CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST

2024

AYO™

TECHNOLOGY SOLUTIONS LIMITED


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Contents

Level of assurance

The consolidated annual financial statements have been audited in compliance with the applicable requirements of the Companies Act 71 of 2008 amended ("Companies Act").

Preparers

The consolidated annual financial statements have been prepared by the Group Financial and Reporting Accountant, Basani Kubayi CA(SA), under the supervision of the Group Chief Financial Officer, Valentine Dzvova CA(SA).

Published

28 March 2025

Audit and Risk Committee Report

The Audit and Risk Committee ("the Committee") is pleased to submit this report for the financial year ended 31 August 2024 as recommended by the King Code, the JSE Listings Requirements and the Companies Act.

MEMBERS OF THE AUDIT AND RISK COMMITTEE AND ATTENDANCE AT MEETINGS

The Committee consists of independent non-executive directors listed below, all of whom have the requisite business acumen and experience as well as financial skills to fulfil the Committee's duties.

During the year under review, three meetings were held and attendance of those meetings is set out in the table below:

Name	21 November 2023	15 April 2024	16 May 2024
Rosemary Mosia (Chairperson)	✓	✓	✓
Sello Rasethaba	✓	✓	✓
Aziza Amod	✓	✓	✓
Adv Ngoako Ramathlodi	✓	✓	✓

In addition to the Committee members, the Executive Directors, Internal Audit and the external auditors attend the meetings of the Committee by invitation.

The external auditors may communicate directly with the Chairperson of the Committee and all of its members throughout the year. The Chairperson of the Committee is also available at the annual general meeting ("AGM") to answer questions about the Committee's activities.

ROLE AND RESPONSIBILITIES OF THE AUDIT AND RISK COMMITTEE

The Committee is constituted as a statutory committee of the Board. The Committee has terms of reference in place, which regulate both its statutory duties and those duties assigned to it by the Board.

The roles and responsibilities of the Committee include:

- to provide independent oversight of the effectiveness of the Group's assurance functions and services, with particular focus on combined assurance arrangements, including external assurance service providers, internal audit and the finance function;
- to provide independent oversight of the integrity of the annual financial statements and, to the extent delegated by the Board, other external reports issued by the Group;
- to consider on an annual basis, and satisfy itself of the appropriateness and expertise of the Chief Financial Officer and the finance department;
- to ensure that the Group has established financial reporting procedures and that those procedures are operating;
- to review the effectiveness of the internal audit department;
- to review the quality of the external audit; and
- to review and recommend to the Board for approval the interim results, condensed results, the annual financial statements and the Integrated Annual Report.

KEY FOCUS AREAS IN 2024

The significant areas of focus for the Committee in relation to the 2024 financial year and up to the date of this report included:

- approving an internal audit plan for the Group; and
- reviewing the adequacy of the Group's internal controls and procedures over financial reporting to support the Chief Executive and the Chief Financial Officer's responsibility statement.
- Assessed the Group's financial reporting procedures against the stipulations in paragraph 3.84(g)(ii) of the JSE Listings Requirements.
- Reviewed and accepted the interim and annual financial statements for the Group and the Company, as well as the 2024 integrated annual report.
- Oversaw the re-appointment of the Group's external audit partner and reviewed the assurance reports and progress updates of the internal and external audit units.

Audit and Risk Committee Report (continued)

- Examined and updated the Group risk register to ensure that all material risks are accounted for and sufficient mitigating processes are in place.
- Review and consideration of the engagement feedback with FRIP and the JSE in relation to the accounting treatment for options relating to SGT and GCCT.

EXTERNAL AUDITOR

The Committee recommended the re-appointment of Crowe JHB ("Crowe"), which is a member of Crowe Global and Thawt Inc. ("Thawt") as joint external auditors of the Company and its subsidiaries at the annual general meeting held on 26 January 2024. Mr Gary Kartsounis was appointed as the designated auditor for the 2024 financial reporting period.

Thawt Inc. ("Thawt") resigned as the AYO group's joint external auditor and terminated its audit engagement, with effect from 30 October 2024.

The Committee is of the view and is satisfied that the external auditor is independent of the Group.

The Committee approved the level of scope, external audit fees and the extent of non-audit services for the 2024 audit. The external auditors did not provide any non-audit services during the current year under review.

The Committee evaluated the audit and was satisfied with the performance of the external auditor during the reporting period and with the quality of the external audit procedures.

The Committee considered any reported control weaknesses, management's response for their improvement and assessed their impact on the general control environment.

KEY AUDIT MATTERS RELATING TO THE 2024 AUDIT

The Committee considered the key audit matters as outlined in the independent auditor's report set out on pages 8 to 11.

These key audit matters were:

- valuation of unlisted shares;
- valuation of intangible assets and goodwill; and
- Expected credit losses on loans receivable.

The Committee is satisfied that these key audit matters were adequately addressed in the context of the audit.

INTERNAL AUDIT

The Internal Audit function reports directly to the Chairperson of the Committee and provides the Committee with assurance on the effectiveness of the Group's internal control environment.

During the year under review the Committee:

- reviewed and approved an annual internal audit plan;
- assessed the appropriateness and expertise of the Internal Audit as well as the internal audit department;
- received reasonable assurance on the adequacy of the Group's financial reporting procedures;
- considered the internal audit reports on the Group's systems of internal controls, including financial controls, and business risk management; and
- reviewed significant issues raised by the internal audit processes and the adequacy of corrective action in response to internal audit findings and considered management's responses to adverse internal audit findings.

Audit and Risk Committee Report (continued)

FINANCIAL REPORTING

The Committee reviews the Group's accounting policies and the annual financial statements to ensure that they are in compliance with International Financial Reporting Standards IFRS®, the requirements of the Companies Act, the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the Listings Requirements of the JSE and the South African Institute of Chartered Accountants ("SAICA") financial reporting guides issued by the Accounting Practice committee. The Committee has confirmed that the Group has, with consideration to all entities included in the consolidated Group financial statements, established appropriate financial reporting procedures and that those procedures are operating to ensure that it has access to all financial information of the Group, to allow the Group to effectively prepare and report on the financial statements. During the year under review, the Committee:

- considered the appropriateness of the accounting policies adopted;
- considered the accounting treatment of significant transactions;
- reviewed the process implemented by management for the preparation of the annual financial statements and is satisfied that the processes applied in preparing the financial statements were appropriate;
- confirmed the going concern as the basis of preparation of the annual financial statements; and
- ensured that the annual financial statements fairly present the financial position of the Group, the result of operations and cash flows for the financial year ended 31 August 2024.

ANNUAL FINANCIAL STATEMENTS

The Committee reviewed the annual financial statements for the year ended 31 August 2024 and is satisfied that they comply in all material respects with the requirements of IFRS, the Companies Act, and the JSE Listings Requirements. The annual financial statements fairly present the financial position, changes in equity, results of operations and cash flows of the Group.

The Committee recommended the annual financial statements to the Board for approval.

EXPERTISE AND EXPERIENCE OF THE CHIEF FINANCIAL OFFICER

The Committee has satisfied itself in terms of paragraph 3.84(g)(i) of the JSE Listings Requirements that the chief financial officer has the appropriate experience and expertise to meet the responsibilities of the position.

The Committee has satisfied itself in terms of paragraph 3.84(g)(ii) of the JSE Listings Requirements with the expertise of the finance department and is satisfied that the finance department has the appropriate expertise and is adequately resourced.

GOING CONCERN

The Committee reviewed the going concern status of the Group and recommended to the Board that the Group will continue to be considered a going concern for the foreseeable future and that the consolidated annual financial statements have been prepared on the basis applicable to a going concern.

CONCLUSION

I would like to thank my fellow committee members, Executive and Non-Executive Directors, the external auditors, invitees and management for their contributions to the Committee during the year.

On behalf of the Audit and Risk Committee.

Rosemary Mosia
Chair of the Audit and Risk Committee

28 March 2025

Directors' responsibilities and approval

The directors are required in terms of the Companies Act to maintain adequate accounting records and are responsible for the content and integrity of the consolidated annual financial statements and related financial information included in this report. It is their responsibility to ensure that the consolidated annual financial statements fairly present the state of affairs of the Group as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with IFRS, the South African Institute of Chartered Accountants ("SAICA") financial reporting guides issued by the Accounting Practice committee, the Listings Requirements of the JSE and the Companies Act. The external auditors are engaged to express an independent opinion on the consolidated annual financial statements.

The consolidated annual financial statements, set out on pages 18 to 88, are based on appropriate accounting policies which have been consistently applied throughout the Group and which are supported by reasonable and prudent judgements and estimates. The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the Group and place considerable importance on maintaining a strong control environment.

To enable the directors to meet these responsibilities, the Board sets standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Group and all employees are required to maintain the highest ethical standards in ensuring the Group business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Group is on identifying, assessing, managing and monitoring all known forms of risk across the Group. While operating risk cannot be fully eliminated, the Group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management and the internal auditors, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the consolidated annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the Group cash flow forecast for the next 12 months from the date of issue of the consolidated audited financial statements and in light of this review and the current financial position, they are satisfied that the Group has or has access to adequate resources to continue in operational existence for the foreseeable future.

During the period under review, no director had any material interest in any contract which is or was significant in the Company, any of its subsidiaries, associate or joint venture that would cause conflict of interest in the ordinary course of business. Related party transactions with the directors are disclosed in note 39.

The independent external auditors are responsible for reporting on whether the consolidated annual financial statements are fairly presented in accordance with the applicable financial reporting framework. The independent auditor's report to the shareholders of the Group is set out on pages 8 to 11 of this report.

The consolidated annual financial statements set out on pages 18 to 88 which have been prepared by the Group Financial Manager, Basani Kubayi CA(SA) under the supervision of the Group chief financial officer Valentine Dzvova CA(SA), on the going-concern basis, were approved by the Board on 28 March 2025. The consolidated annual financial statements are signed on the directors' behalf by:

Adv. NA Ramathlodi
Independent non-executive director (Chairman)

28 March 2025

Amit Makan
Chief executive officer

28 March 2025

Responsibility statement on internal financial controls

for the year ended 31 August 2024

The directors, whose names are stated below, hereby confirm that:

- the annual financial statements set out on pages 18 to 87 fairly present, in all material respects, the financial position, financial performance and cash flows of AYO in terms of IFRS;
- to the best of our knowledge no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading;
- internal financial controls have been put in place to ensure that material information relating to AYO and its consolidated subsidiaries have been provided to effectively prepare the financial statements.
- The internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function as executive directors with the primary responsibility and execution of controls.

The Chief Financial Officer, Ms Valentine Dzvova, was not employed by AYO during the financial year ended 31 August 2024 and cannot fully attest to the internal financial controls for the financial year. Her confirmation applies only from the date of her appointment onward.

Where we are not satisfied, we have disclosed to the Audit and Risk Committee and the auditors the deficiencies in design and operational effectiveness of the internal financial controls and have taken the necessary remedial action. We are not aware of any fraud involving directors.

Amit Makan
Chief executive officer

28 March 2025

Valentine Dzvova
Chief financial officer

28 March 2025

Company Secretary's certification

Mr Wazeer Moosa serves as the Company Secretary. He is not a director of the Company. His roles and responsibilities are described in the Board charter.

CERTIFICATE OF THE COMPANY SECRETARY

In my capacity as the Company Secretary, I hereby confirm in terms of the Companies Act, that for the year ended 31 August 2024, AYO Technology Solutions Limited has lodged with the Companies and Intellectual Property Commission ("CIPC"), all such returns and notices that are required of a public company in terms of the Companies Act, and that all such returns and notices are, to the best of my knowledge and belief, true, correct and up to date.

Wazeer Moosa
Company Secretary

28 March 2025

Independent Auditor's report

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of AYO Technology Solutions Limited

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Qualified Opinion

We have audited the consolidated financial statements of AYO Technology Solutions Limited and its subsidiaries (the "group") set out on pages 18 to 87 which comprise the consolidated statement of financial position as at 31 August 2024, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of AYO Technology Solutions Limited and its subsidiaries as at 31 August 2024, and its consolidated financial performance and consolidated cash flows for the year then ended, in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Companies Act of South Africa.

Basis for Qualified Opinion

We were unable to obtain sufficient and appropriate audit evidence about the value recorded in the consolidated statement of comprehensive income in the comparative period figures on the derecognition of certain financial instruments as disclosed in Note 27. This relates to an amount of R114.5 million which was expensed on derecognition of the instruments in the prior period. The accounting treatment applied for the recognition and measurement of the instruments is being reevaluated to determine if the values previously recognised were misstated. The evaluation process is not complete at the time of finalising our audit. The nature of the uncertainty relating to this matter is described in the Note 27. Consequently, we were unable to determine whether any adjustment to this amount is necessary.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the group in accordance with the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 38 Going Concern in the consolidated financial statements, which indicates events and conditions and legal matters to which the group is party.

As stated in Note 38, these events or conditions, along with other matters as set forth in Note 38, indicate that a material uncertainty exists that may cast significant doubt on the group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Basis for Qualified Opinion* section and the *Material Uncertainty Related to Going Concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Independent Auditor's report (continued)

Key Audit Matter	How our audit addressed the key audit matter
Valuation of goodwill and intangible assets	
The carrying value of goodwill as at 31 August 2024 amounted to R12 974 000 (2023: R75 458 000.) The carrying value of intangible assets as at 31 August 2024 amounted to R47 595 000 (2023: R109 524 000.) Under IFRSs, the group is required to annually test goodwill and intangible assets with an indefinite useful life for impairment. Intangible assets with impairment indicators are also tested. The test compares the carrying amount of the asset with its recoverable amount, which is the higher of its fair value less costs to sell (if known) and its value in use. We considered the valuation of goodwill and intangible assets to be significant to the audit because of the materiality of the balances and related impairments recognised to the Group's Financial Statements and the sensitivity thereof to the various unobservable valuation inputs, uncertain future cash flows and assumptions that require considerable judgement. The disclosures relating to goodwill and intangible assets are contained in note 1 (accounting policies) as well as notes 5 and 6.	In assessing the valuation of goodwill and intangible assets with indefinite useful lives or impairment indicators, we: • Obtained an understanding of management's internal control process for determining the value-in-use of these assets; We have made use of an auditors' valuation expert to: • Assess the appropriateness of the valuation techniques used; • Assess the arithmetical accuracy of the valuation models; • Evaluate the cash flow projections and the process by which they were developed; • Assess the reasonability and appropriateness of the key inputs (including discount rate, expected volatility and growth rate assumptions); • Assess the sensitivity analysis of the key assumptions in the model and use this to inform the key inputs assessment We assessed the capabilities, competence, and objectivity of the auditor expert and evaluated the adequacy of work performed by the expert.
Valuation of unlisted financial instruments	
The fair value of investments in unlisted financial instruments classified as "financial assets at fair value through profit or loss" as at 31 August 2024 amounted to approximately R47 891 000 (2023: R98 244 000). These financial instruments were measured based on unobservable inputs and are classified as "level 3 financial instruments". As these financial instruments are unlisted and not traded in an active market, management determined the fair values of these financial instruments by using applicable valuation techniques with assistance from valuation experts. We considered the valuation of unlisted financial instruments to be significant to the audit because of the materiality thereof to the Group's Financial Statements and the sensitivity thereof to the various unobservable valuation inputs, uncertain future cash flows and assumptions that require considerable judgement. The disclosures relating to investment in unlisted financial instruments are contained in note 1 (accounting policies) and notes 10, 27, and 42.	In assessing the fair value of the unlisted financial instruments, we: • Obtained an understanding of management's internal control process for determining the fair values of these instruments; We have made use of an auditors' valuation expert to: • Assess the appropriateness of the valuation techniques used; • Assess the arithmetical accuracy of the valuation models; • Evaluate the cash flow projections and the process by which they were developed; • Assess the reasonability and appropriateness of the key inputs (including discount rate, expected volatility and growth rate assumptions); • Assess the sensitivity analysis of the key assumptions in the model and use this to inform the key inputs assessment We assessed the capabilities, competence, and objectivity of the auditor expert and evaluated the adequacy of work performed by the expert.

Independent Auditor's report (continued)

Key Audit Matter	How our audit addressed the key audit matter
Expected credit losses ("ECL") on loan receivables	
Included in the Group's net assets at year-end, are loan receivables with a carrying value of R381 963 000 (2023: R644 091 000) which are accounted for in accordance with IFRS 9: Financial Instruments. The Group assesses the ECL associated with the loan receivables measured at amortised cost and recognises an allowance for ECL for these financial assets. ECL on these loan receivables are measured using the general approach. The measurement of the ECL under this approach reflects a probability weighted outcome, the time value of money and the best forward-looking economic information available to the Group. This incorporates the probability of default ("PD"), exposure at default ("EAD") and the loss given default ("LGD"). We determined the ECL on these financial assets to be a matter of most significance to our current year audit due to the following: • the materiality of the financial assets over which the ECL model is applied; • the materiality of the related credit losses recognised; and • the degree of judgement and estimation applied by management in determining the ECL. The disclosures relating to ECL on loans receivable are contained in note 1 (accounting policies) and note 9.	In assessing the ECL values recognised, we: • Obtained an understanding of management's internal control process for determining the ECL's. • We obtained an understanding of the methodology applied by management in performing the ECL computations and found this to be in line with the requirements of IFRS 9. • We evaluated the reasonableness of judgements and estimates used by management related to ECL's. • We assessed the disclosure included in note 9 against the requirements of IFRS 9. We found the disclosure to be in line with the requirements of IFRS 9.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the documents titled "AYO Technology Solutions Limited Group Annual Financial Statements", "AYO Technology Solutions Limited Company Annual Financial Statements", which includes the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate as required by the Companies Act of South Africa, and the document titled "AYO Technology Solutions Limited Integrated Report 2024". The other information does not include the consolidated financial statements and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Consolidated Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

Independent Auditor's report (continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Crowe JHB has been the auditor of AYO Technology Solutions Limited for five years.

Crowe JHB

G Kartsounis
Partner
Registered Auditor

28 March 2025

9 Autumn Street, Rivonia, 2191

Directors' report

The Directors have pleasure in submitting their report which forms part of the consolidated annual financial statements for the year ended 31 August 2024.

1. NATURE OF BUSINESS

AYO is a leading Broad-Based Black Economic Empowerment ("B-BBEE") information and communications technology ("ICT") investment holding company, servicing clients in Africa and Europe . Its listing moved to the General Segment of the Main Board of the Johannesburg Stock Exchange on 11 December 2024.

Refer to AYO's Integrated Annual Report available on our website at www.ayotsl.com for a more detailed description of AYO's operations, products and services.

2. FINANCIAL RESULTS

The consolidated annual financial statements have been prepared in accordance with IFRS® Accounting Standards (IFRS), the requirements of the Companies Act, the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, and the Listings Requirements of the JSE. The accounting policies have been applied consistently compared to the prior year.

Group financial performance

Group revenue has reduced by 17% from R2.3 billion in the prior year to R1.9 billion in the current year due to revenue decline from the Managed services division which is a major revenue contributor.

Sizwe IT Group which forms part of the Managed services division contributed revenue of R805 million compared to R1.2 billion in the prior year. The decline in revenue was as a result of the contracts awarded in prior periods winding down in the reporting period.

The Unified communication division comprises of Kathea Communication Solutions and Kalula Communications. The Unified communication division improved its performance in the current reporting period improving revenue from R545 million to R574 million. The revenue growth for the Unified communication division is attributed to expansion into new territories.

The Group's gross profit percentage improved from 16% in the prior year to 19% in the current year due to improved margins achieved in the Managed services and Unified communications divisions as result of service contracts which have better margins.

During the previous reporting period, the Group began implementing cost-saving measures, including cancelling and not renewing leases to reduce rental expenses, utilising fewer consultants, including not renewing legacy consultancy agreements, and decreasing staff numbers. The Group adopted a cautious strategy to address non-performing investments while concentrating on stabilising our current investments. These efforts led to a reduction in operating expenses in the current financial year.

The Group incurred other operating losses of R58 million, comprising primarily of fair value adjustments, in the current year compared to other operating losses of R100 million in the prior year. The other operating losses in the prior year was mainly due to a once-off derecognition of derivatives of R114 million.

The Group invested some of its funds in the stock market to yield returns above money market rates. The stock portfolio earned dividend income of R9.4 million (2023: R11.1million) and reflected fair value loss of R2.2 million (2023: Gain of R5.6 million) from its investments in the stock market during the current year under review.

Furthermore, the Group generated finance income totalling R96 million in the current year under review as compared to finance income of R150 million in the prior financial year. A number of loans have been classified as stage 3 credit impaired loans in terms of IFRS 9 which has resulted in less interest being accrued for the year ended 31 August 2024 . The decrease in overall finance income is mainly because of some repayments and impairments of loans. The Group generated a loss before taxation of R577 million compared to a loss before tax of R671 million in the prior financial year, mainly due to the improvement in gross margins and the cost reduction exercise yielding results.

Directors' report (continued)

3. 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	**2024**	**2023**
Balance at the beginning of the year	**343 185 485**	343 319 040
Shares repurchased	**(17 202 756)**	(133 555)
Balance at the end of the year	**325 982 729**	**343 185 485**

In the current year AYO cancelled 17 202 756 shares. These shares relates to the specific repurchase of AYO shares from the GEPF for R619 423 100 at an average price of R36.0072 per share.

In the prior year the Company acquired 133 555 of its own shares through purchases on the JSE for an amount of R435 555.

4. DIVIDENDS

No dividends were declared during the financial year.

The Company's income tax number is 9389007031.

5. DIRECTORATE

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

Director	**Office**	**Designation**	**Date of appointment**	**Date of resignation**
K Abdulla	Deputy executive chairman	Executive	12 March 2020	01 December 2023
A Makan	Chief Executive Officer	Executive	15 February 2023	
P Guzha	Chief financial officer	Executive	15 February 2023	01 December 2024
AB Amod		Non-executive	26 February 2013	
RP Mosia		Non-executive#	21 August 2018	
NA Ramathlodi		Non-executive#	7 March 2018	
SM Rasethaba		Non-executive#	01 April 2021	
Prof LCH Fourie	Interim Chairman	Non-executive#	07 July 2020	13 March 2024
V Dzvova		Non-executive#	12 April 2023	12 December 2023
	Chief financial officer	Executive	01 December 2024	
J van Wyk		Non-executive#	17 April 2023	27 October 2023
W Mclachlan	Chief Operating Officer	Executive	13 March 2024	
L Jacobs		Non-executive#	13 March 2024	
J Moodley		Non-executive#	13 March 2024	25 October 2024

Independent
Adv NA Ramatlhodi was appointed as the chairman of the board with effect from 12 June 2024.
Mr W Mclachlan was appointed as an executive director on the 13 March 2024.
Mr L Jacobs and Mr J Moodley were appointed as non-executive directors effective 13 March 2024. Mr J Moodley resigned as a director on 25 October 2024.
Professor LCH Fourie was appointed as the interim chairman on 17 April 2023, he resigned as a director on 13 March 2024.
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. Ms V Dzvova resigned as a director on 12 December 2023.
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.

6. DIRECTORS' INTERESTS IN SHARES

As at 31 August 2024, the Directors of the Company held direct and indirect beneficial interest in 0.0004% (2023: 1.02819%) of its issued ordinary shares, as set out below:

	Direct beneficial	**Direct non-beneficial**	**Indirect beneficial**	**Indirect non-beneficial**	**Total percentage**
2024					
A Amod	**1 250**	**–**	**–**	**–**	**0.0004%**
2023					
A Amod	1 250	–	–	–	0.0004%
K Abdulla	546 342	2 991 659	–	–	1.02815%

Directors' report (continued)

7. CORPORATE GOVERNANCE

The Directors subscribe to the principles incorporated in the King IV and save as disclosed in the corporate governance review, have complied as far as practical with principles contained therein throughout the reporting period. The Directors recognise the need to conduct the business of the Group with integrity and in accordance with generally accepted corporate practices.

The Board and the Board Committees have reviewed the Group's corporate governance policies and procedures in the current year and no issues were identified.

8. GOING CONCERN

Refer to the going concern assessment in note 38.

9. EVENTS AFTER THE REPORTING PERIOD

Refer to note 44 for events after reporting period.

10. REPORT OF THE AUDIT AND RISK COMMITTEE

The report of the Audit and Risk Committee, as required in section 94(7)(f) of the Companies Act, is set out on pages 2 to 4 of these consolidated annual financial statements.

11. BOARD EVALUATION OF THE AUDIT AND RISK COMMITTEE

The Board of Directors believes that the committee has satisfied its responsibilities for the year in compliance with the terms of reference of the Companies Act and King IV.

12. COMPANY SECRETARY

The Company Secretary is Mr Wazeer Moosa of:

Postal address:
PO Box 181
Cape Town
8002

Business address:
10th Floor Convention Towers
Cnr Heerengracht and Walter Sisulu
Cape Town
8001

As required in terms of paragraph 3.84(h) of the JSE Listings Requirements , the Board has satisfied itself that the Company Secretary has the appropriate expertise, competence and experience. The Company Secretary is accountable to the Board and the following duties, among other things, were carried out:

- guidance to the Directors in terms of their duties, responsibilities, powers, training and induction of the responsibilities and liabilities under the Companies Act;
- making the Board aware of any law relevant to and/or affecting the Company;
- preparation of Board packs and recording of proper detailed minutes of meetings;
- ensuring proper and orderly conduct at all Board, committee and annual general meetings;
- disclosure of corporate actions on SENS announcements and directors' dealings in securities;
- preparation and timeous delivery of the Integrated Report and Annual General Meeting notice and proxy to shareholders;
- compliance with JSE Listings Requirements and the Companies Act; and
- updated Board policies, Board charters in compliance with statutory, regulatory and legislative requirements.

All Directors have access to the advice and services of the Company Secretary.

The Board considered the competence, qualifications and experience of the Company Secretary and is satisfied that they are appropriate. This was concluded after due assessment following a review by the Remuneration Committee of the Company regarding the Company Secretary's qualifications, experience and performance.

13. INTERESTS IN SUBSIDIARIES

Details of material interests in subsidiary companies are presented in note 45.

Directors’ report (continued)

14. LIQUIDITY AND SOLVENCY

The Directors have performed the required liquidity and solvency tests required by the Companies Act for the Group. The directors are satisfied that the Group is solvent and have no reason to believe that the business will not be a going concern in the year ahead.

15. AUDITORS

Thawt Inc. (“THAWT”) and Crowe JHB (“CROWE”), which is a member of Crowe Global (“CROWE Global”) were re-appointed as the Company joint external auditors at the annual general meeting held on 26 January 2024. Thawt Inc. (“Thawt”) resigned as the AYO group's joint external auditor and terminated its audit engagement, with effect from 30 October 2024. Thawt's stated reason for their resignation is the increase in their own firm-level continuance risks.

16. 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, shifting its operational focus and impeding its ability to concentrate on the strategic mandate 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 litigations however AYO subsidiaries are. For the sake of transparency to our shareholders, AYO discloses updates to these matters below.

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

Court proceedings pursuant to the aforementioned matter, which commenced on 7 March 2023, ceased on 23 March 2023 following the amicable conclusion of the Settlement Agreement by the Parties, thus ending the prolonged 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, shifting 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 litigations however AYO subsidiaries are. For the sake of transparency to our shareholders, AYO discloses updates to these matters below.

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

Court proceedings pursuant to the aforementioned matter, which commenced on 7 March 2023, ceased on 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 24 March 2023. The settlement agreement and amendments to the MOI was approved by shareholders at a general meeting in line with the JSE Listing Requirements on the 26 June 2024.

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.

On 20 February 2025, SITA signed a settlement agreement with the ECDOE agreeing to withdraw the matter from court. Subsequently on the 20th of March 2025, the Bisho High Court made the settlement a legal binding agreement and an order of court.

Access Bank South Africa Limited

This matter has been withdrawn.

Pleadings has been closed and the matter is set to be heard from 17 to 20 June 2025. The matter is with Absa Bank Ltd and 22 Others (Parallel Application).

Pleadings has been closed and awaiting hearing date.

Directors' report (continued)

16. LITIGATION (continued)

High Court Parallel Application

Pleadings has been closed and the matter is set to be heard from 17 to 20 June 2025. The matter is with Absa Bank Ltd and 22 Others (Parallel Application).

Nedbank and one Other

This matter is finalised with Nedbank having been successful in its appeal and the constitutional court dismissing the Sekunjalo Group's leave to appeal.

Standard Bank of SA Limited

Sekunjalo Group has an interdict in place and the matter is set to be heard in the SCA, Heads of Argument has been filed.

Competition Tribunal

Whilst the interim interdict is overturned, the competition commission's investigation into the banks anti-competitive behaviour is still ongoing.

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 matter is still pending.

Cortex Logic

The litigation arose from the non-repayment of loans provided to Cortex Logic Proprietary Limited. This matter is ongoing in order for AYO 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 as a result of a dispute regarding the entitlement to dividends based on shares held. This matter is ongoing, and the discovery process is pending.

PL Myburgh and Daily Maverick

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

Daily Maverick and amaBhungane

Defamation claims against the parties in respect of media articles published. The matter has not been enrolled on the pre-trial roll yet.

The Standard Bank of South Africa

Sizwe was awarded a contract by the Eastern Cape Department of Education ("ECDOE"), as previously outlined. The certain facets of the contract were subsequently ceded to Sizwe Asset Finance ("SAF"), a former related party, with Sizwe continuing to perform the obligations under the contract. SAF is understood to have entered into a separate financing arrangement with Standard Bank in respect of the contract.

Due to an interdict obtained by the State Information and Technology Agency ("SITA"), payments under the contract have not been made by the ECDOE. Historically, such payments flowed through Sizwe, and where relevant, to SAF. Standard Bank has instituted proceedings against SAF, and Sizwe has been joined as a third party to those proceedings. The matter is at the pre-trial stage. Based on current information, no financial loss to Sizwe is anticipated.

Directors' report (continued)

16. LITIGATION (continued)

Mitigating actions

1. Business continuity plans are in place and there is operational readiness to address potential negative litigation outcomes.
2. Continuous stakeholder engagement with subsidiaries, regulators and staff to secure their ongoing support and promote open and transparent relationships.
3. SITA signed a settlement agreement with the ECDOE agreeing to withdraw the matter from court., which was subsequently made an order of court.

17. LEVEL OF ASSURANCE

These consolidated annual financial statements have been audited in compliance with the applicable requirements of the Companies Act of South Africa.

18. PREPARER

These consolidated annual financial statements were prepared by the Group Financial Manager, Basani Kubayi CA(SA) under the supervision of the Group chief financial officer, Valentine Dzvova CA(SA).

19. CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

The consolidated annual financial statements have been prepared in accordance with IFRS 10 – Consolidated Financial Statements. A copy of the consolidated annual financial statements is available on the Company's website at www.ayotsl.com.

PUBLISHED

28 March 2025

Consolidated statement of financial position

as at 31 August 2024

	Notes	31 August 2024 R'000	Restated 31 August 2023 R'000
Assets			
Non-current assets		**327 160**	905 049
Property, plant and equipment	3	**28 020**	34 798
Right-of-use of assets	4	**38 452**	43 846
Goodwill	5	**12 974**	75 458
Intangible assets	6	**47 596**	109 524
Investments in equity-accounted joint ventures and associates	7	**42 328**	60 151
Loans to related party companies	8	**88 544**	137 239
Other loans receivable	9	**11 216**	207 241
Investments at fair value through profit or loss	10	**47 891**	98 274
Other financial assets	14	**1 374**	-
Deferred tax	11	**8 765**	138 518
Current assets		**1 249 362**	1 565 916
Inventories	12	**174 496**	132 451
Costs to fulfil contracts – Work in Progress	12.1	**47 788**	106 208
Loans to related party companies	8	**162 798**	282 848
Other loans receivable	9	**112 389**	8 375
Trade and other receivables	13	**365 191**	633 923
Other financial assets	14	**170 047**	208 300
Finance lease receivables		**-**	3 131
Current tax receivable		**271**	1 023
Cash and cash equivalents	15	**216 382**	189 657
Non-current assets held for sale	35	**15 703**	-
Total assets		**1 592 225**	2 470 965
Equity and liabilities			
Equity			
Share capital	16	**3 821 752**	4 441 051
Reserves	17	**(285 008)**	(656 335)
Accumulated loss		**(2 950 182)**	(2 270 418)
Equity attributable to shareholders of AYO		**586 562**	**1 514 298**
Non-controlling interests		**59 634**	111 673
Total equity		**646 196**	**1 625 971**
Liabilities			
Non-current liabilities		**342 082**	85 008
Lease liabilities	18	**27 086**	28 616
Derivatives	23	**248 032**	-
Employee benefit obligation	19	**2 922**	3 231
Deferred income	20	**902**	-
Deferred tax	11	**54 938**	52 040
Other financial liabilities		**8 202**	1 121
Current liabilities		**603 033**	**759 986**
Trade and other payables	21	**288 369**	405 362
Other financial liabilities		**2 528**	8 189
Lease liabilities	18	**19 010**	22 856
Deferred income	20	**8 304**	19 995
Current tax payable		**23 547**	45 330
Provisions	22	**214 269**	218 318
Dividend payable		**47 001**	39 930
Bank overdraft	15	**5**	6
Non-current liabilities held for sale	35	**914**	-
Total liabilities		**946 029**	844 994
Total equity and liabilities		**1 592 225**	2 470 965

Consolidated statement of profit or loss and other comprehensive income

for the year ended 31 August 2024

	Notes	2024 R'000	Restated 2023 R'000
Revenue	24	**1 871 765**	2 253 494
Cost of sales	25	**(1 524 581)**	(1 902 233)
Gross profit		**347 184**	**351 261**
Other operating income	26	**22 349**	21 484
Other operating Losses	27	**(58 215)**	(99 748)
Other operating expenses	28	**(648 119)**	(855 856)
Movement in expected credit losses		**(304 971)**	(203 932)
Finance income	29	**96 330**	150 461
Finance costs		**(13 751)**	(22 402)
Loss from equity-accounted investments	7	**(17 823)**	(12 541)
Loss before taxation		**(577 016)**	**(671 273)**
Taxation	30	**(147 821)**	16 816
Loss after taxation		**(724 837)**	(654 457)
Other comprehensive income:			
Items that will be subsequently reclassified to profit or loss:			
Exchange differences on translating foreign operations		**15**	(3 006)
Total items that will be subsequently reclassified to profit or loss		**15**	(3 006)
Other comprehensive (loss)/income for the year net of tax		**15**	(3 006)
Total comprehensive loss for the year		**(724 822)**	(657 463)
Loss after taxation attributable to:			
Shareholders of AYO		**(680 265)**	(633 510)
Non-controlling interests		**(44 572)**	(20 947)
Total loss after taxation		**(724 837)**	(654 457)
Total comprehensive loss attributable to:			
Shareholders of AYO		**(680 250)**	(636 516)
Non-controlling interests		**(44 572)**	(20 947)
Total comprehensive loss		**(724 822)**	(657 463)
Loss per share (cents)			
Basic and diluted loss per share (cents)	31	**(208.68)**	(184.53)

Consolidated statement of changes in equity

for the year ended 31 August 2024

	Notes	Stated capital R'000	Share premium R'000	Total share capital R'000	Foreign currency translation reserve R'000	Revaluation reserve R'000	NCI put options reserve R'000	Share-based payment reserve R'000	Changes in ownership reserve R'000	Share repurchase reserve	Total reserves R'000	Retained income R'000	Total attributable to shareholders of AYO R'000	Non-controlling interests R'000	Total equity R'000
Balance at 1 September 2022		4 268 043	173 445	4 441 488	1 727	535	(14 795)	11 809	(31 021)	-	(31 745)	(1 452 901)	2 956 843	150 561	3 107 402
Total comprehensive income for the year		-	-	-	(3 006)	-	-	-	(5 148)	-	(8 154)	(637 320)	(645 974)	(20 947)	(666 921)
Profit for the year		-	-	-	-	-	-	-	-	-	-	(637 820)	(637 820)	(20 947)	(658 767)
Total other comprehensive income for the year		-	-	-	(3 006)	-	-	-	(5 148)	-	(8 154)	-	(8 154)	-	(8 154)
Dividends	36	-	-	-	-	-	-	-	-	-	-	(204 779)	(204 779)	(6 375)	(211 154)
Treasury shares		(436)	-	(436)	-	-	-	-	-	-	-	-	(436)	-	(436)
^Transfer from reserve		-	-	-	-	-	-	(11 809)	-	-	(11 809)	-	(11 809)	-	(11 809)
PIC share buy back		-	-	-	-	-	-	-	-	(619 299)	(619 299)	-	(619 299)	-	(619 299)
#Derecognition of put option		-	-	-	-	-	14 795	-	-	-	14 795	24 222	39 017	-	39 017
Change in ownership – reduction in shareholding of subsidiary		-	-	-	-	-	-	-	-	-	-	-	-	(11 566)	(11 566)
Balance at 31 August 2023		4 267 607	173 445	4 441 052	(1 279)	535	-	-	(36 169)	(619 299)	(656 212)	(2 269 918)	1 514 844	111 673	1 626 516
Total comprehensive income for the year		**-**	**-**	**-**	**15**	**-**	**-**	**-**	**-**	**-**	**15**	**(680 265)**	**(680 250)**	**(44 572)**	**(724 822)**
Profit for the year		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(680 265)**	**(680 265)**	**(44 572)**	**(724 837)**
Total other comprehensive income for the year		**-**	**-**	**-**	**15**	**-**	**-**	**-**		**-**	**15**	**-**	**15**	**-**	**15**
Dividends	36	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(7 467)**	**(7 467)**
Share Repurchase	16	**(619 299)**	**-**	**(619 299)**	**-**	**-**	**-**	**-**	**-**	**619 299**	**619 299**	**-**	**-**	**-**	**-**
PIC call option	23	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(248 032)**	**(248 032)**	**-**	**(248 032)**	**-**	**(248 032)**
Prior year adjustment										**-**	**-**	**-**	**-**	**-**	**-**
Balance at 31 August 2024		**3 648 308**	**173 445**	**3 821 753**	**(1 264)**	**535**	**-**	**-**	**(36 169)**	**(248 032)**	**(285 008)**	**(2 950 183)**	**586 562**	**59 634**	**646 195**

^ **Share-based payment reserve**

Prior to listing, the Company issued 31 960 000 shares to a BBBEE Consortium at an issue price of R1.50 per share. The shares were issued for cash and the BBBEE Consortium is restricted from selling the shares for a period of five years from the issue date. The fair value of the shares at the date of issuance was R1.87, which was the net asset value of the Company on transaction date. In line with IFRS 2, an adjustment of R11 809 375 was recognised to account for the difference between the issue price and the fair value of the shares. The adjustment was recognised as an expense in the Statement of profit or loss, with the contra recognised directly in equity. The restriction period lapsed in December 2022 and share based payment reserved was realised in the income statement.

This resulted from NCI put options which were not exercised and lapsed on 9 February 2023. The appropriateness of the initial recognition and measurement of the options is under consideration by management as part of a JSE Proactive monitoring process. This evaluation is not yet finalised at the time of publication of these financial statements. As a result management is unable to determine the financial impact on the prior periods.

Consolidated statement of cash flows

for the year ended 31 August 2024

	Notes	2024 R'000	Restated 2023 R'000
Cash flows from operating activities			
Cash receipts from customers		**2 037 174**	1 582 151
Cash paid to suppliers and employees		**(2 018 108)**	(1 972 605)
Cash generated from/(utilised in) operations	32	**19 066**	(390 878)
Finance income	29	**14 910**	34 514
Finance costs		**(11 951)**	(21 135)
Dividend income		**9 696**	108
Tax paid	34	**(36 475)**	(19 802)
Net cash to operating activities		**(4 754)**	(397 193)
Cash flows from investing activities			
Acquisition of property, plant and equipment	3	**(7 467)**	(10 110)
Proceeds from the disposal of property, plant and equipment		**1 970**	3 910
Acquisition of intangible assets	6	**(5 763)**	(2 103)
Loans advanced to related party companies		**-**	(759)
Loans to related parties repaid		**24 601**	15 796
Other loans receivable repaid		**28 660**	51 208
Other loans advanced		**(232)**	-
Purchases of investments at fair value through profit or loss	10	**-**	(12 000)
Amounts advanced to acquire other financial assets	14	**(11 600)**	(1 117)
Amounts repaid from other financial assets		**30 323**	27 591
Finance lease receipts		**3 130**	13 149
Disposal of investments held at fair value		**-**	3 100
Trust account transfers	13	**-**	235 137
Funds withdrawn from trust account	13	**-**	636 207
Funds advanced to trust accounts	13	**-**	(624 000)
Net cash from investing activities		**63 622**	336 009
Cash flows to financing activities			
Dividends paid	35	**(903)**	(198 274)
Share buy back	17	**-**	(619 299)
Advances received from other financial liabilities		**6 028**	-
Repayments of other financial liabilities		**(12 090)**	(6 265)
Lease liabilities repayments	18 & 35	**(24 924)**	(36 305)
Payment of long service awards		**(270)**	(588)
Net cash to financing activities		**(32 159)**	(860 731)
Total cash movement for the period		**26 709**	(921 915)
Cash at the beginning of the period		**189 651**	1 111 833
Effect of exchange rate		**16**	(267)
Total cash at the end of the period	16	**216 377**	189 651

Accounting policies

1. MATERIAL ACCOUNTING POLICIES

The material accounting policies applied in the preparation of these consolidated annual financial statements are set out below.

1.1 Basis of preparation

The consolidated financial statements comprise the Company and its subsidiaries and the Group's interest in associates and joint ventures (together referred to as the Group).

The consolidated financial statements have been prepared on a going concern basis and in accordance with IFRS® Accounting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and Interpretations as issued by the IFRS Interpretations Committee (IFRIC), and comply with the South African Institute of Chartered Accountants (SAICA) Financial Reporting Guides as issued by the Accounting Practices Committee (APC), Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council (FRSC), the Johannesburg Stock Exchange (JSE) Listings Requirements and the requirements of the South African Companies Act, No 71 of 2008, as amended (Companies Act).

The annual financial statements have been prepared on the historical cost basis except for the revaluation of certain financial instruments that have been measured at fair value, where applicable.

The annual financial statements are presented in South African Rand which is the Group's functional currency and are rounded to the nearest million unless otherwise indicated.

The material accounting policies incorporated in the preparation of these financial statements are set out below, these are consistent with the group unless otherwise indicated. These accounting policies are consistent with the previous year, except as outlined in note 2.

1.2 Significant judgements and sources of estimation uncertainty used in the preparation of the consolidated annual financial statements

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

Subsidiaries consolidated when less than 50% interest is held

AYO only has a 40% equity interest in Main Street 1653 Proprietary Limited ("Main Street") and 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 due to i) The Group has the rights to appoint a majority of directors and key management personnel of the unlisted subsidiaries and ii) AYO has majority seats on the board of directors of the investee. As per the shareholder's agreement, AYO has the right to variable returns from involvement with Main Street and Software Tech 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.

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"), AOH Enterprises Proprietary Limited ("AOH") and Loot B2B Proprietary Limited ("Loot B2B") even though it has 32% of the voting rights in Bambelela, 25% in 4Plus, 25% in AOH and 30% in Loot B2B. This is because the Group has no representation on the Board of directors of Bambelela, 4Plus, AOH and Loot B2B and the Group does not participate in any financial or operating policy decision in Bambelela, 4Plus, AOH and Loot B2B. The voting rights only provide AYO with limited decision-making powers. AYO is not able to direct daily activities and appoint critical staff. Consequently, the investment has been accounted for in accordance with IFRS 9 at fair value through profit for loss ("FVTPL"). Refer to note 10.

Property, plant and equipment

The Group estimates the expected useful lives of assets and the expected residual value at the end of its useful life in the determination of the depreciation charge. The expected useful lives and expected residual values of the assets are determined by management when the asset is acquired and then reviewed annually thereafter. The estimation of useful lives is based on management's historical experience with similar assets as well as management's anticipation of future pattern of use of the asset which may impact their life. In addition, useful life estimates consider the risk of obsolescence due to advances in technology.

Refer to note 3 for more details.

Accounting policies (continued)

1. MATERIAL ACCOUNTING POLICIES (continued)

1.2 Significant judgements and sources of estimation uncertainty used in the preparation of the consolidated annual financial statements (continued)

Intangible assets and Goodwill

The Group estimates the expected useful lives of licences, customer lists and internally generated software in the determination of the amortisation charge. The expected useful lives of the intangibles are determined by management when the asset is acquired and then reviewed annually thereafter. The estimation of useful lives is based on management's expectations and strategy for the use of the intangible.

Management on an annual basis makes an assessment as to whether the carrying value of goodwill and other intangible assets with indefinite useful lives are impaired. The recoverable amounts of cash-generating units (CGUs) have been determined based on value in use calculations being the estimated future cash flows discounted to their present value using an appropriate discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. These calculations are performed internally by the Group and require the use of estimates and assumptions.

The inputs most sensitive to change are management estimates of future cash flows based on budgets and forecasts, growth rates, terminal rates and discount rates. The Group has performed a sensitivity analysis by varying these input factors by a reasonably possible margin and assessing whether the changes in input factors result in any of the goodwill allocated to an appropriate CGU, being impaired.

Refer to notes 5 and 6 for more details.

Fair value estimation

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. The use of discounted cash flow analysis requires the estimation of a number of significant components, including the future expected cash flows, and the weighted average cost of capital used to perform the discount. Many of these factors which are listed below may have a material impact on the valuation. Refer to note 42.

(a) Terminal value growth rates

When calculating the terminal value, the Group assumes a long-term growth rate. A growth rate is assumed for each investment after taking into account industry reports on projected growth rates for the sector in which the investment falls under. The growth rate used is 4.5%.

(b) Terminal values

When calculating the terminal value, the Group assumes the level of net capital investment required. This is assumed to be lower than during the specific forecast for high-growth companies. For mature, stable companies net capital investment during the specific forecast period and beyond is assumed to be the same.

(c) Discount rates

Free cash flows are discounted at the investment's weighted average cost of capital (WACC), being the weighted cost of equity as determined using the capital asset pricing model (CAPM) and the weighted after-tax cost of debt and/or any other non-equity form of financing.

(d) Risk-free rate

The risk-free rate utilised is the yield on 10-year government bonds. These yields were obtained from the financial press at the time of preparing the valuations. Where no 10-year SA bonds are in issue, the nearest long-term SA bond rate is used.

(e) Beta

The equally weighted average of the relevant industry betas is used. The betas are calculated over a five-year period (where possible). This is assumed to provide a fair estimate of the Group's recent market price.

(f) Specific risk premium

A specific risk premium was applied in all valuations.

(g) Value of equity

The value of equity will be equal to the free cash flow value of the investment, less the carrying values (at the valuation date) of debt and any other form of financing, plus cash on hand (per the financial position) which is in excess of normal working capital requirements.

Refer to the fair value note 5 for further details of the inputs used.

Accounting policies (continued)

1. MATERIAL ACCOUNTING POLICIES (continued)

1.2 Significant judgements and sources of estimation uncertainty used in the preparation of the consolidated annual financial statements (continued)

Classification of Funds in trust

Funds held in attorney trust accounts are deposited in interest-bearing trust call accounts for purposes such as future legal costs and unclaimed dividends. These funds are unrestricted and fully accessible to the company as needed.

In prior periods, these funds were not utilised operationally and were primarily held to earn interest, preserving value for shareholders. As such, management classified them as other receivables within trade and other receivables, reflecting their nature as financial assets held for investment purposes.

At the beginning of the financial year 2024, management exercised significant judgment in reassessing the nature of these funds. Due to their increased operational use, management determined that the funds now meet the criteria for classification as cash and cash equivalents. This reclassification reflects the change in their purpose and liquidity profile.

Refer to note 13 & 15.

Recognition of deferred tax asset

1. **Recognition of Deferred Tax Assets**

Deferred tax assets are recognised for unused tax losses, tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which these assets can be utilised. The assessment of recoverability is based on management's forecasts of future taxable income, which are prepared for each entity with unutilised assessed tax losses. These forecasts consider current market conditions, historical performance, and other relevant factors.

2. **Measurement of Deferred Tax Assets**

Deferred tax assets related to unused tax losses are measured at the tax rates that are expected to apply in the periods when the assets are realised. The recoverability of deferred tax assets is reassessed at each reporting date, and adjustments are made to reflect changes in the probability of future taxable profits.

3. **Capital Losses and Temporary Differences**

Deferred tax assets arising from capital losses are recognised only to the extent that it is probable that future capital gains will be available to offset these losses. This assessment is based on current valuations of investments, expected cash flows, and the likelihood of future disposals. Temporary differences that are expected to reverse in the ordinary course of business are assumed to be recoverable as they unwind.

4. **Write-Off of Deferred Tax Assets**

This reflects management's judgment, based on available evidence, that these assets are no longer recoverable. The write-off is consistent with the requirements of IAS 12, which prohibits the recognition of deferred tax assets unless there is sufficient certainty of future taxable profits.

5. **Key Judgments and Estimates**

The recognition and measurement of deferred tax assets involve significant judgment, particularly in assessing the probability of future taxable profits. Management's forecasts and assumptions are subject to inherent uncertainty, and actual outcomes may differ from these estimates. Changes in economic conditions, tax legislation, or the Group's performance could impact the recoverability of deferred tax assets in future periods. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Group to realise the net deferred tax assets recorded at the end of the reporting period could be impacted. Refer to note 11.

1.3 Consolidation

Basis of consolidation

The Group's annual financial statements represent consolidated financial statements and incorporate the financial statements of the Company and its subsidiaries.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. For certain entities, the Group has entered into contractual arrangements which allow the Group to control such entities. When necessary, adjustments are made to the consolidated annual financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. The financial statements of subsidiaries are prepared with the same reporting period as that of AYO.

Non-controlling interests consist of the amount of the non-controlling shareholders' interest at the date of the business combination and their share of changes in equity since the date of the acquisition.

Accounting policies (continued)

1. MATERIAL ACCOUNTING POLICIES (continued)

1.4 Property, plant and equipment

Property, plant and equipment other than land and buildings are carried at cost less accumulated depreciation and impairment.

PPE are depreciated on a straight-line basis over their expected useful lives to their estimated residual value.

Depreciation commences when the asset is available for use and ceases when the asset is derecognised. The depreciation charge for each period is recognised in the statement of profit or loss. The estimated remaining useful lives, residual values and depreciation methods are reviewed at each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate on a prospective basis.

Land and buildings are recognised based on the revaluation model. Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

Land is not depreciated.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Buildings	Straight-line	50 years
IT equipment	Straight-line	2 to 3 years
Computer software	Straight-line	2 to 4 years
Electronic equipment	Straight-line	2 to 3 years
Furniture and fixture	Straight-line	2 to 10 years
Leasehold improvements	Straight-line	5 to 8 years
Motor vehicles	Straight-line	2 to 6 years
Office equipment	Straight-line	3 to 5 years
Plant and machinery	Straight-line	2 to 6 years

Property, plant and equipment is derecognised on disposal or when no future economic benefits are expected through its continued use. Gains or losses which arise on derecognition are included in the statement of profit or loss in the period of derecognition. The gain or loss is calculated as the difference between the net disposal proceeds and the carrying amount of the asset at the date of the disposal. Refer to note 3.

1.5 Goodwill

Goodwill is an asset disclosed separately with an indefinite useful life and is initially recognised at cost and is subsequently measured at cost less accumulated impairment.

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over the Group's interest on the fair value of the net identifiable assets of the acquired subsidiaries at the date of acquisition.

Goodwill is tested for impairment on an annual basis or more frequently if there is an indicator of impairment. Refer to note 5.

1.6 Intangible assets

Intangible assets which are separately acquired, and internal software development costs are initially recognised at cost. Intangible assets acquired as part of a business combination are recognised at fair value at the date of acquisition.

Intangible assets with a finite useful life are stated at cost less any accumulated amortisation and any impairment losses. Intangible assets with indefinite useful lives are not amortised.

The useful lives of items of intangible assets have been assessed as follows:

Item	Useful life
Trade names	10 years
Brands	Indefinite
Customer lists	Indefinite
Licences and purchased computer software	3 years
Distribution and assignment rights	Indefinite
Distribution and assignment rights	5 Years
Software system	1 – 10 years

Intangible assets are derecognised on disposal or when no future economic benefits are expected from their continued use. Gains or losses which arise on derecognition are included in the statement of profit or loss in the period of derecognition, in the other income or other operating expense line item depending if it is a gain or loss. Gains or losses on disposal are calculated as the difference between the net disposal proceeds and the carrying amount of the intangible asset at the date of its disposal.

Accounting policies (continued)

1. MATERIAL ACCOUNTING POLICIES (continued)

1.6 Intangible assets (continued)

The Group tests intangible assets with an indefinite useful life for impairment annually and whenever there is an indication that the intangible assets might be impaired or more frequently if there is an indicator that the asset may be impaired. Impairment is determined by comparing the recoverable amount of the intangible assets, which is the higher of fair value less costs to sell and value-in-use and its carrying amount. The value-in-use is calculated as the present value of the future cash flows expected to be derived from intangible assets. Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in the statement of profit or loss.

Amortisation is calculated on intangible assets using the straight-line method over their useful lives. The amortisation method and useful lives are reviewed at each reporting date and if the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate on a prospective basis.

Distribution and assignment rights that may not be renewed without cost are amortised over the expected useful life of the asset.

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the capitalisation criteria is met.

Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads. Refer to note 6.

1.7 Investment in associates and joint ventures

Investment in associates and joint ventures are incorporated in these consolidated annual financial statements using the equity method of accounting.

The investment in associates and joint venture is carried at cost less any accumulated impairment in the consolidated statement of financial position plus the Group's share of the net post-acquisition profit or loss and other comprehensive income, if applicable, of the joint venture and associates.

In the statement of profit or loss and other comprehensive income, the Group recognises its share of after-tax profits or losses and other comprehensive income. When the Group's share of losses exceeds the Group's interest in the joint venture, the Group discontinues recognising its share of further losses. After the entity's interest is reduced to zero, additional losses are provided for, and a liability is recognised, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture. If the joint venture and associates subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

Unrealised profits or losses from transactions between Group entities and a joint venture and associates are eliminated to the extent of the Group's interest. Refer to note 7.

1.8 Financial assets

Financial assets are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

Initial recognition

On initial recognition, financial assets are classified as financial assets measured at amortised cost or Fair value through profit or loss ("FVTPL"). The classification is determined based on the objectives of the business model within which the financial asset is held and the characteristics of its contractual cash flow.

Trade receivables that are not subject to significant financing components are initially measured at the relevant transaction prices.

Financial assets at amortised cost

Classification of financial assets at amortised cost.

The Group classifies its financial assets at amortised cost only if both of the following criteria are met:

- The assets are held to collect the contractual cash flow; and
- The contractual terms give rise to cash flows that are solely payments of principal and interest.

Financial assets classified as at amortised cost include Loans to related party companies (note 8), Trade and other receivables (note 13), Other loans receivable, Derivatives, Other Financial assets (note 14) and Cash and cash equivalents (note 15).

Financial assets at fair value through profit or loss

Financial assets are measured at FVTPL at initial recognition if they are acquired principally for the purpose of selling in the short term, if it forms part of a portfolio of financial assets in which there is evidence of short-term profit making, or, if it is designated in this category to eliminate or significantly reduce an accounting mismatch that would otherwise arise.

Accounting policies (continued)

1. MATERIAL ACCOUNTING POLICIES (continued)

1.8 Financial assets (continued)

For the Group, all financial assets not classified as at amortised cost are measured at fair value through profit or loss.

Financial assets classified at fair value through profit or loss are Investments at fair value through profit or loss and Other financial assets.

Subsequent measurement

Financial assets measured at amortised cost are subsequently measured using the effective interest method, reduced by relevant impairment allowances. Interest income and impairment losses on amortised cost financial assets are recognised in profit or loss.

Changes in the fair value of financial assets at FVTPL are recognised in profit or loss.

The Group derecognises financial assets when the rights to receive cash flows from the financial assets have expired or where they have been transferred, and the Group has also transferred substantially all risks and rewards of ownership.

Financial assets are presented as non-current assets, except for those with maturities within 12 months from the statement of financial position date, which are classified as current assets.

Refer to note 42 for the Group's fair-value measurement methodology regarding financial assets at fair value through profit and loss.

Impairment of financial assets

The Group recognises expected credit losses ("ECL") on financial assets measured at amortised cost. The Group assesses, on a forward-looking basis, the ECL associated with these financial assets.

The Group applies the IFRS 9 simplified approach to measure the expected credit losses which uses a lifetime expected loss allowance for trade receivable and finance lease receivables. The provision matrix was used to determine ECL on these balances.

Models employed in estimating credit losses on the general approach are a combination of models using internal and external data. The Group make use of Moody's Analytics RiskCalc SA financial statement Probability of Default (PD) and Loss Given Default (LGD) models, adjusted by management overlays were specific circumstances

The Group uses its historical experience since acquiring the financial asset, external indicators, and forward-looking information to calculate the expected credit losses using a provision matrix. It considers available reasonable and supportive forward-looking information that could be indicative of a deterioration in the counterparty's ability to pay. The Group assesses factors such as credit ratings, interest rates, inflation rates and actual/adverse conditions in the industry or changes in value of security held. Refer to note 9.

Refer to Note 13 for a detailed analysis of how the impairment requirements of IFRS 9 are applied for trade receivables.

Definition of default

The Group considers a financial asset in default when contractual payments are 90 days past due based on the Group's experience on the increased risk of default once a financial asset is over 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 considering any credit enhancements held by the Group. Internally, we analyse debtor-specific financial forecasts based on historical performance and assess current performance against budgeted targets to identify any variances. Externally, we consider trends in interest rates, projections for economic growth in South Africa, and expected inflation rates, all of which can influence market conditions and the debtor's ability to meet obligations.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows. Indicators that there is no reasonable expectation of recovery include (i) negative operating cashflows of the counterparty; (ii) trading losses incurred by the counterparty; (iii) the counterparty being in a net liability position and (iv) ceasing enforcement activity.

The Group still seeks to recover amounts that are legally owed, but which have been partially written off due to no reasonable expectation of full recovery.

ECL for financial assets measured at amortised cost is recognised in profit and loss and accumulated in an allowance account. The gross carrying amount of the financial assets is reduced by the balance of the allowance account. Refer to note 14.

1.9 Financial liabilities

Financial liabilities are recognised when the Group becomes party to the contractual provisions of the relevant instrument. The Group classifies financial liabilities at amortised cost or at fair value through profit or loss.

The Group's financial liabilities include loans payable, other financial liabilities, contingent considerations, trade and other payables and bank overdrafts.

Accounting policies (continued)

1. MATERIAL ACCOUNTING POLICIES (continued)

1.9 Financial liabilities (continued)

Trade and other payables, other financial liabilities, loans payable and bank overdraft

Trade and other payables, other financial liabilities, loans payable and bank overdraft are initially measured at fair value, and, where applicable, adjusted for transaction costs.

They are subsequently measured at amortised cost using the effective interest method.

Financial liabilities are classified as non-current if the Group has an unconditional right to defer payment for more than 12 months from the reporting date.

Derivatives are measured at fair value through profit and loss, and, where applicable, adjusted for transaction costs. Derivatives are recognised in the statement of financial position at their fair value. Fair value is determined based on market conditions at the reporting date, and any changes in value are recognized in the Consolidated statement of profit or loss and other comprehensive income for the year ended 31 August 2024 in unless hedge accounting is applied.

1.10 Tax

Deferred tax assets and liabilities

Deferred tax is recognised by providing for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements for financial reporting purposes.

Deferred tax is measured at tax rates (and laws) that have been enacted or substantively enacted at the reporting date and are expected to apply to temporary differences when they reverse.

Deferred tax is not provided on temporary differences arising on investments in subsidiaries, associates and joint ventures where the timing of the reversal of the temporary differences is controlled by the Group, and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences (as applicable) to the extent that it is probable that future taxable profits will be available against which the deferred tax assets can be used.

Current tax assets and liabilities

Current tax liabilities/(assets) for the current and prior periods are measured at the amount expected to be paid to/(recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date. Refer to note 11.

Tax expenses

The total of current and deferred taxes is recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from a transaction or event which is recognised, in the same or a different period, to other comprehensive income, or a business combination.

The current tax charge is the expected tax payable on the taxable income for the period. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date. Refer to note 30.

1.11 Leases

Group as a lessee

The Group accounted for leases by recognising the right-of-use asset and lease liability at inception of the lease except for:

- low value assets leases; and
- short-term leases.

The Group has elected to account for short-term leases and low value assets using the practical expedient. The payments relating to these are recognised as an expense in the statement of profit or loss on a straight-line basis.

A lease agreement of which the underlying asset value is R30 000 or less will be considered a low-value asset lease. The Group has elected not to separate the non-lease components.

Right-of-use assets

At lease commencement date, the Group recognised a right-of-use asset on the statement of financial position. The asset is measured at cost which is made up of initial measurement of lease liability, any lease payments made, initial direct cost and estimates of dismantling and removing of the underlying asset.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and accumulated impairment.

The Group depreciates the underlying asset over the shorter of the asset's useful life and the lease term on a straight-line. The Group also assesses the right-of-use asset for impairment when such indicators exist.

Accounting policies (continued)

1. MATERIAL ACCOUNTING POLICIES (continued)

1.11 Leases (continued)

Right-of-use assets' lease term are presented in the following table:

Items	Method used	Lease term
Buildings	Straight-line	2 – 10 years
Motor vehicles	Straight-line	2 – 6 years

Lease liability

At the commencement date, the Group measures the lease liability at the present value of the lease payments, which are not paid as at that date. The lease payments are discounted using the interest implicit rate if that rate is readily available or the Group uses the incremental borrowing rate.

The lease payments include fixed payments.

Lease liability is subsequently measured by reducing the liability by lease payments and increasing it by interest expenses.

When there is remeasurement, the corresponding adjustment is reflected in the measurement of the right-of-use asset. If the right-of-use asset is at zero profit/loss is recognised. Refer to note 18.

1.12 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition.

Cost is calculated using the weighted average method. Refer to note 12.

1.12.1 Costs to fulfil contracts – Work in Progress

Work in progress related to Costs to fulfil contracts is measured at the direct costs incurred to provide the related goods or services. Impairment losses are recognised in profit or loss to the extent that the carrying amount of the asset recognised exceeds the remaining amount of consideration that the entity expects to receive in exchange for the goods or services to which the asset relates, less the costs that relate directly to providing those goods or services and that have not been recognised as expenses.

1.13 Impairment of assets

The Group assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the Group also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period; and
- tests goodwill acquired in a business combination for impairment annually.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the CGU to which the asset belongs is determined.

The recoverable amount of an asset or a CGU is the higher of its fair value less costs to sell and its value-in-use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

Accounting policies (continued)

1. MATERIAL ACCOUNTING POLICIES (continued)

1.14 Share capital

When AYO shares are issued the consideration received is recognised directly in the statement of changes in equity. Transactions costs that are directly attributable to the issue of AYO's shares are recognised directly in the statement of changes in equity. Refer to note 16.

When accounting for a share buyback, the Group records the repurchase as a reduction of the shareholders' equity, at the price paid for the share.

1.15 Employee benefits

Retirement benefits

The Group provides retirement benefits to its full-time employees, primarily by means of monthly contributions to defined contribution provident funds. The Group's contributions to retirement funds are recognised as an expense in the period in which employees render the related service.

Employee leave entitlement

The accrual is made for the estimated liability to the employees for annual leave up to the reporting date. The accrual is made for accumulated leave on the cost-to-company basis.

Bonus plans

The Group recognised a liability and an expense for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation.

Salaries and wages, includes long service awards which employees become entitled to after having been in the employ of the Group for a continuous period of between 10 and 40 years. Long-term service awards are recognised as a liability and are measured at the amount of the benefit attributable to the years of service rendered to date in comparison to the total years of continuous service required to qualify for the long-term employee benefit.

1.16 Provisions and contingent liabilities

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Refer to note 22 for a detailed description of the provisions.

The Group discloses contingent liabilities. Refer to note 37 for more details.

1.17 Non-current assets held for sale

Non-current assets classified as held for sale are presented separately and measured at the lower of their carrying amounts immediately prior to their classification as held for sale and their fair value less costs to sell. However, some held for sale assets such as financial assets or deferred tax assets, continue to be measured in accordance with the Group's relevant accounting policy for those assets. Once classified as held for sale, the assets are not subject to depreciation or amortisation. Any profit or loss arising from the sale of a non-current asset held for sale or its remeasurement to fair value less costs to sell is recognised in profit or loss. Refer to note 36.

1.18 Revenue from contracts with customers

Timing of revenue recognition	Items	Nature of activity	Customer segment
Point in time	Sale of goods	Sale of hardware and software	Unified Communications
		• Revenue from the sale of hardware or communication products	Unified Communications
		• Revenue from the sale of software	Software and consulting
		• Licence sales	Health Care Services
		• Power and microwave products	Managed Services
Over time	Service Revenue	Installation and support services	
		• Revenue from the installation of hardware or software	Unified Communications
		• Revenue from professional services	Software and consulting
		• Managed Services	Managed Services
		• Managed Fee Income	
		• Installation and support services	Managed Services
		• Support renewals and Consulting fees	Health Care Services

Accounting policies (continued)

1. MATERIAL ACCOUNTING POLICIES (continued)

1.18 Revenue from contracts with customers (continued)

Revenue is measured based on the consideration specified in a contract with a customer. The group recognises revenue when it transfers control of a product or service to a customer. Revenue is measured as the fair value of the consideration received or receivable from the sale of goods and services in the ordinary course of the group's activities. Revenue is shown net of value-added tax and after eliminating sales within the group. The group applies the practical expedient in accordance with paragraph 63 of IFRS 15 if required.

Revenue recognition for the Group's major revenue streams is outlined below.

Sale of hardware and software

Revenue from the sale of hardware, communication products or software is recognised when the hardware or software has been delivered to the customers' location and accepted by the customer. Warranties associated with hardware cannot be purchased separately and they serve as an assurance that the hardware complies with agreed-upon specifications, accordingly warranties are accounted for as provisions.

Some contracts with customers include the installation of hardware or software as a deliverable. In most cases, the installation is simple and completed in minimal time (typically installation is complete on the same day as delivery) and is not accounted for as a separate performance obligation.

In cases where the installation can only be completed over a significant period, the installation is accounted for as a separate performance.

Installation and support services

In most cases the contracts for the provision of professional services and installation of hardware or software are comprised of specific time and materials required by the customer.

Revenue from installation and support services is recognised over time in the accounting period in which the services are rendered. The Group has fixed-price contracts. Revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided. This is determined based on the actual labour hours spent relative to the total expected labour hours. As the customer receives and uses the benefits simultaneously, the recognition of revenue based on the actual services rendered provides a faithful depiction of the transfer of goods and services.

Payments which have been received in advance from customers represent an obligation to transfer future goods and/or services and are presented as deferred income in the statement of financial position. Refer to note 20.

The Group is not party to contracts where the period between the transfer of goods and/or services and payment exceeds one year. Consequently, the Group does not adjust its transaction prices for financing components.

Managed services

Managed services are mainly comprised of provision of managed information, communication and technology, cloud and in-house maintenance services. The Group provides a specified service over a specified period. The specified service would comprise a single series of services that are transferred to the customer over the agreed period.

Revenue from managed services is recognised as the customer simultaneously receives and consumes the benefit of the services provided. Managed services are recognised over time and equally over the life of the managed service.

Sale of licences

The company sell licenses to customers, the provided licences are active for a year.

The company only has one performance obligation which is satisfied at a point. in time upon delivery of the licence. Delivery occurs when the licence key is provided to the customer and the risk and rewards are transferred to the customer per the contract agreement.

The whole transaction price quoted on the contract is allocated to the performance obligation.

Revenue is recognised when it is probable that the company would collect the consideration to which it is entitled in exchange for the software licences, which is when the licence key is given to the customer.

Maintenance services-Support renewals and Consulting fees

The company provides monthly maintenance services to customers. The entity has one performance obligation which is satisfied over time but on a monthly basis, the services provided are considered a series of distinct services.

The transaction prices allocated to the performance obligation are determined on a monthly basis, and the customers pay on an *ad hoc* basis based on the billed amounts.

Revenue from providing the services is recognised on the monthly basis in which the services are rendered.

Accounting policies (continued)

1. MATERIAL ACCOUNTING POLICIES (continued)

1.18 Revenue from contracts with customers (continued)

Sale of products-Power and microwave products

For sales of products to customers, revenue is recognised when control of the products has transferred, being when the products have been delivered to the customer's specific location. Following delivery, the customer has full control over the products and bears the risks of obsolescence and loss in relation to the goods. A receivable is recognised by the company when the goods are delivered to the customer as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due. No element of financing is deemed present as the sales are made with credit terms of 30 to 125 days, which are consistent with market practice.

Warranties associated with products cannot be purchased separately and they serve as an assurance that the products sold comply with agreed-upon specifications. Accordingly, the company accounts for warranties in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets. Refer to note 22.

1.19 Cost of sales

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The related cost of providing services recognised as revenue in the current period is included in cost of sales.

Contract costs comprise:

- costs that relate directly to the specific contract;
- costs that are attributable to contract activity in general and can be allocated to the contract; and
- such other costs as are specifically chargeable to the customer under the terms of the contract.

Cost of sales is reduced by the amount recognised in inventory as a "right to returned goods asset" which represents the Group's right to recover products from customers where customers exercise their right of return under the Group return policy. Refer to note 25.

1.20 Translation of foreign currencies

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Rands, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the statement of financial position date monetary assets and liabilities are translated at the closing exchange rate.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognised in the statement of profit or loss when they arise.

Cash flows arising from transactions in a foreign currency are recorded in Rands by applying to the foreign currency amount the exchange rate between the Rand and the foreign currency at the date of the cash flow.

Foreign operations

The assets and liabilities of the Group's foreign operations are translated into South African Rand using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (and attributed to non-controlling interests as appropriate).

1.21 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. The group did not have diluted earnings per share, which resulted in earnings per share being equivalent to diluted earnings per share. Headline earnings per share are calculated in terms of the requirements set out in Circular 01/2023 Headline Earnings issued by SAICA. Refer to note 31.

1.22 Dividends

Dividends payable and the related tax are recognised as liabilities in the period in which the dividends are declared.

Accounting policies (continued)

1. MATERIAL ACCOUNTING POLICIES (continued)

1.23 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive management.

The Group's segmentation and assessment of segment performance are derived from its internal management reports. Segments have been classified based on the characteristics of their products and services, as well as their respective target markets.

Segment results include revenue and expenses directly attributable to a segment and the relevant portion of enterprise revenue and expenses that can be allocated on a reasonable basis to a segment, whether from external transactions or with other Group segments. Segment results are determined before any adjustments for interests.

Segment assets and liabilities comprise the operating assets and liabilities that are directly attributable to the segment or can be allocated to the segment on a reasonable basis. Segment assets are determined after deducting related allowances that are reported as direct offsets in the Group’s statement of financial position.

Capital expenditure represents the total costs incurred during the period to acquire segment assets that are expected to be used during more than one period, namely, property, plant and equipment, and intangible assets other than goodwill.

The Group’s segments comprise the following:

- **Software and consulting:** The software and consulting division offers scalable digital solutions to retailers, media groups, and brand agencies in Africa and Europe, focusing on optimising business processes and customer experiences through technology. It also provides specialised digital media product to help organisations commercialise digital content.
- Unified communications: 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.
- **Health care services:** 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.
- **Managed services:** The managed services division is focused on providing network infrastructure, telecommunications solutions support services, and end-to-end solutions to enterprises.
- **Corporate:** The corporate division includes the Group’s head office, jointly controlled entities and associates

Refer to note 45 for the financial detail of how each operating segment has performed during the year under review.

1.24 Finance income

Finance income is accrued on a time basis by reference to the principal outstanding and at the effective interest rate. Refer to note 29.

1.25 Dividend income

Dividend income is recognised when the right to receive payment is established. Dividend income is disclosed within other operating income.

2. NEW STANDARDS AND INTERPRETATIONS

During the period, the Group implemented the amendments to IAS 1: ‘Presentation of financial statements’, IAS 8: “Accounting policies, changes in accounting estimates and errors” (amendment in the definition of material) and IAS 12 Deferred tax in relation to assets and liabilities arising from a single transaction. The application of the aforementioned amendments has had no material impact on the financial statements.

2.1 Standards and interpretations not yet effective

Management is in the process of assessing the impact of these standards, interpretations and amendments on the results of the Group. These standards are not expected to have a material impact on the Group in the future reporting periods and on foreseeable future transactions.

Certain amendments to accounting standards have been published that are not mandatory for 31 August 2024 reporting period and have not been early adopted by the group. The amendments are not expected to materially impact the group.

Notes to the consolidated annual financial statements

for the year ended 31 August 2024

3. PROPERTY, PLANT AND EQUIPMENT

	31 August 2024 Cost/ Revaluation R'000	31 August 2024 Accumulated depreciation R'000	31 August 2024 Carrying value R'000	31 August 2023 Cost/ Revaluation R'000	31 August 2023 Accumulated depreciation R'000	31 August 2023 Carrying value R'000
Land	**2 300**	**-**	**2 300**	2 300	-	2 300
Buildings	**2 101**	**(115)**	**1 986**	2 101	(62)	2 039
Plant and machinery	**11 442**	**(8 850)**	**2 592**	11 702	(8 788)	2 914
Furniture and fixtures	**12 642**	**(9 569)**	**3 073**	10 182	(3 524)	6 658
Motor vehicles	**12 253**	**(7 808)**	**4 445**	15 243	(8 788)	6 455
Office equipment	**1 905**	**(1 805)**	**100**	1 885	(1 716)	169
IT equipment	**48 955**	**(37 953)**	**11 002**	52 142	(39 431)	12 711
Computer software	**252**	**(241)**	**11**	806	(760)	46
Leasehold improvements	**2 957**	**(2 018)**	**939**	2 267	(2 166)	101
Electronic equipment	**4 937**	**(3 364)**	**1 573**	3 318	(1 912)	1 406
Total	**99 744**	**(71 723)**	**28 020**	101 946	(67 147)	34 798

Reconciliation of property, plant and equipment – 2024

	Opening balance R'000	Additions R'000	Lease Modification R'000	Disposals R'000	Transfers to held for Sale R'000	Transfers R'000	Depreciation R'000	Closing balance R'000
Land	**2 300**	**-**	**-**	**-**	**-**		**-**	**2 300**
Buildings	**2 039**	**-**	**-**	**-**	**-**		**(55)**	**1 984**
Plant and machinery	**2 914**	**285**	**-**	**(1)**	**-**		**(606)**	**2 592**
Furniture and fixtures	**6 658**	**636**	**-**	**(2 854)**	**(282)**		**(1 084)**	**3 073**
Motor vehicles	**6 455**	**316**	**-**	**(1 123)**	**-**		**(1 203)**	**4 445**
Office equipment	**169**	**44**	**-**	**-**	**-**		**(112)**	**100**
IT equipment	**12 711**	**3 587**	**-**	**(306)**	**(316)**	**(83)**	**(4 591)**	**11 002**
Computer software	**46**	**137**	**-**	**(23)**	**-**		**(148)**	**11**
Leasehold improvements	**101**	**1 111**	**-**	**-**	**-**		**(273)**	**939**
Electronic equipment	**1 406**	**1 347**	**-**	**-**	**-**	**83**	**(1 263)**	**1 573**
Total	**34 798**	**7 463**	**-**	**(4 308)**	**(598)**	**-**	**(9 335)**	**28 020**

Reconciliation of property, plant and equipment – 2023

	Opening balance R'000	Additions R'000	Disposals R'000	Depreciation R'000	Transfers R'000	Closing balance R'000
Land	2 300	-	-	-	-	2 300
Buildings	2 092	-	-	(53)	-	2 039
Plant and machinery	2 375	1 020	-	(480)	-	2 914
Furniture and fixtures	7 203	552	(23)	(1 074)	-	6 658
Motor vehicles	8 308	423	(805)	(1 471)	-	6 455
Office equipment	319	20	-	(170)	-	169
*IT equipment	13 469	8 217	(3 302)	(5 777)	*104	12 711
Computer software	80	-	-	(34)	-	46
Leasehold improvements	78	35	-	(12)	-	101
Electronic equipment	2 405	20	(275)	(744)	-	1 406
Total	38 628	10 285	(4 405)	(9 815)	104	34 798

* *This relates to IT equipment in trade stock that is held in backup for clients when it is needed. As it is held for a period longer than 12 months it was then transferred from inventories to PPE and depreciated over its useful life.*

Revaluations

The Group's land and buildings are stated at revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and accumulated impairment losses. Revaluations are performed every three years and in intervening years if the carrying amount of the land and buildings differs materially from their fair value.

The fair value measurements as of 6 July 2022 were performed by Spectrum Valuations and Asset Solutions, independent valuers not related to the Group. Spectrum are members of the Institute of Valuers and they have the appropriate qualifications and recent experience in the fair value measurement of properties in the relevant locations.

Notes to the consolidated annual financial statements (continued)

for the year ended 31 August 2024

3. PROPERTY, PLANT AND EQUIPMENT (continued)

	Fair value 2024 R'000	Fair value 2023 R'000
Land	**2 300**	2 300
Buildings	**2 145**	2 145
	4 445	4 445

Registers with details of land and buildings are available for inspection by shareholders or their duly authorised representatives at the registered office of the company and its respective subsidiaries.

The carrying value of the revalued assets under the cost model would have been:

	2024 R'000	2023 R'000
Land	**1 669**	1 669
Buildings	**1 943**	1 943
	3 612	3 612

Property, plant and equipment encumbered as security

Property, plant and equipment are not pledged as security for liabilities.

Statement of cash flows additions

Additions to PPE in the current year amount to R7.5 million (2023: R10.3 million).

4. RIGHT-OF-USE ASSETS

Reconciliation of Right-of-use assets – 2024

	Buildings R'000	**Motor vehicles R'000**	**Total R'000**
Opening balance	**36 289**	**7 557**	**43 846**
Effect of renewal	**2 309**	**991**	**3 301**
Additions – new leases entered into	**14 641**	**1 438**	**16 080**
Disposals	**(9 983)**	**(97)**	**(10 080)**
Depreciation	**(9 572)**	**(5 123)**	**(14 695)**
Balance at 31 August 2024	**33 684**	**4 767**	**38 452**

Reconciliation of Right-of-use assets – 2023

	Buildings R'000	**Motor vehicles R'000**	**Total R'000**
Opening balance	85 512	8 848	94 360
Effect of modification of lease term	414	449	863
Additions – new leases entered into	11 170	4 058	15 228
Disposals	(29 338)	(443)	(29 781)
Depreciation	(31 469)	(5 355)	(36 824)
Balance at 31 August 2023	36 289	7 557	43 846

The Group leases various office buildings and motor vehicles. The Group's lease agreements do not have any purchase options.

For additional information refer to note 18.

Notes to the consolidated annual financial statements (continued)

for the year ended 31 August 2024

5. GOODWILL

	31 August 2024 Cost R'000	Accumulated impairment R'000	Carrying value R'000	31 August 2023 Cost R'000	Accumulated impairment R'000	Carrying value R'000
Goodwill	**150 199**	**(137 226)**	**12 974**	150 199	(74 741)	75 458

Reconciliation of goodwill

	Opening balance R'000	Impairment R'000	Total R'000
Goodwill – 2024	75 458	(62 484)	12 974

	Opening balance R'000	Impairment R'000	Additions through business combinations R'000	Reclass to non-current asset held for sale R'000	Total R'000
Goodwill – 2023	75 458	–	–	–	75 458

The goodwill impairment loss of R62.4 million recognised in the current financial year is in respect of the Main Street 1653 Proprietary Limited and Kathea Communication Solutions Proprietary Limited CGUs, as a result of the carrying amount of the CGU exceeding the recoverable amount. Both CGUs have experienced slow growth and loss of contracts that have reduced their forecasted cashflows thus reducing their expected recoverable amount.

Management has determined the recoverable amount being the higher of Value in use and Fair value less cost to sell. The Fair Value less cost to sell was based on the NAV less cost to sell. This is based on historical practise as management would not accept an offer less than the Net asset value.

The value of the CGU to which the goodwill was allocated has been determined based on the value-in-use calculations using cash flow projections.

The key inputs for the discounted cash flow model, are those regarding discount rates and expected growth rates. Management estimates discount rates using pre-tax rates that reflect management's assessment of the time value of money and their views on the risks specific to the CGUs. Discount rates used are based on a weighted average cost of capital of similar businesses in the same industry and of similar size, adjusted for the risk profile of the business. The value in use models were prepared on the same basis as the prior year. The forecast cash flow periods and other inputs are all consistent with those of the prior year.

	Carrying amount of goodwill		Significant assumptions used			
			Pre-tax discount rate		Average growth rate in forecast period *	
	2024 R'000	2023 R'000	2024 %	2023 %	2024 %	2023 %
Cash-Generating Units						
Health System Technologies Proprietary Limited	**2 157**	2 157	**29.41%**	20.56%	**5.00**	5.00
Kalula Communications Proprietary Limited	**8 465**	8 465	**27.12%**	20.14%	**9.00**	7.00
Main Street 1653 Proprietary Limited	**–**	26 773	**25.12%**	21.40%	**4.00**	9.00
Software Tech Holdings Subsidiaries	**2 351**	2 348	**32.16%**	21.00%	**7.00**	7.00
Kathea Communication Proprietary Limited	**–**	35 715	**30.49%**	20.11%	**9.00**	7.00
Carrying amount at the end of period	**12 974**	75 458				

* *A long term average revenue growth rate of 4.5% (2023: 4.5%) has been applied after the 5 year (2023: 5 year) cashflow forecast period for all investments.*

Sensitivity analysis

Adjustments for reasonable fluctuations were made to the key inputs to the value-in-use model to gauge the CGU's sensitivity to impairment. None of the potential changes are deemed to be material.

Notes to the consolidated annual financial statements (continued)

for the year ended 31 August 2024

6. INTANGIBLE ASSETS

	31 August 2024				31 August 2023			
	Cost R'000	Accumulated amortisation R'000	Accumulated impairment R'000	Carrying value R'000	Cost R'000	Accumulated amortisation R'000	Accumulated impairment R'000	Carrying value R'000
Software systems	23 557	(13 331)	(1 174)	9 052	23 557	(13 096)	–	10 461
Licenses and computer software	17 010	(11 323)	–	5 687	17 253	(11 167)	–	6 086
Trade names	7 603	(7 602)	–	1	7 603	(7 095)	–	508
Development of software and other intangible assets	13 908	(6 218)	(469)	7 221	8 145	(4 961)	(469)	2 715
Brands	31 278	(3 524)	(14 345)	13 409	31 278	(3 524)	–	27 754
Distribution and assignment rights	73 004	(36 868)	(23 910)	12 226	73 004	(26 143)	–	46 861
Customer list	22 811	(7 672)	(15 139)	–	22 811	(7 672)	–	15 139
	189 171	(86 538)	(55 037)	47 596	183 651	(73 658)	(469)	109 524

Reconciliation of intangible assets – 2024

	Opening balance R'000	Additions R'000	Impair-ment R'000	Disposals R'000	Forex R'000	Amortisa-tion R'000	Closing balance R'000
Software systems	10 461	–	(1 174)	–	–	(235)	9 052
Licenses and computer software	6 086	–	–	(243)	–	(156)	5 687
Trade names	508	–	–	–	–	(507)	1
Development of software and other intangible assets	2 715	5 763	–	–	–	(1 257)	7 221
Brands	27 754	–	(14 345)	–	–	–	13 409
Distribution and assignment rights	46 861	–	(23 910)	–	(693)	(10 032)	12 226
Customer list	15 139	–	(15 139)	–	–	–	–
Total	109 524	5 763	(54 568)	(243)	(693)	(12 187)	47 596

Reconciliation of intangible assets – 2023

	Opening balance R'000	Additions R'000	Amortisation R'000	Foreign exchange losses R'000	Closing balance R'000
Software systems	8 815	2 103	(457)	–	10 461
Licenses and computer software	7 589	–	(1 034)	–	6 086
Trade names	1 268	–	(760)	–	508
Development of software and other intangible assets	4 085	–	(1 370)	–	2 715
Brands	27 754	–	–	–	27 754
Distribution and assignment rights	55 487	–	(10 032)	1 829	46 861
Customer list	16 914	–	(1 775)	–	15 139
Total	121 912	2 103	(15 428)	1 829	109 524

Notes to the consolidated annual financial statements (continued)

for the year ended 31 August 2024

6. INTANGIBLE ASSETS (continued)

SOFTWARE SYSTEMS

Software systems include the following:

– Billing system

Based on the terms of the service contract to which the billing system relates, the useful life is 10 years and the notice period of the service contract is one year.

– Electronic Continuity of Care Record System ("eCCR") system

The eCCR system was completed and implemented in October 2019. The eCCR System provides Doctors and Clinicians with a real time system to capture patient care from the time of admission until discharge.

Doctors can capture diagnoses, clinical notes, discharge summaries including future patient management.

Discharge referrals and discharge medication is also recorded, and a comprehensive discharge summary report is produced for the patient.

Management has assessed the useful life of the intangible asset to be 10 years.

– Health Benefit Protocol and Plan Management System ("HBPPM")

The HBPPM system is a software that enables the sharing of patient information and care paths between the health insurance agency and healthcare providers in an accurate and reliable manner which supports better patient outcomes through guided information capture and standards-based data management and interoperability. This programme was available for use in May 2019 and has a useful life of 10 years.

– Enterprise Consumer Price Index System ("EMCI")

The EMCI system is intended as the master, authoritative source of consumer identity and demographic data for healthcare providers in South Africa, and will issue a Unique Health Identifier (UHI) which will be used as the standard to access/consolidate the patient's records across the private care settings, whilst cross-referencing to individual MRNs at source systems. Further development is currently being done on EMCI for the Western Cape Government.

Free bed enquiry system

The free bed inquiry system allows ambulances to access the availability of beds at hospitals. The development of this system was completed and implemented in May 2020. Management has assessed the useful life of the intangible to be 10 years.

The above software systems have been internally developed by the health care segment.

BRANDS

These intangible assets were acquired through business combination.

The acquired brands relate to the underlying companies distinct service offerings apart from other similar offerors. In assessing the brand the Group has taken into account the key components which include brand identity, brand loyalty and brand awareness and therefore ascribing a monetary value to the brand. This intangible asset has been assessed to have an indefinite useful life based on the lack of legal, contractual or economic factors that would limit its useful life and was allocated to the Zaloserve Proprietary Limited ("Zaloserve") and Kathea Communications CGU.

Notes to the consolidated annual financial statements (continued)

for the year ended 31 August 2024

6. INTANGIBLE ASSETS (continued)

DISTRIBUTION AND ASSIGNMENT RIGHTS

The distribution rights arose from the business combinations for Kalula Communications Proprietary Limited ("Kalula") and Kathea. An additional distributorship right was acquired in the 2019 financial year by AYO International Holdings Proprietary Limited ("AIH"). This distribution rights regulates the purchase of Plantronics products by AIH for resale by the Group. The distribution rights agreement was not renewed and the carrying value was impaired in the current year.

There is no limit on the number of times the above distribution rights can be renewed and based on historical information no distribution rights have been revoked. Additionally, the distribution rights are expected to be renewed without any cost and therefore have an indefinite useful life. This intangible asset has been allocated to the Kalula and Kathea Communications CGU. Management assessed the recoverable amount of the intangible asset at reporting date, which exceeded the carrying value by using forecast cash flows for Kalula but not for Kathea which was subsequently impaired in full. The recoverable amount is sensitive to the extrapolated growth rates, future cash flow projections and discount rates used for the value-in-use calculation in order to calculate the recoverable amount of the asset. Such assumptions are relevant to goodwill as well as intangible assets such as distribution and assignment rights which have indefinite useful lives. The key assumptions used to determine the recoverable amount are disclosed in note 5.

CUSTOMER LISTS

Customer lists were acquired through a business combination.

Customer lists relates to customer relationships with Zaloserve and Kathea. The carrying amount for customer lists for Zaloserve was impaired in full in the current year.

IMPAIRMENT ASSESSMENT OF INTANGIBLES

The amortisation method, useful lives and residual values are reviewed by management at each reporting date and adjusted if appropriate.

The useful life of the software systems was assessed by management at the reporting date. Based on a certain contract the terms of the service contract to which the intangible asset relates, a notice period of one year is required to terminate the contract. As the contract has not been terminated, the intangible asset is assumed to have an additional year of use.

The assessment of brands and distributions rights indefinite useful lives involves historical experience, marketing considerations and the nature of the industry the companies operate in.

Management have concluded that brands and distribution rights have indefinite useful lives as there is no foreseeable limit to the period over which the mentioned assets is expected to generate cash inflows for the Group.

Sensitivity analysis

A sensitivity analysis was conducted on the impairment of intangible assets, considering reasonable and anticipated variations in the prime rate, inflation, and the cost of equity. The analysis concluded that the impact of these changes is immaterial.

Notes to the consolidated annual financial statements (continued)

for the year ended 31 August 2024

7. INVESTMENTS IN EQUITY-ACCOUNTED JOINT VENTURES AND ASSOCIATES

7.1 Investment in joint ventures

The following table lists the joint ventures in the Group:

Name of company	Held by	Ownership interest 2024 %	Ownership interest 2023 %	Carrying amount 2024 R'000	Carrying amount 2023 R'000
Vunani Fintech Fund Proprietary Limited	AYO Technology Solutions Limited	**50**	50	**40 897**	59 464
Total				**40 897**	59 464

Vunani Fintech Fund Proprietary Limited ("Vunani Fintech Fund")

Vunani Fintech Fund is a jointly controlled entity which was formed to invest in disruptive financial services technology as part of AYO's (go to market) strategy. Vunani Fintech Fund is jointly managed by AYO, Bambelela and Vunani Capital.

Restrictions relating to joint ventures

There are currently no restrictions or commitments relating to the joint ventures.

Loss from equity accounted investments in Joint venture

A loss of R18.6 million in the current year (2023: loss of R13 million) from equity accounted investments related to joint ventures is included in the Group statement of profit or loss.

Reconciliation of joint venture carrying amount	2024 R'000	2023 R'000
Opening balance	**59 464**	72 513
Loss from joint venture	**(18 567)**	(13 050)
Closing balance	**40 897**	59 463

No dividends were received during the year ended 31 August 2024 from joint ventures.

Summarised financial information of material joint venture

	Vunani Fintech Fund 2024 R'000	Vunani Fintech Fund 2023 R'000
Summarised statement of profit or loss		
Other operating gains	**3 002**	7 080
Other operating expenses	**(2 557)**	(2 035)
Finance income	**443**	859
Finance costs	**(37 373)**	(30 474)
Loss before tax	**(36 485)**	(24 570)
Taxation	**(648)**	(1 529)
Loss after tax	**(37 133)**	(26 099)
Share of loss after tax	**(18 567)**	(13 050)
Loss from equity-accounted investments	**(18 567)**	(13 050)

Notes to the consolidated annual financial statements (continued)

for the year ended 31 August 2024

7. INVESTMENTS IN EQUITY-ACCOUNTED JOINT VENTURES AND ASSOCIATES (continued)

7.1 Investment in joint ventures (continued)

	2024 R'000	2023 R'000
Summarised statement of financial position		
Assets		
Non-current assets		
Loans to group companies	**23 191**	4 032
Investments at fair value through profit or loss	**402 007**	432 908
Total non-current assets	**425 198**	436 940
Current assets		
Trade and other receivables	**3**	575
Loans to group companies	**2 737**	4 333
Cash and cash equivalents	**1 552**	551
Total current assets	**4 292**	5 459
Total assets	**429 490**	442 399
Liabilities		
Non-current liabilities		
Loan from shareholder	**148 725**	129 674
Deferred tax liability	**51 643**	53 540
Total non-current liabilities	**200 368**	183 214
Current liabilities		
Trade and other payables	**606**	461
Loan from shareholder	**165 632**	147 310
Total current liabilities	**166 238**	147 771
Total liabilities	**366 606**	330 985
Total net assets	**62 884**	111 414
Share of net assets	**31 442**	55 707

The summarised information presented above reflects the full financial statements and results of the joint venture company.

7.2 Investment in associates

The following table lists the associates in the Group:

		Ownership interest		Carrying amount	
Name of company	**Held by**	**2024 %**	2023 %	**2024 R'000**	2023 R'000
Global Command and Communication Technologies Proprietary Limited ("GCCT")	AYO Technology Solutions Limited	**24**	24	**1 314**	530
Crealpha Proprietary Limited ("Crealpha")	AYO Technology Solutions Limited	**30**	30	**117**	157
Total				**1 431**	687

GCCT	2024 R'000	2023 R'000
Reconciliation of associate carrying amount		
Opening balance	**530**	179
Profit from associates	**784**	351
Carrying amount of the investment on 31 August 2024	**1 314**	530

Notes to the consolidated annual financial statements (continued)

for the year ended 31 August 2024

7. INVESTMENTS IN EQUITY-ACCOUNTED JOINT VENTURES AND ASSOCIATES (continued)

7.2 Investment in associate (continued)

Summarised financial information of associate: GCCT

	2024 R'000	2023 R'000
Summarised statement of profit or loss		
Revenue	**101 505**	95 583
Profit before tax	**4 689**	2 003
Taxation	**(1 424)**	(541)
Profit after tax	**3 265**	1 462
Share of profit after tax	**784**	351
Profit from equity-accounted investments	**784**	351

Summarised statement of financial position of associate: GCCT

	2024 R'000	2023 R'000
Assets		
Non-current assets	**14 871**	17 842
Current assets	**68 175**	63 472
Total assets	**83 046**	81 314
Liabilities		
Non-current liabilities	**61 862**	3 035
Current liabilities	**56 090**	116 450
Total liabilities	**117 952**	119 485
Total net assets	**(34 906)**	(38 171)
Share of net assets	**(8 377)**	(9 161)

The summarised information presented above reflects the full financial statements and results of the associate.

Crealpha

	2024 R'000	2023 R'000
Reconciliation of associates carrying amount		
Opening Balance	**157**	-
(Loss)/Profit from associates	**(40)**	157
Carrying amount of the investment 31 August 2024	**117**	157

Summarised financial information of associate: Crealpha

	2024 R'000	2023 R'000
Summarised statement of profit or loss		
(Loss)/Profit from associates	**(132)**	1 853
(Loss)/Profit from associates	**(132)**	1 853
Share of profit/(loss) after tax	**(40)**	556
Loss from equity-accounted investments	**(40)**	556

Notes to the consolidated annual financial statements (continued)

for the year ended 31 August 2024

7. INVESTMENTS IN EQUITY-ACCOUNTED JOINT VENTURES AND ASSOCIATES (continued)

7.2 Investment in associate (continued)

	2024 R'000	2023 R'000
Summarised statement of financial position		
Assets		
Non-current assets	**8 536**	8 097
Current assets	**22 036**	21 128
Total assets	**30 572**	29 225
Liabilities		
Non-current liabilities	**30 000**	30 000
Current liabilities	**107**	810
Total liabilities	**30 107**	30 810
Total net assets	**465**	(1 585)
Share of net assets	**140**	(476)

The summarised information presented above reflects the full financial statements and results of the associate.

Profit from equity accounted investments in Associates

Gain of R0.7 million (2023: R0.9 million) from equity accounted associates is included in Group statement of profit or loss.

Restrictions relating to associates

There are currently no restrictions relating to associates.

8. LOANS TO RELATED PARTY COMPANIES

	2024 R'000	2023 R'000
Secured loans		
GCCT – Loan 2		
The loan bears interest at the prime rate and due for repayment. The loan is secured by the current assets of GCCT with a carrying amount of R68.1 million (2023: R63.4 million) and non-current assets of GCCT with a carrying amount of R14.8 million (2023: R17.8 million) as at 31 August 2023. The carrying amounts of the assets secured are measured in accordance with the applicable IFRS standard and none of these assets were revalued in the current year. The Gross amount of the loan is R32.9 million.	**31 716**	38 471
Unsecured Loans		
GCCT – Loan 1	**16 991**	29 707
The loan bears interest at the prime rate plus 2% and was repayable on 28 February 2024. Interest accrued on the loan is payable semi-annually. The Gross amount of the loan is R45.4 million. R7.5 million was repaid in the current year (2023: Rnil).		
GCCT – Loan 3	**22 998**	27 897
The loan is unsecured and bears interest at the prime rate. The loan repayment date is 7 November 2023. The Gross amount of the loan is R45.4 million.		
GCCT – Loan 4	**-**	3 994
The loan is unsecured, bears interest at the prime rate and is 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. This was settled in the current year.		
An amount of R61.6 million of the loan to GCCT is subordinated.		

Notes to the consolidated annual financial statements (continued)
for the year ended 31 August 2024

8. LOANS TO RELATED PARTY COMPANIES (continued)

	2024 R'000	2023 R'000
AEEI – Loan 2 This loan is unsecured and interest is charged at the prime overdraft rate. The Gross amount of the loan is R8.5 million. This was settled in the current year.	**–**	8 205
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 had been granted an unconditional right to defer payment for at least 12 months. The Gross amount of the loan is R8.5 million.	**6 750**	7 557
Vunani Fintech Fund Proprietary Limited – Loan 1 The loan is unsecured, bears interest at the prime rate and is repayable on 28 March 2024. The Gross amount of the loan is R165.6 million.	**91 093**	147 317
Vunani Fintech Fund Proprietary Limited – Loan 2 The loan is unsecured and bears interest at the prime overdraft rate plus 2% and is repayable as follows: A total of R35 million of the loan is repayable on 14 October 2025. A total of R15 million of the loan is repayable on 19 April 2026. A total of R39.2 million is repayable on 1 June 2026. A total of R10.8 million is repayable on 4 April 2027. The Loan Gross amount is R148.7 million.	**81 794**	129 681
Crealpha Proprietary Limited The loan is unsecured and 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. The outstanding loan amount has been fully impaired. The Gross value of the loan is R32.8 million.	**–**	27 258
	219 626	381 616
Split between non-current and current portions:		
Non-current assets	**88 544**	137 239
Current assets	**162 798**	282 848
Total	**251 342**	420 087

Gross amount is the contractual loan amount with the interest and subsequent loan repayments.
The interest on the Vunani Loan 1 is R18.3m (2023: R15.0m), the impairment is R74.5m (2023: Rnil).
The interest on the Vunani Loan 2 is R19.1m (2023: R15.5m), the impairment is R67.0m (2023: Rnil).
The current year interest on the Crealpha loan is R3.6m (2023: R2.8m) and the impairment is R30.9m (2023: Rnil).
The current year combined interest on the GCCT Loans is R13.1m (2023: R12.5m) and the combined impairment is R29.4m (2023: R5.0m).
The current year interest on the GCCT Loans 1 is R4.1m (2023: R2.5m) and the impairment is R9.1m (2023: R1.5m).
The current year interest on the GCCT Loans 2 is R5.0m (2023: R6.9m) and the impairment is R11.7m (2023: R1.9m).
The current year interest on the GCCT Loans 3 is R3.6m (2023: R2.99m) and the impairment is R8.5m (2023: R1.4m).
The current year interest on the AEEI loan 3 is R0.9m (2023: R0.8m) and the impairment is R1.7m (2023: Rnil).
In the current year, AEEI's Loan 2 was fully settled for an amount of R11.3m. The prior year balance of R8.2m had been recorded net of an accumulated impairment of R2.2m.

Current interest rates are variable and average between 11.75% and 13.75% (2023: between 11% and 13.75%). The carrying amount of loans to related parties is considered to be a reasonable approximation of the fair value as interest is charged at market rates.

Refer to note 9 for the detail on the estimated credit losses (ECL).

Notes to the consolidated annual financial statements (continued)

for the year ended 31 August 2024

9. OTHER LOANS RECEIVABLE

	2024 R'000	2023 R'000
Unsecured		
Cumulative preference shares – Bambelela Capital Proprietary Limited ("Bambelela")	**112 390**	116 212
On 28 September 2018, AYO subscribed for 500 000 cumulative, redeemable, non-participating convertible class C preference shares of no par value in Bambelela for a 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 on the redemption date. Interest is accrued at variable prime rate multiplied by adjustment rate at 72%. R11.2 million was repaid in the current year (2023: R36.7 million).		
Cumulative preference shares – 4Plus Technology Venture Fund Africa Proprietary Limited ("4Plus")	**-**	58 055
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 2023 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 for each trance, resulting in a cumulative investment of R10 million. On 6 April 2022, AYO subscribed for 2 000 preference shares for a consideration of R20 million. At 31 August, 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 of redemption date. Interest is accrued at prime rate plus 2%. These were fully impaired in the current year as loan is assessed to be in stage 3 (credit impaired)..		
^Fueltech Solutions Proprietary Limited ("Fueltech")	**-**	18 862
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. This was repaid in the current year.		
Secured		
Preference shares – Dinaledi Technologies Proprietary Limited ("Dinaledi")	**11 216**	12 535
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.		
LMLS – Loan 5		
The loan is secured by trade debtors, bank accounts, loans receivable and motor vehicles of LMLS. Interest is charged at the prime rate. The loan was repayable on 31 September 2024. This was fully impaired as its assessed to be in stage 3 (credit impaired) The fair value of the security is considered to be negligible.	**-**	9 952
	123 606	215 616
Split between non-current and current portions:		
Non-current assets	**11 216**	207 241
Current assets	**112 390**	8 375
Total	**123 606**	215 616

The balances reflected above are the net balances following impairment, interest and repayments. The carrying amount of other loans receivable is considered to be a reasonable approximation of the fair value as interest is charged at market rates.

The current year interest on the Cumulative preference shares for Bambelela Capital Proprietary Limited ("Bambelela") is R9.96 million (2023: R9.5 million) and the accumulated impairment is R2.7 million (2023: Rnil).

The current year interest on the Preference shares – Dinaledi Technologies Proprietary Limited ("Dinaledi") is R0.7 million (2023: R0.7 million) and the accumulated impairment is R1.4 million (2023: R3.3 million).

Notes to the consolidated annual financial statements (continued)

for the year ended 31 August 2024

9. OTHER LOANS RECEIVABLE (continued)

Expected credit loss for other loans receivable, loans to related party companies and the other financial assets
The general approach is used for other loans receivables, loans to related party companies and other financial assets measured at amortised cost.

All loans fully written off are still subject to enforcement activity.

Stages definitions:
Stage 1 loans are performing loans were there has been no significant increase in credit risk. If a loan is in Stage 1, a one-year ECL is applied.

Where there has been a significant increase in credit risk, a loan is regarded as being in Stage 2 and a lifetime ECL is applied. If we are unable to assess the credit risk at the loan's inception then there is insufficient basis to determine whether there has been a significant increase in credit risk and in this case we have used management's assessment of the staging of the loan and noted this fact.

Where there is objective evidence of an impairment then the loan is regarded as credit impaired and included in Stage 3 and a lifetime ECL is applied. No interest should be accrued on the loan.

Where any loan has been impaired in full, we have not performed any re-measurements on them.

Forward looking/macro-economic information
Three macro-economic scenarios (base, optimistic and down-turn) have been defined based on the expectation of future macro-economic conditions. A probability percentage is assigned to each scenario based on management's expectations.

The forecasts are used to adjust the probability of default "PD" and loss given default "LGD" used in the model to ensure these components are reflective of expected future macro-economic conditions.

The Group has identified the interest rates, the expected economic growth rate in South Africa as well as the inflation rate, to be the most relevant macro-economic factors. We also review the forecasted future performance of specific industries that our debtors trade in.

Other loans receivable:
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 the loan to LMLS which is secured by trade debtors, bank accounts, loans receivable and motor vehicles.

Some of the loans receivable had a significant increase in 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:

Cumulative preference shares – Bambelela Capital Proprietary Limited ("Bambelela")
An impairment of R2.7 million was raised against the preference shares in the current year. Interest earned in the current year is R9.96 million (2023: R9.4 million) and a repayment of R11.2 million (2023: Rnil).

Cumulative preference shares – 4Plus Technology Venture Fund Africa Proprietary Limited ("4Plus")
The 4 Plus Pref Shares were fully impaired in the current year. Interest earned in the current year is R12.3 million (2023: R20.1 million) .

Nevzotron Proprietary Limited ("Nevzotron")
The entire loan balance of R82.3 million as fully impaired in the prior year. The gross loan amount in 2023 was R82.3 million of which interest was R8.4 million.

LMLS
The loans (1-4) were fully impaired in the prior year. The carrying value of impaired loans was R23 million due to doubt of the recoverability of the loans.

Loan 5 with LMLS is in default and the debtor's ability to pay is questionable. The related receivable is fully impaired in the current year with an amount of 13.7 million (2023: 9.5 million). The gross loan amount is 33.7 million (2023: 29.9 million), the interest is 3.7 million (2023: 3.0 million) and accumulated impairment is 31.7 million (2023: 19.99 million).

Preference shares – Dinaledi Technologies Proprietary Limited ("Dinaledi")
An impairment of R2.0 million (2023: R3.3 million) was raised against the preference shares in the current year. The total accumulated impairment on the loan is R10.8 million (2023: R8.7 million). Interest income earned in the current year was R0.7 million (2023: R0.7 million).

Volt
The loans were fully impaired in the prior year. The gross loan amount in 2023 was 8.3 million.

Notes to the consolidated annual financial statements (continued)

for the year ended 31 August 2024

9. OTHER LOANS RECEIVABLE (continued)

The loss allowance as at 31 August 2024 and 31 August 2023 was determined as follows:

	Notes	Stage 1 Performing 2024 R'000	Stage 1 Performing 2023 R'000	Stage 2 Under-performing 2024 R'000	Stage 2 Under-performing 2023 R'000	Stage 3 Non-performing 2024 R'000	Stage 3 Non-performing 2023 R'000	Total 2024 R'000	Total 2023 R'000
Gross amount		**15 510**	401 599	**557 617**	280 555	**436 153**	293 354	**1 009 280**	975 508
Other loans receivable	9	**-**	116 212	**138 192**	140 742	**385 170**	275 415	**523 362**	532 369
Loans to related party companies	8	**8 495**	276 999	**419 425**	139 813	**38 383**	17 939	**466 303**	434 751
Other financial assets	15	**7 015**	8 388	**-**	–	**12 600**	–	**19 615**	8 388
Expected credit loss rate									
Other loans receivable		**0%**	0%	**11%**	36%	**100%**	96%	**76%**	59%
Loans to related party companies		**21%**	0%	**42%**	9%	**100%**	12%	**46%**	3%
Other financial assets		**0%**	0%	**0%**	0%	**100%**	0%	**36%**	0%
Expected credit loss									
Other loans receivable		**-**	–	**(14 586)**	(51 290)	**(385 170)**	(265 463)	**(399 756)**	(316 753)
Loans to related party companies		**(1 745)**	–	**(174 833)**	(12 488)	**(38 383)**	(2 176)	**(214 961)**	(14 664)
Other financial assets		**-**	–	**-**	–	**(12 600)**	–	**(12 600)**	–
Carrying value of loans with expected credit losses									
Other loans receivable		**-**	116 212	**123 606**	89 452	**-**	9 952	**123 606**	215 616
Loans to related party companies		**6 750**	276 999	**244 592**	127 325	**-**	15 763	**251 342**	420 087
Other financial assets		**7 015**	8 388	**-**	–	**-**	–	**7 015**	8 388

The significant change in the ECL rate is attributable to a combination of the Gross carrying amount of the loan moving from one stage to another, decreased credit risk on loans that are making repayments and Moody's Analytics RiskCalc.

Methodology for calculating Expected Credit Losses

The methods for calculating Expected Credit Losses for each financial asset type depends on the underlying assets and their properties. Sometimes several techniques and models may be used within a single asset class. Calculation methods and models may differ from company to company based on the types of assets in each category.

The following methods were used within the group:

Category	Type of credit loss model used*
Other loans receivable and Loans to related party companies	Moody's Analytics "RiskCalc" SA financial statement PD (Probability of Default) and LGD (Loss Given Default) model and data. Estimated ratings and LGD's have been applied to certain assets.

* *Adjusted for items such as implied group support. Where the counterparty is an investment holding company, the PD and LGD measurement may be applied to operating subsidiaries that generate the cash flow for the counterparty.*

Calculated through-the-cycle loss rates are converted into point-in-time (PIT) losses and then into ECL percentages using Moody's Analytics ImpairmentCalc product and their GCorr economic forecasts and scenarios.

Basis of valuation

The loans receivables were valued based on the risk of the counterparty under the general approach.

Notes to the consolidated annual financial statements (continued)

for the year ended 31 August 2024

9. OTHER LOANS RECEIVABLE (continued)

Loan terms

Loans with fixed terms

Where a loan has a fixed term, this term is applied to the calculation of the ECL and a 1 year or lifetime ECL is applied depending on the staging of the loan.

Loans repayable on demand

Where a loan is repayable on demand, an assessment is made of the debtor's ability to repay if demand for immediate repayment was made. If there are:

- Sufficient cash and near cash investments to make repayment, it is assumed that the risk is negligible and no ECL is raised.
- Insufficient cash resources, or a restriction on repayment is imposed by sub-ordination, covenants or any other reason, the term of a loan is estimated by assessing how long it will take to repay in the normal course of business with reference to the cash flow of the debtor entity.

The cash flow is estimated using the most recent financial year's financial statements or management accounts. We use a Debt Service Cover ratio calculation to estimate the available cash flow and assume that this can be used to repay the loan. Where the cash flow is negative or very low, we assume a repayment period based on management's strategic plans for the business.

In the absence of any defined refinancing plans that indicate otherwise, we have assumed a maximum term of 5 years for the loans in line with the general funding cycle of the business.

The ECL is calculated over the term of the loan.

Loans with no fixed terms of repayment

Loans with no fixed terms of repayment have been treated as repayable on demand regardless of the stated intention of management regarding repayment of the loan.

Interest rates
The interest rates used are the stated rates of each loan. ECL calculations include the interest rate of each loan.

Methodology

Measurement of PD and LGD
The PD's and LGD's were measured using Moody's Analytics RiskCalc. These are historical through the-cycle PD and LGD measures.

Investment holding companies
Where the nature of the counterparty is an investment holding company holding shares for the purposes of long-term investment, we have looked at the underlying investments to determine the risk.

If the investments are controlling interests, we assumed that the holding company has access to the cash flow generated by the underlying investments due to its ability to control the dividend policy. We thus based the measurement of the PD and LGD on the consolidated entity (the investment holding company and its subsidiaries) or where there is a single investment and no consolidated financial statements are prepared, we have based the PD on that of the underlying investment and the LGD on the underlying investment, adjusted by cash and other assets or liabilities of the investment holding company.

The PD's and LGD's are measured by Moody's Analytics RiskCalc.

Where the investments are non-controlling, the approach has been adapted to consider the cash flows received by the investment holding company via dividends and the sustainability of these dividends based on the risk of the underlying investments.

Investment companies
Where the nature of the counterparty is one that has investments in assets that can be easily realised at an objective market value, the PD is derived by RiskCalc. The LGD is based on the value of the assets. Where an asset is real estate, the property valuation (as per the financial statements or management's valuation) is used with the application of a haircut to take into account the recovery rates typically achieved by the South African banking industry for the relevant property class.

Where the breakup value exceeds the total liabilities by a small margin, this implies an LGD to be 0%. It is common practice by banks, to set a theoretical zero LGD to a minimum level of 5% in similar circumstances.

Notes to the consolidated annual financial statements (continued)

for the year ended 31 August 2024

9. OTHER LOANS RECEIVABLE (continued)

Movement in expected credit loss of other loans receivable, loans to related party companies and the other financial assets is as follows:

	Other financial assets		Loans to related party		Other loans receivable	
	2024 R'000	2023 R'000	**2024 R'000**	2023 R'000	**2024 R'000**	2023 R'000
Opening balance	**–**	–	**(14 664)**	(10 651)	**(306 453)**	(106 534)
*ECL movement relating to new credit advanced	**(11 600)**	–	**–**		**–**	–
Changes in models and parameters	**(1 000)**	–	**(199 068)**	(4 013)	**(93 303)**	(199 919)
Loss allowance as at 31 August	**(12 600)**	–	**(214 961)**	(14 664)	**(399 756)**	(306 453)

10. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group holds the following investments which have been designated at fair value through profit or loss:

Name of company	**Ownership interest 2024 %**	Ownership interest 2023 %	**Carrying amount 2024 R'000**	Restated Carrying amount 2023 R'000	Carrying amount 2023 R'000
Bambelela	**32**	32	**47 891**	98 274	118 227
African Innovation Academy	**25**	25	**–**	–	–
4Plus	**25**	25	**–**	–	–
Louisyahna	**20**	20	**–**	–	–
Loot B2B	**30**	30	**–**	–	–
Synclabs Proprietary Limited	**15**	15	**–**	–	–
Kyramanzi	**20**	20	**–**	–	–
AOH	**25**	25	**–**	–	–
Fueltech	**10**	10	**–**	–	–
Closing balance			**47 891**	98 274	118 227

	2024 R'000	Restated 2023 R'000	2023 R'000
Reconciliation of investments			
Opening balance	**98 274**	116 059	116 059
Additions – African Innovation	**–**	12 000	12 000
Changes in fair values	**(50 383)**	(29 785)	(9 832)
Closing balance	**47 891**	98 274	118 227

Restatement

The valuation of the investment in Bambelela in the prior period decreased by R19.9 million after the release of the Reviewed results for the financial year ending 31 August 2023. This change was initially considered immaterial and was not adjusted. However, due to the reclassification of the R619 million payment to the PIC from a prepayment to equity in the prior year, the group's total assets decreased, which in turn lowered the Group's materiality threshold for the 31 August 2023 financial year. Consequently, the previously immaterial adjustment to the investment in Bambelela, was now considered to be material. This change necessitated a prior period adjustment.

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 loss of R50,3 million (2023: R16,4 million) was recognised in the current year. The fair value loss in the current year is as a result of the underlying investments in Bambelela incurring material losses.

Other investments at fair value through profit and loss

Except for the investment in Bambelela, all other investments at fair value through profit and loss decreased to nil in prior years with no change in the current year.

Fair value information

Refer to note 42 for details on the fair value information of the investments.

Notes to the consolidated annual financial statements (continued)

for the year ended 31 August 2024

11. DEFERRED TAX

	2024 R'000	Restated 2023 R'000	2023 R'000
Deferred tax liability	**(54 938)**	(47 730)	(52 040)
Deferred tax asset	**8 765**	138 518	138 518
Total net deferred tax asset (liability)	**(46 173)**	90 788	86 478
Deferred tax liability			
Property, plant and equipment	**(656)**	(3 780)	(3 780)
Right of use assets	**(5 937)**	(11 926)	(11 926)
Intangible assets	**(17 385)**	(36 334)	(36 334)
Prepaid expenses	**(401)**	–	–
Investment in other financial assets	**(13 984)**	4 310	–
Fair value adjustments on investments	**(25 249)**	–	–
Total	**(63 612)**	(47 730)	(52 040)
Deferred tax asset			
Provisions	**9 923**	70 401	70 401
Allowance for credit losses	**236**	2 575	2 575
Income received in advance	**335**	8 191	8 191
Fair value adjustments on investments	**–**	11 782	11 782
Lease liabilities	**6 434**	14 040	14 040
Prepaid expenses	**–**	8 355	8 355
Deferred tax balances from temporary differences other than unused tax losses	**16 928**	115 344	115 344
Tax losses available for set-off against future taxable income	**511**	23 174	23 174
Total	**17 439**	138 518	138 518

	2024 R'000	Restated 2023 R'000	2023 R'000
Reconciliation of deferred tax asset/(liability)			
Balance at the beginning of the year	**86 478**	26 462	26 462
Business combinations	**–**	1 360	1 360
Allowance for credit losses	**(2 339)**	1 716	1 716
Provisions	**(60 478)**	44 345	44 345
Tax losses available for set off against future taxable income	**(22 663)**	11 437	11 437
Accelerated capital allowances of property, plant and equipment	**3 124**	(524)	(524)
Taxable temporary differences movement on intangible assets	**18 949**	(194)	(194)
Prepaid expenses	**(8 756)**	11 222	11 222
Fair value adjustment on investments	**(37 031)**	(10 494)	(14 804)
Lease liabilities	**(7 606)**	(14 514)	(14 514)
Income received in advance	**(7 856)**	5 827	5 827
Right of use assets	**5 989**	14 145	14 145
Investment in other financial assets	**(13 984)**	–	–
Balance at the end of the year	**(46 173)**	**90 788**	86 478

Deferred tax assets have been recognised for unutilised assessed tax losses to the extent that it is probable that future taxable profits will be available to utilise these losses. Management has prepared forecasts for each entity with assessed tax losses, based on current market conditions and historical performance, to support the recoverability of these assets. Deferred tax assets related to capital losses have been assessed separately, considering the likelihood of future capital gains arising from the disposal of investments, supported by current valuations and expected cash flows. Temporary differences expected to reverse over time have been assumed to be recoverable as they unwind in the ordinary course of business. The recoverability of the remaining net deferred tax asset has been evaluated based on historical taxable profits, projected future profitability, and the likelihood of sufficient future taxable income. As a result of this assessment, deferred tax assets of R129.3m (2023: Rnil) are unrecognised, reflecting management's judgement that these assets are unlikely to be recovered.

Notes to the consolidated annual financial statements (continued)

for the year ended 31 August 2024

11. DEFERRED TAX (continued)

Prior period error

In the prior year, deferred taxes were disclosed as a single net asset instead of being split into an asset and a liability as per IFRS. The restated figures now show a deferred tax asset of R138.5 million and a deferred tax liability of R47.7 million. The liability was originally R52 million but decreased by R4.3 million due to a R19.9 million downward restatement of the Bambelela investment (Refer to note 10), reducing the taxable temporary difference. This R4.3 million reduction was recorded as a deferred tax benefit in profit or loss, lowering the total tax charge and increasing the net tax benefit to R16.8 million.

Effect on financial statement of position

	2024 R'000	Restated 2023 R'000
Increase in deferred tax liability	**-**	(52 040)
Increase in deferred tax asset	**-**	52 040
Increase in opening retained income	**4 309**	-
Effect on the statement of profit or loss and other comprehensive income		
Increase in deferred tax benefit (reduction in taxation expense)	**-**	4 309

12. INVENTORIES

	2024 R'000	Restated 2023 R'000	2023 R'000
Finished goods	**154 000**	119 564	119 564
Consumables	**14 537**	10 087	10 087
Goods in transit	**4 773**	1 344	1 344
Work in progress	**7 503**	8 687	114 895
Total	**180 813**	139 682	245 890
Inventory written down to net realisable value	**(6 317)**	(7 231)	(7 231)
Net carrying amount	**174 496**	**132 451**	**238 659**

R6.3 million (2023: R7.2 million) of inventory was written off in the current year. The carrying value of inventory is carried at net realisable value.

The inventory write down to net realisable value relates to items becoming obsolete and unsaleable due to product upgrades. This write down is in other cost of sales - Refer to note 25.

The cost of inventories recognised as an expense during the year was R1 billion (2023: R1.1 billion) .

Prior year figures have been restated to reflect Costs incurred to date to fulfil contracts - Work in Progress, which was previously shown as Work in progress within the Inventories balance. In line with IFRS 15 requirements, it is now presented separately. This restatement has no impact on the previously reported profit or loss position.

12.1 Costs to fulfil contracts – Work in Progress

	2024 R'000	2023 R'000
Costs incurred to date to fulfil contracts	**47 788**	106 207
Prior period error	**2024**	2023
During 2023, costs incurred to date to fulfil contracts - Work in Progress was previously reflected as Inventories in terms of IAS 2. In line with IFRS 15 it is now shown separately. This restatement has no impact on the profit or loss position as previously reported.		
Effect on the statement of financial position		
Increase/ (decrease) in assets		
– Inventories	**-**	(106 207)
– Costs to fulfil contracts - Work in Progress	**-**	106 207
	-	-

Notes to the consolidated annual financial statements (continued)

for the year ended 31 August 2024

13. TRADE AND OTHER RECEIVABLES

	2024 R'000	Restated 2023 R'000	2023 R'000
Financial Instruments:			
Trade receivables	**339 643**	424 780	424 780
Loss allowance	**(16 959)**	(17 924)	(17 924)
Trade receivables at amortised cost	**322 684**	**406 856**	**406 856**
Deposits	**16 925**	18 570	18 570
Accrued income	**-**	389	389
Funds held in Trust	**-**	89 590	89 590
Related party receivables	**19 410**	68 797	68 797
Expected credit loss of related party receivables	**(14 081)**	(14 081)	(14 081)
Sundry customers	**1 044**	10 384	10 384
Non-financial instruments			
Value added taxation	**3 210**	32 783	32 783
Prepayments	**25 040**	29 677	29 677
Provision for impairment of prepayments	**(9 041)**	(9 041)	(9 041)
Other prepayments – (Refer to note 16)	**-**	-	619 423
Total	**365 191**	**633 923**	**1 253 345**

Funds held in trust

Funds held in attorney trust accounts are unrestricted and accessible, earning interest in call accounts. Previously classified as other receivables, management reassessed their nature in 2024 due to increased operational use and reclassified them as cash and cash equivalents, reflecting their revised purpose and liquidity. Significant judgment was applied in this reclassification.

Provisions for impairment of prepayments

Due to the uncertainty of the going concern and business operations of a related party who was prepaid to provide a service, management raised a provision against the prepayment.

Provisions for expected credit loss on related party receivables

A provision for expected credit losses was recognised for related party receivables due to doubt over recoverability of the receivables as a result of poor forecasted trading performance of the related parties.

Credit quality of trade and other receivables

77% (2023: 89%) of the Group's trade receivables stems from the managed services and other debtor's segment. Divisional management has determined that the credit risk for this segment is low, as most receivables are classified as current and are unlikely to default based on the recent payment history of the debtors. In assessing this low credit risk, factors such as customer growth forecasts, available credit ratings, and historical default rates were also considered.

17% (2023: 9%) of the Group's trade receivables stem from sales within the Unified communications segment. The credit risk for this segment has been assessed as low by the divisional management as majority of the receivables are classified as not 90 days past due and are unlikely to default based on the recent payment history of the debtors. In assessing this low credit risk, factors such as customer growth forecasts, available credit ratings, and historical default rates were also considered.

6% (2023: 2%) of the Group's trade receivables stem from sales within the Healthcare, Software and consulting segments. These sales are predominantly to state institutions, recoverability of these customers are extremely good. The credit risk has been assessed as low by the divisional management at year-end based on recent payment history. Credit concentration is high as sales are to few customers and there have been low defaults in the past.

There is no collateral on trade receivables.

Loss allowance on other receivables

The gross balances are immaterial and therefore any ECL on these balances would also be immaterial and has therefore not been disclosed.

Notes to the consolidated annual financial statements (continued)
for the year ended 31 August 2024

13. TRADE AND OTHER RECEIVABLES (continued)

Categorisation of trade and other receivables

Trade and other receivables are categorised as follows in accordance with IFRS 9: Financial Instruments:

	2024 R'000	Restated 2023 R'000	2023 R'000
Financial instruments	345 982	580 504	580 504
Non-financial instruments	19 209	53 419	672 841
	365 191	633 923	1 253 345

Expected credit loss allowance

Refer to Accounting Policies note 1.8 for the accounting policy for impairment of financial assets.

Trade receivables are grouped by the operating segment to which they relate, as the customer profiles within each segment exhibit similar characteristics.

On the above basis the expected credit loss allowance for trade receivables as at 31 August 2024 was determined as follows:

Information Communications Technology (ICT) Debtors

	Gross amount R'000	Expected credit loss rate	Lifetime expected credit loss R'000	Carrying amount R'000
Current	66 693	1%	(415)	66 278
30 to 60 days	39 059	2%	(855)	38 204
60 to 90 days	2 298	20%	(469)	1 829
90 days and older	129 455	7%	(8 478)	120 977
	237 505	–	(10 217)	227 288

Unified Communications Debtors

	Gross amount R'000	Expected credit loss rate	Lifetime expected credit loss R'000	Carrying amount R'000
Current	42 487	0%	–	42 487
30 to 60 days	24 535	0%	–	24 535
60 to 90 days	3 687	0%	–	3 687
90 days and older	2 119	11%	(234)	1 885
	72 828	–	(234)	72 594

Other Debtors

	Gross amount R'000	Expected credit loss rate	Lifetime expected credit loss R'000	Carrying amount R'000
Current	4 177	2%	(67)	4 110
30 to 60 days	2 236	2%	(41)	2 195
60 to 90 days	29	0%	–	29
90 days and older	13 479	47%	(6 401)	7 078
	19 921	–	(6 509)	13 412

Health Care

	Gross amount R'000	Expected credit loss rate	Lifetime expected credit loss R'000	Carrying amount R'000
Current	6 527	–	–	6 527
30 to 60 days	754	–	–	754
60 to 90 days	709	–	–	709
90 days and older	1 401	–	–	1 401
	9 390	–	–	9 390

The Expected Credit Loss (ECL) for the majority of trade receivables in ageing buckets of less than 90 days is nil. This is because a significant portion of these receivables have a very low likelihood of default, as the customers hold high credit ratings and have no history of payment defaults.

Notes to the consolidated annual financial statements (continued)

for the year ended 31 August 2024

13. TRADE AND OTHER RECEIVABLES (continued)

On the above basis the expected credit loss allowance for trade receivables as at 31 August 2023 was determined as follows:

Information Communications Technology (ICT) Debtors

	Gross amount R'000	Expected credit loss rate	Lifetime expected credit loss R'000	Carrying amount R'000
Current	93 847	0%	(608)	93 239
30 to 60 days	21 536	(1%)	(349)	21 187
60 to 90 days	62 664	(2%)	(1 616)	61 048
90 days and older	128 942	(10%)	(10 385)	118 557
	306 989	–	(12 958)	294 031

Unified Communications Debtors

	Gross amount R'000	Expected credit loss rate	Lifetime expected credit loss R'000	Carrying amount R'000
Current	51 716	0%	–	51 716
30 to 60 days	27 813	0%	–	27 813
60 to 90 days	3 726	0%	–	3 726
90 days and older	1 989	(9%)	(170)	1 819
	85 244	–	(170)	85 074

Other Debtors

	Gross amount R'000	Expected credit loss rate	Lifetime expected credit loss R'000	Carrying amount R'000
Current	5 965	–	(55)	5 910
30 to 60 days	2 355	–	(45)	2 310
60 to 90 days	1 049	–	(7)	1 042
90 days and older	15 158	–	(4 690)	10 468
	24 527	–	(4 797)	19 730

Health Care

	Gross amount R'000	**Expected credit loss rate**	**Lifetime expected credit loss R'000**	**Carrying amount R'000**
Current	**6 467**	**0%**	**–**	**6 467**
30 to 60 days	**679**	**0%**	**–**	**679**
60 to 90 days	**865**	**0%**	**–**	**865**
90 days and older	**9**	**0%**	**–**	**9**
	8 020	**–**	**–**	**8 020**

We established a zero Expected Credit Loss (ECL) rate for trade receivables not classified as in default, aligning with our group's definition of default as receivables over 90 days overdue. Our evaluation considers historical default rates, customer performance by industry, relevant news, available credit ratings, and the macroeconomic environment. The improved economic outlook has led to reduced loss rates this year, resulting in a lower ECL rate for debtors 90 days and older.

The gross carrying amount of trade receivables decreased by 15%, and this, along with lower expected credit loss rates across all aging buckets, led to a reduction in the expected credit loss allowance.

	ICT Debtors		**Unified Communications Debtors**			**Related party debtors**	
	2024 R'000	2023 R'000	**2024 R'000**	2023 R'000	2023 R'000	**2024 R'000**	2023 R'000
Reconciliation of expected credit loss							
Loss allowance opening balance	(12 958)	(7 494)	(170)	(98)	–	**(14 081)**	(14 081)
Net movement charged to profit or loss: changes in models and parameters	–	(5 695)	(64)	(72)	–	**–**	–
Allowances reversed through profit or loss	2 741	231	–		–	**–**	–
Closing balance	**(10 217)**	(12 958)	**(234)**	(170)	–	**(14 081)**	(14 081)

Notes to the consolidated annual financial statements (continued)

for the year ended 31 August 2024

13. TRADE AND OTHER RECEIVABLES (continued)

Fair value of trade and other receivables

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

For more information on credit risk refer to note 40.

During the reporting period, the gross carrying amount of trade receivables decreased by R74m (2023: increase of R52m). This reduction was primarily driven by a decline in revenue, which resulted in lower trade receivables being recognised.

The loss allowance for trade receivables decreased by R0.97m (2023: increase of R8m), reflecting the lower gross carrying amount and the associated reduction in expected credit losses. The loss allowance as a percentage of gross trade receivables remained consistent at 5% (2023: 4%), as the credit risk profile of the customer base did not change significantly during the period.

Prior period error	**2024**	2023
In the prior year, a R619 million payment was made to the PIC in terms of a share buyback settlement agreement which was only approved and therefore implementable during the 2024 financial year. Initially classified as a prepayment, the payment was reclassified during the August 2024 audit as it was determined to be a settlement for an equity transaction accounted for directly in equity, leading to the following restatement:		
Effect on the statement of financial position		
Increase/ (decrease) in balances in the statement of financial position		
– Trade receivables	**-**	(619 299)
– Share repurchase reserve	**-**	619 299
	-	-

14. OTHER FINANCIAL ASSETS

Other financial assets are comprised of:	**2024 R'000**	2023 R'000
Designated at fair value through profit or loss		
Cadiz Life Investment Enterprise Development Fund	**216**	216
The fund is an innovative new investment whereby corporate clients can earn the required Enterprise development points in terms of the DTI scorecard for B BBEE compliance and at the same time earn real returns from the once-off investment.		
Funds invested in Unit trusts	**14 309**	13 165
Funds invested in Unit trusts		
Vunani Securities Proprietary Limited ("Vunani Securities")	**148 301**	184 368
AYO invested funds of R183.3 million (2023: R183.3 million) in the stock market through Vunani securities. Fair value loss of R5.0 million (2023: Gain of R5.6 million) were recognised on the portfolio for the year ended 31 August 2024. Refer to Fair value gains/(losses) on other financial assets note 27.		
Inyosi Supplier Development Fund	**1 141**	1 153
The Inyosi Enterprise Development Investment and the Inyosi Supplier Development Investment are two specialist investment funds which focus on providing funding and ancillary support to black-owned businesses. These funds are managed in accordance with their B-BBEE mandate. The Enterprise Development Fund is interest bearing whereas the Supplier Development Fund bears no interest.		
Foreign exchange contracts	**206**	1 010
Cybersage Africa Joint Venture	**233**	-
Total for fair value through profit or loss	**164 406**	**199 912**
Loans and receivables at amortised cost		
Supplier development loan	**-**	1 000
The loans were provided as part of the Group's enterprise supplier development process. The loans are interest free and were due on 31 May 2023. The loan was fully impaired in the current year.		
Staff loans	**5 315**	5 688
The loans bear no interest, are dependent on service terms committed and are repayable on demand should the employee leave the employment of the company earlier than the committed service term.		

Notes to the consolidated annual financial statements (continued)

for the year ended 31 August 2024

14. OFFICIAL FINANCIAL ASSETS (continued)

Other financial assets are comprised of:	2024 R'000	2023 R'000
Uhula ICT Proprietary Limited ("Uhula") The loan is unsecured, bears no interest and is repayable within the next 12 months.	**1 700**	1 700
	7 015	**8 388**
Total other financial assets	**171 421**	**208 300**
Split between non-current and current portions:		
Non-current assets	**1 374**	**1 153**
Current assets	**170 047**	**207 147**
Total	**171 421**	**208 300**

Refer to note 27: Other losses for information regarding gains and losses assessment.

Refer to note 9: Other loans receivable for information regarding ECL assessment.

In the current year Supplier development loans to the value of R11.6m where impaired as they were in default of the repayment terms.

The Group has not reclassified any financial assets from amortised cost to fair value, or from fair value to cost or amortised cost during the current or prior year. The Group only recognises ECL on financial assets held at amortised cost.

Fair values information

Other financial assets are held at fair value through profit or loss. The fair values of investments not listed or quoted are determined using the discounted cash flow analysis.

Fair values are determined annually at reporting date.

Refer to note 42 for detail on assumptions and methods used to determine fair values for unlisted investments.

15. CASH AND CASH EQUIVALENTS

	2024 R'000	2023 R'000
Cash and cash equivalents consists of:		
Cash on hand	**178**	188
Bank balances	**178 565**	189 469
Bank overdraft	**(5)**	(6)
Funds held in trust	**37 640**	–
Total	**216 378**	189 651
Current assets	**216 383**	189 657
Current liabilities	**(5)**	(6)

The Group has the following facilities in place:

Nedbank Limited ("Nedbank")

Kalula Communications Proprietary Limited has the following facilities with Nedbank Limited:

- Overdraft facility to the value of R7 million.
- Foreign exchange facility with a potential future exposure of R1.8 million, a maximum aggregate notional or nominal amount of R51.9 million for a maximum duration of any transaction of 12 months.

The above facilities with Nedbank are secured as follows:

- Limited surety signed by AS Brown who is the CEO and a shareholder of Kalula Communications Proprietary Limited to the value of R8 million.
- Limited surety signed by Communications Products Proprietary Limited which is a company that AS Brown has shareholding in to the value of R5.3 million.
- Limited surety signed by Biton Music Productions Proprietary Limited which is a company that AS Brown has shareholding in to the value of R7.5 million.
- A first covering mortgage bonds over erf 14290 Somerset West by Biton Music Productions Proprietary Limited, reflected as a mortgagor, and Nedbank, reflected as mortgagee of R14.1 million.

Notes to the consolidated annual financial statements (continued)

for the year ended 31 August 2024

15. CASH AND CASH EQUIVALENTS (continued)

- A security cession of any insurance policy required in terms of the covering mortgage bonds referred to above.
- Security cessions in favour of Nedbank of a Discovery Life assurance policy number 5130643247 by AS Brown and any insurance policy required in terms of the covering bonds referred to above.

Post year end the Nedbank accounts were closed by Nedbank and facilities were withdrawn. Kalula has access to alternative transactional facilities and possesses adequate working capital, along with access to additional working capital from the group, to maintain its operations as a going concern. None of the funds that were in the Nedbank accounts were restricted.

Standard Bank

SGT has a R15 million facility that is renewable annually and secured by its debtors.

There are restrictions requiring the Bank's prior written consent, which cannot be unreasonably withheld. These include ceasing or changing the nature of the business, providing guarantees or indemnities, encumbering assets, selling assets outside ordinary business, incurring further borrowings, advancing credit beyond normal business, paying dividends or distributions, and making material changes to constitutional documents or accounting policies.

Credit quality of cash at bank and short-term deposits, excluding cash on hand

The credit quality of cash at bank and short-term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or historical information about counterparty default rates. Standard Bank and Nedbank provide the majority of banking services used by the Group. Refer to the table below for credit rating in long-term in terms of Moody's Investors Service ("Moody's") where available.

	2024 R'000	2023 R'000
Bank balances are held with		
Absa Bank Limited – Ba2	**6 544**	410
Investec Bank Limited – BB	**11 880**	38 234
Mercantile Bank Limited – BBB-	**13 267**	27 100
Sasfin Bank Limited – BBB+/A2	**25 318**	14 892
Nedbank Limited – Ba2	**14 847**	18 721
Vunani Securities	**4 393**	8 618
Access Bank Botswana Limited BBB-	**2 137**	6 572
Windhoek Bank - AA	**22 660**	27 450
Standard Bank of South Africa Limited – Ba2	**76 146**	38 429
First National Bank Limited – Ba2	**–**	6 027
HSBC Bank Limited – A1	**581**	363
AfrAsia Bank Limited	**792**	2 527
Total	**178 565**	189 343

Access to banking facilities

Refer to note 16 of the Directors Report that highlights the ongoing litigation with banks for the right to have access to banking facilities.

Funds in trust

Refer to note 13.

16. SHARE CAPITAL

	2024 R'000	2023 R'000
Authorised		
2 000 000 000 Ordinary shares of no par value	**–**	–
Issued		
325 982 729 (2023: 343 185 485) Ordinary shares	**3 729 981**	4 349 280
Opening balance	**4 349 280**	4 349 280
Cancelled shares	**(619 299)**	–
Share premium	**173 444**	173 444
Share issue costs	**(78 314)**	(78 314)
Treasury shares	**(3 359)**	(3 359)
Closing balance	**3 821 752**	**4 441 051**

Notes to the consolidated annual financial statements (continued)

for the year ended 31 August 2024

16. SHARE CAPITAL (continued)

	2024 R'000	2023 R'000
Reconciliation of issued shares		
Opening balance	**343 185 485**	343 319 040
Shares repurchased	**(17 202 756)**	(133 555)
Closing balance	**325 982 729**	**343 185 485**

The ordinary shares have the right to vote at annual general meetings and elect the Board.

AYO acquired 133 555 of its own shares through purchases on the JSE in the prior year to the value of R3.3 million. The acquired shares have been accounted for as treasury shares.

In the current year AYO cancelled 17 202 756 shares. These shares related to the specific repurchase of AYO shares from the GEPF for R619 423 100 (R619 299 216 repurchase amount and R123 884 transaction cost) at an average price of R36.00720 per share for the transaction.(Refer to note 17).

17. RESERVES

	2024 R'000	Restated 2023 R'000	2023 R'000
Foreign currency translation reserve	**(1 264)**	(1 278)	(1 278)
Revaluation reserve	**535**	534	534
Share repurchase reserve	**(248 032)**	(619 423)	–
Changes in ownership reserve	**(36 169)**	(36 169)	(36 169)
	(285 008)	(656 336)	(36 913)

Change in Ownership Reserve

Changes in ownership interests in subsidiaries without change of control. Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions, that is, transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity

Share Repurchase Reserve

The reserve was created following a R619 million payment made to the PIC for a share buyback agreement. Initially classified as a prepayment, the payment was reclassified in the prior year as it was determined to be a settlement for an equity transaction accounted for directly in equity, leading to the following restatement. Refer to note 13.

In the current year movement in the reserves arises from AYO's obligation to purchase 5% of the PIC's shares in three years' time. For further details, refer to Note 23 in the financial statements.

Prior period error	**2024**	2023
In the prior year, a R619 million payment was made to the PIC in terms of a share buyback settlement agreement which was only approved and therefore implementable during the 2024 financial year. Initially classified as a prepayment, the payment was reclassified in the comparative period as it was determined to be a settlement for an equity transaction accounted for directly in equity, leading to the following restatement:		
Effect on the statement of financial position		
Increase/ (decrease) in balances in the statement of financial position		
– Trade receivables	**-**	(619 423)
– Share repurchase reserve	**-**	619 423
	-	–

Notes to the consolidated annual financial statements (continued)

for the year ended 31 August 2024

18. LEASE LIABILITY

	2024 R'000	2023 R'000
Maturity analysis		
Less than one year	**15 031**	24 441
One to five years	**34 844**	30 951
More than five years	**20 423**	2 351
Less: Future finance charges	**(24 202)**	(6 271)
Total lease liability	**46 096**	51 472
Non-current liabilities	**25 328**	28 616
Current liabilities	**20 768**	22 856
	46 096	51 472
Amounts recognised in profit or loss		
Interest on lease liability	**4 257**	8 453
Depreciation on the right of use assets – (Refer to note 3).	**14 695**	36 824
Expenses relating to short-term leases	**–**	514
Total	**18 952**	45 791

The average lease term was 5 years and the average incremental borrowing rate was 11.75% (2023: 7.25%–9%).

All leases have fixed repayments and no arrangements have been entered into for contingent rent.

The lease liability decreased in the current financial year due to the expiry of leases.

Future cash outflows to which the Group is potentially exposed that are not reflected in the measurement of lease liabilities are immaterial.

19. EMPLOYEE BENEFIT OBLIGATION

	2024	2023
Long-term employee benefit obligation		
SGT Solutions Proprietary Limited rewards employees with long service by remunerating them with a lump sum after a specific number of service years. Employees receive a bonus of 50% of their monthly pensionable salary after 10 years' service, 75% after 15 years' service, 100% after 20 years' service, 125% + R5 000 after 25 years' of service, 150% after 30 years' service, 175% after 35 years' service, 200% after 40 years' service. Simeka Consultants and Actuaries calculated the value of the employer's liability towards qualifying employees as at 31 August 2024.		
Balance at the beginning of the year	**3 231**	3 233
Benefits paid	**(270)**	(588)
Net expenses recognised in the profit or loss	**(39)**	586
	2 922	3 231
The principle actuarial assumptions were as follows:		
Assumptions used on last valuation on 31 August 2024.		
Valuation rates:		
Discount rates	**10.42%**	10.75%
Inflation rate	**5.22%**	5.86%
Future salary increases*	**6.22%**	6.86%
Real rate (approximate)#	**3.95%**	3.64%

* *The above salary increases includes real growth of approximately 1% per annum.*

\# *The difference between the discount rate and the future salary increase implies an approximate real return without merit increases.*

Retirement

A normal retirement age of 63 was assumed for employees. No provision was made for retirement before or after the normal retirement age.

Notes to the consolidated annual financial statements (continued)

for the year ended 31 August 2024

20. DEFERRED INCOME

The Group generates deferred revenue on future warranties and maintenance contracts where upfront payment has been received. The deferred revenue is released to the statement of profit or loss:

– in line with the costs incurred over the period of the contract (percentage completion) for solution driven projects.

– on a straight line basis for support contracts.

	2024 R'000	2023 R'000
Reconciliation		
Opening balance	**19 995**	45 075
Additions	**33 196**	50 673
Revenue recognised on delivery of goods or services previously paid for	**(43 984)**	(75 753)
Closing balance	**9 206**	19 995
Split between non-current and current portions:		
Non-current liability	**902**	–
Current liability	**8 304**	19 995
Total	**9 206**	19 995

21. TRADE AND OTHER PAYABLES

	2024 R'000	2023 R'000
Financial instruments:		
Trade payables	**191 531**	238 735
Non-financial instruments:		
Other accruals*	**46 272**	108 550
Amounts received in advance	**782**	1 769
Value added taxation	**49 784**	56 308
Total	**288 369**	405 362

* *Other accruals predominately consists of leave pay, bonuses and audit fees.*

Fair value of trade and other payables

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

22. PROVISIONS

Reconciliation of provisions

	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 – 2024					
Commission and incentive programme	**5 469**	**12 262**	**(11 808)**	**(1 533)**	**4 390**
Bonuses	**9 032**	**10 002**	**(11 620)**	**(248)**	**7 166**
Onerous contract	**3 753**	**–**	**(2 270)**	**–**	**1 483**
Project and product warranties and product risk	**83 435**	**6 688**	**(599)**	**(17 884)**	**71 640**
Fine – JSE	**102**	**2 795**	**–**	**(2 634)**	**264**
Legal costs	**16 662**	**498**	**(260)**	**(37)**	**16 863**
VAT dispute	**99 866**	**12 599**	**–**	**–**	**112 465**
Total	**218 318**	**44 844**	**(26 557)**	**(22 336)**	**214 269**

Notes to the consolidated annual financial statements (continued)

for the year ended 31 August 2024

22. PROVISIONS (continued)

	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 – 2023					
Commission and incentive programme	5 222	3 781	(3 403)	(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	83 128	(376)	(9 324)	83 435
Fine – JSE	2 000	101	(1 502)	(497)	102
Legal costs	16 662	–	–	–	16 662
Reimbursement- Puleng severance cost	1 210	–	(1 210)	–	–
VAT dispute	–	99 866	–	–	99 866
Total	51 784	193 640	(16 780)	(10 326)	218 318

Commission

The provision for commission is recognised for sales commission recognised in Kalula, Kathea and Mainstreet Group and is estimated based on monthly revenue at a rate of 2.5%. A provision has been recognised due to the uncertainty over the timing for the payment of the commission.

Bonuses

The Group recognises a liability and an expense for bonuses based on a formula that takes into account the monthly salary earned by the employees. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation, the amount can be measured reliably and the directors are of the opinion that it is probable that such bonuses will be paid as experienced in prior years. The timing for bonus payments is during the month of December each year. The amount remains uncertain as it is dependent on key performance measures which are yet to be finalised at financial year end.

Provision for project, product warranties and risk

Included in the Project and product warranties provision is a portion that relates to a contract with State Information Technology Agency ("SITA"). On 25 August 2020 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 was 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.

In the ensuing period after the interdict was granted, the contract has expired. Subsequent to year end, SITA has withdrawn its application and the parties can now finalise a settlement. 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. Management has made an estimate and raised a provision of R16.9 million. The timing and amount are both subject to when the settlement will be finalised and the amount that will be agreed on.

A provision is recognised in SGT Solutions for expected warranty claims on products sold during the previous 12 months based on the past experience of the level of repairs and returns. It is expected that most of these costs will be incurred in the next financial year and will have been incurred within one year of the statement of financial position date. Assumptions used to calculate the provision are based on the current sales levels and historical information on products returned. The timing and amount are both dependent on when clients return products and the claims that will be made on those products, both of which are uncertain.

Loss of profit provision

The legal loss provision relates to an ongoing legal case between Sizwe and SITA/Eastern Cape Department of Education. Based on advice from legal experts, management has determined that a provision should be recognized for the potential loss of profits earned from SCH9 and SCH10, which are specific components of the main contract between the parties.

Sizwe has requested the court to determine a just and equitable settlement, which is expected to exclude any profit derived from SCH9 and SCH10. As a result, management estimates that the profit of R16,661,884.93 generated from these components of the contract is at risk of being excluded from the final settlement amount.

The timing and amount of the settlement remain uncertain, as they depend on the outcome of the legal proceedings, which is not yet determinable with reasonable certainty.

Refer to note 36 for more details on this legal matter.

VAT Dispute

On 9 November 2023 AYO received a VAT assessment from SARS after a verification audit. The outcome of the assessment process, is that SARS disallowed a full input tax deduction on mixed expenses that AYO incurred and rather applied the apportionment method, leading to a liability recognised as a provision. However, AYO is in dispute with the method applied by SARS as it does not yield a fair and equitable result. SARS allowed AYO to respond to the assessment, AYO responded to the assessment and the matter is pending and still ongoing. At the time of reporting SARS had not responded to AYO. The timing and amount are both subject to SARS determination which have no certainty of when it will be received.

Notes to the consolidated annual financial statements (continued)

for the year ended 31 August 2024

23. DERIVATIVES

	2024 R'000	2023 R'000
Reconciliation of Options carrying amount		
Opening Balance	**–**	–
Recognition of PIC Option	**248 032**	–
Carrying amount of the Options 31 August 2024	**248 032**	–

The Company reached a settlement agreement with the Government Employees Pension Fund ("GEPF") to repurchase 17,202,756 ordinary shares ("AYO Shares") for R619,423,100 ("Initial Repurchase"). After this transaction, the GEPF will retain a minimum stake of 25.01% in the Company.

After three years from the Initial Repurchase, the GEPF has the option to sell an additional 5% of the AYO shares it holds back to AYO. This sale will occur at the higher of R20 per share or the prevailing 90-day volume-weighted average price of AYO Shares traded on the JSE, subject to regulatory approvals and the Company's solvency and liquidity as defined in the Companies Act, 2008 (Act 71 of 2008), as amended.

The put option was valued using the Black-Scholes model with the following inputs:

Inputs	
Stock price	0.50
Strike price	20.00
Term of option	2.83287671232877
Dividend yield	0%
Volatility	266%
Risk-free interest rate	10%

24. REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue from contracts with customers	2024 R'000	2023 R'000
Sale of goods	**1 128 406**	1 434 845
Rendering of services	**743 359**	818 649
	1 871 765	2 253 494
Disaggregation of revenue from contracts with customers		
The Group disaggregates revenue from customers as follows:		
Sale of goods	**1 128 406**	1 434 845
Software and consulting	**4 823**	32 533
Unified communications	**567 243**	519 619
Healthcare	**8 166**	8 392
Managed services	**548 174**	874 301
Rendering of services	**743 359**	818 649
Software and consulting	**22 531**	12 584
Unified communications	**7 401**	22 511
Healthcare	**61 152**	57 505
Managed services	**652 275**	726 049
Total revenue	**1 871 765**	2 253 494
Timing of revenue recognition by revenue pattern		
At a point in time		
Software and consulting-related	**14 948**	21 577
Communication Products and hardware-related	**572 862**	540 747
Project-related services	**545 410**	873 663
	1 133 220	1 435 987
Over-time		
Software and consulting-related	**66 308**	14 267
Communication Products and hardware-related	**849**	75 330
Project-related services	**671 388**	727 910
	738 545	817 507
	1 871 765	2 253 494

Notes to the consolidated annual financial statements (continued)

for the year ended 31 August 2024

24. REVENUE FROM CONTRACTS WITH CUSTOMERS (continued)

Revenue disaggregated by primary geographical markets is as follows: 2024	South Africa R'000	Rest of Africa R'000	Europe R'000	USA R'000	Total R'000
Software and consulting	9 175	5 778	12 401	–	27 354
Unified communications	402 532	172 002	110	–	574 644
Health care	69 318	–	–	–	69 318
Managed services	1 190 289	10 037	123	–	1 200 449
Total	**1 671 313**	**187 817**	**12 634**	**–**	**1 871 765**

Revenue disaggregated by primary geographical markets is as follows: 2023	South Africa R'000	Rest of Africa R'000	Europe R'000	USA R'000	Total R'000
Software and consulting	19 725	13 214	3 672	–	36 611
Security solutions	3 383	–	–	–	3 383
Unified communications	466 595	80 202	–	–	546 797
Health care	65 897	–	–	–	65 897
Managed services	1 581 473	18 992	201	141	1 600 807
Total	**2 137 072**	**112 408**	**3 873**	**141**	**2 253 494**

Unsatisfied warranties and maintenance contracts		
Product warranties	3 683	2 311
Transaction price allocated to long-term contracts – Note 20	9 206	19 995

Management expects that 90% of transaction price allocated to the unsatisfied contracts as at period ended 31 August 2024 will be recognised as revenue in the period ended 31 August 2025.

25. COST OF SALES

Comprised of:	2024 R'000	2023 R'000
Sale of goods	**1 331 305**	**1 695 386**
Direct labour	74 090	96 462
Subcontractors	53 139	33 790
Inventory write down	6 317	7 231
Purchase of products for sale	1 092 203	1 381 844
Other cost of sales	105 556	176 059
Rendering of services	**193 276**	**206 847**
Direct labour	140 668	149 766
Software support and licences	45 007	49 060
Depreciation and amortisation	1 141	1 489
Discount received	6 460	6 532
	1 524 581	**1 902 233**

Other cost of sales includes data and telephone costs, transportation, consulting and professional services, consumables and other general cost of sales.

26. OTHER OPERATING INCOME

	2024 R'000	2023 R'000
Other income	11 759	10 491
Dividend income	9 449	11 108
Fees earned	234	(94)
Recoveries	600	960
Administration fees	307	(981)
	22 349	21 484

Notes to the consolidated annual financial statements (continued)

for the year ended 31 August 2024

27. OTHER OPERATING LOSSES

	2024 R'000	Restated 2023 R'000	2023 R'000
Fair value loss on investments at fair value through profit or loss – Refer to note 10	**(50 383)**	(29 785)	15 762
Fair value gains/(losses) on other financial assets – Refer to note 14	**(5 019)**	25 594	–
*Fair value loss on derivatives	**–**	(114 478)	(114 478)
Net foreign exchange gains losses	**(2 979)**	(159)	(159)
Profit on sale of property, plant and equipment	**930**	117	117
Profit on early termination of lease	**530**	7 154	7 154
Fair value loss on foreign exchange contracts – Refer to note 14	**(1 294)**	–	–
**Fair value of B-BBEE shares	**–**	11 809	11 809
	(58 215)	(99 748)	(79 795)

* *As per the share sale agreements, AYO had a put and call option with AEEI over their shares in GCCT. These options lapsed in the prior year and an asset of R114 million was derecognised. The appropriateness of the initial recognition and measurement of the options is under consideration by management as part of a JSE Proactive monitoring process. This evaluation is not yet finalised at the time of publication of these financial statements. As a result management is unable to determine the financial impact on the prior periods.*

** *Refer to the note on the share-based payment reserve in the Statement of Changes in Equity.*

Restatement

The valuation of the investment in Bambelela was initially overstated by R19.9 million in the prior year, which was originally considered immaterial. However, following a change in the accounting treatment for the PIC settlement, this overstatement became material. This shift occurred because the final materiality threshold was based on total assets, which decreased due to the reclassification of the PIC settlement from prepayments to a reserve within equity. As a result, an adjustment was necessary. Refer to Note 10 for further details.

28. OTHER OPERATING EXPENSES

Major items included in other operating expenses:	2024 R'000	2023 R'000
Employee costs	**234 433**	275 199
Depreciation and amortisation (Refer to note 3 and 6)	**34 383**	50 967
Impairment of goodwill (Refer to note 5)	**62 484**	–
Impairment of intangibles (Refer to note 6)	**55 549**	–
Fines and penalties	**101**	–
*Consulting fees	**63 506**	137 470
# VAT dispute	**12 599**	99 866
^VAT receivable write-off	**44 296**	–
Retrenchment costs	**–**	27 316
Auditors remuneration	**16 514**	12 746
Legal fees	**56 961**	73 749
Other operating expenses	**67 293**	178 543
	648 119	855 856

* *Consulting fees were reduced as management's cost-cutting efforts shifted most work in-house, leading to the termination of legacy consultant contracts.*

\# *Input VAT claims were disallowed by SARS and new VAT assessments issued retrospectively to 2018. AYO has disputed the matter with SARS and is awaiting the outcome of the dispute. A provison was recorded in the prior period for the additional VAT, penalties and interest. Refer to note 22 Provisions. In the current period AYO has recognised additional penalties and finance costs related to the matter.*

^ *This VAT asset is under dispute as mentioned above and has been impaired, as its recoverability depends on the outcome of ongoing discussions with SARS regarding the apportionment method used to determine the VAT receivable.*

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

Notes to the consolidated annual financial statements (continued)

for the year ended 31 August 2024

29. FINANCE INCOME

	2024 R'000	2023 R'000
Bank and cash (Refer to note 15)	**14 408**	31 769
Interest – Related party companies (Refer to note 8)	**9 080**	8 364
Loans receivable	**44 163**	60 206
Cumulative preference shares – Bambelela*	**9 960**	9 470
Cumulative preference shares – 4Plus interest *	**12 299**	20 076
Cumulative preference shares – Loot B2B interest	**-**	4 209
Cumulative preference shares – Dinaledi*	**721**	696
Funds in Trust	**5 610**	15 618
Other financial assets	**89**	53
	96 330	150 461

* *Refer to note 9*

30. INCOME TAX EXPENSE

	2024 R'000	Restatement 2023 R'000	2023 R'000
Major components of the tax expense			
South African normal taxation	**13 961**	50 352	50 352
Overprovision – prior periods	**(14)**	(227)	(227)
Total current tax expense	**13 947**	50 125	50 125
Deferred tax expense			
Deferred tax arising on originating and reversing temporary differences	**133 864**	(66 825)	(62 515)
Arising from prior period adjustments	**10**	(116)	(116)
Total deferred tax expense	**133 874**	(66 941)	(62 631)
Total tax expense	**147 821**	(16 816)	(12 506)
Reconciliation of the tax expense			
Reconciliation between accounting profit and tax expense.			
Accounting loss	**(577 016)**	(671 273)	(651 320)
Tax at the applicable tax rate of 27%	**(155 794)**	(181 244)	(175 856)
Tax effect of adjustments on taxable income			
Impairment loss	**77 797**	70 310	70 310
Goodwill impairment	**16 871**	-	-
Intangibles Impairment	**10 450**	-	-
VAT asset write off	**11 959**	-	-
Tax effect of unrecognised tax losses	**117 906**	-	-
Income received in advance	**(2 985)**	-	-
Donations	**333**	7 556	7 556
Legal fees	**6 071**	3 432	3 432
Fines and penalties	**165**	45	45
Tax losses carried forward	**1 956**	-	-
Prepaid expenses	**2 756**	(10 184)	(10 184)
Learnerships	**(3 422)**	(2 262)	(2 262)
Expected credit losses	**-**	(6)	(6)
Consulting fees	**6 096**	18 467	18 467
Provisions non-deductible	**2 729**	(2 148)	(2 148)
Interest income on preference shares exempt from tax	**(23 947)**	(21 037)	(21 037)
SARS Interest on late payment of tax	**1 427**	5 583	5 583
Interest on lease liabilities	**100**	2 563	2 563
Depreciation on right-of-use assets	**2 187**	5 487	5 487
Lease payments claimed as a deduction	**(2 616)**	(6 199)	(6 199)
Profit on sale of assets	**(120)**	4 471	4 471
Dividend income exempt from tax	**(6 893)**	(5 699)	(5 699)
Fair value and accounting adjustments	**21 431**	16 724	15 646
Profit from equity accounted joint venture	**4 812**	2 510	2 510
Unrecognised computed tax losses	**35 548**	-	-
Inventories	**53**	-	-
Foreign exchange gains	**-**	35	35

Notes to the consolidated annual financial statements (continued)

for the year ended 31 August 2024

30. INCOME TAX EXPENSE (continued)

	2024 R'000	Restatement 2023 R'000	2023 R'000
Interest income exempt from tax	**–**	(16)	(16)
Non-deductible expenditure	**22 952**	74 796	74 796
Advertising & Promotions – General	**7**	9 328	9 328
Corporate finance expenses – Advisory	**406**	7 072	7 072
Audit Fees	**3 424**	2 135	2 135
Research and development	**–**	1 998	1 998
Legal fees-General	**–**	1 623	1 623
Rent	**101**	1 895	1 895
Salaries and wages	**7 907**	18 075	18 075
Other	**11 107**	32 670	32 670
	147 822	(16 816)	(12 506)

31. EARNINGS PER SHARE

	2024 Gross of tax	2024 R'000 Net of tax	Restated 2023 Gross of tax	Restated 2023 R'000 Net of tax	2023 Gross of tax	2023 R'000 Net of tax
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)		**(208.68)**		(184.53)		(179.97)
There are no dilutive options and other dilutive potential ordinary shares, therefore, basic and diluted (loss)/earnings are the same.						
The (losses)/earnings and weighted average number of ordinary shares used in the calculation of basic and diluted (losses)/earnings per share are as follows:						
Losses attributable to shareholders of AYO		**(680 265)**		(633 510)		(617 867)
Weighted average number of shares (000)		**325 983**		343 314		343 314
Net asset value per share						
Net asset value per share (cents)		**198.23**		473.61		659.85
	Gross of tax	**Net of tax**	Gross of tax	Net of tax	Gross of tax	Net of tax
Headline loss per share						
Headline loss is determined as follows:						
Loss attributable to shareholders of AYO		**(680 265)**		(633 510)		(617 867)
Adjusted for:						
Profit on sale of property, plant and equipment	**930**	**679**	(117)	(85)	(117)	(85)
Loss on disposal of subsidiary	**–**	**–**	11 122	8 119	11 122	8 119
Impairment on Goodwill	**62 484**	**62 484**	–	–	–	
Impairment on Intangible assets	**54 568**	**39 835**	–	–	–	
Headline loss		**(577 267)**		(625 476)		(609 833)
Weighted average number of shares (000)		**325 983**		343 314		343 314
Headline loss per share (cents)		**(177.09)**		(182.19)		(177.63)

Notes to the consolidated annual financial statements (continued)

for the year ended 31 August 2024

32. CASH GENERATED BY OPERATIONS

	Note	2024 R'000	Restated 2023 R'000	2023 R'000
Loss before tax		**(577 016)**	(671 273)	(651 320)
Adjustments for:				
Depreciation – PPE		**9 335**	9 815	9 815
Amortisation – intangible assets		**12 187**	15 428	15 428
Depreciation – right-of-use asset		**14 695**	36 824	15 783
Profit on sale of property, plant and equipment		**(930)**	(255)	(255)
Impairment Reversal		**(195)**	–	–
Profit from equity accounted investments		**17 823**	12 541	–
Dividend income		**(9 696)**	(11 108)	(11 108)
Finance income		**(96 330)**	(152 322)	(152 322)
Finance cost		**13 751**	16 967	16 967
Fair value loss (gain) on other financial assets		**5 019**	(25 594)	
Fair value loss (gain) on investments at fair value through profit or loss		**50 383**	29 785	60 439
Inventory write down to net realisable value		**(914)**	(7 231)	263
Foreign exchange losses		**2 979**	(3 006)	1 139
Impairment of intangible assets		**54 568**	–	–
Impairment of goodwill		**62 484**	–	–
Expected credit losses movement		**304 971**	203 932	199 084
* IFRS 2 adjustment		**–**	(11 809)	(11 809)
Transfers		**(687)**	–	–
Expected credit losses on trade receivables		**608**	(1 268)	(1 268)
Funds in trust legal fees		**409**	30 890	30 890
Movements in provisions		**(10 803)**	166 995	166 995
Employee benefit expenses		**(386)**	234	234
Gain on early termination of lease		**(530)**	(7 153)	(7 153)
Other Fair values		**160**	–	–
Non-Cash Items		**(10 401)**	–	–
Changes in working capital				
Inventories		**5 575**	(27 476)	(38 724)
Costs to fulfil contracts – Work in Progress		**8 762**	(11 036)	–
Trade and other receivables		**(41 306)**	(4 748)	(672 809)
VAT receivable write-off	27	**44 296**	–	–
Trade and other payables		**158 626**	18 937	18 937
Deferred income		**1 629**	1 053	1 053
Cash generated from (utilised in) operations		**19 066**	(390 878)	(1 009 741)

The presentation of the cash generated from operations has been refined to provide greater transparency by disaggregating the cash movements into more detailed line items

* *Refer to the note on the share based payment reserve in the Statement of Changes in Equity*

Prior period error	**2024**	2023
In the prior year, a R619 million payment was made to the PIC in terms of a share buyback settlement agreement which was only approved and therefore implementable during the 2024 financial year. Initially classified as a prepayment, the payment was reclassified during the August 2024 audit as it was determined to be a settlement for an equity transaction accounted for directly in equity.		
This restatement resulted in the following restatement of the cashflow:		
Effect on the statement of cash flows		
Increase/ (decrease) in balances in the statement of cash flows		
– Cash utilised in operations	**–**	(619 299)
– Cashflows to financing activities	**–**	619 299
	–	–

Notes to the consolidated annual financial statements (continued)

for the year ended 31 August 2024

33. TAX PAID/(REFUNDED)

	2024 R'000	2023 R'000
Tax payable balance at the beginning of the year	**45 804**	13 496
Current tax for the year recognised in profit or loss	**13 947**	12 506
Balance at the end of the year	**(23 276)**	(45 804)
Tax paid/(refunded)	**36 475**	(19 802)

34. DIVIDENDS PAID

	2024 R'000	2023 R'000
Dividends declared	**–**	204 779
Dividends paid	**(903)**	(198 274)

35. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

Reconciliation of liabilities arising from financing activities – 2024

	Opening balance R'000	**Interest expenses R'000**	**Fair value movements R'000**	**Other non-cash movements R'000**	**Total non-cash movements R'000**	**Cashflows R'000**	**Closing balance R'000**
Other financial liabilities	**9 310**	**–**	**–**	**1 417**	**1 417**	**–**	**10 730**
Derivatives	**–**	**–**	**248 032**	**–**	**248 032**	**–**	**248 032**
Lease liabilities	**51 472**	**4 257**	**–**	**–**	**4 257**	**(9 633)**	**46 096**
Total	**60 782**	**4 257**	**248 032**	**1 417**	**253 706**	**(9 633)**	**304 859**

Reconciliation of liabilities arising from financing activities – 2023

	Opening balance R'000	Interest expenses R'000	Other non-cash movements R'000	Total non-cash movements R'000	Cashflows R'000	Closing balance R'000
Other financial liabilities	1 718	–			7 592	9 310
Lease liabilities	106 529	4 633	(36 729)	(32 096)	(22 961)	51 472
Derivative financial liabilities	39 017	–	(39 017)	(39 017)	–	–
Total	147 264	4 633	(75 746)	(71 113)	(15 369)	60 782

In the prior year, non-cash movements for lease liabilities included derecognition due to cancelled or non-renewed leases, while derivative financial liabilities saw non-cash movements from the derecognition of options, as noted in note 26.

36. NON-CURRENT ASSETS HELD FOR SALE

Sizwe Africa IT Group, a 55% indirect subsidiary of AYO through its investment in Zaloserve, entered a sale agreement on 17 September 2024 with Mustek Limited and Cyberantix to sell its 70% interest in Cyberantix and all related shareholder claims for R20 million (R8 million for shares and R12 million for claims).

Discussions with the identified buyer were at an advanced stage at year-end, and board approval for the sale had been granted, demonstrating management's commitment to sell. This made it probable that the transaction would occur, with expectations that it would be completed within three months of the year-end. Refer to the Events after reporting period note 44.

Cyberantix, a South African Level 2 B-BBEE company, provides Security Operations Centre as a Service (SOCaaS) with a focus on cybersecurity solutions across various sectors, including small to medium enterprises and government. Cyberantix is reported under the Managed Services segment.

While Cyberantix has significant growth potential, it requires further investment for scalability, and most of its clients do not align with Sizwe's strategic priorities. Management believes that partnering with a larger, established cybersecurity firm will better facilitate the execution of major projects. Proceeds from the sale will allow Sizwe to focus on other strategic initiatives.

Notes to the consolidated annual financial statements (continued)

for the year ended 31 August 2024

36. NON-CURRENT ASSETS HELD FOR SALE (continued)

The non-current asset held for sale is measured at its carrying value.

Assets classified as held for sale	Audited 2024 R'000
Property, plant and equipment	598
Cash and cash equivalents	1 063
Current tax receivable	–
Trade and other receivables	14 041
	15 703
Liabilities directly associated with assets classified as held for sale	
Trade and other payables	835
Other financial liabilities	79
	914

37. CONTINGENCIES

Claim against the company – Sizwe Africa IT Group

A customer has instituted a claim for loss of income against the company in the amount of R39,9 million. The customer had previously instituted its legal proceedings against the original product supplier, however their claim was unsuccessful. As a result of the failed claim, the customer proceeded to raise its claim against Sizwe. Management have determined that this is a frivolous claim and that the likelihood of financial loss is remote. No liability has been recorded for this matter.

38. GOING CONCERN

The audited consolidated financial results have been prepared using accounting policies applicable to a going concern. This basis assumes that the necessary funds will be available to support 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 has carefully determined the appropriate basis for preparing the audited consolidated financial statements, taking into account the Group's significant risks, outstanding legal matters, current financial performance, financial budgets, and an assessment of the Group's solvency and liquidity, alongside its current financial position and available cash resources.

In the past, AYO received a summons from the Public Investment Corporation (PIC) and the Government Employees Pension Fund (GEPF), which sought to declare the subscription agreement between the PIC and AYO unlawful and demanded payment of R4.3 billion plus interest. A settlement agreement was reached, and AYO paid R619 million to the PIC in March 2023. The transaction, classified as a Specific Initial Repurchase under JSE Listing Requirements, received shareholder approval on 26 June 2024, facilitating its completion.

The settlement agreement includes a Put Option granting the PIC the right to sell up to an additional 5% of PIC shares back to AYO, exercisable three years after the approval of the Specific Initial Repurchase. A liability of R248 million has been recorded; however, this liability is contingent upon AYO's solvency and liquidity at the time the option is exercised, which condition is specifically included in the settlement agreement, ensuring that no going concern issue arises from this option.

AYO has transitioned into an investment holding company and remains fully operational through its diversified portfolio. Several of its subsidiaries, with over two decades of established presence and have historically demonstrated strong trading performance. While these subsidiaries remain profitable, their growth has recently slowed. However, once the ongoing litigation, banking, and reputational challenges are resolved, they are well-positioned to regain momentum and return to optimal performance.

It is important to note that the judgements and assumptions made in this context involve inherent material uncertainty regarding future cash flows, and any significant deviations could raise doubts about the Group's ability to continue as a going concern. The current year has seen considerable losses primarily due to accounting adjustments that are not anticipated to recur. The reversal of these adjustments in future, such as expected credit losses on loans and impairments of intangible assets, is expected to improve the financial outlook for the Group. This year has been focused on cleaning up the financial position of the company, setting the stage for better performance in the future, free from legacy issues. Despite the uncertainties and the recent history of losses—although these losses have been decreasing—the Board is confident that, based on all available information, and after thoroughly reviewing the Group's financial forecasts and current financial position, it is appropriate to assume that the Group will continue as a going concern in preparing the consolidated annual financial statements.

There is ongoing litigation involving the Company, its subsidiaries, and banking institutions in South Africa. While limited access to external funding poses challenges, the Group has effectively managed to be self-sufficient through improved working

Notes to the consolidated annual financial statements (continued)

for the year ended 31 August 2024

38. GOING CONCERN (continued)

capital management and maintaining leaner cost structures. Revenue growth has been observed in several subsidiaries, with those that have lost major contracts successfully replacing them with new agreements in many cases. The Group is actively pursuing funding opportunities in other jurisdictions, as its operating subsidiaries offer globally appealing products and services. Currently, the Company is utilising third-party payment solutions, and its subsidiaries are operating normally with existing transactional facilities, with no anticipated operational disruptions in the foreseeable future.

The Board has also evaluated a recent liquidation application made against the Company by a shareholder. The Board with the advice from its legal advisors has determined that this matter is not material to the Company's and Group's going concern status, as no new issues have been raised that have not been previously addressed.

The Board remains fully committed to sustaining AYO's operations and has no plans to cease trading, scale back activities, or liquidate the Company. Based on its assessment, AYO and its subsidiaries are fundamentally capable of continuing as a going concern, supporting future stability and growth.

However, material uncertainties—including ongoing litigation, banking challenges, and potential significant cash outflows—have been identified. As a result, the Board acknowledges that these factors raise a material uncertainty regarding the Group's ability to continue as a going concern.

Despite these uncertainties, the Board remains focused on safeguarding the Group's long-term viability and unlocking future value.

39. RELATED PARTIES

The Group entered into various transactions with related parties in the ordinary course of business.

Significant related party transactions entered into include:

Entity name	Relationship
The Haraas Trust	Ultimate controlling company
Sekunjalo Investment Holdings Proprietary Limited	Common control
African Equity Empowerment Investments Limited	Common control
Afrinat Proprietary Limited	Common control
espAfrika Proprietary Limited	Common control
Orleans Cosmetics Proprietary Limited	Common control
Vunani Fintech Fund Proprietary Limited	Jointly controlled
Global Command and Control Technologies Proprietary Limited	Significant influence
African News Agency Proprietary Limited	Common control
Independent News and Media Proprietary Limited	Common control
Independent Newspaper Proprietary Limited	Common control
Loot Online Proprietary Limited	Common control
Prodirect Investments 112 Proprietary Limited	Common control
Sekunjalo Properties Proprietary Limited	Common control
Sekunjalo Investment Holdings Proprietary Limited	Parent company
Dr FM Surve	Family member of key management personnel
Omnicare Family Healthcare Centre	Entity related to family member of key management personnel
Collateral Trading Proprietary Limited	Entity owned by key management personnel
Loot B2B Proprietary Limited	Common control
Crealpha Proprietary Limited Investment	Significant influence
Tripos Travel Proprietary Limited	Common control
Sekunjalo Development Foundation	Common control
Surve Philanthropies	Common control
Insights Publishing Proprietary Limited	Common control
Content Nation Media Proprietary Limited	Common control
Sekunjalo Music Academy NPC	Common control
Sagarmatha Technology Solutions Proprietary Limited	Common control
ANA Publishing Proprietary Limited	Common control
Africa Online Retail Proprietary Limited	Common control
Premier Fishing SA Proprietary Limited	Common control
Subsidiaries	Refer to note 44
Key management personnel	Refer to director's report

Notes to the consolidated annual financial statements (continued)

for the year ended 31 August 2024

39. RELATED PARTIES (continued)

Related party transactions include the following:	2024 R'000	2023 R'000
Administration and management fees expense – common control	**5 832**	**18 910**
African Equity Empowerment Investments Limited	5 214	6 930
African News Agency Proprietary Limited	-	3 900
ANA Publishing Proprietary Limited	-	1 850
Independent News and Media Proprietary Limited	-	5 225
Consulting and or legal fees – common control	**-**	**233**
African Equity Empowerment Investments Limited	-	233
Consulting and or legal fees – entity controlled by key management personnel	**-**	**115**
Collateral Trading Proprietary Limited	-	115
Directors fees paid to entity controlled by key management personnel	**490**	**-**
Collateral Trading Proprietary Limited	490	-
Information, communication and technology expenses – common control	**4**	**13**
Loot Online Proprietary Limited	4	13
Interest received – common control	**1 868**	**5 290**
African Equity Empowerment Investments Limited	1 868	1 081
Loot B2B Proprietary Limited	-	4 209
Interest received – related parties with significant influence	**16 693**	**15 354**
Crealpha Proprietary Limited	3 637	2 795
Global Command and Control Technologies Proprietary Limited	13 056	12 559
Interest received – Jointly controlled related party	**37 380**	**30 488**
Vunani Fintech Fund Proprietary Limited	37 380	30 488
Printing and stationery – common control	**2**	**10**
Loot Online Proprietary Limited	2	10
Professional services – common control	**559**	**2 013**
African Equity Empowerment Investments Limited	-	26
Tripos Travel Proprietary Limited	559	1 987
Professional services – Family member of key management personnel	**3**	**2**
Dr FM Surve	3	2
Profit (loss) from related parties with significant influence	**744**	**508**
Crealpha Proprietary Limited	(40)	157
Global Command and Control Technologies Proprietary Limited	784	351

Notes to the consolidated annual financial statements (continued)

for the year ended 31 August 2024

39. RELATED PARTIES (continued)

Related party transactions include the following:	2024 R'000	2023 R'000
Purchases of hardware and managed services – common control	**-**	**18**
Loot Online Proprietary Limited	-	18
Rental expense – common control	**975**	**-**
Premier Fishing SA Proprietary Limited	975	-
Socio-economic development expense – common control	**-**	**7 736**
Africa Online Retail Proprietary Limited	-	1 733
Loot Online Proprietary Limited	-	3
Sekunjalo Development Foundation	-	2 000
Sekunjalo music academy NPC	-	2 000
Surve philanthropies	-	2 000
Purchases of hardware and managed services – Associate of commonly controlled entity	**-**	**5 758**
BT Communications Services South Africa Proprietary Limited	-	5 758
Purchases of hardware and managed services – common control	**150**	**-**
ESP Afrika Proprietary Limited	150	-
HR & payroll income – common control	**-**	**3 878**
Content Nation Media Proprietary Limited	-	116
Independent News and Media Proprietary Limited	-	3 528
Independent Online Proprietary Limited	-	19
Insights Publishing Proprietary Limited	-	13
Sagarmatha Technologies Limited	-	8
Volt Business Solutions Proprietary Limited (now Volt Africa Proprietary Limited)	-	194
Sales – common control	**10**	**110**
Independent Newspaper Proprietary Limited	-	90
Loot Online Proprietary Limited	10	20

Related party balances include the following:	2024 R'000	2023 R'000
Investments in commonly controlled entities	**25 000**	**25 000**
Loot B2B Proprietary Limited	25 000	25 000
Accumulated expected credit losses on investments in commonly controlled entities	**(25 000)**	**(25 000)**
Loot B2B Proprietary Limited	(25 000)	(25 000)
Carrying amount of investment in jointly controlled entities	**40 897**	**59 464**
Vunani Fintech Fund Proprietary Limited (Refer to note 7.1)	40 897	59 464
Loans receivables from common controlled entities	**43 492**	**45 379**
African Equity Empowerment Investments Limited	8 495	10 382
Loot B2B Proprietary Limited – cumulative redeemable preference shares	34 997	34 997
Accumulated impairment on loans receivable from commonly controlled entities	**(36 742)**	**(36 137)**
African Equity Empowerment Investments Limited	(1 745)	(1 460)
Loot B2B Proprietary Limited	(34 997)	(32 747)
Sekunjalo Investments Holdings Proprietary Limited	-	(1 930)
Loans receivables from entities we have significant influence in (Refer to note 8)	**71 704**	**127 327**
Crealpha Proprietary Limited	-	27 258
Global Command and Control Technologies Proprietary Limited	71 704	100 069

Notes to the consolidated annual financial statements (continued)

for the year ended 31 August 2024

39. RELATED PARTIES (continued)

Related party balances include the following:	**2024 R'000**	2023 R'000
Accumulated impairment on loans receivable from entities we have significant influence in	**(41 808)**	**(12 487)**
Crealpha Proprietary Limited – IFRS 9 day one loss	**(5 511)**	–
Crealpha Proprietary Limited	**(6 878)**	(7 487)
Global Command and Control Technologies Proprietary Limited	**(29 419)**	(5 000)
Loans receivables from jointly controlled entities (Refer to note 8)	**172 887**	**276 999**
Vunani Fintech Fund Proprietary Limited	**172 887**	276 999
Accumulated Impairment from loans receivable from jointly controlled entities (Refer to note 8)	**(124 166)**	**–**
Vunani Fintech Fund Proprietary Limited	**(124 166)**	–
Other receivables from commonly controlled entities	**15 044**	**14 081**
Independent News and Media Proprietary Limited	**14 081**	14 081
Premier Fishing SA Proprietary Limited	**963**	–
Orleans Cosmetics Proprietary Limited	**–**	207
Accumulated impairment on other receivables from commonly controlled entities	**(14 081)**	**(10 744)**
Independent News and Media Proprietary Limited	**(14 081)**	(10 537)
Orleans Cosmetics Proprietary Limited	**–**	(207)
Prepayments to commonly controlled entities ((Refer to note 14)	**9 041**	**9 041**
Independent News and Media Proprietary Limited	**9 041**	9 041
Accumulated impairment on prepayments to commonly controlled entities	**(9 041)**	**(9 041)**
Independent News and Media Proprietary Limited	**(9 041)**	(9 041)
Trade payables from commonly controlled entities	**692**	**(600)**
African Equity Empowerment Investments Limited	**26**	(750)
African Online Retail	**2**	–
espAfrika Proprietary Limited	**523**	–
Independent News and Media Proprietary Limited	**136**	(22)
Loot Online Proprietary Limited	**5**	–
Tripos Travel Proprietary Limited	**–**	172
Trade receivables from commonly controlled entities	**12 420**	**12 424**
African Equity Empowerment Investments Limited	**95**	–
African News Agency Proprietary Limited	**445**	445
African Online Retail	**–**	2
espAfrika Proprietary Limited	**77**	77
Independent News and Media Proprietary Limited	**10 537**	10 537
Independent Newspaper Proprietary Limited	**–**	151
Loot Online Proprietary Limited	**1 199**	1 212
Trade receivables from entities we have significant influence in	**47**	**41**
Global Command and Control Technologies Proprietary Limited	**47**	41
Carrying amount of investments in entities we have significant influence in (Refer to note 7)	**1 431**	**687**
Global Command and Control Technologies Proprietary Limited	**1 314**	530
Crealpha Technologies Proprietary Limited	**117**	157

See note 8 for terms and conditions on loans to related party companies.
See note 9 for terms and conditions on other loans receivables.

Notes to the consolidated annual financial statements (continued)

for the year ended 31 August 2024

40. DIRECTORS' EMOLUMENTS

	Basic salary R'000	Other bene-fits@ R'000	Pension or provident fund contribution or receiva-ble R'000	Bonus R'000	Lump sum R'000	Directors' fees R'000	Total R'000	Other Group Company Remunera-tion Directors' fees R'000	Total remu-nera-tion R'000
2024									
A Makan	**3 214**		**386**	**300**	**-**	**-**	**3 900**		**3 900**
P Guzha	**1 834**		**220**	**172**	**-**	**-**	**2 226**		**2 226**
W Mclachlan	**954**	**95**	**131**	**98**	**-**	**-**	**1 278**		**1 278**
Khalid Abdulla	**1 180**	**21**	**164**	**-**	**5 000**	**-**	**6 365**	**-**	**6 365**
AB Amod^	**-**	**-**	**-**	**-**	**-**	**933**	**933**	**-**	**933**
L Fourie					**-**	**658**	**658**	**-**	**658**
R Mosia#	**-**	**-**	**-**	**-**	**-**	**850**	**850**	**-**	**850**
SM Rasethaba#	**-**	**-**	**-**	**-**	**-**	**560**	**560**	**-**	**560**
NA Ramathlodi#	**-**	**-**	**-**	**-**	**-**	**467**	**467**	**-**	**467**
L Jacobs	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
J Moodley	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
V Dzvova	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**877**	**877**
J Van Wyk	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**295**	**295**
	7 182	**116**	**901**	**570**	**5 000**	**3 468**	**17 237**	**1 172**	**18 409**

All remuneration consists of short term benefits.

Figures in Rand	Basic salary R'000	Other benefits@ R'000	Pension or provident fund contribu-tion or receivable R'000	Bonus R'000	Directors' fees R'000	Consult-ing fees R'000	Total R'000	Other Group Company remunera-tion R'000	Total remu-nera-tion R'000
2023									
H Plaatjes*	1 530	10 000	301	-	-	-	11 831	-	11 831
IT Bundo*	1 900	8 000	340	-	-	-	10 240	-	10 240
V Govender*	1 056	7 500	202	-	-	-	8 758	-	8 758
A Makan	1 728		232	250	-	-	2 210	-	2 210
P Guzha	976		131	325	-	-	1 432	-	1 432
Khalid Abdulla	4 720	84	708	-	-	-	5 512	-	5 512
AB Amod^	-	-	-	-	876	100	976	2 246	3 222
Dr W Mgoqi#	-	-	-	-	767	100	867	-	867
Dr D George#	-	-	-	-	643	100	743	-	743
R Mosia#	-	-	-	-	789	100	889	344	1 233
SM Rasethaba#	-	-	-	-	526	141	667	-	667
NA Ramathlodi#	-	-	-	-	438	100	538	320	858
Prof Dr LCH Fourie#	-	-	-	-	438	100	538	-	538
V Dzvova	-	-	-	-	-	-	-	3 325	3 325
J Van Wyk	-	-	-	-	-	-	-	2 469	2 469
	11 910	25 584	1 914	575	4 477	741	45 201	8 704	53 905

All remuneration consists of short term benefits.

* *Executive Directors*
^ *Non-Executive Directors*
# *Independent Non-Executive Directors*
@ *Other benefits comprise travel allowance, other payments and medical benefits.*
** *L Jacobs waived his director's fees.*

Notes to the consolidated annual financial statements (continued)

for the year ended 31 August 2024

40. DIRECTORS' EMOLUMENTS (continued)

Directors are not entitled to any commission and are not party to any gain or profit sharing arrangements with the Group, save for emoluments set out above, no other material benefits were received by directors.

AB Amod was remunerated by AEEI an amount of R832 505 (2023: R773 955), by Premier an amount of R453 251 (2023: R453 251), by SGT R933 459 (2023: R520 000) and by Health Systems Technologies Limited ("HST") an amount of Rnil (2023: R499 200) AEEI. HST and Premier remuneration was not payable by AYO nor was it for services rendered as a director of the Company.

R Mosia was remunerated by Premier an amount of Rnil (2023: R344 248). Such remuneration was not payable by AYO nor was it for services rendered as a director of the Company.

N Ramathlodi was remunerated by Premier an amount of Rnil (2023: R319 659). Such remuneration was not payable by AYO nor was it for services rendered as a director of the Company.

V Dzvova was remunerated by AEEI an amount of R877 000 (2023:R3 325 000). Such remuneration was not for services rendered as a director of the Company.

J Van Wyk was remunerated by AEEI an amount of R295 000 (2023:R2 469 000). Such remuneration was not for services rendered as a director of the Company.

Direct and indirect interest of the directors

As at 31 August 2024, the directors of the Company held in aggregate a direct beneficial interest of 1 250 (2023: 547 592) and an indirect non-beneficial interest of nil (2023: 2 991 659) in the Company's shares, equivalent to 0.0004% (2023: 1,02815%) of the issued share capital.

	Direct beneficial	Direct non-beneficial	Indirect beneficial	Indirect non-beneficial	Total percentage
2024					
AB Amod	**1 250**	**–**	**–**	**–**	**0.0004%**
	1 250	**–**	**–**	**–**	**0.0000%**
2023					
AB Amod	1 250	–	–	–	0.0004%
K Abdulla	546 342	–	2 991 659	–	1.0281%
	547 592	–	2 991 659	–	1.02815%

There have been no changes in beneficial interest that occurred between the end of the reporting period and the date of this report.

Notes to the consolidated annual financial statements (continued)

for the year ended 31 August 2024

41. FINANCIAL RISK MANAGEMENT

The overall responsibility for the establishment and oversight of the risk management framework rests with the Board. The Board, through the audit and risk committee is responsible for the development and monitoring of the risk management process of the Group. The Group's risk management is predominantly controlled by the Group's risk officer who identified, evaluated risks with input from the Group's executives under policies approved by the Board.

The Group's activities expose it to several financial risks. The table below summarises the Group's exposure to financial risk and how they are managed.

Risk	Exposure arising from	Measurement	Management
Liquidity risk	Trade payables, lease obligations, financial liabilities and loans payable.	Cash flow forecasts	Available cash resources, borrowing facilities.
Credit risk	Trade receivables, loans receivable, finance lease receivable and cash and cash equivalents	Credit ratings for banks and aging analysis	Credit evaluation, securities, use of credit limits, diversification of bank deposits
Market risk – interest rate risk	Loans at variable rates of interest	Sensitivity analysis	Loan diversification,management of credit worthiness of borrowers
Market risk – Foreign currency rates	Trade debtors, cash and cash equivalents and trade payables denominated in foreign currency	Sensitivity analysis	The group does not currently hedge against changes in exchange movements except for a minimum use of forward exchange contracts and primarily accepts the spot rate. As a result, the risk related to foreign exchange fluctuations is not actively managed at this time. However, management is in the process of developing and implementing a hedging policy to facilitate the active management of foreign exchange risks in the future.
Market risk – share prices	Investments in equity shares	Sensitivity analysis	Diversification of investment portfolio

Liquidity risk

Liquidity risk is the risk that an entity within the Group might not be able to meet its financial obligations when they fall due. Liquidity risk for the Group arises from trade payables, lease obligations, other financial liabilities and loans payable. The Group faces liquidity risk due to limitations in borrowing facilities from traditional bank sources; however, it maintains sufficient working capital through shareholder support. Additionally, the Group has access to alternative cash resources that may be pursued, in line with the provisions of IFRS 9 regarding financial instruments and liquidity management.

Risk management

The Group manages liquidity risk by maintaining sufficient cash resources and obtaining adequate amounts of credit facilities from suppliers to ensure that the Group has adequate funding to settle its commitments when they are due. The entities within the Group perform a rolling monthly forecast of projected cash inflows and cash outflows. Net cash requirements are compared to available cash resources to determine if there any shortfalls. As at the reporting date the forecast cash flows show that the available cash resources are expected to be sufficient over the forecast period of 12 months from the reporting date.

Maturity profiles of financial liabilities

The table below summarises the maturity profile of the financial liabilities of the Group. The amounts disclosed in the table are the remaining undiscounted contractual cash outflows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Notes to the consolidated annual financial statements (continued)

for the year ended 31 August 2024

41. FINANCIAL RISK MANAGEMENT (continued)

	Within one year R'000	Between one to five years R'000	More than five years R'000	Total R'000	Carrying amount R'000
As at 31 August 2024					
Other financial liabilities	**2 528**	**8 202**	**–**	**10 730**	**10 730**
Lease liabilities	**15 031**	**34 844**	**20 423**	**70 298**	**46 096**
Trade payables	**288 369**	**–**	**–**	**288 369**	**288 369**
Total	**305 928**	**43 046**	**20 423**	**369 397**	**345 195**

	Within one year R'000	Between one to five years R'000	More than five years R'000	Total R'000	Carrying amount R'000
As at 31 August 2023					
Other financial liabilities	8 189	1 121	–	9 310	9 310
Lease liabilities	24 441	30 951	2 351	57 743	51 472
Trade payables	405 362	–	–	405 362	405 362
Total	437 992	32 072	2 351	472 415	466 144

Credit risk

Risk management

The Group advances loans to related party companies based on working capital requirements. Management assesses the cash flow forecast, budgets, the borrowing entity's statement of financial position and forecast financial performance before a loan is granted.

If customers are independently rated, these ratings are used to determine the credit limit granted to the customer. If there is no independent rating, executive management assesses the credit quality of the customer by considering its financial position, past experience and other factors to determine the credit limit granted to the customer.

On a continuous basis, management monitors the performance of each customer against their credit limit to ensure that no credit limits are exceeded. No credit limits were exceeded during the reporting period.

Trade receivables are comprised of a widespread customer base. The Group revenue is derived primarily from private sector with 44% coming from the public sector. However, the Group trade receivables are accounting almost 50% from government debtors.

The Group only deposits cash with major banks that have a good reputation and a high-quality credit standing and limits exposure to any one counterparty.

The Group maintains cash balances in reputable attorneys' trust accounts, compliant with the Law Society of South Africa's requirements. These funds are independently monitored by the Group, mitigating associated risks.

Additionally, the Attorneys Fidelity Fund offers protection against losses resulting from theft or misappropriation of client funds by an attorney, compensating clients in instances of dishonesty. Consequently, the risk of default or loss is assessed as low.

Security

For some loans receivable the Group may obtain security in the form of guarantees or the respective company's assets, which can be called upon if the counterparty is in default under the terms of the agreement.

Impairment of financial assets

The Group has the following financial assets that are subject to the expected credit loss model:

- Trade receivables – refer to note 13.
- Loans to related party companies, Other loans receivables and Other financial assets – refer to note 8, 9 and 14.

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, there was no identified impairment loss on cash and cash equivalents.

Notes to the consolidated annual financial statements (continued)

for the year ended 31 August 2024

41. FINANCIAL RISK MANAGEMENT (continued)

Financial assets exposed to credit risk at period end were as follows:

	2024 R'000	2023 R'000
Financial asset		
Other loans receivable	**123 605**	215 616
Other financial assets	**171 421**	208 300
Trade and other receivables	**345 982**	1 253 345
Cash and cash equivalents	**216 378**	189 651
Loans to related party companies	**251 342**	420 087
Total	**1 108 728**	2 286 999

The exposure to credit risk for trade receivables by geographic region as at 31 August 2024 was as follows:

	2024 R'000	2023 R'000
Geographic region		
South Africa	**334 980**	1 213 188
Rest of Africa	**9 090**	38 769
Europe	**1 363**	1 362
USA	**549**	26
Total	**345 982**	1 253 345

The exposure to credit risk for trade receivables by sector as at 31 August 2024 was as follows:

	2024 R'000	2023 R'000
Sector		
Unified communications	**73 302**	85 074
Information and communications technology	**229 243**	294 031
Health Care	**9 744**	8 020
Other	**33 693**	19 730
Total	**345 982**	406 855

Credit risks arise from the possibility that customers may not be able to settle their obligations as agreed. To manage this risk, the Group periodically assesses country and customer credit risk, assigns individual credit limits, and takes actions to mitigate credit risk where appropriate (for example payment guarantees, credit insurance and factoring).

The provisions for expected credit losses for customers are based on a forward-looking expected credit loss, which includes possible default events on the trade receivables over the entire holding period of the trade receivables.

In measuring the expected credit losses, trade receivables are grouped based on shared credit risk characteristics (such as private *versus* public receivables) and days past due. In determining the expected credit loss rates, the Group considers current and forward-looking macroeconomic factors that may affect the ability of the customers to settle the receivables, and historical loss rates for each category of customers.

Cash flow interest rate risk

The Group's main interest rate risk arises from loans with variable rates, which expose the Group to cash flow interest rate risk.

Risk management

The Group's loan receivables are comprised of loans that have interest rates which are linked to the prime rate. The Group has not hedged against changes in the prime rate.

The Group invests cash at floating rates of interest and cash reserves are maintained in short-term investments (less than one year) to maintain liquidity, while achieving a satisfactory return for shareholders.

Cash flow foreign currency risk

The Group's foreign exchange risk arises from cash and cash equivalents, trade debtors and trade creditors denominated in foreign currency at reporting date.

Notes to the consolidated annual financial statements (continued)

for the year ended 31 August 2024

41. FINANCIAL RISK MANAGEMENT (continued)

Risk management

The entities in the Group manage their foreign exchange risk arising from future commercial transactions and recognised assets and liabilities using forward contracts.

Foreign currency balances

The Group had the following foreign currency denominated assets and liabilities at the reporting date:

	2024 USD'000	2023 USD'000
Cash and cash equivalents	**59**	135
Trade debtors	**945**	931
Trade payables	**(684)**	(664)

	2024 EURO'000	2023 EURO'000
Trade debtors	**236**	–
Trade payables	**(1 428)**	(141)

	2024 POUND'000	2023 POUND'000
Cash and cash equivalents	**581**	15 375
Trade debtors	**1 245**	97 526
Trade payables	**(182)**	(580)

Exchange rates used for the conversation of foreign currency denominated assets and liabilities at the reporting date were:

	2024	2023
United States Dollar	**17.74**	18.76
EURO	**19.63**	20.50
British Pound	**23.33**	24

Foreign currency sensitivity analysis

Profit or loss is sensitive to higher/lower foreign exchange gains/losses because of changes in conversation rates. The sensitivity analysis only includes outstanding foreign currency denominated monetary items and adjusts their translation at financial year-end for a weaker rand, with all other variables held constant. The impact on the Group's profit before tax if the Rand weakened against the US dollar by 6% (2023: 6%) as at the reporting date is immaterial.

Capital risk management

Capital risk specifically relates to the adequacy and management of the Group's capital structure. It focuses on ensuring that the Group has sufficient capital to support its operations, absorb losses, meet regulatory requirements, and achieve its strategic objectives.

Our management of financial risks is closely linked to our management of capital risks. Please refer to the financial risks table above. In addition to these financial risks, the group manages its capital risk by maintaining a dividend policy that supports adequate capital levels. We are also aware of funding risks, as the group cannot raise funds from traditional sources like banks, which exposes us to potential challenges in obtaining adequate funding or facing higher interest rates. To mitigate this funding risk, the group ensures that its underlying subsidiaries are operationally profitable and capable of generating sufficient working capital to meet solvency and liquidity requirements.

Notes to the consolidated annual financial statements (continued)

for the year ended 31 August 2024

42. 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:

	Notes	**Fair value hierarchy**
Financial assets		
Other financial assets – not designated at fair value through profit/(loss)	14	Level 1 and Level 2
Other financial assets – designated at fair value through profit/(loss)	14	Level 1
Investments designated at fair value through profit/(loss)	10	Level 3
Financial liabilities		
Other financial liabilities		Level 3[1]
Derivatives	17	Level 3[1]

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

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

	Fair value at 31 August 2024 R'000	Restated Fair value at 31 August 2023 R'000	Fair value at 31 August 2023 R'000	**Valuation method**	**Fair value hierarchy**
Financial assets					
Investments designated at fair value through profit/(loss) (Refer to note 10)					
Bambelela	**47 891**	98 274	118 227	*Percentage of net assets value	Level 3
Total investments at fair value through profit/(loss)	**47 891**	**98 274**	**118 227**		
Other financial assets – designated at fair value through (Refer to note 14) profit/(loss)					
Cadiz Investment Enterprise Development Fund	**216**	216	216	^Fair value	Level 2
Inyosi supplier development fund	**1 141**	1 153	1 153	^Fair value	Level 2
Vunani Securities	**148 301**	184 368	184 368	**Fair value	Level 1
Unit trusts	**14 309**	13 165	13 165	**Fair value	Level 1
Foreign exchange contracts	**206**	1 010	1 010		
Cybersage Africa Joint Venture	**233**	–	–	**Fair value	Level 2
Total other financial assets – designated at fair value through profit/(loss)	**164 406**	**199 912**	**199 912**		
Financial liabilities					
Derivatives	**248 032**	**-**		Black Scholes	Level 3

* *The value is determined by identifying the net assets of the relevant entity and multiplying the percentage shareholding held.*
^ *The value is based on the value of the portfolio as indicated in the investor statement. Amortise carrying amount approximates fair value.*
** *These are investments with quoted prices on a listed stock exchange.*

Notes to the consolidated annual financial statements (continued)

for the year ended 31 August 2024

42. FAIR VALUE INFORMATION (continued)

Fair value measurements for financial instruments not measured at fair value

Financial assets and financial liabilities at amortised cost – The carrying value of current receivables and liabilities measured at amortised cost approximates their fair value.

The fair values of the majority of the non-current receivables and liabilities measured at amortised cost are also not significantly different to their carrying values.

Reconciliation of assets measured at level 2 and 3

31 August 2024	Opening balance R'000	Additions R'000	Unrealised gains/(losses) in profit or loss R'000	Closing balance R'000
Financial assets				
Investments at fair value through profit/(loss)				
Bambelela (Refer to note 10)	**98 274**	**–**	**(50 383)**	**47 891**
Cadiz Investment Enterprise Development Fund	**216**	**–**	**–**	**216**
Inyosi supplier development fund	**1 153**		**(12)**	**1 141**
Cybersage Africa Joint Venture	**–**	**233**	**–**	**233**
Total investments at fair value through profit/(loss)	**112 808**	**233**	**(49 251)**	**63 790**

Financial liabilities

31 August 2024	R'000	R'000	R'000	R'000
Derivatives	**–**	**248 032**	**–**	**248 032**

31 August 2023 (Restated)	Opening balance R'000	Additions R'000	Unrealised gains/(losses) in profit or loss R'000	Closing balance R'000
Financial assets				
Investments at fair value through profit/(loss)				
Bambelela	114 627	–	(16 353)	98 274
Cybersage Africa Joint Venture	1 001	–	(785)	216
Total other financial assets – designated at fair value through profit/(loss)	1 155		(2)	1 153
Total investments at fair value through profit/(loss)	**116 783**	**–**	**(17 140)**	**99 643**
Other financial liabilities				
Written call option*	39 017	–	(39 017)	–
Total financial liabilities	**39 017**	**–**	**(39 017)**	**–**

Notes to the consolidated annual financial statements (continued)

for the year ended 31 August 2024

42. FAIR VALUE INFORMATION (continued)

31 August 2023	Opening balance R'000	Additions R'000	Unrealised gains/(losses) in profit or loss R'000	Closing balance R'000
Financial assets				
Investments at fair value through profit/(loss)				
Bambelela	114 627	–	3 600	118 227
Total investments at fair value through profit/(loss)	**116 783**	**–**	**2 813**	**119 596**
Other financial liabilities				
Written call option*	39 017	–	(39 017)	–
Total financial liabilities	**39 017**	**–**	**(39 017)**	**–**

The fair value of the investment in Bambelela is based on the Net Asset Value of its investments in Vunani Fintech Fund Proprietary Limited and Vunani Limited. A sensitivity analysis was performed on the key inputs for the investment in Bambelela.

* *AYO entered into a share option agreement with AEEI regarding its stake in GCCT. The options were exercisable between three to four years from the acquisition date of 1 March 2019.*

Sensitivity analysis

The value of Bambelela is driven by the net asset value of Vunani Fintech Fund Proprietary Limited and Vunani Limited. All other inputs are fairly constant and predictable, a sensitivity analysis has been performed by increasing and decreasing the net asset value of the underlying investments by 10%.

	Share price	
31 August 2024	**Increase**	**Decrease**
Investments at fair value through profit/loss	**10%**	**10%**
Bambelela	**946**	**(946)**
31 August 2023		
Investments at fair value through profit/loss	10%	10%
Bambelela	1 077	(1 077)

43. SEGMENTAL ANALYSIS

Segment profit represents profit before tax earned by each segment without the allocation of central administration costs and fair value adjustments. 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.

Operating Segments and Aggregation

The individual subsidiaries and the holding company are reviewed separately by the group's chief decision-makers and are therefore considered distinct operating segments. Except for the Healthcare operating segment, which aligns with the reporting segment, the following operating segments have been aggregated into reportable segments in accordance with IFRS 8 requirements:

- Managed Services: Combines the operating segments of Zaloserve and SGT.
- Corporate: Combines the operating segments of equity-accounted investments, AYO head office, and NSX.
- Software and Consulting: Combines the operating segments of Afrozaar and Digital Matter.
- Unified communications: Combines the operating segments of Kathea and Kalula.

Notes to the consolidated annual financial statements (continued)

for the year ended 31 August 2024

43. SEGMENTAL ANALYSIS (continued)

Geographical information

The operations of the Group are mainly domiciled in South Africa. A total of 10% (2023: 5%) of external revenue is attributable to foreign sales mainly to African countries (majority being Kenya and Mauritius), Europe and rest of the world. Revenue is allocated to a foreign country based on the domicile of the customer from whom the revenue is generated. Kenya and Mauritius contributed revenue of R81 million (2023: R157 million) and R59 million (R36 million) respectively .

All non-current assets (other than financial instruments, deferred tax assets, post-employment benefit assets, and rights arising under insurance contracts) of R318 million (2023:R786 million) are domiciled in South Africa.

Major customers

44% (2023: 50%) of the Group's revenue is derived from the public sector, different provincial government departments,in the health care and managed services segments. The balance relates to sales to the private sector. No single customer contributes more than 10% to the Group's revenue in the current or prior year.

	Health care R'000	Managed services R'000	Corporate	Software and consulting R'000	Unified communica-tions R'000	Deferred tax R'000	2024 Group R'000
Revenue	69 319	1 211 285	7 164	52 155	602 343	-	1 942 266
External revenue	69 316	1 200 132	-	27 769	574 548	-	1 871 765
Internal revenue	3	11 153	7 164	24 386	27 795	-	70 501
Gross profit	36 007	208 640	-	92 292	10 245		347 184
Consulting expenses	(4 127)	(21 792)	(36 085)	(516)	(986)	-	(63 506)
Depreciation and amortisation	(2 661)	(18 340)	(10 718)	(988)	(3 510)	-	(36 217)
Employee costs	(6 527)	(145 396)	(28 084)	(6 350)	(48 076)	-	(234 433)
VAT asset write off	-	-	(44 296)	-	-	-	(44 296)
Goodwill impairment	-	(26 773)	-	(35 711)	-	-	(62 484)
Intangibles impairment	(1 643)	(23 399)	-	(14 225)	(15 301)	-	(54 568)
Other operating expenses	(12 205)	(6 980)	(105 133)	(2 768)	(25 529)	-	(152 615)
Finance costs	(96)	(11 714)	(388)	(299)	(1 254)	-	(13 751)
Finance income	3 040	9 900	82 700	498	192	-	96 330
Loss on equity accounted investments	-	-	(17 823)	-	-	-	(17 823)
Movement in credit losses	-	(1 745)	(301 612)	59	(1 673)	-	(304 971)
Fair value loss on investments at fair value through profit/ loss			(50 383)				(50 383)
Other operating gains or losses	(188)	934	(56 389)	(376)	(2 196)	-	(58 215)
Profit/(loss) before tax	12 309	3 599	(514 584)	(2 189)	(5 575)	(70 576)	(577 016)
Income tax (expense) income	(3 100)	(45 178)	43 878	(775)	(4 241)	(134 095)	(143 511)
Total assets	113 690	518 211	605 148	18 126	337 050		1 592 225
Total liabilities	8 610	348 297	454 415	15 077	102 719	-	929 118
Additions to Property plant & equipment	1 077	2 357	37	1 611	2 381	-	7 463
Additions to Right of use assets	1 886	-	-	14 194	-	-	16 080
Additions to intangible assets	5 763	-	-	-	-	-	5 763

Notes to the consolidated annual financial statements (continued)

for the year ended 31 August 2024

43. SEGMENTAL ANALYSIS (continued)

	Health care R'000	Managed services R'000	Corporate	Software and consult-ing R'000	Unified communica-tions R'000	Deferred tax R'000	2023 Group R'000
Revenue	65 897	1 607 329	3 456	45 200	550 181	–	2 272 063
External revenue	65 895	1 596 818	–	45 200	545 581	–	2 253 494
Internal revenue	2	10 511	3 456	–	4 600	–	18 569
Gross profit	30 320	184 761	–	15 437	120 743		351 261
Consulting expenses	(36)	(28 488)	(101 622)	407	(7 731)	–	(137 470)
Depreciation and amortisation	(2 630)	(13 014)	(21 473)	(936)	(12 914)		(50 967)
Employee costs	(6 649)	(150 878)	(66 943)	(3 707)	(47 022)	–	(275 199)
VAT dispute			(99 866)	–	–	–	(99 866)
Finance costs	(103)	(16 746)	(4 752)	(364)	(437)	–	(22 402)
Finance income	3 116	6 996	138 632	1 463	254	–	150 461
Loss on equity accounted investment	–	–	(12 541)	–	–	–	(12 541)
Movement in credit losses	–	(1 816)	(202 086)	(30)	–	–	(203 932)
Other operating expenses	(4 028)	(37 119)	(225 092)	(5 632)	(20 483)	–	(292 354)
Other operating gains	295	2 405	(99 222)	(1 424)	(1 802)	–	(99 748)
Profit/(loss) before tax	14 176	(99 876)	(611 277)	3 487	42 170	–	(651 320)
Income tax (expense) income	(3 610)	12 475	18 114	(551)	(9 612)	–	16 816
Total assets	101 415	712 160	1 273 458	20 211	225 203	138 518	2 470 965
Total liabilities	15 406	359 678	216 051	10 730	191 088	52 041	844 994
Additions to property plant & equipment	2 606	22 625	154	121	1 984	–	27 490
Additions to right of use assets	–	–	10 725	4 503	–	–	15 228
Additions to intangible assets	2 103	–	–	–	–	–	2 103

* *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.*

44. EVENTS AFTER THE REPORTING PERIOD

Sizwe Africa IT Group, an indirect 55%-owned subsidiary of AYO, entered into a sale of shares and claims agreement with Mustek and Cyberantix for the sale of Sizwe's 70% interest in the issued share capital of Cyberantix, and all shareholder claims on loan account or otherwise held by Sizwe against Cyberantix, for R20 million. The disposal was effective on 12 September 2024.

After the year-end, Nedbank closed the accounts for AYO Group companies. While alternative banking solutions have been implemented, they remain less than ideal.

On 25 October 2024, Mr JT Moodley a non-executive director resigned from the board.

Thawt Inc. ("Thawt") resigned as the AYO group's joint external auditor and terminated its audit engagement, with effect from Wednesday, 30 October 2024.

Mr Pride Guzha has resigned as Chief Financial Officer ("CFO") and executive director of AYO, effective 1 December 2024.

Mrs Valentine Dzvova has been appointed as the new CFO and executive director of AYO, effective 1 December 2024.

The company has received a notice of motion filed in the High Court of South Africa, Western Cape Division, Cape Town, by a minority shareholder holding 0.13% of the company's shares, seeking to wind up AYO. The company has engaged its legal counsel to oppose the application, and the Board of Directors ("Board") is confident in its ability to successfully defend against the claim while actively addressing the legal and operational considerations.

Notes to the consolidated annual financial statements (continued)

for the year ended 31 August 2024

44. EVENTS AFTER THE REPORTING PERIOD (continued)

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.

On 20 February 2025, SITA signed a settlement agreement with the ECDOE agreeing to withdraw the matter from court. Subsequently on the 20th of March 2025, the Bisho High Court made the settlement a legal binding agreement and an order of court.

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.

45. INVESTMENTS IN SUBSIDIARIES

The following table lists the entities which are controlled directly by AYO:

Name of company	Share holding 2024 %	Share holding 2023 %
AYO International Holdings Proprietary Limited	**100**	100
Kalula Communications Proprietary Limited	**76**	76
Main Street 1653 Proprietary Limited	**40**	40
Sekunjalo Medical Services Proprietary Limited	**100**	100
Software Tech Holdings Proprietary Limited	**42.59**	42.59
Zaloserve Proprietary Limited	**55**	55
NSX Solutions Consulting Proprietary Limited	**100**	100
Kathea Communication Solutions Proprietary Limited	**100**	100

Subsidiaries with material non-controlling interest

The following information is provided for subsidiaries with non-controlling interest which are material to AYO. The summarised financial information is provided prior to inter-company elimination.

Investments in subsidiaries are measured at fair value.

Subsidiary	Country of incorporation	Ownership held by non-controlling interest 2024	2023
Software Tech Holdings Proprietary Limited	RSA	**57%**	57%
Kalula Communications Proprietary Limited	RSA	**24%**	24%
Zaloserve Proprietary Limited	RSA	**45%**	45%
Main Street 1653 Proprietary Limited	RSA	**60%**	60%

Notes to the consolidated annual financial statements (continued)

for the year ended 31 August 2024

45. INVESTMENTS IN SUBSIDIARIES (continued)

	Non-current assets R'000	Current assets R'000	Total assets R'000	Non-current liabilities R'000	Current liabilities R'000	Total liabilities R'000	Carrying amount of non-controlling interest R'000
Summarised statement of financial position for entities with non-controlling interest							
2024							
Software Tech Holdings Proprietary Limited	8 518	11 842	20 360	1 764	13 341	15 105	960
Kalula Communications Proprietary Limited	3 439	133 075	136 514	476	124 632	125 108	3 238
Zaloserve Proprietary Limited	47 460	264 320	311 780	28 130	247 249	275 379	37 320
Main Street 1653 Proprietary Limited	21 281	155 368	176 649	9 719	78 293	88 012	5 223
	80 698	564 605	645 303	40 089	463 515	503 604	46 741

	Revenue R'000	Profit/(loss) before R'000	Tax expense R'000	Profit/(loss) after tax '000	Other comprehensive income R'000	Total comprehensive income R'000	Profit/(loss) allocated to non-controlling interest R'000
Summarised statement of profit or loss and other comprehensive income for entities with non-controlling interest							
2024							
Software Tech Holdings Proprietary Limited	39 759	(2 125)	(152)	(2 277)	(16)	(2 262)	(550)
Kalula Communications Proprietary Limited	359 716	14 728	(4 449)	10 279	–	10 279	2 467
Zaloserve Proprietary Limited	805 060	(9 371)	(41 854)	51 225	535	50 690	1 310
Main Street 1653 Proprietary Limited	394 914	18 504	(2 636)	15 868	–	15 868	9 521
	1 599 449	21 736	(49 091)	75 095	519	74 575	12 748

	Cash flow from operating activities R'000	Cash flow from investing activities R'000	Cash flow from financing activities R'000	Net increase/(decrease) R'000	Dividends paid to non-controlling interest R'000
Summarised statement of cash flow for entities with non-controlling interest					
2024					
Software Tech Holdings Proprietary Limited	496	(251)	(661)	(416)	(681)
Kalula Communications Proprietary Limited	84	3 041	1 205	4 330	–
Zaloserve Proprietary Limited	(5 508)	(2 850)	(2 232)	(10 590)	–
Main Street 1653 Proprietary Limited	58 217	(6 398)	(10 783)	41 036	–
	53 289	(6 458)	(12 471)	34 360	(681)

Notes to the consolidated annual financial statements (continued)

for the year ended 31 August 2024

45. INVESTMENTS IN SUBSIDIARIES (continued)

	Non-current assets R'000	Current assets R'000	Total assets R'000	Non-current liabilities R'000	Current liabilities R'000	Total liabilities R'000	Carrying amount of non-controlling interest R'000
Summarised statement of financial position for entities with non-controlling interest							
2023							
Software Tech Holdings Proprietary Limited	6 224	13 987	20 211	440	10 289	10 729	2 666
Kalula Communications Proprietary Limited	4 838	93 051	97 889	8 678	88 084	96 762	611
Zaloserve Proprietary Limited	93 299	413 863	507 162	19 835	384 349	404 184	(748)
Main Street 1653 Proprietary Limited	50 902	156 197	207 099	59 795	86 278	146 073	10 326
	155 263	677 098	832 361	88 748	569 000	657 748	12 855

	Revenue R'000	Profit/(loss) before tax R'000	Tax expense R'000	Profit/(loss) after tax R'000	Other comprehensive income R'000	Total comprehensive income R'000	Profit/(loss) allocated to non-controlling interest '000
Summarised statement of profit or loss and other comprehensive income for entities with non-controlling interest							
2023							
Software Tech Holdings Proprietary Limited	45 200	3 497	(551)	2 946	967	3 913	2 666
Kalula Communications Proprietary Limited	223 048	3 225	(678)	2 547	–	2 547	611
Zaloserve Proprietary Limited	1 252 013	(94 580)	16 996	(77 584)	–	(77 584)	(34 525)
Main Street 1653 Proprietary Limited	346 081	14 098	(4 521)	9 577	–	9 577	4 699
	1 866 342	(73 760)	11 246	(62 514)	967	(61 547)	(26 549)

	Cash flow from operating activities R'000	Cash flow from investing activities R'000	Cash flow from financing activities R'000	Net increase/(decrease) R'000	Dividends paid to non-controlling interest R'000
Summarised statement of cash flow for entities with non-controlling interest					
2023					
Software Tech Holdings Proprietary Limited	7 592	(121)	(2 033)	5 438	(861)
Kalula Communications Proprietary Limited	6 871	2 048	(442)	8 477	–
Zaloserve Proprietary Limited	(93 481)	9 401	(9 231)	(93 311)	–
Main Street 1653 Proprietary Limited	11 733	(461)	(21 528)	(10 256)	(6 000)
	(67 285)	10 867	(33 234)	(89 652)	(6 861)

Major shareholders

Shareholder information as at 31 August 2024

46. MAJOR SHAREHOLDERS

Analysis of shareholders	Percentage of total issued shares
1 – 5 000	0.71%
5 001 – 10 000	0.39%
10 001 – 100 000	1.97%
100 001 – 1 000 000	5.79%
1 000 001 – and more	91.14%
	100.00%

	Number of shares	Percentage of total issued shares
MAJOR SHAREHOLDERS (5% AND MORE OF THE SHARES IN ISSUE)		
Sekunjalo Investment Holdings (Pty)	149 679 677	45.78%
Government Employees Pension Fund	82 579 899	25.26%
	232 259 576	**71.04%**

Shareholder Spread	Number of shareholders	Percentage of total share-holders	Number of shares	Percentage of total issued shares
Non-public	4	0.04%	232 260 847	71.04%
Directors	2	0.02%	1 271	-
>10% of I/C	2	0.02%	232 259 576	71.04%
Public	8 939	99.96%	94 661 591	28.96%
Totals	**8 943**	**100.00%**	**326 922 438**	**100.00%**

Type	Common stock equivalent held	Percentage of total shares outstanding	Market value (ZAR)	Number of shareholders
Institutions	-	-	-	-
Individuals/Insiders	3 539 251	1.08%	1 415 700	97
VC/PE Firms (>5% stake)	146 940 549	44.95%	58 776 220	4 020
Treasury shares held by AYO	939 709	0.29%	375 884	1
Public and Other	175 502 929	53.68%	70 201 172	4 826
Total	**326 922 438**	**100.00%**	**130 768 976**	**8 943**

SHARE TRADING STATISTICS	Market price per share (cents)
High	148
Low	30
Year-end	50
Volume traded (shares)	46 936 847
Value traded (rand)	31 411 029
Volume of shares traded as a percentage of issued capital	14.36%
Market capitalisation at 31 August 2024 (rand)	163 461 219
Market capitalisation at 29 November 2024 (rand)	160 191 995

TECHNOLOGY SOLUTIONS LIMITED

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CONNECT WITH AYO

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

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Company Secretary
Email: wazeer.moosa.@ayotsl.com