ALTRON

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 28 FEBRUARY 2022

CONTENTS

ALTRON LIMITED

Registration number: 1947/024583/06
Share code: AEL
ISIN: ZAE000191342

The Annual Financial Statements of Altron have been audited in compliance with Section 30 of the Companies Act of South Africa.

Mr. N Bofilatos, CA(SA), Chief Financial Officer, was responsible for the supervision of the preparation of the financial statements.

The Annual Financial Statements for the year ended 28 February 2022 were approved on 13 May 2022.

DIRECTORS' REPORT

TO THE SHAREHOLDERS OF ALTRON LIMITED ("ALTRON" OR "GROUP" OR "THE COMPANY")

The Directors hereby submit the Annual Financial Statements of the Group for the year ended 28 February 2022.

NATURE OF BUSINESS

The Company is a South African incorporated public company listed on the Johannesburg Stock Exchange ("JSE"). The Company's registration number is 1947/024583/06 and on 25 August 2021, the Company changed its name from Allied Electronics Corporation Limited to Altron Limited. Altron is a leading ICT business, operating in a number of geographies. Its key subsidiaries are Altron TMT Proprietary Limited (which includes various operating divisions), Netstar Proprietary Limited (including offshore operations) and Altron Nexus Proprietary Limited.

FINANCIAL RESULTS

Particulars of the Group's attributable earnings and earnings per share for the year ended 28 February 2022 are given in the consolidated statement of comprehensive income, whilst particulars of the Group's headline earnings per share for the year ended 28 February 2022 are given in note 26 of the consolidated financial statements.

Full details of the financial position, cash flows and results of the Group are set out in these consolidated financial statements.

DIVIDENDS

On 22 April 2021, the Board declared a gross special dividend of 96 cents per share. This special dividend was declared by the Board after it determined that it overestimated the dividends tax liability which arose as a result of the Bytes UK demerger.

At the Altron Board meeting held on 22 October 2021, the Board resolved to declare and pay an interim dividend of 7 cents per share in respect of the period ended 31 August 2021. The dividend was paid on 15 November 2021.

At the Altron Board meeting held on 13 May 2022, the Board resolved to declare and pay a final dividend of 23 cents per share in respect of the financial year ended 28 February 2022.

SUBSIDIARIES, ASSOCIATE COMPANIES AND OTHER INVESTMENTS

Particulars of the principal subsidiaries of the Group are given in note 2 of the separate financial statements and note 44 of the consolidated financial statements, whilst particulars of the associate companies, joint ventures and other investments are provided in note 44 of the consolidated financial statements.

SHARE CAPITAL

The authorised share capital of the Company is 500 000 000 A ordinary shares of no par value, 500 000 000 N ordinary shares with a par value of R0.01 cent per share and 1 high voting share of no par value (unlisted). The issued share capital of the Company is 407 572 398 A ordinary shares of no par value and 1 high voting share of no par value (unlisted). There are 32 287 468 treasury shares in issue.

CORPORATE ACTIVITY DURING THE YEAR

Acquisition of Lawtrust by Altron

Altron TMT SA Group Proprietary Limited ("TMTSAG") a wholly-owned subsidiary of the 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. This bolt-on acquisition which forms part of the security segment, will enhance the digital security growth area and allow the Group to focus on driving the security services in other jurisdictions outside of South Africa.

The purchase price was R236 million, of which R185 million was paid upfront in cash and a further R21 million was paid in November 2021. The remaining R30 million is expected to be paid on the first anniversary of the Effective Date (as defined in the transactional documents) less any legitimate warranty, indemnity and other potential claims under the agreements. No further targets are attached to the payment of the remaining balance. Refer to note 41 of the consolidated Annual Financial Statements.

Disposal of Altron People Solutions ("APS") by Altron

APS was classified as held-for-sale at 31 August 2021 (note 40). The APS business was disposed to two purchasers who acquired segmented parts of the business. The Business Process Outsourcing ("BPO") and Customer Experience Technology ("CXTech") business was acquired by iSON Xperiences and the Learning Solutions business, was acquired by South African Management Consultancy ("LRMG") effective 1 October 2021 and 1 November 2021 respectively. The cumulative disposal proceeds amounted to R6.6 million. Refer to note 42 of the consolidated Annual Financial Statements.

TRANSACTIONS WITH NON-CONTROLLING INTERESTS

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

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. The exit of AROA operations in totality involves a combination of disposals as well as closure.

At the point of the approval by resolution, it was management's intention to realise AROA in totality through sale. However, at 28 February 2022 Altron Lesotho, Altron Eswatini, Altron Tanzania, Altron Technologies Zambia, Altron Technologies Malawi, Altron Rwanda and Altron Africa (Mauritius) were shut down and currently in the process of deregistration and accordingly are included in discontinued operations as abandoned operations. The remaining operations namely, Altron Technologies Namibia, Altron Botswana, Altron Mozambique and Altron BTG Kenya remain held-for-sale as the relevant requirements of IFRS 5 have been met for this classification.

Reclassification of Altron Arrow – Continuing Operations

Altron Arrow is a subsidiary within the Group (note 44). The Group previously communicated its intention to focus on its core operations and its deliberations around potential businesses to be disposed of. At August 2020, the Board resolved that the Altron Arrow business did not form part of the Group's core business and as a result would be disposed of. Altron Arrow was therefore classified as a discontinued operation and the relating assets and liabilities as held-for-sale. The relevant requirements of IFRS 5 were met for this classification at the time and the business remained as held-for-sale at the end of the 2021 financial year. Due to the lack of potential buyers, 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 IFRS 10 and not as a result of a prior period error. Refer to note 43 of the consolidated Annual Financial Statements.

EVENTS AFTER THE REPORTING PERIOD

Disposal of Altron Document Solutions ("ADS")

The ADS business provides office printer technology solutions and services in South Africa and Sub-Saharan Africa. ADS has been the strategic partner for Xerox Limited ("Xerox") in these markets, distributing and servicing Xerox office automation and high-volume production products and solutions for more than 20 years. Additionally, ADS distributes Duplo finishing equipment and Fujifilm inkjet production machines in the local market. This high invested-capital business is no longer core to Altron's operating model and is classified as held-for-sale at 28 February 2022 (note 40).

As announced on 17 March 2022, the Group concluded agreements on 16 March 2022 whereby the Group, via its major subsidiaries, Altron TMT Proprietary Limited ("ATMT") and Altron TMT SA Group Proprietary Limited ("ATMTSA") would dispose of all its business interest in ADS and its associated subsidiary in the Eastern Cape, Genbiz Trading 1001 Proprietary Limited ("Genbiz"), to a third party purchaser, Xerotech Proprietary Limited ("Xerotech"), a subsidiary of BiAfrica Investment Holdings Proprietary Limited ("BiAfrica"). In terms of the disposal, a sale of business agreement as well as a sale of shares agreement relating to Genbiz have been concluded. The disposal of ADS and Genbiz is to be concluded by no later than 31 May 2022 (the Effective Date, unless otherwise extended), as one indivisible transaction between the parties and is subject to various outstanding conditions which include regulatory approval. Refer to note 28 of the consolidated Annual Financial Statements.

Impact of the Russia-Ukraine conflict on the Group

The Group's financial year-end coincided with the Russian invasion of Ukraine. Management identified specific risk areas with a potential impact on the Group and from its assessment, concluded that the impact is within the Group's risk tolerance levels. The risks identified and analysed included the rationalisation of supply chain risk, global expansion of conflict risk and the risk of global trade wars. Management also conducted a review of Altron's supplier landscape which confirmed that there was no cause for heightened concern. The impact of the Ukraine war remains uncertain, with much depending on how long it continues, its outcome result, and what happens in terms of global sanctions and boycotts against Russia, a key oil and gas producer.

The Group continues to monitor its exposure and response to the above-mentioned identified risks. At the date of this report, no material impact has been noted on the financial position, performance, and cash flows of the Group.

Impact of the KwaZulu-Natal ("KZN") flooding

During April 2022 and subsequent to year-end the province of KZN was hit by severe flooding. To ensure an effective response to this tragic event, the National Disaster Management Centre classified the flooding as a provincial disaster.

The flooding in KZN damaged stock held at the Altron KZN warehouse for two Altron operations, resulting in disruption to some business services. The impacted operating companies were Altron Systems Integration and Altron Managed Solutions. Other Altron operating companies were not impacted significantly by the flood.

The full extent of the financial damage is under investigation and currently undergoing external assessment. An analysis of the damaged stock and property, plant and equipment will form part of the respective insurance claim to mitigate any exposure. The quantitative impact of business interruption is currently under review.

SHARE SCHEMES

Particulars relating to The Altron 2009 Share Plan are set out in note 13 to the consolidated financial statements.

GENERAL AUTHORITY TO ISSUE SHARES

The remaining unissued A ordinary shares are the subject of a general authority granted to the Directors in terms of, among others, the Companies Act, 2008, as amended and which authority remains valid only until the next annual general meeting which will be held on Wednesday, 20 July 2022. At that meeting, shareholders will be asked to place 3% of the unissued A ordinary shares under the control of the Directors. Shareholders will also be asked to authorise the Board to issue the shares under their control. This mandate is provided to allow the Board and authorised members of management to issue shares for the administration and operation of The Altron Share Scheme and in the ordinary course of business (inter-Group transactions).

BOARD AND COMMITTEE CHANGES DURING THE YEAR

Mr. Andrew Holden, Altron's Chief Operating Officer (and prescribed officer) resigned on 31 May 2021. Mr. Cedric Miller, Altron's Chief Financial Officer and executive director of the Altron Board resigned on 30 June 2021. Mr. Nicholas Bofilatos was appointed as the Acting Chief Financial Officer on 1 July 2021. Mr. Bofilatos was subsequently appointed as Altron's Chief Financial Officer, executive director of The Altron Board and member of the Altron Risk Management Committee effective from 29 July 2021.

Ms. Alupheli Sithebe was appointed as a non-executive director and member of the Altron Audit Committee on 28 July 2021. Altron's long-standing Chairman, Mr. Mike Leeming retired following the Company's Annual General Meeting held on 28 July 2021. Mr. Stewart van Graan was appointed as Chairman of the Altron Board effective from 28 July 2021. Mr. van Graan resigned as member of Altron's Audit Committee on 28 July 2021 and was appointed as the Chairman of Altron's Nomination Committee on 28 July 2021.

Ms. Berenice Francis resigned as an independent non-executive director of the Board and member of the Altron Audit Committee and Altron Risk Committee on 10 September 2021. Mr. Tapiwa Ngara was appointed as a non-executive alternate director to Mr. Antony Ball on 13 September 2021.

The Board adopted a decision to restructure and streamline the committees on 13 September 2021 which resulted in the following Committee changes:

- The Altron Audit and Risk Committee ("AARC") is constituted by Mr. Grant Gelink (Chairman), Ms. Alupheli Sithebe (Member) and Mr. Robert Venter (Member). Messrs. Nyati and Bofilatos resigned as members of Altron's Risk Committee on 13 September 2021.
- The Altron Remuneration, Social, Ethics and Sustainability Committee ("RemSec") is constituted by Dr. Phumla Mnganga (Chair), Mr. Antony Ball (Member), Mr. Tapiwa Ngara (Alternate to Mr. Antony Ball) and Mr. Robert Venter (Member). Messrs Nyati and van Graan resigned as Member and Chairman respectively, from Altron's Social, Ethics and Sustainability Committee on 13 September 2021.

Ms. Sharoda Rapeti was appointed as an independent non-executive Director of the Altron Board, and a member of RemSec and AARC on 19 November 2021. Mr. Venter resigned as a member of the AARC on 19 November 2021.

Mr. Mteto Nyati will step down from his role as Chief Executive on 30 June 2022, and he will also step down as a member of the Altron Investment Committee from this date. Mr. Stewart van Graan was appointed as the Executive Chairman and acting Chief Executive of Altron from 1 July 2022 until 30 September 2022. Dr. Phumla Mnganga has been appointed as the Lead Independent Director of the Board during this period (1 July 2022 until 30 September 2022).

KEY SUBSIDIARY COMPANY DIRECTORATE

Mr. van Graan resigned as a non-executive Director and Chairman of the Netstar Board on 13 September 2021. Mr. Robert Venter was appointed as a non-executive Director and Chairman of the Netstar Board on 14 September 2021. Ms. Alupheli Sithebe was appointed as the Chair of the Netstar Financial Reporting and Review Committee ("FRARC") on 14 September 2021. Mr. Nicholas Bofilatos was appointed as a Member of the Netstar FRARC on 9 May 2022.

RE-ELECTION AND ELECTION OF DIRECTORS AT THE COMPANY'S ANNUAL GENERAL MEETING:

In accordance with Articles 25.6.1 and 25.17 of the Company's Memorandum of Incorporation. The following Directors will be elected and re-elected respectively at Altron's annual general meeting to be held on 20 July 2022:

ELECTION:

- Ms. Sharoda Rapeti
- Mr. Nicholas Bofilatos
- Mr. Tapiwa Ngara (Alternate to Mr. Antony Ball)

RE-ELECTION:

- Mr. Grant Gelink
- Dr. Phumla Mnganga
- Mr. Robbie Venter

All the retiring Directors are eligible and available for re-election. Their profiles appear in the integrated annual report at www.altron.com.

COMPANY SECRETARY

The role of Group Company secretary is assumed by Miss N Morgan, who was appointed effective 1 January 2021. The secretary's business and postal addresses appear in the integrated annual report at www.altron.com. The Board is satisfied that Miss Morgan maintains an arms-length and independent relationship with the Board and is not a Director of Altron or any of its subsidiaries, as required in terms of Paragraphs 3.84 (h) of the JSE Listings Requirements. In evaluating the Company Secretary, the Board has considered the prescribed duties and responsibilities of the Company secretary which includes the Companies Act of 2008, as amended, JSE Listings Requirements and governance requirements as set out in King IV.

SEGMENT REPORTING

Segment information is included in note 45 of the consolidated financial statements.

EBITDA (before capital items and equity accounted profits/(losses)) for the year was R1,095 billion.

Operating Income (before capital items) for the year was R440 million.

DIRECTORS' AND PRESCRIBED OFFICER'S INTERESTS

As at 28 February 2022 the Directors' and prescribed officer's of the Company held direct and indirect interests (through an associate as defined in the JSE Listings Requirements) in the Group. As at 28 February 2022, the Directors and prescribed officer held 143 459 033 of the Company's issued A ordinary shares on a cumulative basis (2021: 138 991 829). Details of shares held per individual Directors and prescribed officer are listed below:

Director/Prescribed Officer	Direct Beneficial	Indirect Beneficial	Detail of indirect beneficial shareholding
GG Gelink	**18 000**	–	
C Miller*	–	–	
M Nyati	**875 102**	–	
S van Graan	–	**25 000**	Shares held by spouse of Director
RE Venter	**44 015**	**56 192 243**	Shares held through Biltron Proprietary Limited where Director is a beneficiary
AJ Holden**	–	–	
BJ Francis^	**3 991**	–	
M Leeming***	**3 676**	**384 879**	Cumulative holding of 384 879 shares of which 346 879 are held by the spouse of the Director (ME Leeming) and 38 000 are held by an investment Company Ligitprops Proprietary Limited
B Dawson	–	**3 057 866**	Cumulative Shares held through Campan Enterprises Proprietary Limited (2 721 088) and Anuva Investments Limited (336 778) where Director is a beneficiary
AC Ball	–	**82 854 261**	The cumulative shares controlled by Value Capital Partners Proprietary Limited where the Directors are beneficiaries
T Ngara	–		
S Sithole	–		
Total	**944 784**	**142 514 249**	

* *resigned on 30 June 2021*
** *resigned on 31 May 2021*
*** *retired on 28 July 2021*
^ *resigned on 10 September 2021*

PUBLIC AND NON-PUBLIC SHAREHOLDERS (AS AT 28 FEBRUARY 2022)

A Ordinary Shares	Number of shareholders	%	Number of shares	%
Non-Public Shareholders	**13**	**0.13**	**175 746 501**	**43.12**
Director/Related Holdings	12	0.12	143 459 033	35.20
Treasury shares	1	0.01	32 287 468	7.92
Public Shareholders	**10 345**	**99.87**	**231 825 897**	**56.88**
Total	**10 358**	**100.00**	**407 572 398**	**100.00**

MATERIAL SHAREHOLDERS

Beneficial shareholders (excluding Directors) holding 5% or more of the Company's listed A ordinary shares as at 28 February 2022 were the following:

Material Beneficial Shareholder	Shares held	Percentage of issued share capital held %
Coronation Asset Management Proprietary Limited	**113 306 754**	**27.80**
Value Capital Partners Proprietary Limited*	**82 854 261**	**20.33**
Biltron Proprietary Limited	**56 192 243**	**13.79**
Altron Finance Proprietary Limited**	**32 287 468**	**7.92**
Kagiso Asset Management Proprietary Limited	**17 973 086**	**4.41**
Sanlam Investment Management Proprietary Limited	**15 275 420**	**3.75**
Top 6 shareholders cumulative holding in Altron	**317 889 232**	**78.00**

* *The cumulative shares controlled by Value Capital Partners Proprietary Limited through its associates.*

** *Related party to Group and holds treasury shares on behalf of the Group.*

GEOGRAPHICAL HOLDINGS

The geographical shareholding of the Group as at 28 February 2022 is comprised as follows:

A Ordinary Shareholders	Number of shares	%
South Africa	**391 677 074**	**96.1%**
North America & Canada	**9 374 165**	**2,3%**
England & Wales	**407 573**	**0,1%**
Rest of Europe	**2 037 862**	**0,5%**
Other	**4 075 724**	**1%**
Total	**407 572 398**	**100.00**

EXTERNAL AUDITORS

PricewaterhouseCoopers Inc. will continue in office as the auditors in accordance with section 90 of the Companies Act.

The AARC reviewed the independence of the auditors during the period under review and satisfied itself that the auditors were independent of the Group.

SPECIAL RESOLUTIONS

The Company passed seven special resolutions during the year ended 28 February 2022 (all special resolutions were passed at the Company's Annual General Meeting on 28 July 2021):

- Approving the remuneration of the independent non-executive chairman;
- Approving the remuneration of the non-executive Directors;
- Approving the remuneration payable to non-executive Directors participating in statutory and Board committees;
- Approving the remuneration payable to non-executive Directors for participating in special/unscheduled Board meetings and *ad hoc* strategic planning sessions;
- Approving financial assistance to employee share scheme beneficiaries and related or inter-related companies and corporations;
- Approving the change of name from Allied Electronics Corporation Limited to Altron Limited; and
- Approving the amendment to the Memorandum of Incorporation to give effect to the name change.

Except for the above, no other special resolutions, the nature of which might be significant to shareholders in their appreciation of the state of affairs of the Group, were passed by the Company or its subsidiaries during the period covered by this Directors' report.

CORPORATE GOVERNANCE

The Board endorses the contents of the King IV Report on Corporate Governance in South Africa ("King IV") and has satisfied itself that Altron has complied throughout the period in all material aspects with King IV™ and with the JSE Listings Requirements.

Altron's application of the King IV Principles is contained in the Altron 2022 Corporate Governance Report which appears in the 2022 Integrated Annual Report at www.altron.com.

REGULATORY MATTERS

There are no material regulatory matters in the Group.

DIRECTOR EMOLUMENTS

The individual Director emoluments paid in respect of the financial year under review are contained in the Altron 2022 Remuneration Report forming part of the 2022 Integrated Annual Report at www.altron.com and appears in note 20 of the consolidated financial statements.

BORROWING POWERS AND RESTRICTIVE FUNDING ARRANGEMENTS

In terms of its Memorandum of Incorporation, Altron has unlimited borrowing powers. As at 28 February 2022 unutilised borrowing facilities amounted to R1.292 billion (2021: R800 million).

REPURCHASED EQUITY SECURITIES

No securities of Altron were repurchased in the current year.

ISSUES FOR CASH

Altron did not undertake any issues of securities for cash, whether general or specific, during the period covered by this Directors' report or during the prior financial year.

DIRECTOR'S RESPONSIBILITY STATEMENT

The Directors are responsible for the preparation and fair presentation of the consolidated and separate Annual Financial Statements of Altron, comprising the statements of financial position at 28 February 2022, and the statements of comprehensive income, changes in equity and cash flows for the year ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations as issued by the IFRS Interpretations Committee ("IFRIC"), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee ("APC"), Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council ("FRSC"), the JSE Listings Requirements and the requirements of the Companies Act, and the Directors report. Any changes to accounting policies have been approved by the Board of Directors and the effects thereof have been explained in the Annual Financial Statements. The Company also subscribes in all its activities to principles of best practice and corporate governance, as set out in King IV.

The Directors are also responsible for such internal controls as the Directors determine is necessary by the Company's policy of business conduct, which covers ethical behaviour, compliance with legislation and enables the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management as well as the preparation of the supplementary schedules included in the financial statements.

The Directors reviewed the budgets and cash flow forecasts of the Company and its subsidiaries for the year to 28 February 2022. On the basis of this review and in light of the current financial position and existing borrowing facilities, the Directors have made an assessment of the ability of the Company and its subsidiaries to continue as going concerns and have no reason to believe that the businesses will not be going concerns in the year ahead and have accordingly adopted the going concern basis in preparing the Annual Financial Statements.

The independent auditor, PricewaterhouseCoopers Inc., is responsible for reporting on whether the consolidated and separate financial statements set out on page 26 to 169 are fairly presented in accordance with the applicable financial reporting framework.

APPROVAL OF CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

The consolidated and separate Annual Financial Statements of Altron, as set out on page 1 to 173 were approved by the Board of Directors on 13 May 2022 and signed on its behalf by:

For: **Altron Limited**

Mr. SW van Graan
Chairman

Mr. M Nyati
Chief Executive

Mr. N Bofilatos
Chief Financial Officer

15 May 2022

COMPANY SECRETARY CERTIFICATE

In terms of section 88(2)(e) of the Companies Act No. 71 of 2008, I certify that, to the best of my knowledge and belief, the Company has lodged with the Companies and Intellectual Property Commission all such returns and notices that are required of a public company in terms of the Companies Act, in respect of the financial year ended 28 February 2022, and that all such returns and notices are true, correct and up to date.

Nicole Morgan.

Ms. N Morgan
Group Company Secretary

1 5 May 2022

CHIEF EXECUTIVE AND CHIEF FINANCIAL OFFICER'S RESPONSIBILITY STATEMENT

for the year ended 28 February 2022

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

- the Annual Financial Statements, set out on pages 1 to 173, fairly present in all material respects the financial position, performance and cash flows of the issuer in terms of IFRS;
- no facts have been omitted or untrue statements made that would make the Annual Financial Statements false or misleading;
- internal financial controls have been put in place to ensure that material information relating to the issuer and its consolidated subsidiaries have been provided to effectively prepare the financial statements of the issuer; and
- the internal financial controls are adequate and effective and can be relied upon in compiling the Annual Financial Statements, having fulfilled our role and function within the combined assurance model pursuant to principle 15 of the King Code.

Where we were not satisfied, we have disclosed to the Audit and Risk Committee and the auditors the deficiencies in design and operational effectiveness of the internal controls and any fraud that involves Directors and have taken the necessary remedial action.

Mr. M Nyati
Chief Executive Officer

Mr. N Bofilatos
Chief Financial Officer

15 May 2022

REPORT OF THE ALTRON AUDIT AND RISK COMMITTEE

for the year ended 28 February 2022

We are pleased to present our report for the financial year ended 28 February 2022. The Altron Audit and Risk Committee ("the Committee") is an independent statutory Committee. Duties are delegated to the Committee by the Board of Directors ("the Board") of Altron Limited ("Altron").

The scope of the Committee extends to all activities of Altron and its subsidiaries, both locally and internationally. The Committee also acts as the statutory Committee of Altron Finance Proprietary Limited, Altron TMT Holdings Proprietary Limited, Altron TMT SA Group Proprietary Limited, Altron Nexus Proprietary Limited and Altron TMT Proprietary Limited (housing Altron's operating divisions). The Netstar Group and the Altron Arrow Group have their own Financial Review and Risk Committees, which report to this Committee.

AUDIT & RISK COMMITTEE MANDATE AND TERMS OF REFERENCE

Altron previously had a stand-alone Audit Committee and a stand-alone Risk Committee for a period of the financial year between 1 March until 12 September 2021. These stand-alone Committees operated within the construct of their own mandate and terms of reference. Several reporting matters were duplicated across both Committees and the Altron Board adopted a decision to streamline and restructure some of its committees into dual functional Committees. From 13 September 2021, the stand-alone Committees were merged to form the Altron Audit and Risk Committee ("AARC") and the roles, responsibilities, duties, mandate and terms of reference were reviewed by management with members of the AARC to ensure that the former was reflective of the spirit and nature of the newly constructed Committee.

The Committee operates in terms of a formal mandate and terms of reference that have been approved by the Board. During the past financial year, the Committee's mandate and terms of reference have been reviewed and, where appropriate, updated to further align with corporate governance best practice. The Committee has conducted its affairs in compliance with its mandate and terms of reference and has fulfilled its responsibilities contained therein.

AUDIT & RISK COMMITTEE MEMBERS AND ATTENDANCE AT MEETINGS

During the financial year, the Committee consisted of three independent, non-executive Directors and met at least three times per annum as per the Committee's mandate and terms of reference. The Altron Chief Executive, Chief Financial Officer, Group Executives (as appropriate from time to time), the External Auditors (PricewaterhouseCoopers Inc.) and other senior function managers such as the Altron Tax Executive, Altron Chief Information Officer, Legal Executive,Treasury and Corporate Actions Executive, attend meetings by invitation from the Committee. The Chairman of the Committee (Mr. Grant Gelink) meets regularly with the Chief Financial Officer, the External Auditor and other Group Executives.

During the year under review, three formal meetings were held, with attendance by Committee members at these meetings, the details of which together with the names and qualifications of the Committee members which have been set out in the table below. The Committee members also held a number of discussions during the year to adequately prepare for matters formally addressed by the Committee in line with its mandate and terms of reference.

Committee Membership

Members	Qualifications	May 2021	October 2021	**February 2022**
GG Gelink (Chairman)	CA (SA); BCompt (Hons) (UNISA); BCom (UND) (Hons) (UNISA)	Yes	Yes	**Yes**
BJ Francis*	BCompt (Hons), MBA, CIA	Yes	No	**No**
SW van Graan**	BCom (Hons) in Information Systems (UCT); Programme for Management Development (UCT Graduate School of Business)	Yes	Yes (as invitee)	**Yes (as invitee)**
AK Sithebe***	BCom Acc (RAU); BCom Acc Honours (UNISA); CA(SA); MBA (GIBS)	No	Yes	**Yes**
RE Venter^	BA (Econ) (UCLA); MBA (UCLA) (Dean's List)	No	Yes	**No**
S Rapeti^^	Higher National Diploma in Electrical Engineering (Durban University of Technology); MBA (*cum laude*) (University of Wales)	No	No	**Yes**

* *Resigned as a member of the Board and the Committee on 10 September 2021.*
** *Resigned as a member of the Committee on 28 July 2021.*
*** *Appointed as a member of the Committee on 28 July 2021.*
^ *Resigned as a member of the Committee on 19 November 2021.*
^^ *Appointed as a member of the Committee on 19 November 2021.*

ROLES AND RESPONSIBILITIES

The Committee's roles and responsibilities include its statutory duties as per the Companies Act, as King IV and the responsibilities assigned to it by the Altron Board.

STATUTORY DUTIES

In the conduct of its duties, the Committee has performed the following statutory duties:

- Nominated the re-appointment as External Auditor of the Company for the financial year ended 28 February 2022 PricewaterhouseCoopers Inc. ("PwC"), a registered auditor which, in the opinion of the Committee, is independent of the Company and the Altron Group. The re-appointment of PwC as External Auditor was approved by Altron's shareholders during the Company's Annual General Meeting held on 28 July 2021;
- Determined the fees to be paid to the External Auditor and their terms of engagement;
- Ensured that the re-appointment of the External Auditor complies with the Companies Act, and any other legislation relating to the appointment of auditors;
- Determined the nature and extent of the non-audit related services that the External Auditor may provide to the Company and the Altron Group;
- Pre-approved any proposed agreement with the External Auditor for the provision of non-audit related services to the Company and the Altron Group; and
- Discharged those statutory obligations of a committee as prescribed by section 94 of the Companies Act, acting in its capacity as the appointed Audit Committee of the Altron Group subsidiaries and the material subsidiaries which conduct their activities through the respective subsidiary Financial Review and Risk Committees.

KEY AREAS OF ACTIVITY DURING THE YEAR

During the year, the Committee dealt with the following statutory, regulatory and compliance matters:

- Reviewed the Chief Financial Officer's reports wherein the following financial matters were reported on: Group's financial performance, forecasts, the budget, capital expenditure, balance sheet, working capital, going concern assessment, solvency and liquidity assessment, cash flow and debt management;

- Reviewed reports from the Group Treasury Executive in regard to Group funding matters, including the Group's facilities, the refinancing and ongoing renewal thereof, debt covenants and compliance of arrangements with the Group's lenders;
- Reviewed reports relating to enterprise risk management, cyber security, fraud reporting, loss reporting and integrated assurance from the responsible Group Executive;
- Monitored the legal matter and the financial provisioning relating to legal proceedings between Altron Nexus and the City of Tshwane;
- Received reports from the Altron Arrow and Netstar Financial Reporting and Review Committees;
- Reviewed the Committee's revised and amended mandate terms of reference and work plans which were aligned to the merged AARC; and
- Reviewed and discussed legislative and regulatory changes.

EXTERNAL AUDITOR RE-APPOINTMENT AND INDEPENDENCE

The Committee has satisfied itself that the External Auditor, PwC, was independent of the Company during the past financial year, as set out in sections 90(2)(c) and 94(8) of the Companies Act, which includes consideration of compliance with criteria relating to independence or conflicts of interest as prescribed by the Independent Regulatory Board for Auditors. Requisite assurance was sought and provided by the External Auditor that internal governance processes within PwC support and demonstrate their claim to independence.

The Committee, in consultation with Altron executive management, agreed to the engagement letter, terms, audit plan and proposed external audit fees for the financial year ended 28 February 2022.

There is a formal written policy and procedure (incorporating an authority matrix) that governs the process whereby the External Auditor is considered for providing non-audit related services. The Committee has in place approved terms for the provision of non-audit related services by the External Auditor and approved the nature and extent of non-audit related services that the External Auditor may provide.

The Committee has nominated, for re-appointment at the Annual General Meeting, PwC as the External Auditor of Altron for the financial year ending 28 February 2023. It has further satisfied itself that PwC, the individual auditor, Ms. Alinah Motaung, as well as the reporting accountants, are accredited and appear on the JSE List of Accredited Auditors. Furthermore, the Committee has satisfied itself that PwC, the audit firm of Altron's major subsidiaries is not disqualified from acting as such. The Committee conducted the auditor suitability assessment in terms of paragraph 3.84(g)(iii) and section 22.15(h) of the JSE Listings Requirements.

The Committee has nominated, for re-appointment, Ms. Alinah Motaung, as the designated auditor/lead audit partner for the Altron Group as required in terms of section 92(1) of the Companies Act and the JSE Listings Requirements.

INTERNAL FINANCIAL CONTROLS

Based on the results of the formal documented review of the design, implementation and effectiveness of the Altron Group's system of internal financial controls conducted by the Internal Audit function during the financial year ended 28 February 2022, and in addition, considering information and explanations given by management and discussions held with the External Auditor on the results of their audit, the Committee is of the opinion that the Altron Group's system of internal financial controls are effective and forms a basis for the preparation of reliable financial statements.

Several non-material internal control deficiencies were identified across various operations. A formal remediation plan has been developed to address control deficiencies identified and remedial actions are planned to be completed in stages. The Committee is satisfied that none of these deficiencies had a material effect for the purposes of the preparation and presentation of the financial statements for the year under review.

FINANCIAL STATEMENTS

The Committee has reviewed the financial statements of the Altron Group and is satisfied that they comply in all material respects with IFRS as issued by the IASB and Interpretations as issued by the IFRIC, the SAICA Financial Reporting Guides as issued by the APC, Financial Reporting Pronouncements as issued by the FRSC, the Johannesburg Stock Exchange (JSE) Listings Requirements and the requirements of the South African Companies Act.

GOING CONCERN

The Committee reviewed a documented assessment by management of the going concern premise of the Company and the Altron Group before recommending to the Board that the Company, as well as the Altron Group, will be a going concern in the foreseeable future.

EXPERTISE AND EXPERIENCE OF FINANCIAL DIRECTOR AND FINANCE FUNCTION

The Committee assessed Mr. Bofilatos' expertise and experience for the role as required in terms of paragraph 3.84(g) of the JSE Listings Requirements in May 2022 and confirms that it is satisfied that Mr. Bofilatos, Altron's current Chief Financial Officer (appointed on 28 July 2021) demonstrates the appropriate expertise and experience to meet the responsibilities of this position.

The Committee has considered and has satisfied itself of the overall appropriateness of the expertise and adequacy of resources of the Group's finance function and experience of the senior members of management responsible for the financial function.

DUTIES ASSIGNED BY THE BOARD

The Committee fulfils an oversight role regarding the Company's Integrated Annual Report and the reporting process, including the system of internal financial control. It is responsible for ensuring that the Altron Group's Internal Audit function is independent and has the necessary resources, standing and authority within the organisation to enable it to effectively discharge its duties. Furthermore, the Committee oversees co-operation between the Internal and External Auditors and serves as a link between the Board of Directors and these functions.

During the prior year, the Committee had several engagements with the External Auditor and with the member/s of the Group Executive to ensure that information relevant to the Committee is shared regularly.

The Committee is satisfied that it has complied in all material respects, with its legal, regulatory, and other responsibilities.

RISK MANAGEMENT

Due to the restructuring of Altron's Committees resulting in the combination of the stand-alone Audit Committee and the stand-alone Risk Committee to form the Altron Audit and Risk Committee, the Committee has oversight of Altron and its Group operations' risk management function. This is to streamline the Committee efforts while ensuring strong governance and controls within the financial, audit and risk functions of the Group.

The Committee also fulfils an oversight role regarding financial reporting risks, internal financial controls, fraud risk as it relates to financial reporting and information technology risk as it relates to financial reporting.

INTERNAL AUDIT

The internal audit function is performed internally and is managed by the responsible Group Executive, (Ms. Debra Marais) who monitors and has oversight of the affairs of the internal audit function.

The internal audit function has the responsibility of reviewing and providing assurance on the adequacy of the internal control environment across all Altron's operations in accordance with the internal audit plan as approved by the Committee. Internal Audit is responsible for formally reporting the findings of the internal audit work against the agreed internal audit plan to the Committee on a regular basis and has direct access to the Committee, primarily through its Chairman.

WHISTLEBLOWING

Whistleblowing is reported to the Altron RemSec via the office of the Company Secretary and Chief Information Officer. The whistleblowing hotline (Altron Ethics Line) is facilitated and managed by Deloitte. The Committee is satisfied that appropriate interventions have been put in place to deal with whistleblowing throughout the Altron Group and that the Altron Group adequately communicates with employees on whistleblowing and monitors instances of whistleblowing within the Group.

COMBINED ASSURANCE

The Committee considers and assesses the Group's risks and the combined assurance model and the way the risks are mitigated and managed in terms of the Group's lines of defence. The Committee has oversight of the Group's combined assurance model which was embedded within the Group during the financial year.

SUSTAINABILITY REPORTING

The Committee considered the Company's sustainability information as disclosed in the 2022 Integrated Annual Report and has assessed its consistency with operational and other information known to Committee members, and for consistency with the Annual Financial Statements. The Committee discussed the sustainability information with management and is satisfied with the conclusions reached. The Committee is satisfied that the sustainability information is, in all material respects, reliable and consistent with the financial results. Nothing has come to the attention of the Committee to indicate any material deficiencies in this regard.

OPINION

Based on the information and explanations given by management, and discussions with the External Auditor regarding the results of their audit, the Committee is satisfied that there was no material breakdown in the internal financial controls during the financial year under review. In line with the requirements of King IV, the Audit Committee is satisfied that the Group's financial reporting risk, internal financial controls and fraud risk relating to financial reporting and information technology have been adequately addressed under the financial year under review.

The Committee has reviewed the separate and consolidated financial statements of Altron for the year ended 28 February 2022 and, based on the information provided to the Committee, considers that Altron complies, in all material aspects, with the requirements of the Companies Act and IFRS.

The Committee has recommended the Annual Financial Statements to the Board for approval. The Board has subsequently approved the Annual Financial Statements which will be open for discussion at the forthcoming Annual General Meeting.

GG Gelink
Chairman: Altron Audit & Risk Committee

15 May 2022

INDEPENDENT AUDITOR'S REPORT

Independent auditor's report

To the Shareholders of Altron Limited

Report on the audit of the consolidated and separate financial statements

Our opinion

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Altron Limited (the Company) and its subsidiaries (together the Group) as at 28 February 2022, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

What we have audited

Altron Limited's consolidated and separate financial statements set out on pages 26 to 169 comprise:

- the consolidated and separate balance sheets as at 28 February 2022;
- the consolidated and separate statements of comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated and separate financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled

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Chief Executive Officer: L S Machaba
The Company's principal place of business is at 4 Lisbon Lane, Waterfall City, Jukskei View, where a list of directors' names is available for inspection.
Reg. no. 1998/012055/21, VAT reg.no. 4950174682.

our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*.

Our audit approach

Overview

Overall group materiality

- Overall group materiality: R59 million, which represents 0.75% of consolidated revenue from continuing operations.

Group audit scope

- Our audit included a full scope audit of nine components that were financially significant to the consolidated results plus the audit of the Company. Review, specified or audit of certain account balances were performed over the remaining five components based on the associated risk of the component.
- The main indicators used to identify financially significant components are consolidated revenue, consolidated profit before tax, consolidated earnings before interest, taxation, depreciation, amortisation, capital items and equity accounted losses ("EBITDA before capital items and equity accounted losses") and consolidated assets and consolidated liabilities.

Key audit matters

- Impairment assessment of goodwill; and
- Recoverability of gross trade receivable balance owing from Thobela Telecoms (RF) Proprietary Limited.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated and separate financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Overall group materiality	R59 million.
How we determined it	0.75% of consolidated revenue from continuing operations.
Rationale for the materiality benchmark applied	We chose consolidated revenue from continuing operations, because in our view, it is the benchmark against which the performance of the Group is most commonly measured by users in an environment of low profitability and volatility of profits due to disposal activities within the Group. We chose 0.75%, which is lower than the quantitative materiality thresholds that we would typically apply when using revenue to compute materiality, because the Group has significant exposure to external debt, with related debt covenant requirements.

How we tailored our group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Our scoping assessment included consideration of financially significant components as well as taking into consideration the sufficiency of work performed over material line items in the consolidated financial statements.

We performed full scope audits of nine components that were financially significant, in addition to the full scope audit of the Company. Review, specified or audit of certain account balances were performed over the remaining five components based on the associated risk of the component.

The main indicators used to identify financially significant components are consolidated revenue; consolidated profit before taxation; consolidated earnings before interest; taxation; depreciation and amortisation; capital items and equity accounted losses ("EBITDA before capital items and equity accounted losses"); consolidated assets and consolidated liabilities.

In establishing the overall approach to the group audit, we determined the extent of the work that needed to be performed by us, as the group engagement team, and component auditors from other PwC network firms as well as another audit firm, operating under our instruction, in order to issue our audit opinion on the consolidated financial statements of the Group. Where the work was performed by component auditors, we determined the level of involvement necessary in the audit work at those components to be able to conclude whether sufficient appropriate audit evidence has been obtained as a basis for our opinion on the consolidated financial statements as a whole. Detailed group audit instructions were communicated to all components in scope and meetings were held with significant component teams before commencing their respective audits. Throughout the audit, numerous planning, execution and completion meetings and discussions were held with the component auditors of the significant components.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters discussed in the table below relate to the consolidated financial statements. We have determined that there are no key audit matters with regards to the audit of the separate financial statements of the Company for the current period to communicate in our report.

Key audit matter	***How our audit addressed the key audit matter***
Impairment assessment of goodwill Due to the number of business combinations that the Group has historically entered into, the	We tested the mathematical accuracy of the valuation models used by management and found no material differences.

pwc

Group's net assets include a significant amount of goodwill at the reporting date. As required by International Accounting Standard (IAS) 36, *Impairment of Assets* ("IAS 36"), the Group performs an impairment assessment of goodwill on an annual basis and when impairment indicators are identified. The Group applies the fair value less costs of disposal ("FVLCD") in assessing the cash generating units ("CGUs") for impairment. A discounted cash flow valuation model is used to calculate the FVLCD. When an impairment is indicated through the FVLCD assessment, an impairment loss is determined where the recoverable amount is lower than the carrying value of the CGU. Based on management's assessment, no impairment of goodwill was recognised as at 28 February 2022. The goodwill impairment assessment is considered to be a matter of most significance in our audit of the consolidated financial statements due to the significance of the balance, as well as the significance of the judgements and assumptions made by management when performing the impairment assessment, particularly the: - Weighted average cost of capital discount rates; - Cash flow forecasts; - The impact of COVID-19; and - Long term growth rates. This matter is disclosed in the following notes to the consolidated financial statements: - Note 2: Goodwill and other intangible assets; - Note 31: Critical judgements and estimates made by management	We further assessed the appropriateness of the valuation model (discounted cash flow model) applied by management, with reference to market practice and the requirements of IAS 36. No exceptions were noted. We assessed the reliability of the Group's budgets included in the business plans (which form the basis of the cash flow forecasts), by comparing prior period budgets to actual results and evaluating differences noted against underlying documentation and explanations obtained from management. We did not note any aspects in this regard requiring further consideration. We agreed revenue, EBITDA, capital expenditure as well as working capital applied in the forecasted cash flows, to approved budgets and noted no material differences. We assessed revenue growth rates and EBITDA margins during the forecast period against the Group's strategic initiatives, taking into account the ongoing impact of COVID-19, as well as historical growth rates and EBITDA margins achieved. We noted that these were within our range of reasonable rates. We utilised our valuations expertise and performed the following procedures: ● We independently calculated a range of discount rates for each CGU by taking into account the respective components' cost of debt and debt/equity ratios, as well as independent data such as risk-free rates in the applicable market, market risk premiums, and the beta of comparable companies. ; ● We compared the long term growth rates applied by management to publicly available information relating to long-term average growth rates for each of

31.1 Critical estimates made by management - Impairment assessments of assets.	the markets in which the respective CGU operates, and found them to be within a reasonable range of each other. • Using our independently calculated discount rates and growth rates for each CGU, we performed a stress test on the Group's impairment calculations by applying our independently calculated inputs to the CGU's cash flows to assess whether there is an impairment. No further impairments were indicated through this analysis. We further performed sensitivity analyses to determine the minimum changes in discount rates, long term growth rates and forecast cash flows that would result in limited or no headroom being available, and compared our results to that of management in order to identify those cash generating units considered sensitive to a change in assumptions for disclosure purposes. No material differences were noted.
Recoverability of gross trade receivable balance owing from Thobela Telecoms (RF) Proprietary Limited Altron Nexus Proprietary Limited ("Nexus"), a subsidiary of the Group, holds a jointly controlled interest in Thobela Telecoms (RF) Proprietary Limited ("TT"). TT is the vehicle through which the City of Tshwane Metropolitan Municipality ("CoT") contracted Nexus for the procurement and installation of a fibre broadband network ("CoT project"). The Group has recognised an outstanding trade receivable balance of R309 million owing to Nexus from TT with respect to the delivery of equipment to service the contract with the CoT. As disclosed in note 11, the contract between TT and the CoT has been subject to extensive legal dispute with respect to its validity. The outcome of the dispute as of the date of the financial statements is that TT and the CoT are to negotiate an	We obtained and inspected the legal opinions prepared by both Altron in-house and external legal counsel to confirm the validity of the contract following the Supreme Court of Appeal's judgement handed down in favour of TT. We inspected the minutes of meetings between the CoT, TT and Nexus's legal counsel in support of the high probability of the matter being settled through the revised BOT. We reviewed records of the weekly meetings held between the representatives of Altron, Nexus, TT, the CoT, each party's legal counsel, as well as the funders for the revised BOT arrangement, where the following was noted:

updated agreement based on the current needs of the CoT and the CoT is to confirm that adequate funding and resources are in place to proceed with that agreement. The uncertainty as to the future outlook for the contract between TT and CoT has triggered an impairment indicator for the receivable between Nexus and TT. An expected credit loss ("ECL") allowance was calculated on a weighted probability basis, taking into account various scenarios through which the outstanding debtor could be settled. Through consultation with legal counsel, management has been guided to the conclusion that there is a high probable outcome of success in relation to the matter being settled through the recovery of a revised Build, Operate and Transfer ("BOT") agreement. The resulting ECL represents the present value of the difference between the contractual amount outstanding and the probability-weighted expected actual cash flows taking into account the high probability of recovering the outstanding debtor through the revised BOT arrangement. The ECL allowance recognised at year end is R23 million. The recoverability of the TT trade receivable is considered a matter of most significance in our audit of the consolidated financial statements due to the significant judgement and estimation required to evaluate its recoverability and due to the magnitude of the balance involved. This matter is disclosed in the following notes to the consolidated financial statements: - Accounting policies: Financial instruments - Impairment; - Note 11: Trade and Other Receivables ; and	● It is the intention of all parties to settle the outstanding debtor through a revised BOT agreement. ● Furthermore, it is the intention of all parties that the outstanding debtor be settled prior to the commencement of the revised BOT. We obtained the ECL calculation prepared by management in relation to the receivable from TT and casted it for mathematical accuracy, noting no material differences. We inspected the calculation and noted that it reflected a high probability outcome in recovering the outstanding debtor through the revised BOT consistent with the views of in-house and external legal counsel, as well as the intention of the CoT, Nexus and TT as reflected in the minutes of the meetings inspected above. We independently recalculated management's ECL for the TT receivable and noted no material differences between our calculation and that performed by management.

- Note 31: Critical judgements and estimates made by management 31.1 Critical estimates made by management - Impairment assessments of assets.	

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Altron Annual Financial Statements for the year ended 28 February 2022", which includes the Directors' Report, the Report of the Altron Audit and Risk Committee's Report and the Company Secretary Certificate as required by the Companies Act of South Africa, which we obtained prior to the date of this auditor's report, and the documents titled "Altron Integrated Annual Report 2022", "Altron Social, Ethics and Sustainability Committee Report 2022", "Altron Remuneration Report 2022", "Altron Social and Ethics Committee Report 2022" and "Altron Annual Statutory Report 2022", which are expected to be made available to us after that date. The other information does not include the consolidated or the separate financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated and separate financial statements

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

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

Auditor's responsibilities for the audit of the consolidated and separate financial statements

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

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

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

financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on other legal and regulatory requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that PricewaterhouseCoopers Inc. has been the auditor of Altron Limited for 4 years.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc. '
Director: AM Motaung
Registered Auditor

Johannesburg, South Africa

15 May 2022

ACCOUNTING POLICIES

Altron Limited (the Company) is a South African registered Company and is listed on the Johannesburg Stock Exchange (JSE). The consolidated financial statements of the Company for the year ended 28 February 2021 comprise the Company and its subsidiaries and the Group's interests in associates and joint arrangements (together referred to as the "Group"). Where reference is made to the Group in the accounting policies, it should be interpreted as referring to the Company where the context requires, unless otherwise noted.

STATEMENT OF COMPLIANCE

The consolidated and separate financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and Interpretations as issued by the IFRS Interpretations Committee (IFRIC), and comply with the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee (APC), Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council (FRSC), the Johannesburg Stock Exchange (JSE) Listings Requirements and the requirements of the South African Companies Act, No 71 of 2008 (the Companies Act). The consolidated and separate financial statements were authorised for issue by the Group's Board of Directors on 13 May 2022 and released on 16 May 2022.

BASIS OF PREPARATION

Amounts are rounded to the nearest million with the exception of earnings per share and the related number of shares (note 26), number of ordinary shares (note 13), share-based payments (note 13), Directors' and Prescribed Officers' remuneration (note 20) and related party interests (note 30).

The consolidated financial statements are presented in South African Rands, which is the Group's functional currency, on a historical-cost basis, except for the following assets and liabilities which are stated at fair value:

- Financial assets at fair value through other comprehensive income;
- Financial assets at fair value through profit or loss (including derivative financial instruments);
- Defined benefit assets; and
- Share-based payment recharge arrangement asset.

Non-current assets and disposal Groups held-for-sale which include Altron Rest of Africa ("AROA") and Altron Document Solutions ("ADS") are measured at the lower of their carrying amount and fair value less costs to sell.Altron Arrow ("Arrow") is a subsidiary within the Group which was previously classified as held-for-sale. Due to the lack of potential buyers, the conditions in paragraph B1(c) of IFRS 5, for an exception to the one-year requirement in paragraph 8 of IFRS 5 to apply, have not been met during the current financial year and the assets and liabilities of the disposal group ceased to be classified as held-for-sale at the reporting date as a result. Arrow's results have therefore been consolidated in accordance with IFRS 10 *Consolidated Financial Statements*, as from the date of its initial classification as held-for-sale. The financial statements have therefore been amended accordingly, refer to note 43.

The defined benefit asset is measured as the fair value of plan assets less the present value of the defined benefit obligation, limited as explained in note 18.

CRITICAL JUDGEMENTS AND ESTIMATES

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that may affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision only affects that period, or in the period of the revision and future periods if the revision affects both current and future periods. Judgements made by management in the application of IFRS that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are disclosed in note 31.

PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out on the following pages and in the related notes to the Group financial statements. Where applicable, the principal accounting policies applied in the Company financial statements are consistent with those applied in the Group financial statements. The principal accounting policies applied are consistent with those adopted in the prior year.

The Group's accounting policies have been applied consistently by all Group entities.

NEW AND AMENDED ACCOUNTING PRONOUNCEMENTS ADOPTED BY THE GROUP

As disclosed in note 32, a number of new pronouncements and/or interpretations were effective from 1 March 2021. These had no material effect on the Group's or Company's financial statements.

BASIS OF CONSOLIDATION

SUBSIDIARIES

Subsidiaries are those entities controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power to direct the relevant activities of the investee. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Losses and each component of comprehensive income applicable to non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

On loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interest and other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss.

When the Group ceases to have control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests. Any retained interest in the entity is remeasured to its fair value. Any resulting gain or loss is recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income (OCI) in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in OCI are reclassified to profit or loss. The remaining other reserves related to that entity are transferred to retained earnings.

On an acquisition-by-acquisition basis, non-controlling interests in the acquiree may initially be measured either at fair value, or at the non-controlling shareholders' proportion of the net identifiable assets acquired and liabilities and contingent liabilities assumed.

Non-controlling shareholders are treated as equity participants; therefore, all acquisitions of non-controlling interests or disposals by the Group of its interests in subsidiaries, where control is maintained subsequent to the disposal, are accounted for as equity transactions. Consequently, any increases or decreases in ownership interests in subsidiaries, without a change in control, are recognised as equity transactions in the consolidated financial statements.

Accordingly, any premiums or discounts on purchases of equity instruments from, or sales of equity instruments to, non-controlling interests are recognised directly in the equity of the parent shareholder.

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

ASSOCIATES

An associate is an entity in which the Group holds an equity interest, over which the Group has significant influence and is neither a subsidiary nor an interest in a joint arrangement. Significant influence is the power to participate in the financial and operating policy decisions of the associate but is not control or joint control over those policies. The equity method of accounting for associates is adopted in the consolidated financial statements. The consolidated financial statements include the Group's share of profit or loss and other comprehensive income of associates from the date significant influence commences until the date significant influence ceases.

Goodwill included in the carrying amount of an investment in associate is not tested for impairment annually, but rather, the entire investment is tested for impairment if there is an indication of impairment.

Dividends received from associates are deducted from the carrying value of the investment. Where the Group's share of losses of an associate exceeds the carrying amount of the associate, the associate is carried at no value. Additional losses are only recognised to the extent that the Group has an obligation or has made payments on behalf of the associate.

JOINT ARRANGEMENTS

Joint arrangements are those entities in respect of which there is a contractual agreement whereby the Group and one or more other parties undertake an economic activity, which is subject to joint control.

A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations.

The Group's participation in joint ventures is accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of profits or losses and other comprehensive income of the equity-accounted investees, until the date on which joint control ceases.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

When the Group ceases to equity account for an investment because of a loss of joint control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as a financial asset.

ELIMINATIONS ON CONSOLIDATION

Intra-Group balances and transactions, and any unrealised gains or losses arising from intra-Group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associates and joint ventures are eliminated to the extent of the Group's interest in these enterprises. Unrealised losses on transactions with associates and joint ventures are eliminated in the same way as unrealised gains, except that they are only eliminated to the extent that there is no evidence of impairment.

BUSINESS COMBINATION

All business combinations are accounted for by applying the 'acquisition method', as at the acquisition date, which is the date on which control is transferred to the Group.

For acquisitions on or after 1 March 2010, the Group measures goodwill at the acquisition date as:

- the fair value of consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Subsequent to acquisition, goodwill is measured at cost less accumulated impairment losses and is allocated to cash-generating units and tested annually for impairment. Goodwill is not amortised and impairment losses recognised are not subsequently reversed.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit and loss. Any deferred purchase or contingent consideration payable is recognised at fair value at the acquisition date. Subsequent changes in the fair value of contingent consideration are recognised in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Cash-generating units represent the business operations from which the goodwill was originally generated. On disposal of a subsidiary, joint arrangement or associate, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

When the Group ceases to have control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests. Any retained interest in the entity is remeasured to its fair value. Any resulting gain or loss is recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture, or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss. The remaining other reserves related to that entity are transferred to retained earnings, with the exception of share-based payment reserve which is reclassified to profit or loss.

CAPITAL ITEMS

Capital items are items of income and expense relating to the impairment, subsequent reversal of impairment and disposal gains or losses of property, plant and equipment, right-of-use assets, investments, subsidiaries, intangible assets and capital items written off. Capital items also includes the reclassification of foreign currency translation reserve to profit or loss, net gains and losses arising from partial or full termination of leases, gains or losses recognised on the measurement to fair value, less costs to sell of held-for-sale disposal groups, goodwill impairments, 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.

EMPLOYEE BENEFITS

SHORT-TERM EMPLOYEE BENEFITS

The cost of all short-term employee benefits is recognised in profit or loss during the period in which the employee renders the related service.

The accruals for employee entitlements to salaries, performance bonuses and annual leave represent the amounts which the Group has a present obligation to pay as a result of the employee's services provided. The accruals have been calculated at undiscounted amounts based on current salary levels.

RETIREMENT BENEFITS

The majority of the Group's employees are members of the Altron Group Pension Fund and Altron Group Provident Fund. The Altron Group Pension Fund is treated as a defined benefit plan and the Altron Group Provident Fund is treated as a defined contribution plan.

After the acquisition of subsidiaries, certain employees remained members of their previous funds. While a number of these are defined benefit plans, these industry-managed retirement benefit schemes are dealt with as defined contribution plans as there is insufficient information available to apply defined benefit accounting.

The Group's contributions to defined contribution funds are recognised in profit or loss in the year they are incurred.

DEFINED BENEFIT OBLIGATIONS

Certain members of the Altron Group Pension Fund who were members prior to 1 September 1996 are entitled to a minimum benefit equal to the previously provided defined benefit pension.

The Group's net obligation in respect of the defined-benefit plan is calculated separately by estimating the amounts of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The fair value of any plan assets is deducted. The discount rate is the yield at the reporting date on suitable corporate bonds that have maturity dates approximating the terms of the Group's obligations and are denominated in rand as the benefits are expected to be paid in rand. Actuarial valuations are conducted annually. The calculation is performed by qualified actuaries using the projected unit credit method.

When the calculation results in a benefit to the Group, the recognised asset is limited to the present value of economic benefits available in the form of any refunds available from the plan or reductions in contributions to the plan. In terms of the Fund rules, refunds to the Group are limited to amounts credited or to be credited to the employer surplus account in accordance with the Pension Funds Act, No 24 of 1956, as amended, where this does not exceed the total of any unrecognised past service costs. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Group. An economic benefit is available to the Group if it is realisable during the life of the plan, or on settlement of the plan liabilities.

The defined-benefit cost recognised in profit or loss includes the current service cost and the net interest on the net defined-benefit liability/asset. Net interest expense/income is the interest on the net defined-benefit liability/asset at the beginning of the period, calculated using the discount rate used in the previous year's actuarial valuation. The interest considers changes in the net defined-benefit liability /asset during the year as a result of contributions and benefit payments.

The defined-benefit cost relating to actuarial gains and losses, which includes the return on plan assets (excluding the interest income recognised in profit or loss) and the effect of the asset ceiling (excluding the interest cost) and any changes in actuarial assumptions or experience adjustments, are remeasurements and are recognised immediately in other comprehensive income.

FINANCIAL INSTRUMENTS

ACCOUNTING FOR FINANCIAL INSTRUMENTS

Financial instruments comprise investments in equity, loans receivable, trade and other receivables (excluding prepayments), preference share investments, cash and cash equivalents, restricted cash, non-current and current loans payable, bank overdrafts, derivatives and trade and other payables.

RECOGNITION

Financial assets and liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instruments. Financial assets are recognised on the date the Group commits to purchase the instruments (trade date accounting).

Financial assets are classified as current if expected to be realised or settled within 12 months from the reporting date; if not; they are classified as non-current. Financial liabilities are classified as non-current if the Group has an unconditional right to defer payment for more than 12 months from the reporting date.

CLASSIFICATION

The Group classifies financial assets on initial recognition as measured at amortised cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL) based on the Group's business model for managing the financial asset and the cash flow characteristics of the financial asset.

Financial assets are classified as follows:

- Equity instruments at FVOCI – The assets are not held for trading and the Group has irrevocably elected on initial recognition to recognise the asset as at FVOCI.
- FVTPL – Instruments that are held for trading, forward exchange contracts and convertible notes received as part of the Bytes UK demerger transaction in the prior year (note 42).

- Amortised cost – These assets are held within a business model with the objective to collect the contractual cash flows; and the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

Financial assets are not reclassified unless the Group changes its business model. In rare circumstances where the Group does change its business model, reclassifications are done prospectively from the date that the Group changes its business model. No reclassifications occurred during the current or prior financial years.

Financial liabilities are classified and measured at amortised cost except for those derivative liabilities and contingent consideration obligations that are measured at FVTPL.

MEASUREMENT ON INITIAL RECOGNITION

All financial assets and financial liabilities are initially measured at fair value, including transaction costs, except for those classified as FVTPL which are initially measured at fair value excluding transaction costs. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities classified as FVTPL are recognised immediately in profit or loss.

SUBSEQUENT MEASUREMENT: FINANCIAL ASSETS

Subsequent to initial recognition, financial assets are measured as described below:

- FVTPL – These financial assets are subsequently measured at fair value and changes therein (including any interest or dividend income) are recognised in profit or loss.
- Amortised cost – These financial assets are subsequently measured at amortised cost using the effective interest method, less impairment losses. Interest income, foreign exchange gains and losses and impairments are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
- Equity investments at FVOCI – These financial assets are subsequently measured at fair value. Dividends are recognised in profit or loss when the right to receive payment is established. Other net gains and losses are recognised in other comprehensive income (OCI). On derecognition, gains and losses accumulated in OCI are not reclassified to profit or loss.

SUBSEQUENT MEASUREMENT: FINANCIAL LIABILITIES

All financial liabilities, excluding derivative liabilities and contingent consideration obligations, are subsequently measured at amortised cost using the effective interest method. Derivative liabilities are subsequently measured at fair value with changes therein recognised in profit or loss.

DERECOGNITION

Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognised when the obligations specified in the contracts are discharged, cancelled, or expire. On derecognition of a financial asset or liability, any difference between the carrying amount extinguished and the consideration paid or received is recognised in profit or loss.

IMPAIRMENT

The Group calculates its allowance for credit losses based on expected credit losses (ECLs) for financial assets measured at amortised cost, debt instruments measured at FVOCI and contract assets.

ECLs are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the original effective interest rate (EIR) of the financial asset and are presented as part of net impairment losses on financial and other assets in the statement of comprehensive income.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime credit losses to be recognised from initial recognition of the receivables. Two methods are applied by the Group's operations namely the provision matrix and the simplified PD/LGD/EAD approach. The method selected is dependent upon the availability of information relating to historic losses. Refer to note 11 for further details.

The Group calculates its ECLs on other financial assets at amortised cost and at fair value through other comprehensive income using the general model. The Group applies the 12-month expected credit loss model on these instruments as there has not been an increase in the credit risk associated with the counterparty. The inputs used in the calculation of the ECLs are based on published indexes which incorporate an element of forward-looking information.

HEDGING

Where a derivative financial instrument is designated as a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability, a firm commitment if it is a hedge of foreign exchange risk, or a highly probable forecast transaction that could affect profit or loss, the effective part of any gain or loss on the derivative financial instrument is recognised directly in other comprehensive income and presented in the cash flow hedging reserve in equity. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

When the hedged firm commitment or forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the cumulative amount recognised in other comprehensive income up to the transaction date is adjusted against the initial cost or other carrying amount of the asset or liability. For other cash flow hedges, the cumulative amount is recognised in profit or loss in the period or periods when the commitment or forecast transaction affects profit or loss.

Where the hedging instrument or hedge relationship is terminated but the hedged transaction is still expected to occur, the cumulative unrealised gain or loss remains in other comprehensive income and is recognised in accordance with the above policy when the underlying transaction occurs. If the hedged transaction is no longer expected to occur, then hedge accounting is discontinued, and the cumulative unrealised gain or loss is immediately recognised in profit or loss.

Where a derivative financial instrument is used to economically hedge the foreign exchange exposure of a recognised monetary asset or liability and is not designated in a hedge relationship that qualifies for hedge accounting, no hedge accounting is applied and any gain or loss on the hedging instrument is recognised in profit or loss.

TRADE AND OTHER RECEIVABLES

Trade receivables are amounts due from customers for merchandise sold or services rendered in the ordinary course of business and are accounted for at amortised cost. Prepayments and other receivables are stated at their nominal values.

TRADE AND OTHER PAYABLES

Trade payables, sundry creditors and accrued expenses are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. They are accounted for in accordance with the accounting policy for financial liabilities as included above. Other payables are stated at their nominal values.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash balances, call deposits and cash floats. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purposes of the cash flow statement.

Cash and cash equivalents exclude cash in transit unprocessed at the reporting date.

DERIVATIVE FINANCIAL INSTRUMENTS

The Group uses derivative financial instruments to manage its exposure to foreign exchange risks arising from operational, financing and investment activities. In addition, the Group deposited cash into a bank account to be held as collateral for the Group's share linked incentive which was fully settled during the prior year (note 5). The Group does not hold or issue derivative financial instruments for trading purposes.

Subsequent to initial recognition, derivatives are measured at fair value through profit or loss. Fair value in relation to foreign exchange contracts entered into is determined by comparing the contracted forward rate to the present value of the current forward rate of an equivalent contract with the same maturity date. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged.

LEASES

LESSEE

The Group leases various properties, motor vehicles, high sites and fibre strands. Lease agreements are typically entered into for fixed periods but may have extension options included. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured at the net present value of the minimum lease payments. The net present value of the minimum lease payments is calculated as follows:

- fixed payments, less any lease incentives receivable;
- variable lease payments that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease, where this rate cannot be determined, the Group's incremental borrowing rate is used.

Right-of-use assets are measured at cost comprising the following:

- the net present value of the minimum lease payments;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with an expected lease term of 12 months or less. Low value assets comprise IT-equipment and small items of office furniture.

Lease and non-lease components

A number of lease contracts include both lease and non-lease components. The Group has not elected the practical expedient to account for non-lease components as part of its lease liabilities and right-of-use assets. Therefore, non-lease components are accounted for as operating expenses and are recognised in profit or loss as they are incurred. The Group allocates the consideration in the contract to each lease and non-lease component based on their relative stand-alone selling prices.

Rent concessions

During the prior financial year, the Group elected to account for COVID-19-related rent concessions that meets all of the following conditions in the same way as they would if it was not considered a lease modification, in accordance with the optional practical expedient for lessees from assessing whether a rent concession related to Covid-19 is a lease modification, as issued by the IASB:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments due on or before 30 June 2022; and
- there is no substantive change to other terms and conditions of the lease.

Covid-19-related rent concessions were only received during the prior year and accounted for as a variable lease payment in the period(s) in which the event or condition that triggered the reduced payment occurred, as a change in the accounting policy. The Group presents the impacts of rent concessions within operating expenses.

JUDGEMENTS APPLIED IN RECOGNISING LEASES

Certain lease contracts include an option to renew the lease for a further period or allow for an earlier termination date. The majority of these contracts allow for extension or earlier termination to be determined by the Group and not the lessor. The Group applies judgement in assessing whether extension or termination options will be exercised, and these options are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). In performing its assessment, management will consider all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option aligned with the Group's business plan and future outlook. The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

Portfolio leases

Where possible, high sites and fibre strands have been grouped on a portfolio basis based on contracts with similar characteristics. Management have used hindsight as well as budgets and forecasts to determine an average renewal period for portfolios identified. A single discount rate was also applied.

LESSOR

The Group enters into finance lease arrangements with customers in respect of the sales of certain goods. The Group acts as the lessor in these arrangements with the customers. A finance lease asset is recognised when substantially all of the risks and rewards of ownership have transferred to the customer and a sale of the good is recognised. Finance leases are capitalised at inception of the lease agreement at the lower of the fair value of the goods transferred or the present value of the future minimum lease payments.

Each lease payment received from the customer is allocated between the finance lease asset and finance lease interest income. The finance lease interest income is recognised in profit or loss (as revenue other than from contracts with customers) over the lease period to produce a constant periodic rate of interest on the remaining balance of the asset for each period.

FINANCE INCOME AND EXPENSE

Finance income comprises interest income on funds invested and dividend income. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Dividend income is recognised in profit or loss on the date that the Group’s right to receive payment is established, which in the case of listed securities is the ex-dividend date.

Finance expenses comprise interest expenses on borrowings, unwinding of the discount on provisions and fair value adjustments on contingent consideration, that are recognised in profit or loss.

FOREIGN CURRENCIES

FOREIGN CURRENCY TRANSACTIONS

Foreign currency transactions are converted to the respective functional currencies of Group entities at the rates of exchange ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rates ruling at that date. Gains or losses on translation are recognised in profit or loss. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction.

FOREIGN OPERATIONS

The assets and liabilities of all foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to South African rands at foreign exchange rates ruling at the reporting date. All reserves at acquisition of the respective foreign operations are translated to South African rands using the ruling rates at the acquisition date. All other reserves are translated to South African rands at yearly average rates which approximate the foreign exchange rates ruling at the dates of the transactions. The revenues and expenses of foreign operations are translated to South African rands at yearly average rates which approximate the foreign exchange rates ruling at the dates of the transactions.

Foreign exchange differences arising on translation are recognised directly in other comprehensive income and presented in the foreign currency translation reserve in equity. The foreign currency translation reserve applicable to a foreign operation is released to profit or loss as a capital item upon disposal or closure of that foreign operation (i.e. loss of control).

IMPAIRMENT OF NON-FINANCIAL ASSETS

The carrying amounts of the Group's non-financial assets, other than inventories, non-current assets held-for-sale and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If there is an indication that an asset may be impaired, its recoverable amount is estimated.

The recoverable amount is the higher of an asset's fair value less costs of disposal and its value-in-use.

For goodwill, intangible assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated annually and whenever there is an indication that the asset may be impaired.

In assessing an asset's fair value less costs of disposal, the expected future cash flows from the asset are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is recognised in profit or loss whenever the carrying amount of an asset exceeds its recoverable amount.

For an asset that does not generate cash inflows that are largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised in profit or loss whenever the carrying amount of the cash-generating unit exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating units and then, to reduce the carrying amount of other assets in the unit, on a pro rata basis.

An impairment loss in respect of an equity-accounted investee is measured by comparing the recoverable amount of the investment with its carrying amount. An impairment loss is recognised in profit or loss, and it is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

REVERSAL OF IMPAIRMENT OF NON-FINANCIAL ASSETS

A previously recognised impairment loss is reversed in profit or loss if there is an indication that the impairment loss no longer exists and the recoverable amount increases as a result of a change in the estimates used to determine the recoverable amount, but not to an amount higher than the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised in prior years. An impairment loss in respect of goodwill is, however, not reversed.

INTANGIBLE ASSETS

GOODWILL

Refer to 'basis of consolidation'.

RESEARCH AND DEVELOPMENT

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised as an expense as incurred.

Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset.

The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads. Capitalised development expenditure is measured at cost less accumulated amortisation and impairment losses. Other development expenditure is recognised as an expense as incurred.

OTHER INTANGIBLE ASSETS

Other intangible assets that are acquired by the Group, which have finite useful lives, are measured at cost less accumulated amortisation and impairment losses.

SUBSEQUENT EXPENDITURE

Subsequent expenditure on intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

AMORTISATION

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date they are available for use unless such lives are indefinite, the asset is not yet ready for use or represents goodwill.

The estimated useful lives for the current and comparative periods are as follows:

- Customer relationships 1 to 10 years;
- Trade names, designs, patents and trademarks 3 to 10 years;
- Distribution rights indefinite life; and
- Proprietary software and licence agreements 2 to 3 years.

Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

INVENTORIES

Inventories are measured at the lower of cost and net realisable value taking into account market conditions and technological changes. Cost is determined on the first-in first-out and weighted average cost methods. Work and contracts in progress and finished goods include direct costs and an appropriate portion of attributable overhead expenditure based on normal production capacity. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

NON-CURRENT ASSETS HELD-FOR-SALE AND DISCONTINUED OPERATIONS

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for-sale if it is highly probable that they will be recovered primarily through a sale, not through continuing use. Upon initial classification as held-for-sale, non-current assets and disposal groups are recognised at the lower of its carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets on a pro rata basis. Impairment losses on initial classification as held-for-sale and subsequent gains and losses on remeasurement are recognised in profit or loss as capital items.

Intangible assets and property, plant and equipment, once classified as held-for-sale, are not amortised or depreciated.

Equity accounting of equity accounted investments also ceases once classified as held-for-sale.

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group, and which is abandoned or disposed of or is classified as held-for-sale and which represents a separate major line of business or geographical area of operation and is part of a single co-ordinated plan to dispose of such a line of business or area of operations.

Classification as a discontinued operation occurs when disposed of or when the operation is classified as held-for-sale and meets one of the criteria as outlined above. When an operation is classified as a discontinued operation, the comparative statement of comprehensive income is represented, as if the operation has been discontinued from the start of the comparative period.

PROPERTY, PLANT AND EQUIPMENT

OWNED ASSETS

Property, plant and equipment is measured at cost less accumulated depreciation and impairment losses. When components of an item of property, plant and equipment have different useful lives, those components are accounted for as separate items of property, plant and equipment.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

SUBSEQUENT COSTS

The Group recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when the cost is incurred, if it is probable that future economic benefits embodied within the item will flow to the Group and the cost of such item can be measured reliably. The carrying amount of the replaced item of property, plant and equipment is derecognised. All other costs are recognised in profit or loss as an expense when incurred.

DEPRECIATION

Depreciation is recognised in profit or loss for each category of assets on a straight-line basis over their expected useful lives up to their respective estimated residual values. Land is not depreciated.

The estimated useful lives for the current and comparative periods are as follows:

- Buildings 20 to 50 years;
- Leasehold improvements (included in land and buildings) shorter of lease period or useful life of asset;
- Plant and machinery 3 to 20 years;
- Motor vehicles 4 to 8 years;
- Furniture and equipment 5 to 20 years; and
- IT equipment and software 2 to 8 years.

The depreciation methods, useful lives and residual values are reassessed annually and adjusted if appropriate. Gains and losses arising on the disposal of property, plant and equipment are included as capital items in profit or loss.

PROVISIONS

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation, and where a reliable estimate can be made of the amount of the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax discount rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Provisions are not recognised for future operating losses. The increase in the provision due to the passage of time is recognised as interest expense.

WARRANTIES AND FAULT RECTIFICATION

A provision for warranties and fault rectification is recognised when the underlying products or services are sold. The provision is based on historical warranty and fault rectification data, claims made and a weighting of all possible outcomes against their associated probabilities.

ONEROUS CONTRACTS

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting the obligations under the contract.

The provision is measured at the present value of the lower of the expected costs of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

SHARE-BASED PAYMENT TRANSACTIONS

EQUITY SETTLED

The fair value of share options granted to employees is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and expensed over the period during which the employees are required to provide services in order to become unconditionally entitled to the equity instruments.

The fair value of the instruments granted is measured using generally accepted valuation techniques, considering the terms and conditions upon which the instruments are granted. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

CASH SETTLED

Share-linked instruments have been granted to certain employees in the Group. The fair value of the amount payable to employees is recognised as an expense with a corresponding increase in liabilities over the period during which the employees become unconditionally entitled to payment. The liability is remeasured at each reporting date and at settlement date based on the fair value of the share-linked instruments. Any changes in the liability are recognised as employees' remuneration in profit or loss.

GROUP SHARE-BASED PAYMENT TRANSACTIONS

Transactions in which a parent grants rights to its equity instruments directly to the employees of its subsidiaries are classified as equity settled in the financial statements of the subsidiary, as it receives the benefit of the services rendered and has no obligation to settle the award.

The subsidiary recognises the services acquired with the share-based payment as an expense and recognises a corresponding increase in equity for the capital contribution from the parent for those services acquired. The parent recognises in equity the equity-settled share-based payment and recognises a corresponding increase in the investment in subsidiary.

A recharge arrangement exists whereby the subsidiary is required to fund the difference between the exercise price of the share options and the market price of the share at the time of exercising the option. The recharge arrangement is accounted for separately from the underlying equity-settled share-based payment upon initial recognition, as follows:

- The subsidiary recognises a recharge liability and a corresponding adjustment against equity for the capital contribution recognised in respect of the share-based payment.
- The parent recognises a recharge asset and a corresponding adjustment to the carrying amount of the investment in the subsidiary.

Subsequent to initial recognition, the recharge arrangement is re-measured at fair value at each subsequent reporting date until settlement date to the extent vested. Where the recharge amount recognised is greater than the initial capital contribution recognised by the subsidiary in respect of the share-based payment, the excess is recognised as a net capital distribution to the parent.

The amount of the re-charge in excess of the capital contribution recognised as an increase in the investment in subsidiary is deferred and recognised as dividend income by the parent when settled by the subsidiary.

REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue is recognised based on the completion of performance obligations and an assessment of when control is transferred to the customer. The following indicators are used by the Group in determining when control has passed to the customer:

- the Group has a right to payment for the product or service;
- the customer has legal title to the product;
- the Group has transferred physical possession of the product to the customer;
- the customer has the significant risk and rewards of ownership of the product; and
- the customer has accepted the product.

The Group principally generates revenue from providing the following goods and services:

- Project-related revenue;
- sale of goods and related services (which include the Group's vehicle tracking, fleet management and telematics business within Netstar);
- maintenance, support and outsource services;
- training and skills development;
- software, cloud services and related licenses, including software assurance services;
- software application and development; and
- switching and other transactional services.

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control over a product or services to a customer.

Contracts are assessed individually to determine whether the products and services are distinct i.e. the product or service is separately identifiable from the other promises in the contract with the customer and whether the customer can benefit from the goods or services either on its own or together with other resources that are readily available. The consideration is allocated between the goods and services in a contract based on management's best estimate of the stand-alone selling prices of the respective goods and/or services.

When a contract results in payments received from customers in advance of fulfilling the performance obligation, a contract liability is recognised, similarly, when the performance obligation has been fulfilled and the customers have not been invoiced, a contract asset is recognised.

The Group evaluates the following control indicators amongst others when determining whether it is acting as a principal or agent in transactions with customers and recording revenue on a gross, or net, basis:

- the Group is primarily responsible for fulfilling the promise to provide the specified goods or service;
- the Group has inventory risk before the specified good or service has been transferred to a customer or after transfer of control to the customer; and
- the Group has discretion in establishing the price for the specified good or service.

PROJECT-RELATED REVENUE

The Group provides a service of integrating goods or services into a bundle of goods or services that represents the combined output for which a customer has contracted, where the goods or services modify or are modified by other goods or services or are considered to be highly interdependent or interrelated. In these contracts the goods and services are therefore not separately identifiable and not seen as separate performance obligations. The Group recognises revenue over time based on the input method, i.e. costs incurred as a percentage of total estimated costs to completion. Judgement is applied in determining the estimated costs to complete. The Group recognises contract assets and contract liabilities on these contracts depending on the billing milestones identified in these contracts.

SALES OF GOODS AND RELATED SERVICES

The Group sells a range of goods to its customers. The Group recognises revenue when control is transferred to the customer, being when the customer accepts delivery of the goods, at a point in time. General payment terms are 30–90 days from invoice date.

In addition, the Group sells goods to customers with related services included. Depending on the nature of the contract, the Group applies its judgement to conclude whether the goods and services should be treated as a single performance obligation or as two or more separate performance obligations.

Where the Group sells goods and related services to customers and these goods and services are not distinct, i.e. not separately identifiable, the contracts are treated as a single performance obligation (i.e. in the Group's Netstar business where devices and services are bundled, but not considered distinct). However, where the goods and services are distinct, i.e. separately identifiable, and the customer can benefit from the goods and services either on its own or together with other resources that are readily available, then the goods and services are treated as separate performance obligations.

The related services sold, when considered to be distinct, are recognised over time when the services are rendered to the customer, excluding specific services below.

The Group introduces customers to third party service providers and performs billing and other administrative activities on behalf of such third parties but does not control delivery of such professional services or the setting of prices for them. The Group recognises such third-party professional services on an agent basis at a point a time when the services have been rendered.

The Group provides software asset management services to its customers which include provision of software licences, in-house hosting and managed services in the form of insight reports. Such services are provided to the customers as a bundle, where the Group operates as a principal responsible for delivery of such services with revenue recognised over the term of the contract with the customer on a straight-line basis.

MAINTENANCE, SUPPORT AND OUTSOURCE SERVICES

The Group provides a range of maintenance, support and outsource services to customers. The Group recognises revenue on these contracts over time on a straight-line basis as the services are rendered. The general payment terms are 30–90 days from invoice date. Contract assets are recognised when the services are rendered to the customers and contract liabilities are recognised when the customer pays for the services upfront over the period of the contract.

TRAINING AND SKILLS MANAGEMENT

The Group provides a range of training and skills management services to its customers. The Group recognises the revenue over time.

Revenue recognised over time is based on contracts entered with customers that cover a specific period during which the training and skills management services are provided. The revenue recognised over time is measured in accordance with the duration of the contract as the costs are incurred on a straight-line basis.

SOFTWARE, CLOUD SERVICES, LICENCES AND SOFTWARE ASSURANCE PRODUCTS

The Group sells a range of software licenses to its customers. The Group acts as a principal in certain contracts and as an agent in other contracts, depending on the nature and scope of the contract. Management has applied judgement in determining whether it acts as an agent or as a principal in these contracts.

The Group provides a range of cloud-related services to its customers which provide customers with access to software in the cloud that enhances office productivity, provides security, or assists in collaboration. The Group recognises revenue relating to cloud sales as an agent at a point in time when the product is transferred to the customer.

Where the Group sells on-premise software licences with the right to updates and such updates are not considered critical to the functionality of the software, the Group considers that such licences include two performance obligations:

- a licence to the current version of the software product, which is recognised on a principal basis at a point in time; and
- an entitlement to future updates, which is recognised on a principal basis over time on a straight-line basis as this is the Group's best estimate as to how these revenues are earned.

Where updates are considered critical to the functionality of the software, and such updates can only be delivered by the vendor, the Group has concluded that the sale of the on-premise licences with the right to critical updates are considered to be one performance obligation and that the Group acts as an agent for such software sales, resulting in revenue being recognised at a point in time.

SUBSCRIPTION LICENSES AND ASSURANCE PRODUCTS

Where the Group sells subscription licences together with assurance products, the Group applied its judgement to conclude that these arrangements consist of two performance obligations, being a subscription licence to the current version of the software product as well as software assurance. This conclusion is based on the fact that the Group controls delivery of such licences to its customers, and that the customer can benefit from the two performance obligations separately, with the performance obligations being separately identifiable. The Group recognises revenue on subscription licenses on a principal basis at a point in time and revenue from the current software version is recognised on a principal basis over time on a straight-line basis. In order to estimate the proportion of the total invoice value to be allocated between the 'licence' performance obligation and the 'entitlement to updates' performance obligation, the Group considers the degree of homogeneity of products and solutions across different vendors and estimates such allocation based on a sample of price plans for various products and solutions.

POST-SALE SUPPORT

The Group considers the value of basic post-sale support in relation to licences sold to be trivial. This conclusion was reached with reference to the fair value of such post-sale support delivered by the Group and by the Group's vendors on its behalf. The Group doesn't separate out the basic post-sale support performance obligation from the original license sale as it is not material. The Group recognises revenue from enhanced post-sale support provided by vendors on an agent basis as the Group does not control delivery of such post-sale support.

MATERIAL CUSTOMER RIGHTS

The Group considers that the value of material customer rights originating from various customer price bands under certain software programmes, and material rights related to software prices fixed at the beginning of certain long-term customer contracts, to be trivial. The Group's assessment is based on historical statistics of customer price band changes, which are normally linked to the volume of annual software spend and remain consistent year-on-year, as well as an assessment of the cancellation terms in the customer contracts, which allow the Group and the customers to cancel such contracts at short notice without penalty. The Group does not recognise such material customer rights on the grounds of materiality.

LONG-TERM, TRIPARTITE CONTRACTS BETWEEN THE GROUP, ITS CUSTOMERS AND VENDORS

The Group holds certain long-term tripartite contracts with split billing between the Group, its customers and vendors. Such contracts are non-cancellable between the customers and the vendor and allow a change of reseller by the customer, typically on 90 days' notice. The Group considers that it controls delivery of the software licences within such tripartite contracts and, therefore, records revenue on a principal basis. Revenue is recognised in annual instalments based on the ability of customers to change resellers, which means that where revenue is recognised at a higher amount than in annual instalments (e.g. recognised in full on day 1 of the contract), this would create a more than remote risk of material revenue reversal.

The Group considers the non-cancellable contract between the customer and the vendor in such tripartite arrangements as a form of long-term procurement commitment by the Group with the vendor, which is conditional on the customers' continuation of its contract with the Group. In the case of there being no change in reseller by the customer, such commitment will be enforced by the vendor on the Group, rather than directly by the vendor on the customer.

SOFTWARE APPLICATION AND DEVELOPMENT

The Group sells software application and development to its customers based on requirements set by the customers in each respective contract. The Group recognises the revenue on a principal basis over time using the input method, i.e. costs incurred as a percentage of the total estimated costs.

When a contract results in payment received from customers in advance of fulfilling the performance obligation, a contract liability is recognised, similarly, when the performance obligation has been fulfilled and the customers have not been invoiced, a contract asset is recognised.

SWITCHING AND OTHER TRANSACTIONAL SERVICES

The Group provides a range of switching and other transactional services to its customers. The Group recognises revenue over time based on management's judgment.

Revenue recognised over time is based on the contracts with customers that cover a specific period over which these services need to be rendered. The revenue recognised over time is measured in accordance with the duration of the contract as the costs are incurred on a straight-line basis.

When a contract results in payment received from customers in advance of fulfilling the performance obligation, a contract liability is recognised, similarly, when the performance obligation has been fulfilled and the customers have not been invoiced, a contract asset is recognised.

CAPITALISATION OF COSTS INCURRED TO OBTAIN CONTRACTS

The Group incurs certain costs to obtain contracts with customers. These costs include hardware, fitment, agents' commissions and other costs directly attributable to the negotiation and conclusion of customer service contracts. The capitalised 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 Group has elected to apply the practical expedient whereby the incremental costs of obtaining contracts are recognised as materials and services consumed in profit or loss, as and when these costs are incurred, if the amortisation period of the assets that the Group otherwise would have recognised is 12 months or less.

Costs incurred to obtain contracts are assessed for impairment in terms of IAS 36 *Impairment of Assets* when there is an indicator of impairment.

Certain short-term contracts (12 months or less) allow for revenue to be recognised in annual instalments based on the ability of customers to change resellers. The practical expedient is therefore applied to directly linked sales commissions and other related costs incurred of obtaining these contracts. These costs are recognised in profit or loss, as and when they are incurred.

CAPITALISATION OF COSTS INCURRED TO FULFIL CONTRACTS

The Group incurs certain costs to fulfil contracts with customers. These costs are directly attributable to the completion of a contract, generate or enhance resources of the entity that will be used in satisfying performance obligations in the future and are expected to be recovered, however, the performance obligation to recognise the revenue has not yet been met. The capitalised costs are recognised in profit or loss when the Group has satisfied the related performance obligation in the contract with the customer, which is usually within 12 months after the end of the reporting period.

JUDGEMENTS APPLIED IN RECOGNISING REVENUE FROM CONTRACTS WITH CUSTOMERS

The Group applied the requirements of IFRS 15 *Revenue from Contracts with Customers* in the current year. The Group applied judgement in recognising revenue on certain revenue streams as set out below:

SALES OF GOODS AND RELATED SERVICES

The Group enters into contracts with customers which include goods that are delivered to the customer and an ongoing service relating to the goods for a specific period as set out in the contracts. The Group has applied its judgement and views these arrangements, in some instances, as a single performance obligation that needs to be met as the goods and services are not separately identifiable and the customer cannot benefit from either the goods or the services separately. The revenue on these contracts is recognised over time using the input method, i.e., costs incurred as a percentage of total expected costs.

SOFTWARE, CLOUD SERVICES AND RELATED LICENCES, INCLUDING SOFTWARE ASSURANCE SERVICES

The Group provides cloud-related services to its customers. The Group has applied judgement to determine whether it acts as an agent or principal in these arrangements in accordance with the principles of IFRS 15. One of the judgements made is whether control passes to the Group prior to passing to the customer. The Group concluded that control does not pass and as a result it acts as an agent in these arrangements as the vendor has the primary obligation to fulfil the services to the customers.

Included in the software assurance services provided by the Group, software and related licences are sold with the ability to access the latest updates from the vendor. The Group applies judgement to determine whether the access to the updates is a separate performance obligation by assessing if the third-party delivered updates are critical to the core functionality of the software.

Where the Group sells on-premise software licences with the right to updates and such updates are not critical to the functionality of the software, the Group applied judgement to conclude that these arrangements consist of two performance obligations, being a licence to the current version of the software product and an entitlement to future updates. This conclusion is based on the fact that the Group controls delivery of such licences to the customers, the performance obligations being separately identifiable, and that the customer can benefit from the two performance obligations separately. In order to estimate the proportion of the total invoice value to be allocated between the 'licence' performance obligation and the 'entitlement to updates' performance obligation, the Group considers the degree of homogeneity of products and solutions across different vendors and estimates such allocation based on a sample of price plans for various products and solutions.

Where the Group has concluded that the upgrades are critical to the functionality of the software, and such updates can only be delivered by the vendor, the Group acts as agent for such software sales as the vendor has the primary obligation to fulfil the services to the customers.

SHARE CAPITAL

A ORDINARY SHARES

A ordinary shares are classified as equity. Incremental costs directly attributable to the issue of A ordinary shares and share options are recognised as a deduction from equity, net of any tax effects. Dividends on A ordinary shares are classified as equity and are recognised as distributions within equity.

N ORDINARY SHARES

N ordinary shares are classified as equity as these are non-redeemable and any dividends are discretionary or are redeemable but only at the Company's option.

DISTRIBUTION OF NON-CASH ASSETS (DIVIDEND *IN SPECIE*)

Non-cash distributions to shareholders are measured at the fair value of the asset transferred in accordance with IFRIC 17 and are recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's Directors.

The difference between the fair value and the carrying value of the asset distributed is recognised in equity.

DIVIDENDS

Dividends declared to the Company's shareholders are recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's Directors.

REPURCHASE OF SHARE CAPITAL

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a deduction from equity.

Repurchased shares held by subsidiaries are classified as treasury shares and presented as a deduction from total equity.

RETURN OF CAPITAL

The return of capital represents a reduction of capital of the A ordinary shares as a result of a distribution by the Company for the benefit of shareholders. The reduction in share capital has been determined by the Group to reduce the contributed tax capital of the Company as defined by the South African Income Tax Act, 1962.

TAXATION

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss, except to the extent that it relates to items recognised directly in equity or in other comprehensive income, in which case the income tax expense is also recognised in equity or other comprehensive income, respectively.

CURRENT TAX

Current tax comprises tax payable calculated based on the expected taxable income for the year, using the tax rates enacted or substantively enacted at the reporting date, and any adjustment of tax payable for previous years.

DEFERRED TAX

Deferred tax is recognised based on temporary differences.

Temporary differences are differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax values.

Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantively enacted at the reporting date. The effect on deferred tax of any changes in tax rates is recognised in profit or loss, except to the extent that it relates to items previously charged or credited directly to equity or recognised directly in other comprehensive income in which case the income tax expense is also recognised in equity or other comprehensive income, respectively.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the unused tax losses and deductible temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

In the event that the applicable taxation rate(s) is/are changed from those applied in the comparative financial reporting year, the opening balance of the deferred taxation liability shall be adjusted for the change in the taxation rate(s).

Deferred taxation assets and liabilities are offset if there is a legally enforceable right to offset current taxation liabilities and assets and they relate to income taxation levied by the same authority on the same taxable entity, or on different taxation entities, but they intend to settle the current taxation liabilities and assets on a net basis or their taxation assets and liabilities will be realised simultaneously.

DIVIDENDS WITHHOLDING TAX

The Group withholds dividends tax on behalf of its shareholders at a rate of 20% on dividends declared. Amounts withheld are not recognised as part of the Group's tax charge but rather as part of the dividend paid recognised directly in equity.

Where withholding tax is withheld on dividends received, the dividend is recognised at the gross amount with the related withholdings tax recognised as part of tax expense unless it is otherwise reimbursable in which case it is recognised as an asset.

EARNINGS PER SHARE

The Group presents basic and diluted earnings per share (EPS) data for its A ordinary shares that are in issue.

Basic EPS is calculated by dividing the profit or loss attributable to A ordinary shareholders of the Company by the weighted average number of A ordinary outstanding during the period.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of A ordinary shares outstanding for the effects of all dilutive potential A ordinary shares, which comprise share options granted to employees.

OPERATING 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 are the Group's Chief Operating Decision-Maker ("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).

EARNINGS BEFORE INTEREST, TAXATION, DEPRECIATION, AMORTISATION, CAPITAL ITEMS AND EQUITY ACCOUNTED LOSSES

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

This excludes interest (i.e. finance income and finance expenses), taxation, depreciation, amortisation, capital items and share of equity accounted losses as defined in the accounting policies.

ACCOUNTING POLICIES APPLICABLE TO SEPARATE FINANCIAL STATEMENTS

BASIS OF PREPARATION

The separate financial statements are presented in thousands of South African rands, which is the Company's functional currency, on a historical-cost basis, except for the following assets and liabilities which are stated at fair value:

- Defined benefit asset; and
- Share-based payment recharge arrangement asset.

INVESTMENT IN SUBSIDIARIES

Investment in subsidiaries are carried at cost less accumulated impairments. Except for the accounting policies listed above, all accounting policies are in accordance with the consolidated financial statements' accounting policies.

DIVIDENDS RECEIVED BY THE COMPANY

The Company recognises dividends received and dividends *in specie* in profit or loss (as revenue not from contracts with customers) on the date that the Company's right to receive payment is established.

CONSOLIDATED BALANCE SHEET

at 28 February 2022

		GROUP	
R millions	Notes	28 February 2022	28 February 2021 Restated*
ASSETS			
Non-current assets		**3 965**	3 793
Property, plant and equipment	1	**438**	442
Goodwill and other intangible assets	2	**1 530**	1 382
Right-of-use assets	3	**761**	1 013
Equity-accounted investments	4	**79**	47
Contract costs capitalised	7	**388**	241
Capital rental devices	8	**277**	264
Net defined benefit asset	18	**254**	253
Deferred taxation	9	**238**	151
Current assets		**5 404**	6 592
Inventories	10	**972**	833
Trade and other receivables	11	**1 961**	2 497
Financial assets at fair value through profit or loss	11	**3**	10
Contract assets	19	**101**	160
Taxation receivable		**24**	17
Restricted cash	12	**–**	–
Cash and cash equivalents	12	**757**	1 454
		3 818	4 971
Assets classified as held-for-sale	40	**1 586**	1 621
Total assets		**9 369**	10 385
EQUITY AND LIABILITIES			
Total equity		**4 354**	4 866
Share capital and share premium	13	**992**	936
Retained earnings		**6 235**	6 776
Other reserves	14	**(2 979)**	(2 948)
Attributable to Altron shareholders		**4 248**	4 764
Non-controlling interests	44	**106**	102
Non-current liabilities		**2 098**	1 766
Loans	15	**854**	602
Contract liabilities	19	**318**	181
Lease liabilities	3	**896**	971
Deferred taxation	9	**30**	12
Current liabilities		**2 917**	3 753
Loans	15	**86**	60
Lease liabilities	3	**117**	108
Bank overdrafts	12	**158**	650
Provisions	16	**14**	10
Trade and other payables	17	**1 523**	1 992
Financial liabilities at fair value through profit or loss	17	**7**	5
Contract liabilities	19	**330**	327
Taxation payable		**77**	28
		2 312	3 180
Liabilities classified as held-for-sale	40	**605**	573
Total equity and liabilities		**9 369**	10 385

* *Comparative information has been restated for the investment in Arrow no longer considered to be held-for-sale (note 43).*

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 28 February 2022

R millions	Notes	GROUP 28 February 2022	GROUP 28 February 2021 Restated*
CONTINUING OPERATIONS			
Revenue	19	**7 930**	7 505
Other income	20	**61**	54
Operating costs		**(6 851)**	(6 526)
Material and services consumed	20	**(4 289)**	(4 006)
Net impairment gains / (losses) on financial assets	11	**6**	(32)
Employees' remuneration	20	**(2 568)**	(2 488)
Earnings before interest, taxation, depreciation, amortisation, capital items and equity accounted profits / (losses) (EBITDA before capital items and equity accounted profits / (losses))		**1 140**	1 033
Depreciation and amortisation	20	**(642)**	(662)
Operating profit before capital items		**498**	371
Capital items	21	**(213)**	(23)
Operating profit		**285**	348
Finance income	22	**35**	65
Finance expense	23	**(181)**	(244)
Share of profit / (loss) of equity-accounted investees, net of taxation	24	**3**	(41)
Profit before taxation		**142**	128
Taxation	25	**(63)**	(34)
Profit for the year from continuing operations		**79**	94
DISCONTINUED OPERATIONS			
Revenue	19	**1 588**	7 948
Other income	20	**2**	16
Operating costs		**(1 635)**	(7 284)
Material and services consumed	20	**(1 090)**	(5 845)
Net impairment losses on financial assets	11	**(15)**	(17)
Employees' remuneration	20	**(530)**	(1 422)
Earnings before interest, taxation, depreciation, amortisation and capital items (EBITDA before capital items)		**(45)**	680
Depreciation and amortisation	20	**(13)**	(83)
Operating (loss) / profit before capital items		**(58)**	597
Capital items	21	**(144)**	11 548
Operating (loss) / profit		**(202)**	12 145
Finance income	22	**18**	21
Finance expense	23	**(6)**	(7)
(Loss) / Profit before taxation		**(190)**	12 159
Taxation	25	**16**	(111)
(Loss) / Profit for the year from discontinued operations		**(174)**	12 048
Net (loss) / profit for the year		**(95)**	12 142

* *Comparative information has been restated for the discontinued operations (note 40) as well as the investment in Arrow no longer considered to be held-for-sale (note 43).*

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (continued)

for the year ended 28 February 2022

R millions	Notes	GROUP 28 February 2022	GROUP 28 February 2021 Restated*
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurement of net defined benefit asset	18	**(24)**	164
Items that are or may be reclassified subsequently to profit or loss			
Foreign currency translation differences in respect of foreign operations**		**(12)**	78
Realisation of foreign currency translation differences upon disposal of foreign operations**		**–**	(277)
Other comprehensive loss for the year, net of taxation		**(36)**	(35)
Total comprehensive (loss) / income for the year		**(131)**	12 107
Net (loss) / profit attributable to:			
Non-controlling interests		**9**	(12)
Non-controlling interests from continuing operations		**6**	(14)
Non-controlling interests from discontinued operations		**3**	2
Altron equity holders		**(104)**	12 154
Altron equity holders from continuing operations		**73**	108
Altron equity holders from discontinued operations		**(177)**	12 046
Net (loss) / profit for the year		**(95)**	12 142
Total comprehensive (loss) / income attributable to:			
Non-controlling interests		**9**	(12)
Non-controlling interests from continuing operations		**6**	(14)
Non-controlling interests from discontinued operations		**3**	2
Altron equity holders		**(140)**	12 119
Altron equity holders from continuing operations		**37**	312
Altron equity holders from discontinued operations		**(177)**	11 807
Total comprehensive (loss) / income for the year		**(131)**	12 107

* *Comparative information has been restated for the discontinued operations (note 40) as well as the investment in Arrow no longer considered to be held-for-sale (note 43).*

** *The component of other comprehensive income is not subject to tax.*

Basic earnings per share from continuing operations	**(cents)**	26	**20**	29
Diluted earnings per share from continuing operations	**(cents)**	26	**19**	29
Basic (loss) / earnings per share from discontinued operations	**(cents)**	26	**(48)**	3 241
Diluted (loss) / earnings per share from discontinued operations	**(cents)**	26	**(47)**	3 207
Basic (loss) / earnings per share from total operations	**(cents)**	26	**(28)**	3 270
Diluted (loss) / earnings per share from total operations	**(cents)**	26	**(28)**	3 236

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 28 February 2022

R millions	Notes	GROUP 28 February 2022	GROUP 28 February 2021 Restated*
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	33	**1 068**	2 220
Interest received		**114**	159
Interest paid	39	**(241)**	(324)
Dividends received from equity accounted investees and other investments	34	**2**	9
Taxation paid	35	**(94)**	(226)
Dividends paid, including to non-controlling interests		**(442)**	(220)
Net cash inflow from operating activities		**407**	1 618
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of subsidiaries and businesses net of cash	36	**(235)**	(252)
Proceeds on the disposal of subsidiaries and businesses net of cash	37, 42	**138**	735
Cash outflow on demerger costs	42	**–**	(124)
Proceeds on disposal of property, plant and equipment and intangible assets	38	**21**	34
Acquisition of intangible assets		**(62)**	(97)
Acquisitions of property, plant and equipment		**(151)**	(237)
Increase in capital rental devices****		**(183)**	(150)
Cash outflow from other investing activities	39	**(71)**	(41)
Cash inflow from other investing activities	39	**33**	51
Net cash outflow from investing activities		**(510)**	(81)
CASH FLOWS USED IN FINANCING ACTIVITIES			
Loans advanced	39	**300**	–
Loans repaid	39	**–**	(1 183)
Acquisition of non-controlling interests	41	**–**	(84)
Lease payments**	39	**(144)**	(182)
Settlement of finance leases***	39	**(228)**	(269)
Net cash outflow from financing activities		**(72)**	(1 718)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(175)**	(181)
Net cash and cash equivalents at the beginning of the year		**804**	956
Effect of exchange rate fluctuations on cash held		**(3)**	29
Net cash classified as held-for-sale		**(27)**	–
NET CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	12	**599**	804

Comparative information has been restated for the investment in Arrow no longer considered to be held-for-sale (note 43).
** *Principal lease payments in relation to leases recognised on adoption of IFRS 16 Leases.*
*** *Principal lease payments in relation to leases prior to the adoption of IFRS 16.*
**** *Capital rental devices was previously disclosed in cash outflows from other investing activities.*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 28 February 2022

R millions	Notes	Share capital and premium (note 13)	Treasury shares (note 13)	Foreign currency translation reserve (note 14)	Premium/ discount on non-controlling equity transactions (note 14)
		Attributable to Altron shareholders			
Balance at 29 February 2020		3 170	(299)	296	(3 253)
Total comprehensive income for the year					
Profit for the year		–	–	–	–
Other comprehensive income					
Foreign currency translation differences in respect of foreign operations		–	–	78	–
Realisation of foreign currency translation differences upon disposal of foreign operations	42	–	–	(277)	–
Remeasurement on net defined benefit asset		–	–	–	–
Other comprehensive income		–	–	(199)	–
Total comprehensive income for the year		**–**	**–**	**(199)**	**–**
Transactions with owners, recorded directly in equity					
Contributions by and distributions to owners					
Dividends to equity holders		–	–	–	–
Issue of share capital	13	49	–	–	–
Treasury shares acquired	13	–	(131)	–	–
Treasury shares disposed	13	–	42	–	–
Loss on treasury shares	13	–	–	–	–
Return of capital	13.42	(2 061)	166	–	–
Dividend in specie to equity holders	13.42	–	–	–	–
Share-based payment transactions	13	–	–	–	–
Total contributions by and distributions to owners		(2 012)	77	–	–
Changes in ownership interests in subsidiaries					
Disposal of operations	42	–	–	–	–
Changes in shareholding of subsidiaries	41	–	–	–	(392)
Total changes in ownership interests in subsidiaries		–	–	–	(392)
Transactions with owners, recorded directly in equity		**(2 012)**	**77**	**–**	**(392)**
Balance at 28 February 2021		**1 158**	**(222)**	**97**	**(3 645)**
Total comprehensive income for the year					
Profit for the year		**–**	**–**	**–**	**–**
Other comprehensive income					
Foreign currency translation differences in respect of foreign operations		**–**	**–**	**(12)**	**–**
Remeasurement on net defined benefit asset		**–**	**–**	**–**	**–**
Other comprehensive income		**–**	**–**	**(12)**	**–**
Total comprehensive income for the year		**–**	**–**	**(12)**	**–**
Transactions with owners, recorded directly in equity					
Contributions by and distributions to owners					
Dividends to equity holders		**–**	**–**	**–**	**–**
Issue of share capital	13	**56**	**–**	**–**	**–**
Share-based payment transactions	13	**–**	**–**	**–**	**–**
Total contributions by and distributions to owners		**56**	**–**	**–**	**–**
Transactions with owners, recorded directly in equity		**56**	**–**	**–**	**–**
Balance at 28 February 2022		**1 214**	**(222)**	**85**	**(3 645)**

Dividends per share 23 cents (final) and 7 cents (interim) (2021: 15 cents (final) and 33 cents (interim)). A dividend in specie per share of nil cents (2021: 2 854 cents) (note 42) and a further nil cents special dividend (2021: 96 cents) (note 28.4).

	Attributable to Altron shareholders							
	Cash flow hedging reserve (note 14)	Share-based payments reserve (note 14)	Statutory reserves (note 14)	Revaluation reserve (note 14)	Retained earnings	**Total**	Non-controlling interests	**Total equity**
	(1)	236	95	148	3 552	**3 944**	(193)	**3 751**
	–	–	–	–	12 154	**12 154**	(12)	**12 142**
	–	–	–	–	–	**78**	–	**78**
	–	–	–	–	–	**(277)**	–	**(277)**
	–	–	–	164	–	**164**	–	**164**
	–	–	–	164	–	**(35)**	–	**(35)**
	–	**–**	**–**	**164**	**12 154**	**12 119**	**(12)**	**12 107**
	–	–	–	–	(219)	**(219)**	(1)	**(220)**
	–	(49)	–	–	–	**–**	–	**–**
	–	–	–	–	–	**(131)**	–	**(131)**
	–	–	–	–	–	**42**	–	**42**
	–	–		–	(6)	**(6)**	–	**(6)**
	–	–		–	–	**(1 895)**	–	**(1 895)**
	–	–	–	–	(8 705)	**(8 705)**	–	**(8 705)**
	–	34	–	–	–	**34**	–	**34**
	–	(15)	–	–	(8 930)	**(10 880)**	(1)	**(10 881)**
	–	(27)	–	–	–	**(27)**	–	**(27)**
	–	–	–	–	–	**(392)**	308	**(84)**
	–	(27)	–	–	–	**(419)**	308	**(111)**
	–	**(42)**	**–**	**–**	**(8 930)**	**(11 299)**	**307**	**(10 992)**
	(1)	**194**	**95**	**312**	**6 776**	**4 764**	**102**	**4 866**
	–	–	–	–	(104)	**(104)**	9	**(95)**
	–	–	–	–	–	**(12)**	–	**(12)**
	–	–	–	(24)	–	**(24)**	–	**(24)**
	–	–	–	(24)	–	**(36)**	–	**(36)**
	–	**–**	**–**	**(24)**	**(104)**	**(140)**	**9**	**(131)**
	–	–	–	–	(437)	**(437)**	(5)	**(442)**
	–	(56)	–	–	–	**–**	–	**–**
	–	61	–	–	–	**61**	–	**61**
	–	5	–	–	(437)	**(376)**	(5)	**(381)**
	–	5	–	–	(437)	**(376)**	(5)	**(381)**
	(1)	**199**	**95**	**288**	**6 235**	**4 248**	**106**	**4 354**

R millions	Land, buildings and leasehold improve-ments	Plant and machinery	Motor vehicles, furniture and equipment	IT equipment and software	Capital work in progress	Total
1 PROPERTY, PLANT AND EQUIPMENT						
Cost						
Balance at 29 February 2020	286	160	312	748	41	1 547
Additions at cost	19	1	23	62	132	237
Acquisitions through business combinations (refer note 41)	–	–	1	1	–	2
Disposals of property, plant and equipment	(20)	(4)	(46)	(90)	–	(160)
Disposals of operations (refer note 42)	(176)	–	(28)	(88)	–	(292)
Transfer to inventory	–	–	–	–	(3)	(3)
Reclassifications	–	–	12	–	(12)	–
Assets written off	(32)	(45)	(21)	(10)	–	(108)
Exchange rate differences arising on consolidation of foreign subsidiaries	(3)	(1)	(1)	1	–	(4)
Balance at 28 February 2021	74	111	252	624	158	1 219
Additions at cost	**2**	**7**	**15**	**59**	**73**	**156**
Acquisitions through business combinations (refer note 41)	**–**	**–**	**2**	**10**	**–**	**12**
Disposals of property, plant and equipment	**(9)**	**(13)**	**(22)**	**(72)**	**(1)**	**(117)**
Disposals of operations (refer note 42)	**(8)**	**(1)**	**(23)**	**(49)**	**–**	**(81)**
Transfer to intangible assets**	**–**	**–**	**–**	**(20)**	**–**	**(20)**
Reclassifications	**138**	**14**	**32**	**44**	**(228)**	**–**
Assets written off	**(8)**	**–**	**(7)**	**(45)**	**–**	**(60)**
Exchange rate differences arising on consolidation of foreign subsidiaries	**–**	**–**	**–**	**(3)**	**–**	**(3)**
Balance at 28 February 2022	**189**	**118**	**249**	**548**	**2**	**1 106**
Accumulated depreciation and impairment losses						
Balance at 29 February 2020	86	80	214	570	–	950
Depreciation for the year	22	12	31	77	–	142
Impairments	4	–	4	2	–	10
Acquisitions through business combinations (refer note 41)	–	–	1	1	–	2
Disposals of property, plant and equipment	(11)	(3)	(27)	(87)	–	(128)
Disposals of operations (refer note 42)	(34)	–	(18)	(72)	–	(124)
Assets written off	(31)	(46)	(21)	(10)	–	(108)
Translation of foreign operations	(1)	–	(1)	(1)	–	(3)
Balance at 28 February 2021	35	43	183	480	–	741

1 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

R millions	Land, buildings and leasehold improve-ments	Plant and machinery	Motor vehicles, furniture and equipment	IT equipment and software	Capital work in progress	Total
Depreciation for the year	16	11	18	59	–	104
Impairments	8	1	12	16	–	37
Acquisitions through business combinations (refer note 41)	–	–	1	6	–	7
Disposals of property, plant and equipment	(9)	(9)	(16)	(60)	–	(94)
Disposals of operations (refer note 42)	(8)	(1)	(23)	(49)	–	(81)
Transfer to intangible assets**	–	–	–	(4)	–	(4)
Reclassifications	3	(1)	(2)	–	–	–
Assets written off	(8)	–	(7)	(45)	–	(60)
Translation of foreign operations	–	–	–	(1)	–	(1)
Balance at 28 February 2022	**37**	**44**	**166**	**402**	**–**	**649**
Carrying amount at 28 February 2021 before items classified as held-for-sale	**39**	**68**	**69**	**144**	**158**	**478**
Carrying amount: Property, plant and equipment classified as held-for-sale (note 40)*	**(6)**	**(1)**	**(21)**	**(8)**	**–**	**(36)**
Cost*	**(8)**	**(3)**	**(91)**	**(62)**	**–**	**(164)**
Accumulated depreciation and impairment losses*	**2**	**2**	**70**	**54**	**–**	**128**
Carrying amount at 28 February 2021*	**33**	**67**	**48**	**136**	**158**	**442**
Carrying amount at 28 February 2022 before items classified as held-for-sale	**152**	**74**	**83**	**146**	**2**	**457**
Carrying amount: Property, plant and equipment classified as held-for-sale (note 40)	**–**	**–**	**(17)**	**(2)**	**–**	**(19)**
Cost	**(2)**	**(2)**	**(82)**	**(22)**	**–**	**(108)**
Accumulated depreciation and impairment losses	**2**	**2**	**65**	**20**	**–**	**89**
Carrying amount at 28 February 2022	**152**	**74**	**66**	**144**	**2**	**438**

* *Comparative information has been restated for the investment in Arrow no longer considered to be held-for-sale (note 43).*

** *The transfer relates to the reclassification of property plant and equipment to intangible assets which is immaterial to the Group.*

IMPAIRMENT TESTS AND KEY ASSUMPTIONS

Current year

R31 million of the impairment loss recognised relates to impairments on held-for-sale disposal groups and R6 million relates to impairments on various other IT equipment. The held-for-sale impairment loss recognised resulted from an assessment of the carrying value of Altron Document Solutions ("ADS") that was classified as a disposal group held-for-sale in the prior year and the Altron Rest of Africa business ("AROA") that was classified as held-for-sale during the current year (note 40). Included in the R31 million impairment loss on held-for-sale assets is R20 million relating to Altron People Solutions ("APS") prior to its disposal (note 42).

1 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Prior year

Comparative information has been restated for the investment in Arrow no longer considered to be held-for-sale (note 43). R6 million of the impairment loss recognised in the prior year resulted from an assessment of the carrying value of ADS and APS that was classified as a disposal group held-for-sale.

In the current and prior year, the carrying values were assessed against the fair value less costs to sell (refer to note 40), which has been determined with reference to indicative offers received from prospective buyers. These fair values are considered to be level 3 items in the fair value hierarchy.

R millions	28 February 2022	28 February 2021
ENCUMBERED ASSETS		
Certain data processing, motor vehicles and office equipment, included in the above amounts, were encumbered as security (refer note 15). The carrying amounts are as follows:		
Encumbered assets total	**5**	1
ASSETS UNDER CONSTRUCTION		
Included in the cost of capital work in progress are the following categories of assets:		
Plant and machinery	**2**	1
IT equipment and software	**–**	4
Land, buildings and leasehold improvements	**–**	153
Assets under construction total	**2**	158

USEFUL LIVES

Useful lives are reflected under accounting policies.

Management have assessed the appropriateness of the useful lives and residual values of property, plant and equipment and there have not been any changes from the prior year.

R millions	Goodwill	Customer relation-ships	Trade names, designs, patents and trade-marks[1] *	Distribution rights, licence agreements and proprietary software[1] **	Total
2 GOODWILL AND OTHER INTANGIBLE ASSETS					
Cost					
Balance at 29 February 2020	1 526	402	290	509	2 727
Additions at cost	–	–	6	91	97
Acquisitions through business combinations (refer note 41)	290	71	6	–	367
Disposals	–	–	–	(2)	(2)
Disposals of operations (refer note 42)	(557)	(213)	(79)	(32)	(881)
Intangible assets written off	–	(21)	–	(69)	(90)
Translation of foreign operations	23	3	–	8	34
Balance at 28 February 2021	1 282	242	223	505	2 252
Additions at cost	**–**	**–**	**3**	**59**	**62**
Acquisitions through business combinations (refer note 41)	**156**	**42**	**11**	**12**	**221**
Disposals of operations (refer note 42)	**(48)**	**–**	**–**	**(2)**	**(50)**
Transfers from property, plant and equipment***	**–**	**–**	**–**	**20**	**20**
Translation of foreign operations	**(9)**	**(2)**	**(1)**	**(2)**	**(14)**
Balance at 28 February 2022	**1 381**	**282**	**236**	**592**	**2 491**
Accumulated amortisation and impairment losses					
Balance at 29 February 2020	39	226	193	273	731
Amortisation for the year	–	41	24	97	162
Impairment losses	155	6	–	3	164
Disposals of operations (refer note 42)	–	(94)	(53)	–	(147)
Intangible assets written off	–	(21)	–	(69)	(90)
Translation of foreign operations	–	2	–	4	6
Balance at 28 February 2021	194	160	164	308	826
Amortisation for the year	**–**	**20**	**13**	**64**	**97**
Acquisitions through business combinations (refer note 41)	**–**	**–**	**–**	**4**	**4**
Impairment losses	**7**	**11**	**–**	**48**	**66**
Disposals of operations (refer note 42)	**(48)**	**–**	**–**	**(2)**	**(50)**
Transfers from property, plant and equipment***	**–**	**–**	**–**	**4**	**4**
Translation of foreign operations	**–**	**(2)**	**(1)**	**(3)**	**(6)**
Balance at 28 February 2022	**153**	**189**	**176**	**423**	**941**

[1] *Software previously included under the category trade names, designs, patents and trademarks has been reclassified to distribution rights, license agreements and proprietary software. Refer to note 43.*

* *This includes internally generated designs used in the business operations of the Group with a carrying value of R34 million (2021: 34 million).*

** *This includes Capitalised development costs with a carrying value of R137 million (2021: 116 million).*

*** *The transfer relates to the reclassification of property plant and equipment to intangible assets which is immaterial to the Group.*

2 GOODWILL AND OTHER INTANGIBLE ASSETS (CONTINUED)

R millions	Goodwill	Customer relation-ships	Trade names, designs, patents and trade-marks[1] *	Distribution rights, licence agreements and proprietary software[1] **	Total
Carrying amount at 28 February 2021 before items classified as held-for-sale	1 088	82	59	197	1 426
Carrying amount: Goodwill and intangibles classified as held-for-sale (note 40)	(7)	(21)	–	(16)	(44)
Cost	(185)	(47)	–	(31)	(263)
Accumulated depreciation and impairment losses	178	26	–	15	219
Carrying amount at 28 February 2021	1 081	61	59	181	1 382
Carrying amount at 28 February 2022 before items classified as held-for-sale	**1 228**	**93**	**60**	**169**	**1 550**
Carrying amount: Goodwill and intangibles classified as held-for-sale (note 40)	**–**	**(10)**	**–**	**(10)**	**(20)**
Cost	**(137)**	**(47)**	**–**	**(61)**	**(245)**
Accumulated depreciation and impairment losses	**137**	**37**	**–**	**51**	**225**
Carrying amount at 28 February 2022	**1 228**	**83**	**60**	**159**	**1 530**

[1] *Software previously included under the category trade names, designs, patents and trademarks has been reclassified to distribution rights, license agreements and proprietary software. Refer to note 43.*

* *This includes internally generated designs used in the business operations of the Group with a carrying value of R34 million (2021: 34 million).*

** *This includes Capitalised development costs with a carrying value of R137 million (2021: 116 million).*

*** *The transfer relates to the reclassification of property plant and equipment to intangible assets which is immaterial to the Group.*

DISTRIBUTION RIGHTS

The Group owns the sole rights to distribute Xerox equipment in 26 (2021: 26) African territories. It paid an initial fee to acquire these distribution rights which are governed by an agreement that has been signed into perpetuity. These distribution rights held within Altron Document Solutions ("ADS") are considered to have indefinite useful lives and have been classified as held-for-sale.

The recoverable amount of the distribution rights has been based on fair value less costs to sell (refer to events and circumstances leading to the recognition of impairment losses).

2 GOODWILL AND OTHER INTANGIBLE ASSETS (CONTINUED)

DETERMINATION OF THE RECOVERABLE AMOUNT

The carrying value of indefinite useful life intangible assets, intangible assets not yet available for use and goodwill are tested annually for impairment. The Group applies the fair value less costs of disposal method in assessing CGUs for impairment.

A discounted cash flow valuation model is used to calculate fair value less costs of disposal. Future expected cash flows are based on management forecasts, typically over a five-year period, and thereafter a reasonable rate of growth is applied based on current market conditions.

For the purpose of impairment assessments of goodwill, the goodwill balance is allocated to the operating units which represent the lowest level within the Group at which the goodwill is monitored for internal management purposes.

EVENTS AND CIRCUMSTANCES LEADING TO THE RECOGNITION OF IMPAIRMENT LOSSES:

Goodwill

Prior year

During the prior year, an impairment loss of R155 million relating to goodwill was recognised which resulted from an assessment of the carrying value compared to the fair value less costs of disposal for the Altron Document Solutions ("ADS") and Altron People Solutions ("APS") businesses that were classified as disposal groups held-for-sale. Impairment losses of R114 million and R41 million respectively were recognised and allocated to goodwill in the prior year.

Current Year

An additional R7 million impairment loss was recognised relating to the APS business during the current year and allocated to goodwill prior to its disposal (note 42). The recoverable amount was based on fair value less costs to sell, which has been determined with reference to indicative offers received from prospective buyers prior to the sale of APS. These fair values are considered to be level 3 items in the fair value hierarchy.

Customer relationships

The R11 million impairment resulted from an assessment of the carrying value of the ADS business that was classified as a disposal group held-for-sale, compared to the fair value less costs to sell (refer to note 40), which has been determined with reference to indicative offers received from prospective buyers. The fair value is considered to be level 3 items in the fair value hierarchy.

Distribution rights, license agreements and proprietary software

R16 million (2021: R3 million) of the impairment loss recognised relates to distribution rights and R6 million relates to software. These impairments resulted from an assessment of the carrying value of ADS that was classified as a disposal group held-for-sale and APS as a disposal group held-for-sale prior to its disposal (note 42), compared to the fair value less costs to sell (refer to note 40), which has been determined with reference to indicative offers received from prospective buyers. The fair value is considered to be level 3 items in the fair value hierarchy.

The remaining R26 million impairment resulted from the calculation of software's recoverable amount which was determined with reference to its value in use. The expected cost savings resulting from the implementation of this software declined significantly from initial recognition which resulted in a recoverable amount of Rnil.

2 GOODWILL AND OTHER INTANGIBLE ASSETS (CONTINUED)

SUMMARY OF GOODWILL AND ASSUMPTIONS APPLIED

A summary of the goodwill per cash-generating unit as well as assumptions applied for impairment assessment purposes is presented below per country where the CGUs are situated:

28 February 2022 R millions	**Geographic region**	**Long-term growth rate %**	**Discount rate %**	**Goodwill carrying amount**
Altron Nexus	South Africa	**5**	**15.42**	**33**
Altron Managed Solutions	South Africa	**5**	**14.95**	**53**
Altron Healthtech	South Africa	**5**	**15.44**	**82**
Altron Fintech*	South Africa	**5**	**15.65**	**65**
Altron Systems Integration	South Africa	**5**	**14.95**	**178**
Altron Karabina	South Africa	**5**	**17.54**	**148**
Altron Netstar	South Africa	**5**	**14.74**	**29**
Netstar Australia	Australia	**5**	**8.76**	**194**
Altron Security	South Africa	**7**	**17.40**	**290**
Lawtrust	South Africa	**5**	**17.54**	**156**
Carrying amount at 28 February 2022				**1 228**

* *The merger of Altron Secure Transactions Solutions (Nupay) and Altron Secure Transactions Solutions (Fintech) resulted in the combination of the two separate cash-generating units ("CGU") into a single CGU referred to as Altron Fintech. Management views the information from these CGUs as a single CGU.*

28 February 2021 R millions	Geographic region	Long-term growth rate %	Discount rate %	Goodwill carrying amount
Altron Nexus	South Africa	5	15.23	33
Altron Managed Solutions	South Africa	4	14.53	53
Altron Healthtech	South Africa	4	15.23	82
Altron Secure Transaction Solutions - Nupay	South Africa	4	15.44	65
Altron Systems Integration	South Africa	4	14.53	178
Altron Karabina	South Africa	4	17.33	148
Altron Netstar	South Africa	4	14.53	29
Netstar Australia	Australia	5	8.02	203
Altron Security	South Africa	4	17.33	290
Carrying amount at 28 February 2021 excluding goodwill classified as held-for-sale				1 081
Altron People Solutions	South Africa			7
				1 088

2 GOODWILL AND OTHER INTANGIBLE ASSETS (CONTINUED)

FAIR VALUE LESS COSTS OF DISPOSAL

The recoverable amounts of the respective CGUs were determined based on fair value less costs of disposal calculations. The calculations mainly use forecast cash flow projections based on financial budgets that were approved by the Board of Directors. The forecast period used in the calculation covers a five-year (2021: five-year) period, with year one being the approved budgeted year. A terminal value is calculated into perpetuity using long-term growth rates. The growth rates used are in line with industry norms.

The following key assumptions were used for the fair value less costs of disposal calculations:

Growth rates

Steady growth rates were applied beyond the approved budget periods. The growth rates were consistent with publicly available information relating to long-term average growth rates for each of the markets in which the respective CGU operated. The average growth rates ranged from 5% - 7% (2021: 4% - 5%).

Discount rates

Discount rates used reflect both time value of money and other specific risks relating to the relevant CGU. Post-tax discount rates have been applied.

SENSITIVITIES

A specific change in the discount rates or long-term growth rates of the below CGUs would result in the recoverable amount being equal to the carrying amount of the net assets of the CGU:

28 February 2022	Absolute change to discount rate %	Absolute change to long-term growth rate %
Altron Security	2.09	3.40
Altron Nexus	3.79	*

28 February 2021	Absolute change to discount rate %	Absolute change to long-term growth rate %
Altron Security	2.83	*
Altron Nexus	2.2	*

The CGUs not included in the table above have sufficient headroom and is not sensitive to a change in the assumptions applied.

* *The growth rate was reduced to 0% and sufficient headroom existed.*

3 RIGHT-OF-USE ASSETS

R millions	Buildings	Motor vehicles	High Sites	Fibre Strands and other IT equipment	Total
Cost					
Balance at 29 February 2020	424	49	84	160	717
Additions to right-of-use assets	693	9	8	2	712
Disposals of operations (refer note 42)	(27)	(5)	–	–	(32)
Lease modifications and terminations	43	(4)	(1)	(1)	37
Translation of foreign operations	1	–	–	–	1
Balance at 28 February 2021	1 134	49	91	161	1 435
Additions to right-of-use assets	**28**	**10**	**2**	**–**	**40**
Disposals of operations (refer note 42)	**(36)**	**–**	**–**	**–**	**(36)**
Acquisitions through business combinations (refer note 41)	**1**	**–**	**–**	**4**	**5**
Lease modifications*	**35**	**(5)**	**–**	**–**	**30**
Lease terminations*	**(66)**	**–**	**(1)**	**–**	**(67)**
Reclassification	**(13)**	**–**	**–**	**–**	**(13)**
Balance at 28 February 2022	**1 083**	**54**	**92**	**165**	**1 394**
Accumulated depreciation and impairment losses					
Balance at 29 February 2020	(123)	(14)	(20)	(36)	(193)
Depreciation for the year	(115)	(16)	(23)	(31)	(185)
Impairment losses	(27)	(1)	–	–	(28)
Lease modifications and terminations	16	3	8	–	27
Disposals of operations (refer note 42)	5	4	–	–	9
Balance at 28 February 2021	(244)	(24)	(35)	(67)	(370)
Depreciation for the year	**(116)**	**(13)**	**(18)**	**(31)**	**(178)**
Impairment losses	**(163)**	**(2)**	**–**	**–**	**(165)**
Acquisitions through business combinations (refer note 41)	**(1)**	**–**	**–**	**(3)**	**(4)**
Lease modifications*	**9**	**6**	**–**	**–**	**15**
Lease terminations*	**59**	**–**	**–**	**–**	**59**
Disposals of operations (refer note 42)	**24**	**–**	**–**	**–**	**24**
Reclassification	**13**	**–**	**–**	**–**	**13**
Balance at 28 February 2022	**(419)**	**(33)**	**(53)**	**(101)**	**606**
Carrying amount at 28 February 2021 before items classified as held-for-sale	890	25	56	94	1 065
Carrying amount: Right-of-use assets classified as held-for-sale (note 40)	(47)	(5)	–	–	(52)
Carrying amount at 28 February 2021	843	20	56	94	1 013
Carrying amount at 28 February 2022 before items classified as held-for-sale	**664**	**21**	**39**	**64**	**788**
Carrying amount: Right-of-use assets classified as held-for-sale (note 40)	**(24)**	**(3)**	**–**	**–**	**(27)**
Carrying amount at 28 February 2022	**640**	**18**	**39**	**64**	**761**

* *Lease modifications and terminations were previously disclosed in aggregate as it was not material to the Group.*

The Group has also entered into back-to-back finance lease arrangements, the details of which are included in note 6.

3 RIGHT-OF-USE ASSETS (CONTINUED)

IMPAIRMENT TESTS AND KEY ASSUMPTIONS

An impairment loss of R29 million (2021: R10 million) resulted from an assessment of the carrying value of the Altron Document Solutions ("ADS"), Altron People Solutions ("APS") and Altron Rest of Africa ("AROA") businesses that are classified as disposal groups held-for-sale, compared to the fair value less costs to sell (refer to note 40), which has been determined with reference to indicative offers received from prospective buyers. These fair values are considered to be level 3 items in the fair value hierarchy. The impairment loss on APS was calculated prior to its disposal (refer to note 42).

Previously the Group entered into a lease agreement in relation to the Woodlands campus in order to house all operations within one location. With the disposal of APS, as well as ADS and AROA being classified as held-for-sale, these businesses would no longer make use of the rental space previously agreed upon. In conjunction with hybrid working conditions, the Group is unable to utilise the full economic benefits which the right-of-use asset was intended for, resulting in a further impairment loss of R136 million (2021: R18 million). The Group has determined that the vacant office space is capable of being leased out separately and has treated this as a separate unit of account for the purposes of determining the recoverable amount of the right-of-use asset which is no longer being used. The recoverable amount, was determined with reference to the right-of-use asset's value-in-use. The value-in-use cash flow projection inputs are the expected future rentals receivable from the various operations which is directly related to their usage of the campus. The impairment loss is included in capital items in the statement of profit or loss.

	GROUP	
R millions	**28 February 2022**	28 February 2021
Lease liabilities		
Opening balance	**1 139**	572
Current lease liabilities excluding balances classified as held-for-sale	**108**	181
Non-current lease liabilities excluding balances classified as held-for-sale	**971**	391
	1 079	572
Current lease liabilities classified as held-for-sale	**43**	–
Non-current lease liabilities classified as held-for-sale	**17**	–
	60	–
Leases entered into	**40**	712
Repaid (including interest and capital)	**(235)**	(238)
Interest (refer to note 23)	**91**	57
Acquisitions through business combinations (refer note 41)	**2**	–
Disposal of operations (note 42)	**(30)**	(28)
Lease modifications and terminations	**37**	63
Translation of foreign operations	**(1)**	1
Total lease liabilities	**1 043**	1 139
Less lease liabilities classified as held-for-sale (note 40)	**(30)**	(60)
Total lease liabilities excluding classified as held-for-sale	**1 013**	1 079
Balance at 28 February 2022	**1 013**	1 079
Current lease liabilities excluding balances classified as held-for-sale	**117**	108
Non-current lease liabilities excluding balances classified as held-for-sale	**896**	971
Included in the statement of profit or loss:		
Expense relating to short term leases and leases of low-value assets that are not shown above are included in materials and services consumed.	**26**	**25**
Rent concessions received*	**–**	**1**

* *The Group applied the practical expedient to all rent concessions that meet the conditions of the amendment under IFRS 16. Rent concession include rent relief offered by lessors as result of the Covid-19 pandemic. Such rent relief relates to a reduction in lease payments originally due on or before 20 June 2021, therefore the Group did not account for these eligible rent reductions as lease modifications.*

		GROUP	
	R millions	28 February 2022	28 February 2021
4	**EQUITY-ACCOUNTED INVESTMENTS**		
	Interest in joint venture	**78**	46
	Interests in associates	**1**	1
		79	47

Refer note 44 for detailed disclosures on the interest in joint ventures and associates.

		GROUP	
	R millions	28 February 2022	28 February 2021
5	**OTHER NON-CURRENT RECEIVABLES**		
	Non-current financial assets at amortised cost		
	Participation loan to Technologies Acceptances Receivables Proprietary Limited (TAR)	**168**	169
	Less non-current financial assets at amortised cost classified as held-for-sale (note 40)	**(168)**	(169)
		–	–
	Non-current financial assets at fair value through other comprehensive income		
	Preference share investment in Technologies Acceptances Receivables Proprietary Limited	**21**	21
	Less non-current financial assets at fair value through other comprehensive income classified as held-for-sale (note 40)	**(21)**	(21)
		–	–

Refer to note 44 for detailed disclosures

EXPOSURE TO CREDIT RISKS

All of the Group's non-current financial assets at amortised cost and FVOCI are considered to have credit risk, and the loss allowance recognised during the period was therefore limited to 12 months expected credit losses. The Group considers a financial instrument to have low credit risk when it has a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

Non-current financial assets at amortised cost

Refer to note 44 for detailed disclosure on the TAR participation loan. All customers are credit vetted, credit is only extended to customers in accordance with the stipulations of the securitisation vehicle, and is effectively secured by the underlying assets.

Based on the application of the Expected Credit Loss (ECL) model and the factors mentioned above, no ECL has been recognised on the non-current financial assets held at amortised cost. The expected Credit Loss (ECL) model incorporated the probability of default (PD) and the loss given default (LGD) of the counterparty. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculations, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of the reporting period.

Non-current financial assets at fair value through other comprehensive income

The preference share investment as disclosed has been classified as an equity investment in terms of IFRS 9.

R millions	GROUP 28 February 2022	GROUP 28 February 2021

6 FINANCE LEASE ASSETS

Finance lease assets		
Present value of minimum lease payments receivable	**441**	466
Less: Current portion (note 11)	**(203)**	(221)
	238	245
Less: finance lease assets classified as held-for-sale (note 40)	**(238)**	(245)
Non-current finance lease receivable	**–**	–
Rental finance liabilities at amortised cost (included under loans)		
Present value of minimum lease payments payable (note 15)	**442**	465
Less: Current portion (note 11 and note 15)	**(201)**	(219)
	241	246
Less: rental finance liabilities at amortised cost classified as held-for-sale (note 40)	**(241)**	(246)
Non-current finance lease liability	**–**	–

Group entities sell certain document processing equipment to third parties on a finance lease basis. The lease asset arising is in turn financed by a reciprocal lease agreement with financial institutions.

The underlying loans receivable and payable are settled in monthly instalments over periods of up to seven years and bear interest at rates linked to the prime bank overdraft rate. The loans are secured by the underlying equipment sold.

Offsetting criteria have not been met and as a result, the lease asset and lease liability are presented on a gross basis.

The relationship between the gross investment in the lease at the balance sheet date, and the present value of the minimum lease payments receivable at the balance sheet date, is as follows:

R millions	GROUP 28 February 2022	GROUP 28 February 2021
Finance lease assets		
Present value of minimum lease payments receivable	**441**	466
Interest receivable	**65**	96
Future minimum lease payments receivable	**506**	562

R millions	28 February 2022 Future minimum lease payments	28 February 2022 Present value of minimum lease payments	28 February 2021 Future minimum lease payments	28 February 2021 Present value of minimum lease payments
Non-derivative financial assets				
Finance lease assets are receivable as follows:				
Less than one year	**236**	**203**	226	221
Between one and five years	**270**	**238**	336	245
	506	**441**	562	466

6 FINANCE LEASE ASSETS (CONTINUED)

R millions	28 February 2022 Future minimum lease payments	28 February 2022 Present value of minimum lease payments	28 February 2021 Future minimum lease payments	28 February 2021 Present value of minimum lease payments
Non-derivative financial liabilities				
Finance liabilities are payable as follows:				
Less than one year	**237**	**201**	226	219
Between one and five years	**271**	**241**	337	246
	508	**442**	563	465

R millions	GROUP 28 February 2022	GROUP 28 February 2021
Exposure to credit risk of finance lease assets		
The maximum exposure to, and concentration of, credit risk for finance lease assets at the reporting date by type of customer is as follows:		
Parastatals/government	**271**	245
Corporates	**170**	221
	441	466
The maximum exposure to, and concentration of, credit risk for finance lease assets at the reporting date by geographical region is as follows:		
South Africa	**436**	460
Rest of Africa	**5**	6
	441	466

Exposure to credit risk

All customers are subjected to stringent credit vetting. It is our experience that only large corporates and parastatal/government departments avail themselves to the document outsourcing services rendered by the Group and hence there is a reduced risk of default. Lease payments are due between 30 - 90 days after invoice.

As disclosed above, finance lease assets relate to document processing equipment. The lease asset arising is in turn financed by a reciprocal lease agreement with financial institutions. The actual equipment sold provides collateral to the Group and as a result the ECL is calculated at a nominal amount.

Exposure to liquidity risk

The following are the contractual maturities of finance lease assets and liabilities, including interest payments:

6 FINANCE LEASE ASSETS (CONTINUED)

R millions	Carrying amount	Contractual cash flows	6 months or less	6 to 12 months	1 to 2 years	Greater than 2 years
28 February 2022 **Non-derivative financial assets**						
Finance lease assets	**441**	**506**	**126**	**110**	**106**	**164**
Non-derivative financial liabilities						
Finance lease liabilities	**(442)**	**(508)**	**(126)**	**(111)**	**(107)**	**(164)**

R millions	Carrying amount	Contractual cash flows	6 months or less	6 to 12 months	1 to 2 years	Greater than 2 years
28 February 2021 **Non-derivative financial assets**						
Finance lease assets	**466**	**562**	**121**	**104**	**169**	**168**
Non-derivative financial liabilities						
Finance lease liabilities	**(465)**	**(563)**	**(122)**	**(104)**	**(169)**	**(168)**

Exposure to interest rate risk

A significant portion of finance leases are entered into on a back-to-back basis with financial institutions. The interest rate payable to financial institutions on the finance lease liability is equal to the rate being charged to the customer on the finance lease asset. These rates are automatically adjusted as and when the prime overdraft rate is amended. Accordingly the Group does not have any significant exposure to interest rate risk as a result of these arrangements.

	GROUP	
R millions	28 February 2022	28 February 2021
7 CONTRACT COSTS CAPITALISED		
Costs incurred to fulfil contracts	**35**	74
Costs incurred to acquire contracts - closing balance	**388**	241
Opening balance	**241**	163
Costs incurred to acquire contracts during the year	**266**	169
Amortisation of costs incurred to acquire contracts during the year	**(119)**	(91)
Total contract costs capitalised	**423**	315
Less: Current costs incurred to fulfil contracts (refer note 11)	**(35)**	(74)
Total non-current contract costs capitalised	**388**	241

COSTS INCURRED TO FULFIL CONTRACTS

This relates to costs incurred by the Group on certain contracts where the performance obligations have not been met and accordingly revenue could not be recognised. These costs are short term in nature and will be expensed to profit or loss within 12 months after the reporting period.

COSTS INCURRED TO ACQUIRE CONTRACTS

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.

R millions	GROUP 28 February 2022	GROUP 28 February 2021
8 CAPITAL RENTAL DEVICES		
Opening balance	**264**	297
Additions to capital rental devices during the year	**183**	150
Depreciation for the year	**(157)**	(165)
Written off during the year (refer to note 21)	**(13)**	(18)
	277	264

The capital rental devices relates to the costs of hardware that the Group supplies to its customers as part of service agreements. These devices remain the legal property of the Group and are depreciated over the period of the contract, up to a maximum of three years. The depreciation on these items are included in depreciation and amortisation in profit or loss. Amounts written off during the year relate to rental devices no longer in use.

R millions	Opening balance	Recognised in profit or loss	Recognised directly in equity	Acquisitions of subsidiaries (note 41)	Disposal of operations (note 42)	Translation differences and other	Closing balance
9 DEFERRED TAXATION							
Deferred tax movements							
28 February 2022							
Wear and tear allowances	**122**	**56**	**–**	**17**	**–**	**1**	**196**
Working capital allowances	**(19)**	**(83)**	**–**	**(5)**	**–**	**–**	**(107)**
Provisions, accruals and other allowances	**(56)**	**(8)**	**–**	**(5)**	**–**	**–**	**(69)**
Share based payments	**(8)**	**4**	**–**	**–**	**–**	**–**	**(4)**
Tax losses	**(157)**	**4**	**–**	**–**	**–**	**–**	**(153)**
Right-of-use	**(21)**	**(50)**	**–**	**–**	**–**	**–**	**(71)**
	(139)	**(77)**	**–**	**7**	**–**	**1**	**(208)**
Less deferred tax balances classified as held-for-sale							**–**
Deferred taxation							**(208)**

Deferred income taxes are calculated on all temporary differences under the liability method. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantively enacted at the reporting date. Management has considered the impact of the rate change as announced by the Minister of Finance on 24 February 2021 on the local operations. The impact of the rate applied on temporary differences that will not realise during the 2023 financial year calculated at 27% amounted to R2 million, which was considered immaterial for the Group and therefore not adjusted as a rate change above.

9 DEFERRED TAXATION (CONTINUED)

R millions	Opening balance	Recog-nised in profit or loss	Recog-nised directly in equity	Acquisitions of subsidiaries (note 41)	Disposal of operations (note 42)	Translation differences and other	Closing balance
28 February 2021*							
Wear and tear allowances	115	26	–	22	(40)	(1)	122
Working capital allowances	(16)	(3)	–	–	–	–	(19)
Provisions, accruals and other allowances	(59)	(3)	–	–	6	–	(56)
Share based payments	(15)	7	–	–	–	–	(8)
Tax losses	(118)	(39)	–	–	–	–	(157)
Right-of-use	(12)	(9)	–	–	–	–	(21)
Deferred tax not recognised	26	(26)	–	–	–	–	–
	(79)	(47)	–	22	(34)	(1)	(139)
Less deferred tax balances classified as held-for-sale							–
Deferred taxation							(139)

* Comparative information has been restated for the investment in Arrow no longer considered to be held-for-sale (note 43).

	GROUP	
R millions	**28 February 2022**	28 February 2021*
The above balance comprises:		
Deferred tax liabilities	**30**	12
Deferred tax assets	**(238)**	(151)
Net deferred tax asset	**(208)**	(139)
The Group has used judgement and determined that the deferred tax asset is recoverable based on expected future taxable profits.		
Tax losses		
Estimated tax losses and deductible temporary differences that are available for set-off against future taxable income	**1 386**	1 525
Continuing operations	**1 386**	1 525
Discontinued operations	**–**	–
Recognised**	**(548)**	(562)
Continuing operations	**(548)**	(562)
Discontinued operations	**–**	–
Unrecognised estimated tax losses and deductible temporary differences	**838**	963
Continuing operations	**838**	963
Discontinued operations	**–**	–

Tax losses recognised are not subject to expiry.

* Comparative information has been restated for the investment in Arrow no longer considered to be held-for-sale (note 43).

** Of the R548 million assessed loss recognised R85 million is considered to be current.

R millions	GROUP 28 February 2022	GROUP 28 February 2021*
10 INVENTORIES		
Raw materials	**150**	163
Work in progress	**12**	21
Finished goods	**1 144**	995
Consumable stores	**11**	10
	1 317	1 189
Less: Inventories classified as held-for-sale (refer note 40)	**(345)**	(356)
	972	833
Inventories carried at cost	**714**	585
Inventories carried at net realisable value	**258**	248
	972	833

* *Comparative information has been restated for the investment in Arrow no longer considered to be held-for-sale (note 43).*

Write downs of inventories to net realisable value of R43 million (2021: R5 million) occurred in the Group during the current financial year and are included in materials and services consumed.

R millions	Note	GROUP 28 February 2022	GROUP 28 February 2022*
11 TRADE AND OTHER RECEIVABLES			
Financial assets at amortised cost			
Gross trade receivables		**2 159**	2 328
Less: Impairment allowance		**(156)**	(149)
Less: Other allowances**		**(4)**	(4)
Deposits		**15**	15
Current portion of finance lease assets	6	**203**	221
Other receivables****		**90**	107
Proceeds receivable on the disposal of Powertech Transformers	42	**–**	102
Facility receivable from Aeromaritime International Management		**–**	47
Proceeds receivable on the disposal of SAMRAS	42	**1**	30
		2 308	2 697
Non-financial assets			
Costs incurred to fulfil contracts	7	**35**	74
Prepayments		**241**	293
Other receivables		**19**	8
Withholding tax receivable***		**64**	57
VAT receivable		**6**	26
		365	458
		2 673	3 155
Less: Trade and other receivables classified as held-for-sale	40	**(712)**	(658)
		1 961	2 497
Financial assets at fair value through profit or loss			
Forward exchange contracts		**3**	10
		1 964	2 507

* *Comparative information has been restated for the investment in Arrow no longer considered to be held-for-sale (note 43).*
** *Other allowances comprise of credit note and settlement discount allowances.*
*** *Withholding tax receivable was previously aggregated with other receivables.*
**** *Other receivables mainly relates to various vendor and B-BBEE loans provided.*

11 TRADE AND OTHER RECEIVABLES (CONTINUED)

R millions	Note	GROUP 28 February 2022	28 February 2022*
Exposure to credit risk			
The exposure to credit risk, excluding finance lease assets, at the reporting date was represented by:			
Gross trade receivables		**2 159**	2 328
Less: Impairment allowance		**(156)**	(149)
Less: Other allowances**		**(4)**	(4)
Deposits		**15**	15
Other receivables****		**90**	107
Proceeds receivable on the disposal of Powertech Transformers		**–**	102
Proceeds receivable on the disposal of SAMRAS		**1**	30
Facility receivable from Aeromaritime International Management		**–**	47
Contract assets, net of contract loss allowance (note 19)		**110**	200
		2 215	2 676
Less: Trade and other receivables classified as held-for-sale (note 40)		**(712)**	(658)
Less: Contract assets, net of contract loss allowance classified as held-for-sale (note 40)		**(9)**	(40)
		1 494	1 978

* Comparative information has been restated for the investment in Arrow no longer considered to be held-for-sale (note 43).
** Other allowances comprise of credit note and settlement discount allowances.
*** Withholding tax receivable was previously aggregated with other receivables.
**** Other receivables mainly relates to various vendor and B-BBEE loans provided.

AGEING AND IMPAIRMENT ANALYSIS (EXCLUDING FINANCE LEASE ASSETS)

	28 February 2022			28 February 2021		
R millions	Gross	Impairment	Net	Gross	Impairment	Net
Not past due	**1 328**	**(32)**	**1 296**	1 756	(25)	1 731
Past due 0-30 days	**217**	**(4)**	**213**	219	(4)	215
Past due 31-120 days	**193**	**(8)**	**185**	174	(11)	163
Past due 121-365 days	**75**	**(8)**	**67**	141	(13)	128
Past due 365+ days	**559**	**(105)**	**454**	538	(99)	439
	2 372	**(157)**	**2 215**	2 828	(152)	2 676

11 TRADE AND OTHER RECEIVABLES (CONTINUED)

Refer below for further disaggregation by credit risk.

The maximum exposure to credit risk for financial assets at amortised cost, excluding finance lease assets at the reporting date by type of customer net of impairment was as follows:

	GROUP	
R millions	**28 February 2022**	28 February 2021
Parastatals/government	**350**	517
Corporates	**1 568**	1 694
SMEs	**295**	440
Individuals	**2**	25
	2 215	2 676

The Group generally deals with the larger corporates who have a sound credit standing.
In certain cases credit risk insurance cover is obtained as security for debtors to ensure payment.
Credit risk in respect of corporates and SME's is controlled through the use of credit vetting agencies and the setting of credit limits by experienced personnel. Credit limits are typically reviewed at least annually.

The exposure to credit risk, excluding finance lease assets, at the reporting date was represented by:

	GROUP	
R millions	**28 February 2022**	28 February 2021
South Africa	**1 860**	2 347
Rest of Africa	**243**	219
Europe	**8**	5
Rest of world	**104**	105
	2 215	2 676

The majority of the financial assets outside of South Africa are in respect of the Group's international operations which are experienced in managing their own local credit risk. With regards to cross border trade, credit risk is managed through the use of letters of credit and credit insurance as considered necessary.

11 TRADE AND OTHER RECEIVABLES (CONTINUED)

CREDIT RISK, CONCENTRATION RISK AND SIGNIFICANT JUDGEMENT APPLIED BY MANAGEMENT

Gross trade receivable with Thobela Telecoms (RF) Proprietary Limited ("Thobela")

Altron Nexus Proprietary Limited ("Nexus") holds a jointly controlled interest in Thobela ("Joint Venture"). Thobela is the vehicle to which the City of Tshwane Metropolitan Municipality ("COT") awarded the tender for the provision of a municipal broadband network project on 9 June 2015 ("COT Project"). Nexus was in turn contracted by Thobela to complete the building and implementation of the COT Project.

Judgement was handed down pursuant to an application brought by the COT to review and set aside the tender process. which was lodged on 22 August 2017.

Nexus along with Thobela and its Lenders, applied for leave to Appeal to the Supreme Court of Appeal ("SCA"), which was duly granted. The case was later heard in the SCA on 24 August 2020.

On the 5th of October 2020, the SCA passed its ruling in favour of Nexus and the other appellants with costs and upheld the appeal, which reinstated the Build, Operate, and Transfer ("BOT") agreement. This ruling was seen as a landmark decision within our judiciary system. Management believes that it is in a significantly stronger position than what it found itself in the previous financial year with the SCA ruling being made, and Nexus has a binding agreement through Thobela with the City of Tshwane ("COT") in terms of the BOT.

After the SCA ruling, the COT notified Nexus and the appellants in writing that the COT did not intend to appeal the SCA judgement and allowed the due date to file an appeal, to lapse. Consequently, the COT entered into discussions with Nexus around a possible settlement, with a revised scope and payment of all amounts due.

Following a change in the political landscape, the COT revised its decision and filed an application for condonement as well as an application for an appeal against the SCA judgement in the Constitutional Court on 19 January 2021. Nexus, Thobela and the Lenders filed opposing affidavits against both applications. On 19 May 2021 the Constitutional Court rejected COT 's application for condonation and dismissed their appeal application with costs.

As at the end of the reporting period. Nexus has a balance of R309 million (2021: R309 million) outstanding from Thobela for work performed with regards to the COT Project. Through consultation with legal counsel, management have been guided to the conclusion that there is a high probable outcome of success in relation to the matter being settled through the recovery of the BOT agreement. In addition, any potential loss is further mitigated through Nexus's right to collect the equipment that has been installed due to amounts owing being outstanding and has a legal right to recover damages through litigation as a last resort.

Based on the guidance received from external counsel and the various remedies available to Nexus. Nexus prepared a weighted probability analysis of the amount expected to be received. Subsequent to the analysis being performed. Nexus resolved to record an ECL impairment allowance amounting to R23 million (2021: R10 million), representing the present value of the difference between the contractual amount outstanding and the weighted probability expected actual cash flows at the reporting date.

The above methodology was also applied to the investment loan advanced to the Joint Venture (note 44), and an ECL allowance of R6 million was recognised against the investment loan bringing the total ECL allowance to R8 million (2021: R2 million).

11 TRADE AND OTHER RECEIVABLES (CONTINUED)

EXPECTED CREDIT LOSSES

The Group generally deals with a widespread customer base. Refer above in relation to Thobela for an explanation of the Group's concentration of credit risk at reporting date. Listings of overdue customer balances are reviewed and the ageing thereof is used as a tool for monitoring specific risk of default (refer below).

The Group applies the simplified approach to measure the expected loss allowance for all trade receivables, contract assets and finance lease assets. This is done using two methods including the provision matrix utilising historic loss rates and the simplified PD/LGD/EAD approach. These two methods are further explained below.

	28 February 2022			28 February 2021		
R millions	**Gross carrying amount at default**	**Impairment**	**Net carrying amount at default**	Gross carrying amount at default	Impairment	Net carrying amount at default
Expected credit loss by method applied:						
Provision matrix utilising adjusted historic loss rates	**802**	**(34)**	**768**	858	(35)	823
Simplified PD/LGD/EAD approach	**1 596**	**(100)**	**1 496**	1 826	(101)	1 725
Accounts receivable and contract assets including finance lease assets	**2 398**	**(134)**	**2 264**	2 684	(136)	2 548
Deposits*	**15**	**–**	**15**	15	–	15
Thobela***	**309**	**(23)**	**286**	309	(10)	299
Other receivables*	**90**	**–**	**90**	107	–	107
Proceeds receivable on the disposal of Powertech Transformers*	**–**	**–**	**–**	102	(3)	99
Proceeds receivable on the disposal of SAMRAS*	**1**	**–**	**1**	30	–	30
Facility receivable from Aeromaritime International Management*	**–**	**–**	**–**	47	(3)	44
Total exposure to credit risk including finance leases	**2 813**	**(157)**	**2 656**	3 294	(152)	3 142
Comprises:	**2 813**	**(157)**	**2 656**	3 294	(152)	3 142
Total exposure to credit risk excluding finance leases	**2 372**	**(157)**	**2 215**	2 828	(152)	2 676
Finance lease assets (note 6)**	**441**	**–**	**441**	466	–	466

* *The application of the Expected Credit Loss (ECL) model resulted in a calculated ECL of R3 million on the proceeds receivable on the disposal of Powertech Transformers in the prior year. The balance due was collected during the current year and the ECL was reversed. The facility receivable from Aeromaritime International Management Proprietary Limited ("AIMS") which was structed as a BEE vendor loan. The facility receivable amounted to R47 million. The R3 million ECL calculated in the prior year was reversed as the facility was waived and included in capital items during the current period (note 21). No ECL was recognised on deposits, other receivables and proceeds receivable on the disposal of SAMRAS due to a low ECL ratio applied to these counterparties. The ECL model incorporated the probability of default (PD) and the loss given default (LGD) of the counterparty. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculations, based on the Group's past history, existing market conditions as well as forward looking estimates at end of the reporting period.*

** *Finance lease assets relate to document processing equipment as disclosed in note 6. The lease asset arising is in turn financed by a reciprocal lease agreement with financial institutions. The actual equipment sold provides collateral to the Group. Therefore ECL's calculated are immaterial.*

*** *The ECL for Thobela was calculated on a weighted probability analysis of the amount expected to be received (refer above). This ECL excludes the allowance raised on the investment loan to the Joint Venture (note 4).*

11 TRADE AND OTHER RECEIVABLES (CONTINUED)

Provision matrix utilising historic loss rates

This method is applied to those operations that have historical loss rates. ECLs are calculated by applying a loss ratio to the aged balance of trade receivables, contract assets, and finance lease assets at each reporting date. The loss ratio is calculated according to the ageing/payment profile of sales by applying historical/proxy write offs to the payment profile of the sales population. These financial assets have been grouped so that the ECL calculation is performed on groups of receivables with similar risk characteristics and ability to pay. Similarly, the sales population selected to determine the ageing/payment profile of the sales is representative of the entire population and in line with future payment expectations. The historic loss ratio is then adjusted for forward-looking information (including forecast economic indicators, as affected by the Covid-19 pandemic) to determine the ECL for the portfolio of financial assets at the reporting date to the extent that there is a strong correlation between the forward-looking information and the ECL. These operations have identified GDP of the countries in which it operates to be the most relevant and accordingly adjusts the historical loss rates based on expected changes to these factors.

The loss allowance for trade receivables to which the provision matrix has been applied is determined as follows:

	28 February 2022			28 February 2021		
	Average ECL/ impairment ratio %	**Gross carrying amount at default R millions**	**Net carrying amount at default R millions**	Average ECL/ impairment ratio %	Gross carrying amount at default R millions	Net carrying amount at default R millions
Not past due	**0.16**	**642**	**641**	0.62	647	643
Past due 0-30 days	**2.08**	**48**	**47**	2.70	37	36
Past due 31-120 days	**3.33**	**30**	**29**	9.46	74	67
Past due 121-365 days	**4.76**	**21**	**20**	26.47	34	25
Past due 365+ days	**49.18**	**61**	**31**	21.21	66	52
Total	**4.24**	**802**	**768**	4.08	858	823
The above is represented by:						
Parastatals/government	**2.22**	**361**	**353**	7.78	334	308
Corporates	**4.83**	**352**	**335**	0.70	427	424
SMEs	**10.23**	**88**	**79**	5.32	94	89
Individuals	**0.00**	**1**	**1**	33.33	3	2
Total	**4.24**	**802**	**768**	4.08	858	823

The Group used 12 months revenue data to determine the payment profile of the sales. Where the Group has information about actual historical write-offs, actual write-offs have been used to determine a historic loss ratio. Alternatively, management has used a proxy write-off based on management's best estimate. The Group has considered quantitative forward-looking information such as GDP, of which the impact was found to be immaterial.

11 TRADE AND OTHER RECEIVABLES (CONTINUED)

Simplified PD/LGD/EAD approach

This method is applied on low default portfolios with insufficient historic annual internal defaults. ECL is calculated based on the life-time expected credit losses using a formula incorporating the following parameters: Exposure at default (EAD), probability of default (PD) and loss given default (LGD) (i.e. ECL = PD x LGD x EAD). The PD parameter explains the likelihood of default of an exposure. It is assumed that risk drivers and default experience may differ by the institutional structure of the trade receivable, contract asset or finance lease asset (e.g. parastatal/government, corporates, SMEs and Individuals).

Therefore, trade receivables, contract assets and finance lease assets are segmented into these portfolios. The purpose of portfolio segmentation (or grouping by shared risk characteristics) is to ensure the homogenous grouping of counterparties into (broadly and appropriately) homogeneous risk groups. Management exercises judgement in grouping customers into the abovementioned segments and applies Basel classification guidelines as a reference. Where possible, credit ratings for corporate entities that are externally rated were obtained from Moody's. For unrated corporates, parastatals/government, SMEs and individuals, the average probability of default (PD) and loss given default rates (LGD) were obtained from published Pillar III reports of major financial institutions, which includes forward looking information. Various institutions were analysed, and an average was applied on the segmentation discussed above.

The loss allowance for trade receivables to which the simplified PD/LGD/EAD approach has been applied is determined as follows:

	28 February 2022			28 February 2021		
	Average ECL/ impairment ratio %	**Gross carrying amount at default R millions**	**Net carrying amount at default R millions**	Average ECL/ impairment ratio %	Gross carrying amount at default R millions	Net carrying amount at default R millions
Parastatals/government	**0.13 – 2.26**	**293**	**267**	0.10 – 2.26	**380**	**355**
Corporates	**0.56 – 1.35**	**1 055**	**1 012**	0.56 – 1.16	**1 253**	**1 191**
SMEs	**1.88 – 5.01**	**245**	**215**	1.87 – 5.01	**173**	**160**
Individuals	**7.47**	**3**	**2**	7.47	**20**	**19**
Total		**1 596**	**1 496**		**1 826**	**1 725**

Application of forward looking information as a result of Covid-19 – Simplified PD/LGD/EAD approach

Under the PD/LGD/EAD approach the average probability of default (PD) and loss given default rates (LGD) are obtained from published Pillar III reports and this takes into account forward looking information. A further risk factor applied with reference to macro-economic forecasts and ECL ratios were increased to account for the risks associated with Covid-19. Debtors balances were also analysed and high risk debtors were identified on a case by case basis with reference to aging and the expected credit loss ratios were increased accordingly.

Contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets under both methods disclosed above.

11 TRADE AND OTHER RECEIVABLES (CONTINUED)

The Group utilises the aging of the trade and other receivables and contract assets as a method for identifying specific risk of default. Under both methods disclosed above, the Group defines this risk as follows:

Low Risk	There has not been an increase in the credit risk of the counterparty since initial recognition of the trade receivable. All receivables are in low risk unless there are specific circumstances that indicate the contrary, such as long outstanding (overdue credit terms), financial problems at the counterparty, disputes, etc. The expected credit loss is calculated as explained above either under the PD/LGD/EAD approach or provision matrix method.
Medium risk	The credit risk of the of the counterparty has increased significantly since initial recognition of the trade receivable and therefore the ECL needs to be adjusted.
High risk	The trade receivable is at a point where it is fully non-recoverable. The full outstanding balance of the receivable is then provided for.

Accounts receivable and contract assets including finance lease assets, analysed by risk:

	28 February 2022			28 February 2021		
R millions	**Gross carrying amount at default**	**Allowance raised**	**Net carrying amount**	Gross carrying amount at default	Allowance raised	Net carrying amount
Low Risk	**1 983**	**(39)**	**1 944**	2 227	(26)	2 201
Medium Risk	**325**	**(5)**	**320**	355	(8)	347
High Risk	**90**	**(90)**	**–**	102	(102)	–
Accounts receivable and contract assets including finance lease assets	**2 398**	**(134)**	**2 264**	2 684	(136)	2 548
Deposits	**15**	**–**	**15**	15	–	15
Other receivables	**90**	**–**	**90**	107	–	107
Proceeds receivable on the disposal of Powertech Transformers	**–**	**–**	**–**	102	(3)	99
Proceeds receivable on the disposal of SAMRAS	**1**	**–**	**1**	30	–	30
Facility receivable from Aeromaritime International Management	**–**	**–**	**–**	47	(3)	44
Thobela*	**309**	**(23)**	**286**	309	(10)	299
	2 813	**(157)**	**2 656**	3 294	(152)	3 142

* *The ECL for Thobela was calculated on a weighted probability analysis of the amount expected to be received (refer above). This ECL excludes the allowance raised on the investment loan to the Joint Venture (note 4).*

Based on the above, the Group distinguishes between non-performing and credit impaired counterparties. In the event that the counterparty is classified as credit impaired, the Group calculates the interest on the trade receivable, net of the impairment loss. The impact of this is immaterial for the both the current and prior year.

When the Group identifies a counterparty that has defaulted and the probability of recovery is remote, the amounts are written off, either by utilising the provision raised in respect of the counterparty or recognising the write-off in profit or loss.

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group or a failure to make contractual payments for a period of greater than 120 days past due. Internal assessments are performed once debtors are 90 days past due from which the Group commences the process of assessing debtors on a case by case basis which includes assessing the adequacy of ECL's raised.

11 TRADE AND OTHER RECEIVABLES (CONTINUED)

RECONCILIATION OF LOSS ALLOWANCE

Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item. The impairment loss recognised in the current year is in respect of revenue recognised from contracts with customers.

The impairment loss allowance in respect of finance lease assets is immaterial.

The movement in the impairment allowance in respect of trade receivables and contract assets during the year was as follows:

	Trade and other receivables		Contract assets	
R millions	**28 February 2022**	28 February 2021	**28 February 2022**	28 February 2021
Balance at the beginning of the year	**149**	127	**3**	*
Increase in expected credit loss allowance##	**11**	46	**(2)**	3
Movement in expected credit loss allowance in relation to gross balances not in default	**6**	21	**(2)**	3
Movement in expected credit loss allowance in relation to Thobela	**13**	(30)	**–**	–
Movement in expected credit loss allowance in relation to gross balances greater than 120 days past due	**(8)**	55		
Written off				
Directly to trade and other receivables and contract assets###	**(4)**	(6)	**–**	–
Disposal of operation	**–**	(17)	**–**	–
Translation	**–**	(1)	**–**	–
Balance at the end of the reporting period	**156**	149	**1**	3
## Increase in expected credit loss allowance	**11**	**46**	**(2)**	3
Continuing operations	**(4)**	29	**(2)**	3
Discontinued operations	**15**	17	*****	*

* *Nominal amount.*
Relates to debtors that were previously fully provided for. The debtors balances were therefore written off against allowances previously raised.

CURRENCY RISK

Currency risk positions are reflected in note 29.

DERIVATIVE ASSETS AT FAIR VALUE

Derivative assets at fair value include:

	GROUP	
R millions	**28 February 2022**	*28 February 2021*
Forward exchange contracts		
- Fair value hedge	**3**	10

CREDIT RISK ON DERIVATIVE ASSETS

The Group limits its exposure to credit risk by only entering into forward contracts with counterparties that have a sound credit rating.

Given these high credit ratings, management does not expect any counterparty to fail to meet its obligations.

R millions	GROUP 28 February 2022	28 February 2021
12 CASH AND CASH EQUIVALENTS AND RESTRICTED CASH		
Cash at bank	**729**	1 324
Cash held on behalf of merchants*	**55**	130
Less: Cash at bank classified as held-for-sale (refer note 40)	**(27)**	–
	757	1 454
Bank overdrafts	**(158)**	(650)
Net cash and cash equivalents per the statement of cash flows	**599**	804

* *Comparative information has been restated for the investment in Arrow no longer considered to be held-for-sale (note 43).*

** *As part of the Group's business operations, cash is collected from customers on behalf of merchants and paid over to merchants when the amounts are cleared in the bank account. The cash on hand at year-end is due to the timing between receiving the cash from the customers, the cash clearing in the bank account and the payments being made to the merchants. On average, these amounts are paid over to merchants between 2 - 5 business days from receipt into the bank account.*

CREDIT RISK

The Group limits its credit risk exposure by investing only with financial institutions that have a sound credit rating. Management does not expect any counterparty to fail to meet its obligations based on the credit ratings of the financial institutions presented below:

R millions	Cash and cash equivalents including merchant cash*			
	Credit ratings	Cash at bank	Bank overdrafts	Cash and cash equivalents Total
28 February 2022				
South Africa	**BB-**	**626**	**(158)**	**468**
United Kingdom	**AA**	**7**	**–**	**7**
Australia	**AAA**	**61**	**–**	**61**
Other	**Various**	**63**	**–**	**63**
		757	**(158)**	**599**
28 February 2021*				
South Africa	BB-	1 254	(650)	604
United Kingdom	AA	–	–	–
Australia	AAA	88	–	88
Other	Various	112	–	112
		1 454	(650)	804

* *Comparative information has been restated for the investment in Arrow no longer considered to be held-for-sale (note 43).*

EXPECTED CREDIT LOSSES

While cash and cash equivalents are also subject to the ECL model, the identified impairment loss was immaterial due to the fact that the Group has limited its credit exposure by investing only with financial institutions that have a sound credit rating.

INTEREST RISK

Interest rate risk is monitored by management daily and cash is moved between bank accounts to maximise arbitrage. Bank overdrafts and cash balances are subject to market related interest rates.

CURRENCY RISK

Currency risk positions are reflected in note 29.

	GROUP			
	28 February 2022 Number of shares	28 February 2021 Number of shares	28 February 2022 R millions	28 February 2021 R millions
13 SHARE CAPITAL AND PREMIUM				
13.1 AUTHORISED				
A Ordinary shares of no par value (2021: No par value)	**500 000 000**	500 000 000		
N Ordinary shares of 0.01 cent each (2021: 0.01 cent each)	**500 000 000**	500 000 000		
High Voting share of no par value *(unlisted)*	**1**	1		
13.2 ISSUED				
A Ordinary shares				
In issue at the beginning of the year	**401 883 022**	399 580 510	**1 158**	3 170
Issued in terms of share schemes	**5 689 376**	2 302 512	**56**	49
Return of capital (note 42)	**–**	–		(2 061)
In issue at the end of the year	**407 572 398**	401 883 022	**1 214**	1 158
Less: Own shares acquired by subsidiary	**(32 287 468)**	(32 287 469)	**(222)**	(222)
Own shares held at the beginning of the year	**(32 287 469)**	(28 180 081)	**(222)**	(299)
Own shares disposed during the year*	**–**	1 683 025	**–**	42
Own shares acquired on settlement of share linked incentive (SLI) (note 5)	**–**	(5 790 413)	**–**	(131)
Adjustment to treasury shares**	**1**			
Return of capital (note 42)	**–**	–	**–**	166
Net A ordinary shares at the end of the year	**375 284 930**	369 595 553	**992**	936
High Voting share				
In issue at the beginning of the year	**1**	1	**–**	–
Share issued	**–**	–	**–**	–
Net High Voting share at the end of the year	**1**	1	**–**	–
Total number of shares in issue at the end of the year, net of own shares acquired	**375 284 931**	369 595 554		
13.3 TOTAL ISSUED SHARE CAPITAL AND PREMIUM			**992**	**936**

* *Shares utilised in the acquisition of the Ubusha Technologies Proprietary Limited ("Ubusha") transaction. As disclosed in note 41, the Group utilised 1 683 025 of its treasury shares to discharge R36 million of its upfront purchase price. At the date of the transaction, the treasury shares were carried at a cost of R42 million. A loss of R6 million has been recognised directly in equity.*

** *Treasury shares held was previously incorrectly stated by 1 share and corrected during the current period.*

Terms of equity shares

A Ordinary shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

High Voting share

The holders (Venter family) of the High Voting share are entitled to voting rights of 25% plus one vote, so long as members of the Venter family are the ultimate beneficial owners of at least 10% of the A ordinary shares.

Treasury shares

The Directors have obtained general authority to repurchase shares of the Company not exceeding 5% of the Company's A ordinary issued share capital for the current financial year and will be sought at the next annual general meeting for the forthcoming financial year.

13 SHARE CAPITAL AND PREMIUM (CONTINUED)

13.4 SHARE-BASED PAYMENTS

13.4.1 ALTRON 2009 SHARE PLAN – EQUITY SETTLED SHARE BASED PAYMENTS

The share plan was approved by the shareholders in the general meeting on 11 May 2009. It comprises three elements as follows:

Share Appreciation Rights

These grant participants rights to acquire shares subject to meeting future performance vesting conditions. Vesting occurs in equal tranches over a three year period commencing on the third anniversary of the grant, subject to meeting the vesting conditions which include internal growth measures (non-market conditions). These rights lapse six years after the grant date.

Performance Share Awards

Performance shares award participants with shares subject to meeting future performance vesting conditions. These rights vest and are exercised three years from the award date to the extent that the performance criteria have been met, which include internal growth measures (non-market conditions). Up to three times the number of rights may be awarded in shares. The full value of all the vested Performance Shares will be settled to the participants in shares as the exercise price is Rnil per share.

Bonus Share Grants

The Bonus Share Scheme is a three year scheme. The vesting period is three years from the initial date of the grant provided that the participants are still in the employ of the Group. Participants will receive a grant that matches, according to a specified ratio of growth in key measures in the Group, such as EBITDA and a portion of the Participants' annual performance bonus. The full value of the vested Bonus Shares will be settled to the participants in shares as the exercise price per share is Rnil per share.

Summary of share options outstanding in terms of Altron 2009 Share Plan:

Date granted	Exercise price per share R	Share Appreciation Rights	Bonus Share Grants
22 February 2017	R0.00	163 449	–
13 June 2018	R0.00	107 038	–
29 August 2019	R0.00	175 623	–
26 February 2020	R0.00	1 503 653	–
23 February 2021	R0.00	–	1 505 808
14 June 2021	R0.00	–	1 061 079
13 May 2021	R0.00	–	49 996
13 May 2021	R0.00	–	932 458
24 February 2021	R11.71	2 038 545	–
2 August 2021	R10.60	381 618	–
2 November 2021	R10.96	1 013 977	–
31 January 2022	R0.00	–	84 606
21 February 2022	R8.42	2 141 064	–
		7 524 967	3 633 947

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.

13 SHARE CAPITAL AND PREMIUM (CONTINUED)

13.4 SHARE-BASED PAYMENTS (CONTINUED)

13.4.1 ALTRON 2009 SHARE PLAN – EQUITY SETTLED SHARE BASED PAYMENTS (CONTINUED)

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. 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 28 February 2022 amounts to R61 million which includes the above aforementioned modifications as well as the issuance of the new bonus share awards.

	Weighted average exercise price Rand 2022	**Number of options '000 2022**	Weighted average exercise price Rand 2021	Number of options '000 2021
The number and weighted average exercise prices of share options are as follows:				
Outstanding at the beginning of the year	**13.98**	**17 369**	15.00	14 295
Granted during the year	**3.00**	**9 029**	6.70	5 390
Options lapsed/forfeited/reinstated	**1.00**	**(9 573)**	25.82	(672)
Exercised during the year	**–**	**(5 667)**	5.50	(1 644)
Outstanding at the end of the year	**5.00**	**11 158**	13.98	17 369
Exercisable at the end of the year		**270**		1 691

Exercise prices on outstanding options at the end of the period ranged from Rnil to R11.71 (2021: Rnil to R23.70). The weighted average remaining period to vesting on outstanding options at the end of the period was 32 months (2021: 2 years).

13 SHARE CAPITAL AND PREMIUM (CONTINUED)

13.4 SHARE-BASED PAYMENTS (CONTINUED)

13.4.1 ALTRON 2009 SHARE PLAN – EQUITY SETTLED SHARE BASED PAYMENTS (CONTINUED)

The fair value of services received in return for share options granted is measured by reference to the fair value of the share options granted. The estimate of the fair value of the services received is measured using the Black-Scholes Model for all options except for the performance share awards which are valued using the Monte Carlo valuation model. Evidence indicated that most options are exercised on or shortly after the vesting date and the assumptions have been adjusted accordingly. There is no difference between the options granted to key management and senior employees. Bonus and performance share awards vest entirely and are exercisable after three years.

Fair value and assumptions of share options awarded during the current and prior year

		Bonus share grants	Share appreciation rights
28 February 2022			
Fair value at grant date (Rand)	Rand	**8.09 – 11.03**	**5.54 – 10.62**
Share price	Rand	**8.30 – 11.15**	**8.30 – 11.03**
Exercise price	Rand	**–**	**0 – 10.96**
Expected volatility	%	**107.7 – 114.9**	**106.25 – 138.15**
Option life	Years	**1 – 4**	**3 – 5**
Dividend yield	%	**0.8 – 1.4**	**0.8 – 2**
Risk-free interest rate	%	**5.99 – 7.34**	**6.58% – 8.18%**
28 February 2021			
Fair value at grant date	Rand	11.11	4.51 – 5.69
Share price	Rand	11.89	11.71
Exercise price	Rand	–	11.71
Expected volatility	%	55.30	55.30
Option life	Years	3	3 – 5
Dividend yield	%	2.25	2.25
Risk-free interest rate	%	6.86	6.86% – 8.31%

Volatility was estimated using the daily closing share price per Sharenet. The standard deviation of the rates of return of the share price was used for share based payments granted by analysing historic daily movements in the share price with a similar time frame as the life of the option.

The details of options outstanding are as follows:

	Share Appreciation Rights	Performance Share Awards	Bonus Share Grants	Total share options
Number of options allocated at 29 February 2020	13 477 605	342 378	475 659	14 295 642
Number of options granted	3 085 786	–	2 303 821	5 389 607
Number of options lapsed/forfeited/reinstated	(705 679)	–	33 379	(672 300)
Number of options exercised	(792 855)	(342 378)	(509 038)	(1 644 271)
Number of options allocated at 28 February 2021	**15 064 857**	**–**	**2 303 821**	**17 368 678**
Number of options granted	**3 536 659**	**–**	**5 492 116**	**9 028 775**
Number of options lapsed/forfeited/reinstated	**(6 756 009)**	**–**	**(2 816 927)**	**(9 572 936)**
Number of options exercised	**(4 320 540)**	**–**	**(1 345 063)**	**(5 665 603)**
Number of options allocated at 28 February 2022	**7 524 967**	**–**	**3 633 947**	**11 158 914**

13 SHARE CAPITAL AND PREMIUM (CONTINUED)

13.4 SHARE-BASED PAYMENTS (CONTINUED)

13.4.1 ALTRON 2009 SHARE PLAN – EQUITY SETTLED SHARE BASED PAYMENTS (CONTINUED)

Of the 5 665 603 (2021: 1 644 271) options exercised, 4 320 540 (2021: 792 855) relate to share appreciation rights. Share appreciation rights are net settled and as a result only 4 360 775 (2021: 459 399) shares were issued. In the prior year, of the 342 378 options exercised, 437 102 shares were issued in relation to performance share awards upon fulfilment of performance conditions.

182 697 options were exercised at the end of the current year and will be listed in the February 2023 financial year.

13.4.2 SHARE LINKED INCENTIVES (SLI'S) – CASH SETTLED SHARE BASED PAYMENTS

In previous financial years, the Group granted SLI's to certain employees that entitle them to a cash payment after two years and three years of service. The SLI's expire at the end of the two and three year periods after grant date. The amount of the cash payment is determined based on the increase in the share price of the Company between grant date and the time of exercise and other performance criteria. The full value of the vested SLI's is settled to the participants in cash during the prior year.

The details of options outstanding are as follows:

	Weighted average exercise price Rand 2021	Number of options '000 2020
Outstanding at the beginning of the year	10.99	1 100
Exercised during the year	20.93	(1 100)
Outstanding at the end of the year	–	–

The details of options outstanding are as follows:

	1 Jun 2017	Total share options
Number of options allocated at 29 February 2020	1 100 000	1 100 000
Number of options exercised	(1 100 000)	(1 100 000)
Number of options allocated at 28 February 2021	**–**	**–**

13.5 SHARE BASED PAYMENT EMPLOYEE EXPENSES

	GROUP	
R millions	**28 February 2022**	28 February 2021
Equity settled share based payment expenses	**61**	34
Cash settled share based payment expenses	**–**	1
Total expense recognised as employee costs (note 20.2)	**61**	35

R millions	GROUP 28 February 2022	28 February 2021
14 RESERVES		
14.1 FOREIGN CURRENCY TRANSLATION RESERVE Comprises foreign exchange differences arising from the translation of the financial statements of foreign operations.	**85**	97
14.2 PREMIUM/DISCOUNT ON NON-CONTROLLING INTEREST EQUITY TRANSACTIONS Comprises the premium or discount on the subsequent purchase or sale of equity instruments in existing subsidiaries where there is no resulting change in control.	**(3 645)**	(3 645)
14.3 CASH FLOW HEDGING RESERVE Comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments relating to hedged transactions that have not yet occurred.	**(1)**	(1)
14.4 SHARE-BASED PAYMENTS RESERVE Comprises the net fair value of equity instruments granted to employees under share schemes expensed net of tax credits on deductible recharges in excess of expenses recognised.	**199**	194
14.5 STATUTORY RESERVES Comprises the Capital Redemption Reserve funds as well as legal reserves of a foreign subsidiary.	**95**	95
14.6 FAIR VALUE RESERVE Comprises the cumulative net change in the fair value of financial assets at fair value through other comprehensive income, net of deferred taxation. The change in the remeasurement of the defined benefit plan through other comprehensive income is also being recorded in this reserve.	**288**	312
Total reserves	**(2 979)**	(2 948)

R millions	GROUP 28 February 2022	GROUP 28 February 2021
15 LOANS		
15.1 NON-CURRENT LOANS		
Financial liabilities at amortised cost		
Deferred purchase considerations	**83**	110
Secured bank loans	**850**	550
Finance lease liabilities	**7**	2
Rental finance liabilities (note 6)	**442**	465
	1 382	1 127
Less: Payable within one year disclosed as current loans	**(287)**	(279)
Non-current loans	**1 095**	848
Less: Long term rental finance liabilities classified as held-for-sale (refer note 40)	**(241)**	(246)
Total non-current loans	**854**	602
Non-current lease liabilities relating to right-of-use assets (note 3)	**896**	971
Total non-current loans	**1 750**	1 573
15.2 CURRENT LOANS		
Current portion of financial liabilities at amortised cost		
Current portion of rental finance liabilities (note 6)	**201**	219
Current portion of finance lease liabilities	**3**	2
Current portion of deferred purchase considerations	**83**	58
Current portion of long-term loans	**287**	279
Less: Short term portion of rental finance liabilities classified as held-for-sale (refer note 40)	**(201)**	(219)
Current loans excluding lease liabilities relating to right-of-use assets (note 30)	**86**	60
Current lease liabilities relating to right-of-use assets (note 3)	**117**	108
Total current loans	**203**	168

Terms and debt repayment schedule

The terms and conditions of outstanding loans were as follows:

	Currency	Nominal interest rate	Year of maturity	28 February 2022 Carrying value R millions	28 February 2021 Carrying value R millions
Secured					
Rental finance liabilities	ZAR	7.5% to 20%	2026 - 2027	**442**	465
Secured bank loan	ZAR	JIBAR + 1.85%	2023	**850**	550
Finance lease liabilities	ZAR	3.71% - 10.25%	2022 - 2024	**7**	2
Finance lease liabilities relating to right-of-use assets (note 3)	Various	7.59% - 11%	2022 - 2033	**1 043**	1 139
Deferred purchase consideration	ZAR	5.75% - 7.51%	2022	**83**	110
				2 425	2 266
Less: Rental finance liabilities classified as held-for-sale (note 40)				**(442)**	(465)
Less: Finance lease liabilities relating to right-of-use assets classified as held-for-sale (note 40)				**(30)**	(60)
				1 953	1 741

15 LOANS (CONTINUED)

15.3 SECURITY

- Finance lease liabilities are secured by equipment with a carrying amount of R5 million (2021: R1 million).
- Rental finance liabilities are largely matched by reciprocal finance lease assets from the customer on the back to back arrangement (refer note 6).
- The loans have been secured by way of cross-guarantees from the following entities in the Group:

  Altron TMT Holdings Proprietary Limited

  Altron TMT SA Group Proprietary Limited

  Altron International Holdings Proprietary Limited

  Altron TMT Proprietary Limited

  Altech Netstar Group Proprietary Limited

  Netstar Proprietary Limited

Bytes UK was released from the cross guarantee as a result of the Bytes demerger transaction (note 42). Refer to borrowings facilities below for further detail on the release of the cross guarantee.

	28 February 2022		28 February 2021	
R millions	**Future minimum lease payments**	**Present value of minimum lease payments**	Future minimum lease payments	Present value of minimum lease payments
Finance lease liabilities				
Finance lease liabilities are payable as follows:				
Less than 1 year	**3**	**3**	2	2
Between 1 – 5 years	**4**	**4**	–	–
	7	**7**	2	2

15 LOANS (CONTINUED)

15.3 LIQUIDITY RISK

The following are the contractual maturities of financial liabilities, including interest payments. The loans will be settled in the ordinary course of business.

R millions	Currency	Carrying amount	Contractual cash flows	6 months or less	6 to 12 months	1 to 2 years	2 to 5 years
28 February 2022							
Non-derivative financial liabilities							
Rental finance liabilities	ZAR	442	508	126	111	107	164
Secured bank loan	ZAR	850	928	26	26	876	–
Finance lease payments	ZAR	7	7	1	2	3	1
Lease payments relating to right-of-use assets (note 3)	ZAR, AUD	1 043	1 805	133	133	369	1 170
Deferred purchase consideration	ZAR	83	84	54	30	–	–
		2 425	3 332	340	302	1 355	1 335
Less: Rental finance liabilities classified as held-for-sale (note 40)	ZAR	(442)	(508)	(126)	(111)	(107)	(164)
Less: Lease liabilities relating to right-of-use assets classified as held-for-sale (note 40)	ZAR	(30)	(31)	(5)	(5)	(8)	(13)
		1 953	2 793	209	186	1 240	1 158
Financial liabilities at amortised cost included in trade and other payables (note 17)	Various	1 449	1 449	1 449	–	–	–
Less: Financial liabilities at amortised cost classfied as held-for-sale (note 40)	Various	(91)	(91)	(91)	–	–	–
		3 311	4 151	1 567	186	1 240	1 158

15 **LOANS** (CONTINUED)

15.3 **LIQUIDITY RISK** (CONTINUED)

R millions	Currency	Carrying amount	Contractual cash flows	6 months or less	6 to 12 months	1 to 2 years	2 to 5 years
28 February 2021							
Non-derivative financial liabilities							
Rental finance liabilities	ZAR	465	563	121	105	169	168
Secured bank loan	ZAR	550	595	15	15	565	–
Finance lease payments	ZAR	2	2	2	–	–	–
Lease payments relating to right-of-use assets (note 3)	ZAR, AUD	1 139	2 059	143	133	395	1 388
Deferred purchase consideration	ZAR	110	114	60	–	54	–
		2 266	3 333	341	253	1 183	1 556
Less: Rental finance liabilities classified as held-for-sale (note 40)	ZAR	(465)	(563)	(121)	(105)	(169)	(168)
Less: Lease liabilities relating to right-of-use assets classified as held-for-sale (note 40)	ZAR	(60)	(71)	(12)	(10)	(19)	(30)
		1 741	2 699	208	138	995	1 358
Financial liabilities at amortised cost included in trade and other payables (note 17)	Various	1 839	1 839	1 839	–	–	–
Less: Financial liabilities at amortised cost classfied as held-for-sale (note 40)	Various	(19)	(19)	(19)	–	–	–
		3 561	4 519	2 028	138	995	1 358

15 LOANS (CONTINUED)

15.3 LIQUIDITY RISK (CONTINUED)

Cash flow sensitivity analysis for variable-rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) profit or loss and equity by the amounts shown below for a period of one year compounded monthly. This analysis assumes that all other variables, in particular foreign currency rates remain constant. The analysis is performed on the same basis for 2021.

	Profit or loss and equity	
R millions	**100 bp increase**	**100 bp decrease**
28 February 2022		
Variable-rate loans	**(6)**	6
28 February 2021		
Variable-rate loans	**(4)**	4

Currency risk

Currency risk positions on borrowings that do not match the functional currencies of the underlying operations of the Group, are reflected in note 29.

	GROUP	
R millions	**28 February 2022**	28 February 2021
Borrowing facilities		
In terms of the articles of association, the borrowing powers of the Group are unlimited.		
Unutilised banking facilities	**1 292**	800

During the current year the Company amended its existing common terms agreement ("CTA") in terms of its long-term debt financing with the banks. The current revolving credit facility of R550 million 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 was fully drawn, resulting in an aggregate utilised facility of R850 million at 28 February 2022.

R millions	Onerous contracts	Warranties and fault rectification	Total
16 PROVISIONS			
Total current provisions at 28 February 2021	**–**	**11**	**11**
Disposal of subsidiaries	**–**	**(1)**	**(1)**
Provisions utilised during the year	**3**	**2**	**5**
Current provisions at 28 February 2022 before items classified as held-for-sale	**3**	**12**	**15**
Less: Provisions classified as held-for-sale (refer note 40)	**–**	**(1)**	**(1)**
Total current provisions at 28 February 2022	**3**	**11**	**14**

	Onerous contracts	Warranties and fault rectification	Total
Current provisions at 29 February 2020	–	14	14
Provisions utilised during the year	–	(3)	(3)
	–	11	11
Current provisions at 28 February 2021 before items classified as held-for-sale			
Less: Provisions classified as held-for-sale (refer note 40)	–	(1)	(1)
Current provisions at 28 February 2021	–	10	10

Refer to accounting policies for a description of provisions.

	GROUP	
R millions	28 February 2022	28 February 2021
17 TRADE AND OTHER PAYABLES		
Financial liabilities at amortised cost		
Trade and other payables	**1 190**	1 524
Amounts due to Merchants	**48**	128
Payroll liabilities	**211**	187
Less: Financial liabilities at amortised cost classified as held-for-sale (refer note 40)	**(91)**	(19)
	1 358	1 820
Non-financial liabilities		
Payroll liabilities	**97**	62
VAT payable	**87**	114
Less: Non-financial liabilities classified as held-for-sale (refer note 40)	**(19)**	(4)
	165	172
	1 523	1 992
** Comparative information has been restated for the investment in Arrow no longer considered to be held-for-sale (note 43).*		
Financial liabilities at fair value through profit or loss		
Forward exchange contracts	**7**	5
	1 530	1 997

17 TRADE AND OTHER PAYABLES (CONTINUED)

(A) TRADE PAYABLES

Management of liquidity risk:
The Group has negotiated favourable credit terms with suppliers. which enables the Group to utilise its operating cashflow to full effect. The suppliers age analysis is reviewed by management on a regular basis to ensure that credit terms are adhered to and suppliers are paid when due. The Group utilises multiple credit terms, most of which are less than one year.

Currency risk:
Most amounts owed in foreign currency are covered by foreign exchange contracts (refer to note 29).

Interest rate risk:
The Group has no material exposure to interest rate risk in respect of suppliers.

(B) FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	GROUP	
R millions	**28 February 2022**	28 February 2021
Forward exchange contracts	**7**	5
	7	5

18 RETIREMENT BENEFIT PLANS

DEFINED CONTRIBUTION PLANS

The majority of the Group's employees are members of the Altron Group Pension Fund which is a defined contribution fund and is governed by the Pension Funds Act, 1956 as amended. The contribution rate of the employers is between 10% and 20%, calculated on the pensionable emoluments of members.

Additionally the Group provides retirement benefits for certain of its employees through the Altron Group Provident Fund. The fund is a defined contribution fund and is governed by the Pension Funds Act. 1956 as amended. Contributions to the fund comprise between 7% and 20% of pensionable emoluments.

The Group's contribution to these funds amounted to R 166 million (2021: R186 million) for the current financial year.

MULTI-EMPLOYER PLANS

Post acquisition of subsidiaries, certain employees remained members of their previous funds. A number of these are defined benefit plans. These industry managed retirement benefit schemes are dealt with as defined contribution plans as sufficient information to account for them as defined benefit plans is not available.

The Group's contribution to these other funds amounted to R12 million (2021: R11 million) for the current financial year.

DEFINED BENEFIT PLANS

The benefit plans disclosed below are only in respect of members with minimum entitlement benefits and retirees with purchased defined benefit pensions.

For details on the related employee benefit expenses. see note 20.2

Members of the Altron Group Pension Fund who were members prior to 1 September 1996 were entitled to a minimum benefit equal to the previously provided defined benefit pension. Furthermore, upon retirement, any member of the Altron Group Pension Fund could purchase a pension from the fund, though this option has been closed to new employees joining the Group after 31 May 2014. The base pension and subsequent increases granted, based on weighted average investment returns on funds, are guaranteed by the pension fund.

All employees with a defined benefit underpin who retire in the fund have their share of fund topped up (if necessary) at the time of retirement to enable them to purchase a pension in the fund equal to 1/45th of the average of the 12 month average pensionable value. All employees are treated identically.

18 RETIREMENT BENEFIT PLANS (CONTINUED)

The defined benefit plan is administered by a single pension fund that is legally separated from the Group. The Board of the pension fund comprises three employees, one pensioner and four employer representatives. The Board of the pension fund is required by law to act in the best interests of the plan participants and is responsible for setting certain policies (e.g, investment, contribution and indexation policies) of the fund.

This defined benefit plan exposes the Group to actuarial risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk.

FUNDING

The defined benefit plans are fully funded by the Group's subsidiaries and members as discussed above. The funding requirements are based on the pension fund's actuarial measurement framework set out in its funding policies. The funding is based on a separate actuarial valuation for funding purposes for which the assumptions may differ from the assumptions below. The defined benefit component relating to the active members is funded by the employers through a guarantee reserve that resides in the fund. Under the latest IAS 19 valuation this reserve is fully funded on a total service cost basis and has a surplus of R254 million (2021: R280 million). The defined benefit component relating to the pensioners is also fully funded and an investment reserve is retained in order to manage volatility in its investment returns.

The Group expects to pay R13 million in contributions to its defined benefit plan in the next financial year.

		GROUP	
	R millions	**28 February 2022**	28 February 2021
18.1	**FAIR VALUE OF PLAN ASSETS**		
	Fair value of plan assets	**3 524**	3 448
	Present value of funded obligations	**(3 270)**	(3 195)
	Surplus	**254**	253
	Amount not recognised due to asset ceiling limitation	**–**	–
	Pension fund asset recognised at the end of the year	**254**	253
18.2	**COMPONENTS OF CURRENT YEAR EXPENSE RECOGNISED IN PROFIT OR LOSS**		
	Current service cost	**(14)**	(15)
	Interest cost	**(335)**	(331)
	Interest income on plan assets	**362**	340
	Interest on asset ceiling	**–**	–
		13	(6)
18.3	**AMOUNTS RECOGNISED IN OTHER COMPREHENSIVE INCOME ARE AS FOLLOWS**		
	Loss on plan assets excluding interest income	**(26)**	(2)
	Actuarial gain	**–**	168
	Effect of asset ceiling limit	**2**	(2)
		(24)	164
18.4	**REMEASUREMENT IN OTHER COMPREHENSIVE INCOME**		
	Changes in financial assumptions	**–**	7
	Changes in demographic assumptions	**(30)**	–
	Experience losses	**30**	161
	Excess return on assets	**(26)**	(2)
	Change in the asset ceiling	**2**	(2)
		(24)	164

18 RETIREMENT BENEFIT PLANS (CONTINUED)

R millions	GROUP 28 February 2022	28 February 2021
18.5 RECONCILIATION OF DEFINED BENEFIT OBLIGATION		
Present value of defined benefit obligation at beginning of year	**3 195**	3 389
Current service cost	**14**	15
Interest cost	**335**	331
Benefits paid	**(304)**	(390)
Employee contributions to defined contribution fund credits subject to defined benefit underpin	**3**	3
Transfers from defined contribution fund	**27**	15
Actuarial gains	**–**	(168)
– Actuarial gain arising on financial assumptions	**30**	(7)
– Actuarial gain arising from actual experience being different from assumed	**(30)**	(161)
Present value of defined benefit obligation at end of year	**3 270**	3 195
18.6 RECONCILIATION OF FAIR VALUE OF PLAN ASSETS		
Assets at market value at beginning of year	**3 448**	3 472
Actual return on assets		
Interest income on plan assets	**362**	340
Loss on plan assets excluding interest income	**(26)**	(2)
Contributions paid - by employers	**17**	13
Benefits paid	**(304)**	(390)
Transfers from defined contribution fund	**27**	15
	3 524	3 448
18.7 RECONCILIATION OF ASSET CEILING		
Asset ceiling at the beginning of the year	**2**	–
Effect of asset ceiling not in profit and loss	**(2)**	2
Asset ceiling at the end of the year	**–**	2
Plan assets		
Plan assets comprise:		
Equities:		
– Local	**12.1%**	11.1%
– International	**21.3%**	26.3%
Fixed interest		
– Local	**45.5%**	42.3%
– International	**1.1%**	1.2%
Property		
– Local	**1.4%**	0.8%
– International	**2.7%**	0.0%
Collective investments:		
– Local	**9.6%**	10.2%
– Cash & Other	**5.6%**	5.3%
– Net current assets	**0.7%**	2.8%

All equity securities and government bonds have quoted prices in active markets.

The plan assets do not include transferable financial instruments or property occupied by the Group.

The Board of trustees, in conjunction with the pension fund's investment advisor, operate the investments of the fund under an investment strategy that is aligned to the liabilities of the fund and is used to determine a strategic asset allocation. The investments are managed within defined rebalancing bands in accordance with that strategic asset allocation.

18 RETIREMENT BENEFIT PLANS (CONTINUED)

18.7 RECONCILIATION OF ASSET CEILING (CONTINUED)

Defined benefit asset

	GROUP	
Actuarial assumptions	**28 February 2022**	28 February 2021
The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages).		
Discount rate	**10.9%**	10.9%
Future salary growth	**7.0%**	7.0%
Future pension growth	**5.3%**	5.4%
Inflation	**6.0%**	6.0%

At 28 February 2022, the weighted-average duration of the defined benefit obligation was 10.75 years (2021: 10.75 years).

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions. keeping other assumptions constant. would have affected the net defined benefit asset by the amounts shown below.

	28 February 2022 Defined benefit asset recognised	
R millions	**Increase**	**Decrease**
Discount rate (1% movement)	**273**	**(221)**
Salary increase (1% movement)	**(246)**	**260**
Pension increase (1% movement)	**(33)**	**321**

	28 February 2021 Defined benefit asset recognised	
R millions	**Increase**	**Decrease**
Discount rate (1% movement)	282	(206)
Salary increase (1% movement)	(239)	264
Pension increase (1% movement)	(68)	273

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

19 REVENUE FROM CONTRACTS WITH CUSTOMERS

19.1 ASSETS AND LIABILITIES RELATED TO CONTRACTS WITH CUSTOMERS

The Group has recognised the following assets and liabilities related to contracts with customers:

	GROUP	
R millions	28 February 2022	28 February 2021
TOTAL CONTRACT ASSETS	**110**	200
Less: Contract asset classified as held-for-sale (refer note 40)	**(9)**	(40)
	101	160
Total contract assets comprise:		
Current contract assets	**111**	163
Loss allowance	**(1)**	(3)
Total contract assets	**110**	160
Non-current contract costs capitalised (refer note 7)	**388**	241
Current contract fulfilment costs capitalised (refer note 7)	**35**	74
Total contract costs capitalised	**423**	315
TOTAL CONTRACT LIABILITIES	**656**	532
Less: Contract liabilities classified as held-for-sale (refer note 40)	**(8)**	(24)
	648	508
Non-current contract liabilities	**318**	181
Current contract liabilities	**330**	327
Total contract liabilities	**648**	508

Contract liabilities recognised in revenue and significant movements during the year

The significant movement in contract liabilities during the prior year, is mainly as a result of disposal of operations which includes Bytes UK (note 42) and is summarised as follows:

	28 February 2022	28 February 2021
Total contract liabilities at the beginning of the year	**532**	1 729
Disposals of operations	**(16)**	(2 116)
Acquisition of operations	**23**	–
Translation of foreign operations	**–**	77
Revenue recognised in the current year in relation to current contract liabilities raised in the prior year	**(283)**	(1 367)
Contract liabilities recognised during the current year	**400**	2 209
Total contract liabilities at the end of the year	**656**	532
Less: Contract liabilities classified as held-for-sale (refer note 40)	**(8)**	(24)
Total contract liabilities at the end of the year excluding held-for-sale	**648**	508

19 REVENUE FROM CONTRACTS WITH CUSTOMERS (CONTINUED)

19.1 ASSETS AND LIABILITIES RELATED TO CONTRACTS WITH CUSTOMERS (CONTINUED)

The closing balance represents new contracts entered into where the performance obligations have not yet been met at year-end. The current portion of contract liabilities is expected to be recognised as revenue in the next financial year.

Unsatisfied long-term service contracts

The following table shows unsatisfied performance obligations:

	GROUP	
R millions	**28 February 2022**	28 February 2021
Aggregate amount of the transaction price allocated to contracts that are partially or fully unsatisfied at the end of the year	**827**	2 665
Management expects that the contract liabilities that are allocated to contracts with partially or fully unsatisfied performance obligations will be recognised as follows:		
Within 1 year	**693**	1 292
Within 2 years	**102**	848
Thereafter	**32**	525
	827	2 665

19 REVENUE FROM CONTRACTS WITH CUSTOMERS (CONTINUED)

19.2 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.

CONTINUING OPERATIONS

R millions

	28 February 2022					
Revenue by product	**Altron Managed Solutions**	**Altron Nexus**	**Managed Services**	**Altron Systems Integration**	**Altron Security**	**Altron Karabina**
Project related revenue	**–**	**244**	**244**	**477**	**–**	**260**
Over time	–	244	244	477	–	260
Sale of goods and related services	**854**	**170**	**1 024**	**291**	**63**	**–**
At a point in time	854	81	935	291	63	–
Over time	–	89	89	–	–	–
Maintenance, support and outsource services	**906**	**389**	**1 295**	**610**	**121**	**12**
Over time	906	389	1 295	610	121	12
Software, cloud and licenses, including software assurance services	**–**	**–**	**–**	**102**	**20**	**45**
At a point in time	–	–	–	3	20	45
Over time	–	–	–	99	–	–
Software application and development	**–**	**–**	**–**	**153**	**–**	**–**
Over time	–	–	–	153	–	–
Switching and other transactional services	**–**	**–**	**–**	**27**	**–**	**–**
Over time	–	–	–	27	–	–
Total Revenue	**1 760**	**803**	**2 563**	**1 660**	**204**	**317**
Revenue by Geographic region						
South Africa	1 600	746	2 346	1 554	185	287
Rest of Africa	160	57	217	51	1	7
Total Africa	**1 760**	**803**	**2 563**	**1 605**	**186**	**294**
Europe	–	–	–	49	5	–
Rest of world	–	–	–	6	13	23
Total International	**–**	**–**	**–**	**55**	**18**	**23**
Total Revenue	**1 760**	**803**	**2 563**	**1 660**	**204**	**317**

28 February 2022

Digital Transform-ation	Netstar	FinTech	HealthTech	Own Platforms	Altron Arrow	Corporate and consolid-ation and other inter-national operations	Other	Continuing operations
737	**–**	**–**	**–**	**–**	**–**	**(21)**	**(21)**	**960**
737	–	–	–	–	–	(21)	(21)	960
354	**1 518**	**134**	**–**	**1 652**	**490**	**(137)**	**353**	**3 383**
354	138	120	–	258	490	(137)	353	1 900
–	1 380	14	–	1 394	–	–	–	1 483
743	**–**	**83**	**–**	**83**	**–**	**67**	**67**	**2 188**
743	–	83	–	83	–	67	67	2 188
167	**–**	**6**	**160**	**166**	**17**	**(62)**	**(45)**	**288**
68	–	6	160	166	17	(57)	(40)	194
99	–	–	–	–	–	(5)	(5)	94
153	**152**	**–**	**–**	**152**	**–**	**–**	**–**	**305**
153	152	–	–	152	–	–	–	305
27	**–**	**631**	**163**	**794**	**–**	**(15)**	**(15)**	**806**
27	–	631	163	794	–	(15)	(15)	806
2 181	**1 670**	**854**	**323**	**2 847**	**507**	**(168)**	**339**	**7 930**
2 026	1 369	835	319	2 523	497	(89)	408	7 303
59	4	14	4	22	2	(123)	(121)	177
2 085	**1 373**	**849**	**323**	**2 545**	**499**	**(212)**	**287**	**7 480**
54	–	5	–	5	–	12	12	71
42	297	–	–	297	8	32	40	379
96	**297**	**5**	**–**	**302**	**8**	**44**	**52**	**450**
2 181	**1 670**	**854**	**323**	**2 847**	**507**	**(168)**	**339**	**7 930**

19 REVENUE FROM CONTRACTS WITH CUSTOMERS (CONTINUED)

19.2 REVENUE BY SEGMENT (CONTINUED)

DISCONTINUED OPERATIONS

R millions

	28 February 2022			
Revenue by product	**Altron Document Solutions**	**Altron People Solutions**	**Altron Rest of Africa**	**Discontinued operations**
Sale of goods and related services	**909**	**143**	**142**	**1 194**
At a point in time	554	143	142	839
Over time	355	–	–	355
Maintenance, support and outsource services	**79**	**–**	**104**	**183**
Over time	79	–	104	183
Training and skills management	**–**	**81**	**–**	**81**
Over time	–	81	–	81
Software, cloud and licenses, including software assurance services	**12**	**–**	**34**	**46**
At a point in time	12	–	34	46
Total Revenue from contracts with customers	**1 000**	**224**	**280**	**1 504**
Rental finance income	**84**	**–**	**–**	**84**
Total Revenue	**1 084**	**224**	**280**	**1 588**
Revenue by Geographic region				
South Africa	996	207	–	1 203
Rest of Africa	88	4	280	372
Total Africa	**1 084**	**211**	**280**	**1 575**
Europe	–	10	–	10
Rest of world	–	3	–	3
Total International	**–**	**13**	**–**	**13**
Total Revenue	**1 084**	**224**	**280**	**1 588**

CONTINUING OPERATIONS

19 REVENUE FROM CONTRACTS WITH CUSTOMERS (CONTINUED)

19.2 REVENUE BY SEGMENT (CONTINUED)

R millions

	28 February 2021*					
Revenue by product	**Altron Managed Solutions**	**Altron Nexus**	**Managed Services**	**Altron Systems Integration**	**Altron Security**	**Altron Karabina**
Project related revenue	**–**	**553**	**553**	**458**	**–**	**192**
Over time	–	553	553	458	–	192
Sale of goods and related services	**533**	**144**	**677**	**524**	**–**	**–**
At a point in time	533	90	623	491	–	–
Over time	–	54	54	33	–	–
Maintenance, support and outsource services	**921**	**329**	**1 250**	**588**	**68**	**7**
Over time	921	329	1 250	588	68	7
Training and skills management	**–**	**–**	**–**	**–**	**–**	**3**
Over time	–	–	–	–	–	3
Software, cloud and licenses, including software assurance services	**–**	**–**	**–**	**43**	**34**	**–**
At a point in time	–	–	–	39	34	–
Over time	–	–	–	4	–	–
Software application and development	**–**	**–**	**–**	**247**	**–**	**13**
Over time	–	–	–	247	–	13
Switching and other transactional services	**–**	**–**	**–**	**54**	**–**	**–**
Over time	–	–	–	54	–	–
Total Revenue	**1 454**	**1 026**	**2 480**	**1 914**	**102**	**215**
Revenue by Geographic region						
South Africa	1 262	985	2 247	1 761	102	193
Rest of Africa	192	41	233	75	–	–
Total Africa	**1 454**	**1 026**	**2 480**	**1 836**	**102**	**193**
Europe	–	–	–	72	–	–
Rest of world	–	–	–	6	–	22
Total International	**–**	**–**	**–**	**78**	**–**	**22**
Total Revenue	**1 454**	**1 026**	**2 480**	**1 914**	**102**	**215**

* *Comparative information has been restated for the discontinued operations (note 40) as well as the investment in Arrow no longer considered to be held-for-sale (note 43).*

28 February 2021*

Digital Transform-ation	Netstar	FinTech	HealthTech	Own Platforms	Altron Arrow	Corporate and consolid-ation and other inter-national operations	Other	Continuing operations
650	**–**	**–**	**–**	**–**	**–**	**(51)**	**(51)**	**1 152**
650	–	–	–	–	–	(51)	(51)	1 152
524	**1 549**	**173**	**1**	**1 723**	**375**	**(67)**	**308**	**3 232**
491	124	161	1	286	375	(67)	308	1 708
33	1 425	12	–	1 437	–	–	–	1 524
663	**–**	**155**	**–**	**155**	**–**	**(107)**	**(107)**	**1 961**
663	–	155	–	155	–	(107)	(107)	1 961
3	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**3**
3	–	–	–	–	–	–	–	3
77	**–**	**36**	**155**	**191**	**2**	**(6)**	**(4)**	**264**
73	–	36	155	191	2	(6)	(4)	260
4	–	–	–	–	–	–	–	4
260	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**260**
260	–	–	–	–	–	–	–	260
54	**–**	**453**	**158**	**611**	**–**	**(32)**	**(32)**	**633**
54	–	453	158	611	–	(32)	(32)	633
2 231	**1 549**	**817**	**314**	**2 680**	**377**	**(263)**	**114**	**7 505**
2 056	1 293	772	310	2 375	370	(194)	176	6 854
75	3	43	4	50	1	(117)	(116)	242
2 131	**1 296**	**815**	**314**	**2 425**	**371**	**(311)**	**60**	**7 096**
72	–	2	–	2	–	13	13	87
28	253	–	–	253	6	35	41	322
100	**253**	**2**	**–**	**255**	**6**	**48**	**54**	**409**
2 231	**1 549**	**817**	**314**	**2 680**	**377**	**(263)**	**114**	**7 505**

19 REVENUE FROM CONTRACTS WITH CUSTOMERS (CONTINUED)

19.2 REVENUE BY SEGMENT (CONTINUED)

DISCONTINUED OPERATIONS

R millions

	28 February 2021*				
Revenue by product	**Altron Document Solutions**	**Altron People Solutions**	**Altron Rest of Africa**	**Bytes Technology Group UK**	**Discontinued operations**
Project related revenue	**–**	**–**	**3**	**323**	**326**
Over time	–	–	3	323	326
Sale of goods and related services	**555**	**65**	**163**	**410**	**1 193**
At a point in time	400	28	163	409	1 000
Over time	155	37	–	1	193
Maintenance, support and outsource services	**325**	**–**	**74**	**12**	**411**
Over time	325	–	74	12	411
Training and skills management	**–**	**226**	**–**	**32**	**258**
Over time	–	226	–	32	258
Software, cloud and licenses, including software assurance services	**28**	**–**	**29**	**5 604**	**5 661**
At a point in time	1	–	–	2 945	2 946
Over time	27	–	29	2 659	2 715
Total Revenue from contracts with customers	**908**	**291**	**269**	**6 381**	**7 849**
Rental finance income	99	–	–	–	99
Total Revenue	**1 007**	**291**	**269**	**6 381**	**7 948**
Revenue by Geographic region					
South Africa	916	291	2	–	1 209
Rest of Africa	91	–	265	–	356
Total Africa	**1 007**	**291**	**267**	**–**	**1 565**
Europe	–	–	2	6 350	6 352
Rest of world	–	–	–	31	31
Total International	**–**	**–**	**2**	**6 381**	**6 383**
Total Revenue	**1 007**	**291**	**269**	**6 381**	**7 948**

* *Comparative information has been restated for the discontinued operations (note 40) as well as the investment in Arrow no longer considered to be held-for-sale (note 43).*

20 OPERATING PROFIT BEFORE CAPITAL ITEMS

TOTAL OPERATIONS

Is stated after taking account of the following items:

20.1 DIRECTORS' AND PRESCRIBED OFFICERS' REMUNERATION
NON-EXECUTIVE DIRECTORS

R'000	28 February 2022 Other fees	Share options and Share linked incentives	Directors' fees	Total	28 February 2021 Total
Fees for services as Directors					
SW van Graan (Chairman)	**–**	**–**	**1 850**	**1 850**	876
AC Ball	**–**	**–**	**825**	**825**	767
BW Dawson	**–**	**–**	**1 274**	**1 274**	9 680
BJ Francis (Resigned 10 September 2021)	**–**	**–**	**453**	**453**	577
GG Gelink	**–**	**–**	**1 029**	**1 029**	779
MJ Leeming (Retired 28 July 2021)	**–**	**–**	**981**	**981**	1 463
Dr P Mnganga	**–**	**–**	**926**	**926**	462
T Ngara* (Appointed 13 September 2021)	**–**	**–**	**–**	**–**	–
S Rapeti (Appointed 19 November 2021)	**–**	**–**	**176**	**176**	–
A Sithebe (Appointed 28 July 2021)	**–**	**–**	**473**	**473**	–
S Sithole	**–**	**–**	**738**	**738**	601
RE Venter#	**–**	**–**	**1 390**	**1 390**	889
	–	**–**	**10 115**	**10 115**	16 094

* *Mr T Ngara is an alternate Director to Mr AC Ball.*

\# *Remuneration in terms of consultancy agreement and non-executive Director fees.*

FULL TIME DIRECTORS

R'000	Guaranteed Pay*	Defined Contribution Pension Payments	Performance related bonuses (Accrued)	Other Bonuses	Other payments	Share option expense#	Total
28 February 2022							
Executive							
M Nyati	**7 002**	**786**	**1 533**	**–**	**–**	**28 456**	**37 777**
C Miller (Resigned 30 June 2021)	**1 365**	**135**	**–**	**–**	**368**	**12 547**	**14 415**
N Bofilatos (Appointed 1 July 2021)	**2 549**	**185**	**410**	**–**	**–**	**138**	**3 282**
	10 916	**1 106**	**1 943**	**–**	**368**	**41 141**	**55 474**
28 February 2021							
Executive							
M Nyati	7 060	828	2 327	–	–	12 773	22 988
C Miller	4 122	408	945	–		3 140	8 615
	11 182	1 236	3 272	–	–	15 913	31 603

\# *IFRS 2 income statement expense in respect of options granted to Directors relating to both equity settled and cash settled share based payments.*

* *This relates to fixed annual salary.*

20 OPERATING PROFIT BEFORE CAPITAL ITEMS (CONTINUED)

20.1 DIRECTORS' AND PRESCRIBED OFFICERS' REMUNERATION (CONTINUED)

PRESCRIBED OFFICERS

R'000	Total Salary*	Defined Contribution Pension Payments	Performance related bonuses (Accrued)	Other bonuses	Other payments	Share option expense	Total
28 February 2022							
A Holden (Resigned 31 May 2021)	**993**	**244**	**–**	**–**	**–**	**(736)**	**501**
	993	**244**	**–**	**–**	**–**	**(736)**	**501**
28 February 2021							
A Holden	3 876	999	998	–	120	1 463	7 456
	3 876	**999**	**998**	**–**	**120**	**1 463**	**7 456**

Altron 2009 Share Plan

	Share option	Allocation Date	Strike Price	Balance 1 March 2021
Directors' options				
M Nyati	Altron SAR	01 April 2017	–	1 333 333
	Altron SAR**	13 June 2018	–	714 286
	Altron SAR**	27 February 2019	–	375 878
	Altron SAR**	29 August 2019	–	175 623
	Altron SAR**	26 February 2020	–	519 385
	Altron SAR	24 February 2021	11.71	489 339
	Altron BS**	23 February 2021	–	1 888 423
	Altron BS**	14 June 2021	–	–
	Altron BS**	13 May 2021	–	–
	Altron BS**	13 May 2021	–	–
	Altron BS**	13 May 2021	–	–
C Miller (Resigned 30 June 2021)***	Altron SAR**	20 May 2019	–	1 300 000
	Altron SAR**	26 February 2020	–	239 014
	Altron SAR**	24 February 2021	11.71	225 188
	Altron BS**	26 February 2020	–	–
N Bofilatos (Appointed 1 July 2021)	Altron SAR	02 August 2021	10.60	–
	Altron SAR	21 February 2022	8.42	–
Prescribed Officers' options				
A Holden (Resigned 31 May 2021)****	Altron SAR**	13 June 2018	–	366 476
	Altron SAR**	27 February 2019	–	267 106
	Altron SAR**	26 February 2020	–	253 477
	Altron SAR	24 February 2021	11.71	248 366
	Altron BS	14 June 2021	–	–
	Altron BS**	13 May 2021	–	–
	Altron BS**	13 May 2021	–	–

* *Previously net gain was disclosed.*

** *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. Refer to note 13.*

*** *Last day of service - 31 July 2021.*

**** *Last day of service - 30 June 2021.*

28 February 2022

Awarded	Lapsed / forfeited	Exercised	Exercise Date	Gross Proceeds* R'000s	Exercise Price	Balance 28 February 2022	Expiry Date
–	–	(1 333 333)		14 826 697		–	April 2023
			04 June 2021	11 221 614	11.57		
			01 February 2022	3 605 083	8.45		
–	(311 515)	(402 771)	01 February 2022	4 478 874	8.45	–	June 2024
–	(375 878)	–	–	–	–	–	February 2025
–	–	–	–	–	–	175 623	August 2025
–	–	–	–	–	–	519 385	February 2026
–	–	–	–	–	–	489 339	February 2027
–	–	(629 474)	23 February 2022	4 909 897	7.80	1 258 949	February 2024
428 419	–	–	–	–	–	428 419	June 2024
49 996	–	–	–	–	–	49 996	August 2025
280 801	(280 801)	–	–	–	–	–	February 2025
322 085	–	–	–	–	–	322 085	February 2026
–	(356 986)	(943 014)	30 July 2021	9 700 879	10.60	–	May 2025
–	(239 014)	–	–	–	–	–	June 2021
–	(225 188)	–	–	–	–	–	June 2021
239 014	(239 014)	–	–	–	–	–	June 2021
135 659	–	–	–	–	–	135 659	August 2027
148 661	–	–	–	–	–	148 661	February 2028
–	(212 256)	(154 220)	25 June 2021	1 326 878	9.36	–	June 2024
–	(267 106)	–	–	–	–	–	May 2021
–	(253 477)	–	–	–	–	–	May 2021
–	(248 366)	–	–	–	–	–	May 2021
219 807	(219 807)	–	–	–	–	–	May 2021
199 542	(199 542)	–	–	–	–	–	May 2021
253 477	(253 477)	–	–	–	–	–	May 2021

20 OPERATING PROFIT BEFORE CAPITAL ITEMS (CONTINUED)

20.1 DIRECTORS' AND PRESCRIBED OFFICERS' REMUNERATION (CONTINUED)

Altron 2009 Share Plan

	Share option	Allocation Date	Strike Price	Balance 1 March 2020
Directors' options				
M Nyati	Altron SAR	01 April 2017	10.00	2 000 000
	Altron BS	17 July 2017	n/a	409 836
	Altron SAR	13 June 2018	15.00	714 286
	Altron SAR	27 February 2019	18.60	375 878
	Altron SAR	29 August 2019	23.70	175 623
	Altron SAR	26 February 2020	20.00	519 385
	Altron BS	23 February 2021	–	–
	Altron SAR	24 February 2021	11.71	–
C Miller	Altron SAR	20 May 2019	22.85	1 300 000
	Altron SAR	26 February 2020	20.00	239 014
	Altron SAR	24 February 2021	11.71	–
Prescribed Officers' options				
A Holden	Altron SAR	16 August 2014	28.34	17 359
	Altron SAR	13 June 2018	15.00	366 476
	Altron SAR	27 February 2019	18.60	267 106
	Altron SAR	26 February 2020	20.00	253 477
	Altron SAR	24 February 2021	11.71	–

28 February 2021

Awarded	Lapsed	Exercised	Exercise Date	Net Gains R'000s	Exercise Price	Balance 28 February 2021	Expiry Date
–	–	(666 667)	07 August 2020	6 413	10	1 333 333	April 2023
–	–	(409 836)	17 July 2020	8 040	–	–	April 2020
–	–	–			–	714 286	June 2024
–	–	–		–	–	375 878	February 2025
–	–	–		–	–	175 623	August 2025
–	–	–		–	–	519 385	February 2026
1 888 423	–	–		–	–	1 888 423	February 2027
489 339	–	–		–	–	489 339	February 2027
–		–		–	–	1 300 000	May 2025
–		–		–	–	239 014	February 2026
225 188		–		–	–	225 188	February 2027
–	(17 359)	–		–	–	–	August 2020
–	–	–		–	–	366 476	June 2024
–	–	–		–	–	267 106	February 2025
–	–	–		–	–	253 477	February 2026
248 366	–	–		–	–	248 366	February 2027

20 OPERATING PROFIT BEFORE CAPITAL ITEMS (CONTINUED)

TOTAL OPERATIONS

Is stated after taking account of the following items:

	GROUP	
R millions	28 February 2022	28 February 2021*
20.2 EMPLOYEES' REMUNERATION		
Employee remuneration (including Directors' remuneration)	**2 805**	3 624
Share-based payments – equity settled (note 13.5)	**61**	34
Share-based payments – cash settled (note 13.5)	**–**	1
Retirement and provident funds	**232**	251
	3 098	3 910
Continuing operations	**2 568**	2 488
Discontinued operations	**530**	1 422
20.3 MATERIALS AND SERVICES CONSUMED		
Cost of goods sold and services rendered	**4 269**	8 676
Repairs and maintenance	**36**	71
Sales and administration costs	**564**	584
Management fees	**1**	3
Auditors' remuneration	**21**	23
Audit fees	**20**	22
Fees for non audit services	**1**	1
Expenses	**–**	–
Foreign exchange (gains)/losses	**27**	26
Gains	**(50)**	(79)
Losses	**70**	106
Forward exchange contracts fair value adjustments	**7**	(1)
Operating lease charges	**36**	32
Property	**26**	25
Plant, equipment and vehicles	**10**	7
Other expenses	**425**	436
	5 379	9 851
Continuing operations	**4 289**	4 006
Discontinued operations	**1 090**	5 845
20.4 FOREIGN EXCHANGE LOSSES		
	27	26
Realised	**22**	11
Unrealised	**5**	15
Continuing operations	**25**	28
Discontinued operations	**2**	(2)
20.5 OTHER INCOME		
Other income**	**(63)**	(70)
	(63)	(70)
Continuing operations	**(61)**	(54)
Discontinued operations	**(2)**	(16)

* *Comparative information has been restated for the discontinued operations (note 40) and for the equity accounted investment no longer considered to be held-for-sale (note 43).*

** *Other income is mainly attributable to insurance refunds and royalty income and due to the settlement of the SLI hedge in the prior year (note 5).*

20 OPERATING PROFIT BEFORE CAPITAL ITEMS (CONTINUED)

R millions	GROUP 28 February 2022	GROUP 28 February 2021*
20.6 DEPRECIATION AND AMORTISATION		
Depreciation on property, plant and equipment (note 1)	**104**	142
Amortisation of intangible assets and goodwill (note 2)	**97**	162
Depreciation on right-of-use assets (note 3)	**178**	185
Amortisation of costs incurred to acquire contracts during the year (note 7)	**119**	91
Amortisation of capital rental devices (note 8)	**157**	165
	655	745
Continuing operations	**642**	662
Discontinued operations	**13**	83

* *Comparative information has been restated for the discontinued operations (note 40) as well as the investment in Arrow no longer considered to be held-for-sale (note 43).*

21 CAPITAL ITEMS

R millions	GROUP 28 February 2022	GROUP 28 February 2021*
Continuing operations		
Net loss on disposal of property, plant and equipment	**(2)**	–
Net loss on deregistration of operations	**(9)**	–
Reversal of provision related to East Africa disposal	**13**	12
Write off of vendor loan (AIMS)	**(47)**	–
Impairment of right-of-use assets (refer to note 3)	**(136)**	(18)
Impairment of property, plant and equipment (refer to note 1)	**(6)**	–
Impairment of intangible assets	**(14)**	–
Lease modifications and terminations	**1**	1
Capital rental devices written off (refer to note 8)	**(13)**	(18)
	(213)	(23)
Discontinued operations		
(Loss) / Gain on disposal of subsidiary net of demerger costs (note 42)	**(28)**	11 725
Disposal costs	**(4)**	–
Impairment of intangible assets	**(12)**	–
Impairment of property, plant and equipment	**–**	(4)
Profit on closure of cell captive	**–**	2
Foreign currency translation reserve recycling to profit and loss on deregistration of foreign dormant operations	**–**	5
Impairment of held-for-sale disposal groups	**(100)**	(180)
	(144)	11 548
Total	**(357)**	11 525

* *Comparative information has been restated for the discontinued operations (note 40) as well as the investment in Arrow no longer considered to be held-for-sale (note 43).*

R millions	GROUP 28 February 2022	28 February 2021
22 FINANCE INCOME		
Recognised in profit or loss		
Interest income on financial assets measured at amortised cost	**53**	79
Dividend income on financial assets measured at FVOCI	**–**	7
	53	86
Continuing operations	**35**	65
Discontinued operations	**18**	21
	53	86

R millions	GROUP 28 February 2022	28 February 2021
23 FINANCE EXPENSE		
Recognised in profit or loss		
Interest expense on financial liabilities measured at amortised cost	**96**	194
Interest expense on lease liability	**91**	57
	187	251
Continuing operations	**181**	244
Discontinued operations	**6**	7
	187	251

* *Comparative information has been restated for the discontinued operations (note 40), for the equity accounted investment no longer considered to be held-for-sale (note 43) and for the reclassification of property plant and equipment to intangible assets (note 43).*

R millions	GROUP 28 February 2022	28 February 2021
24 SHARE OF LOSS OF EQUITY-ACCOUNTED INVESTEES. NET OF TAXATION		
Attributable earnings	**3**	(41)

R millions	GROUP 28 February 2022	GROUP 28 February 2021
25 TAXATION		
25.1 TAXATION CHARGE		
Current year		
– normal tax	**75**	225
– security transfer tax	**–**	1
– deferred tax	**(38)**	(54)
Overprovision relating to prior years		
– normal tax	**49**	(34)
– deferred tax	**(39)**	7
	47	145
Continuing operations	**63**	34
Discontinued operations	**(16)**	111
25.2 RECONCILIATION OF EFFECTIVE TAX RATE	**%**	%
South African normal tax rate	**28.0**	28.0
Adjusted for:		
Non-deductible expenditure**	**(94.6)**	0.4
Goodwill impaired	**(3.9)**	0.4
Non-taxable income***	**39.9**	(27.1)
Foreign tax rate differential	**(19.5)**	(0.4)
Income from associates	**1.8**	0.1
Temporary differences not recognised	**(29.1)**	–
Utilisation of previously unrecognised tax losses	**0.2**	–
Prior year adjustments	**(19.2)**	(0.2)
Net decrease	**(124.4)**	(26.8)
Effective tax rate	**(96.4)**	1.2

** *Relates to unrealised foreign exchange losses, demerger costs, share based payment expenses and other costs that are capital in nature.*

*** *In the current year, non-taxable income relates to the defined benefit fund gain, learnership and research and development allowances. In the prior year, non-taxable income relates to profit on the Bytes UK demerger (note 42), the defined benefit fund income, learnership and research and development allowances.*

26 EARNINGS PER SHARE

	GROUP			
	28 February 2022		28 February 2021 Restated*	
R millions	Gross	Net of tax and non-controlling interests	Gross	Net of tax and non-controlling interests
26.1 RECONCILIATION BETWEEN EARNINGS AND HEADLINE EARNINGS				
Earnings attributable to shareholders		**(104)**		12 154
Adjustments for:				
Loss / (profit) on disposal of operations (before demerger costs)	**28**	**28**	(11 849)	(11 849)
Impairment of held-for-sale disposal groups	**100**	**88**	180	172
Net profit on disposal of property, plant and equipment	**2**	**1**	–	–
Impairment of property, plant and equipment	**6**	**4**	4	4
Reversal of provision related to East Africa disposal	**(13)**	**(13)**	(12)	(12)
Impairment of intangible assets	**26**	**19**	–	–
Foreign currency translation reserve recycling to profit and loss (note 21)	**–**	**–**	(5)	(5)
Profit on closure of cell captive	**–**	**–**	(2)	(2)
Impairment of right-of-use assets (refer to note 3)	**136**	**98**	18	13
Lease modifications and terminations	**(1)**	**(1)**	(1)	(1)
Capital rental devices written off (refer to note 8)	**13**	**9**	18	11
Net loss on deregistration of operations	**9**	**9**	–	–
Impairment of non-financial assets in a joint venture (note 44)	**–**	**–**	18	18
Headline earnings		**138**		503
Headline earnings per share from total operations (cents)		**37**		135
26.2 RECONCILIATION BETWEEN EARNINGS AND HEADLINE EARNINGS FROM CONTINUING OPERATIONS				
Earnings attributable to shareholders		**73**		108
Net profit on disposal of property, plant and equipment	**2**	**1**	–	–
Impairment of right-of-use assets (refer to note 3)	**136**	**98**	18	13
Lease modifications and terminations	**(1)**	**(1)**	(1)	(1)
Impairment of property, plant and equipment	**6**	**4**	–	–
Impairment of intangible assets	**14**	**11**	–	–
Foreign currency translation reserve recycling	**–**	**–**	–	–
Reversal of provision related to East Africa disposal	**(13)**	**(13)**	(12)	(12)
Net loss on deregistration of operations	**9**	**9**		
Impairment of non-financial assets in a joint venture (note 44)	**–**	**–**	18	18
Capital rental devices written off (refer to note 8)	**13**	**9**	18	11
Headline earnings		**191**		137
Headline earnings per share from continuing operations (cents)		**51**		37

* *Comparative information has been restated for the discontinued operations (note 40) and for the equity accounted investment no longer considered to be held-for-sale (note 43).*

26 EARNINGS PER SHARE (CONTINUED)

	GROUP			
	28 February 2022		28 February 2021 Restated*	
R millions	**Gross**	**Net of tax and non-controlling interests**	Gross	Net of tax and non-controlling interests
26.3 RECONCILIATION BETWEEN EARNINGS AND HEADLINE EARNINGS FROM DISCONTINUED OPERATIONS				
Earnings attributable to shareholders		**(177)**		12 046
Adjustments for:				
Loss / (profit) on disposal of operations (before demerger costs)	**28**	**28**	(11 849)	(11 849)
Foreign currency translation reserve recycling	**–**	**–**	(5)	(5)
Profit on closure of cell captive	**–**	**–**	(2)	(2)
Impairment of intangible assets	**12**	**8**	–	–
Impairment of property, plant and equipment	**–**	**–**	4	4
Impairment of held-for-sale disposal groups	**100**	**88**	180	172
Headline earnings		**(53)**		366
Headline earnings per share from discontinuing operations (cents)		**(14)**		98

* Comparative information has been restated for the discontinued operations (note 40) and for the equity accounted investment no longer considered to be held-for-sale (note 43).

	GROUP	
	Number of shares	
	28 February 2022	28 February 2021
26.4 RECONCILIATION OF WEIGHTED AVERAGE NUMBER OF SHARES		
Issued shares at the beginning of the year (A ordinary and N ordinary shares)	**401 883 022**	399 580 510
Effect of own shares	**(32 287 469)**	(29 463 651)
Effect of own shares held at the beginning of the year	**(32 287 469)**	(28 180 081)
Weighted average effect of own shares disposed during the year	**–**	1 683 025
Weighted average effect of settlement of share linked incentive (SLI) hedge (note 5)	**–**	(2 966 595)
Effect of shares issued during the year	**2 307 174**	1 528 886
Weighted average number of shares	**371 902 727**	371 645 745

26 EARNINGS PER SHARE (CONTINUED)

	GROUP Number of shares	
	28 February 2022	28 February 2021
26.5 RECONCILIATION BETWEEN NUMBER OF SHARES USED FOR EARNINGS PER SHARE AND DILUTED EARNINGS PER SHARE		
Weighted average number of shares	**371 902 727**	371 645 745
Dilutive options	**5 583 712**	3 994 879
Weighted average number of shares (diluted)	**377 486 439**	375 640 624

* *Comparative information has been restated for the discontinued operations (note 40) and for the equity accounted investment no longer considered to be held-for-sale (note 43).*

R millions	GROUP **28 February 2022**	GROUP 28 February 2021
26.6 RECONCILIATION BETWEEN EARNINGS AND DILUTED EARNINGS ARE AS FOLLOWS:		
Earnings attributable to shareholders	**(104)**	12 154
Diluted earnings	**(104)**	12 154

	GROUP			
	28 February 2022		28 February 2021*	
R millions	**Gross**	**Net of tax and non-controlling interests**	Gross	Net of tax and non-controlling interests
26.7 RECONCILIATION BETWEEN HEADLINE EARNINGS ATTRIBUTABLE TO SHAREHOLDERS AND DILUTED HEADLINE EARNINGS				
Headline earnings		**138**		503
Diluted headline earnings		**138**		503
Diluted headline earnings per share (cents)		**37**		134
26.8 RECONCILIATION BETWEEN HEADLINE EARNINGS ATTRIBUTABLE TO SHAREHOLDERS AND DILUTED HEADLINE EARNINGS FROM CONTINUING OPERATIONS				
Headline earnings		**191**		137
Diluted headline earnings		**191**		137
Diluted headline earnings per share from continuing operations (cents)		**51**		36
26.9 RECONCILIATION BETWEEN HEADLINE EARNINGS ATTRIBUTABLE TO SHAREHOLDERS AND DILUTED HEADLINE EARNING FROM DISCONTINUING OPERATIONS				
Headline earnings		**(53)**		**366**
Diluted headline earnings		**(53)**		**366**
Diluted headline earnings per share from discontinued operations (cents)		**(14)**		**97**

* *Comparative information has been restated for the discontinued operations (note 40) as well as the investment in Arrow no longer considered to be held-for-sale (note 43).*

26 EARNINGS PER SHARE (CONTINUED)

Basic earnings per share is calculated by dividing the earnings attributable to Altron equity holders by the weighted average number of A ordinary shares in issue during the year.

Basic headline earnings per share is calculated by dividing headline earnings by the weighted average number of A ordinary shares in issue during the year.

For diluted earnings per share the weighted average number of shares is adjusted to assume conversion of all outstanding share options under the employee share option schemes, net of proceeds received on those options that have a dilutive effect.

	GROUP	
R millions	**28 February 2022**	28 February 2021
27 COMMITMENTS		
27.1 NON-CANCELLABLE OPERATING LEASES*		
At year-end the Group had outstanding commitments under non-cancellable operating leases, which fall due as follows:		
Within one year		
Property	**6**	2
Plant, equipment and vehicles	**2**	4
	8	6
One to five years		
Property	**6**	–
Plant, equipment and vehicles	**5**	8
	11	8
Total	**19**	14
27.2 CAPITAL COMMITMENTS		
Significant capital expenditure authorised and contracted for at the end of the reporting period but not recognised as liabilities are as follows		
Property, plant and equipment	**–**	66
Software	**–**	3
	–	69

* *Commitments arising from non-cancellable operating leases are as a result of the exception used in terms of IFRS 16 whereby low value items or short term leases are treated as operating leases.*

28 EVENTS AFTER THE REPORTING PERIOD

28.1 DISPOSAL OF ALTRON DOCUMENT SOLUTIONS ("ADS")

The ADS business provides office printer technology solutions and services in South Africa and Sub-Saharan Africa. ADS has been the strategic partner for Xerox Limited ("Xerox") in these markets, distributing and servicing Xerox office automation and high-volume production products and solutions for more than 20 years. Additionally, ADS distributes Duplo finishing equipment and Fujifilm inkjet production machines in the local market. This high invested-capital business is no longer core to Altron's operating model and is classified as held-for-sale at 28 February 2022 (note 40).

As announced on 17 March 2022, the Group concluded agreements on 16 March 2022 whereby the Altron Group, via its major subsidiaries, Altron TMT Proprietary Limited ("ATMT")and Altron TMT SA Group Proprietary Limited ("ATMTSA") would dispose of all its business interest in ADS and its associated subsidiary in the Eastern Cape, Genbiz Trading 1001 Proprietary Limited ("Genbiz"), to a third party purchaser, Xerotech Proprietary Limited ("Xerotech"), a subsidiary of Bi-Africa Investment Holdings Proprietary Limited ("Bi-Africa"). In terms of the disposal, a sale of business agreement as well as a sale of shares agreement relating to Genbiz has been concluded. The disposal of ADS and Genbiz is to be concluded by no later than 31 May 2022 (the Effective Date, unless otherwise extended), as one indivisible transaction between the Parties and is subject to various outsanding conditions which include regulatory approval.

DISPOSAL CONSIDERATION

Disposal consideration for the sale of the ADS business is as follows:

- for the sale of the ADS business as a going concern, the purchase consideration for the goodwill, customer base, "back-to-back" rentals with TAR, leased motor vehicles and ERP system is R20.1 million which shall be payable by Xerotech to ATMT on the Closing Date (being the first business day following the Effective Date);
- the book values of laptops and IT equipment, training equipment and motor vehicles, prepayments and deposits, net of assumed staff-related liabilities, will be payable to ATMT as soon as Effective Date Accounts have been finalised; and
- A Framework Agreement between the parties to regulate the standard operating protocol of ADS in relation to the unwinding of working capital is required to be completed by the Effective Date.
- ATMT will settle the balance of the liabilities of the business in terms of their customary terms of payment after the Effective Date.

Disposal consideration for the interest in Genbiz is as follows:

- R14.6 million to ATMTSA for the 57.7% equity interest payable on the Closing Date based on a net asset value peg for the Company on the Effective Date of R18.75 million.
- R9.9 million for the loan claim ATMT has in Genbiz payable in four equal monthly instalments commencing from the close of the Transactions.

The impact 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 R52 million has been recognised during the current year (note 40).

28.2 LOSS OF JOINT CONTROL OF INVESTMENT IN CBI-ELECTRIC TELECOM CABLES ("CBI TELECOMS")

Subsequent to year-end, CBI Telecoms entered into business rescue and accordingly, a business rescue practitioner has been appointed. As a result of the business rescue process, it was concluded that Altron no longer jointly controls CBI Telecoms giving rise to a non-adjusting post balance sheet event.

The net interest in the joint venture is carried at Rnil (note 44) at 28 February 2022. The fair value of the investment approximates its carrying value.

28 EVENTS AFTER THE REPORTING PERIOD (CONTINUED)

28.3 RESIGNATION OF FULL TIME DIRECTOR AND APPOINTMENT OF EXECUTIVE CHAIRMAN AND ACTING CHIEF EXECUTIVE

The Group announced on 11 January 2022 that Mr Mteto Nyati will be stepping down from his role as Chief Executive effective 30 June 2022. Mr Nyati will be stepping down from the Altron Board, its subsidiaries and its Committees.

The Group further announced on 19 April 2022, the appointment of Mr Stewart van Graan as the Executive Chairman and acting Chief Executive of Altron effective from 1 July 2022 until 20 September 2022.

28.4 IMPACT OF THE RUSSIA-UKRAINE CONFLICT ON THE GROUP

The Group's financial year-end coincided with the Russian invasion of Ukraine. Management identified specific risk areas with a potential impact on the Group and from its assessment, concluded that the impact is within the Group's risk tolerance levels. The risks identified and analysed included the rationalisation of supply chain risk, global expansion of conflict risk and the risk of global trade wars. Management also conducted a review of Altron's supplier landscape which confirmed that there was no cause for heightened concern. The impact of the Ukraine war remains uncertain, with much depending on how long it continues, its outcome result, and what happens in terms of global sanctions and boycotts against Russia, a key oil and gas producer.

The Group continues to monitor its exposure and response to the above-mentioned identified risks. At the date of this report, no material impact has been noted on the financial position, performance, and cash flows of the Group.

28.5 IMPACT OF THE KWAZULU-NATAL ("KZN") FLOODING

During April 2022 and subsequent to year-end the province of KZN was hit by severe flooding. To ensure an effective response to this tragic event, the National Disaster Management Centre classified the flooding as a provincial disaster.

The flooding in KZN damaged stock held at the Altron KZN warehouse for two Altron operations, resulting in disruption to some business services. The impacted operating companies were Altron Systems Integration and Altron Managed Solutions. Other Altron operating companies were not impacted significantly by the flood.

The full extent of the financial damage is under investigation and currently undergoing external assessment. An analysis over the damaged stock and property, plant and equipment will form part of the respective insurance claim to mitigate any exposure. The quantitative impact of business interruption is currently under review.

28.6 DIVIDENDS DECLARED

Declaration of final dividend

The Board declared a final dividend of 23 cents per share on 13 May 2022.

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

29 FINANCIAL RISK MANAGEMENT

Exposure to currency, interest rate, liquidity and credit risk arises in the normal course of the Group's business.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements. The Group does not have material price risk.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board has established the risk management committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the Board of Directors on its activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

29.1 CATEGORIES OF FINANCIAL INSTRUMENTS

	28 February 2022						
	Assets				Liabilities		
R millions	Amortised cost	Fair value through profit or loss	Equity instruments at FVOCI	Total	Amortised cost	Fair value through profit or loss	Total
Non-current financial asset							
Non-current financial assets (note 5)	168	–	21	189	–	–	–
Finance lease assets (note 6)	238	–	–	238	–	–	–
Current financial asset							
Trade and other receivables (note 11)	2 308	–	–	2 308	–	–	–
Forward exchange contracts (note 11)	–	3	–	3	–	–	–
Cash and cash equivalents (note 12)	729	–	–	729	–	–	–
Cash held on behalf of merchants (note 12)	55	–	–	55	–	–	–
	3 498	3	21	3 522	–	–	–
Non-current financial liabilities							
Loans (note 15)	–	–	–	–	1 095	–	1 095
Lease liabilities (note 3 and note 15)	–	–	–	–	896	–	896
Current financial liability							
Trade and other payables (note 17)	–	–	–	–	1 401	–	1 401
Lease liabilities (note 3 and note 15)	–	–	–	–	117	–	117
Amounts due to merchants (note 17)	–	–	–	–	48	–	48
Forward exchange contracts (note 17)	–	–	–	–	–	7	7
Loans (note 15)	–	–	–	–	287	–	287
Bank overdraft (note 12)	–	–	–	–	158	–	158
	–	–	–	–	4 002	7	4 009

29 FINANCIAL RISK MANAGEMENT (CONTINUED)

29.1 CATEGORIES OF FINANCIAL INSTRUMENTS

	28 February 2021						
	Assets				Liabilities		
R millions	Amortised cost	Fair value through profit or loss	Equity instr-uments at FVOCI	Total	Amortised cost	Fair value through profit or loss	Total
Non-current financial asset							
Non-current financial assets (note 5)	169	–	21	190	–	–	–
Finance lease assets (note 6)	245	–	–	245			
Current financial asset							
Trade and other receivables (note 11)	2 697	–	–	2 697	–	–	–
Forward exchange contracts (note 11)	–	10	–	10	–	–	–
Cash and cash equivalents (note 12)	1 324	–	–	1 324	–	–	–
Cash held on behalf of merchants (note 12)	130	–	–	130	–	–	–
	4 565	10	21	4 596	–	–	–
Non-current financial liabilities							
Loans (note 15)	–	–	–	–	848	–	848
Lease liabilities (note 3 and note 15)	–	–	–	–	971	–	971
Current financial liability							
Trade and other payables (note 17)	–	–	–	–	1 711	–	1 711
Lease liabilities (note 3 and note 15)	–				108	–	108
Amounts due to merchants (note 17)	–	–	–	–	128	–	128
Forward exchange contracts (note 17)	–	–	–	–	–	5	5
Loans (note 15)	–	–	–	–	279	–	279
Bank overdraft (note 12)	–	–	–	–	650	–	650
	–	–	–	–	4 695	5	4 700

29.2 FOREIGN CURRENCY RISK

Forward exchange contracts are used as a means of reducing exposure to fluctuations in foreign exchange rates for procurement in foreign currencies. The Group incurs currency risk as a result of transactions which are denominated in a currency other than the Group entities' functional currency in respect of purchases, sales and borrowings. The currencies giving rise to currency risk in which the Group primarily deals are British pounds (GBP), US dollars (USD) and Euros (Euro). The Group entities hedge payables, receivables and borrowings denominated in foreign currencies. The settlement of these transactions takes place within a normal business cycle. The Group has clearly defined policies for the management of foreign currency exchange risks. Speculative use of financial instruments or derivatives is not permitted and none has occurred during any periods presented.

29 FINANCIAL RISK MANAGEMENT (CONTINUED)

29.2 FOREIGN CURRENCY RISK (CONTINUED)

The Group's exposure to foreign currency risk was as follows:

	28 February 2022 Foreign amount			28 February 2021 Foreign amount	
	GBP Millions	Euro Millions	USD Millions	Euro Millions	USD Millions
Trade and other receivables	–	–	5	–	4
Cash and cash equivalents	–	–	1	–	3
Trade and other payables	–	(1)	(19)	(2)	(22)
Gross balance sheet exposure	–	(1)	(13)	(2)	(15)
Forecast transactions	–	–	(12)	–	(14)
Gross exposure	–	(1)	(25)	(2)	(29)
Forward exchange contracts	–	1	26	2	33
Net exposure	–	–	1	–	4

	28 February 2022 ZAR			28 February 2021 ZAR	
	GBP Millions	Euro Millions	USD Millions	Euro Millions	USD Millions
Trade and other receivables	–	1	77	5	60
Cash and cash equivalents	1	2	16	–	46
Trade and other payables	1	(13)	(292)	(36)	(332)
Gross balance sheet exposure	2	(10)	(199)	(31)	(226)
Forecast transactions	–	1	(185)	–	(212)
Gross exposure	2	(9)	(384)	(31)	(438)
Forward exchange contracts	–	16	405	30	492
Net exposure	2	7	21	(1)	54

The following significant exchange rates were used for the conversion of foreign operations on consolidation balances at year-end:

	28 February 2022		28 February 2021	
	Average rate	Closing rate	Average rate	Closing rate
British pound	20.39	20.64	21.35	21.05
Euro	17.37	17.26	19.11	18.25
US dollar	14.86	15.38	16.52	15.11
Australian Dollar	11.00	11.16	11.60	11.63

Sensitivity analysis

A 1% strengthening/weakening in the Rand against the following currencies at reporting date would have increased / (decreased) profit or loss and equity by the amounts shown below.

This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2021.

The movement in other currencies are not material to the Group and consequently are not elaborated on any further.

29 FINANCIAL RISK MANAGEMENT (CONTINUED)

29.2 FOREIGN CURRENCY RISK (CONTINUED)

	Profit or loss and equity Strength-ening R millions	Profit or loss and equity Weakening R millions
28 February 2022		
Euro	**(0.3)**	**0.3**
US dollar	**(0.2)**	**0.2**
British pound	**–**	**–**
28 February 2021		
Euro	(0.1)	0.1
US dollar	(0.6)	0.6

29.3 FOREIGN EXCHANGE CONTRACTS

The principal or contract amounts of the foreign exchange contracts for trade payables, receivables and borrowings, including forecast transactions, at reporting date were:

	28 February 2022		28 February 2021	
Net foreign exchange contracts to pay/(receive)	**Foreign amount Millions**	**Rand amount Millions**	Foreign amount Millions	Rand amount Millions
British pounds	*****	**–**	*	–
US dollars	**26**	**405**	33	492
Euros	**1**	**16**	2	30
		421		522
Comprising foreign exchange contracts:				
– to pay		**429**		543
– to receive		**(8)**		(21)
		421		522
Value of contracts at mark-to-market		**417**		527
Foreign exchange contract financial asset at fair value through profit or loss (refer note 11)		**3**		10
Foreign exchange contract financial liability at fair value through profit or loss (refer note 17)		**(7)**		(5)

29.4 INTEREST RATE RISK

Financial assets and liabilities that are sensitive to interest rate risk are cash and cash equivalents, bank overdrafts, loans receivable/payable, finance lease assets and rental finance liabilities. Interest on lease liabilities relating to right-of-use assets is calculated using the Group's incremental borrowing rate.

The interest rates applicable to these financial instruments are mainly on a floating basis in line with those currently available in the market.

The Group has certain fixed rate financial assets or liabilities for which the fair value is considered to approximate the carrying value at year-end.

- Deferred purchase consideration - R83 million (2021: R110 million) (refer note 15).
- Finance lease liabilities relating to right-of-use assets - R1 043 million (2021: R1 139 million) (refer note 15).

29 FINANCIAL RISK MANAGEMENT (CONTINUED)

29.5 CREDIT RISK

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's non-current financial assets, trade and other receivables, finance lease assets, foreign exchange contracts, cash and cash equivalents, restricted cash and cash held on behalf of merchants.

Management has a credit risk policy in place and the exposure to credit risk is monitored on an ongoing basis.

Credit evaluations are performed on all customers requiring credit over a certain amount.

Credit guarantee insurance is taken where considered appropriate.

The maximum exposure to credit risk is represented by the carrying value of each financial asset recognised.

The Group has no significant concentration of credit risk, with exposure spread over a large number of customers, apart from the trade receivable in respect of Thobela Telecoms (refer note 11).

The maximum exposure to credit risk arising from derivative financial instruments is the contractual amounts receivable in respect of foreign exchange contracts.

Guarantees

The Group's policy is to provide financial guarantees only to wholly owned subsidiaries. External guarantees are provided in exceptional circumstances.

Refer to the note 9 of the separate financial statements for further disclosures on external financial guarantees.

29.6 LIQUIDITY RISK

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity risk is to ensure that sufficient liquidity is available to meet its liabilities when due.

The Group ensures it has sufficient cash on demand or access to facilities to meet expected operational expenses for the next 12 months, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. The Group maintains the following lines of credit:

- R1.45 billion (2021: R1.45 billion) overdraft facility, of which R158 million (2021: 650 million) has been drawn down. Interest payable is linked to the prime and money market interest rates.

29.7 FAIR VALUES AND RISK MANAGEMENT

(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.

29 FINANCIAL RISK MANAGEMENT (CONTINUED)

28 February 2022	Carrying amount			Fair value			
R millions	Note	Designated 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*	5	21	21	–	–	21	21
Forward exchange contracts	11	3	3	–	3	–	3
		24	24	–	3	21	24
Financial liabilities measured at fair value							
Forward exchange contracts	17	(7)	(7)	–	(7)	–	(7)
		(7)	(7)	–	(7)	–	(7)

* *Classified as held-for-sale refer to note 40.*

28 February 2021	Carrying amount			Fair value			
R millions	Note	Designated 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*	5	21	21	–	–	21	21
Forward exchange contracts	11	10	10	–	10	–	10
		31	31	–	10	21	31
Financial liabilities measured at fair value							
Forward exchange contracts	17	(5)	(5)	–	(5)	–	(5)
		(5)	(5)	–	(5)	–	(5)

* *Classified as held-for-sale refer to note 40.*

The carrying amounts of financial assets that are not subsequently measured at fair value i.e. financial assets at amortised cost is considered to approximate the fair value.

The carrying amount of financial liabilities that are not subsequently measured at fair value i.e. financial liabilities at amortised cost is 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 date (unobservable inputs).

29 FINANCIAL RISK MANAGEMENT (CONTINUED)

29.7 FAIR VALUES AND RISK MANAGEMENT (CONTINUED)

(b) Measurement of fair values

Valuation techniques and significant unobservable inputs

The following table shows 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 14.25% (2021: 14.04%) • Annual perpetuity growth 0% (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 years ended 28 February 2022 and 28 February 2021.

29 FINANCIAL RISK MANAGEMENT (CONTINUED)

29.8 CAPITAL MANAGEMENT

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain the future development of the business. The Board of Directors monitors both the demographic spread of shareholders and the return on capital, capital being defined as total shareholders' equity, excluding non-controlling interests.

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound solvency position. The current gearing levels of the Group are within the acceptable limits as a result of the long term debt restructuring which was effected in the 2019 year, as amended in the 2021 and 2022 years as a result of the settlement of debt following the Bytes UK demerger (refer note 15).

The Group's Board has determined a short term targeted debt level less than 1.0x EBITDA (as defined in the common terms of agreement ("CTA")), which is significantly lower than the covenant level in the CTA.

Altron's share capital consists of 408 million A ordinary shares and 1 high voting share. The holders (Venter family) of the High Voting share are entitled to voting rights of 25% plus one vote, so long as members of the Venter family are the ultimate beneficial owners of at least 10% of the A ordinary shares.

The Group utilises a share scheme, as approved by the shareholders, as a long term retention mechanism for senior executives and other key employees. The three components, which are disclosed fully in note 13 of the financial statements, contain conditions so that the interests of existing shareholders and management are aligned. Awards under this scheme are in accordance with a total remuneration strategy and are approved by the Board's remuneration committee.

The Group does not have a defined share buy-back plan, but does from time to time purchase its shares in the market; the timing of these purchases depends on market prices. Shares acquired are either held as treasury shares or would be cancelled on repurchase. The Group currently holds approximately 32 million treasury shares (see note 13) and there are restrictions on the rights of these shares under the JSE Listings Requirements.

The Group has a general authority in place to acquire up to 5% of the Company's issued share capital in any one financial year, which expires at the next annual general meeting and adheres to a 10% limit on its holding of treasury shares.

Altron's capital management is partially restricted by covenants provided to lenders in respect of borrowing obligations.

For the 28 February 2022 measurement date, the Group's net debt to EBITDA (as defined in the CTA) ratio is 0.36 and the EBITDA (as defined in the CTA) divided by net finance charges is 25.20 (2021: 14.70). In accordance with the debt structure of the Group, the Group's net debt to EBITDA (as defined in the CTA) ratio is limited to 2 and the EBITDA (as defined in the CTA) divided by the net finance charges is limited to a minimum of 3.5 times.

In the event that these covenants are not met, the lenders would be able to request immediate repayment of debt. Altron has complied with the required covenants as at 28 February 2022. There were no changes in the Group's approach to capital management during the year.

29 FINANCIAL RISK MANAGEMENT (CONTINUED)

29.8 CAPITAL MANAGEMENT

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

R millions	GROUP 28 February 2022	28 February 2021
Non-current loans	**854**	602
Current loans	**86**	60
Non-current rental finance liabilities included in held-for-sale liabilities (note 40)	**241**	246
Current rental finance liabilities included in held-for-sale liabilities (note 40)	**201**	219
Total loans	**1 382**	1 127
	571	674
Total Net Cash (note 12)	**599**	731
Cash included in held-for-sale assets (note 40)	**27**	73
Less Cash held on behalf of merchants (note 12)	**(55)**	(130)
Net Debt as reported	**811**	453

* *Comparative information has been restated for the investment in Arrow no longer considered to be held-for-sale (note 43).*

Refer to note 13 for a quantitative summary of authorised and issued capital.

30 RELATED-PARTY TRANSACTIONS

The Group has a related-party relationship with its subsidiaries, associates and joint ventures and with its Directors and key management personnel (refer below).

R millions	GROUP 28 February 2022	28 February 2021
30.1 ASSOCIATES AND JOINT VENTURES		
Transactions		
Sale of goods and services to joint venture	**–**	1
Services received from associates	**–**	–
Balances		
Electronic DNA Proprietary Limited ("eNDA") - joint venture (Investment loan - gross balance)	**2**	–
CBI-Electric Telecom Cables - joint venture (Investment loan - gross balance)	**8**	–
Thobela Telecoms – joint venture (Investment loan – gross balance)	**80**	48
Thobela Telecoms – joint venture (Trade receivables – gross balance)	**309**	309

30 RELATED-PARTY TRANSACTIONS (CONTINUED)

30.2 DIRECTORS

Details relating to Directors' remuneration are disclosed in note 20.1

As at 28 February 2022 the Directors' and Prescribed Officer of the Company held direct and indirect interests (through an associate as defined in the JSE Listings Requirements) in the Group. As at 28 February 2022, the Directors and Prescribed Officer held 143 459 033 (2021: 138 991 829) of the Company's issued A ordinary shares on a cumulative basis. Details of shares held per individual Directors and Prescribed Officer are listed below.

A total of 3 528 115 (2021: 8 395 894) share appreciation rights, performance share options and bonus share options are allocated to Directors in terms of the Company's employee share scheme.

	28 February 2022 Direct Beneficial A Ordinary shares	28 February 2021 Direct Beneficial A Ordinary shares
Name of Director/Prescribed Officer		
RE Venter	**44 015**	44 015
GG Gelink	**18 000**	18 000
C Miller	**–**	161 138
M Nyati	**875 102**	538 333
AJ Holden	**–**	159 505
MJ Leeming	**3 676**	3 676
BJ Francis	**3 991**	–
Total	**944 784**	924 667

	Indirect Beneficial A Ordinary shares	Indirect Beneficial A Ordinary shares
Name of Director		
AC Ball / T Ngara / S Sithole**	**82 854 261**	78 756 982
RE Venter*	**56 192 243**	56 192 243
BW Dawson***	**3 057 866**	2 721 088
MJ Leeming*****	**384 879**	396 879
SW van Graan****	**25 000**	–
Total	**142 514 249**	138 067 192

* *Shares held through Biltron Proprietary Limited where Director is a beneficiary.*

** *The cumulative shares controlled by Value Capital Partners Proprietary Limited where the Directors are beneficiaries.*

*** *Cumulative Shares held through Campan Enterprises Proprietary Limited (2 721 088) and Anuva Investments Limited (336 778) where Director is a beneficiary.*

**** *Shares held by spouse of Director.*

***** *Cumulative holding of 384 879 of which 346 879 are held by the spouse of the Director (ME Leeming) and 38 000 are held by an investment Company Ligitprops Proprietary Limited.*

Save for the aforegoing, the Directors' interests in securities for the year under review remain unchanged.

30 RELATED-PARTY TRANSACTIONS (CONTINUED)

30.3 KEY MANAGEMENT PERSONNEL

Key management personnel are defined as Directors of the Company and its principal subsidiary companies, including Prescribed Officers.

The key management personnel compensations were as follows:

R millions	GROUP 28 February 2022	GROUP 28 February 2021
Short-term employee benefits, including salaries and bonuses	**24**	36
Post-employment benefits	**1**	2
Equity compensation benefits	**40**	17
	65	55

30.4 SHAREHOLDERS

Public and non-public shareholders

A Ordinary shares

28 February 2022	Number of share-holders	%	Number of shares	%
Non-Public Shareholders	**13**	**0.13**	**175 746 501**	**43.12**
Director/Related Holdings	**12**	**0.12**	**143 459 033**	**35.20**
Treasury shares	**1**	**0.01**	**32 287 468**	**7.92**
Public Shareholders	**10 345**	**99.87**	**231 825 897**	**56.88**
TOTAL	**10 358**	**100.00**	**407 572 398**	**100.00**

28 February 2021	Number of share-holders	%	Number of shares	%
Non-Public Shareholders	**10**	**0.12**	**170 304 660**	**42.38**
Director/Related Holdings	9	0.10	138 017 191	34.34
Treasury shares	1	0.02	32 287 469	8.04
Public Shareholders	**8 672**	**99.88**	**231 578 362**	**57.62**
TOTAL	**8 682**	**100.00**	**401 883 022**	**100.00**

Material shareholders

Beneficial shareholders (excluding Directors) holding 5% or more of the Company's listed A ordinary shares were the following:

	28 February 2022		28 February 2021	
	Number of shares	%	Number of shares	%
Coronation Asset Management Proprietary Limited	**113 306 754**	**27.80**	101 024 630	25.14
Value Capital Partners Proprietary Limited*	**82 854 261**	**20.33**	78 756 982	19.60
Billtron Proprietary Limited	**56 192 243**	**13.79**	56 192 243	13.98
Kagiso Asset Management Proprietary Limited	**17 973 086**	**4.41**	–	–
Sanlam Investment Management Proprietary Limited	**15 275 420**	**3.75**	32 287 468	8.03
TOTAL	**285 601 764**	**70.08**	268 261 323	66.75

* *The cumulative shares controlled by Value Capital Partners (Pty) Limited through its associates.*

31 CRITICAL JUDGEMENTS AND ESTIMATES MADE BY MANAGEMENT

In preparing financial statements in conformity with IFRS, estimates and assumptions that materially affect the reported amounts and related disclosures are as follows:

31.1 CRITICAL ESTIMATES MADE BY MANAGEMENT

RECOVERABILITY OF BALANCES OWING FROM THOBELA TELECOM RF PROPRIETARY LIMITED ("THOBELA")

Altron Nexus Proprietary Limited ("Nexus") holds a jointly controlled interest in Thobela which is the vehicle to which the City of Tshwane Metropolitan Municipality ("COT") awarded the tender for the provision of a municipal broadband network project on 9 June 2015 ("COT Project"). As indicated in note 11, judgment was handed down in relation to the previously pending legal matter on 16 July 2019 in favour of the COT pursuant to an application brought by the COT to review and set aside the tender process which was initially lodged on 22 August 2017.

On 5 October 2020, the SCA ruled in favour of Nexus and the other appellants and upheld the appeal with costs and overturned the High Court decision with the effect that the Build, Operate, and Transfer ("BOT") Agreement is valid and binding. COT notified Nexus and the appellants in writing that the COT did not intend to appeal the SCA judgement and allowed the due date to file an appeal to lapse. Consequently, the COT entered into discussions with Nexus around a possible settlement, with a revised scope and payment of all amounts due.

Following a change in the political landscape, the COT revised its decision and filed an application for condonement as well as an application for an appeal against the SCA judgement in the Constitutional Court on 19 January 2021. Nexus, Thobela and the Lenders filed opposing affidavits against both applications. On 19 May 2021 the Constitutional Court rejected COT 's application for condonation and dismissed their appeal application with costs.

Taking these events into account, the Group estimated the expected credit loss provision in relation to the balances outstanding from Thobela at the reporting date, using a weighted probability analysis of the expected cash flows to be received under a number of scenarios, which included estimates as to the probability of the various outcomes as disclosed in note 11.

DEFERRED TAX ASSETS

Deferred tax assets have been raised at year-end on income tax losses and temporary differences in certain subsidiaries based on current profit forecasts. The Group analysed its deferred tax assets in respect of assessed losses and expect to realise the deferred tax assets in the ordinary course of business.

IMPAIRMENT ASSESSMENTS OF ASSETS

The recoverable amounts of the respective CGU's were determined based on fair value less cost to sell calculations. The calculations mainly use forecast cash flow projections based on financial budgets that were approved by the Board of Directors. The forecast period used in the calculations covers a five year (2021: five year) period, with year one being the approved budgeted year. A terminal value is calculated into perpetuity using long-term growth rates. The growth rates used are in line with industry norms.

The input factors most sensitive to change are management estimates of future cash flows based on budgets and forecasts, growth rates and discount rates. Further detail on these assumptions have been disclosed in note 2. The Group has performed a sensitivity analysis by varying these input factors by a reasonably possible margin and assessing whether the changes in input factors result in any of the goodwill allocated to an appropriate CGU being impaired. Goodwill impairment amounted to R7 million in the current year (2021: R155 million), refer to note 2.

31 CRITICAL JUDGEMENTS AND ESTIMATES MADE BY MANAGEMENT (CONTINUED)

31.1 CRITICAL ESTIMATES MADE BY MANAGEMENT (CONTINUED)

POST-EMPLOYMENT BENEFIT OBLIGATIONS

Post-retirement defined benefits are provided for certain existing and former employees (see note 18). The actuarial valuation method used to value the obligations is the projected unit method. The assumptions used include a discount rate, inflation rate, salary increase rate, expected rate of return on assets and a pension future growth rate allowance.

PURCHASE PRICE ALLOCATION OF ACQUISITIONS

The following valuation techniques were used in measuring the fair value of material assets acquired in business combinations:

i) Relief-from-royalty method (trade names)

ii) Multi-period excess earnings method (customer relationships)

31.2 CRITICAL JUDGEMENTS MADE BY MANAGEMENT

TECHNOLOGIES ACCEPTANCES RECEIVABLES PROPRIETARY LIMITED (TAR)

The relevant activities identified by management with regards to the securitisation vehicle are the credit vetting of leases and the management of leases upon default. Although Altron is exposed to variable returns from TAR due to the loan funding provided and the preference share investment held in TAR, it does not have the power over the above relevant activities that have an effect on TAR's returns based on management's consideration of a weighting of the various factors and indicators surrounding the securitisation vehicle.

32 STANDARDS AND INTERPRETATIONS IN ISSUE BUT NOT YET EFFECTIVE

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the group's accounting periods beginning on or after 1 March 2021, or later periods. The group has not early adopted those that relate to later periods.

Standard	Effective date
Classification of Liabilities as Current or Non-current (Amendments to IAS 1)	Annual periods beginning on or after 1 January 2023. Early application is permitted for entities that apply IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers at or before the date of initial application of IFRS 17 (published May 2017)
Income Taxes on deferred tax related to assets and liabilities arising from a single transaction (Amendment to IAS 12)	Annual periods beginning on or after 1 January 2023 (published May 2021)
Sale or contribution of assets between an investor and its associates or joint venture (Amendment to IFRS 10)	Effective date deferred indefinitely
Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)	Annual periods beginning on or after 1 January 2022 (published May 2020)
Amendment to IAS 1 Presentation of Financial Statements on classification of liabilities as current or non-current	Annual periods beginning on or after 1 January 2022 (published January 2020)
Annual Improvements to IFRS 2018 - 2020	Annual periods beginning on or after 1 January 2022 (published May 2020)
Reference to the Conceptual Framework (Amendments to IFRS 3)	Annual periods beginning on or after 1 January 2022 (published May 2022)
Property, Plant and Equipment on proceeds before intended use - Amendments to IAS 16	Annual periods beginning on or after 1 January 2022 (published May 2020)

R millions	GROUP 28 February 2022	GROUP 28 February 2021*
33 CASH GENERATED BY OPERATIONS		
Operating profit before capital items	**440**	968
Adjustments for:		
Depreciation and amortisation (note 1, 2)	**201**	304
Amortisation of costs to fulfil contracts (note 7, 8)	**276**	256
Right-of-use depreciation (note 3)	**178**	185
Equity settled share based payment expenses (note 13.5)	**61**	34
Movement in provisions	**5**	(3)
Defined benefit pension fund gain	**(26)**	(6)
Share Linked Incentives paid	**–**	(7)
Cash collateral – Share linked incentive ("SLI") hedge fair value adjustment	**–**	(14)
Unrealised foreign exchange losses (note 20.4)	**5**	15
Disposal costs	**(4)**	–
Other non-cash movements	**11**	(4)
	1 147	1 728
Increase in contract costs capitalised (note 7)	**(266)**	(169)
Cash flow relating to the finance lease arrangements**	**231**	268
Cash generated by operations before movements in working capital	**1 112**	1 827
(Increase) / decrease in inventories	**(122)**	53
Decrease / (increase) in trade and other receivables, including contract assets and fulfilment costs	**332**	(1 174)
(Decrease) / increase in trade and other payables, including contract liabilities	**(175)**	1 476
(Decrease) / increase in amounts due to merchants	**(79)**	38
	1 068	2 220
** Comparative information has been restated for the investment in Arrow no longer considered to be held-for-sale (note 43)*		
*** Cash flow relating to the finance lease arrangements comprises of the following movements*		
Opening balance	**466**	*426*
Interest	**61**	*80*
Increase in lease asset rentals	**145**	*228*
Closing balance (note 6)	**(441)**	*(466)*
Cash flow relating to the finance lease arrangements	**231**	*268*
34 DIVIDENDS RECEIVED FROM ASSOCIATES AND OTHER INVESTMENTS		
Dividends receivable at the beginning of the year	**1**	1
Dividends received during the year	**2**	9
Dividends receivable at the end of the year	**(1)**	(1)
	2	9
35 TAXATION PAID		
Amounts unpaid at the beginning of the year	**(11)**	(78)
Amounts recognised in profit or loss	**(124)**	(192)
Translation differences	**(2)**	1
Disposals of operations	**–**	23
Taxation payable classified as held-for-sale (refer to note 40)*	**14**	–
Interest and penalties	**(11)**	–
Reclassification of other taxes	**(1)**	8
Amounts acquired in business combinations	**(12)**	1
Amounts unpaid at the end of the year*	**53**	11
	(94)	(226)

* *Comparative information has been restated for the investment in Arrow no longer considered to be held-for-sale (note 43).*

R millions	GROUP 28 February 2022	GROUP 28 February 2021
36 ACQUISITION OF SUBSIDIARIES AND BUSINESSES, NET OF CASH ACQUIRED		
Property, plant and equipment	**(5)**	–
Right-of-use assets	**(1)**	–
Intangible assets, including customer base and trade name at acquisition	**(61)**	(77)
Equity accounted investments	**(5)**	–
Inventories	**(6)**	–
Trade and other receivables	**(40)**	(37)
Trade and other payables	**64**	28
Lease liabilities	**2**	–
Deferred tax	**7**	22
Net cash	**(33)**	(16)
Goodwill arising on acquisition	**(156)**	(290)
Purchase consideration	**(234)**	(370)
Less: Treasury shares utilised to settle transaction	**–**	36
Less: Deferred purchase considerations	**28**	96
Cash paid	**(206)**	(238)
Less: Cash acquired	**33**	16
Cash paid in relation to current year acquisitions	**(173)**	(222)
Less: Deferred purchase consideration paid relating to prior year acquisition	**(62)**	(30)
	(235)	(252)
Refer to note 41 for detail on the respective businesses acquired during the current year.		
37 PROCEEDS ON DISPOSAL OF SUBSIDIARIES, ASSOCIATE AND BUSINESSES, NET OF CASH DISPOSED		
Property, plant and equipment	**–**	168
Goodwill and intangible assets	**–**	734
Right-of-use assets	**12**	23
Inventories	**–**	12
Net Cash	**–**	582
Trade and other receivables	**95**	3 863
Other long term liabilities	**(19)**	(62)
Trade and other payables	**(42)**	(4 943)
Short term lease liabilities	**(11)**	–
Other payables	**–**	(23)
	35	354
Gain on disposal of subsidiary before demerger costs (note 42)	**–**	11 849
Release of foreign currency translation surplus on disposal of operations (note 42)	**–**	(277)
Release of share-based payment reserve on disposal of operations (note 42)	**–**	(27)
Total dividends returned including return of capital (note 42)	**–**	(11 467)
Loss on disposal (note 21)	**(28)**	–
Proceeds on disposal	**7**	432
Proceeds receivable at the beginning of the year	**132**	150
Proceeds receivable at the end of the year (note 11)	**(1)**	(132)
Proceeds received as a result of treasury shares held (note 42)	**–**	867
Total proceeds received on disposals	**138**	1 317
***Less* cash disposed**	**–**	(582)
	138	735

Refer to note 42 for detail on the respective businesses disposed of during the current year.

R millions	GROUP 28 February 2022	28 February 2021
38 PROCEEDS ON DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS		
Carrying amount	**23**	34
Loss on disposal	**(2)**	–
Proceeds received on disposal	**21**	34
39 OTHER CASH FLOWS		
39.1 CASH OUTFLOW FROM OTHER INVESTING ACTIVITIES		
Loans advanced to associates and other investments (note 44)	**(39)**	(25)
Advances made to TAR during the year	**(32)**	(16)
	(71)	(41)
39.2 CASH INFLOW OTHER INVESTING ACTIVITIES		
Repayment received from TAR during the year	**33**	38
Movement in restricted cash	**–**	13
	33	51
39.3 RECONCILIATION OF CASH FLOWS FROM FINANCING ACTIVITIES		
Loans at the beginning of the year	**1 741**	2 772
Current	**168**	674
Non-current	**1 573**	2 098
Cash flows	**(72)**	(1 634)
Loans advanced	**300**	–
Loans repaid	**–**	(1 183)
Lease payments	**(144)**	(182)
Repayment of finance lease liabilities	**(228)**	(269)
Interest paid	**(241)**	(324)
Other movements	**525**	927
Movement in assets held-for-sale	**53**	(525)
Effects of changes in foreign exchange rates	**–**	(1)
Settlement of deferred purchase consideration (note 36)	**(62)**	(30)
Disposal of operations	**(30)**	(28)
Lease modifications and terminations	**37**	63
Leases entered into and increase in rental finance liabilities	**251**	1 021
Interest	**248**	330
Deferred purchase consideration arising on acquisition	**28**	97
Loans at the end of the year	**1 953**	1 741
Current	**86**	60
Non-current	**854**	602
Lease liabilities (refer to note 3)	**1 013**	1 079

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

DISCONTINUED OPERATIONS

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. The exit of AROA operations in totality involves a combination of disposals as well as closure.

At the point of the approval by resolution, it was management's intention to realise AROA in totality through sale. However, at 28 February 2022 Altron Lesotho, Altron Eswatini, Altron Tanzania, Altron Technologies Zambia, Altron Technologies Malawi, Altron Rwanda and Altron Africa (Mauritius) were shut down and currently in the process of deregistration and accordingly are included in discontinued operations as abandoned operations. The remaining operations namely, Altron Technologies Namibia, Altron Botswana, Altron Mozambique and Altron BTG Kenya remain held-for-sale as the relevant requirements of IFRS 5 have been met for this classification.

Management believe that the conclusion of the remaining disposals will be effected in the 2023 financial year and are currently marketing these investments at an appropriate fair value.

Restatement of comparative information

In the prior year the decision was taken to dispose of the Altron Arrow ("Arrow"), and as a result, this business was classified as a discontinued operation and the relating assets and liabilities as held-for-sale as the relevant requirements of IFRS 5 were met for this classification at the time. During the current year, it was concluded that the held-for-sale criteria are no longer met and as a result the investment has been classified as a continued operation and not held-for-sale. Refer to note 43 for detailed disclosures on the restatement of prior period comparatives.

Assets and liabilities classified as held-for-sale and discontinued operations during the prior 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. As mentioned above, Arrow is no longer classified as held-for-sale and comparative information has been restated (note 43). ADS was disposed of subsequent to year-end (refer to note 42). APS was disposed of during the current year (refer to note 41) and is included in the comparative held-for-sale information. The APS results are also included in the current and comparative information of discontinued operations as it represents a major line of business that has been disposed during the current year.

40 ASSETS AND LIABILITIES CLASSIFIED AS HELD-FOR-SALE AND DISCONTINUED OPERATIONS (CONTINUED)

Financial performance and cash flow information

The comparative consolidated statement of comprehensive income has been restated for the classification of the AROA as a discontinued operation.As disclosed above and in note 43 comparative information has been restated for the investment in Arrow as held-for-sale criteria are no longer met.

R millions	Note	GROUP 28 February 2022	 28 February 2021 *Restated**
Net assets of business held-for-sale:			
Assets classified as held-for-sale			
Property, plant and equipment	1	**19**	36
Intangible assets and goodwill	2	**20**	44
Right-of-use assets	3	**27**	52
Financial assets at amortised cost	5	**168**	169
Financial assets at fair value through other comprehensive income	5	**21**	21
Finance lease assets	6	**238**	245
Non-current assets		**493**	567
Inventories	10	**345**	356
Trade and other receivables	11	**712**	658
Contract assets	19	**9**	40
Cash and cash equivalents	12	**27**	–
Current assets		**1 093**	1 054
Assets classified as held-for-sale		**1 586**	1 621
Liabilities classified as held-for-sale			
Loans	15	**241**	246
Lease liabilities	3	**20**	43
Non-current liabilities		**261**	289
Loans	15	**201**	219
Lease liabilities	3	**10**	17
Provisions	16	**1**	1
Trade and other payables	17	**110**	23
Contract liabilities	19	**8**	24
Taxation payable		**14**	–
Current liabilities		**344**	284
Liabilities classified as held-for-sale		**605**	573

* *Comparative information has been restated for the investment in Arrow no longer considered to be held-for-sale (note 43).*

40 ASSETS AND LIABILITIES CLASSIFIED AS HELD-FOR-SALE AND DISCONTINUED OPERATIONS (CONTINUED)

Breakdown of disposal groups held-for-sale:

R millions	Notes	28 February 2022 Altron Document solutions	Altron Rest of Africa	Cumulative Impairments (note 21)	Total
Assets classified as held-for-sale					
Property, plant and equipment	1	27	5	(13)	19
Intangible assets and goodwill	2	175	–	(155)	20
Right-of-use assets	3	39	4	(16)	27
Financial assets at amortised cost	5	168	–	–	168
Financial assets at fair value through other comprehensive income	5	21	–	–	21
Finance lease assets	6	238	–	–	238
Non-current assets		668	9	(184)	493
Inventories	10	299	46	–	345
Trade and other receivables	11	579	133	–	712
Contract assets	19	5	4	–	9
Cash and cash equivalents	12	2	25	–	27
Current assets		885	208	–	1 093
Assets classified as held-for-sale		1 553	217	(184)	1 586
Liabilities classified as held-for-sale					
Rental finance liabilities	15	241	–	–	241
Finance lease liabilities relating to right-of-use assets	3	18	2	–	20
Non-current liabilities		259	2	–	261
Rental finance liabilities	15	201	–	–	201
Finance lease liabilities relating to right-of-use assets	3	8	2	–	10
Provisions	16	1	–	–	1
Trade and other payables	17	88	22	–	110
Contract liabilities	19	1	7	–	8
Taxation payable		–	14	–	14
Current liabilities		299	45	–	344
Liabilities classified as held-for-sale		558	47	–	605

Reconciliation of cumulative impairment losses:

	28 February 2022 Property, plant and equipment	Intangible assets and goodwill	Right-of-use assets	Total
Impairment losses at 28 February 2021	(6)	(164)	(10)	(180)
Impairment losses during the current period	(31)	(40)	(29)	(100)
Altron Document solutions	(10)	(32)	(10)	(52)
Altron People solutions	(20)	(8)	(18)	(46)
Altron Rest of Africa	(1)	–	(1)	(2)
Disposed of during the year	24	49	23	96
Impairment losses at 28 February 2022	(13)	(155)	(16)	(184)

40 ASSETS AND LIABILITIES CLASSIFIED AS HELD-FOR-SALE AND DISCONTINUED OPERATIONS (CONTINUED)

		28 February 2021*			
R millions	Notes	Altron Document solutions	Altron People solutions	Impair-ments (note 21)	Total
Assets classified as held-for-sale					
Property, plant and equipment	1	20	22	(6)	36
Intangible assets and goodwill	2	160	48	(164)	44
Right-of-use assets	3	26	36	(10)	52
Financial assets at amortised cost	5	169	–	–	169
Financial assets at fair value through other comprehensive income	5	21	–	–	21
Finance lease assets	6	245	–	–	245
Non-current assets		**641**	**106**	**(180)**	**567**
Inventories	10	355	1	–	356
Trade and other receivables	11	584	74	–	658
Contract assets	19	10	30	–	40
Current assets		**949**	**105**	**–**	**1 054**
Assets classified as held-for-sale		**1 590**	**211**	**(180)**	**1 621**
Liabilities classified as held-for-sale					
Rental finance liabilities	15	246	–	–	246
Finance lease liabilities relating to right-of-use assets	3	17	26	–	43
Non-current liabilities		**263**	**26**	**–**	**289**
Rental finance liabilities	15	219	–	–	219
Finance lease liabilities relating to right-of-use assets	3	6	11	–	17
Provisions	16	1	–	–	1
Trade and other payables	17	–	23	–	23
Contract liabilities	19	2	22	–	24
Current liabilities		**228**	**56**	**–**	**284**
Liabilities classified as held-for-sale		**491**	**82**	**–**	**573**

	28 February 2021*			
	Property, plant and equipment	Intangible assets and goodwill	Right-of-use assets	Total
Altron Document solutions	(2)	(123)	(5)	(130)
Altron People solutions	(4)	(41)	(5)	(50)
Impairment losses at 28 February 2021	(6)	(164)	(10)	(180)

Cash flows utilised in discontinued operations:

	GROUP	
R millions	**28 February 2022**	28 February 2021*
Net cash generated from operating activities	**202**	166
Net cash utilised in investing activities	**(20)**	(37)
Net cash utilised in financing activities	**(240)**	(284)
Net cash flow for the year	**(58)**	(155)

* *Comparative information has been restated for the investment in Arrow no longer considered to be held-for-sale (note 43).*

41 ACQUISITION OF SUBSIDIARIES AND BUSINESSES AND CHANGES IN OWNERSHIP

Acquisition of Law Trusted Third Party Services Proprietary Limited ("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. This bolt on acquisition which forms part of the security segment, will enhance the digital security growth area and allow the Group to focus on driving the security services in other jurisdictions outside of South Africa.

The purchase price was R236 million, of which R185 million was paid upfront in cash and a further R21 million was paid in November 2021. The remaining R30 million to expected to paid on the first anniversary of the Effective Date less any legitimate warranty, indemnity and other potential claims under the Agreement. No further targets are attached to the payment of the remaining balance.

Goodwill of R156 million has been recognised on the acquisition of Lawtrust which relates to the expected future synergies flowing from the Group's intention to increase its footprint in security offerings into new markets and customer segments.

The acquisition contributed revenue of R94 million and net profit after tax of R10 million to the Group during the year ended 28 February 2022.

The acquired balances at the effective date were as follows:

R millions	Recognised values	Fair value adjustments	Carrying amount
Property, plant and equipment	5	–	5
Right-of-use assets	1	–	1
Intangible assets on acquisition	7	54	61
Equity accounted investment (note 44)	5	–	5
Deferred tax	8	(15)	(7)
Net inventory	6	–	6
Trade and other receivables	40	–	40
Net cash acquired	33	–	33
Trade and other payables including contract liabilities	(64)	–	(64)
Lease liabilities	(2)	–	(2)
Total net assets on acquisition	**39**	**39**	**78**
Goodwill on acquisition			156
Total consideration*			**234**
Less: Deferred purchase consideration			(28)
Cash paid			**206**
Less: Cash and cash equivalents in subsidiary acquired			(33)
Cash paid in relation to Lawtrust			**173**

* *Included in the total purchase consideration of R236 million is the deferred purchase consideration of R30 million, which has been present valued to R28 million resulting in the total consideration in the table above reflecting R 234 million.*

41 ACQUISITION OF SUBSIDIARIES AND BUSINESSES AND CHANGES IN OWNERSHIP (CONTINUED)

TRANSACTIONS WITH NON-CONTROLLING INTERESTS

Transactions with non-controlling interests during February 2021

Altron Nexus Proprietary Limited ("Nexus")

On 30 June 2020, the Group acquired the remaining 25% plus 1 share of the issued shares of Nexus for R30 million bringing the Group's total share ownership to 100%. Immediately prior to the purchase, the carrying amount of the existing non-controlling interest in Nexus was R178 000. The Group recognised a decrease in non-controlling interests of R178 000 and a decrease in equity attributable to owners of the parent of R30 million.

Netstar Proprietary Limited ("Netstar")

On 17 June 2020, the Group acquired an additional 5% share of the issued shares of Netstar for R4 million. Immediately prior to the purchase, the carrying amount of the existing non-controlling interest in Netstar was negative R253 million. The Group recognised a decrease in the negative non-controlling interests of R51 million and a decrease in equity attributable to owners of the parent of R55 million.

On 30 October 2020, the Group acquired the remaining 20% plus one share of the issued shares of Netstar for R50 million bringing the Group’s total share ownership to 100%. Immediately prior to the purchase, the carrying amount of the existing non-controlling interest in Netstar was negative R200 million. The Group recognised a decrease in the negative non-controlling interests of R200 million and a decrease in equity attributable to owners of the parent of R250 million.

Altech UEC South Africa Proprietary Limited ("UEC")

On 25 August 2020, the Group acquired the remaining 25% + 1 share of the issued shares of UEC for a nominal amount bringing the Groups total share to 100%. Immediately prior to the purchase, the carrying amount of the existing non-controlling interest in UEC was negative R57 million. The Group recognised a decrease in non-controlling interests of R57 million and a decrease in equity attributable to owners of the parent of R57 million.

The effect of the above transactions on premium / discount on non-controlling equity transactions reserve during the year is summarised as follows:

	28 February 2021			
R millions	Nexus	Netstar	UEC	Total
Carrying amount of non-controlling interests acquired	–	(251)	(57)	(308)
Consideration paid to non-controlling interests	(30)	(54)	–	(84)
Excess of consideration paid recognised in reserves (premium / discount on non-controlling equity transactions)	(30)	(305)	(57)	(392)

Refer to note 44 for further disclosure on non-controlling interests

42 DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND BUSINESSES

42.1 CURRENT YEAR DISPOSALS AND PROCEEDS RECEIVABLE

42.1.1 DISPOSAL OF ALTRON PEOPLE SOLUTIONS ("APS")

APS was classified as held-for-sale at 31 August 2021 (note 40). The APS business was 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 cumulative disposal proceeds amounted to R6.6 million.

A cumulative impairment loss of R96 million was recognised relating to the APS held-for-sale disposal Group (note 40) and as a result Property, Plant and Equipment, Goodwill and intangible assets were fully impaired prior to the disposal. The carrying value of the remaining assets and liabilities disposed of is disclosed below.

R millions	GROUP 28 February 2022
Non-current assets	**12**
Right-of-use assets	12
Current assets	**95**
Trade and other receivables	95
Non-current liabilities	**(19)**
Long term lease liabilities	(19)
Current-liabilities	**(53)**
Trade and other payables including contract liabilities	(42)
Short term lease liabilities	(11)
Net asset value	35
Loss on disposal (note 21)	(28)
Proceeds received on disposal	7

42.2 PRIOR YEAR DISPOSALS AND PROCEEDS RECEIVABLE

42.2.1 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. The settlement of the full purchase price was deferred and fully received during the current year.

	GROUP	
R millions	28 February 2022	28 February 2021
Balance brought forward	102	151
Current proceeds receivable (refer note 11)	–	(102)
Proceeds received	102	49

42.2.2 DEMERGER AND SEPARATE LISTING OF ALTRON´S UNITED KINGDOM ("UK") SUBSIDIARY, BYTES TECHNOLOGY GROUP LIMITED ("BYTES UK")

As part of its strategic review, the Board assessed each of the business units within the Altron Group, to identify opportunities which have the potential to unlock further value for shareholders and to streamline operations. The Board concluded that the true value of Bytes UK, a wholly-owned subsidiary of Altron, is not reflected in the Company´s share price. This business increasingly developed a growth trajectory and strategic levers that are different to the rest of the Group and operates in a different geographical capital

42 DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND BUSINESSES (CONTINUED)

42.2 PRIOR YEAR DISPOSALS AND PROCEEDS RECEIVABLE (CONTINUED)

42.2.2 DEMERGER AND SEPARATE LISTING OF ALTRON´ S UNITED KINGDOM ("UK") SUBSIDIARY, BYTES TECHNOLOGY GROUP LIMITED ("BYTES UK") (CONTINUED)

market with a highly rated peer Group. Consequently upon successful completion of required formalities which included obtaining shareholder and Board approval on 1 December 2020 and 29 October 2020 respectively, the Altron Group demerged its shareholding in Bytes Technology Group Limited (now named Bytes Technology Limited) ("Bytes UK") with effect from 17 December 2020.

The demerger of Bytes UK was implemented on the following basis:

- The separation of Bytes UK from Altron occurred by way of a disposal by Altron of all its shares in Bytes UK to a wholly owned subsidiary of the newly established Bytes UK HoldCo, Bytes Technology Group Plc Limited in consideration for 220 506 494 Convertible Notes;
- The convertible notes and the demerger transaction were conditional on fulfilment of the suspensive conditions and would lapse and be cancelled if the suspensive conditions were not fulfilled. When the suspensive conditions are fulfilled, the transaction and the issue of the convertible notes would become effective. On the effective date, the convertible notes was accounted for at fair value through profit or loss in accordance with the requirements of IFRS 9. The convertible notes are non-interest bearing. In terms of the conditions of the transaction, on the effective date, the convertible notes received were distributed to shareholders of the Altron Group as a dividend in specie accounted for at fair value in accordance with the requirements of IFRIC 17.
- Bytes Technology Group Plc was admitted to the London Stock Exchange and the Johannesburg Stock Exchange on 17 December 2020, which fulfilled the final suspensive condition of the convertible notes and the demerger transaction and as a result, the convertible notes became effective at its fair value of R11 854 million on this date calculated at the IPO offer price of £2.70 and converted at the prevailing exchange rate.
- At the effective date, of the 220 506 494 convertible notes received as consideration, 200 877 173 were distributed by way of a dividend in specie to Altron Ordinary Shareholders, in the ratio of 0.5 convertible note for every 1 Altron Ordinary Share held. The convertible notes were therefore distributed at the same value they were acquired which was considered to be the fair value on date of distribution.
- The fair value of the 200 877 173 convertible notes distributed on the effective date was R10 799 million, of which R8 738 million was The fair value of the 200 877 173 convertible notes distributed on the effective date was R10 799 million, of which R8 738 million was distributed out of reserves and R2 061 million was distributed out of share capital at a rate of R5.13 per share as resolved by the Board. In addition, dividends tax of R670 million was settled on behalf of shareholders.
- As a result of the 32 287 469 treasury shares held, the Group was entitled to 16 143 735 convertible notes which were fully sold down on the effective date realising proceeds of R867 million of which R166 million represents a return of capital (note 13).
- Altron retained 19 629 321 of the Convertible Notes which were fully sold down on the effective date at a fair value of R1 055 million in order to settle the dividends tax of R670 million which arose on the distribution of the dividend in specie which was settled by Altron as agent on behalf of their shareholders from the R1 055 million received. At the time of the distribution, Altron had estimated that 9% of the Convertible Notes would be sufficient to settle the dividends tax.
- The actual liability for the dividends tax was only determined post Altron receiving the declarations from Shareholders in terms of section 64FA of the Income Tax Act 58 of 1962.
- Subsequent to receiving the declarations from Shareholders and settling SARS, Altron has determined that it overestimated the dividends tax liability, which was concluded to be R670 million and subsequently settled. Altron therefore has additional cash on its balance sheet as a result of the Bytes UK demerger. The intention of the demerger was to create and return value to Shareholders. As such the Altron Board of Directors resolved to pay said cash to Shareholders in the form of a special dividend.
- Accordingly, a gross special dividend of 96 cents per Altron Ordinary Share, was declared on 22 April 2021 and paid out of income reserves. The special dividend was subject to South African Reserve Bank ("SARB") approval which was obtained on 19 April 2021.

42 DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND BUSINESSES (CONTINUED)

42.2 PRIOR YEAR DISPOSALS AND PROCEEDS RECEIVABLE (CONTINUED)

42.2.2 DEMERGER AND SEPARATE LISTING OF ALTRON´ S UNITED KINGDOM ("UK") SUBSIDIARY, BYTES TECHNOLOGY GROUP LIMITED ("BYTES UK") (CONTINUED)

The gain on disposal of Bytes UK is calculated as follows:

	GROUP	
R millions	28 February 2022	28 February 2021
Non-current assets	–	(893)
Property, plant and equipment	–	(168)
Right-of-use assets	–	(23)
Goodwill and other intangible assets	–	(702)
Current assets	–	(4 436)
Inventories	–	(12)
Trade and other receivables	–	(3 842)
Cash and cash equivalents	–	(582)
Other	–	–
Non-current liabilities	–	62
Lease liabilities	–	28
Deferred tax	–	34
Current-liabilities	–	4 958
Trade and other payables	–	4 935
Other	–	23
Net asset value of Bytes UK derecognised previously consolidated at 17 December 2020	–	(309)
Foreign currency translation reserve recycled at 17 December 2020	–	277
Share based payment reserve at 17 December 2020	–	27
Fair value of the convertible notes received	–	11 854
Gain on demerger of Bytes UK (before demerger costs)	–	11 849
Demerger costs	–	(124)
Gain on demerger of Bytes UK (net of demerger costs)	–	11 725
Proceeds received on disposal		
Net asset value	–	309
Foreign currency translation reserve recycled at 17 December 2020	–	(277)
Share based payment reserve at 17 December 2020	–	(27)
Gain on demerger of Bytes UK (before demerger costs)	–	11 849
Proceeds before declaration of dividend in specie	–	11 854
Dividend in specie*	–	(9 406)
Return of capital at R5.13 per share (note 13)	–	(2 061)
Proceeds received net of dividend declared	–	387
** Total dividend in specie declared*	–	*(9 406)*
Less Dividend received as a result of treasury shares	–	*701*
Dividend declared as per consolidated statement of changes in equity	–	*(8 705)*
The dividends tax was paid by the Group on behalf of its shareholders on declaration of the dividend in specie in relation to the shares transferred as embodied in the related transactional agreements. The dividends tax paid has been included in the dividend in specie and the proceeds on disposal have been reflected net of the dividends tax paid due to the Group acting as a conduit on behalf of shareholders in relation to the dividends tax paid.		
Proceeds received on the UK demerger transaction as a result of treasury shares held		
Dividend received as a result of 32 287 469 treasury shares held on 17 December 2020	–	701
Return of capital at R5.13 per treasury share held (note 13)	–	166
Proceeds received relating to treasury shares held	–	867

42 DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND BUSINESSES (CONTINUED)

42.2 PRIOR YEAR DISPOSALS AND PROCEEDS RECEIVABLE (CONTINUED)

42.2.2 DEMERGER AND SEPARATE LISTING OF ALTRON´ S UNITED KINGDOM ("UK") SUBSIDIARY, BYTES TECHNOLOGY GROUP LIMITED ("BYTES UK") (CONTINUED)

42.2.2 DISPOSAL OF SAMRAS BUSINESS

Altron TMT Proprietary Limited through it's division Altron Systems Integration disposed of its SAMRAS business with effect from 1 December 2020. The purchase price paid was R45 million. R15 million was received in the prior year. A second payment of R20 million was received on 30 April 2021 and third payment of R9 million was received on 30 November 2021.

Net assets of the above operations disposed of are as follows:

	GROUP	
R millions	28 February 2022	28 February 2021
Non-current assets	**–**	**53**
Intangible assets and goodwill	**–**	**32**
Trade and other receivables	**–**	**21**
Current-liabilities	**–**	**(8)**
Trade and other payables	**–**	**(8)**
Disposal value	**–**	**45**
Profit / (loss) on disposal	**–**	**–**
Proceeds receivable at the beginning of the year	**30**	
Less current proceeds receivable (refer note 11)	**(1)**	**(30)**
Proceeds received on disposal	**29**	**15**

43 RESTATEMENT OF COMPARATIVE INFORMATION

43.1 INVESTMENT IN ALTRON ARROW ("ARROW") PREVIOUSLY CLASSIFIED AS HELD-FOR-SALE

Arrow is a subsidiary within the Altron Group (note 44). 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.

At August 2020, the Board resolved that the Arrow business did not form part of the Group's core business and as a result would be disposed of. Arrow was therefore classified as a discontinued operation and the relating assets and liabilities as held-for-sale. The relevant requirements of IFRS 5 were met for this classification at the time and the business remained as held-for-sale at the end of the 2021 financial year.

Due to the lack of potential buyers, 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 *IFRS 10 Consolidated Financial Statements* and not as a result of a prior period error. If the disposal group relates to an investment in subsidiary, the financial statements are amended accordingly from the period of initial classification as held-for-sale.

Financial statements for the periods since classification as held-for-sale shall be amended accordingly. Arrow was initially recognised as held-for-sale at 31 August 2020. During the 2021 financial year, the Group recognised an impairment loss relating to property, plant and equipment included in Arrow's disposal group, 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. The impairment loss was included in capital items in the prior year. The carrying amount of property, plant and equipment before it was classified as held-for-sale, was adjusted for depreciation that would have been recognised if the assets had not been classified as held-for-sale and impairment losses previously recognised were reversed. The Group has also ceased to classify all other assets and liabilities relating to the Arrow business as held-for-sale.

The impact of the restatement on each of the affected financial statement line items may be summarised in the table below.

	28 February 2021		
R millions	As previously reported*	Adjustments	Restated
Balance sheet			
(Extract)			
Non-current assets			
Property, plant and equipment	422	20	442
Current assets			
Inventories	763	70	833
Trade and other receivables	2 411	86	2 497
Cash and cash equivalents	1 381	73	1 454
Assets classified as held-for-sale	1 870	(249)	1 621
Total assets		–	
Total equity			
Non-current liabilities			
Deferred taxation	10	2	12
Current liabilities			
Trade and other payables	1 931	61	1 992
Taxation payable	26	2	28
Liabilities classified as held-for-sale	638	(65)	573
Total equities and liabilities		–	

43 RESTATEMENT OF COMPARATIVE INFORMATION (CONTINUED)

43.1 INVESTMENT IN ALTRON ARROW ("ARROW") PREVIOUSLY CLASSIFIED AS HELD-FOR-SALE (CONTINUED)

R millions	28 February 2021 As previously reported*	Adjustments	Restated
Income statement			
(Extract)			
CONTINUING OPERATIONS			
Revenue	7 128	377	7 505
Other income	51	3	54
Operating costs	(6 160)	(366)	(6 526)
Earnings before interest, taxation, depreciation, amortisation, capital items and equity accounted losses (EBITDA before capital items and equity accounted losses)	1 019	14	1 033
Depreciation and amortisation	(660)	(2)	(662)
Operating profit before capital items	359	12	371
Capital items	(23)	–	(23)
Operating profit	336	12	348
Finance income	64	1	65
Finance expense	(244)	–	(244)
Share of loss of equity-accounted investees, net of taxation	(41)	–	(41)
Profit before taxation	115	13	128
Taxation	(30)	(4)	(34)
Profit for the year from continuing operations	85	9	94
DISCONTINUED OPERATIONS			
Revenue	8 323	(375)	7 948
Other income	19	(3)	16
Operating costs	(7 646)	362	(7 284)
Earnings before interest, taxation, depreciation, amortisation and capital items (EBITDA before capital items)	696	(16)	680
Depreciation and amortisation	(84)	1	(83)
Operating profit before capital items	612	(15)	597
Capital items	11 547	1	11 548
Operating profit	12 159	(14)	12 145
Finance income	22	(1)	21
Finance expense	(7)	–	(7)
Profit before taxation	12 174	(15)	12 159
Taxation	(115)	4	(111)
Profit for the year from discontinued operations	12 059	(11)	12 048
Profit before taxation	12 144	(2)	12 142

43 RESTATEMENT OF COMPARATIVE INFORMATION (CONTINUED)

43.1 INVESTMENT IN ALTRON ARROW ("ARROW") PREVIOUSLY CLASSIFIED AS HELD-FOR-SALE (CONTINUED)

R millions	28 February 2021 As previously reported*	28 February 2021 Adjustments	28 February 2021 Restated
Net profit attributable to:			
Non-controlling interests	(12)	–	(12)
Non-controlling interests from continuing operations	(20)	6	(14)
Non-controlling interests from discontinued operations	8	(6)	2
Altron equity holders	12 156	(2)	12 154
Altron equity holders from continuing operations	105	3	108
Altron equity holders from discontinued operations	12 051	(5)	12 046
Net profit for the year	**12 144**	**(2)**	**12 142**

* *Comparative information has been restated for the discontinued operations (note 40).*

R millions	28 February 2021 As previously reported*	28 February 2021 Adjustments	28 February 2021 Restated
Consolidated statement of cash flows			
(Extract)			
Net cash classified as held-for-sale	(73)	73	–
Net cash and cash equivalents at the end of the year	**731**	**73**	**804**

43 RESTATEMENT OF COMPARATIVE INFORMATION (CONTINUED)

43.2 CORRECTION OF PRIOR YEAR CLASSIFICATION

Software incorrectly categorised as trade names, designs, patents and trademarks

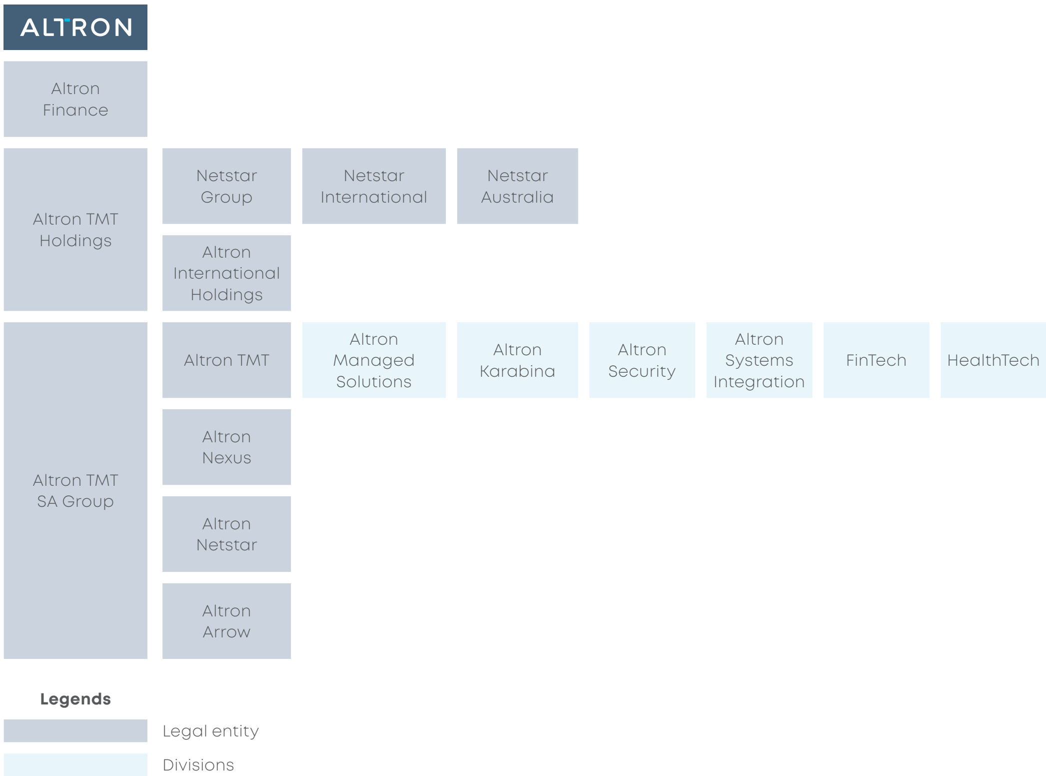
Previously software which included hardware and software under development was incorrectly disclosed within trade names, designs, patents and trademarks and as a result should have been disclosed within the distribution rights, license agreements and proprietary software category.

The above has been corrected by updating the categories within intangible assets (note 2) as noted below. As the correction relates to a reclassification of categories within intangible assets no other financial statement line items for the prior period were affected.

	28 February 2021					
	Trade names, designs, patents and trademarks			Distribution rights, licence agreements and proprietary software		
R millions	As previously reported	Adjustments	Restated	As previously reported	Adjustments	Restated
Notes to the consolidated financial statements (Extract)						
Goodwill and other intangible assets (note 2)						
Cost						
Balance at 29 February 2020	619	(329)	**290**	180	329	**509**
Additions at cost	53	(47)	**6**	44	47	**91**
Acquisitions through business combinations (refer note 41)	6	–	**6**	–	–	**–**
Disposals	–	–	**–**	(2)	–	**(2)**
Disposals of operations (refer note 42)	(111)	32	**(79)**	–	(32)	**(32)**
Intangible assets written off	(25)	25	**–**	(44)	(25)	**(69)**
Translation of foreign operations	8	(8)	**–**	–	8	**8**
Balance at 28 February 2021	550	(327)	**223**	178	327	**505**
Accumulated amortisation and impairment losses						
Balance at 29 February 2020	384	(191)	**193**	82	191	**273**
Amortisation for the year	75	(51)	**24**	46	51	**97**
Impairment losses	–	–	**–**	3	–	**3**
Disposals of operations (refer note 42)	(53)	–	**(53)**	–	–	**–**
Intangible assets written off	(24)	24	**–**	(45)	(24)	**(69)**
Translation of foreign operations	4	(4)	**–**	–	4	**4**
Balance at 28 February 2021	386	(222)	**164**	86	222	**308**
Carrying amount at 28 February 2021 before items classified as held-for-sale (note 40)	164	(105)	**59**	92	105	**197**
Carrying amount: Goodwill and Intangibles classified as held-for-sale (note 40)	–	–	**–**	(16)	–	**(16)**
Cost	–	–	**–**	(31)	–	**(31)**
Accumulated depreciation and impairment losses	–	–	**–**	15	–	**15**
Carrying amount at 28 February 2021	164	(105)	**59**	76	105	**181**

44 GROUP COMPOSITION

44.1 INTERESTS IN SUBSIDIARIES



The Group structure included above only includes the Group's core subsidiaries. The associates and joint ventures have been excluded as these do not form part of the Group's core operations and are not considered material to the Group. Discontinued operations have been excluded as they do not form part of the Group's core operations.

44 GROUP COMPOSITION (CONTINUED)

44.2 NON-CONTROLLING INTERESTS

The following subsidiaries have material non-controlling interest (NCI).

Name	Principal place of business / country of Incorporation	Ownership interests held by NCI 28 February 2022	28 February 2021
Netstar Proprietary Limited	South Africa	0%	0%
Altech UEC South Africa Proprietary Limited	South Africa	0%	0%
Altron Arrow Proprietary Limited	South Africa	50% – 1 share	50% – 1 share
Altron Nexus Proprietary Limited	South Africa	0%	0%

R millions	Altron Nexus	Altech UEC South Africa	Altron Netstar	Altron Arrow	Other non-material NCI	Total NCI
Revenue	–	–	–	507	328	–
Profit/(loss)	–	–	–	16	1	–
Profit/(loss) attributable to non-controlling interests	–	–	–	8	1	9
Other comprehensive income	–	–	–	–	–	–
Total comprehensive income	–	–	–	16	1	–
Total comprehensive income/(loss) attributable to non-controlling interests	–	–	–	8	1	9
Current assets	–	–	–	254		
Non-current assets	–	–	–	19		
Share based payments	–	–	–	(2)		
Current liabilities	–	–	–	(82)		
Non-current liabilities	–	–	–	1		
Net assets	–	–	–	190		
Net assets attributable to non-controlling interests at 28 February 2021	–	–	–	93	9	102
Total comprehensive income attributable to non-controlling interests	–	–	–	8	1	9
Dividends paid to non-controlling interests during the year	–	–	–	(3)	(2)	(5)
Net assets attributable to non-controlling interests at 28 February 2022	–	–	–	98	8	106
Summarised statement of cash flows						
Net cash utilised in operating activities	–	–	–	(43)		
Net cash utilised in investing activities	–	–	–	(1)		
Net decrease in cash and cash equivalents	–	–	–	(44)		
Net cash and cash equivalents at the beginning of the year	–	–	–	73		
Net cash and cash equivalents at the end of the year	–	–	–	29		

44 GROUP COMPOSITION (CONTINUED)

44.2 NON-CONTROLLING INTERESTS (CONTINUED)

	28 February 2021					
R millions	Altron Nexus	Altech UEC South Africa	Altech Netstar	Arrow Altech	Other non-material NCI*	Total NCI
Revenue	1 026	–	1 327	377	249	–
Profit/(loss)	(43)	(6)	143	9	(33)	–
Profit/(loss) attributable to non-controlling interests	(13)	(2)	5	5	(7)	(12)
Other comprehensive income	–	–	–	–	–	–
Total comprehensive income	(43)	(6)	143	9	(33)	–
Total comprehensive income/(loss) attributable to non-controlling interests	(13)	(2)	5	5	(7)	(12)
Current assets	1 030	–	545	230		
Non-current assets	245	–	667	20		
Share based payments	(1)	(1)	(5)	(2)		
Current liabilities	(432)	(72)	(461)	(64)		
Non-current liabilities	(96)	–	(1 795)	(2)		
Net assets	746	(73)	(1 049)	182		
Net assets attributable to non-controlling interests at 29 February 2020	13	(55)	(256)	88	17	(193)
Acquired during the year	–	57	251	–	.	308
Total comprehensive income attributable to non-controlling interests	(13)	(2)	5	5	(7)	(12)
Dividends paid to non-controlling interests during the year	–	–	–	–	(1)	(1)
Net assets attributable to non-controlling interests at 28 February 2021	–	–	–	93	9	102
Summarised statement of cash flows						
Net cash generated from operating activities	–	–	–	40		
Net cash utilised in investing activities	–	–	–	(1)		
Net increase in cash and cash equivalents	–	–	–	39		
Net cash and cash equivalents at the beginning of the year	–	–	–	34		
Net cash and cash equivalents at the end of the year	–	–	–	73		

44.3 INTEREST IN ASSOCIATES

The Group has no material associates.

The table below summarises the associate entities in which the Group holds an interest.

Investment	Nature of business
Mediswitch Namibia Proprietary Limited	Provides healthcare IT and eCommerce solutions in Saudi Arabia and Namibia.

44 GROUP COMPOSITION (CONTINUED)

The following is summarised financial information for the Group's interest in associates:

R millions	Altron controlled interest 28 Feb 2022 %	Altron controlled interest 28 Feb 2021 %	Attributable share of profit/(loss) 28 Feb 2022 R millions	Attributable share of profit/(loss) 28 Feb 2021	Dividends Received 28 Feb 2022 R millions	Dividends Received 28 Feb 2021	(Decrease)/ increase in impairment 28 Feb 2022 R millions	(Decrease)/ increase in impairment 28 Feb 2021	Total Investment 28 Feb 2022 R millions	Total Investment 28 Feb 2021
Unlisted										
Mediswitch Namibia Proprietary Limited	**50**	50	**2**	2	**(2)**	(2)	**–**	–	**1**	1
			2	2	**(2)**	(2)	**–**	–	**1**	1

44.4 INTERESTS IN JOINT VENTURES

The Group holds an interest in the following jointly controlled entities:

Thobela Telecom – The Group participates in this 26.5% joint arrangement through Altron Nexus in respect of the City of Tshwane broadband project. The Group provided a loan of R10 million to Thobela at inception of the joint arrangement. The loan to the joint venture increased by R38 million in prior years and a further R32 million in the current year resulting in a loan balance of R80 million (2021: R48 million). In line with the approach outlined in note 11, management prepared a weighted probability analysis of the amount expected to be received. The Group resolved to increase it's ECL impairment allowance by R6 million during the year resulting in an ECL balance of R8 million (2021: R2 million).

Electronic DNA Proprietary Limited ("eNDA") - eNDA is a joint venture arrangement involved in the development of security software. The Group acquired this 50% joint venture investment through the acquisition of Lawtrust (note 41). At acquisition, the equity accounted investment was calculated at R3 million, as well as a loan amounting to R2 million resulting in a cumulative net interest in the Joint Venture of R5 million. At 28 February 2022, the equity accounted investment and the loan were calculated at R4 million and R2 million respectively.

CBI-Electric Telecom Cables ("CBI Telecoms") is the only joint venture which is material to the Group. The Group participates in this joint arrangement through Powertech Telecom Cables, a group subsidiary. CBI Telecoms is a Telecom cable manufacturing joint venture with the Reunert Group through its subsidiary ATC ("ATC"). Both Powertech Telecom Cables and ATC have 50% Board representation with no casting vote. Unanimous consent is required for decisions over relevant activities as no single party has an outright majority.

The arrangement does not give rise to either party having rights to substantially all economic benefits relating to the arrangement as the majority of CBI Telecoms's output is sold to independent third parties. Furthermore, neither Powertech Telecom Cables nor ATC has undertaken or is obliged to provide any loans, share capital or to give any guarantee or indemnity in respect of any liabilities or obligations of CBI Telecoms (the initial working capital loan has been settled). The Group has classified its interest in CBI Telecoms as a joint venture.

The following table summarises the financial information of CBI Telecoms as included in its own financial statements, adjusted for fair value adjustments at acquisition and any differences in accounting policies. The table also reconciles the summarised financial information to the carrying amount of the Group's interest in CBI Telecoms.

Subsequent to year-end, CBI Telecoms entered into business rescue, refer to note 28. Prior to the commencement of the business rescue process, the shareholders of CBI Telecoms advanced a loan in equal proportion to their shareholding to CBI Telecoms. Powertech Telecom's portion of the loan amounted to R7.5 million. Management have raised an ECL impairment allowance of R7.5 million.

44 GROUP COMPOSITION (CONTINUED)

44.4 INTERESTS IN JOINT VENTURES (CONTINUED)

R millions	GROUP 28 February 2022	GROUP 28 February 2021
Revenue	**457**	404
(Loss) after tax*	**(24)**	(188)
Total comprehensive income	**(24)**	(188)
* Includes: *Depreciation and amortisation of Rnil million (2021: R1.2 million)* *Impairment losses of Rnil (2021: R147 million)* *Net interest paid R2.4m (2021: R1m)* *Income tax of Rnil (2021: R0.7 million)*		
Current assets **	**229**	221
Non-current assets	**3**	2
Current liabilities	**(137)**	(105)
Non-current liabilities	**(1)**	(1)
Net assets	**94**	117
** Includes: Cash and cash equivalents of R5 million - overdaft (2021: R5 million)		
Group's interest in net assets of investee at beginning of year	**108**	151
Total comprehensive income attributable to the Group***	**(12)**	(43)
Limitation of losses***	**12**	–
Group's interest in net assets of investee at end of year	**108**	108
On acquisition Group adjustments	**(25)**	(25)
Impairment losses recognised	**(83)**	(83)
Loan advanced	**8**	–
Expected credit loss	**(8)**	–
Net interest in investee at end of year	**–**	–

*** *Due to the substantial loss generated to date and in the prior year, the management of CBI Telecoms impaired the carrying amount of its property, plant and equipment by R147 million which is included in the Group's share of equity accounted losses at February 2021, limited to the Group's carrying amount of its investment in the joint venture. Accordingly the investment has been reduced to Rnil in the prior year and the Group has discontinued recognising its share of further losses. An ECL equal to the value of the loan advanced has also been raised during the current year.*

Involvement with unconsolidated structured entities

Preference share in Technologies Acceptances Receivables Proprietary Limited (TAR)

TAR is a securitisation vehicle based in South Africa used to house leases predominately related to equipment sold by the Group.

The Group owns one variable rate cumulative redeemable preference share in TAR. At the reporting date, a fair value assessment was undertaken which, using recognised valuation principles and techniques, indicated that the preference share was fairly valued at R21 million (2021: R21 million). Refer to note 29.7 for information relating to fair value determination.

The Group has concluded that it does not control, and therefore should not consolidate, the TAR securitisation vehicle. TAR was formed to pool leases of the Group's products. In substance, TAR's purpose is to facilitate the financing of lease equipment by the Group and a senior funder and to house the lease transactions. When considering the Group's lack of practical ability to direct the relevant activities of TAR as well as agency vs. principal considerations, Altron does not have power over the relevant activities and hence does not control TAR.

44 GROUP COMPOSITION (CONTINUED)

44.4 INTERESTS IN JOINT VENTURES (CONTINUED)

Exposure to credit risk

The maximum exposure to credit risk for the Group in relation to the repayment of the participation loan share at the balance sheet date amounts to R168 million (2021: R169 million). The participation loan is interest bearing at JIBAR plus 1.65% to a maximum of the South African prime rate plus 6% and is repayable by 31 December 2025. TAR is exposed to the risk of customers defaulting on their lease rental payments.

All customers are credit vetted, credit is only extended to customers in accordance with the stipulations of the securitisation vehicle, and is effectively secured by the underlying assets. Expected credit loss experience is in line with expectations given the nature of the book.

Absorption of losses

The Altron Group is required to provide funding to TAR through the Participation Loan and need to fund at least 22% of the leases purchased. The balance is provided by the senior lender. In order to absorb exposure to non-performing Leases, Altron Group is entitled, but not obliged to, make additional Participation Loan Advances to TAR. Where leases default, the commitment of the Altron Group is therefore limited with regards to ensuring the continued operation of TAR. While the Altron Group may not have a legal obligation to advance additional funding to TAR in the event of default it may choose to do so.

The Altron Group, through its preference share investment, retains the right to receive any residual in TAR after all other parties have been repaid should TAR enter into liquidation.

Exposure to interest rate risk

The TAR participation loan notes earn a minimum interest rate of JIBAR plus 1.65% (2021: JIBAR plus 1.65%) and a maximum interest rate of South African prime plus 6%. Any return in excess of the prime plus 6% cap is declared as a dividend against the Group's preference share investment in TAR.

The following table summarises the financial information of TAR as included in its own financial statements.

	GROUP	
R millions	**28 February 2022**	28 February 2021
ABRIDGED BALANCE SHEET		
Non-current assets	**804**	798
Current assets (excluding cash)	**128**	1
Cash and cash equivalents	**162**	180
Total assets	**1 094**	979
Current liabilities	**(325)**	(108)
Non-current liabilities	**(746)**	(854)
Total liabilities	**(1 071)**	(962)
Equity	**23**	17
ABRIDGED STATEMENT OF COMPREHENSIVE INCOME		
Revenue	**103**	117
Expenditure	**(96)**	(113)
Profit/(loss) before tax	**7**	4
Taxation	**(1)**	(1)
Profit/(loss) for the year	**6**	3
Other comprehensive income	**–**	–
Total comprehensive income/(loss) for the year	**6**	3

The preference share in TAR as well as the participation loan has been classified as held-for-sale (note 40).

45 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).

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, amortisation, equity accounted profits / (losses) and capital items. (EBITDA before capital items), operating profit before capital items and depreciation.

SEGMENT ANALYSIS

The following summary describes the operations and related products and services in each of the Group's reporting segments:

Managed Services	
Altrons Managed Solutions	Supports and maintains enterprise-wide information products and services, which include servers, desktop and laptop, point of sales and ATM dynamic solutions, warranty and incident management, availability management and project management and distributor for NCR products in South Africa.
Altron Nexus	Altron Nexus provides enterprise connectivity and critical communications solutions that enables businesses connect with their world, while enhancing their productivity and sustainability. These solutions are delivered as turnkey projects (Plan, Build, Operate, Support, Transfer), or as subscription services where required.

Digital Transformation	
Altron Systems Integration	Networking, Hardware (Networking Infrastructure, Storage and Compute), DevOps and Modernisation, end to end Data Management, Security, IT as a service, Cloud Services, Artificial Intelligence. Design, develop and implementation of specialised solutions.
Altron Security	Altron Security offer customers a securely managed identity profile and cryptographic solutions for their clients across devices, platforms, and locations.
Altron Karabina	Systems integration and Microsoft certified solutions provider. Information security and risk management solutions. End-to-end IT infrastructure solutions including software asset management, software licensing, licence-management-as-a-service, managed services, cloud services, data storage, data centre infrastructure management, enterprise software, servers, network security, unified communications and virtualisation.

Own Platforms	
Netstar	Market leading provider of specialist vehicle tracking and recovery systems, fleet management services and usage-based telematics to prevent misuse of Company fleet vehicles, reduce cost per kilometre, monitor driver behaviour and increase security and safety of drivers.
Fintech	Solutions include debit order processing, payment and switching services, card personalisation and issuance, credit management software as well as debit and credit card payment solutions. In addition to this Fintech also provide person-to-person payments and value-added services to the consumer market.
Healthtech	Provides practice management solutions in the healthcare industry and medical transaction switching.

45 REPORTING SEGMENTS (CONTINUED)

Altron Arrow and Other	
Corporate and consolidation and other international operations	Head office, shared services and treasury function of the Group.
Altron Arrow	Distributor of industrial electronic components for amongst others: batteries and solar; lighting and optics; software and compilers; and semiconductors and aerospace products.

Discontinued operations	
Altech Autopage Group	Sales, distribution and services provision for cellular network operations.
Altech Multimedia Group (UEC)	Design and manufacture of satellite and terrestrial digital set-top box decoders.
Powertech Group	Manufacturing of power and distribution transformers and other related business.
Altron Document Solutions	Provides a range of hardware and consumables to manage outsource print services such as installation and training, paper and toner supplies, maintenance and services of equipment and service contracts. Xerox provides leading-edge technology, services, software and supplies for production and office environments of any size.
Altron People Solutions	Providers of talent management services including assessment centres, content development, ICT learning solutions, online technologies and soft skills development. In addition they also provide outsourced services for contact centres and extended capability in business processes.
Altron Rest of Africa	Networking, hardware, software, storage, services, software integration, SAP and management consulting, Microsoft certified solutions provider and a provider of Data Warehousing, CRM services and support. Design, develop and implementation of specialised solutions.
Bytes Technology Group UK	Systems integration, Microsoft certified solutions provider in the United Kingdom. Information security and risk management solutions. End-to-end IT infrastructure solutions including software asset management, software licensing, licence-management-as-a-service, hardware and devices, managed services, cloud services, data storage, data centre infrastructure management, enterprise software, servers, network security, unified communications and virtualisation.

45 REPORTING SEGMENTS (CONTINUED)

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 equity accounted losses before 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		
CONTINUING OPERATIONS	**28 February 2022**	**28 February 2021 Restated***	**Growth**
Altron Managed Solutions	**1 760**	1 454	**21%**
Altron Nexus	**803**	1 026	**(22%)**
Managed Services	**2 563**	**2 480**	
Altron Systems Integration	**1 660**	1 914	**(13%)**
Altron Security	**204**	102	**100%**
Altron Karabina	**317**	215	**47%**
Digital Transformation	**2 181**	**2 231**	
Netstar	**1 670**	1 549	**8%**
FinTech	**854**	817	**5%**
HealthTech	**323**	314	**3%**
Own Platforms	**2 847**	**2 680**	
Altron Arrow	**507**	377	**34%**
Corporate and consolidation and other international operations	**(168)**	(263)	**36%**
Other	**339**	**114**	
Continuing Operations	**7 930**	**7 505**	**6%**

	Revenue		
DISCONTINUED OPERATIONS	**28 February 2022**	**28 February 2021 Restated***	**Growth**
Altech Multimedia	**–**	–	–
Altech Autopage	**–**	–	–
Altron Conference Centre	**–**	–	–
Altron Document Solutions	**1 084**	1 007	8%
Altron People Solutions	**224**	291	(23%)
Altron Rest of Africa	**280**	269	4%
Bytes Technology Group UK	**–**	6 381	(100%)
Corporate and consolidation	**–**	–	–
Discontinued Operations	**1 588**	**7 948**	**(80%)**
Total	**9 518**	**15 453**	**(38%)**

* *Comparative information has been restated for the discontinued operations (note 40) as well as the investment in Arrow no longer considered to be held-for-sale (note 43).*

	EBITDA before capital items			Operating profit before capital items			Depreciation (note 20.6)		
	28 February 2022	28 February 2021 Restated*	Growth	28 February 2022	28 February 2021 Restated*	Growth	28 February 2022	28 February 2021 Restated*	Growth
	88	97	(9%)	34	26	31%	(53)	(71)	25%
	33	83	(60%)	(28)	18	(256%)	(61)	(65)	6%
	121	180		6	44		(114)	(136)	
	54	74	(27%)	13	49	(73%)	(41)	(25)	(64%)
	43	40	8%	23	29	(21%)	(20)	(12)	(67%)
	36	5	620%	16	(16)	200%	(20)	(21)	5%
	133	119		52	62		(81)	(58)	
	631	602	5%	262	233	12%	(369)	(369)	
	223	180	24%	193	135	43%	(30)	(44)	32%
	101	109	(7%)	91	99	(8%)	(10)	(11)	9%
	955	891		546	467		(409)	(424)	
	25	14	79%	23	12	92%	(2)	(2)	0%
	(94)	(172)	45%	(129)	(214)	40%	(37)	(42)	12%
	(69)	(158)		(106)	(202)		(39)	(44)	
	1 140	1 032	10%	498	371	34%	(643)	(662)	3%

	EBITDA before capital items			Operating profit before capital items			Depreciation (note 20.6)		
	28 February 2022	28 February 2021 Restated*	Growth	28 February 2022	28 February 2021 Restated*	Growth	28 February 2022	28 February 2021 Restated*	Growth
	–	5	(100%)	–	5	(100%)	–	–	
	(1)	11	(109%)	(1)	11	(109%)	–	–	
	–	(4)	100%	–	(6)	100%	–	(2)	
	30	(2)	1600%	21	(21)	200%	(9)	(18)	50%
	(14)	(30)	53%	(14)	(42)	67%	–	(12)	100%
	(45)	(9)	(400%)	(49)	(15)	(227%)	(3)	(6)	50%
	–	710	(100%)	–	665	(100%)	–	(46)	100%
	(15)	–	100%	(15)	–	100%	–	–	
	(45)	681	(107%)	(58)	597	(110%)	(12)	(84)	86%
	1 095	1 713	(36%)	440	968	(55%)	(655)	(746)	12%

45 REPORTING SEGMENTS (CONTINUED)

SEGMENT EBITDA BEFORE CAPITAL ITEMS AND EQUITY ACCOUNTED PROFITS / (LOSSES) CAN BE RECONCILED TO OPERATING PROFIT BEFORE CAPITAL ITEMS AS FOLLOWS:

	28 February 2022	28 February 2021 Restated*
EBITDA before capital items	**1 095**	1 713
Reconciling items:		
Depreciation – Property, plant and equipment	**(104)**	(142)
Depreciation – Right-of-use assets	**(178)**	(185)
Amortisation	**(97)**	(162)
Amortisation of costs incurred to acquire contracts and capital rental devices	**(276)**	(256)
Total operating profit before capital items	**440**	968
Discontinued operations profit before capital items	**58**	(597)
Continuing operations profit before capital items	**498**	371

* *Comparative information has been restated for the discontinued operations (note 40) as well as the investment in Arrow no longer considered to be held-for-sale (note 43).*

Revenues/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.

46 IMPACT OF THE COVID-19 PANDEMIC

After emerging from a third wave of Covid-19 infections in the first half of the financial year and a fourth wave in the second half, the effects of Covid-19 are felt in varying degrees across the Group's operations. The Covid-19 pandemic has changed working practices globally, driving an increase in home and hybrid-working models. 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. In addition, the Group has considered the impact of hybrid work on its right-of-use premises. These focus areas are discussed further below.

WORKING CAPITAL MANAGEMENT

The effects of Covid-19 together with critical risks impacting the local economy which include continued volatility in global financial markets, sudden interruptions in capital inflows, the reliability of electricity supply and SOE uncertainties have a direct impact on financial risk. The financial risks directly impacting the Group primarily include exchange rate volatility, credit risk and the pressure on the global supply chain as a result of component shortages.

INVENTORY

Pressure on the global supply chain has had a significant impact on our order lead times, impacting operations such as Altron Managed Services, Altron Systems Integration, Altron Netstar and Altron FinTech. This has had an adverse impact on inventory, with the need to increase 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 continuously working on mitigating both these risks.

TRADE AND OTHER RECEIVABLES AND CREDIT RISK

The Group generally deals with a widespread customer base. Collection levels improved during the current year resulting in a reduction in trade and other receivables (note 11).

Expected credit loss ratios were increased in February 2021 to account for the impact of Covid-19 and these ratios have remained consistent at 28 February 2022. 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.

46 IMPACT OF THE COVID-19 PANDEMIC (CONTINUED)

LIQUIDITY RISK

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 the 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 was fully drawn at 28 February 2022.

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 R811 million at 28 February 2022 (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 41)

The Group has focussed 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.

CAPITAL MANAGEMENT

Altron's capital management is partially restricted by covenants provided to 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.

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 28 February 2022and at 28 February 2021. The compliance with these ratios is summarised in the table below.

Financial covenant Ratio	Covenant level	Calculated ratio at 28 February 2022
Net Debt divided by EBITDA (as defined in the CTA)	**Ratio not exceeding 2 times**	**0.36**
EBTIDA (as defined in the CTA) divided by net finance charges	**Ratio not less than 3.5 times**	**25.20**

There were no changes in the Group's approach to capital management during the year, refer to note 29.8 for further detail on the Group's net debt as reported.

IMPAIRMENT OF RIGHT-OF-USE ASSETS

Previously the group entered into a lease agreement in relation to the Woodlands campus in order to house all operations within one location. Flexible workforce solutions allowed the group to efficiently adapt to hybrid working conditions as a result of the impact of Covid-19. In addition, the disposal of APS as well as the classification of ADS and AROA as held-for-sale operations, resulted in a reduction in the use of the rental space previously agreed upon. Due to these factors, the group is unable to utilise the full economic benefits which the right-of-use asset was intended for, resulting in the recognition of an impairment loss of R136 million during the current year (refer to note 3).

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

SEPARATE BALANCE SHEET

at 28 February 2022

R'000	Notes	COMPANY 28 February 2022	COMPANY 28 February 2021
ASSETS			
Non-current assets		**3 056 835**	3 053 091
Investment in subsidiaries	2	**2 788 273**	2 771 944
Defined benefit asset	10	**254 100**	252 800
Group share scheme recharge receivable	6	**14 462**	28 347
Current assets		**706 992**	1 122 967
Amount receivable from subsidiary	2	**705 651**	1 122 007
Cash and cash equivalents		**1 341**	960
Total assets		**3 763 827**	4 176 058
EQUITY AND LIABILITIES			
Total equity		**3 760 332**	4 172 947
Share capital and premium	3	**1 213 554**	1 158 198
Retained earnings		**2 079 815**	2 528 816
Other reserves		**466 963**	485 933
Current liabilities		**3 495**	3 111
Other payables		**3 495**	3 111
Taxation payable	7.2	**–**	–
Total equity and liabilities		**3 763 827**	4 176 058

SEPARATE STATEMENT OF COMPREHENSIVE INCOME

for the year ended 28 February 2022

R'000	Notes	COMPANY 28 February 2022	COMPANY 28 February 2021
Revenue	4	**–**	11 852 160
Operating costs		**(166)**	(1 880)
Other income	10	**25 650**	5 758
Operating profit		**25 484**	11 856 038
Realised foreign exchange loss*		**–**	(1 503)
Profit before taxation		**25 484**	11 854 535
Taxation	5	**–**	–
Profit for the year		**25 484**	11 854 535
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurement of net defined benefit asset		**(24 350)**	163 759
Other comprehensive income for the year		**(24 350)**	163 759
Total comprehensive income for the year		**1 134**	12 018 294

* *Refer to note 4 for details on the foreign exchange loss derived.*

SEPARATE STATEMENT OF CHANGES IN EQUITY

for the year ended 28 February 2022

R'000	A Ordinary share capital (Note 3)	Share premium (Note 3)	High Voting Shares	Share-based payment reserve	Fair value reserve	Retained earnings	Total equity
Balance at 29 February 2020	3 169 644	–	10	194 625	153 536	316 537	3 834 352
Total comprehensive income for the year							
Profit for the year	–	–	–	–	–	11 854 535	11 854 535
Other comprehensive income							
Remeasurement of net defined benefit asset	–	–		–	163 759	–	163 759
Total comprehensive income for the year	–	–	–	–	163 759	11 854 535	12 018 294
Transactions with owners, recorded directly in equity							
Share-based payments expense	–	–	–	23 557	–	–	23 557
Dividends declared						(236 596)	(236 596)
Return of capital	(2 061 000)	–	–	–	–	–	(2 061 000)
Dividend in specie to equity holders	–	–	–	–	–	(9 405 660)	(9 405 660)
Share options exercised	49 544	–	–	(49 544)	–	–	–
Total transactions with owners	(2 011 456)	–	–	(25 987)	–	(9 642 256)	(11 679 699)
Balance at 28 February 2021	1 158 188	–	10	168 638	317 295	2 528 816	4 172 947
Total comprehensive income for the year							
Profit for the year	–	–	–	–	–	25 484	25 484
Other comprehensive income							
Remeasurement of net defined benefit asset	–	–	–	–	(24 350)	–	(24 350)
Total other comprehensive income	–	–	–	–	(24 350)	–	(24 350)
Total comprehensive income for the year	–	–	–	–	(24 350)	25 484	1 134
Transactions with owners, recorded directly in equity							
Share-based payments expense	–	–	–	5 380	–	–	5 380
Dividends declared						(474 485)	(474 485)
Share options exercised	55 356	–	–	–	–	–	55 356
Total transactions with owners	55 356	–	–	5 380	–	(474 485)	(413 749)
Balance at 28 February 2022	1 213 544	–	10	174 018	292 945	2 079 815	3 760 332

SEPARATE STATEMENT OF CASH FLOWS

for the year ended 28 February 2022

R'000	Notes	COMPANY 28 February 2022	COMPANY 28 February 2021 Restated*
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated	7.1	**416 573**	208 636
Dividends paid		**(474 485)**	(236 596)
Net cash inflow from operating activities		**(57 912)**	(27 960)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds received on the recharge of shares issued relating to share based payments		**58 293**	28 151
Net cash inflow from financing activities		**58 293**	28 151
Increase in cash and cash equivalents		**381**	191
Cash and cash equivalents at the beginning of the year		**960**	769
Cash and cash equivalents at the end of the year		**1 341**	960

* *Restated for the reclassification of proceeds received on recharge of shares issued in relation to share based payments as financing activities (note 13).*

1. ACCOUNTING POLICIES

Refer to the accounting policies of the consolidated and separate financial statements.

2. INTEREST IN SUBSIDIARIES

	Effective shareholding		Shares at cost less amounts written off		Indebtedness	
	28 February 2022 %	28 February 2021 %	**28 February 2022 R'000**	28 February 2021 R'000	**28 February 2022 R'000**	28 February 2021 R'000
Altron Finance Proprietary Limited - ordinary shares	**100**	100	**235**	235	**705 651**	1 122 007
Altron Finance Proprietary Limited - preference shares	**100**	100	**2 633 952**	2 633 952	**–**	–
Investment in subsidiaries - share-based payments			**154 086**	137 757	**–**	–
			2 788 273	2 771 944	**705 651**	1 122 007

The above loan receivable from Altron Finance Proprietary Limited, a subsidiary of the Company is unsecured, interest-free and has no fixed terms of repayment.

The preference share is non-cumulative, non-redeemable, non-convertible and is non-interest bearing.

CREDIT RISK

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	COMPANY	
R'000	**28 February 2022**	28 February 2021
Amount receivable from subsidiary	**705 651**	1 122 007
Cash and cash equivalents	**1 341**	960
	706 992	1 122 967

Application of IFRS 9

The Company has the following financial assets subject to the expected credit loss model (ECL):

- Amounts receivable from subsidiaries
- Cash and cash equivalents

The Company applies the three-stage general impairment model when measuring expected credit losses. The Company applies a 12-month expected loss allowance (through a simplified parameter-based approach) to the amounts receivable from subsidiaries as there has not been an increase in the credit risk since initial recognition.

Simplified parameter-based approach – ECL are calculated using a formula incorporating the following parameters: exposure at default (EAD), probability of default (PD) and loss given default (LGD) (i.e. ECL = PD x LGD x EAD). The inputs used in the calculation of the ECL are based on published indexes which incorporates an element of forward-looking information. Based on the application of the above, the identified impairment loss was immaterial.

The preference share investment as disclosed above has been classified as an equity investment in terms of IFRS 9.

While cash and cash equivalents are also subject to the expected credit loss model, the identified impairment loss was immaterial, due to the low probability of default taking into account the credit rating of the financial institutions that the funds are held at (refer note 9).

3. SHARE CAPITAL AND PREMIUM

	28 February 2022 Number of shares	28 February 2021 Number of shares	28 February 2022 R'000	28 February 2021 R'000
Authorised				
A Ordinary shares of no par value (2021: No par value)	**500 000 000**	500 000 000	**–**	–
N Ordinary shares of 0.01 cent each (2021: 0.01 cent each)	**500 000 000**	500 000 000	**–**	–
High Voting share of no par value *(unlisted)*	**1**	1	**–**	–
Issued				
A Ordinary shares				
In issue at the beginning of the year	**401 883 022**	399 580 510	**1 158 188**	3 169 644
Return of capital (note 4)	**–**	–	**–**	(2 061 000)
Issued in terms of share schemes	**5 689 376**	2 302 512	**55 356**	49 544
In issue at the end of the year	**407 572 398**	401 883 022	**1 213 544**	1 158 188
High Voting share				
In issue at the beginning of the year	**1**	1	**–**	–
Share issued	**–**	–	**–**	–
Net High Voting share at the end of the year	**1**	1	**–**	–
Total issued share capital and premium			**1 213 544**	1 158 188

4. REVENUE

	COMPANY	
R'000	28 February 2022	28 February 2021
Dividend *in specie*	**–**	11 852 160

As the Company is a holding Company and it does not trade, the Company does not enter into contracts with customers and therefore does not have contract assets and contract liabilities.

The Company holds 100% of the ordinary shares in Alfin who in return holds 8% of the listed shares in Altron ("Treasury shares") and 100% of the ordinary shares in Altron TMT Holdings Proprietary Limited ("ATMTH"). ATMTH owns 100% of the ordinary shares in Altron International Holdings ("Bytes SA"), which owned a further 100% of the A shares in Bytes Technology Group Limited (now named Bytes Technology Limited) ("Bytes UK").

As part of its strategic review, the Altron Board assessed each of the business units within Altron to identify opportunities which have the potential to unlock further value for shareholders and to streamline operations. The Board concluded that the true value of Bytes UK, previously a wholly-owned subsidiary of the Company is not reflected in the Company's share price. Consequently, upon successful completion of required formalities which included obtaining shareholder and Board approval the Company demerged its shareholding in Bytes Technology Group Limited (now named Bytes Technology Limited) ("Bytes UK") with effect from 17 December 2020.

- The separation of Bytes UK from Altron occurred by way of a disposal by Altron of all its shares in Bytes UK to a wholly-owned subsidiary of the newly established Bytes UK HoldCo, Bytes Technology Group Plc Limited in consideration for 220 506 494 Convertible Notes.

4. **REVENUE** (CONTINUED)

- The convertible notes and the demerger transaction were conditional on fulfilment of the suspensive conditions and would lapse and be cancelled if the suspensive conditions were not fulfilled. When the suspensive conditions are fulfilled, the transaction and the issue of the convertible notes would become effective. On the effective date, the convertible notes was accounted for at fair value through profit or loss in accordance with the requirements of IFRS 9. The convertible notes are non-interest bearing. In terms of the conditions of the transaction, on the effective date, the convertible notes received were distributed to shareholders of the Altron Group as a dividend in specie accounted for at fair value in accordance with the requirements of IFRIC 17.
- Bytes Technology Group Plc was admitted to the London Stock Exchange and the Johannesburg Stock Exchange on 17 December 2020, which fulfilled the final suspensive condition of the convertible notes and the demerger transaction and as a result, the convertible notes became effective at its fair value of R11 854 million on this date calculated at the IPO offer price of £2.70 and converted at the prevailing exchange rate.
- At the effective date, of the 220 506 494 convertible notes received as consideration, 200 877 173 were distributed by way of a dividend in specie to Altron Ordinary Shareholders, in the ratio of 0.5 convertible note for every 1 Altron Ordinary Share held. The convertible notes were therefore distributed at the same value they were acquired which was considered to be the fair value on date of distribution.
- The fair value of the 200 877 173 convertible notes distributed on the effective date was R10 799 million, of which R8 738 million was distributed out of reserves and R2 061 million was distributed out of share capital at a rate of R5.13 per share as resolved by the Board. In addition, withholding tax of R670 million was settled on behalf of shareholders.
- As a result of the 32 287 469 treasury shares held, the Group was entitled to 16 143 735 convertible notes which were fully sold down on the effective date realising proceeds of R867 million of which R166 million represents a return of capital.
- Altron retained 19 629 321 of the Convertible Notes which were fully sold down on the effective date at a fair value of R1 055 million in order to settle the dividends tax of R670 million which arose on the distribution of the dividend in specie which was settled by Altron as agent on behalf of their shareholders from the R1 055 million received. At the time of the distribution, Altron had estimated that 9% of the Convertible Notes would be sufficient to settle the dividends tax.
- The actual liability for the dividends tax was only determined post Altron receiving the declarations from Shareholders in terms of section 64FA of the Income Tax Act 58 of 1962.
- Subsequent to receiving the declarations from Shareholders and settling SARS, Altron has determined that it overestimated the dividends tax liability, which was concluded to be R670 million and subsequently settled. Altron therefore has additional cash on its balance sheet as a result of the Bytes UK demerger. The intention of the demerger was to create and return value to Shareholders. As such the Altron Board of Directors has resolved to pay said cash to Shareholders in the form of a special dividend.
- Accordingly, a gross special dividend of 96 cents per Altron Ordinary Share, payable out of income reserves, was declared on 22 April 2021 and was subject to South African Reserve Bank ("SARB") approval which was obtained on 19 April 2021.

* *The foreign exchange loss realised, relates to the timing of the Bytes Technology Group plc shares disposed as part of the demerger transaction explained above, and the date the cash was physically received.*

5. TAXATION

	COMPANY	
R'000	**28 February 2022**	28 February 2021
Current taxation	**–**	–
Prior year adjustment	**–**	–
	–	–

Reconciliation of rate of taxation

	%	%
South African normal taxation rate	**28.0**	28.0
Non-taxable income	**(28.0)**	(28.0)
Effective taxation rate	**–**	–

6. GROUP SHARE-BASED PAYMENTS

	COMPANY	
R'000	**28 February 2022**	28 February 2021
Group share scheme recharge receivable at fair value (refer to note 8)	**14 462**	28 347

Details of employee share options granted by the Company are reflected in the Consolidated Financial Statements (refer to note 13). Options granted under the "Altron 2009 Share Plan" are subject to a recharge arrangement with participating subsidiaries upon exercise of the options by employees of those companies and have been accounted for as set out in the "Group share-based payments" accounting policy in the consolidated financial statements.

On adoption of IFRS 9, the Group share scheme recharge receivable has been classified as a financial asset at fair value through profit or loss.

The fair value is based on a level 1 input as the inputs are based on quoted prices in an active market.

7. NOTES TO THE STATEMENT OF CASH FLOWS

R'000		COMPANY 28 February 2022	COMPANY 28 February 2021 Restated*
7.1	**CASH UTILISED IN OPERATIONS**		
	Profit before tax	**25 484**	11 854 535
	Adjusted for:		
	Dividend in specie	**–**	(11 852 160)
	Foreign exchange loss	**–**	1 503
	Pension fund income	**(25 650)**	(5 758)
		(166)	(1 880)
	Changes in working capital	**416 739**	210 516
	Intercompany	**416 356**	210 322
	Increase in other payables	**383**	194
		416 573	**208 636**
7.2	**TAXATION PAID**		
	Taxation payable at the beginning of the year	**–**	–
	Recognised in profit or loss	**–**	–
		–	–

* *Restated for the reclassification of proceeds received on recharge of shares issued in relation to share based payments as financing activities (note 13).*

8. RELATED PARTIES

R'000	COMPANY 28 February 2022	COMPANY 28 February 2021
The Company has a related party relationship with its subsidiaries, joint ventures and associates (refer to note 44 to the consolidated financial statements)		
Shareholders		
The principal shareholders of the Company are detailed in the analysis of shareholders in note 30 of the consolidated financial statements.		
Directors		
The Company has a related party relationship with its Directors (refer note to 30 of the consolidated financial statements).		
Group share-based payments		
The Group has a relationship with certain of its subsidiaries in accordance with the Group share-based payment arrangement (refer to note 6), for which the balances outstanding at reporting date are as follows:		
Altron Nexus	**87**	205
Lawtrust	**85**	–
Altron Arrow	**28**	174
Altron TMT	**13 158**	26 973
Altron Netstar	**1 104**	995
	14 462	28 347

9. FINANCIAL RISK MANAGEMENT

CREDIT RISK

The Group limits its credit risk exposure by investing only with financial institutions that have a sound credit rating. Management does not expect any counterparty to fail to meet its obligations based on the credit ratings of the financial institutions presented below:

	Credit ratings	Cash and cash equivalents R'000
28 February 2022		
South Africa	**BB-**	**1 341**
28 February 2021		
South Africa	**BB-**	960

LIQUIDITY RISK

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure that sufficient liquidity is available to meet its liabilities when due.

The Company ensures it has sufficient cash on demand or access to facilities to meet expected operational expenses for the next 12 months, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

GUARANTEES

The Company provided a payment guarantee in favour of a lease financier who financed the lease receivables to parastatals amounting to R70 million. This guarantee provides security for the payment of any outstanding lease commitments in respect of specific leased processing equipment. The guarantee can be called upon at year-end and it expires on 28 February 2027. The fair value of the guarantee and subsequent ECL was calculated to be immaterial as the actual equipment sold is collateral to the group.

10. DEFINED BENEFIT ASSET

Retirement benefit plans are disclosed in the consolidated financial statements. Refer to note 18.

11. STANDARDS AND INTERPRETATIONS IN ISSUE BUT NOT YET EFFECTIVE

A number of other new pronouncements are effective for the Company from 1 March 2021, these have been considered and do not have a material effect on the Company's financial statements. Refer to note 32 of the consolidated financial statements.

12. EVENTS AFTER THE REPORTING PERIOD

RESIGNATION OF FULL TIME DIRECTOR AND APPOINTMENT OF EXECUTIVE CHAIRMAN AND ACTING CHIEF EXECUTIVE

The Altron Group announced on 11 January 2022 that Mr Mteto Nyati will be stepping down from his role as Chief Executive effective 30 June 2022. Mr Nyati will be stepping down from the Altron Board, its subsidiaries and its Committees effective from 30 June 2022.

The Group further announced on 19 April 2022, the appointment of Mr Stewart van Graan as the Executive Chairman and acting Chief Executive of Altron effective from 1 July 2022 until 20 September 2022.

DIVIDENDS DECLARED

The Board declared a final dividend of 23 cents per share on 13 May 2022.

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

13. RESTATEMENT OF COMPARATIVE INFORMATION

Proceeds received on the recharge of shares issued relating to share based payments

As disclosed in note 6, options granted under the "Altron 2009 Share Plan" are subject to a recharge arrangement with participating subsidiaries upon exercise of the options by employees of those companies. The proceeds received from the recharge arrangement as a result of the allotment of shares was previously incorrectly included in cash generated from operations and as a result should have been disclosed within cash flows from financing activities.

The above has been corrected by updating each of the affected financial statement line items for the prior period in the separate statement of cash flows as noted below. The corrections did not have an impact on the separate statement of comprehensive income and balance sheet.

	28 February 2021		
R'000	As previously reported	Adjustments	Restated
Consolidated statement of cash flows (Extract)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	236 787	(28 151)	208 636
Net cash inflow from operating activities	191	(28 151)	(27 960)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds received on the recharge of shares issued relating to share based payments	-	28 151	28 151
Net cash inflow from financing activities	-	28 151	28 151
7. NOTES TO THE STATEMENT OF CASH FLOWS (Extract)			
7.1 CASH UTILISED IN OPERATIONS			
Changes in working capital			
Intercompany	238 473	(28 151)	210 322
	236 787	(28 151)	208 636

14. GOING CONCERN

The Directors have made an assessment of the ability of the Company to continue as a going concern and have no reason to believe that the Company will not be a going concern in the year ahead.

HISTORICAL FINANCIAL REVIEW
(TOTAL OPERATIONS)

for the year ended 28 February 2022

R millions	28 February 2022	2021	2020
INCOME STATEMENT			
Revenue	**9 518**	15 453	16 713
Operating profit	**440**	969	1 084
Finance income	**53**	86	116
Finance expense	**(187)**	(251)	(350)
Loss/(profit) from equity accounted investees	**3**	(41)	–
Capital items	**(357)**	11 524	(3)
Profit/(loss) before taxation	**(48)**	12 287	847
Taxation	**(47)**	(145)	(189)
Profit/(loss) after taxation	**(95)**	12 142	658
Attributable to Non-controlling interests	**9**	(12)	(12)
Attributable to Altron equity holders	**(104)**	12 154	670
Headline earnings	**141**	504	667
Dividends paid	**437**	219	271
BALANCE SHEET			
Assets			
Property, plant and equipment	**438**	422	648
Goodwill and other intangible assets	**1 530**	1 382	1 945
Right-of-use assets	**761**	1 013	524
Equity-accounted investments other investments	**79**	47	344
Capital rental devices	**277**	264	297
Contract costs capitalised	**388**	241	163
Finance lease assets	**–**	–	237
Defined benefit asset	**254**	253	83
Deferred taxation	**238**	151	134
Other non-current assets	**–**	–	132
Other current assets	**4 623**	5 214	7 263
Taxation receivable	**24**	17	32
Restricted cash	**–**	–	13
Cash and cash equivalents	**757**	1 381	1 810
Total assets	**9 369**	10 385	13 625
Equity and liabilities			
Shareholders' equity	**4 248**	4 764	3 939
Non-controlling interests	**106**	102	(176)
Total equity	**4 354**	4 866	3 763
Non-current loans	**854**	602	1 707
Current loans	**86**	60	493
Loans	**940**	662	2 200
Other non-current liabilities	**953**	829	404
Lease liabilities	**1 013**	1 079	572
Bank overdraft	**158**	650	854
Other current liabilities	**1 951**	2 299	5 832
Total equity and liabilities	**9 369**	10 385	13 625

DEFINITIONS

Earnings – Attributable earnings as disclosed in the income statement.
Borrowings – All interest-bearing liabilities.
Capital employed – The total of total equity and borrowings.
Operating profit – is stated before capital items.
Total assets – Property, plant and equipment, investments and loans together with current assets.
Operating assets – Total assets less investments, loans, deferred tax and cash.

2019	2018	2017	2016	2015	2014	2013
16 925	17 681	19 717	26 592	27 623	27 772	24 744
1 066	791	618	(74)	827	1 342	1 034
154	220	263	193	113	103	58
(333)	(419)	(558)	(685)	(511)	(363)	(226)
(1)	(1)	–	18	15	14	15
(2)	(309)	(488)	(508)	(400)	5	(1 449)
884	282	(165)	(1 056)	44	1 101	(568)
(163)	(114)	(137)	(44)	(104)	(326)	(374)
721	168	(302)	(1 100)	(60)	775	(942)
39	(19)	(117)	(227)	(51)	160	(630)
682	187	(185)	(873)	(9)	615	(312)
708	448	240	(488)	312	603	417
105	–	–	104	263	190	291
620	615	569	618	1 888	2 028	1 765
1 965	1 669	1 029	1 042	1 405	1 725	1 597
–						
592	488	325	203	412	424	923
293	461	404	345	303	921	414
83	–	–	–	–	–	–
196	98	113	129	93	68	45
180	164	178	211	190	180	–
155	214	198	256	205	150	119
87	–	–	–	–	–	–
5 998	4 977	5 359	10 152	9 291	9 135	6 848
25	4	3	–	54	74	–
26	–	–	–	–	–	–
1 381	768	1 373	1 491	1 341	1 411	1 225
11 601	9 458	9 551	14 447	15 182	16 116	12 936
3 535	2 790	2 268	2 847	3 639	4 256	4 740
(162)	(245)	(240)	(111)	123	258	489
3 373	2 545	2 028	2 736	3 762	4 514	5 229
1 262	1 413	1 923	2 675	3 191	283	626
484	314	312	1 003	634	2 666	1 337
1 746	1 727	2 235	3 678	3 825	2 949	1 963
162	78	48	39	69	212	166
–	–	–	–	–	–	–
1 181	972	956	1 285	1 050	1 777	385
5 139	4 136	4 284	6 709	6 476	6 664	5 193
11 601	9 458	9 551	14 447	15 182	16 116	12 936

HISTORICAL FINANCIAL REVIEW (TOTAL OPERATIONS) (continued)

for the year ended 28 February 2022

	28 February 2022	2021	2020
RATIOS AND STATISTICS			
Earnings			
Basic earnings/(loss) per share (cents)	**(28)**	3 270	180.5
Headline earnings/(loss) per share (cents)	**37**	136	179.7
Ordinary shares in issue (millions)			
– at year-end	**375**	370	371
– weighted average	**372**	371	371
Participating preference shares in issue (millions)			
– at year-end	**–**	–	–
– weighted average	**–**	–	–
Profitability			
Operating profit to revenue (%)	**4.6**	6.3	6.5
EBITDA before capital items	**1 095**	1 713	1 829
EBITDA before capital items to revenue (%)	**11.5**	11.1	10.9
Return on equity (%) - averaged	**3.0**	11.7	19.4
Return on capital employed (%) - averaged	**7.7**	16.5	20.1
Return on operating assets (%)	**6.8**	14.2	10.6
Return on net assets (%)	**6.9**	12.9	14.5
Financial			
Current ratio	**1.9:1**	1.8:1	1.2:1
Acid test ratio	**1.5:1**	1.6:1	1.1:1
Net asset value per share	**1 132**	1 289	1 061
Shares			
Price:earnings ratio (times)			
– ordinary shares	**19.9**	9	11
– participating preference shares	**–**	–	–
Market value per share at year-end (cents)			
– A ordinary shares	**740**	1 153	2 019
– N ordinary shares	**–**	–	–
Other			
Consumer price index (percentage increase)	**5.7**	2.9	4.6
Production price index (percentage increase)	**10.5**	4.0	4.5
Number of permanent employees	**5 616**	7 711	7 331

DEFINITIONS

Acid test – The ratio of current assets excluding inventories to current liabilities.
Borrowings ratio – The percentage of borrowings to total equity.
Current ratio – The ratio of current assets to current liabilities.
Market value per share – The sellers' price quoted by the JSE Limited.
Price: earnings ratio – The market value per share divided by the headline earnings per share.
Net asset value per share – Shareholders' equity divided by the number of shares in issue at year-end.
EBITDA before capital items – Operating profit before depreciation, amortisation and capital items.
Return on capital employed – The percentage of operating profit to capital employed.
Return on operating assets – The percentage of operating profit to operating assets.
Return on shareholders' equity – The percentage of attributable earnings to shareholders' equity, adjusted for net capital items and translation gains/losses.
Return on net assets – The percentage of profit before tax, excluding finance costs and capital items to net assets.

	2019	2018	2017	2016	2015	2014	2013
	191.6	50.6	(53.7)	(259.0)	(2.7)	191.8	(99.0)
	190.8	121.1	70.9	(144.8)	93.8	188.1	132.0
	371	371	102	102	102	102	102
	371	370	102	102	102	102	102
	–	–	237	235	235	222	214
	–	–	236	235	231	219	214
	6.3	4.5	3.1	(0.3)	3.0	4.8	4.2
	1 632	1 043	840	376	1 383	1 788	1 539
	9.8	5.9	4.3	1.4	5.0	6.4	6.2
	21.3	16.7	(11.4)	(19.8)	9.3	15.2	9.1
	21.4	15.3	14.5	(1.2)	10.9	17.1	14.4
	13.4	10.2	(8.3)	(0.6)	6.4	9.8	9.7
	17.6	15.5	(12.2)	(0.7)	9.9	17.2	14.5
	1.1:1	1.1:1	1.2:1	1.3:1	1.3:1	1.0:1	1.2:1
	0.9:1	0.9:1	1:1	1.2:1	1.0:1	0.7:1	0.8:1
	952	752	669	845	1 080	1 311	1 497
	10	10	15	(4)	20	13	16
	–	–	14	(4)	20	13	16
	1 880	1 245	1 035	530	1 840	2 402	2 199
	–	–	990	530	1 840	2 450	2 110
	4.0	4.0	6.6	7.0	3.9	5.9	5.9
	4.2	4.2	5.9	8.1	2.6	7.7	5.4
	6 010	6 936	10 219	12 676	12 049	12 904	12 852

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