to March 2020 levels.

In addition, Orleans Cosmetics has launched their e-commerce platform and is also pursuing acquiring the distribution rights of well-known fragrances with another distributor.

ORLEANS COSMETICS' CONTRIBUTION

As a result of the challenging trading conditions, Orleans Cosmetics made a trading loss at the EBIT level of R0.76m. However, sales were close to the 2021 budget level, but the gross profit margin was well below budget due to the following:

- Weaker exchange rate than expected;
- Delayed selling price increase and an increase which was below the cost pressure, both due to concerns about consumers affordability;
- An additional gift with purchase offers to entice consumers to buy; and
- The company launched its e-commerce platform.

FUTURE PROSPECTS AND OUTLOOK

The chief executive officer of Orleans Cosmetics has extensive experience in this industry, working with major brands for many years. As a result, he understands the industry very well and is well placed to drive the future growth of the business.

The key drivers in the business are the following:

- Superb customer service at the point of sale through their dedicated, highly trained beauty consultants and their exceptionally well-qualified beauty therapists employed by the salons.
- Training of store consultants and beauty salon therapists.
- Close strategic relationships with the key retailers and overseas Principals.
- Excellent management at head office with the brand, sales, sales administration, training, PR and social media managers, in the field, being the area managers.
- The collective intellectual property of the team is significant in terms of industry knowledge.
- Financial efficiency is a significant key to their success.
- No manufacturing is involved as the products are fully imported.
- The brand which has the most significant focus on natural products is NUXE, which includes the launch of NUXE Bio Organic, a fully certified organic skincare brand.

STRATEGY

Orleans Cosmetics' strategy is to build a successful cosmetics business in the skincare category with significant expertise and experience, together with a small presence in makeup, to expand into the fragrance category significantly, from the current platform of representing one fragrance brand at present. In addition, the aim is to acquire companies in the cosmetics industry irrespective of which categories they compete in at present.

BUSINESS MODEL

Orleans Cosmetics has a healthy balance of business spread between major retailers such as Truworths, Woolworths, Dis-Chem, Foschini, and a large number of beauty salons. Sales to department stores are 60% of total sales, while beauty salon sales are 38% and 2% are export sales.

Retailers need a certain profit margin to make it viable to retail their products, mainly sold by staff employed by Orleans Cosmetics and whose costs are partially reimbursed by the retailers.

The beauty salons use their products as a professional salon treatment. In addition, they retail products to their clients, with service provided by the beauty salon owners and their own staff. Fortunately, general skincare products sales are doing much better in the COVID-19 environment than in make-up and fragrances.

Orleans Cosmetics has its mission and vision to be a leading competitor in the South African cosmetics industry. Its strategy is to grow both organically and through acquisitions.

Financial resources are allocated to driving the core business while the AEEI Group would fund acquisitions.

Their business activities can be summarised as follows:

- Inputs in the form of products from five overseas Principals are marketed exclusively by Orleans Cosmetics.
- The other key input is the considerable intellectual property of the team in terms of their industry knowledge.
- Output and outcomes are sales that result from these efforts, together with the close relationships with retailers and suppliers which develop as a result.

GOVERNANCE

Orleans Cosmetics adopted the application of policies and structures as defined by the AEEI Group, complies with all sound governance structures and regulatory functions, and has had no reported fraud or deviation in applying these principles in the current period. In addition, the continued training and exposure of employees to the regulatory environment and regulations of the Companies Act ensure that employees are fully informed of their responsibilities.

The Board has the appropriate balance of knowledge, skills, experience, diversity, and independence to discharge its governance role and responsibilities objectively and effectively. The Board promotes independent judgement to assist with the balance of power and the effective discharge of its duties.

MATERIAL MATTERS

Orleans Cosmetics defines their material matters as the factors that have the highest potential to - positive or negative on its long-term sustainability ranging from internal to external issues.

BUSINESS PERFORMANCE AND BUDGETS		
Sales for the financial year were 1.4% below budget	Sales were reasonable under the circumstances.	Expectations are that the trading conditions in the 2022 financial year will be much more stable as COVID-19 is brought under control. Sales are budgeted to increase by 14.6% in the 2022 financial year.
Gross profit was 7% below budget	The gross profit was negatively impacted due to a weaker exchange rate, a delayed and smaller price increases due to affordability concerns of consumers, and additional gift with purchase offers to encourage consumers to buy.	The exchange rate in the 2022 financial year is expected to be much stronger.
Expenses were 3% below budget	Travel and training costs were reduced significantly.	Expenses will continue to be tightly controlled.
EBIT at the operating level was a loss of R760k vs a budget of R40k		The budget for the 2022 financial year is to make a nominal EBIT profit of R40k.

STAKEHOLDER MANAGEMENT

CREATING STAKEHOLDER VALUE IN THE SHORT, MEDIUM AND LONG-TERM

Orleans Cosmetics recognises the importance of creating wealth for its stakeholders in the short, medium and long-term.

The principal stakeholders for Orleans Cosmetics are its shareholders, employees, customers, suppliers, communities and government.

Orleans Cosmetics recognises the importance of constant engagement with stakeholders. The principal stakeholders are shareholders, retailers, suppliers, customers and employees.

Orleans Cosmetics will continue to have various procedures in place regarding stakeholder management.

STRATEGIC PLANNING AND MONITORING

Orleans Cosmetics manages its business strategically following a process that includes an annual review of past performance, product ranges, markets, and a review of internal and external environments. This review is followed by developing strategies, targets and action plans aimed at both growth and sustainability in the short to long-term.

A formal delegated authority schedule is in place, which informs executive management of the necessary levels of approval for all key business transactions.

ECONOMIC SUSTAINABILITY

Orleans Cosmetics aims to deliver sustainable returns to its stakeholders. They are refining several targets to measure their performance. They will continually monitor their progress against these targets and, when necessary, revise them to consider changes in the business environment.

ENVIRONMENTAL SUSTAINABILITY

Orleans Cosmetics imports its products from companies in Europe over which it has no control in terms of unnecessary packaging. However, each supplier is mindful of the environment and reducing superfluous packaging wherever possible.

Orleans Cosmetics launched NUXE Bio Organic in August 2020, the first certified organic range to be introduced by the Company.

SOCIAL SUSTAINABILITY

Orleans Cosmetics subscribes to a sustainable approach in conducting its business.

Orleans Cosmetics is aware of the critical role that business plays in uplifting and developing the previously disadvantaged majority.

Orleans Cosmetics creates a working environment that develops and empowers its employees and recognises the contributions of each team player in pursuit of excellent performance.

KEY CHALLENGES

At present, Orleans Cosmetics' strategic focus is aimed at overcoming the following potential key challenges:

Regulation and legislation	There is no regulatory requirement in South Africa to import and sell cosmetics. The industry is self-regulated in terms of business practices and advertising. If outrageous claims are made regarding improving a customer's skin, they will run the risk of the Medicines Control Council claiming that the advertising claim amounts to being a medicine.
Competition from other companies	The Company imports its products and is faced with competition from local and international companies with critical mass and funding. This also influences the market prices which can be obtained for the Company's products. The business is a "price taker", not a "price-maker".
Staff skills and retention	The industry in which the Company operates requires skilled and experienced staff, thus staff retention is a key challenge. Limited supply of high-quality personnel make staff mobility one of the highest risk factors.
Technology	The Company has its own website. In addition, the Company has recently launched its e-commerce platform.

For more information on Orleans Cosmetics visit: <https://orleanscosmetics.co.za/>.



KEY FACTS	
CHIEF EXECUTIVE OFFICER	Dr A Sidar
BOARD OF DIRECTORS	A Sidar, J van Wyk and V Dzvoza
HEAD OFFICE	Victoria & Alfred Waterfront, Cape Town

PROFILE

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

Biopharmaceutical products include therapeutics such as hormones, protein-based drugs and antibodies. Of critical importance in the healthcare industry is the movement away from traditional chemical-based pharmaceuticals to biotechnology-derived medicines due to the highly inefficient success rates within the traditional pharmaceutical industry. Therefore, biopharmaceutical products are commonly thought of as the therapeutic products of the future.

The biotechnology industry is vast and covers a range of sectors in addition to the medical and healthcare applications, including genetically modified crops and foodstuffs, alcoholic beverage manufacture, mining, industrial waste treatment and water treatment. Therefore, the market size for biotechnology applications is substantial.

MARKET PRESENCE

Genius now has one Good Manufacturing Practice (GMP) built production facility.

The sales and marketing function will be outsourced to two South African pharmaceutical companies with a footprint in South Africa and countries in the SADC region. Genius intends to expand its footprint to central and north African countries aligned to its plans to improve its production output based on the growth plan.



2021 OPERATIONAL PERFORMANCE

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

In 2020/2021, there was very little progress, mainly due to the second and third waves of the COVID-19 pandemic, which prevented work from being done at Groote Schuur Hospital.

The legal teams have registered and maintained the IP registrations into new territories worldwide for the maturation of the dendritic cells, which is the basis of this technology.

IMPACT OF COVID-19 AND VALUE PROPOSITION POST-PANDEMIC ERA

With the advent of COVID-19, Genius' cancer project at the University of Cape Town was suspended owing to the risk at Groote Schuur Hospital. Now that the risk has been reduced, the project has resumed.

Going forward, Genius is assessing and evaluating many technologies that may assist in detecting and managing COVID-19, from diagnostics tests to antibody solutions. These include rapid tests that are being developed locally and monoclonal antibodies that can be used as prophylaxis and treatments. However, these projects are still being evaluated from a feasibility perspective.

GENIUS' CONTRIBUTION

Genius's business units' outlook and value proposition are based on a long-term vision and value add linked to defined milestones.

Unlike other typical investments in other sectors, biopharmaceutical companies work towards achieving milestones in their developmental stage. Hence a strategic plan was implemented with clear deliverables and strategic actions for each strategic lever and clear timeframes.

The DCV project is preparing for the first phase of human clinical trials in breast cancer patients.

PROSPECTS AND FUTURE OUTLOOK

The following prospects have been identified:

SHORT-TERM PROSPECTS

- The team is streamlining operations and scaling down to one facility. One facility has already been disposed of to refocus resources.
- All approvals have been met for phase 1 human clinical trial in breast cancer patients, and trial work was delayed and scheduled in 2022.
- Pre-clinical work on other diseases has begun, such as incurable tuberculosis and lung cancer, with three additional cancers to follow in 2022.

MEDIUM TO LONG-TERM PROSPECTS:

- An international partnership will allow for scalable local production to supply Africa and Europe and is planned for post-2021.
- Two South African multinational pharmaceutical companies show support to market and distribute the Company's biosimilar products.
- Following the successful results of phase I, further funding for the genomics component will strengthen the health platform offering.

PRODUCTS, RESEARCH AND DEVELOPMENT PROJECTS

The Bioclones product and project portfolio can be divided into three key segments:

- Biosimilars are biologically derived products having the same therapeutic effect as their competitor, similar to a generic. However, only the active protein effect compound is similar. This is currently being reviewed for future prospects as the current production has been suspended pending re-investment to allow production processes to be improved to the latest EU standards.
- New technologies will deliver healthcare solutions through products and innovations such as the dendritic cell vaccine.
- Health data and genomics research – is the study of genetics and extracting information related to the functioning and optimisation of the human body while identifying markers for predispositions to diseases.

BUSINESS MODEL

Since its inception, Genius was set up as a fully integrated pharmaceutical company and a vertical business model focused on developing biopharmaceutical products. In this way, the full spectrum of ownership, from discovery to development and marketing, is managed in-house. In the value of an invention, as in the DCV project, the goal is to pursue it as far as possible instead of selling the idea off before its full value is realised.

The final therapy (DCV) for cancer still has a number of years before it enters the market as a form of personalised treatment for cancer.

This will be followed by continued R&D on additional cancer therapies as well as other infective diseases.

GOVERNANCE

Through the application of policies and structures implemented within the AEEI Group, Genius complies with all sound governance and regulatory functions and has had no reported fraud or deviations in applying these principles in the year under review. The AfriNat team is currently managing Genius. Genius complies with the governance principles as outlined in King IV™.

MATERIAL MATTERS

The effects of the COVID-19 pandemic have delayed the progress of the primary project being the DCV phase I human trial.	
This has vastly delayed the value creation timeline of the business as a year delay means a year later to market.	The strategy as we advance is to expedite the other cancer treatments that will follow this first trial - lung, pancreas, colon, et al.
Phase II and III trials have to be planned and implemented.	A partnership with an international pharma company will be essential.

STAKEHOLDER MANAGEMENT

CREATING VALUE IN THE SHORT, MEDIUM AND LONG-TERM

Genius recognises the importance of creating value for its stakeholders in the short, medium and long-term. The principal stakeholders for Genius are its shareholders, employees, customers, suppliers, communities and government.

The business does not have clients or customers as it is a research and development entity. The DCV project is being outsourced to UCT, and internal operations are being managed by the AfriNat team as there are only a few avenues to focus on.

Genius recognises the importance of constant engagement with stakeholders. The principal stakeholders for Genius are its shareholders, employees, customers, suppliers, regulatory authorities, government and local communities. Genius has various procedures in place regarding stakeholder management.

STRATEGIC PLANNING AND MONITORING

Genius manages its businesses strategically, following a process that includes an annual review of past performance, product development, capacity, markets, and a review of internal and external environments. This review is followed by setting strategies, targets, and action plans, aimed at both growth and sustainability in the short to long-term.

The Board of each business unit in Genius has an approved formal delegated authority schedule, which informs executive management of the necessary levels of approval for all key business transactions. In this way, Genius ensures that there is a senior manager or the Board itself reviewing each key business transaction/initiative to ensure that these are aligned with the Company's strategy, are lawful, contribute to the Company's sustainability and will not be harmful to any stakeholders and/or the environment.

In this manner, each business unit can monitor its financial performance against its strategies and evaluate this against management and employees' key performance areas. Through this process, the Company ensures the sustainability of its operations.

ECONOMIC SUSTAINABILITY

Genius aims to deliver good and sustainable returns to all stakeholders. Genius have a defined number of targets to measure performance, continually monitors progress against its targets, and when necessary, revises them to consider changes in the business environment.

ENVIRONMENTAL SUSTAINABILITY

Genius believes that with its current strategy of focusing on innovation and transforming current healthcare needs to meet future demands to provide for the Company's long-term sustainability.

Cutting-edge technology is currently being explored for production to improve yield and drive growth into new markets. The DCV project will be an innovation to personalised medical care for cancer patients when it is made available.

SOCIAL SUSTAINABILITY

Genius subscribes to a sustainable approach in conducting its business.

For Genius, corporate citizenship goes beyond legislative compliance and profits. It recognises the rights and responsibilities of businesses within a broader societal context and reinforces the mission of Genius to implement a social contract between business, government and civil society.

Genius is aware of the critical role that businesses play in the upliftment and development of previously disadvantaged individuals and continues:

- to provide opportunities for skills development, training and support for employees;
- to assist with finance for start-ups of businesses;
- as a black economic empowered Company, to ensure the availability of services by assisting with the development and growth of previously disadvantaged partners; and
- to provide healthcare advice and product information for patients.

KEY CHALLENGES

At present, Genius' strategic focus is aimed at overcoming the following key challenges:

Regulation and legislation	The compliance and demands placed on companies in this highly-regulated industry require continuous review of business processes and strategy. This requires a high investment to meet this level of compliance.
Competition	Genius is faced with competition from local and international companies that have critical mass and reserve funds.
Employees skills and retention	The industry in which Genius operates requires skilled and experienced employees, thus employee retention is a key challenge when in production but is not relevant at present. Limited resources of high-quality personnel make employee mobility one of the highest risk factors. This will be a future challenge once production commences.
Technology	New and efficient technologies are constantly being developed in the biotechnology sector, and Genius ensures that they remain within the European Pharmacopoeia Standards with all new adaptations. However, this has been suspended until the investment strategy is completed through strategic partnerships.

STRATEGIC INVESTMENTS



BRITISH TELECOMMUNICATIONS SERVICES SOUTH AFRICA (PTY) LTD

The AEEI Group also holds a 30% equity interest in BT Communications Services South Africa (Pty) Ltd (BT). This investment is accounted for as an associate.



BT has been present in South Africa for more than 20 years and continues to expand its sub-Saharan Africa operations. This partnership is a demonstration of BT's long-term commitment to South Africa and the B-BBEE agenda.

BT provides companies with their security, cloud and networking services networked information technology services to clients in South Africa. BT operates as a subsidiary of BT Group plc.

MARKET AND SERVICES

BT has a well-established international presence and has built strong, strategic partnerships because they recognise that collaboration with other organisations is vital, especially in today's digital world. Working with world-class partners, they can achieve more and bring the services their clients need by delivering end-to-end services. Their partners in their ecosystem are key to their success.

BT has been present with direct sales operations around the globe, including the Middle East and Africa region. They operate from three regional hubs in Istanbul, Dubai and Johannesburg.

Their security intelligence and managed services help address challenges around data loss prevention, encryption, access to cloud services, and information risk management. In addition, they have the technology and the intelligence to spot and tackle cyber threats. They monitor and manage customer and BT devices around the clock from 16 accredited global security operations centres, and they protect BT from over 125,000 cyber-attacks every month.

Through their global agreement with partners such as Amazon Web Services and Microsoft Azure, they assist by balancing the right combination of public cloud for a business, IT or application requirements. They also guarantee data sovereignty by providing a private cloud. They connect sites, people, and customers to a client's secure, scalable cloud services underpinning the right experience. They deliver everything from telehousing and co-location services from their 48 state-of-the-art data centres to the latest public, private and hybrid cloud offerings. In the last four years, they have won 16 industry accolades for their innovation in cloud services.

They connect to the largest cloud providers from their core network. They deliver reliable, secure high-performance connectivity.

They provide and support secure network solutions almost everywhere in the world. They continue to invest in the latest network technology, with their Dynamic Network Services offering a range of SD-WAN, flexible bandwidth, and NFV-based solutions. Their value-added services include application acceleration and IP management.

They assist global organisations in building a flexible, agile infrastructure so that their businesses can flourish in the digital age.

They provide technology that works for their clients and customers, boosts productivity, cuts costs and helps their clients to react swiftly to market changes

Further information can be found on www.globalservices.bt.com/uk/en/aboutus.



SYGNIA LTD

Sygnia is a specialist financial services group based in South Africa and listed on the main board of the JSE and the A2X exchange. Sygnia focuses on the provision of investment management and administration solutions to institutional and retail clients located predominantly in South Africa. The main investment services offered by Sygnia include domestic and international multi-manager and index-tracking funds, customised investment strategy design and management, transition management and investment administration services.

Sygnia offers institutional investors direct access, unitised pooled portfolios and umbrella funds. In terms of access channels, Sygnia offers unit trusts and JSE-listed exchange-traded funds on the retail front, accessible via Sygnia's LISP platform, and a comprehensive range of savings products. The provision of investment planning advice supplements their retail distribution strategy through the Sygnia RoboAdvisor.

Sygnia Asset Management, Sygnia Life, Sygnia Financial Services, Sygnia Securities, Sygnia Benefit Administrators, Sygnia Consultants, Sygnia Asset Administrators, Sygnia Risk Administration, Sygnia Collective Investments and Sygnia Itrix are all licensed financial services providers.

They have offices in Cape Town, Johannesburg, Durban and London.

Further information on this strategic investment can be found on www.sygnia.co.za.

ACRONYMS

PREMIER FISHING AND BRANDS

DAFF	Department of Agriculture, Forestry and Fisheries
EU	European Union
FDA	Food and Drug Administration
HACCP	Hazard Analysis and Critical Control Points
MCM	Marine Coastal Management
NRCS	National Regulator for Compulsory Specifications
SABS	South African Bureau of Standards
SAMSA	South African Maritime Safety Authority
SARB	South African Reserve Bank

TRIPPOS TRAVEL

B-BEE	Broad-based black economic empowerment
IATA	International Air Transport Association
ASATA	Association of Southern African Travel Agents
SATSA	Southern African Tourism Services Association

MAGIC 828

MW	Medium Wave
ICASA	Independent Communications Authority of South Africa

AFRINAT

DALRRD	Department of Agriculture Land Reform and Rural Development
SABS	South African Bureau of Standards
NRCS	National Regulatory Compulsory Specifications
ES	European Standards
BS	British Standards



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