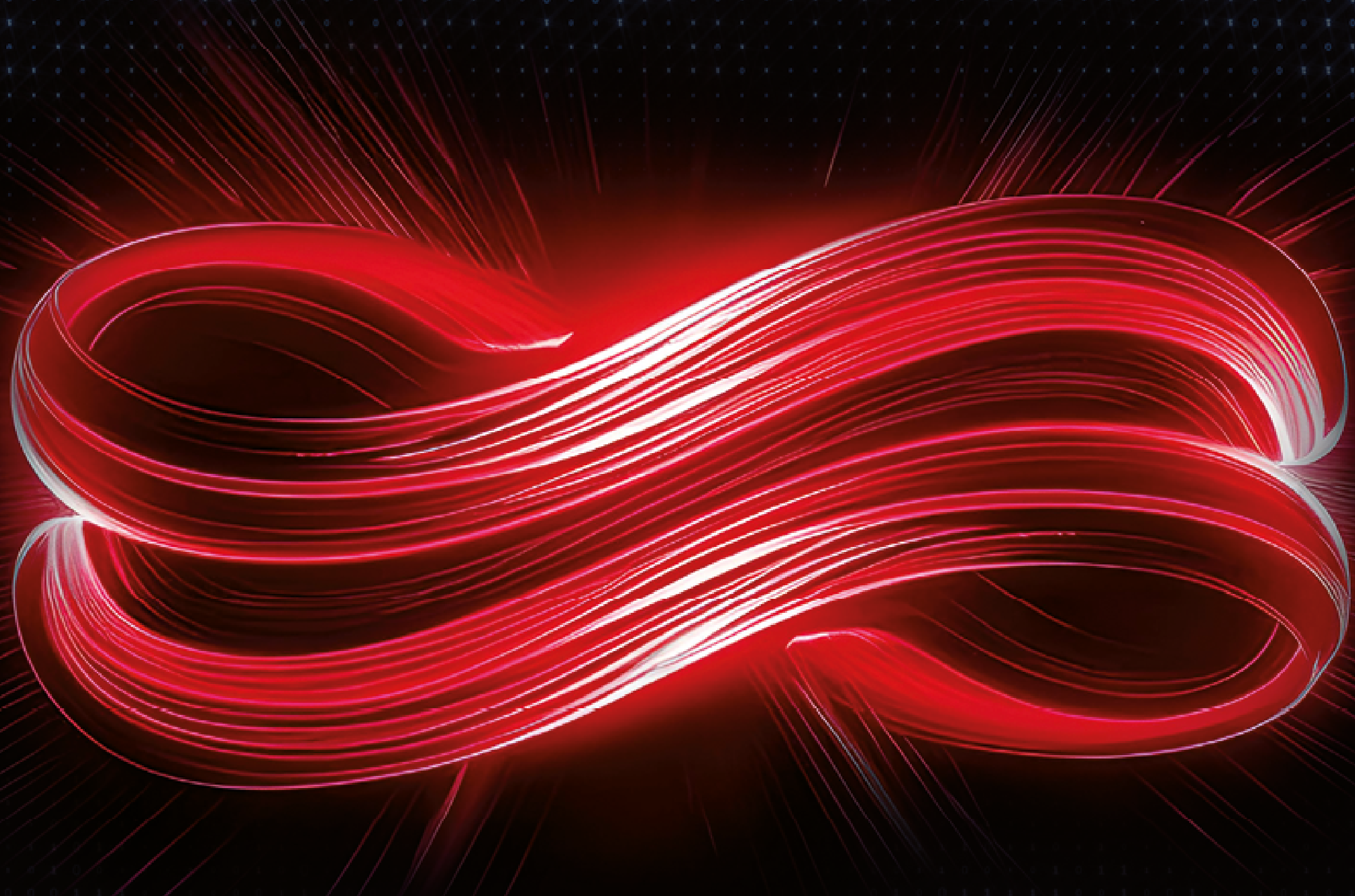
INTERIM RESULTS

CONDENSED UNAUDITED INTERIM RESULTS
FOR THE SIX MONTHS ENDED **31 AUGUST 2024**



DATATEC

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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

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https://www.linkedin.com/company/datatec-limited

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Highlights

Excellent **profit growth** and **margin expansion** in Westcon International

Very **strong result** from Logicalis International

Improving performance in Logicalis Latin America

Robust operating cash generation

uEPS 11.4 US cents
(H1 FY24: 7.3* US cents)

FY25 interim dividend of 75 ZAR cents per share (approximately 4 US cents)

	Unaudited Six months to 31 August 2024 "H1 FY25"	Unaudited Six months to 31 August 2023 "H1 FY24"	% movement
Gross profit (US$ million)	**432.7**	417.9	3.5
Revenue (US$ million)	**2 612.1**	2 762.7	(5.5)
EBITDA (US$ million)	**102.5**	80.6	27.2
Underlying* earnings per share (US cents)	**11.4**	7.3	56.2
Net debt (US$ million)	**(108.4)**	(174.8)	(38.0)

* *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, 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. H1 FY24 has been recalculated to include unrealised foreign exchange movements.*

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's much improved year-on-year financial performance was underpinned by Westcon maintaining its positive profit growth trajectory and Logicalis International increasing its profitability strongly. Logicalis Latin America's overall performance also improved compared to H1 FY24.

Datatec significantly strengthened its operating cash generation and earnings at all levels and is paying an interim dividend of 75 ZAR cents per share.

We expect that all divisions will deliver a better full year over year performance despite some softening in certain European markets.

We continue to deliver on our strategy to enhance the competitiveness and profitability of our subsidiaries."

Our divisions

WESTCON INTERNATIONAL

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

Provider of innovative financial solutions to Datatec Group customers

- 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 Networks, Palo Alto Networks, Proofpoint, Tenable and Zscaler
- 12 000+ partners
- 19 logistics and staging facilities throughout Europe, Middle East, sub-Saharan Africa, Asia, Australia and New Zealand

Over 3 600 employees

LOGICALIS INTERNATIONAL

Global digital transformation enabler and cloud-managed service provider

- Customer advocate with some of the world's leading technology companies including Cisco, HPE, Microsoft, IBM, NetApp, Oracle, Palo Alto and VMware
- Operates in Europe, North America, Asia-Pacific and Africa
- Solutions
  – Connectivity, cloud, digital workplace, security
- Services
  – Consulting services, professional services, modern managed services

Over 4 300 employees

LOGICALIS LATIN AMERICA

Global digital transformation enabler and cloud-managed service provider

- Customer advocate with some of the world's leading technology companies including AWS, Cisco, Fortinet, Microsoft, NetScout, PureStorage and Red Hat
- Operates across South America, Mexico and the Caribbean
- Solutions
  – Connectivity, cloud, digital workplace, security
- Services
  – Consulting services, professional services, modern managed services

Over 3 000 employees

MASON ADVISORY LIMITED

A United Kingdom-based, award-winning digital and technology consultancy that has an established track record of delivering lasting change for clients across enterprises, government and emergency services.

- Mason Advisory forms part of the Group's Corporate segment

Over 100 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 continues to work on its Strategic Review, which aims 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.

From an operational perspective, all divisions have delivered an improved performance in H1 FY25 compared to H1 FY24. Westcon continued its profit growth trajectory and Logicalis International strongly increased profitability. Logicalis Latin America had an improved performance compared to H1 FY24.

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

The Group's policy is to maintain a dividend cover of three times in relation to underlying* earnings. On 27 May 2024, the Board declared a final cash dividend with a scrip distribution alternative for FY24 of 130 ZAR cents per share (approximately 7 US cents per share), amounting to ZAR 298.4 million.

The Board is pleased to now declare an interim dividend of 75 ZAR cents (approximately 4 US cents) for H1 FY25 in the form of a cash dividend with scrip distribution alternative. This will amount to ZAR 175 million.

Divisional summary

Westcon International

Westcon International's revenue decreased by 2.9% to US$1.80 billion (H1 FY24: US$1.85 billion) due to changes in revenue mix with a greater percentage of revenue accounted for on a net revenue basis, as well as a reduction in demand for Cisco product. In constant currency***, revenue decreased by 2.5%. EBITDA increased by 16.5% to US$69.5 million (H1 FY24: US$59.7 million). Adjusted** EBITDA increased by 14.4% to US$71.2 million (H1 FY24: US$62.2 million). H1 FY25 EBITDA and adjusted** EBITDA included US$0.2 million of foreign exchange losses (H1 FY24: US$4.6 million).

Logicalis International

Logicalis International's revenue decreased by 10.9% to US$575.0 million (H1 FY24: US$645.4 million) due to a mix change with more net revenue accounted software and services. In constant currency***, revenue decreased by 10.2%. EBITDA increased by 44.2% to US$37.2 million (H1 FY24: US$25.8 million). Adjusted** EBITDA increased by 35.1% to US$38.4 million (H1 FY24: US$28.4 million).

Logicalis Latin America

Logicalis Latin America's revenue decreased by 18.1% to US$215.4 million (H1 FY24: US$262.9 million). In constant currency***, revenue improved by 2.7%. EBITDA increased to US$8.0 million (H1 FY24: US$5.8 million). Adjusted** EBITDA decreased by 6.3% to US$5.6 million (H1 FY24: US$6.0 million). EBITDA was impacted by foreign exchange losses of US$0.4 million (H1 FY24: US$8.3 million), arising mainly in Argentina.

Current trading and outlook

We expect that all divisions will deliver a better full year-over-year performance, despite some softening in certain European markets. The US remains robust, while Latin America appears to be recovering.

Overall, sectors such as cyber security and cloud infrastructure remain strong, whilst the networking industry is experiencing a period of slower demand.

The Board remains focused on driving shareholder value in the context of its Strategic Review.

Group results

Group revenue was US$2.61 billion in H1 FY25, down 5.5% compared to the US$2.76 billion revenue recorded in H1 FY24. In constant currency***, Group revenue decreased by 3.0%. The decrease in revenue is mainly attributed to a mix change, with more software and services being net revenue accounted.

Revenue from sales arrangements where the Group acts as agent is recognised on a net basis and the commission or gross profit earned on these contracts is recognised as revenue. Where the group is deemed to be acting as a principal, revenue is recognised on a gross basis. When deciding on the most appropriate basis for presenting revenue or related costs, both the legal form and the substance of the agreement between the Group and the counterparty are reviewed to determine each party's respective role in the transaction.

The Group's gross margin in H1 FY25 was 16.6% (H1 FY24: 15.1%). Gross profit increased by 3.5% to US$432.7 million (H1 FY24: US$417.9 million).

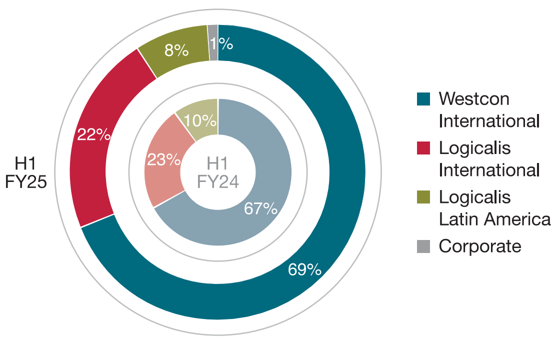
The increase in gross margin is largely due to margin improvements across services as well as product and mix improvements.

Overall operating costs (including foreign exchange gains and losses, restructuring costs, share-based payment charges and acquisition and integration costs) were lower at US$330.2 million (H1 FY24: US$337.3 million).

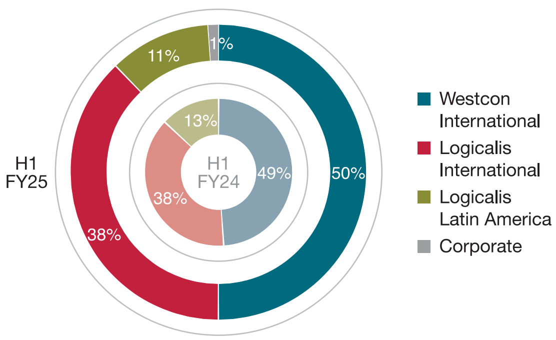
Restructuring costs of US$0.6 million were incurred in H1 FY25 relating to fundamental reorganisations in Logicalis Latin America. There were no restructuring costs in H1 FY24.

Operating costs included US$0.3 million of net foreign exchange gains (H1 FY24: losses of US$13.3 million). The H1 FY24 net foreign exchange losses arose mainly from sharp currency depreciation in Argentina over that period.

Contribution to Group revenue (%)



Contribution to Group gross profit (%)



EBITDA was US$102.5 million (H1 FY24: US$80.6 million) and EBITDA margin was 3.9% (H1 FY24: 2.9%).

Adjusted** EBITDA was US$106.0 million (H1 FY24: US$89.4 million) and adjusted** EBITDA margin was 4.1% (H1 FY24: 3.2%).

Depreciation and amortisation amounted to US$30.6 million (H1 FY24: US$30.4 million) and operating profit was US$71.9 million (H1 FY24: US$50.2 million).

The net interest charge increased to US$28.8 million (H1 FY24: US$25.1 million) mainly due to increased cost of borrowings and higher working capital requirements and average utilisation of financing facilities. Profit before tax was US$45.1 million (H1 FY24: US$25.2 million).

A tax charge of US$14.9 million (H1 FY24: US$9.4 million) has arisen on pre-tax profits representing an effective tax rate of 33.0% (H1 FY24: 37.5%). The effective tax rate for the half year has improved from the prior year due to the increase in absolute profits which dilutes the impact of non-deductible tax items. In addition, there is a reduction in the losses of certain operations where limited or nil tax credit can be recognised. As at 31 August 2024, tax losses carried forward are estimated at US$246.2 million with an estimated future tax benefit of US$62.7 million, of which US$43.7 million has been recognised as a deferred tax asset.

Withholding taxes

As at 31 August 2024, 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 made in relation to the purchase of vendor software and maintenance services which were resold to customers during the six years ended 31 December 2020. Following an unsuccessful attempt to utilise the alternative dispute resolution procedures, the matter proceeded to a final court hearing on 29 September 2024. The written ruling disagreed with the Tax Authority's categorisation of the relevant arrangements and they now must revise their assessment of the tax liability. There remains some ambiguity as to how the ruling will be interpreted by the Tax Authority for the calculation of such an assessment. A liability has been recognised for a possible exposure in this regard.

Global minimum taxation

The Group is within the scope of the OECD Pillar II model rules. While legislation has yet to be enacted in South Africa, it has already been substantively enacted in the UK such that it will be effective for the Group's financial reporting year ended 28 February 2025. The Group applies the exception to recognising and disclosing information about deferred tax assets and liabilities relating to Pillar II taxes as provided in the amendments to IAS 12 issued in May 2023. Under the legislation the Group will be liable to pay top-up tax for the difference between the GloBE effective tax rate per jurisdiction and the 15% minimum rate. It is anticipated that the majority of jurisdictions in which the Group operates are likely to fall within the transitional CBCR safe harbour rules. Where jurisdictions fall outside of these safe harbours it is expected that the top-up tax arising will not be material. This is due to the operational substance the Group has in most of the jurisdictions in which it has a presence which provides a substance-based income exclusion that reduces the profits to which a top-up tax can apply.

Earnings per share

Following a review of peer reporting and to more closely align the definition of underlying* earnings per share to the Group's Adjusted EBITDA** metric, the Group decided not to exclude unrealised foreign exchange gains or losses from underlying* earnings from H1 FY25 onwards. The comparative figure for underlying* earnings per share (which is a non-IFRS measure) for H1 FY24 has been recalculated in accordance with the revised definition.

Underlying* earnings per share were 11.4 US cents (H1 FY24: 7.3 US cents). Refer to note 13 *Determination of underlying earnings* for further detail. Headline earnings per share were 10.5 US cents (H1 FY24 headline earnings per share: 6.3 US cents). Earnings per share were 11.3 US cents (H1 FY24: 6.3 US cents).

Cash and net debt

The Group generated US$116.1 million of cash from operations during H1 FY25 (H1 FY24: US$24.3 million) and ended the period with net debt of US$108.4 million (H1 FY24: US$174.8 million and FY24: US$123.1 million).

Excluding lease liabilities, net debt would have been US$35.6 million (H1 FY24: US$95.0 million and FY24: US$51.3 million).

US$ million	Six months to 31 August 2024	Six months to 31 August 2023	Year ended 29 February 2024
Cash resources	**630.4**	557.0	569.0
Bank overdrafts	**(229.4)**	(204.8)	(178.9)
Short-term interest-bearing liabilities and short-term leases	**(431.5)**	(428.0)	(428.5)
Long-term interest-bearing liabilities and long-term leases	**(77.9)**	(99.0)	(84.7)
Net debt	**(108.4)**	(174.8)	(123.1)

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$119.4 million. Westcon International has a securitisation facility of US$$130.0 million for its Asia-Pacific facilities. In addition, Westcon International utilises accounts receivable facilities in the Middle East (US$25.0 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 (ZAR300.0 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.

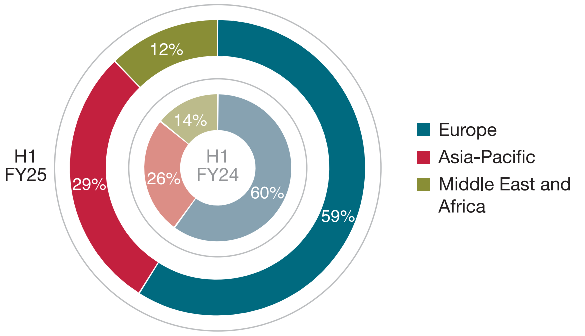
Divisional reviews

Westcon International

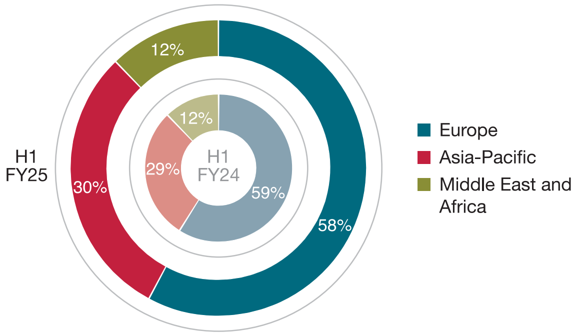
Westcon International delivered a strong financial performance, in all regions despite softening demand in the enterprise networking and infrastructure sectors. Westcon International remains focused on delivering outstanding financial performance and accelerating its transformation into a leading global data-driven technology provider and specialist distributor of cyber security and networking solutions.

Westcon International's revenue decreased by 2.9% to US$1.80 billion (H1 FY24: US$1.85 billion) due to a change in product mix with more net accounted revenues, as well as a reduction in demand for Cisco product. In constant currency***, revenue decreased by 2.5%.

Westcon International revenue % contribution by geography



Westcon International gross profit % contribution by geography



Westcon International's gross profit increased by 6.1% to US$216.1 million (H1 FY24: US$203.7 million) and gross margins increased to 12.0% (H1 FY24: 11.0%). This increase is due to improvements from product mix and a growing contribution from Westcon's Flex financial services offerings.

Operating costs increased by 1.8% to US$146.6 million (H1 FY24: US$144.0 million). Operating costs include lower net foreign exchange losses of US$0.2 million in H1 FY25 compared to net foreign exchange losses of US$4.6 million in H1 FY24, as well as a US$0.9 million reduction in share-based payment charges. Excluding foreign exchange and share-based payment charges, operating costs increased 5.8% or US$7.9 million.

EBITDA increased by 16.5% to US$69.5 million (H1 FY24: US$59.7 million) driven by higher gross profits. Adjusted** EBITDA increased by 14.4% from US$62.2 million in H1 FY24 to US$71.2 million. Adjusted** EBITDA margin increased to 4.0% (H1 FY24: 3.4%).

Net working capital days decreased to 10 days (H1 FY24:15 days) with an increase in inventory turns and higher days payable outstanding offset by higher days sales outstanding.

US$ million	Six months to 31 August 2024	Six months to 31 August 2023	Year ended 29 February 2024
Cash resources	**384.0**	342.0	328.5
Bank overdrafts	**(6.0)**	(8.0)	(8.6)
Short-term interest-bearing liabilities and short-term leases	**(387.4)**	(381.5)	(391.8)
Long-term interest-bearing liabilities and long-term leases	**(16.2)**	(20.2)	(17.0)
Net debt	**(25.6)**	(67.7)	(88.9)

Net debt decreased by US$42.1 million to US$25.6 million (H1 FY24: US$67.7 million and FY24: US$88.9 million).

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.

There were no material subsequent events.

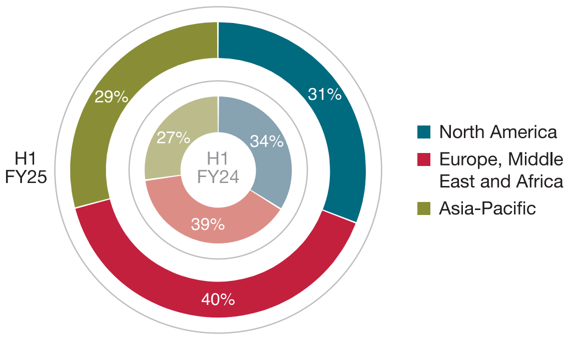
Logicalis International

Logicalis International's revenue decreased by 10.9% to US$575.0 million (H1 FY24: US$645.4 million), due to more software and services revenue being net accounted.

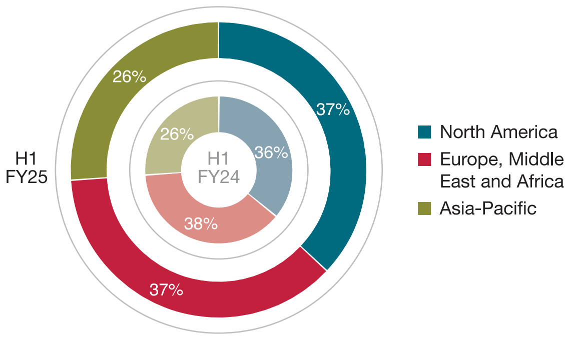
Logicalis International continued to have a strong order intake during H1 FY25, increasing by 8.6% over H1 FY24.

Gross margin was 28.5% (H1 FY24: 24.4%). The underlying gross margin percentage was higher due to margin improvements across services as well as product and improved mix. Logicalis International's gross profit was US$164.0 million (H1 FY24: US$157.5 million).

Logicalis International revenue % contribution by geography



Logicalis International gross profit % contribution by geography



Divisional reviews continued

Operating costs decreased to US$126.8 million (H1 FY24: US$131.7 million) reflecting a focus on reducing costs across the business.

EBITDA increased by 44.2% to US$37.2 million (H1 FY24: US$25.8 million), with a corresponding EBITDA margin of 6.5% (H1 FY24: 4.0%).

Adjusted** EBITDA increased to US$38.4 million (H1 FY24: US$28.4 million), with a corresponding adjusted** EBITDA margin of 6.7% (H1 FY24: 4.4%). Adjusted** EBITDA in H1 FY25 excluded share-based payment costs of US$1.2 million. In H1 FY24, adjusted** EBITDA excluded one-off tax items impacting EBITDA of US$1.8 million and share-based payment costs of US$0.8 million.

The EBITDA result in comparison to the prior year, includes a very strong performance in the US, a turnaround performance from the UK and reduced losses in South Africa, partially offset by weaker performance in Germany.

Operating profit was US$25.5 million (H1 FY24: US$11.2 million) with H1 FY24 impacted by a one-off tax item of US$1.8 million and H1 FY25 benefiting from improved gross margins and reduced operating costs.

The net interest charge increased by US$0.6 million to US$6.8 million, driven by higher borrowing costs.

Net debt decreased to US$96.3 million (H1 FY24: US$113.4 million) due to working capital improvements.

US$ million	Six months to 31 August 2024	Six months to 31 August 2023	Year ended 29 February 2024
Cash resources	**149.1**	110.1	123.8
Bank overdrafts	**(158.2)**	(158.5)	(141.4)
Short-term interest-bearing liabilities and short-term leases	**(50.4)**	(32.7)	(28.5)
Long-term interest-bearing liabilities and long-term leases	**(36.8)**	(32.3)	(33.1)
Net debt	**(96.3)**	(113.4)	(79.3)

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

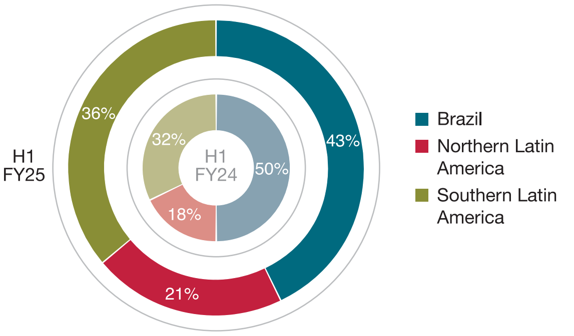
The future will likely involve hybrid workplaces for part-time office and remote workers. Preparing and planning for this environment will be essential in providing a better digital experience for customers, partners and employees.

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

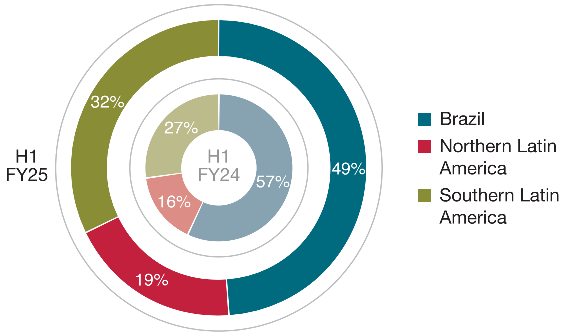
Logicalis Latin America generated revenue of US$215.4 million (H1 FY24: US$262.9 million). The decrease was mainly due to currency translation. In constant currency*** revenue increased by 2.7%.

Logicalis Latin America revenue % contribution by geography



Logicalis Latin America's gross margin was 22.4% (H1 FY24: 21.6%). Logicalis Latin America's gross profit was down 14.8% to US$48.3 million (H1 FY24: US$56.7 million).

Logicalis Latin America gross profit % contribution by geography



Operating costs decreased to US$40.3 million (H1 FY24: US$50.9 million).

EBITDA was impacted by foreign exchange losses of US$0.4 million (H1 FY24: US$8.3 million), arising mainly in Argentina, as well as once-off tax credits amounting to US$3.3 million. EBITDA increased to US$8.0 million (H1 FY24: US$5.8 million), with a corresponding EBITDA margin of 3.7% (H1 FY24: 2.2%). Adjusted** EBITDA decreased by 6.3% to US$5.6 million (H1 FY24: US$6.0 million), with a corresponding adjusted** EBITDA margin of 2.6% (H1 FY24: 2.3%).

Operating profit was US$3.8 million (H1 FY24: US$1.6 million).

The net interest charge reduced to US$3.3 million (H1 FY24: US$4.2 million), reflecting the lower volume of borrowing and a tighter working capital management throughout the region.

Divisional reviews continued

US$ million	Six months to 31 August 2024	Six months to 31 August 2023	Year ended 29 February 2024
Cash resources	**56.0**	70.0	74.0
Bank overdrafts	**(64.3)**	(38.4)	(28.9)
Short-term interest-bearing liabilities and short-term leases	**(7.1)**	(13.4)	(7.5)
Long-term interest-bearing liabilities and long-term leases	**(9.0)**	(43.7)	(32.3)
Net debt	**(24.4)**	(25.5)	5.2

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.

In addition, Logicalis Latin America continues to improve its customer diversification, push on high-valued added services as well as a product portfolio expansion.

Corporate and Management Consulting

Mason Advisory Limited generated revenue of US$18.5 million and EBITDA of US$1.5 million in H1 FY25 (not consolidated in H1 FY24). As at 31 August 2024, Mason Advisory had cash of US$2.4 million.

In April 2024, Logicalis Group Limited purchased 7.04% of Cirrus Participações S.A.C. in Brazil ("Kumulus") from the minority shareholders. As the Group owns 68.4% of Promon Logicalis Latin America Limited, this resulted in a current effective shareholding in Kumulus of 67.4%. The Group has consolidated the results of Kumulus from the acquisition date in the current period as part of the Corporate and Management Consulting segment. The revenue and EBITDA included from this acquisition in the current period were US$2.1 million and US$0.6 million EBITDA loss respectively.

The Corporate segment further includes the net operating costs of the Datatec head office entities, which were US$12.9 million (H1 FY24: US$11.2 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$3.0 million in H1 FY25 (H1 FY24: US$3.6 million). In H1 FY25, foreign exchange gains were US$0.1 million (H1 FY24: foreign exchange gains of US$0.5 million).

As at 31 August 2024, Datatec head office entities held cash of US$35.3 million (FY24: US$40.0 million) of which US$4.1 million (FY24: US$10.5 million) is held in South Africa and subject to the South African Reserve Bank regulations.

Subsequent events

Increased shareholding in subsidiaries

In September 2024, Logicalis Group Limited increased its direct shareholding in Kumulus by 12.3% through an issue of new shares as part of a recapitalisation transaction. As the Group owns 68.4% of Promon Logicalis Latin America Limited, this resulted in a current effective shareholding in Kumulus of 74.5%.

Dividend declared

The Board is pleased to declare an interim dividend of 75 ZAR cents (approximately 4 US cents) for H1 FY25 in the form of a cash dividend with scrip distribution alternative. This will amount to ZAR 175 million.

There were no other material subsequent events.

Cash Dividend and Scrip Distribution alternative

Introduction

Notice is hereby given that the Board of Datatec has declared an interim distribution for the six months ended 31 August 2024, by way of an interim cash dividend of 75 ZAR cents per Datatec ordinary share ("Cash Dividend") payable to the ordinary shareholders (the "Shareholders"), which will be in proportion to a Shareholder's ordinary shareholding in Datatec at the close of business on the Record Date, being Friday, 6 December 2024.

Shareholders will be entitled, in respect of all or part of their shareholding, to elect to receive new, fully paid ordinary Datatec shares ("Shares") in proportion to their ordinary shareholding on the Record Date as an alternative to the Cash Dividend (the "Scrip Distribution"). The Cash Dividend has been declared and paid out of Datatec's distributable retained profits. A dividend withholding tax of 20% will be applicable in respect of the Cash Dividend to all shareholders not exempt therefrom after deduction of which, the net Cash Dividend is 60 ZAR cents per share.

The new Shares issued pursuant to the Scrip Distribution, will not be subject to a dividend withholding tax, and the issue price of the Scrip Distribution (which will equal the volume-weighted average price ("VWAP") of Datatec's shares traded on the JSE for the 30-day trading day period ending on Friday, 22 November 2024 less the amount of the Cash Dividend), will be settled by way of a capitalisation of Datatec's distributable retained profits.

The Company's total number of Shares as at Thursday, 24 October 2024 is 233 219 441. Datatec's income tax reference number is 9999/493/71/2.

Terms of the Cash Dividend and Scrip Distribution alternative

The Shareholders will be entitled to receive the Cash Dividend of 75 ZAR cents per share in respect of their shareholding as at the close of trading on the JSE at the close of business on the Record Date, being Friday, 6 December 2024, in proportion to their ordinary shareholding in Datatec and to the extent that such Shareholders have not elected to receive the Scrip Distribution alternative in respect of all or a part of their shareholding.

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

The number of Scrip Distribution shares to which each of the Shareholders will become entitled pursuant to the Scrip Distribution (subject to their election thereto) will be determined by reference to such Shareholder's ordinary shareholding in Datatec (at the close of business on the Record Date, being Friday, 6 December 2024) in relation to the ratio that 75 ZAR cents bears to the VWAP of a Datatec ordinary share traded on the JSE during the 30-day trading period ending on Friday, 22 November 2024 less the amount of the Cash Dividend (75 ZAR cents), provided that, where the application of this ratio gives rise to a fraction of a share, the rounding principles will be applied. Where a Shareholder's entitlement to new Shares calculated in accordance with the above formula gives rise to a fraction of a new share, such fraction of a new share will be rounded down to the nearest whole number, resulting in allocations of whole Shares and a cash payment for the fraction. The applicable cash payment will be determined with reference to the VWAP of a share traded on the JSE on Wednesday, 4 December 2024, (being the day on which Datatec ordinary shares begin trading 'ex' the entitlement to receive the Cash Dividend or the Scrip Distribution alternative), discounted by 10%.

Details of the ratio and the fractional entitlement will be announced on the Stock Exchange News Service ("SENS") of the JSE in accordance with the timetable on the following page.

Cash Dividend and Scrip Distribution alternative

continued

Circular and salient dates

A circular providing Shareholders with full information on the Cash Dividend or Scrip Distribution alternative, including a Form of Election to elect to receive the Scrip Distribution alternative will be distributed to Shareholders on or about Wednesday, 6 November 2024 ("the Circular"). The salient dates of events thereafter are as follows:

Event	2024
Record date for Shareholders to be registered in the Company's securities register in order to be entitled to receive the Circular	**Friday, 1 November**
Distribution of Circular announced on SENS on	**Wednesday, 6 November**
Circular and Form of Election distributed on	**Wednesday, 6 November**
Finalisation announcement released on SENS in respect of the ratio applicable to the Scrip Distribution Alternative, based on the 30-day VWAP "ex" the Cash Dividend ending on Friday, 22 November 2024, by 11h00 on	**Monday, 25 November**
Last day to trade in order to be eligible for the Cash Dividend and the Scrip Distribution Alternative	**Tuesday, 3 December**
Shares trade "ex" the Cash Dividend and the Scrip Distribution Alternative on	**Wednesday, 4 December**
Listing and trading of maximum possible number of Shares on the JSE in terms of the Scrip Distribution Alternative from the commencement of trading on	**Wednesday, 4 December**
Announcement released on SENS in respect of the cash payment applicable to fractional entitlements, based on the VWAP of a share traded on the JSE on Wednesday, 4 December 2024, discounted by 10%, by 11h00 on	**Thursday, 5 December**
Last day to elect to receive the Scrip Distribution Alternative instead of the Cash Dividend, Forms of Election to reach Computershare Investor Services Proprietary Limited, the transfer secretaries of the Company by 12h00 on	**Friday, 6 December**
Record date in respect of the Cash Dividend and the Scrip Distribution Alternative	**Friday, 6 December**
Cash Dividend payments made, and CSDP/broker accounts credited/updated with Scrip Distribution Shares on	**Monday, 9 December**
Announcement relating to the results of the Cash Dividend and the Scrip Distribution Alternative released on SENS on	**Monday, 9 December**
JSE listing of Shares in respect of the Scrip Distribution Alternative adjusted to reflect the actual number of Shares issued in terms of the Scrip Distribution Alternative at the commencement of trading on or about	**Tuesday, 10 December**

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

Share certificates may not be dematerialised or rematerialised between Wednesday, 4 December 2024 and Friday, 6 December 2024, both days inclusive. If Datatec maintains a certificated register, then the register will be closed from Wednesday, 4 December 2024 and Friday, 6 December 2024, both days inclusive.

Foreign shareholders

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

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

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

Disclaimer

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

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

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

On behalf of the Board

M Makanjee	**JP Montanana**	**IP Dittrich**
Chair	Chief Executive Officer	Chief Financial Officer

24 October 2024

Directors

M Makanjee (Chair)+, # JP Montanana (CEO), ≈ IP Dittrich (CFO), # CR Jones+, ~ SJ Everaet+, MJN Njeke+, ^ LC Rapparini+, DS Sita+

\# *British*
^ *Brazilian*
~ *Belgian*
≈ *American*
\+ *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, 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. H1 FY24 has been recalculated to include unrealised foreign exchange movements.*

** *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 44 for more information on the calculation of constant currency information.*

CONDENSED UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31 AUGUST 2024

DATATEC

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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 FY25 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® Accounting Standards ("IFRS Accounting Standards") 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 2024

A number of amendments to accounting pronouncements are effective from 1 January 2024, but they do not have a material effect on the Group's interim financial statements.

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
IFRS 16	Accounting for sales and lease back transactions after the date of the transaction	1 January 2024

The Group is considering the impact of the amendment to IAS 7 *Statement of Cash Flows* and IFRS 7 *Financial Instruments - Disclosure* as it relates to the supplier finance arrangements on the consolidated annual financial statements.

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 21	Definition and treatment of when a currency is exchangeable and/or lacks exchangeability into another currency	1 January 2025
IFRS 9 and IFRS 7	Address diversity in accounting practice by making the requirements more understandable and consistent	1 January 2026
IFRS 18	Standard on presentation and disclosure in financial statements, with a focus on updates to the statement of profit or loss	1 January 2027
IFRS 19	Voluntary standard for eligible subsidiaries to apply reduced disclosure requirements in IFRS 19	1 January 2027

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 2024, 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);
- judgement in determining the lease term of a lease;
- 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.

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 profits 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 2024

US$'000	Unaudited Six months to 31 August 2024	Unaudited Six months to 31 August 2023	Audited Year ended 29 February 2024
Revenue*	**2 612 076**	2 762 666	5 457 947
Cost of sales	**(2 179 411)**	(2 344 739)	(4 595 711)
Gross profit	**432 665**	417 927	862 236
Operating costs	**(322 304)**	(328 461)	(670 290)
Net impairment of financial assets and contract assets	**(1 135)**	(1 829)	(3 130)
Restructuring costs	**(607)**	—	(2 950)
Share-based payments	**(6 124)**	(7 063)	(8 277)
Operating profit before interest, tax, depreciation and amortisation ("EBITDA")	**102 495**	80 574	177 589
Depreciation of property, plant and equipment	**(7 412)**	(8 724)	(16 307)
Depreciation of right-of-use assets	**(12 543)**	(13 433)	(27 938)
Amortisation of capitalised development expenditure	**(4 892)**	(4 987)	(10 444)
Amortisation of acquired intangible assets and software	**(5 776)**	(3 188)	(6 540)
Operating profit	**71 872**	50 242	116 360
Interest income	**8 350**	6 160	13 749
Finance costs	**(37 102)**	(31 301)	(68 715)
Share of equity-accounted investment (losses)/earnings	**—**	(2)	251
Acquisition-related fair value adjustments	**—**	—	(143)
Other income	**—**	80	62
Fair value gain on investments	**1 938**	—	14 901
Profit before taxation	**45 058**	25 179	76 465
Taxation	**(14 882)**	(9 442)	(25 527)
Profit for the period	**30 176**	15 737	50 938
Other comprehensive income/(loss)			
Items that may be reclassified subsequently to profit and loss	**(24 131)**	706	(3 240)
Exchange differences arising on translation to presentation currency	**(4 074)**	(203)	(675)
Translation of equity loans net of tax effect	**(400)**	163	(112)
Movement on cash flow hedge	**(19 657)**	—	(2 485)
Recycling of reserves due to loss of control and other items	**—**	746	32
Total comprehensive income for the period	**6 045**	16 443	47 698

* *Included in revenue is US$2.1 million of revenue (H1 FY24: US$nil; FY24: US$10.7 million) from acquisitions in the current year from the date of control.*

US$'000	Unaudited Six months to 31 August 2024	Unaudited Six months to 31 August 2023	Audited Year ended 29 February 2024
Profit attributable to:			
Owners of the parent	**25 865**	13 981	45 801
Non-controlling interests	**4 311**	1 756	5 137
	30 176	15 737	50 938
Total comprehensive income attributable to:			
Owners of the parent	**1 392**	14 682	41 528
Non-controlling interests	**4 653**	1 761	6 170
	6 045	16 443	47 698
Earnings per share ("EPS") (US cents)			
Basic	**11.3**	6.3	20.4
Diluted basic	**11.0**	6.1	19.7

Condensed consolidated statement of financial position

as at 31 August 2024

US$'000	Unaudited Six months to 31 August 2024	Unaudited Six months to 31 August 2023	Audited Year ended 29 February 2024
Assets			
Non-current assets	**813 163**	638 984	741 075
Goodwill	**280 461**	246 334	280 512
Property, plant and equipment	**33 500**	38 025	35 823
Right-of-use assets	**58 301**	61 845	55 991
Capitalised development expenditure	**35 313**	32 055	33 704
Acquired intangible assets and software	**27 710**	15 986	21 405
Investments	**6**	7 774	4 515
Deferred tax assets	**79 733**	81 007	83 907
Finance lease receivables	**31 665**	14 333	32 048
Other non-current assets, contract assets and contract costs	**266 474**	141 625	193 170
Current assets	**3 011 328**	3 094 614	2 892 261
Investments	**3 966**	3 975	3 959
Inventories	**334 001**	419 150	324 868
Trade receivables	**1 482 776**	1 531 761	1 488 867
Prepaid expenses and other receivables	**277 084**	312 219	263 015
Contract assets and contract costs	**233 884**	239 209	207 049
Current tax assets	**39 326**	22 385	25 981
Finance lease receivables	**9 918**	8 857	9 487
Cash resources	**630 373**	557 058	569 035
Total assets	**3 824 491**	3 733 598	3 633 336

US$'000	Unaudited Six months to 31 August 2024	Unaudited Six months to 31 August 2023	Audited Year ended 29 February 2024
Equity and liabilities			
Equity attributable to equity holders of the parent	**491 947**	476 431	501 233
Stated capital	**166 410**	150 348	145 395
Non-distributable reserves	**116 215**	127 209	127 350
Foreign currency translation reserve	**(153 485)**	(146 208)	(148 509)
Share-based payments reserve	**6 422**	8 044	10 598
Cash flow hedge reserve	**(22 142)**	—	(2 485)
Distributable reserves	**378 527**	337 038	368 884
Non-controlling interests	**71 481**	62 806	67 911
Total equity	**563 428**	539 237	569 144
Non-current liabilities	**340 684**	240 949	234 612
Long-term interest-bearing liabilities	**29 981**	45 649	39 138
Lease liabilities	**47 946**	53 336	45 548
Liability for share-based payments	**4 341**	159	4 291
Acquisition-related liabilities	**143**	—	143
Deferred tax liabilities	**27 028**	25 098	24 398
Deferred revenue	**40 880**	30 588	43 387
Provisions	**9 520**	8 754	9 076
Other liabilities	**180 845**	77 365	68 631
Current liabilities	**2 920 379**	2 953 412	2 829 580
Trade and other payables	**2 055 316**	2 131 883	2 017 010
Short-term interest-bearing liabilities	**406 554**	401 586	402 256
Lease liabilities	**24 934**	26 409	26 243
Deferred revenue	**161 910**	161 002	157 900
Provisions	**9 795**	7 191	14 240
Acquisition-related liabilities	**—**	3 952	1 081
Current tax liabilities	**32 430**	16 542	31 873
Bank overdrafts	**229 440**	204 847	178 977
Total equity and liabilities	**3 824 491**	3 733 598	3 633 336

Condensed consolidated statement of changes in total equity

for the six months to 31 August 2024

US$'000	Unaudited Six months to 31 August 2024	Unaudited Six months to 31 August 2023	Audited Year ended 29 February 2024
Balance at the beginning of the period	**569 144**	532 340	532 340
Transactions with equity holders of the parent			
Comprehensive income	**1 392**	14 682	41 528
Dividend – out of distributable reserves	**(16 237)**	(22 550)	(22 549)
Dividend – scrip	**7 321**	8 624	8 624
Deferred bonus warrant/deferred bonus plan shares	**(1 353)**	(716)	(717)
Decrease in non-controlling shareholding	**—**	—	(8 613)
Share-based payments(vested)/paid	**(64)**	56	92
Charge and settlement for equity-settled share-based payments	**3 048**	3 576	6 343
Net movement in non-controlling interests	**(61)**	750	1 078
Treasury shares purchased	**(3 332)**	—	(1 183)
Transactions with non-controlling interests			
Comprehensive income	**4 653**	1 761	6 170
Net movement in non-controlling interests	**154**	966	8 854
Dividend to non-controlling interests	**(1 237)**	(252)	(2 823)
Balance at the end of the period	**563 428**	539 237	569 144

Condensed consolidated statement of cash flows

for the six months to 31 August 2024

US$'000	Unaudited Six months to 31 August 2024	Unaudited Six months to 31 August 2023	Audited Year ended 29 February 2024
Profit before taxation	**45 058**	25 179	76 465
Non-cash items	**66 718**	76 692	150 658
Settlement of share-based payment liabilities	**(4 969)**	(59 344)	(59 344)
Operating profit before working capital changes	**106 807**	42 527	167 779
Working capital changes	**3 575**	(19 233)	29 583
Decrease/(increase) in inventories	**2 330**	(6 459)	41 419
Decrease in trade and other receivables	**23 589**	23 966	35 089
Decrease in trade and other payables	**11 424**	(1 119)	(45 057)
Increase in contract assets and contract costs	**(36 625)**	(38 071)	(11 425)
Increase in deferred revenue	**2 857**	2 450	9 557
Decrease/(increase) in other non-current assets and liabilities	**6 294**	(248)	(2 597)
Decrease in finance lease receivables	**(542)**	1 294	(19 195)
Cash generated from operations	**116 134**	24 340	175 570
Net finance costs paid ^ ~	**(29 582)**	(25 416)	(55 465)
Taxation paid	**(25 862)**	(16 644)	(27 108)
Net cash inflow/(outflow) from operating activities	**60 690**	(17 720)	92 997
Cash outflow for acquisitions	**(1 439)**	—	(17 568)
Net (outflow)/inflow from investments (Angola government bonds)	**(7)**	703	719
Additions to equity-accounted investments	**—**	(1 318)	(1 318)
Additions to property, plant and equipment	**(5 794)**	(13 420)	(20 772)
Additions to capitalised development expenditure	**(6 500)**	(5 318)	(12 479)
Additions to software	**(1 315)**	(2 739)	(6 260)
Proceeds on disposal of property, plant and equipment	**36**	36	1 204
Net cash outflow from investing activities	**(15 019)**	(22 056)	(56 474)

Condensed consolidated statement of cash flows

continued
for the six months to 31 August 2024

US$'000	Unaudited Six months to 31 August 2024	Unaudited Six months to 31 August 2023	Audited Year ended 29 February 2024
Increase in investments in subsidiaries	**—**	(896)	—
Dividend paid to shareholders	**(8 916)**	(13 925)	(13 925)
Dividend paid to non-controlling interests	**(1 823)**	(252)	(2 823)
Treasury shares purchased	**(4 685)**	(716)	(1 900)
Settlement of deferred purchase consideration	**(1 085)**	—	(2 852)
Loan repayment from associate	**—**	2 608	—
Decrease in non-controlling shareholding	**—**	—	(9 020)
Proceeds from divisional management incentive plans	**477**	—	8 533
Overdrafts repayable on demand under certain conditions	**(529)**	10 454	1 195
Repayment of lease liabilities – principal	**(13 632)**	(15 810)	(30 714)
Proceeds from short-term liabilities	**8 336**	26 088	31 878
Repayment of short-term liabilities	**(11 122)**	(8 737)	(15 409)
Proceeds from long-term liabilities	**38 253**	52 434	77 672
Repayment of long-term liabilities	**(45 353)**	(39 394)	(71 164)
Net cash (outflow)/inflow from financing activities	**(40 079)**	11 854	(28 529)
Net increase/(decrease) in cash and cash equivalents	**5 592**	(27 922)	7 994
Cash and cash equivalents at the beginning of the period	**515 539**	512 786	512 786
Translation differences on cash and cash equivalents	**4 677**	2 197	(5 241)
Cash and cash equivalents at the end of the period – combined operations (refer to note 8)	**525 808**	487 061	515 539

^ *Finance costs include US$2.4 million (H1 FY24: US$3.5 million; FY24: US$6.9 million) of finance costs related to finance leases that are included in cash flows from operating activities.*

~ *Finance costs include US$7.8 million (H1 FY24: US$8.5 million; FY24: US$17.4 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

for the six months to 31 August 2024

US$'000	Unaudited Six months to 31 August 2024	Unaudited Six months to 31 August 2023	Audited Year ended 29 February 2024
Reconciliation of attributable profit to headline earnings			
Profit attributable to the equity holders of the parent	**25 865**	13 981	45 801
Headline earnings adjustments	**(1 836)**	151	(13 884)
Fair value gain on previously recognised investments in associate	**(1 938)**	–	(14 901)
Loss on disposal of property, plant and equipment, right-of-use assets and intangible assets	**179**	196	1 477
Tax effect	**(43)**	(47)	(279)
Non-controlling interests	**(34)**	2	(181)
Headline earnings	**24 029**	14 132	31 917

2. Salient financial features

for the six months to 31 August 2024

US$'000	Unaudited Six months to 31 August 2024	Unaudited Six months to 31 August 2023	Audited Year ended 29 February 2024
Headline earnings	**24 029**	14 132	31 917
Headline earnings per share (US cents)			
Headline	**10.5**	6.3	14.2
Diluted headline	**10.2**	6.2	13.7
Net asset value			
Net asset value per share (US cents)	**211.0**	210.0	221.0
Key ratios			
Gross margin (%)	**16.6**	15.1	15.8
EBITDA margin (%)	**3.9**	2.9	3.3
Effective tax rate (%)	**33.0**	37.5	33.4
Exchange rates			
Average Rand/US$ exchange rate	**18.5**	18.5	18.6
Closing Rand/US$ exchange rate	**17.8**	18.7	19.2
Number of shares issued (millions)			
Issued	**233**	230	230
Issued (excluding treasury shares and shares held by participants under deferred bonus plan)	**232**	227	227
Weighted average	**228**	223	225
Diluted weighted average	**235**	230	233

3. Goodwill reconciliation

as at 31 August 2024

US$'000	Unaudited Six months to 31 August 2024	Unaudited Six months to 31 August 2023	Audited Year ended 29 February 2024
Net book value	**280 461**	246 334	280 512
At the beginning of the period	**280 512**	245 375	245 375
Arising on acquisition of subsidiaries (refer to note 9)	**7 843**	—	34 607
Translation and other movements^	**(7 894)**	959	530
Balance at the end of the period	**280 461**	246 334	280 512
Goodwill at cost	**280 461**	246 334	280 512
Per cash-generating unit:	**280 461**	246 334	280 512
Logicalis International	**211 650**	210 354	210 292
Corporate and Management Consulting	**30 552**	—	30 992
Westcon International	**3 543**	—	3 543
Logicalis Latin America	**34 716**	35 980	35 685

^ *Included in the translation and other movements for H1 FY25 is the decrease in the at acquisition goodwill recognised in relation to Mason Advisory Ltd for which the identifiable acquired intangible asset evaluation has been performed. The evaluation resulted in the preliminary recognition of acquired intangible assets in the Statement of Financial Position.*

In relation to acquisitions of subsidiaries made during FY24 and H1 FY25, preliminary evaluations have been performed to determine the identifiable intangible assets acquired as part of these acquisitions. These evaluations are still ongoing and expected to be finalised during H2 FY25.

4. Capital expenditure and commitments

as at 31 August 2024

US$'000	Unaudited Six months to 31 August 2024	Unaudited Six months to 31 August 2023	Audited Year ended 29 February 2024
Capital expenditure incurred in the current period (including capitalised development expenditure)	**13 609**	21 477	39 511
Capital commitments at the end of the period	**18 093**	26 748	31 102

5. Financial instruments

as at 31 August 2024

The table that follows 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.

US$'000	Unaudited Six months to 31 August 2024	Unaudited Six months to 31 August 2023	Audited Year ended 29 February 2024
Financial assets			
Financial assets at amortised cost			
Gross trade accounts receivable	**1 513 138**	1 560 052	1 518 347
Less: Expected credit loss allowances	**(30 362)**	(28 291)	(29 480)
Bonds	**3 966**	3 975	3 959
Loans granted to third parties and other long-term assets due	**212 952**	96 538	147 514
Finance lease receivables	**41 583**	23 190	41 535
Sundry receivables	**50 648**	53 486	54 967
Cash resources	**630 373**	557 058	569 035
Financial assets at fair value through profit or loss			
Derivative financial assets	**4 740**	21 203	8 099
Derivative financial assets at fair value - designated as cash flow hedges	**37**	—	382
	2 427 075	2 287 211	2 314 358
Financial liabilities			
Financial liabilities at amortised cost			
Trade payables	**1 544 645**	1 626 714	1 509 890
Other payables and other financial liabilities	**300 274**	208 083	291 644
Other non-current liabilities	**180 845**	77 365	68 631
Long-term interest-bearing liabilities*	**64 396**	73 780	67 924
Lease liabilities*	**72 880**	79 745	71 791
Short-term interest-bearing liabilities	**372 139**	373 455	373 470
Bank overdrafts	**229 440**	204 847	178 977
Financial liabilities at fair value through profit or loss			
Acquisition-related liabilities	**143**	3 952	1 224
Derivative financial liabilities	**2 959**	22 632	1 971
Derivative financial liabilities at fair value - designated as cash flow hedges	**23 174**	—	6 249
	2 790 895	2 670 573	2 571 771

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

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

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

6. Additional risk disclosures

as at 31 August 2024

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 FY24: US$ nil; FY24: US$49 million (approximately 5%)).

Collections from customers during H1 FY25 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 tale are shown gross, before taking into account expected credit loss allowances. US$29.1 million (H1 FY24: US$27.7 million; FY24: US$28.5 million) expected credit losses have been allocated to the US$80.9 million (H1 FY24: US$72.6 million; FY24: US$67.6 million) over 90 days past due receivables, resulting in a net over 90 days past due receivables balance of US$51.8 million (H1 FY24: US$44.9 million; FY24: US$39.1 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

	Unaudited					
	Six months to 31 August 2024					
US$'000	North America	Latin America	Europe	Asia-Pacific	MEA	Total
Datatec Group Total						
Current	50 825	99 130	751 170	235 341	93 094	1 229 560
1 – 30 days past due	24 260	12 275	40 119	46 481	15 595	138 730
31 – 60 days past due	4 511	9 472	15 947	8 628	13 569	52 127
61 – 90 days past due	1 675	5 506	5 874	(7 977)	6 701	11 779
91 – 120 days past due	(245)	2 185	1 788	19 737	1 751	25 216
Over 120 days past due	(1 285)	11 195	18 062	1 329	26 426	55 727
Gross trade receivables	79 741	139 763	832 960	303 539	157 136	1 513 139
Expected credit loss allowance	(103)	(1 317)	(8 632)	(3 712)	(16 599)	(30 363)
Net trade receivables	79 638	138 446	824 328	299 827	140 537	1 482 776

Negative amounts represent credits on accounts that have not yet been applied/cleared due to timing of customer approvals.

	Unaudited					
	Six months to 31 August 2024					
US$'000	North America	Latin America	Europe	Asia-Pacific	MEA	Total
Westcon International						
Current	176	–	647 250	193 902	91 638	932 966
1 – 30 days past due	–	–	24 950	30 009	14 962	69 921
31 – 60 days past due	–	–	11 407	5 721	13 275	30 403
61 – 90 days past due	–	–	3 399	(9 723)	6 633	309
91 – 120 days past due	–	–	1 025	18 119	1 717	20 861
Over 120 days past due	154	–	17 422	(3 451)	26 264	40 389
Gross trade receivables	330	–	705 453	234 577	154 489	1 094 849
Expected credit loss allowance	–	–	(7 616)	(1 090)	(16 566)	(25 272)
Net trade receivables	330	–	697 837	233 487	137 923	1 069 577
Logicalis International						
Current	50 649	–	100 585	41 439	1 456	194 129
1 – 30 days past due	24 260	–	14 167	16 472	633	55 532
31 – 60 days past due	4 511	–	4 275	2 907	294	11 987
61 – 90 days past due	1 675	–	2 292	1 746	68	5 781
91 – 120 days past due	(245)	–	763	1 618	34	2 170
Over 120 days past due	(1 439)	–	639	4 780	162	4 142
Gross trade receivables	79 411	–	122 721	68 962	2 647	273 741
Expected credit loss allowance	(103)	–	(1 016)	(2 622)	(33)	(3 774)
Net trade receivables	79 308	–	121 705	66 340	2 614	269 967
Logicalis Latin America						
Current	–	99 130	–	–	–	99 130
1 – 30 days past due	–	12 045	–	–	–	12 045
31 – 60 days past due	–	9 470	–	–	–	9 470
61 – 90 days past due	–	5 501	–	–	–	5 501
91 – 120 days past due	–	2 185	–	–	–	2 185
Over 120 days past due	–	11 175	–	–	–	11 175
Gross trade receivables	–	139 506	–	–	–	139 506
Expected credit loss allowance	–	(1 277)	–	–	–	(1 277)
Net trade receivables	–	138 229	–	–	–	138 229
Corporate and Management Consulting						
Current	–	–	3 335	–	–	3 335
1 – 30 days past due	–	230	1 002	–	–	1 232
31 – 60 days past due	–	2	265	–	–	267
61 – 90 days past due	–	5	183	–	–	188
91 – 120 days past due	–	–	–	–	–	–
Over 120 days past due	–	20	1	–	–	21
Gross trade receivables	–	257	4 786	–	–	5 043
Expected credit loss allowance	–	(40)	–	–	–	(40)
Net trade receivables	–	217	4 786	–	–	5 003

Negative amounts represent credits on accounts that have not yet been applied/cleared due to timing of customer approvals.

6. Additional risk disclosures continued

as at 31 August 2024

	Unaudited					
	Six months to 31 August 2023					
US$'000	North America	Latin America	Europe	Asia-Pacific	MEA	Total
Datatec Group Total						
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
Gross trade receivables	91 975	137 885	857 975	322 204	150 013	1 560 052
Expected credit loss allowance	(250)	(844)	(7 728)	(3 165)	(16 304)	(28 291)
Net trade receivables	91 725	137 041	850 247	319 039	133 709	1 531 761
Westcon International						
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
Gross trade receivables	—	—	737 713	245 021	147 044	1 129 778
Expected credit loss allowance	—	—	(7 042)	(696)	(16 252)	(23 990)
Net trade receivables	—	—	730 671	244 325	130 792	1 105 788
Logicalis International						
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
Gross trade receivables	91 975	—	120 262	77 183	2 969	292 389
Expected credit loss allowance	(250)	—	(686)	(2 469)	(52)	(3 457)
Net trade receivables	91 725	—	119 576	74 714	2 917	288 932
Logicalis Latin America						
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
Gross trade receivables	—	137 885	—	—	—	137 885
Expected credit loss allowance	—	(844)	—	—	—	(844)
Net trade receivables	—	137 041	—	—	—	137 041

Negative amounts represent credits on accounts that have not yet been applied/cleared due to timing of customer approvals.

	Audited					
	Year ended 29 February 2024					
US$'000	North America	Latin America	Europe	Asia-Pacific	MEA	Total
Datatec Group Total						
Current	80 146	101 277	760 796	210 772	95 231	1 248 222
1 – 30 days past due	14 816	10 540	55 815	39 277	13 388	133 836
31 – 60 days past due	3 763	7 952	16 891	12 832	7 790	49 228
61 – 90 days past due	1 484	3 292	4 390	8 130	2 141	19 437
91 – 120 days past due	963	2 012	5 246	4 177	2 150	14 548
Over 120 days past due	1 505	9 808	13 015	7 700	21 048	53 076
Gross trade receivables	102 677	134 881	856 153	282 888	141 748	1 518 347
Expected credit loss allowance	(205)	(1 325)	(8 418)	(3 039)	(16 493)	(29 480)
Net trade receivables	102 472	133 556	847 735	279 849	125 255	1 488 867
Westcon International						
Current	157	—	643 301	169 127	92 937	905 522
1 – 30 days past due	2	—	45 683	28 302	12 193	86 180
31 – 60 days past due	—	—	12 925	9 807	7 534	30 266
61 – 90 days past due	—	—	4 060	5 117	2 116	11 293
91 – 120 days past due	—	—	4 631	3 592	2 123	10 346
Over 120 days past due	—	—	13 015	2 874	21 040	36 929
Gross trade receivables	159	—	723 615	218 819	137 943	1 080 536
Expected credit loss allowance	—	—	(7 535)	(854)	(16 465)	(24 854)
Net trade receivables	159	—	716 080	217 965	121 478	1 055 682
Logicalis International						
Current	79 989	—	111 964	41 645	2 294	235 892
1 – 30 days past due	14 814	—	9 988	10 975	1 195	36 972
31 – 60 days past due	3 763	—	3 955	3 025	256	10 999
61 – 90 days past due	1 484	—	208	3 013	25	4 730
91 – 120 days past due	963	—	602	585	27	2 177
Over 120 days past due	1 505	—	—	4 826	8	6 339
Gross trade receivables	102 518	—	126 717	64 069	3 805	297 109
Expected credit loss allowance	(205)	—	(883)	(2 185)	(28)	(3 301)
Net trade receivables	102 313	—	125 834	61 884	3 777	293 808
Logicalis Latin America						
Current	—	101 277	—	—	—	101 277
1 – 30 days past due	—	10 540	—	—	—	10 540
31 – 60 days past due	—	7 952	—	—	—	7 952
61 – 90 days past due	—	3 292	—	—	—	3 292
91 – 120 days past due	—	2 012	—	—	—	2 012
Over 120 days past due	—	9 808	—	—	—	9 808
Gross trade receivables	—	134 881	—	—	—	134 881
Expected credit loss allowance	—	(1 325)	—	—	—	(1 325)
Net trade receivables	—	133 556	—	—	—	133 556

US$'000	Audited Year ended 29 February 2024 North America	Latin America	Europe	Asia-Pacific	MEA	Total
Corporate and Management Consulting						
Current	–	–	5 531	–	–	5 531
1-30 days past due	–	–	144	–	–	144
31-60 days past due	–	–	11	–	–	11
61-90 days past due	–	–	122	–	–	122
91-120 days past due	–	–	13	–	–	13
Over 120 days past due	–	–	–	–	–	–
Gross trade receivables	–	–	5 821	–	–	5 821
Expected credit loss allowance	–	–	–	–	–	–
Net trade receivables	–	–	5 821	–	–	5 821

Reconciliation of the expected credit loss allowance account

US$'000	Unaudited Six months to 31 August 2024 North America	Latin America	Europe	Asia-Pacific	MEA	Total
Balance at 1 March 2024	**(205)**	**(1 325)**	**(8 418)**	**(3 039)**	**(16 493)**	**(29 480)**
Impairment losses recognised on trade receivables	**(100)**	**(394)**	**(949)**	**(704)**	**(95)**	**(2 242)**
Impairment losses reversed	**–**	**352**	**691**	**71**	**–**	**1 114**
Bad debt write-offs	**202**	**1**	**96**	**23**	**3**	**325**
Arising on acquisition of subsidiaries	**–**	**(41)**	**–**	**–**	**–**	**(41)**
Net exchange gains and losses	**–**	**90**	**(52)**	**(63)**	**(14)**	**(39)**
Balance at 31 August 2024	**(103)**	**(1 317)**	**(8 632)**	**(3 712)**	**(16 599)**	**(30 363)**

US$'000	Unaudited Six months to 31 August 2023 North America	Latin America	Europe	Asia-Pacific	MEA	Total
Balance at 1 March 2023	–	(619)	(7 902)	(3 392)	(15 829)	(27 742)
Impairment losses recognised on trade receivables	(250)	(265)	(1 149)	–	(1 106)	(2 770)
Impairment losses reversed	–	32	798	128	1	959
Bad debt write-offs	–	11	541	73	43	668
Disposal of subsidiaries	–	–	–	–	3 387	3 387
Net exchange gains and losses	–	(3)	(16)	26	(2 800)	(2 793)
Balance at 31 August 2023	(250)	(844)	(7 728)	(3 165)	(16 304)	(28 291)

US$'000	Audited Year ended 29 February 2024 North America	Latin America	Europe	Asia-Pacific	MEA	Total
Balance at 1 March 2023	—	(619)	(7 902)	(3 392)	(15 829)	(27 742)
Impairment losses recognised on trade receivables	(376)	(809)	(2 512)	(132)	(1 499)	(5 328)
Impairment losses reversed	—	36	1 454	340	33	1 863
Bad debt write-offs	171	11	554	77	10	823
Net exchange gains and losses	—	56	(12)	68	792	904
Balance at 29 February 2024	(205)	(1 325)	(8 418)	(3 039)	(16 493)	(29 480)

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 entity 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$119.4 million. Westcon International has a securitisation facility of US$ $130.0 million for its Asia-Pacific facilities. In addition, Westcon International utilises accounts receivable facilities in the Middle East (US$25.0 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 (ZAR300.0 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 2024

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, the consolidated results of Kumulus and Group consolidation adjustments. The Group has consolidated the results of Kumulus from the acquisition date in the current period based on control as defined in terms of IFRS 10 *Consolidated Financial Statements* ("IFRS 10"). Management Consulting comprises of Mason Advisory Limited in the current year (which was equity accounted until December 2024).

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 the performance of the operating segments, has been identified as the executive directors that make strategic decisions.

During H1 FY25, H1 FY24 and FY24, 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 5% of Logicalis Latin America's revenue in H1 FY25 (US$23.2 million) and FY24 (US$42.6 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 2024 amounted to US$33.7 million
(H1 FY24: US$26.9 million; FY24: US$51.3 million).

US$'000	Datatec Group Total Unaudited Six months to 31 August 2024	Unaudited Six months to 31 August 2023	Audited Year ended 29 February 2024
Revenue	**2 612 076**	2 762 666	5 457 947
Revenue from product sales	**2 182 165**	2 352 052	4 595 022
Revenue from sales of hardware	**1 152 752**	1 439 616	2 690 945
Revenue from sales of software*	**995 363**	882 006	1 813 655
Revenue from vendor resold services and product maintenance sales	**34 050**	30 430	90 422
Inter-segmental revenue	**—**	—	—
Revenue from services	**193 815**	175 949	369 173
Revenue from professional services	**193 815**	175 949	369 173
Inter-segmental revenue	**—**	—	—
Revenue from annuity services	**236 096**	234 665	493 752
Revenue from cloud services	**70 869**	31 875	69 675
Revenue from software services*	**15 245**	11 732	32 789
Revenue from other annuity services	**149 982**	191 058	391 288
Inter-segmental revenue	**—**	—	—
Significant expenses included in EBITDA:			
Staff costs	**(247 478)**	(242 712)	(493 649)
Share-based payments	**(6 124)**	(7 063)	(8 277)
Restructuring costs	**(607)**	—	(2 950)
EBITDA	**102 495**	80 574	177 589
Reconciliation of operating profit to profit for the period			
Operating profit	**71 872**	50 242	116 360
Interest income	**8 350**	6 160	13 749
Finance costs	**(37 102)**	(31 301)	(68 715)
Share of equity-accounted investment (losses)/earnings	**—**	(2)	251
Acquisition-related fair value adjustments	**—**	—	(143)
Other income	**—**	80	62
Fair value gain on investments	**1 938**	—	14 901
Profit before taxation	**45 058**	25 179	76 465
Taxation	**(14 882)**	(9 442)	(25 527)
Profit for the period	**30 176**	15 737	50 938
Assets and liabilities			
Total assets	**3 824 491**	3 733 598	3 633 336
Total liabilities	**3 261 062**	3 194 361	3 064 192

** Includes software as a service revenues.*

7. Condensed segmental analysis continued

for the six months to 31 August 2024

US$'000	Westcon International			Logicalis International		
	Unaudited Six months to 31 August 2024	Unaudited Six months to 31 August 2023	Audited Year ended 29 February 2024	Unaudited Six months to 31 August 2024	Unaudited Six months to 31 August 2023	Audited Year ended 29 February 2024
Revenue	**1 801 028**	1 854 351	3 685 188	**574 959**	645 381	1 250 203
Revenue from product sales	**1 743 140**	1 803 893	3 567 620	**323 230**	396 520	734 941
Revenue from sales of hardware	**841 802**	1 047 098	1 940 329	**240 848**	295 709	569 948
Revenue from sales of software*	**886 496**	751 890	1 584 518	**82 857**	101 220	166 006
Revenue from vendor resold services and product maintenance sales	**33 818**	30 747	91 481	**—**	—	—
Inter-segmental revenue	**(18 976)**	(25 842)	(48 708)	**(475)**	(409)	(1 013)
Revenue from services	**42 643**	38 726	84 779	**97 629**	102 495	202 101
Revenue from professional services	**42 820**	39 198	85 525	**97 629**	102 495	202 101
Inter-segmental revenue	**(177)**	(472)	(746)	**—**	—	—
Revenue from annuity services	**15 245**	11 732	32 789	**154 100**	146 366	313 161
Revenue from cloud services	**—**	—	—	**67 726**	31 410	64 933
Revenue from software services*	**15 387**	11 740	32 797	**—**	—	—
Revenue from other annuity services	**—**	—	—	**86 374**	114 956	248 228
Inter-segmental revenue	**(142)**	(8)	(8)	**—**	—	—
Significant expenses included in EBITDA:						
Staff costs	**(111 362)**	(106 926)	(212 431)	**(99 766)**	(102 895)	(210 194)
Share-based payments	**(1 620)**	(2 478)	794	**(1 206)**	(840)	(2 390)
Restructuring costs	**—**	—	—	**—**	—	—
EBITDA	**69 540**	59 709	120 955	**37 184**	25 793	66 523
Reconciliation of operating profit to profit for the period						
Operating profit	**57 150**	48 272	96 244	**25 482**	11 247	39 123
Interest income	**2 739**	1 475	3 647	**2 113**	944	2 879
Finance costs	**(22 017)**	(17 331)	(40 890)	**(8 909)**	(7 111)	(16 325)
Share of equity-accounted investment (losses)/earnings	**—**	—	—	**—**	—	—
Acquisition-related fair value adjustments	**—**	—	—	**—**	—	(143)
Other income	**—**	78	2	**—**	—	—
Fair value gain on investments	**—**	—	—	**—**	—	—
Profit before taxation	**37 872**	32 494	59 003	**18 686**	5 080	25 534
Taxation	**(9 509)**	(4 699)	(11 642)	**(5 204)**	(4 303)	(12 800)
Profit for the period	**28 363**	27 795	47 361	**13 482**	777	12 734
Assets and liabilities						
Total assets	**2 106 213**	2 066 199	1 974 130	**1 150 982**	1 086 579	1 095 145
Total liabilities	**1 993 340**	1 940 003	1 848 353	**915 942**	867 647	872 545

** Includes software as a service revenues.*

US$'000	Logicalis Latin America Unaudited Six months to 31 August 2024	Logicalis Latin America Unaudited Six months to 31 August 2023	Logicalis Latin America Audited Year ended 29 February 2024	Corporate and Management Consulting Unaudited Six months to 31 August 2024	Corporate and Management Consulting Unaudited Six months to 31 August 2023	Corporate and Management Consulting Audited Year ended 29 February 2024
Revenue	**215 449**	262 934	512 920	**20 640**	—	9 636
Revenue from product sales	**115 795**	151 639	292 461	**—**	—	—
Revenue from sales of hardware	**81 557**	116 060	215 343	**(11 455)**	(19 251)	(34 675)
Revenue from sales of software*	**34 339**	35 779	77 941	**(8 329)**	(6 883)	(14 810)
Revenue from vendor resold services and product maintenance sales	**—**	—	—	**232**	(317)	(1 059)
Inter-segmental revenue	**(101)**	(200)	(823)	**19 552**	26 451	50 544
Revenue from services	**33 085**	34 728	72 657	**20 458**	—	9 636
Revenue from professional services	**33 085**	34 728	72 657	**20 281**	(472)	8 890
Inter-segmental revenue	**—**	—	—	**177**	472	746
Revenue from annuity services	**66 569**	76 567	147 802	**182**	—	—
Revenue from cloud services	**3 143**	465	4 742	**—**	—	—
Revenue from software services*	**—**	—	—	**(142)**	(8)	(8)
Revenue from other annuity services	**63 426**	76 102	143 060	**182**	—	—
Inter-segmental revenue	**—**	—	—	**142**	8	8
Significant expenses included in EBITDA:						
Staff costs	**(32 210)**	(31 145)	(66 402)	**(4 140)**	(1 746)	(4 622)
Share-based payments	**(250)**	(168)	(338)	**(3 048)**	(3 577)	(6 343)
Restructuring costs	**(607)**	—	(2 950)	**—**	—	—
EBITDA	**8 047**	5 834	11 528	**(12 276)**	(10 762)	(21 417)
Reconciliation of operating profit/(loss) to profit/(loss) for the period						
Operating profit/(loss)	**3 802**	1 620	2 703	**(14 562)**	(10 897)	(21 710)
Interest income	**2 623**	2 626	5 381	**875**	1 115	1 842
Finance costs	**(5 953)**	(6 784)	(11 359)	**(223)**	(75)	(141)
Share of equity-accounted investment (losses)/earnings	**—**	(154)	(206)	**—**	152	457
Acquisition-related fair value adjustments	**—**	—	—	**—**	—	—
Other income	**—**	—	—	**—**	2	60
Fair value gain on investments	**—**	—	—	**1 938**	—	14 901
Profit/(loss) before taxation	**472**	(2 692)	(3 481)	**(11 972)**	(9 703)	(4 591)
Taxation	**(210)**	41	(142)	**41**	(481)	(943)
Profit/(loss) for the period	**262**	(2 651)	(3 623)	**(11 931)**	(10 184)	(5 534)
Assets and liabilities						
Total assets	**458 869**	528 807	463 608	**108 427**	52 013	100 453
Total liabilities	**327 354**	372 540	318 943	**24 426**	14 171	24 351

8. Cash and cash equivalents

as at 31 August 2024

US$'000	Unaudited Six months to 31 August 2024	Unaudited Six months to 31 August 2023	Audited Year ended 29 February 2024
Cash resources per the statement of financial position	**630 373**	557 058	569 035
Bank overdrafts unconditionally repayable on demand	**(104 565)**	(69 997)	(53 496)
Cash and cash equivalents (per the statement of cash flows)	**525 808**	487 061	515 539
Bank overdrafts repayable on demand under certain conditions	**(124 875)**	(134 850)	(125 481)
Net cash resources	**400 933**	352 211	390 058

9. Additional statement of financial position disclosures

Multi-year contracts

Included in other non-current assets is US$180.4 million (H1 FY24: US$81.4 million; FY24: US$117.8 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$159.2 million (H1 FY24: US$93.1 million; FY24: US$104.3 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$174.3 million (H1 FY24: US$77.4 million; FY24: US$68.6 million)) and trade and other payables (short-term portion of US$155.8 million (H1 FY24: US$88.1 million; FY24: US$102.0 million)).

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

Increased investment in associate

In April 2024, Logicalis Group Limited purchased 7.04% of Cirrus Participações S.A.C. in Brazil ("Kumulus") from the minority shareholders. As the Group owns 68.4% of Promon Logicalis Latin America Limited, this resulted in a current effective shareholding in Kumulus of 67.4%. The Group has consolidated the results of Kumulus from the acquisition date in the current period based on control as defined in terms of IFRS 10. Kumulus was equity accounted during FY24.

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

The following table sets out the take-on values of assets and liabilities on the date that control was obtained.

US$'000	31 August 2024 Kumulus Fair value on acquisition
Acquisitions made during the period	
Assets acquired	2 031
Non-current assets	452
Current assets	1 579
Liabilities acquired	(3 223)
Current liabilities	(3 223)
Net liabilities acquired	(1 192)
Goodwill	7 843
Non-controlling interest recognised	388
Fair value of acquisition	7 039
Net overdraft acquired	825
Fair value of previously held interest	(6 425)
Net cash outflow for acquisitions	1 439

10. Contingent liabilities

as at 31 August 2024

Withholding taxes

As at 31 August 2024, 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 made in relation to the purchase of vendor software and maintenance services which were resold to customers during the six years ended 31 December 2020. Following an unsuccessful attempt to utilise the alternative dispute resolution procedures, the matter proceeded to a final court hearing on 29 September 2024. The written ruling disagreed with the Tax Authority's categorisation of the relevant arrangements and they now must revise their assessment of the tax liability. There remains some ambiguity as to how the ruling will be interpreted by the Tax Authority for the calculation of such an assessment. A liability has been recognised for a possible exposure in this regard.

11. Subsequent events

Increased shareholding in subsidiaries

In September 2024, Logicalis Group Limited increased its direct shareholding in Kumulus by 12.3% through an issue of new shares as part of a recapitalisation transaction. As the Group owns 68.4% of Promon Logicalis Latin America Limited, this resulted in a current effective shareholding in Kumulus of 74.5%.

Dividend declared

The Board is pleased to declare an interim dividend of 75 ZAR cents (approximately 4 US cents) for H1 FY25 in the form of a cash dividend with scrip distribution alternative. This will amount to ZAR 175 million.

There were no other material subsequent events.

12. Going concern

as at 31 August 2024

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 2024, with net assets of US$491.9 million (H1 FY24: US$476.4 million; FY24: US$501.2 million) and tangible net assets of US$148.5 million (H1 FY24: US$182.1 million; FY24: US$165.6 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$119.4 million. Westcon International has a securitisation facility of US$ $130.0 million for its Asia-Pacific facilities. In addition, Westcon International utilises accounts receivable facilities in the Middle East (US$25.0 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 (ZAR300.0 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 2024

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, 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. Following a review of peer reporting and to more closely align the definition of underlying* earnings per share to the Group's Adjusted EBITDA** metric, the Group decided not to exclude unrealised foreign exchange gains or losses from underlying* earnings from H1 FY25 onwards. The comparative figure for underlying* earnings per share (which is a non-IFRS measure) for H1 FY24 has been recalculated in accordance with the revised definition.

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 31 August 2024.

Effects of the translation of foreign operations

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

Average exchange rates	Six months to 31 August 2024	Six months to 31 August 2023	Year ended 29 February 2024
British Pound/US Dollar	**1.27**	1.26	1.25
Euro/US Dollar	**1.08**	1.09	1.08
US Dollar/Brazilian Real	**5.36**	4.93	4.94
US Dollar/Australian Dollar	**1.51**	1.52	1.52
US Dollar/Singapore Dollar	**1.34**	1.34	1.34
US Dollar/South African Rand	**18.45**	18.47	18.62

Constant currency financial information

US$'000	Six months to 31 August 2024 Revenue	Six months to 31 August 2024 Pro forma revenue	Six months to 31 August 2023 Revenue	Constant currency % change on prior year
Datatec Group	**2 612 076**	**2 678 771**	2 762 666	**(3.0)%**
Westcon International	**1 801 028**	**1 808 765**	1 854 351	**(2.5)%**
Logicalis International	**574 959**	**579 509**	645 381	**(10.2)%**
Logicalis Latin America	**215 449**	**269 952**	262 934	**2.7 %**
Corporate and Management Consulting*	**20 640**	**20 545**	—	**N/A**

* *Mason Advisory Group Ltd and Kumulus have been consolidated in the Corporate and Management Consulting segment for the current year. Both entities had been equity accounted in the prior year. As a result, there is no constant currency % change for the current year.*

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 2024	Six months to 31 August 2023	Year ended 29 February 2024
EBITDA	**102 495**	80 574	177 589
Share-based payments	**6 124**	7 063	8 277
Restructuring costs	**607**	—	2 950
One-off tax items impacting EBITDA	**(3 278)**	1 796	(373)
Acquisition, integration and corporate actions costs	**15**	—	3 642
Adjusted EBITDA	**105 963**	89 433	192 085

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, 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.

13. *Pro forma* supplementary information continued

for the six months to 31 August 2024

US$'000	Six months to 31 August 2024	Six months to 31 August 2023 (Recalculated)*	Year ended 29 February 2024 (Recalculated)*
Reconciliation of headline earnings to underlying earnings			
Headline earnings	**24 029**	14 132	31 917
Underlying earnings adjustments	**1 907**	2 034	6 558
Acquisition-related fair value adjustments	**—**	—	143
Restructuring costs	**607**	—	2 950
Amortisation of acquired intangible assets	**4 132**	1 670	3 599
One-off tax items impacting EBITDA	**(3 278)**	1 796	(373)
Acquisition, integration and corporate actions costs	**15**	—	3 642
Tax effect	**(119)**	(412)	(1 584)
Non-controlling interests	**550**	(1 020)	(1 819)
Underlying earnings	**25 936**	16 166	38 475
Underlying earnings per share (US cents)			
Underlying	**11.4**	7.3	17.1
Diluted underlying	**11.0**	7.1	16.5

* *As a result of the update to the underlying earnings definition as described above, comparative numbers have been recalculated.*

Glossary

CBCR	Country-by-country reporting
CEO	Chief Executive Officer
CFO	Chief Financial Officer
Corporate and Management Consulting	Management Consulting comprises Mason Advisory Limited and Corporate comprises Cirrus Participações S.A.C (“Kumulus”) and net operating costs of the Datatec head office entities
GloBE	Global Anti-Base Erosion
JSE	The Johannesburg Stock Exchange, a securities exchange operated by JSE Limited
OECD	Organization for Economic Cooperation and Development
Logicalis or Logicalis Group	A division of Datatec that supplies ICT infrastructure and solutions and managed services. Datatec has split its investment in Logicalis Group into two divisions: Logicalis International and Logicalis Latin America
Logicalis International	Comprises the Logicalis business in all markets outside Latin America
Logicalis Latin America	Comprises the Logicalis business in Latin America
SAICA	South African Institute of Chartered Accountants
The Board	The Board of directors of Datatec Limited
The Companies Act	South African Companies Act 71 of 2008, as amended
The Company or Datatec	Datatec Limited, listed on the JSE in the "Computer Services" sector
The current period, the period or H1 FY25	The six months ended 31 August 2024
The Group	The Datatec Group, Datatec Limited and its subsidiaries
The prior year or FY24	The year ended 29 February 2024
The prior period, H1 FY24	The six months ended 31 August 2023
UK	United Kingdom
Westcon International or Westcon	A division of Datatec that provides distribution of security, collaboration, networking and data centre products. Includes Datatec Financial Services, a provider of financing/leasing solutions

Glossary continued

Financial and technical definitions

Financial definitions

Amortisation	The systematic allocation of the cost of an intangible asset over its useful life
Adjusted EBITDA	EBITDA excluding restructuring costs, share-based payments, one-off tax items impacting EBITDA and acquisition, integration and corporate actions costs
Depreciation	The systematic allocation of the cost of an asset, less its residual value, over its useful life
EBITDA	Earnings before interest, taxation, depreciation and amortisation
EPS	Earnings per share, the portion of a Company's profit attributable (equally) to each outstanding ordinary share
FY	Financial year; for Datatec, ended/ending 29/28 February
H2	The second half of the financial year, from 1 September to 28 February
IFRS	International Financial Reporting Standards
IFRS Accounting Standards	International Financial Reporting Standards® Accounting Standards
uEPS	Underlying earnings divided by the weighted average number of shares in issue during the financial year
Underlying earnings	Earnings excluding impairments of goodwill and intangible assets, profit or loss on sale of investments and assets, amortisation of acquired intangible assets, 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
VWAP	30-day volume-weighted average price

Technical definitions

Cloud services	Services made available to users on demand via the internet from a cloud computing provider's servers
Hardware	The machines, wiring and other physical components or other electronic system
ICT	Information and communication technology is an umbrella term that includes any communication device or application, encompassing radio, television, mobile phones, computer and network hardware and software, and satellite systems
Infrastructure	Refers to an entity's entire collection of hardware, software, networks and services required for the operation and management of the IT environment
IT	Information technology
Networking	The construction, design and use of a network
Software	The programmes and other operating information used by a computer

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