DATATEC LIMITED
Incorporated in the Republic of South Africa
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Share code JSE: DTC
ISIN: ZAE000017745
("Datatec", the "Company" or the "Group")

Condensed unaudited interim results for the six months ended 31 August 2022

Highlights

	Unaudited Six months to 31 August 2022	Unaudited Six months to 31 August 2021	% Movement
	"H1 FY23"	"H1 FY22"	
Combined^ Revenue (US$ million)	2 452.9	2 257.0	8.7%
Combined^ Gross profit (US$ million)	356.6	374.4	(4.8%)
Combined^ Adjusted** EBITDA (US$ million)	95.6	84.4	13.3%
Combined^ Underlying* earnings per share (US cents)	3.6	8.3	(56.6%)
Combined^ Net debt (US$ million)	(114.7)	(152.5)	(24.8%)

^ Including Analysys Mason disposal group

- Excellent Westcon International performance
- Logicalis to be managed and reported as two operating units to align with Group strategy
    - Steady results from Logicalis International
    - Continued weakness in Logicalis Latin America as previously communicated
- Strong working capital management
- Continued impact of US Dollar strength
- Special dividend of GBP135 million (ZAR2.7 billion)
- Increases in share-based payment charges due to improved Westcon performance
- Alignment of EBITDA and underlying earnings per share definitions to international peers

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Commentary

Jens Montanana, Chief Executive of Datatec, commented:

"Westcon International achieved an excellent performance with expanding profitability despite the prevailing supply chain issues affecting our industry.

"Logicalis is now managed in two segments, Logicalis International and Logicalis Latin America, to better align with the group's strategy and provide operational flexibility. Logicalis International had a steady performance whilst Latin America, as expected, continued to be negatively impacted by weak regional economic conditions compounded by supply chain constraints.

"In line with our continuing Strategic Review process, the sale of Analysys Mason finalised in September unlocked significant value for shareholders and GBP135 million will be distributed in a special dividend this December.

"Our operations are well-positioned to take full advantage of the robustness in networking and cyber security demand across the world, however the persisting US Dollar strength continues to present headwinds to growth."

STRATEGIC OVERVIEW

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

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

On 27 September 2022, Datatec completed the sale of its Analysys Mason (AM) division with the disposal of its 71.2% shareholding in AM in accordance with the terms announced on 30 June 2022, representing another significant liquidity event.

For H1 FY23 reporting, the IFRS 5 criteria have been met and the board has classified AM as a disposal group held for sale.

During H1 FY23, Datatec split its investment in Logicalis Group into two divisions: Logicalis International (all markets outside of Latin America) and Logicalis Latin America. This new organisational structure is reflected in the H1 FY23 results with Logicalis International and Logicalis Latin America reported as separate segments.

From an operational perspective, the Group remained resilient during H1 FY23 in the face of headwinds including the war in Ukraine, Covid-19 lockdowns in China and global inflationary pressures, all compounding the continuing semiconductor shortages. The disruption to global supply chains affected Datatec's businesses to differing degrees with operations in Latin America impacted the most, but in line with expectations as communicated to shareholders in the FY22 results announcement on 24 May 2022. Logicalis International achieved steady results while Westcon International delivered an excellent performance.

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

Dividends

Effective 27 September 2022, Datatec sold its 71.2% shareholding in Analysys Mason which had been held by its 100% subsidiary Datatec PLC and received its portion of the initial consideration on completion, comprising approximately GBP128 million in cash and GBP7.1 million in Deferred Loan Notes, payable three years after completion. On 11 October 2022, the Board declared a GBP135.1 million dividend to shareholders by way of a special cash dividend with scrip alternative of 1 250 ZAR cents per Datatec ordinary share. All transaction related costs will be absorbed by the Company in order to maximise the distribution to Shareholders.

On 24 May 2022, the Board declared a final dividend for FY22 of 111 ZAR cents per share equivalent to 7 US cents per share or in total US$15 million with the customary form of a cash dividend with a scrip distribution alternative.

DIVISIONAL SUMMARY

Segment changes

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

Westcon International

Westcon International's revenue increased by 16.1% to US$1.6 billion (H1 FY22: US$1.4 billion) due to strong demand for network infrastructure, remote access solutions with enhanced cyber security for flexible working and virtual office environments and unified collaboration. In constant currency***, revenue improved by 22.9%. EBITDA increased by 66.1% to US$51.5 million (H1 FY22: US$31.0 million). On an adjusted** EBITDA basis H1 FY23 increased by 84.3% to US$64.5 million (H1 FY22: US$35 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 persisted, the H1 FY23 results highlight Westcon International's continued improvement in its financial performance over the last four years.

Logicalis International

Logicalis International's revenue increased by 5.6% to US$575.6 million compared to US$544.9 million revenue for H1 FY22. EBITDA decreased by 35.6% to US$18.3 million (H1 FY22: US$28.4 million). On an adjusted** EBITDA basis H1 FY23 decreased by 9.2% to US$26.5 million (H1 FY22: US$29.2 million).

Logicalis Latin America

Logicalis Latin America's revenue decreased by 21.3% to US$218.8 million compared to US$278.0 million revenue for H1 FY22. EBITDA decreased to a US$1.0 million loss (H1 FY22: EBITDA profit US$18.1 million). On an adjusted** EBITDA basis H1 FY23 decreased by 78.1% to US$4.0 million (H1 FY22: US$18.1 million).

Alignment of underlying earnings per share with peer reporting

The definition of underlying earnings per share has been changed prospectively from H1 FY23 to better align with international peer reporting. The calculation now excludes normalisation adjustments relating to one-off tax items impacting EBITDA, and costs relating to acquisitions, integrations and corporate actions.

CURRENT TRADING AND OUTLOOK

Datatec's operations are experiencing sustained strong demand for software and services in networking, cyber-security and cloud infrastructure and are receiving significant international recognition with key vendor awards. Order intake remains strong which is a positive forward-looking indicator.

Whilst the global supply chain constraints continue to impact deliveries, resulting in further increases in backlog, there are early signs of improvement coming through.

The Group has been able to mitigate rising interest rates through excellent working capital management and by reducing debt levels. The increases in share-based payment charges linked to Westcon International's valuation uplift in line with its improved performance will continue to impact underlying earnings per share in the second half.

Looking ahead, secular technology trends for networking and cybersecurity remain strong, despite weakening macro-economic conditions (especially in Europe), inflation, and the persistent strength of the US Dollar. The board remains focussed on driving shareholder value in the context of its Strategic Review.

GROUP RESULTS

Revenue

Group combined^ revenue for the period was US$2.45 billion in H1 FY23, up by 8.7% on the US$2.26 billion revenue recorded in H1 FY22. In constant currency***, Group combined^ revenue increased by 14.7%.

Group continuing revenue for the period was US$2.41 billion in H1 FY23 compared to the US$2.21 billion revenue recorded in H1 FY22 (on a continuing basis). These are included in the combined^ revenues as shown in the table below.

Combined^ contribution to Group revenue

	H1 FY23	H1 FY22
Westcon International	**66%**	62%
Logicalis International	**23%**	24%
Logicalis Latin America	**9%**	12%
Management Consulting	**2%**	2%
	100%	100%

^ Including Analysys Mason disposal group

Continuing contribution to Group revenue

	H1 FY23	H1 FY22
Westcon International	**67%**	63%
Logicalis International	**24%**	25%
Logicalis Latin America	**9%**	12%
	100%	100%

US$'m	Combined H1 FY23	Continuing H1 FY23	Disposal Group H1 FY23	Combined H1 FY22	Continuing H1 FY22	Disposal Group H1 FY22
Revenue						
Westcon International	**1,614.1**	**1,614.1**	**-**	1,390.5	1,390.5	-
Logicalis International	**575.6**	**575.6**	**-**	544.9	544.9	-
Logicalis Latin America	**218.8**	**218.8**	**-**	278.0	278.0	-
Corporate and Management Consulting	**44.4**	**-**	**44.4**	43.6	-	43.6
Datatec Group Total	**2,452.9**	**2,408.5**	**44.4**	2,257.0	2,213.4	43.6
Revenue by geography						
North America	**236.0**	**229.7**	**6.3**	190.1	184.7	5.4
Latin America	**219.3**	**218.8**	**0.5**	278.3	278.0	0.3
Europe	**1,181.0**	**1,153.9**	**27.1**	1,108.0	1,079.8	28.2
Asia-Pacific	**593.9**	**588.5**	**5.4**	490.4	484.9	5.5
MEA	**222.7**	**217.6**	**5.1**	190.2	186.0	4.2
Datatec Group Total	**2,452.9**	**2,408.5**	**44.4**	2,257.0	2,213.4	43.6
Gross profit						
Westcon International	**152.7**	**152.7**	**-**	155.0	155.0	-
Logicalis International	**136.7**	**136.7**	**-**	143.2	143.2	-
Logicalis Latin America	**48.5**	**48.5**	**-**	56.1	56.1	-
Corporate and Management Consulting	**18.7**	**-**	**18.7**	20.1	-	20.1
Datatec Group Total	**356.6**	**337.9**	**18.7**	374.4	354.3	20.1
EBITDA						
Westcon International	**51.5**	**51.5**	**-**	31.0	31.0	-
Logicalis International	**18.3**	**18.3**	**-**	28.4	28.4	-
Logicalis Latin America	**(1.0)**	**(1.0)**	**-**	18.1	18.1	-
Corporate and Management Consulting	**(5.4)**	**(10.9)**	**5.5**	(2.5)	(9.6)	7.1
Datatec Group Total	**63.4**	**57.9**	**5.5**	75.0	67.9	7.1

Supply chain delays had a marked effect on slowing the sales process from order to delivery, causing a notable increase in the quantum of open, unfulfilled sales orders, termed "backlog" at the recent period end. Open product orders at the end of H1 FY23 were approximately US$1.4 billion compared with US$838 million for H1 FY22 and US$1.2 billion for FY22.

Product backlog (US$ million)	**H1 FY23**	**H1 FY22**	**FY22**
Westcon International	965	496	818
Logicalis International	293	212	261
Logicalis Latin America	165	130	139
Datatec Group	**1 423**	**838**	**1 218**

The Group's combined^ gross margin in H1 FY23 was 14.5% compared to 16.6% in H1 FY22 and continuing gross margin in H1 FY23 was 14.0% (H1 FY22: 16.0%). Combined^ gross profit was US$356.6 million (H1 FY22: US$374.4 million) including US$337.9 million (H1 FY22: 354.3 million) gross profit from continuing operations. The significant strengthening of the US Dollar compared to the Pound and Euro during H1 FY23 had a significant negative impact on gross margins in Westcon Europe, largely offset by realised and unrealised foreign exchange gains on hedging contracts.

Combined^ contribution to Group gross profit

	H1 FY23	H1 FY22
Westcon International	**43%**	41%
Logicalis International	**38%**	38%
Logicalis Latin America	**14%**	15%
Management Consulting	**5%**	6%
	100%	100%

^ Including Analysys Mason disposal group

Continuing contribution to Group gross profit

	H1 FY23	H1 FY22
Westcon International	**45%**	44%
Logicalis International	**41%**	40%
Logicalis Latin America	**14%**	16%
	100%	100%

Overall combined^ operating costs were US$293.2 million (H1 FY22: US$299.4 million). Restructuring costs of US$7.8 million were included in H1 FY23 relating to fundamental reorganisations in Logicalis International and Logicalis Latin America. There were no restructuring costs in H1 FY22.

Combined^ operating costs included US$29.6 million of foreign exchange gains (H1 FY22: losses of US$5.1 million). Foreign exchange gains consisted of unrealised foreign exchange gains of US$18.5 million (H1 FY22 losses: US$2.2 million) and realised foreign exchange gains of US$11.1 million (H1 FY22: losses US$2.9 million). Unrealised foreign exchange differences are excluded from underlying* earnings per share. The unrealised foreign exchange gains arose mainly in Westcon Europe on open positions of forward exchange contracts ("FECs"). The FECs hedge the net open working capital position of the business, as well as the open order backlog, which constituted the majority of the unrealised gains. If exchange rates remain where they are, this could result in further depressed gross margins as the backorder unwinds.

Combined^ EBITDA was US$63.4 million (H1 FY22: US$75.0 million) and combined^ EBITDA margin was 2.6% (H1 FY22: 3.3%).

The combined^ share-based payment charge under IFRS 2 included in operating expenses was US$18.4 million, almost double the equivalent charge in H1 FY22 of US$9.4 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 payments, restructuring costs, one-off tax items impacting EBITDA, and acquisition, integration and corporate actions costs. On this basis, adjusted** EBITDA in H1 FY23 was US$95.6 million (H1 FY22: US$84.4 million) and adjusted** EBITDA margin was 3.9% (H1 FY22: 3.7%).

Combined^ depreciation and amortisation decreased to US$32.0 million (H1 FY22: US$35.9 million) and combined^ operating profit was US$29.3 million (H1 FY22: US$39.1 million).

The combined^ net interest charge increased to US$16.0 million (H1 FY22: US$14.2 million) mainly due to increased interest rates, resulting in profit before tax of US$16.8 million (H1 FY22: US$25.4 million). Operating profit includes US$2.1 million of impairment of right-of-use assets from Logicalis International which is directly related to property restructuring initiatives.

A combined^ tax charge of US$5.5 million (H1 FY22: US$8.6 million) has arisen on the combined^ pre-tax profits. The effective tax rate of 32.6% has again benefited from an increase in UK tax losses recognised as deferred tax assets as a result of improving profit forecasts. Excluding the discontinued business, the effective tax rate was 46.7%. As at 31 August 2022, there are estimated tax loss carry forwards relating to the continuing businesses of US$232.5 million with an estimated future tax benefit of US$59.0 million, of which US$41.5 million has been recognised as a deferred tax asset.

Combined^ underlying* earnings per share were 3.6 US cents (H1 FY22: 8.3 US cents). Combined^ headline earnings per share were 4.7 US cents (H1 FY22: 6.3 US cents). Combined^ earnings per share were 5.0 US cents (H1 FY22: 6.3 US cents).

Cash and net debt

On a combined^ basis the Group generated US$78.9 million of cash from operations during H1 FY23 (H1 FY22: cash utilised of US$4.6 million) and ended the period with a combined^ net debt of US$114.7 million (H1 FY22: US$152.5 million). Excluding lease liabilities, net debt would have been US$26.4 million on a combined^ basis (H1 FY22: net cash of US$49.8 million).

Strong working capital management resulted in positive working capital cash flows in H1 FY23, compared to negative cashflows in H1 FY22.

US$ million	**Six months to 31 August 2022**	**Six months to 31 August 2021**	**Year ended 28 February 2022**
Cash resources	555.1	492.7	453.9
Bank overdrafts	(186.7)	(143.3)	(166.6)
Short-term interest-bearing liabilities and short-term leases	(384.1)	(393.4)	(299.5)
Long-term interest-bearing liabilities and long-term leases	(99.0)	(108.5)	(117.9)
Combined^ Net debt	**(114.7)**	**(152.5)**	**(130.1)**
Continuing Net debt	**(111.0)**	**(161.1)**	**(133.8)**

^ Including Analysys Mason disposal group

Liquidity and borrowing facilities

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

Westcon International has an invoice assignment facility of EUR390.6 million for its European subsidiaries, as well as an extended payables facility of US$86.0 million. Westcon International has a securitisation facility of US$100.0 million for its Asia-Pacific facilities. In addition, Westcon International utilises accounts receivable facilities in the Middle East (US$15.0 million) and Indonesia (US$11.0 million) as well as overdraft facilities in Europe (EUR4.0 million) and Africa (US$1.0 million), a securitisation facility in South Africa (ZAR250.0 million) and a line of credit in Singapore (US$1.2 million) to finance the business.

Logicalis International is supported by a corporate facility of US$155 million, covering all its operations, comprising an acquisition facility and a rolling credit facility to fund working capital requirements.

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

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

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

Acquisitions

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

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

Refer to page 40 for further information on the acquisitions made during the period.

DIVISIONAL REVIEWS

Westcon International

Westcon International's revenue increased by 16.1% to US$1,614.1 million (FY22: US$1,390.5 million) due to strong demand for network infrastructure, remote access solutions, enhanced cyber security for flexible working and virtual office environments and unified collaboration. In constant currency***, revenue improved by 22.9%.

Westcon International's hardware and software backlog also increased significantly because of the semiconductor shortage and supply chain constraints. Backlog at the end of H1 FY23 was approximately US$965 million compared with US$496 million for H1 FY22 and US$818 million for FY22.

Westcon International's gross profit decreased by 1.5% to US$152.7 million (H1 FY22: US$155.0 million) and the gross margins decreased to 9.5% (H1 FY22: 11.1%). This is as a result of the rapid strengthening of the US Dollar against the Euro and Pound which had a significant negative impact on gross margins in EMEA. These negative impacts were largely offset by benefits of foreign exchange hedging gains reported in operating expenses. Realised foreign exchange gains of US$12.8 million (foreign exchange losses H1 FY22: US$ 2.2 million) were generated and unrealised foreign exchange gains were US$19.3 million (foreign exchange losses H1 FY22: US$ 0.3 million).

The unrealised foreign exchange gains arose mainly in Westcon Europe on open positions of FECs. The FECs hedge the net open working capital position of the business, as well as the open order backlog, which constituted the majority of the unrealised gains. If exchange rates remain at current levels, this could result in further depressed gross margins as the backorder unwinds.

Westcon International revenue % contribution by geography

	H1 FY23	H1 FY22
Europe	**61%**	62%
Asia-Pacific	**26%**	25%
Middle East and Africa	**13%**	13%
	100%	100%

Westcon International gross profit % contribution by geography

	H1 FY23	H1 FY22
Europe	**52%**	59%
Asia-Pacific	**35%**	27%
Middle East and Africa	**13%**	14%
	100%	100%

Operating costs decreased by 18.4% to US$101.2 million (H1 FY22: US$124.0 million) due to the impact of the foreign exchange gains of US$32.1 million (H1 FY22: US$2.5 million loss) discussed above which were offset by an increase in share-based payment charges to US$12 million (H1 FY22: US$4 million). Excluding both foreign exchange gains and share based payment charges, operating costs increased 3.2% or US$3.7 million. Total central costs of US$17.2 million were incurred in H1 FY23 (H1 FY22: US$13.5 million) with a significant portion of the increase attributable to share-based payment charges.

EBITDA increased by 66.1% to US$51.5 million (H1 FY22: US$31.0 million) with favourable results in Europe (86% growth) and Asia-Pacific offset by a lower result in MEA. EBITDA margin increased to 3.2% (H1 FY22: 2.2%). Adjusted** EBITDA increased by US$29.5 million to US$64.5 million.

Net working capital days decreased to 16 days (H1 FY22: 22 days and FY22: 15 days) primarily due to a significant improvement in days payable outstanding ("DPO"), mainly as a result of extra payment days received from Cisco. The strong net working capital result drove a US$ 63.1 million reduction in net debt to US$78.3 million (H1 FY22: US$141.4 million and FY22: US$85.0 million).

US$ million	**Six months to 31 August 2022**	**Six months to 31 August 2021**	**Year ended 28 February 2022**
Cash resources	288.2	198.5	204.5
Bank overdrafts	(3.1)	(8.1)	(7.5)
Short-term interest-bearing liabilities and short-term leases	(330.1)	(302.9)	(243.5)
Long-term interest-bearing liabilities and long-term leases	(33.3)	(28.9)	(38.5)
Net debt	**(78.3)**	**(141.4)**	**(85.0)**

The multi-year investments in advanced systems, business automation and focus on execution and working capital management have positioned Westcon International well to navigate the uncertainty that is likely to prevail in the near term and will allow the division to continue to deliver on its strategic goals.

Logicalis International

Logicalis International's revenue increased by 5.6% to US$575.6 million compared to US$544.9 million revenue for H1 FY22.

Revenue contribution by geography is shown below:

Logicalis International revenue % contribution by geography

	HY1 FY23	HY1 FY22
North America	**40%**	34%
Europe, Middle East and Africa	**30%**	40%
Asia-Pacific	**30%**	26%
	100%	100%

Logicalis International had a strong order intake during H1 FY23. Shipment delays as a result of the global supply chain issues resulted in a significant increase in backlog impacting North America as well as Europe, the Middle East and Africa. Logicalis International's product backlog at the end of H1 FY23 was approximately US$293 million compared with US$212 million for H1 FY22 and US$261 million for FY22.

Logicalis International gross margin was 23.8% (H1 FY22: 26.3%). The underlying gross margin percentage was impacted by product and services mix in H1 FY23. Logicalis International gross profit was US$136.7 million (H1 FY22: US$143.2 million).

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

Logicalis International gross profit % contribution by geography

	HY1 FY23	HY1 FY22
North America	**37%**	35%
Europe, Middle East and Africa	**38%**	42%
Asia-Pacific	**25%**	23%
	100%	100%

Operating costs increased to US$118.4 million (H1 FY22: US$114.8 million). The H1 FY23 increase reflects the costs incurred for restructuring initiatives as the result of separation of Logicalis into Logicalis International and Logicalis Latin America and removing certain management functions.

EBITDA decreased by 35.6% to US$18.3 million (H1 FY22: US$28.4 million), with a corresponding EBITDA margin of 3.2% (H1 FY22: 5.2%). Adjusted** EBITDA was US$26.5 million (H1 FY22: US$29.2 million), with a corresponding adjusted** EBITDA margin of 4.6% (H1 FY22: 5.4%). Adjusted** EBITDA excluded restructuring costs of US$5.2 million and one-off tax items impacting EBITDA of US$2.6 million.

Operating profit was US$0.3 million (H1 FY22: US$10.4 million).

The net interest charge increased by US$1.6 million reflecting the impact of a higher interest base rate environment on borrowings.

The decrease in net debt compared to H1 FY22 was driven primarily by improved working capital positions which more than offset the acquisitions made during the period.

US$ million	**Six months to 31 August 2022**	**Six months to 31 August 2021**	**Year ended 28 February 2022**
Cash resources	119.9	118.5	95.2
Bank overdrafts	(133.8)	(101.9)	(127.1)
Short-term interest-bearing liabilities and short-term leases	(35.8)	(56.4)	(37.7)
Long-term interest-bearing liabilities and long-term leases	(31.7)	(45.3)	(41.3)
Net debt	**(81.4)**	**(85.1)**	**(110.9)**

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

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

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

Logicalis Latin America

Logicalis Latin America generated revenue of US$218.8 million (H1 FY22: US$278.0 million).

Revenue contribution by geography is shown below:

Logicalis Latin America revenue % contribution by geography

	HY1 FY23	HY1 FY22
Brazil	**54%**	62%
Northern Latin America	**18%**	12%
Southern Latin America	**28%**	26%
	100%	100%

Logicalis Latin America had a lower order intake during H1 FY23. As expected, the business was most impacted by supply chain delays as flagged in Datatec's FY22 results. Logicalis Latin America's product backlog at the end of H1 FY23 was approximately US$165 million compared with US$130 million for H1 FY22 and US$139 million for FY22. The increase in backlog was a result of the supply chain delays.

Logicalis Latin America's gross margin was 22.2% (H1 FY22: 20.2%). Underlying gross margin percentage remained solid with the headline decrease caused by the lower mix of product delivered in H1 FY23. Logicalis Latin America's gross profit was down 13.6% to US$48.5 million (H1 FY22: US$56.1 million).

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

Logicalis Latin America gross profit % contribution by geography

	HY1 FY23	HY1 FY22
Brazil	**54%**	62%
Northern Latin America	**19%**	12%
Southern Latin America	**27%**	26%
	100%	100%

Operating costs increased to US$49.5 million (H1 FY22: US$38.0 million). The H1 FY23 increase reflects the costs of restructuring initiatives of US2.6 million and US$2.2 million of aborted Brazil IPO costs.

EBITDA decreased to US$1.0 million loss (H1 FY22: US$18.1 million), with a corresponding EBITDA margin of -0.5% (H1 FY22: 6.5%). On an adjusted** EBITDA basis H1 FY23 decreased by 78.1% to US$4.0 million (H1 FY22: US$18.3 million), with a corresponding adjusted** EBITDA margin of 1.8% (H1 FY22: 6.6%). Adjusted** EBITDA excluded restructuring costs of US$2.6 million and aborted Brazil IPO costs of US$2.2 million.

Operating loss was US$4.5 million (H1 FY22 profit: US$14.3 million).

The net interest charge decreased by US$1.4 million, reflecting the lower volume of borrowing required for working capital in Brazil as a result of reduced volumes.

The decrease in net debt compared to H1 FY22 was driven primarily by decreased volume of business, reducing working capital requirements.

US$' million	**Six months to 31 August 2022**	**Six months to 31 August 2021**	**Year ended 28 February 2022**
Cash resources	45.6	39.9	32.0
Bank overdrafts	(48.1)	(33.3)	(31.9)
Short-term interest-bearing liabilities and short-term leases	(15.1)	(31.9)	(14.5)
Long-term interest-bearing liabilities and long-term leases	(20.7)	(28.5)	(26.1)
Net debt	**(38.3)**	**(53.8)**	**(40.5)**

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

Corporate and Management Consulting

The Management Consulting unit, comprising Analysys Mason, delivered an excellent performance in H1 FY23; the sixth successive year of growth.

The disposal of Analysys Mason was not yet finalised as at 31 August 2022 with the sale concluded on 27 September 2022. The H1 FY23 results of Analysys Mason are disclosed as discontinued operations and US$6.3 million is included in profit from discontinued operations in accordance with IFRS 5. US$85.0 million of assets held for sale as well as US$47.7 million of liabilities held for sale are disclosed in the Statement of Financial Position.

Discontinued revenue increased by 1.8% to US$44.4 million (H1 FY22: US$43.6million). Gross profit decreased by 6.8% to US$18.7 million from US$20.1 million in H1 FY22. EBITDA decreased by 21.3% to US$5.5 million (H1 FY22: US$7.1million) mainly as a result of currency translation. EBITDA margin decreased to 12.5% compared to 16.3% in H1 FY22.

The Corporate segment includes the net operating costs of the Datatec head office entities which were US$11.3 million (H1 FY22: US$9.1 million). Corporate costs include the remuneration of the Board and head office staff, including share-based payments, consulting fees and audit fees. The increase in corporate costs is mainly as a result of increased share-based payment charges. In H1 FY23, foreign exchange gains were US$0.4 million (H1 FY22: foreign exchange losses of US$0.5million).

As at 31 August 2022, Datatec head office entities held cash of US$90.3 million (FY22: US$103.1 million) of which US$21.3 million (FY22: US$30.8 million) is held in South Africa and subject to the South African Reserve Bank regulations. These cash balances decreased by US$12.8 million from 28 February 2022 mainly as a result of settlement of share-based payment schemes (shares purchased in the market) and the cash portion of the FY22 final dividend paid to shareholders of Datatec.

SUBSEQUENT EVENTS

Acquisitions

On 27 October 2022 the Datatec Group increased its stake in Cirrus Participações S.A. ("Kumulus") from 32.56% effective shareholding to 48.87% for BRL17 million.

Disposals

Effective 27 September 2022, Datatec sold its 71.2% shareholding in Analysys Mason which had been held by its 100%-owned subsidiary Datatec PLC. Datatec PLC received its portion of the consideration on completion, comprising approximately GBP128 million in cash. A further amount of GBP 7.1 million comprising deferred loan notes will be payable three years after the completion of the transaction. There is an earn-out payment of up to GBP7.1 million (Datatec's portion), which may become payable with reference to an EBITDA target of the Analysys Mason Group for the financial year ending 28 February 2023. The aggregate earn-out payment is due for payment on 28 February 2025.

There were no other material subsequent events.

BOARD CHANGES (ALL PREVIOUSLY ANNOUNCED)

The following changes to the Board and to the roles of directors have taken place as previously announced on SENS:

Board changes:

- Ms D S Sita joined the Board as an Independent Non-executive Director on 1 March 2022
- Ms E Singh-Bushell resigned from the Board as an independent non-executive director of the Company with effect from 27 July 2022.
- Mr L C Rapparini joined the Board as an Independent Non-executive Director of the Company with effect from 1 September 2022.

Changes to the functions of Directors:

With effect from 1 March 2022:

- Ms M Makanjee, independent non-executive director of the Company, became Chair of the Board in succession to Mr S J Davidson;
- Ms M Makanjee stepped down as Chair of the Remuneration and Social and Ethics Committees and remained a member of both committees;
- Ms M Makanjee became Chair of the Nominations Committee in succession to Mr S J Davidson who remained a member of the committee;
- Ms D S Sita, who joined the Board as an Independent Non-executive Director on 1 March 2022 as announced on 3 February 2022 was also appointed as a member of the Remuneration Committee at that date and;
- Mr S J Davidson Chairs the Remuneration Committee from 1 March 2022 on an interim basis and has become Chair of the Social and Ethics Committee.

With effect from 1 July 2022, Ms D Sita became a member of the Audit, Risk and Compliance Committee.

With effect from 1 December 2022, Mr L C Rapparini will join the Remuneration Committee.

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 condensed consolidated interim results have not been reviewed or audited by the Company's external auditor, PWC.

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

3 November 2022

DIRECTORS

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

o American # British ^ Brazilian

** Underlying earnings exclude normalisation adjustments: impairments of goodwill and intangible assets, profit or loss on sale of investments and assets, amortisation of acquired intangible assets, unrealised foreign exchange movements, acquisition-related adjustments, fair value movements on acquisition-related financial instruments, restructuring costs relating to fundamental reorganisations, one-off tax items impacting EBITDA, costs relating to acquisitions, integration and corporate actions, and the taxation effect on all of the aforementioned.*

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

**** The pro forma constant currency, adjusted EBITDA and underlying earnings information, which is the responsibility of the Datatec directors, presents the Group's revenue for the current reporting period had it been translated at the average foreign currency exchange rates of the prior reporting period as well as EBITDA had restructuring costs, share-based payments, one-off tax items impacting EBITDA and acquisition, integration and corporate actions costs not been incurred. Underlying earnings include the adjustments indicated above. This information is for illustrative purposes only and because of its nature, may not fairly present the Group's results.*

To determine the revenue in constant currency terms, the current financial reporting period's monthly revenues in local currency have been converted to US dollars at the average monthly exchange rates prevailing over the same period in the prior period. *Refer to page 48 for more information on the calculation of constant currency information.*

[**Note on page numbering:** there are no pages 15 to 18; the next page after page 14 is page 19]

DATATEC

Driving Technology

CONDENSED UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 31 August 2022

CONTENTS

BASIS OF PREPARATION

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

The preparation of this interim report for H1 FY23 was supervised by the Chief Financial Officer, Mr Ivan Dittrich, CA(SA).

Accounting policies

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

Adoption of amendments to existing standards and interpretations

A number of amendments to accounting pronouncements are effective from 1 January 2022, but they do not have a material effect on the Group's interim financial statements.

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

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

Applicable standard or note	Amendment	Effective reporting period
IAS 1	*Classification of Liabilities as Current or Non-current*	*1 January 2024*
IAS 1 and IFRS Practice Statement 2	*Disclosure of Accounting Policies*	*1 January 2023*
IAS 8	*Definition of Accounting Estimates*	*1 January 2023*
IAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*	*1 January 2023*
IAS 37	*Onerous Contracts – Cost of Fulfilling a Contract*	*1 January 2022*
IFRS 4	*Extension of the Temporary Exemption from Applying IFRS 9*	*1 January 2023*

The Group did not early adopt any new, revised or amended accounting standards or interpretations. The accounting standards, amendments to issued accounting standards and interpretations, which are relevant to the Group but not yet effective at 31 August 2022, are being evaluated for the impact of these pronouncements. Other than the IAS 12 amendment, the accounting standards, amendments to issued standards and interpretations are not expected to have a material impact.

BASIS OF PREPARATION CONTINUED

The results of the Group have many areas where judgements, 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.

Critical judgements

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

- judgement in recognising revenue as an agent or principal (net vs gross revenue);
- judgement in recognition of revenue from multi-year contracts;
- judgement 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 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 Board has reviewed the future profit and cash flow projections in conjunction with the current economic climate as well as banking facilities in place to support all the operations, in order to express an opinion on the adequacy of working capital and the ability to continue as a going concern for the foreseeable future. These projections covered future financial performance, solvency and liquidity for a period of 12 months from the date of the release of these results. The Board has concluded that the Group will continue to be a going concern for the foreseeable future and therefore the results have been prepared on a going concern basis.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS TO 31 AUGUST 2022

US$'000	Unaudited Six months to 31 August 2022	Unaudited Re-presented^ Six months to 31 August 2021	Re-presented^ Year ended 28 February 2022
CONTINUING OPERATIONS			
Revenue*	**2 408 484**	2 213 379	4 546 398
Cost of sales	**(2 070 637)**	(1 859 087)	(3 816 630)
Gross profit	**337 847**	354 292	729 768
Operating costs	**(255 669)**	(278 111)	(568 948)
Net impairment of financial assets	**(510)**	(984)	(1 898)
Restructuring costs	**(7 787)**	–	–
Share-based payments	**(16 028)**	(7 294)	(15 465)
Operating profit before interest, tax, depreciation and amortisation ("EBITDA")	**57 853**	67 903	143 457
Depreciation of property, plant and equipment	**(8 027)**	(8 943)	(17 505)
Depreciation of right-of-use assets	**(14 813)**	(15 913)	(31 741)
Amortisation of capitalised development expenditure	**(4 554)**	(3 572)	(7 432)
Amortisation of acquired intangible assets and software	**(3 760)**	(5 480)	(11 804)
Impairment of right-of-use assets	**(2 053)**	–	–
Operating profit	**24 646**	33 995	74 975
Interest income	**2 733**	1 856	2 264
Finance costs	**(18 532)**	(15 950)	(33 315)
Share of equity-accounted investment earnings/(losses)	**480**	504	(427)
Acquisition-related fair value adjustments	**38**	–	567
Other income/(expenses)	**7**	(4)	(27)
Profit before taxation	**9 372**	20 401	44 037
Taxation	**(4 378)**	(7 296)	(9 470)
Profit for the period from continuing operations	**4 994**	13 105	34 567
DISCONTINUED OPERATIONS			
Profit for the period from discontinued operations	**6 308**	3 655	5 766
Profit for the period	**11 302**	16 760	40 333
OTHER COMPREHENSIVE (LOSS)/INCOME			
Items that may be reclassified subsequently to profit and loss	**(15 752)**	3 833	(4 986)
Exchange differences arising on translation to presentation currency	**(16 711)**	4 135	(3 664)
Translation of equity loans net of tax effect	**965**	(368)	(627)
Transfers and other items	**(6)**	66	(695)
Total comprehensive (loss)/income for the period	**(4 450)**	20 593	35 347
Profit attributable to:			
Owners of the parent	**10 759**	12 508	33 902
Continuing operations	**5 815**	9 455	29 109
Discontinued operations	**4 944**	3 053	4 793
Non-controlling interests	**543**	4 252	6 431
Continuing operations	**(821)**	3 650	5 458
Discontinued operations	**1 364**	602	973
	11 302	16 760	40 333
Total comprehensive (loss)/income attributable to:			
Owners of the parent	**(4 591)**	13 433	25 249
Non-controlling interests	**141**	7 160	10 098
	(4 450)	20 593	35 347
EARNINGS PER SHARE ("EPS") (US CENTS)			
Basic	**5.0**	6.3	16.7
Continuing operations	**2.7**	4.8	14.3
Discontinued operations	**2.3**	1.5	2.4
Diluted basic	**4.9**	6.1	16.2
Continuing operations	**2.6**	4.6	13.9
Discontinued operations	**2.3**	1.5	2.3

** Included in revenue is US$1.0 million of revenue (H1 FY22: US$8.4 million; FY22: US$25.4 million) from acquisitions in the current year from the date of control.*

^ The prior years have been re-presented to show comparative results from discontinued operations in accordance with IFRS 5. While the re-presented amounts have been derived from previously audited financial information, the re-presentation itself has not been audited for the purpose of these interim results.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 AUGUST 2022

US$'000	Unaudited Six months to 31 August 2022	Unaudited Six months to 31 August 2021	Audited Year ended 28 February 2022
ASSETS			
Non-current assets	**578 175**	555 313	613 155
Goodwill	**241 257**	266 391	262 606
Property, plant and equipment	**29 969**	35 832	32 517
Right-of-use assets	**66 364**	86 118	80 639
Capitalised development expenditure	**32 137**	25 748	29 351
Acquired intangible assets and software	**23 756**	33 871	28 132
Investments	**9 682**	14 661	13 454
Deferred tax assets	**71 999**	60 553	69 951
Finance lease receivables	**14 037**	23 766	20 573
Other non-current assets, contract assets and contract costs	**88 974**	8 373	75 932
Current assets	**2 938 650**	2 434 723	2 399 078
Inventories	**482 788**	353 326	309 227
Trade receivables	**1 339 411**	1 125 488	1 223 824
Prepaid expenses and other receivables	**279 027**	231 662	223 135
Contract assets and contract costs	**179 463**	194 705	156 058
Current tax assets	**20 657**	26 511	23 030
Finance lease receivables	**8 090**	10 283	9 878
Cash resources	**544 171**	492 748	453 926
Assets classified as held for sale	**85 043**	–	–
Total assets	**3 516 825**	2 990 036	3 012 233
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent	**549 195**	582 133	563 430
Stated capital	**146 537**	121 008	148 859
Non-distributable reserves	**114 491**	97 818	105 628
Foreign currency translation reserve	**(153 129)**	(128 574)	(138 306)
Share-based payments reserve	**6 772**	7 588	9 465
Distributable reserves	**434 524**	484 293	437 784
Non-controlling interests	**66 134**	65 029	67 516
Total equity	**615 329**	647 162	630 946
Non-current liabilities	**201 121**	168 754	229 112
Long-term interest-bearing liabilities	**37 521**	40 186	56 440
Lease liabilities	**51 397**	68 352	61 523
Liability for share-based payments	**324**	4 248	7 676
Acquisition-related liabilities	**3 649**	4 163	4 056
Deferred tax liabilities	**27 488**	26 969	28 096
Deferred revenue	**21 543**	14 505	21 464
Provisions	**9 210**	10 331	8 913
Other liabilities	**49 989**	–	40 944
Current liabilities	**2 700 375**	2 174 120	2 152 175
Trade and other payables~	**1 923 475**	1 465 775	1 526 163
Short-term interest-bearing liabilities	**349 125**	359 070	266 617
Lease liabilities	**32 158**	34 344	32 870
Deferred revenue	**137 623**	136 301	134 638
Provisions	**7 850**	8 805	7 254
Acquisition-related liabilities	**4 402**	7 168	39
Current tax liabilities	**13 073**	19 348	18 035
Bank overdrafts	**184 997**	143 309	166 559
Liabilities directly associated with assets classified as held for sale	**47 672**	–	–
Total equity and liabilities	**3 516 825**	2 990 036	3 012 233

~ *Includes short-term liability for share-based payments of US$33.5 million (H1 FY22: US$12.1 million; FY22: US$18.9 million).*

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY FOR THE SIX MONTHS TO 31 AUGUST 2022

US$'000	**Unaudited Six months to 31 August 2022**	Unaudited Six months to 31 August 2021	Audited Year ended 28 February 2022
Balance at the beginning of the period	**630 946**	640 621	640 621
TRANSACTIONS WITH EQUITY HOLDERS OF THE PARENT			
Comprehensive (loss)/income	**(4 591)**	13 433	25 249
Dividend – out of distributable reserves	**(14 012)**	(13 974)	(82 996)
Dividend – scrip	**10 234**	3 504	39 860
Deferred bonus plan shares	**(2 017)**	(1 359)	(2 747)
Treasury shares purchased	**–**	–	(4 279)
Share-based payments	**(1 409)**	–	266
Charge and settlement for equity-settled share-based payments	**1 196**	(2 627)	4 228
Net movement in non-controlling interests	**–**	–	693
Acquisitions of subsidiaries	**(3 636)**	–	–
TRANSACTIONS WITH NON-CONTROLLING INTERESTS			
Comprehensive income	**141**	7 160	10 098
Acquisitions of subsidiaries	**–**	404	412
Net movement in non-controlling interests	**(1 259)**	–	1 249
Dividend to non-controlling interests	**(264)**	–	(1 708)
Balance at the end of the period	**615 329**	647 162	630 946

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIX MONTHS TO 31 AUGUST 2022

US$'000	Unaudited Six months to 31 August 2022	Unaudited Six months to 31 August 2021	Audited Year ended 28 February 2022
Profit before taxation – combined operations	**16 774**	25 393	50 935
Non-cash items	**55 593**	62 035	122 584
Operating profit before working capital changes	**72 367**	87 428	173 519
Working capital changes	**1 798**	(91 443)	(83 791)
Increase in inventories	**(182 946)**	(110 550)	(66 806)
Increase in receivables	**(178 455)**	(23 680)	(96 647)
Increase in payables	**396 547**	70 080	89 254
Increase in contract assets and contract costs	**(48 985)**	(35 324)	(27 051)
Increase in deferred revenue	**15 637**	8 031	17 459
Decrease/(increase) in other non-current assets	**908**	(564)	–
Decrease in finance lease receivables	**3 780**	–	6 984
Cash generated from/(utilised in) operations	**78 853**	(4 579)	96 712
Net finance costs paid+~	**(16 101)**	(14 171)	(31 265)
Taxation paid	**(14 517)**	(17 037)	(26 282)
Net cash inflow/(outflow) from operating activities	**48 235**	(35 787)	39 165
Cash outflow for acquisitions	**(15 992)**	(6 610)	(6 610)
Settlement of Siticom acquisition-related option	**–**	–	(5 853)
Settlement of acquisition-related liabilities	**–**	–	(1 962)
Outflow of restricted cash	**–**	(9 228)	(8 709)
Inflow of restricted cash	**–**	–	5 767
Disposal of investments	**–**	–	1 943
Inflow from investments (Angola government bonds)	**2 598**	–	–
Loan to associates	**–**	–	(1 000)
Dividend received from investment	**–**	–	225
Additions to equity-accounted investments	**–**	(1 105)	(1 123)
Additions to property, plant and equipment	**(7 280)**	(4 765)	(11 084)
Additions to capitalised development expenditure	**(7 351)**	(4 234)	(11 701)
Additions to software	**(709)**	(1 222)	(2 056)
Proceeds on disposal of property, plant and equipment	**402**	258	572
Net cash outflow from investing activities	**(28 332)**	(26 906)	(41 591)
Dividend paid to shareholders	**(3 777)**	(10 470)	(43 136)
Dividends paid to non-controlling interests	**(264)**	–	(1 708)
Settlement of acquisition-related liabilities	**–**	(1 666)	–
Treasury shares purchased	**(1 929)**	(5 545)	(6 150)
Overdrafts repayable on demand under certain conditions	**74**	9 680	7 082
Repayment of lease liabilities – principal	**(18 155)**	(16 959)	(36 121)
Proceeds from short-term liabilities	**94 069**	95 528	42 647
Repayment of short-term liabilities	**(7 149)**	(21 876)	(28 609)
Proceeds from long-term liabilities	**19 140**	39 649	84 882
Repayment of long-term liabilities	**(29 059)**	(23 509)	(82 564)
Net cash inflow/(outflow) from financing activities	**52 950**	64 832	(63 677)
Net increase/(decrease) in cash and cash equivalents	**72 853**	2 139	(66 103)
Cash and cash equivalents at the beginning of the period	**415 973**	478 772	478 772
Translation differences on cash and cash equivalents	**4 498**	1 274	3 304
Cash and cash equivalents at the end of the period – combined operations (refer to notes 9 and 12)	**493 324**	482 185	415 973

+ *Finance costs include US$3.4 million (H1 FY22: US$3.4 million; FY22: US$5.3 million) of finance costs related to finance leases that are included in cash flows from operating activities.*

~ *Finance costs include US$5.3 million (H1 FY21: US$3.6 million; FY22: US$12.8 million) interest on bank overdrafts repayable on demand under certain conditions. These finance costs are included in cash flows from operating activities.*

1. DETERMINATION OF HEADLINE EARNINGS

FOR THE SIX MONTHS TO 31 AUGUST 2022

US$'000	**Unaudited Six months to 31 August 2022**	Unaudited Six months to 31 August 2021	Audited Year ended 28 February 2022
DETERMINATION OF HEADLINE EARNINGS			
Reconciliation of attributable profit to headline earnings			
Profit attributable to the equity holders of the parent	**10 759**	12 508	33 902
Headline earnings adjustments	**(658)**	61	(894)
Impairment of right-of-use assets	**2 053**	–	–
Impairment of property, plant and equipment	**67**	–	–
Profit on disposal of investment	**(2 964)**	–	–
Loss/(profit) on disposal of property, plant and equipment, right-of-use assets and intangible assets	**170**	74	(82)
Realised foreign exchange gains on equity loans settled	**–**	–	(1 174)
Tax effect	**(504)**	(7)	33
Non-controlling interests	**520**	(6)	329
Headline earnings	**10 101**	12 569	33 008
Continuing operations – re-presented^	**7 510**	9 516	28 215
Discontinued operations – re-presented^	**2 591**	3 053	4 793

^ *The prior years have been re-presented to show comparative results from continuing and discontinued operations in accordance with IFRS 5. While the re-presented amounts have been derived from previously audited financial information, the re-presentation itself has not been audited for the purpose of these interim results.*

2. SALIENT FINANCIAL FEATURES

FOR THE SIX MONTHS TO 31 AUGUST 2022

US$'000	Unaudited Six months to 31 August 2022	Unaudited Re-presented^ Six months to 31 August 2021	Re-presented^ Year ended 28 February 2022
Headline earnings			
HEADLINE EARNINGS	**10 101**	12 569	33 008
Continuing operations	**7 510**	9 516	28 215
Discontinued operations	**2 591**	3 053	4 793
Headline earnings per share (US cents)			
Headline	**4.7**	6.3	16.2
Continuing operations	**3.5**	4.8	13.9
Discontinued operations	**1.2**	1.5	2.3
Diluted headline	**4.6**	6.2	15.8
Continuing operations	**3.4**	4.7	13.5
Discontinued operations	**1.2**	1.5	2.3
Net asset value			
Net asset value per share (US cents)	**250.2**	290.5	263.7
Key ratios			
Gross margin (%) – continuing operations	**14.0**	16.0	16.1
EBITDA margin (%) – continuing operations	**2.4**	3.1	3.2
Effective tax rate (%) – continuing operations	**46.7**	35.8	21.5
Exchange rates			
Average Rand/US$ exchange rate	**15.9**	14.5	15.0
Closing Rand/US$ exchange rate	**17.0**	14.7	15.4
Number of shares issued (millions)			
Issued	**222**	203	217
Issued (excluding treasury shares and shares held by participants under deferred bonus plan)	**219**	200	214
Weighted average	**215**	199	203
Diluted weighted average	**221**	204	209

^ *The prior years have been re-presented to show comparative results from continuing and discontinued operations in accordance with IFRS 5. While the re-presented amounts have been derived from previously audited financial information, the re-presentation itself has not been audited for the purpose of these interim results.*

3. GOODWILL RECONCILIATION

AS AT 31 AUGUST 2022

US$'000	Unaudited Six months to 31 August 2022	Unaudited Six months to 31 August 2021	Audited Year ended 28 February 2022
Net book value	**241 257**	266 391	262 606
At the beginning of the period	**262 606**	255 536	255 536
Arising on acquisition of subsidiaries	**16 895**	13 014	12 199
Transfer to assets classified as held for sale	**(31 031)**	–	–
Translation and other movements	**(7 213)**	(2 159)	(5 129)
Balance at the end of the period	**241 257**	266 391	262 606
Goodwill at cost	**241 257**	266 391	262 606
Per cash-generating unit:	**241 257**	266 391	262 606
Logicalis International – re-presented[#]	**205 820**	206 197	203 545
Logicalis Latin America – re-presented[#]	**35 437**	35 899	35 831
Management Consulting	**–**	24 295	23 230

[#] *The Logicalis segment previously reported in the prior period is now being reported as two management segments, Logicalis Latin America and Logicalis International (representing the Logicalis business outside of Latin America). The ultimate Logicalis holding company, Logicalis Group Limited, and its associated costs, is now included in the Corporate and Management Consulting segment. While the re-presented amounts have been derived from previously audited financial information, the re-presentation itself has not been audited for the purpose of these interim results.*

4. CAPITAL EXPENDITURE AND COMMITMENTS

AS AT 31 AUGUST 2022

US$'000	Unaudited Six months to 31 August 2022	Unaudited Six months to 31 August 2021	Audited Year ended 28 February 2022
Capital expenditure incurred in the current period (including capitalised development expenditure)	**15 340**	10 221	24 841
Capital commitments at the end of the period	**28 935**	26 506	43 977

5. FINANCIAL INSTRUMENTS

AS AT 31 AUGUST 2022

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

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

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

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

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

5. FINANCIAL INSTRUMENTS CONTINUED

AS AT 31 AUGUST 2022

US$'000	Level	Unaudited Six months to 31 August 2022	Unaudited Six months to 31 August 2021	Audited Year ended 28 February 2022
FINANCIAL ASSETS				
Financial assets at amortised cost				
Gross trade accounts receivable		**1 364 506**	1 152 224	1 250 584
Less: Expected credit loss allowances		**(25 095)**	(26 736)	(26 760)
Bonds		**4 677**	7 276	7 276
Loans granted to third parties and other long-term assets due		**62 714**	8 342	54 661
Finance lease receivables		**22 127**	34 049	30 451
Sundry receivables		**55 785**	41 062	29 999
Cash resources		**544 171**	492 748	453 926
Financial assets at fair value through profit or loss				
Derivative financial assets	2	**591**	1 805	2 153
		2 029 476	1 710 770	1 802 290
FINANCIAL LIABILITIES				
Financial liabilities at amortised cost				
Trade payables		**1 497 130**	1 099 659	1 113 072
Other payables and other financial liabilities		**252 858**	206 080	223 751
Long-term interest-bearing liabilities*		**58 860**	97 853	81 769
Lease liabilities*		**83 555**	102 696	94 393
Short-term interest-bearing liabilities		**327 786**	301 403	241 288
Acquisition-related liabilities	3	**–**	9 248	–
Bank overdrafts		**184 997**	143 309	166 559
Financial liabilities at fair value through profit or loss				
Acquisition-related liabilities	3	**8 051**	2 083	4 095
Derivative financial liabilities	2	**419**	1 159	2 052
		2 413 656	1 963 490	1 926 979

** Includes current portion of long-term liabilities.*

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

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

6. ADDITIONAL RISK DISCLOSURES

AS AT 31 AUGUST 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 31 August 2022, there are no customers that represent more than 5% of the total balance of trade receivables (H1 FY22: one customer in Latin America, with a gross value of US$71.5 million; FY22: one customer in Latin America, with a gross value of US$64.4 million).

Collections from customers during H1 FY23 have remained in line with historic norms. Management has concluded that the likelihood of material expected credit losses is low.

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

DAYS PAST DUE

	Unaudited Six months to 31 August 2022					
US$'000	**North America**	**Latin America**	**Europe**	**Asia-Pacific**	**MEA**	**Total**
DATATEC GROUP TOTAL						
Current	51 849	136 910	598 056	229 241	100 915	1 116 971
1–30 days past due	16 463	15 725	47 277	31 899	15 448	126 812
31–60 days past due	5 665	6 139	14 590	12 787	9 492	48 673
61–90 days past due	1 722	1 248	10 473	4 024	1 877	19 344
91–120 days past due	901	7 889	3 602	230	2 230	14 852
Over 120 days past due	4 101	4 867	9 942	937	18 007	37 854
Gross trade receivables	80 701	172 778	683 940	279 118	147 969	1 364 506
Expected credit loss allowance	(4)	(527)	(7 382)	(1 810)	(15 372)	(25 095)
Net trade receivables	80 697	172 251	676 558	277 308	132 597	1 339 411
WESTCON INTERNATIONAL						
Current	–	–	536 172	187 929	98 725	822 826
1–30 days past due	–	–	36 227	21 299	14 805	72 331
31–60 days past due	–	–	11 848	7 104	9 135	28 087
61–90 days past due	–	–	6 684	2 357	1 791	10 832
91–120 days past due	–	–	3 297	46	2 089	5 432
Over 120 days past due	–	–	9 387	(1 158)	17 958	26 187
Gross trade receivables	–	–	603 615	217 577	144 503	965 695
Expected credit loss allowance	–	–	(6 781)	(718)	(15 325)	(22 824)
Net trade receivables	–	–	596 834	216 859	129 178	942 871

6. ADDITIONAL RISK DISCLOSURES CONTINUED

AS AT 31 AUGUST 2022

US$'000	North America	Latin America	Europe	Asia-Pacific	MEA	Total
	Unaudited Six months to 31 August 2022					
LOGICALIS INTERNATIONAL						
Current	**51 849**	**–**	**61 884**	**41 312**	**2 190**	**157 235**
1–30 days past due	**16 463**	**–**	**11 050**	**10 600**	**643**	**38 756**
31–60 days past due	**5 665**	**–**	**2 742**	**5 683**	**357**	**14 447**
61–90 days past due	**1 722**	**–**	**3 789**	**1 667**	**86**	**7 264**
91–120 days past due	**901**	**–**	**305**	**184**	**141**	**1 531**
Over 120 days past due	**4 101**	**–**	**555**	**2 095**	**49**	**6 800**
Gross trade receivables	**80 701**	**–**	**80 325**	**61 541**	**3 466**	**226 033**
Expected credit loss allowance	**(4)**	**–**	**(601)**	**(1 092)**	**(47)**	**(1 744)**
Net trade receivables	**80 697**	**–**	**79 724**	**60 449**	**3 419**	**224 289**
LOGICALIS LATIN AMERICA						
Current	**–**	**136 910**	**–**	**–**	**–**	**136 910**
1–30 days past due	**–**	**15 725**	**–**	**–**	**–**	**15 725**
31–60 days past due	**–**	**6 139**	**–**	**–**	**–**	**6 139**
61–90 days past due	**–**	**1 248**	**–**	**–**	**–**	**1 248**
91–120 days past due	**–**	**7 889**	**–**	**–**	**–**	**7 889**
Over 120 days past due	**–**	**4 867**	**–**	**–**	**–**	**4 867**
Gross trade receivables	**–**	**172 778**	**–**	**–**	**–**	**172 778**
Expected credit loss allowance	**–**	**(527)**	**–**	**–**	**–**	**(527)**
Net trade receivables	**–**	**172 251**	**–**	**–**	**–**	**172 251**
CORPORATE AND MANAGEMENT CONSULTING						
Current	**–**	**–**	**–**	**–**	**–**	**–**
1–30 days past due	**–**	**–**	**–**	**–**	**–**	**–**
31–60 days past due	**–**	**–**	**–**	**–**	**–**	**–**
61–90 days past due	**–**	**–**	**–**	**–**	**–**	**–**
91–120 days past due	**–**	**–**	**–**	**–**	**–**	**–**
Over 120 days past due	**–**	**–**	**–**	**–**	**–**	**–**
Gross trade receivables	**–**	**–**	**–**	**–**	**–**	**–**
Expected credit loss allowance	**–**	**–**	**–**	**–**	**–**	**–**
Net trade receivables	**–**	**–**	**–**	**–**	**–**	**–**

Negative amounts represent credits on accounts that have yet been applied/cleared due to timing of customer approvals.

The past due receivables ageing categories above are shown gross, before taking into account expected credit loss allowances. US$24.6 million (H1 FY22: US$23.7 million; FY22: US$26.2 million) expected credit losses have been allocated to the US$52.7 million (H1 FY22: US$62.6 million; FY22: US$43.8 million) over 90 days past due receivables, resulting in a net over 90 days past due receivables balance of US$28.1 million (H1 FY22: US$38.9 million; FY22: US$17.6 million). Where there are no expected credit loss allowances, the balances are deemed to be recoverable and there are either payment plans in place with the relevant customers or discussions with the customers are ongoing to resolve the payment of the outstanding balances.

US$'000	Unaudited Six months to 31 August 2021 North America	Latin America	Europe	Asia-Pacific	MEA	Total
DATATEC GROUP TOTAL						
Current	53 126	137 515	495 063	170 379	69 673	925 756
1–30 days past due	13 477	6 195	53 496	24 385	13 019	110 572
31–60 days past due	4 026	4 361	9 951	6 366	9 439	34 143
61–90 days past due	4 486	664	6 505	4 122	3 416	19 193
91–120 days past due	992	613	5 671	1 805	3 132	12 213
Over 120 days past due	2 267	3 217	11 626	7 773	25 464	50 347
Gross trade receivables	78 374	152 565	582 312	214 830	124 143	1 152 224
Expected credit loss allowance	(69)	(514)	(8 704)	(3 613)	(13 836)	(26 736)
Net trade receivables	78 305	152 051	573 608	211 217	110 307	1 125 488
WESTCON INTERNATIONAL						
Current	–	–	430 565	141 128	65 874	637 567
1–30 days past due	–	–	31 981	16 197	11 900	60 078
31–60 days past due	–	–	7 729	4 043	9 030	20 802
61–90 days past due	–	–	5 338	2 819	3 402	11 559
91–120 days past due	–	–	5 157	846	3 123	9 126
Over 120 days past due	–	–	10 770	2 739	24 473	37 982
Gross trade receivables	–	–	491 540	167 772	117 802	777 114
Expected credit loss allowance	–	–	(7 454)	(1 198)	(13 388)	(22 040)
Net trade receivables	–	–	484 086	166 574	104 414	755 074
LOGICALIS INTERNATIONAL – RE-PRESENTED#						
Current	52 107	–	59 873	28 476	2 580	143 036
1–30 days past due	13 369	–	20 456	7 937	687	42 449
31–60 days past due	3 893	–	2 102	2 323	224	8 542
61–90 days past due	4 486	–	890	1 303	11	6 690
91–120 days past due	992	–	450	959	9	2 410
Over 120 days past due	2 236	–	761	4 875	84	7 956
Gross trade receivables	77 083	–	84 532	45 873	3 595	211 083
Expected credit loss allowance	(38)	–	(1 172)	(2 256)	(56)	(3 522)
Net trade receivables	77 045	–	83 360	43 617	3 539	207 561

6. ADDITIONAL RISK DISCLOSURES CONTINUED

AS AT 31 AUGUST 2022

US$'000	North America	Latin America	Europe	Asia-Pacific	MEA	Total
	Unaudited Six months to 31 August 2021					
LOGICALIS LATIN AMERICA – RE-PRESENTED#						
Current	–	137 515	–	–	–	137 515
1–30 days past due	–	6 195	–	–	–	6 195
31–60 days past due	–	4 361	–	–	–	4 361
61–90 days past due	–	664	–	–	–	664
91–120 days past due	–	613	–	–	–	613
Over 120 days past due	–	3 217	–	–	–	3 217
Gross trade receivables	–	152 565	–	–	–	152 565
Expected credit loss allowance	–	(514)	–	–	–	(514)
Net trade receivables	–	152 051	–	–	–	152 051
CORPORATE AND MANAGEMENT CONSULTING						
Current	1 019	–	4 625	775	1 219	7 638
1–30 days past due	108	–	1 059	251	432	1 850
31–60 days past due	133	–	120	–	185	438
61–90 days past due	–	–	277	–	3	280
91–120 days past due	–	–	64	–	–	64
Over 120 days past due	31	–	95	159	907	1 192
Gross trade receivables	1 291	–	6 240	1 185	2 746	11 462
Expected credit loss allowance	(31)	–	(78)	(159)	(392)	(660)
Net trade receivables	1 260	–	6 162	1 026	2 354	10 802

US$'000	North America	Latin America	Europe	Asia-Pacific	MEA	Total
	Audited Year ended 28 February 2022					
DATATEC GROUP TOTAL						
Current	72 233	115 848	599 579	173 409	108 068	1 069 137
1–30 days past due	14 594	9 737	42 915	18 664	10 053	95 963
31–60 days past due	7 104	8 779	9 795	5 601	1 181	32 460
61–90 days past due	1 608	1 379	4 639	416	1 212	9 254
91–120 days past due	1 699	867	1 379	1 464	(566)	4 843
Over 120 days past due	5 323	2 819	8 120	5 680	16 985	38 927
Gross trade receivables	102 561	139 429	666 427	205 234	136 933	1 250 584
Expected credit loss allowance	(185)	(629)	(7 428)	(3 281)	(15 237)	(26 760)
Net trade receivables	102 376	138 800	658 999	201 953	121 696	1 223 824
WESTCON INTERNATIONAL						
Current	–	–	492 045	136 335	103 469	731 849
1–30 days past due	–	–	29 049	11 485	8 751	49 285
31–60 days past due	–	–	6 891	3 373	854	11 118
61–90 days past due	–	–	2 484	(460)	461	2 485
91–120 days past due	–	–	1 322	698	(603)	1 417
Over 120 days past due	–	–	7 823	941	16 236	25 000
Gross trade receivables	–	–	539 614	152 372	129 168	821 154
Expected credit loss allowance	–	–	(6 836)	(883)	(14 883)	(22 602)
Net trade receivables	–	–	532 778	151 489	114 285	798 552
LOGICALIS INTERNATIONAL – RE–PRESENTED#						
Current	70 716	–	96 996	36 142	2 556	206 410
1–30 days past due	14 336	–	13 143	7 043	764	35 286
31–60 days past due	7 064	–	2 463	2 021	173	11 721
61–90 days past due	1 608	–	1 112	798	12	3 530
91–120 days past due	1 699	–	45	763	30	2 537
Over 120 days past due	5 292	–	279	4 739	34	10 344
Gross trade receivables	100 715	–	114 038	51 506	3 569	269 828
Expected credit loss allowance	(154)	–	(592)	(2 398)	(41)	(3 185)
Net trade receivables	100 561	–	113 446	49 108	3 528	266 643
LOGICALIS LATIN AMERICA – RE–PRESENTED#						
Current	–	115 807	–	–	–	115 807
1–30 days past due	–	9 687	–	–	–	9 687
31–60 days past due	–	8 779	–	–	–	8 779
61–90 days past due	–	1 298	–	–	–	1 298
91–120 days past due	–	867	–	–	–	867
Over 120 days past due	–	2 819	–	–	–	2 819
Gross trade receivables	–	139 257	–	–	–	139 257
Expected credit loss allowance	–	(629)	–	–	–	(629)
Net trade receivables	–	138 628	–	–	–	138 628

6. ADDITIONAL RISK DISCLOSURES CONTINUED

AS AT 31 AUGUST 2022

	Audited Year ended 28 February 2022					
US$'000	North America	Latin America	Europe	Asia-Pacific	MEA	Total
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

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

The Group is dependent on its bank overdrafts and trade finance facilities to operate. These facilities generally consist of either a fixed term or fixed period and may be repayable on demand, 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 International is supported by a corporate facility of US$155.0 million, covering all operations outside of Latin America, comprising an acquisition facility and a rolling credit facility to fund working capital requirements.

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

Westcon International has an invoice assignment facility of EUR390.6 million for its European subsidiaries, as well as an extended payables facility of US$86.0 million. Westcon International has a securitisation facility of US$100.0 million for its Asia-Pacific facilities. In addition, Westcon International utilises accounts receivable facilities in the Middle East (US$15.0 million) and Indonesia (US$11.0 million) as well as overdraft facilities in Europe (EUR4.0 million) and Africa (US$1.0 million), a securitisation facility in South Africa (ZAR250.0 million) and a line of credit in Singapore (US$1.2 million) to finance the business.

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

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

7. CONDENSED SEGMENTAL ANALYSIS

FOR THE SIX MONTHS TO 31 AUGUST 2022

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

Principal activities are as follows:

- Westcon International: Value-added technology distributor of industry-leading solutions. Provides class-leading cyber security, network infrastructure, unified collaboration products, data centre solutions, channel support services and financing/leasing solutions for ICT customers;
- Logicalis International and Logicalis Latin America: International solutions 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 including the ultimate Logicalis holding company, Logicalis Group Limited, and its associated costs, and Group consolidation adjustments.

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

7. CONDENSED SEGMENTAL ANALYSIS CONTINUED

FOR THE SIX MONTHS TO 31 AUGUST 2022

US$'000	Westcon International			Logicalis International		
	Unaudited Six months to 31 August 2022	Unaudited Six months to 31 August 2021	Audited Year ended 28 February 2022	**Unaudited Six months to 31 August 2022**	Unaudited Re-presented# Six months to 31 August 2021	Re-presented# Year ended 28 February 2022
REVENUE	**1 614 070**	1 390 520	2 890 439	**575 624**	544 896	1 133 265
Revenue from product sales	**1 575 004**	1 353 051	2 810 644	**346 322**	313 181	667 917
Revenue from sales of hardware	**928 448**	814 036	1 679 219	**237 013**	217 940	479 743
Revenue from sales of software*	**645 942**	532 220	1 115 401	**109 393**	95 279	188 266
Revenue from vendor resold services and product maintenance sales	**30 729**	34 720	68 554	**–**	–	–
Inter-segmental revenue	**(30 115)**	(27 925)	(52 530)	**(84)**	(38)	(92)
Revenue from services	**34 227**	34 600	69 527	**93 924**	87 621	179 861
Revenue from professional services	**34 500**	34 956	70 258	**93 924**	87 621	179 861
Inter-segmental revenue	**(273)**	(356)	(731)	**–**	–	–
Revenue from annuity services	**4 839**	2 869	10 268	**135 378**	144 094	285 487
Revenue from cloud services	**–**	–	–	**55 441**	31 166	46 593
Revenue from software services*	**4 814**	2 869	10 310	**–**	–	–
Revenue from other annuity services	**–**	–	–	**79 937**	112 928	238 894
Inter-segmental revenue	**25**	–	(42)	**–**	–	–
Restructuring costs	**–**	–	–	**(5 223)**	–	–
EBITDA	**51 514**	30 974	68 071	**18 308**	28 373	64 048
RECONCILIATION OF OPERATING PROFIT/(LOSS) TO PROFIT/(LOSS) FOR THE PERIOD						
Operating profit/(loss)	**39 892**	19 010	43 562	**315**	10 402	27 862
Interest income	**281**	337	546	**476**	1 136	441
Finance costs	**(7 137)**	(4 935)	(11 825)	**(5 544)**	(4 644)	(7 861)
Share of equity-accounted investment earnings/(losses)	**–**	–	–	**169**	319	452
Acquisition-related fair value adjustments	**–**	–	–	**38**	–	567
Other income/(expenses)	**7**	(4)	(27)	**–**	–	–
Profit/(loss) before taxation	**33 043**	14 408	32 256	**(4 546)**	7 213	21 461
Taxation	**(5 664)**	(1 996)	(1 413)	**288**	(3 241)	(6 659)
Profit/(loss) for the period from continuing operations	**27 379**	12 412	30 843	**(4 258)**	3 972	14 802
Profit for the period from discontinued operations	**–**	–	–	**–**	–	–
Profit/(loss) for the period	**27 379**	12 412	30 843	**(4 258)**	3 972	14 802
ASSETS AND LIABILITIES						
Total assets	**1 855 961**	1 388 415	1 443 308	**975 034**	951 576	976 807
Total liabilities	**1 731 299**	1 293 906	1 325 785	**753 386**	708 934	745 551

** Includes software as a service revenue.*

^ The prior years have been re-presented to show comparative results from discontinued operations in accordance with IFRS 5. While the re-presented amounts have been derived from previously audited financial information, the re-presentation itself has not been audited for the purpose of these interim results.

 # The Logicalis segment previously reported in the prior period is now being reported as two management segments, Logicalis Latin America and Logicalis International (representing the Logicalis business outside of Latin America) to understand the factors affecting the underlying performance of the respective businesses and to align with the Group's strategic objectives. The ultimate Logicalis holding company, Logicalis Group Limited, and its associated costs, is now included in the Corporate and Management Consulting segment. Comparative results have been re-presented. While the re-presented amounts have been derived from previously audited financial information, the re-presentation itself has not been audited for the purpose of these interim results.

Logicalis Latin America			Corporate and Management Consulting			Datatec Group Total		
Unaudited Six months to 31 August 2022	Unaudited Re-presented# Six months to 31 August 2021	Re-presented# Year ended 28 February 2022	**Unaudited Six months to 31 August 2022**	Unaudited Re-presented^ Six months to 31 August 2021	Re-presented^ Year ended 28 February 2022	**Unaudited Six months to 31 August 2022**	Unaudited Re-presented^ Six months to 31 August 2021	Re-presented^ Year ended 28 February 2022
218 790	277 963	522 694	**–**	–	–	**2 408 484**	2 213 379	4 546 398
119 280	188 663	340 977	**–**	–	–	**2 040 606**	1 854 895	3 819 538
83 412	135 845	245 063	**(22 291)**	(21 807)	(40 970)	**1 226 582**	1 146 014	2 363 055
35 868	52 818	95 914	**(7 970)**	(6 096)	(11 393)	**783 233**	674 221	1 388 188
–	–	–	**62**	(60)	(259)	**30 791**	34 660	68 295
–	–	–	**30 199**	27 963	52 622	**–**	–	–
24 300	23 702	50 245	**–**	–	–	**152 451**	145 923	299 633
24 300	23 702	50 245	**(273)**	(356)	(731)	**152 451**	145 923	299 633
–	–	–	**273**	356	731	**–**	–	–
75 210	65 598	131 472	**–**	–	–	**215 427**	212 561	427 227
555	2 696	995	**–**	–	–	**55 996**	33 862	47 588
–	–	–	**25**	–	(42)	**4 839**	2 869	10 268
74 655	62 902	130 477	**–**	–	–	**154 592**	175 830	369 371
–	–	–	**(25)**	–	42	**–**	–	–
(2 564)	–	–	**–**	–	–	**(7 787)**	–	–
(998)	18 117	28 486	**(10 971)**	(9 561)	(17 148)	**57 853**	67 903	143 457
(4 497)	14 325	21 016	**(11 064)**	(9 742)	(17 465)	**24 646**	33 995	74 975
1 191	281	635	**785**	102	642	**2 733**	1 856	2 264
(5 813)	(6 308)	(13 525)	**(38)**	(63)	(104)	**(18 532)**	(15 950)	(33 315)
(203)	(148)	(1 613)	**514**	333	734	**480**	504	(427)
–	–	–	**–**	–	–	**38**	–	567
–	–	–	**–**	–	–	**7**	(4)	(27)
(9 322)	8 150	6 513	**(9 803)**	(9 370)	(16 193)	**9 372**	20 401	44 037
1 004	(3 140)	(1 748)	**(6)**	1 081	350	**(4 378)**	(7 296)	(9 470)
(8 318)	5 010	4 765	**(9 809)**	(8 289)	(15 843)	**4 994**	13 105	34 567
–	–	–	**6 308**	3 655	5 766	**6 308**	3 655	5 766
(8 318)	5 010	4 765	**(3 501)**	(4 634)	(10 077)	**11 302**	16 760	40 333
498 405	442 834	390 930	**187 425**	207 211	201 188	**3 516 825**	2 990 036	3 012 233
354 816	293 659	241 162	**61 995**	46 375	68 789	**2 901 496**	2 342 874	2 381 287

Sales and purchases between Group companies are concluded on normal commercial terms in the ordinary course of business. The inter-group sales of goods and provision of services for the period ended 31 August 2022 amounted to US$30.4 million (H1 FY22: US$28.3 million; FY22: US$53.4 million). During the period, the Group made sales totalling US$26.8 million (H1 FY22: US$28.1 million; FY22: US$49.0 million) and received management fees of US$0.2 million (H1 FY22: US$0.2 million; FY22: US$0.3 million) from its associate Esource Resources, LLC. As at 31 August 2022, US$3.5 million (H1 FY22: US$4.0 million; FY22: US$3.2 million) was due from Esource Resources, LLC and US$nil (H1 FY22: US$0.01 million; FY22: US$0.01 million) was due to Esource Resources, LLC.

8. ACQUISITIONS MADE DURING THE PERIOD

AS AT 31 AUGUST 2022

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

US$'000	Unaudited Six months to 31 August 2022 Q Associates	Northern Sky Research	Total	Unaudited Six months to 31 August 2021 Total	Audited Year ended 28 February 2022 Total
NET ASSETS ACQUIRED					
Non-current assets	**1 268**	**–**	**1 268**	2 605	2 605
Current assets	**3 577**	**1 134**	**4 711**	10 905	10 905
Non-current liabilities	**(842)**	**–**	**(842)**	(4 481)	(4 813)
Current liabilities	**(7 184)**	**(662)**	**(7 846)**	(7 251)	(7 251)
Net assets acquired	**(3 181)**	**472**	**(2 709)**	1 778	1 446
Intangible assets	**3 367**	**–**	**3 367**	5 536	6 683
Goodwill	**6 489**	**10 406**	**16 895**	13 014	12 199
Non-controlling interests recognised	**–**	**–**	**–**	(404)	(404)
Fair value of acquisitions	**6 675**	**10 878**	**17 553**	19 924	19 924
PURCHASE CONSIDERATION					
Funds received from non-controlling interests	**–**	**–**	**–**	(5 355)	(5 355)
Earn-out liability	**–**	**–**	**–**	1 159	1 159
Acquisition-related liabilities	**–**	**1 926**	**1 926**	9 337	9 337
Cash	**6 675**	**8 952**	**15 627**	14 783	14 783
Total consideration	**6 675**	**10 878**	**17 553**	19 924	19 924
CASH OUTFLOW FOR ACQUISITIONS					
Net cash resources acquired	**952**	**(587)**	**365**	(2 818)	(2 818)
Funds received from non-controlling interests	**–**	**–**	**–**	(5 355)	(5 355)
Cash consideration paid	**6 675**	**8 952**	**15 627**	14 783	14 783
Net cash outflow for acquisitions	**7 627**	**8 365**	**15 992**	6 610	6 610

During the period ended 31 August 2022, Datatec Group made the following acquisitions:

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

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

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

As a result of these acquisitions, goodwill and other intangible assets increased provisionally by US$16.9 million and US$3.4 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 combined revenue and EBITDA included from these two acquisitions in H1 FY23 were US$2.3 million and US$0.01 million respectively; profit after tax included from these acquisitions was US$0.1 million. Had the acquisition date been 1 March 2022 for both acquisitions, the combined revenue and EBITDA would have been approximately US$8.2 million and US$1.5 million respectively for the six months to 31 August 2022. The approximate profit after tax would have been US$1.8 million for the period. Acquisition-related costs of US$0.2 million (combined) have been incurred on the above acquisitions to date.

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

9. CASH AND CASH EQUIVALENTS

FOR THE SIX MONTHS TO 31 AUGUST 2022

US$'000	**Unaudited Six months to 31 August 2022**	Unaudited Six months to 31 August 2021	Audited Year ended 28 February 2022
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD			
Cash resources per the statement of financial position	**544 171**	492 748	453 926
Cash resources included in assets classified as held for sale	**10 920**	–	–
Bank overdrafts unconditionally repayable on demand	**(61 767)**	(10 563)	(37 953)
Cash and cash equivalents (per the statement of cash flows)	**493 324**	482 185	415 973
Bank overdrafts repayable on demand under certain conditions	**(132 462)**	(132 746)	(128 606)
Bank overdrafts included in liabilities associated with assets classified as held for sale	**(1 688)**	–	–
Net cash resources	**359 174**	349 439	287 367

10. MULTI-YEAR CONTRACTS

FOR THE SIX MONTHS TO 31 AUGUST 2022

Included in other non-current assets is US$53.1 million (FY22: US$43.9 million) of amounts receivable for multi-year contracts. These multi-year contracts relate to Westcon International where performance obligations have already been fulfilled. The amounts due to Westcon International are unconditional and the contracts are non-cancellable. The short-term portion (US$59.5 million (FY22: US$41.8 million)) is included in trade receivables. Amounts owing for purchases related to these multi-year contracts have been recognised in other liabilities (long-term portion of US$50.1 million (FY22: US$40.6 million)) and trade and other payables (short-term portion of US$55.7 million (FY22: US$37.9 million)).

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

11. CONTINGENT LIABILITIES

AS AT 31 AUGUST 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 31 August 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. DISCONTINUED OPERATIONS

FOR THE SIX MONTHS TO 31 AUGUST 2022

US$'000	**Unaudited Analysys Mason Six months to 31 August 2022**	Unaudited Analysys Mason Six months to 31 August 2021	Analysys Mason Year ended 28 February 2022
Revenue	**44 433**	43 640	90 384
Cost of sales	**(25 673)**	(23 517)	(49 756)
Gross profit	**18 760**	20 123	40 628
Operating costs	**(10 799)**	(10 814)	(22 452)
Net impairment of financial assets	**(44)**	(134)	(48)
Share-based payments	**(2 357)**	(2 110)	(7 052)
Operating profit before interest, tax, depreciation and amortisation ("EBITDA")	**5 560**	7 065	11 076
Depreciation of property, plant and equipment	**(129)**	(255)	(448)
Depreciation of right-of-use assets	**(476)**	(1 032)	(2 102)
Amortisation of acquired intangible assets and software	**(301)**	(709)	(1 370)
Operating profit	**4 654**	5 069	7 156
Interest income	**16**	5	6
Finance costs	**(231)**	(82)	(265)
Profit on disposal of investment	**2 963**	–	–
Profit before taxation	**7 402**	4 992	6 897
Taxation	**(1 094)**	(1 337)	(1 131)
Profit for the period from discontinued operations	**6 308**	3 655	5 766
Profit attributable to:			
Owners of the parent	**4 944**	3 053	4 793
Non-controlling interests	**1 364**	602	973
	6 308	3 655	5 766

12. DISCONTINUED OPERATIONS CONTINUED

FOR THE SIX MONTHS TO 31 AUGUST 2022

CASH FLOWS FROM DISCONTINUED OPERATIONS

US$'000	Unaudited Six months to 31 August 2022	Unaudited Six months to 31 August 2021	Year ended 28 February 2022
Net cash inflow from operating activities	**1 410**	2 925	8 700
Net cash outflow from investing activities	**(8 584)**	(298)	(861)
Net cash outflow from financing activities	**(953)**	(3 649)	(5 264)
Net (decrease)/increase in cash and cash equivalents	**(8 127)**	(1 022)	2 575
Opening cash	**19 028**	16 453	16 453
Translation differences	**(1 668)**	–	–
Net (decrease)/increase in cash and cash equivalents	**(8 127)**	(1 022)	2 575
Cash and cash equivalents at the end of the period – discontinued operations	**9 233**	15 431	19 028
Cash and cash equivalents at the end of the period – continuing operations	**484 091**	466 754	396 945
Cash and cash equivalents at the end of the period – combined operations	**493 324**	482 185	415 973

Datatec's management consultancy division, Analysys Mason, is classified as a disposal group held for sale. Subsequent to the period end, on 27 September 2022, Datatec completed the sale of Analysys Mason with the disposal of its effective 71.2% shareholding. The sale is in terms of a process initiated by the Board pursuant to its Strategic Review in order to unlock shareholder value. The entire initial gross proceeds will be returned to shareholders as a special dividend, representing a significant value realisation event for shareholders.

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

The February 2022 amounts have been derived from previously audited financial information but their current presentation has not been audited for the purpose of the interim results.

13. SUBSEQUENT EVENTS

ACQUISITIONS

On 27 October 2022, the Datatec Group increased its stake in Cirrus Participações S.A. ("Kumulus") from 32.56% effective shareholding to 48.87% for BRL17 million.

DISPOSALS

Effective 27 September 2022, Datatec sold its 71.2% shareholding in Analysys Mason which had been held by its 100%-owned subsidiary Datatec PLC. Datatec PLC received its portion of the consideration on completion, comprising approximately GBP128 million in cash. A further amount of GBP7.1 million comprising deferred loan notes will be payable three years after the completion of the transaction. There is an earn-out payment of up to GBP7.1 million (Datatec's portion), which may become payable with reference to an EBITDA target of the Analysys Mason Group for the financial year ending 28 February 2023. The aggregate earn-out payment is due for payment on 28 February 2025.

There were no other material subsequent events.

14. GOING CONCERN

AS AT 31 AUGUST 2022

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

Datatec's operations are experiencing sustained strong demand for software and services in networking, cyber security and cloud infrastructure and software is increasing in the sales mix, along with managed services.

SOLVENCY

The Board has determined that the Group is solvent with net assets at 31 August 2022 of US$549.2 million (H1 FY22: US$582.1 million; FY22: US$563.4 million) and tangible net assets of US$252.0 million (H1 FY22: US$256.1 million; FY22: US$243.3 million). The Group is expected to remain solvent over the next 12 months.

LIQUIDITY

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

Logicalis International is supported by a corporate facility of US$155 million, covering all its operations outside of Latin America, comprising an acquisition facility and a rolling credit facility to fund working capital requirements.

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

Westcon International has an invoice assignment facility of EUR390.6 million for its European subsidiaries, as well as an extended payables facility of US$86.0 million. Westcon International has a securitisation facility of US$100.0 million for its Asia-Pacific facilities. In addition, Westcon International utilises accounts receivable facilities in the Middle East (US$15.0 million) and Indonesia (US$11.0 million) as well as overdraft facilities in Europe (EUR4.0 million) and Africa (US$1.0 million), a securitisation facility in South Africa (ZAR250.0 million) and a line of credit in Singapore (US$1.2 million) to finance the business.

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

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

CONCLUSION

The Board has concluded that the Group will continue to be a going concern for the foreseeable future and therefore the results have been prepared on a going concern basis.

15. PRO FORMA SUPPLEMENTARY INFORMATION

FOR THE SIX MONTHS TO 31 AUGUST 2022

Pro forma supplementary financial information is included to demonstrate the effects of the translation of foreign operations on the Group as well as the effects of share-based payments, restructuring costs, one-off tax items impacting EBITDA, and acquisition, integration and corporate actions costs on EBITDA. Pro forma underlying earnings information is also presented. The pro forma adjustments to EBITDA and underlying earnings are to align with international peer reporting.

Pro forma financial information is included for the Group's revenue for the current reporting period had it been translated at the average foreign currency exchange rates (simple average) of the prior reporting period ("constant currency").

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

Pro forma underlying earnings information is also presented. Underlying earnings exclude normalisation adjustments: impairments of goodwill and intangible assets, profit or loss on sale of investments and assets, amortisation of acquired intangible assets, unrealised foreign exchange movements, acquisition-related adjustments, fair value movements on acquisition-related financial instruments, restructuring costs relating to fundamental reorganisations, one-off tax items impacting EBITDA, costs relating to acquisitions, integration and corporate actions, and the taxation effect on all of the aforementioned.

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

The pro forma information has been compiled in terms of the JSE Listings Requirements and the Revised Guide on Pro Forma Information by SAICA.

15. PRO FORMA SUPPLEMENTARY INFORMATION CONTINUED

FOR THE SIX MONTHS TO 31 AUGUST 2022

EFFECTS OF THE TRANSLATION OF FOREIGN OPERATIONS

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

Average exchange rates	Six months to 31 August 2022	Six months to 31 August 2022	Year ended 28 February 2022
British Pound/US Dollar	**1.24**	1.39	1.37
Euro/US Dollar	**1.05**	1.19	1.16
US Dollar/Brazilian Real	**4.99**	5.27	5.37
US Dollar/Australian Dollar	**1.41**	1.32	1.35
US Dollar/Singapore Dollar	**1.38**	1.34	1.35
US Dollar/South African Rand	**15.92**	14.47	15.01

CONSTANT CURRENCY FINANCIAL INFORMATION

	Six months to 31 August 2022		
US$’000	Revenue	Pro forma revenue	Constant currency % change
Datatec Group	**2 408 484**	**2 545 788**	**15.0**
Westcon International	**1 614 070**	**1 709 309**	**22.9**
Logicalis International	**575 624**	**611 078**	**12.2**
Logicalis Latin America	**218 790**	**225 401**	**(19.0)**

ADJUSTED EBITDA

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

US$’000	Six months to 31 August 2022	Six months to 31 August 2021	Year ended 28 February 2022
EBITDA	**57 853**	67 903	143 457
Share-based payments	**16 028**	7 294	15 465
Restructuring costs	**7 787**	–	–
One-off tax items impacting EBITDA	**3 611**	–	–
Acquisition, integration and corporate actions costs	**2 279**	–	–
Adjusted EBITDA	**87 558**	75 197	158 922

15. PRO FORMA SUPPLEMENTARY INFORMATION CONTINUED

FOR THE SIX MONTHS TO 31 AUGUST 2022

DETERMINATION OF UNDERLYING EARNINGS

Underlying earnings exclude normalisation adjustments: impairments of goodwill and intangible assets, profit or loss on sale of investments and assets, amortisation of acquired intangible assets, unrealised foreign exchange movements, acquisition-related adjustments, fair value movements on acquisition-related financial instruments, restructuring costs relating to fundamental reorganisations, one-off tax items impacting EBITDA, costs relating to acquisitions, integration and corporate actions, and the taxation effect on all of the aforementioned.

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

US$'000	**Six months to 31 August 2022**	Six months to 31 August 2021	Year ended 28 February 2022
Reconciliation of headline earnings to underlying earnings			
Headline earnings	**10 101**	12 569	33 008
Underlying earnings adjustments	**(2 297)**	3 907	5 075
Unrealised foreign exchange (gains)/losses	**(18 531)**	2 127	(470)
Acquisition-related fair value adjustments	**(38)**	–	(567)
Restructuring costs	**7 787**	–	–
Amortisation of acquired intangible assets	**2 730**	4 669	10 100
One-off tax items impacting EBITDA	**3 611**	–	–
Acquisition, integration and corporate actions costs	**2 400**	–	–
Tax effect	**1 728**	(1 988)	(3 009)
Non-controlling interests	**(1 984)**	(901)	(979)
Underlying earnings	**7 804**	16 476	38 083
Continuing operations – re-presented^	**4 797**	13 191	32 471
Discontinued operations – re-presented^	**3 007**	3 285	5 612
Underlying earnings per share (US cents)			
Underlying	**3.6**	8.3	18.7
Continuing operations	**2.2**	6.6	16.0
Discontinued operations	**1.4**	1.7	2.7
Diluted underlying	**3.5**	8.1	18.2
Continuing operations	**2.2**	6.5	15.5
Discontinued operations	**1.3**	1.6	2.7

^ *The prior years have been re-presented to show comparative results from discounted operations in accordance with IFRS 5.*

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

Johannesburg
3 November 2022

Sponsor
RAND MERCHANT BANK (A division of FirstRand Bank Limited)