

DATATEC LIMITED

Incorporated in the Republic of South Africa

Registration number: 1994/005/004/06

Share code JSE: DTC

ISIN: ZAE000017745

Company tax reference number: 9999/493/71/2.

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

Audited Group Annual Financial Statements for the year ended 29 February 2024 - Cash dividend with scrip alternative

Datatec Limited, the international information and communications technology (ICT) group, today publishes its annual financial results for the year ended 29 February 2024 ("the year" or "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/2024/jse/isse/dtc/FY24.pdf>

Shareholders are advised that the full Audited Group Consolidated Financial Statements for the year ended 29 February 2024 have been published on Datatec's website <https://www.datatec.com/annual-results.php> on 27 May 2024.

Highlights

	Results for the year ended 29 February 2024 "FY24"	Results for the year ended 28 February 2023 "FY23"	% movement
Revenue (US\$ million)	5,457.9	5,143.1	6.1
Gross profit (US\$ million)	862.2	744.5	15.8
EBITDA (US\$ million)	177.6	98.3	80.7
Continuing underlying* earnings per share (US cents)	20.2	6.1	231.1
Combined^ underlying* earnings per share (US cents)	20.2	7.9	155.7
Continuing earnings/(loss) per share (US cents)	20.4	(16.1)	226.5
Combined^ earnings per share (US cents)	20.4	36.9	(44.7)
Continuing headline earnings/(loss) per share (US cents)	14.2	(10.8)	231.5
Combined^ headline earnings/(loss) per share (US cents)	14.2	(9.3)	252.9
Net asset value (US\$ million)	501.2	472.0	6.2
Continuing net debt (US\$ million)	123.1	106.6	15.5
Dividend per ordinary share (ZAR cents)	130.0	195.0	(33.3)

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

Continuing excellent Westcon International performance

Improved cash generated from operations

Strong result from Logicalis International

UEPS from continuing operations 20.2 US cents (FY23: 6.1 US cents)

Challenging conditions in Argentina and Brazil impacted Logicalis Latin America

FY24 final dividend declared ZAR298.4 million (ZAR1.30 / 7 US cents per share)

JENS MONTANANA, CHIEF EXECUTIVE OF DATATEC, COMMENTED:

“The Group maintained a strong operational performance in the second half of the year to deliver a solid full-year result as global demand continues for our technology solutions and services. We have managed to successfully capture growth opportunities across many markets to deliver improved quality of earnings.

Operationally, Westcon International continues on its growth trajectory, delivering an exceptional performance in FY24. Logicalis International also performed well, however Logicalis Latin America faced numerous challenges in Argentina and Brazil, which impacted its financial performance.

We are optimistic about FY25 and remain focused on unlocking value for shareholders.

Group results

Group revenue was US\$5.5 billion in FY24, up by 6.1% compared to the US\$5.1 billion revenue recorded in FY23

The Group's gross margin in FY24 was 15.8% (FY23: 14.5%). Gross profit was US\$862.2 million (FY23: US\$744.5 million).

The increase in gross margin is largely due to a return to more stable foreign exchange rates compared to 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 Westcon Europe. These negative impacts in Westcon International during FY23 were partially offset by foreign exchange hedging gains as reported in operating costs.

EBITDA was US\$177.6 million (FY23: US\$98.3 million) and EBITDA margin was 3.3% (FY23: 1.9%).

Divisional summary

Westcon International

Westcon International's revenue increased by 7.7% to US\$3.69 billion (FY23: US\$3.42 billion) due to strong demand for network infrastructures and cyber security solutions

Westcon International's gross profit increased by 22.7% to US\$403.4 million (FY23: US\$328.7 million) and the gross margins increased to 10.9% (FY23: 9.6%)

EBITDA increased by 150.0% to US\$121.0 million (FY23: US\$48.4 million).

Logicalis International

Logicalis International's revenue increased by 1.5% to US\$1.25 billion (FY23: US\$1.23 billion). FY24 revenue was impacted by a higher proportion of software sales that have been net accounted. EBITDA increased by 31.7% to US\$66.5 million (FY23: US\$50.5 million).

Logicalis International's gross margin was 27.1% (FY23: 24.9%). The improved gross margin percentage was a result of higher product margins achieved. Logicalis International's gross profit was US\$338.6 million (FY23: US\$306.3 million), reflecting an increase of 10.5%.

Logicalis Latin America

Logicalis Latin America's revenue increased by 4.5% to US\$512.9 million compared to US\$491.0 million revenue for FY23.

Logicalis Latin America's gross margin was 23.0% (FY23: 22.3%). Logicalis Latin America's gross profit was up 7.7% to US\$117.9 million (FY23: US\$109.5 million).

EBITDA was impacted by foreign exchange losses of US\$20.3 million (FY23: US\$3.9 million), arising mainly in Argentina.

EBITDA decreased to US\$11.5 million (FY23: US\$21.2 million), with a corresponding EBITDA margin of 2.2% (FY23: 4.3%).

Current trading and outlook

Despite uncertain political and economic challenges in many parts of the world, all the Group's divisions are expected to deliver improved financial performance in FY25 and benefit from strong technology fundamentals.

The adoption of Artificial Intelligence should lead to a new cycle of PC and networking refresh.

The Group continues to manage its businesses efficiently and mitigate the effects of high interest rates through effective working capital management and improving supply chains.

The Board continues to focus on unlocking shareholder value in the context of its Strategic Review.

Dividend

Notice is hereby given that the Board of Datatec has declared a final distribution for the year ended 29 February 2024, by way of a cash dividend of 130 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, 19 July 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 104 ZAR cents per share.

The new Shares, 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, 5 July 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 in issue as at Monday, 27 May 2024 is 229,522,677. Datatec's income tax reference number is 9999/493/71/2.

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 Wednesday, 5 June 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, 31 May
Distribution of Circular announced on SENS on	Wednesday, 5 June
Circular distributed on	Wednesday, 5 June
Distribution of Circular announcement published in the South African press on	Thursday, 6 June
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, 5 July 2024, by 11h00 on	Monday, 8 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 Friday, 5 July 2024 on	Tuesday, 9 July
Last day to trade in order to be eligible for the Cash Dividend and the Scrip Distribution Alternative	Tuesday, 16 July
Shares trade “ex” the Cash Dividend and the Scrip Distribution Alternative on	Wednesday, 17 July
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, 17 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, 17 July 2024, discounted by 10%, by 11h00 on	Thursday, 18 July
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, 19 July
Record date in respect of the Cash Dividend and the Scrip Distribution Alternative	Friday, 19 July
Cash Dividend payments made, and CSDP/broker accounts credited/updated with Scrip Distribution Shares on	Monday, 22 July
Announcement relating to the results of the Cash Dividend and the Scrip Distribution Alternative released on SENS on	Monday, 22 July
Announcement relating to the results of the Cash Dividend and the Scrip Distribution Alternative published in the South African press on	Tuesday, 23 July
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, 23 July

Foreign Shareholders

The rights to receive the Scrip Distribution 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, 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.

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.
- Ms SJ Everaet joined the Audit, Risk and Compliance Committee and the Social and Ethics Committee on 1 March 2024.
- Mr MJN Njeke joined the Nominations Committee and stood down from the Remuneration Committee on 1 March 2024.
- Ms DS Sita joined the Nominations Committee on 1 March 2024.

Other information

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.

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/2024/jse/isse/dtc/FY24.pdf> and on Datatec's website <https://www.datatec.com/annual-results.php> on 27 May 2024, 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 27 May 2024 to 27 June 2024. Copies of the full announcement may be requested from ir@datatec.com.

PricewaterhouseCoopers Inc., the Group's auditors, have audited the consolidated and separate annual financial statements from which this announcement has been derived and have expressed an unmodified audit opinion on these financial statements. The full audit opinion, with Key Audit Matters, issued on the consolidated and separate annual financial statements and the accompanying financial statements can be accessed on Datatec's website <https://www.datatec.com/annual-results.php>

On behalf of the Board

M Makanjee
Chair

JP Montanana
Chief Executive Officer

IP Dittrich
Chief Financial Officer

27 May 2024

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

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

Independent auditors

PricewaterhouseCoopers Inc.