

An abstract graphic on the left side of the slide, consisting of a complex network of thin, light blue lines connecting various nodes. Some nodes are larger and more prominent, while others are smaller. The overall shape is organic and flowing, resembling a stylized human figure or a dynamic network structure. The background is a solid, dark blue color.

# ALTRON

INVESTOR PRESENTATION

# INTRODUCTION

- Allied Electronics Corporation Limited (“Altron”) is an ICT company listed on the Johannesburg Stock Exchange (“JSE”)
- As part of its FY2020 strategic review the Altron board assessed each of the business units within Altron, to identify opportunities which have the potential to create value for shareholders
- The Altron board identified Bytes UK, a wholly-owned subsidiary of Altron, as not being ascribed fair value by the market
- In order to unlock value for shareholders the board resolved to pursue
  - a separate listing and share offering of Bytes UK on the London Stock Exchange (“LSE”)
  - a secondary inward listing of Bytes UK on the JSE
  - a distribution of Altron’s remaining interest in Bytes UK, post the share offering, to Altron shareholders

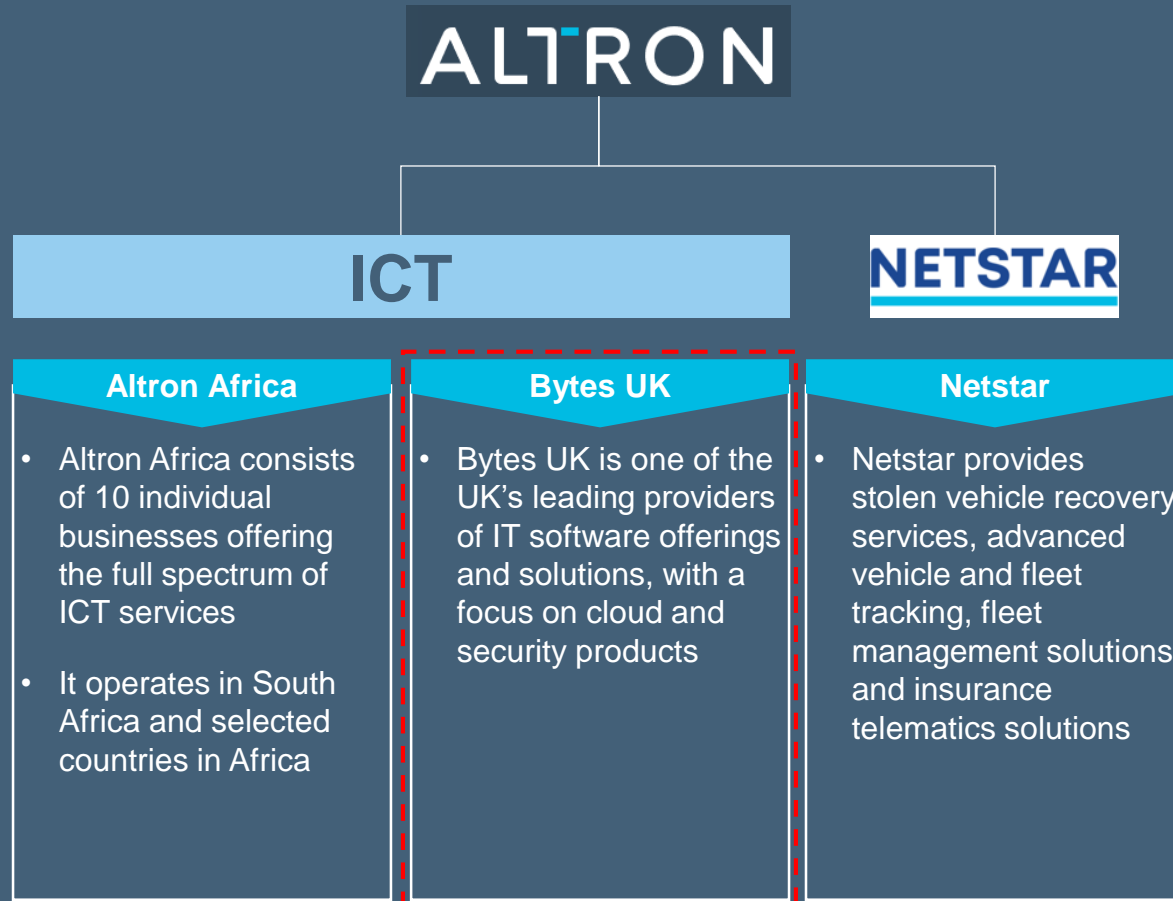


# TRANSACTION OVERVIEW AND RATIONALE

# TRANSACTION OVERVIEW AND RATIONALE

## ALTRON OVERVIEW

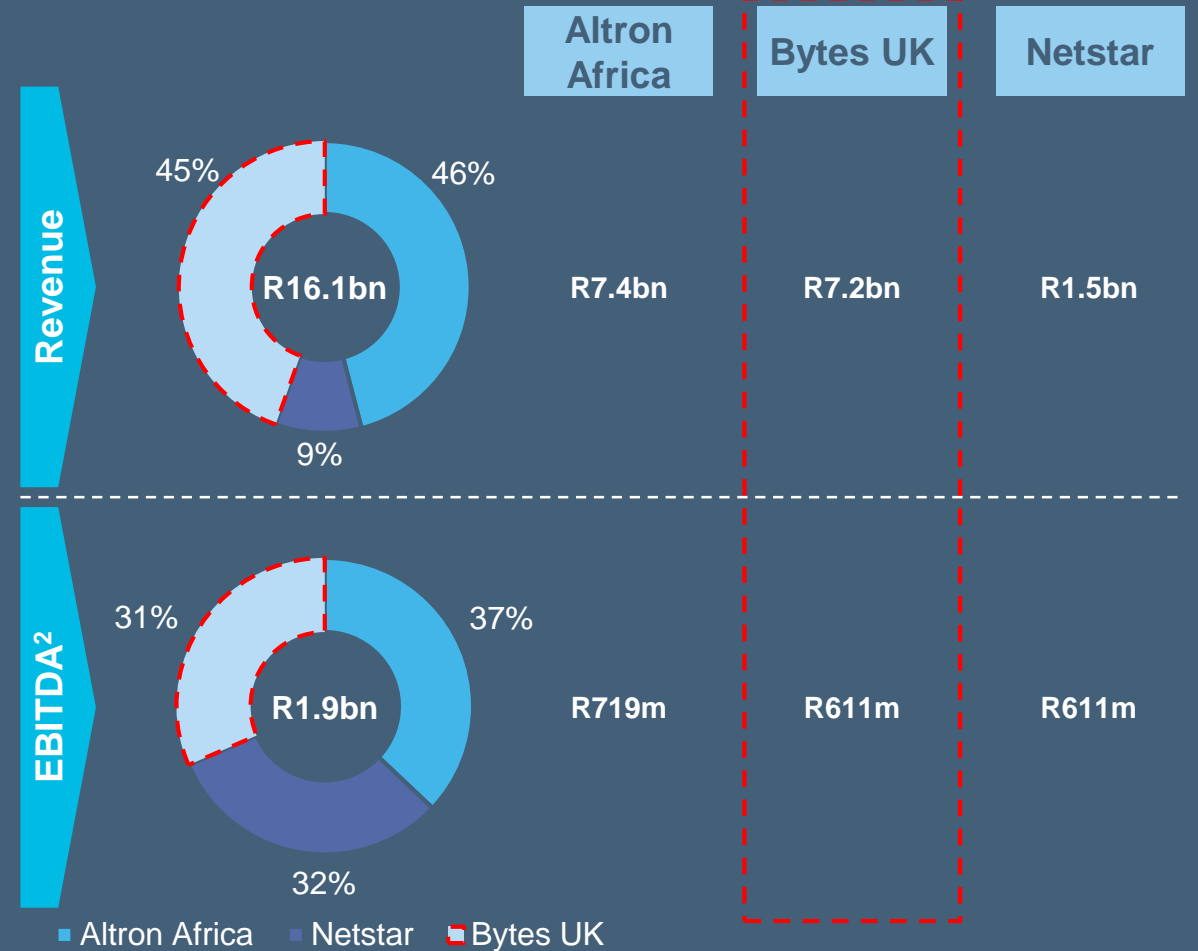
Altron has three independent operating divisions



Notes:

- Revenue and EBITDA figures extracted from Altron financial statements for the year ended 29 February 2020
- Excludes Corporate and consolidation and other international operations (R106m)

2020 contribution<sup>1</sup>



# TRANSACTION OVERVIEW AND RATIONALE

## RATIONALE

### Value creation for Altron shareholders

- Allows shareholders to realise full value for their Altron shareholding and participate in the long-term growth of Bytes UK
- The Altron board believes that the current Altron share price materially undervalues the sum of the parts valuation of Altron which will likely be realised through the demerger

### Enhanced investor understanding of Bytes UK and Altron

- Allows investors to identify more clearly the different characteristics of Altron and Bytes UK and to value them separately and fairly

### Access to an efficient ICT market

- Provides Altron shareholders with the ability to retain international diversification by gaining access to the larger listed international ICT market

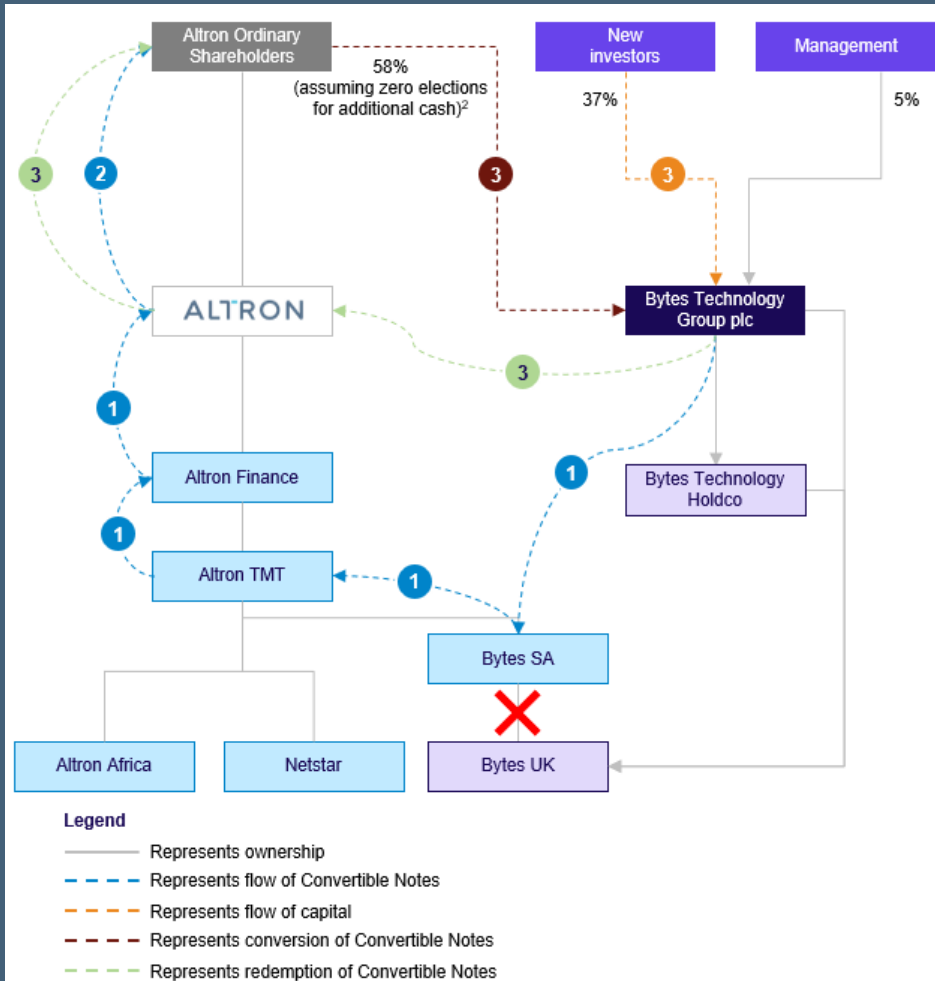
### Strategic focus and independence

- Provides Altron and Bytes UK the platform to pursue independent strategic initiatives, with enhanced flexibility and efficiency
- Enable the respective management teams to execute on their strategies with direct responsibility and accountability for performance and growth

# TRANSACTION OVERVIEW AND RATIONALE

## SUMMARY OF PROPOSED TRANSACTION

### Transaction structure<sup>1</sup>



#### Notes:

1. Transaction structure diagram has been prepared for illustrative purposes only and is not a complete representation of the Altron corporate structure
2. Altron ordinary shareholders will be able to elect to receive a greater percentage of their convertible notes in cash

### 3 Step transaction process

**1** Altron sells Bytes UK to Bytes Technology Group plc

- Altron sells Bytes UK to a wholly owned subsidiary of Bytes Technology Group plc at market value (market value is by reference to the IPO price ultimately achieved)
- Altron receives convertible notes in consideration for Bytes UK

**2** Altron distributes Bytes Technology Group plc Convertible Notes

- Altron distributes Bytes Technology Group plc convertible notes received in step 1 as a dividend *in specie* to Altron shareholders, subject to Altron retaining some convertible notes to cover necessary transaction costs and taxes

**3** Bytes Technology Group plc Offer

- Bytes Technology Group plc IPOs a minimum of c.37% of the company
- Bytes Technology Group plc uses proceeds from capital raise on IPO to redeem a portion of the convertible notes held by Altron shareholders and redeem 100% the convertible notes held by Altron
- Remaining convertible notes held by Altron shareholders convert into Bytes Technology Group plc shares

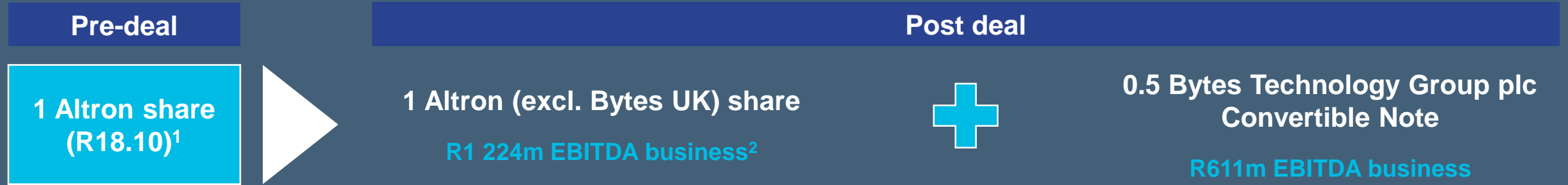
# TRANSACTION OVERVIEW AND RATIONALE

## DETAIL OF PROPOSED TRANSACTION

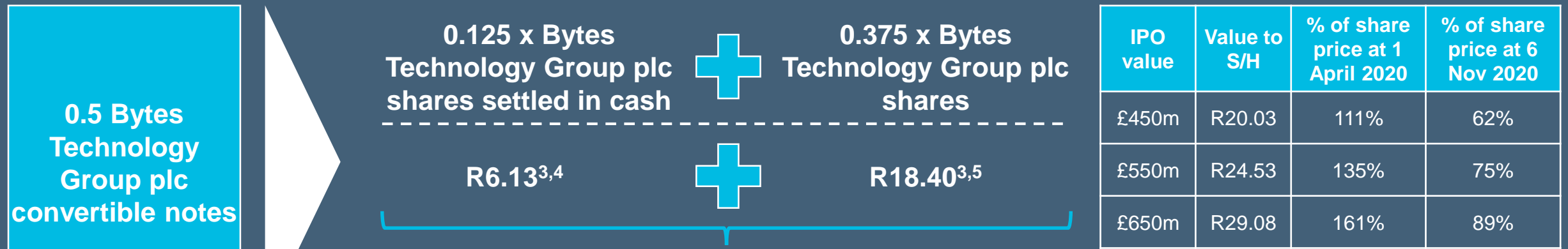
Transaction step	Description
<b>1</b> <b>Altron sells Bytes UK to Bytes Technology Group plc</b>	<ul style="list-style-type: none"><li>• Disposal requires 50% shareholder approval in terms of the JSE Listings Requirements and 75% shareholder approval in terms of the Companies Act</li><li>• Transaction is conditional upon IPO proceeding and is implemented post admission of Bytes Technology Group plc to LSE and JSE</li><li>• Transaction will not proceed unless a minimum value of £450m is achieved upon IPO</li></ul>
<b>2</b> <b>Altron distributes Bytes Technology Group plc Convertible Notes</b>	<ul style="list-style-type: none"><li>• Distribution <i>in specie</i> requires 75% shareholder approval in terms of the Companies Act</li><li>• Altron will be liable for dividends tax on distribution of c.R795m (based on £450m IPO value) which will be settled by Altron retaining convertible notes equal to the value of the dividend withholding tax liability (c.9% of convertible notes)</li><li>• Remaining convertible notes, not retained by Altron for dividends tax will be distributed to Altron shareholders</li><li>• On distribution <i>in specie</i> Altron will receive convertible notes equal to 8.0% of IPO value as a result of its treasury shares</li></ul>
<b>3</b> <b>Bytes Technology Group plc Offer</b>	<ul style="list-style-type: none"><li>• Introduction of a minimum of the c.37% of new investors upon IPO of Bytes Technology Group plc facilitated by mandatory sell down of 25% by Altron shareholders and convertible notes held by Altron (as mentioned above)</li><li>• Shareholders will receive convertible notes of which 75% will convert into Bytes Technology Group plc shares and 25% will not convert and will be redeemed for cash</li><li>• Shareholders will be able to elect to receive a greater % in cash. Shareholders electing more cash will be settled to the extent there is greater demand for Bytes Technology Group plc shares in the IPO</li><li>• The expected value of Bytes Technology Group plc both at and following IPO is meaningfully in excess of £450m, but this is subject to prevailing market conditions</li></ul>

# TRANSACTION OVERVIEW AND RATIONALE

## WHAT A SHAREHOLDERS GETS



### Illustrative value of Bytes Technology Group plc convertible notes based on an IPO value of £550m



Altron shareholders receive R24.53 of value from Bytes Technology Group plc which represents 135% of the Altron share price at 1 April 2020 plus they will retain the Altron 2.0 share

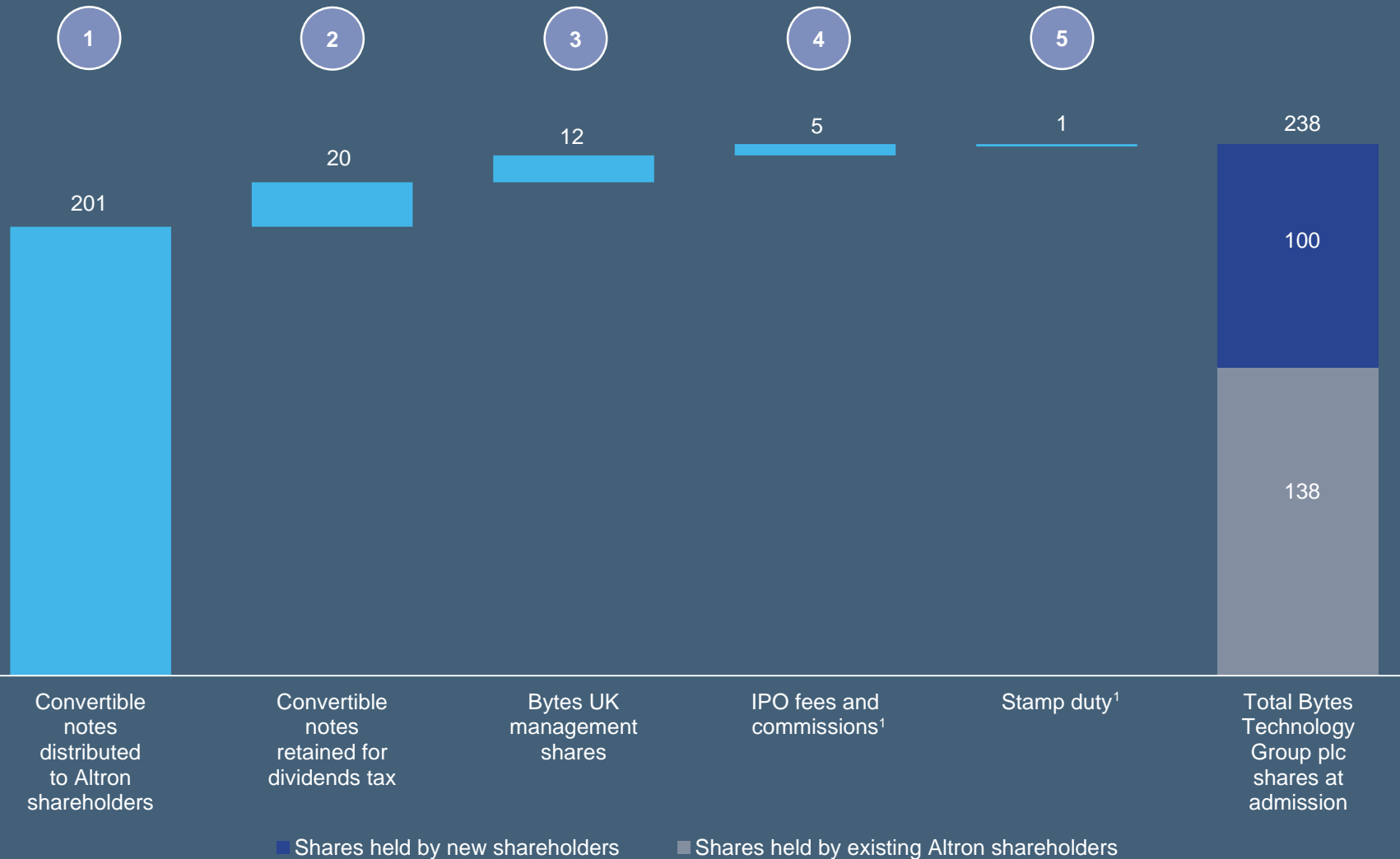
#### Notes

1. Altron share price as at 1 April 2020, the day prior to the initial communication of the transaction to the market
2. Including Corporate and consolidation and other international operations costs of R106m
3. Assumes a £550m valuation on IPO
4. Calculation: (Bytes UK share price) x (GBPZAR) x (CNN conversion) x (cash election) = 2.31 x 21.22 x 0.5 x 25%
5. Calculation: (Bytes UK share price) x (GBPZAR) x (CNN conversion) x (share election) = 2.31 x 21.22 x 0.5 x 75%



# TRANSACTION OVERVIEW AND RATIONALE

## BYTES TECHNOLOGY GROUP PLC SHARES ON ADMISSION



- The number of Bytes Technology Group plc shares shown is based on a minimum market capitalisation of £450 million, a default ratio of 75%/25% and 401 321 820 Altron shares in issue
- The shares issued will be broken down as follows:
  - 1 200 660 910 convertible notes will be distributed to Altron shareholders in an entitlement ratio of 0.5 convertible notes to 1 Altron share
  - 2 19 845 584 convertible notes will be retained by Altron and redeemed 100% for cash in order to settle dividends tax arising on the distribution
  - 3 11 919 369 Bytes Technology Group plc shares to be allocated to Bytes UK management
  - 4 4 761 505 Bytes Technology Group plc shares issued to settle IPO advisory fees and commissions<sup>1</sup>
  - 5 1 200 007 Bytes Technology Group plc shares issued to settle stamp duty on the sale (0.5%)<sup>1</sup>

Note  
1. Subject to increase based on valuation and additional cash elections



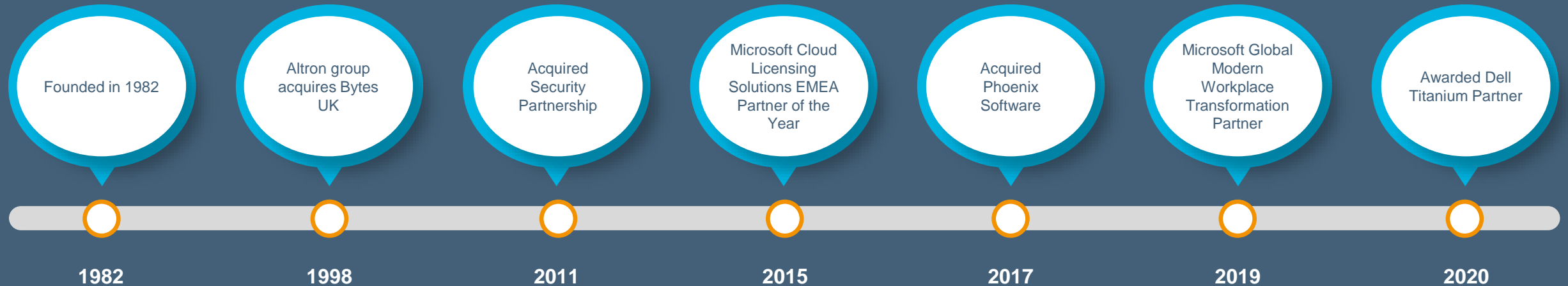
BYTES UK

# BYTES UK

## OVERVIEW

Bytes UK enables effective and cost-efficient technology sourcing, adoption and management across software, security, and cloud services. Bytes UK's growing portfolio of offerings includes cloud, security, licensing, software asset management, storage, virtualisation and managed services across both public and private sectors

### Bytes UK history



# BYTES UK

## HIGHLIGHTS

**Strong and highly engaged staff, delivering the latest technology to a diverse and embedded customer base, resulting in a long track record of delivering strong financial performance**



**Significant TAM with strong growth potential**

- Delivering products and services in the UK IT market with significant growth potential
- Proven expertise in cloud, infrastructure and security



**A leading player with strong financial growth performance**

- 25% FY19 – FY20 gross profit growth and 54% FY19 – FY20 Adjusted EBIT<sup>1</sup> growth
- Highly cash generative, FY20 cash conversion rate of 126%<sup>2</sup>



**Strong vendor partnerships**

- Strategic relationships and trusted partnerships with over 100 vendors
- A long track record of working with Microsoft



**Extensive customer relationships**

- A diverse range of blue chip customers across both the public and private sector
- Strong growth in gross profit from existing customers with a renewal rate of 115%<sup>3</sup>



**Management team and employee culture**

- Highly experienced, stable team with a strong track record
- Employee culture a key driver of success



**Significant runway for growth**

- Cloud + Cybersecurity = strong structural growth
- Digital transformation occurring across industries

Notes  
1. Adjusted EBIT is defined as earnings before interest, taxes, amortisation of acquired intangible assets and share-based payments  
2. "Cash conversion rate" is a non IFRS financial measure that Bytes Technology Group plc defines as cash generated from operations minus capital expenditure divided by adjusted operating profit  
3. Gross profit from existing customers in FY20 divided by total Gross profit in FY20. Existing customer defined as a customer who has previously transacted with Bytes.

A strong track record of a well executed organic and inorganic growth strategy

### Organic

Expand customer base

Increase share of wallet

### Inorganic

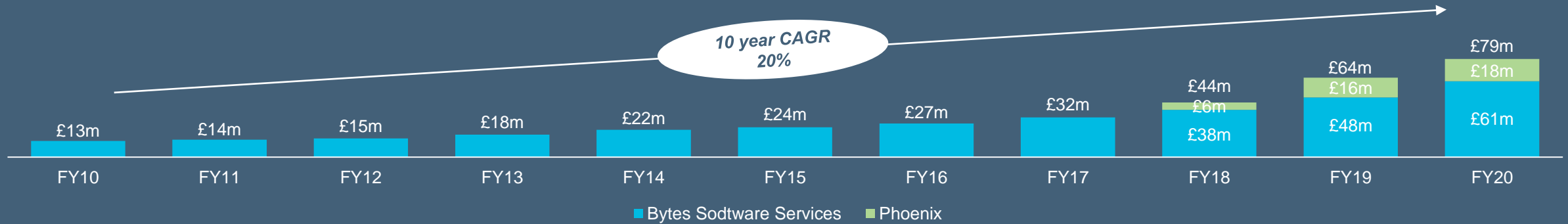
Strategic M&A

- Increase scale and productivity of sales engine
- Focus on strength and depth in end markets
- Targeted marketing
- Deliver repeatable cloud solutions
- Diversify product offering
- Optimise software management capabilities
- Maintain customer service excellence and continue to develop technical expertise

- Track record of successful bolt-on acquisitions
- Scope for highly strategic M&A that will complement existing offering

# BYTES UK FINANCIALS

## 10 years of uninterrupted gross profit growth<sup>1, 2, 3</sup>

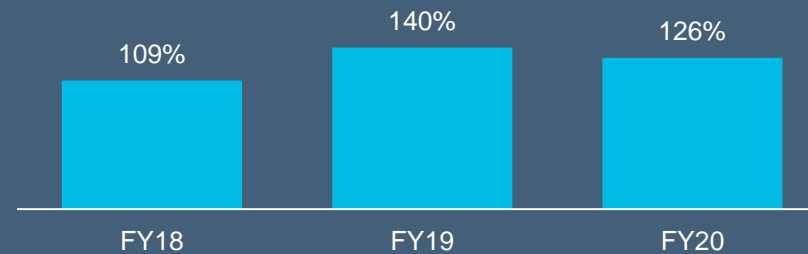


- Consistent track record of strong organic gross profit growth supplemented by strategic M&A
- Organic growth driven through new customer wins and increasing share of wallet within existing customer base

## Adjusted EBIT<sup>2, 3, 4</sup>



## Cash conversion rate<sup>2, 3, 4</sup>



Note: February Year End

1. FY10 to FY17 gross profit figures are derived from unaudited IFRS financial information, routinely prepared as part of group reporting procedures
2. Phoenix was acquired on 29 Sep 2017 and FY18 includes financial information for Phoenix from the date of the acquisition to the year end
3. Adjusted EBIT is defined as earnings before interest, taxes, amortisation of acquired intangible assets and share-based payments
4. "Cash conversion rate" is a non IFRS financial measure that Bytes defines as cash generated from operations minus capital expenditure divided by adjusted operating profit



# ALTRON 2.0

# ALTRON 2.0

## KEY INVESTMENT HIGHLIGHTS

1



**Tier one market player in fast growing market segments with high barriers to entry**

2



**Complementary portfolio of strong cash generative businesses and high growth businesses**

3



**Strong track record of profitability supported by annuity-based business models**

4



**Diverse and sticky blue-chip client base across product pillars**

5



**Strong organic growth runway through ability to cross-sell large enterprise client base**

6



**Experienced management team and performance driven culture**







# ALTRON 2.0




## OUTLOOK

Going forward Altron's vision is to "Be a highly differentiated technology solutions provider" in the markets where it operates

### Altron is currently clustered into four technology segments

<p><b>Digital Transformation</b></p>		<ul style="list-style-type: none"> <li>Optimising business operations through technological transformations</li> </ul>
<p><b>Smart IoT</b></p>		<ul style="list-style-type: none"> <li>Assist in the capturing and processing of data to gain deeper insights into the business operations</li> </ul>
<p><b>Healthtech / Fintech</b></p>		<ul style="list-style-type: none"> <li>Cutting-edge technology solutions for the healthcare and financial services sector</li> </ul>
<p><b>Managed services</b></p>		<ul style="list-style-type: none"> <li>Offer business solutions from security to skills development</li> </ul>

### Altron 2.0 operating segments position

<p><b>Own platforms</b></p>		<ul style="list-style-type: none"> <li>Includes offerings that deploy Altron's proprietary intellectual property</li> </ul>
<p><b>Digital transformation</b></p>		<ul style="list-style-type: none"> <li>Altron's system integration capabilities and world class security offerings</li> <li>A combination of the infrastructure capabilities in Altron Systems Integration and Microsoft LSP offerings</li> </ul>
<p><b>Managed services</b></p>		<ul style="list-style-type: none"> <li>Altron's Managed Solutions offering</li> </ul>

# ALTRON 2.0

## ORGANIC GROWTH OPPORTUNITIES

Altron is positioned to leverage technology growths trends and long standing partnerships to drive organic growth

### Cloud services

- Migration from on-premise data centres to the cloud drives both upfront migration revenue and ongoing consumption annuity revenue

### Data

- Data and related services are core to the ICT sector. Growth will be achieved by strengthening existing relationships with prominent international OEM suppliers

### Security

- The rapid pace of digital transformation has created many new cyber security vulnerabilities which is an exciting opportunity for Altron to implement its advanced security capabilities

### Custom application development

- Custom application development, one of Altron's key competencies, enables customers to differentiate themselves in the market

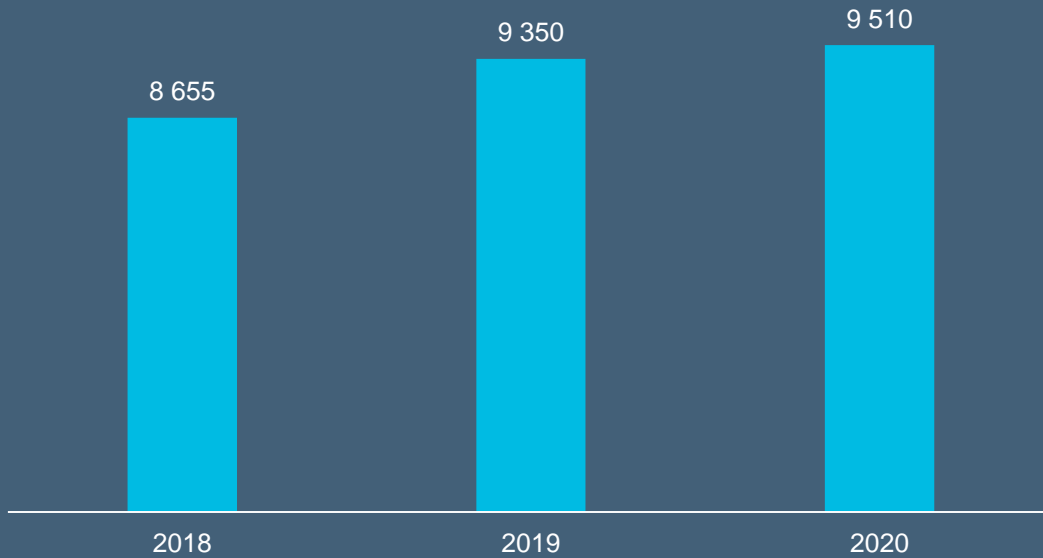
### Partnerships

- Altron has long-established relationships with Microsoft and other international OEMs. All these key partnerships will be maintained after the demerger

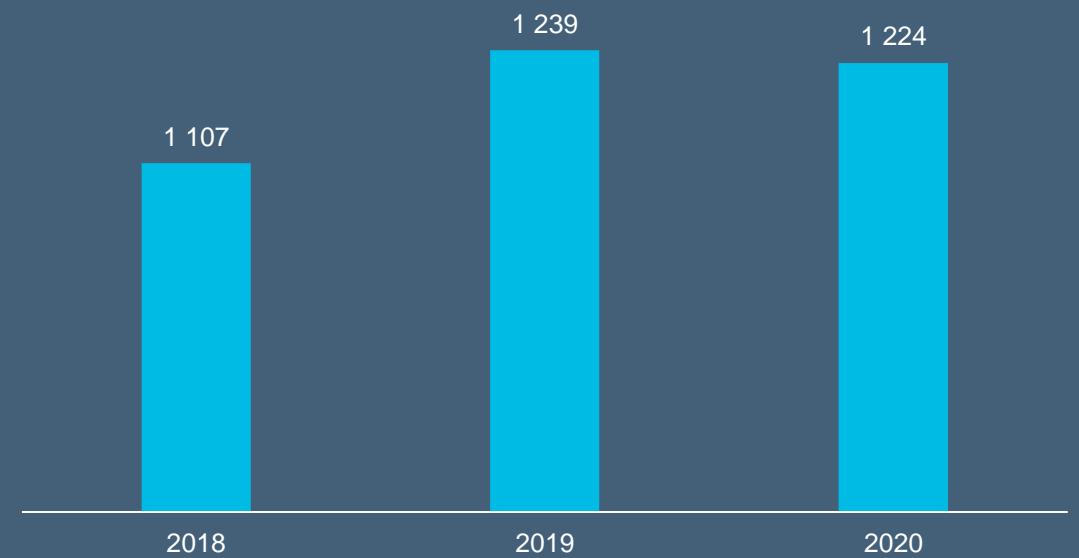
# ALTRON 2.0

## FINANCIAL OVERVIEW

### Revenue (R'm)<sup>1</sup>



### EBITDA (R'm)<sup>1</sup>

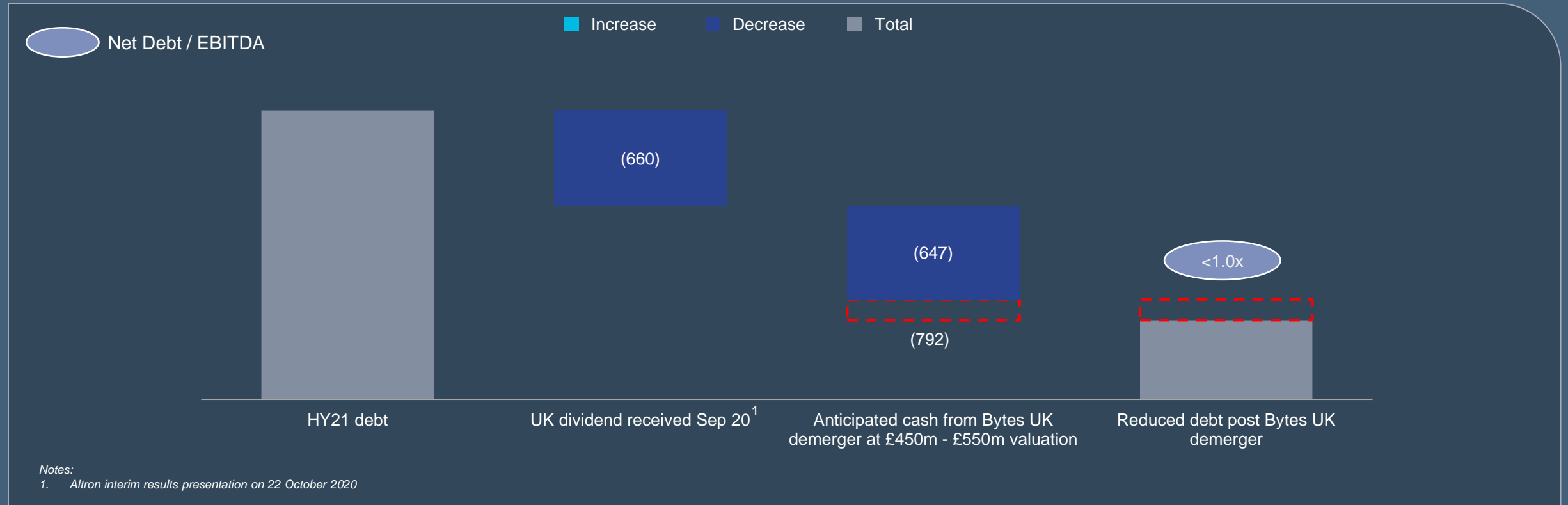


- Altron has identified non-core operations which don't fit into the vision of Altron 2.0
- Altron is in the process of disposing of these assets which will improve operational performance and working capital efficiency
- Altron's continuing revenue (excluding contribution of non-core operations identified for disposal) is expected to grow by upper single digits for the foreseeable future
- Cost reduction initiatives are currently being executed across several operations and are expected to result in improved margins

Note:  
1. 2018 year excludes impact of IFRS 16

# ALTRON 2.0

## PRO FORMA CAPITAL STRUCTURE



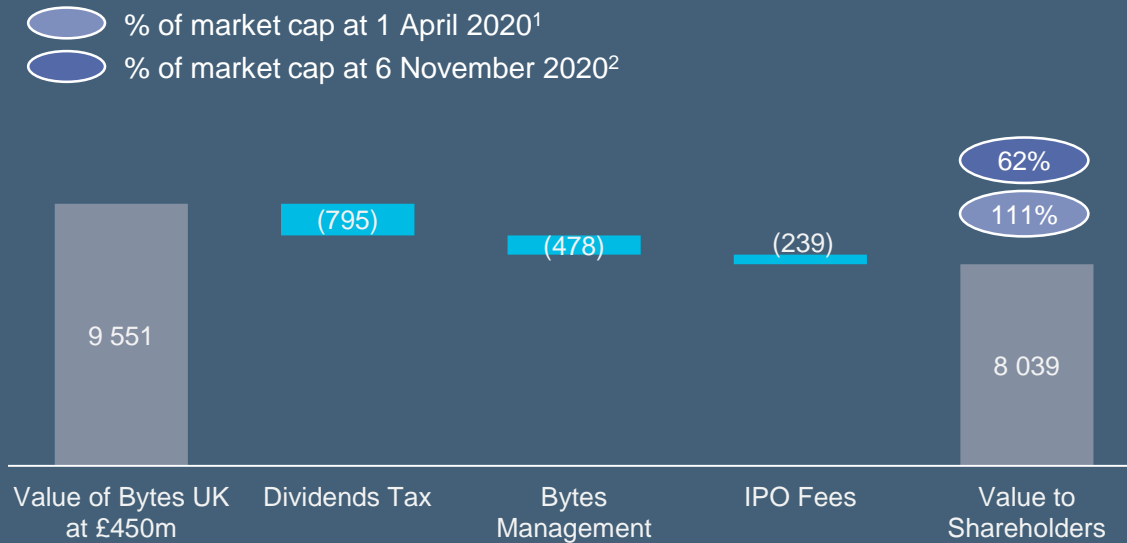
- The transaction has been structured in a manner which will allow Altron to optimise its capital structure post the demerger of Bytes UK
- This will be achieved primarily through the use of a pre-deal dividend and Altron's convertible notes as a result of its treasury shares being redeemed 100% for cash
- The above analysis doesn't take into account any proceeds which may be received through the disposal of assets which Altron is holding for sale
- Altron will have a post demerger net debt / EBITDA of less than 1.0x which is well below its net debt / EBITDA covenant of 2.0x

# ALTRON 2.0

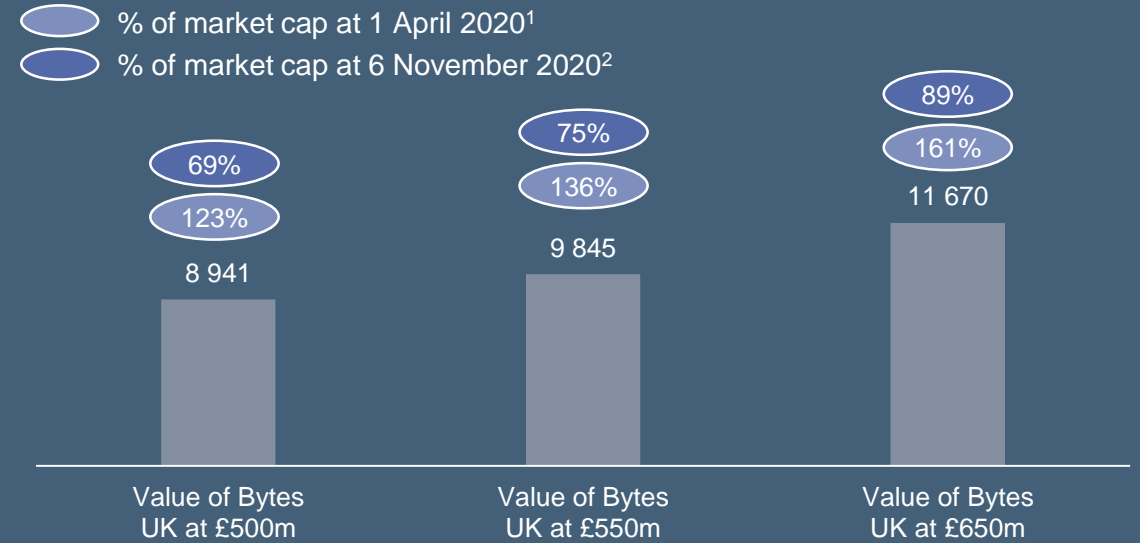
## VALUATION

Altron shareholders will receive c.111% – c.161% of their entire Altron shareholding at 1 April 2020 just from Bytes UK

### Bytes UK value shareholders are receiving at minimum price



### Potential for shareholders to receive greater value



- Since announcing Altron's announcement to demerge Bytes UK from the Altron group it has created significant value for its shareholders
- The value which shareholders will receive from Bytes UK at the minimum value will by itself be 111% of the whole value of Altron prior to the transaction announcement
- It is expected that the transaction will take place above the minimum value which would result in even larger shareholder value creation

Note:

1. On 1 April 2020 Altron announced its intention to demerge Bytes UK and had a market capitalisation of R7 264m

2. Market capitalisation at 6 November 2020 of R13 059m

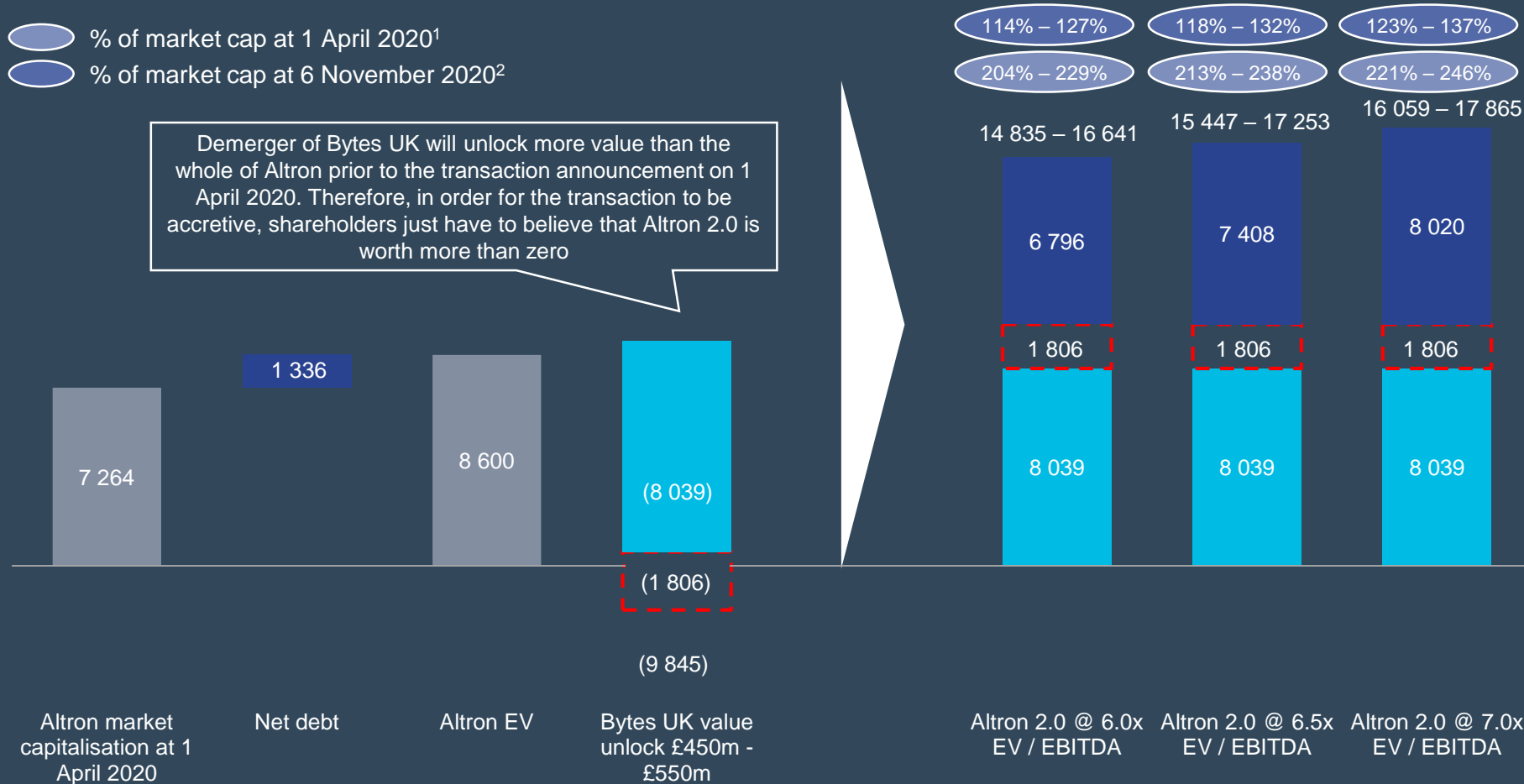
# ALTRON 2.0

## VALUE UNLOCK

■ Altron at 1 April 2020 ■ Bytes UK valued at £450m ■ Additional value unlock if Bytes UK is valued at £550m ■ Altron 2.0 Market cap<sup>1,2</sup>

○ % of market cap at 1 April 2020<sup>1</sup>  
 ○ % of market cap at 6 November 2020<sup>2</sup>

Demerger of Bytes UK will unlock more value than the whole of Altron prior to the transaction announcement on 1 April 2020. Therefore, in order for the transaction to be accretive, shareholders just have to believe that Altron 2.0 is worth more than zero



ICT



Metric	Value
EV / EBITDA	3.3x
52 Week high	5.6x
52 Week low	3.3x

Telematics



Metric	Value
EV / EBITDA	4.9x
52 Week high	5.0x
52 Week low	2.8x

Note:  
 1. EBITDA of R1 330 (Altron Africa + Netstar) less corporate and consolidation and other international operations of R106m = R1 224m  
 2. Net debt of R548m post transaction subtracted from EV

1. 1 April 2020 Altron announced its intention to demerge Bytes UK. Market capitalisation of R7 264m  
 2. Market capitalisation at 6 November 2020 of R13 059m



# SHAREHOLDER PROCESS

# TRANSACTION CONSIDERATIONS

## SHAREHOLDER PROCESS

Event	2020
Circular posted to shareholders	Tuesday, 3 November
Declaration announcement released on SENS <b>(RD – 13 days)</b>	Friday, 20 November
Shareholder meeting	Tuesday, 1 December
Publication of prospectus	Tuesday, 1 December
Finalisation announcement released on SENS <b>(RD – 8 days)</b>	Wednesday, 2 December
<b>The following dates assume that no court approval or review is required:</b>	
Last day to trade shares in order to be on register for distribution <b>(RD – 3 days)</b>	Friday, 4 December
Company trades ex-convertible notes <b>(RD – 2 days)</b>	Monday, 7 December
Record and election date <b>(RD)</b>	Wednesday, 9 December
Company distributes convertible notes <b>(RD + 1 day)</b>	Thursday, 10 December
Listing and settlement	Thursday, 17 December
Company shareholders convertible notes are converted into UK ListCo shares	Wednesday, 23 December

### Shareholder vote

- Shareholders need to approve the disposal and distribution at the shareholder meeting on 1 December
- Both the disposal and the distribution require 75% shareholder approval

### Shareholder election

- Shareholders can elect to receive greater than 25% of their convertible notes in cash
- Shareholders to submit elections by 9 December

### Dividends tax declarations and undertakings

- Altron shareholders are required to complete and submit the relevant forms of declaration and undertakings to Altron
- Failure to submit forms will result in higher dividend tax for all shareholders