

The logo for ALTRON, featuring the word "ALTRON" in a white, sans-serif font. A small blue square is positioned above the letter "T".

ALTRON

The main title of the report, "ANNUAL FINANCIAL RESULTS", displayed in a large, bold, white, sans-serif font.

ANNUAL FINANCIAL RESULTS

The subtitle of the report, "FOR THE YEAR ENDED 28 FEBRUARY 2023", displayed in a smaller, white, sans-serif font.

FOR THE YEAR ENDED 28 FEBRUARY 2023

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ALTRON LIMITED

Registration number: 1947/024583/06

(Incorporated in the Republic of South Africa)

Share code: AEL

ISIN: ZAE000191342

ANNUAL RESULTS for the year ended 28 February 2023

CASH DIVIDEND DECLARATION AND CHANGE TO THE BOARD

SALIENT FEATURES – CONTINUING OPERATIONS

- Revenue up by 19%, to R9.5 billion underpinned by all segments growing revenue;
- Earnings before interest, taxation, depreciation, amortisation, capital items and equity accounted profits (“EBITDA”) improved by 2% to R1.2 billion, negatively impacted by a provision raised for Altron’s exposure to the City of Tshwane of R134 million (“COT”) and a provision raised for excess inventory held as a result of the Gauteng Broadband Network contract which was not renewed of R31 million, collectively referred to as the “COT and GBN Non-Cash Adjustments”;
- EPS increased by 80% to 36 cents with HEPS decreasing by 8% to 47 cents; and
- To provide an indication of core FY2023 performance, adjusting for the impact of the COT and GBN Non-Cash Adjustments, EBITDA expanded 11% to R1.3 billion, EPS increased 79% to 77 cents and HEPS grew 19% to 89 cents.

Note: All growth rates referred to throughout this announcement are year on year growth rates unless stated otherwise

R'million	Continuing			Adjusted continuing		
	2023	2022	Change %	2023 ¹	2022 ²	Change %
Revenue	9 464	7 930	+19%	9 464	7 930	+19%
EBITDA	1 161	1 140	+2%	1 326	1 194	+11%
Operating profit before capital items	462	498	(7%)	627	552	+14%
Net profit after tax	150	79	+90%	306	165	+85%
HEPS	47 cents	51 cents	(8%)	89 cents	75 cents	+19%
EPS	36 cents	20 cents	+80%	77 cents	43 cents	+79%

¹ To provide an indication of core FY2023 performance, adjustments include the removal of the provisions relating to the COT exposure of R134 million and the GBN contract inventory provision of R31 million.

² FY2022 EBITDA was adjusted by a total amount of R54 million, to remove the impact of severance costs and the IFRS 2 charge which relates to the modification of share-based payments because of the Bytes UK demerger. HEPS was adjusted by the same R54 million adjustment in addition to the AIMS vendor financing loan impairment of R47 million plus the tax impact of the adjustments.

SALIENT FEATURES – GROUP

- Revenue up by 14% to R10.9 billion;
- EBITDA down by 4% to R1.1 billion, negatively impacted by the COT and GBN Non-Cash Adjustments as well as Altron Document Solutions (“ADS”) raising a provision for inventory held and an impairment on an outstanding receivable, referred to as the ADS Non-Cash Adjustment;
- EPS increased by 96% to (1) cents with HEPS decreasing by 22% to 29 cents;
- DPS increased by 17% to 35 cents;
- Free cash flow increased by R163 million to R412 million; and
- Net Debt: EBITDA at 0.22 times, down from 0.36 times at FY2022.

YEAR-TO-DATE PERFORMANCE

R'million	GROUP		
	2023	2022	Change %
Revenue	10 848	9 518	+14%
EBITDA	1 053	1 095	(4%)
Operating profit before capital items	346	440	(21%)
Net profit after tax	13	(95)	+114%
HEPS	29 cents	37 cents	(22%)
EPS	(1) cents	(28) cents	+96%
DPS	35 cents	30 cents	+17%

ANNUAL RESULTS for the year ended 28 February 2023

CASH DIVIDEND DECLARATION AND CHANGE TO THE BOARD

(continued)

KEY BUSINESS HIGHLIGHTS ACHIEVED IN FY2023

- The integration of Lawtrust for a full 12 months – a leader in digital security;
- Competition approval received for the disposal of the banking business in Altron Managed Solutions to NCR;
- Exit of non-core assets in Rest of Africa progressing, with exit from Kenya post year end on 1 April 2023 and Namibia sale agreement signed with exit targeted to be concluded in FY2024;
- The turnaround of Altron Karabina and Altron Managed Solutions continues to show positive results;
- Altron FinTech becoming a billion-rand business with EBITDA increasing 22%;
- Grant Fraser appointed as the Managing Director of Netstar and Collin Govender appointed as the Managing Director of Altron Systems Integration to drive the profit improvement strategies in each respective business; and
- Capex investment of R57 million in Netstar and R11,7 million in Altron HealthTech's platform businesses to grow and drive Big Data as a Service.

Commenting on the results Altron Group CEO Werner Kapp said "Altron's revenue growth of 19% demonstrates our resilience in the face of extremely tough economic conditions. As we look into FY2024, we have a clear growth strategy against which we are executing and we are already seeing the positive results of our profit improvement strategy in our two biggest businesses, Netstar and Altron Systems Integration. As a Group we remain focused on driving revenue growth and improving operating leverage whilst investing in our growth businesses. Customer obsession is at the core of our strategy as we partner with our customers on their digital transformation journeys, whilst also protecting them from increased cyber security risks. Despite continuing tough trading conditions, I am excited by the opportunity before us."

FINANCIAL OVERVIEW

Notwithstanding the increasingly tough trading conditions, continuing operations delivered double digit revenue growth of 19% to R9.5 billion for the year, with EBITDA growing 2% to R1,161 million and operating income declining 7% to R462 million, negatively impacted by the COT and GBN Non-Cash Adjustments. Adjusting for the impact of these two provisions, EBITDA grew to R1,326 million and operating income improved to R627 million, representing a +11% and +14% growth respectively, compared to adjusted FY2022 EBITDA and operating income.

The Group's operations delivered robust 14% revenue growth, evidencing Altron's resilient high annuity and diversified earnings base. EBITDA and operating income were negatively impacted by the COT and GBN Non-Cash Adjustments and the ADS Non-Cash Adjustment, with EBITDA down 4% to R1,053 million and operating income (before capital items) down 21% to R346 million.

The Group continues to remain strongly cash generative and is well capitalised with low gearing ratios, providing flexibility to pursue its growth strategy.

SEGMENTAL REVIEW

R'million	Continuing			Adjusted continuing		
	2023	2022	Change %	2023	2022	Change %
REVENUE						
Own Platforms	3 253	2 847	+14%	3 253	2 847	+14%
Digital Transformation	2 789	2 216	+26%	2 789	2 216	+26%
Managed Services	2 917	2 563	+14%	2 917	2 563	+14%
Other	505	304	+66%	505	304	+66%
EBITDA						
Own Platforms	1 003	955	+5%	1 003	955	+5%
Digital Transformation	152	130	+17%	152	138	+10%
Managed Services	36	121	(70%)	201	121	+66%
Other	(30)	(66)	+55%	(30)	(20)	(50%)

Own Platforms

The Own Platforms segment grew revenue by 14% to R3.25 billion, with EBITDA growing 5% to R1.0 billion and operating profit down 5% to R521 million. Margin pressures experienced in Netstar, negatively impacted the performance of the segment.

- Netstar revenue of R1.86 billion, delivered 11% revenue growth with subscribers growing 20% to over 1.37 million subscribers. Subscriber growth was strong in the Original Equipment Manufacturer segment and in Malaysia, up 46% and 80% respectively. Netstar continues to deliver a high Software as a Service annuity base of 83%. EBITDA of R629 million remained relatively flat and operating profit declined 27% to R192 million due to ongoing margin pressures. Operating income was negatively impacted due to the increased activity on pre-fittments with lower than acceptable conversion rates, compounded by the increase in component costs. Netstar's profit improvement strategy, being driven by its new Managing Director, Mr Grant Fraser, is well underway with benefits already evident in operational efficiencies and growing Software as a Service. The conversion rates on pre-fittments have increased from 32% to 47% post-year end and the group fulfilment rate on contracts has improved to 48%. Its investment into its platform and bureau service will open key opportunities in the Big Data space, as it continues to digitalize mobile assets for its customers.
- Altron FinTech grew revenue 22% to R1.04 billion, EBITDA improved 22% to R271 million and operating income expanded 21% to R233 million. Performance was supported by all of FinTech's offerings delivering revenue and profit growth. The Card Issuance and Personalisation division improved revenue by 7% due to compliance refreshes of card issuance machines within the banking sector. Revenue generated by the integrated transaction solutions division increased 85%, due to higher hardware sales, following a migration of clients from Linux to Android operating system terminals, together with an increase in volumes and values processed through FinTech's switch. The payments and collections business saw an increase of 12% in revenue supported by higher collections and an increase in customers. For FY2024, the stronger than normal hardware revenue is expected to normalise, with an estimated impact on hardware revenue of between R25 million to R30 million.
- Altron HealthTech delivered revenue growth of 8% to R350 million. Growth was supported by a 23% improvement in the corporate health business which added 9 new clients, as well as an increase in transaction value processed, up 7%. EBITDA and operating income grew 2% to R103 million and 5% to R96 million respectively. The EBITDA and operating income delivered is after fully absorbing a R11.7 million investment into building our new cloud platform. The investment into the platform is targeted to scale the business and deliver new revenue streams with our local and international partners. These new revenue streams will include solutions leveraging the deep insights we have gained as a result of processing 99.8 million medical claims per annum.

Digital Transformation

The Digital Transformation segment grew revenue 26% to R2.79 billion, supported by revenue growth in Altron Karabina, Altron Security and Altron Systems Integration. EBITDA improved by 17% to R152 million and operating profit by 57% to R77 million, driven largely by a strong performance by Altron Karabina and by Altron Security with the inclusion of Lawtrust for 12 months. However, margin pressures within Altron Systems Integration negatively impacted the performance of the Digital Transformation segment. Excluding Lawtrust's performance, Digital Transformation revenue of R2.47 billion was down 17% against the prior year with EBITDA of R76 million and Operating profit of R19 million down 31% and 47% respectively.

- Within Altron Security, changes in regulations, an increase in supply chain governance and accelerating digital transformation across our customers, continued to support increased demand for security solutions in FY2023. Altron Security's capabilities are uniquely positioned to deliver into this demand, with revenue of R436 million increasing by over 100%. FY2023 results include a full 12 months of Lawtrust, the digital security solutions company we acquired last year. When excluding LawTrust's performance, revenue increased by 9% against the prior year, EBITDA by 26% and operating income by 57%, evidencing good fiscal discipline in controlling costs to drive improved operational leverage.
- Altron Karabina delivered a solid 10% growth in its revenue of R350 million largely due to increased demand in data and analytics, business applications and software services. A continued focus on cost savings delivered operating leverage with EBITDA of R43 million and operating income of R23 million, growing 19% and 44% on the prior year.
- Altron Systems Integration increased revenue to R2 billion up 18%, with EBITDA of R5 million and an operating loss of R20 million. Although the business achieved revenue growth across most of its market offerings, margin pressures were experienced in its software engineering, contact center, smart manufacturing and operations businesses. In addition, results were negatively impacted by R23 million in restructuring costs incurred. In October 2022, Collin Govender was appointed as Managing Director of Altron Systems Integration to drive and implement its profit improvement strategy. Loss-making businesses have been closed and through the restructuring, the cost base has been rightsized, resulting in an estimated R50 million annual cost savings, to return the business to profitability and reset it on its growth path.

ANNUAL RESULTS for the year ended 28 February 2023

CASH DIVIDEND DECLARATION AND CHANGE TO THE BOARD

(continued)

Managed Services

The Managed Services segment's revenue of R2.9 billion increased by 14%, with EBITDA of R36 million, down 70% and an operating loss of R62 million. EBITDA was down 70% negatively impacted by the COT and GBN Non-Cash Adjustments. Adjusting for the impact of these two provisions, EBITDA grew 66% to R201 million and operating income improved to R103 million, up from R6 million in FY2022.

- Altron Managed Solutions delivered 7% revenue growth to R1.88 billion and 34% growth in EBITDA, demonstrating the improved delivery on operational leverage. Its operating profit of R74 million was up by over 100% compared to the prior year. The sale of the banking business is progressing, with all Competition Commission approvals being received, and the parties looking to close the transaction towards the middle of the calendar year.
- Altron Nexus's revenue of R1.03 billion achieved 29% growth, however an EBITDA loss of R82 million and an operating loss of R136 million were negatively impacted by the COT and GBN Non-Cash Adjustments. Adjusting for the impact of these two Non-Cash Adjustments, the business achieved a 152% growth in EBITDA to R83 million and R29 million in operating profit, a R57 million improvement against the prior year's loss of R28 million. As the GBN contract rolls off, the business is actively right-sizing its cost base and diversifying its revenue streams across private sector industries. Progress continues to be made on the COT legal process. In parallel with the section 116 (3) of the Municipal Management Finance Act process which the COT's Municipal Council approved for the undisputed portion of our claim, the arbitration process with COT regarding the disputed portion of our claim commenced in April with the first hearing set for June 2023. The Arbitrator indicated that he would make an award shortly thereafter and then provide further directions. Based on legal opinions we have received, our case remains strong with the arbitration process set to determine the quantum of the disputed claim, as the contract has already been determined valid and binding by the Constitutional Court ruling on 19 May 2021, hence the COT is abiding with this decision and accordingly agreed to the Section 116 (3) process and the arbitration process.

OTHER

Altron Arrow

Altron Arrow grew revenue by 34% to R679 million and EBITDA by 108% to R52 million. Operating profit grew to R50 million, up 117%. The strong performance in revenue can be attributed to an increase in product demand, a broadening of the customer base and product cost inflation. Improved operational efficiencies from the adoption of artificial intelligence across its operations delivered operating leverage.

DISCONTINUED OPERATIONS

Despite the termination of the sale of ADS to Bi-Africa, Altron continues to classify ADS as held for sale as it continues to explore options to exit this business. ADS grew revenue for the year by 10% to R1.2 billion, however, EBITDA of R60 million was negatively impacted by the ADS Non-Cash Adjustment relating to a provision on inventory held of R74 million and an impairment of R30 million on an outstanding receivable.

Altron Rest of Africa's revenue of R190 million was lower than the prior year by 32%. EBITDA loss of R52 million and operating loss of R52 million increased relative to the prior year loss by 16% and 6% respectively.

Altron remains committed to completing the disposal of all assets held for sale in discontinued operations.

CASH MANAGEMENT

The Group increased its cash balance by R82 million for the financial year to R681 million, representing a 14% improvement against the prior year.

Key investing activities for the year to support our growth largely comprised the following items:

- The deferred purchase consideration of R54 million for the acquisition of Ubusha and R30 million for the acquisition of Lawtrust;
- Acquisition of PPE to the sum of R96 million and intangible assets of R118 million; and
- An increase in capital rental devices of R259 million driven by our Netstar business.

FINAL DIVIDEND

The Board remains committed to maintaining Altron's dividend cover of 2.5 times headline earnings on continuing operations. The final dividend is calculated based on current continuing operations HEPS, adjusted to remove the impact of the COT and GBN Non-Cash Adjustments.

As such, a final dividend of 19 cents per share (15.20000 cents net of 20% dividend withholding tax) is declared for the financial year ended 28 February 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 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 410 805 451 including 32 287 468 treasury shares.

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

Dividend dates

Last day to trade cum dividend	Tuesday, 30 May 2023
Commence trading ex-dividend	Wednesday, 31 May 2023
Record date	Friday, 2 June 2023
Final Dividend Payment date	Monday, 5 June 2023

Share certificates may not be dematerialised or re-materialised between Wednesday, 31 May 2023 and Friday, 2 June 2023, both days inclusive.

DIRECTORATE AND COMMITTEE CHANGES

During the financial year, our Board continued to provide valuable input to the Group in realising its strategic goals. The Board and its Committees underwent several changes during the year, and these were announced on various SENS announcements.

The Company underwent leadership changes when Mr Mteto Nyati, Group Chief Executive and Executive Director of the Board, resigned on 30 June 2022 and the Chairman, Mr Stewart van Graan was appointed as acting Group Chief Executive and Executive Chairman with Dr Phumla Mnganga appointed as the Lead Independent Director between 1 July 2022 to 30 September 2022. Mr Werner Kapp was appointed as the Company's Group Chief Executive and Executive Director with effect from 1 October 2022 and as a member of the Investment Committee with effect from 13 February 2023.

Mr Samuel "Sam" Sithole (Non-Executive Director) and Mr Tapiwa Ngara (in his capacity as the Alternate Non-Executive Director to Mr Antony Ball) resigned on 20 March 2023. Mr Ngara was subsequently appointed as the Non-Executive Director of the Company and Chairman of the Investment Committee on 20 March 2023.

The Board adopted a decision to restructure the Remuneration, Social, Ethics and Sustainability Committee into two stand-alone committees, namely:

- The Remuneration Committee comprising of Dr Phumla Mnganga (Chairperson), Mr Antony Ball (Member), Ms Sharoda Rapeti (Member) and Mr Robert Venter (Member); and
- The Social, Ethics and Sustainability Committee comprising of Ms Sharoda Rapeti (Chairperson), Ms Alupheli Sithebe (Member), Mr Robert Venter (Member) and Mr Werner Kapp (Member).

ANNUAL RESULTS for the year ended 28 February 2023

CASH DIVIDEND DECLARATION AND CHANGE TO THE BOARD

(continued)

KEY SUBSIDIARY COMPANY DIRECTORATE

Messrs Venter and Dawson were appointed on the Netstar Board to provide guidance to the Netstar management team. Mr Grant Fraser has since been appointed as Managing Director of Netstar and as part of further streamlining governance, the Board has resolved to resign Messrs Venter and Dawson as non-executive directors of Netstar. Ms Alupheli Sithebe's appointment as the Chairperson of Netstar's Financial Reporting and Accounting Committee will also be terminated. The Altron Board will continue to provide guidance and oversight to the Netstar Management team as it does with all its other operations.

OUTLOOK

Management expects the ongoing challenges facing the industry including loadshedding, inflationary and currency pressures to continue to put pressure on Altron and its customers' businesses. Profit improvement strategies have been implemented in Altron Systems Integration and Netstar with early leading indicators in both businesses showing positive momentum, repositioning both businesses for growth. Into FY2024 the Group's focus will be on executing its clear growth strategy to grow revenue and drive operating leverage, whilst investing in its growth businesses.

CHANGES TO THE BOARD – RESIGNATION AND APPOINTMENT OF CHIEF FINANCIAL OFFICER AND EXECUTIVE DIRECTOR

Mr Nicholas Bofilatos, has made the decision to permanently move to the Netherlands with his family, and as such has advised the Board of his intention to step down as the Group's Chief Financial Officer and Executive Director.

The Board undertook an intense search for Mr Bofilatos' replacement and is pleased to announce the appointment of Mr Carel Snyman as the Group's Chief Financial Officer and Executive Director with effect from 1 June 2023.

Mr Snyman is a qualified CA(SA) with over 20 years of financial experience which includes significant experience as a financial executive at Naspers, MultiChoice Africa where he was Chief Financial Officer and most recently, as the Chief Financial Officer at Aztomix Proprietary Limited, a company he co-founded.

Mr Bofilatos will continue in the leadership team of the Company until 31 October 2023 while Mr Snyman transitions into the role.

The Board congratulates Mr Snyman on his appointment and looks forward to his contribution and thanks Mr Bofilatos for his contribution to Altron over the past four years.

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/YE23.pdf> and which is also available on our website at: <https://www.altron.com>.

The directors of Altron take full responsibility for the preparation of this provisional report and the financial information has been correctly extracted from the underlying audited financial statements.

Any investment decisions made by investors and/or shareholders should be based on consideration of the full annual financial results as a whole and investors and/or shareholders are encouraged to review the full annual financial results at https://www.altron.com/financial-reporting/#annual_results.

The key audit matters (pursuant to ISA 701) can be viewed via the full independent auditor's audit report and the annual financial statements at: <https://www.altron.com>.

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 N Bofilatos
Chief Financial Officer

Registered Office

Altron Campus, 20 Woodlands Drive, Woodlands Office Park, Woodmead, Gauteng, South Africa, 2191

Sponsor

Investec Bank Limited

Transfer Secretaries

Computershare Investor Services Proprietary Limited, 1st Floor, Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196

Directors

Mr SW van Graan (Chairman), Mr WG Kapp (Group Chief Executive)*, Mr N Bofilatos (Chief Financial Officer)*, Mr A Ball, Mr BW Dawson, Mr GG Gelink, Dr P Mnganga, Ms AK Sithebe, Mr RE Venter, Ms S Rapeti, Mr TR Ngara



Group Company Secretary

Ms M Ngcobo

14 May 2023
Johannesburg

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AUDITED SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 28 February 2023

The audited Summary Consolidated Financial Statements have been independently audited by the Group's external auditor. The audited Summary Consolidated Financial Statements have been prepared by the Altron finance staff and was supervised by Mr Nicholas Bofilatos CA(SA), Chief Financial Officer. The results were made available on 15 May 2023.



Independent auditor's report on the summary consolidated financial statements

To the shareholders of Altron Limited

Opinion

The summary consolidated financial statements of Altron Limited, contained in the accompanying provisional report, which comprise the summary consolidated balance sheet as at 28 February 2023, the summary consolidated statement of comprehensive income, changes in equity and cash flows for the year then ended, and related notes, are derived from the audited consolidated financial statements of Altron Limited for the year ended 28 February 2023.

In our opinion, the accompanying summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements, in accordance with the requirements of the JSE Limited Listings Requirements for provisional reports, as set out in note 3 to the summary consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

Summary consolidated financial statements

The summary consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards and the requirements of the Companies Act of South Africa as applicable to annual financial statements. Reading the summary consolidated financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated financial statements and the auditor's report thereon.

The audited consolidated financial statements and our report thereon

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated 14 May 2023. That report also includes communication of key audit matters. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period.

Director's responsibility for the summary consolidated financial statements

The directors are responsible for the preparation of the summary consolidated financial statements in accordance with the requirements of the JSE Limited Listings Requirements for provisional reports, set out in note 3 to the summary consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

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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.



Auditor's responsibility

Our responsibility is to express an opinion on whether the summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), *Engagements to Report on Summary Financial Statements*.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: AM Motaung
Registered Auditor
Johannesburg, South Africa
14 May 2023

SUMMARY CONSOLIDATED BALANCE SHEET

as at 28 February 2023

R millions	Notes	Group	
		28 February 2023	28 February 2022
Assets			
<i>Non-current assets</i>		4 013	3 965
Property, plant and equipment		397	438
Goodwill and other intangible assets		1 554	1 530
Right-of-use assets		572	761
Equity-accounted investments		33	79
Finance lease assets		32	-
Contract costs capitalised		551	388
Capital rental devices		345	277
Net defined benefit asset		295	254
Deferred taxation		234	238
<i>Current assets</i>		5 649	5 404
Inventories		1 023	972
Trade and other receivables		2 055	1 961
Financial assets at fair value through profit and loss		20	3
Contract assets		126	101
Taxation receivable		30	24
Cash and cash equivalents		740	757
Assets classified as held-for-sale	11	3 994 1 655	3 818 1 586
Total assets		9 662	9 369
Equity and liabilities			
<i>Total equity</i>		4 300	4 354
Attributable to Altron shareholders		4 182	4 248
Non-controlling interests		118	106
<i>Non-current liabilities</i>		2 088	2 098
Loans		851	854
Lease liabilities		788	896
Contract liabilities		412	318
Deferred taxation		37	30
<i>Current liabilities</i>		3 274	2 917
Loans		3	86
Lease liabilities		111	117
Bank overdraft		59	158
Provisions		17	14
Trade and other payables		1 566	1 523
Financial liabilities at fair value through profit and loss		5	7
Contract liabilities		398	330
Taxation payable		103	77
Liabilities classified as held-for-sale	11	2 262 1 012	2 312 605
Total equity and liabilities		9 662	9 369

SUMMARY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 28 February 2023

R millions	Notes	%	Group	
			28 February 2023	28 February 2022
CONTINUING OPERATIONS				
Revenue	14, 15	19%	9 464	7 930
Other income			107	61
Operating costs excluding capital items			(8 410)	(6 851)
Earnings before interest, taxation, depreciation, amortisation, capital items and equity-accounted profit (EBITDA before capital items and equity-accounted profits)*	15	2%	1 161	1 140
Depreciation and amortisation			(699)	(642)
Operating profit before capital items	15	(7%)	462	498
Capital items	5		(63)	(213)
Operating profit			399	285
Finance income			52	35
Finance expense			(202)	(181)
Share of profit from equity-accounted investees, net of taxation			3	3
Profit before taxation			252	142
Taxation			(102)	(63)
Profit for the period from continuing operations			150	79
DISCONTINUED OPERATIONS				
Revenue	14, 15		1 384	1 588
Other income			17	2
Operating costs excluding capital items			(1 509)	(1 635)
Earnings before interest, taxation, depreciation, amortisation and capital items (EBITDA before capital items)*	15		(108)	(45)
Depreciation and amortisation			(8)	(13)
Operating loss before capital items	15	(100%)	(116)	(58)
Capital items	5		(78)	(144)
Operating loss			(194)	(202)
Finance income			34	18
Finance expense			(2)	(6)
Loss before taxation			(162)	(190)
Taxation			25	16
Loss for the period from discontinued operations			(137)	(174)
Net profit/(loss) for the year			13	(95)

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

SUMMARY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (continued)

for the year ended 28 February 2023

R millions	Notes	%	Change	Group		
				28 February 2023	28 February 2022	
Other comprehensive income						
Items that will not be reclassified to profit or loss						
				14	(24)	
Items that are or maybe reclassified subsequently to profit or loss						
				50	(12)	
				(4)	-	
Other comprehensive income/(loss) for the year, net of taxation				60	(36)	
Total comprehensive income/(loss) for the year				73	(131)	
Net profit/(loss) attributable to:						
Non-controlling interests						
				17	9	
				15	6	
				2	3	
Altron equity holders				(4)	(104)	
				135	73	
				(139)	(177)	
Net profit/(loss) for the year				13	(95)	
Total comprehensive income/(loss) attributable to:						
Non-controlling interests						
				17	9	
				15	6	
				2	3	
Altron equity holders				56	(140)	
				188	37	
				(132)	(177)	
Total comprehensive income/(loss) for the year				73	(131)	
Basic earnings per share from continuing operations				80%	36	20
Diluted earnings per share from continuing operations				84%	35	19
Basic loss per share from discontinued operations				23%	(37)	(48)
Diluted loss per share from discontinued operations				23%	(36)	(47)
Basic loss per share from total operations				96%	(1)	(28)
Diluted loss per share from total operations				96%	(1)	(28)

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

SUMMARY CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 28 February 2023

R millions	Notes	Group	
		28 February 2023	28 February 2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated by operations		1 295	1 068
Interest received		124	114
Interest paid		(251)	(241)
Dividends received from equity-accounted investees and other investments		8	2
Taxation paid		(50)	(94)
Dividends paid, including to non-controlling interests		(152)	(442)
Net cash inflow from operating activities		974	407
CASH FLOWS FROM INVESTING ACTIVITIES			
Net proceeds on the disposal of subsidiaries and businesses net of cash	8	(2)	138
Proceeds on disposal of property, plant and equipment and intangible assets		10	21
Acquisition of subsidiaries and businesses net of cash	9	(84)	(235)
Acquisition of intangible assets		(118)	(62)
Acquisitions of property, plant and equipment		(96)	(151)
Cash outflow from other investing activities	10	(54)	(71)
Cash inflow from other investing activities	10	42	33
Acquisition of capital rental devices		(259)	(183)
Net cash outflow from investing activities		(561)	(510)
CASH FLOWS UTILISED IN FINANCING ACTIVITIES			
Loans advanced		850	300
Loans repaid		(850)	-
Settlement of finance leases*		(214)	(228)
Lease payments		(143)	(144)
Net cash outflow from investing activities		(357)	(72)
Net increase / (decrease) in cash and cash equivalents			
Cash and cash equivalents at the beginning of the period (excluding cash held-for-sale)		599	804
Effect of exchange rate fluctuations		11	(3)
Movement in cash classified as held-for-sale	11	15	(27)
Net cash and cash equivalents at the end of the period**		681	599
* Principal lease payments in relation to rental finance lease liabilities.			
** Cash and cash equivalents cash comprises:			
Cash excluding cash classified as held-for-sale		712	702
Cash held on behalf of merchants		28	55
Bank overdrafts		(59)	(158)
Net cash and cash equivalents per the statement of cash flows		681	599

SUMMARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 28 February 2023

R millions	Attributable to Altron shareholders				
	Share capital and premium	Treasury shares	Reserves	Retained earnings	Total
Balance at 28 February 2021	1 158	(222)	(2 948)	6 776	4 764
Total comprehensive loss for the year					
Loss for the year	–	–	–	(104)	(104)
Other comprehensive loss					
Foreign currency translation differences in respect of foreign operations	–	–	(12)	–	(12)
Remeasurement on net defined benefit asset	–	–	(24)	–	(24)
Total other comprehensive loss	–	–	(36)	–	(36)
Total comprehensive loss for the year	–	–	(36)	(104)	(140)
Transactions with owners, recorded directly in equity					
Contributions by and distributions to owners					
Dividends to equity holders	–	–	–	(437)	(437)
Issue of share capital	56	–	(56)	–	–
Share-based payment transactions	–	–	61	–	61
Total contributions by and distributions to owners	56	–	5	(437)	(376)
Transactions with owners, recorded directly in equity	56	–	5	(437)	(376)
Balance at 28 February 2022	1 214	(222)	(2 979)	6 235	4 248
Total comprehensive loss for the year					
Loss for the year	–	–	–	(4)	(4)
Other comprehensive income					
Foreign currency translation differences in respect of foreign operations	–	–	50	–	50
Realisation of foreign currency translation differences upon disposal of foreign operations	–	–	(4)	–	(4)
Remeasurement on net defined benefit asset	–	–	14	–	14
Total other comprehensive income	–	–	60	–	60
Total comprehensive income for the year	–	–	60	(4)	56
Transactions with owners, recorded directly in equity					
Contributions by and distributions to owners					
Dividends to equity holders	–	–	–	(147)	(147)
Issue of share capital	24	–	(24)	–	–
Share-based payment transactions	–	–	25	–	25
Total contributions by and distributions to owners	24	–	1	(147)	(122)
Transactions with owners, recorded directly in equity	24	–	1	(147)	(122)
Balance at 28 February 2023	1 238	(222)	(2 918)	6 084	4 182

Dividends per share 19 cents (final) and 16 cents (interim) (2022: 23 cents (final) and 7 cents (interim)) (note 13).

Non-controlling interests	Total equity
102	4 866
9	(95)
–	(12)
–	(24)
–	(36)
9	(131)
(5)	(442)
–	–
–	61
(5)	(381)
(5)	(381)
106	4 354
17	13
–	50
–	(4)
–	14
–	60
17	73
(5)	(152)
–	–
–	25
(5)	(127)
(5)	(127)
118	4 300

NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 28 February 2023

1. INDEPENDENT AUDIT

The Summary Consolidated Financial Statements have been derived from the audited Consolidated Financial Statements. The directors of the Company take full responsibility for the preparation of the Summary Consolidated Financial Statements and that the financial information has been correctly derived and are consistent in all material respects with the underlying audited Consolidated Financial Statements. The Summary Consolidated Financial Statements for the year ended 28 February 2023 have been audited by our independent auditor, PricewaterhouseCoopers Inc. who have expressed an unmodified opinion thereon. The auditor also expressed an unmodified opinion on the Consolidated Financial Statements from which the Summary Consolidated Financial Statements were derived. The auditor's report does not necessarily report on all of the information contained in this announcement/financial results. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement they should obtain a copy of the auditor's report together with the accompanying financial information from the issuer's registered office. A copy of the auditor's report on the Group financial statements is available for inspection at the company's registered office or can be downloaded from the Company's website: www.altron.com/investors/reports-results/ together with the financial statements identified in the auditors' report.

2. GENERAL INFORMATION

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

During the current financial year, the ATM Hardware and Support Business of the Altron Managed Solutions' segment ("AMS ATM Hardware and Support Business") was classified as held-for-sale (note 11).

3. BASIS OF PREPARATION

The summary Group financial statements are prepared in accordance with the requirements of the JSE Limited Listings Requirements for provisional financial statements and the requirements of the Companies Act, 71 of 2008. The summary financial statements were prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and the South African Institute of Chartered Accountants (SAICA) Financial Reporting Guides as issued by the Accounting Practices Committee (APC) and the Financial Pronouncements as issued by the Financial Reporting Standard Council (FRSC), and to also, as a minimum, contain the information required by IAS 34 *Interim Financial Reporting*.

The summary Group 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.

The accounting policies applied in the preparation of the Consolidated Financial Statements from which the Summary Consolidated Financial Statements were derived, are in terms of IFRS and are consistent with those accounting policies applied in the preparation of the previous Consolidated Financial Statements. The Summary Consolidated Financial Statements should be read in conjunction with the Consolidated Financial Statements for the year ended 28 February 2023, which have been prepared in accordance with IFRS. A copy of the auditors' report on the Group financial statements is available for inspection at the company's registered office or can be downloaded from the company's website: www.altron.com/investors/reports-results/ together with the financial statements identified in the auditors' report.

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

3. BASIS OF PREPARATION (CONTINUED)

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 consolidated and separate financial statements for the year ended 28 February 2023, the Board has a reasonable expectation that the Group and Company have sufficient resources to continue in operation for the foreseeable future, which is not less than 12 months from the date of approval of the consolidated and separate financial statements. The financial statements therefore have been prepared on a going concern basis.

4. PRINCIPAL ACCOUNTING POLICIES

The accounting policies applied in the preparation of the Summary 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.

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

4.1 NEW AND AMENDED ACCOUNTING PRONOUNCEMENTS ADOPTED BY THE GROUP

As disclosed in note 32 of the Consolidated Financial Statements, a number of new pronouncements and/or interpretations were effective from 1 March 2022. These had no material effect on the Group or Company's financial statements.

4.2 NEW AND AMENDED ACCOUNTING PRONOUNCEMENTS ISSUED BUT NOT EFFECTIVE

As disclosed in note 32 of the Consolidated Financial Statements, 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 2023, or later periods, but which the Group has not early adopted.

NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 28 February 2023

5. CAPITAL ITEMS

R millions	Group	
	28 February 2023	28 February 2022
Continuing operations		
Net loss on disposal of property, plant and equipment	(2)	(2)
Net loss on deregistration of operations	-	(9)
Impairment of property, plant and equipment	(9)	(6)
Impairment of intangible assets	-	(14)
Write-off of vendor loan (AIMS)	-	(47)
Capital rental devices written off	(19)	(13)
Reversal of provision related to East Africa disposal	-	13
Impairment of right-of-use assets	(18)	(136)
Lease modifications and terminations	(12)	1
Impairment of held-for-sale disposal groups	(1)	-
Costs relating to disposal of operations	(2)	-
	(63)	(213)
Discontinued operations		
Loss on disposal of operations and subsidiaries	(41)	(28)
Costs relating to disposal of operations	(1)	(4)
Impairment of held-for-sale disposal groups	(36)	(100)
Impairment of intangible assets	-	(12)
	(78)	(144)
Total operations	(141)	(357)

6. EARNINGS PER SHARE

R millions	Group	
	28 February 2023	28 February 2022
Headline earnings per share from continuing operations	(cents) 47	51
Headline earnings per share from discontinued operations	(cents) (18)	(14)
Headline earnings per share from total operations	(cents) 29	37
Diluted headline earnings per share from continuing operations	(cents) 46	51
Diluted headline earnings per share from discontinued operations	(cents) (18)	(14)
Diluted headline earnings per share from total operations	(cents) 28	37

6.1 RECONCILIATION BETWEEN EARNINGS AND HEADLINE EARNINGS	Group	
	28 February 2023	28 February 2022
(R millions)		
Loss attributable to shareholders	(4)	(104)
Capital items	141	357
Vendor loan written off	-	(47)
Costs relating to disposal of operations	(3)	(4)
Tax effect of capital items	(24)	(63)
Non-controlling interest in capital items	(2)	(1)
Headline earnings	108	138
Headline earnings per share from total operations	(cents) 29	37

6. EARNINGS PER SHARE (CONTINUED)

		Group	
		28 February 2023	28 February 2022
6.2	RECONCILIATION BETWEEN EARNINGS AND HEADLINE EARNINGS FROM CONTINUING OPERATIONS		
	(R millions)		
	Earnings attributable to shareholders	135	73
	Capital items	63	213
	Costs relating to disposal of operations	(2)	–
	Vendor loan written off	–	(47)
	Tax effect of capital items	(18)	(48)
	Headline earnings	178	191
	Headline earnings per share from continuing operations	47	51
	(cents)		
6.3	RECONCILIATION BETWEEN EARNINGS AND HEADLINE EARNINGS FROM DISCONTINUED OPERATIONS		
	(R millions)		
	Loss attributable to shareholders	(139)	(177)
	Capital items	78	144
	Cost relating to disposal of operations	(1)	(4)
	Tax effect of capital items	(6)	(15)
	Non-controlling interest in capital items	(2)	(1)
	Headline earnings	(70)	(53)
	Headline earnings per share from discontinued operations	(18)	(14)
	(cents)		
6.4	RECONCILIATION OF WEIGHTED AVERAGE NUMBER OF SHARES	Number of shares	Number of shares
	Issued shares at the beginning of the year	407 572 398	401 883 022
	Effect of own shares	(32 287 468)	(32 287 469)
	Weighted average effect of shares issued during the year	1 971 370	2 307 174
	Weighted average number of shares	377 256 300	371 902 727
6.5	RECONCILIATION BETWEEN NUMBER OF SHARES USED FOR EARNINGS PER SHARE AND DILUTED EARNINGS PER SHARE		
	Weighted average number of shares	377 256 300	371 902 727
	Dilutive options	7 200 950	5 583 712
	Weighted average number of shares (diluted)	384 457 250	377 486 439
6.6	RECONCILIATION BETWEEN LOSS AND DILUTED LOSS		
	(R millions)		
	Loss attributable to shareholders	(4)	(104)
	Diluted loss	(4)	(104)
6.7	RECONCILIATION BETWEEN HEADLINE EARNINGS ATTRIBUTABLE TO SHAREHOLDERS AND DILUTED HEADLINE EARNINGS		
	(R millions)		
	Headline earnings	108	138
	Diluted headline earnings	108	138
	Diluted headline earnings per share from total operations	28	37
	(cents)		

NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 28 February 2023

7. 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.

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)

28 February 2022	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	3	3	–	3	–	3
	24	24	–	3	21	24
Financial liabilities measured at fair value						
Forward exchange contracts	(7)	(7)		(7)	–	(7)
	(7)	(7)	–	(7)	–	(7)

* Classified as held-for-sale.

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 data (unobservable inputs).

7. FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE (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 12.66% (2022: 14.25%). Annual perpetuity growth 0% (2022: 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.

Other investments

Investment in CBI-Electric Telecom Cables Proprietary Limited ("CBI Telecoms")

CBI Telecoms was placed into business rescue and the Group has lost its joint control over its investment. The Group has therefore changed the classification of the investment from equity accounting under IAS 28 – *Investments in Associates* ("IAS 28") to a financial asset under IFRS 9. Prior to the change in classification, the investment was carried at Rnil. The Group has made an election to recognise any subsequent changes in fair value of the investment under IFRS 9 through other comprehensive income. At 28 February 2023, CBI Telecoms remained in business rescue and continues to be valued at Rnil based on information received from the business rescue practitioner, including the expected realisation of assets and settlement of liabilities.

Transfers

There were no transfers between levels 1, 2 or 3 of the fair value hierarchy for the years ended 28 February 2023 and 28 February 2022.

NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 28 February 2023

8. DISPOSAL OF INTEREST IN JOINT VENTURE AND BUSINESSES

8.1 CURRENT YEAR DISPOSALS AND PROCEEDS RECEIVABLE

8.1.1 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.

8.1.2 Disposal of AROA operations, Altron Botswana and 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 current year to Tano Digital Solutions, effective 1 November 2022.

Prior to disposal, an impairment loss of R5 million was recognised specifically relating to Altron Botswana and Altron Mozambique held-for-sale assets and liabilities (note 11). The carrying value of the remaining assets and liabilities disposed of are disclosed below:

R millions	Group	
	28 February 2023	28 February 2022
Current assets	84	–
Inventory	9	–
Trade and other receivables	50	–
Taxation receivable	4	–
Cash and cash equivalents	21	–
Current-liabilities	(36)	–
Short term lease liabilities	(1)	–
Trade and other payables including contract liabilities	(35)	–
Disposal value	48	–
Foreign currency translation reserve recycled	(4)	–
Loss on disposal (note 5)	(41)	–
Cash and cash equivalents disposed	(21)	–
Proceeds received net of cash disposed	(18)	–

8.2 PRIOR YEAR DISPOSALS AND PROCEEDS RECEIVABLE

Disposal of Altron People Solutions (“APS”)

The APS business was disposed of to two buyers during the prior 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 current year as this was a contingent purchase consideration (“Contingency”).

9. ACQUISITION OF SUBSIDIARIES AND BUSINESSES AND CHANGES IN OWNERSHIP

9.1 PRIOR YEAR ACQUISITIONS AND DEFERRED PURCHASE CONSIDERATION

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.

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 was paid during the current year.

Acquisition of Ubusha Technologies Proprietary Limited (“Ubusha”)

Effective 1 March 2020, Altron, through its wholly owned subsidiary, Altron TMT SA Group Proprietary Limited, acquired the entire issued share capital of Gydan Investments (RF) Proprietary Limited, the holding company of Ubusha Technologies Proprietary Limited (“Ubusha”).

The purchase price was R367 million, of which R259 million was paid upfront in cash and shares in the 2021 financial year. The transaction was structured that the remainder of the purchase price is payable equally over two years, which resulted in a payment of R54 million in the 2022 financial year and a further R54 million was paid during the current year.

10. OTHER CASH FLOWS

10.1 CASH OUTFLOW FROM OTHER INVESTING ACTIVITIES

R millions	Group	
	28 February 2023	28 February 2022
Loans advanced to associates and other investments	(28)	(39)
Advances made to TAR during the year	(26)	(32)
	(54)	(71)
10.2 CASH INFLOW FROM OTHER INVESTING ACTIVITIES		
Repayment received from TAR during the year	42	33

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

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

ATM Hardware and Support Business of Altron Managed Solutions (“AMS”)

During the current year, the Board approved the disposal of the ATM Hardware and Support Business, a component of the Altron Managed Solutions segment (“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.

On 26 October 2022, a sale of business agreement was entered into between Altron, through its wholly owned subsidiary, Altron TMT Proprietary Limited (“ATMT”), and NCR Corporation, through its wholly owned subsidiary Spark ATM Systems Proprietary Limited (“NCR”), in terms of which the Company will sell, as a going concern, ATMT’s AMS ATM Hardware and Support Business to NCR.

The AMS segment will continue to operate all remaining portfolios including its retail solutions, end user computer support, cloud platform and software solutions. The Disposal of the AMS ATM Hardware and Support Business is aligned to the Altron Group’s strategy of being a capital light digital transformation and related solutions provider.

The relevant held-for-sale requirements of IFRS 5 were met at 28 February 2023, and the assets and liabilities relating to the AMS ATM Hardware and Support Business have been classified as such. 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.

Refer to subsequent events note 13.

NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 28 February 2023

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

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

11.2.1 Altron People Solutions (“APS”),

APS was disposed of during the latter part of the 2022 financial year and is included in the relevant held-for-sale and discontinued operation comparatives.

11.2.2 Altron Document Solutions (“ADS”)

Effective 31 August 2020, the Board resolved that the ADS 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 ADS and its associated subsidiary, Genbiz Trading 1001 Proprietary Limited (“Genbiz”) to Bi-Africa Investment Holdings Proprietary Limited (“Bi-Africa”).

The sale transaction was subject to the fulfilment of various conditions precedent, including regulatory approvals and the conclusion of a distribution agreement between Bi-Africa and the Original Equipment Manufacturer (“OEM”) to the satisfaction of both parties whereby Bi-Africa was to be appointed as the OEM's distribution agent in South Africa and Sub-Saharan Africa, to be fulfilled by the long stop date of 28 February 2023. While all regulatory approvals were received, Bi-Africa and the OEM could not conclude a distribution agreement, satisfactory to both parties, resulting in the termination of the sale transaction.

Extension of the period to complete the sale beyond one year

The termination of the sale transaction relating to ADS, coincided with Altron's financial year end. Altron will continue to actively market the ADS segment at a price that is reasonable, given the change in circumstances. The sale of ADS remains highly probable and management believes that ADS will be disposed within 12 months.

11.2.3 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 closure. 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.

Altron Botswana and Altron Mozambique were disposed of during the current year (refer to note 8) and are included in the comparative held-for-sale information. The Altron Botswana and Altron Mozambique 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. Included in the current AROA held-for-sale disposal group is, Altron Technologies Namibia (“Altron Namibia”) and Altron BTG Kenya (“Altron Kenya”) as the relevant requirements of IFRS 5 have been met for this classification.

Extension of the period to complete the sale beyond one year

The remaining held-for-sale AROA operations, namely Altron Namibia and Altron Kenya, are in the process of being disposed of subsequent to year end (refer to note 13). The conclusion of the AROA disposals is expected to be effected in the 2024 financial year.

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

11.3 FINANCIAL PERFORMANCE AND CASH FLOW INFORMATION

R millions	Group	
	28 February 2023	28 February 2022
Net assets of business held-for-sale:		
Assets classified as held-for-sale		
Property, plant and equipment	16	19
Goodwill and other intangible assets	7	20
Right-of-use assets	16	27
Financial assets at amortised cost	151	168
Financial assets at fair value through other comprehensive income	21	21
Finance lease assets	193	238
Deferred taxation	1	–
Non-current assets	405	493
Inventories	632	345
Trade and other receivables	590	712
Financial assets at fair value through profit or loss	8	–
Contract assets	8	9
Cash and cash equivalents	12	27
Current assets	1 250	1 093
Assets classified as held-for-sale	1 655	1 586
Liabilities classified as held-for-sale		
Loans	197	241
Lease liabilities	11	20
Non-current liabilities	208	261
Loans	177	201
Lease liabilities	8	10
Provisions	1	1
Trade and other payables	598	110
Contract liabilities	17	8
Taxation payable	3	14
Current liabilities	804	344
Liabilities classified as held-for-sale	1 012	605

NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 28 February 2023

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

11.3 FINANCIAL PERFORMANCE AND CASH FLOW INFORMATION (CONTINUED)

Breakdown of disposal groups held-for-sale:

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

Reconciliation of cumulative impairment losses:

R millions	Group			
	28 February 2023			
	Property, plant and equipment	Intangible assets and goodwill	Right-of-use asset	Total
Impairment losses at 28 February 2022	(13)	(155)	(16)	(184)
Impairment losses during the current 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
Impairment losses at 28 February 2023	(21)	(169)	(26)	(216)

Breakdown of disposal groups held-for-sale:

R millions	Group			
	28 February 2022			
	Altron Document Solutions	Altron Rest of Africa	Cumulative Impairments	Total
Non-current assets	668	9	(184)	493
Current assets	885	208	–	1 093
Assets classified as held-for-sale	1 553	217	(184)	1 586
Non-current liabilities	259	2	–	261
Current liabilities	299	45	–	344
Liabilities classified as held-for-sale	558	47	–	605

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

11.3 FINANCIAL PERFORMANCE AND CASH FLOW INFORMATION (CONTINUED)

Impairment losses on the held-for-sale disposal groups comprise:

R millions	Group			
	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)
Altron Document Solutions	(2)	(123)	(5)	(130)
Altron People Solutions	(4)	(41)	(5)	(50)
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)

Cash flows utilised in discontinued operations:

R millions	Group	
	28 February 2023	28 February 2022
Net cash generated from operating activities	256	202
Net cash utilised in investing activities	(26)	(20)
Net cash utilised in financing activities	(224)	(240)
Net cash flow for the year	6	(58)

12. RELATED PARTY TRANSACTIONS

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

R millions	Group	
	28 February 2023	28 February 2022
Transactions		
Key management remuneration	45	65
Dividends received		
Mediswitch Namibia Proprietary Limited	2	2
Balances		
Electronic DNA Proprietary Limited ("eDNA") – joint venture (Investment loan – gross balance)*	–	2
CBi - Electric Telecom Cables**	–	–
Funds advanced	21	8
Expected credit loss	(21)	(8)
Thobela Telecoms	239	358
Funds advanced to Joint Venture	95	80
Trade receivables	309	309
Total expected credit loss	(165)	(31)

* The interest in eDNA was disposed during the year, refer to note 8 for further details.

** CBi-Electric Telecom Cable is no longer a joint venture.

NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 28 February 2023

13. EVENTS AFTER THE REPORTING PERIOD

13.1 DISPOSAL OF AROA OPERATIONS

Altron Kenya Limited (“Altron Kenya”)

Effective 1 April 2023, the Group, through its subsidiary Altron International Holdings Proprietary Limited (“AIH”), disposed of its investment in Altron Kenya to TWM Digital Solutions (Private) Limited for a nominal consideration.

Altron Technologies Namibia Proprietary Limited (“Altron Namibia”)

The disposal of the Group’s 74% share investment in Altron Namibia to RCK Investment Proprietary Limited is in its final stages and is expected to be finalised in the 2024 financial year.

13.2 ATM HARDWARE AND SUPPORT BUSINESS OF ALTRON MANAGED SOLUTIONS (“AMS”)

As disclosed in note 11, the Board approved the disposal of the ATM Hardware and Support Business, a component of the Altron Managed Solutions segment (“AMS ATM Hardware and Support Business”).

On 26 October 2022, a sale of business agreement was entered into between Altron, through its wholly-owned subsidiary, Altron TMT Proprietary Limited (“ATMT”), and, NCR Corporation (“NCR”), through its wholly-owned subsidiary Spark ATM Systems Proprietary Limited.

ATMT and NCR Corporation have mutually agreed that the Transaction will be concluded through a newly-formed South African company, wholly-owned by NCR (“New Company”). Furthermore, ATMT and NCR have agreed, to extend the finalisation date for the fulfilment of the outstanding conditions precedent by one month to 31 May 2023. This extension is to allow the Parties to finalise the necessary regulatory approvals.

The Company and NCR remain committed to closing the Transaction.

13.3 RESIGNATION AND APPOINTMENT OF CHIEF FINANCIAL OFFICER AND EXECUTIVE DIRECTOR

Mr Nicholas Bofilatos has tendered his resignation as the Company’s Chief Financial Officer and Executive Director with effect from 31 May 2023. Mr Carel Snyman has been appointed the Company’s Chief Financial Officer and Executive Director with effect from 1 June 2023. Mr Bofilatos will remain in the leadership of the Company as Mr Snyman transitions into the role.

13.4 RESIGNATION OF NON-EXECUTIVE DIRECTOR AND APPOINTMENT OF NON-EXECUTIVE DIRECTOR

The Altron Group announced that effective 20 March 2023 Mr Sam Sithole has resigned as Non-Executive Director and Chairman of the Investment Committee.

The Altron Group announced that effective 20 March 2023 Mr Tapiwa Ngara has been appointed as a Non-Executive Director and Chairperson of the Investment Committee and therefore no longer fulfil the role as alternate Director to Mr AC Ball.

13.5 DECLARATION OF DIVIDEND

Declaration of final dividend

The Board declared a final gross dividend of 19 cents per share on 12 May 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 SUMMARY CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 28 February 2023

14. 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.

28 February 2023

Continuing operations

R millions

Group

Revenue by product	Altron Managed Solutions	Altron Nexus	Managed Services	Altron Systems Integration	Altron Security	Altron Karabina
Project related revenue	–	467	467	269	–	292
Over time	–	467	467	269	–	292
Sale of goods and related services	925	132	1 057	412	15	–
At a point in time	925	89	1 014	412	15	–
Over time	–	43	43	–	–	–
Maintenance, support and outsource services	957	436	1 393	622	185	9
Over time	957	436	1 393	622	185	9
Training and skills management	–	–	–	–	–	–
Over time	–	–	–	–	–	–
Software, cloud and licenses, including software assurance services	–	–	–	304	236	49
At a point in time	–	–	–	1	236	49
Over time	–	–	–	303	–	–
Software application and development	–	–	–	374	–	–
Over time	–	–	–	374	–	–
Switching and other transactional services	–	–	–	22	–	–
Over time	–	–	–	22	–	–
Total revenue from contracts with customers	1 882	1 035	2 917	2 003	436	350
Rental finance income	–	–	–	–	–	–
Total revenue	1 882	1 035	2 917	2 003	436	350
Revenue by geographic region						
South Africa	1 727	1 033	2 760	1 795	411	332
Rest of Africa	155	2	157	85	2	4
Total Africa	1 882	1 035	2 917	1 880	413	336
Europe	–	–	–	70	11	–
Rest of world	–	–	–	53	12	14
Total International	–	–	–	123	23	14
Total revenue	1 882	1 035	2 917	2 003	436	350

	Digital Transformation	Netstar	FinTech	HealthTech	Own Platforms	Altron Arrow	Corporate and consolidation and other international operations	Other	Continuing operations
	561	-	-	-	-	-	(29)	(29)	999
	561	-	-	-	-	-	(29)	(29)	999
	427	1 685	879	-	2 564	668	(50)	618	4 666
	427	246	228	-	474	668	(34)	634	2 549
	-	1 439	651	-	2 090	-	(16)	(16)	2 117
	816	-	117	-	117	-	(24)	(24)	2 302
	816	-	117	-	117	-	(24)	(24)	2 302
	-	-	-	-	-	-	11	11	11
	-	-	-	-	-	-	11	11	11
	589	174	8	181	363	11	(69)	(58)	894
	286	-	8	181	189	11	(31)	(20)	455
	303	174	-	-	174	-	(38)	(38)	439
	374	-	-	-	-	-	(2)	(2)	372
	374	-	-	-	-	-	(2)	(2)	372
	22	-	40	169	209	-	(11)	(11)	220
	22	-	40	169	209	-	(11)	(11)	220
	2 789	1 859	1 044	350	3 253	679	(174)	505	9 464
	-	-	-	-	-	-	-	-	-
	2 789	1 859	1 044	350	3 253	679	(174)	505	9 464
	2 538	1 500	1 033	346	2 879	582	(111)	471	8 648
	91	6	9	4	19	10	(74)	(64)	203
	2 629	1 506	1 042	350	2 898	592	(185)	407	8 851
	81	1	2	-	3	1	11	12	96
	79	352	-	-	352	86	-	86	517
	160	353	2	-	355	87	11	98	613
	2 789	1 859	1 044	350	3 253	679	(174)	505	9 464

NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 28 February 2023

14. REVENUE BY SEGMENT (CONTINUED)

28 February 2023

Discontinued operations

R millions

Group

Revenue by product	Altron Document Solutions	Altron Rest of Africa	Discontinued operations
Sale of goods and related services	505	121	626
At a point in time	505	105	610
Over time	–	16	16
Maintenance, support and outsource services	588	38	626
Over time	588	38	626
Software, cloud and licenses, including software assurance services	19	31	50
At a point in time	10	31	41
Over time	9	–	9
Total revenue from contracts with customers	1 112	190	1 302
Rental finance income	82	–	82
Total revenue	1 194	190	1 384
Revenue by geographic region			
South Africa	1 124	–	1 124
Rest of Africa	70	190	260
Total Africa	1 194	190	1 384
Total revenue	1 194	190	1 384
Total revenue – total operations			10 848

NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 28 February 2023

14. REVENUE BY SEGMENT (CONTINUED)

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.

28 February 2022

Continuing operations

R millions

Group

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	300	63	–
At a point in time	854	81	935	300	63	–
Over time	–	89	89	–	–	–
Maintenance, support and outsource services	906	389	1 295	632	121	12
Over time	906	389	1 295	632	121	12
Software, cloud and licenses, including software assurance services	–	–	–	106	20	45
At a point in time	–	–	–	7	20	45
Over time	–	–	–	99	–	–
Software application and development	–	–	–	153	–	–
Over time	–	–	–	153	–	–
Switching and other transactional services	–	–	–	27	–	–
Over time	–	–	–	27	–	–
Total revenue from contracts with customers	1 760	803	2 563	1 695	204	317
Rental finance income	–	–	–	–	–	–
Total revenue	1 760	803	2 563	1 695	204	317
Revenue by geographic region						
South Africa	1 600	746	2 346	1 556	185	287
Rest of Africa	160	57	217	51	1	7
Total Africa	1 760	803	2 563	1 607	186	294
Europe	–	–	–	49	5	–
Rest of world	–	–	–	39	13	23
Total International	–	–	–	88	18	23
Total revenue	1 760	803	2 563	1 695	204	317

* Comparatives have been restated to reflect the transfer of the Altron UAE segment, which was previously included in the Corporate and consolidation and other international operations segment and is now managed and analysed together with Altron Systems Integration for the year ended 28 February 2023. The amount of revenue transferred amounts to R35 million.

	Digital Transformation	Netstar	FinTech	HealthTech	Own Platforms	Altron Arrow	Corporate and consolidation and other international operations	Other	Continuing operations
	737	-	-	-	-	-	(21)	(21)	960
	737	-	-	-	-	-	(21)	(21)	960
	363	1 518	134	-	1 652	490	(146)	344	3 383
	363	138	120	-	258	490	(146)	344	1 900
	-	1 380	14	-	1 394	-	-	-	1 483
	765	-	83	-	83	-	45	45	2 188
	765	-	83	-	83	-	45	45	2 188
	171	-	6	160	166	17	(66)	(49)	288
	72	-	6	160	166	17	(61)	(44)	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
	2 216	1 670	854	323	2 847	507	(203)	304	7 930
	-	-	-	-	-	-	-	-	-
	2 216	1 670	854	323	2 847	507	(203)	304	7 930
	2 028	1 369	835	319	2 523	497	(91)	406	7 303
	59	4	14	4	22	2	(123)	(121)	177
	2 087	1 373	849	323	2 545	499	(214)	285	7 480
	54	-	5	-	5	-	12	12	71
	75	297	-	-	297	8	(1)	7	379
	129	297	5	-	302	8	11	19	450
	2 216	1 670	854	323	2 847	507	(203)	304	7 930

NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 28 February 2023

14. REVENUE BY SEGMENT (CONTINUED)

28 February 2022

Discontinued operations

R millions

Group

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
Over time	–	–	–	–
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
Total revenue – total operations				9 518

15. REPORTING SEGMENTS

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. The Group determines and presents operating segments based on the information that is internally provided to the Group's executive committee, who is the Group's Chief Operating Decision-Makers ("CODM").

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, tax, depreciation, amortisation, capital items and equity-accounted profits ("EBITDA before capital items").

Both measures are used by the CODM for profitability assessment and resource allocation decisions. 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 of corporate assets (primarily the Group's headquarters).

During the current year, Operating Income before capital items and EBITDA before capital items as previously presented to the CODM, 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 Operating profit before capital items and Adjusted EBITDA before capital items are presented before recognising the following:

- Expected Credit Loss ("ECL") adjustment relating to Thobela Telecoms (RF) Proprietary Limited ("Thobela"), a debtor in Altron Nexus ("Nexus").
- Specific obsolete stock provisioning on Gauteng Broadband Network contract ("GBN") phase 2 project in Nexus.
- Impairment of an Altron Document Solutions ("ADS") debtor.
- Specific obsolete stock provisioning in ADS.
- The impact of costs relating to the modification and forfeitures on the share-based payments charge, as a result of the UK demerger. These costs are included in the corporate and consolidation segment in the prior year.
- Severance costs included in the Altron Systems Integration ("ASI") and corporate and consolidation segment in the prior year.

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. At the beginning of the current period, international division UAE was transferred to Altron Systems Integration from Corporate and consolidation and other international operations. The results for the period ending 28 February 2022 was restated to reflect the change of this transfer.

NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 28 February 2023

15. 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 income 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:

Group	Revenue			EBITDA before capital items			Operating profit before capital items		
	28 Feb 2023	28 Feb 2022	Growth	28 Feb 2023	28 Feb 2022	Growth	28 Feb 2023	28 Feb 2022	Growth
CONTINUING OPERATIONS									
Altron Managed Solutions	1 882	1 760	7%	118	88	34%	74	34	118%
Altron Nexus	1 035	803	29%	(82)	33	(348%)	(136)	(28)	(386%)
Managed Services	2 917	2 563	14%	36	121	(70%)	(62)	6	(1 133%)
Altron Systems Integration*	2 003	1 695	18%	5	51	(90%)	(20)	10	(300%)
Altron Security	436	204	114%	104	43	142%	74	23	222%
Altron Karabina	350	317	10%	43	36	19%	23	16	44%
Digital Transformation*	2 789	2 216	26%	152	130	17%	77	49	57%
Netstar	1 859	1 670	11%	629	631	(0%)	192	262	(27%)
FinTech	1 044	854	22%	271	223	22%	233	193	21%
HealthTech	350	323	8%	103	101	2%	96	91	5%
Own Platforms	3 253	2 847	14%	1 003	955	5%	521	546	(5%)
Altron Arrow	679	507	34%	52	25	108%	50	23	117%
Corporate and consolidation and other international operations*	(174)	(203)	14%	(82)	(91)	10%	(124)	(126)	2%
Other*	505	304	66%	(30)	(66)	55%	(74)	(103)	28%
Continuing operations	9 464	7 930	19%	1 161	1 140	2%	462	498	(7%)
DISCONTINUED OPERATIONS									
Altech Multimedia	–	–	–	(2)	–	(100%)	(2)	–	(100%)
Altech Autopage	–	–	–	(2)	(1)	(100%)	(2)	(1)	(100%)
Powertech Group	–	–	–	7	–	100%	7	–	100%
Altron Document Solutions	1 194	1 084	10%	(60)	30	(300%)	(67)	21	(419%)
Altron People Solutions	–	224	(100%)	2	(14)	114%	2	(14)	114%
Altron Rest of Africa	190	280	(32%)	(52)	(45)	(16%)	(52)	(49)	(6%)
Corporate and consolidation	–	–	–	(1)	(15)	93%	(2)	(15)	87%
Discontinued operations	1 384	1 588	(13%)	(108)	(45)	(140%)	(116)	(58)	(100%)
Total	10 848	9 518	14%	1 053	1 095	(4%)	346	440	(21%)

* Comparatives have been restated to reflect the transfer of the Altron UAE segment, which was previously included in the Corporate and consolidation and other international operations segment and is now managed and analysed together with Altron Systems Integration for the year ended 28 February 2023.

	Depreciation			Adjusted EBITDA before capital items			Adjusted operating profit before capital items		
	28 Feb 2023	28 Feb 2022	Growth	28 Feb 2023	28 Feb 2022	Growth	28 Feb 2023	28 Feb 2022	Growth
	(44)	(53)	17%	118	88	34%	74	34	118%
	(53)	(61)	13%	83	33	152%	29	(28)	204%
	(97)	(114)	15%	201	121	66%	103	6	1 617%
	(25)	(42)	40%	5	59	(92%)	(20)	18	(211%)
	(30)	(20)	(50%)	104	43	142%	74	23	222%
	(20)	(20)	0%	43	36	19%	23	16	44%
	(75)	(82)	9%	152	138	10%	77	57	35%
	(437)	(369)	(18%)	629	631	–	192	262	(27%)
	(38)	(30)	(27%)	271	223	22%	233	193	21%
	(7)	(10)	30%	103	101	2%	96	91	5%
	(482)	(409)	(18%)	1 003	955	5%	521	546	(5%)
	(2)	(2)	0%	52	25	108%	50	23	117%
	(42)	(36)	(17%)	(82)	(45)	(82%)	(124)	(80)	(55%)
	(44)	(38)	(16%)	(30)	(20)	(50%)	(74)	(57)	(30%)
	(698)	(643)	(9%)	1 326	1 194	11%	627	552	14%
	–	–	–	(2)	–	(100%)	(2)	–	(100%)
	–	–	–	(2)	(1)	(100%)	(2)	(1)	(100%)
	–	–	–	7	–	100%	7	–	100%
	(9)	(9)	–	44	30	47%	37	21	76%
	–	–	–	2	(14)	114%	2	(14)	114%
	–	(3)	100%	(52)	(45)	(16%)	(52)	(49)	(6%)
	–	–	–	(1)	–	(100%)	(2)	–	(100%)
	(9)	(12)	25%	(4)	(30)	87%	(12)	(43)	72%
	(707)	(655)	(8%)	1 322	1 164	14%	615	509	21%

NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 28 February 2023

15. REPORTING SEGMENTS (CONTINUED)

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

R millions	Group	
	28 February 2023	28 February 2022
EBITDA before capital items	1 053	1 095
Reconciling items:		
Depreciation – Property, plant and equipment	(105)	(104)
Depreciation – Right-of-use assets	(147)	(178)
Amortisation	(116)	(97)
Amortisation of costs incurred to acquire contracts and capital rental devices	(339)	(276)
Total operating profit before capital items	346	440
Discontinued operations loss before capital items	116	58
Continuing operations profit before capital items	462	498

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.

Reconciliation of reported EBITDA to adjusted EBITDA

R millions	Group	
	28 February 2023	28 February 2022
Total Altron Group		
EBITDA before capital items	1 053	1 095
ECL adjustment relating to Thobela included in Nexus	134	–
Obsolete stock provisioning for GBN phase 2 project included in Nexus	31	–
Impairment of an ADS debtor	30	–
Obsolete stock provisioning for ADS	74	–
Share-based payment charge	–	45
Severance costs	–	24
Adjusted EBITDA	1 322	1 164

Reconciliation of reported Operating profit to adjusted Operating profit

R millions	Group	
	28 February 2023	28 February 2022
Total Altron Group		
Operating profit before capital items	346	440
ECL adjustment relating to Thobela included in Nexus	134	–
Obsolete stock provisioning for GBN phase 2 project included in Nexus	31	–
Impairment of an ADS debtor	30	–
Obsolete stock provisioning for ADS	74	–
Share-based payment charge	–	45
Severance costs	–	24
Adjusted Operating profit	615	509

SUPPLEMENTARY INFORMATION

for the year ended 28 February 2023

TOTAL OPERATIONS

Unaudited

R millions	Group	
	28 February 2023	28 February 2022
Depreciation and amortisation	707	655
Net foreign exchange profit / (loss)	18	(27)
Cashflow movements		
Capital expenditure (including intangibles)	214	213
Net movement on capital rental devices	68	13
Additions	259	183
Written off during the year	(19)	(13)
Amortisation for the year	(172)	(157)
Capital commitments	-	-
Contingent liabilities		
There were no contingent liabilities identified as at 28 February 2023.		
Ratios (total operations)		
EBITDA margin	9.7%	11.5%
Return on equity (continuing operations) – averaged	4.2%	3.0%
Return on operating assets	5.1%	6.8%
Return on net assets	5.6%	6.9%
Current ratio	1.7:1	1.9:1
Acid test ratio	1.4:1	1.5:1

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