


The logo for ALTRON, with the letters in white and a small blue square above the 'R'.

ALTRON

A large, stylized graphic element consisting of two L-shaped brackets, one on the left and one on the right, with a blue-to-green gradient. They frame the central text.

Unaudited consolidated interim results

for the six months ended August 2023

A night-time photograph of a city skyline, likely Vancouver, viewed from a high vantage point. Two silhouetted figures are standing on a rocky outcrop in the foreground, looking out over the city lights. The city lights are a mix of warm yellow and orange, with some blue and green lights visible. The sky is dark with some stars.

HY 2024

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ALTRON LIMITED

Registration number 1947/024583/06

(Incorporated in the Republic of South Africa)

Share code: AEL

ISIN: ZAE000191342

("Altron" or "Altron Group" or "the Company")

UNAUDITED CONSOLIDATED RESULTS

for the six months ended 31 August 2023

AND CASH DIVIDEND DECLARATION

SALIENT FEATURES – CONTINUING¹ OPERATIONS

- Strong operational execution driving pleasing results from core continuing operations.
- Effective 1 July 2023 Altron Managed Solutions sold the ATM Hardware and Support Business (the “ATM Business”).
- Revenue of R4.3 billion, up 4% (11%² growth excluding the ATM Business).
- EBITDA of R724 million, grew 21% (26%² growth excluding the ATM Business).
- Operating Profit improved 25% to R362 million (32%² growth excluding the ATM Business).
- HEPS increased 19% to 50 cents.
- EPS was flat at 38 cents per share, negatively impacted by a goodwill impairment raised at the Altron Group level of R33 million (9 cents per share) in relation to Altron Nexus.

R million	CONTINUING ¹ INCLUDING ATM BUSINESS			CONTINUING ¹ EXCLUDING ATM BUSINESS ²		
	HY24	HY23 ⁴	Change	HY24	HY23 ⁴	Change
Revenue	4 321	4 150	+4%	3 988	3 605	+11%
EBITDA ³	724	598	+21%	709	562	+26%
Operating Profit ³	362	290	+25%	352	266	+32%
Net profit after tax	155	148	+5%			
HEPS	50 cents	42 cents	+19%			
EPS	38 cents	38 cents	–			

Notes

1. Continuing operations excludes Altron Documents Solutions, Altron Nexus and Altron Rest of Africa.
2. Revenue; Earnings before interest, taxation, depreciation, amortisation, capital items, equity accounted profits and foreign exchange gains and losses on cash and cash equivalents (“EBITDA”) and operating profit before capital items (“Operating Profit”) were adjusted for the impact of the sale of the ATM Business to show a like-for-like comparison of results. The comparative period was adjusted to ensure consistency across both periods.
3. Capital items excluded from EBITDA and Operating Profit, comprise loss and costs on disposals, impairments, capital rental devices written off, and lease modifications and terminations where applicable.
4. Comparative information has been restated for:
 - The classification of Altron Nexus as a discontinued operation; and
 - The net profit or loss arising from foreign exchange exposures relating to cash and cash equivalents was previously disclosed within Operating Profit and EBITDA. The net impact of these exposures has been reclassified and disclosed after Operating Profit as a separate line item on the statement of comprehensive income due to its nature.

Certain financial information presented in this results announcement constitutes pro-forma financial information in terms of the JSE Listings Requirements. The pro-forma financial information includes adjusting for the impact of the sale of businesses to show a like-for-like comparison of results and is prepared for illustrative purposes only. The pro-forma financial information is the responsibility of the directors.

All growth rates quoted are year-on-year and refer to the six months ended 31 August 2023 compared to the six months ended 31 August 2022, unless otherwise stated.

SALIENT FEATURES – ALTRON GROUP

- Altron Group results were impacted by provisions and impairments (collectively referred to as the “Non-Cash Adjustments”) raised in two non-core subsidiaries, namely Altron Nexus of R334 million, in relation to the restructuring of Altron Nexus due to the loss of the Gauteng Broadband Network contract and the City of Tshwane exposure, and Altron Document Solutions of R95 million. This includes the goodwill impairment raised at Altron Group level of R33 million in relation to Altron Nexus.
- Revenue increased by 3% to R5.5 billion.
- EBITDA decreased by 54% to R268 million.
- Operating loss before capital items of R106 million.
- HEPS decreased by over 100% to (63) cents per share.
- EPS decreased by over 100% to (86) cents per share.
- Cash generated from operations grew 16% to R654 million.
- Interim dividend up 56% to 25 cents per share, supported by an increase in the dividend payout ratio from at least 40%; to at least 50% of headline earnings from continuing operations of 50 cents per share.

R million	ALTRON GROUP (including discontinued operations)		
	HY24	HY23 ⁴	Change
Revenue	5 454	5 271	+3%
EBITDA ³	268	584	(54%)
Operating Profit ³	(106)	248	>(100%)
Net profit after tax	(313)	96	>(100%)
HEPS	(63) cents	34 cents	>(100%)
EPS	(86) cents	24 cents	>(100%)
Dividend	25 cents	16 cents	+56%

UNAUDITED CONSOLIDATED RESULTS

for the six months ended 31 August 2023

AND CASH DIVIDEND DECLARATION (continued)

KEY BUSINESS HIGHLIGHTS

- Netstar achieved industry-leading subscriber growth of 26%, growing subscribers to over 1.5 million. Net customer additions improved 91% to 187 273.
- During the six months ended 31 August 2023, Netstar achieved over 80% of the total subscriber growth it generated for the full 12-month period in 2023.
- Netstar surpassed the billion-rand revenue mark for the first time in a six-month period, with revenue growing 12% to R1 billion and EBITDA growing 21% to R364 million.
- The profit improvement strategy in Altron Systems Integration delivered operating leverage with a 5% increase in revenue and a 127% increase in EBITDA to R34 million. Operating Profit generated of R31 million, amounts to 80% of the total Operating Profit earned cumulatively over the past three years.
- Altron Karabina delivered an increase in EBITDA of 29%, underpinned by an 8% increase in revenue and improved margins.
- Altron Arrow delivered strong revenue growth of 32% to R424 million and EBITDA growth of 65% to R38 million, supported by strong demand and a continued focus on operational efficiencies.
- Effective 1 March 2024, the Altron Group will simplify its operating model through combining the businesses of Altron Systems Integration, Altron Karabina and Altron Managed Solutions into a new unified Altron Digital Business.

Commenting on the results, Altron Group Chief Executive Werner Kapp said “We are executing on our strategy to become the Leading Platform and IT Services business in our chosen markets. We are in the early phases of our journey, however, the successful profit improvement strategies in Altron Systems Integration and Netstar, together with focused execution on our growth levers, have delivered pleasing results. Operating profit in our core operations increased 25%. This positive momentum, which is yielding improved cash flow generation, combined with our strong balance sheet, allowed us to positively adjust our dividend payout to improve distributions to shareholders. Our discontinued operations have been restructured, management has been strengthened and profit improvement strategies implemented to return these businesses to profitability whilst we manage them for value through their disposal process.”

FINANCIAL OVERVIEW

Continuing operations, adjusted for the sale of the ATM Business, grew revenue 11% to R4 billion, despite tougher trading conditions. Successful execution of our strategy delivered a 26% improvement in EBITDA to R709 million with Operating Profit growth of 32% to R352 million.

Continuing operations, including the ATM Business, delivered revenue growth of 4% to R4.3 billion, impacted by a realignment of the base through exiting businesses that did not deliver profitable revenue growth. In addition, the prior period included six months of revenue generated by the ATM Business in comparison to only four months in the current period. At a profitability level, continuing operations, including the ATM Business, grew EBITDA 21% to R724 million with Operating Profit increasing 25% to R362 million. HEPS increased by 19% to 50 cents, with EPS flat at 38 cents per share.

Strong operational execution drove pleasing results from core continuing operations. Notwithstanding, the Altron Group results were negatively impacted by the Non-Cash Adjustments. Altron Group, including discontinued operations, grew revenue by 3% to R5.5 billion. EBITDA decreased 54% to R268 million with an operating loss of R106 million, down from a profit of R248 million.

The Altron Group continues to remain highly cash-generative and is sufficiently capitalised, providing a solid platform to execute its immediate strategic initiatives.

Enhancements in Altron's operating model

In line with our strategy to become the Leading Platform and IT Services business in our chosen markets, effective 1 March 2024, the Altron Group will operate a simplified model through combining the businesses of Altron Systems Integration, Altron Karabina and Altron Managed Solutions into a new unified Altron Digital Business. The benefits include improved cross-selling, collaboration, removing cost duplication and providing an integrated value proposition with improved solutions for customers. The Altron Digital Business, together with Altron Security, will together form part of the new IT Services segment. Netstar, Altron FinTech and Altron HealthTech will continue to operate as part of the Own Platforms segment. Altron Arrow will operate separately under a new Distribution segment.

Altron Nexus and Altron Document Solutions are classified as held-for-sale in discontinued operations.

Segmental overview

R million	CONTINUING ¹ INCLUDING THE ATM BUSINESS			CONTINUING ¹ EXCLUDING THE ATM BUSINESS ²		
	HY24	HY23 ⁴	%	HY24	HY23 ⁴	%
REVENUE						
Own Platforms	1 761	1 627	+8%			
Digital Transformation	1 445	1 370	+5%			
Managed Services	724	900	(20%)	391	355	+10%
Other	391	253	+55%			
EBITDA						
Own Platforms	568	493	+15%			
Digital Transformation	141	109	+29%			
Managed Services	34	36	(6%)	19	0	>100%
Other	(19)	(40)	+53%			

Own Platforms

The Own Platforms segment grew revenue by 8% to R1.8 billion, with EBITDA growing 15% to R568 million and Operating Profit up 6% to R283 million.

- Netstar's revenue improved 12% to R1 billion, with subscribers growing at an industry-leading growth rate of 26% to 1.5 million subscribers. Enterprise customers increased 13% with consumer customers growing 8%, as Netstar continues to gain market share. Net additions of 187 273 improved 91%. With a core focus on customers and an investment in an in-house customer retention team, Netstar improved churn to 16%, down from 22% at year-end. 21 new fitment centre partnerships and additional operational efficiencies led to a reduction in fitment time and resulted in a 96% contract fulfilment rate. At the end of the financial year 2023, Netstar was fitting one car every four minutes, Netstar now fits four cars every one minute. Pre-fits remain an important focus area, with Netstar increasing its pre-fitment conversion ratio from 32% at year-end to 66%. Netstar's profit improvement strategy successfully improved EBITDA by 21% to R364 million, with Operating Profit growing 9% to R101 million. Efforts made in improving customer satisfaction were externally recognised with Netstar receiving the AskAfrica 2023/2024 award as the customer experience winner in the car tracking industry.
- Altron FinTech grew revenue 2% to R552 million with EBITDA improving 3% to R151 million and Operating Profit flat at R132 million. This performance is measured against a strong comparable base that benefitted from abnormally large hardware sales, due to regulatory and compliance-driven hardware refreshes. Despite a tough comparative, Altron FinTech maintained performance, supported by higher demand in the payment and collections business, combined with continued strong hardware sales and a growing annuity revenue base. Altron FinTech won the PAX Technology Preferred Partner of the Year for 2022.
- Altron HealthTech delivered revenue growth of 8% to R190 million. Growth was supported by a 19% improvement in the corporate health business which added 11 new logos. Despite a mature market, revenue grew 5% in the practice management business. EBITDA and Operating Profit expanded 13% to R53 million and 16% to R50 million, respectively.

UNAUDITED CONSOLIDATED RESULTS

for the six months ended 31 August 2023

AND CASH DIVIDEND DECLARATION (continued)

Digital Transformation

The Digital Transformation segment generated revenue of R1.4 billion, up 5%, with EBITDA improving by 29% to R141 million and Operating Profit by 62% to R115 million.

- Altron Systems Integration's profit improvement strategy is progressing well, with the business showing early signs of improvement. The profit improvement strategy is focussed on three areas:
 - Scaling outsourcing, infrastructure, and workforce management to expand gross margin over time;
 - Delivering on the new sales strategy; and
 - Reducing costs through efficiencies.

Altron Systems Integration delivered on all three areas, signing up, amongst others, two large workforce transactions, one of which was the largest workforce management contract on the continent. In addition, it signed the largest outsourcing contract in its history and, lastly, it expanded its infrastructure business. Operational efficiencies resulted in an EBITDA expansion of 127% to R34 million and generated Operating Profit of R31 million in comparison to R2 million in the prior period. Altron Systems Integration's notable achievements were highlighted at the Huawei Awards by securing the titles of, *inter alia*, Enterprise Sales Partner and Cloud Fast Growth Partner. This reaffirms Altron Systems Integration's position as Huawei's longest-standing Enterprise Partner for 2023.

- Altron Karabina delivered 8% growth in revenue to R184 million due to increased demand in business applications and software services. A continued focus on operating leverage delivered a 29% increase in EBITDA to R27 million and 73% increase in Operating Profit to R19 million.
- Altron Security remains an industry leader in digital and identity security in a high-growth market. Revenue of R281 million, up 6%, was supported by a 26% increase in revenue from software sales, with a focus on higher margin own intellectual property software sales. The business is focused on providing an end-to-end solution by converting projects into higher-margin managed services. EBITDA expanded 10% to R80 million with Operating Profit growth of 12% to R65 million.

Managed Services

Altron Managed Solutions concluded the disposal of the ATM Business effective 1 July 2023, generating R216 million in cash flow over the disposal period, comprised of:

- A transaction consideration of R132 million consisting of a cash consideration of R13 million and R119 million received from retained trade receivables; and
- The business further organically unlocked R84 million through a reduction in associated working capital before the effective date of the sale.

Altron Managed Solutions, adjusting for the sale of the ATM Business, improved revenue by 10% to R391 million from R355 million, underpinned by the expansion of two large retailers. The profit improvement strategy that was successfully implemented in the business improved EBITDA from nil to R19 million, supported by a higher margin mix and operating efficiencies in warehousing and distribution.

Other

Altron Arrow delivered R424 million revenue, up 32%. The strong performance in revenue can be attributed to an increase in product demand and product cost inflation. Improved efficiency across its operations delivered operating leverage, with EBITDA growth of 65% to R38 million and Operating Profit growth of 76% to R37 million.

Discontinued operations

Altron Document Solutions and Altron Nexus are classified as held-for-sale and accounted for in discontinued operations. Both businesses have been restructured and the management teams strengthened. Profit improvement strategies have been implemented with a view to improving cash flow generation and returning these businesses to profitability. Active disposal processes are currently underway, however, the market remains challenging. During the disposal processes, both businesses will continue to be managed for value.

Altron Document Solutions generated revenue of R630 million up 13%, however, provisions raised totalling R95 million contributed to a reduction in EBITDA to a loss of R118 million, with an operating loss of R118 million.

Altron Nexus' results were negatively impacted by provisions and impairments raised of R334 million and restructuring costs of R11 million. Despite revenue growth of 2%, EBITDA reduced to a loss of R332 million, with an operating loss of R343 million.

Details of the restructuring and Non-Cash Adjustments that impacted these businesses can be found in the trading statement released on 26 July 2023 via the following link

https://www.altron.com/wp-content/uploads/2023/11/altron.com_SENS_20230726_S477988.pdf.

Capital structure and working capital

In comparison to cash held at 31 August 2022, the Altron Group increased its cash balance by R258 million to R723 million and by R42 million against the closing balance at February 2023. Cash in held-for-sale entities increased from R12 million at February 2023 to R16 million. Altron Group net debt at 31 August 2023 was R558 million, with a net debt to attributable EBITDA ratio of 0.23 times.

Working Capital reduced from R1.3 billion at 28 February 2023 to R829 million. The R447 million working capital reduction includes R398 million attributed to the Non-Cash Adjustments. The reduced working capital investment levels represent a more sustainable working capital level, which the Altron Group will continue to optimise in line with performance.

Key investing activities to support growth, comprised the following items:

- Acquisition of PPE to the sum of R72 million and intangible assets of R51 million; and
- An increase in capital rental devices of R153 million in Netstar.

The Altron Group continues to operate in line with the capital allocation framework presented to shareholders and will actively explore acquisition opportunities that meet its investment hurdles and that fit within its capital allocation framework.

UNAUDITED CONSOLIDATED RESULTS

for the six months ended 31 August 2023

AND CASH DIVIDEND DECLARATION (continued)

INTERIM DIVIDEND

Pursuant to the strong balance sheet and increase in cash generation of the Altron Group, the Board took the decision to increase the dividend payout ratio from at least 40% of headline earnings from continuing operations, to at least 50% of headline earnings from continuing operations.

As such, an interim dividend of 25 cents per share (20.0271 cents net of 20% dividend withholding tax) has been declared for the six months ended 31 August 2023, payable to shareholders recorded in the register of the Company at the close of business on the record date appearing below.

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

The number of ordinary shares in issue at the date of this declaration is 410 988 079 including 32 287 468 treasury shares.

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

DIVIDEND DATES	2023
Last day to trade <i>cum</i> dividend	Tuesday, 28 November
Commence trading <i>ex-dividend</i>	Wednesday, 29 November
Record date	Friday, 1 December
Interim Dividend Payment date	Monday, 4 December

Share certificates may not be dematerialised or re-materialised between Wednesday, 29 November 2023 and Friday, 1 December 2023, both days inclusive.

OUTLOOK

Despite the ongoing economic challenges facing South Africa, which continue to put pressure on Altron and its customers, the Altron Group will continue to focus on executing on its strategy to become the Leading Platform and IT Services business in its chosen markets. The pleasing results achieved by core operations is evidence of the successful execution on strategy. In addition, the profit improvement strategies implemented in both Altron Systems Integration and Netstar are encouraging, with early leading indicators in both businesses showing positive momentum, repositioning both businesses for future growth.

INTERIM RESULTS PRESENTATION

An investor presentation will be hosted virtually via webcast at 9:30am CAT on 13 November 2023, to present the Altron Group's financial results for the six months ended 31 August 2023. Registration to attend the webcast can be accessed via the following link: (<https://78449.themediaframe.com/links/altron231113.html>).

FURTHER INFORMATION

This short-form announcement is the responsibility of the directors and contains forward-looking statements that relate to Altron's future operations and performance. Such statements are not intended to be interpreted as guarantees of future performance, achievements, financial or other results. They rely on future circumstances, some of which are beyond management's control, and the outcomes implied by these statements could potentially be materially different from future results. No assurance can be given that forward-looking statements will be accurate; thus, undue reliance should not be placed on such statements. Altron does not undertake any obligations to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after the date of publication of this report or to reflect the occurrence of unanticipated events. It is only a summary of the information contained in the full announcement and does not contain full or complete details. Any investment decision should be based on the full announcement which is available at: <https://senspdf.jse.co.za/documents/2023/jse/isse/aele/Interim.pdf> and which is also available on our website at: <https://www.altron.com/financial-reporting/>.

Copies of the full announcement may also be requested from Mbali Ngcobo at mbali.ngcobo@altron.com.

For and on behalf of the Board.

Mr. S van Graan

Chairman

Mr. W Kapp

Group Chief Executive

Mr. C Snyman

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* *Executive Director*

Group Company Secretary

Ms M Ngcobo

13 November 2023

Johannesburg

CONDENSED CONSOLIDATED BALANCE SHEET

for the six months ended 31 August 2023

R millions	Note	31 August 2023 (Unaudited)	31 August 2022 (Unaudited)	28 February 2023 (Audited)
Assets				
<i>Non-current assets</i>				
		3 923	3 924	4 013
Property, plant and equipment		350	438	397
Goodwill and other intangible assets		1 515	1 525	1 554
Right-of-use assets		510	651	572
Equity-accounted investments		1	84	33
Finance lease assets		31	33	32
Contract costs capitalised	9	644	443	551
Capital rental devices		382	297	345
Defined benefit asset		295	254	295
Deferred taxation		195	199	234
<i>Current assets</i>				
		5 130	5 770	5 649
Inventories	9	687	1 066	1 023
Trade and other receivables	9	1 803	2 292	2 055
Financial assets at fair value through profit and loss		12	36	20
Contract assets		64	83	126
Taxation receivable		40	21	30
Cash and cash equivalents		723	628	740
		3 329	4 126	3 994
Assets classified as held-for-sale	10	1 801	1 644	1 655
Total assets		9 053	9 694	9 662
Equity and liabilities				
<i>Total equity</i>				
		3 927	4 401	4 300
Attributable to Altron shareholders		3 791	4 295	4 182
Non-controlling interests		136	106	118
<i>Non-current liabilities</i>				
		2 144	2 003	2 088
Loans		851	803	851
Lease liabilities		754	842	788
Contract liabilities	9	501	354	412
Deferred taxation		38	4	37
<i>Current liabilities</i>				
		2 982	3 290	3 274
Loans		2	33	3
Lease liabilities		82	114	111
Bank overdraft		–	163	59
Provisions		12	11	17
Trade and other payables	9	1 420	1 733	1 566
Financial liabilities at fair value through profit and loss		4	2	5
Contract liabilities	9	480	394	398
Taxation payable		116	87	103
		2 116	2 537	2 262
Liabilities classified as held-for-sale	10	866	753	1 012
Total equity and liabilities		9 053	9 694	9 662

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the six months ended 31 August 2023

R millions	Note	% Change	Six months ended 31 August 2023 (Unaudited)	Restated* Six months ended 31 August 2022 (Unaudited)	Restated* Year ended 28 February 2023 (Audited)
CONTINUING OPERATIONS					
Revenue	13, 14	4%	4 321	4 150	8 445
Other income			17	17	104
Operating costs			(3 614)	(3 569)	(7 298)
Material and services consumed**			(2 414)	(2 324)	(4 868)
Employees remuneration			(1 195)	(1 224)	(2 382)
Net impairment losses on financial assets			(5)	(21)	(48)
Earnings before interest, taxation, depreciation, amortisation, capital items, equity accounted profits and foreign exchange gains and losses on cash and cash equivalents. (EBITDA before capital items)***					
	14	21%	724	598	1 251
Depreciation and amortisation			(362)	(308)	(652)
Operating profit before capital items	14	25%	362	290	599
Capital items	4		(52)	(20)	(59)
Operating profit			310	270	540
Finance income			34	18	49
Finance expense			(102)	(89)	(194)
Foreign exchange gains and losses relating to cash and cash equivalents**			(10)	6	3
Share of profits from equity accounted investments, net of taxation			–	–	3
Profit before taxation			232	205	401
Taxation			(77)	(57)	(105)
Profit for the period from continuing operations			155	148	296
DISCONTINUED OPERATIONS					
Revenue	13, 14	1%	1 133	1 121	2 403
Other income			–	10	20
Operating costs	9		(1 589)	(1 145)	(2 625)
Material and services consumed**			(1 065)	(885)	(1 990)
Employees remuneration			(215)	(243)	(486)
Net impairment losses on financial assets			(309)	(17)	(149)
Earnings before interest, taxation, depreciation, amortisation, capital items and foreign exchange gains and losses on cash and cash equivalents. (EBITDA before capital items)***					
	14	(>100%)	(456)	(14)	(202)
Depreciation and amortisation			(12)	(28)	(55)
Operating loss before capital items	14	(>100%)	(468)	(42)	(257)
Capital items	4		(45)	(27)	(82)
Operating loss			(513)	(69)	(339)
Finance income			17	18	37
Finance expense			(2)	(7)	(10)
Foreign exchange gains and losses relating to cash and cash equivalents**			–	1	1
Loss before taxation			(498)	(57)	(311)
Taxation			30	5	28
Loss for the period from discontinued operations			(468)	(52)	(283)
(Loss) / Profit for the period from total operations			(313)	96	13

* Comparative information has been restated for the classification of Altron Nexus as a discontinued operation (note 10).

** The net profit or loss arising from foreign exchange exposures relating to cash and cash equivalents was previously disclosed within materials and services consumed. The net impact of these exposures has been reclassified and disclosed separately after operating profit due to its nature.

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (continued)

for the six months period ended 31 August 2023

R millions	Note	%	Six months ended 31 August 2023 (Unaudited)	Restated* Six months ended 31 August 2022 (Unaudited)	Restated* Year ended 28 February 2023 (Audited)
		Change			
Other comprehensive income					
Items that will never be reclassified to profit or loss					
Remeasurement of defined benefit asset/obligation			-	-	14
Items that are or may be reclassified subsequently to profit or loss					
Foreign currency translation differences in respect of foreign operations**			1	28	50
Realisation of foreign currency translation differences upon disposal of foreign operations**			1	-	(4)
Other comprehensive income for the period, net of taxation			2	28	60
Total comprehensive (loss) / income for the period			(311)	124	73
Net (loss) / profit attributable to:					
Non-controlling interests					
			13	5	17
Non-controlling interests from continuing operations			13	6	15
Non-controlling interests from discontinued operations			-	(1)	2
Altron equity holders					
			(326)	91	(4)
Altron equity holders from continuing operations			142	142	281
Altron equity holders from discontinued operations			(468)	(51)	(285)
Net (loss) / profit for the period			(313)	96	13
Total comprehensive (loss) / income attributable to:					
Non-controlling interests					
			13	5	17
Non-controlling interests from continuing operations			13	6	15
Non-controlling interests from discontinued operations			-	(1)	2
Altron equity holders					
			(324)	119	56
Altron equity holders from continuing operations			138	163	333
Altron equity holders from discontinued operations			(462)	(44)	(277)
Total comprehensive (loss) / income for the period			(311)	124	73
* Comparative information has been restated for the classification of Altron Nexus as a discontinued operation (note 10).					
** This component of other comprehensive income is not subject to tax.					
Basic earnings per share from continuing operations	(cents)	0%	38	38	74
Diluted earnings per share from continuing operations	(cents)	(3%)	37	38	73
Basic loss per share from discontinued operations	(cents)	(>100%)	(124)	(14)	(75)
Diluted loss per share from discontinued operations	(cents)	(>100%)	(122)	(14)	(74)
Basic (loss) / earnings per share from total operations	(cents)	(>100%)	(86)	24	(1)
Diluted (loss) / earnings per share from total operations	(cents)	(>100%)	(85)	24	(1)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the six months ended 31 August 2023

R millions	Note	Six months ended 31 August 2023 (Unaudited)	Six months ended 31 August 2022 (Unaudited)	Year ended 28 February 2023 (Audited)
Cash flows from operating activities				
Cash generated by operations		654	564	1 295
Interest received		81	60	124
Interest paid		(130)	(119)	(251)
Dividends received from equity accounted investees and other investments		–	–	8
Taxation paid		(45)	(29)	(50)
Dividends paid, including to non-controlling interests		(72)	(90)	(152)
		488	386	974
Cash flows utilised in investing activities				
Proceeds on the disposal of operations, joint venture, investment and subsidiaries	7	8	11	(2)
Proceeds on the disposal of property, plant and equipment and intangible assets		11	1	10
Acquisition of subsidiaries, net of cash acquired		–	(62)	(84)
Acquisition of intangible assets		(51)	(37)	(118)
Acquisition of property, plant and equipment		(72)	(66)	(96)
Cash outflow from other investing activities	8	(14)	(46)	(54)
Cash inflow from other investing activities	8	12	8	42
Increase in capital rental devices		(153)	(110)	(259)
		(259)	(301)	(561)
Cash flows utilised in financing activities				
Loans advanced		850	–	850
Loans repaid		(850)	(50)	(850)
Acquisition of non-controlling interests		(4)	–	–
Settlement of finance leases*		(109)	(109)	(214)
Lease payments		(59)	(69)	(143)
		(172)	(228)	(357)
Net increase / (decrease) in cash and cash equivalents				
Cash and cash equivalents at the beginning of the period (excluding cash classified as held-for-sale)***		681	599	599
Effect of exchange rate fluctuations		(11)	6	11
Movement in cash classified as held-for-sale***		(4)	3	15
		57	(143)	56
Net cash and cash equivalents at the end of the period**				
		723	465	681
* Principal lease payments in relation to rental finance lease liabilities				
** Cash and cash equivalents cash comprises:				
Cash at bank		693	603	712
Cash held on behalf of merchants		30	25	28
Bank overdrafts		–	(163)	(59)
Net cash and cash equivalents per the statement of cash flows		723	465	681

*** Cash and cash equivalents at the beginning of the period at August 2022 has been represented to exclude cash classified as held-for-sale and as a result, the movement has been disclosed in "movement in cash classified as held-for-sale".

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 31 August 2023

R millions	Attributable to Altron equity holders		
	Share capital and premium	Treasury shares	Reserves
Balance at 28 February 2022 (Audited)	1 214	(222)	(2 979)
Total comprehensive income for the period			
Profit for the period	-	-	-
Other comprehensive income			
Foreign currency translation differences in respect of foreign operations	-	-	28
Total other comprehensive income	-	-	28
Total comprehensive income for the period	-	-	28
Transactions with owners, recorded directly in equity			
Contributions by and distributions to owners			
Dividends to equity holders	-	-	-
Issue of share capital	23	-	(23)
Share-based payment transactions	-	-	15
Total contributions by and distributions to owners	23	-	(8)
Total transactions with owners, recorded directly in equity	23	-	(8)
Balance at 31 August 2022 (unaudited)	1 237	(222)	(2 959)
Total comprehensive income / (loss) for the period			
Loss for the period	-	-	-
Other comprehensive income			
Foreign currency translation differences in respect of foreign operations	-	-	22
Realisation of foreign currency translation differences upon disposal of foreign operations	-	-	(4)
Remeasurement on net defined benefit asset	-	-	14
Total other comprehensive income	-	-	32
Total comprehensive income / (loss) for the period	-	-	32
Transactions with owners, recorded directly in equity			
Contributions by and distributions to owners			
Dividends to equity holders	-	-	-
Issue of share capital	1	-	(1)
Share-based payment transactions	-	-	10
Total contributions by and distributions to owners	1	-	9
Total transactions with owners, recorded directly in equity	1	-	9
Balance at 28 February 2023 (audited)	1 238	(222)	(2 918)
Total comprehensive income / (loss) for the period			
Loss for the period	-	-	-
Other comprehensive income			
Foreign currency translation differences in respect of foreign operations	-	-	1
Realisation of foreign currency translation differences upon disposal of foreign operations	-	-	1
Total other comprehensive income	-	-	2
Total comprehensive income / (loss) for the period	-	-	2
Transactions with owners, recorded directly in equity			
Contributions by and distributions to owners			
Dividends to equity holders	-	-	-
Issue of share capital	3	-	(3)
Share-based payment transactions	-	-	14
Total contributions by and distributions to owners	3	-	11
Changes in ownership interests in subsidiaries			
Total changes in ownership interests in subsidiaries	-	-	(9)
Total changes in ownership interests in subsidiaries	-	-	(9)
Total transactions with owners, recorded directly in equity	3	-	2
Balance at 31 August 2023 (unaudited)	1 241	(222)	(2 914)

Interim dividend declared 25 cents per share (2023: 19 cents - final and 16 cents - interim).

Retained earnings	Total	Non-controlling interests	Total equity
6 235	4 248	106	4 354
91	91	5	96
-	28	-	28
-	28	-	28
91	119	5	124
(87)	(87)	(5)	(92)
-	-	-	-
-	15	-	15
(87)	(72)	(5)	(77)
(87)	(72)	(5)	(77)
6 239	4 295	106	4 401
(95)	(95)	12	(83)
-	22	-	22
-	(4)	-	(4)
-	14	-	14
-	32	-	32
(95)	(63)	12	(51)
(60)	(60)	-	(60)
-	-	-	-
-	10	-	10
(60)	(50)	-	(50)
(60)	(50)	-	(50)
6 084	4 182	118	4 300
(326)	(326)	13	(313)
-	1	-	1
-	1	-	1
-	2	-	2
(326)	(324)	13	(311)
(72)	(72)	-	(72)
-	-	-	-
-	14	-	14
(72)	(58)	-	(58)
-	(9)	5	(4)
-	(9)	5	(4)
(72)	(67)	5	(62)
5 686	3 791	136	3 927

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 31 August 2023

1 GENERAL INFORMATION

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

During the current financial year, Altron Nexus was classified as held-for-sale and a discontinued operation (note 10).

2 BASIS OF PREPARATION

The condensed consolidated interim financial statements for the six months ended 31 August 2023 are prepared in accordance with International Financial Reporting Standard, (IAS) 34 Interim Financial Reporting, SAICA Financial Reporting Guides as issued by the Accounting Practices Committee (APC), Financial Pronouncements as issued by the Financial Reporting Standards Council (FRSC), and the requirements of the Companies Act of South Africa.

The condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 28 February 2023, which have been prepared in accordance with International Financial Reporting Standards (IFRS).

This report was compiled under the supervision of Mr C Snyman, Chief Financial Officer.

GOING CONCERN

The Group's budgets and cash flow projections, taking account of reasonably possible changes in operating performance, show that the Group should be able to operate into the foreseeable future within its existing borrowing facilities.

At the time of approval of the condensed consolidated interim financial statements for the six months ended 31 August 2023, the Board has a reasonable expectation that the Group has sufficient resources to continue in operation for the foreseeable future, which is not less than 12 months from the date of approval of the condensed consolidated interim financial statements.

The condensed consolidated interim financial statements therefore have been prepared on a going concern basis.

3 PRINCIPAL ACCOUNTING POLICIES

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

A number of amendments to accounting pronouncements are effective 1 March 2023, but they do not have a material effect on the Group's interim financial statements.

4 CAPITAL ITEMS

R millions	Note	Six months ended	Restated* Six months ended	Restated* Year ended
		31 August 2023 (Unaudited) R millions	31 August 2022 (Unaudited) R millions	28 February 2023 (Audited) R millions
Continuing operations				
Net loss on disposal of property, plant and equipment		(1)	(5)	(2)
Loss on the disposal of operations, joint venture and investment		(3)	–	–
Impairment of property, plant and equipment		(1)	–	(6)
Impairment of goodwill		(33)	–	–
Capital rental devices written off		(13)	(7)	(19)
Impairment of right-of-use assets		–	–	(18)
Impairment on held-for-sale disposal groups	10	–	–	(1)
Costs relating to disposal of operations		(1)	–	(2)
Lease modifications and terminations		–	(8)	(11)
		(52)	(20)	(59)
Discontinued operations				
Loss on disposal of subsidiary		(7)	–	(41)
Costs relating to disposal of operations		(1)	(1)	(1)
Net profit / (loss) on disposal of property, plant and equipment		1	(2)	–
Impairment on held-for-sale disposal groups	10	(12)	(24)	(36)
Impairment of property, plant and equipment		(31)	–	(3)
Foreign currency translation recycling to profit and loss on deregistration of foreign dormant operations		(1)	–	–
Lease modifications and terminations		6	–	(1)
		(45)	(27)	(82)
Total operations		(97)	(47)	(141)

* Comparative information has been restated for the classification of Altron Nexus as a discontinued operation (note 10).

5 EARNINGS PER SHARE

		Six months ended	Restated* Six months ended	Restated* Year ended
		31 August 2023 (Unaudited)	31 August 2022 (Unaudited)	28 February 2023 (Audited)
Headline earnings per share from continuing operations	(cents)	50	42	85
Headline earnings per share from discontinued	(cents)	(113)	(8)	(56)
Headline earnings per share from total operations	(cents)	(63)	34	29
Diluted headline earnings per share from continuing operations	(cents)	50	42	83
Diluted headline earnings per share from discontinued operations	(cents)	(112)	(8)	(55)
Diluted headline earnings per share from total operations	(cents)	(62)	34	28

* Comparative information has been restated for the classification of Altron Nexus as a discontinued operation (note 10).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the six months period ended 31 August 2023

5 EARNINGS PER SHARE (CONTINUED)

		Six months ended 31 August 2023 (Unaudited)	Restated* Six months ended 31 August 2022 (Unaudited)	Restated* Year ended 28 February 2023 (Audited)
5.1 RECONCILIATION BETWEEN ATTRIBUTABLE EARNINGS AND HEADLINE EARNINGS FROM TOTAL OPERATIONS				
	(R millions)			
(Loss) / earnings attributable to shareholders		(326)	91	(4)
Capital items (note 4)		97	47	141
Costs relating to disposal of operations		(2)	(1)	(3)
Tax effect of capital items		(6)	(10)	(24)
Non-controlling interest in capital items		(1)	(1)	(2)
Headline earnings		(238)	126	108
Headline earnings per share from total operations	(cents)	(63)	34	29
5.2 RECONCILIATION BETWEEN ATTRIBUTABLE EARNINGS AND HEADLINE EARNINGS FROM CONTINUING OPERATIONS				
	(R millions)			
Earnings attributable to shareholders		142	142	281
Capital items (note 4)		52	20	59
Costs relating to disposal of operations		(1)	–	(2)
Tax effect of capital items		(3)	(5)	(17)
Headline earnings		190	157	321
Headline earning per share from continuing operations	(cents)	50	42	85
5.3 RECONCILIATION BETWEEN ATTRIBUTABLE EARNINGS AND HEADLINE EARNINGS FROM DISCONTINUED OPERATIONS				
	(R millions)			
Loss attributable to shareholders		(468)	(51)	(285)
Capital items (note 4)		45	27	82
Costs relating to disposal of operations		(1)	(1)	(1)
Tax effect of capital items		(3)	(5)	(7)
Non-controlling interest in capital items		(1)	(1)	(2)
Headline earnings		(428)	(31)	(213)
Headline earnings per share from discontinued operations	(cents)	(113)	(8)	(56)

* Comparative information has been restated for the classification of Altron Nexus as a discontinued operation (note 10).

5 EARNINGS PER SHARE (CONTINUED)

	Six months ended 31 August 2023 (Unaudited)	Restated* Six months ended 31 August 2022 (Unaudited)	Restated* Year ended 28 February 2023 (Audited)
5.4 RECONCILIATION OF WEIGHTED AVERAGE NUMBER OF SHARES	Number of shares	Number of shares	Number of shares
Issued shares at the beginning of the year	410 681 964	407 572 398	407 572 398
Effect of own shares	(32 287 468)	(32 287 468)	(32 287 468)
Weighted average effect of shares issued during	138 318	964 086	1 971 370
Weighted average number of shares	378 532 814	376 249 016	377 256 300
5.5 RECONCILIATION BETWEEN NUMBER OF SHARES USED FOR EARNINGS PER SHARE AND DILUTED EARNINGS PER SHARE			
Weighted average number of shares	378 532 814	376 249 016	377 256 300
Dilutive options	4 438 921	2 027 061	7 200 950
Weighted average number of shares (diluted)	382 971 735	378 276 077	384 457 250
5.6 RECONCILIATION BETWEEN (LOSS) / EARNINGS AND DILUTED (LOSS) / EARNINGS			
	(R millions)		
(Loss) / earnings attributable to shareholders	(326)	91	(4)
Diluted (loss) / earnings	(326)	91	(4)
5.7 RECONCILIATION BETWEEN HEADLINE EARNINGS AND DILUTED HEADLINE EARNINGS			
	(R millions)		
Headline earnings	(238)	126	108
Diluted headline earnings	(238)	126	108
Diluted headline earnings per share from total operations	(cents)		
	(62)	34	28

* Comparative information has been restated for the classification of Altron Nexus as a discontinued operation (note 10).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the six months ended 31 August 2023

6 FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE

(a) Accounting classifications and fair values

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

31 August 2023	Carrying amount		Fair value			
	Measured at fair value	Total	Level 1	Level 2	Level 3	Total
R millions						
Financial assets measured at fair value						
Preference share investment in Technologies Acceptances Receivables Proprietary Limited*	21	21	-	-	21	21
Forward exchange contracts	12	12	-	12	-	12
	33	33	-	12	21	33
Financial liabilities measured at fair value						
Forward exchange contracts	(4)	(4)	-	(4)	-	(4)
	(4)	(4)	-	(4)	-	(4)
28 February 2023	Carrying amount		Fair value			
	Measured at fair value	Total	Level 1	Level 2	Level 3	Total
R millions						
Financial assets measured at fair value						
Preference share investment in Technologies Acceptances Receivables Proprietary Limited*	21	21	-	-	21	21
Forward exchange contracts	28	28	-	28	-	28
	49	49	-	28	21	49
Financial liabilities measured at fair value						
Forward exchange contracts	(5)	(5)	-	(5)	-	(5)
	(5)	(5)	-	(5)	-	(5)

* Classified as held-for-sale refer to note 10.

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.

6 FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE (CONTINUED)

(a) Accounting classifications and fair values (continued)

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

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

(b) Measurement of fair values

Valuation techniques and significant unobservable inputs

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

Financial instruments measured at fair value

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurements
Forward exchange contracts	Market comparison technique: The fair value of foreign exchange contracts are marked-to-market by comparing the contracted forward rate to the present value of the current forward rate of an equivalent contract with the same maturity date.	Not applicable	Not applicable
Preference share in Technologies Acceptances Receivables Proprietary Limited	The dividend growth model was used to determine the fair value of the preference share using the historic dividends that were received from the investment.	Discount rate of 12.66% (February 2023: 12.66%) Annual perpetuity growth 0% (February 2023: 0%)	The estimated fair value would increase / (decrease) if: <ul style="list-style-type: none"> 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 31 August 2023 and 28 February 2023.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the six months ended 31 August 2023

7 PROCEEDS ON THE DISPOSAL OF OPERATIONS, JOINT VENTURE, INVESTMENT AND SUBSIDIARIES

Proceeds on the disposal of joint venture, subsidiaries and businesses net of cash acquired, may be summarised as follows:

R millions	Note	31 August 2023 (Unaudited)	28 February 2023 (Audited)
Altron BTG Kenya Limited	7.1.1	(6)	–
ATM Hardware and Support Business of Altron Managed Solutions	7.1.2	13	–
Izingwe Cables Proprietary Limited		1	–
Interest in Joint Venture, Electronic DNA Proprietary Limited	7.2.1	–	7
Altron Botswana and Altron Mozambique	7.2.2	–	(18)
Contingent purchase consideration received in relation to Altron People Solutions	7.2.3	–	9
		8	(2)

7.1 CURRENT YEAR DISPOSALS

7.1.1 Disposal of AROA operations, Altron BTG Kenya Limited ("Altron Kenya")

The AROA segment was classified as held-for-sale during June 2021. Altron Kenya formed part of the AROA segment and was disposed of during the current year to TWM Digital Solutions (Private) Limited, effective 1 April 2023.

Prior to disposal, an impairment loss of R2 million was recognised specifically relating to Altron Kenya held-for-sale assets and liabilities (note 10). The carrying value of the assets and liabilities disposed of are disclosed below:

R millions	31 August 2023 (Unaudited)	28 February 2023 (Audited)
Current assets	44	–
Inventory	6	–
Trade and other receivables	32	–
Cash and cash equivalents	6	–
Current-liabilities	(36)	–
Taxation payable	(4)	–
Trade and other payables including contract liabilities	(32)	–
Disposal value	8	–
Foreign currency translation reserve recycled	(1)	–
Loss on disposal	(7)	–
Proceeds received	–	–
Cash and cash equivalents disposed	(6)	–
Proceeds received net of cash disposed	(6)	–

7.1.2 Disposal ATM Hardware and Support Business of Altron Managed Solutions ("AMS")

As disclosed within assets classified as held-for-sale in prior year, the Board approved the disposal of the ATM Hardware and Support Business, a component of the Altron Managed Solutions operation ("AMS ATM Hardware and Support Business"). The business consists of ATM hardware sales, implementation, licensing, repairs and maintenance and an approved re-work centre, as well as managed services for cash automation technologies.

7 PROCEEDS ON THE DISPOSAL OF OPERATIONS, JOINT VENTURE, INVESTMENT AND SUBSIDIARIES (CONTINUED)

7.1 CURRENT YEAR DISPOSALS (CONTINUED)

7.1.2 Disposal ATM Hardware and Support Business of Altron Managed Solutions ("AMS") (continued)

Effective 1 July 2023, the Group, through its wholly owned subsidiary Altron TMT Proprietary Limited ("ATMT") disposed of the ATM Hardware and Support Business to NCR Corporation ("NCR").

The AMS operation will continue to operate all remaining portfolios including its retail solutions, end user computer support, cloud platform and software solutions. The AMS ATM Hardware and Support Business is a component of the AMS segment and therefore does not meet the definition of a discontinued operation as it is not a major line of business or geographical area.

Prior to disposal, an impairment loss of R1 million was recognised specifically relating to AMS ATM Hardware and Support Business held-for-sale assets and liabilities (note 10). The carrying value of the remaining assets and liabilities disposed of are disclosed below:

R millions	31 August 2023 (Unaudited)	28 February 2023 (Audited)
Non-current assets	3	–
Property, plant and equipment	3	–
Current assets	174	–
Inventory	144	–
Trade and other receivables	30	–
Current-liabilities	(160)	–
Trade and other payables including contract liabilities	(160)	–
Disposal value	17	–
Loss on disposal	(4)	–
Proceeds received	13	–

7.2 PRIOR YEAR DISPOSALS

7.2.1 Disposal of interest in Joint Venture, Electronic DNA Proprietary Limited ("eDNA")

Effective 30 April 2022, the Group disposed of its interest in eDNA for R6.5 million. At the disposal date, the carrying value of the interest in the Joint Venture amounted to R6 million comprising of the equity accounted investment of R4 million and a loan of R2 million.

7.2.2 Disposal of AROA operations, Altron Botswana Proprietary Limited ("Altron Botswana") and Altron Mozambique Proprietary Limited ("Altron Mozambique")

The AROA segment was classified as held-for-sale during June 2021. Altron Botswana and Altron Mozambique formed part of the AROA segment and were disposed of during the prior year to Tano Digital Solutions, effective 1 November 2022.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the six months ended 31 August 2023

7 PROCEEDS ON THE DISPOSAL OF OPERATIONS, JOINT VENTURE, INVESTMENT AND SUBSIDIARIES (CONTINUED)

7.2 PRIOR YEAR DISPOSALS (CONTINUED)

7.2.2 *Disposal of AROA operations, Altron Botswana Proprietary Limited ("Altron Botswana") and Altron Mozambique Proprietary Limited ("Altron Mozambique") (continued)*

Proceeds received not of cash disposed may be summarised as follows:

R millions	31 August 2023 (Unaudited)	28 February 2023 (Audited)
Disposal value	-	48
Foreign currency translation reserve recycled	-	(4)
Loss on disposal	-	(41)
Cash and cash equivalents disposed	-	(21)
Proceeds received net of cash disposed	-	(18)

7.2.3 *Contingent purchase consideration received in relation to Altron People Solutions*

The APS business was disposed of to two buyers during the 2022 financial year. 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. Proceeds amounting to R6.6 million was received during the 2022 financial year and a further R8.6 million was recognised during the 2023 financial year as this was a contingent purchase consideration ("Contingency").

8 OTHER CASH FLOWS

8.1 CASH OUTFLOW FROM OTHER INVESTING ACTIVITIES

R millions	31 August 2023 (Unaudited)	31 August 2022 (Unaudited)	28 February 2023 (Audited)
Loans advanced to associates and other investments	(5)	(23)	(28)
Movement in restricted cash	-	(5)	-
Advances made to TAR during the year	(9)	(18)	(26)
	(14)	(46)	(54)

8.2 CASH INFLOW FROM OTHER INVESTING ACTIVITIES

Repayment received from TAR during the year	12	8	42
	12	8	42

9 SIGNIFICANT EVENTS, TRANSACTIONS AND MOVEMENTS (CONTINUED)

9.1 CREDIT RISK, CONCENTRATION RISK AND SIGNIFICANT JUDGEMENT APPLIED BY MANAGEMENT

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

Altron Nexus Proprietary Limited ("Altron 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"). Altron Nexus was in turn contracted by Thobela to complete the building and implementation of the CoT Project. Recoveries by Altron Nexus are dependent upon Thobela being paid by the CoT.

As at the end of the reporting period, Altron Nexus has a balance of R309 million (February 2023: R309 million) outstanding from Thobela for work performed with regards to the CoT Project. An investment loan of R100 million (February 2023: R95 million) has been advanced to the Joint Venture.

Recent published financial information and reports, have indicated that there are material uncertainties in CoT's ability to continue as a going concern. Given these developments highlighting the adverse financial position of the CoT, management has increased its expected credit loss allowance ("ECL") by R201 million (February 2023: R134 million), in order to provide for Altron Nexus' exposure to CoT.

The increase in the ECL relating to the Joint Venture investment loan and the receivable may be summarised as follows:

R millions	31 August 2023			28 February 2023		
	Gross	Impairment	Net	Gross	Impairment	Net
<i>Interest in Joint Venture - Thobela</i>						
Balance at the beginning of the year	95	(64)	31	80	(8)	72
Increase in loan	5	-	5	15	-	15
Increase in ECL allowance*	-	(36)	(36)	-	(56)	(56)
Balance at the end of the year	100	(100)	-	95	(64)	31
<i>Trade receivables</i>						
Balance at the beginning of the year	309	(101)	208	309	(23)	286
Increase in ECL allowance*	-	(165)	(165)	-	(78)	(78)
Balance at the end of the year	309	(266)	43	309	(101)	208

* The increase in the ECL allowance is included in net impairment losses on financial assets within discontinued operations (refer to note 9.2.3)

9.2 SIGNIFICANT MOVEMENTS

9.2.1 Contract costs capitalised and contract liabilities

The increase in contract costs capitalised as well as contract liabilities is mainly as a result of the increase in the installation of devices relating to the Toyota OEM project within the Netstar operation. The costs relating to the project resulted in an increase in contract costs capitalised, similarly the deferred revenue on the project resulted in an increase in the recognition of contract liabilities.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the six months ended 31 August 2023

9 SIGNIFICANT EVENTS, TRANSACTIONS AND MOVEMENTS (CONTINUED)

9.2 SIGNIFICANT MOVEMENTS (CONTINUED)

9.2.2 Working Capital

The reduction in Working Capital balances which include inventory, trade and other receivables and trade and other payables is as a result of the reclassification of Altron Nexus operation as a held-for-sale operation (refer to note 10).

Inventory and trade and other receivables within assets held-for-sale relating to Altron Nexus and Altron Document Solutions, were impacted by the adjustments outlined in note 9.2.3.

9.2.3 Operating costs (discontinued operations)

Operating costs from discontinued operations increased as a result of impairments and provisions raised within the Altron Nexus and Altron Document solutions operations as outlined below. Both operations are classified as held-for-sale and discontinued operations (refer to note 10).

9.2.3.1 Altron Nexus

During May 2023, the extension of the Gauteng Broadband Network ("GBN") contract for phase 2 came to an end. Altron Nexus was not awarded the contract for GBN phase 3 as previously planned. The GBN contract for phase 2 accounted for a material portion of Altron Nexus' revenue and profits. As the incumbent service provider for GBN phase 1 and 2, the relevant personnel and infrastructure had been kept in place to enable Altron Nexus to seamlessly deliver on GBN phase 3, in the event that the contract for GBN phase 3 was awarded. As a result of above, the following adjustments have recognised:

- R31 million increase in the ECL allowance relating to trade and other receivables, which is included in net impairment losses on financial assets;
- Write-downs of inventories to net realisable value amounting to R71 million, which is included in materials and services consumed.

As disclosed in note 9.1, the following adjustment has been made in relation to Thobela:

- R201 million increase in the ECL allowance included in net impairment losses on financial assets.

9.2.3.2 Altron Document Solutions ("ADS")

During the current period, two large customers within the ADS operation experienced financial difficulties as a result of challenging market conditions resulting in the following provisions:

- R83 million increase in the ECL allowance relating to trade and other receivables and finance lease assets, which is included in net impairment losses on financial assets;
- Write-downs of inventories to net realisable value amounting to R12 million, which is included in material and services consumed.

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

10.1 ASSETS AND LIABILITIES CLASSIFIED AS HELD-FOR-SALE DURING THE CURRENT YEAR

10.1.1 Altron Nexus

During the current year, the decision was made to restructure Nexus. Upon further analysis, the Altron Board concluded that the restructured Nexus business is no longer regarded as core to the Group's operations and strategy, and it will actively explore opportunities to sell the business.

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

10.1 ASSETS AND LIABILITIES CLASSIFIED AS HELD-FOR-SALE DURING THE CURRENT YEAR (CONTINUED)

10.1.1 Altron Nexus (continued)

The unsuccessful extension of the GBN phase 3 contract resulted in the termination of the Broadband Network Services business unit. With the restructure of consolidating the Enterprise Networking business into the Altron Systems Integration operation, Altron Nexus will remain with only non-core Critical Communications operations, which are expected to be saleable on a standalone basis.

The relevant held-for-sale requirements of IFRS 5 were met at 31 August 2023, and the assets and liabilities relating to the Altron Nexus operation have been classified as such. Altron Nexus is reported as a separate operation and represents a major line of business. The Altron Nexus results have therefore been included in the results from discontinued operations.

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

10.2.1 ATM Hardware and Support Business of Altron Managed Solutions ("AMS")

The disposal of the ATM Hardware and Support Business was concluded during the current financial year and is included in the relevant held-for-sale comparatives. Refer to note 7.1.2.

10.2.2 Altron Document Solutions

Effective 31 August 2020, the Board resolved that the Altron Document Solutions operation does not form part of the Group's core business and as a result, will be disposed of. It was previously disclosed that the Group would dispose of its business interest in Altron Document Solutions and its associated subsidiary, Genbiz Trading 1001 Proprietary Limited ("Genbiz") to Bi-Africa Investment Holdings Proprietary Limited ("Bi-Africa"). The sale transaction was terminated at 28 February 2023 due to the inability to fulfil all conditions precedent.

Extension of the period to complete the sale beyond one year

The termination of the sale transaction relating to Altron Document Solutions, coincided with the Group's 2023 financial year end. Altron will continue to actively market the Altron Document Solutions operation at a price that is reasonable, given the change in circumstances. The sale of Altron Document Solutions remains highly probable.

10.2.3 Altron Rest of Africa operations ("AROA")

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 closures.

Altron Botswana and Altron Mozambique

Altron Botswana and Altron Mozambique were disposed of during the prior year and are included in the comparative information of discontinued operations.

Altron BTG Kenya Limited

Altron Kenya was disposed of during the current year (refer to note 7.1.1) and is included in the comparative held-for-sale information. The Altron Kenya 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.

Altron Technologies Namibia Proprietary Limited ("Altron Namibia")

Included in the current AROA held-for-sale disposal group is, Altron Namibia as the relevant requirements of IFRS 5 have been met for this classification.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the six months ended 31 August 2023

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

10.2 ASSETS AND LIABILITIES CLASSIFIED AS HELD-FOR-SALE AND DISCONTINUED OPERATIONS DURING THE PREVIOUS YEAR (CONTINUED)

10.2.3 Altron Rest of Africa operations ("AROA") (continued)

Extension of the period to complete the sale beyond one year

The remaining held-for-sale AROA operation, namely Altron Namibia, is in the process of being disposed of and is expected to be finalised in the current financial year.

10.3 FINANCIAL PERFORMANCE AND CASH FLOW INFORMATION

The comparative consolidated statement of comprehensive income has been restated for the classification of Altron Nexus which has been classified as a discontinued operation in the current year.

10.3.1 Net assets of business held-for-sale:

R millions	31 August 2023	31 August 2022	28 February 2023
Property, plant and equipment	38	20	16
Goodwill and other intangible assets	3	16	7
Right-of-use assets	20	24	16
Financial assets at amortised cost	148	177	151
Financial assets at fair value through other comprehensive income	21	21	21
Finance lease assets	209	201	193
Deferred taxation	41	1	1
Non-current assets	480	460	405
Inventories	409	518	632
Trade and other receivables, including derivatives	874	626	590
Financial assets at fair value through profit or loss	–	–	8
Contract assets	20	8	8
Taxation receivable	2	3	–
Cash and cash equivalents	16	24	12
Restricted cash	–	5	–
Current assets	1 321	1 184	1 250
Assets classified as held-for-sale	1 801	1 644	1 655
Loans	213	204	197
Lease liabilities	17	18	11
Non-current liabilities	230	222	208
Loans	201	191	177
Lease liabilities	6	10	8
Provisions	–	1	1
Trade and other payables, including derivatives	380	306	598
Contract liabilities	49	23	17
Taxation payable	–	–	3
Current liabilities	636	531	804
Liabilities classified as held-for-sale	866	753	1 012

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

10.3 FINANCIAL PERFORMANCE AND CASH FLOW INFORMATION

10.3.2 Breakdown of disposal groups held-for-sale and impairment losses:

R millions	31 August 2023					Total
	AMS ATM Hardware and Support Business	Altron Nexus*	Altron Document Solutions	Altron Rest of Africa	Cumulative Impairments	
Assets classified as held-for-sale	-	605	1 386	35	(225)	1 801
Non-current assets	-	74	629	2	(225)	480
Current assets	-	531	757	33	-	1 321
Liabilities classified as held-for-sale	-	258	606	2	-	866
Non-current liabilities	-	-	230	-	-	230
Current liabilities	-	258	376	2	-	636

* Excludes net intergroup payables and borrowings amounting to R178m.

Reconciliation of cumulative impairment losses at 31 August 2023

	Property, plant and equipment	Intangible assets and goodwill	Right-of-use assets	Total
Impairment losses at 28 February 2023	(21)	(169)	(26)	(216)
Impairment losses recognised during the period	(4)	(2)	(6)	(12)
Altron Document Solutions	(3)	(2)	(5)	(10)
Altron Rest of Africa	(1)	-	(1)	(2)
Disposed during the year	1	-	2	3
Cumulative impairment losses at 31 August 2023	(24)	(171)	(30)	(225)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the six months ended 31 August 2023

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

10.3 FINANCIAL PERFORMANCE AND CASH FLOW INFORMATION (CONTINUED)

10.3.2 Breakdown of disposal groups held-for-sale and impairment losses (continued):

R millions	31 August 2022					Total
	AMS ATM Hardware and Support Business	Altron Document Solutions	Altron Rest of Africa	Cumulative Impairments		
Assets classified as held-for-sale	193	1 518	141	(208)		1 644
Non-current assets	12	645	11	(208)		460
Current assets	181	873	130	–		1 184
Liabilities classified as held-for-sale	194	506	53	–		753
Non-current liabilities	1	220	1	–		222
Current liabilities	193	286	52	–		531

Reconciliation of cumulative impairment losses at 31 August 2022

	Property, plant and equipment	Intangible assets and goodwill	Right-of-use assets	Total
Impairment losses at 28 February 2022	(13)	(155)	(16)	(184)
Impairment losses recognised during the period	(8)	(10)	(6)	(24)
Altron Document Solutions	(3)	(10)	(4)	(17)
Altron Rest of Africa	(5)	–	(2)	(7)
Cumulative Impairment losses at 31 August 2022	(21)	(165)	(22)	(208)

R millions	28 February 2023					Total
	AMS ATM Hardware and Support Business	Altron Document solutions	Altron Rest of Africa	Cumulative Impairments		
Assets classified as held-for-sale	245	1 522	104	(216)		1 655
Non-current assets	5	612	4	(216)		405
Current assets	240	910	100	–		1 250
Liabilities classified as held-for-sale	246	691	75	–		1 012
Non-current liabilities	–	208	–	–		208
Current liabilities	246	483	75	–		804

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

10.3 FINANCIAL PERFORMANCE AND CASH FLOW INFORMATION (CONTINUED)

10.3.2 Breakdown of disposal groups held-for-sale and impairment losses (continued):

Reconciliation of cumulative impairment losses at 28 February 2023

	Property, plant and equipment	Intangible assets and goodwill	Right-of-use assets	Total
Impairment losses at 28 February 2022	(13)	(155)	(16)	(184)
Altron Document Solutions	(12)	(155)	(15)	(182)
Altron Rest of Africa	(1)	–	(1)	(2)
Impairment losses recognised during the period	(12)	(14)	(11)	(37)
Altron Document Solutions	(6)	(14)	(9)	(29)
AMS ATM Hardware and Support Business	(1)	–	–	(1)
Altron Rest of Africa	(5)	–	(2)	(7)
Disposed of during the year	4	–	1	5
Cumulative impairment losses at 28 February 2023	(21)	(169)	(26)	(216)

10.3.3 Cash flows generated / (utilised) by discontinued operations:

R millions	31 August 2023	31 August 2022	28 February 2023
Cash flows from operating activities	92	88	256
Cash flows utilised in investing activities	(29)	(4)	(26)
Cash flows utilised in financing activities	(45)	(115)	(224)
Net increase / (decrease) in cash and cash equivalents	18	(31)	6

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the six months ended 31 August 2023

11 RELATED PARTY TRANSACTIONS

The Group has a related-party relationship with joint ventures, investments and key management.

R millions	Six months ended 31 August 2023 (Unaudited)	Six months ended 31 August 2022 (Unaudited)	Year ended 28 February 2023 (Audited)
<i>Transactions</i>			
Key management remuneration	18	32	45
<i>Dividends received</i>			
Mediswitch Namibia Proprietary Limited	-	-	2
<i>Balances</i>			
CBI-Electric Telecom Cables	-	-	-
Funds advanced	21	21	21
ECL	(21)	(21)	(21)
Thobela Telecoms (refer to note 9.1)	43	369	239
Funds advanced to Joint Venture	100	91	95
Trade receivables	309	309	309
ECL	(366)	(31)	(165)

12 EVENTS AFTER REPORTING PERIOD

12.1 DECLARATION OF DIVIDEND

Declaration of interim dividend

The Group declared a interim dividend of 25 cents per share on 10 November 2023.

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the six months period ended 31 August 2023

13 REVENUE BY SEGMENT

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

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

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

31 August 2023

CONTINUING OPERATIONS

R millions	Altron Managed Solutions	Managed Services	Altron Systems Integration	Altron Security	Altron Karabina
REVENUE BY PRODUCT					
Project related revenue	–	–	49	–	110
Over time	–	–	49	–	110
Sale of goods and related services	315	315	162	226	–
At a point in time	315	315	162	226	–
Over time	–	–	–	–	–
Maintenance, support and outsource	409	409	303	55	41
Over time	409	409	303	55	41
Training and skills management	–	–	–	–	–
Over time	–	–	–	–	–
Software, cloud and licenses, including software assurance services	–	–	203	–	33
At a point in time	–	–	–	–	33
Over time	–	–	203	–	–
Software application and development	–	–	254	–	–
Over time	–	–	254	–	–
Switching and other transactional services	–	–	9	–	–
Over time	–	–	9	–	–
Total Revenue	724	724	980	281	184
REVENUE BY GEOGRAPHIC REGION					
South Africa	698	698	852	266	181
Rest of Africa	26	26	83	5	2
Total Africa	724	724	935	271	183
Europe	–	–	16	2	–
Rest of world	–	–	29	8	1
Total International	–	–	45	10	1
Total Revenue	724	724	980	281	184

	Digital Transfor mation	Netstar	FinTech	HealthTech	Own Platforms	Altron Arrow	Corporate and consolidation and other international operations	Other	Continuing operations
	159	2	-	-	2	-	(14)	(14)	147
	159	2	-	-	2	-	(14)	(14)	147
	388	917	444	8	1 369	419	(15)	404	2 476
	388	79	105	8	192	419	(15)	404	1 299
	-	838	339	-	1 177	-	-	-	1 177
	399	-	81	-	81	-	-	-	889
	399	-	81	-	81	-	-	-	889
	-	-	-	-	-	-	7	7	7
	-	-	-	-	-	-	7	7	7
	236	100	3	100	203	5	(5)	-	439
	33	-	3	100	103	5	-	5	141
	203	100	-	-	100	-	(5)	(5)	298
	254	-	-	-	-	-	(1)	(1)	253
	254	-	-	-	-	-	(1)	(1)	253
	9	-	24	82	106	-	(5)	(5)	110
	9	-	24	82	106	-	(5)	(5)	110
	1 445	1 019	552	190	1 761	424	(33)	391	4 321
	1 299	819	546	188	1 553	347	(35)	312	3 862
	90	2	6	2	10	6	(5)	1	127
	1 389	821	552	190	1 563	353	(40)	313	3 989
	18	-	-	-	-	-	7	7	25
	38	198	-	-	198	71	-	71	307
	56	198	-	-	198	71	7	78	332
	1 445	1 019	552	190	1 761	424	(33)	391	4 321

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the six months ended 31 August 2023

13 REVENUE BY SEGMENT (CONTINUED)

31 August 2023

DISCONTINUED OPERATIONS

R millions	Altron			
	Altron Nexus	Document Solutions	Altron Rest of Africa	Discontinued operations
REVENUE BY PRODUCT				
Project related revenue	415	–	–	415
Over time	415	–	–	415
Sale of goods and related services	48	252	39	339
At a point in time	48	202	39	289
Over time	–	50	–	50
Maintenance, support and outsource services	–	355	–	355
At a point in time	–	123	–	123
Over time	–	232	–	232
Software, cloud and licenses, including software assurance services	–	11	1	12
At a point in time	–	6	1	7
Over time	–	5	–	5
Total Revenue from contracts with customers	463	618	40	1 121
Rental finance income	–	12	–	12
Total Revenue	463	630	40	1 133
Revenue by Geographic region				
South Africa	463	560	–	1 023
Rest of Africa	–	70	40	110
Total Africa	463	630	40	1 133
Total Revenue	463	630	40	1 133
Total Revenue - total operations				5 454

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the six months ended 31 August 2023

13 REVENUE BY SEGMENT (CONTINUED)

31 August 2022*

CONTINUING OPERATIONS

R millions	Altron Managed Solutions	Managed Services	Altron Systems Integration	Altron Security	Altron Karabina
REVENUE BY PRODUCT					
Project related revenue	–	–	135	–	132
Over time	–	–	135	–	132
Sale of goods and related services	457	457	165	34	–
At a point in time	457	457	165	34	–
Over time	–	–	–	–	–
Maintenance, support and outsource services	443	443	308	229	8
Over time	443	443	308	229	8
Software, cloud and licenses, including software assurance services	–	–	168	3	31
At a point in time	–	–	164	3	31
Over time	–	–	4	–	–
Software application and development	–	–	147	–	–
Over time	–	–	147	–	–
Switching and other transactional services	–	–	10	–	–
Over time	–	–	10	–	–
Total Revenue	900	900	933	266	171
Revenue by Geographic region					
South Africa	842	842	856	254	156
Rest of Africa	58	58	60	1	2
Total Africa	900	900	916	255	158
Europe	–	–	17	2	–
Rest of world	–	–	–	9	13
Total International	–	–	17	11	13
Total Revenue	900	900	933	266	171

* Comparative information has been restated for the classification of Altron Nexus as a discontinued operation (note 10).

	Digital Transformation	Netstar	FinTech	Health Tech	Own Platforms	Altron Arrow	Corporate and consolidation and other international operations	Other	Continuing operations*
	267	-	-	-	-	-	(4)	(4)	263
	267	-	-	-	-	-	(4)	(4)	263
	199	909	453	-	1 362	313	(38)	275	2 293
	199	107	132	-	239	313	(36)	277	1 172
	-	802	321	-	1 123	-	(2)	(2)	1 121
	545	-	68	-	68	-	24	24	1 080
	545	-	68	-	68	-	24	24	1 080
	202	-	4	89	93	8	(44)	(36)	259
	198	-	4	89	93	8	(44)	(36)	255
	4	-	-	-	-	-	-	-	4
	147	-	-	-	-	-	(1)	(1)	146
	147	-	-	-	-	-	(1)	(1)	146
	10	-	17	87	104	-	(5)	(5)	109
	10	-	17	87	104	-	(5)	(5)	109
	1 370	909	542	176	1 627	321	(68)	253	4 150
	1 266	734	538	174	1 446	314	(42)	272	3 826
	63	3	3	2	8	4	(31)	(27)	102
	1 329	737	541	176	1 454	318	(73)	245	3 928
	19	-	1	-	1	1	-	1	21
	22	172	-	-	172	2	5	7	201
	41	172	1	-	173	3	5	8	222
	1 370	909	542	176	1 627	321	(68)	253	4 150

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the six months period ended 31 August 2023

13 REVENUE BY SEGMENT (CONTINUED)

31 August 2022*

DISCONTINUED OPERATIONS

R millions

Revenue by product	Altron Nexus	Altron Document Solutions	Altron Rest of Africa	Discontinued operations*
REVENUE BY PRODUCT				
Project related revenue	342	–	–	342
Over time	342	–	–	342
Sale of goods and related services	59	188	62	309
At a point in time	38	188	58	284
Over time	21	–	4	25
Maintenance, support and outsource services	51	325	33	409
Over time	51	325	33	409
Software, cloud and licenses, including software assurance services	–	5	10	15
At a point in time	–	5	10	15
Software application and development	–	–	6	6
Over time	–	–	6	6
Total Revenue from contracts with customers	452	518	111	1 081
Rental finance income	–	40	–	40
Total Revenue	452	558	111	1 121
Revenue by Geographic region				
South Africa	452	520	–	972
Rest of Africa	–	38	111	149
Total Africa	452	558	111	1 121
Total Revenue	452	558	111	1 121
Total Revenue - total operations				5 271

* Comparative information has been restated for the classification of Altron Nexus as a discontinued operation (note 10).

14 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).

In addition to revenue, segment results are reported to the CODM with two measures of profitability:

- Operating profit before capital items ("Operating Income before capital items") and
- Earnings before interest, taxation, depreciation, amortisation, capital items, equity accounted profits and foreign exchange gains and losses on cash and cash equivalents ("EBITDA before capital items").

Both measures are used by the CODM for profitability assessment and resource allocation decisions.

Operating Income before capital items and EBITDA before capital items, have been adjusted to provide a comparable performance measure.

Adjusted Operating Income before capital items and adjusted EBITDA before capital items are defined as:

- Operating Income before capital items and EBITDA before capital after taking into account:
 - adjustments directly related to an isolated historic event, transaction or decision resulting in an impact in the current period's performance.
 - provisions or impairment losses affecting the working capital of held-for-sale disposal groups.

The principles applied in the represented disclosure has been consistently applied during the current financial year and retrospectively for the previous financial year.

Adjusted Revenue, Adjusted Operating profit before capital items and Adjusted EBITDA before capital items are presented before recognising the following:

- Expected Credit Loss ("ECL") adjustment arising from the investment and receivable relating to Thobela Telecoms (RF) Proprietary Limited ("Thobela"). Refer to note 9.1.
- Specific obsolete stock provisioning on Gauteng Broadband Network contract ("GBN ") project in Altron Nexus.
- Impairment of specific Altron Document Solutions debtors and finance lease receivables.
- Specific obsolete stock provisioning in Altron Document Solutions.
- The contribution to Revenue, Operating profit and EBITDA by the ATM Hardware and Support Business of Altron Managed Solutions business that was sold effective 1 July 2023.

The segmental information has been prepared to highlight the continuing and discontinued operating segments. This provides more insight into revenue, EBITDA before capital items and operating profit before capital items and depreciation disclosed in the statement of comprehensive income.

During July 2023, Altron Nexus was classified as a discontinued operation and held-for-sale. Furthermore, foreign exchange gains / (losses) on cash and cash equivalents was reclassified and disclosed separately after operating profit due to its nature.

The results for the period ending 28 February 2023 and 31 August 2022 have been restated.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the six months ended 31 August 2023

14 REPORTING SEGMENTS (CONTINUED)

Segment analysis

The measures presented below are those that the CODM of the Group monitors on an ongoing basis.

The segment revenues, EBITDA before capital items and operating profit before capital items generated by each of the Group's segments are summarised as follows:

	Revenue			EBITDA before capital items			Operating profit before capital items		
	31 Aug 2023	31 Aug 2022*	28 Feb 2023*	31 Aug 2023	31 Aug 2022*	28 Feb 2023*	31 Aug 2023	31 Aug 2022*	28 Feb 2023*
Altron Managed Solutions**	724	900	1 882	34	36	117	23	17	73
Managed Services	724	900	1 882	34	36	117	23	17	73
Altron Systems Integration	980	933	2 003	34	15	5	31	2	(20)
Altron Security	281	266	436	80	73	104	65	58	74
Altron Karabina	184	171	350	27	21	43	19	11	23
Digital Transformation	1 445	1 370	2 789	141	109	152	115	71	77
Netstar	1 019	909	1 859	364	300	629	101	93	192
FinTech	552	542	1 044	151	146	271	132	132	233
HealthTech	190	176	350	53	47	103	50	43	96
Own Platforms	1 761	1 627	3 253	568	493	1 003	283	268	521
Altron Arrow	424	321	679	38	23	52	37	21	50
Corporate and consolidation and other international operations**	(33)	(68)	(158)	(57)	(63)	(73)	(96)	(87)	(122)
Other	391	253	521	(19)	(40)	(21)	(59)	(66)	(72)
Continuing operations	4 321	4 150	8 445	724	598	1 251	362	290	599
Altron Document Solutions**	630	558	1 194	(118)	13	(61)	(118)	9	(68)
Altron Rest of Africa	40	111	190	(5)	(52)	(52)	(5)	(52)	(52)
Altron Nexus	463	452	1 019	(332)	23	(93)	(343)	(1)	(139)
Corporate and consolidation	–	–	–	(1)	2	4	(2)	2	2
Discontinued Operations	1 133	1 121	2 403	(456)	(14)	(202)	(468)	(42)	(257)
Altron Group	5 454	5 271	10 848	268	584	1 049	(106)	248	342

* Comparative information has been restated for the classification of Altron Nexus as a discontinued operation (note 10).

** The net profit or loss arising from foreign exchange exposures relating to cash and cash equivalents was previously disclosed within materials and services consumed. The net impact of these exposures has been reclassified and disclosed separately after operating profit due to its nature.

	Adjusted Revenue			Adjusted EBITDA before capital Items			Adjusted Operating profit before capital Items		
	31 Aug 2023	31 Aug 2022*	28 Feb 2023*	31 Aug 2023	31 Aug 2022*	28 Feb 2023*	31 Aug 2023	31 Aug 2022*	28 Feb 2023*
	391	355	773	19	–	51	13	(7)	34
	391	355	773	19	–	51	13	(7)	34
	980	933	2 003	34	15	5	31	2	(20)
	281	266	436	80	73	104	65	58	74
	184	171	350	27	21	43	19	11	23
	1 445	1 370	2 789	141	109	152	115	71	77
	1 019	909	1 859	364	300	629	101	93	192
	552	542	1 044	151	146	271	132	132	233
	190	176	350	53	47	103	50	43	96
	1 761	1 627	3 253	568	493	1 003	283	268	521
	424	321	679	38	23	52	37	21	50
	(33)	(68)	(158)	(57)	(63)	(73)	(96)	(87)	(122)
	391	253	521	(19)	(40)	(21)	(59)	(66)	(72)
	3 988	3 605	7 336	709	562	1 185	352	266	560
	630	558	1 194	(23)	13	43	(23)	9	36
	40	111	190	(5)	(52)	(52)	(5)	(52)	(52)
	463	452	1 019	(29)	23	72	(40)	(1)	26
	–	–	–	(1)	2	4	(2)	2	2
	1 133	1 121	2 403	(58)	(14)	67	(70)	(42)	12
	5 121	4 726	9 739	651	548	1 252	282	224	572

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the six months ended 31 August 2023

14 REPORTING SEGMENTS (CONTINUED)

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

	31 August 2023	31 August 2022*	28 February 2023*
EBITDA before capital items**	268	584	1 049
Reconciling items:			
Depreciation - Property, plant and equipment	(50)	(48)	(105)
Depreciation - Right-of-use assets	(59)	(75)	(147)
Amortisation	(56)	(56)	(116)
Amortisation of costs incurred to acquire contracts and capital rental devices	(209)	(157)	(339)
Total operating (loss) / profit before capital items**	(106)	248	342
Discontinued operating loss before capital items**	468	42	257
Continuing operating profit before capital items**	362	290	599

* Comparative information has been restated for the classification of Altron Nexus as a discontinued operation (note 10).

** The net profit or loss arising from foreign exchange exposures relating to cash and cash equivalents was previously disclosed within materials and services consumed. The net impact of these exposures has been reclassified and disclosed separately after operating profit due to its nature.

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

14 REPORTING SEGMENTS (CONTINUED)

	Note	31 August 2023	31 August 2022*	28 February 2023*
Reconciliation of reported Revenue to adjusted Revenue				
Total Altron Group				
Revenue		5 454	5 271	10 848
Altron Managed Solutions' ATM Hardware and Support Business contribution		(333)	(545)	(1 109)
Adjusted Revenue		5 121	4 726	9 739
Reconciliation of reported EBITDA to adjusted EBITDA				
Total Altron Group				
EBITDA before capital items**		268	584	1 049
ECL adjustment relating to Thobela included in Nexus	9.1	201	–	134
Impairment of Altron Nexus debtors	9.2.3.1	31	–	–
Obsolete stock provisioning in Altron Nexus	9.2.3.1	71	–	31
Impairment of Altron Document Solutions debtors and finance lease receivables	9.2.3.2	83	–	30
Obsolete stock provisioning in Altron Document Solutions	9.2.3.2	12	–	74
Altron Managed Solutions' ATM Hardware and Support Business contribution		(15)	(36)	(66)
Adjusted EBITDA		651	548	1 252
Reconciliation of reported Operating profit to adjusted Operating profit				
Total Altron Group				
Operating profit before capital items**		(106)	248	342
ECL adjustment relating to Thobela included in Nexus	9.1	201	–	134
Impairment of Altron Nexus debtors	9.2.3.1	31	–	–
Obsolete stock provisioning in Altron Nexus	9.2.3.1	71	–	31
Impairment of Altron Document Solutions debtors and finance lease receivables	9.2.3.2	83	–	30
Obsolete stock provisioning in Altron Document Solutions	9.2.3.2	12	–	74
Altron Managed Solutions' ATM Hardware and Support Business contribution		(10)	(24)	(39)
Adjusted Operating profit		282	224	572

* Comparative information has been restated for the classification of Altron Nexus as a discontinued operation (note 10).

** The net profit or loss arising from foreign exchange exposures relating to cash and cash equivalents was previously disclosed within materials and services consumed. The net impact of these exposures has been reclassified and disclosed separately after operating profit due to its nature.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the six months ended 31 August 2023

15 CONTINGENT LIABILITY

Litigation with Aeonova 360 Management Services (Pty) Limited ("Aeonova")

Several years ago, arbitration proceedings were instituted against Altron Nexus by Aeonova, an erstwhile sub-contractor for the GBN contract. These proceedings are, by their nature, confidential. Legal advice received during the period prior to May 2023 was that the prospects of Aeonova succeeding in the arbitration were remote.

Following certain adverse interim awards and judgments, it was resolved to brief Werksmans to conduct an independent assessment of the matter. Werksmans has since been retained to represent Altron Nexus in the arbitration proceedings, and a number of related Court proceedings, both pending and contemplated, that may impact the progression of this arbitration and arbitral awards.

Werksmans has advised that given what has recently transpired in the arbitration and related court proceedings, and the vagaries of litigation, the historic legal opinion as to the prospects of success should be revised. Given what is set out above, it is premature to raise any provision.

ALTRON

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