

REVIEWED PROVISIONAL CONDENSED FINANCIAL RESULTS



**FOR THE YEAR ENDED
31 AUGUST 2021**

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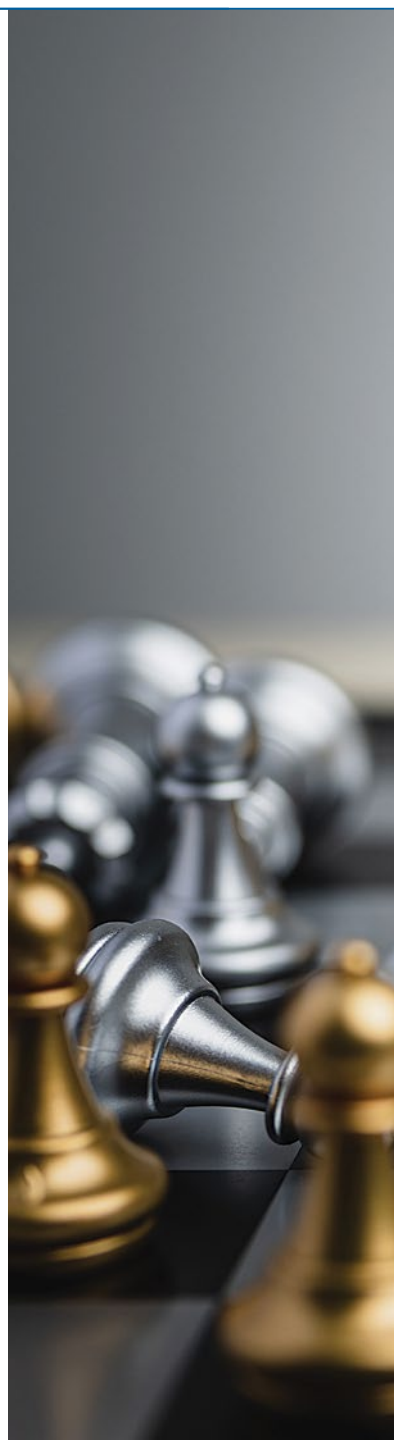
AYO TECHNOLOGY SOLUTIONS LIMITED

(Incorporated in the Republic of South Africa)

Registration number: 1996/014461/06

Share code: AYO ISIN: ZAE000252441

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



Agile strategy for the “new normal”.

A traditional approach to business strategy is centred around “plan the work and work the plan” principle. In today’s uncertain and unpredictable business environment, this method is simply ineffective. Agile tactics focusing instead on making progress in the right direction and the pivoting in the face of new or changing conditions are now required for success.

2021 Highlights

REVENUE
1.7 billion
(41%)

EPS
(75.31) cents
(1 315%)

HEPS
(64.37) cents
(903%)

Overview of the AYO Group

Founded in 1996, AYO is a technology holding company with interests in disruptive technologies that advance life, business, and economics. We have developed a diverse investment portfolio that touches on all aspects of technology, from connectivity and communications to software development and cloud-based services.

Ultimately, we strive to become a leading Africa-based technology group, pioneering smart living, and working throughout the continent and beyond. It is a lofty ambition, but we are well on our way to achieving our future-focused investment strategy. A strategy that aims to identify, secure and scale upcoming disruptive businesses with impact in 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 R4.2 billion as at 31 August 2021.

Business philosophy

We trust that through inclusivity, collaboration and common purpose, we can spearhead the progress of Africa into an innovative technology hub and a globally competitive powerhouse.

Applying creativity, innovation, and technology to solve pertinent problems in Africa is our approach, which we believe will enable us to transform AYO into an authentic African technology giant. It is AYO's ultimate driving purpose to find solutions to the most critical problems in Africa through investing in and incubating technological innovation on the continent, to deliver the most outstanding value for our business, our African economy, and our long-suffering communities.

AYO's approach

The principles of shared value underpin our investment approach. Our subsidiaries and investments are much more than asset-driven equity acquisitions. In making investment decisions we look at what an investment can do for our balance sheet, and how we can create value for the investee and what positive impact we can have on society in general.

Through close and synergistic working relationships with subsidiaries and associated businesses, AYO creates a collaborative environment that enables the companies within the Group to unlock shared value for stakeholders and clients that is far greater than the sum of its organisational parts. This supportive environment that enables the AYO group of companies to flourish into captains of their respective niches and transforms us into a diverse, multi-faceted Group with the wide range of expertise to find novel solutions to complex African challenges and create excellent value.

While we strive for an equity stake that allows for meaningful influence over the business entities in which we invest, our approach is one of supportive assistance, rather than dogmatic control. We adopt a decentralised management system. Involvement is mainly focused on enabling growth and scale of our investee companies through input in the strategic process, and operational support, rather than complete functional takeover.

Group financial performance

AYO had an information, communications and technology (“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. The MSA was for a seven-year period effective from 1 July 2018. The customer terminated the contract with AYO effective 31 July 2020. AYO generated revenue of R418 million on the MSA in the prior financial year.

The managed services division had significant contracts with major customers, which came to the end of their term and were not renewed in the current financial period. These contracts generated revenue of R700 million in the prior financial year.

The non-renewal of the significant contracts in the managed services division and the cancellation of the MSA resulted in the revenue of the Group decreasing by 41% to R1.7 billion as compared to revenue of R2.8 billion in the prior year.

On 16 March 2021, the Group acquired a 100% shareholding in Kathea Communication Solutions Proprietary Limited (“Kathea Communications”) with effective date of 1 March 2021. Kathea Communications 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.

Kathea Communications’ brand offering includes Jabra, Polycom, Plantronics, CTouch, Logitech and Yealink, amongst others. The Group has consolidated revenue of R93 million and profits before tax of R8 million from Kathea Communications for the six months from 1 March 2021 to 31 August 2021.

The Group received compensation of R60 million in the prior year for the cancellation of the MSA contract. This compensation was once-off and recognised as other income in the prior year, contributing to the Group’s prior year profitability.

The Covid-19 pandemic (“Covid-19”), as well as the poor economic environment has harmed the current and forecasted financial performance of some of the Group’s investments which in turn led to the Group recognising an increased expected credit loss allowance on loans advanced to some investee companies and trade debtors. The total credit loss allowances recognised in the current financial year amount to R84 million compared to R60 million in the prior financial year.

The Group has a significant cash holding balance of R2.2 billion from which it earns interest income. There was a reduction in the cash holding balance in the current year as funds were utilised for investments and working capital purposes. The decrease in the cash holding balance resulted in interest income decreasing by 32% to R165 million in the current financial year as compared to R242 million in the prior year.

The significant decrease in revenue, interest income and increase in credit loss allowances resulted in the Group incurring a loss before tax of R201 million as compared to a profit before tax of R104 million in the prior year.

The Group continues to pursue strategic acquisitions as part of its growth strategy. Refer to note 23 for details relating to strategic acquisitions made subsequent to period-end.

Divisional performance

	2021	2020
Software and consulting	R'000	R'000
Revenue	43 607	56 954
Gross profit	9 310	20 840
EBITDA	1 729	7 533
Profit before tax	408	6 812

The software and consulting services division provides 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 helping organisations with the commercialisation of digital content.

Revenue decreased by 23%, mainly as a result of an ICT contract coming to an end in the first half of the year, which accounted for a substantial part of revenue. Additionally, Covid-19 has had a negative impact on revenue in this division. The division continues to aggressively manage costs and pursue additional clients to ensure profitability.

The decrease in the gross profit margin is due to a change in the sales mix in the current financial year in which there were more hardware sales as compared to services revenue. Service revenue has a greater gross margin in comparison to hardware sales. The division is focused on gaining additional customers and increasing its revenue and profits in the next financial year.

	2021	2020
Security solutions	R'000	R'000
Revenue	226 585	344 881
Gross profit	80 704	111 729
EBITDA	6	22 473
(Loss)/Profit before tax	(665)	22 330

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. A significant once-off hardware sale to a customer in the prior period contributed approximately R60 million to revenue. As it was a once-off sale, revenue decreased in the current financial year period by 34%.

Although there has been a decrease in the revenue, gross profit margin in the division has increased from 32% to 36% due to an increase in service revenue which earns higher margins than hardware sales.

The division was disposed of after year end. Refer to note 14.

	2021 R'000	2020 R'000
Unified communications		
Revenue	190 163	90 793
Gross profit	51 519	27 423
EBITDA	13 215	3 800
Profit before tax	11 225	2 588

The unified communications division is a reseller of unified communication devices and gaming equipment of globally recognised brands. On 16 March 2021, with an effective date of 1 March 2021, the Group acquired a 100% equity interest in Kathea Communications which has contributed to a significant increase in metrics. Kathea Communications generated revenue of R93 million, gross profit of R20 million, EBITDA of R8.5 million and profit before tax of R7.6 million for the six months from 1 March 2021 to 31 August 2021.

The division is a distributor for Poly, Konftel and Jabra, amongst other brands.

Revenue increased by 109% from R91 million in the prior year to R190 million in the current financial year. Revenue increased due to the inclusion of the newly acquired subsidiary, Kathea Communications. The division experienced an increased demand for audio and visual equipment. The division has continued to benefit from the “work from home” policy undertaken by most of companies due to the Covid-19 pandemic. Covid-19 presented an opportunity for the division to sell its audio and video conferencing equipment to companies working remotely.

	2021 R'000	2020 R'000
Healthcare		
Revenue	89 932	120 251
Gross profit	35 498	39 190
EBITDA	25 550	24 570
Profit before tax	23 958	24 377

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 sectors.

The division had a public sector contract that ended came to an end in the current financial period and was not renewed, resulting in revenue decreasing by 25% from R120 million in the prior year to R90 million in the current financial year. The remaining contracts had a higher gross margin which resulted in the increase in gross profit percentage in the current financial year as compared to the prior period. The division is currently developing a strategy to obtain additional customers from the private healthcare sector. The division also continues to focus on meeting and exceeding its ongoing service level commitments and key performance indicators (“KPIs”) with all of its customers.

Divisional performance *(continued)*

	2021 R'000	2020 R'000
Tracking solutions		
Revenue	111 063	89 365
Gross profit	29 708	29 541
EBITDA	5 016	3 050
Loss before tax	(2 522)	(2 708)

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.

Revenue increased by 24% due to the fulfillment of critical milestones on a significant contract with a continental union. The contract was awarded in the prior financial year. However, due to the National State of Disaster announced by the President in March 2020, the business was only able to fulfil most of its performance obligations in the current financial year. This division is focused on rapidly expanding into the African markets by providing its command and control solutions and becoming a training service provider within the private sector.

	2021 R'000	2020 R'000
Managed services		
Revenue	1 038 142	2 182 970
Gross profit	239 863	396 633
EBITDA	(391 473)	131 721
(Loss)/Profit before tax	(232 928)	50 228

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 of AYO, Zaloserve, SGT Solutions and NSX Solutions.

AYO's MSA with a multinational company in terms of which AYO rendered a host of ICT services to the multinational company was terminated on 31 July 2020, just prior to the end of the prior financial year. This led to a sharp decrease in the revenue in the current financial year.

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.

Zaloserve had significant revenue contracts with various major customers which ended their contract terms in the current financial year. The division continues to try and find other opportunities and potential clients to engage in services they can offer. AYO consolidated revenue of R715 million from Zaloserve (2020: R1.4 billion) and gross margin of R149 million (2020: R235 million).

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.

SGT Solutions contributed to the Group's consolidated revenue by R326 million (2020: R334 million) and gross profit of R86 million (2020: R91 million).

Governance matters

1. DIRECTORATE

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

Director	Office	Designation	Date of appointment
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 Ramatlhodi		Non-executive [#]	7 March 2018
SM Rasethaba		Non-executive [#]	1 April 2021
Prof LCH Fourie		Non-executive [#]	7 July 2020

[#] Independent

Mr SM Rasethaba, who had resigned as a non-executive director of the Company on 11 November 2020, was re-appointed as a non-executive director on 1 April 2021.

Mr I Amod was a non-executive director of the Company from 22 January 2019 and was appointed as an executive director on 1 April 2021. On 23 November 2021, Mr I Amod resigned as a director of the Company.

2. LITIGATION

On 31 May 2019, AYO received a summons issued by the Public Investment Corporation (“PIC”) and 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 R4.3 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. The Company has since been reconfigured into a technology holding company and will be able to continue to trade as such through the portfolio of investments it holds should the PIC and GEPF be successful in their application. Certain subsidiaries of AYO have been in existence for more than 20 years, delivering satisfactory trading performance and dividend income for AYO. These subsidiaries are expected to continue trading at an optimal level independent of the PIC funding.

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 which it has with Sizwe Africa IT Group Proprietary Limited (“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, is appealing the ruling.

There is a pending defamation claim by Magda Wierzycka against AYO and six others in the Western Cape High Court. The claim is for the amount of R3 million, together with costs. 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.

Governance matters *(continued)*

3. 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. The realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

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

AYO has been classified as an essential service provider and as such, management does not expect significant operational or financial disruptions on the Company because of the coronavirus.

The board of directors of AYO ("Board") have no intention to cease trading, curtail operations or liquidate the Company.

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AYO's previous banker, First National Bank Limited ("FNB"), had given the Company notice to close its transactional banking facility with effect from 3 May 2021. The Company did not have any lending facilities with FNB. The Company instituted legal proceedings against FNB for its decision to close the Company's transactional banking facility. Pending the hearing of AYO's main application, the interdict was struck off the roll for lack of urgency. AYO has put in place alternative third-party payment solutions that will ensure continuity of its business. Furthermore, AYO is in the process of engaging with other banks.

4. INDEPENDENT REVIEWERS REPORT

The reviewed provisional condensed financial results for the year ended 31 August 2021 have been reviewed by Crowe JHB. (“CROWE”) and Thawt Inc. (“THAWT”) who express an unmodified review conclusion.

The auditors’ review report contained the following paragraph with respect to a reportable irregularity:

Note 9 of Governance Matters in the financial statements indicates that the company has provided financial assistance to certain related companies without complying with the requirements of the Companies Act.

In accordance with our responsibilities in terms of sections 44(2) and 44(3) of the Auditing Profession Act, responsibilities beyond those required under the International Standards on Auditing, we report that we have identified the matters described in the preceding paragraph as a reportable irregularity in terms of the Auditing Profession Act. We have reported such matter to the Independent Regulatory Board for Auditors.

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.

5. RELATED PARTY TRANSACTIONS

AYO entered into various transactions with related parties during the financial year under review. The nature and amounts of these related party transactions has been disclosed in note 21 of the reviewed provisional condensed financial results.

Governance matters *(continued)*

6. DECLARATION OF ORDINARY DIVIDEND

An interim dividend of 65 cents (2020: 35 cents) per share amounting to R224 million (2020: R120 million) was paid to shareholders during the financial year under review.

Notice is hereby given that the Board has declared a gross final dividend of 30 cents per share out of income reserves in respect of ordinary shares of no-par value for the year ended 31 August 2021.

A dividend withholding tax of 20%, or 6 cents per share, will be applicable, resulting in a net dividend of 24 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)	30
Dividend net of dividend withholding tax (cents per share)	24
Announcement date	Tuesday, 30 November 2021
Last day to trade <i>cum</i> dividend	Tuesday, 21 December 2021
Trading <i>ex</i> -dividend commences	Wednesday, 22 December 2021
Record date	Friday, 24 December 2021
Date of payment	Tuesday, 28 December 2021

Share certificates may not be dematerialised between Wednesday, 22 December 2021 and Friday, 24 December 2021, both days inclusive.

7. EVENTS AFTER THE REPORTING PERIOD

On 23 September 2021, AYO subscribed for 30% of ordinary shares in Crealpha Proprietary Limited ("Crealpha") for a nominal amount. As part of the shareholders agreement, AYO has also provided Crealpha with a R30 million working capital loan to enable the company's expansion. Crealpha is a cloud data services business that enables the Group to expand its service offering as part of the Group's go-to-market strategy.

On 1 October 2021, AYO subscribed for an additional 30 ordinary shares in 4Plus Technology Venture Fund Africa Proprietary Limited ("4Plus") for a subscription price of R24 million. AYO now holds a total of 28% of the ordinary shares in issue of 4Plus.

On 11 October 2021, AYO subscribed for 25% of ordinary shares in AOH Enterprises Proprietary Limited ("AOH") for a subscription price of R2 850 000. AOH Enterprises specialises in property technology and allows AYO to be a part of a rising disruptive technology.

A final gross dividend of 30 cents per share in South African rand has been declared by the Board of Directors in respect of the year ended 31 August 2021.

AYO has a 24% equity interest in Global Command and Control Technologies Proprietary Limited ("GCCT"). AYO controlled GCCT in terms of IFRS 10 Consolidated Financial Statements as it had a majority representation of directors on the board of GCCT. Effective 1 November 2021, AYO no longer controls GCCT as it no longer has majority representation of directors on the board of GCCT. GCCT is now controlled by the majority shareholder, African Equity Empowerment Investments Limited.

On 1 November 2021, AYO concluded an asset for share agreement. AYO disposed of its 100% shareholding in Puleng Technologies Proprietary Limited ("Puleng") for a consideration of R20 million in exchange for redeemable and cumulative preference shares of the purchaser of R20 million. Puleng is a cyber security company that focuses on developing of efficient Governance, Risk and Compliance ("GRC") programmes and providing data centre infrastructure that effectively protects sensitive client data.

On 23 November 2021, Mr I Amod resigned as an executive director of the Company.

On 26 November 2021 the Group disposed of the licensing rights of the Naviga software systems to LML Shared Solutions Proprietary Limited (LMLS) for a consideration of R22.3 million subject to certain conditions precedent being met. At the time of publication of these results these conditions precedent were not yet met.

On 30 September 2021, the South African President announced that several of South Africa's lockdown regulations that came about due to Covid-19 would be relaxed as the country moves to a level 1 lockdown from 1 October 2021. Management has assessed this as a non-adjusting event after reporting period. The Group has been able to operate during the lockdown period when stricter restrictions were imposed. As at the date of issue of the reviewed provisional condensed financial results, management has assessed that this event currently has a limited 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 Covid-19. At the date of publication of the reviewed provisional condensed financial results, management considers the ECL to be appropriate. No further adjustment is required to the annual financial statements.

The directors are not aware of any other material facts or circumstances which occurred between the reporting date and date of this report that would require any adjustments to the condensed financial results.

Governance matters *(continued)*

8. AUDITORS

Hawt Inc. and Crowe JHB, which is a member of Crowe Global ("CROWE Global"), were appointed as the Company's joint external auditors at the annual general meeting held on 23 February 2021.

9. FINANCIAL ASSISTANCE TO SUBSIDIARIES

At the Group's AGM held on 23 February 2021, the Group did not obtain the requisite number of votes for the special resolution to provide financial assistance and guarantees to its subsidiaries in terms of 45(3)(a)(ii) of the Companies Act. During the financial year the Company granted working capital funding to some of its subsidiaries to ensure the continued operation of the subsidiaries and to maintain their value to the Company.

As the funding was not in accordance with section 45(3)(a)(ii) of the Companies Act, a reportable irregularity was identified by the Group's Independent External Auditors and reported to the Independent Regulatory Board of Auditors. At the date of publication of these reviewed provisional condensed financial results, the reportable irregularity has been substantially resolved with a few outstanding conditions precedents to new agreements that will be imminently fulfilled.

10. FUTURE PROSPECTS

The effects of Covid-19 continue to be seen in all sectors of the economy. The technology industry has been particularly affected as there have been delays in the supply chain and an increase in the prices for technological equipment. Government departments have reduced their ICT spend as the focus is currently more on healthcare and public safety. Additionally, private sector companies have also reduced their ICT spend as a way to reduce costs in the shrinking economy.

The unified communications division has seen an increase in its revenue due to the strategic acquisition concluded during the current financial year as well as the continued demand for video conferencing and telecon equipment due to the new normal of working from home. The growth in the division is expected to continue as entities in the division plan to utilise synergies and increase the division's market share.

The majority of the divisions have experienced a decline in revenue in the current financial year as a result of the overall decline in the economic spend. However, as the economy starts to recover from the impact of Covid-19, customer spend on ICT spend is also expected to increase.

The Group expects to nurture relationships with current customers and suppliers to ensure that it grows current contracts and exploits its current opportunities to the best of its abilities. In line with its go-to-market strategy, the Group will continue to look for opportunities to acquire or partner with companies in disruptive technologies.

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 continues to seek commercial engagement with one of its significant shareholders, the PIC, to ensure continued support for AYO's vision.

11. APPRECIATION

We wish to thank our employees, Group executives, management, our Board as well as our strategic partners, business partners and external stakeholders for their support and loyalty during a tough financial year.



Dr Wallace Mgoqi

Independent non-executive chairman



Howard Platjes

Chief executive officer

29 November 2021

Consolidated statement of profit or loss and other comprehensive income as at 31 August 2021

	Notes	2021 R'000	2020 R'000
Revenue	1	1 699 492	2 885 214
Cost of sales		(1 252 890)	(2 259 858)
Gross profit		446 602	625 356
Other operating income	2	10 873	68 569
Other operating gains/(losses)	3	33 798	(82 562)
Other operating expenses		(783 024)	(692 846)
Movement in credit loss allowances		(84 422)	(59 827)
Finance income	4	164 639	241 794
Finance costs		(13 529)	(17 429)
Profit from equity-accounted investments		24 539	20 571
(Loss)/Profit before taxation		(200 524)	103 626
Taxation	5	(57 579)	(70 846)
(Loss)/Profit after taxation		(258 103)	32 780
Other comprehensive income:			
Items that will be subsequently reclassified to profit or loss:			
Exchange differences on translating foreign operations		3 776	(834)
Total comprehensive (loss)/income for the period		(254 327)	31 946
(Loss)/Profit after taxation attributable to:			
Shareholders of AYO		(259 146)	21 343
Non-controlling interests		1 043	11 437
Total (loss)/profit after taxation		(258 103)	32 780
Total comprehensive (loss)/income attributable to:			
Shareholders of AYO		(255 370)	20 509
Non-controlling interests		1 043	11 437
Total comprehensive (loss)/income		(254 327)	31 946
Earnings per share (cents)			
Basic (loss)/earnings per share (cents)	18	(75.31)	6.20

Consolidated statement of financial position as at 31 August 2021

	Notes	2021 R'000	2020 R'000
Assets			
Non-current assets		990 573	805 533
Property, plant and equipment	6	50 792	91 110
Right-of-use of assets	7	117 209	35 292
Goodwill		144 593	131 152
Intangible assets	8	157 636	82 783
Investments in equity accounted joint ventures		43 502	18 963
Loans to related party companies	9	222 252	120 165
Other loans receivable	10	84 356	192 411
Investments at fair value through profit or loss	11	125 141	62 921
Other financial assets	12	-	1 000
Finance lease receivables		22 854	25 189
Deferred tax		22 238	44 547
Current assets		3 176 223	4 183 370
Inventories		148 875	142 364
Loans to related party companies	9	38 542	65 898
Other loans receivable	10	168 661	12 670
Trade and other receivables		487 512	692 926
Other financial assets	12	146 904	23 228
Finance lease receivables		13 474	18 052
Current tax receivable		8 533	3 061
Cash and cash equivalents	13	2 163 722	3 225 171
Assets classified as held for sale	14	59 790	-
Total current assets		3 236 013	4 183 370
Total assets		4 226 586	4 988 903
Equity and liabilities			
Equity			
Stated capital		4 444 410	4 444 410
Reserves		(31 581)	(39 847)
Accumulated loss		(938 353)	(227 111)
Equity attributable to shareholders of AYO		3 474 476	4 177 452
Non-controlling interests		125 651	118 640
Total equity		3 600 127	4 296 092
Liabilities			
Non-current liabilities		116 102	30 903
Derivatives		19 953	7 587
Lease liabilities	15	90 673	16 190
Employee benefit obligation		5 476	6 375
Deferred income	16	-	751
Current liabilities		486 704	661 908
Trade and other payables		312 312	523 665
Loans from related party companies		10 601	-
Other financial liabilities		2 136	887
Lease liabilities	15	34 979	24 395
Deferred income	16	33 252	47 889
Current tax payable		7 349	11 628
Provisions		33 502	35 541
Dividend payable		28 344	9 382
Contingent considerations liability	17	24 228	5 097
Bank overdraft	13	1	3 424
Liabilities classified as held for sale	14	23 653	-
Total current liabilities		510 357	661 908
Total liabilities		626 459	692 811
Total equity and liabilities		4 226 586	4 988 903

Condensed consolidated statement of changes in equity as at 31 August 2021

	2021 R'000	2020 R'000
Balance at the beginning of the period	4 296 092	4 470 874
Total comprehensive income attributable to shareholders of AYO	(259 146)	21 343
Total comprehensive income attributable to non-controlling interests	3 560	11 437
Dividends paid	(452 098)	(175 503)
Dividends paid to non-controlling interests	(6 799)	(2 722)
Disposal of subsidiary	-	(463)
Foreign currency translation reserve	3 118	(663)
Changes in ownership reserve	5 148	(8 714)
Movement in non-controlling interests – disposal of subsidiary	-	(17 213)
Movement in non-controlling interest – changes in ownership	10 252	(3 285)
Change in accounting policy - IFRS 16	-	1 001
Balance at the end of the period	3 600 127	4 296 092
	2021 R'000	2020 R'000
Comprising of:		
Stated capital	4 444 410	4 444 410
Reserves	(31 581)	3 776
Retained income	(938 353)	(227 111)
Non-controlling interests	125 651	118 640
Total equity	3 600 127	4 339 715

Condensed consolidated statement of cash flows as at 31 August 2021

	2021 R'000	2020 R'000
Cash utilised in operations	(284 132)	27 931
Finance income	126 687	201 654
Finance costs	(12 929)	(16 354)
Dividend income	1 848	-
Tax paid	(64 387)	(91 986)
Net cash from operating activities	(232 913)	121 245
Cash flows from investing activities		
Net additions to property, plant and equipment	(20 010)	(18 310)
Net additions to intangible assets	(30 732)	(11 425)
Purchase of additional shares from minority interests	-	(12 000)
Acquisition of subsidiaries, net of cash acquired	(55 447)	(187)
Loans advanced to related party companies	(94 150)	(58 350)
Loans repaid by related party companies	52 050	-
Other loans advanced	(117 388)	(70 747)
Purchase of investments at fair value	(26 000)	(107 985)
Net advanced to acquire other financial assets	(110 518)	12 805
Amounts repaid from other financial assets	16 378	-
Net amounts withdrawn in trust	21 579	-
Finance lease receipts	9 555	6 446
Net cash to investing activities	(354 683)	(272 783)
Cash flows from financing activities		
Net proceeds or repayment of other financial liabilities and leases	(37 064)	(74 256)
Loans received from related party companies	10 000	(21 252)
Payments for contingent consideration arrangements	(5 500)	(38 625)
Employee benefit obligation payment	(727)	(277)
Dividends paid	(437 137)	(171 415)
Net cash to financing activities	(470 428)	(305 824)
Total cash movement for the period	(1 058 025)	(457 362)
Cash at the beginning of the period	3 221 747	3 679 109
Total cash at the end of the period	2 163 722	3 221 747

Accounting policies and basis of preparation

The reviewed provisional condensed financial results for the year ended 31 August 2021 have been prepared in accordance with the JSE 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 reviewed provisional condensed 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.

These reviewed provisional condensed financial results for the year ended 31 August 2021 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, Isaiah Tatenda Bundo CA(SA).

Reporting entity

The reviewed provisional condensed consolidated financial results for year ended 31 August 2021 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 reviewed provisional condensed consolidated financial results. Significant judgements made by management that could have a significant effect on the carrying amounts recognised in the reviewed condensed consolidated financial results.

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"), 24% equity interest in GCCT and 49.5% in Zaloserve Proprietary Limited ("Zaloserve") it has been determined that AYO controls Main Street, Zaloserve 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, Zaloserve and GCCT and it has the ability to use its power over the investee to affect the amount of the returns in Main Street, Zaloserve and GCCT. As at 31 August 2021, management applied judgement in assessing the impact of additional rights granted to the parent company in the shareholders agreement in respect of its investment in Main Street, Zaloserve and GCCT.

Entities in which the Company disposed of its shares to less than 50% voting rights but does have control

During the current financial year management disposed of 5.5% of its shareholding in Zaloserve. The Group now holds 49.5% equity interest in Zaloserve and this resulted in the Company holding less than 50% of voting rights.

Management signed a voting pool agreement with one of the shareholders with an interest of 4.5% in Zaloserve to vote in favour of the Company for three years.

Management have concluded that the Group continues to have control of Zaloserve as it still 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.

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 Bamblela Capital Proprietary Limited ("Bamblela") 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 as at 31 August 2021. 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").

Accounting policies and basis of preparation

(continued)

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 the American style binomial option pricing model. Management made judgements with regards to inputs into the model in determining the fair value of the written put options.

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 a half-yearly and annual basis. The valuation reports are approved by the Investment Committee in accordance with the Group's reporting policies.

Earnings per share

Earnings per share are calculated on the weighted average number of shares in issue in respect of the year and is based on profit attributable to ordinary shareholders. Headline earnings per share are calculated in terms of the requirements set out in Circular 01/2021 issued by SAICA.

Notes to the reviewed provisional condensed financial results

1. REVENUE

	2021 R'000	2020 R'000
Revenue from contracts with customers		
Sale of goods	1 051 740	1 434 156
Rendering of services	647 752	1 451 058
	1 699 492	2 885 214
Disaggregation of revenue from contracts with customers		
The Group disaggregates revenue from customers as follows:		
Sale of goods	1 051 740	1 434 156
Rendering of services	647 752	1 451 058
Fees earned	346 030	1 167 238
Services revenue	301 722	283 820
	1 699 492	2 885 214
Total revenue		
Timing of revenue recognition by revenue pattern		
At a point in time		
Software and consulting related	70 263	170 424
Security services solutions related	113 041	155 965
Communication products and hardware-related	278 263	104 173
Project-related services	541 022	1 176 012
	1 002 589	1 606 574
Over-time		
Software and consulting related	37 811	148 611
Security services solutions related	54 558	84 714
Communication products and hardware related products	95 445	359 440
Project related services	509 089	685 875
	696 903	1 278 640
Total revenue	1 699 492	2 885 214

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

2. OTHER OPERATING INCOME

	2021 R'000	2020 R'000
Corporate services fees income	-	3 785
Recovery of credit losses	716	1 900
Recoveries	2 864	
Sundry income	1 920	1 982
Dividend income	1 848	-
Administration and management fees	1 666	525
Rental income	425	171
Fees earned	244	166
Income received from SETA	-	125
*Compensation on cancellation of contract	-	59 915
Marketing rebate	1 020	-
Skills development levy refund	170	-
	10 873	68 569

* Income related to compensation received from the cancellation of the MSA contract with a major customer in the prior financial year.

3. OTHER OPERATING GAINS/(LOSSES)

	2021 R'000	2020 R'000
Loss on disposal of business	-	(6 627)
Fair value loss on NCI written put option	(12 366)	(3 653)
Net foreign exchange losses	(9 920)	(1 801)
Fair value gains/(losses) on contingent considerations	4 544	(1 378)
Fair value gain/ (losses) on investments designated as at fair value through profit or loss	50 010	(70 228)
Profit on sale of property, plant and equipment	1 200	1 326
Fair value losses in investments in joint venture	-	(201)
Gain on early termination of lease	330	-
	33 798	(82 562)

4. FINANCE INCOME

	2021 R'000	2020 R'000
Bank and cash	96 100	203 079
Loans receivable	46 296	15 287
Cumulative preference shares	16 292	12 300
Funds in Trust	5 479	6 404
Other financial assets	472	4 724
	164 639	241 794

5. INCOME TAX EXPENSE

	2021 R'000	2020 R'000
Major components of the tax expense		
South African normal taxation	52 511	78 516
Under provision – prior periods	56	–
Foreign normal taxation	–	371
Total current tax expense	52 567	78 887
Deferred tax expense		
Deferred tax arising on originating and reversing temporary differences	5 781	(8 041)
Arising from prior period adjustments	(769)	–
Total deferred tax expense	5 012	(8 041)
Total tax expense	57 579	70 846

6. PROPERTY, PLANT AND EQUIPMENT

	2021 R'000	2020 R'000
Opening balance	91 110	102 776
Additions	25 594	23 281
Additions through business combinations	691	35
Disposals	(20 941)	(9 545)
Transfers	4 561	–
Disposal of subsidiary	–	(5 288)
Impairment	(26 257)	(68)
Depreciation	(23 966)	(20 081)
Closing balance	50 792	91 110

Difficult market conditions and the expiry of certain maintenance contracts resulted in an impairment charge being recognised for IT equipment which could no longer be used. An impairment charge of R26 million was recognised in profit or loss in the current financial year.

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

7. RIGHT-OF-USE ASSET

	Buildings R'000	Motor vehicles R'000	Plant and equipment R'000	Total R'000
Opening Balance 1 September 2020	30 187	5 063	42	35 292
Additions – business combination	2 451	–	–	2 451
Effect of modification of lease term	6 096	–	–	6 096
Disposals	(7 637)	(208)	–	(7 845)
Additions – new leases entered into	108 280	4 365	–	112 645
Depreciation	(27 483)	(3 905)	(42)	(31 430)
Balance at 31 August 2021	111 894	5 315	–	117 209
	Buildings R'000	Motor vehicles R'000	Plant and equipment R'000	Total R'000
Opening Balance 1 September 2019	–	–	–	–
IFRS 16 – Initial recognition 1 September 2019	62 388	11 863	64	74 315
Reclassification of existing finance leases under IFRS 16	650	–	–	650
Disposals	(845)	–	–	(845)
Additions – new leases entered into	2 981	501	–	3 482
Depreciation	(34 987)	(7 301)	(22)	(42 310)
Balance at 31 August 2020	30 187	5 063	42	35 292

8. INTANGIBLE ASSETS

	2021 R'000	2020 R'000
Opening balance	82 783	79 828
Additions	32 510	11 485
Additions through business combinations	62 012	48
– Brands	11 850	–
– Distribution rights	50 162	–
– Licences	–	48
Disposals	(1 777)	(58)
Amortisation	(15 919)	(6 967)
Impairment	–	(2 666)
Foreign exchange (losses)/gains	(1 973)	1 113
Carrying amount at the end of period	157 636	82 783

9. LOAN TO RELATED PARTY COMPANIES

	2021 R'000	2020 R'000
African Equity Empowerment Investments Limited ("AEEI") Loan 1	5 123	5 884
The loan is unsecured, bears interest at prime plus 2% and is repayable by 31 August 2022.		
Bowwood and Main No 180 Proprietary Limited ("Bowwood")	3 687	49 041
The loan is unsecured and bears interest at the prime overdraft rate, compounded monthly. The loan was repayable in a single instalment by the issue of ordinary shares by the borrower, in terms of a subscription agreement, to SGT Solutions. The subscription agreement was not concluded and the loan capital was repaid on 27 May 2021. The loan balance at 31 August 2021 consists of the accumulated interest of R3 687 076 which was repaid subsequent to 31 August 2021.		
AEEI Loan 2	8 862	10 973
The loan is unsecured, bears interest at the prime rate and the loan is repayable on 31 August 2022.		
AEEI Loan 3	6 287	5 872
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.		
Vunani Fintech Fund Proprietary Limited ("VFF") Loan 1	122 556	114 293
The loan is unsecured, bears interest at the prime rate and the loan is repayable on 28 March 2024.		
VFF Loan 2	93 409	-
The loan is unsecured, bears interest at prime plus 2%. R35 million of the loan is repayable on 14 October 2025; 15 million of the loan is repayable on 19 April 2026 and R39.2 million is repayable on 1 June 2026.		
Zaloserve Management Proprietary Limited ("ZM")	15 584	-
The loan bears interest at prime rate and is repayable from distributions received by ZM from its shareholding in Zaloserve. The loan is secured by a pledge and cession of shares by ZM.		
Isakhiwo Group International Proprietary Limited ("Isakhiwo")	5 286	-
The loan bears interest at the prime rate and is repayable from distributions received by the shareholder from time to time.		
	260 794	186 063
Split between non-current and current portions:		
Non-current assets	222 252	120 165
Current assets	38 542	65 898
Total	260 794	186 063

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

10. OTHER LOANS RECEIVABLE

	2021 R'000	2020 R'000
Volt Africa Proprietary Limited	7 314	-
The loan is unsecured and bears interest at a rate of prime plus 2%. The loan is repayable on 31 August 2022.		
Cortex Logic Proprietary Limited ("Cortex")	-	12 670
The loan bears interest at the prime rate plus 2%. R5 million of the balance was repayable on 30 November 2020 with the remaining balance payable on 28 February 2021. The repayments were not received and the loan has been fully impaired in the current financial year. The loan has been handed over to the attorneys for recovery proceedings.		
Cumulative preference shares – Bamebelela Capital Proprietary Limited ("Bamebelela")	161 162	160 932
In December 2018, AYO subscribed for 500 000 cumulative, redeemable, non-participating convertible class C preference shares of no par value in Bamebelela Capital Proprietary Limited for consideration of R145 million. The preference shares are redeemable on 31 March 2022. AYO has the right to convert the preference shares into ordinary shares equal to the redemption amount on redemption date. Interest is accrued at variable prime rate multiplied by adjustment rate at 72%.		
Cumulative preference shares – 4Plus Technology Venture Fund Africa Proprietary Limited ("4Plus")	37 399	31 479
On 9 April 2020, AYO subscribed for 1 500 cumulative, redeemable, non-participating convertible preference shares of no par value in 4Plus for a 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 a consideration of R15 million. At 31 August 2021, AYO holds 3 000 cumulative, redeemable, non-participating convertible preference shares of no par value in 4Plus. The preference shares are redeemable on 9 April 2027 and 4 May 2027 respectively. AYO has the right to convert the preference shares into ordinary shares equal to the redemption amount on redemption date. Interest is accrued at prime rate plus 2%.		
Last Mile Logistics Africa Proprietary Limited ("LMLA")	28 406	-
The loan is secured by trade debtors, bank accounts and loans receivable of Last Mile. Interest is charged at the prime rate. The loan is repayable on 30 November 2023.		
LML Shared Solutions Proprietary Limited ("LMLS") – Loan 1	17 996	-
The loan bears interest at the prime rate and is repayable on 31 July 2024. The loan is secured by motor vehicles with a book value of R18 million.		
Louisyahna Creations Proprietary Limited ("Louisyahna")	740	-
The loan is unsecured and bears no interest. It is repayable over 48 monthly payments of R15 420, which end on 1 August 2025.		
	253 017	205 081

10. OTHER LOANS RECEIVABLE (CONTINUED)

	2021 R'000	2020 R'000
Split between non-current and current portions:		
Non-current assets	84 356	192 411
Current assets	168 661	12 670
Total	253 017	205 081

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 payment 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:

Loans receivables includes borrowings to entities that are non-related to the Group, it also includes redeemable cumulative preference shares. The loans are unsecured with the exception of loan to LMLA which is secured by trade debtors, loans receivables and bank accounts as well as LML Shared Solutions which is secured by motor vehicles. All the loans receivables measured at amortised cost are considered to have low credit risk, and the expected loss allowance is based on the 12 months expected credit loss.

Some of the loans receivable had a significant increase on the credit risk which resulted in expected credit loss being recognised by Group. The below loans receivables were impaired due to significant doubt on the recoverability of the debt:

LMLA – The impairments for the current financial year amount to R45.2 million.

Cortex – No loan repayments were received on this loan and the loan was handed over to attorneys for recovery procedures. The full loan balance of R13.2 million was impaired in the current financial year.

Futuretell – No loan repayments were received on this loan and the loan was handed over to attorneys for recovery procedures. The full loan balance of R3.7 million was impaired in the 2019 financial year.

LML Shared Solutions – There is an impairment of R10 million due to doubt of the recoverability of the loan.

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.

Cumulative preference shares Loot B2B Proprietary Limited – The Group purchased 100 cumulative, redeemable, non-participating convertible preference shares of no par value in the current financial year at R10 million. The full carrying amount plus interest was fully impaired in the current financial year.

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

11. INVESTMENTS

	2021 R'000	2020 R'000
Investments comprises of:		
Bambelela	91 408	31 139
LMLA	11 915	-
4Plus	19 818	31 782
Louisyahna	2 000	-
Closing balance	125 141	62 921

Bambelela

On 28 September 2018, AYO concluded the acquisition of a 32% shareholding in Bambelela. Bambelela holds a 49% shareholding in Vunani Limited a diversified financial services group.

Loot B2B Proprietary Limited (“Loot B2B”)

On 8 March 2019, AYO subscribed for 18.7% of the issued share capital in Loot B2B. On 18 December 2020, AYO subscribed for a further 10.87% in Loot B2B for a consideration of R10 million. Loot B2B specialises in e-commerce. The investment was impaired to nil.

4Plus

On 2 April 2019, AYO subscribed for 9% of the issued share capital in 4Plus. 4Plus has interests in digital media, artificial intelligence, software development and telecommunications. On 5 October 2019 AYO subscribed for a further 5% of the issued share capital in 4Plus and on the 16 December 2019 for a further 7% of the issued share capital in 4Plus. On 18 December 2020, AYO subscribed for a further 2% of the issued share capital in 4Plus for a consideration of R14 million. As at 31 August 2021, AYO has a total shareholding of 25% in 4Plus.

LMLA

On 1 May 2020, AYO subscribed for 20% of the issued share capital in LMLA for a nominal amount. LMLA is company with interests in the logistics sector.

Louisyahna

On 4 July 2021, AYO subscribed to 20% of the issued shared capital in Louisyahna for a consideration of R2 million. Louisyahna is a company which specialises in property technology.

11. INVESTMENTS (CONTINUED)

	2021 R'000	2020 R'000
Reconciliation of investments		
Opening balance	62 921	24 619
Additions	26 000	107 984
Changes in fair values	36 220	(69 682)
Closing balance	125 141	62 921

Investment in Loot B2B

In the broader group, there is a company, Loot Online which has a successful marketplace in the B2C environment. AYO made the investment in Loot B2B with the intention of developing a B2B marketplace leveraging off the experience and expertise of Loot Online. The B2B marketplace connects SMME's and links the demands to the supplies. It eliminates the unnecessary steps businesses must take while finding suppliers and buyers thus increasing efficiency for the platform users. This provides other opportunities that technologies such as Blockchain, cryptocurrency amongst others can be integrated into the whole system in the future, so the customer base will not be limited to doing business only in South Africa.

On 28 April 2021, an additional R10 million was invested by the Group into Loot B2B. The investment was impaired to nil at year end.

Investment in 4Plus

4Plus is an investment holding company that has an equity stake in: Volt Africa (a company that is involved in software development particularly in advertising tech), Loot (an ecommerce platform), Independent Online ("IOL") (an online newspaper) and Africa Community Media ("ACM") (a company that publishes community newspapers). AYO aims to create an e-commerce eco-system through its investment in Loot B2B, Last Mile Logistics Africa, 4Plus and the Vunani Fintech Fund. AYO believes that there is a great opportunity for e-commerce businesses particularly those that will cater to the SMME market (in terms of B2B and B2C) and those that also would capture the township economy. The e-commerce platform available in 4Plus through its equity stake in Loot will enable the creation of an e-commerce platform for a B2B market in LootB2B, the Group aims to utilise the payment systems that are available in the Vunani Fintech Fund on this platform. Volt will be utilised to drive internet traffic towards the e-commerce platform. IOL and ACM will provide the content and link advertisers to the e-commerce platform. Last Mile Logistics will be utilised to effect delivery of goods purchased on the platform.

There was a fair value loss of R24.5 million in the current year because of the impact of Covid-19 on the cash flow forecast of the underlying businesses in 4Plus. 4Plus' major investment (Volt) is also a start-up business which is still in its early stage of development whereby it requires working capital investment, but the capital growth is only achievable in the long term.

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

12. OTHER FINANCIAL ASSETS

	2021 R'000	2020 R'000
Other financial assets are comprised of:		
At fair value through profit or loss		
Cadiz Life Investment Enterprise Development Fund	1 005	9 702
Foreign exchange contracts	802	70
Numus Capital Proprietary Limited ("Numus")	20 398	1 080
Vunani securities (Funds invested in the stock market)	113 456	-
	135 661	10 852
Loans and receivables at amortised cost		
Supplier development loan	972	1 159
Staff loans	4 253	1 979
Uhula ICT Proprietary Limited ("Uhula")	1 700	1 700
Ragna CC	47	30
Thamani Technology and Solutions Proprietary Limited	-	3 701
Breakage fee receivable	250	1 500
Intitium Venture Solution Proprietary Limited	-	280
The IT Alchemist Proprietary Limited	-	520
Mantella Trading 634 Proprietary Limited	4 021	2 507
	11 243	13 376
	146 904	24 228
Split between non-current and current portions:		
Non-current assets	-	1 000
Current assets	146 904	23 228
Total	146 904	24 228

Other financial assets at fair value through profit or loss are carried at fair value, which equals their carrying amounts. The values are determined annually. Refer to note 22 for details of fair values.

The increase in financial assets is primarily due to investments made by the company in the stock market during the current financial year. The Company recognised fair value gains of R5,5 million on the investments in the current financial year.

13. CASH AND CASH EQUIVALENTS

	2021 R'000	2020 R'000
Cash and cash equivalents consists of:		
Cash on hand	106	171
Bank balances	2 163 617	3 225 000
Bank overdraft	(1)	(3 424)
Total	2 163 722	3 221 747

14. NON-CURRENT ASSETS HELD FOR SALE

At the end of period ending August 2021, management decided to dispose of Puleng in line with the Group's strategy. Puleng was categorised as part of security solutions division.

The sale is expected to be finalised within 12 months from date of classification as held for sale.

The following assets and liabilities were reclassified as held for sale as at 31 August 2021:

Assets classified as held for sale	R'000
Property, plant and equipment	430
Right of use asset	2 037
Deferred tax	842
Trade and other receivables	54 835
Other financial assets	640
Cash and cash equivalent	1 006
Total assets held for sale	59 790
Liabilities directly associated with assets classified as held for sale	
Lease liabilities	1 921
Trade and other payables	21 475
Taxation	257
Total liabilities held for sale	23 653
Cash flow statement extract	R'000
Net cash from operating activities	(28 087)
Net cash to investing activities	(6 881)
Net cash to financing activities	(219)
Total cash movement for the period	(35 186)
Cash at the beginning of the period	36 193
Total cash at the end of the period	1 007

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

15. LEASE LIABILITY

	2021 R'000	2020 R'000
Maturity analysis		
Less than one year	34 979	24 395
One to five years	64 253	16 190
More than five years	26 420	-
Total lease liability	125 652	40 585
Non-current liabilities	90 673	16 190
Current liabilities	34 979	24 395
	125 652	40 585
Amounts recognised in profit or loss		
Interest on lease liability	9 192	6 122
Depreciation	(31 430)	(42 310)

The average lease term was three to five years and the average effective borrowing rate was 8.5% (2020: 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.

The lease liability increased in the current financial year due to new leases entered into and an addition from the business combination.

16. 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 statement of profit or loss in line with the costs incurred over the period of the contract.

	2021 R'000	2020 R'000
Reconciliation		
Opening balance	48 640	29 833
Additions	41 786	86 939
Reversals through the profit and loss	(57 174)	(68 132)
Closing balance	33 252	48 640
Split between non-current and current portions:		
Non-current liabilities	-	751
Current liabilities	33 252	47 889
Total	33 252	48 640

17. CONTINGENT CONSIDERATION LIABILITY

	2021 R'000	2020 R'000
Opening balance	5 097	42 344
Contingent consideration arrangements entered into	24 228	-
Kathea Communications	24 228	-
Amount due for payments	(553)	-
Settlements	-	(38 625)
Fair value adjustments	(4 544)	1 378
Closing balance	24 228	5 097
Split between non-current and current portions:		
Non-current liabilities	-	-
Current liabilities	24 228	5 097
Total	24 228	5 097

The contingent consideration arrangement for Zaloserve required 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 Kathea requires AYO to pay the former owners of Kathea Communications an advanced earn-out amount of R15 million on 15 November 2021 and an additional amount of R15 million for achieving certain earn-out targets for the 2022 for the 2023 financial year of Kathea Communications.

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.

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

18. EARNINGS PER SHARE

	2021 R'000	2020 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)	(75.31)	6.20
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	(259 146)	21 343
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	(259 146)	21 343
Adjusted for:		
Profit on sale of property, plant and equipment	(1 200)	(1 326)
Loss on disposal of subsidiary	-	6 627
Impairment of intangibles and property, plant and equipment	26 257	2 734
Goodwill impairment	19 602	644
Tax effect of adjustments	(7 016)	(2 430)
Headline earnings	(221 503)	27 592
Weighted average number of shares ('000)	344 124	344 124
Headline earnings per share (cents)	(64.37)	8.02

19. BUSINESS COMBINATIONS

Acquisition of Kathea Communications Proprietary Limited

AYO completed the acquisition of a 100% shareholding in Kathea Communications on 16 March 2021, with an effective date of 1 March 2021, for a consideration of R59.8 million plus a contingent consideration of R30 million. Kathea Communications 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. Kathea Communications' brand offering includes Jabra, Poly, CTouch, Logitech and Yealink, amongst others.

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

Assets acquired and liabilities assumed	R'000
Property, plant and equipment	691
Right of use asset	2 451
Intangible assets	62 012
Deferred tax liabilities	(12 673)
Finance Lease receivables	2 095
Inventories	18 077
Trade & other receivables	21 622
Cash & cash equivalents	5 778
Other financial liabilities	(11 488)
Lease liabilities	(2 576)
Current tax payable	(911)
Trade and other payables	(28 993)
Provisions	(2 291)
Dividend payable	(4 000)
Bank overdraft	(1 490)
Total identifiable assets and liabilities	48 304
Goodwill	35 715
Total purchase consideration	84 019
Consideration paid	
Cash	59 791
Contingent consideration	24 228
Total purchase consideration	84 019
Net cash outflow on acquisition date	
Cash consideration paid	(59 791)
Cash acquired	4 288
Net cash outflow	(55 503)

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

19. BUSINESS COMBINATIONS (CONTINUED)

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 Group results:

	R'000
Revenue	92 897
Profit after tax	5 453

Revenue and profits of the acquirees' since acquisitions which would have been included in the Group results had the business combinations taken place at the beginning of the 2021 financial year. These values are based on best estimate as it is impractical to include these actual values from 1 September 2020.

	R'000
Revenue	169 289
Profit after tax	8 849

20. CONTINGENCIES

Litigation

On 31 May 2019 AYO received a summons issued by the Public Investment Corporation ("PIC") and 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 R4.3 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.

The Company has since been reconfigured into a technology holding company and will be able to continue to trade as such through the portfolio of investments it holds should the portfolio of investments it holds should the PIC and GEPF be successful in their application. Certain subsidiaries of AYO have been in existence for more than 20 years, delivering both satisfactory trading performance and dividend income for AYO. These subsidiaries are expected to continue trading at an optimal level independent of the PIC funding.

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 six others in the Western Cape High Court. The claim is for the amount of R3 million, together with costs. 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.

20. CONTINGENCIES (CONTINUED)

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 R1.2 million as at 31 August 2021, and the AYO put option for GCCT has been valued at nil as at 31 August 2021. The options are exercisable between two to four years from the date of purchase of Main Street and GCCT. As at 31 August 2021, 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.

21. 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	Joint venture
Mustek Limited	Company with similar directors to Zaloserve
* Sizwe Asset Finance Proprietary Limited	Common directors with Sizwe
Zaloserve Management Proprietary Limited	Shareholders are members of key management for Zaloserve
BT Communications Services South Africa Proprietary Limited	Associate of holding company
African News Agency Proprietary Limited	Common shareholding
Independent News and Media Proprietary Limited	Common shareholding
Independent Newspaper Proprietary Limited	Common shareholding
Loot Online Proprietary Limited	Common shareholding
Prodirect Investments 112 Proprietary Limited	Common shareholding
Sekunjalo Properties Proprietary Limited	Common shareholding
Sekunjalo Investment Holdings Proprietary Limited	Ultimate Holding Company
Omnicare Family Healthcare Centre	Common director
Collateral Trading Proprietary Limited	Common director
4Plus Technology Venture Fund Africa Proprietary Limited	Investment
Bambelela Capital Proprietary Limited	Investment
Loot B2B Proprietary Limited	Investment
Volt Africa Proprietary Limited	Investment
Isakhiwo Group International Proprietary Limited	Shareholder

* Sizwe Asset Finance Proprietary Limited ("SAF") was a related party up to 28 February 2021 as it had a common director with Sizwe. The common director resigned from board of directors of Sizwe on 28 February 2021 and SAF ceased to be a related party of the Group from that date.

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

21. RELATED PARTIES (CONTINUED)

Significant related party transactions during the year include:	2021 R'000	2020 R'000
Sales to related parties		
African Equity Empowerment Investments Limited	9	55
Mustek Limited	55	338
Sizwe Asset Finance Proprietary Limited	6 422	526 078
Purchases of information technology management services from related parties		
BT Communications Services South Africa Proprietary Limited	5 459	275 882
Mustek Limited	12 307	32 236
Sizwe Asset Finance Proprietary Limited	66 608	90 581
Corporate service income from related parties		
African Equity Empowerment Investments Limited	21	680
African News Agency Proprietary Limited	387	-
espAfrika Proprietary Limited	67	-
Independent News and Media Proprietary Limited	2 609	3 105
Loot Online Proprietary Limited	504	-
Tripos Travel Proprietary Limited	29	-
Volt Africa Proprietary Limited	290	-
Fair value gains/ (losses) on investments in related parties		
4Plus Technology Venture Fund Africa Proprietary Limited	(25 964)	(81 790)
Bambelela Capital Proprietary Limited	60 269	14 957
Last Mile Logistics Proprietary Limited	11 915	-
Loot B2B Proprietary Limited	(10 000)	(2 850)
Administration and management fees expenses to related parties		
African Equity Empowerment Investments Limited	7 560	7 560
Sekunjalo Properties Proprietary Limited	1 308	2 088
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	3 582	7 583
Loot B2B Proprietary Limited – Cumulative preference shares	12 208	15 886
Orleans Cosmetics Proprietary Limited	-	207
Sekunjalo Investments Holdings Proprietary Limited	-	1 930
Protective equipment purchased from related parties		
Afrinat Proprietary Limited	-	2 800
Subscriptions expenses to related parties		
Sekunjalo Investments Holdings Proprietary Limited	1 647	2 671
Staff welfare expenses to related parties		
Omnicare Family Healthcare Centre	2 640	-
Donations to related parties		
Afrinat Proprietary Limited	3	-
Collateral Trading Proprietary Limited	70	-
Loot B2B Proprietary Limited	19	-
Vunani Fintech Fund Proprietary Limited	90	-

21. RELATED PARTIES (CONTINUED)

Significant related party transactions during the year include:	2021 R'000	2020 R'000
Entertainment expenses to related parties		
Loot Online Proprietary Limited	380	-
Collateral Trading Proprietary Limited	24	-
Orleans Cosmetics Proprietary Limited	178	-
Interest received from related parties		
4Plus Technology Venture Fund Africa Proprietary Limited	5 921	1 478
African Equity Empowerment Investments Limited	1 593	1 146
Bambelela Capital Proprietary Limited – cumulative redeemable preference shares	8 163	9 936
Bowwood and Mains No.180 Proprietary Limited	2 647	1 040
Isakhiwo Group International Proprietary Limited	161	-
Loot B2B Proprietary Limited	2 208	886
Volt Africa Proprietary Limited	614	1 384
Vunani Fintech Fund Proprietary Limited	11 557	9 659
Zaloserve Management Proprietary Limited	184	-
Related party balances include the following:	2021 R'000	2020 R'000
Loans receivable from related parties		
4Plus Technology Venture Fund Africa Proprietary Limited – cumulative redeemable preference shares	37 399	31 478
African Equity Empowerment Investments Limited	20 272	22 729
Bambelela Capital Proprietary Limited – cumulative redeemable preference shares	161 162	160 933
Bowwood and Main No.180 Proprietary Limited	3 687	49 040
Digital Health Africa Proprietary Limited	-	168
Isakhiwo Group International Proprietary Limited	5 286	-
Loot B2B Proprietary Limited – cumulative redeemable preference shares	28 093	15 886
Volt Africa Proprietary Limited	20 838	13 524
Vunani Fintech Fund Proprietary Limited	215 966	114 294
Zaloserve Management Proprietary Limited	15 584	-
Accumulated impairment on loans receivable from related parties		
Loot B2B Proprietary Limited – cumulative redeemable preference shares	(28 093)	(15 886)
Volt Africa Proprietary Limited	(13 524)	(13 524)
Loans payable to related parties		
Mustek Limited	10 476	-
Investments in related parties		
4Plus Technology Venture Fund Africa Proprietary Limited	197 230	183 230
Bambelela Capital Proprietary Limited	16 182	16 182
Loot B2B Proprietary Limited	25 000	15 000
Last Mile Logistics Africa Proprietary Limited	11 915	-

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

21. RELATED PARTIES (CONTINUED)

Related party balances include the following:	2021 R'000	2020 R'000
Accumulated fair value gains (losses) on investments in related parties		
4Plus Technology Venture Fund Africa Proprietary Limited	(177 411)	(151 448)
Bambelela Capital Proprietary Limited	75 226	31 139
Loot B2B Proprietary Limited	(25 000)	(15 000)
Carrying amounts of investments in related parties		
4Plus Technology Venture Fund Africa Proprietary Limited	19 819	31 782
Bambelela Capital Proprietary Limited	91 408	31 139
Last Mile Logistics Africa Proprietary Limited	11 915	-
Other receivables from related parties		
4Plus Technology Venture Fund Africa Proprietary Limited	529	529
African Equity Empowerment Investments Limited	-	782
Independent News and Media Proprietary Limited	-	5 571
Orleans Cosmetics Proprietary Limited	207	207
Sekunjalo Investments Holdings Proprietary Limited	1 930	1 930
Accumulated impairment on other receivables from related parties		
4Plus Technology Venture Fund Africa Proprietary Limited	(529)	(529)
Independent News and Media Proprietary Limited	-	(7 583)
Orleans Cosmetics Proprietary Limited	(207)	(207)
Sekunjalo Investments Holdings Proprietary Limited	(1 930)	(1 930)
Lease liability payable to related parties		
Sekunjalo Properties Proprietary Limited	1 205	2 589
Trade payables to related parties		
African Equity Empowerment Investments Limited	3 915	1 702
BT Communications Services South Africa Proprietary Limited	-	3 664
Loot Online Proprietary Limited	75	-
Mustek Limited	944	15 143
Premier Fishing SA Proprietary Limited	-	830 000
Sizwe Asset Finance Proprietary Limited	17 108	17
Tripes Travel Proprietary Limited	377	36
Volt Africa Proprietary Limited	14	-
Contract termination costs payable to related parties		
BT Communications Services South Africa Proprietary Limited	-	42 989
Other payables		
Vunani Corporate Finance Proprietary Limited	1 725	1 000

22. 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.

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)	12	Level 2
Other financial assets – designated at fair value through profit/(loss)	12	Level 2
Trade receivables		Level 3 ¹
Cash and cash equivalents	13	Level 1 ²
Foreign exchange contract	12	Level 1 ¹
Investments at fair value through profit/(loss)	11	Level 3
Financial liabilities		
Other financial liabilities		Level 3 ¹
Trade payables		Level 3 ²
Bank overdraft		Level 1
Contingent consideration liability	17	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.

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

22. FAIR VALUE INFORMATION (CONTINUED)

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

	Fair value at 31 August 2021 R'000	Fair value at 31 August 2020 R'000	Valuation method	Fair value hierarchy
Financial assets				
Investments at fair value through profit/(loss)				
Bambelela Capital Proprietary Limited	91 408	31 139	Percentage of net assets value	Level 3
Louisyahna Creations Proprietary Limited	2 000	-	Cost	Level 3
4Plus Technology Venture Fund Africa Proprietary Limited	19 818	31 782	Discounted cash flow	Level 3
Last Mile Logistics Africa Proprietary Limited	11 915	-	Discounted cash flow	
Total investments at fair value through profit/(loss)	125 141	62 921		
Other financial assets – designated at fair value through profit/(loss)				
Cadiz Investment Enterprise Development Fund	1 005	9 702	Investor statement	Level 2
Numus Capital Proprietary Limited	20 398	1 080	Investor statement	Level 1
Vunani Securities	113 456	-		Level 1
Total other financial assets – designated at fair value through profit/(loss)	134 859	10 782		
Financial liabilities				
Written put options over non-controlling interests	19 953	7 587	Binomial option pricing model	Level 3
Contingent consideration liabilities	24 228	5 097	Discounted cash flow	Level 3
Total financial liabilities	44 181	12 684		

22. FAIR VALUE INFORMATION (CONTINUED)

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 2021					
Non-financial assets					
Intangible assets acquired through business combinations					
Brands	12 829	11 850	-	-	24 679
Customers lists	20 271	-	-	(2 469)	17 802
Total intangible assets acquired through business combinations	33 100	11 850	-	(2 469)	42 481
Financial assets					
Investments at fair value through profit/(loss)					
Bambelela Capital Proprietary Limited	31 139	-	-	60 269	91 408
Loot B2B Proprietary Limited	-	10 000	-	(10 000)	-
Louisyahna Creations Proprietary Limited	-	2 000	-	-	2 000
4Plus Technology Venture Fund Africa Proprietary Limited	31 782	14 000	-	(25 964)	19 818
Last Mile Logistics Africa Proprietary Limited	-	-	-	11 915	11 915
Total investments at fair value through profit/(loss)	62 921	26 000	-	36 220	125 141
Other financial assets - designated at fair value through profit/(loss)					
Cadiz Investment Enterprise Development Fund	9 702	1 005	(9 702)	-	1 005
Numus Capital Proprietary Limited ("Numus")	-	20 398	-	-	20 398
Vunani Securities	-	113 456	-	-	113 456
Total other financial assets - designated at fair value through profit/(loss)	9 702	134 859	(9 702)	-	134 859
Financial liabilities					
Written put options over non-controlling interests	7 587	-	-	12 366	19 953
Contingent consideration liabilities	5 097	24 228	-	(5 097)	24 228
Total financial liabilities	12 684	24 228	-	7 269	44 181

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

22. 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					
Non-financial assets					
Intangible assets acquired through business combinations					
Brands	14 573	-	-	(1 744)	12 829
Customers lists	24 692	-	-	(4 421)	20 271
Total intangible assets acquired through business combinations	39 265	-	-	(6 165)	33 100
Financial assets					
Investments at fair value through profit/(loss)					
Bambelela Capital Proprietary Limited	16 182	-	-	16 182	31 139
Loot B2B 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	-	(68 458)	62 921
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)	-	-
Total other financial assets - designated at fair value through profit/(loss)	10 422	-	(188)	(158)	10 076
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

The fair value adjustments are recognised directly in profit or loss. The fair value of investments, NCI put liability and contingent consideration liabilities is calculated using key inputs used in Binomial Option Pricing Model.

22. FAIR VALUE INFORMATION (CONTINUED)

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% for discounted cash flow valuations and 10% for present value calculations while holding all other variables constant, is shown in the following table:

	Weighted average cost of capital	
	Increase R'000	Decrease R'000
Contingent consideration liability	10%	10%
Kathea Communications (R'000)	2 017	(2 410)
	Risk free rate	
	Increase 1%	Decrease 1%
Written NCI put options		
Mainstreet Group (R'000)	497	(507)
GCCT (R'000)	(102)	104
	395	(403)
	Net asset value	
	Increase 10%	Decrease 10%
Investments		
Bambelela (R'000)	42 463	(42 463)

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 1%	Decrease 1%
Investments		
4Plus (R'000)	85 211	(48 563)
LMLA (R'000)	11 603	(13 142)
	96 814	(61 705)

The fair value calculations are performed by Vunani corporate finance and reviewed by the Group's finance department and operations team on a yearly basis. The valuation reports are discussed with the investment committee and Board of Directors in accordance with the Group's reporting policies.

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

23. EVENTS AFTER THE REPORTING PERIOD

On 23 September 2021, AYO subscribed for 30% of ordinary shares in Crealpha Proprietary Limited (“Crealpha”) for a nominal amount. As part of the shareholders agreement AYO has also provided Crealpha with a R30 million working capital loan to enable the company’s expansion. Crealpha is a cloud data services business that enables the Group to expand its service offering as part of the Group’s go-to-market strategy.

On 1 October 2021, AYO subscribed for an additional 30 ordinary shares in 4Plus Technology Venture Fund Africa Proprietary Limited (“4Plus”) for a subscription price of R24 million. AYO now holds a total of 28% of the ordinary shares in issue of 4Plus.

On 11 October 2021, AYO subscribed for 25% of ordinary shares in AOH Enterprises Proprietary Limited (“AOH”) for a subscription price of R2 850 000. AOH Enterprises specializes in property technology and allows AYO to be a part of a rising disruptive technology.

A gross final dividend of 30 cents per share in South African rand has been declared by the Board of Directors in respect of the year ended 31 August 2021.

AYO has a 24% equity interest in Global Command and Control Technologies Proprietary Limited (“GCCT”). AYO controlled GCCT in terms of IFRS 10 Consolidated Financial Statements as it had a majority representation of directors on the board of GCCT. Effective 1 November 2021, AYO no longer controls GCCT as it no longer has majority representation of directors on the board of GCCT. GCCT is now controlled by the majority shareholder, African Equity Empowerment Investments Limited.

On 1 November 2021, AYO concluded an asset for share agreement in which AYO disposed of its 100% shareholding in Puleng Technologies Proprietary Limited (“Puleng”) for a consideration of R20 million in exchange for redeemable and cumulative preference shares of the purchaser of R20 million. Puleng is a cyber security company which focuses on the development of efficient Governance, Risk and Compliance (GRC) programmes and providing data centre infrastructure which effectively protects sensitive client data.

On 23 November 2021, Mr I Amod resigned as an executive director of the Company.

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 Covid-19. As at the date of publication of the financial statements, management consider the ECL as disclosed in note 10 to be appropriate and no further adjustment is required to the annual financial statements.

On 26 November 2021 the Group disposed of the licensing rights of the Naviga software systems to LMLS for a consideration of R22.3 million subject to certain conditions precedent being met. At the time of publication of these results these conditions precedent were not yet met.

On 30 September 2021, 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 1 October 2021. Management has assessed this as a non-adjusting event after reporting period. The Company has been able to operate during the lockdown period when stricter restrictions were imposed. As at the date of issue of these reviewed provisional condensed financial results, management has assessed that this event currently has a negligible anticipated impact on the operations and financial position of the Company for the foreseeable future.

The directors are not aware of any other material facts or circumstances which occurred between the reporting date and date of this report that would require any adjustments to the annual financial statements.

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	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Software and consulting	43 607	56 954	9 310	20 840
Security solutions	226 585	344 881	80 704	111 729
Unified communications	190 163	90 793	51 519	27 423
Healthcare	89 932	120 251	35 498	39 190
Tracking solutions	111 063	89 365	29 708	29 541
Managed services	1 038 142	2 182 970	239 863	396 633
Total	1 699 492	2 885 214	446 602	625 356
Administration and support services			(783 024)	(692 846)
Other operating gains/(losses)			33 798	(59 827)
Other operating income			10 873	68 569
Movement in credit loss allowances			(84 422)	(82 562)
Finance income			164 639	241 794
Investment income			(13 529)	(17 429)
Profit on equity accounted investment			24 539	20 571
Total revenue/(loss) and (loss)/profit before taxation	1 699 492	2 885 214	(200 524)	103 626

Condensed segmental analysis *(continued)*

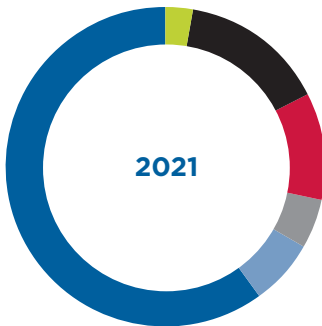
	2021 R'000	2020 R'000
Segmental assets		
Software and consulting	14 633	28 611
Security solutions	59 790	68 760
Unified communications	132 986	97 166
Healthcare	89 594	92 229
Tracking solutions	87 249	90 905
Managed services	3 820 096	4 566 686
Total segmental assets	4 204 348	4 944 357
Unallocated*	22 238	44 546
Total consolidated assets	4 226 586	4 988 903
Segmental liabilities		
Software and consulting	9 880	12 937
Security solutions	23 596	34 540
Unified communications	57 303	31 227
Healthcare	8 802	24 358
Tracking solutions	12 654	13 826
Managed services	521 573	575 924
Total segmental liabilities	633 808	692 812
Unallocated*	(7 349)	-
Total consolidated liabilities	626 459	692 812

* For the purpose of monitoring segment performance and resources allocations between segments, all assets and liabilities are allocated to reportable segments other than deferred tax assets and liabilities.

	Depreciation and amortisation		Additions to property, plant, equipment; right of use asset and intangible assets	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Software and consulting	1 033	865	2 977	1 999
Security solutions	-	518	-	-
Unified communications	6 936	1 222	63 921	1 177
Healthcare	3 920	2 115	6 556	7 953
Tracking solutions	7 127	6 284	97	1 705
Managed services	52 299	62 763	162 352	22 015
Total	71 315	73 767	235 903	34 849

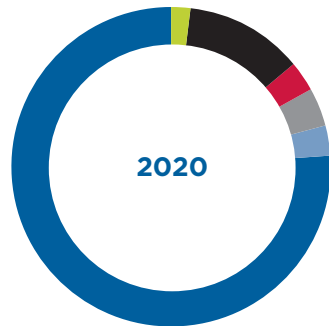
Divisional performance

DIVISIONAL REVENUE



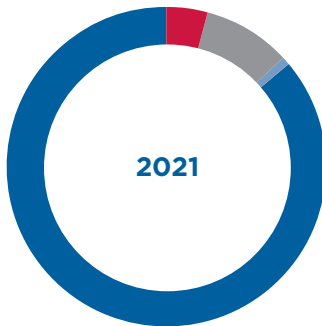
3% ● Software and consulting
13% ● Security solutions
11% ● Unified communications
5% ● Health care
7% ● Tracking solutions
61% ● Managed services

DIVISIONAL REVENUE



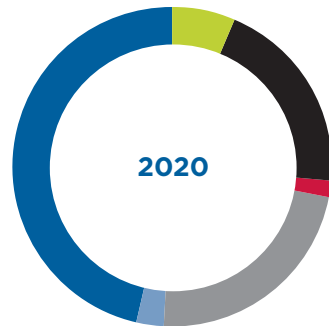
2% ● Software and consulting
12% ● Security solutions
3% ● Unified communications
4% ● Health care
3% ● Tracking solutions
76% ● Managed services

DIVISIONAL PROFIT BEFORE TAX



0% ● Software and consulting
0% ● Security solutions
-6% ● Unified communications
-12% ● Health care
1% ● Tracking solutions
117% ● Managed services

DIVISIONAL PROFIT BEFORE TAX



7% ● Software and consulting
21% ● Security solutions
2% ● Unified communications
24% ● Health care
-3% ● Tracking solutions
49% ● Managed services

Corporate information

Directors: Wallace Mgoqi (Chairman)*#
Khalid Abdulla (Executive deputy chairman)^
Howard Plaatjes (Chief executive officer)^
Isaiah Tatenda Bundo (Chief financial officer)^
Vanessa Govender (Corporate affairs director)^
Rosemary Mosia*#
Aziza Amod*
Sello Rasethaba*#
Dennis George*#
Ngoako Ramatlhodi*#
Prof. Louis Fourie*#
* Non-executive # Independent
^ Executive

Registered office: 1st Floor,
Waterway House North,
3 Dock Road,
Victoria And Alfred Waterfront
Cape Town, 8002

Company secretary: Wazeer Moosa
1st Floor,
Waterway House North,
3 Dock Road,
Victoria And Alfred Waterfront
Cape Town, 8002
Email: wazeer.moosa@ayotsl.com

Joint auditor: Thawt Inc.
3 Monte Vista Blvd,
Monte Vista, Cape Town, 7460

Joint auditor: Crowe, Johannesburg,
3 Sandown Valley Crescent,
Sandown,
Sandton, 2031

Transfer secretaries: JSE Investor Services 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 Rd,
Illovo,
Sandton, 2196

Glossary of terms and acronyms

Adv.	Advocate
AEEI	African Equity Empowerment Investments Limited
AYO	Ayo Technology Solutions Limited
B2B	Business to business
B2C	Business to customer
Bambelela	Bambelela Capital Proprietary Limited
B-BBEE	Broad-Based Black Economic Empowerment
Board	The Board of directors
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
Inc.	Incorporated
JSE	Johannesburg Stock Exchange
Kalula	Kalula Communications Proprietary Limited
Kathea	Kathea Communication Solutions Proprietary Limited
Communications	
KPI	Key Performance Indicator
Mainstreet	Mainstreet 1653 Proprietary Limited
NSX Solutions	NSX Solutions Consulting Proprietary Limited
Prof.	Professor
Puleng	Puleng Technologies Proprietary Limited
SARS	South African Revenue Service
SGT Solutions	SGT Solutions Proprietary Limited
Sizwe	Sizwe Africa IT Group Proprietary Limited
SLA	Service Level Agreement
SMME	Small to Medium Enterprises
THAWT	Thawt Inc.
USD	United States Dollar
Vunani Fintech Fund	Vunani Fintech Fund Proprietary Limited
Zaloserve	Zaloserve Proprietary Limited

This image shows a full page of blank, lined paper. It features approximately 20 horizontal blue lines spaced evenly across the page, typical of notebook or legal stationery. The margins are consistent on all sides, and there is no handwriting or other markings present.

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