DATATEC

Driving Technology

ANNUAL REPORT 2022

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Datatec published its results for the year ended 28 February 2022 ("FY22") which is the effective date of this Annual Report, except for the Notice of Annual General Meeting ("AGM") and Form of proxy dated June 2022.

BOARD OF DIRECTORS

THE BOARD

The Board is responsible for the leadership and guidance of the Group and exercises control over all divisions and subsidiaries by monitoring executive management. The Board is at the head of the Group's corporate governance structure and ensures that the Group is a responsible corporate citizen, cognisant of the impact its operations may have on the environment and society in which it operates, while acting in accordance with Datatec's Code of Conduct.

Board confirmation of good governance

The Board recognises the King IV Report on Corporate Governance™ for South Africa 2016 ("King IV")* as the essential governance framework behind its strategy for value creation. The Board has applied the principles of King IV to govern, create, sustain and grow value for the Group and achieve the intended outcomes of the King IV Code.

Further information on the Group's application of King IV can be found on **www.datatec.com**.

The Board fully embraces the principle of ethical leadership in setting and implementing the strategy and the Group's approach to governance, guided by the principles of King IV.

In addition, the Board takes full responsibility for the management, direction and performance of the Group by exercising independent judgement on all issues reserved for its review and approval while taking cognisance of the needs of stakeholders.

The Board confirms that Datatec has complied with the provisions of the Companies Act 71 of 2008, as amended ("Companies Act") and is operating in conformity with its Memorandum of Incorporation ("MoI").

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Board committees

The Board has established four committees to assist it with its duties:

- Social and Ethics Committee
- Audit, Risk and Compliance Committee ("ARCC")
- Nominations Committee
- Remuneration Committee

Division of duties

The responsibilities of the Chair and Chief Executive Officer ("CEO"), and those of other non-executive and executive directors, are clearly separated to ensure a balance of authority which precludes any one director from exercising unfettered powers of decision-making.

These responsibilities are set out in the Board Charter, which can be found on Datatec's website **www.datatec.com**.

The non-executive directors draw on their experience, skills and business acumen to ensure impartial and objective viewpoints in decision-making processes and standards of conduct. The mix of technical, entrepreneurial, financial and business skills of the directors is considered to be balanced, thus enhancing the effectiveness of the Board.

Board diversity policy

Diversity is enshrined in Datatec's Code of Conduct and the Board strongly supports the principles of diversity, and sees promoting race, gender and overall diversity at Board level as an essential element of good corporate governance. A diverse Board will include differences in age, gender, race, culture, field of knowledge, skills and industry experience, and other distinctions between members of the Board. These differences will be considered in determining the optimum composition of the Board and, when possible, should be balanced appropriately.

Annually, the Board, assisted by the Nominations Committee, will discuss and agree on proposed objectives, including, without limitation, the setting of voluntary targets for achieving diversity.

The policy on promotion of diversity at Board level can be found on Datatec's website **www.datatec.com**.

BOARD OF DIRECTORS CONTINUED

Maya Makanjee

Independent non-executive Chair

Age: 60
Appointed to the Board:
1 November 2018

Skills, expertise and experience:
Maya is an independent non-executive director with executive experience in the telecommunications, financial services, consulting and fast-moving consumer goods industries. She has held directorships in human resources, marketing communication, corporate affairs and reputation management, strategy, and business re-engineering and has extensive experience in Southern African Development Community ("SADC") countries, as well as in some markets in Asia.

She was previously an executive director of Vodacom (Pty) Ltd, Nestlé South Africa (Pty) Ltd and SABMiller (Africa and Asia), Chairman of the Vodacom Foundation South Africa and a board member of World Wide Fund for Nature. Maya holds a Master of Business Leadership (cum laude) degree from the University of South Africa, a Bachelor of Commerce degree from the University of KwaZulu-Natal in Durban and a Bachelor of Fine Arts degree in Dance from the University of Mumbai.

Other directorships:
- Non-executive director of Mpact Limited
- Non-executive director of Truworths International Limited

Committees: N R S
Chair of Nominations Committee

Jens Montanana

Chief Executive Officer

Age: 61
Appointed to the Board:
6 October 1994

Skills, expertise and experience:
Jens is the founder and Chief Executive Officer of Datatec, which he established in 1986.

Between 1989 and 1993, Jens also served as Managing Director and Vice-President of US Robotics (UK) Limited, a wholly owned subsidiary of US Robotics, Inc. which was acquired by 3Com in 1997. In 1993, he co-founded US start-up Xedia Corporation, which was subsequently sold to Lucent Corporation in 1999.

In 1994, Datatec listed on the JSE and Jens held the role of Chairman as well as Chief Executive Officer until 2001, when Datatec established an independent non-executive Chairman role. Jens chairs the boards of Datatec's divisional parent companies, Logicalis Group Limited, Westcon International Limited and Analysys Mason Limited.

Other directorships:
- Chairman of Corero plc (AIM London)

Ivan Dittrich

Chief Financial Officer

Age: 49
Appointed to the Board:
30 May 2016

Skills, expertise and experience:
Ivan rejoined Datatec on 30 May 2016 from Vodacom, where he had been Group Chief Financial Officer ("CFO)" from 15 June 2012 to 31 July 2015. Prior to that he held a number of senior executive positions at Datatec, including Group CFO from May 2008 to June 2012, in a career that spanned 13 years.

Ivan qualified as a Chartered Accountant (South Africa) at Deloitte South Africa and also worked for PricewaterhouseCoopers in London. He completed the Oxford Advanced Management and Leadership programme at Saïd Business School.

Ekta Singh-Bushell

Senior independent non-executive director

Age: 50
Appointed to the Board:
1 June 2018

Skills, expertise and experience:
Ekta serves on public and private corporate boards, bringing diverse global management experience and expertise in financial, digital technology, cyber security and risk operations.

She was Chief Operating Officer, Executive Office at the Federal Reserve Bank of New York, and previously had a 17-year career in senior managing partner roles with EY, such as US Innovation and Digital Strategy Leader, Northeast Advisory People Leader and Chief Information Security Officer. She has led transformations across multiple industries impacted by digital technology and information management advances.

Ekta is a Certified Public Accountant (USA) and holds advanced international certifications in governance, information systems security, audit and control. She has a Master of Electrical Engineering and Computer Science degree from the University of California, Berkeley, and a Bachelor of Engineering degree from the University of Poona, India.

Other directorships:
- Non-executive director of TTEC (NASDAQ)
- Non-executive director of Net 1 UEPS Technologies Inc. (NASDAQ, JSE)
- Non-executive director of Huron Consulting Group (NASDAQ)
- Non-executive director of Designer Brands Inc. (NYSE)

Committees: A N R

Stephen Davidson

Independent non-executive director

Age: 66

Appointed to the Board:
1 February 2007

Skills, expertise and experience:
Stephen was previously Vice-Chairman, Investment Banking, at WestLB Panmure and Chief Executive and Finance Director of Telewest Communications plc.

He has a first-class honours degree in Mathematics and Statistics from the University of Aberdeen.

Other directorships:
- Non-executive Chair of Actual Experience plc (AIM London)
- Non-executive Chair of PRS for Music
- Non-executive director of Informa plc ("LSE")
- Non-executive director at MCB Group Ltd

Committees: N R S
Chair of Remuneration Committee from 1 March 2022
Chair of Social and Ethics Committee from 1 March 2022

John McCartney

Independent non-executive director

Age: 69

Appointed to the Board:
16 July 2007

Skills, expertise and experience:
John served as a non-executive director of Datatec from May 1998 to September 2002 and was then reappointed in July 2007. He was formerly President and Chief Operations Officer of US Robotics, Inc., which he joined in 1984, as well as President of 3Com Corporation's Client Access Unit.

Other directorships:
- Non-executive chairman of Huron Consulting Group (NASDAQ)

Committee: N

Rick Medlock

Independent non-executive director

Age: 62

Appointed to the Board:
1 January 2020

Skills, expertise and experience:
Rick has been working in the technology, media and telecommunications sector for more than 30 years, specialising in fast-growing, globally focused technology companies, private equity-backed investments and initial public offerings ("IPOs").

He was the CFO of Synamedia after assisting with its buy-out from Cisco in October 2018. Prior to that, Rick was the CFO of Worldpay from 2015 to 2018. During that period, Worldpay transitioned from the largest ever European private-equity IPO to a US$30 billion merger in January 2018, becoming the largest payments processor in the world listed on the NYSE. Prior to Worldpay, Rick held a succession of CFO roles at Misys, Inmarsat plc and NDS Group plc.

Rick is a Fellow of the Institute of Chartered Accountants in England and Wales and has a Master of Economics degree from the University of Cambridge.

Other directorships:
- Smith + Nephew plc (Audit Committee Chair and non-executive director)
- Deliveroo Holdings plc (Audit Chair and non-executive director)

Committee: A

Johnson Njeke

Independent non-executive director

Age: 63

Appointed to the Board:
1 September 2016

Skills, expertise and experience:
Johnson was a Partner of PricewaterhouseCoopers from 1990 to 1994. In 1994, he co-founded Kagiso Trust Investments. He was the Managing Director of the Kagiso group until his resignation in 2010. He is currently the Executive Chairman of Silver Unicorn Coal and Minerals (Pty) Ltd.

He is a past Chairman of the South African Institute of Chartered Accountants and its Education Committee. He has served in a number of prominent advisory roles for both the public and private sector.

Johnson has a Bachelor of Commerce degree and a Bachelor of Accounting Science (Honours) degree, and qualified as a Chartered Accountant (South Africa).

Other directorships:
- Executive Chairman of Silver Unicorn Coal and Minerals (Pty) Ltd
- Non-executive director of Delta Property Fund
- Trustee and Chairman of Hollard Foundation Trust
- Non-executive director of Motus Holdings Limited
- Non-executive director of Clicks Group Limited
- Non-executive director of 4 Africa Exchange (Pty) Ltd

Committees: A R S
Chair of Audit, Risk and Compliance Committee

Deepa Sita

Independent non-executive director

Age: 44

Appointed to the Board:
1 March 2022

Skills, expertise and experience:
Deepa Sita is an executive director and CFO of Tiger Brands Limited and has excellent experience in a wide range of executive roles as a CFO including Masswarehouse (a division of Massmart Holdings Limited) and the Gordon Institute of Business Science ("GIBS"), University of Pretoria.

Deepa is a Chartered Accountant (South Africa) and holds a Master of Business Administration ("MBA") (cum laude) from GIBS, University of Pretoria and a Bachelor of Commerce Accounting (Honours) degree from the University of Johannesburg.

Other directorships:
- Executive director and CFO of Tiger Brands Limited

Committee: R

A Audit, Risk and Compliance Committee
S Social and Ethics Committee
R Remuneration Committee
N Nominations Committee

BOARD OF DIRECTORS CONTINUED

CHANGES TO THE BOARD AND COMMITTEES DURING FY22 AND UP TO THE DATE OF THIS ANNUAL REPORT

Maya Makanjee was appointed as Group Chair with effect from 1 March 2022, taking over from Stephen Davidson. Also, on 1 March 2022, Maya Makanjee became Chair of the Nominations Committee and stepped down as Chair of the Remuneration Committee and as Chair of the Social and Ethics Committee, while remaining a member of both.

Stephen Davidson became Chair of the Remuneration Committee from 1 March 2022 and Chair of the Social and Ethics Committee. He also remained a member of the Nominations Committee.

Deepa Sita joined the Board as an independent non-executive director on 1 March 2022 and was also appointed as a member of the Remuneration Committee.

Johnson Nkeje was appointed to the Social and Ethics Committee with effect from 1 March 2021.

ROTATION OF DIRECTORS

In terms of the Group's MoI, one-third of the Board's directors must retire from office at each AGM on a rotation basis. Retiring directors may make themselves available for re-election, provided that they remain eligible as required by the MoI and in compliance with the JSE Listings Requirements.

At the upcoming AGM, Ivan Dittrich, Rick Medlock and Johnson Njeke will retire by rotation and, being eligible, will offer themselves for re-election. Deepa Sita will seek election as a director at the AGM.

On behalf of the Board, the Chair confirms that on the basis of the annual evaluation of the Board and of the performance of individual directors, the performance and commitment of Ivan Dittrich, Rick Medlock and Johnson Njeke throughout their periods of office have been highly satisfactory.

The Board unanimously recommends shareholders to vote in favour of the re-election of Ivan Dittrich, Rick Medlock and Johnson Njeke as well as the election of Deepa Sita at the AGM.

ANNUAL BOARD AND COMMITTEE REVIEWS

During FY22, the Board undertook a detailed evaluation of the Board, its committees and the individual directors. Questionnaires were developed with the assistance of an external consultant experienced in governance matters for listed companies to assist in this process. The responses to the questionnaires were reviewed and discussed by the Board and by the individual committees and areas for improvement were identified.

The evaluations during the year did not identify any issues for concern with the Board's performance or the effectiveness of the Board committees.

In addition to Board and committee self-evaluations, the directors were evaluated during the year as follows:

- Individual assessments conducted by the CEO and Chair
- Non-executive directors were assessed for independence by the Nominations Committee and the Board (as noted in the Nominations Committee report)
- The Chair was assessed by the non-executive directors and CEO
- The CEO was assessed by all the non-executive directors
- The CFO was assessed by the Audit, Risk and Compliance Committee

SUPPORT FUNCTIONS

Independent advice

All directors have access to seek professional and independent advice about the affairs of the Group at the Group's expense.

Company Secretary

All directors have unlimited access to the advice and services of the Company Secretary. The Company Secretary is responsible for the duties set out in section 88 of the Companies Act, including governance and proper administration of the Board, regulatory advice, monitoring the implementation of Board decisions and ensuring that ethical governance standards are implemented.

Datatec Management Services (Pty) Ltd, a South African company, is the Company Secretary. This company is managed by Simon Morris.

The Board undertakes an annual evaluation of the Company Secretary in accordance with the JSE Listings Requirements. The evaluation criteria for the Company Secretary includes assessing the qualifications, knowledge of or experience with relevant laws, the ability to provide comprehensive support and the ability to provide guidance to directors as to their duties, responsibilities and powers. The annual evaluation in March 2022 involved the completion of a questionnaire by Board members and a discussion during a meeting of the Board in the absence of the Company Secretary. Based on the results of the evaluation, the Board is comfortable that the Company Secretary maintains an arm's length relationship with the Board at all times, has the relevant experience to discharge his duties and is sufficiently qualified and skilled to act in accordance with, and advise directors in terms of the JSE Listings Requirements and update the directors in terms of the recommendations of the King IV Code and other relevant local and international law.

Simon Morris is a qualified Chartered Accountant.

Board meeting attendance

The directors' attendance at Board meetings during FY22 and subsequently to the date of this report is as follows:

	11 March 2021	**18 May 2021**	**26 October 2021**	**25 January 2021**	9 March 2022	17 May 2022
M Makanjee	**P**	**P**	**P**	**P**	P	P
SJ Davidson	**P**	**P**	**P**	**P**	P	P
IP Dittrich	**P**	**P**	**P**	**P**	P	P
JF McCartney	**P**	**P**	**P**	**P**	P	P
CRK Medlock	**P**	**P**	**P**	**P**	P	P
JP Montanana	**P**	**P**	**P**	**P**	P	P
MJN Njeke	**P**	**P**	**P**	**P**	P	P
E Singh-Bushell	**P**	**P**	**P**	**P**	P	P
DS Sita	**–**	**–**	**–**	**–**	P	P

P = Present

– = not a director at the time

SOCIAL AND ETHICS COMMITTEE REPORT

Social and Ethics Committee Chair
Stephen Davidson

The Social and Ethics Committee's responsibilities encompass monitoring and regulating the Group's social and ethics performance, and its impact on its stakeholders. Although management is tasked with overseeing the day-to-day operational sustainability of their respective areas of business, and reporting thereon to the Social and Ethics Committee, the Board remains ultimately responsible for the Group's ethics performance, adherence to human rights principles and sustainability. The committee was established under the terms of the Companies Act.

The continued enhancement of the Group's ethical culture is a priority for the Board (through the Social and Ethics Committee and other relevant committees) and executive management. This takes on greater significance against the backdrop of recent corporate failures, the challenging macroeconomic environment and the ongoing fight against corruption and fraud.

The Social and Ethics Committee operates within defined terms of reference as set out in its charter, the Companies Act and the authority granted to it by the Board. Broadly, the committee is tasked with overseeing the good corporate citizenship of the Group on behalf of the Board. In conjunction with the Board, the Social and Ethics Committee has applied the principles of King IV throughout the reporting period.

During FY22 and to date, the following were some key activities and outcomes from the Social and Ethics Committee:

- Monitored the employee annual Code of Conduct and anti-bribery and corruption training. In addition, monitored non-compliance of the Group's Code of Conduct to ensure that robust controls remain in place. This included considering the effectiveness of the Group's Code of Conduct, which was amended during the reporting period, as well as effective management of the whistleblowing hotline.
- Monitored progress on employment equity in the South African subsidiaries, focusing on the subsidiary plans versus the Department of Labour targets. Monitored that there was no discrimination, and that decent working conditions prevailed in the Group. Ensured that any discrimination reported was investigated in terms of the Group's policies and guidelines.
- Oversaw the continued improvement or at the very least maintaining the Datatec consolidated BBBEE contributor status for the South African subsidiaries. WestconGroup SA retained level 1 BBBEE contributor status; Logicalis SA maintained its level 2 rating and Datatec consolidated South African subsidiaries improved to a level 3.
- Monitored the Group's standing in terms of the 10 principles of the United Nations Global Compact, through the letters of representation process. Ensured that global subsidiaries are adhering to local health and safety regulations applicable to their jurisdictions.
- Oversaw the Group's response to the CDP reporting and other climate change initiatives.
- Reviewed the Group's social investment and donations within the communities in which we operate and monitored that there were no donations to politically exposed persons.

The committee will continue to guide the Group to ensure it does business responsibly and ethically. In FY23 and beyond, the committee will focus on the following key initiatives in addition to its other objectives.

- Logicalis and Westcon International will be refreshing their online annual Code of Conduct and anti-bribery and corruption training. The updated training will include case studies and scenarios from recent experiences.
- Oversee the Group's approach to climate change and target setting.
- Monitor employee wellbeing given the economic and social challenges.
- Oversee the enhancement of the culture of ethics and ethical leadership in the Group.
- Monitor the employment equity practices in the South African operations and non-discrimination in the Group.
- Oversee the continued support of youth employment and skills by the South African subsidiaries through learnerships and internships.
- Deepening ethics awareness and overseeing greater awareness by employees and third parties of the Group's anti-bribery and corruption hotline.
- Develop a consolidated strategy for Group social investment and donations.
- Oversee the Group's environmental and social strategy framework and ensure that the Group conducts business in a sustainable manner.

The Social and Ethics Committee examines the application of the Group's Code of Conduct which provides a framework of "how we do business" in an honest and ethical way across the Group. On an annual basis, the Group conducts Code of Conduct training and all employees are required to complete it. The committee reviews the reports from the subsidiaries relating to Code of Conduct and anti-bribery and corruption training. During the reporting period, the committee oversaw the implementation of a new Group-wide, centralised whistleblowing hotline and are happy to report that it is working effectively and employees have been educated about it. The new Group-wide, centralised whistleblowing hotline allows Code of Conduct and anti-bribery and corruption allegations to be reported centrally to the Group Chief Risk Officer ("CRO)" and General Counsel.

The committee also monitors the Group's application of BBBEE legislation in its South African operations and the promotion of equality and prevention of unfair discrimination throughout the global operations of Datatec. Furthermore, the committee oversees the Group's contribution to the development of communities in South Africa through the Datatec Educational and Technology Foundation.

For more information on transformation and BBBEE, refer to page 38.

The committee draws matters relating to employment equity, BBBEE, corporate social investment ("CSI") and labour to the attention of the Board and reports on them to shareholders at the AGM.

No human rights incidents or those contrary to the 10 principles of the United Nations Global Compact were reported during FY22 and to date. In South Africa, aspects such as prohibition of child labour, compulsory labour and discriminatory practices are monitored by the Department of Labour in addition to the committee. Subsidiaries operating in other jurisdictions adhere to the labour laws relevant to them.

Health and safety reports are reviewed annually by the committee and at least quarterly at the subsidiary audit committees and risk forums. The Group operates in over 50 countries and subsidiaries keep abreast and comply with relevant health and safety legislation in the jurisdictions they operate in. The health, safety and wellbeing of our employees continues to remain a priority.

For more information on health and safety, refer to page 38.

The committee reviews its performance annually by means of questionnaires completed by individual committee members and attendees which are then discussed at Board and committee meetings. These appraisals enable the committee to evaluate its effectiveness objectively and to conclude that it is operating effectively under the terms of reference set out in its charter. There were no issues identified in the committee appraisals and the committee was satisfied with the manner in which it has operated during the reporting period.

Stephen Davidson
Chair, Social and Ethics Committee

May 2022

SOCIAL AND ETHICS COMMITTEE REPORT CONTINUED

Social and Ethics Committee composition and constitution

- The Board has established a Social and Ethics Committee under the terms of the Companies Act.
- The committee operates within defined terms of reference as set out in its charter and the authority granted to it by the Board and meets at least twice a year.

The Social and Ethics Committee charter is available on the Group's website **www.datatec.com**.

The Social and Ethics Committee comprises the following independent non-executive directors:

- Stephen Davidson (Chair from 1 March 2022)
- Maya Makanjee (Chair to 28 February 2022)
- Johnson Njeke

Directors' attendance at Social and Ethics Committee meetings during FY22 and subsequently to the date of this report is as follows:

	9 March 2021	**25 October 2021**	8 March 2022
SJ Davidson (Chair from 1 March 2022)	**P**	**P**	P
M Makanjee (Chair to 28 February 2022)	**P**	**P**	P
MJN Njeke	**P**	**P**	P

P = present

RISK REPORT

Audit, Risk and Compliance Committee Chair
Johnson Njeke

The Board is responsible for Datatec's strategy, leadership and decision-making which are all impacted by risk. Risk-based leadership, with the Board at its apex, is fundamental to Datatec.

RISK POLICY

The Group's risk policy:

- sets out and explains Datatec's approach to risk and risk management;
- records the Board's evaluation of Datatec's risk appetite for the main categories of risk;
- explains the principles behind Datatec's risk management framework which contains the procedures by which the policy is implemented; and
- supports management in managing risk, allowing risk to be managed on a decentralised basis subject to Group overview.

The approach to risk management and internal control defined in the risk policy has been applied throughout the year under review and up to the date of approval of this Annual Report and annual financial statements.

The risk policy is reviewed by the ARCC and approved annually by the Board. The latest update was approved on 9 March 2022.

While all risks are continually monitored, the ARCC is paying particular attention to cyber security threats, which remain at a very high level. Risk mitigation in this area is being undertaken continuously across the Group and in being closely monitored by the ARCC.

The risk management framework for maintaining sound risk management and internal control systems throughout the Group is explained in more detail later in this report.

Board assessment of the Group's system of internal controls and risk management

Nothing has come to the attention of the Board or has arisen out of the internal control self-assessment process, internal audits or year-end external audit that causes the Board to believe that the Group's system of internal controls and risk management is not effective or that the internal financial controls do not form a sound basis for the preparation of reliable financial statements. The Board's opinion is based on the combined assurances of external and internal auditors, management and the ARCC.

RISK MANAGEMENT FRAMEWORK

The Group's risk management process has three key steps:

- Identify key risks – document in risk registers
- Implement controls to mitigate risk – monitor through continuous review
- Obtain assurance that controls are effective – combined assurance programme

Within this framework, the specific responsibilities of different designates and the processes they follow are set out below:

RESPONSIBILITY	PROCESS
Board • Extensive experience in the Group's main business streams • Experience of the non-executive directors in other fields of business	• Level of risk tolerance and limits of risk appetite are set as part of the strategic direction of the Group • A combined assurance framework is in place to ensure adequate assurance that the controls over the identified risks are operating effectively • A Group risk register is maintained and risks across all aspects of the Group's operations are considered, including financial, market, political and operational risks, as well as social, ethical and environmental risks
Audit, Risk and Compliance Committee	• Monitors risk management activities on an ongoing basis • Discusses risk topics raised • Reviews divisional summary risk registers semi-annually • Reviews divisional audit, risk and compliance committee meeting minutes • Reviews divisional management risk committee meeting minutes
Group Chief Risk Officer	• Chairs CRO forum • Chairs Information and Communication Technology ("ICT") Governance Committee • Maintains Group risk register • Reports to CFO • Reports to ARCC • Ensures that the risk management framework is operating effectively in the divisions • Ensures improvements in the controls and risks identified in the Group risk register
Divisions – divisional boards and executive committees	• Regularly review strategic and emerging risks • Input to risk registers • Identify and prioritise high-risk areas on risk maps based on impact and likelihood • Impact ratings are broadly defined in terms of financial thresholds, operational impacts, regulatory compliance, customer and community impacts, employee impacts and reputational impacts • Likelihood ratings are defined in terms of the overall likelihood of a risk materialising • Further analyse high-risk areas to identify potential root causes • Identify mitigating controls and associated monitoring/assurance activities for each high-risk area • Assign an executive to monitor and manage specific risk areas • Review risk registers and risk maps semi-annually
Divisional chief risk officers	• Ensure divisional risk procedures are in accordance with and support the Group's risk management framework • Maintain divisional risk registers • Co-ordinate the execution at divisional level of the risk management framework • Identify emerging risk and compliance issues • Report on divisional management of risk to divisional audit, risk and compliance committees (which report to the divisional boards) • Oversee management's response to matters identified as requiring improvement

FINANCIAL AND INTERNAL CONTROL

The Group's internal control and accounting systems are designed to provide reasonable, but not absolute, assurance as to the integrity and reliability of the financial information and to safeguard, verify and maintain accountability of its revenues and assets. These controls are implemented and maintained by skilled personnel.

The operation of key internal controls is assessed annually using an internal control questionnaire ("ICQ") which is completed by all Group subsidiaries with operational accounting functions. The results of the ICQ are critically assessed by divisional and Group management and assist in harmonising controls and setting standards across the business.

COMBINED ASSURANCE

A combined assurance framework for monitoring and evaluating the effectiveness of the internal controls is in place throughout the Group. This framework deploys and co-ordinates internal and external assurance providers to report on the effectiveness of the Group's internal controls.

A combined assurance model aims to optimise the assurance coverage obtained from management, internal assurance providers and external assurance providers on the risk areas affecting the Group. Within Datatec there are a number of assurance providers that either directly or indirectly provide the Board and management with certain assurances over the effectiveness of those controls that mitigate the risks as identified during the risk assessment process. Collectively, the activities of these assurance providers are referred to as the combined assurance framework.

As the nature and significance of risks vary, assurance providers are required to be equipped with the necessary expertise and experience to provide assurance that risks are adequately mitigated. External assurance providers include external audit, internal audit, regulators, sustainability assurance providers and other professional advisers.

In the combined assurance model, each control is linked to a specific assurance provider, where applicable, to enable the following to be identified:

- Risk areas where no/insufficient controls have been identified
- Rsk areas where controls have been identified, yet insufficient assurance is provided (gaps)
- Risk areas where duplicate or "excess" assurance is provided (duplication)

Management-based assurance: Management oversight, including strategy implementation, performance measurements, control self-assessments and continual monitoring mechanisms and systems:

- Local management is required to complete and submit the ICQ annually and this is monitored against internal control norms. Action is taken where ratings are considered to be inadequate. Ratings are also reviewed by the ARCC.
- In addition, the Board obtains a formal letter of assurance twice a year from each of its subsidiary divisions (supported by similar representations from the divisions' own subsidiaries) which provides the Board with assurance over the operation of the risk management processes described above, including the operation of internal controls over financial and IT risks, compliance with legislation, and the ethical and sustainable management of the business.

Internal assurance: Risk management (adopting an effective enterprise risk management framework), legal, compliance, health and safety, and quality assurance departments are included. They are responsible for maintaining policies, minimum standards, oversight and risk management performance and reporting.

Independent assurance: Independent and objective assurance of the overall adequacy and effectiveness of risk management, governance and internal control within the organisation is predominantly the role of internal audit, external audit and other expert assurance providers required from time to time.

Oversight committees: Appropriate assurance providers under each of the above categories have been identified:

- The ARCC
- The Social and Ethics Committee with regard to oversight of the Group's controls in the sphere of ethics, corporate social responsibility and sustainability
- The Remuneration Committee with regard to controls in the remuneration sphere
- The Nominations Committee in relation to Board diversity and corporate governance structures

Management has used this model to conclude on the completeness and appropriateness of the current assurance activities for each risk identified and that the level of assurance provision is satisfactory. It continues to maintain the framework as part of the ongoing risk management process.

The ARCC has reviewed the combined assurance frameworks for the Group and the three divisions to satisfy itself with management's conclusions and will continue to review them as part of its role in oversight of risk management.

In light of its review of the combined assurance framework, the ARCC has recommended to the Board that appropriate assurance activities are in place in relation to the controls operating over each risk identified in the risk management process.

THE GOVERNANCE OF ICT

The Board has the responsibility to govern technology and information in a way that supports the organisation in setting and achieving its strategic objectives (King IV Principle 12). To achieve this, the governance of ICT is embedded in the Group's risk management framework. ICT risk is managed across all operations with controls and assurance provision to be maintained and reviewed in the same way as for other risks. The Board has adopted an ICT governance policy setting out the Group's approach to ICT governance. Within this policy, an ICT Governance Committee has been established comprising divisional ICT risk management and ICT executives with the aim of reinforcing the integration of IT risk issues into the Group's risk management framework.

RISK REPORT CONTINUED

The Board includes a review of ICT governance procedures operated by the Group's major divisions in its annual timetable to assist in its ICT governance role.

There are documented and tested procedures in the major subsidiaries which will allow them to continue their critical business processes in the event of a disastrous incident impacting their activities. Such business continuity planning procedures are reviewed annually and, where weaknesses are identified, the relevant subsidiaries are required to rectify them.

MANAGEMENT REPORTING

The Group operates management reporting disciplines which include the preparation of annual budgets by operating entities. Monthly results and the financial status of operating entities are reported against approved budgets. Project projections and cash flow forecasts are reviewed regularly, while working capital, borrowing facilities and bank covenant compliance is monitored on an ongoing basis.

All financial reporting by the Group, including external financial reporting and internal management reporting, is generated from the same financial systems which are subject to the internal controls and risk management procedures described below.

COMPLIANCE FRAMEWORK AND PROCESSES

The Board governs compliance with applicable laws and adopted non-binding rules, codes and standards in a way which supports the organisation being ethical and a good corporate citizen (King IV Principle 13). Each division manages compliance with relevant laws and regulations, which the ARCC has divided into the following broad categories for the purposes of monitoring. These are considered to be the main themes/classes of legislation which pose the biggest risk to Datatec in the event of breach:

- Corporate law – companies acts, financial reporting
- Financial law – anti-money laundering and fraud
- Export regulations – trade sanctions and foreign corrupt practices
- Import regulations – including duty and VAT
- Taxation
- Securities law – insider dealing and stock exchange compliance
- Employment law – unfair dismissal, employment practices, health and safety
- Intellectual property, trademarks and patents
- Competition legislation
- Data protection/privacy legislation

Each category is considered in the risk assessment process and, if appropriate, a risk is recorded on the relevant risk register and managed in accordance with the risk management framework set out in this report. The divisions' audit, risk and compliance committees report on each category of legislation above, noting whether any breaches of compliance have been identified.

INTERNAL AUDIT

Internal audit is an independent appraisal function which examines and evaluates the activities and the appropriateness of the systems of internal control, risk management and governance. The internal auditor is the key assurance provider in the Group's combined assurance framework. The function provides the Board with a report of its activities which, along with other sources of assurance, is used by the Board in making its assessment of the Group's system of internal controls and risk management.

Datatec has an in-house internal audit function which operates within defined terms of reference as set out in its charter and the authority granted to it by the ARCC and the Board.

The internal audit function reports to the Datatec ARCC. Internal audit, headed by the Chief Audit Executive is functionally responsible to the Chair of the ARCC and administratively to the CFO and CRO.

Audit plans are presented in advance to the ARCC for approval. The plans are based on an assessment of risk areas involving an independent review of the Group's own risk assessments, which are recorded in the risk registers. A significant component of the internal audit plan is the continuous audit of the business process cycles through the divisional ERP systems which is undertaken using automated audit protocols. The internal audit plan also includes audits of key controls applying to business processes at specific locations. Both audit visits and continuous auditing assessments include an independent assessment by the internal auditor of the ICQ responses of the entity being audited for the controls in scope for the audit in order to validate the ICQ self-assessment.

During FY22, the internal audit function developed capability in cyber security and started performing cyber security audits to address this important risk area.

The internal audit team attends and presents its findings to the ARCC. Management is responsible for acting on the findings of internal audit and implementing remedial action to correct identified control weaknesses in accordance with an agreed timetable. Internal audit reviews management's actions on the findings and reports back on the effectiveness and timeliness of the response.

The internal audit process and management's response to the findings thereby contribute to a continuous improvement culture in the Group's risk management function.

The ARCC is satisfied that internal audit has met its responsibilities for the year with respect to its terms of reference.

EXTERNAL AUDIT

The ARCC is responsible for recommending the external auditor for appointment by shareholders and for ensuring that the external auditor is appropriately independent. The committee selected PricewaterhouseCoopers ("PwC") as the new external auditor in FY21 and the appointment is approved by shareholders at the AGM annually. PwC has the policy of rotating the designated partner every five years. The current designated audit partner is Berno Niebuhr, who is in the second year of his tenure.

The external auditor carries out an annual audit of all the Group's subsidiaries in accordance with international auditing standards and reports in detail on the results of the audit both to the audit, risk and compliance committees of the Group's divisions and to the Group ARCC. The external auditor is therefore the main external assurance provider for the Board in relation to the Group's financial results for each financial year.

PwC has confirmed its compliance with the ethical requirements regarding independence and is considered independent with regards to the Group as required by the codes endorsed and administered by the Independent Regulatory Board for Auditors ("IRBA"), the South African Institute of Chartered Accountants ("SAICA") and the International Federation of Accountants. As required by section 3.84(g)(iii) of the JSE Listings Requirements, the committee obtained the information listed in paragraph 22.15(h) of the JSE Listings Requirements and satisfied itself that the external auditor and audit partner, Mr Berno Niebuhr, have the necessary accreditation and are suitable for re-appointment. The committee nominated PwC as external auditor for FY22 for approval at the AGM on 29 July 2021. The committee is also satisfied that the designated partner is not on the JSE's list of disqualified individuals.

The ARCC regularly reviews the external auditor's independence and maintains control over the non-audit services provided, if any. Pre-approved permissible non-audit services performed by the external auditors include taxation and due diligence services. The external auditor is prohibited from providing non-audit services such as valuation and accounting work where its independence might be compromised by later auditing its own work. Any other non-audit services provided by the external auditor are required to be specifically approved by the Chair of the ARCC or by the full committee if the fees are likely to be in excess of 50% of the audit fee.

KEY RISKS

Supply chain

During FY22, the Group faced disruption with its supply chain arising from a continuing global semiconductor shortage and Covid-19 related delays. At the start of FY23, the situation was compounded by various factors, including the war in Ukraine, Covid-19 lockdowns in China and global inflationary pressures, which have impacted freight costs.

Technological market disruption

The Group's operations focus on the higher value, faster growing products and services in the ICT supply chain. It is essential to anticipate the impact of the rapid technological change which is a feature of the sector.

Dependence on key vendors

The Group is dependent on certain vendors, particularly Cisco, whose products and services accounted for over 35% of the Group's revenue.

If any one of the Group's principal vendors terminates, fails to renew or adversely changes its agreement or arrangements with the Group materially, it could materially reduce the Group's revenue and operating profit and thereby seriously harm the Group's business, financial condition and results of operations.

Internal technological risks

The Group's internal systems are at risk, both from planned changes leading to business interruption and disruption by external "cyber" threats.

The Group continued to face the threat of financial crime attempted by "phishing" emails and "social engineering". The Group has high dependence on its key information systems.

Dependence on key customers

The Group's customer base is much larger than its vendor base but nevertheless includes large individual customers in specific regions.

Accordingly, the exposure to credit risk must be noted as a key risk of the business.

Management of payment discounts, product rebates and allowances

The Group receives significant benefits from purchase and prompt payment discounts, product rebates, allowances and other programmes from vendors based on various factors.

A decrease in purchases and/or sales of a particular vendor's products could negatively affect the amount of discounts and volume rebates the Group receives.

Because some purchase discounts, product rebates and allowances are based on percentage increases in purchases and/or sales of products, it may become more difficult for the Group to achieve the percentage growth in volume required for larger discounts.

In addition, vendors may exclude the Group from time to time from participation in some of their programmes.

Risk of failure to fund working capital needs sufficiently

The Group's business is working capital intensive; this is particularly relevant for Westcon International.

Westcon International's financing facilities are utilised to finance accounts receivable and inventories.

The availability of these facilities and any material changes thereto may affect the business's ability to fund its working capital requirements.

Value generation: disposals and acquisition risk

The execution of the Group's strategy requires:
- reshaping the Westcon International business; and
- further growth and improvement of the Logicalis business.

Both these goals will continue to place additional demand on management, customer support, administrative and technical resources. If the Group is unable to manage its restructuring and growth effectively, its business operations or financial conditions may deteriorate.

If the Group is unable to successfully integrate an acquired company or business, it could lead to business disruptions.

Risk of overdependence on key personnel

The Group's future success depends largely on the continued employment of its executive directors, senior management and key sales, technical and marketing personnel.

Certain key employees have relationships with principal vendors and customers which are particularly important to the business of the Group.

The executive directors, senior management team and key technical personnel would be difficult to replace and the loss of any of these key employees could harm the business and prospects of the Group.

Johnson Njeke
Chair, Audit, Risk and Compliance Committee

May 2022

ARCC constitution and operation

The committee operates within defined terms of reference as set out in its charter which has been approved by the Board.

The ARCC charter is available on the Group's website **www.datatec.com**.

The ARCC during FY22 consisted of the following independent non-executive directors:
- Johnson Njeke (Chair)
- Ekta Singh-Bushell
- Rick Medlock

The ARCC meets at least four times a year and the external auditors, the internal auditors, CEO, CFO, CRO and Group Legal Counsel are invited to attend.

Directors' attendance at ARCC meetings during FY22 and subsequently to the date of this report (all meetings were scheduled) is as follows:

	9 March 2021	17 May 2021	14 July 2021	25 Oct 2021	25 Jan 2022	8 March 2022	16 May 2022
MJN Njeke	P	P	P	P	P	P	P
CRK Medlock	P	P	P	P	P	P	P
E Singh-Bushell	P	P	P	P	P	P	P

P = present

The principal functions of the committee are to:
- review the annual financial statements, the half-yearly results announcement and other financial reports;
- ensure the Group has established appropriate financial reporting procedures and that those procedures are operating effectively;
- assess the risks facing the business and review the Group's risk management procedures;
- monitor the effectiveness of internal controls and comment on the state of the internal control environment;
- review the internal and external audit plans and discuss the findings and recommendations of the internal and external auditors;
- review the effectiveness of the external auditors including considering the findings of: the inspection performed by the auditors' regulatory body; the auditors' internal engagement monitoring inspection and the outcome of any legal or disciplinary procedures; and
- review the effectiveness of the internal auditors.

The committee reviews its performance annually by means of questionnaires completed by individual committee members and attendees which are then discussed at Board and committee meetings. These appraisals enable the committee to evaluate its effectiveness objectively and to conclude that it is operating effectively under the terms of reference set down in its charter.

The committee is satisfied that it has met its legal and regulatory responsibilities for the year under review and to the date of this report with respect to its terms of reference as set out in its charter.

The Chair of the committee will be available at the AGM to answer queries about the work of the committee.

NOMINATIONS COMMITTEE REPORT

Nominations Committee Chair
Maya Makanjee

The Nominations Committee's role is to review succession planning for executive and non-executive directors and to advise the Board on new appointments and the composition of Board committees. An important aspect of the committee's role is to ensure the Board's stated aims in terms of diversity are met and that the Board comprises a diverse and appropriate balance of individuals and skills to optimise its performance in delivering against the Company's strategic objectives.

Details of the Nominations Committee's constitution and operation are given on page 17.

During FY22, the Nominations Committee continued to oversee the evolution of the Board refreshment.

On 1 March 2022, I became Chair of the Board of Datatec in succession to Stephen Davidson and also took over as Chair of the Nominations Committee. At the same time, I stepped down as Chair of the Remuneration and Social and Ethics Committees and remained a member of both committees. Stephen Davidson was appointed Chair of the Remuneration and Social and Ethics Committees.

Deepa Sita joined the Board as an independent non-executive director of the Company with effect from 1 March 2022 and was appointed to the Remuneration Committee.

Deepa is an executive director and CFO of Tiger Brands Limited and has excellent experience in a wide range of executive roles as a CFO including Masswarehouse (a division of Massmart Holdings Limited) and GIBS, University of Pretoria. She is a Chartered Accountant (SA) and holds an MBA (cum laude) from GIBS, University of Pretoria and a BCom (Acc) Honours from the University of Johannesburg. Her contributions and perspectives will be a valuable addition to the governance
of Datatec.

The Board currently comprises nine directors: two executives, the CEO and CFO; and seven independent non-executive directors including the Chair. The Nominations Committee considers the current Board to be very well balanced in terms of skills and experience. The gender diversity of the Board exceeds the Board's policy requirements by having three female members. As an international Group, Datatec requires an international perspective at Board level and this is represented by a range of nationalities and geographic experience among the directors.

SHAREHOLDER CONSULTATION

In November 2021, Stephen Davidson and I held a series of meetings with key shareholders to confer on environmental, social and governance ("ESG") matters including the evolution of Board succession. Shareholders' views on the Board structure and succession are most important to us and we welcome further engagement.

DIVERSITY

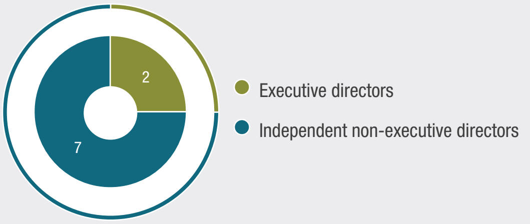
In terms of gender diversity, the Nominations Committee has given priority to seeking female candidates to fill non-executive director vacancies. In terms of race diversity, it is Datatec's policy to promote race diversity at Board level and the Board is satisfied that this aim is being achieved.

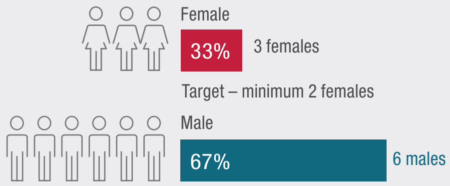
Annually, the Nominations Committee will discuss and agree proposed objectives, including, without limitation, the setting of voluntary targets, for achieving diversity on the Board and recommend the same to the Board for approval and adoption.

The policy on promotion of diversity at Board level and disclosure of how the policy has been applied during the year is available on the website **www.datatec.com**.

NOMINATIONS COMMITTEE REPORT CONTINUED

BOARD DIVERSITY





INDEPENDENCE AND LENGTH OF SERVICE

The Nominations Committee and the Board review the independence of the non-executive directors thoroughly each year. This review takes into account the length of service as a factor to be carefully considered in the assessment among other factors. The review process followed by the Nominations Committee and Board highlights issues such as whether a non-executive director has the ability to control or significantly influence management, controls a significant number of shares in the Company or any of its subsidiaries, or has any contractual relationships with the Company.

The Company will continue to review the independence of its non-executive directors and regularly engage with its stakeholders to ensure good governance.

SUCCESSION PLANNING

Succession planning for the Board, management team and senior executives is the responsibility of the Board, assisted by the Nominations Committee. There is a formal succession plan in place for the Chair, CEO, CFO, Board, Board committee chairs and senior management that is reviewed annually by the Nominations Committee. The committee then reports to the Board, which determines if any action needs to be taken.

Two directors have more than 12 years' service on the Board: John McCartney and Stephen Davidson who are in the process of transferring their experience to the newer non-executives ahead of their retirement at the 2023 AGM.

NEW APPOINTMENTS

A formal induction programme for directors is in place which comprises a presentation on responsibilities, familiarisation meetings and reviews of prior Board and committee meetings as well as meetings with the executive teams at Group and divisional levels. Training is provided with regard to the Companies Act, JSE Listings Requirements and King IV Code. The management appointments made by the Board ensure that the appointment of and delegation to management contribute to role clarity and effective exercise of authority and responsibilities.

OUTLOOK

During FY23, the Nominations Committee will seek a new independent non-executive director to join the Board ahead of the retirement of John McCartney and Stephen Davidson.

Shareholder consultation will continue to be undertaken by me and committee Chairs on all aspects of governance. Shareholders' views on the Board structure and succession are always most important to us.

Maya Makanjee
Chair, Nominations Committee

May 2022

Nominations Committee constitution and operation

The committee operates within defined terms of reference as set out in its charter which has been approved by the Board.

The Nominations Committee charter is available on the Group's website **www.datatec.com**.

The Nominations Committee comprises the following independent non-executive directors:

- Stephen Davidson (Chair until 28 February 2022)
- Maya Makanjee (Chair from 1 March 2022)
- John McCartney
- Ekta Singh-Bushell

Directors attendance at Nominations Committee meetings during FY22 and subsequently to the date of this report (all meetings were scheduled), is as follows:

	10 March 2021	15 July 2021	26 October 2021	25 January 2022	9 March 2022
M Makanjee	P	P	P	P	P
SJ Davidson	P	P	P	P	P
JF McCartney	P	P	P	P	P
E Singh-Bushell	P	P	P	P	P

P = Present

The CEO and CFO may be invited to attend the committee's meetings, but neither may take any part in decisions regarding their own succession.

The committee is responsible for making recommendations to the Board regarding the appointment of new executive and non-executive directors and makes recommendations on the composition of the Board generally. The committee ensures that director appointments are formal and transparent and oversees succession planning for the Board and senior management.

The committee is satisfied that it has met its responsibilities for the year with respect to its terms of reference.

The committee reviews its performance annually by means of questionnaires completed by individual committee members and attendees which are then discussed at Board and committee meetings. These appraisals enable the committee to evaluate its effectiveness objectively and to conclude that it is operating effectively under the terms of reference set out in its charter.

The Chair of the committee reports on the committee's activities at each Board meeting and will be available at the AGM to answer questions about the committee's work.

REMUNERATION REPORT

Remuneration Committee Chair
Stephen Davidson

PART 1 – BACKGROUND STATEMENT

Introduction

On behalf of the Board of directors and the Remuneration Committee, I am pleased to present the remuneration report ("the report") for 2022. I became Chair of the Remuneration Committee on 1 March 2022 when Maya Makanjee who had chaired the committee during FY22 became Chair of the Board of Datatec.

The Remuneration Committee aims to ensure that Datatec remunerates fairly, responsibly and transparently to promote the achievement of strategic objectives and positive outcomes in the short, medium and long terms (King IV Principle 14). Our committee is focused on ensuring that the remuneration structures at Datatec drive value creation for our stakeholders, with a reward framework and value proposition for our executives which is in accordance with ethical corporate governance standards. We are satisfied that our policies are aligned with shareholder value creation.

Our performance and pay outcomes in FY22

The Group achieved a strong operational and financial performance across all divisions during FY22 despite global semiconductor shortages and ongoing supply chain constraints which have resulted in a growing backlog. We commenced a Strategic Review process seeking to unlock value for shareholders and paid a special dividend of US$70 million.

The main remuneration outcomes in FY22 are as follows with the detail set out in the policy and implementation sections of this report:

- Executives received a 5% increase in fixed pay for FY22 having had no rise the previous year due to Covid-19 uncertainty
- Likewise, non-executive directors' fees were increased 5% (the first increase in three years)
- Short-term incentives ("STI") earned for FY22 reduced compared to FY21 as targets were achieved but with less over-performance than the prior year
- The Conditional Share Plan ("CSP") awards granted in May 2019 with a performance period that ended 28 February 2022 vested at 25%, because the return on invested capital ("ROIC") was at the threshold for the performance conditions but the uEPS target was not achieved
- Long-term incentives ("LTI ") vesting outcomes are less than for the prior year

Performance and pay targets for FY23

The main remuneration targets and outlook are summarised below with the detail set out in the policy and implementation sections of this report:

- Executives have received no increase in fixed pay for FY23
- Likewise, non-executive directors' fees will not increase for FY23
- STI – the weighting of metrics has changed slightly following consultation with shareholders:
  - uEPS will constitute 35% of the bonus (FY22: 45%)
  - Earnings before interest, taxation, depreciation and amortisation ("EBITDA") will constitute 30% of the bonus (FY22: 20%)
  - The weightings for the remainder of the metrics remain unchanged from FY22
- LTI
  - a new scheme, the Deferred Bonus Warrant ("DBW") has replaced the previous Deferred Bonus Plan ("DBP") and the co-investment by the Company now takes the form of share appreciation right ("SARs")
  - CSP awards were made in line with our policy – the absolute total shareholder return ("TSR") performance condition which previously applied to two-thirds of the grant is now the sole performance condition for the grant in June 2022

Linking pay to our strategy

In August 2021, Datatec announced a comprehensive Strategic Review to consider options and initiatives to unlock and maximise shareholder value going forward. The Strategic Review aims to address the persistent gap between Datatec's valuation and the inherent value of its underlying assets whilst also ensuring that the Group is positioned to take full advantage of the positive market dynamics for its technology solutions and services. In parallel, the strategy of pursuing a combination of corporate and business actions aimed at enhancing the competitiveness and profitability of our subsidiaries and operating divisions in order to enhance value remains in place.

The Group's remuneration policy seeks to align remuneration to the achievement of the Group's strategic objectives.

Aligning remuneration to our strategic objectives

STRATEGIC OBJECTIVE	SHORT-TERM INCENTIVE	LONG-TERM INCENTIVE	REF
Value generation	–	FY22: The performance condition for two-thirds of CSP vesting in 2024 is absolute TSR.	
	FY22 and FY23 – personal key performance indicator ("KPI") for the executive directors' STI: reduce structural discount.	FY23: The performance condition for the whole of the CSP vesting in 2024 is absolute TSR. Furthermore, executive share ownership requirements and the additional two-year holding period post vesting for DBP and DBW ensure shareholder alignment over the long term.	
	–	FY23 – new STI deferral plan DBW co-investment only benefits participant if share price rise is generated.	
Underlying earnings per share	FY22 target for 45% of STI was budget uEPS.	FY22: Performance condition for one-third of CSP vesting is uEPS growth over three years to FY24.	
	FY23 target for 35% of STI is budget uEPS.		
Earnings before interest, taxation, depreciation and amortisation ("EBITDA")	FY22 target for 20% of STI was budget Group EBITDA.	–	
	FY23 target for 30% of STI is budget Group EBITDA.	–	
Other quantitative measures addressing current short-term priorities	FY22 and FY23 metrics addressing Logicalis and Westcon International working capital.	–	

The context in which the committee has set STI and LTI targets for FY23 flows from the strategic imperatives of the Group.

The committee believes the use of absolute TSR as a performance condition for CSP vesting will align remuneration with value creation for shareholders and has decided to use this metric as the sole performance condition for the FY23 CSP grant.

Motivating the drive to improve profitability remains of high importance for which the uEPS and EBITDA growth targets are key in the STI. The committee has noted that the key metric used by investors for valuing businesses in our sector is EBITDA and hence it felt this metric should receive more prominence in the STI structure. After consultation with shareholders (see below) it was decided to change the relative weightings of uEPS and EBITDA in the FY23 STI structure to give more weight to EBITDA while maintaining the position of uEPS as the primary metric.

The Remuneration Committee is satisfied that the remuneration policy has achieved its objectives in FY22. We believe the policy and implementation set out in this report achieve an equitable alignment of shareholder and management interests.

REMUNERATION REPORT CONTINUED

Remuneration Committee constitution and operation

The role of the committee is to assist the Board in ensuring that the Company remunerates directors and executives fairly and responsibly in alignment with the creation of long-term shareholder value and to ensure that the disclosure of director and senior management remuneration is accurate, complete and transparent. The Remuneration Committee operates under terms defined in its charter, which has been approved by the Board.

The Remuneration Committee charter is available on the Group's website **www.datatec.com**.

The Remuneration Committee comprises the following independent non-executive directors:

- Maya Makanjee (Chair up to 28 February 2022)
- Stephen Davidson (Chair from 1 March 2022)
- Johnson Njeke
- Ekta Singh-Bushell
- Deepa Sita (from 1 March 2022)

Directors' attendance at Remuneration Committee meetings during FY22 and to the date of this report is as follows:

	10 March 2021	**18 May 2021**	**14 July 2021**	**20 September 2021**	**26 October 2020**	**25 January 2022**	9 March 2022	17 May 2022
M Makanjee	**P**	**P**	**P**	**P**	**P**	**P**	P	P
MJN Njeke	**P**	**P**	**P**	**P**	**P**	**P**	P	P
E Singh-Bushell	**P**	**P**	**P**	**P**	**P**	**P**	P	P
DS Sita							P	P
SJ Davidson							P	P

P = present

= not a committee member

The CEO and CFO may be invited to attend portions of meetings of the Remuneration Committee, but neither may take part in any decisions regarding their own remuneration.

The Remuneration Committee employs the services of specialist consultants in the field of executive remuneration to provide advice. The independent service providers used to value LTIs are: ShareForce, BDO and Deloitte. Benchmarking services are provided by Mercer and Willis Towers Watson. PricewaterhouseCoopers, the Group's external auditor, has reviewed this remuneration report and the new DBW share scheme and provided comments. The committee is satisfied that the consultants have provided independent and objective advice and, while giving due consideration to any advice received, has made its decisions independently in accordance with its charter.

The committee reviews its performance annually by means of questionnaires completed by individual committee members which are then discussed at committee and Board meetings. These appraisals enable the committee to evaluate its effectiveness objectively and to conclude whether it is meeting its objectives as described in its charter.

FUTURE FOCUS AREAS

The committee intends to continue the consultation process with shareholders and discuss the continuing evolution of the remuneration policy with an increasing focus on ESG. The committee will continue to focus its oversight on fair and responsible pay, diversity, equity and inclusion and talent management throughout the Datatec Group.

SHAREHOLDER ENGAGEMENT

Our process of shareholder engagement is detailed on the following page. At the AGM on 27 July 2022, you will be requested to endorse our remuneration policy and the implementation thereof. We will continue our engagements with shareholders to discuss areas of concern you may have; your constructive input is valued and appreciated as we continue to improve our remuneration framework. On behalf of the Remuneration Committee, I thank you for your continued support and feedback.

Stephen Davidson
Chair, Remuneration Committee

May 2022

SHAREHOLDER ENGAGEMENT

The Remuneration Committee maintains a programme of shareholder consultation to ensure shareholders' views on remuneration are properly addressed by the committee and considered in the Group's remuneration policy and implementation practices.

VOTING OUTCOMES

The FY21 remuneration policy was put before shareholders for an advisory vote at the AGM on 29 July 2021 and received support from 93.0% of shares voted (2020: 91.5%).

The FY21 remuneration implementation report was put before shareholders for an advisory vote at the AGM on 29 July 2021 and received support from 64.7% of shares voted (2020: 87.2%).

If the remuneration policy or implementation is voted against by more than 25% of shareholders, consultation with shareholders will be undertaken per the King IV code.

CONSULTATION DURING FY22

During FY22, consultation was held in November 2021 with Stephen Davidson, then Chair of the Board and Maya Makanjee, then Chair of the Remuneration Committee visiting investment managers to address remuneration-related issues among other ESG matters.

The consultation process was open to all shareholders who were invited to make contact as per SENS announcement. In particular, reasons for voting against the implementation report at the AGM were sought to identify areas for improvement.

Committee's rationale	Shareholders' views	Actions taken
STI Metrics		
The committee proposed increasing the weighting accorded to the EBITDA metric in STI because the Strategic Review had highlighted that the key valuation methodology used in the ICT sector is a multiple of EBITDA.	Shareholders generally supported the committee's view but felt that uEPS should remain as the most important STI metric with the highest weighting.	The committee has changed the weighting for FY23 to: 35% uEPS and 30% EBITDA from 45% uEPS and 20% EBITDA in FY22. The remaining metrics will be unchanged from FY22.
LTI – CSP performance conditions		
The committee proposed increasing the weighting accorded to the TSR performance condition for CSP grants from two-thirds to the sole performance condition and discontinuing the uEPS growth performance condition which constituted the other one-third in FY22. Again, the rationale is to align with the value realisation strategy.	Shareholders generally supported the committee's view and agreed with the alignment of the CSP with TSR growth.	The committee has changed the performance conditions to be applied to the CSP grant in June 2022 (FY23) to be 100% absolute TSR growth with no uEPS growth component.
LTI – new DBW share scheme		
The new DBW scheme to replace the DBP was discussed. In particular the Company co-investment in the form of SARs would only have value for participants if the share price grows.	Shareholders agreed the DBW retains the retention aspects of the DBP while aligning the Company co-investment element better with shareholders' interests by being entirely dependent on share price growth.	The new DBW will be implemented with the first grant planned for June 2022 as set out later in this report.
Malus and Clawback		
The existing policy is based on the trigger of a material restatement of the Company's financial results with the Board having a fiduciary duty to address material reputational issues which may not result in a restatement.	A shareholder expressed the view that the malus and clawback policy itself should include the wider reputational issues.	The committee will review the policy and intends to incorporate material reputational issues as triggers in the policy. This is explained in more detail in the policy section of this report.
Overall quantum of remuneration		
Although no shareholder raised the issue, the committee noted comments by a proxy voting adviser that executive directors' overall remuneration and non-executive directors' fees in FY21 were both higher than their expectations. The committee's view is that base salaries and non-executive directors' fees are fair in the context of an international group. The bonuses are calculated strictly in accordance with the formulae set out in the policy based on base salaries.		Nevertheless, the committee has determined for FY23 there will be no increase in executive directors' base salaries and endorsed management's recommendation of no increase in non-executive directors' fees.

Other matters discussed with shareholders

Other topics of discussion with shareholders during the consultation process included the development of fair and responsible pay reporting and the South African Companies Act amendments currently under consideration and their potential impact on remuneration committees and reporting of remuneration.

Shareholders and the committee both value the consultation process which has been continuing for a number of years now and will continue with further engagement in the next financial year.

PART 2 – REMUNERATION POLICY

Objectives of the policy

The objectives of the remuneration policy are to:

- Set remuneration levels to attract and retain the best local and international talent who will enhance business performance.
- Recognise and reward superior performance when it occurs.
- Direct employees' energies and activities towards key business goals and strategic outcomes.
- Align employees' and shareholders' interests.

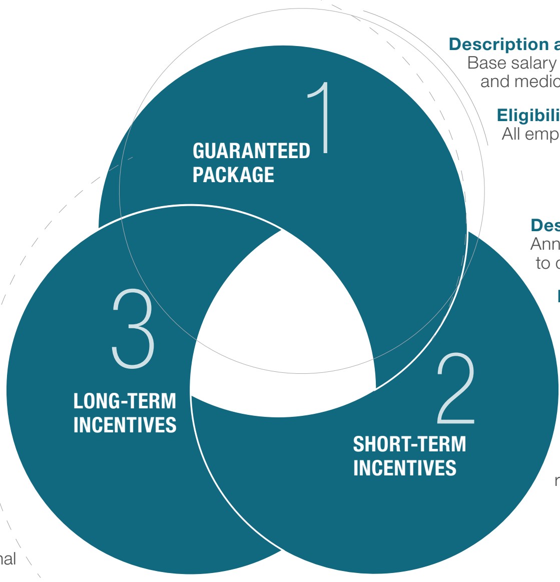
To achieve this, Datatec rewards its executives and managers in a way that reflects market dynamics and the context in which it operates. Datatec is structured as a group which actively manages its principal divisions, Logicalis, Westcon International and Analysys Mason. The remuneration policy applies throughout the Group but the details provided are applicable to the Datatec executives. All elements of the remuneration policy are aligned to the strategic goals of the Group. For purposes of this report, a high-level overview of the remuneration elements and design principles informing remuneration arrangements for all employees is provided, with in-depth focus on Datatec executives.

Key principles

Key principles of the remuneration policy are to:

- Reward all employees suitably for their contribution to the Group's operating and financial performance.
- Apply fair and responsible pay principles to all employees across the Group.
- Promote a common interest with shareholders.
- Consider the international ICT industry, market and country benchmarks to ensure the Group's remuneration is competitive in regions in which the Group operates, particularly the US, Brazil and the UK.
- Ensure that a significant proportion of the remuneration of executive directors and senior managers is performance-based.
- Balance the performance-based element of remuneration between the achievement of short-term and long-term objectives.

These principles are enshrined in the three main elements of remuneration:



1 Guaranteed package

Description and policy
Base salary and benefits including retirement and medical scheme contributions.

Eligibility
All employees.

2 Short-term incentives

Description and policy
Annual bonus plan with performance targets, subject to deferral as explained below.

Eligibility
Group executives participate in an annual STI plan as explained in detail below. Management of divisions participate in STI plans similar to the Group executives but based on divisional performance targets and personal performance targets.

Non-management employees typically receive lower levels of STIs based more on personal targets rather than on corporate goals.

3 Long-term incentives

Description and policy
Share-based remuneration plans with performance targets. Two share-settled Group plans are used, namely:

- CSP – a performance share plan; and
- DBW – a portion of the bonus is deferred and used to acquire shares and the Company contributes a co-investment in the form of SARs. Both of these elements are forfeitable.

A number of cash-settled share-based remuneration plans are operated in divisions. These are explained in further detail below.

Eligibility
Datatec Group executives and senior management participate in the Datatec CSP.

Executive directors and two other senior managers participate in the DBW.

Senior management of Logicalis, Westcon International and Analysys Mason participate in divisional share schemes.

Base salary

The base salary provides individuals with a fixed income and is subject to annual review by the Remuneration Committee. Executive directors and senior executives are entitled to employment benefits determined by the level of base salary including: defined contribution pension; medical insurance; and death and disability insurance.

Base salary levels for executives in the Group are determined by benchmarking exercises using databases of pay levels in comparator companies provided by third-party advisers. The comparator companies used are appropriate for the role being benchmarked. For example, the role of regional CEO in a subsidiary division would be benchmarked against subsidiaries of international groups in that region; divisional CEOs would be benchmarked against international unlisted corporations. The median pay of the comparator group is used as the guide for the pay of the executive concerned. Benchmarking exercises are typically done when executive roles change or new appointments are made and when internal corporate restructuring is undertaken. Routine annual benchmarking exercises are not undertaken as the committee recognises the potential for driving salaries up that this could cause.

Short-term incentive

Structural overview:

Bonus formula	The STI is calculated in relation to base salary as follows: **Base salary x on-target STI percentage x [(personal score x personal weighting) + (corporate score x corporate weighting)]**
On-target STI percentage	CEO: 175% CFO: 95% Potential outcomes for the STI in relation to base salary are illustrated in the **scenario analysis** on page 28.
Weightings between corporate and personal performance measures	The weighting between corporate and personal performance is reflective of the participants seniority and the following weightings apply: • Executive directors and some senior management: In FY22 the policy was to apply an 75% corporate and 25% personal weighting and this will continue in FY23. • For other senior management we use 50% corporate and 50% personal (with exceptions where appropriate as agreed by the Remuneration Committee).
Target setting	Each element of the bonus is based on the achievement of a target: if that target is reached the bonus element is described as "on-target". The Remuneration Committee establishes the target and a range around the target demarcated by "guard-rails" such that the bonus for each element is capped if the upper guard-rail is reached. Below the lower guard-rail, zero bonus is earned and at the lower guard-rail 40% of on-target bonus is earned. Between the guard-rails and the on-target position the bonus outcome is obtained by linear interpolation. The on-target bonus levels in relation to base salary are set out in the table below:

STI as a percentage of base salary

	On-target STI	Maximum STI (cap)
CEO	175%	175% x 143% = 250%
CFO	95%	95% x 153% = 145%

Potential outcomes for the STI in relation to base salary are illustrated in the **scenario analysis** on page 28.
The metrics used and bonus outcomes for FY22 are shown in the **implementation report** on page 31.

Delivery of the STI (applicable to executive directors and senior Group executives)	The STI is partly delivered in cash and partly delivered in shares which are deferred into the DBW plan with minimum mandatory deferral of 20% (for STI achievement above 50% of target) and a maximum permitted deferral of 50% of STI.

REMUNERATION REPORT CONTINUED

FY23 METRICS:

The corporate financial goals constitute 75% of the total STI for FY23. These targets include uEPS and EBITDA (with the relative weighting amended as described above). Also included are cash management/working capital targets with separate metrics for Logicalis and Westcon International as the two businesses have different working capital dynamics.

FY23 Bonus structure

1) Underlying earnings per share		US$ cents	Bonus	
Lower guard-rail	-12%		40%	35%
On target	Budget		100%	
Upper guard-rail	12%		160%	

2) EBITDA		US$ million	Bonus	
Lower guard-rail	-14%		40%	30%
On target	Budget		100%	
Upper guard-rail	14%		160%	

3a) Logicalis working capital – Operating cash conversion		US$ million	Bonus	
Lower guard-rail	-20%		40%	5%
On target	Target		100%	
Upper guard-rail	25%		160%	

3b) Westcon working capital – net working capital days		Days	Bonus	
Lower guard-rail	10%		40%	5%
On target	Target		100%	
Upper guard-rail	-10%		160%	

4) Personal KPIs – CEO and CFO	Bonus	
ESG	10%	25%
Leadership	5%	
Reduce structural discount	10%	

Total on-target bonus	100%

The FY23 targets for uEPS, EBITDA and working capital metrics based on budget are not shown as this is commercially sensitive information but will be fully disclosed next year in the implementation section of the FY23 remuneration report.

The personal KPIs agreed by the committee for the executive directors for FY23 are as follows:

- **ESG** – corporate citizenship and governance evolution
- **Leadership** – development of the Group's operational and organisational strategy
- **Reduce structural discount** – initiatives to achieve value realisation

These KPIs are the same as used in FY22 and the committee has developed a culture scorecard to provide quantitative evaluation of achievement against the ESG and Leadership KPIs. This will be used to monitor and evaluate ESG developments such as setting targets for environmental metrics and reporting on progress.

Long-term incentives
Group plans – structural overview:

	Deferred Bonus Plan Warrants	Conditional Share Plan
Instrument	The deferred STI is in the form of shares which will be held in escrow for the benefit of participants. The Company co-investment is awarded as SARs. The SARs will be awarded at market value using the same price applicable to purchase the deferred shares.	Conditional rights to shares subject to performance vesting conditions.
Eligibility	Executive directors (CEO and CFO) and two senior Group executives, provided the minimum STI levels are achieved as indicated above.	Executive directors and Group executives and staff.
Allocation levels	The mandatory deferral percentage in the DBW (if the bonus exceeds 50% of target) is 20%. The maximum deferral percentage is 50%. The number of SARs to be awarded is based on an actuarial calculation of their value relative to the current share price.	The quantum of awards is based on annual base salary and the face value of awards which is the current Datatec share price (using a 30-day volume-weighted average price (“vwap”)) as follows: • CEO – 150% x base salary • CFO – 120% x base salary • Datatec Group executives and staff – range from 100% to 50% of base salary The number of awards granted to participants who also participate in the Westcon International Equity Appreciation Plan (“EAP”) is scaled down to avoid “double dipping” as explained below.
Vesting period	Three years.	
Additional holding period	A holding period of two additional years will follow the vesting period of three years for the share element. The SARs are subject to a four-year exercise period commencing on the vesting date and will be subject to a two-year holding period post vesting.	
Performance period	One year, aligned with the STI performance as explained above.	Three years.
Performance conditions	No prospective performance conditions apply, but performance is an entry qualification requirement. Further performance alignment via share price appreciation before the SARs will be exercisable.	Performance conditions apply to the grants and the conditional awards are held for a performance period of three years. At the end of the three-year performance period the performance conditions are tested and if met, awards vest on a sliding scale between 50% at threshold and 100% at the upper target.
Dividends	Dividends will accrue on the shares purchased by participants using their STI and these dividends must be taken in the form of shares (provided the Company offers a scrip alternative) while the shares are held in escrow to the end of the holding period. No dividends will accrue on the SARs during the exercise period.	No dividends accrue on the CSP awards during the three-year performance period.
Plan and individual limits	The new DBW will be non-dilutive to shareholders as it will be settled by purchasing shares in the market.	The maximum number of shares which can be delivered to any individual participant in the CSP is 3.7 million shares. The maximum number of new shares which can be issued to participants to settle obligations under the CSP is 7.4 million shares.

	Deferred Bonus Plan Warrants	Conditional Share Plan
Termination of employment provisions		
Termination is at the Company's instigation and not for fault ("good leaver")	The executive will retain all the shares which he had deferred into the DBW and will retain a portion of the SARs which have been granted but not yet vested. The proportion will be determined *pro rata*, relative to the time of the vesting period which has elapsed up to the termination date. The terminated executive will continue to hold the reduced number of awards until the vesting date when they will vest along with the other grants in accordance with the rules of the scheme and be exercised within one year. SARs which have vested but not been exercised at the termination date must be exercised within one year thereof.	The executive will retain a portion of LTI share incentive awards which have been granted but not yet vested. The proportion will be determined *pro rata*, relative to the time of the vesting period which has elapsed up to the termination date. The terminated executive will continue to hold the reduced number of awards until the vesting date when they will vest in accordance with the rules of the scheme if the relevant performance conditions are satisfied.
Executive director resigns from the Company or is terminated for fault, eg dismissal on grounds of misconduct, proven poor performance, dishonest or fraudulent conduct ("bad leaver")	All unvested (deferred shares and SARs) and vested but unexercised SARs are forfeited. In addition, such executives will be required to repay all dividends (pre-tax value) earned from the award date on the shares.	All unvested CSP awards are forfeited.

CSP Performance conditions for FY23:
The committee intends to apply a single performance condition to the May 2022 (FY23) CSP grant, being the absolute TSR performance condition (which in FY22 had a weighting of two-thirds):

Condition	Absolute TSR
Performance period	From the FY22 results announcement day being 24 May 2022 until the day of the FY25 results announcement approximately three years later.
Threshold (50% vesting)	10.8% compound annual growth rate ("CAGR") – the Group's weighted average cost of capital ("WACC")
Maximum (100% vesting)	12.8% CAGR – the WACC plus 2%

Linear vesting applies between threshold and target levels. Potential outcomes for LTI in relation to base salary are illustrated in the scenario analysis below.

DIVISIONAL LONG-TERM INCENTIVES

The Group's divisions operate the following share-based incentive schemes to incentivise management to generate value in the divisional entity:

- Westcon International EAP
- Logicalis and PromonLogicalis Latin America Limited ("PLLAL") CSP Schemes
- Logicalis and PLLAL SARs Schemes
- Westcon International SARs Scheme
- Analysys Mason Performance Share Scheme
- Other Share Schemes, applicable to start-up businesses in the Group

These schemes are cash-settled (with the exception of the Analysys Mason Performance Share Scheme which is partly settled in Analysys Mason shares) and are based on the divisional entity's valuation/notional share price. Datatec shares are not used in the settlement of the subsidiary share schemes.

All the divisional share-based remuneration schemes operating in the Group are accounted for under IFRS 2. Details of the operation of the subsidiary division share schemes, including grants, exercises and lapses during FY22 and the prior year, are included in **Note 2 to the consolidated annual financial statements.**

Further details on the divisional long-term incentives applicable to the Group executives are disclosed below.

Westcon International Equity Appreciation Plan

The Remuneration Committee implemented an EAP for Westcon International senior management to incentivise value generation. Participants have been awarded a once-off grant of "units", whose value will be linked to the value of Westcon International; this is a notional base value which was estimated to be US$125 million (the "hurdle"). The units will not have any share rights, in particular they will not have the right to dividends or votes.

10% of the value of Westcon International above the hurdle will be paid to the EAP pool on a sale of Westcon International. Each unit will receive a *pro rata* share of the EAP pool when Westcon International is sold. For example, if Westcon International is sold for US$300 million, the EAP pool will be US$17.5 million: ((US$300 million – US$125 million) x 10%). If there are 100 000 units in issue, each unit will be worth US$175. During FY21, Datatec recapitalised Westcon International by converting $80 million of inter-company loans to equity investment. This capitalisation will be adjusted for in computing the equity appreciation for participants at the end of the EAP.

If Westcon International is not sold within five years of the start of the scheme on 1 March 2018, the business will be valued by an independent valuer at 1 March 2023 and the EAP will pay out to participants on the basis of that valuation. Such a valuation will be undertaken using a methodology which is fair and reasonable to all stakeholders including Datatec shareholders and participants in the EAP taking account of the recapitalisation noted above.

The following arrangements are in place for the Datatec Group executives:

Because the executive directors of Datatec Group have also been executives of Westcon International, they participate in the Westcon International EAP in addition to their participation in the Datatec CSP and DBP. The annual grant of Datatec CSP conditional shares for the Datatec executives who participate in the Westcon International EAP is reduced by an "equivalence" factor to avoid double participation in relation to reward opportunities.

In addition, for the Datatec executives who participate in the Westcon International EAP an adjustment of 10% carried interest (CAGR) will be added to the equity base of US$125 million. This annually increasing threshold will be used for the equivalence factor calculation above.

Further, the committee has capped the level of ultimate reward possible for the Datatec executives who participate in the Westcon International EAP. The cap is based on the pay-out which would be achieved if the Westcon International business is valued at/sold for US$400 million. The level of the cap is:

- CEO: US$6.6 million
- CFO: US$3.3 million

Datatec Group additional incentive

The CEO has an additional incentive in relation to Westcon International which will be earned if the business is sold for more than US$300 million. This additional incentive is equal to the cash value of 10 000 Westcon EAP awards with the same condition of 10% CAGR in the threshold as the other awards.

Discretion

The remuneration policy set out in this part 2 of the remuneration report sets out in detail the methodology, metrics and principles which will be used to determine the remuneration of Datatec directors and executives. It is not intended that there should be any departure from the policy in FY23.

However, the Remuneration Committee notes that exceptional circumstances can arise which make it expedient for the committee to retain the ability to exercise discretion in responding to exceptional situations. It also notes that the STI is discretionary and the Board may exercise its fiduciary duty to override the outcome of the financial and personal metrics in exceptional circumstances of malfeasance by an executive – see malus and clawback policy below.

If the committee's exercising of discretion necessitates any departure from the policy, such an occurrence would be reported in future implementation reports. Any significant changes to the policy will be undertaken only after consultation with shareholders.

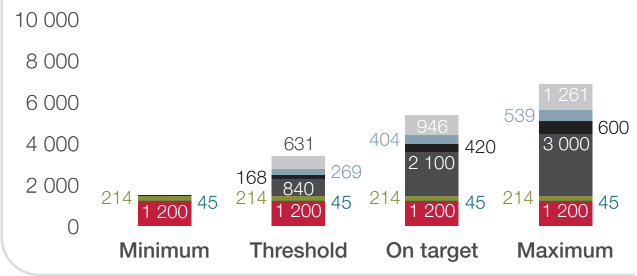
Exceptional incentive awards

In addition to the three elements of remuneration noted above (base salary, short-term and long-term incentives) the Remuneration Committee may, in highly exceptional circumstances, award bonuses to management for the successful execution of significant disposal transactions which generate exceptional value for shareholders. In such rare circumstances the committee would consult with shareholders in advance of making such awards.

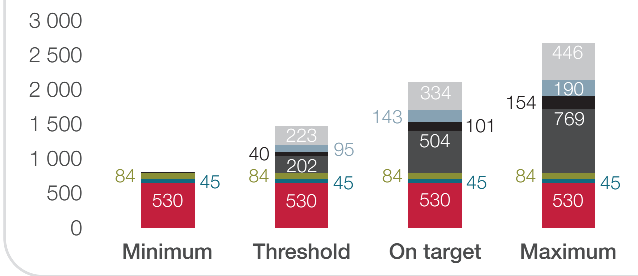
Scenario analysis

The following tables show the minimum, threshold, on target and maximum remuneration the executive directors can earn under the remuneration policy in the next financial year, FY23, compared to FY22. The actual remuneration earned in FY22 is shown in **part 3 of this report – implementation**.

CEO – FY23 (US$'000)

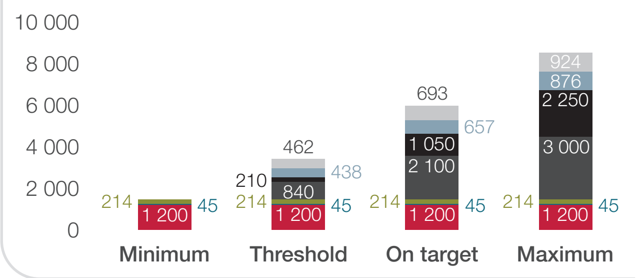


CFO – FY23 (US$'000)

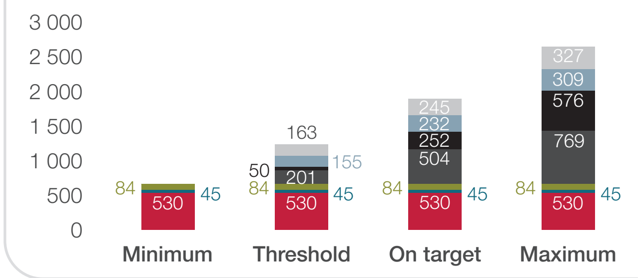


Base salary · Benefits · Pension · STI · LTI –DBW/DBP · LTI – WI-EAP · LTI – CSP

CEO – FY22 (US$'000)



CFO – FY22 (US$'000)



Base salary · Benefits · Pension · STI · LTI –DBW/DBP · LTI – WI-EAP · LTI – CSP

*Under the **minimum scenario** the executives earn only their guaranteed package of base salary, benefits and Company pension contributions. All STI metrics are assumed to be below the lower guard-rail resulting in no STI payment and consequently no DBP deferral being possible. The CSP performance conditions are assumed to have not been met, resulting in no LTI value.*

*The **threshold scenario** includes the guaranteed package plus the minimum STI which would be earned if all STI metrics were triggered at the lower guard-rail threshold and 40% of on-target bonus was earned. It assumes that 20% of the bonus would be deferred into the DBW (FY22: this assumption for the DBP was 25%) with the corporate co-investment applied. Under this scenario it is assumed that the CSP performance conditions are triggered three years after grant only at threshold level resulting in 50% vesting.*

*The **on-target scenario** assumes the achievement of STI targets and it assumes the mandatory minimum deferral of 20% of STI into the DBW (FY22: this assumption for the DBP was 50%) with the corporate co-investment applied. In addition the CSP award is assumed to vest 75% (halfway between the threshold and maximum scenarios).*

*The **maximum scenario** assumes the all STI metrics are over-achieved above the upper guard-rail resulting in the maximum STI being earned (which is 143% of the on-target STI for the CEO and 153% of the on-target STI for the CFO). This scenario also assumes the mandatory minimum deferral of 20% of STI into the DBW (FY22: this assumption for the DBP was 75%) with the corporate co-investment applied. For the CSP, the assumption is that all performance conditions are met at target level resulting in 100% vesting of the conditional share awards (there is no "over-performance" provision in the CSP).*

The mandatory minimum deferral of 20% of STI into the DBW is assumed in each scenario above (except the minimum scenario in which there is no STI). If the maximum deferral of 50% of STI were to be made into the DBW, the on-target scenario total for the CEO would increase by US$630 000 to US$5 959 000 and the on-target scenario total for the CFO would increase by US$151 000 to US$1 892 000.

It should be noted that the CSP and DBP components of the scenario analysis will only become available to the executives three and five years, respectively, after the financial year shown in the analysis. The LTI values shown in the above analysis are based on the share price at the date of grant and no discounting for the time value of money has been applied.

The annual grant of Datatec CSP conditional shares for the Datatec executives who participate in the Westcon International EAP is reduced by an "equivalence" factor to avoid "double dipping" in relation to reward opportunities. The equivalence factor was 39.2% for the May 2021 CSP grant in the FY22 figures above and 29.9% for the June 2022 CSP grant in the FY23 figures above. This reduction in the annual CSP grants is to take into account the potential benefit of the once-off Westcon International EAP grant in FY19 and consequently the potential benefit arising from the Westcon International EAP is illustrated in the above tables using the element of the CSP grant foregone by the CEO and CFO as a proxy for the notional increase in the value of the Westcon International EAP units, even though the one-off grant of Westcon International EAP units was in FY19 before the years shown in the analysis.

Shareholding guidelines

The Board has set out shareholding guidelines for executive directors whereby a shareholding with a market value of twice annual base salary should be held. The LTIs are intended to enable new executive directors to achieve this shareholding guideline over time.

Directors' service contracts

The employment contracts of executive directors are terminable at six months' notice by either party and contain contractual provisions for payment on termination covering the guaranteed package but no commitment relating to STI. The termination rules applicable to the LTIs are disclosed in the LTI section above.

All non-executive directors have letters of appointment with Datatec Limited. Under these contracts, non-executive directors retire in accordance with the MoI of the Company, which is at least every three years. Retiring directors may offer themselves for re-election.

Malus and Clawback policy

The Board instituted a malus and clawback policy with effect from 1 March 2020 which was described in the FY21 Remuneration Report. This policy was based on a trigger being a material restatement ("restatement") of the Company's financial results caused by material non-compliance with financial reporting requirements including fraud, wilful negligence and misrepresentation. As the restatement of annual financial statements is a published event, the trigger of the malus and clawback policy was seen as well-defined and the process of clawing back STI and LTI which had been based on the annual financial statements before restatement will be transparent.

The committee noted that eventualities other than those which cause a restatement of annual financial statements may also arise which could inflict reputational damage on the Company. It believes the Board's fiduciary responsibility and the committee's ability to apply discretion in exceptional circumstances will enable appropriate actions to be taken.

However, noting some concerns raised by a shareholder, the committee has decided to extend the malus and clawback policy during FY23 to cover a broader range of triggers as follows:

- Material restatement of annual financial statements (already covered in the existing policy)
- Errors in the calculation of STI or LTI (already covered but to be clarified as a separate trigger)
- Material failure of risk management
- Action or conduct of a participant which, in the reasonable opinion of the Board, amounts to serious misconduct or gross negligence
- Fraud or action or conduct of a participant which, in the reasonable opinion of the Board, amounts to serious dishonesty or breach of trust

The additional triggers are all matters which the committee believes would be the Board's fiduciary responsibility to address but incorporating them into the malus and clawback policy itself will facilitate appropriate measures to be taken in the event of the Company suffering reputational damage through the fault of executives.

External appointments of executive directors

Subject to the approval of the Board, executive directors are permitted to hold a directorship in one non-Group listed company and to retain the fees payable from such an appointment.

Non-executive directors' remuneration

The fee structure for non-executive directors, including the Chair, is recommended to the Remuneration Committee by executive management. It is periodically reviewed based on benchmarking studies prepared by external advisers using data from comparable companies and taking account of the international nature of the business.

No increase in non-executive directors' annual fees is proposed for FY23 and the fees remaining at FY22 levels will be put to shareholders for approval at the AGM on 27 July 2022. The fees for FY22 are set out in the implementation report below.

The Chair's fee covers her role on the Board and its committees and attendance at subsidiary board meetings and shareholder meetings as required. Other non-executive directors receive a fee for their Board role plus fees for membership/chairship of individual committees.

The terms and conditions of appointment of non-executive directors are available on request from the Company Secretary. Non-executive directors are not eligible to participate in the annual bonus plan or any of the Datatec share incentive schemes.

REMUNERATION REPORT CONTINUED

PART 3: REMUNERATION IMPLEMENTATION

Base pay adjustments

For FY22, the base salary for the executive directors was increased by 5% from FY21 levels after no increase in the prior year.

For FY23, the Remuneration Committee has not increased the base salary for the executive directors, keeping it at FY22 levels.

Datatec Group short-term incentives

The FY22 STI bonus structure comprised Company and individual performance targets. The outcome is set out in the table on the next page.

The committee assessed achievement against the personal KPI goals as follows:

For the CEO:
- **ESG** – during FY22, the Group appointed a Head of Responsible Business to co-ordinate the Group's activities in the area of responsible business – particularly the environmental and social aspects of ESG and to drive improvements in these areas. Great progress has already been made as reflected in the Group's Integrated Report. The committee considered that the CEO's direction and close involvement in championing responsible business merits an achievement of 11% for this KPI (target 10%)
- **Leadership (operational and organisational)** – qualitative measure assessed by the Remuneration Committee considering how the CEO has led the Group while promoting its values and Code of Conduct. This was assessed to be 6%, above the target of 5%
- **Reduce structural discount** – during FY22, Datatec announced a Strategic Review with the aim of unlocking the value perceived to be contained in the Group's assets but not recognised in the share price. The Strategic Review is progressing very well and the Company's share price grew notably during FY22. The committee considers the achievement of this metric to be 9% (target – 10%)

For the CFO:
- **ESG** – the CFO's role in ESG is primarily focused on the governance area with the committee viewing financial reporting and compliance of paramount importance. In assessing achievement of this KPI the committee noted the positive outcome of the JSE's pro-active monitoring review of the Group's FY21 annual financial statements carried out during FY22 and initiatives in financial governance led by the CFO during the year. The committee concluded an achievement of 11% for this KPI was merited (target 10%)
- **Leadership (operational and organisational)** – qualitative measure assessed by the Remuneration Committee considering how the CFO has led the finance teams across the Group while promoting its values and Code of Conduct. This was assessed to be 6% (target 5%)
- **Reduce structural discount** – the committee assessed that the CFO's inputs on the Strategic Review have been highly effective in support of the CEO and therefore the same achievement of 9% (target 10%) for this metric is merited

FY22 Bonus

1) Underlying earnings per share		US cents	Bonus	Target	Actual
Lower guard-rail	-13%	**14.0**	40%	45%	**72.0%**
On target	Budget	**16.0**	100%		
Upper guard-rail	13%	**18.0**	160%		
Actual		**18.7**	160%		

2) EBITDA		US$ million	Bonus	Target	Actual
Lower guard-rail	-13%	**140**	40%	20%	**16.7%**
Actual		**154.5**	84%		
On target	Budget	**160**	100%		
Upper guard-rail	13%	**180**	160%		

3a) Working capital – Logicalis net cash/overdraft		US$ million	Bonus	Target	Actual
Outcome		**-32**	0%	5%	**0.0%**
Lower guard-rail	-25%	**6**	40%		
On target	Target	**8**	100%		
Upper guard-rail	25%	**10**	160%		

3b) Working capital - Westcon net working capital days		Days	Bonus	Target	Actual
Lower guard-rail	10%	**21**	40%	5%	**8.0%**
On target	Target	**19**	100%		
Upper guard-rail	-10%	**17**	160%		
Outcome		**15**	160%		
Total corporate				75%	**96.7%**

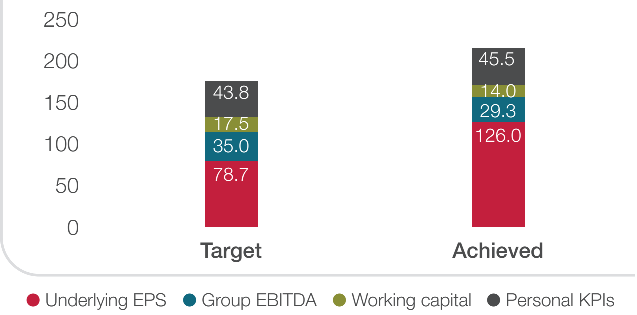
4) Personal KPIs - CEO and CFO	Target	Actual	Target	Actual
ESG	**10%**	11%	25%	**26.0%**
Leadership (operational and organisational)	**5%**	6%		
Reduce structural discount	**10%**	9%		
	25%	26%		
Total on-target bonus			100%	**122.7%**

The achievement of the targets set out below translated into the following bonus payment for FY22. The executive directors are required to defer a mandatory minimum of 20% of their FY22 bonus into the DBW (the final STI disclosed below includes the mandatory deferral percentage). See section "Deferred Bonus Plan awarded during FY22" for details.

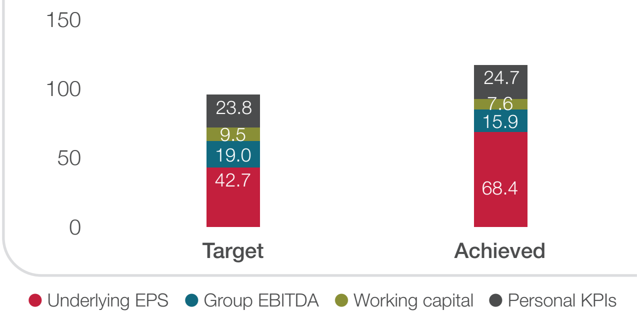
Executive director	Base salary (A)	On target bonus rate (B)	Weighted corporate score (target 75%) (C)	Weighted personal score (target 25%) (D)	Final STI (A x B x (C + D))
Jens Montanana – CEO	1 200 000	175%	96.7%	26.0%	2 577 116
Ivan Dittrich – CFO	530 000	95%	96.7%	26.0%	617 894

The targets and outcomes of the annual bonuses of the executive directors for FY22 shown as a percentage of base salary and split by the bonus elements, are illustrated below.

CEO FY23 bonus composition as a percentage of basic salary



CFO FY23 bonus composition as a percentage of basic salary



The metrics for the executive directors' STI in FY23 are set out in part 2 of this remuneration report.

Datatec Group long-term incentives awarded during FY22

Conditional Share Plan awarded during FY22

The annual grant of CSP awards was made on 1 June 2021 following approval by the Remuneration Committee. The awards will vest after three years subject to the Group meeting certain performance conditions set by the Remuneration Committee. The performance conditions used for the FY22 award are in line the policy communicated in the FY21 remuneration report, namely:

PERFORMANCE CONDITIONS AND WEIGHTING	THRESHOLD – 50% VESTING	MAXIMUM – 100% VESTING
TSR – two-thirds, calculated as follows: $CAGR(t_0, t) = (\frac{V(t)}{V(t_0)})^{\frac{1}{t-t_0}} - 1$ Where: • V(t0) is the average TSR index for the 30 trading days up to and including 25 May 2021, the date of the FY21 results announcement; • V(t) is the average TSR index for 30 trading days up to the date of the FY24 results announcement; • t0 is the start date, ie commencement of the performance period: 25 May 2021; • t is the test date, ie end of the performance period: the date of the FY24 results announcement; and • The difference between the dates is expressed in terms of years.	TSR must exceed 11.10% which was the Company's weighted average cost of capital as at 29 February 2020, as measured over a three-year performance period.	TSR must equal or exceed 13.10%, as measured over a three-year performance period.
Underlying earnings per share – one-third	uEPS must grow by the rate of US CPI inflation +2% CAGR per annum over the three-year performance period starting from the reported uEPS for FY21 of 13.6 US cents.	uEPS must grow by the rate of US CPI inflation +4% CAGR per annum over the three-year performance period starting from the reported uEPS for FY21 of 13.6 US cents.

Linear vesting applies between threshold and maximum levels.

Executive directors' CSP awards are as follows:

CSP	Grant date	At 28 February 2021	Number of awards – movement in FY22 Granted	Vested	Lapsed	Modifi-cation	At 28 Feb 2022	Fair value of awards On grant US$'000	On grant as % of base pay	On vesting US$'000	At 28 Feb 2022 US$'000	At 28 Feb 2021 US$'000
J P Montanana	01-Jun-18	1 291 148	–	(645 574)	(645 574)	–	–	2 142	150	1 317	–	1 096
	01-Jun-19	538 870	–	–	–	73 825	612 695	1 246	109		372	91
	01-Jun-20	782 719	–	–	–	107 233	889 952	1 086	95		1 442	886
	01-Jun-21	–	519 555	–	–	71 179	590 734	1 094	91		957	–
		2 612 737	519 555	(645 574)	(645 574)	252 237	2 093 381				2 771	2 073
I P Dittrich	01-Jun-18	405 066	–	(202 533)	(202 533)	–	–	672	120	413	–	344
	01-Jun-19	190 212	–	–	–	26 059	216 271	344	87		131	32
	01-Jun-20	276 286	–	–	–	37 851	314 137	383	76		509	313
	01-Jun-21	–	183 576	–	–	25 150	208 726	387	73		338	–
		871 564	183 576	(202 533)	(202 533)	89 060	739 134				978	689

The fair value of the CSP awards granted during FY22 at date of grant (1 June 2021) was R29.09 (FY21: R24.12) per award being the 30-day vwap on the day the Group's FY21 results announcement. The fair value as at 28 February 2022 is based on the 30-day vwap on 28 February 2022, R37.53 (FY21: R25.67) multiplied by an estimate of the performance conditions being achieved. The 2018 awards vested in June 2021 with 50% vesting based on the uEPS performance condition being achieved but the other 50% lapsing as the ROIC performance condition was not achieved. For the 2019 awards, the fair value at 28 February 2022 assumes that 25% of the awards will vest as the threshold for the ROIC performance condition has been met while the uEPS performance condition was not achieved. For the 2020 and 2021 awards, the fair value assumes 67% vesting of the awards, ie that the performance condition targets will only be 67% achieved. The actual value of any benefit received by the directors from these CSPs will be reported in future remuneration reports when the awards vest.

Modification to Conditional Share Plan during FY22

On 29 November 2021, Datatec paid a special dividend to shareholders. In order for the economic interest of participants in the CSP to be maintained a modification to the number of awards which were in their vesting period on the payment date of the special dividend is required. The modification involves a "factor" which is calculated as follows: X/(X-Y), where X is the share price at close the day prior to ex-div date and Y is the amount of the (cash) dividend. For the special dividend paid on 29 November 2021 the factor is 4262/(4262-512) = 1.137 and the table above shows the increase in the number of awards in accordance with this modification.

Deferred Bonus Plan awarded during FY22

Executive directors deferred part of their FY21 bonuses under the terms of the DBP in June 2021. In accordance with the policy, a co-investment equal to the amount of deferred bonus was provided by the Company and the total amount was applied to purchase Datatec shares in accordance with the policy.

Executive directors' holdings in the DBP are shown in the table below:

DBP	Bonus year	Grant date	Amount of bonus deferred %	Amount of bonus deferred US$'000	Company co-investment US$'000	Total invested in shares US$'000	Total number of shares purchased	Fair value of awards on grant US$'000	Fair value of awards at 28 Feb 22 US$'000	Fair value of awards at 28 Feb 21 US$'000
JP Montanana	FY18	Jun-18	83.3	837	837	1 674	1 000 000	1 674	N/A	1 698
	FY19	Jun-19	50.0	812	812	1 624	702 407	1 624	1 707	1 192
	FY20	Jun-20	37.3	300	300	600	432 353	600	1 050	734
	FY21	Jun-21	37.9	1 039	1 039	2 078	987 024	2 078	2 398	–
Forefeitable total at 28 February 2022							2 121 784	4 302	5 155	3 624
IP Dittrich	FY18	Jun-18	20.4	40	40	80	47 000	80	N/A	80
	FY19	Jun-19	25.0	96	96	191	82 636	191	201	140
	FY20	Jun-20	25.0	48	48	96	69 317	96	169	118
	FY21	Jun-21	33.3	225	225	450	213 778	450	519	–
Forefeitable total at 28 February 2022							365 731	737	889	338
							2 487 515	5 039	6 044	3 962

The fair value of these awards at date of grant was the share price at which the DBP shares were purchased on the dates shown in the table. The fair value as at 28 February 2022 is R37.53 (FY21: R25.67) being the 30-day vwap on 28 February 2022.

During FY22, the DBP awards from June 2018 vested at the end of the three-year employment period. These awards are not included in the fair value total at 28 February 2022 because they no longer form part of the DBP.

The DBP shares above are included in the directors' shareholdings as at 28 February 2022 disclosed later in this report.

The fair value of the Company co-investment shares purchased in relation to the DBP is shown as LTI in total remuneration for the financial year in which the bonus (STI) was earned. The DBP grant in June 2021 was the final grant under the DBP which has been discontinued and replaced by the DBW scheme.

The value of dividends directors received on their DBP shares during the vesting period was:

Dividends	**FY22 US$'000**	FY21 US$'000
JP Montanana	**464**	–
IP Dittrich	**62**	–

Deferred Bonus Warrants to be awarded during FY23 based on the FY22 short-term incentives outcomes

Executive directors have deferred part of their FY22 bonuses under the terms of the DBW. In accordance with the policy, an equal co-investment from the Company will be applied to the deferred bonus amount in the form of a grant of SARs whose expected value based on an actuarial calculation is equal to the STI deferred.

DBW	FY23 Grant date (expected)	**Amount of bonus deferred** %	**Amount of bonus deferred** US$'000	Datatec shares to be purchased US$'000	SARs to be granted US$'000	Fair value of awards on grant US$'000
JP Montanana	Jun-21	24.2	624	624	624	1 248
IP Dittrich	Jun-21	20.0	124	124	124	247

The table above shows the monetary amount of the FY22 STI deferral to be used to purchase Datatec shares and Company co-investment in a grant of SARs to be made in June 2022. The fair value of the awards on grant includes both the shares purchased by directors with part of their FY22 bonus and the Company co-investment in the form of a grant of SARs.

Directors' interests in subsidiary share schemes – awarded during FY19

The executive directors received one-off awards under the Westcon International EAP in FY19 by virtue of their leadership roles as CEO and CFO of Westcon International (in addition to their Datatec roles). The Westcon International EAP is explained in part 2 of this remuneration report. The Datatec executives who participate in the Westcon International EAP have an adjustment made to the threshold of 10% carried interest (CAGR) annually added to the equity base of $125 million and their ultimate pay-out from the plan, if any, is capped as described in the policy section above.

Westcon EAP	**Grant date (FY19)**	**Number of awards**	**Fair value of awards on grant US$'000**	**Grant fair value as % of base pay US$'000**	**Fair value of awards at 28 Feb 22 US$'000**	Fair value of awards at 28 Feb 21 US$'000
JP Montanana	14-Mar-18	30 000	–	–	**2 605**	1 625
IP Dittrich	14-Mar-18	15 000	–	–	**1 302**	812

In addition to the above, Datatec granted Mr Montanana a conditional award equivalent to 10 000 Westcon International EAP units on 14 March 2018. This award is conditional on a sale of Westcon International for $300 million or more. If that condition is met Mr Montanana will receive a cash payment from Datatec equivalent to the value of 10 000 units of the Westcon International EAP. The award will have the same adjustment made to the threshold, 10% carried interest (CAGR) annually added to the equity base of US$125 million, as the other Westcon International EAP awards provided to Datatec executives. This award had a fair value of US$868 000 as at 28 February 2022 (FY21: $750 000).

The fair value of the Westcon International EAP awards on grant was deemed to be nil because the value of Westcon International based on book value was below the equity base threshold of US$125 million. The fair value of the Westcon International EAP awards as at 28 February 2022 was determined by an actuarial calculation.

Previous Datatec Group share schemes

The previous Datatec Group share schemes, the SARS, long-term incentive plan ("LTIP") and old DBP, operated from 2005 until 2017 and thereafter they were superseded by the CSP and new DBP. Existing grants under the previous share schemes remained active for the three-year performance periods and details of the operation of the previous share schemes have been provided in past remuneration reports. The only remaining vested SARs award at 28 February 2021 was the SARs granted in May 2015 (during FY16) which had vested during FY19 and the CEO is the only director holding this award as follows:

	Number of awards – movement in FY22				Fair value of awards	
SARS	**Grant date (FY19)**	**At 28 Feb 21 US$'000**	**Modification US$'000**	**At 28 Feb 22 US$'000**	**At 28 Feb 22 US$'000**	At 28 Feb 21 US$'000
JP Montanana	14-May-15	629 000	**85 879**	**714 879**	**280**	–

The number of SARs held by each participant was modified in the same way as the CSP modification described above and the SARs strike price was reduced by the same modification factor. The fair value of the SARs as at 28 February 2022 is calculated as the amount the 30-day vwap on 28 February 2022, R37.53 exceeds the strike price of the SARs which is R31.49 after modification. At 28 February 21 the fair value was nil as the strike price exceeded the share price at that time.

Dilution attributable to Datatec Group share incentive plans

In practice, the Company has not issued new shares in settlement of share schemes in the recent past and has no intention to do so in the near future. Instead, shares for settlement of share schemes are purchased in the market.

If new shares were to be issued to settle expected vesting of outstanding CSP awards, the dilution arising would be 1.63% (FY21: 1.23%). Similarly, the settlement of outstanding SARS using a new issue of shares would cause a dilution of 0.02% (FY21: nil).

The DBP does not give rise to any dilution effect because forfeitable shares are granted to participants at the start of the holding period and settled using shares purchased in the market. However, the forfeitable shares are treated as treasury shares until vesting. The DBW will not give rise to any dilution effect because forfeitable shares are granted to participants at the start of the holding period using shares purchased in the market and the SARs co-investment, when ultimately exercised, will also use shares purchased in the market at the time.

None of the divisional share-based remuneration plans has any dilution effect as they are not settled with Datatec shares.

Shareholding guidelines

Both executive directors are compliant with the shareholding guidelines set out in the policy section at the date of this report.

Single figure remuneration of executive directors

The following tables show the composition of a single figure of remuneration for the executive directors:

		CEO		CFO	
Component		**FY22 US$'000**	FY21 US$'000	**FY22 US$'000**	FY21 US$'000
LTI	CSP	**372**	1 096	**131**	344
	DBW	**–**	–	**–**	–
	DBP	**–**	1 039	**–**	225
Total LTI		**372**	2 135	**131**	569
STI	Cash	**1 953**	1 700	**494**	450
	Deferred	**624**	1 039	**124**	225
Total STI		**2 577**	2 739	**618**	675
Pension		**214**	214	**84**	84
Benefits		**59**	55	**49**	46
Base salary		**1 200**	1 140	**530**	503
Guaranteed package		**1 473**	1 409	**663**	633
		4 422	6 283	**1 412**	1 877

CSP

The remuneration from the CSP shown for FY22 is the fair value of 25% of the award expected to vest because the ROIC for FY22 is equal to the threshold for the performance condition for half of the June 2019 CSP grant. The uEPS performance condition for the other half of the 2019 CSP grant will not be met. The CSP remuneration shown for FY21 arises from the vesting of half of the June 2018 CSP in June 2021 following achievement of the uEPS target. Fair value is calculated using the 30-day vwap of Datatec shares as at 28 February in each year.

DBW and DBP

The value of the SARs granted by the Company in respect of FY22 bonus deferred by the directors is not included in the single figure remuneration for FY22. The intrinsic value of these SARs will be reported in the single figure remuneration table for the financial year preceding their vesting. This contrasts with the presentation of the co-investment shares granted under the terms of the DBP in FY21 which are included in the single figure remuneration at their year-end value. The different treatment of the co-investment corresponds to the different nature of the co-investment financial instruments (SARs vs. shares).

STI

The STI shown above is split between the element deferred into the DBW (FY22) or DBP (FY21) and the element paid in cash after publication of the Group results.

Non-executive executive directors' remuneration

During FY22, non-executive directors received the following fees:

Role	FY22 fee US$
Chair of the Board (total fee inclusive of all committee work)	**211 640**
Senior non-executive director	**78 000**
Non-executive director	**66 860**
Chair of the Audit, Risk and Compliance Committee	**33 420**
Member of the Audit, Risk and Compliance Committee	**16 710**
Chair of the Social and Ethics Committee	**11 140**
Member of the Social and Ethics Committee	**5 570**
Chair of the Remuneration Committee	**16 710**
Member of the Remuneration Committee	**8 360**
Member of the Nominations Committee	**5 570**
Chair of Datatec Technology and Education Foundation	**12 600**

These fees were approved by shareholders at the AGM on 29 July 2021. The fees increased by 5% in FY22 having been unchanged for the previous three years. No increase is proposed for FY23 (the year ending 28 February 2023) so the fees shown above will be resubmitted to the 2022 AGM for shareholder approval.

Non-executive directors are reimbursed for travel costs necessary for attending Board meetings and do not receive any employment benefits.

Summary of directors' remuneration

The remuneration of directors serving on the Board in FY22 and FY21 is shown in the following tables:

	FY22						
	Guaranteed package						
US$'000	Basic salary	Pension	Other benefits	Fees	STI	LTI	Total
Executive directors							
JP Montanana	**1 200**	**214**	**59**	**–**	**2 577**	**372**	**4 422**
IP Dittrich	**530**	**84**	**49**	**–**	**618**	**131**	**1 412**
Total executive directors	**1 730**	**298**	**108**	**–**	**3 195**	**503**	**5 834**
Non-executive directors							
SJ Davidson	**–**	**–**	**–**	**212**	**–**	**–**	**212**
M Makanjee	**–**	**–**	**–**	**111**	**–**	**–**	**111**
JF McCartney	**–**	**–**	**–**	**72**	**–**	**–**	**72**
CRK Medlock	**–**	**–**	**–**	**84**	**–**	**–**	**84**
MJN Njeke	**–**	**–**	**–**	**114**	**–**	**–**	**114**
E Singh-Bushell	**–**	**–**	**–**	**109**	**–**	**–**	**109**
Total non-executive directors	**–**	**–**	**–**	**702**	**–**	**–**	**702**
Total directors' emoluments	**1 730**	**298**	**108**	**702**	**3 195**	**503**	**6 536**

	FY21						
	Guaranteed package						
US$'000	Basic salary	Pension	Other benefits	Fees	STI	LTI	Total
Executive directors							
JP Montanana	1 140	214	55	–	2 739	2 135	6 283
IP Dittrich	503	84	46	–	675	569	1 877
Total executive directors	1 643	298	101	–	3 414	2 704	8 160
Non-executive directors							
SJ Davidson	–	–	–	202	–	–	202
M Makanjee	–	–	–	102	–	–	102
JF McCartney	–	–	–	75	–	–	75
CRK Medlock	–	–	–	80	–	–	80
MJN Njeke	–	–	–	103	–	–	103
E Singh-Bushell	–	–	–	101	–	–	101
Total non-executive directors	–	–	–	663	–	–	663
Total directors' emoluments	1 643	298	101	663	3 414	2 704	8 823

Note: the non-executive directors' fees shown above exclude VAT.

HEALTH AND SAFETY REPORT

HEALTH AND SAFETY ("H&S") POLICY AND PROCEDURES

Datatec has a Group-wide H&S policy, which is complemented by individual policies at each subsidiary to ensure compliance with local regulations.

Management at each subsidiary is responsible for implementing and maintaining the policy throughout the organisation, and ensuring that health and safety considerations are given priority in planning and day-to-day supervision of work.

The Group CEO delegates the responsibility for maintaining a safe working environment to a Health and Safety Committee or nominated individuals at each subsidiary. Health and safety issues are collated by the committees, nominated individuals and the Group Company Secretary, who reports to the Board.

HEALTH AND WELLNESS

The approach to health and wellness is on a per region/ operation basis, in keeping with the decentralised management model of the Group. At most operations, employees are afforded health schemes with the operations contributing the entire or part of the employee membership fee.

HEALTH AND SAFETY COMMITTEES

The subsidiary health and safety committees' members are permanent, full-time employees acquainted with conditions and activities in the workplace. Each subsidiary elects its health and safety committee and will include representatives from various departments within the subsidiary.

The committees are responsible for:

- reviewing and recommending changes to the H&S policy;
- investigating any accident which may occur, with the objective of achieving a factual and honest assessment of the causes and thereby preventing recurrence;
- proactively identifying health and safety hazards in the work environment;
- reporting hazards to management;
- making recommendations to management to reduce health and safety hazards;
- keeping abreast of relevant legislation;
- creating awareness of workplace risks with employees;
- investigating complaints by employees relating to health and safety at work;
- setting goals for improving health and safety within the business;
- identifying health and safety training needs in the different areas of the business; and
- attending meetings with health and safety inspectors if required.

Employees are responsible for taking reasonable care of their own health, carrying out lawful orders in terms of health and safety, and complying with notices, instructions, hazard and warning signs. Furthermore, it is their responsibility to report any safety risk and any accident, injury or health and safety incident to the designated health and safety representative or human resources manager.

BBBEE AND TRANSFORMATION

As a South African company, Datatec is required to comply with the Codes of Good Practice on BEE issued by the Department of Trade, Industry and Competition ("the Codes"), as well as the BBBEE Act 53 of 2003 ("BBBEE Act"), amended by the BBBEE Act 46 of 2013, specifically the ICT sector codes. In this regard, the South Africa-based operations are required to comply with the Codes. In terms of section 13G(2) of the BBBEE Act, read with regulation 12(3) of the BBBEE Regulations, all public companies listed on the JSE are required to provide the BBBEE commission, on an annual basis, with a report on their compliance with BBBEE.

WestconGroup SA (Pty) Ltd, Datatec's South African operating subsidiary, has maintained its Level 1 BBBEE status under the ICT charter codes, giving its customers 135% procurement spend recognition.

Logicalis SA (Pty) Ltd, an operating subsidiary, maintained its Level 2 BBBEE status under the ICT charter codes, giving its customers 125% procurement spend recognition.

Datatec's consolidated BBBEE status, which includes the non-operating Datatec Limited head office, WestconGroup SA (Pty) Ltd and Logicalis SA (Pty) Ltd, is Level 3. Datatec takes BBBEE and transformation very seriously and will continue to comply with legislation and work on areas of improvement.

Annual BBBEE audits are performed by an accredited BBBEE verification agent. In its broadest sense, transformation is a strategic priority for the Company. Datatec is committed to BBBEE in its South African operations and transformation across all business practices and levels.

To view the WestconGroup SA (Pty) Ltd, Logicalis SA (Pty) Ltd and the consolidated Datatec scorecards, please visit Datatec's website **www.datatec.com**.

DATATEC SOCIAL INVESTMENT REPORT

The bedrock of any prosperous country comes from the quality of education it provides to its people. South Africa relies on a collective effort of private, public, and non-profit organisations ("NPOs") to ensure efforts are made to elevate the standard of education and increase access for its citizens to meet the urgent need of skills shortage and address the woes of unemployment. Datatec has been an active contributor in ensuring efforts are focused primarily on improving the quality of education and creating opportunities for those less fortunate through the Datatec Educational and Technology Foundation ("the Foundation").

OVERVIEW OF THE FOUNDATION

The Foundation funds educational organisations to improve education within underprivileged communities in South Africa, specifically in science, technology, engineering and mathematics ("STEM") subjects.

Datatec's CSI spend is directed at educational initiatives consisting of school-level intervention programmes for learners and teachers and educational bursaries. Other initiatives include providing technology infrastructure, tertiary ICT education and skills development for unemployed youth.

OUR PROGRAMMES

Kutlwanong Promaths

Kutlwanong's Promaths learner programme provides additional mathematics and science tuition to Grade 10, 11 and 12 township learners. In FY22, the Foundation supported 240 learners in Promaths' Eastern Cape Mdantsane centre. The centre supports students from rural and township schools in the area. The Foundation partnered with Promaths more than a decade ago to establish the Mdantsane centre and continues to be the principal funder for the project in this region. Promaths also focuses on upskilling teachers by providing teaching aids to help educators deliver lessons in a more engaging, memorable way. The programme's content is aligned with the National Department of Education's curriculum. Thus, learners can practice in a highly relevant, appropriate manner.

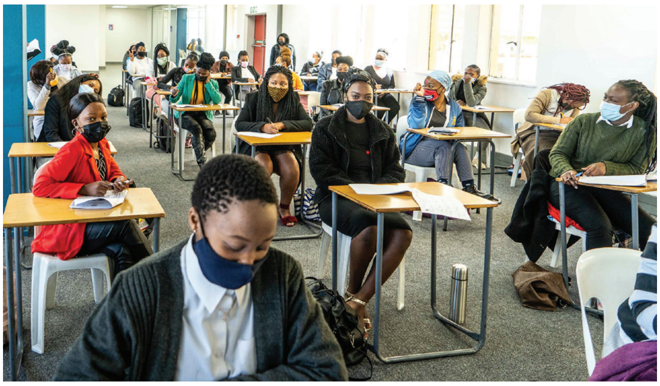
OLICO Maths Education

OLICO provides a blended use of extracurricular mathematics tutoring and custom-built online mathematics programmes for Grade 7 to 9 learners, alongside mathematics clubs aimed at primary-school learners (Grades R – 6). The mathematics clubs offer fun mathematics games and activities to build essential core number fluency and enjoyment of the subjects. The class of 2021 represents OLICO's best matric results to date with a 100% mathematics pass rate and 100% Bachelor level pass rate. OLICO is trying to grow its reach in the township and aims to increase its matric cohort to approximately 300 learners over the next two years. With the assistance of the Foundation, the computer lab of Realogile High School was expanded in FY21. The Foundation funds the programme director's annual salary and contributes to the school's mathematics programme.

Tomorrow Trust

The Tomorrow Trust is an NPO that provides integrated academic and psychosocial support to orphaned and vulnerable children. Datatec supports the Saturday and holiday school programme, which provides academic support for children from disadvantaged backgrounds. Learners receive comprehensive academic lessons in mathematics, English and natural science. Career guidance support, leadership workshops and psychosocial support are also provided. The organisation, which works in townships across Gauteng and the Western Cape, also runs the Shift Initiative, which equips learners to meet some of the challenges associated explicitly with the Fourth Industrial Revolution. These include digitised tuition in digital literacy, coding, gaming and robotics. In FY22, the Foundation supported 30 Grade 10 learners and 30 Grade 12 learners, and 100% of Datatec-supported learners achieved higher results than their peers at school in mathematics. The 2021 matric cohort achieved 27 distinctions.

Tomorrow Trust Grade 12 Learners



Maharishi campus

Maharishi Institute
The Maharishi Institute offers virtually free university access opportunities to unemployed youth, employable after completing their degree courses. Using its core ideology of consciousness-based education to develop the potential of every student, the non-profit private college and self-development organisation in Johannesburg and Cape Town provides bursaries and self-development programmes for bright, deserving youth to further their studies. The institute assists them in finding employment opportunities when they graduate. The qualifications that they offer are accredited through various SETAs in South Africa. Maharishi's online systems have been implemented for students to work seamlessly off and on campus and WiFi is accessible across the campus.

Belgium Campus iTversity
Belgium Campus is a pioneering iTversity in South Africa that helps raise the bar in private education through its graduates in the ICT industry. Courses offered include a Bachelor of Computing and a Bachelor of Information Technology. Two of the three students from previously disadvantaged communities in the Bachelor's programme funded by the Foundation have progressed to the fourth year of their studies.

The Vula Programme at Hilton College
The Vula Programme, based in KwaZulu-Natal, is a beneficiary project of the Foundation. It was established in 2001 by the Hiltonian Society, which owns Hilton College, to fund NPOs providing professional development to teachers and organisations at the secondary-school level. The programme is focused on improving results in mathematics, science and English. The programme interacts with teachers from eight of the 13 educational districts in KwaZulu-Natal to help to improve the teaching of mathematics and physical science. The Foundation sponsored 103 teachers who attended two-week workshops in the second half of 2021, while 235 teachers from previous intakes were supported and supplied with learning materials.

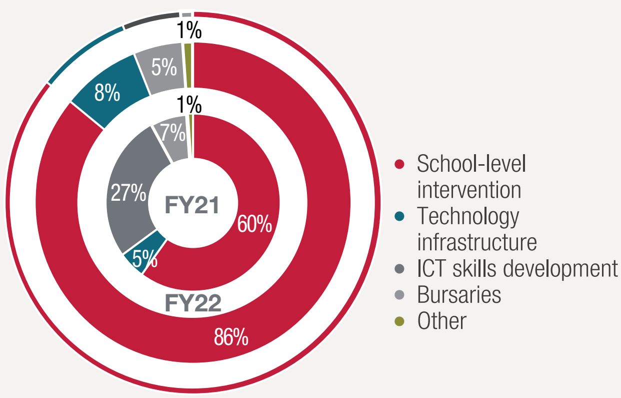
Afrika Tikkun
Afrika Tikkun aims to reduce unemployment by empowering young people in the context of family and is a well-known NPO throughout South Africa. Their focus is on education, personal development, nutrition, health, family support, skills development and work placement. Core programmes include early childhood development, child and youth development, and career development. Student programmes encompass primary health care, family support, nutrition and food, and empowerment. In FY22, 100 iPads were purchased by the Foundation to support the eLearning programme for the Youth Development Programme. The iPads were distributed across five Afrika Tikkun centres, enabling access to quality infrastructure for learners.

Educational organisations continue to use blended learning to overcome Covid-19 challenges.
Over the last two years, the Covid-19 pandemic and the strict lockdown regulations in South Africa disrupted learning from preschool to secondary school. The education sector established new policies and regulations, including academic timetable adjustments and new instructional programs. These changes to academic years have necessitated learners to stay home for extended periods or attend classes on a rotational basis. To continue to meet the demands of blended learning, the Foundation continued to fund educational organisations to integrate technology into the education space. The Foundation's beneficiary organisations continued providing teaching, development, and care that learners needed to achieve their remarkable results.

Some of the FY22 highlights:

- Kutlwanong Promaths continued to utilise online platforms adopted in FY21 to deliver blended learning
- WhatsApp hotline catered for 10 000 learners and OLICO's data costs were zero-rated with the major Telco providers
- Tomorrow Trust continued to provide their SHIFT Programme – it houses all their integrated digital programmes such as coding, robotics, digital literacy workshop, and online learning. During this period, each learner received 40GB of data to connect to online classes
- Maharishi established a Digital Youth Academy with approval for three further national SETA accreditations and 40 international certifications
- Afrika Tikkun purchased the "My Learning Hub" platform, a learner management system to offer programmes through a blended learning approach. Uploading of educational content is ongoing and continues to be adapted to incorporate a more South African curriculum. They were able to digitise content for a number of their programmes

CSI SPEND BY PROJECT TYPE



HOW EDUCATION ORGANISATIONS USED BLENDED LEARNING TO OVERCOME COVID-19 CHALLENGES

While the Covid-19 pandemic has brought many changes to the way people live, work and play, there is no question its effects have been felt most in the educational space. Severe disruptions to academic years have necessitated learners and students stay home for extended periods of time or attend classes on a rotational basis. Entire curriculums have had to be overhauled, placing extraordinary pressure on teachers and lecturers to provide learning within considerably shorter time frames.

Many have managed to achieve this by employing blended, or hybrid, learning strategies. In South Africa, hybrid learning has yielded impressive results, though its implementation has been difficult due to township and rural learners often struggling to access digital tools like in-class response systems, adaptive learning platforms, tablets, smartphones and learning analytics.

The Foundation's beneficiary organisations overcame insurmountable odds to continue providing teaching, development and care that learners needed to achieve the results they did. They were able to quickly adapt their existing models of teaching to address distance-learning needs, proving that with a small bit of assistance no child will ever have to be left behind.

Some of these beneficiaries, such as the Tomorrow Trust, had already embarked on blended learning strategies even before Covid-19. In 2019, the NPO launched its SHIFT programme, an ICT initiative to integrate blending learning into its programme. When Covid-19 hit, the Tomorrow Trust was able to adjust its schedule accordingly.

While WhatsApp classes were initially implemented, trust facilitators found that learners needed more direct learning, which resulted in the NPO sourcing and redirecting funding to purchase LTE devices and SIM cards to connect to its online courses. All learners and teachers received devices and 40GB of data to join. In 2021, once restrictions had eased, the trust introduced a blended in-person and online class model, and in 2022, this model will be more in-person focused, with one virtual touchpoint scheduled for each month.

Another Foundation beneficiary, the Vula Project, was hit hard by the pandemic. During the initial levels five and four of the lockdown, teachers were forced to stay home with no learning taking place at all. Furthermore, because the schools Vula works with often don't have electricity or reliable connectivity, online training sessions were not possible.

Support was provided to teachers in the programme via phone calls, WhatsApp and SMS. For many, it was the only support they received. Because Vula's in-person workshops were cancelled, monies could be redirected to cover cell phone and data costs and to the purchase of teaching and revision materials for mathematics and science learners. It also allowed the organisation to set up and maintain the free-to-access Moodle site containing a number of teaching resources.

Newly-acquired digital skills have enabled many teachers to explore and master content through their ability to seek out and download relevant teaching resources and materials.

As part of its blended learning strategy, Afrika Tikkun purchased a learner management system through My Learning Hub. This enabled young people, their parents and partner organisations to access learning material and content remotely. The organisation also established a digital library for young people to access books through the OverDrive platform.

All participants in the Afrika Tikkun programme have access to either desktops or tablets at its community centres on a rotational basis. Those with smartphones can also access the digital platforms through free WiFi at the centres.

Afrika Tikkun says: "Blended learning certainly improves the outcomes because learners have infinitely more material they can access, have the flexibility to log on in their own time and engage the content at their own pace. They also become more tech savvy in the process."

Another Foundation beneficiary that has been an early adopter of hybrid learning technologies is OLICO Maths Education. At the height of the Covid-19 restrictions, in-person tutoring shifted to remote support primarily through WhatsApp groups. Once face-to-face tutoring resumed, the WhatsApp support offering changed to an "on-demand" tutoring service for any Grade 7-9 learners across South Africa. In 2021, more than 10 000 learners accessed OLICO's mathematics hotline.

Through the roll-out of its programmes, OLICO has found that learners practice far more mathematics exercises online than they do with pen and paper. They will also pause, rewind and re-watch tutorial videos much more than they would ask questions in a class setting.

Finally, Foundation beneficiary Kutlwanong Promaths has yielded exceptional results thanks to its blended learning initiatives. Schooling at Promaths centres resumed in 2020 with blended teaching and learning. Learners and teachers initially had problems with adapting to this model, especially without appropriate devices like smartphones, tablets and laptops being available and poor connectivity in some areas. Training and capacity building of employees involved in operations, management and support enabled the system to function highly effectively.

The organisation is exploring ways to source tablets for learners through current and new funders. It is also looking at sourcing these devices at significantly discounted prices through engagements with technology companies.

Kutlwanong Promaths says: "The utilisation of ICTs has been a game-changer for Kutlwanong in delivering the curriculum. "Both learners and teachers in our programme feel inspired with our innovative education system, as they thought ICTs in education were only meant for those learners whose parents or guardians can afford to take them to private schools or former Model C schools. Digital learning has nurtured collaboration among the teachers and learners, and developed and broadened their horizons with utilising ICTs as a tool to support daily activities."

LOGICALIS SOCIAL INVESTMENT REPORT

Logicalis is committed to creating value in those communities in which it operates and improving the living conditions of its fellow citizens. Logicalis recognises the power and value of investing in communities, and growing STEM capabilities for women, minority groups and disadvantaged communities in all five of its operating regions.

Below are some examples of ways in which Logicalis' people across the world supported their communities through outreach and strategic education initiatives and includes plans to continue driving this work into the coming year.

NORTH AMERICA

Logicalis USA donated to 83 charities in FY22, supporting community outreach, healthcare, and education. All employees were encouraged to donate their time to their local community by allowing eight hours of paid time off annually.

LATIN AMERICA

Logicalis Brazil supported 10 young women registered for PROPROFISSÃO – class of 2021 (second semester) through the PROA Institute in FY22. In a short and intense period of six months, technical programming and socio-behavioural skills were developed; with four hours a day spent of practical, cultural and technical activities. PROA focuses on ensuring that the students secure a job after concluding the course.

Through their partnership with Cisco Brazil on the Women Rock IT programme, Logicalis Brazil sponsored girls and women in STEM, providing them access to free online courses using the Cisco Networking Academy platform and Webex. The course was delivered by professors in four stages, over approximately seven months.

Technovation Summer School for Girls

For the second time, Logicalis Brazil sponsored the Technovation Summer School for Girls, a free online event organised by University of São Paulo, allowing girls between 10 and 18 to learn how to create mobile applications with training in computing and entrepreneurship.

Since 2019, Logicalis Brazil has sponsored the "Chess for All Project" through the Chess Development Association in Brazil, a non-profit organisation whose target audience is 200 children from public schools with physical and visual disabilities, Autistic Spectrum Disorder and Down syndrome. For children with disabilities, chess practice stimulates executive functions, such as working memory, inhibitory control, and cognitive flexibility, in addition to benefiting the development and or potentiation of emotional and social skills.

EUROPE, MIDDLE EAST AND AFRICA

Logicalis UK and Ireland ("UK&I") launched the STEM ambassador programme in FY22 to create opportunities for STEM and IT professionals across the UK. Additionally, the UK&I team introduced apprenticeships across several specialisms, including digital and technology solutions, digital marketer and professional accounting technician. The team also introduced a university placement in 2021.

The Logicalis Spain team is similarly committed to creating value in those communities in which it operates, promoting the creation of local employment and improving the living conditions of its fellow citizens through local internships. Logicalis Spain has agreements with many of the most prominent universities in Spain to hire interns and promote their professional careers in the company.

Since September 2021, Logicalis Spain has been supporting students at STEM grades in universities in Catalonia who have been negatively affected by the Covid-19 pandemic (loss of family income, loss of a parent, etc.) through scholarships, with a focus on prioritising women. Apart from the scholarships, Logicalis Spain has also conducted hands-on sessions for the students, supporting them to prepare for a career in IT.

Logicalis Germany supported socially disadvantaged children in early 2022 at Die Arche, helping children through various leisure and learning activities.

Logicalis Channel Islands continues to support the Bereavement Centre in Guernsey.

Logicalis South Africa invested in communities in FY22, equipping Masigane Children's Home with a computer lab and internet capability and sponsoring Children's Home. Study bursaries were granted to 31 students in FY22, and seven learnerships and one internship were supported.

Logicalis girls in ICT day

ASIA-PACIFIC

The Logicalis Asia team have partnered with CISCO on a project called Next Horizon Community Impact, an employee engagement initiative designed to deepen community impact in education.

In FY23, Logicalis Singapore intends to become an IMDA Singapore Digital for life champion and continue their CSR collaboration with Cisco to build and inspire a better future for youth in the region. The team will also be supporting five girls in a Singaporean polytechnic to empower them to continue their journey into the technology industry.

In 2021, Packet Systems (Logicalis Indonesia) celebrated their 17th anniversary of employee engagement around charitable and community causes. In recognition of this milestone, the organisation initiated a challenge called "Colourful and Fun" to engage employees and support communities. Employees across Indonesia were challenged to get active in July, and kilometres covered or calories burned were converted into points, which translated into donations made to community causes. The total donation was distributed to four institutions: Himmata foundation and Hidayatul Wildan foundation, which provide dormitories and education for poor or homeless children; Stunting Prevention Activities managed by Rotary Club and a non-profit organisation serving oxygen tubes to communities affected by Covid-19.

The Australian CEO Sleepout aims to raise money for the homeless, with employees and the Logicalis Australia CEO participating in FY22. Together, the team raised over AU$ 4 000, in addition to a raffle to increase this donation. The Logicalis Australia team also led a flood appeal to donate items for the floods clean up in northern New South Wales and reacted to the Wesley Mission Flood.

PROA institute

WESTCON INTERNATIONAL SOCIAL INVESTMENT REPORT

Westcon International's goal is to improve education for the next generation and to support local charities in the communities that they operate in. Westcon International supports a variety of corporate and employee-led charitable initiatives, providing time and resources to improve the communities where its employees live and work. Below are some examples of the many initiatives that have been undertaken this year:

NORTH AMERICA

Westcon International North America continues to support the community by donating to local charitable non for profit organizations such as Toys for Tots and Meals on Wheels.

EUROPE

Westcon-Comstor Iberia collaborate with non-profit organisations whose primary objectives are philanthropy and social wellbeing. One of the projects helps children with health problems through a caps recycling initiative to help cover some of their needs.

The Central European region joined efforts to support the Arbeiter Samariter Bund charity to help the victims of the flooding in the West of Germany in September 2021 and together with other business partners, donated to villages heavily affected. It also helped a local school by providing poly conferencing systems and HD cameras. Comstor Berlin made donations to a Children's home Die Arche and donated 90 iPhones to the SOS Kinderdorf, a children's home.

MIDDLE EAST AND AFRICA

WestconGroup SA continues to support the JB Marks Education Trust by providing bursaries to black students who study Information Technology at tertiary institutions for the dependents of the members of the National Union of Mineworkers. It also offered a schooling assistance programme supporting the children of employees through bursaries that will fund primary and secondary education. During the KwaZulu-Natal riots in South Africa in 2021, food hampers were supplied by the South African staff to families that were impacted by this uprising.

Westcon Africa entered into a partnership with Rising Above the Storms ("RAS") a global non-profit organisation providing aid in Rwanda. RAS is dedicated to advocating for at-risk and vulnerable youth. Through this partnership the business sponsored 10 youths for their education and schooling needs for a full year. It enabled the setup of a computer lab named "Comstor and Friends E-Lab" (this was in partnership with its Business Partners in Rwanda) to introduce the disadvantaged youth to technology early in life. Westcon Africa also contributed towards the purchase of sanitary products for girl health (equivalent of one year supply).

In the UAE, toy donations were made to a children's hospital and food hampers were supplied by UAE staff to the labour camp.

ASIA

Many community service events have been held by Westcon International's teams in Asia:

In Singapore, a Westcon "Walk for Charity" was organised, not only to get fit, but to turn miles into charity. 98 participants walked along the East Coast Park/MacRitchie Nature Trail and Reservoir Park/Hort Park. US$15 405 was raised for Singapore Association for Mental Health, eligible for dollar-for-dollar donation matching grant from the Singapore Government Tote Board, a total of US$30 810.

Westcon Middle East – Children's hospital toy donation

In Malaysia, help was offered to families in need by distributing eggs to them, in the hope of enhancing the nutritional value of what they eat. In Indonesia, events were organised where employees prepared, cooked and distributed meals to low-income workers. In Thailand, money and food items were donated towards Foundation for Children.

New Zealand

During FY22, the Asia-Pacific region introduced a ‘Community Service Day’, eligible for all employees across Asia-Pacific to dedicate to their local communities, charities or not-for-profit causes. This corporate social responsibility initiative was driven out of a desire to support the rebuild of those impacted most from the Covid-19 pandemic, whilst also providing employees an opportunity to come together as a team or individuals to give back to their communities.

The New Zealand team dedicated several mornings to volunteer their community service day to ‘Eat My Lunch’, a charity to support children who go without lunches and food during school. As well as the community service day, Westcon New Zealand formed a partnership with Starship Children’s Hospital. This has helped provide the team a clear connection with an important local cause and so far, a number of fundraising events and toy collections have been carried out.

Australia

Despite the Covid-19 lockdowns, the Westcon Australia team participated in STEPtember last year. They raised over US$4 000 and stepped over 10 000 000 steps for the Cerebral Palsy Alliance.

Westcon Germany – Arche school donation

Westcon Singapore – Westcon Walk for Charity.

Westcon New Zealand – Eat my Lunch

ANALYSYS MASON SOCIAL INVESTMENT REPORT

Analysys Mason is committed to good corporate citizenship and to supporting community and charity initiatives that are relevant to its business, employees, clients and stakeholders.

For FY22, Telecoms Sans Frontières ("TSF") was Analysys Mason's corporate charity, the world's first NGO focusing on emergency-response technologies. Money was raised for TSF; this was mainly derived from completed client surveys – for every client survey completed, Analysys Mason donates £50 towards the charity. In addition, money was generated following redistribution of its social budget from across various offices.

Being a global firm, Analysys Mason supports local and international charities. It recognises that a large number of charitable organisations rely heavily upon donations from the business sector and appreciates the increasing difficulties many organisations face in raising much needed funds.

Over £10 000 has been given to other global charities. Many of these have ranged from charities that have a personal affinity to Analysys Mason's employees to international charities whose efforts are recognised world-wide. More recently it gave money to purchase an oxygen concentrator in India to help during the Covid-19 pandemic. Other activities of raising funds have been through company matching, employee referrals and internal events.

In order to support a diverse range of charities, which are important to employees, Analysys Mason matches any sponsored activities undertaken by an employee to the value of £300. As a company, Analysys Mason is committed to supporting registered charities in the communities where it operates, and it considers providing financial assistance to sporting events, education and welfare groups.

Analysys Mason values the importance of volunteering, both to the community and to employees' wellbeing. Analysys Mason is committed to actively supporting and promoting volunteering as an opportunity to contribute to the community, build and develop skills, gain knowledge and experience and to add personal value to fulfilling activities. Recent examples where Analysys Mason has provided volunteer leave includes:

- Following floods in a small village in Germany, the team in the Bonn office spent a full day cleaning up the river to support families whose houses/belongings had been destroyed by the floods
- One of Analysys Mason's colleagues in the Hong Kong office helped to distribute Boxes of Hope to children living in poverty across Asia
- A member of the Manchester office supporting local charity "Changing Lives Together" with regular volunteering at the Cheshire Food Hub, redistributing food that would otherwise go to landfill
- Due to Covid-19, only a small percentage of employees have taken up volunteer leave during FY22, however there have recently been more requests on the back of restrictions easing

Analysys Mason has an active CSR community on Yammer sharing ideas and experiences, and a core cross-office group which meets quarterly. In FY23, Analysys Mason is committed to expanding this further with the introduction of a local office champions' network, recognising that individual teams/offices will likely have varying priorities that can still be actively supporting within a global framework.

DIRECTORS' RESPONSIBILITY STATEMENT

FOR THE YEAR ENDED 28 FEBRUARY 2022

The directors are responsible for the preparation and fair presentation of the consolidated annual financial statements of Datatec Limited ("Datatec" or the "Company" or the "Group"), comprising the consolidated statement of financial position at 28 February 2022, and the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards ("IFRS") and the requirements of the South African Companies Act 71 of 2008 ("the Companies Act").

In terms of the Companies Act, the directors are required to prepare annual financial statements that fairly present the state of affairs and business of the Group at the end of the financial year and of the profit for that year. The consolidated annual financial statements for the year ended 28 February 2022 are prepared in accordance with IFRS of the International Accounting Standards Board, Interpretations issued by the IFRS Interpretations Committee, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the JSE Listings Requirements and the Companies Act and incorporate transparent and responsible disclosure together with appropriate accounting policies. These annual financial statements were compiled under the supervision of Ivan Dittrich CA(SA), the Chief Financial Officer ("CFO").

The directors are also responsible for such internal control as the directors determine is necessary to enable 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 these financial statements.

These annual financial statements have been audited in compliance with the requirements of the Companies Act. The auditor is responsible for reporting on whether the consolidated financial statements are fairly presented in accordance with the applicable financial reporting framework.

The directors have made an assessment of the ability of the Company and its subsidiaries to continue as going concerns and believe that the Group and its subsidiaries have adequate resources to continue in operation for the foreseeable future, and accordingly, these financial statements have been prepared on a going concern basis.

The directors of the Company are responsible for the controls over, and security of the website and, where applicable, for establishing and controlling the process of electronically distributing annual reports and other financial information to shareholders and to the Companies and Intellectual Property Commission.

APPROVAL OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

The consolidated annual financial statements of Datatec Limited as identified in the first paragraph were approved by the Board of directors on 23 May 2022 and signed by:

JP Montanana
Chief Executive Officer

Authorised director

IP Dittrich
Chief Financial Officer

Authorised director

CEO AND CFO RESPONSIBILITY STATEMENT

FOR THE YEAR ENDED 28 FEBRUARY 2022

The directors, whose names are stated below, hereby confirm that:

(a) the annual financial statements set out on pages 49 to 171, fairly present in all material respects the financial position, financial performance and cash flows of Datatec Group in terms of IFRS;

(b) no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading;

(c) internal financial controls are in place to ensure that material information relating to the Group has been provided to effectively prepare the financial statements of the Group; and

(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 within the combined assurance model pursuant to principle 15 of the King Code. Where we are not satisfied, we have disclosed to the audit committee and the auditors the deficiencies in design and operational effectiveness of the internal financial controls and any fraud that involves directors, and have taken the necessary remedial action.

JP Montanana
Chief Executive Officer

Authorised director

IP Dittrich
Chief Financial Officer

Authorised director

CERTIFICATE BY COMPANY SECRETARY

FOR THE YEAR ENDED 28 FEBRUARY 2022

In terms of section 88(2)(e) of the South African Companies Act 71 of 2008, I certify that for the year ended 28 February 2022. Datatec Limited has filed with the Commissioner of the CIPC all such returns as are required of a public company in terms of the Act. Further, that such returns are true, correct and up to date.

SP Morris
For and on behalf of Datatec Management Services (Pty) Ltd

Company Secretary

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF DATATEC LIMITED

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Datatec Limited (the Company) and its subsidiaries (together the Group) as at 28 February 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Companies Act of South Africa.

What we have audited

Datatec Limited's consolidated financial statements set out on pages 60 to 171 comprise:
- the consolidated statement of financial position as at 28 February 2022;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

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 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)*.

Our audit approach

Overview

Overall group materiality
- US$23 million, which represents 0.5% of consolidated revenue.

Group audit scope
- The components that are in scope include the financially significant components of the Group based on their contribution to consolidated revenue, consolidated profit before tax, consolidated earnings before interest, tax, depreciation and amortisation ("EBITDA"), consolidated assets and consolidated liabilities.
- We performed a full scope audit of the two components that were financially significant, in addition to the full scope audit of the Company. Analytical procedures were performed on remaining components based on the associated risk of the component.

Key audit matters
- Impairment assessment of goodwill arising from business combinations; and
- Accounting for revenues and the related receivables and payables under multi-year contracts.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated 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.

Overall group materiality	US$23 million.
How we determined it	0.5% of consolidated revenue.
Rationale for the materiality benchmark applied	We chose consolidated revenue, because in our view, it is the benchmark against which the performance of the Group is most commonly measured by users. Consolidated revenue is one of the key drivers of the Group's business and is one of the key performance indicators. The Group's focus is on growth which is attributable to an increase in revenue. Furthermore, consolidated profit before tax is typically volatile, whereas consolidated revenue has remained stable. We chose 0.5%, which is lower than the quantitative materiality thresholds that we would typically apply when using consolidated revenue to compute materiality. The considerations included taking cognisance of the intended users and distribution of the consolidated financial statements, as well as the financial covenants held over the Group's debt.

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 group audit scope included consideration of significant components as well as taking into consideration the sufficiency of work performed over material line items in the consolidated financial statements.

In scoping our group audit, we first determined the components that are individually financially significant to the Group, namely: Westcon International Limited and Logicalis Group Limited, both incorporated in the United Kingdom. These components were considered to be financially significant based on their contribution to consolidated revenue, consolidated profit before tax, consolidated EBITDA, consolidated assets and consolidated liabilities. We performed a full scope audit of these two components and the Company, and we performed analytical review procedures on the remaining components based on the associated risk of the component.

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 by component auditors from other PwC network firms, 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 (including their scoping considerations regarding their respective 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.

We conducted meetings with all of our significant component teams and management. During these meetings we discussed the strategy and financial performance of the local businesses, the audit plan and execution, significant risks and other relevant audit topics and the clearance of those matters at the conclusion of the component audits.

Key audit matters

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

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of goodwill arising from business combinations Due to the number of business combinations that the Group has entered into, the Group's net assets include a significant amount of goodwill at the reporting date in both the Logicalis (US$239 million) and Management Consulting (US$23 million) cash generating units (CGUs). International Accounting Standards ("IAS") 36 – *Impairment of Assets* requires management 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. To determine the recoverable amounts of the respective CGUs that goodwill has been allocated to, the Group obtains external valuations. The recoverable amount of each CGU is determined based on a fair value less cost to sell model which is prepared for each CGU separately, and is compared to values arising from a comparable company's market approach and a market transactions method to ensure the reasonableness of the recoverable amount. Based on their impairment analyses, management concluded that no impairments were required to be recognised in the current year. The impairment assessment of goodwill was considered to be a matter of most significance to the current year audit of the consolidated financial statements due to the following: • significant judgement and assumptions made by management in performing the impairment assessments, and in estimating discount rates, terminal growth rates and future cash flows; and • the magnitude of the goodwill balance in relation to the consolidated financial statements. These matters are disclosed in the following notes to the consolidated financial statements: • Group accounting policies: Critical accounting judgements and key sources of estimation – Key sources of estimation uncertainty; and • Note 7: Goodwill.	Our audit addressed the key audit matter as follows: • We obtained management's assessment of the allocation of goodwill to the respective CGUs and assessed this for appropriateness in line with our understanding of how the Group is currently managed. Based on our procedures performed, we did not identify any matter in this regard requiring further consideration. • We tested the mathematical accuracy of the valuation models used by management and found no material differences. We also assessed the appropriateness of the valuation model (discounted cash flows model) applied by management, with reference to market practice and the requirements of IAS 36. • 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 and evaluating differences noted against underlying documentation and explanations obtained from management. We noted no matter requiring further consideration in this regard. We further compared the budgets included in the business plans to the budgets approved by the Board and noted no differences. • Utilising our valuations expertise, we performed the following: – We independently calculated a range of discount rates for each CGU 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, sovereign risk premiums as well as the beta of comparable companies. Using our independently calculated discount rates for each CGU, we performed a stress test on the impairment calculations by applying our independently calculated discount rates to the CGUs to assess whether there is an impairment. No material exceptions were noted; and – We calculated the long-term growth rates consistent with publicly available information relating to long-term average growth rates for each of the markets in which the respective CGUs operate. No material exceptions were noted. • We applied the above independently sourced and calculated inputs to management's forecasts and compared management's recoverable amount of each CGU to the results of our calculations. No material differences were noted. • We further assessed the reasonableness of the discount rates, long-term growth rates and forecasted cash flows by performing a sensitivity analysis to determine the impact that a change in discount rates, long-term growth rates and forecast cash flows would have on the discounted cash flow analysis and the resultant recoverable amount. • 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 aspect which required further consideration.

Key audit matter	How our audit addressed the key audit matter
Accounting for revenues and the related receivables and payables under multi-year contracts The Group enters into multi-year contract arrangements, predominantly for the sale of software licences, software-as-a-service ("SaaS") and maintenance products which allow for periodic billing to the customer over the term of the arrangement. The terms offered to customers on these multi-year arrangements are typically billed annually and include back-to-back arrangements where the Group benefits from a similar billing profile from its vendors, as well as asynchronous arrangements. These contracts are non-cancellable by the Group or the customer other than in specific circumstances. The assessment of when revenue should be recognised in these arrangements requires considerable judgement of the individual factors. In accordance with IFRS 15 – *Revenue from Contracts with Customers*, revenue from multi-year contracts shall be recognised upon satisfaction of the performance obligation and only to the extent it is probable that the consideration to which the Group is entitled to in exchange for the goods or services will be collected. The Group has historically recognised revenue in respect of these contracts in accordance with the billing terms (i.e. one year at a time). In prior years, despite the contractual non-cancellable clause, the Group allowed annual cancellation for no compensation by customers, which indicated that enforceable rights and obligations would likely not exist for the entire stated term of the contracts. The Group's practice to accept early cancellations and obtain compensation or price concessions in return from the vendor was an indication that, in substance, the customer had an implicit termination right to cancel the contract after one year. In the current year, management has determined that sufficient evidence is available that these contracts will not be cancelled and, based on their judgement, revenue from multi-year contracts is therefore recognised at the time of initial delivery which has been determined as being the date that the Group's performance obligations under the terms of the arrangement are met. Consequently, amounts due from customers and payable to vendors have been disclosed in the statement of financial position for the remaining term of the contract as at 28 February 2022. The accounting for revenues, and the related receivables and payables under multi-year contracts was considered to be a matter of most significance to the current year audit due to the following: • the significant judgement applied by management in determining when the Group's performance obligation has been satisfied; • the significant judgement applied in determining whether it is probable that the Group is entitled the consideration due; and • the magnitude of the gross receivables and corresponding payables recognised during the year ended 28 February 2022. These matters are disclosed in the following notes to the consolidated financial statements: • Group accounting policies: Critical accounting judgements and key sources of estimation – Critical judgements in applying accounting policies; • Note 16: Trade receivables; • Note 19.1: Other non-current assets, contract assets and contract costs – Other non-current assets; and • Note 23: Trade and other payables	Our audit addressed the key audit matter as follows: • We obtained and inspected vendor agreements and purchase orders and to establish that the terms of the contract specify that these are non-cancellable. • We inspected corroborating evidence of agreements from the prior period whereby customers had cancelled their contracts, and the Group was subsequently required to pay the vendor, that evidences the Group's history of granting concessions to customers. • We inquired of management of any contract cancellations that have taken place during the year under consideration and inspection of corroborating evidence to identify whether any concessions were granted. Based on the procedures performed, we did not identify instances of management granting concessions in respect of multi-year contracts. • We obtained management's analysis of the balances recorded in respect of receivables due from customers over the remaining term of the contract, and the corresponding payable owing to vendors. We evaluated the reasonableness of the remaining amounts to be recognised by obtaining the corresponding sales order, purchase order, contract term and billing terms to recalculate the amounts included in management's analysis and noted no material exceptions. • We performed procedures over management's analysis to establish whether the contracts had been appropriately classified either as software licences, SaaS or maintenance with reference to the underlying contractual terms. We did not note any aspect which required further consideration. • Based on the classification of the type of revenue stream, we assessed whether management had appropriately recognised the revenues from these contracts based on whether the Group is an agent or principal in the transaction, and once the performance obligation had been satisfied. We noted no material exceptions in this regard.

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "*Datatec Audited Group Consolidated Annual Financial Statements for the year ended 28 February 2022*" and "*Datatec Limited Audited Annual Financial Statements for the year ended 28 February 2022*", which includes the Directors' Report, the Audit, Risk and Compliance Committee Report and the Certificate by Company Secretary as required by the Companies Act of South Africa, which we obtained prior to the date of this auditor's report, and the other sections of the document titled *"Datatec Integrated and Annual Report 2022"*, which are 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 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 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 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 financial statements

The directors are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group'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 or to cease operations, or have no realistic alternative but to do so.

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

Our objectives are to obtain reasonable assurance about whether the consolidated 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 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 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 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 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 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 to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated 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 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 Datatec Limited for two years.

PricewaterhouseCoopers I.

PricewaterhouseCoopers Inc.
Director: BW Niebuhr
Registered Auditor
Johannesburg

24 May 2022

AUDIT, RISK AND COMPLIANCE COMMITTEE REPORT

FOR THE YEAR ENDED 28 FEBRUARY 2022

The information below constitutes the report of the Audit, Risk and Compliance Committee ("ARCC" or "the committee").

The ARCC comprises three independent non-executive directors: Johnson Njeke (Chair), Ekta Singh-Bushell and Rick Medlock.

The following officers are invited to attend all meetings of the ARCC:
- Chair of the Board, Maya Makanjee
- Chief Executive Officer, Jens Montanana
- Chief Financial Officer, Ivan Dittrich
- Chief Risk Officer, Simon Morris
- Chief Audit Executive, Marcos Bedendo (internal audit)
- external audit partner

The external and internal auditors have unrestricted access to the ARCC and also meet with the committee members, without management present, at least once a year.

The committee meets at least four times a year. In the year under review and subsequently up to the date of this report, the committee has met six times, with all members in attendance. The Chair of the committee reports on the committee's activities at each Board meeting.

The committee operates within defined terms of reference as set out in its charter and the authority granted to it by the Board. The charter is reviewed annually to confirm compliance with the King IV* Code and the Companies Act and to ensure the incorporation of best practice developments.

The charter is available at **www.datatec.com.**

The committee is satisfied that it has met and complied with its legal and regulatory responsibilities for the year under review and to the date of this report with respect to its terms of reference as set out in its charter.

Each of Datatec's main operating divisions has an audit, risk and compliance committee, chaired by the Group Chief Financial Officer, Ivan Dittrich. Reports from these committees are submitted to the Datatec ARCC, which retains all the functions of an audit committee in respect of Datatec's subsidiaries.

In terms of the Companies Act and the JSE Listings Requirements, the committee has considered and satisfied itself of the appropriateness of the expertise and experience of Mr Dittrich. Further, the committee considers the appropriateness of the expertise and adequacy of resources of the Group's finance function and the experience of senior management in the finance function and the risk management organisation. For the year under review, the committee is satisfied that the Group has established appropriate financial reporting procedures and controls, and that those procedures and controls are operating effectively.

The committee is responsible for approving the external auditor's fees. It oversees the Company's policy and controls that address the provision of non-audit services by the external auditor, and the nature and extent of such services rendered during the financial year. This contributes to maintaining the external auditor's independence.

The committee reviews the activities and effectiveness of the Group's internal audit function and annually reviews the internal audit charter and recommends it to the Board. The ARCC receives reports from the Chief Audit Executive at each of its meetings and reviews the progress of the internal audit programme, results and findings from internal audit work, and actions taken by management to resolve issues in a timely manner.

The ARCC assists the Board in reviewing the risk management process and significant risks facing the Group. The committee reviews the Group's risk strategy with the executive directors and senior management and oversees the Group's use of recognised risk management and internal control models and frameworks to maintain a sound system of risk management and internal control. Combined assurance processes are in place throughout the Group to provide the committee with internal management assurance and external assurance from a range of assurance providers, including the internal auditor. The ARCC is satisfied that the appropriate processes are in place, including effective combined assurance, to enable the Board to make an objective assessment of the Group's system of internal controls and risk management.

The committee is closely involved in the JSE's proactive monitoring of annual financial statements. It reviews the annual report issued by the JSE on this subject and related information and ensures that all the comments by the JSE are taken into consideration in its review of the Group's financial information.

The committee is tasked with reviewing the interim and annual financial statements and Integrated and Annual Reports. The ARCC recommended the annual financial statements for the year ended 28 February 2022 for approval to the Board. The Board has subsequently approved the annual financial statements, which will be published on the Company's website and presented at the forthcoming AGM.

AUDIT, RISK AND COMPLIANCE COMMITTEE REPORT
FOR THE YEAR ENDED 28 FEBRUARY 2022

GOING CONCERN
The Board has satisfied itself that the Group has adequate resources to continue in operation for the foreseeable future.

Refer to the directors' report for further information on going concern for the Group.

KEY SOURCES OF ESTIMATION UNCERTAINTY
The results and statement of financial position presented in the annual financial statements point to many areas where key assumptions concerning the future, and other key areas of estimation included in the Group's annual financial statements, pose a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

These are outlined in the notes to the annual financial statements. The committee has considered in particular the qualitative and quantitative aspects of information presented in the statement of financial position and other notes that contain sources of estimation and uncertainty in the following areas:
- Estimates made in determining the recoverable amount of goodwill included in the statement of financial position. This is considered to be a key audit matter. Refer to Note 7– Goodwill for further discussion of the methodology and rationale for selecting these inputs to management's estimations
- Estimates made in determining the probability of future taxable income justifying the recognition of deferred tax assets
- Estimates in determining the expense related to cash-and-equity-settled share-based payments from the various share schemes across the Group
- Estimates made in determining the amount or timing relating to restructuring, legal claims, taxes, pension and dilapidation obligations
- Estimates made when measuring expected credit losses
- Estimates and judgements in determining uncertain tax provisions regarding the amounts that may eventually become payable. Refer to Note 29 – Contingent liabilities, guarantees and litigation
- Estimates made in determining the level of provision required for obsolete inventory

In making its assessment in each of the above areas, the committee examined the external auditor's report and questioned senior management in arriving at their conclusions.

Based on their review of the underlying issues and assumptions, the committee considers the accounting treatment for the above to be appropriate.

CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES
Agent vs principal
In the process of applying the Group's accounting policies, the directors made a judgement in determining whether the Group is acting as a principal or as an agent. When deciding the most appropriate basis for presenting revenue or related costs, both legal form and substance of the agreement between the Group and the counterparty are reviewed to determine each party's respective role in the transaction.

Multi-year contract revenue recognition
The Group enters into multi-year contract arrangements, predominantly for the sale of software licences, software-as-a-service and maintenance products which allow for periodic billing to the customer over the term of the arrangement. The terms offered to customers on these deferred billing plans include back-to-back arrangements where the Group benefits from a similar billing

profile from its vendors, as well as asynchronous arrangements. The contracts are non-cancellable by the Group or the customer other than in specific circumstances. The assessment of when revenue should be recognised in these arrangements requires considerable judgement of the individual factors.

In prior years, despite the contractual non-cancellable clause, the Group allowed annual cancellation for no compensation by customers, which indicated that enforceable rights and obligations would likely not exist for the entire stated term of the contracts. The Group's practice to accept early cancellations and obtain compensations or price concessions in return from the vendor was an indication that, in substance, the customer had an implicit termination right to cancel the contract after one year. Therefore, only one year of contact revenue at a time was recognised. In the current year, based on management's experience and decision to no longer allow cancellation, management has determined that sufficient evidence is now available, these contracts will not be cancelled. It is management's judgement that revenue is therefore recognised at the time of initial delivery which has been determined is when the Group's performance obligation under the terms of the arrangement is met. This change has been accounted for as a contract modification.

Amounts receivable for multi-year contracts and the associated accrued costs of the contract from the vendor are recorded on the statement of financial position in line with IFRS 15. The current portion of amounts receivable is included in Note 16.1 – Trade receivables and the non-current portion is included in Note 19.1 – Other non-current assets, contract assets and contract costs; while the current portion of accrued costs is included in Note 23 – Trade and other payables and the non-current portion is included in Other non-current liabilities. The amounts are recorded gross on the statement of financial position (discounted to present value where material), since the Group is contractually entitled to, and obligated for, the gross cash flows and no contractual right of set-off exists.

Judgements in determining if financial assets should be derecognised
The Group applies judgements in the determination of whether financial assets should be derecognised.

Judgement in determining the starting point of the tax rate reconciliation
The tax rate reconciliation uses the 28% South African statutory rate as a starting point. This is deemed to be a key management judgement, as described in more detail in Note 5 – Taxation.

MJ Njeke
Audit, Risk and Compliance Committee Chair

Sandton

23 May 2022

DIRECTORS' REPORT

FOR THE YEAR ENDED 28 FEBRUARY 2022

PROFILE AND GROUP STRUCTURE

Datatec is an international ICT solutions and services group operating in more than 50 countries across North America, Latin America, Europe, Africa, the Middle East and Asia-Pacific. The Group's service offering spans the technology, integration and consulting sectors of the ICT market.

Datatec operates two main divisions:

- **Technology** – Westcon International: Technology distribution of security and networking products
- **Integration and managed services** – Logicalis: ICT infrastructure solutions and services

The specialist activities of Management Consulting are included with the corporate head office functions in the "Corporate and Management Consulting" segment of the Group.

Datatec Limited (the "Company"), a South African company with registration number 1994/005004/06, is the parent company of the Group. The Company's shares are listed on the JSE Limited with share code DTC and ISIN ZAE000017745.

STATED SHARE CAPITAL

Authorised stated share capital

The authorised stated capital of the Company as at 28 February 2022 and 28 February 2021 is R4 000 000, made up of 400 000 000 ordinary shares.

Issued stated capital

As at 28 February 2022, the issued stated capital amounted to R2 169 578.74, divided into 216 957 874 ordinary shares (28 February 2021: R2 014 500, divided into 201 450 000 ordinary shares).

DIVIDEND POLICY

The Group's policy is to maintain a three times cover relative to underlying* earnings when declaring ordinary dividends.

FINAL FY22 DIVIDEND

The Board declared a final cash dividend with scrip alternative of 111 South African cents per share (approximately 7 US cents per share).

GOING CONCERN

The Board has satisfied itself that the Group has adequate resources to continue in operation for the foreseeable future.

The Group currently has no need to undertake a capital restructuring and key executive management is in place. The Board is not aware of any material non-compliance with statutory or regulatory requirements and there are no pending legal proceedings other than in the normal course of business or as disclosed as contingent liabilities in Note 29 of the consolidated annual financial statements.

Solvency

The Board has determined that the Group is solvent with net assets at 28 February 2022 of US$563.4 million (FY21: US$583.2 million) and tangible net assets of US$243.3 million (FY21: US$268.7 million). The Group is expected to remain solvent over the next 12 months.

Liquidity

Logicalis is supported by a corporate facility of US$155.0 million, covering all operations outside of Latin America, comprising a rolling credit facility to fund working capital requirements and an acquisition facility. The Latin America region is supported separately via a number of uncommitted overdraft facilities and short-term lending arrangements.

Westcon International has an invoice assignment facility of EUR390.6 million (recently increased from EUR275.0 million) for its European subsidiaries, as well as an extended payables facility of US$65.7 million. Westcon International has a securitisation facility of US$100.0 million for its Asia-Pacific facilities (up from US$80 million in the prior year). In addition, Westcon International utilises accounts receivable facilities in the Middle East (US$15.0 million) and Indonesia (US$11.0 million), as well as overdraft facilities in Europe (EUR4.0 million) and Africa (US$1.0 million), a securitisation facility in South Africa (R250.0 million) and a line of credit in Singapore (US$1.2 million) to finance the business.

The Group performed covenant projections to confirm that banking covenants are unlikely to be breached for the next 12 months.

The Group ended FY22 with net debt (US$130 million) compared to FY21 (US$61 million).

Trade receivables and inventory are of a sound quality and adequate expected credit losses have been recorded.

The Group's forecasts and projections of its current and expected financial performance show that the Group is expected to operate within the levels of its banking facilities for at least 12 months from the authorisation date of these annual financial statements.

Conclusion

The Group's projections show that the Group has sufficient capital and liquidity to continue to meet its short-term obligations, and as a result, it is appropriate to prepare these annual financial statements on a going concern basis.

INVESTMENTS AND SUBSIDIARIES

Financial information relating to the Group's investments and interests in subsidiaries is contained in Note 43 to the consolidated annual financial statements and in Note 12.

MATERIAL ACQUISITIONS

The Group made the following acquisitions during the financial year ended 28 February 2022:

Logicalis Group

On 1 March 2021, Logicalis Group's 65% held subsidiary PromonLogicalis Latin America Limited, exercised its option to acquire an additional interest of 20.1% of the issued share capital in Kumulus for US$1.2 million, bringing the effective holding in Kumulus to 50.1%. Kumulus will continue to be equity-accounted for in the Group's results because the Group does not have management control.

On 31 March 2021, Logicalis acquired 70% of the issued share capital in Áudea, a Spanish company which specialises in cyber security and data protection, governance and compliance, for a consideration of US$2.1 million cash. Áudea's cyber security capabilities are complementary to Logicalis Spain's security portfolio, creating a much broader professional and managed service offering.

On 1 June 2021, Logicalis acquired Siticom, a German company that is a leading services and solutions provider in the software-defined networking and 5G market, through a new company Logicalis Siticom GmbH. The transaction involved the acquisition of 100% of the issued share capital for a consideration of US$12.7 million followed by the immediate disposal of 29.6% of the issued share capital to two of the previous owners/managers for a consideration of US$5.4 million. There are two options for Logicalis to repurchase this non-controlling interest for an agreed amount of up to US$10.5 million over the next two years, whereafter Logicalis will own 100% of Siticom. Of this agreed amount, US$9.3 million is required to settle these options and has been placed in an escrow account that is not reflected as part of cash and cash equivalents, but included in other receivables. A potential maximum EUR1.0 million (approximately US$1.2 million) earn-out liability, subject to certain performance conditions, is included in the purchase price and payable in the financial year ended 29 February 2024. Due to these fixed priced options, Logicalis consolidated 100% of the results of Siticom for the period it was owned in FY22, and will continue to do so in the future. The total purchase price of the Siticom acquisition (including the options and earn-out liability) is up to a maximum of EUR15.0 million (approximately US$17.9 million), of which US$10.5 million is accounted for as a liability at the acquisition date and included in acquisition-related liabilities. In H2 FY22, US$5.9 million of this liability was settled.

SHARE-BASED PAYMENTS AND LONG-TERM INCENTIVE SCHEMES

Details of the Group's share-based payment schemes and long-term incentive schemes are set out in Note 2 of the consolidated annual financial statements.

EVENTS OCCURRING SUBSEQUENT TO THE YEAR-END

Acquisitions

After the reporting date, effective 30 April 2022, Access Markets International (AMI) Partners, Inc. a 100% owned subsidiary of Analysys Mason Limited acquired 100% of the membership interests in Northern Sky Research, LLC ("NSR"). NSR is based in the US and specialises in research and consulting services to the space and satellite sector.

On 1 March 2022, Logicalis acquired the remaining 30% of the issued share capital from the non-controlling interest in Logicalis Portugal, a Cisco systems integrator and managed services business in Portugal, for a deferred consideration of US$5.4 million payable in September 2022.

IFRS 5 Disposal group

Subsequent to the year-end, the Board has classified its management consultancy division, Analysys Mason, as a disposal group held for sale as the IFRS 5 criteria have been met.

Analysys Mason is included in the "Corporate and Management Consulting" segment of the Group.

The proposed sale is in terms of a process initiated by the Board pursuant to its strategic review and a transaction is expected to occur within 12 months from the date of these financial statements. Shareholders will be advised of any developments in this regard.

There were no other events that occurred subsequent to the reporting date that require disclosure or adjustment to these financial statements.

DIRECTORS

Directors' interests in the shares of the Company are provided in Note 30 to these consolidated annual financial statements. Directors' remuneration and their interests in share-based remuneration schemes are provided in Note 2 to these consolidated annual financial statements.

All directors are subject to election by shareholders at the first AGM after their appointment. Subsequently, the terms of the Company's Memorandum of Incorporation require one-third of all directors to retire annually (ensuring each director retires at least once every three years) when they may offer themselves for re-election by shareholders.

ANNUAL GENERAL MEETING

The AGM of shareholders of Datatec will be held as a virtual meeting at 14:00 South African time on Wednesday, 27 July 2022.

GROUP ACCOUNTING POLICIES

FOR THE YEAR ENDED 28 FEBRUARY 2022

BASIS OF ACCOUNTING AND REPORTING

The consolidated annual financial statements as set out on pages 58 to 171 have been prepared on the historical cost basis except for those assets and liabilities referred to that are measured at fair value. Significant details of the Group's accounting policies are set out below and are consistent with those applied in the previous year, with the exception of changes due to implementation of the new standard, as explained in the adoption of the new accounting standard below.

Accounting policies for which no choice is permitted in terms of International Financial Reporting Standards ("IFRS") have been included only if management considers that the disclosure will assist users in understanding the financial statements as a whole, after considering the materiality of the item being discussed. Accounting policies which are not applicable from time to time have been removed, but will be included if the type of transaction occurs in future or becomes material.

The consolidated annual financial statements comply with the IFRS of the International Accounting Standards Board, Interpretations issued by the IFRS Interpretations Committee, the JSE Listings Requirements, the Companies Act as well as the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council.

ADOPTION OF AMENDMENTS TO EXISTING STANDARDS AND INTERPRETATIONS

The Group adopted the following amendments to existing standards and interpretations:

Applicable standard or note	Amendment	Amendment application	Effective reporting period
IFRS 9 – *Financial Instruments*, IAS 39 – *Financial Instruments: Recognition and Measurement,* IFRS 7 – *Financial Instruments: Disclosures*, IFRS 4 – *Insurance Contracts* and IFRS 16 – *Leases*	Interest Rate Benchmark Reform — Phase 2	The amendments in Interest Rate Benchmark Reform — Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) introduce a practical expedient for modifications required by the reform, clarify that hedge accounting is not discontinued solely because of the IBOR reform, and introduce disclosures that allow users to understand the nature and extent of risks arising from the IBOR reform to which the entity is exposed to and how the entity manages those risks as well as the entity's progress in transitioning from IBORs to alternative benchmark rates, and how the entity is managing this transition.	1 January 2021
IFRS 16 – *Leases*	Covid-19-Related Rent Concessions	Amended IFRS 16 – *Leases* to provide lessees with an exemption from assessing whether a Covid-19-related rent concession is a lease modification.	1 June 2020

The application of the amendments to the existing standards and the interpretation had no material impact on the disclosures or amounts recognised in the Group's consolidated financial statements.

NEW OR REVISED ACCOUNTING STANDARDS AND AMENDMENTS TO EXISTING STANDARDS NOT YET EFFECTIVE

At the date of authorisation of these annual financial statements, the following new or revised accounting standards and amendments to existing standards applicable to the Group were in issue but not yet effective:

Applicable standard or note	Amendment	Amendment application	Effective reporting period
IAS 1 – *Presentation of Financial Statement*	Classification of Liabilities as Current or Non-current	The amendment defers the effective date of the January 2020 amendments by one year, so that entities would be required to apply the amendment for annual periods beginning on or after 1 January 2023.	1 January 2023
IAS 1 and IFRS *Practice Statement 2*	Disclosure of Accounting Policies	The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy.	1 January 2023

Applicable standard or note	Amendment	Amendment application	Effective reporting period
IAS 8 – *Accounting Policies, Changes in Accounting Estimates and Error*	Definition of Accounting Estimates	The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error.	1 January 2023
IAS 12 – *Income Taxes*	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	The amendments clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.	1 January 2023
IAS 16 – *Property, Plant and Equipment*	Proceeds before Intended Use	The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.	1 January 2022
IAS 37 – *Provisions*	Onerous Contracts – Cost of Fulfilling a Contract	The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract or an allocation of other costs that relate directly to fulfilling contracts.	1 January 2022
IFRS 1 – *First-time Adoption of IFRS*	Annual Improvements to IFRS Standards 2018 – 2020	The amendment permits a subsidiary that applies paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs.	1 January 2022
IFRS 9 – *Financial Instruments*		The amendment clarifies which fees an entity includes when it applies the '10 percent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognise a financial liability.	
IFRS 16 – *Leases*		The amendment to Illustrative Example 13 accompanying IFRS 16 removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.	
IFRS 4 – *Insurance Contracts*	Extension of the Temporary Exemption from Applying IFRS 9	The amendment changes the fixed expiry date for the temporary exemption in IFRS 4 – *Insurance Contracts* from applying IFRS 9 – *Financial Instruments*, so that entities would be required to apply IFRS 9 for annual periods beginning on or after 1 January 2023.	1 January 2023

Applicable standard or note	Amendment	Amendment application	Effective reporting period
IFRS 10 – *Consolidated Financial Statements* and IAS 28 – *Investments in Associates and Joint Ventures*	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	The Committee recommended that IAS 28 (2011) be amended so that: (a) the current requirements regarding the partial gain or loss recognition for transactions between an investor and its associate or joint venture only apply to the gain or loss resulting from the sale or contribution of assets that do not constitute a business as defined in IFRS 3 – *Business Combinations* (b) the gain or loss resulting from the sale or contribution to an associate or a joint venture of assets that constitute a business as defined in IFRS 3 is recognised in full. It was also recommended to amend IFRS 10 so that the gain or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 to an associate or joint venture is recognised only to the extent of unrelated investors' interests in the associate or joint venture.	This project has been completed.
IFRS 16 – *Leases*	Covid-19-Related Rent Concessions beyond 30 June 2021	The amendment extends, by one year, the May 2020 amendment that provides lessees with an exemption from assessing whether a Covid-19-related rent concession is a lease modification.	1 April 2021

The Group did not early adopt any new, revised or amended accounting standards or interpretations.

The accounting standards, amendments to issued accounting standards and interpretations, which are relevant to the Group but not yet effective at 28 February 2022, are being evaluated for the impact of these pronouncements. Other than IAS 12 – *Income Taxes* amendment, the accounting standards, amendments to issued standards and interpretations are not expected to have a material impact.

CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION

In the application of the Group's accounting policies described below, the directors are required to make judgements, estimates and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors which are considered to be relevant. Actual results may differ from these estimates.

The estimates and the 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 affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Certain of the Group's assets and liabilities are measured at fair value for financial reporting purposes.

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent that it is available and also engages third parties to perform valuations on its material acquisitions. Specifically, market-observable data is used for derivatives (forward-currency contracts) in the form of the latest foreign currency exchange rates that are available.

Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities is disclosed in the relevant notes.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key areas of estimation included in the Group's annual financial statements, which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year:

- Estimates made in determining the recoverable amount of goodwill included in the statement of financial position (disclosed in Note 7 – Goodwill). This requires an estimation of the recoverable amount of the cash-generating unit ("CGU") to which the goodwill is allocated. The Group's CGUs to which goodwill is allocated are consistent with the segments (disclosed in Note 37 – Segmental report) to these consolidated financial statements. The resulting recoverable amount calculations are sensitive to changes in the timing or quantum of future cash flows, the weighted average cost of capital and assumptions in determining the revenue growth rates and terminal growth rates. Changes in one or more of these inputs to management's estimations could result in the recognition of an impairment charge. Refer to Note 7 – Goodwill, for further discussion of the methodology and rationale for selecting these inputs to management's estimations.

- Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences (as applicable) to the extent that it is probable that future taxable profits will be available against which the deferred tax assets can be used. The Group is required to make significant estimates in assessing whether future taxable profits will be available. Future taxable profits are determined based on business plans for individual subsidiaries in the Group and the probable reversal of taxable temporary differences in future. 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. Such reductions are reversed when the probability of future taxable profits improves. The Group's recognised and unrecognised deferred tax assets for the current year are disclosed in Note 13 – Deferred tax assets/(liabilities).
- The Group operates in numerous tax jurisdictions and the Group's interpretations and application of the various tax rules applied in direct and indirect tax filings may result in disputes between the Group and the relevant tax authorities. Uncertain tax positions are based on the most likely outcome of the tax liability based on information that is available. Due to the level of estimation and judgements required in determining tax provisions, amounts that may eventually become payable may differ from provisions recognised. Refer to Note 29 – Contingent liabilities, guarantees and litigation.
- Estimates made in determining the level of provision required for obsolete inventory. Inventory obsolescence is determined by reference to the risk profile of a vendor which considers the age of the inventory, the ability to rotate stock, the turnover of the stock and any other extenuating circumstances that management is aware of (disclosed in Note 15 – Inventories).
- Estimates are made in determining the amount or timing relating to restructuring, legal claims, pension and dilapidation obligations. Refer to Note 26 – Provisions for uncertainties disclosed for each of the categories listed.
- The Group recognises cash- and equity-settled share-based payment expenses from its various share incentive schemes and exercises judgements when calculating these expenses. Expenses are generally based on the fair values of awards granted to employees. Fair value is measured using appropriate valuation and option pricing models, where applicable. The values assigned to the key assumptions used in the valuation models for the Group's share incentive schemes are disclosed in Note 2 – Share-based payments.
- Estimates are utilised when measuring the expected credit losses ("ECLs") which are applied to determine the provision recorded against the gross value of trade receivables (disclosed in Note 16 – Trade receivables). The Group applies the simplified approach as permitted by IFRS 9 – *Financial Instruments* when providing for expected credit losses on trade receivables and contract assets. Factors which are considered for each of the operating segments are as follows:

  – **For Logicalis:**
    – A loss allowance is recognised for all trade receivables, and is monitored at the end of each reporting period. To measure the expected credit losses, the trade receivables have been grouped based on shared credit risk characteristics into common ageing buckets. The historic loss rates are calculated for each ageing category from current to two years. The calculated historic loss rates are adjusted for identified forward-looking factors per ageing bucket for each risk category.
    – Management may make further adjustments to the ECL to consider specific event risk where there is uncertainty in respect of the model's ability to capture conditions due to inherent limitations of modelling; for example, when a trade receivable has been placed under liquidation and proceedings are at a stage that a reliable estimate of non-recoverability can be made. These specifically identified debtors are removed from the ECL buckets when modelling the remainder of the trade receivables.

  – **For Westcon International:**
    – In measuring lifetime ECLs, past experience is considered to be the most significant predictor to determine historic write-off rates for trade receivables that reach different ageing categories that fall past due. A provision is then created based on this experience being the estimated likelihood of a debt being written off once it reaches the ageing bucket.
    – For higher value receivables which are lower volume, the receivable is reviewed independently for recoverability. In making this assessment, management considers the age past due, the geography in which the customer resides, and the knowledge of the customer's situation based on the Group's discussions and dealings with particular customers. Further to the above assessments, the Group considers forward-looking information such as known changes in the macroeconomic environment of customers located in a certain geography, or the deterioration in the Group's relationship, or discussions with a particular customer.
    – For lower-value receivables which are higher volume, Westcon International applies a percentage to the ageing buckets of these receivables. These percentages are derived by comparing the amounts ultimately written off in each ageing category to the total amount of customer receivables in each ageing category. Forward-looking information is assessed and included where material.

  – **For Analysys Mason:**
    – Expected credit losses on trade receivables are determined monthly. Factors including the geography in which the customer resides, communication with the client, and any publicly available information regarding the entity are considered.

CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

Agent vs principal (net vs gross revenue)

When deciding on the most appropriate basis for presenting revenue or related costs, both the legal form and the substance of the agreement between the Group and the counterparty are reviewed to determine each party's respective role in the transaction. The Group evaluates the following control indicators, among others, when determining whether it is acting as a principal or agent in transactions with customers, and therefore whether the recording of revenue is on a gross or a 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
- the Group has discretion in establishing the price for the specified good or service
- the Group is involved in determining product or service specifications
- the Group has discretion in supplier selection

Revenue from sales arrangements where the Group acts as agent is recognised on a net basis, and the commission or gross profit earned on these contracts is recognised as revenue.

In the process of applying the Group's accounting policies, the directors have made a judgement in determining that the Group is acting as an agent in the provision of both vendor resold maintenance sales and certain sales of software, as well as of cloud and software services.

For vendor resold maintenance sales, a customer purchases a maintenance or service package from the Group that is delivered over time directly by the vendor. These service contracts are sold alongside but separately from the associated products, and the Group serves as the agent for the contract on behalf of the vendor. The Group's responsibility is to arrange for the provision of the specified service by the vendor, and the Group does not control the specified service before it is transferred to the customer. The Group therefore has no obligation to the customer in terms of the service or maintenance once the sale has been made.

The Group sells cloud computing solutions, which include Infrastructure as a Service ("IaaS") and Software as a Service ("SaaS"). These solutions utilise third-party vendors to offer the Group's customers access to cloud technology and software in the cloud that provides flexible computing and storage resources, enhances office productivity, provides security or assists in collaboration.

While most of the Group's software licence sales are recognised on a gross basis, as the Group is acting as a principal in these transactions at the point the software licence is delivered to the customer, some software licences are sold with the ability to access that vendor's latest technology via product updates. The Group evaluates each of these arrangements to determine its performance obligation and appropriate recognition of revenue. The assessment of whether the Group acts as a principal or an agent is judgemental and requires a weighting of the individual factors in reaching a conclusion. The Group deems the defining characteristic of each arrangement to be whether its material performance obligation is to deliver the solution or to arrange access to the solution.

In those arrangements where the software service is delivered entirely by the vendor, or where the updates and cloud access are critical to the effectiveness of the solution and there is no material on-premise component to the solution, the Group will recognise revenue at the time of delivery on a net basis as the Group is acting as an agent in the transaction. In all other cases, the Group is deemed to be acting as principal and revenue is recognised on a gross basis.

The Group applies judgement in determining the lease term by considering all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option and whether it is reasonably certain that options will be exercised by considering factors such as how far in the future an option occurs, the Group's business planning cycle and past history of terminating/not renewing leases. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

Multi-year contract revenue recognition

The Group enters into multi-year contract arrangements, predominantly for the sale of software licences, software-as-a-service and maintenance products which allow for periodic billing to the customer over the term of the arrangement. The terms offered to customers on these deferred billing plans include back-to-back arrangements where the Group benefits from a similar billing profile from its vendors, as well as asynchronous arrangements. The contracts are non-cancellable by the Group or the customer other than in specific circumstances. The assessment of when revenue should be recognised in these arrangements requires considerable judgement of the individual factors.

In prior years, despite the contractual non-cancellable clause, the Group allowed annual cancellation for no compensation by customers, which indicated that enforceable rights and obligations would likely not exist for the entire stated term of the contracts. The Group's practice to accept early cancellations and obtain compensations or price concessions in return from the vendor was an indication that, in substance, the customer had an implicit termination right to cancel the contract after one year. Therefore, only one year of contact revenue at a time was recognised. In the current year, based on management's experience and decision to no longer allow cancellation, management has determined that sufficient evidence is now available, these contracts will not be cancelled. It is management's judgement that revenue is therefore recognised at the time of initial delivery which has been determined is when the Group's performance obligation under the terms of the arrangement is met. This change has been accounted for as a contract modification.

Amounts receivable for multi-year contracts and the associated accrued costs of the contract from the vendor are recorded on the statement of financial position in line with IFRS 15 – *Revenue from Contracts with Customers*. The current portion of amounts receivable is included in Note 16 – Trade receivables and the non-current portion is included in Note 19.1 – Other non-current assets, contract assets and contract costs; while the current portion of accrued costs is included in Note 23 – Trade and other payables and the non-current portion is included in Other non-current liabilities. The amounts are recorded gross on the statement of financial position (discounted to present value where material), since the Group is contractually entitled to, and obligated for, the gross cash flows and no contractual right of set-off exists.

Judgements in determining if financial assets should be derecognised
The Group applies judgements in the determination of whether its financial assets should be derecognised. The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire or have been transferred and the Group has transferred substantially all the risks and rewards of ownership of the asset to another entity. Refer to the policy on Financial Instruments, c) Derecognition of financial assets for further information.

Judgement in determining the starting point of the tax rate reconciliation
The tax rate reconciliation uses the 28% South African statutory rate as a starting point. The Group operates in over 50 countries and the head office is based in South Africa. Datatec Limited is listed on the JSE and the majority of the Group's shareholders are based in South Africa. If a weighted average tax rate were to be used, the starting point would change every year, making comparability difficult. The South African statutory rate is therefore deemed to be the most appropriate starting point.

During the budget speech presented on 23 February 2022, the finance minister announced that the corporate tax rate will be reduced from 28% to 27%. Based on the assessment of the impact, the Group concluded the tax rate change to have an insignificant impact on the tax balances reported as at 28 February 2022.

Covid-19 update
On 11 March 2020, the World Health Organization officially declared the novel coronavirus, Covid-19, a pandemic. The Group has considered Covid-19 and reported on the impact thereof in the 2021 and 2022 reporting periods. With the subsequent ease of restrictions and the immaterial impact on the Group's prior reporting periods, no further Covid-19 disclosures are deemed necessary.

For the year ended 28 February 2022, we highlight the following relevant disclosures provided in the notes to the annual financial statements which include the effects of the pandemic:
- Trade receivables: Note 16 – the Group has considered the impact of Covid-19 in the calculation of the expected credit losses on trade receivables. Trade receivable collections have not been materially impacted by Covid-19 in the current financial year.
- Goodwill: Note 7, the Group has considered the impact of Covid-19 in the external valuations that have been utilised in assessing the goodwill impairments.

BASIS OF CONSOLIDATION
The Group reports in US Dollar as the US Dollar is the functional currency in which the major part of the Group's trading is conducted, and it is consistent with the economic substance of most of the Group's transaction flows worldwide. Reporting in US Dollar also simplifies financial analysis and is more meaningful to global investors and shareholders, and for international benchmarking.

The translation for the Group components where the functional currency is not US Dollar, including the holding company, is performed as follows:
(a) Assets and liabilities are translated at the closing rate ruling at the date of each statement of financial position.
(b) Income and expense items for all periods presented are translated at a weighted average rate that approximates the ruling exchange rates at the dates of the transactions.

Exchange differences arising from the translations in (a) and (b) are recognised in other comprehensive income and accumulated in the foreign currency translation reserve.

(c) The functional currency of the parent company is South African Rand. The share capital and share premium of the parent company are translated into US Dollar at the closing exchange rates.

The exchange differences arising on this translation (c) are recognised directly in equity and accumulated in non-distributable reserves.

The weighted average and closing exchange rates of the Group's material currencies are listed below:

	Average US$ exchange rates FY22	**Closing US$ exchange rates FY22**	Average US$ exchange rates FY21	Closing US$ exchange rates FY21
British Pound/US$	**1.37**	**1.33**	1.30	1.39
Euro/US$	**1.16**	**1.11**	1.16	1.21
US$/Brazilian Real	**5.37**	**5.16**	5.39	5.60
US$/Australian Dollar	**1.35**	**1.38**	1.41	1.30
US$/Singapore Dollar	**1.35**	**1.35**	1.37	1.33
US$/South African Rand	**15.01**	**15.45**	16.47	15.12

The consolidated financial statements incorporate the financial statements of the Company and all enterprises controlled by the Company during the reporting period. The assessment of whether the Group has control over the investee is carried out at acquisition or inception.

Control is achieved when the Group:
- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there may have been changes to one or more of the elements of control. Total comprehensive income of subsidiaries is attributable to the owners of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

Accounting policies of subsidiaries are consistent with the policies adopted by the Group. Subsidiaries may only have a different statutory reporting year-end if required by local regulations.

BUSINESS COMBINATIONS

The acquisition of subsidiaries is accounted for using the acquisition method.

Acquisition method

The consideration for each acquisition is measured at the aggregate of the fair values at the date of exchange of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions of recognition under IFRS 3 – *Business Combinations* are recognised at their fair values at the acquisition date. Costs associated with the acquisition are expensed, and may include such costs as advisory, legal, accounting, valuation and other professional costs associated with the transaction.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in the consolidated statement of comprehensive income.

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Non-controlling interests in the acquiree are initially measured 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, the difference between the fair value of the consideration transferred and the carrying amount of a non-controlling interest purchased or disposed of, is recorded in equity. Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity.

Changes in the Group's ownership interests in subsidiaries that do not result in variations in the Group's control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the parent. Additionally, the proportionate share of the cumulative amount of the exchange differences recognised in other comprehensive income is transferred within equity between foreign currency translation reserve and non-controlling interest.

FOREIGN CURRENCY TRANSACTIONS

The Group operates in various countries with various functional currencies. Transactions in currencies other than the functional currency are initially recorded at the rates of exchange ruling on the dates of the transactions. At each reporting date, assets and liabilities denominated in currencies other than the functional currency are translated at the rates prevailing at the reporting date. Profits and losses arising on such translations are recognised in profit or loss, except for unrealised profits or losses on exchange arising from equity loans, which are accumulated in the foreign currency translation reserve until the loan is derecognised, at which time it is reclassified to profit or loss. The equity loans are included in the net investments of foreign operations. Foreign exchange differences on taxes are accounted for in other comprehensive income in the statement of comprehensive income and included in foreign gains/losses.

Goodwill and fair value adjustments to identifiable assets acquired and liabilities assumed through acquisition of a foreign operation are treated as assets and liabilities of the foreign operation, and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

PROPERTY, PLANT AND EQUIPMENT

Owned assets

All property, plant and equipment have been measured at cost less accumulated depreciation and any recognised impairment loss except land, which is shown at cost less any recognised impairment loss. Depreciation is calculated based on cost using the straight-line method over the estimated useful lives of the assets less their residual value. Estimation of the useful economic life includes an assessment of the expected rate of technological developments and the intensity at which assets are expected to be used based on historic usage of similar property, plant and equipment. Revision of the useful life is considered annually and if there are significant changes to the initial usage assumptions.

The basis of depreciation provided on property, plant and equipment is as follows:

	Useful lives (years)
Office furniture and equipment	2 – 6
Motor vehicles	2 – 4
Computer equipment	2 – 6
Buildings	20
Leasehold improvements	Shorter of useful life/period of the lease

Land and buildings comprise mainly warehouses and offices. Software purchased to support the Group’s back office, accounting and customer relationship functions that are an integral part of the hardware, is included in computer equipment and is depreciated over its expected useful life.

All assets’ residual values and useful lives are reviewed at each reporting date and any changes to these estimates are accounted for on a prospective basis.

LEASING

Leases as a lessee

Right-of-use assets

The Group leases various property, plant and equipment. Rental contracts are typically entered into for fixed periods but may have extension options. The Group assesses whether it is reasonably certain to exercise an extension option, or not to exercise a termination option and accordingly determine the lease term. Lease terms are negotiated on an individual basis and contain a range of terms and conditions.

The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low-value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

Items of low value have been determined based on the nature of the assets. Similar items are categorised and assessed to determine whether such items are considered to be low value. Low-value items include assets such as laptops and phones. The assessment of ‘low value’ for a leased asset is to be made on the basis of the value of an asset when it is (or was) new, regardless of whether the actual asset being leased is new. Additionally, the assessment is made regardless of whether the leased asset is material to the lessee.

The right-of-use asset is measured initially at cost, and subsequently at cost less any accumulated depreciation and impairment losses. Impairment losses are determined in accordance with IAS 36 – *Impairment of Assets* (refer to impairment policy below). Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset, or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

Lease liabilities

The lease liability is measured initially at the present value of the future lease payments, discounted at the Group's incremental borrowing rate, unless the rate implicit in the lease is readily determinable. The lease liability is subsequently increased by lease finance charges and decreased by lease payments made. Lease finance charges are amortised over the duration of the underlying leases, using the effective interest method. Incremental borrowing rates have been determined based on country-specific factors, and vary across the Group.

Lease as a lessor

Amounts due from lessees under finance leases are recognised as receivables at the amount of the net investment in the lease, which is determined by discounting the gross investment in the lease at the interest rate implicit in the lease or the entities' cost of borrowing. The gross investment in the lease is the aggregate of the minimum lease payments accruing to the lessor. Finance lease income is allocated to accounting periods using the effective interest rate method.

CAPITALISED DEVELOPMENT EXPENDITURE

An intangible asset arising from internal development (or from the development phase of an internal project) is recognised only if the Group can demonstrate all of the conditions as described in IAS 38 – *Intangible Assets*.

Development expenditure is capitalised only if development costs can be measured reliably, the product of process is technically and commercially feasible, future economic benefits are probable, and the Group intends and has sufficient resources to complete the development and to use the asset. The expenditure that is capitalised includes the cost of internal and external labour charges. Expenditure that enhances or extends the performance of intangible assets beyond their original specifications is recognised as a capital improvement and is capitalised to the original cost of the assets.

Capitalised development assets are amortised using the straight-line method over their useful lives, which generally do not exceed seven years. The estimation of useful lives of capitalised development assets is based on the term of the initial software licences or expectations about the future use after considering technological developments.

All other expenditure on research activities is recognised as an expense in the period in which it is incurred.

The Group assesses whether cloud computing arrangements including software licences should be capitalised on a case-by-case basis. In circumstances where the Group does not have control over the software and therefore does not have the power to obtain the future economic benefit from the resource, the costs related to the cloud computing arrangement are expensed rather than capitalised. However, if the Group has control over the software and can obtain future economic benefits from it, then it will be capitalised, in accordance with IAS 38 – *Intangible Assets*.

OTHER INTANGIBLE ASSETS

Other intangible assets include those intangible assets acquired and identified as part of a business combination, and software acquired separately. An intangible asset acquired in a business combination is recognised separately when it meets the recognition criteria in terms of IAS 38 – *Intangible Assets*. Intangible assets acquired as part of a business combination are capitalised at fair value on acquisition date, whereas purchased intangible assets are capitalised at cost.

Other intangible assets are amortised using the straight-line method over their useful lives. Factors considered in estimating the useful life of an intangible asset include:

- legal, regulatory or contractual provisions that may limit or extend the useful life;
- the effects of obsolescence, demand, competition, and other economic factors;
- the expected useful lives of related assets;
- the expected use of the intangible asset by the Company;
- the level of maintenance expenditures expected;
- the expected retention period of customers; and
- the expected completion date of the backlog projects.

The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

	Useful lives (years)
Trademarks, marketing, customer and vendor relationships	**Maximum of 10**
Software	**2 – 6**

Intangible assets which do not meet the criteria listed above are recognised as expenses in the period in which they are incurred.

An intangible asset is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in profit or loss.

GOODWILL

Goodwill represents the excess consideration transferred for an acquisition over the fair value of the Group's share of the net identifiable assets of the acquiree at the date of acquisition. For the purpose of impairment testing, goodwill is allocated to each of the Group's CGUs expected to benefit from the synergies of the business combination and is measured and managed at an operating segment level. Goodwill is carried at cost less accumulated impairment losses.

The Group annually reviews the carrying amounts of goodwill for impairments. The recoverable amounts of the goodwill are estimated in order to determine the extent, if any, of the impairment loss. Impairment tests are conducted annually or more frequently when an indication of impairment exists on goodwill attributed to the CGUs. An impairment loss is recognised in profit or loss if the carrying amount of an asset or CGU exceeds its recoverable amount. The recoverable amount of a CGU is the higher of its value-in-use and its fair value less costs of disposal. In assessing value-in-use and fair value less costs of disposal, the estimated future cash flows associated with budgeted and forecast results are discounted to their present value using an appropriate discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining the recoverable amount of goodwill, the Group obtains external valuations to support the impairment test of the CGU. Determining whether goodwill is impaired requires an estimate of the recoverable amount of the CGUs to which goodwill has been allocated. The recoverable amount calculation requires the entity to estimate the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate present value. The impairment review is therefore conducted by reference to a discounted cash flow model applied to the underlying CGU, including the carrying value of goodwill, to ensure that the business remains profitable and cash-generative, and that it supports the ongoing recognition of the goodwill.

If the recoverable amount of the CGU is less than the CGU's carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit *pro rata*, based on the carrying amount of each asset in the unit.

INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

The results and assets and liabilities of associates and joint ventures are incorporated in the Group's financial statements using the equity method of accounting, and are recognised initially at cost.

The Group's investment in associates and joint ventures includes goodwill identified on acquisition, net of any accumulated impairment losses. The consolidated financial statements include the Group's share of post-acquisition accumulated profits or losses of associated companies and joint ventures in the carrying amount of the investments.

IMPAIRMENT

At each reporting date, or more frequently when an indication of impairment exists, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. The recoverable amount is the higher of fair value less costs to sell and value-in-use.

If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, its carrying amount is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately in profit or loss.

INVENTORIES

Inventories, comprising spares/maintenance inventory, finished goods and merchandise for resale, are measured at the lower of cost and net realisable value and are valued mainly on the weighted average cost basis.

Contract work-in-progress is recognised over time according to the percentage of work completed, which aligns to the percentage of the performance obligation performed over time as tracked by reference to the milestones for each contract.

FINANCIAL INSTRUMENTS

Financial instruments are valued at either:
- at fair value through profit and loss ("FVTPL"); or
- at amortised cost.

The Group determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Group's business model for managing financial assets and their contractual cash flow characteristics. Financial liabilities are measured at amortised cost unless they are required to be measured at FVTPL (such as derivatives).

a) Classification and measurement

Financial assets and financial liabilities are recognised when a Group entity becomes a party to the contractual provisions of the instruments, and are initially measured at fair value. In addition, for financial reporting purposes, fair value measurements are categorised into level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date
- Level 2 inputs are inputs, other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3 inputs are inputs for the asset or liability that are not based on observable market data (unobservable inputs)

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent that it is available for its level 2 financial instruments.

Foreign exchange gains and losses

- For financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the operating costs line item
- For financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the operating costs line item

Derivative instruments

The Group enters into derivative financial instruments to manage its exposure to foreign exchange rate risk and interest rate risk, including forward exchange contracts, interest rate swap agreements and foreign currency collars. Further details of derivative financial instruments are disclosed in Note 31 – Financial instruments, to the financial statements.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately, unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability. Derivatives are not offset in the financial statements unless the Group has both legal right and intention to offset. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months.

Other derivatives are presented as current assets or current liabilities.

Bonds

Bonds with a fixed maturity date are classified as financial assets at amortised cost and are measured using the effective interest method.

Trade receivables

Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective of collecting the contractual cash flows, and therefore measures them subsequently at amortised cost using the effective interest method. Details about the Group’s impairment policies and the calculation of the loss allowance are provided below.

Cash resources

Cash resources are initially measured at amortised cost. Cash resources include cash on hand, deposits held on call with banks, and other short-term highly liquid investments with original maturities of three months or less, and are measured at amortised cost using the effective interest method. Cash resources are included in cash and cash equivalents in the statement of cash flows (refer to Note 36 – Cash and cash equivalents at the end of the year).

Borrowings

Borrowings are initially recorded at fair value, net of direct issue costs, and are subsequently measured at amortised cost using the effective interest method. Finance charges, including premiums payable on settlement or redemption, are accounted for on an accrual basis and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Bank overdrafts

Bank overdrafts are initially recorded at fair value, net of direct issue costs, and are subsequently measured at amortised cost using the effective interest method and are accounted for as financial liabilities. All bank overdrafts are presented in current liabilities on the statement of financial position (refer to Note 28 – Bank overdrafts).

Cash flows on bank overdrafts repayable on demand under certain conditions are classified as financing activities in the statement of cash flows (refer to Note 36 – Cash and cash equivalents at the end of the year). Cash flows on bank overdrafts are reported on a net basis in the statement of cash flows as the receipts and payments are large amounts with quick turnover and short maturities.

Bank overdrafts that are unconditionally repayable on demand are classified as cash and cash equivalents in the statement of cash flows (refer to Note 36 – Cash and cash equivalents at the end of the year).

Trade and other payables

Trade and other payables (excluding the short-term portion of share-based payments), are recognised initially at fair value and are subsequently measured at amortised cost using the effective interest method.

Other receivables

Financial assets, other than those that are disclosed above, are measured at amortised cost using the effective interest method.

Acquisition-related liabilities

Acquisition-related liabilities represent purchase considerations owing in respect of acquisitions. The purchase considerations are to be settled with the vendors in cash or shares on achievement of agreed performance criteria. The amounts owing are interest free.

Acquisition-related liabilities are classified as financial liabilities designated at fair value through profit or loss except where the option portion is fixed, in which case they are classified as financial liabilities at amortised cost. They are classified as level 3 financial instruments, whose fair value measurements are derived from inputs that are unobservable for the liabilities. Movements are presented in the statement of comprehensive income as acquisition-related fair value adjustments. In certain business combinations, the Group also enters into fixed price options over the non-controlling interest. In accounting for these, the principles of IFRS 10 – *Consolidated Financial Statements* were deemed to take preference over those of IAS 32 – *Financial Instruments*: Presentation. The terms of the options are assessed and where it is determined that the risks and rewards associated with the ownership of the non-controlling interests' shares have been retained by the Group, the acquiree is fully consolidated (ie no non-controlling interest is recognised). Refer to Note 25 – Acquisition-related liabilities.

Equity instruments

Equity instruments issued by the Company are recorded as the proceeds are received, net of the direct issue costs. Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments. Income tax relating to transaction costs of an equity transaction is accounted for in accordance with IAS 12 – *Income Taxes*.

Interest income

Interest income mainly arises from bank and other deposits. Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost. For financial assets other than purchased or originated credit assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset.

b) Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss.

The simplified approach has been applied to trade receivables and contract assets as permitted by IFRS 9 – *Financial Instruments*, which requires expected lifetime losses to be recognised from initial recognition of trade receivables and contract assets. The Group assesses, on a forward- looking basis, the ECL, defined as the contractual cash flows and the cash flows that are expected to be received associated with its assets at amortised cost.

- During this process, the probability of the non-payment of the trade receivables is assessed.
- This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables.
- The expected credit loss model applies a percentage based on an assessment of historical default rates and certain forward-looking information, against receivables that are grouped into certain age brackets.
- In assessing the expected credit loss, the location of customers as well as their global presence is considered in the calculation. Typically, when these customers are in default it is due to disputes over the provision of a good or service, or billing technicalities, and not due to a credit risk due to an inability to settle their accounts.
- The forward-looking information that is incorporated includes:
  - emerging or anticipated changes in the macroeconomic environment where a customer is located; for example, geographies where there are sensitive fluctuations to foreign currency rates and/or where the customer debt is in a volatile currency; and
  - anticipated changes in the ownership or management of a customer which is in default, or where long-term relationships with customer management are likely to be compromised.

This method for calculating a provision is further supplemented by a specific review against higher value and aged trade receivables where there are other more specific risk factors identified from publicly available information such as insolvency proceedings. Other specific risk factors considered in this assessment are the age past due of the receivable, the probability of default by reference to past experience, the extent to which the customer is engaging in discussions to settle the debt, or conversely, whether there is an ongoing dispute as well as the macroeconomic environment of the geography/market in which the customer is located.

For trade receivables, which are reported net, such ECLs are recorded in a separate ECL account, with the profit or loss being recognised within profit from operating activities in the consolidated statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated ECL.

Factors which are considered for each of the operating segments are as follows:

- **For Logicalis:**
  - A loss allowance is recognised for all trade receivables, in accordance with IFRS 9 – *Financial Instruments*, and is monitored at the end of each reporting period. To measure the ECLs, the trade receivables have been grouped based on shared credit risk characteristics and into common ageing buckets. The historic loss rates are calculated for each ageing category from current to two years. The calculated historic loss rates are adjusted for identified forward-looking factors per ageing bucket for each risk category.
  - Management may make further adjustments to the ECL to consider specific event risk where there is uncertainty in respect of the model's ability to capture conditions due to inherent limitations of modelling; for example, when a trade receivable has been placed under liquidation and proceedings are at a stage that a reliable estimate of non-recoverability can be made. These specifically identified debtors are removed from the ECL buckets when modelling the remainder of the trade receivables.
- **For Westcon International:**
  - In measuring ECLs, past experience is considered to be the most significant predictor to determine historic write-off rates for trade receivables that reach different ageing categories that fall past due. For higher value receivables which are lower volume, the receivable is reviewed independently for recoverability. In making this assessment, management considers age past due, the geography in which the customer resides, and the knowledge of the customer's situation based on the Group's discussions and dealings with particular customers. Further to the above assessments, the Group considers forward-looking information, such as known changes in the macroeconomic environment of customers located in a certain geography or the deterioration in the Group's relationship or discussions with a particular customer.
- **For Analysys Mason:**
  - Expected credit losses on trade receivables are determined monthly. Factors including the geography in which the customer resides, communication with the client, and any publicly available information regarding the entity are considered.

Write-off policy
When the debtor is in severe financial difficulty and there is no prospect of recovering the debt, and every effort to collect a customer receivable balance has been exhausted, the balance is written off with approval required through the matrix of authorities defined by each operating segment. A write-off will only be approved if there is no realistic prospect of recovery; for example, when a customer is in liquidation or subject to bankruptcy proceedings.

c) Derecognition of financial assets
The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire or have been transferred, and the Group has transferred substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group continues to recognise the financial asset to the extent of its continuing involvement in the financial asset, and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Logicalis Group Limited enters into various invoice factoring arrangements with third-party finance houses. Where the arrangement signed with the third party is without recourse, the account receivable and related debt are derecognised.

Westcon International has a significant invoice assignment with recourse facility with a funder that provides working capital secured against the assignment of certain trade receivables to the funder. In these arrangements, the trade receivables are not derecognised because the substantial risks and rewards of ownership are retained by Westcon International. In particular, Westcon International continues to incur the risk of default and any credit losses by a customer, including the withdrawal of funding where a customer invoice falls more than 60 days past the due date. Westcon International retains the control of the customer relationship and all credit collection activity. The funder is unable to sell the receivable unilaterally. Refer to Note 24 – Short-term interest-bearing liabilities. Westcon recognises a separate financial liability on the statement of financial position for the amounts advanced by the funder, less any amounts already repaid. In the statement of cash flows, the cash receipts from customers are accounted for in operating activities and the cash flows relating to the facility are reflected in cash flows from financing activities.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

OTHER RECEIVABLES

Other receivables include prepayments, accrued income and claims/refunds due for other tax as well as rebates due (from vendors according to vendor rebate programmes). Prepayments mainly represent prepaid vendor costs on services that are recognised over time where the cost of providing the service is deferred over the same time period. Accrued income arises on certain contracts where a deferred timetable for billing a customer has been agreed. These items are all measured at amortised cost.

PROVISIONS

A restructuring provision is recognised when the Group has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring and not associated with the ongoing activities of the entity.

Provisions for dilapidations and asset retirement obligations are recognised when the Group has a present obligation to return modified or utilised assets to a specified standard. Provisions for dilapidations and asset retirement obligations are measured at the directors' best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value using the entities' cost of borrowing where the effect is material. Provisions for legal claims, VAT/sales tax, onerous contracts and other provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are not recognised for future operating losses. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

TAXATION

The tax expense in the statement of comprehensive income represents the sum of the current tax and deferred tax. Current taxation comprises tax payable calculated on the basis of the expected taxable income for the year, using the tax rates enacted or substantially enacted at the statement of financial position date, and any adjustment of tax payable for previous years.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Group's consolidated annual financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable income will be available against which deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition, other than in a business combination, of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In certain jurisdictions, goodwill relating to business combinations is tax deductible. Deferred tax liabilities for taxable temporary differences relating to goodwill are recognised to the extent they do not arise from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying value of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised, or the liability is settled, or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the reporting date. Deferred tax is charged or credited in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case the deferred tax is also dealt with in other comprehensive income or equity, respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for a business combination.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities, and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

The entity considers its leases to be a single transaction in which the asset and liability are integrally linked. Thus, in applying the requirements of IAS 12 – *Income Taxes* to assets and liabilities arising from finance leases, the entity nets the deferred tax impact of the lease asset and liability. The net deferred tax impact is shown as a movement in deferred tax assets.

REVENUE
The Group's revenues result primarily from the sale of various technology products and services.

Recognition
Revenue is recognised based on the completion of performance obligations and an assessment of when control, over the specified good or service being provided, is transferred to the customer in accordance with IFRS 15 – *Revenue from Contracts with Customers*. 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
- The customer has accepted the product or service

The Group has standard terms and conditions for customer sales that are tailored to suit individual contracts. A contract is therefore deemed to be in place upon submission of a purchase order (or evidence of buying request) from the customer. Alternatively, fulfilment of an order by the Group is deemed to represent a contract per the standard terms and conditions. The contract in place with the customer per the above will include a sales price that is fixed or readily determinable.

Products sold by the Group are delivered via shipment from the Group's facilities, drop shipment directly from the vendor, or by electronic delivery of keys for software products. In the case of drop shipments from the vendor to its customers, the Group is generally responsible for negotiating the price both with the vendor and customer, payment to the vendor, establishing payment terms with the customer, product returns, and has risk of loss if the customer does not make payment. As the principal with the customer, the Group recognises revenue upon product shipment.

Measurement
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 provides volume rebates and other discounts to certain customers which are considered variable consideration. Sales are recorded net of such discounts, rebates and returns, which historically have not been material. Tariffs are included in sales as the Group has enforceable rights to additional consideration to cover the cost of tariffs. Other taxes imposed by governmental authorities on the Group's revenue-producing activities with customers, such as sales taxes and value added taxes, are excluded from net sales.

Contracts are assessed individually to determine whether the products and services are distinct; ie 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 goods and services.

A receivable is recognised by the Group when the goods are delivered as this represents the point in time at which the right to consideration becomes unconditional, and only the passage of time is required before payment is due. Payment terms are on a customer-by-customer basis, but there are no financing components or, where there are, these are accounted for separately based on the financing component, which can be separately established. Discounts are agreed with suppliers and passed on to a client; this is treated as a reduction in both the cost of the item and, consequently, to the standalone selling price of that item.

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.

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

Revenue from product sales:
- Revenue from sales of hardware
- Revenue from sales of software
- Revenue from vendor resold services and product maintenance sales

Revenue from services:
- Revenue from professional services
- Revenue from other services

Revenue from annuity services:
- Revenue from cloud services
- Revenue from software services
- Revenue from other services

In recognising revenue, the practical expedient in IFRS 15 – *Revenue from Contracts with Customers*, paragraph 63 is applied as at inception in contracts with customers the period between the recognition of revenue and expected payment date is always less than one year.

REVENUE FROM PRODUCT SALES

Revenue from sales of hardware

Revenue is recognised at a point in time when control passes to the customer, being when the goods are delivered to the customer per the chosen shipment method.

Included in revenue from product sales is Westcon International and Logicalis Group Limited's vendor maintenance revenue. A customer purchases a maintenance or service package from Westcon International or Logicalis Group Limited that is delivered over time directly by the vendor. Westcon International and Logicalis Group Limited have no obligation to the customer in terms of the service or maintenance once the sale has been made. These revenues are recognised at a point in time, and on a net basis, as Westcon International and Logicalis Group Limited act as agents and have no further obligations to the customer once the sale has been made. The commission or gross profit earned on these sales is recognised as revenue. The maintenance package is sold alongside the hardware/software purchased by the vendor and is therefore considered as an integral part of the product.

Revenue from sales of software

Revenue from sales of software represents the resale of software licensing and SaaS related to Logicalis. The Group's performance obligation is met as the software licence(s) is passed over to the client (this may be, for instance, when licence keys are handed to the client or when a contract representing the licence is assigned dependent on the applicable deal), and as such, revenue is recognised at a point in time where the right to access the licensing product has transferred to the customer.

Revenue from vendor resold services and product maintenance sales

The Group sells maintenance contracts on behalf of its vendors which are accounted for on a net basis because the Group is acting as an agent. The commission or gross profit earned on these sales is recognised as revenue.

A maintenance package is sold alongside hardware or software products. The Group's responsibility is to arrange for the provision of the specified service by the original equipment manufacturer/vendor, and the Group does not control the specified service before it is transferred to the customer. Westcon International and Logicalis Group Limited therefore have no obligation to the customer in terms of the service or maintenance once the sale has been made and revenue is recognised at a point in time once the maintenance contract start date is initiated.

REVENUE FROM SERVICES

Revenue from professional and other services

The Group earns revenue from professional service contracts with customers. These include supply chain management, professional, education and other support services. These services are levied on a fixed fee or time and materials basis.

Support and embedded support services provide remote or on-site support to customers over a contract term which may include sparing or advanced hardware replacement. In most cases, revenue is recognised over time on a straight-line basis to represent the fulfilment of the service over the contractual period. In some cases, revenue is recognised on a milestone basis if the support contract is incident/ticket/pay-as-you-go based.

In the Management Consulting division, revenue is recognised over time where the performance obligation complies with the criteria under IFRS 15 – *Revenue from Contracts with Customers* of providing an asset with no alternative use. The revenue on the performance obligation is recognised based on the progress towards complete satisfaction of the performance obligation. Where these criteria are not met it will be recognised in time once the performance obligation has been satisfied and delivered to the customer.

For all other professional services, revenue is recognised at a point in time when the service is complete, or at multiple points in time where the service is milestone based. In these contracts, customers gain immediate use of the output of the service once the professional service has been rendered.

Where recorded revenue exceeds amounts invoiced to clients, the excess is classified as contract assets and where recorded revenue is less than the amounts invoiced to clients, the difference is classified as contract liabilities.

REVENUE FROM ANNUITY SERVICES

Revenue from cloud services

Cloud services are recognised overtime when acting as principle in a manner reflecting the delivery of the service and at a point in time when acting as an agent, depending on the nature and scope of the contract.

Revenue from software services

The Group sells cloud computing solutions that include IaaS and SaaS related to Westcon International. The Group recognises revenue for cloud computing solutions at the time of delivery, being the point in time when control passes, and on a net basis as the Group is acting as an agent in the transaction.

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, ie 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.

Revenue from other annuity services
The Group provides annuity services to perform the specified service over a specified period of time. The specified service would comprise a single series of services that are transferred to the client over the agreed period. Annuity services performed by the Group relate primarily to the provision of managed IT and cloud and in-house maintenance services, and are recognised as the customer simultaneously receives and consumes the benefit of the services provided. Annuity services are recognised over time and equally over the life of the annuity service.

Included in revenue from annuity services is Logicalis' vendor resold services as the revenue stream is directly related to the generation of recurring revenue.

Net revenue vs gross revenue recognition
Revenue from sales arrangements where the Group acts as agent (primarily vendor-provided services and maintenance agreements) is recognised on a net basis and the commission or gross profit earned on these contracts is recognised as revenue.

When deciding on the most appropriate basis for presenting revenue or related costs, both the legal form and the substance of the agreement between the Group and the counterparty are reviewed to determine each party's respective role in the transaction. Refer to critical judgements for the judgements applied in deciding whether the Group is acting as an agent or a principal.

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.

DIVIDEND INCOME
Dividend income is recognised when the right to receive payment is established and is included as part of revenue in the statement of comprehensive income.

Upon receipt of dividend income, the Group has elected to present the cash flow as part of their investing activities.

FINANCE COSTS
Finance costs include the borrowing costs on bank overdrafts and trade finance, finance leases and debt issuance costs which are recognised in profit or loss using the effective interest method.

SHARE-BASED PAYMENTS
The Group issues equity-settled and cash-settled share-based incentives to certain employees.

Equity-settled share-based payments are measured at fair value (excluding the effect of non-market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest, and adjusted for the effect of non-market-based vesting conditions. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payments reserve.

For cash-settled share-based payments, the liability for the fair value of all unexercised share rights which are expected to vest is determined initially at grant date and then revalued at each reporting date and amortised over the applicable vesting period.

Fair value is measured by independent experts using appropriate pricing models. The expected life used in the models has been adjusted, based on the directors' best estimate, for the effects of non-transferability, exercise restrictions and exercise behavioural considerations.

PENSION SCHEME ARRANGEMENTS

Certain subsidiaries of the Group make contributions to various defined contribution retirement plans on behalf of employees, in accordance with the local practice in the country of operation. These contributions are charged against profit or loss as incurred.

The Group has no liability to these defined contribution retirement plans other than the payment of its share of the contribution in terms of the agreement with the funds and employees concerned, which differs from country to country.

RELATED PARTIES

Related-party transactions constitute the transfer of resources, services or obligations between the Group and a party related to the Group, regardless of whether a price is charged. For the purposes of defining related-party transactions with key management, key management has been defined as directors and the Group's Executive Committee and includes close members of their families and entities controlled or jointly controlled by these individuals.

USE OF NON-IFRS FINANCIAL MEASURES

The Group uses certain measures to assess the financial performance of the business. Certain of these measures are termed "non-IFRS measures" because they exclude amounts that are included in, or include amounts that are excluded from, the most directly comparable measure calculated and presented in accordance with IFRS, or are calculated using financial measures that are not calculated in accordance with IFRS. These non-IFRS measures include EBITDA, underlying earnings* and underlying* earnings per share. An explanation of the relevance of each of the measures, and a reconciliation of these measures to the most directly comparable measures in prior period, is provided below and in the relevant notes.

EBITDA

The Group includes EBITDA and EBITDA margin because they are key measures that the Company's management and Board of directors use to understand and evaluate its core operating performance and trends.

EBITDA is a core metric in the annual budget; and is used to develop short and long-term operational plans.

EBITDA is defined as operating profit before finance interest, tax, depreciation and amortisation. EBITDA further excludes the following: the Group share of equity-accounted investment losses; acquisition-related fair value adjustments; other income and gains or losses on the disposal of investments.

The Group calculates EBITDA margin as EBITDA divided by total revenue. All further references made to EBITDA will be in accordance with the definition stated above.

UNDERLYING EARNINGS

In addition to the presentation of earnings per share and headline earnings per share ("HEPS") and earnings per share, the Group presents underlying* earnings per share.

Underlying earnings is calculated by excluding items from headline earnings that have attributes of either being of a non-recurring nature, volatile, having a material impact on earnings or not incurred in the ordinary course of business, which would otherwise have not been considered under IAS 33 – *Earnings per Share* or the SAICA guideline on headline earnings.

The Group believes that the use of an underlying headline earnings measure is helpful to users of financial statements and investors by providing a more meaningful measure of sustainable earnings or the quality of earnings, and thereby improves performance comparisons between different reporting periods. The methodology of determining adjustments is applied consistently over the different reporting periods. Underlying earnings are also one of the performance conditions applicable to the Group's share incentive schemes as well as short-term incentives. This is further the main driver for calculating the Group dividend.

The starting point for calculating underlying earnings is HEPS as defined by the HEPS Circular 1/2021. This circular has been early adopted by the Group. Underlying earnings then exclude impairments of goodwill and intangible assets, profit or loss on sale of investments and assets, amortisation of acquired intangible assets, unrealised foreign exchange movements, acquisition-related adjustments, fair value movements on acquisition-related financial instruments, restructuring costs relating to fundamental reorganisations, and the taxation effect on all of the aforementioned. Underlying* earnings per share is determined on the same weighted average number of shares as used in earnings per share.

The underlying earnings measure is specific to Datatec and is not required in terms of IFRS or the JSE Listings Requirements.*

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR 28 FEBRUARY 2022

	Notes	2022 US$'000	2021 US$'000
Revenue*	1	**4 636 782**	4 109 463
Cost of sales		**(3 866 386)**	(3 418 926)
Gross profit		**770 396**	690 537
Operating costs	3	**(591 400)**	(532 645)
Net impairment of financial assets	16.2	**(1 946)**	(5 389)
Restructuring costs	3	**-**	(22 378)
Share-based payments	2	**(22 517)**	(11 493)
Operating profit before interest, tax, depreciation and amortisation ("EBITDA")		**154 533**	118 632
Depreciation of property, plant and equipment	3	**(17 953)**	(19 040)
Depreciation of right-of-use assets	3	**(33 843)**	(33 537)
Amortisation of capitalised development expenditure	3	**(7 432)**	(5 471)
Amortisation of acquired intangible assets and software	3	**(13 174)**	(10 611)
Operating profit	3	**82 131**	49 973
Interest income	4	**2 271**	1 895
Finance costs	4	**(33 580)**	(27 587)
Share of equity-accounted investment (losses)/earnings	12.1	**(427)**	908
Acquisition-related fair value adjustments		**567**	-
Other (expenses)/income		**(27)**	55
Profit before taxation		**50 935**	25 244
Taxation	5	**(10 602)**	(19 540)
Profit for the year		**40 333**	5 704
OTHER COMPREHENSIVE INCOME/(LOSS)			
Items that may be reclassified subsequently to profit or loss		**(4 986)**	(6 981)
Exchange differences arising on translation to presentation currency		**(3 664)**	(6 395)
Translation of equity loans		**(872)**	(493)
Tax on translation of equity loans		**245**	138
Transfers and other items		**(695)**	(231)
Total comprehensive income/(loss) for the year		**35 347**	(1 277)
Profit attributable to:			
Owners of the parent		**33 902**	2 601
Non-controlling interests		**6 431**	3 103
		40 333	5 704
Total comprehensive income/(loss) attributable to:			
Owners of the parent		**25 249**	7 840
Non-controlling interests		**10 098**	(9 117)
		35 347	(1 277)
EARNINGS PER SHARE (US CENTS)			
Basic	6.3	**16.7**	1.3
Diluted	6.4	**16.2**	1.3

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 28 FEBRUARY 2022

	Notes	2022 US$'000	2021 US$'000
ASSETS			
Non-current assets		**613 155**	554 690
Goodwill	7	**262 606**	255 536
Property, plant and equipment	8	**32 517**	39 987
Right-of-use assets	9	**80 639**	94 837
Capitalised development expenditure	10.1	**29 351**	25 040
Acquired intangible assets and software	10.2	**28 132**	33 910
Investments	12	**13 454**	13 086
Deferred tax assets	13	**69 951**	55 837
Finance lease receivables	14	**20 573**	28 448
Other non-current assets, contract assets and contract costs	19	**75 932**	8 009
Current assets		**2 399 078**	2 242 568
Inventories	15	**309 227**	242 005
Trade receivables	16	**1 223 824**	1 108 105
Prepaid expenses	17	**168 068**	165 716
Other receivables	18	**55 067**	52 258
Contract assets and contract costs	19	**156 058**	154 289
Current tax assets	33	**23 030**	20 769
Finance lease receivables	14	**9 878**	10 794
Cash resources	36	**453 926**	488 632
Total assets		**3 012 233**	2 797 258
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent		**563 430**	583 156
Stated capital	20	**148 859**	115 410
Non-distributable reserves		**105 628**	101 271
Foreign currency translation reserve		**(138 306)**	(129 332)
Share-based payments reserve		**9 465**	10 114
Distributable reserves		**437 784**	485 693
Non-controlling interests		**67 516**	57 465
Total equity		**630 946**	640 621
Non-current liabilities		**229 112**	176 624
Long-term interest-bearing liabilities	21	**56 440**	42 371
Lease liabilities	22	**61 523**	77 847
Liability for share-based payments		**7 676**	7 812
Acquisition-related liabilities*	25	**4 056**	40
Deferred tax liabilities	13	**28 096**	26 149
Deferred revenue	27	**21 464**	10 942
Provisions	26	**8 913**	11 463
Other liabilities	19	**40 944**	-
Current liabilities		**2 152 175**	1 980 013
Trade and other payables	23	**1 526 163**	1 385 208
Short-term interest-bearing liabilities	24	**266 617**	261 460
Lease liabilities	22	**32 870**	36 398
Deferred revenue	27	**134 638**	132 244
Provisions	26	**7 254**	14 110
Acquisition-related liabilities*	25	**39**	2 580
Current tax liabilities	33	**18 035**	16 596
Bank overdrafts	28	**166 559**	131 417
Total equity and liabilities		**3 012 233**	2 797 258

* *Acquisition-related liabilities were previously named "Amounts owing to vendors".*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR 28 FEBRUARY 2022

	Stated capital US$'000	Foreign currency translation reserve US$'000
Balance at 1 March 2020	113 123	(134 802)
Total comprehensive income/(loss) recognised for the year	–	5 470
Profit attributable to the owners of the parent	–	–
Profit attributable to the non-controlling interests	–	–
Translation of equity loans	–	(493)
Tax on translation of equity loans	–	138
Exchange differences arising on translation to presentation currency	–	5 825
Transfers and other items	–	–
Translation of stated capital**	854	–
Share-based payments	2 230	–
Deferred bonus plan shares ("DBP")*** (refer to Note 20)	(797)	–
Dividend to non-controlling interests	–	–
Acquisition of subsidiary	–	–
Net movement in minority shareholding	–	–
Charge for equity settled share-based payments	–	–
Balance at 1 March 2021	**115 410**	**(129 332)**
Total comprehensive (loss)/income recognised for the year	**–**	**(8 974)**
Profit attributable to the owners of the parent	**–**	**–**
Profit attributable to the non-controlling interests	**–**	**–**
Translation of equity loans	**–**	**(2 918)**
Tax on translation of equity loans	**–**	**818**
Exchange differences arising on translation to presentation currency	**–**	**(6 874)**
Transfers and other items	**–**	**–**
Translation of stated capital**	**(4 071)**	**–**
Acquisitions of subsidiaries	**–**	**–**
DBP shares*** (refer to Note 20)	**(2 805)**	**–**
DBS shares*** vested during the year (refer to Note 20)	**1 830**	**–**
Treasury shares purchased (refer to Note 20)	**(4 279)**	**–**
Share-based payments	**2 914**	**–**
Dividend to non-controlling interests	**–**	**–**
Dividend to shareholders*	**39 860**	**–**
Increase in minority shareholding	**–**	**–**
Charge and settlement for equity settled share-based payments	**–**	**–**
Balance at 28 February 2022	**148 859**	**(138 306)**

** *Non-distributable reserves relate to the translation of stated capital of the parent company and reserves recognised in the recording of changes in holdings of subsidiaries.*

Foreign currency translation reserve includes the translation of subsidiaries and the parent company into presentation currency.

Transactions in FY22

There were 549 867 treasury shares held by the Company as 28 February 2022 (FY21: zero treasury shares). Refer to Note 20 for a reconciliation of the number of shares.

****During FY22, 1.3 million shares (FY21: 0.6 million shares) to the value of US$2.8 million (FY21: US$0.8 million) were purchased as treasury shares and issued to the DBP scheme participants (refer to Note 2). During FY22, 1.1 million shares to the value of US$1.8 million vested (FY21: zero DBP shares vested). DBP shares are considered to be treasury shares for the Group and are added back to the Group's stated capital until the vesting conditions are met.*

In FY22, there were no share repurchases (FY21: no share repurchases).

Share issue expenses for the year amounted to US$0.4 million in FY22. These were accounted for in equity and are reflected as part of the US$39.9 million.

Non-distributable reserves US$'000	Share-based payments reserve US$'000	Distributable reserves US$'000	Equity attributable to equity holders of the parent US$'000	Non-controlling interests US$'000	Total equity US$'000
101 861	9 041	483 092	572 315	70 778	643 093
51	(282)	2 601	7 840	(9 117)	(1 277)
–	–	2 601	2 601	–	2 601
–	–	–	–	3 103	3 103
–	–	–	(493)	–	(493)
–	–	–	138	–	138
–	–	–	5 825	(12 220)	(6 395)
51	(282)	–	(231)	–	(231)
(854)	–	–	–	–	–
–	(2 951)	–	(721)	–	(721)
–	–	–	(797)	–	(797)
–	–	–	–	(4 905)	(4 905)
–	–	–	–	1 623	1 623
213	–	–	213	(914)	(701)
–	4 306	–	4 306	–	4 306
101 271	**10 114**	**485 693**	**583 156**	**57 465**	**640 621**
(407)	**(457)**	**35 087**	**25 249**	**10 098**	**35 347**
–	**–**	**33 902**	**33 902**	**–**	**33 902**
–	**–**	**–**	**–**	**6 431**	**6 431**
–	**–**	**2 046**	**(872)**	**–**	**(872)**
–	**–**	**(573)**	**245**	**–**	**245**
–	**(457)**	**–**	**(7 331)**	**3 667**	**(3 664)**
(407)	**–**	**(288)**	**(695)**	**–**	**(695)**
4 071	**–**	**–**	**–**	**–**	**–**
–	**–**	**–**	**–**	**412**	**412**
–	**–**	**–**	**(2 805)**	**–**	**(2 805)**
–	**(1 772)**	**–**	**58**	**–**	**58**
–	**–**	**–**	**(4 279)**	**–**	**(4 279)**
–	**(2 648)**	**–**	**266**	**–**	**266**
–	**–**	**–**	**–**	**(1 708)**	**(1 708)**
–	**–**	**(82 996)**	**(43 136)**	**–**	**(43 136)**
693	**–**	**–**	**693**	**1 249**	**1 942**
–	**4 228**	**–**	**4 228**	**–**	**4 228**
105 628	**9 465**	**437 784**	**563 430**	**67 516**	**630 946**

*** Dividends paid to shareholders in FY22.**

During FY22 the Board declared a final FY21 dividend of 100 ZAR cents to shareholders in the form of a cash dividend with scrip distribution alternative.

The result of the shareholder election was that 1 728 104 fully paid new ordinary shares were issued to shareholders who did not elect to receive the cash dividend. A total cash dividend of US$10.4 million has been paid to shareholders who retained the default cash dividend. The total distribution to shareholders was US$14.0 million of which the scrip portion was US$3.6 million.

During FY22, the Board declared a special dividend of 512 ZAR cents to shareholders in the form of a cash dividend with scrip distribution alternative.

The result of the shareholder election was that 13 779 770 fully paid new ordinary shares were issued to shareholders who did not elect to receive the cash dividend. A total cash dividend of US$32.7 million has been paid to shareholders who retained the default cash dividend. The total distribution to shareholders was US$69.0 million of which the scrip portion was US$36.3 million.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 28 FEBRUARY 2022

	Notes	2022 US$'000	2021 US$'000
Cash flow from operating activities			
Cash generated from operations	32	**96 712**	234 351
Interest income		**2 263**	1 779
Finance costs+/~		**(33 528)**	(27 524)
Taxation paid	33	**(26 282)**	(36 597)
Net cash inflow from operating activities		**39 165**	172 009
Cash flow from investing activities			
Cash outflow for acquisitions	38	**(6 610)**	(5 536)
Settlement of Siticom acquisition-related option	38	**(5 853)**	–
Settlement of acquisition-related liabilities	25	**(1 962)**	–
Outflow of restricted cash	38	**(8 709)**	–
Inflow of restricted cash	38	**5 767**	–
Loan to associate		**(1 000)**	–
Disposal of investments	12.1	**1 943**	–
Disposal of investments (Angola government bonds)	12.2	**–**	5 842
Dividends received from investments	12.1	**225**	–
Additions to equity-accounted investments	12.1	**(1 123)**	(1 202)
Additions to property, plant and equipment	34	**(11 084)**	(17 817)
Additions to capitalised development expenditure	10.1	**(11 701)**	(10 945)
Additions to software	10.2	**(2 056)**	(6 383)
Proceeds on disposal of property, plant and equipment and software		**572**	1 842
Net cash outflow from investing activities		**(41 591)**	(34 199)
Cash flow from financing activities			
Dividend paid to shareholders		**(43 136)**	–
Increase in minority shareholding		**–**	370
Settlement of treasury shares purchased	20	**(6 150)**	(2 808)
Dividends paid to non-controlling interests		**(1 708)**	(4 905)
Settlement of acquisition-related liabilities	25	**–**	(3 130)
Repayment of lease liability – principal	35.2	**(36 121)**	(56 549)
Overdrafts repayable on demand under certain conditions ~	35.2	**7 082**	(109 667)
Proceeds from short-term liabilities	35.2	**42 647**	218 210
Repayment of short-term liabilities	35.2	**(28 609)**	(49 992)
Proceeds from long-term liabilities	35.2	**84 882**	50 832
Repayment of long-term liabilities	35.2	**(82 564)**	(27 416)
Net cash (outflow)/inflow from financing activities		**(63 677)**	14 945
Net (decrease)/increase in cash and cash equivalents		**(66 103)**	152 755
Cash and cash equivalents at the beginning of the year		**478 772**	332 304
Translation differences on cash and cash equivalents	35.1	**3 304**	(6 287)
Cash and cash equivalents at the end of the year	36	**415 973**	478 772

+ *Finance costs includes US$5.3 million (FY21: US$4.9 million) of finance costs related to finance leases that are included in cash flows from operating activities. Refer to Note 4.*

~ *Finance costs include US$12.8 million (FY21: US$13.5 million) interest on bank overdrafts repayable on demand under certain conditions. These finance costs are included in cash flows from operating activities.*

NOTES TO THE GROUP CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 28 FEBRUARY 2022

	2022 US$'000	2021 Restated US$'000
1. REVENUE		
Revenue from product sales	**3 819 538**	3 349 534
Revenue from sales of hardware	**2 363 055**	2 162 937
Revenue from sales of software*	**1 388 188**	1 116 372
Revenue from vendor resold services and product maintenance sales	**68 295**	70 225
Timing of revenue from product sales	**3 819 538**	3 349 534
At a point in time	**3 819 538**	3 349 534
Revenue from services	**381 295**	342 830
Revenue from professional services	**381 295**	342 830
Timing of revenue from services	**381 295**	342 830
At a point in time	**706**	1 560
Over time	**380 589**	341 270
Revenue from annuity services	**435 949**	417 099
Revenue from cloud services	**47 588**	47 653
Revenue from software services*	**10 268**	8 695
Revenue from other annuity services	**378 093**	360 751
Timing of revenue from annuity services	**435 949**	417 099
At a point in time	**39 309**	46 271
Over time	**396 640**	370 828
	4 636 782	4 109 463

* *Includes software as a service revenues.*

The revenue categories above are consistent with the revenue information presented in the segmental report in Note 37.

2. SHARE-BASED PAYMENTS

Long-term incentives comprise share-based remuneration plans with performance targets. Two share-settled Group plans are used, namely:

- conditional share plan ("CSP") – a performance share plan; and
- deferred bonus plan ("DBP") – a portion of the bonus is deferred and the Company contributes a co-investment. Both of these components are in the form of shares which are forfeitable.

A number of cash-settled share-based remuneration plans are operated in divisions. These are explained below.

Group plans – structural overview

	Deferred Bonus Plan	Conditional Share Plan
Instrument	The deferred short-term incentive ("STI") (deferred shares) and the Company co-investment shares are awarded as restricted shares with voting and dividend rights.	Conditional rights to shares subject to performance vesting conditions.
Eligibility	Executive directors (CEO and CFO) and two senior Group executives, provided the minimum STI levels are achieved as indicated above.	Executive directors and Group executives and staff.

2. SHARE-BASED PAYMENTS (continued)

	Deferred Bonus Plan	Conditional Share Plan
Allocation levels	The minimum participation level for executives in the DBP is on a sliding scale with a 20% mandatory investment between 50% of target and on-target bonus and 33% for above on-target bonus. The maximum proportion of annual bonus which participants may defer into the DBP is 75%.	The quantum of awards is based on annual base salary and the face value of awards which is the current Datatec share price (using a 30-day volume-weighted average price) as follows: • CEO – 150% x base salary; • CFO – 120% x base salary; and • Datatec Group executives and staff – range from 100% to 50% of base salary. The number of awards granted to participants who also participate in the Westcon International Equity Appreciation Plan ("EAP") is scaled down to avoid "double dipping".
Vesting period	Three years.	Three years.
Additional holding period	For the STI and co-investment share elements, a holding period of two additional years follows the vesting period of three years.	
Performance period	One year, aligned with the STI performance as explained above.	Three years.
Performance conditions	No prospective performance conditions apply, but performance is an entry qualification requirement.	Performance conditions apply to the grants and the conditional awards are held for a performance period of three years. At the end of the three-year performance period the performance conditions are tested and if met, awards vest on a sliding scale between 50% at threshold and 100% at the upper target.
Plan and individual limits	The maximum number of co-investment shares which can be delivered to any individual participant in the DBP is 1.6 million shares. The maximum number of new shares which can be issued to participants to settle obligations under the DBP is 3.2 million shares.	The maximum number of shares which can be delivered to any individual participant in the CSP is 3.7 million shares. The maximum number of new shares which can be issued to participants to settle obligations under the CSP is 7.4 million shares.
Termination of employment provisions	If an executive director resigns from the Company or is terminated for fault, eg dismissal on grounds of misconduct, proven poor performance, dishonest or fraudulent conduct ("bad leaver"), all unvested and unexercised long-term incentive ("LTI") awards are forfeited. This includes shares in the DBP (both the employee's deferred STI element and the co-investment from the Company) within the three-year vesting period (DBP). In addition, such executives will be required to repay all dividends (pre-tax value) earned from the award date under the DBP (bonus shares and deferred shares). If termination is at the Company's instigation and not for fault ("good leaver"), the executive will retain a portion of LTI share incentive awards which have been granted but have not yet vested. The proportion will be determined *pro rata*, relative to the time of the vesting period which has elapsed up to the termination date, and in the case of the CSP, will be adjusted based on the extent to which performance conditions have been met. The terminated executive will continue to hold the reduced amount of awards until the vesting date, when they will vest along with the other grants, in accordance with the rules of the scheme, if the relevant performance conditions are satisfied.	

2. SHARE-BASED PAYMENTS (continued)

	2022		2021	
	Number of shares ('000)	**Weighted average grant price**	Number of shares ('000)	Weighted average grant price
The Group plans provide for a grant price equal or approximately equal to the market price at the date of the grant.				
Datatec Group schemes (equity-settled)				
Datatec Conditional Share Plan 2017 ("CSP")		**ZAR**		ZAR
Outstanding at the beginning of year	**5 380**	**24.75**	3 496	25.09
Granted during the year	**1 376**	**29.09**	1 884	24.12
Forfeited/lapsed during the year	**(1 206)**	**21.20**	–	–
Vested and exercised during the year – share price on exercise R28.12 (FY21: N/A)	**(1 133)**	**20.78**	–	–
Modification in respect of Special Dividend	**614**	**–**	–	–
Outstanding at the end of the year	**5 031**	**28.09**	5 380	24.75
At 28 February 2022, the CSP awards had a weighted average remaining contractual life of 1.3 years (FY21: 1.2 years).				
Datatec Deferred Bonus Plan 2017 ("DBP")		**ZAR**		ZAR
Outstanding at the beginning of year	**2 537**	**26.49**	1 962	27.18
Shares purchased by participants in the year from pre-tax bonus of the prior year	**666**	**29.09**	288	24.12
Shares purchased by the Company for participants	**666**	**29.09**	287	24.12
Vested during the year	**(1 093)**	**22.50**	–	–
Forfeitable shares at the end of the year	**2 776**	**29.30**	2 537	26.49
Participants in the DBP defer a portion of their pre-tax bonus to which an equal Company co-investment is added and used to purchase Datatec shares which the participants hold under the terms of the DBP. These shares are all forfeitable if the participant leaves the employment of the Group within a three-year vesting period (from date of grant). At 28 February 2022, the weighted average remaining life of the awards until the end of the vesting period was 1.4 years (FY21: 1.1 years).				
Datatec Share Appreciation Rights ("SARs") Schemes		**ZAR**		ZAR
Outstanding at the beginning of the year	**1 168**	**35.79**	2 639	35.32
Modification in respect of Special Dividend	**159**	**(4.30)**	–	–
Exercised during the year – weighted average share price on exercise: R38.12 (FY21: N/A)	**(412)**	**31.49**	–	–
Forfeited/lapsed during the year	**–**	**–**	(1 471)	34.94
Outstanding at the end of the year	**915**	**31.49**	1 168	35.79
Exercisable at the end of the year	**915**	**31.49**	1 168	35.79
The SARs was discontinued after the final awards in FY18. SARs outstanding at 28 February 2022 had a grant price of R31.49 (FY21: R35.79 prior to modification in FY22) and had a weighted average remaining contractual life of 0.3 years (FY21: 1.3 years).				
The intrinsic value of the SARs at 28 February 2022 was R5.11 per SAR and the total value of the vested SARs was US$303 000.				

2. SHARE-BASED PAYMENTS (continued)

Datatec Group schemes (equity-settled) (continued)

Modification

During FY22, a modification to the Company's share schemes was required pursuant to the Special Dividend paid on 29 November 2021 in order to maintain the economic rights of participants.

Using a methodology consistent with previous special dividends, a modification factor was calculated as follows: X/(X-Y), where X is the share price close the day prior to ex-div date and Y is the amount of the (cash) dividend. Hence for the Special Dividend paid on 29 November 2021 the factor is 4 262/(4 262-512) = 1.137.

This factor is applied to the share schemes as follows:

CSP – increase the number of awards by a factor of 1.137; there is no exercise price to adjust.

DBP – no modification to the DBP awards is required because the awards are in the form of forfeitable shares held by participants so dividends paid during the vesting period accrue to the participants.

SARs – the 2015 grant was the only extant vested but unexercised award at the time of the Special Dividend. The modification required was to:

i) increase the number of awards by a factor of 1.137; and

ii) decrease the exercise price by a factor of 1.137 in order to retain the same 'moneyness' (ie previous strike price divided by 1.137).

Fair value

The CSP awards granted in FY22 and FY21 are conditional upon a market performance condition for two-thirds of the grant and a non-market condition for one-third of the grant as well as the completion of a three-year service period. The fair value of the CSP grant in FY22 was calculated using the Monte Carlo Simulation pricing model as it best captures the path-dependent nature and specific features of these awards in order to determine the extent that the market vesting condition is achieved, and hence the number of awards that will vest, by assessing the evolution of Datatec's total shareholder return ("TSR").

The CSP awards granted in FY20 were conditional upon non-market performance conditions only as well as the completion of a three-year service period. The fair value of these awards, referred to as the "unconditional" fair value, is equal to the underlying share price of Datatec shares at the grant date.

The DBP awards granted in FY22 and FY21 are conditional upon completion of a three-year service period with no performance conditions because they represent reinvestment of STI bonuses already earned. The fair value of the DBP awards, referred to as the "unconditional" fair value, is equal to the underlying share price of Datatec shares at the grant date.

The key inputs used for the valuation of the Datatec CSP and DBP awards is shown in the table below:

	2022		2021	
Grant date	**1 June 2021**	**7 June 2021**		17 June 2020
Vesting date	**1 June 2024**	**7 June 2024**		1 June 2023
Performance/employment period		**28 February 2021 to 29 February 2024**		29 February 2020 to 28 February 2023
Share price at grant date (closing price)	**R31.25**	**R28.90**		R26.02
	CSP	**DBP**	CSP	DBP
Risk-free rate (NACC)	**4.96%**	**4.89%**	4.31%	4.33%
Dividend yield	**2.77%**	**3.00%**	0.00%	0.00%
Volatility – determined using equally-weighted historical volatility method	**47.61%**	**N/A**	45.50%	N/A
Fair value (of one unit)	**R21.94**	**R28.90**	R12.53	R26.02

2. SHARE-BASED PAYMENTS (continued)

Subsidiary schemes (cash-settled)

Logicalis

Logicalis and PromonLogicalis Latin America Limited ("LATAM") Conditional Share Plans ("CSP")

Logicalis and Logicalis LATAM operate CSPs for the most senior tier of management with similar terms to the Datatec CSP but cash-settled and based on the Logicalis and LATAM share price as determined by annual independent valuations. Awards of conditional shares are granted annually to participants. After a three-year performance period the CSP awards will vest as follows:

- 25% of each participant's award is subject only to an employment condition and will vest, provided the participant remains in the employment of Logicalis or LATAM at the end of the three-year period since grant.
- The remaining 75% of each participant's award is subject to performance conditions:
  - One-third (ie 25% of the total award) based on Logicalis or LATAM share price growth;
  - One-third (ie 25% of the total award) based on net income per share growth; and
  - One-third (ie 25% of the total award) based on return on invested capital ("ROIC").

Each performance condition has a threshold level at which 50% vesting will occur and a target level for 100% vesting. Between the threshold and target, vesting will be calculated by linear interpolation.

	2022		2021	
	Number of shares ('000)	**Weighted average grant price**	Number of shares ('000)	Weighted average grant price
Logicalis CSP		**US$**		US$
Outstanding at the beginning of the year	**1 784**	**4.74**	1 222	4.88
Granted during the year	**722**	**4.57**	629	4.49
Exercised during the year – share price on exercise US$4.57	**(87)**	**4.84**	–	–
Lapsed/forfeited during the year	**(510)**	**4.81**	(67)	4.89
Outstanding at the end of the year	**1 909**	**4.65**	1 784	4.74
Exercisable at the end of the year	**53**	**4.84**		
The Logicalis CSP awards outstanding at 28 February 2022 comprised grant prices in the range US$4.49 to US$4.92 (FY21: US$4.49 to US$4.92). At 28 February 2022, the CSP awards had a weighted average remaining contractual life of 4.4 years (FY21: 4.4 years).				
Logicalis LATAM CSP		**US$**		US$
Outstanding at the beginning of the year	**325**	**8.18**	233	8.51
Granted during the year	**106**	**7.18**	101	7.41
Exercised during the year – share price on exercise US$7.18	**(27)**	**8.16**	–	–
Lapsed/forfeited during the year	**(130)**	**8.08**	(9)	8.16
Outstanding at the end of the year	**274**	**7.84**	325	8.18

The Logicalis LATAM CSP awards outstanding at 28 February 2022 comprised grant prices in the range US$7.18 to US$8.87 (FY21: US$7.41 to US$8.87). At 28 February 2022, the CSP awards had a weighted average remaining contractual life of 4.4 years (FY21: 4.3 years).

Logicalis and Logicalis LATAM Share Appreciation Right (SARs)

Logicalis and Logicalis LATAM also operate SARs Schemes for senior managers who do not participate in the CSP.

Half the SARs grant is subject to an earnings growth performance condition and the other half is subject only to an employment condition. All rights lapse if not exercised by the end of the seventh year after grant.

2. SHARE-BASED PAYMENTS (continued)

Subsidiary schemes (cash-settled) (continued)

	2022		2021	
	Number of shares ('000)	Weighted average grant price	Number of shares ('000)	Weighted average grant price
Logicalis SAR Scheme		US$		US$
Outstanding at the beginning of the year	2 179	4.69	2 497	4.44
Granted during the year	461	4.57	479	4.49
Exercised during the year – share price on exercise US$4.57 (FY21: US$4.49)	(100)	3.70	(699)	3.70
Forfeited/lapsed during the year	(1 068)	4.94	(98)	4.54
Outstanding at the end of the year	1 472	4.54	2 179	4.69
Exercisable at the end of the year	169	3.70	826	4.6

The Logicalis SARs outstanding at 28 February 2022 comprised grant prices in the range of US$3.70 to US$4.92 (FY21: US$3.70 to US$4.92) and had a weighted average remaining contractual life of 5.0 years (FY21: 3.6 years).

	2022		2021	
	Number of shares ('000)	Weighted average grant price	Number of shares ('000)	Weighted average grant price
Logicalis LATAM SARs Scheme		US$		US$
Outstanding at the beginning of the year	564	7.58	837	6.92
Granted during the year	154	7.18	114	7.41
Exercised during the year – share price on exercise US$7.18 (FY21: US$7.41)	(92)	5.65	(345)	5.81
Forfeited/lapsed during the year	(187)	8.21	(42)	8.17
Outstanding at the end of the year	439	7.57	564	7.58
Exercisable at the end of the year	52	5.63	136	5.72

The Logicalis LATAM SARs outstanding at 28 February 2022 comprised grant prices in the range of US$5.08 to US$8.87 (FY21: US$5.08 to US$8.87) and had a weighted average remaining contractual life of 5.0 years (FY21: 4.6 years).

Westcon International

Westcon International Equity Appreciation Plan ("EAP")

The Westcon International EAP was implemented in FY19 for senior management in order to incentivise value generation. Participants have been awarded a once-off grant of "units", whose value will be linked to the value of Westcon International; this is a notional base value which was estimated to be US$125 million (the "hurdle"). The units will not have any share rights, in particular they will not have the right to dividends or votes.

Ten percent of the value of Westcon International above the hurdle will be paid to the EAP pool on a sale of Westcon International. Each unit will receive a *pro rata* share of the EAP pool when Westcon International is sold.

For example, if Westcon International is sold for US$300 million, the EAP pool will be US$17.5 million: ((US$300 million – US$125 million) x 10%). If there are 100 000 units in issue, each unit will be worth US$175.

During FY21, Datatec recapitalised Westcon International by converting US$80 million of inter-company loans to equity investment. This capitalisation will be adjusted for in computing the equity appreciation for participants at the end of the EAP.

If Westcon International is not sold within five years of the start of the scheme on 1 March 2018, the business will be valued by an independent valuer at 1 March 2023 and the EAP will pay out to participants on the basis of that valuation. Such a valuation will be undertaken using a methodology which is fair and reasonable to all stakeholders including Datatec shareholders and participants in the EAP taking account of the recapitalisation noted above.

In addition to the Westcon International management participants, the Datatec executive directors participate in the Westcon EAP as shown in Note 30 to these financial statements.

2. SHARE-BASED PAYMENTS (continued)

Subsidiary schemes (cash-settled) (continued)

	2022 Number of shares ('000)	2022 Weighted average grant price	2021 Number of shares ('000)	2021 Weighted average grant price
		US$		US$
Outstanding at the beginning of the year	143	125	145	125
Granted during the year	8	125	–	–
Forfeited/lapsed during the year	(3)	125	(2)	125
Outstanding at the end of the year	148	125	143	125

At 28 February 2022, the EAP awards had a remaining contractual life of 1.0 years (FY21: 2.3 years).

Westcon International SAR Scheme

Westcon International implemented a SARs Scheme during FY19 to incentivise the cadre of senior management who were not awarded units in the EAP (above).

SARs were granted in FY19 and some further awards were made in FY20 to additional participants. The SARs Scheme is a one-off grant like the EAP and each SAR has an exercise price of US$1.25 based on a notional share capital for Westcon International of 100 million shares. The base valuation for the SARs was thus the same as the hurdle for the EAP. The SARs will be adjusted for the recapitalisation of Westcon International noted in the EAP section above. The SARs will vest after two years without performance conditions and thereafter may be exercised over the following three years (a maximum of one-third per year).

	2022 Number of shares ('000)	2022 Weighted average grant price	2021 Number of shares ('000)	2021 Weighted average grant price
		US$		US$
Outstanding at the beginning of the year	2 595	1.25	2 595	1.25
Granted during the year	–	–	–	–
Exercised during the year	(144)	–	–	–
Forfeited/lapsed during the year	(67)	–	–	–
Outstanding at the end of the year	2 384	1.25	2 595	1.25

At 28 February 2022, the SAR awards had a remaining contractual life of 1.3 years (FY21: 2.3 years).

2. SHARE-BASED PAYMENTS (continued)

Subsidiary schemes (cash-settled and equity-settled)

Analysys Mason Performance Share Scheme

Analysys Mason operates a performance share plan, approved by its board of directors and shareholders, under the terms of which conditional shares are granted to participants. 25% of the conditional shares vest unconditionally after three years, if the participant is still an employee, and are settled with the same number of Analysys Mason ordinary shares. The vesting of the remaining 75% is conditional on an earnings-based performance condition and may be settled in cash or shares.

	2022		2021	
	Number of shares ('000)	Weighted average grant price	Number of shares ('000)	Weighted average grant price
		GBP		GBP
Note: a proportion of this scheme is settled in Analysys Mason equity				
Outstanding at the beginning of the year	246	16.36	233	14.80
Granted during the year	86	25.27	87	18.31
Exercised during the year – share price on exercise £25.27 (FY21: £18.31)	(77)	14.64	(69)	13.52
Forfeited/lapsed during the year	(2)	20.75	(5)	16.65
Outstanding at the end of the year	253	19.89	246	16.36

The awards outstanding at 28 February 2022 had a weighted average remaining contractual life of 1.0 years (FY21: 1.0 years).

Valuation models

The fair value of CSP and Performance Share awards, referred to as the "unconditional" fair value, is equal to the underlying share price of subsidiary shares at the grant date.

Where awards have optionality, as is the case for SARs and the Westcon International EAP, fair value is measured by the use of Black-Scholes-Merton or binomial tree models.

The main inputs into the models used by subsidiaries, in addition to those recorded above, fall into the following ranges:

	2022		2021	
Grant date	1 June 2021	1 July 2021	1 June 2020	1 July 2020
Vesting date	1 June 2024	1 July 2024	1 July 2023	12 July 2023
Risk-free rate	0.48%	1.59%	0.08%	0.99%
Expected life (years)	3.00	7.00	3.00	7.00
Dividend yield	1.45%	2.24%	0.00%	2.24%
Volatility of subsidiary	37.70%	44.14%	34.25%	50.12%

The expected life used in the models has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and employee attrition. Expected volatility of subsidiaries has been determined by reference to peer group data.

	2022 US$'000	2021 US$'000
Expense in respect of equity-settled schemes	4 228	4 306
Datatec Limited	3 097	3 652
Subsidiaries	1 131	654
Expense in respect of cash-settled schemes	18 289	7 187
Datatec Limited	1 591	961
Subsidiaries	16 698	6 226
	22 517	11 493

2. SHARE-BASED PAYMENTS (continued)

Subsidiary schemes (cash-settled and equity-settled) (continued)

Settlements of US$4.4 million have been made relating to equity-settled schemes for the year ended 28 February 2022 (FY21: US$3.0 million).

No share-based payment charges have been allocated to cost of sales. Share-based payments primarily relate to the operating function of the Group.

	2022 US$'000	2021 US$'000
3. OPERATING PROFIT		
Operating profit is arrived at after taking into account the following items:		
Operating costs		
Auditors' remuneration	**8 050**	7 224
Audit fees	**6 310**	5 594
Other services	**1 740**	1 630
Taxation services	**607**	796
Other services and expenses	**1 133**	834
Fees for professional services	**19 787**	17 359
Administrative and managerial	**2 220**	1 415
Consulting	**11 165**	11 700
Accounting and advisory	**6 402**	4 244
Foreign exchange (gains)/losses (-)	**(1 905)**	7 926
Realised	**(1 435)**	7 643
Unrealised	**(470)**	283
Staff costs@	**414 859**	371 164
Retirement benefit contributions	**13 298**	11 342
Staff costs	**401 561**	359 822
Directors' emoluments*	**6 033**	6 119
Executive directors	**5 331**	5 456
Salaries	**1 730**	1 643
Bonuses	**3 195**	3 414
Benefits	**406**	399
Non-executive directors' emoluments – fees	**702**	663
Short-term lease payments	**2 932**	3 143
Low-value assets payments	**483**	731
Variable lease payments	**735**	544
Net (profit)/loss on disposal of property, plant and equipment, right-of-use assets and software	**(82)**	912
Other expenses	**140 508**	117 523
Total operating costs	**591 400**	532 645

@ Additional staff costs information included below.

* *Long-term incentives for executive directors are included in the share-based payments charge reflected in Note 2.*

Full details of directors' emoluments are provided in Note 30.

(-) Unrealised foreign exchange gains and losses for financial instruments (excluding cash resources and bank overdrafts as disclosed on the statement of financial position) that have a different currency than the entity's functional currency, are determined as follows:
- *Financial assets and liabilities that have open positions at the end of a period/reporting date are translated to the entity's functional currency at the rates prevailing for that period end/reporting date*
- *The unrealised foreign exchange gains and losses are accounted for in the statement of comprehensive income*
- *Foreign exchange gains and losses are considered unrealised until maturity or settlement date of the financial instrument, at which point the entire foreign exchange gain or loss is classified as realised*
- *Foreign exchange gains and losses on cash and cash equivalents are considered to be realised and accounted for in the statement of comprehensive income*

	2022 US$'000	2021 US$'000
3. OPERATING PROFIT (continued)		
Staff costs		
Staff costs included in cost of sales	284 488	258 508
Staff costs included in operating costs	414 859	371 164
Total staff costs	699 347	629 672
Restructuring costs		
Restructuring costs	–	22 378
Restructuring costs in FY21 included costs relating to fundamental reorganisations and Covid-19-related restructuring. Any restructuring as a result of Covid-19 was considered fundamental in nature and would not otherwise have been incurred.		
Depreciation and amortisation^		
Depreciation: Property, plant and equipment	17 953	19 040
Office furniture, equipment and motor vehicles	2 257	2 297
Computer equipment	11 367	11 642
Leasehold improvements	4 243	5 011
Land and buildings	86	90
Depreciation: Right-of-use assets	33 843	33 537
Office furniture, equipment and motor vehicles	5 196	4 560
Computer equipment	3 414	3 166
Land and buildings	25 233	25 811
Amortisation	20 606	16 082
Amortisation of software	3 074	1 976
Amortisation of capitalised development expenditure	7 432	5 471
Amortisation of acquired intangible assets	10 100	8 635
Total depreciation and amortisation	72 402	68 659

^ No deprecation or amortisation is allocated to cost of sales. Depreciation and amortisation primarily relate to the operating function of the Group.

	2022 US$'000	2021 US$'000
4. NET FINANCE COSTS		
Finance costs		
Lease liabilities	(5 260)	(4 920)
Bank overdrafts and long-term liabilities^	(28 320)	(22 667)
	(33 580)	(27 587)
Interest income		
Bank and other deposits	1 922	1 716
Other	349	179
	2 271	1 895
Net finance costs	(31 309)	(25 692)

^ Includes interest on bank overdrafts repayable on demand of US$4.4 million.

		2022 US$'000	2021 US$'000
5. TAXATION			
5.1 Taxation charge			
South African normal taxation:			
Current taxation	– Current year	**(246)**	115
	– Prior year	**(22)**	(91)
Deferred taxation	– Current year	**34**	(740)
	– Prior year	**(26)**	(7)
South African tax		**(260)**	(723)
Foreign taxation:			
Current taxation	– Current year	**26 554**	26 678
	– Prior year	**(2 304)**	2 471
Deferred taxation	– Current year	**(8 865)**	(7 912)
	– Rate adjustment	**(5 024)**	(607)
	– Prior year	**501**	(367)
Foreign tax		**10 862**	20 263
Total taxation charge		**10 602**	19 540

	2022 %	2021 %	2022 US$'000	2021 US$'000
5.2 Reconciliation of taxation rate to profit before taxation				
Profit before tax			**50 935**	25 244
South African statutory tax rate	**28.0**	28.0	**14 262**	7 068
Reconciling items expected to reoccur:				
Equity-accounted earnings (1)	**0.3**	(0.5)	**147**	(134)
Intra-group management fees (2)	**3.2**	5.8	**1 648**	1 457
Non-deductible property, plant and equipment, inventory and other asset impairments (3)	**0.8**	0.4	**424**	109
Other non-deductible expenses and permanent differences (4)	**4.7**	20.1	**2 395**	5 087
Share-based payments (5)	**(1.7)**	(1.0)	**(852)**	(257)
Exempt profits/incentives (6)	**(1.3)**	(0.7)	**(691)**	(186)
Non-recoverable withholding taxes (7)	**2.5**	5.0	**1 251**	1 258
Tax arising on dividend flows (8)	**(0.2)**	(1.4)	**(100)**	(363)
Tax loss utilised/recognised (9)	**(11.1)**	(8.2)	**(5 633)**	(2 078)
Foreign taxation rate differential (10)	**1.9**	11.8	**983**	2 992
Tax losses and other deferred tax assets not recognised (11)	**7.0**	12.5	**3 549**	3 165
Rate adjustment (12)	**(9.9)**	(2.4)	**(5 024)**	(607)
Prior year adjustments (13)	**(3.6)**	7.9	**(1 851)**	2 006
Reconciling items that are not expected to reoccur:				
Acquisition related adjustments (14)	**0.2**	0.1	**94**	23
Non-taxable profits on disposals (15)	**–**	–	**–**	–
Effective taxation rate	**20.8**	77.4	**10 602**	19 540

5. TAXATION (continued)

5.2 Reconciliation of taxation rate to profit before taxation (continued)

Notes to the Group tax rate reconciliation:

The tax rate reconciliation uses the 28% South African statutory tax rate as a starting point. The Group operates in over 50 countries and the head office is based in South Africa. Datatec Limited is listed on the JSE and the majority of the Group's shareholders are based in South Africa. If a weighted average tax rate were to be used, the starting point would change every year making comparability difficult. The South African statutory tax rate is therefore deemed to be the most appropriate starting point. This is a key judgement applied by management.

(1): Arises as the net profit after taxation from equity-accounted investments is presented as a single line item in the Group's profit before taxation.

(2): Arises as a result of the imputation of income for tax purposes where certain management fees are not billed to the entities benefiting from the services provided.

(3): Relates to property, plant and equipment depreciation, inventory and work-in-progress write-offs and other asset impairments not deductible for tax purposes.

(4): Includes entertaining expenses, donations, gifts, disallowed interest, disallowed legal expenses, disallowed customs duty costs, the impact of foreign exchange movements and controlled foreign company taxation.

(5): Reflects the differing tax treatments of share-based payments which varies across jurisdictions, and the associated current or deferred tax credits arising which often do not directly correspond to the expenses booked in the accounts.

(6): Relates to profits arising that are not chargeable to taxation and tax credits or additional tax deductions given in relation to certain types of expenditure.

(7): Represents tax deducted on cross-border commercial payments that cannot be recovered directly from a tax authority or offset against other income tax liabilities.

(8): Reflects the net tax benefit obtained as a result of intra-group dividends which have no net impact on the consolidated statement of other comprehensive income.

(9): Relates to the utilisation or recognition of tax losses and other timing differences that have not previously been recognised as a deferred tax asset. In the year ended 28 February 2022, this included US$5.3 million recognised in respect of Westcon International's UK tax losses.

(10): The tax reconciliation starts by applying the 28% South African tax rate to the profits arising in the year. The Group has earned profits in jurisdictions with significantly higher statutory tax rates such as Brazil at 34% (FY21: 34%) and has also incurred losses in jurisdictions with significantly lower statutory tax rates such as the UK at 19% (FY21: 19%). This line item reflects the additional taxation of these profits and the reduced tax benefit of these losses.

(11): Relates to those timing differences that arise in the year for which a deferred tax asset has not been recognised, typically because of the uncertainty that future taxable income will be available against which deductible temporary differences can be utilised.

(12): Refers to changes in the carrying value of deferred tax assets and liabilities as a result of a change in local statutory rates of taxation. In the year ended 28 February 2022, this related solely to a change in the UK rate of taxation to come into effect in FY23.

(13): Reflects changes to the current and deferred tax recorded in relation to prior accounting periods.

(14): Relates to acquisition costs or aborted acquisition costs that are not deductible for tax purposes.

(15): Relates to profits arising on the disposal of investments that are exempt for tax purposes.

	2022 US$'000	2021 US$'000
5. TAXATION (continued)		
5.3 Taxation charge/(credit) by region:		
North America	**1 551**	(596)
Latin America	**800**	9 496
Europe	**1 173**	4 438
Asia-Pacific	**6 415**	6 108
Middle East and Africa	**663**	94
Total taxation charge	**10 602**	19 540
5.4 Unutilised tax losses		
Certain subsidiaries had tax losses at the end of the financial year that are available to reduce their future taxable income and are estimated to be:	**231 246**	240 471
Future tax relief at a blended tax rate of 24.7% (FY21: 21.9%) is US$57.2 million (FY21: US$52.6 million). Deferred tax assets of US$36.3 million (FY21: US$24.8 million) have been recognised in respect of a portion of these losses as set out in Note 13.	**57 161**	52 646

	2022 US$'000	2021 US$'000
6. EARNINGS PER SHARE		
6.1 Reconciliation of attributable profit to headline earnings		
Total profit for the year attributable to the equity holders of the parent	**33 902**	2 601
Total headline earnings adjustments:	**(894)**	955
Impairment of right-of-use asset		
– Gross	**–**	155
– Tax effect	**–**	(45)
– Non-controlling interest	**–**	(20)
Loss on disposal of intangible assets	**1**	–
Realised foreign exchange gains on equity loans settled		
– Gross	**(1 174)**	–
– Tax effect	**329**	–
(Loss)/profit on disposal of property, plant and equipment and right-of-use assets		
– Gross	**(83)**	912
– Tax effect	**33**	(27)
– Non-controlling interest	**–**	(20)
Total headline earnings	**33 008**	3 556

6. EARNINGS PER SHARE (continued)

6.2 Reconciliation of total headline earnings to underlying* earnings

	2022 US$'000	2021 US$'000
Total headline earnings	**33 008**	3 556
Total underlying* earnings adjustments:	**5 075**	23 383
Unrealised foreign exchange (gains)/losses**		
– Gross	**(470)**	283
– Tax effect	**(582)**	155
– Non-controlling interest	**67**	(17)
Acquisition-related fair value adjustments***	**(567)**	–
Amortisation of acquired intangible assets		
– Gross	**10 100**	8 635
– Tax effect	**(2 427)**	(2 141)
– Non-controlling interest	**(1 046)**	(812)
Restructuring costs**		
– Gross	**–**	22 378
– Tax effect	**–**	(3 857)
– Non-controlling interest	**–**	(1 241)
Total underlying* earnings	**38 083**	26 939

* *Underlying earnings exclude impairments of goodwill and intangible assets, profit or loss on sale of investments and assets, amortisation of acquired intangible assets, unrealised foreign exchange movements, acquisition-related adjustments, fair value movements on acquisition-related financial instruments, restructuring costs relating to fundamental reorganisations, and the taxation effect on all of the aforementioned.*
** *Refer to Note 3 for the information on the accounting policy of unrealised foreign exchange gains or losses and restructuring costs.*
*** *Refer to Note 25 for details of the deferred consideration adjustment.*

	2022 US cents	2021 US cents
6.3 Earnings per share		
Basic earnings per share	**16.7**	1.3
Headline earnings per share	**16.2**	1.8
Underlying* earnings per share	**18.7**	13.6

The earnings metrics above are calculated on the weighted average number of shares in issue during the year of 203 179 153 (FY21: 198 752 516), after the deduction of the weighted average number of treasury shares and shares relating to the DBP of 2 757 767 (FY21: 2 697 484).

As at 28 February 2022, the Group held 549 867 (FY21: nil) shares as treasury shares (refer to Note 20). There were 9 123 (FY21: 331 715) weighted average treasury shares. As at 28 February 2022, there were 2 776 908 (2 757 767 weighted average) shares relating to the DBP. As at 28 February 2021, there were 2 537 322 (2 365 769 weighted average) shares relating to the DBP (refer to Note 2).

	2022 US cents	2021 US cents
6.4 Diluted earnings per share		
Diluted basic earnings per share	**16.2**	1.3
Diluted headline earnings per share	**15.8**	1.7
Diluted underlying earnings per share	**18.2**	13.2

	2022 Number of shares	2021 Number of shares
6.5 Weighted and diluted weighted average number of shares		
Weighted average number of shares	**203 179 153**	198 752 516
The diluted earnings metrics above are calculated using the weighted average number of shares in issue during the year, taking into account the dilutive effect of:		
Shares related to share-based payment schemes	**6 099 534**	4 813 634
Diluted weighted average number of shares	**209 278 687**	203 566 150

Headline earnings per share is calculated using the weighted average number of ordinary shares in issue during the year and is based on the earnings attributable to ordinary shareholders, after excluding those items as required by Circular 1/2021 Headline Earnings issued by the South African Institute of Chartered Accountants ("SAICA") as amended from time to time and as required by the JSE Limited.

In addition to the presentation of headline earnings per share and earnings per share, the Group presents underlying* earnings per share. Underlying* earnings per share is determined on the same weighted average number of shares as used in earnings per share. Refer to the accounting policies for further details on underlying* earnings.

7. GOODWILL

	2022 US$'000	2021 US$'000
Net book value	**262 606**	255 536
At the beginning of the year	**255 536**	241 369
Arising on acquisition of subsidiaries (Note 38)	**12 199**	9 495
Translation and other movements	**(5 129)**	4 672
Balance at the end of the year	**262 606**	255 536
Goodwill at cost	**262 606**	255 536
Per cash-generating unit:	**262 606**	255 536
Logicalis	**239 376**	230 838
Management Consulting	**23 230**	24 698

Goodwill impairment assessment:
The Group completed its annual impairment tests, which are performed at the segmental cash-generating unit ("CGU") level. Goodwill has been allocated for impairment testing purposes to the Logicalis and Management Consulting CGUs.

External valuations are obtained for the Logicalis and Management Consulting CGUs and compared to the corresponding net asset value, including goodwill. The recoverable amount of each CGU is determined based on a fair value less cost to sell, which is compared to values arising from a comparable company's market approach and a market transactions method to ensure the reasonableness of the recoverable amount. The fair value less cost to sell is based on discounted cash flow calculations and is a level 3 fair value measurement, and further includes the following key assumptions:

Future earnings: Cash flow forecasts are prepared and derived from the most recent financial budgets for the next three years which are approved by management. EBITDA is considered a reliable indicator of operational performance and is considered a key assumption in the estimation of forecast future financial performance. Cash flows are extrapolated for a further two- to three-year period with estimated annual growth reducing gradually, to a rate which is considered not to exceed the long-term market growth in perpetuity used to calculate the terminal value. The future financial forecasts considered the potential future impact on the business from the Covid-19 pandemic.

Discount rates: Estimated discount rates used are post-tax rates of return that reflect current market assessments of the time value of money and the risks specific to the CGU to which goodwill is attributable.

7. GOODWILL (continued)

Growth rates: Growth rates are based on budgeted figures and management estimates/assumptions in respect of the three- to six-year cash flow projections, a terminal growth rate and a discount rate. The growth rates are based on industry growth forecasts.

Expected changes to selling prices and direct costs: Changes in selling prices and direct costs are based on past practices and reasonable expectations of future changes in the market.

As a result of the impairment analyses, it was concluded that no impairments were required to be recorded in the current year.

Refer to Note 41 for the considerations that management took into account.

The table below contains the key assumptions that were used in the fair value less cost to sell calculations:

	Logicalis	Management Consulting
2022		
Discount rate	**14.8%**	**14.5%**
Revenue growth rate in discrete period	**4.6% – 13.2%**	**10.1% – 12.4%**
Terminal growth rate	**2.2%**	**1.8%**
2021		
Discount rate	14.5%	14.4%
Revenue growth rate in discrete period	7.0% – 15.0%	2.9% – 5.2%
Terminal growth rate	2.0%	1.8%

The directors believe that a possible change in the key assumptions, on which recoverable amounts are based, would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the CGU.

	2022			2021		
	Cost US$'000	**Accumulated depreciation US$'000**	**Net book value US$'000**	Cost US$'000	Accumulated depreciation US$'000	Net book value US$'000
8. PROPERTY, PLANT AND EQUIPMENT						
Office furniture, equipment and motor vehicles	**22 043**	**(16 969)**	**5 074**	22 044	(16 029)	6 015
Computer equipment	**101 271**	**(85 106)**	**16 165**	99 566	(79 698)	19 868
Leasehold improvements	**47 832**	**(38 068)**	**9 764**	52 224	(39 703)	12 521
Land and buildings	**1 844**	**(330)**	**1 514**	1 828	(245)	1 583
	172 990	**(140 473)**	**32 517**	175 662	(135 675)	39 987

A register of land and buildings is maintained at the registered office of the applicable entities and may be inspected by shareholders or their duly authorised agents.

The fair value of property, plant and equipment approximates its net book value.

8. PROPERTY, PLANT AND EQUIPMENT (continued)

Movement of property, plant and equipment	Office furniture, equipment and motor vehicles US$'000	Computer equipment US$'000	Leasehold improve-ments US$'000	Land and buildings US$'000	Total US$'000
Balance at 1 March 2020	7 405	19 256	14 834	1 805	43 300
Subsidiaries acquired	4	92	22	–	118
Additions	2 434	11 257	4 126	–	17 817
Disposals	(224)	(1 077)	(232)	(131)	(1 664)
Transfers	(1 407)	1 617	(1 472)	-	(1 262)
Translation and other movements	100	365	254	(1)	718
Depreciation	(2 297)	(11 642)	(5 011)	(90)	(19 040)
Balance at 28 February 2021	**6 015**	**19 868**	**12 521**	**1 583**	**39 987**
Subsidiaries acquired	**523**	**124**	**–**	**–**	**647**
Additions	**1 108**	**8 084**	**1 874**	**18**	**11 084**
Disposals	**(108)**	**(192)**	**(64)**	**–**	**(364)**
Transfers	**2**	**(8)**	**6**	**–**	**–**
Translation and other movements	**(209)**	**(344)**	**(330)**	**(1)**	**(884)**
Depreciation	**(2 257)**	**(11 367)**	**(4 243)**	**(86)**	**(17 953)**
Balance at 28 February 2022	**5 074**	**16 165**	**9 764**	**1 514**	**32 517**

	2022 Cost US$'000	**2022** Accumulated depreciation and impairment US$'000	**2022** Net book value US$'000	2021 Cost US$'000	2021 Accumulated depreciation and impairment US$'000	2021 Net book value US$'000
9. RIGHT-OF-USE ASSETS						
Office furniture, equipment and motor vehicles	**19 566**	**(10 988)**	**8 578**	17 323	(8 521)	8 802
Computer equipment	**12 873**	**(9 974)**	**2 899**	12 774	(6 854)	5 920
Land and buildings	**127 452**	**(58 290)**	**69 162**	122 231	(42 116)	80 115
	159 891	**(79 252)**	**80 639**	152 328	(57 491)	94 837

NOTES TO THE GROUP CONSOLIDATED ANNUAL FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 28 FEBRUARY 2022

9. RIGHT-OF-USE ASSETS (continued)

Movement of right-of-use assets	Office furniture, equipment and motor vehicles US$'000	Computer equipment US$'000	Land and buildings* US$'000	Total US$'000
Balance at 1 March 2020	8 539	5 160	70 254	83 953
Subsidiaries acquired	–	–	67	67
Additions	6 015	3 880	40 341	50 236
Disposals*	(225)	(102)	(6 580)	(6 907)
Transfers*	(267)	(51)	1 581	1 263
Translation and other movements	(700)	199	1 028	527
Impairment	–	–	(765)	(765)
Depreciation	(4 560)	(3 166)	(25 811)	(33 537)
Balance at 28 February 2021	**8 802**	**5 920**	**80 115**	**94 837**
Subsidiaries acquired	**740**	**–**	**1 200**	**1 940**
Additions	**4 361**	**505**	**16 318**	**21 184**
Disposals	**#**	**(82)**	**(1 744)**	**(1 826)**
Translation and other movements	**(129)**	**(30)**	**(1 264)**	**(1 423)**
Revaluations	**–**	**–**	**61**	**61**
Impairment	**–**	**–**	**(291)**	**(291)**
Depreciation	**(5 196)**	**(3 414)**	**(25 233)**	**(33 843)**
Balance at 28 February 2022	**8 578**	**2 899**	**69 162**	**80 639**

* *Includes leasehold improvements.*
# *Less than US$1 000.*

	2022 US$'000	2021 US$'000
10. INTANGIBLE ASSETS		
10.1 Capitalised development expenditure		
Included in amounts capitalised below, was US$1.3 million (FY21: US$2.1 million) of SAP-related capitalised development expenditure for Westcon International. Capitalised expenditures related to SAP are functionality modifications/enhancements made to the existing SAP platform. Non-SAP-related expenditure included modifications/enhancements to Westcon International's digital platforms and to previously built cloud platforms as well as the development of new Application Programming Interfaces (APIs). US$28.5 million (FY21: US$23.6 million) of capitalised development expenditure relates to Westcon International and US$0.8 million (FY21: US$1.4 million) of capitalised development expenditure relates to Logicalis.		
Net book value	**29 351**	25 040
At the beginning of the year	**25 040**	19 908
Amounts capitalised	**11 701**	10 945
Disposals	**(2)**	(392)
Translation	**44**	50
Amortisation	**(7 432)**	(5 471)
Balance at the end of the year	**29 351**	25 040
Capitalised development expenditure at cost	**56 117**	44 450
Accumulated amortisation and impairment	**(26 766)**	(19 410)
Capitalised development assets are amortised using the straight-line method over their useful lives, which generally do not exceed seven years.		
10.2 Acquired intangible assets and software		
10.2.1 Trademarks, customer and vendor relationships		
Net book value	**21 483**	25 769
At the beginning of the year	**25 769**	25 915
Arising on acquisition of subsidiaries	**6 683**	7 626
Disposals	**–**	(14)
Translation	**(869)**	877
Amortisation	**(10 100)**	(8 635)
Balance at the end of the year	**21 483**	25 769
Acquired intangible assets at cost	**48 330**	109 560
Accumulated amortisation and impairment	**(26 847)**	(83 791)

There is one large acquired intangible asset (customer relationship in Logicalis) with a net book value of US$8.6 million (FY21: US$11.0 million). The original amortisation period was 10 years and the remaining amortisation period is 3.5 years.

Fully amortised acquired intangible assets which had a US$nil book value at the beginning of the year and total cost and accumulated amortisation of US$48.6 million were scrapped during the year.

Acquired intangible assets are amortised using the straight-line method over their useful lives, which generally do not exceed 10 years.

	2022 US$'000	2021 US$'000
10. INTANGIBLE ASSETS (continued)		
10.2 Acquired intangible assets and software (continued)		
10.2.2 Software		
Net book value	**6 649**	8 141
At the beginning of the year	**8 141**	4 087
Additions	**2 056**	6 383
Transfers	**–**	(1)
Translation and other movements	**(291)**	110
Disposals	**(183)**	(462)
Amortisation	**(3 074)**	(1 976)
Balance at the end of the year	**6 649**	8 141
Software at cost	**18 864**	17 539
Accumulated amortisation	**(12 215)**	(9 398)
Software is amortised using the straight-line method over their useful lives, which ranges from two to six years.		
	28 132	33 910

There are no intangible assets with indefinite useful lives.

	2022 US$'000	2021 US$'000
11. CAPITAL COMMITMENTS		
Contractual commitments authorised	**14 842**	15 117
Property, plant and equipment	**3 566**	5 724
Intangible assets	**11 276**	9 393
Capital expenditure not contractually committed	**29 135**	21 246
Total capital commitments	**43 977**	36 363

This expenditure will be incurred in the ensuing year and will be financed from existing cash resources and available borrowing facilities.

12. INVESTMENTS

12.1 Equity-accounted investments

The investments comprise associates that are equity-accounted. None of these equity-accounted associates are considered to be material to the Group.

Details of the Group's investments are:

	Country of incorporation and principal place of business	Nature of business	Effective ownership 2022 %	Effective ownership 2021 %	Carrying value 2022 US$'000	Carrying value 2021 US$'000
Equity-accounted:						
Esource Resources, LLC.	USA	ICT Solutions	**45.0**	45.0	**983**	757
Cirrus Participações S.A ("Kumulus")	Brazil	ICT Solutions	**50.1**	30.0	**852**	1 359
Directus AS**	Norway	Management Consulting	**–**	41.0	**–**	1 633
Fortum Fibre AS*	Norway	Management Consulting	**16.6**	–	**1 564**	–
Mason Advisory Limited	UK	Management Consulting	**44.7**	44.7	**2 672**	1 937
					6 071	5 686

* *During the year under review, US$0.2 million (FY21: US$nil) was received as a dividend from Esource Resources, LLC.*

** *During the year, Fortum Fibre AS moved from being owned directly by Directus AS, to being owned by Analysys Mason Ventures Fund Nordic 1 AS and Directus AS demerged from the Group. The Management Consulting division owns 16.56% of the issued shares in Fortum Fibre AS.*

Fortum Fibre AS' and Cirrus Participações S.A.'s year-ends are 31 December, the reporting date when the investment in these associates was made. The Group does not control these associates and cannot amend their year-end dates. The year-ends of the other associates are the same as the Group.

Cirrus Participações S.A, an equity accounted investment in Logicalis, has a 99.994% shareholding in Kumulus Serviços em CloudComputing e Database Ltda ("Kumulus"). During the year a European subsidiary of the Group granted a loan of US$1 million to Kumulus.

	2022 US$'000	2021 US$'000
Carrying amount	**6 071**	5 686
Total share of equity-accounted investment (losses)/earnings		
Esource Resources, LLC.	**451**	205
Cirrus Participações S.A	**(1 612)**	157
Directus AS	**–**	(2)
Mason Advisory Limited	**734**	548
	(427)	908

	2022 US$'000	2021 US$'000

12. INVESTMENTS (continued)

12.2 Bonds (Angola government bonds)

	2022 US$'000	2021 US$'000
ISIN: AOTNX0519L18	**7 276**	7 276
Long-term portion	**7 276**	7 276
	7 276	7 276

Westcon International

The Angolan government bonds are indexed to the US Dollar. The amount of US$7.3 million (FY21: US$7.3 million) is fixed and the Kwanza equivalent of this will be repaid at maturity. The prevailing National Bank of Angola official US Dollar rate at the maturity date will be used for conversion. Bonds to the value of US$7.28 million were purchased in July 2018 and mature in July 2023. The coupon rate on the bonds is 5.0%.

US$nil of Angolan bonds matured during the year.

The weakened economic outlook for Angola, which arose in prior years, mainly as a consequence of the fall in the price of crude oil, has led to a decline in the exchange rate of the Kwanza to the US Dollar. The National Bank of Angola has instituted capital controls that render the timing and quantum of conversion from Kwanza to US Dollar unpredictable. The further decline in the price of crude oil has increased uncertainty in the Angolan market. Management had instituted a series of actions to control the exposure and seek to reduce further losses, including the purchase of the bonds referenced above.

Expected credit losses in respect of the bonds are considered to be negligible. There have been no defaults by the Angolan government on bond maturity in the past and the National Bank of Angola has been settling bonds as they fall due.

The Bonds are classified as level 1 financial instruments for the purposes of the IFRS 13 fair value hierarchy disclosure and are valued using quoted market rates.

	2022 US$'000	2021 US$'000
Equity-accounted investments	**6 071**	5 686
Other investments	**107**	124
Bonds	**7 276**	7 276
Total investments	**13 454**	13 086
Long-term portion	**13 454**	13 086
	13 454	13 086

	2022 US$'000	2021 US$'000
13. DEFERRED TAX ASSETS/(LIABILITIES)		
13.1 Movement of deferred tax assets		
At the beginning of the year	**55 837**	46 544
Credit/(charge) to profit and loss	**13 911**	9 197
Translation and other movements	**203**	96
	69 951	55 837
Analysis of deferred tax assets		
Capital allowances	**4 097**	4 746
Expense accruals and similar items	**25 610**	22 587
Effect of tax losses*	**36 285**	24 844
Other individually immaterial temporary differences	**3 959**	3 660
	69 951	55 837
13.2 Movement of deferred tax liabilities		
At the beginning of the year	**(26 149)**	(26 127)
Arising on acquisition of subsidiaries	**(1 890)**	(1 793)
(Charge)/credit to profit and loss	**(531)**	436
Charge to other comprehensive income	**329**	138
Translation and other movements	**145**	1 197
	(28 096)	(26 149)
Analysis of deferred tax liabilities		
Capital allowances	**(1 123)**	(1 843)
Goodwill	**(17 790)**	(19 135)
Intangible assets	**(4 641)**	(2 649)
Other individually immaterial temporary differences	**(4 542)**	(2 522)
	(28 096)	(26 149)

* *Deferred tax assets recognised in relation to tax losses total US$36.3 million. Of this, US$29.8 million have been recognised in respect of entities that were loss making in either the current year or prior year and included within this amount is US$10.7 million relating to entities that were loss making in both the current and prior year. This includes losses relating to Chile, the UK and South Africa which can be carried forward indefinitely against their own future profits. Estimated tax losses carried forward include US$5.4 million relating to Argentina that expire on 28 February 2027. The deferred tax assets recognised are based on the future profits included in the approved budgets of the relevant entities.*

Potential deferred tax assets of US$20.9 million on assessed/estimated tax losses have not been recognised at 28 February 2022.

	2022		2021	
	Minimum lease payments US$'000	**Present value of minimum lease payments US$'000**	Minimum lease payments US$'000	Present value of minimum lease payments US$'000
14. FINANCE LEASE RECEIVABLES				
Current portion receivable within one year	**10 567**	**9 878**	12 246	10 794
Receivable within one to two years	**8 770**	**8 336**	10 689	9 609
Receivable within two to three years	**6 962**	**6 756**	8 478	7 770
Receivable within three to four years	**4 267**	**4 198**	6 722	6 361
Receivable within four to five years	**1 287**	**1 283**	3 925	3 865
Receivable after five years	**–**	**–**	846	843
	31 853	**30 451**	42 906	39 242
Less: Unearned finance income	**(1 402)**	**–**	(3 664)	–
Present value of minimum lease assets	**30 451**	**30 451**	39 242	39 242
Current portion		**9 878**		10 794
Long-term portion		**20 573**		28 448
Finance lease receivables		**30 451**		39 242

Leases are provided to customers as part of financing for large product deals. In order to manage the risk associated with rights retained in the underlying assets, penalty clauses are included in contracts whereby customers are required to pay off the remainder of the value of the products should they exit the lease contract.

Unguaranteed residual values of assets leased under finance leases at the end of the year are US$nil (FY21: US$nil).

The carrying value of finance lease receivables approximates fair value, therefore no fair value disclosures are provided.

Logicalis

One of Logicalis' Latin American subsidiaries has entered into various finance leases, bearing interest between 0.30% and 11.07%. These leases are repayable at various dates between February 2022 and October 2026. At 28 February 2022, US$1.5 million (FY21: US$0.9 million) was receivable.

One of Logicalis' European subsidiaries has entered into various finance leases, bearing interest between 0.60% and 14.42%. These leases are repayable at various dates between June 2022 and September 2026. At 28 February 2022, US$28.9 million (FY21: US$37.2 million) was receivable.

The majority of the exposure (US$28.9 million) is in Europe (refer to Note 31.4). Expected credit losses for the year are, however, negligible.

	2022 US$'000	2021 US$'000
15. INVENTORIES		
Merchandise for resale	**295 762**	230 651
Spares/maintenance inventory	**9 105**	10 243
Work-in-progress	**23 508**	19 407
	328 375	260 301
Inventory provisions	**(19 148)**	(18 296)
	309 227	242 005

No obsolete inventory (FY21: US$0.2 million) was written off during the year.

During the year, inventories of US$2.3 billion (FY21: US$2.1 billion) were recognised as part of cost of sales. There was US$0.1 million inventories encumbered as at 28 February 2022 (FY21: US$nil).

Westcon International has certain inventory return arrangements with its major vendors to reduce the risk of technological obsolescence.

Westcon International's European and Middle Eastern subsidiaries have an inventory purchase financing agreement with a financing company for a specific vendor's purchases for a maximum availability of US$271.8 million (FY21: US$240.5 million) which extends payment terms to 60 days. The agreement may be cancelled at any time with a 60-day notice by either Westcon International or the vendor. As at 28 February 2022, US$192.7 million (FY21: US$106.2 million) was outstanding and is included in trade payables per Note 23. Purchases within 0 to 30 days are described as unfunded and are also included in trade payables. The funded availability limit of US$271.8 million is treated as a group limit which is transferable for usage by the subsidiaries.

Westcon International's Asia-Pacific subsidiaries have an inventory purchase financing agreement for purchases with a vendor for a maximum of US$79.0 million (FY21: US$65.5 million) which extends payment terms from 30 days to 90 days. The agreement may be cancelled at any time with a 90-day notice by either Westcon International or the vendor. As at 28 February 2022, US$40.2 million (FY21: US$29 million) was outstanding and is included in trade payables per Note 23.

Westcon International apportions the above facility based on usage between three subsidiaries, namely Singapore, Indonesia and Philippines. As at 28 February 2022, the amounts in the respective subsidiaries were as follows Singapore: US$33.2 million (FY21: US$23.9 million), Indonesia: US$3.1 million (FY21: US$2.9 million) and Philippines: US$3.9 million (FY21: US$2.2 million). These amounts are included in trade payables per Note 23.

Westcon International's South African subsidiary has an inventory purchase financing agreement with a financing company for a specific vendor's purchases for a maximum availability of US$26.5 million (FY21: US$26.5 million) which extends payment terms from 30 days to 60 days. The agreement may be cancelled at any time with a 60-day notice by either Westcon International or the vendor. As at 28 February 2022, US$7.2 million (FY21: US$7.9 million) was outstanding and is included in trade payables per Note 23.

16. TRADE RECEIVABLES

	2022 US$'000	2021 US$'000
Trade receivables	**1 250 584**	1 135 017
Expected credit loss allowance	**(26 760)**	(26 912)
	1 223 824	1 108 105

All trade receivables represent financial assets of the Group and are measured at amortised cost.

The carrying value of trade receivables balances approximates their fair value, therefore no fair value disclosures are provided.

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The Group recognises lifetime expected credit losses for trade receivables which are estimated using a provision matrix. This matrix takes into consideration the payment profiles of trade receivables over a period of up to two years in preceding financial years, the Group's historical credit loss experience, adjusted for factors that are specific to the receivables including insurance held and other securities in place, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The Group considers forward-looking information such as known changes in the macroeconomic environment of customers located in a certain geography, the deterioration in the Group's relationship or discussions with a particular customer. Consideration of these factors enables an estimation of future expected credit losses to be made. Accordingly, the credit risk profile of these assets is presented based on their past due status in terms of the provision matrix. Particular focus is placed on higher value and aged trade receivables where there are other more specific risk factors. The concentration of credit risk in each of the Group's geographic segments is limited due to the customer base being large and geographically diverse. Accordingly, the directors believe that no further credit loss allowance is required.

There has been no change in the estimation techniques or significant assumptions made during the current period.

Before accepting any new customer, use is made of local external credit agencies where necessary, to assess the potential customer's credit quality and to define credit limits by customer. Limits attributed to customers are reviewed regularly.

There is one customer in Latin America, with a gross value of US$64.4 million, which represents over 5% of the total balance of trade receivables (FY21: US$56.4 million (approximately 5% of the total balance)). Refer to Note 31.4 for details of the concentration of risk.

The Group does not hold any collateral over its trade receivables balances. US$497.1 million of credit insurance is held over trade receivables (FY21: US$459.9 million).

US$19.4 million of trade receivables are pledged as collateral against long-term interest-bearing liabilities and US$597.6 million of trade receivables have been assigned against short-term interest-bearing liabilities (FY21: US$17.3 million collateral against long-term interest-bearing liabilities and US$529.7 million of trade receivables assigned against short-term interest-bearing liabilities). Refer to Note 21.1 and Note 24.

The weighted average write-off rate over recent years across all classes of trade receivables is 0.51% (FY21: 0.52%). The Group therefore has sufficient expected credit loss allowances. The weighted average write-off rate has been calculated using trade receivables write-offs as a percentage of the gross trade receivables using a simple weighting over the last three years. Please refer to "Write-off policy" in the Financial Instruments section of the accounting policies for more information on write-offs.

Management has concluded that the likelihood of material expected credit losses is low.

16. TRADE RECEIVABLES (continued)

16.1 Trade receivables credit risk

The following table details the credit risk profile of trade receivables based on the Group's provision matrix.

Days past due: US$'000	North America US$'000	Latin America US$'000	Europe US$'000	Asia-Pacific US$'000	MEA US$'000	Total US$'000
2022						
Datatec Group Total						
Current	72 233	115 848	599 579	173 409	108 068	1 069 137
1 – 30 days past due	14 594	9 737	42 915	18 664	10 053	95 963
31 – 60 days past due	7 104	8 779	9 795	5 601	1 181	32 460
61 – 90 days past due	1 608	1 379	4 639	416	1 212	9 254
91 – 120 days past due	1 699	867	1 379	1 464	(566)	4 843
Over 120 days past due	5 323	2 819	8 120	5 680	16 985	38 927
Gross trade receivables	102 561	139 429	666 427	205 234	136 933	1 250 584
Expected credit loss allowance	(185)	(629)	(7 428)	(3 281)	(15 237)	(26 760)
Net trade receivables	102 376	138 800	658 999	201 953	121 696	1 223 824
Westcon International~						
Current	–	–	492 045	136 335	103 469	731 849
1 – 30 days past due	–	–	29 049	11 485	8 751	49 285
31 – 60 days past due	–	–	6 891	3 373	854	11 118
61 – 90 days past due	–	–	2 484	(460)	461	2 485
91 – 120 days past due	–	–	1 322	698	(603)	1 417
Over 120 days past due	–	–	7 823	941	16 236	25 000
Gross trade receivables	–	–	539 614	152 372	129 168	821 154
Expected credit loss allowance	–	–	(6 836)	(883)	(14 883)	(22 602)
Net trade receivables	–	–	532 778	151 489	114 285	798 552
Logicalis						
Current	70 716	115 807	96 996	36 142	2 556	322 217
1 – 30 days past due	14 336	9 687	13 143	7 043	764	44 973
31 – 60 days past due	7 064	8 779	2 463	2 021	173	20 500
61 – 90 days past due	1 608	1 298	1 112	798	12	4 828
91 – 120 days past due	1 699	867	45	763	30	3 404
Over 120 days past due	5 292	2 819	279	4 739	34	13 163
Gross trade receivables	100 715	139 257	114 038	51 506	3 569	409 085
Expected credit loss allowance	(154)	(629)	(592)	(2 398)	(41)	(3 814)
Net trade receivables	100 561	138 628	113 446	49 108	3 528	405 271
Corporate and Management Consulting~						
Current	1 517	41	10 538	932	2 043	15 071
1 – 30 days past due	258	50	723	136	538	1 705
31 – 60 days past due	40	–	441	207	154	842
61 – 90 days past due	–	81	1 043	78	739	1 941
91 – 120 days past due	–	–	12	3	7	22
Over 120 days past due	31	–	18	–	715	764
Gross trade receivables	1 846	172	12 775	1 356	4 196	20 345
Expected credit loss allowance	(31)	–	–	–	(313)	(344)
Net trade receivables	1 815	172	12 775	1 356	3 883	20 001

Negative amounts represent credits on accounts that have not yet been applied/cleared due to timing of customer approvals as well as payments received in advance.

Only Datatec Group was disclosed in the prior year.

~ Datatec Financial Services has been included in the Westcon International segment in February 2022 and in the Corporate and Management Consulting segment in February 2021.

16. TRADE RECEIVABLES (continued)

16.1 Trade receivables credit risk (continued)

The past due receivables ageing categories above are shown gross, before taking into account expected credit loss allowances. US$26.2 million (FY21: US$24.3 million) expected credit losses have been allocated to the US$43.8 million (FY21: US$48.7 million) over 90 days past due receivables, resulting in a net over 90 days past due receivables balance of US$17.6 million (FY21: US$24.4 million). Where there are no expected credit loss allowances, the balances are deemed to be recoverable and there are either payment plans in place with the relevant customers or discussions with the customers are ongoing to resolve the payment of the outstanding balances.

Days past due US$'000	North America US$'000	Latin America US$'000	Europe US$'000	Asia-Pacific US$'000	MEA US$'000	Total US$'000
2021						
Datatec Group Total						
Current	53 766	115 771	563 157	137 742	99 730	970 166
1 – 30 days past due	9 060	3 675	26 259	23 364	10 705	73 063
31 – 60 days past due	2 766	3 592	9 644	9 036	6 337	31 375
61 – 90 days past due	743	1 095	4 135	4 449	1 286	11 708
91 – 120 days past due	530	193	2 606	1 795	2 035	7 159
Over 120 days past due	1 863	1 782	7 170	7 618	23 113	41 546
Gross trade receivables	68 728	126 108	612 971	184 004	143 206	1 135 017
Expected credit loss allowance	(158)	(489)	(9 024)	(3 707)	(13 534)	(26 912)
Net trade receivables	68 570	125 619	603 947	180 297	129 672	1 108 105
Westcon International~						
Current	–	–	467 407	107 163	97 844	672 414
1 – 30 days past due	–	–	13 153	15 829	9 883	38 865
31 – 60 days past due	–	–	7 203	5 821	6 059	19 083
61 – 90 days past due	–	–	3 391	1 036	1 241	5 668
91 – 120 days past due	–	–	2 203	538	2 009	4 750
Over 120 days past due	–	–	6 418	3 297	22 546	32 261
Gross trade receivables	–	–	499 775	133 684	139 582	773 041
Expected credit loss allowance	–	–	(7 738)	(1 373)	(13 091)	(22 202)
Net trade receivables	–	–	492 037	132 311	126 491	750 839
Logicalis						
Current	52 588	115 694	89 616	30 025	778	288 701
1 – 30 days past due	8 755	3 675	11 530	7 390	473	31 823
31 – 60 days past due	2 766	3 487	2 157	3 072	81	11 563
61 – 90 days past due	742	1 095	335	3 054	18	5 244
91 – 120 days past due	530	193	403	1 167	15	2 308
Over 120 days past due	1 832	1 782	655	4 227	63	8 559
Gross trade receivables	67 213	125 926	104 696	48 935	1 428	348 198
Expected credit loss allowance	(142)	(489)	(1 207)	(2 295)	(50)	(4 183)
Net trade receivables	67 071	125 437	103 489	46 640	1 378	344 015

16. TRADE RECEIVABLES (continued)

16.1 Trade receivables credit risk (continued)

Days past due US$'000	North America US$'000	Latin America US$'000	Europe US$'000	Asia-Pacific US$'000	MEA US$'000	Total US$'000
Corporate and Management Consulting~						
Current	1 178	77	6 134	554	1 108	9 051
1 – 30 days past due	305	–	1 576	145	349	2 375
31 – 60 days past due	–	105	284	143	197	729
61 – 90 days past due	1	–	409	359	27	796
91 – 120 days past due	–	–	–	90	11	101
Over 120 days past due	31	–	97	94	504	726
Gross trade receivables	1 515	182	8 500	1 385	2 196	13 778
Expected credit loss allowance	(16)	–	(79)	(39)	(393)	(527)
Net trade receivables	1 499	182	8 421	1 346	1 803	13 251

~ *Datatec Financial Services has been included in the Westcon International segment in February 2022 and in the Corporate and Management Consulting segment in February 2021.*

16.2 Reconciliation of the expected credit loss allowance account

US$'000	North America US$'000	Latin America US$'000	Europe US$'000	Asia-Pacific US$'000	MEA US$'000	Total US$'000
Balance on 1 March 2020	(59)	(833)	(10 017)	(4 658)	(13 935)	(29 502)
Impairment losses recognised on trade receivables	(137)	(1 102)	(4 527)	(1 773)	(1 600)	(9 139)
Impairment losses reversed	40	849	2 460	375	26	3 750
Bad debt write-offs	–	517	3 246	2 604	1 842	8 209
Net exchange gains and losses	(2)	80	(186)	(255)	133	(230)
Balance at 28 February 2021	**(158)**	**(489)**	**(9 024)**	**(3 707)**	**(13 534)**	**(26 912)**
Impairment losses recognised on trade receivables	**(131)**	**(575)**	**(2 083)**	**(80)**	**(2 513)**	**(5 382)**
Impairment losses reversed	**101**	**372**	**2 783**	**75**	**105**	**3 436**
Bad debt write-offs	**3**	**78**	**761**	**378**	**884**	**2 104**
Net exchange gains and losses	**–**	**(15)**	**135**	**53**	**(179)**	**(6)**
Balance at 28 February 2022	**(185)**	**(629)**	**(7 428)**	**(3 281)**	**(15 237)**	**(26 760)**

Expected credit losses on trade receivables relate to the operating function of the Group.

17. PREPAID EXPENSES

	2022 US$'000	2021 US$'000
Prepaid vendor maintenance	**91 429**	90 475
Deferred services cost of sales	**27 341**	27 425
Prepaid commissions	**7 864**	8 410
Prepaid licensing	**3 427**	5 927
Prepaid taxes	**4 010**	2 593
Prepaid project costs	**2 698**	2 488
Prepaid rental	**3 743**	3 098
Sundry prepayments (individually immaterial)	**27 556**	25 300
	168 068	165 716

	2022 US$'000	2021 US$'000
18. OTHER RECEIVABLES		
Rebates due	**15 137**	12 270
Tax receivables	**13 879**	12 223
Restricted cash	**8 647**	5 460
Sundry receivables*	**17 404**	22 305
	55 067	52 258

* *Includes notes and deposits held, short-term loans and a number of immaterial receivables.*

Expected credit losses have been assessed. No material expected credit losses have been noted.

	2022 US$'000	2021 US$'000
19. OTHER NON-CURRENT ASSETS, CONTRACT ASSETS AND CONTRACT COSTS		
19.1 Other non-current assets and contract costs		
Other non-current assets		
Security deposits	**2 807**	2 788
Notes receivable	**4 406**	192
Other	**3 521**	4 996
Amounts receivable for multi-year contracts*	**43 927**	–
	54 661	7 976
Non-current assets to obtain contracts	**21 271**	33
Other non-current assets and contract costs	**75 932**	8 009

* *Relates to multi-year contracts in Westcon International where performance obligations have already been fulfilled. The amounts due to Westcon International are unconditional and the contracts are non-cancellable. The short-term portion (US$41.8 million) is included in trade receivables. Amounts owing for purchases related to these multi-year contracts have been recognised in other liabilities (long-term portion of US$40.6 million) and trade and other payables (short-term portion of US$37.9 million).*

Expected credit losses have been assessed. No material expected credit losses have been noted.

	2022 US$'000	2021 US$'000
19.2 Contract assets and contract costs		
Non-current assets	**21 271**	33
Non-current contract assets	**21 271**	–
Non-current costs to obtain contracts	**–**	33
Current	**156 058**	154 289
Current contract assets	**156 058**	154 267
Current costs to obtain contracts	**–**	22
Total contract assets and contract costs	**177 329**	154 322
Changes during the period:		
At the beginning of the year	**154 322**	105 176
Amounts recognised during the year	**35 523**	55 692
Change in the time frame for a right to consideration to become unconditional	**(8 473)**	(7 203)
Translation and other movements	**(4 043)**	657
Total contract assets and contract costs	**177 329**	154 322

Amounts relating to contract assets are balances due where products have been sold and services have been performed with contractual payment terms based on performance or time-based milestones. Once these milestones have been reached, customers are invoiced and reclassified to trade receivables. The contract asset amount represents the full remaining amount due under the contract adjusted for risk of loss components.

Expected credit losses for the year were negligible.

20. STATED CAPITAL

	2022 US$'000	2021 US$'000
Authorised share capital		
400 000 000 (FY21: 400 000 000) ordinary shares of ZAR0.01 (1 cent) each		
Issued share capital		
216 957 874 (FY21: 201 450 000) fully paid ordinary shares, including treasury and DBP shares		
Stated capital	**148 859**	115 410
	148 859	115 410

	Number of shares	Stated capital US$'000
Balance at 1 March 2020	198 487 144	113 123
Treasury shares issued to settle share schemes that vested	1 000 000	2 230
Treasury shares issued to settled deferred DBP	(574 466)	(797)
Effects of foreign currency translation	–	854
Balance at 28 February 2021	**198 912 678**	**115 410**
Issue of shares for a scrip distribution FY21 final dividend	**1 728 104**	**3 584**
Issue of shares for a scrip distribution special dividend	**13 779 770**	**36 276**
Treasury shares issued to settled deferred DBP shares	**(1 332 099)**	**(2 805)**
Treasury shares relating to DBP shares that have vested in the current financial year	**1 092 513**	**1 830**
Treasury shares at year-end	**(549 867)**	**(1 365)**
Effects of foreign currency translation	**–**	**(4 071)**
Balance at 28 February 2022	**213 631 099**	**148 859**

Reconciliation of treasury shares	Number of shares	Treasury shares US$'000
Balance as at 1 March 2021	**–**	**–**
Treasury shares purchased	**3 086 863**	**7 084**
Treasury shares used for participants in the DBP	**(1 332 099)**	**(2 805)**
Treasury shares used to settle share schemes that vested	**(1 204 897)**	**(2 914)**
Balance as at 28 February 2022	**549 867**	**1 365**

Stated capital is in the Rand denominated accounts of the holding company and is translated into US Dollar each year in the Group accounts in accordance with the accounting policy.

During the year ended 28 February 2022, 15 507 874 (FY21: nil) shares were issued as a scrip distribution to shareholders.

As at 28 February 2022, the Group held 549 867 (FY21: nil) shares as treasury shares. All the treasury shares purchased in FY22 have been issued to settle share-based payments that vested in FY22. These treasury shares were set off against stated capital in FY22.

As at 28 February 2022, there were 2 776 908 shares (FY21: 2 537 322 shares) relating to the DBP (refer to Note 2). This includes 1 332 099 shares used for participants in the DBP in the current year (FY21: 574 466 shares) less 1 092 513 shares that vested in the current financial year (FY21: nil) and left the restrictions of the DBP. The DBP shares between grant and vesting (ie while forfeitable) are set off against stated capital.

	2022 US$'000	2021 US$'000
21. LONG-TERM INTEREST-BEARING LIABILITIES		
Secured loans	**43 566**	45 480
Other long-term liabilities – unsecured	**38 203**	31 202
	81 769	76 682
Less: Current portion included in short-term interest-bearing liabilities (Note 24)	**(25 329)**	(34 311)
Long-term portion	**56 440**	42 371
Repayable between one and two years	**22 606**	17 261
Repayable between two and three years	**28 180**	12 526
Repayable between three and four years	**4 693**	7 967
Repayable between four and five years	**961**	3 964
Repayable after five years	**–**	653
	56 440	42 371

21.1 Secured loans and other long-term liabilities

Counterparty	Currency	Interest rate	Final repayment date	Repayment terms	Principal amount (loan currency)	Principal amount US$'000	2022 Total capital amount outstanding US$'000
Secured:							**43 566**
Westcon International							**13 003**
Futuregrowth Asset Management	ZAR	3-month JIBAR + 2.5%	September 2024	Full capital repayable every three years, interest paid quarterly	200 000	12 948	**12 948**
Tokyo Century Leasing (Singapore) Pte Ltd	SGD	5.19%	August 2024*	Monthly instalments	180	141	**55**

21. LONG-TERM INTEREST-BEARING LIABILITIES (continued)

21.1 Secured loans and other long-term liabilities (continued)

Counterparty	Currency	Interest rate	Final repayment date	Repayment terms	Principal amount (loan currency)	Principal amount US$'000	2022 Total capital amount outstanding US$'000
Logicalis							**21 186**
CSI Lifecycle Leasing GmbH**	EUR	3.00%	June 2025*	Monthly instalments	12 747	14 196	**4 669**
CSI Lifecycle Leasing GmbH**	EUR	2.03%	June 2026*	Monthly instalments	6 017	6 701	**2 465**
CSI Lifecycle Leasing GmbH**	EUR	5.28%	January 2023*	Monthly instalments	4 738	5 277	**1 074**
CSI Lifecycle Leasing GmbH**	EUR	0.63%	December 2023*	Monthly instalments	8 086	9 005	**1 372**
CSI Lifecycle Leasing GmbH**	EUR	1.00%	June 2026*	Monthly instalments	8 747	9 742	**2 154**
CSI Lifecycle Leasing GmbH**	EUR	1.64%	October 2024*	Monthly instalments	2 605	2 901	**989**
CSI Lifecycle Leasing GmbH**	EUR	1.87%	June 2026*	Monthly instalments	4 327	4 819	**1 984**
CHG-Meridian Deutsche Computer Leasing AG	EUR	2.10%	September 2026*	Monthly instalments	1 340	1 622	**1 493**
CHG-Meridian Deutsche Computer Leasing AG	EUR	2.00%	September 2024*	Monthly instalments	1 593	1 775	**1 534**
CSI Lifecycle Leasing GmbH**	EUR	2.00%	June 2022*	Monthly instalments	2 949	3 284	**1 552**
Other	Various	1.20% to 9.54%	Between March 2022 and June 2026*	Monthly instalments	Various	7 644	**1 900**
Analysys Mason							**9 377**
HSBC UK	GBP	3.19%	December 2025*	Annual instalments	7 040	9 377	**9 377**

21. LONG-TERM INTEREST-BEARING LIABILITIES (continued)

21.1 Secured loans and other long-term liabilities (continued)

Counterparty	Currency	Interest rate	Final repayment date	Repayment terms	Principal amount (loan currency)	Principal amount US$'000	2022 Total capital amount outstanding US$'000
Unsecured:							**38 203**
Westcon International							**1 437**
Cisco Systems Capital Corporation	EUR	0.0%	October 2025*	Annual instalments	1 100	1 305	**1 050**
De Lage Landen Pty Limited	AU$	5.50%	September 2022*	Annual instalments	134	97	**44**
De Lage Landen Pty Limited	AU$	5.00%	January 2025*	Monthly instalments	667	482	**343**
Logicalis							**36 766**
Cisco Systems Capital Corporation	US$	1.80%	May 2025*	Quarterly instalments	14 913	14 913	**10 582**
Projectos Microsoft	BRL	14.20%	August 2023	Bullet payment on 28 August 2023	35 000	7 167	**7 167**
Cisco Systems Capital Corporation	US$	1.82%	September 2023*	Quarterly instalments	5 108	5 108	**2 926**
De Lage Landen Pty Limited	US$	3.00%	January 2023*	Quarterly instalments	2 811	2 811	**2 389**
Cisco Systems Capital Corporation	US$	1.82%	November 2024*	Quarterly instalments	3 946	3 946	**2 192**
De Lage Landen Pty Limited	US$	3.00%	January 2023*	Quarterly instalments	1 550	1 550	**1 317**
De Lage Landen Pty Limited	US$	4.20%	September 2023*	Quarterly instalments	903	903	**678**
Cisco Systems Capital Corporation	US$	3.42%	June 2025*	Quarterly instalments	914	914	**650**
Banco de Credito de Perú	PEN	1.14%	May 2024*	Monthly instalments	2 231	595	**548**
Cisco Systems Capital Corporation	US$	3.43%	April 2026*	Quarterly instalments	589	589	**501**
Cisco Systems Capital Corporation	AU$	0.00%	March 2022*	Monthly instalments	1 616	1 168	**410**
Finep	BRL	5.00%	December 2025*	Monthly instalments	3 487	675	**393**
Cisco Systems Capital Corporation	HKD	3.40%	July 2022*	Annual instalments	3 171	406	**138**
Other	Various	Interest free to 5.30%	Between April 2022 and April 2026*	Monthly, quarterly and annual instalments	Various	11 147	**6 875**

* *The amount due within 12 months is included in current portion of long-term liabilities.*
** *In FY21, reference was made to Commerzrbank as opposed to CSI Lifecycle Leasing GmbH**.*

The Futuregrowth Asset Management liability is secured by trade receivables to the value of US$19.4 million (FY21: US$17.3 million). The Tokyo Century Leasing loan is secured by a car to the value of US$0.05 million (FY21: US$0.05 million). The CSI Lifecycle Leasing GmbH and CHG-Meridian Deutsche Computer Leasing AG loans are asset-backed loans. These loans are secured against the value of the computer equipment they relate to, which is equal to the total capital outstanding. The HSBC loan is a rolling credit facility.

21. LONG-TERM INTEREST-BEARING LIABILITIES (continued)

21.1 Secured loans and other long-term liabilities (continued)

Counterparty	Currency	Interest rate	Final repayment date	Repayment terms	Principal amount (loan currency)	Principal amount US$'000	2021 Total capital amount outstanding US$'000
Secured:							45 480
Westcon International							13 301
Futuregrowth Asset Management	ZAR	3-month JIBAR + 2.5%	September 2021	Full capital repayable every 3 years, interest paid quarterly	200 000	13 226	13 226
Tokyo Century Leasing (Singapore) Pte Ltd	SGD	5.19%	August 2024*	Monthly instalments	180	135	75
Logicalis							32 179
Banco ITAU Unibanco	US$	8.00%	August 2023	Biannual instalments	7 333	7 333	7 621
Commerzbank	EUR	10.91%	June 2025	Monthly instalments	12 747	15 389	5 543
Commerzbank	EUR	2.03%	June 2026	Monthly instalments	5 340	6 447	2 943
Commerzbank	EUR	5.28%	January 2023	Monthly instalments	4 738	5 720	2 373
Commerzbank	EUR	0.63%	December 2023	Monthly instalments	8 086	9 761	2 277
Commerzbank	EUR	1.00%	June 2026	Monthly instalments	7 378	8 907	2 569
Commerzbank	EUR	1.64%	October 2024	Monthly instalments	2 298	2 774	1 484
Commerzbank	EUR	1.87%	June 2026	Monthly instalments	4 327	5 224	2 683
Other	EUR	0.63% to 4.16%	Between August 2021 and June 2026	Monthly instalments	14 018	16 923	4 686

21. LONG-TERM INTEREST-BEARING LIABILITIES (continued)

21.1 Secured loans and other long-term liabilities (continued)

Counterparty	Currency	Interest rate	Final repayment date	Repayment terms	Principal amount (loan currency)	Principal amount US$'000	2021 Total capital amount outstanding US$'000
Unsecured:							31 202
Logicalis							29 933
Cisco Systems Capital Corporation	US$	1.80%	May 2025	Monthly instalments	14 913	14 913	13 544
Cisco Systems Capital Corporation	US$	1.82%	September 2023	Monthly instalments	5 108	5 108	4 713
Cisco Systems Capital Corporation	US$	1.82%	November 2024*	Quarterly instalments	3 946	3 946	2 996
Deutsch leasing	EUR	2.00%	July 2025	Monthly instalments	2 949	3 560	2 335
Cisco Systems Capital Corporation	US$	0.00%	April 2022	Quarterly instalments	1 589	1 589	993
Cisco Systems Capital Corporation	AU$	0.00%	March 2023	Annual instalments	1 616	1 247	875
IBM Financed Invoices	EUR	1.40%	March 2021*	Biannual instalments	4 170	5 034	853
Prestamo Reactiva Perú	PEN	1.14%	May 2023	Monthly instalments	2 231	611	560
Finep	BRL	5.00%	December 2025	Monthly instalments	3 487	623	457
Cisco Systems Capital Corporation	HKD	3.40%	July 2022	Annual instalments	3 171	409	272
Other	Various	Interest free to 11.80%	Between April 2021 and June 2026*	Monthly, quarterly, biannual and annual instalments	Various	3 596	2 335
Datatec Financial Services							1 269
De Lage Landen Pty Limited	AU$	4.98%	February 2022	Monthly instalments	520	674	674
De Lage Landen Pty Limited	AU$	5.50%	September 2022	Annual instalments	80	103	103
De Lage Landen Pty Limited	AU$	5.00%	January 2025	Monthly instalments	380	492	492

* *The amount due within 12 months is included in current portion of long-term liabilities.*

The carrying value of long-term liabilities approximates their fair value, therefore no fair value disclosures are provided.

	2022 US$'000	2021 US$'000
22. LEASE LIABILITIES		
Non-current	**61 523**	77 847
Current	**32 870**	36 398
	94 393	114 245
Current portion repayable within one year	**32 870**	36 398
Repayable between one and two years	**24 322**	28 066
Repayable between two and three years	**15 302**	19 444
Repayable between three and four years	**8 046**	12 517
Repayable between four and five years	**5 068**	6 704
Repayable between five and 10 years	**8 785**	11 116
	94 393	114 245

Geographic segment	Currency	Classes of right-of-use assets leased	Interest rate	Final repayment date	Principal amount US$'000	2022 Total capital amount outstanding US$'000
Westcon International						**33 760**
North America	US$	Land and buildings	4.50%	September 2029	2 965	**1 989**
Europe	Various	Equipment, motor vehicles and land and buildings	4.50%	Between January 2026 and April 2030	41 133	**21 983**
Asia-Pacific	Various	Equipment and land and buildings	Between 1.79% and 9.50%	Between January 2025 and July 2025	13 896	**6 738**
MEA	Various	Equipment, motor vehicles and land and buildings	Between 4.50% and 22.00%	Between April 2022 and December 2026	20 456	**3 050**
Logicalis						**54 022**
North America	US$	Equipment, computer equipment and land and buildings	Between 0.00% and 7.59%	Between March 2021 and September 2026	30 264	**14 968**
Latin America	Various	Equipment, leasehold improvements and land and buildings	Between 0.00% and 44.00%	Between March 2020 and November 2025	17 419	**10 193**
Europe	EUR and GBP	Office furniture, equipment, motor vehicles, computer equipment, leasehold improvements and land and buildings	Between 0.20% and 6.00%	Between April 2022 and January 2030	27 351	**15 747**
Asia-Pacific	Various	Office furniture, equipment, computer equipment, leasehold improvements and land and buildings	Between 0.00% and 10.60%	Between March 2022 and June 2027	23 554	**11 836**
MEA	ZAR	Land and buildings	Between 6.25% and 10.30%	Between June 2021 and March 2025	1 950	**1 278**

22. LEASE LIABILITIES (continued)

Geographic segment	Currency	Classes of right-of-use assets leased	Interest rate	Final repayment date	Principal amount US$'000	2022 Total capital amount outstanding US$'000
Corporate and Management Consulting						**6 611**
North America	US$	Land and buildings	2.50%	August 2028	328	**48**
Europe	Various	Computer equipment and land and buildings	Between 2.5% and 3.01%	Between October 2022 and August 2028	9 793	**5 572**
Asia-Pacific	Various	Land and buildings	2.50%	August 2024	719	**335**
MEA	Various	Equipment and land and buildings	Between 2.5% and 9.25%	Between September 2021 and November 2030	827	**656**

Geographic segment	Currency	Classes of right-of-use assets leased	Interest rate	Final repayment date	Principal amount US$'000	2021 Total capital amount outstanding US$'000
Westcon International						43 244
North America	US$	Equipment, motor vehicles and land and buildings	4.50%	December 2029	2 484	2 201
Europe	Various	Equipment, motor vehicles and land and buildings	4.50%	February 2025	37 376	28 563
Asia-Pacific	Various	Equipment, motor vehicles and land and buildings	Between 3.64% and 9.50%	Between February 2021 and January 2025	10 859	9 165
MEA	Various	Equipment, motor vehicles and land and buildings	Between 5.00% and 10.00%	Between February 2021 and March 2025	5 913	3 315

22. LEASE LIABILITIES (continued)

Geographic segment	Currency	Classes of right-of-use assets leased	Interest rate	Final repayment date	Principal amount US$'000	2021 Total capital amount outstanding US$'000
Logicalis						62 727
North America	US$	Equipment, computer equipment and land and buildings	Between 3.61% and 7.59%	Between July 2021 and September 2026	32 832	17 865
Latin America	Various	Equipment, leasehold improvements, land and buildings and licences	Between 0.00% and 22.80%	Between March 2021 and November 2025	19 278	11 944
Europe	EUR and GBP	Office furniture, equipment, motor vehicles, computer equipment, leasehold improvements and land and buildings	Between 0.80% and 6.00%	Between March 2021 and January 2030	25 394	16 806
Asia-Pacific	Various	Office furniture, equipment, computer equipment, leasehold improvements and land and buildings	Between 0.00% and 10.60%	Between April 2021 and May 2026	22 367	14 502
MEA	ZAR	Land and buildings	Between 6.25% and 10.30%	Between June 2021 and March 2025	1 986	1 610
Corporate and Management Consulting						8 274
Europe	Various	Computer equipment and land and buildings	Between 2.75% and 3.01%	Between September 2021 and October 2022	11 535	7 598
MEA	ZAR	Equipment and land and buildings	9.25%	Between December 2023 and November 2030	685	676

Generally, these lease contracts are entered into for fixed periods but may have extension options.

The Group's finance lease arrangements include immaterial variable lease payments.

Short-term leases (lease term of 12 months or less) and leases of low-value assets are recognised as an operating expense on a straight-line basis over the term of the lease (refer to Note 3).

No residual value guarantees have been provided. The residual value risk of leased assets is not significant, because of the existence of secondary markets for these assets.

23. TRADE AND OTHER PAYABLES

	2022 US$'000	2021 US$'000
Trade payables	**1 113 072**	993 067
VAT/sales tax	**35 959**	50 442
Accruals	**240 358**	213 436
Sundry payables*	**117 840**	123 284
Short-term portion of share-based payments	**18 934**	4 979
	1 526 163	1 385 208

** Includes payroll taxes, other taxes and a number of individually immaterial payables.*

The carrying value of trade and other payables approximates their fair value, therefore no fair value disclosures are provided. Trade accounts payable will be settled in the normal course of business.

Logicalis' subsidiaries have four inventory purchase financing agreements with financing companies for specified vendors' purchases which extends payment terms beyond the vendors normal payment terms. Purchases within the normal vendor credit terms are described as unfunded and are included in trade payables:

- Logicalis United Kingdom: Extended payment terms begin at 60 days+ for a maximum of US$26.0 million (FY21: US$26.0 million). At 28 February 2022, US$1.2 million was utilised (FY21: US$1.4 million).
- Logicalis United States: Extended payment terms begin at 60 days+ for a maximum of US$60.0 million (FY21: US$60.0 million). At 28 February 2022, US$9.3 million was utilised (FY21: US$3.1 million).
- Logicalis United States: Extended payment terms begin at 75 days+ for a maximum of US$48.0 million (FY21: US$48.0 million). At 28 February 2022, US$4.6 million was utilised (FY21: US$1.8 million).
- Logicalis Latin America: Extended payment terms begin at 90 days+ for a maximum of US$125.0 million (FY21: US$125.0 million). At 28 February 2022, US$5.9 million was utilised (FY21: US$15.6 million).

Details of Westcon International's inventory purchase financing arrangements can be found in Note 15. Amounts outstanding under these arrangements are included in trade payables.

24. SHORT-TERM INTEREST-BEARING LIABILITIES

	2022 US$'000	2021 US$'000
Unsecured short-term funding – Banco Votorantim	**2 041**	1 344
Unsecured short-term funding – De Lage Landen	**1 850**	117
Unsecured short-term funding – Banco Bilbao Vizcaya Argentaria	**1 005**	–
Unsecured short-term funding – Societè Generale	**478**	–
Unsecured short-term funding – IBM Global Financing	**159**	–
Unsecured short-term funding – Banco Santander	**–**	12 188
Unsecured short-term funding – Cisco Systems Capital Corporation	**–**	3 001
Secured short-term funding – Crédit Agricole Leasing & Factoring	**140 937**	170 707
Secured short-term funding – Westpac	**79 870**	30 000
Secured short-term funding – Levantor Capital Limited	**12 924**	–
Secured short-term funding – Factoring Security S.A.	**1 440**	1 480
Secured short-term funding – Banco Itaú	**580**	–
Secured short-term funding – Banco Scotiabank	**4**	96
Secured short-term funding – Barclays	**–**	8 015
Secured short-term funding – Tanner Servicios Financieros	**–**	201
Current portion of other long-term liabilities (Note 21)	**25 329**	34 311
	266 617	261 460

The carrying value of short-term interest-bearing liabilities approximates its far value, therefore no fair value disclosures are provided.

24. SHORT-TERM INTEREST-BEARING LIABILITIES (continued)

Unsecured loans:

One of Logicalis' subsidiaries has entered into various forfaiting arrangements with Banco Votorantim between US$0.04 million and US$0.27 million each, bearing interest between 3.25% and 3.26%. These liabilities are repayable in March 2022. At 28 February 2022, US$2.04 million (FY21: US$1.3 million) was outstanding. The carrying value of short-term interest-bearing liabilities approximates their fair value, therefore no fair value disclosures are provided. Trade accounts payable will be settled in the normal course of business.

One of Logicalis' subsidiaries has entered into various loans with De Lage Landen between US$0.3 and US$1.2 million, bearing interest at 3.00%. This liability is repayable between September and December 2022. At 28 February 2022, US$1.9 million was outstanding.

One of Logicalis' subsidiaries has entered into a loan with Banco Bilbao Vizcaya Argentaria, US$1.4 million each, bearing interest at 1.25%. These liabilities are repayable in September 2022. At 28 February 2022, US$1.0 million (FY21: US$nil) was outstanding.

One of Logicalis' subsidiaries has entered into various loans with Societè Generale, between US$0.1 million and US$1.1 million each, bearing interest between 0.00% and 3.25%. These liabilities are repayable in between March 2022 and July 2022. At 28 February 2022, US$0.5 million (FY21: US$nil) was outstanding.

One of Logicalis' subsidiaries has entered into various loans with IBM Global Financing, between US$0.04 million and US$0.44 million each, bearing interest between 1.36% and 5.06%. These liabilities are repayable in between June 2022 and September 2022. At 28 February 2022, US$0.16 million (FY21: US$nil) was outstanding.

Secured loans:

Some of Westcon International's subsidiaries have entered into various arrangements with Crédit Agricole Leasing & Factoring up to a maximum of US$435.0 million (EUR390.6 million), bearing interest at three-month EURIBOR + 0.9%, three-month US LIBOR and three-month GBP TSRR + 0.9%. As at 28 February 2022, there were restrictions of US$23.9 million. These are rolling facilities and at 28 February 2022, US$140.9 million (FY21: US$170.7 million) was outstanding. The net availability on this facility is US$270.2 million (FY21: US$161.3 million).

In FY22, the main Crédit Agricole Leasing & Factoring facility has been increased by EUR100 million to EUR375 million (approximately US$420 million) and now also covers Switzerland and Austria. A parallel but stand-alone EUR16 million facility has also been added for Portugal, such that the total capacity available to Westcon Europe is EUR390.6 million (approximately US$435.0 million). Pricing remains unchanged in relation to base rate indices changes and the enhancements translate to additional liquidity which is immediately accessible.

One of Westcon International's subsidiaries has entered into various arrangements with Westpac of US$100.0 million, bearing interest at 1.50%. The maximum facility is US$100.0 million. As at 28 February 2022, there were restrictions of US$22.1 million. These are rolling facilities and at 28 February 2022, US$79.9 million (FY21: US$30.0 million) was outstanding. The net availability of this facility, after taking into account restrictions and the amount outstanding, was US$nil (FY21: US$40.9 million).

In FY22, one of Westcon International's subsidiaries entered into various arrangements with Levantor Capital Limited of US$65.7 million, bearing interest at 3.25%. The maximum facility is US$65.7 million (FY21: US$nil). These are rolling facilities and at 28 February 2022, US$12.9 million was outstanding. The net availability of this facility, after taking into account restrictions and the amount outstanding, was US$52.8 million.

One of Logicalis' subsidiaries has entered into a funding arrangement with Factoring Security S.A., between US$0.003 million and US$0.3 million each, bearing interest between 5.94% to 10.00%. These loans are repayable between March 2022 and April 2022. At 28 February 2022, US$1.4 million (FY21: US$1.5 million) was outstanding. The liability is secured by invoices to the value of US$1.4 million (FY21: US$1.5 million).

One of Logicalis' subsidiaries has entered into various funding arrangements with Banco Scotiabank, between US$1.3 million and US$2.5 million each, bearing interest at 1.72%. These loans are repayable in April 2022. At 28 February 2022, US$0.004 million (FY21: US$0.1 million) was outstanding. The liability is secured by invoices to the value of US$0.004 million (FY21: US$0.1 million).

One of Logicalis' subsidiaries has entered into a funding arrangement with Banco Itaú, for US$0.6 million, bearing interest at 6.35%. These loans are repayable in March 2022. At 28 February 2022, US$1.5 million was outstanding (FY21: US$ nil). The liability is secured by invoices to the value of US$0.6 million (FY21: US$ nil).

	2022 US$'000	2021 US$'000
25. ACQUISITION-RELATED LIABILITIES		
Long-term portion	**4 056**	40
Short-term portion	**39**	2 580
	4 095	2 620

Acquisition-related liabilities represent purchase considerations owing in respect of acquisitions. The purchase considerations are to be settled with the vendors in cash or shares on achievement of agreed performance criteria. The amounts owing are interest-free.

Acquisition-related liabilities are classified as financial liabilities designated at fair value through profit or loss. They are classified as level 3 financial instruments, whose fair value measurements are derived from inputs that are unobservable for the liability. Movements are presented in the statement of comprehensive income as acquisition-related fair value adjustments.

Effective 4 September 2017, Logicalis acquired PT. Packet Systems Indonesia ("PSI"), a leading ICT systems integrator and services company. The consideration payable comprised an initial cash consideration of US$6.8 million and deferred cash consideration of up to US$0.8 million, split into two payments over two years. During the year, the last payment of US$0.4 million was made.

Effective 8 October 2018, Logicalis acquired Computer Networks Integration Pty Ltd ("CNI"), a Microsoft Gold-Certified Partner based in Melbourne. The consideration payable comprised an initial cash consideration of US$1.8 million (AU$2.5 million) and deferred cash consideration of up to US$1.3 million (AU$1.8 million) split into three payments over three years. The payment of the deferred consideration is dependent on certain targets being met for each of these three periods. During the year, the third and final payment of US$0.3 million (AU$0.4 million) was paid to CNI.

On 30 June 2019, Logicalis completed the acquisition of Mars Investment Holdings (Pty) Ltd ("Mars Technologies"), a South African IT services business. The consideration payable comprised an initial amount of US$0.3 million (ZAR4.0 million) with a deferred consideration payable of US$0.1 million (R1.2 million) due within three years, provided certain conditions are met. An amount of US$0.04 million (R0.6 million) is due at year-end.

Logicalis purchased a 70% interest in Comunicações e Projectos Especiais S.A. ("Cilnet") on 2 September 2019, a Cisco systems integrator and managed services business in Portugal. The consideration payable comprised an initial amount of US$6.4 million (EUR5.8 million) with a deferred consideration payable of US$2.3 million (EUR2.1 million) due over two years, provided certain conditions are met. During the year, the second and final payment of US$1.3 million was made.

Logicalis acquired Orange Networks GmbH ("Orange Networks") on 2 September 2019, a Microsoft services business with Germany-wide presence. The consideration payable comprised an initial amount of US$2.4 million (EUR2.1 million) with a deferred consideration payable of US$0.6 million (EUR0.5 million) due within three years, provided certain conditions are met. These conditions were not met and the outstanding amount of US$0.6 million (EUR0.5 million) has been taken to the statement of comprehensive income.

On 1 June 2021, Logicalis Networks GmbH, acquired Siticom GmbH a leading 5G integrator based in Germany, for a consideration of EUR6.2 million (US$7.4 million). The acquisition gives Logicalis a platform to establish a pan-European centre-of-expertise in developing advanced networking integration capabilities around 5G and evolving cloud orchestrated network interoperability. There are two options for Logicalis to repurchase this minority stake for an agreed amount of up to EUR8.8 million (approximately US$10.5 million) over the next two years, whereafter Logicalis will own 100% of Siticom. A potential maximum EUR1.0 million (approximately US$1.2 million) earn-out liability, subject to certain performance conditions, is included in the acquisition-related liability and payable in FY24. During the year, the first option was exercised and EUR5.2 million (approximately US$5.9 million) was paid. The equivalent of US$4.1 million is outstanding at year-end.

26. PROVISIONS

	Restructuring US$'000	Legal claims and costs US$'000	VAT/ sales tax US$'000	Pension obligations US$'000	Dilapidations/asset retirement obligations US$'000	Onerous contracts US$'000	Other US$'000	Total US$'000
Balance at 1 March 2021	8 346	1 127	1 200	6 104	5 593	2 537	666	25 573
Amounts added	902	222	925	90	101	32	634	2 906
Utilised	(6 381)	(71)	–	(142)	(1 275)	(172)	(2)	(8 043)
Amounts reversed	(1 417)	(347)	(925)	(396)	–	–	–	(3 085)
Decrease due to passage of time	–	–	–	–	–	(1 172)	–	(1 172)
Translation and other	(64)	(72)	(21)	(143)	(58)	(85)	431	(12)
Balance at 28 February 2022	1 386	859	1 179	5 513	4 361	1 140	1 729	16 167
Expected maturity								
Within one year	1 386	648	1 178	1 436	917	364	1 325	7 254
Between two and five years	–	107	1	1 057	1 124	776	274	3 339
More than five years	–	104	–	3 020	2 320	–	130	5 574
	1 386	859	1 179	5 513	4 361	1 140	1 729	16 167

	2022 US$'000	2021 US$'000
Long-term portion	8 913	11 463
Short-term portion	7 254	14 110
	16 167	25 573

- Restructuring provisions include expected costs for certain restructuring activities of the Group where the details have already been announced to affected parties.
- Legal claims and costs are provisions for anticipated settlements including costs, for various legal matters that the Group is defending.
- VAT/Sales tax provisions relate to provisions for potential taxes in foreign jurisdictions.
- Pension obligations relate to a pension scheme operated by Logicalis Group, for which full defined benefit pension disclosure has not been disclosed due to its immaterial value.
- Dilapidations and asset retirement obligations relate to provisions where the Group is expected to restore certain leased property and assets to their original condition.
- Onerous contracts consist of projects in progress in which the costs of meeting the obligations under the contract exceed the economic benefits expected to be received.
- Other provisions include asset vendor credits, employee settlement claims and other provisions which are individually insignificant.

The timing of restructuring provisions is fairly certain and is expected to be settled within 12 months. There is little uncertainty with regards to the amounts but some provisions are subject to final agreement.

26. PROVISIONS (continued)

There is uncertainty regarding the timing of legal claims as the finalisation of certain lawsuits cannot be determined. There is some uncertainty regarding the amounts but best estimates have been provided by legal counsel.

The VAT/sales tax provision relates to tax exposures in foreign jurisdictions and external tax consultants are being utilised to investigate these exposures.

The timing of pension obligations is uncertain and is determined by external actuaries. The amounts of pension obligations are determined by external actuaries. The uncertainty relates to assumptions include discount rates, retirement ages and estimates of growth in retirement funding.

The timing of some dilapidations/asset retirement obligations is fairly certain and based on the lease agreement end dates but there is uncertainty regarding one dilapidation obligation. There is uncertainty with regards to the amount as they are subject to the properties' conditions, the position and behaviour of the landlord and the local rates prevailing at the time.

Some uncertainty exists over the timing and amount of onerous contracts. These have been determined using management's best estimate of the duration and costs to complete the relevant projects.

	2022 US$'000	2021 US$'000
27. DEFERRED REVENUE		
Non-current	**21 464**	10 942
Current	**134 638**	132 244
	156 102	143 186
Changes during the period		
At the beginning of the year	**143 186**	134 070
Changes due to new contracts and revenue recognised that was included in the contract liability balance at the beginning of the year	**225 700**	276 985
Changes due to business combinations	**–**	489
Change in estimate of transaction price	**601**	–
Other adjustments	**361**	–
Change in the time frame for a right to consideration to become unconditional	**(4 833)**	(4 253)
Amounts recognised during the year	**(205 314)**	(261 350)
Translation and other movements	**(3 599)**	(2 755)
	156 102	143 186

Deferred revenue relates to payments received from customers where there is still a commitment to complete the performance obligation. Revenue is only recognised once the performance obligation has been satisfied/partially satisfied.

The aggregate amount of the transaction price allocated to unsatisfied (or partially unsatisfied) performance obligations is US$6.3 million (FY21: US$5.5 million).

	2022 US$'000	2021 US$'000
Expected to be recognised		
Within one year	**6 277**	5 464
	6 277	5 464

	2022 US$'000	2021 US$'000
28. BANK OVERDRAFTS		
Total bank overdrafts at the end of the year	**166 559**	131 417
Bank overdrafts unconditionally repayable on demand	**37 953**	9 860
Bank overdrafts repayable on demand under certain conditions (refer to Note 36)	**128 606**	121 557
	166 559	131 417

Region	Provider	Facility currency	Facility limit US$'000	Interest rate	2022 Overdraft US$'000
Westcon International					**7 532**
Bank overdrafts repayable on demand under certain conditions					**7 532**
UAE	HSBC	US$	15 000	London Interbank Offered Rate ("LIBOR") (US$ three-month) + 2.5%, 2.599% as at 28 February 2022.	**7 288**
Indonesia	HSBC	US$	3 000	For IDR drawings, bank best lending rate minus 5.20% (8.00% average as at 28 February 2022).	**244**

Only facilities that have been drawn at 28 February 2022 have been included in the table above. There are further facilities available, which together with the drawn facilities above, amounts to total facilities of US$31.5 million (FY21: US$32.0 million). US$7.5 million (FY21: US$4.9 million) was drawn at year-end. As at 28 February, there were restrictions of US$2.5 million (FY21: US$nil). The net availability of the facilities is US$21.5 million (FY21: US$27.1 million). The net availability does not include any cash sources in Westcon International.

US$nil (FY21: US$nil) of trade receivables are pledged as collateral against bank overdrafts.

Datatec plc has US$nil (FY21: US$nil) of cash as collateral for Westcon Asia facilities.

NOTES TO THE GROUP CONSOLIDATED ANNUAL FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 28 FEBRUARY 2022

28. BANK OVERDRAFTS (continued)

Region	Provider	Facility currency	Facility limit US$'000	Interest rate	2022 Overdraft US$'000
Logicalis					**159 027**
Bank overdrafts unconditionally repayable on demand					**37 953**
Brazil	Banco ABC do Brasil	US$	8 055	This facility has a per annum pre-fixed interest rate in US$ (between 3% and 4% as at 28 February 2022).	**8 055**
Brazil	Banco ABC do Brasil	BRL	2 038	CDI (Interbank deposit rate) + 3.8% (14.55% at 28 February 2022).	**2 038**
Brazil	Banco Itau BBA S/A	BRL	11 340	CDI (Interbank deposit rate) + 3.29% (14.04% at 28 February 2022).	**11 340**
Brazil	Banco Votorantim	BRL	1 781	CDI (Interbank deposit rate) + 3.3% (14.05% at 28 February 2022).	**1 781**
Brazil	Banco ABC do Brasil	US$	5 760	This facility has a per annum pre-fixed interest rate in US$ (between 3.98% and 4.05% as at 28 February 2022).	**5 760**
UK	HSBC	Various		*Interest rates vary based on the amounts drawn down. This is not an additional facility. This overdraft is offset by cash in a pooling agreement.	**8 979**

28. BANK OVERDRAFTS (continued)

Region	Provider	Facility currency	Facility limit US$'000	Interest rate	2022 Overdraft US$'000
Logicalis					
Bank overdrafts repayable on demand under certain conditions					**121 074**
UK	Barclays syndicate	Various	82 275	SOFR (dependent on the length of the interest period) plus a margin rate which is determined from a margin ratchet on quarterly leverage. The margin ranges between 1.75% and 3.00% (2.25% as at 28 February 2022).	**80 598**
	• This facility matures in January 2024 after a three-year term plus agreed one-year extension. • The facility includes EBITDA and interest cover covenants which are tested quarterly.				
UK	Barclays syndicate	Various	33 125	US LIBOR (six-month), EURIBOR (six-month) and SIBOR (six-month) (dependent on the length of the interest period) plus a margin rate which is determined from a margin ratchet on quarterly leverage. The margin ranges between 1.75% and 3.00% (2.25% as at 28 February 2022).	**33 125**
	• This facility matures in January 2024 after a three-year term plus agreed one-year extension. • The facility includes EBITDA and interest cover covenants which are tested quarterly.				
Chile	Banco ITAU Unibanco	US$	2 403	Fixed rate of 8%.	**2 403**
	• This facility has no specified maturity date.				
Brazil	HSBC	US$	118	Fixed rate of 5%.	**118**
	• This facility has no specified maturity date.				
South Africa	Investec	ZAR	3 884	6.00% as at 28 February 2022.	**644**
	• This facility has no specified maturity date.				
Portugal	Novobanco	EUR	67	2.00% as at 28 February 2022.	**21**
	• This facility has no specified maturity date.				
Chile	Scotia Bank	CLP	441	5.20% as at 28 February 2022.	**441**
	• This facility has no specified maturity date.				
Indonesia	HSBC Indonesia	US$	9 500	Revolving loan IDR 5.85%, US$ 7.25% below best lending rate from Bank (8.00% as at 28 February 2022).	**3 724**
	• This facility contains covenants that restrict Logicalis' ability to declare or pay dividends, make changes in shareholder composition, make any loans or extend credit outside of ordinary business, pledge company property or assets against debt without the bank's prior consent.				

** The total facility limit applies to an account with cash pooling. ** SOFR - Secured Overnight Financing Rate.*

NOTES TO THE GROUP CONSOLIDATED ANNUAL FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 28 FEBRUARY 2022

28. BANK OVERDRAFTS (continued)

Only facilities that have been drawn at 28 February 2022 have been included in the table above. There are further facilities available, which together with the drawn facilities above on all Logicalis bank overdrafts, amounts to total facilities of US$205.2 million (FY21: US$194.3 million). US$157.1 million of overdrafts (FY21: US$126.5 million) at year-end. No restrictions apply to the facilities. The net availability of all facilities, excluding unlinked overdrafts is US$47.5 million (FY21: US$67.8 million). The net availability does not include any cash sources in Logicalis.

Region	Provider	Facility currency	Facility limit US$'000	Interest rate	2021 Overdraft US$'000
Westcon International					4 907
Bank overdrafts repayable on demand under certain conditions					4 907
UAE	HSBC	US$	15 000	London or Emirates Interbank Offered Rate ("LIBOR" or "EIBOR") + 2.25% (0.18838% and 0.3069% as at 28 February 2021).	3 716
Indonesia	HSBC	IDR	3 000	For IDR drawings, Bank best lending rate minus 5.20% (7.35% as at 28 February 2021).	1 191

Only facilities that have been drawn at 28 February 2021 have been included in the table above. There are further facilities available, which together with the drawn facilities above, amounts to total facilities of US$32.0 million (FY20: US$355.8 million). US$4.9 million (FY20: US$132.2 million) was drawn at year-end. No restrictions apply to the facilities. The net availability of the facilities is US$27.1 million (FY20: US$141.7 million).

The net availability does not include any cash sources in Westcon International. US$nil (FY20: US$236.9 million) of trade receivables are pledged as collateral against bank overdrafts.

Datatec plc has US$nil (FY20: US$15 million) of cash as collateral for Westcon Asia facilities.

Region	Provider	Facility currency	Facility limit US$'000	Interest rate	2021 Overdraft US$'000
Logicalis					126 510
Bank overdrafts unconditionally repayable on demand					9 860
UK	HSBC	Various	0*	Interest rates vary based on the amounts drawn down.	8 587
	• This is not an additional facility. This overdraft is offset by cash in a pooling agreement.				
South Africa	Investec	ZAR	1 323	6.00% as at 28 February 2021.	1 255
	This facility has no maturity date.				
South Africa	Standard Bank	ZAR	130	16.00% as at 28 February 2021.	18

28. BANK OVERDRAFTS (continued)

Region	Provider	Facility currency	Facility limit US$'000	Interest rate	2021 Overdraft US$'000
Logicalis (continued)					
Bank overdrafts repayable on demand under certain conditions					116 650
UK	Barclays syndicate	US$	78 875	LIBOR (dependant on the length of the interest period) plus a margin rate which is determined from a margin ratchet on quarterly leverage. The margin ranges between 1.75% and 2.75%. (2.00% as at 28 February 2021).	70 219
	• This facility matures in January 2023 after a three-year year term. • Thereafter there is the option to extend this facility for a year. • The facility includes EBITDA and interest cover covenants which are tested quarterly.				
UK	Barclays syndicate	SGD	8 324	LIBOR (dependant on the length of the interest period) plus a margin rate which is determined from a margin ratchet quarterly leverage. The margin ranges between 1.75% and 2.75%. (3.00% as at 28 February 2021).	8 324
	• This facility matures in January 2023 after a three-year term. • Thereafter there is the option to extend this facility for a year. • The facility includes EBITDA and interest cover covenants which are tested quarterly.				
Brazil	Banco ABC do Brasil	US$	8 084	This facility has a per annum pre-fixed interest rate in US$. (between 4% and 5% as at 28 February 2021).	8 084
	• There are four different overdrafts under this facility, maturing between March 2021 and August 2021. • This facility contains covenants that restrict Logicalis' ability to create or incur liens, dispose of or transfer any substantial part of its assets, merge, consolidate or transfer all or substantially all of its assets and make material changes to accounting policies or reporting practices without the bank's prior consent.				
Brazil	Banco Votorantim S/A	US$	7 224	This facility has a per annum pre-fixed interest rate in US$. (between 4% and 5% as at 28 February 2021).	7 224
	• There are three different overdrafts under this facility, maturing between April 2021 and July 2021. • This facility contains covenants that restrict Logicalis' ability to create or incur liens, dispose of or transfer any substantial part of its assets, merge, consolidate or transfer all or substantially all of its assets and make material changes to accounting policies or reporting practices without the bank's prior consent.				

28. BANK OVERDRAFTS (continued)

Region	Provider	Facility currency	Facility limit US$'000	Interest rate	2021 Overdraft US$'000
Logicalis (continued)					
Bank overdrafts repayable on demand under certain conditions (continued)					
Brazil	Banco Itau BBA S/A	BRL	5 673	CDI (Interbank deposit rate) + 4.38% (6.00% at 28 February 2021.	5 673
	This facility matures in April 2021.				
Indonesia	HSBC	US$	9 500	Revolving loan IDR 5.85%, US$ 7.25% below Bank lending rate from Bank (currently IDR 13.8134%/ US$ 12.6034%).	5 315
	This facility contains covenants that restrict Logicalis' ability to declare or pay dividends, make changes in shareholder composition, make any loans or extend credit outside of ordinary business, pledge company property or assets against debt without the bank's prior consent.				
Brazil	Banco Itau BBA S/A	US$	4 557	CDI (Interbank deposit rate) + 3.29% (5.00% at 28 February 2021).	4 557
	This facility matures in August 2021.				
UK	Barclays	AU$	3 092	LIBOR (dependant on the length of the interest period) plus a margin rate which is determined from a margin ratchet on quarterly leverage. The margin ranges between 1.75% and 2.75%. (2.00% as at 28 February 2021).	3 092
	• This facility matures in January 2023 after a three-year year term. • Thereafter there is the option to extend this facility for a year. • The facility includes EBITDA and interest cover covenants which are tested quarterly.				
Brazil	Banco ABC do Brasil	BRL	1 792	CDI (Interbank deposit rate) +4.50% (6.00% at 28 February 2021).	1 792
	This facility matures in April 2021.				
Brazil	Banco Votorantim	BRL	1 572	CDI (Interbank deposit rate) +4.65% (7.00% at 28 February 2021).	1 572
	This facility matures in April 2021.				
Other	Various	Various	836	Between 0.00% and 4.00%.	798

* *The total facility limit applies to an account with cash pooling.*

Only facilities that have been drawn at 28 February 2021 have been included in the table above. There are further facilities available, which together with the drawn facilities above on all Logicalis bank overdrafts, amounts to total facilities of US$194.3 million ((FY20: US$203.8 million). US$126.5 million of overdrafts (FY20: US$131.6 million)) at year-end). No restrictions apply to the facilities. The net availability of all facilities, excluding unlinked overdrafts is US$67.8 million (FY20: US$87.0 million). The net availability does not include any cash sources in Logicalis.

29. CONTINGENT LIABILITIES, GUARANTEES AND LITIGATION

Datatec and its subsidiaries have issued, in the ordinary course of business, guarantees and letters of comfort to third parties in respect of finance and trading facilities, performance commitments to customers and lease commitments.

Logicalis has a contingent liability in respect of a possible tax liability at its PromonLogicalis Latin America Limited ("PromonLogicalis") subsidiary in Brazil. In April 2011, a Brazilian state tax authority claimed that PromonLogicalis should have paid a higher rate of state tax on its equipment sales up to October 2010 than actually paid. PromonLogicalis management, supported by a legal opinion, strongly disagrees with the state tax authority's assessment and has formally appealed against it.

In addition, Logicalis has a contingent tax liability at its Indonesian subsidiary PT. Packet Systems Indonesia. The Indonesian Tax Authority has raised withholding tax assessments in relation to purchases of vendor software and warranties which have been resold to customers. Withholding tax notices have been issued for each month in the calendar year 2016 and the first two months of the calendar year 2018 totalling US$3.4 million (including penalties). Objections have been filed by the company in respect of these periods with the Indonesian Tax Court. Management, supported by a tax opinion, believes the case could be long drawn out however they have a strong case for the decision to be reversed on appeal and therefore no provision has been made at 28 February 2022.

Westcon International has a contingent liability in respect of a possible withholding tax obligation at its subsidiary in the Kingdom of Saudi Arabia, Westcon Saudi Company LLC ("Westcon KSA"). This relates to payments Westcon KSA has made in relation to the purchase of vendor software and maintenance services which have been resold to customers during the six years ended 28 February 2021. Westcon KSA strongly disagrees with the tax authority's assessments issued on 22 June 2021. Westcon KSA has submitted the necessary appeals and the matter is now proceeding to court. In addition, a potential contingent asset also arises due to the fact that any withholding tax arising would potentially be recoverable from Westcon KSA's customers. The ongoing litigation with the KSA tax authorities is likely to continue well into the foreseeable future and therefore it is not practicable to estimate its financial effect.

The Group has certain contingent liabilities resulting from litigation and claims, including breach of warranties, where operations have been acquired or disposed of, generally involving commercial and employment matters, which are incidental to the ordinary conduct of its business. Management believes, after taking legal advice where appropriate on the probable outcome of these contingencies, that none of these contingencies will materially affect the financial position or the results of operations of the Group.

30. RELATED-PARTY TRANSACTIONS

Sales and purchases between Group companies are concluded on normal commercial terms in the ordinary course of business. For the year ended 28 February 2022, the inter-group sales of goods and provision of services amounted to US$53.4 million (FY21: US$37.5 million), which are eliminated on consolidation. Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note.

The Group also transacts with its associate Esource Resources, LLC (refer to Note 12.1). During the year, the Group made sales totalling US$49.0 million (FY21: US$58.2 million) and received management fees of US$0.3 million (FY21: US$0.4 million). As at 28 February 2022, US$3.2 million (FY21: US$1.1 million) was due from Esource Resources, LLC.

US$0.01 million (FY21: US$0.3 million) was due to Esource Resources, LLC and is repayable under normal commercial terms.

The amounts due to and from Esource Resources, LLC are unsecured and interest free.

	2022 US$'000	2021 US$'000
Key management personnel compensation		
Short-term employee benefits	**8 541**	7 759
Post-employment benefits	**378**	284
Share-based payments	**451**	496
	9 370	8 539

Key management personnel compensation comprises the compensation of 12 (FY21: 12) senior executives of the Group's divisions. The remuneration of Datatec's executive directors is included in Note 3 and in the tables on the following page. There were no other prescribed officers in the Company.

30. RELATED-PARTY TRANSACTIONS (continued)

Directors' emoluments

The following tables set out the remuneration of individual directors who held office during FY22 and FY21.

	2022						
	Guaranteed package						
	Basic salary US$'000	Pension US$'000	Other benefits* US$'000	Fees US$'000	STI US$'000	LTI US$'000	Total US$'000
Executive directors							
JP Montanana	1 200	214	59	–	2 577	372	4 422
IP Dittrich	530	84	49	–	618	131	1 412
Total executive directors	1 730	298	108	–	3 195	503	5 834
Non-executive directors							
SJ Davidson	–	–	–	212	–	–	212
M Makanjee	–	–	–	111	–	–	111
JF McCartney	–	–	–	72	–	–	72
CRK Medlock	–	–	–	84	–	–	84
MJN Njeke	–	–	–	114	–	–	114
E Singh-Bushell	–	–	–	109	–	–	109
Total non-executive directors	–	–	–	702	–	–	702
Total directors' emoluments	1 730	298	108	702	3 195	503	6 536

	2021						
	Guaranteed package						
	Basic salary US$'000	Pension US$'000	Other benefits* US$'000	Fees US$'000	STI US$'000	LTI US$'000	Total US$'000
Executive directors							
JP Montanana	1 140	214	55	–	2 739	2 135	6 283
IP Dittrich	503	84	46	–	675	569	1 877
Total executive directors	1 643	298	101	–	3 414	2 704	8 160
Non-executive directors							
SJ Davidson	–	–	–	202	–	–	202
M Makanjee	–	–	–	102	–	–	102
JF McCartney	–	–	–	75	–	–	75
CRK Medlock (from 1 January 2020)	–	–	–	80	–	–	80
MJN Njeke	–	–	–	103	–	–	103
E Singh-Bushell	–	–	–	101	–	–	101
Total non-executive directors	–	–	–	663	–	–	663
Total directors' emoluments	1 643	298	101	663	3 414	2 704	8 823

* *Other benefits include private medical insurance, permanent health insurance, life assurance and fuel for private vehicles. There has been no change in the directors holding office up to the date of approval of these financial statements.*

30. RELATED-PARTY TRANSACTIONS (continued)

Directors' emoluments (continued)

Conditional Share Plan (CSP)

Grants were made under the CSP in FY22 and FY21 including the following awards to directors:

		Number of awards – movement in FY22						Fair value of awards				
CSP	Grant date	At 28 February 2021	**Granted**	**Vested**	**Lapsed**	**Modifi-cation**	**At 28 Feb 2022**	On grant US$'000	On grant as % of base pay	On vesting US$'000	**At 28 Feb 2022 US$'000**	At 28 Feb 2021 US$'000
J P Montanana	01-Jun-18	1 291 148	**–**	**(645 574)**	**(645 574)**	**–**	**–**	2 142	150	1 317	**–**	1 096
	01-Jun-19	538 870	**–**	**–**	**–**	**73 825**	**612 695**	1 246	109		**372**	91
	01-Jun-20	782 719	**–**	**–**	**–**	**107 233**	**889 952**	1 086	95		**1 442**	886
	01-Jun-21	–	**519 555**	**–**	**–**	**71 179**	**590 734**	1 094	91		**957**	–
		2 612 737	**519 555**	**(645 574)**	**(645 574)**	**252 237**	**2 093 381**				**2 771**	2 073
I P Dittrich	01-Jun-18	405 066	**–**	**(202 533)**	**(202 533)**	**–**	**–**	672	120	413	**–**	344
	01-Jun-19	190 212	**–**	**–**	**–**	**26 059**	**216 271**	344	87		**131**	32
	01-Jun-20	276 286	**–**	**–**	**–**	**37 851**	**314 137**	383	76		**509**	313
	01-Jun-21	–	**183 576**	**–**	**–**	**25 150**	**208 726**	387	73		**338**	–
		871 564	**183 576**	**(202 533)**	**(202 533)**	**89 060**	**739 134**				**978**	689

Deferred Bonus Warrants (DBW) – FY22

Under the terms of the new DBW plan, the executive directors must defer a minimum of 20% of their bonus and may elect to defer up to 50%. Datatec shares will be purchased with the deferred bonus and the Company will co-invest the same value into SARs. The Company's co-investment in the SARs is not disclosed in the LTI element shown in the directors' remuneration table whereas in FY21, under the terms of the DBP, the co-investment was in the form of shares and was disclosed in LTI (see below). This different disclosure reflects the different nature of the co-investment instrument.

Deferred Bonus Plan (DBP) – FY21

Jens Montanana elected to defer 37.9% of his FY21 bonus, being US$1 039 000 (FY20: US$300 000) into the DBP to purchase forfeitable shares in June 2021. The Company co-invested the same amount of forfeitable shares and the Company's co-investment is included in the FY21 LTI element shown in the directors' remuneration table.

Ivan Dittrich elected to defer 33.3% of his FY21 bonus, being US$225 000 (FY20: US$48 100) into the DBP to purchase forfeitable shares in June 2021. The Company co-invested the same amount of forfeitable shares and the Company's co-investment is included in the FY21 LTI element shown in the directors' remuneration table.

30. RELATED-PARTY TRANSACTIONS (continued)

Directors' emoluments (continued)

Westcon International Equity Appreciation Plan (WI – EAP)

During FY19, Datatec executive directors received one-off awards of units in the Westcon International EAP as follows:

Westcon EAP	Grant date	Number of awards	Fair value of awards on grant US$'000	Grant fair value as a % of base pay %	**Fair value of awards at 28 February 2022 US$'000**	Fair value of awards at 28 February 2021 US$'000
JP Montanana	14-Mar-18	30 000	–	–	**2 605**	1 625
IP Dittrich	14-Mar-18	15 000	–	–	**1 302**	812

In addition to the above, in FY19 Jens Montanana received an award of 10 000 units in the WI – EAP conditional on a sale of Westcon International for in excess of US$300 million being achieved. The fair value of this award on grant was nil and at 28 February 2022 was US$868 000 (FY21: US$750 000).

Share Appreciation Rights Scheme (SARS)

Directors holding office during FY22 held the following share appreciation rights under the rules of the SARS which was discontinued in 2017.

	Number of awards – movement in FY22				Fair value of awards	
SARS	Grant date US$'000	28 February 2021 US$'000	**Modification US$'000**	**28 February 2022 US$'000**	**28 February 2022 US$'000**	28 February 2021 US$'000
J P Montanana	14-May-15	629 000	**85 879**	**714 879**	**280**	–

Directors' interests in shares

Directors' interests in the ordinary shares of the Company at 28 February 2022 and 28 February 2021 are shown below:

	At 28 February 2022				At 28 February 2021			
	Direct	**Indirect**	**Associates**	**Total**	Direct	Indirect	Associates	Total
Executive directors								
J P Montanana	**500 000**	**30 141 893**	**–**	**30 641 893**	500 000	25 492 443	–	25 992 443
I P Dittrich	**822 905**	**–**	**–**	**822 905**	521 594	–	–	521 594
Non-executive directors								
S J Davidson	**–**	**–**	**11 001**	**11 001**	–	–	11 001	11 001
J F McCartney	**–**	**1 278 877**	**–**	**1 278 877**	–	1 278 877	–	1 278 877
	1 322 905	**31 420 770**	**11 001**	**32 754 676**	1 021 594	26 771 320	11 001	27 803 915

Of Mr Montanana's shareholding, 1 000 000 shares have been pledged as security for certain equity funding transactions.

Directors' interests in ordinary shares of the Company shown above are unchanged from 28 February 2022 to the date of this report. Non-executive directors not shown in the above tables did not hold any Datatec shares in either year. Shares held by executive directors in relation to the DBP (which are forfeited if they resign from the Company) are included in the above table.

31. FINANCIAL INSTRUMENTS

31.1 Financial risk management objectives

The management of financial risks relating to the operations of the Group is in line with the Group's decentralised business model with oversight through divisional audit, risk and compliance committee meetings. This is achieved through the use of internal risk analyses which analyse exposures by likelihood and magnitude of risks. These risks include market risk (including currency and interest rate risk), credit risk and liquidity risk.

The Group seeks to minimise the effects of these risks by matching assets and liabilities as far as possible or using derivative financial instruments to hedge these risk exposures. The use of financial derivatives is governed by the Group's internal policies applicable at subsidiary level. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

When appropriate, management reports regularly to the Group's Audit, Risk and Compliance Committee.

The Group's financial assets and liabilities consist mainly of net cash resources, accounts receivable, accounts payable, borrowings and leases.

31.2 Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through optimisation of the debt and equity balance. The Group's overall strategy with respect to the debt and equity balance remains unchanged from FY21, with particular focus placed on the management of overall net debt. The capital structure of the Group consists of debt, which includes the borrowings disclosed in Notes 21 and 24, bank overdrafts (Note 28), leases disclosed in Note 22, net cash resources (Note 36) and equity attributable to equity holders of the parent, comprising issued capital (Note 20), reserves and retained earnings.

Gearing ratio

The Group's capital structure is reviewed on at least a semi-annual basis. As part of this review, the Board considers the cost of capital and the risks associated with each class of capital.

The gearing ratio at the year-end was as follows:

	2022 US$'000	2021 US$'000
Long-term interest-bearing liabilities	**56 440**	42 371
Short-term interest-bearing liabilities	**266 617**	261 460
Lease liabilities – long-term	**61 523**	77 847
Lease liabilities – short-term	**32 870**	36 398
Cash resources	**(453 926)**	(488 632)
Bank overdrafts	**166 559**	131 417
Net debt	**130 083**	60 861
Total equity attributable to the parent	**563 430**	583 156
Gearing ratio: debt-to-equity ratio	**23%**	10%

Bank overdrafts increased, mainly as a result of US$32.5 million of additional drawn bank overdrafts in Logicalis.

31.3 Categories of financial instruments

	2022 US$'000	2021 US$'000
Financial assets		
Financial assets at fair value through profit or loss	**2 153**	4 378
Financial assets at amortised cost	**1 800 137**	1 696 698
Financial liabilities		
Financial liabilities at fair value through profit or loss	**2 052**	1 046
Financial liabilities at amortised cost	**1 920 832**	1 766 956
Other financial liabilities at fair value through profit or loss (designated)	**4 095**	2 620

There were no transfers between level 1 and level 2 during the year for recurring fair value measurements.

31. FINANCIAL INSTRUMENTS (continued)

31.4 Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluations are performed on the financial condition of accounts receivable and, where possible and appropriate, credit insurance cover is purchased. The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

The Group defines counterparties as having similar characteristics if they are related entities.

There is one customer in Latin America, with a gross value of US$64.4 million, which represents over 5% of the total balance of trade receivables (FY21: US$56.4 million (approximately 5% of the total balance)). There has not been any change in the credit quality of this receivable and the amount is considered recoverable. The majority of the balance receivable is current and this receivable therefore presents a low credit risk. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with appropriate credit ratings assigned by international or recognised credit rating agencies.

Concentration risk is monitored and addressed by management on an ongoing basis.

The carrying amount of financial assets recorded in the financial statements (see Note 31.3), which is net of impairment losses, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained. Further information on the concentration of credit risk is detailed in the following table:

	Level	North America US$'000	Latin America US$'000	Europe US$'000	Asia-Pacific US$'000	MEA US$'000	Total US$'000
2022							
Financial assets at amortised cost							
Bonds		–	–	–	–	7 276	7 276
Finance lease receivables		–	1 408	28 932	111	–	30 451
Loans granted to third parties and other long-term assets due		326	1 006	36 733	14 571	2 025	54 661
Gross trade accounts receivable		102 561	139 429	666 427	205 234	136 933	1 250 584
Less: Expected credit loss allowances		(185)	(629)	(7 428)	(3 281)	(15 237)	(26 760)
Sundry receivables		5 421	968	16 423	5 282	1 905	29 999
Cash resources		20 783	31 982	185 446	146 798	68 917	453 926
Financial assets at fair value through profit or loss							
Derivative financial assets	2	–	2 153	–	–	–	2 153
Maximum on-balance sheet exposure		128 906	176 317	926 533	368 715	201 819	1 802 290
Financial guarantees		–	–	–	–	–	–
Contract assets and contract costs		63 185	26 959	45 614	39 660	1 911	177 329

31. FINANCIAL INSTRUMENTS (continued)

31.4 Credit risk management (continued)

	Level	North America US$'000	Latin America US$'000	Europe US$'000	Asia-Pacific US$'000	MEA US$'000	Total US$'000
2021							
Financial assets at amortised cost							
Bonds		–	–	–	–	7 276	7 276
Finance lease receivables		841	848	37 223	330	–	39 242
Loans granted to third parties and other long-term assets due		326	-	430	5 219	2 001	7 976
Gross trade accounts receivable		68 728	126 108	612 971	184 004	143 206	1 135 017
Less: Expected credit loss allowances		(158)	(489)	(9 024)	(3 707)	(13 534)	(26 912)
Sundry receivables		6 926	19 335	12 685	4 749	1 772	45 467
Cash resources		39 192	51 100	203 082	142 847	52 411	488 632
Financial assets at fair value through profit or loss							
Derivative financial assets	2	–	4 378	–	–	–	4 378
Maximum on-balance sheet exposure		115 855	201 280	857 367	333 442	193 132	1 701 076
Financial guarantees		–	–	–	–	–	–
Contract assets and contract costs		45 109	27 442	48 299	33 224	248	154 322

The carrying values of loans granted to third parties, other long-term assets due and sundry receivables balances approximate their fair value, therefore no fair value disclosures are provided.

The internal risk rating of loans granted to third parties and other long-term assets due and other receivables is "low credit risk" and these financial assets are considered to be performing.

The external credit ratings of the Group's main banks range from lower medium grade to high grade. The external credit risk ratings of bonds are B- stable. There have been no defaults by the Angolan government on bond maturity in the past and the National Bank of Angola has been settling bonds as they fall due.

When measuring expected credit losses, the Group uses publicly available, reasonable forward-looking information. Expected credit losses are based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

For trade receivables, finance lease receivables and contract assets, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime expected credit losses. The Group determines the expected credit losses on these items by using a provision matrix, which takes into consideration the payment profiles of these receivables over a period of 12 months in preceding financial years, the Group's historical credit loss experience, adjusted for factors that are specific to the receivables, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The Group considers forward-looking information such as known changes in the macroeconomic environment of customers located in a certain geography, the deterioration in the Group's relationship or discussions with a particular customer. Consideration of these factors enables an estimation of future expected credit losses to be made. Accordingly, the credit risk profile of these assets is presented based on their past due status in terms of the provision matrix. A default on a receivable occurs when the receivable fails to make contractual payments when they fall due.

The Group's trade receivables share similar risk characteristics by nature. The default percentages on outstanding trade receivables are determined based on the geographical regions of the trade receivables.

Management has concluded that the likelihood of material expected credit losses is low.

Expected credit losses for finance lease receivables and contract assets are negligible and all balances are included in the "current" ageing per the Group's past due matrix. Note 16 includes further details on the loss allowance for trade receivables.

31. FINANCIAL INSTRUMENTS (continued)

31.4 Credit risk management (continued)

There has been no change in the estimation techniques or significant assumptions made during the year is assessing the credit losses for these financial assets.

US$19.4 million of trade receivables are pledged as collateral against long-term interest-bearing liabilities and US$597.6 million of trade receivables have been assigned against short-term interest-bearing liabilities (FY21: US$17.3 million collateral against long-term interest-bearing liabilities and US$529.7 million of trade receivables assigned against short-term interest-bearing liabilities). Refer to Note 21.1 and Note 24.

There has not been any deterioration or changes in the collateral policies during the year, nor are there any financial instruments for which a loss allowance has not been recognised because of the collateral. The Group does not hold any collateral over its trade receivables balances.

All significant customers are vetted by an external credit agency where possible. In certain instances, customers with low credit ratings are investigated further and requests for collateral are made. Credit guarantees are sought for receivables over a certain credit limit. The Group makes use of credit insurance in many of its geographies. US$497.1 million of credit insurance is held over trade receivables (FY21: US$459.9 million).

No large expected credit losses have been recognised for any financial assets, other than trade receivables.

The Group does not consider there to be any significant credit risk, which has not been adequately provided for at the reporting date.

Furthermore, there has been no material change to the Group's exposure to credit risks or the manner in which it manages and measures the risk.

31.5 Liquidity risk management

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. Ultimate responsibility for liquidity risk management rests with the Board, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and borrowing facilities and by continuously monitoring forecast and actual cash flows.

The Group is dependent on its bank overdrafts and trade finance facilities to operate. These facilities generally consist of either a fixed term or fixed period and may be repayable on demand, are secured against the assets of the Company to which the facility is made available and contain certain covenants including financial covenants such as minimum liquidity, maximum leverage and pre-tax earnings coverage. In certain circumstances, if these covenants are violated and a waiver is not obtained for such violation, this may, amongst other things, mean that the facility may be repayable on demand. Included in Note 28 is a listing of additional undrawn facilities that the Group has at its disposal to further reduce liquidity risk.

Logicalis is supported by a corporate facility of US$155.0 million (FY21: US$155.0 million), covering all operations outside of Latin America, comprising a rolling credit facility to fund working capital requirements and an acquisition facility. The Latin America region is supported separately via a number of uncommitted overdraft facilities and short-term lending arrangements.

Westcon International has an invoice assignment facility of EUR390.6 million (recently increased from EUR275.0 million) for its European subsidiaries, as well as an extended payables facility of US$65.7 million. Westcon International has a securitisation facility of US$100.0 million for its Asia-Pacific facilities (up from US$80 million in the prior year). In addition, Westcon International utilises accounts receivable facilities in the Middle East (US$15.0 million) and Indonesia (US$11.0 million) as well as overdraft facilities in Europe (EUR4.0 million) and Africa (US$1.0 million), a securitisation facility in South Africa (R250.0 million) and a line of credit in Singapore (US$1.2 million) to finance the business.

Analysys Mason repaid its inter-company borrowing from Datatec during H2 FY22 and has access to bank overdraft facilities to support its working capital requirements.

There was a technical breach of a covenant in Westcon International's receivables securitisation facility with Westpac Banking Corporation (Westpac) in August 2021 relating to a tangible net worth target, following the repayment of inter-company loans. Westpac were aware of the planned inter-company loan repayment and formally waived the breach prior to 28 February 2022. During the year, no further breaches of covenants have been identified, and as at 28 February 2022 no borrowing facilities were in default.

31. FINANCIAL INSTRUMENTS (continued)

31.5 Liquidity risk management (continued)

The Group continues to monitor the funding needs of its individual operations and works closely with various financial institutions to ensure adequate liquidity.

The Group has performed covenant projections for the next 12 months to confirm that banking covenants are expected to be met.

The following tables detail the Group's remaining contractual maturity for its non-derivative and derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

	Level	0 – 1 year US$'000	1 – 2 years US$'000	2 – 5 years US$'000	After 5 years US$'000	Total US$'000
2022						
Financial liabilities at amortised cost						
Long-term interest-bearing liabilities		**25 329**	**22 606**	**33 834**	**–**	**81 769**
Lease liabilities		**32 870**	**24 322**	**28 416**	**8 785**	**94 393**
Trade payables		**1 113 072**	**–**	**–**	**–**	**1 113 072**
Other payables and other financial liabilities*		**223 751**	**–**	**–**	**–**	**223 751**
Short-term interest-bearing liabilities		**241 288**	**–**	**–**	**–**	**241 288**
Bank overdrafts		**166 559**	**–**	**–**	**–**	**166 559**
Financial liabilities at fair value through profit or loss						
Acquisition-related liabilities	**3**	**39**	**4 056**	**–**	**–**	**4 095**
Derivative financial liabilities	**2**	**2 052**	**–**	**–**	**–**	**2 052**
		1 804 960	**50 984**	**62 250**	**8 785**	**1 926 979**
Financial guarantees/commitments		**–**	**–**	**–**	**–**	**–**
2021						
Financial liabilities at amortised cost						
Long-term interest-bearing liabilities		34 311	17 261	24 457	653	76 682
Lease liabilities		36 398	28 066	38 665	11 116	114 245
Trade payables		993 067	–	–	–	993 067
Other payables and other financial liabilities*		224 396	–	–	–	224 396
Short-term interest-bearing liabilities		227 149	–	–	–	227 149
Bank overdrafts		131 417	–	–	–	131 417
Financial liabilities at fair value through profit or loss						
Acquisition-related liabilities	3	2 580	40	–	–	2 620
Derivative financial liabilities	2	1 046	–	–	–	1 046
		1 650 364	45 367	63 122	11 769	1 770 622
Financial guarantees/commitments		–	–	–	–	–

* *Other payables per Note 23 of US$413.1 million (FY21: US$392.1 million) less VAT/sales tax of US$36.0 million (FY21: US$50.4 million), short-term portion of share-based payments of US$18.9 million (FY21: US$5.0 million), accruals which are not financial liabilities of US$90.0 million (FY21: US$75.1 million), other payables which are not financial liabilities of US$42.4 million (FY21: US$36.2 million) and derivative financial liabilities which are disclosed separately of US$2.0 million (FY21: US$1.0 million).*

The Group continues to actively monitor its exposure to liquidity risks and the manner in which it manages and measures the risk, particularly the inherent counterparty risk which may arise through the Group's dealings with financial institutions.

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31. FINANCIAL INSTRUMENTS (continued)

31.6 Market risk management

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates (see Note 31.7) and interest rates (see Note 31.8). The Group enters into a variety of derivative financial instruments to manage its exposure to foreign currency and interest rate risk, including:

- forward foreign exchange contracts ("FEC's") to hedge the exchange rate risk arising on transactions denominated in foreign currency;
- a zero-cost collar which offers protection against adverse currency moves beyond a certain level; and
- interest rate swaps to mitigate the risk of rising interest rates.

There has been no material change to the Group's exposure to market risks or the manner in which it manages and measures the risk.

31.7 Foreign exchange risk management

The Group operates in the global business environment and undertakes many transactions denominated in foreign currencies which exposes it to the risk of fluctuating exchange rates. The day-to-day management of foreign currency exchange risk is performed on a decentralised basis, within approved policy parameters and through the use of derivative instruments. These instruments primarily comprise FECs and zero-cost collars. FECs require a future purchase or sale of foreign currency at a specified price. The Group does not trade in FECs for speculative purposes.

Fluctuations in exchange rates also affect the translation of the profits of subsidiaries whose functional currency is not the US Dollar. The most significant other currencies in which the Group trades are the Pound Sterling, the Euro, the Brazilian Real, the Australian Dollar and the South African Rand.

31.7.1 Foreign currency exposure analysis

The Group's operating companies have financial assets and liabilities that are denominated in multiple currencies, in many instances currencies other than their functional currencies. Differences arising from the translation of these foreign currency denominated financial assets and liabilities are recognised in the statement of comprehensive income as foreign exchange gains and/or losses.

To determine the exposures and movements referenced below, financial assets and liabilities are split between items denominated in functional currency and items not denominated in functional currency across the different entities and regions across the Group. The net balance of items that are not denominated in functional currency and that are not hedged represents the net foreign exchange exposure in each division. The applicable change that represents management's assessment of the reasonably possible change in foreign exchange rates, is 10%. Foreign exchange rates in the Group vary due to the large number of geographic locations and fluctuate more in certain regions due to economic uncertainty, particularly in emerging markets. Therefore, 10% has been chosen for the sensitivity analyses as it represents a reasonable average year-on-year movement in the exchange rates across the various regions in the Group.

Westcon International

Westcon International operates in the global business environment and undertakes many transactions denominated in foreign currencies. Westcon International is exposed to the risk of fluctuating exchange rates and seeks to actively manage this exposure, within approved policy parameters and through the use of derivative instruments. These instruments primarily comprise forward exchange contracts. Forward exchange contracts require a future purchase or sale of foreign currency at a specified price.

Datatec management has performed a review of foreign currency exposures of the financial assets and liabilities of Westcon International. In addition, the foreign exchange gains and losses in the statement of comprehensive income were reviewed to identify the regions with potential exposures. Where no natural hedges occur, Westcon International is adequately hedged in most regions. The total exposure is US$7.8 million (FY21: US$10.7 million). A 10% movement will result in a US$0.8 million (FY21: US$1.1 million) movement in the statement of comprehensive income. Westcon International's most significant exposures are to the US Dollar, British Pound and Euro.

31. FINANCIAL INSTRUMENTS (continued)

31.7 Foreign exchange risk management (continued)

31.7.1 Foreign currency exposure analysis (continued)

Logicalis

Logicalis operates in the global business environment and undertakes many transactions denominated in foreign currencies. Logicalis is exposed to the risk of fluctuating exchange rates and seeks to actively manage this exposure, within approved policy parameters and through the use of derivative instruments. These instruments primarily comprise forward exchange contracts. Forward exchange contracts require a future purchase or sale of foreign currency at a specified price.

Datatec management has performed a review of foreign currency exposures of the financial assets and liabilities of Logicalis. In addition, the foreign exchange gains and losses in the statement of comprehensive income were reviewed to identify the regions with potential exposures. The total exposure is US$68.5 million (FY21: US$72.1 million). A 10% movement will result in a US$6.8 million movement (FY21: US$7.2 million) in the statement of comprehensive income.

Logicalis' largest exposures are to the US Dollar and Euro.

Corporate and Management Consulting

Datatec management has performed a review of foreign currency exposures of the financial assets and liabilities of the Corporate and Management Consulting segment. The total exposure, mostly to the US Dollar, is US$24.7 million (FY21: US$38.3 million). A 10% movement will result in a US$2.5 million movement (FY21: US$3.8 million) in the statement of comprehensive income.

31.7.2 Forward foreign exchange contracts

It is the policy of the Group to enter into FECs to cover certain specific foreign currency payments and receipts based on the known exposure generated. The Group also enters into FECs to manage the risk associated with anticipated sales and purchase transactions, with FECs ranging up to approximately six months and with cover up to 100% of the anticipated exposure generated. Obligations under open FEC contracts are detailed in Notes 31.4 and 31.5, as derivative financial assets and derivative financial liabilities, respectively.

31.8 Interest rate risk management

The Group is exposed to interest rate risk as entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group maintaining an appropriate mix between fixed and floating rate borrowings. The interest rate characteristics of new borrowings and the refinancing of existing borrowings are positioned according to expected movements in interest rates and defined risk appetite (see Note 31.5).

Interest rate sensitivity analyses

The analyses below sets out the sensitivity of the Group's variable rate financial assets and liabilities to movements in the applicable interest rates based on an average outstanding asset or liability exposed to variable interest rates calculated for the year across the various entities and regions across the Group. The applicable increase or decrease that represents management's assessment of the reasonably possible change in interest rates, is a 10% increase in the applicable variable interest rates. Interest rates in the Group vary due to the large number of geographic locations. Interest rates fluctuate more in certain regions due to economic uncertainty, particularly in emerging markets. Therefore, 10% has been chosen for the sensitivity analyses as it represents a reasonable average expected change in interest rates across the various regions in the Group.

Datatec Group

- Profit for the year ended 28 February 2022 would decrease by a net amount of US$1.40 million (FY21: US$0.79 million decrease)

Westcon International

- Profit for the year ended 28 February 2022 would decrease by a net amount of US$0.87 million (FY21: US$0.68 million decrease)

Logicalis

- Profit for the year ended 28 February 2022 would decrease by a net amount of US$0.52 million (FY21: US$0.10 million decrease)

Corporate and Management Consulting

- Profit for the year ended 28 February 2022 would decrease by a net amount of US$0.01 million (FY21: US$0.01 decrease)

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	2022 US$'000	2021 US$'000
32. CASH GENERATED FROM OPERATIONS		
Profit before taxation	**50 935**	25 244
Adjustment for		
Unrealised foreign exchange (gains)/losses	**(470)**	283
Share-based payments	**22 517**	11 493
Share of equity-accounted investment (earnings)/losses	**427**	(908)
Depreciation and amortisation	**72 402**	68 659
Loss/(profit) on disposal of property, plant and equipment	**(27)**	912
Loss/(profit) on disposal of right-of-use asset	**(55)**	–
Net movement in provisions	**(1 350)**	16 127
Net movements on expected credit loss allowances	**1 946**	5 389
Acquisition-related fair value adjustments	**(567)**	–
Movement in inventory provision	**1 267**	–
Cash payments to settle share-based payment obligations	**(3 916)**	(2 654)
Non-cash movement on multi-year contracts	**(7 192)**	–
Interest income	**(2 271)**	(1 895)
Finance costs*	**33 580**	27 587
Other non-cash items (individually immaterial)	**6 293**	4 251
Operating profit before working capital changes	**173 519**	154 488
Working capital changes	**(83 791)**	78 154
(Increase)/decrease in inventories	**(66 806)**	13 324
(Increase)/decrease in receivables	**(96 647)**	15 314
Increase in payables	**89 254**	88 373
Increase in contract assets and contract costs	**(27 051)**	(50 526)
Increase in deferred revenue	**17 459**	11 669
Decrease in finance lease receivables	**6 984**	–
Decrease in other non-current assets	**–**	1 709
	96 712	234 351

* *Includes non-cash accruals.*

	2022 US$'000	2021 US$'000
33. TAXATION PAID		
Net taxation asset/(liability) – at the beginning of the year	**4 173**	(586)
Subsidiaries acquired	**(549)**	(1 000)
Charge to profit and loss (excluding deferred taxation)	**(23 982)**	(29 173)
Other movements and translation differences	**(929)**	(1 665)
Net taxation asset at the end of the year	**(4 995)**	(4 173)
	(26 282)	(36 597)
Net taxation		
Current tax assets	**23 030**	20 769
Current tax liability	**(18 035)**	(16 596)
	4 995	4 173

	2022 US$'000	2021 US$'000
34. ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT		
Maintenance of operations		
Office furniture, equipment and motor vehicles	**420**	553
Computer equipment	**4 971**	6 973
Leasehold improvements	**822**	3 217
Land and buildings	**18**	–
Expansion of operations		
Office furniture, equipment and motor vehicles	**688**	1 881
Computer equipment	**3 113**	4 284
Leasehold improvements	**1 052**	909
Land and buildings	**–**	–
	11 084	17 817

	2022 US$'000	2021 US$'000
35. CASH FLOW ADDITIONAL NOTES		
35.1 Translation difference on cash and cash equivalents		
Translation differences on cash and cash equivalents are calculated on the combined cash resources and bank overdrafts that are unconditionally repayable on demand of companies that hold cash in currencies other than the US Dollar.	**3 304**	(6 287)

	Note	Opening balance as at 1 March 2021 US$'000	Financing cash inflows* US$'000	Financing cash outflows* US$'000	Non-cash changes: Operating cash outflows US$'000	Non-cash changes: Acquisition of subsidiary US$'000	Non-cash changes: New leases US$'000	Non-cash changes: Foreign currency and other changes US$'000	Closing balance as at 28 February 2022 US$'000
35.2 Reconciliation of liabilities arising from financing activities									
2022									
Acquisition-related liabilities	25	**(2 620)**	**–**	**7 815**	**–**	**(10 496)**	**–**	**1 206**	**(4 095)**
Long-term interest-bearing liabilities**	21	**(76 682)**	**(84 882)**	**82 564**	**6 371**	**(2 923)**	**–**	**(6 217)**	**(81 769)**
Unsecured loans		**(31 202)**	**(48 084)**	**44 154**	**2 624**	**(2 923)**	**–**	**(2 772)**	**(38 203)**
Secured loans		**(45 480)**	**(36 798)**	**38 410**	**3 747**	**–**	**–**	**(3 445)**	**(43 566)**
Lease liabilities***/****/	22	**(114 245)**	**–**	**36 121**	**5 260**	**–**	**(18 887)**	**(2 642)**	**(94 393)**
Bank overdrafts repayable on demand under certain conditions~	28	**(121 557)**	**(7 082)**	**–**	**12 814**	**–**	**–**	**(12 781)**	**(128 606)**
Short-term interest-bearing liabilities	24	**(227 149)**	**(42 647)**	**28 609**	**4 736**	**–**	**–**	**(4 837)**	**(241 288)**

* *The cash flows from bank loans and other borrowings make up the net amount of proceeds and repayments in terms of short-term and long-term liabilities in the Group statement of cash flows under financing liabilities.*

** *Includes current portion (US$25.3 million – refer to Note 21).*

*** *The non-cash movement in leases includes finance cost related to finance leases of US$5.3 million (refer to Note 4), foreign currency and other movements.*

**** *Includes current portion (US$32.9 million – refer to Note 22).*

~ *Cash flows include US$5.3 million interest related to lease liabilities and US$12.8 million interest on bank overdrafts repayable on demand under certain conditions these are included in cash flows from operating activities.*

35. CASH FLOW ADDITIONAL NOTES (continued)

35.2 Reconciliation of liabilities arising from financing activities (continued)

	Note	Opening balance as at 1 March 2020 US$'000	Financing cash inflows* US$'000	Financing cash outflows* US$'000	Non-cash changes: Acquisition of subsidiary US$'000	Non-cash changes: Transfers US$'000	Non-cash changes: Foreign currency and other changes US$'000	Closing balance as at 28 February 2021 US$'000
2021								
Acquisition-related liabilities	25	(5 490)	–	3 130	–	–	(260)	(2 620)
Long-term interest-bearing liabilities**	21	(43 032)	(50 832)	27 416	–	(4 113)	(6 121)	(76 682)
Unsecured loans		(29 980)	(26 389)	17 377	–	–	7 790	(31 202)
Secured loans		(13 052)	(24 443)	10 039	–	(4 113)	(13 911)	(45 480)
Lease liabilities***/****/~	22	(129 473)	–	61 408	(42)	8 682	(54 820)	(114 245)
Bank overdrafts repayable on demand under certain conditions~	28	(248 915)	–	123 182	–	–	4 176	(121 557)
Short-term interest-bearing liabilities	24	(50 751)	(218 210)	49 992	(6 744)	(4 569)	3 133	(227 149)

* *The cash flows from bank loans and other borrowings make up the net amount of proceeds and repayments in terms of short-term and long-term liabilities in the Group statement of cash flows under financing liabilities.*

** *Includes current portion (US$34.3 million – refer to Note 21).*

*** *The non-cash movement in leases includes finance cost related to finance leases of US$4.9 million (refer to Note 4), new leases of S$46.9 million, foreign currency and other movements.*

**** *Includes current portion (US$36.4 million – refer to Note 22).*

~ *Cash flows include US$4.9 million interest related to lease liabilities and US$13.5 million interest on bank overdrafts repayable on demand under certain conditions these are included in cash flows from operating activities.*

	2022 US$'000	2021 US$'000
36. CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		
Cash resources	**453 926**	488 632
Bank overdrafts unconditionally repayable on demand (Note 28)	**(37 953)**	(9 860)
Cash and cash equivalents (per the statement of cash flows)	**415 973**	478 772
Bank overdrafts repayable on demand under certain conditions (refer to Note 28)	**(128 606)**	(121 557)
Net cash resources	**287 367**	357 215
Bank overdrafts unconditionally repayable on demand	**(37 953)**	(9 860)
Bank overdrafts repayable on demand under certain conditions	**(128 606)**	(121 557)
Total bank overdrafts (Note 28)	**(166 559)**	(131 417)

37. SEGMENTAL REPORT

For management's internal purposes, the Group is currently organised into three operating divisions, which are the basis on which the Group reports its primary segmental information.

Principal activities are as follows:

- Westcon International – Value-added technology distributor of industry-leading solutions. Provides class-leading cyber security, network infrastructure, unified collaboration products, data centre solutions, channel support services and financing/leasing solutions for ICT customers
- Logicalis – International solutions provider of digital services
- Corporate and Management Consulting – Management Consulting provides strategic, trusted advisory, modelling and market intelligence services to the TMT industries. Corporate includes Group head office companies and Group consolidation adjustments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing the performance of the operating segments, has been identified as the group of directors who make strategic decisions.

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FOR THE YEAR ENDED 28 FEBRUARY 2022

37. SEGMENTAL REPORT (continued)

	Westcon International 2022 US$'000	Westcon International 2021 US$'000
37.1 Condensed statement of comprehensive income		
Revenue	**2 890 439**	2 585 678
Total revenue	**2 943 742**	2 622 754
Inter-segmental	**(53 303)**	(37 076)
Gross Profit	**318 966**	290 987
North America	**–**	–
Latin America	**–**	–
Europe	**190 960**	177 793
Asia-Pacific	**89 383**	71 141
MEA	**38 623**	42 053
Restructuring costs	**–**	7 764
EBITDA	**68 071**	44 782
North America	**–**	–
Latin America	**–**	–
Europe	**64 627**	41 404
Asia-Pacific	**29 437**	21 893
MEA	**3 338**	10 917
Datatec Group and divisional central costs	**(29 331)**	(29 432)
Depreciation and amortisation	**(24 509)**	(22 567)
Operating profit/(loss)	**43 562**	22 215
Interest income	**546**	728
Finance costs	**(11 825)**	(10 933)
Share of equity-accounted investment (losses)/earnings	**–**	–
Acquisition-related fair value adjustments	**–**	–
Other (expenses)/income	**(27)**	55
Profit/(loss) before taxation	**32 256**	12 065
Taxation	**(1 413)**	(3 694)
Profit/(loss) for the year	**30 843**	8 371

During FY22 and FY21, there were no customers that individually accounted for over 10% of the Group's revenue. There is one customer in Logicalis Latin America which accounts for over 10% of Logicalis' revenue (US$180.7 million).

~ *Datatec Financial Services has been included in the Westcon International segment in February 2022 and in the Corporate and Management Consulting segment in February 2021.*

Logicalis		Corporate and Management Consulting		Datatec Group total	
2022 US$'000	2021 US$'000	**2022 US$'000**	2021 US$'000	**2022 US$'000**	2021 US$'000
1 655 959	1 449 543	**90 384**	74 242	**4 636 782**	4 109 463
1 656 051	1 449 956	**36 989**	36 753	**4 636 782**	4 109 463
(92)	(413)	**53 395**	37 489	**–**	–
410 802	367 491	**40 628**	32 059	**770 396**	690 537
101 932	95 659	**3 977**	2 988	**105 909**	98 647
106 519	102 226	**449**	678	**106 968**	102 904
125 789	107 477	**26 415**	21 334	**343 164**	306 604
72 274	59 893	**5 230**	3 909	**166 887**	134 943
4 288	2 236	**4 557**	3 150	**47 468**	47 439
–	14 138	**–**	476	**–**	22 378
92 534	81 931	**(6 072)**	(8 081)	**154 533**	118 632
23 881	20 247	**1 065**	1 027	**24 946**	21 274
28 486	34 317	**120**	233	**28 606**	34 550
27 468	13 895	**7 271**	5 435	**99 366**	60 734
25 775	23 145	**1 400**	1 344	**56 612**	46 382
(131)	(644)	**1 220**	1 083	**4 427**	11 356
(12 945)	(9 029)	**(17 148)**	(17 203)	**(59 424)**	(55 664)
(43 656)	(41 666)	**(4 237)**	(4 426)	**(72 402)**	(68 659)
48 878	40 265	**(10 309)**	(12 507)	**82 131**	49 973
1 076	770	**649**	397	**2 271**	1 895
(21 386)	(16 373)	**(369)**	(281)	**(33 580)**	(27 587)
(1 161)	362	**734**	546	**(427)**	908
567	–	**–**	–	**567**	–
–	–	**–**	–	**(27)**	55
27 974	25 024	**(9 295)**	(11 845)	**50 935**	25 244
(7 822)	(13 813)	**(1 367)**	(2 033)	**(10 602)**	(19 540)
20 152	11 211	**(10 662)**	(13 878)	**40 333**	5 704

37. SEGMENTAL REPORT (continued)

	Westcon International~ 2022 North America US$'000	Latin America US$'000	Europe US$'000	Asia-Pacific US$'000	MEA US$'000	Total US$'000
37.2 Revenue	–	–	1 810 836	703 073	376 530	2 890 439
Revenue from product sales	–	–	1 757 636	686 473	366 535	2 810 644
Revenue from sales of hardware	–	–	1 056 856	378 423	243 940	1 679 219
Revenue from sales of software*	–	–	678 853	315 274	121 274	1 115 401
Revenue from vendor resold services and product maintenance sales	–	–	49 228	16 535	2 791	68 554
Inter-segmental	–	–	(27 301)	(23 759)	(1 470)	(52 530)
Nature of revenue from product sales	–	–	1 757 636	686 473	366 535	2 810 644
Principal	–	–	1 735 961	693 704	365 213	2 794 878
Agent	–	–	48 976	16 528	2 792	68 296
Inter-segmental	–	–	(27 301)	(23 759)	(1 470)	(52 530)
Timing of revenue from product sales	–	–	1 757 636	686 473	366 535	2 810 644
At a point in time	–	–	1 784 937	710 232	368 005	2 863 174
Over time	–	–	–	–	–	–
Inter-segmental	–	–	(27 301)	(23 759)	(1 470)	(52 530)
Revenue from services	–	–	47 813	13 375	8 339	69 527
Revenue from professional services	–	–	48 130	13 776	8 352	70 258
Inter-segmental	–	–	(317)	(401)	(13)	(731)
Nature of revenue from services	–	–	47 813	13 375	8 339	69 527
Principal	–	–	48 130	13 776	8 352	70 258
Agent	–	–	–	–	–	–
Inter-segmental	–	–	(317)	(401)	(13)	(731)
Timing of revenue from services	–	–	47 813	13 375	8 339	69 527
At a point in time	–	–	–	–	–	–
Over time	–	–	48 130	13 776	8 352	70 258
Inter-segmental	–	–	(317)	(401)	(13)	(731)
Revenue from annuity services	–	–	5 387	3 225	1 656	10 268
Revenue from cloud services	–	–	–	–	–	–
Revenue from software services*	–	–	5 387	3 267	1 656	10 310
Revenue from other annuity services	–	–	–	–	–	–
Inter-segmental	–	–	–	(42)	–	(42)
Nature of revenue from annuity services	–	–	5 387	3 225	1 656	10 268
Principal	–	–	–	–	–	–
Agent	–	–	5 387	3 267	1 656	10 310
Inter-segmental	–	–	–	(42)	–	(42)
Timing of revenue from annuity services	–	–	5 387	3 225	1 656	10 268
At a point in time	–	–	–	–	1 874	1 874
Over time	–	–	5 387	3 267	(218)	8 436
Inter-segmental	–	–	–	(42)	–	(42)

* *Includes software as a service revenues.*
~ *Datatec Financial Services has been included in the Westcon International segment in February 2022, and in the Corporate and Management Consulting segment in February 2021.*

Vendor resold services in Westcon International is included in revenue from product sales as the revenue stream is directly related to the sales of product.

Westcon International~ 2021					
North America US$'000	Latin America US$'000	Europe US$'000	Asia-Pacific US$'000	MEA US$'000	Total US$'000
–	–	1 607 610	608 704	369 364	2 585 678
–	–	1 556 322	592 372	360 279	2 508 973
–	–	950 542	356 708	221 896	1 529 146
–	–	575 938	239 689	131 250	946 877
–	–	47 667	13 853	8 216	69 736
–	–	(17 825)	(17 878)	(1 083)	(36 786)
–	–	1 556 322	592 372	360 279	2 508 973
–	–	1 526 480	596 397	353 146	2 476 023
–	–	47 667	13 853	8 216	69 736
–	–	(17 825)	(17 878)	(1 083)	(36 786)
–	–	1 556 322	592 372	360 279	2 508 973
–	–	1 574 147	610 250	361 362	2 545 759
–	–	–	–	–	–
–	–	(17 825)	(17 878)	(1 083)	(36 786)
–	–	45 786	14 255	7 969	68 010
–	–	45 932	14 336	7 973	68 241
–	–	(146)	(81)	(4)	(231)
–	–	45 786	14 255	7 969	68 010
–	–	45 932	14 336	7 973	68 241
–	–	–	–	–	–
–	–	(146)	(81)	(4)	(231)
–	–	45 786	14 255	7 969	68 010
–	–	–	–	–	–
–	–	45 932	14 336	7 973	68 241
–	–	(146)	(81)	(4)	(231)
–	–	5 502	2 077	1 116	8 695
–	–	–	–	–	–
–	–	5 513	2 125	1 116	8 754
–	–	–	–	–	–
–	–	(11)	(48)	–	(59)
–	–	5 502	2 077	1 116	8 695
–	–	–	–	–	–
–	–	5 513	2 125	1 116	8 754
–	–	(11)	(48)	–	(59)
–	–	5 502	2 077	1 116	8 695
–	–	5 513	2 125	1 116	8 754
–	–	–	–	–	–
–	–	(11)	(48)	–	(59)

37. SEGMENTAL REPORT (continued)

	Logicalis 2022					
	North America US$'000	Latin America US$'000	Europe US$'000	Asia-Pacific US$'000	MEA US$'000	Total US$'000
37.2 Revenue (continued)	349 055	522 694	460 237	307 586	16 387	1 655 959
Revenue from product sales	251 772	340 977	212 508	191 201	12 436	1 008 894
Revenue from sales of hardware	181 183	245 063	150 784	137 645	10 131	724 806
Revenue from sales of software*	70 589	95 914	61 737	53 556	2 384	284 180
Revenue from vendor resold services and product maintenance sales	–	–	–	–	–	–
Inter-segmental	–	–	(13)	–	(79)	(92)
Nature of revenue from product sales	251 772	340 977	212 508	191 201	12 436	1 008 894
Principal	244 667	336 415	205 425	191 028	12 768	990 303
Agent	7 105	4 562	7 096	173	(253)	18 683
Inter-segmental	–	–	(13)	–	(79)	(92)
Timing of revenue from product sales	251 772	340 977	212 508	191 201	12 436	1 008 894
At a point in time	251 772	340 977	212 521	191 201	12 515	1 008 986
Over time	–	–	–	–	–	–
Inter-segmental	–	–	(13)	–	(79)	(92)
Revenue from services	31 116	50 245	107 212	39 436	2 097	230 106
Revenue from professional services	31 116	50 245	107 212	39 436	2 097	230 106
Inter-segmental	–	–	–	–	–	–
Nature of revenue from services	31 116	50 245	107 212	39 436	2 097	230 106
Principal	30 667	50 154	107 046	39 436	2 097	229 400
Agent	449	91	166	–	–	706
Inter-segmental	–	–	–	–	–	–
Timing of revenue from services	31 116	50 245	107 212	39 436	2 097	230 106
At a point in time	449	91	166	–	–	706
Over time	30 667	50 154	107 046	39 436	2 097	229 400
Inter-segmental	–	–	–	–	–	–
Revenue from annuity services	66 167	131 472	140 517	76 949	1 854	416 959
Revenue from cloud services	18 253	995	10 363	16 606	1 371	47 588
Revenue from software services*	–	–	–	–	–	–
Revenue from other annuity services	47 914	130 477	130 154	60 343	483	369 371
Inter-segmental	–	–	–	–	–	–
Nature of revenue from annuity services	66 167	131 472	140 517	76 949	1 854	416 959
Principal	49 572	130 519	125 169	72 410	1 854	379 524
Agent	16 595	953	15 348	4 539	–	37 435
Inter-segmental	–	–	–	–	–	–
Timing of revenue from annuity services	66 167	131 472	140 517	76 949	1 854	416 959
At a point in time	16 595	953	15 348	4 539	–	37 435
Over time	49 572	130 519	125 169	72 410	1 854	379 524
Inter-segmental	–	–	–	–	–	–

* *Includes software as a service revenues.*

Vendor resold services in Logicalis is included in revenue from product sales as the revenue stream is directly related to the sales of product.

Logicalis 2021					
North America US$'000	Latin America US$'000	Europe US$'000	Asia-Pacific US$'000	MEA US$'000	Total US$'000
336 768	451 051	424 219	231 755	5 750	1 449 543
229 936	254 626	221 799	131 642	1 509	839 512
170 654	191 652	180 260	111 185	988	654 739
59 147	62 983	41 246	20 490	573	184 439
442	–	305	–	–	747
(307)	(9)	(12)	(33)	(52)	(413)
229 936	254 626	221 799	131 642	1 509	839 512
228 299	253 513	215 842	130 321	1 528	829 503
1 944	1 122	5 969	1 354	33	10 422
(307)	(9)	(12)	(33)	(52)	(413)
229 936	254 626	221 799	131 642	1 509	839 512
230 243	254 635	221 811	131 675	1 561	839 925
–	–	–	–	–	–
(307)	(9)	(12)	(33)	(52)	(413)
34 221	70 115	73 485	29 648	1 798	209 267
34 221	70 115	73 485	29 648	1 798	209 267
–	–	–	–	–	–
34 221	70 115	73 485	29 648	1 798	209 267
34 221	68 576	73 485	29 627	1 798	207 707
–	1 539	–	21	–	1 560
–	–	–	–	–	–
34 221	70 115	73 485	29 648	1 798	209 267
–	1 539	–	21	–	1 560
34 221	68 576	73 485	29 627	1 798	207 707
–	–	–	–	–	–
72 611	126 310	128 935	70 465	2 443	400 764
21 676	2 559	10 068	12 338	1 012	47 653
–	–	–	–	–	–
50 935	123 751	118 867	58 127	1 431	353 111
–	–	–	–	–	–
72 611	126 310	128 935	70 465	2 443	400 764
56 340	123 457	115 478	65 470	2 443	363 188
16 271	2 853	13 457	4 995	–	37 576
–	–	–	–	–	–
72 611	126 310	128 935	70 465	2 443	400 764
16 271	2 853	13 457	4 995	–	37 576
56 340	123 457	115 478	65 470	2 443	363 188
–	–	–	–	–	–

37. SEGMENTAL REPORT (continued)

	Corporate and Management Consulting~ 2022					
	North America US$'000	Latin America US$'000	Europe US$'000	Asia-Pacific US$'000	MEA US$'000	Total US$'000
37.2 Revenue (continued)	8 847	1 000	58 765	11 635	10 137	90 384
Revenue from product sales	–	–	–	–	–	–
Revenue from sales of hardware	–	–	(21 134)	(18 287)	(1 549)	(40 970)
Revenue from sales of software*	–	–	(5 928)	(5 465)	–	(11 393)
Revenue from vendor resold services and product maintenance sales	–	–	(252)	(7)	–	(259)
Inter-segmental	–	–	27 314	23 759	1 549	52 622
Nature of revenue from product sales	–	–	–	–	–	–
Principal	–	–	(27 314)	(23 759)	(1 549)	(52 622)
Agent	–	–	–	–	–	–
Inter-segmental	–	–	27 314	23 759	1 549	52 622
Timing of revenue from product sales	–	–	–	–	–	–
At a point in time	–	–	(27 314)	(23 759)	(1 549)	(52 622)
Over time	–	–	–	–	–	–
Inter-segmental	–	–	27 314	23 759	1 549	52 622
Revenue from services	6 202	895	54 388	10 618	9 559	81 662
Revenue from professional services	6 202	895	54 071	10 217	9 546	80 931
Inter-segmental	–	–	317	401	13	731
Nature of revenue from services	6 202	895	54 388	10 618	9 559	81 662
Principal	6 202	895	54 071	10 217	9 546	80 931
Agent	–	–	–	–	–	–
Inter-segmental	–	–	317	401	13	731
Timing of revenue from services	6 202	895	54 388	10 618	9 559	81 662
At a point in time	–	–	–	–	–	–
Over time	6 202	895	54 071	10 217	9 546	80 931
Inter-segmental	–	–	317	401	13	731
Revenue from annuity services	2 645	105	4 377	1 017	578	8 722
Revenue from cloud services	–	–	–	–	–	–
Revenue from software services*	–	–	–	(42)	–	(42)
Revenue from other annuity services	2 645	105	4 377	1 017	578	8 722
Inter-segmental	–	–	–	42	–	42
Nature of revenue from annuity services	2 645	105	4 377	1 017	578	8 722
Principal	2 645	105	4 377	1 017	578	8 722
Agent	–	–	–	(42)	–	(42)
Inter-segmental	–	–	–	42	–	42
Timing of revenue from annuity services	2 645	105	4 377	1 017	578	8 722
At a point in time	–	–	–	–	–	–
Over time	2 645	105	4 377	975	578	8 680
Inter-segmental	–	–	–	42	–	42

* *Includes software as a service revenues.*
~ *Datatec Financial Services has been included in the Westcon International segment in February 2022, and in the Corporate and Management Consulting segment in February 2021.*

Corporate and Management Consulting~ 2021					
North America US$'000	Latin America US$'000	Europe US$'000	Asia-Pacific US$'000	MEA US$'000	Total US$'000
7 619	1 598	48 132	9 473	7 420	74 242
580	–	206	263	–	1 049
273	(9)	(11 374)	(8 999)	(839)	(20 948)
–	–	(6 112)	(8 536)	(296)	(14 944)
–	–	(145)	(113)	–	(258)
307	9	17 837	17 911	1 135	37 199
580	–	206	263	–	1 049
273	(9)	(17 486)	(17 535)	(1 135)	(35 892)
–	–	(145)	(113)	–	(258)
307	9	17 837	17 911	1 135	37 199
580	–	206	263	–	1 049
273	(9)	(17 631)	(17 648)	(1 135)	(36 150)
–	–	–	–	–	–
307	9	17 837	17 911	1 135	37 199
5 185	1 502	44 050	7 922	6 894	65 553
5 185	1 502	43 904	7 841	6 890	65 322
–	–	146	81	4	231
5 185	1 502	44 050	7 922	6 894	65 553
5 185	1 502	43 904	7 841	6 890	65 322
–	–	–	–	–	–
–	–	146	81	4	231
5 185	1 502	44 050	7 922	6 894	65 553
–	–	–	–	–	–
5 185	1 502	43 904	7 841	6 890	65 322
–	–	146	81	4	231
1 854	96	3 876	1 288	526	7 640
–	–	–	–	–	–
–	–	(11)	(48)	–	(59)
1 854	96	3 876	1 288	526	7 640
–	–	11	48	–	59
1 854	96	3 876	1 288	526	7 640
1 854	96	3 876	1 288	526	7 640
–	–	(11)	(48)	–	(59)
–	–	11	48	–	59
1 854	96	3 876	1 288	526	7 640
–	–	(11)	(48)	–	(59)
1 854	96	3 876	1 288	526	7 640
–	–	11	48	–	59

37. SEGMENTAL REPORT (continued)

	Datatec Group Total 2022 North America US$'000	Latin America US$'000	Europe US$'000	Asia-Pacific US$'000	MEA US$'000	Total US$'000
37.2 Revenue (continued)	357 902	523 694	2 329 838	1 022 294	403 054	4 636 782
Revenue from product sales	251 772	340 977	1 970 144	877 674	378 971	3 819 538
Revenue from sales of hardware	181 183	245 063	1 186 506	497 781	252 522	2 363 055
Revenue from sales of software*	70 589	95 914	734 662	363 365	123 658	1 388 188
Revenue from vendor resold services and product maintenance sales	–	–	48 976	16 528	2 791	68 295
Inter-segmental	–	–	–	–	–	–
Nature of revenue from product sales	251 772	340 977	1 970 144	877 674	378 971	3 819 538
Principal	244 667	336 415	1 914 072	860 973	376 432	3 732 559
Agent	7 105	4 562	56 072	16 701	2 539	86 979
Inter-segmental	–	–	–	–	–	–
Timing of revenue from product sales	251 772	340 977	1 970 144	877 674	378 971	3 819 538
At a point in time	251 772	340 977	1 970 144	877 674	378 971	3 819 538
Over time	–	–	–	–	–	–
Inter-segmental	–	–	–	–	–	–
Revenue from services	37 318	51 140	209 413	63 429	19 995	381 295
Revenue from professional services	37 318	51 140	209 413	63 429	19 995	381 295
Inter-segmental	–	–	–	–	–	–
Nature of revenue from services	37 318	51 140	209 413	63 429	19 995	381 295
Principal	36 869	51 049	209 247	63 429	19 995	380 589
Agent	449	91	166	–	–	706
Inter-segmental	–	–	–	–	–	–
Timing of revenue from services	37 318	51 140	209 413	63 429	19 995	381 295
At a point in time	449	91	166	–	–	706
Over time	36 869	51 049	209 247	63 429	19 995	380 589
Inter-segmental	–	–	–	–	–	–
Revenue from annuity services	68 812	131 577	150 281	81 191	4 088	435 949
Revenue from cloud services	18 253	995	10 363	16 606	1 371	47 588
Revenue from software services*	–	–	5 387	3 225	1 656	10 268
Revenue from other annuity services	50 559	130 582	134 531	61 360	1 061	378 093
Inter-segmental	–	–	–	–	–	–
Nature of revenue from annuity services	68 812	131 577	150 281	81 191	4 088	435 949
Principal	52 217	130 624	129 546	73 427	2 432	388 246
Agent	16 595	953	20 735	7 764	1 656	47 703
Inter-segmental	–	–	–	–	–	–
Timing of revenue from annuity services	68 812	131 577	150 281	81 191	4 088	435 949
At a point in time	16 595	953	15 348	4 539	1 874	39 309
Over time	52 217	130 624	134 933	76 652	2 214	396 640
Inter-segmental	–	–	–	–	–	–

* *Includes software as a service revenues.*

Datatec Group Total 2021					
North America US$'000	Latin America US$'000	Europe US$'000	Asia-Pacific US$'000	MEA US$'000	Total US$'000
344 387	452 649	2 079 961	849 932	382 534	4 109 463
230 516	254 626	1 778 327	724 277	361 788	3 349 534
170 927	191 643	1 119 428	458 894	222 045	2 162 937
59 147	62 983	611 072	251 643	131 527	1 116 372
442	–	47 827	13 740	8 216	70 225
–	–	–	–	–	–
230 516	254 626	1 778 327	724 277	361 788	3 349 534
228 572	253 504	1 724 836	709 183	353 539	3 269 634
1 944	1 122	53 491	15 094	8 249	79 900
–	–	–	–	–	–
230 516	254 626	1 778 327	724 277	361 788	3 349 534
230 516	254 626	1 778 327	724 277	361 788	3 349 534
–	–	–	–	–	–
–	–	–	–	–	–
39 406	71 617	163 321	51 825	16 661	342 830
39 406	71 617	163 321	51 825	16 661	342 830
–	–	–	–	–	–
39 406	71 617	163 321	51 825	16 661	342 830
39 406	70 078	163 321	51 804	16 661	341 270
–	1 539	–	21	–	1 560
–	–	–	–	–	–
39 406	71 617	163 321	51 825	16 661	342 830
–	1 539	–	21	–	1 560
39 406	70 078	163 321	51 804	16 661	341 270
–	–	–	–	–	–
74 465	126 406	138 313	73 830	4 085	417 099
21 676	2 559	10 068	12 338	1 012	47 653
–	–	5 502	2 077	1 116	8 695
52 789	123 847	122 743	59 415	1 957	360 751
–	–	–	–	–	–
74 465	126 406	138 313	73 830	4 085	417 099
58 194	123 553	119 354	66 758	2 969	370 828
16 271	2 853	18 959	7 072	1 116	46 271
–	–	–	–	–	–
74 465	126 406	138 313	73 830	4 085	417 099
16 271	2 853	18 959	7 072	1 116	46 271
58 194	123 553	119 354	66 758	2 969	370 828
–	–	–	–	–	–

NOTES TO THE GROUP CONSOLIDATED ANNUAL FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 28 FEBRUARY 2022

37. SEGMENTAL REPORT (continued)

	Westcon International~ 2022 US$'000	Westcon International~ 2021 US$'000	Logicalis 2022 US$'000	Logicalis 2021 US$'000	Corporate and Management Consulting~ 2022 US$'000	Corporate and Management Consulting~ 2021 US$'000	Datatec Group Total 2022 US$'000	Datatec Group Total 2021 US$'000
37.3 Condensed statement of financial position								
Total assets	**1 443 308**	1 336 059	**1 368 729**	1 296 818	**200 196**	164 381	**3 012 233**	2 797 258
Non-current assets (excluding financial instruments and deferred tax assets)	**66 892**	73 302	**355 640**	340 008	**38 162**	41 843	**460 694**	455 153
North America	**31 526**	27 462	**148 572**	135 577	**816**	1	**180 914**	163 040
Latin America	**–**	–	**35 436**	39 756	**–**	–	**35 436**	39 756
Europe	**24 177**	31 210	**129 738**	111 918	**36 170**	40 567	**190 085**	183 695
Asia-Pacific	**8 076**	10 713	**44 198**	47 994	**386**	406	**52 660**	59 113
MEA	**3 113**	3 917	**(2 304)**	4 763	**790**	869	**1 599**	9 549
Net cash resources	**196 920**	238 232	**(31 671)**	27 846	**122 118**	91 137	**287 367**	357 215
North America	**10 897**	5 257	**9 526**	33 788	**359**	147	**20 782**	39 192
Latin America	**–**	–	**45**	22 056	**–**	–	**45**	22 056
Europe	**51 988**	89 215	**(66 406)**	(45 619)	**77 142**	69 235	**62 724**	112 831
Asia-Pacific	**113 483**	115 495	**25 248**	18 657	**4 099**	1 562	**142 830**	135 714
MEA	**20 552**	28 265	**(84)**	(1 036)	**40 518**	20 193	**60 986**	47 422
Inventories	**226 008**	183 663	**83 219**	58 342	**–**	–	**309 227**	242 005
North America	**–**	–	**3 923**	876	**–**	–	**3 923**	876
Latin America	**–**	–	**24 837**	22 811	**–**	–	**24 837**	22 811
Europe	**120 785**	125 117	**10 486**	8 661	**–**	–	**131 271**	133 778
Asia-Pacific	**70 902**	38 265	**42 699**	25 870	**–**	–	**113 601**	64 135
MEA	**34 321**	20 281	**1 274**	124	**–**	–	**35 595**	20 405
Trade accounts receivable	**798 552**	750 839	**405 271**	344 015	**20 001**	13 251	**1 223 824**	1 108 105
North America	**–**	–	**100 561**	67 071	**1 815**	1 499	**102 376**	68 570
Latin America	**–**	–	**138 628**	125 437	**172**	182	**138 800**	125 619
Europe	**532 778**	492 037	**113 446**	103 489	**12 775**	8 421	**658 999**	603 947
Asia-Pacific	**151 489**	132 311	**49 108**	46 640	**1 356**	1 346	**201 953**	180 297
MEA	**114 285**	126 491	**3 528**	1 378	**3 883**	1 803	**121 696**	129 672
Total liabilities	**(1 325 785)**	(1 170 444)	**(986 713)**	(935 536)	**(68 789)**	(50 657)	**(2 381 287)**	(2 156 637)
Trade and other payables and short-term interest-bearing liabilities	**(1 181 652)**	(1 074 090)	**(573 070)**	(547 001)	**(38 058)**	(25 577)	**(1 792 780)**	(1 646 668)
North America	**(8 111)**	(6 646)	**(160 294)**	(140 064)	**(367)**	(79)	**(168 772)**	(146 789)
Latin America	**–**	–	**(128 502)**	(156 350)	**–**	–	**(128 502)**	(156 350)
Europe	**(744 886)**	(737 182)	**(183 414)**	(179 504)	**(34 379)**	(24 852)	**(962 679)**	(941 538)
Asia-Pacific	**(319 627)**	(217 597)	**(94 949)**	(69 600)	**(2 200)**	(648)	**(416 776)**	(287 845)
MEA	**(109 028)**	(112 665)	**(5 911)**	(1 483)	**(1 112)**	2	**(116 051)**	(114 146)
Number of employees at the end of the year*	**3 390**	3 109	**7 154**	6 468	**389**	362	**10 933**	9 939

~ *Datatec Financial Services has been included in the Westcon International segment in February 2022, and in the Corporate and Management Consulting segment in February 2021.*

* *Includes both permanent employees and contractors.*

38. ACQUISITIONS OF SUBSIDIARIES

Subsidiaries acquired	Date of acquisition	Proportion of shares acquired
Áudea	31 March 2021	70%
Siticom	1 June 2021	100%

	2022			2021
	Áudea	**Siticom**	**Total**	Total
	Fair value on acquisition US$'000	**Fair value on acquisition US$'000**	**Fair value on acquisition US$'000**	Fair value on acquisition US$'000
Non-current assets	**1 234**	**8 054**	**9 288**	7 859
Plant and equipment	**12**	**635**	**647**	118
Other intangible assets	**1 204**	**5 479**	**6 683**	7 626
Right-of-use assets	**–**	**1 940**	**1 940**	67
Investments	**18**	**–**	**18**	–
Other non-current assets	**–**	**–**	**–**	48
Current assets	**1 339**	**9 566**	**10 905**	8 799
Inventories	**–**	**3 750**	**3 750**	–
Trade receivables and other receivables	**615**	**3 298**	**3 913**	3 135
Contract assets	**–**	**–**	**–**	1 904
Cash resources	**724**	**2 518**	**3 242**	3 760
Non-current liabilities	**(301)**	**(4 512)**	**(4 813)**	(2 555)
Long-term interest-bearing liabilities	**–**	**(2 923)**	**(2 923)**	–
Deferred tax liabilities	**(301)**	**(1 589)**	**(1 890)**	(1 793)
Other non-current liabilities	**–**	**–**	**–**	(762)
Current liabilities	**(933)**	**(6 318)**	**(7 251)**	(12 679)
Trade and other payables	**(199)**	**(6 072)**	**(6 271)**	(1 166)
Lease liabilities	**–**	**–**	**–**	(42)
Contract liabilities	**–**	**–**	**–**	(315)
Short-term loans	**–**	**–**	**–**	(6 744)
Deferred revenue	**–**	**(7)**	**(7)**	(3 412)
Current taxation liabilities	**(310)**	**(239)**	**(549)**	(1 000)
Bank overdraft	**(424)**	**–**	**(424)**	–
	1 339	**6 790**	**8 129**	1 424
Goodwill on acquisitions	**1 138**	**11 061**	**12 199**	9 495
Non-controlling interests recognised	**(404)**	**–**	**(404)**	(1 623)
Fair value of acquisition	**2 073**	**17 851**	**19 924**	9 296
Net cash acquired	**(300)**	**(2 518)**	**(2 818)**	(3 760)
Acquisition-related liabilities	**–**	**(10 496)**	**(10 496)**	–
Net cash outflow for acquisitions	**1 773**	**4 837**	**6 610**	5 536

38. ACQUISITIONS OF SUBSIDIARIES (continued)

The above acquisitions represent the subsidiaries acquired during the year.

The revenue and EBITDA included from these two acquisitions in FY22 were US$25.4 million and US$3.2 million, respectively; profit after tax included from these acquisitions was US$1.5 million. Had the acquisition date been 1 March 2021 for both acquisitions, the revenue and EBITDA would have been approximately US$33.1 million and US$4.1 million, respectively, for the 12 months to 28 February 2022. The approximate profit after tax would have been US$1.9 million for the period.

The initial amounts of acquisition accounting for all of the acquisitions have been finalised at the date of the finalisation of these consolidated financial statements.

None of the goodwill raised on the aforementioned acquisitions will be deductible for tax purposes.

All trade receivables acquired are measured at amortised cost. The carrying value of trade receivables balances approximates its fair value, therefore no fair value disclosures are provided.

All identifiable intangible assets have been recognised and accounted for at fair value.

Non-controlling interests in the acquiree are initially measured at the non-controlling shareholders' portion of net identifiable assets acquired and liabilities and contingent liabilities assumed.

Acquisition-related costs, included in operating costs, for the year amounted to US$0.9 million (FY21: US$0.5 million).

The following acquisitions were concluded by Logicalis Group during the year ended 28 February 2022 and included in the table above:

On 31 March 2021, Logicalis acquired 70% of the issued share capital in Áudea Seguridad de la Información Sociedad Limitada ("Áudea"), a Spanish company which specialises in cyber security, data protection, governance and compliance, for a consideration of US$2.1 million cash.

Áudea's cyber security capabilities are complementary to Logicalis Spain's security portfolio, creating a much broader professional and managed service offering.

On 1 June 2021, Logicalis acquired Siticom GmbH ("Siticom"), a German company that is a leading services and solutions provider in the software-defined networking and 5G market, through a new company, Logicalis Siticom GmbH. The transaction involved the acquisition of 100% of the issued share capital for a consideration of US$12.7 million followed by the immediate disposal of 29.6% of the issued share capital to two of the previous owners/managers for a consideration of US$5.4 million. There are two options for Logicalis to repurchase this non-controlling interest for an agreed amount of up to US$10.5 million over the next two years, whereafter Logicalis will own 100% of Siticom. A potential maximum EUR1.0 million (approximately US$1.2 million) earn-out liability, subject to certain performance conditions, is included in the purchase price and payable in the financial year ending 29 February 2024. The principles of IFRS 10 were deemed to take preference over those of IAS 32. The terms of the fixed price options were assessed and it was determined that the risks and rewards associated with the ownership of the non-controlling interests' shares have been retained by Logicalis Siticom GmbH. As a result, Logicalis consolidated 100% of the results of Siticom for the period it was owned in FY22, and will continue to do so in the future. The total purchase price of the Siticom acquisition (including the options and earn-out liability) is up to a maximum of EUR15.0 million (approximately US$17.9 million), of which US$10.5 million is accounted for as a liability at the acquisition date and included in acquisition-related liabilities. Of the proceeds received, US$8.7 million (EUR7.2 million) was placed in restricted cash earmarked for the settlement of the acquisition-related liability, as reflected in the consolidated statement of cash flows. A portion of this restricted cash was realised to settle the acquisition-related liability. In FY22, US$5.9 million of this liability was settled.

Siticom has extensive skills in telecommunication and software-defined networking architectures, IoT implementations and next-generation public and private networks. Siticom is focused on providing professional services around next-generation networks and private 5G. The acquisition enhances Logicalis' services mix and is margin accretive.

Upon acquiring Siticom, Logicalis became one of Cisco's preferred partners for 5G. The Siticom capabilities enabled Logicalis to deliver an end-to-end 5G solution incorporating Cisco's 5G-enabled technology.

The acquisition will give Logicalis a platform to establish a pan-European centre of expertise in developing advanced networking integration capabilities around 5G and evolving cloud orchestrated network interoperability. Logicalis also aims to expand these skill sets and application knowledge across Datatec to complement its existing capabilities in markets such as Latin America and Asia.

39. NON-WHOLLY OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

	Country of incorporation and principal place of business	Ownership rights and voting rights held by non-controlling interests		Profit allocated to non-controlling interests – in statutory entity		Accumulated non-controlling interests – Datatec Group	
		2022 %	2021 %	**2022 US$'000**	2021 US$'000	**2022 US$'000**	2021 US$'000
PromonLogicalis Latin America Limited	UK	**35.0**	35.0	**–**	(88)	**41 833**	37 640
Westcon International Limited	UK	**7.9**	7.9	**(44)**	(77)	**5 887**	4 180
PT. Packet Systems Indonesia*	Indonesia	**46.5**	46.5	**–**	–	**12 140**	10 334

* *PT. Packet Systems Indonesia which is included in the Logicalis Group was identified as a division within a non-wholly owned subsidiary with a material non-controlling interest.*

Summarised information in respect of the above subsidiaries is shown below as at 28 February 2022 and 28 February 2021. This information pertains to the statutory entities listed and not the Group's interest in these entities except where stated. The summarised financial information below represents amounts before inter-group eliminations.

	PT. Packet Systems (Indonesia)		PromonLogicalis Latin America Limited		Westcon International Limited	
	2022 US$'000	2021 US$'000	**2022 US$'000**	2021 US$'000	**2022 US$'000**	2021 US$'000
Non-current assets	**5 121**	3 280	**46 035**	45 421	**110 871**	104 785
Current assets	**50 440**	44 351	**314 565**	327 595	**1 309 523**	1 203 665
Non-current liabilities	**(2 258)**	(2 750)	**(32 600)**	(28 165)	**(46 265)**	(80 235)
Current liabilities	**(27 197)**	(22 658)	**(208 477)**	(237 310)	**(1 253 767)**	(1 124 905)
Equity attributable to equity holders of the parent	**(26 106)**	(22 223)	**(119 523)**	(107 541)	**(125 195)**	(108 099)
Non-controlling interests	**–**	–	**–**	–	**4 833**	4 789
Revenue	**64 948**	47 269	**522 911**	451 827	**2 809 054**	2 456 642
Operating profit before finance costs, depreciation and amortisation ("EBITDA")	**6 314**	5 814	**28 486**	34 317	**31 425**	35 203
Profit/(loss) for the year	**3 873**	3 894	**2 915**	9 525	**21 466**	(1 618)
Attributable to the owners of the parent	**3 873**	3 894	**2 915**	9 613	**21 510**	(1 541)
Attributable to non-controlling interests	**–**	–	**–**	(88)	**(44)**	(77)
Total comprehensive income/(loss)	**3 873**	3 894	**2 915**	9 211	**17 053**	1 377
Attributable to the owners of the parent	**3 873**	3 894	**2 915**	9 299	**17 097**	1 454
Attributable to non-controlling interests	**–**	–	**–**	(88)	**(44)**	(77)
Dividends paid to non-controlling interests	**–**	–	**–**	–	**–**	–
Net cash inflow/(outflow)	**3 725**	767	**(12 424)**	16 021	**(38 627)**	244 715
Net cash inflow/(outflow) from operating activities	**2 021**	(3 655)	**5 691**	42 136	**32 225**	71 275
Net cash (outflow)/inflow from investing activities	**(133)**	(198)	**(3 402)**	(3 681)	**(19 368)**	(15 700)
Net cash inflow/(outflow) from financing activities	**1 837**	4 620	**(14 713)**	(22 434)	**(51 484)**	189 140

There are no other material non-controlling interests within the Group.

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40. SUBSEQUENT EVENTS

Acquisitions

On 1 March 2022, Logicalis acquired the remaining 30% of the issued share capital from the non-controlling interest in Logicalis Portugal, a Cisco systems integrator and managed services business in Portugal, for a deferred consideration of US$5.4 million payable in September 2022.

Effective 30 April 2022, Access Markets International (AMI) Partners, Inc. a 100% owned subsidiary of Analysys Mason Limited acquired 100% of the membership interests in Northern Sky Research, LLC ("NSR"). NSR is based in the US and specialises in research and consulting services to the space and satellite sector.

IFRS 5 disposal group

Subsequent to the year-end, the Board has classified its management consultancy division, Analysys Mason, as a disposal group held for sale as the IFRS 5 criteria have been met.

Analysys Mason is included in the "Corporate and Management Consulting" segment of the Group.

The proposed sale is in terms of a process initiated by the Board pursuant to its strategic review and a transaction is expected to occur within 12 months from the date of these financial statements. Shareholders will be advised of any developments in this regard.

Dividend declared

The Board declared a cash dividend with scrip alternative of 111 South African cents per share (approximately 7 US cents per share).

There were no other events that occurred subsequent to the reporting date that require disclosure or adjustment to these financial statements.

41. GOING CONCERN

The Board has satisfied itself that the Group has adequate resources to continue in operation for the foreseeable future. The Group's financial statements have accordingly been prepared on a going concern basis.

The Group currently has no need to undertake a capital restructuring and key executive management is in place. The Board is not aware of any material non-compliance with statutory or regulatory requirements and there are no pending legal proceedings other than in the normal course of business.

Solvency

The Board determined that the Group is solvent, as at 28 February 2022, with net assets of US$563.4 million (FY21: US$583.2 million) and tangible net assets of US$243.3 million (FY21: US$268.7 million). The Group is expected to remain solvent over the next 12 months.

Liquidity

Financing facilities entered into in recent years, as well as the strong operating cash flow generated during FY22, significantly enhanced the Group's liquidity position.

The Group performed covenant projections to confirm that banking covenants are unlikely to be breached for the next 12 months. Trade receivables and inventory are of a sound quality and adequate provisions have been recorded.

The Group's forecasts and projections of its current and expected financial performance show that the Group is expected to operate within the levels of its banking facilities for at least 12 months from the authorisation date of these annual financial statements.

The Group's projections show that the Group has sufficient capital and liquidity to continue to meet its short-term obligations and, as a result, it is appropriate to prepare these annual financial statements on a going concern basis.

42. INTEREST RATE BENCHMARK REFORM

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.

During the 2021 financial year, the LIBOR's administrator, the Intercontinental Exchange Benchmark Administration Limited, announced it would no longer publish EUR-, CHF-, JPY- and GBP-related LIBOR rates for all tenors after 31 December 2021. The ICE Benchmark Administration Limited (IBA) has adopted a two-stage approach for the cession of the US$ LIBOR rates with the 1-week and 2-month US$ LIBOR rates no longer being published after 31 December 2021 and the remaining being the overnight, 1-month, 3-month, 6-month and 12-month rates no longer being published after 30 June 2023.

The South African Reserve Bank (SARB) has indicated their intention to move away from JIBAR and to create an alternative reference rate for South Africa; however, there is currently no indication of when the designated successor rate will be made available. SARB noted that JIBAR did not comply with the IOSCO Principles for Benchmarks. The SARB Market Practitioners Group (MPG), a joint public-private body has been mandated to facilitate decisions on the choice of alternative reference rates for financial contracts that should replace JIBAR. Given that the LIBOR rates and ARRs are calculated on a different basis, adjustments may be made to contracts that are transitioned from LIBOR to ARRs, to ensure economic equivalence.

Interest Rate Benchmark Reform ("IBOR") – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) – effective date 1 January 2021: The Group's facilities have various linked rates including US LIBOR (three and six month), SIBOR and JIBAR, the facilities have various maturity dates. At present, no material impact is anticipated on the Group's financial results when the remaining facilities' transition to alternative benchmark rates take place.

The main risks to which the Group is exposed as a result of IBOR reform are operational as detailed below:

Legal risk – risk of being non-compliant to the agreements previously agreed with facility providers. The Group discussed and agreed upon with all relevant parties any rate changes and the effects thereof with the relevant parties, prior to changes to the rates. This has therefore mitigated the risk to an acceptable level for the Group. The Group engaged in a proactive approach and leveraged off of the good standing relationship with all parties involved in the rate change to ensure a smooth transition.

Operational risk – risk of the Group's systems not being able to accommodate for the changes to the interest rates as agreed with the relevant parties. The Group has experienced personnel working on these and the systems have been designed to adapt to changes and have the necessary controls in place to ensure that this is implemented and approved at all relevant levels. These factors have mitigated the risk to an acceptable level.

Financial instruments impacted by the reform which have transitioned to an alternative benchmark rate as at the end of the year under review (reporting period):

Subsidiaries acquired	US$ LIBOR (six-month) US$'000	TOTAL US$'000
Total liabilities subject to IBOR reform	**80 598**	**80 598**
Bank overdraft*	**80 598**	**80 598**

* *The bank overdraft, US$80.6 million, as at 28 February 2022, transitioned during the reporting period to SOFR (dependent on the length of the interest period) plus a margin rate which is determined from a margin ratchet on quarterly leverage. The margin ranges between 1.75% and 3.00% (2.25% as at 28 February 2022). The Group has applied the relief of 'Interest Rate Benchmark Reform – Phase 2 Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (IBOR reform Phase 2) to this facility amendment.*

Changes to the basis for determining contractual cash flows as a result of interest rate benchmark reform are required as a practical expedient to be treated as changes to a floating interest rate, provided that the transition from the IBOR benchmark rate to risk-free rate takes place on an economically equivalent basis.

42. INTEREST RATE BENCHMARK REFORM (continued)

Financial instruments impacted by the reform which are yet to transition to an alternative benchmark rate as at the end of the year under review (reporting period):

	US$ LIBOR (six-month) US$'000	SIBOR (six-month) US$'000	EUR LIBOR (three-month) US$'000	ZAR JIBAR US$'000	TOTAL US$'000
Total liabilities subject to IBOR reform	**17 100**	**11 100**	**83 080**	**12 948**	**124 228**
Long-term interest-bearing liabilities	–	–	–	12 948	12 948
Short-term interest-bearing liabilities	–	–	75 792	–	75 792
Bank overdraft	17 100	11 100	7 288	–	35 488

* *The remaining IBOR that are yet to transition will be replaced with risk-free rates (RFRs). The two most common that are likely to be adopted will be SOFR (US$) and SONIA (GBP)/TSSR.*

No comparative information is required.

The Group's systems are equipped to cater for any new rates for the above financial instruments. Regular updates are being provided to management and staff on the transition process as both Logicalis and Westcon International have experienced management teams involved with the process.

The majority of Group's IBOR exposures are in US$ LIBOR and JIBAR which are expected to either mature before or near the expected cessation date for US$ LIBOR (three-month), which has an effective date of 30 June 2023 and as per SARB, respectively. This largely further reduces the risks identified above although not entirely.

43. SUBSIDIARY COMPANIES

Subsidiary companies	Notes	Nature of business	Country of incorporation	Datatec Group effective holding (% held) As at 28 February 2022	As at 28 February 2021
INCORPORATED IN AFRICA					
Analysys Mason Limited (Mauritius)	4	C	Mauritius	**79.40**	82.00
Westcon Africa (Kenya) Limited	5	D	Kenya	**92.10**	92.10
Westcon Africa (Mauritius) Limited	5	D	Mauritius	**92.10**	92.10
Westcon Africa (Morocco) SARL	5	D	Morocco	**92.10**	92.10
Westcon Africa Angola Limited	5	D	Angola	**92.10**	92.10
Westcon Africa Distribution (Nigeria) Limited	5	D	Nigeria	**92.10**	92.10
Westcon Africa Tanzania Limited*		D	Tanzania	**92.10**	92.10
Westcon Africa Zambia Limited*		D	Zambia	**69.08**	69.08
Westcon Africa (SADC) (Pty) Ltd*		D	South Africa	**90.00**	90.00
Westcon Africa Namibia (Pty) Ltd*		D	Namibia	**90.00**	90.00
Obega Limited*		D	Botswana	**90.00**	90.00
Westcon Southern Africa Holdings (Pty) Ltd*		D	South Africa	**54.00**	54.00
Datatec Management Services (Pty) Ltd*		D	South Africa	**100.00**	100.00
Westcon Group Egypt LLC*		D	Egypt	**92.10**	–
Westcon Egypt LLC*		D	Egypt	**92.10**	92.10
Westcon Africa Angola Limited*		D	Uganda	**92.10**	92.10
Westcon Emerging Markets Group (Pty) Ltd	2	D	South Africa	**90.00**	90.00
Westcon Group Shared Services (Pty) Ltd	1	D	South Africa	**90.00**	90.00
Westcon Namibia Distribution (Pty) Ltd	1	D	Namibia	**54.00**	54.00
Westcon Group SA (Pty) Ltd	1	D	South Africa	**44.01**	44.01
Clarotech Holdings (Pty) Ltd*		I	South Africa	**92.10**	92.10
Clarotech Consulting (Pty) Ltd*		I	South Africa	**92.10**	92.10
Logicalis SA (Pty) Ltd		I	South Africa	**100.00**	100.00
Logicalis Soluções – Prestação de Serviços (SU) Limitada	10	I	Angola	**70.00**	–
Mars Investment Holdings (Pty) Ltd	3	I	South Africa	**60.00**	60.00
Mars Network and Risk Services (Pty) Ltd	3	I	South Africa	**60.00**	60.00
Mars Technologies (Pty) Ltd	3	I	South Africa	**60.00**	60.00
INCORPORATED IN UK AND EUROPE					
Analysys Mason Ventures Fund Nordic 1 AS	4	C	Norway	**79.40**	82.00
Analysys Mason Ventures Nordic AS	4	C	Norway	**47.64**	49.20
Analysys Mason GmbH (formerly Allolio&Konrad) Consulting GmbH	4	C	Germany	**79.40**	82.00
Analysys Limited*	4	C	United Kingdom	**79.40**	82.00
Analysys Mason AB	4	C	Sweden	**79.40**	82.00
Analysys Mason AS	4	C	Norway	**79.40**	82.00
Analysys Mason Consulting AB*	4	C	Sweden	**79.40**	82.00
Analysys Mason Holding AB	4	C	Sweden	**79.40**	82.00
Analysys Mason Limited	4	C	United Kingdom	**79.40**	82.00
Analysys Mason Limited	4	C	Ireland	**79.40**	82.00
Analysys Mason SAS	4	C	France	**79.40**	82.00
Analysys Mason Spain S.L.	4	C	Spain	**79.40**	82.00
Analysys Mason S.R.L	4	C	Italy	**79.40**	82.00

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43. SUBSIDIARY COMPANIES (continued)

Subsidiary companies	Notes	Nature of business	Country of incorporation	Datatec Group effective holding (% held) As at 28 February 2022	As at 28 February 2021
INCORPORATED IN UK AND EUROPE (continued)					
Westcon Denmark ApS	5	D	Denmark	**92.10**	92.10
Westcon Group Africa Operations Limited	5	D	United Kingdom	**92.10**	92.10
Westcon Group Austria GmbH	5	D	Austria	**92.10**	92.10
Westcon Group European Operations Limited	5	D	United Kingdom	**92.10**	92.10
Westcon Group Germany GmbH	5	D	Germany	**92.10**	92.10
Westcon Group Italia S.R.L	5	D	Italy	**92.10**	92.10
Westcon Group Middle East Holdings Limited	5	D	United Kingdom	**92.10**	92.10
Westcon Group Netherlands BV	5	D	Netherlands	**92.10**	92.10
Westcon Group Norway AS	5	D	Norway	**92.10**	92.10
Westcon Group Poland Sp. Z.O.O	5	D	Poland	**92.10**	92.10
Westcon Group Portugal, Sociedade Unipessoal, Limitada	5	D	Portugal	**92.10**	92.10
Westcon International Limited	5	D	United Kingdom	**92.10**	92.10
NXOS UK Limited*		D	United Kingdom	**92.10**	92.10
WGEO Switzerland GmbH	5	D	Switzerland	**92.10**	92.10
Datatec Financial Services Holdings Limited		F	United Kingdom	**100.00**	100.00
Datatec Financial Services Limited		F	United Kingdom	**100.00**	100.00
Datatec Group Finance Limited		F	United Kingdom	**100.00**	100.00
Áudea Formación Sociedad Limitada	10	I	Spain	**70.00**	–
Áudea Seguridad de la Información Sociedad Limitada	10	I	Spain	**70.00**	–
Risk4All Sociedad Limitada	10	I	Spain	**43.75**	–
DX Net Limitada	6	I	Portugal	**35.70**	35.70
ITUMA GmbH	6	I	Germany	**51.00**	51.00
Logicalis Channel Islands Limited		I	Channel Islands	**100.00**	100.00
Logicalis Global Operations Centre S.A	10	I	Portugal	**100.00**	–
Logicalis GmbH		I	Germany	**100.00**	100.00
Logicalis Group Finance Limited		I	United Kingdom	**100.00**	100.00
Logicalis Group Limited		I	United Kingdom	**100.00**	100.00
Logicalis Guernsey Limited		I	Channel Islands	**100.00**	100.00
Logicalis Ireland Limited		I	Ireland	**100.00**	100.00
Logicalis Jersey Limited		I	Channel Islands	**100.00**	100.00
Logicalis Limited		I	United Kingdom	**100.00**	100.00
Logicalis Networks GmbH		I	Germany	**100.00**	100.00
Logicalis Portugal S.A.	6	I	Portugal	**70.00**	70.00
Logicalis Siticom GmbH	10	I	Germany	**90.00**	–
Logicalis Solutions Limited		I	Ireland	**100.00**	100.00
Logicalis Spain S.L.		I	Spain	**100.00**	100.00
Logicalis Technical Services Limited		I	Ireland	**100.00**	100.00
Logicalis Technology Limited		I	Ireland	**100.00**	100.00
Logicalis UK Limited		I	United Kingdom	**100.00**	100.00
Siticom GmbH	10	I	Germany	**90.00**	–
Orange Networks GmbH		I	Germany	**100.00**	100.00
PromonLogicalis Latin America Limited	7	I	United Kingdom	**65.00**	65.00
Virtualization Limitada	6	I	Portugal	**52.50**	52.50
Datatec plc		O	United Kingdom	**100.00**	100.00

Subsidiary companies	Notes	Nature of business	Country of incorporation	Datatec Group effective holding (% held) As at 28 February 2022	As at 28 February 2021
INCORPORATED IN US AND CANADA					
Access Markets International (AMI) Partners, Inc.	4	C	USA	**79.40**	82.00
Active Symbols, Inc*		C	USA	**100.00**	100.00
EyeAlike, Inc*		C	USA	**72.40**	82.00
OSS Observer LLC*		C	USA	**79.40**	82.00
WG Services, Inc.	5	D	USA	**92.10**	92.10
Canada WGIT Services, Inc.	5	F	Canada	**92.10**	92.10
Datatec Financial Services, Inc.		F	USA	**100.00**	100.00
Logicalis, Inc.		I	USA	**100.00**	100.00
Logicalis South America, Inc.	7	I	USA	**65.00**	65.00
Logicalis US Holdings, Inc.		I	USA	**100.00**	100.00
NubeliU Limited	7	I	Cayman Islands	**65.00**	65.00
NubeliU I LLC.*		I	USA	**65.00**	65.00
NubeliU II LLC.*		I	USA	**65.00**	65.00
PLLAL International LLC.	7	I	USA	**65.00**	65.00
INCORPORATED IN LATIN AMERICA					
C2 Mining Solutions S.A.C	7	I	Peru	**65.00**	65.00
Coasin Chile S.A.	7	I	Chile	**65.00**	65.00
Logicalis Andina Bolivia LAB. Limitada	7	I	Bolivia	**65.00**	65.00
Logicalis Andina S.A.C	7	I	Peru	**65.00**	65.00
Logicalis Argentina S.A.	7	I	Argentina	**65.00**	65.00
Logicalis Chile S.A.	7	I	Chile	**65.00**	65.00
Logicalis Colombia S.A.S	7	I	Colombia	**65.00**	65.00
Logicalis Ecuador S.A.	7	I	Ecuador	**65.00**	65.00
Logicalis Inc. S.A.	7	I	Uruguay	**65.00**	65.00
Logicalis Latin America Holding S.A.*		I	Brazil	**65.00**	65.00
Logicalis Mexico S.R.L de C.V.	7	I	Mexico	**65.00**	65.00
Logicalis Paraguay S.A.	7	I	Paraguay	**65.00**	65.00
Logicalis Puerto Rico Inc.	7	I	Puerto Rico	**65.00**	65.00
Logicalis República Dominicana S.A.S	10	I	Dominican Republic	**65.00**	–
Logicalis Uruguay S.A.	7	I	Uruguay	**65.00**	65.00
NubeliU Argentina S.R.L	7	I	Argentina	**65.00**	65.00
NubeliU Consultoria e Licenciamento de Software Limitada	7	I	Brazil	**65.00**	65.00
PromonLogicalis Tecnologia e Participações Limitada	7	I	Brazil	**65.00**	65.00
PTLS Serviços de Tecnologia e Assessoria Técnica Limitada	7	I	Brazil	**65.00**	65.00
WeService Serviços e Tecnologia Limitada	7	I	Brazil	**65.00**	65.00

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43. SUBSIDIARY COMPANIES (continued)

Subsidiary companies	Notes	Nature of business	Country of incorporation	Datatec Group effective holding (% held) As at 28 February 2022	As at 28 February 2021
INCORPORATED IN AUSTRALIA AND NEW ZEALAND					
Westcon Group NZ Limited	5	D	New Zealand	**92.10**	92.10
Westcon Group Pty Ltd	5	D	Australia	**92.10**	92.10
Datatec Financial Services (NZ) Limited		F	New Zealand	**100.00**	100.00
Datatec Financial Services Pty Ltd		F	Australia	**100.00**	100.00
Corporate Network Integration Pty Ltd		I	Australia	**100.00**	100.00
Logicalis Australia Holdings Pty Ltd		I	Australia	**100.00**	100.00
Logicalis Australia Pty Ltd		I	Australia	**100.00**	100.00
INCORPORATED IN BRITISH VIRGIN ISLANDS					
NetStar Group Holding Limited		I	British Virgin Islands	**100.00**	100.00
Datatec International Holdings Limited		O	British Virgin Islands	**100.00**	100.00
Comstor Middle East Limited*		D	British Virgin Islands	**92.10**	92.10
Westcon Middle East Limited*		D	British Virgin Islands	**92.10**	92.10
INCORPORATED IN ASIA					
Analysys Mason India Pvt. Limited	4	C	India	**79.40**	82.00
Analysys Mason Limited	4	C	Hong Kong	**79.40**	82.00
Analysys Mason Pte. Limited	4	C	Singapore	**79.40**	82.00
PT. Westcon International Indonesia (formerly PT. Westcon Group)	5	D	Indonesia	**92.10**	92.10
PT. Westcon Solutions	5	D	Indonesia	**92.10**	92.10
Westcon Group (Thailand) Co. Limited	5	D	Thailand	**90.26**	90.26
Westcon Group (Vietnam) Co. Limited	5	D	Vietnam	**92.10**	92.10
Westcon Group Pte. Limited	5	D	Singapore	**92.10**	92.10
Westcon Solutions (HK) Limited	5	D	Hong Kong	**92.10**	92.10
Westcon Solutions (M) Sdn. Bhd.	5	D	Malaysia	**92.10**	92.10
Westcon Solutions (Shanghai) Limited	5	D	China	**92.10**	92.10
Westcon Solutions IMH Pte. Limited	5	D	Singapore	**92.10**	92.10
Westcon Solutions Philippines, Inc.	5	D	Philippines	**91.18**	92.10
Westcon Solutions Pte. Limited	5	D	Singapore	**92.10**	92.10
WestconComstor International (India) Private Limited	5	D	India	**92.10**	92.10
Logicalis Hong Kong Limited		I	Hong Kong	**100.00**	100.00
Logicalis Malaysia Sdn. Bhd.		I	Malaysia	**100.00**	100.00
Logicalis Pte. Limited (Xiamen)		I	China	**100.00**	100.00
Logicalis Shanghai Limited		I	China	**100.00**	100.00
Logicalis Singapore Pte. Limited		I	Singapore	**100.00**	100.00
PT. Packet Systems Indonesia	9	I	Indonesia	**53.50**	53.50
Logicalis Asia Pacific MSC Sdn. Bhd.		I	Malaysia	**100.00**	100.00
Logicalis Vietnam Company Limited		I	Vietnam	**100.00**	100.00
iZeno Private Limited	9	I	Singapore	**65.00**	65.00
iZeno Sdn Bhd	9	I	Malaysia	**65.00**	65.00
PT iZeno Teknologi Indonesia	9	I	Indonesia	**64.35**	64.35

Subsidiary companies	Notes	Nature of business	Country of incorporation	Datatec Group effective holding (% held) As at 28 February 2022	As at 28 February 2021
INCORPORATED IN MIDDLE EAST					
Analysys Mason FZ LLC	4	C	United Arab Emirates	**79.40**	82.00
Westcon Africa FZCO*		D	United Arab Emirates	**92.10**	92.10
Westcon Doha LLC	8	D	Qatar	**45.13**	45.13
Westcon Kuwait WLL	8	D	Kuwait	**45.13**	45.13
Westcon LLC	5	D	Oman	**92.10**	92.10
Westcon Middle East Bahrain WLL	8	D	Bahrain	**91.18**	45.13
Westcon Middle East Equipments Trading LLC	8	D	United Arab Emirates	**45.13**	45.13
Westcon Middle East FZE	5	D	United Arab Emirates	**92.10**	92.10
Westcon Saudi Company LLC	8	D	Kingdom of Saudi Arabia	**69.08**	69.08
Datatec International Services FZE		O	United Arab Emirates	**100.00**	100.00
Equity-accounted associates and joint ventures					
INCORPORATED IN UK AND EUROPE					
Directus AS	11	C	Norway	**–**	33.95
Fortum Fibre A.S	11	C	Norway	**13.15**	13.58
Mason Advisory Limited		C	United Kingdom	**44.74**	44.74
INCORPORATED IN US AND CANADA					
Westcon GDS LLC (not material)		D	USA	**46.05**	45.00
Esource Resources, LLC.		I	USA	**45.00**	45.00
INCORPORATED IN LATIN AMERICA					
Cirrus Participações S.A.	11	I	Brazil	**32.57**	19.50
Saleslogics Serviços em Inteligência de Negócios Empresariais e Informática Ltda	11	I	Brazil	**21.17**	12.68
Kumulus Serviços em Cloud Computing e Database Ltda	11	I	Brazil	**32.56**	19.50

** Entities disclosed include dormant entities, entities in the process of deregistration and entities being liquidated.*
C – Consulting Services
D – Distribution
F – Datatec Financial Services
I – ICT Solutions
O – Other holdings

NOTES TO THE GROUP CONSOLIDATED ANNUAL FINANCIAL STATEMENTS CONTINUED

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43. SUBSIDIARY COMPANIES (continued)

Subsidiary companies

The subsidiary companies listing on the previous pages illustrates the effective percentage shareholding of the Datatec Group in its trading subsidiaries. There are subsidiaries within the Group that have non-controlling interests and a number of these subsidiaries hold further investments that also have non-controlling interests. These entities are controlled by the Group and consolidated.

Note 1

Datatec Limited (the ultimate holding company) owns 90% of Westcon Emerging Markets Group (Pty) Ltd ("WEMG") and WEMG holds 59.995% of the shares of Westcon Southern Africa Holdings (Pty) Ltd and 100% of the shares in Westcon Group Shared Services (Pty) Ltd. WEMG controls Westcon Southern Africa Holdings (Pty) Ltd.

Westcon Southern Africa Holdings (Pty) Ltd holds 81.5% of the shares in WestconGroup SA (Pty) Ltd and 100% of the shares in Westcon Namibia Distribution (Pty) Ltd and also controls both these entities.

WEMG, Westcon Southern Africa Holdings (Pty) Ltd and WestconGroup SA (Pty) Ltd are consolidated in the Group's annual financial statements based on control as defined in terms of IFRS 10.

Note 2

WEMG, a subsidiary of the Datatec Group, made a capital investment in Ascension Fund No 5 LLP ("the fund"), the BBBEE partner of Westcon Southern Africa Holdings (Pty) Ltd (South Africa). WEMG has control over the fund. This fund is consolidated in the Datatec Group financial statements.

Note 3

In FY21, Logicalis disposed of 40% of its investment in Mars Investment Holdings (Pty) Ltd as part of a BBBEE deal. Mars Investment Holdings (Pty) Ltd owns 100% of Mars Technologies (Pty) Ltd and Mars Network and Risk Services (Pty) Ltd.

Note 4

The external minority shareholding in Analysys Mason Limited increased to 20.6% (FY21: 18%), Datatec plc is the majority shareholder with a 79.4% shareholding (FY21: 82%). Analysys Mason Limited owns 60% of Analysys Mason Venture Nordic AS (incorporated in the current year) and controls the entity.

Note 5

Westcon International was 90% owned by Datatec following the sale of Westcon Americas to SYNNEX Corporation ("SYNNEX") together with 10% of Westcon International in FY18. Effective 19 June 2020, Datatec plc (an intermediate holding company) increased its shareholding in Westcon International to 92.1% as a result of a capitalisation transaction, resulting in a reduction of the minority interest of SYNNEX from 10% to 7.9%. As a result, the 100%-owned subsidiaries of Westcon International now have a 92.1% effective holding by the Datatec Group.

Note 6

Logicalis Group Limited owns 70% of the issued share capital of Logicalis Portugal S.A. ("Logicalis Portugal"). Logicalis Portugal owns 51% of the issued share capital of DX Net Limitada and Virtualization Limitada.

Logicalis Group Limited consolidates Logicalis Portugal and its investments in DX Net Limitada and Virtualization Limitada as Logicalis Portugal has control over both these entities in terms of the requirements of IFRS 10.

Logicalis' German business owns 51% of the shares in ITUMA GmbH and it is consolidated in the Group's annual financial statements based on control as defined in terms of IFRS 10.

Note 7

Datatec Limited owns 100% of the issued share capital of Logicalis Group Limited, which has a 65% interest in Logicalis Latin America Holdings S.A. that owns 100% of PromonLogicalis Latin America Limited ("PLLAL"). In the current year, PLLAL increased its shareholding in NubeliU Limited from 51% to 100%. PLLAL further owns a number of entities across Latin America that are controlled and consolidated by PLLAL.

Logicalis Group Limited consolidates the above entities as it controls Logicalis Latin America Holdings S.A.C as defined in IFRS 10.

Note 8
Westcon Doha and Westcon Kuwait are 100% consolidated as the minority shareholders have no rights to obtain a share of profits. Westcon has full management control in terms of their shareholder agreements of these entities.

Westcon Middle East Equipments Trading LLC, Westcon Saudi Company LLC and Westcon Middle East Bahrain WLL are 100% consolidated as Westcon has full control over these entities in terms of the shareholder agreements. Westcon increased its shareholding in Westcon Middle East Bahrain WLL to 99% during the year (FY21: 49%).

Note 9
In FY21, Logicalis' Singapore business purchased 65% of the shares of iZeno Private Limited ("iZeno"). iZeno in turn owns 99% of the shares in PT iZeno Teknologi Indonesia and 100% of the shares in iZeno Sdn Bhd. iZeno's results are consolidated in the Datatec Group results based on control as defined in terms of IFRS 10.

Note 10: Acquisitions and newly incorporated entities
During the year, Logicalis' Portugal business acquired 100% shareholding of Logicalis Soluções – Prestação de Serviços (SU) Limitada, a new entity. Logicalis Spain S.L. acquired 70% of Áudea Seguridad de la Información Sociedad Limitada, which owns 100% of Áudea Formación, S.L and 62.5% of Risk4All, S.L.

During the year under review, Logicalis' German business acquired 90% shareholding of Logicalis Siticom GmbH, which owns 100% of Siticom GmbH. Logicalis' Brazilian and Dominican Republic businesses acquired 99.99% and 0.01%, respectively, of the shareholding of Logicalis República Dominicana S.A.S, a newly incorporated entity.

Logicalis' European businesses acquired 100% of the shareholding of Logicalis Global Operations Centre S.A, a newly incorporated entity.

The results of these acquisitions are consolidated in the Datatec Group results based on control as defined in terms of IFRS 10.

Note 11: Equity-accounted associates and joint ventures
During the year, Fortum Fibre AS moved from owned directly by Directus AS, to being owned by Analysys Mason Ventures Fund Nordic 1 AS and Directus AS demerged from the Group. The Management Consulting division owns 16.56% of the issued shares of Fortum Fibre AS. Fortum Fibre AS is equity-accounted in Datatec Group's annual financial statements.

During the year, Logicalis acquired an additional 20.1% shareholding (FY21: 30%) of Cirrus Participações S.A. in Brazil ("Kumulus"), via its PLLAL subsidiary. Kumulus owns 65% of Saleslogics Serviços em Inteligência de Negócios Empresariais e Informática Limitada and 99.994% of Kumulus Serviços em Cloud Computing e Database Limitada, respectively. Kumulus is equity-accounted for in Datatec Group's annual financial statements.

Logicalis' Singapore business owns 53.5% of the shares in PT. Packet Systems Indonesia, which is equity-accounted for in Datatec Group's annual financial statements.

Refer to Note 12 for material equity-accounted investments and joint ventures.

NOTICE OF ANNUAL GENERAL MEETING

DATATEC LIMITED
(Incorporated in the Republic of South Africa)
Registration number: 1994/005004/06
Share code: DTC
ISIN: ZAE000017745
("Datatec" or "the Company" or "the Group")

Notice is hereby given that the Annual General Meeting ("Meeting") of shareholders of Datatec will be held at 14:00 on Wednesday, 27 July 2022. This Meeting will be conducted entirely by electronic communication with shareholder participation and voting expected to be online through the use of a virtual meeting platform (the "Virtual Meeting Platform") provided by The Meeting Specialists Proprietary Limited ("TMS" or the "Scrutineers").

The Board of directors ("the Board"), in accordance with section 63(2)(a) of the Companies Act, No 71 of 2008, as amended ("Companies Act") and the Company's Memorandum of Incorporation ("MoI"), have resolved to convene the Meeting entirely by electronic communication. Please see below for further details regarding the electronic participation instructions and guidelines, and should you have any further questions, please send an email to **ir@datatec.com**.

The Meeting will be held for the purpose of: (i) considering the following business to be transacted and voting on the resolutions, with or without modification, in the manner required by the Companies Act, as read with the Listings Requirements of the Johannesburg Stock Exchange Limited ("JSE") ("Listings Requirements"), and (ii) dealing with such other business as may lawfully be dealt with at the Meeting:

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

"To present Datatec's audited annual financial statements for the year ended 28 February 2022, including the directors' report, the Audit, Risk and Compliance Committee report, and Group audited annual financial statements for the year ended 28 February 2022; all of which are contained from pages 47 to 171."

2. THE SOCIAL AND ETHICS COMMITTEE REPORT

"Please refer to page 6 for the Social and Ethics Committee report. The Chair of the Social and Ethics Committee is available to report to the shareholders at the Meeting."

3. RE-ELECTION OF DIRECTOR

Ordinary resolution number 1

"Resolved that Mr IP Dittrich, who retires in terms of the MoI and who offers himself for re-election, be and is hereby re-elected as a director of the Company."

Please refer to page 2 for Mr Dittrich's brief *curriculum vitae*. On behalf of the Board, the Chair confirms that, on the basis of the annual evaluation of the Board and of the performance of individual directors, the performance and commitment of Mr Dittrich throughout his period of office was highly satisfactory.

In order for this resolution to be adopted, the support of more than 50% (fifty percent) of votes cast by shareholders present or represented by proxy at the Meeting is required.

4. RE-ELECTION OF DIRECTOR

Ordinary resolution number 2

"Resolved that Mr CRK Medlock, who retires in terms of the MoI and who offers himself for re-election, be and is hereby re-elected as a director of the Company."

Please refer to page 3 for Mr Medlock's brief *curriculum vitae*. On behalf of the Board, the Chair confirms that, on the basis of the annual evaluation of the Board and of the performance of individual directors, the performance and commitment of Mr Medlock throughout his period of office was highly satisfactory.

In order for this resolution to be adopted, the support of more than 50% (fifty percent) of votes cast by shareholders present or represented by proxy at the Meeting is required.

5. RE-ELECTION OF DIRECTOR

Ordinary resolution number 3

"Resolved that Mr MJN Njeke, who retires in terms of the MoI and who offers himself for re-election, be and is hereby re-elected as a director of the Company."

Please refer to page 3 for Mr Njeke's brief *curriculum vitae*. On behalf of the Board, the Chair confirms that, on the basis of the annual evaluation of the Board and of the performance of individual directors, the performance and commitment of Mr Njeke throughout his period of office was highly satisfactory.

In order for this resolution to be adopted, the support of more than 50% (fifty percent) of votes cast by shareholders present or represented by proxy at the Meeting is required.

6. ELECTION OF DIRECTOR

Ordinary resolution number 4

"Resolved that Ms DS Sita , who has been appointed by the Board on 1 March 2022, be and is hereby elected as a director of the Company."

On behalf of the Board, the Chair confirms that Ms Sita's extensive experience and expertise in finance will make a significant contribution to Datatec.

Please refer to page 3 for Ms Sita's brief curriculum vitae. On behalf of the Board, the Chair confirms that the performance and commitment of Ms Sita throughout her period of office was highly satisfactory.

In order for this resolution to be adopted, the support of more than 50% (fifty percent) of votes cast by shareholders present or represented by proxy at the Meeting is required.

7. REAPPOINTMENT OF INDEPENDENT AUDITORS

Ordinary resolution number 5

"Resolved that PricewaterhouseCoopers Incorporated and Mr Berno Niebuhr as the designated auditor, as recommended by the current Audit, Risk and Compliance Committee of the Company, be reappointed, as auditors and designated audit partner, respectively, of the Company from the conclusion of this Meeting until the conclusion of the next Meeting."

In order for this resolution to be adopted, the support of more than 50% (fifty percent) of votes cast by shareholders present or represented by proxy at the Meeting is required.

8. ELECTION OF AUDIT, RISK AND COMPLIANCE COMMITTEE MEMBERS

Ordinary resolution number 6

"Resolved that the members of the Audit, Risk and Compliance Committee be elected to serve with effect from the conclusion of this Meeting to the commencement of the next Meeting to be held in 2023 by separate election to the committee of the following independent non-executive directors:

6.1 Mr MJN Njeke (subject to the passing of ordinary resolution number 3 above);

6.2 Ms DS Sita (subject to the passing of ordinary resolution number 4 above); and

6.3 Mr CRK Medlock (subject to the passing of ordinary resolution number 2 above)."

Please refer to page 3 for Mr Njeke's, Ms Sita's and Mr Medlock's brief *curricula vitae*. On behalf of the Board, the Chair confirms that each candidate for election to the Audit, Risk and Compliance Committee has the relevant knowledge and experience to discharge their role effectively and that the performance of each candidate in the service of the Audit, Risk and Compliance Committee to the date of this notice has been highly satisfactory.

In order for each of the above resolutions to be adopted, the support of more than 50% (fifty percent) of votes cast by shareholders present or represented by proxy at the Meeting is required.

9. NON-BINDING ADVISORY VOTES ON REMUNERATION POLICY AND REMUNERATION IMPLEMENTATION

Ordinary resolution number 7

"Resolved that the Remuneration Policy of the Company as reflected on pages 18 to 29 of the Annual Report, be and is hereby endorsed through a non-binding advisory vote as recommended by the King IV Report on Corporate Governance™* for South Africa, 2016 ("King IV")."

Ordinary resolution number 8

"Resolved that the Remuneration Implementation Report of the Company as reflected on pages 30 to 37 of the Annual Report, be and is hereby endorsed through a non-binding advisory vote as recommended by King IV."

Explanatory note on ordinary resolutions number 7 and 8

In terms of principle 14 of King IV, the Company's remuneration policy and remuneration implementation report should be tabled to shareholders for separate non-binding advisory votes at the Meeting. These votes enable shareholders to express their views on the remuneration policies adopted by the Company and on the implementation thereof. Shareholders are requested to endorse the Company's remuneration policy and remuneration implementation report set out in the Annual Report.

10. APPROVAL OF NON-EXECUTIVE DIRECTORS' FEES

Special resolution number 1

"Resolved that the Board and committee fees for non-executive directors for the financial year ending 28 February 2023, which fees are unchanged from the previous year, as recommended by the Remuneration Committee and set out in the note below, be and are hereby authorised, in accordance with the provisions of the Companies Act, and that the Company may continue to pay directors' fees at the annual rates specified in the note below for the period from 28 February 2022 until the Company's 2023 Meeting.

Directors' fees:

- Chair of the Board: US$211 640 (total fee inclusive of all committee and subsidiary Board work)
- Senior non-executive director's fee: US$78 000
- Non-executive director's fee: US$66 860
- Chair of the Audit, Risk and Compliance Committee: US$33 420
- Member of the Audit, Risk and Compliance Committee: US$16 710
- Chair of the Social and Ethics Committee: US$11 140
- Member of the Social and Ethics Committee: US$5 570
- Chair of the Remuneration Committee: US$16 710
- Member of the Remuneration Committee: US$8 360
- Member of the Nominations Committee: US$5 570
- Chair of Trustees of the Datatec Educational and Technology Foundation: US$12 600

Reason for special resolution number 1

The Companies Act requires shareholder approval of non-executive directors' fees prior to payment of such fees. The fees are unchanged from the levels approved at the previous Meeting.

In terms of the Companies Act, 75% (seventy-five percent) of the votes cast by shareholders present or represented by proxy at this Meeting must be cast in favour of this resolution for it to be adopted.

11. AUTHORITY TO PROVIDE FINANCIAL ASSISTANCE TO ANY GROUP COMPANY

Special resolution number 2

"Resolved that, to the extent required by sections 44 and/or 45 of the Companies Act, the Board may, subject to the provisions of the Companies Act, the Company's MoI and the Listings Requirements, authorise the Company to provide direct or indirect financial assistance to any related or inter-related (as defined in the Companies Act) company or corporation of the Company, on terms and conditions that the directors may determine, commencing on the date of passing of this resolution and ending at the next Meeting."

Reason for special resolution number 2

In terms of the Companies Act, the Board may authorise the Company to provide any financial assistance in terms of sections 44 and/or 45 of the Companies Act to any related or inter-related company or corporation of the Company, subject to certain requirements set out in the Companies Act, including the Company meeting the solvency and liquidity test. This general authority would greatly assist the Company *inter alia* with making inter-company loans to Group companies as well as granting letters of support and guarantees in appropriate circumstances. The existence of a general shareholder authority would avoid the need to refer each instance to members for approval that might impede the negotiations and add time and expense. If approved, this general authority will expire at the next Meeting.

Notification

Written notice in terms of section 45(5) of the Companies Act of any such resolution by the Board shall be given to all shareholders of the Company and any trade union representing its employees:

- within 10 business days after the Board adopts the resolution, if the total value of the financial assistance contemplated in that resolution, together with any previous such resolution during the financial year, exceeds one-tenth of 1% (one percent) of the Company's net worth at the time of the resolution; or
- within 30 business days after the end of the financial year, in any other case.

In terms of the Companies Act, 75% (seventy-five percent) of the votes cast by shareholders present or represented by proxy at the Meeting must be cast in favour of this resolution for it to be adopted. The Board will pass a similar financial assistance resolution on or after the date of this Meeting.

12. GENERAL AUTHORITY TO REPURCHASE SHARES

Special resolution number 3

"Resolved that the Board be authorised by way of a general authority given as a renewable mandate, to facilitate the acquisition by the Company and/or a subsidiary of the Company of the issued ordinary shares of the Company, upon such terms and conditions and in such amounts as the directors of the Company may from time to time determine, but subject to the MoI, the provisions of the Companies Act and the Listings Requirements, when applicable and provided that:

a) an announcement giving such details as may be required in terms of the Listings Requirements be released on the Stock Exchange News Service when the Company or its subsidiaries have cumulatively repurchased 3% (three percent) of the initial number of the shares of the Company in issue as at the time the general authority was granted and for each 3% (three percent) in aggregate of the initial number of shares acquired thereafter;
b) the authorisation granted above shall remain in force from the date of passing of this special resolution for a period of 15 (fifteen) months or until the next Meeting, whichever period is shorter;
c) at any point in time, the Company will only appoint one agent to effect any repurchase(s) on its behalf;
d) the Company or its subsidiary shall not repurchase securities during a prohibited period as defined in paragraph 3.67 of the Listings Requirements, unless the repurchase is done in accordance with the provisions of the Listings Requirements, including, but not limited to, a repurchase programme being in place, where dates and quantities of shares to be traded during the prohibited period are fixed (not subject to any variation) and full details of the programme being disclosed to the JSE in writing prior to the commencement of the prohibited period, as required and the Company having instructed an independent third party, which makes its investment decisions in relation to the Company's securities independently of, and uninfluenced by, the Company, prior to the commencement of the prohibited period to execute the repurchase programme submitted to the JSE;
e) the repurchase of securities will be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the Company and the counterparty (reported trades are prohibited);

f) the repurchase by the Company of its own securities above may not exceed 20% (twenty percent) of the Company's issued ordinary share capital in the aggregate in any one financial year, as at the beginning of the financial year, or in the case of acquisition by any of the Company's subsidiaries, 10% (ten percent) of such issued ordinary share capital in the aggregate if such shares are to be held as treasury shares;
g) any such general repurchase will be subject to the applicable provisions of the Companies Act (including sections 114 and 115 to the extent that section 48(8) is applicable in relation to that particular repurchase);
h) any such repurchases are subject to exchange control approval at that point in time;
i) in determining the price at which the Company's ordinary shares are acquired by the Company in terms of this general authority, the maximum premium at which such ordinary shares may be acquired will be 10% (ten percent) of the weighted average of the market price at which such ordinary shares are traded on the JSE, as determined over the 5 (five) trading days immediately preceding the date of the repurchase of such ordinary shares by the Company or a subsidiary of the Company; and
j) a resolution has been passed by the Board confirming that the Board has authorised the general repurchase, that the Company has passed the solvency and liquidity test as required by the Companies Act and since the test was done there have been no material changes to the financial position of the Group."

At least 75% (seventy-five percent) of the votes cast by shareholders present or represented by proxy at the Meeting must be cast in favour of this resolution in terms of the Listings Requirements in order for it to be adopted.

Additional disclosure

For purposes of considering special resolution number 3 and in terms of the Listings Requirements, the information below has been included in the Annual and Report, in which this notice of Meeting is included, at the places indicated:

- Major shareholders (refer page 181)
- Share capital of the Company (refer page 113)

The Company will not commence a general repurchase of shares as contemplated above unless the following can be met:

- The Company and the Group will be able to repay its debts in the ordinary course of business for a period of 12 (twelve) months following the date of the general repurchase
- The Company and the Group's assets will be in excess of the liabilities of the Company and the Group for a period of 12 (twelve) months after the date of the general repurchase. For this purpose, the assets and liabilities will be recognised and measured in accordance with the accounting policies used in the latest audited consolidated annual financial statements that comply with the Companies Act
- The share capital and reserves of the Company and the Group will be adequate for ordinary business purposes for a period of 12 (twelve) months after the date of the general repurchase
- The working capital of the Company and the Group will be adequate for ordinary business purposes for a period of 12 (twelve) months following the date of the repurchase

Any decision by the Board involving a repurchase by the Company of more than 5% (five percent) of the issued shares of any class will be subject to the requirements of sections 48, 114 and 115 of the Companies Act, including the distribution of a circular to the shareholders of the Company in compliance with the Companies Act and the Listings Requirements, seeking the approval of the shareholders for such repurchase.

Reason and effect

The reason and effect for special resolution number 3 is to authorise the Company and/or its subsidiary company by way of a general authority to acquire its own issued shares on such terms, conditions and in such amounts as determined from time to time by the directors of the Company subject to the limitations set out above.

Statement of the Board's intention

The Board intends to use the shareholder authority which this resolution would provide to undertake the repurchase having regard to prevailing circumstances, market conditions as well as the Company's liquidity requirements.

Directors' responsibility statement

The directors, whose names are given on page 183, collectively and individually accept full responsibility for the accuracy of the information pertaining to special resolution number 3 and certify that to the best of their knowledge and belief there are no facts that have been omitted that would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this special resolution contains all information required by the Listings Requirements.

Material changes

There have been no material changes in the affairs or financial position of the Company and/or the Group since the date of signature of the audit report up to the date of this notice.

13. AUTHORITY TO SIGN ALL DOCUMENTS REQUIRED

Ordinary resolution number 9

Any director of the Company or the Company Secretary shall be and is hereby authorised to sign all documents and perform all acts that may be required to give effect to such ordinary resolutions number 1 to 8 and special resolutions number 1 to 3 passed at the Meeting."

In order for this resolution to be adopted, the support of more than 50% (fifty percent) of votes cast by shareholders present or represented by proxy at the Meeting is required.

14. TO TRANSACT SUCH OTHER BUSINESS AS MAY BE TRANSACTED AT AN ANNUAL GENERAL MEETING

The record date on which shareholders must be recorded as such in the register maintained by the transfer secretaries of the Company for the purposes of being entitled to receive notice of the Meeting is Friday, 10 June 2022.

Voting and proxies

Record date and proxies

The record date on which shareholders must be recorded as such in the register maintained by the transfer secretaries of the Company for the purposes of being entitled to attend and vote at the Meeting is Friday, 15 July 2022. Accordingly, the last day to trade for the purposes of being entitled to attend and vote at the Meeting is Tuesday, 12 July 2022.

Shareholders who have not dematerialised their shares or who have dematerialised their shares with "own name" registration are entitled to attend and vote at the Meeting (in each case via the Virtual Meeting Platform) and are entitled to appoint a proxy or proxies to attend, speak and vote in their stead. The person so appointed need not be a shareholder of the Company. Proxy forms must be forwarded to reach the registered office of the Company or The Meeting Specialists Proprietary Limited, JSE Building, One Exchange Square, Gwen Lane, Sandown, 2196 or posted to The Meeting Specialists Proprietary Limited at PO Box 62043, Marshalltown, 2107, South Africa or emailed to **proxy@tmsmeetings.co.za**, so as to be received by them, for administrative purposes, by no later than 14:00, on Monday, 25 July 2022. Any forms of proxy not lodged by this time may be emailed to **proxy@tmsmeetings.co.za** prior to the commencement of the Meeting.

Proxy forms must only be completed by shareholders who have dematerialised their shares with "own name" registration or who have not dematerialised their shares.

Every member attending the Meeting personally or by proxy and entitled to vote at the Meeting of the Company shall have one vote only, irrespective of the number of shares such member holds. In the event of a poll, every member shall be entitled to that proportion of the total votes in the Company that the aggregate amount of the nominal value of the shares held by such member bears to the aggregate amount of the nominal value of all the shares issued by the Company.

Shareholders who have dematerialised their shares, other than those shareholders who have dematerialised their shares with "own name" registration, who are unable to attend the Meeting but wish to be represented thereat, should contact their Central Securities Depository Participant ("CSDP") or broker (as the case may be) in the manner and time stipulated in their agreement entered into by such shareholder and the CSDP or broker (as the case may be) to furnish the CSDP or broker (as the case may be) with their voting instructions and in the event that such shareholders wish to attend the Meeting, to obtain the necessary authority to do so. Such shareholders who wish to attend the Meeting in person (via the Virtual Meeting Platform) must obtain the necessary letter of representation from their CSDP or broker.

Shares held by a share trust or scheme will not have their votes at meetings taken into account for the purposes of resolutions proposed in terms of the Listings Requirements.

NOTICE OF ANNUAL GENERAL MEETING CONTINUED

Electronic participation in the 2022 meeting

All shareholders who wish to attend the Meeting are required to participate in the Meeting by way of electronic participation, and are required to send a notice in writing (including details on how the shareholder or representative (including proxy) can be contacted) to the Scrutineers, at The Meeting Specialists Proprietary Limited, JSE Building, One Exchange Square, Gwen Lane, Sandown, 2196 or post to The Meeting Specialists Proprietary Limited at PO Box 62043, Marshalltown, 2107, South Africa email or email **proxy@tmsmeetings.co.za**. The written notification must be received by the Scrutineers at least 48 hours prior to the Meeting (being Monday, 25 July 2022) for the Scrutineers to arrange for the shareholder (or representative or proxy) to provide reasonably satisfactory identification to the transfer secretaries for the purposes of section 63(1) of the Companies Act and for the Scrutineers to provide the shareholder (or representative or proxy) with details on how to access the Meeting by means of electronic participation. The written notification should contain the following:

- A certified copy of the shareholder's identification document or passport if the shareholder is an individual
- A certified copy of a resolution of letter of representation given by the holder if you are a company or juristic person, and certified copies of identity document or passports of the persons who passed the resolution
- A valid email address and/or telephone number

Participants who have complied with the notice requirement above, will be contacted between Tuesday, 26 July 2022 and Wednesday, 27 July 2022, and provided the relevant connection details as well as the passcodes through which they or their proxy/ies can participate via electronic communication and of the process for participation via a unique link to the email/cellphone number provided in the notification.

It is recommended that shareholders log into the online platform at least 15 minutes prior to the scheduled start time for the Meeting. Should shareholders require assistance with accessing the online platform, they can call the following helpline: +27 81 711 4255.

Shareholders will be able to view a live webcast of the Meeting, ask directors questions online in written format or orally and submit your votes in real time if the shareholder has not already voted through their CSDP or broker.

The cost of accessing any means of electronic participation provided by the Company will be borne by the Company.

By order of the Board

SP Morris
For and on behalf of
Datatec Management Services (Pty) Ltd
Company Secretary

Sandton

21 June 2022

FORM OF PROXY

DATATEC LIMITED
(Incorporated in the Republic of South Africa)
Registration number: 1994/005004/06
JSE code: DTC
ISIN: ZAE000017745
("the Company")

Please note that this proxy form is only for use by members who have not dematerialised their ordinary shares or who have dematerialised their ordinary shares and registered them with own name registration.

I/We

Telephone number:

Cell phone number:

Email:

of

being a member/members of the above mentioned Company, hereby appoint:

or failing him/her,

the Chair of the Annual General Meeting as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at 14:00 on Wednesday, 27 July 2022 and at any adjournment of that meeting.

Signed at this day of 2022

Signature

Please indicate with an "X" in the appropriate space on the right how you wish your votes to be cast. If you return this form duly signed, without any specific direction, the proxy shall be entitled to vote as he/she thinks fit.

No.	Type		In favour of resolution	Against resolution	Abstain from voting
3.	O1	Re-election of IP Dittrich			
4.	O2	Re-election of CRK Medlock			
5.	O3	Re-election of MJN Njeke			
6.	O4	Election of DS Sita			
7.	O5	Reappointment of independent auditors			
8.	O6	Election of Audit, Risk and Compliance Committee members:			
		6.1 Election of MJN Njeke			
		6.2 Election of DS Sita			
		6.3 Election of CRK Medlock			
9A.	O7	Non-binding advisory vote on remuneration policy			
9B.	O8	Non-binding advisory vote on remuneration implementation			
10.	S1	Approval of non-executive directors' fees			
11.	S2	Authority to provide financial assistance to any Group company			
12.	S3	General authority to repurchase shares			
13.	O9	Authority to sign all documents required			

O = Ordinary S = Special

NOTES TO THE FORM OF PROXY

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint one or more proxies to attend, speak and vote in his/her stead. A proxy need not be a registered member of the Company.
2. Every member attending the Annual General Meeting personally or by proxy and entitled to vote at the Annual General Meeting of the Company shall, have one vote only irrespective of the number of shares such member holds. In the event of a poll, every member shall be entitled to that proportion of the total votes in the Company which the aggregate amount of the nominal value of the shares held by such member bears to the aggregate amount of the nominal value of all the shares issued by the Company.
3. Members registered in their own name are members who elected not to participate in the Issuer-Sponsored Nominee Programme and who appointed Computershare Investor Services Proprietary Limited as their Central Securities Depository Participant ("CSDP") with the express instruction that their uncertificated shares are to be registered in the electronic sub-register of members in their own names.

Instructions on signing and lodging the form of proxy:

1. A member may insert the name of a proxy or the names of two alternative proxies of the member's choice in the space/s provided overleaf, with or without deleting "the Chair of the Annual General Meeting", but any such deletion must be initialled by the member. Should this space be left blank, the proxy will be exercised by the Chair of the Annual General Meeting. The person whose name appears first on the form of proxy and who is present at the Annual General Meeting will be entitled to act as proxy to the exclusion of those whose names follow.
2. A member's voting instructions to the proxy must be indicated by the insertion of an "X", or the number of votes exercisable by that member, in the appropriate spaces provided overleaf. Failure to do so will be deemed to authorise the proxy to vote or to abstain from voting at the Annual General Meeting as he/she thinks fit in respect of all the member's exercisable votes. A member or his/her proxy is not obliged to use all the votes exercisable by him/her or by his/her proxy but the total number of votes cast, or those in respect of which abstention is recorded, may not exceed the total number of votes exercisable by the member or by his/her proxy.
3. To be valid, the completed forms of proxy must be lodged with The Meeting Specialists Proprietary Limited, JSE Building, One Exchange Square, Gwen Lane, Sandown, 2196 or posted to The Meeting Specialists Proprietary Limited at PO Box 62043, Marshalltown, 2107, South Africa or emailed to **proxy@tmsmeetings.co.za**, or call The Meeting Specialists on +27 11 520 7952/0/1, so as to be received by them, for administrative purposes, by no later than 14:00, on Monday, 25 July 2022. Any forms of proxy not lodged by this time must be received by the Chair of the Annual General Meeting in a timely manner.
4. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the Chair of the Annual General Meeting.
5. The completion and lodging of this form of proxy will not preclude the relevant member from attending the Annual General Meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such member wish to do so.

   The completion of any blank spaces overleaf need not be initialled. Any alterations or corrections to this form of proxy must be initialled by the signatory/ies.

   The Chair of the Annual General Meeting may accept any form of proxy which is completed other than in accordance with these instructions provided that he is satisfied as to the manner in which a member wishes to vote.

   Members who have dematerialised their shares must inform their CSDP or broker of their intention to attend the Annual General Meeting and request their CSDP or broker to issue them with the necessary authorisation to attend or provide their CSDP or broker with their voting instructions should they not wish to attend the Annual General Meeting in person.

   In terms of section 58 of the Companies Act, 2008 ("the Companies Act"):
   - A shareholder may, at any time and in accordance with the provisions of section 58 of the Companies Act, appoint any individual (including an individual who is not a shareholder) as a proxy to participate in, and speak and vote at, a shareholders' meeting on behalf of such shareholder;
   - A proxy may delegate his authority to act on behalf of a shareholder to another person, subject to any restriction set out in the instrument appointing such proxy;
   - irrespective of the form of instrument used to appoint a proxy, the appointment of a proxy is suspended at any time and to the extent that the relevant shareholder chooses to act directly and in person in the exercise of any of such shareholder's rights as a shareholder;
   - Any appointment by a shareholder of a proxy is revocable, unless the form of instrument used to appoint such proxy states otherwise;
   - If an appointment of a proxy is revocable, a shareholder may revoke the proxy appointment by:
     (a) cancelling it in writing, or making a later inconsistent appointment of a proxy; and
     (b) delivering a copy of the revocation instrument to the proxy and to the Company; and
   - A proxy appointed by a shareholder is entitled to exercise, or abstain from exercising, any voting right of such shareholder without direction, except to the extent that the Memorandum of Incorporation of the Company, or the instrument appointing the proxy, provides otherwise.

SHARES AND SHAREHOLDERS

FOR THE YEAR ENDED 28 FEBRUARY 2022

Stock exchange performance	1 March 2021 to 28 February 2022	1 March 2020 to 28 February 2021
Shares traded as a percentage of issued shares (%)		
Total number of shares traded ('000)	**51 590**	71 719
Shares traded as a percentage of issued shares (%)	**25.16**	35.60
Total value of shares traded (R million)	**1 685**	1 810
JSE Limited prices (SA cents)		
Closing	**3 660**	2 577
High	**4 365**	3 615
Low	**2 355**	1 755
JSE Limited prices adjusted for the special dividend of R5.12 in November 2021 (SA cents)		
Closing	**3 660**	2 065
High	**3 853**	3 103
Low	**1 843**	1 243
Public/non-public shareholding		
Percentage non-public shareholders	**37.40%**	37.75%
Percentage public shareholders	**62.60%**	62.25%

Listed below are analyses of holdings extracted from the register of ordinary shareholders at 28 February 2022:

	Shareholders in SA		Shareholders other than in SA		Total shareholders	
Shareholder type	Number	Percentage of shares	Number	Percentage of shares	Number	Percentage of shares
Directors	–	–	4	15.10	4	15.10
Shareholders over 10%	1	22.05	–	–	1	22.05
Treasury	1	0.25	–	–	1	0.25
Total non-public	2	22.30	4	15.10	6	37.40
Public	4 285	46.15	264	16.45	4 549	62.60
Total	4 287	68.45	268	31.55	4 555	100.00

The following are the principal beneficial shareholders whose holding directly or indirectly in the Company total more than 5% of the issued share capital as at 28 February 2022:

	Number of ordinary shares	Percentage of issued shares
Government Employees Pension Fund (PIC)	47 849 229	22.05
Jens Montanana (director)	30 641 963	14.12
Sanlam Group*	12 601 913	5.81
Old Mutual Group*	11 717 298	5.40
Prudential Group-various funds	10 956 842	5.05

*Note: * Shareholdings are aggregates of several legal entities owned by the same overall group which individually are less than 5%.*

Black people and black female economic interest and voting rights

An analysis of black beneficiation through mandated investment schemes invested in Datatec as at 28 February 2022:

	Number of ordinary shares	Percentage of issued shares
Total mandated investments identified	**133 084 279**	**61.34**
Voting rights deemed to be held by black people on a flow-through basis	**54 435 886**	**25.09**
Voting rights deemed to be held by black women on a flow-through basis	**28 979 601**	**13.36**
Economic interest deemed to be held by black people on a flow-through basis	**35 292 519**	**16.27**
Economic interest deemed to be held by black women on a flow-through basis	**18 008 080**	**8.30**

Listed below are analyses of holdings extracted from the register of ordinary shareholders at 28 February 2021:

	Shareholders in SA		Shareholders other than in SA		Total shareholders	
Shareholder type	Number	Percentage of shares	Number	Percentage of shares	Number	Percentage of shares
Directors	–	–	4	13.80	4	13.80
Shareholders over 10%	1	23.95	–	–	1	23.95
Treasury	–	–	–	–	–	–
Total non-public	1	23.95	4	13.80	5	37.75
Public	3 288	45.82	245	16.43	3 533	62.25
Total	3 289	69.77	249	30.23	3 538	100.00

The following are the principal beneficial shareholders whose holding directly or indirectly in the Company totals more than 5% of the issued share capital as at 28 February 2021:

	Number of ordinary shares	Percentage of issued shares
Government Employees Pension Fund (PIC)	48 239 475	23.95
Jens Montanana (director)	25 992 443	12.90
Sanlam Group – various funds	13 458 086	6.68
Old Mutual Life Assurance Co Ltd (SA)	12 356 242	6.13
Prudential Group – various funds	11 839 215	5.88

Black people and black female economic interest and voting rights

An analysis of black beneficiation through mandated investment schemes invested in Datatec as at 28 February 2021:

	Number of ordinary shares	Percentage of issued shares
Total mandated investments identified	125 107 285	62.10
Voting rights deemed to be held by black people on a flow-through basis	48 460 494	24.06
Voting rights deemed to be held by black women on a flow-through basis	22 461 119	11.15
Economic interest deemed to be held by black people on a flow-through basis	31 281 563	15.53
Economic interest deemed to be held by black women on a flow-through basis	14 982 744	7.44

ADMINISTRATION

BOARD OF DIRECTORS

Name	Date of appointment	Position held at 28 February 2022
Executive directors		
JP Montanana (British)	6 October 1994	Chief Executive Officer
IP Dittrich	30 May 2016	Chief Financial Officer
Non-executive directors		
M Makanjee#^+	1 November 2018	Independent non-executive Chair
E Singh-Bushell (American)*#^	1 June 2018	Senior independent non-executive director
SJ Davidson (British)#^+	1 February 2007	Independent non-executive Chair
JF McCartney (American)#	16 July 2007	Independent non-executive director
CRK Medlock (British)*	1 January 2020	Independent non-executive director
MJN Njeke*^+	1 September 2016	Independent non-executive director
DS Sita^	1 March 2022	Independent non-executive director

* *Audit, Risk and Compliance Committee*
# *Nominations Committee*
^ *Remuneration Committee*
+ *Social and Ethics Committee*

SHAREHOLDERS' DIARY

2022 Annual General Meeting	27 July 2022
Reports	
Interim results (half-year to August 2022)	October 2022
Announcement of FY23 annual results	May 2023
FY23 Annual Report	June 2023
FY23 Integrated Report	June 2023

GLOSSARY

AGM	Annual General Meeting
AIM	Alternative Investment Market, the London Stock Exchange's international market for smaller, growing companies
Analysys Mason	A global consultancy and research firm constituting Datatec's Management Consulting division, which specialises in telecommunication, media and technology and offers strategic, trusted advisory, modelling and market intelligence services
ARCC	The Datatec Group Audit, Risk and Compliance Committee
BBBEE	Broad-Based Black Economic Empowerment
CDP	Formerly the Carbon Disclosure Project, an environmental disclosure system
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CIPC	Companies and Intellectual Property Commission
CPI	Consumer Price Index
CRO	Chief Risk Officer
CSDP	Central Securities Depository Participant
CSI	Corporate social investment, contributions (monetary, employee time and resources), external to normal business activities for the purpose of benefiting and uplifting communities
CSR	Corporate social responsibility
EMEA	Europe, Middle East and Africa
ESG	Environmental, social and corporate governance
H&S	Health and safety
IMDA	Infocomm Media Development Authority, a statutory board under the Singapore Ministry of Communications and Information
IPO	Initial Public Offering
JSE	The Johannesburg Stock Exchange, a securities exchange operated by JSE Limited
King IV/ The King IV Code	The King IV Report on Corporate Governance for South Africa, 2016
Logicalis or Logicalis Group	A division of Datatec that supplies ICT infrastructure and solutions and managed services
LSE	London Stock Exchange
LTI	Long-term incentive
Management Consulting	A division of Datatec that comprises Analysys Mason, a specialist telecommunications, media and technology adviser
MEA	Middle East and Africa
MoI	the Company's Memorandum of Incorporation
NASDAQ	National Association of Securities Automated Quotations, a United States electronic securities market
NPO	Non-profit organisation
NYSE	New York Stock Exchange
PLLAL	PromonLogicalis Latin America Limited
PwC	PricewaterhouseCoopers Inc.
SAICA	South African Institute of Chartered Accountants
SENS	Stock Exchange News Service
SETA	Sector Education and Training Authority
STEM	Science, technology, engineering and mathematics
STI	Short-term incentive
The Board	The Board of directors of Datatec Limited, as set out on pages 2 and 3
The Code	The Datatec Group Code of Conduct
The Companies Act	South African Companies Act 71 of 2008, as amended
The Company or Datatec	Datatec Limited, listed on the JSE in the "Computer Services" sector
The current year, the year, the year under review or FY22	The year ended 28 February 2022
The Foundation	The Datatec Educational and Technology Foundation
The Group	The Datatec Group, Datatec Limited and its subsidiaries
The previous year, the prior year or FY21	The year ended 28 February 2021
TMS	The Meeting Specialists Proprietary Limited
Westcon International or Westcon	A division of Datatec that provides distribution of security, collaboration, networking and data centre products

FINANCIAL AND TECHNICAL DEFINITIONS

Financial definitions

Amortisation	The systematic allocation of the cost of an intangible asset over its useful life
CAGR	Compound annual growth rate
CDI	A daily average of overnight interbank loans, used as an investment benchmark in the Brazilian financial system
CGU	Cash-generating unit
CSP	Conditional Share Plan
DBP	Deferred Bonus Plan
DBW	Deferred Bonus Warrant
Depreciation	The systematic allocation of the cost of an asset, less its residual value, over its useful life
EAP	Equity Appreciation Plan
EBITDA	Earnings before interest, taxation, depreciation and amortisation
EIBOR	Emirates Interbank Offered Rate
EPS	Earnings per share, the portion of a Company's profit attributable (equally) to each outstanding ordinary share
EURIBOR	Euro Interbank Offered Rate
FEC	Forward exchange contract
FVTPL	Fair value through profit or loss
FY	Financial year; for Datatec, ended/ending 28/29 February
H2	The second half of the financial year, from 1 September to 28 February
HEPS	Headline earnings divided by the weighted average number of shares in issue during the financial year
IFRS	International Financial Reporting Standards
LIBOR	London Interbank Offered Rate
LTIP	Long-Term Incentive Plan
ROIC	Return on invested capital. This is calculated by dividing net operating profit after tax by average invested capital
SARs	Share Appreciation Rights
SAR Scheme	The Datatec Limited Share Appreciation Rights Scheme
SOFR	Secured Overnight Financing Rate
TSR	Total shareholder return
Underlying earnings	Earnings excluding impairments of goodwill and intangible assets, profit or loss on sale of investments and assets, amortisation of acquired intangible assets, unrealised foreign exchange movements, acquisition-related adjustments, fair value movements on acquisition-related financial instruments, restructuring costs relating to fundamental reorganisations and the taxation effect on all of the aforementioned
UEPS	Underlying earnings divided by the weighted average number of shares in issue during the financial year
VWAP	30-day volume-weighted average price

Technical definitions

Cloud services	Services made available to users on demand via the internet from a cloud computing provider's servers
ERP	Enterprise resource planning , software that manages and integrates business processes through a single system
Hardware	The machines, wiring and other physical components or other electronic system
IaaS	Infrastructure as a service
ICT	Information and communication technology, an umbrella term that includes any communication device or application, encompassing radio, television, mobile phones, computer and network hardware and software, and satellite systems
Infrastructure	Refers to an entity's entire collection of hardware, software, networks and services required for the operation and management of the IT environment
IT	Information technology
Networking	The construction, design and use of a network
SaaS	Software as a service
Software	The programs and other operating information used by a computer

CONTACT DETAILS

REGISTERED OFFICES

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United Kingdom
Tel +44 (0) 207 395 9000
Fax +44 (0) 207 395 9001

COMPANY SECRETARY

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(Managing Director – SP Morris)

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OFFICE – USA

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New York 10591
USA
Tel +1 914 829 7000

SPONSOR

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1 Merchant Place
Corner Fredman Drive and Rivonia Road
Sandton, 2196
South Africa

TRANSFER SECRETARIES

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Rosebank Towers
15 Biermann Avenue
Rosebank, 2196
South Africa
Private Bag X9000
Saxonwold, 2132

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Sandton, 2196
South Africa

AUDITORS

PricewaterhouseCoopers
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Waterfall City
Jukskei View, 2090
South Africa

PRINCIPAL BANKERS – SA

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Corporate and Investment Banking
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Rosebank, 2196
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PRINCIPAL BANKERS – UK

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26 Broad Street
Reading
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RG1 2B

COMPANY INFORMATION

DATATEC LIMITED

Incorporated in the Republic of South Africa
Registration number: 1994/005004/06
ISIN: ZAE000017745
JSE Main Board: Computer Services
Listing date: 1994
Share code: DTC
Shares in issue at 28 February 2022: 216 957 874

DATATEC

Driving Technology

www.datatec.com
www.westconcomstor.com
www.logicalis.com
www.analysysmason.com