

AYO TECHNOLOGY SOLUTIONS LIMITED

(Incorporated in the Republic of South Africa)

Registration number 1996/014461/06

Share code: AYO

ISIN: ZAE000252441

("AYO" or "the Company" or "Group")

RESPONSE TO THE PUBLIC CENSURE AND FINE IMPOSED BY THE JSE LIMITED

Shareholders are referred to the announcement published by the JSE Limited ("**JSE**") earlier today relating to the public censure and fine imposed by the JSE in relation to the Group's 2018 interim financial results ("**2018 interims**"), 2019 interim financial results ("**2019 interims**"), 2019 reviewed preliminary results ("**2019 prelims**"), 2019 audited annual financial statements ("**2019 AFS**") and the revised 2019 audited annual financial statements ("**audited 2019 AFS**") (collectively as "**the financial results**").

AYO accepts the JSE's findings that the financial results did not comply with IFRS and that AYO failed to observe the highest standards of care in the dissemination of the financial information into the marketplace. These aforementioned items have in fact been remedied and AYO has fully co-operated with both the auditors and the JSE throughout this process.

AYO's board of directors ("**board**") understands that there is much room for improvement and remains committed to putting additional procedures and processes in place going forward in order to disseminate financial information which is accurate and complete.

The board has taken significant remedial steps to prevent a recurrence of such errors in its financial reporting, which the board admits was challenging while at the same time being subjected to three simultaneous audits. The board is committed to establishing robust financial processes and procedures to enhance transparency within the AYO Group in order to ensure the accuracy and reliability of financial information disseminated into the market. The board aims to enhance its governance framework so as to contribute to the integrity of the market and promote investor confidence.

The JSE initiated an investigation at the beginning of 2019 following the increased media publicity surrounding AYO, the uncertainty regarding the accuracy of AYO's 2018 interims and the accuracy of financial information released to the marketplace. This investigation process has resulted in a public censure and fine, as detailed hereafter, being imposed by the JSE. This sanction concludes the JSE's investigation of the financial statements in respect of AYO as a juristic person. However, an investigation into the conduct of current and/or former

directors that presided at the Company during the periods in question, and who are bound by the JSE Listings Requirements, is ongoing.

In so far as the unaudited 2018, 2019 interim results, and 2019 prelims contained errors and omissions, none of these errors were deliberate, fraudulent, or intentional. These errors arose due to the following:

- 2018 interims - Failure to subject the underlying documentation to a critical and thorough review and the absence of established robust financial reporting procedures and processes to avoid the occurrence of these errors;
- 2019 interims and 2019 prelims – Judgmental errors in the recognition and measurement of complex accounting transactions namely, business combinations during and subsequent to the financial year; recognition and measurement of written put options; reclassifications; and impairments;
- Audited 2019 AFS – Omitted disclosure deemed to be material.

The aforementioned financial results were subjected to simultaneous audits in the later part of 2019. The auditors expressed an unqualified opinion in respects of these financial results, which bears testament to the continuous improvements implemented by the board since the initiation of the JSE investigation initiated.

The JSE has undertaken to apply a fine of R6.5 million on AYO which will be appropriated in the settlement of any future costs incurred by the JSE which may arise through the enforcement of the provisions of the JSE Listings Requirements as contemplated in section 11(4) of the Financial Markets Act, 19 of 2012 read with section 1.25 of the JSE Listings Requirements.

Although the board is not pleased with the outcome of the JSE investigation resulting in a public censure and fine, AYO remains fully committed to adhering to the JSE Listings Requirements in order to promote investor confidence in the marketplace.

27 August 2020

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