



TECHNOLOGY

R1 663m

CONTRIBUTION TO
REVENUE

R124m

PROFIT BEFORE
TAX

AYO TECHNOLOGY SOLUTIONS LTD

KEY FACTS

CHIEF EXECUTIVE OFFICER	Howard Platjies
BOARD OF DIRECTORS	WA Mgoqi, H Platjies, IT Bundo, V Govender, AB Amod, DH George, RP Mosia, SM Rasethaba, NA Ramatlhodi and I Amod
EMPLOYEES	1 244
HEAD OFFICE	Observatory, Cape Town
MARKET PRESENCE	South Africa with some presence in other African countries

PROFILE

AYO Technology Solutions Ltd (AYO) is rooted in South Africa, with a purpose to help organisations reach new heights by empowering their people, enriching their processes and developing industry disruptor technology solutions that enable them to be market leaders in the digitally transformed economies they operate in.

The AYO Group leverage their group-wide capabilities and strategic partnerships to deliver end-to-end digital and technology solutions to multiple industries in South Africa's public and private sectors as well as across the African continent and beyond.

The AYO Group consists of a number of technology companies that offer Information Communication Technology (ICT) services and solutions to clients across a range of industries that are best served by technology that enables them to be efficient in their key capabilities. Key group companies include:

Puleng Technologies (Pty) Ltd is a 15-year-old, proudly South African ICT company with its roots firmly in building local expertise and providing customers with "Project Success" linked to the solutions Puleng designs and supports. The Puleng blueprint provides customers with a client-centric strategy to manage and secure the two most valuable assets an organisation has: its data and users, while facilitating IT and business with a platform to build an efficient, collaborative and integrated cybersecurity program. To further enhance its strategy, Puleng provides its customers with data centre infrastructure platforms, which allow Puleng to leverage its core strengths across its Compute, Storage, Virtualisation and Management teams.

Sizwe Africa IT Group (Pty) Ltd offers various ICT services to its customers, including a focused spectrum of physical infrastructure, metro and long-distance optic fibre, facility management, continuous energy supply, networking and security to hosting, storage server processing, mobility, data centre, end-user computing and associated consumables.

TECHNOLOGY - continued

Health Systems Technologies (Pty) Ltd offers ICT solutions to the healthcare industry, such as hospitals; primary healthcare, laboratory and pharmacy information systems; electronic health records; continuity of care records and telemedicine, backed by the necessary professional services, such as consulting, system architecture design, system integration, business intelligence and development of bespoke software solutions.

Kalula Communications (Pty) Ltd (trading as Headset Solutions) imports and distributes notable brands within the telecommunications and consumer electronic markets. Headset Solutions is the distributor for all Poly, Jabra and Konftel products in Southern Africa. Poly designs headsets for a wide range of devices, including phones, laptops, handhelds, entertainment and music devices. Konftel is a worldwide leader in the manufacture of audio-conferencing equipment and the inventor of audio conference technology.

SGT Solutions (Pty) Ltd is a turnkey solutions integrator, specialising in the design, supply, deployment and maintenance of multi-technology telecommunication systems for fixed, mobile and converged networks through partnerships with their customers and technology providers. They create value-added customer experiences by offering solutions that yield tangible benefits and differentiation for their customers, thereby leveraging the investment in their existing networks.

Global Control and Command Technologies (Pty) Ltd (GC²T) is the national sovereign command and control capability of the Department of Defence. The company has existed in various forms since 1982 when it was moved out of the then Andromeda (state-owned) into the Altech Group as the first phase of establishment of a national command and control strategy. Today the company is 100% South African and majority black-owned. GC²T operates in the defence and related technologies space and focuses on the provision of system level 4, 5 and 6 Command, Control, Communication and Information solutions.

Digital Matter (Pty) Ltd is an IT specialist focusing on mobile application development including mobile inspection management, fixed asset management, and solutions for clients in mobile field services, technician management, franchise evolution, mobile banking and plant commissioning.

Afrozaar (Pty) Ltd is a software consulting and product development business focused on the development of innovative software products in the mobile, digital and cloud environments. Afrozaar is fast becoming a leader in digital transformation of traditional media and brand groups around how they value their digital processes, assets and respective audiences

2019 OPERATIONAL PERFORMANCE

The Group delivered a strong performance for the period with revenue amounting to R1.6bn and profit before tax of R124m.

The Group achieved significant organic growth during the year as a result of a contract with a multinational company. Work on the contract is progressing very well, with positive feedback from the client. AYO expects to obtain new contracts with other multinational companies as it builds on its platforms driven by the "Go to Market" strategy.

VISION 2020 VISION - AYO'S CONTRIBUTION

AYO's vision is to be the leading empowered digital and technology solutions partner for organisations across the African continent.

The Company acquired a 55% equity interest in Zaloserve (Pty) Ltd (Zaloserve), 40% equity interest in Saab Grintek (Pty) Ltd - now known as SGT Solutions (Pty) Ltd (SGT Solutions) - via a special purpose vehicle, Main Street 1653 (Pty) Ltd, and a 32% equity interest in Bamblela Capital (Pty) Ltd (Bamblela) (previously Vunani Group (Pty) Ltd).

Zaloserve holds an indirect 100% shareholding in Sizwe Africa IT Group (Pty) Ltd (Sizwe).

On 1 March 2019, AYO acquired a 24% equity interest in Global Command and Control Technologies (Pty) Ltd (GC²T).

On 19 March 2019, AYO signed an agreement with Bamblela and Vunani Capital (Pty) Ltd (Vunani Capital) in which AYO is a 50% shareholder, Bamblela a 30% shareholder and Vunani Capital a 20% shareholder. This special purpose vehicle was formed to invest in disruptive financial services technology as part of its "Go to Market" strategy.

TECHNOLOGY - continued

PROSPECTS AND FUTURE OUTLOOK

AYO continues to focus on its acquisition strategy in order to complement and augment the current businesses and enhance its vertical industry “Go to Market” strategy.

On successful completion of certain acquisitions, AYO will be strongly positioned to win significant market share in its industry and to challenge and disrupt the ICT landscape that has been dominated by the same brands.

Through the above strategies, AYO’s product and service portfolio and digital ecosystem should be able to service a substantial customer base and capture 5% to 8% of the South African market by 2022.

The exciting growth prospects that these target businesses will enjoy within the AYO digital ecosystem will have a compounding effect on the Company’s organic growth.

MARKET PRESENCE

AYO and its subsidiaries operate across a variety of industries and have a market presence in South Africa, SADC region, Eswatini (previously Swaziland), Botswana, East Africa, Middle East, Mauritius and Nigeria.

AYO, through its subsidiaries and associate companies, offers solutions and services across the depicted technology offerings.



TECHNOLOGY - continued

BUSINESS MODEL

AYO offers its key stakeholders meaningful value propositions that ensure its sustainability. The value propositions can be identified in the following way:

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

The overarching customer-focused AYO business model depicted below is central to the delivery of these value propositions.

KEY PARTNERS	<ul style="list-style-type: none"> • Business development channel partners • OEM product vendors • Innovation networks • Market-related intelligence • ICT industry conferences and events • Subsidiary and associate CEOs
KEY ACTIVITIES	<ul style="list-style-type: none"> • Customer acquisition • Business/product development • Corporate development • Business performance management and corporate governance • Customer and vendor relationship management • Strategic management • Programme and project management • Strategic account and contract management • Financial management • Service and product support • Investment portfolio management
VALUE PROPOSITION	<ul style="list-style-type: none"> • Managed services • Security services • Consulting services • Infrastructure development and provisioning • Software development and integration services
CUSTOMER RELATIONSHIPS	<ul style="list-style-type: none"> • Strategic account customer relationships • Customer/client forums • Industry publications • Industry forums and events • Marketing events and roadshows
CUSTOMER SEGMENTS	<ul style="list-style-type: none"> • Finance • Mining, oil and gas • Health • Retail • Public • ICT and other service providers • Security and defence

TECHNOLOGY - continued

<p>KEY RESOURCES</p>	<ul style="list-style-type: none"> • Financial resources • People • Skilled and qualified resources • Organisational capabilities • Sales and business development • Marketing • Architecture practice • SMO and EPPO practice • Innovation practice • Finance practice • Account management
<p>CHANNELS</p>	<ul style="list-style-type: none"> • Channel partners • Client account teams • Embedded service delivery teams • Direct sales force teams • Pre-sales development teams
<p>COST STRUCTURE</p>	<ul style="list-style-type: none"> • Salaries • Subscriptions • Marketing • Administration • Research and development • Training • Consulting • Travel • Conferences • Business development • Mergers and acquisitions
<p>REVENUE STREAMS</p>	<ul style="list-style-type: none"> • Revenue from operations • Revenue from investment income • Revenue from new business development • Mergers and acquisitions

TECHNOLOGY - continued

AYO holds a number of certifications across its group to be able to cover services of a very high standard to its clients. AYO currently has a range of certifications which include CISCO, HUAWEI, VMWARE, PMI, TOGAF, F5, Microsoft, etc. As a standard requirement, AYO is also certified as per ISO 45001 (Health and Safety) standards, with an excellent health and safety track record with its customers.

COMMITMENT TO DIGITAL TRANSFORMATION

As an empowered ICT company AYO is committed to providing solutions to clients that are innovative and add value and efficiencies to their organisation. AYO is fully committed to the principles of B-BBEE and endeavours to ensure broader black economic participation in the South African ICT market.

AYO'S TECHNOLOGY OFFERINGS

AYO, through its subsidiary and associate companies, offers solutions and services across the depicted technology offerings above and as detailed below.

AYO MANAGED SERVICES

AYO Managed Services is focused on attracting disruptive platform businesses and will provide services and solutions across the typical ICT spectrum. This includes connectivity, communications, data and security. These services can be sourced by customers through various commercial models, including on-demand cloud services, hybrid and on-premise offerings.

AYO's Managed Services helps with all aspects of operations within the technology environments. They provide clients with technical expertise, service consistency, and flexibility across multiple vendors, technologies, and geographies. At the same time, they help to reduce overheads and improve efficiency by leveraging their scale, methodologies, and high levels of standardisation.

AYO Managed Services' solutions span across:

- Infrastructure
- Networks
- End-user computing
- Managed print services
- Data centres
- Service desk

AYO SECURITY SERVICES

AYO Security Services offerings have been developed as a component-based roadmap, which allow the leveraging of existing technologies and the integration of new leading technologies in order to build an efficient, collaborative Governance, Risk and Compliance (GRC) program.

A strong user and data governance roadmap is at the very heart of this practice and ensures that the right users have access to the right services and data while providing business advantage through self-enrolment, user life cycle and a quality customer experience.

AYO protects its clients' digital privacy by deploying customised security systems within South Africa's banking, e-commerce and telecommunications sectors. Their data security solutions address their clients' unique security risks across complex environments. They also focus on identity and access management and governance, data auditing and protection, as well as security management for networks, servers and devices.

AYO Security Services' solutions span across:

- Data security
- Cybersecurity
- User security (identity and access management)
- Data management and compliance

AYO CONSULTING SERVICES

AYO Consulting Services leads the AYO thought leadership practice ensuring that AYO's clients are positioned to take advantage of the opportunities that digital technology solutions bring to organisations, delivering competitive advantage or parity as the need be. These services also enable organisations to create new world business models or enhance existing ones to be digitally ready.

To keep pace in the digital age and the dawn of the fourth industrial revolution (4IR), while controlling costs and mitigating business risks, one can no longer depend on the past as a guide for the future. Leveraging their consulting services and technology expertise allows one to accelerate business transformation and innovation strategies. AYO helps to create and execute strategies to unlock opportunities, optimise processes, and uncover cost savings.

AYO Consulting Services' solutions span across:

- Business model innovation
- Robotic process automation (process innovation)
- Architecture services
- Cloud services
- Master data management services
- Training services and AYO Academy
- Security consulting services
- Project management office

TECHNOLOGY - continued

AYO INFRASTRUCTURE

AYO Infrastructure offers market-leading infrastructure provisioning capabilities, available through a number of its subsidiaries. This ranges from fibre optic cabling infrastructure, broadband, storage area networks, network and communications equipment. AYO's infrastructure intends to be a direct player with a number of chosen empowerment partners in delivering 5G spectrum services countrywide.

AYO Infrastructure solutions include:

- Fibre installation
- 5G broadband (when available)
- Storage area networks
- Network and communication equipment
- Server provisioning and maintenance
- Server hosting

AYO SOFTWARE

AYO Software solutions integration will enhance AYO's platform and digital capability ensuring that it is uniquely positioned with the appropriate experience per vertical industry. This includes adding to AYO's already comprehensive intellectual property in the health, mining, oil and gas industries, with additional competencies in financial services, service provider, media and public sector verticals.

This is one of AYO's core strengths. They introduce agile software development into their clients' product life cycles to ensure continuous improvement, managed code releases and seamless integrations with every iteration. They offer bespoke, feature-rich digital software products, localisation of international products for the African market, as well as the deployment of new and agile software solutions that vary in scale and complexity.

AYO Software development and integration solutions span across:

- Healthcare/medical systems
- Mobile solutions
- Web solutions
- Digital marketing solutions
- Digital media solutions
- Business solutions

AYO DIGITAL

AYO Digital offers market-leading digital capability to customers who intend to transform their legacy

ICT landscapes and position them to support their organisation's journey into the digital economy. AYO Digital is building distinct expertise that includes Internet of Things (IoT), machine learning, social media analytics, voice and video analytics, big data analytics, artificial intelligence (AI), and business process innovation and robotics skills. This is done through targeted acquisitions and organic growth initiatives as well as aligning the AYO Academy to building digital skills for the fourth industrial revolution.

Becoming data driven is essential to an organisation's ability to deliver a customer-centric experience. They work to understand their client's business objectives and identify the best way to serve their customers, helping them to keep up with the digital evolution by focusing on advisory, consulting and transformation services. They help redefine leadership, culture and structures to support this change.

AYO Digital's solutions include:

- Internet of Things
- Artificial Intelligence and machine learning
- Robotics
- Big data and video analytics and social media

GOVERNANCE

An appropriate governance framework and the necessary policies and processes are in place to ensure AYO and all its subsidiaries adhere to essential governance requirements and standards.

The Board is the principal decision-maker and is supported by various committees and the executive management team. AYO's Board is responsible for the strategic direction of the Group and the Company's governance framework.

The governance framework supports the Company's growth strategy. AYO's Board plays a pivotal role in strategy planning and has established clear benchmarks to measure the strategic objectives of the Company. The Board ensures that its sound governance framework will enhance good corporate governance, improve internal controls and the Company's performance. In carrying out the Company's strategic objectives, the Board is assisted by the necessary committees, including the executive committee, with clear terms of reference to assist the Board in discharging its responsibilities. This flows down to the subsidiaries and divisional levels to ensure that the business is provided with a structure within which management can operate effectively.

TECHNOLOGY - continued

GOVERNANCE AND ETHICS

The Board is ultimately responsible for ethical and effective leadership and has delegated to management the responsibility of implementing and executing the Code of Ethics (the code) and the Code of Conduct. The code has clear guidelines that inform AYO’s interactions with stakeholders and outlines the key ethical risks facing the business as well as mitigating actions. These risks include but are not limited to fraud, corruption, theft, unethical disclosure of sensitive information, harassment and discrimination.

The code is published on AYO’s website and is incorporated as part of the induction programme for all new employees as well as in all employee and supplier contracts.

The Board, with the assistance of the social, ethics and transformation committee, exercises ongoing oversight of AYO’s activities and the management of ethics. A strong ethical foundation is supported by:

- an anonymous telephone line and email address for whistle-blowing; precautions and protection for the reporter are in place, and those found guilty or responsible for unethical conduct are reprimanded accordingly;
- an independent ethics reporting line to detect breaches of ethical standards;
- dedicated effort to create awareness, detect and resolve any ethical violations; and
- ongoing training on anti-corruption and anti-competitive behaviour.

The Board of AYO continues to work towards the achievement of the following outcomes:

OBJECTIVE	Stakeholders	<ul style="list-style-type: none"> • Value creation for all stakeholders and sustainable development • An ethical culture and effective leadership are maintained with positive outcomes • A stakeholder-inclusive approach to balance the needs and interests of material stakeholders in the best interests of the AYO Group
SCOPE	AYO Group	<ul style="list-style-type: none"> • The AYO Group operates within the triple context • Governs risks and opportunities, strategy, business model as well as sustainable development in a way that supports the Company in achieving its strategic objectives
CHARACTER	Internal system	<ul style="list-style-type: none"> • Proper internal controls are in place and to approve policies and planning and to oversee, monitor and ensure accountability • The assurance services and functions enable an effective control environment to support the integrity of information for internal and external decision-making • The AYO Group remunerates fairly, responsibly and transparently to promote the achievement of the strategic objectives and positive outcomes in the short, medium and long-term
MECHANISM	Conformance	<ul style="list-style-type: none"> • Govern compliance with applicable laws and adopt non-binding rules, codes and standards in a way that supports the organisation to be ethical and a good corporate citizen
DIRECTION	Management	<ul style="list-style-type: none"> • The Board sets and steers the strategic direction of the Company and is the focal point and custodian of corporate governance and ensures accountability for the Company’s performance. The Board oversees and monitors the implementation and execution by management
DISCLOSURE	Financial statements	<ul style="list-style-type: none"> • Audited financial statements

TECHNOLOGY - continued

APPLICATION OF AND COMMITMENT TO KING IV™

As outlined in King IV™, the Board recognises its responsibility to act as the custodian of corporate governance for AYO. The Board ensures that directors:

- lead ethically and effectively;
- support an ethical culture;
- set the strategic direction for AYO for the year ahead;
- approve policies and planning; and
- administer and monitor the risks and opportunities, strategy, business model, performance and sustainable development.

A stakeholder-inclusive approach is followed to ensure the needs, interests and the expectations of material stakeholders are addressed.

LEGAL COMPLIANCE

The Board ensures it governs compliance with applicable laws and adopted non-binding rules, codes and standards in a way that supports AYO in being an ethical and a good corporate citizen.

AYO's policy requires all group companies, their directors and employees to comply with all applicable laws. Legal compliance systems and processes are in place and are continuously improved to mitigate the risk of non-compliance with the laws in the various jurisdictions AYO does business in and to ensure appropriate responses to changes and developments in the regulatory environment.

The nomination and social, ethics and transformation committees receive regular reports on compliance matters. To the extent that legal and regulatory matters have an impact on the financial statements, reports are presented to the audit and risk committee. Specific areas of law have been identified as key legal compliance risk areas. This includes competition law, anti-bribery and anti-corruption laws, sanction laws and safety, health and environmental laws.

Risk mitigation and control steps have been identified for each of these areas.

STRATEGIC PLANNING AND MONITORING

In the 2018 integrated report, AYO defined its growth strategy which has at its core a strategic intent of growing its share of the local ICT Market by 5% to 8%. However, the execution of its strategic intent was severely slowed down by the negativity that AYO experienced as a result of media reports and the subsequent Commission of Inquiry into the Public Investment Corporation (PIC).

Significant time and effort was spent in attending to the ensuing negative sentiments resulting in holding back the strategic direction setting at group level to the broader AYO Group of companies for a while. Despite this, the AYO Group continued to outperform market expectations as evidenced in its interim financial and year-end results of 2019.

AYO's growth strategy was underpinned by six mission critical success factors. Over a three-year planning horizon in the context of longer-term vision, AYO identified these as success factors to achieve the growth intended:

- Capital optimisation
- Customer focus
- Operational excellence
- People and culture
- Leadership
- Partnerships

The above factors together with others identified through AYO's group-wide engagements will be executed at Group level with subsidiary participation. Each subsidiary develops and executes its own business strategies and operations within the AYO Group and individual Board oversight. This is primarily to ensure that there is strategic alignment in the Group as well as the leveraging of synergistic opportunities in their "Go to Market" strategy and operations.

Monitoring of the above initiatives is achieved with the AYO vision and strategy at its centre. While this covers all initiatives, the strategic time horizons determine which elements are prioritised at any given reporting period. From a subsidiary perspective, business performance monitoring is also negotiated and agreed with their respective subsidiary boards.

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

As part of its strategy, the AYO Group empowers the communities in which it operates. This is achieved through the transfer of skills and technical knowledge. This also promotes preferential procurement from small, black-owned companies.

TECHNOLOGY - continued

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

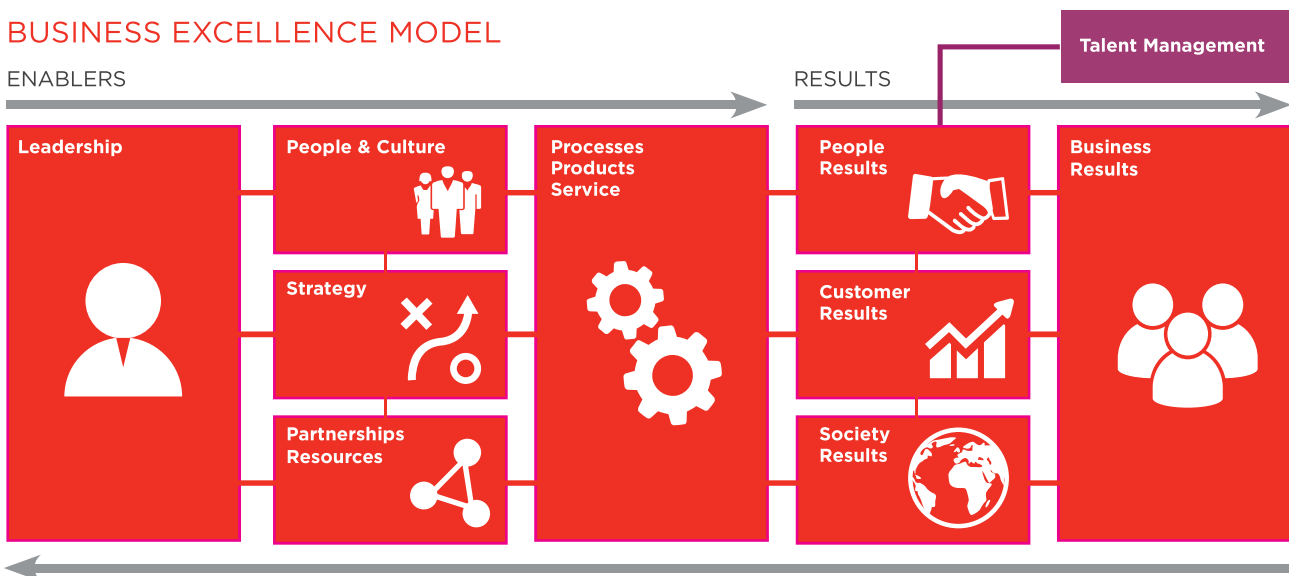
Through this process the sustainability of operations are ensured.

ECONOMIC SUSTAINABILITY

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

To achieve this, AYO adopted the business excellence model as a means to guide it in creating sustained shareholder value as depicted below

BUSINESS EXCELLENCE MODEL



ENVIRONMENTAL SUSTAINABILITY

AYO recognises its responsibility to:

- apply good environmental practices;
- meet and, where possible, exceed all current and future environmental legislative and regulatory requirements; and
- promote sustainability in all aspects of their businesses.

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

Management is constantly mindful of reducing CO₂ emissions, reducing paper usage and appropriately disposing of electronic waste. They invest in a renewable energy solutions provider to contribute towards reducing

South Africa's consumption of and reliance on fossil fuels and improving its footprint across its value chain.

SOCIAL SUSTAINABILITY

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

Competent technical skill is the single-largest contributing factor towards project success within the global ICT industry. This situation is further amplified in South Africa due to the severe lack of competent technical skills. AYO is committed to training and developing their employees internally and within the communities in which they operate to contribute toward social upliftment and sustainability.

In addition to their strong B-BBEE credentials and investment in diversity and transformation initiatives, they continuously seek ways to contribute to the communities in which they operate.

TECHNOLOGY - continued

KEY CHALLENGES AND RISKS

KEY CHALLENGES

CHALLENGE	DESCRIPTOR
Governance and integrity are perceived to be weak by regulators and shareholders	<ul style="list-style-type: none"> Appointed new executive team and Board Need to reconstitute subsidiary boards and strengthen committees
Reputation management for subsidiaries	<ul style="list-style-type: none"> Loss of contracts and challenge to retain upcoming renewal of contracts Reduction of credit guarantee facilities with suppliers Concern around owner warranties Staff turnover Need to reconstitute subsidiary boards Strengthen committees

RISKS

RISK	IMPACT ON BUSINESS	RESPONSE	PROBABILITY OF RISK (LOW, MEDIUM, HIGH)
PIC reputational damage	<p>The pipeline for acquisitions, investments and new contracts are limited pending the outcome of PIC Commission of Inquiry</p> <p>Jeopardising the renewal of existing contracts in subsidiary businesses</p>	The AYO Group is in constant communication around AYO, especially about the negative media reports and the facts. The AYO Group is committed to executing its vision while addressing issues raised by the different interested parties.	Medium to High
The JSE challenge in auditing unaudited interim results for previous years	<p>Negative impact on Company's reputation, brand value and perception</p> <p>Loss of key employees</p> <p>Slow progress to execute on the Company's strategy</p>	The Group is in the process of appointing an internal audit team and IFRS specialist to ensure compliance with the JSE Listings Requirements.	Low
The PIC legal processes	Finality in this matter will take years in court	The Company is engaging with its legal teams to address the PIC legal processes.	Low

TECHNOLOGY - continued

STAKEHOLDER MANAGEMENT

CREATING STAKEHOLDER VALUE

In executing its governance role and responsibilities, the Board adopts a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the business over time.

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

AYO understands and is responsive to the needs and interests of key stakeholder groups. These include:

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

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

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

AYO also publishes its most recent financial and operational performance and provides recent historical information, including its annual reports, on its website: www.ayo.com. AYO invites all shareholders to attend its AGM and facilitates participation by way of proxy solicitation and electronic means.

TECHNOLOGY - continued

The AYO Group aims to create sustainable value for its stakeholders in the short, medium and long-term through:

CAPITAL	STAKEHOLDER	VALUE FOR THE GROUP	VALUE FOR STAKEHOLDERS
Financial	Shareholders	<ul style="list-style-type: none"> • Supply of capital • Low geared balance sheet 	<ul style="list-style-type: none"> • Capital growth • Dividends • Return on investment
Social	Customers	<ul style="list-style-type: none"> • Repeat business and revenue growth • Understanding trends and opportunities • Improved ability to compete • Reputable brands 	<ul style="list-style-type: none"> • Quality products and services • Fair pricing
Human	Employees	<ul style="list-style-type: none"> • Engaged and motivated employees • Ability to attract and retain key skills 	<ul style="list-style-type: none"> • Fair pay • Interesting work • Growth and development • Equal treatment • Health and safety
Social	Communities	<ul style="list-style-type: none"> • Brand value • Trust • Access to business opportunities 	<ul style="list-style-type: none"> • Employment/business opportunities • Environmental care • Local hire • Resource use
Social	Government	<ul style="list-style-type: none"> • Favourable legislation and less interference 	<ul style="list-style-type: none"> • Contribution to taxes • Support job creation • Other strategic initiatives
Social	Suppliers	<ul style="list-style-type: none"> • Good service • Committed and consistent supply • Good pricing • Good quality products 	<ul style="list-style-type: none"> • Fair allocation of business • Pay on time • Zero corruption
Financial	Owners	<ul style="list-style-type: none"> • Supply of capital at a reasonable price • Healthy balance sheet 	<ul style="list-style-type: none"> • Capital growth • Dividends • Return on investment • Reduced risk
Intellectual	Customers	<ul style="list-style-type: none"> • Understanding trends and opportunities • Improved ability to compete • Building reputable brands 	<ul style="list-style-type: none"> • Better products and services
Natural	Government	<ul style="list-style-type: none"> • Repeat business 	<ul style="list-style-type: none"> • Payment of landing levies and taxes

TECHNOLOGY - continued

STAKEHOLDER EXPECTATIONS

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

The AYO Group has various procedures in place regarding stakeholder management. These are summarised as follows:

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

TECHNOLOGY - continued

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

REMUNERATION

The AYO Group aims to be a competitive and attractive employer in the marketplace. Remuneration and benefits are important drivers, as are career opportunities, personal development, culture and values, leadership, company performance and reputation. The AYO Group has a Code of Conduct, and complies with applicable laws, agreements and industry standards regarding hours of work and compensation.

The AYO Group offers its employees competitive remuneration packages where employees can contribute towards their retirement savings as well as medical insurance. The AYO Group has incentive schemes to retain talent and offers learning and growth opportunities to its employees.