

ALTRON

A young green plant with several leaves, some of which are covered in water droplets. The plant is positioned in the center of the frame. The background is a dark, moody blue with a large, stylized 'L' shape that frames the plant. The 'L' is composed of two thick, rounded lines, one vertical and one horizontal, meeting at a corner. The overall aesthetic is clean and modern, with a focus on nature and growth.

Annual Financial Statements

for the year ended 29 February 2024

THIS PAGE IS LEFT BLANK INTENTIONALLY

Contents

2	Directors' report
7	Company secretary certificate
7	Chief Executive Officer's and Chief Financial Officer's responsibility statement
8	Report of the Altron Audit and Risk Committee
12	Independent auditor's report
20	Summary of material accounting policies
45	Consolidated financial statements
51	Notes to the consolidated financial statements
178	Separate financial statements
182	Notes to the separate financial statements
188	Historical financial review

ALTRON LIMITED

Registration number: 1947/024583/06

Share code: AEL

ISIN: ZAE000191342

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

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

The Annual Financial Statements for the year ended 29 February 2024 were approved on 17 May 2024.

Directors' report

To the shareholders of Altron Limited ("Altron" or "Group" or "the Company")

The Directors hereby submit the Annual Financial Statements of the Group for the year ended 29 February 2024.

NATURE OF BUSINESS

The Company is a South African incorporated public company listed on the Johannesburg Stock Exchange ("JSE"). The Company's registration number is 1947/024583/06. Altron is a leading ICT business, operating in a number of geographies. Its key subsidiaries are Altron TMT Proprietary Limited (which includes various operating divisions), Arrow Altech Holdings Proprietary Limited and Netstar Proprietary Limited ("Netstar") (including offshore operations).

FINANCIAL RESULTS

Particulars of the Group's attributable earnings and earnings per share for the year ended 29 February 2024 are given in the consolidated statement of comprehensive income, whilst particulars of the Group's headline earnings per share for the year ended 29 February 2024 are given in note 26 of the consolidated financial statements.

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

DIVIDENDS

On 10 November 2023, the Board resolved to declare and pay an interim dividend of 25 cents per share in respect of the interim period ended 31 August 2023. The dividend was paid on 4 December 2023.

At the Altron Board meeting held on 17 May 2024, the Board resolved to declare and pay a final dividend of 33 cents per share in respect of the financial year ended 29 February 2024. Refer to note 28 of the consolidated annual financial statements.

SUBSIDIARIES, ASSOCIATE COMPANIES AND OTHER INVESTMENTS

Particulars of the principal subsidiaries of the Group are given in note 2 of the separate financial statements and note 43.1 of the consolidated financial statements, whilst particulars of the associate companies, joint ventures and other investments are provided in note 43.2 to 43.5 of the consolidated financial statements.

SHARE CAPITAL

The authorised share capital of the Company is 500 000 000 A ordinary shares of no par value, 500 000 000 N ordinary shares with a par value of R0.01 per share and 1 high voting share of no par value (unlisted). The issued share capital of the Company as at 29 February 2024 is 411 018 564 A ordinary shares of no par value and 1 high voting share of no par value (unlisted). There are 32 287 468 Treasury shares in issue. For full details on the share capital of the Company, refer to note 13.

CORPORATE ACTIVITY DURING THE YEAR

Sale of the ATM hardware and support business of Altron Managed Solutions

With effect from 1 July 2023, Altron TMT Proprietary Limited, a wholly-owned subsidiary of the Group, through its Altron Managed Solutions disposed its ATM hardware and support business to NCR Corporation through its wholly-owned subsidiary, Spark ATM Systems Proprietary Limited. Refer to notes 40 and 42 of the consolidated Annual Financial Statements for the further details on the disposal.

TRANSACTIONS WITH NON-CONTROLLING INTERESTS

Assets and liabilities classified as held-for-sale and discontinued operations

Altron Rest of Africa ("AROA") has been classified held-for-sale since June 2021 as the Group embarked on the disposal of the various entities within AROA. In FY24, the Group disposed of Altron Technologies Namibia Proprietary Limited, Altron BTG Kenya Limited and Altron BTG Rwanda Limited. Refer to notes 40 and 42 of the consolidated annual financial statements.

Altron Nexus, the Group's non-core and loss making operation, was streamlined and classified as held-for-sale.

Altron Document Solutions remains held-for-sale.

Directors' report continued

Altron Document Solutions ("ADS")

The ADS business provides office printer technology solutions and services in South Africa and Sub-Saharan Africa. ADS has been the strategic partner for Xerox Limited ("Xerox") in these markets, distributing and servicing Xerox office automation and high-volume production products and solutions for more than 20 years. Additionally, ADS distributes Duplo finishing equipment and Fujifilm inkjet production machines in the local market. This high invested-capital business is no longer core to Altron's operating model and has been classified as held-for-sale since 31 August 2020 (note 40).

While the sale of ADS to BiAfrica Proprietary Limited (a subsidiary of BiAfrica Investment Holdings Proprietary Limited) ("BiAfrica"), was unsuccessful, the Group is actively engaged with multiple potential bidders who have expressed interest in acquiring ADS while it remains held-for-sale.

Altron Nexus ("Nexus")

Nexus, being the incumbent service provider for the Gauteng Broadband Network ("GBN") phase 1 and 2 was not awarded GBN phase 3. This necessitated the conducting of a full business review, including the associated operating model of Nexus' three focus areas, namely Critical Communications, Huawei Enterprises Networking and Broadband Network Services. The Broadband Network Services business which was underpinned by the GBN contract was wound down. The Huawei Enterprises Networking operations were rationalised and consolidated to Altron Systems Integration in a manner that ensured the retention of key skills. The remaining Critical Communications focuses on non-core critical communications.

Nexus was classified as held-for-sale and Altron continues to actively pursue opportunities to sell Nexus (note 40).

EVENTS AFTER REPORTING PERIOD

The Board declared a final dividend of 33 cents per share on 17 May 2024.

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.

SHARE SCHEMES

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

GENERAL AUTHORITY TO ISSUE SHARES

The remaining unissued A ordinary shares are the subject of a general authority granted to the Directors in terms of, among others, the Companies Act of 2008 as amended and which authority remains valid only until the next Annual General Meeting which will be held on Wednesday, 31 July 2024. At that meeting, shareholders will be asked to place 3% of the unissued A ordinary shares under the control of the Directors. Shareholders will also be asked to authorise the Board to issue the shares under their control. This mandate is provided to allow the Board and authorised members of management to issue shares for the Altron Share Scheme and in the ordinary course of business (inter-Group transactions).

BOARD AND COMMITTEE CHANGES DURING THE YEAR

During the 2024 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.

Mr. Nicholas Bofilatos tendered his resignation as the Company's Chief Financial Officer and Executive Director with effect from 31 May 2023 and completed his notice period on 30 November 2023. Mr. Carel Snyman assumed his role as the Company's Chief Financial Officer and Executive Director with effect from 1 June 2023. Mr. Snyman was also appointed a member of the Investment Committee with effect from 23 February 2024.

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

In accordance with Articles 25.6.1 and 25.17 of the Company's Memorandum of Incorporation, the following Directors will be elected and re-elected respectively at Altron's Annual General Meeting to be held on 31 July 2024:

Election:

- Mr. Grigoris Kouteris (Independent Non-Executive Director)

Re-election:

- Mr. Stewart van Graan
- Ms. Alupheli Sithebe
- Ms. Sharoda Rapeti
- Mr. Robbie Venter
- Mr. Grant Gelin

All the retiring Directors are eligible and available for re-election. Their profiles appear in the Integrated Annual Report at www.altron.com.

Directors' report continued

COMPANY SECRETARY

The role of Group Company Secretary continues to be occupied by Ms. Mbali Ngcobo. The Company Secretary's business and postal addresses appear in the Integrated Annual Report at www.altron.com. The Board is satisfied that Ms. Ngcobo maintains an arm's-length and independent relationship with the Board and is not a Director of Altron, as required in terms of Paragraphs 3.84 (h) of the JSE Listings Requirements. In evaluating the Company Secretary, the Board has considered the prescribed duties and responsibilities of the Company Secretary which are set out in the Companies Act of 2008 as amended, JSE Listings Requirements and governance requirements as set out in King IV.

SEGMENT REPORTING

Segment information is included in note 41 of the consolidated financial statements.

EBITDA (before capital items and equity accounted profits / (losses)) for the financial year ended 29 February 2024 was R985 million.

Operating Income (before capital items) for the financial year ended 29 February 2024 was R210 million.

DIRECTORS' INTERESTS

As at 29 February 2024, the Directors of the Company held direct and indirect interests (through an associate as defined in the JSE Listings Requirements) in the Group. As at 29 February 2024, the Directors held 159 053 015 of the Company's issued A ordinary shares on a cumulative basis (2023: 139 471 695). Details of shares held per individual Director are listed below:

Director	Direct Beneficial	Indirect Beneficial	Indirect Non-Beneficial	Detail of indirect beneficial and non-beneficial shareholding
GG Gelink	38 000	0	0	
RE Venter	44 015	56 192 243	0	Shares held through Biltron Proprietary Limited where the Director is a beneficiary.
S van Graan	0	25 000	0	Shares held by the spouse of the Director.
B Dawson	0	3 057 866	0	Cumulative Shares held through Campan Enterprises Proprietary Limited (2 721 088) and Anuva Investments Limited (336 778) where Director is a beneficiary.
AC Ball				
T Ngara	0	0	99 262 667	Cumulative shares controlled by Value Capital Partners Proprietary Limited where the Directors are employees.
S Sithole*				
WG Kapp	0	433 224	0	Shares held through the WG Kapp Family Trust where the Director is a beneficiary.
Total	82 015	59 708 333	99 262 667	

*resigned 20 March 2023

PUBLIC AND NON-PUBLIC SHAREHOLDERS (AS AT 29 FEBRUARY 2024)

A Ordinary Shares	Number of Shareholders	Shares Held	% of total issued A ordinary shares
Non-Public Shareholders	8	191 340 483	46.6
Director/Related Holdings	7	159 053 015	38.7
Treasury Shares	1	32 287 468	7.9
Public Shareholders	11 211	219 678 081	53.4
Total	11 216	411 018 564	100

Directors' report continued

MATERIAL SHAREHOLDERS

Beneficial shareholders (excluding Directors' direct interest) holding 5% or more of the Company's listed A ordinary shares as at 29 February 2024 were the following:

Names	Number of A ordinary shares held	% of total issued A ordinary shares
Value Capital Partners (Pty) Limited*	99 262 667	24.2
Coronation Asset Management (Pty) Limited	86 295 034	21.0
Biltron (Pty) Limited	56 192 243	13.7
Altron Finance (Pty) Limited**	32 287 468	7.9
Camissa Asset Management (Pty) Limited	26 806 167	6.5
Total	300 843 579	73.2

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

** Related party of Altron and holds Treasury shares on behalf of the Group.

GEOGRAPHICAL HOLDINGS

The geographical shareholding of the Group as at 29 February 2024 is comprised as follows:

Geographic Holdings	Number of A ordinary shares held	% of total issued A ordinary shares
South Africa	392 410 369	95.5
North America and Canada	8 839 550	2.2
England and Wales	305 180	0.1
Rest of Europe	4 308 081	1.0
Other	5 155 384	1.3
Total	411 018 564	100

EXTERNAL AUDITOR

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

The Altron Audit and Risk Committee ("AARC") reviewed the independence of the auditor during the period under review and satisfied itself that the auditors were independent of the Group.

SPECIAL RESOLUTIONS

The Company passed four special resolutions during the year ended 29 February 2024 (all special resolutions were passed at the Company's Annual General Meeting on 27 July 2023):

- Approving the remuneration of the independent Non-Executive Chairman.
- Approving the remuneration of the Non-Executive Directors.
- Approving the remuneration payable to Non-Executive Directors participating in statutory and Board committees.
- Approving financial assistance to related or inter-related companies and corporations.

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

CORPORATE GOVERNANCE

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

Altron's application of the King IV Principles is contained in the Corporate Governance Report which appears in the Altron Limited Integrated Annual Report for the year ended 29 February 2024 at www.altron.com.

REGULATORY MATTERS

There are no material regulatory matters in the Group.

Directors' report continued

DIRECTOR EMOLUMENTS

The individual Director emoluments paid in respect of the financial year under review are contained in the Altron Limited Annual Remuneration Report for the year ended 29 February 2024 forming part of the Altron Limited Integrated Annual Report for the year ended 29 February 2024 at www.altron.com and in note 20.1 of the consolidated financial statements.

BORROWING POWERS AND RESTRICTIVE FUNDING ARRANGEMENTS

In terms of its Memorandum of Incorporation, Altron has unlimited borrowing powers. As at 29 February 2024 unutilised borrowing facilities amounted to R1 540 million (2023: R1 402 million).

REPURCHASED EQUITY SECURITIES

No securities of Altron were repurchased during the financial year under review.

ISSUES FOR CASH

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

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are responsible for the preparation and fair presentation of the consolidated and separate Annual Financial Statements of Altron, comprising of the balance sheet at 29 February 2024, and the statements of comprehensive income, changes in equity and cash flows for the year ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB) and Interpretations as issued by the IFRS Interpretations Committee (IFRIC), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee (APC), Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council (FRSC), the JSE Listings Requirements and the requirements of the Companies Act, and the Directors' Report. Any changes to accounting policies have been approved by the Board of Directors and the effects thereof have been explained in the Annual Financial Statements. The Company also subscribes in all its activities to principles of best practice and corporate governance, as set out in the King IV Report on Corporate Governance for South Africa 2016.

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

The Directors reviewed the budgets and cash flow forecasts of the Company and its subsidiaries for the year ended 29 February 2024. On the basis of this review and in light of the current financial position and existing borrowing facilities, the Directors have made an assessment of the ability of the Company and its subsidiaries to continue as going concerns and have no reason to believe that the businesses will not be going concerns in the year ahead and have accordingly adopted the going concern basis in preparing the Annual Financial Statements.

The Directors are responsible for the controls over, and the security of, the website and where applicable, for establishing and controlling the process for electronically distributing Annual Financial Statements and other financial information to shareholders and to the Companies and Intellectual Property Commission.

Where we are not satisfied, we have disclosed to the AARC and the auditor the deficiencies in the design and operational effectiveness of the internal financial controls and any fraud that involves Directors and have taken the necessary remedial action.

The independent auditor, PricewaterhouseCoopers Inc., is responsible for reporting on whether the consolidated and separate financial statements set out on page 20 to 186 are fairly presented in accordance with the applicable financial reporting framework.

APPROVAL OF CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

The consolidated and separate Annual Financial Statements of Altron, as set out on page 20 to 186 were approved by the Board of Directors on 17 May 2024 and signed on its behalf by:

For: Altron Limited



SW van Graan
Chairman



WG Kapp
Chief Executive Officer



C Snyman
Chief Financial Officer

19 May 2024

Company Secretary's certificate

In terms of section 88(2)(e) of the Companies Act, No. 71 of 2008, I certify that, to the best of my knowledge and belief, the company has lodged with the Companies and Intellectual Property Commission all such returns and notices that are required of a public company in terms of the Companies Act, in respect of the financial year ended 29 February 2024, and that all such returns and notices are true, correct and up to date.



Ms. MB Ngcobo
Group Company Secretary

19 May 2024

Chief Executive Officer and Chief Financial Officer's responsibility statement

for the year ended 29 February 2024

Each of the Directors, whose names are stated below, hereby confirm that:

- a) the Annual Financial Statements, set out on pages 20 to 186, fairly present in all material respects the financial position, financial performance and cash flows of the issuer in terms of IFRS Accounting Standards;
- b) to the best of our knowledge and belief, no facts have been omitted or untrue statements made that would make the Annual Financial Statements false or misleading;
- c) internal financial controls have been put in place to ensure that material information relating to the issuer and its consolidated subsidiaries have been provided to effectively prepare the financial statements of the issuer;
- d) the internal financial controls are adequate and effective and can be relied upon in compiling the Annual Financial Statements, having fulfilled our role and function as the Executive Directors with primary responsibility for the implementation and execution of controls;
- e) where we are not satisfied, we have disclosed to the Audit and Risk Committee and the auditors, any deficiencies in design and operational effectiveness of the internal financial controls, and have taken steps to remedy the deficiencies; and
- f) we are not aware of any fraud involving the directors.



Mr. WG Kapp
Chief Executive Officer



Mr. C Snyman
Chief Financial Officer

19 May 2024

Report of the Altron Audit and Risk Committee

for the year ended 29 February 2024

We are pleased to present our report for the financial year ended 29 February 2024. The Altron Audit and Risk Committee (“the Committee” or “AARC”) is an independent statutory committee whose duties are delegated to it by the Board of Directors (“the Board”) of Altron Limited (“Altron”).

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

AUDIT AND RISK COMMITTEE MANDATE AND TERMS OF REFERENCE

The Committee operates in terms of a formal Mandate and Terms of Reference which are reviewed and approved by the Board annually. During the past financial year, the Committee’s Mandate and Terms of Reference have been reviewed and updated to further align with corporate governance best practice. The Committee has conducted its affairs in compliance with its Mandate and Terms of Reference and has fulfilled its responsibilities contained therein.

AUDIT AND RISK COMMITTEE MEMBERS AND ATTENDANCE AT MEETINGS

During the 2024 financial year, the Committee consisted of three Independent, Non-Executive Directors and met at least three times per annum as per the Committee’s Mandate and Terms of Reference. The Altron Group Chief Executive, Chief Financial Officer, Group Executives (as appropriate from time to time), the External Auditor (PricewaterhouseCoopers Inc.) and other senior function managers such as the Altron Tax Executive, Treasury and Corporate Actions Executive, attend meetings by invitation from the Committee. The Chairman of the Committee (Mr. Grant Gelink) meets regularly with the Chief Financial Officer, the External Auditor and other Group Executives.

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

Committee Membership

Members and Qualifications	Committee date of Appointment	May 2023	October 2023	November 2023	February 2024
GG Gelink (Chairman) Independent Non-Executive Director CA (SA); BCompt (Hons) (UNISA); BCom (UND) (Hons) (UNISA)	21/07/2012	Yes	Yes	Yes	Yes
AK Sithebe Independent Non-Executive Director BCom Acc (RAU); BCom Acc (Hons) (UNISA); CA (SA); MBA (GIBS)	28/07/2021	Yes	Yes	Yes	Yes
S Rapeti Independent Non-Executive Director Higher National Diploma in Electrical Engineering (DUT); MBA (cum laude) (University of Wales)	19/11/2021	Yes	Yes	Yes	Yes

ROLES AND RESPONSIBILITIES

The Committee’s roles and responsibilities include its statutory duties as per the Companies Act No. 71 of 2008, as amended (“the Companies Act”), King IV Code on Corporate Governance for South Africa 2016 and the responsibilities assigned to it by the Altron Board which includes assisting the Board in fulfilling its oversight responsibilities, in particular with regard to the integrity of the Group’s financial statements, effectiveness of the systems of internal control, financial reporting and risk management.

Report of the Altron Audit and Risk Committee continued

for the year ended 29 February 2024

STATUTORY DUTIES

In conducting its duties, the Committee performed the following statutory duties, *inter alia*:

- Nominated the re-appointment of PricewaterhouseCoopers Inc. ("PwC") as the External Auditor of the Company for the financial year ended 29 February 2024, with Mr. Skalo Dikana as the lead audit partner, a registered auditor which, in the opinion of the Committee, is independent of the Company and the Altron Group. The re-appointment of PwC as External Auditor was approved by Altron shareholders during the Company's Annual General Meeting held on 27 July 2023.
- Ensured that the re-appointment of the External Auditor complies with the Companies Act, and any other legislation relating to the appointment of auditors.
- Determined the External Auditor's terms of engagement and fees.
- Determined the nature and extent of the non-audit related services that the External Auditor may provide to the Company and the Altron Group.
- Pre-approved any proposed agreement with the External Auditor for the provision of non-audit related services to the Company and the Altron Group.
- Discharged those statutory obligations of an Audit Committee as prescribed by section 94 of the Companies Act, acting in its capacity as the appointed Audit Committee of the Altron Group subsidiaries and the material subsidiaries which conduct their activities through the respective subsidiary's Financial Review and Risk Committees.

KEY AREAS OF ACTIVITY DURING THE YEAR

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

- Reviewed the Chief Financial Officer's reports wherein the Group's financial performance, forecasts, budget, capital expenditure, balance sheet, working capital, going concern assessment, solvency and liquidity assessment, cash flow and debt management, and dividend declaration were reported on.
- Reviewed reports from the Group Treasury Executive with regard to Group funding matters, including the Group's facilities, the refinancing and ongoing renewal thereof, debt covenants and compliance of arrangements with the Group's lenders.
- Reviewed reports relating to enterprise risk management, cyber security, fraud reporting, loss reporting and integrated assurance from the responsible Group Executive.
- Monitored the legal matter and the financial provisioning relating to legal proceedings between Altron Nexus and the City of Tshwane.
- Monitored the legal matter and the financial provisioning relating to legal proceedings between Altron Nexus and Aeonova 360 Management Services Proprietary Limited.
- Received reports from the Altron Arrow Financial Reporting and Review Committee.
- Reviewed the Committee's revised and amended Mandate and Terms of Reference and annual work plan.
- Reviewed and discussed legislative and regulatory changes.

EXTERNAL AUDITOR RE-APPOINTMENT AND INDEPENDENCE

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

The Committee, in consultation with Altron's executive management, agreed to the engagement letter, terms, audit plan and proposed external audit fees for the financial year ended 29 February 2024.

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

The Committee has nominated, for re-appointment at the Annual General Meeting to be held during 2024, PwC as the External Auditor of Altron for the financial year ending 28 February 2025. Furthermore, the Committee has satisfied itself that PwC, the audit firm of Altron's major subsidiaries, is not disqualified from acting as such. The Committee conducted the auditor suitability assessment in terms of sections 3.84(g)(iii) and 22.15(h) of the JSE Listings Requirements.

The Committee has nominated, for appointment, Mr. Skalo Dikana, as the designated auditor/lead audit partner for the Altron Group as required in terms of 92(1) of the Companies Act and the JSE Listings Requirements.

Report of the Altron Audit and Risk Committee continued

for the year ended 29 February 2024

FINANCIAL STATEMENTS

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

GOING CONCERN

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

EXPERTISE AND EXPERIENCE OF THE CHIEF FINANCIAL OFFICER AND FINANCE FUNCTION

The Committee assessed the Chief Financial Officer's (Mr. Carel Snyman) expertise and experience for the role as required in terms of paragraph 3.84(g) of the JSE Listings Requirements in May 2024 and confirms that it is satisfied that Mr. Snyman possesses the appropriate expertise and experience to meet the responsibilities of this position.

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

DUTIES ASSIGNED BY THE BOARD

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

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

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

RISK MANAGEMENT

The Committee fulfils an oversight role regarding risks, including financial reporting, fraud risks, cyber risks, enterprise risks, privacy and information risks, legal and compliance risks, as well as organisational resilience. The Committee satisfied itself that the level of unmitigated risks, both individually and in totality, are within the risk appetite of the Group, and that there is sufficient assurance provided to manage risks and the control environment through both internal and external assurance.

In relation to the governance of risk, the Committee:

- Reviewed and recommended to the Board the approval of the updated Treasury Policy for the Altron Group treasury activities;
- Reviewed and recommended to the Board the approval of the amended Dividend policy;
- Provided feedback to the Board on significant risks, including emerging risks, and significant changes to the Company's risk profile;
- Reviewed legal matters that could have a material impact on the Group;
- Continuous monitoring of the regulatory environment to ensure that the Group keeps abreast of matters affecting its regulatory environment; and
- Identification and monitoring of key compliance risks across the Group

INTERNAL FINANCIAL CONTROLS AND INTERNAL AUDIT

The internal audit function was performed by THM Holdings Proprietary Limited ("THM Holdings") and managed by the Chief Financial Officer, who monitors and has oversight of the affairs of the internal audit function.

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

Report of the Altron Audit and Risk Committee continued

for the year ended 29 February 2024

During the year under review, the Audit and Risk Committee, where internal audit and internal financial control was concerned:

- Approved the appointment of THM Holdings Proprietary Limited as the service provider to perform the internal audit function for the Altron Group;
- Examined and reviewed the progress made by internal audit against the approved FY24 audit plan;
- Considered internal audit findings and corrective actions taken in response to such findings;
- Reviewed and approved the FY25 internal audit plan;
- Evaluated the independence, effectiveness and performance of the internal audit function; and
- Reviewed and approved the design and training of the internal financial control dashboard

ETHICS LINE

The Ethics Report is presented to the Altron Social, Ethics and Sustainability Committee via the office of the Group Executive: Legal. The Altron Ethics Line is facilitated and managed by Deloitte. The Committee is satisfied that appropriate interventions have been put in place to deal with reporting throughout the Altron Group and that the Altron Group adequately communicates with employees on ethical matters and monitors instances of ethics within the Group.

COMBINED ASSURANCE

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

SUSTAINABILITY REPORTING

The Committee considered the Company's sustainability information as disclosed in the Integrated Annual Report for the year ended 29 February 2024 and has assessed its consistency with operational and other information known to Committee members, and for consistency with the Annual Financial Statements. The Committee discussed the sustainability information with management and is satisfied with the conclusions reached. The Committee is satisfied that the sustainability information is, in all material respects, reliable and consistent with the financial results. Nothing has come to the attention of the Committee to indicate any material deficiencies in this regard.

OPINION

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

The Committee has reviewed the separate and consolidated financial statements of Altron for the year ended 29 February 2024 and, based on the information provided to the Committee, considers that Altron complies, in all material aspects, with the requirements of the Companies Act and IFRS Accounting Standards.

The Committee has recommended the Annual Financial Statements for the year ended 29 February 2024 to the Board for approval. The Board has subsequently approved the Annual Financial Statements which will be open for discussion at the forthcoming Annual General Meeting.



GG Gelink
Chairman

Altron Audit & Risk Committee

19 May 2024



Independent auditor's report

To the Shareholders of Altron Limited

Report on the audit of the consolidated and separate financial statements

Our opinion

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Altron Limited (the Company) and its subsidiaries (together the Group) as at 29 February 2024, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with IFRS Accounting Standards and the requirements of the Companies Act of South Africa.

What we have audited

Altron Limited's consolidated and separate financial statements set out on pages 20 to 186 comprise:

- the consolidated and separate balance sheets as at 29 February 2024;
- the consolidated and separate statements of comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the financial statements, including material accounting policy information.

Basis for opinion

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

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

Independence


We are independent of the Group in accordance with the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*.

PricewaterhouseCoopers Inc., 4 Lisbon Lane, Waterfall City, Jukskei View, 2090
Private Bag X36, Sunninghill, 2157, South Africa
T: +27 (0) 11 797 4000, F: +27 (0) 11 209 5800, www.pwc.co.za

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

Our audit approach

Overview

	Overall group materiality <ul style="list-style-type: none"> Overall group materiality: R82.5 million, which represents 1% of consolidated revenue from continuing operations.
	Group audit scope <ul style="list-style-type: none"> Full scope audits were performed on nine financially significant components as well as the Company which was scoped in due to statutory audit requirements. Eight components were scoped in for the audit of one or more account balances, classes of transactions or disclosures in order to obtain sufficient audit evidence to reduce audit risk to an acceptable level overall and on FSLI basis. Analytical review procedures were performed over insignificant components
	Key audit matters <ul style="list-style-type: none"> Impairment assessment of goodwill

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

Materiality

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

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of



our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

<i>Overall group materiality</i>	R82.5 million
<i>How we determined it</i>	1% of consolidated revenue from continuing operations.
<i>Rationale for the materiality benchmark applied</i>	<p>We chose consolidated revenue from continuing operations, because in our view, it is the benchmark against which the performance of the Group can be consistently measured when year on year profits are volatile.</p> <p>We chose 1%, which is consistent with quantitative materiality thresholds used for profit-orientated groups, where profit/loss before tax is not considered the appropriate benchmark.</p>

How we tailored our group audit scope

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

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

In addition to a full scope audit of the Company (which was scoped in due to statutory audit requirements), we performed full scope audits of nine components that were considered to be financially significant (based on these component’s contribution to consolidated revenue, consolidated profit before taxation, consolidated earnings before interest; taxation; depreciation, amortisation; capital items and equity accounted profits (“EBITDA before capital items and equity accounted profits”), consolidated assets and consolidated liabilities). Eight components were scoped in for the audit of one or more account balances, classes of transactions or disclosures in order to obtain sufficient audit evidence to reduce audit risk to an acceptable level overall and on FSLI basis.

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



Key audit matters

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

We have determined that there are no key audit matters to communicate in our report in respect of the separate financial statements.

<i>Key audit matter</i>	<i>How our audit addressed the key audit matter</i>
<p>Impairment assessment of goodwill</p> <p>Refer to the following notes to the consolidated financial statements for detail:</p> <ul style="list-style-type: none"> - Note 2: Goodwill and other intangible assets; - Note 31.1: Critical estimates made by management - Impairment assessments of assets. <p>A significant portion of the Group’s net assets relate to goodwill, which arose from business combinations undertaken in prior years. International Accounting Standards (“IAS”) 36 – Impairment of Assets (“IAS 36”) requires the Group to conduct an annual impairment test, or more frequently if there is an indication of impairment, to assess the recoverability of the carrying value of goodwill. For the year ended 29 February 2024, as part of its annual impairment test for goodwill, the Group recognised an impairment loss of R 33 million which related to its Nexus business.</p> <p>In determining the recoverable amounts of the respective cash generating units (“CGUs”) that goodwill has been allocated to, the Group applied the fair value less costs of disposal (“FVLCD”) which makes use of a discounted</p>	<p>Our audit addressed this key audit matter as follows:</p> <ul style="list-style-type: none"> • We tested the mathematical accuracy of the valuation calculations, assessed the reasonableness of the allocation of assets and liabilities to the relevant CGUs, and evaluated the appropriateness of the valuation approach adopted by management with reference to the requirements of IAS 36. We noted no matters requiring further consideration. • We assessed the reliability of the Group’s budgets included in the business plans (which form the basis of the cash flow forecasts), by comparing prior period budgets to actual results. We found management’s cash flow forecasts to be within an acceptable range consistent with the historical actual results and obtained corroboration from management where the budgeted numbers significantly differed from actuals. • We agreed revenue, EBITDA, capital expenditure as well as working capital applied in the forecasted cash flows, to approved budgets and noted no material differences.

cash flow valuation model. When an impairment is identified through the assessment of the recoverable amount, an impairment loss is recognised in profit or loss where the recoverable amount is lower than the carrying value of the respective CGU.

Key areas of significant management estimation applied in the determination of the recoverable amounts of the respective CGUs relate to the determination of the following inputs and assumptions used in the FVLCD calculation:

- Forecast cash flow projections covering a five-year period;
- Terminal growth rates beyond the approved budget periods; and
- Discount rates used to reflect time value of money and other specific risks relevant to the CGUs.

We considered the impairment assessment of goodwill to be a matter of most significance to the current year audit of the consolidated financial statements due to the following:

- the significant estimation and assumptions applied by management in determining the recoverable amounts of the CGUs; and
- the magnitude of the goodwill balance in relation to the consolidated financial statements.

- We assessed the reasonableness of the revenue growth rates and EBITDA margins used in the discounted cash flow analysis through discussions with management to understand the basis for the assumptions used in respect of the cash flows and corroborated their explanations against historic performance as well as other strategic initiatives implemented by management. We assessed these to be reasonable.
- With the assistance of our valuation experts we independently calculated a discount rate, taking into account independently obtained data such as the cost of debt, risk free rates in the market, market risk premiums adjusted for specific risks relating to the relevant CGUs, debt/equity ratios as well as the beta of comparable companies. We applied these independently sourced and calculated inputs to management's forecasts and compared the recoverable amount of each CGU to the results of our independent calculations. No impairments were indicated through our independent calculations.
- The reasonableness of the terminal growth rate was assessed by comparing the terminal growth rates to long term growth rates obtained from independent sources. The growth rates used by management were accepted as comparable.
- We further assessed the reasonableness of the discount rates, revenue growth rates, terminal growth rates and forecasted cash flows by independently performing a sensitivity analysis to determine the degree by which these key assumptions would need to change in order to result in an impairment. We compared the results of our sensitivity analysis to management's impairment results in order to identify those CGUs considered

	sensitive to a change in assumptions for disclosure purposes. We did not note any aspects requiring further consideration.
--	--

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled “Altron Annual Financial Statements for the year ended 29 February 2024”, which includes the Directors’ Report, the Report of the Altron Audit and Risk Committee and the Company Secretary’s Certificate as required by the Companies Act of South Africa, which we obtained prior to the date of this auditor’s report, and the document titled “Altron Integrated Annual Report 2024”, which is expected to be made available to us after that date. The other information does not include the consolidated or the separate financial statements and our auditor’s report thereon.

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

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

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

Responsibilities of the directors for the consolidated and separate financial statements

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

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

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

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

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

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



statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on other legal and regulatory requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that PricewaterhouseCoopers Inc. has been the auditor of Altron Limited for 6 years.

A handwritten signature in black ink that reads 'PricewaterhouseCoopers Inc.' in a cursive script.

PricewaterhouseCoopers Inc.
Director: KJ Dikana
Registered Auditor
Johannesburg, South Africa
19 May 2024

Summary of material accounting policies

Altron Limited (the Company) is a South African registered company and is listed on the Johannesburg Stock Exchange (JSE). The consolidated financial statements of the Company for the year ended 29 February 2024 comprise the Company and its subsidiaries and the Group's interests in associates and joint arrangements (together referred to as the 'group'). Where reference is made to the Group in the accounting policies, it should be interpreted as referring to the Company where the context requires, unless otherwise noted.

STATEMENT OF COMPLIANCE

The consolidated and separate financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB) and Interpretations as issued by the IFRS Interpretations Committee (IFRIC), and comply with the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee (APC), Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council (FRSC), the Johannesburg Stock Exchange (JSE) Listings Requirements and the requirements of the South African Companies Act, No 71 of 2008 (the Companies Act). The consolidated and separate financial statements were authorised for issue by the Group's Board of Directors on 17 May 2024 and released on 20 May 2024.

BASIS OF PREPARATION

Amounts are rounded to the nearest million apart from earnings per share and the related number of shares (note 26), number of ordinary shares (note 13), share-based payments (note 13), directors' and prescribed officers' remuneration (note 20) and related party interests (note 30).

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

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

Non-current assets and disposal groups held-for-sale which include Altron Nexus ("Nexus") and Altron Document Solutions ("ADS") are measured at the lower of their carrying amount and fair value less costs to sell.

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

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 these consolidated and separate financial statements for the year ended 29 February 2024, 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 these consolidated and separate financial statements. The financial statements therefore have been prepared on a going concern basis.

Summary of material accounting policies

CONTINUED

CRITICAL JUDGEMENTS AND ESTIMATES

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

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

PRINCIPAL ACCOUNTING POLICIES

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

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

NEW AND AMENDED ACCOUNTING PRONOUNCEMENTS ADOPTED BY THE GROUP

As disclosed in note 32, a number of new pronouncements and / or interpretations were effective from 1 March 2023. These had no material effect on the Group or Company's financial statements.

NEW AND AMENDED ACCOUNTING PRONOUNCEMENTS ISSUED BUT NOT EFFECTIVE

As disclosed in note 32, 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 2024, or later periods, but which the Group has not early adopted.

BASIS OF CONSOLIDATION

SUBSIDIARIES

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

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

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

Summary of material accounting policies

CONTINUED

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

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

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

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

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

ASSOCIATES

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

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

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

Summary of material accounting policies

CONTINUED

JOINT ARRANGEMENTS

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

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

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

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

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

ELIMINATIONS ON CONSOLIDATION

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

BUSINESS COMBINATION

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

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

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

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

Summary of material accounting policies

CONTINUED

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

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

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

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

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

CAPITAL ITEMS

Capital items are items of income and expense relating to the impairment, subsequent reversal of impairment and disposal gains or losses of property, plant and equipment, right-of-use assets, investments, subsidiaries, intangible assets and capital items written off. Capital items also includes the following:

- Reclassification of foreign currency translation reserve to profit or loss.
- Net gains and losses arising from partial or full termination of leases (refer to accounting policy relating to leases).
- Gains or losses recognised on the measurement to fair value, less costs to sell of held-for-sale disposal groups.
- Impairment losses arising from the derecognition of right-of-use assets and subsequent recognition of net investment finance lease assets.
- Goodwill impairments.
- Any costs associated with the disposal of investments and subsidiaries.
- Any write-offs of vendor loan receivables.

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

Summary of material accounting policies

CONTINUED

EMPLOYEE BENEFITS

SHORT-TERM EMPLOYEE BENEFITS

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

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

RETIREMENT BENEFITS

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

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

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

DEFINED BENEFIT OBLIGATIONS

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

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

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

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

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

Summary of material accounting policies

CONTINUED

FINANCIAL INSTRUMENTS

ACCOUNTING FOR FINANCIAL INSTRUMENTS

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

RECOGNITION

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

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

CLASSIFICATION

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

Financial assets are classified as follows:

- Equity instruments at FVOCI – The assets are not held for trading and the Group has irrevocably elected on initial recognition to recognise the asset as at FVOCI.
- FVTPL – Instruments that are measured at FVTPL, include preference shares and forward exchange contracts.
- Amortised cost – These assets are held within a business model with the objective to collect the contractual cash flows; and the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

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

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

MEASUREMENT ON INITIAL RECOGNITION

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

Summary of material accounting policies

CONTINUED

SUBSEQUENT MEASUREMENT: FINANCIAL ASSETS

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

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

SUBSEQUENT MEASUREMENT: FINANCIAL LIABILITIES

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

DERECOGNITION

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

IMPAIRMENT

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

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

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires

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

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

Summary of material accounting policies

CONTINUED

HEDGING

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

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

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

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

TRADE AND OTHER RECEIVABLES

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

TRADE AND OTHER PAYABLES

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

CASH AND CASH EQUIVALENTS

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

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

Summary of material accounting policies

CONTINUED

DERIVATIVE FINANCIAL INSTRUMENTS

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

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

LEASES

LESSEE

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

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

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

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

The lease payments are discounted using the interest rate implicit in the lease, where this rate cannot be determined, the Group's incremental borrowing rate is used. Generally, the Group uses its incremental borrowing rate as the discount rate. The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes adjustments, where necessary, to reflect changes in financing conditions.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. Interest costs are charged to the statement of profit or loss and other comprehensive income over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to extend the lease term.

Summary of material accounting policies

CONTINUED

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

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

The right-of-use assets are subsequently measured at cost less any accumulated depreciation and impairment losses and adjusted for certain remeasurements of the lease liability. The right-of-use assets are depreciated over the shorter of the assets' useful lives and the lease terms on a straight-line basis.

The Group presents right-of-use assets as well as lease liabilities separately in the statement of financial position and is disclosed in note 3.

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

Lease and non-lease components

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

JUDGEMENTS APPLIED IN RECOGNISING LEASES

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

Portfolio leases

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

Summary of material accounting policies

CONTINUED

LESSOR

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

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

SUB-LESSOR

The Group is a sub-lessor (intermediate lessor) of its right-of-use assets (note 3).

The Group classifies the sublease as a finance lease, or an operating lease as follows:

- if the head lease is a short-term lease that the entity, as a lessee, has accounted for, then the sublease is classified as an operating lease.

Otherwise, the sublease is classified by reference to the right-of-use asset arising from the head lease, rather than by reference to the underlying asset. A lease is classified as a finance lease if it transfers substantially all the risks and rewards from the right-of-use asset resulting from the head lease; otherwise, it is classified as an operating lease.

For subleases classified as finance leases, the Group derecognises the right-of-use asset relating to the head lease that it transfers to the sublessee and recognises the net investment in the sublease; any difference between the right-of-use asset and the net investment in the finance sublease is recognised in profit or loss. At the commencement date, the net investment in the finance lease is measured at an amount equal to the present value of the lease payments for the underlying right-of-use assets during the lease term. The Group recognises finance income over the lease term, based on a pattern reflecting a constant period rate of return on the lessor's net investment in the lease.

For subleases classified as operating leases, the Group recognises the lease income from operating leases on a straight-line basis over the lease term. The respective leased asset is included in the statement of financial position based on its nature.

FINANCE INCOME AND EXPENSE

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

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

Finance expenses comprise interest expenses on borrowings, costs of funding such as loan commitment fees, unwinding of the discount on provisions and fair value adjustments on contingent consideration, that are recognised in profit or loss.

Summary of material accounting policies

CONTINUED

FOREIGN CURRENCIES

FOREIGN CURRENCY TRANSACTIONS

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

FOREIGN OPERATIONS

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

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

IMPAIRMENT OF NON-FINANCIAL ASSETS

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

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

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

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

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

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

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

Summary of material accounting policies

CONTINUED

REVERSAL OF IMPAIRMENT OF NON-FINANCIAL ASSETS

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

INTANGIBLE ASSETS

GOODWILL

Refer to 'basis of consolidation'.

RESEARCH AND DEVELOPMENT

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

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

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

OTHER INTANGIBLE ASSETS

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

SUBSEQUENT EXPENDITURE

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

AMORTISATION

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

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

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

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

Summary of material accounting policies

CONTINUED

INVENTORIES

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

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

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

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

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

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

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

PROPERTY, PLANT AND EQUIPMENT

OWNED ASSETS

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

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

SUBSEQUENT COSTS

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

Summary of material accounting policies

CONTINUED

CAPITAL WORK-IN-PROGRESS

Capital work-in-progress is stated at cost and not depreciated. Depreciation on capital work-in-progress commences when the assets are ready for their intended use in accordance with the category to which it relates.

DEPRECIATION

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

- The estimated useful lives for the current and comparative periods are as follows:
- Buildings 20 to 50 years;
- Leasehold improvements (included in land and buildings) shorter of lease period or useful life of asset;
- Plant and machinery 3 to 20 years;
- Motor vehicles 4 to 8 years;
- Furniture and equipment 5 to 20 years; and
- IT equipment and software 2 to 8 years.

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

CAPITAL RENTAL DEVICES

Capital rental devices include hardware and fitment cost attributable to customer service agreements and are measured at cost less accumulated depreciation and impairment losses. Capital rental devices for customers whose contracts are cancelled are written off and included in capital items within profit and loss.

The average useful life of capital rental devices has been assessed at 3 to 5 years.

PROVISIONS

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

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

WARRANTIES AND FAULT RECTIFICATION

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

Summary of material accounting policies

CONTINUED

ONEROUS CONTRACTS

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

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

SHARE-BASED PAYMENT TRANSACTIONS

EQUITY SETTLED

The fair value of share options granted to employees is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and expensed over the period during which the employees are required to provide services in order to become unconditionally entitled to the equity instruments. Shares issued to settle options exercised are transferred out of share-based payment reserve into share capital at the market value on exercise date.

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

CASH SETTLED

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

GROUP SHARE-BASED PAYMENT TRANSACTIONS

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

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

GROUP SHARE-BASED PAYMENT RECHARGE

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

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

Summary of material accounting policies

CONTINUED

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

The amount in excess of the capital contribution recognised as an increase in the investment in subsidiary is deferred and recognised as a reduction of the cost of the investment by the parent when settled by the subsidiary.

REVENUE FROM CONTRACTS WITH CUSTOMERS

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

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

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

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

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

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

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

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

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

Summary of material accounting policies

CONTINUED

PROJECT RELATED REVENUE

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

SALES OF GOODS AND RELATED SERVICES

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

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

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

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

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

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

MAINTENANCE, SUPPORT AND OUTSOURCE SERVICES

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

TRAINING AND SKILLS MANAGEMENT

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

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

Summary of material accounting policies

CONTINUED

SOFTWARE, CLOUD SERVICES, LICENCES AND SOFTWARE ASSURANCE PRODUCTS

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

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

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

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

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

SUBSCRIPTION LICENSES AND ASSURANCE PRODUCTS

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

POST SALE SUPPORT

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

MATERIAL CUSTOMER RIGHTS

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

Summary of material accounting policies

CONTINUED

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

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

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

SOFTWARE APPLICATION AND DEVELOPMENT

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

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

SWITCHING AND OTHER TRANSACTIONAL SERVICES

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

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

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

CAPITALISATION OF COSTS INCURRED TO OBTAIN CONTRACTS

The Group incurs certain costs to obtain contracts with customers. These costs include, fitment, agents' commissions and other costs directly attributable to the negotiation and conclusion of customer service contracts. The capitalised costs are amortised on a systematic basis over the average customer life and the amortisation relating to the hardware and fitment is included in amortisation in profit or loss.

The Group has elected to apply the practical expedient whereby the incremental costs of obtaining contracts are recognised as materials and services consumed in profit or loss, as and when these costs are incurred, if the amortisation period of the assets that the Group otherwise would have recognised is 12 months or less.

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

Summary of material accounting policies

CONTINUED

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

CAPITALISATION OF COSTS INCURRED TO FULFIL CONTRACTS

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

JUDGEMENTS APPLIED IN RECOGNISING REVENUE FROM CONTRACTS WITH CUSTOMERS

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

SALES OF GOODS AND RELATED SERVICES

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

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

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

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

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

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

Summary of material accounting policies

CONTINUED

SHARE CAPITAL

A ORDINARY SHARES

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

N ORDINARY SHARES

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

DIVIDENDS

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

REPURCHASE OF SHARE CAPITAL

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

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

RETURN OF CAPITAL

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

TAXATION

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

CURRENT TAX

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

DEFERRED TAX

Deferred tax is recognised based on temporary differences.

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

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

Summary of material accounting policies

CONTINUED

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

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

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

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

DIVIDENDS WITHHOLDING TAX

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

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

EARNINGS PER SHARE

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

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

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

OPERATING SEGMENTS

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components.

The Group determines and presents operating segments based on the information that is internally provided to the Group's executive committee, who are the Group's Chief Operating Decision-Maker (CODM).

An operating segment's operating results are reviewed regularly by the CODM to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the CODM include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Group's headquarters).

Summary of material accounting policies

CONTINUED

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

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

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

ACCOUNTING POLICIES APPLICABLE TO SEPARATE FINANCIAL STATEMENTS BASIS OF PREPARATION

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

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

INVESTMENT IN SUBSIDIARIES

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

DIVIDENDS RECEIVED BY THE COMPANY

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

DIVIDENDS PAID BY THE COMPANY

The Company discloses dividends paid in the cash flow statement as part of operating activities.

Consolidated balance sheet

at 29 February 2024

R millions	Notes	GROUP	
		29 February 2024	28 February 2023
ASSETS			
<i>Non-current assets</i>			
		4 139	4 013
Property, plant and equipment	1	336	397
Goodwill and other intangible assets	2	1 528	1 554
Right-of-use assets	3	394	572
Equity accounted investments	4	2	33
Finance lease assets	6	167	32
Contract costs capitalised	7	723	551
Capital rental devices	8	429	345
Net defined benefit asset	18	382	295
Deferred taxation	9	178	234
<i>Current assets</i>			
		5 216	5 649
Inventories	10	706	1 023
Trade and other receivables	11	1 684	2 055
Financial assets at fair value through profit or loss	11	5	20
Contract assets	19	59	126
Taxation receivable		55	30
Cash and cash equivalents	12	1 137	740
		3 646	3 994
Assets classified as held-for-sale	40	1 570	1 655
Total assets		9 355	9 662
EQUITY AND LIABILITIES			
<i>Total equity</i>			
		4 069	4 300
Share capital and share premium	13	1 019	1 016
Retained earnings		5 847	6 084
Other reserves	14	(2 943)	(2 918)
Attributable to Altron shareholders		3 923	4 182
Non-controlling interests	43	146	118
<i>Non-current liabilities</i>			
		1 720	2 088
Loans	15	425	851
Contract liabilities	19	547	412
Lease liabilities	3	730	788
Deferred taxation	9	18	37
<i>Current liabilities</i>			
		3 566	3 274
Loans	15	1	3
Lease liabilities	3	79	111
Bank overdrafts	12	513	59
Provisions	16	12	17
Trade and other payables	17	1 536	1 566
Financial liabilities at fair value through profit or loss	17	1	5
Contract liabilities	19	509	398
Taxation payable		127	103
		2 778	2 262
Liabilities classified as held-for-sale	40	788	1 012
Total equity and liabilities		9 355	9 662

Consolidated statement of comprehensive income

for the year ended 29 February 2024

R millions	Notes	29 February 2024	28 February 2023 <i>Restated*</i>
CONTINUING OPERATIONS			
Revenue	19	8 250	8 445
Other income	20	91	104
Operating costs		(6 839)	(7 298)
Material and services consumed	20	(4 499)	(4 868)
Net impairment (losses) /gains on financial assets		(13)	(48)
Employees' remuneration	20	(2 327)	(2 382)
Earnings before interest, taxation, depreciation, amortisation, capital items and equity accounted profits (EBITDA before capital items and equity accounted profits)			
Depreciation and amortisation	20	1 502	1 251
Operating profit before capital items		739	599
Capital items	21	(35)	(59)
Operating profit		704	540
Finance income	22	61	49
Finance expense	23	(187)	(194)
Foreign exchange gains and losses relating to cash and cash equivalents**		(8)	3
Share of profit of equity accounted investees, net of taxation	24	2	3
Profit before taxation		572	401
Taxation	25	(139)	(105)
Profit for the year from continuing operations		433	296
DISCONTINUED OPERATIONS			
Revenue	19	2 075	2 403
Other income	20	-	20
Operating costs		(2 592)	(2 625)
Material and services consumed	20	(1 938)	(1 990)
Net impairment losses on financial assets	6, 11	(268)	(149)
Employees' remuneration	20	(386)	(486)
Earnings before interest, taxation, depreciation, amortisation and capital items (EBITDA before capital items)			
Depreciation and amortisation	20	(517)	(202)
Operating loss before capital items		(529)	(257)
Capital items	21	(60)	(82)
Operating loss		(589)	(339)
Finance income	22	30	37
Finance expense	23	(4)	(10)
Foreign exchange gains and losses relating to cash and cash equivalents**		1	1
Loss before taxation		(562)	(311)
Taxation	25	(12)	28
Loss for the year from discontinued operations		(574)	(283)
Net (loss) / profit for the year from total operations		(141)	13

* Comparative information has been restated for the classification of Altron Nexus as a discontinued operation (note 40).

** 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.

Consolidated statement of comprehensive income

CONTINUED

for the year ended 29 February 2024

R millions	Notes	29 February 2024	28 February 2023 <i>Restated*</i>
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurement of net defined benefit asset	18	52	14
Items that are or may be reclassified subsequently to profit or loss			
Foreign currency translation differences in respect of foreign operations**		5	50
Realisation of foreign currency translation differences upon disposal of foreign operations**		(1)	(4)
Other comprehensive income / (loss) for the year, net of taxation		56	60
Total comprehensive (loss) / income for the year from total operations		(85)	73
Net profit / (loss) attributable to:			
Non-controlling interests			
Non-controlling interests from continuing operations		23	17
Non-controlling interests from discontinued operations		25	15
		(2)	2
Altron equity holders			
Altron equity holders from continuing operations		(164)	(4)
Altron equity holders from discontinued operations		408	281
		(572)	(285)
Net (loss) / profit for the year from total operations		(141)	13
Total comprehensive income / (loss) attributable to:			
Non-controlling interests			
Non-controlling interests from continuing operations		23	17
Non-controlling interests from discontinued operations		25	15
		(2)	2
Altron equity holders			
Altron equity holders from continuing operations		(108)	56
Altron equity holders from discontinued operations		464	333
		(572)	(277)
Total comprehensive (loss) / income for the year from total operations		(85)	73
* Comparative information has been restated for the classification of Altron Nexus as a discontinued operation (note 40).			
** The component of other comprehensive income is not subject to tax			
Basic earnings per share from continuing operations	(cents)	26	108
Diluted earnings per share from continuing operations	(cents)	26	105
Basic loss per share from discontinued operations	(cents)	26	(151)
Diluted loss per share from discontinued operations	(cents)	26	(147)
Basic loss per share from total operations	(cents)	26	(43)
Diluted loss per share from total operations	(cents)	26	(42)

Consolidated statement of changes in equity

for the year ended 29 February 2024

R millions	Note	Attributable to Altron shareholders			
		Share capital and premium (note 13)	Treasury shares (note 13)	Foreign currency translation reserve (note 14)	Premium/discount on non-controlling equity transactions (note 14)
Balance at 28 February 2022		1 214	(222)	85	(3 645)
Total comprehensive loss for the year					
<i>Loss for the year</i>		–	–	–	–
<i>Other comprehensive loss</i>					
Foreign currency translation differences in respect of foreign operations		–	–	50	–
Realisation of foreign currency translation differences upon disposal of foreign operations		–	–	(4)	–
Remeasurement on net defined benefit asset		–	–	–	–
<i>Total other comprehensive loss</i>		–	–	46	–
<i>Total comprehensive income for the year</i>		–	–	46	–
Transactions with owners, recorded directly in equity					
<i>Contributions by and distributions to owners</i>					
Dividends to equity holders		–	–	–	–
Issue of share capital	13	24	–	–	–
Share-based payment transactions	13	–	–	–	–
<i>Total contributions by and distributions to owners</i>		24	–	–	–
Transactions with owners, recorded directly in equity		24	–	–	–
Balance at 28 February 2023		1 238	(222)	131	(3 645)
Total comprehensive loss for the year					
<i>Loss for the year</i>		–	–	–	–
<i>Other comprehensive income</i>					
Foreign currency translation differences in respect of foreign operations		–	–	5	–
Realisation of foreign currency translation differences upon disposal of foreign operations		–	–	(1)	–
Remeasurement on net defined benefit asset		–	–	–	–
<i>Other comprehensive income</i>		–	–	4	–
<i>Total comprehensive income for the year</i>		–	–	4	–
Transfer of reserves					
<i>Transfer of Statutory reserve to distributable reserves</i>		–	–	–	–
Transactions with owners, recorded directly in equity					
<i>Contributions by and distributions to owners</i>					
Dividends to equity holders		–	–	–	–
Issue of share capital	13	3	–	–	–
Share-based payment transactions	13	–	–	–	–
<i>Total contributions by and distributions to owners</i>		3	–	–	–
Changes in ownership interests in subsidiaries					
Total changes in ownership interests in subsidiaries		–	–	–	(9)
Total changes in ownership interests in subsidiaries		–	–	–	(9)
Transactions with owners, recorded directly in equity		3	–	–	(9)
Balance at 29 February 2024		1 241	(222)	135	(3 654)

Dividends per share 33 cents (final) and 25 cents (interim) (2023: 19 cents (final) and 16 cents (interim)) (Note 28.4).

Attributable to Altron shareholders

Cash flow hedging reserve (note 14)	Share-based payments reserve (note 14)	Statutory reserves (note 14)	Revaluation reserve (note 14)	Retained earnings	Total	Non-controlling interests	Total equity
(1)	199	95	288	6 235	4 248	106	4 354
-	-	-	-	(4)	(4)	17	13
-	-	-	-	-	50	-	50
-	-	-	-	-	(4)	-	(4)
-	-	-	14	-	14	-	14
-	-	-	14	-	60	-	60
-	-	-	14	(4)	56	17	73
-	-	-	-	(147)	(147)	(5)	(152)
-	(24)	-	-	-	-	-	-
-	25	-	-	-	25	-	25
-	1	-	-	(147)	(122)	(5)	(127)
-	1	-	-	(147)	(122)	(5)	(127)
(1)	200	95	302	6 084	4 182	118	4 300
-	-	-	-	(164)	(164)	23	(141)
-	-	-	-	-	5	-	5
-	-	-	-	-	(1)	-	(1)
-	-	-	52	-	52	-	52
-	-	-	52	-	56	-	56
-	-	-	52	(164)	(108)	23	(85)
-	-	(95)	-	95	-	-	-
-	-	-	-	(168)	(168)	(2)	(170)
-	(3)	-	-	-	-	-	-
-	26	-	-	-	26	-	26
-	23	-	-	(168)	(142)	(2)	(144)
-	-	-	-	-	(9)	7	(2)
-	-	-	-	-	(9)	7	(2)
-	23	-	-	(168)	(151)	5	(146)
(1)	223	-	354	5 847	3 923	146	4 069

Consolidated statement of cash flows

at 29 February 2024

R millions	Notes	GROUP	
		29 February 2024	28 February 2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	33	1 623	1 295
Interest received	22	141	124
Interest paid	23	(245)	(251)
Dividends received from equity accounted investees and other investments	34	7	8
Taxation paid	35	(131)	(50)
Dividends paid, including to non-controlling interests		(170)	(152)
Net cash inflow from operating activities		1 225	974
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of subsidiaries net of cash	36	–	(84)
Proceeds on the disposal of subsidiaries and businesses net of cash	37,42	15	(2)
Proceeds on disposal of property, plant and equipment and intangible assets	38	16	10
Acquisition of intangible assets	2	(110)	(118)
Acquisitions of property, plant and equipment	1	(129)	(96)
Acquisition of capital rental devices	8	(328)	(259)
Cash outflow from other investing activities	39	(20)	(54)
Cash inflow from other investing activities	39	23	42
Net cash outflow from investing activities		(533)	(561)
CASH FLOWS USED IN FINANCING ACTIVITIES			
Loans advanced	39	1 275	850
Loans repaid	39	(1 700)	(850)
Acquisition of non-controlling interests		(4)	–
Lease payments	39	(105)	(143)
Settlement of finance leases*	39	(209)	(214)
Net cash outflow from financing activities		(743)	(357)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS			
Net cash and cash equivalents at the beginning of the year		681	599
Effect of exchange rate fluctuations on cash held		(6)	11
Movement in cash classified as held-for-sale		–	15
NET CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	12	624	681

* Principal lease payments in relation to rental finance lease liabilities.

Notes to the consolidated financial statements

for the year ended 29 February 2024

1 PROPERTY, PLANT AND EQUIPMENT

R millions	29 February 2024			28 February 2023		
	Cost	Accumulated depreciation and impairment losses	Carrying value	Cost	Accumulated depreciation and impairment losses	Carrying value
Land, buildings and leasehold improvements	193	(53)	140	178	(39)	139
Plant and machinery	102	(55)	47	115	(50)	65
Motor vehicles, furniture and equipment	180	(126)	54	216	(147)	69
IT equipment and software	491	(357)	134	482	(345)	137
Capital Work In Progress	-	-	-	3	-	3
Total before items classified as held-for-sale	966	(591)	375	994	(581)	413
Classified as held for sale (note 40)	(179)	140	(39)	(105)	89	(16)
Total	787	(451)	336	889	(492)	397

Reconciliation of property, plant and equipment

R millions	Land, buildings and leasehold improvements	Plant and machinery	Motor vehicles, furniture and equipment	IT equipment and software	Capital Work In Progress	Total
Balance at 1 March 2022	152	74	83	146	2	457
Additions at cost	3	3	20	66	1	93
Depreciation for the year	(14)	(12)	(18)	(61)	-	(105)
Impairments	(1)	-	(11)	(9)	-	(21)
Disposals of property, plant and equipment	-	-	(8)	(4)	-	(12)
Reclassifications	-	1	(1)	-	-	-
Assets written off	(2)	(1)	3	-	-	-
Translation of foreign operations	1	-	1	(1)	-	1
Balance at 28 February 2023	139	65	69	137	3	413
Additions at cost	16	23	20	70	-	129
Depreciation for the year	(14)	(8)	(14)	(59)	-	(95)
Impairments	-	(33)	(13)	(9)	-	(55)
Disposals of property, plant and equipment	-	-	(8)	(2)	(2)	(12)
Disposals of operations (refer note 42)	-	-	(1)	(3)	-	(4)
Assets written off	-	-	-	-	(1)	(1)
Translation of foreign operations	(1)	-	1	-	-	-
Balance at 29 February 2024	140	47	54	134	-	375

Notes to the consolidated financial statements CONTINUED

for the year ended 29 February 2024

1 PROPERTY, PLANT AND EQUIPMENT (continued)

Impairment tests and key assumptions

R37 million (2023: R12 million) of the impairment loss recognised relates to impairments on held-for-sale disposal groups, R9 million (2023: R9 million) relates to impairments on various other IT equipment and R9 million (2023: Rnil million) relates to furniture written off during the consolidation of premises.

R millions	29 February 2024	28 February 2023
Encumbered assets		
Certain data processing, motor vehicles and office equipment, included in the above amounts, were encumbered as security (refer note 15). The carrying amounts are as follows:		
Encumbered assets	1	2
Assets under construction		
Included in the cost of capital work in progress are the following categories of assets:		
Plant and machinery	–	3
Assets under construction	–	3

Useful lives

Useful lives are reflected under accounting policies.

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

Notes to the consolidated financial statements

CONTINUED

for the year ended 29 February 2024

2 GOODWILL AND OTHER INTANGIBLE ASSETS

R millions	Goodwill	Customer relationships	Trade names designs, patents and trademarks	Distribution rights license agreements and proprietary software*	Total
Cost					
Balance at 1 March 2022	1 381	282	236	592	2 491
Additions at cost	–	9	1	108	118
Intangible assets written off	–	–	–	(46)	(46)
Translation of foreign operations	21	3	3	10	37
Balance at 28 February 2023	1 402	294	240	664	2 600
Additions at cost	–	2	1	107	110
Disposals	–	–	–	(2)	(2)
Intangible assets written off	–	(15)	–	(198)	(213)
Translation of foreign operations	3	–	2	2	7
Balance at 29 February 2024	1 405	281	243	573	2 502
Accumulated amortisation and impairment losses					
Balance at 1 March 2022	153	189	176	423	941
Amortisation for the year	–	22	18	76	116
Impairment losses	–	10	–	4	14
Intangible assets written off	–	–	–	(46)	(46)
Translation of foreign operations	–	4	3	7	14
Balance at 28 February 2023	153	225	197	464	1 039
Amortisation for the year	–	27	13	64	104
Impairment losses	33	–	–	5	38
Intangible assets written off	–	(15)	–	(198)	(213)
Translation of foreign operations	–	–	3	1	4
Balance at 29 February 2024	186	237	213	336	972
Carrying amount at 28 February 2023 before items classified as held-for-sale (note 40)	1 249	69	43	200	1 561
Carrying amount: Goodwill and Intangibles classified as held-for-sale (note 40)	–	–	–	(7)	(7)
Cost	(137)	(47)	–	(63)	(247)
Accumulated depreciation and impairment losses	137	47	–	56	240
Carrying amount at 28 February 2023	1 249	69	43	193	1 554
Carrying amount at 29 February 2024 before items classified as held-for-sale (note 40)	1 219	44	30	237	1 530
Carrying amount: Goodwill and Intangibles classified as held-for-sale (note 40)	–	–	–	(2)	(2)
Cost	(137)	(32)	–	(63)	(232)
Accumulated depreciation and impairment losses	137	32	–	61	230
Carrying amount at 29 February 2024	1 219	44	30	235	1 528

* This includes Capitalised development costs with a carrying value of R238 million (2023: R192 million).

Notes to the consolidated financial statements CONTINUED

for the year ended 29 February 2024

2 GOODWILL AND OTHER INTANGIBLE ASSETS (continued)

Distribution rights

The Group owns the sole rights to distribute Xerox equipment in various African territories. It paid an initial fee to acquire these distribution rights which are governed by an agreement that has been signed into perpetuity. These distribution rights are held within Altron Document Solution ("ADS"). Furthermore, they have been classified as held-for-sale and were fully impaired in the prior year. (Refer to events and circumstances leading to the recognition of impairment losses).

Determination of the recoverable amount:

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

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

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

Events and circumstances leading to the recognition of impairment losses:

Goodwill

A R33 million impairment loss was recognised relating to the Nexus business that is classified as held-for-sale (refer to note 40). The fair value is considered to be level 3 items in the fair value hierarchy.

Customer relationships

The Rnil (2023: R10 million) impairment resulted from an assessment of the carrying value of the ADS business that was classified as a disposal group held-for-sale, compared to the fair value less costs to sell (refer to note 40), which has been determined with reference to indicative offers received from prospective buyers. The fair value is considered to be level 3 items in the fair value hierarchy.

Distribution rights, license agreements and proprietary software

R5 million (2023: R4 million) impairment relates to software. These impairments resulted from an assessment of the carrying value of the held-for-sale operations, compared to the fair value less costs to sell, which has been determined with reference to indicative offers received from prospective buyers. The fair value is considered to be level 3 items in the fair value hierarchy.

Notes to the consolidated financial statements

CONTINUED

for the year ended 29 February 2024

2 GOODWILL AND OTHER INTANGIBLE ASSETS (continued)

Summary of goodwill and assumptions applied

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

29 February 2024 R millions	Geographic region	Long-term %	Discount rate %	Goodwill amount
Altron Digital Business*	South Africa	5	13.55	379
Altron Healthtech	South Africa	5	13.55	82
Altron Fintech	South Africa	5	13.55	65
Netstar	South Africa	5	13.90	29
Netstar Australia	Australia	5	10.06	218
Altron Security	South Africa	10	14.25	446
Carrying amount at 29 February 2024				1 219

28 February 2023 R millions	Geographic region	Long-term %	Discount rate %	Goodwill amount
Altron Nexus	South Africa	5	14.11	33
Altron Managed Solutions*	South Africa	5	13.36	53
Altron Healthtech	South Africa	5	13.36	82
Altron Fintech	South Africa	5	13.36	65
Altron Systems Integration*	South Africa	5	13.36	178
Altron Karabina*	South Africa	5	13.71	148
Netstar	South Africa	5	13.71	29
Netstar Australia	Australia	5	9.17	215
Altron Security	South Africa	10	14.06	446
Carrying amount at 28 February 2023				1 249

* The merger of Altron Managed Solutions, Altron Systems Integration and Altron Karabina, which will be effective in the next financial year; resulted in the combination of these cash-generating units ("CGU") into a single CGU referred to as Altron Digital Business. In the financial year under review, these were individual CGUs operating independently of each other. In analysing the future cash flows, Management views the information from these CGUs as a single CGU due to the dependency on each other since the merger.

Notes to the consolidated financial statements CONTINUED

for the year ended 29 February 2024

2 GOODWILL AND OTHER INTANGIBLE ASSETS (continued)

Fair value less costs of disposal

The recoverable amounts of the respective CGUs were determined based on fair value less costs of disposal calculations. The calculations mainly use forecast cash flow projections based on financial budgets that were approved by the Board of Directors. The forecast period used in the calculation covers a five-year (2023: five-year) period, with year one being the approved budgeted year. A terminal value is calculated into perpetuity using long-term growth rates. The growth rates used are in line with industry norms.

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

Growth rates

Steady growth rates were applied beyond the approved budget periods. The growth rates were consistent with publicly available information relating to long-term average growth rates for each of the markets in which the respective CGU operated. The average growth rates ranged from 5% – 10% (2023: 5% – 10%).

Discount rates

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

Sensitivities

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

	Absolute change to discount rate %	Absolute change to long term growth rate %
29 February 2024		
Netstar Australia	2.43	3.89
28 February 2023		
Altron Nexus	3.41	*

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

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

Notes to the consolidated financial statements CONTINUED

for the year ended 29 February 2024

3 RIGHT-OF-USE ASSETS

R millions	29 February 2024			28 February 2023		
	Cost	Accumulated depreciation and impairment losses	Carrying value	Cost	Accumulated depreciation and impairment losses	Carrying value
Buildings	706	(343)	363	1 017	(504)	513
Motor Vehicles	74	(45)	29	50	(32)	18
High Sites	66	(55)	11	86	(63)	23
Office Machinery and equipment	7	–	7	4	(4)	–
Fibre Strands and other IT equipment	–	–	–	161	(127)	34
Total before items classified as held-for-sale	853	(443)	410	1 318	(730)	588
Classified as held-for-sale (note 40)	(88)	72	(16)	(52)	36	(16)
Total	765	(371)	394	1 266	(694)	572

Reconciliation of right-of-use assets

R millions	28 February 2023					Total
	Buildings	Motor vehicles	High Sites	Office Machinery and equipment	Fibre Strands and other IT equipment	
Balance at 1 March 2022	664	21	39	–	64	788
Additions to right-of-use assets	9	8	–	–	–	17
Depreciation for the year	(89)	(12)	(15)	–	(31)	(147)
Impairment losses	(28)	(1)	–	–	–	(29)
Lease modifications and terminations	(2)	2	(1)	–	–	(1)
Derecognition	(43)	–	–	–	–	(43)
Translation of foreign operations	2	–	–	–	1	3
Balance at 28 February 2023	513	18	23	–	34	588
Additions to right-of-use assets	30	23	–	7	–	60
Depreciation for the year	(75)	(13)	(12)	–	(6)	(106)
Impairment reversals	47	–	–	–	–	47
Impairment losses	(10)	–	–	–	–	(10)
Lease modifications and terminations	7	1	–	–	(28)	(20)
Derecognition	(149)	–	–	–	–	(149)
Translation of foreign operations	–	–	–	–	–	–
Balance at 29 February 2024	363	29	11	7	–	410

Notes to the consolidated financial statements CONTINUED

for the year ended 29 February 2024

3 RIGHT-OF-USE ASSETS (continued)

Group as a lessor

Derecognition of right-of-use asset

During the current year and prior year, the Group entered into agreements to sublease vacant office space, which has been classified as a finance lease. The Group derecognised the right-of-use asset (to the extent that it is subject to the sub-lease) and recognised a finance lease receivable (net investment in the lease). Refer to note 6.

A gain of Rnil million (2023: loss of R8 million) was recognised as the difference between the net investment in the finance lease and the right-of-use asset and is included in capital items (note 21).

Impairment tests and key assumptions

An impairment loss of R10 million (2023: R11 million) resulted from an assessment of the carrying value of the held-for-sale operations, compared to the fair value less costs to sell (refer to note 40).

Previously the Group entered into a lease agreement in relation to the Woodlands campus in order to house all operations within one location. With the disposal of various operations, as well as ADS and Nexus being classified as held-for-sale, these businesses would no longer make use of the rental space previously agreed upon. In conjunction with hybrid working conditions, the Group was unable to utilise the full economic benefits which the right-of-use asset was intended for, which resulted in the recognition of cumulative impairment losses amounting to R167 million in prior years.

During the current year, various sublease agreements for the vacant office space have been entered into, resulting in the derecognition of the net right-of-use assets amounting to R149 million. A further R47 million reversal of impairment was recognised as a result of the reorganisation of vacant space currently occupied by the Group.

R millions	GROUP	
	29 February 2024	28 February 2023
Lease liabilities		
Opening balance including held-for-sale	918	1 043
Current lease liabilities excluding balances classified as held-for-sale	111	117
Non-current lease liabilities excluding balances classified as held-for-sale	788	896
	899	1 013
Current lease liabilities classified as held-for-sale	8	10
Non-current lease liabilities classified as held-for-sale	11	20
	19	30
Leases entered into	47	17
Repaid (including interest and capital)	(172)	(220)
Interest (refer to note 23)	67	77
Disposal of operations (note 42)	–	(1)
Lease modifications and terminations	(33)	1
Translation of foreign operations	–	1
Total lease liabilities	827	918
Less lease liabilities classified as held-for-sale (note 40)	(18)	(19)
Total lease liabilities excluding classified as held-for-sale	809	899
Balance at 29 February 2024	809	899
Current lease liabilities excluding balances classified as held-for-sale	79	111
Non-current lease liabilities excluding balances classified as held-for-sale	730	788
Included in the statement of profit or loss:		
Expense relating to short-term leases and leases of low-value assets that are not shown above are included in materials and services consumed	44	37

Notes to the consolidated financial statements CONTINUED

for the year ended 29 February 2024

4 EQUITY-ACCOUNTED INVESTMENTS

R millions	GROUP	
	29 February 2024	28 February 2023
Interest in joint ventures	1	32
Interests in associates	1	1
	2	33

Refer to note 43.4 and 43.3 for detailed disclosures on the interest in joint ventures and associates respectively.

5 OTHER NON-CURRENT RECEIVABLES

R millions	GROUP	
	29 February 2024	28 February 2023
Non-current financial assets at amortised cost		
Participation loan to Technologies Acceptances Receivables Proprietary Limited (TAR)	142	151
Less non-current financial assets at amortised cost classified as held-for-sale (note 40)	(142)	(151)
	-	-
Non-current financial assets at fair value through other comprehensive income		
Preference share investment in Technologies Acceptances Receivables Proprietary Limited	21	21
Less non-current financial assets at fair value through other comprehensive income classified as held-for-sale (note 40)	(21)	(21)
	-	-

Refer to note 43.5 for detailed disclosures

Exposure to credit risks

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

Non-current financial assets at amortised cost

Refer to note 43.5 for detailed disclosure on the TAR participation loan. All customers are credit vetted, credit is only extended to customers in accordance with the stipulations of the securitisation vehicle, and is effectively secured by the underlying assets.

The loan is fully performing, therefore the assessed risk of expected credit loss has been determined to be low.

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

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

The preference share investment in Technologies Acceptances Receivables Proprietary Limited, as disclosed has been classified as an equity investment in terms of IFRS 9.

Notes to the consolidated financial statements CONTINUED

for the year ended 29 February 2024

6 FINANCE LEASE ASSETS

R millions	GROUP	
	29 February 2024	28 February 2023
Net investment in lease (note 6.1)		
Present value of minimum lease payments receivable	175	33
Less: Current portion (note 11)	(8)	(1)
	167	32
Rental finance lease assets and liabilities (note 6.2)		
Present value of minimum lease payments receivable	417	371
Less: Current portion (note 11)	(197)	(178)
	220	193
Less: Rental finance lease assets classified as held-for-sale (note 40)	(220)	(193)
	–	–
Non-current finance lease receivable	167	32
Rental finance liabilities at amortised cost (included under loans)		
Present value of minimum lease payments payable (note 15)	418	374
Less: Current portion (note 15)	(194)	(177)
	224	197
Less rental finance liabilities at amortised cost classified as held-for-sale (note 40)	(224)	(197)
Non-current finance lease liability	–	–

6.1 Net investment in lease

During the current year, the Group entered into five additional agreements to sublease vacant office space. Two leases have been classified as finance leases, which was determined with reference to the right-of-use asset arising from the head lease and the other three leases have been classified as operating leases.

The leases are for a period of 10 years. The rate implicit in the sub-lease was calculated by applying the same discount rate as determined in the head lease.

The reconciliation between the total gross investment in the lease and the net investment in the lease at the statement of financial position date is as follows:

R millions	GROUP	
	29 February 2024	28 February 2023
Present value of minimum lease payments receivable	175	33
Interest receivable	69	14
Future minimum lease payments receivable	244	47

Notes to the consolidated financial statements CONTINUED

for the year ended 29 February 2024

6 FINANCE LEASE ASSETS continued

6.2 Rental finance lease assets and liabilities

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

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

Offsetting criteria have not been met and as a result, the lease asset and lease liability are presented on a gross basis (refer to note 15).

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

R millions	29 February 2024	28 February 2023
Rental finance lease assets		
Present value of minimum lease payments receivable	417	371
Interest receivable	93	75
Future minimum lease payments receivable	510	446

The relationship between the lease liability at the balance sheet date, and the present value of the minimum lease payments payable at the balance sheet date, is as follows:

R millions	GROUP	
	29 February 2024	28 February 2023
Rental finance lease liabilities		
Present value of minimum lease payments payable	418	374
Interest payable	90	76
Future minimum lease payments payable	508	450

Notes to the consolidated financial statements CONTINUED

for the year ended 29 February 2024

6 FINANCE LEASE ASSETS continued

6.3 Exposure to credit risk

R millions	GROUP	
	29 February 2024	28 February 2023
The maximum exposure to, and concentration of, credit risk for finance lease assets at the reporting date by type of customer is as follows:		
Parastatals/government	223	210
Corporates	369	194
	592	404
The maximum exposure to, and concentration of, credit risk for finance lease assets at the reporting date by geographical region is as follows:		
South Africa	587	399
Rest of Africa	5	5
	592	404

Exposure to credit risk – net investment in lease

Lessees are subjected to stringent credit vetting. The maximum exposure to credit risk at the reporting date is the carrying amount of the finance lease receivables taking into account the risk of recoverability. The ("ECL") model incorporated the probability of default ("PD") and the loss given default ("LGD") of the counterparty. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculations, based on the Group's past history, existing market conditions as well as forward-looking estimates at the end of the reporting period. The expected credit loss, was calculated to be immaterial.

Exposure to credit risk – rental finance lease assets and liabilities

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

As outlined above, finance lease assets relate to document processing equipment. The lease asset arising is in turn financed by a reciprocal lease agreement with financial institutions. The actual equipment sold provides collateral to the Group. The ("ECL") model incorporated the probability of default ("PD") and the loss given default ("LGD") of the counterparty. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculations, based on the Group's past history, existing market conditions as well as forward-looking estimates at the end of the reporting period. The ECL is calculated on specific customers either experiencing financial difficulty in meeting cashflow obligations/received negative publicity in the media regarding their financial stability, or customers that didn't meet all the requirements during initial credit vetting (refer to note 11).

Notes to the consolidated financial statements CONTINUED

for the year ended 29 February 2024

6 FINANCE LEASE ASSETS continued

6.4 Exposure to liquidity risk

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

R millions	Carrying amount	Contractual cash flows	6 months or less	6 to 12 months	1 to 2 years	2 to 5 years	Greater than 5 years
29 February 2024							
Non-derivative financial assets							
Net investment in lease	175	244	10	12	24	84	114
Rental finance lease assets	417	510	135	109	170	94	2
	592	754	145	121	194	178	116
Non-derivative financial liabilities							
Rental finance lease liabilities	(418)	(508)	(135)	(109)	(170)	(94)	–
R millions	Carrying amount	Contractual cash flows	6 months or less	6 to 12 months	1 to 2 years	2 to 5 years	Greater than 5 years
28 February 2023							
Non-derivative financial assets							
Net investment in lease	33	47	2	2	4	15	24
Rental finance lease assets	371	446	113	96	137	98	2
	404	493	115	98	141	113	26
Non-derivative financial liabilities							
Rental finance lease liabilities	(374)	(450)	(114)	(98)	(138)	(100)	–

6.5 Exposure to interest rate risk

A significant portion of finance leases are entered into on a back-to-back basis with financial institutions. The interest rate payable to financial institutions on the finance lease liability is equal to the rate being charged to the customer on the finance lease asset. These rates are automatically adjusted as and when the prime overdraft rate is amended. Accordingly the Group does not have any significant exposure to interest rate risk as a result of these arrangements. Refer to note 29.4 for further disclosure relating to interest rate risk.

Notes to the consolidated financial statements CONTINUED

for the year ended 29 February 2024

7 CONTRACT COSTS CAPITALISED

R millions	GROUP	
	29 February 2024	28 February 2023
Costs incurred to fulfil contracts	138	111
Costs incurred to acquire contracts – closing balance	723	551
Opening balance	551	388
Costs incurred to acquire contracts during the year	440	330
Written off during the year	(9)	–
Impairment of contract costs capitalised	(1)	–
Amortisation of costs incurred to acquire contracts during the year	(258)	(167)
Total contract costs capitalised	861	662
Less: Current costs incurred to fulfil contracts (refer note 11)	(138)	(111)
Total Non-current costs capitalised	723	551

Costs incurred to fulfil contracts

This relates to costs incurred by the Group on certain contracts where the performance obligations have not been met and accordingly revenue could not be recognised.

Costs incurred to acquire contracts

These costs include fitment, commissions and other costs directly attributable to the negotiation and conclusion of customer service contracts.

These costs are amortised on a systematic basis over the average customer life. The amortisation relating to the fitment is included in amortisation in profit or loss.

Notes to the consolidated financial statements CONTINUED

for the year ended 29 February 2024

8 CAPITAL RENTAL DEVICES

R millions	GROUP 29 February 2024			GROUP 28 February 2023		
	Cost	Accumulated depreciation and impairment losses	Carrying value	Cost	Accumulated depreciation and impairment losses	Carrying value
Capital rental devices	745	(316)	429	592	(247)	345

Reconciliation of capital rental devices

R millions	Capital rental devices
Balance at 28 February 2022	277
Additions to capital rental devices during the year	259
Depreciation for the year	(172)
Written off during the year	(19)
Balance at 28 February 2023	345
Additions to capital rental devices during the year	328
Depreciation for the year	(212)
Written off during the year	(32)
Balance at 29 February 2024	429

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

Notes to the consolidated financial statements

CONTINUED

for the year ended 29 February 2024

9 DEFERRED TAXATION

R millions	Recognised		Translation		Closing balance
	Opening balance	in profit or loss	Tax rate change*	differences and other	
Deferred tax movements					
29 February 2024					
Wear and tear allowances	252	(6)	–	–	246
Working capital allowances	(156)	(40)	–	–	(196)
Provisions, accruals and other allowances	(88)	(2)	–	–	(90)
Share based payments	(2)	3	–	–	1
Tax losses	(124)	47	–	–	(77)
Right of use asset	155	(48)	–	–	107
Lease liability on right of use assets	10	38	–	–	48
Finance lease receivable	(245)	25	–	–	(220)
	(198)	17	–	–	(181)
Less deferred tax balances classified as held-for-sale					21
Deferred taxation					(160)

* Deferred income taxes are calculated on all temporary differences under the liability method. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantively enacted at the reporting date. The Group's deferred tax assets and liabilities have been adjusted by applying the newly enacted 27% corporate tax rate (2023: 27%), which becomes effective for the financial year ending 29 February 2024. The Group's deferred tax expense for the financial year ending 28 February 2023 is net of the calculated rate change.

28 February 2023

Wear and tear allowances	196	65	(9)	–	252
Working capital allowances	(107)	(55)	6	–	(156)
Provisions, accruals and other allowances	(69)	(21)	3	(1)	(88)
Share based payments	(4)	2	–	–	(2)
Tax losses	(153)	25	4	–	(124)
Right of use asset*	216	(55)	(6)	–	155
Lease liability on right of use assets*	(287)	297	–	–	10
Finance lease receivable*	–	(254)	9	–	(245)
	(208)	4	7	(1)	(198)
Less deferred tax balances classified as held-for-sale					1
Deferred taxation					(197)

* These amounts were restated as per the amendment to IAS 12

Notes to the consolidated financial statements

CONTINUED

for the year ended 29 February 2024

9 DEFERRED TAXATION (continued)

R millions	GROUP	
	29 February 2024	28 February 2023
The above balance comprises:		
Deferred tax liabilities	18	37
Deferred tax assets	(199)	(235)
Less: Deferred tax assets classified as held-for-sale (refer to note 40)	21	1
Deferred tax assets	(178)	(234)
Net deferred tax asset	(160)	(197)
The Group has used judgement and determined that the deferred tax asset is recoverable based on expected future taxable profits.		
Tax losses		
Estimated tax losses and deductible temporary differences that are available for set-off against future taxable income	1 278	1 440
Continuing operations	699	1 440
Discontinued operations	579	–
Recognised*	(286)	(462)
Continuing operations	(212)	(462)
Discontinued operations	(74)	–
Unrecognised estimated tax losses and deductible temporary differences	992	978
Continuing operations	487	978
Discontinued operations	505	–

Tax losses recognised are not subject to expiry

* Of the R286 million (2023: R462 million) assessed loss recognised R73 million (2023: R147 million) is considered to be current.

Notes to the consolidated financial statements

CONTINUED

for the year ended 29 February 2024

10 INVENTORIES

R millions	GROUP	
	29 February 2024	28 February 2023
Raw materials	97	147
Work in progress	8	5
Finished goods	932	1 486
Consumable stores	18	17
	1 055	1 655
Less: Inventories classified as held-for-sale (refer to note 40)	(349)	(632)
	706	1 023
Inventories carried at cost	600	705
Inventories carried at net realisable value	106	318
	706	1 023

Write downs of inventories to net realisable value of R99 million (2023: R115 million) occurred in the Group during the current financial year and are included in materials and services consumed.

Included in the write down of inventories during the current period are the following significant items:

- Altron Nexus, the rollout of the Gauteng Broadband Network contract for phase 2 ("GBN2") project experienced delays outside of Altron's control, resulting in fewer sites being deployed than initially scoped for in the original tender awarded. An assessment was performed over the inventory pertaining to this project, resulting in a provision of R71 million.

Included in the write down of inventories during the prior period are the following significant items:

- Altron Nexus, the rollout of the Gauteng Broadband Network contract for phase 2 ("GBN2") project experienced delays outside of Altron's control, resulting in fewer sites being deployed than initially scoped for in the original tender awarded. An assessment was performed over the inventory pertaining to this project, resulting in a provision of R31 million.
- Altron Document Solutions (ADS), the termination of the sale of ADS to Bi-Africa due to a distribution agreement that Bi-Africa and the Original Equipment Manufacturer could not materialise, resulted in an assessment of Altron's assets held-for-sale balances which led to a R74 million provision for inventory being recognised.

Notes to the consolidated financial statements

CONTINUED

for the year ended 29 February 2024

11 TRADE AND OTHER RECEIVABLES

R millions	Notes	GROUP	
		29 February 2024	28 February 2023
Financial assets at amortised cost			
Gross trade receivables		2 088	2 206
Less: Impairment allowance		(459)	(265)
Less: Other allowances		(7)	(6)
Deposits		14	9
Current portion of finance lease assets	6	205	179
Less: Impairment allowance		(48)	
Other receivables		150	97
		1 943	2 220
Non-financial assets			
Costs incurred to fulfil contracts	7	138	111
Prepayments		234	192
Other receivables		23	33
Withholding tax receivable		58	72
VAT receivable		1	17
		454	425
Trade and other receivables before items classified as held-for-sale			
		2 397	2 645
Less: Trade and other receivables classified as held-for-sale	40	(713)	(590)
		1 684	2 055
Financial assets at fair value through profit or loss			
Forward exchange contracts		7	28
Less: Forward exchange contracts classified as held-for-sale		(2)	(8)
		5	20
		1 689	2 075

Exposure to credit risk

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

	29 February 2024			28 February 2023		
	Gross	Impairment	Net	Gross	Impairment	Net
Gross trade receivables	2 088	(459)	1 629	2 206	(265)	1 941
Other allowances	(7)	–	(7)	(6)	–	(6)
Deposits	14	–	14	9	–	9
Other receivables*	150	–	150	97	–	97
Contract assets (note 19)**	98	(6)	92	137	(3)	134
	2 343	(465)	1 878	2 443	(268)	2 175
Less: Trade and other receivables classified as held-for-sale (note 40)			(713)			(590)
Less: Contract assets, net of contract loss allowance classified as held-for-sale (note 40)			(33)			(8)
			1 132			1 577

* Other receivables mainly relates to various vendor and BBBEE loans provided.

** Contract assets is shown net of contract loss allowances amounting to R6 million (2023: R3 million).

Notes to the consolidated financial statements CONTINUED

for the year ended 29 February 2024

11 TRADE AND OTHER RECEIVABLES (continued)

Exposure to credit risk

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

	29 February 2024			28 February 2023		
	Gross	Impairment	Net	Gross	Impairment	Net
Finance lease assets*	592	(48)	544	404	–	404

* The ECL is calculated on specific customers either experiencing financial difficulty to meet cashflow obligations/received negative publicity in the media regarding their financial stability, or customers that didn't meet all the requirements during the initial credit vetting.

Ageing and impairment analysis (excluding finance lease assets)

R millions	29 February 2024			28 February 2023		
	Gross	Impairment	Net	Gross	Impairment	Net
Not past due	1 317	(60)	1 257	1 507	(50)	1 457
Past due 0-30 days	264	(10)	254	227	(7)	220
Past due 31-120 days	223	(11)	212	183	(26)	157
Past due 121-365 days	133	(54)	79	54	(11)	43
Past due 365+ days ¹	406	(330)	76	472	(174)	298
	2 343	(465)	1 878	2 443	(268)	2 175

¹ The increase in ECL within this category relates to a specific debtor that has been identified to carry elevated risk. R165m relates to this debtor which has been fully provided for.

Ageing and impairment analysis (finance lease assets only)

	29 February 2024			28 February 2023		
	Gross	Impairment	Net	Gross	Impairment	Net
Not past due ¹	592	(48)	544	404	–	404
	592	(48)	544	404	–	404

¹ The increase in the ECL within this category relates to elevated risk identified with certain debtors in finance lease assets. These amounts will only become due when invoiced to the debtors and at such time it will be reclassified as trade receivables.

Refer below for further disaggregation by credit risk.

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

	29 February 2024			28 February 2023		
	Gross	Impairment	Net	Gross	Impairment	Net
Parastatals/government	260	(23)	237	390	(25)	365
Corporates*	1 592	(329)	1 263	1 624	(205)	1 419
SMEs*	460	(110)	350	423	(37)	386
Individuals	31	(3)	28	6	(1)	5
	2 343	(465)	1 878	2 443	(268)	2 175

* The Group generally deals with the larger corporates who have a sound credit standing. Credit risk in respect of corporates and SME's is controlled through the use of credit vetting agencies and the setting of credit limits by experienced personnel. Credit limits are typically reviewed at least annually.

Notes to the consolidated financial statements

CONTINUED

for the year ended 29 February 2024

11 TRADE AND OTHER RECEIVABLES (continued)

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

	29 February 2024			28 February 2023		
	Gross	Impairment	Net	Gross	Impairment	Net
Parastatals/government	223	(1)	222	210	–	210
Corporates*	369	(47)	322	194	–	194
	592	(48)	544	404	–	404

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

R millions	GROUP	
	29 February 2024	28 February 2023
South Africa	1 562	1 796
Rest of Africa	153	208
Europe	11	6
Rest of world	152	165
	1 878	2 175

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

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

	GROUP	
	29 February 2024	28 February 2023
South Africa	539	399
Rest of Africa	5	5
	544	404

Credit risk, concentration risk and significant judgement applied by management

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

Altron Nexus (Pty) Ltd ("Nexus") forms part of a consortium named Thobela Telecoms (RF) (Pty) Ltd ("Thobela"), which was awarded a tender by the City of Tshwane ("COT") for the provision of a municipal broadband network project on 9 June 2015 ("BOT agreement").

Following a judgment brought by the COT to review and set aside the tender process, Nexus, along with Thobela and ABSA Bank Ltd, applied for leave to appeal to the Supreme Court of Appeal ("SCA"), which was duly granted and on 5 October 2020 the SCA ruled in favour of Nexus and the other appellants, by declaring the BOT agreement valid and binding. The COT filed an application for an appeal against the SCA judgement in the Constitutional Court, which was rejected on 19 May 2021 and dismissed with costs.

After the Constitutional Court ruling, Thobela engaged the COT and sought a practical resolution to give effect to roll out the BOT agreement and attend to the outstanding debt owing to Thobela and Nexus. The parties were unable to reach consensus on a certain portion of Thobela's damages claim and accordingly it was agreed to refer the matter to arbitration. During the arbitration proceedings and following the COT's pleading which amounted to a repudiation of the BOT agreement, Thobela cancelled the BOT agreement. The cancellation is disputed by COT. The parties are in the process to address all disputes relating to the BOT and all claims arising out of the disputed cancellation of the BOT agreement through arbitration.

Notes to the consolidated financial statements CONTINUED

for the year ended 29 February 2024

11 TRADE AND OTHER RECEIVABLES (continued)

As at the end of the reporting period, Nexus has a balance of R309 million (2023: R309 million) outstanding from Thobela for work performed with regards to the COT Project. Nexus have resolved to record an ECL impairment allowance amounting to R266 million (2023: R101 million), representing the full Thobela balance net of VAT.

The above methodology was also applied to the investment loan advanced to the Joint Venture (note 43), and an ECL allowance of R38 million (2023: R56 million) was recognised against the investment loan bringing the total ECL allowance to R102 million (2023: R64 million).

Expected credit losses

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

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

R millions	29 February 2024			28 February 2023		
	Gross carrying amount at default	Impairment	Net carrying amount at default	Gross carrying amount at default	Impairment	Net carrying amount at default
Expected credit loss by method applied:						
Provision matrix utilising adjusted historic loss rates	768	(91)	677	676	(26)	650
Simplified PD/LGD/EAD approach	1 694	(156)	1 538	1 756	(141)	1 615
Accounts receivable and contract assets including finance lease assets	2 462	(247)	2 215	2 432	(167)	2 265
Deposits*	14	–	14	9	–	9
Other receivables*	150	–	150	97	–	97
Thobela**	309	(266)	43	309	(101)	208
Total including finance leases	2 935	(513)	2 422	2 847	(268)	2 579
Comprises:	2 935	(513)	2 422	2 847	(268)	2 579
Total excluding finance leases	2 343	(465)	1 878	2 443	(268)	2 175
Net investment in lease (note 6)*	175	–	175	33	–	33
Finance lease assets (note 6)***	417	(48)	369	371	–	371

* No ECL was recognised on deposits, other receivables and the net investment in lease due to a low ECL ratio applied to these counterparties. The ECL model incorporated the probability of default (PD) and the loss given default (LGD) of the counterparty. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculations, based on the Group's past history, existing market conditions as well as forward looking estimates at end of the reporting period.

** The ECL for Thobela was calculated on a weighted probability analysis of the amount expected to be received (refer above). This ECL excludes the allowance raised on the investment loan to the Joint Venture (note 4). Due to the objective evidence of impairment, the loan provided to Thobela Telecom is classified as stage 3 non-performing with reference to the general model for impairment.

*** Finance lease assets relate to document processing equipment as disclosed in note 6. The lease asset arising is in turn financed by a reciprocal lease agreement with financial institutions. The actual equipment sold provides collateral to the Group. However, the Group uses judgment and ECL is calculated on specific customers, either experiencing financial difficulty to meet cashflow obligations/received negative publicity in the media

Notes to the consolidated financial statements CONTINUED

for the year ended 29 February 2024

11 TRADE AND OTHER RECEIVABLES (continued)

Provision matrix utilising historic loss rates

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

The loss allowance for trade receivables, contract assets and finance lease assets to which the provision matrix has been applied is determined as follows:

	29 February 2024			28 February 2023		
	Average ECL/ impairment ratio %	Gross carrying amount at default R millions	Net carrying amount at default R millions	Average ECL/ impairment ratio %	Gross carrying amount at default R millions	Net carrying amount at default R millions
Not past due*	8.33	612	561	0.88	570	565
Past due 0-30 days	3.57	56	54	5.13	39	37
Past due 31-120 days	6.25	48	45	13.79	29	25
Past due 121-365 days	60.00	25	10	42.86	7	4
Past due 365+ days	74.07	27	7	38.71	31	19
Total	11.85	768	677	3.85	676	650
The above is represented by:						
Parastatals/government	3.72	323	311	2.65	302	294
Corporates	4.12	243	233	0.51	198	197
SMEs	34.33	201	132	9.71	175	158
Individuals	0.00	1	1	0.00	1	1
Total	11.85	768	677	3.85	676	650

* Finance lease assets and contract assets are included within this ageing category.

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

Notes to the consolidated financial statements CONTINUED

for the year ended 29 February 2024

11 TRADE AND OTHER RECEIVABLES (continued)

Simplified PD/LGD/EAD approach

This method is applied on low default portfolios with insufficient historic annual internal defaults. ECL is calculated based on the life-time expected credit losses using a formula incorporating the following parameters: Exposure at default (EAD), probability of default (PD) and loss given default (LGD) (i.e. $ECL = PD \times LGD \times EAD$). The PD parameter explains the likelihood of default of an exposure. It is assumed that risk drivers and default experience may differ by the institutional structure of the trade receivable, contract asset or finance lease asset (e.g. parastatal / government, corporates, SMEs and Individuals). Therefore, trade receivables, contract assets and finance lease assets are segmented into these portfolios. The purpose of portfolio segmentation (or grouping by shared risk characteristics) is to ensure the homogenous grouping of counterparties into (broadly and appropriately) homogeneous risk groups. Management exercises judgement in grouping customers into the abovementioned segments and applies Basel classification guidelines as a reference. Where possible, credit ratings for corporate entities that are externally rated were obtained from Moody's. For unrated corporates, parastatals / government, SMEs and individuals, the average probability of default (PD) and loss given default rates (LGD) were obtained from published Pillar III reports of major financial institutions, which includes forward looking information. Various institutions were analysed, and an average was applied on the segmentation discussed above.

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

	29 February 2024			28 February 2023		
	Average ECL/impairment ratio %	Gross carrying amount at default R millions	Net carrying amount at default R millions	Average ECL/impairment ratio %	Gross carrying amount at default R millions	Net carrying amount at default R millions
Parastatals/government*	0.1 - 2.3	174	163	0.1 - 2.3	322	305
Corporates	0.6 - 1.4	1 277	1 175	0.6 - 1.4	1 179	1 075
SMEs	1.9 - 5	213	173	1.9 - 5	250	231
Individuals	7.5	30	27	7.5	5	4
Total		1 694	1 538		1 756	1 615

* The ECL for Thobela was calculated on 100% of the outstanding debt net of VAT (refer above) and therefore excluded from this ratio.

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

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

Notes to the consolidated financial statements CONTINUED

for the year ended 29 February 2024

11 TRADE AND OTHER RECEIVABLES (continued)

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

R millions	29 February 2024			28 February 2023		
	Gross carrying amount at default	Allowance raised	Net carrying amount	Gross carrying amount at default	Allowance raised	Net carrying amount
Low Risk	2 010	(118)	1 892	2 130	(63)	2 067
Medium Risk	334	(11)	323	218	(20)	198
High Risk	118	(118)	–	84	(84)	–
Accounts receivable and contract assets including finance lease assets	2 462	(247)	2 215	2 432	(167)	2 265
Deposits	14	–	14	9	–	9
Other receivables	150	–	150	97	–	97
Thobela*	309	(266)	43	309	(101)	208
	2 935	(513)	2 422	2 847	(268)	2 579

* The ECL for Thobela was calculated on 100% of the outstanding debt net of VAT (refer above). This ECL excludes the allowance raised on the investment loan to the Joint Venture (note 4)

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

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

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

Notes to the consolidated financial statements

CONTINUED

for the year ended 29 February 2024

11 TRADE AND OTHER RECEIVABLES (continued)

Reconciliation of loss allowance

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

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

R millions	Trade and other receivables		Contract assets	
	29 February 2024	28 February 2023	29 February 2024	28 February 2023
Balance at the beginning of the year	265	156	3	1
Increase in expected credit loss allowance ¹	281	127	3	2
Movement in expected credit loss allowance in relation to gross balances not in default	61	37	3	2
Movement in expected credit loss allowance in relation to Thobela	164	78	–	–
Movement in expected credit loss allowance in relation to gross balances greater than 120 days past due	56	12	–	–
Written off				
Directly to trade and other receivables ²	(21)	(5)	–	–
Disposal of operation	(16)	(15)	–	–
Translation	(2)	2	–	–
Balance at the end of the reporting period	507	265	6	3
¹ Increase in expected credit loss allowance	281	127	–	2
Continuing operations	13	117	–	2
Discontinued operations	268	10	–	–

¹ The total increase in expected credit loss allowance of R281 million per the consolidated statement of comprehensive income, includes the expected credit loss allowance raised on the investment loan to the Thobela Joint Venture amounting to R164 million.

² Relates to debtors that were previously fully provided for. The debtors balances were therefore written off against allowances previously raised.

Foreign currency risk

Foreign currency risk positions are reflected in note 29.2.

Derivative assets at fair value

Derivative assets at fair value include:

R millions	GROUP	
	29 February 2024	28 February 2023
Forward exchange contracts	7	28

Credit risk on derivative assets

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

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

Notes to the consolidated financial statements

CONTINUED

for the year ended 29 February 2024

12 CASH AND CASH EQUIVALENTS

R millions	GROUP	
	29 February 2024	28 February 2023
Cash at bank	1 044	724
Cash held on behalf of merchants*	105	28
Less: Cash at bank classified as held-for-sale (refer to note 40)	(12)	(12)
	1 137	740
Bank overdrafts	(513)	(59)
Net cash and cash equivalents per the statement of cash flows	624	681

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

Credit risk

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

R millions	Cash and cash equivalents including merchant cash			
	Credit ratings	Cash at bank	Bank overdrafts	Cash and cash equivalents Total
29 February 2024				
South Africa	BB-	1 081	(513)	568
United Kingdom	AA	2	-	2
Australia	AAA	38	-	38
Other	Various	16	-	16
		1 137	(513)	624

R millions	Cash and cash equivalents including merchant cash			
	Credit ratings	Cash at bank	Bank overdrafts	Cash and cash equivalents Total
28 February 2023				
South Africa	BB-	633	(59)	574
United Kingdom	AA	5	-	5
Australia	AAA	75	-	75
Other	Various	27	-	27
		740	(59)	681

Expected credit losses

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

Interest rate risk

Refer to note 29.4 for disclosure relating to interest rate risk.

Foreign currency risk

Foreign currency risk positions are reflected in note 29.2.

Notes to the consolidated financial statements CONTINUED

for the year ended 29 February 2024

13 SHARE CAPITAL AND SHARE PREMIUM

	GROUP			
	29 February 2024 Number of shares	28 February 2023 Number of shares	29 February 2024 R millions	28 February 2023 R millions
13.1 Authorised				
A Ordinary shares of no par value (2023: No par value)	500 000 000	500 000 000		
N Ordinary shares of 0.01 cent each (2023: 0.01 cent each)	500 000 000	500 000 000		
High Voting share of no par value (<i>unlisted</i>)	1	1		
13.2 Issued				
<i>A Ordinary shares</i>				
In issue at the beginning of the year	410 681 964	407 572 398	1 238	1 214
Issued in terms of share schemes	336 600	3 109 566	3	24
In issue at the end of the year	411 018 564	410 681 964	1 241	1 238
Less: Own shares acquired by subsidiary	(32 287 468)	(32 287 468)	(222)	(222)
Net A ordinary shares at the end of the year	378 731 096	378 394 496	1 019	1 016
<i>High Voting share</i>				
In issue at the beginning of the year	1	1	–	–
Net High Voting share at the end of the year	1	1	–	–
Total number of shares in issue at the end of the year, net of own shares acquired (fully paid)	378 731 097	378 394 497		
13.3 Total issued share capital and premium			1 019	1 016

Terms of equity shares

A Ordinary shares

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

High Voting share

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

Treasury shares

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

Notes to the consolidated financial statements CONTINUED

for the year ended 29 February 2024

13 SHARE CAPITAL AND SHARE PREMIUM (continued)

13.4 Share-based payments

13.4.1 Altron 2009 Share Plan – Equity-settled share-based payments

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

Share Appreciation Rights ("SARs")

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

Performance Share Awards ("PS")

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

Bonus Share Grants ("BS")

The Bonus Share Scheme is a three-year scheme. The vesting period is three years from the initial date of the grant provided that the participants are still in the employ of the Group. The full value of the vested Bonus Shares will be settled to the participants in shares as the exercise price per share is Rnil per share.

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

Date granted	Exercise price per share	Share Appreciation Rights	Performance Share Awards	Bonus Share Grants
13 June 2018	R0.00	107 038	–	–
26 February 2020	R0.00	212 362	–	–
14 June 2021	R0.00	–	–	116 531
13 May 2021	R0.00	–	–	70 284
24 February 2021	R11.71	1 552 346	–	–
02 August 2021	R10.60	381 618	–	–
02 November 2021	R10.96	819 779	–	–
31 January 2022	R0.00	–	–	84 606
21 February 2022	R8.42	1 363 455	–	–
28 February 2023	R0.00	–	–	1 500 000
2 June 2023	R0.00	–	–	334 448
1 June 2023	R0.00	–	–	757 714
1 August 2023	R0.00	–	–	600 000
1 August 2023	R0.00	–	–	233 333
1 December 2023	R0.00	–	5 437 899	–
1 February 2024	R0.00	–	–	200 803
		4 436 598	5 437 899	3 897 719

Notes to the consolidated financial statements CONTINUED

for the year ended 29 February 2024

13 SHARE CAPITAL AND SHARE PREMIUM (continued)

13.4 Share-based payments continued

13.4.1 Altron 2009 Share Plan – Equity-settled share-based payments continued

	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options
	Rand	'000	Rand	'000
	2024	2024	2023	2023
The number and weighted average exercise prices of share options are as follows:				
Outstanding at the beginning of the year	8.00	7 261	5.00	11 158
Granted during the year	–	7 564	–	1 500
Options lapsed / forfeited / reinstated	5.00	(396)	5.00	(2 224)
Exercised during the year	3.00	(657)	–	(3 173)
Outstanding at the end of the year	3.00	13 772	8.00	7 261
Exercisable at the end of the year		1 224		520

Exercise prices on outstanding options at the end of the period ranged from Rnil to R11.71 (2023: Rnil to R11.71). The weighted average remaining period to vesting on outstanding options at the end of the period was 23 months (2023: 23 months).

The fair value of services received in return for share options granted is measured by reference to the fair value of the share options granted. The estimate of the fair value of the services received is measured using the Black-Scholes Model.

Evidence indicated that most options are exercised on or shortly after the vesting date and the assumptions have been adjusted accordingly. There is no difference between the options granted to key management and senior employees. Bonus share awards vest entirely and are exercisable between one to three years.

Notes to the consolidated financial statements CONTINUED

for the year ended 29 February 2024

13 SHARE CAPITAL AND SHARE PREMIUM (continued)

13.4 Share-based payments continued

13.4.1 Altron 2009 Share Plan – Equity-settled share-based payments continued

Fair value and assumptions of share options awarded

		Bonus share grants	Performance share awards
29 February 2024			
Fair value at grant date (Rand)	Rand	6.12 – 8.88	8.71
Share price	Rand	7.10 – 10.10	9.75
Exercise price	Rand	–	–
Expected volatility	%	58.00 – 107.00	65.80
Option life	Years	2.00 – 3.00	2.50
Dividend yield	%	4.30 – 4.90	4.50
Risk-free interest rate	%	8.82 – 9.00	8.80
28 February 2023			
Fair value at grant date	Rand	7.64 – 8.37	–
Share price	Rand	8.20	–
Exercise price	Rand	–	–
Expected volatility	%	23.00 – 97.70	–
Option life	Years	0.60 – 2.60	–
Dividend yield	%	4.53	–
Risk-free interest rate	%	8.60 – 9.00	–

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

	Share Appreciation Rights	Bonus Share Grants	Performance Share Awards	Total share options
The details of options outstanding are as follows:				
Number of options allocated at 28 February 2022	7 524 967	3 633 947	–	11 158 914
Number of options granted	–	1 500 000	–	1 500 000
Number of options lapsed/forfeited/reinstated	(1 650 372)	(573 718)	–	(2 224 090)
Number of options exercised	(748 212)	(2 425 529)	–	(3 173 741)
Number of options allocated at 28 February 2023	5 126 383	2 134 700	–	7 261 083
Number of options granted	–	2 126 298	5 437 889	7 564 187
Number of options lapsed/forfeited/reinstated	(344 956)	(51 140)	–	(396 096)
Number of options exercised	(344 829)	(312 139)	–	(656 968)
Number of options allocated at 29 February 2024	4 436 598	3 897 719	5 437 889	13 772 206

Notes to the consolidated financial statements CONTINUED

for the year ended 29 February 2024

13 SHARE CAPITAL AND SHARE PREMIUM (continued)

	29 February 2024
Reconciliation of shares issues to options exercised	
Shares issues in terms of share schemes	336 600
Options exercised at the end of the prior year and allocated in the current financial year	(123 487)
Options exercised during the current financial year to be allocated in the next financial year	203 954
Net settlement of share appreciation rights	239 901
Number of options exercised	656 968

The weighted average share price at the date of exercise of the options exercised during the year ended 29 February 2024 was R9.01 (2023: R8.00)

R millions	GROUP	
	29 February 2024	28 February 2023
13.5 Share-based payment employee expenses		
Equity-settled share-based payment expenses (note 20.2)	26	25

14 RESERVES

	GROUP	
	29 February 2024 R millions	28 February 2023 R millions
14.1 Foreign currency translation reserve	135	131
Comprises foreign exchange differences arising from the translation of the financial statements of foreign operations.		
14.2 Premium/discount on non-controlling interest equity transactions	(3 654)	(3 645)
Comprises the premium or discount on the subsequent purchase or sale of equity instruments in existing subsidiaries where there is no resulting change in control.		
14.3 Cash flow hedging reserve	(1)	(1)
Comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments relating to hedged transactions that have not yet occurred.		
14.4 Share-based payments reserve	223	200
Comprises the net fair value of equity instruments granted to employees under share schemes expensed net of tax credits on deductible recharges in excess of expenses recognised.		
14.5 Statutory reserves	–	95
Comprises the Capital Redemption Reserve funds as well as legal reserves of a foreign subsidiary.		
14.6 Fair value reserve	354	302
Comprises the cumulative net change in the fair value of financial assets at fair value through other comprehensive income, net of deferred taxation. The change in the remeasurement of the defined benefit plan through other comprehensive income is also being recorded in this reserve.		
Total reserves	(2 943)	(2 918)

Notes to the consolidated financial statements CONTINUED

for the year ended 29 February 2024

15 LOANS

R millions	GROUP	
	29 February 2024	28 February 2023
15.1 Non-current loans		
Financial liabilities at amortised cost		
Deferred purchase considerations	–	–
Secured bank loans	425	850
Lease liabilities	1	4
Rental finance liabilities (note 6)	418	374
	844	1 228
<i>Less: Payable within one year disclosed as current loans</i>	(195)	(180)
Non-current loans	649	1 048
<i>Less: Long term rental finance liabilities classified as held-for-sale (note 40)</i>	(224)	(197)
Total non-current loans	425	851
Non-current lease liabilities relating to right-of-use assets (note 3)	730	788
Total non-current loans including lease liabilities relating to right-of-use assets	1 155	1 639
15.2 Current loans		
Current portion of financial liabilities at amortised cost		
Current portion of rental finance liabilities (note 6)	194	177
Current portion of lease liabilities	1	3
Current portion of deferred purchase considerations	–	–
Current portion of long-term loans	195	180
<i>Less: Short term portion of rental finance liabilities classified as held-for-sale (note 40)</i>	(194)	(177)
Current loans excluding lease liabilities relating to right-of-use assets (note 29)	1	3
Current lease liabilities relating to right-of-use assets (note 3)	79	111
Current loans including lease liabilities relating to right-of-use assets	80	114

Notes to the consolidated financial statements CONTINUED

for the year ended 29 February 2024

15 LOANS (continued)

15.3 Terms and debt repayment schedule

				29 February 2024 Carrying value R millions	28 February 2023 Carrying value R millions
	Currency	Nominal interest rate	Year of maturity		
The terms and conditions of outstanding loans were as follows:					
Secured					
Rental finance liabilities	ZAR	7.5% to 38.34%	2024 – 2028	418	374
Secured bank loan*	ZAR	JIBAR + 1.85%	2025	425	850
Lease liabilities	ZAR	3.71% – 6.2%	2024	1	4
Lease liabilities relating to right-of-use assets (note 3)	Various	7.25% – 10.5%	2024 – 2033	827	918
				1 671	2 146
Less: Rental finance liabilities classified as held-for-sale (note 40)				(418)	(374)
Less: Lease liabilities relating to right-of-use assets classified as held-for-sale (note 40)				(18)	(19)
				1 235	1 753

* The Financial Stability Board has initiated a fundamental review and reform of the major interest rate benchmarks used globally by financial market participants. This review seeks to replace existing interbank offered rates (IBORs) with alternative risk-free rates (ARRs) to improve market efficiency and mitigate systemic risk across financial markets. The South African Revenue Bank ("SARB") has indicated their intention to move away from JIBAR and to create an alternative reference rate for South Africa. The SARB has indicated their initial preference for the adoption of the South African Rand Overnight Index Average (ZARONIA) as the preferred unsecured candidate to replace JIBAR in cash and derivative instruments. ZARONIA has been published for the purposes of observing the rate and how it behaves, but has not been formally adopted by the SARB as the successor rate to JIBAR. Accordingly, there is still uncertainty surrounding the timing and manner in which the transition would occur and how this would affect various financial instruments held by the Group.

15.4 Security

- Rental finance liabilities are largely matched by reciprocal finance lease assets from the customer on the back to back arrangement (refer to note 6).
- The loans have been secured by way of cross-guarantees from the following entities in the Group:
 - Altron TMT Holdings Proprietary Limited
 - Altron TMT SA Group Proprietary Limited
 - Altron International Holdings Proprietary Limited
 - Altron TMT Proprietary Limited
 - Netstar Group Proprietary Limited
 - Netstar Proprietary Limited

Notes to the consolidated financial statements CONTINUED

for the year ended 29 February 2024

15 LOANS (continued)

15.5 Lease liabilities

R millions	29 February 2024		28 February 2023	
	Future minimum lease payments	Present value of minimum lease payments	Future minimum lease payments	Present value of minimum lease payments
Lease liabilities are payable as follows:				
Less than 1 year	1	1	3	3
Between 1 – 5 years	–	–	1	1
	1	1	4	4

15.6 Liquidity risk

The Group manages liquidity risk by reviewing future commitments and credit facilities to ensure that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions. Refer to note 29.6 for further detail on how liquidity risk is managed by the Group.

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

R millions	Currency	Carrying amount	Contractual cash flows	6 months or less	6 to 12 months	1 to 2 years	2 to 5 years	Greater than 5 years
29 February 2024								
Non-derivative financial liabilities								
Rental finance liabilities	ZAR	418	508	135	109	170	94	–
Secured bank loan	ZAR	425	490	22	21	447	–	–
Lease payments	ZAR	1	1	1	–	–	–	–
Lease payments relating to right-of-use assets (note 3)	ZAR, AUD	827	1 101	76	75	130	366	454
		1 671	2 100	234	205	747	460	454
Less: Rental finance liabilities classified as held-for-sale (note 40)	ZAR	(418)	(508)	(135)	(109)	(170)	(94)	–
Less: Lease liabilities relating to right-of-use assets classified as held-for-sale (note 40)	ZAR	(18)	(22)	(5)	(4)	(6)	(7)	–
		1 235	1 570	94	92	571	359	454
Financial liabilities at amortised cost included in trade and other payables (note 17)	Various	1 767	1 767	1 767	–	–	–	–
Less: Financial liabilities at amortised cost classified as held-for-sale (note 40)	Various	(306)	(306)	(306)	–	–	–	–
		2 696	3 031	1 555	92	571	359	454

Notes to the consolidated financial statements CONTINUED

for the year ended 29 February 2024

15 LOANS (continued)

15.6 Liquidity risk (continued)

R millions	Currency	Carrying amount	Contractual cash flows	6 months or less	6 to 12 months	1 to 2 years	2 to 5 years	Greater than 5 years
28 February 2023								
Non-derivative financial liabilities								
Rental finance liabilities	ZAR	374	450	114	98	138	100	–
Secured bank loan	ZAR	850	970	40	40	890	–	–
Lease payments	ZAR	4	4	2	1	1	–	–
Lease payments relating to right-of-use assets (note 3)	ZAR, AUD	918	1 250	102	93	137	360	558
		2 146	2 674	258	232	1 166	460	558
Less: Rental finance liabilities classified as held-for-sale (note 40)	ZAR	(374)	(450)	(114)	(98)	(138)	(100)	–
Less: Lease liabilities relating to right-of-use assets classified as held-for-sale (note 40)	ZAR	(19)	(21)	(5)	(3)	(5)	(8)	–
		1 753	2 203	139	131	1 023	352	558
Financial liabilities at amortised cost included in trade and other payables (note 17)	Various	2 049	2 049	2 049	–	–	–	–
Less: Financial liabilities at amortised cost classified as held-for-sale (note 40)	Various	(582)	(582)	(582)	–	–	–	–
		3 220	3 670	1 606	131	1 023	352	558

Notes to the consolidated financial statements CONTINUED

for the year ended 29 February 2024

15 LOANS (continued)

15.7 Interest rate risk

Refer to note 29.4 for disclosure relating to interest rate risk.

15.8 Currency risk

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

15.9 Capital risk management and borrowing facilities

R millions	GROUP	
	29 February 2024	28 February 2023
In terms of the articles of association, the borrowing powers of the Group are unlimited.		
Unutilised banking facilities	1 540	1 402

The Group has a revolving credit facility ("RCF") of R850 million in place (February 2023: R850 million) in terms of its long-term financing with the banks. During the current financial year, the Group amended its existing Common Terms Agreement ("CTA") by extending the tenor on its RCF by an additional 12 months to 31 August 2025.

The full RCF of R850 million was repaid in June 2023, however it was drawn again (R850 million) in August 2023 and repaid in full in November 2023. The facility of R850 million was drawn to R425 million in February 2024.

Refer to note 29.8 for further disclosure on the Group's capital management and applicable debt covenants.

Notes to the consolidated financial statements

CONTINUED

for the year ended 29 February 2024

16 PROVISIONS

R millions	Warranties and fault		Total
	Onerous contracts	rectification	
Total current provisions at 28 February 2023	6	12	18
Provisions raised during the year	–	9	9
Provisions utilised during the year	(6)	(9)	(15)
Current provisions at 29 February 2024 before items classified as held-for-sale	–	12	12
Current provisions at 29 February 2024	–	12	12

R millions	Warranties and fault		Total
	Onerous contracts	rectification	
Total current provisions at 28 February 2022	3	12	15
Disposal of subsidiaries	–	–	–
Provisions raised during the year	4	5	9
Provisions utilised during the year	(1)	(5)	(6)
Current provisions at 28 February 2022 before items classified as held-for-sale	6	12	18
Less: Provisions classified as held-for-sale (refer note 40)	–	(1)	(1)
Current provisions at 28 February 2023	6	11	17

17 TRADE AND OTHER PAYABLES

R millions	GROUP	
	29 February 2024	28 February 2023
Financial liabilities at amortised cost		
Trade and other payables	1 362	1 748
Amounts due to Merchants	97	15
Payroll liabilities	308	286
Less: Financial liabilities at amortised cost classified as held-for-sale (refer note 40)	(306)	(582)
	1 461	1 467
Non-financial liabilities		
Payroll liabilities	47	74
VAT payable	33	41
Less: Non-financial liabilities classified as held-for-sale (refer note 40)	(5)	(16)
	75	99
	1 536	1 566
Financial liabilities at fair value through profit or loss		
Forward exchange contracts	1	5
	1 537	1 571

Notes to the consolidated financial statements CONTINUED

for the year ended 29 February 2024

17 TRADE AND OTHER PAYABLES (continued)

(a) Trade payables

Management of liquidity risk:

The Group has negotiated favourable credit terms with suppliers, which enables the Group to utilise its operating cashflow to full effect.

The supplier's age analysis is reviewed by management on a regular basis to ensure that credit terms are adhered to and suppliers are paid when due. The Group utilises multiple credit terms, most of which are less than one year.

Foreign currency risk:

Most amounts owed in foreign currency are covered by foreign exchange contracts (refer to note 29.2).

Interest rate risk:

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

18 RETIREMENT BENEFIT PLANS

Defined contribution plans

The majority of the Group's employees are members of the Altron Group Pension Fund which is a defined contribution fund and is governed by the Pension Funds Act, 1956 as amended. The contribution rate of the employers is between 7.5% and 17.5%, calculated on the pensionable emoluments of members. During the year the Altron Group Provident Fund merged with the Altron Group Pension fund mainly due to the Taxation Laws Amendment Act 20 that came into effect on 1 March 2021 enabling the merge as well as other financial benefits from a Fund management and Member perspective.

Additionally the Group provides retirement benefits for certain of its employees through the Altron Group Provident Fund. The fund is a defined contribution fund and is governed by the Pension Funds Act, 1956 as amended. Contributions to the fund comprise between 8% and 27.5% of pensionable emoluments.

The Group's contribution to these funds amounted to R188 million (2023: R157 million) for the current financial year.

Multi-employer plans

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

The Group's contribution to these other funds amounted to R4 million (2023: R8 million) for the current financial year.

Defined benefit plans

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

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

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

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

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

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

Notes to the consolidated financial statements CONTINUED

for the year ended 29 February 2024

18 RETIREMENT BENEFIT PLANS (continued)

Funding

The defined benefit plans are fully funded by the Group's subsidiaries and members as discussed above. The funding requirements are based on the pension fund's actuarial measurement framework set out in its funding policies. The funding is based on a separate actuarial valuation for funding purposes for which the assumptions may differ from the assumptions below. The defined benefit component relating to the active members is funded by the employers through a guarantee reserve that resides in the fund. Under the latest IAS 19 valuation this reserve is fully funded on a total service cost basis and has a surplus of R449 million (2023: R295 million). The defined benefit component relating to the pensioners is also fully funded and an investment reserve is retained in order to manage volatility in its investment returns.

The Group expects to pay R19 million in contributions to its defined benefit plan in the next financial year.

R millions	GROUP	
	29 February 2024	28 February 2023
18.1 Fair value of plan assets		
Fair value of plan assets	3 265	3 353
Present value of funded obligations	(2 816)	(3 058)
Surplus	449	295
Amount not recognised due to asset ceiling limitation	(67)	–
Pension fund asset recognised at the end of the year	382	295
Movement in the net defined benefit asset	87	41
Recognised in Other Income	35	27
Recognised in Other Comprehensive Income (note 18.3)	52	14
18.2 Components of current year expense recognised in profit or loss		
Current service cost	(18)	(16)
Interest cost	(351)	(342)
Interest income on plan assets	387	370
	18	12

Notes to the consolidated financial statements

CONTINUED

for the year ended 29 February 2024

18 RETIREMENT BENEFIT PLANS (continued)

R millions	GROUP	
	29 February 2024	28 February 2023
18.3 Amounts recognised in other comprehensive income are as follows		
Loss on plan assets excluding interest income	(158)	(268)
Actuarial gain	277	282
Effect of asset ceiling limit	(67)	–
	52	14
18.4 Remeasurement in other comprehensive income		
Changes in financial assumptions	98	197
Changes in demographic assumptions	–	–
Experience losses	179	85
Excess return on assets	(158)	(268)
Change in the asset ceiling	(67)	–
	52	14
18.5 Reconciliation of defined benefit obligation		
Present value of defined benefit obligation at the beginning of the year	3 058	3 270
Current service cost	18	16
Interest cost	351	342
Benefits paid	(348)	(344)
Employee contributions to defined contribution fund credits subject to defined benefit underpin	1	1
Transfers from defined contribution fund	13	55
Actuarial gains	(277)	(282)
– Actuarial gain arising on financial assumptions	(98)	(197)
– Actuarial gain arising from actual experience being different from assumed	(179)	(85)
Present value of defined benefit obligation at the end of the year	2 816	3 058
18.6 Reconciliation of fair value of plan assets		
Assets at market value at the beginning of the year	3 353	3 524
Actual return on assets		
Interest income on plan assets	387	370
Loss on plan assets excluding interest income	(158)	(268)
Contributions paid – by employers	18	16
Benefits paid	(348)	(344)
Transfers from defined contribution fund	13	55
	3 265	3 353
18.7 Reconciliation of asset ceiling		
Asset ceiling at the beginning of the year	–	–
Net interest on asset ceiling	–	–
Effect of asset ceiling not in profit and loss	67	–
Asset ceiling at the end of the year	67	–

Notes to the consolidated financial statements CONTINUED

for the year ended 29 February 2024

18 RETIREMENT BENEFIT PLANS (continued)

R millions	GROUP	
	29 February 2024	28 February 2023
Plan assets		
<i>Plan assets comprise:</i>		
Equities:		
– Local	10.3%	10.4%
– International	25.9%	25.3%
Fixed interest		
– Local	39.7%	42.5%
– International	1.0%	1.1%
Property		
– Local	1.5%	1.4%
– International	2.5%	2.7%
Collective investments:		
– Local	8.4%	8.8%
– Cash & Other	10.4%	6.6%
– Net current assets	0.3%	1.2%

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

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

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

Defined benefit asset

Actuarial assumptions	GROUP	
	29 February 2024	28 February 2023
The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages).		
Discount rate	12.2%	12.1%
Future salary growth	7.0%	7.0%
Future pension growth	6.8%	6.3%
Inflation	6.0%	6.0%

At 29 February 2024, the weighted-average duration of the defined benefit obligation was 9 years (2023: 10 years).

Notes to the consolidated financial statements CONTINUED

for the year ended 29 February 2024

18 RETIREMENT BENEFIT PLANS (continued)

Sensitivity analysis

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

R millions	29 February 2024	
	Defined benefit asset recognised	
	Increase	Decrease
Discount rate (1% movement)	386	(377)
Salary increase (1% movement)	(377)	385
Pension increase (1% movement)	(282)	389

R millions	28 February 2023	
	Defined benefit asset recognised	
	Increase	Decrease
Discount rate (1% movement)	299	(289)
Salary increase (1% movement)	(291)	298
Pension increase (1% movement)	(101)	356

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

Notes to the consolidated financial statements CONTINUED

for the year ended 29 February 2024

19 REVENUE FROM CONTRACTS WITH CUSTOMERS

R millions	GROUP	
	29 February 2024	28 February 2023
19.1 Assets and liabilities related to contracts with customers		
The Group has recognised the following assets and liabilities related to contracts with customers:		
Total contract assets	92	134
Less: Contract asset classified as held-for-sale (refer note 40)	(33)	(8)
	59	126
Total contract assets comprise:		
Current contract assets	98	137
Loss allowance	(6)	(3)
Total contract assets	92	134
Non-current contract costs capitalised (refer note 7)	723	551
Current contract fulfilment costs capitalised (refer note 7)	138	111
Total contract costs capitalised	861	662
Total contract liabilities	1 097	827
Less: Contract liabilities classified as held-for-sale (refer note 40)	(41)	(17)
	1 056	810
Non-current contract liabilities	547	412
Current contract liabilities	509	398
Total contract liabilities	1 056	810

Contract liabilities recognised in revenue and significant movements during the year.

	29 February 2024	28 February 2023
Total contract liabilities at the beginning of the year	827	656
Disposals of operations	(41)	(10)
Translation of foreign operations	-	2
Revenue recognised in the current year in relation to current contract liabilities raised in the prior year	(345)	(287)
Contract liabilities recognised during the current year	656	466
Total contract liabilities at the end of the year	1 097	827
Less: Contract liabilities classified as held-for-sale (refer note 40)	(41)	(17)
Total contract liabilities at the end of the year excluding held-for-sale	1 056	810

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

Notes to the consolidated financial statements CONTINUED

for the year ended 29 February 2024

19 REVENUE FROM CONTRACTS WITH CUSTOMERS (continued)

R millions	GROUP	
	29 February 2024	28 February 2023
Unsatisfied long-term service contracts		
The following table shows unsatisfied performance obligations:		
Aggregate amount of the transaction price allocated to contracts that are partially or fully unsatisfied at the end of the year	1 264	946
Management expects that the contract liabilities that are allocated to contracts with partially or fully unsatisfied performance obligations will be recognised as follows:		
Within 1 year	523	626
Within 2 years	368	214
Thereafter	373	106
	1 264	946

Notes to the consolidated financial statements CONTINUED

for the year ended 29 February 2024

19 REVENUE FROM CONTRACTS WITH CUSTOMERS (continued)

19.2 Revenue by segment

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

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

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

29 February 2024

Continuing operations

R millions

Revenue by product	Altron Managed Solutions	Managed Services	Altron Systems Integration	Altron Security	Altron Karabina
Revenue by product					
Project related revenue					
Over time	–	–	347	–	262
	–	–	347	–	262
Sale of goods and related services	418	418	388	286	–
At a point in time	418	418	388	286	–
Over time	–	–	–	–	–
Maintenance, support and outsource services	761	761	609	125	56
At a point in time	–	–	–	1	–
Over time	761	761	609	124	56

	Digital Transformation	Netstar	FinTech	HealthTech	Own Platforms	Altron Arrow	Corporate and consolidation and other international operations	Other	Continuing operations
	609	2	-	-	2	-	(38)	(38)	573
	609	2	-	-	2	-	(38)	(38)	573
	674	1 870	913	14	2 797	782	(76)	706	4 595
	674	129	186	8	323	782	(76)	706	2 121
	-	1 741	727	6	2 474	-	-	-	2 474
	790	-	124	-	124	-	(6)	(6)	1 669
	1	-	-	-	-	-	(1)	(1)	-
	789	-	124	-	124	-	(5)	(5)	1 669

Notes to the consolidated financial statements

CONTINUED

for the year ended 29 February 2024

19 REVENUE FROM CONTRACTS WITH CUSTOMERS (continued)

19.2 Revenue by segment (continued)

R millions

Revenue by product	Altron Managed Solutions	Managed Services	Altron Systems Integration	Altron Security	Altron Karabina
Training and skills management	-	-	-	-	-
Over time	-	-	-	-	-
Software, cloud and licenses, including software assurance services	-	-	355	38	44
At a point in time	-	-	-	38	44
Over time	-	-	355	-	-
Software application and development	-	-	324	-	-
At a point in time	-	-	-	-	-
Over time	-	-	324	-	-
Switching and other transactional services	-	-	18	-	-
At a point in time	-	-	-	-	-
Over time	-	-	18	-	-
Total Revenue	1 179	1 179	2 041	449	362
Revenue by Geographic region					
South Africa	1 151	1 151	1 799	419	342
Rest of Africa	28	28	110	4	14
Total Africa	1 179	1 179	1 909	423	356
Europe	-	-	67	7	-
Rest of world	-	-	65	19	6
Total International	-	-	132	26	6
Total Revenue	1 179	1 179	2 041	449	362

	Digital Transformation	Netstar	FinTech	HealthTech	Own Platforms	Altron Arrow	Corporate and consolidation and other international operations	Other	Continuing operations
	-	-	-	-	-	-	14	14	14
	-	-	-	-	-	-	14	14	14
	437	-	10	202	212	20	(13)	7	656
	82	-	10	107	117	20	(3)	17	216
	355	-	-	95	95	-	(10)	(10)	440
	324	202	-	-	202	-	(1)	(1)	525
	-	-	-	-	-	-	(1)	(1)	(1)
	324	202	-	-	202	-	-	-	526
	18	-	52	158	210	-	(10)	(10)	218
	-	-	-	86	86	-	-	-	86
	18	-	52	72	124	-	(10)	(10)	132
	2 852	2 074	1 099	374	3 547	802	(130)	672	8 250
	2 560	1 669	1 091	369	3 129	644	(139)	505	7 345
	128	5	7	5	17	16	(5)	11	184
	2 688	1 674	1 098	374	3 146	660	(144)	516	7 529
	74	-	-	-	-	-	14	14	88
	90	400	1	-	401	142	-	142	633
	164	400	1	-	401	142	14	156	721
	2 852	2 074	1 099	374	3 547	802	(130)	672	8 250

Notes to the consolidated financial statements

CONTINUED

for the year ended 29 February 2024

19 REVENUE FROM CONTRACTS WITH CUSTOMERS (continued)

19.2 Revenue by segment (continued)

29 February 2024

Discontinued operations

R millions

Revenue by product	Altron			
	Altron Nexus	Document Solutions	Altron Rest of Africa	Discontinued operations
Revenue by product				
Project related revenue	523	–	–	523
Over time	523	–	–	523
Sale of goods and related services	114	606	27	747
At a point in time	114	533	27	674
Over time	–	73	–	73
Maintenance, support and outsource services	22	678	34	734
At a point in time	–	240	34	274
Over time	22	438	–	460
Training and skills management	–	–	–	–
Over time	–	–	–	–
Software, cloud and licenses, including software assurance services	–	21	2	23
At a point in time	–	12	2	14
Over time	–	9	–	9
Total Revenue from contracts with customers	659	1 305	63	2 027
Rental finance income	–	48	–	48
Total Revenue	659	1 353	63	2 075
Revenue by Geographic region				
South Africa	637	1 240	–	1 877
Rest of Africa	22	113	63	198
Total Africa	659	1 353	63	2 075
Europe	–	–	–	–
Rest of world	–	–	–	–
Total International	–	–	–	–
Total Revenue	659	1 353	63	2 075
Total Revenue - total operations				10 325

THIS PAGE IS LEFT BLANK INTENTIONALLY

Notes to the consolidated financial statements CONTINUED

for the year ended 29 February 2024

19 REVENUE FROM CONTRACTS WITH CUSTOMERS (continued)

19.2 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 2023

Continuing operations

R millions

Revenue by product*	Altron Managed Solutions	Managed Services	Altron Systems Integration	Altron Security
Project related revenue	–	–	269	–
Over time	–	–	269	–
Sale of goods and related services	925	925	412	15
At a point in time	925	925	412	15
Over time	–	–	–	–
Maintenance, support and outsource services	957	957	622	185
Over time	957	957	622	185
Training and skills management	–	–	–	–
Over time	–	–	–	–
Software, cloud and licenses, including software assurance services	–	–	304	236
At a point in time	–	–	1	236
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	1 882	2 003	436
Rental finance income	–	–	–	–
Total Revenue	1 882	1 882	2 003	436
Revenue by Geographic region				
South Africa	1 727	1 727	1 795	411
Rest of Africa	155	155	85	2
Total Africa	1 882	1 882	1 880	413
Europe	–	–	70	11
Rest of world	–	–	53	12
Total International	–	–	123	23
Total Revenue	1 882	1 882	2 003	436

* Comparative information has been restated for the classification of Altron Nexus as a discontinued operation, which was previously included in the Management Services segment, for the year ended 29 February 2024

Altron Karabina	Digital Transformation	Netstar	FinTech	HealthTech	Own Platforms	Altron Arrow	Corporate and consolidation and other international operations	Other	Continuing operations
292	561	-	-	-	-	-	(29)	(29)	532
292	561	-	-	-	-	-	(29)	(29)	532
-	427	1 685	879	-	2 564	668	(34)	634	4 550
-	427	246	228	-	474	668	(34)	634	2 460
-	-	1 439	651	-	2 090	-	-	-	2 090
9	816	-	117	-	117	-	(24)	(24)	1 866
9	816	-	117	-	117	-	(24)	(24)	1 866
-	-	-	-	-	-	-	11	11	11
-	-	-	-	-	-	-	11	11	11
49	589	174	8	181	363	11	(69)	(58)	894
49	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
350	2 789	1 859	1 044	350	3 253	679	(158)	521	8 445
-	-	-	-	-	-	-	-	-	-
350	2 789	1 859	1 044	350	3 253	679	(158)	521	8 445
332	2 538	1 500	1 033	346	2 879	582	(95)	487	7 631
4	91	6	9	4	19	10	(74)	(64)	201
336	2 629	1 506	1 042	350	2 898	592	(169)	423	7 832
-	81	1	2	-	3	1	11	12	96
14	79	352	-	-	352	86		86	517
14	160	353	2	-	355	87	11	98	613
350	2 789	1 859	1 044	350	3 253	679	(158)	521	8 445

Notes to the consolidated financial statements

CONTINUED

for the year ended 29 February 2024

19 REVENUE FROM CONTRACTS WITH CUSTOMERS (continued)

19.2 Revenue by segment (continued)

28 February 2023

Discontinued operations

R millions

Revenue by product*	Altron Nexus	Altron Document Solutions	Altron Rest of Africa	Discontinued operations
Revenue by product				
Project related revenue	467	–	–	467
Over time	467	–	–	467
Sale of goods and related services	116	505	121	742
At a point in time	89	505	105	699
Over time	27	–	16	43
Maintenance, support and outsource services	436	588	38	1 062
Over time	436	588	38	1 062
Training and skills management	–	–	–	–
Over time	–	–	–	–
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	1 019	1 112	190	2 321
Rental finance income	–	82	–	82
Total Revenue	1 019	1 194	190	2 403
Revenue by Geographic region				–
South Africa	1 017	1 124	–	2 141
Rest of Africa	2	70	190	262
Total Africa	1 019	1 194	190	2 403
Europe	–	–	–	–
Rest of world	–	–	–	–
Total International	–	–	–	–
Total Revenue	1 019	1 194	190	2 403
Total Revenue – total operations				10 848

* Comparative information has been restated for the classification of Altron Nexus as a discontinued operation, which was previously included in the Management Services segment, for the year ended 29 February 2024.

THIS PAGE IS LEFT BLANK INTENTIONALLY

Notes to the consolidated financial statements CONTINUED

for the year ended 29 February 2024

20 OPERATING PROFIT BEFORE CAPITAL ITEMS Total operations

Is stated after taking account of the following items:

20.1 Directors' and Prescribed Officers' remuneration Non-Executive Directors

R'000	29 February 2024 Total	28 February 2023 Total
Fees for services as Directors		
SW van Graan (Chairman) **	1 438	1 515
AC Ball	541	545
BW Dawson	400	1 117
GG Gelinck	681	690
Dr P Mnganga	658	668
T Ngara (Appointed 20 March 2023)	472	–
S Rapeti	807	568
A Sithebe	572	985
S Sithole (Resigned 20 March 2023)	–	584
RE Venter [#]	735	1 473
	6 304	8 145

[#] Remuneration in terms of consultancy agreement and Non-Executive Director fees.

^{**} In the prior year Mr. Stewart van Graan was appointed as the Executive Chairman and acting Chief Executive of Altron effective from 1 July 2022 until 20 September 2022.

R'000

Full time Directors

29 February 2024
Executive
WG Kapp
C Snyman (Appointed 1 June 2023)
N Bofilatos (Resigned 1 June 2023)

28 February 2023

Executive
WG Kapp (Appointed 1 October 2022)
SW van Graan **
M Nyati (Resigned 30 June 2022)
N Bofilatos

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

^{*} This relates to fixed annual salary.

^{**} Mr. Stewart van Graan was appointed as the Executive Chairman and acting Chief Executive of Altron effective from 1 July 2022 until 20 September 2022.

Guaranteed Pay*	Defined Contribution Pension Payments	Performance related bonuses (Accrued)	Other Bonuses	Other Payments	Share option expense**	Total
7 996	420	9 396	–	–	8 918	26 730
3 497	253	3 775	–	–	1 044	8 569
2 697	316	227	–	1 004	1 350	5 594
14 190	989	13 398	–	1 004	11 312	40 893
3 275	40	1 622	–	–	–	4 937
3 957	–	–	1 319	–	–	5 276
2 427	276	–	491	–	17 246	20 440
3 241	230	1 487	–	–	513	5 471
12 900	546	3 109	1 810	–	17 759	36 124

Notes to the consolidated financial statements CONTINUED

for the year ended 29 February 2024

20 OPERATING PROFIT BEFORE CAPITAL ITEMS (continued)

20.1 Directors' and Prescribed Officers' remuneration (continued)

Altron 2009 Share Plan	Share option	Allocation Date	Strike Price	Balance 1 March 2023
Directors' options				
WG Kapp	Altron BS	28 February 2023	–	1 500 000
	Altron PS	01 December 2023	–	–
C Snyman (Appointed 1 June 2023)	Altron BS	01 June 2023	–	–
	Altron PS	01 December 2023	–	–
N Bofilatos (Resigned 1 June 2023)	Altron SAR	02 August 2021	10.60	135 659
	Altron SAR	21 February 2022	8.42	148 661

29 February 2024

Awarded	Lapsed / forfeited	Exercised	Exercise Date	Gross Proceeds R'000s	Exercise Price	Balance 29 February 2024	Expiry Date
-	-	-	-	-	-	1 500 000	October 2025
869 565	-	-	-	-	-	869 565	May 2027
434 783	-	-	-	-	-	434 783	June 2026
434 783	-	-	-	-	-	434 783	May 2027
-	-	-	-	-	-	135 659	August 2027
-	-	-	-	-	-	148 661	February 2028

Notes to the consolidated financial statements CONTINUED

for the year ended 29 February 2024

20 OPERATING PROFIT BEFORE CAPITAL ITEMS (continued)

20.1 Directors' and Prescribed Officers' remuneration (continued)

Altron 2009 Share Plan	Share option	Allocation Date	Strike Price	Balance 1 March 2022
Directors' options				
WG Kapp (Appointed 1 October 2022)	Altron BS**	28 February 2023	–	–
M Nyati (Resigned 30 June 2022)	Altron SAR**	29 August 2019	–	175 623
	Altron SAR**	26 February 2020	–	519 385
	Altron SAR	24 February 2021	11.71	489 339
	Altron BS**	23 February 2021	–	1 258 949
	Altron BS**	14 June 2021	–	428 419
	Altron BS**	13 May 2021	–	49 996
	Altron BS**	13 May 2021	–	322 085
N Bofilatos	Altron SAR	02 August 2021	10.60	135 659
	Altron SAR	21 February 2022	8.42	148 661

** In December 2020, the Group completed the demerger of Bytes Technology Group Limited (Bytes UK) from the Altron Group. As a part of the demerger, adjustments were made to existing share scheme awards in order to place the participants in the same position as they were in prior to the demerger. Such adjustments include reducing the strike price of existing awards and accelerated vesting of certain awards granted under these schemes as well as the issue of additional bonus share options to compensate for the negative strike price following the demerger. Refer to note 13.

28 February 2023

Awarded	Lapsed / forfeited	Exercised	Exercise Date	Gross Proceeds R'000s	Exercise Price	Balance 28 February 2023	Expiry Date
1 500 000	-	-	-	-	-	1 500 000	October 2025
-	-	(175 623)	30 June 2022	1 387 414	7.90	-	August 2025
-	-	(519 385)	30 June 2022	4 103 142	7.90	-	February 2026
-	-	-	-	-	-	489 339	February 2027
-	-	(1 258 949)	30 June 2022	9 945 697	7.90	-	June 2022
-	-	(428 419)	-	3 432 507	-	-	June 2022
			14 June 2022	1 176 164	8.24		
			30 June 2022	2 256 343	7.90		
-	-	(49 996)	30 June 2022	394 968	7.90	-	June 2022
-	-	(322 085)	30 June 2022	2 544 472	7.90	-	June 2022
-	-	-	-	-	-	135 659	August 2027
-	-	-	-	-	-	148 661	February 2028

Notes to the consolidated financial statements CONTINUED

for the year ended 29 February 2024

20 OPERATING PROFIT BEFORE CAPITAL ITEMS (continued)

R millions	GROUP	
	29 February 2024	28 February 2023 <i>Restated*</i>
Total operations is stated after taking account of the following items:		
20.2 Employees' remuneration		
Employee remuneration (including Directors' remuneration)	2 473	2 629
Share-based payments – equity settled (note 13.5)	26	25
Retirement and provident funds	215	214
	2 713	2 868
Continuing operations	2 327	2 382
Discontinued operations	386	486
20.3 Materials and services consumed		
Cost of goods sold and services rendered*	5 004	5 625
Cost of goods sold – Direct materials	1 904	4 069
Cost of goods sold – Services	3 124	1 546
Cost of goods sold – Other	(24)	10
Repairs and maintenance	43	40
Sales and administration costs	693	648
Management fees	1	1
Training fees	81	94
Consulting fees	237	178
Auditors' remuneration	21	21
PricewaterhouseCoopers Inc		
Audit fees	18	17
Fees for non audit services	–	–
Expenses	1	1
Total PricewaterhouseCoopers Inc	19	18
Other auditors		
Audit fees	1	1
Fees for non audit services	1	2
Expenses	–	–
Total Other auditors	2	3
Foreign exchange (gains)/losses	11	(18)
Gains	(79)	(126)
Losses	90	118
Forward exchange contracts fair value adjustments	–	(10)
Operating lease charges	44	37
Property	25	31
Plant, equipment and vehicles	19	6
Other expenses	302	228
	6 437	6 854
Continuing operations	4 499	4 864
Discontinued operations	1 938	1 990

Notes to the consolidated financial statements CONTINUED

for the year ended 29 February 2024

20 OPERATING PROFIT BEFORE CAPITAL ITEMS (continued)

R millions	GROUP	
	29 February 2024	28 February 2023 Restated*
20.4 Foreign exchange (gains)/losses		
	11	(18)
Realised	22	9
Unrealised	(11)	(27)
Continuing operations	(1)	(16)
Discontinued operations	12	(2)
20.5 Other income		
Other income**	(91)	(124)
	(91)	(124)
Continuing operations	(91)	(104)
Discontinued operations	–	(20)

* Comparative information has been restated for the classification of Altron Nexus as a discontinued operation (note 40).

** Other income is mainly attributable to insurance refunds and royalty income.

20.6 Depreciation and amortisation

Depreciation on property, plant and equipment (note 1)	95	105
Amortisation of intangible assets and goodwill (note 2)	104	116
Depreciation on right-of-use assets (note 3)	106	147
Amortisation of costs incurred to acquire contracts during the year (note 7)	258	167
Amortisation of capital rental devices (note 8)	212	172
	775	707
Continuing operations	763	652
Discontinued operations	12	55

R millions	GROUP	
	29 February 2024	28 February 2023 Restated*
21 CAPITAL ITEMS		
Continuing operations		
Net profit / (loss) on disposal of property, plant and equipment	1	(2)
Net profit on deregistration and disposal of operations	1	–
Impairment of right-of-use assets	–	(18)
Impairment of property, plant and equipment	(17)	(6)
Impact of lease modifications and terminations	–	(11)
Costs relating to disposal of operations	(5)	(2)
Impairment of goodwill	(33)	–
Impairment of held-for-sale disposal groups	–	(1)
Reversal of prior period impairment on right-of-use assets	47	–
Impairment of contract costs capitalised (refer to note 7)	(1)	–
Capital rental devices written off (refer to note 8)	(28)	(19)
	(35)	(59)

Notes to the consolidated financial statements CONTINUED

for the year ended 29 February 2024

21 CAPITAL ITEMS (continued)

R millions	GROUP	
	29 February 2024	28 February 2023 <i>Restated*</i>
Discontinued operations		
Loss on disposal of operations and subsidiaries	(11)	(41)
Costs relating to disposal of operations	(2)	(1)
Net profit on disposal of property, plant and equipment	1	–
Impairment of property, plant and equipment	(34)	(3)
Impact of lease modifications and terminations	6	(1)
Foreign currency translation reserve recycling to profit and loss on deregistration of foreign dormant operations	1	–
Impairment of held-for-sale disposal groups (note 40)	(21)	(36)
Capital rental devices written off (refer to note 8)	(5)	–
Impairment of right-of-use assets (refer to note 3)	(10)	
Impairment of held-for-sale disposal groups (other)	(6)	(36)
	(60)	(82)
Total	(95)	(141)

R millions	Group	
	29 February 2024	28 February 2023 <i>Restated*</i>
Recognised in profit or loss		
Interest income on financial assets measured at amortised cost	87	74
Interest income on lease asset	4	2
Total interest income	91	76
Dividend income on financial assets measured at FVOCI	–	5
Dividend received **	–	5
Total dividend income	–	10
Total Finance income	91	86
Continuing operations	61	49
Discontinued operations	30	37
	91	86
Interest received per consolidated statement of cash flows		
Interest income	91	76
Interest received on finance lease assets included in revenue	50	48
Interest received	141	124

* Comparative information has been restated for the classification of Altron Nexus as a discontinued operation (note 40).

** Southern Cross Investments Proprietary Limited received a liquidation dividend from a subsidiary Battech Proprietary Limited ("Battech") upon the finalisation of the liquidation process of Battech on 20 February 2023.

Notes to the consolidated financial statements CONTINUED

for the year ended 29 February 2024

23 FINANCE EXPENSE

R millions	GROUP	
	29 February 2024	28 February 2023 <i>Restated*</i>
Recognised in profit or loss		
Interest expense on financial liabilities measured at amortised cost	115	120
Commitment fees and other costs of funding	9	7
Interest expense on lease liability	67	77
	191	204
Continuing operations	187	194
Discontinued operations	4	10
	191	204
Interest paid per consolidated statement of cash flows		
Finance expense	191	204
Interest relating to rental finance liabilities included in costs of goods sold and services rendered	54	48
Less non cash interest raised on the present value of the deferred purchase consideration (note 39)	–	(1)
Interest paid	245	251

* Comparative information has been restated for the classification of Altron Nexus as a discontinued operation (note 40).

Notes to the consolidated financial statements CONTINUED

for the year ended 29 February 2024

24 SHARE OF PROFIT OF EQUITY ACCOUNTED INVESTEEES, NET OF TAXATION

R millions	GROUP	
	29 February 2024	28 February 2023
Attributable earnings	2	3

Refer to note 43.4 and 43.3 for detailed disclosures on the interest in joint ventures and associates respectively.

25 TAXATION

25.1 Taxation charge

Current year		
– normal tax	111	70
– capital gains tax	(1)	1
– deferred tax	14	15
(Over) / Under provision relating to prior years		
– normal tax	24	(5)
– deferred tax	3	(4)
	151	77
Continuing operations	139	105
Discontinued operations	12	(28)

25.2 Reconciliation of effective tax rate

South African normal tax rate	27.0	28.0
Adjusted for:		
Non-deductible expenditure**	294.2	37.0
Goodwill impaired	87.0	–
Non-taxable income***	(309.4)	(22.6)
Capital gains tax rate differential	(2.6)	1.0
Foreign tax rate differential	11.2	4.1
Income from associates	(5.2)	(0.9)
Temporary differences and tax losses not recognised	1 100.4	42.8
– Temporary differences not recognised	1 304.4	(1.4)
– Assessed losses not recognised	(204.0)	44.2
Utilisation of previously unrecognised tax losses	0.5	(2.2)
Prior year adjustments	266.4	(9.6)
Effect of tax rate changes*	–	8.0
Increase	1 442.5	57.6
Effective tax rate	1 469.5	85.6

* The Group's deferred tax assets and liabilities have been adjusted in the prior year by applying the newly enacted 27% corporate tax rate (2023: 27%), which is effective for the financial year ending 29 February 2024. The Group's deferred tax expense for the financial year ending 28 February 2023 is net of the calculated rate change.

** Relates to loss on disposal of operations, increase in ECL's relating to loans to Joint venture, unrealised foreign exchange losses, share based payment expenses and other costs that are capital in nature.

*** Non-taxable income relates to the defined benefit fund gain, learnership and research and development allowances.

Notes to the consolidated financial statements CONTINUED

for the year ended 29 February 2024

26 EARNINGS PER SHARE

26.1 Reconciliation between earnings and headline earnings

R millions	Notes	GROUP			
		29 February 2024		28 February 2023	
		Gross	Net of tax and non-controlling interests	Gross	Net of tax and non-controlling interests
Loss attributable to shareholders			(164)		(4)
Adjustments for:					
Impairment of goodwill	2	33	33	–	–
Net loss on deregistration and disposal of operations		10	5	41	41
Impairment of held-for-sale disposal groups (note 40)		21	15	37	29
Net (profit) / loss on disposal of property, plant and equipment		(2)	(2)	2	1
Impairment of property, plant and equipment	1	51	38	9	6
Foreign currency translation reserve recycling to profit and loss on deregistration of foreign dormant operations		(1)	(1)	–	–
Reversal of prior period impairment on right-of-use assets	3	(47)	(34)	–	–
Impairment of right-of-use assets (refer to note 3)		–	–	18	13
Lease modifications and terminations		(6)	(4)	12	8
Impairment of contract costs capitalised (refer to note 7)		1	1		
Capital rental devices written off (refer to note 8)		28	20	19	14
Headline earnings			(93)		108
Basic loss per share from total operations (cents)			(43)		(1)
Headline earnings per share from total operations (cents)			(25)		29

Notes to the consolidated financial statements CONTINUED

for the year ended 29 February 2024

26 EARNINGS PER SHARE (continued)

26.2 Reconciliation between earnings and headline earnings from continuing operations

R millions	GROUP			
	29 February 2024		28 February 2023	
	Gross	Net of tax and non-controlling interests	Gross	Net of tax and non-controlling interests Restated*
Earnings attributable to shareholders		408		281
Adjustments for:				
Impairment of goodwill	33	33	–	–
Net (profit) / loss on disposal of property, plant and equipment	(1)	(1)	2	1
Impairment of right-of-use assets (refer to note 3)	–	–	18	13
Lease modifications and terminations	–	–	11	7
Impairment of property, plant and equipment	17	13	6	4
Impairment of held-for-sale disposal groups (note 40)	–	–	1	1
Net loss on deregistration and disposal of operations	(1)	(1)	–	–
Reversal of prior period impairment on right-of-use assets	(47)	(34)	–	–
Impairment of contract costs capitalised (refer to note 7)	1	1	–	–
Capital rental devices written off (refer to note 8)	28	20	19	14
Headline earnings		439		321
Basic earnings per share from continuing operations (cents)		108		74
Headline earnings per share from continuing operations (cents)		116		85

Notes to the consolidated financial statements CONTINUED

for the year ended 29 February 2024

26 EARNINGS PER SHARE (continued)

26.3 Reconciliation between earnings and headline earnings from discontinued operations

R millions	GROUP			
	29 February 2024		28 February 2023	
	Gross	Net of tax and non-controlling interests	Gross	Net of tax and non-controlling interests Restated*
Loss attributable to shareholders		(572)		(285)
Adjustments for:				
Net loss on deregistration and disposal of operations	11	6	41	41
Net (profit) / loss on disposal of property, plant and equipment	(1)	(1)	–	–
Foreign currency translation reserve recycling to profit and loss on deregistration of foreign dormant operations	(1)	(1)	–	–
Lease modifications and terminations	(6)	(4)	1	1
Impairment of property, plant and equipment	34	25	3	2
Impairment of held-for-sale disposal groups (note 40)	21	15	36	28
Headline earnings		(532)		(213)
Basic loss per share from discontinued operations (cents)		(151)		(75)
Headline earnings per share from discontinued operations (cents)		(141)		(55)

	GROUP	
	Number of shares	
	29 February 2024	28 February 2023
26.4 Reconciliation of weighted average number of shares		
Issued shares at the beginning of the year (A ordinary and N ordinary shares)	410 681 964	407 572 398
Effect of own shares	(32 287 468)	(32 287 468)
Effect of shares issued during the year	229 921	1 971 370
Weighted average number of shares	378 624 417	377 256 300
26.5 Reconciliation between number of shares used for earnings per share and diluted earnings per share		
Weighted average number of shares	378 624 417	377 256 300
Dilutive options	9 903 874	7 200 950
Weighted average number of shares (diluted)	388 528 291	384 457 250

Notes to the consolidated financial statements CONTINUED

for the year ended 29 February 2024

26 EARNINGS PER SHARE (continued)

R millions	GROUP	
	29 February 2024	28 February 2023
26.6 Reconciliation between loss and diluted loss are as follows:		
Loss attributable to shareholders	(164)	(4)
Diluted loss	(164)	(4)

26.7 Reconciliation between headline earnings attributable to shareholders and diluted headline earnings

R millions	29 February 2024	28 February 2023
Headline earnings	(93)	108
Diluted headline earnings	(93)	108
Diluted headline earnings per share from total operations (cents)	(24)	28
Diluted loss per share from total operations (cents)	(42)	(1)

26.8 Reconciliation between headline earnings attributable to shareholders and diluted headline earnings from continuing operations

R millions	29 February 2024	28 February 2023 Restated*
Headline earnings	439	321
Diluted headline earnings	439	321
Diluted headline earnings per share from continuing operations (cents)	113	83
Diluted earnings per share from continuing operations (cents)	105	73

26.9 Reconciliation between headline earnings attributable to shareholders and diluted headline earnings from discontinuing operations

R millions	29 February 2024	28 February 2023 Restated*
Headline earnings	(532)	(213)
Diluted headline earnings	(532)	(213)
Diluted headline earnings per share from discontinued operations (cents)	(137)	(55)
Diluted loss per share from discontinued operations (cents)	(147)	(74)

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

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

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

Notes to the consolidated financial statements CONTINUED

for the year ended 29 February 2024

27 COMMITMENTS AND CONTINGENT LIABILITIES

27.1 Commitments

R millions	GROUP	
	29 February 2024	28 February 2023
Non-cancellable operating leases*		
At year-end the Group had outstanding commitments under non-cancellable operating leases, which fall due as follows:		
Within one year		
Property	1	1
Plant, equipment and vehicles	–	1
	1	2
One to five years		
Property	–	–
Plant, equipment and vehicles	1	1
	1	1
Total non-cancellable operating leases*	2	3

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

27.2. Contingent liabilities

27.2.1 Litigation with Aeonova 360 Management Services (Pty) Limited

Arbitration proceedings were instituted against Altron Nexus by Aeonova as per the SENS announcement dated 26 July 2023. The Aeonova arbitration has been placed on hold pending the outcome of a review and recusal application in the Supreme Court of Appeal ("SCA"). The SCA has indicated that the matter may be referred to oral argument, which may only take place early 2025. Based on the view by our attorneys that we have reasonable prospects of success with our applications in the SCA, which is underpinned by our senior counsel's opinion, Altron Nexus will not be making a provision at this stage.

No further detail regarding this matter was disclosed, to ensure that Altron Nexus' position is not seriously prejudiced whilst this matter is sub judice.

27.2.2 Dispute with the South African Revenue Service

Altron is currently in a dispute with the South African Revenue Service regarding a historic tax submission. Based on the view by our attorneys that we have reasonable prospects of success with defending the dispute, Altron will not be making a provision at this stage.

28 EVENTS AFTER THE REPORTING PERIOD

Dividends declared

Declaration of final dividend

The Board declared a final dividend of 33 cents per share on 17 May 2024.

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 consolidated financial statements CONTINUED

for the year ended 29 February 2024

29 FINANCIAL RISK MANAGEMENT

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

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

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

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

29.1 Categories of financial instruments

R millions	29 February 2024			
	Assets			Total
	Amortised cost	Fair value through profit or loss	Equity instruments at FVOCI	
Non-current financial asset				
Non-current financial assets (note 5)	142	–	21	163
Rental finance lease assets (note 6)	220	–	–	220
Current financial asset				
Trade and other receivables (note 11)	1 943	–	–	1 943
Forward exchange contracts (note 11)	–	7	–	7
Cash and cash equivalents (note 12)	1 044	–	–	1 044
Cash held on behalf of merchants (note 12)	105	–	–	105
	3 454	7	21	3 482
Non-current financial liabilities				
Loans	–	–	–	–
Lease liabilities (note 3)	–	–	–	–
Current financial liability				
Trade and other payables (note 17)	–	–	–	–
Lease liabilities (note 3)	–	–	–	–
Amounts due to merchants (note 17)	–	–	–	–
Forward exchange contracts (note 17)	–	–	–	–
Loans (note 15)	–	–	–	–
Bank overdraft (note 12)	–	–	–	–
	–	–	–	–

29 February 2024

Liabilities

	Amortised cost	Fair value through profit or loss	Total
	-	-	-
	-	-	-
	-	-	-
	-	-	-
	-	-	-
	-	-	-
	-	-	-
	649	-	649
	730	-	730
	1 670	-	1 670
	79	-	79
	97	-	97
	-	1	1
	195	-	195
	513	-	513
	3 933	1	3 934

Notes to the consolidated financial statements CONTINUED

for the year ended 29 February 2024

29 FINANCIAL RISK MANAGEMENT (continued)

R millions	28 February 2023			Total
	Assets			
	Amortised cost	Fair value through profit or loss	Equity instruments at FVOCI	
Non-current financial asset				
Non-current financial assets (note 5)	151	–	21	172
Rental finance lease assets (note 6)	193	–	–	193
Current financial asset				
Trade and other receivables (note 11)	2 220	–	–	2 220
Forward exchange contracts (note 11)	–	28	–	28
Cash and cash equivalents (note 12)	724	–	–	724
Cash held on behalf of merchants (note 12)	28	–	–	28
	3 316	28	21	3 365
Non-current financial liabilities				
Loans	–	–	–	–
Lease liabilities (note 3)	–	–	–	–
Current financial liability				
Trade and other payables (note 17)	–	–	–	–
Lease liabilities (note 3)	–	–	–	–
Amounts due to merchants (note 17)	–	–	–	–
Forward exchange contracts (note 17)	–	–	–	–
Loans (note 15)	–	–	–	–
Bank overdraft (note 12)	–	–	–	–
	–	–	–	–

28 February 2023

Liabilities

Amortised cost	Fair value through profit or loss	Total
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
1 048	-	1 048
788	-	788
2 034	-	2 034
111	-	111
15	-	15
-	5	5
180	-	180
59	-	59
4 235	5	4 240

Notes to the consolidated financial statements CONTINUED

for the year ended 29 February 2024

29 FINANCIAL RISK MANAGEMENT (continued)

29.2 Foreign currency risk

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

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

	29 February 2024			
	Foreign amount			
	GBP Millions	Euro Millions	USD Millions	AUD Millions
Trade and other receivables	0	0	4	–
Cash and cash equivalents	0	0	1	–
Trade and other payables	(0)	(1)	(19)	–
Gross balance sheet exposure	0	(1)	(13)	–
Forecast transactions	–	–	(2)	–
Gross exposure	0	(1)	(16)	–
Forward exchange contracts	*	1	16	*
Net exposure	*	(0)	0	*

	29 February 2024			
	ZAR			
	GBP Millions	Euro Millions	USD Millions	AUD Millions
Trade and other receivables	7	2	76	–
Cash and cash equivalents	–	3	25	–
Trade and other payables	(3)	(27)	(356)	–
Gross balance sheet exposure	4	(22)	(255)	–
Forecast transactions	–	–	(45)	–
Gross exposure	4	(22)	(300)	–
Forward exchange contracts	4	27	301	–
Net exposure	8	5	1	–

* Nominal amount

28 February 2023				
Foreign amount				
GBP	Euro	USD	AUD	
Millions	Millions	Millions	Millions	Millions
-	-	9	-	-
-	-	3	-	-
-	(1)	(25)	-	-
-	(1)	(13)	-	-
-	-	(8)	-	-
-	(1)	(21)	-	-
*	3	33	*	*
*	2	12	*	*

28 February 2023				
ZAR				
GBP	Euro	USD	AUD	
Millions	Millions	Millions	Millions	Millions
-	-	165	-	-
-	-	55	-	-
-	(19)	(459)	-	-
-	(19)	(239)	-	-
-	-	(147)	-	-
-	(19)	(386)	-	-
*	64	586	*	2
*	45	200	*	2

Notes to the consolidated financial statements CONTINUED

for the year ended 29 February 2024

29 FINANCIAL RISK MANAGEMENT (continued)

29.2 Foreign currency risk (continued)

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

	29 February 2024		28 February 2023	
	Average rate	Closing rate	Average rate	Closing rate
British pound	23.41	24.27	20.27	22.09
Euro	20.25	20.77	17.45	19.44
US dollar	18.69	19.22	16.73	18.37
Australian dollar	12.30	12.50	11.51	12.35

Sensitivity analysis

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

This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2023.

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

	Profit or loss and equity Strengthening R millions	Profit or loss and equity Weakening R millions
29 February 2024		
Euro	0.0	(0.0)
US dollar	(0.1)	0.1
British pound	0.0	0.0
Australian dollar	0.0	0.0
28 February 2023		
Euro	(0.4)	0.4
US dollar	(2.2)	2.2
British pound	0.0	0.0
Australian dollar	(0.0)	0.0

Notes to the consolidated financial statements CONTINUED

for the year ended 29 February 2024

29 FINANCIAL RISK MANAGEMENT (continued)

29.3 Foreign exchange contracts

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

	29 February 2024		28 February 2023	
	Foreign amount Millions	Rand amount Millions	Foreign amount Millions	Rand amount Millions
Net foreign exchange contracts to pay/(receive)				
British pound	*	4	*	*
US dollar	16	301	33	587
Euros	1	27	3	64
Australian dollar	–	–	*	2
		332		653
Comprising foreign exchange contracts:				
– to pay		380		776
– to receive		(48)		(123)
		332		653
Value of contracts at mark-to-market				
Foreign exchange contract financial asset at fair value through profit or loss (refer note 11)		7		28
Foreign exchange contract financial liability at fair value through profit or loss (refer note 17)		(1)		(5)

* Nominal amount

29.4 Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fluctuations in interest rates impact on the value of investments and financing activities, giving rise to interest rate risk.

The Group has certain financial assets and liability instruments, which bear interest at either fixed or floating interest rates (refer to 29.4.1). Interest rates on all borrowings compare favourably with those rates available in the market.

The Group policy with regards to financial assets, is to invest cash at floating rates of interest and to maintain cash reserves in short-term investments in order to maintain liquidity, while also achieving a satisfactory return.

Interest rate risk is monitored by management daily and cash is moved between bank accounts to maximise arbitrage. The Group's treasury function monitors both available cash as well as long-term borrowings and overnight/overdraft facilities holistically in order to restructure its use of debt and optimise interest exposure. During the current year, the Group reduced its long-term debt by R425 million in order to favourably reduce financing expenses.

There have been no significant changes in the interest rate risk management policies and processes since the prior reporting period.

Notes to the consolidated financial statements CONTINUED

for the year ended 29 February 2024

29 FINANCIAL RISK MANAGEMENT (continued)

29.4 Interest rate risk (continued)

29.4.1 Interest rate profile

The interest rate profile of interest-bearing financial instruments at the end of the reporting period was as follows:

	Notes	GROUP	
		Carrying amount	
		29 February 2024	28 February 2023
Fixed rate instruments			
Financial assets			
Rental finance lease assets - classified as held-for-sale	6, 40	417	371
		417	371
Financial liabilities			
Lease liabilities relating to right-of-use assets	3	(809)	(899)
Lease liabilities relating to right-of-use assets – classified as held-for-sale	40	(18)	(19)
Rental finance lease assets and liabilities - classified as held-for-sale	6, 40	(418)	(374)
		(1 245)	(1 292)
Net fixed rate financial instruments		(828)	(921)
Variable rate instruments			
Financial assets			
Participation loan to Technologies Acceptances Receivables Proprietary Limited (TAR) - classified as held-for-sale	5, 40	142	151
Cash at bank	12	1 044	724
		1 186	875
Financial liabilities			
Lease liabilities	15	(1)	4
Bank overdraft	12	(513)	(59)
Secured bank loans	15	(425)	(850)
		(939)	(905)
Net variable rate financial instruments		247	(30)
Total net interest-bearing financial instruments		(581)	(951)
Variable rate net financial liabilities as a percentage of total interest-bearing financial liabilities		(43%)	3%

Notes to the consolidated financial statements CONTINUED

for the year ended 29 February 2024

29 FINANCIAL RISK MANAGEMENT (continued)

29.4 Interest rate risk (continued)

29.4.2 Interest rate sensitivity analysis

The following sensitivity analysis represents a reasonable possible change in interest rates. All other variables remain constant. The sensitivity analysis includes only financial instruments exposed to variable interest rate risk which were recognised at the reporting date. No changes were made to the methods and assumptions used in the preparation of the sensitivity analysis compared to the previous reporting period.

R millions	29 February 2024		28 February 2023	
	100 bp rate	100 bp rate	100 bp rate	100 bp rate
Profit or loss and equity				
Financial assets				
Participation loan to Technologies Acceptances Receivables Proprietary Limited (TAR) – classified as held-for-sale	1	(1)	1	(1)
Cash at bank	8	(8)	5	(5)
Financial liabilities				
Lease liabilities	*	*	*	*
Bank overdraft	(4)	4	*	*
Secured bank loans	(3)	3	(6)	6
	*	*	*	*

* Nominal amount.

29.5 Credit risk

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

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

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

Credit guarantee insurance is taken where considered appropriate.

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

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

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

Notes to the consolidated financial statements CONTINUED

for the year ended 29 February 2024

29 FINANCIAL RISK MANAGEMENT (continued)

29.5 Credit risk (continued)

Guarantees

The Group provides financial guarantees mainly on behalf of wholly owned subsidiaries. External guarantees are provided in exceptional circumstances.

Refer to note 8 of the separate financial statements for further disclosures on external financial guarantees.

29.6 Liquidity risk

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

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

– R 1.45 billion (2023: R1.45 billion) overdraft facility, that has not been drawn from (2023: R48 million). Interest payable is linked to the prime and money market interest rates.

29.7 Fair values and risk management

(a) Accounting classifications and fair values

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

29 February 2024

R millions	Notes	Carrying amount		
		Measured at fair value	Total	Level 1
Financial assets measured at fair value				
Preference share investment in Technologies Acceptances Receivables Proprietary Limited*	5	21	21	–
Forward exchange contracts	11	7	7	–
		28	28	–
Financial liabilities measured at fair value				
Forward exchange contracts	17	(1)	(1)	–
		(1)	(1)	–

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

Fair value

	Level 2	Level 3	Total
	-	21	21
	7	-	7
	7	21	28
	(1)	-	(1)
	(1)	-	(1)

Notes to the consolidated financial statements CONTINUED

for the year ended 29 February 2024

29 FINANCIAL RISK MANAGEMENT (continued)

29.7 Fair values and risk management (continued)

28 February 2023		Carrying amount		
R millions	Notes	Measured at fair value	Total	Level 1
Financial assets measured at fair value				
Preference share investment in Technologies Acceptances Receivables Proprietary Limited*	5	21	21	–
Forward exchange contracts	11	28	28	–
		49	49	–
Financial liabilities measured at fair value				
Forward exchange contracts	17	(5)	(5)	–
		(5)	(5)	–

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

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

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

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

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

(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:

Fair value

	Level 2	Level 3	Total
	–	21	21
	28	–	28
	28	21	49
	(5)	–	(5)
	(5)	–	(5)

Notes to the consolidated financial statements CONTINUED

for the year ended 29 February 2024

29 FINANCIAL RISK MANAGEMENT (continued)

29.7 Fair values and risk management (continued)

Financial instruments measured at fair value

Type	Valuation technique
Forward exchange contracts	<i>Market comparison technique:</i> 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.
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.

Transfers

There were no transfers between levels 1, 2 or 3 of the fair value hierarchy for the years ended 29 February 2024 and 28 February 2023.

Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurements
Not applicable	Not applicable
Discount rate of 12.85% (2023: 12.66%) Annual perpetuity growth 0% (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.

Notes to the consolidated financial statements CONTINUED

for the year ended 29 February 2024

29 FINANCIAL RISK MANAGEMENT (continued)

29.8 Capital management

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

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound solvency position. The current gearing levels of the Group are within acceptable limits.

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

Altron's share capital consists of 411 million A ordinary shares and 1 high voting share. The holders (Venter family) of the High Voting share are entitled to voting rights of 25% plus one vote, so long as members of the Venter family are the ultimate beneficial owners of at least 10% of the A ordinary shares.

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

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

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

Altron's capital management is partially restricted by covenants provided to lenders in respect of borrowing obligations. In accordance with the debt structure of the Group, the Group's net debt to EBITDA (as defined in the CTA) ratio is limited to 2 and the EBITDA (as defined in the CTA) divided by the net finance charges is limited to a minimum of 3.5 times. For the 29 February 2024 measurement date, the Group's net debt to EBITDA (as defined in the CTA) ratio is (0.09) (2023: 0.22) and the EBITDA (as defined in the CTA) divided by net finance charges is 26.18 (2023: 19.9).

In the event that these covenants are not met, the lenders would be able to request immediate repayment of debt. Altron has complied with the required covenants as at 29 February 2024. There were no changes in the Group's approach to capital management during the year.

The Group defines net debt as loans and rental finance lease liabilities net of cash. Lease liabilities relating to right-of-use assets and merchant cash are excluded from the calculation.

Notes to the consolidated financial statements CONTINUED

for the year ended 29 February 2024

29 FINANCIAL RISK MANAGEMENT (continued)

29.8 Capital management (continued)

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

R millions	GROUP	
	29 February 2024	28 February 2023
Non-current loans (note 15)	425	851
Current loans (note 15)	1	3
Non-current rental finance liabilities included in held-for-sale liabilities (note 40)	224	197
Current rental finance liabilities included in held-for-sale liabilities (note 40)	194	177
Total loans	844	1 228
	531	665
Total Net Cash (note 12)	624	681
Cash included in held-for-sale assets (note 40)	12	12
Less Cash held on behalf of merchants (note 12)	(105)	(28)
Net Debt as reported	313	563

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

30 RELATED-PARTY TRANSACTIONS

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

R millions	29 February 2024	28 February 2023
30.1 Associates and joint ventures		
Dividends received		
Mediswitch Namibia Proprietary Limited	2	2
CBi-Electric Telecom Cables*	-	-
Funds advanced	-	21
Expected credit loss	-	(21)
Thobela Telecoms	43	239
Funds advanced to Joint Venture (note 43)	102	95
Trade receivables (note 11)	309	309
Total expected credit loss (refer to note 11 and note 43)	(368)	(165)

* CBi-Electric Telecom Cables is no longer a joint venture. The entity was liquidated in the current financial year.

Notes to the consolidated financial statements CONTINUED

for the year ended 29 February 2024

30 RELATED-PARTY TRANSACTIONS (continued)

30.2 Directors

Details relating to Directors' remuneration are disclosed in note 20.1.

As at 29 February 2024 the Directors and Prescribed Officer of the Company held direct and indirect interests (through an associate as defined in the JSE Listings Requirements) in the Group. As at 29 February 2024, the Directors and Prescribed Officer held 159 053 015 (2023: 139 471 695) of the Company's issued A ordinary shares on a cumulative basis. Details of shares held per individual Director and Prescribed Officer are listed below.

A total of 3 523 451 (2023: 2 273 659) share appreciation rights, performance share options and bonus share options are allocated to Directors in terms of the Company's employee share scheme.

	29 February 2024	28 February 2023
	Direct Beneficial A Ordinary shares	Direct Beneficial A Ordinary shares
Name of Director/Prescribed Officer		
RE Venter	44 015	44 015
GG Gelink	38 000	18 000
M Nyati*	–	944 365
Total	82 015	1 006 380

* The Director resigned in the prior year.

	Indirect Beneficial A Ordinary shares	Indirect Beneficial A Ordinary shares
Name of Director		
RE Venter ¹	56 192 243	56 192 243
BW Dawson ²	3 057 866	3 057 866
SW van Graan ³	25 000	25 000
WG Kapp ⁴	433 224	433 224
Total	59 708 333	59 708 333

¹ Shares held through Biltron Proprietary Limited where Director is a beneficiary.

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

³ Shares held by spouse of Director.

⁴ Shares held through the WG Kapp Family Trust where the Director is a beneficiary.

Notes to the consolidated financial statements CONTINUED

for the year ended 29 February 2024

30 RELATED-PARTY TRANSACTIONS (continued)

30.2 Directors (continued)

	Indirect Non-Beneficial A Ordinary shares	Indirect Non-Beneficial A Ordinary shares
Name of Director		
AC Ball /T Ngara ⁵	99 262 667	78 756 982
Total	99 262 667	78 756 982

⁵ The cumulative shares are controlled by Value Capital Partners Proprietary Limited ("VCP"), even though the shares are not directly held by VCP where the Directors are beneficiaries of VCP, there remains an indirect beneficial interest for VCP and its directors.

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

R millions	GROUP	
	29 February 2024	28 February 2023
30.3 Key management personnel		
Key management personnel are defined as Directors of the Company and its principal subsidiary companies, including Prescribed Officers.		
The key management personnel compensations were as follows:		
Short-term employee benefits, including salaries and bonuses	35	26
Post-employment benefits	1	1
Equity compensation benefits	11	18
	47	45

30.4 Shareholders

Public and non-public shareholders

A Ordinary shares

29 February 2024	Number of shareholders		Number of shares	
	%	%	%	%
Non-Public Shareholders	8	0.07	191 340 483	46.56
Director/Related Holdings	7	0.06	159 053 015	38.70
Treasury shares	1	0.01	32 287 468	7.86
Public Shareholders	11 208	99.93	219 678 081	53.45
TOTAL	11 216	100.00	411 018 564	100.01
28 February 2023	Number of shareholders		Number of shares	
	%	%	%	%
Non-Public Shareholders	10	0.10	171 759 163	41.82
Director/Related Holdings	9	0.09	139 471 695	33.96
Treasury shares	1	0.01	32 287 468	7.86
Public Shareholders	10 355	99.90	238 922 801	58.18
TOTAL	10 365	100.00	410 681 964	100.00

Notes to the consolidated financial statements CONTINUED

for the year ended 29 February 2024

30 RELATED-PARTY TRANSACTIONS (continued)

30.4 Shareholders (continued)

Material shareholders

Beneficial shareholders (excluding Directors) holding 5% or more of the Company's listed A ordinary shares as at 29 February 2024 were the following:

	29 February 2024		28 February 2023	
	Number of shares	%	Number of shares	%
Coronation Asset Management Proprietary Limited	86 295 034	21.00	96 688 829	23.54
Value Capital Partners Proprietary Limited*	99 262 667	24.15	78 756 982	19.18
Billtron Proprietary Limited	56 192 243	13.67	56 192 243	13.68
Ninety One Plc**	–	0.00	20 520 336	5.00
Camissa Asset Management (Pty) Limited	26 806 167	6.52		
TOTAL	268 556 111	65.34	252 158 390	61.4

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

** The shareholder no longer holds more than 5% of the Company's listed A ordinary shares.

Notes to the consolidated financial statements

CONTINUED

for the year ended 29 February 2024

31 CRITICAL JUDGEMENTS AND ESTIMATES MADE BY MANAGEMENT

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

31.1 Critical estimates made by management

- **Recoverability of balances owing from Thobela Telecom RF Proprietary Limited ("Thobela")**

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

- **Deferred tax assets**

Management's judgement is exercised when determining the probability of future taxable profits, which will determine whether deferred tax assets should be recognised or derecognised. The utilisation of deferred tax assets will depend on whether it is possible to generate sufficient taxable income.

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

- **Impairment assessments of assets**

The recoverable amounts of the respective CGUs were determined based on fair value less cost to sell calculations. The calculations mainly use forecast cash flow projections based on financial budgets that were approved by the Board of Directors. The forecast period used in the calculations covers a five year (2023: five year) period, with year one being the approved budgeted year. A terminal value is calculated into perpetuity using long-term growth rates. The growth rates used are in line with industry norms.

The input factors most sensitive to change are management's estimates of growth rates and discount rates. Further details on these assumptions have been disclosed in note 2. The Group has performed a sensitivity analysis by varying these input factors by a reasonably possible margin and assessing whether the changes in input factors result in any of the goodwill allocated to an appropriate CGU being impaired. The goodwill impairment amounted to R33 million in the current year (2023: Rnil million), refer to note 2.

- **Post-employment benefit obligations**

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

- **Purchase price allocation of acquisitions**

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

- i) Relief-from-royalty method (trade names).
- ii) Multi-period excess earnings method (customer relationships).

31.2 Critical judgements made by management

- **Technologies Acceptances Receivables Proprietary Limited ("TAR")**

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

Notes to the consolidated financial statements CONTINUED

for the year ended 29 February 2024

32 STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED STANDARDS

32.1 Effective standards, interpretations and amendments to published standards applied for the first time during the current financial year

A number of new pronouncements and / or interpretations were effective from 1 March 2023. These are outlined below and had no material effect on the Group or Company's financial statements.

Title	Effective date	Impact
Narrow scope amendments to IAS 1 Presentation of Financial Statements, Practice statement 2: Making materiality judgements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors	Annual periods beginning on or after 1 January 2023 (published February 2021)	The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies. No material impact on the financial statements was identified resulting from adaptation of these amendments to IFRS Accounting Standards.
Amendments to IAS 12 Deferred Tax – deferred tax related to assets and liabilities arising from a single transaction	Annual periods beginning on or after 1 January 2023 (published May 2021)	These amendments require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. The amendment was effected in note 9.
IFRS 17 Insurance Contracts	Annual periods beginning on or after 1 January 2023. Early application is permitted for entities that apply IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers at or before the date of initial application of IFRS 17 (published May 2017 with amendments in June 2020 and December 2021)	This standard replaces IFRS 4, which permits a wide variety of practices in accounting for insurance contracts. The Group has assessed the impact of the amendments and are of the opinion that it is immaterial to the Group.
International tax reform – pillar 2 model rules – amendments to IAS 12	Annual periods beginning on or after 1 January 2023 with the exception of the disclosure of the deferred tax exemption and the fact that the exception has been applied which is effective immediately (published May 2023)	These amendments give companies temporary relief from accounting for deferred taxes arising from the Organisation for Economic Co-operation and Development's international tax reform. The amendments also introduce targeted disclosure requirements for the affected companies. These amendments do not impact the Group.

Notes to the consolidated financial statements CONTINUED

for the year ended 29 February 2024

32 STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED STANDARDS (continued)

32.2 Standards, interpretations and amendments to published standards that are not yet effective

Title	Effective date	Impact
Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures – sale or contribution of assets between an investor and its associates or joint ventures	The effective date for these amendments was deferred indefinitely	The IASB has made limited scope amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures. The amendments clarify the accounting treatment for sales or contribution of assets between an investor and its associates or joint ventures. They confirm that the accounting treatment depends on whether the non-monetary assets sold or contributed to an associate or joint venture constitute a 'business' (as defined in IFRS 3 Business Combinations). Where the non-monetary assets constitute a business, the investor will recognise the full gain or loss on the sale or contribution of assets. If the assets do not meet the definition of a business, the gain or loss is recognised by the investor only to the extent of the other investor's interests in the associate or joint venture. The amendments apply prospectively. The Group has not yet assessed the impact of the amendments.
Amendments to IAS 7 and IFRS 7 - Supplier finance	Annual periods beginning on or after 1 January 2024 with transitional relief in the first year (published May 2023)	The amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. The Group has not yet assessed the impact of the amendments.
Amendments to IFRS 16 Leases – leases on sale and leaseback	Annual periods beginning on or after 1 January 2024 (published September 2022)	These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted. The Group has not yet assessed the impact of the amendments.

Notes to the consolidated financial statements CONTINUED

for the year ended 29 February 2024

32 STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED STANDARDS (continued)

32.2 Standards, interpretations and amendments to published standards that are not yet effective

Title	Effective date	Impact
Amendments to IAS 1 Presentation of Financial Statements – non-current liabilities with covenants	Annual periods beginning on or after 1 January 2024 (Published January 2020 and November 2022)	These amendments clarify how conditions with which an entity must comply within 12 months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provided related to liabilities subject to these conditions. The Group has not yet assessed the impact of the amendments.
Amendments to IAS 21 - Lack of exchangeability	Annual periods beginning on or after 1 January 2025 (early adoption is available) (published August 2023)	The amendments impact entities that have transactions or operations in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations. The group is not operating nor conducting business in jurisdictions that currently have a lack of exchangeability. Accordingly, it has been assessed that these amendments do not have an impact on the Group.
Presentation and disclosure in financial statements – IFRS 18	Annual periods beginning on or after 1 January 2027 (published April 2024)	IFRS 18 replaces IAS 1 and focuses on updates to the statement of profit or loss with a focus on the structure of the statement of profit or loss; required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements; and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes. Many of the other existing principles in IAS 1 are retained. IFRS 18 will not impact the recognition or measurement of items in the financial statements, but it might change what an entity reports as its 'operating profit or loss'. Retrospective application is required. The Group is yet to assess the impact of IFRS 18.

Notes to the consolidated financial statements CONTINUED

for the year ended 29 February 2024

33 CASH GENERATED BY OPERATIONS

R millions	Notes	GROUP	
		29 February 2024	28 February 2023 Restated**
Operating profit before capital items		210	346
Adjustments for:			
Depreciation and amortisation (note 1, 2)		199	221
Amortisation of costs to fulfil contracts (note 7, 8)		258	167
Depreciation on capital rental devices (note 8)		212	172
Right-of-use depreciation (note 3)		106	147
Equity-settled share-based payment expenses (note 13.5)		26	25
Increase in ECL on loans advanced to Joint ventures and other investment entities (note 43.4)		38	68
Contingent consideration received (note 42)		–	(9)
Movement in provisions		(5)	3
Defined benefit pension fund gain		(35)	(26)
Unrealised foreign exchange (gains) / losses (note 20.4)		(11)	(27)
Disposal costs (note 21)		(7)	(3)
Other non-cash movements		29	37
Costs incurred to acquire contracts during the year (note 7)		(440)	(330)
Cash flow relating to contract liabilities		279	182
Cash flow relating to contract fulfilment cost		(27)	(88)
Cash flow relating to the finance lease arrangements*		212	216
Cash generated by operations before movements in working capital		1 044	1 101
Decrease / (increase) in inventories	6	440	(347)
(Increase) / decrease in trade and other receivables, including contract assets and fulfilment costs		358	3
Increase / (decrease) in trade and other payables, including contract liabilities		(301)	571
Decrease / (increase) in amounts due to merchants		82	(33)
Cash Flows from operations (Total)		1 623	1 295
Cash Flows from operations (Continuing)		1 281	1 024
Cash Flows from operations (Discontinuing)		342	271
<i>* Cash flow relating to the finance lease arrangements comprises of the following movements</i>			
Opening balance		404	441
Interest (note 22)		50	48
Increase in lease asset rentals		350	131
Closing balance (note 6)		(592)	(404)
Cash flow relating to the finance lease arrangements		212	216

**Movements in working capital has been restated to exclude contract fulfilment costs and contract liabilities from working capital due to the extended nature of these items (exceeding 12 months).

Notes to the consolidated financial statements CONTINUED

for the year ended 29 February 2024

34 DIVIDENDS RECEIVED FROM EQUITY ACCOUNTED INVESTEEES AND OTHER INVESTMENTS

R millions	GROUP	
	29 February 2024	28 February 2023
Dividends receivable at the beginning of the year	5	1
Dividends received from associates during the year (note 43.3)	2	2
Dividend income on financial assets measured at FVOCI (note 22)	–	5
Dividend received (excluding dividends received from associates) (note 22)	–	5
Dividends receivable at the end of the year	–	(5)
	7	8

35 TAXATION PAID

Amounts unpaid at the beginning of the year	(73)	(53)
Amounts recognised in profit or loss	(134)	(66)
Translation differences	1	(2)
Disposals of operations (refer to note 37)	6	(4)
Taxation payable classified as held-for-sale (refer to note 40)	–	(11)
Interest and penalties	(2)	1
Reclassification of other taxes	(1)	12
Amounts unpaid at the end of the year	72	73
	(131)	(50)

36 ACQUISITION OF SUBSIDIARIES AND BUSINESSES, NET OF CASH ACQUIRED

R millions	GROUP	
	29 February 2024	28 February 2023
Cash paid in relation to current year acquisitions	–	–
Less: Deferred purchase consideration paid relating to prior year acquisition	–	(84)
	–	(84)

Notes to the consolidated financial statements CONTINUED

for the year ended 29 February 2024

37 PROCEEDS ON DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND BUSINESSES, NET OF CASH DISPOSED

R millions	GROUP	
	29 February 2024	28 February 2023
Property, plant and equipment	5	–
Inventory	159	9
Cash and cash equivalents	11	21
Trade and other receivables	84	50
Taxation receivable	–	4
Other long-term liabilities	(1)	–
Trade and other payables	(208)	(35)
Short-term lease liabilities	–	(1)
Taxation payable	(7)	–
Disposal value	43	48
Release of foreign currency translation surplus on disposal of operations (note 42)	(1)	(4)
Proceeds on Disposal of interest in Joint Venture	–	7
Adjustment to contingent purchase consideration	–	9
Loss on disposal of subsidiaries (note 21, 42)	(16)	(41)
Total proceeds received on disposals	26	19
Less cash disposed	(11)	(21)
Proceeds received net of cash disposed	15	(2)

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

Notes to the consolidated financial statements CONTINUED

for the year ended 29 February 2024

38 PROCEEDS ON DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

R millions	GROUP	
	29 February 2024	28 February 2023
Carrying amount	14	12
Loss on disposal	2	(2)
Proceeds received on disposal	16	10

39 OTHER CASH FLOWS

39.1 CASH OUTFLOW FROM OTHER INVESTING ACTIVITIES

Loans advanced to associates and other investments (note 43)	(7)	(28)
Advances made to TAR during the year	(13)	(26)
	(20)	(54)

39.2 CASH INFLOW OTHER INVESTING ACTIVITIES

Repayment received from TAR during the year	23	42
	23	42

Notes to the consolidated financial statements

CONTINUED

for the year ended 29 February 2024

39 OTHER CASH FLOWS continued

39.3 RECONCILIATION OF CASH FLOWS FROM FINANCING ACTIVITIES

	Secured bank loans (note 15)	Deferred purchase considerations (note 15)	Right-of-use assets (note 3)	Lease liabilities (note 15)	Rental finance liabilities (note 6)	Total
Balance at 1 March 2022 excluding loans held-for-sale	850	83	1 013	7	–	1 953
Loans classified as held-for-sale	–	–	30	–	442	472
Balance at 1 March 2022 including loans held-for-sale	850	83	1 043	7	442	2 425
Cash flows inflows/(outflows)	–	–	(143)	–	(214)	(357)
Loans advanced	850	–	–	–	–	850
Loans repaid	(850)	–	–	–	–	(850)
Lease payments	–	–	(143)	–	–	(143)
Settlement of finance lease liabilities	–	–	–	–	(214)	(214)
Other movements	–	(83)	18	(3)	146	78
Settlement of deferred purchase consideration (note 36)	–	(84)	–	–	–	(84)
Non-cash outflow disclosed in investing activities	–	–	–	(3)	–	(3)
Disposal of operations	–	–	(1)	–	–	(1)
Lease modifications and terminations	–	–	1	–	–	1
Leases entered into and increase in rental finance liabilities	–	–	17	–	146	163
Non-cash interest	–	1	–	–	–	1
Other	–	–	1	–	–	1
Total	850	–	918	4	374	2 146
Classified as held-for-sale (note 40)	–	–	(19)	–	(374)	(393)
Balance at 28 February 2023 excluding loans held-for-sale	850	–	899	4	–	1 753
Disclosed as:						
Current loans	–	–	–	3	–	3
Non-current loans	850	–	–	1	–	851
Lease liabilities (note 3)	–	–	899	–	–	899

Notes to the consolidated financial statements

CONTINUED

for the year ended 29 February 2024

39 OTHER CASH FLOWS continued

39.3 RECONCILIATION OF CASH FLOWS FROM FINANCING ACTIVITIES

	Secured bank loans (note 15)	Deferred purchase con- siderations (note 15)	Right-of-use assets (note 3)	Lease liabilities (note 15)	Rental finance liabilities (note 6)	Total
Balance at 28 February 2023 excluding loans held-for-sale	850	–	899	4	–	1 753
Loans classified as held-for-sale	–	–	19	–	374	393
Balance at 28 February 2023 including loans held-for-sale	850	–	918	4	374	2 146
Cash flows inflows/(outflows)	(425)	–	(105)	–	(209)	(739)
Loans advanced	1 275	–	–	–	–	1 275
Loans repaid	(1 700)	–	–	–	–	(1 700)
Lease payments	–	–	(105)	–	–	(105)
Settlement of finance lease liabilities	–	–	–	–	(209)	(209)
Other movements	–	–	14	(3)	253	264
Non-cash outflow disclosed in investing activities	–	–	–	(3)	–	(3)
Lease modifications and terminations	–	–	(33)	–	–	(33)
Leases entered into and increase in rental finance liabilities	–	–	47	–	253	300
Total	425	–	827	1	418	1 671
Classified as held for sale (note 40)	–	–	(18)	–	(418)	(436)
Balance at 29 February 2024 excluding loans held-for-sale	425	–	809	1	–	1 235
Disclosed as:						
Current loans	–	–	–	1	–	1
Non-current loans	425	–	–	–	–	425
Lease liabilities (note 3)	–	–	809	–	–	809

Notes to the consolidated financial statements CONTINUED

for the year ended 29 February 2024

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

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

Altron Nexus Proprietary Limited ("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.

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 29 February 2024, 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.

40.2 ASSETS AND LIABILITIES CLASSIFIED AS HELD-FOR-SALE DURING THE PRIOR YEAR

40.2.1 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 42.

40.2.2 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 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, and appointed Nedbank as the new sell side advisor (replacing the previous advisor) to assist with the sale process. An interested party is currently engaged with Altron to perform a due diligence process.

40.2.3 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 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.

Notes to the consolidated financial statements CONTINUED

for the year ended 29 February 2024

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

40.2 ASSETS AND LIABILITIES CLASSIFIED AS HELD-FOR-SALE DURING THE PRIOR YEAR (continued)

40.2.3 Altron Rest of Africa operations ("AROA")

Altron BTG Kenya Limited ("Altron Kenya") and Altron Technologies Namibia Proprietary Limited ("Altron Namibia")

Altron Kenya and Altron Namibia were disposed of during the current year (refer to note 42) and are included in the comparative held-for-sale information. The Altron Kenya and Altron Namibia results are also included in the current and comparative information of discontinued operations as they represent a major line of business disposed during the current year.

40.3 FINANCIAL PERFORMANCE AND CASH FLOW INFORMATION

R millions	Notes	GROUP	
		29 February 2024	28 February 2023
Net assets of business held-for-sale:			
Assets classified as held-for-sale			
Property, plant and equipment	1	39	16
Goodwill and other intangible assets	2	2	7
Right-of-use assets	3	16	16
Financial assets at amortised cost	5	142	151
Financial assets at fair value through other comprehensive income	5	21	21
Finance lease assets	6	220	193
Deferred taxation	9	21	1

Notes to the consolidated financial statements CONTINUED

for the year ended 29 February 2024

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

40.3 FINANCIAL PERFORMANCE AND CASH FLOW INFORMATION (continued)

R millions	Notes	GROUP	
		29 February 2024	28 February 2023
Non-current assets		461	405
Inventories	10	349	632
Trade and other receivables	11	713	590
Financial assets at fair value through profit or loss	11	2	8
Contract assets	19	33	8
Cash and cash equivalents	12	12	12
Current assets		1 109	1 250
Assets classified as held-for-sale		1 570	1 655
Liabilities classified as held-for-sale			
Loans	15	224	197
Lease liabilities	3	11	11
Non-current liabilities		235	208
Loans	15	194	177
Lease liabilities	3	7	8
Provisions	16	–	1
Trade and other payables	17	311	598
Contract liabilities	19	41	17
Taxation payable		–	3
Current liabilities		553	804
Liabilities classified as held-for-sale		788	1 012

Breakdown of disposal groups held-for-sale:

R millions	Notes	29 February 2024			
		Altron Document Solutions	Altron Nexus	Cumulative Impairments	Total
Assets classified as held-for-sale					
Property, plant and equipment	1	31	32	(24)	39
Goodwill and other intangible assets	2	176	–	(174)	2
Right-of-use assets	3	48	2	(34)	16
Financial assets at amortised cost	5	142	–	–	142
Financial assets at fair value through other comprehensive income	5	21	–	–	21
Finance lease assets	6	220	–	–	220
Deferred taxation	9	1	20	–	21
Non-current assets		639	54	(232)	461

Notes to the consolidated financial statements CONTINUED

for the year ended 29 February 2024

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

40.3 FINANCIAL PERFORMANCE AND CASH FLOW INFORMATION (continued)

		29 February 2024			
R millions	Notes	Altron Document Solutions	Altron Nexus	Cumulative Impairments	Total
Inventories	10	265	84	–	349
Trade and other receivables	11	501	212	–	713
Financial assets at fair value through profit or loss	11	2	–	–	2
Contract assets	19	31	2	–	33
Cash and cash equivalents	12	3	9	–	12
Current assets		802	307	–	1 109
Assets classified as held-for-sale		1 441	361	(232)	1 570
Loans	15	224	–	–	224
Lease liabilities	3	11	–	–	11
Non-current liabilities		235	–	–	235
Loans	15	194	–	–	194
Lease liabilities	3	6	1	–	7
Provisions	16	–	–	–	–
Trade and other payables	17	257	54	–	311
Contract liabilities	19	19	22	–	41
Taxation payable		–	–	–	–
Current liabilities		476	77	–	553
Liabilities classified as held-for-sale		711	77	–	788

Reconciliation of cumulative impairment losses:

		29 February 2024			
		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 during the current period		(6)	(5)	(10)	(21)
Altron Document solutions		(1)	(5)	(9)	(15)
Altron Nexus		(5)	–	(1)	(6)
Disposed of during the year		3	–	2	5
Impairment losses at 29 February 2024		(24)	(174)	(34)	(232)

Notes to the consolidated financial statements CONTINUED

for the year ended 29 February 2024

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

40.3 FINANCIAL PERFORMANCE AND CASH FLOW INFORMATION (continued)

Breakdown of disposal groups held-for-sale:

28 February 2023

R millions	Notes	AMS ATM			Cumulative Impairments	Total
		Altron Document Solutions	Hardware and Support Business	Altron Rest of Africa		
Assets classified as held-for-sale						
Property, plant and equipment	1	30	5	2	(21)	16
Goodwill and other intangible assets	2	176	–	–	(169)	7
Right-of-use assets	3	40	–	2	(26)	16
Financial assets at amortised cost	5	151	–	–	–	151
Financial assets at fair value through other comprehensive income	5	21	–	–	–	21
Finance lease assets	6	193	–	–	–	193
Deferred taxation	9	1	–	–	–	1
Non-current assets		612	5	4	(216)	405
Inventories	10	390	228	14	–	632
Trade and other receivables	11	502	4	84	–	590
Financial assets at fair value through profit or loss	11	–	8	–	–	8
Contract assets	19	8	–	–	–	8
Cash and cash equivalents	12	10	–	2	–	12
Current assets		910	240	100	–	1 250
Assets classified as held-for-sale		1 522	245	104	(216)	1 655
Loans	15	197	–	–	–	197
Lease liabilities	3	11	–	–	–	11
Non-current liabilities		208	–	–	–	208
Loans	15	177	–	–	–	177
Lease liabilities	3	7	–	1	–	8
Provisions	16	1	–	–	–	1
Trade and other payables	17	292	239	67	–	598
Contract liabilities	19	6	7	4	–	17
Taxation payable		–	–	3	–	3
Current liabilities		483	246	75	–	804
Liabilities classified as held-for-sale		691	246	75	–	1 012

Notes to the consolidated financial statements CONTINUED

for the year ended 29 February 2024

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

40.3 FINANCIAL PERFORMANCE AND CASH FLOW INFORMATION (continued)

Reconciliation of cumulative impairment losses:

R millions	28 February 2023			
	Property, plant and equipment	Intangible assets and goodwill	Right-of-use assets	Total
Impairment losses at 1 March 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)

Cash flows generated in discontinued operations:

R millions	GROUP	
	29 February 2024	28 February 2023
Net cash generated from operating activities	270	256
Net cash utilised in investing activities	(29)	(26)
Net cash utilised in financing activities	(147)	(224)
Net cash flow for the year	94	6

Notes to the consolidated financial statements CONTINUED

for the year ended 29 February 2024

41 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 of 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 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 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 to Thobela Telecoms (RF) Proprietary Limited ("Thobela"). Refer to note 11.
- Specific obsolete stock provisioning on Gauteng Broadband Network contract ("GBN ") 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 operations. 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 which was previously disclosed in operating profit, has been reclassified to finance income and expenses. The measures presented below are those that the CODM or 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:

Notes to the consolidated financial statements CONTINUED

for the year ended 29 February 2024

41 REPORTING SEGMENTS

Segment analysis

The following summary describes the operations and related products and services in each of the Group's reporting segments:

Managed Services

Altron Managed Solutions

Supports and maintains enterprise-wide information products and services, which include servers, desktop and laptop, point of sales and ATM dynamic solutions, warranty and incident management, availability management and project management.

Digital Transformation

Altron Systems Integration

Networking, Hardware (Networking Infrastructure, Storage and Compute), DevOps and Modernisation, end to end Data Management, Security, IT as a service, Cloud Services, Artificial Intelligence. Design, develop and implementation of specialised solutions.

Altron Karabina

Systems integration and Microsoft certified solutions provider. Information security and risk management solutions. End-to-end IT infrastructure solutions including software asset management, software licensing, licence-management-as-a-service, managed services, cloud services, data storage, data centre infrastructure management, enterprise software, servers, network security, unified communications and virtualisation.

Altron Security

Altron Security offer customers a securely managed identity profile and cryptographic solutions for their clients across devices, platforms, and locations.

Own Platforms

Netstar

Market leading provider of specialist vehicle tracking and recovery systems, fleet management services and usage-based telematics to prevent misuse of company fleet vehicles, reduce cost per kilometre, monitor driver behaviour and increase security and safety of drivers.

FinTech

Solutions include debit order processing, payment and switching services, card personalisation and issuance, credit management software as well as debit and credit card payment solutions. In addition to this Fintech also provide person-to-person payments and value-added services to the consumer market.

HealthTech

Provides practice management solutions in the healthcare industry and medical transaction switching.

Notes to the consolidated financial statements CONTINUED

for the year ended 29 February 2024

41 REPORTING SEGMENTS

Altron Arrow and Other

Altron Arrow

Distributor of industrial electronic components for amongst others: batteries and solar; lighting and optics; software and compilers; and semiconductors and aerospace products.

Corporate and consolidation and other

Head office, shared services and treasury function of the Group.

Discontinued operations

Altech Autopage Group

Sales, distribution and services provision for cellular network operations.

Altech Multimedia Group (UEC)

Design and manufacture of satellite and terrestrial digital set-top box decoders.

Powertech Group

Manufacturing of power and distribution transformers and other related business.

Altron Document Solutions

Provides a range of hardware and consumables to manage outsource print services such as installation and training, paper and toner supplies, maintenance and services of equipment and service contracts. Xerox provides leading-edge technology, services, software and supplies for production and office environments of any size.

Altron People Solutions

Providers of talent management services including assessment centres, content development, ICT learning solutions, online technologies and soft skills development. In addition they also provide outsourced services for contact centres and extended capability in business processes.

Altron Rest of Africa

Networking, hardware, software, storage, services, software integration, SAP and management consulting, Microsoft certified solutions provider and a provider of Data Warehousing, CRM services and support. Design, develop and implementation of specialised solutions.

Altron Nexus

Altron Nexus provides enterprise connectivity and critical communications solutions that enables businesses to connect with the world, while enhancing their productivity and sustainability. These solutions are delivered as turnkey projects (Plan, Build, Operate, Support, Transfer), or as subscription services where required.

Notes to the consolidated financial statements

CONTINUED

for the year ended 29 February 2024

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

CONTINUING OPERATIONS	Revenue			EBITDA before capital items			Operating profit before capital items		
	29 February 2024	28 February 2023*	Growth	29 February 2024	28 February 2023*	Growth	29 February 2024	28 February 2023*	Growth
R millions									
Altron Managed Solutions**	1 179	1 882	(37%)	51	117	(56%)	33	73	(55%)
Managed Services	1 179	1 882	(37%)	51	117	(56%)	33	73	(55%)
Altron Systems Integration	2 041	2 003	2%	93	5	1 760%	87	(20)	535%
Altron Security	449	436	3%	101	104	(3%)	72	74	(3%)
Altron Karabina	362	350	3%	49	43	14%	36	23	57%
Digital Transformation	2 852	2 789	2%	243	152	60%	195	77	153%
Netstar	2 074	1 859	12%	797	629	27%	222	192	16%
FinTech	1 099	1 044	5%	330	271	22%	289	233	24%
HealthTech	374	350	7%	106	103	3%	102	96	6%
Own Platforms	3 547	3 253	9%	1 233	1 003	23%	613	521	18%
Altron Arrow	802	679	18%	69	52	33%	67	50	34%
Corporate and consolidation and other international operations **	(130)	(158)	18%	(94)	(73)	(29%)	(169)	(122)	(39%)
Other	672	521	29%	(25)	(21)	(19%)	(102)	(72)	(42%)
Continuing Operations	8 250	8 445	(2%)	1 502	1 251	20%	739	599	23%

* Comparative information has been restated for the classification of Altron Nexus as a discontinued operation (note 40).

** 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.

Depreciation (note 20.6)			Adjusted Revenue			Adjusted EBITDA before capital items			Adjusted operating profit before capital items		
29 February 2024	28 February 2023*	Growth	29 February 2024	28 February 2023*	Growth	29 February 2024	28 February 2023*	Growth	29 February 2024	28 February 2023*	Growth
(18)	(44)	59%	846	773	9%	54	51	6%	36	34	6%
(18)	(44)	59%	846	773	9%	54	51	6%	36	34	6%
(6)	(25)	76%	2 041	2 003	2%	93	5	1 760%	87	(20)	535%
(29)	(30)	3%	449	436	3%	101	104	(3%)	72	74	(3%)
(13)	(20)	35%	362	350	3%	49	43	14%	36	23	57%
(48)	(75)	36%	2 852	2 789	2%	243	152	60%	195	77	153%
(576)	(437)	(32%)	2 074	1 859	12%	797	629	27%	222	192	16%
(41)	(38)	(8%)	1 099	1 044	5%	330	271	22%	289	233	24%
(4)	(7)	43%	374	350	7%	106	103	3%	102	96	6%
(621)	(482)	(29%)	3 547	3 253	9%	1 233	1 003	23%	613	521	18%
(3)	(2)	(50%)	802	679	18%	69	52	33%	67	50	34%
(73)	(49)	(49%)	(130)	(158)	18%	(94)	(73)	(29%)	(169)	(122)	(39%)
(76)	(51)	(49%)	672	521	29%	(25)	(21)	(19%)	(102)	(72)	(42%)
(763)	(652)	(17%)	7 917	7 336	8%	1 505	1 185	27%	742	560	33%

Notes to the consolidated financial statements

CONTINUED

for the year ended 29 February 2024

41 REPORTING SEGMENTS (continued)

DISCONTINUED OPERATIONS	Revenue			EBITDA before capital items			Operating profit before capital items		
	29 February 2024	28 February 2023*	Growth	29 February 2024	28 February 2023*	Growth	29 February 2024	28 February 2023*	Growth
R millions									
Altech Multimedia	-	-	-	-	(2)	100%	-	(2)	100%
Altech Autopage	-	-	-	-	(2)	100%	-	(2)	100%
Powertech Group	-	-	-	-	7	(100%)	-	7	(100%)
Altron Document Solutions**	1 353	1 194	13%	(65)	(61)	(7%)	(65)	(68)	4%
Altron People Solutions	-	-	-	(4)	2	(300%)	(4)	2	(300%)
Altron Rest of Africa	63	191	(67%)	(27)	(52)	48%	(27)	(52)	48%
Altron Nexus	659	1 018	(35%)	(421)	(93)	(353%)	(433)	(140)	(209%)
Corporate and consolidation	-	-	-	-	(1)	100%	-	(2)	100%
Discontinued Operations	2 075	2 403	(14%)	(517)	(202)	(156%)	(529)	(257)	(106%)
Total	10 325	10 848	(5%)	985	1 049	(6%)	210	342	(39%)

* Comparative information has been restated for the classification of Altron Nexus as a discontinued operation (note 40).

** 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.

Depreciation (note 20.6)			Adjusted Revenue			Adjusted EBITDA before capital items			Adjusted operating profit before capital items		
29 February 2024	28 February 2023*	Growth	29 February 2024	28 February 2023*	Growth	29 February 2024	28 February 2023*	Growth	29 February 2024	28 February 2023*	Growth
-	-	-	-	-	-	-	(2)	100%	-	(2)	100%
-	-	-	-	-	-	-	(2)	100%	-	(2)	100%
-	-	-	-	-	-	-	7	(100%)	-	7	(100%)
-	(9)	100%	1 353	1 194	13%	30	43	(30%)	30	36	(17%)
-	-	-	-	-	-	(4)	2	(300%)	(4)	2	(300%)
-	-	-	63	191	(67%)	(27)	(52)	48%	(27)	(52)	48%
(12)	(46)	74%	659	1 018	(35%)	(116)	72	(261%)	(128)	25	(612%)
-	-	-	-	-	-	-	(1)	100%	-	(2)	100%
(12)	(55)	78%	2 075	2 403	(14%)	(117)	67	(275%)	(129)	12	(1 175%)
(775)	(707)	(10%)	9 992	9 739	3%	1 388	1 252	11%	613	572	7%

Notes to the consolidated financial statements CONTINUED

for the year ended 29 February 2024

41 REPORTING SEGMENTS (continued)

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

R millions	29 February 2024	28 February 2023*
EBITDA before capital items**	985	1 049
Reconciling items:		
Depreciation – Property, plant and equipment	(95)	(105)
Depreciation – Right-of-use assets	(106)	(147)
Amortisation	(104)	(116)
Amortisation of costs incurred to acquire contracts and capital rental devices	(470)	(339)
Total operating profit before capital items	210	342
Discontinued operations profit before capital items	529	257
Continuing operations profit before capital items	739	599

* Comparative information has been restated for the classification of Altron Nexus as a discontinued operation (note 40).

** 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.

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 Revenue to adjusted Revenue

R millions	29 February 2024	28 February 2023
Total Altron Group		
Revenue	10 325	10 848
Altron Managed Solutions' ATM Hardware and Support Business contribution	(333)	(1 109)
Adjusted Revenue	9 992	9 739

Reconciliation of reported EBITDA to adjusted EBITDA

R millions	29 February 2024	28 February 2023
Total Altron Group		
EBITDA before capital items**	985	1 049
ECL adjustment relating to Thobela included in Altron Nexus (note 11 and note 43.4)	203	134
Impairment of Altron Nexus debtors	31	–
Obsolete stock provisioning in Altron Nexus	71	31
Impairment of Altron Document Solutions debtors and finance lease receivables	83	30
Obsolete stock provisioning for Altron Document Solutions	12	74
Altron Managed Solutions' ATM Hardware and Support Business contribution	3	(66)
Adjusted EBITDA	1 388	1 252

Notes to the consolidated financial statements CONTINUED

for the year ended 29 February 2024

41 REPORTING SEGMENTS (continued)

Reconciliation of reported Operating profit to adjusted Operating profit

R millions	29 February 2024	28 February 2023
<i>Total Altron Group</i>		
Operating profit before capital items**	210	342
ECL adjustment relating to Thobela included in Altron Nexus (note 11 and note 43.4)	203	134
Impairment of Altron Nexus debtors	31	–
Obsolete stock provisioning in Altron Nexus	71	31
Impairment of Altron Document Solutions debtors and finance lease receivables	83	30
Obsolete stock provisioning in Altron Document Solutions	12	74
Altron Managed Solutions' ATM Hardware and Support Business contribution	3	(39)
Adjusted Operating profit	613	572

** 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 consolidated financial statements CONTINUED

for the year ended 29 February 2024

42 DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND BUSINESSES

42.1 Current year disposals and proceeds receivable

42.1.1 Disposal of AROA operations, Altron Technologies Namibia ("Altron Namibia")

The AROA segment was classified as held-for-sale during June 2021. Altron Namibia formed part of the AROA segment and was disposed of during the current year to RCK Investment Proprietary Limited, effective 1 February 2024. The Group had a 74% shareholding in Altron Namibia.

The carrying value of the remaining assets and liabilities disposed of are disclosed below:

R millions	GROUP	
	29 February 2024	28 February Restated*
Non-current assets	1	-
Property, plant and equipment	1	-
Current assets	34	-
Inventory	9	-
Trade and other receivables	24	-
Cash and cash equivalents	1	-
Current liabilities	(15)	-
Trade and other payables including contract liabilities	(15)	-
Non-current liabilities	(1)	-
Loans (incl Lease liabilities)	(1)	-
Disposal value	19	-
Loss on disposal (note 21)	(7)	-
Cash and cash equivalents disposed	(1)	-
Proceeds received net of cash disposed	11	-

42.1.2 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.

The carrying value of the assets and liabilities disposed of are disclosed below:

R millions	GROUP	
	29 February 2024	28 February Restated*
Non-current assets	1	-
Property, plant and equipment	1	-
Current assets	43	-
Inventory	6	-
Trade and other receivables	31	-
Cash and cash equivalents	6	-
Current-liabilities	(35)	-
Taxation payable	(4)	-
Trade and other payables including contract liabilities	(31)	-

Notes to the consolidated financial statements CONTINUED

for the year ended 29 February 2024

42 DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND BUSINESSES (continued)

42.1 Current year disposals and proceeds receivable (continued)

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

R millions	GROUP	
	29 February 2024	28 February 2023
Disposal value	9	–
Foreign currency translation reserve recycled	(1)	–
Loss on disposal (note 21)	(8)	–
Cash and cash equivalents disposed	(6)	–
Proceeds received net of cash disposed	(6)	–

42.1.3 Disposal of AROA operations, Altron BTG Rwanda Limited ("Altron Rwanda")

The AROA segment was classified as held-for-sale during June 2021. Altron Rwanda formed part of the AROA segment and was disposed of during the current year to TID Solutions (Proprietary) Limited, effective 1 November 2023.

The carrying value of the remaining assets and liabilities disposed of are disclosed below:

R millions	GROUP	
	29 February 2024	28 February 2023
Current assets	4	–
Cash and cash equivalents	4	–
Current-liabilities	(6)	–
Taxation payable	(3)	–
Trade and other payables including contract liabilities	(3)	–
Disposal value	(2)	–
Profit on disposal (note 21)	3	–
Cash and cash equivalents disposed	(4)	–
Proceeds received net of cash disposed	(3)	–

42.1.4 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.

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.

Notes to the consolidated financial statements CONTINUED

for the year ended 29 February 2024

42 DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND BUSINESSES (continued)

42.1 Current year disposals and proceeds receivable (continued)

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

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 40). The carrying value of the remaining assets and liabilities disposed of are disclosed below:

R millions	GROUP	
	29 February 2024	28 February Restated*
Non-current assets	3	–
Property, plant and equipment	3	–
Current assets	173	–
Inventory	144	–
Trade and other receivables	29	–
Current-liabilities	(159)	–
Trade and other payables including contract liabilities	(159)	–
Disposal value	17	–
Loss on disposal	(4)	–
Proceeds received	13	–

42.2 Prior year disposals and proceeds receivable

42.2.1 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 prior 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 40). The carrying value of the remaining assets and liabilities disposed of are disclosed below:

R millions	GROUP	
	29 February 2024	28 February 2023
Current assets	–	84
Inventory	–	9
Trade and other receivables	–	50
Total equity and liabilities	–	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 21)	–	(41)
Cash and cash equivalents disposed	–	(21)
Proceeds received net of cash disposed	–	(18)

42.2.2 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.

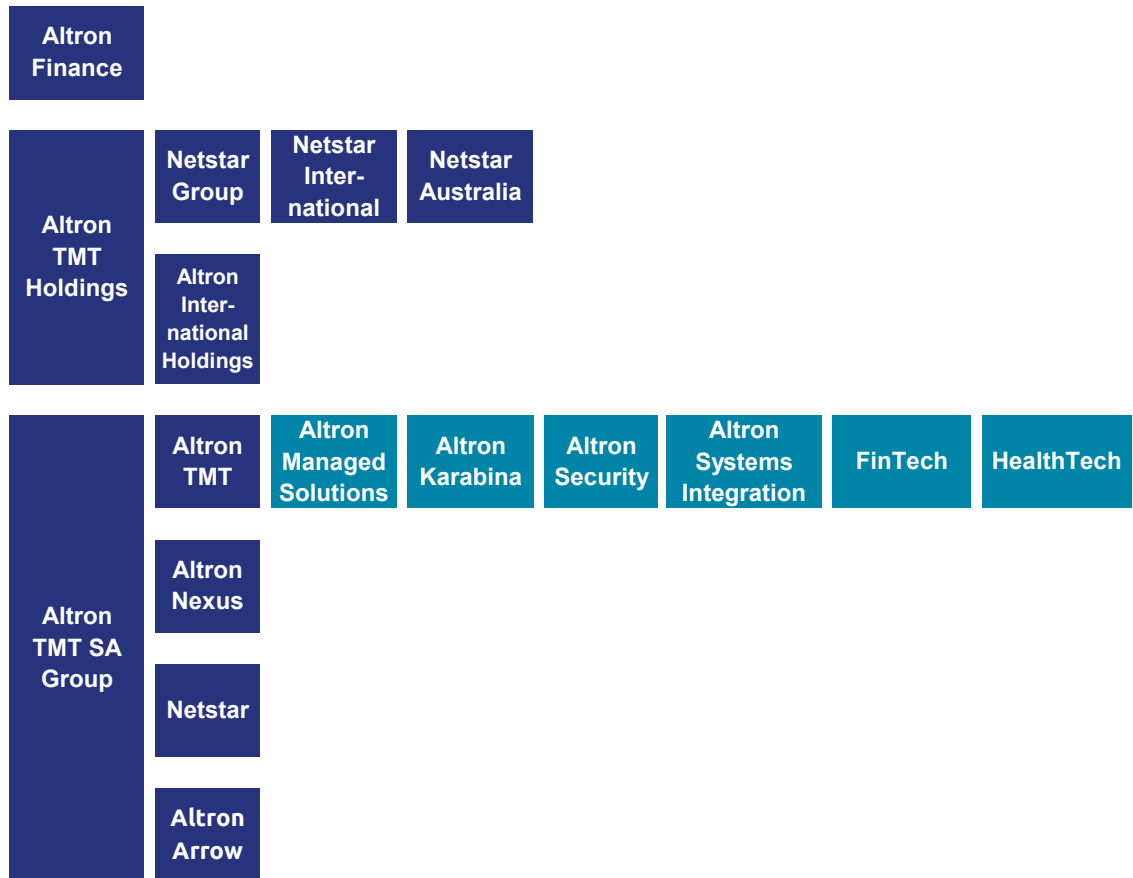
Notes to the consolidated financial statements CONTINUED

for the year ended 29 February 2024

43 GROUP COMPOSITION

43.1 Interests in subsidiaries

ALTRON



Legends

- Legal entity
- Divisions

The Group structure included above only includes the Group's core subsidiaries. The associates and joint ventures have been excluded as these do not form part of the Group's core operations and are not considered material to the Group. Discontinued operations have been excluded as they do not form part of the Group's core operations.

Notes to the consolidated financial statements CONTINUED

for the year ended 29 February 2024

43 GROUP COMPOSITION (continued)

43.2 Non-controlling interests

The following subsidiaries have material non-controlling interest (NCI).

Name	Principal place of business / country of incorporation	Ownership interests held by NCI	
		29 February 2024	28 February 2023
Altron Arrow Proprietary Limited	South Africa	50% - 1 share	50% - 1 share

R millions	29 February 2024		
	Altron Arrow	Other non-material NCI	Total NCI
Revenue	802		
Profit / (loss)	50		
Profit / (loss) attributable to non-controlling interests	25	(2)	23
Other comprehensive income	-		
Total comprehensive income	50		
Total comprehensive income / (loss) attributable to non-controlling interests	25	(2)	23
Current assets	365		
Non-current assets	31		
Share-based payments	2		
Current liabilities	(123)		
Non-current liabilities	4		
Net assets	279		
Net assets attributable to non-controlling interests at 28 February 2023	112	6	118
Disposed of during the year	-	7	7
Total comprehensive income attributable to non-controlling interests	25	(2)	23
Dividends paid to non-controlling interests during the year	(2)	-	(2)
Net assets attributable to non-controlling interests at 29 February 2024	135	11	146
Summarised statement of cash flows			
Net cash utilised in operating activities	75		
Net cash utilised in investing activities	(2)		
Net decrease in cash and cash equivalents	73		
Net cash and cash equivalents at the beginning of the year	4		
Net cash and cash equivalents at the end of the year	77		

Notes to the consolidated financial statements CONTINUED

for the year ended 29 February 2024

43 GROUP COMPOSITION (continued)

43.2 Non-controlling interests (continued)

R millions	28 February 2023		
	Altron Arrow	Other non-material NCI*	Total NCI
Revenue	679		
Profit / (loss)	36		
Profit / (loss) attributable to non-controlling interests	18	(1)	17
Other comprehensive income	–		
Total comprehensive income	36		
Total comprehensive income / (loss) attributable to non-controlling interests	18	(1)	17
Current assets	372		
Non-current assets	28		
Share based payments	(2)		
Current liabilities	(174)		
Non-current liabilities	(4)		
Net assets	220		
Net assets attributable to non-controlling interests at 28 February 2022	98	8	106
Total comprehensive income attributable to non-controlling interests	18	(1)	17
Dividends paid to non-controlling interests during the year	(4)	(1)	(5)
Net assets attributable to non-controlling interests at 28 February 2023	112	6	118
Summarised statement of cash flows			
Net cash generated in operating activities	(22)		
Net cash utilised in investing activities	(3)		
Net increase in cash and cash equivalents	(25)		
Net cash and cash equivalents at the beginning of the year	29		
Net cash and cash equivalents at the end of the year	4		

Notes to the consolidated financial statements CONTINUED

for the year ended 29 February 2024

43 GROUP COMPOSITION (continued)

43.3 Interest in associates

The Group has no material associates.

The table below summarises the associate entities in which the Group holds an interest.

Investment	Nature of business
Mediswitch Namibia Proprietary Limited	Provides healthcare IT and eCommerce solutions in Saudi Arabia and Namibia.

The following is summarised financial information for the Group's interest in associates:

R millions	Altron controlled interest		Attributable share of profit / (loss)	
	29 February 2024	28 February 2023	29 February 2024	28 February 2023
	%	%	R millions	R millions
Unlisted				
Mediswitch Namibia Proprietary Limited	50	50	2	2
			2	2

Dividends Received		(Decrease) / increase in impairment		Total Investment	
29 February 2024 R millions	28 February 2023 R millions	29 February 2024 R millions	28 February 2023 R millions	29 February 2024 R millions	28 February 2023 R millions
(2)	(2)	-	-	1	1
(2)	(2)	-	-	1	1

Notes to the consolidated financial statements CONTINUED

for the year ended 29 February 2024

43 GROUP COMPOSITION (continued)

43.4 Interests in joint ventures

R millions	29 February 2024
Balance at 28 February 2023 (note 4)	32
Loans advanced	7
Share of equity accounted profits	–
Increase in ECL allowance	(38)
Balance at 29 February 2024 (note 4)	1

The Group holds an interest in the following jointly controlled entities:

Thobela Telecom – The Group participates in this 26.5% joint arrangement through Altron Nexus in respect of the City of Tshwane broadband project. Since inception, the Group advanced a cumulative loan of R102 million (2023: R95 million) to Thobela over the years.

In line with the approach outlined in note 11, management prepared a weighted probability analysis of the amount expected to be received. The Group resolved to increase its ECL impairment allowance by R38 million during the year resulting in an ECL balance of R102 million (2023: R64 million).

The movement in the loan provided and the ECL raised is summarised as follows:

R millions	29 February 2024			28 February 2023		
	Gross	Impairment	Net	Gross	Impairment	Net
Balance at the beginning of the year	95	(64)	31	80	(8)	72
Increase in loan	7	–	7	15	–	15
Increase in ECL allowance	–	(38)	(38)	–	(56)	(56)
Balance at the end of the year	102	(102)	–	95	(64)	31

Due to the objective evidence of impairment, the loan provided to Thobela Telecom is classified as stage 3 non-performing with reference to the general model for impairment.

Notes to the consolidated financial statements CONTINUED

for the year ended 29 February 2024

43 GROUP COMPOSITION (continued)

43.5 Involvement with unconsolidated structured entities

Preference share in Technologies Acceptances Receivables Proprietary Limited (TAR)

TAR is a securitisation vehicle based in South Africa used to house leases predominately related to equipment leased by the Group.

The Group owns one variable rate cumulative redeemable preference share in TAR. At the reporting date, a fair value assessment was undertaken which, using recognised valuation principles and techniques, indicated that the preference share was fairly valued at R21 million (2023: R21 million).

Refer to note 29.7 for information relating to fair value determination.

The Group has concluded that it does not control, and therefore should not consolidate, the TAR securitisation vehicle. TAR was formed to pool leases of the Group's products. In substance, TAR's purpose is to facilitate the financing of lease equipment by the Group and a senior funder and to house the lease transactions. When considering the Group's lack of practical ability to direct the relevant activities of TAR as well as agency vs. principal considerations, Altron does not have power over the relevant activities and hence does not control TAR.

Exposure to credit risk

The maximum exposure to credit risk for the Group in relation to the repayment of the participation loan share at the balance sheet date amounts to R142 million (2023: R151 million). The participation loan is interest-bearing at JIBAR plus 1.65% to a maximum of the South African prime rate plus 6% and is repayable by 31 December 2025. TAR is exposed to the risk of customers defaulting on their lease rental payments. Refer to note 5.

All customers are credit vetted, credit is only extended to customers in accordance with the stipulations of the securitisation vehicle, and is effectively secured by the underlying assets. Expected credit loss experience is in line with expectations given the nature of the book.

Absorption of losses

The Altron Group is required to provide funding to TAR through the Participation Loan and need to fund at least 22% of the leases purchased. The balance is provided by the senior lender. In order to absorb exposure to non-performing leases, the Altron Group is entitled, but not obliged to, make additional Participation Loan Advances to TAR. Where leases default, the commitment of the Altron Group is therefore limited with regards to ensuring the continued operation of TAR. While the Altron Group may not have a legal obligation to advance additional funding to TAR in the event of default it may choose to do so.

The Altron Group, through its preference share investment, retains the right to receive any residual in TAR after all other parties have been repaid should TAR enter into liquidation.

Exposure to interest rate risk

The TAR participation loan notes earn a minimum interest rate of JIBAR plus 1.65% (2023: JIBAR plus 1.65%) and a maximum interest rate of South African prime plus 6%. Any return in excess of the prime plus 6% cap is declared as a dividend against the Group's preference share investment in TAR. Refer to note 29.4 for further disclosure relating to interest rate risk.

The preference share in TAR as well as the participation loan has been classified as held-for-sale (note 40).

Separate financial statements

for the year ended 29 February 2024

SEPARATE BALANCE SHEET AT 29 FEBRUARY 2024

		COMPANY	
		29 February 2024 R'000	28 February 2023 R'000
	Notes		
ASSETS			
<i>Non-current assets</i>			
		3 191 386	3 098 311
Investment in subsidiaries	2	2 793 834	2 796 900
Defined benefit asset	9	382 196	294 831
Group share scheme recharge receivable	5	15 356	6 580
<i>Current assets</i>			
		411 387	572 072
Amount receivable from subsidiary	2	394 062	570 579
Group share scheme recharge receivable	5	15 697	–
Cash and cash equivalents		1 628	1 493
Total assets		3 602 773	3 670 383
EQUITY AND LIABILITIES			
<i>Total equity</i>			
		3 599 041	3 666 786
Share capital and premium	3	1 241 208	1 238 446
Retained earnings		1 800 096	1 946 343
Other reserves		557 737	481 997
<i>Current liabilities</i>			
		3 732	3 597
Other payables		3 732	3 597
Taxation payable	6.2	–	–
Total equity and liabilities		3 602 773	3 670 383

Separate financial statements

for the year ended 29 February 2024

SEPARATE STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 29 FEBRUARY 2024

	Notes	COMPANY	
		29 February 2024 R'000	28 February 2023 R'000
Operating costs		(342)	(495)
Other income		35 042	26 469
Pension Fund Income (Net defined benefit asset)	9	35 042	26 442
Other		-	27
Operating profit		34 700	25 974
Profit before taxation		34 700	25 974
Taxation	4	-	-
Profit for the year		34 700	25 974
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurement of net defined benefit asset		52 323	14 289
Other comprehensive income/(loss) for the year		52 323	14 289
Total comprehensive income for the year		87 023	40 263

Separate financial statements

for the year ended 29 February 2024

SEPARATE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 29 FEBRUARY 2024

R'000	A Ordinary share capital (Note 3)	Share premium (Note 3)	High Voting Shares	Share-based payment reserve	Fair value reserve	Retained earnings	Total equity
Balance at 28 February 2022	1 213 544	–	10	174 018	292 945	2 079 815	3 760 332
Total comprehensive income for the year							
Profit for the year	–	–	–	–	–	25 974	25 974
Other comprehensive loss							
Remeasurement of net defined benefit asset	–	–	–	–	14 289	–	14 289
Total comprehensive income for the year	–	–	–	–	14 289	25 974	40 263
Transactions with owners, recorded directly in equity							
Share-based payments expense	–	–	–	25 637	–	–	25 637
Dividends declared	–	–	–	–	–	(159 446)	(159 446)
Share options exercised	24 892	–	–	(24 892)	–	–	–
Total transactions with owners	24 892	–	–	745	–	(159 446)	(133 809)
Balance at 28 February 2023	1 238 436	–	10	174 763	307 234	1 946 343	3 666 786
Total comprehensive income for the year							
Profit for the year	–	–	–	–	–	34 700	34 700
Other comprehensive income							
Remeasurement of net defined benefit asset	–	–	–	–	52 323	–	52 323
Total comprehensive income for the year	–	–	–	–	52 323	34 700	87 023
Transactions with owners, recorded directly in equity							
Share-based payments expense	–	–	–	26 179	–	–	26 179
Dividends declared	–	–	–	–	–	(180 947)	(180 947)
Share options exercised	2 762	–	–	(2 762)	–	–	–
Total transactions with owners	2 762	–	–	23 417	–	(180 947)	(154 768)
Balance at 29 February 2024	1 241 198	–	10	198 180	359 557	1 800 096	3 599 041

Separate financial statements

for the year ended 29 February 2024

SEPARATE STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 29 FEBRUARY 2024

		COMPANY	
		29 February 2024	28 February 2023
		R'000	R'000
Notes			
CASH FLOWS FROM OPERATING ACTIVITIES			
	Cash generated from operations	176 310	134 705
6.1	Dividends paid	(180 947)	(159 446)
	Net cash outflow from operating activities	(4 637)	(24 741)
CASH FLOWS FROM FINANCING ACTIVITIES			
	Proceeds received on the recharge of shares issued relating to share based payments	4 772	24 893
	Net cash inflow from financing activities	4 772	24 893
	Increase in cash and cash equivalents	135	152
	Cash and cash equivalents at the beginning of the year	1 493	1 341
	Cash and cash equivalents at the end of the year	1 628	1 493

Notes to the separate financial statements

for the year ended 29 February 2024

1 ACCOUNTING POLICIES

Refer to the accounting policies as included in the consolidated financial statements.

2 INTEREST IN SUBSIDIARIES

	Effective shareholding		Shares at cost less amounts written off		Indebtedness	
	29 February 2024 %	28 February 2023 %	29 February 2024 R'000	28 February 2023 R'000	29 February 2024 R'000	28 February 2023 R'000
Altron Finance Proprietary Limited – ordinary shares	100	100	235	235	394 062	570 579
Altron Finance Proprietary Limited – preference shares	100	100	2 633 952	2 633 952	–	–
Investment in subsidiaries – share-based payments			159 647	162 713	–	–
			2 793 834	2 796 900	394 062	570 579

The above loan receivable from Altron Finance Proprietary Limited, a subsidiary of the company is unsecured, interest-free and has no fixed terms of repayment.

The preference share is non-cumulative, non-redeemable, non-convertible and is non-interest-bearing.

Credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	COMPANY	
	29 February 2024 R'000	28 February 2023 R'000
Amount receivable from subsidiary	394 062	570 579
Cash and cash equivalents	1 628	1 493
	395 690	572 072

Application of IFRS 9

The Company has the following financial assets subject to the expected credit loss model (ECL):

Amounts receivable from subsidiaries

Cash and cash equivalents

The Company applies the 3-stage general impairment model when measuring expected credit losses. The Company applies a 12-month expected loss allowance (through a simplified parameter based approach) to the amounts receivable from subsidiaries as there has not been an increase in the credit risk since initial recognition.

Simplified parameter-based approach – ECL are calculated using a formula incorporating the following parameters: exposure at default (EAD), probability of default (PD) and loss given default (LGD) (i.e. $ECL = PD \times LGD \times EAD$). The inputs used in the calculation of the ECL are based on published indexes which incorporates an element of forward-looking information.

Based on the application of the above, due to the low probability of default attributable to Altron Finance (Pty) Ltd, the identified impairment loss was immaterial.

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

While cash and cash equivalents are also subject to the expected credit loss model, the identified impairment loss was immaterial, due to the low probability of default taking into account the credit rating of the financial institutions that the funds are held at (refer note 8).

Notes to the separate financial statements

for the year ended 29 February 2024

3 SHARE CAPITAL AND PREMIUM

	29 February 2024	28 February 2023	29 February 2024	28 February 2023
	Number of shares	Number of shares	R'000	R'000
Authorised				
A Ordinary shares of no par value (2023: No par value)	500 000 000	500 000 000	–	–
N Ordinary shares of 0.01 cent each (2023: 0.01 cent each)	500 000 000	500 000 000	–	–
High Voting share of no par value (<i>unlisted</i>)	1	1	–	–
Issued				
<i>A Ordinary shares</i>				
In issue at the beginning of the year	410 681 964	407 572 398	1 238 436	1 213 544
Issued in terms of share schemes	336 600	3 109 566	2 762	24 892
In issue at the end of the year	411 018 564	410 681 964	1 241 198	1 238 436
<i>High Voting share</i>				
In issue at the beginning of the year	1	1	10	10
Net High Voting share at the end of the year	1	1	10	10
Total issued share capital and premium			1 241 208	1 238 446

4 TAXATION

	COMPANY	
	29 February 2024	28 February 2023
	R'000	R'000
Current taxation	–	–
Prior year adjustment	–	–
	–	–
Reconciliation of rate of taxation	%	%
South African normal taxation rate	27.0	28.0
Non-taxable income*	(27.27)	(28.53)
Non-deductible expenses	0.27	0.53
Effective taxation rate	–	–

* Non-taxable income relates to the defined benefit fund gain.

Notes to the separate financial statements

for the year ended 29 February 2024

5 GROUP SHARE-BASED PAYMENTS

	Company	
	29 February 2024 R'000	28 February 2023 R'000
Group share scheme recharge receivable at fair value (refer to note 7)	31 053	6 580
Non-current portion	15 356	6 580
Current portion	15 697	–

Details of employee share options granted by the Company are reflected in the Consolidated Financial Statements (refer to note 13.4). Options granted under the "Altron 2009 Share Plan" are subject to a recharge arrangement with participating subsidiaries upon exercise of the options by employees of those companies and have been accounted for as set out in the "Group share-based payments" accounting policy in the Consolidated Financial Statements.

On adoption of IFRS 9, the Group share scheme recharge receivable has been classified as a financial asset at fair value through profit or loss.

The fair value of the Group share scheme recharge receivable is based on both level 1 and level 3 inputs depending on which share options and schemes are being considered. Performance Share Awards ("PS") and Bonus Share Grants ("BS") uses level 1 inputs. Share Appreciation Rights ("SARs") generally uses level 3 inputs. Level 1 inputs are based on quoted prices in an active market. Level 3 inputs are based on unobservable inputs and driven by historic market quoted prices.

6 NOTES TO THE STATEMENT OF CASH FLOWS

	COMPANY	
	29 February 2024 R'000	28 February 2023 R'000
6.1 CASH UTILISED IN OPERATIONS		
Profit before tax	34 700	25 974
<i>Adjusted for:</i>		
Pension fund income	(35 042)	(26 442)
	(342)	(468)
<i>Changes in working capital</i>	176 652	135 173
Decrease in intercompany	176 517	135 072
Increase / (Decrease) in other payables	135	101
	176 310	134 705
6.2 TAXATION PAID		
Taxation payable at the beginning of the year	–	–
Recognised in profit or loss	–	–
	–	–

Notes to the separate financial statements

for the year ended 29 February 2024

7 RELATED PARTIES

	COMPANY	
	29 February 2024 R'000	28 February 2023 R'000
The Company has a related party relationship with its subsidiaries, joint ventures and associates (refer to note 43 of the consolidated financial statements).		
Shareholders		
The principal shareholders of the Company are detailed in the analysis of shareholders in note 30 of the consolidated financial statements.		
Directors		
The Company has a related-party relationship with its Directors (refer to note 30 of the consolidated financial statements).		
Group share-based payments		
The Group has a relationship with certain of its subsidiaries in accordance with the Group share-based payment arrangement (refer to note 5), for which the balances outstanding at reporting date are as follows:		
Altron Nexus	–	348
Altron Arrow	438	134
Altron TMT	27 748	5 404
Netstar	2 867	694
	31 053	6 580

8 FINANCIAL RISK MANAGEMENT

Credit risk

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

	Amount receivable from subsidiary R'000	Cash and cash equivalents* R'000
29 February 2024		
South Africa	394 062	1 628
28 February 2023		
South Africa	570 579	1 493

* Credit ratings of the applicable financial institutions where cash and cash equivalents are held are BB- (2023: BB-).

Notes to the separate financial statements

for the year ended 29 February 2024

8 FINANCIAL RISK MANAGEMENT (continued)

Liquidity risk

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

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

Financial guarantee liability

The Company provided a payment guarantee in favour of a lease financier who financed the lease receivables to parastatals amounting to R70 million. This guarantee provides security for the payment of any outstanding lease commitments in respect of specific leased processing equipment. The guarantee can be called upon at year end and it expires on 28 February 2027. The fair value of the guarantee and subsequent ECL was calculated to be immaterial as the actual equipment sold is collateral to the Group.

9 DEFINED BENEFIT ASSET

Retirement benefit plans are disclosed in the Consolidated Financial Statements. Refer to note 18.

10 STANDARDS AND INTERPRETATIONS IN ISSUE BUT NOT YET EFFECTIVE

A number of other new pronouncements are effective for the Company from 1 March 2024, these have been considered and do not have a material effect on the Company's financial statements. Refer to note 32 of the Consolidated Financial Statements.

11 EVENTS SUBSEQUENT TO YEAR END

Dividends declared

The Board declared a final dividend of 33 cents per share on 17 May 2024.

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

12 GOING CONCERN

The Directors have made an assessment of the ability of the Company to continue as a going concern and have no reason to believe that the Company will not be a going concern in the year ahead.

THIS PAGE IS LEFT BLANK INTENTIONALLY

HISTORICAL FINANCIAL REVIEW (TOT

ALTRON LIMITED

R millions

INCOME STATEMENT

Revenue

Operating profit before capital items

Finance income

Finance expense

Share of profit of equity accounted investees, net of taxation

Foreign exchange gains and losses relating to cash and cash equivalents

Capital items

Profit / (loss) before taxation

Taxation

Profit / (loss) after taxation

Attributable to Non-controlling interests

Attributable to Altron equity holders

Headline earnings

Dividends paid

BALANCE SHEET

Assets

Property, plant and equipment

Goodwill and other intangible assets

Right-of-use assets

Equity accounted investments other investments

Capital rental devices

Contract costs capitalised

Finance lease assets

Defined benefit asset

Deferred taxation

Other non-current assets

Other current assets

Taxation receivable

Restricted cash

Cash and cash equivalents

Total assets

Equity and liabilities

Shareholders' equity

Non-controlling interests

Total equity

Non-current loans

Current loans

Loans

Other non-current liabilities

Lease liabilities

Bank overdraft

Other current liabilities

Total equity and liabilities

Definitions

Earnings - Attributable earnings as disclosed in the income statement.

Borrowings - All interest-bearing liabilities.

TOTAL OPERATIONS)

	29 February 2024	2023	2022	2021	2020	2019
	10 325	10 848	9 518	15 453	16 713	16 925
	210	342	440	969	1 084	1 066
	91	86	53	86	116	154
	(191)	(204)	(187)	(251)	(350)	(333)
	2	3	3	(41)	–	(1)
	(7)	4	–	–	–	–
	(95)	(141)	(357)	11 524	(3)	(2)
	10	90	(48)	12 287	847	884
	(151)	(77)	(47)	(145)	(189)	(163)
	(141)	13	(95)	12 142	658	721
	23	17	9	(12)	(12)	39
	(164)	(4)	(104)	12 154	670	682
	(93)	108	141	504	667	708
	168	147	437	219	271	105
	336	397	438	422	648	620
	1 528	1 554	1 530	1 382	1 945	1 965
	394	572	761	1 013	524	–
	2	33	79	47	344	592
	429	345	277	264	297	293
	723	551	388	241	163	83
	167	32	–	–	237	196
	382	295	254	253	83	180
	178	234	238	151	134	155
	–	–	–	–	132	87
	4 024	4 879	4 623	5 214	7 263	5 998
	55	30	24	17	32	25
	–	–	–	–	13	26
	1 137	740	757	1 381	1 810	1 381
	9 355	9 662	9 369	10 385	13 625	11 601
	3 923	4 182	4 248	4 764	3 939	3 535
	146	118	106	102	(176)	(162)
	4 069	4 300	4 354	4 866	3 763	3 373
	425	851	854	602	1 707	1 262
	1	3	86	60	493	484
	426	854	940	662	2 200	1 746
	1 353	1 461	953	829	404	162
	809	899	1 013	1 079	572	–
	513	59	158	650	854	1 181
	2 185	2 089	1 951	2 299	5 832	5 139
	9 355	9 662	9 369	10 385	13 625	11 601

Total assets - Property, plant and equipment, investments and loans together with current assets.

Operating assets - Total assets less investments, loans, deferred tax and cash.

Capital employed - The total of total equity and borrowings.

Operating profit - is stated before capital items.

RATIOS AND STATISTICS

Earnings

- Basic earnings / (loss) per share (cents)
- Headline earnings / (loss) per share (cents)
- Ordinary shares in issue (millions)
 - at year end
 - weighted average
- Participating preference shares in issue (millions)
 - at year end
 - weighted average

Profitability

- Operating profit to revenue (%)
- EBITDA before capital items
- EBITDA before capital items to revenue (%)
- Return on equity (continued operations) (%) - averaged
- Return on capital employed (%) - averaged
- Return on operating assets (%)
- Return on net assets (%)

Financial

- Current ratio
- Acid test ratio
- Net asset value per share

Shares

- Price: earnings ratio (times)
 - ordinary shares
 - participating preference shares
- Market value per share at year end (cents)
 - A ordinary shares
 - N ordinary shares

Other

- Consumer price index (percentage increase)
- Production price index (percentage increase)
- Number of permanent employees

Definitions

- Acid test** - The ratio of current assets excluding inventories to current liabilities.
- Borrowings ratio** - The percentage of borrowings to total equity.
- Current ratio** - The ratio of current assets to current liabilities.
- Market value per share** - The sellers' price quoted by the JSE Limited.
- Price : earnings ratio** - The market value per share divided by the headline earnings per share.

	29 February 2024	2023	2022	2021	2020	2019
	(43)	(1)	(28)	3 270	180	192
	(25)	29	37	136	180	191
	379	378	375	370	371	371
	379	377	372	371	371	371
	-	-	-	-	-	-
	-	-	-	-	-	-
	2.0	3.2	4.6	6.3	6.5	6.3
	985	1 053	1 095	1 713	1 829	1 632
	9.5	9.7	11.5	11.1	10.9	9.8
	10.8	4.2	3.0	11.7	19.4	21.3
	4.3	6.4	7.7	16.5	20.1	21.4
	3.6	5.1	6.8	14.2	10.6	13.4
	3.3	5.6	6.9	12.9	14.5	17.6
	1.5:1	1.7:1	1.9:1	1.8:1	1.2:1	1.1:1
	1.3:1	1.4:1	1.5:1	1.6:1	1.1:1	0.9:1
	1 036	1 105	1 132	1 289	1 061	952
	(42)	30	20	9	11	10
	-	-	-	-	-	-
	1 030	860	740	1 153	2 019	1 880
	-	-	-	-	-	-
	5.6	7.0	5.7	2.9	4.6	4.0
	4.5	12.2	10.5	4.0	4.5	4.2
	4 597	5 009	5 616	7 711	7 331	6 010

Net asset value per share - Shareholders' equity divided by the number of shares in issue at year end.

EBITDA before capital items - Operating profit before depreciation, amortisation and capital items.

Return on capital employed - The percentage of operating profit to capital employed.

Return on operating assets - The percentage of operating profit to operating assets.

Return on shareholders' equity - The percentage of attributable earnings to shareholders' equity, adjusted for net capital items and translation gains/losses.

Return on net assets - The percentage of profit before tax, excluding finance costs and capital items to net assets.

THIS PAGE IS LEFT BLANK INTENTIONALLY

ALTRON



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

www.altron.com