INTERIM RESULTS

FOR THE SIX MONTHS ENDED 31 AUGUST 2021

CONTENTS

ALTRON LIMITED
(Registration number 1947/024583/06)
(Incorporated in the Republic of South Africa)
Share code: AEL ISIN: ZAE000191342
(“Altron” or “Altron Group” or “the Company”)

UNAUDITED CONSOLIDATED INTERIM RESULTS for the six months ended 31 August 2021 AND INTERIM DIVIDEND ANNOUNCEMENT

HIGHLIGHTS – CONTINUING OPERATIONS

- Revenue up by 2% to R3.5 billion
- Operating profit up by 71% to R173 million
- HEPS increased by 238% to 11 cents per share
- Operating free cash flow of R81 million up by 742%

R'millions	August 2021	August 2020*	Change %
Revenue	**R3.54 billion**	R3.48 billion	2%
Operating profit	**R173 million**	R101 million	71%
Operating profit after capital items	**R119 million**	R106 million	12%
Net profit after tax	**R34 million**	R(58) million	159%
Headline earnings per share	**11 cents**	(8) cents	238%
Interim dividend per share	**7 cents**	33 cents	(79)%

* *Comparative information has been restated for the discontinued operations and for equity accounted investment no longer considered to be held for sale.*

HIGHLIGHTS – ALTRON GROUP

- Cash generated from operations up 79% to R527 million
- Working capital is down by R446 million, resulting in a 22% improvement

ALTRON GROUP CHIEF EXECUTIVE MR MTETO NYATI COMMENTED:

Continuing operations

"During the first half of the year our business delivered a very resilient performance in the face of a challenging operating environment, demonstrating the benefits of our diverse and high-quality portfolio of businesses operating across the Own Platforms, Digital Transformation and Managed Services segments resulting in Altron 2.0 delivering an operating profit growth of 71%.

The Own Platforms segment performed well within the first 6 months, demonstrating the strength of its annuity revenue which has continued to deliver stability to the group, while the segment delivers high ROIC accretive returns. The segment generated R1.4 billion in revenue which is up 6% against the prior year, while the operating profit of R251 million has grown by 27%. Our Business Transformation Program within Altron Netstar South Africa has yielded positive operational improvements which will continue to enhance our customers' experience. Netstar's revenue of R836 million is a 9% growth on the prior year, which has been supported by the strong performance of Australia, while the South African business continues to focus on its transformation program. Altron FinTech achieved revenue of R400 million, with its operating profit of R77 million being a 75% improvement on the prior year. HealthTech's revenue of R161 million and operating profit of R44 million have remained stable against the prior year.

The Digital Transformation segment recorded revenue of R1.1 billion, which results in an 11% decline compared to the prior year. This was underpinned by Altron Systems Integration's underperformance against expectations and the prior year. Despite the increase in remote working conditions as a result of the Covid-19 pandemic, the acceleration to digital transformation benefited certain of our operations, namely Altron Security and Altron Karabina as they aided clients to migrate their platforms into cloud-based solutions and offered enhanced digital security protection in mitigating the increased threat from what we see as our new way of working. Altron Systems Integration who was still highly aligned to hardware sales and infrastructure integration was negatively impacted as clients continued to hold onto their CAPEX spend for larger projects due to future uncertainties and protecting their liquidity. Based on the size of Altron Systems Integration, their revenue of R863 million, which is down by R186 million on the prior year, adversely impacted the entire digital transformation segment for the financial period. Management realigned the business to simply its offerings to its clients, and right-sized the business to focus on the identified high growth areas of Cloud, Data, DevOps and Security. This resulted in a positive turn around between Q1 and Q2 which has set the business up to focus on achieving its H2 expectations. Altron Karabina's revenue growth at 43% is tracking well and the operation continued to leverage the strong relationship it has built with Microsoft. Altron Security was recently recognised as Old Mutual Limited's partner in the annual Identity Excellence Awards. With the bolt-on acquisition of LawTrust being finalised on 1 October 2021, this will enhance the digital security growth area; contribute to a high-annuity base and go to market on the own IP offering in respect of the Signing-Hub and advanced digital signatures.

The Managed Services segment incurred an operating loss of R(9) million compared to the prior year profit of R21 million. Altron Managed Solutions' banking segment has come under pressure. In order to address operational issues in this business, management embarked on a Section 189 restructure as contemplated in terms of the Labour Relations Act 66 of 1995 ("Section 189 restructure"). Altron Nexus encountered challenges due to the freezing of capital expenditure and diversion of funds by its government customers to COVID-19 PPE and social development programmes. Mr Kennedy Chinganya (former FD of Altron Nexus) was appointed as the MD of the business during the reporting period and he has been tasked with ensuring the long-term stability of Altron Nexus. The business remains successful in servicing its various government customers."

Discontinued operations

The Board previously announced its intention to dispose of the operations which are no longer aligned to the Altron 2.0 Strategy. At half year, the operations that are held for sale, namely: Altron People Solutions ("APS"); Altron Document Solutions ("ADS"); Altron Rest of Africa ("AROA"); and Altron Arrow performed in line with expectations. The star performer in this segment was Altron Arrow, they grew operating profit by 800%. Altron Arrow's order book is the highest in years and this has been driven by global component shortages.

As announced by voluntary business update on 1 October 2021, we have been able to split the APS business and sell the Business Process Outsourcing (BPO) and Customer Experience Technology (CXTech) business to iSON Xperiences, a global organisation with headquarters in Dubai which is looking to expand their African footprint. The Learning Solutions part of the business was acquired by South African management consultancy LRMG.

In respect of ADS and Altron Arrow, management are in discussion with prospective buyers and we are positive that the disposal of these operations in the short to medium term.

Having assessed its strategic footprint in Africa, the Board took a decision around June 2021 to disinvest from Altron Rest of Africa ("AROA") operations and at the end of H1, Altron will retain a presence in Africa through a partnership operating model.

COVID-19 AND THE BUSINESS

Whilst Covid-19 has impacted the business, the Group has been agile in adopting a hybrid way of work and in August 2021, management conducted a COVID-19 survey, we established that 53% of our staff were vaccinated and a further 19% of the workforce were planning to do so in the near future. In line with our value of embracing diversity and inclusion, we have chosen to encourage our staff to vaccinate instead of going the mandatory route.

Pressure on the global supply chain will impact our order lead times, impacting operations such as Altron Managed Services, Altron Systems Integration, Netstar and Altron FinTech. This may have an adverse impact on increasing inventory levels and management will mitigate this risk accordingly.

INTERIM DIVIDEND

The Board remains committed to maintaining the group's dividend cover of 2.5 times on headline earnings relating to continuing operations. The Board made the decision to deviate and improve on the dividend cover, by giving shareholders the benefit of normalising the headline earnings for the negative non-operational impact of the additional share-based payment expenses recognised as a result of the Bytes UK demerger. Accordingly a gross interim cash dividend of 7 cents per share (5.6 cents net of 20% dividend withholding tax) has been declared for the financial half-year ended 31 August 2021, payable to shareholders recorded in the register of the company at the close of business on the record date appearing below. The interim dividend of 33 cents declared in the comparative period was based on continued operations' headline earnings which included the profits of Bytes UK for the full six-months.

The Board has confirmed by resolution that the solvency and liquidity test as contemplated by the Companies Act, No. 71 of 2008, as amended, has been duly considered, applied and satisfied. This is a dividend as defined in the Income Tax Act, No. 58 of 1962 and is payable from income reserves. The income tax number of the company is 9725149711.

The number of ordinary shares in issue at the date of this declaration is 405 635 971 including 32 287 468 treasury shares.

The salient dates applicable to the interim dividend are as follows:

Dividend dates	
Last day to trade *cum* dividend	Tuesday, 9 November 2021
Commence trading *ex*-dividend	Wednesday, 10 November 2021
Record date	Friday, 12 November 2021
Interim dividend payment date	Monday, 15 November 2021
Share certificates may not be dematerialised or re-materialised between	Wednesday, 10 November 2021 and Friday, 12 November 2021

DIRECTORATE

During the financial half-year, our Board continued to provide valuable input to the group in realising Altron's vision and mission through the steadfast implementation of the Altron 2.0 strategy. In the past six months, the following directors retired and/or resigned from the Altron Board: Mr Mike Leeming (effective 28 July 2021); Ms Berenice Francis (effective 10 September 2021); and Mr Cedric Miller (effective 30 June 2021)*.

The following directors/alternate director/s were appointed to the Altron Board in the past six-months:
Mrs Alupheli Sithebe (effective 28 July 2021); Mr Nicholas Bofilatos* (effective 29 July 2021); and Mr Tapiwa Ngara** (effective 13 September 2021).

* *Executive Director*
** *Alternate Director (to Mr A Ball)*

OUTLOOK

Management will continue to drive and embed the Altron 2.0 strategy for the remainder of this financial year. We are optimistic about the prospects for the second half of the year, after a number of non-operational costs impacted the half year results. Traditionally, we experience a trend of elevated results in the latter part of the financial year, which has been consistent over the last several years. We are positive about the Group's growth in automation, cloud computing, data and security aligned with the segments in which the Group operates in. The Group is focused on driving high annuity revenue, ownership of its intellectual property and capital light operations. The finalisation of the LawTrust acquisition will allow us to focus on driving the security services in other jurisdictions outside of South Africa. The Board is considering potential acquisitions which are aligned to the own platform and digital transformation segments.

KEY FOCUS AREAS H2 FY22

- Integration of LawTrust into Altron Security.
- Acceleration of Altron Systems Integration profitable revenue growth.
- Building and qualifying acquisition pipelines.
- Focus on attraction and retention of key and critical skills within the Group.
- The disposal of ADS and Altron Arrow and the disinvestment of the AROA operations.

FURTHER INFORMATION

This short-form announcement is the responsibility of the directors and contains forward-looking statements that relate to Altron's future operations and performance. Such statements are not intended to be interpreted as guarantees of future performance, achievements, financial or other results. They rely on future circumstances, some of which are beyond management's control, and the outcomes implied by these statements could potentially be materially different from future results. No assurance can be given that forward-looking statements will be accurate; thus, undue reliance should not be placed on such statements. Altron does not undertake any obligations to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after the date of publication of this report or to reflect the occurrence of unanticipated events.It is only a summary of the information contained in the full announcement and does not contain full or complete details Any investment decision should be based in the full announcement which is available at: https://senspdf.jse.co.za/documents/2021/jse/isse/aele/h1fy21.pdf and which is also available on our website at: https://www.altron.com/investors/reports-results/interim-results/

Copies of the full announcement may also be requested from: nicole.morgan@altron.com

For and on behalf of the Board

Mr S van Graan
Chairman

Mr M Nyati
Chief Executive

Mr N Bofilatos
Chief Financial Officer

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Altron Campus
20 Woodlands Drive
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Sponsor
Investec Bank Limited

Transfer secretaries
Computershare Investor Services Proprietary Limited
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15 Biermann Avenue
Rosebank
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Directors
Mr S van Graan (Chairman), Mr M Nyati (Chief Executive)*, Mr N Bofilatos (Chief Financial Officer)*
Mr A Ball, Mr B Dawson, Mr GG Gelink, Dr P Mnganga, Mr S Sithole (Zimbabwean),
Mrs A Sithebe, Mr RE Venter, Mr T Ngara (alternate to Mr A Ball)

* *Executive Director*

Group Company Secretary
Ms N Morgan

25 October 2021
Johannesburg

CONDENSED CONSOLIDATED BALANCE SHEET

R millions	Note	31 August 2021 (Unaudited)	Restated* 31 August 2020 (Unaudited)	28 February 2021 (Audited)
Assets				
Non-current assets		**3 805**	4 297	3 773
Property, plant and equipment		**447**	538	422
Right-of-use assets		**958**	372	1 013
Goodwill and other intangible assets		**1 325**	2 297	1 382
Equity-accounted investments		**65**	22	47
Financial assets at amortised cost	10	**–**	189	–
Financial assets at fair value through other comprehensive income	10	**–**	21	–
Contract costs capitalised	10	**300**	195	241
Capital rental devices		**263**	268	264
Trade and other receivables	10	**–**	137	–
Contract assets	10	**–**	10	–
Defined benefit asset		**253**	83	253
Deferred taxation		**194**	165	151
Current assets		**5 217**	9 924	6 612
Inventories		**757**	1 244	763
Trade and other receivables	10	**1 823**	6 135	2 411
Financial assets at fair value through profit and loss		**13**	1	10
Contract assets	10	**110**	283	160
Taxation receivable		**27**	19	17
Restricted cash		**–**	6	–
Cash and cash equivalents		**390**	1 234	1 381
		3 120	8 922	4 742
Assets classified as held-for-sale	11	**2 097**	1 002	1 870
Total assets		**9 022**	14 221	10 385
Equity and liabilities				
Total equity		**4 426**	3 937	4 866
Shareholders' equity		**4 322**	4 041	4 764
Non-controlling interests		**104**	(104)	102
Non-current liabilities		**1 768**	2 051	1 764
Loans**		**550**	1 384	602
Lease liabilities***		**959**	302	971
Contract liabilities		**246**	300	181
Deferred taxation		**13**	65	10
Current liabilities		**2 828**	8 233	3 755
Loans**		**53**	357	60
Lease liabilities***		**86**	116	108
Bank overdraft		**212**	1 086	650
Provisions		**11**	10	10
Trade and other payables	10	**1 435**	4 162	1 931
Financial liabilities at fair value through profit and loss		**16**	8	5
Contract liabilities	10	**322**	1 914	327
Taxation payable		**9**	29	26
		2 144	7 682	3 117
Liabilities classified as held-for-sale	11	**684**	551	638
Total equity and liabilities		**9 022**	14 221	10 385

* *Comparative information has been restated for equity accounted investment no longer considered to be held for sale and the reclassification of property, plant and equipment to intangible assets (note 16)*

** *Loans include finance lease liabilities recognised prior to the adoption of IFRS 16 leases*

*** *Lease liabilities arising on adoption of IFRS 16*

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

R millions	Note	Change	Six months ended 31 August 2021 (Unaudited)	Restated* Six months ended 31 August 2020 (Unaudited)	Restated* Year ended 28 February 2021 (Audited)
CONTINUING OPERATIONS					
Revenue	14, 15	2%	**3 544**	3 480	7 089
Other income			**11**	27	51
Operating costs excluding capital items			**(3 068)**	(3 065)	(6 127)
Earnings before interest, taxation, depreciation, amortisation, capital items and equity accounted losses (EBITDA before capital items)**	15	10%	**487**	442	1 013
Depreciation and amortisation			**(314)**	(341)	(659)
Operating profit before capital items		71%	**173**	101	354
Capital items	4		**(54)**	5	(23)
Operating profit			**119**	106	331
Finance income	10		**17**	30	64
Finance expense	10		**(85)**	(145)	(244)
Share of loss of equity accounted investees, net of taxation			**–**	(43)	(41)
Profit/(loss) before taxation			**51**	(52)	110
Taxation			**(17)**	(6)	(30)
Profit/(loss) for the period from continuing operations			**34**	(58)	80
DISCONTINUED OPERATIONS					
Revenue	14, 15	(81%)	**1 047**	5 645	8 364
Other income			**–**	1	19
Operating costs excluding capital items			**(1 050)**	(5 246)	(7 683)
Earnings before interest, taxation, depreciation, amortisation, capital items and equity accounted losses (EBITDA before capital items)**	15	(101%)	**(3)**	400	700
Depreciation and amortisation			**(7)**	(63)	(85)
Operating (loss)/profit before capital items		(103%)	**(10)**	337	615
Capital items	4		**(61)**	(4)	11 547
Operating (loss)/profit			**(71)**	333	12 162
Finance income	10		**6**	6	22
Finance expense	10		**(4)**	(4)	(7)
(Loss)/profit before taxation			**(69)**	335	12 177
Taxation			**5**	(67)	(115)
(Loss)/profit for the period from discontinued operations			**(64)**	268	12 062
(Loss)/profit for the period from total operations			**(30)**	210	12 142

* *Comparative information has been restated for the discontinued operations (note 11) and for the equity accounted investment no longer considered to be held for sale (note 16)*

** *The group presents in its consolidated statement of comprehensive income earnings before interest, taxation, depreciation, amortisation, capital items and equity accounted losses from associates. This represents the contribution by the group from its revenue after deducting the associated employee costs and materials and services consumed expenses. This also includes other income earned; and finance lease interest income that is considered to be revenue for the group.*

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (continued)

R millions	Note	Change	Six months ended 31 August 2021 (Unaudited)	Restated* Six months ended 31 August 2020 (Unaudited)	Restated* Year ended 28 February 2021 (Audited)
Other comprehensive income					
Items that will never be reclassified to profit or loss					
Remeasurement of defined benefit asset/obligation			**–**	–	164
Items that are or may be reclassified subsequently to profit or loss					
Foreign currency translation differences in respect of foreign operations***			**(29)**	182	78
Realisation of foreign currency translation differences upon disposal of foreign operations			**–**	–	(277)
Other comprehensive (loss)/income for the period, net of taxation			**(29)**	182	(35)
Total comprehensive (loss)/income for the period			**(59)**	392	12 107
Net (loss)/profit attributable to:					
Non-controlling interests			**6**	(19)	(12)
Non-controlling interests from continuing operations			**(1)**	(20)	(20)
Non-controlling interests from discontinued operations			**7**	1	8
Altron equity holders			**(36)**	229	12 154
Altron equity holders from continuing operations			**35**	(38)	100
Altron equity holders from discontinued operations			**(71)**	267	12 054
Net (loss)/profit for the period			**(30)**	210	12 142
Total comprehensive (loss)/income attributable to:					
Non-controlling interests			**6**	(19)	(12)
Non-controlling interests from continuing operations			**(1)**	(20)	(20)
Non-controlling interests from discontinued operations			**7**	1	8
Altron equity holders			**(65)**	411	12 119
Altron equity holders from continuing operations			**11**	24	304
Altron equity holders from discontinued operations			**(76)**	387	11 815
Total comprehensive (loss)/income for the period			**(59)**	392	12 107

* *Comparative information has been restated for the discontinued operations (note 11) and for the equity accounted investment no longer considered to be held for sale (note 16)*

*** *This component of other comprehensive income is not subject to tax*

Basic earnings per share from continuing operations (cents)		190%	**9**	(10)	27
Diluted earnings per share from continuing operations (cents)		190%	**9**	(10)	27
Basic (loss)/earnings per share from discontinued operations (cents)		(127%)	**(19)**	71	3 243
Diluted (loss)/earnings per share from discontinued operations (cents)		(127%)	**(19)**	71	3 209
Basic earnings per share from total operations (cents)		(116%)	**(10)**	61	3 270
Diluted earnings per share from total operations (cents)		(116%)	**(10)**	61	3 236

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

R millions	Note	Six months ended 31 August 2021 (Unaudited)	Restated* Six months ended 31 August 2020 (Unaudited)	Restated* Year ended 28 February 2021 (Audited)
Cash flows from operating activities				
Cash generated by operations		**527**	294	2 220
Interest received		**45**	62	159
Interest paid		**(111)**	(171)	(324)
Dividends received from equity accounted investees and other investments		**–**	–	9
Taxation paid		**(62)**	(194)	(226)
Dividends paid, including to non-controlling interests		**(415)**	(97)	(220)
		(16)	(106)	1 618
Cash flows utilised in investing activities				
Proceeds on the disposal of subsidiaries and businesses net of cash	7	**46**	–	735
Proceeds on the disposal of property, plant and equipment and intangible assets		**19**	3	34
Acquisition of subsidiaries, net of cash acquired	8	**(62)**	(222)	(252)
Acquisition of intangible assets		**(27)**	(23)	(97)
Acquisition of property, plant and equipment		**(104)**	(114)	(237)
Cash outflow from other investing activities	9	**(124)**	(57)	(191)
Cash inflow from other investing activities	9	**13**	–	51
Cash outflow on demerger costs		**–**	–	(124)
		(239)	(413)	(81)
Cash flows utilised in financing activities				
Loans repaid		**–**	(133)	(1 183)
Acquisition of minority interests		**–**	(34)	(84)
Settlement of finance leases**		**(150)**	(117)	(269)
Lease payments*		**(79)**	(94)	(182)
		(229)	(378)	(1 718)
Net (decrease)/increase in cash and cash equivalents		**(484)**	(897)	(181)
Cash and cash equivalents at the beginning of the period (excluding cash held for sale)		**804**	956	956
Effect of exchange rate fluctuations on cash held		**(9)**	132	29
Cash classified as held-for-sale		**(133)**	(43)	(73)
Net cash and cash equivalents at the end of the period* **		**178**	148	731

* *Principal lease payments in relation to leases recognised on adoption of IFRS 16*

** *Principal lease payments in relation to leases prior to the adoption of IFRS 16*

*** *Cash and cash equivalents cash comprises:*

Cash at bank	**361**	1 192	1 251
Cash held on behalf of merchants	**29**	42	130
Bank overdrafts	**(212)**	(1 086)	(650)
Net cash and cash equivalents per the statement of cash flows	**178**	148	731

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable		to Altron equity holders				
R millions	Share capital and premium	Treasury shares	Reserves	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 29 February 2020 (Audited)	**3 170**	**(299)**	**(2 479)**	**3 552**	**3 944**	**(193)**	**3 751**
Total comprehensive income for the period							
Profit for the period – restated*	–	–	–	229	**229**	(19)	**210**
Other comprehensive income							
Foreign currency translation differences in respect of foreign operations	–	–	182	–	**182**	–	**182**
Other comprehensive income	–	–	182	–	**182**	–	**182**
Total comprehensive income for the period – restated*	–	–	182	229	**411**	(19)	**392**
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Dividends to equity holders	–	–	–	(97)	**(97)**	–	**(97)**
Treasury shares acquired	–	(131)	–	–	**(131)**	–	**(131)**
Treasury shares disposed	–	42	–	–	**42**	–	**42**
Share-based payment transactions	–	–	20	–	**20**	–	**20**
Loss on treasury shares	–	–	–	(6)	**(6)**	–	**(6)**
Issue of share capital	34	–	(34)	–	**–**	–	**–**
Total contributions by and distributions to owners	34	(89)	(14)	(103)	**(172)**	–	**(172)**
Changes in ownership interests in subsidiaries							
Changes in shareholding of subsidiaries	–	–	(142)	–	**(142)**	108	**(34)**
Total changes in ownership interests in subsidiaries	–	–	(142)	–	**(142)**	108	**(34)**
Total transactions with owners, recorded directly in equity	**34**	**(89)**	**(156)**	**(103)**	**(314)**	**108**	**(206)**
Balance at 31 August 2020 (unaudited) – Restated*	**3 204**	**(388)**	**(2 453)**	**3 678**	**4 041**	**(104)**	**3 937**
Total comprehensive income for the period							
Profit for the period	–	–	–	11 925	**11 925**	7	**11 932**
Other comprehensive income							
Foreign currency translation differences in respect of foreign operations	–	–	(104)	–	**(104)**	–	**(104)**
Realisation of foreign currency translation differences upon disposal of foreign operations	–	–	(277)	–	**(277)**	–	**(277)**
Remeasurement on net defined benefit asset	–	–	164	–	**164**	–	**164**
Other comprehensive income	–	–	(217)	–	**(217)**	–	**(217)**
Total comprehensive income for the period	–	–	(217)	11 925	**11 708**	7	**11 715**
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Dividends to equity holders	–	–	–	(122)	**(122)**	(1)	**(123)**
Issue of share capital	15	–	(15)	–	**–**	–	**–**
Return of capital	(2 061)	166	–	–	**(1 895)**	–	**(1 895)**
Dividend *in specie* to equity holders	–	–	–	(8 705)	**(8 705)**	–	**(8 705)**
Share-based payment transactions	–	–	14	–	**14**	–	**14**
Total contributions by and distributions to owners	(2 046)	166	(1)	(8 827)	**(10 708)**	(1)	**(10 709)**
Changes in ownership interests in subsidiaries							
Disposal of operations	–	–	(27)	–	**(27)**	–	**(27)**
Changes in shareholding of subsidiaries	–	–	(250)	–	**(250)**	200	**(50)**
Total changes in ownership interests in subsidiaries	–	–	(277)	–	**(277)**	200	**(77)**
Total transactions with owners, recorded directly in equity	**(2 046)**	**166**	**(278)**	**(8 827)**	**(10 985)**	**199**	**(10 786)**
Balance at 28 February 2021 (Audited)	**1 158**	**(222)**	**(2 948)**	**6 776**	**4 764**	**102**	**4 866**
Total comprehensive income for the period							
Loss for the period	–	–	–	(36)	**(36)**	6	**(30)**
Other comprehensive loss							
Foreign currency translation differences in respect of foreign operations	–	–	(29)	–	**(29)**	–	**(29)**
Total other comprehensive loss	–	–	(29)	–	**(29)**	–	**(29)**
Total comprehensive loss for the period	–	–	(29)	(36)	**(65)**	6	**(59)**
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Dividends to equity holders	–	–	–	(411)	**(411)**	(4)	**(415)**
Issue of share capital	31	–	(31)	–	**–**	–	**–**
Share-based payment transactions (note 10.3)	–	–	34	–	**34**	–	**34**
Total contributions by and distributions to owners	31	–	3	(411)	**(377)**	(4)	**(381)**
Total transactions with owners, recorded directly in equity	31	–	3	(411)	**(377)**	(4)	**(381)**
Balance at 31 August 2021 (unaudited)	**1 189**	**(222)**	**(2 974)**	**6 329**	**4 322**	**104**	**4 426**

* *Comparative information has been restated for equity accounted investment no longer considered to be held-for-sale (note 16)*

Dividends declared 7 cents per share (2021: 15 cents – final and 33 cents – interim). A dividend *in specie* per share of 2854 cents and a further 96 cents special dividend was declared in the prior year.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 31 August 2021

1 GENERAL INFORMATION

Altron is a leading ICT business, operating in a number of geographies. Its principal subsidiaries are Altron TMT Proprietary Limited (which includes various operating divisions); Netstar Proprietary Limited and the balance of the Netstar group (including its Australian operations); Altron Nexus Proprietary Limited and the Altron Rest of Africa operations.

During the current financial year, the Altron Rest of Africa operations were classified as held-for-sale and a discontinued operation (note 11).

2 BASIS OF PREPARATION

The condensed consolidated interim financial statements for the six months ended 31 August 2021 are prepared in accordance with International Financial Reporting Standard, (IAS) 34 *Interim Financial Reporting*, SAICA Financial Reporting Guides as issued by the Accounting Practices Committee (APC), Financial Pronouncements as issued by the Financial Reporting Standards Council (FRSC), and the requirements of the Companies Act of South Africa.

The condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 28 February 2021, which have been prepared in accordance with International Financial Reporting Standards (IFRS).

This report was compiled under the supervision of Mr Nicholas Bofilatos, Chief Financial Officer.

3 PRINCIPAL ACCOUNTING POLICIES

The accounting policies applied in the preparation of the condensed consolidated financial statements are in terms of IFRS and are consistent with those accounting policies applied in the preparation of the previous consolidated financial statements except as described below.

Capital items are items of income and expense relating to the acquisition, disposal or impairment of property, plant and equipment or right-of-use assets, investments, subsidiaries, goodwill, intangible assets, assets held for sale and capital rental devices written off. Included in capital items are any costs associated with the disposal of investments and subsidiaries as well as the write-off of vendor loans.

These are consistent with the exclusions as defined by Circular 1/2021 Headline earnings with the exception of costs of disposal and the write off of vendor loans which have been included in the calculation of headline earnings.

A number of amendments to accounting pronouncements are effective 1 March 2021, but they do not have a material effect on the group's interim financial statements.

4 CAPITAL ITEMS

	Six months ended 31 August 2021 (Unaudited) R millions	Restated* Six months ended 31 August 2020 (Unaudited) R millions	Restated* Year ended 28 February 2021 (Audited) R millions
Continuing operations			
Net (loss)/profit on disposal of property, plant and equipment	**(1)**	1	–
Vendor loan waiver	**(47)**	–	–
Capital rental devices written off	**(6)**	(9)	(18)
Reversal of provision related to East Africa disposal	**–**	13	12
Impairment of right-of-use assets	**–**	–	(18)
Lease modifications and terminations	**–**	–	1
	(54)	5	(23)
Discontinued operations			
Gain on disposal of subsidiary net of demerger costs	**–**	–	11 725
Disposal of operations cost	**(2)**	(6)	–
Impairment on held-for-sale disposal groups (note 11)	**(59)**	–	(181)
Impairment of property, plant and equipment	**–**	–	(4)
Profit on closure of cell captive	**–**	–	2
Closure of dormant operations	**–**	2	–
Foreign currency translation recycling to profit and loss on deregistration of foreign dormant operations	**–**	–	5
	(61)	(4)	11 547
Total	**(115)**	1	11 524

* *Comparative information has been restated for the discontinued operations (note 11) and for the equity accounted investment no longer considered to be held for sale (note 16)*

5 EARNINGS PER SHARE

		Six months ended 31 August 2021	Restated* Six months ended 31 August 2020	Restated* Year ended 28 February 2021
Headline earnings/(loss) per share from continuing operations	**(cents)**	**11**	(8)	35
Headline (loss)/earnings per share from discontinued operations	**(cents)**	**(5)**	71	101
Headline earnings per share from total operations	**(cents)**	**6**	63	136
Diluted headline earnings/(loss) per share from continuing operations	**(cents)**	**11**	(8)	34
Diluted headline (loss)/earnings per share from discontinued operations	**(cents)**	**(5)**	70	99
Diluted headline earnings per share from total operations	**(cents)**	**5**	62	134

5.1 RECONCILIATION BETWEEN ATTRIBUTABLE EARNINGS AND HEADLINE EARNINGS FROM TOTAL OPERATIONS

(Loss)/earnings attributable to shareholders		**(36)**	229	12 154
Capital items (before vendor waiver and demerger and disposal of operations costs)		**66**	(7)	(11 648)
Impairment of non-financial assets in a joint venture		**–**	18	18
Tax effect of capital items		**(9)**	(2)	(16)
Non-controlling interest in capital items		**(1)**	(2)	(4)
Headline earnings		**20**	236	504
Headline earnings per share from total operations	**(cents)**	**6**	63	136

5.2 RECONCILIATION BETWEEN ATTRIBUTABLE EARNINGS AND HEADLINE EARNINGS FROM CONTINUING OPERATIONS

Earnings/(loss) attributable to shareholders		**35**	(38)	100
Capital items (before vendor loan waiver)		**7**	(5)	23
Impairment of non-financial assets in a joint venture		**–**	18	18
Tax effect of capital items		**(2)**	(2)	(10)
Non-controlling interest in capital items		**–**	(2)	(2)
Headline earnings		**40**	(29)	129
Headline earnings / (loss) per share from continuing operations	**(cents)**	**11**	(8)	35

5.3 RECONCILIATION BETWEEN ATTRIBUTABLE EARNINGS AND HEADLINE EARNINGS FROM DISCONTINUED OPERATIONS

(Loss)/Earnings attributable to shareholders		**(71)**	267	12 054
Capital items (before demerger and disposal of operations costs)		**59**	(2)	(11 671)
Tax effect of capital items		**(7)**	–	(6)
Non-controlling interest in capital items		**(1)**	–	(2)
Headline (loss)/earnings		**(20)**	265	375
Headline (loss)/earnings per share from discontinued operations	**(cents)**	**(5)**	71	101

* *Comparative information has been restated for the discontinued operations (note 11) and for the equity accounted investment no longer considered to be held for sale (note 16)*

5 EARNINGS PER SHARE CONTINUED

		Six months ended 31 August 2021 (Unaudited) Number of shares	Restated* Six months ended 31 August 2020 (Unaudited) Number of shares	Restated* Year ended 28 February 2021 (Audited) Number of shares
5.4	**RECONCILIATION OF WEIGHTED AVERAGE NUMBER OF SHARES**			
	Issued shares at the beginning of the year	**401 883 022**	399 580 510	399 580 510
	Effect of own shares	**(32 287 468)**	(26 685 874)	(29 463 651)
	Weighted average effect of shares issued during the year	**851 559**	1 001 943	1 528 886
	Weighted average number of shares	**370 447 113**	373 896 579	371 645 745
5.5	**RECONCILIATION BETWEEN NUMBER OF SHARES USED FOR EARNINGS PER SHARE AND DILUTED EARNINGS PER SHARE**			
	Weighted average number of shares	**370 447 113**	373 896 579	371 645 745
	Dilutive options	**9 203 742**	3 085 533	3 994 879
	Weighted average number of shares (diluted)	**379 650 855**	376 982 112	375 640 624
5.6	**RECONCILIATION BETWEEN EARNINGS AND DILUTED EARNINGS**			
		R millions	R millions	R millions
	Earnings attributable to shareholders	**(36)**	229	12 154
	Diluted earnings	**(36)**	229	12 154
5.7	**RECONCILIATION BETWEEN HEADLINE EARNINGS AND DILUTED HEADLINE EARNINGS**			
	Headline earnings	**20**	236	504
	Diluted headline earnings	**20**	236	504
	Diluted headline earnings per share from total operations (cents)	**5**	62	134

* *Comparative information has been restated for the discontinued operations (note 11) and for the equity accounted investment no longer considered to be held for sale (note 16)*

6 FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE

(a) Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value as the carrying amounts of these financial assets and liabilities are considered to be a reasonable approximation of fair value:

31 August 2021	**Carrying amount**		**Fair value**			
R millions	**Measured at fair value**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets measured at fair value						
Preference share investment in Technologies Acceptances Receivables Proprietary Limited*	**21**	**21**	**–**	**–**	**21**	**21**
Forward exchange contracts	**13**	**13**	**–**	**13**	**–**	**13**
	34	**34**	**–**	**13**	**21**	**34**
Financial liabilities measured at fair value						
Forward exchange contracts	**(16)**	**(16)**	**–**	**(16)**	**–**	**(16)**
	(16)	**(16)**	**–**	**(16)**	**–**	**(16)**

28 February 2021	**Carrying amount**		**Fair value**			
R millions	**Measured at fair value**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets measured at fair value						
Preference share investment in Technologies Acceptances Receivables Proprietary Limited*	21	21	–	–	21	21
Forward exchange contracts	10	10	–	10	–	10
	31	31	–	10	21	31
Financial liabilities measured at fair value						
Forward exchange contracts	(5)	(5)	–	(5)	–	(5)
	(5)	(5)	–	(5)	–	(5)

* *Classified as held-for-sale refer to note 11*

The carrying amounts of financial assets that are not subsequently measured at fair value, i.e. finance lease assets are considered to approximate the fair value.

The different levels as disclosed in the table above have been defined as follows:

Level 1	Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2	Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
Level 3	Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

6 FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE CONTINUED

(b) Measurement of fair values

Valuation techniques and significant unobservable inputs

The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values, as well as the significant unobservable inputs used.

Financial instruments measured at fair value

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurements
Forward exchange contracts	*Market comparison technique:* The fair value of foreign exchange contracts are marked-to-market by comparing the contracted forward rate to the present value of the current forward rate of an equivalent contract with the same maturity date	Not applicable	Not applicable
Preference share in Technologies Acceptances Receivables Proprietary Limited	The dividend growth model was used to determine the fair value of the preference share using the historic dividends that were received from the investment.	Discount rate of 14.04% (February 2021: 14.04%) Annual perpetuity growth 0% (February 2021: 0%)	The estimated fair value would increase/(decrease) if: • the discount rate was lower/(higher) by 1% then the value would increase/(decrease) by R2 million; • the annual perpetuity growth rate was higher/(lower) by 1% then the value would increase/(decrease) by R2 million.

Transfers

There were no transfers between levels 1, 2 or 3 of the fair value hierarchy for the periods ended 31 August 2021 and 28 February 2021.

7 DISPOSAL OF SUBSIDIARIES AND BUSINESSES

Disposal of interest in Powertech Transformers Proprietary Limited

Effective 31 July 2018, the Group disposed of its collective 80% equity interest in Powertech Transformers Proprietary Limited for R250 million. R102 million was outstanding at 28 February 2021 and R26 million has been paid during the current financial year.

Disposal of SAMRAS business

The Group, through it's division Altron Systems Integration disposed of its SAMRAS business with effect from 1 December 2020. The purchase price was R45 million. R15 million was paid in the previous financial year. The second payment of R20 million was paid during the current financial year and the final payment of R10 million is due on 30 November 2021.

The above proceeds received are summarised below:

R millions	31 August 2021	28 February 2021
Balance brought forward	**132**	150
Disposal value (SAMRAS)	**–**	45
Accrued interest	**3**	–
Total proceeds received on Bytes UK demerger	**–**	1 254
Current proceeds receivable	**(89)**	(132)
Total proceeds received on disposals	**46**	1 317
Less cash disposed	**–**	(582)
Proceeds on the disposal of subsidiaries and businesses net of cash	**46**	735

8 ACQUISITION OF SUBSIDIARIES AND BUSINESSES

Acquisition of Ubusha Technologies Proprietary Limited ("Ubusha")

Effective 1 March 2020, Altron, through its wholly-owned subsidiary, Altron TMT SA Group Proprietary Limited, acquired the entire issued share capital of Gydan Investments (RF) Proprietary Limited, the holding company of Ubusha Technologies Proprietary Limited ("Ubusha"), including, *inter alia*, its primary subsidiary, Ubusha.

The purchase price was R367 million, of which R259 million was paid upfront in cash and shares in the previous financial year. The transaction was structured that the remainder of the purchase price is payable equally over two years, resulting in a payment of R54million in the current financial year and a further R54 million is due in the 2023 financial year.

R millions	31 August 2021
Cash paid in relation to Ubusha	**54**
Repayments of other previous acquisitions	**8**
	62

9 OTHER CASH FLOWS

9.1 CASH OUTFLOW FROM OTHER INVESTING ACTIVITIES

R millions	31 August 2021	28 February 2021
Loans advanced to associates and other investments	**–**	(25)
Increase in capital rental devices	**(86)**	(150)
Movement in restricted cash	**(17)**	–
Advances made to TAR during the year	**(21)**	(16)
	(124)	(191)

9.2 CASH INFLOW FROM OTHER INVESTING ACTIVITIES

R millions	31 August 2021	28 February 2021
Repayment received from TAR during the year	**13**	38
Movement in restricted cash	**–**	13
	13	51

10 SIGNIFICANT ITEMS

10.1 PROFIT AND LOSS INFORMATION

Profit for the half-year includes the following items that are unusual because of their nature, size or incidence:

R millions	Six months ended 31 August 2021	Restated* Six months ended 30 August 2020
Finance income	**23**	36
Continuing operations	**17**	30
Discontinued operations	**6**	6
Finance expense	**(89)**	(149)
Continuing operations	**(85)**	(145)
Discontinued operations	**(4)**	(4)

* *Comparative information has been restated for the discontinued operations (note 11)*

The group applied the proceeds it received from the Bytes UK demerger to reduce debt levels towards the latter part of the February 2021 financial year. The global reduction in interest rates, together with the reduction in the group facilities resulted in significant decrease in the net interest expense.

10 SIGNIFICANT ITEMS CONTINUED

10.2 BALANCE SHEET INFORMATION

Total assets and liabilities for the period ended 31 August 2021 include the following significant movements in comparison to the comparative information presented because of their nature, size or incidence:

R millions	31 August 2021	Restated* 30 August 2020	28 February 2021
Assets			
Non-current assets			
Financial assets at amortised cost (note 10.2.1)	**–**	189	–
Financial assets at fair value through other comprehensive income (note 10.2.1)	**–**	21	–
Contract costs capitalised (note 10.2.2)	**300**	195	241
Trade and other receivables (note 10.2.1)	**–**	137	–
Defined benefit asset (note 10.2.3)	**253**	83	253
Current assets			
Trade and other receivables (note 10.2.1)	**1 823**	6 135	2 411
Contract assets (note 10.2.1)	**110**	283	160
Equity and liabilities			
Non-current liabilities			
Contract liabilities (note 10.2.1)	**246**	300	181
Current liabilities			
Trade and other payables (note 10.2.1)	**1 435**	4 162	1 931
Contract liabilities (note 10.2.1)	**322**	1 914	327

10.2.1 Bytes UK demerger and other assets classified as held for sale

Movements since August 2020 comparatives

Financial assets at amortised cost and financial assets at fair value through other comprehensive income in the August 2020 comparative were subsequently classified as held for sale for the period ended 28 February 2021 and 31 August 2021. Refer to note 11.5.

The reduction of non-current and current trade and other receivables as well as contract assets is mainly as a result of the demerger of Bytes UK which was effective 17 December 2020. Included in the 31 August 2020 trade and other receivable are assets subsequently classified as held for sale at 28 February 2021 and 31 August 2021. Refer to note 11.5.

The reduction of non-current and current contract liabilities as well as trade and other payables is mainly as a result of the demerger of Bytes UK which was effective 17 December 2020.

Movements since February 2021 comparatives

Included in trade and other receivables in February 2021 is a facility receivable from Aeromaritime International Management Proprietary Limited ("AIMS") which was structed as a BEE vendor loan. The loan amounted to R47 million and was waived and included in capital items during the current period (note 5). The further reduction of trade and other receivables from February 2021 is as a result of the reclassification of AROA as a held for sale operation in the current reporting period (refer to note 11.5), as well as improved collection efforts. Similarly, trade and other payables has reduced as a result of the reclassification of AROA as a held for sale operation (refer to note 11.5).

10 SIGNIFICANT ITEMS CONTINUED

10.2 BALANCE SHEET INFORMATION CONTINUED

10.2.2 Contract costs capitalised

These costs include fitment, commissions and other costs directly attributable to the negotiation and conclusion of customer service contracts. These costs are amortised on a systematic basis over the average customer life and the amortisation relating to the hardware and fitment is included in amortisation in profit or loss. The increase in contract costs capitalised is due to an increase in additions. The group experienced increased sales activity compared to the prior year, which was adversely affected due to imposed lockdown restrictions.

10.2.3 Defined benefit asset

The defined benefit asset is measured as the fair value of plan assets less the present value of the defined benefit obligation. Movements are as a result of fair value adjustments which have remained consistent to February 2021.

10.3 MODIFICATION OF SHARE-BASED PAYMENTS

In December 2020, the group completed the demerger of Bytes Technology Group Limited (Bytes UK) from the Altron group. As a part of the demerger, adjustments were made to existing share scheme awards in order to place the participants in the same position as they were in prior to the demerger. Such adjustments include reducing the strike price of existing awards and accelerated vesting of certain awards granted under these schemes as well as the issue of additional bonus share options to compensate for the negative strike price following the demerger. In addition, the Board amended the performance criteria over the remaining vesting periods and the quantum of ultimate vesting of both original Share Appreciation Rights and the additional bonus share options, will be determined by the extent of the amended performance criteria being achieved.

Pursuant to the above, the following adjustments have been made to the existing Share Appreciation Rights schemes ("SARS"):

2017 and 2018 SARS:

The exercise price of the SARS was reduced by the IPO price of Bytes UK attributable to a single Altron share, being R26.84, which resulted in a Rnil strike price. The SARS were subject to performance criteria, and acceleration was applied to future vesting. The 2017 award accelerated and vested in the previous financial year and the 2018 award accelerated and vested in June 2021. The reduction in the exercise price resulted in an increase in the fair value of the award. The incremental fair value, together with the grant date fair value was recognised in full on the date of the accelerated vesting.

Any negative exercise prices were compensated for through the award of bonus share options of equal value which vest in equal annual tranches commencing one year post the acceleration of the original award. These new options granted were valued on grant date and the relating share-based payment expense will be recognised over the vesting period.

2019 and 2020 SARS:

The exercise price of the SARS was reduced by the IPO price of Bytes UK attributable to a single Altron share, being R26.84, which resulted in a Rnil strike price.

The original performance criteria apply at the respective original future vesting date. The reduction in the exercise price resulted in an increase in the fair value of the award. The incremental fair value will be recognised over the remaining vesting period of the award.

Any negative exercise prices were compensated for through the award of bonus share options to the respective participants. The vesting period of three years in equal tranches was aligned to the original vesting of the 2019 and 2020 grants.

The net share-based payment expense recognised as at 31 August 2021 amounts to R34 million which includes the above aforementioned modifications as well as the issuance of the new bonus share awards.

11 ASSETS AND LIABILITIES CLASSIFIED AS HELD-FOR-SALE AND DISCONTINUED OPERATIONS

11.1 RESTATEMENT OF COMPARATIVE INFORMATION

In prior years the decision was taken to dispose of the Powertech group and the Multimedia group, and as a result, these businesses were classified as discontinued operations. The relevant requirements of IFRS 5 were met for this classification at the time. The disposals of the assets and liabilities held for sale were completed during the previous financial years, except for the investment held in CBI-Electric Telecom Cables ("CBI") which formed part of the Powertech group. Accordingly, the investment continued to be classified as held for sale as the investment in CBI does not align to the group's strategy and future outlook. During the previous year, it was concluded that the held for sale criteria are no longer met and as a result the investment has been equity accounted as from the date of its classification as held for sale. Refer to note 16 for detailed disclosures on the restatement of prior period comparatives.

11.2 ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS DURING THE CURRENT YEAR

The Altron Group currently has a footprint in the rest of Africa ("AROA") through registered offices in various African jurisdictions. The change in the operating model of the Altron Group, which is underpinned by the Altron 2.0 strategy required an overall reduction of head office costs and reorganisation of certain head office functions in order to create operational and cost efficiencies within the Altron Group. Accordingly, the impact is that the AROA regional office and its operations are no longer required. During June 2021, the Altron Board approved the decision to disinvest from all in-country operations forming part of the AROA region. Management is exploring opportunities to exit the AROA operations and are currently marketing these investments at an appropriate fair value. The sale of the AROA operations is expected to be completed in the next 12 months. Consequently the Board has taken the decision to treat these businesses as held-for-sale and discontinued operations as the IFRS 5 classification criteria have been met.

11.3 ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS DURING THE PREVIOUS YEAR

The Altron group previously communicated the group's intention to focus on its core operations and its deliberations around potential businesses to be disposed of. Effective 31 August 2020, the board therefore resolved that the Altron People Solutions ("APS"), Altron Document Solutions ("ADS") and Altron Arrow ("Arrow") operations do not form part of the group's core business and as a result will be disposed of.

Extension of the period to complete the sale beyond one year

APS was disposed effective 1 October 2021 (note 13). Management have continued to engage with potential buyers and have actively marketed the investment in ADS and Arrow at a fair value that is reasonable, despite the delays caused by the current economic environment and the effects of COVID-19 which are beyond the group's control. These operations do not align to the Altron 2.0 strategy and future outlook and therefore management remains committed to recovering these assets through sale and various offers are being considered at the date of this report. Management therefore believes that ADS and Arrow will be sold within 12 months. Based on this assessment, the sale of these operations is considered to remain highly probable.

11.4 IMPAIRMENT

The impairment recognised was based on management's best estimate and judgement of the fair value of the investments and represents the value at which the group will dispose of the investments to a willing buyer. As a result an impairment loss of R13 million was recognised against the non-current assets of ADS, R1 million against Arrow and R1 million against AROA. The fair value is a level 3 due to the unobservable inputs used in the determining the value.

On conclusion of the sale of APS subsequent to year end (note 13) an impairment loss of R44 million has been recognised based on the fair value less cost to sell of the APS operation. R7 million of the total R44 million impairment loss recognised was allocated to goodwill.

11 ASSETS AND LIABILITIES CLASSIFIED AS HELD-FOR-SALE AND DISCONTINUED OPERATIONS CONTINUED

11.5 FINANCIAL PERFORMANCE AND CASH FLOW INFORMATION

6 months ended 31 August 2020

The comparative consolidated statement of comprehensive income has been restated for the classification of Bytes UK and Bytes Conference Centre which were classified as discontinued operations in the second half of the 2021 financial year.

Year ended 28 February 2021

The comparative consolidated statement of comprehensive income has been restated for the classification of AROA as a discontinued operation in the current reporting period.

Net assets of business held-for-sale: **R millions**	**31 August 2021**	Restated* 31 August 2020	28 February 2021
Property, plant and equipment	**41**	40	56
Right-of-use assets	**39**	58	52
Financial assets at amortised cost	**176**	–	169
Financial assets at fair value through other comprehensive income	**21**	–	21
Intangible assets and goodwill	**46**	208	44
Finance lease assets	**252**	217	245
Non-current assets	**575**	523	587
Inventories	**464**	80	426
Trade and other receivables, including derivatives	**880**	330	744
Contract assets	**45**	26	40
Cash and cash equivalents	**133**	43	73
Current assets	**1 522**	479	1 283
Assets classified as held-for-sale	**2 097**	1 002	1 870
Loans	**254**	217	246
Lease liabilities	**41**	49	43
Deferred taxation	**1**	–	2
Non-current liabilities	**296**	266	291
Loans	**178**	174	219
Lease liabilities	**18**	16	17
Trade and other payables, including derivatives	**149**	77	84
Contract liabilities	**21**	16	24
Taxation payable	**21**	1	2
Provisions	**1**	1	1
Current liabilities	**388**	285	347
Liabilities classified as held-for-sale	**684**	551	638

* *Comparative information has been restated for the equity accounted investment no longer considered to be held for sale (note 16)*

11 ASSETS AND LIABILITIES CLASSIFIED AS HELD-FOR-SALE AND DISCONTINUED OPERATIONS CONTINUED

11.5 FINANCIAL PERFORMANCE AND CASH FLOW INFORMATION CONTINUED

Breakdown of disposal groups held-for-sale:

R millions	31 August 2021 Altron Document solutions	Altron People solutions	Altron Arrow	Altron Rest of Africa	Impairments	Total
Assets classified as held-for-sale	**1 550**	**195**	**284**	**308**	**(240)**	**2 097**
Non-current assets	676	107	21	11	(240)	575
Current assets	874	88	263	297	–	1 522
Liabilities classified as held-for-sale	**457**	**65**	**97**	**65**	**–**	**684**
Non-current liabilities	272	20	1	3	–	296
Current liabilities	185	45	96	62	–	388

R millions	Restated* 31 August 2020 Altron Document solutions	Altron People solutions	Altron Arrow	Altron Rest of Africa	Impairments	Total
Assets classified as held-for-sale	586	193	223	–	–	1 002
Non-current assets	411	92	20	–	–	523
Current assets	175	101	203	–	–	479
Liabilities classified as held-for-sale	417	82	52	–	–	551
Non-current liabilities	235	31	–	–	–	266
Current liabilities	182	51	52	–	–	285

* *Comparative information has been restated for the equity accounted investment no longer considered to be held for sale (note 16)*

R millions	28 February 2021 Altron Document solutions	Altron People solutions	Altron Arrow	Altron Rest of Africa	Impairments	Total
Assets classified as held-for-sale	1 590	211	250	–	(181)	1 870
Non-current assets	641	106	21	–	(181)	587
Current assets	949	105	229	–	–	1 283
Liabilities classified as held-for-sale	491	82	65	–	–	638
Non-current liabilities	263	26	2	–	–	291
Current liabilities	228	56	63	–	–	347

Cash flows utilised in discontinued operations:

R millions	31 August 2021	Restated* 31 August 2020	Restated* 28 February 2021
Net cash utilised in operating activities	**151**	(50)	188
Net cash utilised in investing activities	**(19)**	(16)	(40)
Net cash utilised in financing activities	**(163)**	(130)	(288)
Net cash flow for the year	**(31)**	(196)	(140)

* *Comparative information has been restated for the discontinued operations (note 11)*

12 RELATED PARTY TRANSACTIONS

The group has a related-party relationship with joint ventures and key management.

R millions	**Six months ended 31 August 2021 (Unaudited)**	Six months ended 31 August 2020 (Unaudited)	Year ended 28 February 2021 (Audited)
Transactions			
Sale of goods and services to joint venture	**–**	–	1
Key management remuneration	**36**	36	55
Balances			
Thobela Telecoms – joint venture (Trade receivables)	**309**	309	309
Thobela Telecoms – joint venture (Investment loan)	**66**	30	48

13 EVENTS AFTER REPORTING PERIOD

13.1 DISPOSAL OF ALTRON PEOPLE SOLUTIONS ("APS")

APS is classified as held for sale at 31 August 2021 (note 11). As announced by the voluntary business update on 1 October 2021, the APS business disposed of to two buyers. The Business Process Outsourcing ("BPO") and Customer Experience Technology ("CXTech") business was acquired by iSON Xperiences and Learning Solutions ("LS"), was acquired by South African Management Consultancy ("LRMG") effective 1 October 2021 and 1 November 2021 respectively.

The conclusion of the sale has been considered in determining the fair value less cost to sell of the operation and as a result an impairment of R44 million has been recognised (note 11).

13.2 ACQUISITION OF LAWTRUST

Altron TMT SA Group Proprietary Limited ("TMTSAG") a wholly-owned subsidiary of the Altron Group acquired 100% of the issued shares in Law Trusted Third Party Services Proprietary Limited ("Lawtrust") on 1 October 2021.

Lawtrust is a digital trust services and cyber information security solutions provider, and provides services to over 500 clients in the private and public sectors.

Acquisition consideration

The acquisition consideration of R245 million, subject to certain adjustments, is payable by TMTSAG as follows:

- A payment of R185 million which was paid on 1 October 2021 (the "Effective Date");
- R30 million (subject to the potential adjustment relating to Lawtrust's net debt and working capital as at the Effective Date) to be paid within 10 business days of the certification or determination of the closing accounts in accordance with the Agreement; and
- R30 million to be paid on the first anniversary of the Effective Date less any legitimate warranty, indemnity and other potential claims under the Agreement.

Due to the proximity of the effective acquisition date and the date of this report, a purchase price allocation has not been performed.

13.3 DECLARATION OF DIVIDEND

The group declared a gross dividend of 7 cents per share on 25 October 2021.

The directors are not aware of any other events after the reporting period that will have an impact on the financial position, performance or cash flows of the group.

14.1 REVENUE BY SEGMENT

The Altron group is a diversified group which derives its revenues and profits from a variety of sources.

Segmentation is based on the group's internal organisation and reporting of revenue based upon internal accounting presentation.

Revenue by reportable segment is disaggregated by major product/service and geographic region below.

31 August 2021

Continuing operations

R millions

Revenue by product	Altron Managed Solutions	Altron Nexus	Managed Services	Altron Systems Integration	Altron Security	Altron Karabina	Digital Transformation	Netstar	FinTech	HealthTech	Own Platforms	Corporate and consolidation and other international operations	Other	Continuing operations
Project-related revenue	**–**	**136**	**136**	**182**	**–**	**126**	**308**	**–**	**–**	**–**	**–**	**(22)**	**(22)**	**422**
Over time	–	136	136	182	–	126	308	–	–	–	–	(22)	(22)	422
Sale of goods and related services	**320**	**92**	**412**	**182**	**–**	**–**	**182**	**836**	**62**	**–**	**898**	**(51)**	**(51)**	**1 441**
At a point in time	320	47	367	182	–	–	182	88	56	–	144	(51)	(51)	642
Over time	–	45	45		–	–	–	748	6	–	754	–	–	799
Maintenance, support and outsource services	**449**	**168**	**617**	**306**	**44**	**9**	**359**	**–**	**42**	**–**	**42**	**(10)**	**(10)**	**1 008**
At a point in time	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Over time	449	168	617	306	44	9	359	–	42	–	42	(10)	(10)	1 008
Training and skills management	**–**	**–**	**–**	**–**	**–**	**1**	**1**	**–**	**–**	**–**	**–**	**–**	**–**	**1**
Over time	–	–	–	–	–	1	1	–	–	–	–	–	–	1
Software, cloud and licences, including software assurance services	**–**	**–**	**–**	**21**	**12**	**18**	**51**	**–**	**4**	**80**	**84**	**2**	**2**	**137**
At a point in time	–	–	–	3	12	18	33	–	4	80	84	2	2	119
Over time	–	–	–	18	–	–	18	–	–	–	–	–	–	18
Software application and development	**–**	**–**	**–**	**153**	**–**	**–**	**153**	**–**	**–**	**–**	**–**	**–**	**–**	**153**
Over time	–	–	–	153	–		153	–	–	–	–	–	–	153
Switching and other transactional services	**–**	**–**	**–**	**19**	**–**	**–**	**19**	**–**	**292**	**81**	**373**	**(10)**	**(10)**	**382**
Over time	–	–	–	19	–	–	19	–	292	81	373	(10)	(10)	382
Total revenue from contracts with customers	**769**	**396**	**1 165**	**863**	**56**	**154**	**1 073**	**836**	**400**	**161**	**1 397**	**(91)**	**(91)**	**3 544**
Rental finance income	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total revenue	**769**	**396**	**1 165**	**863**	**56**	**154**	**1 073**	**836**	**400**	**161**	**1 397**	**(91)**	**(91)**	**3 544**
Revenue by geographic region														
South Africa	723	375	1 098	794	48	149	991	638	388	159	1 185	(63)	(63)	3 211
Rest of Africa	46	21	67	27	3	1	31	2	7	2	11	(34)	(34)	75
Total Africa	**769**	**396**	**1 165**	**821**	**51**	**150**	**1 022**	**640**	**395**	**161**	**1 196**	**(97)**	**(97)**	**3 286**
Europe	–	–	–	40	–	–	40	–	–	–	–	1	1	41
Rest of world	–	–	–	2	5	4	11	196	5	–	201	5	5	217
Total international	**–**	**–**	**–**	**42**	**5**	**4**	**51**	**196**	**5**	**–**	**201**	**6**	**6**	**258**
Total revenue	**769**	**396**	**1 165**	**863**	**56**	**154**	**1 073**	**836**	**400**	**161**	**1 397**	**(91)**	**(91)**	**3 544**

14.1 REVENUE BY SEGMENT CONTINUED

31 August 2021

Discontinued operations

R millions

Revenue by product	Altron Document Solutions	Altron People Solutions	Altron Arrow	Altron Rest of Africa	Other	Discontinued operations
Project-related revenue	**–**	**–**	**–**	**–**	**–**	**–**
Over time	–	–	–	–	–	–
Sale of goods and related services	**204**	**7**	**236**	**62**	**–**	**509**
At a point in time	204	–	236	62	–	502
Over time		7	–	–	–	7
Maintenance, support and outsource services	**241**	**114**	**–**	**62**	**–**	**417**
Over time	241	114	–	62	–	417
Training and skills management	**–**	**38**	**–**	**–**	**–**	**38**
Over time	–	38	–	–	–	38
Software, cloud and licenses, including software assurance services	**9**	**13**	**15**	**–**	**–**	**37**
At a point in time	4	13	15	–	–	32
Over time	5	–	–	–	–	5
Total revenue from contracts with customers	**454**	**172**	**251**	**124**	**–**	**1 001**
Rental finance income	46	–	–	–	–	46
Total revenue	**500**	**172**	**251**	**124**	**–**	**1 047**
Revenue by geographic region						
South Africa	463	170	248	–	–	881
Rest of Africa	37	1	–	108	–	146
Total Africa	**500**	**171**	**248**	**108**	**–**	**1 027**
Europe	–	1	–	–	–	1
Rest of world	–	–	3	16	–	19
Total international	**–**	**1**	**3**	**16**	**–**	**20**
Total revenue	**500**	**172**	**251**	**124**	**–**	**1 047**
Total Revenue – total operations						**4 591**

14.2 REVENUE BY SEGMENT

The Altron group is a diversified group which derives its revenues and profits from a variety of sources.

Segmentation is based on the group's internal organisation and reporting of revenue based upon internal accounting presentation.

Revenue by reportable segment is disaggregated by major product/service and geographic region below.

31 August 2020

*Continuing operations**

R millions

Revenue by product	Altron Managed Solutions	Altron Nexus	Managed Services	Altron Systems Integration	Altron Security	Altron Karabina	Digital Transformation	Netstar	Fintech	HealthTech	Own Platforms	Corporate and consolidation and other international operations	Other	Continuing operations
Project-related revenue	**–**	**231**	**231**	**94**	**29**	**97**	**220**	**–**	**–**	**–**	**–**	**(13)**	**(13)**	**438**
Over time	–	231	231	94	29	97	220	–	–	–	–	(13)	(13)	438
Sale of goods and related services	**237**	**56**	**293**	**516**	**13**	**–**	**529**	**764**	**72**	**–**	**836**	**(132)**	**(132)**	**1 526**
At a point in time	237	29	266	324	–	–	324	65	66	–	131	(128)	(128)	593
Over time	–	27	27	192	13	–	205	699	6	–	705	(4)	(4)	933
Maintenance, support and outsource services	**453**	**173**	**626**	**288**	**2**	**3**	**293**	**–**	**83**	**–**	**83**	**(32)**	**(32)**	**970**
At a point in time	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Over time	453	173	626	288	2	3	293	–	83	–	83	(32)	(32)	970
Training and skills management	**–**	**–**	**–**	**–**	**–**	**2**	**2**	**–**	**–**	**–**	**–**	**–**	**–**	**2**
Over time	–	–	–	–	–	2	2	–	–	–	–	–	–	2
Software, cloud and licences, including software assurance services	**–**	**–**	**–**	**29**	**8**	**6**	**43**	**–**	**19**	**77**	**96**	**4**	**4**	**143**
At a point in time	–	–	–	1	–	6	7	–	19	77	96	4	4	107
Over time	–	–	–	28	8	–	36	–	–	–	–	–	–	36
Software application and development	**–**	**–**	**–**	**101**	**–**	**–**	**101**	**–**	**–**	**–**	**–**	**(18)**	**(18)**	**83**
At a point in time	–	–	–	101	–	–	101	–	–	–	–	(18)	(18)	83
Switching and other transactional services	**–**	**–**	**–**	**21**	**–**	**–**	**21**	**–**	**219**	**78**	**297**	**–**	**–**	**318**
Over time	–	–	–	21	–	–	21	–	219	78	297		–	318
Total revenue from contracts with customers	**690**	**460**	**1 150**	**1 049**	**52**	**108**	**1 209**	**764**	**393**	**155**	**1 312**	**(191)**	**(191)**	**3 480**
Rental finance income	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total revenue	**690**	**460**	**1 150**	**1 049**	**52**	**108**	**1 209**	**764**	**393**	**155**	**1 312**	**(191)**	**(191)**	**3 480**
Revenue by Geographic region														
South Africa	594	453	1 047	942	39	108	1 089	654	372	153	1 179	(159)	(159)	3 156
Rest of Africa	96	7	103	48	–	–	48	2	20	2	24	(36)	(36)	139
Total Africa	**690**	**460**	**1 150**	**990**	**39**	**108**	**1 137**	**656**	**392**	**155**	**1 203**	**(195)**	**(195)**	**3 295**
Europe	–	–	–	58	8	–	66	–	1	–	1	4	4	71
Rest of world	–	–	–	1	5	–	6	108	–	–	108	–	–	114
Total international	**–**	**–**	**–**	**59**	**13**	**–**	**72**	**108**	**1**	**–**	**109**	**4**	**4**	**185**
Total revenue	**690**	**460**	**1 150**	**1 049**	**52**	**108**	**1 209**	**764**	**393**	**155**	**1 312**	**(191)**	**(191)**	**3 480**

* *Comparative information has been restated for the discontinued operations (note 11)*

14.2 REVENUE BY SEGMENT CONTINUED

31 August 2020

*Discontinued operations**

R millions

Revenue by product	Altron Document Solutions	Altron People Solutions	Altron Arrow	Bytes Technology Group UK	Altron Rest of Africa	Other	Discontinued operations
Project-related revenue	**–**	**–**	**–**	**193**	**–**	**–**	**193**
Over time	–	–	–	193	–	–	193
Sale of goods and related services	**213**	**110**	**163**	**271**	**58**	**1**	**816**
At a point in time	43	94	163	271	58	1	630
Over time	170	16	–	–	–	–	186
Maintenance, support and outsource services	**222**	**–**	**–**	**26**	**54**	**–**	**302**
Over time	222	–	–	26	54		302
Training and skills management	**–**	**28**	**–**	**20**	**–**	**–**	**48**
Over time	–	28	–	20	–	–	48
Software, cloud and licenses, including software assurance services	**–**	**–**	**–**	**4 251**	**–**	**–**	**4 251**
At a point in time	–	–	–	2 458	–	–	2 458
Over time	–	–	–	1 793	–	–	1 793
Total revenue from contracts with customers	**435**	**138**	**163**	**4 761**	**112**	**1**	**5 610**
Rental finance income	35	–	–	–	–	–	35
Total revenue	**470**	**138**	**163**	**4 761**	**112**	**1**	**5 645**
Revenue by geographic region							
South Africa	430	138	162	–	–	1	731
Rest of Africa	40	–	–	–	88		128
Total Africa	**470**	**138**	**162**	**–**	**88**	**1**	**859**
Europe	–	–	–	4 740	1	–	4 741
Rest of world	–	–	1	21	23	–	45
Total international	**–**	**–**	**1**	**4 761**	**24**	**–**	**4 786**
Total revenue	**470**	**138**	**163**	**4 761**	**112**	**1**	**5 645**
Total Revenue – total operations							**9 125**

* *Comparative information has been restated for the discontinued operations (note 11)*

15 REPORTING SEGMENTS

An operating segment is a component of the group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the group's other components. The group determines and presents operating segments based on the information that is internally provided to the group's executive committee, who is the group's chief operating decision-makers (CODM). An operating segment's operating results are reviewed regularly by the CODM to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. Segment results that are reported to the CODM include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the group's headquarters).

Segment analysis

The measures presented below are those that the CODM of the group monitors on an ongoing basis. The segmental information has been prepared to highlight the continuing and discontinued operating segments. This provides more insight into revenue, earnings before interest, tax, depreciation and amortisation and equity accounted losses before capital items (EBITDA before capital items), operating profit before capital items and depreciation disclosed in the statement of comprehensive income.

The segment revenues, earnings before interest, tax, depreciation, amortisation and capital items (EBITDA before capital items) and operating profit before capital items generated by each of the group's segments are summarised as follows:

	Revenue			EBITDA before capital items			Operating profit before capital items		
	31 August 2021	31 August 2020*	28 February 2021*	31 August 2021	31 August 2020*	28 February 2021*	31 August 2021	31 August 2020*	28 February 2021*
Altron Managed Solutions	**769**	690	1 454	**21**	42	97	**(5)**	(3)	26
Altron Nexus	**396**	460	1 026	**25**	56	83	**(4)**	24	18
Managed Services	**1 165**	1 150	2 480	**46**	98	180	**(9)**	21	44
Altron Systems Integration	**863**	1 049	1 914	**18**	3	74	**(3)**	(10)	49
Altron Security	**56**	52	102	**14**	22	40	**8**	17	29
Altron Karabina	**154**	108	215	**13**	5	5	**4**	(6)	(16)
Digital Transformation	**1 073**	1 209	2 231	**45**	30	119	**9**	1	62
Netstar	**836**	764	1 549	**312**	297	602	**130**	111	233
FinTech	**400**	393	817	**93**	67	180	**77**	44	135
HealthTech	**161**	155	314	**49**	48	109	**44**	43	99
Own Platforms	**1 397**	1 312	2 680	**454**	412	891	**251**	198	467
Corporate and consolidation	**(91)**	(191)	(302)	**(58)**	(98)	(177)	**(78)**	(119)	(219)
Other	**(91)**	(191)	(302)	**(58)**	(98)	(177)	**(78)**	(119)	(219)
Continuing operations	**3 544**	3 480	7 089	**487**	442	1 013	**173**	101	354

* *Comparative information has been restated for the discontinued operations (note 11)*

15 REPORTING SEGMENTS CONTINUED

	Revenue			EBITDA before capital items			Operating profit before capital items		
	31 August 2021	31 August 2020*	28 February 2021*	31 August 2021	31 August 2020*	28 February 2021*	31 August 2021	31 August 2020*	28 February 2021*
Multimedia Group	**–**	–	–	**–**	1	5	**–**	–	5
Autopage Group	**–**	–	–	**–**	–	11	**–**	–	11
Altron Conference Centre	**–**	1	–	**–**	(3)	(4)	**–**	(5)	(6)
Altron Document Solutions	**500**	470	1 007	**5**	(22)	(2)	**–**	(38)	(21)
Altron People Solutions	**172**	138	291	**4**	(25)	(30)	**4**	(36)	(42)
Altron Arrow	**251**	163	375	**14**	(1)	16	**14**	(2)	15
Bytes Technology Group UK	**–**	4 761	6 381	**–**	462	710	**–**	433	665
Altron Rest of Africa	**124**	112	309	**(12)**	(12)	(6)	**(14)**	(15)	(12)
Other	**–**	–	1	**(14)**	–	–	**(14)**	–	–
Discontinued Operations	**1 047**	5 645	8 364	**(3)**	400	700	**(10)**	337	615
Altron Group	**4 591**	9 125	15 453	**484**	842	1 713	**163**	438	969

* *Comparative information has been restated for the discontinued operations (note 11)*

Segment EBITDA before capital items can be reconciled to operating profit before capital items as follows:

	31 August 2021	31 August 2020*	28 February 2021*
EBITDA before capital items	484	842	1 713
Reconciling items:			
Depreciation – Property, plant and equipment	(53)	(79)	(141)
Depreciation – Right-of-use assets	(88)	(100)	(185)
Amortisation	(48)	(98)	(162)
Amortisation of costs incurred to acquire contracts and capital rental devices	(132)	(127)	(256)
Total operating profit before capital items	**163**	**438**	**969**
Discontinued operations profit/(loss) before capital items	10	(337)	(615)
Continuing operating profit before capital items	**173**	**101**	**354**

* *Comparative information has been restated for the discontinued operations (note 11) and for the reclassification of property plant and equipment to intangible assets (note 16).*

Revenue/EBITDA before capital items/operating profit from segments below the quantitative thresholds are attributable to smaller operating segments of the Altron group. None of those segments have met any of the quantitative thresholds for determining reportable segments for the reportable periods. Quantitative thresholds have been calculated based on totals for the Altron group and not per sub-group.

16 RESTATEMENT OF COMPARATIVE INFORMATION

16.1 INVESTMENT IN CBI-ELECTRIC TELECOM CABLES PROPRIETARY LIMITED ("CBI") PREVIOUSLY CLASSIFIED AS HELD FOR SALE

CBI is a joint venture within the Altron Group. The group participates in this joint venture through its subsidiary Powertech Telecom Cables, which was part of the Powertech group.

During the 2016 financial year the decision was taken to dispose of various assets within the Powertech group and, as a result, the respective businesses were classified as discontinued operations and the relating assets and liabilities as held for sale. The relevant requirements of IFRS 5 were met for this classification at the time. The disposals of assets and liabilities held for sale were finally completed during the 2019 financial year, except for the investment held in CBI which remained as held for sale at the end of the 2020 financial year.

The investment in CBI does not align to the group's strategy and future outlook and therefore management remains committed to recovering this asset through sale. However, due to the lack of potential buyers in a declining market, the conditions in paragraph B1(c) of IFRS 5, for an exception to the one-year requirement in paragraph 8 of the standard to apply, are not met. The investment has therefore ceased to be classified as held for sale. The restatement is in line with the requirements of IAS 28 *Investments in Associates and Joint Ventures* and not as a result of a prior period error. When an investment, or a portion of an investment, in an associate or a joint venture previously classified as held for sale no longer meets the criteria to be classified as so, it shall be accounted for using the equity method retrospectively as from the date of its initial classification as held for sale.

Financial statements for the periods since classification as held for sale shall be amended accordingly. CBI was initially recognised as held for sale in the 2017 financial year. During the 2018 and 2019 financial years, the group recognised an impairment loss in respect of the investment in CBI based on the determination of the fair value less cost to sell of the investment in accordance with IFRS 5 *Non-current Assets Held for Sale* and discontinued operations.

Evidence of impairment of the previously recognised held for sale asset was present in the 2019 and 2018 financial years and was recorded in terms of IFRS 5. The group's share of equity accounted profit has declined since 2017. The outlook for CBI therefore remains uncertain. Management received a formal offer in the 2019 financial year. An impairment test was therefore performed at this point by comparing the carrying amount to the recoverable amount based on the most recent offer which represented fair value less cost to sell. The fair value was considered to be level 3 in the fair value hierarchy. The impairment losses recognised in terms of IAS 36 amounting to R83 million, the reversal of the historical impairment recognised under IFRS 5 amounting to R89 million and the cumulative equity accounted profits from the initial date of classification as held for sale amounting to R21 million, has been included as part of the 29 February 2020 opening retained income.

The restatement was accounted for in the February 2021 financial statements and opening retained income adjusted accordingly.

16 RESTATEMENT OF COMPARATIVE INFORMATION CONTINUED

16.1 INVESTMENT IN CBI-ELECTRIC TELECOM CABLES PROPRIETARY LIMITED ("CBI") PREVIOUSLY CLASSIFIED AS HELD FOR SALE CONTINUED

The impact of the restatement on each of the affected financial statement line items may be summarised in the table below as at 31 August 2020.

R millions	31 August 2020 As previously reported	Adjustments	Restated
Balance sheet			
(Extract)			
Non-current assets			
Equity-accounted investments	22	–	22
Current assets			
Assets classified as held for sale	1 053	(51)	1 002
Total assets		(51)	
Total equity			
Shareholders' equity	4 064	(23)	4 041
Non-controlling interests	(76)	(28)	(104)
		(51)	
Income statement			
(Extract)			
Continuing operations			
Share of loss of equity-accounted investees, net of taxation	–	(43)	(43)
Loss before taxation from continuing operations*	(9)	(43)	(52)
Loss for the year from continuing operations*	(15)	(43)	(58)
Discontinued operations			
Capital items*	(8)	4	(4)
Profit before taxation from discontinued operations*	331	4	335
Profit for the year from discontinued operations*	264	4	268
Net profit for the year	249	(39)	210
Net profit attributable to:			
Non-controlling interests	(8)	(11)	(19)
Non-controlling interests from continuing operations*	(9)	(11)	(20)
Non-controlling interests from discontinued operations*	1	–	1
Altron equity holders	257	(28)	229
Altron equity holders from continuing operations*	(6)	(32)	(38)
Altron equity holders from discontinued operations*	(4)	4	267
Net profit for the year	**249**	**(39)**	**210**

* *Comparative information has been restated for the discontinued operations (note 11)*

16 RESTATEMENT OF COMPARATIVE INFORMATION CONTINUED

16.2 CORRECTION OF PRIOR YEAR ACCOUNTING TREATMENT

Software incorrectly classified as property, plant and equipment

During the prior financial year, the Group undertook a detailed review of software classified as property, plant and equipment. Upon conclusion of this process, the Group identified specific purchased software that was incorrectly classified as property plant and equipment upon initial recognition. The purchase of licences and software relating to cloud-based business application platforms as well as other specialised cloud-based software was found to not be an integral part of its related hardware and as a result should have been treated as an intangible asset.

The above has been corrected by updating each of the affected financial statement line items for the prior period as noted below. The corrections did not have an impact on opening retained income and therefore, only the impact on 31 August 2020 is disclosed.

	31 August 2020		
R millions	**As previously reported**	**Adjustments**	**Restated**
Balance sheet			
(Extract)			
Non-current assets			
Property, plant and equipment	659	(121)	538
Intangible assets and goodwill	2 176	121	2 297
EBITDA before capital items (note 15)			
Depreciation and amortisation			
Depreciation – Property, plant and equipment	(86)	7	(79)
Amortisation	(91)	(7)	(98)

17 IMPACT OF THE COVID-19 PANDEMIC

After emerging from a third wave of Covid-19 infections in the first half of the financial year, the effects of Covid-19 continue to be felt in varying degrees across the group's operations. Despite the challenges brought on by COVID-19 and the weak and uncertain economic environment, the group remains focussed on maintaining a healthy liquidity position and debt levels as well as improving working capital management and safeguarding its' workforce. These focus areas are discussed further below.

17.1 WORKING CAPITAL MANAGEMENT

Inventory

While economic activity has picked up, the health crises continues to create a challenging trading environment. Pressure on the global supply chain will have an impact on our order lead times, impacting operations such as Altron Managed Services, Altron Systems Integration, Altron Netstar and Altron FinTech. This may have an adverse impact on increasing inventory levels to mitigate this risk where deemed appropriate. The electronic components shortage is impacting our Netstar business and its ability to secure inventory volumes. The shortage is seen to have a negative impact on pricing and management is actively working on mitigating both these risks.

Trade and other receivables and credit risk

The group generally deals with a widespread customer base. The decrease in trade and other receivables balance is discussed in note 10.2.1.

Expected credit loss ratios were increased in February 2021 to account for the impact of Covid-19 and these ratios have remained consistent at 31 August 2021. The group continues to monitor debtors balances in order to identify high risk debtors with reference to aging and expected credit loss ratios are adjusted accordingly.

17.2 LIQUIDITY AND DEBT MANAGEMENT

During the current financial year, the Group amended its existing Common terms Agreement ("CTA") in terms of its long-term debt financing with the banks. The revolving credit facility of R550 million in place as at February 2021 was increased by an additional R300 million on 23 April 2021, and the tenor was extended by an additional 12 months to 31 August 2023. There were no other changes to the CTA, and the R300 million additional facility remains undrawn.

All proceeds for the Bytes UK demerger in respect of the treasury shares were applied to reduce debt levels as at 28 February 2021. A net surplus of R355 million relating to the dividend withholding tax was housed in the transactional facilities at 28 February 2021. This surplus was paid to shareholders as a special dividend on 17 May 2021. The payment of the special dividend, contributed to the increase in the group's net debt position of R753 million at 31 August 2021 (28 February 2021: R453 million).

On 1 October 2021, R185 million was paid in relation to the acquisition of Lawtrust. The payment was made from existing overnight and overdraft facilities (refer to note 13.2).

The group has focused on managing liquidity and maintaining healthy debt levels. Altron's liquidity has proven to be resilient during the Covid-19 period and all commitments were honoured from existing resources. Liquidity proved to be well managed with no covenants and limits being breached during the current reporting period. The group is mindful of protecting its cash flow, and successfully completed the move to consolidating businesses at a centralised campus during the current financial year.

Capital management

Altron's capital management is partially restricted by covenants agreed with lenders in respect of borrowing obligations. In accordance with the debt structure of the group, the group's net debt to EBITDA (as defined in the common terms agreement ("CTA")) ratio is limited to 2 and EBITDA (as defined in the CTA) divided by the net finance charge is limited to a minimum 3.5 times.

Attributable EBITDA before capital items is defined as the amount attributable to shareholders of the group and is calculated as follows: revenue after deducting the associated employee costs and materials and services consumed expenses. This also includes other income earned by the group and finance income on leases recognised as revenue. This excludes finance costs, taxation, depreciation, amortisation, capital items and share losses from associates as defined in the accounting policies.

17 IMPACT OF THE COVID-19 PANDEMIC CONTINUED

17.2 LIQUIDITY AND DEBT MANAGEMENT CONTINUED

In the event that these covenants are not met, the lenders would be able to require immediate repayment. Altron has complied with the required covenants at 31 August 2021 and at 28 February 2021. The compliance with these ratios is summarised in the table below.

Financial covenant ratio	Covenant level	Calculated ratio at 31 August 2021
Net debt divided by EBITDA (as defined in the CTA)	Ratio not exceeding 2 times	0.25
EBTIDA (as defined in the CTA) divided by net finance charges	Ratio not less than 3.5 times	29.9

There were no changes in the group's approach to capital management during the year.

The group's net debt may be calculated as follows:

R millions	Six months ended 31 August 2021 (Unaudited)	Year ended 28 February 2021 (Audited)
Long-term loans	**550**	602
Short-term loans	**53**	60
Long-term loans included in held-for-sale liabilities (note 11)	**254**	246
Short-term loans included in held-for-sale liabilities (note 11)	**178**	219
Total loans	**1 035**	1 127
	282	674
Total net cash	**178**	731
Cash included in held-for-sale assets (note 11)	**133**	73
Less: Cash held on behalf of merchants	**(29)**	(130)
Net debt as reported	**753**	453

17.3 WORKFORCE

The Group has been agile in adopting a hybrid way of work. In August 2021, management conducted a COVID-19 survey, where it was estimated that 53% of our staff were vaccinated and a further 19% of the workforce were planning to do so in the near future. In line with our value of embracing diversity and inclusion, we have chosen to encourage our staff to vaccinate instead of implementing a mandatory vaccination drive.

While the group is not immune to the fragile economic backdrop, it remains focused on managing the risks brought about by COVID-19.

SUPPLEMENTARY INFORMATION

TOTAL OPERATIONS – UNAUDITED

R millions	31 August 2021	31 August 2020 Restated**	28 February 2021 Restated**
Depreciation and amortisation	**321**	404	744
Net foreign exchange (loss)/profit	**(7)**	(35)	(26)
Cashflow movements			
Capital expenditure (including intangibles)	**131**	137	334
Net additions to contract fulfilment costs	**58**	3	(33)
Additions to contract fulfilment costs	**196**	139	150
Contract costs written off	**(6)**	(9)	(18)
Amortisation of costs incurred to fulfil contracts during the year	**(132)**	(127)	(165)
Capital commitments	**14**	264	69
Contingent liabilities			
There were no contingent liabilities identified as at 31 August 2021.			
Ratios (total operations)			
EBITDA margin	**10.5%**	9.2%	11.1%
ROIC***	**8.7%** *	18.2% *	16.1%
ROE (continuing)	**1.9%** *	(1.5%) *	3.0%
ROA	**4.3%** *	7.3% *	14.2%
RONA	**5.2%** *	10.9% *	12.9%
Current ratio	**1.8:1**	1.2:1	1.8:1
Acid test ratio	**1.6:1**	1.1:1	1.6:1

* *Annualised*

** *Comparative information has been restated for the discontinued operations and for equity accounted investment no longer considered to be held for sale.*

*** *Calculated over the last 12 months and therefore includes the results of Bytes UK up until the disposal date of 17 December 2020.*

ALTRON

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