

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")

PROVISIONAL AUDITED RESULTS FOR THE YEAR ENDED 28 FEBRUARY 2023 - CASH DIVIDEND WITH SCRIP ALTERNATIVE

Datatec Limited, the international information and communications technology (ICT) group, today publishes its Condensed audited results for the year ended 28 February 2023 ("the Period" or "FY23") on the Stock Exchange News Service ("SENS") which are available on: [www.datatec.com](http://www.datatec.com) and via the JSE link: <https://senspdf.jse.co.za/documents/2023/JSE/ISSE/DTC/FY23.pdf>

HIGHLIGHTS

	Audited year ended 28 February 2023 "FY23"	Audited year ended 28 February 2022 "FY22"	% movement
Continuing Revenue (US\$ million)	5,143.1	4,546.4	13.1
Continuing Gross profit (US\$ million)	744.5	729.8	2.0
Continuing EBITDA (US\$ million)	98.3	143.4	-31.5
Continuing Adjusted** EBITDA (US\$ million)	180.2	158.9	13.4
Combined Underlying* earnings per share (US cents)	7.9	18.7	-57.8
Combined^ Earnings per share (US cents)	36.9	16.7	121.0
Combined^ Headline earnings per share (US cents)	-9.3	16.2	-157.4
Dividend (SA cents)	195	111	75.7
Net asset value per share (US\$ million)	214.9	263.7	-18.5
Net asset value (US\$ million)	472.0	563.4	-16.2

Continuing excludes the results of the Analysys Mason discontinued operations. The prior years have been re-presented to show comparative results from discontinued operations in accordance with IFRS 5.

^ Combined includes the results of the Analysys Mason discontinued operations.

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

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

- Excellent Westcon International performance
- Solid results from Logicalis International
- Logicalis Latin America turnaround in H2
- Strong operating cash generation
- Special dividend of ZAR2.7 billion paid on successful sale of Analysys Mason
- FY23 final dividend declared of ZAR439 million, based on UEPS (adjusted for IFRS 2 charges) of 29.5 US cents (FY22: 27.4 US cents)
- UEPS materially impacted by exceptionally high IFRS 2 charge of US\$53 million (FY22: US\$15 million from continuing operations)

## Enquiries

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JENS MONTANANA, CHIEF EXECUTIVE OF DATATEC, COMMENTED:

"The Group delivered a strong operational performance during FY23 benefiting from continuing trends in networking and cyber security.

Westcon International delivered another excellent financial performance. The significant performance improvements in recent years have driven an increased valuation of the division resulting in a high once-off accounting charge for FY23 relating to its share-based remuneration plan which materially impacted all of the earnings metrics. Logicalis International's results were solid and Logicalis Latin America had a much improved second half, with improvement of its supply chain.

During the year, we successfully concluded the disposal of Analysys Mason and unlocked significant value for shareholders in line with the ongoing strategic review process. A special dividend of R2.7 billion was distributed in addition to which we are now declaring a final ordinary dividend of R439 million for FY23. We continue to see consistent demand for our technology solutions and services across the world. With supply chain issues abating and backlogs reducing, our operations remain well-positioned in their markets."

## STRATEGIC OVERVIEW

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

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

In September 2022, Datatec sold its Analysys Mason ("AM") division, which entailed the disposal of its 71.2% shareholding in AM in accordance with the terms announced on 30 June 2022, representing another significant liquidity event for shareholders. The proceeds were distributed to shareholders by means of a special dividend (see below).

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

During FY23, Datatec engaged a leading corporate advisory firm to develop new executive long-term incentives schemes for its subsidiaries to better align divisional executive management remuneration with Datatec shareholders. The developed management incentive plans focused on maximising shareholder value, designed to achieve strong equity value creation alignment and engage key management in the businesses as shareholders with their own money invested alongside Datatec. Divisional leadership teams will be able to invest in their businesses at fair value in the form of "sweet equity". An intermediate holding company is required in which Datatec will hold both a fixed return instrument (loan note) and ordinary equity and management will hold a minority equity participation.

The new management incentive plan for Logicalis International was implemented on 3 March 2023 and Westcon International's management incentive plan is expected to be implemented during the second quarter of FY24. The

divisional management teams will only realise their investment at the same time as Datatec does through future value realisation events.

The executive directors of Datatec will not participate in these new divisional management incentive plans.

From an operational perspective, the Group delivered a strong performance during FY23 despite continuing to experience global supply chain headwinds which affected Datatec's businesses to varying degrees. Operations in Latin America were impacted the most, but the business experienced a notable recovery in the second half of FY23. Logicalis International achieved strong results while Westcon International delivered another excellent performance.

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

#### Disposal

Effective 27 September 2022, Datatec sold its 71.2% shareholding in AM which had been held by its 100%-owned subsidiary Datatec PLC. Datatec PLC received its portion of the consideration on completion, comprising approximately GBP128 million in cash. A further amount of GBP7.1 million comprising deferred loan notes will be receivable three years after the completion of the transaction. There was provision for an earn-out payment of up to GBP7.1 million (Datatec's portion), with reference to an EBITDA target of the Analysys Mason Group for the financial year ending 28 February 2023 that has not been achieved.

#### Dividends

The initial consideration Datatec PLC received on completion of the sale of AM, was approximately GBP128 million in cash and GBP7.1 million in deferred loan notes (payable three years after completion). On 11 October 2022, the Board declared a GBP135.1 million special dividend to shareholders by way of a cash dividend with scrip alternative of 1 250 ZAR cents per Datatec ordinary share. All transaction-related costs were absorbed by the Company in order to maximise this distribution to shareholders.

On 23 May 2023, the Board declared a final dividend for FY23 of ZAR195 cents per share equivalent to 10.0 US cents per share, in total US\$22.5 million, with the customary form of a cash dividend with a scrip distribution alternative. This dividend was calculated by normalising FY23 underlying\* earnings per share by excluding all share-based payment charges and applying the Group's dividend cover policy of three times to underlying\* earnings.

#### GROUP RESULTS

##### Revenue

Group combined^ revenue was US\$5.2 billion in FY23, up by 12.0% on the US\$4.6 billion revenue recorded in FY22. Group continuing revenue was US\$5.1 billion in FY23, up by 13.1% compared to the US\$4.5 billion revenue recorded in FY22 (on a continuing basis). In constant currency\*\*\*, Group continuing revenue increased by 20.3%.

Supply chain delays had a marked effect on slowing the sales process from order to delivery, causing a notable increase in the quantum of open, unfulfilled sales orders, termed "backlog" at the recent period end. Open product orders at the end of FY23 were approximately US\$1.2 billion (FY22: US\$1.2 billion).

Product backlog (US\$ million)	FY23	FY22
Westcon International	768	818
Logicalis International	271	261
Logicalis Latin America	140	139
Datatec Group	1,179	1,218

The Group's continuing gross margin in FY23 was 14.5% (FY22: 16.1%). Continuing gross profit was US\$744.5 million (FY22: 729.8 million). The significant strengthening of the US Dollar compared to the Pound Sterling and Euro during much of FY23 had a significant negative impact on gross margins in Westcon Europe, largely offset by realised and

unrealised foreign exchange gains on hedging contracts. This was less pronounced in the second half.

Overall continuing operating costs were US\$646.2 million (FY22: US\$586.3 million). Restructuring costs of US\$15.2 million were included in FY23 relating to fundamental reorganisations in Logicalis International and Logicalis Latin America. There were no restructuring costs in FY22.

Continuing operating costs included US\$15.3 million of foreign exchange gains (FY22: gains of US\$2.1 million). Foreign exchange gains consisted of unrealised foreign exchange losses of US\$8.8 million (FY22: gains of US\$0.6 million) and realised foreign exchange gains of US\$24.1 million (FY22: gains of US\$1.5 million). Unrealised foreign exchange differences are excluded from underlying\* earnings per share. The unrealised foreign exchange losses arose mainly in Westcon Europe on open positions of forward exchange contracts ("FECs"). The FECs hedge the net open working capital position of the business, as well as the open order backlog, which constituted the majority of the unrealised variances.

Continuing EBITDA was US\$98.3 million (FY22: US\$143.4 million) and continuing EBITDA margin was 1.9% (FY22: 3.2%).

The continuing share-based payment charge under IFRS 2 included in operating expenses was US\$52.6 million, more than triple the equivalent charge in FY22 of US\$15.5 million which reflects the increasing valuations of the divisions' cash-settled share-based payment plans, particularly Westcon International. The share-based payment charge in FY23 was exceptionally high and will be substantially lower in future years.

To be more in line with international peers, the Group is now presenting the adjusted\*\* figure for EBITDA excluding share-based payments, restructuring costs, one-off tax items impacting EBITDA, and acquisition, integration and corporate actions costs. On this basis, continuing adjusted\*\* EBITDA in FY23 was US\$180.2 million (FY22: US\$158.9 million) and continuing adjusted\*\* EBITDA margin was 3.5% (FY22: 3.5%).

Continuing depreciation and amortisation decreased US\$68.2 million (FY22: US\$68.5 million) and continuing operating profit was US\$18.5million (FY22: US\$75.0 million).

The continuing net interest charge increased to US\$38.1 million (FY22: US\$31.3 million) mainly due to increased interest rates, resulting in loss before tax of US\$20.0 million (FY22: US\$44.0 million profit before tax). Operating profit includes US\$8.0 million of impairment of right-of-use assets, US\$2.9 million from Logicalis International and US\$3.4 million from Westcon International related to property restructuring initiatives.

A combined^ tax charge of US\$14.8million (FY22: US\$10.6 million) has arisen on the combined^ pre-tax profits which include the tax exempt profit on disposal of the Analysys Mason division. Excluding the discontinued business, the effective tax rate was -66.7%. This is a result of low or nil tax credits arising on the losses of certain operations (including limited tax credits on the IFRS 2 charges in FY23) and the high local tax rates applied to certain profitable operations. As at 28 February 2023, there are estimated tax loss carry forwards relating to the continuing businesses of US\$236.5million with an estimated future tax benefit of US\$59.3 million, of which US\$38.5 million has been recognised as a deferred tax asset.

#### Withholding taxes

As at 28 February 2022, Westcon International had a contingent liability in respect of a possible withholding tax obligation at its subsidiary in the Kingdom of Saudi Arabia, Westcon Saudi Company LLC ("Westcon KSA"). This relates to payments Westcon KSA has made in relation to the purchase of vendor software and maintenance services which have been resold to customers during the six years ended 31 December 2020. Westcon KSA strongly disagrees with the tax authority's assessments issued on 22 June 2021 and has submitted the necessary appeals. Following an unsuccessful attempt to utilise the alternative dispute resolution procedures the matter is now proceeding to court. The ongoing litigation with the KSA tax authorities is likely to continue beyond the next financial year end. A liability has been recognised for a possible liability in this regard.

As at 28 February 2023, withholding tax liabilities for the Group totalled US\$20.0 million (FY22: US\$7.3 million), which includes the liability for the Westcon KSA matter described above.

Combined^ underlying\* earnings per share were 7.9 US cents (FY22: 18.7 US cents). Combined^ headline loss per share was -9.3 US cents (FY22: headline earnings: 16.2 US cents). Combined^ earnings per share were 36.9 US cents (FY22: 16.7 US cents).

#### Cash and net debt

On a combined^ basis, the Group generated US\$173.4 million of cash from operations during FY23 (FY22: US\$96.7 million) and ended the period with a continuing net debt of US\$106.6 million (FY22: US\$133.7 million). Excluding lease liabilities, net debt would have been US\$34.2 million on a continuing basis (FY22: net debt of US\$45.3 million).

#### Liquidity and borrowing facilities

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

Westcon International has an invoice assignment facility of EUR390.6 million for its European subsidiaries, as well as an extended payables facility of US\$105.0 million. Westcon International has a securitisation facility of US\$120.0 million for its Asia-Pacific facilities. In addition, Westcon International utilises accounts receivable facilities in the Middle East (US\$15.0 million) and Indonesia (US\$11.0 million) as well as overdraft facilities in Europe (EUR4.0 million) and Africa (US\$1.0 million) and a securitisation facility in South Africa (ZAR250.0 million).

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

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

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

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

#### Acquisitions

##### Logicalis International

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

On 4 August 2022, Logicalis UK Limited acquired Q Associates Ltd, a leading provider of IT consultancy and advisory services around data management, data protection, compliance and information security for US\$6.7 million.

On 27 October 2022, the Datatec Group increased its stake in Cirrus Participacoes S.A. ("Kumulus") from 32.57% effective shareholding to 48.87% for BRL17 million (approximately US\$ 3.4 million). One of the minority shareholders sold his 2.44% shareholding in Kumulus in December 2022 resulting in the Datatec Group's effective shareholding after these transactions reaching 51.31%.

#### Analysys Mason (subsequently disposed of)

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

#### Divisional summary

#### Segment changes

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

#### Westcon International

Despite significant supply chain disruptions, Westcon International's revenue increased by 18.3% to US\$3.42 billion (FY22: US\$2.89 billion) due to strong demand for network infrastructure, remote access solutions with enhanced cyber security and unified collaboration for flexible working and virtual office environments. In constant currency\*\*\*, revenue improved by 25.4%. EBITDA decreased by 28.8% to US\$48.4 million (FY22: US\$68.1 million. Adjusted\*\* EBITDA increased by 21.0% to US\$95.1 million (FY22: US\$78.6 million).

#### Logicalis International

Logicalis International's revenue increased by 8.7% to US\$1.23 billion (FY22: US\$1.13 billion). EBITDA decreased by 21.2% to US\$50.5 million (FY22: US\$64.0 million). Adjusted\*\* EBITDA increased by 2.0% to US\$66.2 million (FY22: US\$64.9 million). In constant currency\*\*\*, revenue improved by 16.0%

#### Logicalis Latin America

Logicalis Latin America's revenue decreased by 6.1% to US\$491.0 million (FY22: US\$522.7 million). EBITDA decreased to US\$21.2 million (FY22: US\$28.5 million). Adjusted\*\* EBITDA decreased by 10.8% to US\$24.9 million (FY22: US\$27.9 million). In constant currency\*\*\*, revenue improved by 1.2%

#### Alignment of underlying\* earnings per share with peer reporting

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

#### Current trading and outlook

We continue to see good momentum in demand for our technology solutions and services across the world. With the semiconductor shortage now easing, our operations remain well-positioned to service customers in their respective markets as we continue to actively manage supply chain headwinds.

The Group has been able to mitigate rising interest rates through strong working capital management and by reducing debt levels.

All divisions are expected to deliver improved performance in FY24 and the Board remains focused on driving shareholder value in the context of its Strategic Review.

#### Subsequent events

##### Increased shareholding in subsidiaries

Effective 3 March 2023, Logicalis Spain, SL, a wholly owned subsidiary of Logicalis International Limited increased its shareholding in Audea Seguridad de la Informacion, SL by 2.3% to 72.3%.

Effective 21 April 2023, Logicalis Spain, SL increased its shareholding in Audea Seguridad de la Informacion, SL by 13.85% to 86.15%.

##### Dividend declared

On 23 May 2023, the Board declared a final dividend for FY23 of 195 ZAR cents per share, equivalent to 10 US cents per share or in total US\$22.5 million with the customary form of a cash dividend with a scrip distribution alternative.

##### Management incentive plan - Logicalis International

Logicalis International implemented the Logicalis International Long Term Incentive Plan (LILTIP) in March 2023 following a corporate restructuring. A fixed return instrument was issued to Datatec PLC in addition to its ordinary

equity. The Logicalis International Executive Leadership team, being 18 individuals, invested 5.4% of the ordinary equity of the new structure with the same rights as Datatec's ordinary shares in Logicalis International. A further 0.9% of the ordinary equity is available for purchase by management to allow for changes to the management team up to a total limit of 6.3%.

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 a final distribution for the year ended 28 February 2023, by way of a cash dividend of 195 ZAR cents per Datatec ordinary share ("Cash Dividend") payable to the ordinary shareholders (the "Shareholders"), which will be in proportion to your ordinary shareholding in Datatec at the close of business on the Record Date, being Friday, 14 July 2023.

Shareholders will be entitled, in respect of all or part of their shareholding, to elect to receive new, fully paid ordinary Datatec shares in proportion to their ordinary shareholding on the Record Date as an alternative to the Cash Dividend (the "Scrip Distribution"). The Cash Dividend has been declared and paid out of Datatec's distributable retained profits. A dividend withholding tax of 20% will be applicable in respect of the Cash Dividend to all Shareholders not exempt therefrom after deduction of which, the net Cash Dividend is 156 ZAR cents per share.

The new ordinary shares will, pursuant to the Scrip Distribution, not be subject to a dividend withholding tax, and the issue price of the Scrip Distribution (which will equal the volume weighted average price ("VWAP") of Datatec's ordinary shares traded on the JSE for the 30-day trading day period ending on Monday, 3 July 2023) 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 issued ordinary shares as at Monday, 22 May 2023 is 224 916 537. Datatec's income tax reference number is 9999/493/71/2.

#### Terms of the Cash Dividend and Scrip Distribution

Shareholders will be entitled to receive a Cash Dividend of 195 ZAR cents per ordinary Datatec share in respect of their shareholding as at the close of trading on the JSE at the close of business on the Record Date, being Friday, 14 July 2023, in proportion to their ordinary shareholding in Datatec and to the extent that such Shareholders have not elected to receive the Scrip Distribution alternative in respect of all or a part of their shareholding.

Shareholders will, however, be entitled to elect to receive a Scrip Distribution of new, fully paid Datatec ordinary shares in respect of their shareholding in Datatec as at the Record Date, in respect of all or part of their ordinary shareholding, instead of the 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 on an "ex-dividend" basis by reference to such Shareholder's ordinary shareholding in Datatec (at the close of business on the Record Date, being Friday, 14 July 2023) in relation to the ratio that 195 ZAR cents bears to the VWAP of a Datatec ordinary share traded on the JSE during the 30-day trading period ending on Monday, 3 July 2023 less the amount of the Cash Dividend of 195 ZAR cents per share, provided that, where the application of this ratio gives rise to a fraction of an ordinary share, therounding principles will be applied.

#### Example of Scrip Distribution entitlement:

This example assumes that a Shareholder holds 100 Datatec ordinary shares at the close of business on the Record Date, being Friday, 14 July 2023, and elects to receive the Scrip Distribution Alternative in respect of all of such ordinary shares, and that the VWAP of Datatec's ordinary shares traded on the JSE for the 30-day trading period ending Monday, 3 July 2023, is 3800 ZAR cents per ordinary share.

New ordinary share entitlement =  $100 \times 195 \text{ ZAR cents} / (3800 - 195) \text{ ZAR cents} = 5.40915$

Scrip Distribution shares per 100 ordinary shares held, subject to the rounding principles described below. This would result in a Shareholder with 100 Datatec ordinary shares receiving a new ordinary share entitlement of 5 Scrip Distribution shares and a cash payment for the fraction.

Where a Shareholder's entitlement to new Datatec ordinary shares calculated in accordance with the above formula gives rise to a fraction of a new ordinary share, such fraction of a new ordinary share will be rounded down to the nearest whole number, resulting in allocations of whole ordinary shares and a cash payment for the fraction. The applicable cash payment will be determined with reference to the VWAP of an ordinary Datatec share traded on the JSE on Wednesday, 12 July 2023, (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 Scrip Distribution ratio and the cash payment for the fraction will be announced on the Stock Exchange News Service ("SENS") of the JSE in accordance with the timetable below.

Circular and salient dates

A circular providing Shareholders with full information on the Cash Dividend or Scrip Distribution alternative, including a Form of Election to elect to receive the Scrip Distribution alternative will be posted to Shareholders on or about Thursday, 1 June 2023. The salient dates of events thereafter are as follows:

Event	2023
Audited financial results of Datatec for the year ended 28 February 2023 and declaration of Cash Dividend with Scrip Distribution alternative announced on the SENS on	Tuesday, 23 May
Audited financial results of Datatec for the year ended 28 February 2023 and declaration of Cash Dividend with Scrip Distribution alternative published in the South African press on	Wednesday, 24 May
Record Date for Shareholders to be registered in the Company's securities register in order to be entitled to receive this Circular	Friday, 26 May
Distribution of Circular announced on SENS on	Thursday, 1 June
Circular and Form of Election (grey) distributed on	Thursday, 1 June
Distribution of Circular announcement published in the South African press on	Friday, 2 June
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 Monday, 3 July 2023, by 11h00 on	Tuesday, 4 July
Announcement published in the South African press of the ratio applicable to the Scrip Distribution alternative, based on the 30-day VWAP "ex" the Cash Dividend ending on Monday, 3 July 2023, on	Wednesday, 5 July



Last day to trade in order to be eligible for the Cash Dividend and the Scrip Distribution alternative	Tuesday, 11 July
Shares trade "ex" the Cash Dividend and the Scrip Distribution Alternative on	Wednesday, 12 July
Listing and trading of maximum possible number of shares on the JSE in terms of the Scrip Distribution alternative from the commencement of business on	Wednesday, 12 July
Announcement released on SENS in respect of the cash payment applicable to fractional entitlements, based on the VWAP of a share traded on the JSE on Wednesday, 12 July 2023, discounted by 10%, by 11h00 on	Thursday, 13 July
Last day to elect to receive the Scrip Distribution alternative instead of the Cash Dividend, Forms of Election (grey) to reach the Transfer Secretaries by 12h00 on	Friday, 14 July
Record Date in respect of the Cash Dividend and the Scrip Distribution alternative	Friday, 14 July
Cash Dividend payments made, CSDP/broker accounts credited/updated on	Monday, 17 July
Announcement relating to the results of the Cash Dividend and the Scrip Distribution alternative released on SENS on	Monday, 17 July
Announcement relating to the results of the Cash Dividend and the Scrip Distribution alternative published in the South African press on	Tuesday, 18 July
JSE listing of shares in respect of the Scrip Distribution alternative adjusted to reflect the actual number of ordinary shares issued in terms of the Scrip Distribution alternative at the commencement of trade on or about	Tuesday, 18 July
<p>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.</p> <p>Share certificates may not be dematerialised or rematerialised between Wednesday, 12 July 2023 and Friday, 14 July 2023, both days inclusive. If Datatec maintains a certificated register, then the register will be closed from Wednesday, 12 July 2023 and Friday, 14 July 2023, both days inclusive.</p> <p>Application to the Financial Surveillance Department of the South African Reserve Bank for the payment of the Cash Dividend and the Scrip Distribution alternative will be made and an announcement regarding the approval made on SENS.</p> <p>Fractions</p> <p>Where a Shareholder's entitlement to new Datatec ordinary shares gives rise to a fraction of a new ordinary share, such fraction of a new ordinary share will be rounded down to the nearest whole number, resulting in allocations of whole ordinary shares and a cash payment for the fraction.</p> <p>The applicable cash payment will be determined with reference to the VWAP of a Datatec ordinary share traded on the JSE on Wednesday, 12 July 2023, (being the day on which Datatec ordinary shares trading 'ex' the entitlement to receive the Cash Dividend or the Scrip Distribution alternative), discounted by 10%. For illustrative purposes, the VWAP of a Datatec ordinary share traded on the JSE on Wednesday, 12 July 2023 is assumed to be 3600 ZAR cents. The basis for the</p>	

applicable cash payment would therefore be 3240 ZAR cents (3600 ZAR cents discounted by 10%).

The basis for the applicable cash payment will be announced on SENS on Thursday, 13 July 2023, by 11h00.

#### Example of fractional entitlement:

Continuing the example above in which a Shareholder who holds 100 Datatec ordinary shares receives an entitlement of 5.40915 new ordinary Scrip Distribution shares: the rounding provision described above would mean that the Shareholder will receive 5 Scrip Distribution shares in respect of the 100 shares held and a cash payment for the fractional entitlement based on the 3240 ZAR cents noted above of  $3240 \times 0.40915 = 1326$  ZAR cents. This fractional entitlement payment will not be subject to Dividend Withholding Tax ("DWT").

#### Tax implications

The Cash Dividend is likely to have tax implications for both resident and non-resident Shareholders. Shareholders are therefore encouraged to consult their professional tax advisers, should they be in any doubt as to the appropriate action to take. In terms of the Income Tax Act 58 of 1962 ("the Income Tax Act"), the Cash Dividend will, unless exempt, be subject to DWT. South African resident Shareholders that are liable for DWT will be subject to DWT at a rate of 20% of the Cash Dividend and this amount will be withheld from the Cash Dividend with the result that they will receive a net amount of 156 ZAR cents per share. Non-resident Shareholders may be subject to DWT at a rate of less than 20%, depending on the applicability of any Double Tax Agreement ("DTA") between South Africa and their country of tax residence.

The Scrip Distribution alternative and cash paid for a fraction of a share will not be subject to DWT in terms of the Income Tax Act. Recipients of the fractional amount may be subject to income tax or capital gains tax, depending on their particular circumstances. The subsequent disposal of Datatec ordinary shares obtained as a result of the Scrip Distribution is likely to have income tax or capital gains tax implications. Where any future disposals of shares obtained as a result of the Scrip Distribution are effected, the expenditure incurred in respect of such shares will be deemed to be nil in terms of the Income Tax Act.

#### Foreign shareholders

The distribution of this Circular, and the rights to receive the Scrip Distribution shares in jurisdictions other than the Republic of South Africa, may be restricted by law and any failure to comply with these restrictions may constitute a violation of the securities laws of such jurisdictions. Accordingly, Shareholders will not be entitled to receive the Scrip Distribution shares, directly or indirectly, in those jurisdictions and shall be deemed to have elected the Cash Dividend alternative. Such non-resident Shareholders should inform themselves about and observe any applicable legal requirements in such jurisdictions. It is the responsibility of non-resident Shareholders to satisfy themselves as to the full observance of the laws and regulatory requirements of the relevant jurisdictions in respect of the Scrip Distribution, including the obtaining of any governmental, exchange control or other consents or the making of any filing which may be required, compliance with other necessary formalities and payment of any issue, transfer or other taxes or other requisite payments due in such jurisdictions. Shareholders who have any doubts as to their position, including, without limitation, their tax status, should consult an appropriate adviser in the relevant jurisdictions without delay.

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

#### Disclaimer

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

The Group has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements and there may be other factors that cause actions, events

or results not to be as anticipated, estimated or intended. It is important to note, that:

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

On behalf of the Board

M Makanjee  
Chair

JP Montanana  
Chief Executive Officer

IP Dittrich  
Chief Financial Officer

23 May 2023

#### DIRECTORS

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

o American # British ^ Brazilian

#### Short form announcement

The contents of this short form announcement are the responsibility of the Board of Directors of the Company. Shareholders are advised that this short form announcement represents a summary of the information contained in the full announcement, published on SENS via the JSE link and on Datatec's website <https://www.datatec-reports.co.za/yearend-2023/index.php> on 23 May 2023, and does not contain full or complete details of the financial results.

Any investment decisions by investors and/or Shareholders should be based on consideration of the full announcement as a whole and Shareholders are encouraged to review the full announcement, which is available as set out above. The full announcement is also available for inspection at the registered office of the Company at no charge during normal business hours from 23 May 2023 to 23 June 2023 and at the offices of Datatec's sponsor, Pallidus Exchange Services Proprietary Limited. Copies of the full announcement may be requested from [ir@datatec.com](mailto:ir@datatec.com).

The JSE link is as follows: <https://senspdf.jse.co.za/documents/2023/JSE/ISSE/DTC/FY23.pdf>

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

\*\* 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.

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