



AFRICAN EQUITY
EMPOWERMENT
INVESTMENTS
LIMITED

2022 Investment Portfolio Report

empowering
people



CONTENTS

	ABOUT OUR INVESTMENT PERFORMANCE PORTFOLIO	2
3	ORGANISATIONAL STRUCTURE	
8	FISHING AND BRANDS	
	PREMIER FISHING AND BRANDS LTD	8
	PREMIER FISHING AT A GLANCE	9
	MARKET PRESENCE	9
	BRANDS	9
	VALUE CREATING BUSINESS MODEL	10
	STRATEGY	12
	2022 FINANCIAL OVERVIEW	13
	PREMIER FISHING'S CONTRIBUTION	13
	IMPACT OF COVID-19 AND VALUE PROPOSITION POST-PANDEMIC ERA	13
	PROSPECTS AND OUTLOOK	13
	GOVERNANCE	14
	MATERIALITY, RISKS AND OPPORTUNITIES	14
	STAKEHOLDER MANAGEMENT	18
	ECONOMIC SUSTAINABILITY	22
	ENVIRONMENTAL SUSTAINABILITY	22
	SOCIAL SUSTAINABILITY	22
30	TECHNOLOGY	
	AYO TECHNOLOGY SOLUTIONS LTD	30
	AYO AT A GLANCE	30
	MARKET PRESENCE	31
	BRANDS	31
	VALUE CREATING BUSINESS MODEL	32
	2022 FINANCIAL OVERVIEW	34
	IMPACT OF COVID-19 AND VALUE PROPOSITION POST-PANDEMIC ERA	34
	PROSPECTS AND OUTLOOK	34
	GOVERNANCE	34
	MATERIALITY, RISKS AND OPPORTUNITIES	34
	STAKEHOLDER MANAGEMENT	36
	ECONOMIC SUSTAINABILITY	38
	ENVIRONMENTAL SUSTAINABILITY	38
	SOCIAL SUSTAINABILITY	38
44	EVENTS AND TOURISM	
	TRIPOS TRAVEL (PTY) LTD	44
	TRIPOS TRAVEL AT A GLANCE	44
	MARKET PRESENCE	45
	VALUE CREATING BUSINESS MODEL	46
	STRATEGY	48
	2022 FINANCIAL OVERVIEW	48
	TRIPOS TRAVEL'S CONTRIBUTION	48
	IMPACT OF COVID-19 AND VALUE PROPOSITION POST-PANDEMIC ERA	48
	PROSPECTS AND OUTLOOK	48
	GOVERNANCE	48
	MATERIALITY, RISKS AND OPPORTUNITIES	49
	STAKEHOLDER MANAGEMENT	52
	ECONOMIC SUSTAINABILITY	54
	SOCIAL SUSTAINABILITY	54
	ESPAFRIKA (PTY) LTD	55
	ESPAFRIKA AT A GLANCE	55
	BRANDS	55
	IMPACT OF COVID-19 AND VALUE PROPOSITION POST-PANDEMIC ERA	55
56	HEALTH AND BEAUTY	
	AFRINAT (PTY) LTD	56
	AFRINAT AT A GLANCE	56
	MARKET PRESENCE	57
	BRAND/PRODUCTS	57
	VALUE CREATING BUSINESS MODEL	57
	STRATEGY	60
	2022 FINANCIAL OVERVIEW	62
	AFRINAT'S CONTRIBUTION	62
	IMPACT OF COVID-19 AND VALUE PROPOSITION POST-PANDEMIC ERA	62
	PROSPECTS AND OUTLOOK	62
	GOVERNANCE	62
	MATERIALITY, RISKS AND OPPORTUNITIES	63
	STAKEHOLDER MANAGEMENT	65
	ECONOMIC SUSTAINABILITY	65
	ENVIRONMENTAL SUSTAINABILITY	65
	SOCIAL SUSTAINABILITY	65
	ORLEANS COSMETICS (PTY) LTD	70
	ORLEANS COSMETICS AT A GLANCE	70
	MARKET PRESENCE	70
	BRANDS/PRODUCTS	71
	VALUE CREATING BUSINESS MODEL	72
	STRATEGY	73
	2022 FINANCIAL OVERVIEW	76
	ORLEANS COSMETICS CONTRIBUTION	76
	IMPACT OF COVID-19 AND VALUE PROPOSITION POST-PANDEMIC ERA	76
	PROSPECTS AND OUTLOOK	76
	GOVERNANCE	77
	MATERIALITY, RISKS AND OPPORTUNITIES	77
	STAKEHOLDER MANAGEMENT	81
	ECONOMIC SUSTAINABILITY	86
	ENVIRONMENTAL SUSTAINABILITY	86
	SOCIAL SUSTAINABILITY	86
90	BIOTHERAPEUTICS	
	GENIUS	90
	GENIUS AT A GLANCE	90
	MARKET PRESENCE	91
	VALUE CREATING BUSINESS MODEL	91
	STRATEGY	91
	2022 FINANCIAL OVERVIEW	91
	IMPACT OF COVID-19 AND VALUE PROPOSITION POST-PANDEMIC ERA	91
	PROSPECTS AND OUTLOOK	91
	GOVERNANCE	91
	MATERIALITY, RISKS AND OPPORTUNITIES	92
	STAKEHOLDER MANAGEMENT	92
	ECONOMIC SUSTAINABILITY	92
	ENVIRONMENTAL SUSTAINABILITY	92
94	STRATEGIC INVESTMENTS	
	BRITISH TELECOMMUNICATIONS SERVICES SOUTH AFRICA (PTY) LTD (BT)	94
	SYGNIA LTD	95
96	ACRONYMS	

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 issued by Financial Reporting Standards Council from time to time
- The International Integrated Reporting <IR> Framework
- The Companies Act 2008 (No. 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 Report covers all the divisions in the AEEI Group and forms part of the AEEI's integrated reporting suite for 2022. The report reflects the achievements, successes, and journeys of our subsidiaries and associates and our strategic investments for the year ending 31 August 2022.

REPORTING BOUNDARY AND SCOPE

This report covers the performance of each subsidiary in the Group for the financial year ending 31 August 2022 and the following:

- Company at a glance
- Market presence
- Products and brands
- Value-creating business model
- Strategy
- Governance
- Financial overview
- Contribution to the Group
- Impact of COVID-19 and value proposition post-pandemic era
- Prospects and outlook
- Materiality, risks and opportunities
- Risks related to activities
- Stakeholder management
- Economic sustainability
- Environmental sustainability
- Social sustainability

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
- Full Consolidated Annual Financial Statements
- AEEI King IV™ Governance Register 2022
- 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

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



Online reference for further information



Page reference for information elsewhere in the report



King IV™

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 that relate 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 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, reputational damage, banking facilities, results of operation, financial condition, 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 in the risk management report.

Should one or more of these risks or uncertainties materialise or 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 considering developments that differ from those anticipated. This forward-looking statement has not been reviewed or reported on by AEEI's auditors.

ORGANISATIONAL STRUCTURE

FISHING AND BRANDS

TECHNOLOGY

EVENTS AND TOURISM

HEALTH AND BEAUTY

BIOTHERAPEUTICS

STRATEGIC INVESTMENTS

ACRONYMS

ORGANISATIONAL STRUCTURE



We have the following divisions and subsidiaries in the Group:



Premier Fishing and Brands Ltd	56.23%
Premier Fishing SA (Pty) Ltd	100.00%
Marine Growers (Pty) Ltd	100.00%
Premfresh Seafoods (Pty) Ltd	100.00%
Talhado Fishing Enterprises (Pty) Ltd	50.31%



Premier Fishing and Brands Ltd (Premier) was listed on the JSE in March 2017. Premier Fishing SA (Pty) Ltd (Premier Fishing), a division of Premier, is the largest black-owned and managed fishing company in South Africa.



Premier Fishing has existed since 1952 and has four operating divisions, two subsidiary companies and several joint-venture operations. It is a vertically integrated group that specialises in the harvesting, processing, and marketing of fish and fish-related products.



Premier Fishing owns factories, facilities, and fishing vessels, operating in two South African provinces.



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), deep-sea hake trawl, longline hake, and squid. In addition, Premier Fishing owns an abalone farm and invests in organic agricultural products through the Seagro range of products.



They offer sales, marketing, and production of West Coast rock lobster, South Coast rock lobster, longline hake, squid, fishmeal, abalone and Seagro (organic fertiliser).

Further information can be found in this report on page 8



AYO Technology Solutions Ltd	49.36%
AYO International Holdings (Pty) Ltd	100.00%
Headsets Solutions Africa (Pty) Ltd	51.00%
Kalula Communications (Pty) Ltd T/A Headset Solutions	76.00%
Sekunjalo Medical Services (Pty) Ltd	100.00%
Health System Technologies (Pty) Ltd	100.00%
Software Tech Holdings (Pty) Ltd	42.50%
Digital Matter (Pty) Ltd	75.00%
Afrozaar (Pty) Ltd	75.00%
Publishers Toolbox Ltd (UK)	100.00%
AOH Enterprises (Pty) Ltd	25.00%
Global Command and Control Technologies (Pty) Ltd	24.00%
Main Street 1653 (Pty) Ltd	40.00%
SGT Solutions (Pty) Ltd	100.00%
Vunani Fintech Fund (Pty) Ltd	50.00%
Zaloserve (Pty) Ltd	49.50%
Opiwize (Pty) Ltd	100.00%
Sizwe IT Group Ltd	100.00%
Cyberantix (Pty) Ltd	100.00%
Koba IT Solutions (Pty) Ltd	100.00%
Sizwe Business Networking (Pty) Ltd	100.00%
NSX Solutions Consulting (Pty) Ltd	100.00%
Louisyahna (Pty) Ltd	20.00%
Kathea Communication Solutions (Pty) Ltd	100.00%
Jabster Technologies (Pty) Ltd	100.00%
Bambelela Capital (Pty) Ltd	32.00%
Crealpha (Pty) Ltd	30.00%
4Plus (Pty) Ltd	27.00%
Kyramanzi (Pty) Ltd	20.00%

AYO Technology Solutions Ltd (AYO) listed on the JSE in December 2017 and is a technology investment company with interests in disruptive technologies that advance life, business, and economics. The Group's diverse investment portfolio touches on all aspects of technology, from connectivity to communications and software development.

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

AYO's vision is to be the leading Africa-based technology group driving smart living, playing, and working, throughout the continent and beyond. This is achieved through a pro-active acquisition strategy, that aims to identify, secure, and scale upcoming disruptive businesses with impact in the fields of:

- **Infrastructure:** advancing penetration and access to connectivity
- **Education:** lowering the cost and increasing access to 21st century skills
- **Longevity:** extending span and quality of life through digital healthcare
- **E-commerce:** modernising business marketplaces and logistics
- **Trust:** advancing cybersecurity verification and blockchain encryption
- **Industry:** optimising manufacturing processes through robotics and AI

Further information can be found in this report on page 30

ORGANISATIONAL STRUCTURE

- FISHING AND BRANDS
- TECHNOLOGY
- EVENTS AND TOURISM
- HEALTH AND BEAUTY
- GENIUS
- STRATEGIC INVESTMENTS
- ACRONYMS

ORGANISATIONAL STRUCTURE CONTINUED



EVENTS AND TOURISM



AEEI Events and Tourism (Pty) Ltd	100.00%
espAfrika (Pty) Ltd	100.00%
Tripos Travel (Pty) Ltd	56.00%

This division comprises events management, travel solutions, and advertising sponsorship income through its radio station.

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

Tripos Travel (Pty) Ltd (Tripos) has existed since 1970 and has two distinct operating divisions: Travel Management Services and Inbound Tours and Events.

While specialising in corporate travel, Tripos provides a service to corporate and leisure markets.

Magic 828 (Pty) Ltd (Magic 828) is a commercial music station broadcasting to Cape Town and the greater Western Cape and worldwide streaming, playing the best music hits from the 80s, 90s and 2000s. Magic 828 was sold in July 2022.

 Further information can be found in this report on pages 44 to 55



HEALTH AND BEAUTY



AfriNat (Pty) Ltd	100.00%
Orleans Cosmetics (Pty) Ltd	90.00%

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

AfriNat (Pty) Ltd (AfriNat) is a national research and development, technical advisory, and manufacturer of agricultural products, specialising in the marketing and distribution of innovative, "next-generation" crop protection, crop health and plant life scientific brands.

They have over 20 years of experience in using complex bioflavonoids and fruit acid extracts as active ingredients. They present an integrated biological portfolio to farmers, packers and food manufacturers.

Orleans Cosmetics (Pty) Ltd (Orleans Cosmetics) imports and distributes six cosmetic brands from Europe exclusively in South Africa and neighbouring territories through retailers and beauty salons. The company has also expanded their portfolio into fine fragrances.

Orleans Cosmetics is the exclusive Southern African distributor of the following imported cosmetic brands and fine fragrances, each with a long international history:

- Gatineau
- NUXE
- Diago Dalla Palma
- Sothys
- Berdoues Parfums
- RVBLAB THE MAKE-UP

 Further information can be found in this report on pages 56 to 89



BIOTHERAPEUTICS



African Biotechnology and Medical Innovation Investments (Pty) Ltd	100.00%
Bioclones (Pty) Ltd	73.69%
Integrated Bioworks (Pty) Ltd	100.00%
Ribotech (Pty) Ltd	60.02%

Genius Biotherapeutics (Genius) (known as Bioclones (Pty) Ltd) focuses primarily on healthcare applications and, more specifically, on biopharmaceutical products that are carbohydrate or protein in nature and are derived from living genetically modified cells.

 Further information can be found in this report on page 90



STRATEGIC INVESTMENTS



British Telecommunications Services South Africa (Pty) Ltd	30.00%
Sygnia Ltd	1.787%

The Group holds minority stakes in British Telecommunications Services South Africa (Pty) Ltd and Sygnia Ltd.

 Further information can be found in this report on page 94 and 95

ORGANISATIONAL STRUCTURE

FISHING AND BRANDS

TECHNOLOGY

EVENTS AND TOURISM

HEALTH AND BEAUTY

GENIUS

STRATEGIC INVESTMENTS

ACRONYMS

PREMIER FISHING AND BRANDS LTD



KEY FACTS



Sooren Ramdenee



Brent Robertson, Rushaan Isaacs, Aziza Amod, Rosemary Mosia, Clifford van der Venter, Advocate Dr Ngoako Ramatlhodi, Sebenzile Mngconkola and Valentine Dzvova



3 South Arm, Victoria and Alfred Waterfront, Cape Town

PREMIER FISHING AT A GLANCE

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 several joint venture operations. Premier is a vertically integrated group specialising in the harvesting, processing and marketing of fish and fish-related products.

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.

Premier owns factories, facilities, and fishing vessels, operating over two South African provinces and employing nearly 800 people. Most of their employees live in the impoverished fishing communities in which they operate, creating much-needed employment opportunities in those areas.

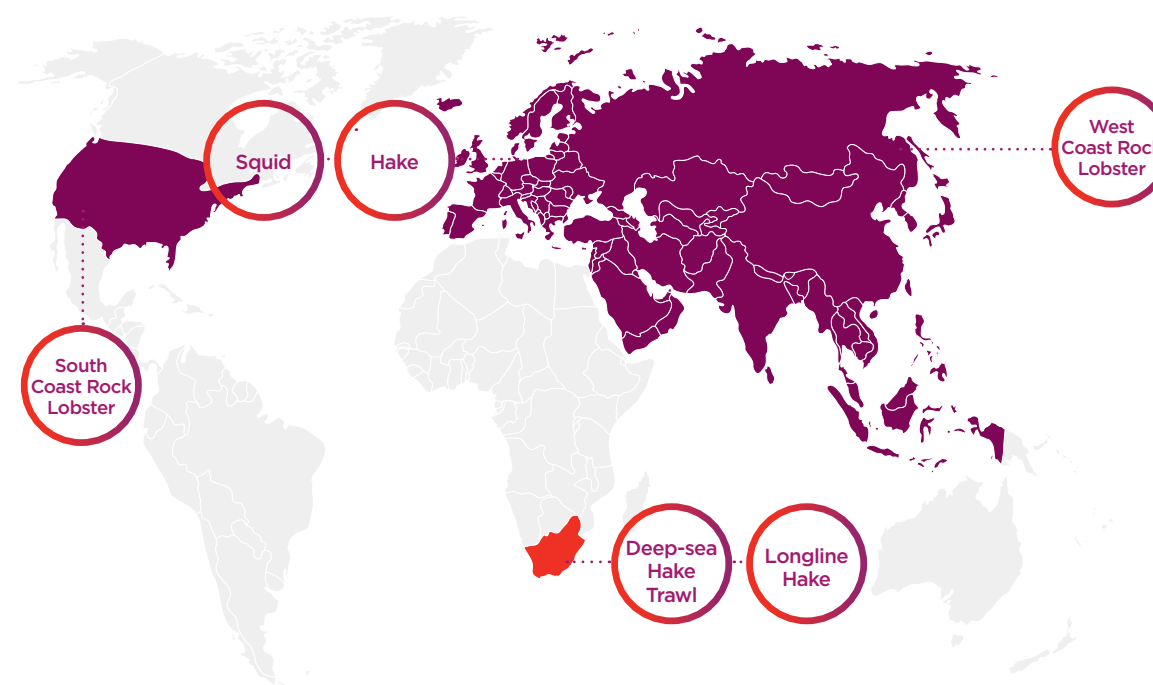
The Premier Group is the largest black-owned and managed fishing company in South Africa and aims to:

- 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.

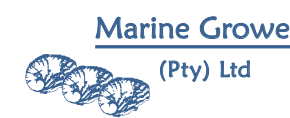
MARKET PRESENCE

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

The Group exports its products to various countries in the world as shown below.



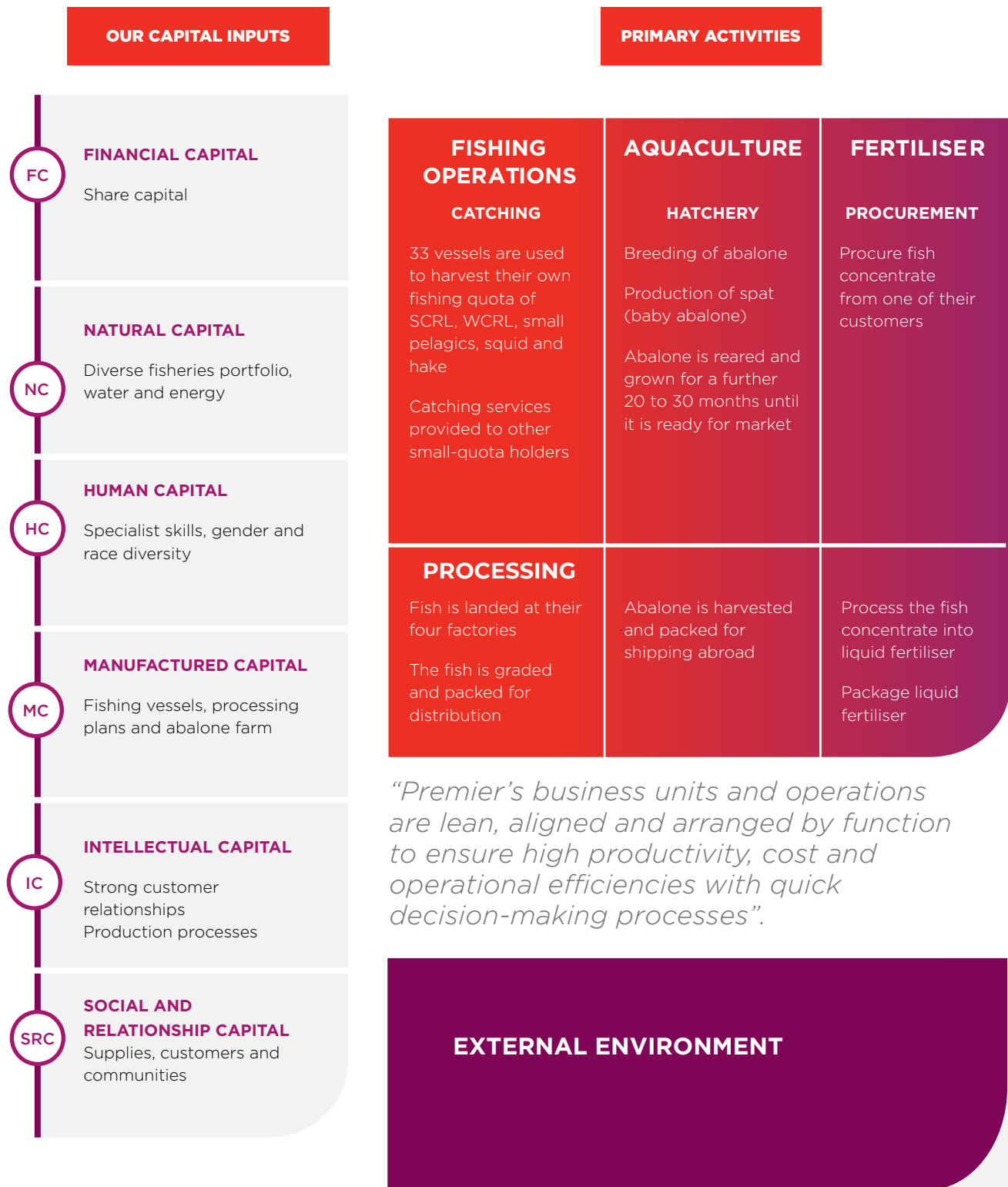
BRANDS



PREMIER FISHING AND BRANDS LTD	8
PREMIER FISHING AT A GLANCE	8
MARKET PRESENCE	9
BRANDS	9
VALUE CREATING BUSINESS MODEL	10
STRATEGY	12
2022 FINANCIAL OVERVIEW	13
PREMIER FISHING'S CONTRIBUTION	13
IMPACT OF COVID-19 AND VALUE PROPOSITION POST-PANDEMIC ERA	13
PROSPECTS AND OUTLOOK	13
GOVERNANCE	14
MATERIALITY, RISKS AND OPPORTUNITIES	14
STAKEHOLDER MANAGEMENT	18
ECONOMIC SUSTAINABILITY	22
ENVIRONMENTAL SUSTAINABILITY	22
SOCIAL SUSTAINABILITY	22

VALUE CREATING BUSINESS MODEL

Premier's business model is the mechanism in which they deploy their capitals inputs along with the various phases of their value chain. Their primary value chain ensures that they convert capital inputs into core value-added outcomes that are beneficial to their stakeholders.



KEY ENABLERS

- Optimal organisational structure and capable employees
- Diverse fisheries portfolio which can be leveraged to drive growth
- Optimal capital structure to fund expansions and acquisitions
- Collaboration with other fishing companies, small-quota holders and abalone farmers to drive growth

COLD STORAGE AND DISTRIBUTION

- Use of cold storage space through their HACCP-approved cold-store facilities

BRANDING, SALES AND MARKETING

- Value-added services



FINANCIAL VALUE MATRIX

- Income is generated from the sale of harvested and cultivated marine products
- Cold storage and distribution
- Interest received on cash balances

EXPENSES

- To maintain value
- The main expenditure is incurred during the catching and harvesting of marine products which includes wages, diesel, maintenance, packing, electricity, etc.
- Premier is legally obliged to pay direct and indirect taxes to SARS
- To expand value
- Capital expenditure
- Marketing

OUTPUTS



LIVE AND FROZEN LOBSTER



FROZEN HAKE



FROZEN SQUID



PELAGIC FISH



LIVE, FROZEN AND CANNED ABALONE



BOTTLED SEAGRO FERTILISER

REGULATORY

- Allocation of fishing rights
- Compliance with legislation

MACRO-ECONOMIC

- South African Rand/ US Dollar exchange rate
- Global economic growth rate

OPERATING

- Catch rates
- Cash flow management
- Availability of critical skills
- Climate change and weather

STRATEGY

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

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

PURPOSE

To be a pre-eminent vertically integrated empowered fishing business that uses ethical and sustainable business practices to deliver desired outcomes.

STRATEGIC AMBITIONS

To be the first choice – sustainability first	Increase revenue year-on-year	Grow EBITDA from their quotas	Secure sustainability in the long-term through fishing quotas
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DELIVERING ON THEIR STRATEGY AND FOCUS AREAS

Organic growth and acquiring companies that complement its existing operations, as well as expanding their areas of operation with companies that fit the overall strategy.	Continued expansion of the abalone farm.	Increase capacity utilisation of land and sea-based assets.	Alignment of the Premier Group with the regulator’s policy of allocating fishing rights.
	Acquire companies with a strategic fit into the Group.	Innovative fishing and production techniques.	Full compliance with laws and environmental, health and safety regulations.
	Procurement and trading of fish species.	Improve catch plans and increase catch rates.	Create job opportunities through community partnerships and the expansion of the abalone farm.
		Further, introduce solar technology with the expansion of the abalone farm.	Support initiatives to improve health and education in the communities in which they operate
		Implement shared services.	Continue to develop a plan to measure and reduce their carbon footprint.
		Construct a canning and drying facility at the abalone farm to enable the processing of its own canned and dried abalone.	

KEY ENABLERS

Access to capital to enable support of the growth of their existing business and the ability to acquire more businesses. Increase capacity utilisation of land-based assets.	Embedding a culture of leadership that fosters diversity, innovation, organisational effectiveness, employee health and safety.	Committed employees who believe in the company and its purpose who incorporates passion and commitment into their work ethic.	Engaging with both external and internal key stakeholders.	Committed to product quality and consistency.	Efficient operational and logistic activities to meet customer demands.
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2022 FINANCIAL OVERVIEW

Key performance indicators	AUGUST 2022 R'000	AUGUST 2021 R'000	% CHANGE
Revenue	475 086	575 115	(17)
Operating profit	14 192	13 856	(2)
Profit before tax	18 567	17 587	5
Total assets	1 008 144	999 269	8
Net cashflows from operating activities	10 865	43 720	(75)

PREMIER FISHING’S CONTRIBUTION

Premier’s 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 Premier’s strategic goals:

- Abalone farm – the expansion spend will continue and the key focus will be driving efficiencies throughout the value chain and the Premier Group are in discussion to install a “header” tank to help combat red tide
- Drive an efficient cost base
- They are in discussions regarding the construction of a canning 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
- Installation and manufacture of a header tank at the abalone farm
- Acquire another fishing business to either diversify its portfolio or further entrench their market share in existing fishing sectors
- Further explore green energy alternatives with the emphasis on the efficient use of water and electricity

2022 ACHIEVEMENTS

- Secured 15-year quota allocations after the Fishing Rights Allocation Process (FRAP).
- Obtained a Level 1 B-BBEE rating for both Premier Fishing SA (Pty) Ltd and Marine Growers (Pty) Ltd (Premier owns the abalone farm).
- The new hatchery has tripled the spat production.
- Spat continues to be produced 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
 - all the products landed by its vessels, were sold irrespective of global market challenges
 - managing to ship all products effectively and efficiently without any losses.

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

The COVID-19 pandemic still has a lasting impact on revenue streams going forward, with the selling prices of abalone, West Coast Rock lobster and squid, still taking some time to recover.

With the international borders having opened, the marketing team performed admirably, pushing for more volumes despite the drop in selling prices under extremely tough conditions. Premier continues to monitor market prices, currency fluctuations and uncertainties in the fishing industry.

Transformation and job creation remain a key focus area for the Premier Group.

PROSPECTS AND OUTLOOK

Premier is well-positioned for growth, over the next two years, to further unlock shareholder value.

The following prospects have been identified in realising its vision:

- Allocations made in terms of FRAP were completed during the past financial year and Premier aims to target strategic companies to diversify their product basket and markets, which will result in increased shareholder value.
- The cash position of the Premier Group improved over the past 12 months, due to cost saving mechanisms and efficient management of working capital.

- The Premier Group also received their DTI Grant of R30m from the Department of Trade and Industry, as an incentive for their investment into aquaculture thereby, creating jobs and promoting sustainability in the aquaculture industry.
- Continuous exploration of 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's expansion project.
- Premier aims to sell:
 - all landed quota relating to its own vessels for the new season;
 - contract more outside quota holders in the squid, West Coast Rock lobster and South Coast Rock lobster sectors; and
 - land and sell its full hake quota for the future seasons with its joint venture partner as the Premier Group was successful in increasing its quota to just under 1 000 tons,
- Explore solar, wind, hydro and battery energy as going green is a huge cost-saving and will have a positive environmental impact.

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 material fraud reported nor material 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.

MATERIALITY, RISKS AND OPPORTUNITIES

Premier's materiality determination is structured around its risk register. Risks and opportunities are identified, prioritised and mapped according to probability and potential impact, and mitigation strategies are refined to ensure the ability to competently pre-empt each issue for the benefit of stakeholders. Premier's approach to materiality determination is informed by The International Integrated Reporting Council <IR> Framework, considering various stakeholder groups and ensuring value creation over the short, medium and long term.

Premier enables its stakeholder engagement processes to inform the Audit and Risk Committee of any additional risks that are deemed material to the ongoing sustainability of the Group. Where necessary, outcomes of engagement activities will escalate new threats or concerns to the Audit and Risk Committee for its consideration, noting that some material issues may not end up on the risk register but are necessary to address.

STAKEHOLDERS



SHAREHOLDERS, THE INVESTMENT COMMUNITY, AND CAPITAL PROVIDERS



EMPLOYEES



BUSINESS PARTNERS



REGULATORS



COMMUNITIES AND NGOS



CLIENTS



SUPPLIERS

MATERIAL MATTERS				
MATTER	STRATEGY COMPONENT	RELEVANCE	GOVERNANCE STRUCTURE	STAKEHOLDER
Banking challenges	Business continuity	<ul style="list-style-type: none"> ▪ Lack of access to banking facilities – affects the ability to trade efficiently, thus negatively affecting financial performance and, ultimately stakeholder value. 	<ul style="list-style-type: none"> ▪ Board ▪ Executive Committee 	
Fishing resource availability	Financial	<ul style="list-style-type: none"> ▪ Ensure strict compliance with the Total Allowable Catch (TAC), as this will assist in the recovery of the resource and safeguard the sustainability of the resource. ▪ A reduction in the fish biomass could result in the TAC for West Coast Rock Lobster, South Coast Rock Lobster, hake, pelagic or a reduction in the total effort catch of squid would affect the sustainability of the business. ▪ Work closely with the Department of Forestry, Fisheries and the Environment (DAFF). ▪ Ensure compliance with DAFF and all fishing regulatory requirements. 	<ul style="list-style-type: none"> ▪ Executive committee 	
Regulations	Emerging regulatory changes	<ul style="list-style-type: none"> ▪ Proactively identify relevant and emerging legislation. ▪ Additional demands on regulation, governance and risk management. ▪ Ensure sound corporate governance practices. ▪ Ensure compliance with International Reporting Standards and the JSE Listings Requirements. ▪ Ensure compliance with all applicable laws and regulations. ▪ Transparent engagements with stakeholders. ▪ Foster ethical behaviour. 	<ul style="list-style-type: none"> ▪ Board ▪ Executive committee 	
Environment	Financial	<ul style="list-style-type: none"> ▪ Adverse weather conditions can affect fishing days. ▪ Climate change, carbon emissions, and energy efficiency. ▪ Damage to property, plant and equipment. 	<ul style="list-style-type: none"> ▪ Board ▪ Executive committee 	
Attracting and retaining skilled employees	Human capital	<ul style="list-style-type: none"> ▪ Attracting and retaining skilled and talented employees is essential to the business. ▪ Ensure employee satisfaction by empowering employees to promote productivity and enhance production outcomes. 	<ul style="list-style-type: none"> ▪ Executive committee 	

RISKS RELATED TO THEIR ACTIVITIES

In Premier's material matters, their key risks and opportunities represent the issues that have the most impact on their ability to create sustainable value for their stakeholders.

RISK	MITIGATING ACTIONS	RESPONSE	PROBABILITY
Resource availability The Department of Forest, Fisheries and Environment could announce a reduction in the TAC.	<ul style="list-style-type: none"> The Premier Group remains committed to assisting the government by ensuring strict compliance with the TAC, thereby assisting in the recovery of the resource and safeguarding the sustainability of the resource for the future. The Group continues to incubate and procure fish from third-party quota holders so that a reduction in the quota for the Group can be mitigated by third-party quota holders. Premier continue to enhance its operational efficiencies, thereby avoiding critical job losses. 	A reduction in the TAC affects the revenue generated by the Group and ultimately the investors' returns on shareholding.	Medium
Exchange rate volatility Currency volatility due to various political and macroeconomic factors.	<ul style="list-style-type: none"> The Premier Group implemented operational strategies, which enables it to save on ZAR-denominated costs in the event of the strengthening of the ZAR, thereby maintaining its margins. 	A strengthening rand against hard currencies means that export sales, when translated to Rands, will see a decline in reported revenue. A strengthening Rand also results in outstanding debts of customers in the Premier Group, being translated to a lesser amount in Rands, resulting in foreign exchange losses.	Medium
Cyber risk Cyber-attacks have increased in frequency and sophistication with the increased use of technology.	<ul style="list-style-type: none"> The Premier Group continues to invest in up-to-date information technology systems, thereby safeguarding the Group's critical information. The Premier Group continuously provides employees with training and information on how to mitigate software virus threats. 	A cyberattack can affect and hinder operations as all business systems in place within the Premier Group are highly dependent on the use of technology. A cyberattack could result in business operations coming to a standstill as the Group's data processing is highly dependent on the servers for data storage.	Medium
Macroeconomic environment The current economic environment in South Africa is characterised by the harsh increase in the cost of living and low economic growth.	<ul style="list-style-type: none"> The Premier Group continues to pursue growth and diversification of its portfolio in order to unlock value and create much-needed jobs and employment opportunities. The Premier Group constantly engages with trade union representatives to ensure that employee demands are in line with the Premier Group's affordability. 	Labour disputes and high wage demands have an adverse impact on operational costs which will rise significantly and an increase in overheads could result in losses.	Medium

RISK	MITIGATING ACTIONS	RESPONSE	PROBABILITY
Regulatory compliance The Group operates under strict and complex regulatory and policy frameworks.	<ul style="list-style-type: none"> The Premier Group: <ul style="list-style-type: none"> Endorses best practices and is HACCP accredited. Employs experienced staff who understand the various regulatory requirements. Has legislature-compliance training and monitoring programmes. Rigorous compliance and quality audits are conducted, ensuring the highest standards. Policies and procedures are constantly updated in order to adapt to new regulations and legislative requirements. 	Non-compliance with laws and regulations may affect business continuity. Laws and regulations have been put in place to control Group activities. Should the Group use the fishing rights beyond the stipulated quota, there is a risk that no quotas will be allocated for the next fishing season. The JSE Listings Requirements are critical in keeping the company listed, and should these not be adhered to, there is a risk that the holding company may be delisted. BEE ratings are highly essential, and the retention of the BEE levels are crucial for business continuity as the fishing rights allocation takes this status into consideration.	Medium
Environment There are challenging weather conditions and natural movement of biomass. Red tide continues to be a risk and the Premier Group needs to be ready to deal with it	<ul style="list-style-type: none"> The Premier Group employs experienced skippers who maximise the catch rates during the available fishing days. The Premier Group engaged the services of veterinarians and a top marine biologist, who developed standard practices to assist with the management of its animals during a red-tide occurrence. The abalone farm has sufficient and highly competent staff to deal with red tide. 	Adverse weather conditions affect the catch and this has a huge impact on revenue. Red tide can have a negative effect on the growth of live abalone and hence can have a huge impact on the abalone revenue stream.	Medium
Attracting and retaining skilled staff South Africa continues to experience high levels of emigration, adding to the challenge of attracting and retaining skilled talent.	<ul style="list-style-type: none"> The Premier Group has instilled a rich, diversified, and inclusive company culture – and has an engaged open door policy. The Premier Group strives to ensure employee satisfaction by empowering staff to promote productivity and enhance outcomes. 	Retention of highly skilled staff is very important as skilled and experienced staff are crucial stakeholders who ensure the going concern of the business as the main operations of the companies require skilled personnel. The loss of a skipper who commands a vessel that the Premier Group relies on for fishing has a huge impact on revenue, as there is a possibility of a decline in revenue due to a decrease in the volume of fish caught.	Medium

KEY CHALLENGES

Regulation and legislation	The compliance and demands placed on companies in this highly regulated industry requires 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 availability of high-quality personnel makes 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 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.

Top risks

Banking facilities
Fishing resource availability
Exchange rate volatility
Cyber risk
Regulatory compliance
Environment
Macroeconomic environment
Attracting and retaining skilled employees

Opportunities


Catch, process and market stock of outside quota holders

STAKEHOLDER MANAGEMENT

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. Premier recognises the importance of building and maintaining trust and respect with its various stakeholders. The Group strives to respond timeously and appropriately to issues raised in interactions with the stakeholders.

The stakeholder management approach involves gaining a thorough understanding of stakeholder's needs and expectations, addressing those needs and expectations and also identifying and acting on opportunities that are of mutual benefit. Stakeholder engagement involves identifying stakeholders who have the most significant impact on the business. The engagement includes communicating strategy, performance, decisions and activities that impact, or are of significant interest to the stakeholders, as well as understanding their needs and perspectives. The Group addressed essential risks and opportunities and responded timeously and appropriately to issues raised in the interactions with the various stakeholders.

STAKEHOLDERS

	SHAREHOLDERS, THE INVESTMENT COMMUNITY, AND CAPITAL PROVIDERS
	EMPLOYEES
	BUSINESS PARTNERS
	REGULATORS
	COMMUNITIES AND NGOS
	CLIENTS
	SUPPLIERS



SHAREHOLDERS AND PROVIDERS OF CAPITAL

They have a broad shareholder base, which includes individuals, institutional investors, private and public companies

PRIMARY CONCERNS AND EXPECTATIONS

- Sustainability of the business
- Return on capital invested
- Optimal capital allocation and management
- Execution of growth strategies
- Appropriate risk identification and management processes
- Good corporate governance

EXPECTATIONS MANAGED

- Sound corporate governance rules are implemented in the business
- Increase in profit after-tax
- Currently in progress implementing growth strategies
- Efficient management of cash
- Looking at all possibilities of paying a dividend

HOW THEY ENGAGED WITH THEM

Engagement was done through formal and informal interactions, including:

- Engagement with stakeholders
- SENS announcements
- Print media
- Site visits
- Roadshows
- Ad hoc meetings as requested
- Website www.premierfishing.co.za

VALUE CREATION FOR STAKEHOLDERS

- Capital growth
- Dividends
- Return on investment

VALUE FOR PREMIER

- Supply of capital
- Low-gearred balance sheet



GOVERNMENT AND REGULATORY AUTHORITIES

Including DAFF, SARb, SARS SAMSA, MCM, NCRS Accreditation: HACCP, FDA, SABS, NCRS

PRIMARY CONCERNS AND EXPECTATIONS

- Compliance with laws and regulatory authorities

EXPECTATIONS MANAGED

- Continuous training of management and staff responsible for compliance with various regulations by the respective authorities
- Immediate corrective action noted in the event of findings raised by authorities
- Participation in industry working groups
- Meeting with industry regulators

HOW THEY ENGAGED WITH THEM

- Emails and telephonic conversations
- Site inspections and audits
- Industry association meetings

VALUE CREATION FOR STAKEHOLDERS

- Contribution to taxes supports job creation
- Other strategic initiatives
- Payment of fish land levies and taxes

VALUE FOR PREMIER

- Favourable legislation and less interference
- Repeated utilisation of fishing quotas



CUSTOMERS

They have a wide array of both foreign and local customers

PRIMARY CONCERNS AND EXPECTATIONS	EXPECTATIONS MANAGED	HOW THEY ENGAGED WITH THEM
<ul style="list-style-type: none"> Delivery of quality products and services Price competitiveness Leveraging their B-BBEE credentials Adherence to regulatory requirements, good corporate governance and ethics Reliable long-term supply of products 	<ul style="list-style-type: none"> Ensured that inventory is available Ensured that all products supplied have the legal paperwork from the relevant authorities in place Ensured that products are safe to consume and consistent with the Premier quality and brand Ensured adherence to all necessary standards, such as HACCP, SABS, FDA and EU standard tests Complied with international laws, regulations and legislation 	<ul style="list-style-type: none"> Emails and telephonic conversations Contract negotiations and ongoing interactions in the ordinary course of business Meetings, including site visits and one-on-one engagements
VALUE CREATION FOR STAKEHOLDERS <ul style="list-style-type: none"> Quality products and services Fair prices Correct labelling Better products and services 	VALUE FOR PREMIER <ul style="list-style-type: none"> Repeat business and revenue growth Understanding trends and opportunities Improved ability to compete Reputable brands 	



SUPPLIERS

They have a wide range of suppliers; they source products and services mainly from empowered local suppliers

PRIMARY CONCERNS AND EXPECTATIONS	EXPECTATIONS MANAGED	HOW THEY ENGAGED WITH THEM
<ul style="list-style-type: none"> Long-term security of supply Fair treatment and fair payment terms Entrepreneurship and supplier-development programmes Commitment to B-BBEE policies 	<ul style="list-style-type: none"> Ensured that supplies are sourced from reputable businesses – Code of Ethics Fully committed to B-BBEE Made fair and timeous payments Implemented several entrepreneurship and supplier-development programmes 	<ul style="list-style-type: none"> Emails and telephonic conversations Contract negotiations and ongoing interactions in the ordinary course of business Meetings, including site visits and one-on-one engagements Supplier audits Service-level agreements
VALUE CREATION FOR STAKEHOLDERS <ul style="list-style-type: none"> Fair allocation of business Payments are made timeously Zero corruption 	VALUE FOR PREMIER <ul style="list-style-type: none"> Good service Committed and consistent supply Fair pricing Quality products 	



EMPLOYEES AND TRADE UNIONS

They have permanent and seasonal workers as well as contracted fishermen

PRIMARY CONCERNS AND EXPECTATIONS	EXPECTATIONS MANAGED	HOW THEY ENGAGED WITH THEM
<ul style="list-style-type: none"> Career development opportunities including skills training Job security Market-related salaries and wages and equal pay Health and safety Transformation and diversity Involvement in secondary and tertiary education programmes Employee wellness programmes Corporate social investment in communities Employee engagement and communication – the importance of open and honest feedback 	<ul style="list-style-type: none"> The Premier Group embarked on updating role blueprints, benchmarking and evaluation measures and identifying further skills development plans The Group focuses on health and safety standards and procedures and ensures that working conditions are acceptable A substantial investment in skills development was made The Premier Group has a bursary programme which facilitates higher education A wellness clinic was introduced at the abalone farm 	<p>Communication channels include:</p> <ul style="list-style-type: none"> Emails and notice boards Internal meetings with trade union representatives take place on a regular basis Performance reviews and feedback sessions Company website Induction programmes Role blueprints, including job grading and job specification requirements Training and development sessions
VALUE CREATION FOR STAKEHOLDERS <ul style="list-style-type: none"> Fair pay Interesting work Growth and development Equal treatment Health and safety 	VALUE FOR PREMIER <ul style="list-style-type: none"> Engaged and motivated employees Ability to attract and retain key skills 	



LOCAL COMMUNITIES AND OTHER SMALL QUOTA HOLDERS

The communities in which they operate, including small-quota holders

PRIMARY CONCERNS AND EXPECTATIONS	EXPECTATIONS MANAGED	HOW THEY ENGAGED WITH THEM
<ul style="list-style-type: none"> Social investment programmes Job creation Enterprise development 	<ul style="list-style-type: none"> Regular donations to sports development programmes in the communities of Saldanha and Gansbaai School donations and support programmes in the communities of Hawston and Gansbaai Creation of job opportunities through the abalone farm expansion Free administration, support, services and technical training for contracted small-quota holders 	<p>Premier engages with the communities through direct one-on-one meetings and roadshows at community centres.</p>
VALUE CREATION FOR STAKEHOLDERS <ul style="list-style-type: none"> Contribution to taxes supports job creation Other strategic initiatives Payment of fish land levies and taxes 	VALUE FOR PREMIER <ul style="list-style-type: none"> Favourable legislation and less interference Repeated utilisation of fishing quotas 	

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 address 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 which 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 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 conservative use of 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 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. For this reason, the Premier Group needs to give back to the communities in which they operate.

To this end, Premier also believes 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.



RESPONDING TO THE SUSTAINABLE DEVELOPMENT GOALS (SDGS)

Premier is committed to supporting Government’s commitment to the SDGs in the areas they operate. They follow guidance from industry bodies to inform internal and external stakeholder commitments and to measure our performance against 14 of the 17 SDGs.



Premier operations align with a majority of the SDG goals. They will continue to strengthen their commitment to the relevant SDGs with the assistance of their leadership team.

The table below identifies which goals are relevant to the Premier, their progress, and the targets set.

GOAL 1 : NO POVERTY	
	Premier works hard to ensure that the company is sustainable. They are building capacity for the future, where more people can be gainfully employed, thus contributing to the economy, and helping to eradicate poverty by creating employment opportunities.
<div>PROGRESS TO DATE</div> <ul style="list-style-type: none">▪ Wages at all operations are in line with industry standards and guidelines set by the Government▪ Work towards building resilience in the communities in which they operate to reduce their exposure to climate-related events.▪ Premier spent in excess of R100m in salaries, wages and fishermen commissions and other employment costs.▪ Support for small-scale fishers and employment in impoverished communities.	<div>TARGET</div> <ul style="list-style-type: none">▪ No specific financial targets have been set.▪ There have been very few retrenchment cases as the Group was stable and was able to keep all employees.
GOAL 2 : ZERO HUNGER	
	End hunger, achieve food security, improve nutrition and promote sustainable agriculture
<div>PROGRESS TO DATE</div> <ul style="list-style-type: none">▪ Premier help put food on the table for more people by providing employment opportunities.▪ The fish the Group catch also provides nutritious sustenance for many.▪ The Group is committed to ensuring the sustainability of fish stocks.▪ By-catch for “fry-ups.”	<div>TARGET</div> <ul style="list-style-type: none">▪ No target has been set

GOAL 3 : GOOD HEALTH AND WELL-BEING



They promote good health and well-being.

PROGRESS TO DATE

- Premier continually aims to create an environment conducive to improving the health and well-being of its employees and the communities in which they operate.
- The Group has programmes for employees and provide access to various health services.
- Employees are monitored and screened for COVID-19 and identified cases to be monitored.
- Employees are monitored for potential substance abuse.
- The Group ensures that employees are screened and fit before going to sea.
- The Group provides medical assistance to employees.
- More than R500 000 was spent on health care.

TARGET

- No specific target has been set.
- Their number of COVID-19 positive cases continued to decline during the year under review.

GOAL 4 : QUALITY EDUCATION



Knowledge is power, and they ensure inclusion, quality education and learning opportunities for all.

PROGRESS TO DATE

- The Group provided training and development support programmes that inform, uplift, upskill and enable employees.
- Many of these platforms are available to the families of the Group's teams.
- Training includes accredited maritime training, SETA learnerships, ABET and adult literacy interventions and short courses including life skills, business training, computer skills, professional project management, health and safety, accounting, marketing, COVID-19, HIV and aquaculture training.
- Education is promoted through their Bursary programme.
- The SED programmes support Early Childhood Development (ECD), primary, secondary and tertiary education.
- 36 people benefitted from educational programmes during the year.
- More than R500 000 was spent on education, training and development.
- More than R1m was spent on bursaries and learnership programmes, including ECD, primary, secondary and tertiary education.

TARGET

- A portion of their SED budget goes towards educational support.
- No specific financial targets have been set for training and development interventions.
- The Premier Group will continue its commitment to its ECD, primary, high school and tertiary education, bursary and learnership programmes, but no financial targets have been set.

GOAL 5 : GENDER EQUALITY



Empower women and girls and end all forms of discrimination.

PROGRESS TO DATE

- The Group remains committed to being an equal-opportunity employer.
- There is no discrimination against race, gender, or creed.
- All forms of discrimination are rooted out. This is embedded in their Code of Ethics, Code of Conduct and The Way We Work policies
- There were no incidents of gender discrimination during the year.
- The Group has a transformative culture, representative of an inclusive South Africa and, are a leading example of gender equality.
- The non-executive chairperson is a woman of distinction.
- 15% of their employees are female in the male-dominated fishing industry.
- The company continued to work within its communities to promote empowerment at all levels of society.

TARGET

- Zero tolerance for all forms of discrimination.
- Increase female representation in the Premier Group at all levels, but no specific target has been set.

GOAL 6 : CLEAN WATER AND SANITATION



Ensure availability of potable water and the sustainability thereof

PROGRESS TO DATE

- All operations in the Premier Group have access to potable water.
- The abalone farm's primary source of water for its operations, is the ocean

TARGET

- Develop water management plans.

GOAL 7 : AFFORDABLE CLEAN ENERGY



Ensure reliable energy and the consumption thereof for our operations.

PROGRESS TO DATE

- There has been an increase in the solar energy capacity at the abalone farm.
- A total of 9 MWh has been installed thus far.
- The Group spent over R6m on the implementation of solar energy to date.

TARGET

- The solar energy project is implemented through a phased approach.

GOAL 8 : DECENT WORK AND ECONOMIC GROWTH



Promote economic growth, employment and decent working conditions

PROGRESS TO DATE

- Premier contribute to the economy through their investment diversification and collaboration with the communities in which they operate.
- Favourable working conditions were created that attracted talent and assisted them in growing the businesses.
- Internships were offered.
- Partnering with small-scale fishers to ensure their livelihood by offering administration services, catching, processing and marketing of the quota their allocations.
- There was collaboration with the industry and joint venture partners to ensure a sustainable marine resource for future generations.

TARGET

- No specific targets have been set.
- The goal is to ensure sustainable income through their operational performance.

GOAL 9 : INDUSTRY INNOVATION AND INFRASTRUCTURE



Promote, develop and support production through their activities, job creation and infrastructure

PROGRESS TO DATE

- Premier continues to improve its infrastructure, taking into account operational needs.
- The company ensures the optimal use of its assets and disposes of obsolete assets and infrastructure.
- Innovation at the abalone farm was used with their growing tanks powered by solar energy.
- Continuous expansion at the abalone farm.
- Implementation and monitoring of methods to minimise any negative impact of the fishing fleet on the environment

TARGET

- The goal is to construct a canning facility at their abalone farm, creating additional employment.
- This will increase operational capacity.
- Work continues towards the medium-term targets to improve environmental efficiencies.

GOAL 10 : REDUCED INEQUALITIES



Bridging the socio-economic divide is critical to the long-term survival of the country. Promote and empower the economic, social and political inclusion of all races, ethnicity, sex, age, disabilities and religion.

PROGRESS TO DATE

- Premier offers access to education, improvement, and empowerment programmes to help break down the endemic inequality barriers in South Africa.
- Work towards income generation, growth, and opportunities while eliminating discrimination continued.
- The Group ensures that their wages for their lower skill levels are above the minimum wage rate.
- Premier ensures the promotion of all persons' social, economic, and political inclusion regarding age, sex, race, disability, ethnicity, religion, or other status. This is entrenched in their Code of Ethics, Code of Conduct, and The Way We Work policies, as well as the service agreements with suppliers and contractors.
- All forms of discrimination are prohibited from all activities and operations.
- Policies are structured to create greater equality within the workforce through retention and recruitment.
- The major subsidiaries all attained a B-BBEE Level 1 accreditation in line with the DTI Codes of Good Practice.

TARGET

- There is zero tolerance for all forms of discrimination.
- Maintain and improve wages for lower skills, above the inflation rate.
- Maintain a B-BBEE Level 1 accreditation in line with the DTI Codes of Good Practice for all major subsidiaries.

GOAL 11 : SUSTAINABLE CITIES AND COMMUNITIES



The communities in which they operate are important to them.

PROGRESS TO DATE

- Premier supports the communities in which it operates through employment, education, and corporate social investment initiatives involving time, skills, and money. This ensures that they remain sustainable.
- The effect of climate change, the need to preserve the environment, and access to modern infrastructure promote information sharing.
- Stakeholder engagement includes the communities in which it operates.
- Premier is invested in identifying and implementing factors relating to adverse weather conditions that impact the Premier Group and the communities in which they operate.

TARGET

- No specific targets have been set.
- Ongoing risk management process is monitored regularly, and action is taken appropriately to mitigate any potential risks.

GOAL 12 : RESPONSIBLE CONSUMPTION AND PRODUCTION



Ensure responsible consumption and production.

PROGRESS TO DATE

- Premier monitors the efficient use of natural resources and continues to work for an overall reduction.
- Continued reduction of waste consumption.
- Continuous engagement with employees, contractors, suppliers and industry bodies to ensure the sustainability of all natural resources..

TARGET

- No specific targets have been set, but they continue to improve their water, energy, carbon emissions and waste disposal.

GOAL 13 : CLIMATE ACTION



Combat climate change and the impact of emissions

PROGRESS TO DATE

- Installation of solar energy at the abalone farm – this will continue through a phased approach.
- Continuous monitoring of the effect of operations and vessels in terms of their carbon emissions.

TARGET

- No specific targets have been set.

GOAL 14 : LIFE BELOW WATER



Protect and promote the sustainable use of marine resources, pollution and protecting our ecosystem.

PROGRESS TO DATE

- As a fishing company, Premier is dependent on marine resources.
- Continuing support of sustainability and conservation of marine resources by protecting oceans and marine resources.
- Premier continues to reduce marine pollution by protecting and restoring ecosystems, ending illegal fishing and over-fishing by utilising science-based management plans to restore fish stocks and repair the oceans.
- Prohibition of unregulated fishing and poaching of marine resources.
- 10% of coastal and marine areas need to be conserved, while unregulated fishing plus subsidies, which are contributing to overfishing, must be prohibited.
- The accommodation of small-scale fishers needs to be granted, and marine conservation needs to be enhanced.

TARGET

- The Group continued to abide by the total allowable catch for various species as per the permits granted to them.



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

AYO TECHNOLOGY SOLUTIONS LTD



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AYO AT A GLANCE

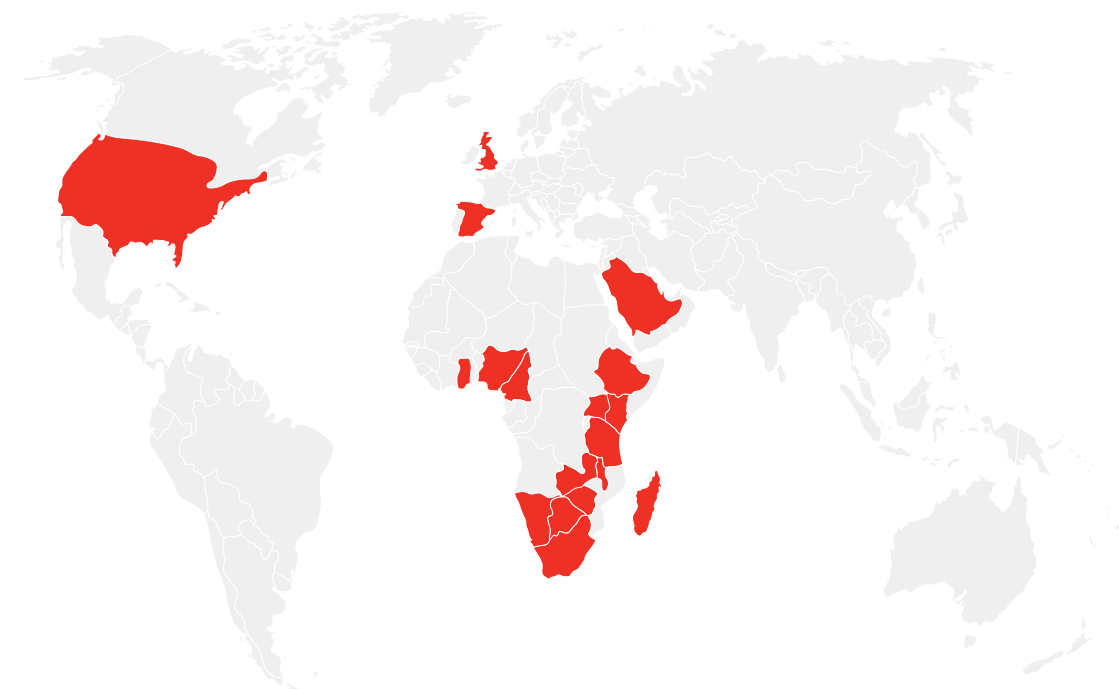
AYO Technology Solutions Ltd (AYO), including its subsidiaries, is one of the largest Broad-Based Black Economic Empowerment (B-BBEE) information and communications technology (ICT) groups in the South African market. It operates across a variety of industry verticals and geographies to deliver the full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

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

Their highly specialised, skilled employees are critical to their success, enabling AYO to drive innovation in the marketplace. Attracting and nurturing talent underpins all their decisions and actions. Through the AYO Academy, (their skills development initiative), they strive to develop tomorrow's ICT leaders, who will take the Group as well as the South African digital transformation movement to new heights.

They believe that to truly propel the economy they need to work together, by establishing and fostering strategic partnerships which includes suppliers, clients, employees, governing bodies and the broader community who remains paramount to everything they do.

As at 31 August 2022, the AYO Group employed over 948 people and has over 500 clients in both the public and private sector with operations in South Africa, Mauritius, East Africa and the United Kingdom.



MARKET PRESENCE

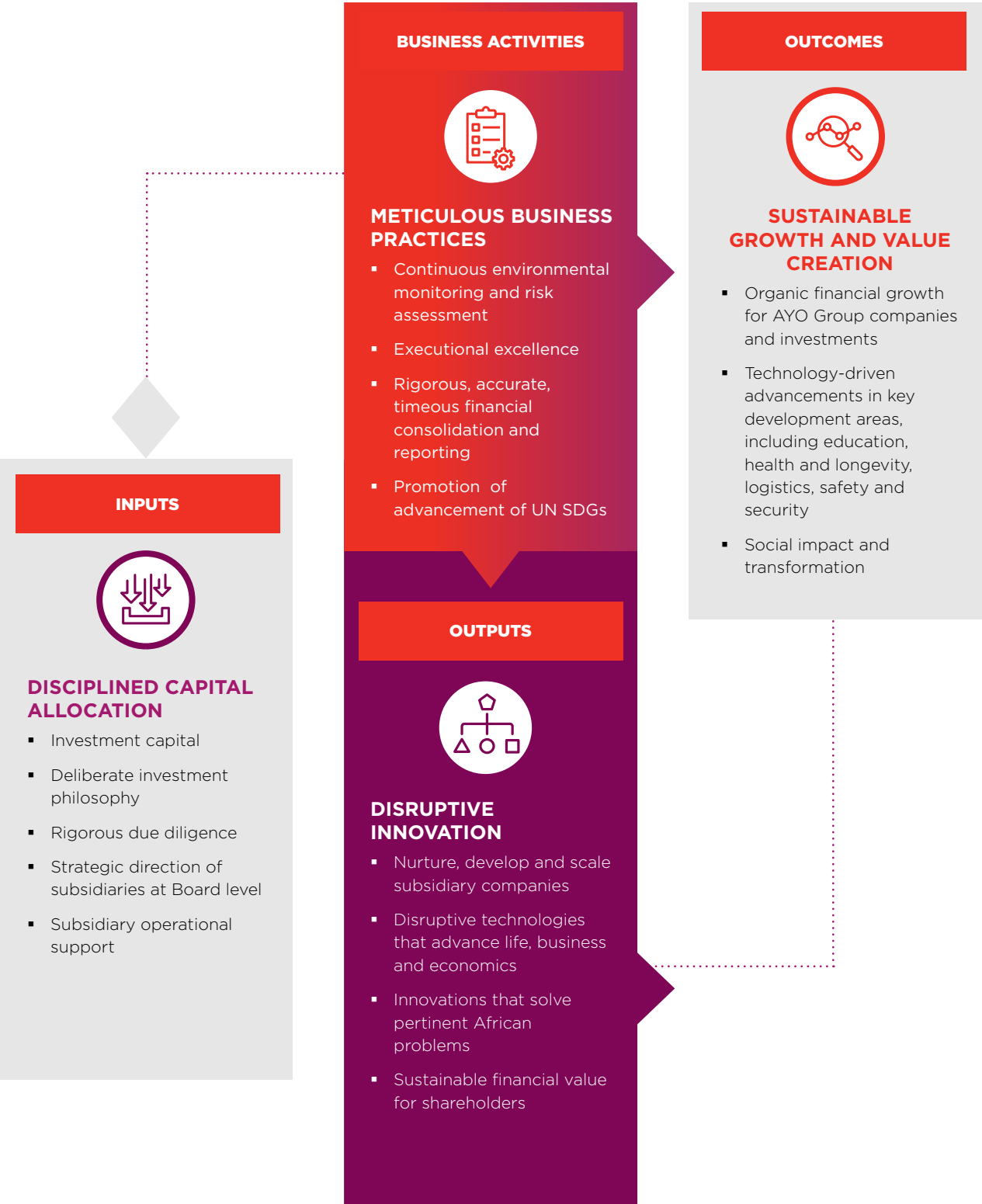
AYO's market presence is in South Africa, Ghana, Nigeria, Cameroon, Uganda, Ethiopia, Kenya, Tanzania, Malawi, Zambia, Zimbabwe, Botswana, Namibia, Eswatini, Lesotho, Madagascar, Mauritius, United States of America, United Kingdom, Spain and Saudi Arabia.

BRANDS



AYO TECHNOLOGY SOLUTIONS LTD	30
AYO AT A GLANCE	30
MARKET PRESENCE	31
BRANDS	31
VALUE CREATING BUSINESS MODEL	32
2022 FINANCIAL OVERVIEW	34
IMPACT OF COVID-19 AND VALUE PROPOSITION POST-PANDEMIC ERA	34
PROSPECTS AND OUTLOOK	34
GOVERNANCE	34
MATERIALITY, RISKS AND OPPORTUNITIES	34
STAKEHOLDER MANAGEMENT	36
ECONOMIC SUSTAINABILITY	38
ENVIRONMENTAL SUSTAINABILITY	38
SOCIAL SUSTAINABILITY	38
SOCIAL SUSTAINABILITY	38

VALUE CREATING BUSINESS MODEL



THE CAPITALS THEY MANAGE		WHAT DOES IT MEAN
FC	FINANCIAL CAPITAL <ul style="list-style-type: none"> R3.7bn total assets R1.1bn in cash and cash equivalents 4% increase in revenue to R1.76bn 	Disciplined and responsible capital allocation is the most important function of an investment holding company. Its investment decisions are informed by careful consideration of opportunities and risks and aim to fund sustainable growth and returns for the Group and shareholders.
HC	HUMAN CAPITAL <ul style="list-style-type: none"> Competent and diverse leadership team 948 employees R2 038 277 investment in employee training and development 	The company is steered by a well-balanced Board with the right foresight, business acumen and expertise. In charge of operations, there is an excellent executive team with skills and experience across multiple business disciplines. They focus on attracting and retaining high-performing employees by fostering a people-centred culture, investing in their training and development and becoming an employer of choice.
MC	MANUFACTURED CAPITAL <ul style="list-style-type: none"> Focus on innovation Proprietary in-house designed software and tools utilised across industry verticals Reputable brands 	The AYO Group has long been propelled by a strong culture of innovation and proprietary systems developed by the Group companies and are widely implemented across critical industry segments such as healthcare and financial services. As an important player in the technology industry, they continue to support national and international innovation initiatives, including Fast Company's Most Innovative Companies 2020 and the South Africa Innovation Summit 2020, to assist today's innovators in building a better tomorrow.
IC	INTELLECTUAL CAPITAL <ul style="list-style-type: none"> 124 key technology-related skills Solid business processes and checks to execute their strategy Rigorous governance practices 	They believe that knowledge creates value. Thus, as a Group, they support the honing and development of technology related skills in their team. Their business and governance processes continuously improve, allowing them to enhance their innovation capacity, maximise their resources and deliver utmost value to their stakeholders.
SRC	SOCIAL AND RELATIONSHIP CAPITAL <ul style="list-style-type: none"> Partnership-based business philosophy Solid customer relationships with over 250 organisational clients across all industry sectors and verticals Focused CSI programmes designed to advance the UN SDGs in South Africa 	Their partnership mentality is one of the cornerstones of their business philosophy. They adopt a collaborative approach in their relationships with their clients, supplier and associated businesses. They strive for effective stakeholder engagement and impactful social transformation in their activities.
NC	NATURAL CAPITAL <ul style="list-style-type: none"> Environmentally friendly offices and processes Responsible use of natural resources Carbon-neutral operations 	They respect and value the environment and consciously conserve natural resources, reduce waste and optimise operations to achieve effective net-zero impact on the environment.

2022 FINANCIAL OVERVIEW

KEY PERFORMANCE INDICATORS	AUGUST 2022 R'000	AUGUST 2021 R'000	% CHANGE
Revenue	1 755 179	1 699 492	3
Operating loss	(392 248)	(376 128)	4
Loss before tax	(233 161)	(200 479)	16
Total assets	3 811 136	4 226 564	(10)
Operating cash flows	(253 232)	(232 913)	9

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

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

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

- Remote working – Kathea and Headset Solutions are experiencing strong demand for communication and telecom equipment.
- Online learning – Sizwe has the nation-wide 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.
- Crisis management – GC²T has command and control specialist solutions for defence and monitoring social distancing.

Even with that positivity, they are not able to escape the ravages on the global and local economy and customers will postpone purchases. Cash flow challenges will test their businesses and they may require subsidising after the crisis to assist readiness in its aftermath.

PROSPECTS AND OUTLOOK

AYO continues to focus on its acquisition strategy to complement and enhance the businesses they currently have in their portfolio, as well as to establish a strong foothold in technology sectors they anticipate

will scale rapidly in the next five years. This enables them to service a substantial customer base in several industry verticals, including financial services, telecommunications, health care providers, public enterprises, media and many more. As an ICT investment holding group, AYO is adequately equipped with a strong balance sheet to make the right acquisitions. Company valuations are becoming more attractive for investment and the AYO Group has targets in mind.

As companies continue to 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.

GOVERNANCE

AYO 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 ensures 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.

MATERIALITY, RISKS AND OPPORTUNITIES

AYO's material matters are challenges and opportunities that could significantly affect their ability to create sustainable value over the short-, medium- and long-term for their stakeholders.

They have identified the following material matters, in terms of relevance, from their risk assessment process.

MATERIAL MATTERS				
MATTER	STRATEGY COMPONENT	RELEVANCE	GOVERNANCE STRUCTURE	STAKEHOLDER
Reputation management	Integrity and trust	Reputational damage erodes investor trust, client base and hinders acquisitions and sales.	Executive committee	<ul style="list-style-type: none"> Shareholders Employees Subsidiaries Clients Business partners
Legal challenges	Business continuity	The legal challenges faced by the business places significant strain on human and financial resources.	<ul style="list-style-type: none"> Board Executive Committee 	<ul style="list-style-type: none"> Employees Subsidiaries Clients Business partners
Succession planning and employee retention	Human capital	Attracting and retaining skilled and talented employees is essential to the business. The global online working opportunities and AYO's negative reputation affects AYO's position as an employer of choice.	Executive committee	<ul style="list-style-type: none"> Employees
Banking challenges	Business continuity	Lack of access to banking facilities affects the ability to trade efficiently, thus negatively affecting financial performance and, ultimately stakeholder value.	<ul style="list-style-type: none"> Board Executive Committee 	<ul style="list-style-type: none"> Employees Subsidiaries Clients Business partners

RISKS RELATED TO THEIR ACTIVITIES

In AYO's material matters, their key risks and opportunities represent the issues that have the most impact on their ability to create sustainable value for their stakeholders.

RISK	IMPACT ON BUSINESS	RESPONSE	PROBABILITY
Subdued macro-economic conditions post COVID-19	Loss of key customers and/or reduced demand for services to specific customers.	The AYO Group is actively engaging with subsidiaries to identify potential opportunities for symbiotic growth as well as looking at international opportunities in the larger African region.	High
PIC legal process	Further reputational damage, as well as lengthy and expensive legal processes.	AYO is engaging with their legal team to tackle the challenge when it surfaces. Due to an over-burdened legal system, this is expected to go to court in 2023.	Medium
JSE/FICA Investigations	The company may be subjected to JSE and/or FICA enquiries, which will further strain their cash reserves and team.	The financial team is well prepared to handle another investigation (having the experience of three simultaneous audits).	Low

STAKEHOLDER MANAGEMENT

Building and maintaining trust and respect with various stakeholders positively impacts AYO's reputation and is essential in addressing risks and opportunities.

AYO'S STAKEHOLDER NEEDS AND EXPECTATIONS

STAKEHOLDER	RELATIONSHIP	EXPECTATION	EXPECTATION MANAGED
Shareholders	Owners of the business	<ul style="list-style-type: none"> Sustainability of the business Return on capital invested Optimal capital allocation and management Execution of growth strategies Appropriate risk identification and management processes Good corporate governance 	<ul style="list-style-type: none"> Sound corporate governance rules are implemented in the business They are currently progressing with the implementation of growth strategies
Customers	Consumers of AYO's products	<ul style="list-style-type: none"> Delivery of quality products and services Price competitiveness Leveraging their B-BBEE credentials Adherence to regulatory requirements, good corporate governance and ethics Reliable long-term supply of products 	<ul style="list-style-type: none"> Ensured inventory availability Ensured that products are safe and consistent with the quality and brand of the AYO Group Ensured adherence to all necessary standards Complied with international laws, regulations and legislation
Suppliers	Procurement of goods and services, for their operations and other business units	<ul style="list-style-type: none"> Long-term security of supply Fair treatment and fair payment terms Entrepreneurship and supplier development programmes Commitment to B-BBEE policies 	<ul style="list-style-type: none"> Ensured they sourced supply from reputable businesses – Code of Ethics. Fully committed to B-BBEE Timeous payments Implemented several entrepreneurship and supplier development programmes
Regulatory authorities	Promulgate and monitor regulatory framework and comply with current regulations, laws and legislation	<ul style="list-style-type: none"> Compliance with laws and regulations of authorities 	<ul style="list-style-type: none"> Continuous training of management and employees responsible for compliance with various regulations by the regulatory authorities Internal control procedure checklist to ensure compliance with laws and regulations Immediate corrective action taken in the event of findings raised by authorities Participation in industry working groups Meeting with industry regulators

STAKEHOLDER	RELATIONSHIP	EXPECTATION	EXPECTATION MANAGED
Employees	Employment	<ul style="list-style-type: none"> Career development opportunities including skills training Job security Market-related salaries and equal pay Health and safety Transformation and diversity Employee wellness programmes Corporate social investment in communities Employee engagement and communication – the importance of open and honest feedback 	<ul style="list-style-type: none"> The AYO Group embarked on benchmarking and evaluation measures and identifying further skills development plans Focus on health and safety standards and procedures and ensuring that working conditions are acceptable Investment in skills development
Health and safety	Monitoring by health and safety officers	<ul style="list-style-type: none"> Compliance with health and safety standards 	<ul style="list-style-type: none"> Continuous training of employees on health and safety matters Internal control procedure checklist to ensure compliance with laws and regulations Immediate corrective action noted in the event of findings raised by health and safety officers
Government and regulatory authorities	Promulgate and monitor regulations and legislation	<ul style="list-style-type: none"> Compliance with laws and regulations of authorities 	<ul style="list-style-type: none"> Continuous training of management and employees responsible for compliance with various regulations by the regulatory authorities Internal control procedure checklist to ensure compliance with laws and regulations Immediate corrective action noted in the event of findings raised by authorities Participation in industry working groups Meeting with industry regulators

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 them 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 good environmental practices and promote sustainability in all aspects of their businesses.

AYO is committed to continually improving its environmental performance as an integral part of their business strategy and commitment to sustainability. 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 business must play 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 skills are 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. The AYO Group is committed to training and development internally and within the communities in which it operates, to contribute toward social upliftment and sustainability and thus have launched the AYO Academy, through which interns and learners are trained and prepared for the world of work.

Annual investments are made in education initiatives for immediate communities through approved impact-CSI partners, including SAME Foundation, Quad-Para Association of SA and the Sakhikamva Foundation.

GOAL 2 : ZERO HUNGER



The UN report on the state of food security and nutrition in the world, released in November 2021 narrates that the number of people facing acute food insecurity in 2020-2021 has increased dramatically due to the Covid pandemic. The international confederation of independent NGOs Oxfam, which has been fighting hunger and inequality since World War II and is active in 70 countries today, identified South Africa this year as an “emerging extreme hunger hotspot” due to the sharp worsening of the food crisis in the country, which has led millions of people to the brink of starvation.

PROGRESS TO DATE

- While AYO does not have experience in this field, they could not remain impartial to such a serious emergency. In partnership with Ladles of Love, an established NPO supported by the AYO Group. AYO and its employees (in their personal capacities) again donated generously of their time and financial resources to feed the students of Prestwich Primary School in Green Point on Mandela Day 2022.
- With food security concerns on the rise in South Africa, driven by not just the pandemic, but additional factors including droughts, floods and depleted soil quality, technologically advanced agricultural processes will become increasingly important. AYO is looking at emerging international technologies used to increase farming yield and crop resilience, with the intention of investing in such innovations in the medium term. These “impact investments” will benefit the AYO Group’s shareholders, as well as drive positive economic growth and progress towards this critical SDG.
- AYO invested R1.45m in feeding programmes and nutritional basic needs.

TARGET

- No specific targets have been set.

GOAL 3 : GOOD HEALTH AND WELL-BEING



Promote good health and well-being.

PROGRESS TO DATE

- AYO continuously donates face masks and hand sanitiser, distributing the goods to 15 public schools in the East London area.
- They believe that good health and well-being of all citizens is paramount to the sustainable economic development of the country. Therefore, healthcare is a strategic business priority for AYO with their Group’s operating entity, (HST) playing a significant role in the digitalisation of the public health sector. Further complementary acquisitions in the field of medical technology services are being considered in the medium to long term, while donations of this kind will remain part of AYO’s shared value creation strategy for the duration of the pandemic.

TARGET

- No specific targets have been set.

GOAL 4 : QUALITY EDUCATION



Knowledge is power, and they ensure inclusion, quality education and learning opportunities for all.

PROGRESS TO DATE

- Access to quality education has long been the core focus on AYO’s shared value activities. They believe that “digital education” can be a game changer for young people, levelling the playing field and providing them with economic opportunities that would otherwise be unavailable to them. AYO has long-standing partnerships with the SAME, Masinyasane and Sakhikamvu Foundations, which they continue to support.

TARGET

- No specific targets have been set.

GOAL 5 : GENDER EQUALITY



Although South Africa is often characterised as having some of the most progressive legislation in the world when it comes to gender equality, these constructive laws generally fail to infiltrate at grassroot level. Beyond the disproportionately widespread and intense gender-based violence regularly witnessed in the country, a World Economic Forum Report in 2018 revealed that South Africa had the sixth largest pay gap between men and women in Africa. This, however, is not the case at AYO.

PROGRESS TO DATE

- AYO promotes gender equality and female empowerment. Additionally, the AYO Group maintains its long-standing partnership with UNICEF’s TechnoGirl initiative, which introduces high school girls to careers in STEM and opens doors to traditionally male-dominated fields such as industrial engineering and computer programming.

TARGET

- No specific targets have been set.

GOAL 8 : DECENT WORK AND ECONOMIC GROWTH



Access to full and productive employment and decent work for all citizens has been a priority in South Africa for decades. Unfortunately, the COVID-19 pandemic reversed much of the progress achieved in this regard

PROGRESS TO DATE

- AYO believes that in order to succeed and create value, it needs to operate within a thriving economy. Therefore, promoting SDG 8 will remain a key consideration in their strategic development process. It views SMEs as the lifeblood of South Africa's economy and are amplifying it's focus on enterprise development programmes, through which it will strive to strengthen the SME sector and promote economic inclusivity and growth in the medium term.

TARGET

- No specific targets have been set.

GOAL 9 : INDUSTRY INNOVATION AND INFRASTRUCTURE



Promote, develop and support production through their activities, job creation and infrastructure

PROGRESS TO DATE

- Development goal number nine is strongly aligned to AYO's core business and carries particular importance to its shared value creation strategy. Inclusive and sustainable industrialisation can unleash dynamic and competitive economic forces that generate employment and income. With the exponential proliferation of technological innovation observed in today's world, the achievement of this critical goal is now more plausible than ever. While the global pandemic has hindered progress on many SDGs, innovation and digitalisation of many industries has, in fact, accelerated in response to the crisis.

TARGET

- No specific targets have been set.

GOAL 10 : REDUCED INEQUALITIES



Reducing inequality within and among countries is a challenging and complex objective. It requires the adoption of progressive fiscal, social and economic policies on government level with simultaneous creation of large-scale sustainable income opportunities by the business sector. The UN has observed that while the international community has made significant strides towards lifting people out of poverty, inequality persists and disparities remain, particularly in Africa, in terms of access to health and education services.

PROGRESS TO DATE

- The strain on South Africa's public healthcare and education systems since the onset of the pandemic has clearly demonstrated that there is still a very long way to go in providing equal quality of such essential services to all citizens before they can draw level with developed economy peers.
- Through its core business operations, it strives to shorten the digital divide in all sectors and are particularly proud of its achievements in the fields of healthcare and education. AYO's subsidiary, HST, has played a critical role in the integration of public and private laboratory systems, making across-the-board covid testing and results sharing possible. Sizwe Africa IT Group, on the other hand, has made remote learning in the Eastern Cape possible, providing a sustainable and cost-effective solution to the Department of Education.
- AYO's core business focuses on technologies that may appear outdated in the context of global ground-breaking innovations but are instrumental in creating a digital infrastructure that promotes economic advancement and reduces inequalities in South Africa. They continue to search for acquisition targets whose solutions enable and empower critical industries, such as agriculture, healthcare, communications, logistics and education. They believe that digitalising these sectors will create the greatest shared value in the medium and long term in Africa.
- AYO invested R160k in educational needs.

TARGET

- No specific targets have been set.

GOAL 12 : RESPONSIBLE CONSUMPTION AND PRODUCTION



Achieving economic growth and sustainable development requires an urgent reduction in the ecological footprint by changing the way goods and services are produced and consumed. The rapid pace at which technology has been advancing in the last two decades has led to a much shorter lifespan for electronic devices and with proliferating "technology consumption," e-waste has emerged as the fastest growing waste stream. Of particular concern is the high toxicity of e-waste with its concentration of hazardous elements like mercury, lead and cadmium.

PROGRESS TO DATE

As a trailblazer in the South African technology sector, AYO leads by example and in 2022 launched its inaugural e-waste recycling campaign. Tests rolled out in their own office saw the collection of unused and discarded electric and electronic appliances from cellular phones to microwaves and vacuum cleaners. The launch campaign enjoyed great support and participation by their environmentally aware team who contributed nearly 500 litres of e-waste.

In 2023 the e-waste awareness and recycling campaign will be extended to all AYO Group and associated companies, as they strive to promote responsible technology consumption. In the medium-term, they are considering the acquisition of an e-recycling operating entity, which will enhance their ability to create shared value in a more meaningful way.

TARGET

- No specific targets have been set.

GOAL 13 : CLIMATE ACTION



Climate change is real and its effects are palpable in every corner of the world. As a fossil fuel-reliant country, South Africa is particularly vulnerable and urgently needs to prioritise this goal and reduce its carbon footprint. Additionally, renewable energy harvesting and utilisation can address a number of acute local challenges from deficient power supply to high unemployment rate and poor air quality. Persuasive collective action is imperative to protect both the environment and economy and create value for us and future generations.

PROGRESS TO DATE

- AYO's interests in the digital retail and last mile logistics space, albeit small, compels it to highlight the importance of this SDG and set a precedent in the fight against climate change. Their holistic approach aims to address the issue in an all-encompassing way from reducing physical store visits (and by extension personal carbon emissions) to electronic paperless ordering processes and environmentally friendly packaging. Further, the AYO Group is looking into the implementation of digital marketplaces that will connect buyers and sellers based on physical proximity, thus reducing transportation time, cost and impact.
- Combating climate change is deeply integrated into AYO's long-term strategic plan. This includes acquisitions in the domains of green energy production and environmental technology components mining, investigating local manufacturing of electric vehicle batteries and focused product development in the logistics space.

TARGET

- No specific targets have been set.

GOAL 17 : PARTNERSHIPS FOR THE GOALS



The premise of SDG 17 is that a successful sustainable development agenda requires cross country and cross sector collaboration and partnership. AYO's business model, is itself founded on those very same principles, and can be used as a case study in promoting this important objective by industry peers. The Group's competitive advantage stems from its symbiotic relationships with its customers, who have deeply entrenched their services into their clients' business operations.

PROGRESS TO DATE

- The goal highlights the importance of collaboration to solve global challenges and the need to mobilise international financial resources for developing economies. The technology sector is both an enabler and a beneficiary of this objective, providing the communication tools and platforms for discussions, while simultaneously providing first-hand examples of successful cross-continent implementations. The diversity of companies within the AYO stable enables them to apply these very principles in their own microcosm and translate learnings from one client industry into another or adapt global best practices to their unique market requirements. Their aim is to replicate this successful model into the rest of the African continent in the medium-term and they expect to report on progress in this regard.
- Being an investment vehicle itself, AYO also provides a platform for international investors to contribute to the advancement of this SDG by offering a compelling investment case for globally conscious financiers. Thus, their long-term aspiration is to transform the AYO brand into an internationally attractive investment package that provides direct foreign investors with a structured and financially-savvy channel to contribute to sustainable development on the African continent and create inclusive universal value.

TARGET

- No specific targets have been set.



For more information visit: <https://ayotsl.com/>




EVENTS AND TOURISM

TRIPOS TRAVEL (PTY) LTD	44
TRIPOS TRAVEL AT A GLANCE	44
MARKET PRESENCE	45
VALUE CREATING BUSINESS MODEL	46
STRATEGY	48
2022 FINANCIAL OVERVIEW	48
TRIPOS TRAVEL'S CONTRIBUTION	48
IMPACT OF COVID-19 AND VALUE PROPOSITION POST-PANDEMIC ERA	48
PROSPECTS AND OUTLOOK	48
GOVERNANCE	48
MATERIALITY, RISKS AND OPPORTUNITIES	49
STAKEHOLDER MANAGEMENT	52
ECONOMIC SUSTAINABILITY	54
SOCIAL SUSTAINABILITY	54
ESPAFRIKA (PTY) LTD	55
ESPAFRIKA AT A GLANCE	55
BRANDS	55
IMPACT OF COVID-19 AND VALUE PROPOSITION POST-PANDEMIC ERA	55

TRIPOS TRAVEL



KEY FACTS

	Valentine Dzvova
CHIEF EXECUTIVE OFFICER	
	Khalid Abdulla, Lyndon Burt and Valentine Dzvova
BOARD OF DIRECTORS	
	1st Floor, Waterway House North, 3 Dock Road, Victoria & Alfred Waterfront, Cape Town, 8001
HEAD OFFICE	

TRIPOS TRAVEL AT A GLANCE

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 both the corporate and leisure markets. In the Inbound Tours and Events division, they focus on inbound tours to Southern Africa for groups and independent travellers.

Tripos has long-term contracts with corporate clients and independent (on and off site) travel consultants. Their corporate travel section services mostly corporate travellers locally and internationally in both business and leisure travel.

Tripos aims to:

- Deliver superior service while actively contributing to the development of people in the travel industry.
- Invest in cutting-edge technology to service clients online and in person.
- Develop their employees.
- Build strong relationships and leverage its affiliation with the Sure Travel brand to provide clients with the best prices with their experienced employees.
- Ensure the efficient processing of travel- related queries and requirements.
- Grow the inbound tourism business.
- Ultimately deliver good sustainable returns to their stakeholders.

MARKET PRESENCE

Tripos has a single office in Cape Town. Its corporate client list is predominantly Cape Town based with a small percentage (less than 5%) based in Gauteng. Tripos' inbound tours department specialises in providing tours to the Southern African region. During the year under review, Tripos served clients from Dubai, France, Belgium and Canada.

TRIPPOS TRAVEL CONTINUED

VALUE CREATING BUSINESS MODEL

PRIMARY INPUTS

FINANCIAL CAPITAL

- Access to cost-effective capital
- Funding from the holding company

MANUFACTURED CAPITAL

- Digital Platforms
- Distribution licenses
- IATA and ASATA

HUMAN CAPITAL

- Employees' unique travel-related skills, capabilities, experience, training and development
- Experienced leadership team

INTELLECTUAL CAPITAL

- A working knowledge of experienced employees
- Membership of ASATA and IATA
- Sure Travel Membership

SOCIAL AND RELATIONSHIP CAPITAL

Relationships with all stakeholders, including their customers, suppliers and business partners

NATURAL CAPITAL

Offices are located in a green building



OUTPUTS

- Promote exclusive holiday destinations both locally and worldwide
- Offer tailor-made travel packages to suit clients' needs
- Satisfy customer demands through the supply of inventory for flights, cruises, and other tourism-related arrangements
- Create value for their stakeholders

PRIMARY OUTCOMES

FINANCIAL CAPITAL

- Revenue R17.9m (2021: R8.27m)
- Profit R1.7m (2021: R0.3m)

MANUFACTURED CAPITAL

- Offer quality services and availability of national and international travel products
- Ensure continuity of their products and service offerings
- Provide expertise to clients

HUMAN CAPITAL

- 3 Employees (2021:3)
- Female representation 66.6%
- Black representation 66.6%

INTELLECTUAL CAPITAL

- Sure Travel, IATA , ASATA
- Amadeus Reservation system (GDS)
- Unique employee skills and capabilities

SOCIAL AND RELATIONSHIP CAPITAL

Due to the macroeconomic climate and the impact of COVID 19 - the company has put Social sustainability projects on hold

NATURAL CAPITAL

Offices are located in a green building. Electricity and water consumption are paid for by the holding company due to the remote working arrangement of employees.



STRATEGY

Tripes aims to grow its corporate and retail travel business. This will ensure a regular income from corporate clients and outbound sales, improving the overall profit and margin.

2022 FINANCIAL OVERVIEW

KEY PERFORMANCE INDICATORS	AUGUST 2022 R'000	AUGUST 2021 R'000	% CHANGE
Revenue	17 932	8 271	117
Operating/(Loss) profit	1 706	290	487
Profit before tax	1 706	222	669
Total assets	4 797	3 508	37
Operating cash flows	256	(24)	(1 148)

TRIPES TRAVEL'S CONTRIBUTION

The effect of the COVID-19 pandemic remains in the marketplace and the knock-on effect on airlines, hotels and ground operators around the world. Tripes has seen a significant increase in turnover in the last year - 40% higher than expected with travel back to about 80% or pre-pandemic levels. They have seen an increase of corporate travellers year-on-year and have almost doubled their leisure travellers' income from the previous year.

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

COVID-19 continues to negatively affect the travel industry with airline prices and availability restricting flights and travel restrictions to certain countries still being in place. Income is increasing slowly as travellers return to a more regular business and leisure travel scenario. Until then, the promotion of domestic travel for business and leisure was a way to get clients travelling again.

PROSPECTS AND OUTLOOK

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

Tripes plans to restructure and consolidate resources to improve its profitability. The actions in progress to achieve this are listed below:

- Expand the responsibilities of existing employees to focus on the acquisition of new business, targeting small to medium companies.
- Continue to develop, promote and sell inbound packages for Southern Africa to the identified regions.
- 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.







GOVERNANCE

Tripes adopted the application of policies and structures as defined by the AEEI Group and complies with 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 of Tripes 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.

MATERIALITY, RISKS AND OPPORTUNITIES

MATERIAL RISKS

					
FINANCIAL	HUMAN CAPITAL	BUSINESS OPERATIONS	MACRO ECONOMIC	THE ENVIRONMENT	SOCIAL AND RELATIONSHIP
MATERIAL MATTER – FINANCIAL					
MATTER	STRATEGY COMPONENT	RELEVANCE	GOVERNANCE STRUCTURE	STAKEHOLDER	
<ul style="list-style-type: none">Impact of COVID-19 on the business:<ul style="list-style-type: none">liquidity and capitalrisks and emerging riskscost containmentBusiness modelResponsible use of capital generated to ensure a healthy financial positionReputational damageAccess to banking facilitiesStrategic focus areasShareholder returns	<ul style="list-style-type: none">Growth and income sustainablyIncrease operating profit, cash flow and assetsCreate medium-to long-term shareholder valueImprove cost containment	<ul style="list-style-type: none">The impact of the COVID-19 pandemic affecting the sustainability of the businessReputational damage erodes trust, and the client base and hinders salesLack of access to banking facilities affects the ability to trade efficiently, thus negatively affecting financial performance and, ultimately stakeholder value	<ul style="list-style-type: none">BoardExecutive committee	<ul style="list-style-type: none">ShareholdersProviders of capitalEmployeesBusiness partners	
COMBINED ASSURANCE: Regular management review, policies and procedures					

MATERIAL MATTER - HUMAN CAPITAL				
MATTER	STRATEGY COMPONENT	RELEVANCE	GOVERNANCE STRUCTURE	STAKEHOLDER
<ul style="list-style-type: none"> COVID 19 employee health and safety and job security Remuneration and employee recognition Employee job satisfaction and diversity Training and development Protection of personal information (POPI) 	<ul style="list-style-type: none"> Create employment and opportunities for employee growth Develop the human capital strategy, key relationships and monitor progress with KPIs 	<ul style="list-style-type: none"> The health and safety of their employees remained a key concern during the pandemic Cyber risk and personal competitiveness 	<ul style="list-style-type: none"> Board Management 	<ul style="list-style-type: none"> Employees
COMBINED ASSURANCE: Regular management review, policies and procedures				

RISKS RELATED TO THEIR ACTIVITIES

Risk management is integrated into Tripos' management process. Tripos maintains a risk register, which is compiled and maintained by the executive management, with the risk status and execution of planned actions being reviewed monthly. Executive management is responsible for identifying, classifying and managing all operational risks.

The business risks facing Tripos' ability to sustain itself in the future as well as the mitigation against those risks are noted below:

RISK IDENTIFICATION	IMPACT ON BUSINESS	RESPONSE
The discontinuation of commissions and overrides	Negative impact on revenue and profits	Tripos is prepared to renegotiate its service fees in the event of this eventuality and will compensate for this possibility which will have an impact on all future contracts. In addition, they have refocused their business to grow the inbound tours department which is not dependent on the same model as travel
IATA ticketing changed to credit card payment only	Negative impact on cash flow management	Tripos will have to renegotiate contracts to align payment for products to credit cards where required with the change from IATA
Technology	Sustainability of the business	The innovative use of technology has directly impacted the travel industry with online bookings
Employee retention	Sustainability of the business	A retention plan, including incentives, training and development and team engagement has been introduced
POPI Compliance	Delay in processing and added cost for safe use of sensitive client information	Engaging the services of Card vault to securely receive clients bank card information with log in/tracking for access control.


RISK IDENTIFICATION	IMPACT ON BUSINESS	RESPONSE
COVID-19	<ul style="list-style-type: none"> Disinclination to travel Cancelled travel plans 	Multiple, ever changing COVID-19 entry regulations - raises the need for multiple sources for updates and requirements. Daily checks and information sources to remain abreast of changes. Encourage travellers to connect to websites and airline requirements to review any changes.

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


Competition	<ul style="list-style-type: none"> 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 puts downward pressure on pricing and leads to thinner margins
Employee skills and retention	<ul style="list-style-type: none"> 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 reason that the 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, Tripos is at a disadvantage compared to larger enterprises
POPI Compliance	<ul style="list-style-type: none"> Maintain the client database without compromising the personal data Successfully store a client's personal data Securely update client data when transferring to a third party
COVID-19	<ul style="list-style-type: none"> Keep updated with changes to Travel regulations under COVID-19 Ensure clients are kept abreast of any changes to travel regarding COVID-19
Top risks	<ul style="list-style-type: none"> COVID-19 pandemic Banking facilities Airline pricing on tickets Airline availability Online bookings Cancellations Employee retention Airline/operator commissions POPI compliance Client accounts - financial restrictions
Emerging risks	<ul style="list-style-type: none"> The continued knock-on effect of the COVID-19 pandemic Airline capacity is limited due to insufficient operations staff
Opportunities	<ul style="list-style-type: none"> Renewed travel interest Relaxing of travel restrictions

STAKEHOLDER MANAGEMENT

Below is an overview of stakeholder concerns, how they addressed these concerns, how they engaged with them and how they delivered value to them through value creation, value preservation and value erosion

 SHAREHOLDERS AND PROVIDERS OF CAPITAL			
PRIMARY CONCERNS	THEIR NEEDS AND EXPECTATIONS	HOW THEY ADDRESSED THESE CONCERNS AND EXPECTATIONS	HOW THEY ENGAGED WITH THEM
<ul style="list-style-type: none"> Impact of COVID-19 Banking facilities The business and operational performance Protection of Personal Information (POPI) Group Strategy 	<ul style="list-style-type: none"> The impact of the COVID-19 pandemic on sales and supply To ensure the issues at hand did not negatively affect the running of the business Value add-on and return on investments Responsible corporate governance and ethics Transparent reporting and disclosure 	<ul style="list-style-type: none"> Focused on domestic travel while international borders were closed Set up payment facilities with Transaction capital to ensure smooth running if banking options failed Growth in international travel and corporate business POPI Compliance – with the AMADEUS GDS and Caveau Card capture they ensure the safe and secure use of client's personal information with their permission Regular engagement with shareholders to maintain awareness 	<ul style="list-style-type: none"> Continually advised them of the restrictions and limits they were addressing Board meetings
HOW THEY DELIVERED VALUE TO THEM – VALUE CREATION, VALUE PRESERVATION AND VALUE EROSION Tripos' financial performance is reflected the environment in which they had to operate: <ul style="list-style-type: none"> + Revenue generated from sales + Provided transparent, relevant and timeous reporting to shareholders with pertinent information to make informed decisions ○ Executed on the strategy ○ Used capital responsibly 			
KEY OBJECTIVES AND METRICS THEY TRACK: <ul style="list-style-type: none"> Liquidity of the business Return on investment Environmental, social and governance risks The COVID-19 pandemic on the travel industry 			

+ Value creation ○ Value preservation - Value erosion

 EMPLOYEES			
PRIMARY CONCERNS	THEIR NEEDS AND EXPECTATIONS	HOW THEY ADDRESSED THESE CONCERNS AND EXPECTATIONS	HOW THEY ENGAGED WITH THEM
<ul style="list-style-type: none"> Job Security Employee health and safety The economy 	<ul style="list-style-type: none"> Competitive market-related remuneration Career development growth and opportunities 	<ul style="list-style-type: none"> They tried to maintain security across the company despite the impact of COVID-19 on the business Additional health and safety protocols and procedures were put in place throughout the pandemic Ensured acceptable working conditions for all employees Fair treatment and market-related remuneration within the framework of the affordability for the company 	<ul style="list-style-type: none"> COVID-19 employee assistance screening provided for all employees Allowed remote working to accommodate family responsibility
HOW THEY DELIVERED VALUE TO THEM – VALUE CREATION, VALUE PRESERVATION AND VALUE EROSION The quality of the relationship with their employees through the value they created: <ul style="list-style-type: none"> + Returned to normal remuneration after the financial restrictions of the COVID-19 pandemic + They continued online training throughout the lockdown period ○ Remote working for 100% of employees 			
KEY OBJECTIVES AND METRICS THEY TRACK <ul style="list-style-type: none"> Employee health and welfare A diverse and inclusive employee profile An innovative culture Employee attrition 			

+ Value creation ○ Value preservation - Value erosion

REGULATORS			
PRIMARY CONCERNS	THEIR NEEDS AND EXPECTATIONS	HOW THEY ADDRESSED THESE CONCERNS AND EXPECTATIONS	HOW THEY ENGAGED WITH THEM
<ul style="list-style-type: none"> Ongoing compliance with regulatory frameworks and good governance Transformation including gender and race diversity POPI compliance 	<ul style="list-style-type: none"> Compliance with all legal regulatory frameworks and requirements Responsible taxpayer Participating in industry and regulatory groups 	<ul style="list-style-type: none"> Maintained sound governance principles and procedures Ensured timeous regulatory submissions of all relevant regulations to authorities Policies and procedures are in place Representation on industry bodies Remain committed to ethical business practices POPI compliance – implemented a plan for compliance which is tracked quarterly and have a system in place to mitigate, identify and rectify any breaches 	<ul style="list-style-type: none"> Tripes continued to: <ul style="list-style-type: none"> maintain transparent communication pay attention to detail remain professional and reacted to matters raised promptly ensure resilient business and management practices and processes ensure compliance with industry requirements and obtain clarity where necessary participate in industry meetings and interacted with regulators and industry stakeholders to ensure sound regulatory frameworks All policies and agreements have been updated in line with POPI compliance
HOW THEY DELIVERED VALUE TO THEM – VALUE CREATION, VALUE PRESERVATION AND VALUE EROSION Tripes ensured: <ul style="list-style-type: none"> Payment to regulatory bodies were made timeously and ensure compliance They contributed to government revenues through payment of direct, indirect and employee taxes Continue to pay taxes as required Close working relationship with regulators 			
KEY OBJECTIVES AND METRICS THEY TRACK <ul style="list-style-type: none"> Delivery of compliance with regulatory changes Meeting regulatory requirements Direct and indirect tax contributions 			

+ Value creation
 ● Value preservation
 - Value erosion

ECONOMIC SUSTAINABILITY

Tripes aims to deliver and sustainable returns to its stakeholders. To mitigate the low margins in corporate travel, Tripes has embarked on a strategy to grow its tours and leisure market, which traditionally return higher margins. Revenue, costs and cash flow are monitored closely to ensure sustainability.

ACRONYMS




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


 For more information on Tripes Travel visit: <https://www.tripostravel.com/>

ESPAFRIKA (PTY) LTD



KEY FACTS

 CHIEF EXECUTIVE OFFICER	Amit Makan
 BOARD OF DIRECTORS	Valentine Dzvova, Khalid Abdulla, Jowayne van Wyk and Aziza Amod
 HEAD OFFICE	Victoria and Alfred Waterfront, Cape Town

ESPAFRIKA AT A GLANCE

espAfrika (Pty) Ltd (espAfrika) is a cutting-edge global competitor in events management and produces unique, entertaining experiences throughout the African continent. The Cape Town International Jazz Festival (CTIJF), affectionately known as “Africa’s Grandest Gathering” is espAfrika’s flagship event. The Festival is ranked amongst the top 10 Jazz Festivals in the world.

espAfrika 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.

The COVID-19 pandemic necessitated retrenchment of employees as the company has been dormant until such time as the restrictions pandemic again allowed for staging of major events. At the time of writing this report, the company is in the process of organising the CTIJF for March 2023. The company is looking forward to hosting a spectacular show after 3 years of absence

BRANDS



IMPACT OF COVID-19 AND VALUE PROPOSITION POST-PANDEMIC

The COVID-19 pandemic wreaked havoc across the hospitality industry due to restrictions around events and the number of people allowed at gatherings. The industry was struggling to stay afloat with many businesses having to cancel major events or close its doors.

espAfrika, like many other companies in the events industry, was not spared from the aftermath of the pandemic. Due to COVID-19 pandemic, the Cape Town International Jazz Festival was once again postponed during the year under review. The scrapping of all COVID-19 regulations was welcomed by the hospitality industry, which was badly bruised by two years of the pandemic-induced restrictions. As a result, espAfrika was unable to trade or host any of its major events in the last two years.

As one of the most highly awarded event management and production organisations in South Africa, espAfrika will revisit the events and conferences hosted previously. With over 20 years in the industry, espAfrika thrives on understanding clients’ ideas and is exceptional at creating relevant and engaging solutions to today’s audiences. They look forward to contributing to the South African economy’s gross domestic product (GDP) through hosting the CTIJF and creating employment opportunities.

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


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

HEALTH AND BEAUTY

AFRINAT (PTY) LTD	56
AFRINAT AT A GLANCE	56
MARKET PRESENCE	57
BRAND/PRODUCTS	57
VALUE CREATING BUSINESS MODEL	57
STRATEGY	60
2022 FINANCIAL OVERVIEW	62
AFRINAT'S CONTRIBUTION	62
IMPACT OF COVID-19 AND VALUE PROPOSITION POST-PANDEMIC ERA	62
PROSPECTS AND OUTLOOK	62
GOVERNANCE	62
MATERIALITY, RISKS AND OPPORTUNITIES	63
STAKEHOLDER MANAGEMENT	65
ECONOMIC SUSTAINABILITY	65
ENVIRONMENTAL SUSTAINABILITY	65
SOCIAL SUSTAINABILITY	65
ORLEANS COSMETICS (PTY) LTD	70
ORLEANS COSMETICS AT A GLANCE	70
MARKET PRESENCE	70
BRANDS/PRODUCTS	71
VALUE CREATING BUSINESS MODEL	72
STRATEGY	74
2022 FINANCIAL OVERVIEW	76
ORLEANS COSMETICS CONTRIBUTION	76
IMPACT OF COVID-19 AND VALUE PROPOSITION POST-PANDEMIC ERA	76
PROSPECTS AND OUTLOOK	76
GOVERNANCE	77
MATERIALITY, RISKS AND OPPORTUNITIES	77
STAKEHOLDER MANAGEMENT	81
ECONOMIC SUSTAINABILITY	86
ENVIRONMENTAL SUSTAINABILITY	86
SOCIAL SUSTAINABILITY	86

AFRINAT (PTY) LTD



KEY FACTS

	Dr Abdusamad Sidar
CHIEF EXECUTIVE OFFICER	
	Aziza Amod, Dr Abdusamad Sidar, Jowayne van Wyk, Khalid Abdulla and Valentine Dzvova
BOARD OF DIRECTORS	
	Victoria and Alfred Waterfront, Cape Town
HEAD OFFICE	

AFRINAT AT A GLANCE

AfriNat produces and distributes a range of agricultural products to commercial farmers, predominantly export farmers. These are natural biostimulants, natural pest repellents and agricultural pre-harvest products as well as a range of cleaning solutions under the brand ViBacSan®.

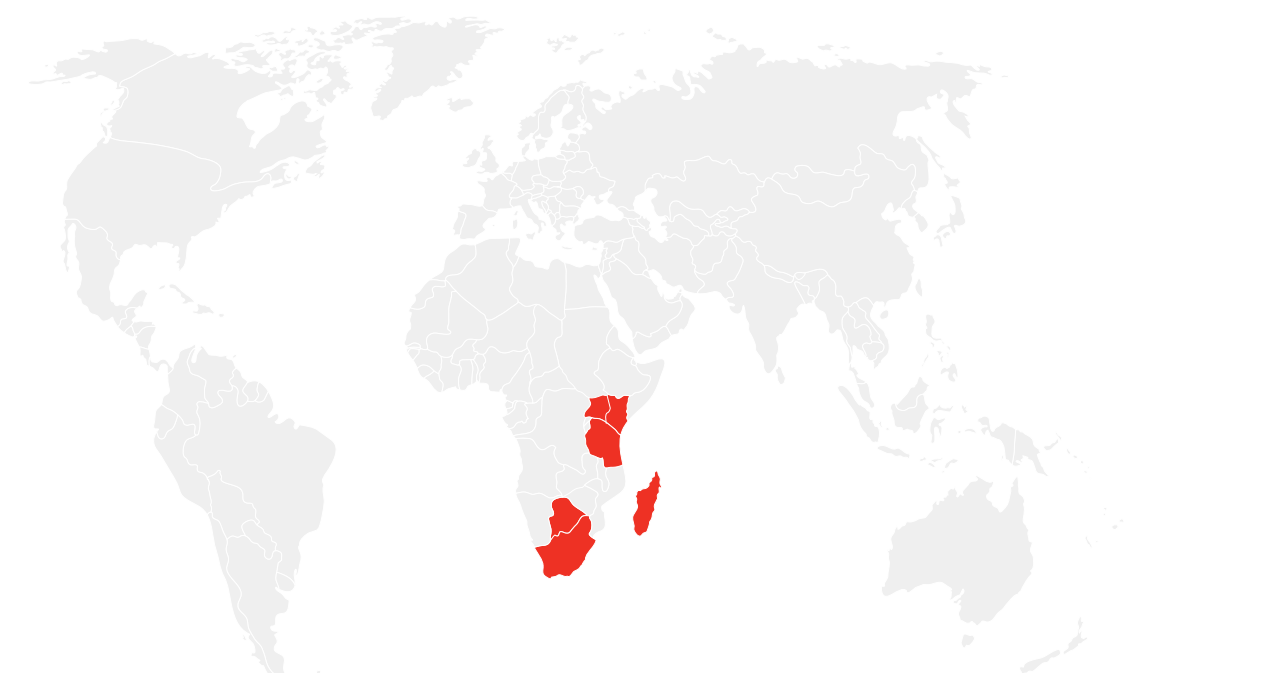
Their objective is to assist in the change of moving to more sustainable farming practices. They do this by providing non-synthetic chemical products to the industry but also by improving crop yields and quality. This is in line with the Globally Harmonized System (GHS), Global Gap Initiative, REACH Accord and other sustainable-driven initiatives.

AfriNat is a leader in the country driving these initiatives and promoting change in a very established industry, and they have seen momentum over the last few years, but it was dampened by the COVID-19 pandemic and the European unrest.

Because their products are unique in many ways, they have an edge over more established brands and are promoted aggressively into the market but are limited by the local legislation catching up to further promulgate the change. They provide solutions to exporters to sell products into markets where crops grown with synthetic chemicals are not imported.

MARKET PRESENCE

AfriNat currently focuses on the South African market with limited sales in Namibia. However, the need for sustainable solutions is growing in Africa. AfriNat has opened channels through network organisations to establish partners in Botswana, Mauritius, Kenya, Tanzania and a few more Southern African regions.



BRAND/PRODUCTS

AGRICULTURAL PRODUCTS



HYGIENE RANGE USED IN PACK-HOUSES



VALUE CREATING 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 as well as 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 of being able to establish their own manufacturing facilities throughout the country when critical mass has been attained.
 - Appoint local distributors who are active in the markets relevant to the products.
- Provide their partners with ongoing technical support.

In applying this business model, the ultimate objective is to transfer knowledge and opportunities to local SMMEs while providing employment opportunities.

Value is created through the capitalisation of development to create or improve products. This adds value in the form of intangible assets. The primary value is through sales of products into the market which is currently in South Africa, but plans are underway to export.

The holding company, AEEI has funded the growth and development of AfriNat from the acquisition of the initial IP to the development and growth of the sale of products.

PRIMARY INPUTS

FINANCIAL CAPITAL

- Access to cost-effective capital
- Funding received from shareholders
- Financial resources available

MANUFACTURED CAPITAL

- Develop new products
- Support claims on varying crops
- Sign on good distributors nationally
- Information technology and website

HUMAN CAPITAL

- Technically skilled employees
- Experienced sales team

INTELLECTUAL CAPITAL

- The ability to provide solutions to farmers using sustainable solutions

SOCIAL AND RELATIONSHIP CAPITAL

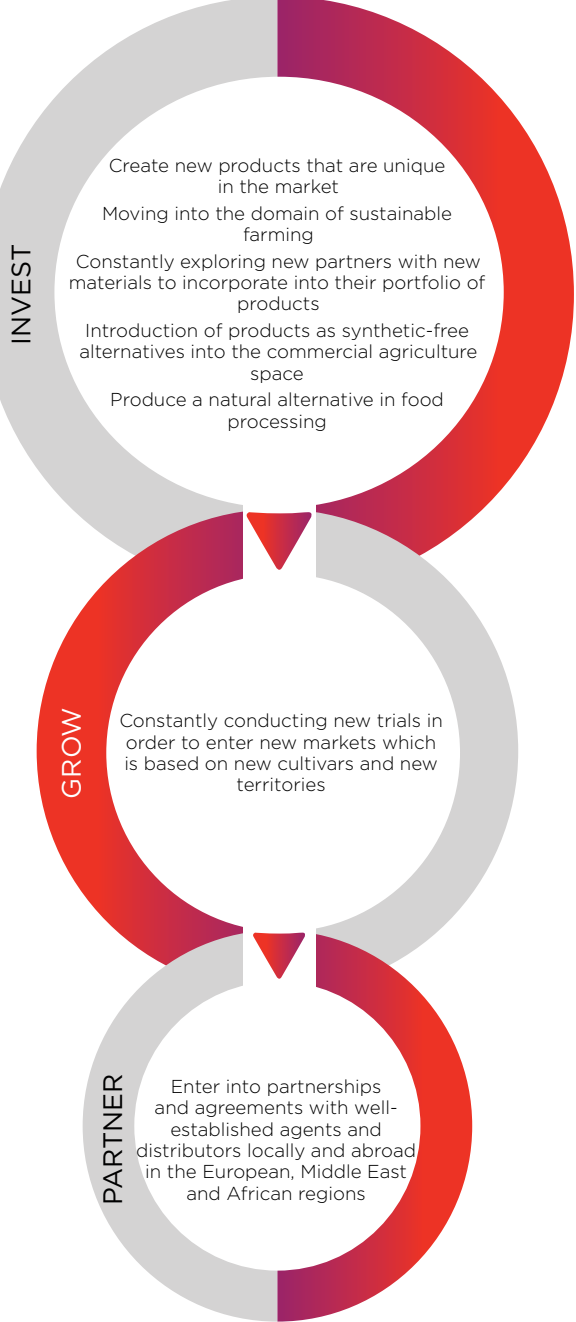
- The relationships with all their stakeholders, including customers, suppliers and business partners

NATURAL CAPITAL

- Relates to environmental resources such as packaging materials, electricity and water consumption and the consumption of fuels in the supply chain



BUSINESS ACTIVITIES



OUTPUTS

- Exclusive synthetic-free agriculture and food processing products
 - Syn-G
 - Elicitor
 - Agri-Spray
 - Seagro
 - NatCa
 - Humatin
 - Afrisolve
 - ViBacSan®.
- High service levels to deliver products as soon as possible based on the farmers' immediate needs
- Established in all major agricultural regions around the country through national distributors
- Social media presence to inform users food safety and change to sustainably

PRIMARY OUTCOMES

FINANCIAL CAPITAL

- Revenue R11.9m (2021: R13.3m)
- Loss of (R2.9m) (2021: R65k)

MANUFACTURED CAPITAL

- Products meet all regulatory specifications
- Products and trademarks are patented
- Provide on-farm consulting services to ailing farmers and create solutions

HUMAN CAPITAL

- Remuneration and benefits paid R8m (2021: R6.8m)
- 15 Employees (2021: 16)
- Female representation 33%
- Black representation 60%

INTELLECTUAL CAPITAL

- Patents and trademarks
- Distribution agreements

SOCIAL AND RELATIONSHIP CAPITAL

- R58k invested in training and development (2021: R35k)
- R773k paid in taxes (2021: R1.7m)

NATURAL CAPITAL

- Total direct energy consumption (GJ) 2022: 1 500 (2021: 1 889)



STRATEGY

AFRINAT'S CAPITALS ENABLE THEM TO ADD VALUE THAT CREATES VALUE FOR THEIR STAKEHOLDERS

AfriNat's strategy is to 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.

Their business activities are geared to ensure long-term sustainable value for their stakeholders in the short, medium and long term. They use their capitals responsibly by evaluating the prospective returns of each capital deployed.

STAKEHOLDERS



SHAREHOLDERS, THE INVESTMENT COMMUNITY, AND CAPITAL PROVIDERS



EMPLOYEES



BUSINESS PARTNERS



REGULATORS



COMMUNITIES AND NGOS



CLIENTS

KEY INPUTS	ACTIVITIES	KEY INDICATORS	OUTCOMES	STAKEHOLDERS IMPACTED
FINANCIAL CAPITAL Operating in a capital constrained environment	<ul style="list-style-type: none"> Responsible use of assets Access to cost-effective capital and funding received from their providers of capital 	<ul style="list-style-type: none"> Revenue R11.9m (2021: R13.3m) Loss of R2.9m (2021: R65K) Creating and sustaining shareholder value Impairments Financial efficiency 	<ul style="list-style-type: none"> R773k paid in taxes 	Shareholders Employees
MANUFACTURED CAPITAL Their infrastructure and products	<ul style="list-style-type: none"> Create new products that are unique in the market Move to sustainable farming Explore new partners with new materials to incorporate into their portfolio. Introduction of their products as synthetic free alternatives into commercial agriculture space. Production of a natural alternative in food processing chain. Consulting services to farmers. 	<ul style="list-style-type: none"> Exclusive synthetic free agricultural and food processing products. High service levels to deliver their products to their clients. They are established in all major agricultural regions through national distributors in the country. 	<ul style="list-style-type: none"> Provided synthetic-free quality products Provided technical expertise and excellent services to their customers Resilient business despite the impact of the COVID-19 pandemic 	Employees Customers Society Business partners

KEY INPUTS	ACTIVITIES	KEY INDICATORS	OUTCOMES	STAKEHOLDERS IMPACTED
HUMAN CAPITAL They have an experienced leadership team guiding their employees. The well-being of their employees, skills and knowledge transfer is paramount to executing their strategy and meeting the needs of their customers.	<ul style="list-style-type: none"> A strong Board An experienced and diverse management team A diversified employee base Skilled technical employees Experienced sales team They provide equal opportunities by addressing the skills shortage Race and gender diversity Investing in their employees Training and skills development 	<ul style="list-style-type: none"> R8m paid in salaries, wages and benefits (2021: R6.8m) 8% salary increment 15 total employees (2021: 16) R58k spent on training and development (2021: R35k) 	<ul style="list-style-type: none"> Transformed employee base <ul style="list-style-type: none"> 60% Black representation 33% female representation 	Employees
INTELLECTUAL CAPITAL Intangible assets including products, brands, and industry knowledge intellectual property	<ul style="list-style-type: none"> Brand identification Employee intellectual capital Products Customer solutions Knowledge-based assets Licences Patents Innovative solutions Distribution agreements 	<ul style="list-style-type: none"> Market leader in agricultural products to commercial farmers 	<ul style="list-style-type: none"> Market leader in niche international skincare brands Retention of scarce skills 	Employees Customers
SOCIAL AND RELATIONSHIP CAPITAL Their trusted relationships with their stakeholders are key to their reputation and to delivering on their goals.	<ul style="list-style-type: none"> Maintaining strategic relationships with their business partners and distributors. Effective stakeholder engagement Investors and funders Communities Employees 	<ul style="list-style-type: none"> Relationship with their key stakeholders being agricultural community and distributors. Sustainable development goals (SDGs) – monitoring and implementation thereof 	<ul style="list-style-type: none"> R773k paid in taxes Level B-BBEE – affidavit used 	Employees Shareholders Customers Society Business partners

KEY INPUTS	ACTIVITIES	KEY INDICATORS	OUTCOMES	STAKEHOLDERS IMPACTED
NATURAL CAPITAL The responsible use of natural resources, effective goals to address carbon emissions, climate change, water and electricity usage.	<ul style="list-style-type: none"> Responsible use of electricity and water in their operations. Reduction of carbon emissions They share office space; hence their electricity and water consumption are minimal. 	<ul style="list-style-type: none"> Environmentally friendly products Unique products and solutions Assist farmers to migrate to more sustainable farming practices, improving yields and quality products 	<ul style="list-style-type: none"> Capital used for the importation of raw materials products 	<ul style="list-style-type: none"> Shareholders Customers Society Business partners

+ Value creation
 ● Value preservation
 - Value erosion

2022 FINANCIAL OVERVIEW

KEY PERFORMANCE INDICATORS	AUGUST 2022 R'000	AUGUST 2021 R'000	% CHANGE
Revenue	11 857	13 300	(11)
Operating/(Loss) profit	(2 915)	60	(4 958)
(Loss)/Profit before tax	(2 902)	64	(4 634)
Total assets	15 047	15 800	(5)
Operating cash flows	(1 079)	616	(275)

AFRINAT'S CONTRIBUTION

Following a spate of international events and post-COVID-19 logistical challenges, AfriNat was unable to meet market requirements during the year owing to out-of-stock situations. Closer to year-end when their major revenues normally begin, the European markets deterred local citrus framers from exporting, causing a cascade of negative effects leading to minimal uptake of their products for the next season.

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

As stated in the contribution of the company, the post-COVID-19 era has been challenging and Ukraine-Russia war in eastern Europe have not assisted in reaching normality.

PROSPECTS AND OUTLOOK

The company has a positive outlook as the team is entering new crops and cultivars in new regions. The biggest challenge is acceptance into new markets with new technology which goes against the norm. The advantage is that international pressures for meeting Globally Harmonised System (GHS) is making things a bit easier.

GOVERNANCE

Through the application of 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 the application of these principles in the year under review. The continued training and exposure of employees to the ever-changing regulatory environment including regulations of the Companies Act ensures 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™.

MATERIALITY, RISKS AND OPPORTUNITIES

MATERIAL MATTERS

In the food and agricultural industries many factors can change the way value is created. As seen in the past financial year, international unrest and post-pandemic logistics, supply and demand are affected which negatively affects developing nations such as ours.

The following material matter was identified:

MATERIAL MATTER - FINANCIAL				
MATTER	STRATEGY COMPONENT	RELEVANCE	GOVERNANCE STRUCTURE	STAKEHOLDER
<ul style="list-style-type: none"> The Ukraine-Russia war and civil unrest have the following impact on the business: <ul style="list-style-type: none"> logistics export pricing cost containment Responsible use of capital generated to ensure a healthy financial position Access to banking facilities Asset efficiency Growth of businesses through market expansion 	<ul style="list-style-type: none"> Growth and income sustainably Increase operating profit, cash flow and assets Create medium- to long-term shareholder value Expand market reach to mitigate risks Improve cost containment 	<ul style="list-style-type: none"> The impact of the unrest affects the ability to sell products AfriNat requires shareholders that understand the industry and await the turnaround Lack of access to banking facilities affects the ability to trade efficiently, thus negatively affecting financial performance and, ultimately stakeholder value 	<ul style="list-style-type: none"> Board Executive committee 	

COMBINED ASSURANCE: Regular management review, policies and procedures – ExcOs meet often to address changes quickly

RISKS RELATED TO THEIR ACTIVITIES

Risk management is integrated into AfriNat's business management process. AfriNat maintains a risk register, which is compiled and maintained by the executive management, with the risk status and execution of planned actions being reviewed monthly. Executive management is responsible for the identification, classification and management of all operational risks.

Significant strategic and going-concern risks can be identified at all levels in the business unit. However, the responsibility for directing the actions necessary to manage these risks is the responsibility of the Board of directors. Strategic and going-concern risks are reviewed at the quarterly Board meetings and the executive director is charged with the execution of the approved risk management actions.

In the year under review, although a few identified risks could not be avoided, the pre-planned management strategies for these risks were successful in mitigating or avoiding the severity of the impact.

The following risks have been identified:





RISK IDENTIFICATION	IMPACT ON BUSINESS	RESPONSE
Risk of post COVID-19 and the European unrest	<ul style="list-style-type: none">Supply chain has been affected by imports of material.Pricing of exports affects AfriNat's sales indirectly, as a consequence seasonal sales are affected as it happens retrospectively.	<ul style="list-style-type: none">Diversification of cultivars and regions.AfriNat's products are the product of choice for the export market.
Regulatory constraints	<ul style="list-style-type: none">A key risk is the current disarray in the regulatory departments of government, which delay the registration of new products and the issuing of licences and other requirements.	<ul style="list-style-type: none">The company employed additional internal resources to manage this risk and develop sound business relationships within the regulatory sector.
Resistance to innovation in established markets	<ul style="list-style-type: none">Entering the market with unique products will also have some degree of risk, as large agro-chemical companies will not stand back, but will increase their efforts to compete.The introduction of ViBacSan® has required intensive local trials to validate the product, despite having international certification.	<ul style="list-style-type: none">The company increased its sales and marketing capacity by entering into an alliance with another agro-chemical company.Successful trials and education have increased market acceptance and the recognition of regulatory bodies.
Foreign exchange rate volatility because of the Ukraine-Russia war	<ul style="list-style-type: none">Foreign exchange exposure may increase the cost of the product and will therefore not be affordable to the local market.	<ul style="list-style-type: none">The foreign exchange risk element has been reduced by over 80% due to local manufacturing.
Distribution	<ul style="list-style-type: none">Dependence on a single distributor.	<ul style="list-style-type: none">The company has reduced its risk exposure by signing additional distribution agreements with distributors who have a national footprint in South Africa and in Namibia.
Emerging risks	<ul style="list-style-type: none">Prolonged export delays.	
Opportunities	<ul style="list-style-type: none">Increase sales into more cultivars because of the pressure to reduce the use of synthetic chemicals.	

STAKEHOLDERS

	SHAREHOLDERS, THE INVESTMENT COMMUNITY, AND CAPITAL PROVIDERS
	EMPLOYEES
	BUSINESS PARTNERS
	REGULATORS

STAKEHOLDER MANAGEMENT

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.

STAKEHOLDERS	PRIMARY CONCERNS	THEIR NEEDS AND EXPECTATIONS	HOW THEY ADDRESSED THESE CONCERNS	HOW THEY ENGAGED WITH THEM
	Not meeting return on investments	To provide competitive returns on their investment and to attract new investments	Both institutional and private investors are considered key to the future of the company	<ul style="list-style-type: none">Board meetingsOne-on-one engagementsAGM
	Employer/employee relationship break down	Performance on contractual obligations from both parties	Concerns are heard and documented, and the company reverts with solutions	Through a consultation process
	Not having correct accreditations	To provide quality products to the market that comply with all local and international regulations	Ensure that accreditation and tests submitted timeously and correctly	The company engages with regulators in a professional and complaint manner
	Not being able to supply	To manufacture products that meet specifications, and quality standards set contractually	This is mitigated through effective planning	The company engages with its Business Partners on a regular basis

ECONOMIC SUSTAINABILITY

AfriNat provide solutions which assist in the continuity of export of produce which positively affects the GDP of the country.

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.

ENVIRONMENTAL SUSTAINABILITY

The basis of AfriNat's products is to ensure sustainable farming without using harsh chemicals that have long-term harmful effects. They abide by the REACH Accord and Global Gap Initiative.

Their key aims are to:

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

SOCIAL SUSTAINABILITY





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




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.

RESPONDING TO THE SUSTAINABLE DEVELOPMENT GOALS (SDGs)

AfriNat is committed to supporting Government's commitment to the SDGs in the areas in which they operate. They use guidance from industry bodies to inform internal and external stakeholder commitments and to measure their performance against 14 of the 17 SDGs.

The table below identifies which goals are relevant, their progress, and targets.

GOAL 1 : NO POVERTY		
	They work hard to ensure that the company is sustainable. They continue to build capacity for the future, where more people can be gainfully employed, thus contributing to the economy and helping to eradicate poverty by creating employment opportunities.	
PROGRESS TO DATE <ul style="list-style-type: none">They support the growth of small holder farmers to create value.Salaries are in line with industry standards set by the Government.AfriNat continues to work towards building resilience in the communities in which it operate to reduce its exposure to climate-related events.AfriNat spent R8m on salaries and wages.		TARGET <ul style="list-style-type: none">No specific targets have been set.They were able to keep their current staff complement.
GOAL 2 : ZERO HUNGER		
	End hunger, achieve food security, improve nutrition and promote sustainable agriculture	
PROGRESS TO DATE <ul style="list-style-type: none">Its products promote higher quality and yield thus making more products availableAfriNat helps put food on the table for more people by providing working opportunities.They assist the communities in which they operate.		TARGET <ul style="list-style-type: none">No specific targets have been set.
GOAL 3 : GOOD HEALTH AND WELL-BEING		
	They promote good health and well-being.	
PROGRESS TO DATE <ul style="list-style-type: none">Eliminating harsh chemicals directly promotes health and well-beingAfriNat has programmes for its employees and provides access to various health services in the company.There is a 7-day Mental Health Programme in place to assist employees.AfriNat continually aims to create an environment conducive to improving the health and well-being of employees and the communities in which they operate.They monitored and screened employees for COVID-19 and identified cases to be monitored.Employees are monitored for potential substance abuse in the company.		TARGET <ul style="list-style-type: none">No specific targets have been set.
GOAL 4 : QUALITY EDUCATION		
	Knowledge is power, and they ensure inclusion, quality education and learning opportunities for all.	
PROGRESS TO DATE <ul style="list-style-type: none">Support is provided for the development and training of employees to allow them to grow.Training and development support programmes that inform, uplift, upskill and enable the employees is provided by the company.		TARGET <ul style="list-style-type: none">They train their employees internally in line with the company's strategic goals and objectives.

GOAL 5 : GENDER EQUALITY		
	Empower women and girls and end all forms of discrimination.	
PROGRESS TO DATE <ul style="list-style-type: none">The best-qualified candidates are hired with preference given to female candidatesThere is no discrimination against race, gender, or creed.All forms of discrimination which are embedded in their Code of Ethics, Code of Conduct, The Way We Work and Human Rights policies are rooted out.There were no incidents of gender discrimination during the year.The company has a transformative culture representative of an inclusive South Africa.The non-executive chairperson is a woman of distinction.33% of employees are female.		TARGET <ul style="list-style-type: none">Their finance team consists predominately of women.There is a zero-tolerance for all forms of discrimination.The company aims to increase their female representation in the company at all levels, but no specific target has been set.
GOAL 6 : CLEAN WATER AND SANITATION		
	Ensure potable water and the sustainability thereof	
PROGRESS TO DATE <ul style="list-style-type: none">AfriNat's products are safe in the affluent flow of waste thus not deteriorating the water quality.All operations in the company have access to potable water.		TARGET <ul style="list-style-type: none">The pack house clients are better off using the ViBacSan® range of productsLook at developing water management plans in the operational business units.
GOAL 8 : DECENT WORK AND ECONOMIC GROWTH		
	Promote economic growth and employment and decent working conditions	
PROGRESS TO DATE <ul style="list-style-type: none">Technical and sales teams are provided with all the tools and resources to enable them to operate productively and efficiently.Favourable working conditions that attract talent and assist them in growing their businesses have been created.AfriNat contributes to the economy through its sustainable product ranges.		TARGET <ul style="list-style-type: none">No specific targets have been set.Their goal is to ensure sustainable income through their operational performance.

GOAL 9 : INDUSTRY INNOVATION AND INFRASTRUCTURE



Promote, develop and support production through their activities, job creation and infrastructure

PROGRESS TO DATE

- Preference is given to local suppliers for materials and services.
- The company ensures the optimal use of its assets and infrastructure.
- AfriNat continues to improve its infrastructure, taking into account the operational needs.

TARGET

- They are working towards their medium-term targets to improve their environmental efficiencies.
- Their goal is to create additional employment and increase operational capacity.

GOAL 10 : REDUCED INEQUALITIES



Bridging the socio-economic divide is critical to the long-term survival of our country. Promote and empower the economic, social and political inclusion of all races, ethnicity, sex, age, disabilities and religion.

PROGRESS TO DATE

- Access to skills improvement programmes to help break down the endemic inequality barriers in South Africa are offered.
- The company continues to work towards income generation, growth, and opportunities whilst eliminating discrimination.
- The company ensures that salaries and wages for lower skill levels are maintained above the minimum wage rate.
- AfriNat ensures the promotion of all persons' social, economic, and political inclusion regarding age, sex, race, disability, ethnicity, religion, or other status. This is entrenched in the Code of Ethics, Code of Conduct, and The Way We Work policies, as well as service agreements with suppliers and contractors.
- All forms of discrimination are prohibited from all activities and operations.
- Policies are structured to create greater equality within the workforce through retention and recruitment.

TARGET

- They have zero-tolerance for all forms of discrimination.
- They maintain and improve their salaries and wages for their lower skilled employees above the inflation rate.

GOAL 12 : RESPONSIBLE CONSUMPTION AND PRODUCTION



Ensure responsible consumption and production.

PROGRESS TO DATE

- The efficient use of natural resources are monitored and work for an overall reduction.
- They continue to reduce their waste consumption continues.
- AfriNat continues to engage with its employees, contractors, suppliers and industry bodies to ensure the sustainability of all natural resources.

TARGET

- No specific targets have been set, but they continue to improve their water, energy, carbon emissions and waste disposal.

GOAL 13 : CLIMATE ACTION



Combat climate change and the impact of emissions

PROGRESS TO DATE

- The effect of the operations in terms of their carbon emissions is monitored.
- Products have a beneficial effect on affluent

TARGET

- No specific targets have been set.

GOAL 15 : LIFE ON LAND



Combat climate change and the impact of emissions

PROGRESS TO DATE

- The use of less harsh chemicals promote ecosystem continuity.

TARGET

- No specific targets have been set.

GOAL 16 : PEACE, JUSTICE AND STRONG INSTITUTIONS



People should be free of fear from all forms of violence and feel safe as they go about their lives, whatever their ethnicity, faith or sexual orientation.

PROGRESS TO DATE

- There is a zero-tolerance for all forms of violence and discrimination.
- The company promotes Human Rights.

TARGET

- Continue to promote a zero-tolerance of discrimination and violence throughout the company.
- Continue to promote Human Rights through their policy in the workplace.

GOAL 17 : PARTNERSHIPS FOR THE GOALS



Strengthen the means of implementation and revitalize the global partnership for sustainable development.

PROGRESS TO DATE

- AfriNat's products promotes partnerships for sustainable development.

TARGET

- No specific targets have been set.



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

ORLEANS COSMETICS (PTY) LTD



KEY FACTS

CHIEF EXECUTIVE OFFICER

Don Kourie

BOARD OF DIRECTORS

Khalid Abdulla, Don Kourie, Valentine Dzvova, Aziza Amod and Jowayne van Wyk

HEAD OFFICE

Westlake Business Park, Cape Town

ORLEANS COSMETICS AT A GLANCE

Orleans Cosmetics (Pty) Ltd was acquired in May 2017 and became a subsidiary of AEEL. It was a business previously known as Orleans Distributors CC and RVB Cosmetics CC, which had been in business in South Africa for the past 22 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 40 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;
- Berdoues – founded in France in 1902; and
- Revive – Business was started in 2020 and Orleans started distribution in December 2021.

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, Sothys and Revive products are exclusively found in beauty salons and spas across the country. Berdoues is sold in Truworths.

MARKET PRESENCE

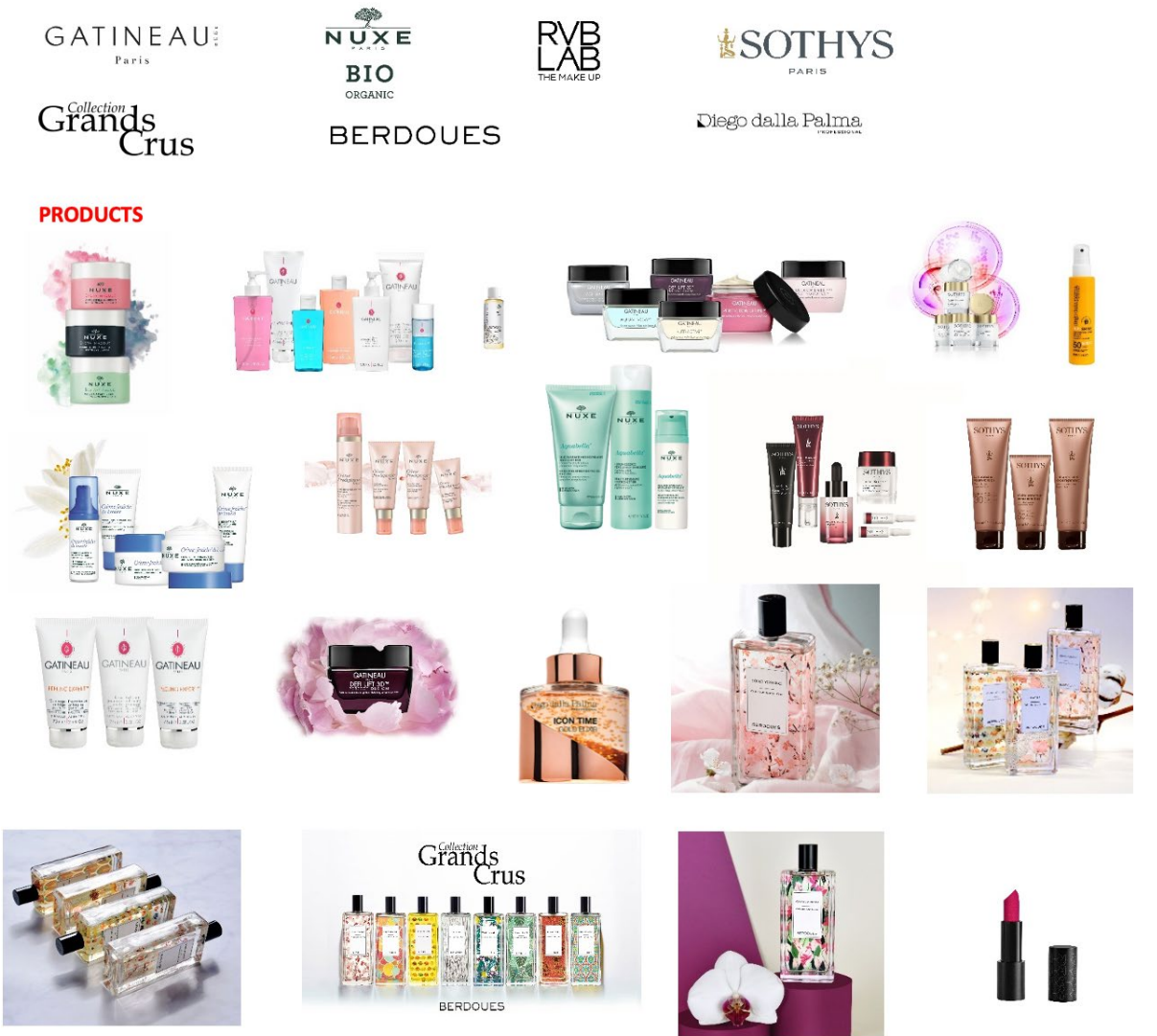
Orleans Cosmetics’ present focus is on skin care with a particular emphasis on anti-aging. The business has a make-up range in RVB Skinlab/Diego Dalla Palma.

Orleans Cosmetics operates in South Africa, Namibia, Zimbabwe and Mauritius.

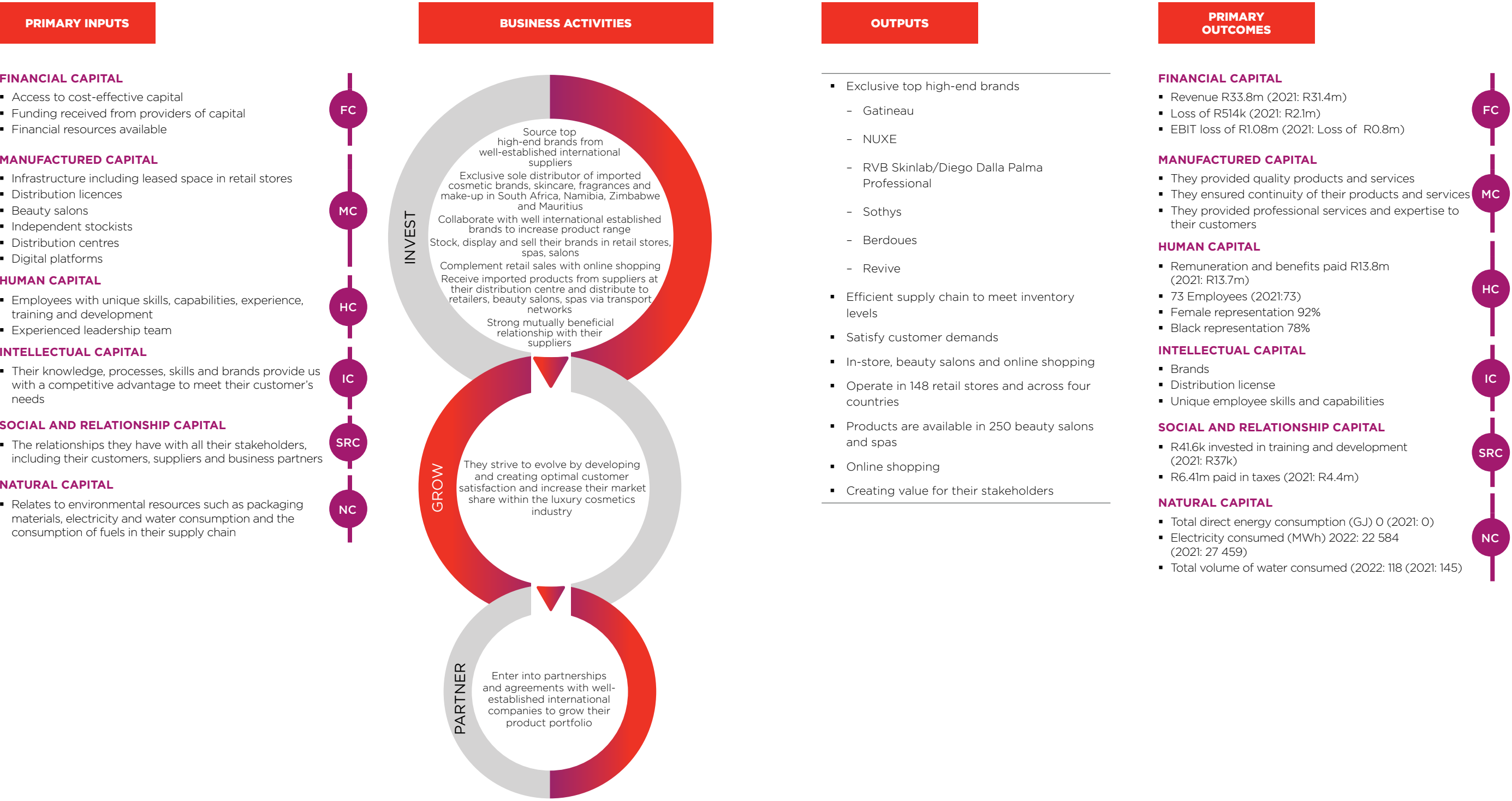
- Cape Town
- Johannesburg
- Pretoria
- Durban
- Port Elizabeth

BRANDS/PRODUCTS

Orleans Cosmetics is the exclusive South African and Southern African distributor of Gatineau, NUXE, RVB Skinlab/ Diego Dalla Palma Professional, Sothys and Berdoues brands. They also distribute the Revive Brand in South Africa.



VALUE CREATING BUSINESS MODEL



STRATEGY

ORLEANS COSMETICS CAPITALS ENABLE THEM TO ADD VALUE THAT CREATES VALUE FOR THEIR STAKEHOLDERS

Their business activities are geared to ensure long-term sustainable value for their stakeholders in the short, medium and long term. They use their capitals responsibly by evaluating the prospective returns of each capital deployed.

STAKEHOLDERS



SHAREHOLDERS, THE INVESTMENT COMMUNITY, AND CAPITAL PROVIDERS



EMPLOYEES



COMMUNITIES AND NGOS



CLIENTS

RESOURCES RELIED UPON

KEY INPUTS	ACTIVITIES	KEY INDICATORS	OUTCOMES	STAKE-HOLDERS IMPACTED
FINANCIAL CAPITAL Access to cost-effective capital and funding received from providers of capital. Operating in a capital constrained environment	<ul style="list-style-type: none"> Responsible use of assets 	<ul style="list-style-type: none"> Net asset value (NAV) down by 8.36% Creating and sustaining shareholder value Impairments Financial efficiency 	<ul style="list-style-type: none"> R6.4m paid in taxes 	Shareholders Employees
MANUFACTURED CAPITAL Infrastructure, including retail space in stores, beauty salons, independent stockists, distribution centres and digital platforms	<ul style="list-style-type: none"> Providing quality products and services Exclusive sole distributor of imported cosmetic brands, skincare, fragrances and make-up in South Africa, Namibia, Zimbabwe and Mauritius Collaborate with well international established brands to increase product range 	<ul style="list-style-type: none"> Market leaders in imported cosmetic brands, skincare, fragrances and make-up Customer satisfaction at the point of sale Certified organic skincare brand 	<ul style="list-style-type: none"> Provided quality products and excellent services to their customers Trusted products Resilient business despite the impact of the COVID-19 pandemic 	Employees Society
HUMAN CAPITAL There is an experienced leadership team guiding their employees. The well-being of employees, skills and knowledge transfer is paramount to executing the strategy and meeting the needs of customers.	<ul style="list-style-type: none"> A strong Board An experienced and diverse management team A diversified employee base They provide equal opportunities by addressing the skills shortage Race and gender diversity Investing in their employees Training and skills development Development of personal growth plans 	<ul style="list-style-type: none"> R13.8m paid in salaries, wages and benefits (2021: R13.7m) 8.23% salary increment 73 total employees (2021: 73) R41.6k spent on training and development (2021: R37k) 	<ul style="list-style-type: none"> Transformed employee base – 92% female representation – 78% Black representation No employees retrenched Remuneration adjusted in August 2022 to get employees back to pre-COVID-19 levels Growth and development Equal treatment Market related remuneration 	Employees

KEY INPUTS	ACTIVITIES	KEY INDICATORS	OUTCOMES	STAKE-HOLDERS IMPACTED
INTELLECTUAL CAPITAL Intangible assets including products, brands, and industry knowledge intellectual property	<ul style="list-style-type: none"> Brand identification Employee intellectual capital Products Customer solutions Knowledge-based assets Licences Innovative thinking and ability to adapt to change 	<ul style="list-style-type: none"> Market leader in international brands 	<ul style="list-style-type: none"> Market leader in niche international skincare brands Retention of scarce skills 	Employees
SOCIAL AND RELATIONSHIP CAPITAL The trusted relationships with their stakeholders are key to their reputation and to delivering on their goals. Maintaining strategic relationships with their overseas Principals and key retailers.	<ul style="list-style-type: none"> Effective stakeholder engagement Investors and funders Communities Employees 	<ul style="list-style-type: none"> Relationship with their key stakeholders being their overseas Principals and key retailers. Sustainable development goals (SDGs) – monitoring and implementation thereof 	<ul style="list-style-type: none"> R6.4m paid in taxes Level B-BBEE – affidavit used 	Employees Shareholders Society
NATURAL CAPITAL The responsible use of natural resources, effective goals to address carbon emissions, climate change, water and electricity usage.	<ul style="list-style-type: none"> Responsible use of electricity and water at head office Reduction of carbon emissions The majority of their operations are within retailers or beauty salons and spas hence electricity and water consumption are limited. 	<ul style="list-style-type: none"> Environmentally friendly offices Fully certified organic skincare 	<ul style="list-style-type: none"> Capital used for the importation of organic products 	Shareholders Society

+ Value creation

○ Value preservation

- Value erosion

2022 FINANCIAL OVERVIEW

KEY PERFORMANCE INDICATORS	AUGUST 2022 R'000	AUGUST 2021 R'000	% CHANGE
Revenue	(1 018)	31 446	7.60
Operating/(Loss) profit	(1 275)	2 835	N/A
Profit before tax	(1 149)	2 888	N/A
Total assets	51 760	47 315	9.4
Operating cash flows	(2 564)	(419)	(512)

ORLEANS COSMETICS CONTRIBUTION

Orleans Cosmetics made an operating loss at the EBIT level of R 1.3m for the year under review. Most importantly, a distribution agreement with the new Gatineau overseas Principal was entered into for a period of five years.

The company is still recovering from the impact of the COVID-19 pandemic. Customer sales rates have improved marginally but not to pre-COVID-19 levels. The sales for the financial year were below the pre-pandemic sales of R35.4m. Delayed delivery of international products negatively affected the sales and distribution locally.

A new agency agreement was entered into to sell ingestible collagen-based products, which is proving to be successful.

Sales were 7.6% above the 2021 financial year. There was also pressure on margins due to the following:

- weaker exchange rate than expected; and
- delayed selling price increase and an increase which was below the cost pressure, both due to concerns about product affordability for consumers.

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

The impact of the COVID-19 pandemic has not been as severe as was originally contemplated in the cosmetics industry. A key reason is that the cosmetics industry is fundamentally very resilient and secondly, skincare sales as a category are performing well compared with make-up and fragrance. During the year under review, the vast majority of the sales were from skincare.

PROSPECTS AND OUTLOOK

The chief executive officer of Orleans Cosmetics has extensive experience in this industry, having worked 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.

- Look at opportunities for new brands and products to increase the product portfolio.

- The company is looking at developing its own skincare range and fragrances locally to cater for the lower end of the market.
- Launch new fragrance ranges.
- Invest in marketing and advertising to increase sales.
- Invest in sales consultants and promotions to increase sales.
- A 5-year Distribution Agreement was concluded with one of the key brands that will increase sales and profitability.
- Constantly update the e-Commerce platform to increase sales.
- Increase social media presence
- Open a number of new beauty salons through attractive opening offerings in conjunction with one of the key Principals.
- Review non-performing brands.

- 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 the extremely 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 brand, sales, sales administration, training, PR and social media managers, and in the field, being the area managers.
 - The collective intellectual property of the team is significant in terms of industry knowledge.
 - Key focus on financial efficiency.
 - No manufacturing is involved as the products are fully imported.
 - The brand which has the greatest focus on natural products is NUXE, which includes NUXE Bio Organic, a fully certified organic skincare brand.

GOVERNANCE

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

Orleans Cosmetics adopted the application of policies and structures as defined by the AEEI Group and it 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.

The Board has the appropriate balance of knowledge, skills, experience, diversity and independence for it 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.

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

MATERIALITY, RISKS AND OPPORTUNITIES




Orleans Cosmetics material matters are challenges and opportunities that could substantively affect their ability to create sustainable value over the short-, medium- and long-term for their stakeholders. They identified their material matters in terms of relevance to the risk assessment process. This process includes uncertain events that could potentially negatively affect their business, i.e. opportunities not materialising.

It also considers the legitimate and reasonable needs, interests and expectations of all material stakeholders in the execution of the Board's governance role and responsibilities and in the best interests of the company.


They focused their reporting on their sustainable business development directly affecting their ability to create value and the impacts and responses to the expectations of their stakeholders.


STAKEHOLDERS


-  **SHAREHOLDERS, THE INVESTMENT COMMUNITY, AND CAPITAL PROVIDERS**
-  **EMPLOYEES**
-  **BUSINESS PARTNERS**
-  **REGULATORS**
-  **COMMUNITIES AND NGOS**
-  **CLIENTS**
-  **SUPPLIERS**


MATERIAL MATTER - FINANCIAL				
MATTER	STRATEGY COMPONENT	RELEVANCE	GOVERNANCE STRUCTURE	STAKEHOLDER
<ul style="list-style-type: none">▪ Business model▪ Responsible use of capital generated to ensure a healthy financial position as possible▪ Cost containment▪ Reputational damage▪ Access to banking facilities▪ Growth of business▪ Strategic focus areas▪ Shareholder returns	<ul style="list-style-type: none">▪ Growth and income sustainability▪ Increase operating profit, cash flow and assets▪ Create medium to long-term shareholder value▪ Improve cost containment	<ul style="list-style-type: none">▪ Reputational damage erodes investor trust, and customer base and hinders acquisitions and sales.▪ Lack of access to banking facilities▪ affects the ability to trade efficiently, thus negatively affecting financial performance and ultimately stakeholder value.	<ul style="list-style-type: none">▪ Board▪ Executive committee▪ AEEI Board Committees:<ul style="list-style-type: none">- Audit and Risk	  
COMBINED ASSURANCE: Regular management review, policies and procedures.				


ORLEANS COSMETICS (PTY) LTD CONTINUED

MATERIAL MATTER - HUMAN CAPITAL				
MATTER	STRATEGY COMPONENT	RELEVANCE	GOVERNANCE STRUCTURE	STAKEHOLDER
<ul style="list-style-type: none"> Remuneration and employee recognition Retention of critical skills Training and development of employees Diversity and cultural transformation costs Management retention and succession Protection of Personal Information Group policies, values, Code of Conduct and Code of Ethics 	<ul style="list-style-type: none"> Develop the human capital strategy, and key relationships and monitor progress against KPIs and targets Create a company that leads in both profits and sustainable business practices 	<ul style="list-style-type: none"> Human capital is a key input in the business cost efficiency and competitiveness Diverse human capital Retention of key skills Cyber risk and personal information being leaked and sold Succession plans for senior executives and management 	<ul style="list-style-type: none"> Board Executive Management 	
COMBINED ASSURANCE: Regular management review, policies and procedures, AEEI's Remuneration and Social, Ethics and Transformation Committees				

MATERIAL MATTER - BUSINESS OPERATIONS				
MATTER	STRATEGY COMPONENT	RELEVANCE	GOVERNANCE STRUCTURE	STAKEHOLDER
<ul style="list-style-type: none"> Business continuity plans Capital investment in their business Risk and capital requirements Risk management Quality brands, products and services Reputation and brand management Protection of Personal Information 	<ul style="list-style-type: none"> Monitor and execute strategies Monitor and maintain liquidity Focus on costs Grow and secure product range and market share Launch new products 	<ul style="list-style-type: none"> Exchange rate volatility may have an impact on business performance Salary demands can affect operations Business interruptions due to natural disasters although rare, could have the potential for a significant impact on their businesses A robust information technology and cybersecurity environment is imperative, especially in this era of remote working and more digital interactions Reputation management Managing their brands and products gives the legitimacy to operate and opens up more value-creating opportunities 	<ul style="list-style-type: none"> Board Executive committee 	
COMBINED ASSURANCE: Operational and management reviews, policies and procedures, AEEI's Audit and Risk, and Investment Committees				

MATERIAL MATTER - MACROECONOMIC				
MATTER	STRATEGY COMPONENT	RELEVANCE	GOVERNANCE STRUCTURE	STAKEHOLDER
<ul style="list-style-type: none"> Shareholder satisfaction Return on investment Socio-economic stability in key markets Competitors 	<ul style="list-style-type: none"> A diverse portfolio of brands and products Organic growth of portfolio Expansion into other countries 	<ul style="list-style-type: none"> Changes in the economic landscape require diversification and innovation Not achieving investment targets erodes value over time Failure to innovate in areas critical to their customers will lead to a loss of competitive edge and ultimately affects their ability to create value 	<ul style="list-style-type: none"> Board Executive committee 	
COMBINED ASSURANCE: Operational and management reviews, policies and procedures, AEEI's Audit and Risk and Investment Committees.				

MATERIAL MATTER - THE ENVIRONMENT				
MATTER	STRATEGY COMPONENT	RELEVANCE	GOVERNANCE STRUCTURE	STAKEHOLDER
<ul style="list-style-type: none"> Energy and water consumption Carbon footprint Environmental impact Environmentally friendly products 	<ul style="list-style-type: none"> Reduce the negative impact on the environment Produce environmentally friendly products 	<ul style="list-style-type: none"> The company aims to ensure that they actively manage their impact on the environment through effective management of waste, water and electricity 	<ul style="list-style-type: none"> Board Executive committee 	
COMBINED ASSURANCE: Management review, AEEI's Audit and Risk committee function, AEEI's Social, Ethics and Transformation Committee, internal audit, policies and procedures				

MATERIAL MATTER – SOCIAL AND RELATIONSHIP CAPITAL				
MATTER	STRATEGY COMPONENT	RELEVANCE	GOVERNANCE STRUCTURE	STAKEHOLDER
<ul style="list-style-type: none"> Compliance with laws and regulations Ethical and transparent leadership Governance and ethics Social community and economic development Transformation B-BBEE Collaborative stakeholder engagement Corporate social investment Local environmental and socio-economic development 	<ul style="list-style-type: none"> Compliance with laws and regulations governing their business Adhering to ethical standards and avoiding corruption Adhering to good corporate governance Maintaining an acceptable B-BBEE accreditation Meeting transformation targets Creating value through social investment Promoting social and economic development Effective risk management and compliance 	<ul style="list-style-type: none"> The business depends on close relationships with all key stakeholders 	<ul style="list-style-type: none"> Board Executive management 	
COMBINED ASSURANCE: Management review, policies and procedures, AEEI's Social, Ethics and Transformation Committee function				

RISKS RELATED TO THEIR ACTIVITIES

The Board delegated the management of risks to the executive committee and is committed to effective risk management to pursue the company's strategic objectives to grow shareholder value sustainably. In their material matters, their key risks and opportunities represent the issues that have the most impact on their ability to create sustainable value for their stakeholders. As new trends and developments shape the macro-economic environment, their themes have remained consistent.

A key responsibility of the management team was to review the top material risks that the company faces, respond to new and emerging risks, and ensure alignment with regulatory changes and best practices. In doing so, the management team took stakeholder needs into account, including corporate governance principles, risk trends, global trends and external dynamics. With their sound management of risk, they can anticipate and respond to operating changes and make decisions under conditions of uncertainty.

Their top risks include:

- Lack of funding:
 - The Company opened a new bank account with a different bank.
 - Alternative third-party payment solutions are in place.
 - The AEEI Group has committed to providing bridging finance.
- Business continuity
 - Default of major debtors is a low risk as the major customers are performing well, being Truworths, Woolworths, Dis-Chem and Foschini.
- Continuity of supply from Principals
 - The company needs to fulfil its distribution obligations including minimum purchases, level of local sales and the number of points of sale (POS).
- Loss of key employees
 - This is a risk which needs to be managed constantly.
 - Due to reduced salaries since the COVID-19 pandemic-19, one area manager resigned and was successfully replaced, and three area managers have been retained by working for the company three days a week.
 - The core team has been consistent for many years.

STAKEHOLDER MANAGEMENT

Building and maintaining trust and respect with their various stakeholders positively impacts management's reputation and is essential in addressing risks and opportunities. They believe that the strength of their relationships with their key stakeholders is critical to achieving their strategic objectives and creating mutual value for the company and their stakeholders. As such, their stakeholder management approach involves gaining a thorough understanding of key stakeholders and assessing the matters that are material to them, including risks and opportunities.

KEY STAKEHOLDERS THAT CONTRIBUTE TO THEIR VALUE DRIVERS:

STAKEHOLDERS

-  **SHAREHOLDERS, THE INVESTMENT COMMUNITY, AND CAPITAL PROVIDERS**
-  **EMPLOYEES**
-  **BUSINESS PARTNERS**
-  **REGULATORS**
-  **COMMUNITIES AND NGOS**
-  **CLIENTS**
-  **SUPPLIERS**

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, providers of capital, employees, customers, suppliers, communities and government.

On the pages that follow is an overview of stakeholder concerns, how they addressed these concerns, how they engaged with them and how they delivered value to them through value creation, value preservation and value erosion.



SHAREHOLDERS AND PROVIDERS OF CAPITAL

PRIMARY CONCERNS	THEIR NEEDS AND EXPECTATIONS	HOW THEY ADDRESSED THESE CONCERNS AND EXPECTATIONS	HOW THEY ENGAGED WITH THEM
<ul style="list-style-type: none"> Banking facilities Reputational damage The business and operational performance Acceptable return on investment capital Shareholder returns Use of capital management Growth of the business Strategy, including risks and opportunities Environmental constraints Demands on governance Impairments Protection of Personal Information (POPI) 	<ul style="list-style-type: none"> Managing costs Creating sustainable growth in their businesses Experienced leadership team Transparent reporting and disclosure Ethical operations on a sustainable basis Responsible corporate governance and ethics 	<ul style="list-style-type: none"> Primary focus switched from increasing returns and profitability to resilience and stabilising the business in a volatile environment Delivered on their strategy to develop balance and sustainability in the businesses Regular engagement with shareholders and capital providers to maintain awareness Addressed issues raised by the different interested parties Safeguarding Personal Information 	<ul style="list-style-type: none"> Proactively communicated their strategy and activities to shareholders and providers of capital through: <ul style="list-style-type: none"> Annual Financial Statements Various direct engagements with bankers, strategic partners and shareholders to address reputational damage concerns Ad hoc online meetings (as requested) Their website

HOW THEY DELIVERED VALUE TO THEM - VALUE CREATION, VALUE PRESERVATION AND VALUE EROSION

- + Revenue increased by 7.6% from R31.4m to R33.8m.
- + Total assets increased from R47.3m to R51.8m, an increase of 9.4%.
- No net cash was generated from operations. Net cash injected into operating activities was R2.6m compared to R419k in 2021.
- Orleans Cosmetics believe that their operational plans mitigated a more pronounced value erosion.
- The company's resilience will ensure sustainability, thus resulting in long-term value creation
- Ensuring transparent, relevant and timeous reporting to provide investors with pertinent information to make informed decisions.
- The company executed its strategy to ensure the long-term sustainability of the business by managing the risks.
- They used their capital responsibly, maintained sound corporate governance practices, provided transparent disclosures and reporting.

KEY OBJECTIVES AND METRICS THEY TRACK:

- Liquidity
- Return on investments
- Headline earnings per share
- Earnings per share
- Environmental, social and governance risks

+ Value creation ● Value preservation - Value erosion



EMPLOYEES

PRIMARY CONCERNS	THEIR NEEDS AND EXPECTATIONS	HOW THEY ADDRESSED THESE CONCERNS AND EXPECTATIONS	HOW THEY ENGAGED WITH THEM
<ul style="list-style-type: none"> Employee health and safety The evolving world of work The economy Competitive market-related remuneration and equal pay Clear career paths and opportunities for career development, including skills training Transformation and diversity Employee engagement and communication – the importance of open and honest feedback Protection of Personal Information (POPI) 	<ul style="list-style-type: none"> Competitive market-related remuneration Career development, growth and opportunities A safe and healthy working environment Employment opportunities Contributing to an inclusive society through employment equity and gender equality Safeguarding Personal Information – cyber security and selling of information 	<ul style="list-style-type: none"> Ensured acceptable working conditions for all employees Fair treatment and market-related remuneration Salaries were adversely affected by the COVID-19 pandemic, but have since returned to pre-pandemic levels after the financial year-end. Investment in skills development Maintained a good working relationship with employees The company remains committed to transformation and diversity, and this forms part of the Transformation Plan 	<ul style="list-style-type: none"> COVID-19 employee assistance screening service provided to all employees, including medical attention Feedback and input from their employees assist them in understanding and responding to their concerns and needs. Communication channels include: <ul style="list-style-type: none"> open-door policy electronic communication and notice boards; and CEO's communiqué and direct communication between managers, teams and individuals Regular internal meetings Induction programmes Training and development Career development and succession plans are in place to achieve their strategic objectives and ensure that they have the right skills to succeed

HOW THEY DELIVERED VALUE TO THEM - VALUE CREATION, VALUE PRESERVATION AND VALUE EROSION

They assessed the quality of the relationship with their employees through the value they created, including performance against specific key performance indicators.

- Preference is provided for transformation, gender and race diversity in terms of the Transformation Plan.
- Continued progress is being made in delivering on their Transformation Plan and strategy, inclusive of persons with disabilities.
- A decline in the number of misconduct incidents and Commission for Conciliation, Mediation and Arbitration (CCMA) referrals demonstrates an improvement in employee relations.
- + An 8.23% salary adjustment was concluded as employees had taken a salary cut during the COVID-19 pandemic.
- + A pension/provident fund is in place to assist employees in investing for their future retirement. In addition, group risk insurance, which is linked to the provident fund, provides a lump-sum payment in the event of the disability or death of an employee.
- + Funeral cover is provided through the existing retirement funds.

KEY OBJECTIVES AND METRICS THEY TRACK

- Employee health and welfare
- A diverse and inclusive employee profile
- An innovative culture
- Career development and employment opportunities
- Employee attrition

+ Value creation ● Value preservation - Value erosion



CUSTOMERS AND BUSINESS PARTNERS

PRIMARY CONCERNS	THEIR NEEDS AND EXPECTATIONS	HOW THEY ADDRESSED THESE CONCERNS AND EXPECTATIONS	HOW THEY ENGAGED WITH THEM
<p><i>Customers:</i></p> <ul style="list-style-type: none"> Quality and ethical products Sustainability of their business Timely delivery and standards Cost competitiveness B-BBEE and transformation Innovative products and solutions <p><i>Business partners:</i></p> <ul style="list-style-type: none"> Fair treatment and sustainability Fair payment terms Long-term sustainable Protection of Personal Information (POPI) compliance Reputational damage Access to banking facilities 	<ul style="list-style-type: none"> Delivery of quality products Guaranteed long-term security of supply Pricing of products Technical expertise Distribution of sustainable products Adherence to regulatory requirements Good corporate governance and ethics Adherence with the Protection of Personal Information Act 	<ul style="list-style-type: none"> Orleans Cosmetics supplied exclusive product ranges and brands, including technical expertise. The company focused on excellence and long-term security of supply. Cost efficiencies. Orleans Cosmetics remained committed to sound ethical business practices and respected the interests of customers. <p><i>Reputational damage:</i> Orleans Cosmetics addressed the adverse reputation of the company through meetings.</p>	<ul style="list-style-type: none"> In a fast-changing competitive environment, Orleans Cosmetics continue to foster relationships and understand their customers' needs and expectations. Orleans Cosmetics continuously worked towards understanding their customers. The company took an ethical approach to doing business and remain open to clear and transparent business practices, alignment on standards, requirements, service, objectives and customer satisfaction B-BBEE scores meet key customer's needs and <i>vice versa</i> Orleans Cosmetics engaged with customers through various forums, including: <ul style="list-style-type: none"> contract negotiations and ongoing interactions in the ordinary course of business; Online meetings, engagements and telephonic and electronic interaction.

HOW THEY DELIVERED VALUE TO THEM - VALUE CREATION, VALUE PRESERVATION AND VALUE EROSION

They continued to:

- + Provide exclusive brands and products
- + Provide professional services and technical expertise
- Ensure continuity of long-term supply of products
- Adhere to regulatory compliance and laws in the supply of ethical products
- Strive for good corporate governance practices and ethical behaviour
- They ensured the health and safety of their customers in line with their social-distancing practices and the use of digital platforms

KEY OBJECTIVES AND METRICS THEY TRACK

- Customer satisfaction
- Managing and ensuring reputable brands and products
- Addressing customer concerns and complaints

+ Value creation ● Value preservation - Value erosion



REGULATORS

PRIMARY CONCERNS	THEIR NEEDS AND EXPECTATIONS	HOW THEY ADDRESSED THESE CONCERNS AND EXPECTATIONS	HOW THEY ENGAGED WITH THEM
<ul style="list-style-type: none"> Ongoing compliance with regulatory frameworks and good governance Transformation, including gender and race diversity Environmental responsibility Socio-economic development Corporate social responsibility Protection of Personal Information compliance 	<ul style="list-style-type: none"> Compliance with all legal, regulatory frameworks and requirements Responsible taxpayer 	<ul style="list-style-type: none"> Orleans Cosmetics maintained sound governance principles and procedures The company ensured timeous regulatory submissions of all relevant regulations to authorities Policies and procedures are in place Orleans Cosmetics remained sensitive to employment levels in line with regulatory requirements The company invested in employee development through training There is a commitment to ethical business practices and support for social and environmental sustainability 	<ul style="list-style-type: none"> Orleans Cosmetics continued to: <ul style="list-style-type: none"> maintain transparent communication; pay attention to detail; remain professional and reacted to matters raised promptly; ensure resilient business and management practices and processes; ensure compliance with all industry requirements and obtained clarity where necessary; report on ethics, governance, the impacts on society and their environmental stewardship The company maintained transparent relationships with all regulators and complied with all regulatory and legal requirements

HOW THEY DELIVERED VALUE TO THEM - VALUE CREATION, VALUE PRESERVATION AND VALUE EROSION

The company ensured:

- That payment to regulatory bodies was made timeously to ensure compliance;
- + That they contributed to government revenues through the payment of direct, indirect and employee taxes the amount of R6.41m;
- The continuation of tax payments as required

KEY OBJECTIVES AND METRICS THEY TRACK

- Delivery of compliance with regulatory changes and meeting regulatory requirements
- Direct and indirect tax contributions
- B-BBEE contributor status

+ Value creation ● Value preservation - Value erosion



COMMUNITIES AND NGOS

PRIMARY CONCERNS	THEIR NEEDS AND EXPECTATIONS	HOW THEY ADDRESSED THESE CONCERNS AND EXPECTATIONS	HOW THEY ENGAGED WITH THEM
<ul style="list-style-type: none">Orleans Cosmetics collaborated with communities for the greater good regarding environmental and societal issuesCommunities and NGOs expect the company to be responsible corporate citizens and partner with community initiatives to contribute to socio-economic development and environmental issuesPioneer responsible corporate citizenshipThey expect them to create awareness of social and environmental issues they face and assist them in obtaining the desired outcomes for their communities, businesses, and families	<ul style="list-style-type: none">Socio-economic developmentEnterprise developmentDevelopment of society through employment opportunitiesEnvironmental mattersPartnering on common social and environmental issues	<p>Orleans Cosmetics addressed these through:</p> <ul style="list-style-type: none">Development of society through employment opportunitiesEnvironmental mattersEmbracing transformation in line with B-BBEE legislation	<p>The company continued:</p> <ul style="list-style-type: none">To ensure that social welfare is aligned with national policies

HOW THEY DELIVERED VALUE TO THEM - VALUE CREATION, VALUE PRESERVATION AND VALUE EROSION

Orleans Cosmetics ensured:

- Payment of taxes to the Government contributed to the welfare of society
- With the landscape changing in B-BBEE, the company will continue to assist communities and businesses

KEY OBJECTIVES AND METRICS THEY TRACK

- Providing career opportunities
- Promoting socio-economic transformation by enabling economic inclusion, job creation and poverty alleviation

+ Value creation ● Value preservation - Value erosion

ECONOMIC SUSTAINABILITY

Orleans Cosmetics aims to deliver sustainable returns to its stakeholders. It incurred a loss this year but the target plan is to break even in 2023, before rebuilding the business to profitability.

The company is busy refining a number of targets to measure their performance. It will continually monitor its progress against these targets and when necessary, revise them to take into account 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.

SOCIAL SUSTAINABILITY

Orleans Cosmetics subscribes to a sustainable approach in conducting its business. Orleans Cosmetics is aware of the critical role that business must play in the upliftment and development of the previously disadvantaged majority. Orleans Cosmetics creates a working environment that develops and empowers its employees, as well as recognises the contributions of each team player in pursuit of excellent performance.

RESPONDING TO THE SUSTAINABLE DEVELOPMENT GOALS (SDGs)

The company is committed to supporting our Government's commitment to the SDGs in the areas in which they operate. They use guidance from industry bodies to establish internal and external stakeholder commitments and to measure their performance.

GOAL 1 : NO POVERTY



Orleans Cosmetics worked hard to ensure that the company is sustainable. They continue to build capacity for the future, where more people can be gainfully employed, thus contributing to the economy and helping to eradicate poverty by creating employment opportunities.

PROGRESS TO DATE

- Salaries were adversely affected by the COVID-19 pandemic but have since returned to pre-pandemic levels after the financial year-end.
- R13.8m was spent on salaries and wages in the company.

TARGET

- No specific targets have been set.
- There have been no retrenchments during the last financial year.

GOAL 2 : ZERO HUNGER



End hunger, achieve food security, improve nutrition and promote sustainable agriculture

PROGRESS TO DATE

- Orleans Cosmetics help put food on the table for more people by providing employment opportunities.

TARGET

- No specific targets have been set.

GOAL 2 : GOOD HEALTH AND WELL-BEING



They promote good health and well-being.

PROGRESS TO DATE

- There are programmes for employees and access to various health services in the company are provided.
- The company continually aims to create an environment conducive to improving the health and well-being of their employees.
- Medical aid assistance is offered to their employees.
- More than R478k was spent on healthcare .

TARGET

- No specific target has been set.
- They had no deaths related to the COVID-19 pandemic.

GOAL 4 : QUALITY EDUCATION



Knowledge is power, and they ensure inclusion, quality education and learning opportunities for all.

PROGRESS TO DATE

- Orleans Cosmetics provides specialised training and development support programmes that inform, uplift, upskill and empower their employees.
- Training includes, business, product, professional project management, health and safety, accounting, marketing and COVID-19 training.
- More than R41k was spent on training and development.

TARGET

- No specific target has been set.
- They had no deaths related to the COVID-19 pandemic.

GOAL 5 : GENDER EQUALITY



Empower women and girls and end all forms of discrimination.

PROGRESS TO DATE

- There is no discrimination against race, gender, or creed.
- All forms of discrimination are rooted out which are embedded in their Code of Ethics, Code of Conduct, The Way We Work and Human Rights policies.
- There were no incidents of gender discrimination during the year.
- A transformative culture, representative of an inclusive South Africa is engendered and the company is a leading example of gender equality.
- 75% of top management are females.
- 92% of employees are female.

TARGET

- There is zero-tolerance for all forms of discrimination.
- The majority of employees are females.

GOAL 6 : CLEAN WATER AND SANITATION



Ensure potable water and the sustainability thereof

PROGRESS TO DATE

- All employees have access to potable water.

TARGET

- No specific targets have been set.

GOAL 7 : AFFORDABLE CLEAN ENERGY



Ensure reliable energy and the consumption thereof for their operations.

PROGRESS TO DATE

- The company has no control over energy consumption due to their operations being inside retail stores, spas etc.

TARGET

- No specific targets have been set

GOAL 8 : DECENT WORK AND ECONOMIC GROWTH



Promote economic growth and employment and decent working conditions

PROGRESS TO DATE

- Favourable working conditions are created that attract talent and assist in growing the business.
- A contribution to the economy is made through the provision of exclusive sought after international brands and product portfolio.

TARGET

- No specific targets have been set.
- The goal is to ensure sustainable income through operational performance.

GOAL 9 : INDUSTRY INNOVATION AND INFRASTRUCTURE



Promote, develop and support production through their activities, job creation and infrastructure

PROGRESS TO DATE

- Optimal use of their assets is ensured.
- Continuous improvements are made to infrastructure, taking into account operational needs.

TARGET

- The company is working towards medium-term targets to improve environmental efficiencies.
- The goal is to create additional employment and increase operational capacity.

GOAL 10 : REDUCED INEQUALITIES



Bridging the socio-economic divide is critical to the long-term survival of our country. Promote and empower the economic, social and political inclusion of all races, ethnicity, sex, age, disabilities and religion.

PROGRESS TO DATE

- Access to training and skills development.
- Work towards income generation, growth, and opportunities while eliminating discrimination continues.
- The company ensures the promotion of all persons' social, economic, and political inclusion regardless of age, sex, race, disability, ethnicity, religion, or other status. This is entrenched in their Code of Ethics, Code of Conduct, and The Way We Work policies.
- All forms of discrimination are prohibited from all activities and operations.
- Policies are structured to create greater equality within the workforce through retention and recruitment.

TARGET

- There is zero-tolerance for all forms of discrimination.
- Improve salaries for lower skills to be above the inflation rate.

GOAL 12 : RESPONSIBLE CONSUMPTION AND PRODUCTION



Ensure responsible consumption and production.

PROGRESS TO DATE

- Orleans Cosmetics monitors the efficient use of natural resources and continues to work for an overall reduction.
- The company continues to engage with employees, contractors, suppliers and industry bodies to ensure the sustainability of all natural resources.

TARGET

- No specific targets have been set, but they continue to improve their water, energy, carbon emissions and waste disposal which is minimal.

GOAL 16 : PEACE, JUSTICE AND STRONG INSTITUTIONS



People should be free of fear from all forms of violence and feel safe as they go about their lives, whatever their ethnicity, faith or sexual orientation.

PROGRESS TO DATE

- There is zero-tolerance for all forms of violence and discrimination.

TARGET

- The company continues to promote a zero-tolerance of discrimination and violence.
- The company continues to promote Human Rights through its policy in the workplace.



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

GENIUS

KEY FACTS

	Dr Abdusamad Sidar
CHIEF EXECUTIVE OFFICER	
	Dr Abdusamad Sidar, Jowayne van Wyk and Valentine Dzvova
BOARD OF DIRECTORS	
	Victoria and Alfred Waterfront, Cape Town
HEAD OFFICE	

GENIUS AT A GLANCE

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.

MARKET PRESENCE

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

Once product is manufactured, 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 in line with its plans to improve its production output based on the growth plan.

VALUE CREATING BUSINESS MODEL

Since its inception, Genius was set up to be 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, will be 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 research and development on additional cancer therapies as well as other infective diseases.

STRATEGY

Genius manages its business strategically, following a process that includes 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.

2022 FINANCIAL OVERVIEW

In 2022, very little progress, mainly due to the multiple strains of the COVID-19 pandemic, which prevented work from being done.

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 was suspended. There plans are to resume the project in the foreseeable future.

PROSPECTS AND OUTLOOK

The following prospects have been identified:

SHORT-TERM PROSPECTS

- All approvals have been met for phase 1 human clinical trial in breast cancer patients, and trial work was delayed. The team is now exploring international partnerships to continue the development and trial work.

MEDIUM- TO LONG-TERM PROSPECTS:

- Regarding the biosimilar products, an international partnership will allow for scalable local production to supply Africa and Europe is planned.
- Following the successful results of phase I, further funding for the genomics component will strengthen the health platform offering.

PRODUCTS, RESEARCH AND DEVELOPMENT PROJECTS

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.

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™.

GENIUS	90
GENIUS AT A GLANCE	90
MARKET PRESENCE	91
VALUE CREATING BUSINESS MODEL	91
STRATEGY	91
2022 FINANCIAL OVERVIEW	91
IMPACT OF COVID-19 AND VALUE PROPOSITION POST-PANDEMIC ERA	91
PROSPECTS AND OUTLOOK	91
GOVERNANCE	91
MATERIALITY, RISKS AND OPPORTUNITIES	92
STAKEHOLDER MANAGEMENT	92
ECONOMIC SUSTAINABILITY	92
ENVIRONMENTAL SUSTAINABILITY	92

MATERIALITY, RISKS AND OPPORTUNITIES

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 delayed marketing.	The strategy as they 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 yet to be planned and implemented.	A partnership with an international pharma company will be essential.

RISKS RELATED TO THEIR ACTIVITIES

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.
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.

STAKEHOLDER MANAGEMENT

Genius recognises the importance of creating value for its stakeholders in the short, medium and long term.

The business does not have clients or customers as it is a research and development entity. The DCV project was historically outsourced to UCT, and internal operations are being managed by the Group 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, suppliers, regulatory authorities and government. Genius has various procedures in place regarding stakeholder management.

ECONOMIC SUSTAINABILITY

Genius aims to deliver good and sustainable returns to all stakeholders. Genius has 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 on innovation, it will transform the current healthcare needs to meet future demands and secure the company's long-term sustainability.

The DCV project will be an innovation to personalised medical care for cancer patients when it is made available.

BRITISH TELE- COMMUNICATIONS SERVICES SOUTH AFRICA (PTY) LTD (BT)



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, BT can achieve more and bring the services its clients need by delivering end-to-end services. Its 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. It operates from three regional hubs in Istanbul, Dubai and Johannesburg.

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

Through its global agreement with partners such as Amazon Web Services and Microsoft Azure, BT assists by balancing the right combination of public cloud for a business, IT or application requirements. BT also guarantees data sovereignty by providing a private cloud. It connects sites, people, and customers to a client's secure, scalable cloud services underpinning the right experience. BT delivers 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, BT has won 16 industry accolades for its innovation in cloud services.

BT connects to the largest cloud providers from its core network. It delivers reliable, secure high-performance connectivity.

BT provides and supports secure network solutions almost everywhere in the world. It continues to invest in the latest network technology, with its Dynamic Network Services offering a range of SD-WAN, flexible bandwidth, and NFV-based solutions. The value-added services include application acceleration and IP management.

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

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



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

SYGNIA LTD



The AEEI Group holds 1.787% of Sygnia. 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

AYO TECHNOLOGY SOLUTIONS

PIC	Public Investment Corporation
JSE	The Johannesburg Stock Exchange
FICA	Financial Intelligence Centre Act 38 of 2001

TRIPOS TRAVEL

B-BBEE	Broad-based Black Economic Empowerment
IATA	International Air Transport Association
ASATA	Association of Southern African Travel Agents
SATSA	Southern African Tourism Services Association

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