



Driving Technology



Condensed unaudited interim  
results for the six months ended  
31 August 2023

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### **DATATEC LIMITED**

Incorporated in the Republic of South Africa

**Registration number:** 1994/005004/06

**Share code** JSE: DTC

**ISIN:** ZAE000017745

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

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



@DatatecGroup



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

[www.datatec.com](http://www.datatec.com)



## Highlights

Continued **excellent** Westcon International performance

**Positive** cash flow from operations

**Strong** result from Logicalis International

UEPS from continuing operations **9.6 US cents** (H1 FY23: 2.2 US cents)

**Improved** Logicalis Latin America **performance**

	Unaudited Six months to 31 August 2023 "H1 FY24"	Unaudited Six months to 31 August 2022 "H1 FY23"	% movement
Revenue (US\$ million)	2 762.7	2 408.5	14.7
Gross profit (US\$ million)	417.9	337.9	23.7
EBITDA (US\$ million)	80.6	57.9	39.2
Continuing underlying* earnings per share (US cents)	9.6	2.2	336.4
Combined^ underlying* earnings per share (US cents)	9.6	3.6	166.7
Continuing net debt (US\$ million)	(174.8)	(111.0)	57.5

^ Combined includes the results of the Analysys Mason discontinued operations in H1 FY23.

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

## Who we are

Datatec is an international ICT solutions and services Group operating in more than 50 countries across North America, Latin America, Europe, Africa, Middle East and Asia-Pacific. Through its core divisions, the Group offers Technology Distribution (Westcon International) and Integration and Managed Services (Logicalis International and Logicalis Latin America).

### **JENS MONTANANA, CHIEF EXECUTIVE OF DATATEC, COMMENTED:**

“The Group delivered another strong operational performance during the first half of FY24 benefiting from continuing trends in networking and cyber security. The quality of earnings improved in an environment where our strong growth met the challenges of higher interest rates and expanded working capital requirements.

Westcon International delivered another excellent financial performance and continues on its growth trajectory. Logicalis International and Logicalis Latin America both achieved double-digit revenue growth over the prior year.

We remain optimistic about our full year prospects despite uncertain political and economic challenges in many parts of the world.”

## Our divisions



Partner Success. It's what we do.

### WESTCON INTERNATIONAL

Global value-added technology provider and specialist distributor of industry-leading, world-class cyber security, network infrastructure, cloud collaboration products, data centre solutions and channel support services

Goes to market under the Westcon and Comstor brands

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

Over **3 500** employees



### LOGICALIS INTERNATIONAL

Global digital enabler, network integration and cloud managed service provider

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

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

Over **4 000** employees

### LOGICALIS LATIN AMERICA

Customer advocate with some of the world's leading technology companies including Akamai, AWS, Cisco, Fortinet, Microsoft, NetScout, PureStorage and Red Hat

Operates across South America, Mexico and the Caribbean

Over **3 000** employees

## Strategic overview

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

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

In line with the Strategic Review, Datatec worked with a leading corporate advisory firm to develop new executive long-term incentive plans for its subsidiaries to better align divisional leadership remuneration with Datatec shareholders. These management incentive plans focus on maximising shareholder value by engaging key management in the businesses as shareholders with their own money invested alongside Datatec. Their investment can only be realised at the same time as Datatec through future value realisation events and the executive directors of Datatec do not participate in these incentive plans.

The new management incentive plan for Logicalis International was implemented on 3 March 2023 and Westcon International's on 1 September 2023.

From an operational perspective, all divisions delivered improved financial performances in H1 FY24 compared to H1 FY23. Westcon International delivered another excellent performance and Logicalis International had a strong result. Logicalis Latin America had a much-improved performance compared to H1 FY23, but regional macroeconomic pressures remain including currency weakness and hyperinflation in Argentina.

The Group continues to see good demand for its technology solutions and services across the world with subsidiaries well-positioned to service customers in their respective markets.

### Dividends

On 23 May 2023, the Board declared a final cash dividend with a scrip distribution alternative for FY23 of 195 ZAR cents per share equivalent to 10 US cents per share, amounting to ZAR439 million. In terms of the scrip alternative 4 606 140 new Datatec shares were issued, and the cash component was paid, on 17 July 2023.

No interim dividend is declared for H1 FY24.

## Divisional summary

### Westcon International

Westcon International's revenue increased by 14.9% to US\$1.85 billion (H1 FY23: US\$1.61 billion) due to strong demand for network infrastructure, remote access solutions with enhanced cyber security and unified collaboration for flexible working and virtual office environments. In constant currency\*\*\*, revenue improved by 15.7%. EBITDA increased by 15.9% to US\$59.7 million (H1 FY23: US\$51.5 million). Adjusted\*\* EBITDA decreased by 3.6% to US\$62.2 million (H1 FY23: US\$64.5 million). H1 FY23 EBITDA and adjusted\*\* EBITDA included US\$32.1 million of foreign exchange gains, compared to US\$4.6 million of foreign exchange losses in H1 FY24.

### Logicalis International

Logicalis International's revenue increased by 12.1% to US\$645.4 million (H1 FY23: US\$575.6 million). EBITDA increased by 41.0% to US\$25.8 million (H1 FY23: US\$18.3 million). Adjusted\*\* EBITDA increased by 7.2% to US\$28.4 million (H1 FY23: US\$26.5 million). In constant currency\*\*\*, revenue improved by 12.4%.

### Logicalis Latin America

Logicalis Latin America's revenue increased by 20.2% to US\$262.9 million (H1 FY23: US\$218.8 million). EBITDA increased to US\$5.8 million (H1 FY23: US\$1.0 million EBITDA loss). Adjusted\*\* EBITDA increased by 50% to US\$6.0 million (H1 FY23: US\$4.0 million). In constant currency\*\*\*, revenue improved by 31.0%.

## Current trading and outlook

Demand for the Group's technology solutions and services remains strong with subsidiaries well-positioned to service customers in their respective markets across the world.

While challenges persist, particularly in Latin America, the Group continues to manage its businesses efficiently and mitigate the effects of rising interest rates through effective working capital management and minimising debt levels.

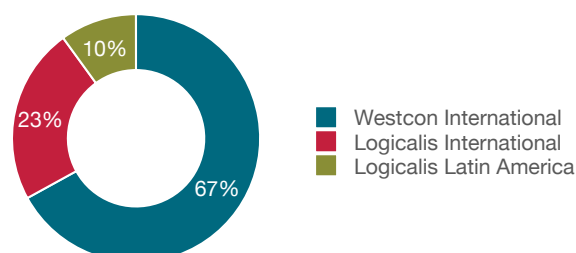
All divisions are expecting improved performance for the full year FY24 compared to FY23. The Board will also continue to focus on driving shareholder value in the context of its Strategic Review.

## Group results

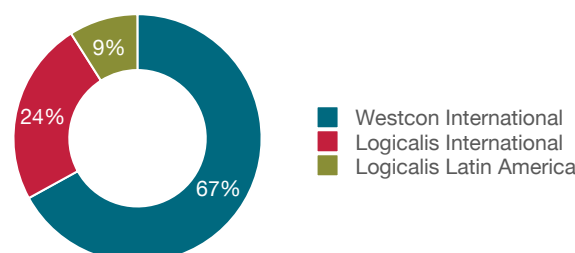
### Revenue

Group revenue was US\$2.76 billion in H1 FY24, up by 14.7% compared to the US\$2.41 billion revenue recorded in H1 FY23. In constant currency\*\*\*, Group revenue increased by 16.3%.

#### Contribution to Group revenue H1 FY24



#### Contribution to Group revenue H1 FY23



Product backlog (open and unfulfilled sales orders) continued to reduce steadily to approximately US\$0.9 billion (H1 FY23: US\$1.4 billion).

Product backlog (US\$ million)	H1 FY24	H1 FY23	FY23
Westcon International	570	965	768
Logicalis International	244	293	271
Logicalis Latin America	118	165	140
<b>Datatec Group</b>	<b>932</b>	<b>1 423</b>	<b>1 179</b>

The Group's gross margin in H1 FY24 was 15.1% (H1 FY23: 14.0%). Gross profit was US\$417.9 million (H1 FY23: US\$337.9 million).

The increase in gross margin is largely due to a return to more stable foreign exchange rates compared to H1 FY23 when the rapid strengthening of the US Dollar against the Euro and Pound Sterling during that period had a significant negative impact on gross margins in Europe. These negative impacts in Westcon International during H1 FY23 were partially offset by foreign exchange hedging gains as reported in operating costs.

#### Contribution to Group gross profit H1 FY24



#### Contribution to Group gross profit H1 FY23



Overall operating costs (including foreign exchange gains and losses, restructuring costs, share-based payment charges and acquisition and integration costs) were US\$337.3 million (H1 FY23: US\$280.0 million).

Restructuring costs of US\$7.8 million were incurred in H1 FY23 relating to fundamental reorganisations in Logicalis International and Logicalis Latin America. There were no restructuring costs in H1 FY24.

Operating costs included US\$13.3 million of foreign exchange losses (H1 FY23: gains of US\$29.5 million). Foreign exchange losses consisted of unrealised foreign exchange losses of US\$9.2 million (H1 FY23: gains of US\$18.9 million) and realised foreign exchange losses of US\$4.1 million (H1 FY23: gains of US\$10.6 million). The unrealised foreign exchange losses in H1 FY24 arose mainly from sharp currency depreciation in Argentina over the period. The H1 FY23 unrealised foreign exchange gains arose mainly in Westcon Europe on open positions of Forward Exchange Contracts ("FECs"). Unrealised foreign exchange differences are excluded from underlying\* earnings per share.



EBITDA was US\$80.6 million (H1 FY23: US\$57.9 million) and EBITDA margin was 2.9% (H1 FY23: 2.4%).

Adjusted\*\* EBITDA was US\$89.4 million (H1 FY23: US\$87.6 million) and adjusted\*\* EBITDA margin was 3.2% (H1 FY23: 3.6%).

Depreciation and amortisation reduced to US\$30.4 million (H1 FY23: US\$31.1 million) and operating profit was US\$50.2 million (H1 FY23: US\$24.7 million).

The net interest charge increased to US\$25.1 million (H1 FY23: US\$15.8 million) mainly due to increased cost of borrowings and higher working capital requirements, resulting in profit before tax of US\$25.2 million (H1 FY23: US\$9.4 million).

A tax charge of US\$9.4 million (H1 FY23: US\$4.4 million) has arisen on pre-tax profits representing an effective tax rate of 37.5% (H1 FY23: 46.7% on profits of the continuing businesses). The effective tax rate for the half year has been adversely impacted by mix of profits, limited credits arising on the losses of certain operations (e.g. Argentina) and high tax rates applied to certain profitable operations. As at 31 August 2023, tax losses carried forward are estimated at US\$241.9 million with an estimated future tax benefit of US\$60.4 million, of which US\$42.1 million has been recognised as a deferred tax asset.

### Withholding taxes

As at 31 August 2023, Westcon International had a contingent liability in respect of a possible withholding tax obligation at its subsidiary in the Kingdom of Saudi Arabia, Westcon Saudi Company LLC ("Westcon KSA"). This relates to payments Westcon KSA has made in relation to the purchase of vendor software and maintenance services which have been resold to customers during the six years ended 31 December 2020. Westcon KSA strongly disagrees with the tax authority's assessments issued on 22 June 2021 and has submitted the necessary appeals. Following an unsuccessful attempt to utilise the alternative dispute resolution procedures, the matter is now proceeding to court. The ongoing litigation with the KSA tax authorities is likely to continue beyond the next financial year end. A liability has been recognised for a possible exposure in this regard.

As at 31 August 2023, withholding tax liabilities for the Group totalled US\$21.4 million (FY23: US\$20.0 million), which includes the liability for the Westcon KSA matter described above.

### Earnings per share

Underlying\* earnings per share were 9.6 US cents (H1 FY23 continuing underlying\* earnings per share: 2.2 US cents). Headline earnings per share were 6.3 US cents (H1 FY23 continuing headline earnings per share: 3.5 US cents). Earnings per share were 6.3 US cents (H1 FY23 continuing earnings per share: 2.7 US cents).

### Cash and net debt

The Group generated US\$24.3 million of cash from operations during H1 FY24 (H1 FY23: US\$78.9 million) and ended the period with net debt of US\$174.8 million (H1 FY23: US\$111.0 million and FY23: US\$106.6 million). Excluding lease liabilities, net debt would have been US\$95.0 million (H1 FY23: US\$27.5 million and FY23: US\$34.2 million).

US\$ million	Six months to 31 August 2023	Six months to 31 August 2022	Year ended 28 February 2023
Cash resources	557.0	555.1	584.7
Bank overdrafts	(204.8)	(186.7)	(196.4)
Short-term interest-bearing liabilities and short-term leases	(428.0)	(384.1)	(407.9)
Long-term interest-bearing liabilities and long-term leases	(99.0)	(99.0)	(87.0)
<b>Combined^ net debt</b>	<b>(174.8)</b>	<b>(114.7)</b>	<b>(106.6)</b>
<b>Continuing net debt</b>	<b>(174.8)</b>	<b>(111.0)</b>	<b>(106.6)</b>

<sup>^</sup> Including Analysys Mason discontinued operations in H1 FY23.

Continuing excludes the results of the Analysys Mason discontinued operations in H1 FY24.

## Group results continued

### 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 €390.6 million for its European subsidiaries, as well as an extended payables facility of US\$116.2 million. Westcon International has a securitisation facility of US\$120.0 million for its Asia-Pacific facilities. In addition, Westcon International utilises accounts receivable facilities in the Middle East (US\$15.0 million) and Indonesia (US\$11.0 million) as well as overdraft facilities in Europe (€4.0 million) and Africa (US\$1.0 million), and a securitisation facility in South Africa (ZAR250.0 million).

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

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

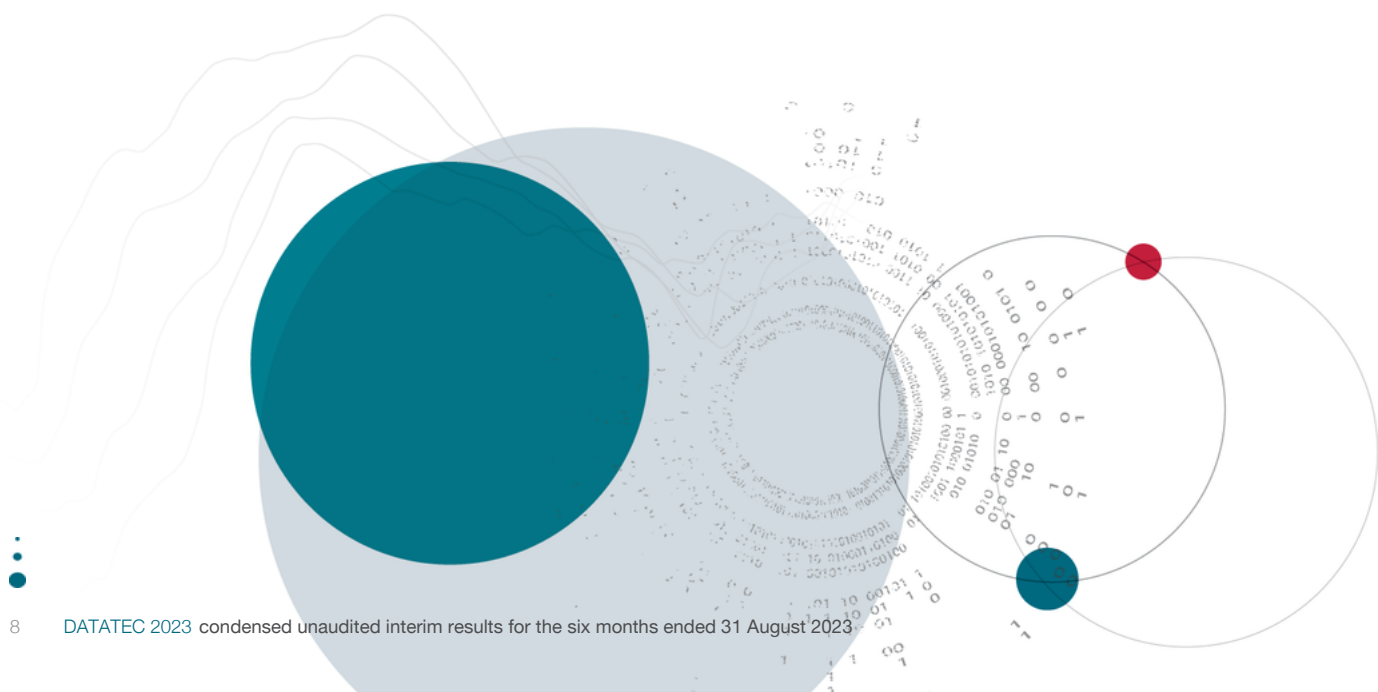
The Group continues to monitor the funding needs of its individual operations and works closely with various financial institutions to ensure adequate liquidity.

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

### Management incentive plans

Logicalis International implemented the Logicalis International Long-Term Incentive Plan ("LILTIP") on 3 March 2023 following a corporate restructuring. A fixed return instrument was issued to Logicalis Group Limited in addition to its ordinary equity. The Logicalis International Executive Leadership team, being 18 individuals, invested in 5.3% of the ordinary equity in the new structure with the same rights as Datatec's ordinary shares in Logicalis International. A further 0.9% of the ordinary equity is available for purchase by management to allow for changes to the management team up to a total limit of 6.3%.

Westcon International implemented the Westcon International Long-Term Incentive Plan ("WILTIP") on 1 September 2023 after the period end. See "Subsequent events" on page 13.



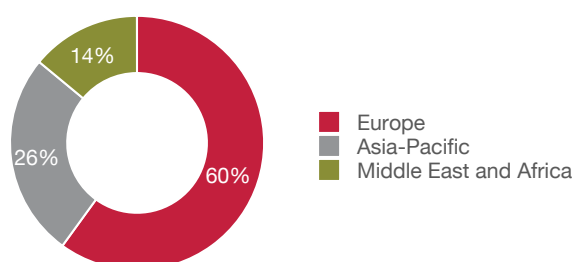
## Divisional reviews

### Westcon International

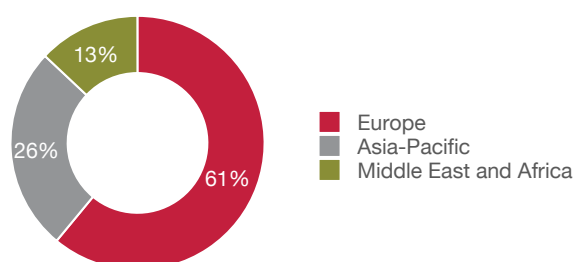
Westcon International delivered strong growth and financial performance in all regions. Westcon International remains focused on delivering outstanding financial performance and accelerating its transformation into a leading global data driven technology provider and specialist distributor of cyber security and networking solutions.

Westcon International's revenue increased by 14.9% to US\$1.85 billion (H1 FY23: US\$1.61 billion) due to strong demand for network infrastructure, remote access solutions, enhanced cyber security and unified collaboration for flexible working and virtual office environments. In constant currency\*\*\*, revenue improved by 15.7%.

#### Westcon International revenue % contribution by geography H1 FY24

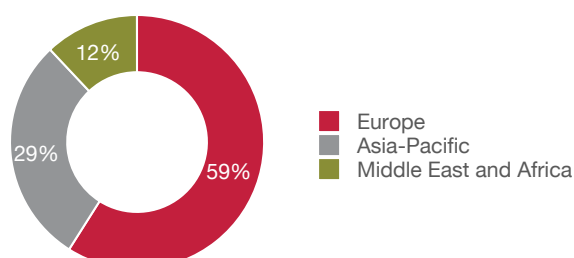


#### Westcon International revenue % contribution by geography H1 FY23

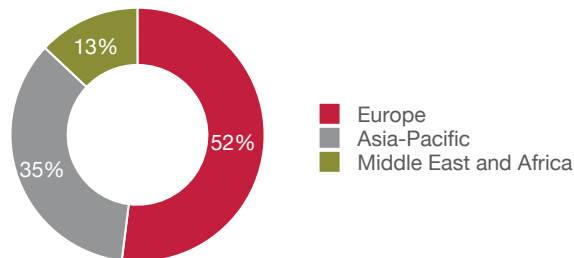


Westcon International's hardware and software backlog has reduced as supply chain constraints have eased. Product backlog at the end of H1 FY24 was approximately US\$570 million (H1 FY23: US\$965 million and FY23: US\$768 million).

#### Westcon International gross profit % contribution by geography H1 FY24



#### Westcon International gross profit % contribution by geography H1 FY23



Westcon International's gross profit increased by 33.4% to US\$203.7 million (H1 FY23: US\$152.7 million) and the gross margins increased to 11.0% (H1 FY23: 9.5%). The increase in gross margin is largely due to a return to more stable foreign exchange rates compared to H1 FY23 where the rapid strengthening of the US Dollar against the Euro and Pound Sterling had a significant negative impact on gross margins in Europe. In H1 FY23, these negative impacts were partially offset by the benefits of foreign exchange hedging gains reported in operating expenses. For H1 FY24, realised foreign exchange losses of US\$2.0 million (H1 FY23: US\$12.8 million realised foreign exchange gains) were generated and unrealised foreign exchange losses were US\$2.7 million (H1 FY23: US\$19.3 million unrealised foreign exchange gains).

The prior year unrealised foreign exchange gains arose mainly on open positions of FECs used to hedge net open working capital position and open order backlog, which constituted the majority of the unrealised gains.

Operating costs increased by 42.3% to US\$144.0 million (H1 FY23: US\$101.2 million) due to the impact of net foreign exchange losses of US\$4.6 million in H1 FY24 compared to net foreign exchange gains of US\$32.1 million in H1 FY23. This was offset by a US\$9.5 million decline in share-based payment charges. Excluding foreign exchange and share-based payment charges, operating costs increased 12.9% or US\$15.6 million.

EBITDA increased by 15.9% to US\$59.7 million (H1 FY23: US\$51.5 million) due to higher trading coupled with a decrease in share-based payment charges. Adjusted\*\* EBITDA decreased by 3.6% from US\$64.5 million in H1 FY23 to US\$62.2 million. Adjusted\*\* EBITDA margin decreased to 3.4% (H1 FY23: 4.0%).

## Divisional reviews continued

Net working capital days decreased to 15 days (H1 FY23:16 days) with an increase in inventory turns offset by a combination of higher days sales outstanding and lower days payable outstanding. Net debt decreased by US\$10.6 million to US\$67.7 million (H1 FY23: US\$78.3 million and FY23: US\$68.4 million).

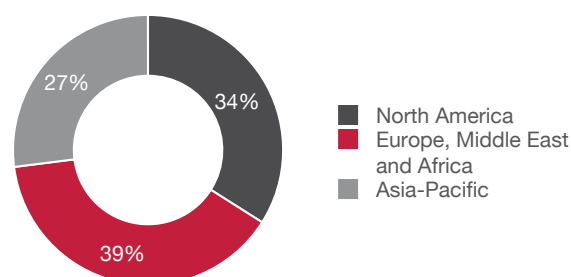
US\$ million	Six months to 31 August 2023	Six months to 31 August 2022	Year ended 28 February 2023
Cash resources	342.0	288.2	332.3
Bank overdrafts	(8.0)	(3.1)	(7.1)
Short-term interest-bearing liabilities and short-term leases	(381.5)	(330.1)	(361.9)
Long-term interest-bearing liabilities and long-term leases	(20.2)	(33.3)	(31.7)
<b>Net debt</b>	<b>(67.7)</b>	<b>(78.3)</b>	<b>(68.4)</b>

Westcon International continues to prioritise financial and operating performance while investing in advanced digital systems, data platforms and business automation which are accelerating its transformation into the world's leading, data-driven technology provider and specialist distributor of cyber security and networking solutions. Westcon International will continue to mitigate the effects of high interest rates through effective working capital management.

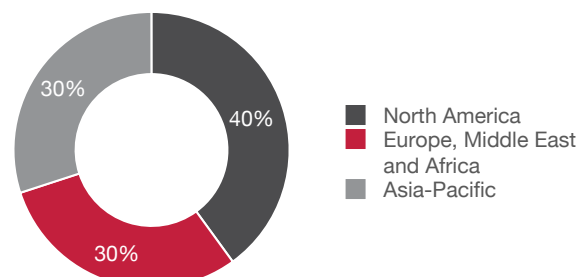
### Logicalis International

Logicalis International's revenue increased by 12.1% to US\$645.4 million compared to US\$575.6 million revenue for H1 FY23.

#### Logicalis International revenue % contribution by geography H1 FY24



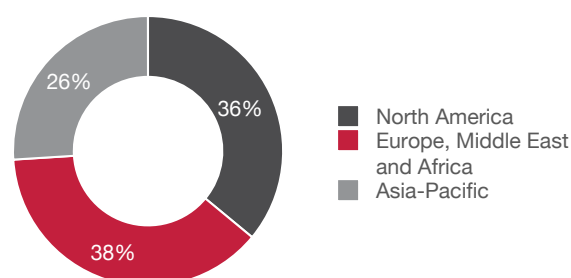
#### Logicalis International revenue % contribution by geography H1 FY23



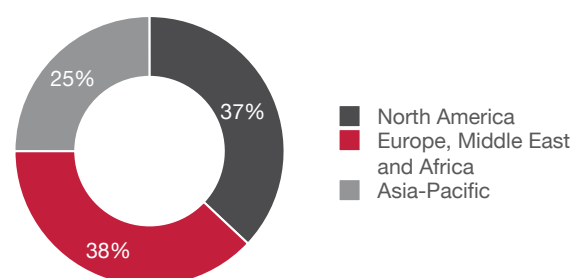
Logicalis International continued to have a strong order intake during H1 FY24 although it was slightly lower than the same period in FY23. Improving supplier lead times has resulted in a 16.7% fall in product backlog over the past 12 months. Logicalis International's product backlog at the end of H1 FY24 was approximately US\$244 million (H1 FY23: US\$293 million). In constant currency\*\*\*, revenue improved by 12.4%.

Logicalis International gross margin was 24.4% (H1 FY23: 23.8%). The underlying gross margin percentage was slightly higher due to improvements in product margins achieved. Logicalis International gross profit was US\$157.5 million (H1 FY23: US\$136.7 million).

#### Logicalis International gross profit % contribution by geography H1 FY24



#### Logicalis International gross profit % contribution by geography H1 FY23



Operating costs increased to US\$131.7 million (H1 FY23: US\$118.4 million) reflecting the growth in the business.



EBITDA increased by 41.0% to US\$25.8 million (H1 FY23: US\$18.3 million), with a corresponding EBITDA margin of 4.0% (H1 FY23: 3.2%). Adjusted\*\* EBITDA increased to US\$28.4 million (H1 FY23: US\$26.5 million), with a corresponding adjusted\*\* EBITDA margin of 4.4% (H1 FY23: 4.6%). Adjusted\*\* EBITDA in H1 FY24 excluded one-off tax items impacting EBITDA of US\$1.8 million and share-based payment costs of US\$0.8 million. In H1 FY23, 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\$11.2 million (H1 FY23: US\$0.3 million) with H1 FY23 impacted by restructuring costs of US\$5.2 million as a result of the restructuring actions taken during that period. There were no restructuring costs in H1 FY24.

The net interest charge increased by US\$1.1 million to US\$6.2 million, driven by higher interest rates.

Net debt increased to US\$113.4 million (H1 FY23: US\$81.4 million and FY23: US\$88.0 million), due to working capital requirements.

US\$ million	Six months to 31 August 2023	Six months to 31 August 2022	Year ended 28 February 2023
Cash resources	110.1	119.9	117.6
Bank overdrafts	(158.5)	(133.8)	(142.1)
Short-term interest-bearing liabilities and short-term leases	(32.7)	(35.8)	(31.8)
Long-term interest-bearing liabilities and long-term leases	(32.3)	(31.7)	(31.7)
<b>Net debt</b>	<b>(113.4)</b>	<b>(81.4)</b>	<b>(88.0)</b>

On 3 March 2023 and 21 April 2023, Logicalis Spain, S.L. increased its shareholding in Audea Seguridad de la Informacion, S.L. by 2.3% and 13.85% respectively to an effective shareholding of 86.15% as at 31 August 2023.

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

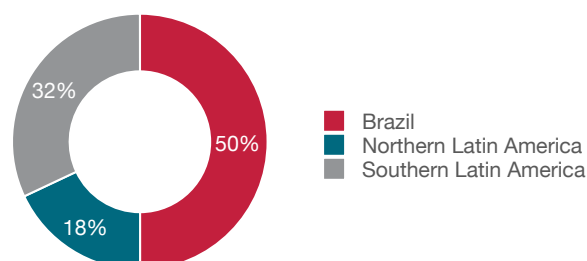
The future will likely involve hybrid workplaces for part-time office and remote workers. Preparing and planning for this environment will be essential in providing a better digital experience for customers, partners and employees.

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

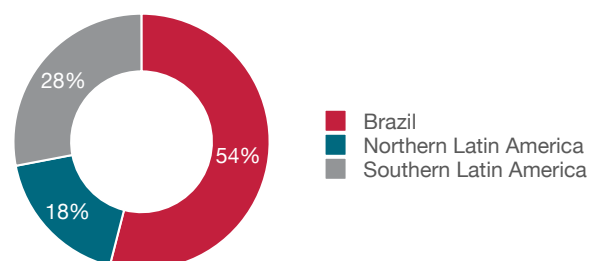
### Logicalis Latin America

Logicalis Latin America generated revenue of US\$262.9 million (H1 FY23: US\$218.8 million).

#### Logicalis Latin America revenue % contribution by geography H1 FY24



#### Logicalis Latin America revenue % contribution by geography H1 FY23

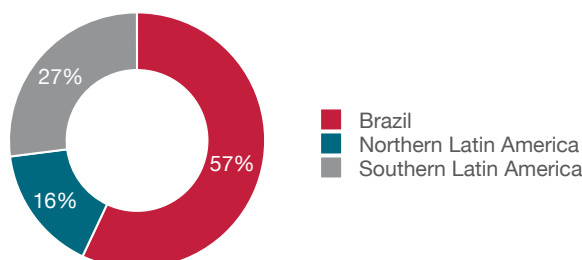


Logicalis Latin America results for H1 FY24 were driven by a strong order intake in H2 FY23 combined with an improved lead time for products, optimising its delivery times and reducing its order-to-cash cycles. Order intake in H1 FY24 showed a deceleration when compared to same period in H1 FY23 generating a product backlog at the end of H1 FY24 of approximately US\$118.0 million (H1 FY23: US\$165.0 million).

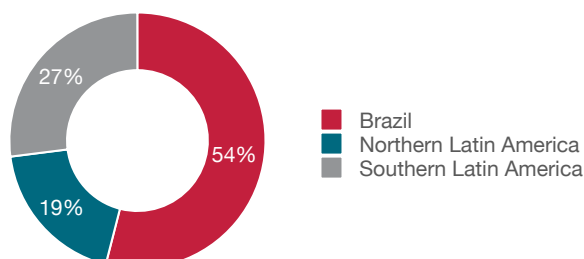
## Divisional reviews continued

Logicalis Latin America's gross margin was 21.6% (H1 FY23: 22.2%). Logicalis Latin America's gross profit was up 16.9% to US\$56.7 million (H1 FY23: US\$48.5 million). In constant currency\*\*\*, revenue improved by 31.0%.

**Logicalis Latin America gross profit % contribution by geography H1 FY24**



**Logicalis Latin America gross profit % contribution by geography H1 FY23**



Operating costs increased to US\$50.9 million (H1 FY23: US\$49.5 million).

EBITDA was impacted by hyperinflation in Argentina and foreign exchange losses of US\$8.3 million (H1 FY23: US\$2.5 million), arising mainly in Argentina.

EBITDA increased to US\$5.8 million (H1 FY23: US\$1.0 million loss), with a corresponding EBITDA margin of 2.2% (H1 FY23: -0.5%). Adjusted\*\* EBITDA increased by 50.0% to US\$6.0 million (H1 FY23: US\$4.0 million), with a corresponding adjusted\*\* EBITDA margin of 2.3% (H1 FY23: 1.8%).

Operating profit was US\$1.6 million (H1 FY23 loss: US\$4.5 million).

The net interest charge reduced to US\$4.2 million (H1 FY23: US\$4.6 million), reflecting the lower volume of borrowing and a tighter working capital management throughout the region.

US\$ million	Six months to 31 August 2023	Six months to 31 August 2022	Year ended 28 February 2023
Cash resources	70.0	45.6	56.8
Bank overdrafts	(38.4)	(48.1)	(47.2)
Short-term interest-bearing liabilities and short-term leases	(13.4)	(15.1)	(13.8)
Long-term interest-bearing liabilities and long-term leases	(43.7)	(20.7)	(21.0)
<b>Net debt</b>	<b>(25.5)</b>	<b>(38.3)</b>	<b>(25.2)</b>

The market drivers and outlook for Logicalis Latin America are consistent with those provided for Logicalis International above but special attention will be given to the evolution of the macroeconomic scenario in Argentina during the final months of FY24. In addition, Logicalis Latin America continues to improve its customer diversification, push on high-valued added services as well as a product portfolio expansion.

In June 2023 and August 2023, Logicalis Group Limited purchased 2.93% and 3.17% respectively of Cirrus Participações S.A.C. in Brazil ("Cirrus") from the minority shareholders. In June, Logicalis Group Limited subscribed for new shares in Cirrus. PromonLogicalis Latin America Limited did not partake in the subscription and decreased its holding in Cirrus to 35.63% (FY23: 37.05%). As the Group owns 65% of PromonLogicalis Latin America Limited, this resulted in a current effective shareholding in Cirrus of 59.05% (FY23: 51.31%). In July 2023, Cirrus increased its shareholding from 65% to 100% in Saleslogics Servicos em Inteligência de Negócios Empresariais e Informática Limitada and continues to own 100% of Kumulus Servicos em Cloud Computing e Database Limitada respectively.

### Corporate and Management Consulting

The disposal of Analysys Mason was 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.

The Corporate segment includes the net operating costs of the Datatec head office entities which were US\$11.2 million (H1 FY23: US\$11.3 million). Corporate costs include the remuneration of the Board and head office staff, share-based payments, as well as consulting fees and audit fees. Corporate costs include share-based payment charges of US\$3.6 million in H1 FY24 (H1 FY23: US\$3.5 million). In H1 FY24, foreign exchange gains were US\$0.5 million (H1 FY23: foreign exchange gains of US\$0.4 million).

As at 31 August 2023, Datatec head office entities held cash of US\$35.0 million (FY23: US\$78.0 million) of which US\$11.4 million (FY23: US\$16.4 million) is held in South Africa and subject to the South African Reserve Bank regulations. These cash balances decreased by US\$43 million from 28 February 2023 mainly as a result of the settlement of the Westcon Equity Appreciation Plan for Datatec executives, the cash portion of the FY23 final dividend paid to shareholders of Datatec, and intercompany loan funding provided to Westcon to reduce overall borrowing costs for the Group.

## Subsequent events

### Logicalis Latin America

In September 2023, Logicalis Latin America Holding repurchased 5.0% of its shares from Promon S.A for subsequent cancellation. This resulted in an effective shareholding of 68.42% (FY23: 65.0%) for Logicalis Group Limited and current shareholding of 31.58% (FY23: 35.0%) for Promon S.A.

### Management incentive plan – Westcon International

Westcon International implemented the Westcon International Long-Term Incentive Plan ("WILTIP") on 1 September 2023 following a corporate restructuring. An intermediate holding company called Westcon International Group Holdings Ltd ("WIGHL") was inserted in the Group structure owned by Westcon International Ltd (WIL). Management purchased shares in WIGHL constituting 5.0% of the ordinary equity and WIL held the remaining 95% but with 1% earmarked for potential management participation in future. WIGHL also issued a fixed return instrument to Westcon International Limited.

Datatec continues to own a 92.1% shareholding in WIL with TD Synnex as the minority shareholder.

There were no other material subsequent events.

## Disclaimer

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

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

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

On behalf of the Board

**M Makanjee**

Chair

**JP Montanana**

Chief Executive Officer

**IP Dittrich**

Chief Financial Officer

23 October 2023

## Directors

M Makanjee (Chair), # JP Montanana (CEO), IP Dittrich (CFO), # SJ Davidson\*, ~ SJ Everaet\*, # CRK Medlock\*, MJN Njeke\*, ^ LC Rapparini\*, DS Sita\*

# British

^ Brazilian

~ Belgian

\* Non-Executive

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

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

\*\*\* The pro forma constant currency, adjusted EBITDA and underlying earnings information, which is the responsibility of the Datatec directors, presents the Group's revenue for the current reporting period had it been translated at the average foreign currency exchange rates of the prior reporting period as well as EBITDA had restructuring costs, share-based payments, one-off tax items impacting EBITDA and acquisition, integration and corporate actions costs not been incurred. Underlying earnings include the adjustments indicated above. This information is for illustrative purposes only and because of its nature, may not fairly present the Group's results. To determine the revenue in constant currency terms, the current financial reporting period's monthly revenues in local currency have been converted to US dollars at the average monthly exchange rates prevailing over the same period in the prior period. Refer to page 42 for more information on the calculation of constant currency information.





Driving Technology



Condensed unaudited  
consolidated financial statements  
for the six months ended  
31 August 2023

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## Basis of preparation

The interim report is prepared in accordance with and contains 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 FY24 was supervised by the Chief Financial Officer, Mr Ivan Dittrich, CA(SA).

### Accounting policies

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

### New standards effective for annual periods beginning on or after 1 January 2023

A number of amendments to accounting pronouncements are effective from 1 January 2023, but they do not have a material effect on the Group's interim financial statements except for IAS 12.

Applicable standard or note	Amendment	Effective reporting period
IAS 1 and IFRS Practice Statement 2	Disclosure of accounting policies	1 January 2023
IAS 8	Definition of accounting estimates	1 January 2023
IAS 12	Deferred tax related to assets and liabilities arising from a single transaction	1 January 2023
IFRS 17	IFRS 17 replaces IFRS 4	1 January 2023

The Group has adopted the amendment to IAS 12 *Income Taxes* as it relates to the disclosure of deferred tax assets and deferred tax liabilities arising from a single transaction. The Group has assessed that the impact of this amendment is limited to the deferred taxes raised on leased assets accounted for in accordance with IFRS 16 *Leases*. The Group previously disclosed deferred taxes raised on right-of-use assets and lease liabilities on a net basis. Following the amendments, the Group will disclose a deferred tax asset in relation to its lease liabilities separate from the deferred tax liability in relation to its right-of-use assets in its annual financial statements. The comparative note disclosure will be restated in accordance with the revised requirements. There is no resultant impact on the statement of financial position as these balances qualify for offset in terms of IAS 12. Further, there is no impact on the opening retained earnings as at 1 March 2023 as a result of the amendment.

### 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 7 and IFRS 7	Disclosure of supplier finance arrangements	1 January 2024
IAS 21	Definition and treatment of when a currency is exchangeable and/ or lacks exchangeability into another currency	1 January 2025
IFRS 16	Accounting for sales and lease back transactions after the date of the transaction	1 January 2025

The Group is considering the impact of the IFRIC agenda decision on Definition of a lease – Substitution right (IFRS 16). 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 2023, are being evaluated for the impact of these pronouncements. The accounting standards, amendments to issued standards and interpretations are not expected to have a material impact.

### Critical judgements

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

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

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

## Basis of preparation continued

### Key sources of estimation uncertainty

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

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

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

### Going concern

The 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 2023

US\$'000	Unaudited Six months to 31 August 2023	Unaudited Six months to 31 August 2022	Audited Year ended 28 February 2023
<b>Continuing operations</b>			
<b>Revenue*</b>	<b>2 762 666</b>	2 408 484	5 143 125
Cost of sales	(2 344 739)	(2 070 637)	(4 398 618)
<b>Gross profit</b>	<b>417 927</b>	337 847	744 507
Operating costs	(328 461)	(255 669)	(573 986)
Net impairment of financial assets and contract assets	(1 829)	(510)	(4 477)
Restructuring costs	–	(7 787)	(15 157)
Share-based payments	(7 063)	(16 028)	(52 641)
<b>Operating profit before interest, tax, depreciation and amortisation (“EBITDA”)</b>	<b>80 574</b>	57 853	98 246
Depreciation of property, plant and equipment	(8 724)	(8 027)	(16 298)
Depreciation of right-of-use assets	(13 433)	(14 813)	(28 565)
Amortisation of capitalised development expenditure	(4 987)	(4 554)	(9 058)
Amortisation of acquired intangible assets and software	(3 188)	(3 760)	(14 213)
Impairment of right-of-use assets and capitalised development expenditure	–	(2 053)	(11 620)
<b>Operating profit</b>	<b>50 242</b>	24 646	18 492
Interest income	6 160	2 733	8 484
Finance costs	(31 301)	(18 532)	(46 574)
Share of equity-accounted investment (losses)/earnings	(2)	480	882
Acquisition-related fair value adjustments	–	38	38
Other income	80	7	21
Loss on disposal of investments	–	–	(1 392)
<b>Profit/(loss) before taxation</b>	<b>25 179</b>	9 372	(20 049)
Taxation	(9 442)	(4 378)	(13 375)
<b>Profit/(loss) for the period from continuing operations</b>	<b>15 737</b>	4 994	(33 424)
<b>Discontinued operations</b>			
Profit for the period from discontinued operations	–	6 308	116 967
<b>Profit for the period</b>	<b>15 737</b>	11 302	83 543
<b>Other comprehensive income/(loss)</b>			
<b>Items that may be reclassified subsequently to profit and loss</b>	<b>706</b>	(15 752)	(10 539)
Exchange differences arising on translation to presentation currency	(203)	(16 711)	(18 256)
Translation of equity loans net of tax effect	163	965	1 800
Recycling of reserves due to loss of control and other items	746	(6)	5 917
<b>Total comprehensive income/(loss) for the period</b>	<b>16 443</b>	(4 450)	73 004

\* Included in revenue is US\$nil of revenue (H1 FY23: US\$1.0 million; FY23: US\$12.6 million) from acquisitions in the current year from the date of control.

## Condensed consolidated statement of comprehensive income continued

for the six months to 31 August 2023

US\$'000	Unaudited Six months to 31 August 2023	Unaudited Six months to 31 August 2022	Audited Year ended 28 February 2023
<b>Profit attributable to:</b>			
<b>Owners of the parent</b>	<b>13 981</b>	10 759	80 334
Continuing operations	<b>13 981</b>	5 815	74 804
Discontinued operations	–	4 944	5 530
<b>Non-controlling interests</b>	<b>1 756</b>	543	3 209
Continuing operations	<b>1 756</b>	(821)	1 687
Discontinued operations	–	1 364	1 522
	<b>15 737</b>	11 302	83 543
<b>Total comprehensive income attributable to:</b>			
Owners of the parent	<b>14 682</b>	(4 591)	70 623
Non-controlling interests	<b>1 761</b>	141	2 381
	<b>16 443</b>	(4 450)	73 004
<b>Earnings/(loss) per share (“EPS”) (US cents)</b>			
<b>Basic</b>	<b>6.3</b>	5.0	36.9
Continuing operations	<b>6.3</b>	2.7	(16.1)
Discontinued operations	–	2.3	53.0
<b>Diluted basic</b>	<b>6.1</b>	4.9	36.9
Continuing operations	<b>6.1</b>	2.6	(16.1)
Discontinued operations	–	2.3	53.0

## Condensed consolidated statement of financial position

as at 31 August 2023

US\$'000	Unaudited Six months to 31 August 2023	Unaudited Six months to 31 August 2022	Audited Year ended 28 February 2023
<b>Assets</b>			
<b>Non-current assets</b>	<b>638 984</b>	578 175	610 565
Goodwill	246 334	241 257	245 375
Property, plant and equipment	38 025	29 969	33 054
Right-of-use assets	61 845	66 364	56 248
Capitalised development expenditure	32 055	32 137	31 723
Acquired intangible assets and software	15 986	23 756	16 086
Investments	7 774	9 682	6 457
Deferred tax assets	81 007	71 999	80 331
Finance lease receivables	14 333	14 037	12 681
Other non-current assets, contract assets and contract costs	141 625	88 974	128 610
<b>Current assets</b>	<b>3 094 614</b>	2 938 650	3 015 700
Investments	3 975	–	4 677
Inventories	419 150	482 788	411 059
Trade receivables	1 531 761	1 339 411	1 508 470
Prepaid expenses and other receivables	312 219	279 027	276 555
Contract assets and contract costs	239 209	179 463	202 566
Current tax assets	22 385	20 657	19 390
Finance lease receivables	8 857	8 090	8 300
Cash resources	557 058	544 171	584 683
Assets classified as held for sale	–	85 043	–
<b>Total assets</b>	<b>3 733 598</b>	3 516 825	3 626 265

# Condensed consolidated statement of financial position continued

as at 31 August 2023

US\$'000	Unaudited Six months to 31 August 2023	Unaudited Six months to 31 August 2022	Audited Year ended 28 February 2023
<b>Equity and liabilities</b>			
<b>Equity attributable to equity holders of the parent</b>	<b>476 431</b>	549 195	472 009
Stated capital	150 348	146 537	138 091
Non-distributable reserves	127 209	114 491	124 970
Foreign currency translation reserve	(146 208)	(153 129)	(147 110)
Share-based payments reserve	8 044	6 772	10 458
Distributable reserves	337 038	434 524	345 600
<b>Non-controlling interests</b>	<b>62 806</b>	66 134	60 331
<b>Total equity</b>	<b>539 237</b>	615 329	532 340
<b>Non-current liabilities</b>	<b>240 949</b>	201 121	224 284
Long-term interest-bearing liabilities	45 649	37 521	41 624
Lease liabilities	53 336	51 397	45 412
Liability for share-based payments	159	324	1 602
Acquisition-related liabilities	–	3 649	1 061
Deferred tax liabilities	25 098	27 488	29 366
Deferred revenue	30 588	21 543	27 415
Provisions	8 754	9 210	8 860
Other liabilities	77 365	49 989	68 944
<b>Current liabilities</b>	<b>2 953 412</b>	2 700 375	2 869 641
Trade and other payables~	2 131 883	1 923 475	2 071 975
Short-term interest-bearing liabilities	401 586	349 125	380 862
Lease liabilities	26 409	32 158	27 005
Deferred revenue	161 002	137 623	160 806
Provisions	7 191	7 850	12 904
Acquisition-related liabilities	3 952	4 402	2 803
Current tax liabilities	16 542	13 073	16 924
Bank overdrafts	204 847	184 997	196 362
Liabilities directly associated with assets classified as held for sale	–	47 672	–
<b>Total equity and liabilities</b>	<b>3 733 598</b>	3 516 825	3 626 265

~ Includes short-term liability for share-based payments of US\$8.9 million (H1 FY23: US\$33.5 million; FY23: US\$63.5 million).



## Condensed consolidated statement of changes in total equity

for the six months to 31 August 2023

US\$'000	Unaudited Six months to 31 August 2023	Unaudited Six months to 31 August 2022	Audited Year ended 28 February 2023
Balance at the beginning of the period	532 340	630 946	630 946
<b>Transactions with equity holders of the parent</b>			
Comprehensive income	14 682	(4 591)	70 623
Dividend – out of distributable reserves	(22 550)	(14 012)	(172 478)
Dividend – scrip	8 624	10 234	18 079
Deferred bonus warrant/deferred bonus plan shares	(716)	(2 017)	(864)
Treasury shares purchased	–	–	(5 957)
Share-based payments(vested)/paid	56	(1 409)	(44)
Charge and settlement for equity-settled share-based payments	3 576	1 196	6 131
Net movement in non-controlling interests	750	–	(6 004)
Acquisitions of subsidiaries	–	(3 636)	–
Disposal of subsidiary	–	–	(907)
<b>Transactions with non-controlling interests</b>			
Comprehensive income	1 761	141	2 381
Acquisitions of subsidiaries	–	–	–
Disposal of subsidiary	–	–	(9 444)
Net movement in non-controlling interests	966	(1 259)	1 109
Dividend to non-controlling interests	(252)	(264)	(1 231)
<b>Balance at the end of the period</b>	<b>539 237</b>	<b>615 329</b>	<b>532 340</b>

# Condensed consolidated statement of cash flows

for the six months to 31 August 2023

US\$'000	Unaudited Six months to 31 August 2023	Unaudited Six months to 31 August 2022*	Audited Year ended 28 February 2023*
<b>Profit before taxation</b>	<b>25 179</b>	16 774	98 383
Non-cash items	<b>76 692</b>	55 593	93 226
Settlement of share-based payment liabilities	<b>(59 344)</b>	–	–
<b>Operating profit before working capital changes</b>	<b>42 527</b>	72 367	191 609
<b>Working capital changes</b>	<b>(19 233)</b>	1 798	(25 542)
Increase in inventories	<b>(6 459)</b>	(182 946)	(109 055)
Decrease/(increase) in trade and other receivables	<b>23 966</b>	(178 455)	(347 606)
(Decrease)/increase in trade and other payables	<b>(1 119)</b>	396 547	484 124
Increase in contract assets and contract costs	<b>(38 071)</b>	(48 985)	(89 989)
Increase in deferred revenue	<b>2 450</b>	15 637	36 984
(Increase)/decrease in other non-current assets and liabilities	<b>(248)</b>	908	754
Decrease in finance lease receivables	<b>1 294</b>	3 780	6 585
<b>Cash generated from operations</b>	<b>24 340</b>	78 853	173 406
Net finance costs paid <sup>^~</sup>	<b>(25 416)</b>	(16 101)	(38 596)
Taxation paid	<b>(16 644)</b>	(14 517)	(24 182)
<b>Net cash (outflow)/inflow from operating activities</b>	<b>(17 720)</b>	48 235	110 628
Cash outflow for acquisitions	–	(15 992)	(15 992)
Proceeds on disposal of investments	–	–	4 425
Inflow from investments (Angola government bonds)	<b>703</b>	2 598	2 598
Dividend received from investments	–	–	989
Additions to equity-accounted investments	<b>(1 318)</b>	–	(3 432)
Net proceeds on disposal of Analysys Mason	–	–	128 390
Disposal-related costs	–	–	(4 600)
Additions to property, plant and equipment	<b>(13 420)</b>	(7 280)	(18 326)
Additions to capitalised development expenditure	<b>(5 318)</b>	(7 351)	(15 425)
Additions to software	<b>(2 739)</b>	(709)	(2 918)
Proceeds on disposal of property, plant and equipment	<b>36</b>	402	760
<b>Net cash (outflow)/inflow from investing activities</b>	<b>(22 056)</b>	(28 332)	76 469

US\$'000	Unaudited Six months to 31 August 2023	Unaudited Six months to 31 August 2022*	Audited Year ended 28 February 2023*
Increase in investments in subsidiaries	(896)	–	–
Dividend paid to shareholders	(13 925)	(3 777)	(154 399)
Dividend paid to non-controlling interests	(252)	(264)	(1 231)
Treasury shares purchased	(716)	(1 929)	(7 725)
Settlement of deferred purchase consideration	–	–	(4 402)
Loan repayment from associate	–	–	1 007
Increase in non-controlling shareholding	2 608	–	–
Overdrafts repayable on demand under certain conditions	10 454	74	(2 316)
Repayment of lease liabilities – principal	(15 810)	(18 155)	(33 872)
Proceeds from short-term liabilities	26 088	94 069	136 201
Repayment of short-term liabilities	(8 737)	(7 149)	(10 118)
Proceeds from long-term liabilities	52 434	19 140	58 296
Repayment of long-term liabilities	(39 394)	(29 059)	(72 757)
<b>Net cash inflow/(outflow) from financing activities</b>	<b>11 854</b>	52 950	(91 316)
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(27 922)</b>	72 853	95 781
Cash and cash equivalents at the beginning of the period	512 786	415 973	415 973
Translation differences on cash and cash equivalents	2 197	4 498	1 032
<b>Cash and cash equivalents at the end of the period – combined operations (refer to note 8)</b>	<b>487 061</b>	493 324	512 786

\* Prior year comparative figures include both continuing and discontinued operations

^ Finance costs include US\$3.5 million (H1 FY23: US\$3.4 million; FY23: US\$6.0 million) of finance costs related to finance leases that are included in cash flows from operating activities.

~ Finance costs include US\$8.5 million (H1 FY23: US\$5.3 million; FY23: US\$18.4 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/(loss)

for the six months to 31 August 2023

US\$'000	Unaudited Six months to 31 August 2023	Unaudited Six months to 31 August 2022	Audited Year ended 28 February 2023
<b>Reconciliation of attributable profit to headline earnings/(loss)</b>			
Profit attributable to the equity holders of the parent	13 981	10 759	80 334
<b>Headline earnings adjustments</b>	151	(658)	(100 569)
Impairment of property, plant and equipment, right-of-use assets and capitalised development expenditure	–	2 120	11 620
Profit on disposal of investments	–	(2 964)	(111 438)
Loss on disposal of property, plant and equipment, right-of-use assets and intangible assets	196	170	422
Tax effect	(47)	(504)	(794)
Non-controlling interests	2	520	(379)
<b>Headline earnings/(loss)</b>	<b>14 132</b>	10 101	(20 235)
Continuing operations	14 132	7 510	(23 451)
Discontinued operations	–	2 591	3 216

## 2. Salient financial features

for the six months to 31 August 2023

US\$'000	Unaudited Six months to 31 August 2023	Unaudited Six months to 31 August 2022	Audited Year ended 28 February 2023
<b>Headline earnings/(loss)</b>	<b>14 132</b>	10 101	(20 235)
Continuing operations	<b>14 132</b>	7 510	(23 451)
Discontinued operations	–	2 591	3 216
<b>Headline earnings/(loss) per share (US cents)</b>			
<b>Headline</b>	<b>6.3</b>	4.7	(9.3)
Continuing operations	<b>6.3</b>	3.5	(10.8)
Discontinued operations	–	1.2	1.5
<b>Diluted headline</b>	<b>6.2</b>	4.6	(9.3)
Continuing operations	<b>6.2</b>	3.4	(10.8)
Discontinued operations	–	1.2	1.5
<b>Net asset value</b>			
Net asset value per share (US cents)	<b>210.0</b>	250.2	214.9
<b>Key ratios</b>			
Gross margin (%) – continuing operations	<b>15.1</b>	14.0	14.5
EBITDA margin (%) – continuing operations	<b>2.9</b>	2.4	1.9
Effective tax rate (%) – continuing operations	<b>37.5</b>	46.7	(66.7)
<b>Exchange rates</b>			
Average Rand/US\$ exchange rate	<b>18.5</b>	15.9	16.8
Closing Rand/US\$ exchange rate	<b>18.7</b>	17.0	18.4
<b>Number of shares issued (millions)</b>			
Issued	<b>230</b>	222	225
Issued (excluding treasury shares and shares held by participants under deferred bonus plan)	<b>227</b>	219	220
Weighted average	<b>223</b>	215	218
Diluted weighted average	<b>230</b>	221	227

### 3. Goodwill reconciliation

as at 31 August 2023

US\$'000	Unaudited Six months to 31 August 2023	Unaudited Six months to 31 August 2022	Audited Year ended 28 February 2023
<b>Net book value</b>	<b>246 334</b>	241 257	245 375
At the beginning of the period	245 375	262 606	262 606
Arising on acquisition of subsidiaries	–	16 895	18 699
Disposal of discontinued operations	–	–	(25 566)
Transfer to assets classified as held for sale	–	(31 031)	–
Translation and other movements	959	(7 213)	(10 364)
<b>Balance at the end of the period</b>	<b>246 334</b>	241 257	245 375
Goodwill at cost	246 334	241 257	245 375
<b>Per cash-generating unit:</b>	<b>246 334</b>	241 257	245 375
Logicalis International	210 354	205 820	209 707
Logicalis Latin America	35 980	35 437	35 668

### 4. Capital expenditure and commitments

as at 31 August 2023

US\$'000	Unaudited Six months to 31 August 2023	Unaudited Six months to 31 August 2022	Audited Year ended 28 February 2023
Capital expenditure incurred in the current period (including capitalised development expenditure)	21 477	15 340	36 669
Capital commitments at the end of the period	26 748	28 935	37 854

## 5. Financial instruments

as at 31 August 2023

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

- Level 1 – inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 – inputs 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.

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.

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

	Unaudited Six months to 31 August 2023	Unaudited Six months to 31 August 2022	Audited Year ended 28 February 2023
<b>US\$'000</b>			
<b>Financial assets</b>			
<b>Financial assets at amortised cost</b>			
Gross trade accounts receivable	1 560 052	1 364 506	1 536 212
Less: Expected credit loss allowances	(28 291)	(25 095)	(27 742)
Bonds	3 975	4 677	4 677
Loans granted to third parties and other long-term assets due	96 538	62 714	87 059
Finance lease receivables	23 190	22 127	20 981
Sundry receivables	53 486	55 785	46 269
Cash resources	557 058	544 171	584 683
<b>Financial assets at fair value through profit or loss</b>			
Derivative financial assets	21 203	591	5 080
	<b>2 287 211</b>	<b>2 029 476</b>	<b>2 257 219</b>
<b>Financial liabilities</b>			
<b>Financial liabilities at amortised cost</b>			
Trade payables	1 626 714	1 497 130	1 515 478
Other payables and other financial liabilities	208 083	202 869	297 666
Other non-current liabilities	77 365	49 989	68 944
Long-term interest-bearing liabilities*	73 780	58 860	62 774
Lease liabilities*	79 745	83 555	72 417
Short-term interest-bearing liabilities	373 455	327 786	359 712
Bank overdrafts	204 847	184 997	196 362
<b>Financial liabilities at fair value through profit or loss</b>			
Acquisition-related liabilities	3 952	8 051	3 864
Derivative financial liabilities	22 632	419	8 802
	<b>2 670 573</b>	<b>2 413 656</b>	<b>2 586 019</b>

\* Includes current portion of long-term liabilities.

## 6. Additional risk disclosures

as at 31 August 2023

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

There are no customers which represent over 5% of the total balance of trade receivables (H1 FY23: US\$71.5 million; FY23: US\$75.7 million (approximately 5%)).

Collections from customers during H1 FY24 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.

The past due receivables ageing categories in the following table are shown gross, before taking into account expected credit loss allowances. US\$27.7 million (H1 FY23: US\$24.6 million; FY23: US\$27.1 million) expected credit losses have been allocated to the US\$72.6 million (H1 FY23: US\$52.7 million; FY23: US\$64.4 million) over 90 days past due receivables, resulting in a net over 90 days past due receivables balance of US\$44.9 million (H1 FY23: US\$28.1 million; FY23: US\$37.3 million). Where there are no expected credit loss allowances, the balances are deemed to be recoverable and there are either payment plans in place with the relevant customers or discussions with the customers are ongoing to resolve the payment of the outstanding balances.

### Days past due

US\$'000	Unaudited Six months to 31 August 2023					
	North America	Latin America	Europe	Asia-Pacific	MEA	Total
<b>Datatec Group total</b>						
Current	66 268	105 794	740 129	251 590	100 311	1 264 092
1 – 30 days past due	15 625	10 936	65 643	48 108	14 868	155 180
31 – 60 days past due	5 215	3 221	23 485	16 071	7 513	55 505
61 – 90 days past due	1 482	3 141	8 085	(4 526)	4 521	12 703
91 – 120 days past due	1 551	3 208	3 209	2 536	2 242	12 746
Over 120 days past due	1 834	11 585	17 424	8 425	20 558	59 826
<b>Gross trade receivables</b>	<b>91 975</b>	<b>137 885</b>	<b>857 975</b>	<b>322 204</b>	<b>150 013</b>	<b>1 560 052</b>
Expected credit loss allowance	(250)	(844)	(7 728)	(3 165)	(16 304)	(28 291)
<b>Net trade receivables</b>	<b>91 725</b>	<b>137 041</b>	<b>850 247</b>	<b>319 039</b>	<b>133 709</b>	<b>1 531 761</b>



US\$'000	Unaudited Six months to 31 August 2023					
	North America	Latin America	Europe	Asia-Pacific	MEA	Total
<b>Westcon International</b>						
Current	–	–	654 904	201 889	98 489	955 282
1 – 30 days past due	–	–	44 194	33 055	14 072	91 321
31 – 60 days past due	–	–	14 766	12 762	7 323	34 851
61 – 90 days past due	–	–	6 354	(7 716)	4 494	3 132
91 – 120 days past due	–	–	2 576	599	2 196	5 371
Over 120 days past due	–	–	14 919	4 432	20 470	39 821
<b>Gross trade receivables</b>	–	–	737 713	245 021	147 044	1 129 778
Expected credit loss allowance	–	–	(7 042)	(696)	(16 252)	(23 990)
<b>Net trade receivables</b>	–	–	730 671	244 325	130 792	1 105 788
<b>Logicalis International</b>						
Current	66 268	–	85 225	49 701	1 822	203 016
1 – 30 days past due	15 625	–	21 449	15 053	796	52 923
31 – 60 days past due	5 215	–	8 719	3 309	190	17 433
61 – 90 days past due	1 482	–	1 731	3 190	27	6 430
91 – 120 days past due	1 551	–	633	1 937	46	4 167
Over 120 days past due	1 834	–	2 505	3 993	88	8 420
<b>Gross trade receivables</b>	91 975	–	120 262	77 183	2 969	292 389
Expected credit loss allowance	(250)	–	(686)	(2 469)	(52)	(3 457)
<b>Net trade receivables</b>	91 725	–	119 576	74 714	2 917	288 932
<b>Logicalis Latin America</b>						
Current	–	105 794	–	–	–	105 794
1 – 30 days past due	–	10 936	–	–	–	10 936
31 – 60 days past due	–	3 221	–	–	–	3 221
61 – 90 days past due	–	3 141	–	–	–	3 141
91 – 120 days past due	–	3 208	–	–	–	3 208
Over 120 days past due	–	11 585	–	–	–	11 585
<b>Gross trade receivables</b>	–	137 885	–	–	–	137 885
Expected credit loss allowance	–	(844)	–	–	–	(844)
<b>Net trade receivables</b>	–	137 041	–	–	–	137 041

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

## 6. Additional risk disclosures continued

as at 31 August 2023

US\$'000	Unaudited Six months to 31 August 2022					
	North America	Latin America	Europe	Asia-Pacific	MEA	Total
<b>Datatec Group total</b>						
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
<b>Gross trade receivables</b>	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)
<b>Net trade receivables</b>	80 697	172 251	676 558	277 308	132 597	1 339 411
<b>Westcon International</b>						
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
<b>Gross trade receivables</b>	–	–	603 615	217 577	144 503	965 695
Expected credit loss allowance	–	–	(6 781)	(718)	(15 325)	(22 824)
<b>Net trade receivables</b>	–	–	596 834	216 859	129 178	942 871
<b>Logicalis International</b>						
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
<b>Gross trade receivables</b>	80 701	–	80 325	61 541	3 466	226 033
Expected credit loss allowance	(4)	–	(601)	(1 092)	(47)	(1 744)
<b>Net trade receivables</b>	80 697	–	79 724	60 449	3 419	224 289
<b>Logicalis Latin America</b>						
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
<b>Gross trade receivables</b>	–	172 778	–	–	–	172 778
Expected credit loss allowance	–	(527)	–	–	–	(527)
<b>Net trade receivables</b>	–	172 251	–	–	–	172 251

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

	Audited					
	Year ended 28 February 2023					
US\$'000	North America	Latin America	Europe	Asia-Pacific	MEA	Total
Datatec Group total						
Current	60 749	125 311	746 423	229 392	99 622	1 261 497
1 – 30 days past due	14 917	12 887	50 427	35 400	20 228	133 859
31 – 60 days past due	3 324	10 622	17 716	15 254	5 814	52 730
61 – 90 days past due	2 224	1 737	11 184	4 681	3 903	23 729
91 – 120 days past due	937	1 342	2 857	2 157	2 988	10 281
Over 120 days past due	3 322	9 066	15 436	5 571	20 721	54 116
Gross trade receivables	85 473	160 965	844 043	292 455	153 276	1 536 212
Expected credit loss allowance	–	(619)	(7 902)	(3 392)	(15 829)	(27 742)
Net trade receivables	85 473	160 346	836 141	289 063	137 447	1 508 470
Westcon International						
Current	–	–	626 226	178 756	97 025	902 007
1 – 30 days past due	–	–	29 617	20 132	19 372	69 121
31 – 60 days past due	–	–	16 038	11 325	5 617	32 980
61 – 90 days past due	–	–	10 695	2 752	3 835	17 282
91 – 120 days past due	–	–	1 909	1 962	2 973	6 844
Over 120 days past due	–	–	15 333	1 792	20 673	37 798
Gross trade receivables	–	–	699 818	216 719	149 495	1 066 032
Expected credit loss allowance	–	–	(7 269)	(1 056)	(15 802)	(24 127)
Net trade receivables	–	–	692 549	215 663	133 693	1 041 905
Logicalis International						
Current	60 749	–	120 197	50 636	2 597	234 179
1 – 30 days past due	14 917	–	20 810	15 268	856	51 851
31 – 60 days past due	3 324	–	1 678	3 929	197	9 128
61 – 90 days past due	2 224	–	489	1 929	68	4 710
91 – 120 days past due	937	–	948	195	15	2 095
Over 120 days past due	3 322	–	103	3 779	48	7 252
Gross trade receivables	85 473	–	144 225	75 736	3 781	309 215
Expected credit loss allowance	–	–	(633)	(2 336)	(27)	(2 996)
Net trade receivables	85 473	–	143 592	73 400	3 754	306 219
Logicalis Latin America						
Current	–	125 311	–	–	–	125 311
1 – 30 days past due	–	12 887	–	–	–	12 887
31 – 60 days past due	–	10 622	–	–	–	10 622
61 – 90 days past due	–	1 737	–	–	–	1 737
91 – 120 days past due	–	1 342	–	–	–	1 342
Over 120 days past due	–	9 066	–	–	–	9 066
Gross trade receivables	–	160 965	–	–	–	160 965
Expected credit loss allowance	–	(619)	–	–	–	(619)
Net trade receivables	–	160 346	–	–	–	160 346

## 6. Additional risk disclosures continued

as at 31 August 2023

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.

Westcon International has an invoice assignment facility of €390.6 million for its European subsidiaries, as well as an extended payables facility of US\$116.2 million. Westcon International has a securitisation facility of US\$120.0 million for its Asia-Pacific facilities. In addition, Westcon International utilises accounts receivable facilities in the Middle East (US\$15.0 million) and Indonesia (US\$11.0 million) as well as overdraft facilities in Europe (€4.0 million) and Africa (US\$1.0 million), and a securitisation facility in South Africa (ZAR250.0 million).

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

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

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

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

## 7. Condensed segmental analysis

for the six months to 31 August 2023

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

Principal activities are as follows:

- Westcon International – Value-added technology distributor of industry-leading solutions. Provides class-leading cyber security, network infrastructure, unified collaboration products, data centre solutions, channel support services and financing/leasing solutions for ICT customers;
- Logicalis International and Logicalis Latin America – International solutions providers of digital services; and
- Corporate and Management Consulting – Corporate includes Group head office companies, including the ultimate Logicalis holding company, Logicalis Group Limited and its associated costs, and Group consolidation adjustments. Management Consulting comprises Analysys Mason which was disposed of during FY23 and its results are disclosed as discontinued operations in the prior year comparatives.

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.

During H1 FY24, H1 FY23 and FY23, there were no customers that individually accounted for over 10% of the Group's revenue. There is one customer in Logicalis Latin America which accounts for over 10% of Logicalis Latin America's revenue in H1 FY24 (US\$66.5 million) and FY23 (US\$180.7 million).

Sales and purchases between Group companies are concluded on normal commercial terms in the ordinary course of business. The inter-group sales of goods and provision of services for the period ended 31 August 2023 amounted to US\$26.9 million (H1 FY23: US\$30.4 million; FY23: US\$71.1 million).

## 7. Condensed segmental analysis continued

for the six months to 31 August 2023

	Westcon International			Logicalis International		
	Unaudited Six months to 31 August 2023	Unaudited Six months to 31 August 2022	Audited Year ended 28 February 2023	Unaudited Six months to 31 August 2023	Unaudited Six months to 31 August 2022	Audited Year ended 28 February 2023
<b>US\$'000</b>						
<b>Revenue</b>	<b>1 854 351</b>	1 614 070	3 420 569	<b>645 381</b>	575 624	1 231 517
<b>Revenue from product sales</b>	<b>1 803 893</b>	1 575 004	3 338 944	<b>396 520</b>	346 322	755 236
Revenue from sales of hardware	<b>1 047 098</b>	928 448	2 018 852	<b>295 709</b>	237 013	569 783
Revenue from sales of software*	<b>751 890</b>	645 942	1 318 914	<b>101 220</b>	109 393	186 301
Revenue from vendor resold services and product maintenance sales	<b>30 747</b>	30 729	70 417	<b>–</b>	–	–
Inter-segmental revenue	<b>(25 842)</b>	(30 115)	(69 239)	<b>(409)</b>	(84)	(848)
<b>Revenue from services</b>	<b>38 726</b>	34 227	69 986	<b>102 495</b>	93 924	194 292
Revenue from professional services	<b>39 198</b>	34 500	70 555	<b>102 495</b>	93 924	194 292
Inter-segmental revenue	<b>(472)</b>	(273)	(569)	<b>–</b>	–	–
<b>Revenue from annuity services</b>	<b>11 732</b>	4 839	11 639	<b>146 366</b>	135 378	281 989
Revenue from cloud services	<b>–</b>	–	–	<b>31 410</b>	55 441	108 954
Revenue from software services*	<b>11 740</b>	4 814	11 760	<b>–</b>	–	–
Revenue from other annuity services	<b>–</b>	–	–	<b>114 956</b>	79 937	173 035
Inter-segmental revenue	<b>(8)</b>	25	(121)	<b>–</b>	–	–
<b>Significant expenses included in EBITDA:</b>						
Staff costs	<b>(106 926)</b>	(97 382)	(199 892)	<b>(102 895)</b>	(98 385)	(199 625)
Share-based payments	<b>(2 478)</b>	(12 000)	(36 284)	<b>(840)</b>	(257)	(463)
Restructuring costs	<b>–</b>	–	–	<b>–</b>	(5 223)	(12 504)
<b>EBITDA</b>	<b>59 709</b>	51 514	48 459	<b>25 793</b>	18 308	50 466
<b>Reconciliation of operating profit/(loss) to profit/(loss) for the period</b>						
<b>Operating profit/(loss)</b>	<b>48 272</b>	39 892	21 741	<b>11 247</b>	315	6 595
Interest income	<b>1 475</b>	281	1 117	<b>944</b>	476	1 329
Finance costs	<b>(17 331)</b>	(7 137)	(20 341)	<b>(7 111)</b>	(5 544)	(13 197)
Share of equity-accounted investment earnings/(losses)	<b>–</b>	–	–	<b>–</b>	169	409
Acquisition-related fair value adjustments	<b>–</b>	–	–	<b>–</b>	38	38
Other income	<b>78</b>	7	21	<b>–</b>	–	–
Loss on disposal of investment	<b>–</b>	–	–	<b>–</b>	–	(1 392)
<b>Profit/(loss) before taxation</b>	<b>32 494</b>	33 043	2 538	<b>5 080</b>	(4 546)	(6 218)
Taxation	<b>(4 699)</b>	(5 664)	(6 271)	<b>(4 303)</b>	288	(1 264)
<b>Profit/(loss) for the period from continuing operations</b>	<b>27 795</b>	27 379	(3 733)	<b>777</b>	(4 258)	(7 482)
Profit for the period from discontinued operations	<b>–</b>	–	–	<b>–</b>	–	–
<b>Profit/(loss) for the period</b>	<b>27 795</b>	27 379	(3 733)	<b>777</b>	(4 258)	(7 482)
<b>Assets and liabilities</b>						
Total assets	<b>2 066 199</b>	1 855 961	1 935 153	<b>1 086 579</b>	975 034	1 087 569
Total liabilities	<b>1 940 003</b>	1 731 299	1 845 555	<b>867 647</b>	753 386	865 704

\* Includes software as a service revenues.

Logicalis Latin America			Corporate and Management Consulting			Datatec Group total		
Unaudited Six months to 31 August 2023	Unaudited Six months to 31 August 2022	Audited Year ended 28 February 2023	Unaudited Six months to 31 August 2023	Unaudited Six months to 31 August 2022	Audited Year ended 28 February 2023	Unaudited Six months to 31 August 2023	Unaudited Six months to 31 August 2022	Audited Year ended 28 February 2023
262 934	218 790	491 039	–	–	–	2 762 666	2 408 484	5 143 125
151 639	119 280	275 417	–	–	–	2 352 052	2 040 606	4 369 597
116 060	83 412	186 814	(19 251)	(22 291)	(47 144)	1 439 616	1 226 582	2 728 305
35 779	35 868	88 970	(6 883)	(7 970)	(23 175)	882 006	783 233	1 571 010
–	–	–	(317)	62	(135)	30 430	30 791	70 282
(200)	–	(367)	26 451	30 199	70 454	–	–	–
34 728	24 300	61 506	–	–	–	175 949	152 451	325 784
34 728	24 300	61 506	(472)	(273)	(569)	175 949	152 451	325 784
–	–	–	472	273	569	–	–	–
76 567	75 210	154 116	–	–	–	234 665	215 427	447 744
465	555	1 400	–	–	–	31 875	55 996	110 354
–	–	–	(8)	25	(121)	11 732	4 839	11 639
76 102	74 655	152 716	–	–	–	191 058	154 592	325 751
–	–	–	8	(25)	121	–	–	–
(31 145)	(27 015)	(55 170)	(1 746)	(1 442)	(2 690)	(242 712)	(224 224)	(457 377)
(168)	(252)	(504)	(3 577)	(3 518)	(15 390)	(7 063)	(16 027)	(52 641)
–	(2 564)	(2 189)	–	–	(464)	–	(7 787)	(15 157)
5 834	(998)	21 156	(10 762)	(10 971)	(21 835)	80 574	57 853	98 246
1 620	(4 497)	13 802	(10 897)	(11 064)	(23 646)	50 242	24 646	18 492
2 626	1 191	2 454	1 115	785	3 584	6 160	2 733	8 484
(6 784)	(5 813)	(12 935)	(75)	(38)	(101)	(31 301)	(18 532)	(46 574)
(154)	(203)	(645)	152	514	1 118	(2)	480	882
–	–	–	–	–	–	–	38	38
–	–	–	2	–	–	80	7	21
–	–	–	–	–	–	–	–	(1 392)
(2 692)	(9 322)	2 676	(9 703)	(9 803)	(19 045)	25 179	9 372	(20 049)
41	1 004	(1 391)	(481)	(6)	(4 449)	(9 442)	(4 378)	(13 375)
(2 651)	(8 318)	1 285	(10 184)	(9 809)	(23 494)	15 737	4 994	(33 424)
–	–	–	–	6 308	116 967	–	6 308	116 967
(2 651)	(8 318)	1 285	(10 184)	(3 501)	93 473	15 737	11 302	83 543
528 807	498 405	507 688	52 013	187 425	95 855	3 733 598	3 516 825	3 626 265
372 540	354 816	354 665	14 171	61 995	28 001	3 194 361	2 901 496	3 093 925

## 8. Cash and cash equivalents

as at 31 August 2023

	Unaudited Six months to 31 August 2023	Unaudited Six months to 31 August 2022	Audited Year ended 28 February 2023
<b>US\$'000</b>			
Cash resources per the statement of financial position	557 058	544 171	584 683
Cash resources included in assets classified as held for sale	–	10 920	–
Bank overdrafts unconditionally repayable on demand	(69 997)	(61 767)	(71 897)
<b>Cash and cash equivalents (per the statement of cash flows)</b>	<b>487 061</b>	493 324	512 786
Bank overdrafts repayable on demand under certain conditions	(134 850)	(132 462)	(124 465)
Bank overdrafts included in liabilities associated with assets classified as held for sale	–	(1 688)	–
<b>Net cash resources</b>	<b>352 211</b>	359 174	388 321



## 9. Additional statement of financial position disclosures

as at 31 August 2023

### Multi-year contracts

Included in other non-current assets is US\$81.4 million (H1 FY23: US\$53.1 million; FY23: US\$72.3 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\$93.1 million (H1 FY23: US\$59.5 million; FY23: US\$79.5 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\$77.4 million (H1 FY23: US\$50.0 million; FY23: US\$68.7 million)) and trade and other payables (short-term portion of US\$88.1 million (H1 FY23: US\$55.7 million; FY23: US\$75.5 million)).

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

### Share-based payments

As reported in FY23, the share-based payment charge in FY23 was exceptionally high as a result of the increasing valuations of the divisions' cash-settled share-based payment plans, particularly Weston International. This was substantially lower as at 31 August 2023.

US\$5.1 million (H1 FY23: US\$30.3 million; FY23: US\$61.0 million) of the total US\$8.9 million (H1 FY23: US\$33.5 million; FY23: US\$63.5 million) short-term portion of share-based payments relates to the Westcon International Equity Appreciation Plan and the Westcon International SAR scheme.

## 10. Contingent liabilities

as at 31 August 2023

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

As at 31 August 2023, Westcon International had a contingent liability in respect of a possible withholding tax obligation at its subsidiary in the Kingdom of Saudi Arabia, Westcon Saudi Company LLC ("Westcon KSA"). This relates to payments Westcon KSA has made in relation to the purchase of vendor software and maintenance services which have been resold to customers during the six years ended 31 December 2020. Westcon KSA strongly disagrees with the tax authority's assessments issued on 22 June 2021 and has submitted the necessary appeals. Following an unsuccessful attempt to utilise the alternative dispute resolution procedures, the matter is now proceeding to court. The ongoing litigation with the KSA tax authorities is likely to continue beyond the next financial year end. A liability has been recognised for a possible exposure in this regard.

As at 31 August 2023, withholding tax liabilities for the Group totalled US\$21.4 million (FY23: US\$20.0 million), which includes the liability for the Westcon KSA matter described above.

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

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

## 11. Subsequent events

### Increased shareholding in subsidiaries

#### Logicalis Latin America

In September 2023, Logicalis Latin America Holding repurchased 5.0% of its shares from Promon S.A for subsequent cancellation. This resulted in an effective shareholding of 68.42% (FY23: 65.0%) for Logicalis Group Limited and current shareholding of 31.58% (FY23: 35.0%) for Promon S.A.

#### Management incentive plan – Westcon International

Westcon International implemented the Westcon International Long-Term Incentive Plan ("WILTIP") on 1 September 2023 following a corporate restructuring. An intermediate holding company called Westcon International Group Holdings Ltd ("WIGHL") was inserted in the Group structure owned by Westcon International Ltd (WIL). Management purchased shares in WIGHL constituting 5.0% of the ordinary equity and WIL held the remaining 95% but with 1% earmarked for potential management participation in future. WIGHL also issued a fixed return instrument to Westcon International Limited.

Datatec continues to own a 92.1% shareholding in WIL with TD Synnex as the minority shareholder.

There were no other material subsequent events.

## 12. Going concern

as at 31 August 2023

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.

### Solvency

The Board determined that the Group is solvent as at 31 August 2023, with net assets of US\$476.4 million (H1 FY23: US\$549.4 million; FY23: US\$472.0 million) and tangible net assets of US\$182.1 million (H1 FY23: US\$252.0 million; FY23: US\$178.8 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 is generated to settle liabilities as they fall due.

Westcon International has an invoice assignment facility of €390.6 million for its European subsidiaries, as well as an extended payables facility of US\$116.2 million. Westcon International has a securitisation facility of US\$120.0 million for its Asia-Pacific facilities. In addition, Westcon International utilises accounts receivable facilities in the Middle East (US\$15.0 million) and Indonesia (US\$11.0 million) as well as overdraft facilities in Europe (€4.0 million) and Africa (US\$1.0 million), and a securitisation facility in South Africa (ZAR250.0 million).

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

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

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

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

### Conclusion

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

## 13. Pro forma supplementary information

for the six months to 31 August 2023

*Pro forma* supplementary financial information is included regarding 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. 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. The Group's external auditor, PricewaterhouseCoopers Inc., has not reviewed or reported on the *pro forma* information at August 2023.

### 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:

	Six months to 31 August 2023	Six months to 31 August 2022	Year ended 28 February 2023
<b>Average exchange rates</b>			
British Pound/US Dollar	1.26	1.24	1.21
Euro/US Dollar	1.09	1.05	1.04
US Dollar/Brazilian Real	4.93	4.99	5.13
US Dollar/Australian Dollar	1.52	1.41	1.45
US Dollar/Singapore Dollar	1.34	1.38	1.38
US Dollar/South African Rand	18.47	15.92	16.79

### Constant currency financial information

	Six months to 31 August 2023		
US\$'000	Revenue	Pro forma revenue	Constant currency % change
Datatec Group	2 762 666	2 800 907	16.3
Westcon International	1 854 351	1 867 106	15.7
Logicalis International	645 381	647 210	12.4
Logicalis Latin America	262 934	286 591	31.0

### 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.

US\$'000	Six months to 31 August 2023	Six months to 31 August 2022	Year ended 28 February 2023
EBITDA	80 574	57 853	98 246
Share-based payments	7 063	16 028	52 641
Restructuring costs	–	7 787	15 157
One-off tax items impacting EBITDA	1 796	3 611	11 863
Acquisition, integration and corporate actions costs	–	2 279	2 275
<b>Adjusted EBITDA</b>	<b>89 433</b>	<b>87 558</b>	<b>180 182</b>

### 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.

US\$'000	Six months to 31 August 2023	Six months to 31 August 2022	Year ended 28 February 2023
<b>Reconciliation of headline earnings/(loss) to underlying earnings</b>			
Headline earnings/(loss)	14 132	10 101	(20 235)
<b>Underlying earnings adjustments</b>	<b>7 323</b>	<b>(2 297)</b>	<b>37 298</b>
Unrealised foreign exchange losses/(gains)	9 175	(18 531)	9 115
Acquisition-related fair value adjustments	–	(38)	(38)
Restructuring costs	–	7 787	15 157
Amortisation of acquired intangible assets	1 670	2 730	11 886
One-off tax items impacting EBITDA	1 796	3 611	11 863
Acquisition, integration and corporate actions costs	–	2 400	2 318
Tax effect	(2 397)	1 728	(7 258)
Non-controlling interests	(2 921)	(1 984)	(5 745)
<b>Underlying earnings</b>	<b>21 455</b>	<b>7 804</b>	<b>17 063</b>
Continuing operations	21 455	4 797	13 235
Discontinued operations	–	3 007	3 828
<b>Underlying earnings per share (US cents)</b>			
<b>Underlying</b>	<b>9.6</b>	<b>3.6</b>	<b>7.9</b>
Continuing operations	9.6	2.2	6.1
Discontinued operations	–	1.4	1.8
<b>Diluted underlying</b>	<b>9.3</b>	<b>3.5</b>	<b>7.6</b>
Continuing operations	9.3	2.2	5.9
Discontinued operations	–	1.3	1.7

## Enquiries

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