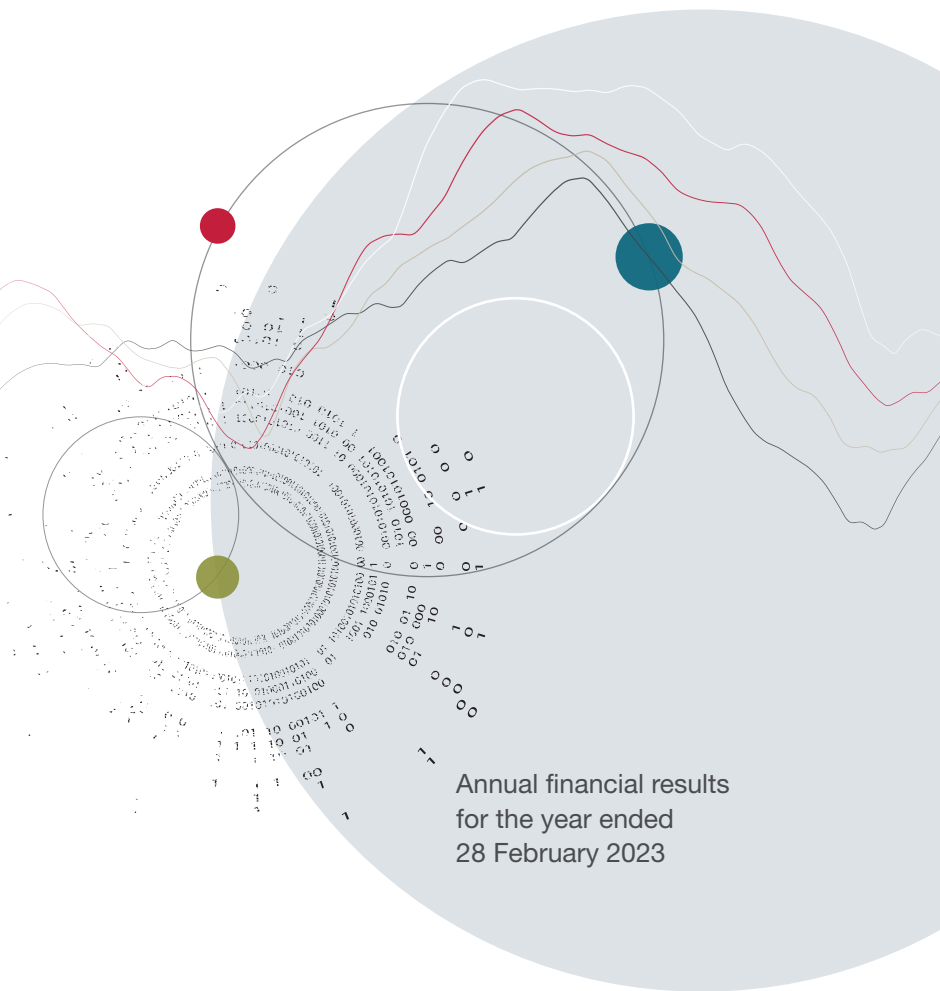




Driving Technology



Annual financial results
for the year ended
28 February 2023

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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, Sandton



@DatatecGroup



[https://www.linkedin.com/
company/datatec-limited](https://www.linkedin.com/company/datatec-limited)

www.datatec.com

Highlights

Excellent Westcon International performance

Solid results from Logicalis International

Logicalis Latin America **turnaround in H2**

Strong operating cash generation

Special dividend of ZAR2.7 billion paid on **successful sale** of Analysys Mason

FY23 final dividend declared of ZAR439 million, based on UEPS (adjusted for IFRS 2 charges) of 29.5 US cents (FY22: 27.4 US cents)

UEPS materially impacted by exceptionally high IFRS 2 charge of US\$53 million (FY22: US\$15 million from **continuing operations**)

	Audited year ended 28 February 2023 "FY23"	Audited year ended 28 February 2022 "FY22"	% movement
Continuing revenue (US\$ million)	5 143.1	4 546.4	13
Continuing gross profit (US\$ million)	744.5	729.8	2
Continuing adjusted** EBITDA (US\$ million)	180.2	158.9	13
Combined [^] underlying* earnings per share (US cents)	7.9	18.7	(58)
Continuing net debt (US\$ million)	106.6	133.7	(20)

Continuing excludes the results of the Analysys Mason discontinued operations. The prior years have been re-presented to show comparative results from discontinued operations in accordance with IFRS 5.

[^] Combined includes the results of the Analysys Mason discontinued operations.

* Underlying earnings per share excludes the following: 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, one-off tax items impacting EBITDA, costs relating to acquisitions, integration and corporate actions, and the taxation effect of all of the aforementioned.

** Adjusted EBITDA excludes restructuring costs, share-based payments, one-off tax items impacting EBITDA and acquisition, integration and corporate actions costs.

Who we are

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. Through its core divisions, the Group offers Technology Distribution (Westcon International) and Integration & Managed Services (Logicalis International and Logicalis Latin America).

JENS MONTANANA, CHIEF EXECUTIVE OF DATATEC, COMMENTED:

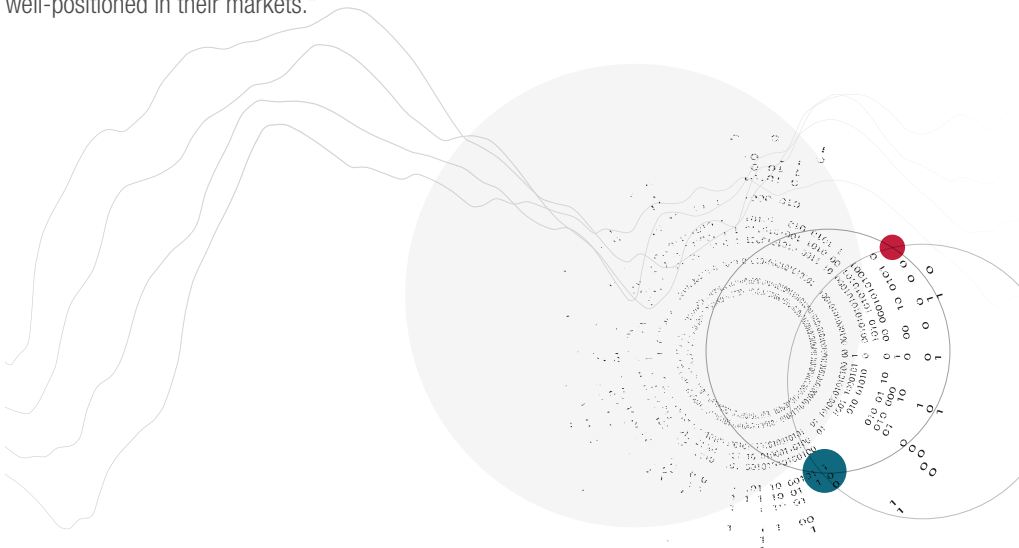
"The Group delivered a strong operational performance during FY23 benefiting from continuing trends in networking and cyber security.

Westcon International delivered another excellent financial performance. The significant performance improvements in recent years have driven an increased valuation of the division resulting in a high once-off accounting charge for FY23 relating to its share-based remuneration plan which materially impacted all of the earnings metrics.

Logicalis International's results were solid and Logicalis Latin America had a much improved second half, with improvement of its supply chain.

During the year, we successfully concluded the disposal of Analysys Mason and unlocked significant value for shareholders in line with the ongoing strategic review process. A special dividend of R2.7 billion was distributed in addition to which we are now declaring a final ordinary dividend of R439 million for FY23.

We continue to see consistent demand for our technology solutions and services across the world. With supply chain issues abating and backlogs reducing, our operations remain well-positioned in their markets."



Our three core divisions

1. **Westcon Comstor**

Partner Success. It's what we do.

WESTCON INTERNATIONAL

Value-added technology distributor of industry-leading solutions

Goes to market under the Westcon and Comstor brands

Westcon International's portfolio of market-leading vendors includes Cisco, Palo Alto, Check Point, CrowdStrike, Extreme Networks, Zscaler, Broadcom, F5, Juniper, Proofpoint and Tenable

Over **3 500** employees

2. **LOGICALIS** Architects of Change

LOGICALIS INTERNATIONAL

International solutions provider of digital services

Customer advocate with some of the world's leading technology companies including Cisco, Microsoft, Oracle, HPE, Palo Alto, NetApp and VMware

Operates in Europe, North America, Asia-Pacific and Africa

Over **4 000** employees

3. **LOGICALIS** Architects of Change

LOGICALIS LATIN AMERICA

International solutions provider of digital services

Customer advocate with some of the world's leading technology companies including Cisco, IBM, Microsoft, Fortinet, NetScout, HPE, NetApp and VMware

Operates across South America, Mexico and the Caribbean

Over **3 000** employees

Our strategy

Datatec's goal 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 provides leadership and sets the direction and strategy for each business, together with divisional management. It identifies potential areas for growth and supports the realisation of growth both organically and through acquisition by allocating capital and financing.

The Group targets profit growth, earnings before interest, taxation, depreciation and amortisation ("EBITDA") margins and total shareholder return ("TSR").

The Group's decentralised operating model, extensive geographic footprint, positioning across the ICT value chain and strong vendor and customer relationships combine to create a strategic competitive advantage.



Westcon Comstor
Partner Success. It's what we do.

Westcon International

Westcon International's strategy is to be the leading value-added distributor for cyber security and networking vendors across Europe, the Middle East, Africa and Asia-Pacific.

LOGICALIS
Architects of Change

Logicalis International and Logicalis Latin America

Logicalis' strategy is to be the leading ICT services and solutions partner to customers in its key markets around the world.

Strategic overview

Datatec's goal 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's Strategic Review continues to address the persistent gap between Datatec's valuation and the inherent value of its underlying assets whilst also ensuring that the Group is positioned to take full advantage of the positive market dynamics for its technology solutions and services.

In September 2022, Datatec sold its Analysys Mason ("AM") division, which entailed the disposal of its 71.2% shareholding in AM in accordance with the terms announced on 30 June 2022, representing another significant liquidity event for shareholders. The proceeds were distributed to shareholders by means of a special dividend (see following page).

Datatec has split its investment in Logicalis Group into two divisions: Logicalis International (all markets outside Latin America) and Logicalis Latin America. This new organisational structure is reflected in the FY23 results with Logicalis International and Logicalis Latin America reported as separate segments.

During FY23, Datatec engaged a leading corporate advisory firm to develop new executive long-term incentives schemes for its subsidiaries to better align divisional executive management remuneration with Datatec shareholders. The developed management incentive plans focused on maximising shareholder value, designed to achieve strong

equity value creation alignment and engage key management in the businesses as shareholders with their own money invested alongside Datatec. Divisional leadership teams will be able to invest in their businesses at fair value in the form of "sweet equity". An intermediate holding company is required in which Datatec will hold both a fixed return instrument (loan note) and ordinary equity and management will hold a minority equity participation.

The new management incentive plan for Logicalis International was implemented on 3 March 2023 and Westcon International's management incentive plan is expected to be implemented during the second quarter of FY24. The divisional management teams will only realise their investment at the same time as Datatec does through future value realisation events.

The executive directors of Datatec will not participate in these new divisional management incentive plans.

From an operational perspective, the Group delivered a strong performance during FY23 despite continuing to experience global supply chain headwinds which affected Datatec's businesses to varying degrees. Operations in Latin America were impacted the most, but the business experienced a notable recovery in the second half of FY23. Logicalis International achieved strong results while Westcon International delivered another excellent performance.

Demand for networking, cyber security products and solutions using cloud infrastructure remained strong whilst software and services contributions continued to grow as part of the overall mix.

Strategic overview continued

Material disposal

Effective 27 September 2022, Datatec sold its 71.2% shareholding in AM which had been held by its 100%-owned subsidiary Datatec PLC. Datatec PLC received its portion of the consideration on completion, comprising approximately GBP128 million in cash.

A further amount of GBP7.1 million comprising deferred loan notes will be receivable three years after the completion of the transaction. There was provision for an earn-out payment of up to GBP7.1 million (Datatec's portion), with reference to an EBITDA target of the Analysys Mason Group for the financial year ending 28 February 2023 that has not been achieved.

Dividends

The initial consideration Datatec PLC received on completion of the sale of AM, was approximately GBP128 million in cash and GBP7.1 million in deferred loan notes (payable

three years after completion). On 11 October 2022, the Board declared a GBP135.1 million special dividend to shareholders by way of a cash dividend with scrip alternative of 1 250 ZAR cents per Datatec ordinary share. All transaction-related costs were absorbed by the Company in order to maximise this distribution to shareholders.

On 23 May 2023, the Board declared a final dividend for FY23 of 195 ZAR cents per share equivalent to 10 US cents per share, in total ZAR439 million, with the customary form of a cash dividend with a scrip distribution alternative. This dividend was calculated by normalising FY23 underlying* earnings per share by excluding all share-based payment charges and applying the Group's dividend cover policy of three times to underlying* earnings.

Divisional summary

Segment changes

Logicalis is now presented as two segments namely, Logicalis International and Logicalis Latin America (of which the Group owns 65%).

Westcon International

Despite significant supply chain disruptions, Westcon International's revenue increased by 18.3% to US\$3.42 billion (FY22: US\$2.89 billion) due to strong demand for network infrastructure, remote access solutions with enhanced cyber security and unified collaboration for flexible working and virtual office environments. In constant currency***, revenue improved by 25.4%. EBITDA decreased by 28.9% to US\$48.4 million (FY22: US\$68.1 million). Adjusted** EBITDA increased by 21.0% to US\$95.1 million (FY22: US\$78.6 million).

Logicalis International

Logicalis International's revenue increased by 8.7% to US\$1.23 billion (FY22: US\$1.13 billion). EBITDA decreased by 21.2% to US\$50.5 million (FY22: US\$64.0 million). Adjusted** EBITDA increased by 2.0% to US\$66.2 million (FY22: US\$64.9 million). In constant currency***, revenue improved by 16.0%.

Logicalis Latin America

Logicalis Latin America's revenue decreased by 6.1% to US\$491.0 million (FY22: US\$522.7 million). EBITDA decreased to US\$21.2 million (FY22: US\$28.5 million). Adjusted** EBITDA decreased by 10.8% to US\$24.9 million (FY22: US\$27.9 million). In constant currency***, revenue improved by 1.2%.

Alignment of underlying* earnings per share with peer reporting

The definition of underlying* earnings per share has been changed prospectively from FY23 to better align with international peer reporting. The calculation now excludes normalisation adjustments relating to one-off tax items impacting EBITDA, and costs relating to acquisitions, integration and corporate actions.

Current trading and outlook

We continue to see good momentum in demand for our technology solutions and services across the world. With the semiconductor shortage now easing, our operations remain well-positioned to service customers in their respective markets as we continue to actively manage supply chain headwinds.

The Group has been able to mitigate rising interest rates through strong working capital management and by reducing debt levels.

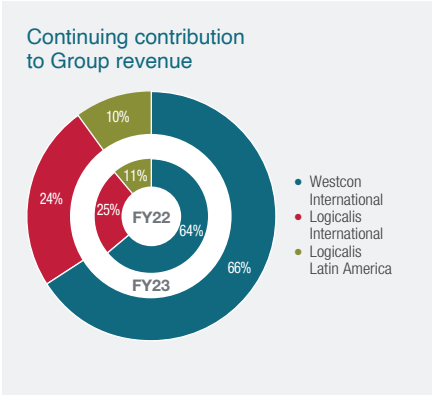
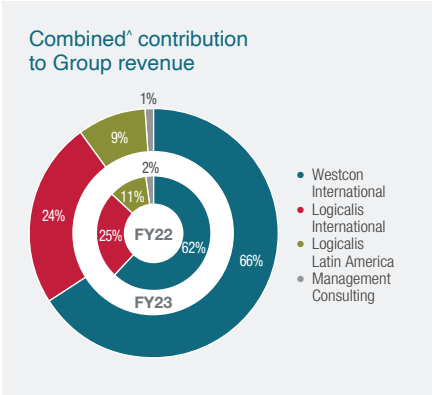
All divisions are expected to deliver improved performance in FY24 and the Board remains focused on driving shareholder value in the context of its Strategic Review.

Group results

Revenue

Group combined[^] revenue was US\$5.2 billion in FY23, up by 12.0% on the US\$4.6 billion revenue recorded in FY22.

Group continuing revenue was US\$5.1 billion in FY23, up by 13.1% compared to the US\$4.5 billion revenue recorded in FY22 (on a continuing basis). In constant currency***, Group continuing revenue increased by 20.3%. These are included in the combined[^] revenues as shown below.



[^] Including Analysys Mason discontinued operations.

US\$'000	Combined ^a FY23	Continuing FY23	Discontinued Operations FY23	Combined FY22	Continuing FY22	Discontinued Operations FY22
REVENUE						
Westcon International	3 420.6	3 420.6	—	2 890.4	2 890.4	—
Logicalis International	1 231.5	1 231.5	—	1 133.3	1 133.3	—
Logicalis Latin America	491.0	491.0	—	522.7	522.7	—
Corporate and Management Consulting	51.8	—	51.8	90.4	—	90.4
Datatec Group Total	5 194.9	5 143.1	51.8	4 636.8	4 546.4	90.4
REVENUE BY GEOGRAPHY						
North America	427.0	419.3	7.7	357.9	349.1	8.8
Latin America	491.6	491.0	0.6	523.7	522.7	1.0
Europe	2 590.6	2 559.4	31.2	2 329.8	2 271.0	58.8
Asia-Pacific	1 200.6	1 194.2	6.4	1 022.3	1 010.7	11.6
MEA	485.1	479.2	5.9	403.1	392.9	10.2
Datatec Group Total	5 194.9	5 143.1	51.8	4 636.8	4 546.4	90.4
GROSS PROFIT						
Westcon International	328.7	328.7	—	319.0	319.0	—
Logicalis International	306.3	306.3	—	304.3	304.3	—
Logicalis Latin America	109.5	109.5	—	106.5	106.5	—
Corporate and Management Consulting	21.7	—	21.7	40.6	—	40.6
Datatec Group Total	766.2	744.5	21.7	770.4	729.8	40.6
EBITDA						
Westcon International	48.4	48.4	—	68.1	68.1	—
Logicalis International	50.5	50.5	—	64.0	64.0	—
Logicalis Latin America	21.2	21.2	—	28.5	28.5	—
Corporate and Management Consulting	(15.1)	(21.8)	6.7	(6.1)	(17.2)	11.1
Datatec Group Total	105.0	98.3	6.7	154.5	143.4	11.1
ADJUSTED EBITDA						
Westcon International	95.1	95.1	—	78.6	78.6	—
Logicalis International	66.2	66.2	—	64.9	64.9	—
Logicalis Latin America	24.9	24.9	—	27.9	27.9	—
Corporate and Management Consulting	3.5	(6.0)	9.5	5.6	(12.5)	18.1
Datatec Group Total	189.7	180.2	9.5	177.0	158.9	18.1

Supply chain delays had a marked effect on slowing the sales process from order to delivery, causing a notable increase in the quantum of open, unfulfilled sales orders, termed “backlog” at the recent period end. Open product orders at the end of FY23 were approximately US\$1.2 billion (FY22: US\$1.2 billion).

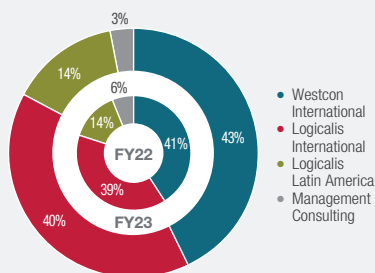
^a Including Analysys Mason discontinued operations.

Group results continued

Product backlog (US\$ million)	FY23	FY22
Westcon International	768	818
Logicalis International	271	261
Logicalis Latin America	140	139
Datatec Group	1 179	1 218

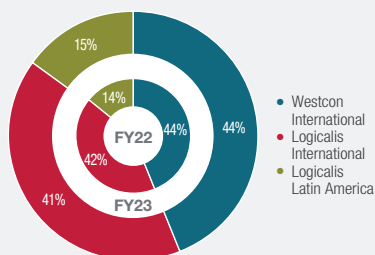
The Group's continuing gross margin in FY23 was 14.5% (FY22: 16.1%). Continuing gross profit was US\$744.5 million (FY22: 729.8 million). The significant strengthening of the US Dollar compared to the Pound Sterling and Euro during much of FY23 had a significant negative impact on gross margins in Westcon Europe, largely offset by realised and unrealised foreign exchange gains on hedging contracts. This was less pronounced in the second half.

Combined^a contribution to Group gross profit



^a Including Analysys Mason discontinued operations

Continuing contribution to Group gross profit



Overall continuing operating costs were US\$646.2 million (FY22: US\$586.4 million). Restructuring costs of US\$15.2 million were included in FY23 relating to fundamental reorganisations in Logicalis International and Logicalis Latin America. There were no restructuring costs in FY22.

Continuing operating costs included US\$15.3 million of foreign exchange gains (FY22: gains of US\$2.1 million). Foreign exchange gains consisted of unrealised foreign exchange losses of US\$8.8 million (FY22: gains of US\$0.6 million) and realised foreign exchange gains of US\$24.1 million (FY22: gains of US\$1.5 million). Unrealised foreign exchange differences are excluded from underlying* earnings per share. The unrealised

foreign exchange losses arose mainly in Westcon Europe on open positions of forward exchange contracts ("FECs"). The FECs hedge the net open working capital position of the business, as well as the open order backlog, which constituted the majority of the unrealised variances.

Continuing EBITDA was US\$98.3 million (FY22: US\$143.4 million) and continuing EBITDA margin was 1.9% (FY22: 3.2%).

The continuing share-based payment charge under IFRS 2 included in operating expenses was US\$52.6 million, more than triple the equivalent charge in FY22 of US\$15.5 million which reflects the increasing valuations of the divisions' cash-settled share-based payment plans, particularly Westcon International.

The share-based payment charge in FY23 was exceptionally high and will be substantially lower in future years.

To be more in line with international peers, the Group is now presenting the adjusted** figure for EBITDA excluding share-based payments, restructuring costs, one-off tax items impacting EBITDA, and acquisition, integration and corporate actions costs. On this basis, continuing adjusted** EBITDA in FY23 was US\$180.2 million (FY22: US\$158.9 million) and continuing adjusted** EBITDA margin was 3.5% (FY22: 3.5%).

Continuing depreciation and amortisation remained flat at US\$68.2 million (FY22: US\$68.5 million) and continuing operating profit was US\$18.5 million (FY22: US\$75.0 million).

The continuing net interest charge increased to US\$38.1 million (FY22: US\$31.1 million) mainly due to increased interest rates, resulting in loss before tax of US\$20.0 million (FY22: US\$44.0 million profit before tax). Operating profit includes US\$8.0 million of impairment of right-of-use assets, US\$2.9 million from Logicalis International and US\$3.4 million from Westcon International related to property restructuring initiatives.

A combined^a tax charge of US\$14.8 million (FY22: US\$10.6 million) has arisen on the combined^a pre-tax profits which include the tax exempt profit on disposal of the Analysys Mason division. Excluding the discontinued business, the effective tax rate was -66.7%. This is a result of low or nil tax credits arising on the losses of certain operations (including limited tax credits on the IFRS 2 charges in FY23) and the high local tax rates applied to certain profitable operations. As at 28 February 2023, there are estimated tax loss carry forwards relating to the continuing businesses of US\$236.5 million with an estimated future tax benefit of US\$59.3 million, of which US\$38.5 million has been recognised as a deferred tax asset.

Withholding taxes

As at 28 February 2022, Westcon International had a contingent liability in respect of a possible withholding tax obligation at its subsidiary in the Kingdom of Saudi Arabia, Westcon Saudi Company LLC ("Westcon KSA"). This relates to payments Westcon KSA has made in relation to the purchase of vendor software and maintenance services which have been resold to customers during the six years ended 31 December 2020. Westcon KSA strongly disagrees with the tax authority's assessments issued on 22 June 2021 and has submitted the necessary appeals. Following an unsuccessful attempt to utilise the alternative dispute resolution procedures the matter is now proceeding to court. The ongoing litigation with the KSA tax authorities is likely to continue beyond the next financial year end. A liability has been recognised for a possible liability in this regard.

As at 28 February 2023, withholding tax liabilities for the Group totalled US\$20.0 million (FY22: US\$7.3 million), which includes the liability for the Westcon KSA matter described above.

Combined^a underlying* earnings per share were 7.9 US cents (FY22: 18.7 US cents). Combined^a headline loss per share was -9.3 US cents (FY22: headline earnings: 16.2 US cents). Combined^a earnings per share were 36.9 US cents (FY22: 16.7 US cents).

Cash and net debt

On a combined^a basis, the Group generated US\$173.4 million of cash from operations during FY23 (FY22: US\$96.7 million) and ended the period with a continuing net debt of US\$106.6 million (FY22: US\$133.7 million). Excluding lease liabilities, net debt would have been US\$34.2 million on a continuing basis (FY22: net debt of US\$45.3 million).

Group results continued

US\$'000	Year ended 28 February 2023	Year ended 28 February 2022
Cash resources	584.7	453.9
Bank overdrafts	(196.4)	(166.6)
Short-term interest-bearing liabilities and short-term leases	(407.9)	(299.5)
Long-term interest-bearing liabilities and long-term leases	(87.0)	(117.9)
Combined[^] net debt	(106.6)	(130.1)
Continuing net debt	(106.6)	(133.7)

[^] Including Analysys Mason discontinued operations

Continuing excludes the results of the Analysys Mason discontinued operations. The prior years have been re-presented to show comparative results from discontinued operations in accordance with IFRS 5.

Liquidity and borrowing facilities

The Group continues to closely monitor the outlook for liquidity in its divisions to ensure that sufficient cash is generated to settle liabilities as they fall due.

Westcon International has an invoice assignment facility of EUR390.6 million for its European subsidiaries, as well as an extended payables facility of US\$105.0 million. Westcon International has a securitisation facility of US\$120.0 million for its Asia-Pacific facilities. In addition, Westcon International utilises accounts receivable facilities in the Middle East (US\$15.0 million) and Indonesia (US\$11.0 million) as well as overdraft facilities in Europe (EUR4.0 million) and Africa (US\$1.0 million) and a securitisation facility in South Africa (ZAR250.0 million).

Logicalis International is supported by a corporate facility of US\$135 million, covering all its operations, comprising a rolling credit facility to fund working capital requirements and an acquisition facility.

Logicalis Latin America is supported separately via a number of uncommitted overdraft facilities and short-term lending arrangements and is predominantly sourced via Tier 1 banks in Brazil as it is the largest territory in the region.

The Group continues to monitor the funding needs of its individual operations and works closely with various financial institutions to ensure adequate liquidity.

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

Acquisitions

Logicalis International

Effective 1 March 2022, Logicalis International Limited, a wholly owned subsidiary of Logicalis Group Limited increased its shareholding in Logicalis Portugal S.A by 30%, resulting in Logicalis Portugal S.A. being a wholly owned subsidiary. The acquisition was for a deferred consideration payment of US\$4.4 million based on the EBITDA for the two financial years ended 28 February 2022. The purchase price was paid on 1 September 2022.

On 4 August 2022, Logicalis UK Limited acquired Q Associates Ltd, a leading provider of IT consultancy and advisory services around data management, data protection, compliance and information security for US\$6.7 million.

On 27 October 2022, the Datatec Group increased its stake in Cirrus Participações S.A. ("Kumulus") from 32.57% effective shareholding to 48.87% for BRL17 million (approximately US\$ 3.4 million). One of the minority shareholders sold his 2.44% shareholding in Kumulus in December 2022 resulting in the Datatec Group's effective shareholding after these transactions reaching 51.31%.

Analysys Mason (subsequently disposed of)

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

Refer to page 50 for further information on the acquisitions made during the period.

Divisional reviews

Westcon International

Westcon International's unique international market access delivered strong growth and financial performance in all strategic regions, representing a resilient footprint against several macroeconomic risks that persist. Westcon International remains focused on delivering outstanding financial and operating performance while accelerating its transformation into the world's leading, data driven technology provider and specialist distributor of cyber security and networking solutions.

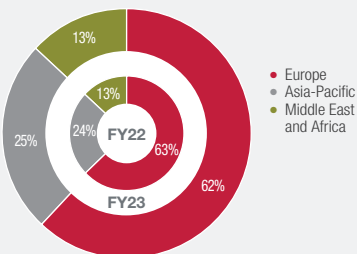
Despite significant supply chain disruptions, Westcon International's revenue increased by 18.3% to US\$3.42 billion (FY22: US\$2.89 billion) due to strong demand for network infrastructure, remote access solutions, enhanced cyber security and unified collaboration for flexible working and virtual office environments. In constant currency***, revenue improved by 25.4%.

Westcon International's hardware and software backlog remained elevated because of the semiconductor shortage and supply chain constraints. Backlog at the end of FY23 was approximately US\$768 million (FY22: US\$818 million).

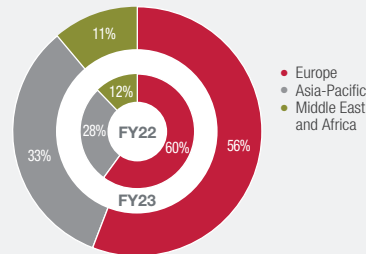
Westcon International's gross profit increased by 3.0% to US\$328.7 million (FY22: US\$319.0 million) and the gross margins decreased to 9.6% (FY22: 11.0%). This decrease in gross margin is largely due to the rapid strengthening of the US Dollar against the Euro and Pound Sterling in the first half of FY23 which had a significant negative impact on gross margins in Europe throughout FY23. These negative impacts were partially offset by benefits of foreign exchange hedging gains reported in operating expenses. Realised foreign exchange gains of US\$17.5 million (foreign exchange gains FY22: US\$2.2 million) were generated and unrealised foreign exchange losses were US\$7.0 million (foreign exchange gains FY22: US\$2.6 million).

The unrealised foreign exchange variances arose mainly in Westcon Europe on open positions of Forward Exchange Contracts "FECs". The FECs hedge the net open working capital position of the business, as well as the open order backlog, which constituted the majority of the unrealised variances.

Westcon International revenue % contribution by geography



Westcon International gross profit % contribution by geography



Operating costs increased by 11.7% to US\$280.3 million (FY22: US\$250.9 million) due to the impact of the net foreign exchange gains of US\$10.5 million (FY22: US\$4.8 million gain) discussed above which were offset by share-based payment charges of US\$36.3 million (FY22: US\$10.5 million). Excluding both foreign exchange gains and share-based payment charges, operating costs increased 3.8% or US\$9.3 million.

EBITDA decreased by 28.8% to US\$48.4 million (FY22: US\$68.1 million) primarily due to a US\$25.8 million increase in share-based compensation expense.

Adjusted** EBITDA increased by 21.0% from US\$78.6 million in FY22 to US\$95.1 million with higher results in Europe, MEA and Asia-Pacific. Adjusted** EBITDA margin increased to 2.8% (FY22: 2.7%).

Net working capital days increased to 23 days (FY22: 15 days) due to a combination of higher days sales outstanding and a reduction in inventory turns partially offset by an improvement in days payable outstanding, mainly as a result of extra payment days received from Cisco. Net debt decreased US\$16.6 million to US\$68.4 million (FY22: US\$85.0 million).

US\$'000	Year ended 28 February 2023	Year ended 28 February 2022
Cash resources	332.3	204.5
Bank overdrafts	(7.1)	(7.5)
Short-term interest-bearing liabilities and short-term leases	(361.9)	(243.5)
Long-term interest-bearing liabilities and long-term leases	(31.7)	(38.5)
Net debt	(68.4)	(85.0)

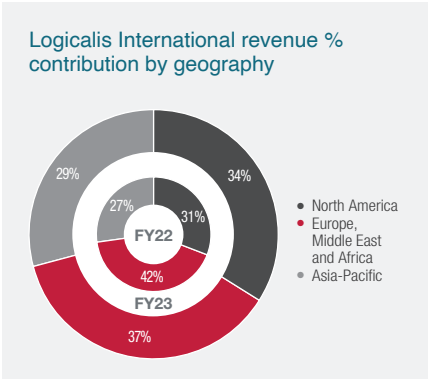
Westcon International will continue to prioritise financial and operating performance while investing in advanced systems and business automation which are accelerating its transformation into the world's leading, data driven technology provider and specialist distributor of cyber security and networking solutions.

Divisional reviews continued

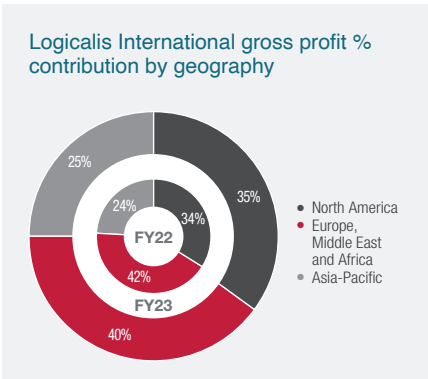
Logicalis International

Logicalis International's revenue increased by 8.7% to US\$1.23 billion compared to US\$1.13 billion revenue for FY22.

Revenue contribution by geography is shown below:



Logicalis International's gross profit contribution by geography is shown below:



Logicalis International had a strong order intake during FY23. Shipment delays as a result of the global supply chain issues resulted in backlog remaining high throughout the year. Logicalis International's product backlog at the end of FY23 was approximately US\$271.0 million (FY22: US\$261 million). In constant currency***, revenue improved by 16.0%.

Logicalis International gross margin was 24.9% (FY22: 26.9%). The underlying gross margin percentage was impacted by product and services mix in FY23. Logicalis International gross profit was US\$306.3 million (FY22: US\$304.3 million).

Operating costs increased to US\$255.8 million (FY22: US\$240.3 million). The FY23 increase principally reflects the costs incurred for restructuring initiatives as a result of the separation of Logicalis into Logicalis International and Logicalis Latin America in addition to other rationalisation decisions across local regional operations.

EBITDA decreased by 21.0% to US\$50.5 million (FY22: US\$64.0 million), with a corresponding EBITDA margin of 4.1% (FY22: 5.6%). Adjusted** EBITDA increased to US\$66.2 million (FY22: US\$64.9 million), with a corresponding adjusted** EBITDA margin of 5.4% (FY22: 5.7%). Adjusted** EBITDA excluded restructuring costs of US\$12.5 million and one-off tax items impacting EBITDA of US\$2.6 million.

Operating profit was US\$6.6 million (FY22: US\$27.9 million) and was impacted by restructuring costs of US\$12.5 million and impairments relating to right-of-use assets and capitalised development costs totalling US\$6.5 million as a result of the restructuring actions taken during the year.

The net interest charge increased by US\$4.4 million to US\$11.9 million, reflecting the impact of a higher interest base rate environment on borrowings.

Net debt improved to US\$88.0 million (FY22: \$110.9 million).

US\$'000	Year ended 28 February 2023	Year ended 28 February 2022
Cash resources	117.6	95.2
Bank overdrafts	(142.1)	(127.1)
Short-term interest-bearing liabilities and short-term leases	(31.8)	(37.7)
Long-term interest-bearing liabilities and long-term leases	(31.7)	(41.3)
Net debt	(88.0)	(110.9)

Logicalis International 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 solutions around IT infrastructure to its customers.

The future will likely involve hybrid workplaces for part-time office and remote workers. Preparing and planning for this environment will be essential in providing a better digital experience for customers, partners and employees.

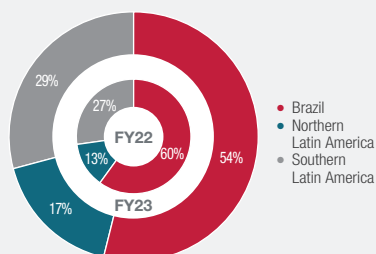
Logicalis International remains confident about the long-term prospects for the industry and its positioning within it. Over the short term, macroeconomic conditions are expected to remain uncertain.

Logicalis Latin America

Logicalis Latin America generated revenue of US\$491.0 million (FY22: US\$522.7 million).

Revenue contribution by geography is shown below:

Logicalis Latin America revenue % contribution by geography

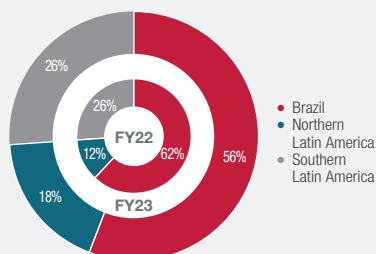


Logicalis Latin America had a lower order intake during FY23. As expected, the business was most impacted by supply chain delays as referred to in Datatec's FY22 results. The business recovered well in the second half of FY23 with some easing in supply constraints. Logicalis Latin America's product backlog at the end of FY23 was approximately US\$140.0 million (FY22: US\$139.0 million).

Logicalis Latin America's gross margin was 22.3% (FY22: 20.4%). Underlying gross margin percentage remained solid with the headline increase caused by the better mix of services delivered in FY23. Logicalis Latin America's gross profit was up 2.8% to US\$109.5 million (FY22: US\$106.5 million). In constant currency***, revenue improved by 1.2%.

Logicalis Latin America's gross profit contribution by geography is shown below:

Logicalis Latin America gross profit % contribution by geography



Divisional reviews continued

Operating costs increased to US\$88.3 million (FY22: US\$78.0 million). The FY23 increase reflects restructuring costs of US\$2.2 million and US\$2.1 million of Brazil IPO cost write-offs.

EBITDA decreased to US\$21.2 million (FY22: US\$28.5 million), with a corresponding EBITDA margin of 4.3% (FY22: 5.5%). Adjusted** EBITDA decreased by 10.8% to US\$24.9 million (FY22: US\$27.9 million), with a corresponding adjusted** EBITDA margin of 5.1% (FY22: 5.3%). Adjusted** EBITDA excluded restructuring costs of US\$2.2 million, Brazil IPO cost write-offs of US\$2.1 million,

share-based payments costs of US\$0.5 million and once-off tax items credits of US\$1.1 million.

Operating profit was US\$13.8 million (FY22 profit: US\$21.0 million).

The net interest charge decreased by US\$2.4 million, reflecting the lower volume of borrowing and factoring required for working capital in Brazil as a result of reduced volumes.

The decrease in net debt compared to FY22 was driven primarily by decreased volume of business, reducing working capital requirements.

	Year ended 28 February 2023	Year ended 28 February 2022
US\$'000		
Cash resources	56.8	32.0
Bank overdrafts	(47.2)	(31.9)
Short-term interest-bearing liabilities and short-term leases	(13.8)	(14.4)
Long-term interest-bearing liabilities and long-term leases	(21.0)	(26.1)
Net debt	(25.2)	(40.4)

The market drivers and outlook for Logicalis Latin America are consistent with those provided for Logicalis International above. In addition, Logicalis Latin America is continuing to improve its customer diversification.

Corporate and Management Consulting

The disposal of Analysys Mason was concluded on 27 September 2022. The FY23 results of Analysys Mason are disclosed as discontinued operations and US\$7.1 million is included in profit from discontinued operations in accordance with IFRS 5.

The Corporate segment includes the net operating costs of the Datatec head office entities which were US\$30.4 million (FY22: US\$18.1 million). Corporate costs include the remuneration of the Board and head office staff, including share-based payments, as well as consulting fees and audit fees. The increase in corporate costs is mainly

as a result of increased share-based payment charges of US\$15.4 million in FY23 (FY22: US\$4.7 million). In FY23, foreign exchange gains were US\$8.6 million (FY22: foreign exchange gains of US\$1.0 million).

As at 28 February 2023, Datatec head office entities held cash of US\$78.0 million (FY22: US\$103.1 million) of which US\$16.4 million (FY22: US\$30.8 million) is held in South Africa and subject to the South African Reserve Bank regulations. These cash balances decreased by US\$15.1 million from 28 February 2022 mainly as a result of settlement of share-based payment schemes (shares purchased in the market), the cash portion of the FY22 final dividend paid to shareholders of Datatec and the Analysys Mason transaction-related costs that were absorbed by the Company.

Subsequent events

Increased shareholding in subsidiaries

Effective 3 March 2023, Logicalis Spain, SL, a wholly owned subsidiary of Logicalis International Limited increased its shareholding in Audea Seguridad de la Informacion, SL by 2.3% to 72.3%.

Effective 21 April 2023, Logicalis Spain, SL increased its shareholding in Audea Seguridad de la Informacion, SL by 13.85% to 86.15%.

Dividend declared

On 23 May 2023, the Board declared a final dividend for FY23 of 195 ZAR cents per share, equivalent to 10 US cents per share or in total US\$22.5 million with the customary form of a cash dividend with a scrip distribution alternative.

Management incentive plan – Logicalis International

Logicalis International implemented the Logicalis International Long Term Incentive Plan (LILTIP) in March 2023 following a corporate restructuring. A fixed return instrument was issued to Datatec PLC in addition to its ordinary equity. The Logicalis International Executive Leadership team, being 18 individuals, invested 5.4% of the ordinary equity of the new structure with the same rights as Datatec's ordinary shares in Logicalis International. A further 0.9% of the ordinary equity is available for purchase by management to allow for changes to the management team up to a total limit of 6.3%.

There were no other material subsequent events.

Cash Dividend and Scrip Distribution alternative

Introduction

Notice is hereby given that the Board of Datatec has declared a final distribution for the year ended 28 February 2023, by way of a cash dividend of 195 ZAR cents per Datatec ordinary share ("Cash Dividend") payable to the ordinary shareholders (the "Shareholders"), which will be in proportion to their ordinary shareholding in Datatec at the close of business on the Record Date, being Friday, 14 July 2023.

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 156 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 JSE for the 30-day trading day period ending on Monday, 3 July 2023 less the amount of the Cash Dividend) 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 Monday, 22 May 2023 is 224 916 537. Datatec's income tax reference number is 9999/493/71/2.

Cash Dividend and Scrip Distribution alternative

continued

Terms of the Cash Dividend and Scrip Distribution

Shareholders will be entitled to receive a Cash Dividend of 195 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, 14 July 2023, 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 on an “ex-dividend” basis by reference to such Shareholder’s ordinary shareholding in Datatec (at the close of business on the Record Date, being Friday, 14 July 2023) in relation to the ratio that 195 ZAR cents bears to the VWAP of a Datatec ordinary share traded on the JSE during the 30-day trading period ending on Monday, 3 July 2023 less the amount of the Cash Dividend of 195 ZAR cents per share, provided that, where the application of this ratio gives rise to a fraction of an ordinary share, the rounding principles will be applied.

Example of Scrip Distribution entitlement:

This example assumes that a Shareholder holds 100 Datatec ordinary shares at the close of business on the Record Date, being Friday, 14 July 2023, and elects to receive the Scrip Distribution Alternative in respect of all of such ordinary shares, and that the VWAP of Datatec’s ordinary shares traded on the JSE for the 30-day trading period ending Monday, 3 July 2023 is 3800 ZAR cents per ordinary share.

$$\text{New ordinary share entitlement} = \frac{100 \times 195 \text{ ZAR cents}}{(3800 - 195) \text{ ZAR cents}} = 5.40915$$

Scrip Distribution shares per 100 ordinary shares held, subject to the rounding principles described below. This would result in a Shareholder with 100 Datatec ordinary shares receiving a new ordinary share entitlement of 5 Scrip Distribution shares and a cash payment for the fraction.

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, 12 July 2023, (being the day on 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 Scrip Distribution ratio and the cash payment for the fraction will be announced on the Stock Exchange News Service ("SENS") of the JSE in accordance with the timetable 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 posted to Shareholders on or about Thursday, 1 June 2023. The salient dates of events thereafter are as follows:

Event	2023
Audited financial results of Datatec for the year ended 28 February 2023 and declaration of Cash Dividend with Scrip Distribution alternative announced on the SENS on	Tuesday, 23 May
Audited financial results of Datatec for the year ended 28 February 2023 and declaration of Cash Dividend with Scrip Distribution alternative published in the South African press on	Wednesday, 24 May
Record Date for Shareholders to be registered in the Company's securities register in order to be entitled to receive this Circular	Friday, 26 May
Distribution of Circular announced on SENS on	Thursday, 1 June
Circular and Form of Election (grey) distributed on	Thursday, 1 June
Distribution of Circular announcement published in the South African press on	Friday, 2 June
Announcement released on SENS in respect of the ratio applicable to the Scrip Distribution alternative, based on the 30-day VWAP "ex" the Cash Dividend ending on Monday, 3 July 2023, by 11h00 on	Tuesday, 4 July
Announcement published in the South African press of the ratio applicable to the Scrip Distribution alternative, based on the 30-day VWAP "ex" the Cash Dividend ending on Monday, 3 July 2023, on	Wednesday, 5 July
Last day to trade in order to be eligible for the Cash Dividend and the Scrip Distribution alternative	Tuesday, 11 July
Shares trade "ex" the Cash Dividend and the Scrip Distribution Alternative on	Wednesday, 12 July
Listing and trading of maximum possible number of shares on the JSE in terms of the Scrip Distribution alternative from the commencement of business on	Wednesday, 12 July
Announcement released on SENS in respect of the cash payment applicable to fractional entitlements, based on the VWAP of a share traded on the JSE on Wednesday, 12 July 2023, discounted by 10%, by 11h00 on	Thursday, 13 July
Last day to elect to receive the Scrip Distribution alternative instead of the Cash Dividend, Forms of Election (grey) to reach the Transfer Secretaries by 12h00 on	Friday, 14 July
Record Date in respect of the Cash Dividend and the Scrip Distribution alternative	Friday, 14 July
Cash Dividend payments made, CSDP/broker accounts credited/updated on	Monday, 17 July
Announcement relating to the results of the Cash Dividend and the Scrip Distribution alternative released on SENS on	Monday, 17 July
Announcement relating to the results of the Cash Dividend and the Scrip Distribution alternative published in the South African press on	Tuesday, 18 July
JSE listing of 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 trade on or about	Tuesday, 18 July

Cash Dividend and Scrip Distribution alternative

continued

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, 12 July 2023 and Friday, 14 July 2023, both days inclusive. If Datatec maintains a certificated register, then the register will be closed from Wednesday, 12 July 2023 and Friday, 14 July 2023, both days inclusive.

Fractions

Where a Shareholder's entitlement to new Datatec ordinary shares 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 a Datatec ordinary share traded on the JSE on Wednesday, 12 July 2023, (being the day on which Datatec ordinary shares trading 'ex' the entitlement to receive the Cash Dividend or the Scrip Distribution alternative), discounted by 10%. For illustrative purposes, the VWAP of a Datatec ordinary share traded on the JSE on Wednesday, 12 July 2023 is assumed to be 3600 ZAR cents. The basis for the applicable cash payment would therefore be 3240 ZAR cents (3600 ZAR cents discounted by 10%).

The basis for the applicable cash payment will be announced on SENS on Thursday, 13 July 2023, by 11h00.

Example of fractional entitlement:

Continuing the example above in which a Shareholder who holds 100 Datatec ordinary shares receives an entitlement of 5.40915 new ordinary Scrip Distribution shares: the rounding provision described above would mean that the Shareholder will receive 5 Scrip Distribution shares in respect of the 100 shares held and a cash payment for the fractional entitlement based on the 3240 ZAR cents noted above of $3240 \times 0.40915 = 1326$ ZAR cents. This fractional entitlement payment will not be subject to Dividend Withholding Tax ("DWT").

Tax implications

The Cash Dividend is likely to have tax implications for both resident and non-resident Shareholders. Shareholders are therefore encouraged to consult their professional tax advisers, should they be in any doubt as to the appropriate action to take. In terms of the Income Tax Act 58 of 1962 ("the Income Tax Act"), the Cash Dividend will, unless exempt, be subject to DWT. South African resident Shareholders that are liable for DWT will be subject to DWT at a rate of 20% of the Cash Dividend and this amount will be withheld from the Cash Dividend with the result that they will receive a net amount of 156 ZAR cents per share. Non-resident Shareholders may be subject to DWT at a rate of less than 20%, depending on the applicability of any Double Tax Agreement ("DTA") between South Africa and their country of tax residence.

The Scrip Distribution alternative and cash paid for a fraction of a share will not be subject to DWT in terms of the Income Tax Act. Recipients of the fractional amount may

be subject to income tax or capital gains tax, depending on their particular circumstances. The subsequent disposal of Datatec ordinary shares obtained as a result of the Scrip Distribution is likely to have income tax or capital gains tax implications. Where any future disposals of shares obtained as a result of the Scrip Distribution are effected, the expenditure incurred in respect of such shares will be deemed to be nil in terms of the Income Tax Act.

Foreign shareholders

The distribution of this Circular, and the rights to receive the Scrip Distribution shares in jurisdictions other than the Republic of South Africa, may be restricted by law and any failure to comply with these restrictions may constitute a violation of the securities laws of such jurisdictions. Accordingly, Shareholders will not be entitled to receive the Scrip Distribution shares, directly or indirectly, in those jurisdictions and shall be deemed to have elected the Cash Dividend alternative.

Such non-resident Shareholders should inform themselves about and observe any applicable legal requirements in such jurisdictions. It is the responsibility of non-resident Shareholders to satisfy themselves as to the full observance of the laws and regulatory requirements of the relevant jurisdictions in respect of the Scrip Distribution, including the obtaining of any governmental, exchange control or other consents or the making of any filing which may be required, compliance with other necessary formalities and payment of any issue, transfer or other taxes or other requisite payments due in such jurisdictions. Shareholders who have any doubts as to their position, including, without limitation, their tax status, should consult an appropriate adviser in the relevant jurisdictions without delay.

Payment of the Cash Dividend and the Scrip Distribution alternative is subject to approval by the Financial Surveillance Department of the South African Reserve Bank as noted above.

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

M Makanjee
Chair

JP Montanana
Chief Executive Officer

IP Dittrich
Chief Financial Officer

23 May 2023

* Underlying earnings exclude the following: 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, one-off tax items impacting EBITDA, costs relating to acquisitions, integration and corporate actions, and the taxation effect on all of the aforementioned.

** Adjusted EBITDA excludes restructuring costs, share-based payments, one-off tax items impacting EBITDA and acquisition, integration and corporate actions costs.

*** The pro forma constant currency, adjusted EBITDA and underlying earnings 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, share-based payments, one-off tax items impacting EBITDA and acquisition, integration and corporate actions costs not been incurred. Underlying earnings include the adjustments indicated above. This information is for illustrative purposes only and because of its nature, may not fairly present the Group's results. To determine the revenue in constant currency terms, the current financial reporting period's monthly revenues in local currency have been converted to US dollars at the average monthly exchange rates prevailing over the same period in the prior period. Refer to page 61 for more information on the calculation of constant currency information.

Directors

M Makanjee (Chair), JP Montanana^a (CEO), IP Dittrich (CFO), SJ Davidson[#], JF McCartney^o, CRK Medlock[#], MJN Njeke, LC Rapparini[^], DS Sita

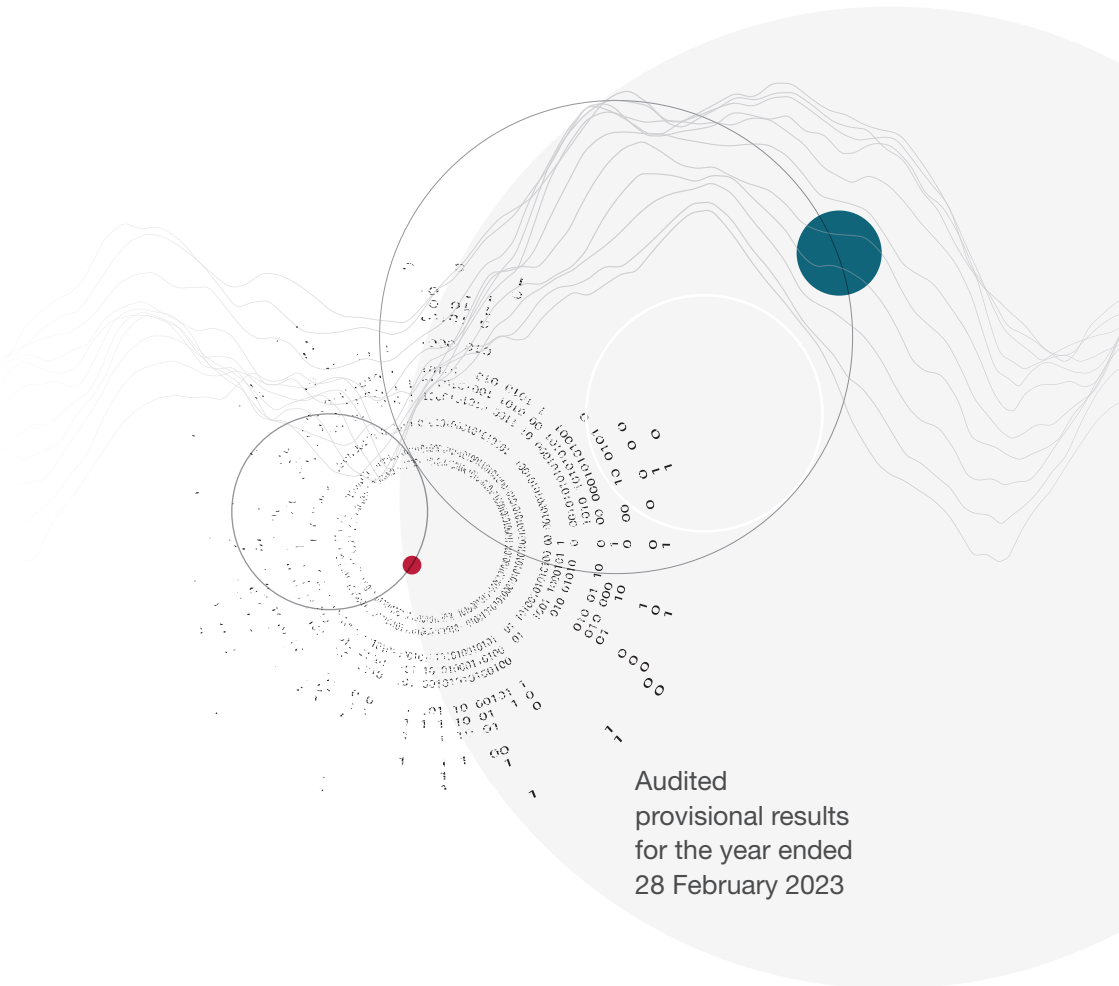
^o American

[#] British

[^] Brazilian



Driving Technology



Audited
provisional results
for the year ended
28 February 2023

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Independent auditor's report on the summary consolidated financial statements

for the year ended 28 February 2023

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 2023, the summary consolidated statements of comprehensive income, changes in total 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 2023.

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 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 23 May 2023. 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 year.

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 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, South Africa

23 May 2023

Basis of preparation

The provisional summarised consolidated financial statements were 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 2023 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 annual financial statements from which these summarised financial statements were derived from for FY23 was supervised by the Chief Financial Officer, Mr Ivan Dittrich, CA(SA).

Accounting policies

The accounting policies applied in the preparation of these summarised consolidated 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.

Adoption of amendments to existing standards and interpretations

The Group adopted the following amendments to existing standards and interpretations, which did not have a material impact on the consolidated annual financial statements.

Applicable standard or note	Amendment	Effective reporting period
IFRS 16	Covid-19-related Rent Concessions beyond 30 June 2021	1 April 2021
IFRS 9 and IFRS 16	Annual Improvements to IFRS Standards 2018–2020	1 January 2022
IAS 16	Proceeds before Intended Use	1 January 2022
IAS 37	Onerous Contracts–Cost of Fulfilling a Contract	1 January 2022

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

Applicable standard or note	Amendment	Effective reporting period
IAS 1	Classification of Liabilities as Current or Non-current	1 January 2024
IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
IAS 8	Definition of Accounting Estimates	1 January 2023
IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
IFRS 10 and IAS 28	Sale or contribution of Assets between an Investor and its Associate or Joint Ventures	The effective date has been postponed indefinitely

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 2023, are being evaluated for the impact of these pronouncements. Other than the IAS 12 amendment, the accounting standards, amendments to issued standards and interpretations are not expected to have a material impact.

Critical judgements

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 period.

The results contain sources of critical judgements in the following areas:

- judgement in recognising revenue that contains the agent vs principal (net vs gross revenue);
- judgement in determining lease terms;
- judgement in recognition of revenue from multi-year contracts;
- judgements in determining if financial assets should be derecognised; and
- judgement in determining the starting point of the tax rate reconciliation.

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 period.

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 valuation of Westcon International for calculation of the Equity Appreciation Plan IFRS 2 charge;
- estimates made in determining the probability of future taxable income justifying the recognition of deferred tax assets;
- estimates made in determining uncertain tax positions;
- 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, pension and dilapidation obligations; and
- estimates made when measuring the expected credit losses.

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.

Basis of preparation continued

Independent auditor's report

The independent auditor, PricewaterhouseCoopers Inc, has issued its unmodified audit opinions on the consolidated annual financial statements and on these summarised consolidated financial statements for the year ended 28 February 2023 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 annual financial statements. The consolidated annual financial statements and the auditor's unmodified reports on the consolidated annual 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 annual financial statements and unmodified audit opinion with their key audit matters from PricewaterhouseCoopers Inc. is available for inspection as its registered offices and at <https://www.datec.com/annual-results.php>. Any reference to future financial performance included in this announcement has not been audited or reported on by the Company's auditor.

Summary consolidated statement of comprehensive income

for the year ended 28 February 2023

US\$'000	Audited Year ended 28 February 2023	Audited Re-presented ^a Year ended 28 February 2022
Continuing operations		
Revenue*	5 143 125	4 546 398
Cost of sales	(4 398 618)	(3 816 630)
Gross profit	744 507	729 768
Operating costs	(573 986)	(568 948)
Net impairment of financial assets	(4 477)	(1 898)
Restructuring costs	(15 157)	–
Share-based payments	(52 641)	(15 465)
Operating profit before interest, tax, depreciation and amortisation (“EBITDA”)	98 246	143 457
Depreciation of property, plant and equipment	(16 298)	(17 505)
Depreciation of right-of-use assets	(28 565)	(31 741)
Amortisation of capitalised development expenditure	(9 058)	(7 432)
Amortisation of acquired intangible assets and software	(14 213)	(11 804)
Impairment of property, plant and equipment, right-of-use assets and capitalised development expenditure	(11 620)	–
Operating profit	18 492	74 975
Interest income	8 484	2 264
Finance costs	(46 574)	(33 315)
Share of equity-accounted investment earnings/(losses)	882	(427)
Acquisition-related fair value adjustments	38	567
Other income/(expenses)	21	(27)
Loss on disposal of investments	(1 392)	–
(Loss)/profit before taxation	(20 049)	44 037
Taxation	(13 375)	(9 470)
(Loss)/profit for the year from continuing operations	(33 424)	34 567

DATATEC 2023 Audited provisional results for the year ended 28 February

Summary consolidated statement of comprehensive income continued for the year ended 28 February 2023

	Audited Year ended 28 February 2023	Audited Re-presented [^] Year ended 28 February 2022
US\$'000		
Discontinued operations		
Profit for the year from discontinued operations	116 967	5 766
Profit for the year	83 543	40 333
Other comprehensive (loss)/income		
Items that may be reclassified subsequently to profit or loss		
Exchange differences arising on translation to presentation currency	(10 539)	(4 986)
Translation of equity loans net of tax effect	(18 256)	(3 664)
Recycling of reserves due to loss of control and other items	1 800	(627)
	5 917	(695)
Total comprehensive income for the year	73 004	35 347
Profit attributable to:		
Owners of the parent	80 334	33 902
Continuing operations	74 804	29 109
Discontinued operations	5 530	4 793
Non-controlling interests	3 209	6 431
Continuing operations	1 687	5 458
Discontinued operations	1 522	973
	83 543	40 333
Total comprehensive income attributable to:		
Owners of the parent	70 623	25 249
Non-controlling interests	2 381	10 098
	73 004	35 347
Earnings/(loss) per share ("EPS") (US cents)		
Basic	36.9	16.7
Continuing operations	(16.1)	14.3
Discontinued operations	53.0	2.4
Diluted basic	36.9	16.2
Continuing operations	(16.1)	13.9
Discontinued operations	53.0	2.3

* Included in revenue is US\$12.6 million of revenue (FY22: US\$25.4 million) from acquisitions in the current year from the date of control.

[^] The prior year has been re-presented to show comparative results from discontinued operations in accordance with IFRS 5.

Summary consolidated statement of financial position

as at 28 February 2023

US\$'000	Audited Year ended 28 February 2023	Audited Year ended 28 February 2022
Assets		
Non-current assets	610 565	613 155
Goodwill	245 375	262 606
Property, plant and equipment	33 054	32 517
Right-of-use assets	56 248	80 639
Capitalised development expenditure	31 723	29 351
Acquired intangible assets and software	16 086	28 132
Investments	6 457	13 454
Deferred tax assets	80 331	69 951
Finance lease receivables	12 681	20 573
Other non-current assets, contract assets and contract costs	128 610	75 932
Current assets	3 015 700	2 399 078
Investments	4 677	–
Inventories	411 059	309 227
Trade receivables	1 508 470	1 223 824
Prepaid expenses and other receivables	276 555	223 135
Contract assets and contract costs	202 566	156 058
Current tax assets	19 390	23 030
Finance lease receivables	8 300	9 878
Cash resources	584 683	453 926
Total assets	3 626 265	3 012 233

DATATEC 2023 Audited provisional results for the year ended 28 February

Summary consolidated statement of financial position continued

as at 28 February 2023

US\$'000	Audited Year ended 28 February 2023	Audited Year ended 28 February 2022
Equity and liabilities		
Equity attributable to equity holders of the parent	472 009	563 430
Stated capital	138 091	148 859
Non-distributable reserves	124 970	105 628
Foreign currency translation reserve	(147 110)	(138 306)
Share-based payments reserve	10 458	9 465
Distributable reserves	345 600	437 784
Non-controlling interests	60 331	67 516
Total equity	532 340	630 946
Non-current liabilities	224 284	229 112
Long-term interest-bearing liabilities	41 624	56 440
Lease liabilities	45 412	61 523
Liability for share-based payments	1 602	7 676
Acquisition-related liabilities	1 061	4 056
Deferred tax liabilities	29 366	28 096
Deferred revenue	27 415	21 464
Provisions	8 860	8 913
Other liabilities	68 944	40 944
Current liabilities	2 869 641	2 152 175
Trade and other payables~	2 071 975	1 526 163
Short-term interest-bearing liabilities	380 862	266 617
Lease liabilities	27 005	32 870
Deferred revenue	160 806	134 638
Provisions	12 904	7 254
Acquisition-related liabilities	2 803	39
Current tax liabilities	16 924	18 035
Bank overdrafts	196 362	166 559
Total equity and liabilities	3 626 265	3 012 233

~ Includes short-term liability for share-based payments of US\$63.5 million (FY22: US\$18.9 million).

Summary consolidated statement of changes in total equity

for the year ended 28 February 2023

US\$'000	Audited Year ended 28 February 2023	Audited Year ended 28 February 2022
Balance at the beginning of the year	630 946	640 621
Transactions with equity holders of the parent		
Comprehensive income	70 623	25 249
Dividend – out of distributable reserves	(172 478)	(82 996)
Dividend – scrip	18 079	39 860
Deferred bonus warrant/deferred bonus plan shares	(864)	(2 747)
Treasury shares purchased	(5 957)	(4 279)
Share-based payments (vested)/paid	(44)	266
Charge and settlement for equity-settled share-based payments	6 131	4 228
Net movement in non-controlling interests	(6 004)	693
Disposal of subsidiary	(907)	–
Transactions with non-controlling interests		
Comprehensive income	2 381	10 098
Acquisitions of subsidiaries	–	412
Disposal of subsidiary	(9 444)	–
Net movement in non-controlling interests	1 109	1 249
Dividend to non-controlling interests	(1 231)	(1 708)
Balance at the end of the year	532 340	630 946

Summary consolidated statement of cash flows

for the year ended 28 February 2023

US\$'000	Audited Year ended 28 February 2023	Audited Year ended 28 February 2022
Profit before taxation – combined operations	98 383	50 935
Non-cash items	93 226	122 584
Operating profit before working capital changes	191 609	173 519
Working capital changes	(25 542)	(83 791)
Increase in inventories	(109 055)	(66 806)
Increase in receivables	(347 606)	(96 647)
Increase in payables	484 124	89 254
Increase in contract assets and contract costs	(89 989)	(27 051)
Increase in deferred revenue	36 984	17 459
Decrease in other non-current assets	754	–
Decrease in finance lease receivables	6 585	6 984
Cash generated from operations	173 406	96 712
Net finance costs paid+~	(38 596)	(31 265)
Taxation paid	(24 182)	(26 282)
Net cash inflow from operating activities	110 628	39 165
Cash outflow for acquisitions	(15 992)	(6 610)
Settlement of Siticom acquisition-related option	–	(5 853)
Settlement of deferred purchase consideration	–	(1 962)
Outflow of restricted cash	–	(8 709)
Inflow of restricted cash	–	5 767
Proceeds on disposal of investments	4 425	1 943
Inflow from investments (Angola government bonds)	2 598	–
Loan to associate	–	(1 000)
Dividend received from investments	989	225
Additions to equity-accounted investments	(3 432)	(1 123)
Net proceeds on disposal of Analysys Mason	128 390	–
Disposal-related costs	(4 600)	–
Additions to property, plant and equipment	(18 326)	(11 084)
Additions to capitalised development expenditure	(15 425)	(11 701)
Additions to software	(2 918)	(2 056)
Proceeds on disposal of property, plant and equipment	760	572
Net cash inflow/(outflow) from investing activities	76 469	(41 591)

US\$'000	Audited Year ended 28 February 2023	Audited Year ended 28 February 2022
Dividend paid to shareholders	(154 399)	(43 136)
Dividends paid to non-controlling interests	(1 231)	(1 708)
Treasury shares purchased	(7 725)	(6 150)
Settlement of deferred purchase consideration	(4 402)	–
Loan repayment from associate	1 007	–
Overdrafts repayable on demand under certain conditions ⁺	(2 316)	7 082
Repayment of lease liabilities – principal	(33 872)	(36 121)
Proceeds from short-term liabilities	136 201	42 647
Repayment of short-term liabilities	(10 118)	(28 609)
Proceeds from long-term liabilities	58 296	84 882
Repayment of long-term liabilities	(72 757)	(82 564)
Net cash outflow from financing activities	(91 316)	(63 677)
Net increase/(decrease) in cash and cash equivalents	95 781	(66 103)
Cash and cash equivalents at the beginning of the year	415 973	478 772
Translation differences on cash and cash equivalents	1 032	3 304
Cash and cash equivalents at the end of the year – combined operations (refer to notes 9 and 12)	512 786	415 973

⁺ Finance costs include US\$6.0 million (FY22: US\$5.3 million) of finance costs related to finance leases that are included in cash flows from operating activities.

⁻ Finance costs include US\$18.4 million (FY22: US\$12.8 million) interest on bank overdrafts repayable on demand under certain conditions. These finance costs are included in cash flows from operating activities.

1. Determination of headline (loss)/earnings

for the year ended 28 February 2023

US\$'000	Audited Year ended 28 February 2023	Audited Year ended 28 February 2022
Determination of headline (loss)/earnings		
Reconciliation of attributable profit to headline (loss)/earnings		
Profit attributable to the equity holders of the parent	80 334	33 902
Headline earnings adjustments	(100 569)	(894)
Impairment of property, plant and equipment, right-of-use assets and capitalised development expenditure	11 620	–
Profit on disposal of investments	(111 438)	–
Loss/(profit) on disposal of property, plant and equipment, right-of-use assets and intangible assets	422	(82)
Realised foreign exchange gains on equity loans settled	–	(1 174)
Tax effect	(794)	33
Non-controlling interests	(379)	329
Headline (loss)/earnings	(20 235)	33 008
Continuing operations – Re-presented [^]	(23 451)	28 215
Discontinued operations – Re-presented [^]	3 216	4 793

[^] The prior year has been re-presented to show comparative results from continuing and discontinued operations in accordance with IFRS 5.

2. Salient financial features

for the year ended 28 February 2023

	Audited Year ended 28 February 2023	Audited Re-presented [^] Year ended 28 February 2022
US\$'000		
Headline (loss)/earnings	(20 235)	33 008
Continuing operations	(23 451)	28 215
Discontinued operations	3 216	4 793
Headline (loss)/earnings per share (US cents)		
Headline	(9.3)	16.2
Continuing operations	(10.8)	13.9
Discontinued operations	1.5	2.3
Diluted headline	(9.3)	15.8
Continuing operations	(10.8)	13.5
Discontinued operations	1.5	2.3
Net asset value		
Net asset value per share (US cents)	214.9	263.7
Key ratios		
Gross margin (%) – continuing operations	14.5	16.1
EBITDA margin (%) – continuing operations	1.9	3.2
Effective tax rate (%) – continuing operations	(66.7)	21.5
Exchange rates		
Average Rand/US\$ exchange rate	16.8	15.0
Closing Rand/US\$ exchange rate	18.4	15.4
Number of shares issued (millions)		
Issued	225	217
Issued (excluding treasury shares and shares held by participants under deferred bonus plan)	220	214
Weighted average	218	203
Diluted weighted average	227	209

[^] The prior year has been re-presented to show comparative results from continuing and discontinued operations in accordance with IFRS 5.

3. Goodwill reconciliation

as at 28 February 2023

US\$'000	Audited Year ended 28 February 2023	Audited Year ended 28 February 2022
Net book value	245 375	262 606
At the beginning of the year	262 606	255 536
Arising on acquisition of subsidiaries	18 699	12 199
Disposal of discontinued operations	(25 566)	–
Translation and other movements	(10 364)	(5 129)
Balance at the end of the year	245 375	262 606
Goodwill at cost	245 375	262 606
Per cash-generating unit:	245 375	262 606
Logicalis International – Re-presented [#]	209 707	203 545
Logicalis Latin America– Re-presented [#]	35 668	35 831
Management Consulting	–	23 230

[#] The Logicalis segment previously reported in the prior period is now being reported as two management segments, Logicalis Latin America and Logicalis International (representing the Logicalis business outside of Latin America). The ultimate Logicalis holding company, Logicalis Group Limited, and its associated costs, is now included in the "Corporate and Management Consulting" segment. Comparative results have been re-presented.

4. Capital expenditure and commitments

as at 28 February 2023

US\$'000	Audited Year ended 28 February 2023	Audited Year ended 28 February 2022
Capital expenditure incurred in the current period (including capitalised development expenditure)	36 669	24 841
Capital commitments at the end of the year	37 854	43 977

5. Financial instruments

as at 28 February 2023

The table below sets out the Group's classification of each class of financial instrument at their fair values. The carrying amounts 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, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

5. Financial instruments continued

as at 28 February 2023

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 28 February 2023	Audited Year ended 28 February 2022
Financial assets			
Financial assets at amortised cost			
Gross trade accounts receivable		1 536 212	1 250 584
Less: Expected credit loss allowances		(27 742)	(26 760)
Bonds		4 677	7 276
Loans granted to third parties and other long-term assets due		87 059	54 661
Finance lease receivables		20 981	30 451
Sundry receivables		46 269	29 999
Cash resources		584 683	453 926
Financial assets at fair value through profit or loss			
Derivative financial assets	2	5 080	2 153
		2 257 219	1 802 290
Financial liabilities			
Financial liabilities at amortised cost			
Trade payables		1 515 478	1 113 072
Other payables and other financial liabilities		297 666	223 751
Other non-current liabilities		68 944	–
Long-term interest-bearing liabilities*		62 774	81 769
Lease liabilities*		72 417	94 393
Short-term interest-bearing liabilities		359 712	241 288
Bank overdrafts		196 362	166 559
Financial liabilities at fair value through profit or loss			
Acquisition-related liabilities	3	3 864	4 095
Derivative financial liabilities	2	8 802	2 052
		2 586 019	1 926 979

* Includes current portion of long-term liabilities.

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

Acquisition-related liabilities represent purchase considerations owing in respect of acquisitions. The purchase considerations are to be settled with the vendors in cash or shares on achievement of agreed performance criteria. The amounts owing are interest free. Acquisition-related liabilities are classified as financial liabilities designated at fair value through profit or loss except where the option portion is fixed in which case they are classified as financial liabilities at amortised cost. They are classified as level 3 financial instruments, whose fair value measurements are derived from inputs that are unobservable for the liabilities. Movements are presented in the statement of comprehensive income as acquisition-related fair value adjustments.

6. Additional risk disclosures

as at 28 February 2023

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.

There is one customer in Latin America, with a gross value of US\$75.7 million, which represents approximately 5% of the total balance of trade receivables (FY22: US\$64.4 million (over 5%)).

Collections from customers during FY23 have remained in line with historic norms. 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 2023					
	North America	Latin America	Europe	Asia-Pacific	MEA	Total
Datatec Group Total						
Current	60 749	125 311	746 423	229 392	99 622	1 261 497
1-30 days past due	14 917	12 887	50 427	35 400	20 228	133 859
31-60 days past due	3 324	10 622	17 716	15 254	5 814	52 730
61-90 days past due	2 224	1 737	11 184	4 681	3 903	23 729
91-120 days past due	937	1 342	2 857	2 157	2 988	10 281
Over 120 days past due	3 322	9 066	15 436	5 571	20 721	54 116
Gross trade receivables	85 473	160 965	844 043	292 455	153 276	1 536 212
Expected credit loss allowance	–	(619)	(7 902)	(3 392)	(15 829)	(27 742)
Net trade receivables	85 473	160 346	836 141	289 063	137 447	1 508 470
Westcon International						
Current	–	–	626 226	178 756	97 025	902 007
1 – 30 days past due	–	–	29 617	20 132	19 372	69 121
31 – 60 days past due	–	–	16 038	11 325	5 617	32 980
61 – 90 days past due	–	–	10 695	2 752	3 835	17 282
91 – 120 days past due	–	–	1 909	1 962	2 973	6 844
Over 120 days past due	–	–	15 333	1 792	20 673	37 798
Gross trade receivables	–	–	699 818	216 719	149 495	1 066 032
Expected credit loss allowance	–	–	(7 269)	(1 056)	(15 802)	(24 127)
Net trade receivables	–	–	692 549	215 663	133 693	1 041 905

Audited
Year ended 28 February 2023

US\$'000	North America	Latin America	Europe	Asia-Pacific	MEA	Total
Logicalis International						
Current	60 749	–	120 197	50 636	2 597	234 179
1 – 30 days past due	14 917	–	20 810	15 268	856	51 851
31 – 60 days past due	3 324	–	1 678	3 929	197	9 128
61 – 90 days past due	2 224	–	489	1 929	68	4 710
91 – 120 days past due	937	–	948	195	15	2 095
Over 120 days past due	3 322	–	103	3 779	48	7 252
Gross trade receivables	85 473	–	144 225	75 736	3 781	309 215
Expected credit loss allowance	–	–	(633)	(2 336)	(27)	(2 996)
Net trade receivables	85 473	–	143 592	73 400	3 754	306 219
Logicalis Latin America						
Current	–	125 311	–	–	–	125 311
1 – 30 days past due	–	12 887	–	–	–	12 887
31 – 60 days past due	–	10 622	–	–	–	10 622
61 – 90 days past due	–	1 737	–	–	–	1 737
91 – 120 days past due	–	1 342	–	–	–	1 342
Over 120 days past due	–	9 066	–	–	–	9 066
Gross trade receivables	–	160 965	–	–	–	160 965
Expected credit loss allowance	–	(619)	–	–	–	(619)
Net trade receivables	–	160 346	–	–	–	160 346
Corporate and Management Consulting						
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	–	–	–	–	–	–

6. Additional risk disclosures continued

as at 28 February 2023

The past due receivables ageing categories above are shown gross, before taking into account expected credit loss allowances. US\$27.1 million (FY22: US\$ 26.2 million) expected credit losses have been allocated to the US\$64.4 million (FY22: US\$43.8 million) over 90 days past due receivables, resulting in a net over 90 days past due receivables balance of US\$37.3 million (FY22: US\$17.6 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.

US\$'000	Audited Year ended 28 February 2022					
	North America	Latin America	Europe	Asia- Pacific	MEA	Total
Datatec Group Total						
Current	72 233	115 848	599 579	173 409	108 068	1 069 137
1 – 30 days past due	14 594	9 737	42 915	18 664	10 053	95 963
31 – 60 days past due	7 104	8 779	9 795	5 601	1 181	32 460
61 – 90 days past due	1 608	1 379	4 639	416	1 212	9 254
91 – 120 days past due	1 699	867	1 379	1 464	(566)	4 843
Over 120 days past due	5 323	2 819	8 120	5 680	16 985	38 927
Gross trade receivables	102 561	139 429	666 427	205 234	136 933	1 250 584
Expected credit loss allowance	(185)	(629)	(7 428)	(3 281)	(15 237)	(26 760)
Net trade receivables	102 376	138 800	658 999	201 953	121 696	1 223 824
Westcon International						
Current	–	–	492 045	136 335	103 469	731 849
1 – 30 days past due	–	–	29 049	11 485	8 751	49 285
31 – 60 days past due	–	–	6 891	3 373	854	11 118
61 – 90 days past due	–	–	2 484	(460)	461	2 485
91 – 120 days past due	–	–	1 322	698	(603)	1 417
Over 120 days past due	–	–	7 823	941	16 236	25 000
Gross trade receivables	–	–	539 614	152 372	129 168	821 154
Expected credit loss allowance	–	–	(6 836)	(883)	(14 883)	(22 602)
Net trade receivables	–	–	532 778	151 489	114 285	798 552
Logicalis International – Re-presented[#]						
Current	70 716	–	96 996	36 142	2 556	206 410
1 – 30 days past due	14 336	–	13 143	7 043	764	35 286
31 – 60 days past due	7 064	–	2 463	2 021	173	11 721
61 – 90 days past due	1 608	–	1 112	798	12	3 530
91 – 120 days past due	1 699	–	45	763	30	2 537
Over 120 days past due	5 292	–	279	4 739	34	10 344
Gross trade receivables	100 715	–	114 038	51 506	3 569	269 828
Expected credit loss allowance	(154)	–	(592)	(2 398)	(41)	(3 185)
Net trade receivables	100 561	–	113 446	49 108	3 528	266 643

Audited Year ended 28 February 2022						
US\$'000	North America	Latin America	Europe	Asia- Pacific	MEA	Total
Logicalis Latin America – Re-presented[#]						
Current	–	115 807	–	–	–	115 807
1 – 30 days past due	–	9 687	–	–	–	9 687
31 – 60 days past due	–	8 779	–	–	–	8 779
61 – 90 days past due	–	1 298	–	–	–	1 298
91 – 120 days past due	–	867	–	–	–	867
Over 120 days past due	–	2 819	–	–	–	2 819
Gross trade receivables	–	139 257	–	–	–	139 257
Expected credit loss allowance	–	(629)	–	–	–	(629)
Net trade receivables	–	138 628	–	–	–	138 628
Corporate and Management Consulting						
Current	1 517	41	10 538	932	2 043	15 071
1 – 30 days past due	258	50	723	136	538	1 705
31 – 60 days past due	40	–	441	207	154	842
61 – 90 days past due	–	81	1 043	78	739	1 941
91 – 120 days past due	–	–	12	3	7	22
Over 120 days past due	31	–	18	–	715	764
Gross trade receivables	1 846	172	12 775	1 356	4 196	20 345
Expected credit loss allowance	(31)	–	–	–	(313)	(344)
Net trade receivables	1 815	172	12 775	1 356	3 883	20 001

Negative amounts represent credits on accounts that have not yet been applied/cleared due to timing of customer approvals, as well as payments received in advance.

[#] The Logicalis segment previously reported in the prior period is now being reported as two management segments, Logicalis Latin America and Logicalis International (representing the Logicalis business outside of Latin America). The ultimate Logicalis holding company, Logicalis Group Limited, and its associated costs, is now included in the "Corporate and Management Consulting" segment. Comparative results have been re-presented.

The Group is dependent on its bank overdrafts and trade finance facilities to operate. These facilities generally consist of either a fixed term or fixed period and may be repayable on demand and are secured against the assets of the company to which the facility is made available. These facilities contain certain covenants including financial covenants such as minimum liquidity, maximum leverage and pre-tax earnings coverage. In certain circumstances, if these covenants are violated and a waiver is not obtained for such violation, this may, amongst other things, mean that the facility may be repayable on demand.

6. Additional risk disclosures continued

as at 28 February 2023

Logicalis International is supported by a corporate facility of US\$135.0 million, covering all its operations, comprising an acquisition facility and a rolling credit facility to fund working capital requirements. Logicalis Inc., a subsidiary operating in the United States, has a receivables purchase agreement. This agreement qualifies as a transfer of risks and rewards to the buyer and therefore permits the company to derecognise the relating accounts receivable. There is a finance cost to this company, which is based on the individual customer's credit score and credit term of the customer invoices selected for sale. There is an agreed list of customers, each with an individual credit limit which, when combined, totals US\$200.0 million. As at 28 February 2023, US\$10.5 million has been utilised.

Logicalis Latin America is supported separately via a number of uncommitted overdraft facilities and short-term lending arrangements and is predominantly sourced via Tier 1 banks in Brazil as it is the largest territory in the region.

Westcon International has an invoice assignment facility of EUR390.6 million for its European subsidiaries, as well as an extended payables facility of US\$105.0 million. Westcon International has a securitisation facility of US\$120.0 million for its Asia-Pacific facilities. In addition, Westcon International utilises accounts receivable facilities in the Middle East (US\$15.0 million) and Indonesia (US\$11.0 million) as well as overdraft facilities in Europe (EUR4.0 million) and Africa (US\$1.0 million), and a securitisation facility in South Africa (ZAR250.0 million) to finance the business.

The Group continues to monitor the funding needs of its individual operations and works closely with various financial institutions to ensure adequate liquidity.

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

7. Summarised segmental analysis

for the year ended 28 February 2023

For management's internal purposes, the Group is currently organised into four operating divisions which are the basis on which the Group reports its primary segmental information.

Principal activities are as follows:

- Westcon International: Value-added technology distributor of industry-leading solutions. Provides class-leading cyber security, network infrastructure, unified collaboration products, data centre solutions, channel support services and financing/leasing solutions for ICT customers;
- Logicalis International and Logicalis Latin America: International solutions providers of digital services; and
- Corporate and Management Consulting: Management Consulting provides strategic, trusted advisory, modelling and market intelligence services to the TMT industries. Analysys Mason was disposed of during the year and its results are disclosed as discontinued operations. Corporate includes Group head office companies, including the ultimate Logicalis holding company, Logicalis Group Limited and its associated costs, and Group consolidation adjustments.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors that make strategic decisions.

The segmental report has been updated in the current and prior year to reflect significant expenses identified in EBITDA. The regional analysis of EBITDA is no longer presented. Following the change to management reporting segments, EBITDA is now only reviewed per operating division by the chief operating decision maker.

During FY23 and FY22, there were no customers that individually accounted for over 10% of the Group's revenue. There is one customer in Logicalis Latin America which accounts for over 10% of Logicalis Latin America's revenue (US\$180.7 million).

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 period ended 28 February 2023 amounted to US\$71.1 million (FY22: US\$53.4 million). During the year, the Group made sales totalling US\$74.9 million (FY22: US\$49.0 million) and received management fees of US\$0.3 million (FY22: US\$0.3 million) from its associate Esource Resources, LLC, which was disposed of during the current year. No amounts due to or from this entity are disclosed as it no longer meets the definition of a related party at 28 February 2023.

7. Summarised segmental analysis continued

for the year ended 28 February 2023

US\$'000	Westcon International		Logicals International	
	Audited Year ended 28 February 2023	Audited Year ended 28 February 2022	Audited Year ended 28 February 2023	Audited Re-presented [#] Year ended 28 February 2022
Revenue	3 420 569	2 890 439	1 231 517	1 133 265
Revenue from product sales	3 338 944	2 810 644	755 236	667 917
Revenue from sales of hardware	2 018 852	1 679 219	569 783	479 743
Revenue from sales of software*	1 318 914	1 115 401	186 301	188 266
Revenue from vendor resold services and product maintenance sales	70 417	68 554	–	–
Inter-segmental revenue	(69 239)	(52 530)	(848)	(92)
Revenue from services	69 986	69 527	194 292	179 861
Revenue from professional services	70 555	70 258	194 292	179 861
Inter-segmental revenue	(569)	(731)	–	–
Revenue from annuity services	11 639	10 268	281 989	285 487
Revenue from cloud services	–	–	108 954	46 593
Revenue from software services*	11 760	10 310	–	–
Revenue from other annuity services	–	–	173 035	238 894
Inter-segmental revenue	(121)	(42)	–	–
Significant expenses included in EBITDA:				
Staff costs	(199 892)	(199 367)	(199 625)	(192 418)
Share-based payments	(36 284)	(10 523)	(463)	(899)
Restructuring costs	–	–	(12 504)	–
EBITDA	48 459	68 071	50 466	64 048
Reconciliation of operating profit/(loss) to profit/(loss) for the year				
Operating profit/(loss)	21 741	43 562	6 595	27 862
Interest income	1 117	546	1 329	441
Finance costs	(20 341)	(11 825)	(13 197)	(7 861)
Share of equity-accounted investment earnings/(losses)	–	–	409	452
Acquisition-related fair value adjustments	–	–	38	567
Other income/(expenses)	21	(27)	–	–
Loss on disposal of investment	–	–	(1 392)	–
Profit/(loss) before taxation	2 538	32 256	(6 218)	21 461
Taxation	(6 271)	(1 413)	(1 264)	(6 659)
(Loss)/profit for the year from continuing operations	(3 733)	30 843	(7 482)	14 802
Profit for the year from discontinued operations	–	–	–	–
(Loss)/profit for the year	(3 733)	30 843	(7 482)	14 802
Assets and liabilities				
Total assets	1 935 153	1 443 308	1 087 569	976 807
Total liabilities	1 845 555	1 325 785	865 704	745 551

* Includes software as a service revenues.

[#] The prior year has been re-presented to show comparative results from discontinued operations in accordance with IFRS 5.

[#] The Logicalis segment previously reported in the prior period is now being reported as two management segments, Logicalis Latin America and Logicalis International (representing the Logicalis business outside of Latin America) to understand the factors affecting the underlying performance of the respective businesses and to align with the Group's strategic objectives. The ultimate Logicalis holding company, Logicalis Group Limited, and its associated costs, is now included in the "Corporate and Management Consulting" segment. Comparative results have been re-presented.

	Logicalis Latin America		Corporate and Management Consulting		Datatec Group Total	
	Audited Year ended 28 February 2023	Audited Re-presented* Year ended 28 February 2022	Audited Year ended 28 February 2023	Audited Re-presented* Year ended 28 February 2022	Audited Year ended 28 February 2023	Audited Re-presented* Year ended 28 February 2022
	491 039	522 694	-	-	5 143 125	4 546 398
	275 417	340 977	-	-	4 369 597	3 819 538
	186 814	245 063	(47 144)	(40 970)	2 728 305	2 363 055
	88 970	95 914	(23 175)	(11 393)	1 571 010	1 388 188
	-	-	(135)	(259)	70 282	68 295
	(367)	-	70 454	52 622	-	-
	61 506	50 245	-	-	325 784	299 633
	61 506	50 245	(569)	(731)	325 784	299 633
	-	-	569	731	-	-
	154 116	131 472	-	-	447 744	427 227
	1 400	995	-	-	110 354	47 588
	-	-	(121)	(42)	11 639	10 268
	152 716	130 477	-	-	325 751	369 371
	-	-	121	42	-	-
	(55 170)	(51 319)	(2 690)	(2 595)	(457 377)	(445 699)
	(504)	645	(15 390)	(4 688)	(52 641)	(15 465)
	(2 189)	-	(464)	-	(15 157)	-
	21 156	28 486	(21 835)	(17 148)	98 246	143 457
	13 802	21 016	(23 646)	(17 465)	18 492	74 975
	2 454	635	3 584	642	8 484	2 264
	(12 935)	(13 525)	(101)	(104)	(46 574)	(33 315)
	(645)	(1 613)	1 118	734	882	(427)
	-	-	-	-	38	567
	-	-	-	-	21	(27)
	-	-	-	-	(1 392)	-
	2 676	6 513	(19 045)	(16 193)	(20 049)	44 037
	(1 391)	(1 748)	(4 449)	350	(13 375)	(9 470)
	1 285	4 765	(23 494)	(15 843)	(33 424)	34 567
	-	-	116 967	5 766	116 967	5 766
	1 285	4 765	93 473	(10 077)	83 543	40 333
	507 688	390 930	95 855	201 188	3 626 265	3 012 233
	354 665	241 162	28 001	68 789	3 093 925	2 381 287

8. Acquisitions made during the year as at 28 February 2023

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

	Audited Year ended 28 February 2023			Audited Year ended 28 February 2022 Total
US\$'000	Q Associates	Northern Sky Research	Total	
Net assets acquired				
Non-current assets	1 268	–	1 268	2 605
Current assets	9 175	1 125	10 300	10 905
Non-current liabilities	(886)	–	(886)	(4 813)
Current liabilities	(14 889)	(482)	(15 371)	(7 251)
Net assets acquired	(5 332)	643	(4 689)	1 446
Intangible assets	3 543	–	3 543	6 683
Goodwill	8 464	10 235	18 699	12 199
Non-controlling interests recognised	–	–	–	(404)
Fair value of acquisitions	6 675	10 878	17 553	19 924
Purchase consideration				
Funds received from non-controlling interests	–	–	–	(5 355)
Earn-out liability	–	–	–	1 159
Acquisition-related liabilities	–	1 926	1 926	9 337
Cash	6 675	8 952	15 627	14 783
Total consideration	6 675	10 878	17 553	19 924
Cash outflow for acquisitions				
Net cash resources acquired	952	(587)	365	(2 818)
Funds received from non-controlling interests	–	–	–	(5 355)
Cash consideration paid	6 675	8 952	15 627	14 783
Net cash outflow for acquisitions	7 627	8 365	15 992	6 610

During the period ended 28 February 2023, the Datatec Group made the following acquisitions:

On 4 August 2022, Logicalis International acquired Q Associates Ltd, a leading provider of IT consultancy and advisory services around data management, data protection, compliance and information security.

The acquisition adds complementary capabilities to Logicalis UK and Ireland's core expertise in digital infrastructure, networking and cloud, enabling a broader portfolio of best-in-class solutions and services for customers operating in the digital-enabled world. Q Associates provides technology solutions to UK universities and research councils, government security services and home office departments and commercial clients across major industry sectors, including finance, legal, transportation and energy. Q Associates holds advanced technical accreditations with many of the world's leading technology vendors, including Microsoft, NetApp, Oracle, IBM and Rubrik.

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

NSR was disposed of as part of the sale of Analysys Mason in September.

As a result of these acquisitions, goodwill and other intangible assets increased provisionally by US\$18.7 million and US\$3.5 million respectively. None of the goodwill recognised is expected to be deductible for income tax purposes.

All trade receivables acquired are measured at amortised cost. The carrying value of trade receivables balances approximates their fair value, therefore no fair value disclosures are provided. All identifiable intangible assets have been recognised and accounted for at fair value.

The revenue and EBITDA from continuing operations included from these acquisitions in FY23 were US\$12.6 million and US\$0.8 million loss, respectively. Loss after tax included from these acquisitions was US\$1.3 million. The revenue and EBITDA from discontinued operations included from these acquisitions in FY23 were US\$1.6 million and US\$0.4 million, respectively. Profit after tax included from these acquisitions was US\$0.4 million.

Had the acquisition dates been 1 March 2022, the revenue and EBITDA from continuing operations would have been approximately US\$21.6 million and US\$1.3 million loss, respectively. Loss after tax would have been approximately US\$2.2 million. Revenue and EBITDA from discontinued operations would have been approximately US\$2.3 million and US\$0.6 million, respectively. Profit after tax from discontinued operations would have been approximately US\$0.6 million.

The initial amounts of acquisition accounting for all of the acquisitions have been finalised at the date of the finalisation of the consolidated annual financial statements.

9. Cash and cash equivalents

for the year ended 28 February 2023

US\$'000	Audited Year ended 28 February 2023	Audited Year ended 28 February 2022
Cash and cash equivalents at the end of the year		
Cash resources per the statement of financial position	584 683	453 926
Bank overdrafts unconditionally repayable on demand	(71 897)	(37 953)
Cash and cash equivalents (per the statement of cash flows)		
Bank overdrafts repayable on demand under certain conditions	512 786 (124 465)	415 973 (128 606)
Net cash resources	388 321	287 367

10. Additional statement of financial position disclosures

for the year ended 28 February 2023

Multi-year contracts

Included in other non-current assets is US\$72.3 million (FY22: US\$43.9 million) of amounts receivable for multi-year contracts. These multi-year contracts relate to Westcon International where performance obligations have already been fulfilled. The amounts due to Westcon International are unconditional and the contracts are non-cancellable. The short-term portion (US\$79.5 million (FY22: US\$41.8 million)) is included in trade receivables. Amounts owing for purchases related to these multi-year contracts have been recognised in other liabilities (long-term portion of US\$68.7 million (FY22: US\$40.6 million)) and trade and other payables (short-term portion of US\$75.5 million (FY22: US\$37.9 million)).

Expected credit losses have been assessed. No material expected credit losses have been noted.

Share-based payments

The short-term portion of share-based payments (included in trade and other payables) has increased as a result of the increasing valuations of the divisions' cash-settled share-based payment plans, particularly Westcon International. US\$61.0 million of the total US\$63.5 million short-term portion of share-based payments relates to the Westcon International Equity Appreciation Plan and the Westcon International SAR scheme. The share-based payment charge in FY23 was exceptionally high and will be substantially lower in future years.

Withholding taxes

As at 28 February 2022, Westcon International had a contingent liability in respect of a possible withholding tax obligation at its subsidiary in the Kingdom of Saudi Arabia, Westcon Saudi Company LLC ("Westcon KSA"). This relates to payments Westcon KSA has made in relation to the purchase of vendor software and maintenance services which have been resold to customers during the six years ended 31 December 2020. Westcon KSA strongly disagrees with the tax authority's assessments issued on 22 June 2021 and has submitted the necessary appeals. Following an unsuccessful attempt to utilise the alternative dispute resolution procedures, the matter is now proceeding to court. The ongoing litigation with the KSA tax authorities is likely to continue beyond the next financial year end. A liability has been recognised for a possible liability in this regard.

As at 28 February 2023, withholding tax liabilities for the Group totalled US\$20.0 million (FY22: US\$7.3 million), which includes the liability for the Westcon KSA matter described above.

11. Contingent liabilities

for the year ended 28 February 2023

Datatec and its subsidiaries have issued, in the ordinary course of business, guarantees and letters of comfort to third parties in respect of finance and trading facilities, performance commitments to customers and lease commitments.

At 28 February 2022, Logicalis Latin America reported a contingent liability in respect of a possible tax liability at its subsidiary in Brazil. This related to an April 2012 tax assessment issued by a Brazilian state tax authority stating that PromonLogicalis should have paid a higher rate of state tax on its equipment sales up to October 2010 than actually paid. During this year, favourable administrative Court ruling was obtained and the state tax authority confirmed that the tax assessment was cancelled. This decision is final, and no further action is required. This is therefore no longer considered to be a contingent liability.

Logicalis International has a contingent tax liability at its Indonesian subsidiary PT. Packet Systems Indonesia. The Indonesian Tax Authority has raised withholding tax assessments in relation to purchases of vendor software and warranties which have been resold to customers. Withholding tax notices have been issued for each month in the calendar year 2016 and the first two months of the calendar year 2018. Objections have been filed by the company in respect of these periods with the Indonesian Tax Court.

The Group has certain contingent liabilities resulting from litigation and claims. Management believes, after taking legal advice where appropriate on the probable outcome of these contingencies, that none of these contingencies will materially affect the financial position or the results of operations of the Group.

12. Discontinued operations

for the year ended 28 February 2023

Contribution of discontinued operations

On 27 September 2022, Datatec completed the sale of its management consultancy division, Analysys Mason with the disposal of its effective 71.2% shareholding. The sale is in terms of a process initiated by the Board pursuant to its Strategic Review in order to unlock shareholder value. Analysys Mason is disclosed as a disposal group in terms of IFRS 5.

The contribution of discontinued operations included in the Group's results until disposal is as follows:

US\$'000	Audited Analysys Mason Year ended 28 February 2023	Audited Analysys Mason Year ended 28 February 2023
Revenue	51 751	90 384
Cost of sales	(30 060)	(49 756)
Gross profit	21 691	40 628
Operating costs	(12 348)	(22 452)
Net impairment of financial assets	22	(48)
Share-based payments	(2 626)	(7 052)
Operating profit before interest, tax, depreciation and amortisation ("EBITDA")	6 739	11 076
Depreciation of property, plant and equipment	(127)	(448)
Depreciation of right-of-use assets	(468)	(2 102)
Amortisation of acquired intangible assets and software	(296)	(1 370)
Operating profit	5 848	7 156
Interest income	16	6
Finance costs	(262)	(265)
Profit on disposal of investment	2 915	–
Profit before taxation	8 517	6 897
Taxation	(1 465)	(1 131)
Profit for the year from discontinued operations	7 052	5 766
Profit attributable to:		
Owners of the parent	5 530	4 793
Non-controlling interests	1 522	973
	7 052	5 766

The statement of financial position at the disposal date is as follows:

US\$'000	Audited Period ended 27 September 2022	Audited Year ended 28 February 2022
Assets		
Non-current assets	35 960	37 675
Goodwill	25 566	23 230
Property, plant and equipment	863	899
Right-of-use assets	4 383	5 507
Acquired intangible assets and software	2 573	3 503
Investments	–	1 654
Deferred tax assets	2 575	2 834
Other non-current assets	–	48
Current assets	38 722	53 216
Trade receivables	14 191	20 001
Prepaid expenses and other receivables	3 094	3 351
Contract assets and contract costs	12 627	10 692
Current tax assets	116	144
Cash resources	8 694	19 028
Total assets	74 682	90 891
Equity and liabilities		
Equity attributable to equity holders of the parent	34 566	35 253
Non-controlling interests	(469)	2 394
Total equity	34 097	37 647
Non-current liabilities	4 861	15 072
Long-term interest-bearing liabilities	–	7 649
Lease liabilities	2 923	3 901
Liability for share-based payments	–	2 355
Acquisition-related liabilities	831	–
Deferred tax liabilities	839	824
Other liabilities	268	343
Current liabilities	35 724	38 172
Trade and other payables	26 909	28 327
Lease liabilities	1 170	2 087
Deferred revenue	5 065	6 277
Acquisition-related liabilities	831	–
Current tax liabilities	1 749	1 481
Total equity and liabilities	74 682	90 891

12. Discontinued operations continued

for the year ended 28 February 2023

Cash flows from discontinued operations

US\$'000	Audited Year ended 28 February 2023	Audited Year ended 28 February 2022
Net cash inflow from operating activities	3 593	8 700
Net cash outflow from investing activities	(12 943)	(861)
Net cash outflow from financing activities	(9 800)	(5 264)
Net (decrease)/increase in cash and cash equivalents	(19 150)	2 575
Opening cash	19 028	16 453
Translation differences	122	–
Cash and cash equivalents at the end of the year – discontinued operations	–	19 028
Cash and cash equivalents at the end of the year – continuing operations	512 786	396 945
Cash and cash equivalents at the end of the year – combined operations	512 786	415 973

Gain on disposal of subsidiary

US\$'000	Audited Year ended 28 February 2023
Consideration received	137 084
Deferred loan note	7 603
Goodwill derecognised	(25 566)
Other net assets disposed of	(9 000)
Non-controlling interest derecognised	9 444
Release of share-based payment reserve	907
Cumulative loss on disposal group reclassified from equity on loss of control of subsidiary	(5 957)
Transaction-related costs incurred on the disposal	(4 600)
	109 915

Gain on disposal of subsidiary continued

US\$'000	Audited Year ended 28 February 2023	Audited Year ended 28 February 2022
Profit for the year from discontinued operations		
Profit for the year – disposal group	7 052	5 766
Gain on disposal of subsidiary	109 915	–
	116 967	5 766

Net cash inflow on disposal of subsidiary

US\$'000	Audited Year ended 28 February 2023
Consideration received in cash	137 084
Less: Cash and cash equivalent balances disposed of	(8 694)
Transaction-related costs incurred on the disposal	(4 600)
Net cash flow on disposal of subsidiary	123 790

13. Subsequent events

for the period ended 28 February 2023

Increased shareholding in subsidiaries

Effective 3 March 2023, Logicalis Spain, SL, a wholly owned subsidiary of Logicalis International Limited increased its shareholding in Audea Seguridad de la Informacion, SL by 2.3% to 72.3%. Effective 21 April 2023, Logicalis Spain, SL increased its shareholding in Audea Seguridad de la Informacion, S.L by 13.85% to 86.15%.

Dividend declared

On 23 May 2023, the Board declared a final dividend for FY23 of 195 ZAR cents per share, equivalent to 10 US cents per share or in total US\$22.5 million with the customary form of a cash dividend with a scrip distribution alternative.

Management incentive plan – Logicalis International

Logicalis International implemented the Logicalis International Long Term Incentive Plan (“LILTIP”) in March 2023 following a corporate restructuring.

A fixed return instrument was issued to Datatec PLC in addition to its ordinary equity. The Logicalis International Executive Leadership team, being 18 individuals, invested 5.4% of the ordinary equity in the new structure with the same economic rights as Datatec’s ordinary shares in Logicalis International. A further 0.9% of the ordinary equity is available for purchase by management to allow for changes to the management team up to a total limit of 6.3%.

There were no other material subsequent events.

14. Going concern

as at 28 February 2023

The Board has satisfied itself that the Group has adequate resources to continue in operation for the foreseeable future. The Group's consolidated annual financial statements have accordingly been prepared on a going concern basis.

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

Solvency

The Board determined that the Group is solvent as at 28 February 2023, with net assets of US\$472.0 million (FY22: US\$563.4 million) and tangible net assets of US\$178.8 million (FY22: US\$243.3 million). The Group is expected to remain solvent over the next 12 months.

Liquidity

Financing facilities entered into in recent years, as well as the strong operating cash flow generated during FY23, significantly enhanced the Group's liquidity position.

The Group performed covenant projections to confirm that banking covenants are unlikely to be breached for the next 12 months. Trade receivables and inventory are of a sound quality and adequate provisions have been recorded.

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

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

15. *Pro forma* supplementary information

for the year ended 28 February 2023

Pro forma supplementary financial information is included to illustrate i) the effects of the translation of foreign operations on the Group ii) the effects of share-based payments, restructuring costs, one-off tax items impacting EBITDA, and acquisition, integration and corporate actions costs on EBITDA and iii) the effects of normalisation adjustments impacting headline earnings (“underlying earnings”). The *pro forma* adjustments to EBITDA and underlying earnings are to align with international peer reporting.

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 (simple average) of the prior reporting period (“constant currency”).

Pro forma financial information is included for EBITDA. The Group has adjusted its EBITDA to exclude share-based payments, restructuring costs, one-off tax items impacting EBITDA, and acquisition, integration and corporate actions costs (“adjusted EBITDA”).

Pro forma underlying earnings information is also presented. Underlying earnings exclude the following: 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, one-off tax items impacting EBITDA, costs relating to acquisitions, integration and corporate actions, and the taxation effect on all of the aforementioned.

This supplementary information constitutes *pro forma* 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, PricewaterhouseCoopers Inc., 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 23 May 2023. Refer to the pages following this note for their unmodified reporting accountant’s report thereon.

Effects of the translation of foreign operations

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 exchange rates	Year ended 28 February 2023	Year ended 28 February 2022
British Pound/US Dollar	1.21	1.37
Euro/US Dollar	1.04	1.16
US Dollar/Brazilian Real	5.13	5.37
US Dollar/Australian Dollar	1.45	1.35
US Dollar/Singapore Dollar	1.38	1.35
US Dollar/South African Rand	16.79	15.01

Constant currency financial information

US\$'000	Year ended 28 February 2023		
	Revenue	Pro forma revenue	Constant currency % change
Datatec Group	5 143 125	5 468 878	20.3
Westcon International	3 420 569	3 625 509	25.4
Logicalis International	1 231 517	1 314 656	16.0
Logicalis Latin America	491 039	528 713	1.2

15. *Pro forma* supplementary information continued for the year ended 28 February 2023

Adjusted EBITDA

To determine adjusted EBITDA, share-based payments, restructuring costs, one-off tax items impacting EBITDA, and acquisition, integration and corporate actions costs have been excluded. After a review of the key financial metrics of Datatec's international peers at a Board strategy meeting, the Group is now presenting adjusted EBITDA excluding one-off tax items impacting EBITDA, and acquisition, integration and corporate actions costs. This is in order to be more in line with international peer reporting. This change has been applied prospectively. While the comparatives are unadjusted, these items were not material in the prior year.

US\$'000	Year ended 28 February 2023	Re-presented [^] Year ended 28 February 2022
EBITDA	98 246	143 457
Share-based payments	52 641	15 465
Restructuring costs	15 157	–
One-off tax items impacting EBITDA*	11 863	–
Acquisition, integration and corporate actions costs*	2 275	–
Adjusted EBITDA	180 182	158 922

* Based on information underlying the consolidated annual financial statements for the year ended 28 February 2023.

[^] The prior year has been re-presented to show comparative results from continuing and discontinued operations in accordance with IFRS 5.

Underlying earnings

Underlying earnings exclude the following: 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, one-off tax items impacting EBITDA, costs relating to acquisitions, integration and corporate actions, and the taxation effect on all of the aforementioned.

As stated above, the exclusion of one-off tax items impacting EBITDA, and acquisition, integration and corporate actions costs is in order to be more in line with international peer reporting. This change has been applied prospectively. While the comparatives are unadjusted, these items were not material in the prior year.

US\$'000	Year ended 28 February 2023	Year ended 28 February 2022
Reconciliation of headline (loss)/earnings to underlying earnings		
Headline (loss)/earnings	(20 235)	33 008
Underlying earnings adjustments	37 374	5 075
Unrealised foreign exchange losses/(gains)	9 115	(470)
Acquisition-related fair value adjustments	38	(567)
Restructuring costs	15 157	–
Amortisation of acquired intangible assets	11 886	10 100
One-off tax items impacting EBITDA*	11 863	–
Acquisition, integration and corporate actions costs*	2 318	–
Tax effect	(7 258)	(3 009)
Non-controlling interests	(5 745)	(979)
Underlying earnings	17 139	38 083
Continuing operations – Re-presented [^]	13 311	32 471
Discontinued operations – Re-presented [^]	3 828	5 612
Underlying earnings per share (US cents)		
Underlying	7.9	18.7
Continuing operations	6.1	16.0
Discontinued operations	1.8	2.7
Diluted underlying	7.6	18.2
Continuing operations	5.9	15.5
Discontinued operations	1.7	2.7

[^] The prior year has been re-presented to show comparative results from discontinued operations in accordance with IFRS 5.

* Based on information underlying the consolidated annual financial statements for the year ended 28 February 2023.

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 2023

To the Directors of Datatec Limited

We have completed our assurance engagement to report on the compilation of the *pro forma* financial information of Datatec Limited (the “Company”) by the directors. The *pro forma* financial information is set out on pages 60 to 63 of the 2023 Annual Financial Results (the “2023 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 2023 Financial Results.

The *pro forma* supplementary financial information has been compiled by the directors is included to demonstrate the effects of the translation of foreign operations on the Company as well as the effects of share-based payments, restructuring costs, one-off tax items impacting EBITDA, and acquisition, integration and corporate actions costs on EBITDA. *Pro forma* underlying earnings information is also presented. The *pro forma* adjustments to EBITDA and underlying earnings are to align with international peer reporting. Adjusted EBITDA excludes share-based payments, restructuring costs, one-off tax items impacting EBITDA, and acquisition, integration and corporate actions costs. Underlying earnings exclude normalisation adjustments: 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, one-off tax items impacting EBITDA, costs relating to acquisitions, integration and corporate actions, and the taxation effect on all of the aforementioned. 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 2023, on which an audit report has been published.

Directors’ responsibility¹

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 2023 financial results.

Our independence and quality management

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)*.

¹ The examination of controls over the maintenance and integrity of the Company’s website is beyond the scope assurance engagement on the compilation of *pro forma* financial information included in the 2023 financial results. Accordingly, we accept no responsibility for any changes that may have occurred to the 2023 financial results since they were initially presented on the website.

The firm applies International Standard on Quality Management 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, which requires the firm to design, implement and operate a system of quality management, including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

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 2023 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, and the determination of adjusted EBITDA and underlying earnings. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction 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 judgement, 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.

Report on the assurance engagement on the compilation of *pro forma* financial information included in the annual financial results continued for the year ended 28 February 2023

Reporting accountant's responsibility continued

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 2023 financial results.



PricewaterhouseCoopers Inc.

Director: BW Niebuhr

Registered Auditor

Johannesburg, South Africa

23 May 2023

Enquiries

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