

REVIEWED PROVISIONAL CONDENSED FINANCIAL RESULTS

FOR THE YEAR
ENDED 31 AUGUST 2020



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AYO TECHNOLOGY SOLUTIONS LIMITED

(Incorporated in the Republic of South Africa)

Registration number: 1996/014461/06

Share code: AYO

ISIN: ZAE000252441

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



Join our exciting journey

As we navigate the adverse post-Covid-19 economic environment, our gaze is firmly focused on the road that lies ahead. Join us on this exciting journey of creating South Africa's most successful technology investment group.

2020 Highlights

REVENUE
R2.89
BILLION
+47%

EARNINGS
PER SHARE
6.20
CENTS PER SHARE
(86%)

HEADLINE
EARNINGS
PER SHARE
8.02
CENTS PER SHARE
(82%)



Overview of the AYO Group

Founded in 1996, AYO is a technology investment company with interests in disruptive technologies that advance life, business and economics. The Group's diverse investment portfolio touches on all aspects of technology from connectivity to communications and software development.

AYO's vision is to be a leading Africa-based technology Group driving smart living, playing and working throughout the continent and beyond. This is aimed at being achieved through a pro-active acquisition strategy which aims to identify, secure and scale upcoming disruptive businesses with impact in the fields of infrastructure, education, longevity and health, e-commerce, industry automation, cyber security and green energy solutions.

AYO is listed on the Johannesburg Stock Exchange and has an asset base valued in excess of R4.9 billion as of 31 August 2020.

Business philosophy

AYO's investments are much more than asset-driven equity acquisitions.

As a significant player in the African technology space, AYO aims for a balanced portfolio, which benefits not just its internal stakeholders but, improves the lives of the community as a whole, all the while driving the progress of Africa into a globally competitive powerhouse. There is a long road ahead for the African continent in reaching par with northern hemisphere counterparts. AYO addresses this disparity by diversifying the Group's interests amongst developing and established technologies.

AYO's approach

While the Company strives for an equity stake that allows for meaningful influence over the business entities we invest in, our approach is one of decentralised management. Involvement is mainly focused on scale and support, which is achieved through creating an environment for inter-group collaboration, strategic direction and operational, managerial and financial assistance.

Through close and synergistic working relationships with subsidiary and associated businesses, AYO is able to unlock shared value for clients that is far greater than the sum of its organisational parts. This commitment to organic and exponential growth that enables digital economic transformation has seen AYO grow into a multi-faceted, multi-skilled group of companies with the full range of expertise and a diverse client-base deserves.

Group financial performance

The Group's revenue significantly increased by 47.44% to R2.89 billion in the 2020 financial year as compared to revenue of R1.96 billion in the prior financial year. The significant increase in revenue is as a result of the additional revenues included in AYO's financial results from the acquisitions of Zaloserve Proprietary Limited ("Zaloserve"), SGT Solutions Proprietary Limited ("SGT Solutions") and Global Command and Control Technologies Proprietary Limited ("GCCT") as well as revenue generated from additional sale contracts secured in the current financial year by Puleng Technologies Proprietary Limited ("Puleng") and Kalula Communications Proprietary Limited ("Kalula").

Although there was a significant increase in revenue, profit before tax decreased by 61.90% to R104 million for the 2020 financial year as compared to profit before tax of R273 million in the prior year.

The Covid-19 pandemic as well as the poor economic environment has had a negative impact on the current and forecasted financial performance of some the Group's investments which in turn led to the Group recognising fair value losses on its investments and an increased expected credit loss allowance on loans advanced to some investee companies and trade debtors. The total fair value losses and credit loss allowances recognised in the current financial year amounts to R135 million as compared to an amount of R60 million in the prior financial year. Profit before tax for the current financial year excluding the fair value losses and expected credit losses is R239 million.

The Group has a significant cash holding balance of R3.2 billion from which it earns interest income. There was a significant decrease in the prime overdraft rate in the current financial year which resulted in a significant decrease in the interest rate that the Group obtained for its cash holding. Interest income decreased by 25.08% to R242 million in the current financial year as compared to R323 million in the prior year.

AYO concluded an ICT Master Service Agreement ("MSA") with a significant customer in terms of which AYO would render a host of ICT services to the significant customer effective from 1 July 2018 for a period of seven years. The customer terminated the contract with AYO effective 31 July 2020. AYO charged the customer an amount of R59.9 million for early termination of the contract. AYO's sub-contractor on the MSA charged AYO an amount of R37.4 million for early termination of the sub-contract agreement. AYO generated revenue of R418 million with a gross profit of R73 million on the MSA in the current financial year.

Since the Group listed it raised R4.3 billion in capital and utilised a portion of the funds in major contracts which have significantly contributed to revenues. R234 million was utilised for the payment of income tax to SARS. The Group utilised R50 million of the funds for the acquisition of additional shareholdings in existing subsidiaries. R201 million was advanced to other strategic companies to fund growth as well as potential acquisitions and R436 million has been utilised to assist subsidiaries to meet their working capital requirements and to enable growth and expansion into different markets. As part of the Group's strategy to invest in disruptive players in the technology sector, R131 million was utilised in the acquisition of minority interests in key companies within the technology space and R100 million was utilised for the establishment of a Fintech Fund. As part of the Group's strategy to create shareholder value, dividends of R388 million have been paid to shareholders since listing. Interest income of R686 million has been received from the banks. The remaining balance of the capital raised is still invested in banks as disclosed in note 16. Refer to the cash flow statement for a more detailed analysis on the cash movements of the Group for the 2020 financial year and the 2019 comparative figures.

The Group continues to pursue strategic acquisitions as part of its growth strategy. Refer to note 27 for details relating to strategic acquisitions made subsequent to year-end.

Divisional performance

Software and consulting	2020 R'000	2019 R'000
Revenue	56 954	61 348
Gross profit	20 840	22 962
EBITDA	7 533	5 848
Profit before tax	6 812	5 323

The software and consulting services division focuses on providing scalable digital solutions to retailers, media groups and brand agencies in Africa and Europe. The products developed are primarily focused on assisting clients in optimising business processes and customer experiences using technology. The division also offers a specialised digital media product set in assisting organisations with the commercialisation of digital content.

Revenue decreased by 7.16% from R61 million to R57 million mainly as a result of ICT cost cutting from a major customer which impacted on the ability of the division to generate additional revenue from the major customer. The division continues to aggressively manage costs and pursue additional clients to ensure that margins and profitability are maintained.

Security solutions	2020 R'000	2019 R'000
Revenue	344 881	276 304
Gross profit	111 729	105 957
EBITDA	22 473	20 786
Profit before tax	22 330	20 973

The security solutions division deploys customised security systems to organisational clients with its key focus on identity, access management and governance, risk and compliance ("GRC") management. Revenue increased by 24.82% from R276 million to R345 million. The division managed to secure a significant once off contract in the current year which resulted in the increase in revenue. A significant portion of the contract was on hardware sales which the division secured in the current financial year. The division had a higher proportion of service revenue as compared to hardware sales in the prior financial year.

Hardware sales generate less gross profit than service revenue. The gross profit percentage decreased to 32% from 38% in the prior year as a result of increased hardware sales in the current financial year.

AYO initially owned 57% of this division and concluded an agreement on 16 August 2019 to acquire the remaining equity stake from minority shareholders for a cash consideration of R38.5 million. For the financial year ended 31 August 2020 AYO has consolidated 100% of the net profit of this division. The division will continue to pursue a broader pool of clients with its improved empowerment credentials as well as expanding into the rest of Africa.

Divisional performance *(continued)*

Unified communications	2020 R'000	2019 R'000
Revenue	90 793	73 239
Gross profit	27 423	24 473
EBITDA	3 800	2 123
Profit before tax	2 588	1 144

The unified communications division is a reseller of telecommunications and gaming equipment of globally recognised brands. The division is a distributor for Poly and Konftel. The division managed to secure additional global brand, namely Jabra, from July 2019.

Revenue increased by 23.97% from R73 million to R91 million. The revenue increased mostly due the "work from home" policy undertaken by the majority of companies during the national lockdown. The lockdown presented an opportunity for the division to sell its audio and video conferencing equipment to staff working remotely.

AYO initially owned 51% of this division and concluded an agreement on 21 February 2020 to acquire an additional 25% from a minority shareholder for a cash consideration of R12 million, to improve its B-BBEE ratings as well as its competitiveness through an increase in market share. AYO now owns 76% of this division.

Healthcare	2020 R'000	2019 R'000
Revenue	120 251	111 373
Gross profit	39 190	38 739
EBITDA	24 570	15 237
Profit before tax	24 377	15 793

The healthcare division is a specialist provider of optimised and integrated healthcare ICT solutions. The division provides modular and integrated healthcare information systems across all levels in the public and private sector. Key clients within the division include the Western Cape Government and National Health Laboratory Services ("NHLS").

Revenue for the division increased by 7.97% from R111 million to R120 million. The division is currently developing a strategy to obtain customers from the private health care sector. The division also continues to focus on meeting and exceeding its ongoing service level commitments and KPIs with all of its customers.

Tracking solutions	2020 R'000	2019 R'000
Revenue	89 365	25 355
Gross profit	29 541	6 915
EBITDA	3 050	(7 309)
Loss before tax	(2 708)	(11 458)

This division was established after the acquisition of GCCT on 1 March 2019. The division is a leading technology provider for enabled awareness solutions and training and simulation both nationally and internationally. The solutions include asset and force tracking across the world, integrated situational awareness pictures and constructive simulation technology.

Divisional performance *(continued)*

In the prior financial year, the Group consolidated only six months of financial performance from this division as it was acquired in March 2019. The division managed to generate revenue of R89 million for the financial year ended 31 August 2020. GCCT managed to secure a significant contract with a continental union. GCCT commenced work on the contract in the current financial year. This division is focused on rapidly expanding into the African markets through the selection of its command and control solution as a tactical command and control capability for a continental union as well as becoming a training service provider within the private sector.

Managed services	2020 R'000	2019 R'000
Revenue	2 182 970	1 411 673
Gross profit	396 633	360 227
EBITDA	131 721	(47 938)
Profit/(loss) before tax	50 228	(35 273)

The managed services division is focused on providing network infrastructure, support services and end-to-end solutions for enterprises.

Included in this division are the operational results from the contract which AYO secured with a multinational company, as well as the operational results of Zaloserve, SGT Solutions and NSX.

AYO concluded an ICT MSA with a multinational company in terms of which AYO rendered a host of ICT services to the significant customer, effective from 1 July 2018 for a period of seven years. The customer terminated the contract with AYO on 31 July 2020. The contract generated revenue of R418 million for the 11 months to 31 July 2020 as compared to revenue of R427 million for the 12 months ended 31 August 2019.

Zaloserve offers various ICT services to its customers, including a focused spectrum of physical infrastructure, metro and long-distance optic fibre, facility management, continuous energy supply, networking and security solutions to hosting, storage server processing, mobility, data centre, end-user computing and associated consumables. AYO acquired Zaloserve on 19 December 2018.

In the prior financial year, AYO consolidated revenue of R749 million and a gross profit of R162 million from Zaloserve for the eight and a half months from 19 December 2018 to 31 August 2019. In the current year, AYO consolidated revenue of R1.4 billion and a gross profit of R235 million from Zaloserve for the full 12 months to 31 August 2020.

SGT Solutions is a turnkey solutions integrator specialising in the design, supply, deployment, commissioning, and maintenance of multi-technology telecommunication systems for mobile broadband and converged solutions. SGT Solutions also specialises in integrated, leading-edge, and comprehensive solutions across the entire spectrum of telecommunications. AYO acquired SGT Solutions on 1 March 2019.

In the prior financial year, AYO consolidated revenue of R220 million and a gross profit of R67 million from SGT Solutions for the six months from 1 March 2019 to 31 August 2019. In the current year, AYO consolidated revenue of R334 million and a gross profit of R91 million from SGT Solutions for the full 12 months to 31 August 2020.

Governance matters

1. DIRECTORATE

The directors in office up to the date of this report are as follows:

Director	Office	Designation	Date appointment	of Date of resignation
H Plaatjes	Chief executive officer	Executive	21 December 2018	
IT Bundo	Chief financial officer	Executive	22 January 2019	
V Govender	Corporate affairs	Executive	21 December 2018	
K Abdulla	Deputy executive chairman	Executive	12 March 2020	
Dr WA Mgoqi	Chairman	Non-executive	20 August 2018	
AB Amod		Non-executive	26 February 2013	
Dr DH George		Non-executive	20 August 2018	
RP Mosia		Non-executive	21 August 2018	
Adv Dr NA Ramathlodi		Non-executive	7 March 2018	
I Amod		Non-executive	22 January 2019	
SM Rasethaba		Non-executive	24 August 2018	11 November 2020
Prof LCH Fourie		Non-executive	7 July 2020	

2. INVESTMENT DECISIONS

The chief financial officer ("CFO"), Mr IT Bundo also took over the role of chief investment officer ("CIO") on an interim basis from 6 May 2019 up to 12 March 2020. The Investment Committee recommends investments for approval to the board of directors ("Board"). As Mr IT Bundo assumed both roles (CFO and CIO), AYO entered into various agreements with corporate finance advisors to assist them in the process of the initial screening, detailed assessments and valuation of potential investments prior to the presentation thereof to the AYO executives and Investment Committee for assessment as to whether or not the investments are in accordance with AYO's acquisition strategy.

Once the synergies, valuation and strategic fit are established, the potential investments are presented to the Investment Committee. If the acquisition is approved, it is recommended to the Board for final approval.

Mr K Abdulla was appointed as the executive deputy chairman of AYO on 12 March 2020 and as part of his role he will be responsible for the screening, detailed assessments and valuations of potential investments prior to presenting them to the Investment Committee for approval.

Governance matters *(continued)*

3. LITIGATION

On 31 May 2019, AYO received summons issued by the Public Investment Corporation (“PIC”) and the Government Employees Pension Fund (“GEPF”). The summons seeks a declaration that the subscription agreement entered into by the PIC with AYO be declared unlawful and set aside and that AYO be ordered to pay the PIC R4 290 654 165, together with interest of 10.25% per annum accrued from 22 December 2017 to the date of final payment. AYO has instructed its attorneys to oppose the action.

In the event that the PIC and GEPF are successful in their court application, management believes that they will be able to reconfigure the Company into a pure investment holding company. AYO has several subsidiaries that have been in existence for more than 20 years, delivering both satisfactory trading performance and dividend income for AYO.

The State Information Technology Agency (“SITA”) brought an application in the Eastern Cape high court for an order to interdict the Eastern Cape Department of Education (“ECDOE”) from continuing with a contract that the ECDOE has with Sizwe for the supply and lease of tablets to matric learners in the Eastern Cape. The Eastern Cape high court granted the order for the interdict. The ECDOE, supported by Sizwe, are appealing the ruling.

There is a pending defamation claim by Magda Wierzycka against AYO and seven others in the Western Cape High Court. The claim is for the amount of R3 million. AYO is contesting the claim. No provision has been made in respect of this matter as it has not yet been heard before the courts.

4. GOING CONCERN

The reviewed provisional condensed financial results have been prepared based on accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

Although the Covid-19 pandemic has had a negative overall impact on the Group's financial performance, AYO and its subsidiaries have been classified as essential service providers and as such management does not expect significant operational disruptions on the Group because of the Covid-19 pandemic.

The directors have determined the appropriate basis of preparation of the reviewed provisional condensed financial results after considering the Group's outstanding legal matters, the current financial performance of the Group, the Group's financial budgets and assessing the solvency and liquidity of the Group taking into account the current financial position and existing cash resources and borrowing facilities.

5. INDEPENDENT REVIEWERS REPORT

The reviewed provisional condensed financial results for the year ended 31 August 2020 have been reviewed by Crowe Jhb Inc. (“CROWE”) and Thawt Inc. (“THAWT”) who express an unmodified review conclusion. A copy of the independent review report is available for inspection upon request from the Company Secretary at wazeer.moosa@ayotsl.com. Given the current coronavirus pandemic, the report will be sent electronically.

Shareholders are therefore advised that in order to obtain a full understanding of the nature of the review engagement, they should obtain a copy of the independent reviewers' report together with the accompanying financial information from the Company Secretary.

Any reference to future financial performance included in this announcement is the responsibility of the directors and has not been reviewed or reported by the Company's independent reviewers.

Governance matters *(continued)*

6. RELATED PARTY TRANSACTIONS

AYO entered into various transactions with related parties during the year under review. The nature and amounts of these related party transactions has been disclosed in note 25 of the reviewed provisional condensed financial results.

The Audit and Risk Committee adopted a policy for the approval of related party transactions. This policy was reviewed and adopted by the Board on 25 July 2020.

7. DECLARATION OF ORDINARY DIVIDEND

Notice is hereby given that a gross final dividend of 65 cents per share has been declared by the Board of AYO out of income reserves in respect of ordinary shares of no-par value for the period ended 31 August 2020.

A dividend withholding tax of 20% or 13 cents per share will be applicable, resulting in a net dividend of 52 cents per share, unless the shareholder concerned is exempt from paying dividend withholding tax.

The issued share capital at the declaration date is 344 123 944 ordinary shares.

The Company's income tax number is 9389007031.

The salient dates of the dividend distribution are as follows:

Gross dividend (cents per share)	65
Dividend net of dividend withholding tax (cents per share)	52
Announcement date	Thursday, 19 November 2020
Last day to trade <i>cum</i> dividend	Tuesday, 8 December 2020
Trading ex-dividend commences	Wednesday, 9 December 2020
Record date	Friday, 11 December 2021
Date of payment	Monday, 14 December 2021

Share certificates may not be dematerialised between Wednesday, 9 December 2020 and Friday, 11 December 2020, both days inclusive.

8. EVENTS AFTER REPORTING PERIOD

Refer to note 27 for events after reporting period.

9. AUDITORS

The previous auditors of the Group, BDO South Africa Inc. did not seek re-appointment as the auditors of the Group at the annual general meeting of the Company held on 14 April 2020.

The Group appointed CROWE which is a member of Crowe Global ("CROWE Global") and THAWT, as the Group's joint external auditors with effect from 30 April 2020.

The joint appointment will be ratified at the next annual general meeting.

Governance matters *(continued)*

10. FUTURE PROSPECTS

The effects of Covid-19 are having a significant impact on the technology sector, affecting raw materials supply, disrupting the electronics value chain, and causing an inflationary risk on products.

More positively, the disruption has caused an acceleration of remote working and a rapid focus on evaluating and de-risking the end-to-end value chain. Remote work, online education and social distancing will create demand for products and services delivered by the technology industry.

AYO is exceptionally well-positioned to take advantage of these opportunities with solutions that respond to major questions around safety, privacy, sustainability, and trust:

- remote working – Kalula is experiencing strong demand for communication and telecom equipment;
- cybersecurity – Puleng has tremendous products and skills to deliver critical cybersecurity solutions;
- online learning – Zaloserve has the nationwide infrastructure to roll out e-learning products and services to students;
- laboratory services – HST has the software and skills to manage complex data networks in healthcare facilities; and
- crisis management – GCCT has command and control specialist solutions for defence and monitoring social distancing.

Even with the aforementioned opportunities, AYO will not be able to escape the ravages on the global and local economy. Customers will postpone purchases. Cash flow challenges will test our businesses and our businesses may require subsidising during the crisis to confirm readiness in its aftermath.

As companies seek business solutions to address remote work and social distancing, the demand for developer and engineering talent is likely to increase. Retaining top talent will be essential for AYO.

As an ICT investment holding group, AYO is ready with a strong balance sheet to make strategic acquisitions. Company valuations are becoming more attractive for investment and the Group has several targets in mind.

AYO is actively seeking commercial engagement with one of its significant shareholders, the PIC to ensure continued support for AYO's investment programme.

11. APPRECIATION

We wish to thank our employees, Group executives, management, our Board as well as our strategic partners, business partners and stakeholders for their loyalty and dedication in contributing to the success of the Group.



Dr Wallace Mgoqi

Independent non-executive chairman

19 November 2020



Howard Platjes

Chief executive officer



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

	Notes	2020 R'000	2019 R'000
Revenue	1	2 885 214	1 959 292
Cost of sales		(2 259 858)	(1 400 019)
Gross profit		625 356	559 273
Other operating income	2	68 569	10 046
Other operating gains/(losses)	3	(82 562)	(44 434)
Other operating expenses		(692 846)	(549 407)
Movement in credit loss allowances	4	(59 827)	(12 823)
Investment income	5	241 794	322 856
Finance costs	6	(17 429)	(10 918)
Profit/(loss) from equity-accounted investments		20 571	(1 608)
Profit before taxation		103 626	272 985
Taxation	7	(70 846)	(91 186)
Profit after taxation		32 780	181 799
Other comprehensive income:			
Items that will not be subsequently reclassified to profit or loss:			
Gains on property revaluation		-	221
Items that will be subsequently reclassified to profit or loss:			
Exchange differences on translating foreign operations		(834)	(218)
Other comprehensive income for the period		(834)	3
Total comprehensive income for the period		31 946	181 802
Profit after taxation attributable to:			
Shareholders of AYO		21 343	150 599
Non-controlling interests		11 437	31 200
Total profit after taxation		32 780	181 799
Total comprehensive income attributable to:			
Shareholders of AYO		20 509	150 602
Non-controlling interests		11 437	31 200
Total comprehensive income		31 946	181 802
Earnings per share (cents)			
Basic earnings per share (cents)	22	6.20	43.76



Consolidated statement of financial position as at 31 August 2020

	Notes	2020 R'000	2019 R'000
Assets			
Non-current assets		805 533	653 462
Property, plant and equipment	8	91 110	102 776
Right-of-use of assets	9	35 292	-
Goodwill		131 152	131 152
Intangible assets	10	82 783	79 828
Investments in equity accounted joint ventures		18 963	33
Loans to related party companies	11	120 165	108 562
Other loans receivable	12	192 411	156 764
Investments at fair value through profit or loss	13	62 921	24 619
Other financial assets		1 000	12 355
Finance lease receivables		25 189	350
Operating lease asset		-	110
Deferred tax		44 547	36 913
Current assets		4 183 370	4 476 137
Inventories	14	142 364	178 991
Loans to related party companies	11	65 898	-
Other loans receivable	12	12 670	17 199
Trade and other receivables	15	692 926	584 491
Other financial assets		23 228	12 242
Finance lease receivables		18 052	669
Current tax receivable		3 061	2 329
Cash and cash equivalents	16	3 225 171	3 680 216
Total assets		4 988 903	5 129 599
Equity and liabilities			
Equity			
Stated capital		4 444 410	4 444 410
Reserves		(39 847)	(30 470)
Retained income		(227 111)	(77 458)
Equity attributable to shareholders of AYO		4 177 452	4 336 482
Non-controlling interests		118 640	134 392
Total equity		4 296 092	4 470 874
Liabilities			
Non-current liabilities		30 903	63 042
Other financial liabilities		-	797
Derivatives		7 587	3 934
Finance lease liabilities		-	2 853
Lease liabilities	17	16 190	-
Employee benefit obligation		6 375	6 665
Deferred income		751	11 244
Contingent considerations liability	18	-	37 549
Current liabilities		661 908	595 683
Trade and other payables	19	523 665	443 836
Loans from related party companies		-	20 863
Other financial liabilities	20	887	38 500
Finance lease liabilities		-	12 683
Lease liabilities	17	24 395	-
Deferred income	21	47 889	18 589
Current tax payable		11 628	24 124
Provisions		35 541	26 094
Dividend payable		9 382	5 093
Contingent considerations liability		5 097	4 795
Bank overdraft		3 424	1 106
Total liabilities		692 811	658 725
Total equity and liabilities		4 988 903	5 129 599

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

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



Condensed consolidated statement of cash flows as at 31 August 2020

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

Accounting policies and basis of preparation

The reviewed provisional condensed financial results for the year ended 31 August 2020 have been prepared in accordance with the JSE Limited Listings Requirements ("Listings Requirements") for condensed financial results and the requirements of the Companies Act, 2008 (Act 71 of 2008), as amended ("Companies Act"). The Listings Requirements require financial reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards ("IFRS") the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and also that they as a minimum contain the information required by IAS 34 "Interim Financial Reporting". The accounting policies applied in the preparation of the provisional condensed reviewed financial results are in terms of IFRS and are consistent with the accounting policies applied in the preparation of the previous audited consolidated annual financial statements except for the new and revised IFRS standards as detailed below.

These reviewed provisional condensed financial results for the year ended 31 August 2020 have been prepared by the Group Financial and Reporting Accountant, Livhuwani Rasifudi CA(SA) and Group Executive: Finance, Nokukhanya Sithole CA(SA), under the supervision of the Group chief financial officer, Isaiiah Tatenda Bundo CA(SA).

New IFRS standards that became effective during the period

IFRS 16 – Leases

IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases.

IFRS 16 replaces IAS 17 Leases (IAS 17) and IFRIC 4 Determining Whether an Arrangement Contains a Lease (IFRIC 4) and outlines the principles for the recognition, measurement, presentation and disclosure of leases. In terms of IFRS 16, the Group now recognises all leases as right-of-use assets and obligations to make lease payments in the statement of financial position whereas previously lease payments relating to arrangements classified as operating leases in terms of IAS 17 were expensed on a straight-line basis in the statement of profit or loss.

In accordance with IFRS 16, lease payments are allocated between lease obligations and finance costs. The interest element of lease payments is charged to the statement of profit or loss over the relevant lease term. Right-of-use assets are depreciated over the shorter of the relevant right-of-use asset's estimated useful life and the lease term, on a straight-line basis.

The Group has applied IFRS 16 on a prospective basis with effect from 1 September 2019 and has therefore not restated the comparative information contained in these reviewed provisional condensed consolidated financial results. On transition to IFRS 16, lease liabilities were measured at the present value of remaining lease payments discounted at the incremental borrowing rate as at 1 September 2019. The right-of-use assets recognised on 1 September 2019 were measured at an amount equal to the lease liability adjusted by any prepaid or accrued lease payments. There was no adjustment to the Group's opening balance to retained earnings on 1 September 2019.

Accounting policies and basis of preparation *(continued)*

Impact on the statement of financial position increase/(decrease) as at 1 September 2019:

	R'000
Operating lease liabilities as at 31 August 2019 before discounting	19 630
Discounted using the incremental borrowing rate of 10.83%	17 015

Reconciliation items:

Finance lease obligation reclassified to lease liability	45 624
Short-term leases recognised to income statement	(1 523)

Lease liabilities recognised as at 1 September 2019 under IFRS 16

61 116

Reporting entity

The provisional condensed reviewed consolidated financial results for year ended 31 August 2020 comprises the Company, its subsidiaries, and joint ventures.

Use of judgements and estimates

In preparing the reviewed provisional condensed consolidated financial results in conformity with IFRS, management is required to make estimates and assumptions that affect the amounts represented in the reviewed provisional condensed consolidated financial results and related disclosures. Estimates and assumptions are based on historical experience and expectation of future events and are reviewed on an ongoing basis. Actual results in the future could differ from these estimates which may be material to the provisional condensed reviewed consolidated financial results.

Significant judgements made by management that could have a significant effect on the carrying amounts recognised in the provisional condensed reviewed financial results include:

Business combinations

In the calculation of Goodwill arising from a business combination the Group allocates the excess fair value of the consideration transferred, over the net of the fair value of the identifiable assets and liabilities of the acquired entity.

Management made judgements in determining the fair value allocation of the consideration transferred as well as estimates of the useful lives of the intangible assets recognised in the business combination.

Subsidiaries consolidated when less than 50% interest is held

The Group consolidates subsidiaries with an effective interest of less than 50% when the Group has control and power over the investee; it is exposed to or has rights to variable returns from involvement with the investee; and it has the ability to use its power over the investee to affect the amount of the investor's returns. The rights to appoint a majority of directors and key management personnel at the investee give the Company the power to direct the relevant activities of the investee. Although AYO only has a 40% equity interest in Main Street 1653 Proprietary Limited ("Main Street") and 24% equity interest in GCCT it has been determined that AYO controls Main Street and GCCT, respectively in terms of IFRS 10 Consolidated Financial Statements. As per the shareholders agreement, AYO has the rights to variable returns from involvement with Main Street and GCCT and it has the ability to use its power over the investee to affect the amount of the returns in Main Street and GCCT. Management applied judgement in assessing the impact of additional rights granted to the parent company in the shareholder's agreement in respect of its investment in Main Street and GCCT.

Accounting policies and basis of preparation *(continued)*

Entities in which the Group holds more than 20% of the voting rights, but does not have significant influence

The directors have concluded that the Group has no significant influence over Bambelela Capital Proprietary Limited ("Bambelela") and 4Plus Technology Venture Fund Africa Proprietary Limited ("4Plus") even though it has 32% of the voting rights in Bambelela and 22% of the voting rights in 4Plus. This is because the Group has no representation on the board of directors and AYO does not participate in any financial or operating policy decision in Bambelela and 4Plus. The voting rights only provide AYO with limited decision-making powers. Consequently the investments have been accounted for in accordance with IFRS 9 at fair value through profit for loss ("FVTPL").

Put option over non-controlling interest

The Group estimates the fair value of the written put option over non-controlling interest. The estimation is based on a discounted cash flow calculation which are projected financial forecasts of the relevant entities. Management made judgements with regards to inputs into the model in determining the fair value of the written put options.

Leases

Determining the incremental borrowing rate

The interest rate implicit in leases is not available, therefore the Group uses the relevant incremental borrowing rate ("IBR") to measure its lease liabilities. The IBR is estimated to be the interest rate that the Group would pay to borrow the amount required to purchase an asset of a similar value to the right-of-use asset, over a similar term and with similar security.

The IBR, therefore, is considered to be the best estimate of the incremental rate and requires management's judgement as there are no observable rates available.

Fair value measurement of investments

The Group has an established control framework with respect to the measurement of fair values. The fair valuation calculations are performed by Vunani Corporate Finance on an annual basis. The valuation reports are approved by the Investment Committee in accordance with the Group's reporting policies.



Notes to the reviewed provisional condensed financial results

1. REVENUE

	2020 R'000	2019 R'000
Revenue from contracts with customers		
Sale of goods	1 434 156	679 139
Rendering of services	1 451 058	1 280 153
	2 885 214	1 959 292
Disaggregation of revenue from contracts with customers		
The Group disaggregates revenue from customers as follows:		
Sale of goods	1 434 156	679 139
Rendering of services	1 451 058	1 280 153
Fees earned	283 820	259 159
Services revenue	1 167 238	1 020 994
Total revenue	2 885 214	1 959 292

2. OTHER OPERATING INCOME

	2020 R'000	2019 R'000
Corporate services fees income	3 785	4 407
Recovery of credit losses	1 900	949
Other income	1 982	110
Commission received	-	290
Administration and management fees	525	88
Rental income	171	238
Profit on sale of investment in associate	-	62
Fees earned	166	3 902
Income received from SETA	125	-
*Compensation on cancellation of contract	59 915	-
	68 569	10 046

* The income relates to compensation received from the cancellation of the contract with the major customer.

Notes to the reviewed provisional condensed financial results *(continued)*

3. OTHER OPERATING GAINS/(LOSSES)

	2020 R'000	2019 R'000
Loss/(gain) on sale of business	(6 627)	1 345
Gain on bargain purchase	-	418
Fair value (loss)/gains on non-controlling interest ("NCI") written put option	(3 653)	10 860
Net foreign exchange (losses)/gains	(1 801)	853
Fair value losses on contingent considerations	(1 378)	(4 822)
Fair value losses on financial assets designated as at fair value through profit or loss	(70 228)	(53 544)
Profit on sale of property, plant and equipment	1 326	456
Fair value losses on investment in joint arrangements	(201)	-
	(82 562)	(44 434)

4. MOVEMENT IN CREDIT LOSS ALLOWANCES

Trade and other receivables	2 191	9 107
Loans receivables at amortised cost	57 636	3 716
	59 827	12 823

5. FINANCE INCOME

Bank and cash	203 079	280 464
Interest – Group companies	-	518
Loans receivable	15 287	7 055
Cumulative preference shares – Bambelela	9 936	10 996
Cumulative preference shares – 4Plus	1 478	-
Cumulative preference shares – Loot B2B	886	-
Funds in Trust	6 404	2 152
Other financial assets	4 724	21 671
	241 794	322 856

6. FINANCE COSTS

Bank	1 338	465
South African Revenue Service	2 920	4 157
Finance leases	500	349
Lease liabilities	5 622	-
Vendor financing programme	5 388	2 869
Group Loans	1 389	3 078
Long service awards	272	-
	17 429	10 918



Notes to the reviewed provisional condensed financial results *(continued)*

7. INCOME TAX EXPENSE

	2020 R'000	2019 R'000
Major components of the tax expense		
South African normal taxation	78 516	97 534
Under provision – prior periods	-	769
Foreign normal taxation	371	15
Total current tax expense	78 887	98 318
Deferred tax expense		
Deferred tax arising on originating and reversing temporary differences	(8 041)	(8 486)
Benefit of unrecognised tax loss or tax credit or temporary difference used to reduce deferred tax expense	-	180
Arising from prior period adjustments	-	1 174
Total deferred tax expense	(8 041)	(7 132)
Total tax expense	70 846	91 186

8. PROPERTY, PLANT AND EQUIPMENT

	2020 R'000	2019 R'000
Opening balance	102 776	7 169
Additions	23 281	31 775
Additions through business combinations	35	98 399
Disposals	(9 545)	(13 032)
Revaluations	-	221
Foreign exchange movements	-	(1)
Disposal of subsidiary	(5 288)	(41)
Impairment	(68)	(245)
Depreciation	(20 081)	(21 470)
Closing balance	91 110	102 776

Notes to the reviewed provisional condensed financial results *(continued)*

9. RIGHT-OF-USE ASSETS

	Buildings R'000	Motor vehicles R'000	Plant and equipment R'000	Total
IFRS 16 – Initial recognition 1 September 2019	62 388	11 863	64	74 315
Reclassification of existing finance leases under IFRS 16	650	-	-	650
Additions – new leases entered into	2 981	501	-	3 482
Disposal of subsidiary	(845)	-	-	(845)
Depreciation	(34 987)	(7 301)	(22)	(42 310)
Balance at 31 August 2020	30 187	5 063	42	35 292

10. INTANGIBLE ASSETS

	2020 R'000	2019 R'000
Opening balance	79 828	17 743
Additions	11 485	25 194
Additions through business combinations		
– Brands	-	14 573
– Customer lists	-	26 097
– Licences	48	-
Disposals	(58)	(94)
Amortisation	(6 967)	(3 685)
Impairment	(2 666)	-
Foreign exchange	1 113	-
Carrying amount at the end of period	82 783	79 828

There was intellectual property recognised as an intangible asset in subsidiary GCCT with a carrying amount of R1.8 million. This intangible asset has been impaired in the current year due to the poor trading performance of GCCT.

AYO had a licence with Service Now for use of a service management tool which was purchased during the 2018 financial year to service a major customer of AYO. The contract with the customer was cancelled in the current financial year and an amount of R0.5 million relating to the Service Now licence was impaired.



Notes to the reviewed provisional condensed financial results *(continued)*

11. LOAN TO RELATED PARTY COMPANIES

	2020 R'000	2019 R'000
Digital Health Africa Proprietary Limited	-	168
The loan was unsecured, bore no interest and had no repayment terms.		
African Equity Empowerment Investments Limited ("AEEI")	5 872	5 367
The loan is unsecured and interest is charged at the prime overdraft rate. There are no fixed terms of repayment, however, AEEI has been granted an unconditional right to defer payment for at least 12 months.		
Bowwood and Main No 180 Proprietary Limited ("Bowwood")	49 041	-
The loan is unsecured and bears interest at the prime overdraft rate, compounded monthly. The loan is repayable in a single instalment by the issue of ordinary shares by the Borrower, in terms of a subscription agreement, to SGT Solutions. Interest of R 1 040 391 was charged during the year under review.		
AEEI	10 973	-
The loan is unsecured, bears interest at prime plus 2% and is repayable by 13 December 2020.		
AEEI	5 884	-
The loan is unsecured, bears interest at prime plus 2% and is repayable by 31 December 2020.		
Vunani Fintech Fund Proprietary Limited ("Vunani Fintech Fund") (formerly Tamlalor Proprietary Limited)	114 293	103 027
The loan is unsecured, bears interest at prime and repayable on 28 March 2024. AYO subordinated the loan for the benefit of other creditors, so much of their claim against Vunani Fintech Fund as this would enable the claims of such other creditors to be paid in full.		
	186 063	108 562
Split between non-current and current portions:		
Non-current assets	120 165	108 562
Current assets	65 898	-
Total	186 063	108 562



Notes to the reviewed provisional condensed financial results *(continued)*

12. OTHER LOANS RECEIVABLE

	2020 R'000	2019 R'000
Volt Business Solutions Proprietary Limited	-	11 535
The loan is unsecured and bears interest at a rate of prime plus 2%. 50% of the balance is repayable on 1 January 2022 and the remaining balance due on 1 January 2024. This loan was impaired in full in the current year.		
Cortex Logic Proprietary Limited	12 670	11 432
The loan is unsecured and bears interest at a rate of prime plus 2%. R5 million of the balance is repayable on 30 November 2020 with the remaining balance payable on 28 February 2021.		
Cumulative preference shares – Bambelela Capital Proprietary Limited	160 932	150 996
In December 2018, AYO subscribed for 500 000 cumulative, redeemable, non-participating convertible class C preference shares of no par value in Bambelela for consideration of R145 million. The preference shares are redeemable on 31 March 2022. Interest is accrued at variable price prime rate multiplied by adjustment rate of 72%.		
Cumulative preference shares – 4Plus Technology Venture Fund Africa Proprietary Limited (“4Plus”)	31 479	-
On 2 April 2020, AYO subscribed for 1 500 cumulative, redeemable, non-participating convertible preference shares of no par value in 4Plus for consideration of R15 million and on 4 May 2020, AYO subscribed for a further 1 500 cumulative, redeemable, non-participating convertible preference shares of no par value in 4Plus for consideration of R15 million. At 31 August 2020, AYO holds 3 000 cumulative, redeemable, non-participating convertible preference shares of no par value in 4Plus. The preference shares are redeemable on 2 April 2027 and 4 May 2027, respectively. AYO has the right to convert the preference shares into ordinary shares equal to the redemption amount at redemption date. Interest is accrued at prime rate plus 2%.		
	205 081	173 963
Split between non-current and current portions:		
Non-current assets	192 411	156 764
Current assets	12 670	17 199
Total	205 081	173 963

Notes to the reviewed provisional condensed financial results *(continued)*

12. OTHER LOANS RECEIVABLE *(continued)*

Expected credit loss for loans receivable, loans to related party companies and the other financial assets

The general approach is used for loans receivables and other financial assets measured at amortised cost.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Loans receivables:

AYO has advanced a loan of R25.4 million to K2019465714 (South Africa) Proprietary Limited ("K2019"). The loan bears interest at the prime rate and is repayable on 31 May 2023. The loan is secured by trade debtors, loans receivable and bank accounts of K2019. The carrying amounts of the assets secured are measured in accordance with the applicable IFRS and none of these assets are revalued.

The loan was fully impaired due to doubt over recoverability of the loan as result of the entity's poor performance.

Loans to related party companies:

The loans are advanced to the related party companies for capital investment or working capital needs. The risk of default is based on the success of the related party companies trading. Significant portion of the loans are secured by assets of the related company.

Vunani Fintech Fund's credit risk significantly improved in the current year, which resulted in a low credit risk since initial recognition. The loss allowance of R1.6 million recognised in prior period was reversed as impairment recovery in the current financial year.

On 14 April 2020, AYO subscribed for 150 cumulative, redeemable, non-participating convertible preference shares of no par value in Loot B2B Proprietary Limited ("Loot B2B") (previously known as K2018010234 (South Africa) Proprietary Limited for consideration of R15 million. The preference shares are redeemable on 14 April 2027. AYO has the right to convert the preference shares into ordinary shares equal to the redemption amount of redemption date. Interest is accrued at prime rate plus 2%.

The preference share loan was fully impaired due to doubt over recoverability of the loan as result of the entity's poor performance.

Notes to the reviewed provisional condensed financial results *(continued)*

13. INVESTMENTS

	2020 R'000	2019 R'000
Investments comprises of:		
Bambelela	31 139	16 182
Loot B2B Proprietary Limited	-	2 850
4Plus	31 782	5 587
Closing balance	62 921	24 619
Bambelela		
On 28 September 2018, AYO concluded the acquisition of a 32% shareholding in Bambelela. Bambelela holds a 49% shareholding in Yunani Limited a diversified financial services group.		
Loot B2B		
On 8 March 2019, AYO subscribed for 18.7% of the issued share capital in Loot B2B. Loot B2B specialises in e-commerce. Loot B2B was previously known as K201810234 (South Africa) Proprietary Limited.		
4Plus		
On 3 May 2019, AYO subscribed for 10.53% of the issued share capital in 4Plus. 4Plus has interests in digital media, artificial intelligence, software development and telecommunications. On 1 September 2019 AYO subscribed for a further 5% of the issued share capital in 4Plus and on the 13 December 2019 for a further 7.41% of the issued share capital in 4Plus. As at 31 August 2020, AYO has a total shareholding of 22.94% in 4Plus.		
K2019		
On 1 May 2020, AYO subscribed for 20% of the issued share capital in K2019465714 (South Africa) Proprietary Limited for a nominal amount. K2019 is a company with interests in the logistics sector.		
Reconciliation of investments		
Opening balance	24 619	-
Additions	107 984	91 541
Changes in fair values	(69 682)	(66 922)
Closing balance	62 921	24 619



Notes to the reviewed provisional condensed financial results *(continued)*

14. INVENTORIES

	2020 R'000	2019 R'000
Finished goods	51 374	66 604
Consumables	2 578	-
Work in progress	100 271	116 669
	154 223	183 273
Inventory written down to net realisable value	(11 859)	(4 282)
Total inventories	142 364	178 991

The carrying value of inventory of R142 million is at net realisable value. R11.9 million of inventory was written off in the current year (2019: R4.2 million).

15. TRADE AND OTHER RECEIVABLES

	2020 R'000	2019 R'000
Trade receivables	475 986	376 366
Loss allowance	(13 178)	(9 107)
Trade receivables at amortised cost	462 808	367 259
Deposits	14 108	28 563
Accrued income	6 150	30 790
Funds held in Trust	111 423	110 336
Related party receivables	12 058	11 950
Provision for impairment of related party receivables	(10 249)	-
Sundry customers	-	4 070
Contract termination receivable*	68 903	-
Non-financial instruments		
Value added income tax	506	11 560
Prepayments	34 517	28 970
Provision for impairment of prepayments	(9 041)	(9 041)
Sundry customers	1 743	-
Operating lease receivables	-	34
Total	692 926	584 491

* This receivable relates to compensation receivable for the cancellation of the contract with a major customer.



Notes to the reviewed provisional condensed financial results *(continued)*

16. CASH AND CASH EQUIVALENTS

	2020 R'000	2019 R'000
Cash and cash equivalents consists of:		
Cash on hand	171	154
Bank balances	3 225 000	3 680 062
Bank overdraft	(3 424)	(1 106)
Total	3 221 747	3 679 110

17. LEASE LIABILITY

	2020 R'000	2019 R'000
Maturity analysis		
Less than one year	24 395	-
One to five years	16 190	-
More than five years	-	-
Total lease liability	40 585	
Non-current liabilities	16 190	-
Current liabilities	24 395	-
	40 585	
Amounts recognised in profit or loss		
Interest on lease liability	6 122	-
Depreciation	(42 310)	-

The average lease term was 3 – 5 years and the average effective borrowing rate was 10% (2019: 10%).

Interest rates are linked to prime at the contract date. All leases have fixed repayments and no arrangements have been entered into for contingent rent.

Notes to the reviewed provisional condensed financial results *(continued)*

18. CONTINGENT CONSIDERATION LIABILITY

	2020 R'000	2019 R'000
Opening balance	42 344	4 256
Contingent consideration arrangements entered into	-	43 226
Zaloserve Proprietary Limited	-	13 343
SGT Solutions Proprietary Limited	-	29 883
Amount due for payment	-	(5 500)
Settlements	(38 625)	(4 460)
Fair value adjustments	1 378	4 822
Closing balance	5 097	42 344
Split between non-current and current portions:		
Non-current liabilities	-	37 549
Current liabilities	5 097	4 795
Total	5 097	42 344

The contingent consideration arrangement for Zaloserve requires AYO to pay the former owners of Zaloserve for achieving certain earn-out targets for the 2019, 2020 and 2021 financial years, up to a maximum undiscounted amount of R5.5 million for each financial year.

The contingent consideration arrangement for SGT Solutions required AYO and AEEI to pay the former owners of SGT Solutions for achieving certain earn-out targets for the 2020 and 2021 financial years up to a maximum undiscounted amount of R20 million for each financial year. This liability was settled in the current period. On 28 February 2020 AYO and AEEI concluded an agreement with the previous shareholders of SGT Solutions to settle the contingent consideration arrangement for an amount of R33.5 million.

The fair value of the contingent consideration arrangements was calculated as the present value of the future expected cash flows. The calculation was based on the assumption that the earn-out targets will be met based on the best available forecast information at acquisition date and were discounted at the weighted average cost of capital of the relevant subsidiary.

19. TRADE AND OTHER PAYABLES

	2020 R'000	2019 R'000
Trade payables	221 026	324 342
Leave pay and other accruals	233 262	99 645
SARS – PAYE, UIF and SDL	-	13 310
Amounts received in advance	1 909	1 979
Value and taxation	24 479	4 560
Contract termination payable	42 989	-
Total	523 665	443 836

The fair value of trade and other payables approximates carrying value due to its short-term nature.

** This payable relates to compensation payable for the cancellation of the contract with a major customer.*

Notes to the reviewed provisional condensed financial results *(continued)*

20. OTHER FINANCIAL LIABILITIES

	2020 R'000	2019 R'000
Opening balance	38 500	-
Loan – Computer Aided Telephony System	887	38 500
Payment to NCI shareholders – Puleng	(38 500)	-
Closing balance	887	38 500

In the prior year, AYO entered into an agreement to purchase the remaining 43% of Puleng from minority NCI shareholders for a consideration of R38.5 million. The amount owed was settled in the current financial year.

21. DEFERRED INCOME

The Group generates deferred revenue on future warranties and maintenance contracts where upfront payment has been received.

The deferred revenue is released to the income statement in line with the costs incurred over the period of the contract.

	2020 R'000	2019 R'000
Reconciliation		
Opening balance	29 833	-
Additions acquired through business combination	-	31 120
Additions	86 939	6 715
Reversals through the profit and loss	(68 132)	(8 002)
Closing balance	48 640	29 833
Split between non-current and current portions:		
Non-current liabilities	751	11 244
Current liabilities	47 889	18 589
Total	48 640	29 833



Notes to the reviewed provisional condensed financial results *(continued)*

22. EARNINGS PER SHARE

	2020 R'000	2019 R'000
Earnings per share ("EPS") is derived by dividing the earnings attributable to equity holders of AYO by the weighted average number of ordinary shares.		
Basic and diluted earnings per share (cents)	6.20	43.76
There are no dilutive options and other dilutive potential ordinary shares, therefore, basic and diluted earnings per share are the same.		
The earnings and weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share are as follows:		
Earnings attributable to owners of AYO	21 343	150 599
Weighted average number of shares ('000)	344 124	344 124
Headline earnings per share		
Headline earnings is determined as follows:		
Earnings attributable to owners of AYO	21 343	150 599
Adjusted for:		
Profit on sale of property, plant and equipment	(1 326)	(489)
Loss (profit) on disposal of subsidiary	6 627	(1 061)
Impairment of property, plant and equipment	69	244
Impairment of Intangibles	2 665	-
Goodwill impairment	644	-
Gain on bargain of purchase	-	(418)
Tax effects of adjustments	(2 430)	483
Headline earnings	27 592	149 358
Weighted average number of shares ('000)	344 124	344 124
Headline earnings per share (cents)	8.02	43.40

Notes to the reviewed provisional condensed financial results *(continued)*

23. BUSINESS COMBINATIONS

Acquisition of NSX Solutions Consulting Proprietary Limited ("NSX")

AYO completed the acquisition of a 100% shareholding in NSX Solutions Consulting Proprietary Limited ("NSX") on 17 October 2019 for a consideration of R500 000. A loan of R850 000 was extended to NSX. NSX is a company which provides cloud computing solutions.

The fair values of the identifiable assets and liabilities acquired are shown below:

Assets acquired and liabilities assumed	R'000
Property, plant and equipment	35
Intangible assets	48
Loans receivable	119
Trade and other receivables	30
Current tax receivable	3
Value added tax receivable	2
Cash and cash equivalents	313
Deferred income	(29)
Loans payable	(347)
Trade and other payables	(319)
Total identifiable assets and liabilities	(145)
Goodwill	645
Total purchase consideration	500
Consideration paid	
Cash	500
Total purchase consideration	500
Net cash outflow on acquisition date	
Cash consideration paid	(500)
Cash acquired	313
Net cash outflow	(187)

Goodwill

Goodwill recognised on acquisition relates to the expected synergies and economies of scale expected from combining the operations of the entities which cannot be separately recognised as an intangible asset.

Impact of the acquisitions on the Group results

Revenue and profits of the acquirees since acquisitions which have been included in the AYO Group results:

	R'000
Revenue	626
Loss after tax	(197)

Notes to the reviewed provisional condensed financial results *(continued)*

24. CONTINGENCIES

Litigation

On 31 May 2019 AYO received a summons issued by the PIC and GEPI. The summons seeks a declaration that the subscription agreement entered into by the PIC with AYO be declared unlawful and set aside and that AYO be ordered to pay the PIC R4.3 billion together with interest of 10.25% per annum accrued from 22 December 2017 to date of final payment. AYO has instructed its attorneys to oppose the action.

In the event that the PIC and GEPI are successful in their court application, management believes that they will be able to reconfigure the Company as AYO has several subsidiaries that have been in existence for more than 20 years, delivering both satisfactory trading performance and dividend income for AYO.

The State Information Technology Agency ("SITA") brought an application in the Eastern Cape high court for an order to interdict the Eastern Cape Department of Education ("ECDOE") from continuing with a contract that the ECDOE has with Sizwe for the supply and lease of tablets to matric learners in the Eastern Cape. The Eastern Cape high court granted the order for the interdict. The ECDOE, supported by Sizwe, are appealing the ruling.

There is a pending defamation claim by Magda Wierzycka against AYO and seven others in the Western Cape High Court. The claim is for the amount of R3 million. AYO is contesting the claim. No provision has been made in respect of this matter as it has not yet been heard before the courts.

Options

The share sale agreements for Mainstreet and GCCT give AYO the option to sell its 40% shareholding in Main Street and its 24% shareholding in GCCT to AEEI at a price defined by a formula in the share sale agreements ("AYO put options"). The AYO put option for Main Street has been valued at Rnil as at 31 August 2020, (2019: R27 million) and the AYO put option for GCCT has been valued at Rnil as at 31 August 2020 (2019: Rnil). The options are exercisable between two to four years from the date of purchase of Main Street and GCCT. As at 31 August 2020, the minimum period of two years from date of purchase had not elapsed. The asset is not recognised as the recognition criteria of an asset is not met, due to the inflow of economic benefits not being probable.

Notes to the reviewed provisional condensed financial results *(continued)*

25. RELATED PARTIES

Entity name	Relationship
African Equity Empowerment Investments Limited	Holding company
Afrinat Proprietary Limited	Fellow subsidiary
Bowwood and Main No. 180 Proprietary Limited	Fellow subsidiary
espAfrika Proprietary Limited	Fellow subsidiary
Orleans Cosmetics Proprietary Limited	Fellow subsidiary
Vunani Fintech Fund proprietary Limited (previously Tamlalor Proprietary Limited)	Joint venture
Digital Health Africa Proprietary Limited	Joint venture company of a subsidiary
Mustek Limited	Company with similar directors to Sizwe
Sizwe Asset Finance Proprietary Limited	Company with similar directors to Sizwe
BT Communications Services South Africa Proprietary Limited	Associate of holding company
3 Laws Capital Proprietary Limited	Common shareholding
African News Agency Proprietary Limited	Common shareholding
Sekunjalo Investment Holdings Proprietary Limited	Common shareholding
Sekunjalo Properties Proprietary Limited	Common shareholding
Bambelela Capital Proprietary Limited	Investment
Loot B2B Proprietary Limited (previously known as K2018010234 (South Africa) Proprietary Limited	Investment
Volt Business Solutions Proprietary Limited	Investment
4Plus Technology Venture Fund Africa Proprietary Limited	Investment

	2020 R'000	2019 R'000
Significant related party transactions during the year include:		
Sales to related parties		
Sizwe Asset Finance Proprietary Limited	526 078	389 404
Purchases of information technology management services from related parties		
BT Communications Services South Africa Proprietary Limited	211 515	302 358
Mustek Limited	32 236	22 718
Sizwe Asset Finance Proprietary Limited	90 581	98 856
Corporate service income from related parties		
African Equity Empowerment Investments Limited	680	–
Independent News and Media Proprietary Limited	3 105	3 175

Notes to the reviewed provisional condensed financial results *(continued)*

25. RELATED PARTIES *(continued)*

	2020 R'000	2019 R'000
Significant related party transactions during the year include:		
Fair value gains/(losses) on investments in related parties		
4Plus Technology Venture Fund Africa Proprietary Limited	(81 790)	(69 658)
Bambelela Capital Proprietary Limited	14 957	16 182
Loot B2B Proprietary Limited	(2 850)	(12 150)
Administration and management fees expense to related parties		
African Equity Empowerment Investments Limited	7 560	7 560
Impairment expenses in respect of related parties		
4Plus Technology Venture Fund Africa Proprietary Limited	529	-
espAfrika Proprietary Limited	7 000	-
Independent News and Media Proprietary Limited	7 583	-
Orleans Cosmetics Proprietary Limited	207	-
Loot B2B Proprietary Limited – Cumulative preference shares	15 886	-
NSX Solutions Consulting Proprietary Limited	915	-
Sekunjalo Investments Holdings Proprietary Limited	1 930	-
Protective equipment purchased from related parties		
Afrinat Proprietary Limited	3 060	-
Subscriptions expenses to related parties		
Sekunjalo Investments Holdings Proprietary Limited	1 781	1 538
Interest received from related parties		
3 Laws Capital Proprietary Limited	-	7 977
4Plus Technology Venture Fund Africa Proprietary Limited	1 478	-
African Equity Empowerment Investments Limited	1 750	798
AYO International Holdings Proprietary Limited	508	353
Bambelela Capital Proprietary Limited – cumulative redeemable preference shares	9 936	10 996
Loot B2B Proprietary Limited	886	-
Volt Business Solutions Proprietary Limited	1 384	935
Bowwood and Main No. 180 Proprietary Limited	1 040	-
Interest paid to related parties		
African Equity Empowerment Investments Limited	-	536



Notes to the reviewed provisional condensed financial results *(continued)*

25. RELATED PARTIES *(continued)*

	2020 R'000	2019 R'000
Related party balances include the following:		
Loans receivable from related parties		
4Plus Technology Venture Fund Africa Proprietary Limited – cumulative redeemable preference shares	31 478	-
African Equity Empowerment Investments Limited	22 729	10 647
Bambelela Capital Proprietary Limited – cumulative redeemable preference shares	160 933	150 996
Loot B2B Proprietary Limited – cumulative redeemable preference shares	15 886	-
Volt Business Solutions Proprietary Limited	13 524	11 535
Bowwood and Main No. 180 Proprietary Limited	49 040	-
Accumulated impairment on loans receivable from related parties		
Loot B2B Proprietary Limited – cumulative redeemable preference shares	(15 886)	-
Volt Business Solutions Proprietary Limited	(13 524)	-
Loans payable to related parties		
African Equity Empowerment Investments Limited	-	20 863
Investments in related parties at cost		
4Plus Technology Venture Fund Africa Proprietary Limited at cost	183 230	75 245
Bambelela Capital Proprietary Limited at cost	-	-
Loot B2B Proprietary Limited at cost	15 000	15 000
Accumulated fair value gains/(losses) on investments in related parties		
4Plus Technology Venture Fund Africa Proprietary Limited	(151 448)	(69 658)
Bambelela Capital Proprietary Limited	31 139	16 182
Loot B2B Proprietary Limited	(15 000)	(12 150)
Carrying amounts of investments in related parties		
4Plus Technology Venture Fund Africa Proprietary Limited	31 782	5 587
Bambelela Capital Proprietary Limited	31 139	16 182
Loot B2B Proprietary Limited	-	2 850

Notes to the reviewed provisional condensed financial results *(continued)*

25. RELATED PARTIES *(continued)*

	2020 R'000	2019 R'000
Related party balances include the following:		
Other receivables from related parties		
4Plus Technology Venture Fund Africa Proprietary Limited	529	529
African Equity Empowerment Investments Limited	782	723
Orleans Cosmetics Proprietary Limited	207	207
Independent News and Media Proprietary Limited	5 571	5 571
Sekunjalo Investments Holdings Proprietary Limited	1 930	1 281
Sello Rasethaba	-	30
Accumulated impairment on other receivables from related parties		
4Plus Technology Venture Fund Africa Proprietary Limited	(529)	-
Orleans Cosmetics Proprietary Limited	(207)	-
Independent News and Media Proprietary Limited	(4 529)	-
Sekunjalo Investments Holdings Proprietary Limited	(1 930)	-
Lease liability payable to related parties		
Sekunjalo Properties Proprietary Limited	2 589	-
Trade payables to related parties		
African Equity Empowerment Investments Limited	1 702	-
BT Communications Services South Africa Proprietary Limited	3 664	27 360
Mustek Limited	15 143	1 015
Contract termination costs payable to related parties		
BT Communications Services South Africa Proprietary Limited	42 989	-

26. FAIR VALUE INFORMATION

Fair value is determined using valuation techniques as outlined below. Where possible, inputs are based on quoted prices and other market determined variables.

Fair value hierarchy

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement as follows:

- **Level 1** Quoted unadjusted prices in active markets for identical assets or liabilities.
- **Level 2** Inputs other than quoted prices (included in level 1) that are observable for the asset or liability (directly or indirectly).
- **Level 3** Inputs for the asset or liability that are unobservable.

There have been no transfers between levels in the current year.

Notes to the reviewed provisional condensed financial results *(continued)*

26. FAIR VALUE INFORMATION *(continued)*

The following table shows financial assets and liabilities for which fair value is disclosed at reporting date:

Financial instrument	Notes	Fair value hierarchy
Financial assets		
Other financial assets – not designated at fair value through profit/(loss)		Level 2
Other financial assets – designated at fair value through profit/(loss)		Level 2
Trade receivables	16	Level 3 ¹
Cash and cash equivalents	16	Level 1 ²
Foreign exchange contract		Level 1 ¹
Investments at fair value through profit/(loss)	13	Level 3
Financial liabilities		
Other financial liabilities	20	Level 3 ¹
Trade payables	19	Level 3 ²
Bank overdraft	16	Level 1
Contingent consideration liability	18	Level 3
Derivatives – Put options over non-controlling interests		Level 3

¹ The fair value of these instruments approximates their carrying value, due to their short-term nature.

² The carrying value of cash is considered to reflect its fair value.

The following table shows assets and liabilities measured at fair value at reporting date:

	Fair value at 31 August 2020 R'000	Fair value at 31 August 2019 R'000	Valuation method	Fair value hierarchy
Financial assets				
Investments at fair value through profit/(loss)				
Bambelela Capital Proprietary Limited	31 139	16 182	Percentage of net assets value	Level 3
Loot B2B Proprietary Limited	-	2 850	Percentage of net assets value	Level 3
4Plus Technology Venture Fund Africa Proprietary Limited	31 782	5 587	Discounted cash flow	Level 3
Total investments at fair value through profit/(loss)	62 921	24 619		
Other financial assets – designated at fair value through profit/(loss)				
Cadiz Investment Enterprise Development Fund	10 076	10 234	Investor statement	Level 2
Nesa Capital Fund	-	188	Investor statement	Level 2
Numus Capital Proprietary Limited	1 080	-	Investor statement	Level 1
Total other financial assets – designated at fair value through profit/(loss)	11 156	10 422		

Notes to the reviewed provisional condensed financial results *(continued)*

26. FAIR VALUE INFORMATION *(continued)*

	Fair value at 31 August 2020 R'000	Fair value at 31 August 2019 R'000	Valuation method	Fair value hierarchy
Financial liabilities				
Written put options over non-controlling interests	7 587	3 934	Binomial option pricing model	Level 3
Contingent consideration liabilities	5 097	42 344	Discounted cash flow	Level 3
Total financial liabilities	12 684	46 278		

Reconciliation of assets and liabilities measured at level 2 and 3

	Opening balance R'000	Additions R'000	Disposals/ Settlements R'000	Gains/ (losses) in profit or loss R'000	Closing balance R'000
31 August 2020					
Non-financial assets					
Intangible assets acquired through business combinations					
Brands	14 573	-	-	-	14 573
Customers lists	24 692	-	-	(4 941)	19 751
Total intangible assets acquired through business combinations	39 265	-	-	(4 941)	34 324
Financial assets					
Investments at fair value through profit/(loss)					
Bambelela Capital Proprietary Limited	16 182	-	-	14 957	31 139
Loot B2B Proprietary Limited (previously K2018010234 (South Africa) Proprietary Limited)	2 850	-	-	(2 850)	-
4Plus Technology Venture Fund Africa Proprietary Limited	5 587	107 985	-	(81 790)	31 782
Total investments at fair value through profit/(loss)	24 619	107 985	-	(69 683)	62 921

Notes to the reviewed provisional condensed financial results *(continued)*

26. FAIR VALUE INFORMATION *(continued)*

	Opening balance R'000	Additions R'000	Disposals/ Settlements R'000	Gains/ (losses) in profit or loss R'000	Closing balance R'000
31 August 2020					
Other financial assets – designated at fair value through profit/(loss)					
Cadiz Investment Enterprise Development Fund	10 234	-	-	(158)	10 076
Nesa Capital Fund	188	-	(188)	-	-
Numus Capital Proprietary Limited	-	1 055	-	25	1 080
Total other financial assets – designated at fair value through profit/(loss)	10 422	1 055	(188)	(133)	11 156
Financial liabilities					
Written put options over non-controlling interests	3 934	-	-	3 653	7 587
Contingent consideration liabilities	42 344	-	(38 625)	1 378	5 097
Total financial liabilities	46 278	-	(38 625)	5 031	12 684
	Opening balance R'000	Additions R'000	Disposals/ Settlements R'000	Gains/ (losses) in profit or loss R'000	Closing balance R'000
31 August 2019					
Non-financial assets					
Intangible assets acquired through business combinations					
Brands	-	14 573	-	-	14 573
Customers lists	-	26 097	-	(1 405)	24 692
Total intangible assets acquired through business combinations	-	40 670	-	(1 405)	39 265
Financial assets					
Investments at fair value through profit/(loss)					
Bambelela Capital Proprietary Limited	-	-	-	16 182	16 182
Loot B2B Proprietary Limited	-	15 000	-	(12 150)	2 850
4Plus Technology Venture Fund Africa Proprietary Limited	-	75 660	-	(70 073)	5 587
Total investments at fair value through profit/(loss)	-	90 660	-	(66 041)	24 619



Notes to the reviewed provisional condensed financial results *(continued)*

26. FAIR VALUE INFORMATION *(continued)*

	Opening balance R'000	Additions R'000	Disposals/ Settlements R'000	Gains/ (losses) in profit or loss R'000	Closing balance R'000
31 August 2019					
Other financial assets – designated at fair value through profit/(loss)					
Cadiz Investment Enterprise Development Fund	6 890	3 216	-	84	10 190
3 Laws Capital Proprietary Limited	88 827	401 734	(490 561)	-	-
Oasis Proprietary Limited	-	409 801	(422 201)	12 400	-
Nesa Capital Fund	-	188	-	-	188
Total other financial assets – designated at fair value through profit/(loss)	95 717	814 939	(912 762)	12 484	10 378
Financial liabilities					
Written put options over non-controlling interests	-	14 795	-	(10 861)	3 934
Contingent consideration liabilities	-	47 782	(9 960)	4 822	42 644
Total financial liabilities	-	62 577	(9 960)	(6 039)	46 578

The fair value adjustments are recognised directly in profit or loss. The fair value of investments and contingent considerations are based on the discounted cash flow method, while the NCI put liability and contingent consideration liabilities is calculated using the Binomial Option Pricing Model.

Key inputs used in measuring fair value of contingent consideration liabilities include current forecasts of the extent to which management believe performance criteria will be met, discount rates reflecting the time value of money and contractually specified earn-out payments. The potential effect of using reasonably possible alternative assumptions in the valuation, based on a change in the most significant input by 1% while holding all other variables constant, is shown in the following table:

	Weighted average cost of capital	
	Increase R'000 10%	Decrease R'000 10%
Contingent consideration liability		
Zaloserve Proprietary Limited	(115)	118

Notes to the reviewed provisional condensed financial results *(continued)*

26. FAIR VALUE INFORMATION *(continued)*

	Risk free rate	
	Increase R'000	Decrease R'000
Written NCI put options	1%	1%
Mainstreet Group ('000)	10 418	(10 418)

	Net asset value	
	Increase R'000	Decrease R'000
Investments	10%	10%
Bambelela Capital Proprietary Limited	8 107	(8 107)

The value of Bambelela Capital Proprietary Limited is driven by the net asset value of the Vunani Fintech Fund Proprietary Limited and Vunani Limited as all other inputs are fairly constant and predictable therefore a sensitivity analysis has been performed by increasing and decreasing their net asset value by 10%.

	Weighted average cost of capital	
	Increase R'000	Decrease R'000
Investments	1%	1%
4Plus Technology Venture Fund Africa Proprietary Limited	(2 667)	3 023

27. EVENTS AFTER THE REPORTING PERIOD

On 6 September 2020, AYO withdrew its funds from the Cadiz Life Investment Enterprise Development Fund ("Cadiz"). The funds will be utilised by AYO as part of its entrepreneurship development expenditure into small- to medium-sized enterprises in the information, communication, and technology sector for B-BBEE compliance.

AYO withdrew R200 million from the Bank of China on 8 October 2020, and R100 million on 28 October 2020. The withdrawn funds were invested with Ninety One Fund Managers SA (RF) Proprietary Limited ("Ninety One"). The funds with Ninety One will be utilised to invest in the money market. At the time of issue of the financial results, AYO had invested funds of R520 million with Ninety One.

On 17 August 2020, AYO concluded a binding offer to acquire 100% of the issued share capital and outstanding shareholder claims in Kathea Communication Solutions Proprietary Limited ("Kathea Communication") for an upfront consideration of R59.8 million and an earn-out of R30 million. Kathea Communication is a value-added distributor of voice, audio visual, video conferencing and workspace management products solutions and services and represents some of the top brands in the communication, collaboration, audio visual and workspace technology arenas.

The earn-out amount is to be paid in one instalment provided that Kathea Communications achieves minimum warranted earnings before interest, tax, depreciation and amortisation ("Warranted EBITDA") of R22 million in the 2021 financial year. If Kathea Communications does not achieve the Warranted EBITDA, AYO will be entitled to claw back some or all the short fall in the earn-out amount. As at reporting date it is estimated that AYO will pay a maximum of R30 million for the earn-out.

Notes to the reviewed provisional condensed financial results *(continued)*

27. EVENTS AFTER THE REPORTING PERIOD *(continued)*

Should the warranty in 2021 financial year not be achieved, the sellers shall be entitled to claw back some or all of the shortfall during the extended warranty period in the 2022 financial year provided that the sellers achieve the targeted warranted EBITDA of R22 million.

The binding offer is subject to certain conditions precedent, the main ones being the successful completion of due diligence to the satisfaction of AYO, competition commission approval and the conclusion of a definitive sale of share agreement. At the time of issue of the financial results, AYO was still performing a due diligence process on Kathea Communication and the transaction had not yet been approved by the competition commission.

At the time of issue of the financial results, AYO did not have sufficient information to provide the disclosures as required by IFRS 3 Business Combinations as the initial accounting for the transaction was incomplete due to conditional proceedings of the offer being finalised.

On 17 August 2020, AYO concluded a binding offer to acquire 60% of the issued share capital and outstanding shareholder claims in Disruptive Vision Proprietary Limited (trading as Kathea Energy) ("Kathea Energy") for an upfront consideration of R25.2 million and an earn-out of R10.8 million. Kathea Energy is a value-added distributor of alternative energy solutions and represents some of the top brands in the alternative energy sector. The earn-out amount is to be paid equally over a three-year period provided that Kathea Energy achieves a minimum warranted earnings before interest, tax, depreciation and amortisation ("Warranted EBITDA") of R13.5 million in the 2021 financial year, R14.8 million in the 2022 financial year and R16.3 million in the 2023 financial year. If Kathea Energy does not achieve the Warranted EBITDA, AYO will be entitled to claw back some or all the short fall in the earn-out amount in each respective financial year. As at reporting date it is estimated that AYO will pay a maximum of R10.8 million for the earn-out.

AYO has a call option to purchase the remaining 40% of the issued share capital after three years at a Price Earnings Multiple of 5 on EBITDA.

The binding offer is subject to certain conditions precedent, the main ones being the successful completion of due diligence to the satisfaction of AYO, competition commission approval and the conclusion of a definitive sale of share agreement. At the time of issue of the financial results, AYO was still performing a due diligence process on Kathea Energy and the transaction had not yet been approved by the competition commission.

At the time of issue of the financial results, AYO did not have sufficient information to provide the disclosures as required by IFRS 3 Business Combinations as the initial accounting for the transaction was incomplete due to conditional proceedings of the offer being finalised.

A gross final dividend of 65 cents per share in South African Rand has been declared by the Board in respect of the year ended 31 August 2020.

On 16 September 2020, The South African President announced that a number of South Africa's lockdown regulations which came about as a result of the global Covid-19 pandemic will be relaxed as the country moves to a level 1 lockdown from 20 September 2020. Management has assessed this as a non-adjusting event after reporting period. AYO is an essential service provider and has been able to operate during the lockdown period when stricter restrictions were imposed. As at the date of issue of the financial results, management has assessed that this event currently has a negligible anticipated impact on the operations and financial position of the Group for the foreseeable future.

Management has assessed the current economic conditions as well as the projected inflation and gross domestic product on the expected credit loss allowances ("ECL") for loans receivables and trade receivables as a result of the corona virus. As at the date of publication of the financial results, management consider the ECL to be appropriate and no further adjustment is required to the annual financial results.

On 11 November 2020, SM Rasethaba resigned as an independent non-executive director of the Company due to medical reasons.

Condensed segmental analysis

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

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

Condensed segmental analysis *(continued)*

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

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

Corporate information

Directors:	Dr Wallace Mgoqi (Chairman)*# Howard Platjies (Chief executive officer)^ Isaiah Tatenda Bundo (Chief financial officer)^ Vanessa Govender (Corporate affairs director)^ Khalid Abdulla (Executive deputy chairman)^ Rosemary Mosia*# Aziza Amod* Dr Dennis George*# Adv Dr NA Ramathlodi*# Ismet Amod* SM Rasethaba *# Professor Louis Fourie*# <i>* Non-executive # Independent ^ Executive</i>
Business address:	1st Floor, Waterway House North 3 Dock Road, V&A Waterfront, Cape Town, 8001
Company secretary:	Wazeer Moosa 1st Floor, Waterway House North 3 Dock Road, V&A Waterfront, Cape Town, 8001 Email: wazeer.moosa@ayotsl.com
Joint auditor:	Thawt Inc. 3 Monte Vista Blvd, Monte Vista, Cape Town, 7460
Joint auditor:	Crowe Jhb Inc. 3 Sandown Valley Crescent, Sandown, Sandton, 2031
Transfer secretaries:	Link Market Services South Africa Proprietary Limited Rennie House, 13th Floor, 19 Ameshoff Street, Braamfontein, 2001
Joint sponsor:	Vunani Proprietary Limited 151 Katherine Street, Vunani Office Park, Sandown, 2196
Joint sponsor:	Merchantec Capital 13th Floor, Illovo Point, 68 Melville Road, Illovo, Sandton, 2196



Glossary of terms and acronyms

Adv	Advocate
AEEI	African Equity Empowerment Investments Limited
AYO	Ayo Technology Solutions Limited
Bambelela	Bambelela Capital Proprietary Limited
B2B	Business to business
B2C	Business to customer
Board	The Board of directors
B-BBEE	Broad-Based Black Economic Empowerment
BDO	BDO South Africa Incorporated
Crowe Jhb	Crowe Jhb Inc.
Dr.	Doctor
EBITDA	Earnings before interest, tax, depreciation and amortisation
EPS	Earnings per share
GCCT	Global Command and Control Proprietary Limited
Group	Ayo Technology Solutions Limited including its subsidiaries and joint ventures
HEPS	Headline earnings per share
ICT	Information, communication and technology
IFRS	International Financial Reporting Standards
Inc.	Incorporated
JSE	Johannesburg Stock Exchange
Kalula	Kalula Proprietary Limited
KPI	Key Performance Indicator
Mainstreet	Mainstreet 1653 Proprietary Limited
NCI	Non-controlling interest
Puleng	Puleng Technologies Proprietary Limited
SARS	South African Revenue Service
SETA	Services Sector Education and Training Authority
SLA	Service Level Agreement
SGT Solutions	SGT Solutions Proprietary Limited
SMME	Small to Medium Enterprises
Sizwe	Sizwe IT Proprietary Limited
Tamlalor	Tamlalor Proprietary Limited
THAWT	Thawt Inc.
USD	United States Dollar
Zaloserve	Zaloserve Proprietary Limited

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