

### HIGHLIGHTS - continuing operations

- Gross invoiced income up 4%\* to R7.7 billion
- Earnings before interest tax and depreciation (EBITDA) was down 8% to R1 billion
- Cash generated from operations up 31% to R2.2 billion
- HEPS decreased by 18% to 31 cents
- Shareholder value unlocked by 152%
- Operating free cash flow of R612 million up by > 600%

R millions	February 2021	February 2020**	% change
Gross invoiced income	7 696	7 420	4%
Revenue	7 399	7 383	0%
EBITDA	1 007	1 100	(8%)
Operating profit before capital items	342	456	(25%)
Net profit after tax	68	122	(44%)
Cash generated from operations	2 220	1 695	31%
Earnings per share	23	41	(44%)
Headline earnings per share	31	38	(18%)
Dividend per share	2 998 cents	55 cents	> 5000%

\* Gross invoiced income represents the total invoiced revenue to customers, including cloud-based sales (and related licences). This differs from statutory reported revenue, because in terms of IFRS 15, the Group acts as an agent on these transactions and therefore recognises only the margin as revenue.

\*\* The prior year has been restated to account for operations classified as discontinued that are held for sale during the 2021 financial year.

### FINANCIAL OVERVIEW

#### Continuing operations

Revenue of R7.4 billion remained flat compared to the prior year against the backdrop of a challenging year due to the global pandemic. The impact of IFRS 15 on agency revenue results in only the margins being recognised as revenue. The gross invoiced income of R7.696 billion has increased by R276 million from the prior year's R7.420 billion. This includes agency revenue of R297 million which has grown from the prior year's R37 million.

EBITDA decreased by 8% to R1 billion. EBITDA performance was negatively impacted by weak market conditions and liquidity pressures resulting in low client confidence levels that have led to large-scale investment projects being delayed. EBITDA was further impacted by margin pressures, with customers requiring reduced pricing/discounts due to Covid-19. Due to lower revenues being recorded in several operations, businesses were restructured to minimise the future impact on profitability, which drove a severance cost within the financial year's results.

Continuing operations' EBITDA was negatively impacted by R51 million as a result of Altron Systems Integration's subdued performance due to large scale investment projects being delayed by clients to preserve liquidity, smaller hardware projects with lower margins were concluded in place of larger capex rollouts, impacting product mix and gross margin. Altron Rest of Africa's results deteriorated by R32 million because of difficult trading conditions across Africa, notably Kenya and Mozambique. The EBITDA margin on statutory revenue decreased to 13.6% compared to 14.9% in the prior year. Within a South African context, the Group generates 85% of its revenue from the private sector and 15% from the public sector.

The net interest expense (excluding right-of-use interest) decreased by 37% due to lower levels of debt after reducing facilities by R1.792 billion, which was further benefited by the decrease in interest rates.

#### Discontinued operations

During the financial year, our Altron Documents Solutions, Altron People Solutions, Altron Arrow and Bytes UK were classified as assets held for sale. The latter was demerged with a successful IPO on the London Stock Exchange as its primary listing and the Johannesburg Stock Exchange as its secondary listing. The discontinued operations recorded an EBITDA of R706 million, which is a decrease of R23 million. This decrease resulted from the Bytes UK business being included within our numbers for circa 9.5 months before demerged from Altron. The other assets classified as held for sale were impacted the hardest due to the lockdown restrictions, social distancing and working from home, which had a negative impact on their results for the financial year.

### CASH MANAGEMENT

The Group's overall net debt reduced to R453 million (including deferred disposal receipts) against R1.3 billion at the end of FY20, indicative of strong cash generations during the year. Cash generated from operations increased by 31% from R1.7 billion in prior year to R2.2 billion for the year. Net interest paid was R165 million (including the right-of-use interest) while tax and net dividends paid were R226 million and R211 million respectively for the year under review.

The Group utilised a net amount of R81 million on investment activities for the financial year. Included in this amount was the proceeds received as a result of the Bytes UK demerger R735 million and its associated transaction costs of R124 million. R252 million related to the acquisition of Ubusha (now forming part of Altron Security). A large portion relates to hardware in Netstar, PPE is mainly driven by the new Altron Campus and investments into intangible assets.

Net outflow from financing activities of R1.7 billion predominantly relates to net long-term borrowings paid down to the value of R1.2 billion. The majority of the remaining balance relates to lease repayments of R451 million.

### DIVIDEND

Based on the review of the results which considers the current impact of Covid-19, in addition to the estimates of the longer-term effects of the pandemic, the Group remains solvent and liquid for the next 12 months.

As such, a final cash dividend of 15 cents per share (12 cents net of 20% dividend withholding tax) has been declared for the financial year ended 28 February 2021, payable to shareholders recorded in the register of the Company at the close of business on the record date appearing below.

The Board has confirmed by resolution that the solvency and liquidity test as contemplated by the Companies Act, No. 71 of 2008, as amended, has been duly considered, applied and satisfied. This is a dividend as defined in the Income Tax Act, No. 58 of 1962 and is payable from income reserves. The income tax number of the Company is 9725149711. The number of ordinary shares in issue at the date of this declaration is 401 883 022, including 32 287 469 treasury shares.

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

#### Dividend dates

Last day to trade cum dividend	Tuesday, 1 June 2021
Commence trading ex dividend	Wednesday, 2 June 2021
Record date	Friday, 4 June 2021
Payment date	Monday, 7 June 2021

Share certificates may not be dematerialised or re-materialised between Wednesday, 2 June 2021 and Friday, 4 June 2021.

### DIRECTORATE

During the financial year, our Board continued to provide valuable input to the Group in realising Altron's vision and mission through the steadfast implementation of the One Altron strategy. Dr Phumla Mnganga was appointed as a member of Altron's Remuneration and Nomination Committee in February 2021.

### OUTLOOK

We are excited about Altron 2.0. It is a strategy that positions Altron as a highly differentiated technology services provider in growth areas of automation, cloud computing, data and security. Altron 2.0 will be characterised by high annuity revenue, own intellectual property and capital light operations. We will continue to seek expansion opportunities offshore, particularly in hard currency countries.

### KEY FOCUS AREAS FY22

- Concluding the disposal of the three operations which are no longer aligned to the revised strategy.
- Explore opportunities to further unlock value for the operations that fall within Altron 2.0. We will partner with relevant financial and legal advisors to help us execute on this plan.
- Accelerate growth of our digital transformation segment that is housing Altron Karabina, Altron Systems Integration and Altron Security. Altron Security will lead the integration of the newly acquired LawTrust. Altron Security is also establishing a local presence in the United Kingdom where its offerings are in demand.
- The performance of Altron Karabina under its new leadership.

### Further information

This short-form announcement is the responsibility of the directors and is only a summary of the information contained in the full announcement and does not contain full or complete details. Any investment decision should be based on the full announcement accessible from Monday, 17 May 2021 on the Company's website at: <https://www.altron.com/app/uploads/2021/5/altronresults17may2021.pdf> and on SENS on the JSE website <https://senspdf.jse.co.za/documents/2021/jse/isse/aele/YE21.pdf>

The full announcement is also available at our registered office for inspection, at no charge, during office hours. Copies of the full announcement may be requested by contacting Ms NS Morgan on telephone +27 11 645 3672, or email: [nicole.morgan@altron.com](mailto:nicole.morgan@altron.com).

Any forecast financial information contained in this announcement is the responsibility of the directors and has not been reviewed or reported on by the external auditors.

The independent auditor's audit reports by PricewaterhouseCoopers Inc. do not report on all the information contained in this announcement/financial results. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the independent auditor's engagement they should obtain a copy of the unqualified independent auditor's audit reports on the summary consolidated financial statements and the consolidated annual financial statements together with the accompanying financial information from Altron's registered office or can be downloaded from the Company's website: <https://www.altron.com/investors/reports-results/>

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

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

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

### ALLIED ELECTRONICS CORPORATION LIMITED

(Incorporated in the Republic of South Africa)

(Registration number 1947/024583/06)

Share code: AEL ISIN: ZAE000191342

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

#### Registered office:

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

#### Sponsor:

Investec Bank Limited

#### Transfer secretaries:

Computershare Investor Services (Pty) Ltd, 1st Floor, Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196

#### Directors:

MJ Leeming (Chairman), M Nyati (Chief Executive)\*, C Miller (Chief Financial Officer)\*, AC Ball, BW Dawson, BJ Francis, GG Gelink, P Mnganga, S Sithole (Zimbabwean), SW van Graan, RE Venter \* Executive

#### Group Company Secretary:

NS Morgan

