

AYO TECHNOLOGY SOLUTIONS LIMITED
(Incorporated in the Republic of South Africa)
Registration number: 1996/014461/06
JSE share code: AYO
ISIN: ZAE000252441
("AYO" or "the Company")



PUBLICATION OF AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2023 – UPDATE TO CHANGE STATEMENT

Shareholders are referred to the 'Publication of Audited Consolidated Financial Statements for the year ended 31 August 2023, Availability of Integrated Annual Report and Notice of virtual Annual General Meeting' announcement released on SENS on 31 January 2024 ("**Change Statement**") and to the subsequent announcement released on SENS on 2 February 2024 to correctly attach the Audited Consolidated Annual Financial Statements for the year ended 31 August 2023 ("**AFS**") to the JSE cloudlink.

The Change Statement included a description of the changes and circumstances that led to such changes between the Reviewed Condensed Consolidated Financial Statements for the year ended 31 August 2023 ("**Reviewed Results**") published on SENS on 6 December 2023 and the AFS published on 31 January 2024.

For completeness, shareholders are hereby provided with an update to the Change Statement which now includes the Notes impacted by the aforementioned changes. As at the date of this publication there have been no further changes to the numbers contained in the Change Statement and the AFS.

1. Adjustments

Changes between the Reviewed Results and the AFS comprise of:

- Write back of the VAT receivable asset after the final assessment by the Company's auditors. In the Reviewed Results, it was previously expensed. The impacted line items in the financial statements are as follows:
 - Decrease in operating expenses R26.148 million.
 - Increase VAT receivable R26.148 million.
 - Decrease in retained loss R26.148 million.
- The changes in the allocation of amounts in the other operating losses of R24.221 million are detailed in note 29 below.

The overall net impact on the loss after tax amounts to a decrease of R1.927 million from R640.741 million to R638.814 million, resulting in loss per share ("**LPS**") decreasing by 0.56 cents per share from (180.53) cents to (179.97) cents. The change in headline loss per share ("**HLPS**") is an increase of 1.17 cents per share from (176.46) cents to (177.63) cents.

- As a result of the above, the following notes have changed:
 - Note 15 Trade and other receivables
 - Note 29 Operating expenses
 - Note 30 Other operating losses
 - Note 33 Earnings per share

Please see the financial statements extract below:

Change to the financial statements:
Consolidated statement of
financial position
as at 31 August 2023

| | Notes | AFS 31 August 2023 R'000 | Reviewed Results 31 August 2023 R'000 | Change | |
|---|-------|--------------------------------|--|--------|-----|
| Assets | | | | | |
| Non-current assets | | 872 962 | 872 962 | | |
| Property, plant and equipment | 3 | 34 798 | 34 798 | — | |
| Right-of-use of assets | 4 | 43 846 | 43 846 | — | |
| Goodwill | 5 | 75 458 | 75 458 | — | |
| Intangible assets | 6 | 109 524 | 109 524 | — | |
| Investments in equity-accounted joint ventures and associates | 7 | 60 151 | 60 151 | — | |
| Loans to related party companies | 8 | 137 239 | 137 239 | — | |
| Other loans receivable | 9 | 207 241 | 207 241 | — | |
| Investments at fair value through profit or loss | 10 | 118 227 | 118 227 | — | |
| Derivatives financial asset | 11.1 | — | — | — | |
| Finance lease receivables | 12 | — | — | — | |
| Deferred tax assets | 13 | 86 478 | 86 478 | — | |
| Current assets | | 2 185 338 | 2 159 190 | 26 148 | 1% |
| Inventories | 14 | 238 659 | 238 659 | — | |
| Loans to related party companies | 8 | 282 848 | 282 848 | — | |
| Other loans receivable | 9 | 8 375 | 8 375 | — | |
| Trade and other receivables | 15 | 1 253 345 | 1 227 197 | 26 148 | 2% |
| Other financial assets | 16 | 208 300 | 208 300 | — | |
| Finance lease receivables | 12 | 3 131 | 3 131 | — | |
| Current tax receivable | | 1 023 | 1 023 | — | |
| Cash and cash equivalents | 17 | 189 657 | 189 657 | — | |
| Total current assets | | 2 185 338 | 2 159 190 | 26 148 | 1% |
| Total assets | | 3 058 300 | 3 032 152 | 26 148 | 1% |
| Equity and liabilities | | | | | |
| Equity | | | | | |
| Stated capital | 18 | 4 441 051 | 4 441 051 | — | |
| Reserves | 19 | (36 913) | (36 913) | — | |
| Accumulated loss | | (2 250 465) | (2 276 613) | 26 148 | -1% |
| Equity attributable to shareholders of AYO | | 2 153 673 | 2 127 525 | 26 148 | 1% |
| Non-controlling interests | | 111 673 | 111 673 | — | |
| Total equity | | 2 265 346 | 2 239 198 | 26 148 | 1% |
| Liabilities | | | | | |
| Non-current liabilities | | 32 968 | 32 968 | | |
| Derivatives financial liability | 11.2 | — | — | — | |
| Lease liabilities | 20 | 28 616 | 28 616 | — | |
| Employee benefit obligation | 21 | 3 231 | 3 231 | — | |
| Other financial liabilities | | 1 121 | 1 121 | — | |
| Current liabilities | | 759 986 | 759 986 | | |
| Trade and other payables | 23 | 405 362 | 405 362 | — | |

| | | | | | |
|-------------------------------------|----|------------------|------------------|--------|----|
| Other financial liabilities | | 8 189 | 8 189 | — | |
| Lease liabilities | 20 | 22 856 | 22 856 | — | |
| Deferred income | 22 | 19 995 | 19 995 | — | |
| Current tax payable | | 45 330 | 45 330 | — | |
| Provisions | 24 | 218 318 | 218 318 | — | |
| Dividend payable | | 39 930 | 39 930 | — | |
| Bank overdraft | 17 | 6 | 6 | — | |
| Total current liabilities | | 759 986 | 759 986 | — | |
| Total liabilities | | 792 954 | 792 954 | — | |
| Total equity and liabilities | | 3 058 300 | 3 032 152 | 26 148 | 1% |

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

| | Notes | AFS 31 August 2023 R'000 | Reviewed Results 31 August 2023 R'000 | Change | |
|---|-------|--------------------------------|--|----------|------|
| Revenue | 26 | 2 253 494 | 2 253 494 | — | |
| Cost of sales | 27 | (1 902 233) | (1 902 233) | — | |
| Gross profit | | 351 261 | 351 261 | — | |
| Other operating income | 28 | 21 484 | 21 484 | — | |
| Other operating (losses) gains/losses | 29 | (79 795) | (55 574) | (24 221) | 44% |
| Other operating expenses | 30 | (865 808) | (891 956) | 26 148 | -3% |
| Movement in expected credit losses | | (193 980) | (193 980) | — | |
| Finance income | 31 | 150 461 | 150 461 | — | |
| Finance costs | | (22 402) | (22 402) | — | |
| Loss from equity-accounted investments | | (12 541) | (12 541) | — | |
| Loss before taxation | | (651 320) | (653 247) | 1 927 | 0,3% |
| Taxation | 32 | 12 506 | 12 506 | — | |
| Loss after taxation | | (638 814) | (640 741) | 1 927 | 0,3% |
| Other comprehensive income: | | | | — | |
| Items that will be subsequently reclassified to profit or loss: | | | | — | |
| Exchange differences on translating foreign operations | | (3 006) | (3 006) | — | |
| Income tax relating to items that will not be reclassified. | | — | — | — | |
| Total items that will be subsequently reclassified to profit or loss | | (3 006) | (3 006) | — | |
| Other comprehensive (loss)/income for the year net of tax | | (3 006) | (3 006) | — | |
| Total comprehensive loss for the year | | (641 820) | (643 747) | 1 927 | 0,3% |
| Loss after taxation attributable to: | | | | — | |
| Shareholders of AYO | | (617 867) | (619 794) | 1 927 | 0,3% |
| Non-controlling interests | | (20 947) | (20 947) | — | |
| Total loss after taxation | | (638 814) | (640 741) | 1 927 | 0,3% |

| | | | | |
|--|----|------------------|------------------|------|
| Total comprehensive loss attributable to: | | | | — |
| Shareholders of AYO | | (620 873) | (620 873) | — |
| Non-controlling interests | | (20 947) | (20 947) | — |
| Total comprehensive loss | | (641 820) | (641 820) | — |
| Earnings per share (cents) | | | | — |
| Loss per share (cents) | 33 | (179,97) | (180,53) | 0,56 |
| Headline loss per share (cents) | 33 | (177,63) | (176,46) | 1,17 |

Changes to the Notes

Note 15 - Trade and other receivables

| TRADE AND OTHER RECEIVABLES | AFS 2023 R'000 | Reviewed Results 2023 R'000 | Change |
|---|-------------------------------|--|---------------|
| Financial Instruments: | | | |
| Trade receivables | 424 780 | 424 780 | - |
| Loss allowance | (17 924) | (17 924) | - |
| Trade receivables at amortised cost | 406 856 | 406 856 | - |
| Deposits | 18 570 | 18 570 | - |
| Accrued income | 389 | 389 | - |
| Funds held in Trust | 89 590 | 89 590 | - |
| Related party receivables | 68 797 | 68 797 | - |
| Expected credit loss of related party receivables | (14 081) | (14 081) | - |
| Sundry customers | 10 384 | 10 384 | - |
| Non-financial instruments | | | - |
| Value added taxation | 32 783 | 6 635 | 26 148 |
| Prepayments | 29 677 | 29 677 | - |
| Provision for impairment of prepayments | (9 041) | (9 041) | - |
| *Other prepayments | 619 423 | 619 423 | - |
| Total | 1 253 345 | 1 227 197 | |

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

Note 29 - Other Operating Gains or Losses

| OTHER OPERATING GAINS/(LOSSES) | AFS 2023 R'000 | Reviewed Results 2023 R'000 | Change | | |
|---|----------------------|--------------------------------------|----------|------|---|
| Fair value gains/(losses) on investments designated as at fair value through profit or loss | 15 762 | (5 193) | 20 955 | 403% | 1 |
| Fair value loss on NCI written put option | - | 12 716 | (12 716) | 100% | 1 |
| Fair value gains/(losses) on call options | (114 478) | (77 655) | (36 823) | 47% | 2 |
| Net foreign exchange gains/(losses) | (159) | (1 300) | 1 141 | 88% | 3 |
| Fair value (losses)/gains on contingent considerations | - | 8 162 | (8 162) | 100% | 1 |
| Loss on sale of investments | - | (11 122) | 11 122 | 100% | 4 |
| Profit on sale of property, plant and equipment | 117 | (144) | 261 | 180% | 5 |
| Profit on sale of intangible assets | - | - | - | | |
| Profit on early termination of lease | 7 154 | 7153 | 1 | | |
| Fair value loss - initial recognition of loan | - | - | - | | |
| Fair value of BBBEE shares | 11 809 | 11 809 | - | | 6 |
| | (79 795) | (55 574) | 24 221 | | |

- 1) Due to the fact that the Reviewed Results were condensed, certain line items (namely Fair value gains/(losses) on investments designated as at fair value through profit or loss, Fair value loss on NCI written put option and Fair value (losses)/gains on contingent considerations) were classified in fair values and subsequently, as advised by the auditors, were as is more appropriate disaggregated in the AFS.
- 2) AYO corrected the accounting for the derecognition of the Option in the AFS by ensuring it passes through equity and not the income statement, as was done in the Reviewed Results, to align to ISA 32.23.
- 3) A portion of fair value gains or losses in the amount of R1.141 million was incorrectly allocated to Net foreign exchange gains or losses in the Reviewed Results. This was subsequently corrected in the AFS.
- 4) A fair value amount of R11.122 million was incorrectly classified to loss on sale of investments in the Reviewed Results but corrected into the correct fair value account in the AFS.
- 5) A portion of fair value amount of R0.261 million was incorrectly allocated to profit on sale of plant and equipment in the Reviewed Results. This was corrected in the AFS.
- 6) The BBBEE shares (fair value on IFRS 2) were not disclosed in the Reviewed Results due to a printing error.

Note 30 - Other operating expenses

OTHER OPERATING EXPENSES

| | AFS 2023 R'000 | Reviewed Results 2023 R'000 | Change |
|--|----------------------|--------------------------------------|-----------------|
| Major items included in other operating expenses: | | | |
| Employee costs | 275 199 | 275 199 | - |
| Depreciation and amortisation | 50 967 | 50 967 | - |
| Impairment expenses | 9 952 | 9 952 | - |
| Consulting fees | 137 470 | 137 470 | - |
| VAT apportionment | 99 866 | 126 014 | (26 148) |
| Retrenchment costs | 27 316 | 27 316 | - |
| Other operating expenses | 265 038 | 265 038 | - |
| | 865 808 | 891 957 | (26 148) |

The auditors performed an assessment of the possible VAT liability and came to a conclusion that an adjustment of R26 million had to be made.

Note 33 – Earnings per share

| EARNINGS PER SHARE | AFS 2023 R'000 | Reviewed Results 2023 R'000 | Change |
|---|----------------------|--------------------------------------|--------|
| Earnings per share ("EPS") are derived by dividing the earnings attributable to equity holders of AYO by the weighted average number of ordinary shares. | | | |
| Basic and diluted (loss)/earnings per share (cents) | (179,97) | (180,53) | 0,56 |
| There are no diluted options and other diluted 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)/earnings attributable to shareholders of AYO | (617 867) | (619 794) | 1 927 |
| Weighted average number of shares (000) | 343 314 | 343 314 | - |
| Net asset value per share | | | |
| Net asset value per share (cents) | 659,85 | 652,23 | 7,62 |

| | Gross of tax | Net of tax | Reviewed Results | |
|---|--------------|------------|---------------------|------------|
| Headline earnings per share | | | | |
| Headline loss/earnings is determined as follows: | | | | |
| (Loss)/earnings attributable to shareholders of AYO | | (617 867) | (619 794) | 1 927 |
| Adjusted for: | | | | |
| Profit on sale of property, plant and equipment | (117) | (85) | (117) | - |
| Loss on disposal of subsidiary | 11 122 | 8 119 | 11 122 | - |
| Profit on sale of intangibles | - | - | | |
| Impairment of intangibles and property, plant and equipment | - | - | | |
| Tax effect of adjustments | - | - | 2971 | (2 971) |
| Headline earnings | | (609 833) | (605 818) | (4 015,35) |

| | | | |
|--|----------|----------|--------|
| Weighted average number of shares (000) | 343 314 | 343 314 | - |
| Headline (loss)/earnings per share (cents) | (177,63) | (176,46) | (1,17) |

Please note the format in the AFS differs from the format in the Reviewed Results.

Cape Town
4 April 2024

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