
AYO TECHNOLOGY SOLUTIONS LIMITED

(Incorporated in the Republic of South Africa)

Registration number: 1996/014461/06

JSE share code: AYO

ISIN: ZAE000252441

("AYO" or "the Company")

SUPPLEMENTARY ANNOUNCEMENT – TERMS OF SETTLEMENT AGREEMENT AND RENEWAL OF CAUTIONARY ANNOUNCEMENT

Further to the Voluntary Announcement and to the Cautionary Announcement – Terms of Settlement Agreement ("**Cautionary Announcement**") released on SENS on 3 April 2023 and 4 April 2023, respectively (and using the terms defined therein unless otherwise specified) shareholders are, pursuant to the Settlement Agreement concluded between AYO, the Government Employees Pension Fund ("**GEPF**") and the Public Investment Corporation SOC Limited ("**PIC**") ("**the Settlement Agreement**"), hereby provided with supplementary information regarding the corporate actions referred to in the Voluntary Announcement in accordance with the Listings Requirements of the JSE ("**Listings Requirements**").

1. The Initial Specific Repurchase**1.1 Introduction and background**

Shareholders are advised that in terms of the Settlement Agreement, AYO will repurchase 17 202 756 AYO ordinary shares ("**Repurchase Shares**") from the GEPF for an aggregate consideration of R619 423 100 ("**Repurchase Consideration**") ("**Initial Specific Repurchase**").

The Repurchase Consideration was paid and settled on 28 March 2023 following the AYO board of directors ("**Board**") having, in accordance with the Companies Act, satisfied the solvency and liquidity test ("**Solvency and Liquidity Test**") and passing a resolution in respect thereof.

The Initial Specific Repurchase, which constitutes a specific repurchase of shares from a related party in terms of the Listings Requirements, requires, *inter alia*, the distribution of a circular to shareholders ("**Initial Specific Repurchase Circular**") incorporating, *inter alia*, a fairness opinion from an independent professional expert acceptable to the JSE ("**Fairness Opinion**") and the approval by at least 75% of the votes cast in favour thereof by AYO shareholders present or represented by proxy in general meeting ("**General Meeting**"), excluding participants and their associates.

Accordingly:

- 1.1.1 the transfer of the Repurchase Shares from the GEPF to AYO will take place following the approval of the Initial Specific Repurchase by shareholders in General Meeting; and
- 1.1.2 in terms of paragraph 5.69(b) of the Listings Requirements, the GEPF, the PIC, and their associates will be precluded from voting on the Initial Specific Repurchase. However, their shareholding will be taken into account for the purposes of establishing a quorum at the General Meeting.

1.2 Terms of the Initial Specific Repurchase

- 1.2.1 The Initial Specific Repurchase is being undertaken at a price of R36.00720 per Repurchase Share, using existing cash resources, which price is at a premium to the 30-day volume weighted average price of (“**VWAP**”) AYO Shares traded on the JSE prior to 23 March 2023, being the date on which the Settlement Agreement was signed (“**Signature Date**”).
- 1.2.2 The Initial Specific Repurchase represents 4.999% of the issued ordinary shares of AYO (“**AYO Shares**”), including treasury shares.
- 1.2.3 Subsequent to the approval of the Initial Specific Repurchase by AYO shareholders, the Repurchase Shares will revert to authorised but unissued ordinary shares in the ordinary share capital of the Company and an application will be made to the JSE for the delisting and cancellation of the Repurchase Shares.
- 1.2.4 Pursuant to the Settlement Agreement, it is a requirement that following the Initial Specific Repurchase, the GEPP will remain a shareholder of AYO with a minimum stake of 25.01%. Following the implementation of the Initial Specific Repurchase and the cancellation of the Repurchase Shares, the GEPP will hold 82 579 899 AYO Shares, being 25.26% of the issued ordinary share capital of AYO.

1.3 Impact of the Initial Specific Repurchase on the financial information of AYO

- 1.3.1 The Initial Specific Repurchase is for cash only and will therefore reduce AYO’s cash resources by a total of R620 292 800, comprising the Repurchase Consideration in the amount of R619 423 100 and R869 700 in respect of transaction and legal costs pertaining to the Initial Specific Repurchase. The impact of the reduction on AYO’s cash and cash equivalents as at the Company’s year ended 31 August 2022 is a decrease from R1 111 833 000 to R491 540 200.
- 1.3.2 The Initial Specific Repurchase will result in a decrease of AYO’s ordinary shares in issue by 17 202 756 AYO Shares.
- 1.3.3 As the Repurchase Shares will be cancelled, the Initial Specific Repurchase has no effect on the current number of treasury shares held, being 938 459 AYO Shares.
- 1.3.4 Pursuant to the Solvency and Liquidity Test, the Board considered the effects of the Initial Specific Repurchase and is of the opinion that, for a period of 12 months from the date of payment of the Repurchase Consideration:
 - 1.3.4.1 the AYO group will in the ordinary course of business be able to pay its debts;
 - 1.3.4.2 the assets of the AYO group, fairly valued, will be in excess of its liabilities. For this purpose the assets and liabilities are recognised and measured in accordance with the accounting policies applied to the latest audited financial results;
 - 1.3.4.3 the share capital and reserves of the AYO group, will be adequate for ordinary business purposes; and
 - 1.3.4.4 the working capital of the AYO group, will be adequate for ordinary business purposes.

1.4 Initial Specific Repurchase Circular and General Meeting

- 1.4.1 The Initial Specific Repurchase Circular setting out the details of the Initial Specific Repurchase and incorporating, *inter alia*, a notice of General Meeting, will be distributed to AYO shareholders once the Fairness Opinion has been obtained, and such circular has been finalised.
- 1.4.2 The date on which the Initial Specific Repurchase is to be implemented will be as soon as possible after the approval by AYO shareholders in General Meeting.
- 1.4.3 Shareholders will be kept apprised of the process, including the date of distribution of the Initial Specific Repurchase Circular and the date of the General Meeting, by way of further announcements.

2. Renewal of Cautionary Announcement

- 2.1 As referred to in the Cautionary Announcement, the Company has engaged with the JSE on the implementation of the Settlement Agreement.
- 2.2 In terms of the Settlement Agreement:
 - 2.2.1 the GEPF has the option, after a period of three years from the date of the Initial Specific Repurchase, to sell up to a further 5% of the AYO Shares to AYO ("**Further Repurchase**") at the higher of R20 per AYO Share and the prevailing 90-day VWAP at the time that the GEPF elects to sell the AYO Shares back to AYO; and
 - 2.2.2 AYO is required to amend its Memorandum of Incorporation ("**MOI**") to give effect to certain agreed terms pertaining to its Board and minorities, and to file same with the Companies and Intellectual Property Commission ("**CIPC**") within a period of three months from the Signature Date.
- 2.3 As AYO is committed to fully complying with the Listings Requirements and to upholding the substance of the terms of the Settlement Agreement, the Company will continue to engage with the JSE in respect of paragraphs 2.2.1 and 2.2.2 above.
- 2.4 Accordingly, shareholders are advised to continue to exercise caution when dealing in the Company's securities until such time that the Company, following further consultation with the JSE, publishes a further announcement regarding the most effective process to be followed in respect of the aforementioned.

3. BOARD RESPONSIBILITY STATEMENT

The Board accepts responsibility for the information contained in this announcement. To the best of the Board's knowledge and belief, the information contained herein is true and this announcement does not omit anything likely to affect the importance of such information.

Cape Town
18 May 2023

Sponsor and Corporate Adviser
Vunani Sponsors

Lead Sponsor
Merchantec Capital