



Driving Technology

ANNUAL FINANCIAL RESULTS

for the year ended 28 February 2022



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DATATEC LIMITED

Incorporated in the Republic of South Africa

Registration number: 1994/005004/06

Share code JSE: DTC

ISIN: ZAE000017745

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

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

HIGHLIGHTS

STRONG OPERATIONAL EXECUTION
IN ALL DIVISIONS DRIVING
IMPROVED FINANCIAL
PERFORMANCE

SUSTAINED DEMAND FOR
NETWORKING, CYBER
SECURITY AND CLOUD
INFRASTRUCTURE

GROWTH IN RECURRING
SOFTWARE AND ANNUITY SERVICES

CONTINUING SUPPLY CHAIN
ISSUES INCREASING BACKLOG

FINAL DIVIDEND OF US\$15M (7 US CENTS PER SHARE) BRINGING TOTAL
FOR FY22 TO US\$85M INCLUDING SPECIAL DIVIDEND

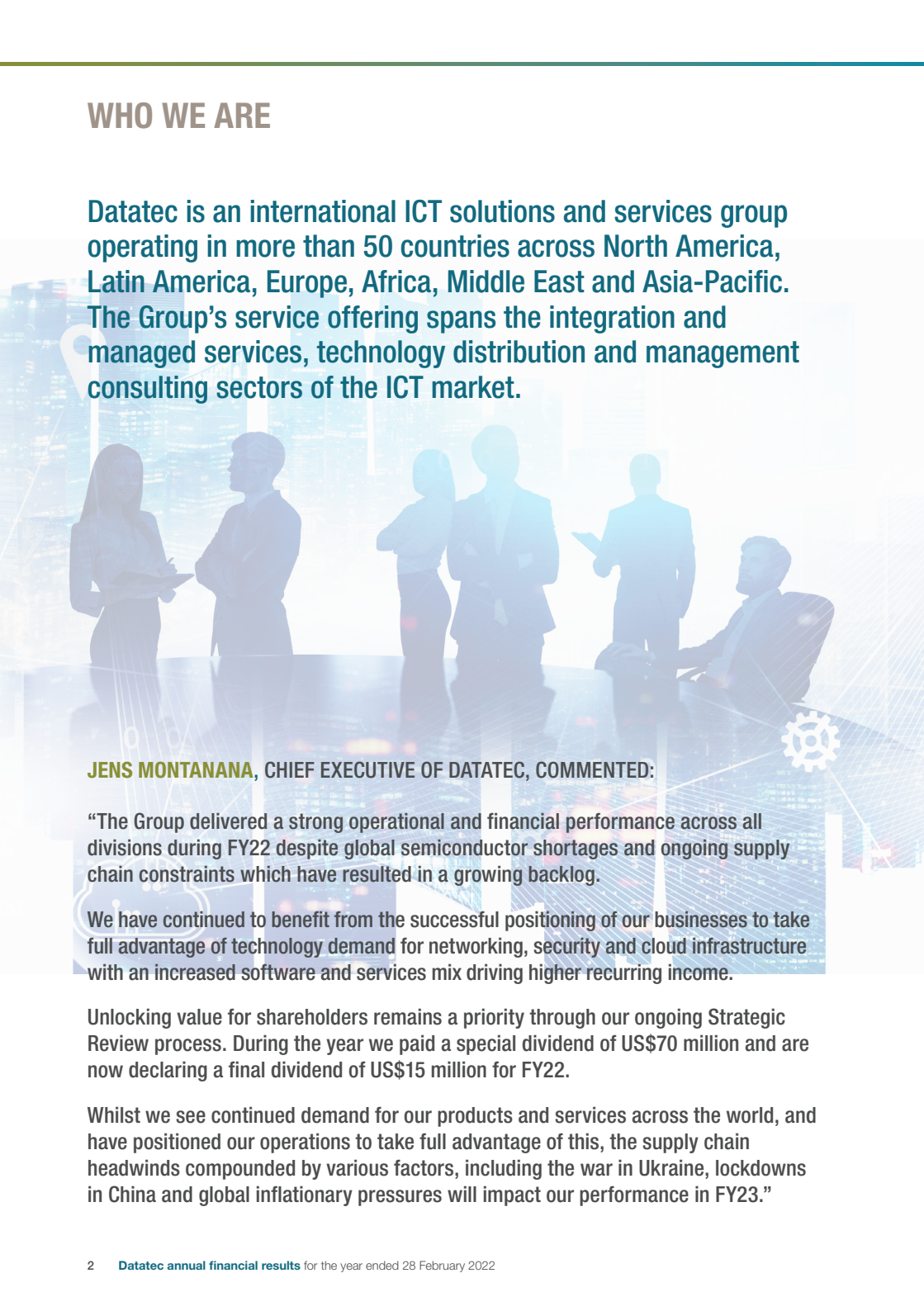
	Audited year ended 28 February 2022 "FY22"	Audited year ended 28 February 2021 "FY21"	% movement
Revenue (US\$ million)	4 636.8	4 109.5	12.8
Gross profit (US\$ million)	770.4	690.5	11.6
EBITDA (US\$ million)	154.5	118.6	30.3
Adjusted** EBITDA (US\$ million)	177.0	152.5	16.1
Underlying* earnings per share (US cents)	18.7	13.6	37.5
Dividend (ZAR cents)	111	100	11.0
Net debt (US\$ million)	130.1	60.9	113.6

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 share-based payments and restructuring costs.*

WHO WE ARE

Datatec is an international ICT solutions and services group operating in more than 50 countries across North America, Latin America, Europe, Africa, Middle East and Asia-Pacific. 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:

“The Group delivered a strong operational and financial performance across all divisions during FY22 despite global semiconductor shortages and ongoing supply chain constraints which have resulted in a growing backlog.

We have continued to benefit from the successful positioning of our businesses to take full advantage of technology demand for networking, security and cloud infrastructure with an increased software and services mix driving higher recurring income.

Unlocking value for shareholders remains a priority through our ongoing Strategic Review process. During the year we paid a special dividend of US\$70 million and are now declaring a final dividend of US\$15 million for FY22.

Whilst we see continued demand for our products and services across the world, and have positioned our operations to take full advantage of this, the supply chain headwinds compounded by various factors, including the war in Ukraine, lockdowns in China and global inflationary pressures will impact our performance in FY23.”

OUR THREE CORE DIVISIONS



01

International solutions provider of digital services

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

Over **7 000** employees



02

Value-added technology distributor of industry-leading solutions

Goes to market under the Westcon and Comstor brands

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



Provides innovative financial solutions to Datatec Group customers

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

Over **3 000** employees



03

Analysys Mason

Global consulting and research specialists in telecommunications, media and technology ("TMT")

Analysys Mason

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

Over **300** employees

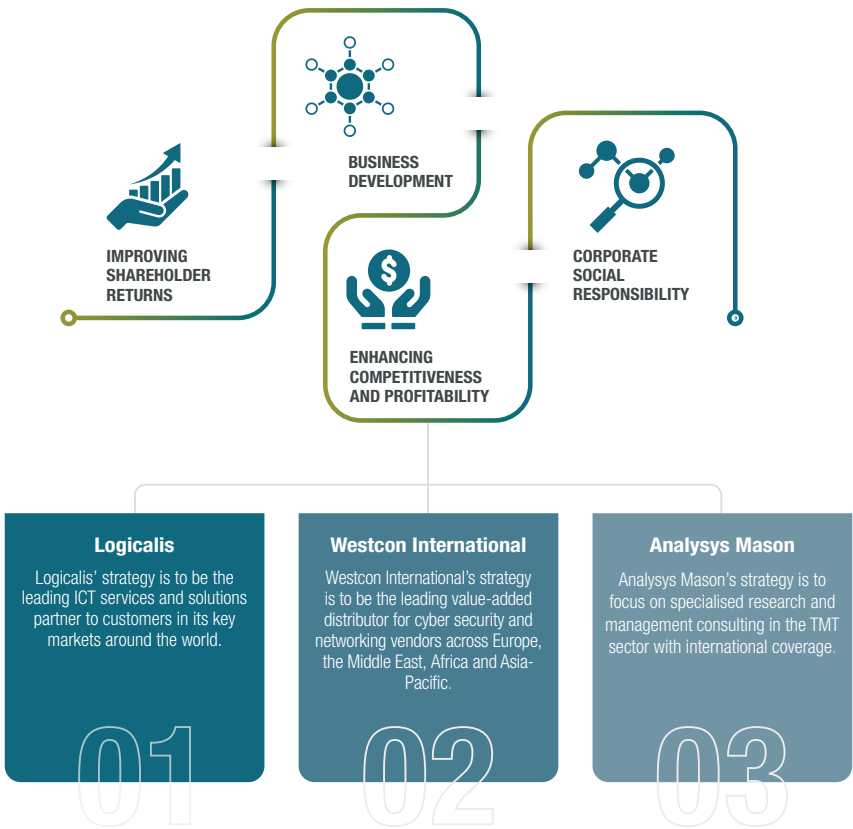
OUR STRATEGY

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.

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

The Group targets profit growth, earnings before interest, taxation, depreciation and amortisation ("EBITDA") margins and return on invested capital ("ROIC") to drive financial returns.

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



STRATEGIC OVERVIEW

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

As previously announced, the Board 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 whilst also ensuring that the Group is positioned to take full advantage of the positive market dynamics for its technology solutions and services. The Board will continue to consider potential options including, but not limited to, private equity participation, joint ventures, international listings, divisional asset unbundling and other value-creation structures.

From an operational perspective, the Group achieved a strong performance in the year ended 28 February 2022 ("FY22") as it continued to benefit from increased networking, cloud usage and cyber security trends. Datatec's positioning enabled all divisions to deliver robust revenue and profit growth.

The supply chain issues, and global semiconductor shortage created extended lead times on certain hardware product deliveries in FY22 which impeded revenue and resulted in significantly higher closing backlog (sales orders waiting to be fulfilled) in both Logicalis and Westcon International. Whilst an improvement in the situation was

expected, further supply chain disruptions resulting from Covid-19-related lockdowns in China, the Russian invasion of Ukraine and spiralling energy costs have already had an adverse impact on the current financial year.

Overall, the Group's businesses have successfully repositioned away from many forms of traditional hardware to software, subscriptions and services with growing annuity revenue. The Group continues to focus on supporting the digitisation trends and the requirements for increased cyber security.

DIVIDENDS

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. Thereafter, US\$70 million was returned to shareholders in the form of a special cash dividend with a scrip distribution alternative in November 2021.

The Group's policy is to maintain a three times cover relative to underlying* earnings when declaring ordinary dividends. Accordingly, the Board has declared a final dividend for FY22 of 111 ZAR cents per share equivalent to 7 US cents per share, in total US\$15 million, with the customary form of a cash dividend with a scrip distribution alternative.

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 14.2% to US\$1 656.0 million compared to US\$1 449.5 million revenue for FY21. EBITDA increased by 12.9% to US\$92.5 million (FY21: US\$81.9 million).

Whilst Logicalis is ideally positioned to continue to respond to changing market needs as technology plays an even more integral role in the global economy, the supply chain shortages experienced as the world emerged from the Covid-19 pandemic remain mostly unresolved. This, coupled with recent geopolitical issues such as the war in Ukraine, energy prices, economic uncertainty in South America and China's ongoing response to Covid-19, have created a lot of uncertainty, both in the short and medium term, that will impact on the division's performance.

WESTCON INTERNATIONAL

Westcon International revenue increased by 11.8% to US\$2 890.4 million (FY21: US\$2 585.7 million) due to strong

demand for networked infrastructure, remote access solutions with enhanced cyber security for flexible working and virtual office environments and unified collaboration. In constant currency***, revenue improved by 10.0%. EBITDA increased by 52.0% to US\$68.1 million (FY21: US\$44.8 million).

Westcon International remains focused on revenue growth and margin expansion supported by continued investment in process automation, digital tools to support the channel and cost controls. Whilst several macroeconomic risks exist, the FY22 results highlight Westcon International's continued improvement in financial performance over the last four years.

MANAGEMENT CONSULTING

Analysys Mason revenue increased by 23.5% to US\$90.4 million (FY21: US\$73.2 million). EBITDA increased by 8.8% to US\$11.1 million (FY21: US\$10.2 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.

CURRENT TRADING AND OUTLOOK

The underlying trends in our industry remain positive and our businesses are well positioned to benefit from continuing demand for software and services in networking, cyber security and cloud infrastructure. This is further evidenced by increased order intake and backlog.

However, headwinds from semiconductor shortages, compounded by various factors, including the war in Ukraine, Covid-19 lockdowns in China and global inflationary pressures will continue to disrupt global supply chains for the foreseeable future.

This is expected to especially impact Logicalis in Latin America during the first half of the current financial year as macroeconomic challenges are compounded by these severe supply chain constraints.

Datatec's strong financial position provides a firm foundation to support growth and new initiatives as most economies start to recover and supply chain constraints ease over time. The Board is focused on driving shareholder value and implementing opportunities arising from the Strategic Review.

GROUP RESULTS

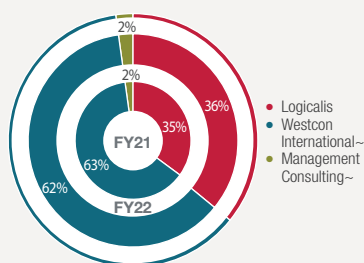
All divisions delivered solid performances with strong revenue and bottom-line growth. This is despite South America suffering most from supply chain constraints.

There were no restructuring costs incurred in FY22 (FY21: US\$22.4 million of restructuring costs).

REVENUE

Group revenue was US\$4.6 billion in FY22, up by 12.8% on the US\$4.1 billion revenue recorded in FY21. (In constant currency***, Group revenue increased by 11.8%.)

CONTRIBUTION TO GROUP REVENUE



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

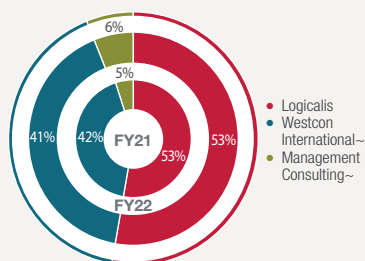
Datatec Financial Services, previously reported in the "Corporate and Management Consulting" segment has been moved to Westcon International during FY22 in order to leverage the capabilities and scale of both businesses.

Supply chain delays had a marked effect on slowing the sales process from order to delivery causing a notable increase in the quantum of open, unfulfilled sales orders, termed "backlog" at the year end. Open product orders at the end of FY22 were approximately US\$1 224 million compared with US\$467 million for FY21.

Product backlog	FY22	FY21
	US\$' million	US\$' million
Logicalis	400	206
Westcon International	824	261
Datatec Group	1 224	467

The Group's gross margin in FY22 was 16.6% compared to 16.8% in FY21. Gross profit was US\$770.4 million (FY21: US\$690.5 million).

CONTRIBUTION TO GROUP GROSS PROFIT



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

Overall operating costs were US\$615.9 million (FY21: US\$571.9 million). Restructuring costs of US\$22.4 million were included in the prior period relating to fundamental reorganisations and Covid-19-related restructuring. There were no such restructuring costs in FY22.

Operating costs included US\$1.9 million of foreign exchange gains (FY21: losses of US\$7.9 million). Foreign exchange gains consisted of unrealised foreign exchange gains of US\$0.5 million (FY21 losses: US\$0.3 million) and realised foreign exchange gains of US\$1.4 million (FY21: losses US\$7.6 million). Unrealised foreign exchange differences are excluded from underlying* earnings per share.

EBITDA was US\$154.5 million (FY21: US\$118.6 million) an increase of 30% and EBITDA margin was 3.3% (FY21: 2.9%).

GROUP RESULTS CONTINUED

The share-based payment charge under IFRS 2 included in operating expenses was US\$22.5 million, almost double the equivalent charge in FY21 of US\$11.5 million which reflects the increasing valuations of the divisions' cash-settled share-based payment plans, particularly Westcon International and Analysys Mason. To be more in line with international peers, the Group is now presenting the adjusted** figure for EBITDA excluding share-based payment charges as well as restructuring costs. On this basis, adjusted** EBITDA in FY22 was US\$177.0 (FY21: US\$152.5 million) and adjusted** EBITDA margin was 3.8% (FY21: 3.7%).

Depreciation and amortisation increased to US\$72.4 million (FY21: US\$68.6 million) and operating profit was US\$82.1 million, 64% up on FY21 (FY21: US\$50.0 million).

The net interest charge increased to US\$31.3 million (FY21: US\$25.7 million) mainly due to increased interest rates in Latin America and profit before tax more than doubled to US\$50.9 million (FY21: US\$25.2 million).

A tax charge of US\$10.6 million (FY21: US\$19.5 million) has arisen on the pre-tax profits. The effective tax rate of 20.8% has benefited from an increase in UK tax losses

recognised as deferred tax assets, part of which arose from the increase in the UK corporation tax rate enacted earlier in the year. The effective tax rate reduced as profits grew and the profit mix continued to improve. As at 28 February 2022, there are estimated tax loss carry forwards of US\$231.2 million with an estimated future tax benefit of US\$57.2 million, of which US\$36.3 million has been recognised as a deferred tax asset.

Underlying* earnings per share were 18.7 US cents (FY21: 13.6 US cents). Headline earnings per share were 16.2 US cents (FY21: 1.8 US cents). Earnings per share were 16.7 US cents (FY21: 1.3 US cents).

CASH AND NET DEBT

The Group generated US\$96.7 million of cash from operations during FY22 (FY21: cash generated of US\$234.4 million) and ended the period with a net debt of US\$130.1 million (FY21: US\$60.9 million). Excluding lease liabilities, net debt would have been US\$35.7 million (FY21: net cash of US\$53.4 million).

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

US\$' million	Audited year ended 28 February 2022	Audited year ended 28 February 2021
Cash resources	453.9	488.6
Bank overdrafts	(166.6)	(131.4)
Short-term interest-bearing liabilities and short-term leases	(299.5)	(297.9)
Long-term interest-bearing liabilities and long-term leases	(117.9)	(120.2)
Net debt	(130.1)	(60.9)

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 EUR390.6 million (recently increased from EUR275.0 million) for its European subsidiaries, as well as an extended payables facility of US\$65.7 million. Westcon International has a securitisation facility of US\$100.0 million for its Asia-Pacific facilities (up from US\$80 million in the prior year). In addition, Westcon International utilises accounts receivable facilities in the Middle East (US\$15.0 million) and Indonesia (US\$11.0 million) as well as overdraft facilities in Europe (EUR4.0 million) and Africa (US\$1.0 million), a securitisation facility in South Africa (ZAR250.0 million) and a line of credit in Singapore (US\$1.2 million) to finance the business.

Analysys Mason repaid its intercompany borrowing from Datatec during H2 FY22 and has access to bank overdraft facilities to support 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 in 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 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 was accounted for as a liability at the acquisition date and included in acquisition-related liabilities. In H2 FY22, US\$5.9 million of this liability was settled, as at 28 February 2022.

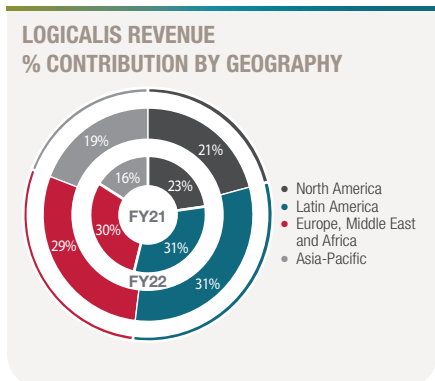
Refer to page 42 for further information on the acquisitions made during the period.

DIVISIONAL REVIEWS

LOGICALIS

Logicalis revenue increased by 14.2% to US\$1 656.0 million compared to US\$1 449.5 million revenue for FY21. Revenue increased across all regions in absolute terms including Europe on an organic basis, considering contributions from the Áudea and Siticom acquisitions completed during FY22.

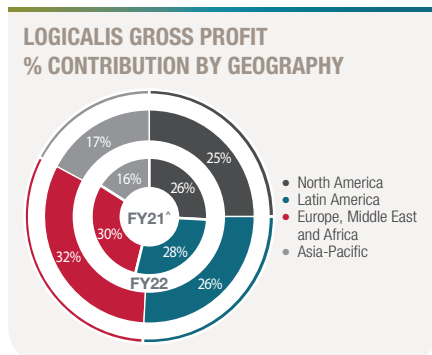
Revenue contribution by geography is shown below:



Logicalis had a strong order intake during FY22. Shipment delays as a result of the global supply chain issues resulted in a significant increase in backlog impacting Europe, the Middle East and Africa with South America suffering the most. Product backlog at the end of FY22 was approximately US\$400 million compared with US\$206 million for FY21.

Logicalis' gross margin was 24.8% (FY21: 25.4%). Underlying gross margin percentage remained solid with the headline decrease being caused by the higher mix of product delivered in FY22. Gross profit was up 11.8% to US\$410.8 million (FY21: US\$367.5 million).

Logicalis' gross profit contribution by geography is shown below:



Operating costs increased to US\$318.3 million (FY21: US\$285.6 million). The 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\$92.5 million (FY21: US\$ 81.9 million), with a corresponding EBITDA margin of 5.6% (FY21: 5.7%). Operating profit was US\$48.9 million (FY21: US\$ 40.3 million).

The net interest charge increased by US\$4.7 million, reflecting the impact of base interest rate increases in Brazil.

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

US\$' million	Audited year ended 28 February 2022	Audited year ended 28 February 2021
Cash resources	127.4	154.4
Bank overdrafts	(159.1)	(126.5)
Short-term interest-bearing liabilities and short-term leases	(52.1)	(69.4)
Long-term interest-bearing liabilities and long-term leases	(67.4)	(81.9)
Net debt	(151.2)	(123.4)

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

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.

Logicalis remains confident about the long-term prospects for the industry and its positioning within it. Over the short term, macroeconomic conditions are expected to remain volatile. Logicalis is currently facing the severe impact of supply chain issues, particularly on the South America business. This is not only causing delays to revenue recognition but also leading to changes in customers' purchasing preferences based on availability.

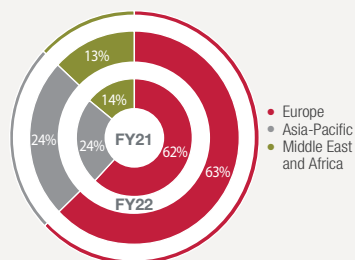
WESTCON INTERNATIONAL

Westcon International revenue increased by 11.8% to US\$2 890.4 million (FY21: US\$2 585.7 million) due to strong demand for networked remote access solutions, enhanced cyber security for flexible working and virtual office environments and unified collaboration. In constant currency***, revenue improved by 10.0%.

Westcon International's product backlog also increased significantly because of the semiconductor shortage and supply chain constraints. Backlog at the end of FY22 was approximately US\$824 million compared with US\$261 million for FY21.

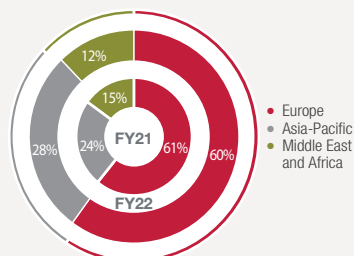
Westcon International's gross margins decreased to 11.0% (FY21: 11.3%) with lower margins in Europe and the Middle East and Africa ("MEA") offset by a higher margin in Asia-Pacific. Westcon International's gross profit increased by 9.6% to US\$319.0 million (FY21: US\$291.0 million) supported by higher results in Europe and Asia-Pacific.

WESTCON INTERNATIONAL REVENUE % CONTRIBUTION BY GEOGRAPHY



DIVISIONAL REVIEWS CONTINUED

WESTCON INTERNATIONAL GROSS PROFIT % CONTRIBUTION BY GEOGRAPHY



Operating costs increased by 1.9% to US\$250.9 million (FY21: US\$246.2 million) as the impact of a weaker US dollar and an increase in share-based payment charges were offset by a favourable swing in foreign

exchange expense and the absence of restructuring charges in FY22 (FY21: US\$7.7 million). Central costs of US\$29.3 million were incurred in FY22 (FY21: US\$29.4 million).

EBITDA increased by 52.0% to US\$68.1 million (FY21: US\$44.8 million) with favourable results in Europe (56% growth) and Asia-Pacific offset by a lower result in MEA. EBITDA margin increased to 2.4% (FY21: 1.7%).

Net working capital days decreased to 15 days (FY21: 20 days) primarily due to a seven-day improvement in days sales outstanding ("DSO"). Net debt was US\$85.0 million (FY21: US\$ 19.0 million) with the increase largely attributable to Datatec intercompany debt repayments.

US\$' million	Audited year ended 28 February 2022	Audited year ended 28 February 2021
Cash resources	204.5	243.1
Bank overdrafts	(7.5)	(4.9)
Short-term interest-bearing liabilities and short-term leases	(243.5)	(225.4)
Long-term interest-bearing liabilities and long-term leases	(38.5)	(31.8)
Net debt	(85.0)	(19.0)

Datatec Financial Services provides financing/leasing solutions for ICT customers. The business has been moved to Westcon International during FY22 to leverage the capabilities and scale of both businesses. The business recorded revenue of US\$0.6 million in FY22 (FY21: US\$1.1 million) and an EBITDA loss of US\$0.9 million (FY21: US\$1.1 million loss). The FY22 results are included in the Westcon International segment with the FY21 results included in the "Corporate and Management Consulting" segment.

Current conditions are driving demand for all technologies in the Westcon International portfolio. The multi-year investments in advanced systems and business automation and focus on portfolio expansion with software and subscription-based solutions 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 and the additional geopolitical issues such as the war in Ukraine as well as

energy costs are likely to compound this situation. Westcon International continues to monitor and mitigate the impact on availability and costs where possible.

CORPORATE AND MANAGEMENT CONSULTING

The Management Consulting unit, comprising Analysys Mason, delivered an excellent performance in FY22; the fifth successive year of growth. Revenue increased by 23.5% to US\$90.4 million (FY21: US\$73.2million). Gross profit increased by 31.0% to US\$40.6 million from US\$31.0 million in FY21. EBITDA increased by 8.8% to US\$11.1 million (FY21: US\$10.2million) and EBITDA margin decreased to 12.3% compared to 13.9% in FY21.

Analysys Mason delivers 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 for the business.

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 and is now reported in the Westcon International segment.

Corporate includes the net operating costs of the Datatec head office entities which were US\$18.1 million (FY21: US\$17.2 million). Corporate costs comprise the remuneration of the Board and head office staff including share-based payments as well as consulting and audit fees. In FY22, foreign exchange gains were US\$1.0 million (FY21: foreign exchange losses of US\$0.4 million).

As at 28 February 2022, Datatec head office entities held cash of US\$103.1 million of which US\$30.8 million is held in South Africa and subject to the South African Reserve Bank regulations. These cash balances increased by US\$28.9 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

ACQUISITIONS

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

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

IFRS 5 DISPOSAL GROUP

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

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

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

BOARD CHANGES

Ms Deepa Sita joined the Board as an independent non-executive director of the Company with effect from 1 March 2022 as previously announced.

The following changes to the functions of Directors have also taken place during FY22 and to date as previously announced.

With effect from 1 March 2021, Johnson Njeke, independent non-executive director of the Company, was appointed to the Social and Ethics Committee.

With effect from 1 March 2022:

- Maya Makanjee, independent non-executive director of the Company, became Chair of the Board in succession to Stephen Davidson;
- Maya Makanjee stepped down as Chair of the Remuneration and Social and Ethics Committees and remained a member of both committees;
- Maya Makanjee became Chair of the Nominations Committee in succession to Stephen Davidson who remained a member of the committee;
- Deepa Sita became a member of the Remuneration Committee;
- Stephen Davidson was appointed Chair of the Remuneration and Social and Ethics Committees.

CASH DIVIDEND AND SCRIP DISTRIBUTION ALTERNATIVE

INTRODUCTION

Notice is hereby given that the Board of Datatec has declared a final distribution for the year ended 28 February 2022, by way of a cash dividend of 111 ZAR cents per Datatec ordinary share ("Cash Dividend") payable to the ordinary shareholders (the "Shareholders"), which will be in proportion to your ordinary shareholding in Datatec at the close of business on the record date, being Friday, 15 July 2022.

Shareholders will be entitled, in respect of all or part of their shareholding, to elect to receive new, fully paid ordinary Datatec shares in proportion to their ordinary shareholding on the record date as an alternative to the cash dividend (the "Scrip Distribution"). The Cash Dividend has been declared and paid out of Datatec's distributable retained profits. A dividend withholding tax of 20% will be applicable in respect of the Cash Dividend to all Shareholders not exempt therefrom after deduction of which, the net Cash Dividend is 88.8 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, 4 July 2022) 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 24 May 2022 is 216 957 874. Datatec's income tax reference number is 9999/493/71/2.

TERMS OF THE CASH DIVIDEND AND SCRIP DISTRIBUTION

The Shareholders will be entitled to receive the Cash Dividend of 111 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, 15 July 2022, 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, being Friday, 15 July 2022, in respect of all or part of their ordinary shareholding, instead of the Cash Dividend.

The number of Scrip Distribution shares to which each of the Shareholders will become entitled pursuant to the Scrip Distribution (subject to their election thereto) will be determined by reference to such Shareholder's ordinary shareholding in Datatec (at the close of business on the record date, being Friday, 15 July 2022) in relation to the ratio that 111 ZAR cents bears to the VWAP of a Datatec ordinary share traded on the JSE during the 30-day trading period ending on Monday, 4 July 2022, 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, 13 July 2022, (being the day on which Datatec ordinary shares begin trading 'ex' the entitlement to receive the Cash Dividend or the Scrip Distribution alternative), discounted by 10%.

CASH DIVIDEND AND SCRIP DISTRIBUTION ALTERNATIVE CONTINUED

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

CIRCULAR AND SALIENT DATES

A circular providing Shareholders with full information on the Cash Dividend or Scrip Distribution alternative, including a Form of Election to elect to receive the Scrip Distribution alternative will be posted to Shareholders on or about Thursday, 2 June 2022. The salient dates of events thereafter are as follows:

EVENT	2022
Audited financial results of Datatec for the year ended 28 February 2022 and declaration of Cash Dividend with Scrip Distribution alternative announced on SENS on	Tuesday, 24 May
Audited financial results of Datatec for the year ended 28 February 2022 and declaration of Cash Dividend with Scrip Distribution alternative published in the South African press on	Wednesday, 25 May
Distribution of Circular announced on SENS on	Thursday, 2 June
Circular and Form of Election (grey) distributed on	Thursday, 2 June
Distribution of Circular announcement published in the South African press on	Friday, 3 June
Announcement released on SENS in respect of the ratio applicable to the Scrip Distribution alternative, based on the 30-day VWAP ending on Monday, 4 July 2022, by 11:00 on	Tuesday, 5 July
Announcement published in the South African press of the ratio applicable to the Scrip Distribution alternative, based on the 30-day VWAP ending on Monday, 4 July 2022, on	Wednesday, 6 July
Last day to trade in order to be eligible for the Cash Dividend and the Scrip Distribution alternative	Tuesday, 12 July
Shares trade "ex" the Cash Dividend and the Scrip Distribution alternative on	Wednesday, 13 July
Listing and trading of maximum possible number of shares on the JSE in terms of the Scrip Distribution alternative from the commencement of business on	Wednesday, 13 July
Announcement released on SENS in respect of the cash payment applicable to fractional entitlements, based on the VWAP of a Share traded on the JSE on Wednesday, 13 July 2022, discounted by 10%, by 11:00 on	Thursday, 14 July
Last day to elect to receive the Scrip Distribution alternative instead of the Cash Dividend, Forms of Election (grey) to reach the Transfer Secretaries by 12:00 on	Friday, 15 July
Record Date in respect of the Cash Dividend and the Scrip Distribution alternative	Friday, 15 July
Cash Dividend payments made, CSDP/broker accounts credited/updated on	Monday, 18 July
Announcement relating to the results of the Cash Dividend and the Scrip Distribution alternative released on SENS on	Monday, 18 July
Announcement relating to the results of the Cash Dividend and the Scrip Distribution alternative published in the South African press on	Tuesday, 19 July
JSE listing of shares in respect of the Scrip Distribution alternative adjusted to reflect the actual number of ordinary shares issued in terms of the Scrip Distribution alternative at the commencement of business on or about	Tuesday, 19 July

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

Share certificates may not be dematerialised or rematerialised between Wednesday, 13 July 2022 and Friday, 15 July 2022, both days inclusive. If Datatec maintains a certificated register, then the register will be closed from Wednesday, 13 July 2022 to Friday, 15 July 2022, both days inclusive.

FRACTIONS

Where a Shareholder's entitlement to new Datatec ordinary shares calculated in accordance with the below 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 a Datatec ordinary Share traded on the JSE on Wednesday, 13 July 2022, (being the day on which a Datatec ordinary Share begins trading 'ex' the entitlement to receive the Cash Dividend or the Scrip Distribution alternative), discounted by 10%. For illustrative purposes, the VWAP of a Datatec ordinary Share traded on the JSE on Wednesday, 13 July 2022 is assumed to be 3700 ZAR cents. The basis for the applicable cash payment would therefore be 3330 ZAR cents (3700 ZAR cents discounted by 10%).

The basis for the applicable cash payment will be announced on SENS on Thursday, 14 July 2022, by 11:00.

Example of fractional entitlement:

This example assumes that a Shareholder holds 100 Datatec ordinary shares at the close of business on the record date (being Friday, 15 July 2022) and elects to receive the Scrip Distribution alternative in respect of all of their shareholding.

New ordinary share entitlement = $100 \times 2.63158\% = 2$ new ordinary Scrip Distribution shares. The rounding provision described above is then applied and the shareholder will receive:

2 Scrip Distribution shares in respect of the 100 shares held and a cash payment for the fractional entitlement based on the 3330 ZAR cents noted above of $3330 \times 0.63158 = 2103.1614$ ZAR cents. This fractional entitlement payment will not be subject to Dividend Withholding Tax ("DWT").

TAX IMPLICATIONS

The Cash Dividend is likely to have tax implications for both resident and non-resident Shareholders. Shareholders are therefore encouraged to consult their professional tax advisers, should they be in any doubt as to the appropriate action to take. In terms of the Income Tax Act 58 of 1962 ("the Income Tax Act"), the Cash Dividend will, unless exempt, be subject to DWT. South African resident Shareholders that are liable for DWT will be subject to DWT at a rate of 20% of the Cash Dividend and this amount will be withheld from the Cash Dividend with the result that they will receive a net amount of 88.8 ZAR cents per share. Non-resident Shareholders may be subject to DWT at a rate of less than 20%, depending on their country of residence and the applicability of any Double Tax Agreement ("DTA") between South Africa and their country of residence.

The Scrip Distribution alternative and cash paid for a fraction of a Share will not be subject to DWT in terms of the Income Tax Act. The subsequent disposal of Datatec ordinary shares obtained as a result of the Scrip Distribution is likely to have Income Tax or Capital Gains Tax ("CGT") implications. Where any future disposals of shares obtained as a result of the Scrip Distribution are effected, the expenditure incurred in respect of such shares will be deemed to be nil in terms of the Income Tax Act.

FOREIGN SHAREHOLDERS

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

CASH DIVIDEND AND SCRIP DISTRIBUTION ALTERNATIVE CONTINUED

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

Payment of the Cash Dividend and the Scrip Distribution alternative is subject to approval by the Financial Surveillance Department of the South African Reserve Bank. An announcement will be published on SENS as soon as this approval is received.

DISCLAIMER

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

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

- (i) unless otherwise indicated, forward-looking statements indicate the Group's expectations and have not been reviewed or reported on by the Group's external auditors;
- (ii) actual results may differ materially from the Group's expectations if known and unknown risks or uncertainties affect its business, or if estimates or assumptions prove inaccurate;

- (iii) the Group cannot guarantee that any forward-looking statement will materialise and, accordingly, readers are cautioned not to place undue reliance on these forward-looking statements; and
- (iv) the Group disclaims any intention and assumes no obligation to update or revise any forward-looking statement even if new information becomes available, as a result of future events or for any other reason, other than as required by the JSE Limited Listings Requirements.

On behalf of the Board

M Makanjee
Chair

JP Montanana
Chief Executive Officer

IP Dittrich
Chief Financial Officer

24 May 2022

DIRECTORS

M Makanjee (Chair), JP Montanana* (CEO), IP Dittrich (CFO), SJ Davidson*, JF McCartney*, CRK Medlock*, MJN Njeke, E Singh-Bushell^o, DS Sita

^o 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 share-based payments and 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 and share-based payment charges not been incurred. This information is for illustrative purposes only and because of its nature, may not fairly present the Group's results. The pro forma supplementary information contained in this announcement has been reported on by the Group's external auditor. The Group's auditor, PwC, has issued a limited assurance report (in terms of ISAE 3420: Assurance Engagements to report on the compilation of pro forma financial information included in prospectus) on the pro forma financial information presented. Refer to pages 51 to 52 for their unmodified opinion thereon. Refer to page 50 for more information on the calculation of constant currency and adjusted EBITDA information.



Driving Technology

AUDITED PROVISIONAL RESULTS

for the year ended 28 February 2022



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* 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.

INDEPENDENT AUDITOR'S REPORT ON THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 28 FEBRUARY 2022

TO THE SHAREHOLDERS OF DATATEC LIMITED

Opinion

The summary consolidated financial statements of Datatec Limited, contained in the accompanying provisional report, which comprise the summary consolidated statement of financial position as at 28 February 2022, the summary consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and related notes, are derived from the audited consolidated financial statements of Datatec Limited for the year ended 28 February 2022.

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

SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

The summary consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards and the requirements of the Companies Act of South Africa as applicable to annual financial statements. Reading the summary consolidated financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated financial statements and the auditor's report thereon.

THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AND OUR REPORT THEREON

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated 24 May 2022. That report also includes communication of key audit

matters. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period.

DIRECTOR'S RESPONSIBILITY FOR THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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



PricewaterhouseCoopers Inc.

Director: BW Niebuhr
Registered Auditor
Johannesburg, South Africa

24 May 2022

BASIS OF PREPARATION

The provisional summarised consolidated financial statements were prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards ("IFRS") in effect for the Group at 28 February 2022 and further comply with the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, at a minimum

contain the requirements of IAS 34 *Interim Financial Reporting*, as well as the requirements of the Companies Act 71 of 2008 of South Africa and the JSE Limited's Listings Requirements.

The preparation of these summarised financial statements and consolidated financial statements from which these summarised financial statements were derived from for FY22 was supervised by the Chief Financial Officer, Mr Ivan Dittrich, CA(SA).

Applicable standard or note	Amendment	Effective reporting period
IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform – Phase 2	1 January 2021
IFRS 16	Covid-19-Related Rent Concessions	1 June 2020

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

Applicable standard or note	Amendment	Effective reporting period
IAS 1	Classification of Liabilities as Current or Non-current	1 January 2023
IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
IAS 8	Definition of Accounting Estimates	1 January 2023
IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
IAS 16	Proceeds before Intended Use	1 January 2022
IAS 37	Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
IFRS 1, IFRS 9 and IFRS 16	Annual Improvements to IFRS Standards 2018 – 2020	1 January 2022
IFRS 4	Extension of the Temporary Exemption from Applying IFRS 9	1 January 2023
IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	This project has been completed.
IFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021	1 April 2021

The Group did not early adopt any new, revised or amended accounting standards or interpretations. The accounting standards, amendments to issued accounting standards and interpretations, which are relevant to the Group but not yet effective at 28 February 2022, are being evaluated for the impact of these pronouncements, other than IAS 12 amendment, the accounting standards, amendments to issued standards and interpretations are not expected to have a material impact.

Critical judgements

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

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

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

Key sources of estimation uncertainty

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

The results contain sources of estimation and uncertainty in the following areas:

- estimates made in determining the recoverable amount of goodwill included in the statement of financial position;
- estimates made in determining the probability of future taxable income justifying the recognition of deferred tax assets;
- estimates made in determining uncertain tax positions;
- estimates made in determining the fair value of share-based payment expenses arising from various share incentive schemes in the Group;
- estimates made in determining the level of provision required for obsolete inventory;
- estimates made in determining the amount or timing relating to restructuring, legal claims, pension and dilapidation obligations; and
- estimates made when measuring the expected credit losses.

GOING CONCERN

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

BASIS OF PREPARATION CONTINUED

INDEPENDENT AUDITOR'S REPORT

The independent auditor, PricewaterhouseCoopers Inc., has issued its unmodified audit opinions on the consolidated financial statements and on these summarised consolidated financial statements for the year ended 28 February 2022 in accordance with International Standards on Auditing. These summarised consolidated financial statements have been derived from the audited consolidated annual financial statements and are consistent in all material respects with the Group's consolidated financial statements. The consolidated financial statements and the auditor's unmodified reports on the consolidated financial statements and on these summarised consolidated financial statements are available for inspection at the Company's registered office. The auditor's reports do not necessarily report on all of the information contained in this announcement/financial results. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement they should obtain a copy of the reports together with the accompanying financial information from the Company's registered office. The full set of consolidated financial statements and unmodified audit opinion with their key audit matters from PricewaterhouseCoopers Inc. is available for inspection at Datatec's registered offices and at <https://www.datatec.com/annual-results.php>. Any reference to future financial performance included in this announcement, has not been audited or reported on by the Company's auditor.

SUMMARY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 28 FEBRUARY 2022

USD'000	Audited Year ended 28 February 2022	Audited Year ended 28 February 2021
Revenue	4 636 782	4 109 463
Cost of sales	(3 866 386)	(3 418 926)
Gross profit	770 396	690 537
Operating costs	(591 400)	(532 645)
Net impairment of financial assets	(1 946)	(5 389)
Restructuring costs	–	(22 378)
Share-based payments	(22 517)	(11 493)
Operating profit before interest, tax, depreciation and amortisation (“EBITDA”)	154 533	118 632
Depreciation of property, plant and equipment	(17 953)	(19 040)
Depreciation of right-of-use assets	(33 843)	(33 537)
Amortisation of capitalised development expenditure	(7 432)	(5 471)
Amortisation of acquired intangible assets and software	(13 174)	(10 611)
Operating profit	82 131	49 973
Interest income	2 271	1 895
Finance costs	(33 580)	(27 587)
Share of equity-accounted investment (losses)/earnings	(427)	908
Acquisition-related fair value adjustments	567	–
Other (expenses)/income	(27)	55
Profit before taxation	50 935	25 244
Taxation	(10 602)	(19 540)
Profit for the year	40 333	5 704
Other comprehensive income/(loss)		
Items that may be reclassified subsequently to profit and loss	(4 986)	(6 981)
Exchange differences arising on translation to presentation currency	(3 664)	(6 395)
Translation of equity loans net of tax effect	(627)	(355)
Transfers and other items	(695)	(231)
Total comprehensive income/(loss) for the year	35 347	(1 277)
Profit attributable to:		
Owners of the parent	33 902	2 601
Non-controlling interests	6 431	3 103
	40 333	5 704
Total comprehensive income/(loss) attributable to:		
Owners of the parent	25 249	7 840
Non-controlling interests	10 098	(9 117)
	35 347	(1 277)
Earnings per share (“EPS”) (US cents)		
Basic	16.7	1.3
Diluted basic	16.2	1.3

SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 28 FEBRUARY 2022

USD'000	Audited Year ended 28 February 2022	Audited Year ended 28 February 2021
ASSETS		
Non-current assets	613 155	554 690
Goodwill	262 606	255 536
Property, plant and equipment	32 517	39 987
Right-of-use assets	80 639	94 837
Capitalised development expenditure	29 351	25 040
Acquired intangible assets and software	28 132	33 910
Investments	13 454	13 086
Deferred tax assets	69 951	55 837
Finance lease receivables	20 573	28 448
Other non-current assets, contract assets and contract costs	75 932	8 009
Current assets	2 399 078	2 242 568
Inventories	309 227	242 005
Trade receivables	1 223 824	1 108 105
Prepaid expenses and other receivables	223 135	217 974
Contract assets and contract costs	156 058	154 289
Current tax assets	23 030	20 769
Finance lease receivables	9 878	10 794
Cash resources	453 926	488 632
Total assets	3 012 233	2 797 258

USD'000	Audited Year ended 28 February 2022	Audited Year ended 28 February 2021
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent	563 430	583 156
Stated capital	148 859	115 410
Non-distributable reserves	105 628	101 271
Foreign currency translation reserve	(138 306)	(129 332)
Share-based payment reserve	9 465	10 114
Distributable reserves	437 784	485 693
Non-controlling interests	67 516	57 465
Total equity	630 946	640 621
Non-current liabilities	229 112	176 624
Long-term interest-bearing liabilities	56 440	42 371
Lease liabilities	61 523	77 847
Liability for share-based payments	7 676	7 812
Acquisition-related liabilities*	4 056	40
Deferred tax liabilities	28 096	26 149
Deferred revenue	21 464	10 942
Provisions	8 913	11 463
Other liabilities	40 944	—
Current liabilities	2 152 175	1 980 013
Trade and other payables	1 526 163	1 385 208
Short-term interest-bearing liabilities	266 617	261 460
Lease liabilities	32 870	36 398
Deferred revenue	134 638	132 244
Provisions	7 254	14 110
Acquisition-related liabilities*	39	2 580
Current tax liabilities	18 035	16 596
Bank overdrafts	166 559	131 417
Total equity and liabilities	3 012 233	2 797 258

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

SUMMARY CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY

FOR THE YEAR ENDED 28 FEBRUARY 2022

USD'000	Audited Year ended 28 February 2022	Audited Year ended 28 February 2021
Balance at the beginning of the year	640 621	643 093
Transactions with equity holders of the parent		
Comprehensive income	25 249	7 840
Dividend – out of distributable reserves	(82 996)	–
Dividend – scrip	39 860	–
Deferred bonus plan shares	(2 747)	(797)
Share-based payments	266	(721)
Treasury shares purchased	(4 279)	–
Charge and settlement for equity-settled share-based payments	4 228	4 306
Net movement in non-controlling interests	693	213
Transactions with non-controlling interests		
Comprehensive income/(loss)	10 098	(9 117)
Acquisitions of subsidiaries	412	1 623
Net movement in non-controlling interests	1 249	(914)
Dividend to non-controlling interests	(1 708)	(4 905)
Balance at the end of the year	630 946	640 621

SUMMARY CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 28 FEBRUARY 2022

USD'000	Audited Year ended 28 February 2022	Audited Year ended 28 February 2021
Profit before taxation	50 935	25 244
Non-cash items	122 584	129 244
Operating profit before working capital changes	173 519	154 488
Working capital changes	(83 791)	78 154
(Increase)/decrease in inventories	(66 806)	13 324
(Increase)/decrease in receivables	(96 647)	15 314
Increase in payables	89 254	88 373
Increase in contract assets and contract costs	(27 051)	(50 526)
Increase in deferred revenue	17 459	11 669
Decrease in other non-current assets	–	1 709
Decrease in finance lease receivables	6 984	–
Cash generated from operations	96 712	234 351
Net finance costs paid ⁺	(31 265)	(25 745)
Taxation paid	(26 282)	(36 597)
Net cash inflow from operating activities	39 165	172 009
Cash outflow for acquisitions	(6 610)	(5 536)
Settlement of Siticom acquisition-related option	(5 853)	–
Settlement of acquisition-related liabilities	(1 962)	–
Outflow of restricted cash	(8 709)	–
Inflow of restricted cash	5 767	–
Disposal of investments	1 943	–
Disposal of investments (Angola government bonds)	–	5 842
Loan to associates	(1 000)	–
Dividend received from investment	225	–
Additions to equity-accounted investments	(1 123)	(1 202)
Additions to property, plant and equipment	(11 084)	(17 817)
Additions to capitalised development expenditure	(11 701)	(10 945)
Additions to software	(2 056)	(6 383)
Proceeds on disposal of property, plant and equipment	572	1 842
Net cash outflow from investing activities	(41 591)	(34 199)
Dividends paid to shareholders	(43 136)	–
Treasury shares purchased	(6 150)	(2 808)
Increase in minority shareholding	–	370
Dividends paid to non-controlling interests	(1 708)	(4 905)
Settlement of acquisition-related liabilities	–	(3 130)
Overdrafts repayable on demand under certain conditions	7 082	(109 667)
Repayment of lease liabilities – principal	(36 121)	(56 549)
Proceeds from short-term liabilities	42 647	218 210
Repayment of short-term liabilities	(28 609)	(49 992)
Proceeds from long-term liabilities	84 882	50 832
Repayment of long-term liabilities	(82 564)	(27 416)
Net cash (outflow)/inflow from financing activities	(63 677)	14 945
Net (decrease)/increase in cash and cash equivalents	(66 103)	152 755
Cash and cash equivalents at the beginning of the year	478 772	332 304
Translation differences on cash and cash equivalents	3 304	(6 287)
Cash and cash equivalents at the end of the year (refer to note 9)	415 973	478 772

⁺ Finance costs include US\$5.3 million (FY21: US\$4.9 million) of finance costs related to finance leases that are included in cash flows from operating activities.

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

1. DETERMINATION OF HEADLINE AND UNDERLYING* EARNINGS

FOR THE YEAR ENDED 28 FEBRUARY 2022

USD'000	Audited Year ended 28 February 2022	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	33 902	2 601
Headline earnings adjustments	(894)	955
Impairment of right-of-use assets	–	155
Profit/(loss) on disposal of property, plant and equipment, right-of-use assets and intangible assets	(82)	912
Realised foreign exchange gains on equity loans settled	(1 174)	–
Tax effect	33	(72)
Non-controlling interests	329	(40)
Headline earnings	33 008	3 556
DETERMINATION OF UNDERLYING* EARNINGS		
Reconciliation of headline earnings to underlying* earnings		
Headline earnings	33 008	3 556
Underlying* earnings adjustments	5 075	23 383
Unrealised foreign exchange gains/(losses)	(470)	283
Acquisition-related fair value adjustments	(567)	–
Restructuring costs	–	22 378
Amortisation of acquired intangible assets	10 100	8 635
Tax effect	(3 009)	(5 843)
Non-controlling interests	(979)	(2 070)
Underlying* earnings	38 083	26 939

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

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

2. SALIENT FINANCIAL FEATURES

FOR THE YEAR ENDED 28 FEBRUARY 2022

	Audited Year ended 28 February 2022	Audited Year ended 28 February 2021
Headline and underlying* earnings		
HEADLINE EARNINGS (USD'000)	33 008	3 556
Headline earnings per share (US cents)		
Headline	16.2	1.8
Diluted headline	15.8	1.7
UNDERLYING* EARNINGS (USD'000)	38 083	26 939
Underlying* earnings per share (US cents)		
Underlying*	18.7	13.6
Diluted underlying*	18.2	13.2
Net asset value		
Net asset value per share (US cents)	263.7	293.2
Key ratios		
Gross margin (%)	16.6	16.8
EBITDA margin (%)	3.3	2.9
Effective tax rate (%)	20.8	77.4
Exchange rates		
Average Rand/US\$ exchange rate	15.0	16.5
Closing Rand/US\$ exchange rate	15.4	15.1
Number of shares issued (millions)		
Issued	217	201
Issued (excluding treasury shares and shares held by participants under deferred bonus plan)	214	199
Weighted average	203	199
Diluted weighted average	209	204

* 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 International Financial Reporting Standards or the JSE Listings Requirements.

3. GOODWILL RECONCILIATION

AS AT 28 FEBRUARY 2022

USD'000	Audited Year ended 28 February 2022	Audited Year ended 28 February 2021
Net book value	262 606	255 536
At the beginning of the year	255 536	241 369
Arising on acquisition of subsidiaries	12 199	9 495
Translation and other movements	(5 129)	4 672
Balance at the end of the year	262 606	255 536
Goodwill at cost	262 606	255 536
Per cash-generating unit:	262 606	255 536
Logicalis	239 376	230 838
Management Consulting	23 230	24 698

4. CAPITAL EXPENDITURE AND COMMITMENTS

AS AT 28 FEBRUARY 2022

USD'000	Audited Year ended 28 February 2022	Audited Year ended 28 February 2021
Capital expenditure incurred in the current period (including capitalised development expenditure)	24 841	35 145
Capital commitments at the end of the year	43 977	36 363

5. FINANCIAL INSTRUMENTS

AS AT 28 FEBRUARY 2022

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 approximates their fair values, therefore no fair value disclosures are provided. The different fair value levels are described below.

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

5. FINANCIAL INSTRUMENTS CONTINUED

AS AT 28 FEBRUARY 2022

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.

USD'000	Level	Audited Year ended 28 February 2022	Audited Year ended 28 February 2021
FINANCIAL ASSETS			
Financial assets at amortised cost			
Gross trade accounts receivable		1 250 584	1 135 017
Less: Expected credit loss allowances		(26 760)	(26 912)
Bonds		7 276	7 276
Loans granted to third parties and other long-term assets due		54 661	7 976
Finance lease receivables		30 451	39 242
Sundry receivables		29 999	45 467
Cash resources		453 926	488 632
Financial assets at fair value through profit or loss			
Derivative financial assets	2	2 153	4 378
		1 802 290	1 701 076
FINANCIAL LIABILITIES			
Financial liabilities at amortised cost			
Trade payables		1 113 072	993 067
Other payables and other financial liabilities		223 751	224 396
Long-term interest-bearing liabilities*		81 769	76 682
Lease liabilities*		94 393	114 245
Short-term interest-bearing liabilities		241 288	227 149
Bank overdrafts		166 559	131 417
Financial liabilities at fair value through profit or loss			
Acquisition-related liabilities	3	4 095	2 620
Derivative financial liabilities	2	2 052	1 046
		1 926 979	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 28 FEBRUARY 2022

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

As at 28 February 2022, there is one customer in Latin America, with a gross value of US\$64.4 million, which represents over 5% of the total balance of trade receivables (FY21: US\$56.4 million (approximately 5% of the total balance)).

Collections from customers during FY22 have remained in line with historic norms. Management has concluded that the likelihood of material expected credit losses is low.

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

Days past due

USD'000	Audited Year ended 28 February 2022					
	North America	Latin America	Europe	Asia-Pacific	MEA	Total
DATATEC GROUP TOTAL						
Current	72 233	115 848	599 579	173 409	108 068	1 069 137
1 – 30 days past due	14 594	9 737	42 915	18 664	10 053	95 963
31 – 60 days past due	7 104	8 779	9 795	5 601	1 181	32 460
61 – 90 days past due	1 608	1 379	4 639	416	1 212	9 254
91 – 120 days past due	1 699	867	1 379	1 464	(566)	4 843
Over 120 days past due	5 323	2 819	8 120	5 680	16 985	38 927
Gross trade receivables	102 561	139 429	666 427	205 234	136 933	1 250 584
Expected credit loss allowance	(185)	(629)	(7 428)	(3 281)	(15 237)	(26 760)
Net trade receivables	102 376	138 800	658 999	201 953	121 696	1 223 824
WESTCON INTERNATIONAL~						
Current	–	–	492 045	136 335	103 469	731 849
1 – 30 days past due	–	–	29 049	11 485	8 751	49 285
31 – 60 days past due	–	–	6 891	3 373	854	11 118
61 – 90 days past due	–	–	2 484	(460)	461	2 485
91 – 120 days past due	–	–	1 322	698	(603)	1 417
Over 120 days past due	–	–	7 823	941	16 236	25 000
Gross trade receivables	–	–	539 614	152 372	129 168	821 154
Expected credit loss allowance	–	–	(6 836)	(883)	(14 883)	(22 602)
Net trade receivables	–	–	532 778	151 489	114 285	798 552

USD'000	Audited Year ended 28 February 2022					
	North America	Latin America	Europe	Asia-Pacific	MEA	Total
LOGICALIS						
Current	70 716	115 807	96 996	36 142	2 556	322 217
1 – 30 days past due	14 336	9 687	13 143	7 043	764	44 973
31 – 60 days past due	7 064	8 779	2 463	2 021	173	20 500
61 – 90 days past due	1 608	1 298	1 112	798	12	4 828
91 – 120 days past due	1 699	867	45	763	30	3 404
Over 120 days past due	5 292	2 819	279	4 739	34	13 163
Gross trade receivables	100 715	139 257	114 038	51 506	3 569	409 085
Expected credit loss allowance	(154)	(629)	(592)	(2 398)	(41)	(3 814)
Net trade receivables	100 561	138 628	113 446	49 108	3 528	405 271
CORPORATE AND MANAGEMENT CONSULTING~						
Current	1 517	41	10 538	932	2 043	15 071
1 – 30 days past due	258	50	723	136	538	1 705
31 – 60 days past due	40	–	441	207	154	842
61 – 90 days past due	–	81	1 043	78	739	1 941
91 – 120 days past due	–	–	12	3	7	22
Over 120 days past due	31	–	18	–	715	764
Gross trade receivables	1 846	172	12 775	1 356	4 196	20 345
Expected credit loss allowance	(31)	–	–	–	(313)	(344)
Net trade receivables	1 815	172	12 775	1 356	3 883	20 001

~ Datatec Financial Services has been included in the Westcon International segment in February 2022 and in the Corporate and Management Consulting segment in February 2021.

6. ADDITIONAL RISK DISCLOSURES CONTINUED

AS AT 28 FEBRUARY 2022

USD'000	Audited Year ended 28 February 2021					
	North America	Latin America	Europe	Asia-Pacific	MEA	Total
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

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

~ Datatec Financial Services has been included in the Westcon International segment in February 2022 and in the Corporate and Management Consulting segment in February 2021.

6. ADDITIONAL RISK DISCLOSURES CONTINUED

AS AT 28 FEBRUARY 2022

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

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

Westcon International has an invoice assignment facility of EUR390.6 million (recently increased from EUR275.0 million) for its European subsidiaries, as well as an extended payables facility of US\$65.7 million. Westcon International has a securitisation facility of US\$100.0 million for its Asia-Pacific facilities (up from US\$80 million in the prior year). In addition, Westcon International utilises accounts receivable facilities in the Middle East (US\$15.0 million) and Indonesia (US\$11.0 million) as well as overdraft facilities in Europe (EUR4.0 million) and Africa (US\$1.0 million), a securitisation facility in South Africa (ZAR250.0 million) and a line of credit in Singapore (US\$1.2 million) to finance the business.

Analysys Mason repaid its intercompany borrowing from Datatec during H2 FY22 and has access to bank overdraft facilities to support its working capital requirements.

There was a technical breach of a covenant in Westcon International's receivables securitisation facility with Westpac Banking Corporation (Westpac) in August 2021 relating to a tangible net worth target, following the repayment of intercompany loans. Westpac were aware of the planned intercompany loan repayment and formally waived the breach prior to 28 February 2022. During the year, no further breaches of covenants have been identified, and as at 28 February 2022 no borrowing facilities were in default.

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

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

7. CONDENSED SEGMENTAL ANALYSIS

FOR THE YEAR ENDED 28 FEBRUARY 2022

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.

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.

7. CONDENSED SEGMENTAL ANALYSIS CONTINUED

FOR THE YEAR ENDED 28 FEBRUARY 2022

USD'000	Westcon International~	
	Audited Year ended 28 February 2022	Audited Year ended 28 February 2021
REVENUE	2 890 439	2 585 678
Revenue from product sales	2 810 644	2 508 973
Revenue from sales of hardware	1 679 219	1 529 146
Revenue from sales of software*	1 115 401	946 877
Revenue from vendor resold services and product maintenance sales	68 554	69 736
Inter-segmental revenue	(52 530)	(36 786)
Revenue from services	69 527	68 010
Revenue from professional services	70 258	68 241
Inter-segmental revenue	(731)	(231)
Revenue from annuity services	10 268	8 695
Revenue from cloud services	-	-
Revenue from software services*	10 310	8 754
Revenue from other annuity services	-	-
Inter-segmental revenue	(42)	(59)
Restructuring costs	-	7 764
EBITDA	68 071	44 782
RECONCILIATION OF OPERATING PROFIT/(LOSS) TO PROFIT/(LOSS) FOR THE YEAR		
Operating profit/(loss)	43 562	22 215
Interest income	546	728
Finance costs	(11 825)	(10 933)
Share of equity-accounted investment (losses)/earnings	-	-
Acquisition-related fair value adjustments	-	-
Other (expenses)/income	(27)	55
Profit/(loss) before taxation	32 256	12 065
Taxation	(1 413)	(3 694)
Profit/(loss) for the year	30 843	8 371
ASSETS AND LIABILITIES		
Total assets	1 443 308	1 336 059
Total liabilities	1 325 785	1 170 444

* Includes software as a service revenues.

~ Datatec Financial Services has been included in the Westcon International segment in February 2022 and in the Corporate and Management Consulting segment in February 2021.

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

Logicalis		Corporate and Management Consulting~		Datatec Group Total	
Audited Year ended 28 February 2022	Audited Year ended 28 February 2021	Audited Year ended 28 February 2022	Audited Year ended 28 February 2021	Audited Year ended 28 February 2022	Audited Year ended 28 February 2021
1 655 959 1 008 894	1 449 543 839 512	90 384 –	74 242 1 049	4 636 782 3 819 538	4 109 463 3 349 534
724 806 284 180	654 739 184 439	(40 970) (11 393)	(20 948) (14 944)	2 363 055 1 388 188	2 162 937 1 116 372
– (92)	747 (413)	(259) 52 622	(258) 37 199	68 295 –	70 225 –
230 106	209 267	81 662	65 553	381 295	342 830
230 106 –	209 267 –	80 931 731	65 322 231	381 295 –	342 830 –
416 959	400 764	8 722	7 640	435 949	417 099
47 588 – 369 371 –	47 653 – 353 111 –	– (42) 8 722 42	– (59) 7 640 59	47 588 10 268 378 093 –	47 653 8 695 360 751 –
– 92 534	14 138 81 931	– (6 072)	476 (8 081)	– 154 533	22 378 118 632
48 878 1 076 (21 386) (1 161) 567 –	40 265 770 (16 373) 362 – –	(10 309) 649 (369) 734 – –	(12 507) 397 (281) 546 – –	82 131 2 271 (33 580) (427) 567 (27)	49 973 1 895 (27 587) 908 – 55
27 974 (7 822)	25 024 (13 813)	(9 295) (1 367)	(11 845) (2 033)	50 935 (10 602)	25 244 (19 540)
20 152	11 211	(10 662)	(13 878)	40 333	5 704
1 368 729 986 713	1 296 818 935 536	200 196 68 789	164 381 50 657	3 012 233 2 381 287	2 797 258 2 156 637

period ended 28 February 2022 amounted to US\$53.4 million (FY21: US\$37.5 million). During the period, the Group made sales totalling US\$49.0 million (FY21: US\$58.2 million) and received management fees of US\$0.3 million (FY21: US\$0.4 million) from its associate Esource Resources, LLC. As at 28 February 2022, US\$3.2 million (FY21: US\$1.1 million) was due from Esource Resources, LLC and US\$0.01 million (FY21: US\$0.03 million) was due to Esource Resources, LLC.

8. ACQUISITIONS MADE DURING THE PERIOD

AS AT 28 FEBRUARY 2022

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

USD'000	Audited Year ended 28 February 2022		Audited Year ended 28 February 2021	
	Áudea	Siticom	Total	Total
NET ASSETS ACQUIRED				
Non-current assets	30	2 575	2 605	233
Current assets	1 339	9 566	10 905	8 799
Non-current liabilities	(301)	(4 512)	(4 813)	(2 555)
Current liabilities	(933)	(6 318)	(7 251)	(12 679)
Net assets acquired	135	1 311	1 446	(6 202)
Intangible assets	1 204	5 479	6 683	7 626
Goodwill	1 138	11 061	12 199	9 495
Non-controlling interests recognised	(404)	–	(404)	(1 623)
Fair value of acquisitions	2 073	17 851	19 924	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	9 296
Total consideration	2 073	17 851	19 924	9 296
CASH OUTFLOW FOR ACQUISITIONS				
Net cash resources acquired	(300)	(2 518)	(2 818)	(3 760)
Funds received from non-controlling interests	–	(5 355)	(5 355)	–
Cash consideration paid	2 073	12 710	14 783	9 296
Net cash outflow for acquisitions	1 773	4 837	6 610	5 536

During the period ended 28 February 2022, Datatec Group made the following acquisitions:

On 31 March 2021, Logicalis acquired 70% of the issued share capital in Áudea Seguridad de la Información Sociedad Limitada (“Áudea”), a Spanish company which specialises in cyber security, data protection, governance and compliance, for a consideration of US\$2.1 million cash. Áudea’s cyber security capabilities are complementary to Logicalis Spain’s security portfolio, creating a much broader professional and managed service offering.

On 1 June 2021, Logicalis acquired Siticom GmbH ("Siticom"), a German company that is a leading services and solutions provider in the software-defined networking and 5G market, through a new company Logicalis Siticom GmbH. The transaction involved the acquisition of 100% of the issued share capital for a consideration of US\$12.7 million followed by the immediate disposal of 29.6% of the issued share capital to two of the previous owners/managers for a consideration of US\$5.4 million. There are two options for Logicalis to repurchase this non-controlling interest for an agreed amount of up to US\$10.5 million over the next two years, whereafter Logicalis will own 100% of Siticom. A potential maximum EUR1.0 million (approximately US\$1.2 million) earn-out liability, subject to certain performance conditions, is included in the purchase price and payable in the financial year ended 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 interest's shares have been retained by Logicalis Siticom GmbH. As a result of this, Logicalis has consolidated 100% of the results of Siticom for the period it was owned in FY22, and will continue to do so in the future. The total purchase price of the Siticom acquisition (including the options and earn-out liability) is up to a maximum of EUR15.0 million (approximately US\$17.9 million), of which US\$10.5 million is accounted for as a liability at the acquisition date and included in acquisition-related liabilities. Of the proceeds received, US\$8.7 million (EUR7.2 million) was placed in restricted cash earmarked for the settlement of the acquisition-related liability, as reflected in the consolidated statement of cash flows. A portion of this restricted cash was realised to settle the acquisition-related liability. In FY22, US\$5.9 million of this liability was settled.

Siticom has extensive skills in telecommunication and software-defined networking architectures, IoT implementations and next-generation public and private networks. Siticom is focused on providing professional services around next-generation networks and private 5G. The acquisition enhances Logicalis' services mix and is margin accretive.

Upon acquiring Siticom, Logicalis became one of Cisco's preferred partners for 5G. The Siticom capabilities enabled Logicalis to deliver an end-to-end 5G solution incorporating Cisco's 5G-enabled technology.

The acquisition will give Logicalis a platform to establish a pan-European centre of expertise in developing advanced networking integration capabilities around 5G and evolving cloud orchestrated network interoperability. Logicalis also aims to expand these skill sets and application knowledge across Datatec to complement its existing capabilities in markets such as Latin America and Asia.

As a result of these acquisitions, goodwill and other intangible assets increased by US\$12.2 million and US\$6.7 million respectively. None of the goodwill recognised is expected to be deductible for income tax purposes.

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

The revenue and EBITDA included from these two acquisitions in FY22 were US\$25.4 million and US\$3.2 million respectively; profit after tax included from these acquisitions was US\$1.5 million. Had the acquisition date been 1 March 2021 for both acquisitions, the revenue and EBITDA would have been approximately US\$33.1 million and US\$4.1 million respectively for the 12 months to 28 February 2022. The approximate profit after tax would have been US\$1.9 million for the period. Acquisition-related costs of US\$0.9 million have been incurred on the above acquisitions to date.

9. CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR

FOR THE YEAR ENDED 28 FEBRUARY 2022

USD'000	Unaudited Year ended 28 February 2022	Audited Year ended 28 February 2021
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		
Cash resources	453 926	488 632
Bank overdrafts unconditionally repayable on demand	(37 953)	(9 860)
Cash and cash equivalents (per the statement of cash flows)	415 973	478 772
Bank overdrafts repayable on demand under certain conditions	(128 606)	(121 557)
Net cash resources	287 367	357 215

10. MULTI-YEAR CONTRACTS

FOR THE YEAR ENDED 28 FEBRUARY 2022

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

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

CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES RELATED TO MULTI-YEAR CONTRACT REVENUE RECOGNITION

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

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

Amounts receivable for multi-year contracts and the associated accrued costs of the contract from the vendor are recorded on the statement of financial position in line with IFRS 15 – *Revenue from contracts with customers*. The amounts are recorded gross on the statement of financial position (discounted to present value where material), since the Group is contractually entitled to, and obligated for, the gross cash flows and no contractual right of set-off exists.

11. CONTINGENT LIABILITIES

FOR THE YEAR ENDED 28 FEBRUARY 2022

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

In addition, Logicalis has a contingent tax liability at its Indonesian subsidiary PT. Packet Systems Indonesia. The Indonesian Tax Authority has raised withholding tax assessments in relation to purchases of vendor software and warranties that have been resold to customers. Withholding tax notices have been issued for each month in the calendar year 2016 and the first two months of the calendar year 2018 totalling US\$3.4 million (including penalties). Objections have been filed by the company in respect of these periods with the Indonesian Tax Court. Management, supported by a tax opinion, believes the case could be long drawn out however they have a strong case for the decision to be reversed on appeal and therefore no provision has been made at 28 February 2022.

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

The Group has certain contingent liabilities resulting from litigation and claims, including breach of warranties, where operations have been acquired or disposed of, generally involving commercial and employment matters, which are incidental to the ordinary conduct of its business. Management believes, after taking legal advice where appropriate on the probable outcome of these contingencies, that none of these contingencies will materially affect the financial position or the results of operations of the Group.

12. SUBSEQUENT EVENTS

AS AT 28 FEBRUARY 2022

ACQUISITIONS

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

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

IFRS 5 DISPOSAL GROUP

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

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

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

DIVIDEND DECLARED

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

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

13. GOING CONCERN

AS AT 28 FEBRUARY 2022

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

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

SOLVENCY

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

LIQUIDITY

Financing facilities entered into in recent years, as well as the strong operating cash flow generated during FY22, significantly enhanced the Group's liquidity position.

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

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

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

14. PRO FORMA SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED 28 FEBRUARY 2022

Pro forma supplementary information is included regarding the effects of the translation of foreign operations on the Group as well as the effect of share-based payments and restructuring costs on EBITDA. Pro forma financial information is included for the Group's revenue for the current reporting period had it been translated at the average foreign currency exchange rates (simple average) of the prior reporting period and for the Group's EBITDA had share-based payments and 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 share-based payments and restructuring costs ("adjusted EBITDA"). This constitutes pro forma financial information in terms of the JSE Listings Requirements.

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

The pro forma information has been compiled in terms of the JSE Listings Requirements and the Revised Guide on Pro Forma Information by SAICA. The Group's external auditor, PwC, has issued an unmodified assurance report, in terms of ISAE 3420 Assurance Engagements to Report on the Compilation of Pro Forma Financial Information in a Prospectus on 24 May 2022. Refer to the following pages for their unmodified reporting accountant's report thereon.

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

Average exchange rates	Year ended 28 February 2022	Year ended 28 February 2021
British Pound/US Dollar	1.37	1.30
Euro/US Dollar	1.16	1.16
US Dollar/Brazilian Real	5.37	5.39
US Dollar/Australian Dollar	1.35	1.41
US Dollar/Singapore Dollar	1.35	1.37
US Dollar/South African Rand	15.01	16.47

14. PRO FORMA SUPPLEMENTARY INFORMATION

CONTINUED

FOR THE YEAR ENDED 28 FEBRUARY 2022

CONSTANT CURRENCY FINANCIAL INFORMATION

USD'000	Year ended 28 February 2022		
	Revenue	Pro forma revenue	Constant currency % change
Datatec Group	4 636 782	4 593 490	11.8
Westcon International	2 890 439	2 845 258	10.0
Logicalis	1 655 959	1 655 279	14.2

Constant currency revenue has not been presented for the Corporate and Management Consulting segment as it is not considered to be material.

ADJUSTED EBITDA

To determine adjusted EBITDA, share-based payments and restructuring costs have been excluded. The Group is now presenting adjusted EBITDA excluding share-based payments to be more in line with international peers.

USD'000	Year ended 28 February 2022	Year ended 28 February 2021
EBITDA	154 533	118 632
Share-based payments	22 517	11 493
Restructuring costs	–	22 378
Adjusted EBITDA	177 050	152 503

There were no restructuring costs incurred in FY22.

REPORT ON THE ASSURANCE ENGAGEMENT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION INCLUDED IN THE ANNUAL FINANCIAL RESULTS

FOR THE YEAR ENDED 28 FEBRUARY 2022

TO THE DIRECTORS OF DATATEC LIMITED

INTRODUCTION

Datatec Limited ("Datatec" or "the Company") is including the presentation of pro forma supplementary information regarding the effects of the translation of foreign operations on the Datatec Group as well as the effect of share-based payment and restructuring costs on EBITDA ("the pro forma financial information") within the annual financial results for the year ended 28 February 2022 ("the 2022 annual financial results").

We have completed our assurance engagement to report on the compilation of the pro forma financial information of Datatec by the directors. The pro forma financial information is set out on pages 49 to 50 of the 2022 annual financial results. The applicable criteria on the basis of which the directors have compiled the pro forma financial information are specified in the JSE Limited (JSE) Listings Requirements and described in the 2022 annual financial results.

The pro forma financial information has been compiled by the directors to illustrate the effects of the translation of foreign operations on the Datatec Group as well as the effect of share based payments and restructuring costs on EBITDA ("adjusted EBITDA"). As part of this process, information about the Company's financial performance has been extracted by the directors from the Company's financial statements for the year ended 28 February 2022, on which an audit report has been published.

DIRECTORS' RESPONSIBILITY

The directors of the Company are responsible for compiling the pro forma financial information on the basis of the applicable criteria specified in the JSE Listings Requirements and described in the 2022 annual financial results.

OUR INDEPENDENCE AND QUALITY CONTROL

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

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

REPORTING ACCOUNTANT'S RESPONSIBILITY

Our responsibility is to express an opinion about whether the pro forma financial information has been compiled, in all material respects, by the directors on the basis of the applicable criteria specified in the JSE Listings Requirements and described in the 2022 annual financial results based on our procedures performed.

REPORT ON THE ASSURANCE ENGAGEMENT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION INCLUDED IN THE ANNUAL FINANCIAL RESULTS CONTINUED FOR THE YEAR ENDED 28 FEBRUARY 2022

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

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

The purpose of pro forma financial information is solely to present selected financial data on a constant currency basis and to illustrate adjusted EBITDA. Accordingly, we do not provide any assurance that the actual financial information at 28 February 2022 would have been as presented.

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

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

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

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

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

OPINION

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



PricewaterhouseCoopers Inc.

Director: BW Niebuhr

Registered Auditor

Johannesburg, South Africa

24 May 2022

ENQUIRIES

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Johannesburg 24 May 2022

Sponsor: Rand Merchant Bank (a division of FirstRand Bank Limited)



Driving Technology

www.datatec.com

www.westconcomstor.com

www.logicalis.com

www.analysismason.com