

# NOTICE OF ANNUAL GENERAL MEETING 2021



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# Introduction

Dear shareholder,

On behalf of the Board of AYO Technology Solutions Limited (“AYO” or “the Company”), we are pleased to provide you with details of the Annual General Meeting (“AGM”) of shareholders of AYO. The AGM is to be conducted by way of and will be accessible to shareholders via electronic communication as envisaged in Section 63(2)(a) of the Companies Act, 2008 (Act 71 of 2008), as amended (“the Companies Act”), on 23 February 2021 at 08:30AM (South African time).

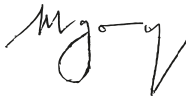
The Board recognises the importance of its shareholders’ attendance at the AGM. The chairs of the Board Committees, executive management as well as the Company’s external auditors will be present to engage with shareholders and respond to questions. If you wish to notify us of any questions that you would like to be dealt with at the AGM, please submit them to the Company Secretary either by post at the Company’s registered office or by email to [wazeer.moosa@ayotsl.com](mailto:wazeer.moosa@ayotsl.com).

If you are unable to attend the AGM, you may vote by proxy in accordance with the instructions in the Notice of AGM and form of proxy, which are included in this document and can also be found on the Company’s website [www.ayotsl.com](http://www.ayotsl.com).

This document includes an extract of the reviewed consolidated financial results as published on 19 November 2020 on the JSE News Service.

The Company’s Integrated Annual Report and complete Audited Annual Financial Statements for the year ended 31 August 2020 are available for download on AYO’s website at [www.ayotsl.com](http://www.ayotsl.com). In light of our commitment to promote sustainability and protecting the environment, printed copies of these reports will only be available to shareholders on request.

We look forward to hosting you.



**Dr Wallace Mgoqi**  
*Independent Non-Executive Chairman*

22 December 2020



**Howard Platjes**  
*Chief Executive Officer*

# Notice of Annual General Meeting

Notice is hereby given that the third AGM of the shareholders of AYO will be held via electronic communication on 23 February 2021 at 08:30am (South African time).

## PURPOSE

The purpose of the AGM is to transact the business set out in the agenda below.

## AGENDA

### PRESENTATION TO SHAREHOLDERS

Presentation of the Audited Annual Financial Statements of the Company, including the reports of the Board of directors of the Company (“**the Directors**” or “**the Board**”) and the Audit And Risk Committee for the year ended 31 August 2020.

The financial statements, including the unmodified audit opinion, and the Integrated Annual Report are available on the Company’s website at [www.ayotsl.com](http://www.ayotsl.com) or can be obtained from the Company’s registered office, at no charge, during office hours.

### ORDINARY RESOLUTIONS

To consider and, if deemed fit, to pass, with or without modification, the following ordinary resolutions:

**Note:** For any of the ordinary resolutions numbers 1 to 18 and 20 to 21 to be adopted, more than 50% (fifty percent) of the voting rights exercised on each such ordinary resolution must be exercised in favour thereof. For ordinary resolution number 19 to be adopted, at least 75% (seventy-five percent) of the voting rights exercised on such ordinary resolution must be exercised in favour thereof.

## 1. CONFIRMATION OF APPOINTMENT, RETIREMENT AND RE-ELECTION OF THE DIRECTORS OF THE COMPANY

### 1.1 ORDINARY RESOLUTION NUMBER 1

“Resolved that the appointment of Prof L Fourie as director in terms of the Memorandum of Incorporation of the Company be and is hereby approved and confirmed.”

### 1.2 ORDINARY RESOLUTION NUMBER 2

“Resolved that Advocate NA Ramathodi, who retires by rotation in terms of the Memorandum of Incorporation of the Company and, being eligible and offering himself for re-election, be and is hereby re-elected as director.”

### 1.3 ORDINARY RESOLUTION NUMBER 3

“Resolved that Ms RP Mosia, who retires by rotation in terms of the Memorandum of Incorporation of the Company and, being eligible and offering herself for re-election, be and is hereby re-elected as director.”

### 1.4 ORDINARY RESOLUTION NUMBER 4

“Resolved that Dr WA Mgoqi, who retires by rotation in terms of the Memorandum of Incorporation of the Company and, being eligible and offering himself for re-election, be and is hereby re-elected as director.”

### 1.5 ORDINARY RESOLUTION NUMBER 5

“Resolved that Dr DH George, who retires by rotation in terms of the Memorandum of Incorporation of the Company and, being eligible and offering himself for re-election, be and is hereby re-elected as director.”

## 1.6 ORDINARY RESOLUTION NUMBER 6

“Resolved that Mrs A Amod, who retires by rotation in terms of the Memorandum of Incorporation of the Company and, being eligible and offering herself for re-election, be and is hereby re-elected as director.”

A brief *curriculum vitae* for each of the Directors to be confirmed or re-elected, is set out in Annexure B of this notice of AGM.

*The reason for and effect of ordinary resolutions numbers 1 to 6 (inclusive) is that the Memorandum of Incorporation of the Company and, to the extent applicable, the Companies Act, 2008 (No. 71 of 2008), as amended (“Companies Act”), require that a component of the directors rotate at every Annual General Meeting of the Company and, being eligible, may offer themselves for re-election as directors.*

## 2. APPOINTMENT OF THE MEMBERS OF THE AUDIT AND RISK COMMITTEE

**Note:** For the avoidance of doubt, all references to the Audit And Risk Committee of the Company is a reference to the audit committee as contemplated in the Companies Act, 2008 as amended (“Companies Act”).

### 2.1 ORDINARY RESOLUTION NUMBER 7

“Resolved that Ms RP Mosia, being eligible and offering herself as a member of the Audit and Risk Committee of the Company, as recommended by the directors, be and is hereby re-elected until the next Annual General Meeting of the Company.”

### 2.2 ORDINARY RESOLUTION NUMBER 8

“Resolved that Dr DH George, being eligible and offering himself as a member of the Audit and Risk Committee of the Company, as recommended by the directors, be and is hereby re-elected until the next Annual General Meeting of the Company.”

### 2.3 ORDINARY RESOLUTION NUMBER 9

“Resolved that Advocate NA Ramathodi, being eligible and offering himself as a member of the Audit and Risk Committee of the Company, as recommended by the directors, be and is hereby re-elected until the next Annual General Meeting of the Company.”

### 2.4 ORDINARY RESOLUTION NUMBER 10

“Resolved that Mrs A Amod, being eligible and offering herself as a member of the Audit and Risk Committee of the Company, as recommended by the directors, be and is hereby re-elected until the next Annual General Meeting of the Company.”

*The reason for and effect of ordinary resolutions numbers 7 to 10 (inclusive) is that the Company, being a public listed company, must appoint an audit committee and the Companies Act requires that the members of such audit committee be appointed, or re-appointed, as the case may be, at each Annual General Meeting of the Company.*

*In terms of section 94 of the Companies Act, an audit committee should comprise at least three members.*

# Notice of Annual General Meeting continued

## 3. APPOINTMENT OF THE MEMBERS OF THE SOCIAL, ETHICS AND TRANSFORMATION COMMITTEE

### 3.1 ORDINARY RESOLUTION NUMBER 11

"Resolved that Dr DH George, being eligible and offering himself for election as a member of the Social, Ethics and Transformation Committee of the Company, as recommended by the directors, be and is hereby elected until the next Annual General Meeting of the Company."

### 3.2 ORDINARY RESOLUTION NUMBER 12

"Resolved that Mr I Amod, being eligible and offering himself for election as a member of the Social, Ethics and Transformation Committee of the Company, as recommended by the directors, be and is hereby elected until the next Annual General Meeting of the Company."

### 3.3 ORDINARY RESOLUTION NUMBER 13

"Resolved that Ms RP Mosia, being eligible and offering herself for election as a member of the Social, Ethics and Transformation Committee of the Company, as recommended by the directors, be and is hereby elected until the next Annual General Meeting of the Company."

### 3.4 ORDINARY RESOLUTION NUMBER 14

"Resolved that Mrs V Govender, being eligible and offering herself for election as a member of the Social, Ethics and Transformation Committee of the Company, as recommended by the directors, be and is hereby elected until the next Annual General Meeting of the Company."

### 3.5 ORDINARY RESOLUTION NUMBER 15

"Resolved that Mrs A Amod, being eligible and offering herself for election as a member of the Social, Ethics and Transformation Committee of the Company, as recommended by the directors, be and is hereby elected until the next Annual General Meeting of the Company."

*The reason for and effect of ordinary resolution numbers 11 to 15 (inclusive) is that the Company, being a public listed company, must appoint a social, ethics and transformation committee and Companies Act requires that the members of such committee be appointed, or re-appointed, as the case may be, at each Annual General Meeting of the Company.*

## 4. APPOINTMENT OF AUDITOR

### 4.1 ORDINARY RESOLUTION NUMBER 16

"The ratification of appointment of Thawt Inc. ("THAWT") and Crowe JHB ("CROWE") as the independent auditors of the Company for the 2020 financial year on recommendation of the Audit and Risk Committee of the Company, with the designated auditor being Mr G Kartsounis is hereby approved and confirmed."

### 4.2 ORDINARY RESOLUTION NUMBER 17

"Resolved that Thawt Inc. ("THAWT") and Crowe JHB ("CROWE") be and are hereby appointed as the independent auditors of the Company for the ensuing financial year on recommendation of the Audit and Risk Committee of the Company, with the designated auditor being Mr G Kartsounis."

*The reason for ordinary resolutions numbers 16 and 17 is that the Company, being a public listed company, must have its financial results audited and such auditor must be appointed or re-appointed each year at the Annual General Meeting of the Company, as required by the Companies Act.*

## 5. CONTROL OF AUTHORISED BUT UNISSUED ORDINARY SHARES

### ORDINARY RESOLUTION NUMBER 18

“Resolved that the authorised but unissued ordinary shares in the share capital of the Company be and are hereby placed under the control and authority of the directors and that the directors be and are hereby authorised and empowered to allot, issue and otherwise dispose of such shares or to issue any options in respect of, or instruments that are convertible into, such shares, to such person/s on such terms and conditions and at such times as the directors may from time to time determine and at their discretion deem fit, subject to the provisions of the Companies Act, the Memorandum of Incorporation of the Company and the Listings Requirements of the JSE (“Listings Requirements”), when applicable.”

This general authority will be valid until the earlier of the Company’s next Annual General Meeting or the expiry of a period of 15 (fifteen) months from the date that this authority is given.

*The reason for and effect of ordinary resolution number 18 is that the Board requires authority from shareholders in terms of the Memorandum of Incorporation of the Company to issue shares.*

*This general authority, once granted, allows the Board from time to time, when it is appropriate to do so, to issue ordinary shares as may be required, inter alia, in terms of capital raising exercises and to maintain a healthy capital adequacy ratio.*

## 6. GENERAL AUTHORITY TO ISSUE ORDINARY SHARES FOR CASH

### Ordinary Resolution Number 19

“Resolved that the directors of the Company be and are hereby authorised, by way of a general authority, to allot and issue any of the Company’s unissued shares for cash as they in their discretion may deem fit, without restriction, subject to the provisions of the Company’s Memorandum of Incorporation, the Companies Act and the Listings Requirements of the JSE, provided that:

- the approval shall be valid until the date of the next Annual General Meeting of the Company, provided it shall not extend beyond 15 months from the date of this resolution;
- the number of equity securities issued for cash shall not, in the aggregate in any one financial year, exceed 15% (fifteen percent) of the Company’s relevant number of equity securities in issue of that class as at the date of this notice of Annual General Meeting, excluding treasury securities;
- as at the date of this notice of Annual General Meeting, 15% (fifteen percent) of the Company’s issued share capital amounts to 51 618 592 (fifty-one million six hundred and eighteen thousand five hundred and ninety-two) ordinary shares. Any securities issued under this general authority will be deducted from the aforementioned 51 618 592 (fifty-one million six hundred and eighteen thousand five hundred and ninety-two) securities;
- in the event of a sub-division or a consolidation during the period of this general authority, the number of securities which can be issued in terms of this general authority will be adjusted to represent the same allocation ratio;
- in determining the price at which an issue of shares will be made in terms of this authority, the maximum discount permitted will be 10% (ten percent) of the weighted average traded price of such shares, as determined over the 30 (thirty) business days prior to the date that the price of the issue is agreed between the Company and the party subscribing for the securities. The JSE will be consulted for a ruling if the securities have not traded in such 30-business-day period;
- any such issue will only be made public to shareholders as defined in paragraphs 4.25 to 4.27 of the Listings Requirements and not to related parties;

# Notice of Annual General Meeting continued

- any such issue will only comprise securities of a class already in issue or if this is not the case, will be limited to such securities or rights that are convertible into a class already in issue; in the event that the securities issued represent, on a cumulative basis, 5% (five percent) or more of the number of securities in issue prior to that issue, an announcement containing the full details of such issue shall be published on the Security Exchange News Service (“SENS”);
- should the Company wish to use ordinary shares, held as treasury stock by a subsidiary of the Company, such use must comply with the Listings Requirements as if such issue was a fresh issue of ordinary shares; and
- in respect of the issue of options/convertible instruments for cash, if the strike or conversion price of the options/convertible instruments is at a discount that exceeds the maximum discount contemplated in paragraph 5.52(d) of the Listings Requirements, then the grant/issue may only proceed if the directors have obtained a fairness opinion, in accordance with Schedule 5 of the Listings Requirements, from an independent expert acceptable to the JSE, confirming that the grant/issue is fair insofar as the shareholders of the Company are concerned.

*For listed entities wishing to issue shares for cash (other than issues by way of rights offers, in consideration for acquisitions and/or to duly approved share incentive schemes) it is necessary for the Board of the Company to obtain the prior authority of the shareholders in accordance with the Listings Requirements and the Memorandum of Incorporation of the Company.*

*For this resolution to be adopted, at least 75% of the shareholders present in person or by proxy and entitled to vote on this resolution at the Annual General Meeting must cast their vote in favour of this resolution.*

*The reason for and effect of ordinary resolution number 19 is to obtain a general authority from shareholders to issue shares for cash in compliance with the JSE Listings Requirements and the Memorandum of Incorporation of the Company.*

## **7. NON-BINDING ADVISORY VOTE ON THE REMUNERATION POLICY OF THE COMPANY**

### **ORDINARY RESOLUTION NUMBER 20**

“Resolved that the Company’s remuneration policy, as set out in the remuneration report contained under the corporate governance section of the Integrated Annual Report and Annexure D of the Notice of AGM, be and is hereby endorsed by way of a non-binding advisory vote.”

*The reason and effect for ordinary resolution number 20 is that the Listings Requirements and King IV™ Report on Corporate Governance for South Africa, 2016 (“King IV™”) requires that the remuneration policy of a company be tabled for a non-binding advisory vote by shareholders at each Annual General Meeting. This enables shareholders to express their views on the remuneration policy adopted. Ordinary resolution number 20 is of an advisory nature only and failure to pass this resolution will therefore not have any legal consequences relating to existing remuneration agreements. However, the Board will take the outcome of the vote into consideration when considering amendments to the Company’s remuneration policy.*



## 8. NON-BINDING ADVISORY VOTE ON THE IMPLEMENTATION OF THE REMUNERATION POLICY OF THE COMPANY

### ORDINARY RESOLUTION NUMBER 21

“Resolved that the Company’s implementation report regarding the remuneration policy, as set out in the remuneration report contained under the corporate governance section of the Integrated Annual Report and Annexure D of the Notice of AGM, be and is hereby endorsed by way of a non-binding advisory vote.”

*The reason for and effect of ordinary resolution number 21 is that King IV™ recommends that the Implementation Report on a company’s remuneration policy be tabled for a non-binding advisory vote by shareholders at each Annual General Meeting. This enables shareholders to express their views on the implementation of a company’s remuneration policy. Ordinary resolution number 21 is of an advisory nature only and failure to pass this resolution will therefore not have any legal consequences relating to existing remuneration agreements. However, the Board will take the outcome of the vote into consideration when considering amendments to the Company’s remuneration policy.*

## SPECIAL RESOLUTIONS

To consider and, if deemed fit, pass, with or without modification, the following special resolutions:

**Note:** For any of the special resolutions numbers 1 to 4 to be adopted, at least 75% (seventy-five percent) of the voting rights exercised on each special resolution must be exercised in favour thereof.

## 9. REMUNERATION OF NON-EXECUTIVE DIRECTORS

### SPECIAL RESOLUTION NUMBER 1

“Resolved that, in terms of section 66(9) of the Companies Act, the Company be and is hereby authorised to remunerate its Non-Executive Directors for their services as Non-Executive Directors and/or pay any fees related thereto on the following basis, provided that the aforementioned authority shall be valid until the next AGM of the Company.”

Proposed annual remuneration, for the period from 1 September 2020 to 31 August 2021, for serving as a non-executive director (including serving on the Board’s sub-committees):

Non-executive directors	2021 R’000
Dr WA Mgoqi	1 181
AB Amod	788
RP Mosia	709
Dr DH George	866
Adv N Ramatlhodi	393
SM Rasethaba*	86
I Amod	551
Prof L Fourie	394
<b>Total</b>	<b>4 968</b>

\*Resigned effective 11 November 2020

*The reason for and effect of special resolution number 1 is for the Company to obtain the approval of shareholders by way of a special resolution for the payment of remuneration to its Non-Executive Directors in accordance with the requirements of the Companies Act.*

**Note:** Executive directors are remunerated in accordance with the employment agreements entered into between the Company and such directors.

# Notice of Annual General Meeting continued

## 10. INTER-COMPANY FINANCIAL ASSISTANCE

### SPECIAL RESOLUTION NUMBER 2

“Resolved that, in terms of section 45(3)(a)(ii) of the Companies Act, as a general approval, the Board of the Company be and is hereby authorised to approve that the Company provides any direct or indirect financial assistance (“financial assistance” will herein have the meaning attributed to it in section 45(1) of the Companies Act) that the Board may deem fit to any company or corporation that is related or inter-related (“related” or “inter-related” will herein have the meaning attributed to it in section 2 of the Companies Act) to the Company, on the terms and conditions and for amounts that the Board determines, provided that the aforementioned approval shall be valid until the date of the next Annual General Meeting of the Company.”

*The reason for and effect of special resolution number 2 is to grant the directors the authority, until the next Annual General Meeting, to provide financial assistance to any company or corporation which is related or inter-related to the Company. This means that the Company is, inter alia, authorised to grant loans to its subsidiaries and to guarantee the debt of its subsidiaries.*

## 11. FINANCIAL ASSISTANCE FOR THE SUBSCRIPTION AND/OR PURCHASE OF SHARES IN THE COMPANY OR A RELATED OR INTER-RELATED COMPANY

### SPECIAL RESOLUTION NUMBER 3

“Resolved that, in terms of section 44(3)(a)(ii) of the Companies Act, as a general approval, the Board be and is hereby authorised to approve that the Company provides any direct or indirect financial assistance (“financial assistance” will herein have the meaning attributed to it in sections 44(1) and 44(2) of the Companies Act) that the Board may deem fit to any company or corporation that is related or inter-related to the Company (“related” or “inter-related” will herein have the meaning attributed to it in section 2 of the Companies Act) and/or to any financier who provides funding by subscribing for preference shares or other securities in the Company or in any company or corporation that is related or inter-related to the Company, on the terms and conditions and for amounts that the Board may determine, for the purpose of, or in connection with, the subscription of any option, or any shares or other securities, issued or to be issued by the Company or a related or inter-related company or corporation, or for the purchase of any shares or securities of the Company or a related or inter-related company, provided that the aforementioned approval shall be valid until the date of the next Annual General Meeting of the Company.”

*The reason for and effect of special resolution number 3 is to grant the directors the authority, until the next Annual General Meeting of the Company, to provide financial assistance to any company or corporation which is related or interrelated to the Company and/or to any financier for the purpose of or in connection with the subscription or purchase of options, shares or other securities in the Company or any related or inter-related company or corporation. This means that the Company is authorised, inter alia, to grant loans to its subsidiaries and to guarantee and furnish security for the debt of its subsidiaries where any such financial assistance is directly or indirectly related to a party subscribing for options, shares or securities in the Company or its subsidiaries. A typical example of where the Company may rely on this authority is where a subsidiary raised funds by way of issuing preference shares and the third party funder requires the Company to furnish security, by way of a guarantee or otherwise, for the obligations of its subsidiary to the third-party funder arising from the issue of the preference shares. The Company has no immediate plans to use this authority and is simply obtaining same in the interests of prudence and good corporate governance should the unforeseen need arise to use the authority. In terms of and pursuant to the provisions of sections 44 and 45 of the Companies Act, the directors of the Company confirm that the Board will satisfy itself, after considering all reasonably foreseeable financial circumstances of the Company, that immediately after providing any financial assistance as contemplated in special resolutions numbers 2 and 3 above:*

- *the assets of the Company (fairly valued) will equal or exceed the liabilities of the Company (fairly valued) (taking into consideration the reasonably foreseeable contingent assets and liabilities of the Company);*
- *the Company will be able to pay its debts as they become due in the ordinary course of business for a period of 12 (twelve) months;*
- *the terms under which any financial assistance is proposed to be provided, will be fair and reasonable to the Company; and*
- *all relevant conditions and restrictions (if any) relating to the granting of financial assistance by the Company as contained in the Company's Memorandum of Incorporation have been met.*

## **12. APPROVAL FOR THE COMPANY OR ITS SUBSIDIARIES TO REPURCHASE COMPANY SHARES**

### **SPECIAL RESOLUTION NUMBER 4**

"Resolved, as a special resolution, that the Company and the subsidiaries of the Company be and are hereby authorised, as a general approval, to repurchase any of the shares issued by the Company, upon such terms and conditions and in such amounts as the directors may from time to time determine, but subject to the provisions of sections 46 and 48 of the Companies Act, the Memorandum of Incorporation of the Company and the Listings Requirements of the JSE, including, *inter alia*, that:

- the general repurchase of the shares may only be implemented through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the Company and the counterparty;
- this general authority shall only be valid until the next Annual General Meeting of the Company, provided that it shall not extend beyond 15 (fifteen) months from the date of this resolution;
- an announcement must be published as soon as the Company has acquired shares constituting, on a cumulative basis, 3% (three percent) of the number of shares in issue on the date that this authority is granted, containing full details thereof, as well as for each 3% (three percent) in aggregate of the initial number of shares acquired thereafter;
- the general authority to repurchase is limited to a maximum of 20% (twenty percent) in the aggregate in any one financial year of the Company's issued share capital at the time the authority is granted;
- a resolution has been passed by the Board of directors approving the purchase, that the Company has satisfied the solvency and liquidity test as defined in the Companies Act and that, since the solvency and liquidity test was applied, there have been no material changes to the financial position of the Company and its subsidiaries ("the Group");
- the general repurchase is authorised by the Company's Memorandum of Incorporation;
- repurchases must not be made at a price more than 10% (ten percent) above the weighted average of the market value of the shares for the 5 (five) business days immediately preceding the date that the transaction is effected;
- the JSE will be consulted for a ruling if the Company's securities have not traded in such 5 (five) business day period; and
- the Company may at any point in time only appoint 1 (one) agent to effect any repurchase(s) on the Company's behalf; and the Company may not effect a repurchase during any prohibited period as defined in terms of the Listings Requirements unless there is a repurchase programme in place, which programme has been submitted to the JSE in writing prior to the commencement of the prohibited period and executed by an independent third party, as contemplated in terms of paragraph 5.72(h) of the Listings Requirements."

# Notice of Annual General Meeting continued

*The reason for and effect of special resolution number 4 is to grant the directors a general authority in terms of its Memorandum of Incorporation and the Listings Requirements for the acquisition by the Company or by a subsidiary of the Company of shares issued by the Company on the basis reflected in special resolution number 4. The Company has no immediate plans to use this authority and is simply obtaining same in the interests of prudence and good corporate governance should the unforeseen need arise to use the authority. In terms of section 48(2)(b)(i) of the Companies Act, subsidiaries may not hold more than 10% (ten percent), in aggregate, of the number of the issued shares of a company. For the avoidance of doubt, a pro rata repurchase by the Company from all its shareholders will not require shareholder approval, save to the extent as may be required by the Companies Act.*

## OTHER BUSINESS

### 13. OTHER BUSINESS

To transact such other business as may be transacted at an Annual General Meeting or raised by shareholders with or without advance notice to the Company.

#### INFORMATION RELATING TO THE ORDINARY RESOLUTION AND SPECIAL RESOLUTIONS

1. The directors of the Company or its subsidiaries will only utilise the general authority to repurchase shares of the Company as set out in special resolution number 4 to the extent that the directors, after considering the maximum number of shares to be purchased, are of the opinion that the position of the Company and its subsidiaries ("the Group") would not be compromised as to the following:
  - The general repurchase of the shares may only be implemented through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the Company and the counterparty;
  - The Group's ability in the ordinary course of business to pay its debts for a period of 12 (twelve) months after the date of this AGM and for a period of 12 (twelve) months after the repurchase;
  - The consolidated assets of the Group will at the time of the AGM and at the time of making such determination be in excess of the consolidated liabilities of the Group. The assets and liabilities should be recognised and measured in accordance with the accounting policies used in the latest audited financial statements of the Group;
  - The ordinary capital and reserves of the Group after the repurchase will remain adequate for the purpose of the business of the Company for a period of 12 (twelve) months after the AGM and after the date of the share repurchase; and
  - The working capital available to the Group after the repurchase will be sufficient for the Group's requirements for a period of 12 (twelve) months after the date of the Notice of the AGM.
2. General information in respect of major shareholders, material changes and the share capital of the Company is contained in the Integrated Annual Report of which this notice forms part, as well as the full set of financial statements, being available on AYO's website at [www.ayotsl.com](http://www.ayotsl.com) or which may be requested and obtained in person, at no charge, at the registered office of AYO during office hours.
3. The directors, whose names appear on Annexure B to this Notice of AGM, collectively and individually accept full responsibility for the accuracy of the information given and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this Notice of AGM contains all information required by the Listings Requirements.

## VOTING AND PROXIES

1. The date on which shareholders must be recorded as such in the share register maintained by the transfer secretaries of the Company (the Share Register) for purposes of being entitled to receive this notice is 18 December 2020.
2. The date on which shareholders must be recorded in the Share Register for purposes of being entitled to attend and vote at the AGM is Friday, 12 February 2021, with the last day to trade being Tuesday, 9 February 2021.
3. Shareholders entitled to attend the meeting are required to complete and submit a Electronic Participation Form and applicable identification documentation, enclosed with this notice, to the Company's transfer secretaries as soon as possible but no later than 08:30 on Friday, 19 February, 2021. Shareholders or their duly appointed proxies are required to provide satisfactory identification before being entitled to participate in the AGM, as noted in the enclosed Electronic Participation Form.
4. Upon receipt of a duly completed Electronic Participation Form, the Company's transfer secretaries will follow a verification process to verify each applicant's entitlement to participate and/or vote at the AGM. On successful verification, such shareholder or their duly appointed proxy will receive, on their nominated email, a Microsoft Teams meeting invitation, which will be required to access the AGM.
5. **Fully verified shareholders, who will participate electronically in the AGM, are still urged to submit their proxies in accordance with the instructions below, as Microsoft Teams allows for participation, but does not include an interactive voting platform.**
6. Shareholders entitled to attend and vote at the AGM may appoint one or more proxies to attend, speak and vote thereat in their stead. A proxy need not be a shareholder of the Company. A Form of Proxy, which sets out the relevant instructions for its completion, is enclosed for use by a certificated shareholder or own-name registered dematerialised shareholder who wishes to be represented at the AGM. Completion of a Form of Proxy will not preclude such shareholder from attending and voting (in preference to that shareholder's proxy) at the AGM.
7. The instrument appointing a proxy and the authority (if any) under which it is signed must reach the transfer secretaries of the company, Link Market Services (Pty) Ltd, Rennie House, 13th Floor, 19 Ameshoff Street, Braamfontein, 2001, PO Box 4844, Johannesburg, 2000, South Africa, by no later than 08:30 on Friday, 19 February 2021.
8. Dematerialised shareholders, other than own-name registered dematerialised shareholders, who wish to attend the AGM in person, will need to request their Central Securities Depository Participant ("CSDP") or broker to provide them with the necessary authority in terms of the custody agreement entered into between such shareholders and the CSDP or broker.
9. Dematerialised shareholders, other than own-name registered dematerialised shareholders, who are unable to attend the AGM and who wish to be represented thereat, must provide their CSDP or broker with their voting instructions in terms of the custody agreement entered into between themselves and the CSDP or broker in the manner and time stipulated therein.
10. Shareholders present virtually, by proxy or by authorised representative shall, have one vote each and, on a poll, will have one vote in respect of each share held.

By order of the Board



**MR Wazeer Moosa**  
*Company Secretary*

22 December 2020  
Cape Town

# Annexure A

## Extract of the Consolidated Annual Financial Results

### Consolidated statement of profit or loss and other comprehensive income as at 31 August 2020

	2020 R'000	2019 R'000
Revenue	2 885 214	1 959 292
Cost of sales	(2 259 858)	(1 400 019)
<b>Gross profit</b>	<b>625 356</b>	<b>559 273</b>
Other operating income	68 569	10 046
Other operating gains/(losses)	(82 562)	(44 434)
Other operating expenses	(692 846)	(549 407)
Movement in credit loss allowances	(59 827)	(12 823)
Investment income	241 794	322 856
Finance costs	(17 429)	(10 918)
Profit/(loss) from equity-accounted investments	20 571	(1 608)
<b>Profit before taxation</b>	<b>103 626</b>	<b>272 985</b>
Taxation	(70 846)	(91 186)
<b>Profit after taxation</b>	<b>32 780</b>	<b>181 799</b>
<b>Other comprehensive income:</b>		
<b>Items that will not be subsequently reclassified to profit or loss:</b>		
Gains on property revaluation	-	221
<b>Items that will be subsequently reclassified to profit or loss:</b>		
Exchange differences on translating foreign operations	(834)	(218)
<b>Other comprehensive income for the period</b>	<b>(834)</b>	<b>3</b>
<b>Total comprehensive income for the period</b>	<b>31 946</b>	<b>181 802</b>
<b>Profit after taxation attributable to:</b>		
Shareholders of AYO	21 343	150 599
Non-controlling interests	11 437	31 200
<b>Total profit after taxation</b>	<b>32 780</b>	<b>181 799</b>
<b>Total comprehensive income attributable to:</b>		
Shareholders of AYO	20 509	150 602
Non-controlling interests	11 437	31 200
<b>Total comprehensive income</b>	<b>31 946</b>	<b>181 802</b>
<b>Earnings per share (cents)</b>		
Basic earnings per share (cents)	6.20	43.76

## Consolidated statement of financial position as at 31 August 2020

	2020 R'000	2019 R'000
<b>Assets</b>		
<b>Non-current assets</b>	<b>805 533</b>	<b>653 462</b>
Property, plant and equipment	91 110	102 776
Right-of-use of assets	35 292	-
Goodwill	131 152	131 152
Intangible assets	82 783	79 828
Investments in equity accounted joint ventures	18 963	33
Loans to related party companies	120 165	108 562
Other loans receivable	192 411	156 764
Investments at fair value through profit or loss	62 921	24 619
Other financial assets	1 000	12 355
Finance lease receivables	25 189	350
Operating lease asset	-	110
Deferred tax	44 547	36 913
<b>Current assets</b>	<b>4 183 370</b>	<b>4 476 137</b>
Inventories	142 364	178 991
Loans to related party companies	65 898	-
Other loans receivable	12 670	17 199
Trade and other receivables	692 926	584 491
Other financial assets	23 228	12 242
Finance lease receivables	18 052	669
Current tax receivable	3 061	2 329
Cash and cash equivalents	3 225 171	3 680 216
<b>Total assets</b>	<b>4 988 903</b>	<b>5 129 599</b>
<b>Equity and liabilities</b>		
<b>Equity</b>		
Stated capital	4 444 410	4 444 410
Reserves	(39 847)	(30 470)
Retained income	(227 111)	(77 458)
<b>Equity attributable to shareholders of AYO</b>	<b>4 177 452</b>	<b>4 336 482</b>
Non-controlling interests	118 640	134 392
<b>Total equity</b>	<b>4 296 092</b>	<b>4 470 874</b>
<b>Liabilities</b>		
<b>Non-current liabilities</b>	<b>30 903</b>	<b>63 042</b>
Other financial liabilities	-	797
Derivatives	7 587	3 934
Finance lease liabilities	-	2 853
Lease liabilities	16 190	-
Employee benefit obligation	6 375	6 665
Deferred income	751	11 244
Contingent considerations liability	-	37 549
<b>Current liabilities</b>	<b>661 908</b>	<b>595 683</b>
Trade and other payables	523 665	443 836
Loans from related party companies	-	20 863
Other financial liabilities	887	38 500
Finance lease liabilities	-	12 683
Lease liabilities	24 395	-
Deferred income	47 889	18 589
Current tax payable	11 628	24 124
Provisions	35 541	26 094
Dividend payable	9 382	5 093
Contingent considerations liability	5 097	4 795
Bank overdraft	3 424	1 106
<b>Total liabilities</b>	<b>692 811</b>	<b>658 725</b>
<b>Total equity and liabilities</b>	<b>4 988 903</b>	<b>5 129 599</b>

# Annexure A continued

## Extract of the Consolidated Annual Financial Results

### Condensed consolidated statement of changes in equity as at 31 August 2020

	2020 R'000	2019 R'000
<b>Balance at the beginning of the period</b>	<b>4 470 874</b>	<b>4 468 980</b>
Change in accounting policy – IFRS 16	1 001	-
Total comprehensive income attributable to shareholders of AYO	21 343	150 599
Total comprehensive income attributable to non-controlling interests	11 437	31 200
Dividends paid	(175 503)	(223 681)
Dividends paid to non-controlling interests	(2 722)	(3 730)
Disposal of subsidiary	(463)	11
Revaluation reserve	-	221
Foreign currency translation reserve	(663)	(218)
Non-controlling interest put option reserve	-	(14 795)
Changes in ownership reserve	(8 714)	(27 455)
Movement in retained income – changes in ownership	-	3 114
Non-controlling interests arising out of acquisition	-	101 172
Movement in non-controlling interests – disposal of subsidiary	(17 213)	(384)
Movement in non-controlling interest – changes in ownership	(3 285)	(14 160)
<b>Balance at the end of the period</b>	<b>4 296 092</b>	<b>4 470 874</b>
	<b>2020</b>	<b>2019</b>
<b>Comprising of:</b>	<b>R'000</b>	<b>R'000</b>
Stated capital	4 444 410	4 444 410
Reserves	(39 847)	(30 470)
Retained income	(227 111)	(77 458)
Non-controlling interests	118 640	134 392
<b>Total equity</b>	<b>4 296 092</b>	<b>4 470 874</b>



## Condensed consolidated statement of cash flows as at 31 August 2020

	2020 R'000	2019 R'000
<b>Cash utilised in operations</b>	<b>27 931</b>	<b>(50 320)</b>
Finance income	201 654	285 644
Finance costs	(16 354)	(6 466)
Dividend income	-	3 021
Tax paid	(91 986)	(117 794)
<b>Net cash from operating activities</b>	<b>121 245</b>	<b>114 085</b>
<b>Cash flows from investing activities</b>		
Net additions to property, plant and equipment	(18 310)	(17 350)
Net additions to intangible assets	(11 425)	(19 844)
Proceeds from disposal of subsidiary	-	1 203
Purchase of additional shares from minority interest	(12 000)	-
Acquisition of subsidiaries, net of cash acquired	(187)	(112 306)
Loans advanced to related party companies	(58 350)	(103 547)
Other loans advanced	(70 747)	(169 670)
Purchase of investments at fair value	(107 985)	(90 659)
Amounts advanced to acquire other financial assets	(13 030)	(809 366)
Amounts repaid from other financial assets	12 805	901 226
Funds held in Trust	-	(101 294)
Finance lease receipts	6 446	7 135
<b>Net cash to investing activities</b>	<b>(272 783)</b>	<b>(514 472)</b>
<b>Cash flows from financing activities</b>		
Repayments of other financial liabilities	(38 825)	(1 133)
Repayments of lease liabilities and finance leases	(35 430)	(10 254)
Loans received from related party companies	-	20 330
Repayment of loans from shareholders	(21 252)	(5 000)
Payments for contingent consideration arrangements	(38 625)	(4 460)
Payment of long service awards	(277)	-
Dividends paid	(168 693)	(221 108)
Dividends paid to minorities	(2 722)	(2 520)
<b>Net cash to financing activities</b>	<b>(305 824)</b>	<b>(224 145)</b>
<b>Total cash movement for the period</b>	<b>(457 362)</b>	<b>(624 532)</b>
Cash at the beginning of the period	3 679 109	4 303 641
<b>Total cash at the end of the period</b>	<b>3 221 747</b>	<b>3 679 109</b>

# Annexure A continued

## Extract of the Consolidated Annual Financial Results

### Condensed segmental analysis

Segment profit represents profit before tax earned by each segment without the allocation of central administration costs, fair value adjustments, finance income and finance costs. This is the measure that is reported to the chief operating decision-maker for the purposes of assessing the segment performance and resource allocation. The accounting policies of the reportable segments are the same as the Group's accounting policies.

	Segmental revenue		Gross profit	
	2020 R'000	2019 R'000	2020 R'000	2019 R'000
Software and consulting	56 954	61 348	20 840	22 962
Security solutions	344 881	276 304	111 729	105 957
Unified communications	90 793	73 239	27 423	24 473
Healthcare	120 251	111 373	39 190	38 739
Tracking solutions	89 365	25 355	29 541	6 915
Managed services	2 182 970	1 411 673	396 633	360 227
<b>Total revenue and gross profit</b>	<b>2 885 214</b>	<b>1 959 292</b>	<b>625 356</b>	<b>559 273</b>
Administration and support services			(692 846)	(549 407)
Movement in credit loss allowances			(59 827)	(12 823)
Other operating income			68 569	10 046
Other operating gains/(losses)			(82 562)	(44 434)
Finance income			241 794	322 856
Finance costs			(17 429)	(10 918)
Profit on equity accounted investment			20 571	(1 608)
<b>Profit before taxation</b>			<b>103 626</b>	<b>272 985</b>
<b>Segmental assets</b>				
	2020	2019		
	R'000	R'000		
Software and consulting	28 611	22 017		
Security solutions	68 760	83 099		
Unified communications	97 166	48 022		
Healthcare	92 229	350 355		
Tracking solutions	90 905	85 343		
Managed services	4 566 686	5 709 245		
<b>Total</b>	<b>4 944 357</b>	<b>6 298 081</b>		
Deferred tax	44 546	36 913		
Eliminations	-	(1 205 395)		
<b>Total consolidated assets</b>	<b>4 988 903</b>	<b>5 129 599</b>		

## Condensed segmental analysis continued

	Segmental liabilities	
	2020 R'000	2019 R'000
Software and consulting	12 937	8 592
Security solutions	34 540	65 965
Unified communications	31 227	56 909
Healthcare	24 358	29 973
Tracking solutions	13 826	96 801
Managed services	575 924	581 847
<b>Total</b>	<b>692 812</b>	<b>840 087</b>
Eliminations	-	(181 362)
<b>Total consolidated liabilities</b>	<b>692 812</b>	<b>658 725</b>

	Segmental depreciation and amortisation		Segmental additions to property, plant, equipment and intangible assets	
	2020 R'000	2019 R'000	2020 R'000	2019 R'000
Software and consulting	865	983	1 999	437
Security solutions	518	444	-	332
Unified communications	1 222	409	1 177	58
Health care	2 115	742	7 953	7 953
Tracking solutions	6 284	943	1 705	9 015
Managed services	62 763	21 604	22 015	163 900
<b>Total</b>	<b>73 767</b>	<b>25 125</b>	<b>34 849</b>	<b>181 695</b>

# Annexure B

## General information in respect of directors, major shareholders, material changes and the share capital of the Company

### DR WALLACE AMOS MGOQI

*Independent Non-Executive Chairman*

BASoSc, LLB and postgraduate qualifications from Harvard University (USA and Rome, Italy), Honorary Doctor of Laws from Walter Sisulu University, and Honorary Doctor of Laws from City University of New York, Queens School of Law (New York, USA).

Appointed: 20 August 2018

Nationality: South African

Board sub-committees: Remuneration Committee, Nominations Committee and Investment Committee

### EXPERTISE AND EXPERIENCE

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. Prior to this, he joined the Legal Resources Centre as a fellow and later as an admitted attorney. 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. The University of Cape Town, his *alma mater*, was the first to confer the degree of Doctor of Laws, *honoris causa*, on Wallace Mgoqi, in recognition of a lifetime of extraordinary achievement in promoting and using law as an instrument of justice, in 2002. 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.

*Major directorships: AYO Technology Solutions Limited, Grindstone Resources Pty Ltd*

### HOWARD PLAATJES

*Chief Executive Officer*

BCom Honours, Finance (UCT), Executive Leadership Development Programme – Leadership, Strategic Marketing, Governance, Sustainability, Risk Management (University of Stellenbosch), MDP Management Development Programme (University of Stellenbosch)

Appointed: 21 December 2018

Nationality: South African

### EXPERTISE AND EXPERIENCE

Mr Plaatjes is a senior transformation and business performance turnaround executive with 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 and 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.

*Major directorships: AYO Technology Solutions Limited*



## ISAIAH TATENDA BUNDO

*Chief Financial Officer*

BCom Accounting (UCT), CA(SA)

Appointed: 22 January 2019

Nationality: South African

### EXPERTISE AND EXPERIENCE

Mr Bundo is a Chartered Accountant by profession with over nine years of experience. He completed his articles with PKF and spent a year with Deloitte before joining Premier Fishing SA (Pty) Ltd. He has over five years of experience as the Group Head of Finance at Premier Fishing. 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. Mr Bundo has contributed greatly to the efficiency and accuracy of financial reporting in the Group as well as systems and operations reviews. He has won awards as the AEEI Group divisional finance head of the year for the 2012 and 2014 financial years.

*Major directorships: AYO Technology Solutions Limited*

## VANESSA GOVENDER

*Director of Corporate Affairs*

BCom Human Resource Management (Durban University of Technology)

Appointed: 21 December 2018

Nationality: South African

Board sub-committee: Remuneration Committee

### EXPERTISE AND EXPERIENCE

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. She was instrumental in transforming the legacy print media operation to a modern digital operation.

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 hereby creating value for the Group in aligning strategic HR and corporate affairs.

*Major directorships: AYO Technology Solutions Limited*

# Annexure B continued

## **KHALID ABDULLA**

*Executive Deputy Chairman*

MBA (UCT), BCompt (Hons), CTA (Unisa), Project Management (UCT)

Appointed: 12 March 2020

Nationality: South African

Board sub-committee: Investment Committee

### **EXPERTISE AND EXPERIENCE**

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 was appointed to the AYO Board in March 2020 to support the Group in achieving future growth through acquisitions as well as astute deal making.

*Major directorships: AYO Technology Solutions Limited*

## **AZIZA BEGUM AMOD**

*Independent Non-Executive Director*

Appointed: 26 February 2013

Nationality: South African

Board sub-committees: Social, Ethics and Transformation Committee, Audit and Risk Committee, Remuneration Committee, Nominations Committee and Investment Committee

### **EXPERTISE AND EXPERIENCE**

Ms Amod is a professional director, businesswoman, philanthropist and entrepreneur with more than 30 years of business experience in the retail sector. She provides consultancy to women-owned businesses in the areas of impact investment, social innovation and technology applications for social impact in the food and retail sector.

Ms Amod has been featured and published in numerous articles in relation to business and female entrepreneurs. She is a well-known philanthropist supporting a number of NGOs, outreach programmes and serves on the Board of trustees of numerous philanthropic associations. She currently serves as a director and trustee on various business entities and trusts.

*Major directorships: African Equity Empowerment Investments Ltd, Premier Fishing and Brands Ltd, Health System Technologies (Pty) Ltd.*

## **DR DENNIS HENRY GEORGE**

*Independent Non-Executive Director*

Masters in Technology and Innovation (Da Vinci Institute), PhD in Management of Technology and Innovation (Da Vinci Institute)

Appointed: 20 August 2018

Nationality: South African

Board sub-committees: Social, Ethics and Transformation Committee and Audit and Risk Committee

### **EXPERTISE AND EXPERIENCE**

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 has recently completed his doctorate in the Management of Technology and Innovation.

*Major directorships: Difeme Holdings Group (Pty) Ltd, Ho Oa Tago Mining Primary Co-operative Ltd, Khaya Student Accommodation (Pty) Ltd, African Quartz*

## **ROSEMARY PHINDILE MOSIA**

*Independent Non-Executive Director*

Masters in Business Leadership (UNISA)

Appointed: 21 August 2018

Nationality: South African

Board sub-committees: Audit and Risk Committee, Investment Committee and Social, Ethics and Transformation Committee

### **EXPERTISE AND EXPERIENCE**

Ms Mosia is a South African female professional with more than 15 years' experience in credit risk, financial and business management, amassed from various positions and different roles in her career life. In addition, she has extensive training in general and credit management, finance, internal auditing and forensic auditing. Her experience in audit was acquired over a period of six years. From 2000 to 2008, Ms Mosia headed the financial services unit of a large state-owned entity at a regional/corridor level. She was also involved in multiple roles including internal audit, forensic audit, budget management, credit risk management and operational management for the same financial services unit. Ms Mosia was appointed the CEO of The Bridge of Hope Wines and is currently the CEO of Black Business Chamber.

*Major directorships: Collateral Trading Ltd, Premier Fishing and Brands Ltd, Sagarmatha Technologies Ltd*

# Annexure B continued

## ADVOCATE NGOAKO ABEL RAMATLHODI

*Independent Non-Executive Director*

Post-matriculation B Juris Studies, Bachelor of Jurisprudence (BA Law), Bachelor of Law (LLB), Master of Science (MSc), Admitted to the Bars of Lesotho and the Republic of South Africa as an advocate, awarded an Honorary Doctor of Law.

Appointed: 7 March 2018

Nationality: South African

Board sub-committees: Audit and Risk Committee and Investment Committee

### EXPERTISE AND EXPERIENCE

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.

*Major directorships: Premier Fishing and Brands Ltd, African Equity Empowerment Investments Ltd, Ebeneza Ols (Pty) Ltd*

## ISMET AMOD

*Independent Non-Executive Director*

N Dip Civil Engineering (Cape Technikon)

Appointed: 22 January 2019

Nationality: South African

Board sub-committees: Social, Ethics and Transformation Committee, Investment Committee and Remuneration Committee

### EXPERTISE AND EXPERIENCE

Mr Amod is a professional businessman with operational experience spanning 32 years in diverse industries. Having spent seven years in engineering, he turned to business after completing various courses in entrepreneurship and marketing before joining a food ingredient business as a managing director. He expanded and grew the Company which was sold in 2008. During that period, he was appointed as CEO of a subsidiary in the Sekunjalo Investment Group, dealing with the manufacture of medical devices and medical diagnostic kits and travelled often to attend international trade shows to promote exports into foreign markets. In 2006 he was appointed in the role of both Marketing Director and Operating Officer of Genius Biotherapeutics, a biopharmaceutical company. He was responsible for overseeing the re-design, construction and project management of Ribotech a biopharmaceutical facility in Cape Town in 2009, to comply with international GMP code. He currently serves on the Siemens SA Board as an alternate director for Sekunjalo Investment Holdings.

*Major directorships: Siemens (Pty) Ltd, Bioclones (Pty) Ltd, Ribotech (Pty) Ltd, Sekunjalo Independent Media Consortium Two (Pty) Ltd and Independent Media (Pty) Ltd*



## PROF LOUIS HENRY FOURIE

*Independent Non-Executive Director*

PhD (University of Stellenbosch), MBA *cum laude* (Potchefstroom University)

Appointed: 7 July 2020

Nationality: South African

Board sub-committee: Investment Committee

### EXPERTISE AND EXPERIENCE

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 the Cape Peninsula University of Technology (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.

*Major directorships: AYO Technology Solutions Limited*

# Annexure B continued

## ANALYSIS OF SHAREHOLDER INFORMATION

Shareholder information as at 30 August 2020

	Number of shareholders	Percentage of total shareholders	Number of shares	Percentage of total issued shares
<b>ANALYSIS OF SHAREHOLDERS</b>				
1 to 5 000	915	80.19	899 230	0.26
5 001 to 10 000	92	8.06	590 431	0.17
10 001 to 100 000	99	8.68	2 485 995	0.72
100 001 to 1 000 000	17	1.49	3 789 097	1.10
1 000 001 and more	18	1.58	336 359 191	97.74
<b>Total</b>	<b>1141</b>	<b>100.00</b>	<b>344 123 944</b>	<b>100.00</b>

	Number of shares	Percentage of total issued shares
<b>MAJOR SHAREHOLDERS (5% and more of the shares in issue)</b>		
African Equity Empowerment Investments Limited	169 866 829	49,36
Government Employees Pension Fund	99 782 655	29,00
	<b>269 649 484</b>	<b>78,36</b>

	Number of shareholders	Percentage of total shareholders	Number of shares	Percentage of total issued shares
<b>SHAREHOLDER SPREAD</b>				
<b>Non-public</b>	<b>5</b>	<b>0.44</b>	<b>45 376</b>	<b>0.01</b>
Directors	3	0.26	3 000	0.00
>than 10% of I/C	2	0.18	42 376	0.01
<b>Public</b>	<b>1 136</b>	<b>99.56</b>	<b>344 081 568</b>	<b>99.99</b>
<b>Total</b>	<b>1 141</b>	<b>100.00</b>	<b>344 123 944</b>	<b>100.00</b>

<b>DISTRIBUTION OF SHAREHOLDERS</b>				
Individuals	766	83.35		0.00
Nominee companies and trusts	61	6.64		
Public companies	1	0.11	42 376	0.01
Close corporations and private companies	91	9.90		
<b>Total</b>	<b>919</b>	<b>100.00</b>	<b>42 376</b>	<b>0.00</b>

## SHARE TRADING STATISTICS

		Market price per share
High	(cents)	<b>560</b>
Low	(cents)	<b>92</b>
Year-end	(cents)	<b>520</b>
Volume traded	(shares)	<b>218 033</b>
Value traded	(Rand)	<b>1 037 225</b>
Volume of shares traded as a percentage of issued capital	(%)	<b>0,06</b>
Market capitalisation at 30 August 2019	(Rand)	<b>1 789 451 009</b>
Market capitalisation at 14 November 2019	(Rand)	<b>1 892 688 567</b>

## VOTING RIGHTS

### Share capital

#### Authorised

2 000 000 000 Ordinary shares

#### Issued

344 123 944 Ordinary shares (listed)

	2020 '000	2019 '000
<i>Reconciliation of numbers of shares issued – ordinary shares</i>		
Opening balance	<b>344 125</b>	344 125
Closing balance	<b>344 125</b>	344 125

# Annexure C

## ELECTRONIC PARTICIPATION IN THE ANNUAL GENERAL MEETING PROCEDURAL GUIDANCE

1. In light of the measures put in place by the South African Government in response to COVID-19, the Board has decided that the AGM will only be accessible virtually via Microsoft Teams as detailed below.
2. Any shareholders or their proxies who wish to participate in the AGM via electronic communication ("Participants") should complete the enclosed Electronic Participation Form ("the Application") and should email same to the Company's transfer secretaries, Link Market Services at meetfax@linkmarketservices.co.za as soon as possible but no later than 08:30 on Friday, 19 February 2021.

The Application may also be posted, at the risk of the Participant, to Link Market Services, PO Box 4844, Johannesburg 2000, so as to be received by the transfer secretaries by no later than the date set out above.

3. Upon receipt of a duly completed Electronic Participation Form, the Company's transfer secretaries will follow a verification process to verify each applicant's entitlement to participate and/or vote at the AGM. On successful verification, such shareholder or their duly appointed proxy will receive on their nominated email a Microsoft Teams meeting invitation, which will be required to access the AGM.
4. **Fully verified shareholders, who will participate electronically in the AGM, are still urged to submit their proxies in accordance with the instructions below, as Microsoft Teams allows for participation, but does not include an interactive voting platform.**

Such Participants, should they wish to have their vote(s) counted at the AGM, must act in accordance with the voting instructions contained in this Notice of AGM, i.e. to the extent applicable:

- i. Complete the Form of Proxy; or
  - ii. Contact their CSDP.
5. Meeting participants will be liable for their own network charges in relation to electronic participation in and/or voting at the AGM. Any such charges will not be for the account of the Company or its transfer secretaries, who will also not be held accountable in the case of loss of network connectivity or other network failure due to insufficient airtime, internet connectivity, internet bandwidth and/or power outages which prevents any such shareholder or their proxy from participating in and/or voting at the AGM.

# Annexure D

## AYO TECHNOLOGY SOLUTIONS LIMITED REMUNERATION POLICY

### 1. PURPOSE AND SCOPE OF THIS POLICY AND PROCEDURE DOCUMENT

- a) This document is prepared in accordance with governance best practice as contained in the King IV™ Report on Corporate Governance (“King IV™”) and complies with applicable legislation including but not limited to the Companies Act.
- b) The purpose of this document is to set out guiding principles, through an organisation-wide approach, relating to AYO’s remuneration framework and its consistent implementation that is aligned to the strategic direction of the Company.
- c) This document elaborates on each component of remuneration and should be read in conjunction with other applicable policy documents from time to time.
- d) In line with King IV™, this policy will be made available on the AYO’s website, accessible through the following link: [www.ayotsl.com](http://www.ayotsl.com)
- e) AYO’s remuneration approach is aimed at remunerating Non-Executive Directors, Executive Directors, Group Executives and Employees fairly and responsibly. This approach takes cognisance of local and international remuneration best practices to ensure that the Company attracts and retains appropriate skills and talent.
- f) AYO’s remuneration is governed by the Remuneration Committee, which is mandated by and reports to the Board. The Board considers the holistic compensation model in approaching the remuneration of all executive directors and prescribed officers, including the fees paid to all non-executive directors.
- g) The fees payable to Non-executive Directors are recommended for approval by the Board to the shareholders at the AGM.

#### **The goals and intended outcomes of this policy include:**

- a) Attracting and retaining critical talent, capable executives and a skilled workforce;
- b) Motivating and assisting employees to learn and realise their professional goals, improve their performance and ultimately contribute to achieving the Company’s long-term objectives;
- c) Ensuring short-term success and long-term sustainability;
- d) Ensuring that labour costs compare favourably with the Company’s peers and competitors within the South African labour market and ICT industry;
- e) Promoting the achievement of strategic objectives within the Company’s risk appetite;
- f) Promoting an ethical culture and responsible corporate citizenship;
- g) Enhancing internal fairness through consistent, appropriate and responsible remuneration;
- h) Decision-making aligned with the Company’s strategy and values;
- i) Rewarding employees in a manner which is fair, equitable and reflective of both Company and individual performance; ensuring internal equity and external competitiveness, as well as promoting positive outcomes across the integrated reporting capitals that the Company uses or affects;
- j) Rewarding directors in a manner which is fair, equitable, competitive and reflective of both Company and individual performance; ensuring internal equity and external competitiveness; and promoting positive outcomes across the integrated reporting capitals that the Company uses or affects;
- k) In setting and administering its Remuneration Policy, the Company is also committed to observing its obligations in terms of the Employment Equity Act 55 of 1998 (as amended) (“the Employment Equity Act”) and the Regulations in terms thereof, specifically the principle of Equal Pay for work of Equal Value.

# Annexure D continued

## 2. REMUNERATION COMPONENTS

What AYO seeks to accomplish with each of the components of remuneration:

- a) **Guaranteed pay and benefits**  
Guaranteed pay and benefits attract and retain talented high-performing people 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.
- b) **Bonus payments**  
Critical to attracting and retaining key talent and motivating all employees to ultimately contribute to achieving the Company's long-term objectives.
- c) **Short-term incentives (STIs)**  
Support and reinforce the desired behaviour to ensure the delivery and performance against the financial, non-financial, operational and strategic metrics that have been agreed.
- d) **Long-term incentives (LTIs)**  
Attract and retain the required talent with alignment between employee and shareholder objectives and creating sustainable wealth for employees.

## 3. TOTAL GUARANTEED PACKAGE

- a) AYO's guaranteed pay is calculated on the total cost-to-company method and is inclusive of Company contribution for selected benefits. This is referred to as the Total Guaranteed Package (TGP).
- b) The TGP of employees is increased in September of each year with consideration of the official Consumer Price Index (CPI) of the relevant countries, benchmarked internal and external market increases as well as AYO's performance and affordability.
- c) The Company's defined market position for TGP is at the 50th percentile or median, with a bell-shaped curve around the median, ranging from new entrants at the lower end to sustained high performers at the higher end of the pay-scale.
- d) AYO's is a highly technical business that requires specialist skills which are critical to the success of the business. Senior Management identifies critical skills which are based on AYO's organisational competencies and requirements. Employees can either progress through the Management channel or through the Specialist channel.
- e) Payment of membership fees for affiliation or membership to professional bodies, travel expenses and essential tools of trade as required for Group Executives and Executive Directors.
- f) Executive Directors and Group Executives TGP is based on annualised numbers.

## 4. BONUS PAYMENTS

- a) A discretionary bonus payment equivalent of one month's TGP is paid to all staff as recommended by the Remuneration Committee.

## 5. SHORT-TERM INCENTIVES

- a) The main objective of this incentive plan is:
  - To reward employee performance, measured against company, team and individual targets, set on an annual basis with due consideration of sustainability measures;
  - To enhance the competitiveness of the overall reward offering/pay mix in recognition of high performance;
  - To enhance employee engagement, satisfaction and retention by recognising contribution and value add to the Company.

- b) The STI Scheme is designed to help deliver on the main elements of AYO's vision, namely Trusted Performance and Innovative Solutions.
- c) AYO's STI performance scheme supports the Company's financial and non-financial targets on the various aspects of the execution of the strategy:
  - Financial
    - earnings performance and return on capital
    - working capital management and operational expenditure control (OPEX)
    - profit before tax
    - organic and acquisitive growth
  - Non-Financial
    - Technology and innovation
    - Transformation
    - Strategic stakeholder engagement and risk management
    - AYO brand
    - Team work
- d) The STI percentage rates are determined on the annual total guaranteed package, at the end of the financial period each year.
- e) The cycle leading up to the payment of the incentives starts in March with a forecast of the results to year-end, the determination and approval of the level of STI payable, an estimate of the provision to be raised at financial year-end for the constructive obligation to award the STI in August and the refinement of the numbers as per the model once the auditors have finalised the audited financial results.
- f) The Group's STI targets are determined annually by the Remuneration Committee (RC), which operates as a Committee of the Board, and is thereafter approved by the Board.
- g) STI and performance targets are determined with the CEO for Group Executives and Senior Management, which is then presented to the Remuneration Committee.

## **6. ELIGIBILITY AND COMPONENTS**

- a) Executive Directors and Group Executives within AYO Group will participate in a STI scheme, although quanta and structure may vary by employee category and level.
- b) The rules of any applicable scheme(s) will apply equally across all participants.
- c) Performance criteria for Directors and Executives are set as per targets agreed to in their performance contracts.
- d) The target weightings have been set reasonably high at Executive level to drive problem solving through collaboration and teamwork across the Group whilst ensuring alignment of objectives across the Group, thereby realising the benefits of the operating model.
- e) Executive reward is individualistic, and performance based. Accordingly, there is a guaranteed component of an executive's remuneration with a variable component specific to each individual's performance.
- f) The Remuneration Committee will recommend to the Board the approval to award STI percentages for Executive Directors.

## Annexure D continued

### TARGET SETTING AND WEIGHTING OF STIs

Measure	Percentage of bonus	Maximum % Annual TGP
Financial	70%	150%
Non-Financial	30%	150%

**Note:** Maximum bonus percentages: In exceptional cases, the Board has the authority to extend the bonus cap to 250% of Annual TGP. This will occur if there was exceptional growth in profits, retaining market position despite unusual trading and perception complexities and exceeding targets.

Discretion of Board: The Board has full discretion to adjust bonuses and/or amend the rules of the scheme as it deems fit, considering the balance between fair reward for the individual and stakeholders' interests.

### 7. LONG-TERM INCENTIVES (LTIs)

LTIs are compensation schemes that, in addition to fixed pay and the STIs, are designed to reward performance based on the achievement of the Group's long-term financial goals and aligning the interest of management with that of shareholders.

The following are some of the objectives that companies wish to achieve when implementing a LTI scheme:

- Attraction and retention of key skills;
- To create a culture within the Company that serves to align the interest of employees with that of shareholders;
- To drive Company performance against identified strategic objectives and priorities by introducing a larger variable pay portion within the risk appetite of the Company;
- To align the reward of senior employees and skilled staff with the achievement of Company strategic objectives and the interests of stakeholders;
- To engender an ownership culture;
- To support sustainable and long-term value creation; and
- To serve as motivation to sustain performance and/or to exhibit specific behaviours.

### 8. ELIGIBILITY AND COMPONENTS

- Executive Directors and Group Executives within AYO Group, will participate in LTI scheme (share allocation scheme), although quanta and structure may vary by employee category and level.
- In the absence of a share allocation scheme, Executive Directors and Group Executives will be awarded a retention percentage of their TGP at the end of each financial period, which they will be entitled to at the end of the 24-month period from the financial year end.
- The award of LTI is set reasonably high to drive retention while formal LTIs are being explored.
- The Remuneration Committee will recommend to the Board the approval to award the LTI level per Executive Director.

LTI Level	Percentage Annual TGP
Minimum	50%
Medium	70%
Maximum	100%

The Board has the full discretion to award LTI and/or amend the rules of the scheme as it deems fit, considering the balance between fair reward for the individual and stakeholders' interests.



## 9. ANNUAL REMUNERATION REVIEWS

For AYO to maintain appropriate remuneration competitiveness, remuneration is reviewed annually. The following guides AYO's decision-making regarding an individual employee's pay:

- The overall salary history of the individual;
- The market worth of the role;
- Changing nature of the role;
- Appropriate award for good performers;
- Decelerated adjustments for overpaid or underperforming people;
- Ensure that salaries are within the market range, in accordance with the benchmark studies; and
- Consideration for scarce and critical skills and individuals' increased specialised skills.

## 10. ATTRACTION AND RETENTION

- Retention of key and critical skills is a key requirement for AYO, due to the nature of the business.
- The retention policy defines guidelines within which AYO implements measures to counteract the loss of key employees to competitors or the general market.
- Retention measures include retention bonuses paid over a pre-determined period.
- This covers technical, financial, information technology and operational roles.
- Retention payments are approved by the CEO and/or the Remuneration Committee, depending on the role of the individual and the reporting lines.

## 11. TERMINATIONS GUIDELINES

Incentives	Voluntary Resignation	Summary Dismissal/ Dismissal	Normal and early retirement, retrenchment and death	Mutual separation
<b>Bonus</b>	Forfeit, no bonus if employee is not with AYO at 31 August each year worked	Forfeit	<i>Pro rata</i> for the period worked	<i>Pro rata</i> for the period
<b>STIs</b>	Forfeit, no bonus if employee is not with AYO at 31 August each year worked	Forfeit	<i>Pro rata</i> for the period worked	<i>Pro rata</i> for the period
<b>LTIs</b>	Forfeit	Forfeit	<i>Pro rata</i> for the period worked	Board determines

# Annexure D continued

## 12. GOVERNANCE

- a) Budgeting of remuneration increases:
  - As part of the business planning and operational budgeting cycle, annual remuneration increases are budgeted for and submitted to the Board for approval.
  - The Board approves the budget assumptions which includes remuneration increases. Annual increases take place in September of each year.
- b) Communication:
  - AYO shares information with its employees regarding the reward for their contribution, competitiveness of guaranteed pay, the base for decisions regarding salary increases and promotions and the fairness and equitableness of variable pay.
  - Managers are provided with guidance to assist in the communication of remuneration matters and the rules of schemes to all employees.

## 13. IMPLEMENTATION AND REPORTING

The duties of the Remunerations Committee with regards to remuneration reporting are as follows:

- To ensure that the remuneration report is accurate, complete, transparent and in line with the principles of King IV;
- To recommend the Remunerations Committee report to the Board for inclusion in the Integrated Annual Report;
- Submit an annual report to the Social, Ethics and Transformation Committee concerning the outcome of the review of the following matters:
  - AYO's standing in terms of the International Labour Organisation Protocol on decent work and working conditions; and
  - the employment relationships within AYO, and contribution toward the educational development of employees within the Group.

## 14. REMUNERATIONS COMMITTEE

The Remuneration Committee ensures that AYO remunerates fairly, responsibly and transparently to promote the achievement of the strategic objectives and positive outcomes of the Group in the short-, medium- and long-term.

- a) The Committee consists of the elected Chairman and two non-executive members of which at least one will be independent;
- b) A quorum consists of the Chairman plus two members;
- c) The Committee assists the Board in discharging its oversight responsibilities relating to the remuneration of the Company's EXCO and senior managers as well as to implement retention strategies appropriate for the business; and
- d) The Committee also approves the design and application of material remuneration programmes, LTI ownership guidelines, recruitment policies, selection criteria and succession plans of senior executives and non-executive directors.

## 15. MANDATE AND TERMS OF REFERENCE REMUNERATION COMMITTEE

For the mandate and terms of reference of the Remuneration Committee, refer to the Remuneration Committee Charter.

## 16. ADHERENCE TO THE POLICY

The Remuneration Committee will provide AYO's Board of Directors with annual feedback on the implementation progress against the provisions of this Policy. The Committee's Terms of Reference should be read in conjunction with this Policy.

## 17. NON-EXECUTIVE DIRECTORS

An agreement is concluded with Non-Executive Directors that includes the Directors' Code of Conduct and Code of Ethics to be complied with, the contribution expected from the specified individual, the remuneration for holding office as a director and the terms of directors and officers liability insurance. These agreements will be concluded annually after the re-election of such Non-Executive Directors at the Annual General Meeting of the Company.

- a) The remuneration of Non-Executive Directors is reviewed annually by AYO's Remuneration Committee and thereafter the Remuneration Committee determines the fees paid to non-Executive directors.
- b) Non-Executive Directors' remuneration includes an annual retention fee, travel allowance, parking fee and daily allowance for special and incident meetings.
- c) The following factors are taken into consideration in determining these fees:
  - South African industry market rates
  - Complexity of the organisation
  - Size of the Company as determined from the South African national survey
  - Responsibilities and accountabilities
  - Preparation time required for meetings
  - Relevant experience and specialised knowledge

## 18. REMUNERATION REPORT

The Remuneration Committee via the Board shall ensure the remuneration is disclosed by means of a Remuneration Report in the Integrated Annual Report in three parts:

- a) Background statement;
- b) An overview of the main provisions of the Remuneration Policy; and
- c) An Implementation Report which contains details of all remuneration awarded to individual members of the Board and Executive Directors during the reporting period.

# Annexure D continued

## 19. VOTING ON REMUNERATION

- a) In terms of the Companies Act, fees for Non-Executive Directors for their services as directors must be submitted for approval by specialised resolution by shareholders within the two years preceding payment;
- b) The Remuneration Policy and the Implementation Report should be tabled every year for separate non-binding advisory votes by shareholders at the AGM;
- c) In the event that either the Remuneration Policy or Implementation Report, or both, have been voted against by 25% or more of the voting rights exercised, the Board and Remuneration Committee shall follow:
  - An engagement process to ascertain the reason for the dissenting votes; and
  - Appropriately address legitimate and reasonable objections and concerns raised, which may include amending the Remuneration Policy or clarifying or adjusting remuneration governance and/or processes.
- d) In the event that either the Remuneration Policy or the Implementation Report, or both, were voted against by 25% or more of the voting rights exercised, the following should be disclosed in the remuneration report succeeding the voting:
  - With whom the Company engaged, and the manner and form of engagement to ascertain the reasons for dissenting votes; and
  - The nature and steps taken to address legitimate and reasonable objections and concerns.

No changes to the compensation and remuneration policies or rules may be introduced before the Remuneration Committee has formally approved them.

This Remuneration Policy will be reviewed annually.

**This revised Remuneration Policy Document was approved by the Remuneration Committee on 11 September 2020.**

## IMPLEMENTATION REPORT

This part of the report focuses on the performance outcomes against the targets set for 2020.

## AMENDMENTS TO THE REMUNERATION POLICY

The Company's Remuneration Policy was reviewed during the 2020 financial year and is aligned with the relevant principles in King IV™ Code and that it promotes good governance, our shared values and ethics. Reporting and disclosures continue to evolve to ensure that the policy is transparent to all stakeholders.

AYO's Remuneration Policy, adopted in September 2020, includes performance targets and key measures to ensure alignment with the Group's strategic objectives as well as fairness, transparency, internal equity and external competitiveness. Introduction of LTIs were also proposed.

*Remuneration comprises of a total guaranteed package, bonus payments, STIs and LTIs.*

AYO's guaranteed pay, referred to as the Total Guaranteed Package (TGP) is calculated on the total cost-to-company method and is inclusive of Company contribution for selected benefits. In September 2020 the TGP of all permanent employees and executives were increased by 7% in accordance with market movement, forecast inflation and affordability. With the economic disruption caused by the COVID-19 pandemic and lockdown AYO implemented a temporary salary reduction of 20% for all Executive Directors and staff for the period May to July 2020. Full TGP allocations were reinstated with effect from 1 August 2020 and the Committee has recommended an annual increase of 5% of TGP to the Board for the next financial year.

## BONUS PAYMENTS

A bonus payment equivalent to one month's TGP was paid to all staff in the employ.

## STIs

STI is essentially a performance bonus, designed to incentivise management to drive business performance in order to increase shareholder value. This annual incentive is awarded discretionary, based on the individual's performance throughout the year in respect of both company and role-specific financial and non-financial metrics. Targets are set in respect of profit growth, return on average net assets, operational efficiency, strategic stakeholder engagement and risk management. Performance is measured against contribution towards the attainment of targets within its relevant weighting per discipline. Given the maturity of our business and the Company's specific operating context and challenges, these factors are deemed to be appropriate measures of the business and individual performance.

The STI targets are determined by the Committee, agreed with the executive team and senior management and thereafter approved by the Board. The targets have been set reasonably high to encourage problem-solving and initiative, while the weightings of the various metrics aim to promote collaboration and teamwork. A hurdle rate of average monthly core inflation (as published) is set and must be achieved prior to target metrics, before the allocation of STI is considered.

## GROUP TARGETS

Target setting and weighting of STIs

Measure	Percentage of bonus	Maximum % Annual TGP
Financial	70%	150%
Non-financial	30%	150%

## Annexure D continued

Specific threshold, target and stretch target levels have been defined for each metric. Below the threshold, no STI is achieved. Based on the performance, a score is calculated linearly between the threshold and on target or between the on target and stretch target.

Metric	Threshold	On Target	Stretch Target
<b>Headline earnings growth*</b>	Base + CPI + GDP - 4%	Base + CPI + GDP + 3%	Base + CPI + GDP + 20%
<b>Return on invested capital</b>	Base %	10%	20%
<b>Net working capital % of revenue</b>	Base %	10%	20%
<b>Cash OPEX savings against budget</b>	0%	2%	4%
<b>Improvement based on past performance**</b>	0%	10%	20%
<b>B-BBEE level</b>	3	2	1

\* Base reset annually to include acquisitions.

\*\* Improvements are generally on past performance and baseline is agreed by the remunerations Committee annually.

A maximum attainable level of 150% of TGP can be reached under the incentive with the Board having the authority to extend the bonus cap to 250% of annual TGP. This can only occur if there is exceptional growth in profits, retaining market position despite unusual trading and perception complexities. Notwithstanding the attainment of good business performance, unsatisfactory individual performance automatically disqualifies a person from being considered for LTI in the year under review.

### LTIs

LTIs are compensation schemes that, in addition to fixed pay and STIs, are designed to reward performance based on the achievement of the Group's long-term financial goals and aligning the interests of management with those of shareholders. Traditionally, LTIs are awarded at a certain date within a financial year, but only paid to an employee after a period of two years. Thus, they serve as a retention policy for a Company's key executives.

A new LTI compensation scheme has been drafted during the reporting period to enable attraction and importantly, retention of key management over the long term - at least five years. The scheme proposes that a proportion of the shares vest to employees annually, in order to keep employees productively engaged for the duration of the period. It is envisioned that the new scheme will be proposed to the Board for review in the next reporting period.

### EXECUTIVE DIRECTORS' REMUNERATION

Executive directors at AYO are employees and have standard employment contracts with the Company. Their basic remuneration package is decided by the Nominations Committee when appointing the executive. All incentives and bonuses are decided by the Remuneration Committee within the guidelines of the Remuneration Policy.

For the 2020 financial year remuneration received by executive directors was as follows:

Director	Base pay	Bonus	Sign on Bonus	STI	LTI	Other Benefits	Medical Aid	Provident Fund	Total
<b>H Plaatjes</b>	3 485 665	321 000		3 000 000	1 100 000			318 055	8 224 720
<b>T Bundo</b>	2 857 268	267 500		2 500 000	1 000 000		42 952	261 500	6 929 220
<b>V Govender</b>	2 579 442	235 400		1 800 000	600 000			197 079	5 411 921
<b>K Abdulla</b>	1 935 437		4 000 000			14 000	18 691	93 424	6 061 552

## NON-EXECUTIVE DIRECTORS' FEES

Non-executive directors are not employees of the Company, nor do they benefit from the Company's performance schemes. They have Board appointment letters and are paid a fee for participating at and attending Board meetings. Non-executive directors who perform services through Board Committees are paid additional fees for such services. No arrangement exists for compensation in respect of loss of office. Board fees and fee structures are also reviewed annually.

The determination of non-executive directors' fees is influenced by various factors, including but not limited to the SA Guide to Executive Remuneration and Reward national survey and industry market rates (as published by Deloitte in August each year), relative size and complexity of the organisation, individual responsibilities and accountability, estimated time required for preparation and attendance of meetings, relevant experience and specialist knowledge. No arrangements exist for compensation in respect of loss of office. The fee structure is reviewed annually by the Board and disclosed in the Remuneration Report as prescribed in section 30(4) of the Companies Act.

## AYO NON-EXECUTIVE DIRECTORS' FEES FOR 2020 FINANCIAL YEAR

Director	Director fee
<b>Dr Wallace Mgoqi</b>	1 125 000
<b>Aziza Amod</b>	750 000
<b>Dr Dennis George</b>	825 000
<b>Sello Rasethaba</b>	450 000
<b>Adv Ngoako Ramatlhodi</b>	300 000
<b>Ismet Amod</b>	525 000
<b>Rosemary Mosia</b>	600 000
<b>Prof Louis Fourie</b>	50 000

## COMPLIANCE

The Remuneration Policy is reviewed each year to ensure that the remuneration framework remains effective in supporting the achievement of the Company's business objectives and remains in line with best practice. AYO complied with the Remuneration Policy, relevant remuneration governance codes and statutes. The recommended practice as stated under Principle 14 of King IV™ has been applied and is explained throughout this report through the outcomes achieved.

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This image shows a full page of white paper with horizontal blue or grey ruling lines. The lines are evenly spaced and run across the width of the page, providing a template for handwriting practice or general writing. There are no margins, text, or other markings on the page.

## This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

# Corporate information

**Directors:**

Dr Wallace Mgoqi (Chairman)\*\*  
Howard Platjies (Chief executive officer)^  
Isaiah Tatenda Bundo (Chief financial officer)^  
Vanessa Govender (Corporate affairs director)^  
Khalid Abdulla (Executive deputy chairman)^  
Rosemary Mosia\*\*  
Aziza Amod\*  
Dr Dennis George\*\*  
Adv Dr NA Ramatlhodi\*\*  
Ismet Amod\*  
SM Rasethaba \*\*  
Professor Louis Fourie\*\*

*\* Non-executive \* Independent*

*^ Executive*

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**Joint auditor:**

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Sandton, 2031

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