

**REVIEWED CONDENSED
CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST
2023**



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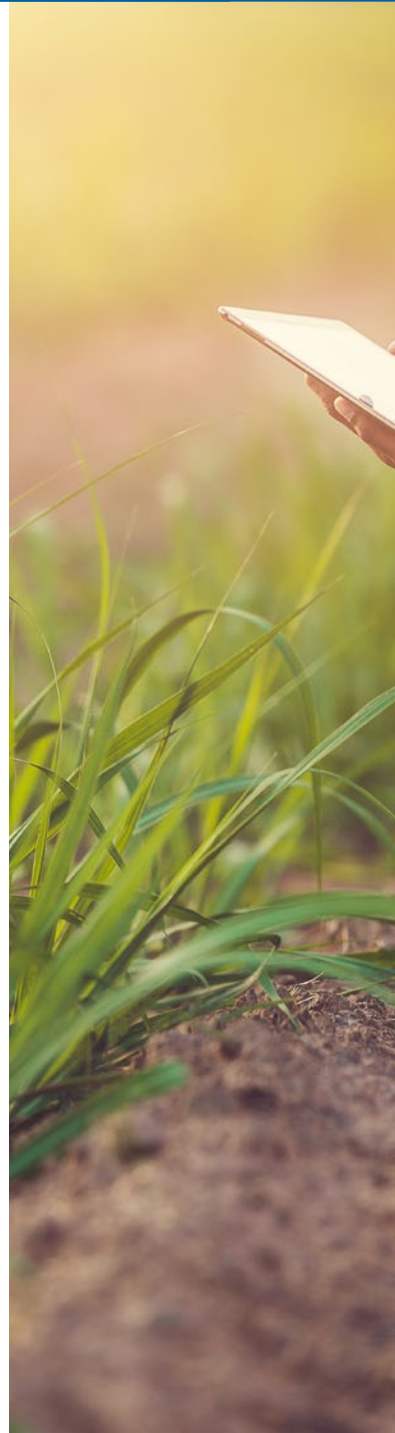
AYO TECHNOLOGY SOLUTIONS LIMITED

(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 considerable change and challenge, but we look forward to further growing revenue, continued commitment to serving customers, positively impacting the communities in which we operate and creating value for stakeholders.

Join us as we reflect on our journey.

2023 Highlights

REVENUE

R2.3 billion

↑28%

EPS

(180.53) cents

↓(130%)

HEPS

(176.46) cents

↓(193%)

Overview of the AYO Group

Founded 27 years ago, AYO (derived from Yoruba word meaning “joy” or “happiness”) is a technology holding company with interests in disruptive technologies that advance life, business, health, and economics. In essence, AYO supports and motivates African technology companies to thrive, and in so doing, contribute to the joy and happiness of communities. The business has developed a diverse investment portfolio that touches on all aspects of technology, from connectivity and communications to software development, cloud, and managed IT services.

AYO strives to be a leading Africa-based technology group, pioneering smart living and working throughout the continent, and globally. The future-focused investment strategy aims to discover, secure and scale disruptive businesses that make an impact on society, be it through infrastructure, education, health, safety, e-commerce, industry automation, cyber security or the environment.

AYO is listed on the main board of the securities exchange operated by the Johannesburg Stock Exchange (“JSE”) and has an asset base valued at R3 billion as at 31 August 2023.

Values-based business philosophy

Through inclusivity, collaboration and common purpose, AYO is looking to position itself as an innovative technology hub that will support Africa to compete in the global arena.

Applying creativity, innovation, and technology to solve pertinent problems in Africa, is the approach which enables AYO to contribute to progress and transformation of the African technology landscape. It is the ultimate purpose of the Company to find solutions to the most critical problems in Africa by investing and acting as a catalyst to technological innovation on the continent, delivering value for our business, shareholders, and the African economy.

Partnership approach to investment

The principles of shared value underpin our investment approach. Subsidiaries and investments are much more than asset-driven equity acquisitions. In making investment decisions, what an investment can do for the balance sheet, how value can be created for the investee and the potential for positive impact on society, is strongly considered.

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 the group into a diverse, multi-faceted company with a wide range of expertise to find novel solutions to complex African challenges, which create value.

Whilst AYO strives for an equity stake that allows for meaningful participation in the business entities it invests in, the approach is one of partnership and support to ensure that the business maximises its potential. A decentralised management system allows AYO to provide constructive input into the strategy and operations of investee companies, enabling them to flourish and grow.

Group financial performance

Group revenue has increased significantly by 28% from R1.8 billion in the prior year to R2.3 billion in the current year due to improved revenue generation from the managed services and unified communications divisions.

Sizwe IT Group which forms part of the managed services division contributed revenue of R1.2 billion compared to R933 million in the prior year. The increase in revenue was as a result of the increase of tenders awarded despite these not being services contracts.

The unified communication division comprises of Kathea and Kalula. Kathea Communications performed significantly well in the current financial year earning revenue of R324 million up from R236 million reported in the prior year. Kalula's revenue has also grown from R134 million to R223 million. The revenue growth for the two entities in the unified communication division is attributed to companies either moving back permanently moving back to office or adopting a hybrid working environment and expansion into new territories.

The Group's gross profit percentage decreased from 22% in the prior year to 16% in the current year due to lower margins achieved in the managed services divisions as result of less service contracts and more procurement of equipment distribution contracts in the public sector.

On 23 December 2022, the Group announced the decision to restructure the corporate head office to reduce costs. The Group started implementing cost saving initiatives, took a prudent approach to impair non performing investments and focused on stabilising our current investments which will result in a decrease in operating expenditure in the next financial year, due to legacy contractual costs still to be unwound operating costs remained significantly high in the current period due to restructuring costs, retrenchment costs, legal fees for ongoing litigations and impairing of non-performing investments.

Other operating gains include fair value adjustments on investments and derivatives. The Group incurred other operating gains/(losses) of (R56 million) in the current year compared to other operating gains of R59 million in the prior year. The other operating losses in the current year is due to derecognition of derivatives.

The Group invested some of its funds in the stock market to yield better returns. The stock portfolio earned dividend income of R7 million (2022: R9 million) and had fair value gains of R10 million (2022: R20 million) from its investments in the stock market during the current year under review.

Furthermore, the Group generated interest income and investment income totalling R150 million in the current year under review as compared to interest income and investment income of R147 million in the prior financial year. The increase in overall interest and investment income is mainly because of prime rate increases. The Group generated a loss before taxation of R653 million for the year ended 31 August 2023 as compared to a loss before tax of R233 million in the prior financial year, mainly due to the decrease in gross margins, lower fair value adjustments on investments, VAT adjustment as a result of apportionment difference with SARS, derecognition of derivatives and the impairment of loans.

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 organic growth initiatives as a result of lack of access to funding due to the company not being able to provide financial assistance as the resolution was not approved by shareholders, and its ability to complete significant acquisitions. The Group however, continues to focus on remaining resilient despite the challenges it faces which is clearly indicative by the results of AYO's underlying subsidiaries despite these challenges.

Divisional performance

Software and consulting	2023 R'000	2022 R'000
Revenue	45 200	44 423
Gross profit	15 436	13 830
EBITDA	4 502	1 891
Profit before tax	3 486	765

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 has been on a steady growth and the gross profit has improved from 31% in the prior year to 34% in the current year.

The profit before tax for the division improved significantly due to improved margins.

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

Security solutions	2023 R'000	2022 R'000
Revenue	-	-
Gross profit	-	-
EBITDA	-	(3 036)
Loss before tax	-	(3 171)

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.

Unified communications	2023 R'000	2022 R'000
Revenue	545 580	365 304
Gross profit	120 742	85 626
EBITDA	49 873	32 512
Profit before tax	42 351	29 134

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

The division's revenue increased by 49% in the current year from R365 million in the prior year to R546 million in the current financial year. Revenue increased significantly due to the focus into Africa Strategy by division and coupled with the increased demand of audio and visual equipment.

Although revenues have increased significantly, the division's gross profit margin has decreased from 23% in the prior year to 22% 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.

The profit before tax improved as a result of increased revenue and improved gross profit margins.

Healthcare	2023	2022
	R'000	R'000
Revenue	65 897	64 101
Gross profit	30 321	29 895
EBITDA	19 941	20 507
Profit before tax	20 272	19 575

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 improving slightly from R64 million to R66 million in the current year.

The contracts as well as the support services performed for the public sector customer have higher gross margins. The margins have been maintained at about 47% for both the current and prior 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.

Tracking solutions	2023	2022
	R'000	R'000
Revenue	-	8 677
Gross profit	-	3 373
EBITDA	-	(712)
Profit before tax	-	1 124

There were changes to the directorate in this division which resulted in AYO losing the ability to 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, training and simulation both nationally and internationally. The solutions include asset and force tracking across the world, integrated situational awareness pictures and constructive simulation technology.

Divisional performance *(continued)*

As from 1 November 2021, the division is equity-accounted in the Group financial results.

Managed services	2023 R'000	2022 R'000
Revenue	1 596 801	1 272 674
Gross profit	184 762	254 921
EBITDA	(771 728)	(388 103)
Loss before tax	(719 365)	(280 588)

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

Included in this division are the operational results of 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 improved revenue for the current financial year. The division has embarked on significant efforts to obtain additional contracts and it has been able to increase its revenues due to additional contracts being awarded by several public sector customers. AYO consolidated revenue of R1.2 billion (2022: R927 million) and gross profit of R121 million (2022: R190 million) from Zaloserve in the current year. The decrease in margins was a result of the mix of products and services contracts available in the public sector.

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 R346 million to the Group’s consolidated revenue a similar amount from the prior year due to no other additional revenue earned. SGT however saw an increase in gross profit, from R64 million in the prior year to R67 million in the current year.

Governance matters

1. DIRECTORATE

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

Director	Office	Designation	Date of appointment	Date of resignation
A Makan	Chief Executive Officer	Executive	15 February 2023	
P Guzha	Chief Financial Officer	Executive	15 February 2023	
K Abdulla	Deputy Executive Chairman	Executive	12 March 2020	01 December 2023
Prof LCH Fourie	Interim Chairperson	Non-executive [#]	07 July 2020	
AB Amod		Non-executive	26 February 2013	
RP Mosia		Non-executive [#]	21 August 2018	
Adv Dr NA Ramatlhodi		Non-executive [#]	7 March 2018	
SM Rasethaba		Non-executive [#]	1 April 2021	
Dr DH George		Non-executive [#]	20 August 2018	15 May 2023
Dr WA Mgoqi	Chairman	Non-executive [#]	20 August 2018	03 April 2023
V Dzvova		Non-executive	17 April 2023	
J van Wyk		Non-executive	17 April 2023	27 October 2023
H Plaatjes	Chief executive Officer	Executive	21 December 2018	13 December 2022
IT Bundo	Chief financial Officer	Executive	22 January 2019	15 February 2023
V Govender	Corporate Affairs	Executive	21 December 2018	23 December 2022

[#] Independent

Mr H Plaatjes was an executive director of the Company from 21 December 2018. On 13 December 2022, he retired as a director of the Company.

Ms V Govender was an executive director of the Company from 21 December 2018. On 23 December 2022, she resigned as a director of the Company.

Mr IT Bundo was an executive director of the Company from 22 January 2019. On 15 February 2023 he resigned as a director of the Company.

Dr WA Mgoqi passed away suddenly on 3 April 2023, which is taken as the effective date of resignation. Professor LCH Fourie was appointed as the interim chairman on 17 April 2023.

Ms V Dzvova and Mr J van Wyk were appointed as non-executive directors with effect from 17 April 2023. Mr J van Wyk resigned 27 October 2023.

Dr DH George passed away suddenly on 15 May 2023, which was taken as the effective date of resignation.

Mr K Abdulla was an executive director of the Company from 12 March 2020. On 1 December 2023, he retired as a director of the Company.

Governance matters *(continued)*

2. LITIGATION

The extensive legal challenges, as set out below, which AYO is confronting simultaneously, together with the ongoing negative media focus on the Group and heightened regulatory attention, are putting the business to a serious test, potentially threatening its longevity. Whilst these prolonged processes are straining AYO's financial and human resources, forcing its operational focus and impeding its ability to concentrate on the strategic mandate management it is set to deliver on, it is important for shareholders to understand that some of these litigious matters were necessary to proceed with to ensure long-term sustainability and protect underlying investments of the Group. It is also worth noting that AYO as a Company is not an applicant in all the banking related litigation however AYO subsidiaries are. For the sake of transparency to our shareholders, AYO discloses these matters below. The board of directors are optimistic that there will be an end to the legal challenges in the new year.

Public Investment Corporation ("PIC") and Government Employees Pension Fund ("GEPF")

Court proceedings pursuant to the aforementioned matter, which commenced on Tuesday, 7 March 2023, ceased on Thursday, 23 March 2023 following the amicable conclusion of the Settlement Agreement by the Parties, thus ending the prolonged litigation. The Settlement Agreement was subsequently made an order of court on Friday, 24 March 2023.

The Initial Specific Repurchase requires, inter alia, the approval by at least 75% of the votes cast in favour thereof by AYO Shareholders at a general meeting of Shareholders. Accordingly, the transfer of the Initial Repurchase Shares from AYO will take place following the approval of the Initial Specific Repurchase by Shareholders in General Meeting yet to be convened. Shareholders will be made aware of the date and time of the General Meeting in due course. Shareholders are referred to the various SENS announcements made by the Company in this regard inclusive of the cautionary announcements made and the renewal thereof.

State Information Technology Agency

On 25 August 2020, the State Information Technology Agency ("SITA") brought an application in the Eastern Cape High Court for an order to interdict the Eastern Cape Department of Education ("ECDOE") from continuing with a contract that the ECDOE has with Sizwe Africa IT Group Proprietary Limited ("Sizwe") which is a subsidiary of AYO, 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.

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 has made an estimate and raised the provision for the amount. The parties are in negotiation to reach settlement.

Access Bank South Africa Limited

Legal proceedings were instituted against Access Bank on 29 July 2022, following the termination of AYO's bank accounts. An urgent interdict application was launched in the Western Cape High Court to re-open the bank accounts. The Court dismissed Part A of the application. Part B of the application which seeks to review Access Bank's decision to terminate AYO's bank accounts and declare the termination unlawful, is currently on-going.

Absa Bank Ltd and 26 Others (Equality Court Application)

The group is party to an Equality Court application against 27 respondents 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, 2000.

A virtual direction hearing between the parties was held on 29 September 2023, wherein future hearing dates of the interlocutory applications was decided and agreed upon. The fifth directions hearing will take place on 8 March 2024 to decide the further conduct on the matter.

Absa Bank Ltd & 22 Others (High Court Parallel Application)

The Group is also party to a High Court Application against 23 respondents 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. The application requires reviewing, correcting and setting aside of the withdrawal, termination and closure by the banks of the financial services and banking relationships with the Group and the other applicants.

A virtual direction hearing between the parties was held on 29 September 2023, wherein future hearing dates of the interlocutory applications was decided and agreed upon. The fifth directions hearing will take place on 8 March 2024 to decide the further conduct of the matter.

Nedbank and 1 Other

The Group instituted proceedings against Nedbank in the form of an urgent interim interdict to interdict Nedbank from closing the accounts of the Applicants pending the outcome of the main Application in the Equality application as referred to above. On 17 June 2022, Judge Dolamo found in favour of the Applicants and granted an interim interdict. Nedbank applied for leave to appeal the decision in the High Court, which was dismissed.

Thereafter, Nedbank petitioned the Supreme Court of Appeal and successfully obtained leave to appeal the court a quo's judgment. The matter was heard on the 14 November 2023 and judgment has been reserved.

Standard Bank of SA Limited

The Applicants herein instituted interdict proceedings against Standard bank pursuant to receiving a termination letter dated 25 April 2022. All pleadings were filed herein, however, the matter was removed from the roll and withdrawn by agreement pending the outcome of Competition Tribunal's finding as well as the outcome of the appeal of the Competition Tribunal's decision to keep Applicants' bank accounts open.

Governance matters *(continued)*

The Applicants also launched an urgent application to interdict Standard Bank from closing the Applicants' banking accounts pending the outcome of the main application under case number 9318/22. All pleadings were filed herein, however, the matter was also withdrawn by agreement after the Applicants were awarded temporary relief by the Competition Tribunal on 16 September 2022 ordering the Banks to keep the Applicants' accounts open pending the outcome of its decision.

Standard Bank agreed to keep the accounts open whilst awaiting the outcome of the appeal instituted in the Competition Appeal Court ("CAC"). The appellants in the application to appeal the Competition Tribunal were successful and the appeal was upheld, whereafter Standard Bank threatened to proceed with closing the bank accounts despite us having lodged an appeal to the Constitutional Court. The Group had no option but to revive this application on an urgent basis, and simultaneously launched an urgent application in the Equality Court.

The matters were heard on 12 September 2023, and we were successful in obtaining an interim interdict against Standard Bank from closing bank accounts affected until September 2024. Standard Bank has filed for leave to appeal which has been set down for the 15th of February 2024.

Competition Tribunal

Standard Bank, Mercantile Bank and Access Bank ("the banks") appealed the ruling of the Tribunal to the Competition Appeal Court ("CAC") and the appeals were heard on 30 and 31 March 2023. On 17 July 2023 the CAC rendered its decision, and it upheld the appeals of the three banks. On 08 August 2023 AYO and other entities in the Sekunjalo Group lodged an application for leave to appeal the judgment of the CAC to the Constitutional Court. The banks are opposing the application for leave to appeal.

The Tribunal ruling of 16 September 2022 was extended until 16 September 2023 and during August 2023, the Commission and the applicants signed an agreement to extend the Commission's investigation until December 2024. However, the banks opposed the extension application, and the matter was set down and heard before the Tribunal on the 5th of October 2023. Judgment has been reserved by the Tribunal.

Mpati Review Application

This matter concerns, inter alia, reviewing and setting aside certain issues relating to the unlawfulness of the proceedings, as well as, reviewing and setting aside the findings, remarks, conclusions and/or recommendations made by the Commission about the Applicants who were not the target of the Commission's terms of reference but were referred to in the Mpati Report.

The parties' counsel is engaged in discussions to agree on a date for the filing of the respondents' answering affidavit.

Cortex Logic

The litigation arose from the non-repayment of loans provided to Cortex Logic. AYO obtained a warrant of execution to recover the outstanding loans and interest thereon.

Futuretell Communication

The Company instituted action against Futuretell Communication Proprietary Limited for recovery of a loan to the value of R3.7 million resulting from a breach of the loan agreement entered into between the Parties in 2019. Default judgment was obtained by AYO on 7 September 2023, and we are in the process of navigating possible ways of recovering the debt.

South African Clothing and Textile Worker's Union (SACTWU)

The litigation arose because of a dispute regarding the entitlement to dividends based on shares held. This matter is ongoing, and the discovery process is to follow.

PL Myburgh & Daily Maverick

Defamation claims against the parties in respect of media articles published. The matter is pending.

Daily Maverick & amaBhungane

Defamation claims against the parties in respect of media articles published. The matter is pending.

Mitigating actions

1. Business continuity plans are in place and operational readiness to address potential negative litigation outcomes.
2. Continuous discussions in progress with the PIC and the JSE regarding the implementation of the Settlement Agreement.
3. Continuous stakeholder engagement with subsidiaries, regulators and staff to secure their ongoing support and promote open and transparent relationships.

3. GOING CONCERN

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

The board of directors of Ayo ("Board") have determined the appropriate basis of preparation of the reviewed condensed consolidated financial statements 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 Group taking into account the current financial position and existing cash resources.

On 31 May 2019 AYO received a summons issued by the PIC and GEPP. The summons sought 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. The Parties entered into a settlement agreement which was made an order of court on 24 of March 2023.

Subsequent to the receipt of the summons, the Company was reconfigured into an investment holding company and continues to trade as such through the portfolio of investments. 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.

Governance matters *(continued)*

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 condensed consolidated annual financial statements.

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

4. INDEPENDENT REVIEWERS REPORT

The provisional condensed consolidated financial results for the year ended 31 August 2023 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 20 of the reviewed consolidated 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.

Issued share movements	Reviewed 2023	Audited 2022
Balance at the beginning of the year	343 319 040	344 123 944
Shares repurchased	(133 555)	(804 904)
Balance at the end of the year	343 185 485	343 319 040

The Company acquired 133 555 (2022: 804 904) of its own shares through purchases on the JSE for an amount of R435 555.

7. EVENTS AFTER THE REPORTING PERIOD

Refer to note 22 for events after reporting period.

8. FUTURE PROSPECTS

With its diversified technology investment portfolio which includes subsidiaries, associates and joint-ventures across the ICT value chain, AYO remains well positioned to deliver on its original purpose of becoming an African technology leader.

In the next period, AYO's aim is to strengthen underlying investments and improve margins. Furthermore, the goal is to support the scaling of the technology stack of subsidiaries into new markets.

The Group expects to nurture relationships with current customers and suppliers to ensure that it strengthens existing contracts and maximises its current opportunities to the best of its abilities. In line with its go-to market strategy, the Group will continue to explore opportunities to acquire or partner with innovative companies with disruptive technologies, and synergies with existing investees.

AYO continues to commercially engage 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.

9. 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.



Prof. Louis Fourie

Independent non-executive (Interim Chairman)

6 December 2023



Amit Makan

Chief executive officer

6 December 2023

Consolidated statement of profit or loss and other comprehensive income for the year ended 31 August 2023

	Notes	Reviewed 2023 R'000	Audited 2022 R'000
Revenue	1	2 253 494	1 755 179
Cost of sales		(1 902 233)	(1 367 534)
Gross profit		351 261	387 645
Other operating income		21 484	16 012
Other operating (losses) gains/losses	2	(55 574)	58 877
Other operating expenses	3	(891 956)	(807 370)
Movement in credit loss allowances		(193 980)	(47 412)
Finance income	4	150 461	147 394
Finance costs		(22 402)	(13 556)
Loss from equity-accounted investments		(12 541)	25 250
Loss before taxation		(653 247)	(233 160)
Taxation	5	12 506	(32 904)
Loss after taxation		(640 741)	(266 064)
Other comprehensive income:			
Items that will be subsequently reclassified to profit or loss:			
Exchange differences on translating foreign operations		(3 006)	(478)
Total comprehensive loss for the period		(643 747)	(266 542)
Loss after taxation attributable to:			
Shareholders of AYO		(619 794)	(270 303)
Non-controlling interests		(20 947)	4 239
Total loss after taxation		(640 741)	(266 064)
Total comprehensive loss attributable to:			
Shareholders of AYO		(622 800)	(270 781)
Non-controlling interests		(20 947)	4 239
Total comprehensive loss		(643 747)	(266 542)
Earnings per share (cents)			
Basic loss per share (cents)	18	(180.53)	(78.60)

Consolidated statement of financial position as at 31 August 2023

	Notes	Reviewed 2023 R'000	Audited 2022 R'000
Assets			
Non-current assets		872 962	1 196 036
Property, plant and equipment		34 798	38 627
Right-of-use of assets		43 846	94 360
Goodwill	6	75 458	75 458
Intangible assets	7	109 524	121 912
Investments in equity accounted joint ventures and associate		60 151	72 692
Loans to related party companies	8	137 239	280 764
Other loans receivable	9	207 241	252 833
Investments at fair value through profit or loss	10	118 227	116 059
Derivatives	11.1	-	113 738
Finance lease receivables		-	3 131
Deferred tax		86 478	26 462
Current assets		2 159 190	2 615 099
Inventories	12	238 659	200 251
Loans to related party companies	8	282 848	125 405
Other loans receivable	9	8 375	151 541
Trade and other receivables	13	1 227 197	785 303
Other financial assets	14	208 300	223 210
Finance lease receivables		3 131	13 149
Current tax receivable		1 023	1 328
Cash and cash equivalents	15	189 657	1 114 912
Total current assets		2 159 190	2 615 099
Total assets		3 032 152	3 811 135
Equity and liabilities			
Equity			
Stated capital		4 441 051	4 441 488
Reserves		(36 913)	(31 745)
Accumulated loss		(2 276 613)	(1 452 902)
Equity attributable to shareholders of AYO		2 127 525	2 956 841
Non-controlling interests		111 673	150 561
Total equity		2 239 198	3 107 402
Liabilities			
Non-current liabilities		32 968	120 626
Derivatives	11.2	-	39 017
Lease liabilities		28 616	76 660
Employee benefit obligation		3 231	3 233
Other financial liabilities		1 121	1 717
Current liabilities		759 986	583 107
Trade and other payables	16	405 362	393 604
Other financial liabilities		8 189	12 567
Lease liabilities		22 856	29 869
Deferred income		19 995	45 075
Current tax payable		45 330	14 824
Provisions		218 318	51 784
Dividend payable		39 930	32 305
Bank overdraft	15	6	3 079
Total current liabilities		759 986	583 107
Total liabilities		792 954	703 733
Total equity and liabilities		3 032 152	3 811 135

Condensed consolidated statement of changes in equity as at 31 August 2023

	Reviewed 2023 R'000	Audited 2022 R'000
Balance at the beginning of the period	3 107 402	3 600 127
Total comprehensive income attributable to shareholders of AYO	(619 794)	(270 303)
Total comprehensive income attributable to non-controlling interests	(20 947)	4 239
Dividends paid	(211 154)	(223 574)
Foreign currency translation reserve	(3 006)	(165)
Movement in liabilities reserve	9 799	
BBEE share reserves	(11 809)	-
Movement in non-controlling interest - changes in ownership	(10 847)	-
Treasury shares	(435)	(2 922)
Balance at the end of the period	2 239 209	3 107 402

Comprising of:	2023 R'000	2022 R'000
Stated capital	4 444 410	4 444 410
Treasury shares	(3 359)	(2 922)
	4 441 051	4 441 488
Reserves	(36 913)	(31 745)
Retained income	(2 276 613)	(1 452 902)
Non-controlling interests	111 673	150 561
Total equity	2 239 198	3 107 402

Condensed consolidated statement of cash flows for the year ended 31 August 2023

	Reviewed 2023 R'000	Audited 2022 R'000
Cash utilised in operations	(1 001 812)	(221 253)
Finance income	34 246	66 069
Finance costs	(21 135)	(9 182)
Dividend income	108	8 430
Tax paid	(20 235)	(21 984)
Net cash to operating activities	(1 008 828)	(177 920)
Cash flows from investing activities		
Purchase of property, plant and equipment	(10 110)	(11 566)
Sale of property, plant and equipment	3 910	302
Purchase of intangible assets	(2 103)	(1 672)
Loss of control of subsidiary	-	(56 496)
Loans advanced to related party companies	(759)	(32 463)
Loans from related party companies	15 795	5 781
Other loans advanced	(8 743)	(165 438)
Other loans repaid	51 852	46 053
Disposal of investments held at fair value	3 100	-
Purchase of investments at fair value	(12 000)	(46 350)
Amounts advanced to acquire other financial assets	(1 117)	(65 129)
Amounts repaid from other financial assets	27 591	6 313
Funds held in trust fund transfers	235 137	-
Funds withdrawn in trust	636 207	32 101
Funds advanced in trust	(624 000)	(316 864)
Finance lease receipts	13 149	23 261
Net cash to investing activities	327 909	(582 167)
Cash flows from financing activities		
Other loans received	-	17 629
Other financial liabilities repayments	(6 265)	(65 099)
Lease liabilities repayments	(36 305)	(26 385)
Movement in long term service awards	(588)	(443)
Dividends paid	(198 274)	(214 311)
Share buy back	436	(2 922)
Net cash to financing activities	(240 996)	(291 531)
Total cash movement for the period	(921 915)	(1 051 618)
Cash at the beginning of the period	1 111 833	2 163 722
Effect of exchange rate	(267)	(271)
Total cash at the end of the period	189 651	1 111 833

Accounting policies and basis of preparation

The reviewed condensed consolidated financial statements for the year ended 31 August 2023 have been prepared in accordance with the JSE Listings Requirements (“Listings Requirements”) 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 condensed consolidated financial statements 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 condensed consolidated financial statements for the year ended 31 August 2023 have been prepared by the Group Financial and Reporting Accountant, Basani Kubayi CA(SA) under the supervision of the Group Chief Financial Officer, Pride Guzha CA(SA).

REPORTING ENTITY

The condensed consolidated financial statements for year ended 31 August 2023 comprises the Company, its subsidiaries, joint venture and joint associates.

USE OF JUDGEMENTS AND ESTIMATES

In preparing the reviewed condensed consolidated financial statements in conformity with IFRS, management is required to make estimates and assumptions that affect the amounts represented in the reviewed condensed consolidated financial statements and related disclosures. Estimates and assumptions are based on historical experience and expectation of future events and are reviewed on an ongoing basis. Actual statements in the future could differ from these estimates which may be material to the reviewed condensed consolidated financial statements. Significant judgements made by management that could have a significant effect on the carrying amounts recognised in the reviewed condensed consolidated financial statements 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 control 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”) and a 43% equity interest in Software Tech Holdings Proprietary Limited (“Software Tech”), it has been determined that AYO controls Main Street and Software Tech respectively in terms of IFRS 10 Consolidated Financial Statements. As per the shareholders agreements, AYO has the rights to variable returns from involvement with Main Street and it has the ability to use its power over the investee to affect the amount of the returns in Main Street and Software Tech. As at 31 August 2023, management applied judgement in assessing the impact of additional rights granted to the parent company in the shareholders agreements in respect of its investment in Main Street and Software Tech.

Accounting policies and basis of preparation

(continued)

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

The directors have concluded that the Group has no significant influence over Bambelela Capital Proprietary Limited (“Bambelela”), 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 2023. 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 condensed consolidated financial statements

1. REVENUE

	Reviewed 2023 R'000	Audited 2022 R'000
Revenue from contracts with customers		
Sale of goods	1 434 845	1 055 849
Rendering of services	818 649	699 330
	2 253 494	1 755 179
Disaggregation of revenue from contracts with customers		
The Group disaggregates revenue from customers as follows:		
Sale of goods	1 434 845	1 055 849
Rendering of services	818 649	699 330
Fees earned	191 144	335 512
Services revenue	627 505	363 818
	2 253 494	1 755 179
Total revenue	2 253 494	1 755 179
Timing of revenue recognition by revenue pattern		
At a point in time		
Software and consulting related	21 577	16 653
Communication products and hardware-related	540 747	352 942
Project-related services	873 663	691 480
	1 435 987	1 061 075
Over-time		
Software and consulting related	14 267	27 770
Communication products and hardware related products	75 330	76 463
Project related services	727 910	589 871
	817 507	694 104
Total revenue	2 253 494	1 755 179

2. OTHER OPERATING GAINS/(LOSSES)

	Reviewed 2023 R'000	Audited 2022 R'000
Gain on sale of businesses	-	4 586
Fair value losses on investments	(5 193)	(28 871)
Fair value gains on NCI written put option	12 716	(19 063)
*Fair value losses on call options	(77 655)	113 739
Net foreign exchange gains losses	(1 300)	6 140
Fair value gains on contingent considerations	8 162	(5 772)
Loss on sale of investments	(11 122)	(10 434)
Profit on sale of property, plant and equipment	(144)	543
Profit on sale of intangible assets	-	6 391
Profit on early termination of lease	7 153	293
Fair value loss – initial recognition of loan	-	(8 675)
Total	(55 574)	58 877

* In the prior year, GCCT was consolidated with the AYO Group and the call options were eliminated, however, on 1 November 2021, 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. OPERATING EXPENSE

	2023	2022
Employee Expense	275 199	321 299
Depreciation and amortisation	50 967	60 011
Impairment expense	9 952	75 868
Consulting expense	137 470	121 336
*VAT apportionment	126 014	-
Retrenchment costs	27 316	-
^Other operating expense	265 037	228 856
Total	891 956	807 370

* Some expenditure was disallowed by SARS due to Binding General Ruling 60 meaning AYO was earning more interest as compared to revenue. As a result of this, a reassessment dating back to the 2018 financial year was performed by the Company pending the outcome from SARS reassessment which resulted in the addition of R99 million to provisions.

^ Included in other operating expenses are legal fees, management fees, research and development and marketing costs.

4. FINANCE INCOME

	Reviewed 2023 R'000	Audited 2022 R'000
Bank and cash	31 769	66 502
Interest – Related party companies	8 364	9 241
Loans receivable	60 206	36 512
Cumulative preference shares	34 451	21 905
Funds in Trust	15 618	5 747
Other financial assets	53	7 487
Total	150 461	147 394

Notes to the reviewed condensed consolidated financial statements *(continued)*

5. INCOME TAX EXPENSE

	Reviewed 2023 R'000	Audited 2022 R'000
Major components of the tax expense		
South African normal taxation	50 026	46 367
Under provision – prior periods	99	(118)
Total current tax expense	50 125	46 249
Deferred tax expense		
Deferred tax arising on originating and reversing temporary differences	(62 515)	(14 880)
Arising from prior period adjustments	(116)	118
Change in tax rate*	-	1 417
Total deferred tax expense	(62 631)	(13 345)
Total tax expense	(12 506)	32 904

* 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.

6. GOODWILL

	Reviewed 2023 R'000	Audited 2022 R'000
Opening balance	75 458	144 593
Impairment	-	(69 135)
Total	75 458	75 458

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

7. INTANGIBLE ASSETS

	Reviewed 2023 R'000	Audited 2022 R'000
Opening balance	121 912	157 636
Additions	2 103	1 613
Disposals	-	(21 317)
Loss of control of subsidiary	(469)	(462)
Amortisation	(15 428)	(17 387)
Foreign exchange gains	1 406	1 829
Total	109 524	121 912

8. LOAN TO RELATED PARTY COMPANIES

	Reviewed 2023 R'000	Audited 2022 R'000
AEEI Loan 2 The loan is unsecured, bears interest at the prime rate and the loan is now due for repayment.	8 205	8 612
AEEI Loan 3 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.	7 557	6 788
Vunani Fintech Fund Proprietary Limited (“VFF”) Loan 1 The loan is unsecured, bears interest at the prime rate and is repayable on 28 March 2024.	147 317	132 319
VFF Loan 2 The loan is unsecured and 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.	129 681	114 191
Zaloserve Management Proprietary Limited (“ZM”) 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. The agreement which led to the transaction was reversed in the current reporting period.	-	16 825
GCCT – Loan 1 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.	29 707	27 466
GCCT – Loan 2 The loan bears interest at the prime rate and is now due for repayment. The loan is secured by the current assets of GCCT with a carrying amount of R63.4 million (2022: R61.4 million) and non-current assets of GCCT with a carrying amount of R17.8 million (2022: R20.5 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.	38 471	31 281

Notes to the reviewed condensed consolidated financial statements *(continued)*

8. LOAN TO RELATED PARTY COMPANIES (CONTINUED)

	Reviewed 2023 R'000	Audited 2022 R'000
GCCT - Loan 3	27 897	26 384
The loan is unsecured, bears interest at the prime rate. The loan is now due for repayment.		
GCCT - Loan 4	3 994	17 377
The loans are unsecured, bear interest at the prime rate 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	27 258	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 was repayable on by 31 August 2023. The loan was repaid in the current financial year.		
	420 087	406 169
Split between non-current and current portions:		
Non-current assets	137 239	280 764
Current assets	282 848	125 405
Total	420 087	406 169

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.

9. OTHER LOANS RECEIVABLE

	Reviewed 2023 R'000	Audited 2022 R'000
<p>*Volt Africa Proprietary Limited</p> <p>The loan is unsecured and bears interest at a rate of prime plus 2%. The loan is now due for repayment.</p>	-	7 250
<p>Cumulative preference shares – Bamebelela Capital Proprietary Limited (“Bamebelela”)</p> <p>On 28 September 2018, AYO subscribed for 500 000 cumulative, redeemable, non-participating convertible class C preference shares of no par value in Bamebelela for consideration of R145 million. The preference shares are redeemable on 31 March 2025. 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%.</p>	116 212	143 485
<p>Preference shares – Dinaledi Technologies Proprietary Limited (“Dinaledi”)</p> <p>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.</p>	12 535	15 162
<p>Cumulative preference shares – 4Plus Technology Venture Fund Africa Proprietary Limited (“4Plus”)</p> <p>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 2023, 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%.</p>	58 055	77 380
<p>*4Plus</p> <p>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.</p>	-	2 086
<p>*LML Shared Solutions Proprietary Limited (“LMLS”) – Loan 1</p> <p>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.</p>	-	19 468

Notes to the reviewed condensed consolidated financial statements *(continued)*

9. OTHER LOANS RECEIVABLE (CONTINUED)

	Reviewed 2023 R'000	Audited 2022 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	9 952	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”)	18 862	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.		
	215 616	404 374
Split between non-current and current portions:		
Non-current assets	207 241	252 833
Current assets	8 375	151 541
Total	215 616	404 374

9. 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**

The loans were fully impaired in the current year. The carrying value of impaired loans was R23 million due to doubt of the recoverability of the loans.

Dinaledi

An impairment of R3.3 million was raised against the preference shares in the current year due to doubt of the recoverability of the loans.

***Volt Africa Proprietary Limited**

The loan of R6.2 million was fully impaired in the current year due to doubt of the recoverability of the loans.

***Nevzotron Proprietary Limited (“Nevzotron”)**

An impairment of R88 million was raised against the loan in the current year due to doubt of the recoverability of the loans.

***4Plus**

The loan of R2.2 million was fully impaired in the current year due to doubt of the recoverability of the loans.

Notes to the reviewed condensed consolidated financial statements *(continued)*

10. INVESTMENTS

	Reviewed 2023 R'000	Audited 2022 R'000
Investments comprises of:		
Bambelela	118 227	114 627
4Plus	-	1 432
Total	118 227	116 059
	R'000	R'000
Reconciliation of investments		
Opening balance	116 059	125 141
Additions	12 000	46 350
Loss on disposal	-	(11 915)
Changes in fair values	(9 832)	(43 517)
Total	118 227	116 059

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 R3.6 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 2023, AYO has a total shareholding of 25% in 4Plus. The investment's fair value was adjusted to nil in the current year.

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 to Nevzotron in the prior financial year. (Refer to Nevzotron Loan)

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 prior year.

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 prior year.

10. INVESTMENTS (CONTINUED)

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 in the prior year. In the current year AYO reduced its interest in SyncLabs to 5%.

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 in the prior year.

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 fuel sector. The investment’s fair value was adjusted to nil in the prior year.

African Innovation Academy (“African innovation”)

On 7 February 2023, AYO subscribed for 25 (25%) shares in African Innovation Academy at R12 million. This Academy has an interest in development and advancement of African businesses in the information and technology sector.

11. DERIVATIVES

11.1 Derivative Financial asset

	Reviewed 2023 R’000	Audited 2022 R’000
Opening balance	113 789	-
*Recognition of call option	-	113 738
^Derecognition of call option	(113 789)	-
Total	-	113 738

* In the prior year, GCCT was consolidated in AYO. The call options were eliminated however, on 1 November 2021, AYO lost control of GCCT, resulting in both the call option and the put option being recognised in the consolidated financial results.

^ The options lapsed on 9 February 2023 and they were not exercised resulting in the derecognition of the call option. It was derecognised into the income statement.

11.2 Derivative Financial liability

	Reviewed 2023 R’000	Audited 2022 R’000
Opening balance	39 017	19 953
Fair value adjustments	-	19 064
Derecognition of put option	(39 017)	-
Closing balance	-	39 017

Notes to the reviewed condensed consolidated financial statements *(continued)*

11. DERIVATIVES (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 on the derivative liability and R114 million on the derivative asset have been disclosed in other operating gains/losses. The options lapsed and were derecognised on 9 February 2023. It was realised into the income statement.

On 20 February 2023 the following options expired, (these options were enter into 9 February 2019):

1. A call option where AYO could purchase 60% of AEEI shares in Mainstreet.
2. A put option where AYO could sell its 40% shareholding in Mainstreet.
3. A call option in favour of AEEI where AEEI could purchase AYO's 40% shareholding in Mainstreet to AYO.
4. A put option in favour of AEEI where AEEI could sell its 60% shareholding in Mainstreet to AYO.

The exercise prices for the above options were based on formulas stated in the agreements. Given the nature of these options, should one option be exercised the remaining options would lapse.

As at 20 February 2023, the AYO call option and AYO put option listed above were “in the money” where as the AEEI call option and put option were “out the money”. However, these options were not exercised due to management taking into consideration the business risk of controlling the entities.

As a result, the options were derecognised on 20 February 2023. At derecognition date the AYO call option was the option being the higher value amounted to R61 million (2022: R61 million). Although the AEEI options were “out the money”, should AEEI exercise the put option, AYO would have an obligation to pay R39 million (2022: R39 million) for the 60% in Mainstreet. At 20 February 2023 this option was not exercised and hence there was no obligation on AYO and the liability was derecognised.

12. INVENTORIES

	Reviewed 2023 R'000	Audited 2022 R'000
Finished goods	119 564	95 086
Consumables	10 087	1 168
Goods in transit	1 344	60 154
Work in progress	114 895	51 624
	245 890	208 032
Inventory written down to net realisable value	(7 231)	(7 781)
Total	238 659	200 251

2023: R7.2 million (2022: R7.8 million) of inventory was written off in the current year.

The carrying value of inventory R239 million (2022: R200 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.

13. TRADE AND OTHER RECEIVABLES

	Reviewed 2023 R'000	Audited 2022 R'000
Financial Instruments:		
Trade receivables	424 780	373 218
Loss allowance	(17 924)	(10 366)
Trade receivables at amortised cost	406 856	362 852
Deposits	18 570	17 220
Accrued income	389	3 936
Funds held in Trust	89 590	352 206
Related party receivables	68 797	14 493
Provision for impairment of related party receivables	(14 081)	(14 081)
Sundry customers	10 384	23 042
Non-financial instruments		
Value added taxation	6 635	7 589
Prepayments	29 677	27 087
Provision for impairment of prepayments	(9 041)	(9 041)
*Other prepayments	619 423	-
Total	1 227 197	785 303

* Other prepayments are funds paid out to the PIC in relation to the AYO/PIC settlement agreement. Once the settlement agreement conditions are met there will be an effect on the equity of the company.

14. OTHER FINANCIAL ASSETS

	Reviewed 2023 R'000	Audited 2022 R'000
Other financial assets are comprised of:		
At fair value through profit or loss		
Cadiz Life Investment Enterprise Development Fund	216	1 001
Foreign exchange contracts	1 010	1 772
Inyosi Supplier Development Fund	1 153	-
Vunani securities (Funds invested in the stock market)	184 368	200 357
Funds invested in unit trusts	13 165	12 252
	199 912	215 382
Loans and receivables at amortised cost		
Supplier development loan	1 000	1 970
Staff loans	1 330	4 158
Uhula ICT Proprietary Limited (“Uhula”)	-	1 700
Loan to directors	4 358	-
Mantella Trading 634 Proprietary Limited	1 700	-
	8 388	7 828
	208 300	223 210

Notes to the reviewed condensed consolidated financial statements *(continued)*

14. OTHER FINANCIAL ASSETS (CONTINUED)

	Reviewed 2023 R'000	Audited 2022 R'000
Split between non-current and current portions:		
Non-current assets	-	-
Current assets	208 300	223 210
Total	208 300	223 210

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 decrease in financial assets is primarily due to the withdrawal of funds made by the company during the current financial year. The Group recognised fair value gains of R10 million on the stock market investments in the current financial year.

15. CASH AND CASH EQUIVALENTS

	Reviewed 2023 R'000	Audited 2022 R'000
Cash and cash equivalents consists of:		
Cash on hand	188	172
Bank balances	189 469	1 114 740
Bank overdraft	(6)	(3 079)
Total	189 651	1 111 833

16. TRADE AND OTHER PAYABLES

	Reviewed 2023 R'000	Audited 2022 R'000
Financial instruments:		
Trade payables	238 735	223 653
Non-financial instruments:		
Leave pay and other accruals	108 550	119 484
Amounts received in advance	1 769	347
Value added taxation	56 308	50 119
Total	405 362	393 603

17. PROVISIONS

Reconciliation of provisions

	Opening balance R'000	Additions R'000	Business combination R'000	Utilised during the year R'000	Reversed during the year R'000	Total R'000
Reconciliation of provisions - 2023						
Commission and incentive programme	5 222	3 781	(3 863)	460	(131)	5 469
Bonuses	12 931	6 764		(10 289)	(374)	9 032
Onerous contract	3 753	-			-	3 753
Project and product warranties and product risk	10 007	3 769		(376)	(9 324)	4 076
Fine - JSE	2 000	101		(1 502)	(497)	102
Legal costs	16 662	-		-	-	16 662
*VAT reimbursement	-	179 225			-	179 225
Provisions for marketing and promotions	1 210	-		(1 210)	-	-
Total	51 784	193 640	(3 863)	(12 917)	(10 326)	218 318
		Opening balance R'000	Additions R'000	Utilised during the year R'000	Reversed during the year R'000	Total R'000

Reconciliation of provisions - 2022

Commission and incentive programme		2 323	13 534	(9 495)	(1 140)	5 222
Bonuses		13 795	12 701	(13 379)	(186)	12 931
Onerous contract		3 645	108	-	-	3 753
Project and product warranties and product risk		13 479	9 517	(213)	(12 776)	10 007
Reimbursement - Puleng service cost			1 210			1 210
Fine - JSE		-	2 000			2 000
Legal cost			16 662			16 662
Total		33 242	55 732	(23 087)	(14 102)	51 784

* Some expenditure was disallowed by SARS due to Binding General Ruling 60 meaning AYO was earning more interest as compared to revenue. As a result of this, a re-assessment dating back to the 2018 financial year was performed by the Company pending the outcome from SARS reassessment which resulted in the addition of R99 million to provisions.

Notes to the reviewed condensed consolidated financial statements *(continued)*

18. EARNINGS PER SHARE

	Reviewed 2023 R'000	Audited 2022 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)	(180.53)	(78.60)
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	(619 794)	(270 303)
Weighted average number of shares ('000)	343 314	343 878
Headline earnings per share		
Headline earnings is determined as follows:		
Earnings attributable to owners of AYO	(619 794)	(270 303)
Adjusted for:		
Profit on sale of property, plant and equipment	(117)	(543)
Profit on sale of intangibles	-	(6 391)
Loss on disposal of subsidiary	11 122	(4 586)
Impairment of intangibles and property, plant and equipment	-	5 997
Goodwill impairment	-	69 135
Tax effect of adjustments	2 971	2 334
Total non-controlling interest effects of adjustments	-	(2 814)
Headline earnings	(605 818)	(207 171)
Weighted average number of shares ('000)	343 314	343 878
Headline loss per share (cents)	(176.46)	(60.25)

19. CONTINGENCIES

Litigation

The extensive legal challenges, as set out below, which AYO is confronting simultaneously, together with the ongoing negative media focus on the Group and heightened regulatory attention, are putting the business to a serious test, potentially threatening its longevity. Whilst these prolonged processes are straining AYO's financial and human resources, forcing its operational focus and impeding its ability to concentrate on the strategic mandate management is set to deliver on, it is important for shareholders to understand that some of these litigious matters were necessary to proceed with to ensure long-term sustainability and protect underlying investments of the group. It is also worth noting that AYO as a Company is not an applicant in all the banking related litigation however AYO subsidiaries are. For the sake of transparency to our shareholders, AYO discloses these matters below. The board of directors are optimistic that there will be an end to the legal challenges in the new year.

19. CONTINGENCIES (CONTINUED)

Court proceedings pursuant to the aforementioned matter, which commenced on Tuesday, 7 March 2023, ceased on Thursday, 23 March 2023 following the amicable conclusion of the Settlement Agreement by the Parties, thus ending the prolonged litigation. The Settlement Agreement was subsequently made an order of court on Friday, 24 March 2023.

The Initial Specific Repurchase requires, *inter alia*, the approval by at least 75% of the votes cast in favour thereof by AYO Shareholders at a general meeting of Shareholders. Accordingly, the transfer of the Initial Repurchase Shares from to AYO will take place following the approval of the Initial Specific Repurchase by Shareholders in General Meeting yet to be convened. Shareholders will be made aware of the date and time of the General Meeting in due course. Shareholders are referred to the various SENS announcements made by the Company in this regard inclusive of the cautionary announcements made and the renewal thereof.

On 25 August 2020, the State Information Technology Agency (“SITA”) brought an application in the Eastern Cape High Court for an order to interdict the Eastern Cape Department of Education (“ECDOE”) from continuing with a contract that the ECDOE has with Sizwe Africa IT Group Proprietary Limited (“Sizwe”) which a subsidiary of AYO, 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.

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 has made an estimate and raised the provision for the amount. The parties are in negotiation to reach settlement.

Standard Bank, Mercantile Bank and Access Bank (“the banks”) appealed the ruling of the Tribunal to the Competition Appeal Court (“CAC”) and the appeals were heard on 30 and 31 March 2023. On 17 July 2023 the CAC rendered its decision, and it upheld the appeals of the three banks. On 08 August 2023 AYO and other entities in the Sekunjalo Group lodged an application for leave to appeal the judgment of the CAC to the Constitutional Court. The banks are opposing the application for leave to appeal.

The Tribunal ruling of 16 September 2022 was extended until 16 September 2023 and during August 2023, the Commission and the applicants signed an agreement to extend the Commission’s investigation until December 2024. However, the banks opposed the extension application, and the matter was set down and heard before the Tribunal on the 5th of October 2023. Judgment has been reserved by the Tribunal

This matter concerns, *inter alia*, reviewing and setting aside certain issues relating to the unlawfulness of the proceedings, as well as, reviewing and setting aside the findings, remarks, conclusions and/or recommendations made by the Commission about the Applicants who were not the target of the Commission’s terms of reference but were referred to in the Mpati Report.

The parties’ counsel is engaged in discussions to agree on a date for the filing of the respondents’ answering affidavit.

Notes to the reviewed condensed consolidated financial statements *(continued)*

20. RELATED PARTIES

Entity name	Relationship
African Equity Empowerment Investments Limited	Common shareholding
Afrinat Proprietary Limited	Common shareholding
Bowwood and Main No.180 Proprietary Limited	Common shareholding
espAfrika Proprietary Limited	Common shareholding
Orleans Cosmetics Proprietary Limited	Common shareholding
Tripas Travel Proprietary Limited	Common shareholding
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	Common shareholding
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
Collateral Trading Proprietary Limited	Common director
4Plus Technology Venture Fund Africa Proprietary Limited	Common shareholding
AOH Enterprises Proprietary Limited	Investment
Bambelela Capital Proprietary Limited	Associate
CreAlpha Proprietary Limited	Investment
Dinaledi Proprietary Limited (Pref shares)	Investment
Kyramanzi Proprietary Limited	Investment
Loot B2B Proprietary Limited	Investment
Volt Africa Proprietary Limited	Common shareholding
Dr FM Surve	Family member of director
Springbok Consulting CC	Common shareholding
Sekunjalo Development Foundation	Common shareholding
Surve Philanthropies	Common shareholding
Insights Publishing Proprietary Limited	Common shareholding
Content Nation Media Proprietary Limited	Common shareholding
Isakhiwo Group International Proprietary Limited	Shareholders

20. RELATED PARTIES (CONTINUED)

	Reviewed 2023 R'000	Audited 2022 R'000
Significant related party transactions during the year include:		
Sales to related parties		
Independent Newspaper Proprietary Limited	90	154
Mustek Limited	-	1 593
Loot Online Proprietary Limited	20	16
Communication Products Proprietary Limited	18 187	-
BT Communications Services South Africa Proprietary Limited	-	-
Purchases of hardware and managed services from related parties		
BT Communications Services South Africa Proprietary Limited	5 758	6 014
Mustek Limited	138 660	52 623
Dr FM Surve	-	-
Communication Product Proprietary Limited	75 068	36 521
Saratoga Software Proprietary Limited	-	1 571
Loot Online Proprietary Limited	-	81
Dividend income from related parties		
Bambelela Capital Proprietary Limited – cumulative redeemable preference shares	2 939	2 108
Recoveries from/(expenses) to related parties		
Independent Online Proprietary Limited	19	-
Volt Business Solutions Proprietary Limited	194	-
Independent News and Media Proprietary Limited	3 528	551
Content Nation Media Proprietary Limited	116	-
Insights Publishing Proprietary Limited	13	-
Sagarmatha Proprietary Limited	8	-
Fair value gains/(losses) on investments in related parties		
4Plus Technology Venture Fund Africa Proprietary Limited	-	(42 386)
Bambelela Capital Proprietary Limited	3 600	23 219
Fair value gains/(losses) on derivate financial assets with related parties		
African Equity Empowerment Investments Limited (Main Street and GCCT Call option) refer to note 11	(113 738)	94 675
Administration and management fees expense to related parties		
African Equity Empowerment Investments Limited	6 930	7 560
Springbok Consulting Close Corporation	1 005	1 251
Communication Product Proprietary Limited	3 417	1 643
Advertising and marketing expenses to related parties		
African News Agency Proprietary Limited	3 900	10 700
Independent News and Media Proprietary Limited	5 225	5 826
ANA Publishing Proprietary Limited	1 850	-
Consulting and or legal fees to related parties		
African Equity Empowerment Investments Limited	233	-
Collateral Trading Proprietary Limited	115	-

Notes to the reviewed condensed consolidated financial statements *(continued)*

20. RELATED PARTIES (CONTINUED)

	Reviewed 2023 R'000	Audited 2022 R'000
Significant related party transactions during the year include:		
Socio-economic development expense to related parties		
Sekunjalo Development Foundation	2 000	-
Surve philanthropies	2 000	-
Sekunjalo music academy NPC	2 000	-
Impairment expenses in respect of related parties		
Global Command and Control Technologies Proprietary Limited	-	5 000
Kyramanzi Proprietary Limited	-	5 000
Independent News and Media Proprietary Limited	-	250
CreAlpha Proprietary Limited	-	5 815
Loot B2B Proprietary Limited	1 959	2 695
Fueltech Proprietary Limited	-	10 000
AOH Enterprise Proprietary Limited	-	2 850
African Equity Empowerment Investments Limited	503	-
Dinaledi Proprietary Limited (Pref shares)	2 142	-
Office equipment purchased from related parties		
Loot Online Proprietary Limited	-	24
Reversal of impairment expenses in respect of related parties receivables and loans		
Crealpha Proprietary Limited	304	-
Rental income from related parties		
Volt Africa Proprietary Limited	960	-
Printing and stationary expenses to related parties		
Loot Online Proprietary Limited	10	21
Rental expenses to related parties		
Biton Music Productions Proprietary Limited	1 227	-
Professional services fees paid related parties		
Vunani Corporate Finance Proprietary Limited	10 697	5 782
African Equity Empowerment Investments Limited	26	-
LML Shared Solutions Proprietary Limited	-	49 088
Travel expenses paid to related parties		
Tripos Travel Proprietary Limited	1 987	5 351
Security expenses paid to related parties		
Biton Music Productions Proprietary Limited	-	78
Information, communication and technology expenses paid to related parties		
Loot Online Proprietary Limited	13	1

20. RELATED PARTIES (CONTINUED)

	Reviewed 2023 R'000	Audited 2022 R'000
Significant related party transactions during the year include:		
Interest received from related parties		
4Plus Technology Venture Fund Africa Proprietary Limited	236	10 067
4Plus Technology Venture Fund Africa Proprietary Limited (preference shares)	20 076	-
African Equity Empowerment Investments Limited	1 081	1 207
Bambelela Capital Proprietary Limited – cumulative redeemable preference shares	9 470	8 668
Global Command and Control Technologies Proprietary Limited	12 559	8 433
Loot B2B Proprietary Limited	4 209	2 695
Vunani Fintech Fund Proprietary Limited	30 488	19 695
Fueltech Proprietary Limited	1 920	-
Volt Africa Proprietary Limited	3 303	741
CreAlpha Proprietary Limited	2 795	1 951
Dinaledi Proprietary Limited (Preference shares)	696	-
Zaloserve Management Proprietary Limited	-	1 241
Isakhiwo Group International Proprietary Limited	-	15
Interest paid to related parties		
Mustek Limited	877	397
	Reviewed 2023 R'000	Audited 2022 R'000
Related party balances include the following:		
Loans receivable from related parties		
4Plus Technology Venture Fund Africa Proprietary Limited – cumulative redeemable preference shares	84 056	77 380
African Equity Empowerment Investments Limited	10 382	16 356
Bambelela Capital Proprietary Limited – cumulative redeemable preference shares	118 227	143 485
Communication Products Proprietary Limited	-	610
4Plus Technology Venture Fund Africa Proprietary Limited – loan	-	2 086
Global Command and Control Technologies Proprietary Limited	105 068	107 508
Loot B2B Proprietary Limited – cumulative redeemable preference shares	34 997	30 788
Volt Africa Proprietary Limited	27 650	21 579
Vunani Fintech Fund Proprietary Limited	-	246 510
Zaloserve Management Proprietary Limited	-	16 825
CreAlpha Proprietary Limited	-	31 951
Fueltech Proprietary Limited	18 862	20 108
Dinaledi Proprietary Limited (Preference shares)	21 258	20 562
LML Shared Solutions Proprietary Limited	-	173 476

Notes to the reviewed condensed consolidated financial statements *(continued)*

20. RELATED PARTIES (CONTINUED)

	Reviewed 2023 R'000	Audited 2022 R'000
Related party balances include the following:		
Accumulated impairment on loans receivable from related parties		
Global Command and Control Technologies Proprietary Limited	(5 000)	(5 000)
Loot B2B Proprietary Limited - cumulative redeemable preference shares	(32 747)	(30 788)
Volt Africa Proprietary Limited	(22 762)	(13 524)
African Equity Empowerment Investments Limited	(1 460)	(956)
CreAlpha Proprietary Limited	-	(5 815)
Dinaledi Proprietary Limited (preference shares)	(8 723)	-
Investments in related parties		
4Plus Technology Venture Fund Africa Proprietary Limited	221 230	221 230
Bambelela Capital Proprietary Limited	118 227	16 182
Loot B2B Proprietary Limited	25 000	25 000
Kyramanzi Proprietary Limited	5 000	5 000
Fueltech Proprietary Limited	10 000	10 000
AOH Enterprises Proprietary Limited	2 850	2 850
Louisyahna Creations Proprietary Limited	2 000	2 000
Accumulated fair value gains/(losses) on investments in related parties		
4Plus Technology Venture Fund Africa Proprietary Limited	(219 276)	(219 798)
Bambelela Capital Proprietary Limited	102 045	98 445
Loot B2B Proprietary Limited	(25 000)	(25 000)
Kyramanzi Proprietary Limited	(5 000)	(5 000)
Fueltech Proprietary Limited	(2 738)	(10 000)
AOH Enterprises Proprietary Limited	(2 850)	(2 850)
Louisyahna Creations Proprietary Limited	(2 000)	(2 000)
Carrying amounts of investments in related parties		
4Plus Technology Venture Fund Africa Proprietary Limited	1 432	1 432
Bambelela Capital Proprietary Limited	118 227	114 627
Options: derivatives asset		
African Equity Empowerment Investments Limited	-	113 739
Options: derivatives liability		
African Equity Empowerment Investments Limited	-	39 017
Trade payables to related parties		
African Equity Empowerment Investments Limited	750	725
Communication Products Proprietary Limited	12 087	7 030
Independent News and Media Proprietary Limited	22	136
Loot Online Proprietary Limited	-	15
Mustek Limited	-	12 565
Tripos Travel Proprietary Limited	172	212
Springbok Consulting Close Corporation	-	172
Other payables		
Vunani Capital Proprietary Limited	3 450	1 725

20. RELATED PARTIES (CONTINUED)

	Reviewed 2023 R'000	Audited 2022 R'000
Related party balances include the following:		
Trade receivables from related parties		
Global Command and Control Technologies Proprietary Limited	41	36
African Online Retail	2	
Independent News and Media Proprietary Limited	10 537	6 887
Mustek Limited	250	83
Volt Africa Proprietary Limited	3 060	2 286
Loot Online Proprietary Limited	1 212	1 199
African News Agency Proprietary Limited	445	445
espAfrika Proprietary Limited	77	77
Independent Newspaper Proprietary Limited	151	151
Communication Products Proprietary Limited	2 635	-
Mustek Limited	46 201	-
Other receivables from related parties		
4Plus Technology Venture Fund Africa Proprietary Limited	529	529
Orleans Cosmetics Proprietary Limited	-	207
Sekunjalo Investments Holdings Proprietary Limited	-	1 930
Independent News and Media Proprietary Limited	14 081	5 571
Accumulated impairment on other receivables from related parties		
Independent News and Media Proprietary Limited		(11 416)
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		
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)

Notes to the reviewed condensed consolidated financial statements *(continued)*

21. 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	9	Level 2 ¹
Loans to related party companies	8	Level 2 ¹
Other financial assets – not designated at fair value through profit/(loss)	14	Level 2
Other financial assets – designated at fair value through profit/(loss)	14	Level 2
Trade receivables	13	Level 3 ¹
Cash and cash equivalents	15	Level 1 ²
Foreign exchange contract	14	Level 2 ²
Investments at fair value through profit/(loss)	10	Level 3
Derivatives	11.1	Level 3
Financial liabilities		
Other financial liabilities		Level 3 ¹
Trade payables	16	Level 3 ²
Bank overdraft	15	Level 1
Contingent consideration liability		Level 3
Derivatives	11.2	Level 3
Loans from related parties 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.

21. FAIR VALUE INFORMATION (CONTINUED)

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

	Reviewed Fair value at 31 August 2023 R'000	Audited Fair value at 31 August 2022 R'000	Valuation method	Fair value hierarchy
Financial assets				
Investments at fair value through profit/(loss)				
Bambelela	118 227	114 627	Percentage of net assets value	Level 3
Louisyahna	-	-	Cost	Level 3
4Plus	-	1 432	Discounted cash flow	Level 3
LMLA	-	-	Discounted cash flow	Level 3
Fueltech	-	-	Discounted cash flow	Level 3
African Innovation	-	-	Discounted cash flow	Level 3
Total investments at fair value through profit/(loss)	118 227	116 059		
Other financial assets - designated at fair value through profit/(loss)				
Cadiz Investment Enterprise Development Fund	216	1 001	Investor statement	Level 2
Inyosi supplier development fund	1 153	-	Investor statement	Level 1
Vunani Securities	184 368	200 357	Investor statement	Level 1
Unit trusts	13 165	12 252	Investor statement	Level 1
Foreign exchange contracts	1 010	1 772	Investor statement	Level 1
Derivative financial assets	-	113 738	Binomial option pricing model	Level 3
Total other financial assets - designated at fair value through profit/(loss)	199 912	329 120		
Financial liabilities				
Written put options over non-controlling interests	-	39 017	Binomial option pricing model	Level 3
Total financial liabilities	-	39 017		

Notes to the reviewed condensed consolidated financial statements *(continued)*

21. 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 2023					
Non-financial assets					
Financial assets					
Investments at fair value through profit/(loss)					
Bambelela	114 627	-	-	3 600	118 227
Louisyahna	-	-	-	-	-
4Plus	1 432	-	-	(1 432)	-
LMLA	-	-	-	-	-
Kyramanzi	-	-	-	-	-
AOH	-	-	-	-	-
Synclabs	-	-	-	-	-
Fueltech	-	-	-	-	-
African Innovation	-	12 000	-	(12 000)	-
Total investments at fair value through profit/(loss)	116 059	12 000	-	(9 832)	118 227
Other financial assets - designated at fair value through profit/(loss)					
Cadiz Investment Enterprise Development Fund	1 001	-	-	(785)	216
Inyosi Supplier development fund	1 155	-	-	(2)	1 153
Vunani Securities	200 357	-	-	(15 989)	184 368
Funds invested in unit trusts	12 252	-	-	913	13 165
Derivative financial assets	113 738	-	-	(113 738)	-
Total other financial assets - designated at fair value through profit/(loss)	328 503	-	-	(129 601)	198 902
	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 2023					
Financial liabilities					
Written put options over non-controlling interests	39 017	-	-	(39 017)	-
Total financial liabilities	39 017	-	-	(39 017)	-

21. FAIR VALUE INFORMATION (CONTINUED)

31 August 2022	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	91 408	-	-	23 219	114 627
Loot B2B	-	-	-	-	-
Louisyahna	2 000	-	-	(2 000)	-
LMLA	11 915	-	(11 915)	-	-
4Plus	19 818	24 000	-	(42 386)	1 432
LMLA	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
Total other financial assets - designated at fair value through profit/(loss)	135 399	63 136	(17 411)	20 234	201 358
Financial liabilities					
Written put options over non-controlling interests	-	-	-	113 738	113 738
Total financial liabilities	-	-	-	113 738	113 738

Notes to the reviewed condensed consolidated financial statements *(continued)*

21. FAIR VALUE INFORMATION (CONTINUED)

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.

	Net asset value	
	Increase	Decrease
Investments	10%	10%
Bambelela (R'000)	1 077	(1 077)

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	Decrease
Investments	1%	1%
4Plus (R'000)	-	-

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.

22. EVENTS AFTER THE REPORTING PERIOD

On 1 December 2023 Mr Khalid Abdulla the deputy executive chairperson retired as a director of the board.

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	Audited	Reviewed	Audited
	2023	2022	2023	2022
	R'000	R'000	R'000	R'000
Software and consulting	45 200	44 423	15 436	13 830
Unified communications	545 581	365 304	120 743	85 626
Healthcare	65 897	64 101	30 321	29 895
Tracking solutions	-	8 677	-	3 373
Managed services	1 596 815	1 272 674	184 761	254 921
Total	2 253 493	1 755 179	351 261	387 645
			Reviewed	Audited
			2023	2022
			R'000	R'000
Reconciliation of Group's segments to loss before tax				
Gross profit			351 261	387 645
Employee Expense			(275 199)	(321 299)
Depreciation and amortisation			(50 967)	(60 011)
Impairment expense			(9 952)	(75 868)
Consulting expense			(137 470)	(121 336)
Vat apportionment			(126 014)	-
Retrenchment costs			(27 316)	-
Other operating expense			(265 037)	(228 856)
Other operating gains			(55 574)	58 877
Other operating income			21 484	16 012
Movement in credit loss allowances			(193 980)	(47 412)
Finance income			150 461	147 394
Finance cost			(22 402)	(13 556)
Profit from equity accounted investment			(12 541)	25 250
Loss before taxation			(653 247)	(233 160)

Condensed segmental analysis *(continued)*

	Reviewed 2023 R'000	Audited 2022 R'000
Segmental assets		
Software and consulting	20 211	21 800
Unified communications	225 203	176 881
Healthcare	101 415	104 907
Managed services	2 771 800	3 481 085
Total segmental assets	3 118 629	3 784 673
Unallocated*	86 478	26 462
Total consolidated assets	3 032 151	3 811 135
Segmental liabilities		
Software and consulting	10 730	14 109
Unified communications	191 088	84 870
Healthcare	15 406	17 200
Managed services	575 729	587 554
Total segmental liabilities	792 953	703 733
Total consolidated liabilities	792 954	703 733

* 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.

Corporate information

Directors:	Prof. Louis Fourie (Acting Chairperson)*# Amit Makan (Chief Executive Officer)^ Pride Guzha (Chief Financial Officer)^ Rosemary Mosia*# Aziza Amod* Sello Rasethaba*# Valentine Dzvova * Ngoako Ramathodi*# * Non-executive # Independent ^ Executive
Registered office:	10th Floor Convention Tower Cnr Heerengracht & Walter Sisulu Avenue Foreshore Cape Town, 8001
Company secretary:	Wazeer Moosa 10th Floor Convention Tower Cnr Heerengracht & Walter Sisulu Avenue Foreshore Cape Town, 8001 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 Communications	Kathea Communication Solutions Proprietary Limited
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
Yunani Fintech Fund	Yunani Fintech Fund Proprietary Limited
Zaloserve	Zaloserve Proprietary Limited



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CONNECT WITH AYO

We encourage and welcome comments, feedback and suggestions on our reporting suits from all our stakeholders. Please direct your remarks to:

Wazeer Moosa
Company Secretary
email: wazeer.moosa@ayotsl.com