

INTEGRATED ANNUAL REPORT **2020**



ABOUT THIS REPORT

Scope and boundary

This integrated annual report provides information relating to Jasco's strategy and business model, operating context, material risks and opportunities, governance and operational and financial performance for the period 1 July 2019 to 30 June 2020. The group operates in southern Africa. This report was compiled while considering the recommendations of the King IV Report on Corporate Governance (King IV™*) and the International Integrated Reporting Council. We have documented our assessment of the King IV principles on our website www.jasco.co.za.

The abridged consolidated results have been prepared in accordance with International Financial Reporting Standards (IFRS), IAS 34 Interim Financial Reporting Standards, the SAICA Financial Reporting Guides, as issued by the Accounting Practices Committee, the Financial Reporting Pronouncements, as issued by the Financial Reporting Standards Council, the South African Companies Act, 71 of 2008, as amended and the Listings Requirements of the JSE Limited under the supervision of VWA Prinsloo CA(SA). The abridged consolidated financial statements included in this report, which were derived from the underlying audited consolidated financial statements for the year ended 30 June 2020, have not been audited. The directors take full responsibility for the preparation of the abridged report and that the financial information has been correctly extracted from the underlying audited financial statements. The auditor, Mazars, has audited the consolidated annual financial statements for the year ended 30 June 2020 from which this summarised report has been derived and on which an unmodified opinion was expressed. The annual financial statements and a copy of the unmodified audit opinion are available at Jasco's registered office.

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Materiality

Our stakeholder engagements, as well as our internal discussions as a board and management team, were considered during the compilation of this integrated annual report. We interrogated the material issues through various forums, such as our main board and board sub-committee meetings. Refer to page 18.

Forward-looking statements

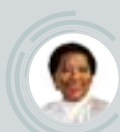
This report contains certain forward-looking statements with respect to Jasco's financial position, results, operations and businesses.

These statements and forecasts contain risk and uncertainty, as they relate to events and depend on circumstances that occur in the future. There are various factors that could cause actual results or developments to differ materially from those expressed or implied by these forward-looking statements. These statements have not been audited.

Directors' responsibility

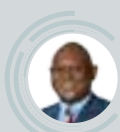
The Jasco board, supported by the audit and risk committee, takes overall responsibility and accountability for this report. Executive management is responsible for the preparation and consolidation of this report. The board has collectively reviewed the report and confirms the integrity of the content. The board believes that this report is a balanced and appropriate presentation of the profile and performance of Jasco. Upon recommendation from the audit and risk committee, the board approved this report on 11 December 2020.

MAIN BOARD



Dr ATM Mokgokong

Chairman (Non-executive)



Joe Madungandaba

Deputy chairman (Non-executive)



Pete da Silva

Interim chief executive officer



Warren Prinsloo

Chief financial officer



Pumla Radebe

Director (Lead independent non-executive)



Shaheen Bawa

Director (Independent non-executive)



Danie du Plessis

Director (Independent non-executive)



Thandeka Zondi

Director (Independent non-executive)

* Refer to www.jasco.co.za for CVs of all directors.

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WHO WE ARE

JASCO DELIVERS TECHNOLOGIES ACROSS MULTIPLE DISCIPLINES OF INFORMATION AND COMMUNICATION TECHNOLOGY (ICT), SECURITY AND FIRE, POWER AND RENEWABLES AND CONTRACT MANUFACTURING.

Jasco has been listed on the South African stock exchange, the JSE Limited, since 1987. We are a distributor, reseller, systems integrator and service provider that delivers innovative solutions.

Our purpose

To build a sustainable, profitable business through:

Our people

being the soul of our organisation.

Our customers

being our valuable advocates.

Our organisation

being innovative in everything we do.

Our vision

To be a leading smart solutions provider to our customers, enabling our goal of making a balanced and sustainable life possible for all.

Our values

We believe our company culture is crucial to successfully deliver on our strategy.



We have eight values that ensure we have a common set of principles.

WHERE WE OPERATE

WE HAVE RECENTLY RESTRUCTURED THE GROUP TO RESULT IN A FOCUSED AFRICAN GROUP, BASED IN SOUTH AFRICA AND SERVING SOUTHERN AFRICA.



Regional offices in South Africa

Johannesburg, Cape Town, Durban

Sectors we operate in

- Information and Communication Technology (ICT)
- Security and fire
- Power and renewables
- Contract manufacturing

Certifications

- ISO 9001:2015
- Employer of Choice

Number of employees

670*

Revenue per employee

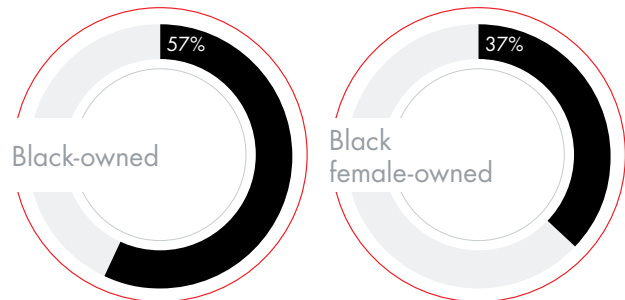
R1,4 million

Number of customers

>500

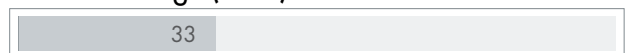
Broad-based black economic empowerment

Level 4 (ICT sector codes)



Net promoter score*

SA average (2019)



Jasco average (2019)



2020 survey delayed due to COVID-19

* Measuring customer satisfaction

* Includes contract workers employed longer than three months and includes the RAMM Technologies and Reflex Solutions employees

HOW WE PERFORMED

This year proved to be extremely challenging due to the COVID-19 pandemic and the impact of the related lockdowns implemented by the government to contain the infections.

This spread outlines how we performed across financial and non-financial measures.

Financial results

-17%	-67%	-77%	-280%
Revenue	EBITDA from operations*	EBITDA	Earnings
R939,2 million	R39,6 million	R12,7 million	-R110,9 million

* Before head office cost

Negative impact of COVID-19 lockdown

R163 million# on revenue

R59 million# on EBITDA

Approximately

Customers

>500 customers

No customers with revenue spend larger than 10% of group revenue

Investment

> R8 million

Spent on our computer software applications for our smart service solutions

Business mix

	2020	2019
Products	77%	61%
Services	23%	39%

Taxation paid

R10,9 million

(2019: R13,4 million)

B-BBEE

Level 4 contributor

57% Black ownership
37% Black women ownership
(2019: Level 4)

Spend on SED*

R331 139

(2019: R335 000)

* Socio-economic development

Carbon footprint

50% reduction

or 169 tCO₂ in carbon footprint per annum

R255 000 savings

in electricity costs or 213,3 MWh reduction in demand due to own solar car park generation

Remuneration and rewards

R294,2 million

(2019: R331,9 million)

Skills development

R8,5 million

(2019: R6,9 million)

Health and safety

ZERO fatalities

(2019: zero)

in our business relating to work-related injuries or illness

Employee satisfaction

70%

(2019: 71%)

Average score across four main areas, which includes leadership, communication, values, culture and remuneration and reward

Employer of choice

CERTIFIED

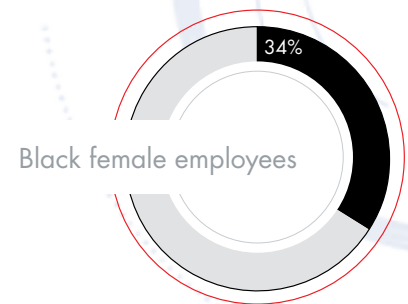
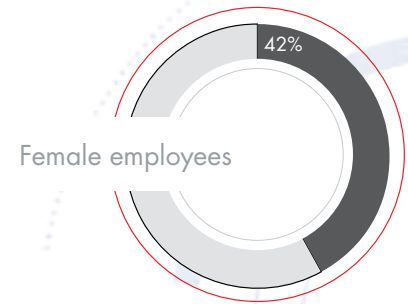
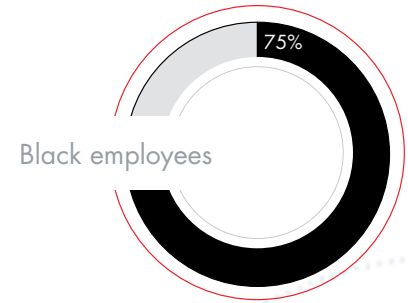
Net interest paid**

R32,4 million

(2019: R21,2 million)***

** To lenders and lessors
*** Excludes IFRS 16 impact

Diversity



OUR MARKET CONTEXT



This spread outlines how we responded to the economic challenges created by the unusual market and business conditions.

South African environment

Market factors

Economic growth

Growth has been in its longest declining cycle since 1945. The outlook remains bleak at around -8% for calendar 2020 and forecast at 3.5% for calendar 2021*.

Unemployment rate

At the highest level in more than 15 years. This was significantly impacted by the COVID-19-related lockdown this year.

Interest rates

The recent interest rate reductions should provide some relief to consumers.

Political

Uncertainty within the political landscape has impacted business confidence. Deteriorating levels of debt and declining tax revenues are putting the country's fiscus at severe risk.

Education

The education system continues to battle to provide sufficient graduates in key areas such as science, technology, engineering and mathematics.

Infrastructure spend

The government indicated during the COVID-19 pandemic lockdown that it plans to spend billions in infrastructure as part of its economic stimulus and recovery plan.

Our response

- We restructured the organisation and reduced overhead costs and headcount in the head office and all business units.
- New innovative and more cost-effective solutions will be required to adequately solve business challenges in the current tough economy. Our ongoing restructuring has improved our ability to address these challenges. Refer to pages 8 and 24.
- We will implement a debt reduction programme during FY2021.
- We continue to invest in our learnership programme and involvement at grassroots education level, with a specific focus on improving mathematics and physical science skills.

*Source: IMF



OUR STRATEGY

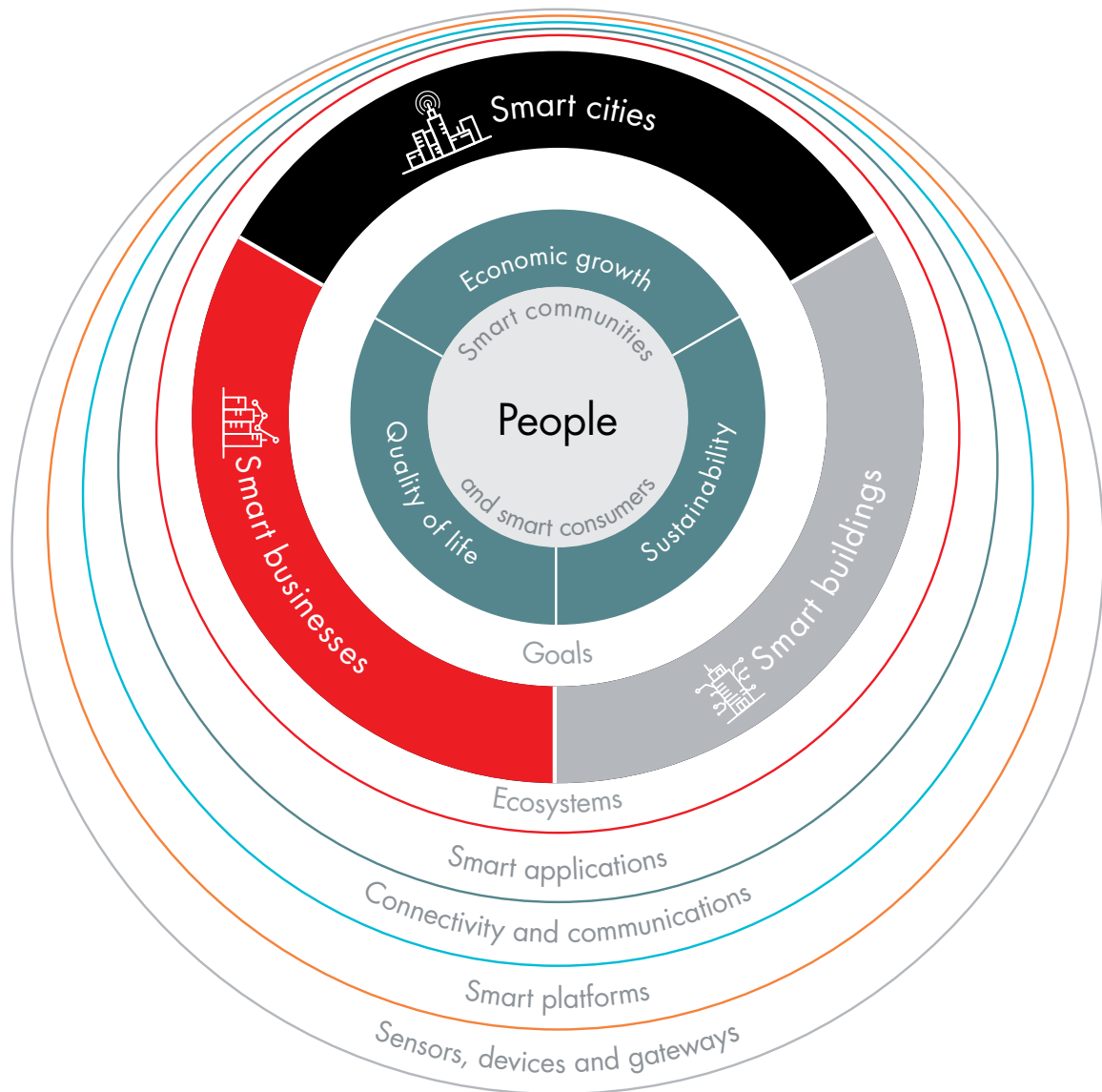
Jasco's strategy is to provide solutions and products that assist customers to navigate the rapidly changing business environment created by disruptive technologies.

During 2020, the impact of COVID-19 changed the way people work and live. This resulted in an increased demand for technology and communications offerings.

Within this context, evolving technologies, in particular the Internet-of-Things (IoT), are increasingly allowing technology companies to better solve customer challenges. This has created the "smart" ecosystem concept which is associated with the application of new ideas and technologies to solve challenges.

To meet this growing demand, we continued to develop our offerings to ensure we have a sustainable business that adds value to our customers.

The smart solution architecture framework



Our portfolio

Our current portfolio includes a range of products, services, infrastructure and applications of the smart solution ecosystem.

Smart cities

Information & Communication Technology
– *Carriers*

Cables and connectors
Distributed antenna systems
Masts and towers
Access networks
Transmission networks
Data centres – carrier neutral
Open access networks
Hi-sites

Smart businesses

Information & Communication Technology
– *Enterprise*

Unified communications
Contact centres
Workforce optimisation
Voice and data connectivity
Remote end desktop support
Cloud (IaaS, Paas, SaaS)[#]
Asset tagging and tracking (IoT)[®]
Waste management (IoT)[®]
Rooftop management
Broadcast video solutions
Digital media

Smart buildings

Security & Fire

CCTV and surveillance
Access control
Fire detection
Fire suppression

Power & Renewable Energy

Power quality assurance
Renewables –
Solar PV Energy PPA* and
LTO**

Contract manufacturing

Plastic injection moulding
Metal pressings
Tooling
Wire harness

[#] Infrastructure as a Service, Platform as a Service and Software as a Service

[®] Internet of things

* Power Purchase Agreement

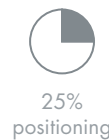
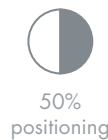
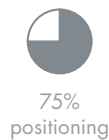
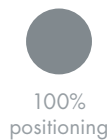
** Lease To Own

Solutions within the technology value chain

Our solutions and products range from the infrastructure level, which is becoming more commoditised, to analytics and business consulting at the top end of the value-added spectrum where we have the ability to differentiate ourselves in the market.

		Smart cities	Smart businesses	Smart buildings
		Information & Communication Technology – Carriers	Information & Communication Technology – Enterprise	Security & Fire Power & Renewable Energy
Consulting analytics				
XaaS*				
Integration				
Applications				
Hardware/software				
Physical/infrastructure				

* Anything as a Service





OUR BUSINESS MODEL



What we use and what we rely on

Financial capital



We rely on the financial resources given to us by our shareholders and debt financiers.

Manufactured capital



We rely on our physical assets that enable us to carry out our operations in an efficient manner.

Natural capital



Energy resources are critical to our operations, particularly in the energy and fleet we use to service our operations.

Human capital



We rely on a high calibre of talent that is key to differentiating ourselves with our customers.

Social and relationship capital



We rely on the relationships we enjoy with our stakeholders and broader communities to create a reciprocal value-creation dynamic.

Intellectual capital



We rely on our vast knowledge, experience and industry insight to continuously find ways to innovate and provide solutions to our customers.



Our values are at the core of what we do. We actively align our capital allocation with what we believe in.

Sectors we operate in

What we offer

Information and Communication Technologies

- Cables and connectors
- Data centres
- Distributed antenna systems
- Open access networks
- Masts and towers
- Hi-sites
- Access networks
- Unified communications
- Transmission networks
- Contact centres

Security and fire

Power and renewable energy

Contract manufacturing

Vertical markets we deliver value to:

- Workforce optimisation
- Waste management (IoT)
- Voice and data connectivity
- Rooftop management
- Remote end desktop support
- Broadcast video solutions
- Cloud (IaaS, PaaS, SaaS)
- Digital media
- Asset tagging and tracking (IoT)

- Security
- Fire

- Power
- Renewable energy

- Plastic components
- Metal pressing and tooling

Telecommunications operators

Systems integrators

Media

Financial services

Logistics

Wholesalers and retailers

Health

Hospitality

Education

State-owned enterprises

Non-governmental organisations

Facility management

Property

Construction

Our value-based activities enable us to achieve our purpose of building a sustainable, profitable business through:

Our people

being the soul of the organisation

Our customers

being our valuable advocates

Our organisation

being innovative in everything we do



THE CAPITALS



Financial capital

We rely on the financial resources provided by our shareholders and debt financiers.

Inputs

- Shareholders' equity of R146,0 million.
- Corporate bond of R45,2 million.
- Working capital funding term loan from Bank of China of R145,7 million.
- Trade and other payables funding of R225,8 million.

Our business activities

- Concentrated on revenue mix and cost reductions to improve operating margins.
- Restructured a number of businesses to increase focus and lower costs.
- Maintained our focus to keep working capital days below our target of 35 days.
- Addressing gearing levels to return them to below 100%.
- Worked with the new auditors to ensure effective application of IFRS and new reporting standards.

Outcomes

- Revenue down, mainly due to the impact of COVID-19 lockdown.
- EBITDA from operations, excluding head office costs, decreased by 67% from R118,9 million to R39,6 million.
- Earnings deteriorated from a loss of R29,1 million to R110,9 million due to various one-off impairments and costs and the impact of the COVID-19 lockdown during the fourth quarter.
- Net working capital days increased from 19,7 days to 22,5 days.
- Cash generated from operations decreased from R79,5 million to R37,9 million.
- The net foreign exchange loss was reduced from R1,4 million to a profit of R2,0 million.
- Gearing increased from 81% to 315% due to once-off impairments which reduced shareholders' equity.
- The Bank of China's working capital facility was extended to 27 December 2021.
- Positioned to settle the corporate bond in early 2021, funded by the proceeds from the disposal of Reflex Solutions.
- Finalised the June 2020 annual financial statements with an unmodified audit opinion.



Manufactured capital

We rely on physical assets that enable us to carry out our operations in an efficient manner.

Inputs

Our manufactured capital mainly consists of the products we manufacture in Electrical Manufacturers, and the building rooftops we manage on behalf of our customers and our Hi-sites.

Our business activities

- Policies, processes and training implemented to adhere to ISO 9001:2015 certification requirements.
- Production processes and automation techniques enhanced.
- Product offering and customer base further diversified.
- Investment into back office automation processes.

Outcomes

- Maintained the ISO 9001:2015 certification achieved in F2018.
- Three new large customers and four new product lines introduced at Electrical Manufacturers.
- 800 building rooftops under our management.



Natural capital

Energy resources are critical to our operations, particularly in the production facilities we use to service our operations.

Inputs

Although the group is not a heavy user of natural capital, we have a manufacturing facility that uses electricity to power our production lines.

- One factory.
- Electricity cost of R8,4 million in FY2020.

Our business activities

- Our manufacturing facility continues to focus on efficiency drives and electricity use.
- At a group level, our investment into a solar photovoltaic car park continues to reduce our carbon footprint.

Outcomes

- Electricity savings R255 488 or 213,3 MWh of energy in FY2020 in the group.
- The car park solar solution has reduced our carbon footprint by 169tCO₂e in 2020.



Human capital

We rely on a high calibre of talent that is key to differentiating ourselves with customers.

Inputs

South Africa's technology sector continues to face a skills shortage in a number of areas. Our people remain a key differentiator in an increasingly competitive environment. We therefore strive to attract, acquire, develop and retain talent. We support our business model through our talent management framework.

- 670 permanent employees.
- 75% black employees.
- 42% female employees.

Our business activities

- Continued focus on training and development of our black and disabled employees during the financial year based on affordability and skills training interventions.
- Retention packages for highly-qualified, critical skills employees.
- Annual and/or qualified certification of technical employees to meet customer requirements.
- Continued engagement with the Department of Trade and Industry around pressure on smaller companies in terms of spend requirements.
- Online learning and development programme offered to all business units.

Outcomes

- R8,5 million spent on skills development.
- Met the sub-minimum requirement for skills development in our last B-BBEE certification.
- ISO 9001:2015 certification maintained.
- Employer of Choice maintained.
- Nine graduate interns appointed in 2019/2020. The programmes will continue into 2021 within the ICT sector.



Social and relationship capital

We rely on the relationships we enjoy with our stakeholders and broader communities to create a reciprocal value-creation dynamic.

Inputs

Jasco has spent more than R300 000 on educational programmes to assist in addressing the significant educational issues in South Africa.

Our business activities

As education is fundamental to growing people in South Africa and to unlock economic growth, Jasco continues to invest in a number of educational institutions.

Outcomes

- During the year, Jasco upgraded the security system at the Kaalfontein Primary school. A total of R1,3 million has been invested during the last four years for the development and support of our invested schools and their learners.
- When we initially started our partnership with the Kaalfontein Primary School, the Grade R classroom had 76 learners in one classroom and one educator who taught in four vernaculars.
 - YEAR 1: Jasco built another grade R classroom, the school was allocated another teacher and both educators only covered two vernaculars each.
 - YEAR 2: Another classroom was built, another teacher was allocated and the learners were further spread across the three classrooms.
 - YEAR 3:
 - ▶ Four grade R classrooms
 - ▶ Four educators
 - ▶ Learners:
 - 32 Sepedi learners
 - 21 Zulu learners
 - 23 Xhosa learners
 - 14 Tsonga learners
 - ▶ Installed Wifi connectivity.
 - YEAR 4: Jasco installed a CCTV surveillance system to the value of R275 000.





Intellectual capital

We rely on our vast knowledge, experience, industry insights and strategic partnerships to continuously find ways to innovate and provide solutions to our customers.

Inputs

To deliver our strategy, we invest in our employees to ensure a performance-based culture. We also develop our own solutions, products and services.

Our business activities

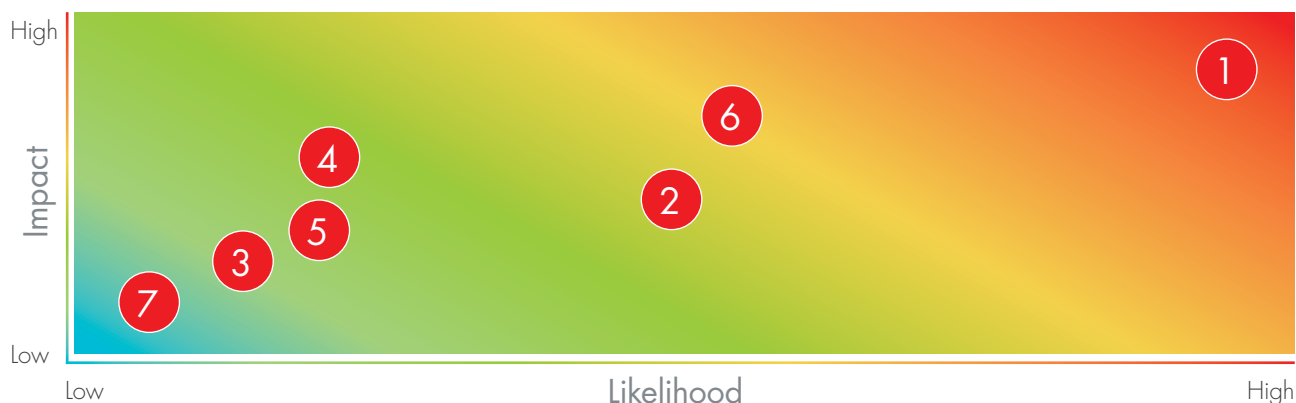
- We continue to invest in developing our own solutions, products and services. These include low frequency antennas, environmental protection devices for mobile networks, real-time asset monitoring and management tracking solutions, multimedia recording, location-based reporting for mobile radio devices, workforce management cloud solutions, and digital billboard solutions.
- We also continue to work with our strategic international original equipment manufacturer (OEM) partners and combine our integration capabilities to deliver technology solutions that assist our customers to solve their business challenges. For example, an OEM application was used to deploy a Chat Bot cloud solution that is fully integrated with social and messaging channels to enable a 24/7 self-service capability.
- We have adopted a smart solution architecture framework approach in the ongoing review and enhancement of our portfolio to ensure we remain relevant in a market that is increasingly evolving into a network of interconnected smart ecosystems.

Outcomes

- Our customer satisfaction rating in FY2019 improved to 44 compared to the South African average of 33. This was not measured in FY2020 due to the COVID-19 lockdown.
- We maintained premium partner certification status with our international OEMs.
- R7,4 million spent on our development team and R1 million spent on third-party affiliation fees.

OUR MATERIAL ISSUES

THIS SPREAD OUTLINES THE KEY ISSUES THAT MANAGEMENT HAD TO ADDRESS THIS YEAR.



Key issues	Context	Mitigation actions
<p>1 COVID-19 lockdown</p>	<p>The government’s lockdowns in response to the COVID-19 pandemic from March 2020 impacted the South African economy and all sectors severely.</p>	<p>Jasco acted swiftly through additional restructuring and implementing the required protocols. Refer to the Message from the CEO and our Market Context.</p>
<p>2 Gearing levels – ability to service and reduce debt</p>	<p>The working capital loan from the Bank of China replaced the previous bank overdraft facilities from March 2017. The loan balance at 30 June 2020 was R145,0 million excluding accrued interest.</p> <p>The financial covenants were not met during the financial year and although condoned by the bank, the loan was classified at short-term at 30 June 2020.</p>	<p>The loan was reduced by R10 million on 30 October 2020. The working capital loan facility was extended to 27 December 2021 post the financial year end.</p>
<p>3 Reflex Solutions disposal</p>	<p>The planned disposal of Electrical Manufacturers was cancelled in June 2020 due to the impact of the COVID-19 lockdown on the purchaser’s funding agreements. Consequently, the board had to consider the disposal of Reflex Solutions in order to raise the funding required to reduce debt.</p>	<p>The minority shareholders of Reflex Solutions made an offer of R76,0 million (<i>cum dividend</i> of R3,2 million) for Jasco’s 510 shares.</p> <p>Jasco entered into agreements to give effect to the disposal transaction during September 2020. Although the transaction is subject to JSE Limited and other regulatory approval processes, Jasco’s major shareholders have provided their support for the transaction.</p>

Key issues	Context	Mitigation actions
<p>4 Pressure from underperforming business units</p>	<p>The COVID-19 impact in the second half of the year severely affected performance across all business areas. This compounded the disappointing returns of the prior year.</p>	<p>The aggressive restructuring of the overheads in the business units, head office and shared services earlier in FY2020 mitigated the impact to some extent. Further cost-cutting exercises were implemented to ensure that operating profits return to sustainable levels.</p>
<p>5 High head office and group shared services (GSS) costs</p>	<p>The GSS functions were reviewed during the second half of FY2019 and reduced in the current financial year.</p> <p>A number of once-off costs related to various matters were incurred, such as additional audit costs and legal costs for the Electrical Manufacturers disposal that was unfortunately cancelled.</p>	<p>The GSS costs were reduced from R55 million to R35 million.</p> <p>Although the group remains focused on cost-cutting, there will be some once-off costs in the coming year due to the Reflex Solutions disposal.</p>
<p>6 Midrand lease commitments</p>	<p>Jasco entered into a sale and leaseback transaction in 2012 following the 2011 acquisition of Spescom Limited (including its Midrand building). Although the rental rate was market related at the outset, the annual escalations of 6% per annum have increased the current rental cost in excess of the going market rates.</p>	<p>Alternative solutions are being considered to optimise the use of the building for the remaining four and a half years of the lease period.</p>
<p>7 Poor performance in Power & Renewables</p>	<p>This business unit continued to incur losses in FY2020, despite the changes to the business model.</p>	<p>The business model was further evaluated and the decision taken to reduce management overheads, mothball renewable energy, and operate the power assurance business at break-even volumes.</p>

MESSAGE FROM THE CEO



Pete da Silva

We will accelerate growth in these challenging markets through investment in key growth areas and launching new smart solution offerings of open access networks, IoT, and cloud workforce management.

The 2020 financial year was characterised by tough economic and industry conditions in the first half and the disastrous impact of the COVID-19 pandemic and related lockdown in the second half. The former CEO, Mark van Vuuren, led the business admirably during the worst of the lockdown before I took over from him on an interim basis in June 2020. Given the unusual and exceptional circumstances prevailing at the time, I agreed with the board chairman to return to the helm to ensure continuity of leadership at this crucial time.

Business performance

The group and its businesses were hard hit during the lockdown. The financial performance reflected this, with a severe drop in revenue and a significant earnings loss for the year. Refer to the Report from the CFO and Operational Reviews for a more detailed analysis and review of the group and business unit performance.

The planned sale of Electrical Manufacturers was cancelled in June 2020 following the purchaser's inability to conclude the funding requirements for the transaction. Although this was disappointing, it was directly related to COVID-19 being considered a material adverse event in terms of the purchaser's funding agreement. The Electrical Manufacturers business has, however, responded quickly to the easing of the lockdown restrictions with a pleasing improvement in revenues and profitability during the first quarter of the new financial year.

Response to COVID-19 lockdown

The group took immediate measures to ensure employee, customer, supplier and visitor safety when the World Health Organisation declared COVID-19 as a high health risk. We implemented all government regulations and protocols. These included screening, recording screening results, providing cloth masks to all employees and visitors, improved cleaning procedures and updated health and safety procedures to include COVID-19 regulations and protocols.

We continuously communicated to our customers, employees, suppliers and sub-contractors on the impact of COVID-19. During the first lockdown (level 5), a message from the CEO was sent on a daily basis to all employees, providing feedback on what was happening in the business, new COVID-19 protocols and emergency contact details. It also included an employee quiz and work from home photo sharing activities to improve the morale of our employees.

The management team met virtually on a daily basis during Levels 5 and 4 to discuss the impact on the business, issues experienced and employee concerns. Budgets and forecasts were reviewed to identify all the business risks caused by COVID-19 and new mitigation plans were put in place to minimise the impact on the business.

Only a small percentage of employees tested positive for COVID-19 and all of them recovered, are healthy and have returned to work. This indicates that the group responded very quickly and correctly to minimise the impact of the pandemic.

Strategy update

The group's strategy remains intact and our key focus areas for the next year are to:

- Execute on the new optimised organisational structure, which will drastically reduce both operational and overhead costs.
- Stabilise the balance sheet by reducing debt levels through the sale of Reflex Solutions.
- Focus our investments on the fast-growing areas of cloud solutions and IoT.

Appreciation

I would like to thank Mark Janse van Vuuren, Warren Prinsloo and the management team for their efforts during the most difficult year and subsequent improvement phase. To the board, huge appreciation for the trust put in me and to our employees, I really appreciate your sacrifice and hard work during these difficult and testing times.

Pete da Silva
CEO

11 December 2020

- Accelerate growth through investment in key growth markets and launch new smart solutions offerings of open access networks and cloud workforce management.
- Continue to focus on effective people engagement, development and retention through further investment in training and maintaining our Employer of Choice status.
- Reduce and optimise our legal and operational structure.

The planned disposal of Jasco's shareholding in Reflex Solutions for R76,0 million (*cum dividend*) is expected to conclude in early 2021 and a significant portion of the proceeds will be used to reduce debt.

Outlook

The economic outlook for FY2021 is uncertain and any growth is dependent on the success of government's ongoing interventions in response to the devastating impact of COVID-19. However, as management we will remain focused on executing on our strategic goals in niche growth sectors, as indicated in the strategy update.

INTERVIEW WITH OUR CHAIRMAN



This year proved to be one of the most challenging in the group's 44-year history.

Dr ATM Mokgokong

As outlined in the message from the CEO, Jasco continued to focus on the factors under its control and the effective implementation of corrective action and a robust strategy.

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This year tested the resilience of the country and its companies. What allowed Jasco to survive these turbulent times?

A Following a disappointing financial performance in FY2019, the board and management implemented an additional organisational restructure of the group. This involved an aggressive reduction of the head office overhead costs and cost reductions in all business units which were performing below target levels. When the government announced the COVID-19 lockdown in March 2020, these restructuring activities were well advanced and in some cases almost complete. We therefore responded in March by extending the restructure to all areas of the business. Although aggressive cost-cutting was undertaken throughout the year, with a number of business areas being rationalised or closed, the impact of the COVID-19 lockdown was severe. Consequently, a further fundamental organisational restructure was completed in the new financial year following the appointment of the interim CEO in June 2020. This resulted in a new organisational structure being implemented during the first half of the new financial year.

We also took immediate measures to ensure employee, customer, supplier and visitor safety when the World Health Organisation declared COVID-19 as a high health risk. We implemented all government regulations and protocols to ensure the safety of our people.



What governance improvements have you made to ensure you are fit for purpose in these times?

A Jasco has continuously evaluated how it can improve good standards of governance in accordance with King IV and related regulatory requirements. During the last year, the lead independent director continued to focus on this through the social and ethics committee (SEC), in support of the board. Following recent management changes in the group, the SEC updated the transformation charter to ensure further improvement. The implementation thereof will be a key focus in the new financial year.

We also conduct an annual board evaluation. This included an evaluation of the board as a whole and of each board sub-committee, as well as of the chairman and each director. This reviewed their ability to add value. In addition, the remuneration committee facilitates the evaluation of executive management. The performance review conducted indicated that the board is providing sound corporate governance and is working well with executive management. The board is well informed and attentive to key issues. The board continues to focus on ensuring that the profile, skills set, diversification, qualifications and individual qualities of its executive and non-executive directors serve the current and future needs of the business and the ever-changing environment in which it operates.



You said last year that your intention was to strengthen the board with another audit and risk committee member. Why was this not done?

A The primary reason for the board's decision to delay this appointment was due to the COVID-19 lockdown. As the lockdown eases further, the board will reconsider the timing of this appointment. However, this is not likely to occur before the second half of FY2021.



You divested from all the markets outside of South Africa. Do you not believe this exposes you too much to the vagaries of only one market?

A Not at all. We have restructured the group to result in a focused African group, based in South Africa and serving southern Africa. Although we divested from East Africa and the Middle East, these markets will continue to be served from our home base in South Africa. We also have an established customer base in sub-Saharan Africa.



What improvements do you anticipate to make in the coming year?

A The board and management will continue to roll out the strategy agreed on in FY2019, with a focus on operating from a much-reduced overhead cost base. We will target revenue growth without compromising on the quality of margins. We have also implemented a new organisational structure which is highly focused and designed to deliver on our set strategy.

During 2020, the impact of COVID-19 changed the way people work and live. This resulted in an increased demand for technology and communications offerings. Within this context, evolving technologies, in particular the Internet-of-Things are increasingly allowing technology companies to better solve customer challenges. To meet this growing demand, we will continue to develop our offerings to ensure we have a sustainable business that adds value to our customers.

A key priority is to continue to reduce the debt obligation over the next financial year and to introduce a new commercial banking partner to reduce the Bank of China working capital loan. Due to the reduction in the cost base across the group, improved profitability and cash generation are expected going forward. This will assist in systematically reducing the debt levels.

Appreciation

I acknowledge my fellow board members for their input during a hugely challenging year.

Thank you to our previous CEO, Mark Janse van Vuuren, for guiding the group through difficult times. Thank you to our interim CEO, Pete da Silva, for agreeing to step in. He has taken swift action where required, with a clear focus on cost-cutting and ensuring our survival in a tough time. My appreciation also goes out to Warren Prinsloo and the rest of the management team who worked long hours under difficult circumstances.

To all the Jasco stakeholders, thank you for continuing to believe in the group, even when the market and country sentiment is so negative.

I look forward to working with management on driving the future success of Jasco.

Dr ATM Mokgokong
CHAIRMAN

11 December 2020

REPORT FROM THE CFO



The primary objective for management is to reduce debt and overhead costs to achieve a more sustainable position.

Warren Prinsloo

The group faced tough trading conditions in the first half to December 2019, particularly in the ICT-Carriers business due to a sharp reduction in spend by a major telecommunications operator. These challenges continued into the start of the second half of the year before disaster struck, with the announcement of an immediate national lockdown in response to the COVID-19 pandemic. The resultant impact in the fourth quarter was a devastating impact of approximately R163 million on revenue expected for the period and approximately R59 million impact on operating profit.

The organisational structure in FY2020:

- **ICT-Carriers** – Webb Industries, Hi-Sites and Carrier Solutions
- **ICT-Enterprise** – Enterprise Communications, Datavoice, Broadcast, Networks, Property Technology Management (PTM), Newtelco, Reflex Solutions and RAMM Technologies
- **Electrical Manufacturers**
- **Security & Fire**
- **Power & Renewables**

Following the resignation of the CEO in May 2020, the board reappointed Pete da Silva as the CEO in June 2020 on an interim basis. Since then, a further review of the business units' performance and financial position was undertaken and a new organisational structure was implemented post the year-end. The primary objective is to further reduce the overhead costs to achieve a more sustainable position. This restructuring was critical, given our expectation that the business environment will remain constrained.

Achievements and disappointments

Achievements:

- The reduction in the overhead costs at head office and the majority of the business units; and

- The expected disposal of Reflex Solutions for R76 million (*cum dividend*) post year-end.

Disappointments:

- The severe impact of the COVID-19 lockdown on revenue and EBITDA;
- The cancellation of the Electrical Manufacturers' disposal transaction in June 2020 due to the impact of the lockdown on the purchaser's funding;
- The reversal of the R11,5 million revenue recognised related to a voice recording solution implemented during the year;
- The impairment of goodwill in RAMM Technologies on reduced revenue and profitability; and
- The deterioration in the debt to equity ratio due to the significant losses.

Financial overview

Statement of comprehensive income

Revenue declined to R939,2 million (2019: R1,137 billion) and was severely impacted in the fourth quarter by the COVID-19-related lockdown.

The main contributors to revenue, before eliminating inter-segmental revenue, were:

ICT-Enterprise	<ul style="list-style-type: none"> • 3,3 % decrease to R526,3 million (2019: R544,3 million)
ICT-Carriers	<ul style="list-style-type: none"> • 48,1% decrease to R177,9 million (2019: R342,7 million)
Electrical Manufacturers	<ul style="list-style-type: none"> • 7,6% decrease to R181,7 million (2019: R196,6 million)
Security & Fire	<ul style="list-style-type: none"> • 18,6% decrease to R62,5 million (2019: R76,8 million)
Power & Renewables	<ul style="list-style-type: none"> • 20,9% decrease to R7,8 million (2019: R9,9 million)

The operating loss before net interest was R60,3 million (2019: R11,3 million profit) due to the drop in revenue, once-off restructure costs and the impairment of goodwill. Unfortunately, revenue of R11,5 million recognised in the first half by Datavoice had to be reversed during the second half due to a legal challenge between one of our customers and their customer in Poland. Although the contract between Jasco and its customer remains in effect, management decided that it would follow a conservative approach and reverse the revenue recognised during the year. Accordingly, the payments received from the customer are accounted for as advanced payments.

Net interest costs of R19,7 million (excluding the impact of IFRS 16) decreased from R21,2 million, mainly due to the lower interest rates and good working capital management. Including the IFRS 16 interest of R12,7 million, the net interest cost increased to R32,4 million.

The equity accounted share of profits of R33 000 (2019: R1 623 000 share of losses) represents Jasco's 40% share in East Africa. The East Africa exit was concluded in the fourth quarter and provisions of R2,6 million were raised.

The taxation charge of R10,0 million compares to R7,9 million in FY2019 on the de-recognition of deferred taxation on assessed losses at subsidiary level in this financial year. The effective tax rate is higher than the standard rate due to the increased level of non-deductible expenses, which resulted in a higher taxable income. The main items included in non-deductible expenses are the interest paid on the corporate bond and the impairment charges related to loans and goodwill.

The minorities' share of profits decreased from R9,8 million to R8,2 million due to the lower profits in RAMM Technologies.

Consequently, the earnings loss attributable to ordinary shareholders increased to R110,9 million (2019: R29,1 million) and the earnings loss per share (EPS) increased to 49,4 cents per share (2019: 13,0 cents loss per share). Headline earnings loss per share was 44,5 cents per share (2019: 10,7 cents loss per share). The weighted average number of shares in issue decreased from 226,3 million to 224,4 million shares.

Statement of financial position

Intangibles and goodwill

Intangibles, excluding goodwill, include the following:

- The voice transaction management application of R11,2 million (2019: R19,8 million). This movement is due to additions of R7,4 million, amortisation charges of R11,2 million and impairments raised of R4,8 million of the voice recording software application;
- The computer software applications (internet-of-things or IoT platform) of R10,6 million (2019: R12,0 million) includes amortisation charges of R2,7 million and additions of R1,3 million;
- Trade names of R4,2 million (2019: R5,9 million) following amortisation charges of R1,7 million; and
- Customer-related intangibles of R20,0 million (2019: R24,4 million) following amortisation charges of R4,5 million.

Goodwill decreased from R82,1 million in FY2019 to R71,8 million due to the impairment of R10,3 million of goodwill related to RAMM Technologies. This assessment is conducted in accordance with Jasco's accounting policy to annually test the carrying value of goodwill. The cash flow projections, prepared from financial budgets approved by the board of directors, covering a five-year period, are discounted to the present value. Pre-tax discount rates appropriate to the cash-generating unit the asset belongs to of 16,68% (2019: 16,71%) are used. This excludes RAMM Technologies where 21,67% is used due to the dependency on its major customer. Revenue growth assumptions after the first year were based on an inflationary increase. A long-term growth rate of 0,8% was assumed into perpetuity. Both revenue growth rates and long-term growth rates are based on management's approach to achieve conservative targets. The profit before interest and taxation (PBIT) margins used in the value-in-use calculations are Carrier Solutions 33,7%, RAMM Technologies 12,6% and Electrical Manufacturers 3,3%.

With regard to the assessment of the value-in-use of the investment, management believes that the most notable possible change in any of the above key assumptions would result from a change to the discount rate. The second most sensitive assumption is the long-term growth rate and the third assumption is a change to the free cash flow projections. A reasonable, possible change in any of the key assumptions would not result in the carrying amount of any of the cash generating units exceeding their recoverable amounts.

Fixed assets

Fixed assets of R74,7 million (2019: R83,4 million) decreased on the reclassification of leased assets of R0,7 million to right-of-use assets. The capital expenditure decreased from R24,5 million in 2019 to R16,3 million. This relates mainly to R14,7 million additional investment in Reflex Solutions on computer and office equipment and R1,0 million on plant and equipment, due to the increase in network capacity in response to higher data traffic during the lockdown when many business units' employees had to work from home. The depreciation charge increased to R22,9 million from R20,0 million in FY2019, mainly due to the investment in computer equipment during the year.

Right-of-use assets and lease liabilities

The right-of-use assets recognised on adoption of IFRS 16 amounted to R106,1 million and predominantly relates to property leases at R105,0 million. Refer to Note 10 of the annual financial statements at www.jasco.co.za.

The first-time adoption of IFRS 16 resulted in the recognition of lease liabilities amounting to R137,2 million. R0,8 million was reclassified from interest-bearing liabilities. The repayment of lease liabilities amounted to R26,9 million during the year, including interest of R12,7 million.

Interest-bearing liabilities and short-term borrowings

The corporate bond was effectively unchanged from the prior financial year at R45,3 million (2019: R45,8 million) and interest was serviced during the current financial year.

The corporate bond attracts interest at the equivalent of the prime lending rate and is repayable in January 2021. The interest charged reduced from R5,0 million to R4,0 million due to the lower interest rates. The financial covenants were not met during the financial year, and although condoned by the bondholder, the loan was classified as short-term at financial year-end.

The medium-term working capital loan of R145,7 million from the Bank of China is unchanged from the prior financial year. The interest charge is prime related and increased from R15,9 million to R16,6 million. The term of the facility was extended for a further period to 27 December 2021.

The financial covenants were not met during the financial year and although condoned by the bank, the loan was classified as short-term at financial year-end as the extension was granted post financial year-end.

Deferred taxation assets and liabilities

The deferred taxation assets decreased slightly from R22,1 million to R21,9 million during the year and relate mainly to:

- Jasco Carrier Solutions – R6,3 million
- Jasco Systems – R4,5 million
- Jasco Trading – R4,0 million
- Reflex Solutions – R2,5 million
- Jasco Enterprise – R2,5 million
- Datavoice – R1,2 million

This represents a partial recognition of the available assessed losses to the extent that these are expected to be utilised in the next 24 to 36 months.

The deferred taxation asset of R10,6 million related to the partial recognition of the Jasco Enterprise assessed loss was reversed in June 2020.

The deferred taxation liabilities reduced from R6,8 million to R2,3 million on the movement in temporary differences during the year.

Working capital

Inventories of R101,1 million (2019: R108,5 million) decreased mainly due to higher provisions resulting from the lower revenue. The largest inventory holdings are in ICT-Carriers and Electrical Manufacturers. Inventory provisions increased by R5,0 million to R13,1 million on lower stock turnover during the year due to the COVID-19 lockdown.

Trade and other receivables of R159,6 million decreased from R205,1 million in FY2019, primarily due to lower volumes. Although collections were good, the debtors older than 120 days increased from R6,1 million to R7,9 million. Accordingly, the provision for impairment of trade receivables increased from R2,9 million to R6,3 million on a more conservative view being taken given prevailing economic conditions.

Taxation refundable increased from R11,3 million to R11,9 million, mainly due to foreign withholding taxes in subsidiary companies with an assessed loss.

Trade and other payables of R172,5 million reduced from R213,5 million in FY2019 due to the lower volumes, the payment of R9,5 million deferred purchase consideration for Reflex Solutions, and the R11,5 million reclassification of deferred lease liabilities.

Provisions increased from R1,4 million to R5,9 million, mainly due to provisions for exit costs in East Africa, 2019 incentive bonuses, and group retrenchment costs.

Contract liabilities (short- and long-term) of R44,8 million decreased from R45,6 million and relate mainly to service level agreement renewals from Jasco Enterprise customers.

Statement of cash flows

The statement of cash flows reflects an inflow in cash generated from operations before working capital changes of R29,9 million compared to R57,8 million in FY2019. Working capital changes reflect an inflow of R8,0 million (2019: R21,7 million inflow) on a decrease in trade and other receivables of R36,9 million, offset by a decrease in payables of R36,1 million. Cash generation from operations of R37,9 million therefore decreased from R79,5 million.

The net interest payment amounted to R31,2 million (2019: R19,6 million), including IFRS 16 charges noted earlier. The income tax payments of R10,9 million were lower than R13,4 million in the prior year due to lower levels of profitability at subsidiary level. A dividend of R3,3 million was paid to a non-controlling shareholder in Reflex Solutions (2019: R4,0 million to NewTelco). Total cash flow from operating activities was a R7,4 million outflow compared to the R42,4 million inflow in FY2019.

Investing activities reflected a cash outflow of R15,4 million (2019: R55,9 million outflow), mainly related to capital expenditure of R16,0 million on fixed assets and intangible assets.

Financing activities reflected an outflow of R24,5 million (2019: R10,3 million inflow) being the R14,2 million in lease repayments and R10,3 million in asset finance repayments.

Accordingly, Jasco's net favourable bank position of R17,8 million decreased from R64,8 million in FY2019, mainly due to the losses incurred during the year.

Key internal initiatives

– report back

Reducing debt levels and the interest burden

The priority is to continue to reduce the debt obligation over the next financial year and to introduce a new commercial banking partner to reduce the Bank of China working capital loan. Due to the reduction in the cost base across the group, improved profitability and cash generation are expected going forward. This will assist in systematically reducing the debt levels.

The gearing percentage is 315% (from 81%) due to the significant loss reported. This includes the Bank of China working capital term loan facility which replaced the previous overdraft facilities. Following the potential disposal of Reflex Solutions (refer to Subsequent events), the bulk of the proceeds will be utilised to reduce debt and return the gearing ratio closer to the target levels.

Improving profitability of business units

The desired improvement in the profitability was not achieved. Although aggressive cost-cutting was undertaken throughout the year, with a number of business areas being rationalised or closed, the impact of the COVID-19 lockdown was severe. Consequently, a further fundamental organisational restructure was completed in the new financial year following the appointment of the interim CEO.

Working capital management

Management will continue its focus on working capital and maintain the high standards achieved in debtors' and inventory management.

Finance teams

The finance teams across the group worked well with the new auditing team in difficult circumstances given the COVID-19 lockdown restrictions and the requirement to audit remotely. Although this caused some delays, the main reason for the time extension before publishing results was the protracted negotiations with the minority shareholders of Reflex Solutions and the extension of the Bank of China facility (see Subsequent events below).

Subsequent events

The group entered into a share subscription agreement, a put option agreement, and several related agreements with the minority shareholders of Reflex Solutions on 18 September 2020. As a consequence, Jasco will lose control of Reflex Solutions on the share subscription date and will accordingly equity account the business. This transaction was approved by the board on 9 September 2020. There is no impact on the current financial year.

The board approved the exercise of the put option by the company to dispose of the 510 shares in Reflex Solutions for R76,0 million (including a dividend of R3,2 million). As this is a Category 1 transaction, it will be subject to all required shareholder and regulatory approvals. The disposal proceeds will be utilised to reduce debt (corporate bond and working capital loan).

The company obtained an extension of the working capital loan facility from the Bank of China to 27 December 2021.

The COVID-19 lockdown levels eased to Level 1 and business volumes have improved during the first quarter of the new financial year. Certain of the business units have bounced back more quickly than others. Refer to the Operational Reviews.

Anticipated major accounting developments

There are no major accounting developments expected to materially impact FY2021.

Litigation, claims and other contingencies

The investigation by the Competition Commission into Jasco Security & Fire (formerly MV Fire Proprietary Limited), several other fire installation companies, and Automatic Sprinkler Inspection Bureau (ASIB) continues.

The period under investigation dates back to before Jasco's ownership of the company. The investigation has focused on the commission's view that installation companies should compete with ASIB in the provision of inspection and accreditation services. Jasco maintains it has not contravened the competition law and will continue to defend the matter. The former owner has been cooperating with our attorneys in defending the matter. The maximum potential penalty is 10% of revenue in the year the Commission commenced the investigation. This is estimated at R3,5 million.

Going concern

After performing the required assessment, including considering the impact of the COVID-19 lockdown on the group, the board and management believe that the group will be a going concern in the year ahead. The board has adopted the going concern basis in preparing the annual financial statements of the group.

Dividend proposal

A dividend is not proposed due to the loss reported for the financial year.

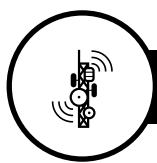
Appreciation

I extend my sincere appreciation to my colleagues and the board for their continued support during an extraordinarily difficult year. I acknowledge the sacrifices and additional effort from the team.

Warren Prinsloo
CFO

11 December 2020

OPERATIONAL REVIEWS



ICT-CARRIERS

19% of group revenue (2019: 29%)

Business description

Carriers delivers telecommunications products and services, from design and planning of networks to configuration, integration and support. As a distributor and systems integrator, our proven solutions focus on access, transmission and operational support systems for telecommunications networks across southern Africa.

Strategy

To continue growing the brand and market position through product innovation and diversification in the niche growth areas of 5G and fibre open access networks.

Material risks and mitigation



Risks

- Prolonged depressed economy and market conditions.
- Delays in infrastructure spend from large telecommunications operators.



Mitigation

- Constantly identify new market opportunities and innovative ways to address the market demands, while still protecting our margins.
- Several new product innovations are currently in development and will be included in our portfolio in the near future.

Performance against strategy – year under review

Revenue declined by 48% from R342,7 million to R177,9 million. This was due to the major telecommunications operators reducing their infrastructure spend, as well as a significant decline in volumes of R46,5 million in the last quarter of the year due to the COVID-19 lockdown.

Operating profit declined from a profit of R43,0 million to a loss of R2,6 million due to the lower volumes. The COVID-19 lockdown reduced operating profit by R16,2 million in the last quarter, in spite of additional cost savings of R4,1 million following a restructure.

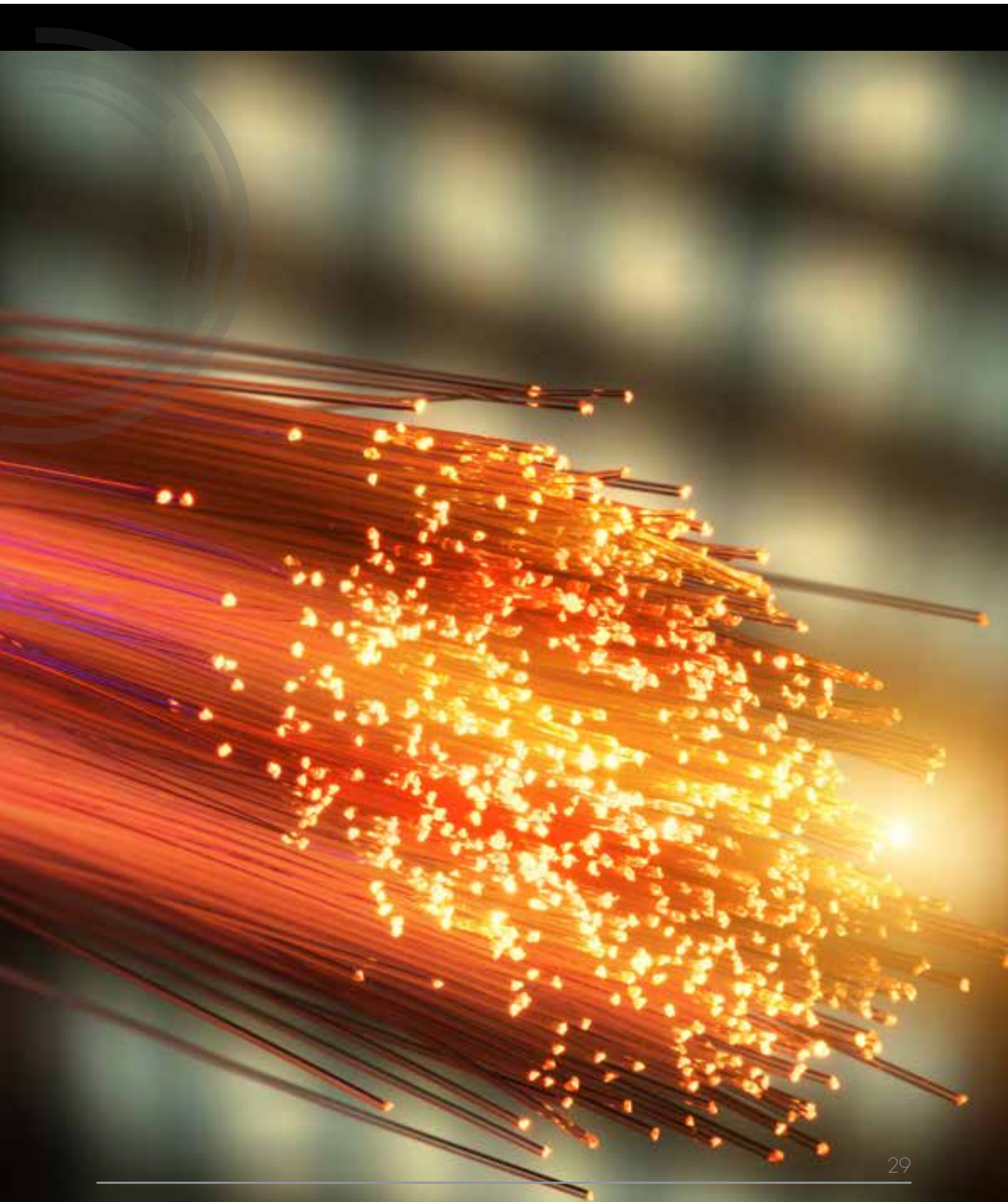
Outlook

Short-term

The business is not expecting a quick turnaround due to the poor state of the economy and the effects of the COVID-19 lockdown. It is also unclear when the large telecommunications operators' spending patterns will improve. We will focus on sales, introducing new innovative products to the market and cost reduction.

Medium- to long-term

In the medium- to long-term, increasing demand for additional capacity and the upgrade of existing networks to cater for IoT and 5G should stimulate growth for the business.





ICT-ENTERPRISE

55% of group revenue (2019: 46%)

Business description

Enterprise delivers end-to-end technology solutions to meet both premises and cloud-based customer requirements using technology to solve business problems. The business consists of four key areas, namely Communications Solutions (i.e. contact centre and workforce optimisation), Information Technology (IT) Solutions (network and unified communications, connectivity, cloud computing and IT managed services), Internet of Things (IoT) Solutions (real-time asset tracking and management and property technology management) and Broadcast Solutions.

Strategy

- Refocus solutions offering in line with the changing market requirements.
- Increase annuity revenue through cloud offerings.
- Grow the business and profitability through delivery of improved value propositions.
- Continually review and enhance the portfolio to enable and optimise integration into smart ecosystems.
- Develop and expand our systems integration, advanced analytics and business consulting capabilities.
- Develop and expand our managed service offerings delivered through annuity revenue models.
- Increase value and differentiation in the market and improve operational efficiencies across all business functions.

Material risks and mitigation



Risks

- Reduction in volumes if the strategy and portfolio do not remain relevant in a changing market.
- ICT products are being commoditised and gross margins are under downward pressure.
- Critical skills retention.



Mitigation

- Dedicated focus on expanding system integration capabilities and business consulting skills.
- Continued review and improvement of the solutions portfolio in line with technology and business trends. We also adopted an additional cloud solution as a new entrant to the market.
- Continued development of scarce and critical skills through graduate development programmes.

Performance against strategy – year under review

Revenue declined by 3,3% to R526,3 million (2019: R544,3 million), with a reduction of R38,0 million in the last quarter due to the impact of the COVID-19 lockdown.

The Broadcast and Communications Solutions lines of business were most significantly impacted due to delays in projects following the closure of customer sites. The Datavoice business had to reverse the revenue recognition on a major foreign project amounting to R11,5 million during the year due to a customer-related dispute. Refer to page 25. Datavoice's profitability reduced to a loss of R1,3 million following the reversed revenue recognition.

The operating profit decreased from R54,7 million to R8,4 million and experienced a R26,7 million negative impact from the COVID-19 lockdown in the last quarter.

Reflex Solutions contributed revenue of R276,2 million (2019: R169,7 million) and an operating profit of R21,5 million (2019: R18,6 million). This business will be disposed of following the financial year-end for R76,0 million (*cum dividend*).

Outlook

Short-term

Increased sales focus in coastal regions to regain our market position in Communications following the loss of key customers following lower pricing demands.

Target additional large municipalities with our IoT solid waste, water and fleet management solutions after the success with a key municipality.

Capitalise on cloud and service-based offerings in the communications and media space and continue aggressive marketing of these solutions.

Medium- to long-term

Expand strategic partnerships and reduce dependencies on specific OEM relationships.

Develop managed services capabilities.

Expand and standardise our system integration and business consulting capabilities across all business areas.

Position our evolving IoT portfolio for optimal benefit from the expected increase in market opportunities by targeting markets with the highest growth potential and best fit for our skillset.

Use our smart solution architecture framework to guide and drive the development of our portfolio.





SECURITY & FIRE

6% of group revenue (2019: 7%)

Business description

Security & Fire offers design, installation and maintenance of smart technology solutions to address the safety of buildings and people, including access control, surveillance, intrusion and fire detection, fire suppression and fire-fighting equipment.

Strategy

To create value-added partnerships with our customers that allow us to understand their risks, identify the right solutions to mitigate these risks and to design, plan and implement solutions that meet their requirements.

Material risks and mitigation



Risks

- Loss of certified specialist skills.
- Penalties and cost overruns due to inefficient project execution.



Mitigation

- Retention bonuses, continuous training and development.
- Expansion of the project management and operations capacity and streamlining project execution methodology.

Performance against strategy – year under review

The year under review was a period of consolidation after the business unit's restructure in FY2019. Within the first three quarters of FY2020, revenue was ahead of the prior year. However, the last quarter was significantly impacted by the COVID-19 lockdown, as customers' sites were closed and a number of large project installations were delayed. As a result, revenue decreased by 18,6% to R62,5 million from the previous year's R76,8 million. The COVID-19 lockdown impact amounted to R30,3 million in the last quarter.

During the fourth quarter, management curtailed unnecessary expenses, but maintained salaries at pre-lockdown levels. In addition, the benefits from an additional round of restructuring will only materialise in FY2021. The loss of planned volumes on a relatively static expense base resulted in an operating loss of R3,9 million for the full year compared to a R9,5 million loss in the prior year. The COVID-19 lockdown impact amounted to R6,1 million in the last quarter.

Outlook

Short-term

Challenging market conditions are expected to prevail for at least the first half of FY2021, mainly due to ongoing lockdowns and a slow return to traditional economic activity. Demand should be released in the second half of the new financial year as business confidence improves. The management team will remain focused on cost-cutting, project execution and building the order book.

Medium- to long-term

Increased brand awareness, leveraging the group's national footprint and evolving the business solutions into an integrated smart building offering.





POWER & RENEWABLES

1% of group revenue (2019: 1%)

Business description

Power & Renewables offers a turnkey service that covers both quality and assurance of supply, including uninterruptible power supplies (UPSs), generators, transformers, voltage stabilisers (AVRs), and surge protection.

Strategy

Continue to develop and deploy innovative power assurance solutions and offer solar photovoltaic (PV) solutions to a select customer base.

Material risks and mitigation



Risks

- Low revenue growth in power assurance.
- Access to viable funding options for solar PV Solutions as customers are unwilling or unable to enter into long-term contracts.



Mitigation

- The cost base has been restructured to deliver profitability without undue reliance on revenue growth.
- Limited and focused opportunities for Solar PV solutions will be pursued only in partnership with equity investors.

Performance against strategy – year under review

Revenue declined by 20,9% from R9,9 million to R7,8 million due to the slow uptake in solar PV sales based on reluctance by customers to incur large capital investments. This has resulted in a restructure and removal of direct costs associated with solar PV solutions. The last quarter experienced a R6,0 million loss in expected revenue due to the COVID-19 lockdown.

Operating profit deteriorated from a loss of R4,5 million to a loss of R8,0 million due to the absence of solar PV projects, combined with restructuring costs. The COVID-19 lockdown impacted profitability by R1,1 million in the last quarter.

Outlook

Short-term

Improve the reliability of the power assurance product portfolio to meet customer demands by delivering alternative, value-for-money products and solutions.

Focused sales on large-scale power assurance opportunities.

Medium- to long-term

Develop and deliver our strategy of offering power assurance as a managed service business model to complement a steady growth in our power assurance portfolio revenues.





ELECTRICAL MANUFACTURERS

19% of group revenue (2019: 17%)

Business description

Electrical Manufacturers is largely a component manufacturer of plastic injection-moulded products, wire harnesses, metal pressings, and household electrical products, with a special focus on the large home appliance market in South Africa.

Strategy

Continue the diversification of our customer base to reduce reliance on a large customer.

Material risks and mitigation



Risks

- Lack of customer diversification.
- Continued negative growth in the manufacturing sector and the South African economy.



Mitigation

- The diversification of the customer base continued, with increased volumes from new customers added in the prior year.
- Continue to improve production efficiencies and cost-cutting measures.

Performance against strategy – year under review

Revenue decreased by 7,6% to R181,7 million from last year's R196,6 million. This was an acceptable result considering the effects of the COVID-19 lockdown and the significant loss of revenue of R34,3 million during the fourth quarter.

As we manage to diversify our customer mix, gross margins are expected to improve. The overheads were reduced by 4,8%, as management continues with strict cost containment measures.

This resulted in operating profit of R5,1 million, with a margin of 2,8%. Although this declined from last year's R9,6 million, with a margin of 4,8%, it is a satisfactory result given the R8,1 million impact from the COVID-19 lockdown in the last quarter.

This business remains capital intensive, with net asset value of R56,3 million (2019: R76,4 million). The management team made a concerted effort to reduce the working capital position in anticipation of the expected disposal of this business in the second half of the year. The sale transaction was cancelled following the negative impact of COVID-19 on the purchaser's funding arrangements.

Outlook

Short-term

The Jasco management team and board have evaluated the sale of this business and elected to keep it in the portfolio due to its profitability and cash-generative nature.

The business has managed to recover quickly on the easing of the levels of lockdown and will focus on:

- Driving the customer and product diversification strategy by focusing on small to medium companies that will provide additional volume at improved product margins.
- Cost-saving through optimising operational structures to reduce input costs and overheads and improve profitability.
- Additional efficiency improvement initiatives in factory production through higher levels of automation.
- Savings in electricity consumption through an ongoing energy-efficient machine replacement programme. Additional savings are also expected from having more cost-effective long-term supply contracts in place.

Medium- to long-term

In the medium- and longer-term, increased volumes are expected from the diversification into other markets, such as the motor accessory industry and fibre connectivity sectors. In addition, opportunities will also be assessed in the food packaging, medical products, retail, leisure and recreation sectors.



REMUNERATION REVIEW



The role of the committee is to provide guidance and support to the group and board in fulfilling its responsibilities to shareholders, employees and other stakeholders.

Shaheen Bawa – Remuneration committee chairman (independent non-executive director)

The remuneration committee strives to ensure fair and equitable remuneration practices and policies throughout Jasco. Remuneration is linked to high performance values and value creation in line with our strategic objectives.

This remuneration review is structured around three sections:

Section 1: Background statement

The remuneration committee consists of three members:

- Shaheen Bawa, chairman
- Pumla Radebe, member
- Joe Madungandaba, member

The CEO, CFO and group executive: human resources attend the respective meetings by invitation from the chairman.

The remuneration committee (the committee) assists the board in setting the remuneration policies for the group, as well as the remuneration of executive committee (exco) members, prescribed officers and senior employees.

The committee issues the mandate for the annual guaranteed remuneration (cost to company) review. The committee also advises the main board of directors and makes recommendations to shareholders on fees for non-executive directors.

The committee meets at least twice a year and whenever required to make recommendations relating to the remuneration of executive committee members, non-executive directors and senior employees.

Focus of the committee

The committee acts in line with board-approved terms of reference to assist in:

- Setting and review of the remuneration policy of the group;
- The annual review and approval of the executive directors' remuneration packages, as well as the determination and approval of annual bonuses, performance-based incentives and share incentive schemes;
- Reviewing the ongoing appropriateness and relevance of the executive remuneration policy and other executive benefit programmes;
- Approving management's recommendations for the average annual increase of employees; and
- Making recommendations to the board on the remuneration of non-executive directors.

Key focus areas in FY2020

1. Short- and long-term incentives

Short-term incentives

In line with the group's policy, the short-term incentives were reviewed and new key performance areas (KPA's) set for the group CEO and CFO at the start of FY2020. Refer to pages 44 and 45 for the key performance areas for both the CEO and CFO, as well as the exco team.

Long-term incentive reviews

The remuneration committee reviewed the most appropriate incentives, with a specific evaluation of the Jasco Share Incentive Trust Scheme. As outlined on page 42, as this has not met expectations, it was decided to terminate this scheme.

2. Review of benefits

The committee reviewed the group's benefit schemes and evaluated current brokers within the market. The group offers life, disability, severe illness, spousal life, trauma, educational and funeral benefits as part of its benefit schemes.

3. Advice sought

During the year, the committee consulted the following firms for advice:

Advisory services from Willis Towers Watson – PE Corporate Survey, Shepstone Wylie Attorneys and Webber Wentzel.

The committee considered their advice for the group's total salary increase and incentive payments, and specific awards for the senior management team, as well as recommendations in terms of the Jasco Share Incentive Trust Scheme.

Key focus areas for FY2021

Focus areas will include:

- A review of the remuneration and reward strategy and policy to benchmark against best practice in line with our focus of maintaining our Employer of Choice status;
- A review of the Jasco group organisational structure;
- Benchmark of the long-term incentive programme against best practice within similar industries and sizes of organisations within South Africa;
- The winding down of the Jasco Share Incentive Trust; and
- A review of the group benefit schemes and structures.

Section 2: Remuneration policies and principles for shareholders' vote at the AGM in January 2021

Jasco's remuneration policy aims to attract, retain and motivate skilled and performing employees to execute the group's strategy.

Remuneration committee

The remuneration committee is appointed by the board of directors. The role of the committee is to provide guidance and support to the board in fulfilling its responsibilities to shareholders, employees and other stakeholders by appropriately and equitably compensating employees and management for their services to the group, as well as motivating them to perform to the best of their abilities in the interest of all stakeholders.

The committee also has to demonstrate objectivity in determining remuneration in the interest of shareholders and to ensure the strategic and financial health of the group.

The remuneration committee's responsibilities are to:

- determine, agree and review the remuneration policy and framework of the group with the board;
- determine and agree the total remuneration package of the chief executive officer and chief financial officer and any other executive director;
- review the ongoing appropriateness and relevance of the remuneration policy in terms of its ability to attract and retain scarce and critical employees. This includes the review of company benefit structures, such as retirement and healthcare plans;
- make recommendations to the board and shareholders on the remuneration of non-executive directors;
- make recommendations regarding performance measures for executive directors;
- review the design of all share incentive plans for approval by the board and shareholders and determine whether awards will be made. If awards are made, the committee also has to determine the overall amount of these awards, the individual awards to executive directors and other senior executives, as well as the performance targets to be used;
- set guidelines for the annual increase cycle for the income of all employees; and
- ensure compliance with applicable laws, codes and JSE Listings Requirements.

Remuneration and reward policy

Jasco's remuneration policy aims to attract talent and critical skills in a very competitive skills market. The group aims to retain quality employees who improve business performance and output, as well as service delivery to our customers. The remuneration policy and strategy are designed to motivate individual and team performance, as we support a fair and competitive reward strategy to ensure remaining an Employer of Choice.

Jasco believes that the remuneration and reward of our employees are both human resources and business matters, as they affect our ability to attract and retain high-calibre employees. It also impacts our operational efficiency, company culture, employee behaviour and ultimately the profitability and sustainability of the business.

Jasco aligns the objectives of incentives with the organisation's performance-driven culture, business targets and strategic objectives. Remuneration as a management process is fully integrated with other human resources processes, including performance and talent management.

REMUNERATION REVIEW – CONTINUED

Our philosophy is to structure remuneration to result in a fair and equitable level of remuneration for all employees. Through the various components of remuneration, we encourage high levels of team and individual performance that are aligned with our strategic direction and values.

We aim to position guaranteed remuneration at the median of the market, with superior performance at stretch levels, enabling management, including executives, to achieve remuneration levels in excess of median levels, where truly deserved.

Elements of remuneration and reward

Employees' compensation is structured to encourage good performance, sound behaviour and risk management that is aligned with the group's strategy. Compensation is based on experience and performance, and promotes long-term commitment to creating and sustaining value. The group's remuneration packages are split into guaranteed and non-guaranteed pay. Guaranteed remuneration is based on cost to company remuneration packages. Non-guaranteed remuneration is defined as short-term and long-term incentives, as well as retention scheme payments.

Key principles underpinning our remuneration policy and processes:

1

A critical success factor for us is our ability to attract, retain and motivate the talent required to achieve operational and strategic objectives. Remuneration policies are aligned to the agreed business strategy and are regularly reviewed to ensure continued alignment.

2

Our remuneration policies are transparent and understandable, both for stakeholders and for internal use and application.

3

Remuneration policies are equitable and balance internal equity (all employees being fairly rewarded for their roles) and external equity (all employees being fairly rewarded in terms of the market).

4

Remuneration policies promote risk management and adequately balance risk and reward.

5

Remuneration takes our financial performance into account.

Key principles

Elements of remuneration

The table describes the key elements of the remuneration packages paid to all employees, including executive directors and prescribed officers.

Reward element	Instruments	Objectives	Characteristics	Participants
Guaranteed pay – including benefits	<ul style="list-style-type: none"> • Cost-to-company remuneration • Retirement fund • Healthcare • Risk benefits, including group life, income protection and funeral cover • Leave benefits • Employee wellness and assistance programme 	<ul style="list-style-type: none"> • Attraction and retention • Reward individual performance • Drive long-term strategic objectives and targets • Competitiveness/ market-related benchmarks 	<ul style="list-style-type: none"> • Fixed • Benchmarked to the median of the industry and market 	<ul style="list-style-type: none"> • All permanent salaried employees
Short-term incentives	<ul style="list-style-type: none"> • Annual incentives 	<ul style="list-style-type: none"> • Attraction and retention • Reward individual and group performance • Drive short-term objectives and targets 	<ul style="list-style-type: none"> • Non-guaranteed • Variable • 8% to 40% of cost-to-company 	<ul style="list-style-type: none"> • All permanent salaried employees
Long-term incentives	<ul style="list-style-type: none"> • Share option schemes • Phantom share schemes (two- to four-year vesting periods) 	<ul style="list-style-type: none"> • Drive long-term strategic objectives and targets • Retention of key and critical employees • Reward individual and group performance 	<ul style="list-style-type: none"> • Variable • 20% to 30% of cost-to-company 	<ul style="list-style-type: none"> • Key executives
Retention scheme payments	<ul style="list-style-type: none"> • Annual incentive during any period 	<ul style="list-style-type: none"> • Retention of key and critical employees 	<ul style="list-style-type: none"> • Based on a value determined by guaranteed remuneration as a ratio for the basis of the payment of the retention value 	<ul style="list-style-type: none"> • High-performing employees who fulfil key and critical roles and performing employees in scarce skills roles

1. Guaranteed remuneration, including benefits

Guaranteed remuneration is managed on a cost-to-company basis, with flexibility in the selection of benefits within the scope and rules of our retirement fund, such as risk benefits.

We offer a comprehensive benefit cover to all permanent employees in entities in which Jasco holds 100% equity. These benefits include retirement funds, life cover, severe illness benefit cover, disability cover, trauma cover, child education protection cover and funeral cover. Participation in the group's retirement fund, life, disability and funeral cover is compulsory for all permanent salaried employees who fall outside the jurisdiction of bargaining councils.

Although there is some flexibility when deciding on a healthcare provider, the group does have a healthcare provider of choice. Membership of a medical aid is compulsory either as a dependent or main member of the preferred provider.

Our guaranteed remuneration is competitive relative to the market. We benchmark against the market median, with remuneration levels reviewed at least once a year.

The group ensures that its remuneration practices and policies are compliant with legislation. We review our policies and practices on an annual basis to only allow justifiable differences and to remove any newly-identified inappropriate differences.

Internal parity is promoted and remuneration differentiation between employees is based on criteria that are fair and objective.

The group's job evaluation system allows for differentiation in scope, areas of responsibility and fields of expertise. Increases in guaranteed pay for employees are based on a review of market data, consideration of the individual performance and potential, as well as the business priorities of the group.

Increases for salaried employees are reviewed during January of each year. Increases for wage-based employees are in accordance with the sectoral determinations, as set by the Department of Labour, or the regulations of the Metal and Engineering Industries Bargaining Council. Increases for waged-based employees are in July of each year.

2. Short-term incentives

Short-term incentives depend on the company's performance. It is generally paid on an annual basis and is based on the achievement of key performance areas (KPIs). KPIs are set annually and are designed to drive both financial and non-financial strategic targets and objectives. The KPIs of executives and prescribed officers include financial indicators such as revenue, profit before interest and tax, earnings per share and return on assets managed, as well as strategic indicators such as the roll-out and implementation of company strategy and objectives. Refer to pages 44 and 45 for KPIs of the CEO, CFO and the executive committee members.

Executive performance measures for short-term incentives

Financial measures

Revenue	All executives
Profit before interest and tax	All executives
Earnings per share	All group executives
Return on assets managed	Financial executives

Strategic measures

Delivery on company strategy	Set individually for each executive
Other measures	Special projects or job-specific requirements within a financial year

KPIs are cascaded down from senior levels into the organisation to ensure strategic alignment.

Short-term incentives are in place for all permanent salaried employees and are based on the achievement of KPIs, with appropriately set targets which are measured on an annual basis. These include financial indicators, as well as job-specific KPIs, such as leadership, customer satisfaction, learning and development, technical competencies and timeous delivery on objectives.

3. Long-term incentives

Jasco has a long-term share incentive scheme in place, which awards shares or options to participants through the Jasco Employee Share Incentive Trust. The participants are members of management with accountability for profit generation in the group.

This Trust was designed to provide participants with long-term incentives and to drive long-term strategic growth. Each participant receives an allocation of shares or options and is rewarded for the growth in the value of the shares. Vesting periods are two to four years and options lapse after five years.

There are only four participants who remain active and no new options were issued. The board has decided to wind down the Trust once all options have lapsed, as the cost of the Scheme to the group outweighs the benefits on an after-tax basis.

In addition to the current long-term share scheme, as the business units in our different verticals are diversified, the group has a phantom share scheme. The phantom share scheme rewards participants for the growth in the value of the business units in which they operate over a two to four year period. There is only one participant.

Retention scheme payments were considered and offered to key employees during the year. These included high-performing employees who fulfil key and critical roles and performing employees in scarce skills roles.

Employees are offered a retention value equivalent to approximately one month's remuneration for a 12-month retention period. This payment is made in advance and the employee signs a retention agreement for a 12-month period. Should the employee leave the group prior to the 12-month retention period, the full value of the retention value becomes due and payable to the company. This may include interest.

Non-executive directors

Non-executive directors are paid a fixed fee, which is determined by the extent of their participation in sub-committees. The fees payable to non-executive directors are reviewed by the remuneration committee and approved by shareholders at the annual general meeting (AGM) each year.

Contracts of employment

Permanent employees have employment contracts that comply with the labour law requirements of the country of employment. All employees have a retirement age of 65, which we believe is reflective of working conditions and market benchmarking at senior and executive levels.

Notice periods of employees

Employees	1 to 2 months
Business unit management	2 to 3 months
Executive management	3 months
CEO and CFO	6 months

Section 3: Application of the remuneration policy

Remuneration for the year

1. Guaranteed remuneration, including benefits

Against challenging market and economic conditions in South Africa, increases were lower than in previous years. The average increase for permanent employees was below 3%, which was less than the 6% budgeted and lower than the industry average.

For our employees governed by the Metal and Engineering Industries Bargaining Council, the average increase of 6% was awarded in line with the council agreement.

2. Short-term incentives

During the year, the group's earnings and profitability did not meet the expected level. Accordingly, no short-term performance-based incentives were paid to group executives.

To qualify for short-term incentives, each individual business unit must meet certain minimum financial performance criteria to be considered for an incentive payment at the end of the financial year. Due to the current economic and market conditions, none of the business units met the minimum criteria in FY2020 and no-one qualified for incentives.

3. Long-term incentives

As previously reported, the share-based incentive scheme was reviewed and the board determined that the cost to the company far outweighed the benefits to the participants on an after-tax basis. No further allocations were made in FY2020 and the existing scheme will be wound down.

Key performance areas for the CEO, CFO and executive committee

Chief executive officer (CEO)

Mark Janse van Vuuren resigned on 31 May 2020.

The key performance areas below outline his key performance areas during the year.

Key performance areas	Performance
Leadership	The board reviews the performance of the CEO each year. This was completed and it was found that Mark displayed strong leadership qualities.
Group strategic development Three focus areas for FY2020 were: <ul style="list-style-type: none"> • The improvement of earnings per share (EPS); • Transformation within the group; and • Maintenance of our status as an Employer of Choice. 	Refer to the individual key performance areas below for Mark's delivery.
Group financial performance	The targeted EPS was not achieved. Accordingly, Mark did not receive any performance-based short-term incentive. Mark also elected to forfeit his share options in terms of the long-term share-based incentive scheme.
B-BBEE	The group maintained a level 4 B-BBEE contributor status in FY2020.
Safety, health, environment and quality (SHEQ)	No work-related fatalities or major injuries were reported. A comprehensive SHEQ audit was conducted to ensure compliance to all health and safety requirements.
Customer focus	Jasco's FY2019 Net Promoter Score was 44% compared to the national average of 33%. Due to the COVID-19 pandemic, the NPS was not conducted in FY2020.
Stakeholder communication and development	Regular communication with key stakeholders continued in FY2020. Positive informal feedback was received from shareholders, customers and suppliers. The employee climate survey was conducted and a 70% baseline was achieved. The group maintained its Employer of Choice certification.

*Pete da Silva joined the group as CEO on 1 June 2020 on an interim basis

Chief financial officer (CFO)

The CFO, Warren Prinsloo, is a qualified chartered accountant with experience in finance, management, governance and strategy. He joined the group in 2006.

Key performance areas	Performance
Leadership	The annual assessment of the CFO was conducted. This confirmed that he displays strong leadership qualities.
Group financial performance	The targeted EPS was not achieved. Accordingly, Warren did not receive any performance-based short-term incentive.
B-BBEE	The group maintained a level 4 B-BBEE contributor status in FY2020.
External and internal compliance management	There were no adverse audit findings.
Unqualified annual financial statements (AFS)	Unqualified AFS were delivered, as required by the JSE Listings Requirements.
Stakeholder communication and development	Regular communication with key stakeholders continued in FY2020. Positive informal feedback was received from shareholders, customers and suppliers. The employee climate survey was conducted and a 70% baseline was achieved. The group maintained its Employer of Choice certification.

Executive committee (exco)

The exco members are individuals who have a combination of experience and skills in management, strategy, human resources, governance, finance, SHEQ, marketing and information technology.

Key performance areas	Performance
Leadership	Positive leadership skills were displayed in the year under review during the group's ongoing restructure.
Group financial performance	The targeted EPS was not achieved. Accordingly, no performance-based short-term incentives were paid.
B-BBEE	The group maintained a level 4 B-BBEE contributor status in FY2020.
SHEQ	A comprehensive SHEQ audit was conducted to ensure compliance with all health and safety requirements.
Compliance and legislation	Internal, external and International Organisation for Standardisation (ISO) audits were successfully conducted.
Socio-economic development (SED)	An SED plan was implemented, with a particular focus on education. The group exceeds the requirement of spending 1% of net profit after tax on SED initiatives.
Stakeholder relationships	Jasco's FY2019 Net Promoter Score (NPS) was 44%. This compared to the industry average of 33%. Due to COVID-19, no NPS was conducted in FY2020.
Teamwork	The exco team focused on executing the group's strategic and operational plans. The employee climate survey was conducted and a 70% baseline was achieved. A target level of 75% within the next two years has been set.

Remuneration breakdown

Executive directors

The table below depicts the remuneration earned by the executive directors during FY2020:

Rand	Short-term guaranteed	Short-term payment	Long-term share-based payment	Total
M Janse van Vuuren (resigned 31 May 2020)	5 064 033*	–	27 621	5 422 684
AMF da Silva (appointed 1 June 2020)	70 000	–	–	70 000
WA Prinsloo	3 318 082	–	112 016	3 430 098
TS Petje (resigned 29 February 2020)	2 388 122*	–	25 453	2 413 575
Total	11 171 267	–	165 090	11 336 357

* Remuneration includes severance, leave and notice pay

REMUNERATION REVIEW – CONTINUED

The table below reflects a summary of the shares and options issued to executive directors:

Participant	Nature	Issue date	Lapse date	Number of shares/ options issued	Number of shares/ options outstanding	Exercise price
WA Prinsloo	Shares	13 June 2016	N/A*	834 881	834 881	81 cents
	Shares	2 June 2015		3 253 830	1 626 915	55 cents
	Shares	5 February 2014		750 000	187 500	72 cents
M Janse van Vuuren**	Options	28 June 2016	31 May 2020	735 546	–	81 cents
	Options	2 June 2015		1 021 642	–	55 cents
	Options	5 February 2014		637 000	–	72 cents
TS Petje**	Options	3 October 2016	29 February 2020	465 702	–	93 cents

* Not applicable as no lapse date applies to shares issued – only options.

** M Janse van Vuuren and TS Petje forfeited their share options on their resignations from the company.

Non-executive directors

The table below depicts the remuneration of the non-executive directors for the current year, as well as the proposed fees for the 2021 calendar year. In the current economic conditions, the board elected to forfeit any increases in fees.

Name	Role	2020 Financial year Rand	2020 Calendar year Rand	Proposed 2021 Calendar year Rand
Dr ATM Mokgokong	Chairman	490 945	503 533	503 533
MJ Madungandaba	Deputy chairman	476 674	488 896	488 896
DH Du Plessis	Audit and risk committee chairman, Nominations committee member	376 968	386 634	386 634
MSC Bawa	Remuneration committee chairman, Social and ethics member	369 970	379 456	379 456
P Radebe	Social and ethics committee chairman, Audit and risk committee member, Remuneration committee member	379 455	379 456	379 456
T Zondi	Audit and risk committee member	293 723	293 723	293 723
Total		2 387 735	2 431 698	2 431 698

GOVERNANCE REVIEW

All directors have access to the professional advice and services of the group company secretary, who assists the board to monitor that the company adheres to appropriate governance standards.

Introduction

In line with the Companies Act and the JSE Listings Requirements, the board of directors selects and appoints the group company secretary. With effect from 1 June 2019 until 31 December 2019, Jasco outsourced its company secretarial function to Mdyesha Ndema Attorneys (lead attorney Mande Ndema). With effect from 1 January 2020, the board appointed the group's CFO, Warren Prinsloo, as the acting company secretary. Please refer to www.jasco.co.za for his CV. The process of finding a permanent replacement has commenced and will be concluded in early 2021 in order to restore the arm's length relationship between the board and the company secretary. The group has retained the services of an outsourced company secretarial firm that is providing advice to the group on all company secretarial matters.

The group company secretary is also responsible for alerting the directors to any relevant changes to the Companies Act, the Financial Markets Act, the JSE Listings Requirements, all governance reports, as well as any other statutory regulations or laws affecting them in their capacity as directors. The group company secretary also monitors the directors' dealings in securities and ensures adherence to prohibited periods for share trading.

Ethical leadership and good corporate governance are priorities for Jasco. The group company secretary is responsible for assisting the board to lead ethically and effectively and assessing the board's integrity, competence, accountability, fairness and level of transparency with its stakeholders. Similarly, the chairman and the CEO conduct a detailed assessment to satisfy the board of the competence, qualifications and experience of the group company secretary in accordance with section 3.84(h) of the JSE Listings Requirements. This is usually performed through:

- a review of qualifications and experience;
- an assessment detailing the legislative and King IV requirements by the chairman. This assessment specifically includes questions on how effectively the role as gatekeeper of good governance in the company is performed, the effectiveness of the arm's length relationship and how the role and duties as group company secretary is performed; and
- a performance review by the CEO against measured targets from a daily administrative and strategic key performance area perspective.

Corporate governance and regulatory summary

King IV

As a listed company, Jasco operates in a regulated environment, which requires us to adhere to the principles the King Code. The board has applied the main principles of King IV, together with the Companies Act, during the year under review. We outline our adherence to the King IV principles on our website, www.jasco.co.za. We confirm that we have complied with the JSE Listings Requirements.

Ethics

Jasco is committed to achieving the highest standards of ethical behaviour. We have various mechanisms in place to prevent and discourage unethical and fraudulent behaviour in the group. We expect our employees and Jasco-related stakeholders to conduct themselves with the highest level of honesty and integrity.

During the reporting period, the group had an ethics hotline which is independently run by Deloitte Tip-Offs Anonymous. This hotline can be used by all employees, contractors,

suppliers or other associates to report any suspected unethical behaviour.

Calls are investigated by the Social and Ethics Committee, with the company secretary being the first line of reporting and the ethics officer of Jasco.

No fraudulent activity was reported or proven to be committed during the reporting period.

Internal control

Organisational policies, procedures, structures and approval frameworks provide direction, accountability and segregation of responsibilities and contain self-monitoring mechanisms. Both operational and executive management closely monitor the controls and actions taken to correct weaknesses, as and when they are identified. Each business unit has its own finance department headed by a finance executive with appropriate skill and experience. The business unit finance executives report to the group CFO, who is responsible for the overall financial control and reporting.

The audit and risk committee has appointed a new internal audit partner.

Insider trading

Employees of Jasco (and associates) may not deal, directly or indirectly, in Jasco's ordinary shares on the basis of unpublished price-sensitive information regarding its business or affairs. Similarly, no director or officer may trade in shares of the company during a closed period, as determined by the board in accordance with JSE Listings Requirements. The group's closed periods are between the last day of the financial period and the publication of the results, as well as during those periods when the group is under cautionary. The company secretary communicates these closed periods to the directors and employees of the group in advance.

Delegation of authority

The group has adopted and complies with a detailed delegation of authority framework and policy, which stipulates the governance framework. Most policies are group-wide policies, applicable to all subsidiaries.

The board and directors

The board operates in accordance with a detailed charter, which defines the board's mission, roles, duties and responsibilities. The board adheres to its fiduciary duties and duty of skill and care codified in the Companies Act. This is reflected in the conflicts of interest policy, which also applies to directors.

Declarations of interest are confirmed at each board and committee meeting and are recorded in the minutes. The board members also ensure that they have sufficient time to devote to their responsibilities to Jasco.

As at 30 June 2020, Jasco had a unitary board structure, which comprised:

- four independent non-executive directors (including one lead independent non-executive director);
- two non-executive directors; and
- two executive directors.

Directors are entitled to seek independent professional advice concerning the affairs of the group, at the group's expense, should they believe this to be in the best interest of the group. A detailed annual plan ensures that the board executes its responsibilities and complies with its charter.

The policy dealing with the division of responsibilities between the chairman and CEO helps to ensure a balance of power and authority to guarantee that no director has unregulated powers. The board charter and memorandum of incorporation further ensure that appropriate voting principles and processes are employed to enable a balance of power. All directors independently apply their minds to matters under discussion.

Board evaluation

Jasco undertakes an annual board evaluation. This includes an evaluation of the board as a whole and of each board sub-committee, as well as of the chairman and each director, to review their ability to add value.

In addition, the remuneration committee facilitates the evaluation of executive management.

The performance review that was conducted during the financial year indicated that the board is providing sound corporate governance and is working well with executive management. The board is well informed and attentive to key issues. The board continues to focus on ensuring that the profile, skills set, diversification, qualifications and individual qualities of its executive and non-executive directors serve the current and future needs of the business and the ever-changing environment in which it operates.

Appointments to the board

The appointment of new directors is approved by the board as a whole on recommendation by the nominations committee. Directors are appointed through a formal and transparent process, which includes the identification of suitable members and performance and background checks prior to nomination. Director appointments are formalised through an agreed contract of service between the company and the director.

The company's board-approved broad diversity policy is applied by the nominations committee when providing recommendations on the composition of the board and any new appointments.

Mr Thapelo Petje and Mr Mark Janse van Vuuren resigned as executive directors and Pete da Silva was appointed as an executive director.

Independence of directors

The board applies the principles contained in King IV and the Companies Act guidelines to assess the independence of directors. The process of appointing another independent non-executive director to further strengthen the audit and risk committee was delayed due to the COVID-19 lockdown and will be reconsidered in the new financial year.

Retirement and re-election of directors

All directors are appointed in accordance with Jasco's memorandum of incorporation and are subject to retirement by rotation and re-election by shareholders at least once every three years. Consequently, Dr Anna Mokgokong and Mr Danie du Plessis will retire by rotation. Being eligible for re-election, they offer themselves for re-election to the board.

Dr Anna Mokgokong is a co-founder and executive chairman of Community Investment Holdings (Pty) Ltd. She is a renowned business figure in South Africa and globally, with widespread experience in healthcare, academia and commerce. She is recognised as a senior director of companies on the Johannesburg Stock Exchange, as she serves on various listed companies.

She also serves on several non-listed entities. She has received numerous local and international accolades as a community and business leader, including SA Businesswoman of the Year (1999) and one of the Leading Women Entrepreneurs of the World (1998). Most recently she received a Lifetime Achievement Award (2018) from Premier David Makhura at the Township Entrepreneurship Awards.

She has served in numerous councils of academic institutions and civil society commissions, such as The Independent Commission for Remuneration of Public Office Bearers, where she was appointed as deputy chairman by the former President Mr Thabo Mbeki (from 2004 to 2009). She was also a commissioner of the Interim National Defence Force Commission (SANDF) (from 2009 to 2013). She is a social activist and passionate about women's empowerment and transformation to bring about equality in the economy of South Africa.

She was appointed as Honorary Consul General of Iceland in Pretoria in 2017.

Danie du Plessis joined the board in 2018, serves as chairman of the audit and risk committee and is an independent non-executive director. He is a highly experienced business development professional, specialising in accountancy and financial consultancy services. He has a solid grounding in finance and assurance-related practice after many years in high-level roles. He served as a partner at PwC until his retirement in 2014. He now serves on a number of boards and audit committees, including an unlisted public company, where he serves as chairman of the audit committee.

Directors' remuneration

Non-executive directors receive a fee for their contribution to the board and the sub-committees on which they serve. Fees are determined by the remuneration committee and approved by the shareholders at the AGM. The remuneration of executive directors is determined by the remuneration committee in accordance with the company's memorandum of incorporation, and approved by the board. Information on directors' remuneration appears on page 46.

Risk management

The board appreciates the importance of risk management. A new risk and opportunity register that outlines a detailed mitigation process has been put in place. Management is accountable for the design, implementation and monitoring of the risk management plan. The risk and opportunity register is monitored through a detailed process that involves rating the risk and categories with equivalent estimated values. The mitigation process involves allocation of responsibilities to individual employees and target dates as a monitoring tool. To ensure that risk assessment is performed on a continual basis, the risk and opportunity register is monitored by the board on a quarterly basis. Refer to pages 18 to 19 for the material issues.

The board has ultimate responsibility for establishing a framework for internal control. Jasco's controls focus on the critical risk areas identified by operational management and confirmed by the executive management. Controls are designed to provide reasonable assurance of the integrity and reliability of the annual financial statements to safeguard, verify and maintain accountability of its assets and to detect fraud, potential liability, loss and material misstatement, whilst complying with applicable laws and regulations. An enterprise risk management framework and policy continue to receive management attention, with identified shortcomings to be addressed in the new financial year.

The board is assisted in its responsibility by the audit and risk committee. Its objective is to monitor and consider the risk management processes. The group's annual internal audit

plan is designed to incorporate the outcomes of the risk management process. Internal audit is based on a risk-based audit approach.

Board meetings

The board meets quarterly and on an *ad hoc* basis, as and when it is deemed necessary. In fulfilling their duties to both Jasco and its stakeholders, the directors aim to act impartially and independently when considering matters of strategy, performance, allocation of resources and ensuring the highest levels of conduct. Non-executive directors play a key role in the board sub-committees, which operate within the adopted terms of reference for each sub-committee.

An agenda and supporting papers are distributed to all directors prior to each board meeting to allow members sufficient time to prepare for the meeting. Appropriate explanations and motivations are provided for items requiring resolution at the meeting. This ensures that relevant facts and circumstances are brought to the attention of the directors.

In terms of good governance, the directors may conduct unrestricted inspections of all the group's property, information and records.

Board committees

The board committees assist the board in executing its duties and authority. The board delegates the required authority to each committee to enable them to fulfil their respective functions through formal board-approved terms of reference. These are reviewed annually. Each committee has a detailed annual workplan to ensure full oversight of all matters within their delegated mandate.

Delegating authority to board committees or management does not discharge the board and its directors of their duties and responsibilities.

The board has five committees through which it operates:

- Audit and risk committee
- Social and ethics committee
- Remuneration committee
- Nominations committee
- Investment committee

Each committee chairman reports formally to the board after each meeting on all matters within its duties and responsibilities, including recommendations on envisaged actions.

The board is satisfied that each committee has fulfilled its obligation in accordance with its terms of reference for the reporting period.

Audit and risk committee

The committee consists of three independent non-executive directors who have the necessary skills, financial literacy and experience. The chairman of the board is not the chairman of the audit and risk committee. The external auditors, internal auditors, the group CEO and the group CFO attend these meetings by invitation. The internal and external auditors have unrestricted access to the chairman of the audit and risk committee. The full report from the audit and risk committee is contained in the consolidated financial statements. These can be found at www.jasco.co.za.

The CVs of the members of the committee appear below.

Danie du Plessis' CV appears on page 49.

Thandeka Zondi joined the board on 1 January 2017 as an independent non-executive director of Jasco and is a member of the audit and risk committee. She is also an executive director at SekelaXabiso where she is responsible for strategy and business development. She is an independent board member and chairperson of the administration and finance sub-committee of the Old Mutual Superfund Pension and Provident Funds, as well as the independent board member and member of the audit and risk committee of Old Mutual Insure. She serves on the audit and risk committee of the Gauteng Growth and Development Agency and its subsidiaries and as an independent board member of the Gauteng Industrial Development Zone.

Pumla Radebe joined the board on 1 January 2017 as an independent non-executive director, chairman of the social and ethics committee, and a member of the audit and risk committee. She is a certified chartered director and a member of the Institute of Directors. She is a non-executive director on the board of the Institute of Directors and the chairman of CalgroM3 in the construction sector.

Meetings are held quarterly. Seven meetings were held in the year under review.

Apart from the statutory duties of the audit and risk committee, as set out in the Companies Act and the provisions of the JSE Listings Requirements and King IV principles, the purpose of the committee is to:

- examine and review the group's financial statements and report on interim and final results, the accompanying messages to stakeholders and any other announcements on the company's results or other financial information to be made public;
- oversee co-operation between internal and external auditors, and serve as a link between the board and these functions;
- oversee the external audit function including assessing their independence and abilities;
- approve the internal audit plan, fees and qualifications of the internal auditors;
- evaluate the qualifications and independence of the external auditor;
- approve external audit fees;
- ensure that effective internal financial controls are in place;
- review the integrity of financial risk control systems and policies;
- evaluate the scope and effectiveness of the internal audit function;
- evaluate the competency level of the CFO and finance function; and
- comply with legal and regulatory requirements.

During the year under review, the committee satisfied itself that the CFO, Mr Warren Prinsloo, possesses the appropriate level of expertise and experience to fulfil his responsibilities as group CFO to the board and the company.

Social and ethics committee

The social and ethics committee is constituted as a statutory committee for purposes contained in section 72 of the Companies Act.

The committee comprises two independent non-executive directors and one executive director. Thapelo Petje resigned from the company and his vacant position in the committee has not been filled yet. The marketing and communications executive has been recommended. The group's CEO, group executive: human resources, marketing and communications executive and the company secretary attend these meetings as invitees. The chairman of the committee provides a report to the board on its initiatives and mandate.

The CVs of the members of the committee appear below.

Pumla Radebe's CV appears on page 50.

Shaheen Bawa joined the board in 2014. He is the CEO of Eclipse Unlimited Holdings (Pty) Limited, which invests in the ICT, energy, gaming, property and distribution sectors. In addition to serving as an independent non-executive director on the Jasco board, Shaheen also serves, in an executive and non-executive capacity, on the boards of several unlisted companies.

Makwe Ngwato joined Jasco in 2013 as group marketing manager. He was promoted to group executive of marketing and communications in 2016. Makwe has almost 20 years' experience in strategic marketing and corporate communications. He has worked for the ADvTECH group, Monash University, Tsogo Sun, Absa, Trinergy Brand Connectors and Vodacom Sponsorship Marketing.

The committee is governed by a charter and monitors group performance in terms of defined social and ethics performance areas that have been formulated with reference to Regulation 43(5) of the Companies Act. This is further supported by a workplan which guides the committee on its mandate and responsibilities.

The committee met four times during the year. In response to the requirements of the Companies Act, the performance in the following areas was reviewed:

- group policies (ethics, whistle-blowing, anti-corruption and procurement);
- broad-based black economic empowerment and employment equity;
- socio-economic development; and
- environmental impact.

Whistle-blowing is supported by a procedural framework within Jasco and communicated to all Jasco employees. There were no whistle-blowing incidents reported during the review period.

The committee approved a comprehensive socio-economic development responsibility plan, which includes relevant training, learnerships and bursaries. The committee also reviews the head office energy consumption and carbon footprint contributions at Jasco. There were no significant health and safety issues to report for the year under review.

Remuneration committee

The committee ensures that remuneration policies support the strategic aims of the business and enable the recruitment, motivation and retention of senior executives, while complying with regulatory and governance principles.

The remuneration committee comprises three non-executive directors. Two are independent and it is chaired by an independent non-executive director. Meetings are attended by the group CEO, CFO and the group executive: human

resources, by invitation when required. The committee met twice during the year.

The remuneration committee ensures that remuneration practices focus executives on achieving long-term business objectives and growth in shareholder wealth. In satisfying this requirement, the committee reviews incentive arrangements, including key performance areas and performance hurdles. The chairman of the committee reports to the main board on the activities and recommendations made by the committee. All minutes of the remuneration committee are tabled to the board for noting.

Nominations committee

The nominations committee is responsible for ensuring that the procedures for appointments to the board are formal and transparent.

The committee consists of two non-executive directors as members and is chaired by the chairman of the board. Meetings are attended by the group CEO and the company secretary on invitation. The committee met once during the year under review.

The purpose of this committee is to:

- provide recommendations on the composition of the board and board committees and ensure that the board comprises individuals equipped to fulfil their role as directors of the company;
- provide comments and suggestions on committee structures of the board, committee operations, member qualifications and member appointments; and

- review and recommend its annual training programme to the board.

Investment committee

The investment committee is constituted as an informal sub-committee to assist the board with the investment process of the group.

The committee oversees approval processes for investments. These are designed to ensure they are aligned to the group's agreed strategies and values. Risks are identified and evaluated, investments are fully optimised to produce the maximum shareholder value within an acceptable risk framework and appropriate risk management strategies are pursued.

The main purpose of the committee is to review investments in a structured, formal and transparent manner to ensure:

- each project meets the strategic, technical and investment requirements of the company, which includes identifying and managing all project-related risks;
- critical decisions, project parameters, safety, health and environmental impacts and governance processes are followed and addressed prior to committing funds; and
- each project enhances the portfolio value of the company.

The committee also approves smaller projects within its mandate. The committee meets only when required.

The committee met three times during the year under review to discuss the strategy update and the proposed disposal of Electrical Manufacturers.

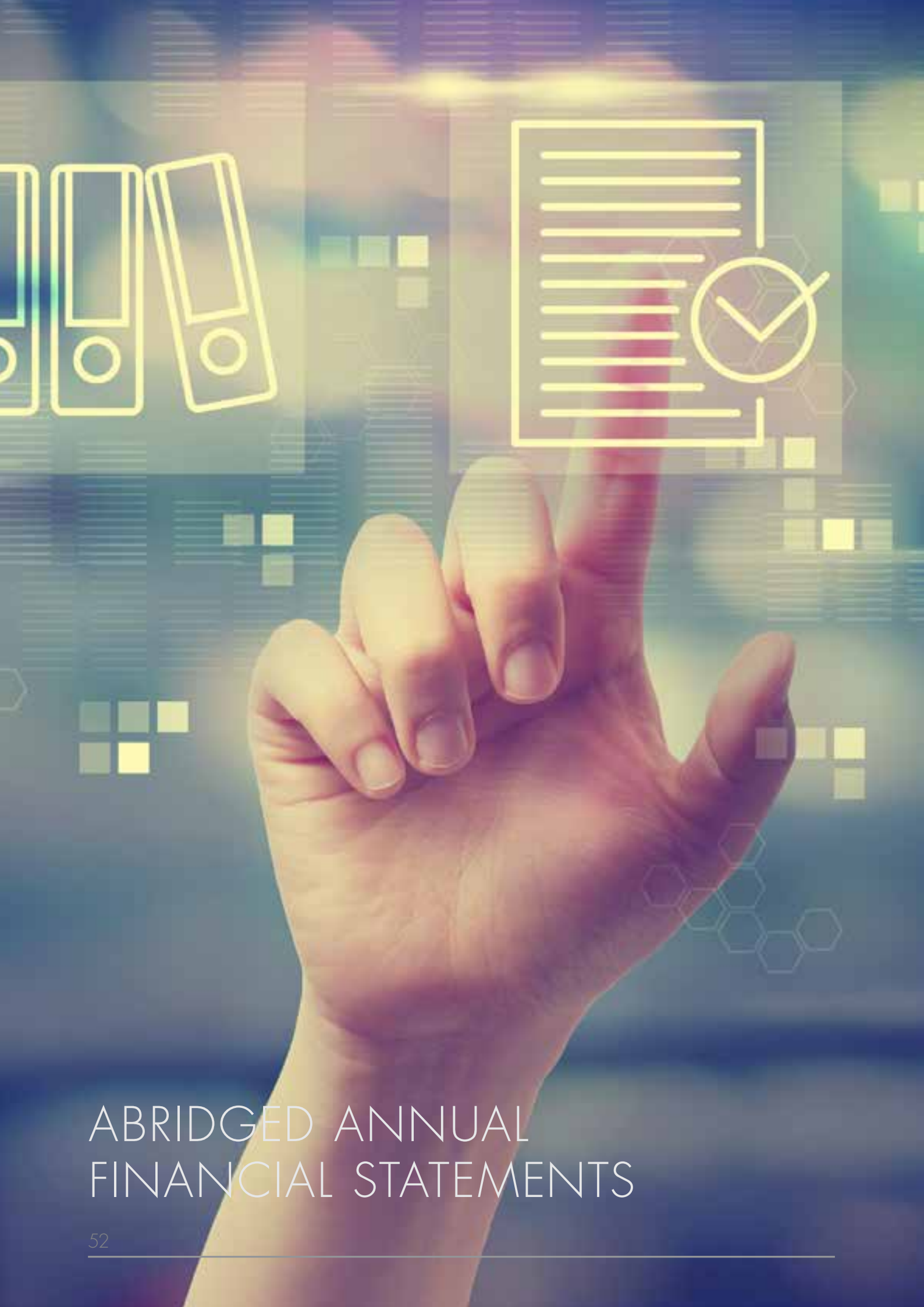
FY2020 board meeting attendance

	Board (including budget)	Audit and risk	Social and ethics	Remuneration	Nominations	Investment
Number of meetings held	5	7	4	2	1	3
Chairman						
ATM Mokgokong	5	N/A	N/A	N/A	1(C)	N/A
Deputy chairman						
MJ Madungandaba	5	N/A	N/A	2	1	3(C)
Independent non-executive directors						
T Zondi	3	6	N/A	N/A	N/A	3
P Radebe	4	4	4(C)	2	N/A	N/A
S Bawa	4	N/A	4	2(C)	1	3
DH du Plessis	5	7(C)	N/A	N/A	N/A	1
Alternate non-executive director						
AMF da Silva ^o	3	N/A	N/A	2	N/A	3
Executive directors						
M Janse van Vuuren (resigned 31 May 2020)	5	7	4	2	N/A	3
WA Prinsloo	5	7	2	2	1	3
TS Petje (resigned 29 February 2020)	3	N/A	3	N/A	N/A	N/A
AMF da Silva*	1	N/A	N/A	N/A	N/A	N/A

^o Alternate non-executive director from 1 June 2019 to 31 May 2020

* Appointed 1 June 2020 as interim CEO

C – Chairman of the Committee



ABRIDGED ANNUAL FINANCIAL STATEMENTS

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2020

	Group		Company	
	2020 R'000	2019 R'000	2020 R'000	2019 R'000
Revenue	939 213	1 137 355	59 122	23 133
Cost of sales	(652 533)	(746 540)	-	-
Gross profit	286 680	390 815	59 122	23 133
Other income	17 999	20 575	1 909	721
Selling and distribution costs	(2 252)	(2 186)	-	-
Administrative expenses	(240 614)	(286 214)	(11 234)	(7 729)
Other expenses	(118 024)	(109 669)	(24 294)	(10 359)
Net impairment loss on trade receivables	(4 121)	(1 972)	-	-
Operating (loss)/profit	(60 332)	11 349	25 503	5 766
Finance income	3 726	4 559	439	1 198
Finance costs	(36 079)	(25 754)	(21 186)	(23 682)
Equity accounted share of profit/(loss) from associate	33	(1 623)	-	-
(Loss)/profit before taxation	(92 652)	(11 469)	4 756	(16 718)
Taxation	(9 983)	(7 906)	9	422
(Loss)/profit for the year	(102 635)	(19 375)	4 765	(16 296)
Other comprehensive loss	-	-	-	-
Total comprehensive (loss)/income for the year	(102 635)	(19 375)	4 765	(16 296)
Profit/(Loss) for the year attributable to:				
- non-controlling interests	8 228	9 762	-	-
- ordinary shareholders of the parent	(110 863)	(29 137)	4 765	(16 296)
	(102 635)	(19 375)	4 765	(16 296)
Total comprehensive income/(loss) attributable to:				
- non-controlling interests	8 228	9 762	-	-
- ordinary shareholders of the parent	(110 863)	(29 137)	4 765	(16 296)
	(102 635)	(19 375)	4 765	(16 296)
Earnings per ordinary share (cents) – basic	(49,4)	(12,9)	2,1	(7,2)
– diluted	(49,4)	(12,9)	2,1	(7,2)

STATEMENTS OF FINANCIAL POSITION

AT 30 JUNE 2020

	Group			Company		
	2020 R'000	2019 Restated [^] R'000	2018 Restated [^] R'000	2020 R'000	2019 Restated [^] R'000	2018 Restated [^] R'000
Assets						
Non-current assets	327 277	258 203	258 819	114 746	127 236	133 462
Plant and equipment [#]	74 675	83 393	79 596	-	-	-
Right-of-use assets	106 124	-	-	-	-	-
Intangible assets	117 772	144 233	154 509	-	-	-
Investment in subsidiaries	-	-	-	112 716	125 350	121 718
Investment in joint venture/associate	-	-	4 412	-	-	6 166
Deferred income tax	21 981	22 093	19 725	-	-	-
Other non-current contract assets	1 664	-	-	-	-	-
Other non-current assets	5 061	8 484	577	2 030	1 886	5 578
Current assets	309 208	399 823	467 229	91 357	80 085	98 811
Inventories	101 113	108 484	102 642	-	-	-
Contract assets	11 927	6 685	-	-	-	-
Trade and other receivables	159 646	205 136	286 197	213	10 212	174
Amounts owing by group companies	-	-	-	90 747	69 392	98 295
Taxation refundable	11 938	11 308	9 506	300	300	-
Short-term portion of other non-current assets	3 258	2 723	995	-	-	-
Cash and cash equivalents	21 326	65 487	67 889	97	181	342
Total assets	636 485	658 026	726 048	206 103	207 321	232 273
Equity and liabilities						
Shareholders' equity	59 626	176 535	204 219	4 823	58	16 354
Share capital	281 283	281 283	281 283	281 283	281 283	281 283
Treasury shares	(3 083)	(3 203)	(450)	-	-	-
Non-distributable reserves	4 848	7 109	6 941	14	14	14
Retained loss	(257 155)	(139 174)	(110 392)	(276 474)	(281 239)	(264 943)
Equity attributable to equity holders of the parent	25 893	146 015	177 382	4 823	58	16 354
Non-controlling interests	33 733	30 520	26 837	-	-	-
Non-current liabilities	121 743	17 721	139 440	7	16	122 730
Interest-bearing liabilities ^{<}	6 218	7 083	128 549	-	-	122 710
Lease liabilities [*]	110 871	-	-	-	-	-
Contract liabilities	2 333	3 877	518	-	-	-
Deferred income tax	2 321	6 761	10 373	7	16	20
Current liabilities	455 116	463 770	382 389	201 273	207 247	93 189
Trade and other payables	172 446	213 450	285 263	4 242	15 266	44 286
Provisions	5 891	1 354	1 196	2 558	-	950
Amounts owing to group companies	-	-	-	3 548	548	-
Taxation	4 970	5 239	2 992	-	-	418
Contract liabilities	42 509	41 674	38 237	-	-	-
Short-term borrowings ^{<}	203 020	202 053	54 701	190 925	191 433	47 535
Lease liabilities [*]	26 280	-	-	-	-	-
Total equity and liabilities	636 485	658 026	726 048	206 103	207 321	232 273

[#] Prior year includes leased assets previously recognised prior to adoption of IFRS 16

[<] Prior year interest-bearing liabilities include finance lease liabilities recognised prior to the adoption of IFRS 16 Leases

^{*} Lease liabilities arising on adoption of IFRS 16

[^] Certain provisions were reclassified into trade and other payables to better reflect the nature of the liability.

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2020

	Share capital R'000	Treasury shares R'000	Non-distributable reserves R'000	Retained earnings/(loss) R'000	Total parent shareholders' equity R'000	Non-controlling interest R'000	Total equity R'000
Group							
Balance as at 30 June 2018	281 283	(450)	6 941	(110 392)	177 382	26 837	204 219
Treasury shares							
– Share Incentive Trust	–	(2 753)	–	–	(2 753)	–	(2 753)
Equity settled share-based payment	–	–	517	–	517	–	517
Transfer of equity settled share-based payment reserve	–	–	(355)	355	–	–	–
Transactions with non-controlling shareholders	–	–	2 448	–	2 448	(6 079)	(3 631)
Utilisation of equity settled share-based payment reserve	–	–	(2 442)	–	(2 442)	–	(2 442)
Total comprehensive (loss)/income	–	–	–	(29 137)	(29 137)	9 762	(19 375)
(Loss)/profit for the year	–	–	–	(29 137)	(29 137)	9 762	(19 375)
Other comprehensive loss	–	–	–	–	–	–	–
Balance as at 30 June 2019	281 283	(3 203)	7 109	(139 174)	146 015	30 520	176 535
Retained earnings							
– IFRS 16 transitional adjustment	–	–	–	(9 321)	(9 321)	(1 790)	(11 111)
Restated equity at the beginning of the year	281 283	(3 203)	7 109	(148 495)	136 694	28 730	165 424
Treasury shares							
– Share Incentive Trust	–	120	–	–	120	–	120
Equity settled share-based payment	–	–	187	–	187	–	187
Disposal of companies	–	–	–	–	–	38	38
Dividend paid to non-controlling shareholder	–	–	–	–	–	(3 263)	(3 263)
Recycling of non-distributable reserves (transaction with NCI)	–	–	(2 448)	2 448	–	–	–
Transactions with non-controlling shareholders	–	–	–	(245)	(245)	–	(245)
Total comprehensive (loss)/income	–	–	–	(110 863)	(110 863)	8 228	(102 635)
(Loss)/profit for the year	–	–	–	(110 863)	(110 863)	8 228	(102 635)
Other comprehensive loss	–	–	–	–	–	–	–
Balance as at 30 June 2020	281 283	(3 083)	4 848	(257 155)	25 893	33 733	59 626
Company							
Balance as at 30 June 2018	281 283	–	14	(264 943)	16 354	–	16 354
Total comprehensive loss	–	–	–	(16 296)	(16 296)	–	(16 296)
Loss for the year	–	–	–	(16 296)	(16 296)	–	(16 296)
Other comprehensive loss	–	–	–	–	–	–	–
Balance as at 30 June 2019	281 283	–	14	(281 239)	58	–	58
Total comprehensive income	–	–	–	4 765	4 765	–	4 765
Profit for the year	–	–	–	4 765	4 765	–	4 765
Other comprehensive loss	–	–	–	–	–	–	–
Balance as at 30 June 2020	281 283	–	14	(276 474)	4 823	–	4 823

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2020

	Group		Company	
	2020 R'000	2019 R'000	2020 R'000	2019 R'000
Cash flows from operating activities	(7 424)	42 435	(9 984)	3 832
Cash generated from operations	37 935	79 480	6 092	5 476
Interest received	3 523	4 310	397	1 136
Interest paid*	(34 726)	(23 915)	(19 870)	(2 780)
Taxation paid	(10 893)	(13 440)	–	–
Dividend received	–	–	3 397	–
Dividend paid to non-controlling shareholder	(3 263)	(4 000)	–	–
Cash flows from investing activities	(15 402)	(55 915)	9 900	(23 993)
Purchase of plant and equipment	(7 329)	(12 986)	–	–
Proceeds on disposal of plant and equipment	520	711	–	–
Additions to right-of-use assets	(2)	–	–	–
Additions to intangibles	(8 686)	(12 795)	–	–
Acquisition of subsidiary, net of cash disposed of	–	(30 828)	–	–
Disposal of subsidiary, net of cash disposed of	(74)	–	–	–
Increase in loan to associate	(2 554)	(1 018)	–	–
Decrease/(increase) in loan amounts owing by group companies	–	–	9 900	(23 993)
Receipts from loan to customer	2 724	1 001	–	–
Cash flows from financing activities	(24 517)	10 335	–	20 000
Cash flows from treasury shares	–	(524)	–	–
Non-current loans raised	–	20 000	–	20 000
Non-current loans repaid	(10 319)	(7 641)	–	–
Leases – principal payments	(14 198)	–	–	–
Transactions with non-controlling shareholders	–	(1 500)	–	–
Net decrease in cash and cash equivalents	(47 343)	(3 145)	(84)	(161)
Cash and cash equivalents at beginning of year	64 769	67 889	181	342
Revaluation of foreign cash balances	368	25	–	–
Net cash and cash equivalents at end of year	17 794	64 769	97	181
Cash and cash equivalents	21 326	65 487	97	181
Bank overdrafts	(3 532)	(718)	–	–
Net cash and cash equivalents at end of year	17 794	64 769	97	181

SEGMENTAL REPORT

AT 30 JUNE 2020

For management purposes, the group is organised into business units based on their products and services. The group's executive committee, which is the group's chief operating decision-makers (CODM), monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment.

The trading activities of the group companies are divided into five main business segments, namely ICT-Enterprise, ICT-Carriers, Electrical Manufacturers, Security & Fire and Power & Renewables. ICT-Enterprise and ICT-Carriers form part of the ICT segment, however, the CODM looks at them separately.

	Income and expenses										Financial position			
	Revenue		Net forex		Administrative		Depreciation		Operating		Finance		Capital	
	Inter-segment	Segmental	profit/(loss)	and other	expenses#	and	amortisation	profit/	income	costs	Assets	Liabilities	expenditure	
R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	
2020														
ICT – Enterprise	526 314	(7 992)	518 322	11 760	(167 327)	(25 788)	8 356	3 150	(1 908)	190 178	147 517	22 722		
ICT – Carriers	177 905	(19)	177 886	596	(57 262)	(3 777)	(2 612)	107	(754)	86 755	29 148	309		
Electrical Manufacturers	181 677	–	181 677	(433)	(30 811)	(10 452)	5 132	56	(2 865)	111 510	54 944	1 344		
Security and Fire	62 543	–	62 543	38	(21 966)	(312)	(3 895)	–	(121)	21 796	10 030	68		
Power and Renewables	7 824	(164)	7 660	64	(7 907)	(331)	(8 052)	1	(2)	2 030	1 513	59		
Sub-total operating division	956 263	(8 175)	948 088	12 025	(285 273)	(40 660)	(1 071)	3 314	(5 650)	412 269	243 152	24 502		
Other non-operating divisions	–	–	–	40 197	(78 776)	(10 994)	(49 573)	721	(26 852)	163 927	258 825	941		
Adjustments [®]	(17 050)	8 175	(8 875)	(39 896)	38 947	(10 279)	(9 688)	(309)	(3 577)	60 289	74 882	(501)		
Total	939 213	–	939 213	12 326	(325 102)	(61 933)	(60 332)	3 726	(36 079)	636 485	576 859	24 942		
2019														
ICT – Enterprise	544 271	(9 126)	535 145	13 480	(196 785)	(18 222)	54 738	2 727	(1 195)	177 467	94 746	27 306		
ICT – Carriers	342 747	–	342 747	883	(76 077)	(1 389)	43 022	210	(89)	112 877	30 294	1 793		
Electrical Manufacturers	196 641	–	196 641	(692)	(33 250)	(5 370)	9 575	84	(513)	100 111	23 261	3 630		
Security and Fire	76 826	(11 064)	65 762	1 854	(24 285)	(377)	(9 530)	29	(503)	32 478	17 795	542		
Power and Renewables	9 892	(259)	9 633	365	(7 247)	(242)	(4 466)	1	(6)	3 781	350	–		
Sub-total operating division	1 170 377	(20 449)	1 149 928	15 890	(337 644)	(25 600)	93 339	3 051	(2 306)	426 714	166 446	33 271		
Other non-operating divisions	610	–	610	68 637	(142 135)	(6 739)	(95 804)	1 913	(31 917)	179 349	238 772	4 590		
Adjustments [®]	(33 632)	20 449	(13 183)	(78 578)	119 622	(6 168)	13 814	(405)	8 469	51 963	76 272	(608)		
Total	1 137 355	–	1 137 355	5 949	(360 157)	(38 507)	11 349	4 559	(25 754)	658 026	481 490	37 253		

Segmental revenue reflects both sales to external parties and inter-group transactions across segments.

[†] Segmental revenue and operating profit of the operating divisions includes the interest received and paid relating to the finance lease receivables, but excludes all other interest paid or received and is stated before making adjustment for inter-group administration fees.

* Made up of other income and foreign exchange losses.

Made up of operating expenses excluding foreign exchange losses and depreciation and amortisation.

® Relates to elimination of inter-group transactions.

NOTICE OF THE AGM

Jasco Electronics Holdings Limited

(Incorporated in the Republic of South Africa)
Registration number: 1987/003293/06
JSE share code: JSC ISIN: ZAE000003794
("Jasco" or "the company" or "the group")

Notice is hereby given that the 33rd annual general meeting of shareholders for the year ended 30 June 2020 will be held in the company's auditorium, Jasco Office Park, Corner Alexandra Avenue and 2nd Street, Halfway House, Midrand on Tuesday, 19 January 2021 at 14:00 to consider, and if deemed fit, to pass with or without modification, the following resolutions, as set out in this notice.

The board of directors of the company has determined, in accordance with section 62(3)(a), read with section 59(1)(a) and (b) of the Companies Act, No 71 of 2008, as amended (Companies Act), that the record dates for the purposes of determining which shareholders are entitled to:

- receive notice of the annual general meeting (the posting record date) on Friday, 4 December 2020; and
- attend, participate in and vote at the annual general meeting (the voting record date) on Friday, 8 January 2021.

Presentation of audited annual financial statements

The annual financial statements of the company and the group, including the reports of the directors, group audit and risk committee and the independent auditors, for the year ended 30 June 2020, will be presented to shareholders, as required in terms of section 30(3)(d) of the Companies Act. Abbreviated versions have been included in the integrated annual report, with the full annual statements available on our website.

Presentation of group social and ethics committee report

A report of the members of the group social and ethics committee for the year ended 30 June 2020, will be presented to shareholders as required in terms of Regulation 43 of the Companies Regulations, 2011. Refer to our website www.jasco.co.za.

Resolutions for consideration and adoption

1. To re-elect Dr ATM Mokgokong and Mr DH du Plessis. Brief resumes for these directors appear on pages 48 and 49

In accordance with the provisions of clause 28.8 of the company's memorandum of incorporation (Mol) and the Companies Act, at each annual general meeting of the company, one third of the directors shall retire from office, but such directors may offer themselves for re-election. The board of directors has assessed the performance of the directors standing for election and re-election, as the case may be, and has found them suitable for appointment and reappointment.

1.1 Ordinary resolution number 1: Re-election of Dr ATM Mokgokong as a director

"RESOLVED that Dr ATM Mokgokong, who retires by rotation in terms of the Mol of the company and is eligible and available for re-election as a director of the company, be and is hereby re-elected as a director of the company with effect from 19 January 2021."

1.2 Ordinary resolution number 2: Re-election of DH du Plessis as a director

"RESOLVED that DH du Plessis, who retires by rotation in terms of the Mol of the company and is eligible and available for re-election as a director of the company, be and is hereby re-elected as a director of the company with effect from 19 January 2021."

For the above resolutions to be passed, votes in favour must represent at least 50% +1 of all votes cast and/or exercised at the meeting.

2. Ordinary resolution number 3: Election of group audit and risk committee members

"RESOLVED that an audit and risk committee comprising independent non-executive directors, as provided in section 94(4) of the Act, set out to be and is hereby appointed in terms of section 94(2) of the Act to hold office until the next annual general meeting and to perform the duties and responsibilities stipulated in Section 94(7) of the Companies Act and King IV Report on Governance for South Africa and to perform such other duties and responsibilities as may from time to time be delegated by the board of directors for the company and all subsidiary companies.

The board of directors has assessed the performance of the group audit and risk committee members standing for election and has found them suitable for appointment.

Brief CVs for Mr DH du Plessis, Ms T Zondi and Mrs P Radebe appear on the pages 49 and 50.

Mr DH du Plessis (Chairman);

Ms T Zondi (member); and

Mrs P Radebe (member)."

For the above resolution to be passed, votes in favour must represent at least 50% +1 of all votes cast and/or exercised at the meeting.

3. Ordinary resolution number 4: Election of group social and ethics committee members

"RESOLVED that a social and ethics committee, as provided in section 72(4) of the Act, and Regulation 43 of the Companies Regulations, 2011, set out below, be and is hereby appointed in terms of regulation 43(2) of the Regulations to hold office until the next annual general meeting and to perform the duties and responsibilities stipulated in Regulation 43(5) of the Regulations and to perform such other duties and responsibilities as may from time to time be delegated by the board of directors of the company and all subsidiary companies.

The board of directors has assessed the performance of the group social and ethics committee members standing for re-election and has found them suitable for reappointment. Brief CVs for these members appear on page 50.

Mrs P Radebe (chairman);

Mr S Bawa (member); and

Mr MD Ngwato (member)."

For the above resolution to be passed, votes in favour must represent at least 50% +1 of all votes cast and/or exercised at the meeting.

4. Ordinary resolution number 5: Reappointment of independent external auditors

The group audit and risk committee has assessed Mazars' performance, independence and suitability and has nominated them for reappointment as independent external auditors of the group, to hold office until the next annual general meeting.

"RESOLVED that Mazars, with the designated audit partner being Mr M Fisher, be and is hereby reappointed as independent external auditors of the group for the ensuing year."

For this resolution to be passed, votes in favour must represent at least 50% +1 of all votes cast and/or exercised at the meeting.

5. Approval of the remuneration policy

"RESOLVED that through a non-binding advisory vote that the company's remuneration policy and its implementation, as set out in the remuneration report contained on pages 38 to 46 of this report, be and is hereby approved.

5.1 Ordinary resolution number 6: Approval of the company's remuneration policy is hereby approved

5.2 Ordinary resolution number 7: Approval of the company's remuneration implementation report is hereby approved.

These ordinary resolutions are of an advisory nature only and although the board will take the outcome of the vote into consideration when determining the remuneration policy, failure to pass this resolution will not legally preclude the company from implementing the remuneration policy, as contained in this report. However, the board commits to engage with dissenting shareholders if the votes against is 25% or more of the total votes.

For this resolution to be passed, votes in favour must represent at least 50%+1 of all votes cast and/or exercised at the meeting.

6. Ordinary resolution number 8: General authority to place the authorised but unissued shares under the directors' control

It would be of advantage to grant the directors the necessary authority to enable the company to take expeditious advantage of business opportunities (in the form of rights offers, acquisition issues and/or acquisitions

of any shares in any group company owned by any minorities (as set out in paragraph b of the resolution). In order to be in a position to do so, the company is required, in terms of clause 9.4 of its MoI, to have shareholder approval to issue shares in such circumstances.

The company understands that this authority cannot be open-ended, and has therefore proposed that it be granted, subject to:

- the restrictions set out below, particularly that the number of shares it is authorised to issue be limited to 29,95% (twenty nine point nine five percent) of the ordinary shares in issue, as at the date of this notice of AGM, excluding treasury shares; and
- the company not being entitled and having no authority to issue any shares over and above the aforementioned threshold of 68 681 098 ordinary shares (which represent 29,95% (twenty nine point nine five percent) of the ordinary shares in issue as at the date of the notice of the AGM, excluding treasury shares, whether such issue is pursuant to this ordinary resolution 8 or pursuant to ordinary resolution 9.

"RESOLVED to place the undermentioned ordinary shares in the authorised but unissued share capital of the company at the disposal and under the control of the directors, until the next AGM of the company, who are hereby authorised and empowered, subject to the provisions of the Act and the JSE Listings Requirements, to allot, issue and otherwise dispose of such shares to such person/s on such terms and conditions and at such time/s as the directors may from time to time in their discretion deem fit, subject to:

- (a) a maximum amount of 68 681 098 ordinary shares, which represent 29,95% (twenty nine point nine five percent) of the ordinary shares in issue, as at the date of the notice of the AGM, excluding treasury shares, being placed at the disposal and under the control of the directors;
- (b) the company not being entitled and having no authority to issue any shares over and above the aforementioned threshold of 68 681 098 ordinary shares, which represent 29,95% (twenty nine point nine five percent) of the ordinary shares in issue, as at the date of the notice of the AGM, excluding treasury shares, whether such issue is pursuant to this ordinary resolution 7 or pursuant to ordinary resolution 8;
- (c) this resolution shall not authorise the directors to effect an issue of shares for cash, as contemplated in the JSE Listings Requirements; and
- (d) such authority shall be utilised to effect or implement relevant corporate action, including but not limited to, rights offers, acquisition issues and/or acquisitions of any shares in any group company owned by any minorities."

For this resolution to be passed, votes in favour must represent at least 50% + 1 of all votes cast and/or exercised at the meeting.

7. Ordinary resolution number 9: General authority to issue shares and to sell treasury shares for cash

“Resolved, as an ordinary resolution, that the directors of the company and/or any of its subsidiaries, be and are hereby authorised, from time to time, by way of a general authority, to:

- allot and issue 11 465 960 shares or options (which represents up to 5% of the company’s equity shares at the date of this notice) in respect of all or any of the authorised but unissued ordinary shares in the capital of the company; and/or
- sell or otherwise dispose of or transfer, or issue any options in respect of ordinary shares in the capital of the company purchased by subsidiaries of the company; and
- issue shares for cash, to such person/s on such terms and conditions and at such times as the directors in their discretion deem fit, subject to the following limitations:
 - ▶ The securities, which are the subject of the issue for cash, must be of a class already in issue, or where this is not the case, must be limited to such securities or rights that are convertible into a class already in issue.
 - ▶ Any such issue may only be made to public shareholders, as defined by the JSE Listings Requirements and not to related parties.
 - ▶ The number of ordinary shares issued for cash shall not in any one financial year in the aggregate exceed 5% (five percent) of the number of issued ordinary shares. This general authority is valid until the earlier of the company’s next annual general meeting or expiry of a period of 15 (fifteen) months from the date that this authority is given.
 - ▶ An announcement giving full details will be released when the company has issued ordinary shares representing, on a cumulative basis within 1 (one) financial year, 5% (five percent) or more of the number of ordinary shares in issue prior to the issue.
 - ▶ In determining the price at which an issue of ordinary shares may be made in terms of this authority, the maximum discount permitted will be 10% (ten percent) of the weighted average traded price on the JSE of the ordinary shares 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 shares.
 - ▶ Whenever the company wishes to use ordinary shares, held as treasury stock by a subsidiary of the company, such use must comply with the JSE Listings Requirements as if such use was a fresh issue of ordinary shares.”

At present, the directors have no specific intention to use this authority and the authority will thus only be used if circumstances are appropriate.

The reason for proposing ordinary resolution number 9 is to seek a general authority and approval for the directors to allot and issue ordinary shares in the authorised but unissued share capital of the company (excluding shares

issued pursuant to the company’s share incentive scheme), up to 5% (11 465 960 shares) of the number of ordinary shares of the company in issue at the date of passing of this resolution, in order to enable the company to take advantage of business opportunities which might arise in the future.

For this resolution to be passed, votes in favour must represent at least 75% +1 of all votes cast and/or exercised at the meeting.

8. Ordinary resolution number 10: Authorise directors and/or company secretary

“RESOLVED that any one director and/or the group company secretary of the company or equivalent be and are hereby authorised to do all such things and to sign all such documents that are deemed necessary to implement the resolutions set out in the notice convening the annual general meeting at which these resolutions will be considered.”

For this resolution to be passed, votes in favour must represent at least 50% +1 of all votes cast and/or exercised at the meeting.

9. Special resolution number 1: Non-executive directors’ fees

To approve the remuneration of non-executive directors for the period 1 January 2021 until 31 December 2021.

Approval in terms of section 66 of the Companies Act is required to authorise the company to remunerate directors for their services as directors. Furthermore, in terms of King IV and as read with the JSE Listings Requirements, remuneration payable to non-executive directors should be approved by shareholders in advance or within the previous two years.

“RESOLVED as a special resolution in terms of the Companies Act, No 71 of 2008, as amended, that the remuneration of non-executive directors for the period 1 January 2021 until 31 December 2021 be and is hereby set out as follows:

	2020 Current Rand	2021 Proposed Rand
Chairman of the board	503 533	503 533
Deputy chairman of the board	488 896	488 896
Audit and risk committee chairman	386 634	386 634
Social and ethics committee chairman	379 456	379 456
Remuneration committee chairman	379 456	379 453
Member of a sub-committee	293 723	293 723
Member of the board	206 430	206 430

In the current economic conditions, the board elected to forfeit any increase in fees.

For this resolution to be passed, votes in favour of the resolution must represent at least 75% of all votes cast and/or exercised at the meeting.

10. Special resolution number 2: Financial assistance to a related or inter-related company or companies

“RESOLVED, as a special resolution in terms of the Companies Act, No 71 of 2008, as amended, that the provision by the company of any direct or indirect financial assistance, as contemplated in section 45 of the Companies Act to any 1 (one) or more related or interrelated companies of the company, be and is hereby approved, provided that:

1. (i) the specific recipient(s) of such financial assistance;
- (ii) the form, nature and extent of such financial assistance;
- (iii) the terms and conditions under which such financial assistance is provided,

are determined by the board of directors of the company from time to time;

2. the board has satisfied the requirements of section 45 of the Companies Act in relation to the provision of any financial assistance;
3. such financial assistance to a recipient is in the opinion of the board of directors of the company required for a purpose which is directly or indirectly in the interest of the company; and
4. the authority granted in terms of this special resolution will remain valid for 2 (two) years or until the next annual general meeting.”

For this resolution to be passed, votes in favour of the resolution must represent at least 75% of all votes cast and/or exercised at the meeting.

11. Special resolution number 3: General authority to acquire (repurchase) shares

“RESOLVED that the company and any subsidiary of the company, be and are hereby authorised in terms of section 48 of the Companies Act, 71 of 2008, and subject to the provisions of the Companies Act, 71 of 2008, as amended, the JSE Listings Requirements and the memorandum of incorporation, to acquire, as a general repurchase, up to 20% (twenty percent) or 10% (ten percent) where the repurchase is effected by a subsidiary of the ordinary shares issued by the company; provided that:

- (i) any such acquisition of ordinary shares shall be effected through the order book operated by the JSE limited trading system and done without any prior understanding or arrangement between the company and the counter-party;
- (ii) authorisation thereto being given by the company's or any subsidiary's memorandum of incorporation;
- (iii) the approval shall be valid only until the next AGM or for 15 months from the date of this resolution, whichever period is shorter;

- (iv) repurchases may not be made at a price greater than 10% (ten percent) above the weighted average of the market value for the securities for the five business days immediately preceding the date on which the transaction is effected;
- (v) at any point in time, the company may only appoint one agent to effect any repurchase(s) on the company's behalf;
- (vi) a resolution is passed by the board of the company authorising the repurchase and confirming that the company has passed the solvency and liquidity test and that, since the test was performed, there have been no material changes to the financial position of the group;
- (vii) an announcement will be published as soon as the company or any of its subsidiaries have acquired ordinary shares constituting, on a cumulative basis, 3% of the number of ordinary shares in issue and for each 3% in aggregate of the initial number acquired thereafter, in compliance with paragraph 11.27 of the JSE Listings Requirements;
- (viii) acquisitions of shares in aggregate in any one financial year may not exceed 20% (twenty percent) of the company's ordinary issued share capital (or 10% (ten percent) where the repurchase is effected by a subsidiary), as the case may be, as at the date of passing of this special resolution;
- (ix) the company and/or its subsidiaries may not acquire any shares during a prohibited period, as defined in the JSE Listings Requirements unless a repurchase programme is in place, where the dates and quantities of shares to be traded during the prohibited period are fixed and full details of the programme have been submitted to the JSE in writing prior to the commencement of the prohibited period.”

Special resolution number 3 is proposed to authorise the acquisition by the company, and any subsidiary of the company, of the ordinary shares issued by the company.

The board's intention is for the shareholders to pass a special resolution granting the company and its subsidiaries a general authority to acquire ordinary shares issued by the company to enable the company and its subsidiaries, subject to the requirements of the Companies Act, the JSE Listings Requirements and the company's or its subsidiaries' memorandum of incorporation, to acquire ordinary shares issued by the company, should the board consider that it would be in the interest of the company and/or its subsidiaries to acquire ordinary shares issued by the company while the general authority exists. The directors have no specific intention, at present, for the company or any of its subsidiaries to acquire any of the company's shares, but are of the opinion that it is in the best interest of the company and its shareholders to have such a general authority in place to enable the company or any of its subsidiaries to acquire shares issued by the company should the market conditions, tax dispensation and price justify such an action.

In the event that shareholders grant the requested authority to repurchase shares, any decision by the directors to authorise the company or any of its subsidiaries to use the general authority to acquire shares of the company will be taken with regard to the prevailing market conditions and other factors and will be subject to the proviso that, after such acquisition, the directors are of the opinion that:

- the company and the group will be able, in the ordinary course of business, to pay their debts for a period of 12 months after the date of notice issued in respect of the AGM; and
- the assets of the company and the group are in excess of the liabilities of the company and the group.

For this purpose, the assets and liabilities would be recognised and measured in accordance with the accounting policies used in the latest audited group annual financial statements.

For this resolution to be passed, votes in favour of the resolution must represent at least 75% of all votes cast and/or exercised at the meeting.

12. To transact such other business as may be transacted at an annual general meeting

Litigation statement

Other than disclosed or accounted for in the Annual Financial Statements, the directors of the company, whose names appear on the inside front cover of this report, are not aware of any legal or arbitration proceedings, pending or threatened against the group, which may have or have had a material effect on the group's financial position in the 12 months preceding the date of this notice of annual general meeting.

Material changes

Other than the facts and developments reported in the Annual Financial Statements, there have been no material changes in the affairs, financial or trading position of the group since the signature date of the integrated annual report and the posting date.

Further disclosure required in terms of the JSE Listings Requirements are set out in accordance with the reference pages in the Annual Financial Statements of which this notice forms part:

- directors and management – refer to inside front cover of the integrated annual report;
- major shareholders of the company – refer to the Annual Financial Statements;
- directors' interest in the company's shares – refer to the Annual Financial Statements; and
- share capital of the company – refer to the Annual Financial Statements.

Identification, voting and proxies

In terms of section 63(1) of the Act, any person attending or participating in the annual general meeting must present reasonable satisfactory identification and the person presiding at the annual general meeting must be reasonably satisfied that the right of any person to participate in and vote (whether as a shareholder or as a proxy for a shareholder) has been reasonably

verified. Suitable forms of identification will include the presentation of valid identity documents, drivers' licences and passports.

The votes of shares held by share trusts classified as Schedule 14 Trusts in terms of the JSE Listings Requirements will not be taken into account at the annual general meeting for approval of any resolution proposed in terms of the JSE Listings Requirements.

A form of proxy is attached for the convenience of any certificated or dematerialised Jasco shareholders with own-name registrations who cannot attend the annual general meeting, but who wishes to be represented thereat. To be valid, completed forms of proxy must be received by the transfer secretaries of the company, Link Market Services South Africa (Pty) Limited, 13th Floor, 19 Ameshoff Street, Braamfontein, 2001, by no later than 14:00, 15 January 2021.

All beneficial owners of Jasco shares who have dematerialised their shares through a Central Securities Depository Participant (CSDP) or broker, other than those with own-name registration, and all beneficial owners of shares who hold certificated shares through a nominee, must provide their CSDP, broker or nominee with their voting instructions, in accordance with the agreement between the beneficial owner and the CSDP, broker or nominee as the case may be. Should such beneficial owners wish to attend the meeting in person they must request their CSDP, broker or nominee to issue them with the appropriate letter of authority. If shareholders who have not dematerialised their shares or who have dematerialised their shares with own-name registration and who are entitled to attend and vote at the annual general meeting do not deliver forms of proxy to the transfer secretaries timeously, such shareholders will nevertheless, at any time prior to the commencement of the voting on the resolutions at the annual general meeting be entitled to lodge the form of proxy in respect of the annual general meeting, in accordance with the instructions therein with the chairman of the annual general meeting.

Each shareholder is entitled to appoint one or more proxies (who need not be shareholders of Jasco) to attend, speak and vote in his/her stead. On a show of hands every shareholder who is present in person or by proxy shall have one vote, and, on a poll, every shareholder present in person or by proxy shall have one vote for each share held by him/her.

Jasco does not accept responsibility and will not be held liable for any failure on the part of a CSDP or broker to notify such Jasco shareholder of the annual general meeting.

By order of the board

Warren Prinsloo

Group company secretary
Midrand

11 December 2020

FORM OF PROXY

Jasco Electronics Holdings Limited

(Incorporated in the Republic of South Africa)

(Registration number: 1987/003293/06)

Share code: JSC ISIN: ZAE000003794

("Jasco")

For use ONLY by certificated shareholders and own-name dematerialised shareholders at the annual general meeting of Jasco shareholders to be held in the company's boardroom, Corner Alexandra Avenue and 2nd Street, Halfway House, Midrand, at 14:00 on 19 January 2021 or such later time that may be applicable ("the annual general meeting" or "AGM").

Dematerialised shareholders, other than with own-name registration, must NOT complete this form of proxy and must provide their Central Securities Depository Participant (CSDP) or broker with their voting instructions in terms of the custody agreement entered into between such shareholders and their CSDP or broker.

I/We _____ (Please print name in full)

of _____ (address)

being the registered holder/s of _____ ordinary shares in Jasco, hereby appoint (refer note 1):

1. _____ or failing him/her,
2. _____ or failing him/her,
3. the chairman of the annual general meeting, as my/our proxy to attend, speak and vote on my/our behalf at the annual general meeting which will be held for the purpose of considering and, if deemed fit, passing, with or without modification, the resolutions to be proposed thereat and at any adjournment thereof and to vote for or against the resolutions or to abstain from voting in respect of the shares in the issued capital of Jasco registered in my/our name/s, in accordance with the following instruction (refer to note 2):

	In favour	Against	Own discretion	Abstain
As ordinary resolutions				
1. To elect or re-elect directors				
1.1 To elect Dr ATM Mokgokong who retires by rotation and is eligible and available for re-election				
1.2 To elect DH du Plessis who retires by rotation and is eligible and available for re-election				
2. To elect group audit and risk committee members				
3. To elect group social and ethics committee members				
4. To appoint Mazars as independent auditors of the company and the group and to note Mr M Fisher as the designated audit partner until the next annual general meeting				
5. To endorse, through a non-binding advisory vote, the company's remuneration policy and its implementation, as set out in the remuneration report contained in the integrated annual report				
5.1 To approve the company's remuneration policy				
5.2 To approve the company's remuneration implementation report				
6. To place the authorised but unissued shares under the directors' control				
7. General authority to issue shares, and to sell treasury shares for cash				
8. To authorise directors and/or the company secretary to implement the resolutions set out in the notice convening the annual general meeting				
As special resolutions:				
1. To approve the remuneration to be paid to the non-executive directors for the period 1 January 2021 until 31 December 2021				
2. To authorise financial assistance to related and inter-related companies				
3. To provide general authority to acquire ("repurchase") shares.				
* Insert an "X" in the appropriate spaces above according to how you wish your votes to be cast. If no indication is given, the proxy may vote or abstain as he/ she sees fit. If you wish to cast your votes in respect of a lesser number of shares than you own in Jasco, insert the number of shares held in respect of which you desire to vote (refer to note 2).				

Signed at _____ on _____ 20__

Signature _____

Any Jasco shareholder entitled to attend and vote at the annual general meeting and at any adjournment thereafter may appoint one or more proxies to attend, speak and to vote in place of such Jasco shareholder. A proxy so appointed need not be a Jasco shareholder.

Please read the notes overleaf.

Notes to the form of proxy

In accordance with section 58 of the Companies Act, 71 of 2008

1. A Jasco shareholder may insert the name of a proxy or the names of two alternative proxies of the Jasco shareholder's choice in the space/s provided, with or without deleting "the chairman of the annual general meeting", but any such deletion must be initialled by the Jasco shareholder concerned. The person whose name appears first on the form of proxy and who is present at the annual general meeting will be entitled to act as proxy to the exclusion of those whose names follow.
2. Please insert an "X" in the relevant spaces according to how you wish your votes to be cast. However, if you wish to cast your votes in respect of a lesser number of shares than you own in Jasco, insert the number of ordinary shares held in respect of which you desire to vote. Failure to comply with the above will be deemed to authorise the proxy to vote or to abstain from voting at the annual general meeting as he/she deems fit in respect of all the shareholder's votes exercisable thereat. A Jasco shareholder or his/her proxy is not obliged to use all the votes exercisable by the Jasco shareholder or by his/her proxy, but the total of the votes cast and in respect whereof abstentions recorded may not exceed the total of the votes exercisable by the shareholder or by his/her proxy.
3. The date must be filled in on this form of proxy when it is signed.
4. The completion and lodging of this form of proxy will not preclude the relevant Jasco shareholder from attending the annual general meeting and speaking and voting in person to the exclusion of any proxy appointed in terms hereof. Where there are joint holders of shares, the vote of the senior joint holder who tenders a vote, as determined by the order in which the names stand in the register of members, will be accepted.
5. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the transfer secretaries of Jasco or waived by the chairman of the annual general meeting of Jasco shareholders.
6. Any alterations or corrections made to this form of proxy must be initiated by the signatory/(ies).
7. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the transfer secretaries of Jasco.
8. Completed forms of proxy and the authority (if any) under which they are signed must be lodged with or posted to and received by the transfer secretaries, Link Market Services South Africa (Pty) Limited, at 13th Floor, 19 Ameshoff Street, Braamfontein, 2001 or the company secretary at Corner of Alexandra Avenue and 2nd Street, Halfway House, Midrand, 1632 (PO Box 860, Wendywood, 2144), by no later than 14:00 on Friday, 15 January 2021, being no later than 48 (forty-eight) hours before the annual general meeting to be held at 14:00 on Tuesday, 19 January 2021, provided that should the transfer secretaries or the company secretary receive a Jasco shareholder's form of proxy less than 48 (forty-eight) hours before the annual general meeting, such Jasco shareholder will also be required to furnish a copy of such form of proxy to the chairman of the AGM before the appointed proxy exercises any of such Jasco shareholder's rights at the AGM (or any adjournment of the general meeting).
9. Documentary evidence of all meeting participants, including proxies, must be attached to this proxy, unless previously recorded by the company secretary. CSDPs or brokers registered, voting on behalf or at the instruction of the form beneficial owners of shares registered, are requested that they identify the beneficial owners in the register on whose behalf they are voting and return a copy of the instruction of such owner to the company secretary or to the Transfer Secretaries, Link Market Services.
10. The chairman of the annual general meeting may accept or reject any form of proxy, in her/his absolute discretion, if it is completed other than in accordance with these notes.
11. If required, additional forms of proxy are available from the transfer secretaries of Jasco.
12. Dematerialised shareholders, other than with own-name registration, must NOT complete this form of proxy and must provide their CSDP or broker with their voting instructions in terms of the custody agreement entered into between such shareholders.
13. The directors have not made any provision for the electronic participation at the AGM.



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Jasco

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