



ANNUAL FINANCIAL RESULTS
for the year ended 28 February 2021



DATATEC

Driving Technology



INTEGRATION AND MANAGED SERVICES

Through three core divisions the group offers:



Logicalis delivers digital transformation through its IT infrastructure solutions, managed services and cloud integration skills.



TECHNOLOGY DISTRIBUTION



Westcon International is a value-added technology distributor of industry-leading solutions in cyber security, network infrastructure, unified communications products, data centre solutions and channel services.



MANAGEMENT CONSULTING AND FINANCIAL SERVICES



Analysys Mason

Analysys Mason is a global consultancy and research firm specialising in telecoms, media and technology ("TMT").

Datatec Financial Services

Datatec Financial Services support the Datatec Group of companies alongside any partnering organisations, by providing customers with a financed alternative method of acquiring technology hardware, software and services.

Datatec Limited: Incorporated in the Republic of South Africa

Registration number: 1994/005004/06

Share code JSE: DTC

ISIN: ZAE000017745

("Datatec", the "Company" or the "Group")

Registered office: 3rd Floor, Sandown Chambers, Sandown Village Office Park,
81 Maude Street, Sandown

Operational highlights

for the year ended 28 February 2021

Solid

operational execution across all divisions in challenging Covid-19 environment

Digitisation

trend shifting demand towards network centric software and services

Excellent

operating cash generation and efficient working capital management

Enhanced

liquidity following refinancing of key facilities

Resumption

of ordinary dividend (100 SA cents per share)

	FY21	FY20	% movement
Revenue (US\$ million)	4 109.5	4 214.4 [^]	(2%)
Gross profit (US\$ million)	690.5	741.6	(7%)
Adjusted EBITDA**(US\$ million)	141.0	158.7	(11%)
Underlying* earnings per share (US cents)	13.6	9.9	37%
Dividend (SA cents)	100	–	–
Net debt (US\$ million)	60.9	139.9	(56%)

[^] FY20 revenue restated.

Commentary

JENS MONTANANA, CHIEF EXECUTIVE OF DATATEC, COMMENTED:

“Datatec’s solid execution during a year beset with unprecedented Covid-19 pandemic-related disruptions has proven our operational resilience. Our divisions provide many of the products and services required to support a remote IT networked-based way of doing business. This digitisation trend is set to continue and we have already seen a structural shift in our business away from many forms of traditional hardware to software and services with growing annuity revenue.

“All of the Group’s divisions delivered strong results and operating cash flows as well as excellent working capital management. The Group also ended FY21 with much reduced net debt and enhanced liquidity following the refinancing of key facilities, including with new banking partners, on substantially improved terms, reflecting the improvement in fundamentals across the business over the last few years. Based on this strong financial base, the Board has decided to reinstate ordinary dividend distributions.

“Although uncertainty remains around the Covid-19 pandemic with many countries still in lockdown, Datatec is well positioned to support its customers’ requirements and we anticipate the positive momentum generated in FY21 to continue into the current financial year.”

Group activities

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

Datatec operates two main divisions:

- **Logicalis:** ICT infrastructure solutions and services; and
- **Westcon International:** Technology distribution of security and networking products.

The specialist activities of Management Consulting and Datatec Financial Services are included with the corporate head office functions in the “Corporate, Management Consulting and Financial Services” segment of the Group.

Strategic overview

Datatec's strategy is to improve shareholder returns over the medium term through a combination of corporate and business development actions aimed at enhancing the competitiveness and profitability of its subsidiaries and operating divisions.

The Group achieved a solid operational performance in the year ended 28 February 2021 ("FY21") with all divisions showing resilient trading with strong operating cash flows and significantly enhanced liquidity. This was achieved despite the challenging socio-economic environment resulting from the declaration of Covid-19 as a pandemic by the World Health Organization ("WHO") on 11 March 2020, at the start of FY21.

The multi-year investments in Westcon International's advanced systems and business automation enabled business continuity plans to be deployed effectively with almost the entire workforce switching to remote working. Most of Logicalis' global workforce was also able to work remotely, limiting operational disruptions during lockdown periods.

Although some delays and supply disruptions were experienced, especially in countries with highly restrictive lockdowns, the business operations coped very well and performed ahead of the expectations set at the start of the year.

Datatec's divisions are focusing on the products and services required to support the digitisation trend prevailing in the industry, which has been driven faster by the demand for remote IT networking during the pandemic. This trend has already seen a repositioning of our business away from many forms of traditional hardware to software and services with growing annuity revenue.

Group revenue was US\$4.1 billion in FY21, down by 2.5% on the US\$4.2 billion[^] restated revenue recorded in the financial year ended 29 February 2020 ("the Comparable Period" or "FY20"). In constant currency*** terms, Group revenue decreased by 0.7%.

[^]FY20 revenue restatement

During the year, the volumes of software, software services and cloud computing solutions, which include Infrastructure as a Service ("IaaS") and Software as a Service ("SaaS") sold by Datatec, have grown in significance. As a result, the Group revisited the revenue recognition for these arrangements leading to the decision to restate its consolidated statement of comprehensive income, reflecting a decrease in revenue and a corresponding decrease in cost of goods sold in the previous financial year. There was no impact on gross profit or items below gross profit and hence, there was no impact on earnings or earnings per share.

The amount of the restatement for FY20 is shown in the table below.

	Before re- statement	After re- statement	Total re- statement
FY20			
Revenue (US\$ million)	4 304.8	4 214.4	(90.4)
Cost of sales (US\$ million)	(3 563.2)	(3 472.8)	90.4
Gross profit (US\$ million)	741.6	741.6	–
Gross margin (%)	17.2	17.6	0.4

Commentary continued

The Group's vendors continuously change the way in which they bring their products and services to market and there is a significant amount of judgement involved in determining whether or not the Group acts as an agent or principal with regards to these arrangements. In its reassessment, the Group concluded that in those arrangements where the software service is delivered remotely 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 invoice on a net basis as the Group is acting as an agent in the transaction. The restated consolidated statement of comprehensive income reflects only the fees earned, for acting as an agent in these arrangements, as revenue.

Note that despite the revenue being disclosed on a net basis, the Group has a contractual right to the gross amount of cash related to the gross revenue and therefore, for any amounts remaining unpaid at the period end, the Group continues to present these amounts as gross trade receivables in the consolidated statement of financial position. The restatement has no impact on the consolidated statement of financial position or consolidated statement of cash flows.

The impact of the revenue restatement on the first half of FY21 ("H1 FY21") was as follows:

H1 FY21	Before re-statement	After re-statement	Total re-statement
Revenue (US\$ million)	2 031.2	1 962.9	(68.3)
Cost of sales (US\$ million)	(1 707.0)	(1 638.7)	68.3
Gross profit (US\$ million)	324.2	324.2	–
Gross margin (%)	16.0	16.5	0.5

Of the US\$68.3 million H1 FY21 restatement, US\$61.2 million related to Westcon International and US\$7.1 million to Logicalis.

EBITDA for FY21 was US\$118.6 million (FY20: US\$158.7 million). Adjusted EBITDA** excluding restructuring costs was US\$141.0 million (FY20: US\$158.7 million, as there were no restructuring costs in FY20).

Restructuring costs of US\$22.4 million relate to fundamental reorganisations and restructuring as a result of Covid-19, which is considered fundamental in nature and would not otherwise have been incurred. US\$5.9 million of restructuring costs were incurred in the first half of FY21, with US\$16.5 million being incurred in the second half as the Covid-19 pandemic intensified. The restructuring had the greatest impact on the Logicalis business, Datatec's most people-intensive division.

The EBITDA in FY20 included a tax credit in Logicalis Brazil of approximately US\$14 million relating to certain overpaid indirect taxes. FY20 interest income included US\$7.5 million regarding these overpaid taxes ("The Tax Credit").

Underlying* earnings per share ("UEPS") were 13.6 US cents in FY21 compared to UEPS of 9.9 US cents for FY20 (which also reflected the impact of The Tax Credit in Brazil).

The Group ended FY21 with enhanced liquidity and the Group statement of financial position remains strong with much reduced net debt at 28 February 2021 of US\$60.9 million compared to US\$139.9 million at 29 February 2020. Excluding lease liabilities, net cash was US\$53.4 million (FY20: net debt US\$10.4 million).

Logicalis

Logicalis is the largest contributor to the Group in terms of profitability. The division also has the widest geographical exposure and Datatec intends to continue to develop and grow Logicalis globally, both organically and through acquisitions.

Logicalis revenue reduced by 13.8% to US\$1.45 billion compared to US\$1.68 billion[^] restated revenue for FY20. In constant currency^{***}, Logicalis revenue reduced by 7.8%. Revenue increased in Europe but declined in other regions, with Latin America particularly impacted by adverse currency translation. Operating costs were lower than in the Comparable Period. Adjusted^{**} EBITDA was US\$96.1 million compared to US\$123.9 million in FY20, which included the impact of The Tax Credit in Brazil.

Even though global trading uncertainties are expected to persist for the short to medium term, Logicalis is confident in its ability to continue to respond to market needs caused by Covid-19 disruptions. The technology segments that Logicalis specialises in are key parts of cloud infrastructure and the remote access computing solutions necessary for enterprises to adjust.

Westcon International

Westcon International revenue increased by 4.6% to US\$2.6 billion (FY20: US\$2.5 billion[^] restated revenue) on strong demand for networked cloud computing, remote access solutions for mobile working and virtual office environments, unified communications and enhanced network security. In constant currency^{***} terms, revenue improved by 3.5%. Adjusted^{**} EBITDA was US\$52.5 million (FY20: US\$40.0 million).

Westcon International remains focused on profitability by driving business improvement through revenue growth and margin expansion supported by cost controls. While several macro-economic risks exist, the FY21 results highlight Westcon International's ability to respond effectively to challenging circumstances.

In June 2020, Datatec strengthened Westcon International's standalone statement of financial position by converting US\$80 million of intercompany loans to equity in order to enable the division to obtain improved commercial terms. Prior to this capitalisation, Westcon International was 90% owned by Datatec following the sale of Westcon Americas to SYNnex Corporation ("SYNNEX"), which held the other 10% of Westcon International. After the capitalisation, Datatec (via Datatec PLC, an intermediate holding company), increased its shareholding in Westcon International to 92.1% and the minority interest of SYNnex decreased to 7.9%.

Westcon International completed two significant refinancing arrangements during FY21:

- A two-year US\$80 million new receivables securitisation facility for its Asia-Pacific subsidiaries ("Westcon APAC").
- A three-year EUR275 million new invoice assignment facility for its European subsidiaries ("Westcon Europe").

These new facilities considerably enhance Westcon International's liquidity.

Commentary continued

Current trading and outlook

While the Covid-19 pandemic continues to cause unpredictable business disruptions, economic uncertainty and currency volatility, the Group's divisions are in a strong position with a solid order book related to remote working, cloud access and fixed or mobile secured networking.

The trend towards digitisation is set to continue and the structural shift away from many forms of traditional hardware to increasing software and services with growing annuity revenue is already benefiting our divisions as they provide many of the products and services required to support a remote IT networked-based way of doing business. The trends experienced during FY21 have continued into FY22.

Operationally, the Group continues to reap the benefits of the investments in business automation and the technology systems rolled out over the past few years.

The improved liquidity following the refinancing of the major subsidiaries of Westcon International on more favourable terms during FY21 will provide greater flexibility and reduce interest expense going forward.

The global semiconductor shortage due to Covid-19-related constraints is impacting all technology participants across the entire value chain and Datatec continues to monitor and mitigate the impact on availability and costs where possible.

Dividend policy

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

The Board declared a cash dividend with a scrip alternative of 100 South African cents per share (approximately 7.1 US cents per share), which is in excess of the amount determined under the policy. This decision was informed by the strength of the balance sheet and enhanced liquidity in the Group, positive operating profitability across all divisions of the Group and the cautiously optimistic trading outlook for the Group.

Group results

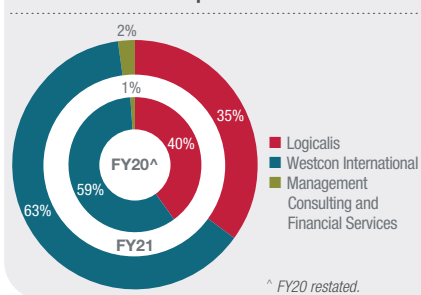
All divisions delivered solid performances as falling operating costs offset the effect of lower gross profits due to a change in revenue mix that saw an increased contribution from the distribution segment, which has lower margins. Overall revenue was broadly flat with good growth in Westcon International balancing a decline in Logicalis.

Emerging markets such as Brazil, Argentina, Chile, Mexico, Indonesia and South Africa were impacted by local currency weakness in FY21 which reduced their dollar-reported contribution to the results.

Revenue

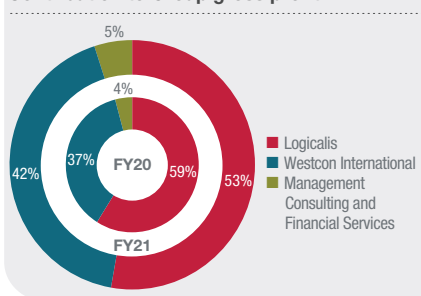
Group revenue for the period was US\$4.1 billion (FY20: US\$4.2 billion[^]) and is shown by division below.

Contribution to Group revenue



Group gross margins in FY21 were 16.8% (FY20: 17.6% restated) with the FY20 gross margin being enhanced by The Tax Credit. Gross profit was US\$690.5 million (FY20: US\$741.6 million).

Contribution to Group gross profit



Overall operating costs (including FY21 restructuring costs of US\$22.4 million) were US\$571.9 million (FY20: US\$582.9 million). Restructuring costs include costs relating to fundamental reorganisations and Covid-19-related restructuring. Any restructuring as a result of Covid-19 is considered fundamental in nature and would not otherwise have been incurred.

EBITDA was US\$118.6 million (FY20: US\$158.7 million including The Tax Credit of approximately US\$14.0 million) and included US\$7.9 million of foreign exchange losses (FY20: US\$1.7 million). EBITDA margin was 2.9% (FY20: 3.8% restated). Excluding restructuring costs, adjusted ** EBITDA was US\$141.0 million (no restructuring costs in FY20) and adjusted** EBITDA margin was 3.4% (FY20: 3.8% restated).

Foreign exchange losses consisted of unrealised foreign exchange losses of US\$0.3 million (FY20: US\$1.2 million) and realised foreign exchange losses of US\$7.6 million (FY20: US\$0.5 million). Unrealised foreign exchange differences are excluded from UEPS.

Depreciation and amortisation decreased to US\$68.6 million (FY20: US\$76.1 million) and operating profit was US\$50.0 million (FY20: US\$82.6 million).

The net interest charge decreased slightly to US\$25.7 million (FY20: US\$25.9 million). The FY20 charge was mitigated by US\$7.5 million interest income recognised by Logicalis Brazil in FY20 pursuant to The Tax Credit, so the underlying decrease was notably more as the new finance facilities took effect and net debt reduced.

Profit before tax was US\$25.2 million (FY20: US\$58.5 million).

A tax charge of US\$19.5 million has arisen on profits of US\$25.2 million. The effective tax rate of 77.4% continues to be adversely affected by losses arising in Westcon International's Asia and South African operations for which no deferred tax assets have been recognised and its UK operation for which deferred tax assets are only partially recognised at a low rate of tax credit. In addition, Logicalis has incurred taxation arising from the reorganisation of its Latin American holding structure, which saw FY21's mix of profits move towards higher taxed jurisdictions. As at 28 February 2021, there are estimated tax loss carry forwards of US\$240.5 million, with an estimated future tax benefit of US\$52.6 million, of which only US\$24.8 million has been recognised as a deferred tax asset. The Group expects a much lower effective tax rate from FY22 onwards, as Westcon International continues to become more profitable with an improved mix of profits across the Group.

UEPS were 13.6 US cents (FY20: 9.9 US cents). Headline earnings per share were 1.8 US cents (FY20: 5.9 US cents). Earnings per share were 1.3 US cents (FY20: 6.8 US cents from continuing and discontinued operations). The FY20 earnings metrics all reflect the impact of The Tax Credit.

Cash

The Group generated US\$234.4 million of cash from operations during FY21 (FY20: US\$215.6 million) and ended the period with a net debt of US\$60.9 million (FY20: US\$139.9 million). Excluding lease liabilities, net cash would have been US\$53.4 million (FY20: net debt US\$10.4 million). The net debt has been calculated as: cash resources of US\$488.6 million (FY20: US\$347.2 million), bank overdrafts of US\$131.4 million

Commentary continued

(FY20: US\$263.8 million); short-term borrowings and current portion of long-term debt of US\$297.9 million (FY20: US\$109.5 million); and long-term debt of US\$120.2 million (FY20: US\$113.8 million). During the second half of FY21, Westcon International replaced its previous European invoice financing facility with a new invoice assignment facility. The new invoice assignment facility is accounted for as short-term debt compared to the previous facility which was accounted for as part of bank overdrafts.

The Group restated its FY20 statement of cash flows to exclude certain bank overdrafts from cash and cash equivalents. Bank overdrafts that are repayable on demand under certain circumstances, but not unconditionally repayable on demand, have now been excluded from cash and cash equivalents and cash flows associated with these bank overdrafts are now shown as cash flows from financing activities. The restatement relates to banking arrangements that form an integral part of the Group's cash management. This restatement did not impact the balance sheet or the net cash/debt for the Group or its subsidiaries.

Acquisitions

Effective 1 April 2020, Analysys Mason acquired 100% of the shares in Allolio&Konrad for US\$7.8 million. The consideration paid included US\$6.7 million to settle debt of Allolio&Konrad with the seller. Allolio&Konrad is a consultancy based in Bonn, Germany with an excellent track record in the telecommunications industry and long-term client relationships with Europe's leading telecom operators. The acquisition accounting has been finalised at the reporting date. Acquisition-related costs of US\$0.3 million have been incurred.

Effective 4 November 2020, Logicalis Asia acquired 65% of the shares in iZeno Private Limited ("iZeno") for a cash consideration of US\$8.2 million. A specialist in Digital Transformation solutions based in Singapore, iZeno has additional operations in Malaysia, Indonesia and Thailand. Acquisition-related costs of US\$0.2 million have been incurred.

As a result of the two acquisitions referred to above, goodwill and other intangible assets increased by US\$9.5 million and US\$7.6 million respectively. The fair value assessment of assets and liabilities acquired and the amounts recognised as goodwill and intangible assets have been finalised at year end. None of the goodwill recognised is expected to be deductible for income tax purposes. The revenue and EBITDA included from these acquisitions in FY21 were US\$16.4 million and US\$4.1 million respectively; profit after tax included from these acquisitions was US\$2.2 million. Had the acquisition date been 1 March 2020, the revenue and EBITDA would have been approximately US\$25.7 million and US\$5.9 million respectively. Profit after tax for the full year would have been approximately US\$3.5 million.

Effective 31 July 2020, PromonLogicalis Latin America Limited ("PLLAL"), a 65% owned subsidiary of the Group, acquired 30% of the shares in Cirrus Participações S.A. ("Kumulus") for US\$1.2 million. There is a put and call option for PLLAL to acquire an additional interest of 20.1% in Kumulus US\$1.2 million which PLLAL exercised in March 2021. The Kumulus FY21 results have been equity accounted for in the Group's results.

On 30 September 2020, Logicalis acquired the outstanding minority stake of 49% in NubeliU Limited for US\$0.6 million. NubeliU subsequently became a 100% subsidiary of PLLAL.

Liquidity and borrowing facilities

The Group continues to actively assess the outlook for liquidity in its divisions to ensure that sufficient cash will continue to be generated to settle liabilities as they fall due.

In February 2020, Logicalis completed a new three-year US\$155 million banking facility for its subsidiaries. This senior facility covers Logicalis' operations throughout the world, excluding Latin America, which has its own separate uncommitted credit facilities. The facility is used to fund working capital requirements and also includes a new acquisition credit line. In addition, the Latin American credit facilities are considered adequate in the current environment.

In August 2020, Westcon Europe entered into a EUR275 million new invoice assignment facility with a European banking syndicate, led by Crédit Agricole Leasing & Factoring ("CAL&F"). This invoice assignment facility replaced Westcon Europe's previous invoice financing facility of US\$224 million with effect from 1 October 2020. The new committed facility is for an initial period of three years. It will be used to fund Westcon Europe's working capital requirements and will bear interest at a much reduced rate compared to the previous facility. The CAL&F facility replaced the previous syndicated invoice finance facility led by HSBC ("HIF facility"). The HIF facility was disclosed under bank overdrafts in the statement of financial position.

Due to the different nature of the CAL&F facility, it is disclosed under short-term interest-bearing liabilities in the statement of financial position. Both facilities form part of the net cash/debt of the business.

Westcon APAC also entered into a two-year US\$80 million new receivables securitisation facility with Westpac Banking Corporation, replacing Westcon APAC's previous financing facilities in Australia, New Zealand and Singapore. This provides an incremental US\$25 million working capital facility at improved interest rates for Westcon APAC, compared to its previous uncommitted facilities. This became effective on 25 September 2020.

The Group has performed covenant projections for the next 12 months to confirm that banking covenants are likely to be met.

The new financing facilities, as well as the very strong operating cash flow generated during FY21, have significantly improved the Group's liquidity position, despite the Covid-19 pandemic.

Foreign exchange translation

Losses of US\$6.4 million (FY20: US\$38.2 million) arising on translation to presentation currency are included in total comprehensive loss of US\$1.3 million (FY20: US\$8.1 million). The majority of these losses arise from the weakening in the Brazilian Real/US\$ exchange rate from 4.47 at 29 February 2020 to 5.60 at 28 February 2021.

Divisional reviews

Divisional reviews

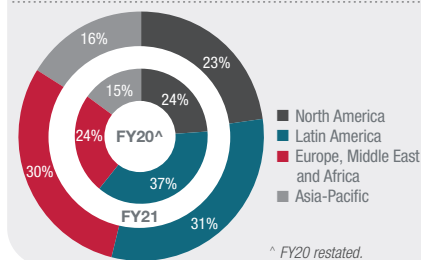
Logicalis

Logicalis accounted for 35% of the Group's revenue (FY20: 40%).

Logicalis is an international multi-skilled solution provider of digital enablement services, helping customers harness digital technology and innovative services to deliver powerful business outcomes.

Revenue from operations decreased by 13.8% to US\$1.4 billion (FY20: US\$1.7 billion[^] restated revenue). However, expressed in constant currency terms, Logicalis' revenue decreased by only 7.8% in FY21 compared to FY20. Revenue contribution by geography is shown below:

Logicalis revenue % contribution by geography

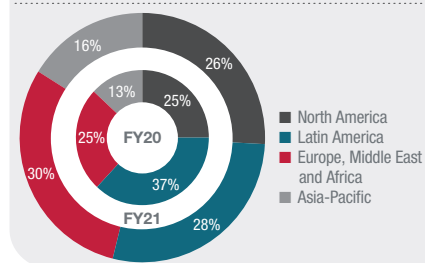


Revenue increased in Europe in absolute terms due to large contracts secured in the Spanish and German operations and contributions from the Cilnet and Orange Networks acquisitions completed during FY20. The decrease elsewhere was attributable to the difficult trading conditions caused by the Covid-19 pandemic, as well as worsening exchange rates in many regions, which exacerbated the decline in revenue in US\$ terms.

Logicalis' gross margin was 25.4% (FY20: 26.2%). Underlying gross margin percentage remained solid with the headline decrease being caused by The Tax Credit in FY20. Gross profit was down 16.7% to US\$367.5 million (FY20: US\$441.2 million).

Logicalis' gross profit contribution by geography is shown below:

Logicalis gross profit % contribution by geography



Operating costs decreased to US\$285.6 million (FY20: US\$317.3 million). The FY21 results include US\$14.2 million of restructuring costs necessary to adjust the business for the current environment.

EBITDA was US\$81.9 million (FY20: US\$123.9 million including The Tax Credit), with a corresponding EBITDA margin of 5.7% (FY20: 7.4% restated). Adjusted** EBITDA, excluding the restructuring costs, was US\$96.1 million with an adjusted** EBITDA margin of 6.6% (FY20: 7.4% restated). Operating profit was US\$40.3 million (FY20: US\$72.3 million).

Argentina continued as a hyperinflation economy during FY21, although the impact on the Group results was not material.

The net interest charge increased by US\$1.5 million, reflecting the effect of interest receivable of US\$7.5 million on The Tax Credit in FY20.

Net debt of US\$123.4 million (FY20: US\$156.7 million) consisted of: cash resources of US\$154.4 million (FY20: US\$144.2 million); bank overdrafts of US\$126.5 million (FY20: US\$131.6 million); short-term borrowings and current portion of long-term debt of US\$69.4 million (FY20: US\$100.8 million); and long-term debt of US\$81.9 million (FY20: US\$68.5 million).

The decrease in net debt compared to FY20 was driven primarily by working capital improvements.

Logicalis continues to have a contingent liability in respect of a possible tax liability at its subsidiary in Brazil.

On 31 July 2020, Logicalis acquired a minority stake in Brazil-based Cirrus Participações S.A., which trades under the Kumulus brand. Kumulus is focused on delivering high value, impactful services and solutions to its customers' businesses, through cloud and data solutions. Logicalis exercised a call option to purchase a further minority stake in March 2021.

The increased investment in NubeliU from 51% to 100%, will allow for the integration of NubeliU as a 100% subsidiary of PLLAL.

Logicalis Group purchased a 65% interest in iZeno Group in November 2020, a company specialising in digital transformation, application modernisation, DevOps, customer experience and hybrid cloud solutions. Headquartered in Singapore with additional operations in Malaysia, Indonesia, and Thailand, iZeno holds a leading presence in the region. With this investment, Logicalis strengthens its ability to offer differentiated, high impact solutions and accelerates its vision to be the preferred digital transformation enabler for its customers.

After the balance sheet date, Logicalis acquired a 70% stake in Áudea on 31 March 2021, a Spanish company which specialises in cyber security and regulatory compliance. This investment reinforces Logicalis' ability to offer a comprehensive service to customers looking to secure their critical data.

Logicalis continues to develop its capabilities within cloud, IoT, software, security, data management and intelligent networks in support of its strategy to provide full life-cycle services around IT infrastructure solutions to its customers.

Each region has delivered compelling offers to customers and markets aligned to managing business through the through the Covid-19 pandemic disruptions during the last 12 months, including rapid remote deployment of essential solutions and services. These are designed to support customers in the areas that are most relevant to them right now, including secure remote working solutions, collaboration packages and improvements to IT resilience. Furthermore, the Group introduced its first globally scalable solution during the year which enables rapid deployment of workloads onto the public cloud.

While the exact impact of the Covid-19 pandemic on medium-term trading remains difficult to predict at this stage, Logicalis remains confident about the long-term prospects for the industry and its positioning within it. Over the short term, emerging markets currencies are expected to remain volatile.

Divisional reviews continued

Westcon International

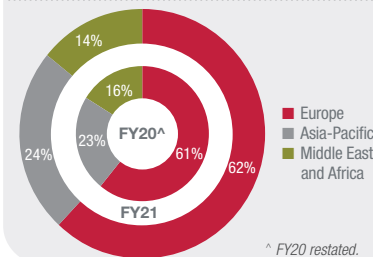
Westcon International accounted for 63% of the Group's revenue (FY20: 59%).

Westcon International is a value-added speciality distributor of industry-leading cyber security and network infrastructure, unified communications products, data centre solutions and channel services with a global network of service providers, systems integrators, and speciality resellers. Westcon International has operations in 50-plus countries and goes to market under the Westcon and Comstor brands. Westcon International's portfolio of market-leading vendors includes: Cisco, Palo Alto Networks, Check Point, F5, Extreme Networks, Avaya, Broadcom, and Juniper.

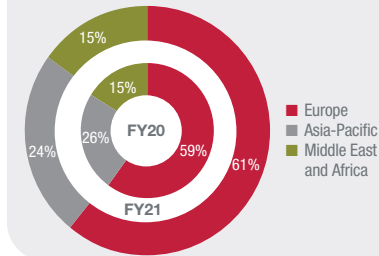
Westcon International's revenue increased by 4.6% to US\$2.59 billion (FY20: US\$2.47 billion[^] restated) with higher revenue in Europe and Asia-Pacific. In constant currency*** revenue grew by 3.5%.

Westcon International's gross margins increased to 11.3% (FY20: 11.1% restated) with higher margins in Europe and MEA. Westcon International's gross profit increased by 5.6% to US\$291.0 million (FY20: US\$275.7 million) with higher results across all regions.

Westcon International revenue % contribution by geography



Westcon International gross profit % contribution by geography



Operating costs increased to US\$246.2 million (FY20: US\$235.7 million). The FY21 results include US\$7.7 million of restructuring costs primarily related to initiatives in Europe (FY20: US\$ nil), as well as US\$9.8 million of foreign exchange losses (FY20: US\$1.3 million). Excluding those costs, operating expenses decreased 2.4%. Central costs of US\$29.4 were incurred in FY21 (FY20: US\$29.1 million).

EBITDA was US\$44.8 million (FY20: US\$40.0 million), with an EBITDA margin of 1.7% (FY20: 1.6%). Excluding restructuring costs, adjusted ** EBITDA of US\$52.5 million (FY20: US\$40.0 million) reflected an improvement across all regions. Adjusted** EBITDA margin was 2.0% (FY20: 1.6% restated).

The strong trading performance was supported by a strengthening balance sheet position. Net working capital days decreased to 18 days (FY20: 22 days) as a result of strong working capital management reducing days sales outstanding ("DSO") and increasing inventory turns. Net debt was US\$19.0 million (FY20: US\$48.7 million).

The net debt consisted of cash resources of US\$243.1 million (FY20: US\$127.7 million); bank overdrafts of US\$4.9 million (FY20: US\$132.2 million); short-term borrowings and current portion of long-term debt of US\$225.4 million (FY20: US\$6.6 million); and long-term debt of US\$31.8 million (FY20: US\$37.6 million).

During the year, and despite the pandemic, Westcon International secured new working facilities in its key markets for Europe and Asia-Pacific. A three-year €275 million (approximately US\$330 million) new invoice assignment facility led by Crédit Agricole Leasing & Factoring ("CAL&F") was concluded in Europe. A two-year US\$80 million new receivables securitisation facility led by Westpac Banking Corporation was concluded in Asia-Pacific. The new committed facilities provide enhanced liquidity at reduced costs and are used to fund the Company's working capital requirements.

Westcon International continues to monitor and respond to the Covid-19 pandemic with its priority on maintaining the health and wellbeing of its staff in compliance with relevant government directives, while limiting business impacts for channel and vendor partners.

Westcon International's key logistics centres in the UK, Netherlands, Middle East, South Africa, and Asia-Pacific remain open and are being managed under strict measures to ensure the wellbeing of logistics and warehousing teams while maintaining service levels. This has enabled the division to take an active role in servicing the needs of critical business sectors alongside partners during the pandemic.

The multi-year investments in Westcon International's advanced systems and business automation enabled business continuity plans to be deployed seamlessly with almost the entire workforce continuing to work remotely.

Westcon International's strategy is to bring to market industry-leading fixed or wireless-based networking solutions, including unified communications, security, virtualisation, remote access, and cloud computing products. While the near term remains uncertain, current conditions are driving demand for technologies that Westcon International sells.

The global semiconductor shortage due to Covid-19-related constraints is impacting all technology participants across the entire value chain and Westcon International continues to monitor and mitigate the impact on availability and costs where possible.

Corporate, Management Consulting and Financial Services

This segment accounted for 2% of Group's revenue (FY20: 1%).

The Management Consulting unit comprises Analysys Mason, a provider of strategic, trusted advisory, modelling and market intelligence services to the telecoms, media and technology industries.

The Management Consulting unit delivered an excellent performance in FY21. Revenue was US\$73.2 million (FY20: US\$58.7 million). Gross profit increased to US\$31.0 million from US\$23.8 million in FY20. EBITDA increased to US\$10.2 million (FY20: US\$9.4 million) and EBITDA margins decreased to 13.9% compared to 16.0% in FY20.

Effective 1 April 2020, Analysys Mason acquired 100% of the shares in Alolio&Konrad, a consultancy based in Bonn, Germany with an extensive track record in the telecommunications industry and long-term client relationships with Europe's leading telecom operators. The acquisition contributed significantly to the division's results for FY21.

Divisional reviews continued

Analysys Mason has a strategy focused on specialisation in the technology, media and telecommunications (TMT) sector where increasingly the industries of telecommunications and information technology are converging and driving rapid digitisation across many industries often brought about by the move to cloud computing.

Datatec Financial Services provides financing/leasing solutions for ICT customers. The business recorded revenue of US\$1.1 million in FY21 (FY20: US\$1.0 million) and an EBITDA loss of US\$1.1 million (FY20: US\$1.2 million loss) and adjusted EBITDA loss of US\$0.6 million. The business will be moved into Westcon International during FY22 in order to leverage the capabilities and scale of both businesses.

Corporate includes the net operating costs of the Datatec head office entities which were US\$17.2 million (FY20: US\$15.3 million). These costs include the remuneration of the Board and head office staff, consulting and audit fees. In FY21, foreign exchange losses were US\$0.4 million (FY20: foreign exchange gains of US\$1.9 million).

As at 28 February 2020, Datatec head office entities held cash of US\$74.2 million, of which US\$18.3 million (including R99.2 million held in ZAR) is held in South Africa and subject to the SA Reserve Bank regulations. These cash balances increased by US\$6.7 million from the year ended 29 February 2020 mainly as a result of net settlement of intercompany loans from subsidiaries.

Commentary continued

Subsequent events

On 1 March 2021, Logicalis Group's 65% subsidiary PLLAL exercised its option to acquire an additional interest of 20.1% in Kumulus for US\$1.2 million. 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 a 70% stake in Áudea, a Spanish company which specialises in cyber security and regulatory compliance, for a consideration of US\$2.0 million.

Cash dividend with scrip distribution alternative

Introduction

Notice is hereby given that the Board of Datatec has declared a final distribution for the year ended 28 February 2021, by way of a cash dividend of 100 ZAR cents per Datatec ordinary share ("Cash Dividend") payable to the ordinary shareholders (the "Shareholders"), which will be in proportion to your ordinary shareholding in Datatec at the close of business on the record date, being Friday, 16 July 2021.

Shareholders will be entitled, in respect of all or part of their shareholding, to elect to receive new, fully paid ordinary Datatec shares in proportion to their ordinary shareholding on the Record Date as an alternative to the cash dividend (the "Scrip Distribution"). The Cash Dividend has been declared and paid out of Datatec's distributable retained profits. A dividend withholding tax of 20% will be applicable in respect of the Cash Dividend to all Shareholders not exempt therefrom after deduction of which, the net Cash Dividend is 80 ZAR cents per share.

The new ordinary shares will, pursuant to the Scrip Distribution, not be subject to a dividend withholding tax, and the issue price of the Scrip Distribution (which will equal the volume weighted average price ("VWAP") of Datatec's ordinary shares traded on the Johannesburg Stock Exchange Limited ("JSE") for the 30-day trading day period ending on Tuesday, 6 July 2021) will be settled by way of a capitalisation of Datatec's distributable retained profits.

The Company's total number of issued ordinary shares as at 25 May 2021 is 201 450 000. Datatec's income tax reference number is 9999/493/71/2.

Terms of the Cash Dividend and Scrip Distribution

The Shareholders will be entitled to receive the Cash Dividend of 100 ZAR cents per ordinary Datatec share in respect of their shareholding as at the close of trading on the JSE at the close of business on the record date, being Friday, 16 July 2021, in proportion to their ordinary shareholding in Datatec and to the extent that such Shareholders have not elected to receive the Scrip Distribution alternative in respect of all or a part of their shareholding.

Shareholders will, however, be entitled to elect to receive a Scrip Distribution of new, fully paid Datatec ordinary shares in respect of their shareholding in Datatec as at the record date, in respect of all or part of their ordinary shareholding, instead of the Cash Dividend.

The number of Scrip Distribution shares to which each of the Shareholders will become entitled pursuant to the Scrip Distribution (subject to their election thereto) will be determined by reference to such Shareholder's ordinary shareholding in Datatec (at the close of business on the record date, being Friday, 16 July 2021) in relation to the ratio that 100 ZAR cents bears to the VWAP of a Datatec ordinary share traded on the JSE during the 30-day trading period ending on Tuesday, 6 July 2021, provided that, where the application of this ratio gives rise to a fraction of an ordinary share, the rounding principles will be applied. Where a Shareholder's entitlement to new Datatec ordinary shares calculated in accordance with the above formula gives rise to a fraction of a new ordinary share, such fraction of a new ordinary share will be rounded down to the nearest whole number, resulting in allocations of whole ordinary shares and a cash payment for the fraction. The applicable cash payment will be determined with reference to the VWAP of an ordinary Datatec share traded on the JSE on Wednesday, 14 July 2021, (being the day on

Commentary continued

which Datatec ordinary shares begin trading “ex” the entitlement to receive the Cash Dividend or the Scrip Distribution alternative), discounted by 10%.

Details of the ratio will be announced on the Stock Exchange News Service (“SENS”) of the JSE in accordance with the timetable on below.

Circular and salient dates

A circular providing Shareholders with full information on the Cash Dividend or Scrip Distribution alternative, including a Form of Election to elect to receive the Scrip Distribution alternative will be distributed to Shareholders on or about Thursday, 3 June 2021.

The salient dates of events thereafter are as follows:

EVENT

2021

Audited financial results of Datatec for the year ended 28 February 2021 and declaration of Cash Dividend with Scrip Dividend Alternative announced on SENS on	Tuesday, 25 May
Audited financial results of Datatec for the year ended 28 February 2021 and declaration of Cash Dividend with Scrip Dividend Alternative published in the South African press on	Wednesday, 26 May
Distribution of Circular announced on SENS on	Thursday, 3 June
Circular and Form of Election distributed on	Thursday, 3 June
Distribution of Circular announcement published in the South African press on	Friday, 4 June
Announcement released on SENS in respect of the ratio applicable to the Scrip Distribution alternative, based on the 30-day VWAP ending on Monday, 5 July 2021, by 11:00 on	Tuesday, 6 July
Announcement published in the South African press of the ratio applicable to the Scrip Distribution alternative, based on the 30-day VWAP ending on Monday, 5 July 2021 on	Wednesday, 7 July
Last day to trade in order to be eligible for the Cash Dividend and the Scrip Distribution alternative	Tuesday, 13 July
Ordinary shares trade “ex” the Cash Dividend and the Scrip Distribution on	Wednesday, 14 July
Listing and trading of maximum possible number of Datatec ordinary shares on the JSE in terms of the Scrip Distribution alternative from the commencement of business on	Wednesday, 14 July
Announcement released on SENS in respect of the cash payment applicable to fractional entitlements, based on the VWAP of a Datatec ordinary share traded on the JSE on Wednesday, 14 July 2021, discounted by 10%, by 11:00 on	Thursday, 15 July
Last day to elect to receive the Scrip Distribution alternative instead of the Cash Dividend, Forms of Election to reach the Transfer Secretaries by 12:00 on	Friday, 16 July
Record date in respect of the Cash Dividend and the Scrip Distribution alternative	Friday, 16 July
Cash Dividend payments made, CSDP/broker accounts credited/updated on	Monday, 19 July
Announcement relating to the results of the Cash Dividend and the Scrip Distribution alternative released on SENS on	Monday, 19 July
Announcement relating to the results of the Cash Dividend and the Scrip Distribution alternative published in the South African press on	Tuesday, 20 July
JSE listing of Datatec ordinary shares in respect of the Scrip Distribution alternative adjusted to reflect the actual number of ordinary shares issued in terms of the Scrip Distribution alternative at the commencement of business on or about	Tuesday, 20 July

All times provided are South African local times. The above dates and times are subject to change. Any material change will be announced on SENS.

Share certificates may not be dematerialised or rematerialised between Wednesday, 14 July 2021 and Friday, 16 July 2021, both days inclusive. If Datatec maintains a certificated register, then the register will be closed from Wednesday, 14 July 2021 and Friday, 16 July 2021, both days inclusive.

Appointment of auditor

At the Annual General Meeting of the shareholders of Datatec held on 29 July 2020, PricewaterhouseCoopers Inc. ("PwC") was appointed as the new independent external auditor of the Group.

Disclaimer

This announcement may contain statements regarding the future financial performance of the Group which may be considered to be forward-looking statements. By their nature, forward-looking statements involve risk and uncertainty, and although the Group has taken reasonable care to ensure the accuracy of the information presented, no assurance can be given that such expectations will prove to have been correct.

The Group has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements and there may be other

factors that cause actions, events or results not to be as anticipated, estimated or intended. It is important to note, that:

- (i) unless otherwise indicated, forward-looking statements indicate the Group's expectations and have not been reviewed or reported on by the Group's external auditors;
- (ii) actual results may differ materially from the Group's expectations if known and unknown risks or uncertainties affect its business, or if estimates or assumptions prove inaccurate;
- (iii) the Group cannot guarantee that any forward-looking statement will materialise and, accordingly, readers are cautioned not to place undue reliance on these forward-looking statements; and
- (iv) the Group disclaims any intention and assumes no obligation to update or revise any forward-looking statement even if new information becomes available, as a result of future events or for any other reason, other than as required by the JSE Limited Listings Requirements.

On behalf of the Board

SJ Davidson

Chairman

JP Montanana

Chief Executive Officer

IP Dittrich

Chief Financial Officer

25 May 2021

Commentary continued

Directors

SJ Davidson[#] (Chairman), JP Montanana[#] (CEO),
IP Dittrich (CFO), M Makanjee, JF McCartney^o,
CRK Medlock[#], MJN Njeke, E Singh-Bushell^o
^oAmerican [#]British

* 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.

** Adjusted EBITDA excludes restructuring costs.

*** The pro forma constant currency and adjusted EBITDA information, which is the responsibility of the Datatec directors, presents the Group's revenue for the current reporting period had it been translated at the average foreign currency exchange rates of the prior reporting period as well as EBITDA had restructuring costs not been incurred. This information is for illustrative purposes only and because of its nature, may not fairly present the Group's results. The pro forma supplementary information contained in this announcement has been reported on by the Group's external auditor. The Group's auditor, PwC, has issued a limited assurance report (in terms of ISAE 3420: Assurance Engagements to Report on the Compilation of pro forma Financial Information Included in a Prospectus) on the pro forma financial information presented. Refer to pages 39 to 40 for their unmodified opinion thereon.

To determine the revenues in constant currency terms, the current financial reporting period's monthly revenues in local currency have been converted to US Dollar at the average monthly exchange rates prevailing over the same period in the prior year. The average exchange rates of the Group's material currencies are listed below:

Average US Dollar exchange rates	FY21	FY20
British Pound/US Dollar	1.30	1.27
Euro/US Dollar	1.16	1.11
US Dollar/Brazilian Real	5.39	4.06
US Dollar/Australian Dollar	1.41	1.46
US Dollar/Singapore Dollar	1.37	1.37
US Dollar/South African Rand	16.47	14.67

Independent auditor's report on the summary consolidated financial statements

for the year ended 28 February 2021

To the shareholders of Datatec Limited

Opinion

The summary consolidated financial statements of Datatec Limited, contained in the accompanying provisional report, which comprise the summary consolidated statement of financial position as at 28 February 2021, the summary consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and related notes, are derived from the audited consolidated financial statements of Datatec Limited for the year ended 28 February 2021.

In our opinion, the accompanying summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements, in accordance with the requirements of the JSE Limited Listings Requirements for provisional reports, as set out in the note: "Basis of preparation" to the summary consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

Summary consolidated financial statements

The summary consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards and the requirements of the Companies Act of South Africa as applicable to annual financial statements.

Reading the summary consolidated financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated financial statements and the auditor's report thereon.

The audited consolidated financial statements and our report thereon

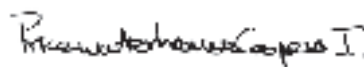
We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated 24 May 2021. That report also includes communication of key audit matters. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period.

Director's responsibility for the summary consolidated financial statements

The directors are responsible for the preparation of the summary consolidated financial statements in accordance with the requirements of the JSE Limited Listings Requirements for provisional reports, set out in the note: "Basis of preparation" to the summary consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

Auditor's responsibility

Our responsibility is to express an opinion on whether the summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing ("ISA") 810 (Revised), Engagements to Report on Summary Financial Statements.



PricewaterhouseCoopers Inc.

Director: BW Niebuhr
Registered Auditor
Johannesburg
24 May 2021

Basis of preparation

The provisional summarised consolidated financial statements are prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards ("IFRS") in effect for the Group at 28 February 2021 and further comply with the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, at a minimum contain the requirements of IAS 34 *Interim Financial Reporting*, as well as the requirements of the Companies Act 71 of 2008 of South Africa and the JSE Limited's Listings Requirements.

The preparation of these summarised financial statements and consolidated financial statements from which these summarised financial statements were derived from for FY21 was supervised by the Chief Financial Officer, Mr Ivan Ditttrich, CA(SA).

Accounting policies

The accounting policies applied in the preparation of these interim financial statements are in terms of IFRS and are consistent with those accounting policies applied in the preparation of the previous consolidated annual financial statements.

New standards effective for annual periods beginning on or after 1 January 2020

No new standards, amendments to published standards and interpretations which became effective for the year commencing on 1 January 2020 had an impact on the Group's accounting policies.

New standards, amendments to existing standards and interpretations that are not yet effective and have not yet been early adopted

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 2021, are being evaluated for the impact of these pronouncements, and are not expected to have a material impact.

Critical accounting judgements and key sources of estimation uncertainty

The results of the Group have many areas where key assumptions concerning the future and other key areas of estimation could have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the financial year.

The results 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;
- estimates made in determining the probability of future taxable income justifying the recognition of deferred tax assets;
- estimates made in determining the fair value of share-based payment expenses arising from various share incentive schemes in the Group;
- estimates made in determining the level of provision required for obsolete inventory;
- 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;
- judgements in determining the lease term by considering all facts and circumstances that create an economic incentive to exercise on extension option; and
- judgements and estimated in determining if revenue should be net or gross accounted.

Going concern

The directors have reviewed the future profit and cash flow projections in conjunction with the current economic climate as well as banking facilities in place to support all the operations, in order to express an opinion on the adequacy of working capital and the ability to continue as a going concern for the foreseeable future. These projections covered future financial performance, solvency and liquidity for a period of 12 months from the date of the release of these results. The directors have concluded that the Group will continue to be a going concern for the foreseeable future and therefore the results have been prepared on a going concern basis.

Independent auditor's report

The independent auditor, PricewaterhouseCoopers Inc., has issued its unmodified audit opinions on the consolidated financial statements and on these summarised consolidated financial statements for the year ended 28 February 2021 in accordance with International Standards on Auditing. These summarised consolidated financial statements have been derived from the audited consolidated annual financial statements and are consistent in all material respects, with the Group's consolidated financial statements. The consolidated financial statements and the auditor's unmodified reports on the consolidated financial statements and on these summarised consolidated financial statements are available for inspection at the Company's registered office.

The auditor's reports do not necessarily report on all of the information contained in this announcement/ financial results. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement they should obtain a copy of the reports together with the accompanying financial information from the Company's registered office.

The full set of consolidated financial statements and unmodified audit opinion with their key audit matters from PricewaterhouseCoopers Inc. is available for inspection as its registered offices and at <http://www.datatec.com/investors-results-presentations.php>

Any reference to future financial performance included in this announcement, has not been audited or reported on by the Company's auditor.

Summarised consolidated statement of comprehensive income

for the year ended 28 February 2021

US\$'000	Audited Year ended February 2021	Audited Restated^ Year ended February 2020
CONTINUING OPERATIONS		
Revenue*	4 109 463	4 214 421
Cost of sales	(3 418 926)	(3 472 843)
Gross profit	690 537	741 578
Operating costs	(532 645)	(571 598)
Net impairment of financial assets	(5 389)	(3 700)
Restructuring costs	(22 378)	–
Share-based payments	(11 493)	(7 623)
Operating profit before interest, tax, depreciation and amortisation (“EBITDA”)	118 632	158 657
Depreciation of property, plant and equipment	(19 040)	(27 011)
Depreciation of right-of-use assets	(33 537)	(32 991)
Amortisation of capitalised development expenditure	(5 471)	(3 217)
Amortisation of acquired intangible assets and software	(10 611)	(12 901)
Operating profit	49 973	82 537
Interest income	1 895	14 911
Finance costs	(27 587)	(40 785)
Share of equity-accounted investment earnings/(losses)	908	(204)
Acquisition-related fair value adjustments	–	696
Other income	55	918
Gain on disposal of investment	–	415
Profit before taxation	25 244	58 488
Taxation	(19 540)	(31 809)
Profit for the year from continuing operations	5 704	26 679
DISCONTINUED OPERATIONS		
Profit for the year from discontinued operations	–	1 332
Profit for the year	5 704	28 011

US\$'000
OTHER COMPREHENSIVE LOSS
Items that may be reclassified subsequently to profit and loss

Exchange differences arising on translation to presentation currency
Translation of equity loans net of tax effect
Transfers and other items

Total comprehensive loss for the year
Profit attributable to:

Owners of the parent
Non-controlling interests

Total comprehensive loss attributable to:

Owners of the parent
Non-controlling interests

EARNINGS PER SHARE ("EPS") (US CENTS)
Basic

Continuing operations
Discontinued operations

Diluted basic

Continuing operations
Discontinued operations

Audited Year ended February 2021	Audited Restated^ Year ended February 2020
(6 981)	(36 102)
(6 395)	(38 184)
(355)	1 104
(231)	978
(1 277)	(8 091)
2 601	14 239
3 103	13 772
5 704	28 011
7 840	(17 826)
(9 117)	9 735
(1 277)	(8 091)
1.3	6.8
1.3	6.2
–	0.6
1.3	6.7
1.3	6.1
–	0.6

* There has been a change in presentation from the prior year. Revenue from continuing operations and revenue from acquisitions have been combined. Included in revenue is US\$16.4 million of revenue (FY20: US\$23.3 million) from acquisitions in the current year from the date of control.

^ Refer to the summarised segmental analysis.

Salient financial features

for the year ended 28 February 2021

US\$'000	Audited Year ended February 2021	Audited Year ended February 2020
HEADLINE AND UNDERLYING* EARNINGS		
HEADLINE EARNINGS	3 556	12 491
Headline earnings per share (US cents)		
Headline	1.8	5.9
Diluted headline	1.7	5.8
UNDERLYING* EARNINGS	26 939	20 843
Underlying* earnings per share (US cents)		
Underlying*	13.6	9.9
Diluted underlying*	13.2	9.7
Net asset value		
Net asset value per share (US cents)	293.2	288.3
KEY RATIOS		
Gross margin (%)	16.8	17.6#
EBITDA margin (%)	2.9	3.8#
Effective tax rate (%)	77.4	54.4
Exchange rates		
Average Rand/US\$ exchange rate	16.5	14.7
Closing Rand/US\$ exchange rate	15.1	15.6
Number of shares issued (millions)		
Issued	201	201
Issued (excluding treasury shares and shares held by participants under deferred bonus plan)	199	198
Weighted average	199	210
Diluted weighted average	204	214

Headline and underlying* earnings from discontinued operations in FY20 were US\$nil.

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

* 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.

Restated.

Determination of headline and underlying* earnings

for the year ended 28 February 2021

US\$'000	Audited Year ended February 2021	Audited Year ended February 2020
DETERMINATION OF HEADLINE EARNINGS		
Reconciliation of attributable profit to headline earnings		
Profit attributable to the equity holders of the parent	2 601	14 239
Headline earnings adjustments	955	(1 748)
Impairment of right-of-use assets	155	–
Profit on disposal of investment and discontinued operations	–	(1 747)
Loss/(profit) on disposal of property, plant and equipment and right-of-use assets	912	(65)
Tax effect	(72)	23
Non-controlling interests	(40)	41
Headline earnings	3 556	12 491
DETERMINATION OF UNDERLYING* EARNINGS		
Reconciliation of headline earnings to underlying* earnings		
Headline earnings	3 556	12 491
Underlying* earnings adjustments	23 383	8 352
Unrealised foreign exchange losses	283	1 247
Acquisition-related fair value adjustments	–	(696)
Restructuring costs	22 378	–
Amortisation of acquired intangible assets	8 635	11 297
Tax effect	(5 843)	(3 432)
Non-controlling interests	(2 070)	(64)
Underlying earnings	26 939	20 843

The underlying* earnings metric is specific to Datatec and is not required in terms of International Financial Reporting Standards or the JSE Listings Requirements.

* 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.

Summarised consolidated statement of financial position

as at 28 February 2021

US\$'000	Audited Year ended February 2021	Audited Year ended February 2020
ASSETS		
Non-current assets	554 690	512 598
Goodwill	255 536	241 369
Property, plant and equipment	39 987	43 300
Right-of-use assets	94 837	83 953
Capitalised development expenditure	25 040	19 908
Acquired intangible assets and software	33 910	30 002
Investments	13 086	10 908
Deferred tax assets	55 837	46 544
Finance lease receivables	28 448	27 111
Other non-current assets and contract costs	8 009	9 503
Current assets	2 242 568	2 083 928
Investments	–	5 842
Inventories	242 005	253 271
Trade receivables	1 108 105	1 110 510
Prepaid expenses and other receivables	217 974	237 311
Contract assets and contract costs	154 289	105 133
Current tax assets	20 769	16 091
Finance lease receivables	10 794	8 581
Cash resources	488 632	347 189
Total assets	2 797 258	2 596 526
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent	583 156	572 315
Stated capital	115 410	113 123
Non-distributable reserves	101 271	101 861
Foreign currency translation reserve	(129 332)	(134 802)
Share-based payment reserve	10 114	9 041
Distributable reserves	485 693	483 092
Non-controlling interests	57 465	70 778
Total equity	640 621	643 093
Non-current liabilities	176 624	187 610
Long-term interest-bearing liabilities	42 371	18 638
Lease liabilities	77 847	95 148
Liability for share-based payments	7 812	5 595
Amounts owing to vendors	40	2 052
Deferred tax liabilities	26 149	26 127
Deferred revenue	10 942	28 980
Provisions	11 463	11 070
Current liabilities	1 980 013	1 765 823
Trade and other payables	1 385 208	1 259 013
Short-term interest-bearing liabilities	261 460	75 145
Lease liabilities	36 398	34 325
Deferred revenue	132 244	105 090
Provisions	14 110	8 335
Amounts owing to vendors	2 580	3 438
Current tax liabilities	16 596	16 677
Bank overdrafts	131 417	263 800
Total equity and liabilities	2 797 258	2 596 526

Summarised consolidated statement of cash flows

for the year ended 28 February 2021

	Audited Year ended February 2021	Audited Restated# Year ended February 2020
US\$'000		
Profit before taxation	25 244	59 820[@]
Non-cash items	129 244	98 518
Operating profit before working capital changes	154 488	158 338
Working capital changes	78 154	56 984
Decrease in inventories	13 324	70 992
Decrease in receivables	15 314	78 496
Increase/(decrease) in payables	88 373	(69 698)
Increase in contract assets and contract costs	(50 526)	(23 252)
Increase in deferred revenue	11 669	446
Other non-current assets	1 709	–
Decrease in finance lease receivables	–	247
Cash generated from operations	234 351	215 569
Net finance costs paid*/~	(25 745)	(30 972)
Taxation paid	(36 597)	(36 941)
Net cash inflow from operating activities	172 009	147 656
Cash outflow for acquisitions	(5 536)	(9 300)
Disposal of investments (Angola government bonds)	5 842	7 841
Additions to equity-accounted investments	(1 202)	(1 592)
Additions to property, plant and equipment	(17 817)	(15 536)
Additions to capitalised development expenditure	(10 945)	(10 517)
Additions to software	(6 383)	(1 983)
Proceeds on disposal of property, plant and equipment	1 842	121
Net cash outflow from investing activities	(34 199)	(30 966)
Dividend paid to shareholders	–	(12 167)
Treasury shares purchased	–	(2 230)
Increase in minority shareholding	370	–
Treasury shares purchased to settle equity-settled share-based payments	(2 808)	(5 108)
Share repurchases	–	(44 345)
Dividends paid to non-controlling interests	(4 905)	(2 970)
Earn-out received net of costs	–	13 966
Amounts paid to vendors	(3 130)	(196)
Overdrafts repayable on demand under certain conditions~	(109 667)	(32 073)
Repayment of lease liabilities – principal	(56 549)	(16 260)
Proceeds from short-term liabilities	218 210	53 110
Repayment of short-term liabilities	(49 992)	(61 620)
Proceeds from long-term liabilities	50 832	16 002
Repayment of long-term liabilities	(27 416)	(14 963)
Net cash inflow/(outflow) from financing activities	14 945	(108 854)
Net increase in cash and cash equivalents	152 755	7 836
Cash and cash equivalents at the beginning of the year	332 304	333 738
Translation differences on cash and cash equivalents	(6 287)	(9 270)
Cash and cash equivalents at the end of the year	478 772	332 304
CASH FLOWS FROM DISCONTINUED OPERATIONS		
Net cash outflow from operating activities	–	(144)
Net cash inflow from financing activities	–	13 966
Net increase in cash and cash equivalents	–	13 822

[@] Includes both continuing and discontinued operations.

⁺ Finance costs include US\$4.9 million (FY20: US\$6.0 million) of finance costs related to finance leases that are included in cash flows from operating activities.

[~] Finance costs include US\$13.5 million (FY20: US\$17.9 million) interest on bank overdrafts repayable on demand under certain conditions. These finance costs are included in cash flows from operating activities.

[#] The Group restated its statement of cash flows for FY20 to exclude certain bank overdrafts from cash and cash equivalents. Bank overdrafts that are repayable on demand under certain circumstances, but not unconditionally repayable on demand, have now been excluded from cash and cash equivalents and cash flows associated with these bank overdrafts are now shown as cash flows from financing activities. The restatement relates to banking arrangements that form an integral part of the Group's cash management.

Notes to summarised consolidated statement of cash flows

for the year ended 28 February 2021

US\$'000	Audited 2021	Audited Restated [#] 2020
Cash and cash equivalents at the end of the year		
Cash resources	488 632	347 189
Bank overdrafts unconditionally repayable on demand	(9 860)	(14 885)
Cash and cash equivalents (per the statement of cash flows)	478 772	332 304
Bank overdrafts repayable on demand under certain conditions	(121 557)	(248 915)
Net cash resources	357 215	83 389

[#] The Group restated its statement for cash flows for FY20 to exclude certain bank overdrafts from cash and cash equivalents. Bank overdrafts that are repayable on demand under certain circumstances, but not unconditionally repayable on demand have now been excluded from cash and cash equivalents and cash flows associated with these bank overdrafts are now shown as cash flows from financing activities. The restatement relates to banking arrangements that form an integral part of the Group's cash management.

The table below illustrates the effect of the restatement on the statement of cash flows for FY20 as follows:

US\$'000	Before restatement	After restatement [#]	Total restatement
Statement of cash flows (extract) FY20			
Net cash inflow from operating activities	147 656	147 656	–
Net cash flow from investing activities	(30 966)	(30 966)	–
Net cash outflow from financing activities	(76 781)	(108 854)	(32 073)
Overdrafts repayable on demand under certain conditions	–	(32 073)	(32 073)
Other financing activities	(76 781)	(76 781)	–
Net increase/(decrease) in cash and cash equivalents	39 909	7 836	(32 073)
Cash and cash equivalents at the beginning of the year	40 381	333 738	293 357
Translation differences on cash and cash equivalents	3 099	(9 270)	(12 369)
Cash and cash equivalents at the end of the year	83 389	332 304	248 915

Summarised consolidated statement of changes in total equity

for the year ended 28 February 2021

US\$'000	Audited Year ended February 2021	Audited Year ended February 2020
Balance at the beginning of the year	643 093	712 230
Transactions with equity holders of the parent		
Comprehensive income/(loss)	7 840	(17 826)
Dividend – out of distributable reserves ⁺	–	(15 371)
Dividend – scrip ⁺	–	3 204
Share repurchases	–	(44 345)
Deferred bonus plan shares	(797)	(44)
Share-based payments	(721)	–
Treasury shares	–	(2 230)
Charge for equity-settled share-based payments	4 306	–
Net movement in minority shareholding	213	–
Transactions with non-controlling interests		
Comprehensive (loss)/income	(9 117)	9 735
Acquisitions of subsidiaries	1 623	710
Net movement in minority shareholding	(914)	–
Dividend to non-controlling interests	(4 905)	(2 970)
Balance at the end of the year	640 621	643 093

⁺ Cash dividend of US\$12.2 million paid in FY20.

Summarised segmental analysis

for the year ended 28 February 2021

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 – Technology distribution of security and networking products;
- Logicalis – ICT infrastructure solutions and services; and
- Corporate, Management Consulting and Financial Services: Includes strategic and technical consulting, capital/leasing business, Group head office companies and Group consolidation adjustments.

	Westcon International	
	Audited Year ended February 2021	Audited Restated[^] Year ended February 2020
US\$'000		
REVENUE	2 585 678	2 473 113
Revenue from product sales	2 508 973	2 401 138
Revenue from sales of hardware	1 529 146	1 655 212
Revenue from sales of software*	946 877	723 223
Revenue from vendor resold services and product maintenance sales	69 736	61 155
Inter-segmental revenue	(36 786)	(38 452)
Revenue from services	68 010	67 898
Revenue from professional services	68 241	68 216
Inter-segmental revenue	(231)	(318)
Revenue from annuity services	8 695	4 077
Revenue from cloud services	–	–
Revenue from software services*	8 754	4 233
Revenue from other annuity services	–	–
Inter-segmental revenue	(59)	(156)
Restructuring costs	7 764	–
EBITDA	44 782	40 038
RECONCILIATION OF OPERATING PROFIT/(LOSS) TO PROFIT/(LOSS) AFTER TAXATION		
Operating profit/(loss)	22 215	18 972
Interest income	728	1 084
Finance costs	(10 933)	(14 733)
Share of equity-accounted investment (losses)/earnings	–	(398)
Acquisition-related fair value adjustments	–	–
Other income	55	918
Loss on disposal of investment	–	415
Profit/(loss) before taxation	12 065	6 258
Taxation	(3 694)	(5 962)
Profit/(loss) for the year from continuing operations	8 371	296
Profit for the year from discontinued operations	–	–
Profit/(loss) for the year	8 371	296
ASSETS AND LIABILITIES		
Total assets	1 336 059	1 155 583
Total liabilities	(1 170 444)	(985 859)

* Includes software as a service revenues.

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 performance of the operating segments, has been identified as the executive directors who make strategic decisions.

Logicalis		Corporate, Management Consulting and Financial Services		Datatec Group Total	
Audited Year ended February 2021	Audited Restated [^] Year ended February 2020	Audited Year ended February 2021	Audited Restated [^] Year ended February 2020	Audited Year ended February 2021	Audited Restated [^] Year ended February 2020
1 449 543	1 681 531	74 242	59 777	4 109 463	4 214 421
839 512	1 051 499	1 049	1 041	3 349 534	3 453 678
654 739	896 877	(20 948)	(21 517)	2 162 937	2 530 572
184 439	154 703	(14 944)	(16 407)	1 116 372	861 519
747	807	(258)	(375)	70 225	61 587
(413)	(888)	37 199	39 340	-	-
209 267	217 796	65 553	51 865	342 830	337 559
209 267	217 796	65 322	51 547	342 830	337 559
-	-	231	318	-	-
400 764	412 236	7 640	6 871	417 099	423 184
47 653	49 384	-	-	47 653	49 384
-	-	(59)	(156)	8 695	4 077
353 111	362 852	7 640	6 871	360 751	369 723
-	-	59	156	-	-
14 138	-	476	-	22 378	-
81 931	123 854	(8 081)	(5 235)	118 632	158 657
40 265	72 287	(12 507)	(8 722)	49 973	82 537
770	11 538	397	2 289	1 895	14 911
(16 373)	(25 608)	(281)	(444)	(27 587)	(40 785)
362	(181)	546	375	908	(204)
-	696	-	-	-	696
-	-	-	-	55	918
-	-	-	-	-	415
25 024	58 732	(11 845)	(6 502)	25 244	58 488
(13 813)	(21 949)	(2 033)	(3 898)	(19 540)	(31 809)
11 211	36 783	(13 878)	(10 400)	5 704	26 679
-	-	-	1 332	-	1 332
11 211	36 783	(13 878)	(9 068)	5 704	28 011
1 296 818	1 303 083	164 381	137 860	2 797 258	2 596 526
(935 536)	(926 877)	(50 657)	(40 697)	(2 156 637)	(1 953 433)

Summarised segmental analysis continued

for the year ended 28 February 2021

Sales and purchases between Group companies are concluded on normal commercial terms in the ordinary course of business. The inter-group sales of goods and provision of services for the year ended 28 February 2021 amounted to US\$37.5 million (FY20: US\$39.9 million). During the year, the Group made sales totalling US\$58.2 million (FY20: US\$51.1 million) and received management fees of US\$0.4 million (FY20: US\$0.3 million) from its associate Esource Resources, LLC. As at 28 February 2021, US\$1.1 million (FY20: US\$2.2 million) was due from Esource Resources, LLC and US\$0.03 million (FY20: US\$0.1 million) was due to Esource Resources, LLC.

*FY20 REVENUE RESTATEMENT

The Group sells certain software, software services and cloud computing solutions which include Infrastructure as a Service ("IaaS") and Software as a Service ("SaaS"). During the year these amounts have grown in significance for the Group and the Group has revisited the revenue recognition for these arrangements. The Group's vendors continuously change the way in which they bring their products and services to market and there is a significant amount of judgement involved in determining whether or not the Group acts as an agent or principal with regards to these arrangements. In its reassessment, the Group concluded that 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 invoice on a net basis as the Group is acting as an agent in the transaction.

As a result, the Group has restated its consolidated statement of comprehensive income to reflect only the fees earned, for acting as an agent in these arrangements, as revenue. This has resulted in a decrease in revenues and a corresponding decrease in cost of goods sold in the previous financial year. There was no impact on gross profit or items below gross profit in the consolidated statement of comprehensive income. In addition, there was no impact on earnings or earnings per share.

Note that despite the revenues being disclosed on a net basis, the Group has a contractual right to the gross amount of cash related to the gross revenues and therefore, for any amounts remaining unpaid at the period end, the group continues to present these amounts as gross trade receivables in the consolidated statement of financial position. The restatement has no impact on the consolidated statement of financial position or consolidated statement of cash flows.

US\$'000	Before restatement	After restatement	Total restatement
2020			
Revenue	4 304 845	4 214 421	(90 424)
Cost of sales	(3 563 267)	(3 472 843)	90 424
Gross profit	741 578	741 578	–

A prior year reclassification of US\$65.6 million from professional services to software was required in Logicalis Latin America. Previously Logicalis' Brazilian operation had reported the revenue as services revenue following local Brazilian tax requirements which requires that all software revenue that does not include a media component associated with it to be classified as services revenue.

Financial instruments

as at 28 February 2021

The table below sets out the Group's classification of each class of financial instrument, at their fair values. The carrying amount of these financial instruments approximates their fair values, therefore no fair value disclosures are provided. The different fair value levels are described below.

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; and

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 liability, the Group uses market-observable data to the extent it is available. Where level 1 inputs are not available, the Group engages qualified third-party valuers to perform the valuation.

US\$'000	Level	Audited Year ended February 2021	Audited Year ended February 2020
FINANCIAL ASSETS			
Financial assets at amortised cost			
Gross trade accounts receivable		1 135 017	1 140 012
Less: Expected credit loss allowances		(26 912)	(29 502)
Bonds		7 276	13 118
Loans granted to third parties and other long-term assets due		7 976	9 460
Finance lease receivables		39 242	35 692
Sundry receivables		45 467	52 093
Cash resources		488 632	347 189
Financial assets at fair value through profit or loss			
Derivative financial assets	2	4 378	4 595
		1 701 076	1 572 657
FINANCIAL LIABILITIES			
Financial liabilities at amortised cost			
Trade payables		(993 067)	(928 201)
Other payables and other financial liabilities		(224 396)	(198 236)
Long-term interest-bearing liabilities*		(76 682)	(43 032)
Lease liabilities*		(114 245)	(129 473)
Short-term interest-bearing liabilities		(227 149)	(50 751)
Bank overdrafts		(131 417)	(263 800)
Financial liabilities at fair value through profit or loss			
Amounts owing to vendors	3	(2 620)	(5 490)
Derivative financial liabilities	2	(1 046)	(724)
		(1 770 622)	(1 619 707)

* Includes current portion of long-term liabilities.

The FY20 table has been updated to include derivatives.

There were no transfers between Level 1 and Level 2 during the year for recurring fair value measurements.

Amounts owing to vendors 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.

Amounts owing to vendors 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 liabilities. Movements are presented in the statement of comprehensive income as acquisition-related fair value adjustments.

Additional risk disclosures

as at 28 February 2021

There have been no material changes to the Group's concentration of credit risk or the maturity analysis of its financial liabilities since the year end.

As at 28 February 2021, there is one customer in Latin America, with a gross value of \$56.4 million, which represents approximately 5% of the total balance of trade receivables (FY20: one customer with a gross value of \$72.6 million, (over 5% of the total balance).

Covid-19 has had a minimal impact on trade receivables. Collections from customers during FY21 have remained in line with historic norms and the ageing profile of receivables improved. As intermediaries in the supply chain, both Logicalis and Westcon International are working with vendors to provide support to their supply chains during the pandemic. Management has concluded that the likelihood of material expected credit losses is low.

The following table details the credit risk profile of trade receivables based on the Group's provision matrix.

Days past due:

US\$'000

AUDITED

Year ended 28 February 2021

Current

1 – 30 days past due

31 – 60 days past due

61 – 90 days past due

91 – 120 days past due

Over 120 days past due

Gross trade receivables

Expected credit loss allowance

Net trade receivables

North America	Latin America	Europe	Asia Pacific	MEA	Total
53 766	115 771	563 157	137 742	99 730	970 166
9 060	3 675	26 259	23 364	10 705	73 063
2 766	3 592	9 644	9 036	6 337	31 375
743	1 095	4 135	4 449	1 286	11 708
530	193	2 606	1 795	2 035	7 159
1 863	1 782	7 170	7 618	23 113	41 546
68 728	126 108	612 971	184 004	143 206	1 135 017
(158)	(489)	(9 024)	(3 707)	(13 534)	(26 912)
68 570	125 619	603 947	180 297	129 672	1 108 105

AUDITED

Year ended 29 February 2020

Current

1 – 30 days past due

31 – 60 days past due

61 – 90 days past due

91 – 120 days past due

Over 120 days past due

Gross trade receivables

Expected credit loss allowance

Net trade receivables

57 829	160 795	478 075	102 133	81 299	880 131
18 807	8 381	42 451	39 197	15 080	123 916
522	2 591	7 237	14 492	4 922	29 764
1 229	2 752	5 507	3 859	2 133	15 480
235	463	5 464	2 948	3 857	12 967
1 652	7 246	27 144	11 041	30 671	77 754
80 274	182 228	565 878	173 670	137 962	1 140 012
(59)	(833)	(10 017)	(4 658)	(13 935)	(29 502)
80 215	181 395	555 861	169 012	124 027	1 110 510

The past due receivables ageing categories above are shown gross, before taking into account expected credit loss allowances. US\$24.3 million expected credit losses have been allocated to the US\$48.7 million over 90 days past due receivables, resulting in a net over 90 days past due receivables balance of 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.

Additional risk disclosures continued

as at 28 February 2021

In light of the Covid-19 crisis, particular attention has been given to assessing the outlook for liquidity across the Group and ensuring that sufficient cash will continue to be generated to settle liabilities as they fall due.

In February 2020, Logicalis completed a new three-year US\$155 million banking facility for its subsidiaries. This senior facility covers Logicalis' operations throughout the world, excluding Latin America, which has its own separate credit facilities. The facility is used to fund working capital requirements and also includes a new acquisition credit line. In FY21, Logicalis successfully renegotiated the covenants under this facility, to ensure greater covenant headroom. In addition, the Latin American credit facilities are considered adequate in the current environment.

Westcon International completed two significant refinancing arrangements during FY21:

- A two-year US\$80 million new receivables securitisation facility for its Asia-Pacific subsidiaries ("Westcon APAC"). The new facility has been entered into with Westpac Banking Corporation, replacing Westcon APAC's uncommitted financing facilities in Australia, New Zealand and Singapore and was effective from 25 September 2020.
- A three-year EUR275 million new invoice assignment facility for its European subsidiaries ("Westcon Europe"). The new facility was entered into with a European banking syndicate, led by Crédit Agricole Leasing & Factoring and was effective 1 October 2020 ("CAL&F facility"). The CAL&F facility replaced the previous syndicated invoice finance facility led by HSBC ("HIF facility"). The HIF facility was disclosed under bank overdrafts in the statement of financial position. Due to the different nature of the CAL&F facility, it is disclosed under short-term interest-bearing liabilities in the statement of financial position. Net cash/debt under both facilities remain unchanged.

The Group performed covenant projections for the next 12 months to confirm that banking covenants are likely to be met. The Covid-19 pandemic is not expected to impact the Group's ability to meet its banking covenants.

Further information relating to debt covenants are included in the full set of the Group's consolidated annual financial statements for the year ended 28 February 2021 via the link <https://www.datatec-reports.co.za/annual-2021/pdf/afs-2021.pdf>.

WestconGroup South Africa's trading during Q1 of FY21 was impacted due to the Covid-19 pandemic. Limited hardware was shipped during this period and the ZAR/USD exchange rate also deteriorated significantly resulting in abnormal realised forex losses. These losses triggered a technical breach in one of the covenants relating to the securitisation facility with Futuregrowth Asset Management. Trading recovered in subsequent periods and after consultation with the lenders the specific covenant was temporarily waived by the lenders and the facility was not withdrawn. No other covenants of the facility were breached during the period.

The new financing facilities, as well as the very strong operating cash flow generated during FY21, significantly improved the Group's liquidity position, despite the impact of the Covid-19 pandemic.

Capital expenditure and commitments

as at 28 February 2021

	Audited Year ended February 2021	Audited Year ended February 2020
US\$'000		
Capital expenditure incurred in the current period (including capitalised development expenditure)	35 145	28 036
Capital commitments at the end of the year	36 363	48 751

Acquisitions made during the year

as at 28 February 2021

The following table sets out the assessment of the fair value of assets and liabilities acquired in the acquisition made by the Group during the period.

	Audited Year ended February 2021
US\$'000	
ACQUISITIONS MADE IN FY21	
Assets acquired	
Non-current assets	233
Current assets	8 799
Non-current liabilities	(2 555)
Current liabilities	(12 679)
Net assets acquired	(6 202)
Intangible assets	7 626
Goodwill	9 495
Non-controlling interest recognised	(1 623)
Fair value of acquisitions	9 296
Purchase consideration	
Cash	9 296
Total consideration	9 296
Cash outflow for acquisitions	
Cash and cash equivalents acquired	(3 760)
Cash consideration paid	9 296
Fair value of acquisition	2 552
Allolio&Konrad debt paid to seller (included in current liabilities above)	6 744
Net cash outflow for acquisitions	5 536
RECONCILIATION OF GOODWILL	
Opening balance*	241 369
Acquisitions	9 495
Translation	4 672
Closing balance*	255 536

* The opening and closing balance of goodwill reflects the gross carrying amount of goodwill. There were no accumulated impairments carried forward.

Effective 1 April 2020, Analysys Mason acquired 100% of the shares in Allolio&Konrad for US\$7.8 million. The consideration paid included US\$6.7 million to settle debt of Allolio&Konrad with the seller. Allolio&Konrad is a consultancy based in Bonn, Germany with an extensive track record in the telecommunications industry and long-term client relationships with Europe's leading telecom operators. The acquisition accounting has been finalised at the reporting date. Acquisition-related costs of US\$0.3 million have been incurred.

Effective 4 November 2020, Logicalis Asia acquired 65% of the shares in iZeno Private Limited ("iZeno") for a cash consideration of US\$8.2 million. A specialist in Digital Transformation solutions based in Singapore, iZeno has additional operations in Malaysia, Indonesia and Thailand. Acquisition-related costs of US\$ 0.2 million have been incurred.

As a result of these two acquisitions referred to above, goodwill and other intangible assets increased by US\$9.5 million and US\$7.6 million respectively. The fair value assessment of assets and liabilities acquired and the amounts recognised as goodwill and intangible assets have been finalised at year end. None of the goodwill recognised is expected to be deductible for income tax purposes. The revenue and EBITDA included from these acquisitions in FY21 were US\$16.4 million and US\$4.1 million respectively; profit after tax included from these acquisitions was US\$2.2 million. Had the acquisition date been 1 March 2020, the revenue and EBITDA would have been approximately US\$25.7 million and US\$5.9 million respectively. Profit after tax for the full year would have been approximately US\$3.5 million.

Subsequent events

Dividend declared

The Board declared a cash dividend with scrip alternative of 100 South African cents per share (approximately 7.1 US cents per share), which is in excess of the amount determined under the policy. This decision was informed by the strength of the balance sheet and enhanced liquidity in the Group, positive operating profitability across all divisions of the Group and the cautiously optimistic trading outlook for the Group.

On 31 March 2021, Logicialis acquired a 70% stake in Áudea, a Spanish company which specialises in cyber security and regulatory compliance, for a consideration of US\$2.0 million.

On 1 March 2021, Logicialis Group's 65% subsidiary PLLAL exercised its option to acquire an additional interest of 20.1% in Kumulus for US\$1.2 million. Kumulus will continue to be equity accounted for in the Group's results because the Group does not have management control.

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

Going concern

The directors have reviewed the future profit and cash flow projections in conjunction with the current economic climate as well as banking facilities in place to support all the operations, in order to express an opinion on the adequacy of working capital and the ability to continue as a going concern for the foreseeable future. These projections covered future financial performance, solvency and liquidity for a period of 12 months from the date of the release of these results. The directors have concluded that the Group will continue to be a going concern for the foreseeable future and therefore the results have been prepared on a going concern basis.

Covid-19 update

On 11 March 2020, the World Health Organization officially declared the novel coronavirus, Covid-19, a pandemic. Following this declaration and subsequent lockdowns, the Group's immediate priority was to keep employees safe in accordance with government guidelines in all geographies of operation. This typically involved maximising working from home, social distancing and implementation of advised measures to limit the spread of Covid-19.

The multi-year investments in Westcon International's advanced systems and business automation enabled business continuity plans to be deployed effectively with almost the entire workforce switching to remote working. Most of Logicialis' global workforce was also able to work remotely, limiting disruptions during lockdown periods.

Although some delays and supply disruptions were experienced, especially in countries with highly restrictive lockdowns, the business operations coped very well and performed well ahead of expectations set at the start of the year. Increased demand for the Group's technology solutions was experienced to support remote working during the lockdowns enforced throughout the world. In particular, demand for cloud computing, remote access solutions, virtualisation, security and unified communications remains strong.

The Group underwent restructuring initiatives to reduce Covid-19-related risks, and to reduce its cost base.

The Group is not only focused on managing the risks brought about by Covid-19, but also on the opportunities it creates in the accelerated digitalisation it has brought about. The Group is well positioned to continue to benefit from this evolution. The positioning of the Group's divisions remains strategically sound with good demand for their solutions and services expected to continue as the world emerges from the current crisis and investments towards digital transformation accelerate.

Solvency

The Board has determined that the Group is solvent with net assets at 28 February 2021 of US\$582.0 million (FY20: US\$572.3 million) and tangible net assets of US\$268.7 million (FY20: US\$281.0 million). The Group is expected to remain solvent over the next 12 months.

Pro forma supplementary information

for the year ended 28 February 2021

Pro forma supplementary information is included regarding the effects of the translation of foreign operations on the Group as well as the effect of restructuring costs on EBITDA. Pro forma financial information is included for the Group's revenue for the current reporting period had it been translated at the average foreign currency exchange rates of the prior reporting period and for the Group's EBITDA had restructuring costs not been incurred.

The Group has translated its revenue for the current reporting period using average foreign currency exchange rates of the prior reporting period ("constant currency financial information"). The Group has adjusted its EBITDA to exclude restructuring costs ("adjusted EBITDA"). This constitutes pro forma financial information in terms of the JSE Listings Requirements.

The pro forma financial information has been compiled for illustrative purposes only and is the responsibility of the Datatec directors. Due to the nature of this information, it may not fairly present the Group's financial position, changes in equity and results of operations or cash flows.

The pro forma information has been compiled in terms of the JSE Listings Requirements and the Revised Guide on Pro Forma Information by SAICA. The Group's external auditor, PwC, has issued an unmodified assurance report, in terms of ISAE 3420 Assurance Engagements to Report on the Compilation of Pro Forma Financial Information in a Prospectus on 24 May 2021. Refer to the following pages for their unmodified reporting accountant's report thereon.

To determine the revenues in constant currency terms, the current financial reporting period's monthly revenues in local currency have been converted to US Dollar at the average monthly exchange rates prevailing over the same period in the prior year. The average exchange rates of the Group's material currencies are listed below:

Average US Dollar exchange rates	Year ended 28 February 2021	Year ended 29 February 2020
British Pound/US Dollar	1.30	1.27
Euro/US Dollar	1.16	1.11
US Dollar/Brazilian Real	5.39	4.06
US Dollar/Australian Dollar	1.41	1.46
US Dollar/Singapore Dollar	1.37	1.37
US Dollar/South African Rand	16.47	14.67

CONSTANT CURRENCY FINANCIAL INFORMATION

	Year ended 28 February 2021	
	Pro forma Group Revenue	Constant currency % change
US\$'000		
Datatec Group	(4 109 463)	(4 184 869) (0.7%)
Logicalis	(1 449 543)	(1 550 953) (7.8%)
Westcon International	(2 585 678)	(2 559 685) 3.5%

ADJUSTED EBITDA

To determine adjusted EBITDA, restructuring costs have been excluded.

	Year ended 28 February 2021	Year ended 29 February 2020
US\$'000		
EBITDA	118 632	158 657
Restructuring costs	22 378	—
Adjusted EBITDA	141 010	158 657

There were no restructuring costs incurred in FY20.

Assurance report on the pro forma supplementary information included in the 2021 annual financial results announcement

To the Directors of Datatec Limited

Report on the Assurance Engagement on the Compilation of Pro Forma Financial Information included in the annual financial results for the year ended 28 February 2021

Introduction

Datatec Limited ("Datatec" or "the Company") is including the presentation of pro forma supplementary information regarding the effects of the translation of foreign operations as well as the effect of restructuring costs on EBITDA ("the pro forma financial information") within the annual financial results for the year ended 28 February 2021 ("the 2021 annual financial results").

We have completed our assurance engagement to report on the compilation of the pro forma financial information of Datatec by the directors. The pro forma financial information, as set out on page 38 of the 2021 annual financial results. The applicable criteria on the basis of which the directors have compiled the pro forma financial information are specified in the JSE Limited ("JSE") Listings Requirements and described in the 2021 annual financial results.

The pro forma financial information has been compiled by the directors to illustrate the effects of the translation of foreign operations as well as the effect of restructuring costs on EBITDA. As part of this process, information about the Company's financial performance has been extracted by the directors from the Company's financial statements for the year ended 28 February 2021, on which an audit report has been published.

Directors' responsibility

The directors of the Company are responsible for compiling the pro forma financial information on the basis of the applicable criteria specified in the JSE Listings Requirements and described in the 2021 annual financial results.

Our independence and quality control

We have complied with the independence and other ethical requirements of the Code of Professional Conduct for Registered Auditors, issued by the Independent Regulatory Board for Auditors' (IRBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. 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).

The firm applies International Standard on Quality Control 1 and, accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Assurance report on the pro forma supplementary information included in the 2021 annual financial results announcement continued

Reporting accountant's responsibility

Our responsibility is to express an opinion about whether the pro forma financial information has been compiled, in all material respects, by the directors on the basis of the applicable criteria specified in the JSE Listings Requirements and described in the 2021 annual financial results based on our procedures performed.

We conducted our engagement in accordance with the International Standard on Assurance Engagements ("ISAE") 3420, Assurance Engagements to report on the compilation of pro forma financial information Included in a Prospectus issued by the International Auditing and Assurance Standards Board. This standard requires that we plan and perform our procedures to obtain reasonable assurance about whether the pro forma financial information has been compiled, in all material respects, on the basis specified in the JSE Listings Requirements.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of pro forma financial information is solely to present selected financial data on a constant currency basis. Accordingly, we do not provide any assurance that the actual financial information at 28 February 2021 would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

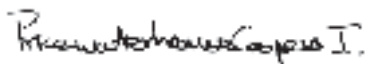
The procedures selected depend on our judgment, having regard to our understanding of the nature of the Company, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

Our engagement also involves evaluating the overall presentation of the pro forma financial information.

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

Opinion

In our opinion, the pro forma financial information has been compiled, in all material respects, on the basis of the applicable criteria specified by the JSE Listings Requirements and described in the 2021 annual financial results.



PricewaterhouseCoopers Inc.

Director: BW Niebuhr
Registered Auditor
Johannesburg
South Africa

24 May 2021

Enquiries

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