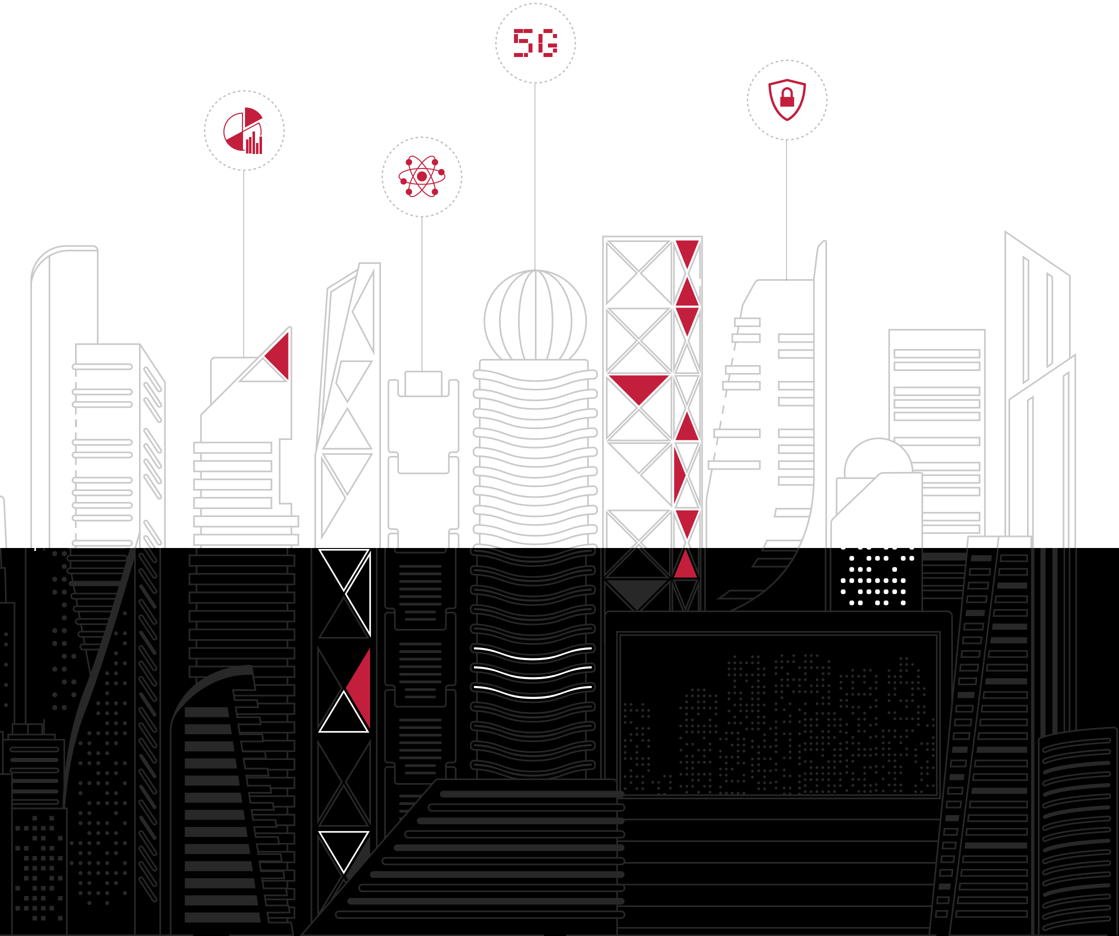
DATATEC

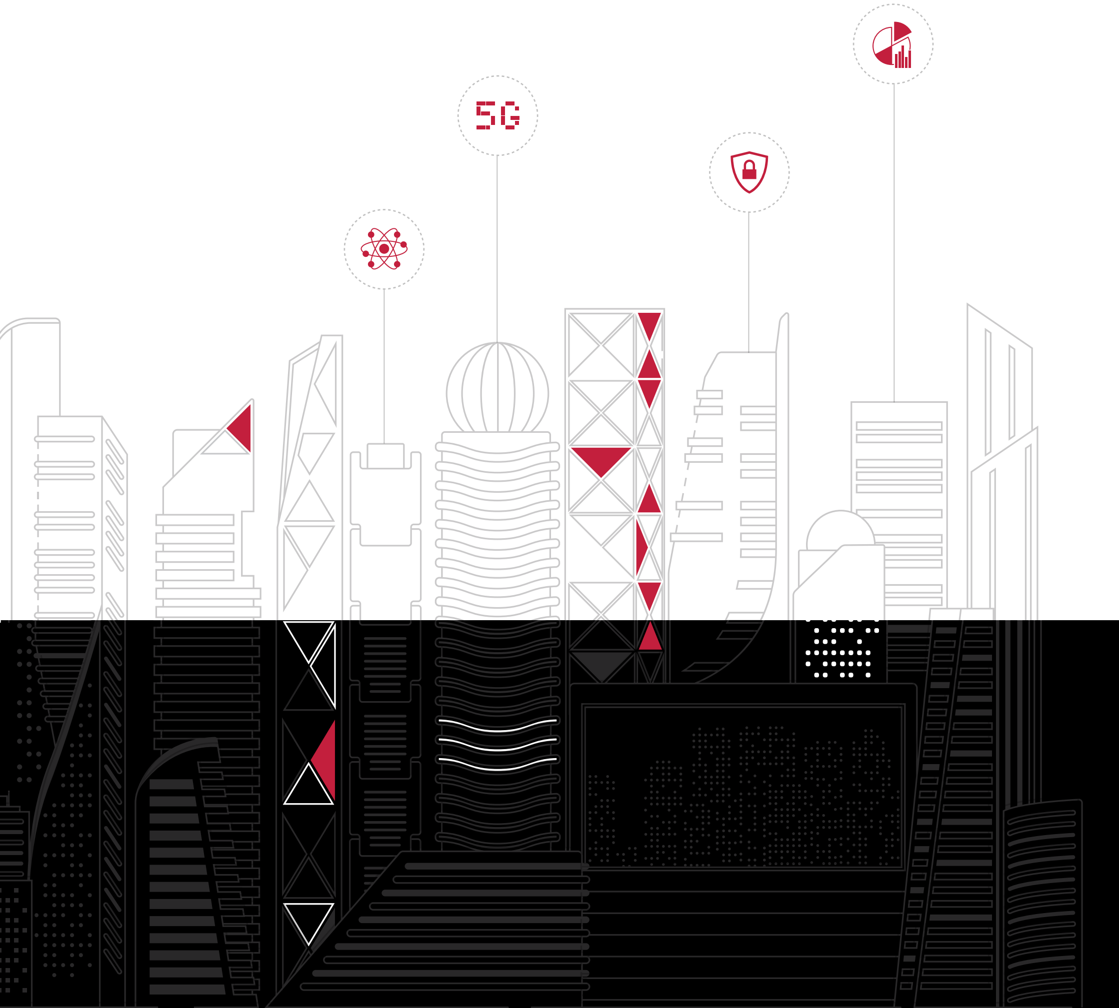
Driving Technology



CONDENSED UNAUDITED INTERIM RESULTS

for the six months ended 31 August 2021

Contents



Datatec Limited: Incorporated in the Republic of South Africa
Registration number: 1994/005004/06
JSE share code: DTC
ISIN: ZAE000017745
("Datatec", the "Company" or the "Group")
Registered office: 3rd Floor, Sandown Chambers, Sandown Village Office Park,
81 Maude Street, Sandown

Operational highlights

for the six months ended 31 August 2021

Strong operational execution in all divisions

Elevated demand for networking, cyber security and cloud infrastructure

Growth in recurring software and services

Global semiconductor shortage extending lead times and increasing backlog

Special dividend of US$70m following repayment of Westcon International loans

	Unaudited Six months to 31 August 2021	Unaudited Six months to 31 August 2020	% movement
Revenue (US$ million)	**2 257.0**	1 962.9^	15
Gross profit (US$ million)	**374.4**	324.2	15
EBITDA (US$ million)	**75.0**	60.7	24
Underlying* earnings per share (US cents)	**8.3**	3.9	113

^ H1 FY21 revenue restated.

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. The Group's service offering spans the integration and managed services, technology distribution and management consulting sectors of the ICT market.

JENS MONTANANA, CHIEF EXECUTIVE OF DATATEC, COMMENTED:

"Datatec's first half results were supported by excellent operational execution with all divisions delivering strong top and bottom-line growth as the positive impact of increased digitisation on recurring software and services continues.

"Based on the Group's healthy financial position and following the repayment of loans by Westcon International put in place at the time of the SYNNEX transaction, the Board is pleased to return the proceeds to shareholders through a US$70 million special dividend.

"The Strategic Review announced recently is also progressing with several options and initiatives under review to unlock and maximise further shareholder value. We are seeing pent-up demand in many forms across the world and expect a strong performance throughout the second half of the year, however the semiconductor shortage is expected to continue to result in significant backlogs across the Group well into 2022."

Our three core divisions

International solutions provider of digital services currently accelerating the digital transformation of its 10 000 global customers

LOGICALIS
Architects of Change

Over 6 000 employees
Over 25 countries worldwide

Logicalis drives digital enablement through a variety of services including:

- Integrated and professional services
- Lifecycle and managed services
- Cloud solutions

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

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

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Value-added technology distributor of industry-leading solutions

Class-leading cyber security, network infrastructure, unified collaboration products, data centre solutions and channel support services

Westcon Comstor
Delivering Results Together

Datatec Financial Services

Provides innovative financial solutions to Datatec Group customers

DATATEC FINANCIAL SERVICES

Over 3 000 employees
Over 50 countries worldwide

Goes to market under the Westcon and Comstor brands

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

12 000+ partners

18 logistics and staging facilities throughout Europe, Asia, Australia, New Zealand, Middle East and Sub-Saharan Africa

Datatec Financial Services

A specialist team of financial experts who support the Datatec Group and any partnering organisations

Provides customers with a financed alternative method of acquiring technology hardware, software and services

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Analysys Mason

World's leading management consultancy focused on telecommunications, media and technology ("TMT")

analysys mason

Over 300 employees
Over 10 countries worldwide

Analysys Mason

Provider of strategic, trusted advisory, modelling and market intelligence services to the TMT industries

Our strategy

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

- **Logicalis**

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

- **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.

- **Analysys Mason**

  Analysys Mason's strategy is to focus on specialised research and management consulting in the TMT sector with international coverage. Analysys Mason's approach is based on a unique combination of applied intelligence, independent opinions, a passion for problem-solving and consistently looking more closely and seeing further. This approach engenders strong long-term relationships with clients.

Strategic overview

The Group achieved a strong operational performance in the six-month period ended 31 August 2021 ("H1 FY22") as it continued to benefit from remote working, increased cloud usage and secured networking trends. All divisions delivered strong revenue and profit growth.

The global semiconductor shortage created extended lead times on certain hardware product deliveries in H1 FY22 which somewhat restricted revenue and resulted in significantly higher closing backlog (sales orders waiting to be fulfilled) in both Logicalis and Westcon International.

Datatec's divisions continue to focus on the products and services required to support the digitisation trend prevailing in the industry as demand for remote IT networking accelerated during the pandemic. Their businesses have already repositioned away from many forms of traditional hardware to software and services with growing annuity revenue.

Shareholders were previously advised that the Board of directors of Datatec ("Board") had engaged Lazard & Co., Limited to assist with a comprehensive evaluation of strategic options and initiatives (the "Strategic Review") to unlock and maximise shareholder value going forward.

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

As part of the Strategic Review, the Board is currently considering a number of potential options including, but not limited to, private equity participation, joint ventures, international listings, divisional asset unbundling and other value-creating structures.

Special dividend

Following the sale of Westcon Americas to SYNNEX in September 2017, Datatec advanced funds to Westcon International (the part of the Westcon business retained in the Group with a minority interest held by SYNNEX) to fund working capital as the business restructured. During H1 FY22, Westcon International repaid approximately US$70 million of intercompany loans to Datatec. The Board is pleased to return US$70 million to shareholders in the form of a cash dividend with a scrip distribution alternative. This is the same mechanism which was used to return US$350 million to shareholders after the original SYNNEX transaction and subsequently US$15 million from the earn-out.

Dividend policy

The Group's policy is to maintain a fixed three times cover relative to underlying* earnings when declaring ordinary dividends. The Board currently expects to pay a full year dividend.

^H1 FY21 revenue restatement

The Group sells certain software, software services and cloud computing solutions which include Infrastructure as a Service ("IaaS") and Software as a Service ("SaaS"). As disclosed in the FY21 published results, these amounts grew in significance for the Group and the Group revisited the revenue recognition for these arrangements. The Group's vendors continuously change the way in which they bring their products and services to market and there is a significant amount of judgement involved in determining whether or not the Group acts as an agent or principal with regards to these arrangements. In its reassessment, the Group concluded that in those arrangements where the software service is delivered entirely by the vendor, or where the updates and cloud access are critical to the effectiveness of the solution and there is no material on-premise component to the solution, the Group will recognise revenue at the time of invoice on a net basis as the Group is acting as an agent in the transaction.

As a result, the Group has restated its 31 August 2020 ("H1 FY21") consolidated statement of comprehensive income to reflect only the fees earned, for acting as an agent in these arrangements, as revenue. This has resulted in a decrease in revenue and a corresponding decrease in cost of goods sold in H1 FY21. There was no impact on gross profit or items below gross profit in the consolidated statement of comprehensive income. In addition, there was no impact on earnings or earnings per share.

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

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

Divisional summary

Logicalis

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

Logicalis revenue increased by 18.7% to US$822.9 million compared to US$693.1 million^ restated revenue for H1 FY21. In constant currency*** terms, Logicalis revenue increased by 15.4%. EBITDA increased by 8.0% to US$46.5 million (H1 FY21: US$43.0 million).

Global trading uncertainties are expected to persist for some time but Logicalis is confident that it is positioned to continue to respond to changing market needs as society emerges from Covid-19 disruptions. Technology is set to play an even more integral role in the "next normal" and Logicalis is ready to facilitate these fundamental changes.

Westcon International

Westcon International revenue increased by 12.3% to US$1.4 billion (H1 FY21: US$1.2 billion^ restated revenue) due to strong demand for networked cloud computing, remote access solutions for mobile working and virtual office environments, unified collaboration and enhanced network security. In constant currency*** terms, revenue improved by 7.3%. EBITDA increased by 61.1% to US$31.0 million (H1 FY21: US$19.2 million).

Westcon International remains focused on profitability by driving business improvement through revenue growth and margin expansion supported by cost controls. While several macroeconomic risks exist, the H1 FY22 results highlight Westcon International's ability to capitalise on the stability of the system and process improvements made in recent years.

Management Consulting

Analysys Mason revenue increased by 37.1% to US$43.6 million (H1 FY21: US$31.8 million). EBITDA increased by 24.6% to US$7.1 million (H1 FY21: US$5.7 million).

Analysys Mason has a strategy focused on specialisation in the TMT sector where increasingly the industries of telecommunications and information technology are converging and driving rapid digitisation across many industries often brought about by the move to cloud computing. Analysys Mason's key priority is to grow revenue while continuing to improve profitability without diluting the significant value propositions delivered by the business's exceptional talent.

Current trading and outlook

The robust performance and upward trend in all our divisions during H1 FY22 are expected to continue into the second half of the financial year as Westcon International and Logicalis look to satisfy the continuing demand for software and services in networking, security and cloud infrastructure.

Datatec's strong balance sheet provides a firm foundation to support growth and new initiatives as most economies start to rebound. The Group's well diversified business mix and global presence should result in significant opportunities despite the ongoing semiconductor shortage which is expected to continue to impact the supply chain well into 2022.

Group results

All divisions delivered solid performances with strong revenue and bottom-line growth. There were no restructuring costs incurred in H1 FY22 (H1 FY21: US$6.0 million of restructuring costs).

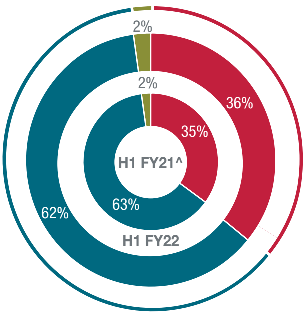
Emerging markets such as Brazil and South Africa were positively impacted by local currencies strengthening in H1 FY22 against the US Dollar which increased their dollar-reported contribution to the results. The Euro and Pound have also strengthened against the US Dollar.

Datatec Financial Services, previously reported in the "Corporate and Management Consulting" segment has been moved to Westcon International during FY22 in order to leverage the capabilities and scale of both businesses.

Revenue

Group revenue was US$2.26 billion in H1 FY22, up by 15.0% on the US$1.96 billion^ restated revenue recorded in the financial period ended 31 August 2020. In constant currency*** terms, Group revenue increased by 10.7%.

Contribution to Group revenue



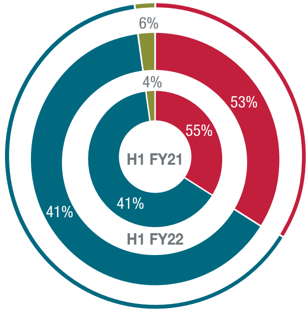
- Logicalis
- Westcon International~
- Management Consulting~

^ *H1 FY21 restated.*
~ *Datatec Financial Services has been included in the Westcon International segment in H1 FY22 and in the Corporate segment in H1 FY21.*

The Group's backlog has risen across all sectors as digitisation-driven pent-up demand continues to grow for new technologies to enable increased cloud usage.

The Group's gross margin in H1 FY22 was 16.6% compared to 16.5% (restated) in H1 FY21. Gross profit was US$374.4 million (H1 FY21: US$324.2 million).

Contribution to Group gross profit



- Logicalis
- Westcon International~
- Management Consulting~

~ *Datatec Financial Services has been included in the Westcon International segment in H1 FY22 and in the Corporate segment in H1 FY21.*

Overall operating costs were US$299.4 million (H1 FY21: US$263.5 million). Restructuring costs of US$6.0 million were included in the prior period relating to fundamental reorganisations and Covid-19-related restructuring. There were no such restructuring costs in H1 FY22.

EBITDA was US$75.0 million (H1 FY21: US$60.7 million and H1 FY21 Adjusted** EBITDA: US$66.7 million) and included US$5.1 million of foreign exchange losses (H1 FY21: US$2.2 million). EBITDA margin was 3.3% (H1 FY21: 3.1% restated).

Foreign exchange losses consisted of unrealised foreign exchange losses of US$2.2 million (H1 FY21 unrealised foreign exchange gains: US$4.1 million) and realised foreign exchange losses of US$2.9 million (H1 FY21: US$6.3 million). Unrealised foreign exchange differences are excluded from underlying* earnings per share.

Depreciation and amortisation increased to US$35.9 million (H1 FY21: US$32.7 million) and operating profit was US$39.1 million (H1 FY21: US$28.0 million).

The net interest charge increased slightly to US$14.2 million (H1 FY21: US$13.4 million) and profit before tax was US$25.4 million (H1 FY21: US$15.4 million).

A tax charge of US$8.6 million has arisen on profits of US$25.4 million. The effective tax rate of 34.0% has benefited from the revaluation of deferred tax assets arising from the increase in the UK corporation tax rate enacted earlier in the year. The effective tax rate continues to reduce as profits grow and the profit mix continues to improve. As at 31 August 2021, there are estimated tax loss carry forwards of US$240.5 million with an estimated future tax benefit of US$61.1 million, of which only US$28.2 million has been recognised as a deferred tax asset.

Underlying* earnings per share were 8.3 US cents (H1 FY21: 3.9 US cents). Headline earnings per share were 6.3 US cents (H1 FY21: 1.6 US cents). Earnings per share were 6.3 US cents (H1 FY21: 1.6 US cents).

Cash and net debt

The Group utilised US$4.6 million of cash in operations during H1 FY22 (H1 FY21: cash generated of US$134.2 million) and ended the period with a net debt of US$152.5 million (FY21: US$60.9 million; H1 FY21: US$73.2 million). Excluding lease liabilities, net debt would have been US$49.8 million (H1 FY21: net cash of US$75.6 million).

The operating cash outflows were mainly as a result of an increase in inventory in Westcon International, as well as increased receivables on the back of the very strong revenue growth.

US$'000	**Unaudited Six months to 31 August 2021**	Unaudited Six months to 31 August 2020	Audited Year ended 28 February 2021
Cash resources	**492.7**	406.7	488.6
Bank overdrafts‡#	**(143.3)**	(271.1)	(131.4)
Short-term interest-bearing liabilities and short-term leases	**(393.4)**	(71.8)	(297.9)
Long-term interest-bearing liabilities and long-term leases	**(108.5)**	(137.0)	(120.2)
Net debt	**(152.5)**	(73.2)	(60.9)

‡ *The Group restated its statement of cash flows for H1 FY21 to exclude certain bank overdrafts from cash and cash equivalents. Bank overdrafts that are repayable on demand under certain circumstances, but not unconditionally repayable on demand have now been excluded from cash and cash equivalents and cash flows associated with these bank overdrafts are now shown as cash flows from financing activities. The restatement relates to banking arrangements that form an integral part of the Group's cash management. This restatement did not impact the statement of financial position or the net cash/debt of the Group or its subsidiaries.*

During the second half of FY21, Westcon International replaced its previous European invoice financing facility with a new invoice assignment facility. The new invoice assignment facility is accounted for as short-term debt compared to the previous facility which was accounted for as part of bank overdrafts.

Liquidity and borrowing facilities

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

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

Westcon International has an invoice assignment facility of EUR275.0 million for its European subsidiaries and a securitisation facility of US$80.0 million for its Asia-Pacific subsidiaries. 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 (GBP3.6 million) and Africa (US$1.0 million), a securitisation facility in South Africa (ZAR50.0 million) and a line of credit in Singapore (US$1.2 million) to finance the business.

Analysys Mason continues to have access to an overdraft supporting its working capital requirements.

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

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

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

On 1 June 2021, Logicalis acquired Siticom, a German company that is a leading services and solutions provider in the software-defined networking and 5G market, through a new company, Logicalis Siticom GmbH. The transaction involved the acquisition of 100% of the issued share capital for a consideration of US$12.7 million followed by the immediate disposal of 29.6% of the issued share capital to two of the previous owners/managers for a consideration of US$5.4 million. There are two options for Logicalis to repurchase this non-controlling interest for an agreed amount of up to US$10.5 million over the next two years, whereafter Logicalis will own 100% of Siticom. Of this agreed amount, US$9.3 million is required to settle these options and has been placed in an escrow account that is not reflected as part of cash and cash equivalents, but included in other receivables. A potential maximum EUR1.0 million (approximately US$1.2 million) earn-out liability, subject to certain performance conditions, is included in the purchase price and payable in the financial year ending 29 February 2024. Due to these fixed priced options, Logicalis consolidated 100% of the results of Siticom for the period it was owned in H1 FY22, and will continue to do so in the future. The total purchase price of the Siticom acquisition (including the options and earn-out liability) is up to a maximum of EUR15.0 million (approximately US$17.9 million), of which US$10.5 million is accounted for as a liability at the acquisition date and included in acquisition-related liabilities.

Refer to page 41 for further information on the acquisitions made during the period.

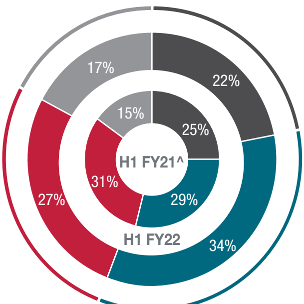
Divisional reviews

Logicalis

Logicalis revenue increased by 18.7% to US$822.9 million compared to US$693.1 million^ restated revenue for H1 FY21. In constant currency*** terms Logicalis revenue increased by 15.4%. Revenue increased across all regions in absolute terms except for Europe, which was marginally lower, taking into account contributions from the Áudea and Siticom acquisitions completed during H1 FY22. The lower profile in the Europe region is impacted by a significant customer transaction delivered in Germany during H1 FY21.

Revenue contribution by geography is shown below:

Logicalis revenue % contribution by geography



- North America
- Latin America
- Europe, Middle East and Africa
- Asia-Pacific

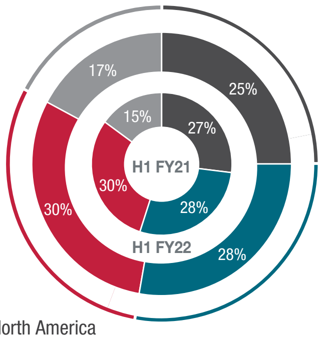
^ H1 FY21 restated.

Logicalis had a strong order intake during H1 FY21. Shipment delays as a result of global supply chain issues resulted in a significant increase in backlog, impacting Latin America, Europe, Middle East and Africa the most.

Logicalis' gross margin was 24.2% (H1 FY21: 25.5% restated). Underlying gross margin percentage remained solid with the headline decrease being caused by the higher mix of product delivered in H1 FY22. Gross profit was up 12.7% to US$199.3 million (H1 FY21: US$176.9 million).

Logicalis' gross profit contribution by geography is shown below:

Logicalis gross profit % contribution by geography



- North America
- Latin America
- Europe, Middle East and Africa
- Asia-Pacific

Operating costs increased to US$152.8 million (H1 FY21: US$133.9 million). The H1 FY22 growth in cost reflects a return to increased selling activity and incremental spend in areas such as marketing and training programmes following restrictive Covid-19 measures implemented during FY21. EBITDA was US$46.5 million (H1 FY21: US$43.0 million), with a corresponding EBITDA margin of 5.7% (H1 FY21: 6.2% restated). Operating profit was US$24.7 million (H1 FY21: US$23.1 million).

The net interest charge increased by US$0.9 million, reflecting the impact of base interest rate increases in Brazil.

The increase in net debt compared to H1 FY21 was driven primarily by increased volume of business, increasing working capital requirements and acquisitions made during the period.

US$'000	**Unaudited Six months to 31 August 2021**	Unaudited Six months to 31 August 2020	Audited Year ended 28 February 2021
Cash resources	**150.3**	198.4	154.4
Bank overdrafts	**(135.2)**	(144.3)	(126.5)
Short-term interest-bearing liabilities and short-term leases	**(88.4)**	(60.8)	(69.4)
Long-term interest-bearing liabilities and long-term leases	**(73.8)**	(83.0)	(81.9)
Net debt	**(147.1)**	(89.7)	(123.4)

Logicalis has a contingent liability in respect of a possible tax liability at its PromonLogicalis Latin America Limited ("PromonLogicalis") subsidiary in Brazil. In April 2011, a Brazilian state tax authority claimed that PromonLogicalis should have paid a higher rate of state tax on its equipment sales up to October 2010 than actually paid. PromonLogicalis management, supported by a legal opinion, strongly disagrees with the state tax authority's assessment and has formally appealed against it.

In addition, Logicalis has a contingent tax liability at its PT Packet Systems subsidiary in Indonesia. The tax authorities have raised withholding tax assessments, including penalties and surcharges in relation to purchases of vendor software and warranties which have been resold to customers. Assessments have been issued for calendar years 2015 and 2016 and the two months ended February 2018. Objections have been filed by the company in respect of these and year 2015 has progressed to the tax court which gave an adverse verdict. The company is appealing to the Supreme Court. Management, supported by a legal opinion, expects this decision to be reversed on appeal and therefore no provision has been made at 31 August 2021.

Logicalis continues to develop its capabilities within cloud, Internet of Things ("IoT"), software, security, data management and intelligent networks in support of its strategy to provide full lifecycle services around IT infrastructure solutions to its customers.

The future will likely involve hybrid workplaces of 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.

Creating greater operational resilience for Logicalis and its customers will be critical. Organisations may find themselves reassessing and reprioritising their business operations and technological needs, deeming the systems, processes and data insight they had in place pre-pandemic as no longer sufficient or relevant. Upskilling and training employees will also be key in addressing any digital skills gaps and building a more resilient workforce.

Logicalis remains confident about the long-term prospects for the industry and its positioning within it. Over the short term, emerging markets currencies and interest rates are expected to remain volatile. Logicalis continues to monitor the impact of the global semiconductor shortage on its business and customers.

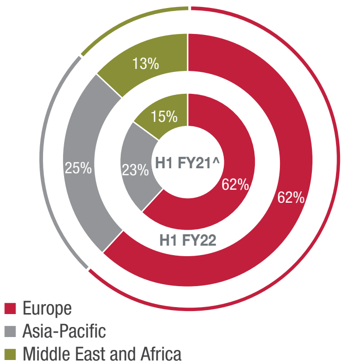
Westcon International

Westcon International revenue increased by 12.3% to US$1.4 billion (H1 FY21: US$1.2 billion^ restated revenue) due to strong demand for networked cloud computing, remote access solutions for mobile working and virtual office environments, unified collaboration and enhanced network security. In constant currency*** terms, revenue improved by 7.3%.

Westcon International's backlog also increased significantly as a result of the semiconductor shortage and supply chain constraints.

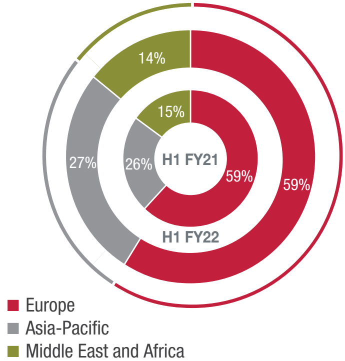
Westcon International's gross margins increased to 11.1% (H1 FY21: 10.8% restated) with higher margins in the Middle East and Africa ("MEA") and Asia-Pacific (Europe margin flat). Westcon International's gross profit increased by 15.8% to US$155.0 million (H1 FY21: US$133.9 million) with higher results across all regions.

Westcon International revenue % contribution by geography



^ *H1 FY21 restated.*

Westcon International gross profit % contribution by geography



Operating costs increased by 8.1% to US$124.0 million (H1 FY21: US$114.7 million) with higher costs across all regions, largely due to a weakened US Dollar and an increase in share-based payment charges. Central costs of US$13.5 million were incurred in H1 FY22 (H1 FY21: US$13.0 million).

EBITDA increased by 61.1% to US$31.0 million (H1 FY21: US$19.2 million) with favourable results in Europe (62% growth), MEA and Asia-Pacific. EBITDA margin increased to 2.2% (H1 FY21: 1.6% restated).

Net working capital days increased to 20 days (FY21: 18 days; H1 FY21: 17 days) as a reduction of inventory turns was partially offset by continued improvement in days sales outstanding ("DSO"). Net debt was US$141.4 million (FY21: US$19.0 million; H1 FY21: US$33.5 million) with the increase attributable to a combination of Datatec debt repayments and increased working capital requirements (primarily higher inventory due to increased customer demand).

Divisional reviews continued

US$'000	Unaudited Six months to 31 August 2021	Unaudited Six months to 31 August 2020	Audited Year ended 28 February 2021
Cash resources	**198.5**	146.2	243.1
Bank overdrafts	**(8.1)**	(124.0)	(4.9)
Short-term interest-bearing liabilities and short-term leases	**(302.9)**	(9.5)	(225.4)
Long-term interest-bearing liabilities and long-term leases	**(28.9)**	(46.2)	(31.8)
Net debt	**(141.4)**	(33.5)	(19.0)

Datatec Financial Services provides financing/leasing solutions for ICT customers. The business has been moved to Westcon International during FY22 in order to leverage the capabilities and scale of both businesses. The business recorded revenue of US$0.1 million in H1 FY22 (H1 FY21: US$0.3 million) and an EBITDA loss of US$0.7 million (H1 FY21: US$0.4 million loss). The H1 FY22 results are included in the Westcon International segment with the H1 FY21 results included in the "Corporate and Management Consulting" segment.

Westcon International has a contingent liability in respect of a possible withholding tax obligation at its subsidiary in the Kingdom of Saudi Arabia, Westcon Saudi Company LLC ("Westcon KSA"). This relates to payments Westcon KSA has made in relation to the purchase of vendor software and maintenance services which have been resold to customers during the six years ended 28 February 2021. Westcon KSA strongly disagrees with the tax authority's assessments issued on 22 June 2021 and is taking the necessary steps to contest these. In addition, a potential contingent asset also arises due to the fact that any withholding tax arising would potentially be recoverable from Westcon KSA's customers. The ongoing discussions with the KSA tax authorities are likely to continue well into the foreseeable future and given the discussions are still in very early stages, it is not practicable to estimate its financial effect.

Current conditions are driving demand for all technologies in the Westcon International portfolio. The multi-year investments in advanced systems and business automation have enabled the business to record double-digit revenue growth despite the product supply constraints.

The global semiconductor shortage continues to impact all technology participants across multiple verticals. Westcon International continues to monitor and mitigate the impact on availability and costs where possible.

Corporate and Management Consulting

The Management Consulting unit delivered an excellent performance in H1 FY22. Revenue increased by 37.1% to US$43.6 million (H1 FY21: US$31.8 million). Gross profit increased by 53.4% to US$20.1 million from US$13.1 million in H1 FY21. EBITDA increased by 24.6% to US$7.1 million (H1 FY21: US$5.7 million) and EBITDA margin decreased to 16.3% compared to 17.9% in H1 FY21.

Analysys Mason continues to focus on bringing together commercial and technical understanding to deliver bespoke consultancy on strategy, transaction support, transformation, regulation and policy, further strengthened by globally respected research. Although markets remain challenging and unpredictable in the short to medium term, management believes that the overall outlook is positive and Analysys Mason continues to enjoy a good level of repeat business with its existing customers while attracting new clients.

Datatec Financial Services, previously reported in the Corporate and Management Consulting segment has been moved to Westcon International during FY22 in order to leverage the capabilities and scale of both businesses.

Corporate includes the net operating costs of the Datatec head office entities which were US$9.1 million (H1 FY21: US$7.4 million). The increase is mainly as a result of increased share-based payment charges. Corporate costs include the remuneration of the Board and head office staff, consulting and audit fees. In H1 FY22, foreign exchange losses were US$0.5 million (H1 FY21: foreign exchange gains of US$0.6 million).

As at 31 August 2021, Datatec head office entities held cash of US$128.5 million of which US$6.9 million (including ZAR10.8 million held in ZAR) is held in South Africa and subject to the South African Reserve Bank regulations. These cash balances increased by US$54.3 million from 28 February 2021 mainly as a result of settlement of intercompany loans from subsidiaries net of dividends paid to shareholders of Datatec.

Subsequent events

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

Board changes

The following changes to the functions of directors were announced during H1 FY22:

- Johnson Njeke, independent non-executive director of the Company, was appointed to the Social and Ethics Committee with effect from 1 March 2021.
- Maya Makanjee, independent non-executive director of the Company, will become Chair of the Board in succession to Stephen Davidson on 1 March 2022.

Special cash dividend with scrip distribution alternative

Introduction

In accordance with the intention of the Board detailed above to return US$70 million to ordinary shareholders (the "Shareholders") from intercompany loans repaid by Westcon International to Datatec during H1 FY22, notice is hereby given that the Board has declared a special distribution by way of a special cash dividend of 512 ZAR cents per Datatec ordinary share ("Special Cash Dividend") payable to the Shareholders, which will be in proportion to your ordinary shareholding in Datatec at the close of business on the Record Date, being Friday, 26 November 2021.

Shareholders will be entitled, in respect of all or part of their shareholding, to elect to receive new, fully paid ordinary Datatec shares in proportion to their ordinary shareholding on the Record Date as an alternative to the Special Cash Dividend (the "Scrip Distribution"). The Special 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 Special Cash Dividend to all shareholders not exempt therefrom after deduction of which, the net Special Cash Dividend is 409.6 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, 15 November 2021 will be settled by way of a capitalisation of Datatec's distributable retained profits.

The Company's total number of issued ordinary shares as at 28 October 2021 is 203 178 104. Datatec's income tax reference number is 9999/493/71/2.

Terms of the Special Cash Dividend and Scrip Distribution

The Shareholders will be entitled to receive the Special Cash Dividend of 512 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, 26 November 2021, in proportion to their ordinary shareholding in Datatec and to the extent that such Shareholders have not elected to receive the Scrip Distribution alternative in respect of all or a part of their shareholding.

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

The number of Scrip Distribution shares to which each of the Shareholders will become entitled pursuant to the Scrip Distribution (subject to their election thereto) will be determined by reference to such Shareholder's ordinary shareholding in Datatec (at the close of business on the Record Date, being Friday, 26 November 2021) in relation to the ratio that 512 ZAR cents bears to the VWAP of a Datatec ordinary share traded on the JSE during the 30-day trading period ending on Monday, 15 November 2021, provided that, where the application of this ratio gives rise to a fraction of an ordinary share, the rounding principles will be applied. Where a Shareholder's entitlement to new Datatec ordinary shares calculated in accordance with the above formula gives rise to a fraction of a new ordinary share, such fraction of a new ordinary share will be rounded down to the nearest whole number, resulting in allocations of whole ordinary shares and a cash payment for the fraction. The applicable cash payment will be determined with reference to the VWAP of an ordinary Datatec share traded on the JSE on Wednesday, 24 November 2021, (being the day on which Datatec ordinary shares begin trading 'ex' the entitlement to receive the Special Cash Dividend or the Scrip Distribution alternative), discounted by 10%.

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

Circular and salient dates

A circular providing Shareholders with full information on the Special Cash Dividend or Scrip Distribution alternative, including a Form of Election to elect to receive the Scrip Distribution alternative will be distributed to Shareholders on or about Wednesday, 3 November 2021. The salient dates of events thereafter are as follows:

EVENT	2021
Interim financial results of Datatec for the six-month period ended 31 August 2021 and declaration of Special Cash Dividend with Scrip Distribution alternative announced on SENS on	Thursday, 28 October
Interim financial results of Datatec for the six-month period ended 31 August 2021 and declaration of Special Cash Dividend with Scrip Distribution alternative published in the South African press on	Friday, 29 October
Distribution of Circular announced on SENS on	Wednesday, 3 November
Circular and Form of Election distributed on	Wednesday, 3 November
Distribution of Circular announcement published in the South African press on	Thursday, 4 November
Announcement released on SENS in respect of the ratio applicable to the Scrip Distribution alternative, based on the 30-day VWAP ending on Monday, 15 November 2021, by 11:00 on	Tuesday, 16 November
Announcement published in the South African press of the ratio applicable to the Scrip Distribution alternative, based on the 30-day VWAP ending on Monday, 15 November 2021 on	Wednesday, 17 November
Last day to trade in order to be eligible for the Special Cash Dividend and the Scrip Distribution alternative	Tuesday, 23 November
Shares trade "ex" the Special Cash Dividend and the Scrip Distribution alternative on	Wednesday, 24 November
Listing and trading of maximum possible number of Datatec ordinary shares on the JSE in terms of the Scrip Distribution alternative from the commencement of business on	Wednesday, 24 November
Announcement released on SENS in respect of the cash payment applicable to fractional entitlements, based on the VWAP of a Datatec ordinary share traded on the JSE on Wednesday, 24 November 2021, discounted by 10%, by 11:00 on	Thursday, 25 November
Last day to elect to receive the Scrip Distribution alternative instead of the Special Cash Dividend, Forms of Election to reach the transfer secretaries, Computershare Investor Services Proprietary Limited, by 12:00 on	Friday, 26 November
Record Date in respect of the Special Cash Dividend and the Scrip Distribution alternative	Friday, 26 November
Special Cash Dividend payments made, and CSDP/broker accounts credited/updated with Scrip Distribution shares on	Monday, 29 November
Announcement relating to the results of the Special Cash Dividend and the Scrip Distribution alternative released on SENS on	Monday, 29 November
Announcement relating to the results of the Special Cash Dividend and the Scrip Distribution alternative published in the South African press on	Tuesday, 30 November
JSE listing of Shares in respect of the Scrip Distribution alternative adjusted to reflect the actual number of Datatec ordinary shares issued in terms of the Scrip Distribution alternative at the commencement of business on or about	Tuesday, 30 November

Special cash dividend with 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, 24 November 2021 and Friday, 26 November 2021, both days inclusive. If Datatec maintains a certificated register, then the register will be closed from Wednesday, 24 November 2021 to Friday, 26 November 2021, both days inclusive.

Payment of the Special Cash Dividend and the Scrip Distribution alternative has been approved by the Financial Surveillance Department of the South African Reserve Bank.

Disclaimer

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

The Group has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements and there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. It is important to note, that:

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

On behalf of the Board

SJ Davidson
Chair

JP Montanana
Chief Executive Officer

IP Dittrich
Chief Financial Officer

28 October 2021

Directors

SJ Davidson# (Chair), JP Montanana# (CEO), IP Dittrich (CFO), M Makanjee, JF McCartney°, CRK Medlock#, MJN Njeke, E Singh-Bushell°

° *American* #*British*

* *Excluding impairments of goodwill and intangible assets, profit or loss on sale of investments and assets, amortisation of acquired intangible assets, unrealised foreign exchange movements, acquisition-related adjustments, fair value movements on acquisition-related financial instruments, restructuring costs relating to fundamental reorganisations and the taxation effect on all of the aforementioned.*

** *Adjusted EBITDA excludes restructuring costs.*

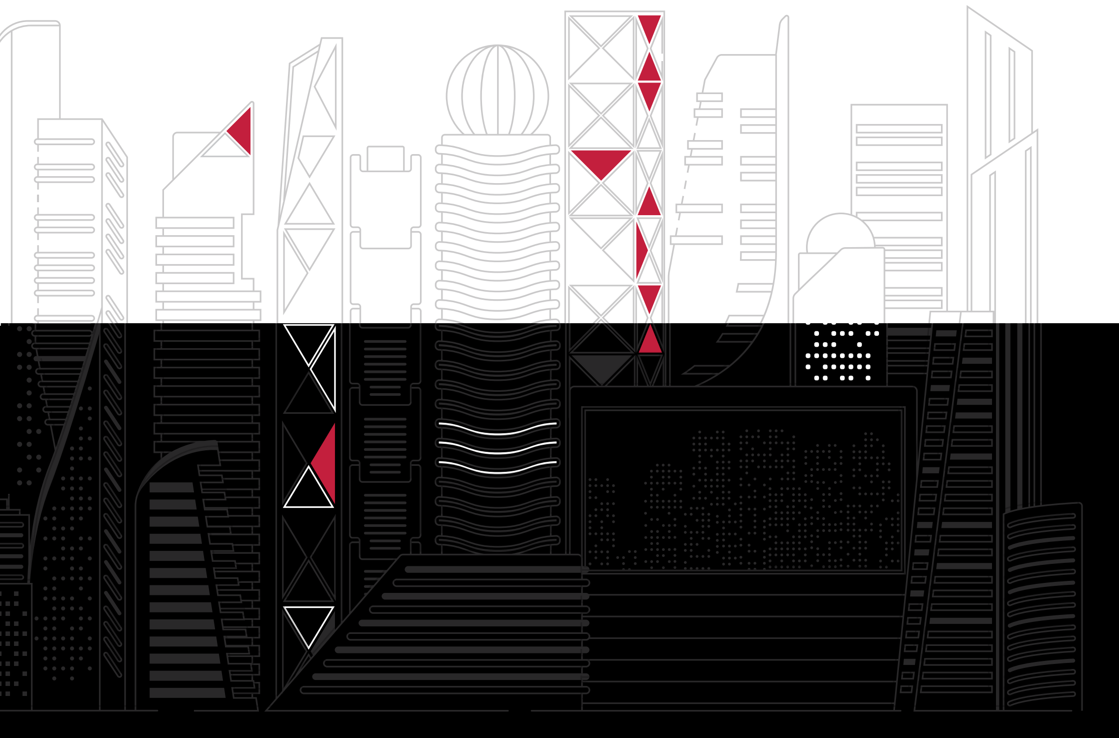
*** *The pro forma constant currency and adjusted EBITDA information, which is the responsibility of the Datatec directors, presents the Group's revenue for the current reporting period had it been translated at the average foreign currency exchange rates of the prior reporting period as well as EBITDA had restructuring costs not been incurred. This information is for illustrative purposes only and because of its nature, may not fairly present the Group's results. 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 46 for more information on the calculation of constant currency information.*

DATATEC

Driving Technology

CONDENSED UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS for the six months ended 31 August 2021

Contents



Basis of preparation

The interim report is prepared in accordance with and containing the information required by IAS 34 *Interim Financial Reporting*, as well as the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council. This interim report complies with the Companies Act 71 of 2008 of South Africa and the JSE Limited's Listings Requirements.

The preparation of this interim report for H1 FY22 was supervised by the Chief Financial Officer, Mr Ivan Dittrich, CA (SA).

Accounting policies

The accounting policies applied in the preparation of these interim financial statements are in terms of International Financial Reporting Standards ("IFRS") and are consistent with those accounting policies applied in the preparation of the previous consolidated annual financial statements.

New standards effective for annual periods beginning on or after 1 January 2021

A number of amendments to accounting pronouncements are effective from 1 January 2021, but they do not have a material effect on the Group's interim financial statements.

- Covid-19-related Rent Concessions Amendments (Amendments to IFRS 16 – effective for annual reporting periods beginning on or after 1 June 2020)
- Interest Rate Benchmark Reform ("IBOR") – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) - effective date 1 January 2021. Management is in the process of assessing the impact on the Group's financial results. The Group's facilities have various linked rates including LIBOR, EIBOR, EURIBOR and IDR and the facilities have various maturity dates. The facilities in the Group have not yet transitioned to alternative benchmark rates. Management is still in the process of negotiating new reference rates on the IBOR-linked borrowings with bank syndicates. At present, no material impact is anticipated on the Group's financial results when the transition to alternative benchmark rates take place.

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

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)
- Annual Improvements to IFRS 2018 – 2020 – IFRS 9 *Financial Instruments* and IFRS 16 *Leases*
- Reference to the Conceptual Framework (Amendments to IFRS 3 *Business Combinations*)
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
- Proceeds before intended use – (Amendments to IAS 16)
- Covid-19-related Rent Concessions Amendments (additional Amendments to IFRS)
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)
- Narrow scope amendments to IAS 1 *Presentation of Financial Statements*, Practice statement 2 and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*.

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

Basis of preparation continued

Critical accounting judgments and key sources of estimation uncertainty

The results of the Group have many areas where key assumptions concerning the future, and other key areas of estimation could have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the financial 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 probability of future taxable income justifying the recognition of deferred tax assets;
- estimates made in determining the fair value of share-based payment expenses arising from various share incentive schemes in the Group;
- estimates made in determining the level of provision required for obsolete inventory and the accounting for rebates from suppliers;
- estimates made in determining the amount or timing relating to restructuring, legal claims, taxes, pension and dilapidation obligations;
- estimates made when measuring expected credit losses; and
- judgements and estimates in determining if revenue should be net or gross accounted.

Going concern

The Board has 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 Board has 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.

Condensed consolidated statement of comprehensive income

for the six months to 31 August 2021

US$'000	Unaudited Six months to 31 August 2021	Unaudited Restated^ Six months to 31 August 2020	Audited Year ended 28 February 2021
Revenue*	**2 257 019**	1 962 914	4 109 463
Cost of sales	**(1 882 604)**	(1 638 672)	(3 418 926)
Gross profit	**374 415**	324 242	690 537
Operating costs	**(288 924)**	(251 569)	(532 645)
Net impairment of financial assets	**(1 118)**	(1 969)	(5 389)
Restructuring costs	**–**	(5 948)	(22 378)
Share-based payments	**(9 405)**	(4 036)	(11 493)
Operating profit before interest, tax, depreciation and amortisation ("EBITDA")	**74 968**	60 720	118 632
Depreciation of property, plant and equipment	**(9 198)**	(9 361)	(19 040)
Depreciation of right-of-use assets	**(16 945)**	(15 899)	(33 537)
Amortisation of capitalised development expenditure	**(3 572)**	(2 331)	(5 471)
Amortisation of acquired intangible assets and software	**(6 189)**	(5 134)	(10 611)
Operating profit	**39 064**	27 995	49 973
Interest income	**1 861**	1 177	1 895
Finance costs	**(16 032)**	(14 602)	(27 587)
Share of equity-accounted investment earnings	**504**	461	908
Acquisition-related fair value adjustments	**–**	69	–
Other income	**(4)**	284	55
Profit before taxation	**25 393**	15 384	25 244
Taxation	**(8 633)**	(9 969)	(19 540)
Profit for the period	**16 760**	5 415	5 704
OTHER COMPREHENSIVE INCOME/(LOSS)			
Items that may be reclassified subsequently to profit and loss	**3 833**	(11 615)	(6 981)
Exchange differences arising on translation to presentation currency	**4 135**	(11 902)	(6 395)
Translation of equity loans net of tax effect	**(368)**	665	(355)
Transfers and other items	**66**	(378)	(231)
Total comprehensive income/(loss) for the period	**20 593**	(6 200)	(1 277)
Profit attributable to:			
Owners of the parent	**12 508**	3 147	2 601
Non-controlling interests	**4 252**	2 268	3 103
	16 760	5 415	5 704
Total comprehensive income/(loss) attributable to:			
Owners of the parent	**13 433**	3 297	7 840
Non-controlling interests	**7 160**	(9 497)	(9 117)
	20 593	(6 200)	(1 277)
EARNINGS PER SHARE ("EPS") (US CENTS)			
Basic	**6.3**	1.6	1.3
Diluted basic	**6.1**	1.6	1.3

** There has been a change in presentation from the prior year. Revenue from continuing operations and revenue from acquisitions have been combined. Included in revenue is US$8.4 million of revenue (H1 FY21: US$5.1 million; FY21: US$16.4 million) from acquisitions in the current year from the date of control.*

^ Refer to the summarised segmental analysis.

Condensed consolidated statement of financial position

as at 31 August 2021

US$'000	Unaudited Six months to 31 August 2021	Unaudited Six months to 31 August 2020	Audited Year ended 28 February 2021
ASSETS			
Non-current assets	**555 313**	531 879	554 690
Goodwill	**266 391**	243 866	255 536
Property, plant and equipment	**35 832**	43 213	39 987
Right-of-use assets	**86 118**	98 810	94 837
Capitalised development expenditure	**25 748**	20 582	25 040
Acquired intangible assets and software	**33 871**	32 708	33 910
Investments	**14 661**	12 642	13 086
Deferred tax assets	**60 553**	45 411	55 837
Finance lease receivables	**23 766**	26 143	28 448
Other non-current assets and contract costs	**8 373**	8 504	8 009
Current assets	**2 434 723**	2 175 585	2 242 568
Investments	**–**	882	–
Inventories	**353 326**	269 079	242 005
Trade receivables	**1 125 488**	1 076 082	1 108 105
Prepaid expenses and other receivables	**231 662**	258 093	217 974
Contract assets and contract costs	**194 705**	136 962	154 289
Current tax assets	**26 511**	17 171	20 769
Finance lease receivables	**10 283**	10 631	10 794
Cash resources	**492 748**	406 685	488 632
Total assets	**2 990 036**	2 707 464	2 797 258

US$'000	Unaudited Six months to 31 August 2021	Unaudited Six months to 31 August 2020	Audited Year ended 28 February 2021
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent	**582 133**	572 646	583 156
Stated capital	**121 008**	104 671	115 410
Non-distributable reserves	**97 818**	108 443	101 271
Foreign currency translation reserve	**(128 574)**	(134 274)	(129 332)
Share-based payment reserve	**7 588**	6 765	10 114
Distributable reserves	**484 293**	487 041	485 693
Non-controlling interests	**65 029**	60 060	57 465
Total equity	**647 162**	632 706	640 621
Non-current liabilities	**168 754**	204 427	176 624
Long-term interest-bearing liabilities	**40 186**	29 861	42 371
Lease liabilities	**68 352**	107 135	77 847
Liability for share-based payments	**4 248**	1 984	7 812
Acquisition-related liabilities^Δ	**4 163**	890	40
Deferred tax liabilities	**26 969**	23 724	26 149
Deferred revenue	**14 505**	31 324	10 942
Provisions	**10 331**	9 509	11 463
Current liabilities	**2 174 120**	1 870 331	1 980 013
Trade and other payables	**1 465 775**	1 396 255	1 385 208
Short-term interest-bearing liabilities	**359 070**	30 207	261 460
Lease liabilities	**34 344**	41 595	36 398
Deferred revenue	**136 301**	101 245	132 244
Provisions	**8 805**	10 587	14 110
Acquisition-related liabilities^Δ	**7 168**	1 547	2 580
Current tax liabilities	**19 348**	17 849	16 596
Bank overdrafts	**143 309**	271 046	131 417
Total equity and liabilities	**2 990 036**	2 707 464	2 797 258

^Δ *Acquisition-related liabilities were previously named amounts owing to vendors.*

Condensed consolidated statement of changes in total equity

for the six months to 31 August 2021

US$'000	Unaudited Six months to 31 August 2021	Unaudited Six months to 31 August 2020	Audited Year ended 28 February 2021
Balance at the beginning of the period	**640 621**	643 093	643 093
TRANSACTIONS WITH EQUITY HOLDERS OF THE PARENT			
Comprehensive income	**13 433**	3 297	7 840
Dividend – out of distributable reserves	**(13 974)**	–	–
Dividend – scrip	**3 504**	–	–
Deferred bonus plan shares	**(1 359)**	–	(797)
Share-based payments	**–**	(3 055)	(721)
Charge for equity-settled share-based payments	**(2 627)**	–	4 306
Net movement in non-controlling interests	**–**	89	213
TRANSACTIONS WITH NON-CONTROLLING INTERESTS			
Comprehensive income/(loss)	**7 160**	(9 497)	(9 117)
Acquisitions of subsidiaries	**404**	(51)	1 623
Net movement in non-controlling interests	**–**	(1 170)	(914)
Dividend to non-controlling interests	**–**	–	(4 905)
Balance at the end of the period	**647 162**	632 706	640 621

Condensed consolidated statement of cash flows

for the six months to 31 August 2021

US$'000	Unaudited Six months to 31 August 2021	Unaudited Restated[#] Six months to 31 August 2020	Audited Year ended 28 February 2021
Profit before taxation	**25 393**	15 384	25 244
Non-cash items	**62 035**	43 315	129 244
Operating profit before working capital changes	**87 428**	58 699	154 488
Working capital changes	**(91 443)**	79 126	78 154
(Increase)/decrease in inventories	**(110 550)**	(21 641)	13 324
(Increase)/decrease in receivables	**(23 680)**	(8 805)	15 314
Increase in payables	**70 080**	140 841	88 373
Increase in contract assets and contract costs	**(35 324)**	(32 399)	(50 526)
Increase in deferred revenue	**8 031**	1 130	11 669
Other non-current assets	**(564)**	(3 623)	1 709
Cash (utilised in)/generated from operations	**(4 579)**	134 202	234 351
Net finance costs paid[+]	**(14 171)**	(12 602)	(25 745)
Taxation paid	**(17 037)**	(12 941)	(36 597)
Net cash (outflow)/inflow from operating activities	**(35 787)**	108 659	172 009
Net cash outflow for acquisitions	**(6 610)**	(6 896)	(5 536)
Investment in restricted cash related to Siticom acquisition	**(9 228)**	–	–
Disposal of investments (Angola government bonds)	**–**	4 961	5 842
Additions to equity-accounted investments	**(1 105)**	(1 202)	(1 202)
Additions to property, plant and equipment	**(4 765)**	(8 894)	(17 817)
Additions to capitalised development expenditure	**(4 234)**	(3 103)	(10 945)
Additions to software	**(1 222)**	(1 334)	(6 383)
Proceeds on disposal of property, plant and equipment	**258**	82	1 842
Net cash outflow from investing activities	**(26 906)**	(16 386)	(34 199)
Dividend paid to shareholders	**(10 470)**	–	–
Increase in non-controlling interests	**–**	–	370
Treasury shares purchased to settle equity-settled share-based payments	**(5 545)**	(2 810)	(2 808)
Dividends paid to non-controlling interests	**–**	–	(4 905)
Settlement of acquisition-related liabilities	**(1 666)**	(2 805)	(3 130)
Overdrafts repayable on demand under certain conditions	**9 680**	7 766	(109 667)
Repayment of lease liabilities - principal	**(16 959)**	(15 231)	(56 549)
Proceeds from short-term liabilities	**95 528**	5 257	218 210
Repayment of short-term liabilities	**(21 876)**	(50 026)	(49 992)
Proceeds from long-term liabilities	**39 649**	21 761	50 832
Repayment of long-term liabilities	**(23 509)**	(49)	(27 416)
Net cash inflow/(outflow) from financing activities	**64 832**	(36 137)	14 945
Net increase in cash and cash equivalents	**2 139**	56 136	152 755
Cash and cash equivalents at the beginning of the period	**478 772**	332 304	332 304
Translation differences on cash and cash equivalents	**1 274**	(819)	(6 287)
Cash and cash equivalents at the end of the period (refer to note 9)	**482 185**	387 621	478 772

[+] *Finance costs include US$3.4 million (H1 FY21: US$2.5 million; FY21: US$4.9 million) of finance costs related to finance leases that are included in cash flows from operating activities.*

[#] *The Group restated its statement of cash flows for H1 FY21 to exclude certain bank overdrafts from cash and cash equivalents. Bank overdrafts that are repayable on demand under certain circumstances, but not unconditionally repayable on demand, have now been excluded from cash and cash equivalents, and cash flows associated with these bank overdrafts are now shown as cash flows from financing activities. The restatement relates to banking arrangements that form an integral part of the Group's cash management.*

1. Determination of headline and underlying* earnings

for the six months to 31 August 2021

US$'000	Unaudited Six months to 31 August 2021	Unaudited Six months to 31 August 2020	Audited Year ended 28 February 2021
DETERMINATION OF HEADLINE EARNINGS			
Reconciliation of attributable profit to headline earnings			
Profit attributable to the equity holders of the parent	**12 508**	3 147	2 601
Headline earnings adjustments	**61**	21	955
Impairment of right-of-use assets	**–**	–	155
Loss on disposal of property, plant and equipment, right-of-use assets and intangible assets	**74**	46	912
Tax effect	**(7)**	(25)	(72)
Non-controlling interests	**(6)**	–	(40)
Headline earnings	**12 569**	3 168	3 556
DETERMINATION OF UNDERLYING* EARNINGS			
Reconciliation of headline earnings to underlying* earnings			
Headline earnings	**12 569**	3 168	3 556
Underlying* earnings adjustments	**3 907**	4 545	23 383
Unrealised foreign exchange losses/(gains)	**2 127**	(4 110)	283
Acquisition-related fair value adjustments	**–**	(69)	–
Restructuring costs	**–**	5 948	22 378
Amortisation of acquired intangible assets	**4 669**	4 291	8 635
Tax effect	**(1 988)**	(1 467)	(5 843)
Non-controlling interests	**(901)**	(48)	(2 070)
Underlying* earnings	**16 476**	7 713	26 939

* *Underlying earnings exclude impairments of goodwill and intangible assets, profit or loss on sale of investments and assets, amortisation of acquired intangible assets, unrealised foreign exchange movements, acquisition-related adjustments, fair value movements on acquisition-related financial instruments, restructuring costs relating to fundamental reorganisations and the taxation effect on all of the aforementioned.*

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

2. Salient financial features

for the six months to 31 August 2021

US$'000	Unaudited Six months to 31 August 2021	Unaudited Six months to 31 August 2020	Audited Year ended 28 February 2021
HEADLINE AND UNDERLYING* EARNINGS			
HEADLINE EARNINGS	**12 569**	3 168	3 556
Headline earnings per share (US cents)			
Headline	**6.3**	1.6	1.8
Diluted headline	**6.2**	1.6	1.7
UNDERLYING* EARNINGS	**16 476**	7 713	26 939
Underlying* earnings per share (US cents)			
Underlying*	**8.3**	3.9	13.6
Diluted underlying*	**8.1**	3.9	13.2
Net asset value			
Net asset value per share (US cents)	**290.5**	287.9	293.2
Key ratios			
Gross margin (%)	**16.6**	16.5[@]	16.8
EBITDA margin (%)	**3.3**	3.1[@]	2.9
Effective tax rate (%)	**34.0**	64.8	77.4
Exchange rates			
Average Rand/US$ exchange rate	**14.5**	17.4	16.5
Closing Rand/US$ exchange rate	**14.7**	16.6	15.1
Number of shares issued (millions)			
Issued	**203**	201	201
Issued (excluding treasury shares and shares held by participants under deferred bonus plan)	**200**	199	199
Weighted average	**199**	199	199
Diluted weighted average	**204**	199	204

[@] *Restated.*

* *Underlying earnings exclude impairments of goodwill and intangible assets, profit or loss on sale of investments and assets, amortisation of acquired intangible assets, unrealised foreign exchange movements, acquisition-related adjustments, fair value movements on acquisition-related financial instruments, restructuring costs relating to fundamental reorganisations and the taxation effect on all of the aforementioned.*

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

3. Goodwill reconciliation

as at 31 August 2021

US$'000	Unaudited Six months to 31 August 2021	Unaudited Six months to 31 August 2020	Audited Year ended 28 February 2021
Net book value	**266 391**	243 866	255 536
At the beginning of the period	**255 536**	241 369	241 369
Arising on acquisition of subsidiaries	**13 014**	802	9 495
Translation and other movements	**(2 159)**	1 695	4 672
Balance at the end of the period	**266 391**	243 866	255 536
Goodwill at cost	**266 391**	243 866	255 536
Per cash-generating unit:	**266 391**	243 866	255 536
Logicalis	**242 096**	224 258	230 838
Management Consulting	**24 295**	19 608	24 698

4. Capital expenditure and commitments

as at 31 August 2021

US$'000	Unaudited Six months to 31 August 2021	Unaudited Six months to 31 August 2020	Audited Year ended 28 February 2021
Capital expenditure incurred in the current period (including capitalised development expenditure)	**10 221**	13 332	35 145
Capital commitments at the end of the period	**26 506**	23 147	36 363

5. Financial instruments

as at 31 August 2021

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

Level 1 – inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 – inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 – inputs are inputs for the asset or liability that are not based on observable market data (unobservable inputs).

In estimating the fair value of an asset or liability, the Group uses market-observable data to the extent it is available. Where level 1 inputs are not available, the Group engages qualified third-party valuers to perform the valuation.

5. Financial instruments continued

as at 31 August 2021

US$'000	Level	Unaudited Six months to 31 August 2021	Unaudited Six months to 31 August 2020	Audited Year ended 28 February 2021
FINANCIAL ASSETS				
Financial assets at amortised cost				
Gross trade accounts receivable		**1 152 224**	1 105 720	1 135 017
Less: Expected credit loss allowances		**(26 736)**	(29 638)	(26 912)
Bonds		**7 276**	8 157	7 276
Loans granted to third parties and other long-term assets due		**8 342**	8 468	7 976
Finance lease receivables		**34 049**	36 774	39 242
Sundry receivables		**41 062**	43 926	45 467
Cash resources		**492 748**	406 685	488 632
Financial assets at fair value through profit or loss				
Derivative financial assets	2	**1 805**	584	4 378
		1 710 770	1 580 676	1 701 076
FINANCIAL LIABILITIES				
Financial liabilities at amortised cost				
Trade payables		**1 099 659**	1 018 623	993 067
Other payables and other financial liabilities		**206 080**	208 585	224 396
Long-term interest-bearing liabilities*		**97 853**	55 132	76 682
Lease liabilities*		**102 696**	148 730	114 245
Short-term interest-bearing liabilities		**301 403**	4 936	227 149
Acquisition-related liabilities	3	**9 248**	–	–
Bank overdrafts		**143 309**	271 046	131 417
Financial liabilities at fair value through profit or loss				
Acquisition-related liabilities	3	**2 083**	2 437	2 620
Derivative financial liabilities	2	**1 159**	7 514	1 046
		1 963 490	1 717 003	1 770 622

* *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 31 August 2021

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

As at 31 August 2021, there is one customer in Latin America, with a gross value of US$71.5 million which represents more than 5% of the total balance of trade receivables (H1 FY21: no customers; FY21: one customer with a gross value of US$56.4 million).

Covid-19 has had a minimal impact on trade receivables. Collections from customers during H1 FY22 have remained in line with historic norms. As intermediaries in the supply chain, both Logicalis and Westcon International are working with vendors to provide support to their supply chains during the pandemic. Management has concluded that the likelihood of material expected credit losses is low.

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

Days past due

	Unaudited Six months to 31 August 2021					
US$'000	North America	Latin America	Europe	Asia-Pacific	MEA	Total
DATATEC GROUP TOTAL						
Current	53 126	137 515	495 063	170 379	69 673	925 756
1 – 30 days past due	13 477	6 195	53 496	24 385	13 019	110 572
31 – 60 days past due	4 026	4 361	9 951	6 366	9 439	34 143
61 – 90 days past due	4 486	664	6 505	4 122	3 416	19 193
91 – 120 days past due	992	613	5 671	1 805	3 132	12 213
Over 120 days past due	2 267	3 217	11 626	7 773	25 464	50 347
Gross trade receivables	78 374	152 565	582 312	214 830	124 143	1 152 224
Expected credit loss allowance	(69)	(514)	(8 704)	(3 613)	(13 836)	(26 736)
Net trade receivables	78 305	152 051	573 608	211 217	110 307	1 125 488
WESTCON INTERNATIONAL~						
Current	–	–	430 565	141 128	65 874	637 567
1 – 30 days past due	–	–	31 981	16 197	11 900	60 078
31 – 60 days past due	–	–	7 729	4 043	9 030	20 802
61 – 90 days past due	–	–	5 338	2 819	3 402	11 559
91 – 120 days past due	–	–	5 157	846	3 123	9 126
Over 120 days past due	–	–	10 770	2 739	24 473	37 982
Gross trade receivables	–	–	491 540	167 772	117 802	777 114
Expected credit loss allowance	–	–	(7 454)	(1 198)	(13 388)	(22 040)
Net trade receivables	–	–	484 086	166 574	104 414	755 074

Days past due continued

US$'000	Unaudited Six months to 31 August 2021 North America	Latin America	Europe	Asia-Pacific	MEA	Total
LOGICALIS						
Current	52 107	137 515	59 873	28 476	2 580	280 551
1 – 30 days past due	13 369	6 195	20 456	7 937	687	48 644
31 – 60 days past due	3 893	4 361	2 102	2 323	224	12 903
61 – 90 days past due	4 486	664	890	1 303	11	7 354
91 – 120 days past due	992	613	450	959	9	3 023
Over 120 days past due	2 236	3 217	761	4 875	84	11 173
Gross trade receivables	77 083	152 565	84 532	45 873	3 595	363 648
Expected credit loss allowance	(38)	(514)	(1 172)	(2 256)	(56)	(4 036)
Net trade receivables	77 045	152 051	83 360	43 617	3 539	359 612
CORPORATE AND MANAGEMENT CONSULTING~						
Current	1 019	–	4 625	775	1 219	7 638
1 – 30 days past due	108	–	1 059	251	432	1 850
31 – 60 days past due	133	–	120	–	185	438
61 – 90 days past due	–	–	277	–	3	280
91 – 120 days past due	–	–	64	–	–	64
Over 120 days past due	31	–	95	159	907	1 192
Gross trade receivables	1 291	–	6 240	1 185	2 746	11 462
Expected credit loss allowance	(31)	–	(78)	(159)	(392)	(660)
Net trade receivables	1 260	–	6 162	1 026	2 354	10 802

~ *Datatec Financial Services has been included in the Westcon International segment in August 2021 and in the Corporate segment in August 2020 and February 2021.*

The past due receivables ageing categories above are shown gross, before taking into account expected credit loss allowances. US$23.7 million expected credit losses have been allocated to the US$62.6 million over 90 days past due receivables, resulting in a net over 90 days past due receivables balance of US$38.9 million. Where there are no expected credit loss allowances, the balances are deemed to be recoverable and there are either payment plans in place with the relevant customers or discussions with the customers are ongoing to resolve the payment of the outstanding balances.

Days past due continued

US$'000	North America	Latin America	Europe	Asia-Pacific	MEA	Total
	Unaudited Six months to 31 August 2020					
DATATEC GROUP TOTAL						
Current	64 619	87 884	545 807	115 933	54 630	868 873
1 – 30 days past due	19 739	3 549	41 615	37 360	14 165	116 428
31 – 60 days past due	2 991	959	14 507	12 744	9 706	40 907
61 – 90 days past due	1 302	2 165	4 271	3 766	2 170	13 674
91 – 120 days past due	686	769	2 938	1 351	3 307	9 051
Over 120 days past due	936	2 368	13 471	10 666	29 346	56 787
Gross trade receivables	90 273	97 694	622 609	181 820	113 324	1 105 720
Expected credit loss allowance	(182)	(974)	(9 721)	(4 997)	(13 764)	(29 638)
Net trade receivables	90 091	96 720	612 888	176 823	99 560	1 076 082
WESTCON INTERNATIONAL~						
Current	4 429	–	439 608	87 726	52 857	584 620
1 – 30 days past due	–	–	30 286	30 784	13 332	74 402
31 – 60 days past due	–	–	10 537	7 775	9 500	27 812
61 – 90 days past due	–	–	3 423	1 320	2 131	6 874
91 – 120 days past due	–	–	2 410	511	2 506	5 427
Over 120 days past due	–	–	6 661	6 560	28 820	42 041
Gross trade receivables	4 429	–	492 925	134 676	109 146	741 176
Expected credit loss allowance	–	–	(5 881)	(3 088)	(13 443)	(22 412)
Net trade receivables	4 429	–	487 044	131 588	95 703	718 764

Days past due continued

US$'000	North America	Latin America	Europe	Asia-Pacific	MEA	Total
	Unaudited Six months to 31 August 2020					
LOGICALIS						
Current	59 501	87 415	101 991	27 330	603	276 840
1 – 30 days past due	19 523	3 549	10 017	6 462	191	39 742
31 – 60 days past due	2 940	959	3 820	4 869	51	12 639
61 – 90 days past due	1 302	2 165	848	2 305	39	6 659
91 – 120 days past due	686	769	519	838	13	2 825
Over 120 days past due	936	2 368	6 640	4 103	60	14 107
Gross trade receivables	84 888	97 225	123 835	45 907	957	352 812
Expected credit loss allowance	(182)	(974)	(3 761)	(1 909)	(35)	(6 861)
Net trade receivables	84 706	96 251	120 074	43 998	922	345 951
CORPORATE AND MANAGEMENT CONSULTING~						
Current	689	469	4 208	877	1 170	7 413
1 – 30 days past due	216	–	1 312	114	642	2 284
31 – 60 days past due	51	–	150	100	155	456
61 – 90 days past due	–	–	–	141	–	141
91 – 120 days past due	–	–	9	2	788	799
Over 120 days past due	–	–	170	3	466	639
Gross trade receivables	956	469	5 849	1 237	3 221	11 732
Expected credit loss allowance	–	–	(79)	–	(286)	(365)
Net trade receivables	956	469	5 770	1 237	2 935	11 367

~ *Datatec Financial Services has been included in the Westcon International segment in August 2021 and in the Corporate segment in August 2020 and February 2021.*

6. Additional risk disclosures continued

as at 31 August 2021

Days past due continued

US$'000	North America	Latin America	Europe	Asia-Pacific	MEA	Total
	Audited Year ended 28 February 2021					
DATATEC GROUP TOTAL						
Current	53 766	115 771	563 157	137 742	99 730	970 166
1 – 30 days past due	9 060	3 675	26 259	23 364	10 705	73 063
31 – 60 days past due	2 766	3 592	9 644	9 036	6 337	31 375
61 – 90 days past due	743	1 095	4 135	4 449	1 286	11 708
91 – 120 days past due	530	193	2 606	1 795	2 035	7 159
Over 120 days past due	1 863	1 782	7 170	7 618	23 113	41 546
Gross trade receivables	68 728	126 108	612 971	184 004	143 206	1 135 017
Expected credit loss allowance	(158)	(489)	(9 024)	(3 707)	(13 534)	(26 912)
Net trade receivables	68 570	125 619	603 947	180 297	129 672	1 108 105
WESTCON INTERNATIONAL~						
Current	–	–	467 407	107 163	97 844	672 414
1 – 30 days past due	–	–	13 153	15 829	9 883	38 865
31 – 60 days past due	–	–	7 203	5 821	6 059	19 083
61 – 90 days past due	–	–	3 391	1 036	1 241	5 668
91 – 120 days past due	–	–	2 203	538	2 009	4 750
Over 120 days past due	–	–	6 418	3 297	22 546	32 261
Gross trade receivables	–	–	499 775	133 684	139 582	773 041
Expected credit loss allowance	–	–	(7 738)	(1 373)	(13 091)	(22 202)
Net trade receivables	–	–	492 037	132 311	126 491	750 839
LOGICALIS						
Current	52 588	115 694	89 616	30 025	778	288 701
1 – 30 days past due	8 755	3 675	11 530	7 390	473	31 823
31 – 60 days past due	2 766	3 487	2 157	3 072	81	11 563
61 – 90 days past due	742	1 095	335	3 054	18	5 244
91 – 120 days past due	530	193	403	1 167	15	2 308
Over 120 days past due	1 832	1 782	655	4 227	63	8 559
Gross trade receivables	67 213	125 926	104 696	48 935	1 428	348 198
Expected credit loss allowance	(142)	(489)	(1 207)	(2 295)	(50)	(4 183)
Net trade receivables	67 071	125 437	103 489	46 640	1 378	344 015

Days past due continued

US$'000	North America	Latin America	Europe	Asia-Pacific	MEA	Total
	Audited Year ended 28 February 2021					
CORPORATE AND MANAGEMENT CONSULTING~						
Current	1 178	77	6 134	554	1 108	9 051
1 – 30 days past due	305	–	1 576	145	349	2 375
31 – 60 days past due	–	105	284	143	197	729
61 – 90 days past due	1	–	409	359	27	796
91 – 120 days past due	–	–	–	90	11	101
Over 120 days past due	31	–	97	94	504	726
Gross trade receivables	1 515	182	8 500	1 385	2 196	13 778
Expected credit loss allowance	(16)	–	(79)	(39)	(393)	(527)
Net trade receivables	1 499	182	8 421	1 346	1 803	13 251

~ *Datatec Financial Services has been included in the Westcon International segment in August 2021 and in the Corporate segment in August 2020 and February 2021.*

The Group is dependent on its bank overdrafts and trade finance facilities to operate. These facilities generally consist of either a fixed term or fixed period and may be repayable on demand, are secured against the assets of the company to which the facility is made available and contain certain covenants, including financial covenants, such as minimum liquidity, maximum leverage and pre-tax earnings coverage. In certain circumstances, if these covenants are violated and a waiver is not obtained for such violation, this may, among other things, mean that the facility may be repayable on demand. The Group continues to closely monitor the outlook for liquidity in its divisions to ensure that sufficient cash will continue to be generated to settle liabilities as they fall due.

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

Westcon International has an invoice assignment facility of EUR275.0 million for its European subsidiaries and a securatisation facility of US$80.0 million for its Asia-Pacific subsidiaries. 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 (GBP3.6 million) and Africa (US$1.0 million), a securatisation facility in South Africa (ZAR50.0 million) and a line of credit in Singapore (US$1.2 million) to finance the business.

Analysys Mason continues to have access to an overdraft supporting its working capital requirements.

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 twelve months to confirm that banking covenants are expected to be met and Covid-19 is not expected to impact the Group's ability to meet its banking covenants.

7. Condensed segmental analysis

for the six months to 31 August 2021

For management's internal purposes the Group is currently organised into three operating divisions which are the basis on which the Group reports its primary segmental information.
Principal activities are as follows:

– Westcon International – Value-added technology distributor of industry-leading solutions. Provides class-leading cyber security, network infrastructure, unified collaboration products, data centre solutions, channel support services and financing/leasing solutions for ICT customers;
– Logicalis – International solutions provider of digital services; and
– Corporate and Management Consulting: Management Consulting provides strategic, trusted advisory, modelling and market intelligence services to the TMT industries. Corporate includes Group head office companies and Group consolidation adjustments.

	WESTCON INTERNATIONAL~		
US$'000	Unaudited Six months to 31 August 2021	Unaudited Restated^ Six months to 31 August 2020	Audited Year ended 28 February 2021
REVENUE	**1 390 520**	1 237 763	2 585 678
Revenue from product sales	**1 353 051**	1 202 482	2 508 973
Revenue from sales of hardware	**814 036**	748 629	1 529 146
Revenue from sales of software*	**532 220**	440 756	946 877
Revenue from vendor resold services and product maintenance sales	**34 720**	31 618	69 736
Inter-segmental revenue	**(27 925)**	(18 521)	(36 786)
Revenue from services	**34 600**	31 579	68 010
Revenue from professional services	**34 956**	31 662	68 241
Inter-segmental revenue	**(356)**	(83)	(231)
Revenue from annuity services	**2 869**	3 702	8 695
Revenue from cloud services	**–**	–	–
Revenue from software services*	**2 869**	3 732	8 754
Revenue from other annuity services	**–**	–	–
Inter-segmental revenue	**–**	(30)	(59)
Restructuring costs	**–**	(3 777)	(7 764)
EBITDA	**30 974**	19 225	44 782
RECONCILIATION OF OPERATING PROFIT/(LOSS) TO PROFIT/(LOSS) FOR THE PERIOD			
Operating profit/(loss)	**19 010**	8 577	22 215
Interest income	**337**	473	728
Finance costs	**(4 935)**	(5 339)	(10 933)
Share of equity-accounted investment earnings	**–**	–	–
Acquisition-related fair value adjustments	**–**	–	–
Other (loss)/income	**(4)**	284	55
Profit/(loss) before taxation	**14 408**	3 995	12 065
Taxation	**(1 996)**	(2 250)	(3 694)
Profit/(loss) for the period	**12 412**	1 745	8 371
ASSETS AND LIABILITIES			
Total assets	**1 388 415**	1 210 744	1 336 059
Total liabilities	**1 293 906**	1 047 302	1 170 444

* *Includes software as a service revenues.*
~ *Datatec Financial Services has been included in the Westcon International segment in August 2021, and in the Corporate segment in August 2020 and February 2021.*

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.

LOGICALIS			CORPORATE AND MANAGEMENT CONSULTING~			DATATEC GROUP TOTAL		
Unaudited Six months to 31 August 2021	Unaudited Restated^ Six months to 31 August 2020	Audited Year ended 28 February 2021	**Unaudited Six months to 31 August 2021**	Unaudited Restated^ Six months to 31 August 2020	Audited Year ended 28 February 2021	**Unaudited Six months to 31 August 2021**	Unaudited Restated^ Six months to 31 August 2020	Audited Year ended 28 February 2021
822 859	693 105	1 449 543	**43 640**	32 046	74 242	**2 257 019**	1 962 914	4 109 463
501 844	397 808	839 512	**–**	–	1 049	**1 854 895**	1 600 290	3 349 534
353 785	336 431	654 739	**(21 807)**	(11 259)	(20 948)	**1 146 014**	1 073 801	2 162 937
148 097	61 268	184 439	**(6 096)**	(7 503)	(14 944)	**674 221**	494 521	1 116 372
–	415	747	**(60)**	(65)	(258)	**34 660**	31 968	70 225
(38)	(306)	(413)	**27 963**	18 827	37 199	**–**	–	–
111 323	96 341	209 267	**39 319**	28 635	65 553	**185 242**	156 555	342 830
111 323	96 341	209 267	**38 963**	28 552	65 322	**185 242**	156 555	342 830
–	–	–	**356**	83	231	**–**	–	–
209 692	198 956	400 764	**4 321**	3 411	7 640	**216 882**	206 069	417 099
33 862	21 400	47 653	**–**	–	–	**33 862**	21 400	47 653
–	–	–	**–**	(30)	(59)	**2 869**	3 702	8 695
175 830	177 556	353 111	**4 321**	3 411	7 640	**180 151**	180 967	360 751
–	–	–	**–**	30	59	**–**	–	–
–	(2 171)	(14 138)	**–**	–	(476)	**–**	(5 948)	(22 378)
46 490	43 037	81 931	**(2 496)**	(1 542)	(8 081)	**74 968**	60 720	118 632
24 727	23 151	40 265	**(4 673)**	(3 733)	(12 507)	**39 064**	27 995	49 973
1 417	432	770	**107**	272	397	**1 861**	1 177	1 895
(10 952)	(9 114)	(16 373)	**(145)**	(149)	(281)	**(16 032)**	(14 602)	(27 587)
171	211	362	**333**	250	546	**504**	461	908
–	69	–	**–**	–	–	**–**	69	–
–	–	–	**–**	–	–	**(4)**	284	55
15 363	14 749	25 024	**(4 378)**	(3 360)	(11 845)	**25 393**	15 384	25 244
(5 041)	(6 539)	(13 813)	**(1 596)**	(1 180)	(2 033)	**(8 633)**	(9 969)	(19 540)
10 322	8 210	11 211	**(5 974)**	(4 540)	(13 878)	**16 760**	5 415	5 704
1 386 624	1 360 073	1 296 818	**214 997**	136 647	164 381	**2 990 036**	2 707 464	2 797 258
1 002 593	985 973	935 536	**46 375**	41 483	50 657	**2 342 874**	2 074 758	2 156 637

7. Condensed segmental analysis continued

for the six months to 31 August 2021

Sales and purchases between Group companies are concluded on normal commercial terms in the ordinary course of business. The inter-group sales of goods and provision of services for the period ended 31 August 2021 amounted to US$28.3 million (H1 FY21: US$19.0 million; FY21: US$37.5 million). During the period, the Group made sales totalling US$28.1 million (H1 FY21: US$37.4 million; FY21: US$58.2 million) and received management fees of US$0.2 million (H1 FY21: US$0.2 million; FY21: US$0.4 million) from its associate Esource Resources, LLC. As at 31 August 2021, US$4.0 million (H1 FY21: US$5.3 million; FY21: US$1.1 million) was due from Esource Resources, LLC and US$0.01 million (H1 FY21: US$0.1 million; FY21: US$0.03 million) was due to Esource Resources, LLC.

^H1 FY21 revenue restatement

The Group sells certain software, software services and cloud computing solutions which include Infrastructure as a Service ("IaaS") and Software as a Service ("SaaS"). As disclosed in the FY21 published results, these amounts grew in significance for the Group, and the Group revisited the revenue recognition for these arrangements. The Group's vendors continuously change the way in which they bring their products and services to market and there is a significant amount of judgement involved in determining whether or not the Group acts as an agent or principal with regards to these arrangements. In its reassessment, the Group concluded that in those arrangements where the software service is delivered entirely by the vendor, or where the updates and cloud access are critical to the effectiveness of the solution and there is no material on-premise component to the solution, the Group will recognise revenue at the time of invoice on a net basis as the Group is acting as an agent in the transaction.

As a result, the Group has restated its H1 FY21 consolidated statement of comprehensive income to reflect only the fees earned, for acting as an agent in these arrangements, as revenue. This has resulted in a decrease in revenue and a corresponding decrease in cost of goods sold in H1 FY21. There was no impact on gross profit or items below gross profit in the consolidated statement of comprehensive income. In addition, there was no impact on earnings or earnings per share.

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

US$'000	Before restatement	After restatement	Total restatement
Six months to 31 August 2020			
Revenue	2 031 205	1 962 914	(68 291)
Cost of sales	(1 706 963)	(1 638 672)	68 291
Gross profit	324 242	324 242	–

8. Acquisitions made during the period

as at 31 August 2021

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

US$'000	Unaudited Six months to 31 August 2021 Áudea	Unaudited Six months to 31 August 2021 Siticom	Unaudited Six months to 31 August 2021 Total	Unaudited Six months to 31 August 2020 Total	Audited Year ended 28 February 2021 Total
NET ASSETS ACQUIRED					
Non-current assets	**30**	**2 575**	**2 605**	481	233
Current assets	**1 339**	**9 566**	**10 905**	3 052	8 799
Non-current liabilities	**(301)**	**(4 180)**	**(4 481)**	–	(2 555)
Current liabilities	**(933)**	**(6 318)**	**(7 251)**	(9 152)	(12 679)
Net assets acquired	**135**	**1 643**	**1 778**	(5 619)	(6 202)
Intangible assets	**1 204**	**4 332**	**5 536**	5 869	7 626
Goodwill	**1 138**	**11 876**	**13 014**	802	9 495
Non-controlling interests recognised	**(404)**	**–**	**(404)**		(1 623)
Fair value of acquisitions	**2 073**	**17 851**	**19 924**	1 052	9 296
PURCHASE CONSIDERATION					
Funds received from non-controlling interests	**–**	**(5 355)**	**(5 355)**	–	–
Earn-out liability	**–**	**1 159**	**1 159**	–	–
Acquisition-related liabilities	**–**	**9 337**	**9 337**	–	–
Cash	**2 073**	**12 710**	**14 783**	7 796	9 296
Total consideration	**2 073**	**17 851**	**19 924**	7 796	9 296
CASH OUTFLOW FOR ACQUISITIONS					
Net cash resources acquired	**(300)**	**(2 518)**	**(2 818)**	(900)	(3 760)
Funds received from non-controlling interests	**–**	**(5 355)**	**(5 355)**	–	–
Cash consideration paid	**2 073**	**12 710**	**14 783**	7 796	9 296
Net cash outflow for acquisitions	**1 773**	**4 837**	**6 610**	6 896	5 536

During the period ended 31 August 2021, Datatec Group made the following acquisitions:

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

On 1 June 2021, Logicalis acquired Siticom, a German company that is a leading services and solutions provider in the software-defined networking and 5G market, through a new company, Logicalis Siticom GmbH. The transaction involved the acquisition of 100% of the issued share capital for a consideration of US$12.7 million followed by the immediate disposal of 29.6% of the issued share capital to two of the previous owners/managers for a consideration of US$5.4 million. There are two options for Logicalis to repurchase this non-controlling interest for an agreed amount of up to US$10.5 million over the next two years, whereafter Logicalis will own 100% of Siticom. Of this agreed amount, US$9.3 million is required to settle these options and has been placed in an escrow account that is not reflected as part of cash and cash equivalents, but included in other receivables. A potential maximum EUR1.0 million (approximately US$1.2 million) earn-out liability, subject to certain performance conditions, is included in the purchase price and payable in the financial year ending 29 February 2024. The principles of IFRS 10 were deemed to take preference over those of IAS 32. The terms of the fixed price options were assessed and it was determined that the risks and rewards associated with the ownership of the non-controlling interests' shares have been retained by Logicalis Siticom GmbH. As a result, Logicalis consolidated 100% of the results of Siticom for the period it was owned in H1 FY22, and will continue to do so in the future. The total purchase price of the Siticom acquisition (including the options and earn-out liability) is up to a maximum of EUR15.0 million (approximately US$17.9 million), of which US$10.5 million is accounted for as a liability at the acquisition date and included in acquisition-related liabilities.

Siticom has extensive skills in telecommunication and software-defined networking architectures, IoT implementations and next-generation public and private networks. The acquisition will give Logicalis a platform to establish a pan-European centre of expertise in developing advanced networking integration capabilities around 5G and evolving cloud orchestrated network interoperability. Logicalis also aims to expand these skill sets and application knowledge across Datatec to complement its existing capabilities in markets such as Latin America and Asia.

As a result of these acquisitions, goodwill and other intangible assets increased provisionally by US$13.0 million and US$5.5 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.

Non-controlling interests in the acquiree is initially measured at the non-controlling shareholders' portion of net identifiable assets acquired and liabilities and contingent liabilities assumed.

The revenue and EBITDA included from these two acquisitions in H1 FY22 were US$8.4 million and US$1.0 million respectively; profit after tax included from these acquisitions was US$0.6 million. Had the acquisition date been 1 March 2021 for both acquisitions, the revenue and EBITDA would have been approximately US$15.7 million and US$1.9 million respectively for the six months to 31 August 2021. The approximate profit after tax would have been US$1.0 million for the period. Acquisition-related costs of US$0.3 million have been incurred on the above acquisitions to date.

The fair value assessments of assets and liabilities acquired and the amounts recognised as goodwill and intangible assets have only been determined provisionally due to the timing of the acquisitions and future amendments may impact classification in these categories.

9. Notes to the condensed consolidated statement of cash flows

for the six months to 31 August 2021

US$'000	Unaudited Six months to 31 August 2021	Unaudited Restated# Six months to 31 August 2020	Audited Year ended 28 February 2021
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD			
Cash resources	**492 748**	406 685	488 632
Bank overdrafts unconditionally repayable on demand	**(10 563)**	(19 064)	(9 860)
Cash and cash equivalents (per the statement of cash flows)	**482 185**	387 621	478 772
Bank overdrafts repayable on demand under certain conditions	**(132 746)**	(251 982)	(121 557)
Net cash resources	**349 439**	135 639	357 215

The Group restated its statement of cash flows for H1 FY21 to exclude certain bank overdrafts from cash and cash equivalents. Bank overdrafts that are repayable on demand under certain circumstances, but not unconditionally repayable on demand have now been excluded from cash and cash equivalents and cash flows associated with these bank overdrafts are now shown as cash flows from financing activities. The restatement relates to banking arrangements that form an integral part of the Group's cash management.

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

US$'000	Before restatement	After restatement	Total restatement
CONSOLIDATED STATEMENT OF CASH FLOWS (EXTRACT) – H1 FY21			
Net cash inflow from operating activities	108 659	108 659	–
Net cash outflow from investing activities	(16 386)	(16 386)	–
Net cash outflow from financing activities	(43 903)	(36 137)	(7 766)
Overdrafts repayable on demand under certain conditions	–	7 766	(7 766)
Other financing activities	(43 903)	(43 903)	–
Net increase/(decrease) in cash and cash equivalents	48 370	56 136	(7 766)
Cash and cash equivalents at the beginning of the period	83 389	332 304	(248 915)
Translation differences on cash and cash equivalents	3 880	(819)	4 699
Cash and cash equivalents at the end of the period	135 639	387 621	(251 982)

10. Contingent liabilities

as at 31 August 2021

Logicalis has a contingent liability in respect of a possible tax liability at its PromonLogicalis Latin America Limited ("PromonLogicalis") subsidiary in Brazil. In April 2011, a Brazilian state tax authority claimed that PromonLogicalis should have paid a higher rate of state tax on its equipment sales up to October 2010 than actually paid. PromonLogicalis management, supported by a legal opinion, strongly disagrees with the state tax authority's assessment and has formally appealed against it.

In addition, Logicalis has a contingent tax liability at its PT Packet Systems subsidiary in Indonesia. The tax authorities have raised withholding tax assessments including penalties and surcharges in relation to purchases of vendor software and warranties which have been resold to customers. Assessments have been issued for calendar years 2015 and 2016 and the two months ended February 2018. Objections have been filed by the company in respect of these and Year 2015 has progressed to the tax court which gave an adverse verdict. The company is appealing to the Supreme Court. Management, supported by a legal opinion, expects this decision to be reversed on appeal and therefore no provision has been made at 31 August 2021.

Westcon International has a contingent liability in respect of a possible withholding tax obligation at its subsidiary in the Kingdom of Saudi Arabia, Westcon Saudi Company LLC ("Westcon KSA"). This relates to payments Westcon KSA has made in relation to the purchase of vendor software and maintenance services which have been resold to customers during the six years ended 28 February 2021. Westcon KSA strongly disagrees with the tax authority's assessments issued on 22 June 2021 and is taking the necessary steps to contest these. In addition, a potential contingent asset also arises due to the fact that any withholding tax arising would potentially be recoverable from Westcon KSA's customers. The ongoing discussions with the KSA tax authorities are likely to continue well into the foreseeable future and given the discussions are still in very early stages, it is not practicable to estimate its financial effect.

11. Subsequent events

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

12. Going concern

as at 31 August 2021

The Board has 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 Group achieved a strong operational performance in the six-month period ended 31 August 2021 as it continued to benefit from remote working, increased cloud usage and secured networking trends. All divisions achieved strong revenue and profit growth.

Solvency

The Board has determined that the Group is solvent with net assets at 31 August 2021of US$582.1 million (H1 FY21: US$572.6 million; FY21: US$583.2 million) and tangible net assets of US$256.1 million (H1 FY21: US$275.5 million; FY21: US$268.7 million). The Group is expected to remain solvent over the next 12 months.

Liquidity

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

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

Westcon International has an invoice assignment facility of EUR275.0 million for its European subsidiaries and a securitisation facility of US$80.0 million for its Asia-Pacific subsidiaries. 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 (GBP3.6 million) and Africa (US$1.0 million), a securitisation facility in South Africa (ZAR50.0 million) and a line of credit in Singapore (US$1.2 million) to finance the business.

Analysys Mason continues to have access to an overdraft supporting its working capital requirements.

The Group has 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 expected credit losses have been recorded.

Conclusion

The Board has 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.

13. Pro forma supplementary information

for the six months to 31 August 2021

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

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

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

The pro forma information has been compiled in terms of the JSE Listings Requirements and the Revised Guide on Pro Forma Information by SAICA. The pro forma information has not been audited or reviewed by the Group's external auditor, PwC.

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

Average US Dollar exchange rates	Unaudited Six months to 31 August 2021	Unaudited Six months to 31 August 2020	Audited Year ended 28 February 2021
British Pound/US Dollar	**1.39**	1.26	1.30
Euro/US Dollar	**1.19**	1.13	1.16
US Dollar/Brazilian Real	**5.27**	5.31	5.39
US Dollar/Australian Dollar	**1.32**	1.48	1.41
US Dollar/Singapore Dollar	**1.34**	1.40	1.37
US Dollar/South African Rand	**14.47**	17.38	16.47

Constant currency financial information

US$'000	Unaudited Six months to 31 August 2021 Revenue	Pro forma revenue	Constant currency % change
Datatec Group	**2 257 019**	**2 172 656**	**10.7**
Westcon International	**1 390 520**	**1 327 716**	**7.3**
Logicalis	**822 859**	**799 837**	**15.4**

Adjusted EBITDA

To determine adjusted EBITDA, restructuring costs have been excluded.

US$'000	**Unaudited Six months to 31 August 2021**	Unaudited Six months to 31 August 2020	Audited Year ended 28 February 2021
EBITDA	**74 968**	60 720	118 632
Restructuring costs	**–**	5 948	22 378
Adjusted EBITDA	**74 968**	66 668	141 010

There were no restructuring costs incurred in H1 FY22.

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