

INTEGRATED REPORT 2021



Agile strategy for the new normal

A traditional approach to business strategy is centred around “plan the work and work the plan” principle. In today’s uncertain and unpredictable business environment, this method is simply ineffective. Agile tactics focusing instead on making progress in the right direction and pivoting in the face of new or changing conditions are now required for success.

2021 Highlights

REVENUE
R1.7
BILLION

TOTAL
ASSETS
R4.2
BILLION

PROFIT(LOSS)
BEFORE TAX
R(200)
MILLION

Disclaimer:

Photographs of people without masks were either taken pre-COVID-19 or all health and safety protocols have been followed, where appropriate.



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INTRODUCTION

Presenting our 2021 Integrated Report

This is AYO Technology Solutions' ("AYO" or "the Company") Annual Integrated Report for AYO and its subsidiaries ("the Group").

The purpose of this report is to provide our stakeholders with a complete overview of the year's progress in our business journey. It describes our business approach, strategic decisions, operational performance and leadership to enable you to make an informed assessment of our ongoing ability to create and preserve sustainable value, as well as to recognise the instances and extent to which value was eroded. Our report continues to evolve and strives to ensure that all material information relating to our value creation journey is shared completely, transparently and understandably.

Integrated approach

Our Integrated Report is the outcome of a group-wide integrated reporting approach. This process is governed by our Board, led by our Executive Committee, assured through our integrated assurance model and delivered through multi-disciplinary team collaboration. The same integrated approach is adopted in our decision-making and management, enabling us to create and preserve value for our stakeholders. A simplified diagram of this approach is presented on pages 8-9.

Boundary and scope

The report provides a consolidated view of the activities of all divisions, subsidiaries, a joint venture and strategic investments of AYO, across all operating regions in South Africa and where relevant - internationally. The emphasis is on AYO's South African operations, which contribute 99% of the Group's revenue.



THE ANNUAL INTEGRATED REPORT IS AYO'S PRIMARY AND MOST COMPREHENSIVE REPORT FOR ALL STAKEHOLDERS.

REPORTING PERIOD

This report is published annually and reflects the activities and performance of the AYO Group for the financial year period from 1 September 2020 to 31 August 2021. Any material events after this date and up to the Board approval date of 17 December 2021 have also been included.

FINANCIAL AND NON-FINANCIAL REPORTING

Our Integrated Report extends beyond financial reporting to include important information about non-financial performance, opportunities, risks and outcomes attributable to or associated with our key stakeholders, which have a significant influence over our ability to create and preserve value sustainably.

REPORTING COMPLIANCE

This report aligns with the requirements of the King IV™ Report on Corporate Governance in South Africa 2016, the International Integrated Reporting Council (IIRC) Integrated Reporting <IR> Framework 2021 and the Global Reporting Initiative (GRI) G4 guidelines. Financial information included in the report is prepared in accordance with the International Financial Reporting Standards (IFRS). We are further guided by the principles and requirements of the Companies Act No. 71 of 2008, as amended (the Companies Act), the Johannesburg Stock Exchange (JSE) Listing Requirements and the Department of Trade and Industry's B-BBEE Regulations.

MATERIALITY

Our report focuses on issues, which the Board and management believe are material to the Group and could impact on our ability to create and preserve, or conversely, minimise the erosion of stakeholder value over the short, medium and long term. We have strived to disclose such issues in a comprehensive manner, demonstrating the connectivity between material matters and our business model, strategy, risks, key performance indicators, policies and prospects. Material matters are reviewed on an ongoing basis to ensure they remain relevant. They are presented in detail on pages 54-56. Management assumes responsibility for the approval of such material matters, which are then endorsed by the Board.

REPORTING SUITE

AYO's reporting continues to evolve in an effort to provide complete, transparent, easy-to-understand and logically structured relevant information to our stakeholders. The complete suite of reports is published annually and available to download on our website, www.ayotsl.com, under the Investor Centre tab. These reports include:

- Annual Integrated Report
- Group Annual Financial Statements
- King IV™ Implementation Report
- Summarised Annual Financial Results
- Notice of Annual General Meeting

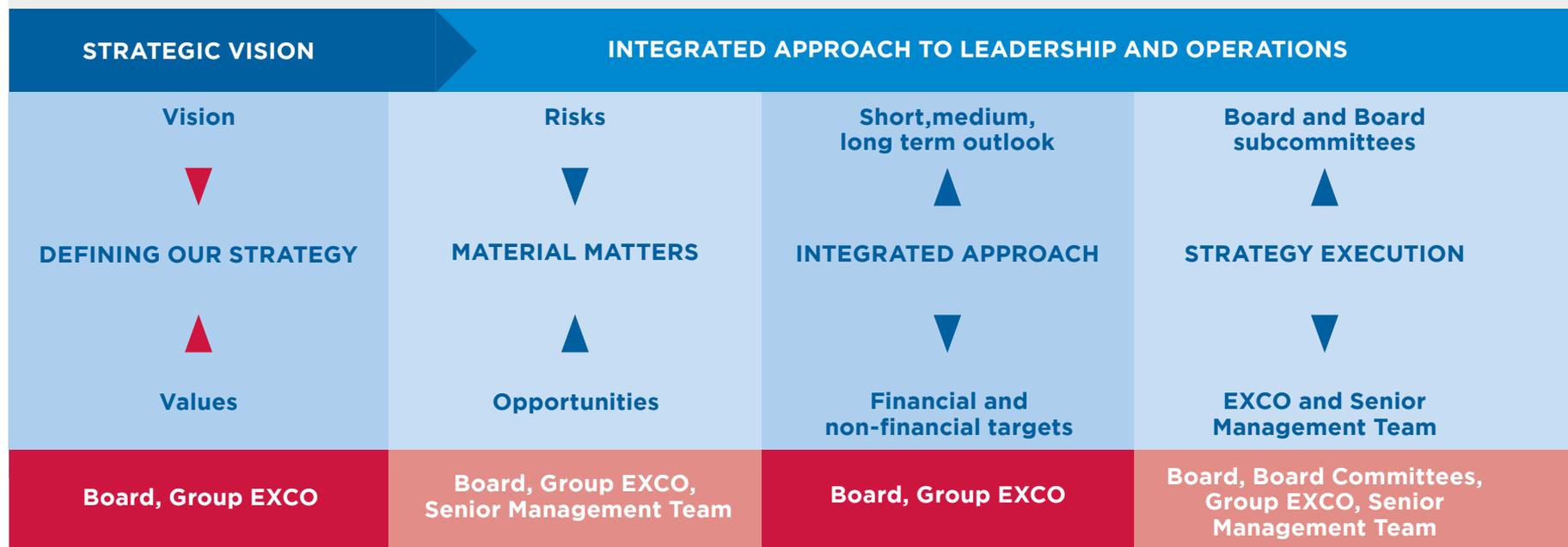
Forward-looking statements

This report contains certain statements that relate to AYO's future performance and prospects. As defined, these are forward-looking statements. Forward-looking statements made by the AYO Group on 17 December 2021, at the time of releasing our 2021 results, were informed by the Group's business plans and economic forecasts in October 2021.

Forward-looking statements are not statements of fact, but statements by the management of the Group based on its current estimates, projections, expectations, beliefs and assumptions. While these statements represent our judgements and future expectations at the time of preparing this report, they are subject to emerging risks, uncertainties and other important factors that could influence actual results to differ materially (both positively and negatively) from our expectations.

AYO neither intends nor assumes any obligation to update or revise these forward-looking statements in light of developments that differ from those anticipated. Thus, no assurance can be given that any forward-looking statements will materialise and undue reliance should not be placed on such statements. Further, forward-looking statements have not been reviewed or reported on by the Group's joint auditors.

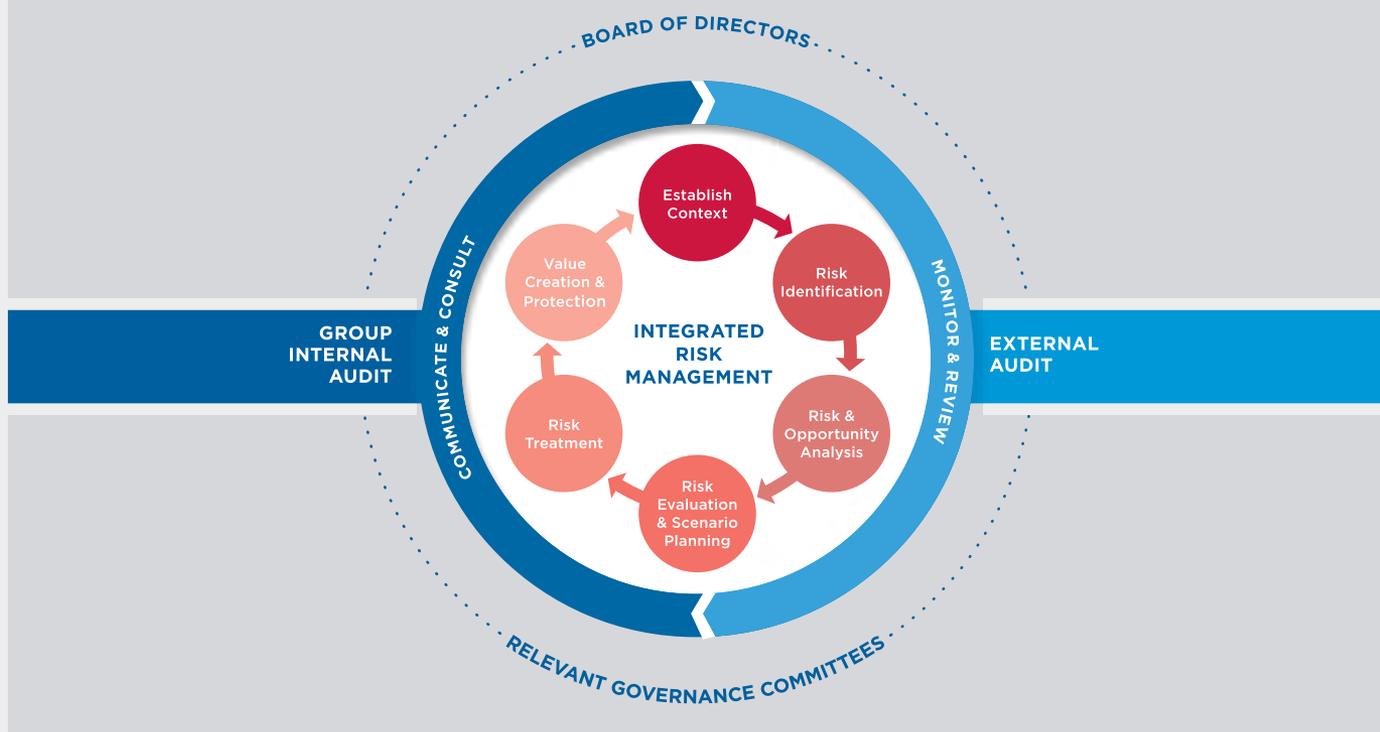
Integrated Business Process



Value creation, preservation or, conversely, erosion are the consequences of how we utilise and leverage our capitals in the course of our business activities. Through our processes, decisions and actions these capitals change over time. Creating and preserving value is the ultimate goal in the development of our strategy and this integrated thinking is further embedded in everything we do.

An abridged diagram of this value creating model is presented on page 10, while detailed descriptions of our inputs, activities, outputs and outcomes are presented in the relevant sections of this report.

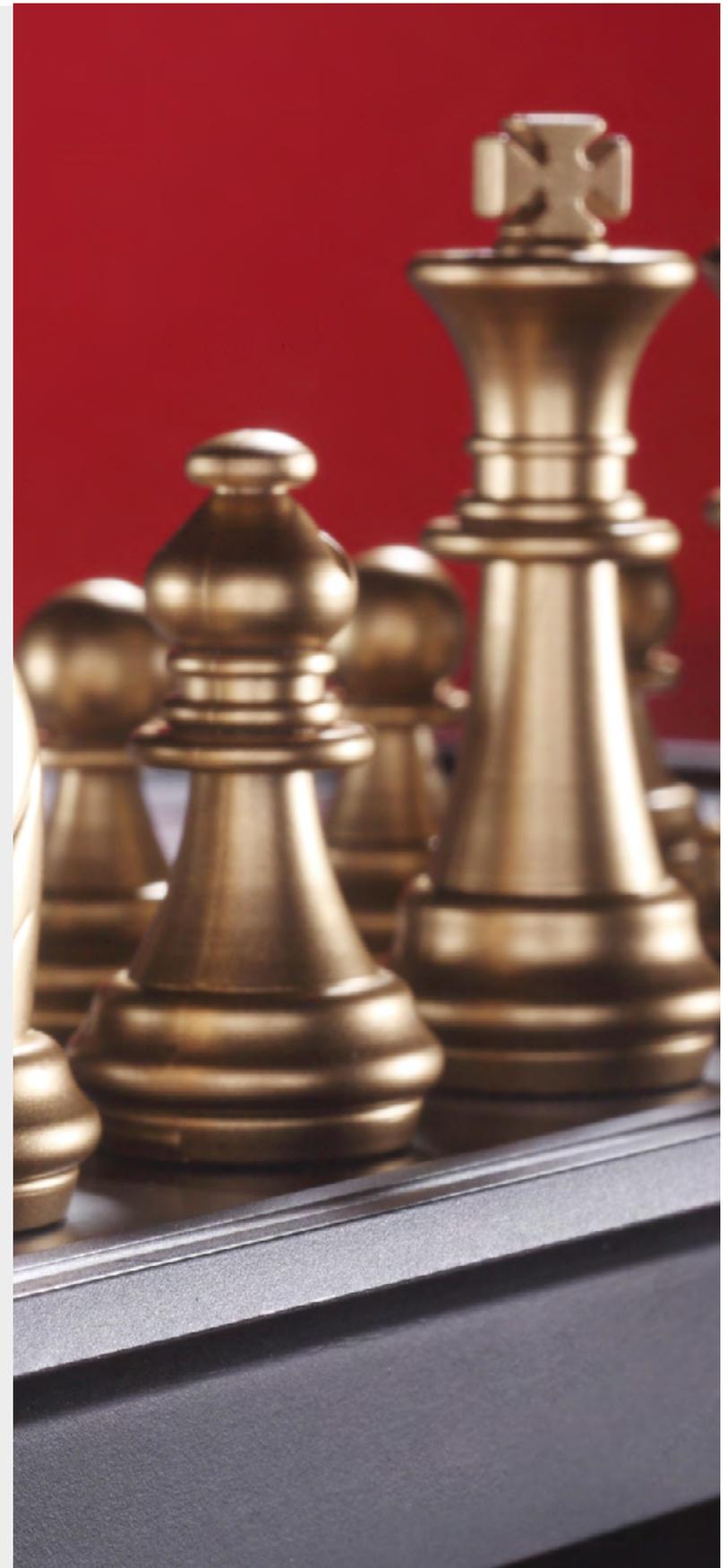
Our business does not operate in a vacuum. The environment in which we function, as well as our internal strengths and weaknesses, continuously present us with opportunities to create and preserve value for our stakeholders and risks that can quickly erode such value. Identifying the key risks and opportunities to our business is a group-wide continuous process. Through a collaborative approach, a multi-disciplinary team regularly meets to discuss material matters and risks deemed critical to our business, which in turn, informs the evolution of our business model and approach in the short, medium and long term.



INTEGRATED REPORTINGInternational <IR> Framework,
IFRS, Integrated Assurance Model**INTEGRATED REPORTING****Review and
Approval****Integrated Reporting Team, Group EXCO,
Audit and Risk Committee, Board**

We strive to keep our stakeholders informed of any and all developments in our business timely, openly and transparently. Throughout the year we regularly communicate with all relevant stakeholders through JSE SENS, as well as our own digital channels, including our website and social media profiles.

Annually, we publish a suite of reports, which are prepared in accordance with all relevant requirements and regulations and undergo rigorous quality assurance overseen by the Group audit and risk committee.



Value creating business model

INPUTS



DISCIPLINED CAPITAL ALLOCATION

- Investment capital
- Deliberate investment philosophy
- Rigorous due diligence
- Strategic direction of subsidiaries at Board level
- Subsidiary operational support

BUSINESS ACTIVITIES



METICULOUS BUSINESS PRACTICES

- Continuous environmental monitoring and risk assessment
- Executional excellence
- Rigorous, accurate, timeous financial consolidation and reporting
- Promotion of advancement of UN SDGs

OUTPUTS



DISRUPTIVE INNOVATION

- Nurture, develop and scale subsidiary companies
- Disruptive technologies that advance life, business and economics
- Innovation that solves pertinent African problems
- Sustainable financial value for shareholders

OUTCOMES



SUSTAINABLE GROWTH AND VALUE CREATION

- Organic financial growth for AYO Group companies and investments
- Technology-driven advancements in key development areas, including education, health and longevity, logistics, safety and security
- Social impact and transformation

Integrated assurance

As the Group sets off to achieve its vision and strategic directive, reliable risk assurance mechanisms, that preserve and protect its integrity and future, are implemented at all organisational levels.

The Board, with the support of the audit and risk committee, is ultimately responsible for AYO's system of internal control, designed to adequately assess the Group's risks and material matters and provide reasonable assurance against material misstatement and loss. We adopt an integrated assurance model, which seeks to optimise the assurance obtained from management and internal and external assurance providers, while fostering a strong ethical culture and mechanisms to ensure compliance.

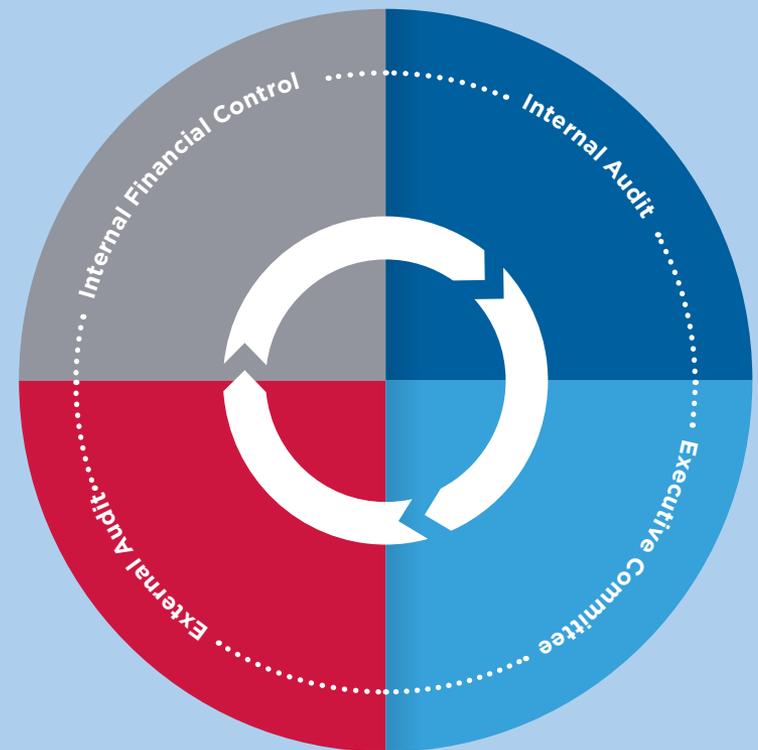
Through our enterprise risk management approach, approved by the Board, management identifies key risks facing AYO and implements the necessary internal controls. The process is monitored and evaluated under the direction of internal audit, while external audit covers key controls and accounting matters in the course of their audit. Other levels of external assurance are obtained as and when required. We continually strive to optimise our integrated assurance model to enable effective control environment and ensure the integrity of the information used for reporting and decision-making.

The Board and the audit and risk committee assessed the effectiveness of controls for the year ending 31 August 2021 as satisfactory, principally through a process of management self-assessment, including formal confirmation from executive management and also considered reports from internal audit, external audit and other assurance providers. Read the detailed report of the audit and risk committee on page 80-82.

An independent audit of the consolidated annual financial statements was performed by Crowe JHB and THAWT Inc for the year ended 31 August 2021. Their detailed independent auditor's report is published in our Group Annual Financial Statements, which are available for download from our website, www.ayotsl.com, under the Investor Centre Tab.

External verification has been provided for the Broad-Based Black Economic Empowerment (B-BBEE) accreditation level. The verification has been performed by an organisation accredited by the South African National Accreditation System (SANAS). The remainder of the Integrated Report has not been subjected to an independent audit or review.

The information reported on, other than that mentioned above, is derived from the Group's own internal records and information available in the public domain. Management, the Board and the audit and risk committee have reviewed this report.



INTEGRATED ASSURANCE

THE AUDIT AND RISK COMMITTEE OVERSEES THE INTEGRATED ASSURANCE MODEL, AS WELL AS RELATED ASSURANCE OUTCOMES.

Board responsibility statement

AYO's Board of Directors acknowledges its responsibility for ensuring the integrity of AYO's Reporting Suite, including this Integrated Report. The Board believes this report addresses all AYO's material matters and presents a balanced view of the Group's strategy and business model in relation to AYO's ability to create and preserve value over the short, medium and long term, as defined by the six capitals. As such, the Board is confident that this Integrated Report was prepared in accordance with the International <IR> Framework. The Integrated Report, which remains the ultimate responsibility of the Board, was prepared under the supervision of senior management and subject to rigorous internal and external assurance reviews.

This report was approved by the Board of Directors of the AYO Group on 17 December 2021.

Signed on behalf of the Board:



Dr Wallace Mgoqi
Chairman AYO
Technology Solutions
17 December 2021



Howard Platjes
Chief Executive
Officer
17 December 2021



Isaiah Tatenda Bundo
Chief Financial
Officer
17 December 2021

Group company secretary certification

In terms of Section 88(2)(e) of the Companies Act, I, Wazeer Moosa, in my capacity as Group Company Secretary confirm that, to the best of my knowledge, for the year ended 31 August 2021, AYO has filed with the Companies and Intellectual Properties Commission all such returns and notices, as required of a public company in terms of the Companies Act and that all such returns and notices appear to be true, correct and up to date.



Wazeer Moosa
Group Company Secretary
Cape Town
17 December 2021

Commitment to UN SDGs

AYO voluntary endorses the UN SDGs and strives to positively contribute to achieving these. In the process of managing our multiple capitals and creating and preserving stakeholder value, we aim to make tangible, sustainable impact and contribution to the UN SDGs in alignment with South Africa's National Development Plan (NDP). We employ leading practices in upholding the most material SDGs in line with our core business, focusing on education, social and enterprise development and alleviating poverty and hunger. We also continuously benchmark our performance against global best practices.

In line with our strategic direction, we support the following SDGs and provide a detailed report on the meaningful impact we have created on pages 104-111.



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OUR GROUP

About our Group

AYO is a high growth-potential investment company that provides a good annuity income for investors. Combined with a strong delivery on social values it is an obvious choice for savvy investors, realising significant and long term value. AYO has been listed on the Johannesburg Stock Exchange (JSE) since 2017 and our current asset base is valued at R4.2 billion.

SOLID BUSINESS STRATEGY

AYO has a focused and disciplined acquisition approach as well as realistic, achievable growth plans for its existing portfolio.



INVESTING IN THE FUTURE

AYO is a very strong contributor to social value particularly in the field of education.



DIVIDEND PAY-OUT & RETURNS

AYO pays excellent dividends even in this tough economic climate.



STRONG LEADERSHIP

AYO has collectively over three centuries worth of business experience. Academics, business leaders, politically and legally savvy experts together, have developed a clear vision of the technologies that are worth investing in.



SOUND GOVERNANCE

Governance is continuously monitored and improved. Stakeholders are engaged, comms are open, honest and transparent.



SAFETY OF FUNDS

Our diversified portfolio means an overall lower level of risk for investors and resilient performance under various market conditions.



TRACK RECORD

High-growth opportunities usually also carry high risk, particularly in the case of emerging businesses. AYO is not a "start-up". It has a solid 25 year track record.



CUSTOMER/SUPPLIER INTEGRATION

The companies within the Group have solid, often exclusive, relationships with their international suppliers. Collectively, they have over 500 organisational clients, who are inextricably reliant on AYO's products and services for their business processes.



DIVERSIFIED PORTFOLIO

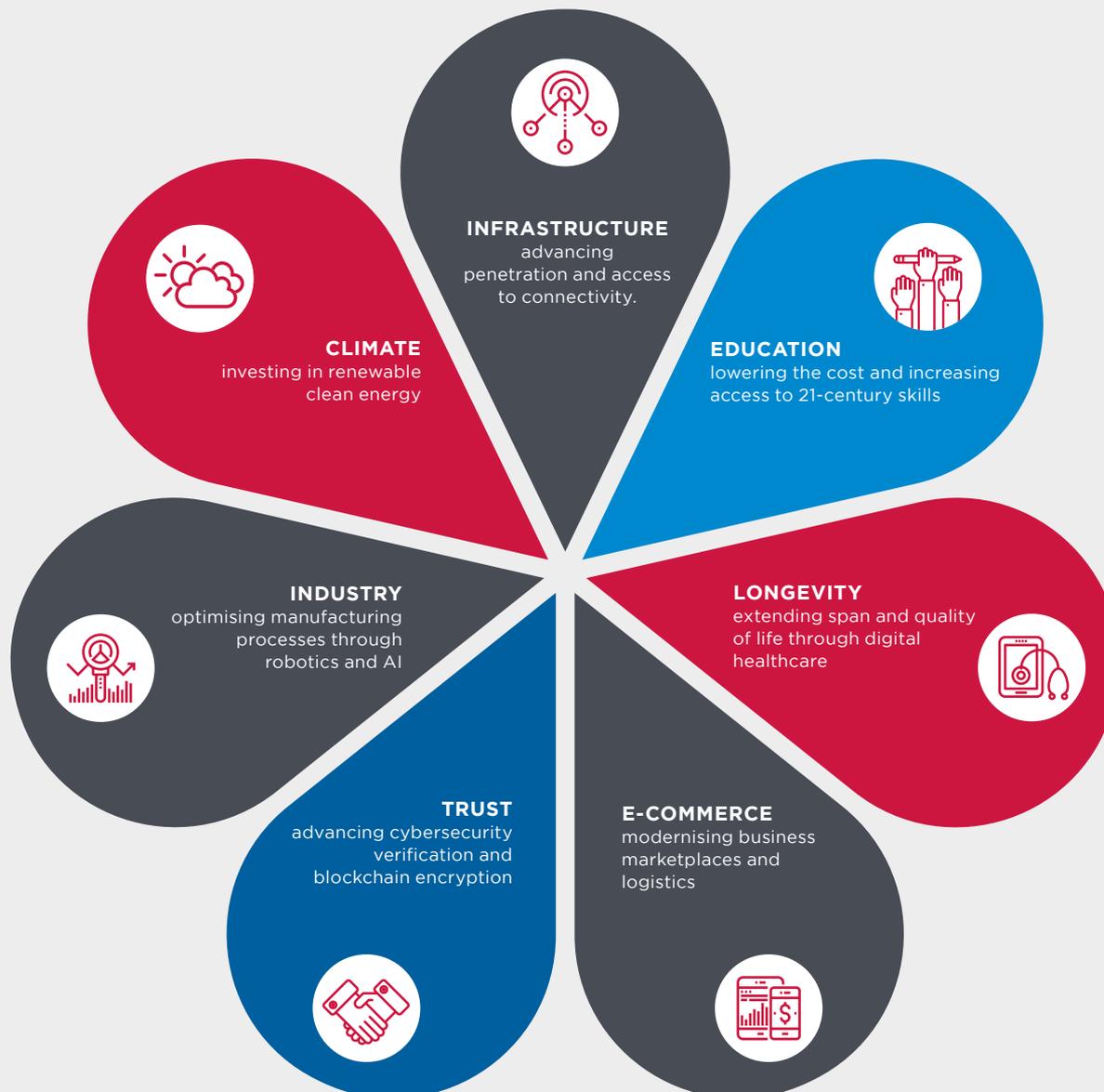
Established businesses that are leaders in key technology fields, such as cyber security, connectivity, health care and unified communications.



This is us

From humble beginnings of a fledgling software development house back in 1996 to a flagship JSE-listed technology investment company today, the AYO Group is a model success story of a thriving African business.

With interests in disruptive technologies that advance life, business and economics we have developed a diverse investment portfolio that touches on all aspects of technology from connectivity and communications to software development and cloud-based services. Ultimately, we strive to become a leading Africa-based technology group, pioneering smart living, playing and working throughout the continent and beyond. It is a lofty ambition, but one we are well on our way to achieve through future-focused investment strategy, disciplined resource and capital allocation and executional excellence.



Our business philosophy

We believe that the true value of a leader is to enable and inspire its community to achieve its true potential. Thus, creating value for our stakeholders, our economy and our communities is the guiding principle of our business philosophy. Like the proverbial three-legged stool, each one is necessary and supports the other. Only in unison, can they create balance and reach new heights. Every decision we take is steered by this underlying philosophy of shared value and mutual benefits for all.

We trust that through inclusivity, collaboration and common purpose we can spearhead the progress of Africa into an innovative technology hub and a globally competitive powerhouse. Technology giants like Google, Alibaba and Amazon are born out of necessity to find solutions to pertinent problems faced by their generation and region. One thing we are not short of on our beautiful continent is challenges, but ones that creativity, innovation and technology are perfectly positioned to resolve. It is AYO's ultimate driving purpose to find solutions to the most critical African problems through investing in and nurturing technological innovation on the continent, to deliver the greatest value for our stakeholders, our African economy and our long-suffering communities.

Our approach

Similarly, our investment approach is underpinned by the principles of shared value. Our subsidiaries and investments are much more than asset-driven equity acquisitions. In making investment decisions we look not only at what an investment can do for our balance sheet, but also at how we can create value for the investee and what positive impact we can have on society together.

Through close and synergistic working relationships with subsidiary and associated businesses, AYO creates a collaborative environment that enables the companies within the stable to unlock shared value for stakeholders and clients that is far greater than the sum of its organisational parts. It is this supportive environment that enables the AYO Group companies to flourish into captains of their respective niches and transforms us into a diverse multi-faceted group with the full range of expertise to find novel solutions to difficult African challenges and create excellent value.

While we strive for an equity stake that allows for meaningful influence over the business entities we invest in, our approach is one of supportive assistance, rather than dogmatic control. We adopt a decentralised management system, where our involvement is mainly focused on enabling growth and scale, offering input rather than directive in the strategic process and operational support rather than functional takeover.

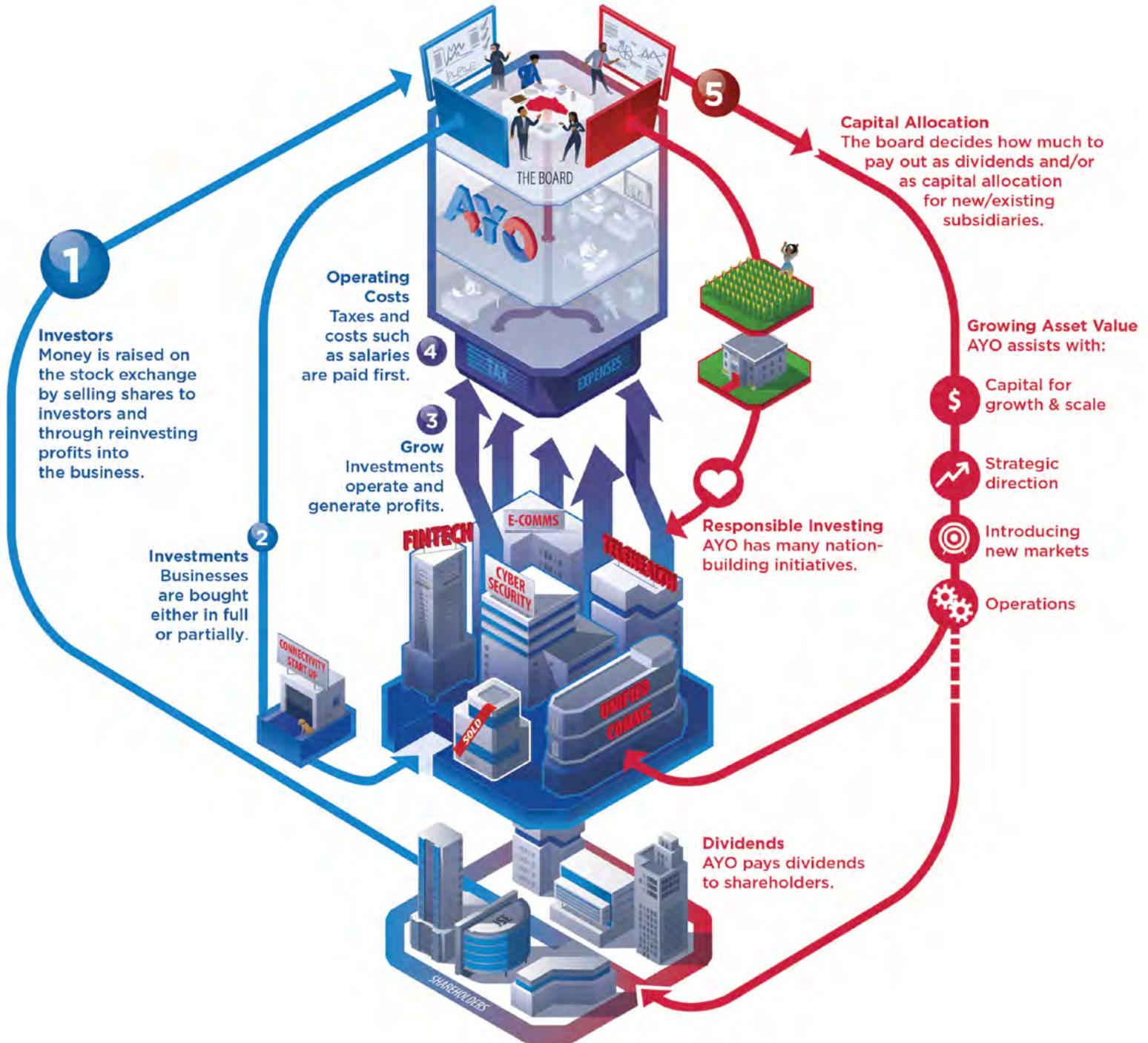
“ WE STRIVE
FOR A DIVERSIFIED
PORTFOLIO
BALANCING
DEVELOPING AND
ESTABLISHED
DISRUPTIVE
TECHNOLOGIES
THAT ADVANCE LIFE,
BUSINESS AND
ECONOMICS.



AYO's business model

Investment holding companies do not manufacture anything. There are no products, services or selling to customers; how does money flow in our system and what value do we create?

Follow the flow to see how it works.



Our companies

AYO's investment portfolio includes more than 20 subsidiaries and strategic investments that touch on all aspects of technology from physical connectivity infrastructure and hardware to specialised software development, cyber security, telecommunications equipment and virtual/augmented reality simulation.



The healthcare industry has been a central focal point for the entire globe in these pandemic times. No other business in South Africa understands the technology needs of this vital segment better than HST with its 40 years track record of providing specialised, custom-built healthcare software. The company has been servicing large public and private health sector organisations, including NHLS, since its inception. With the rise of the COVID pandemic, HST transformed into an invaluable resource for its anchor client, speedily integrating the software resources of public and private laboratories enabling them to “speak to each other” to provide vital statistics including test results, patient data and infection rates.

100% OWNED



The newest acquisition for the AYO Group, Kathea Communications is a value-added distributor of voice, audio-visual and video conferencing and workspace management products and services. Kathea's voice collaboration solutions range from cloud-based PABX, that route calls anywhere in the world sans the roaming charges to VoIP, Dect and WiFi phones. Their workspace management systems enable facilities managers and retailers to assess real time occupancy, manage bookings and assess space requirements correctly. Together with their high quality video and online collaboration tools, these products have become invaluable not just for the hospitality industry but also for the booming agile office space sector.

100% OWNED



AUDIO CONFERRING | HEADSETS | VIDEO CONFERRING

For nearly three decades Headset Solutions, the authorised distributor of Poly, Jabra and Konftel for Africa, has been the supplier of choice for call centres across the continent, offering quality, durable audio gear, as well as a wide range of video-conferencing equipment. With the proliferation of remote working over the last two years and innovative products integrated for collaboration platforms such as Zoom and Microsoft Teams, Headset Solutions has enabled business continuation for thousands of clients across every industry vertical. With more than 800 channel partners and easy online access, Headset Solutions is the leading distributor of telecommunications and consumer electronics in Africa.

76% OWNED



It is well-known in business that to be an industry leader a company needs to focus all of its resources on what it does best, its core business, and leave everything else to professionals. This is where Sizwe Africa IT Group comes in. Sizwe offers the full range of IT services from software and hardware licensing and rentals to server and cloud hosting and infrastructure, fibre and facilities management and more recently - green energy solutions. Sizwe's strength lies in deep-rooted strategic partnerships with global original equipment manufacturers (OEMs) including Dell, Samsung, HP, Apple, Microsoft, Cisco and many others. Their extensive client base includes large public and private organisational clients across varied industry verticals from mining to education and government.

49.5% OWNED



With more than 15 years of exceptional services to mobile network operators, large private and public organisations and SOEs, SGT Solutions is the leading South African provider of multi-technology telecommunication systems. The company specialises in the design, build, deployment and maintenance of complex infrastructure, seamlessly integrating broadband, fibre and microwave transmission devices. Their product range further extends to DC and backup power solutions for telecommunications masts, which have become critical in South Africa currently experiencing frequent power supply interruptions. More recently, SGT has introduced a range of business continuity offerings, including backup and disaster recovery solutions.

40% OWNED



One of the early pioneers of mobile app development and content management platforms, Afrozaar was founded in 2010. Offering specialised digital media products such as Publisher's Toolbox, Mojo Reporter, BiblioDam and Baobab Suite, Afrozaar services clients such as retailers, media groups and brand agencies in Africa, the USA and Europe. Afrozaar is also an Amazon Web Services partner and enables its clients to "go cloud" leveraging an efficient, auto-scalable and cost-effective approach to growth. Afrozaar's most recent product, Augmenta, has made augmented reality (AR) brand activations accessible to even the youngest of companies out there with its creative "no code" straightforward implementation.

32% OWNED



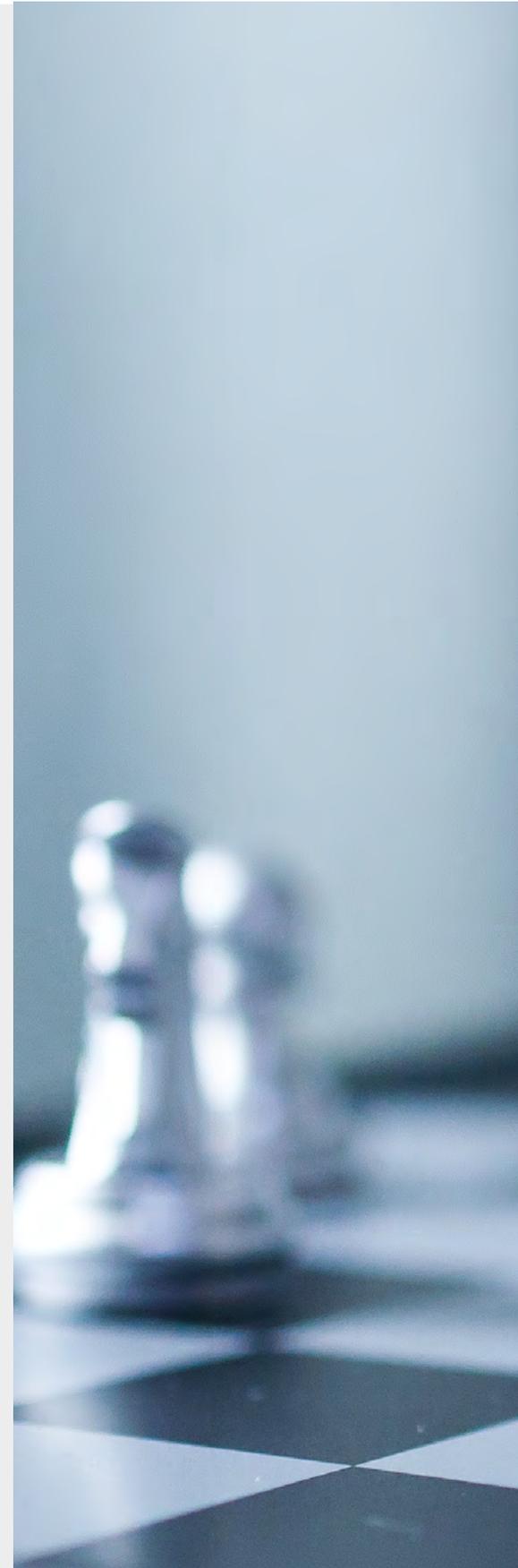
Formed in 2000, Digital Matter is a specialist company with global presence, focusing on mobile tracking software and devices. Suitable for all industry sectors, the company's offerings include intuitive fleet tracking platform, remote device management system, battery-powered tracking and Internet of Things (IoT) sensor devices. Their devices are used for tracking of all types of assets across difficult terrains from containers at sea to livestock in remote areas. More recently, Digital Matter's Oyster2 and Telematics Guru devices were used as a proactive and preventive solution to rhino poaching in South Africa. Digital Matter is a certified Microsoft Corporation development partner.

32% OWNED



For the last 20 years, GC²T has been the national sovereign command and control capability of the Department of Defence. Today, the company is the leading technology provider for enabled awareness solutions across the commercial, security and military domains. Solutions include asset and force tracking across the globe (land, air or maritime), integrated situational awareness pictures to support managers, leaders and commanders to make informed and timeous decisions and constructive simulation technology. GC²T's training range, BattleTek, integrates live and virtual simulation systems to provide an all-encompassing LVC (live, virtual, constructive) experience for the ultimate practice of the "Art of War".

24% OWNED



“COMING TOGETHER
IS **BEGINNING**,
STAYING TOGETHER
IS **PROGRESS**, AND
WORKING TOGETHER
IS **SUCCESS**.”

HENRY FORD



Products and services

The companies in the AYO Group are deeply entrenched in their clients' industries. Their intimate understanding of the verticals they service, allows them to develop unique products and strategies that are best suited to solve industry challenges, integrate their offerings in the clients' business processes and thus, provides them with sustainable competitive advantage. Through this profound customer connection AYO is able to create shared value for all stakeholders in the value chain.

AYO's products and services are integrated in critical economic sectors by the leading players of these respective verticals:

Managed IT and Cloud Storage



Telecoms Infrastructure



Military & Defence Technology



Electronic Health Management Systems



Our reach

AN AFRICAN FOOTPRINT WITH GLOBAL REACH

The AYO Group collectively services more than 500 public and private enterprises across multiple industries on the entire African continent and beyond.



OUR COMPANY
AND SUBSIDIARY
BUSINESSES ARE IN
ALL MAJOR SOUTH
AFRICAN CITIES

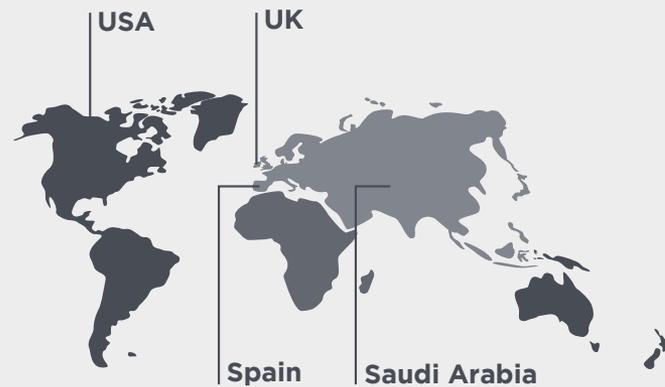
Collectively we service customers across the African continent, North America, Europe and Asia.

AFRICAN COUNTRIES:

- Ghana
- Nigeria
- Cameroon
- Uganda
- Ethiopia
- Kenya
- Tanzania
- Malawi
- Zambia
- Zimbabwe
- Botswana
- Namibia
- Swaziland
- Lesotho
- Madagascar
- Mauritius



WORLD COUNTRIES:





“ IN OUR INDUSTRY TODAY
ONLY A STRONG COMPANY
WITH A **GLOBAL REACH** CAN
ENSURE LONG TERM
EMPLOYMENT AND
PROVIDE ACCEPTABLE
RETURNS FOR
SHAREHOLDERS.

LAKSHMI MITTAL

OUR STRATEGY

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OUR STRATEGY

Navigating uncertainty with intent

MESSAGE FROM OUR CHAIRMAN

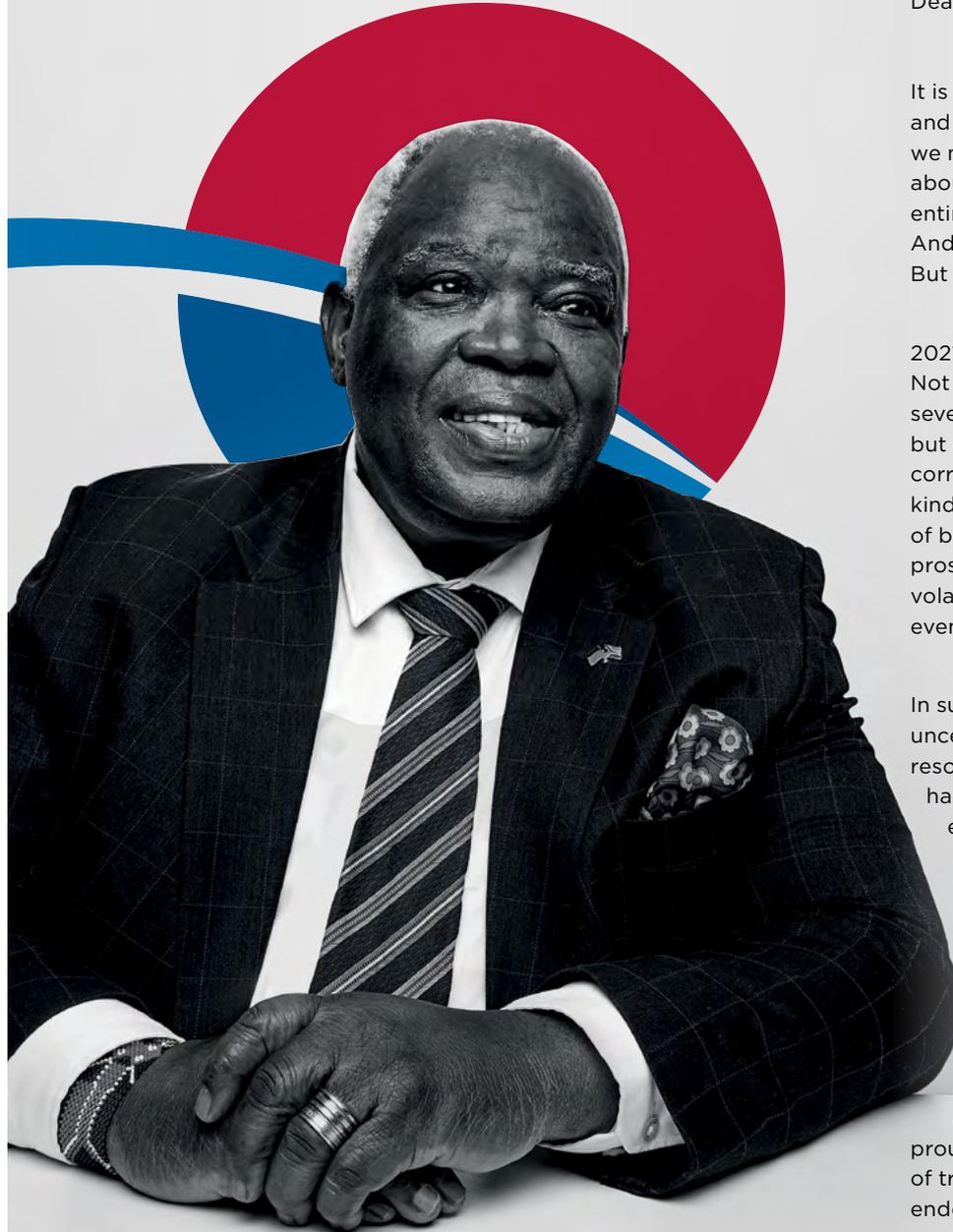
Dear Stakeholder,

It is with an overwhelming sense of déjà vu that I open a blank page and try to describe the unprecedented year that was, or fathom what we may face in the months, let alone years, to come. I recall talking about the black swan events of 2020, the pandemic that brought the entire world to a standstill, the hardships, the devastation.... And I couldn't even imagine that things could possibly get any worse. But alas, I was wrong.

2021 turned out to be a year even more turbulent that we anticipated. Not only were we hit with a second and third COVID waves, their severe impact on various industries and unprecedented job losses, but endured serious social unrest and looting, data breaches, corruption investigations and procurement scandals, implicating all kinds of organisations. All of these shenanigans destructed hundreds of businesses and cast another shadow on South Africa's economic prospects. The net effect of this extraordinary uncertainty and volatility is that we are simply rendered incapable of predicting or even imagining what the future might hold.

In such precarious times, when nothing other than the near term uncertainty is certain, it is only our purpose, determination and resolve that can guide us through the murky waters of the storm. It has been AYO's vision since inception to transform the country's economy and spearhead the 4th Industrial Revolution on the African continent. And in the words of Jeff Bezos "We are stubborn on vision. We are flexible on details."

I am afraid I am starting to sound like a broken record talking about the challenges AYO endured year after year, but 2021 really put us to the test. We faced complex confrontations with banking partners, obstructed investment negotiations and other difficulties that forced us to reassess our approach and make some difficult decisions. But looking back, I am proud of the progress we have made towards achieving our goal of transforming Africa's economy through technology. Our Group ended the year with a strong balance sheet, steadfast governance structure and well-defined strategy for the way forward.



As a technology investment group, our commitment is to make responsible, synergistic acquisitions with convincing growth prospects that can not only benefit from the Group's support, but make a meaningful contribution to AYO's value creation and impact. Thus, we measure our progress not by the rate of acquisitions we conclude in a year, but by the degree of synergies we can unlock together to create better value for our stakeholders. Our Group was already well entrenched in the remote working technology niche and with the acquisition of Kathea Communications in the financial year, we are now expanding into the agile office environment. This enables us to provide a more holistic range of offerings to our customers and bolster our role in Africa's economic value chain.

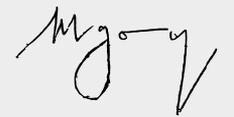
Understanding our role in this societal value creation process, we acknowledge our duty to enable, transform and empower the people and businesses that make up our economy. But we believe that what is at stake now is not growth this year or the next. Our collective priority right now should be to lay the foundations for inclusive and sustainable development over the next decade and beyond. And we concede that we cannot meaningfully contribute to this common goal unless our own house is in order. Thus, we spent a lot of time and energy in the past year stabilising our business and enabling it to weather the unknown future storms, while surviving the current one.

I believe our organisation is stronger now than it was ever before. We are motivated, confident and ready. We have created an effective, alert, knowledgeable and ethical governance structure. We have supported our employees to the best of our abilities through the crises and in return, we sense their commitment and loyalty. We have created opportunities for our people to learn and grow and devised ambitious succession plans for them to continue on their personal trajectories. We are well prepared for the unknown adversities that we will undoubtedly face on our journey. And we are also excited, as we are absolutely positive that the future is certainly bright.

On the subject of our people, I cannot miss the opportunity to express my gratitude and appreciation for AYO's Group CEO, Howard Platjes. As the Roman philosopher, Seneca, put it so eloquently over 2 000 years ago, "you learn to know a pilot in a storm". 2021 was not a regular storm. It was a tempest. But Howard and his executive team have navigated it with tenacity, resilience and grit. They have implemented critical initiatives that not only led the Group to survive the challenges, but also enabled the positive momentum to move forward, explore new growth opportunities and thrive.

I further want to thank my fellow Board members. They have worked tirelessly, demonstrated abundant creativity, courage and stamina, taken bold decisions and ultimately developed the strategy that will see AYO grow into a powerful African business with global reach. Our subsidiaries and partners deserve a special recognition, too. The ultimate gratitude, however, I reserve for our dedicated, diligent and formidable team. I am humbled by your remarkable achievements.

There is no sunset, not followed by dawn. There is no storm that lasts forever. Better days are coming and we will shine bright again.



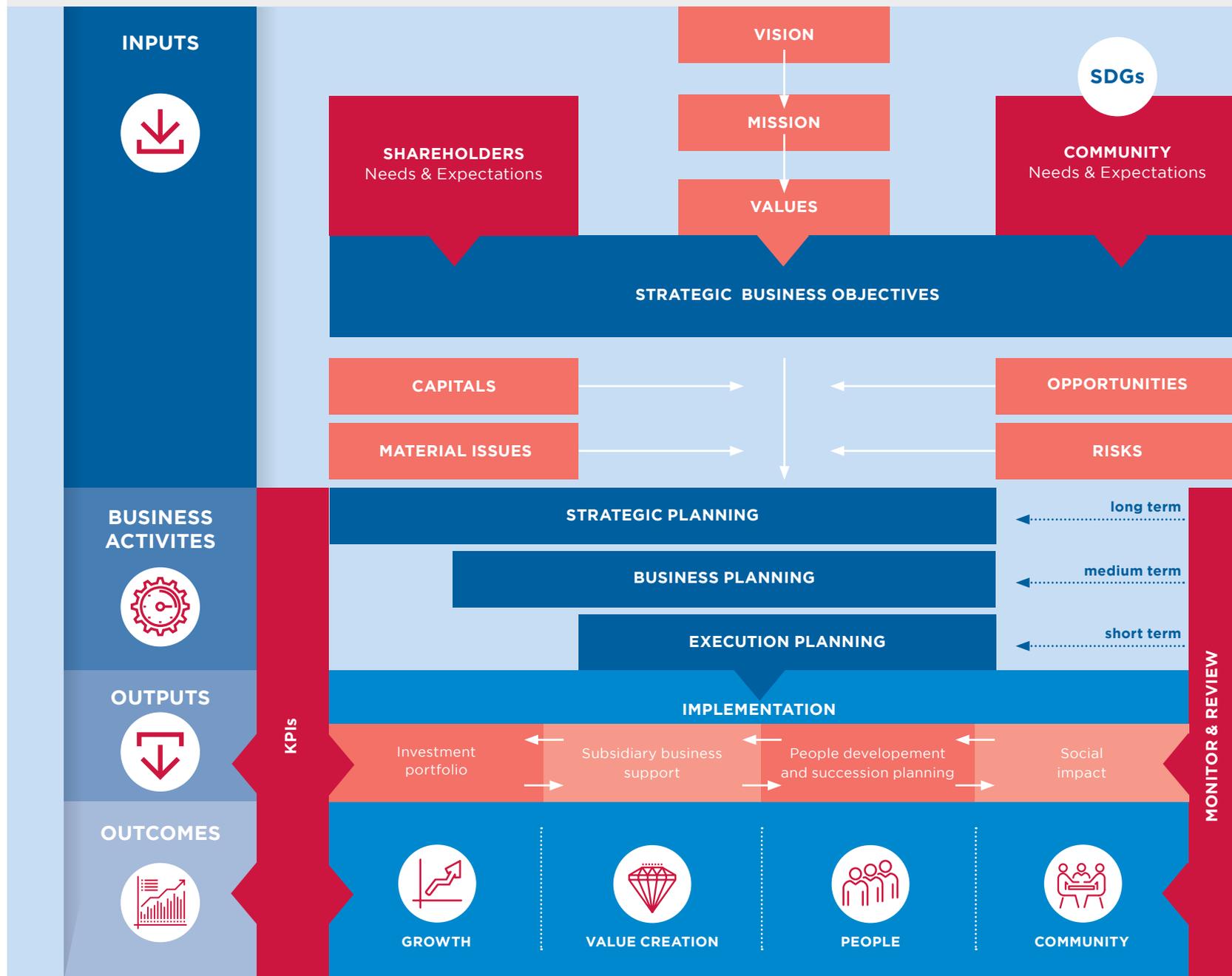
Dr Wallace Mgoqi

Chairman, AYO Technology Solutions

17 December 2021

Our integrated approach to strategy

Our strategy is the result of an integrated process, which takes into account the needs and aspirations not just of our business and shareholders, but also our people, portfolio companies and communities. Identifying opportunities, risks, material matters and capitals allocation alternatives is a Group-wide responsibility, involving input from all business units and divisions, as well as feedback from all our stakeholders. Our competent and seasoned executive team works all year round to develop and finetune the best strategic and operating approach, which is endorsed by our diverse, knowledgeable and highly experienced Board, before it gets implemented by the motivated and engaged AYO team.



Creating an African tech giant

OUR STRATEGY

Africa has the capacity to be a global economic superpower! With the abundant resources available, there are many opportunities to reshape the economy through various innovative technologies bringing in a Digital Economy. Transformed. See **HOW** AYO will transform the **NOW** into **WOW**.

WOW

A transformed economy is built from individual companies embracing digital technologies. Processes move faster, more efficiently and become cheaper; making companies more profitable.

Advancing life, business and economics.

HOW

AYO has identified several areas of **life, business and economics** that will be strongly impacted by technology in the next decade. As we anticipate high demand in these sectors, we acquire and scale businesses with innovative offerings in these fields and enable them to reach their full potential.

We do that by providing assistance in the form of:

-  Capital for growth & scale
-  Strategic direction
-  Exposure to new markets and clients
-  Operational support

NOW

In spite of its abundant natural resources, sizeable work force and arable land, Africa is not fulfilling its potential in the world's economy. The need is to link these resources with technological innovations to unlock globally competitive opportunities for new and existing businesses.



Focusing on long term sustainability

OUR STRATEGIC FOCUS AREAS

2021 has brought up the toughest leadership test for companies the world over. Beyond the short term uncertainty, it is clear that the post-pandemic world will be unavoidably different. The ultimate challenge faced by strategic decision-makers is how to bring the business back in an environment where the “old normal” has ceased to exist and the “new normal” has not yet been defined. It may seem disingenuous to think about growth and expansion at this point, but in actuality, the events of 2021 have reminded us how important and urgent it is to create conditions for higher and more inclusive value creation that benefit all South Africans.

Our team undertook an extensive strategic review in this past year, realigning our business directive to the rapidly changing global economic environment, while still actively promoting the advancement of the United Nations’ Sustainable Development Goals (SDGs) in Africa, contributing to meaningful long term socio-economic value creation. Some hard decisions were taken, which are fully explained on pages 36-57 of this report, but these were necessary trade-offs to ensure the long term sustainability of the Group. AYO has remained steadfast on the key focus areas that are critical to the resilience of our business and enable us to remain relevant and create and preserve shared value for our stakeholders and community.



RETURN TO GROWTH

While we acknowledge that the economic turmoil since the onset of the pandemic has affected every single business in the world, returning to growth is our overriding strategic focus point. We have always prided ourselves as a conscientious investor who approaches investment decisions with discipline and rigour. But while the marketplace is buzzing with discounted acquisition opportunities of struggling tech businesses, we have elected a more conservative approach, focusing on supporting our existing investment portfolio to enable our subsidiaries’ rapid return to growth, rather than spread ourselves too thin, too quickly.

We believe that in such precarious economic conditions, we can create and preserve value better by focusing on doing more of what we already do well, i.e. offering our excellent products and services to new markets, rather than take on new investments and develop new portfolio offerings. Thus, our key focus area for the medium term is promotion of the AYO brand onto the African continent and ultimately worldwide, which will enable our subsidiary companies to reach new markets and rapidly scale revenues. We are already taking steps to expand operations within the SADC region and look forward to reporting on the success of this strategy.



PEOPLE AT THE CORE

Douglas Conant, ex-President and CEO of Campbell Soup Company, said “To win in the marketplace, you must first win in the workplace”. Alibaba’s Jack Ma also often speaks of the importance of taking care of people – customers and employees – as they take care of the shareholder. At AYO, we share this sentiment and concentrate on unlocking the capacity of our people.

In this difficult period of COVID-induced economic downturn, when companies throughout the world have downscaled operations and retrenched thousands of employees, we have made it our priority to preserve as many jobs as possible. This has worked well and our people are equipped with the motivation, mindset, capabilities and passion to deliver their best work and find creative solutions to pertinent business challenges.

Our core values and objectives, aligned with UN SDGs, convince our employees that their work is truly meaningful and motivates them to continuously strive to create and preserve value. Our agile operating model enables multi-disciplinary cross-regional teams to collaborate and in a quick video conference develop integrated strategies with tangible impact.



AGILE OPERATING MODEL

One thing that has become clear for businesses across the globe in the past 18 months is that agility in business is paramount. Given crisis-related disruptions in the overall economic environment, supply chains and channels, stakeholders' and customers' needs and rapidly-changing trading conditions, adaptability is essential. For us this means pivoting operating templates and establishing non-traditional collaborations between subsidiaries and partners up and down the value chain, to deliver creative solutions to novel challenges faced by our Group companies and build operations resilience.

We are proud and delighted by the early signs of success of our new agile operating model. Cross-functional and cross-companies' teams with extended decision-making authority have worked faster and better than we even dreamt possible just a year ago. We believe that maintaining this sense of possibility will be an enduring source of competitive advantage for our business.



SUSTAINABLE SHARED VALUE

Our long term sustainability and success are contingent on the degree to which we deliver value to society. We have adopted the United Nations' SDGs as our framework for measuring performance in terms of good corporate citizenship and this has proven important during this time. We continuously seek to align our business objectives with those of a broad base of stakeholders, adopting an all-encompassing social impact investing mindset, which shifts the focus from corporate social responsibility spend (input) to the actual impact and value of the investment (outcomes). This new approach enables us to remain relevant and stretches our social licence to operate, which ultimately creates trust.

Balancing stakeholder interests

STRATEGICALLY OPTIMISED TRADE-OFFS

PRO TEM INVESTMENT HALT FOR CASH PRESERVATION		EMPATHY IN RESTRUCTURE	
STRATEGIC FOCUS AREA	RETURN TO GROWTH 	STRATEGIC FOCUS AREA	PEOPLE AT THE CORE 
CAPITALS IN PLAY	<p>As a typical “black swan” event the COVID-19 pandemic shocked and stress-tested the global economy. Forcing entire industries into prolonged shut down, the consecutive lockdowns diminished revenues, depleted profit numbers and extinguished businesses with insufficient cash reserves. Even though the demand for technology-based products and services, such as those offered by the AYO Group, remained robust, supply chain disruptions impacted many of our subsidiaries.</p> <p>Given the importance of cash flow in times like these, our Board was compelled to quickly reassess our growth strategy and adopt a treasury plan for cash management as part of our overall business risk and continuity matrix. Realising that the pandemic storm is far from over, we reconsidered our acquisition pipeline and long term growth aspirations in the context of ensuring the survival of our existing investments in the near term. This led to the unanimous decision to temporarily put a halt on new acquisition negotiations in order to preserve cash and stakeholder value created thus far.</p> <p>With many cash-strapped acquisition targets now available at a discount, the “missed opportunity” cost may seem high. However, our prudent approach to cash management has served us well in the past and considering the extreme levels of economic uncertainty 18 months into the pandemic, we believe it is our responsibility to safeguard our investors’ assets, as this will allow us to create value well after the storm is over.</p>	CAPITALS IN PLAY	<p>We understand the profound disruption of the pandemic not only on businesses but even more so on individuals, families and communities. Since the onset of lockdowns back in March 2020, we developed and implemented an emergency response action plan that strived to protect the lives and livelihoods of our people. We provided all the resources required to ensure all our staff can work remotely in a safe, risk-free environment, as well as afforded access to specialised health care and resources for themselves and their families. While creating these arrangements came at a high financial cost, we deemed it our duty to rise up to the challenge and demonstrate in a tangible way the value we place on our people.</p> <p>As the national state of disaster continued (and still does) much longer than initially anticipated and our revenue streams came under pressure with cash-strapped clients not renewing maturing contracts, we had to make some difficult decisions striving to balance the wellbeing of our employees and the financial health of our business. In the perspective of evolving business processes and human capital business requirements, it is imperative that the AYO Group is right-sized and optimally structured. Yet, creating or at least preserving job opportunities in the high unemployment South African context is the responsibility of a good corporate citizen.</p> <p>We approached the restructuring process in the Group with empathy, striving to minimise job losses as well as business disruptions. The total number of employees was reduced by only 10%, mostly through natural attrition. Despite the financial implications and challenges, we have continued to support the upskilling and reskilling of our personnel, equipping them with sought-after skills to drive business change and remain relevant in the competitive work environment.</p>
CAPITAL OUTCOMES	<ul style="list-style-type: none"> • Strong cash holding position • Resilient balance sheet • Minimised financial risk 	CAPITAL OUTCOMES	<ul style="list-style-type: none"> • Responsible optimisation of headcount (mostly via natural attrition) • Optimised operating and payroll costs • Multi-dimensional employees with diverse skills, able to create value in various roles in the organisation

In business, as in life, everything comes at a cost – be it time, money or energy. Arduous economic conditions further exacerbate the often-conflicting demands on our capitals and compel us to make strategic trade-offs and tough decisions to ensure we safeguard business continuity, balance the interests of our various stakeholders, remain relevant and create long term value. Below are some of the key trade-offs we made during the year and the rationale behind our decisions.

TRANSITIONING TOWARDS AGILE WORKFORCE		CORPORATE SOCIAL RESPONSIBILITY IN TIMES OF ECONOMIC DOWNTURN	
STRATEGIC FOCUS AREA	AGILE OPERATING MODEL 	STRATEGIC FOCUS AREA	SUSTAINABLE SHARED VALUE CREATION 
CAPITALS IN PLAY    	<p>Fostering an agile workforce is a business imperative brought about by the pandemic, but to us at AYO, the concept is much more far-reaching than merely enabling remote working of our employees. The challenges we have faced as a Group and within individual companies and units have validated our strategic focus on empowering our teams to become complex problem solvers that can quickly “swap hats”, so to speak, and address urgent, pertinent business dilemmas in the nick of time. In today’s world of work, it is simply not enough for an employee to be a human resource specialist or an accountant anymore. He needs to be a multi-discipline professional who can apply critical business thinking to all areas of the organisation and quickly adapt to any business environment.</p> <p>We believe that professionals like these are not born, they are created, and it is our duty and responsibility to nurture and direct the development of our people. It is an investment not just in their personal growth, but also in our talent pipeline and succession planning.</p> <p>Of course, cultivation of multi-disciplinary skills comes at a cost not only in terms of money, but also employees’ time and business needs. Even once the skills are acquired, drawing a key staff member from their core role in order to utilise their expertise to solve a crisis elsewhere in the organisation, places excessive strain on the rest of the team. However, in times of unprecedented uncertainty, it is critical to the business’ survival to create the capacity for such agility. Hence, we have focused on developing appealing retention incentives for key individuals and investing in the continual education of auspicious employees in the context of headcount optimisation.</p>	CAPITALS IN PLAY     	<p>Communities and government have long been placing increasing responsibility on the commercial sector to solve societal problems and good corporate citizens progressively adopt the promotion of UN SDGs as a strategic objective. But an economic downturn places severe pressure on available resources while simultaneously exacerbating the plight of marginalised communities.</p> <p>In the context of scarce and diminishing financial capital and our communities’ dependence on corporate support, we had to reassess our investment in corporate social responsibility programmes and identify ways to create shared value without sacrificing critical resources (both human and financial). Of course, abandoning our commitment to social upliftment was never considered as an option. Yet, we had to trade off the volume of beneficiaries we could reach against tangible impact of the programmes we invest in.</p> <p>Our corporate social investment in 2021 far exceeded the stipulated requirement of 1% of NPAT. In fact, we amplified our CSI spend during the period, while absorbing the financial implications of the slumped South African economy. However, we are steadfast in our conviction that sacrificing needed resources in the short term will unlock the extraordinary potential of our communities and result in sustainable shared value for all in the long term.</p>
CAPITAL OUTCOMES	<ul style="list-style-type: none"> • Highly capable complex talent pool • Multi-disciplinary cross-functional teams • Comprehensive succession pipeline 	CAPITAL OUTCOMES	<ul style="list-style-type: none"> • Concentrated CSI investment with tangible impact on the community • Employee satisfaction and team loyalty fostered through volunteerism • Social licence to operate

Delivering on our commitments

MEASURING PERFORMANCE AGAINST 2020 STRATEGIC KEY PERFORMANCE INDICATORS (KPIs)

The key focus areas outlined in our 2020 Integrated Report guided our decisions and actions during the current reporting period. While the year certainly presented us with new challenges, which we couldn't have predicted or prepared for, we are proud by the progress we have made towards realising our strategic outcomes and the value we have created for our stakeholders.

	FOCUS AREA	PRIORITISED RELEVANT SDGs	CONTEXT
GROWTH	DISCIPLINE STRATEGIC INVESTMENTS	 	<p>As South Africa was emerging from the initial strict lockdown in the last quarter of 2020, we were excited by the profusion of investment opportunities in the technology sector and were eager to speed up the negotiations with companies in our acquisition pipeline. However, the second and third COVID waves, which we experienced in 2021, triggered new levels of uncertainty, that are even harder to quantify. Thus, we were compelled to reassess our growth strategy for the near future. We decided that a more stringent approach to cash management in the short term would safeguard business continuity for the companies in the AYO Group and ensure we are able to weather the unanticipated prolonged COVID storm.</p> <p>On 1 March 2021 we finalised the acquisition of 100% of the shares issued of Kathea Communications, which we initially announced at the end of 2020 financial year. This newest company in the AYO Group not only strengthens our position in the audio and video conferencing equipment segment, but also provides us with an entry into the agile office space sector. Thus, we view the transaction as an important strategic advance towards realising our growth ambitions.</p> <p>AYO's traditionally strong cash holding position proved invaluable during this pandemic, enabling us to minimise the impact of the subdued economic activity on our people and companies. Unfortunately, at the Annual General Meeting earlier this year, just over 66% of our shareholders voted in favour of the special resolution allowing AYO to provide financial assistance to companies within the Group, which significantly hampers our ability to address the cash flow challenges facing some of our otherwise great performing investments. We are actively engaging with dissenting shareholders on this issue, as it may cause substantial erosion of value in the medium and long term.</p>

	FOCUS AREA	PRIORITISED RELEVANT SDGs	CONTEXT
VALUE CREATION	AGILE BUSINESS OPERATIONS	  	<p>When we identified business agility and capacity to quickly pivot into updated operating structures as a key priority in 2020, our rationale was based on the uncertainty triggered by the COVID pandemic worldwide. Little did we know that our own challenges, particularly those arising from the withdrawal of transactional banking facilities by FNB in late April 2021, would multiply the significance of this business imperative.</p> <p>Most other organisations would have probably struggled to endure a crisis, such as the one faced by AYO at the time, but having the foundations of an agile organisation firmly in place enabled us to continue business operations despite this critical disruption. Within hours the Board had developed and agreed on a seven-point plan, which was seamlessly implemented and ensured business continuity in the short term, as well as sustainability in the long term. Treasury function was ascribed to a subsidiary organisation to facilitate payments in the interim period until a viable solution was found. The executive team engaged with financial service providers both within South Africa and abroad and quickly managed to establish new relationships that resulted in alternative transaction facilities.</p> <p>This predicament certainly challenged us more than any other challenge we had faced before, but it also validated the accuracy of our strategic direction and enabled us to validate the trust our stakeholders have placed in our hands and preserve the value we have created over the years.</p>
PEOPLE	TALENT DEVELOPMENT	  	<p>AYO has always placed people at the core of our business. We believe that people are the driving force of our organisation and that talent development is integral to our future success both as a company and as a society. Our development interventions prepare our team to operate optimally in adverse conditions and unforeseen situations.</p> <p>During 2021 this investment in people proved instrumental to our business' survival as unanticipated developments within subsidiary companies necessitated swift and decisive reactions. Group executives from AYO's core team assisted investee companies to address challenges they couldn't handle alone from human resources disputes to business turnarounds. We are pleased by how well our capable management team performed in these stressful situations and we believe that the problems they solved equipped them with new skills that will be invaluable in the future.</p> <p>We will continue to focus on talent management and development going forward, preparing comprehensive succession plans for key roles within the organisation. This will not only enable us to create and preserve value in the future, but also solidify our positioning as an employer of choice and a responsible corporate citizen.</p>

	FOCUS AREA	PRIORITISED RELEVANT SDGs	CONTEXT
BRAND	REPUTATION MANAGEMENT	 	<p>It is no secret that since the Group’s listing in 2017, AYO has been at the receiving end of a cohesive media campaign, which, intentionally or not, has led to critical impairment of its brand name and reputation. Although this protracted campaign focuses on one of AYO’s investors rather than the Group itself, it is nonetheless destructive to the organisation and is essentially eroding the value the Company creates. It was also the root cause of the banking challenges we faced in 2021.</p> <p>The AYO Board has thus decided to undertake an in-depth review of the findings of the Mpati Commission of Inquiry and obtain further clarity on such findings as relevant to the Company. For the purpose, the Board has agreed to appoint an independent consultant to review the Mpati Commission of Inquiry Report and to assess the validity of statements made in the report relating to AYO. Such appointee will be a retired judge or retired senior advocate, that has no current or previous direct or indirect links or interests in the Group. Additionally, the appointee will be mandated to fully investigate the PIC’s investment in AYO. In this regard, the Board has pledged to extend the appointed legal expert full access to all AYO documentation, including all correspondence, emails, meeting minutes and any other relevant records, leading up to the investment. AYO has every intention to publish such a report and make it available to its stakeholders. It will further be used to inform a comprehensive media strategy that will aim to disperse the misinformation spread in the public media domain and rebuild the Group’s reputation and good name.</p>

Leading with integrity

CORPORATE GOVERNANCE MILESTONES HIGHLIGHTS

The Board of directors provides leadership and strategic guidance, aimed to safeguard stakeholder value creation within a framework of integrity, accountability and exceptional corporate governance practices. AYO continues to align its approach to governance with King IV™ recommendations and integrated, outcomes-based thinking.

Integrity, responsibility, accountability and transparency are the ethical principles deeply embedded in the way we lead and operate. Our employees’ behaviour is governed by the Code of Ethical Conduct, which is adopted by all companies within the Group. A Code of Conduct for Strategic Partners provides the ethical and legal framework for our business relationships and informs the behaviour of all associated business units, advisors, partners and consortiums, in which we may operate.

A full library of policies, codes and charters is developed, regularly updated in alignment with the most recent King IV™ requirements and legislation and implemented to ensure our business is conducted ethically and responsibly.

Our Board is the custodian of exemplary corporate governance and is responsible for steering the Group towards outcomes-based value creation in a conscientious manner. Therefore, we continuously evaluate our Board as a whole, as well as the individual directors therein, to ensure the governing body is well-balanced, independent, knowledgeable and actively involved in the business, incorporating diverse skills and insights. The Board’s charter and mandate, as described in detail in pages 68-70 and available on our website at www.ayotsl.com, stipulate the areas of responsibility and oversight of the body, while this section summarises the key outcomes of the Board’s activities during the reporting period.

ETHICAL CULTURE

Ethical conduct is a way of life at AYO. The very leaders of our organisation, our executive and non-executive Board directors, collectively establish the ground rules and expectations and serve as role models of ethical behaviour for all employees in the Group. A fitting demonstration of our leaders' commitment to moral values, fair judgement and ethical conduct is the nomination of our Chairman, Dr Wallace Mgoqi, for the highly esteemed post of South Africa's Chief Justice in October 2021.

The Group has zero tolerance to fraud, corruption or any form of law violation. Under the guidance of the Social, Ethics and Transformation (SET) committee, AYO subscribes to and implements a comprehensive Group-wide Anti-Corruption and Bribery Policy, which governs our communications, contacts and dealings with all internal and external parties and ensures conflicting interests are disclosed and balanced. A confidential reporting hotline is available, where ethical concerns or accounts can be raised with discretion and peace of mind.

REGULATORY COMPLIANCE

Our extensive and robust governance framework, which comprises more than 50 explicit policies, codes and other documents, is continuously aligned with all relevant legislation, updated King IV™ and JSE Listing Requirements and the Company's Memorandum of Incorporation. A multi-disciplinary team, including internal audit, financial controls and legal executives, constantly monitors the ever-evolving regulatory environment to ensure that updated requirements are identified timeously. The business impact is also assessed and appropriate controls implemented to enhance the Group's defensible compliance position.

With data considered a particularly valuable asset to the Group, the global focus on data protection and the South African Protection of Personal Information Act (POPIA) coming to full effect on 1 July 2021, the Board oversaw the implementation of Group-wide compliance rollout. A formal policy was approved and adopted, in-depth appraisal of function-specific practices was carried out to assess material compliance with the Act and information officers and deputy officers were appointed across all AYO companies and units. Data protection will remain a high compliance priority for the Group.

COMMUNICATION AND ENGAGEMENT

Developing a strong corporate image requires more than just "doing the right thing". It also involves consistent communication and committed engagement with peers, partners and stakeholders. Given the prolonged reputational damage AYO has suffered as a result of an antagonistic media campaign, it is our business imperative to establish and maintain open conversation with our stakeholders and disperse any confusion or concerns such as adverse media coverage may trigger.

The consistent association and discredit of our brand with investigations of impropriety at the PIC during the Mpati Commission of Inquiry continues to erode the value we work hard to create for our stakeholders. Thus, in 2021 the Board resolved to appoint an esteemed legal expert to review the findings of the Mpati Commission Report as relevant to AYO and implement all recommendations that may arise from such a review. Upon finalisation of this assessment, we intend to disclose all relevant findings and ensuing actions to our stakeholders and broader community.

UN SDGs ALIGNMENT

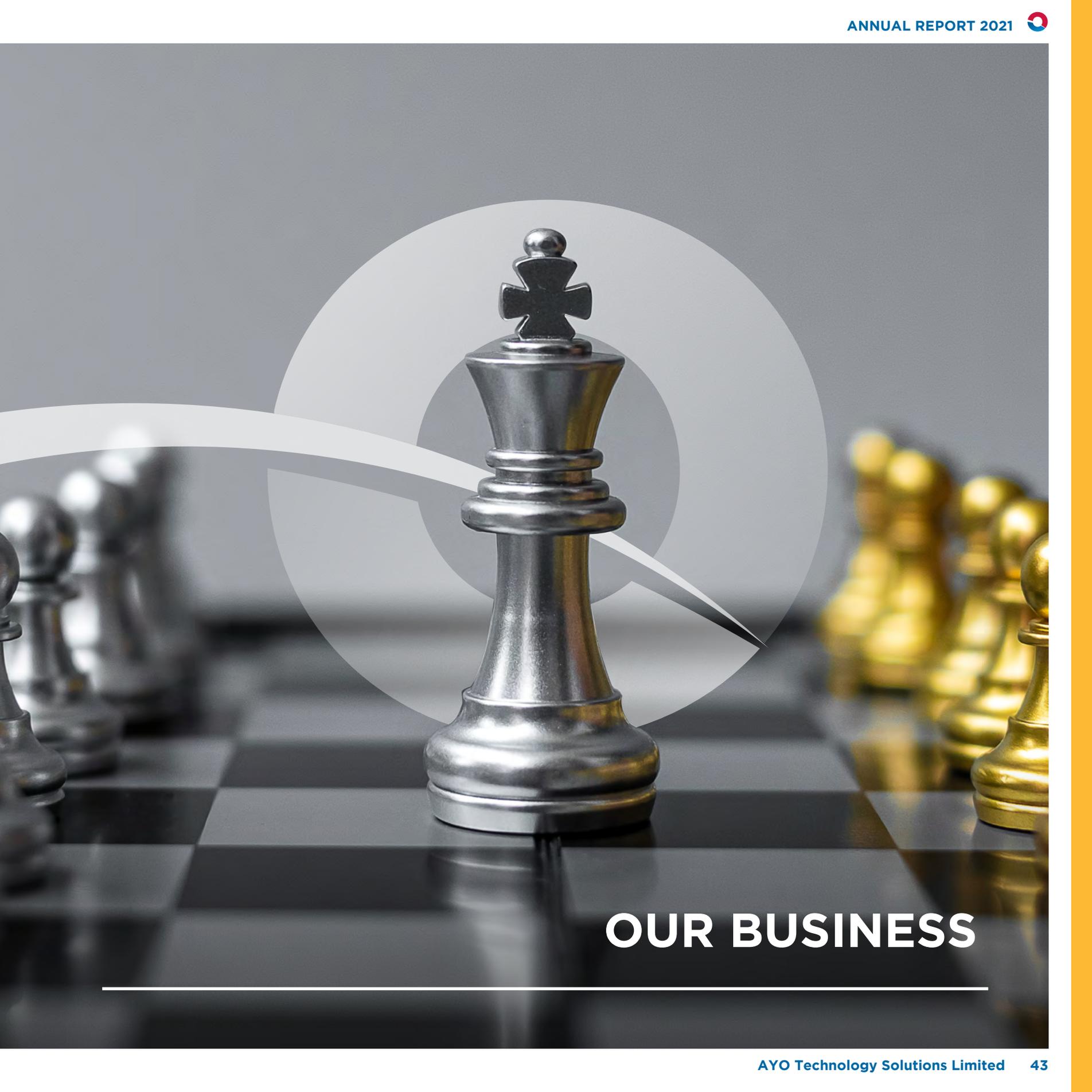
At AYO we not only strive to conduct business in a fair, ethical and lawful manner, but also aim to ensure that our activities create value for those who need it the most. Therefore, we align our approach to global sustainability best practices and measure our performance against the desired outcomes of UN SDGs. Improving the lives of our marginalised communities is not a peripheral outcome of grudge stipulated CSI expense, but rather an important focal element in our integrated strategic approach.

Beyond our contribution to promoting UN SDGs as a Company, we encourage and, at times, incentivise our staff and their families to take active part in volunteerism, which aid the communities hard hit by the pandemic, while simultaneously embeds AYO's core values and strengthens team cohesion. Our employees are passionate about their community and highly engaged in volunteer projects as demonstrated by their eager participation in Ladles of Love's Guinness world record breaking initiative to create the longest line of food cans and alleviate hunger amongst the poorest of citizens.

OUR BUSINESS

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OUR BUSINESS



Those who endure, conquer

REFLECTIONS FROM THE CHIEF
EXECUTIVE OFFICER

WHEN WRITTEN
IN CHINESE, THE
WORD CRISIS IS
COMPOSED OF
TWO CHARACTERS.
ONE REPRESENTS
DANGER AND
THE OTHER -
OPPORTUNITY.

危机

Dear Stakeholder,

I am honoured to have the opportunity to address you once again and reflect on yet another turbulent year. I recall writing my address to you at the end of 2020 with relief and renewed hope for speedy economic recovery, as we were easing out of the first COVID wave, the harsh lockdown restrictions were slowly lifting, and the warm summer weather set off a sense of return to much craved normality.

As we faced the second and third noxious waves and the realisation that this pandemic is going to be with us much longer than we initially thought, I contemplate the very obscure silver lining of these extremely adverse conditions.

When written in Chinese, the word crisis is composed of two characters. One represents danger and the other – opportunity. Looking back, I am proud of how, in the face of the greatest humanitarian and economic crisis of our times, AYO rose to the challenge and maximised the opportunities to speed up and solidify technology adoption in critical industry sectors, enable South Africa’s transition to the “new normal” and ultimately create lasting value for all our citizens. We integrated fragmented patient care systems to facilitate communication between various private and public health care institutions. We provided the equipment and tools to make the shift to remote working and learning possible, which in turn, aids economic and social inclusivity. We ensured our retail and banking industries were adequately prepared to face the heightened cyber security risks brought about by the multiplied volume of online transactions.

However, as a second financial year rolls by, marred by intermittently rising infection rates, human tragedy and economic devastation, we begin to understand that this is not just a test of short term resilience, but also one of endurance. These are times that prompt businesses the world over to revisit their strategies, as the actions that brought initial success are unlikely to be as impactful in the prevalent conditions. These are times to swiftly re-evaluate the layout of the proverbial business chess board and make confident, decisive moves. AYO once again rose to the challenge.

Our ability to survive and thrive in such volatile environment is dependent on the resources we have available and how skilfully we apply these capitals, where they are most needed. We are fortunate to have a formidable arsenal at our disposal:

- Strong portfolio of well-established subsidiaries and investments;
- Sound and ethical governance structure;
- Robust financial controls;
- Agile business operations, and
- Talented, engaged and driven team.

Above all, however, we value the freedom and prospects afforded to us by our well capitalised liquid balance sheet.

In precarious market conditions, such as these current ones, balance sheet strength is far more important to the business’ long term survival than income statement returns. Hence, we pivoted our short view strategic focus from resource-consuming acquisitive growth to cash preservation mode, implementing tight operating capital controls and prudent liquidity management.

Of course, we remain an investment company at our core and still consider acquisitions that meet our investment criteria, inter alia, reasonable price proposition, compelling investment case and strategic rationale, clearly definable synergies and ease of integration with our existing portfolio, however it will not be our immediate priority in 2022. We acknowledge our investors’ trust in us to manage their capital responsibly amidst the uncertain economic climate and will not be lured by discounted acquisition opportunities, unless they clearly demonstrate the value to our portfolio.

An apt illustration of such an acquisition in 2021 was the Kathea Communications transaction, which was finalised halfway through the reporting period. This new investment not only strengthens our position in the unified communications and remote working tools market, by complimenting Headset Solutions’ market reach, but also positions us for growth and value creation in another promising niche – the agile workspace environment – which has seen tremendous uptake in the past year.

We are also cognisant of the potential impact of the current subdued economy on some of our subsidiaries. While it is true that the technology sector, in general, has been somewhat sheltered by the COVID-induced financial knocks (on the contrary, demand for many technology-based product and services has been amplified by the pandemic), supply chain disruptions and cash-strapped client base, reluctant to renew maturing contracts, have taken a toll on the cash flow of several operating units. In this regard, it is disheartening that a minority of our shareholders did not fully appreciate the value AYO’s short term financial assistance could add to the operations and voted against a resolution allowing us to provide such backing at the Annual General Meeting. Nonetheless, we continue to engage with these shareholders in constructive dialogue and trust we will find a favourable solution.

Another defining challenge that diminished our control over the business chess board was the termination of our banking relationship with FNB, which led to the withdrawal of transactional facilities for the Company.

I am proud and grateful of the swift response and action of our Board and team in the face of this stumbling hurdle and rapid defence strategies that were developed and implemented to warrant our business continuity. We focused on strengthening compliance assurance, financial controls, operating expenses and internal audit, which not only facilitated the implementation of short term measures to continue operations, but also reaffirmed our integrity to regulatory bodies and business partners. Zealously and proactively, we engaged with stakeholders and partners (old and new). Our open and honest communication approach is what mitigated the threat of this predicament on our fragile brand reputation.

Finally, we established a multi-disciplinary business development unit, mandated to explore synergies amongst operating divisions and identify opportunities to create new streams of revenue, as we see intra-Group collaboration as a true lever for unlocking long term value.

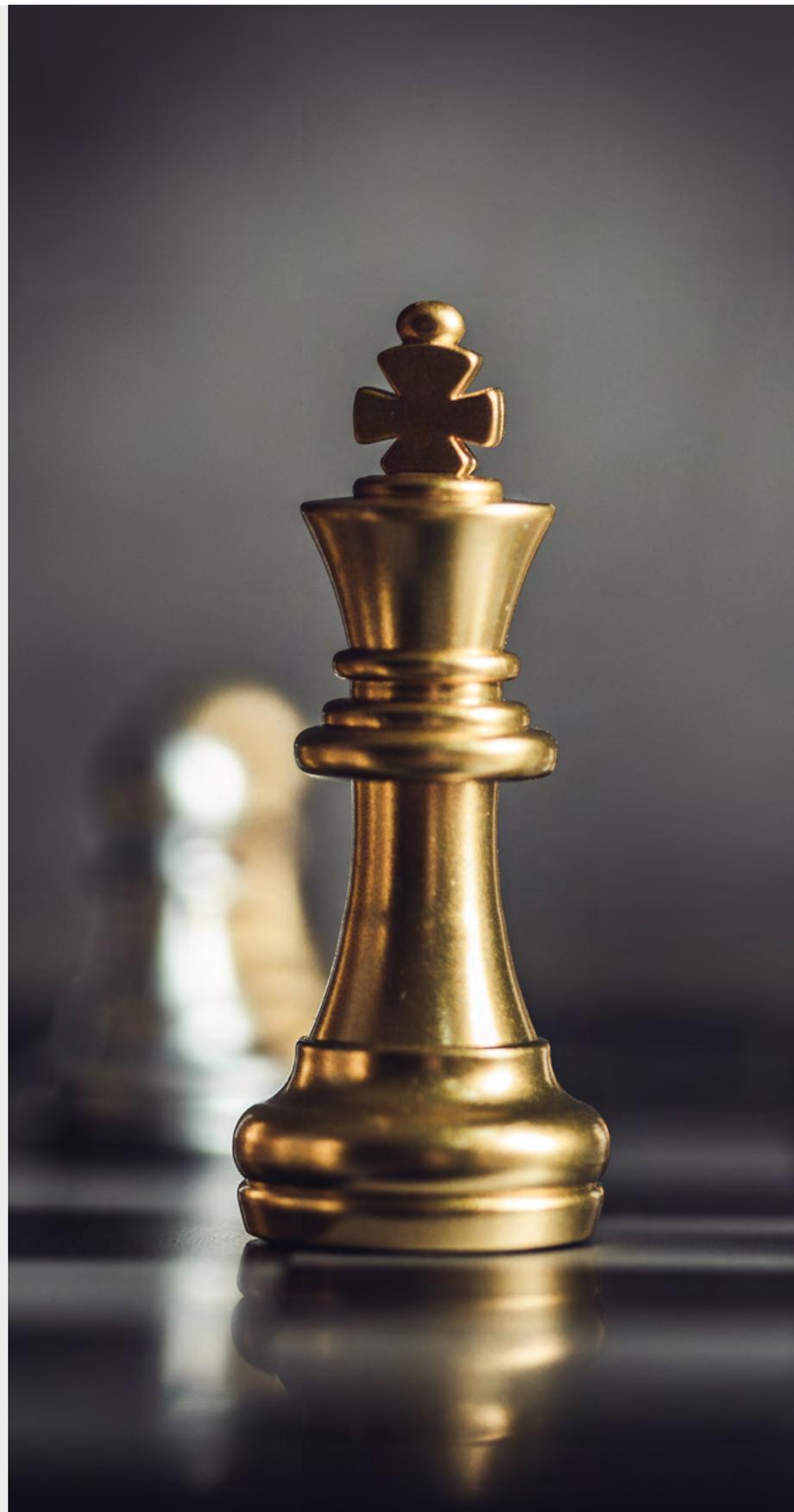
While I am proud of our achievements and resilience as a business in the past financial year, I believe that to thrive in the long term, we need to operate in a growing economy. Thus, to honour the trust of our shareholders and maximise our value-creating potential, the responsible course of action for the AYO Group going forward is to think globally and diversify the markets we operate in. We have commenced looking at expanding operations into other SADC countries in 2022 and harbour aspirations of further expansion into rest of Africa and abroad in the medium term. Such growth cannot be achieved without the right people and thus, talent management and succession planning will also be a central focal point for us in the upcoming year. Lastly, we recognise the value of active, amicable relationships with our various stakeholders and will continue to build on the foundations already laid, strengthening ties with shareholders, business partners, regulators and peer industry organisations.

In closing, I would like to extend my sincere appreciation and gratitude to our Chairman, Dr Wallace Mgoqi, and the Board for their continued guidance and support as we navigated the challenges of 2021. I also recognise and acknowledge the dedication and resilience of the executive team, our subsidiaries, partners, associates, shareholders and above all, our people. Your tenacity, stoicism and grit are what makes AYO the dynamic, prosperous group that it is, and I thank you!

I am excited for the next chapter of our assiduous journey and I believe we will continue to create and add value to everything we do.



Howard Platjes
Chief Executive Officer
17 December 2021



Amply resourced for sustainable growth

OUR CAPITALS

Value cannot be created or preserved by or within an organisation alone. It is dependent on various resources, nurtured through mutually beneficial relationships with stakeholders and contingent on pensive allocation and utilisation by the business. At AYO our driving business imperative is to meticulously manage our capitals, recognise the constraints we face and deliberately appraise the required trade-offs, so that we can create and preserve the best possible value for our stakeholders, while simultaneously contribute to the advancement of UN SDGs on the African continent. By carefully allocating, managing and monitoring our capitals and trade-offs, we empower our shareholders, customers, subsidiaries, partners, employees and community.



FINANCIAL CAPITAL

Responsible capital allocation and asset management is the most important function of an investment holding company. With the prevailing strained macro-economic climate currently putting excessive strain on financial capital, prudent cash preservation has become paramount. AYO's strong financial capital position has afforded us the resilience to survive the challenging market conditions and minimise the value erosion for our people and shareholders brought upon by the COVID pandemic.

- *R4.2 billion total assets*
- *R2.2 billion in cash and cash equivalents*
- *R1.7 billion operating revenue*

CONSTRAINTS

In a stagnating economic environment preserving the value of financial capital remains a challenge. While AYO's cash holding position is auspicious, we acknowledge the potential value-eroding impact of subdued economy on our financial capital in the short and medium term.

“ IN THE FACE OF HIGH ECONOMIC UNCERTAINTY, BALANCE SHEET STRENGTH TRUMPS INCOME STATEMENT RETURNS ANY TIME.

HOWARD PLAATJES
AYO CEO



HUMAN CAPITAL

We consider people one of our most critical and valuable resource. As a complex and diverse organisation, we rely on the skills, knowledge and creativity of our highly capable teams to create and preserve value for our business and stakeholders. With the accelerated pace of change in the technology sector, continuously investing in the upskilling and re-skilling of our people enables us to remain relevant and competitive in this challenging environment.

- *1 151 employees*
- *R1.5 million investment in training and development*
- *Rich talent pipeline and systematic succession plans*

CONSTRAINTS

Attracting and retaining high-performing, multi-dimensional, capable employees with a diverse set of necessary skills for now and into the future is a challenge, given the attractiveness of international opportunities. We strive to provide an appealing agile working environment that stimulates and develops our valuable associates.



INTELLECTUAL CAPITAL

Intellectual capital comprises of the intangible assets that give AYO the ability to create and preserve value for its stakeholders. It includes the scarce technology-related skills of our employees, our ability to manage and mitigate risk, our disciplined investment methodology and due diligence evaluation processes. Appropriately applying our intellectual capital enables us to identify and fill market gaps quickly, thus creating and preserving value in the short, medium and long term.

- *124 key technology-related skills*
- *119 principal OEM partnerships*
- *Rigorous investment, due diligence and governance practices*

CONSTRAINTS

The reputational damage suffered by AYO as a result of the concerted negative media focus over the last three years continues to pose a challenge for the Group, eroding the value of our brand. Yet, we believe that through consistent good governance and honest communications we can demonstrate AYO's ethical, strong foundation to our stakeholders.



MANUFACTURED CAPITAL

Creating and preserving value would not be possible without the “tools of the trade”. Just like a logistics firm cannot operate without a fleet or a clothing manufacturer needs sewing machines, we rely on powerful, modern, state-of-the-art technology to develop and deliver innovative products and services that facilitate efficiency, improve service levels and largely transform critical industry sectors, such as healthcare, banking or logistics. Our cloud-based technology platforms have enabled us to seamlessly transition to and from remote working environment with minimal disruption to productivity and customer service.

- *R50.8 million fixed assets (property, plant and equipment)*
- *Modern, secure, cloud-based technology platforms*
- *Market-leading, informative and appealing digital communication channels*

CONSTRAINTS

As technology evolves at unprecedented pace, the necessary continuous re-investment in the latest and most powerful digital tools is costly. Cyber security and data protection also require unremitting attention and monetary expense.





SOCIAL AND RELATIONSHIP CAPITAL

Our partnership mentality is one of the cornerstones of our business philosophy. We adopt a collaborative approach in all our relationships – with our clients, suppliers, investors, subsidiaries and associated businesses. We strive for honest and open communication and engagement with all our stakeholders and impactful social transformation in all our activities. Our integrated marketing and enterprise development initiatives, such as the AYO Scaling Africa Series Innovation Challenge serve to empower and support young entrepreneurs and enable them to solve problems and create value for their businesses, their communities and our country.

- *R14.6 million investment in corporate social responsibility and enterprise development*
- *R500 000 investment in technology entrepreneurship through AYO Scaling Africa Series Challenge*
- *R100 000 investment in community upliftment programmes and volunteerism, including Ladles of Love World Record Breaking food collection event*

CONSTRAINTS

With increasing expectations on companies to solve societal issues and promote the advancement of UN SDGs, expenditure to support our community (both financial and human) will remain high. Yet, this investment in social capital is paramount to AYO's social licence to operate.

“ UNITY IS STRENGTH...
WHEN THERE IS TEAMWORK AND
COLLABORATION, WONDERFUL
THINGS CAN BE ACHIEVED.

MATTIE STEPANEK



NATURAL CAPITAL

While natural resources are not largely utilised in our operations, we respect and value our physical environment. We consciously conserve natural resources, reduce waste and optimise our operations to achieve effective net-zero environmental impact. We have widely adopted video-conferencing approach to meetings, where possible, to reduce travel and actively influence our carbon footprint. Being cognisant of the growing negative effect of technology on our natural world, we have pioneered a Group-wide e-waste recycling campaign that educates and encourages our people to take responsibility and dispose of obsolete hardware in a sustainable manner.

- *Five-star green building offices*
- *Carbon-neutral operations*
- *Group-wide e-waste recycling campaign*

CONSTRAINTS

While “green technology” is becoming more and more prolific in the industrialised world, Africa lags far behind in creating an environment where such innovation is accessible, implementable and affordable.



Our operating environment

The economic context in which we operate greatly affects our ability to create and preserve value for our shareholders and stakeholders. Thus, it is imperative that due consideration is given to critical environmental factors and their potential impact on our Group.

SUBDUED ECONOMIC GROWTH

Macro-economic conditions affect every company within the business ecosystem and AYO is not immune to the impact of the current universal slowdown. As an investment holding company, our financial performance is contingent on the commercial success of our operating units. Our subsidiaries, in turn, are directly affected by economic and political events.

The corona virus pandemic has provoked a fundamental shift in public spending in the short term, diminishing the priority of projects not directly related to provision of PPE, COVID testing and vaccination rollout. This has challenged our traditionally strong government and municipal customer base and large projects' pipeline. Further, various investigations into irregular spending and corruption at national and regional level have slowed down the award and implementation of public contracts in 2021.

The social unrests in Gauteng and Kwa-Zulu Natal during the year, on the other hand, have exacerbated the financial toll on major private client organisations, particularly retail and logistics groups, who were also compelled to delay or eliminate IT expenditure, in order to minimise the financial impact of the conflicts and stabilise operations.

REGULATORY AND FISCAL CHANGES

Robust regulatory environment provides a safe framework for thriving business operations, social structures and value creation. However, it also amplifies implementation and compliance demands on the business community. Regulatory changes can influence all aspects of business operations from data management (as we saw with the POPIA coming into effect during this financial year) to third party risk management demands, capital and liquidity requirements and financial monitoring and reporting. We are cognisant of the fact that failure to swiftly adopt and implement regulatory requirements can have detrimental impact on our Company and thus, allocate adequate resources to regulatory monitoring and compliance.

Similarly, fiscal policy is an important tool for mitigating economic challenges and manipulating tax revenue is occasionally necessary to augment government income. As a responsible corporate citizen, AYO places great significance on tax compliance. Thus, we acknowledge that we are vulnerable to the impact of varying regulatory and tax requirements.

SHORTENING TECHNOLOGY LIFECYCLES

The rate of technological progress, particularly information technology, has accelerated exponentially in the 21st century. It is expected that the next decade will see more technological innovation than the last fifty years combined. While this is certainly exciting for a technology-focused group like AYO, it also poses challenges that should not be overlooked.

Whereas in certain industries product development cycles can span over years, technology-based products are often “re-invented” every 12-18 months. Given the supply chain disruptions and raw material shortages brought about by the pandemic, our operating divisions need to pay heightened attention to inventory management, in order to successfully balance anticipated demand with the risk of writing off obsolete stock.

The compressed lifecycle of technology affects not only retail-offering subsidiaries. Group companies providing hardware-as-a-service facilities face increasing demands on their capital expenditure to frequently replace outdated inventory.

CHANGING STAKEHOLDERS' NEEDS

The impact of the COVID pandemic is far more extensive than national healthcare and economic infrastructure. The very lives and livelihoods of countless South Africans have been affected, as unemployment in the country reached unprecedented levels. This provoked a seismic shift in the needs of our communities and thus, influences our strategic direction, particularly in the corporate social responsibility domain.

While themes like access to quality education, gender equality and economic inclusivity remain relevant, a renewed urgency to address immediate community needs, such as hunger and poverty, has become prevalent. These new, exigent priorities inform our strategic and operating decisions, as we cannot overlook our mandate to create value and improve the lives of not just our immediate stakeholders but our country and continent as well.

Defining our priorities through materiality

MATERIAL MATTERS

Outside of the external economic and regulatory environment, a number of factors have the potential to impact our ability to create and preserve value in the short, medium and long term. These are our material matters.

Since the onset of the pandemic our material matters have amplified in both scope and significance. Thus, we continuously monitor our external environment and operating context and make swift business decisions to mitigate, or conversely, maximise the impact of such material issues on our ability to execute our strategy and create stakeholder value.

Volatility in South Africa

As our home base, South Africa contributes majority of our revenue. Thus, volatility in the country, on any level, can materially affect our performance. While the economic impact of the COVID pandemic has rippled all over the world, additional challenges in South Africa, including record-high unemployment levels, political and social unrest and electricity supply disruptions, affect national industries and impair the local market's attractiveness.

We continue to monitor the country's economic and political stability and assess the impact these factors have on our ability to operate and create and preserve value. Additionally, we consider the potential costs, risks and benefits of expanding services and operations to other SADC territories, in order to reduce our exposure to factors outside of our control and mitigate any value-eroding prospects for our shareholders.

COVID long term impact

After 18 months of living with the devastation caused by the global pandemic, the initial shock has worn out and the world has come to the realisation that this truly is our "new normal". While we have all, more or less, adapted to remote working, virtual shopping and online learning, the deeper, psychological effects of prolonged isolation and financial uncertainty are only starting to come to the fore at this time. Intermittent outbreaks of COVID infections with new strands of varied strengths will continue to weaken social structures and disrupt economic activity until critical vaccination threshold level is achieved. Sadly, the rollout in South Africa is not going as fast as we hoped.

Thus, we continue to monitor infection rates; attempt to foresee their impact on our Group, customers and economy; develop contingency response plans and above all, support our employees in these difficult times.

Business endurance

Since the onset of the pandemic, more than 3,000 businesses in South Africa have been liquidated, as reported by Stats SA, across all industry sectors from restaurant groups to construction enterprises. Size and historical performance of the business have proven immaterial to its prospects of surviving the crisis, with cash flow resilience emerging as the critical success factor.

As a diversified Group incorporating more than 20 subsidiaries and investments, AYO's overall performance is contingent on the business endurance of all of its operating divisions. Thus, monitoring and managing the liquidity health of our subsidiaries is material to our ability to create and preserve stakeholder value. Our capital allocation decisions are also highly influenced by the same considerations.

Customer relationships

Solid customer relationships and integration into clients' operating models are the cornerstones of a successful business. Having developed bespoke software and interfaces for leading public and private organisations in key industry verticals including healthcare, banking and telecommunications, have rendered AYO's services indispensable to a number of large institutional clients. While this strategy has ensured sustainable revenues for the Group, we acknowledge that in the current precarious economic conditions, overreliance and excessive dependency on key customers may present unique challenges.

Our client relationships are extremely important to us. We understand that even large organisations have been adversely affected by the pandemic and may require more lenient payment terms or additional support in the short term. Thus, we continuously monitor our client portfolio and strive to mitigate risky overexposure.

Succession planning

With a number of aspirational employers from all over the world adopting permanent remote working arrangements, opportunities for talented, dedicated employees with critical and scarce skills, have multiplied exponentially. Companies in the technology industry have traditionally been highly dependent on their ability to attract and retain key skills and this current trend indicates that talent management will only get more challenging in future.

AYO utilises a blend of “buy” and “build” talent strategies to develop sustainable talent pipelines and succession plans for key positions throughout the organisation. Additionally, the Group continues to monitor international best practices in terms of working arrangements for employees, to ensure we balance our operational requirements with employees’ needs and remain a competitive aspirational employer.

Evolving digital adoption

The digital workplace is one of the silver linings brought on by the pandemic that is here to stay. So is the exponentially amplified adoption of a “digital lifestyle” from online learning to shopping, banking and literally every aspect of life, business and economics. This trend is material to a technology-based business, such as ours, as it presents a number of opportunities to create value for all stakeholders.

Understanding the trends of the digital evolution in South Africa and accurately forecasting the speed and extend of their adoption is material to our strategic decisions. For example, recognising early on that the remote and hybrid working arrangements will remain with us even in a post-COVID world, informed our decision to invest in Kathea Communications, which strengthens our already established presence in the unified communications field, while also positions us in the agile office environment niche, which is expected to grow in the medium term, as a number of businesses defer static lease agreements.

Integrity, ethics and transparency

Trust is imperative for an investment holding company to thrive and grow. Thus, we view nurturing trusting relationships with our investors, subsidiaries and stakeholders as material to our business and essential to our success. Given the destructive impact on our reputation of adverse media coverage (whether truthful or not), it is critical that we practice and demonstrate good governance and exemplar corporate citizenship. In addition, we face intense regulatory scrutiny, which we strive to satisfy through comprehensive, timeous and transparent communication and reporting.

Building and nurturing trust cannot be achieved overnight. It requires consistent display of integrity, ethical behaviour and transparent communication. We continuously endeavour to proactively engage with our stakeholders, hold constructive discussions and consider their input, concerns and needs in our strategic decision making. Our communications team incessantly monitors disclosure requirements and best practices and strives to exceed stakeholders’ expectations.



Legal challenges

Prolonged litigation is another factor that can negatively influence our business' reputation, as well as significantly burden our resources – both financial and human. While we accept that legal challenges are not uncommon in the corporate environment, we acknowledge that such matters can have a material impact on our ability to create and preserve value and thus, aim to find amicable resolution to disputes through dialogue and mediation.

Occasionally, we also need to consider whether the prospects of success and associated benefits outweigh the cost of litigation (on all our capitals) and where the expense is not warranted, “cut our losses”, so to speak. An apt example is the dispute we entered into with FNB during the reporting period, where the urgent interdict we lodged in court was dismissed on the grounds of urgency. While our legal counsel was fairly confident in AYO's prospects, should we pursue the case via ordinary court roll, the Board opted to abandon the matter and focus on stakeholder value preservation in the long term.

Environmental sustainability

Although our operations have minimal impact on the natural environment, we are cognisant of the growing expectations from the business community to meaningfully address ecological conservation and climate change. We are also aware that the exponentially reduced life span of technological products is rapidly pushing the sector into a major contributor to air pollution and deteriorating soil and water quality. Decisive action to tackle the impact of e-waste with tangible results, therefore, can significantly advance our corporate reputation and create value for all stakeholders in the long term.

In 2021, AYO introduced a Group-wide initiative to collect and recycle e-waste, which we plan to amplify going forward. Besides meaningfully contributing to the advancement of SDGs, such initiatives reinforce our social and relationship capital and endorse our social licence to operate.

Managing risk strategically

KEY RISKS AND OPPORTUNITIES

Risks and opportunities, stemming from both the external context and the internal operating environment, are inherent to any business setting. At AYO, we approach these risks and opportunities in an integrated manner, striving to minimise value erosion, while capitalising on possibilities to create value for our stakeholders.

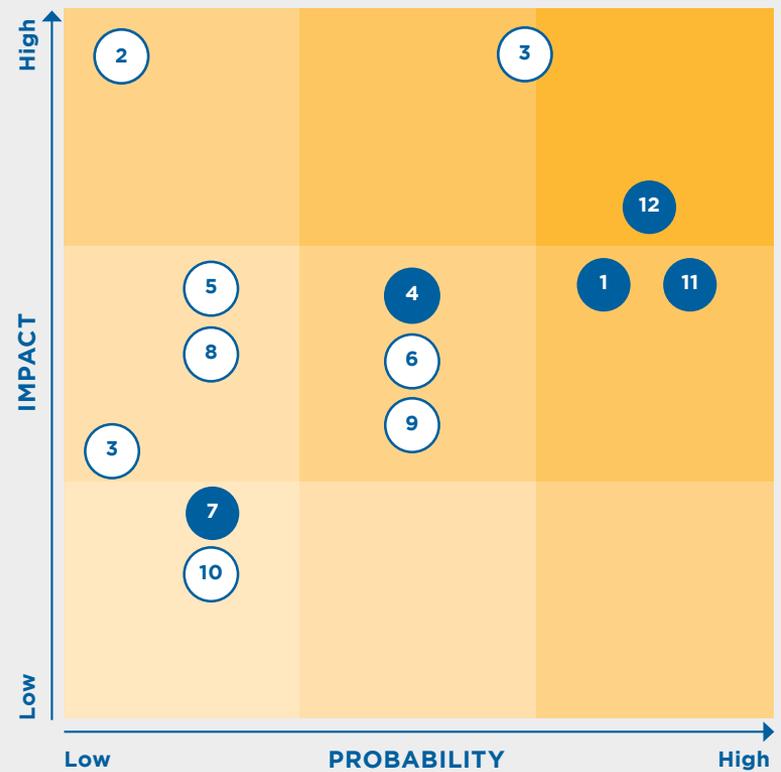
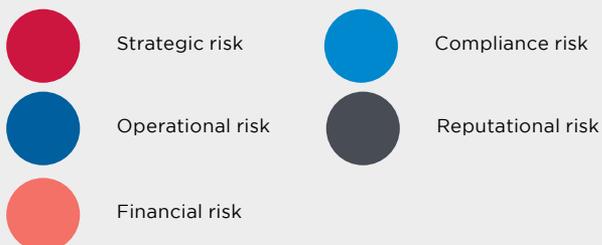
The Group's risk profile, appetite and tolerance level are set out by the Board in a formal Group Risk Charter, that is aligned with the International Risk Management Standard and the requirements of the King IV™ Governance Code. The executive team continuously monitors inherent risks (both internal and external) and identifies appropriate responses, striving to minimise the residual risk rating for the business. Each Board committee has oversight of the risks within the ambit of its scope and authorises the application of suggested measures. The internal audit unit performs an independent objective assurance function on the adequacy and effectiveness of the Group's governance mechanisms, risk management and internal controls. The external audit partner provides an audit opinion, in accordance with all relevant prerequisites set out in the Companies Act, the JSE Listing Requirements and the King IV™ Governance Code.

Critical risks are identified and prioritised by a multi-disciplinary team, taking into account the likelihood of occurrence and the potential impact of each scenario. Mitigation strategies are then developed and implemented, under the guidance of the executive team, the audit and risk committee and the Board. Inherent (before response) and residual (after response) risk ratings are continuously measured and compared by the internal audit function, to evaluate the effectiveness of mitigating controls adopted by the Group.



AYO risk matrix

AYO'S TOP RISK	RISK CATEGORY
1 Economic outlook	Strategic risk
2 Business continuity	Operational risk
3 Talent and skills shortage	Operational risk
4 Erosion of investment value	Financial risk
5 Strategically disobliging investments	Financial risk
6 Non-recoverable loans	Financial risk
7 Escalating lease expenses	Financial risk
8 Application of accounting standards	Compliance risk
9 Related party transactions	Compliance risk
10 Tax compliance	Compliance risk
11 Reputational impairment	Reputational risk
12 Legal disputes	Reputational risk





STRATEGIC RISKS

ECONOMIC OUTLOOK

CONTEXT

There is no economy or industry segment in the world, which was not adversely affected by the COVID pandemic. However, while international markets are showing varying signs of recovery, the South African economic outlook, additionally impacted by political and social unrest, electricity supply disruptions and corruption scandals, remains subdued. With majority of private organisations focused on cash preservation in the medium term and public spending re-directed to address rising unemployment and poverty alleviation, growth prospects from the domestic market remain weak.

CAPITALS IMPACTED



OUR RESPONSE

Recognising the opportunity in the volatile domestic market, where further intermittent lockdowns are anticipated for at least another financial year, and businesses' need to safeguard operational continuity, AYO is focused on realising the full potential of the temporary heightened demand for technology-based products and services offered by the Group.

Simultaneously, we are actively pursuing operational expansion into SADC-based countries and further into Africa, to dilute the concentration risk associated with overreliance on domestic operations.

Our strong cash holding position is particularly important at this time, offering us necessary protection from pivotal cash flow challenges in the short and medium term. Thus, we continuously strive to contain operating expenditure and apply strict treasury controls.





OPERATIONAL RISKS

BUSINESS CONTINUITY

CAPITALS IMPACTED



CONTEXT

Prolonged adverse media coverage has resulted in such a severe defamation of the AYO brand that some partners and clients have started viewing association with the Group as a reputational risk. During the reporting period, our banking partner, FNB, withdrew from its relationship with the Group as a direct consequence of this, revoking the Company’s transactional banking facilities. While the challenge was immediately and decisively addressed by the Board and interim measures were implemented right away, such harsh reactions by essential service providers and partners can pose a threat to business continuity.

OUR RESPONSE

As an interim response, the Company utilised alternative banking facilities and trust accounts to process significant payments and honour its commitments. A more sustainable solution, however, is being sought and AYO continues to engage with potential banking partners from both South Africa and abroad.

Concurrently, we strive to constructively engage with media and affected stakeholders to correct misinformation and unfounded allegations as they surface to prevent further impairment to our brand and value-creating potential.

It is a continuous challenge, which strains our resources and negatively affects our capitals. Thus, the issue is receiving the full attention of the Board and the executive team.

TALENT AND SKILLS SHORTAGE

CAPITALS IMPACTED



CONTEXT

The technology sector is highly affected by specialised skills shortages and the COVID-stimulated remote working environment has exacerbated the drain of already scarce talent, now able to pursue more lucrative global opportunities without changing its home base. Additionally, the fast pace of technological innovation and advancement necessitates continuous investment in education and upskilling of specialist staff. Inability to attract or retain key technological skills could hamper our ability to effectively service customers, remain competitive and create value.

OUR RESPONSE

We continue to enhance and refine our employee value proposition by focusing not only on fair remuneration, but an all-encompassing reward philosophy, including career prospects and opportunities, culture and values, conducive and stimulating working environment, skills development, compensation and benefits. We encourage and support the personal development of our team, even in disciplines unrelated to their current field of work, which allows us to create highly functional multi-talented cross-disciplinary teams.

We monitor the availability of critical technology skills in the labour marketplace and where fitting, assume a “buy” approach, to support our “develop” style, and ensure we have access to key technological competencies, required for both our current and expected future needs. Additionally, our CSR programmes, together with the numerous learnerships and internships we offer, are designed to develop a strong talent pool for the companies in the Group, while simultaneously advancing quality education and promoting UN SDGs.



FINANCIAL RISKS

EROSION OF INVESTMENT VALUE

CONTEXT

As businesses in the technology sector traditionally rely on assets rooted in proprietary intellectual property, rather than tangible, physical resources, valuations are usually centred around assessing attainable future earnings, rather than net assets. However, the vigorous disruptions in the marketplace since the onset of the pandemic, have resulted in companies taking on additional debt to fund short term cash flows, loss or discounts on major contracts and incapacity to reduce operating expenses in parallel to diminishing revenues. This trend has affected numerous technology-based businesses in the world and can significantly reduce the value of the Group's investment portfolio.

OUR RESPONSE

AYO diligently applies IFRS-prescribed accounting standards and implements strict uniform financial control measures across all Group investments, to ensure the companies in its portfolio are fairly valued. We acknowledge that the short term marketplace volatility makes it difficult to predict the numerous internal and external factors that motivate our investments' valuations and mitigate the risk through particularly detailed analyses. We systematically examine up-to-date management accounts, business forecasts and assumptions, to gain thorough perspective of the companies' current status and future prospects. Our valuations are performed by an independent external partner, reviewed by CIO and CFO and journals are prepared by IFRS specialists to minimise potential for error.

CAPITALS IMPACTED



We believe that for long term investors this temporary volatility and possible investment value erosion will be negligible, as economic certainty and market activities stabilise. However, in the short term, we place particular importance on engaging with our shareholders and investors, understanding their needs and preserving the value of their capital.

STRATEGICALLY DISOBLIGING INVESTMENTS

CONTEXT

As an investment holding company, AYO's key prerogative is to maximise shareholder value and we achieve that by strategically selecting assets for our portfolio that add value to the entire Group – be it via exposing us to growing market niches, new regional markets or offering access to new clients for sister subsidiary companies. Additionally, revenues for the Company are heavily reliant on dividends received from these strategic investments and impaired financial performance of subsidiaries can result in both reduced revenues and increased fair value losses.

OUR RESPONSE

We continuously assess the performance of each company within our stable, considering both its financial contribution to the Group and non-financial indicators, such as market share, customer list, proprietary IP assets and management team. We strive for a balanced portfolio of investments, that synergistically promotes each other's performance and prospects, while positively contributing to the Company's revenue. In this regard, we also take into account the up-to-date valuation for each business, prepared by independent consultants after meticulous due diligence and further reviewed by our investment committee. We also assess the risk contribution of each entity, as well as their potential funding requirements in the short, medium and long term in the context of the Group's overall risk tolerance and cash reserves.

CAPITALS IMPACTED



While our investment horizon remains a long term one, we have intensified our continuous portfolio assessment due diligence in the short term and are ready to take the necessary steps to minimise any possible erosion of value for our shareholders.

NON-RECOVERABLE LOANS

CAPITALS IMPACTED



CONTEXT

AYO’s strong cash holding position allows us to enhance the value-creating potential of subsidiary companies by extending short and medium term loans to assist them in addressing their operational requirements or scale their operations, particularly at this time when many have been adversely affected by the pandemic. Stringent criteria are applied when assessing subsidiary and associated businesses’ funding requirements. However, given the prolonged subdued economic climate, there is a risk of significant loan impairments, as investees may need deferred payment terms or may be unable to service their debt altogether.

OUR RESPONSE

Funding applications assessments are subjected to a stringent due diligence and assurance process, in order to reduce the inherent risk of each transaction. The requesting entity is evaluated on the basis of company profile (including historical and forecasted performance), state of the company’s current balance sheet, realistic cashflow projections, credit and liquidity risk profile, previous loan servicing performance (if any) and required loan terms in the context of AYO’s own solvency and liquidity.

Loans are approved in accordance with AYO’s schedule of authority, where requests below a certain threshold may be granted jointly by the CEO, CIO and CFO, while applications exceeding the threshold are considered by the Board. Loan agreements are drafted by suitably qualified legal counsel to ensure regulatory compliance and minimise the residual risk from the agreement. Debtors’ performance is then closely monitored, so default potential can be recognised early on and appropriate measures taken to prevent loan impairment and value erosion.

ESCALATING LEASE EXPENSES

CAPITALS IMPACTED



CONTEXT

Having a number of operating subsidiaries in the Group, AYO maintains a complex lease portfolio throughout the country. The sheer volume of lease agreements adds immense complexity, as well as costs, and can pose a financial risk by, for example, continual payments on matured or lapsed agreements or simply erosion of value where agreements could have been terminated in line with diminished operating requirements but were not. As we entrench our agile business model and adapt to hybrid working, our need for physical office infrastructure will likely reduce, which will escalate the importance of monitoring lease expenses closely and preserving shareholder value as best as possible.

OUR RESPONSE

An itemised schedule of all manufactured capital expenditure (including, but not limited to lease agreements) is maintained by the financial controls and systems executive. Once rental negotiations are completed, which is in the authority domain of the CEO and CFO only, signed and regulatory-compliant agreements are added to the schedule and serviced accordingly. The billing accountant verifies all rental invoices against the respective contract prior to processing and thus, financial risk for the Group is mitigated.

The complete list of lease agreements is monitored on ongoing basis and operational requirements are considered in the cases of maturing contracts, with the objective to eliminate any unnecessary lease expenditure and preserve shareholder value. We will continue to closely track and evaluate our PPE schedule against operational requirements in the medium term to ensure we maximise the value derived from leased assets and optimise our cashflow.



COMPLIANCE RISKS

APPLICATION OF ACCOUNTING STANDARDS



CONTEXT

AYO is a diversified investment holding company with interests in over twenty different investments with varied shareholding and influence in each entity. Additionally, our portfolio is dynamic with acquisitions, business combinations and disinvestments occurring in every reporting period. This creates a complex reporting environment. Given the continuously evolving accounting standards that need to be applied and the opportunities for contrasting interpretations and treatment of transactions, there is a moderate risk of erroneous understanding and application of prescribed accounting standards.

OUR RESPONSE

We recognise and acknowledge the vast volume and complexity of financial transactions we participate in, in any given reporting period, as well as the challenges of consolidating various reporting styles from our operating subsidiaries and investments. Our first step in mitigating the risk associated with accounting for such elaborate operations was to introduce a standardised reporting practices and outputs throughout the AYO Group.

We regularly evaluate the size, composition and performance of the financial reporting team to ensure the requisite skills and capacity are available and optimally utilised. We place strong emphasis on continuous education and staff members are encouraged to attend various training and refresher courses to ensure they are up to date with the latest trends, requirements and best practices in terms of financial reporting. This strong and well-trained accounting team, coupled by robust internal audit unit, allows us to mitigate the risk of incorrect application of accounting standards and prevent unnecessary compliance sanctions and value erosion.

RELATED PARTY TRANSACTIONS

CAPITALS IMPACTED



CONTEXT

One of AYO's greatest value add to an investee, integration into an eco-system of synergistic business units, also poses a significant challenge – the correct identification and compliant reporting of related party transactions. With the number of entities and collaborative opportunities within the AYO Group, it is not uncommon for related companies to do business with one another, jointly service customers or integrate into each other's supply chain. Non-identification and disclosure of such relationships, however, can lead to non-compliance with accounting standards or JSE Listing Requirements and lead to value-eroding penalties.

OUR RESPONSE

Our approach to the correct identification, disclosure and reporting of related party transactions starts at the beginning of the investment cycle. Newly acquired subsidiaries are presented with an in-depth profile of the Group, where any existing related party associations are identified from the start. While we encourage our operating divisions to collaborate in any way they can to maximise value creation, we require them to report on all related party transactions on a monthly basis, which are then consolidated at Group level by the trial balance accountant. Prior to incorporating the information in financial statements, it is reviewed by the finance executive and finally, approved by the CFO.

As and when required, we seek guidance by our corporate sponsors to ensure compliance of related party transactions disclosure with all relevant regulations and requirements.

TAX COMPLIANCE

CONTEXT

Given South Africa's elaborate and dynamic tax administration context, AYO's significant volume of transactions and complex calculations, such as tax deferrals and use of hybrid instruments, there is room for erroneous applications and misstatements in tax submissions. This translates into both financial risk, where losses could be incurred as a result of higher than expected tax liabilities, and compliance risk, which could lead to penalties and fines on behalf of SARS.

OUR RESPONSE

As tax regulations are updated annually, the Group ensures that finance employees attend relevant updates and refresher courses on a regular basis. This minimises the risk of non-compliance, associated with lack of technical understanding of most current requirements.

Tax submissions are subjected to a three-step review process once completed - first, by the group reporting accountant, then by the finance group executive and finally, by a tax accountant - which mitigates the non-compliance risk stemming from human error.

CAPITALS IMPACTED



Additionally, a specialist independent tax reviewer is called on bi-annually to review the work flows and interpretations applied and ensure the Group is fully compliant with all relevant requirements.

While we are satisfied that the risk of tax compliance is adequately mitigated, it remains on our watchlist due to the potential impact of accidental mistreatment both in terms of financial penalties and on the business' reputation.





REPUTATIONAL RISKS

REPUTATIONAL IMPAIRMENT



CONTEXT

Negative media sentiment, unfounded allegations and false statements have a severe damaging effect on business' reputation, even if they are later retracted or corrected. The AYO Group has been the aim of a particularly hostile smear campaign, which has not subsided since 2018 and intermittently flairs out, amplified by collaborating media groups, echoing each other's fact-devoid "exposés" and eroding the stakeholder value created by the Company.

OUR RESPONSE

Having been subjected to this adverse media attention for a number of years, we have made various efforts to constructively engage with the specific media houses and journalists driving the antagonistic AYO narrative – unyielding any notable results. While we immediately escalate blatantly incorrect reports to the media ombudsman, we have resigned from any further communication or interactions with these members of the press. Instead, we focus on proactive engagement with our own stakeholders, as soon as such defamatory reports are published, and address their specific concerns and questions.

We acknowledge that the continuous public criticism of AYO, albeit unwarranted, is causing substantial value erosion for our stakeholders. We continue to engage in proactive brand building initiatives, including promoting entrepreneurship and sharing our views on technology-driven opportunities in industry-led peer events, which are well-reported on in the technology media, in an effort to neutralise the negative publicity.

LEGAL DISPUTES

CAPITALS IMPACTED



CONTEXT

Legal disputes are common in the corporate business environment, yet they pose a significant drain on a company's resources and affect its ability to create value in the immediate term, as the executives' focus is shifted away from normal operations. Additionally, the slow wheels of the South African legal system further prolong the already extensive burden, causing fatigue and complacency, which can result in further erosion of value. Litigation proceedings against AYO were initiated by the Public Investment Corporation ("PIC") and the Government Employee Pension Fund ("GEPPF") back in May 2019, yet a trial date is still to be set, making planning challenging.

OUR RESPONSE

We believe that lengthy litigation can only serve to erode value for all the parties involved in any context. Thus, we have made every effort during the reporting period to proactively engage with the dissenting parties and follow a mediation process to arrive at an amicable solution to the dispute. We are cautionary confident in a positive outcome from these proceedings. However, we continue to plan and prepare for various scenarios to ensure the interests of our stakeholders are protected at all times.

In AYO-initiated disputes, we assess whether the high opportunity cost of lengthy trial and associated brand-value erosion is sufficiently offset by the anticipated benefit. Acknowledging the uncertainty of litigation outcomes, we strive to identify alternative approaches to the matter and, where possible, pursue substitute solutions instead of protracting the erosion of value, even where legal victory is likely. This rationale was applied in May 2021, when AYO's urgent application against FNB was dismissed solely on the basis of urgency. Rather than pursuing the matter, we focused our efforts on finding an alternative service provider, thus shifting our attention to creating, rather than minimising the erosion of, value for our stakeholders.

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OUR LEADERSHIP AND GOVERNANCE

Board of directors

AYO's Board of directors is a professional, active, purpose-driven unit, that effectively and efficiently leads the Group with intent, integrity and ardour. From the foundation of a clear mission, vision for the future and culture, conducive to success, it sets the strategic direction, performance and behavioural expectations and framework for the Company, its subsidiaries and joint ventures to create meaningful, tangible value for the business and society. The Board is also the ultimate custodian of corporate governance, continuously perfecting and enhancing processes and strategies that promote ethical culture, optimal performance and value creation, adequate and effective controls, reputation and trust.

“ THE FIRST LAW OF LEADERSHIP IS THAT YOUR FOUNDATION IS BUILT THROUGH INTEGRITY, CHARACTER AND TRUST

BRIAN CAGNEEY

The famous author and business coach, Brian Cagney, says that “the first law of leadership is that your foundation is built through integrity, character and trust”. These are the very qualities we seek in our leaders, who do not come short. At the helm of the organisation, our non-executive chairman, Dr Wallace Mgoqi, with his long and esteemed professional record, is the epitome of ethical conduct and integrity. A testament to his principled character was his nomination for the honourable position of Chief Justice in October 2021.

LEFT TO RIGHT: DR WALLACE MGOQI, HOWARD PLAATJES, TATENDA BUNDO, VANESSA GOVENDER



He is supported by a prudently selected, diverse team of knowledgeable and experienced directors, that maximises the Group's value creation capacity by considering business' and societal needs and expectations. This purposeful, value-driven guidance is then carried down to every unit and staff member of the organisation by an equally praiseworthy and competent CEO, Howard Plaatjes, and an efficient, capable and noble executive team. While the CEO and chairman maintain direct, open communication at all times, the two roles are held separately with clearly defined responsibilities for each function.

In line with the conditions of paragraph 7.F.6 of the Companies Act and paragraph 8.63(r) of the JSE Listing Requirements, the Board governs in accordance with its official charter, as outlined in the Group's Memorandum of Incorporation (MOI), which is fully compliant with the provisions of the Companies Act, as well as AYO's Code of Ethical Conduct and formal Decision Making Framework.

LEFT TO RIGHT: KHALID ABDULLA, ISMET AMOD, PROF LOUIS FOURIE, AZIZA AMOD, DR DENNIS GEORGE, ROSEMARY MOSIA, DR NGOAKO RAMATHLODI, SELLO RASETHABA



* Ismet Amod resigned from the Board on 23 November 2021

Directors' diversity, in terms of not only race and gender, but also skill set, experience and expertise, ensures healthy debate and quality of decision making at strategic level. The Board discharges its duties with the assistance of five Board committees, each with its formally mandated terms of reference. Common membership of our multi-skilled directors and executives' attendance to the formal meetings of the various committees ensures smooth and efficient flow of information, as well as swift implementation of strategic decisions. On the other hand, paragraph 6.2.8 of the Board Charter coupled with the formal schedule of power and authority at Board level, ensure that no one director has unfettered decision making capacity or ability to unduly influence any area of governance.

The Board held five formal meetings during the reporting period, enjoying overall attendance of 90%. Three of these were quarterly scheduled meetings, where AYO's long and medium term strategy, governance framework, budgets and forecasts and statutory reports were reviewed, deliberated and approved. The other two were special meetings, called in respect of critical matters arising for the Group that required the Board's immediate attention.

The Board is satisfied that for the 2021 financial year it complied with the provisions of the Companies Act and relevant laws of establishment relating to its incorporation and that AYO operated in conformity with its MOI and other relevant constitutional documents. Further, the Board is satisfied that it adequately fulfilled its responsibilities during the reporting period, in accordance with the Board charter.

An important associate of the Board is the company secretary, Mr Wazeer Moosa, who plays a pivotal role in the establishment of effective processes and systems that enable good governance, as well as raising matters that may warrant the Board's attention. 2021 was the third year of Mr Moosa's tenure in the role and the Board is comfortable that he has displayed the necessary competence, qualifications, experience and commitment for the role, in compliance with paragraph 3.84(i) of the JSE Listing Requirements. The Board is also satisfied that Mr Moosa has maintained an arm's length relationship with individual directors and is not a director of the Company.

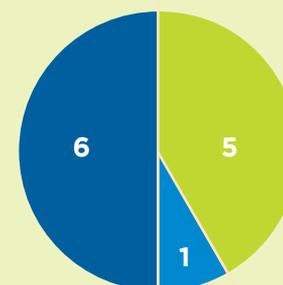
Governance structure



Board profile

The majority of AYO’s Board members are independent, non-executive directors, as recommended by the King IV™ Code of Corporate Governance and global best practices. As technology investment companies need a broad range of skills to remain relevant in a rapidly transforming society and create value for all stakeholders, AYO’s Board composition is regularly reviewed, with the assistance of the nominations committee, to ensure the appropriate mix of skills and experience to enable the Board, as a collective, to drive the Group’s strategy into the future and thereby create value. A formal Board diversity policy further ensures that the Group complies with all employment equity and B-BBEE requirements, while promoting the advancement of important UN SDGs including gender equality (SDG 5) and reducing inequality (SDG 10).

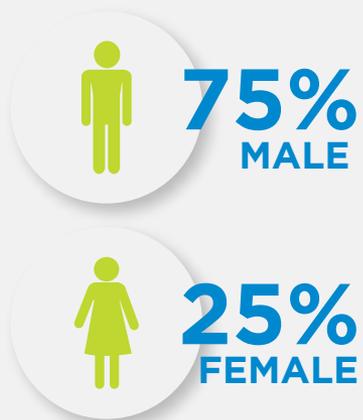
BOARD INDEPENDENCE



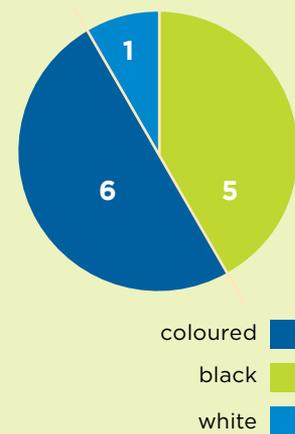
non-executive independent ■
 executive ■
 non-executive ■



BOARD GENDER DISTRIBUTION



BOARD RACE DISTRIBUTION



Board skill set and expertise

	STRATEGY	INVESTMENTS/M&A	FINANCE	AUDIT & RISK	TAX	HUMAN RESOURCE	GOVERNANCE & ETHICS	LEGAL	MARKETING & BUSINESS DEVELOPMENT	SUSTAINABILITY & ENVIRONMENT	TECHNOLOGY	INNOVATION
Dr W Mgoqi	•	•	•	•	•	•	•	•	•	•	•	•
H Plaatjes	•	•	•	•	•	•	•		•	•	•	•
T Bundo	•	•	•	•	•		•	•			•	•
V Govender	•					•	•		•	•	•	•
K Abdulla	•	•	•	•	•		•	•	•		•	•
I Amod	•	•	•			•	•		•	•	•	•
R Mosia	•	•	•	•		•	•	•	•	•	•	•
Dr D George	•	•	•	•		•	•	•	•	•	•	•
Adv N Ramatlhodi	•	•	•	•	•		•	•	•		•	•
S Rasethaba	•	•	•	•		•	•	•			•	•
A Amod	•	•	•	•		•	•	•	•	•	•	•
Prof L Fourie		•	•	•			•			•	•	•

Directors' profiles

DR WALLACE MGOQI

Independent Non-Executive Chairman

Age: 72

Qualifications

BASoSc, LLB,
2 post grad qualifications,
3 honorary doctorates of law

Board tenure

3 years

Committees

Chairman of nominations committee; chairman of investment committee; remuneration committee



Dr Wallace Mgoqi is the former city manager of the City of Cape Town, the former chief land claims commissioner on the Restitution of Land Rights dealing with land claims, specifically over a period of eight years. He is a former attorney and advocate of the High Court of South Africa. In 2002, Dr Mgoqi was the third recipient of the prestigious Sir Sidney and Lady Felicia Kentridge Award; and was also honoured with the Adv Duma Nokwe Award, administered by the Commission for Gender Equality, the Independent Electoral Commission, and the SA Human Rights Commission. In January 2014, he was appointed by the then Minister of Justice in terms of the Constitution to act as a Judge on the Land Claims Court until October 2019. In October 2021, Dr Mgoqi was nominated for the post of Chief Justice of South Africa by the Restoration Foundation, although he voluntarily withdrew from the race.

HOWARD PLAATJES

Chief Executive Officer

Age: 59

Qualifications

BCom (Hons) Finance,
Executive Leadership Development Programme,
Management Development Programme

Board tenure

3 years



Mr Plaatjes is a senior transformation and business performance turnaround executive for over 25 years with experience in Southern Africa and a strong network of contacts within the region. After serving articles at KPMG, he has been the MD, CEO, COO & CFO of companies in a variety of business sectors at various lifecycle stages - start-up, survival, stabilisation, growth & maturity. He is accustomed to reporting to international holding companies including the US, UK, Ireland, Japan and Spain. Mr Plaatjes has held various executive roles in several sectors including technology, telecommunication, retail, financial services, media, FMCG, and oil and gas.

TATENDA BUNDO

Chief Financial Officer

Age: 39

Qualifications

BCom Accounting, CA(SA)

Board tenure

3 years



Mr Bundo is a chartered accountant with over 10 years of experience. He completed his articles with PKF and spent a year with Deloitte before joining Premier Fishing SA (Pty) Ltd, where he enjoyed 5-year tenure as group head of finance. As part of the executive management team, he is responsible for the financial and administrative functions of the Group, IT, procurement, risk management, systems reviews, assisting operations teams on operations review and improvements and corporate finance. Prior to the appointment of Mr Abdulla, Mr Bundo also fulfilled the role of chief investment officer.

VANESSA GOVENDER

Director of Corporate Affairs

Age: 49

Qualifications

Diploma Human Resources Management
 NC Strategic Human Resources Management
 NC Occupationally Directed Education and Training Practices

Board tenure

3 years



Ms Govender has executive management experience in business operations, human resources and corporate services. She has been involved in business operations aligning strategic plans to create synergies across various business units, while focusing on talent, retention and development. Having served as group executive for human resources at the Independent Media Group, Ms Govender has more than 20 years of human resource management experience. Her strengths lie in talent management and acquisition, employee relations, leadership, learning and growth, as well as HR information systems. She brings to this portfolio her specialist learning and growth expertise with excellent employee relations, skilfully aligning strategic HR and corporate affairs.

KHALID ABDULLA

Executive Deputy Chairman

Age: 56

Qualifications

MBA, BCompt (Hons),
 CTA, Project Management

Board tenure

2 years

Committees

Investment committee



Mr Abdulla holds an MBA from UCT GSB and has over 30 years of commercial experience in diverse business sectors including fishing, information technology, events and tourism, health care and financial services. He is recognised as one of the most awarded business leaders in the country and is a regular invitee and participant at the World Economic Forum in Africa. He serves the AYO Board as executive deputy chairman and chief investment officer, driving acquisition negotiations with his astute deal making capabilities.

ISMET AMOD

Executive Director Health Technologies

Age: 65

Qualifications

NDip Civil Engineering

Board tenure

3 years



Mr Amod is a businessman with operational experience spanning 35 years in diverse industries. After spending 7 years in engineering, he turned to business, joining a food ingredient business as a managing director. He was appointed as CEO of a manufacturing unit for medical devices and medical diagnostic kits. In 2006 he was appointed in the role of both marketing director and chief operations officer of Genius Biotherapeutics, a biopharmaceutical company. With his diverse expertise in marketing and business development in the healthcare sector, Mr Amod was appointed into an executive role at AYO in 2021, to promote the Group's interests in the growing segment, exacerbated by the COVID pandemic. He currently serves on the Siemens SA board.

Ismet Amod resigned from the Board on 23 November 2021

AZIZA AMOD**Non-Executive Director****Age: 58****Board tenure**

8 years

Committees

Chair of remunerations committee;
 nominations committee;
 audit and risk committee;
 investment committee;
 social, ethics and transformation committee



Ms Amod is a professional director, businesswoman, philanthropist and entrepreneur with more than 30 years of business experience in the retail sector. She has been featured and published in numerous articles in relation to business and female entrepreneurs and is a well-known philanthropist, supporting a number of NGOs and outreach programmes. As the longest serving Board member, Ms Amod holds a wealth of institutional knowledge at AYO and provides insight in the areas of impact investment, social innovation and technology applications for social impact.

DR DENNIS GEORGE**Independent Non-Executive Director****Age: 63****Qualifications**

MBA Technology and Innovation,
 PhD Technology and Innovation

Board tenure

3 years

Committees

Chair of social, ethics and transformation committee; audit and risk committee



Dr Dennis George is the former General Secretary of the Federation of Unions of South Africa (FEDUSA) and founding director of African Quartz. He played a key role in NEDLAC with the successful negotiations of the framework agreement for a sustainable mining sector in 2013, engaging with the deputy president, labour and business leaders. Shortly after the financial crisis of November 2008, Dr George was part of Team South Africa in facilitating the achievement of higher inclusive economic growth and employment creation. Team South Africa engaged with Standard & Poor's, Fitch and Moody's at the request of National Treasury to restore the investment ratings of the country. Dr George has a master's degree and a doctorate in the management of technology and innovation.

ROSEMARY MOSIA**Independent Non-Executive Director****Age: 54****Qualifications**

MBA

Board tenure

3 years

Committees

Chair of audit and risk committee; social, ethics and transformation committee; nominations committee; investment committee



Ms Mosia is an accomplished professional with more than 15 years' experience in credit risk, financial and business management. She has extensive training in general and credit management, finance, internal auditing and forensic auditing. Her experience as head of the financial services unit at a large SOE further enriched her expertise in internal and forensic audit, budget management, credit risk management and operational management. Ms Mosia is the CEO of The Bridge of Hope Wines and the CEO of Black Business Chamber.

ADV DR NGOAKO RAMATLHODI

Independent Non-Executive Director

Age: 66

Qualifications

BA Law, LLB, MSc, honorary doctor of law

Board tenure

4 years

Committees

Audit and risk committee



Advocate Ramatlhodi is a professional businessman, lawyer and advocate with more than 30 years of business experience. He served as the Premier of the Limpopo province and held the positions of Minister of Public Services, Minister of Mineral Resources and Deputy Minister of Correctional Services as well as served as a member of Parliament. He is a founder member and the first chairman of the University of the North Arts and Drama Association and chairman of the Central Cultural Committee. Advocate Ramatlhodi lectured public international law at the University of the North and is an author of numerous published articles.

SELLO RASETHABA

Independent Non-Executive Director

Age: 63

Qualifications

BA Accounting,
MPhil Accounting

Board tenure

3 years (interrupted)

Committees

Audit and risk committee;
remuneration committee



Mr Rasethaba is the former chairman of the State Information Technology Agency (SITA) and the Transnet Tender Board. He has also served other enterprises and boards, including the Gauteng Gambling Board and the Northwest Transport Corporation. His experience covers functions involved in the formulation, development and implementation of information technology strategies obtained in South Africa, USA and UK. Mr Rasethaba served as a chairman of the financial services working group and on the task team aimed at establishing the BRICS Rating Agency. He was appointed in an acting capacity as one of the council members of the South African BRICS Business Council. Mr Rasethaba serves in the B20 Trade and Investment Task Force and is a member of the B20 High Level International Business Advocacy Caucus.

PROF LOUIS FOURIE

Independent Non-Executive Director

Age: 65

Qualifications

PhD, MBA cum laude

Board tenure

1.5 years

Committees

Investment committee



Professor Fourie's experience spans many years and aspects of science and technology. He is currently an adjunct professor in information science at the Graduate School of Business at University of Arkansas. Previously he has held a number of illustrious posts in academia, including deputy vice-chancellor: knowledge and information technology services at CPUT, as well as visiting professor with various universities in Uganda, Netherlands, Australia and Brussels. He has served as adjudicator of the Technology Top 100 companies in South Africa, the Living Labs Global Awards, CIO100 East Africa, and the Most Innovative Company Awards of Fast Company. He is also a prolific author with numerous peer-reviewed articles and publications. His profound understanding of technology trends and innovation is instrumental in informing AYO's investment and acquisition strategy.

COMMITTEE REPORTS



Nominations committee report

Dear Stakeholder,

I am pleased with the opportunity to address you once again, in my capacity of the chair of the nominations committee, and present you with a brief update on our activities and outcomes during this reporting period.

The committee, which includes myself, Ms Mosia and Ms Amod – all three of us being non-executive and two - independent directors, is primarily involved in monitoring and assessing the performance of the various directors and the governing body as a whole, recommending appointments of directors to the Board and to the different committees, to ensure their optimal constitution in terms of diversity and skills and ensuring that the committees' charters are up-to-date, aligned with regulatory requirements and AYO's MOI. Our mandate is to maintain a Board size and composition that promotes value creation and accountability, encourages informed, constructive debate and enables quality decision making, while also ensuring we meet our own self-imposed targets in terms of race, gender and expertise diversity. In 2021, the committee held two formal meetings, enjoying full attendance on both occasions, and regularly engaged with the Board throughout the year.

We started the reporting period with a resignation from a non-executive director, Mr Sello Rasethaba, due to ill health on 11 November 2020. Mr Rasethaba had been an active member of the Board for several years and had made great contributions to the governing body itself, as well as the audit and risk and remuneration committees, which he diligently served during his tenure. While we were disappointed to lose the expertise and value we had come to rely on from Mr Rasethaba, we had to respect the personal challenges he was facing at the time and accept his withdrawal from the business. Fortunately, Mr Rasethaba's health improved significantly in the following months and he was able to fully resume his duties, effective 1 April 2021. The nominations committee did not delay recommending the reappointment of Mr Rasethaba, which AYO's Board swiftly accepted.

Another key recommendation of the committee was the appointment of Mr Ismet Amod, who had served as a non-executive director since early 2019, in an executive role. Given the increased focus on healthcare on national and international level triggered by the

pandemic and AYO's critical role in the public health technology supply chain, the Board had identified an opportunity for the Group to strengthen its focus on the industry and enhance mutual value creation. Mr Amod has extensive experience in the field of medical technology study and business development, not to mention a thorough understanding of the Group's strengths and capacity in its healthcare division, and was thus, the obvious choice for the position. Again, the Board was pleased to ratify the recommendation and Mr Amod stepped into the executive position on 1 April 2021.

The committee evaluated the size, composition and performance of the Board and each separate committee and also oversaw the reviews and updates of their relevant charters, as well as the Board diversity policy and targets. We are satisfied that the Group is led by an active, diverse and knowledgeable governing body, which optimally positions it to create stakeholder value in the short, medium and long term. With 12 directors, 7 of whom are non-executive and 6 - independent, the Board is sufficiently well-staffed, drawing on varied industry knowledge and experience, multi-faceted viewpoints and expertise, which warrant quality decision making and leadership. In terms of demographic diversity, we are pleased that the Board, comprising of 92% HDI and 25% female directors, is far exceeding statutory B-BBEE requirements. However, we will explore boosting female representation in the future, striving to increase female directorship to 30%.

Additionally, the committee oversaw a process of self and peer evaluation for the individual directors and the effectiveness of the Board and its committees. The appraisals were completed by all directors, including the chairman, with the assistance of the company secretary. The scope of the assessments covered competency, skills, experience and effectiveness of members; Board's agility, responsiveness and ability to drive strategy and govern ethically; and meeting and operational efficacy of the governing body and the individual committees. The results confirmed that AYO is led by a professional, well-functioning Board that sets the ethical tone for the Group, with strong regard for exemplar governing practices. The evaluation found no significant matters or material concerns in respect of the Board and the committees' performance.

The nominations committee is satisfied that it has adequately fulfilled its responsibilities in accordance with its mandate during the reporting period. Going forward, we will continue to assess the size and composition of the Board against the evolving business requirements and recommend appointments of directors with due regard to race, gender and expertise diversity and the potential contribution of such new appointments to the promotion and execution of the Group's vision and strategy. We will re-evaluate the charters and diversity policy of the Board and its committees in 2022 to ensure alignment

with regulatory requirements and industry best practices, as well as continue to monitor the workings, performance and value contribution of individual directors and committee teams and track progress towards achievement of diversity targets.



Dr Wallace Mgoqi
Chair of nominations committee
17 December 2021

NOMINATIONS COMMITTEE MEETING STATISTICS

MEETINGS	ATTENDANCE
2	100%





Audit and risk committee report

Dear Stakeholder,

I am excited to address you for the fourth consecutive year from my seat as the chair of the audit and risk committee and provide you with a brief overview of the committee's agenda, activities and decisions during the reporting period.

As stipulated by the Companies Act, the audit and risk committee comprises of 5 members, all being non-executive directors and 4 being independent. Shortly after the commencement of the financial year, a valued member of the team, Mr Sello Rasethaba, faced some personal health concerns and stepped down from the committee and the AYO Board. Although in this reduced team complement the committee was still compliant with statutory requirements, the nominations committee was engaged to assess the unit's residual capacity, skills and expertise to execute its mandate. Fortunately, Mr Rasethaba's speedy recovery permitted him to resume his duties soon thereafter and no changes to the composition of the committee were required. With the committee back to its full size, I am confident that it is more than adequately skilled and resourced to discharge its duties.

In terms of its mandate, which is formally regulated through its charter, the committee is responsible for independent oversight of the effectiveness of AYO's assurance function and services, the integrity of the annual financial statements and the governance of risk. The committee has the power to make decisions, but does not assume the function of management, which remains the responsibility of the executive team. Rather, it holds an independent role with accountability to both the Board and shareholders.

The audit and risk committee is an active and engaged unit, enjoying full attendance at all of the five formal meetings held during the financial year. These meetings were also attended by AYO's executive team and other key staff members, including internal audit, as well as the external audit partners. Additionally, we maintain unrestricted, open lines of communication with these important stakeholders throughout the year. Therefore, I can assertively declare that the committee executed its statutory responsibilities pursuant to section 94(7) of the Companies Act, paragraph 22.15(h) of the JSE Listing Requirements and the King IV™ Code for the 2021 financial period.

Should shareholders have any specific questions, concerns or comments regarding the workings or the performance of the committee, I will gladly address them in person at the next AGM.

FINANCIAL REPORTING

The Group has adequate and appropriate financial reporting procedures, which are effectively implemented by a well-resourced and skilled team, as stipulated in paragraph 3.84(g)(i) of the JSE Listing Requirements, under the leadership of the Chief Financial Officer, Mr Tatenda Bundo. 2021 is Mr Bundo's third year in his tenure and the audit and risk committee, having given due consideration to his expertise and track record, is pleased with his valuable contributions in terms of accuracy and efficiency of the financial reporting process to date. We are confident in his well-proven expertise, experience and abilities to continue to effectively fulfil the responsibilities of the role.

During the reporting period, the finance team prepared and published AYO's Group and Company Annual Financial Statements, as well as half-year interim consolidated results, under the review and oversight of the audit and risk committee. Several new and/or revised amendments to the IFRS accounting standards were adopted, as they came into effect, namely IAS 1, IAS 8 and IFRS 7. These amendments were primarily of terms clarification nature and had no material impact on the financial statements. However, more disclosure was provided to ensure statutory compliance and transparent information is made available to shareholders to enable quality decision making. Having considered the appropriateness of the accounting policies adopted and applied, the treatment of significant transactions and the processes implemented in the preparation of the reports, the committee was satisfied that the financial statements fairly represent AYO's financial position for the period. Further, the committee verified that all recommendations, as detailed in the JSE Proactive Monitoring Report of 19 February 2021, have been duly considered and where relevant, appropriate actions were taken in the preparation of the interim and annual financial statements.

Additionally, the committee reviewed and accepted the 2021 Integrated Annual Report as a document of the highest quality, integrity and disclosure.

COMPLIANCE GOVERNANCE

The committee is accountable for setting the direction on how compliance is managed throughout the Group and exercising ongoing oversight of compliance governance, in view of South Africa's dynamic and evolving regulatory environment. A multi-

disciplinary team continuously monitors and identifies key regulatory changes relevant to the business, determines their impact on the Group and recommends appropriate controls.

While tax and labour law compliance are recurrent areas of focus in this regard, during the reporting period the committee directed the implementation of the requirements of a brand new piece of legislation, namely the POPI Act, which came into full effect on 1 July 2021. AYO was well-prepared for the application of the act. Information officers and deputy officers were swiftly appointed across all Group companies and units, formal policies were approved and adopted and training workshops were held at all levels of the organisation. An in-depth assessment of department-specific practices was carried out and the committee is well-assured that material compliance with the provisions of the act is achieved throughout the Group.

With the numerous adjustments and movements in and out of lockdown levels over the last 18 months, the committee also ensured the ongoing implementation and compliance with the disaster management act regulations, as relevant to occupational health and safety of AYO employees. We reviewed the health and safety measures in place at the various operating sites, as well as the procedures and protocols adopted to ensure the health and wellbeing of AYO staff and visitors. Additionally, we ensured that PPE was reasonably provided for all employees. The committee is comfortable that appropriate compliance was achieved, as evidenced by the negligible number of infections reported throughout the Group. As there is no conclusive indication of abating of this global pandemic, the committee will continue to exercise oversight in this important area for the foreseeable future.

INTERNAL AUDIT

Internal control mechanisms and systems, assessing the adequacy of governance structures, managing risks and providing assurance to the reliability and integrity of financial reports are of particular importance for any reputable business organisation. AYO, having expanded significantly as a Group over the last couple of years, both in terms of number of operating units and complexity of transactions, necessitated a much more focused approach to the function during the reporting period and going forward.

I am pleased to announce the appointment of Ms Adri Arendse as the internal audit group executive during the year. Ms Arendse is a well-seasoned professional with extensive experience, who managed to “hit the ground running”, so to speak, and make invaluable inroads in AYO’s internal controls environment. Reporting directly to myself, Ms Arendse and her team completed internal audits at all 18 operating entities within the Group, reviewing management accounts, drafting SOPs and regularly engaging with the external audit partners. They, further, developed a financial control checklist, which is currently being rolled out at subsidiary level, aimed to facilitate overall audit readiness and streamline the audit process.

This much stronger internal audit team, now comprising of four members, has undeniably improved the efficiency and reliability of AYO’s risk and control environment and their contribution has been welcomed by the committee, as well as the external audit partners. I believe this will lead to heightened reliance on the team’s reports by the external audit partner in the medium term and ultimately, lead to a more streamlined year end audit process, while strengthening our assurance mechanisms. In terms of internal objectives for the next financial period, the team will focus on monitoring the implementation of recommendations revealed at the extensive Group audit this year at subsidiary level, particularly in the areas of governance policies, SOPs, documentation and risk awareness.

EXTERNAL AUDIT

In the previous reporting period, 2020, following a long-standing relationship with BDO South Africa Inc., AYO appointed a new, joint team of external audit partners – Crowe JHB, led by Lerato Futshane, and Thawt Inc., under the stewardship of Gary Kartsounis. The appointment was ratified by an ordinary resolution at AYO’s 2021 AGM, achieving 100% positive vote.

I am happy to inform stakeholders that the inaugural year of collaboration went smoothly with the team providing an unqualified audit report for the 2020 financial year. The committee is satisfied with the scope and cost of services, provided by the external auditors, as well as their level of professionalism and expertise, independence and objectivity and look forward to an enduring relationship with the joint team going forward.

The external audit partners’ detailed report in regards to the 2021 financial period can be found in the Group Annual Financial Statements available online at www.ayotsl.com under the Investor Centre tab. The external audit partners also presented the detailed findings from the IRBA review to the audit and risk committee, in accordance with paragraph 22.15(h) of the JSE Listing Requirements.

RISK MANAGEMENT

The audit and risk committee is also tasked with assisting the Board in its oversight of risk, reviewing the Group’s risk appetite and tolerance profile, evaluating the effectiveness of the Group’s risk management framework and respective responses. In this respect, we have placed tremendous focus in the past 12 months in promoting and monitoring a paradigm shift to a more integrated enterprise risk management approach. This involves the synchronisation between strategy and risk, which we view as critical to overall performance and value creation.

With the assistance of the fortified internal audit unit, risk identification, monitoring and mitigating processes were thoroughly evaluated during the reporting period. Formalised risk policies and charters were adopted by all Group operating units and risk registers were developed with inputs from the associated functional departments. Training workshops were held to raise understanding and embed careful and informed risk consideration in operational decision making.

Looking forward, the committee will continue to put emphasis on integrated risk management throughout the organisation, driving focus on upside risk exploitation (opportunity), rather than just downside risk mitigation. Opportunistic thinking is an essential element in the strategy planning process that can lead to greater value creation for all stakeholders.



Rosemary Mosia
Chair of audit and risk committee
17 December 2021

AUDIT AND RISK COMMITTEE MEETING STATISTICS

MEETINGS	ATTENDANCE
5	100%



Social, ethics and transformation committee report

Dear Stakeholder,

On behalf of the social, ethics and transformation committee, I am delighted to address you and update you on our objectives, activities and outcomes during the 2021 financial year. Custodian of AYO's ethics, transformation and sustainability initiatives, as mandated by the Board, the committee's key areas of oversight include the Group's compliance with B-BBEE, employment equity and other relevant regulatory requirements, CSR impact investments and stakeholder relationships. Additionally, we ensure that ethical culture and behaviour is embedded in the day-to-day business environment and that meaningful strategic imperatives are integrated in operational decision making. In so doing, we play a critical role in positioning and presenting AYO as an exemplary corporate citizen with good governance practices and commitment to shared value creation.

The committee is comprised of three non-executive directors, as required by the King IV™ Code and the JSE Listing Requirements. Ms Vanessa Govender stepped down as an official member of the committee during the period, in accordance with the stipulated requirement that executive directors are precluded from representation. However, as an actively involved associate, who facilitates the implementation of directives at operational level and reports back on executional progress of initiatives, she has a standing invitation to our formal meetings. I am compelled to note that the committee is a very active and engaged unit, deeply passionate about creating meaningful impact and promoting the advancement of UN SDGs within and outside the organisation. We have held three formal meetings during the year and continuously engage with the Board and other committees, as well as AYO's management team in discharging our duties. Thus, I am satisfied that we have appropriately fulfilled our responsibilities during the period in line with the committee's mandate, Companies Act, JSE and King IV™ requirements. I will make myself available to provide any further information and answer any questions relating to the committee's statutory obligations at the AGM.

The committee is responsible for directing the Group's approach to ethics by regularly evaluating and updating the Code of Conduct and other relevant policies and provide ongoing oversight. We see the law as a minimum standard for appropriate behaviour and believe that our ethical leadership, effective governance, strict compliance and transparent and timeous engagement with stakeholders underpin our stellar corporate image. Our Code of Conduct is available on our website to all interested parties and was reviewed and updated in 2021, alongside the committee's charter and the Group's various policies. Additionally, we adopted a new corporate social responsibility policy during the period, detailing strict beneficiary criteria in alignment with our prioritised SDGs and allowing for a transparent and fair application and award process. We were satisfied that AYO's externally facilitated fraud and corruption reporting hotline provided sufficient access to report any potential or suspected ethical faux pas and are particularly pleased that no such signals were received during the reporting period. Finally, the committee oversaw the adherence to POPI Act, which came into effect in July 2021.

Another important outcome for the committee was the finalisation of AYO's B-BBEE verification, which was completed by Izwelisha Verification Agency. This new partner was selected on the basis of their excellent credentials and specific focus within the ICT industry space. Unfortunately, we were unable to improve the Group's contributor level, which remains flat at level four until the next verification audit, with procurement within the SED space identified as the area we believe improvements can be achieved. This will be a priority for the committee and the Group, as a whole, in the upcoming year. I am delighted that progress in this area is already noticeable and am confident that we will reach our preferential procurement targets in 2022.

For the current reporting period, AYO spent in excess of R11.6 million on socio-economic development, which is far more than the statutory required minimum percentages of NPAT. Furthermore, I am particularly delighted that a thorough vetting process was applied to carefully select qualifying beneficiaries, so that AYO's contributions can have a meaningful, tangible and measurable impact on community development and promotion of UN SDGs. 13 donations to the total value of R7.165 million were made in terms of SED, alongside 4 enterprise development grants with combined value of R2.675 million and a skills development initiative in partnership with Pino Investments targeting IT education of marginalised youths saw an investment of R1.8 million. Education continues to be the primary focus of our social responsibility initiatives and contributions, although given the impact of COVID on South African communities, proportion of our spend was re-directed to assist with PPE and basic needs, including food parcels, for the worst affected.

CSR projects, partnerships and initiatives have always been a priority for AYO, but were never widely communicated to our broader stakeholder base. We recognised that proactively publicising our involvement in such programmes could have a favourable influence on our brand reputation and have put tremendous amount of time and energy to maximise this opportunity. The newly developed AYO corporate website now regularly reflects our CSR success stories, which are further amplified via our social media channels. I am pleased with the heightened levels of engagement we have seen from our audiences with these important feel-good reports.

The growing problem of e-waste, driven by exponentially sped up technology adoption, has emerged as a new focus area for the committee during the year. The Company launched an inaugural e-waste awareness and collection campaign, which was highly successful. The committee views this as a strategically significant sustainability prerogative and will continue to drive the initiative going forward, further expanding it into all Group companies and potentially outside the organisation. In this regard, we are looking at fostering an ongoing partnership, or possibly securing an equity stake, in suitably established entity.

Human resources relationships also fall within the ambit of the committee and some notable developments took place during the year in this regard. In February 2021, a large-scale restructure was undertaken at one of AYO's major subsidiaries, to counteract the negative impact of pandemic-driven business disruptions, resulting in considerable headcount reduction. AYO Company was also restructured, as mandated by the Board, following the adoption of the 7-point plan in June 2021, which saw the dissolution of the shared services unit. We strived to minimise job losses and redeploy employees in other teams or transfer them to the client organisations wherever possible. Nonetheless, the Group ended the reporting period with a much-rationalised staff compliment of 1 151 employees.

The COVID pandemic has also bound us, on several occasions during the year, to weigh up the opportunity cost of business disruptions associated with remote working vs. the health, safety and wellbeing of our staff. While we have managed to seamlessly slip in and out of remote working at the top of the wave peaks, AYO's collaborative working approach is optimally suited for face-to-face interaction and collective decision making. Yet, we are steadfast on protecting the health and lives of our employees, first and foremost. After three consecutive lockdowns in the past 18 months and a reasonable expectation that the worst is not over yet, we were delighted to see the national vaccination roll-out made available to all South African citizens over the age of 18. At the time (July 2021), AYO employees were again working from home and the committee considered the possibility of mandating vaccinations for all staff prior to return to

the office. It is a difficult decision, that needs to consider both the business continuity requirements, mitigating the risk of incessant alternating arrangements going forward, and the constitutional rights of our employees. Fortunately, a quick survey amongst the team revealed that the Company staff was already voluntarily 100% vaccinated, making full return to the office environment a safe and reasonable decision. The committee is still deliberating on a vaccination policy for future employees, however, the decision has been deferred to the next reporting period.

Beyond a fair, non-discriminatory and lawfully aligned vaccination policy, the committee's focus going forward would be to continue its oversight over the Group's ethical and compliant practices, updating AYO's governance framework library in alignment with evolving regulations and best practices and monitoring the effectiveness of socio-economic development initiatives. I look forward to reporting on many successful programmes in 2022, creating shared value for all stakeholders and actively promoting UN SDGs on the African continent.



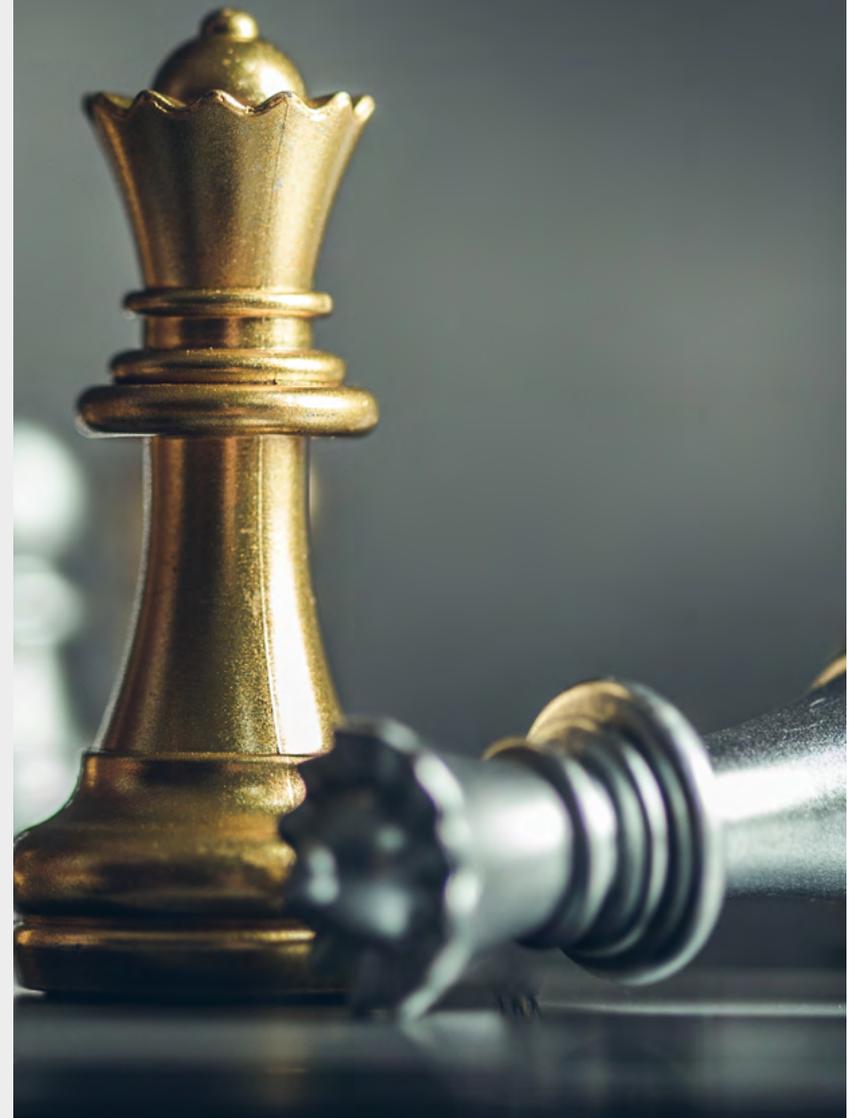
Dr Dennis George
Chair of social, ethics and transformation committee
17 December 2021

SOCIAL, ETHICS AND TRANSFORMATION COMMITTEE MEETING STATISTICS

MEETINGS	ATTENDANCE
3	100%

“IF YOU SET A
GOOD EXAMPLE,
YOU NEED NOT
WORRY ABOUT
SETTING RULES.

LEE LACocca





Investment committee report

Dear Stakeholder,

I am delighted to present my next address to you for the 2021 reporting period, this time in my capacity of chair of the investment committee. It includes a concise summary of the committee's membership, mandate, workings, activities and outcomes for the year.

With investments being AYO's core business, informing and refining the Group's investment strategy and philosophy, setting criteria and targets for investments, evaluating proposals for business acquisitions and disposals and overseeing the meticulous administration of legal, financial and due diligence processes is of paramount importance. These very activities are the ambit of investment committee. Thus, the committee, comprising of five directors (four of whom are non-executive), far exceeds the King IV™ Code minimum membership requirements. Given the calibre of directors on the committee, their stellar reputation and optimal combination of expertise, covering the fields of M&A, strategy, technology, finance and risk, amongst others, I am well assured that the team is capable of maximising capitals' utilisation and stakeholders' value creation outcomes.

During the financial year the committee met formally three times, enjoying full attendance on each occasion, hosting the investments group executive and the rest of the executive team by invitation. This larger audience fostered perfect conditions for active discussions, robust debate and ultimately, quality decision making, which could then seamlessly be filtered down to operational level. Therefore, I am confident in the fact that the investment committee has satisfactorily fulfilled its responsibilities in accordance with its terms of reference for the reporting period.

With AYO transitioning from an operating business into an investment holding company over the last two years, it was important to formalise the acquisition process, which was one of the top deliverables for the committee during the year. We adopted stringent investment criteria and protocols, agreed on acceptable valuation methods and identified specific approval and authorisation checkpoints, which we believe will further strengthen our already conscientious and transparent investment decision process. Additionally, we revised, updated and formalised AYO's investment policy.

The key objectives of the investment committee are three-fold: to preserve and grow investments' value; extract dividend returns and mitigate risk. Given the operational demands on AYO capitals (both human and financial) during the financial year, particularly with regards to brand image restoration and litigation concerns, the committee felt that our resources would be best utilised addressing these pressing current challenges in the short term. Thus, a temporary moratorium was placed on future investments, to allow us to mitigate operational risks, stabilise the business and preserve shareholder value. As a result, although the acquisition pipeline remains rich, the Kathea Communications purchase was the only investment transaction completed during the financial year. Several other deals were put on hold, despite negotiations having progressed satisfactory and regulatory approvals being granted in a number of cases.

The committee reviewed the performance of existing investments. While we identified several instances where investment value has been impaired in the financial year, particularly where the pandemic has affected cash flows and forecasts, we are well pleased with the gains realised in some strategically important assets, including Bамbelela and the Tamlalor joint venture. Portfolio review and continuous assessment is an important function for the committee and we will continue to monitor it on biannual basis.

Acquisitive growth remains a critical part of AYO's long term strategy. Thus, in the forthcoming financial period, we will re-evaluate the Group's operational demands and recommend to the Board lifting the M&A moratorium, as soon as sufficient resource capacity is available.



Dr Wallace Mgoqi
Chair of investment committee
17 December 2021

INVESTMENT MEETING STATISTICS

MEETINGS	ATTENDANCE
3	100%





Remuneration committee report

Dear Stakeholder,

I am grateful for the opportunity to present to you the 2021 remuneration committee report, highlighting the key considerations, decisions and outcomes of our work during the last financial year.

As mandated by the Board, the remuneration committee oversees the remuneration activities of the Group, including regularly updating the remuneration policy, establishing a holistic compensation model for employees and non-executive directors, promoting fair and equitable pay practices and engaging with stakeholders on remuneration related matters. In setting and administering AYO's remuneration policy, the committee also ensures that the Company observes its obligations in terms of the Employment Equity Act 55 of 1998 (as amended) and the regulations in terms thereof, specifically the principle of "equal pay for work of equal value".

I am the chair of the committee and am supported by two other non-executive directors, as stipulated in the Companies Act and paragraph 3.84(c) of the JSE Listing Requirements. Mr Ismet Amod, who was previously also a member of the committee, stepped down during the reporting period, due to his appointment into an executive director role, which precludes him from serving on the committee. Notwithstanding his departure, I am confident that in its current composition, the committee is sufficiently well resourced and has the prerequisite mix of skills and experience to adequately discharge its duties.

The committee met two times during the financial year, hosting the executive team by invitation, with only one apology received in one instance, which did not disturb the quorum requirement. During these meetings we deliberated proposed changes to the remuneration policy, reviewed the implementation of the policy during the financial year and approved the annual salary increase increment, which remained unchanged at 5%. Further, we authorised a benchmarking review of the salaries of executive management and key staff, to ensure their fairness and market competitiveness, as we were made aware during the year that AYO's executive packages were inconsistent with (i.e., were far below) industry standards. As soon as the assessment is complete, the findings will be shared with interested stakeholders and used to inform future amendments to the remuneration policy and packages.

PRINCIPLES AND AMENDMENTS OF REMUNERATION POLICY

We view remuneration as an instrument to create value sustainably within the economic, social and environmental contexts within which AYO operates for the benefits of all stakeholders. Thus, the committee places great importance on the preparation and composition of a comprehensive remuneration policy. In September 2020, the committee reviewed and approved AYO's remuneration policy, as we were well satisfied that the policy had been prepared in accordance with governance best practices as contained in the King IV™ Code, complied with applicable legislation and was effective in promoting the strategic objectives and direction of the Company.

The policy, inter alia, stipulates the four components of remuneration packages within the Group, namely guaranteed pay and benefits, bonus payments, short term incentives (STIs) and long term incentives (LTIs).

Guaranteed pay and benefits are determined with the purpose of attracting and retaining talented, high-performing individuals, who can contribute technically, operationally and financially at a higher than average level, solving problems for customers and finding solutions that will contribute to the overall profitability of AYO whilst operating in a safe and responsible manner. It is calculated on the "total cost to company" method and is inclusive of company contributions for selected benefits. Payment of membership fees for affiliation or membership to professional bodies, travel expenses and essential tools of the trade, as required, are also part of the guaranteed pay.

Bonus payments are critical to reward contribution to AYO's overall performance and motivate employees to play a part in ultimately achieving the Company's long term objectives. Bonus payments are discretionary and serve to recognise and reward staff members, as well as encourage them to continue to display motivation and diligence in their daily activities. A discretionary bonus of one month's guaranteed pay was approved and awarded to all employees in 2021.

STIs aim to motivate and reward associates for the achievement of the Group's short term performance in areas which they can influence. They support and reinforce desired behaviour and are awarded upon satisfactory achievement of financial, non-financial, operational and strategic targets, while simultaneously enhance the competitiveness of the overall reward offering/pay mix in recognition of high performance. Further, STIs enhance employee engagement, satisfaction and retention. STI targets are determined by the committee, agreed with the executive team and senior

management and thereafter approved by the Board. They are set reasonably high to encourage problem solving and initiative and weighted to promote collaboration and teamwork. The maximum attainable STI level is set at 150% of the employee's guaranteed pay and open to executive directors and group executives (senior management).

The fourth component of remuneration, LTIs, serve a dual role. Awarded on the basis of achievement of the Group's long term financial goals, they align the interests of management with those of shareholders and engender ownership culture. Additionally, as LTIs are presented within a certain financial year, but only paid to an employee two years later, they serve as a retention policy for key executives. This dual purpose makes LTIs particularly important in supporting sustainable long term value creation. As AYO has not yet introduced share allocation scheme, LTIs are currently offered as percentage of guaranteed pay and are awarded to executive directors and group executives at the discretion of the Board.

Amendments to the remuneration policy in 2021 addressed termination guidelines, as retention of executives at Company and subsidiary level was identified as a potential risk area during the reporting period. The amended policy includes a prescribed termination notice period to mitigate the risk of critical staff resigning at short notice and provides for retention measures, such as retention bonuses paid over a pre-determined period.

EXECUTIVE DIRECTORS' REMUNERATION

The basic remuneration package of executive directors is determined by the nominations committee at the time of their appointment. Their incentives and bonuses are decided by the remuneration committee in line with the remuneration policy. Full details of AYO's executives' remuneration is disclosed in the following table.

Director	Basic Salary	Directors fees	Consulting fees	Bonus	Sign on bonus	STI	LTI	Other benefits	Provident Fund	Total
H Plaatjes	3 928 974	-	-	385 000	-	8 940 000	2 470 000	162 520	704 746	16 591 239
T Bundo	3 447 235	-	-	325 000	-	5 825 000	2 112 500	174 146	412 022	12 295 903
V Govender	2 904 492	-	-	280 000	-	5 240 000	1 820 000	105 414	469 209	10 819 115
K Abdulla	4 335 463	-	-	408 729	-	4 000 000	-	90 598	582 565	9 417 355
I Amod*	1 500 000	321 563	800 000	-	4 000 000	-	-	55 828		6 677 391

* Ismet Amod served as non-executive director for part of the reporting period and as executive director for the remainder of the year, hence the combination of payment components.

NON-EXECUTIVE DIRECTORS' EMOLUMENTS

In contrast, non-executive directors are not employees of the Company and do not participate or benefit from any employee performance schemes and incentives. They are paid set directors' fees, which are determined in alignment with the SA Guide for Executive Remuneration and Reward national survey, industry standards and relevant individual experience and specialised knowledge. The directors sign service level agreements with AYO for the duration of their tenure, while their fees recommended by the committee, ratified by the Board and tabled for final approval by all shareholders at the AGM. The directors' fees for the financial year, were approved with 99.94% vote at the 2021 AGM.

During the reporting period, AYO faced unprecedented operational, regulatory and legal challenges, which necessitated the hands-on involvement and high-level engagement of non-executive directors, over and above their Board and committee duties. Thus, additional consulting fees were awarded for the financial year, commensurate to the further demands placed on the relevant individuals. For absolute transparency and in line with section 30(4) of the Companies Act, all directors' and consulting fees are presented in the table below.

	Directors' fees	Consulting fees	Total
Dr W Mqoqi	1 181 250	100 000	1 281 250
A Amod	787 500	900 000	1 687 500
Dr D George	866 250	100 000	966 250
R Mosia	708 750	100 000	808 750
S Rasethaba	284 710	160 050	444 760
Adv Dr N Ramathlodi	393 750	100 000	493 750
Prof L Fourie	393 750	100 000	493 750

STAKEHOLDER ENGAGEMENT

In drafting and amending the remuneration policy, the committee utilises a stakeholder-inclusive approach, considering the legitimate expectations of shareholders, employees and all other interested stakeholders. We publish the approved document on the AYO website (at www.ayotsl.com under the corporate governance tab) and are willing and available to engage in any discussion relating to the policy with any interested party. Both the policy and the implementation report for the particular year are presented to shareholders for a separate non-binding advisory vote at the AGM, as stipulated in paragraph 3.84 (k) of the JSE Listing Requirements, and in the event that less than 75% support is obtained for either of the two resolutions, we invite dissenting shareholders for further engagement thereafter.

Unfortunately, yet again in 2021, both resolutions received 66.26% positive votes. At the risk of coming across critical, I feel it is important to note that for the third consecutive period, we are meeting this kind of resistance from the exact same shareholding cluster, yet despite our official invitations via JSE SENS and our direct invitations, these dissenting shareholders decline our engagement calls. This is not an AYO-specific phenomenon and even the Effective Stakeholder Engagement Guidance Paper, published by the Institute of Directors South Africa in May 2021, devotes an entire section to what they dub “stakeholder apathy” and refers to it as a prevalent problem.

Effective engagement is not possible without the participation of both the governing body and the shareholder. The committee is of the view that the AGM is a sufficiently well-understood and formal platform for engagement on the subject of remuneration. Yet, it is grossly underexploited, as key shareholders do not allocate adequate time and resources to this important forum, but instead opt to cast their vote via proxy, who does not have the authority or qualified knowledge to engage in a meaningful manner. Thus, for the upcoming financial year, the committee is considering proactive engagement with key shareholders before the AGM, in an effort to establish transparent lines of communication and secure the support of a wider shareholder base. Should we be unsuccessful with this pre-emptive approach and again receive less than 75% supporting votes, we will once more invite stakeholders to a meaningful discussion and consider their input in future amendments of the remuneration policy.



Aziza Amod

Chair of remuneration committee

17 December 2021



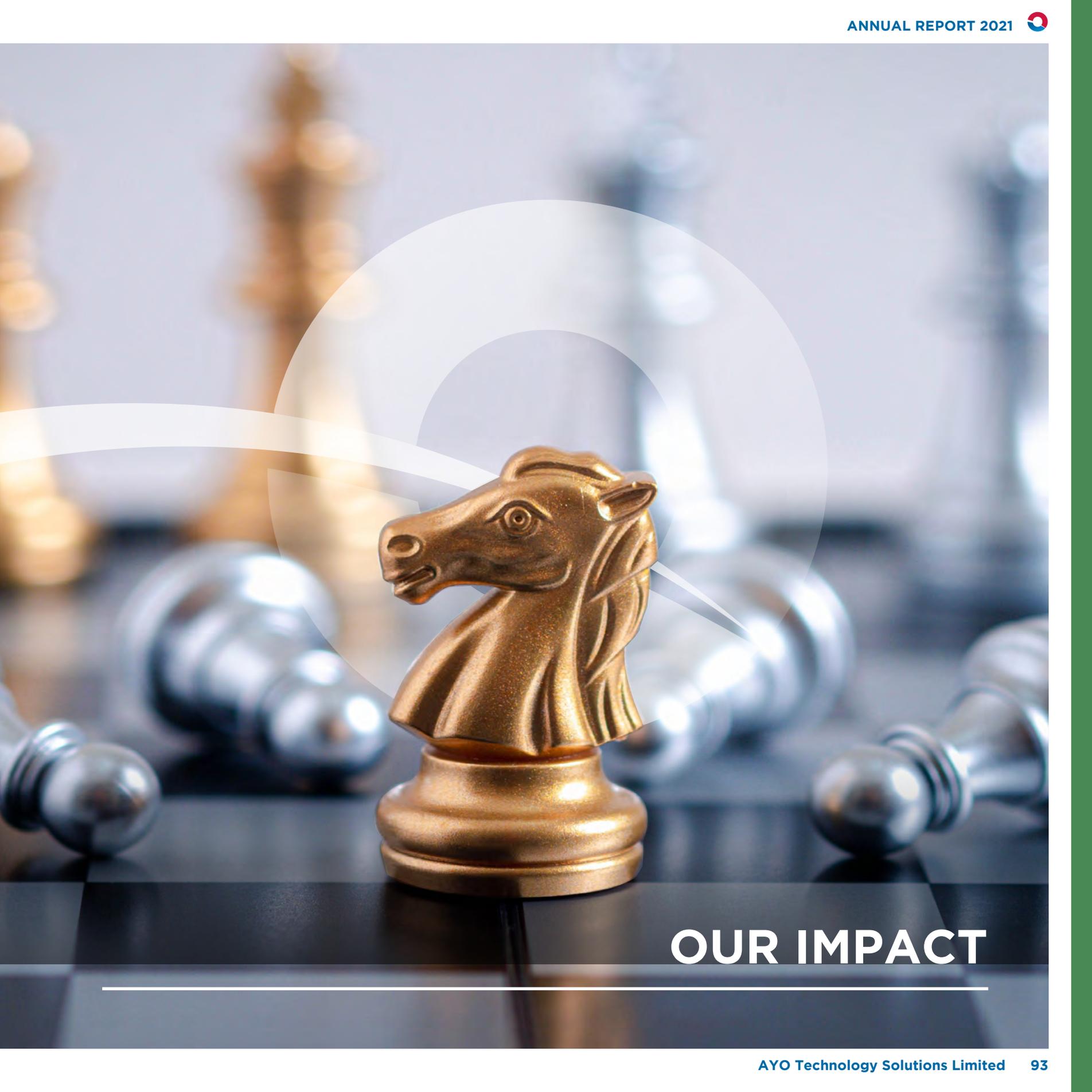
REMUNERATION COMMITTEE MEETING STATISTICS

MEETINGS	ATTENDANCE
2	86%

OUR IMPACT

- Stakeholder engagement 94
- Director's perspective 102
- Advancing UN SDGs 104





OUR IMPACT

Creating shared value

STAKEHOLDER ENGAGEMENT

AYO is deeply connected to the environment within which it operates and the societies it serves. As a participant in this dynamic business ecosystem, our ability to create and preserve value is contingent on the quality of our stakeholder relationships. By providing for their needs and meeting their expectations, we create value for each interconnected cluster in our stakeholder universe, as well as for the Group itself.

We take a holistic approach to stakeholder engagement, continuously striving to improve the quality of our relationships, based on the principles of regular and structured communication, openness and transparency and mutual respect. We prioritise stakeholder segments based on their material influence over our value creation process and develop a specific stakeholder management plan for each cluster based on their needs and expectations. We also rate the quality of these relationships and purposefully endeavour to create shared value and resolve potential conflict before it even arises. We communicate effectively, utilising a wide range of platforms, from one-on-one meetings to broadcasts and press releases to digital channels and official JSE SENS announcements.

SHAREHOLDERS

STAKEHOLDER ROLE

Our shareholders are the owners of our business, who provide the necessary capital to fund our Company, drive business growth, support and scale our operating units and deliver on our strategic commitments. We appreciate the trust our investors have put in us and consider it our privilege and duty to protect and grow their financial assets, while delivering fair and consistent dividend pay-out.

ENGAGEMENT AND VALUE CREATED

We consistently communicate our strategy, activities and outcomes to shareholders via annual and interim reports, media trading updates, JSE SENS announcements, as well as our own digital channels, including our website and LinkedIn page. Our Annual General Meeting is the official forum where we invite our investors to comment and vote on important matters. Thereafter, we seek to engage individually with shareholders on items that didn't meet their approval.

We are particularly proud of the value we have created for shareholders in 2021 in the context of challenging economic environment, exacerbated by the pandemic. Despite subdued profitability, AYO's strong income reserves and cash holding position enabled us to pay out fair dividend for the reporting period, while vehemently preserving the value of their investment.

KEY TOPICS

The main purpose of our engagements with shareholders is to communicate the rationale behind our strategic and operating decisions. While most matters raised were well received and supported, two important areas, namely providing short term inter-group financial assistance and remuneration, did not reach consensus at the 2021 AGM. We have taken into consideration the input and comments of our shareholders' community on these topics and strive to formulate a plan that optimally serves all stakeholders.

RELATIONSHIP QUALITY 70%

SUBSIDIARIES

STAKEHOLDER ROLE

Our subsidiaries give us the operational leverage to optimise the value chain, enhance our market positioning and drive cross-industry innovation and shared growth. Additionally, being an investment holding company, AYO's financial performance is directly resultant to the success of our operating entities. Supporting and scaling our underlying subsidiaries allows us to maximise value creation for all our stakeholders.

ENGAGEMENT AND VALUE CREATED

AYO actively participates in the subsidiaries' strategic decision-making process through Board representation and direct communication. Additionally, we provide operational assistance, where needed, through our team of highly competent and capable group executives.

With the negative economic impact of the pandemic felt across all industries and sectors, some of our operating subsidiaries and associated companies needed additional financial support from AYO (as their sole or anchor investor). Given our own investors' hesitancy towards additional financial risk at this point in time, it was challenging to balance the parties' interests during this reporting period and optimise value creation for all stakeholders.

Our operational assistance, on the other hand, which resulted in uniform financial planning and reporting practices, marketing and business development support and human resources management processes is a model demonstration of the benefits of a positive parent-subsidary organisation relationship and mutual value creation.

KEY TOPICS

We expect that the adverse trading environment will persist in the upcoming financial year, therefore, access to financial assistance will remain a critical need for subsidiaries in the medium term. Thus, we plan on more extensive engagement with our shareholders, where we can identify an optimal approach balancing the needs of our companies and the risk appetite and tolerance of our investors.

RELATIONSHIP QUALITY 50%

SUPPLIERS AND PARTNERS

STAKEHOLDER ROLE

Service providers, suppliers and business partners are critical part of AYO's value chain, as they enable us to operate and create value. Solid (and in cases, exclusive) relationships with OEM suppliers and partners provide us with sustainable competitive advantage in the marketplace.

ENGAGEMENT AND VALUE CREATED

While AYO generally enjoys long-standing and prosperous relationships with various local and international suppliers and partners, the sustained negative media narrative around the brand has raised concerns within some critical service providers for the Group, who fear reputational damage to their own names by association. Thus, partners offering business-essential services to the Group, particularly in the banking sector, have pre-emptively severed their relationship with AYO, despite the lack of foundation or evidence for the reproachful media campaign. This has severely eroded our value creating potential and the matter is receiving the full attention of our Board and executive team.

Supply chain delays and disruptions, induced by the prolonged pandemic, on the other hand, created conditions for strained relationships with international partners and OEM manufacturers. However, our established, thriving relationships with these important stakeholders withstood the challenges and greatly contributed to value creation in 2021.

KEY TOPICS

We acknowledge that the highly regulated and image-sensitive banking industry is understandably protective over its own reputation, given the number of infamous investigations and exposés recently. However, eroding the value creating faculty of an upright corporate citizen, such as AYO, on the basis of hearsay is unacceptable. We continue to engage with the sector in every way possible to clarify any concerns and misunderstandings and find a practical and fair solution to this impasse.

RELATIONSHIP QUALITY 50%

EMPLOYEES

STAKEHOLDER ROLE

Employees are the strategy execution engine of AYO. Their knowledge, skills and commitment are instrumental to our value creation potential. Thus, building and supporting an engaged and productive team and creating a happy, collaborative environment for them to grow, thrive and solve problems is critical to our business success.

ENGAGEMENT AND VALUE CREATED

Growing talent and succession planning are paramount for the personal development of our employees, as well as the value creating potential of the Group. The technology industry requires unique and specialized skills, which are not readily available, while the rapid rate of innovation necessitates constant upskilling of staff. In 2021 AYO spent R1.5 million on talent development initiatives with 23 employees attending 31 courses, ranging from short online syllabi to MBA graduate programmes.

Providing a safe and healthy working environment has been the other key focus in terms of employee value creation this year, particularly in the context of recurring infection waves and job cuts across all industry sectors. AYO has gone to extraordinary lengths to support our team in these difficult times, enabling remote working arrangements and providing resources to improve our people's physical, mental and financial wellness. Our staff is back on site as we achieved 100% voluntary vaccination rate and we are proud to announce that we have not retrenched any employees as a direct result of COVID-19.

KEY TOPICS

Striving to grow, learn and develop comes natural to talented and driven individuals and we are particularly pleased with our team's engagement when it comes to training and acquiring new skills. Emphasis is placed on stretching our people into new subject fields, which enables collaboration and creative solutions through diverse perspectives on challenging issues. It also promotes a rich succession planning pipeline that further strengthens our value creation potential.

RELATIONSHIP QUALITY 90%

REGULATORS

STAKEHOLDER ROLE

As a JSE-listed Group, AYO operates in a highly regulated environment, which is essential to ensuring the integrity of the investment industry and promoting investor confidence. We strive to develop a healthy relationship with regulators founded on strict compliance, good corporate citizenship and proactive engagement.

ENGAGEMENT AND VALUE CREATED

We stay abreast of regulatory changes, having a dedicated multi-disciplinary team that continuously engages with relevant regulatory bodies, assesses compliance and mitigates regulatory risks. Our employees attend scheduled seminars and workshops to better understand evolving requirements and reporting best practices in the areas of governance (King IV™ Code), finance (IFRS Standards) and law (Companies Act, JSE Listing Requirements and other relevant legislation). We work closely with our corporate sponsors team to provide stakeholders with timeous, accurate and transparent periodic reports.

During the reporting period, we swiftly and seamlessly implemented all requirements of the newly adopted POPI Act and reviewed our extensive library of policies, charters and codes to ensure their relevance and alignment with regulatory updates. Reports to regulatory agencies are presented regularly and shared with the wider stakeholder pool via our website, promoting transparent engagement and value creation.

KEY TOPICS

Communication with regulators is, by default, structured, incorporating prescribed reports at prescribed intervals. Reporting topics include financial performance, B-BBEE compliance, King IV™ Code application, tax compliance and governance. Additionally, our Group executives engage with numerous industry associations through formal membership, which keeps them abreast of important regulatory updates and developments.

RELATIONSHIP QUALITY 70%

MEDIA

STAKEHOLDER ROLE

We acknowledge the impact print and digital media have on our brand and corporate reputation and thus, regard national and industry publications as a critical stakeholder group. Media houses have a responsibility to report to their audiences accurately and timeously but ultimately, have full control over the stories they publish. Therefore, the relationship with this critical role player is vital.

ENGAGEMENT AND VALUE CREATED

We strive to engage with media consistently, honestly and openly, providing them with truthful and thorough presentation of our business, which we trust will be accurately conveyed to the public. We are available and willing to explain our strategy and decisions and discuss our ideas with the press. Given the diversity of the media landscape in South Africa, however, our relationship with individual publications is varied and multi-dimensional. While we enjoy a productive and mutually beneficial association with majority of the press, there is a select group of titles, who regularly publish and amplify unverified, often at least partially incorrect, stories, which cause significant value erosion for AYO and our stakeholders.

We take swift, decisive action in such instances, calling the attention of the press ombudsman and, where possible, correcting the misstatements (and minimising the value erosion). While significant progress has been made in this regard over time and negative brand coverage is waning compared to previous years, the reputational damage caused will take time to rebuild and will remain our priority going forward.

KEY TOPICS

While media has played a key role in the erosion of value for both AYO and our stakeholders in the past, a positive, professional relationship can be a powerful enabler to our strategy execution and value creation. We trust that sharing our vision, aspirations and steps taken to achieve them with the press and by extension, our community, we can enlist their support and bolster the potential for value creation for all stakeholders.

RELATIONSHIP QUALITY 50%

COMMUNITIES

RELATIONSHIP QUALITY 90%

STAKEHOLDER ROLE

The commercial environment is an interdependent system, which means that for our business to succeed, we need a thriving economy, well-functioning society and a safe, healthy environment. With communities taking strain exacerbated by the prolonged COVID pandemic, they increasingly look towards corporate role players to boost government support programmes and enable important developmental areas, such as education and economic inclusivity.

ENGAGEMENT AND VALUE CREATED

We use the United Nations Sustainable Development framework to identify strategic focus areas where we can make significant, tangible, positive impact on our community and enable shared growth and value creation. Historically, our contributions were centred around access to quality education and technology, which in turn leads to economic inclusivity and equality. However, the unprecedented unemployment levels and social unrests of 2021 have re-prioritised basic needs, such as food and shelter. Thus, we allocated a percentage of our CSI budget to support food related initiatives, such as the Ladles of Love Guinness Record can collection drive.

Of course, we couldn't ignore the need for PPE in the context of the global pandemic and again, directed some goodwill spend to ensure learners, particularly in rural areas, have access to much needed masks, sanitiser and thermometers. Alongside these important initiatives, we continued to build classrooms, assist entrepreneurs and encourage STEM education, as described in detail in this report.

KEY TOPICS

In order to create value for our communities, it is important that we engage with them consistently and thoroughly understand their immediate, as well as long term needs. Thus, our communication with beneficiaries is direct and informs our social investment decisions. Balancing societal needs with our prioritised SDGs ensures AYO's community support programmes are not publicity-led initiatives, but have real impact and lead to lasting transformation.



“THE BEST LEADERS HAVE
A HIGH CONSIDERATION FACTOR.
THEY REALLY CARE ABOUT PEOPLE.

BRIAN TRACY





Director's perspective

INTERVIEW WITH VANESSA GOVENDER

As Executive Director: Corporate Affairs at AYO, Vanessa Govender wears many hats. She manages people, processes and governance and strives to create synergies across the various business units and the communities they operate in. With 2021 being one of the most challenging years not just for business, but for society at large, Vanessa had to think out of the box to effectively balance the interests and create value for all stakeholders in the AYO eco system.

In this chat, Vanessa shares her approach and strategic direction in respect of supporting AYO's broader community, promoting UN SDGs and creating value for all South Africans.

AYO had a tough year. Yet, amidst all the business challenges you had to address, you managed to initiate and implement some amazing community projects. What drives you?

I am really passionate about people, and this defines how I approach corporate challenges as well. The pandemic certainly tested and continues to test businesses of all shapes and sizes, the world over, but I simply can't ignore the humanitarian crisis that has come along with that. So many people have lost their lives or loved ones, thousands have been left with no income and the psychological burden of lockdowns, uncertainty and fear has affected everybody to some extent. In such times it is imperative that people have someone to lean on and my personal philosophy is "never let an opportunity to do good go to waste".

That being said, I also notice how the COVID pandemic has shifted the focus in terms of social value creation and important areas such as access to education, gender equality and green environment have slipped far down the priority list, in favour of more basic necessities like food, shelter and PPE. While I appreciate the needs' hierarchy, I believe that "dropping the ball" when it comes to these critical issues, is a short-sighted approach that South Africa simply can't afford.

Tell us about your approach to CSI. How do you prioritise projects and determine where to allocate your resources?

Like a growing number of organisations, at AYO we use the UN SDGs framework as the starting point of our social responsibility strategy. But we are also guided by the distinctive needs of our immediate communities. Africa has over 800 million “young” people with an average age of 19, yet the prospects for our youth are dismal. Lack of access to quality education and economic opportunities are exacerbated by the “digital divide” and prevent us from building an inclusive economy from which everyone benefits. This is the area that we focus on, as I believe that even a modest improvement in these statistics will have an exponential effect on societal value in our country.

Our approach is holistic, which said differently means that we integrate our good corporate citizenship strategy within our overall business strategy. In other words, we don’t think of CSI (corporate social investment) but CSV (creating shared value). So, essentially, we adapt our business model to address societal needs and challenges, rather than sponsor “CSI campaigns” on an individual basis.

For example, the AYO Academy has been running for several years now and the outcomes of the investment are evident. It starts off with value-creating partnerships with reputable NGOs like the SAME and Sakhikamvu Foundations, through which we sponsor the build, set up and maintenance of state-of-the-art science centres at underprivileged schools in and around Cape Town. This is then followed up with projects like Technogirl and our own internship programme, which provide workplace experience to high school and university students during their academic breaks. Upon completion of their studies, we offer the rising stars longer term internships (six to twelve months) and ultimately full-time employment within the Group. The purpose is to create a “full circle” and provide opportunities to young people, which wouldn’t have ordinarily had access to the technology field, while also address AYO’s and the industry’s talent pipeline and succession planning needs.

What have been some of the most notable projects and what makes them different to traditional CSI initiatives?

In 2021 AYO actually doubled its CSV spend, despite the bleak economic and financial performance outlook. We simply couldn’t remain impartial to the plight of our communities and responded to numerous requests for basic provisions, from PPE equipment for Eastern Cape schools to Ladles of Love’s Guinness World Record food can collection initiative. But, as I already mentioned, this was not done at the expense of more strategically aligned initiatives.

We had noticed that environmental sustainability drives, for example, have somehow lost momentum in the past 18 months, which is understandable given the priorities’ shift. Yet, waste, and in particular technology waste, is a growing problem. So, we launched the inaugural AYO e-waste campaign, which is here to stay and, again, has been firmly incorporated in our business strategy.

In this pilot phase, we developed an awareness and educational campaign, which we rolled out amongst our own employees, backed up by an e-waste recycling drive. We partnered with an external service provider to collect and reprocess discarded digital and electronic devices, brought by our staff. In 2022, we plan to roll out the campaign to our subsidiaries and associated companies and hopefully, to the broader community in the medium term. Simultaneously, we started looking at potential acquisition targets, active in the electronic recycling space, to deeply entrench environmental sustainability into our business model and eco system and therefore, create long term value.

“ I AM REALLY PASSIONATE ABOUT PEOPLE, AND THIS DEFINES HOW I APPROACH CORPORATE CHALLENGES AS WELL.

Advancing UN SDGs

MAKING AN IMPACT THAT MATTERS

In his world-celebrated 7 habits book series, acclaimed author and personal development guru, Stephen Covey, teaches to “begin with the end in mind”. AYO’s business strategy, from acquisition considerations to CSV initiatives, is informed by UN SDGs with the ultimate purpose to create value for all stakeholders in the value chain. Thus, when evaluating our performance, we look at the contribution of our activities towards the advancement of our prioritised SDGs in South Africa.



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.

While AYO does not have traditional stronghold experience in this field, we could not remain impartial to such a serious emergency. In partnership with Ladles of Love, an established NPO supported by the Group in 2020 as well, the Company and our employees (in their personal capacities) donated generously of their time and financial resources to set a Guinness World Record by creating the world’s longest line of food cans. Celebrating Mandela Day 2021, the campaign saw the collection and arrangement of 6.7km long chain of more than 90 000 cans of food, subsequently distributed to more than 300 beneficiary soup kitchens and other organisations across the Cape Peninsula.

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 already 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 Group’s shareholders, as well as drive positive economic growth and progress towards this critical SDG.



GOOD HEALTH AND WELLBEING

With the COVID pandemic still ravaging our communities after more than 18 months, preventing the spread of infections remains critical. While we have come a long way from the early days of PPE shortages, consistent supply of face masks, sanitiser and thermometers is still unaffordable for many underprivileged communities. A media report published on New Year's Eve by Media24, announced that the Eastern Cape Department of Education did not have a budget to procure PPE for its 5 037 public schools in 2021, thus endangering the lives of thousands of pupils and teachers from the very onset of the academic year.

AYO heeded to the announcement and purchased over 30 000 face masks, 500 infrared thermometers and over 600 litres of hand sanitiser, distributing the goods to 15 public schools in the East London area. The generous donation brought relief, if not even a few joyful tears to Themba Kojana – the Eastern Cape Department of Education superintendent-general. He shared that while many corporates have been assisting government with providing PPE for educational institutions, the donations were usually distributed within the close physical proximity of the donors, as delivery logistics to rural and outlying regions were adding complexity. Thus, while most Western Cape and Gauteng schools were sufficiently well prepared to offer a safe learning environment to their pupils in 2021, that wouldn't have been possible without AYO's help in the Eastern Cape.

We believe that good health and wellbeing of all citizens is paramount to sustainable economic development of the country. Therefore, healthcare is a strategic business priority for AYO with the Group's operating entity (HST) playing significant role in the digitalisation of public health sector. Further complimentary 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.





QUALITY EDUCATION

Access to quality education has long been the core focus on AYO's shared value activities. We 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. In addition to our long-standing partnerships with SAME, Masinyasane and Sakhikamvu foundations, which we continued to support in this reporting period, AYO contributed R2 million to Thabo Mbeki Foundation's ProFuturo roll out drive.

Founded in 2016, ProFuturo is a digital education programme designed to narrow the education gap in the world by improving the quality of education for millions of children living in vulnerable environments. The programme is present in 41 countries in Latin America, Africa, Caribbean and Asia and has trained near 1 million teachers and benefitted over 20 million children in these regions. In 2021, Thabo Mbeki Foundation introduced the programme to South Africa and with AYO's assistance rolled it out to 45 schools in Mpumalanga and Eastern Cape. 713 teachers have been provided with tools and training to enable remote teaching in the two regions.



AYO will continue to support this important project going forward, as it is perfectly aligned with the Group's strategic direction and targeted outcomes. A two-month training programme designed to educate and onboard 1 400 young people between the ages of 13 and 18, alongside educators, in the field of cyber security, has already been developed for 2022. Co-ordinated by the Thabo Mbeki Foundation, the project will involve a partnership with Facebook Africa supported iLizwe Lam and Digify Africa.

“DIGITALISATION
OF EDUCATION
CONTRIBUTES TO
NARROWING THE
EDUCATIONAL GAP
IN THE WORLD
AND SUPPORTS
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DEVELOPMENT AND
SOCIAL EQUITY
MAGDALENA BRIER,
PROFUTURO MANAGING
DIRECTOR

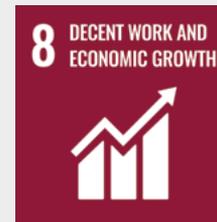


GENDER EQUALITY

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 from 2018 reveals that South Africa has the sixth largest pay gap between men and women in Africa. This, however, is not the case at AYO.

In July 2021, South Africa's leading gender empowerment brand, Top Women Leaders (currently in its 17th edition), supported by the Commission for Gender Equality, recognised AYO as the leader of gender empowerment and transformation in the South African ICT sector. This honorary accolade is awarded on the basis of tangible and measurable criteria, including female ownership and shareholding, female representation in executive and senior management level, women focused skills development initiatives and female empowerment company policies.

AYO is proud and honoured by this achievement and will continue to promote gender equality and female empowerment going forward. Additionally, the 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.



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 pandemic has reversed much of the progress achieved in this regard. A World Bank report published in July 2021 notes that the number of employed people in South Africa has fallen by nearly 1.5 million in the last year and the wages of workers who still had jobs had fallen by 10-15%. SMEs and the "informal economy" have been hit even harder and government relief has proven insufficient to counteract the economic disaster.

Although AYO, like all companies, was adversely affected by the pandemic, our employees and partners were central to our "business continuity during the crisis" thinking and decisions. We prioritised the importance of sustaining our team and are pleased that no employees were retrenched as a result of COVID. While nominal salary reductions were implemented initially (in the previous reporting period), these were offset by the TERS fund and full remuneration payments were restored within a three-month period. Additionally, the Group has increased its SED spend for the financial year, in order to alleviate some of the pressure from SMEs within our supply chain.

We believe that in order for us, as a Group, to succeed and create value, we need to operate within a thriving economy. Therefore, promoting SDG 8 will remain a key consideration in our strategic development process. We view SMEs as the lifeblood of South Africa's economy and are amplifying our focus on enterprise development programmes, through which we will strive to strengthen the SME sector and promote economic inclusivity and growth in the medium term.

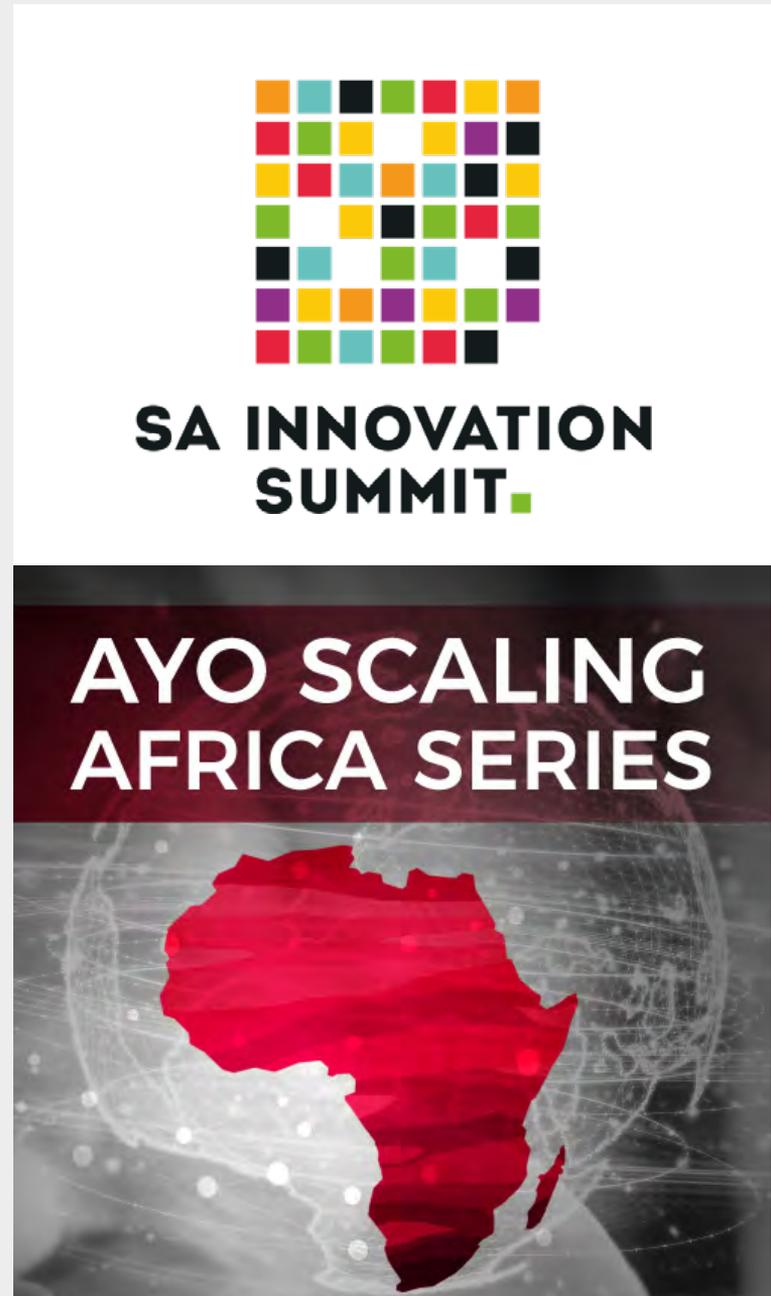


INDUSTRY, INNOVATION AND INFRASTRUCTURE

Development goal number nine is strongly aligned to AYO’s core business and thus, carries particular importance to our shared value creation strategy. Inclusive and sustainable industrialisation can unleash dynamic and competitive economic forces that generate employment and income. And 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.

A notable achievement during the reporting period was the launch of the inaugural AYO Scaling Africa Series Challenge in partnership with SA Innovation Summit. The competition was designed to recognise and support innovative businesses and entrepreneurs whose products and services aim to solve critical African problems through technology. Overwhelming interest in the initiative saw the application of over 50 different businesses from drone manufacturer to mobile marking app supporting educators and even human waste recycling programme. A black woman owned community-based security response business, however, won the admiration of the judges and the grand prize of R100 000.

Over and above the monetary prizes, finalists in the challenge gained invaluable brand exposure, as well as opportunities to meet with the investment community and secure funding to further scale their operations. We believe initiatives of this calibre are essential to sustainable growth and development and will become instrumental in finding solutions to pertinent challenges on the continent. Thus, AYO’s medium term vision is to expand the concept to the rest of Africa and potentially globalise it in the long term.





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 still persists and disparities remain, particularly in Africa, in terms of access to health and education services.

The strain on South Africa's public healthcare and education systems since the onset of the pandemic has clearly demonstrated that we still have a very long way to go in providing equal quality of such essential services to all our citizens before we can strive to draw level with developed economy peers. Technology is the logical equaliser in this regard, and we believe that increased access to digital tools and systems is critical to achieving SDG 10 in the country. Through our core business operations, we strive to shorten the digital divide in all sectors and are particularly proud of our 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. Thus, we continue to search for acquisition targets whose solutions enable and empower critical industries, such as agriculture, healthcare, communications, logistics and education. We believe that digitalising these sectors will create the greatest shared value in the medium and long term in Africa.

“GREAT LEADERS
DON'T SET OUT
TO BE LEADERS...
THEY SET OUT
TO MAKE A
DIFFERENCE.
IT'S NEVER
ABOUT THE ROLE,
ALWAYS ABOUT
THE GOAL.

JEREMY BRAVO



RESPONSIBLE CONSUMPTION AND PRODUCTION

Achieving economic growth and sustainable development requires that we urgently reduce our ecological footprint by changing the way we produce and consume goods and resources. The rapid pace at which technology has been advancing in the last two decades has led to a much shorter lifespan for our 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.

As a trailblazer in the South African technology sector, AYO leads by example and in 2021 launched its inaugural e-waste recycling campaign. Test rolled-out in our own office, the drive saw the collection of unused and discarded electric and electronic appliances from cellular phones to microwaves and vacuum cleaners. An interactive educational presentation raised awareness of the statistics and hazards associated with e-waste amongst staff, while the collected equipment was recycled for materials recovery by an external campaign partner. The launch campaign enjoyed great support and participation by our environmentally aware team who contributed nearly 500 litres of e-waste.

In 2022 the e-waste awareness and recycling campaign will be extended to all AYO Group and associated companies, as we strive to promote responsible technology consumption. In the medium term, we are considering the acquisition of an e-recycling operating entity, which will enhance our ability to create shared value in a more meaningful way and contribute to this important developmental target at scale.



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 our environment and economy and create value for our and future generations.

While raw materials mining and production processes are the main drivers for South Africa's high carbon footprint, the logistics chain is seen as the next major contributor, adding over 10% of the world's emissions. AYO's interests in the digital retail and last mile logistics space, albeit small, compel us to highlight the importance of this SDG and set a precedent in the fight against climate change. Our 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 process and environmentally friendly packaging. Further, the 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.



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, in itself founded on those very same principles, 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, which have deeply entrenched our services into the clients' business operations.

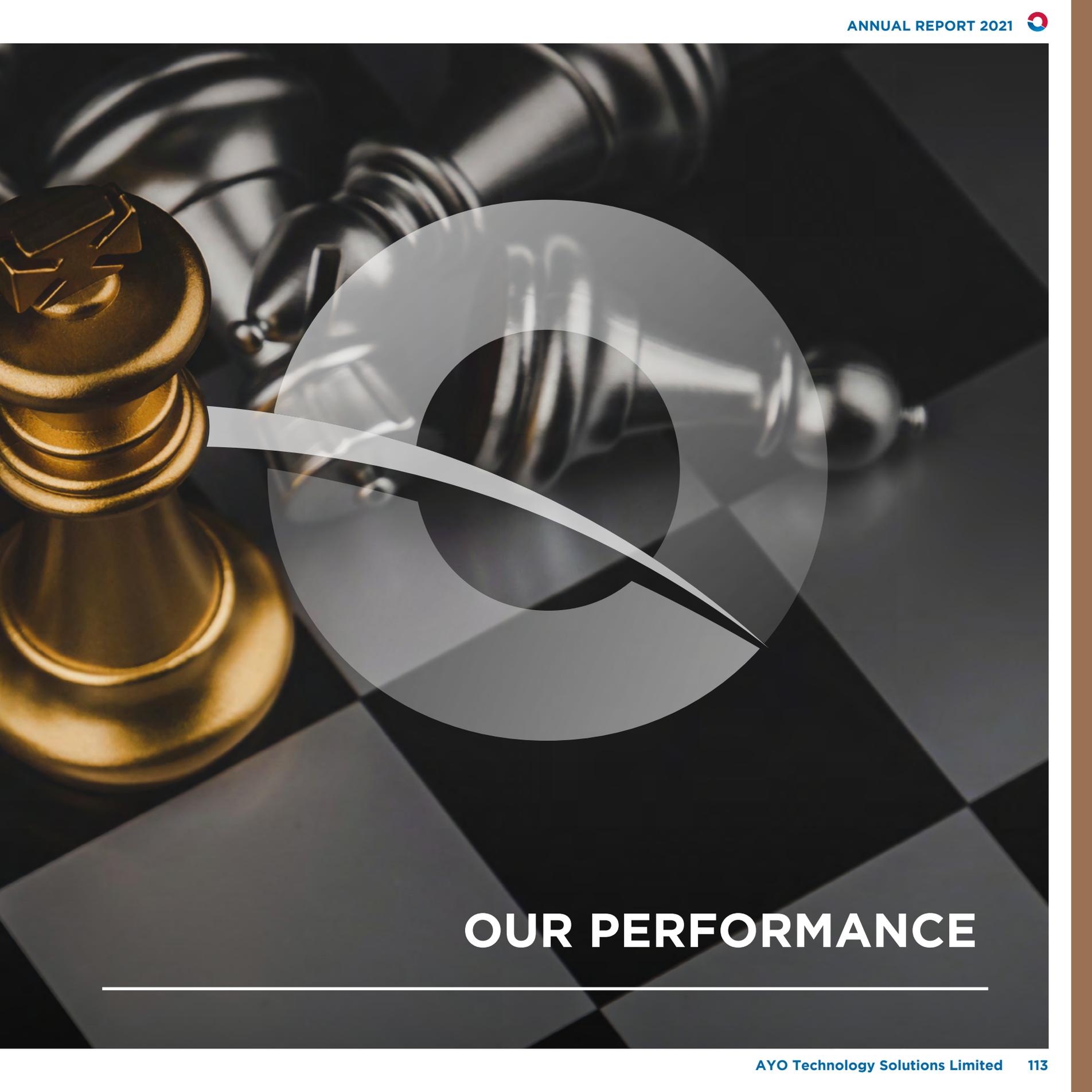
The goal highlights the importance of collaboration to solve global challenges and the need to mobilise international financial resources for developing economies. The technology sector is both an enabler and a beneficiary for this objective, providing the communication tools and platforms for discussions, while simultaneously providing first-hand examples of successful cross-continent implementations. The diversity of companies within the AYO stable enables us to apply these very principles in our own microcosm and translate learnings from one client industry into another or adapt global best practices to our unique market requirements. Our aim is to replicate this successful model into the rest of the African continent in the medium term and we expect to report on progress in this regard as soon as the upcoming reporting period.

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, our 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.

OUR PERFORMANCE

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OUR PERFORMANCE

The year that tested our strength

CHIEF FINANCIAL OFFICER REPORT

OVERVIEW

Cost reduction and maintaining margins have been a high priority for the Group during the current financial year. Various divisions in the group embarked on cost cutting measures to counter the impact of Covid-19 on their operations since the President's declaration of National State of Disaster in March 2020 as well as the extension of National State of Disaster to 15 April 2021. The impact of these has been and is currently being experienced. We have also experienced reduced customers spend on technology due to the overall depressed economic environment.

The ongoing negative media facing the Group has resulted in an adverse effect on the brand of the AYO Group and has affected the Group's ability to reach its full potential. As a result of the negative media, on 3 May 2021, First National Bank ("FNB"), AYO's bankers terminated the Company's transactional banking facilities. AYO has been able to use third party payment options to manage this closure.

The Group has been resilient through these trying times and has been able to produce its current results through maintaining good rapports with suppliers and customers; embarking on cost reduction initiatives where possible; as well as managing working capital.

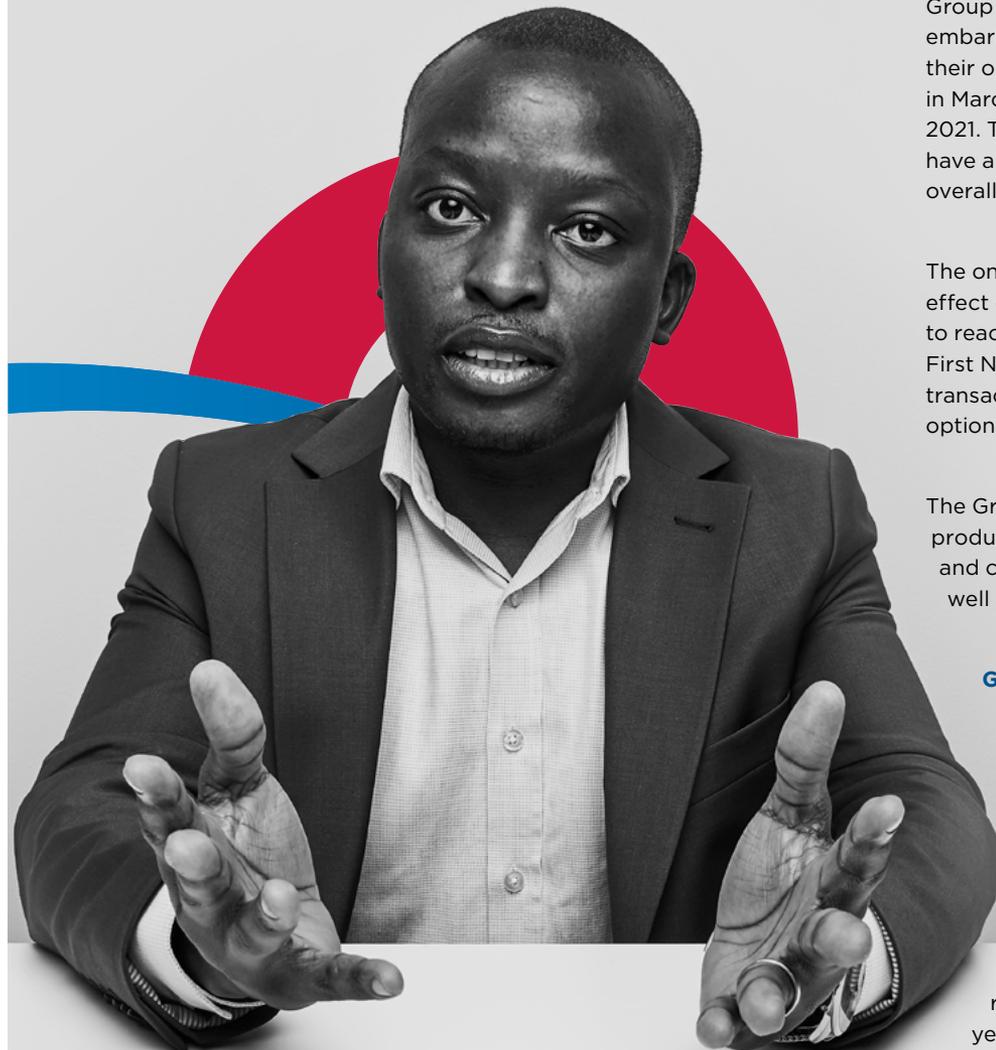
GROUP PERFORMANCE

Statement of profit or loss

The Group has seen revenues decrease from R2.8 billion to R1.7 billion, a 41% decline. This decline is as a result of the loss of the Master Service Agreement ("MSA") with a significant customer and the non-renewal of several significant contracts in the managed services division. On 1 March 2021, AYO acquired 100% of Kathea Communication Solutions Proprietary Limited ("Kathea Communications"). Kathea Communications contributed R92 million to this year's Group revenues. Despite the significant decrease in revenues, a gross profit percentage of 26% was achieved in the current year, this is a 4% increase from the prior year.

The increase is due to several reasons, namely:

- significant non-recurring, once-off contracts in the prior year which yielded lower margins;
- the remaining contracts have higher margins;



- the managed services and cyber security segments have seen a shift in their product mixes with a greater proportion of software sales as compared to hardware sales. The shift has resulted in higher margins as software revenues generally generate higher gross margins; and
- consistent assessment and managing of cost of purchases through negotiation to ensure costs are as low as possible.

Other operating income has seen a significant decrease from R69 million in the prior year to R11 million in the current year as the prior year included R59.9 million in compensation due to the cancellation of the MSA.

As COVID-19 has resulted in a shrink in the economy, AYO's investments were no exception to the impact of the economic downturn. Accounting adjustments relating to credit loss allowances have been raised relating to debtors and various investments, totaling R84 million. These adjustments are due to IFRS requirements however, management believes there is value in these businesses and expects to recoup these credit loss allowances in the foreseeable future.

Operating expenses increased by 12% from R692 million to R778 million. The operating expenses have increased due to the following:

- Retrenchment costs of R7 million as a result of staff reductions due to termination of the MSA;
- Additional amortization on the right of use assets of R7 million due to additional leases;
- Legal costs of R21 million relating to the litigations facing the Company;
- A R2.5 million corporate finance and advisory fee for the conclusion of the Kathea Communications deal; and
- Impairment losses of R26 million were incurred in the managed services division due to difficult market conditions and the expiration of certain maintenance contracts for IT equipment which could no longer be used.

Finance income has decreased to R164 million from R241 million. The interest earned from banks and cash balances has seen the most significant decline predominantly due to the closure of AYO's banking facilities as well as the cash utilisation. As a result of the banking difficulties, funds have been invested in various investment houses holding listed and unlisted stocks that yield fair value gains rather than interest income.

The decrease in the revenue, increased operating expenses and the decrease in the interest income have resulted in the loss before tax of R201 million, compared to a profit before tax of R103 million in the

prior financial year. Although the Group has an overall loss before tax, some subsidiaries generated profits, resulting in the tax expense of R57 million in the current year. The overall position for the year is a net loss of R258 million.

Statement of financial position

The Group boasts a strong balance sheet with significant cash reserves at year end. The acquisition of Kathea Communications boosted the Group's balance sheet and resulted in additional goodwill, brands and distribution rights being recognised in the Group. Financial assets as well as other investments made by the Group grew significantly due to increases in their performance resulting in increases in their fair values.

On 31 August 2021, management made the strategic decision to dispose of Puleng Technologies Proprietary Limited, an asset forming part of the cyber security division in line with the Group's strategy. The asset is disclosed as an asset held for sale in the balance sheet.

FUTURE OUTLOOK

The Group expects to continue to nurture relationships with current customers and suppliers to ensure that it grows current contracts and exploits its current opportunities to the best of its abilities. In line with its go-to-market strategy, the Group will continue to look for opportunities to acquire or partner with companies in disruptive technologies.

AYO continues to seek commercial engagement with one of its significant shareholders, the PIC, to ensure continued support for AYO's vision.

The Group is currently embarking on a product and service restructure and is looking to offer more innovative solutions in order to stabilize income generation and ensure annuity income.

APPRECIATION

I would like to thank my colleagues on the Board for their guidance, leadership and support during this challenging year, as well as the Group's finance team for their commitment, hard work and support.



Isaiiah Tatenda Bundo
Chief Financial Officer
17 December 2021

Subsidiaries' operational reviews



After a turbulent and challenging 2021, Sizwe Africa IT Group is already seeing promising signs of improvement and is poised to bounce back stronger and healthier.

The year 2021 brought about challenges both in the economic sense and from health and safety perspective. The recurrent COVID-19 infection waves and associated restrictions on movement and economic activity led to a general slowdown in business across all industry sectors and Sizwe Africa IT Group was not exempt from it. Over and above that, some changes in the company's management structure and the departure of several EXCO members, as well as the unresolved issue of the disputed tender with SITA and the Eastern Cape Department of Education, exacerbated the challenges faced by the business. There were also a number of contract losses ranging from smaller ones, such as the fibre maintenance of Liquid Telecom's infrastructure, to larger ones, including the ABSA ICT services outsource contract. All of these factors resulted in Sizwe reporting nearly 50% reduction in revenue compared to the corresponding period in the previous year.

However, strategic remedial measures have been put in place, including a new business portfolio structure, which have bettered the company's position, enabling it to bounce back from the revenue slump on the road to profitability.

The company embarked on a restructuring exercise early in the reporting period, completing the process by the end of the first quarter of the financial year. The realignment had minimal impact on employees but introduced a new look management team and an evolution in the business strategy. As a result, Sizwe has emerged as a strong client-focused and revenue generation driven organisation, dedicated to building a high value client offering, based on an integrated efficient go-to-market model. Major efforts have been focused on the reviving of both the public and private sector client base in the Eastern and Western Cape and early indicators signal to a much-improved performance in the upcoming financial year.

The CyberAntix business is also well poised for growth with new solution offerings on the horizon. Leveraging the existing Sizwe client base, CyberAntix is nearing a monthly breakeven point. To date, SARS has been successfully onboarded and the division has the capability to take on another three to four enterprise size clients with little added expenditure. A lot of attention is further dedicated to the potential of IoT in the Fourth Industrial Revolution through our hosted services business and we look forward to grow the segment in 2022 while simultaneously bolstering our strategic SMME enterprise development model.

Altus Stoop

Executive director

Sizwe Africa IT Group



HST managed to meet its budget expectations for the 2021 financial year, which is a tremendous achievement under very trying and challenging circumstances.

The public healthcare sector has been seriously impacted by the recurrent COVID-19 infection rates and while the department has seen much-needed budget increases in the last year, the additional funds were, understandably, allocated to rolling out vaccinations and strengthening the staff compliment of stretched facilities, rather than investment in ICT infrastructure. As a result, retention of existing service contracts and customers remains a challenge, while attracting new clients and upselling current ones to new services is proving difficult. A major customer, whose contract came to maturity during the reporting period did not renew the service agreement, which negatively impacts on our 2022 performance outlook.

Although the subdued economic climate is expected to continue restricting HST's performance and revenue in the short and medium term, the company is updating its portfolio of advanced health information systems that add real value to healthcare enterprises at both administrative and clinical levels and is cautiously optimistic that it will manage to mitigate the challenging external factors. We continue to pursue opportunities to onboard new clients both locally and throughout the African continent, leveraging our existing Kenyan operations.

Key development during the financial year is signing a distribution partnership agreement with AGFA Healthcare, as a result of which, HST is authorised to sell and service the brand's world-renowned radiology equipment and tools across South Africa. Despite this being a highly competitive field, we have already managed to establish a client relationship with Cape Radiology for this new division and are positive that the unit will see growth in both customers and revenues over the next six to twelve months. Both enterprise and diagnostic imaging solutions have a relatively long lifecycle and thus, business development through the division will lead to sustainable annuity revenue in the medium term.

On the human resources side of the business, I am proud to announce the new management team for HST, led by myself as the chief operating officer and supported by a talented crew of strong professionals - Dilshaad Mohamed, heading the finance team, Anzelem Sanyatwe, as the IT operations manager, and Angie Mkhize, leading business development. Together with Craig Braaf and Robert Swart, who have proven their worth to the company, so to speak, many a time over the years, I am confident that this dedicated team will rise to meet any challenge 2022 may have in store for us.

Adam Abdurahman
Chief Operating Officer
Health System Technologies



Despite the residual and recurring effects of COVID-19 waves and lockdowns, Headsets Solutions had a bumper 2021 financial year, increasing revenues by 3% and gross profit margins by nearly 12%. In absolute terms, this translated to an increase of gross profit by R4 million. Net profit before tax also saw a sharp rise by R9.5 million compared to the prior period.

With 2021 being the second year since the initial COVID outbreak, many large corporate clients continued to implement remote working protocols, which negatively impacted our contact centre unit sales. Despite that, we managed to grow video sales to make up the difference as the numbers above indicate. Inventory, which has traditionally been a large cash flow restriction for the company, reduced from R29 million in August 2020 to R19.1 million at the end of the reporting period. By end of September 2021, we have managed to further reduce stockholding to R14.9 million – a R14.1 million and nearly 50% drop overall. This lower stock holding has been a major contributor to our gross profit achievement.

Supply chain disruptions continued to pose challenges for us throughout the year. The initial global shortages we experienced in 2020 are now largely resolved and most products are available on demand once again. However, video products are currently in short supply due to component shortages, which affect the entire industry. The scarcity of semiconductor chips and integrated circuits is impacting some 170 industries from car manufacturers to any consumer product category utilising graphic cards and is expected to persist and drive up prices of video equipment in 2022 as well.

Notwithstanding this challenge, Headset Solutions added Hisense touch screens as a new product line towards the end of the financial year and we are very excited to grow this market segment. We also exponentially extended our footprint, signing up 163 new channel partners in 2021, bringing our channel partner count to well over 800 and catapulting Headset Solutions into undisputed domination across the African continent.

With such strong base and exciting new opportunities, we look forward to a bumper 2022 and to sharing more of our successes with you.

Nielle Truter
Chief Operations Officer
Headset Solutions



Kathea is a technology distribution business that represents leading brands including Jabra, Poly, Yealink, Logitech, CTouch, Condeco, FM:Systems and imports and offers these products to the Southern African market through a partner community of over 800 resellers and system integrators. Kathea also offers partner enablement services to go with these technologies.

These brands position the business to operate in 3 main technology areas: equipping boardrooms for collaboration, providing personal devices for business use (such as headsets) and supplying solutions that help businesses manage the booking and utilisation of their workspaces. COVID impacts were key to understanding the revenue mix over the last year: personal devices experienced increased demand, whereas the demand for both devices and services related to boardroom utilisation and workspace management was muted.

On balance, Kathea enjoyed a 7% increase in revenues for the period ending Aug 2021. The change in revenue mix did result in lower margin percentages and, consequently, gross margins from trading were flat year on year. Costs remained under control and some cost savings enabled bottom line improvement.

Kathea further cemented its positioning in the collaboration space when it was appointed as the only African-based Microsoft Teams Room Distribution Champ (one of 25 world-wide) and by signing a new agency for marketing a leading brand of large form factor LED screens known as Absen.

As workplaces start to tend more in the direction of returning people to work the spend on collaboration and workspaces is expected to grow and Kathea is well positioned for this shift as the widely recognised leading distributor in this space. This should drive growth in the business in the year to come.

Peter Cowen
Chief Executive Officer
Kathea Communications



SGT Solutions has been able to deliver strong financial results during yet another year dominated by COVID-19. The pandemic and social riots that wreaked havoc in Kwazulu Natal and Gauteng in July have had major ripple effects, but SGT is fortunate to be part of the telecommunications industry, which experienced a positive upturn due to the increased communication requirements, triggered by lockdowns and work-from-home protocols. However, the market did not escape the effects of reduced economic activity, leading to careful spending by the network operators. In this environment, SGT was able to maintain its top line revenue, and through deliberate cost reduction and tight project execution, the company has increased its profits substantially during this period.

SGT has been able to gain market share in most of its business segments during this tough time, which has positioned it well for the upcoming recovery period. This is evidenced by deeper penetration of its synchronisation solution into MTN Group and continuing its expansion of its voice and data monitoring solution in Vodacom. Our field services have similarly been able to show an improvement in market share for installation services for the telecoms network operators.

For the year ahead, we believe that the recovery of the SA economy, as a whole, will lead to opportunities for expansion into more areas of business, assisting in the growth path for SGT. The company has identified the following key focus areas with strongly positive prospects:

- Expansion of field services into 5G installations for MTN
- Network built-in specialised technologies, such as satellite networks and secure radio communication
- Providing point-to-multipoint microwave solutions to telco's for cost effective fixed wireless broadband connections, augmenting their fibre roll-out
- Extension of its contracts to supply power management solutions to Telkom's exchanges and base stations

Our overall outlook for 2021/2022 is quietly optimistic, despite very competitive and turbulent market conditions and concerns about the knock-on impact of the current semiconductor shortages, which is causing significant manufacturing delays at our OEM partners.

Dr Vincent Scholtz

Chief Executive Officer

SGT Solutions



2021 financial year has been very positive for GC²T in terms of both augmenting growth and reducing liabilities. Cashflow position has improved substantially, following a section 189 event and the implementation of cost reduction measures, such as facilities consolidation and renegotiations throughout the supply chain. A major contract with the African Union was delivered successfully and has moved into support phase.

GC²T is still facing some local defence budget cuts, which are affecting domestic revenues. However, with the DoD support to South African Airforce transferring to Armscor towards the end of the reporting period, an opportunity for long term annuity-based contract in the future is opening. There are strong indications of a significant upswing in local defence requirements, as events like the social unrest on July 2021 and SAMIM mission to Mozambique pointed out shortcomings in military capabilities and readiness.

More export opportunities were pursued in the year in an effort to increase market diversification. This resulted in securing a contract from ETION Create for navigation capability to a foreign customer. The potential for additional contracts through the EATON Create market channel partnership remains high. There is also a significant increase in interest and activity in West Africa. Another strategic market partner, DCD Mobility, is proving highly instrumental in unlocking opportunities in Ghana, Cote D'Ivoire and Uganda. Locally, the planned Border Management Agency, which should be fully operational within the next two calendar years, also creates opportunities for synergy and value creation.

The roll out of another non-defence product, DAID, is also gathering traction in the automotive development zone facilities and in other commercial locations. GC²T continues to drive distribution of non-defence products into other market segments, including fisheries, ports, manufacturing and agricultural facilities. Focus going forward would be on further enhancing the adoption of this product range through market partnerships and public-private initiatives.

The remodelling of the organisation is beginning to show positive results as efficiency of execution has increased substantially over the period. Significant improvements are also observed in compliance and governance and we have made steady progress towards ISO certification. With that context, I am thoughtfully optimistic in GC²T's outlook for the upcoming financial year as well.

Ratilal Rowji

Chief Executive Officer
GC²T



In 2021 Afrozaar experienced a large decline in revenue and fell short of annual revenue targets by 10%. Wedged between the struggling global publishing and lockdown-slayed sports industries, the company had a very tough year of transition, as is visible in our financial reports.

The main event driving this subdued performance was the loss of a major customer, namely Independent Media. Devoid of this important account, which historically contributed to approximately 65% of Afrozaar's income, revenues were reduced by 30% to R19 million, compared to R32 million in 2020. Gross profit also took a knock to R2.5 million from R12.5 million in the prior year and net profit swung into a negative to a loss of R4.4 million, compared to net profit of R2.1 million a year ago.

We did gain half dozen small revenue generating new accounts and projects, which helped us reduce the budget shortfall to just 10%, which is an extraordinary achievement in the current environment. However, we still have a way to go to close the gap in the portfolio left by Independent Media.

Despite cash flow remaining thin, investments made to date into opportunities to penetrate more global markets are showing early positive signs. Our partnership with Bristol Sports pro teams in the UK (PT SportSuite), which saw the complete overhaul of their digital processes and capabilities, won us the prestigious Best Sports Technology Partnership of the Year 2021 award from the STA Group. The awards, founded in 2014, celebrate tech-led innovation in sports globally and attracts entries from over 30 countries and over 50 sports. We trust that this celebrated recognition will enable us to market our services more competitively in the global environment and unlock a world of possibilities for our customers through e-commerce, content and sponsorship.

Afrozaar's financial risk and future are dependent on successful strategic pivot and partner realignment. We have managed to mitigate some of the negative impacts through aggressive cash flow management and cost reduction. All our personnel continues to work on reduced remuneration packages to help manage the risk operationally. I am humbled and grateful for their commitment and dedication in this difficult period.

Richard Cheary
Chief Executive Officer
Afrozaar



While both the South African and international economies have started to come to terms with the reality of COVID-19, the effect of the worldwide pandemic continued to significantly impact Digital Matter in the last financial year. Despite this, we managed to perform in line with budget and expectations – a fact that makes me particularly proud.

Sasol is a key client for Digital Matter. Following a year of severe cost cutting, the outlook at Sasol has begun to improve and our contracts and new orders for the year reflect this. While not yet at pre-pandemic levels, revenues and orders across the operation are starting to improve.

Logistics operation have been severely impacted as well and this is reflected in tracking projects for both road and rail customers. The outlook for 2022, however, is looking much more optimistic and we will be focusing a lot of effort and resources in new opportunities in this sector.

With all key accounts and customers having limited or reduced spending, Digital Matter managed to meet revenue budgets through aggressive cost management, tight overheads control and successful commercial negotiations with suppliers. As a result, we managed to not just meet, but exceed our PBT target.

Building on this positive sentiment, particularly driven by performance in the last quarter of the 2021 financial year, we have set aggressive revenue and PBT targets for 2022. Given the uncertainty around the pandemic internationally and local economic concerns, these targets will be a challenge to achieve. Despite this, the company is confident that with the support of our partners and staff, we will be able to report positive results at the end of 2022.

Jeremy Williams
Managing Director
Digital Matter

Consolidated statement of financial position

as at 31 August 2021

	31 August 2021 R'000	31 August 2020 R'000
Assets		
Non-current assets	990 573	805 533
Property, plant and equipment	50 792	91 110
Right-of-use of assets	117 209	35 292
Goodwill	144 593	131 152
Intangible assets	157 636	82 783
Investments in equity-accounted joint ventures	43 502	18 963
Loans to related party companies	222 252	120 165
Other loans receivable	84 356	192 411
Investments at fair value through profit or loss	125 141	62 921
Other financial assets	-	1 000
Finance lease receivables	22 854	25 189
Deferred tax assets	22 238	44 547
Current assets	3 176 223	4 183 370
Inventories	148 875	142 364
Loans to related party companies	38 542	65 898
Other loans receivable	168 661	12 670
Trade and other receivables	487 512	692 926
Other financial assets	146 904	23 228
Finance lease receivables	13 474	18 052
Current tax receivable	8 533	3 061
Cash and cash equivalents	2 163 722	3 225 171
Non-current assets held for sale and assets of disposal groups	59 790	-
Total assets	4 226 586	4 988 903
Equity and liabilities		
Equity		
Stated capital	4 444 410	4 444 410
Reserves	(31 581)	(39 847)
Retained income	(938 353)	(227 111)
Equity attributable to shareholders of AYO	3 474 476	4 177 452
Non-controlling interests	125 651	118 640
Total equity	3 600 127	4 296 092
Liabilities		
Non-current liabilities	116 506	30 903
Derivatives financial liability	19 953	7 587
Lease liabilities	90 673	16 190
Employee benefit obligation	5 476	6 375
Deferred income	404	751
Current liabilities	486 300	661 908
Trade and other payables	312 312	523 665
Loans from related party companies	10 601	-
Other financial liabilities	2 136	887
Lease liabilities	34 979	24 395
Deferred income	32 848	47 889
Current tax payable	7 349	11 628
Provisions	33 502	35 541
Dividend payable	28 344	9 382
Contingent consideration liabilities	24 228	5 097
Bank overdraft	1	3 424
Liabilities directly associated with assets classified as held for sale	23 653	-
Total liabilities	626 459	692 811
Total equity and liabilities	4 226 586	4 988 903

Consolidated statement of profit or loss and other comprehensive income

for the year ended 31 August 2021

	2021 R'000	2020 R'000
Revenue	1 699 492	2 885 214
Cost of sales	(1 252 890)	(2 259 858)
Gross profit	446 602	625 356
Other operating income	10 873	68 569
Other operating gains/(losses)	33 798	(82 562)
Other operating expenses	(783 024)	(692 846)
Movement in expected credit losses	(84 422)	(59 827)
Finance income	164 639	241 794
Finance costs	(13 529)	(17 429)
Profit from equity-accounted investments	24 539	20 571
(Loss)/profit before taxation	(200 524)	103 626
Taxation	(57 579)	(70 846)
(Loss)/profit before taxation	(258 103)	32 780
Other comprehensive income:		
Items that will be subsequently reclassified to profit or loss:		
Exchange differences on translating foreign operations	3 776	(834)
Income tax relating to items that will not be reclassified	-	-
Total items that will not be subsequently reclassified to profit or loss	3 776	(834)
Other comprehensive income for the year net of tax	3 776	(834)
Total comprehensive (loss)/income for the year	(254 327)	31 946
Profit after taxation attributable to:		
Shareholders of AYO	(259 146)	21 343
Non-controlling interests	1 043	11 437
Total (loss)/profit after taxation	(258 103)	32 780
Total comprehensive (loss)/income attributable to:		
Shareholders of AYO	(255 370)	20 509
Non-controlling interests	1 043	11 437
Total comprehensive (loss)/income	(254 327)	31 946
Earnings per share (cents)		
Basic earnings/(losses) per share (cents)	(75.31)	6.20
Diluted earnings/(losses) per share (cents)	(75.31)	6.20

Consolidated statement of changes in equity

for the year ended 31 August 2021

	Stated capital R'000	Share premium R'000	Total share capital R'000	Foreign currency translation reserve R'000	Revaluation reserve R'000
Balance at 1 September 2019	4 270 965	173 445	4 444 410	(250)	221
Adoption of IFRS 16 on 1 September 2019	-	-	-	-	-
Restated balance on 1 September 2019	4 270 965	173 445	4 444 410	(250)	221
Total comprehensive income for the year	-	-	-	(663)	-
Profit for the year	-	-	-	-	-
Total other comprehensive income for the year	-	-	-	(663)	-
Acquisition of additional shares in subsidiary	-	-	-	-	-
Dividends	39	-	-	-	-
Change in ownership - disposal of subsidiary	43	-	-	-	-
Changes in ownership - acquisition of minorities	-	-	-	-	-
Balance at 1 September 2020	4 270 965	173 445	4 444 410	(913)	221
Total comprehensive income for the year	-	-	-	3 118	-
Profit for the year	-	-	-	-	-
Total other comprehensive income for the year	-	-	-	3 118	-
Dividends	39	-	-	-	-
Acquisition of shares in subsidiary	42	-	-	-	-
Change in ownership - reduction in shareholding of subsidiary	43	-	-	-	-
Balance at 31 August 2021	4 270 965	173 445	4 444 410	2 205	221

NCI put options reserve R'000	Share-based payment reserve R'000	Changes in ownership reserve R'000	Total reserves R'000	Retained income R'000	Total attributable to shareholders of AYO R'000	Non-controlling interests R'000	Total equity R'000
(14 795)	11 809	(27 455)	(30 470)	(77 457)	4 336 482	134 392	4 470 874
-	-	-	-	1 012	1 012	(10)	1 002
(14 795)	11 809	(27 455)	(30 470)	(76 445)	4 337 494	134 382	4 471 876
-	-	-	(663)	21 343	20 680	11 437	32 117
-	-	-	-	21 343	21 343	11 437	32 780
-	-	-	(663)	-	(663)	-	(663)
-	-	-	-	3 495	3 495	(3 958)	(463)
-	-	-	-	(175 505)	(175 503)	(2 721)	(178 226)
-	-	-	-	-	-	(17 213)	(17 213)
-	-	(8 714)	(8 714)	-	(8 714)	(3 286)	(12 000)
(14 795)	11 809	(36 169)	(39 847)	(227 112)	4 177 452	118 641	4 296 091
-	-	-	3 118	(259 146)	(256 028)	3 559	(252 468)
-	-	-	-	(259 146)	(259 146)	3 559	(255 587)
-	-	-	3 118	-	3 118	-	3 119
-	-	-	-	(452 096)	(452 096)	(6 801)	(458 897)
-	-	2 515	-	-	-	-	-
-	-	5 148	5 148	-	5 148	10 252	15 400
(14 795)	11 809	(31 021)	(31 581)	(938 354)	3 474 476	125 651	3 600 126

Consolidated statement of cash flows

for the year ended 31 August 2021

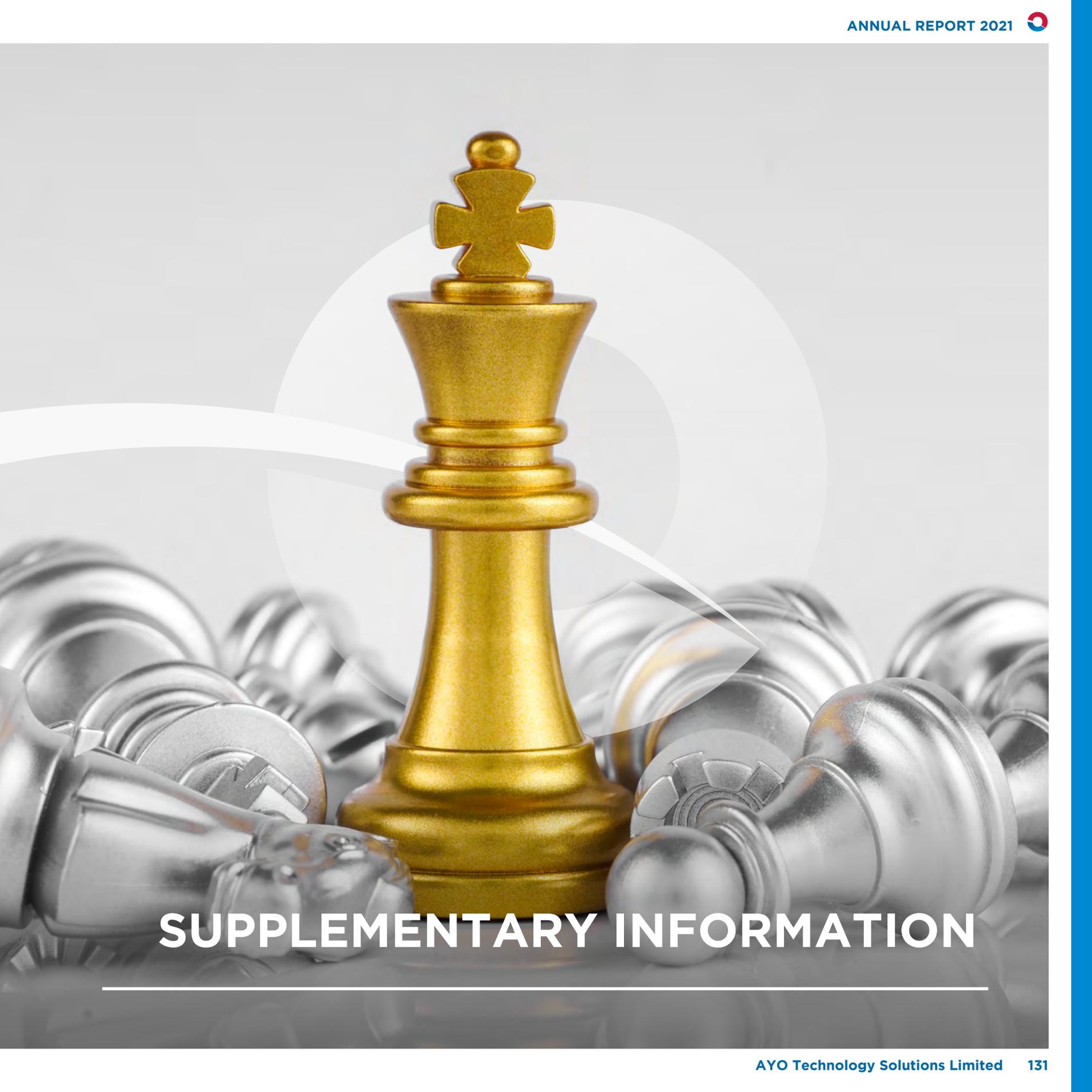
	2021 R'000	2020 R'000
Cash flows from operating activities		
Cash receipts from customers	1 904 906	2 494 984
Cash paid to suppliers and employees	(2 189 038)	(2 467 054)
Cash generated/(utilised) in operations	(284 132)	27 930
Finance income	126 687	201 654
Finance costs	(12 929)	(16 354)
Dividend income	1 848	-
Tax paid	(64 387)	(91 986)
Net cash from operating activities	(232 913)	121 244
Cash flows from investing activities		
Acquisition of property, plant and equipment	(25 595)	(23 281)
Proceeds from the disposal of property, plant and equipment	5 584	4 971
Acquisition of intangible assets	(32 509)	(11 484)
Proceeds from disposal of intangible assets	1 777	59
Purchase of additional shares from minority interests	-	(12 000)
Acquisition of subsidiaries net of cash acquired	(55 447)	(187)
Loans advanced to related party companies	(94 150)	(58 350)
Loans to related parties repaid	52 050	-
Other loans advanced	(117 388)	(70 747)
Purchases of investments at fair value through profit or loss	(26 000)	(107 985)
Amounts advanced to acquire other financial assets	(110 518)	(13 030)
Amounts repaid from other financial assets	16 378	12 805
Funds withdrawn in Trust	295 521	-
Funds advanced in Trusts	(273 942)	-
Finance lease receipts	9 555	6 447
Net cash to investing activities	(354 684)	(272 782)
Cash flows from financing activities		
Dividends paid	(433 405)	(168 693)
Dividends paid to minorities	(3 732)	(2 722)
Payments of contingent consideration arrangements	(5 500)	(38 625)
Other financial liabilities loans received	1 006	-
Repayments of other financial liabilities	(11 488)	(38 825)
Loans received from related party companies	10 000	-
Repayment of loans from related parties	-	(21 252)
Lease liabilities repayments	(26 583)	(35 430)
Payment of long service awards	(727)	(277)
Net cash to financing activities	(470 429)	(305 824)
Total cash movement for the period	(1 058 026)	(457 362)
Cash at the beginning of the period	3 221 748	3 679 110
Total cash at the end of the period	2 163 722	3 221 748



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SUPPLEMENTARY INFORMATION

Analysis of shareholder information

SHAREHOLDING INFORMATION AS AT 31 AUGUST 2021

SHAREHOLDERS TYPE SUMMARY

Type	Number of shareholders	Number of shares	Percentage of total shares	Market value (ZAR mil)
VC/PE firms (>5% stake)	53	169 866 829	49.36	1 019.2
Institutions		100 027 424	29.07	600.2
Public and other	30	53 927 667	15.67	323.6
Corporations (private)	39	8 264 077	2.40	49.6
Individuals	1133	12 037 947	3.50	72.2
Totals		344 123 944	100.00	2 064.7

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

Shareholder	Number of shares	Percentage of total issued shares
African Equity Empowerment Investments Limited	169 866 829	49.36
Public Investment Corporation Limited	99 782 655	29.00
		78.36

DIRECTORS' INTERESTS IN SHARES

2021	Direct beneficial	Direct non-beneficial	Indirect beneficial	Indirect non-beneficial	Total	Percentage of total shares
A Amod	1 250	-	-	-	1 250	0.0004%
I Amod	1 250	-	-	-	1 250	0.0004%
D George	-	-	-	3 000 000	3 000 000	0.8718%
K Abdulla	1 250	-	-	-	1 250	0.0004%
Total	3 750	-	-	3 000 000	3 003 750	0.8729%
2020	Direct beneficial	Direct non-beneficial	Indirect beneficial	Indirect non-beneficial	Total	Percentage of total shares
A Amod	1 250	-	-	-	1 250	0.0004%
I Amod	1 250	-	-	-	1 250	0.0004%
D George	-	-	-	3 000 000	3 000 000	0.8718%
K Abdulla	1 250	-	-	-	1 250	0.0004%
Total	3 750	-	-	3 000 000	3 003 750	0.8729%

There has been no changes in directors' shareholding between 2020 and 2021 financial year, as well as between the end of the reporting period and the date of this report.

Share trading statistics	Market price per share (cents)
High	2100
Low	250
Year-end	350
Volume traded (shares)	227 232
Value traded (rand)	1 581 985
Volume of shares traded as a percentage of issued capital	0.07%
Market capitalisation at 31 August 2021 (Rand)	1 204 433 804
Market capitalisation at 29 November 2021 (Rand)	1 376 495 776

Shareholder's diary

FINANCIAL REPORTS AND ANNOUNCEMENTS

Announcement of interim results	May 2022
Publishing of condensed interim financial results	May 2022
Annual general meeting	10 March 2022
Announcement of annual results	November 2022
Integrated report	December 2022

DIVIDEND PAYMENT

Gross dividend (cents per share)	30
Dividend net of dividend withholding tax (cents per share)	24
Announcement date	Tuesday, 30 November 2021
Last day to trade cum dividend	Tuesday, 21 December 2021
Record date	Wednesday, 22 December 2021
Date of payment	Friday, 24 December 2021
	Tuesday, 28 December 2021

Share certificates may not be dematerialised between Wednesday, 22 December 2021 and Friday, 24 December 2021, both days inclusive.

LISTING

Johannesburg Stock Exchange Sector: Diversified Industrials
 Share code: AYO
 ISIN code: ZAE000252441

Corporate information

Directors:

Dr Wallace Mgoqi (Chairman)*#
 Howard Plaatjes (Chief executive officer)^
 Isiah Tatenda Bundo (Chief financial officer)^
 Vanessa Govender (Corporate affairs director)^
 Khalid Abdulla (Executive deputy chairman)^
 Ismet Amod (Executive director health)^°
 Rosemary Mosia*#, Aziza Amod*,
 Sello Rasethaba*#, Dr Dennis George*#,
 Adv Ngoako Ramatlhodi*#, Prof Louis Fourie*#

* Non-executive
 # Independent
 ^ Executive
 ° Resigned effective 23 November 2021

Registered office:

1st Floor, North Block, Waterway House, 3 Dock Road, V&A Waterfront, Cape Town, 8001

Company secretary:

Wazeer Moosa
 1st Floor, North Block, Waterway House, 3 Dock Road, V&A Waterfront, Cape Town, 8001
 wazeer.moosa@ayotsl.com

Joint auditor:

Thawt Inc.
 3 Monte Vista Blvd, Monte Vista, Cape Town, 7460

Joint auditor:

Crowe JHB Inc.
 3 Sandown Valley Crescent, Sandown, Sandton, 2031

Transfer secretaries:

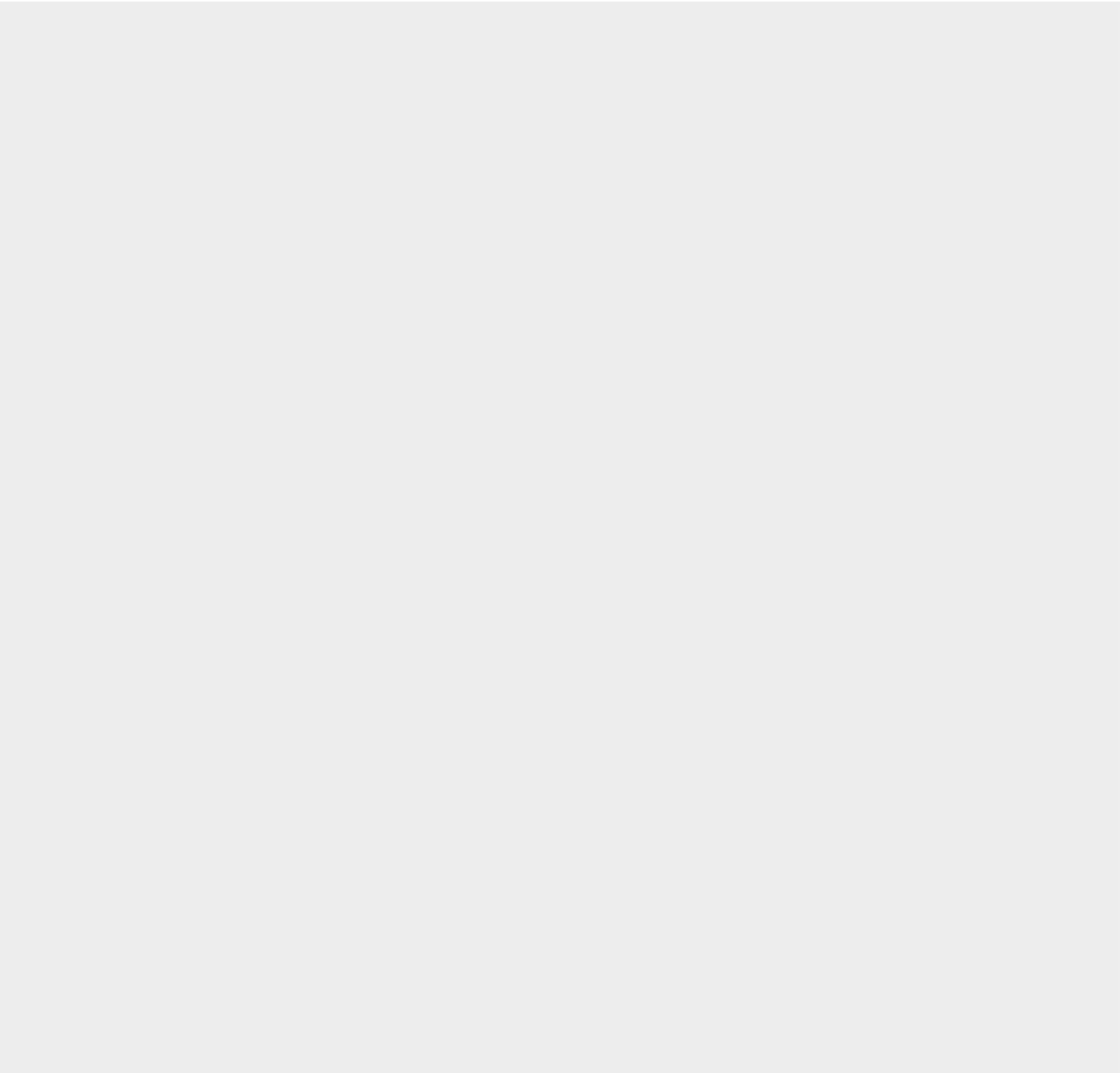
JSE Investor Services
 Rennie House, 13th Floor, 19 Ameshoff Street, Braamfontein, 2001

Joint sponsor:

Vunani Proprietary Limited
 151 Katherine Street, Vunani Office Park, Sandown, 2196

Joint sponsor:

Merchantec Capital
 13th Floor, Illovo Point, 68 Melville Road, Illovo, Sandton, 2196



ayotsl.com

CONNECT WITH AYO

We encourage and welcome comments, feedback and suggestions on our reporting suite from all our stakeholders. Please direct your remarks to:

Jeni Kostova
Group Executive: Marketing and Communications
e-mail: jeni.kostova@ayotsl.com



To download this report and other documents in this report series, visit www.ayotsl.com

