

REVIEWED PROVISIONAL CONDENSED FINANCIAL RESULTS



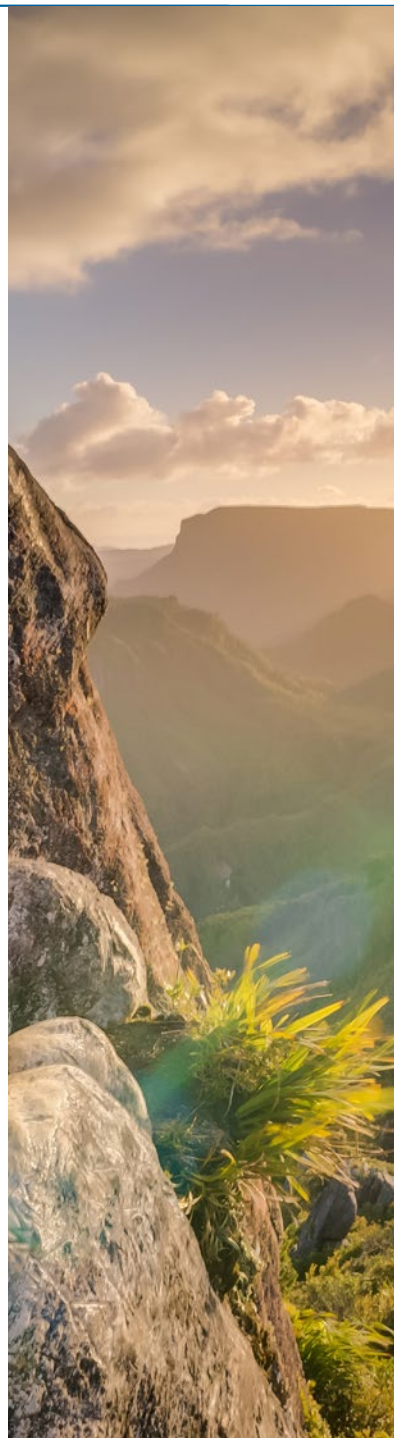
FOR THE YEAR
ENDED 31 AUGUST 2022

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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")





Reflections

The past year has been one of turmoil and uncertainty but we look forward to growing revenue, continued commitment to servicing clients, positively impacting the communities on which we operate and creating value for our stakeholders.

Join us as we reflect on our journey.

2022 Highlights

REVENUE

1.8 billion

▲ 3%

EPS

(78.60) cents

▼ (4%)

HEPS

(60.25) cents

▲ 10%

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.

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 aim to achieve our future-focused investment strategy. A strategy that aims to identify, secure and scale upcoming disruptive businesses with an impact on infrastructure, education, longevity and health, e-commerce, industry automation, cyber security, and green energy solutions.

AYO is listed on the main board of the securities exchanged operated by the Johannesburg Stock Exchange (“JSE”) and has an asset base valued at R3.8 billion as at 31 August 2022.

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, the 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 enables the AYO group of companies to flourish into captains of their respective niches and transforms us into a diverse, multi-faceted Group with a 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 a dogmatic control. We adopt a decentralised management system which involves focusing mainly focused on enabling growth and the scaling of our investee companies through our input in their strategic process, and operational support, rather than complete functional takeover.

Group financial performance

The revenue in the Group has increased slightly by 3% from R1.7 billion in the prior year to R1.8 billion in the current year due to improved revenue generation from the managed services and unified communications divisions.

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 acquisition has proved itself by performing significantly well in the current financial year as it has earned revenue of R236 million for the full 12-month period. In the prior year, the Group consolidated revenue of R93 million from Kathea Communications for the six months from 1 March 2021 to 31 August 2021.

On 1 November 2021, the Group disposed of its 100% shareholding in Puleng Technologies Proprietary Limited (“Puleng”) and lost control of Global Command and Control Technologies Proprietary Limited (“GCCT”). These entities contributed revenues of R227 million and R111 million respectively in the prior year. In the current year under review, the Group has consolidated combined revenue of R8 million from the 2 entities which was generated in the 2-month period of 1 September 2021 to 31 October 2021.

Despite the loss of revenue resulting from the disposal of Puleng and loss of control of GCCT and a subdued economic environment the Group managed to increase its revenues by 3% in the current year.

The Group’s gross profit percentage decreased from 26% in the prior year to 22% in the current year due to the prior year margin including high gross profits earned by Puleng. Since the sale of Puleng, remaining margins average at 22%.

The Group implemented cost saving initiatives which resulted in a decrease in operating expenditure in the current year, however, an impairment of goodwill of R69 million relating to the Zaloserve Group business unit off-set these savings.

Other operating gains include fair value adjustments on investments and derivatives. The Group incurred other operating gains of R59 million in the current year compared to other operating gains of R34 million in the prior year. The main contributor to the increase in the gains is fair value adjustments relating to derivatives. The investments have seen a decrease in fair values due to poor performance because of the subdued economic environment.

In the prior year, the Group earned an average of 3.5% per annum from its cash holdings. To obtain a higher return on cash holdings, the Group invested in the stock market. The Group earned dividend income of R9 million and had fair value gains of R20 million from its investments in the stock market during the current year under review. The Group therefore generated interest income and investment income totalling R147 million in the current year under review as compared to interest income and investment income of R165 million in the prior year. The decrease in overall interest and investment income is mainly because of a decline in overall cash balance.

The Group generated a loss before taxation of R233 million for the year ended 31 August 2022 as compared to a loss before tax of R201 million in the prior financial year, mainly due to the decrease in gross margins, lower fair value adjustments on investments and the impairment of goodwill.

A subdued economic environment post Covid-19 in addition to the continued negative publicity and ongoing banking challenges facing the Group has constrained the Group’s business development, organic growth initiatives, and its ability to complete significant acquisitions. The Group however continues to focus on remaining resilient despite the challenges it faces.

Divisional performance

Software and consulting	2022 R'000	2021 R'000
Revenue	44 423	43 607
Gross profit	13 830	9 310
EBITDA	1 891	1 729
Profit before tax	765	408

The software and consulting 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 assisting organisations with the commercialisation of digital content.

Revenue increased slightly by 2%, despite a significant ICT contract being cancelled in the prior year, which was countered by securing a significant customer in the United Kingdom in the current year.

The additional contract obtained has resulted in higher margins as the division has embarked on cost savings.

The division continues to aggressively manage costs and pursue additional clients to ensure that margins and profitability are maintained.

Security solutions	2022 R'000	2021 R'000
Revenue	-	226 585
Gross profit	-	80 704
EBITDA	(3 036)	6
Loss before tax	(3 171)	(665)

The security solutions division deployed customised security systems to organisational clients with its key focus on identity, access management and governance, risk and compliance ("GRC") management. This division was disposed of on 1 November 2021. The results shown above are for the two months of September and October 2021 when the division was still a part of the Group.

The division had challenges with its customers due to the termination of its banking facilities and the negative media publicity facing the Group which resulted in non-renewal of contracts and no revenue being earned. This ultimately resulted in the division incurring losses and in the decision to dispose of it.

Unified communications	2022 R'000	2021 R'000
Revenue	365 304	190 163
Gross profit	85 626	51 519
EBITDA	32 512	13 215
Profit before tax	29 134	11 225

The unified communications division is a reseller of unified communication devices and gaming equipment of globally recognised brands. The division is a distributor for Poly, Konftel, Logitech and Jabra, amongst other brands.

On 1 March 2021, the Group completed the acquisition of a 100% equity interest in Kathea Communications which has contributed to the significant increase in the division's metrics. Kathea Communications generated revenue of R236 million, gross profit of R52 million, EBITDA of R25 million and profit before tax of R19 million for the year under review, while it contributed revenue of R93 million, gross profit of R20 million, EBITDA of R8.5 million and profit before tax of R8 million for the 6 months from 1 March 2021 to 31 August 2021.

The division's revenue increased by 92% in the current year from R190 million in the prior year to R365 million in the current financial year. Revenue increased significantly due to the inclusion of Kathea Communications for the full current financial year coupled with the increased demand of audio and visual equipment.

Although revenues have increased significantly, the division's gross profit margin has decreased from 27% in the prior year to 23% in the current year due to a change in the sales mix in video which generates less margins as well as the depreciation of the Rand against the US dollar as a majority of the division's equipment is imported.

Healthcare	2022 R'000	2021 R'000
Revenue	64 101	89 932
Gross profit	29 895	35 498
EBITDA	20 507	25 550
Profit before tax	19 575	23 958

The healthcare division is a specialist provider of optimised and integrated healthcare Information, Communication and Technology ("ICT") solutions. The division provides modular and integrated healthcare information systems across all levels in the public and private sectors.

The division has seen revenue decrease by 29% from R90 million to R64 million in the current year, due to a public sector contract that is coming to an end in the prior year and not being renewed. However due to the specialised nature of the work done by the division, the public sector customer continued to engage the division to perform support services.

The remaining contracts as well as the support services performed for the public sector customer have higher gross margins which resulted in the significant increase in gross profit margin from 39% in the prior financial year to 47% in the current financial year.

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)*

	2022 R'000	2021 R'000
Tracking solutions		
Revenue	8 677	111 063
Gross profit	3 373	29 708
EBITDA	(712)	5 016
Profit/(loss) before tax	1 124	(2 522)

There were changes to the directorate in this division which resulted in AYO losing control in terms of IFRS 10 – Consolidated Financial Statements, on 1 November 2021. The results shown above are for the two months ending September and October 2021 when the division was still a subsidiary of the Group.

The division is a leading technology provider for enable 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.

As from 1 November 2021, the division is equity-accounted in the Group financial results. A loss of R3.2 million was equity-accounted for the remaining 10-month period from 1 November 2021 to 31 August 2022.

	2022 R'000	2021 R'000
Managed services		
Revenue	1 272 674	1 038 142
Gross profit	254 921	239 863
EBITDA	(388 103)	(391 473)
Loss before tax	(280 588)	(232 928)

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

Included in this division are the operational results of AYO Technology Solutions Limited (“AYO”), Zaloserve Proprietary Limited (“Zaloserve”), SGT Solutions Proprietary Limited (“SGT Solutions”), AYO Technology Proprietary Limited and NSX Solutions Consulting Proprietary Limited (“NSX”).

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 contracts with various customers which ended in the prior financial year. The division has embarked on significant efforts to obtain additional contracts and it has been able to generate revenues similar to the prior year due to additional contracts being awarded by several public sector customers. AYO consolidated revenue of R927 million (2021: R715 million) and gross profit of R190 million (2021: R148 million) from Zaloserve in the current year.

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 R345 million, a R19 million increase from the prior year due to additional revenues earned from significant telecommunications customers. SGT however saw a decrease in gross profit, from R86 million in the prior year to R64 million in the current year due to the depreciation of the Rand against the US dollar as a majority of the division's equipment is imported.

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 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.

There have been no other changes to the directorate up to the date of this report.

2. LITIGATION

On 31 May 2019, AYO received a summons issued by the Public Investment Corporation (“PIC”) and Government Employees Pension Fund (“GEPPF”). 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 GEPPF 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 optimal levels 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.

A legal loss provision of R16.7 million, based on the case between the Sizwe and SITA/Eastern Cape Department of Education has been raised in the financial results.

Legal experts are of the opinion that Sizwe must provide for a potential loss, being the profit that was made from components of the deal. Therefore management have made an estimate and raised the provision for the amount.

Governance matters *(continued)*

The Group instituted action against Futuretell Communication Proprietary Limited for going against the terms set in a loan agreement relating to a loan granted to them in 2019. The Group has instituted legal action in order to recover the loan.

The Group instituted action against Cortex Logic Proprietary Limited and its directors who stood surety for a loan that was granted in 2018. Judgement and settlement was ordered in favour of AYO for a sum of R14 million. A warrant of execution has been issued for the recovery of the outstanding amount. The Group has instituted legal action in order to recover the loan.

There is a pending defamation claim against Pieter Louis Myburgh which forms part of a broader defamation claim against the Daily Maverick. The claim is for the amount of R5 million.

There is a pending defamation claim of R5 million against Amabhungane relating to an article published in 2021. A summons was issued in relation to the defamatory remarks.

The Group is party to an Equality Court application against ABSA and 26 others declaring that the decision of the banks to terminate and/or refuse to provide or to give notice of termination and/or refusal of banking services and facilities to the Group and other parties involved in the application is inconsistent with their obligations under the Constitution and the Promotion of Equality and Prevention of Unfair Discrimination Act.

Legal proceedings were instituted against Access Bank following the termination of AYO's bank accounts. An interim interdict application was opened against Access Bank to re-open the bank accounts and to launch a review application to set aside Access Bank's decision to terminate AYO's bank accounts and declaring the termination unlawful. The matter is currently on-going.

There is a claim for approximately R6.6 million from Volt Africa Proprietary Limited ("Volt") (hereinafter "the Volt Claim"), in which the Claimant (Volt) alleges that the aforesaid amounts constitutes alleged overpayments made to Afrozaar Proprietary Limited ("Afrozaar") under the auspices of two service contracts previously concluded between the respective parties.

For the claims against Afrozaar, prospects of success of the Volt claim are difficult to anticipate at this point as the claimant has not fully expanded on its claim nor responded to our submission or observations, therefore the claim merits are unclear.

Afrozaar is a subsidiary company within the software and consulting services division.

The Group is also party to a High Court Parallel Application against ABSA and 22 others raising contractual concerns regarding the banks' decision that the provision of banking facilities to their clients ought to be subject to constitutional control and that the termination by the banks of their banking relationship with their clients, purely on notice, is unconstitutional. The application also seeks to highlight that the termination by the banks of their banking relationship with their clients, purely on notice is irrational, arbitrary and reviewable under the Promotion of Administrative Justice Act, alternatively under the principle of legality and/or the common law. And finally, the application requires a reviewing, correcting and setting aside of the withdrawal, termination and closure by the banks of the financial products or services and banking relationships with the Group and the other applicants.

During the year, AYO together with 35 others (hereinafter "the applicants") instituted an application with the Competition Tribunal against Nedbank Limited, Standard Bank of South Africa Limited, First Rand Bank Limited, ABSA Bank Limited, Mercantile Bank Limited, Sasfin Bank Limited, Investec Bank Limited, Bidvest Bank Limited, Access Bank Limited and the Competition Commission (hereinafter

“the respondents”) to interdict and restrain the respondents on an interim basis from terminating their relationship with the applicants and/or refusing to provide banking and payment services to the applicants.

Judgement was given on 16 September 2022, and the competition tribunal granted an order for the respondents to reinstate or restore the bank accounts including all services that they provided to the applicants that held accounts with it, on the same terms and conditions as existed prior to the closure or termination of the accounts. The order is for a period of six months from 16 September 2022 or the conclusion of an investigation into the conduct of the respondents by the Competition Commission.

As a result of the order, FNB has reopened the bank account that it had previously terminated for AYO. Nedbank has also reopened the bank accounts that it had previously terminated for AYO’s subsidiaries.

3. GOING CONCERN

The reviewed provisional condensed consolidated 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 the 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.

On 31 May 2019, AYO received a summons issued by the PIC and GEPPF. 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 GEPPF 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.

AYO’s previous banker, First National Bank Limited (“FNB”), closed its transactional banking facility with effect from 3 May 2021. The Company did not have any lending facilities with FNB. The Company together with 35 others instituted legal proceedings against FNB for its decision to close the Company’s transactional banking facility with the competition tribunal. The competition tribunal granted an order for FNB to reopen the transactional banking facility for a period of six months from the date of the order. FNB has reopened the transactional banking facility of AYO.

The judgements and assumptions described above inherently include material uncertainty on the timing of future cash flows and therefore any significant deviations may cast significant doubt on the Group’s ability to continue as a going concern. Whilst there are material uncertainties as described above, the Board, based on the information available to them, after considering the financial forecasts of the Group and its current financial position are of the opinion that the going concern assumption is appropriate in the preparation of the reviewed provisional condensed financial results.

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

Governance matters *(continued)*

4. INDEPENDENT REVIEWERS REPORT

The provisional condensed consolidated financial results for the year ended 31 August 2022 have been reviewed by our joint auditors Crowe JHB. ("CROWE") and Thawt Inc. ("THAWT") who express an unmodified review conclusion. The joint auditors have performed their review in accordance with International Standard on Review Engagements (ISRE) 2410.

The auditors' review report contained the following paragraph with respect to an emphasis of matter:

We draw attention to Note 3 of Governance Matters in the provisional condensed financial statements, which indicates events and conditions, along with other matters as set forth in Note 3, which indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

A copy of the independent review report is available for inspection upon request from the Company Secretary at wazeer.moosa@ayotsl.com.

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.

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.

6. SHARE CAPITAL

Authorised share capital

The company's authorised share capital of 2 000 000 000 shares of no par value remains unchanged.

	Reviewed 2022	Audited 2021
Issued share movements		
Balance at the beginning of the year	344 123 944	344 123 944
Shares repurchased	(804 904)	-
Balance at the end of the year	343 319 040	344 123 944

The Company acquired 804 904 (2021: nil) of its own shares through purchases on the JSE for an amount of R2 922 096.

7. DECLARATION OF ORDINARY DIVIDEND

An interim dividend of 35 cents (2021: 65 cents) per share amounting to R120 million (2021: R224 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 60 cents (2021: 30 cents) per share amounting to R206 million in respect of ordinary shares of no-par value for the year ended 31 August 2022.

A dividend withholding tax of 20%, or 12 cents per share, will be applicable, resulting in a net dividend of 48 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, which includes 804 904 treasury shares.

The Company's income tax number is 9389007031.

The salient dates of the dividend distribution are as follows:

Gross dividend (cents per share)	60
Dividend net of dividend withholding tax (cents per share)	48
	Wednesday, 30 November
Announcement date	2022
Last day to trade <i>cum</i> dividend	Tuesday, 20 December 2022
Trading <i>ex</i> -dividend commences	Wednesday, 21 December 2022
Record date	Friday, 23 December 2022
Date of payment	Tuesday, 27 December 2022

Share certificates may not be dematerialised between Wednesday, 21 December 2022 and Friday, 23 December 2022, both days inclusive.

8. EVENTS AFTER THE REPORTING PERIOD

Refer to note 23 for events after reporting period.

Governance matters *(continued)*

9. FUTURE PROSPECTS

AYO strives to become a leading Africa-based technology group, pioneering smart living, and working throughout the continent and beyond. AYO has developed a diverse investment portfolio that touches on all aspects of technology, from connectivity and communications to software development and cloudbased services. AYO believes that it has made good investments into companies that are involved in the telecommunications sector and network solutions sector (managed services division) and companies that are involved in the workplace connectivity sector (unified communications division).

The current banking crisis that the Group faces has resulted in a significant amount of management's time and focus on managing the banking situation and litigation and has had a negative impact on the Group's ability to optimise its cash on hand and return on its investments. The on-going litigation with the PIC as well as the PIC voting against special resolutions to provide financial assistance to subsidiaries has affected the Company's ability to fund its subsidiaries growth initiatives. The negative media and PIC litigation has also impacted the Company's ability to acquire other companies.

The technology industry has seen a significant increase in prices of inputs due to the depreciating Rand. The industry has also suffered from various shortages of microchips and other key components as well as delays in the supply chain. Due to tough economic conditions worldwide, there has been a decrease in customer spend for IT equipment and the decline is expected to increase as interest rates rise and the overall cost of living increases.

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.

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

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 auditors.

10. APPRECIATION

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



Dr Wallace Mgoqi

Independent non-executive chairman



Howard Platjes

Chief executive officer

30 November 2022

Consolidated statement of profit or loss and other comprehensive income for the year ended 31 August 2022

	Notes	Reviewed 2022 R'000	Audited 2021 R'000
Revenue	1	1 755 179	1 699 492
Cost of sales		(1 367 534)	(1 252 890)
Gross profit		387 645	446 602
Other operating income		16 012	10 873
Other operating gains	2	58 877	33 798
Other operating expenses		(807 370)	(783 024)
Movement in credit loss allowances		(47 412)	(84 422)
Finance income	3	147 394	164 639
Finance costs		(13 556)	(13 529)
Profit from equity-accounted investments		25 250	24 539
Loss before taxation		(233 160)	(200 524)
Taxation	4	(32 904)	(57 579)
Loss after taxation		(266 064)	(258 103)
Other comprehensive income:			
Items that will be subsequently reclassified to profit or loss:			
Exchange differences on translating foreign operations		(478)	3 776
Total comprehensive loss for the period		(266 542)	(254 327)
Loss after taxation attributable to:			
Shareholders of AYO		(270 303)	(259 146)
Non-controlling interests		4 239	1 043
Total loss after taxation		(266 064)	(258 103)
Total comprehensive loss attributable to:			
Shareholders of AYO		(270 781)	(255 370)
Non-controlling interests		4 239	1 043
Total comprehensive loss		(266 542)	(254 327)
Earnings per share (cents)			
Basic loss per share (cents)	18	(78.60)	(75.31)

Consolidated statement of financial position as at 31 August 2022

	Notes	Reviewed 2022 R'000	Audited 2021 R'000
Assets			
Non-current assets		1 196 036	990 573
Property, plant and equipment		38 627	50 792
Right-of-use of assets		94 360	117 209
Goodwill	5	75 458	144 593
Intangible assets	6	121 912	157 636
Investments in equity accounted joint ventures and associate		72 692	43 502
Loans to related party companies	7	280 764	222 252
Other loans receivable	8	252 833	84 356
Investments at fair value through profit or loss	9	116 059	125 141
Derivatives	10.1	113 738	-
Finance lease receivables		3 131	22 854
Deferred tax		26 462	22 238
Current assets		2 615 099	3 176 223
Inventories	11	200 251	148 875
Loans to related party companies	7	125 405	38 542
Other loans receivable	8	151 541	168 661
Trade and other receivables	12	785 303	487 512
Other financial assets	13	223 210	146 904
Finance lease receivables		13 149	13 474
Current tax receivable		1 328	8 533
Cash and cash equivalents	14	1 114 912	2 163 722
Assets classified as held for sale	15	-	59 790
Total current assets		2 615 099	3 236 013
Total assets		3 811 135	4 226 586
Equity and liabilities			
Equity			
Stated capital		4 441 488	4 444 410
Reserves		(31 745)	(31 581)
Accumulated loss		(1 452 902)	(938 353)
Equity attributable to shareholders of AYO		2 956 841	3 474 476
Non-controlling interests		150 561	125 651
Total equity		3 107 402	3 600 127
Liabilities			
Non-current liabilities		120 627	116 102
Derivatives	10.2	39 017	19 953
Lease liabilities		76 660	90 673
Employee benefit obligation		3 233	5 476
Other financial liabilities		1 717	-
Current liabilities		583 106	486 704
Trade and other payables	16	393 603	312 312
Loans from related party companies		-	10 601
Other financial liabilities		12 567	2 136
Lease liabilities		29 869	34 979
Deferred income		45 075	33 252
Current tax payable		14 824	7 349
Provisions		51 784	33 502
Dividend payable		32 305	28 344
Contingent considerations liability		-	24 228
Bank overdraft	14	3 079	1
Liabilities classified as held for sale	15	-	23 653
Total current liabilities		583 106	510 357
Total liabilities		703 733	626 459
Total equity and liabilities		3 811 135	4 226 586

Condensed consolidated statement of changes in equity as at 31 August 2022

	Reviewed 2022 R'000	Audited 2021 R'000
Balance at the beginning of the period	3 600 127	4 296 092
Total comprehensive income attributable to shareholders of AYO	(270 303)	(259 146)
Total comprehensive income attributable to non-controlling interests	4 239	3 560
Dividends declared	(223 574)	(452 098)
Dividends paid to non-controlling interests	-	(6 799)
Foreign currency translation reserve	(165)	3 118
Changes in ownership reserve	-	5 148
Movement in non-controlling interest – changes in ownership	-	10 252
Treasury shares	(2 922)	-
Balance at the end of the period	3 107 402	3 600 127

Comprising of:	2022 R'000	2021 R'000
Stated capital	4 444 410	4 444 410
Treasury shares	(2 922)	-
	4 441 488	4 444 410
Reserves	(31 745)	(31 581)
Retained income	(1 452 902)	(938 353)
Non-controlling interests	150 561	125 651
Total equity	3 107 402	3 600 127

Condensed consolidated statement of cash flows for the year ended 31 August 2022

	Reviewed 2022 R'000	Audited 2021 R'000
Cash utilised in operations	(221 253)	(284 132)
Finance income	66 069	126 687
Finance costs	(9 182)	(12 929)
Dividend income	8 430	1 848
Tax paid	(21 984)	(64 387)
Net cash to operating activities	(177 920)	(232 913)
Cash flows from investing activities		
Net additions to property, plant and equipment	(11 264)	(20 010)
Net additions to intangible assets	(1 672)	(30 732)
Acquisition of subsidiaries, net of cash acquired	-	(55 447)
Loss of control of subsidiary	(56 496)	-
Loans advanced to related party companies	(13 450)	(94 150)
Loans repaid by related party companies	5 781	52 050
Other loans advanced	(165 438)	(117 388)
Other loans repaid	46 053	-
Purchase of investments at fair value	(46 350)	(26 000)
Amounts advanced to acquire other financial assets	(65 129)	(110 518)
Amounts repaid from other financial assets	6 313	16 378
Net amounts withdrawn in trust	(284 763)	21 579
Finance lease receipts	23 261	9 555
Net cash to investing activities	(563 154)	(354 683)
Cash flows from financing activities		
Net proceeds or repayment of other financial liabilities and leases	(43 855)	(37 064)
Loans received from related party companies	-	10 000
Loan from related parties repaid	(19 013)	-
Payments for contingent consideration arrangements	(30 000)	(5 500)
Employee benefit obligation payment	(443)	(727)
Dividends paid	(214 311)	(437 137)
Share buy back	(2 922)	-
Net cash to financing activities	(310 544)	(470 428)
Total cash movement for the period	(1 051 618)	(1 058 025)
Cash at the beginning of the period	2 163 722	3 221 747
Effect of exchange rate	(271)	-
Total cash at the end of the period	1 111 833	2 163 722

Accounting policies and basis of preparation

The reviewed provisional condensed consolidated financial results for the year ended 31 August 2022 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 consolidated 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 consolidated financial results for the year ended 31 August 2022 have been prepared by the Group Financial and Reporting Accountant, Livhuwani Rasifudi CA(SA) and Group Executive: Finance, Pride Guzha 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 2022 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 include:

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 gives 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”), a 49.5% equity interest in Zaloserve and a 43% equity interest in Software Tech Holdings Proprietary Limited (“Software Tech”), it has been determined that AYO controls Main Street, Zaloserve and Software Tech respectively in terms of IFRS 10 Consolidated Financial Statements. As per the shareholders agreement, AYO has the rights to variable returns from involvement with Main Street and Zaloserve and it has the ability to use its power over the investee to affect the amount of the returns in Main Street, Zaloserve and Software Tech. As at 31 August 2022, 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 Software Tech.

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

The directors have concluded that the Group has no significant influence over Bambelela Capital Proprietary Limited (“Bambelela”), 4Plus Technology Venture Fund Africa Proprietary Limited (“4Plus”) and AOH Proprietary Limited (“AOH”) even though it has 32% of the voting rights in Bambelela, 27% of the voting rights in 4Plus and 25% of the voting rights in AOH as at 31 August 2022. 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, 4Plus and AOH. The voting rights only provide AYO with limited decision-making powers. Consequently, the investments have been accounted for in accordance with IFRS 9 at fair value through profit for loss (“FVTPL”).

Put option over non-controlling interest

The Group estimates the fair value of the written put option over non-controlling interest. The estimation is based on 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 consolidated financial results

1. REVENUE

	Reviewed 2022 R'000	Audited 2021 R'000
Revenue from contracts with customers		
Sale of goods	1 055 849	1 051 740
Rendering of services	699 330	647 752
	1 755 179	1 699 492
Disaggregation of revenue from contracts with customers		
The Group disaggregates revenue from customers as follows:		
Sale of goods	1 055 849	1 051 740
Rendering of services	699 330	647 752
Fees earned	335 512	346 030
Services revenue	363 818	301 722
	1 755 179	1 699 492
Total revenue	1 755 179	1 699 492
Timing of revenue recognition by revenue pattern		
At a point in time		
Software and consulting related	16 653	70 263
Security services solutions related	-	113 041
Communication products and hardware-related	352 942	278 263
Project-related services	691 480	541 022
	1 061 075	1 002 589
Over-time		
Software and consulting related	27 770	37 811
Security services solutions related	-	54 558
Communication products and hardware related products	76 463	95 445
Project related services	589 871	509 089
	694 104	696 903
Total revenue	1 755 179	1 699 492

2. OTHER OPERATING GAINS/(LOSSES)

	Reviewed 2022 R'000	Audited 2021 R'000
Gain on sale of businesses	4 586	-
Fair value (losses)/ gains on investments	(28 871)	50 010
Fair value losses on NCI written put option	(19 063)	(12 366)
*Fair value gains on call options	113 739	-
Net foreign exchange gains/(losses)	6 140	(9 920)
Fair value (losses)/gains on contingent considerations	(5 772)	4 544
Loss on sale of investments	(10 434)	-
Profit on sale of property, plant and equipment	543	1 200
Profit on sale of intangible assets	6 391	-
Profit on early termination of lease	293	330
Fair value loss – initial recognition of loan	(8 675)	-
Total	58 877	33 798

* In the prior year, GCCT was consolidated with the AYO call options eliminated, however, on 1 November, AYO lost control of GCCT, resulting in both the call option and the put option being recognised in the current year in the consolidated financial results.

3. FINANCE INCOME

	Reviewed 2022 R'000	Audited 2021 R'000
Bank and cash	66 502	96 100
Loans receivable	45 753	46 296
Cumulative preference shares	21 905	16 292
Funds in Trust	5 747	5 479
Other financial assets	7 487	472
Total	147 394	164 639

4. INCOME TAX EXPENSE

	Reviewed 2022 R'000	Audited 2021 R'000
Major components of the tax expense		
South African normal taxation	46 367	53 366
Under provision – prior periods	(118)	56
Foreign normal taxation	-	-
Total current tax expense	46 249	53 422
Deferred tax expense		
Deferred tax arising on originating and reversing temporary differences	(14 880)	4 442
Arising from prior period adjustments	118	(285)
Change in tax rate*	1 417	-
Total deferred tax expense	(13 345)	4 157
Total tax expense	32 904	57 579

* On 23 February 2022, the Minister of Finance announced a reduced corporate tax rate from 28% to 27%. The new tax rate is considered substantively enacted, therefore 27% was used to calculate the deferred tax movement for current year.

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

5. GOODWILL

	Reviewed 2022 R'000	Audited 2021 R'000
Opening balance	144 593	131 152
Additions through business combinations	-	35 715
Reclassified to non-current asset held for sale	-	(2 672)
Impairment	(69 135)	(19 602)
Total	75 458	144 593

During the year, R69 million of goodwill relating to the Zaloserve Group business unit was impaired. The loss was included in the operating expenses.

6. INTANGIBLE ASSETS

	Reviewed 2022 R'000	Audited 2021 R'000
Opening balance	157 636	82 783
Additions	1 613	32 510
Additions through business combinations: Distribution rights and Brands	-	62 012
Disposals	(21 317)	(1 777)
Loss of control of subsidiary	(462)	-
Amortisation	(17 387)	(15 919)
Foreign exchange gains/(losses)	1 829	(1 973)
Total	121 912	157 636

7. LOAN TO RELATED PARTY COMPANIES

	Reviewed 2022 R'000	Audited 2021 R'000
African Equity Empowerment Investments Limited ("AEEI") Loan 1	-	5 123
The loan was unsecured and bore interest at prime plus 2%.		
Bowwood and Main No 180 Proprietary Limited ("Bowwood")	-	3 687
The loan was unsecured and bore 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 consisted of the accumulated interest of R3 687 076 which was repaid in the current year.		
AEEI Loan 2	8 612	8 862
The loan is unsecured, bears interest at the prime rate and the loan is repayable on 31 August 2022.		

7. LOAN TO RELATED PARTY COMPANIES (CONTINUED)

	Reviewed 2022 R'000	Audited 2021 R'000
AEEI Loan 3	6 788	6 287
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	132 319	122 556
The loan is unsecured, bears interest at the prime rate and the loan is repayable on 28 March 2024.		
VFF Loan 2	114 191	93 409
The loan is unsecured, bears interest at prime plus 2%. R35 million of the loan is repayable on 14 October 2025; R15 million of the loan is repayable on 19 April 2026; R39.2 million is repayable on 1 June 2026 and R10.8 million is repayable on 4 April 2027.		
Zaloserve Management Proprietary Limited ("ZM")	16 825	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 bore interest at the prime rate and was repayable from distributions received by the shareholder from time to time. The loan was repaid in the current year.		
* GCCT - Loan 1	27 466	-
The loan bears interest at the prime rate plus 2% and is repayable on 28 February 2024. Interest accrued on the loan is payable semi-annually. The loan is secured by a cession of AEEI shares in GCCT.		
* GCCT - Loan 2	31 281	-
The loan bears interest at the prime rate and is repayable on 31 August 2023. The loan is secured by the current assets of GCCT with a carrying amount of R61.4 million (2021: R77.8 million) and non-current assets of GCCT with a carrying amount of R17.3 million (2021: R9.5 million) as at 31 August. The carrying amounts of the assets secured are measured in accordance with the applicable IFRS and none of these assets are revalued.		
* GCCT - Loan 3	26 384	-
The loan is unsecured, bears interest at the prime rate. The loan is repayable on 7 November 2023.		

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

7. LOAN TO RELATED PARTY COMPANIES (CONTINUED)

	Reviewed 2022 R'000	Audited 2021 R'000
* GCCT – Loan 4	17 377	–
The loans are unsecured, bear interest at the prime rate and the loans are repayable as follows:		
A total of R4.3 million no later than 31 August 2023.		
A total of R4.5 million no later than 31 August 2023.		
A total of R4.8 million no later than 28 February 2023.		
A total of R3.8 million no later than 31 May 2023.		
The outstanding balance inclusive of interest will be repaid no later than 31 December 2023.		
Crealpha Proprietary Limited	24 316	–
The loan is unsecured, has no fixed repayment terms. The loan bears no interest for the first three years from the date of draw down and thereafter shall bear interest at the prime rate.		
Communications Products Proprietary Limited	610	–
The loan is unsecured, bears no interest and the loan is repayable on by 31 August 2023.		
	406 169	260 794
Split between non-current and current portions:		
Non-current assets	280 764	222 252
Current assets	125 405	38 542
Total	406 169	260 794

* In the prior year, GCCT was consolidated with the loans eliminated, however, due to the loss of control, the loans are no longer eliminated and have been included in the current year consolidated financial results.

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.

8. OTHER LOANS RECEIVABLE

	Reviewed 2022 R'000	Audited 2021 R'000
Volt Africa Proprietary Limited	7 250	7 314
The loan is unsecured and bears interest at a rate of prime plus 2%.		
The loan is repayable on 31 August 2023.		

8. OTHER LOANS RECEIVABLE (CONTINUED)

	Reviewed 2022 R'000	Audited 2021 R'000
Cumulative preference shares – Bambelela Capital Proprietary Limited (“Bambelela”)	143 485	161 162
On 28 September 2018, AYO subscribed for 500 000 cumulative, redeemable, non-participating convertible class C preference shares of no par value in Bambelela for consideration of R145 million. The preference shares are redeemable on 31 March 2023. AYO has the right to convert the preference shares into ordinary shares equal to the redemption amount of redemption date. Interest is accrued at variable prime rate multiplied by adjustment rate at 72%.		
Preference shares – Dinaledi Technologies Proprietary Limited (“Dinaledi”)	15 162	-
On 1 November 2021, AYO subscribed for 50 cumulative and redeemable preference shares of no par value in Dinaledi for R20 million. The preference shares are redeemable on the 10th anniversary from subscription date. Interest is accrued at the designated coupon rate.		
Cumulative preference shares – 4Plus Technology Venture Fund Africa Proprietary Limited (“4Plus”)	77 380	37 399
On 9 April 2020, AYO subscribed for 1 500 cumulative, redeemable, non-participating convertible preference shares of no par value (“preference shares”) in 4Plus for a consideration of R15 million and on 4 May 2020, AYO subscribed for a further 1 500 preference shares in 4Plus for a consideration of R15 million. On 21 December 2021 and 2 February 2022, AYO subscribed for 500 preference shares in 4Plus for a consideration of R5 million each. On 6 April 2022 AYO subscribed for 2000 preference shares for a consideration of R20 million. At 31 August 2022, AYO holds 6 000 preference shares in 4Plus. The preference shares are redeemable on 9 April 2027, 4 May 2027, 21 December 2028, 2 February 2029 and 6 April 2029 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%.		
4Plus	2 086	-
The loan is secured by the bank accounts, trade debtors and all loan receivables of 4 Plus. Interest is charged at the prime rate. The loan is repayable on 28 February 2024.		
Louisahna Creations Proprietary Limited (“Louisahna”)	-	740
The loan was unsecured and bore no interest. It was repayable over 48 monthly payments of R15 420, which end on 1 August 2025. This loan was repaid in full in the current year.		
LML Shared Solutions Proprietary Limited (“LMLS”) – Loan 1	19 468	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.		

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

8. OTHER LOANS RECEIVABLE (CONTINUED)

	Reviewed 2022 R'000	Audited 2021 R'000
LMLS – Loan 2	17 731	-
Interest is charged at the prime rate. The loan is repayable on 28 February 2024. The loan is secured by all bank accounts, trade debtors and loan receivables of LMLS.		
LMLS – Loan 3	6 911	-
The loan bears interest at prime and is repayable as follows:		
– R16 million on 18 October 2025		
– R31 million within 36 months		
The loan is secured by a cession of bank accounts, trade receivables, shares, investments, intellectual property rights of LMLS. R25.5 million has been impaired in the current year.		
LMLS – Loan 4	7 190	-
The loan is secured by trade debtors, bank accounts and loans receivable of LMLS. Interest is charged at the prime rate. The loan is repayable on 31 October 2024.		
LMLS – Loan 5	16 856	-
The loan is secured by trade debtors, bank accounts and loans receivable of LMLA. Interest is charged at the prime rate. The loan is repayable on 30 September 2024.		
Fueltech Solutions Proprietary Limited (“Fueltech”)	16 942	-
The loan is unsecured. The loan is interest-free for the first two years, thereafter interest is charged at the prime rate. The loan is repayable on 27 May 2032.		
Nevzotron Proprietary Limited (“Nevzotron”)	73 913	-
The loan bears interest at prime. The loan is secured by a pledge and cession of Last Mile Logistics Africa Proprietary Limited (“LMLA”) shares. The loan is repayable on 10 May 2027.		
LMLA	-	28 406
The loan is secured by trade debtors, bank accounts and loans receivable of LMLA. Interest is charged at the prime rate. The loan was disposed to Nevzotron in the current year.		
	404 374	253 017
Split between non-current and current portions:		
Non-current assets	252 833	84 356
Current assets	151 541	168 661
Total	404 374	253 017

8. OTHER LOANS RECEIVABLE (CONTINUED)

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

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

The Group considers a financial asset in default when contractual 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 LMLS which is secured by trade debtors, bank accounts, loan accounts and 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:

LML Shared Solutions

There is an impairment of R69 million against various outstanding loans due to doubt of the recoverability of the loans.

Dinaledi

An impairment of R5.4 million was raised against the preference shares in the current year.

Volt Africa Proprietary Limited

An impairment of R0.8 million was raised against the loan in the current year.

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

9. INVESTMENTS

	Reviewed 2022 R'000	Audited 2021 R'000
Investments comprises of:		
Bambelela	114 627	91 408
LMLA	-	11 915
4Plus	1 432	19 818
Louisyahna	-	2 000
Total	116 059	125 141
	R'000	R'000
Reconciliation of investments		
Opening balance	125 141	62 921
Additions	46 350	26 000
Loss on disposal	(11 915)	-
Changes in fair values	(43 517)	36 220
Total	116 059	125 141

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.

A fair value gain of R23 million was recognised in the current year.

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 4% of the issued share capital in 4Plus and on 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. On 20 September 2021, AYO subscribed or a further 3% of the issued share capital in 4Plus. As at 31 August 2022, AYO has a total shareholding of 25% in 4Plus.

The Group invested a further R24 million in the investment in the current year, however, a fair value loss of R42 million was recognised 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.

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. LMLA was disposed off in the current financial year.

Louisyahna Creations Proprietary Limited ("Louisyahna")

On 4 July 2021, AYO subscribed to 20% of the issued share capital in Louisyahna for a consideration of R2 million. Louisyahna is a company which specialises in property technology. The investment's fair value was adjusted to nil in the current year.

9. INVESTMENTS (CONTINUED)

AOH Enterprises Proprietary Limited (“AOH”)

On 11 October 2021, AYO subscribed for 25% of ordinary shares in 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. The investment's fair value was adjusted to nil in the current year.

SyncLabs Proprietary Limited (“Synclabs”)

On 1 June 2022, AYO subscribed for 15% of the issued share capital in Synclabs for a consideration of R4 500 000. Synclabs is a company which operates an e-learning platform and provides university level courses in the fields of software development, Internet of Things (IOT), Artificial Intelligence (AI) and robotics that help businesses improve on automation of their manufacturing and other processes. The investment's fair value was adjusted to nil.

Kyramanzi Proprietary Limited (“Kyramanzi”)

On 7 January 2022, AYO subscribed for 20% of ordinary shares in Kyramanzi for a subscription price of R5 000 000. Kyramanzi is a company with interests in the property sector. The investment's fair value was adjusted to nil.

Fueltech Proprietary Limited (“Fueltech”)

On 28 July 2022, AYO subscribed for 10% of ordinary shares in Fueltech for a subscription price of R10 000 000. Fueltech is a company with interests in the property sector. During the year, the investment's fair value was adjusted to nil.

10. DERIVATIVES

10.1 Derivative Financial asset

	Reviewed 2022 R'000	Audited 2021 R'000
Opening balance	-	-
Fair value adjustments on derivative liability	-	-
*Recognition of call option	113 738	-
Total	113 738	-

* In the prior year, GCCT was consolidated with the AYO call options were eliminated however, on 1 November, AYO lost control of GCCT, resulting in both the call option and the put option being recognised in the consolidated financial results the current year.

10.2 Derivative Financial liability

	Reviewed 2022 R'000	Audited 2021 R'000
Opening balance	19 953	7 587
Fair value adjustments	19 064	12 366
Closing balance	39 017	19 953

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

10. DERIVATIVES (CONTINUED)

10.2 Derivative Financial liability *(continued)*

As per the share sale agreements, AYO has a written option which gives AEEI the right to sell to AYO its 60% shareholding in Main Street and its 31% shareholding in GCCT. The options are exercisable between three to four years from the date of purchase of Main Street and GCCT. Mainstreet was acquired on 9 February 2019 and GCCT was acquired on 1 March 2019. These options have been fairly valued at year-end and the fair value adjustments of R19 million (2021: R12 million) on the derivative liability and R114 million on the derivative asset have been disclosed in other operating gains/losses.

11. INVENTORIES

	Reviewed 2022 R'000	Audited 2021 R'000
Finished goods	95 086	72 346
Consumables	1 168	6 019
Goods in transit	16 606	-
Work in progress	95 172	78 875
	208 032	157 240
Inventory written down to net realisable value	(7 781)	(8 365)
Total	200 251	148 875

2022: R7.8 million (2021: R8.4 million) of inventory was written off in the current year.

The carrying value of inventory R200 million (2021: R149 million) is carried at net realisable value. The inventory write down to net realisable value relates primarily to the write down of work in progress stock held for an onerous contract. This write down has been recognised in cost of sales.

12. TRADE AND OTHER RECEIVABLES

	Reviewed 2022 R'000	Audited 2021 R'000
Financial Instruments:		
Trade receivables	373 218	337 721
Loss allowance	(10 366)	(10 441)
Trade receivables at amortised cost	362 852	327 280
Deposits	17 220	18 460
Accrued income	3 936	2 194
Funds held in Trust	352 206	81 953
Related party receivables	14 493	14 428
Provision for impairment of related party receivables	(14 081)	(13 831)
Sundry customers	23 042	6 097
Non-financial instruments		
Value added taxation	7 589	23 156
Prepayments	27 087	36 816
Provision for impairment of prepayments	(9 041)	(9 041)
Total	785 303	487 512

13. OTHER FINANCIAL ASSETS

	Reviewed 2022 R'000	Audited 2021 R'000
Other financial assets are comprised of:		
At fair value through profit or loss		
Cadiz Life Investment Enterprise Development Fund	1 001	1 005
Foreign exchange contracts	1 772	802
Numus Capital Proprietary Limited ("Numus")	-	17 411
Vunani securities (Funds invested in the stock market)	200 357	116 983
Funds invested in unit trusts	12 252	-
	215 382	136 201
Loans and receivables at amortised cost		
Supplier development loan	1 970	972
Staff loans	4 158	3 713
Uhula ICT Proprietary Limited ("Uhula")	1 700	1 700
Ragna CC	-	47
Breakage fee receivable	-	250
Mantella Trading 634 Proprietary Limited	-	4 021
	7 828	10 703
	223 210	146 904
Split between non-current and current portions:		
Non-current assets	-	-
Current assets	223 210	146 904
Total	223 210	146 904

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 21 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 Group recognised fair value gains of R20 million on the stock market investments in the current financial year.

14. CASH AND CASH EQUIVALENTS

	Reviewed 2022 R'000	Audited 2021 R'000
Cash and cash equivalents consists of:		
Cash on hand	172	106
Bank balances	1 114 740	2 163 617
Bank overdraft	(3 079)	(1)
Total	1 111 833	2 163 722

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

15. NON-CURRENT ASSETS HELD FOR SALE

In the prior year, on 23 August 2021, management committed to a plan to sell Puleng, the subsidiary was classified as held for sale as at 31 August 2021. On 1 November 2021, the Group disposed of its 100% equity interest in Puleng in exchange of Preference shares of Dinaledi Technologies Proprietary Limited for a consideration of R20 million. A loss on sale of the subsidiary of R2.7 million has been recognised in profit or loss.

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

	R'000
Property, plant and equipment	430
Right-of-use of assets	2 037
Other financial assets	640
Deferred tax assets	842
Cash and cash equivalents	1 006
Trade and other receivables	54 835
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	23 396
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

16. TRADE AND OTHER PAYABLES

	Reviewed 2022 R'000	Audited 2021 R'000
Financial instruments:		
Trade payables	223 653	146 414
Non-financial instruments:		
Leave pay and other accruals	119 484	161 421
Amounts received in advance	347	541
Value added taxation	50 119	3 936
Total	393 603	312 312

17. RESTATEMENT OF PRIOR PERIOD HEADLINES EARNINGS

In the current year, it was noted that the prior year headline loss per share was incorrectly disclosed due to the NCI portion of adjustments being classified as immaterial. No being previously taken into account.

	As previously stated 2021 R'000	Adjustment 2021 R'000	Restated 2021 R'000	Audited 2020 R'000	Adjustment 2020 R'000	Restated 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)		(75.31)	6.20		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)		(259 146)	21 343		21 343
Weighted average number of shares ('000)	344 124		344 124	344 124		-
Headline earnings per share						
Headline earnings is determined as follows:						
Earnings attributable to owners of AYO	(259 146)		(259 146)	21 343		21 343
Adjusted for:						-
Profit on sale of property, plant and equipment	(1 200)	-	(1 200)	(1 326)	-	(1 326)
Loss on disposal of subsidiary	-	-	-	6 627	-	6 627
Impairment of intangibles and property, plant and equipment	26 257	-	26 257	2 734	-	2 734
Goodwill impairment	19 602	-	19 602	644	-	644
Tax effect of adjustments	(7 016)	3 713	(3 303)	(2 430)	1 132	(1 298)
Total non-controlling interest effects of adjustments	-	(13 260)	(13 260)	-	(4 042)	(4 042)
Headline earnings	(221 503)	(9 547)	(231 050)	27 592	(2 910)	24 682
Weighted average number of shares ('000)	344 124	344 124	344 124	344 124	344 124	344 124
Headline earnings per share (cents)	(64.37)	(2.77)	(67.14)	8.02	(0.85)	7.17

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

18. EARNINGS PER SHARE

	Reviewed 2022 R'000	Audited 2021 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 loss per share (cents)	(78.60)	(75.31)
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	(270 303)	(259 146)
Weighted average number of shares ('000)	343 878	344 124
Headline earnings per share		
Headline earnings is determined as follows:		
Earnings attributable to owners of AYO	(270 303)	(259 146)
Adjusted for:		
Profit on sale of property, plant and equipment	(543)	(1 200)
Profit on sale of intangibles	(6 391)	-
Profit on disposal of subsidiary	(4 586)	-
Impairment of intangibles and property, plant and equipment	5 997	26 257
Goodwill impairment	69 135	19 602
Tax effect of adjustments	2 334	(3 303)
Total non-controlling interest effects of adjustments	(2 814)	(13 260)
Headline earnings	(207 171)	(231 050)
Weighted average number of shares ('000)	343 878	344 124
Headline loss per share (cents)	(60.25)	(67.14)

19. DISPOSAL OF SUBSIDIARIES

19.1 Global Command and Control

The Group lost control of its subsidiary GCCT effective 1 November 2021. There were changes to the directorate of GCCT which resulted in AYO losing control in terms of IFRS 10 – Consolidated Financial Statements. This resulted in AYO's shareholding interest of 24% remaining the same. The loss of control resulted in Group recognising GCCT as an associate measured using equity method.

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

Assets acquired and liabilities assumed	R'000
Property, plant and equipment	1 219
Right of use asset	859
Intangible assets	462
Deferred tax assets	5 980
Inventories	3 082
Loans to group companies	5 200
Trade & other receivables	10 129
Cash & cash equivalents	56 496
Loans from related party companies	(100 322)
Trade and other payables	(5 068)
Lease liabilities	(1 118)
Long service award	(1 671)
Deferred income	(2 775)
Non-controlling interests	20 266
Net assets	(7 261)
Consideration received	-
Profit on deemed sale of subsidiaries	(7 261)

The profit on deemed disposal (control lost) is included in the loss for the period under review in the consolidated statement of profit or loss.

As per the share sale agreements, AYO has a written option which gives AEEI the right to sell to AYO its 31% shareholding in GCCT. The options are exercisable between three to four years from the date of purchase of GCCT. GCCT was acquired on 1 March 2019.

Due to the loss of control on 1 November 2021, the Group call option has been recognised in the current year. Refer to note 10 for more detail.

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

19. DISPOSAL OF SUBSIDIARIES (CONTINUED)

19.2 Puleng

On 23 August 2021, management committed to a plan to sell Puleng, the subsidiary was classified as held for sale as at 31 August 2021. On 1 November 2021, the Group disposed of its 100% equity interest in Puleng in exchange of Preference shares of Dinaledi Technologies Proprietary Limited for a consideration of R20 million. A loss on sale of the subsidiary of R2.7 million has been recognised in profit or loss.

At the date of disposal, the carrying amounts of Puleng's net assets were as follows:

	R'000
Property, plant and equipment	308
Right-of-use of assets	1 918
Other financial assets	640
Deferred tax assets	998
Current tax receivable	339
Trade and other receivables	31 763
Cash and cash equivalents	401
Lease liability	(1 829)
Trade and other payables	(4 244)
Goodwill	-
Net assets	30 294

20. CONTINGENCIES

Litigation

On 31 May 2019 AYO received a summons issued by the PIC and GEPP. 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 GEPP 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 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.

Legal experts are of the opinion that Sizwe must provide for a potential loss, being the profit that was made from components of the deal. Therefore management have made an estimate and raised the provision for the amount.

The Group instituted action against Futuretel Communication Proprietary Limited for going against the terms set in a loan agreement relating to a loan granted to them in 2019. The Group has instituted legal action in order to recover the loan.

20. CONTINGENCIES (CONTINUED)

The Group instituted action against Cortex Logic Proprietary Limited and its directors who stood surety for a loan that was granted in 2018. Judgement and settlement was ordered in favour of AYO for a sum of R14 million. A warrant of execution has been issued for the recovery of the outstanding amount.

There is a pending defamation claim against Pieter Louis Myburgh which forms part of a broader defamation claim against the Daily Maverick. The claim is for the amount of R5 million.

There is a pending defamation claim of R5 million against Amabhungane relating to an article published in 2021. A summons was issued in relation to the defamatory remarks.

The Group is party to an Equality Court application against ABSA and 26 others declaring that the decision of the banks to terminate and/or refuse to provide or to give notice of termination and/or refusal of banking services and facilities to the Group and other parties involved in the application is inconsistent with their obligations under the Constitution and the Promotion of Equality and Prevention of Unfair Discrimination Act.

Legal proceedings were instituted against Access Bank following the termination of AYO's bank accounts. An interim interdict application was opened against Access Bank to re-open the bank accounts and to launch a review application to set aside Access Bank's decision to terminate AYO's bank accounts and declaring the termination unlawful. The matter is currently on-going.

There is a claim for approximately R6.6 million from Volt Africa Proprietary Limited ("Volt") (hereinafter "the Volt Claim"), in which the Claimant (Volt) alleges that the aforesaid amounts constitutes alleged overpayments made to Afrozaar Proprietary Limited ("Afrozaar") under the auspices of two service contracts previously concluded between the respective parties.

For the claims against Afrozaar, prospects of success of the Volt claim are difficult to anticipate at this point as the claimant has not fully expanded on its claim nor responded to our submission or observations, therefore the claim merits are unclear.

Afrozaar is a subsidiary company within the software and consulting services division.

The Group is also party to a High Court Parallel Application against ABSA and 22 raising contractual concerns regarding the banks' decision that the provision of banking facilities to their clients ought to be subject to constitutional control and that the termination by the banks of their banking relationship with their clients, purely on notice, is unconstitutional.

The application also seeks to highlight that the termination by the banks of their banking relationship with their clients, purely on notice is irrational, arbitrary and reviewable under the Promotion of Administrative Justice Act, alternatively under the principle of legality and/or the common law. And finally, the application requires a reviewing, correcting and setting aside of the withdrawal, termination and closure by the banks of the financial products or services and banking relationships with the Group and the other applicants.

The legal loss provision is based on a legal case between the company and SITA/Eastern Cape Department of Education. Legal experts are of the opinion that we provide for a potential loss, being the profit that was made from SCH9 and SCH10 of this deal. The company requested the court for a just and equitable settlement from the case, which will not include any profit making from this deal. Therefore management has made an estimate that a profit of R16 661 884.93 that was made from SCH9 and SCH10 is at risk of not being included in the settlement amount.

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

20. CONTINGENCIES (CONTINUED)

During the year, AYO together with 35 others (hereinafter “the applicants”) instituted an application with the Competition Tribunal against Nedbank Limited, Standard Bank of South Africa Limited, First Rand Bank Limited, ABSA Bank Limited, Mercantile Bank Limited, Sasfin Bank Limited, Investec Bank Limited, Bidvest Bank Limited, Access Bank Limited and the Competition Commission (hereinafter “the respondents”) to interdict and restrain the respondents on an interim basis from terminating their relationship with the applicants and/or refusing to provide banking and payment services to the applicants.

Judgement was given on 16 September 2022, and the competition tribunal granted an order for the respondents to reinstate or restore the bank accounts including all services that they provided to the applicants that held accounts with it, on the same terms and conditions as existed prior to the closure or termination of the accounts. The order is for a period of six months from 16 September 2022 or the conclusion of an investigation into the conduct of the respondents by the Competition Commission.

As a result of the order, FNB has reopened the bank account that it had previously terminated for AYO. Nedbank has also reopened the bank accounts that it had previously terminated for AYO’s subsidiaries.

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 R39 million as at 31 August 2022, and the AYO put and call options for GCCT has been valued at R114 million as at 31 August 2022. The options are exercisable between two to four years from the date of purchase of Main Street and GCCT.

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
Tripos Travel Proprietary Limited	Fellow subsidiary
Vunani Fintech Fund Proprietary Limited	Joint venture
Global Command and Control Technologies Proprietary Limited	Associate
Exaro HST Proprietary Limited	Joint venture company of a subsidiary
Digital Health Africa Proprietary Limited	Joint venture company of a subsidiary
BT Communications Services South Africa Proprietary Limited	Associate of holding company
Mustek Limited	Company with similar directors to Zaloserve
Communication Products Proprietary Limited	Company with similar directors to Kalula
Zaloserve Management Proprietary Limited	Shareholders are members of key management for Zaloserve
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
AOH Enterprises Proprietary Limited	Investment
Bambelela Capital Proprietary Limited	Investment
CreAlpha Proprietary Limited	Investment
Dinaledi Proprietary Limited (Pref shares)	Investment
Kyramanzi Proprietary Limited	Investment
Loot B2B Proprietary Limited	Investment
Volt Africa Proprietary Limited	Investment
Isakhiwo Group International Proprietary Limited	Shareholder
Dr FM Surve	Family member of director

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

21. RELATED PARTIES (CONTINUED)

	Reviewed 2022 R'000	Audited 2021 R'000
Significant related party transactions during the year include:		
Sales to related parties		
African Equity Empowerment Investments Limited	-	9
Mustek Limited	1 593	55
Sizwe Asset Finance Proprietary Limited	-	6 422
Independent News and Media Proprietary Limited	154	-
Loot Online Proprietary Limited	16	-
Purchases of information technology management services from related parties		
BT Communications Services South Africa Proprietary Limited	6 014	5 459
Mustek Limited	52 623	12 307
Sizwe Asset Finance Proprietary Limited	-	66 608
Communications Products Proprietary Limited	36 521	-
Saratoga Software Proprietary Limited	1 571	-
Dr FM Surve	2	2
Loot Online Proprietary Limited	24	28
Corporate service income from related parties		
African Equity Empowerment Investments Limited	-	21
African News Agency Proprietary Limited	-	387
espAfrika Proprietary Limited	-	67
Independent News and Media Proprietary Limited	-	2 609
Loot Online Proprietary Limited	81	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	(42 386)	(25 964)
Bambelela Capital Proprietary Limited	22 327	60 269
Last Mile Logistics Africa Proprietary Limited	-	11 915
Loot B2B Proprietary Limited	-	(10 000)
Fair value gains/(losses) on options		
African Equity Empowerment Investments Limited	(113 738)	-
Administration and management fees expenses to related parties		
African Equity Empowerment Investments Limited	7 560	7 560
Sekunjalo Properties Proprietary Limited	-	1 308
Advertising and marketing expenses to related parties		
African News Agency Proprietary Limited	10 700	214
Independent News and Media Proprietary Limited	5 826	292
Impairment expenses in respect of related parties		
Independent News and Media Proprietary Limited	250	3 582
Loot B2B Proprietary Limited - Cumulative preference shares	2 695	12 208
Global Command and Control Technologies Proprietary Limited	5 000	-
Kyramanzi Proprietary Limited	5 000	-
CreAlpha Proprietary Limited	5 815	-

21. RELATED PARTIES (CONTINUED)

	Reviewed 2022 R'000	Audited 2021 R'000
Significant related party transactions during the year include:		
Subscriptions expenses to related parties		
Sekunjalo Investments Holdings Proprietary Limited	-	1 647
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
Dividend income from related parties		
Bambelela Capital Proprietary Limited – cumulative redeemable preference shares	2 108	635
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	10 067	5 921
African Equity Empowerment Investments Limited	1 207	1 593
Bambelela Capital Proprietary Limited – cumulative redeemable preference shares	8 668	8 163
Bowwood and Mains No.180 Proprietary Limited	9	2 647
Global Command and Control Technologies Proprietary Limited	8 433	-
Isakhiwo Group International Proprietary Limited	15	161
Loot B2B Proprietary Limited	2 695	2 208
Volt Africa Proprietary Limited	741	614
Vunani Fintech Fund Proprietary Limited	19 695	11 557
Zaloserve Management Proprietary Limited	1 241	184
CreAlpha Proprietary Limited	1 951	-
Interest paid to related parties		
Mustek Limited	397	476
Professional services fees paid related parties		
Vunani Capital Proprietary Limited	5 782	7 514
Travel expenses paid to related parties		
Tripos Travel Proprietary Limited	5 351	2 057
Recoveries		
Independent News and Media Proprietary Limited	551	-

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

21. RELATED PARTIES (CONTINUED)

	Reviewed 2022 R'000	Audited 2021 R'000
Significant related party transactions during the year include:		
Printing and stationery		
Loot Online Proprietary Limited	21	22
IT Expenses		
Loot Online Proprietary Limited	48	312
Independent News and Media Proprietary Limited	-	13
	Reviewed 2022 R'000	Audited 2021 R'000
Related party balances include the following:		
Loans receivable from related parties		
4Plus Technology Venture Fund Africa Proprietary Limited - cumulative redeemable preference shares	77 380	37 399
African Equity Empowerment Investments Limited	16 356	20 272
Bambelela Capital Proprietary Limited - cumulative redeemable preference shares	143 485	161 162
Bowwood and Main No.180 Proprietary Limited	-	3 687
Communication Products Proprietary Limited	610	-
4Plus Technology Venture Fund Africa Proprietary Limited - loan	2 086	-
Global Command and Control Technologies Proprietary Limited	107 508	-
Isakhiwo Group International Proprietary Limited	-	5 286
Loot B2B Proprietary Limited - cumulative redeemable preference shares	30 788	28 093
Volt Africa Proprietary Limited	21 579	20 838
Vunani Fintech Fund Proprietary Limited	246 510	215 966
Zaloserve Management Proprietary Limited	16 825	15 584
CreAlpha Proprietary Limited	31 951	-
Fueltech Proprietary Limited	20 108	-
Accumulated impairment on loans receivable from related parties		
Global Command and Control Technologies Proprietary Limited	(5 000)	-
Loot B2B Proprietary Limited - cumulative redeemable preference shares	(30 788)	(28 093)
Volt Africa Proprietary Limited	(14 239)	(13 524)
African Equity Empowerment Investments Limited	(956)	-
CreAlpha Proprietary Limited	(5 815)	-
Loans payable to related parties		
Mustek Limited	-	10 476

21. RELATED PARTIES (CONTINUED)

	Reviewed 2022 R'000	Audited 2021 R'000
Related party balances include the following:		
Investments in related parties		
4Plus Technology Venture Fund Africa Proprietary Limited	221 230	197 230
Bambelela Capital Proprietary Limited	16 182	16 182
Loot B2B Proprietary Limited	25 000	25 000
Last Mile Logistics Africa Proprietary Limited	-	11 915
Kyramanzi Proprietary Limited	5 000	-
Fueltech Proprietary Limited	10 000	-
AOH Enterprises Proprietary Limited	2 850	-
Accumulated fair value gains (losses) on investments in related parties		
4Plus Technology Venture Fund Africa Proprietary Limited	(219 276)	(177 411)
Bambelela Capital Proprietary Limited	98 445	75 226
Loot B2B Proprietary Limited	(25 000)	(25 000)
Kyramanzi Proprietary Limited	(5 000)	-
Fueltech Proprietary Limited	(10 000)	-
AOH Enterprises Proprietary Limited	(2 850)	-
Carrying amounts of investments in related parties		
4Plus Technology Venture Fund Africa Proprietary Limited	1 432	19 819
Bambelela Capital Proprietary Limited	114 627	91 408
Last Mile Logistics Africa Proprietary Limited	-	11 915
Options: derivatives asset		
African Equity Empowerment Investments Limited	113 738	-
Options: derivatives liability		
African Equity Empowerment Investments Limited	39 017	-
Lease liability payable to related parties		
Sekunjalo Properties Proprietary Limited	-	1 205
Trade payables to related parties		
African Equity Empowerment Investments Limited	725	3 915
Communication Products Proprietary Limited	7 030	-
Independent News and Media Proprietary Limited	136	-
Loot Online Proprietary Limited	15	75
Mustek Limited	12 565	944
Sizwe Asset Finance Proprietary Limited	-	17 108
Tripos Travel Proprietary Limited	212	377
Volt Africa Proprietary Limited	-	14
Other payables		
Vunani Capital Proprietary Limited	1 725	1 725

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

21. RELATED PARTIES (CONTINUED)

	Reviewed 2022 R'000	Audited 2021 R'000
Related party balances include the following:		
Trade receivables from related parties		
Global Command and Control Technologies Proprietary Limited	36	-
Independent News and Media Proprietary Limited	7 038	6 887
Mustek Limited	84	-
Volt Africa Proprietary Limited	2 286	2 286
Loot Online Proprietary Limited	1 199	1 246
Other receivables from related parties		
4Plus Technology Venture Fund Africa Proprietary Limited	529	529
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)
Orleans Cosmetics Proprietary Limited	(207)	(207)
Sekunjalo Investments Holdings Proprietary Limited	(1 930)	(1 930)
Prepayments to related parties		
African News Agency Proprietary Limited	-	10 700
Independent News and Media Proprietary Limited	9 041	9 041
Accumulated impairment on prepayments to related parties		
Independent News and Media Proprietary Limited	(9 041)	(9 041)

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 loans receivable	8	Level 2 ¹
Loans to related party companies	7	Level 2 ¹
Other financial assets – not designated at fair value through profit/(loss)	13	Level 2
Other financial assets – designated at fair value through profit/(loss)	13	Level 2
Trade receivables	12	Level 3 ¹
Cash and cash equivalents	14	Level 1 ²
Foreign exchange contract	13	Level 2 ²
Investments at fair value through profit/(loss)	9	Level 3
Derivatives	10.1	Level 3
Financial liabilities		
Other financial liabilities		Level 3 ¹
Trade payables	16	Level 3 ¹
Bank overdraft	14	Level 2 ²
Contingent consideration liability		Level 3
Derivatives	10.2	Level 3
Loans from related party companies		Level 2 ¹

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:

	Reviewed Fair value at 31 August 2022 R'000	Audited Fair value at 31 August 2021 R'000	Valuation method	Fair value hierarchy
Financial assets				
Investments at fair value through profit/(loss)				
Bambelela	114 627	91 408	Percentage of net assets value	Level 3
Louisyahna	-	2 000	Cost	Level 3
4Plus	1 432	19 818	Discounted cash flow	Level 3
LMLA	-	11 915	Discounted cash flow	Level 3
Total investments at fair value through profit/(loss)	116 059	125 141		
Other financial assets – designated at fair value through profit/(loss)				
Cadiz Investment Enterprise Development Fund	1 001	1 005	Investor statement	Level 2
Numus Capital Proprietary Limited	-	17 411	Investor statement	Level 1
Vunani Securities	200 357	116 983	Investor statement	Level 1
Unit trusts	12 252	-	Investor statement	Level 1
Foreign exchange contracts	1 772	802		
Total other financial assets – designated at fair value through profit/(loss)	215 382	136 201		
Financial assets				
Written call option	113 738	-	Binomial option pricing model	Level 3
Financial liabilities				
Written put options over non-controlling interests	39 017	19 953	Binomial option pricing model	Level 3
Contingent consideration liabilities	-	24 228	Discounted cash flow	Level 3
Total financial liabilities	39 017	44 181		

22. FAIR VALUE INFORMATION (CONTINUED)

Reconciliation of assets and liabilities measured at level 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 2022					
Non-financial assets					
Financial assets					
Investments at fair value through profit/(loss)					
Bambelela	91 408	-	-	23 219	114 627
Louisyahna	2 000	-	-	(2 000)	-
4Plus	19 818	24 000	-	(42 386)	1 432
LMLA	11 915	-	(11 915)	-	-
Kyramanzi	-	5 000	-	(5 000)	-
AOH	-	2 850	-	(2 850)	-
Synclabs	-	4 500	-	(4 500)	-
Fueltech	-	10 000	-	(10 000)	-
Total investments at fair value through profit/(loss)	125 141	46 350	(11 915)	(43 517)	116 059
Other financial assets - designated at fair value through profit/(loss)					
Cadiz Investment Enterprise Development Fund	1 005	-	-	(4)	1 001
Numus	17 411	-	(17 411)	-	-
Vunani Securities	116 983	63 136	-	20 238	200 357
Funds invested in unit trusts	-	12 000	-	252	12 252
Total other financial assets - designated at fair value through profit/(loss)	135 399	75 136	(17 411)	20 486	213 610
Financial assets					
Written call option	-	-	-	113 738	113 738
	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 2022					
Financial liabilities					
Written put options over non-controlling interests	19 953	-	-	19 064	39 017
Contingent consideration liabilities	24 228	-	(30 000)	5 772	-
Total financial liabilities	44 181	-	(30 000)	24 836	39 017

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

22. FAIR VALUE INFORMATION (CONTINUED)

31 August 2021	Opening balance R'000	Additions R'000	Disposals/ Settlements R'000	Gains/ (losses) in profit or loss R'000	Closing balance R'000
Non-financial assets					
Financial assets					
Investments at fair value through profit/(loss)					
Bambelela	31 139	-	-	60 269	91 408
Loot B2B	-	10 000	-	(10 000)	-
Louisyahna	-	2 000	-	-	2 000
LMLA	-	-	-	11 915	11 915
4Plus	31 782	14 000	-	(25 964)	19 818
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	-	17 411	-	-	17 411
Vunani Securities		116 983			116 983
Total other financial assets – designated at fair value through profit/(loss)	9 702	135 399	(9 702)	-	135 399
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

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

22. FAIR VALUE INFORMATION (CONTINUED)

	Net asset value	
	Increase 10%	Decrease 10%
Investments		
Bambelela (R'000)	1 333	(1 333)

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)	1 040	(1 168)

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.

23. EVENTS AFTER THE REPORTING PERIOD

A gross final dividend of 60 cents per share in South African rand has been declared by the Board of Directors in respect of the year ended 31 August 2022. Refer to the directors' report for more information.

In the previous financial year, AYO disposed of 5.5% of its shareholding in Zaloserve to Zaloserve management. On 19 October 2022, the board approved the transaction to reverse the sale of 5.5% of the issued share capital. As of 19 October 2022, the Group held 55% equity interest in Zaloserve.

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	
	Reviewed 2022 R'000	Audited 2021 R'000	Reviewed 2022 R'000	Audited 2021 R'000
Software and consulting	44 423	43 607	13 830	9 310
Security solutions	-	226 585	-	80 704
Unified communications	365 304	190 163	85 626	51 519
Healthcare	64 101	89 932	29 895	35 498
Tracking solutions	8 677	111 063	3 373	29 708
Managed services	1 272 674	1 038 142	254 921	239 863
Total	1 755 179	1 699 492	387 645	446 602
Administration and support services			(807 370)	(783 024)
Other operating gains			58 877	33 798
Other operating income			16 012	10 873
Movement in credit loss allowances			(47 412)	(84 422)
Finance income			147 394	164 639
Finance cost			(13 556)	(13 529)
Profit from equity accounted investment			25 250	24 539
Total revenue and loss before taxation	1 755 179	1 699 492	(233 160)	(200 524)

Condensed segmental analysis *(continued)*

	Reviewed 2022 R'000	Audited 2021 R'000
Segmental assets		
Software and consulting	21 800	14 633
Security solutions	-	59 790
Unified communications	176 881	132 986
Healthcare	104 907	89 594
Tracking solutions	-	87 249
Managed services	3 481 085	3 820 096
Total segmental assets	3 784 673	4 204 348
Unallocated*	26 462	22 238
Total consolidated assets	3 811 135	4 226 586
Segmental liabilities		
Software and consulting	14 109	9 880
Security solutions	-	23 596
Unified communications	84 870	57 303
Healthcare	17 200	8 802
Tracking solutions	-	12 654
Managed services	587 554	521 573
Total segmental liabilities	703 733	633 808
Unallocated*	-	(7 349)
Total consolidated liabilities	703 733	626 459

* 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	
	Reviewed 2022 R'000	Audited 2021 R'000	Reviewed 2022 R'000	Audited 2021 R'000
Software and consulting	309	1 033	53	2 977
Security solutions	-	-	-	-
Unified communications	12 000	6 936	3 936	63 921
Healthcare	1 703	3 920	1 273	6 556
Tracking solutions	-	7 127	-	97
Managed services	21 084	52 299	11 265	162 352
Total	35 095	71 315	16 527	235 903

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

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Cape Town, 8002

Company secretary: Wazeer Moosa
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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
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	JSE Limited
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

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