

DATATEC LIMITED
Incorporated in the Republic of South Africa
Registration number: 1994/005/004/06
Share code JSE: DTC
ISIN: ZAE000017745
("Datatec", the "Company" or the "Group")

CONDENSED UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 AUGUST 2023

Datatec Limited, the international information and communications technology (ICT) group, today publishes its condensed unaudited interim results for the six months ended 31 August 2023 ("the Period" or "H1 FY24") on the Stock Exchange News Service ("SENS") which are available on: www.datatec.com and via the JSE link: <https://senspdf.jse.co.za/documents/2023/JSE/ISSE/DTC/H1FY24.pdf>

Highlights

	Unaudited Six months to 31 August 2023 H1 FY24	Unaudited Six months to 31 August 2022 "H1 FY23"	% movement
Revenue (US\$ million)	2,762.7	2,408.5	14.7
Gross profit (US\$ million)	417.9	337.9	23.7
EBITDA (US\$ million)	80.6	57.9	39.2
Continuing underlying* earnings per share (US cents)	9.6	2.2	336.4
Combined^ underlying* earnings per share (US cents)	9.6	3.6	166.7
Continuing earnings per share (US cents)	6.3	2.7	133.3
Combined^ earnings per share (US cents)	6.3	5.0	26.0
Continuing headline earnings per share (US cents)	6.3	3.5	80.0
Combined^ headline earnings per share (US cents)	6.3	4.7	34.0
Net asset value per share (US cents)	210.0	250.2	(16.1)
Continuing net debt (US\$ million)	(174.8)	(111.0)	57.5

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

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

Continued **excellent** Westcon International performance

Positive cash flow from operations

Strong result from Logicalis International

Improved Logicalis Latin America **performance**

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

JENS MONTANANA, CHIEF EXECUTIVE OF DATATEC, COMMENTED:

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

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

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

Group results

Group revenue was US\$2.76 billion in H1 FY24, up by 14.7% compared to the US\$2.41 billion revenue recorded in H1 FY23.

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

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

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

Divisional summary**Westcon International**

Westcon International's revenue increased by 14.9% to US\$1.85 billion (H1 FY23: US\$1.61 billion) due to strong demand for network infrastructure, remote access solutions, enhanced cyber security and unified collaboration for flexible working and virtual office environments. Westcon International's gross profit increased by 33.4% to US\$203.7 million (H1 FY23: US\$152.7 million) and the gross margins increased to 11.0% (H1 FY23: 9.5%). EBITDA increased by 15.9% to US\$59.7 million (H1 FY23: US\$51.5 million) due to higher trading coupled with a decrease in share-based payment charges.

Logicalis International

Logicalis International's revenue increased by 12.1% to US\$645.4 million (H1 FY23: US\$575.6 million). Logicalis International's gross margin was 24.4% (H1 FY23: 23.8%). The underlying gross margin percentage was slightly higher due to improvements in product margins achieved. Logicalis International's gross profit was US\$157.5 million

(H1 FY23: US\$136.7 million). EBITDA increased by 41.0% to US\$25.8 million (H1 FY23: US\$18.3 million), with a corresponding EBITDA margin of 4.0% (H1 FY23: 3.2%).

Logicalis Latin America

Logicalis Latin America's revenue increased by 20.2% to US\$262.9 million (H1 FY23: US\$218.8 million). Logicalis Latin America's gross margin was 21.6% (H1 FY23: 22.2%). Logicalis Latin America's gross profit was up 16.9% to US\$56.7 million (H1 FY23: US\$48.5 million). EBITDA increased to US\$5.8 million (H1 FY23: US\$1.0 million EBITDA loss).

Current trading and outlook

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

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

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

Dividend

No interim dividend is declared for H1 FY24. (Interim dividend H1 FY23: nil).

Board changes (All previously announced)

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

Board changes:

- Mr JF McCartney retired from the Board on 27 July 2023.
- Ms SJ Everaet joined the Board as an independent non-executive director on 2 October 2023.

Changes to functions of directors:

- On 1 August 2023, Ms DS Sita became the Chair of the Remuneration Committee in succession to Mr SJ Davidson who remained a member of the committee.

Disclaimer

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

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

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

On behalf of the Board

M Makanjee
Chair

JP Montanana
Chief Executive Officer

IP Dittrich
Chief Financial Officer

23 October 2023

Directors

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

British

^ *Brazilian*

~ *Belgian*

* *Non-Executive*

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 <https://senspdf.jse.co.za/documents/2023/JSE/ISSE/DTC/H1FY24.pdf> and on Datatec's website <https://www.datatec.com/interim-results.php> on 23 October 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 October 2023 to 23 November 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.

The results have not been reviewed or audited by the company's auditor.

Registered office

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

Sponsor

Pallidus Exchange Services Proprietary Limited

Transfer secretaries

Computershare Investor Services Proprietary Limited