EDISON

Altron

FY26 trading update

Platform businesses drive upgrades

Software and comp services

26 February 2026

In its pre-close operational update, Altron provided more detail on year-to-date performance (11 months to 31 January 2026), confirming that EBITDA from continuing operations grew in the mid-teens and operating profit grew more than 20% compared to the same period in FY25. We estimate that better profitability in Altron FinTech, Altron HealthTech and Altron Document Solutions are the main drivers of upside. We have upgraded our forecasts to reflect the stronger than expected performance so far in H226, lifting continuing headline EPS (HEPS) by 18.5% in FY26 and 7.3% in FY27.

Year end	Revenue (ZARm)	PBT (ZARm)	EPS (ZAR)	HEPS (ZAR)	DPS (ZAR)	P/E (x)	Yield (%)
2/24	9,603.0	570.0	1.04	1.03	0.58	20.8	2.7
2/25	9,588.0	912.0	1.83	1.78	0.90	11.7	4.2
2/26e	9,645.4	1,141.6	2.28	2.31	1.12	9.4	5.2
2/27e	10,249.1	1,232.4	2.31	2.38	1.15	9.3	5.4

Note: Revenue, PBT and diluted EPS are for continuing operations. PBT and EPS are normalised, excluding amortisation of acquired intangibles and exceptional items. HEPS: basic continuing headline EPS.

Altron FinTech continues as major growth engine

Within the Platforms division, we estimate that Altron FinTech is the main source of upside, generating year-to-date (ytd) revenue growth in the high-teens, which in turn has generated EBITDA and operating growth in the high-20s percent range. In the IT Services division, Altron Digital Business (ADB) has completed its restructuring process and generated a profit in both December 2025 and January 2026. Altron Document Solutions' (ADS's) focus on profitability has generated better margins than we had forecast.

Upgrading estimates

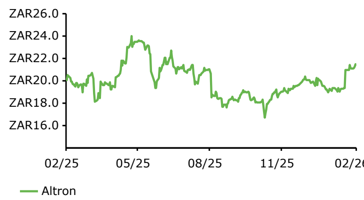
To reflect better profitability in Altron FinTech, Altron HealthTech and ADS, we have upgraded our EBITDA forecasts by 5.7% for FY26 and 3.9% for FY27. This flows through to operating profit upgrades of 9.8% in FY26 and 7.5% in FY27 and continuing HEPS upgrades of 18.5% in FY26 (also helped by a 5pp cut in the expected tax rate) and 7.3% in FY27.

Valuation: Platforms provide confidence

The weakness in ADB has weighed on the stock price over the last six months, but the recent trading update showing that Platform strength was more than outweighing softness in IT Services has boosted it from its low of ZAR16.8 in November. Using a sum-of-the-parts valuation on our revised forecasts and after a 30% holding company/South Africa discount, we arrive at a valuation of ZAR25.9 per share (up from ZAR25.6), 20% above the current share price. In our view, evidence of continued progress towards medium-term operating margin targets, including a recovery in ADB revenue and margins, would be the key driver of share price upside. As well as FY26 results scheduled for 25 May, the company is planning a capital markets day in June to outline the next phase of growth.

Price	**ZAR21.50**
Market cap	**ZAR8,740m**
Net cash/(debt) at end H126	ZAR(76.0)m
Shares in issue	413.8m
Free float	35.7%
Code	AEL
Primary exchange	JSE
Secondary exchange	N/A

Share price performance



%	1m	3m	12m
Abs	10.0	12.5	4.5
52-week high/low		ZAR23.5	ZAR15.7

Business description

Altron is a South African provider of platforms and IT services. The company operates via three divisions: IT Services, Platforms and Altron Arrow. In FY25, 90% of revenue was generated in South Africa and annuity revenue made up 63% of total revenue.

Next events

FY26 results	25 May

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Pre-close trading update

Altron published a trading update on 12 February confirming that FY26 continuing HEPS and EPS would be at least 30% higher year-on-year. On 24 February the company published an operational update discussing performance year-to-date (for the 11 months to 31 January 2026).

Continuing operations: Double-digit EBITDA growth year-to-date

Continuing operations saw a stronger performance in H226 to date than in H126 and this trend is expected to continue for the final month of FY26. Continuing operations delivered low double-digit EBITDA growth ytd and operating profit growth of more than 20%. Excluding the impact of the Netstar depreciation policy (where the useful economic life of capital rental devices was extended from three to five years from 1 March 2025), operating profit increased in the low-to-mid-teens. In the year-to-date, Platforms has contributed c 45% of revenue and c 90% of EBITDA and operating profit.

Platforms the driver of revenue and profit growth

Overall, the Platforms segment saw double-digit revenue growth ytd:

- **Netstar:** the division saw mid-to-high teen EBITDA growth ytd. Excluding the depreciation policy change, operating profit increased in the high teens, in line with EBITDA growth. The South African business continued to perform well, with low double-digit growth in revenue and high-teen EBITDA growth ytd. While the Australian business saw improvements in subscriber growth, cash flow and sales activity, H226 operating profit was affected by one-off costs including costs related to the December 2025 ransomware attack. Subscriber numbers had fallen in Australia as a result of the transition from 3G to 4G, but management confirmed that numbers have now returned to the pre-4G transition level.
- **Altron FinTech:** delivered high-teen revenue growth, more than 80% annuity revenues, and EBITDA and operating profit growth in the high-20s percent range. The business has seen continued success in onboarding SME customers onto its payments and collections platform and higher volumes in payments and collections.
- **Altron HealthTech:** EBITDA ytd grew in the low-20s percent range with operating profit growth in the high teens, in line with H126 performance.

IT Services: Digital Business back to run-rate profitability

- **Altron Digital Business:** the business continues to be affected by the challenging IT services environment. As part of the previously announced profit improvement strategy, the restructuring process was finalised in December 2025. The business saw two consecutive months of operating profitability in December 2025 and January 2026, with the cost base now right-sized for the demand environment.
- **Altron Security:** the business delivered double-digit revenue growth ytd with operating profit growth broadly in line with H126 performance (which saw 6% y-o-y growth). The business continued to see changes in the sales mix, with the split of agency versus principal revenues creating volatility in the top line but having no impact on absolute EBITDA/operating profits.
- **Altron Document Solutions:** the focus on higher margin services resulted in more than 30% growth in ytd EBITDA and operating profit.

Changes to forecasts

We have revised our forecasts to reflect the following:

- **Altron Fintech:** higher revenue and margins in H226 and FY27.
- **Altron Healthtech:** higher EBITDA and operating margins in H226 and FY27.
- **Altron Security:** higher revenue in H226 and FY27; slightly lower EBITDA and operating profit forecasts in H226 and FY27.

- **Altron Document Solutions:** higher EBITDA and operating margins in H226 and FY27.

We have reduced our tax rate assumption from 25% to 20% for FY26, reflecting the last year that the company is able to use carried forward tax losses. We maintain our 25% forecast for FY27. We have nearly doubled our forecast for write-off of capital items in FY26, to explain the difference between HEPS and EPS.

Overall, we upgrade EBITDA by 5.7% in FY26 and 3.9% in FY27 and operating profit before capital items by 9.8% in FY26 and 7.5% in FY27. This results in upgrades to continuing HEPS of 18.5% in FY26 and 7.3% in FY27.

Exhibit 1: Changes to forecasts

	FY26e	FY26e			FY27e	FY27e		
ZARm	Old	New	Change	y-o-y	Old	New	Change	y-o-y
Revenues	9,591.0	9,645.4	0.6%	0.6%	10,176.8	10,249.1	0.7%	6.3%
EBITDA	1,898.0	2,005.4	5.7%	10.1%	2,144.8	2,228.1	3.9%	11.1%
EBITDA margin	19.8%	20.8%	1.0pp	1.8pp	21.1%	21.7%	0.7pp	0.9pp
Operating profit before capital items	1,082.4	1,188.6	9.8%	22.3%	1,211.3	1,301.7	7.5%	9.5%
Operating margin before capital items	11.3%	12.3%	1.0pp	2.2pp	11.9%	12.7%	0.8pp	0.4pp
Normalised operating profit	1,104.2	1,211.6	9.7%	21.4%	1,219.1	1,302.4	6.8%	7.5%
Normalised operating margin	11.5%	12.6%	1.0pp	2.2pp	12.0%	12.7%	0.7pp	0.1pp
Reported operating profit	1,015.2	1,061.6	4.6%	24.6%	1,199.1	1,242.4	3.6%	17.0%
Reported operating margin	10.6%	11.0%	1.9pp	9.8%	11.8%	12.1%	1.2pp	9.8%
Normalised PBT	1,034.2	1,141.6	10.4%	25.2%	1,149.1	1,232.4	7.3%	8.0%
Reported PBT	945.2	991.6	4.9%	29.4%	1,129.1	1,172.4	3.8%	18.2%
Normalised net income – continuing operations	756.5	895.9	18.4%	24.8%	846.3	908.8	7.4%	1.4%
Reported net income	619.2	704.1	13.7%	80.5%	831.3	863.8	3.9%	22.7%
Normalised basic EPS – continuing operations (ZAR)	1.98	2.35	18.4%	24.4%	2.22	2.38	7.4%	1.4%
Normalised diluted EPS – continuing operations (ZAR)	1.92	2.28	18.4%	24.4%	2.15	2.31	7.4%	1.4%
Headline basic EPS – continuing operations (ZAR)	1.95	2.31	18.5%	29.4%	2.22	2.38	7.3%	3.0%
Headline basic EPS – discontinued operations (ZAR)	(0.09)	(0.09)	0.0%	-79.8%	0.00	0.00	N/A	-100.0%
Headline basic EPS – group (ZAR)	1.86	2.22	19.3%	65.4%	2.22	2.38	7.3%	7.2%
Headline diluted EPS – continuing operations (ZAR)	1.89	2.24	18.5%	29.5%	2.15	2.31	7.3%	3.0%
Headline diluted EPS – discontinued operations (ZAR)	(0.09)	(0.09)	0.0%	-79.8%	0.00	0.00	N/A	-100.0%
Headline diluted EPS – group (ZAR)	1.80	2.15	19.3%	65.5%	2.15	2.31	7.3%	7.2%
Reported basic EPS (ZAR)	1.62	1.85	13.7%	79.9%	2.18	2.27	3.9%	22.7%
Dividend per share (ZAR)	0.95	1.12	18.5%	24.4%	1.08	1.15	7.3%	3.0%
Net debt - company adjusted*	121	53	-56.1%	-53.2%	84	68	-19.2%	28.1%
Net debt/(cash) – as reported	(145)	(213)	46.6%	39.3%	(182)	(198)	8.8%	-7.0%

Source: Edison Investment Research. Note: *Excludes cash held for merchants.

Exhibit 2: Financial summary

ZAR m	2021	2022	2023	2024	2025	2026e	2027e
Year end 28 February	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS
INCOME STATEMENT							
Revenue	7,505	7,930	8,445	9,603	9,588	9,645	10,249
Costs	(6,472)	(6,790)	(7,194)	(8,167)	(7,766)	(7,640)	(8,021)
EBITDA	1,033	1,140	1,251	1,436	1,822	2,005	2,228
Normalised operating profit	371	518	621	677	998	1,212	1,302
Amortisation of acquired intangibles	0	(20)	(22)	(27)	(26)	(22)	0
Exceptionals/capital items	(23)	(213)	(59)	(35)	(120)	(128)	(60)
Share-based payments	0	0	0	0	0	0	0
Reported operating profit	348	285	540	615	852	1,062	1,242
Net Interest	(179)	(146)	(142)	(109)	(89)	(70)	(70)
Joint ventures & associates (post tax)	(41)	3	3	2	3	0	0
Exceptionals	0	0	0	0	0	0	0
Profit Before Tax (norm)	151	375	482	570	912	1,142	1,232
Profit Before Tax (reported)	128	142	401	508	766	992	1,172
Reported tax	(34)	(63)	(105)	(121)	(150)	(201)	(293)
Profit After Tax (norm)	111	209	356	425	743	911	924
Profit After Tax (reported)	94	79	296	387	616	791	879
Minority interests	12	(9)	(17)	(23)	(25)	(15)	(16)
Discontinued operations	12,048	(174)	(283)	(534)	(201)	(72)	0
Net income (normalised)	123	200	339	402	718	896	909
Net income (reported)	12,154	(104)	(4)	(170)	390	704	864
Basic average number of shares outstanding (m)	372	372	377	379	380	381	381
EPS - diluted normalised (ZAR)	0.33	0.53	0.88	1.04	1.83	2.28	2.31
EPS - basic reported (ZAR)	32.70	(0.28)	(0.01)	(0.45)	1.03	1.85	2.27
EPS headline basic (ZAR)	1.35	0.37	0.29	(0.29)	1.34	2.22	2.38
Dividend (ZAR)	1.44	0.30	0.35	0.58	0.90	1.12	1.15
Revenue growth (%)	1.7%	5.7%	6.5%	13.7%	-0.2%	0.6%	6.3%
EBITDA Margin (%)	13.8%	14.4%	14.8%	15.0%	19.0%	20.8%	21.7%
Normalised Operating Margin (%)	4.9%	6.5%	7.4%	7.0%	10.4%	12.6%	12.7%
BALANCE SHEET							
Fixed Assets	3,793	3,965	4,013	4,561	4,519	4,888	5,245
Intangible Assets	1,623	1,918	2,105	2,258	2,327	2,432	2,536
Tangible Assets	1,719	1,476	1,346	1,575	1,651	1,915	2,168
Investments & other	451	571	562	728	541	541	541
Current Assets	6,592	5,404	5,649	4,802	4,593	3,992	4,176
Stocks	833	972	1,023	971	822	766	816
Debtors	2,497	1,961	2,055	2,185	2,379	2,393	2,543
Cash & cash equivalents	1,454	757	740	1,140	1,017	652	637
Other (including assets held for sale)	1,808	1,714	1,831	506	375	180	180
Current Liabilities	(3,753)	(2,917)	(3,274)	(3,331)	(3,316)	(2,721)	(2,829)
Creditors	(2,319)	(1,853)	(1,964)	(2,321)	(2,398)	(2,277)	(2,385)
Tax and social security	(28)	(77)	(103)	(127)	(116)	(116)	(116)
Short-term borrowings	(710)	(244)	(62)	(708)	(647)	(222)	(222)
Lease liabilities	(108)	(117)	(111)	(85)	(95)	(95)	(95)
Other (including liabilities held for sale)	(588)	(626)	(1,034)	(90)	(60)	(11)	(11)
Long-Term Liabilities	(1,766)	(2,098)	(2,088)	(1,955)	(1,612)	(1,612)	(1,612)
Long-term borrowings	(602)	(854)	(851)	(649)	(217)	(217)	(217)
Lease liabilities	(971)	(896)	(788)	(741)	(733)	(733)	(733)
Other long-term liabilities	(193)	(348)	(449)	(565)	(662)	(662)	(662)
Net Assets	4,866	4,354	4,300	4,077	4,184	4,547	4,980
CASH FLOW							
Op Cash Flow before WC and tax	968	440	346	187	817	1,157	1,302
Working capital	393	(44)	194	579	184	(80)	(91)
Exceptional & other	859	672	755	845	735	616	636
Tax	(226)	(94)	(50)	(131)	(104)	(202)	(293)
Net operating cash flow	1,994	974	1,245	1,480	1,632	1,491	1,554
Capex	(484)	(396)	(473)	(567)	(708)	(745)	(793)
Acquisitions/disposals	309	(76)	(76)	27	12	0	0
Net interest	(165)	(127)	(127)	(104)	(64)	(70)	(70)
Equity financing	0	0	0	0	0	0	0
Dividends	(220)	(442)	(152)	(170)	(285)	(371)	(461)
Other	(432)	(408)	(361)	(304)	(221)	(245)	(245)
Net Cash Flow	1,002	(475)	56	362	366	60	(15)
Opening net debt/(cash)	1,336	453	811	563	313	113	53
FX	29	(3)	11	4	(5)	0	0
Other non-cash movements	(148)	120	181	(116)	(161)	0	0
Closing net debt/(cash) – company adjusted*	453	811	563	313	113	53	68
Closing net debt/(cash) – as reported	(142)	341	173	217	(153)	(213)	(198)

Source: Altron, Edison Investment Research. Note: *Excludes cash held for merchants.

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