

**AUGUST 26 HOLDING COMPANY PTY (LTD)**

**ANNUAL GENERAL MEETING 06 NOVEMBER 2020**

**CHAIRMAN'S REPORT**

Dear Shareholder, the Chairperson of the Annual General Meeting Comm (rtd) Trepine Kamati the ED of the Ministry of Defence and Veterans Affairs, the Deputy ED Dr Wilhelmina Shivute, the CDF Air Marshall Martin Kambulu Phinehas, Service Commanders, General Officers, August 26 Holding Board of Directors, Chief Executive Officer, Subsidiaries Board of Directors, Managing Directors, Members of the Media, Ladies and Gentlemen.

**Good Morning!**

I am Brig Gen Fillimon Hidimondjila Shafashike the Chairman of August 26 Holding Company Board of Directors!

I wish to thank you all sincerely for the valuable time which you have chosen to share with August 26 Holding and to attend this important AGM. Thank you all sincerely, for your presence here today!

On behalf of the Holding board and I, we are excited and looking forward to discussing matters that affect the effective functioning of August 26 Group of Companies. Thus, as part of the Chairman's duties, I have the honour and privilege of presenting key highlights of August 26 Group of Companies activities and financial statements for the year ended 28 February 2020.

Before we begin with this year's general meeting main report and highlights, allow me to take this opportunity to present August 26 Holding Company's Executive Management team, and I would like to ask the members of the Executive Management to rise:

- Col. (Rtd) George Kaxuxwena, Chief Executive Officer
- Mr. Ndajoina Shalumbu, New Business Development Manager.
- Mrs. Anna Max, Financial Manager.
- Mrs Alpha Nekomba, Company Secretary

My praise and gratitude go out to the Executive Management for their dedicated efforts and achievements during the 2019/2020 FY.

Similarly, also allow me to take this opportunity to present August 26 Holding Company's current Board of Directors and I am kindly requesting the board members to rise. Apart from myself, the Board consists of the following Non-Executive Directors:

- Brig Gen. David Amutenya
- Mr. Theophilus Gurirab
- Mrs. Albertina Nankela
- Mrs Tashiya Walenga

Ladies and gentlemen, the year 2020 was an exciting year, and we the board made several key decisions which required time, extreme care, fiduciary and due diligence from all board members. Therefore, I would like to thank the board members for their immense contributions during the year.

### **1. The year under review**

Dear Shareholder, Chairperson of August 26 Holding AGM, stakeholders, ladies, and gentlemen allow me now on behalf of the Board to present the August 26 Holding's Board Chairman's' report for the year 2020.

I should, however, indicate to the AGM that, the economic downturn that has plagued the country and the impact of Covid-19 has also been felt deeply by August 26 Group of Companies and currently we have learned to swim with the tide.

The following are some of the successes and highlights for August 26 Holding Company (Pty) Ltd for the year under review:

- August 26 Holding Company has successfully embarked on an internal realignment process. During the year 2020, the Company took a strategic decision to dissolve two of its financially distress companies, August 26 Textile and August 26 Industries. This was one of the Group's strategic objectives to restructure and optimise subsidiaries. To ensure that none of the retrenched employees, from the dissolved companies were left unemployed, a new Company, August 26 Manufacturing (Pty) Ltd was established and it became operational in March 2020. August 26 Manufacturing inherited the plants of August 26 Industries (shoe factory) in Okahandja and August 26 Textile in Prosperita, Windhoek. Today, it is my pleasure to report that August 26 Manufacturing is a fully functional manufacturing company, and it has also secured contracts with various clients and that will significantly improve its revenue generation. The realignment process ties in with the Group's key strategic initiative which is to restructure all subsidiaries and strategically reposition them to make profit. At this juncture, please allow me to thank the Ministry of Defence and Veterans Affairs for their unwavering support, as this realignment process would not have been possible, without its support.
- At the time of dissolution of August 26 Industries and August 26 Textile, the companies were in financial distress and were not in position to pay their employees retrenchment packages, however, the process was completed with assistance of the Shareholder August 26 Holding.
- August 26 Textile was also heavily indebted and amongst the debts which crippled the company, in order to manage the Groups debt to an acceptable debt/capital ratio, the Group has settled the debts. This is a great stride to ensure that the Group's debt remains manageable, especially during this global economic downturn.
- Moving on, August 26 Holding Company appointed a new Board of Directors of August 26 Manufacturing (Pty) Ltd. Additionally, the Holding Company has capacitated its various subsidiary Boards by appointing Directors with the required skills as was identified by skill gap analysis of the various Boards. It is my pleasure to state that the Group and subsidiaries now

have full Boards with the necessary expertise to ensure that the companies are operated on sound business and governance principles.

- To ensure that all subsidiaries are run on sound business principles and to enforce accountability, the Holding Company has signed shareholder compacts with all its subsidiaries and the Group is in the process of signing same with MODVA. The shareholder compacts will enable the shareholders to hold the respective Boards accountable. Additionally, the Group is committed to submitting quarterly reports to MODVA to keep the ultimate shareholder abreast with the developments within the Group.
- Furthermore, August 26 Holding Company re-appointment Col (rtd) Mwauvikange George Kaxuxwena as CEO for a period of two years, from 01 May 2020 to 31 May 2022.
- On 12 January 2020, a delegation from August 26 Holding Company visited Streit Group, which is a company specializing in military and armoured vehicles in UAE, with the purpose of concluding a joint venture with Windhoeker Maschinen Fabrik (WMF). Sadly, the anticipated venture was halted by the outbreak of Covid-19 and the subsequent economic downturn. The Company is nonetheless confident that the venture shall be revisited in the near future.
- The building of August 26 Logistics situated on erf 215 Lafrenz was transferred to August 26 Holding Company and thus increasing the asset value of the Group.

## **2. Corporate Governance**

Dear Shareholder, Chairperson of the AGM, Stakeholders, ladies, and gentlemen allow me now to present to you the Corporate Governance issues.

The Board and I are absolutely committed to maintain the highest standards of corporate governance at the levels of August 26 Holding and at the Group of Subsidiary Companies for the benefit of the Ministry of Defence and Veterans Affairs being the main shareholder.

The conviction by the A26H board of directors is that a strong corporate governance and compliance with all the relevant statutes and policies remains a critical component to the successful directing and delivery of our Group of Companies Strategic Plan during the 2020/2021 to 2025/2026 period.

Over the past year, the primary focus of the Board has been the elimination of all the challenges and the delivery of August 26 Group of Company transformational plan.

Whilst vital at all times, strong and effective governance become especially critical to direct and manage the requirements to change the magnitude of 09 companies, and this realisation came out clearly during the engagements with the subsidiaries during the Chairpersons forum at its first meeting held on 11 July 2020. The forum will be held every quarter to discuss pertinent issues pertaining to the Group. This will ensure that Executive and Non-Executive Directors of subsidiaries have an informative forum where they can discuss crucial issues affecting the group and cultivate a culture of good corporate governance within the group.

## **3. Financials and Budget**

The full financial report will be delivered by the Auditors from PWC.

Nevertheless, and considering the tough economic landscape, the Board continues to manage the budget efficiently. Therefore, mindful, cost cutting measures and the increase of opportunities are always at the forefront of the Board of Directors agenda, thus, ensuring a healthy budget would contribute to the effective and efficient running of the Group of Companies.

#### **4. Board Focus for 2020/2021**

Dear Shareholder and Chairperson, before I conclude, I wish to point out some of the Board's future plans, namely:

- A26H is looking forward overseeing the Group transformation process with specific focus on Windhoecker Maschinen Fabrik (WMF) and Agrotour (Pty) Ltd.
- Enhancing our corporate image and avert negative publicity.
- Seeking for potential strategic partners and investors to grow and diversify the businesses of the subsidiary companies.

#### **5. Closing remarks**

Dear Shareholder and the Chairperson of the AGM, the 2020/2021 financial year has been one of great challenges and equally one of great success, amid the global pandemic of Covid-19 which resulted in operational standstill not only of the Group but country wide and globally. Nonetheless, the focus of the board of directors of A26H remains to transform August 26 Group of Companies into a company of excellence and success in the defence industry. That is one of the core business of the A26H BoD's.

I am confident that most of the subsidiaries can demonstrate solid growth and earnings in the years ahead and in the subsequent periods, provided that the necessary financial and strategic guidance is offered.

The Board and I are looking forward to serving the shareholders' interests well into the future and through the competent stewardship of the executive management.

Lastly, let me seize this opportunity to thank the shareholder for its continued support and mutual understanding that always prevails. Equally also allow me to express the wholehearted gratitude and appreciation to all of you here today for your immense patronage, interest, and involvement in the business of A26 Group of Companies. Ladies and Gentlemen, August 26 Holding Company only exists to serve you in your various capacities and these companies are committed to the task. As we all forge ahead towards the turbulent unknown, let us make every effort to collaborate and operate as a collective team to ensure the future, a broader societal context.

Indeed, A26 Group of Companies would not be where they are today without the consistent, unequalled loyalty and confidence you have in the companies. We look forward to serving you better in the future.

Finally allow me to also thank my fellow board members and the executive management for all your selfless contributions "to create wealth through prudent investment practices". In addition, I also want to

thank you for your dedication and for your support as we together propel August 26 Group of Companies to higher heights.

I wish you all a happy festive season that is approaching us now and we look forward to greater things in 2021.

I THANK YOU!

**BRIG GEN FH SHAFASHIKE**

**BOARDCHAIRPERSON**