Notes to the Group consolidated annual financial statements

for the year ended 28 February 2021

	2021 US$'000	2020 Restated US$'000
1. REVENUE		
Revenue from product sales	**3 349 534**	3 453 678
Revenue from sales of hardware	**2 162 937**	2 530 572
Revenue from sales of software*	**1 116 372**	861 519
Revenue from vendor resold services and product maintenance services	**70 225**	61 587
Timing of revenue from product sales	**3 349 534**	3 453 678
At a point in time	**3 349 534**	3 453 678
Revenue from services	**342 830**	337 559
Revenue from professional services	**342 830**	337 559
Timing of revenue from services	**342 830**	337 559
At a point in time	**1 560**	–
Over time	**341 270**	337 559
Revenue from annuity services	**417 099**	423 184
Revenue from cloud services	**47 653**	49 384
Revenue from software services*	**8 695**	4 077
Revenue from other annuity services	**360 751**	369 723
Timing of revenue from annuity services	**417 099**	423 184
At a point in time	**46 271**	10 948
Over time	**370 828**	412 236
	4 109 463	4 214 421

* *Includes software as a service revenues.*

The revenue categories above are consistent with the revenue information presented in the segmental report in Note 37.

A once-off tax credit in Brazil increased gross profit by US$13.6 million in FY20, following a court ruling in favour of Logicalis with regard to certain overpaid indirect taxes. The ruling is not subject to appeal by the Brazilian authorities.

Prior year restatement

Revenue recognition – certain sales of software, cloud and software services

The Group sells certain software, software services and cloud computing solutions which include Infrastructure as a Service ("IaaS") and Software as a Service ("SaaS"). During the year these amounts have grown in significance for the Group and the Group has revisited the revenue recognition for these arrangements, as outlined in the Group's critical accounting policies and estimates on page 64. The Group's vendors continuously change the way in which they bring their products and services to market and there is a significant amount of judgement involved in determining whether or not the Group acts as an agent or principal with regard to these arrangements. In its reassessment, the Group concluded that in those arrangements where the software service is delivered entirely by the vendor, or where the updates and cloud access are critical to the effectiveness of the solution and there is no material on-premise component to the solution, the Group will recognise revenue at the time of invoice on a net basis as the Group is acting as an agent in the transaction.

As a result, the Group has restated its consolidated statement of comprehensive income to reflect only the fees earned, for acting as an agent in these arrangements, as revenue. This has resulted in a decrease in revenues and a corresponding decrease in cost of goods sold in the previous financial year. There was no impact on gross profit or items below gross profit in the consolidated statement of comprehensive income. In addition, there was no impact on earnings or earnings per share. The amount of the restatement for the 2020 financial year is shown in the table below.

Note that despite the revenues being disclosed on a net basis, the Group has a contractual right to the gross amount of cash related to the gross revenues and therefore, for any amounts remaining unpaid at the period end, the Group continues to present these amounts as gross trade receivables in the consolidated statement of financial position. The restatement has no impact on the consolidated statement of financial position or consolidated statement of cash flows.

	Before restatement 2020 US$'000	After restatement 2020 US$'000	Total restatement 2020 US$'000
Revenue	4 304 845	4 214 421	(90 424)
Cost of sales	(3 563 267)	(3 472 843)	90 424
Gross profit	741 578	741 578	–

Notes to the Group consolidated annual financial statements continued

for the year ended 28 February 2021

	2021 Number of shares ('000)	2021 Weighted average grant price	2020 Number of shares ('000)	2020 Weighted average grant price
2. SHARE-BASED PAYMENTS				
The Group plans are detailed in Note 43. They provide for a grant price equal or approximately equal to the market price at the date of the grant.				
Datatec Group schemes (equity-settled)				
Datatec Conditional Share Plan 2017 ("CSP")		**ZAR**		ZAR
Outstanding at the beginning of year	**3 496**	**25.09**	2 267	20.78
Granted during the year	**1 884**	**24.12**	1 229	33.05
Outstanding at the end of the year	**5 380**	**24.75**	3 496	25.09
At 28 February 2021, the CSP awards had a weighted average remaining contractual life of 1.2 years (FY20: 1.6 years).				
Datatec Deferred Bonus Plan 2017 ("DBP")		**ZAR**		ZAR
Outstanding at the beginning of year	**1 962**	**27.18**	1 092	22.50
Shares purchased by participants in the year from pre-tax bonus of the prior year	**288**	**24.12**	435	33.05
Shares purchased by the Company for participants	**287**	**24.12**	435	33.05
Forfeitable shares at the end of the year	**2 537**	**26.49**	1 962	27.18
Participants in the DBP defer a portion of their pre-tax bonus to which an equal Company co-investment is added and used to purchase Datatec shares which the participants hold under the terms of the DBP. These shares are all forfeitable if the participant leaves the employment of the Group within the three-year holding period (from date of grant). At 28 February 2021, the weighted average remaining life of the awards until the end of the holding period was 1.1 years (FY20: 1.7 years).				
Datatec Share Appreciation Rights ("SARs") Schemes		**ZAR**		ZAR
Outstanding at the beginning of the year	**2 639**	**35.32**	4 712	31.74
Forfeited/lapsed during the year	**(1 471)**	**34.94**	(2 073)	27.20
Outstanding at the end of the year	**1 168**	**35.79**	2 639	35.32
Exercisable at the end of the year	**1 168**	**35.79**	1 168	35.79
The SARs was discontinued after the final awards in FY18. SARs outstanding at 28 February 2021 had a grant price of R35.79 (FY20: grant prices in the range R34.94 to R35.79) and had a weighted average remaining contractual life of 1.3 years (FY20: 3.4 years).				
Datatec Long-Term Incentive Plan ("LTIP")				
Outstanding at the beginning of the year	**2 181**		3 091	
Settled during the year – share price on vesting: R22.01 (FY20: R33.05)	**(2 181)**		(910)	
Outstanding at the end of the year	**–**		2 181	

The LTIP was discontinued in FY18 and the remaining LTIP awards vested during FY21.

2. SHARE-BASED PAYMENTS (continued)

Datatec Group schemes (equity-settled) (continued)

Fair value

The new CSP awards granted in FY21 are conditional upon a market performance condition for two-thirds of the grant and a non-market condition for one-third of the grant as well as the completion of a three-year service period. The fair value of the CSP grant in FY21 was calculated using the Monte Carlo Simulation pricing model as it best captures the path-dependent nature and specific features of these awards in order to determine the extent that the market vesting condition is achieved, and hence the number of awards that will vest, by assessing the evolution of the Datatec TSR share price.

The CSP awards granted in FY20 were conditional upon non-market performance conditions only as well as the completion of a three-year service period. The fair value of these awards, referred to as the "unconditional" fair value, is equal to the underlying share price of Datatec shares at the grant date.

The DBP awards granted in FY21 and FY20 are conditional upon completion of a three-year service period with no performance conditions because they represent re-investment of STI bonuses already earned. The fair value of the DBP awards, referred to as the "unconditional" fair value, is equal to the underlying share price of Datatec shares at the grant date.

The key data used for the valuation of the Datatec CSP and DBP awards is shown in the table below:

	2021		2020	
Grant date		17 June 2020		1 June 2019
Vesting date		1 June 2023		1 June 2022
Performance/employment period		29 February 2020 to 28 February 2023		28 February 2019 to 28 February 2022
Share price at grant date (closing price)		R26.02		R35.90
	CSP	DBP	CSP	DBP
Risk-free rate (NACC)	4.31%	4.33%	6.96%	6.96%
Dividend yield	0.00%	0.00%	0.00%	0.00%
Volatility – determined using equally-weighted historical volatility method	45.50%	N/A	N/A	N/A
Fair value (of one unit)	R12.53	R26.02	R35.90	R35.90

Subsidiary schemes (cash-settled)

Logicalis

Logicalis and PromonLogicalis Latin America Limited ("LATAM") Conditional Share Plans ("CSP")

Logicalis and Logicalis LATAM operate CSPs for the most senior tier of management with similar terms to the Datatec CSP, but cash-settled and based on the Logicalis and LATAM share price as determined by annual independent valuations. Awards of conditional shares are granted annually to participants. After a three-year performance period, the CSP awards will vest as follows:

- 25% of each participant's award is subject only to an employment condition and will vest, provided that the participant remains in the employment of Logicalis or LATAM at the end of the three-year period since grant.
- The remaining 75% of each participant's award is subject to performance conditions:
  - One-third (i.e. 25% of the total award) based on Logicalis or LATAM share price growth;
  - One-third (i.e. 25% of the total award) based on net income per share growth; and
  - One-third (i.e. 25% of the total award) based on return on invested capital ("ROIC").

Each performance condition has a threshold level at which 50% vesting will occur and a target level for 100% vesting. Between the threshold and target, vesting will be calculated by linear interpolation.

Notes to the Group consolidated annual financial statements continued

for the year ended 28 February 2021

	2021 Number of shares ('000)	2021 Weighted average grant price	2020 Number of shares ('000)	2020 Weighted average grant price
2. SHARE-BASED PAYMENTS (continued)				
Subsidiary schemes (cash-settled) (continued)				
Logicalis CSP		**US$**		US$
Outstanding at the beginning of the year	**1 222**	**4.88**	619	4.84
Granted during the year	**629**	**4.49**	603	4.92
Lapsed/forfeited during the year	**(67)**	**4.89**	–	–
Outstanding at the end of the year	**1 784**	**4.74**	1 222	4.88
The Logicalis CSP awards outstanding at 28 February 2021 comprised grant prices in the range US$4.49 to US$4.92 (FY20: US$4.84 to US$4.92). At 28 February 2021, the CSP awards had a weighted average remaining contractual life of 4.4 years (FY20: 5.8 years).				
Logicalis LATAM CSP		**US$**		US$
Outstanding at the beginning of the year	**233**	**8.51**	119	8.16
Granted during the year	**101**	**7.41**	114	8.87
Lapsed/forfeited during the year	**(9)**	**8.16**	–	–
Outstanding at the end of the year	**325**	**8.18**	233	8.51

The Logicalis LATAM CSP awards outstanding at 28 February 2021 comprised grant prices in the range US$7.41 to US$8.87 (FY20: US$8.16 to US$8.67). At 28 February 2021, the CSP awards had a weighted average remaining contractual life of 4.3 years (FY20: 5.8 years).

Logicalis and Logicalis LATAM Share Appreciation Right (SARs)

Logicalis and Logicalis LATAM also operate SARs Schemes for senior managers who do not participate in the CSP.

For new grants issued in FY21, half the SARs grant is subject to an earnings growth performance condition and the other half is subject only to an employment condition. All rights lapse if not exercised by the end of the seventh year after grant.

	2021 Number of shares ('000)	2021 Weighted average grant price	2020 Number of shares ('000)	2020 Weighted average grant price
Logicalis SAR Scheme		**US$**		US$
Outstanding at the beginning of the year	**2 497**	**4.44**	2 962	4.36
Granted during the year	**479**	**4.49**	476	4.92
Exercised during the year – share price on exercise US$4.49 (FY20: US$4.92)	**(699)**	**3.70**	(79)	4.04
Forfeited/lapsed during the year	**(98)**	**4.54**	(862)	4.46
Outstanding at the end of the year	**2 179**	**4.69**	2 497	4.44
Exercisable at the end of the year	**826**	**4.60**	553	5.05

The Logicalis SARs outstanding at 28 February 2021 comprised grant prices in the range of US$3.70 to US$4.92 (FY20: US$3.70 to US$5.84) and had a weighted average remaining contractual life of 3.6 years (FY20: 4.0 years).

2. SHARE-BASED PAYMENTS (continued)

Subsidiary schemes (cash-settled) (continued)

	2021 Number of shares ('000)	2021 Weighted average grant price	2020 Number of shares ('000)	2020 Weighted average grant price
Logicalis LATAM SARs Scheme		US$		US$
Outstanding at the beginning of the year	837	6.92	827	6.14
Granted during the year	114	7.41	184	8.87
Exercised during the year – share price on exercise US$7.41 (FY20: US$8.87)	(345)	5.81	(174)	5.39
Forfeited/lapsed during the year	(42)	8.17	–	–
Outstanding at the end of the year	564	7.58	837	6.92
Exercisable at the end of the year	136	5.72	146	5.22

The Logicalis LATAM SARs outstanding at 28 February 2021 comprised grant prices in the range of US$5.08 to US$8.87 (FY20: US$5.08 to US$8.87) and had a weighted average remaining contractual life of 4.6 years (FY20: 4.8 years).

Westcon International

Westcon International Equity Appreciation Plan ("EAP")

The Westcon International EAP was implemented in FY19 for senior management in order to incentivise value generation. Participants have been awarded a once-off grant of "units", whose value will be linked to the value of Westcon International; this is a notional base value which was estimated to be US$125 million (the "hurdle"). The units will not have any share rights; in particular, they will not have the right to dividends or votes.

Ten percent of the value of Westcon International above the hurdle will be paid to the EAP Pool on a sale of Westcon International. Each unit will receive a *pro rata* share of the EAP Pool when Westcon International is sold.

For example, if Westcon International is sold for US$300 million, the EAP Pool will be US$17.5 million: ((US$300 million – US$125 million) x 10%). If there are 100 000 units in issue, each unit will be worth US$175.

During FY21, Datatec recapitalised Westcon International by converting US$80 million of inter-company loans to equity investment. This capitalisation will be adjusted for in computing the equity appreciation for participants at the end of the EAP.

If Westcon International is not sold within five years of the start of the scheme on 1 March 2018, the business will be valued by an independent valuer at 1 March 2023 and the EAP will pay out to participants on the basis of that valuation. Such a valuation will be undertaken using a methodology which is fair and reasonable to all stakeholders, including Datatec shareholders and participants in the EAP taking account of the recapitalisation noted above.

In addition to the Westcon International management participants, the Datatec executive directors participate in the Westcon EAP as shown in Note 30 to these financial statements.

	2021 Number of shares ('000)	2021 Weighted average grant price	2020 Number of shares ('000)	2020 Weighted average grant price
		US$		US$
Outstanding at the beginning of the year	145	125.00	142	125.00
Granted during the year	–	–	9	125.00
Forfeited/lapsed during the year	(2)	125.00	(6)	125.00
Outstanding at the end of the year	143	125.00	145	125.00

At 28 February 2021, the EAP awards had a remaining contractual life of 2.3 years (FY20: 3.3 years).

Notes to the Group consolidated annual financial statements continued

for the year ended 28 February 2021

2. SHARE-BASED PAYMENTS (continued)

Subsidiary schemes (cash-settled) (continued)

Westcon International SARs Scheme

Westcon International implemented a SARs Scheme during FY19 to incentivise the cadre of senior management who were not awarded units in the EAP (above).

SARs were granted in FY19 and some further awards were made in FY20 to additional participants. The SARs Scheme is a one-off grant like the EAP and each SAR has an exercise price of US$1.25 based on a notional share capital for Westcon International of 100 million shares. The base valuation for the SARs was thus the same as the hurdle for the EAP. The SARs will be adjusted for the recapitalisation of Westcon International noted in the EAP section above. The SARs will vest after two years without performance conditions and thereafter may be exercised over the following three years (a maximum of one-third per year).

	2021		2020	
	Number of shares ('000)	Weighted average grant price	Number of shares ('000)	Weighted average grant price
		US$		US$
Outstanding at the beginning of the year	2 595	1.25	2 319	1.25
Granted during the year	–	–	566	1.25
Forfeited/lapsed during the year	–	–	(290)	1.25
Outstanding at the end of the year	2 595	1.25	2 595	1.25

At 28 February 2021, the SAR awards had a remaining contractual life of 2.3 years (FY20: 3.3 years).

Subsidiary schemes (cash-settled and equity-settled)

Analysys Mason Performance Share Scheme

Analysys Mason operates a performance share plan, approved by its board of directors and shareholders, under the terms of which conditional shares are granted to participants. 25% of the conditional shares vest unconditionally after three years, if the participant is still an employee, and are settled with the same number of Analysys Mason ordinary shares. The vesting of the remaining 75% is conditional on an earnings-based performance condition and may be settled in cash or shares.

	2021		2020	
	Number of shares ('000)	Weighted average grant price	Number of shares ('000)	Weighted average grant price
		GBP		GBP
Note: a proportion of this scheme is settled in Analysys Mason equity				
Outstanding at the beginning of the year	233	14.80	217	14.21
Granted during the year	87	18.31	87	15.98
Exercised during the year – share price on exercise £18.31 (FY20: £15.98)	(69)	13.52	(55)	14.43
Forfeited/lapsed during the year	(5)	16.65	(16)	14.38
Outstanding at the end of the year	246	16.36	233	14.80

The awards outstanding at 28 February 2021 had a weighted average remaining contractual life of 1.0 years (FY20: 1.1 years).

The fair value of CSP and Performance awards, referred to as the "unconditional" fair value, is equal to the underlying share price of subsidiary shares at the grant date.

Where awards have optionality, as is the case for SARs and the Westcon International EAP, fair value is measured by the use of Black-Scholes-Merton or binomial tree models.

2. SHARE-BASED PAYMENTS (continued)

Subsidiary schemes (cash-settled) (continued)

The main inputs into the models used by subsidiaries, in addition to those recorded above, fall into the following ranges:

	2021		2020	
Grant date	1 June 2020	1 July 2020	1 March 2019	1 July 2019
Vesting date	1 July 2023	12 July 2023	1 March 2020	12 March 2023
Risk-free rate	0.08%	0.99%	0.46%	1.40%
Expected life (years)	3.00	7.00	3.00	7.00
Dividend yield	0.00%	2.24%	0.00%	2.00%
Volatility of subsidiary	34.25%	50.12%	31.64%	35.00%

The expected life used in the models has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions. Expected volatility of subsidiaries has been determined by reference to peer group data.

	2021 US$'000	2020 US$'000
Expense in respect of equity-settled schemes	**4 306**	5 104
Datatec Limited	3 652	4 760
Subsidiaries	654	344
Expense in respect of cash-settled schemes	**7 187**	2 519
Datatec Limited	961	–
Subsidiaries	6 226	2 519
	11 493	7 623

Settlements of US$3.0 million have been made relating to equity-settled schemes for the year ended 28 February 2021 (FY20: US$3.2 million).

Notes to the Group consolidated annual financial statements continued

for the year ended 28 February 2021

	2021 US$'000	2020 US$'000
3. OPERATING PROFIT		
Operating profit is arrived at after taking into account the following items:		
Operating costs		
Auditors' remuneration#	**7 224**	5 972
Audit fees	**5 594**	4 933
Other services	**1 630**	1 039
Taxation services	**796**	595
Other services and expenses	**834**	444
Fees for professional services	**17 359**	17 427
Administrative and managerial	**1 415**	2 086
Consulting	**11 700**	10 045
Accounting and advisory	**4 244**	5 296
Foreign exchange losses+	**7 926**	1 743
Realised	**7 643**	496
Unrealised	**283**	1 247
Staff costs@	**371 164**	383 572
Retirement benefit contributions	**11 342**	13 323
Staff costs	**359 822**	370 249
Directors' emoluments*	**6 119**	3 722
Executive directors	**5 456**	3 105
Salaries	**1 643**	1 643
Bonuses	**3 414**	1 069
Benefits	**399**	393
Non-executive directors' emoluments – fees	**663**	617
Short-term lease payments	**3 143**	4 597
Low-value assets payments	**731**	925
Variable lease payments	**544**	190
Loss/(profit) on disposal of property, plant and equipment	**912**	(65)
Other expenses	**117 523**	153 515
Total operating costs	**532 645**	571 598

 # Includes prior year under accrual.
@ Additional staff costs information included below.
Includes a prior year reallocation between staff costs, other operating expenses and staff costs included in cost of sales (disclosed below).
** Long-term incentives for executive directors are included in the share-based payments charge reflected in Note 2.*
Full details of directors' emoluments are provided in Note 30 on pages 129 to 131.
+ Unrealised foreign exchange gains and losses for financial instruments (excluding cash resources and bank overdrafts as disclosed on the statement of financial position) that have a different currency than the entity's functional currency, are determined as follows:
- *Financial assets and liabilities that have open positions at the end of a period/reporting date are translated to the entity's functional currency at the rates prevailing for that period end/reporting date;*
- *The unrealised foreign exchange gains and losses are accounted for in the statement of comprehensive income;*
- *Foreign exchange gains and losses are considered unrealised until maturity or settlement date of the financial instrument, at which point the entire foreign exchange gain or loss is classified as realised; and*
- *Foreign exchange gains and losses on cash and cash equivalents are considered to be realised and accounted for in the statement of comprehensive income.*

	2021 US$'000	2020 US$'000
3. OPERATING PROFIT (continued)		
Staff costs		
Staff costs included in cost of sales	**258 508**	261 952
Staff costs included in operating costs	**371 164**	383 572
Total staff costs	**629 672**	645 524
Restructuring costs		
Restructuring costs	**22 378**	–
Restructuring costs include costs relating to fundamental reorganisations and Covid-19-related restructuring. Any restructuring as a result of Covid-19 is considered fundamental in nature and would not otherwise have been incurred.		
Depreciation and amortisation		
Depreciation: Property, plant and equipment	**19 040**	27 011
Office furniture, equipment and motor vehicles	**2 297**	4 810
Computer equipment	**11 642**	13 293
Leasehold improvements	**5 011**	8 752
Land and buildings	**90**	156
Depreciation: Right-of-use assets	**33 537**	32 991
Office furniture, equipment and motor vehicles	**4 560**	5 899
Computer equipment	**3 166**	271
Land and buildings	**25 811**	26 821
Amortisation	**16 082**	16 118
Amortisation of software	**1 976**	1 604
Amortisation of capitalised development expenditure	**5 471**	3 217
Amortisation of acquired intangible assets	**8 635**	11 297
Total depreciation and amortisation	**68 659**	76 120

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for the year ended 28 February 2021

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Revenue from product sales	**3 349 534**	3 453 678
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At a point in time	**46 271**	10 948
Over time	**370 828**	412 236
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** Includes software as a service revenues.*

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Revenue recognition – certain sales of software, cloud and software services

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As a result, the Group has restated its consolidated statement of comprehensive income to reflect only the fees earned, for acting as an agent in these arrangements, as revenue. This has resulted in a decrease in revenues and a corresponding decrease in cost of goods sold in the previous financial year. There was no impact on gross profit or items below gross profit in the consolidated statement of comprehensive income. In addition, there was no impact on earnings or earnings per share. The amount of the restatement for the 2020 financial year is shown in the table below.

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	Before restatement 2020 US$'000	After restatement 2020 US$'000	Total restatement 2020 US$'000
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Shares purchased by the Company for participants	**287**	**24.12**	435	33.05
Forfeitable shares at the end of the year	**2 537**	**26.49**	1 962	27.18
Participants in the DBP defer a portion of their pre-tax bonus to which an equal Company co-investment is added and used to purchase Datatec shares which the participants hold under the terms of the DBP. These shares are all forfeitable if the participant leaves the employment of the Group within the three-year holding period (from date of grant). At 28 February 2021, the weighted average remaining life of the awards until the end of the holding period was 1.1 years (FY20: 1.7 years).				
Datatec Share Appreciation Rights ("SARs") Schemes		**ZAR**		ZAR
Outstanding at the beginning of the year	**2 639**	**35.32**	4 712	31.74
Forfeited/lapsed during the year	**(1 471)**	**34.94**	(2 073)	27.20
Outstanding at the end of the year	**1 168**	**35.79**	2 639	35.32
Exercisable at the end of the year	**1 168**	**35.79**	1 168	35.79
The SARs was discontinued after the final awards in FY18. SARs outstanding at 28 February 2021 had a grant price of R35.79 (FY20: grant prices in the range R34.94 to R35.79) and had a weighted average remaining contractual life of 1.3 years (FY20: 3.4 years).				
Datatec Long-Term Incentive Plan ("LTIP")				
Outstanding at the beginning of the year	**2 181**		3 091	
Settled during the year – share price on vesting: R22.01 (FY20: R33.05)	**(2 181)**		(910)	
Outstanding at the end of the year	**–**		2 181	

The LTIP was discontinued in FY18 and the remaining LTIP awards vested during FY21.

2. SHARE-BASED PAYMENTS (continued)

Datatec Group schemes (equity-settled) (continued)

Fair value

The new CSP awards granted in FY21 are conditional upon a market performance condition for two-thirds of the grant and a non-market condition for one-third of the grant as well as the completion of a three-year service period. The fair value of the CSP grant in FY21 was calculated using the Monte Carlo Simulation pricing model as it best captures the path-dependent nature and specific features of these awards in order to determine the extent that the market vesting condition is achieved, and hence the number of awards that will vest, by assessing the evolution of the Datatec TSR share price.

The CSP awards granted in FY20 were conditional upon non-market performance conditions only as well as the completion of a three-year service period. The fair value of these awards, referred to as the "unconditional" fair value, is equal to the underlying share price of Datatec shares at the grant date.

The DBP awards granted in FY21 and FY20 are conditional upon completion of a three-year service period with no performance conditions because they represent re-investment of STI bonuses already earned. The fair value of the DBP awards, referred to as the "unconditional" fair value, is equal to the underlying share price of Datatec shares at the grant date.

The key data used for the valuation of the Datatec CSP and DBP awards is shown in the table below:

	2021		2020	
Grant date		**17 June 2020**		1 June 2019
Vesting date		**1 June 2023**		1 June 2022
Performance/employment period		**29 February 2020 to 28 February 2023**		28 February 2019 to 28 February 2022
Share price at grant date (closing price)		**R26.02**		R35.90
	CSP	**DBP**	CSP	DBP
Risk-free rate (NACC)	**4.31%**	**4.33%**	6.96%	6.96%
Dividend yield	**0.00%**	**0.00%**	0.00%	0.00%
Volatility – determined using equally-weighted historical volatility method	**45.50%**	**N/A**	N/A	N/A
Fair value (of one unit)	**R12.53**	**R26.02**	R35.90	R35.90

Subsidiary schemes (cash-settled)

Logicalis

Logicalis and PromonLogicalis Latin America Limited ("LATAM") Conditional Share Plans ("CSP")

Logicalis and Logicalis LATAM operate CSPs for the most senior tier of management with similar terms to the Datatec CSP, but cash-settled and based on the Logicalis and LATAM share price as determined by annual independent valuations. Awards of conditional shares are granted annually to participants. After a three-year performance period, the CSP awards will vest as follows:

- 25% of each participant's award is subject only to an employment condition and will vest, provided that the participant remains in the employment of Logicalis or LATAM at the end of the three-year period since grant.
- The remaining 75% of each participant's award is subject to performance conditions:
  - One-third (i.e. 25% of the total award) based on Logicalis or LATAM share price growth;
  - One-third (i.e. 25% of the total award) based on net income per share growth; and
  - One-third (i.e. 25% of the total award) based on return on invested capital ("ROIC").

Each performance condition has a threshold level at which 50% vesting will occur and a target level for 100% vesting. Between the threshold and target, vesting will be calculated by linear interpolation.

Notes to the Group consolidated annual financial statements continued

for the year ended 28 February 2021

2. SHARE-BASED PAYMENTS (continued)

Subsidiary schemes (cash-settled) (continued)

	2021 Number of shares ('000)	2021 Weighted average grant price	2020 Number of shares ('000)	2020 Weighted average grant price
Logicalis CSP		US$		US$
Outstanding at the beginning of the year	1 222	4.88	619	4.84
Granted during the year	629	4.49	603	4.92
Lapsed/forfeited during the year	(67)	4.89	–	–
Outstanding at the end of the year	1 784	4.74	1 222	4.88

The Logicalis CSP awards outstanding at 28 February 2021 comprised grant prices in the range US$4.49 to US$4.92 (FY20: US$4.84 to US$4.92). At 28 February 2021, the CSP awards had a weighted average remaining contractual life of 4.4 years (FY20: 5.8 years).

	2021 Number of shares ('000)	2021 Weighted average grant price	2020 Number of shares ('000)	2020 Weighted average grant price
Logicalis LATAM CSP		US$		US$
Outstanding at the beginning of the year	233	8.51	119	8.16
Granted during the year	101	7.41	114	8.87
Lapsed/forfeited during the year	(9)	8.16	–	–
Outstanding at the end of the year	325	8.18	233	8.51

The Logicalis LATAM CSP awards outstanding at 28 February 2021 comprised grant prices in the range US$7.41 to US$8.87 (FY20: US$8.16 to US$8.67). At 28 February 2021, the CSP awards had a weighted average remaining contractual life of 4.3 years (FY20: 5.8 years).

Logicalis and Logicalis LATAM Share Appreciation Right (SARs)

Logicalis and Logicalis LATAM also operate SARs Schemes for senior managers who do not participate in the CSP.

For new grants issued in FY21, half the SARs grant is subject to an earnings growth performance condition and the other half is subject only to an employment condition. All rights lapse if not exercised by the end of the seventh year after grant.

	2021 Number of shares ('000)	2021 Weighted average grant price	2020 Number of shares ('000)	2020 Weighted average grant price
Logicalis SAR Scheme		US$		US$
Outstanding at the beginning of the year	2 497	4.44	2 962	4.36
Granted during the year	479	4.49	476	4.92
Exercised during the year – share price on exercise US$4.49 (FY20: US$4.92)	(699)	3.70	(79)	4.04
Forfeited/lapsed during the year	(98)	4.54	(862)	4.46
Outstanding at the end of the year	2 179	4.69	2 497	4.44
Exercisable at the end of the year	826	4.60	553	5.05

The Logicalis SARs outstanding at 28 February 2021 comprised grant prices in the range of US$3.70 to US$4.92 (FY20: US$3.70 to US$5.84) and had a weighted average remaining contractual life of 3.6 years (FY20: 4.0 years).

2. SHARE-BASED PAYMENTS (continued)

Subsidiary schemes (cash-settled) (continued)

	2021 Number of shares ('000)	2021 Weighted average grant price	2020 Number of shares ('000)	2020 Weighted average grant price
Logicalis LATAM SARs Scheme		**US$**		US$
Outstanding at the beginning of the year	**837**	**6.92**	827	6.14
Granted during the year	**114**	**7.41**	184	8.87
Exercised during the year – share price on exercise US$7.41 (FY20: US$8.87)	**(345)**	**5.81**	(174)	5.39
Forfeited/lapsed during the year	**(42)**	**8.17**	–	–
Outstanding at the end of the year	**564**	**7.58**	837	6.92
Exercisable at the end of the year	**136**	**5.72**	146	5.22

The Logicalis LATAM SARs outstanding at 28 February 2021 comprised grant prices in the range of US$5.08 to US$8.87 (FY20: US$5.08 to US$8.87) and had a weighted average remaining contractual life of 4.6 years (FY20: 4.8 years).

Westcon International

Westcon International Equity Appreciation Plan ("EAP")

The Westcon International EAP was implemented in FY19 for senior management in order to incentivise value generation. Participants have been awarded a once-off grant of "units", whose value will be linked to the value of Westcon International; this is a notional base value which was estimated to be US$125 million (the "hurdle"). The units will not have any share rights; in particular, they will not have the right to dividends or votes.

Ten percent of the value of Westcon International above the hurdle will be paid to the EAP Pool on a sale of Westcon International. Each unit will receive a *pro rata* share of the EAP Pool when Westcon International is sold.

For example, if Westcon International is sold for US$300 million, the EAP Pool will be US$17.5 million: ((US$300 million – US$125 million) x 10%). If there are 100 000 units in issue, each unit will be worth US$175.

During FY21, Datatec recapitalised Westcon International by converting US$80 million of inter-company loans to equity investment. This capitalisation will be adjusted for in computing the equity appreciation for participants at the end of the EAP.

If Westcon International is not sold within five years of the start of the scheme on 1 March 2018, the business will be valued by an independent valuer at 1 March 2023 and the EAP will pay out to participants on the basis of that valuation. Such a valuation will be undertaken using a methodology which is fair and reasonable to all stakeholders, including Datatec shareholders and participants in the EAP taking account of the recapitalisation noted above.

In addition to the Westcon International management participants, the Datatec executive directors participate in the Westcon EAP as shown in Note 30 to these financial statements.

	2021 Number of shares ('000)	2021 Weighted average grant price	2020 Number of shares ('000)	2020 Weighted average grant price
		US$		US$
Outstanding at the beginning of the year	**145**	**125.00**	142	125.00
Granted during the year	**–**	**–**	9	125.00
Forfeited/lapsed during the year	**(2)**	**125.00**	(6)	125.00
Outstanding at the end of the year	**143**	**125.00**	145	125.00

At 28 February 2021, the EAP awards had a remaining contractual life of 2.3 years (FY20: 3.3 years).

Notes to the Group consolidated annual financial statements continued

for the year ended 28 February 2021

2. SHARE-BASED PAYMENTS (continued)

Subsidiary schemes (cash-settled) (continued)

Westcon International SARs Scheme

Westcon International implemented a SARs Scheme during FY19 to incentivise the cadre of senior management who were not awarded units in the EAP (above).

SARs were granted in FY19 and some further awards were made in FY20 to additional participants. The SARs Scheme is a one-off grant like the EAP and each SAR has an exercise price of US$1.25 based on a notional share capital for Westcon International of 100 million shares. The base valuation for the SARs was thus the same as the hurdle for the EAP. The SARs will be adjusted for the recapitalisation of Westcon International noted in the EAP section above. The SARs will vest after two years without performance conditions and thereafter may be exercised over the following three years (a maximum of one-third per year).

	2021		2020	
	Number of shares ('000)	Weighted average grant price	Number of shares ('000)	Weighted average grant price
		US$		US$
Outstanding at the beginning of the year	2 595	1.25	2 319	1.25
Granted during the year	–	–	566	1.25
Forfeited/lapsed during the year	–	–	(290)	1.25
Outstanding at the end of the year	**2 595**	**1.25**	2 595	1.25

At 28 February 2021, the SAR awards had a remaining contractual life of 2.3 years (FY20: 3.3 years).

Subsidiary schemes (cash-settled and equity-settled)

Analysys Mason Performance Share Scheme

Analysys Mason operates a performance share plan, approved by its board of directors and shareholders, under the terms of which conditional shares are granted to participants. 25% of the conditional shares vest unconditionally after three years, if the participant is still an employee, and are settled with the same number of Analysys Mason ordinary shares. The vesting of the remaining 75% is conditional on an earnings-based performance condition and may be settled in cash or shares.

	2021		2020	
	Number of shares ('000)	Weighted average grant price	Number of shares ('000)	Weighted average grant price
		GBP		GBP
Note: a proportion of this scheme is settled in Analysys Mason equity				
Outstanding at the beginning of the year	233	14.80	217	14.21
Granted during the year	87	18.31	87	15.98
Exercised during the year – share price on exercise £18.31 (FY20: £15.98)	(69)	13.52	(55)	14.43
Forfeited/lapsed during the year	(5)	16.65	(16)	14.38
Outstanding at the end of the year	**246**	**16.36**	233	14.80

The awards outstanding at 28 February 2021 had a weighted average remaining contractual life of 1.0 years (FY20: 1.1 years).

The fair value of CSP and Performance awards, referred to as the "unconditional" fair value, is equal to the underlying share price of subsidiary shares at the grant date.

Where awards have optionality, as is the case for SARs and the Westcon International EAP, fair value is measured by the use of Black-Scholes-Merton or binomial tree models.

2. SHARE-BASED PAYMENTS (continued)

Subsidiary schemes (cash-settled) (continued)

The main inputs into the models used by subsidiaries, in addition to those recorded above, fall into the following ranges:

	2021		2020	
Grant date	1 June 2020	1 July 2020	1 March 2019	1 July 2019
Vesting date	1 July 2023	12 July 2023	1 March 2020	12 March 2023
Risk-free rate	0.08%	0.99%	0.46%	1.40%
Expected life (years)	3.00	7.00	3.00	7.00
Dividend yield	0.00%	2.24%	0.00%	2.00%
Volatility of subsidiary	34.25%	50.12%	31.64%	35.00%

The expected life used in the models has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions. Expected volatility of subsidiaries has been determined by reference to peer group data.

	2021 US$'000	2020 US$'000
Expense in respect of equity-settled schemes	4 306	5 104
Datatec Limited	3 652	4 760
Subsidiaries	654	344
Expense in respect of cash-settled schemes	7 187	2 519
Datatec Limited	961	–
Subsidiaries	6 226	2 519
	11 493	7 623

Settlements of US$3.0 million have been made relating to equity-settled schemes for the year ended 28 February 2021 (FY20: US$3.2 million).

Notes to the Group consolidated annual financial statements continued

for the year ended 28 February 2021

	2021 US$'000	2020 US$'000
3. OPERATING PROFIT		
Operating profit is arrived at after taking into account the following items:		
Operating costs		
Auditors' remuneration#	**7 224**	5 972
Audit fees	**5 594**	4 933
Other services	**1 630**	1 039
Taxation services	**796**	595
Other services and expenses	**834**	444
Fees for professional services	**17 359**	17 427
Administrative and managerial	**1 415**	2 086
Consulting	**11 700**	10 045
Accounting and advisory	**4 244**	5 296
Foreign exchange losses+	**7 926**	1 743
Realised	**7 643**	496
Unrealised	**283**	1 247
Staff costs@	**371 164**	383 572
Retirement benefit contributions	**11 342**	13 323
Staff costs	**359 822**	370 249
Directors' emoluments*	**6 119**	3 722
Executive directors	**5 456**	3 105
Salaries	**1 643**	1 643
Bonuses	**3 414**	1 069
Benefits	**399**	393
Non-executive directors' emoluments – fees	**663**	617
Short-term lease payments	**3 143**	4 597
Low-value assets payments	**731**	925
Variable lease payments	**544**	190
Loss/(profit) on disposal of property, plant and equipment	**912**	(65)
Other expenses	**117 523**	153 515
Total operating costs	**532 645**	571 598

\# *Includes prior year under accrual.*

@ *Additional staff costs information included below.*
Includes a prior year reallocation between staff costs, other operating expenses and staff costs included in cost of sales (disclosed below).

* *Long-term incentives for executive directors are included in the share-based payments charge reflected in Note 2.*
Full details of directors' emoluments are provided in Note 30 on pages 129 to 131.

\+ *Unrealised foreign exchange gains and losses for financial instruments (excluding cash resources and bank overdrafts as disclosed on the statement of financial position) that have a different currency than the entity's functional currency, are determined as follows:*
- *Financial assets and liabilities that have open positions at the end of a period/reporting date are translated to the entity's functional currency at the rates prevailing for that period end/reporting date;*
- *The unrealised foreign exchange gains and losses are accounted for in the statement of comprehensive income;*
- *Foreign exchange gains and losses are considered unrealised until maturity or settlement date of the financial instrument, at which point the entire foreign exchange gain or loss is classified as realised; and*
- *Foreign exchange gains and losses on cash and cash equivalents are considered to be realised and accounted for in the statement of comprehensive income.*

	2021 US$'000	2020 US$'000
3. OPERATING PROFIT (continued)		
Staff costs		
Staff costs included in cost of sales	**258 508**	261 952
Staff costs included in operating costs	**371 164**	383 572
Total staff costs	**629 672**	645 524
Restructuring costs		
Restructuring costs	**22 378**	–
Restructuring costs include costs relating to fundamental reorganisations and Covid-19-related restructuring. Any restructuring as a result of Covid-19 is considered fundamental in nature and would not otherwise have been incurred.		
Depreciation and amortisation		
Depreciation: Property, plant and equipment	**19 040**	27 011
Office furniture, equipment and motor vehicles	**2 297**	4 810
Computer equipment	**11 642**	13 293
Leasehold improvements	**5 011**	8 752
Land and buildings	**90**	156
Depreciation: Right-of-use assets	**33 537**	32 991
Office furniture, equipment and motor vehicles	**4 560**	5 899
Computer equipment	**3 166**	271
Land and buildings	**25 811**	26 821
Amortisation	**16 082**	16 118
Amortisation of software	**1 976**	1 604
Amortisation of capitalised development expenditure	**5 471**	3 217
Amortisation of acquired intangible assets	**8 635**	11 297
Total depreciation and amortisation	**68 659**	76 120

Notes to the Group consolidated annual financial statements continued

for the year ended 28 February 2021

	2021 US$'000	2020 US$'000
4. NET FINANCE COSTS		
Finance costs		
Bank overdrafts and long-term liabilities	**(22 667)**	(34 797)
Lease liabilities	**(4 920)**	(5 988)
	(27 587)	(40 785)
Interest income		
Bank and other deposits	**1 716**	5 276
Investments	**–**	4
Other*	**179**	9 631
	1 895	14 911
Net finance costs	**(25 692)**	(25 874)

** FY20 includes US$7.5 million of interest income recognised by Logicalis Brazil on multi-year taxes overpaid.*

	2021 US$'000	2020 US$'000
5. TAXATION		
5.1 Taxation charge		
South African normal taxation:		
Current taxation – Current year	**115**	1 430
– Prior year	**(91)**	(117)
Deferred taxation – Current year	**(740)**	(718)
– Prior year	**(7)**	42
South African tax	**(723)**	637
Foreign taxation:		
Current taxation – Current year	**26 678**	28 677
– Prior year	**2 471**	2 065
Deferred taxation – Current year	**(7 912)**	1 727
– Rate adjustment	**(607)**	398
– Prior year	**(367)**	(1 695)
Foreign tax	**20 263**	31 172
Total taxation charge	**19 540**	31 809

5. TAXATION (continued)

5.2 Reconciliation of taxation rate to profit before taxation

	2021 %	2020 %
South African statutory tax rate	**28.0**	28.0
Reconciling items expected to reoccur:		
Equity-accounted earnings (1)	**(0.5)**	0.0
Intra-group management fees (2)	**5.8**	1.8
Non-deductible property, plant and equipment, inventory and other asset impairments (3)	**0.4**	4.4
Other non-deductible expenses and permanent differences (4)	**20.1**	0.9
Share-based payments (5)	**(1.0)**	(2.5)
Exempt profits/incentives (6)	**(0.7)**	(0.8)
Non-recoverable withholding taxes (7)	**5.0**	2.8
Tax arising on dividend flows (8)	**(1.4)**	(1.5)
Tax loss utilised/recognised (9)	**(8.2)**	(6.4)
Foreign taxation rate differential (10)	**11.8**	10.9
Tax losses and other deferred tax assets not recognised (11)	**12.5**	15.8
Rate adjustment (12)	**(2.4)**	0.7
Prior year adjustments (13)	**7.9**	0.5
Reconciling items that are not expected to reoccur:		
Acquisition related adjustments (14)	**0.1**	0.1
Non-taxable profits on disposals (15)	**0.0**	(0.3)
Effective taxation rate	**77.4**	54.4

Notes to the Group tax rate reconciliation:

The tax rate reconciliation uses the 28% South African statutory tax rate as a starting point. The Group operates in over 50 countries and the head office is based in South Africa. Datatec Limited is listed on the JSE and the majority of the Group's shareholders are based in South Africa. If a weighted average tax rate were to be used, the starting point would change every year, making comparability difficult. The South African statutory tax rate is therefore deemed to be the most appropriate starting point. This is a key judgement applied by management.

(1): Arises as the net profit after taxation from equity-accounted investments is presented as a single line item in the Group's profit before taxation.

(2): Arises as a result of the imputation of income for tax purposes where certain management fees are not billed to the entities benefiting from the services provided.

(3): Relates to property, plant and equipment depreciation, inventory and work-in-progress write-offs and other asset impairments not deductible for tax purposes.

(4): Includes entertaining expenses, donations, gifts, disallowed interest, legal expenses, disallowed customs duty costs and the impact of foreign exchange movements on controlled foreign company taxation.

(5): Reflects the differing tax treatments of share-based payments which varies across jurisdictions, and the associated current or deferred tax credits arising which often do not directly correspond to the expenses booked in the accounts.

(6): Relates to profits arising that are not chargeable to taxation and tax credits or additional tax deductions given in relation to certain types of expenditure.

(7): Represents tax deducted on cross-border commercial payments that cannot be recovered directly from a tax authority or offset against other income tax liabilities.

(8): Reflects the additional tax benefit obtained as a result of intra-group dividends which have no net impact on the consolidated statement of other comprehensive income.

(9): Relates to the utilisation or recognition of tax losses and other timing differences that have not previously been recognised as a deferred tax asset.

(10): The tax reconciliation starts by applying the 28% South African tax rate to the profits arising in the year. The Group has earned profits in jurisdictions with significantly higher statutory tax rates such as Brazil at 34%, and has also incurred losses in jurisdictions with significantly lower statutory tax rates such as the UK at 19%. This line item reflects the additional taxation of these profits and the reduced tax benefit of these losses.

(11): Relates to those timing differences that arise in the year for which a deferred tax asset has not been recognised, typically because of the uncertainty that future taxable income will be available against which deductible temporary differences can be utilised.

(12): Refers to changes in the carrying value of deferred tax assets and liabilities as a result of a change in local statutory rates of taxation.

(13): Reflects changes to the current and deferred tax recorded in relation to prior accounting periods.

(14): Relates to acquisition costs or aborted acquisition costs that are not deductible for tax purposes.

(15): Relates to profits arising on the disposal of investments that are exempt for tax purposes.

Notes to the Group consolidated annual financial statements continued

for the year ended 28 February 2021

	2021 US$'000	2020 US$'000
5. TAXATION (continued)		
5.3 Taxation charge/(credit) by region:		
North America	**(596)**	398
Latin America	**9 496**	16 701
Europe	**4 438**	9 588
Asia-Pacific	**6 108**	5 657
Middle East and Africa	**94**	(535)
Total taxation charge	**19 540**	31 809
5.4 Unutilised tax losses		
Certain subsidiaries had tax losses at the end of the financial year that are available to reduce the future taxable income of the Group and are estimated to be:	**240 471**	215 572
Future tax relief at a blended tax rate of 21.9% (FY20: 21.4%) is US$52.6 million (FY20: US$46.2 million). Deferred tax assets of US$24.8 million (FY20: US$17.8 million) have been recognised in respect of a portion of these losses as set out in Note 13.	**52 646**	46 224

	2021 US$'000	2020 US$'000
6. EARNINGS PER SHARE		
6.1 Reconciliation of attributable profit to headline earnings		
Total profit for the year attributable to the equity holders of the parent	**2 601**	14 239
Profit for the year from continuing operations (net of non-controlling interests)	**2 601**	12 907
Profit for the year from discontinued operations	**–**	1 332
Total headline earnings adjustments:	**955**	(1 748)
Impairment of right-of-use asset	**155**	–
– Tax effect	**(45)**	–
– Non-controlling interest	**(20)**	–
Gain on disposal of investment	**–**	(415)
– Non-controlling interest	**–**	41
Profit on disposal of discontinued operations	**–**	(1 332)
Loss/(profit) on disposal of property, plant and equipment and right-of-use assets	**912**	(65)
– Tax effect	**(27)**	23
– Non-controlling interest	**(20)**	–
Total headline earnings	**3 556**	12 491

6. EARNINGS PER SHARE (continued)

6.2 Reconciliation of total headline earnings to underlying* earnings

	2021 US$'000	2020 US$'000
Total headline earnings	**3 556**	12 491
Total underlying* earnings adjustments:	**23 383**	8 352
Unrealised foreign exchange losses**		
– Gross	**283**	1 247
– Tax effect	**155**	(525)
– Non-controlling interest	**(17)**	168
Acquisition-related fair value adjustments	**–**	–
– Gross	**–**	(696)
– Tax effect	**–**	–
Amortisation of acquired intangible assets		
– Gross	**8 635**	11 297
– Tax effect	**(2 141)**	(2 907)
– Non-controlling interest	**(812)**	(232)
Restructuring costs**		
– Gross	**22 378**	–
– Tax effect	**(3 857)**	–
– Non-controlling interest	**(1 241)**	–
Total underlying* earnings	**26 939**	20 843

* *Underlying earnings exclude 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, and the taxation effect on all of the aforementioned.*

** *Refer to Note 3 for the information on the accounting policy of unrealised foreign exchange gains or losses and restructuring costs.*

Notes to the Group consolidated annual financial statements continued

for the year ended 28 February 2021

	2021 US cents	2020 US cents
6. EARNINGS PER SHARE (continued)		
6.3 Earnings per share		
Basic earnings per share	**1.3**	6.8
Continuing operations	**1.3**	6.2
Discontinued operations	**–**	0.6
Headline earnings per share	**1.8**	5.9
Underlying* earnings per share	**13.6**	9.9

The earnings metrics above are calculated on the weighted average number of shares in issue during the year of 198 752 516 (FY20: 210 474 639), after the deduction of the weighted average number of treasury shares and shares relating to the DBP of 2 697 484 (FY20: 2 415 350).

As at 28 February 2021, the Group held zero shares as treasury shares (refer to Note 20). In FY21 there were 331 715 weighted average treasury shares. As at 28 February 2021, there were 2 537 322 (2 365 769 weighted average) shares relating to the DBP. As at 29 February 2020 there were 1 962 856 (1 734 569 weighted average) shares relating to the DBP (refer to Note 2).

	2021 US cents	2020 US cents
6.4 Diluted earnings per share		
Diluted basic earnings per share	**1.3**	6.7
Continuing operations	**1.3**	6.1
Discontinued operations	**–**	0.6
Diluted headline earnings per share	**1.7**	5.8
Diluted underlying earnings per share	**13.2**	9.7

6.5 Weighted and diluted weighted average number of shares	**Number of shares**	Number of shares
Weighted average number of shares	**198 752 516**	210 474 639
The diluted earnings metrics above are calculated using the weighted average number of shares in issue during the year, taking into account the dilutive effect of:		
Shares related to share-based payment schemes	**4 813 634**	3 461 798
Diluted weighted average number of shares	**203 566 150**	213 936 437

Headline earnings per share is calculated using the weighted average number of ordinary shares in issue during the year and is based on the earnings attributable to ordinary shareholders, after excluding those items as required by Circular 1/2021 Headline Earnings issued by the SAICA as amended from time to time and as required by the JSE Limited. This circular has been early adopted by the Group.

In addition to the presentation of headline earnings per share and earnings per share, the Group presents underlying* earnings per share. Underlying* earnings per share is determined on the same weighted average number of shares as used in earnings per share. Refer to the accounting policies for more information on underlying earnings.

	2021 US$'000	2020 US$'000
7. GOODWILL		
Net book value	**255 536**	241 369
At the beginning of the year	**241 369**	234 551
Arising on acquisition of subsidiaries (Note 38)	**9 495**	13 016
Translation and other movements	**4 672**	(6 198)
Balance at the end of the year	**255 536**	241 369
Goodwill at cost	**255 536**	241 369
Per cash-generating unit:	**255 536**	241 369
Logicalis	**230 838**	222 593
Management Consulting	**24 698**	18 776

Goodwill impairment assessment:
The Group completed its annual impairment tests, which are performed at the segmental cash-generating unit ("CGU") level. Goodwill has been allocated for impairment testing purposes to the Logicalis and Management Consulting CGUs.

External valuations are obtained for the Logicalis and Management Consulting CGUs and compared to the corresponding net asset value, including goodwill. The recoverable amount of each CGU is determined based on a fair value less cost to sell, which is compared to values arising from a comparable company's market approach and a market transactions method to ensure the reasonableness of the recoverable amount. The fair value less cost to sell is based on discounted cash flow calculations and is a level 3 fair value measurement, and further includes the following key assumptions:

Future earnings: Cash flow forecasts are prepared and derived from the most recent financial budgets for the next three years which are approved by management. EBITDA is considered a reliable indicator of operational performance and is considered a key assumption in the estimation of forecast future financial performance. Cash flows are extrapolated for a further two- to three-year period with estimated annual growth reducing gradually, to a rate which is considered not to exceed the long-term market growth in perpetuity used to calculate the terminal value. The future financial forecasts considered the potential future impact on the business from the Covid-19 pandemic.

Discount rates: Estimated discount rates used are post-tax rates of return that reflect current market assessments of the time value of money and the risks specific to the CGU to which goodwill is attributable.

Growth rates: Growth rates are based on budgeted figures and management estimates/assumptions in respect of the three- to six-year cash flow projections, a terminal growth rate and a discount rate. The growth rates are based on industry growth forecasts.

Expected changes to selling prices and direct costs: Changes in selling prices and direct costs are based on past practices and reasonable expectations of future changes in the market.

As a result of the impairment analyses, it was concluded that no impairments were required to be recorded in the current year.

Refer to Note 41 (Going concern) for the considerations that management took into account, including the impact of Covid-19.

The table below contains the key assumptions that were used in the fair value less cost to sell calculations:

	Logicalis	Management Consulting
2021		
Weighted average cost of capital (post-tax rate)	**14.5%**	**14.4%**
Revenue growth rate in discrete period	**7.0% – 15.0%**	**2.9% – 5.2%**
Terminal growth rate	**2.0%**	**1.8%**
2020		
Weighted average cost of capital (post-tax rate)	16.0%	14.1%
Revenue growth rate in discrete period	4.0% – 7.0%	(2.0%) – 5.1%
Terminal growth rate	2.0%	2.0%

The directors believe that a possible change in the key assumptions, on which recoverable amounts are based, would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the CGU.

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	2021 Cost US$'000	2021 Accumulated depreciation US$'000	2021 Net book value US$'000	2020 Cost US$'000	2020 Accumulated depreciation US$'000	2020 Net book value US$'000
8. PROPERTY, PLANT AND EQUIPMENT						
Office furniture, equipment and motor vehicles	**22 044**	**(16 029)**	**6 015**	31 404	(23 999)	7 405
Computer equipment	**99 566**	**(79 698)**	**19 868**	111 480	(92 224)	19 256
Leasehold improvements	**52 224**	**(39 703)**	**12 521**	58 040	(43 206)	14 834
Land and buildings	**1 828**	**(245)**	**1 583**	1 997	(192)	1 805
	175 662	**(135 675)**	**39 987**	202 921	(159 621)	43 300

A register of land and buildings is maintained at the registered office of the applicable entities and may be inspected by shareholders or their duly authorised agents.

The fair value of property, plant and equipment approximates its net book value.

Movement of property, plant and equipment	Office furniture, equipment and motor vehicles US$'000	Computer equipment US$'000	Leasehold improve-ments US$'000	Land and buildings US$'000	Total US$'000
Balance at 1 March 2019	11 178	26 703	20 334	2 091	60 306
Capitalised leased assets transferred to right-of-use assets on adoption of IFRS 16	–	(5 332)	–	–	(5 332)
Subsidiaries acquired	844	914	26	765	2 549
Additions	1 367	9 749	4 420	–	15 536
Disposals	(60)	–	(2)	–	(62)
Transfers to right-of-use assets	(754)	1 642	–	(888)	–
Translation and other movements	(360)	(1 127)	(1 192)	(7)	(2 686)
Depreciation	(4 810)	(13 293)	(8 752)	(156)	(27 011)
Balance at 29 February 2020	**7 405**	**19 256**	**14 834**	**1 805**	**43 300**
Subsidiaries acquired	**4**	**92**	**22**	**–**	**118**
Additions	**2 434**	**11 257**	**4 126**	**–**	**17 817**
Disposals	**(224)**	**(1 077)**	**(232)**	**(131)**	**(1 664)**
Transfers	**(1 407)**	**1 617**	**(1 472)**	**–**	**(1 262)**
Translation and other movements	**100**	**365**	**254**	**(1)**	**718**
Depreciation	**(2 297)**	**(11 642)**	**(5 011)**	**(90)**	**(19 040)**
Balance at 28 February 2021	**6 015**	**19 868**	**12 521**	**1 583**	**39 987**

9. RIGHT-OF-USE ASSETS

	2021 Cost US$'000	2021 Accumulated depreciation and impairment US$'000	2021 Net book value US$'000	2020 Cost US$'000	2020 Accumulated depreciation and impairment US$'000	2020 Net book value US$'000
Office furniture, equipment and motor vehicles	**17 323**	**(8 521)**	**8 802**	14 310	(5 771)	8 539
Computer equipment	**12 774**	**(6 854)**	**5 920**	8 895	(3 735)	5 160
Land and buildings	**122 231**	**(42 116)**	**80 115**	94 657	(24 403)	70 254
	152 328	**(57 491)**	**94 837**	117 862	(33 909)	83 953

Movement of right-of-use assets	Office furniture, equipment and motor vehicles US$'000	Computer equipment US$'000	Land and buildings* US$'000	Total US$'000
Balance at 1 March 2019	–	–	–	–
Take-on balances on adoption of IFRS 16	7 362	298	86 910	94 570
Capitalised leased assets transferred from property, plant and equipment on adoption of IFRS 16	–	5 332	–	5 332
Additions	7 565	854	20 911	29 330
Disposals	(59)	(496)	(7 946)	(8 501)
Transfers	(223)	425	(202)	–
Translation and other movements	(207)	(982)	(2 598)	(3 787)
Depreciation	(5 899)	(271)	(26 821)	(32 991)
Balance at 29 February 2020	**8 539**	**5 160**	**70 254**	**83 953**
Subsidiaries acquired	**–**	**–**	**67**	**67**
Additions	**6 015**	**3 880**	**40 341**	**50 236**
Disposals*	**(225)**	**(102)**	**(6 580)**	**(6 907)**
Transfers*	**(267)**	**(51)**	**1 581**	**1 263**
Translation and other movements	**(700)**	**199**	**1 028**	**527**
Impairment	**–**	**–**	**(765)**	**(765)**
Depreciation	**(4 560)**	**(3 166)**	**(25 811)**	**(33 537)**
Balance at 28 February 2021	**8 802**	**5 920**	**80 115**	**94 837**

** Includes leasehold improvements.*

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	2021 US$'000	2020 US$'000
10. INTANGIBLE ASSETS		
10.1 Capitalised development expenditure		
Included in amounts capitalised below was US$2.1 million (FY20: US$3.7 million) of SAP-related capitalised development expenditure for Westcon International. Capitalised expenditures related to SAP are modifications/enhancements made to the existing SAP platform. Non-SAP-related expenditure included digital transformation, which includes modifications/enhancements to Westcon International's digital platform and cloud projects which include modifications/ enhancements made to previously built cloud platforms. US$23.6 million (FY20: US$18.9 million) of capitalised development expenditure relates to Westcon International and US$1.4 million (FY20: US$1.0 million) of capitalised development expenditure relates to Logicalis.		
Net book value	**25 040**	19 908
At the beginning of the year	**19 908**	12 711
Amounts capitalised	**10 945**	10 517
Arising on acquisition of subsidiaries	**–**	28
Disposals	**(392)**	–
Translation	**50**	(131)
Amortisation	**(5 471)**	(3 217)
Balance at the end of the year	**25 040**	19 908
Capitalised development expenditure at cost	**44 450**	34 201
Accumulated amortisation and impairment	**(19 410)**	(14 293)
Capitalised development assets are amortised using the straight-line method over their useful lives, which generally do not exceed seven years.		
10.2 Acquired intangible assets and software		
10.2.1 Trademarks, customer and vendor relationships		
Net book value	**25 769**	25 915
At the beginning of the year	**25 915**	33 577
Arising on acquisition of subsidiaries	**7 626**	3 864
Disposals	**(14)**	–
Translation	**877**	(229)
Amortisation	**(8 635)**	(11 297)
Balance at the end of the year	**25 769**	25 915
Acquired intangible assets at cost	**109 560**	99 440
Accumulated amortisation and impairment	**(83 791)**	(73 525)

There is one material acquired intangible asset (customer relationship in Logicalis) with a net book value of US$11.0 million (FY20: US$13.5 million). The original amortisation period was 10 years and the remaining amortisation period is 4.5 years.

Acquired intangible assets are amortised using the straight-line method over their useful lives, which generally do not exceed 10 years.

10. INTANGIBLE ASSETS (continued)

10.2 Acquired intangible assets and software (continued)

10.2.2 Software

	2021 US$'000	2020 US$'000
Net book value	**8 141**	4 087
At the beginning of the year	**4 087**	4 038
Arising on acquisition of subsidiaries	**–**	47
Additions	**6 383**	1 983
Transfers	**(1)**	–
Translation and other movements	**110**	(332)
Disposals	**(462)**	(45)
Amortisation	**(1 976)**	(1 604)
Balance at the end of the year	**8 141**	4 087
Software at cost	**17 539**	13 500
Accumulated amortisation	**(9 398)**	(9 413)
Software is amortised using the straight-line method over their useful lives, which ranges from two to six years.		
Total acquired intangible assets and software	**33 910**	30 002

There are no intangible assets with indefinite useful lives.

11. CAPITAL COMMITMENTS

	2021 US$'000	2020 US$'000
Contractual commitments authorised	**15 117**	25 592
Property, plant and equipment	**5 724**	10 717
Intangible assets	**9 393**	14 875
Capital expenditure not contractually committed	**21 246**	23 159
Total capital commitments	**36 363**	48 751

This expenditure will be incurred in the ensuing year and will be financed from existing cash resources and available borrowing facilities.

Notes to the Group consolidated annual financial statements continued

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12. INVESTMENTS

12.1 Equity-accounted investments

The investments comprise associates that are equity-accounted. None of these equity-accounted associates are considered to be material to the Group. Details of the Group's investments are:

	Country of incorporation and principal place of business	Nature of business	Effective ownership 2021 %	Effective ownership 2020 %	Carrying value 2021 US$'000	Carrying value 2020 US$'000
Equity-accounted:						
Esource Resources, LLC.	USA	ICT Solutions	**45.0**	45.0	**757**	552
Cirrus Participações S.A	Brazil	ICT Solutions	**30.0**	–	**1 359**	–
Directus AS	Norway	Management Consulting	**41.0**	41.0	**1 633**	1 691
Mason Advisory Limited	UK	Management Consulting	**44.7**	44.7	**1 937**	1 389
					5 686	3 632

Directus AS' and Cirrus Participações S.A.'s year-ends are 31 December, the reporting date when the investment in these associates was made. The Group does not control these associates and cannot amend their year-end dates. The year-ends of the other associates are the same as the Group.

	2021 US$'000	2020 US$'000
Carrying amount	**5 686**	3 632
Total share of equity-accounted investment (losses)/profits		
Neteks*	**–**	(398)
Esource Resources, LLC.	**205**	(181)
Cirrus Participações S.A.	**157**	–
Directus AS	**(2)**	–
Mason Advisory Limited	**548**	375
	908	(204)

* *Istanbul-based networking and security distributor Neteks, previously accounted for as a joint venture, was sold on 28 February 2020.*

	2021 US$'000	2020 US$'000
12.2 Bonds (Angola government bonds)	**7 276**	13 118
ISIN: AOTNX0519L18	**7 276**	7 276
ISIN: AOTNX0322G17	**–**	4 960
ISIN: AOTNTX529D15	**–**	882
Long-term portion	**7 276**	7 276
Short-term portion	**–**	5 842
	7 276	13 118

12. INVESTMENTS (continued)

12.2 Bonds (Angola government bonds) (continued)

Westcon International

The Angolan government bonds are indexed to the US Dollar. The amount of US$7.3 million is fixed and the Kwanza equivalent of this will be repaid at maturity. The prevailing National Bank of Angola official US Dollar rate at the maturity date will be used for conversion. Bonds to the value of US$7.28 million were purchased in July 2018 and mature in July 2023. The coupon rate on the bonds is 5.0%.

US$5.8 million of Angolan bonds matured during the year.

The weakened economic outlook for Angola, which arose in prior years mainly as a consequence of the fall in the price of crude oil, has led to a decline in the exchange rate of the Kwanza to the US Dollar. The National Bank of Angola has instituted capital controls that render the timing and quantum of conversion from Kwanza to US Dollar unpredictable. The further decline in the price of crude oil has increased uncertainty in the Angolan market. Management had instituted a series of actions to control the exposure and seek to reduce further losses, including the purchase of the bonds referenced above.

Expected credit losses in respect of the bonds are considered to be negligible. There have been no defaults by the Angolan government on bond maturity in the past and the National Bank of Angola has been settling bonds as they fall due.

The bonds are classified as level 1 financial instruments for the purposes of the IFRS 13 fair value hierarchy disclosure and are valued using quoted market rates.

	2021 US$'000	2020 US$'000
Equity-accounted investments	5 686	3 632
Other investments	124	–
Bonds	7 276	13 118
Total investments	**13 086**	16 750
Long-term portion	13 086	10 908
Short-term portion	–	5 842
	13 086	16 750

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for the year ended 28 February 2021

	2021 US$'000	2020 US$'000
13. DEFERRED TAX ASSETS/(LIABILITIES)		
13.1 Movement of deferred tax assets		
At the beginning of the year	**46 544**	52 134
Credit/(charge) to profit and loss	**9 197**	(2 358)
Translation and other movements	**96**	(3 232)
	55 837	46 544
Analysis of deferred tax assets		
Capital allowances	**4 746**	6 826
Expense accruals and similar items	**22 587**	20 040
Effect of tax losses*	**24 844**	17 840
Goodwill	**–**	51
Other individually immaterial temporary differences	**3 660**	1 787
	55 837	46 544
13.2 Movement of deferred tax liabilities		
At the beginning of the year	**(26 127)**	(28 616)
Arising on acquisition of subsidiaries	**(1 793)**	(859)
Credit to profit and loss	**436**	2 604
Charge to other comprehensive income	**138**	(607)
Translation and other movements	**1 197**	1 351
	(26 149)	(26 127)
Analysis of deferred tax liabilities		
Capital allowances	**(1 843)**	(1 813)
Goodwill	**(19 135)**	(17 935)
Intangible assets	**(2 649)**	(4 440)
Other individually immaterial temporary differences	**(2 522)**	(1 939)
	(26 149)	(26 127)

* *Deferred tax assets recognised in relation to tax losses total US$24.8 million. Of this, US$15.7 million have been recognised in respect of entities that were loss-making in either the current year or prior year, and included within this amount is US$14.6 million relating to entities that were loss-making in both the current and prior year. This includes US$9.9 million relating to UK entities which are able to carry forward tax losses indefinitely against their own future profits, and for tax losses arising from 1 April 2017, against the future profits of other UK entities in the Group. The Group has concluded that the deferred tax asset recognised will be recovered based on the estimated future profits in the approved budgeted profits of all UK entities in the Group. The other US$4.7 million of deferred tax asset recognised relates to several entities where remedial action has been taken so that there is an expectation that profitability will return in the short term. None of the relevant tax losses have an expiry date.*

Potential deferred tax assets of US$27.8 million on assessed/estimated tax losses have not been recognised at 28 February 2021. Included in this amount is US$4.6 million relating to Angola that will expire by February 2024.

14. FINANCE LEASE RECEIVABLES

	2021 Minimum lease payments US$'000	2021 Present value of minimum lease payments US$'000	2020 Minimum lease payments US$'000	2020 Present value of minimum lease payments US$'000
Current portion receivable within one year	**12 246**	**10 794**	10 719	8 581
Receivable within one to two years	**10 689**	**9 609**	9 943	8 610
Receivable within two to three years	**8 478**	**7 770**	7 753	6 765
Receivable within three to four years	**6 722**	**6 361**	5 421	4 711
Receivable within four to five years	**3 925**	**3 865**	3 651	3 185
Receivable after five years	**846**	**843**	3 300	3 840
	42 906	**39 242**	40 787	35 692
Less: unearned finance income	**(3 664)**	**–**	(5 095)	–
Present value of minimum lease assets	**39 242**	**39 242**	35 692	35 692
Current portion		**10 794**		8 581
Long-term portion		**28 448**		27 111
Finance lease receivables		**39 242**		35 692

The minimum lease payments and the present value have been disaggregated further for each of the five years and this has changed from the prior year. The comparative has also been updated.

Leases are provided to customers as part of financing for large product deals. In order to manage the risk associated with rights retained in the underlying assets, penalty clauses are included in contracts whereby customers are required to pay off the remainder of the value of the products should they exit the lease contract.

Unguaranteed residual values of assets leased under finance leases at the end of the year are US$nil (FY20: US$nil).

The carrying value of finance lease receivables approximates fair value, therefore no fair value disclosures are provided.

Logicalis

One of Logicalis' Latin American subsidiaries has entered into various finance leases, bearing interest of between 0.00% and 11.07%. These leases are repayable at various dates between April 2021 and October 2023. At 28 February 2021, US$0.9 million was receivable.

One of Logicalis' European subsidiaries has entered into various finance leases, bearing interest of between 0.60% and 10.90%. These leases are repayable at various dates between August 2021 and July 2026. At 28 February 2021, US$37.2 million was receivable.

One of Logicalis' North American subsidiaries has entered into various finance leases, bearing interest at 4.60%. These leases are repayable at various dates between December 2021 and April 2023. At 28 February 2021, US$0.8 million was receivable.

One of Logicalis' Asia-Pacific subsidiaries has entered into a finance lease, bearing interest at 4.30%. This lease is repayable on 29 September 2022. At 28 February 2021, US$0.3 million was receivable.

The majority of the exposure (US$37.2 million) is in Europe (refer to Note 31.4). Expected credit losses for the year are, however, negligible.

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	2021 US$'000	2020 US$'000
15. INVENTORIES		
Merchandise for resale	**230 651**	234 969
Spares/maintenance inventory	**10 243**	9 878
Work-in-progress	**19 407**	23 578
	260 301	268 425
Inventory provisions	**(18 296)**	(15 154)
	242 005	253 271

Obsolete inventory amounting to US$0.2 million (FY20: US$0.6 million) was written off during the year.

During the year, inventories of US$2.1 billion (FY20: US$2.3 billion) were recognised as part of cost of sales. There were no inventories encumbered as at 28 February 2021 (FY20: US$nil).

The Covid-19 pandemic did not materially impact the amount of inventory provisions raised during FY21.

Westcon International has certain inventory return arrangements with its major vendors to reduce the risk of technological obsolescence.

Westcon International's European and Middle Eastern subsidiaries have an inventory purchase financing agreement with a financing company for a specific vendor's purchases for a maximum availability of US$240.5 million (FY20: US$220.0 million) which extends payment terms to 60 and 90 days, respectively. The agreement may be cancelled at any time with a 60-day notice by either Westcon International or the vendor. As at 28 February 2021, US$106.2 million (FY20: US$182.5 million) was outstanding and is included in trade payables per Note 23. Purchases within 0 to 30 days are described as unfunded and are also included in trade payables. The funded availability limit of US$240.5 million is treated as a group limit which is transferable for usage by the subsidiaries.

Westcon International's Singapore subsidiary has an inventory purchase financing agreement for purchases with a vendor for a maximum of US$44.5 million (FY20: US$48.5 million) which extends payment terms from 30 days to 90 days. The agreement may be cancelled at any time with a 90-day notice by either Westcon International or the vendor. As at 28 February 2021, US$23.9 million (FY20: US$28.1 million) was outstanding and is included in trade payables per Note 23.

Some of Westcon International's other Asia-Pacific subsidiaries have inventory purchase financing agreements for specific vendors' purchases for a maximum of US$21.0 million (FY20: US$17.0 million). These agreements may be cancelled at any time with a 90-day notice by either Westcon International or the vendor. As at 28 February 2021, US$5.1 million (FY20: US$7.3 million) was outstanding and is included in trade payables per Note 23.

Westcon International's South African subsidiary has an inventory purchase financing agreement with a financing company for a specific vendor's purchases for a maximum availability of US$26.5 million (FY20: US$26.5 million) which extends payment terms from 30 days to 60 days. The agreement may be cancelled at any time with a 60-day notice by either Westcon International or the vendor. As at 29 February 2021, US$7.9 million (FY20: US$5.34 million) was outstanding and is included in trade payables per Note 23.

	2021 US$'000	2020 US$'000
16. TRADE RECEIVABLES		
Trade receivables	**1 135 017**	1 140 012
Expected credit loss allowance	**(26 912)**	(29 502)
	1 108 105	1 110 510

All trade receivables represent financial assets of the Group and are measured at amortised cost.

The carrying value of trade receivables balances approximates their fair value, therefore no fair value disclosures are provided.

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The Group recognises lifetime expected credit losses for trade receivables, which are estimated using a provision matrix. This matrix takes into consideration the payment profiles of trade receivables over a period of up to two years in preceding financial years; the Group's historical credit loss experience, adjusted for factors that are specific to the receivables including insurance held and other securities in place; general economic conditions; and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The Group considers forward-looking information such as known changes in the macroeconomic environment of customers located in a certain geography, the deterioration in the Group's relationship or discussions with a particular customer. Consideration of these factors enables an estimation of future expected credit losses to be made. Accordingly, the credit risk profile of these assets is presented based on their past due status in terms of the provision matrix. Particular focus is placed on higher value and aged trade receivables where there are other, more specific risk factors. The concentration of credit risk in each of the Group's geographic segments is limited due to the customer base being large and geographically diverse. Accordingly, the directors believe that no further credit loss allowance is required.

There has been no change in the estimation techniques or significant assumptions made during the current period.

Before accepting any new customer, use is made of local external credit agencies where necessary, to assess the potential customer's credit quality and to define credit limits by the customer. Limits attributed to customers are reviewed regularly.

There is one customer in Latin America, with a gross value of US$56.4 million, which represents approximately 5% of the total balance of trade receivables (FY20: US$72.6 million (over 5% of the total balance)). Refer to Note 31.4 for details of the concentration of risk.

The Group does not hold any collateral over its trade receivables balances. US$459.9 million of credit insurance is held over trade receivables (FY20: US$430.0 million).

US$17.3 million of trade receivables are pledged as collateral against long-term interest-bearing liabilities and US$529.7 million of trade receivables have been assigned against short-term interest-bearing liabilities. Refer to Note 21.1 and Note 24. (FY20: US$244.3 million of trade receivables pledged as collateral long-term interest-bearing liabilities and bank overdrafts).

The weighted average write-off rate over recent years across all classes of trade receivables is 0.52% (FY20: 0.38%). The Group therefore has sufficient expected credit loss allowances.

Covid-19 has had a minimal impact on trade receivables. Collections from customers during FY21 have remained in line with historic norms. As intermediaries in the supply chain, both Logicalis and Westcon International are working with vendors to provide support to their supply chains during the pandemic. Management has concluded that the likelihood of material expected credit losses is low.

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16. TRADE RECEIVABLES (continued)

16.1 Trade receivables credit risk

The following table details the credit risk profile of trade receivables based on the Group's provision matrix.

Days past due:

	North America US$'000	Latin America US$'000	Europe US$'000	Asia-Pacific US$'000	MEA US$'000	Total US$'000
2021						
Current	**53 766**	**115 771**	**563 157**	**137 742**	**99 730**	**970 166**
1 – 30 days past due	**9 060**	**3 675**	**26 259**	**23 364**	**10 705**	**73 063**
31 – 60 days past due	**2 766**	**3 592**	**9 644**	**9 036**	**6 337**	**31 375**
61 – 90 days past due	**743**	**1 095**	**4 135**	**4 449**	**1 286**	**11 708**
91 – 120 days past due	**530**	**193**	**2 606**	**1 795**	**2 035**	**7 159**
Over 120 days past due	**1 863**	**1 782**	**7 170**	**7 618**	**23 113**	**41 546**
Gross trade receivables	**68 728**	**126 108**	**612 971**	**184 004**	**143 206**	**1 135 017**
Expected credit loss allowance	**(158)**	**(489)**	**(9 024)**	**(3 707)**	**(13 534)**	**(26 912)**
Net trade receivables	**68 570**	**125 619**	**603 947**	**180 297**	**129 672**	**1 108 105**
2020						
Current	57 829	160 795	478 075	102 133	81 299	880 131
1 – 30 days past due	18 807	8 381	42 451	39 197	15 080	123 916
31 – 60 days past due	522	2 591	7 237	14 492	4 922	29 764
61 – 90 days past due	1 229	2 752	5 507	3 859	2 133	15 480
91 – 120 days past due	235	463	5 464	2 948	3 857	12 967
Over 120 days past due	1 652	7 246	27 144	11 041	30 671	77 754
Gross trade receivables	80 274	182 228	565 878	173 670	137 962	1 140 012
Expected credit loss allowance	(59)	(833)	(10 017)	(4 658)	(13 935)	(29 502)
Net trade receivables	80 215	181 395	555 861	169 012	124 027	1 110 510

The past due receivables ageing categories above are shown gross, before taking into account expected credit loss allowances. US$24.3 million expected credit losses have been allocated to the US$48.7 million over 90 days past due receivables, resulting in a net over 90 days past due receivables balance of US$24.4 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.

16.2 Reconciliation of the expected credit loss allowance account

	North America US$'000	Latin America US$'000	Europe US$'000	Asia-Pacific US$'000	MEA US$'000	Total US$'000
Balance on 1 March 2019	(533)	(927)	(8 822)	(4 556)	(16 823)	(31 661)
Impairment losses recognised on trade receivables	(356)	(773)	(4 205)	(1 071)	(639)	(7 044)
Impairment losses reversed	744	590	1 824	183	4	3 345
Bad debt write-offs	86	91	1 074	650	2 410	4 311
Net exchange gains and losses	–	186	112	136	1 113	1 547
Balance at 29 February 2020	**(59)**	**(833)**	**(10 017)**	**(4 658)**	**(13 935)**	**(29 502)**
Impairment losses recognised on trade receivables	**(137)**	**(1 102)**	**(4 527)**	**(1 773)**	**(1 600)**	**(9 139)**
Impairment losses reversed	**40**	**849**	**2 460**	**375**	**26**	**3 750**
Bad debt write-offs	**–**	**517**	**3 246**	**2 604**	**1 842**	**8 209**
Net exchange gains and losses	**(2)**	**80**	**(186)**	**(255)**	**133**	**(230)**
Balance at 28 February 2021	**(158)**	**(489)**	**(9 024)**	**(3 707)**	**(13 534)**	**(26 912)**

17. PREPAID EXPENSES

	2021 US$'000	2020 US$'000
Prepaid vendor maintenance	**90 475**	84 564
Deferred services cost of sales	**27 425**	–
Prepaid commissions	**8 410**	2 552
Prepaid licensing	**5 927**	5 061
Prepaid taxes	**2 593**	14 371
Prepaid project costs	**2 488**	6 333
Prepaid rental	**1 070**	7 875
Sundry prepayments	**27 328**	30 813
	165 716	151 569

18. OTHER RECEIVABLES

	2021 US$'000	2020 US$'000
Deferred services cost of sales	**–**	22 851
Rebates due from vendors	**12 270**	13 753
Tax receivables	**12 223**	18 990
Restricted cash	**5 460**	5 156
Sundry receivables	**22 305**	24 992
	52 258	85 742

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

19. OTHER NON-CURRENT ASSETS, CONTRACT ASSETS AND CONTRACT COSTS

	2021 US$'000	2020 US$'000
19.1 Other non-current assets and contract costs		
Other non-current assets		
Security deposits	**2 788**	2 977
Other	**5 188**	6 483
	7 976	9 460
Non-current assets to obtain contracts	**33**	43
Other non-current assets and contract costs	**8 009**	9 503
19.2 Contract assets and contract costs		
Non-current assets	**33**	43
Non-current costs to obtain contracts	**33**	43
Current	**154 289**	105 133
Current contract assets	**154 267**	105 104
Current costs to obtain contracts	**22**	29
Total contract assets and contract costs	**154 322**	105 176
Changes during the period:		
At the beginning of the year	**105 176**	98 884
Change in the time frame for a right to consideration to become unconditional	**(7 203)**	(3 783)
Amounts recognised during the year	**55 692**	10 266
Translation and other movements	**657**	(191)
Total contract assets and contract costs	**154 322**	105 176

Amounts relating to contract assets are balances due where products have been sold and services have been performed with contractual payment terms based on performance or time-based milestones. Once these milestones have been reached, customers are invoiced and reclassified to trade receivables. The contract asset amount represents the full remaining amount due under the contract adjusted for risk of loss components.

Expected credit losses for the year were negligible.

Contract costs are amortised on a straight-line basis over three years.

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	2021 US$'000	2020 US$'000
20. STATED CAPITAL		
Authorised share capital		
400 000 000 (FY20: 400 000 000) ordinary shares of ZAR0.01 (1 cent) each		
Issued share capital		
201 450 000 (FY20:201 450 000) fully paid ordinary shares, including treasury and DBP shares		
Stated capital	**115 410**	113 123
	115 410	113 123

	Number of shares	Stated capital US$'000
Balance at 1 March 2019	218 093 172	172 998
Issue of shares for scrip distribution	1 250 718	3 204
Cancellation of shares repurchased	(19 000 718)	(44 345)
DBP shares and treasury shares	(1 856 028)	(2 013)
Effects of foreign currency translation	–	(16 721)
Balance at 29 February 2020	**198 487 144**	113 123
Treasury shares issued to settle share schemes that vested	**1 000 000**	2 230
Treasury shares issued to settle deferred DBP	**(574 466)**	(797)
Effects of foreign currency translation	**–**	854
Balance at 28 February 2021	**198 912 678**	115 410

Reconciliation of treasury shares	Number of shares
Balance as at 1 March 2020	**1 000 000**
Treasury shares purchased	**1 755 920**
Shares issues to settle equity-settled share schemes	**(2 755 920)**
Balance as at 28 February 2021	**–**

Stated capital is in the Rand denominated accounts of the holding company and is translated into US$ each year in the Group accounts in accordance with the accounting policy.

During the year ended 28 February 2021, zero (FY20: 1 250 718) shares were issued as a scrip distribution to shareholders.

As at 28 February 2021, the Group held zero (FY20: 1 000 000) shares as treasury shares. All the treasury shares purchased in FY21 as well as the 1 000 000 outstanding as at FY20, have been issued to settle share-based payments that vested in FY21. These treasury shares were set off against stated capital in FY20.

As at 28 February 2021, there were 2 537 322 shares (FY20: 1 962 856 shares) relating to the DBP (refer to Note 2), this includes 574 466 shares that have been issued for settlements in the current year (FY20: 870 343 shares). These shares have been set off against stated capital.

There were zero share cancellation expenses in the current year (FY20 share cancellation expenses: US$0.2 million which were accounted for in equity).

	2021 US$'000	2020 US$'000
21. LONG-TERM INTEREST-BEARING LIABILITIES		
Secured loans	**45 480**	13 052
Other long-term liabilities – unsecured	**31 202**	29 980
	76 682	43 032
Less: current portion included in short-term interest-bearing liabilities (Note 24)	**(34 311)**	(24 394)
Long-term portion	**42 371**	18 638
Repayable between one and two years	**17 261**	15 379
Repayable between two and three years	**12 526**	1 337
Repayable between three and four years	**7 967**	1 036
Repayable between four and five years	**3 964**	796
Repayable after five years	**653**	90
	42 371	18 638

	Counterparty	Currency	Interest rate	Final repayment date	Repayment terms	Principal amount (loan currency)	Principal amount US$'000	2021 Total capital amount outstanding US$'000
21.1	**Secured loans and other long-term liabilities**							
	Secured:							**45 480**
	Westcon International							**13 301**
	Futuregrowth Asset Management	ZAR	3-month JIBAR + 2.5%	September 2021	Full capital repayable every three years, interest paid quarterly	200 000	13 226	**13 226**
	Tokyo Century Leasing (Singapore) Pte Ltd	SGD	5.19%	August 2024*	Monthly instalments	180	135	**75**
	Logicalis							**32 179**
	Banco ITAU Unibanco	US$	8.00%	August 2023	Biannual instalments	7 333	7 333	**7 621**
	Commerzbank	EUR	10.91%	June 2025	Monthly instalments	12 747	15 389	**5 543**
	Commerzbank	EUR	2.03%	June 2026	Monthly instalments	5 340	6 447	**2 943**
	Commerzbank	EUR	5.28%	January 2023	Monthly instalments	4 738	5 720	**2 373**
	Commerzbank	EUR	0.63%	December 2023	Monthly instalments	8 086	9 761	**2 277**
	Commerzbank	EUR	1.00%	June 2026	Monthly instalments	7 378	8 907	**2 569**
	Commerzbank	EUR	1.64%	October 2024	Monthly instalments	2 298	2 774	**1 484**
	Commerzbank	EUR	1.87%	June 2026	Monthly instalments	4 327	5 224	**2 683**
	Other	EUR	0.63% – 4.16%	Between August 2021 and June 2026	Monthly instalments	14 018	16 923	**4 686**

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21. LONG-TERM INTEREST-BEARING LIABILITIES (continued)

21.1 Secured loans and other long-term liabilities (continued)

Counterparty	Currency	Interest rate	Final repayment date	Repayment terms	Principal amount (loan currency)	Principal amount US$'000	2021 Total capital amount outstanding US$'000
Unsecured:							**31 202**
Logicalis							**29 933**
Cisco Systems Capital Corporation	US$	1.80%	May 2025	Monthly instalments	14 913	14 913	**13 544**
Cisco Systems Capital Corporation	US$	1.82%	September 2023	Monthly instalments	5 108	5 108	**4 713**
Cisco Systems Capital Corporation	US$	1.82%	November 2024*	Quarterly instalments	3 946	3 946	**2 996**
Deutsch leasing	EUR	2.00%	July 2025	Monthly instalments	2 949	3 560	**2 335**
Cisco Systems Capital Corporation	US$	–	April 2022	Quarterly instalments	1 589	1 589	**993**
Cisco Systems Capital Corporation	AUD	0.00%	March 2023	Annual instalments	1 616	1 247	**875**
IBM Financed Invoices	EUR	1.40%	March 2021*	Biannual instalments	4 170	5 034	**853**
Prestamo Reactiva Perú	PEN	1.14%	May 2023	Monthly instalments	2 231	611	**560**
Finep	BRL	5.00%	December 2025	Monthly instalments	3 487	623	**457**
Cisco Systems Capital Corporation	HKD	3.40%	July 2022	Annual instalments	3 171	409	**272**
Other	Various	Interest free to 11.80%	Between April 2021 and June 2026*	Monthly, quarterly, biannual and annual instalments	Various	3 596	**2 335**
Datatec Financial Services							**1 269**
De Lage Landen Pty Limited	AUD	4.98%	February 2022	Monthly instalments	520	674	**674**
De Lage Landen Pty Limited	AUD	5.50%	September 2022	Annual instalments	80	103	**103**
De Lage Landen Pty Limited	AUD	5.00%	January 2025	Monthly instalments	380	492	**492**

* *The amount due within 12 months is included in current portion of long-term liabilities.*

21. LONG-TERM INTEREST-BEARING LIABILITIES (continued)

21.1 Secured loans and other long-term liabilities (continued)

The Futuregrowth Asset Management liability is secured by trade receivables to the value of US$17.3 million (FY20: US$20.6 million). The Tokyo Century Leasing loan is secured by a car to the value of US$0.05 million (FY20: US$0.14 million). The Commerzbank loans are asset-backed loans. These loans are secured against the value of the computer equipment they relate to, which is equal to the total capital outstanding.

Counterparty	Currency	Interest rate	Final repayment date	Repayment terms	Principal amount (loan currency)	Principal amount US$'000	2020 Total capital amount outstanding US$'000
Secured:							13 052
Westcon International							12 900
Futuregrowth Asset Management	ZAR	3-month JIBAR + 2.5%	September 2021	Full capital repayable every three years, interest paid quarterly	200 000	12 810	12 810
Tokyo Century Leasing (Singapore) Pte Ltd	SGD	5.19%	August 2024*	Monthly instalments	180	129	90
Management Consulting							152
Handelsbanken	SEK	3.50%	December 2021	Quarterly instalments	4 000	416	152
Unsecured:							29 980
Logicalis							29 533
Cisco Systems Capital Corporation	AUD	0.00%	December 2020*	Quarterly instalments	9 719	6 328	6 192
Cisco Systems Capital Corporation	US$	2.00%	August 2020*	Quarterly instalments	20 569	20 569	5 494
Cisco Systems Capital Corporation	US$	1.82%	November 2024*	Quarterly instalments	3 946	3 946	3 967
Cisco Systems Capital Corporation	US$	3.00%	January 2020~	Biannual instalments	4 957	4 957	3 372
IBM Financed Invoices	EUR	1.40%	March 2021*	Biannual instalments	4 170	4 602	2 322
IBM Financed Invoices	EUR	1.40%	January 2021*	Annual instalments	3 063	3 381	1 690
Cisco Systems Capital Corporation	US$	4.42%	October 2020*	Quarterly instalments	3 465	3 465	1 291
Cisco Systems Capital Corporation	AUD	0.00%	March 2023*	Annual instalments	567	369	1 052
Other	Various	Interest free to 11.80%	Between March 2020 and December 2025*	Monthly, quarterly, biannual and annual instalments	Various	13 575	4 153
Datatec Financial Services							447
PEAC UK Limited	GBP	4.80%	August 2021	Quarterly instalments	522	522	447

** The amount due within 12 months is included in current portion of long-term liabilities.*
~ The repayment date for this loan has been extended. There is no fixed repayment date.

The carrying value of long-term liabilities approximates their fair value, therefore no fair value disclosures are provided.

Notes to the Group consolidated annual financial statements continued

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	2021 US$'000	2020 US$'000
22. LEASE LIABILITIES		
Non-current	**77 847**	95 148
Current	**36 398**	34 325
	114 245	129 473
Current portion repayable within one year	**36 398**	34 325
Repayable between one and two years	**28 066**	30 067
Repayable between two and three years	**19 444**	23 388
Repayable between three and four years	**12 517**	15 544
Repayable between four and five years	**6 704**	11 443
Repayable between five and ten years	**11 116**	14 706
	114 245	129 473

Geographic segment	Currency	Classes of right-of-use assets leased	Interest rate	Final repayment date	Principal amount US$'000	2021 Total capital amount outstanding US$'000
Westcon International						**43 244**
North America	US$	Equipment, motor vehicles and land and buildings	4.50%	December 2029	2 484	**2 201**
Europe	Various	Equipment, motor vehicles and land and buildings	4.50%	February 2025	37 376	**28 563**
Asia-Pacific	Various	Equipment, motor vehicles and land and buildings	Between 3.64% and 9.50%	Between February 2021 and January 2025	10 859	**9 165**
MEA	Various	Equipment, motor vehicles and land and buildings	Between 5.00% and 10.00%	Between February 2021 and March 2025	5 913	**3 315**
Logicalis						**62 727**
North America	US$	Equipment, computer equipment and land and buildings	Between 3.61% and 7.59%	Between July 2021 and September 2026	32 832	**17 865**
Latin America	Various	Equipment, leasehold improvements, land and buildings and licences	Between 0.00% and 22.80%	Between March 2021 and November 2025	19 278	**11 944**
Europe	EUR and GBP	Office furniture, equipment, motor vehicles, computer equipment, leasehold improvements and land and buildings	Between 0.80% and 6.00%	Between March 2021 and January 2030	25 394	**16 806**

22. LEASE LIABILITIES (continued)

Geographic segment	Currency	Classes of right-of-use assets leased	Interest rate	Final repayment date	Principal amount US$'000	2021 Total capital amount outstanding US$'000
Logicalis (continued)						
Asia-Pacific	Various	Office furniture, equipment, computer equipment, leasehold improvements and land and buildings	Between 0.00% and 10.60%	Between April 2021 and May 2026	22 367	**14 502**
MEA	ZAR	Land and buildings	Between 6.25% and 10.30%	Between June 2021 and March 2025	1 986	**1 610**
Corporate and Management Consulting						**8 274**
Europe	Various	Computer equipment and land and buildings	Between 2.75% and 3.01%	Between September 2021 and October 2022	11 535	**7 598**
MEA	ZAR	Equipment and land and buildings	9.25%	Between December 2023 and November 2030	685	**676**

Geographic segment	Currency	Classes of right-of-use assets leased	Interest rate	Final repayment date	Principal amount US$'000	2020 Total capital amount outstanding US$'000
Westcon International						31 350
North America	US$	Equipment, motor vehicles and land and buildings	4.50%	Unspecified – over 5 years	2 445	2 436
Europe	Various	Equipment, motor vehicles and land and buildings	4.50%	February 2025	30 242	22 898
Asia-Pacific	Various	Equipment, motor vehicles and land and buildings	Between 5.22% and 10.17%	Between February 2021 and February 2023	4 874	2 293
MEA	Various	Equipment, motor vehicles and land and buildings	Between 10.00% and 15.00%	Between February 2021 and February 2025	1 271	3 723

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22. LEASE LIABILITIES (continued)

Geographic segment	Currency	Classes of right-of-use assets leased	Interest rate	Final repayment date	Principal amount US$'000	2020 Total capital amount outstanding US$'000
Logicalis						89 013
North America	US$	Equipment, computer equipment and land and buildings	Between 3.8% and 7.6%	Between July 2020 and September 2026	27 045	18 124
Latin America	Various	Equipment, leasehold improvements and land and buildings	Between 0.0% and 22.8%	Between March 2020 and November 2025	20 937	13 297
Europe	EUR and GBP	Office furniture, equipment, motor vehicles, computer equipment, leasehold improvements and land and buildings	Between 0.6% and 9.1%	Between March 2020 and January 2030	61 949	43 958
Asia-Pacific	Various	Office furniture, equipment, computer equipment, leasehold improvements and land and buildings	Between 3.0% and 10.6%	Between March 2020 and September 2024	15 834	12 253
MEA	ZAR	Land and buildings	Between 7.0% and 10.25%	Between October 2020 and March 2025	1 532	1 381
Corporate and Management Consulting						9 110
Europe	Various	Computer equipment and land and buildings	Between 2.75% and 3.02%	Between October 2022 and January 2023	7 288	8 422
MEA	ZAR	Equipment and land and buildings	9.25%	Between December 2023 and November 2030	664	688

Generally, these lease contracts are entered into for fixed periods but may have extension options. The Group's finance lease arrangements include immaterial variable lease payments.

Short-term leases (lease term of 12 months or less) and leases of low-value assets are recognised as an operating expense on a straight-line basis over the term of the lease (refer to Note 3).

No residual value guarantees have been provided. The residual value risk of leased assets is not significant, because of the existence of secondary markets for these assets.

	2021 US$'000	2020 US$'000
23. TRADE AND OTHER PAYABLES		
Trade payables	**993 067**	928 201
VAT/sales tax	**50 442**	37 933
Accruals	**213 436**	204 651
Sundry payables	**123 284**	85 498
Short-term portion of share-based payments	**4 979**	2 730
	1 385 208	1 259 013

The carrying value of trade and other payables approximates their fair value, therefore no fair value disclosures are provided. Trade accounts payable will be settled in the normal course of business.

Logicalis' subsidiaries have four inventory purchase financing agreements with financing companies for specified vendors' purchases which extends payment terms beyond the vendors normal payment terms. Purchases within the normal vendor credit terms are described as unfunded and are included in trade payables.

Logicalis United Kingdom: Extended payment terms begin at 60 days+ for a maximum of US$26.0 million (FY20: US$26.0 million). At 28 February 2021, US$1.4 million was utilised (FY20: US$1.4 million). Logicalis United States: Extended payment terms begin at 60 days+ for a maximum of US$60.0 million (FY20: US$50.0 million). At 28 February 2021, US$3.1 million was utilised (FY20: US$3.4 million). Logicalis United States: Extended payment terms begin at 75 days+ for a maximum of US$48.0 million (FY20: US$28.0 million). At 28 February 2021, US$1.8 million was utilised (FY20: US$19.0 million). Logicalis Latin America: Extended payment terms begin at 90 days+ for a maximum of US$125.0 million (FY20: US$125.0 million). At 28 February 2021, US$15.6 million was utilised (FY20: US$6.0 million).

Details of Westcon International's inventory purchase financing arrangements can be found in Note 15. Refer to Note 15 for details of inventory financing arrangements. Amounts outstanding under these arrangements are included in trade payables.

	2021 US$'000	2020 US$'000
24. SHORT-TERM INTEREST-BEARING LIABILITIES		
Unsecured short-term funding – Banco Santander	**12 188**	17 583
Unsecured short-term funding – Cisco Systems Capital Corporation	**3 001**	19 802
Unsecured short-term funding – Banco Votorantim	**1 344**	2 752
Unsecured short-term funding – Banco Bradesco	**–**	7 354
Unsecured short-term funding – Banco AV Villas	**–**	1 094
Unsecured short-term funding – Matthias Seitle	**–**	105
Unsecured short-term funding – Billie GmbH	**–**	22
Unsecured short-term funding – De Lage Landen	**117**	–
Secured short-term funding – Crédit Agricole Leasing & Factoring	**170 707**	–
Secured short-term funding – Westpac	**30 000**	–
Secured short-term funding – Barclays	**8 015**	–
Secured short-term funding – Factoring Security S.A.	**1 480**	174
Secured short-term funding – Tanner Servicios Financieros	**201**	1 865
Secured short-term funding – Banco Scotiabank	**96**	–
Current portion of other long-term liabilities (Note 21)	**34 311**	24 394
	261 460	75 145

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24. SHORT-TERM INTEREST-BEARING LIABILITIES (continued)

The carrying value of short-term interest-bearing liabilities approximates their fair value, therefore no fair value disclosures are provided. Trade accounts payable will be settled in the normal course of business.

Unsecured loans

One of Logicalis' subsidiaries has entered into various forfaiting arrangements with Banco Santander, between US$0.01 million and US$0.4 million each, bearing interest at 3.20%. These liabilities are repayable between March and August 2021. At 28 February 2021, US$11.7 million (FY20: US$6.8 million) was outstanding.

One of Logicalis' subsidiaries has a factoring arrangement with Banco Santander, payable in July 2021 and bearing interest at 3.66%. At 28 February 2021, US$0.5 million (FY20: US$10.8 million) was outstanding.

Some of Logicalis' subsidiaries have entered into various loans with Cisco Systems Capital Corporation, between US$0.3 million and US$1.9 million each, bearing interest at between 0.00% and 1.10%. These loans are repayable at various dates between March 2021 and November 2021. At 28 February 2021, US$3.0 million (FY20: US$19.8 million) was outstanding.

One of Logicalis' subsidiaries has entered into various forfaiting arrangements with Banco Votorantim, between US$0.1 million and US$0.4 million each, bearing interest at 3.2%. These liabilities are repayable in May 2021. At 28 February 2021, US$1.3 million (FY20: US$2.8 million) was outstanding.

One of Logicalis' subsidiaries has entered into loan with De Lage Landen of US$0.1 million bearing interest at 3.75%. This liability is repayable in February 2022. At 28 February 2021, US$0.1 million was outstanding.

Secured loans

Some of Westcon International's subsidiaries have entered into various arrangements with Crédit Agricole Leasing & Factoring up to a maximum of US$331.99 million (€275 million), bearing interest at three-month Euribor + 0.9% and three-month Libor + 0.9%. These are rolling facilities and at 28 February 2021, US$170.7 million was outstanding. The net availability on this facility is US$161.3 million.

One of Westcon International's subsidiaries has entered into various arrangements with Westpac of US$30.0 million, bearing interest at 1.45% and 1.51%. The maximum facility is US$80.0 million. As at 28 February 2021, there were restrictions of US$9.1 million. These are rolling facilities and at 28 February 2021, US$30.0 million was outstanding. The net availability of this facility, after taking into account restrictions and the amount outstanding, was US$40.9 million.

Logicalis has a US$45.0 million committed facility to fund future acquisitions as part of the Barclays Syndicated facility. This facility matures in January 2023 after a three-year term, thereafter there is the option to extend this facility for a year. The applicable interest rate is London Interbank Offered Rate ("LIBOR") plus a margin rate determined from a margin ratchet on quarterly leverage. The margin ranges from between 1.75% and 2.75%. The facility includes covenants which are tested quarterly. US$8 million was drawn under this facility at 28 February 2021 (FY20: US$nil). The net availability of this facility is US$37.0 million (FY20: US$45.0 million).

One of Logicalis' subsidiaries has entered into a funding arrangement with Factoring Security S.A., between US$0.02 million and US$0.6 million each, bearing interest at 3.54%. These loans are repayable between March 2021 and April 2021. At 28 February 2021, US$1.5 million (FY20: US$0.2 million) was outstanding. The liability is secured by invoices to the value of US$1.5 million (FY20: US$0.2 million).

One of Logicalis' subsidiaries has entered into a funding arrangement with Tanner Servicios Financieros, S.A., of US$0.2 million, bearing interest at 3.12%. This loan is repayable in April 2021. At 28 February 2021, US$0.2 million (FY20: US$1.9 million) was outstanding. The liability is secured by invoices to the value of US$0.2 million (FY20: US$1.9 million).

One of Logicalis' subsidiaries has entered into various funding arrangements with Banco Scotiabank, between US$0.001 million and US$0.04 million each, bearing interest at 1.92%. These loans are repayable at various dates between March 2021 and April 2021. At 28 February 2021, US$0.1 million was outstanding. The liability is secured by invoices to the value of US$0.1 million.

	2021 US$'000	2020 US$'000
25. AMOUNTS OWING TO VENDORS		
Long-term portion	**40**	2 052
Short-term portion	**2 580**	3 438
	2 620	5 490

Amounts owing to vendors 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.

Amounts owing to vendors are classified as financial liabilities designated at fair value through profit or loss. They are classified as level 3 financial instruments, whose fair value measurements are derived from inputs that are unobservable for the liability. Movements are presented in the statement of comprehensive income as acquisition-related fair value adjustments.

Logicalis

Effective 4 September 2017, Logicalis acquired Packets Systems Indonesia ("PSI"), a leading ICT systems integrator and services company. The consideration payable comprised an initial cash consideration of US$6.8 million and deferred cash consideration of up to US$0.8 million, split into two payments over two years. During the year, the first payment of US$0.4 million was made with a remaining balance at year-end of US$0.4 million. The payment of deferred cash consideration is dependent on certain targets being met for each of these two periods.

Effective 8 October 2018, Logicalis acquired Computer Networks Integration Pty Ltd ("CNI"), a Microsoft Gold-Certified Partner based in Melbourne. The consideration payable comprised an initial cash consideration of US$1.8 million (AU$2.5 million) and deferred cash consideration of up to US$1.3 million (AU$1.8 million) split into three payments over three years. The payment of the deferred consideration is dependent on certain targets being met for each of these three periods. During the year, US$0.26 million (AU$0.33 million) was paid to CNI. At year-end, US$0.31 million (AU$0.4 million) (FY20: US$0.5 million (AU$0.8 million)) remains outstanding with payment of US$0.31 million (AU$0.4 million) due shortly after year-end.

On 30 June 2019, Logicalis completed the acquisition of Mars Investment Holdings (Pty) Ltd ("Mars Technologies"), a South African IT services business offering managed IT services ranging from the remote monitoring of networks and servers, managed desktop, anti-virus, cloud backup, and printers, to full outsourcing, with a strong offering to small and mid-market enterprises. The consideration payable comprised an initial amount of US$0.3 million (ZAR4.0 million) with a deferred consideration payable of US$0.1 million (ZAR1.2 million) due within three years, provided certain conditions are met. During the year, an amount of US$0.03 million (ZAR0.5) million was made. An amount of US$0.04 million (ZAR0.6 million) is due at year-end.

Logicalis purchased a 70% interest in Comunicações e Projectos Especiais S.A. ("Cilnet") on 2 September 2019, a Cisco systems integrator and managed services business in Portugal which increases Logicalis' Cisco technical expertise in the Iberian region and complements the existing Spanish operation with data centre, collaboration, networking, infrastructure and managed services capabilities, expanding the offering to the region. The consideration payable comprised an initial amount of US$6.4 million (€5.8 million) with a deferred consideration payable of US$2.3 million (€2.1 million) due over two years, provided certain conditions are met. During the year, the first payment of US$1.17 million was made with a remaining balance at year-end of US$1.27 million.

Logicalis acquired Orange Networks GmbH ("Orange Networks") on 2 September 2019, a Microsoft services business focused on Microsoft cloud and managed services, with a Germany-wide presence including in Hamburg, Munich, Offenbach and Düsseldorf. This acquisition advances Logicalis Germany to Microsoft Gold-Certified Partner status and enhances its hybrid cloud offering. The consideration payable comprised an initial amount of US$2.4 million (€2.1 million) with a deferred consideration payable of US$0.6 million (€0.5 million) due within three years, provided certain conditions are met. Amount due at year-end is US$0.6 million (€0.5 million).

Management Consulting

Effective 1 March 2019, Analysys Mason acquired Stelacon Holding AB, a consultancy based in Sweden. The consideration payable comprised an initial consideration of US$1.4 million (the equivalent SEK13.0 million) paid as a mix of cash and Analysys Mason shares, and deferred cash consideration of up to US$1.3 million (SEK12.0 million). US$1.2 million (SEK11.8 million) was agreed as the final deferred consideration based on certain targets being met. The agreed deferred consideration of US$1.26 million was paid in FY21.

Notes to the Group consolidated annual financial statements continued

for the year ended 28 February 2021

	Restructuring US$'000	Legal claims and costs US$'000	VAT/ sales tax US$'000	Pension obligations US$'000	Dilapidations/asset retirement obligations US$'000	Onerous contracts US$'000	Other US$'000	Total US$'000
26. PROVISIONS								
Balance at 1 March 2020	1 543	992	349	5 717	5 378	3 161	2 265	19 405
Amounts added	14 913	1 026	859	360	184	660	82	18 084
Increase in the discounted amount arising from the passage of time and any change in discount rate	(12)	–	–	–	83	299	153	523
Utilised	(6 833)	(830)	(30)	(4)	(192)	(1 812)	(493)	(10 194)
Amounts reversed	(817)	(17)	–	(202)	(10)	–	(911)	(1 957)
Translation and other	(448)	(44)	22	233	150	229	(430)	(288)
Balance at 28 February 2021	8 346	1 127	1 200	6 104	5 593	2 537	666	25 573
Expected maturity								
Within one year	8 346	964	1 178	1 870	369	1 084	299	14 110
Between two and five years	–	81	22	628	3 068	1 453	225	5 477
More than five years	–	82	–	3 606	2 156	–	142	5 986
	8 346	1 127	1 200	6 104	5 593	2 537	666	25 573

	2021 US$'000	2020 US$'000
Long-term portion	11 463	11 070
Short-term portion	14 110	8 335
	25 573	19 405

- Restructuring provisions include expected costs for certain restructuring activities of the Group where the details have already been announced to affected parties.
- Legal claims and costs are provisions for anticipated settlements including costs, for various legal matters that the Group is defending.
- VAT/sales tax provisions relate to provisions for potential taxes in foreign jurisdictions.
- Pension obligations relate to a pension scheme operated by Logicalis Group, for which full defined benefit pension disclosure has not been disclosed due to its immaterial value.
- Dilapidations and asset retirement obligations relate to provisions where the Group is expected to restore certain leased property and assets to their original condition.
- Onerous contracts consist of projects in progress in which the costs of meeting the obligations under the contract exceed the economic benefits expected to be received.
- Other provisions include asset vendor credits, employee settlement claims and other provisions which are individually insignificant.

The timing of restructuring provisions is fairly certain and is expected to be settled within 12 months. There is little uncertainty with regard to the amounts but some provisions are subject to final agreement.

There is uncertainty regarding the timing of legal claims as the finalisation of certain lawsuits cannot be determined. There is some uncertainty regarding the amounts but best estimates have been provided by legal counsel.

The VAT/sales tax provision relates to tax exposures in foreign jurisdictions and external tax consultants are being utilised to investigate these exposures.

The timing of pension obligations is uncertain and is determined by external actuaries. The amounts of pension obligations are determined by external actuaries. The uncertainty relates to assumptions that include discount rates, retirement ages and estimates of growth in retirement funding.

The timing of some dilapidations/asset retirement obligations is fairly certain and is based on the lease agreement end dates, but there is uncertainty regarding one dilapidation obligation. There is uncertainty with regard to the amounts as they are subject to the properties' conditions, the position and behaviour of the landlord and the local rates prevailing at the time.

Some uncertainty exists over the timing and amount of onerous contracts. These have been determined using management's best estimate of the duration and costs to complete the relevant projects.

	2021 US$'000	2020 US$'000
27. DEFERRED REVENUE		
Non-current	10 942	28 980
Current*	132 244	105 090
	143 186	134 070
Changes during the period		
At the beginning of the year	134 070	128 770
Changes due to new contracts and revenue recognised that was included in the contract liability balance at the beginning of the year	276 985	331 717
Changes due to business combinations	489	4 362
Change in the time frame for a right to consideration to become unconditional	(4 253)	(3 325)
Amounts recognised during the year	(261 350)	(316 873)
Translation	(2 755)	(10 581)
	143 186	134 070

Deferred revenue relates to payments received from customers where there is still a commitment to complete the performance obligation. Revenue is only recognised once the performance obligation has been satisfied/partially satisfied.

The aggregate amount of the transaction price allocated to unsatisfied (or partially unsatisfied) performance obligations is US$5.5 million (FY20: US$4.2 million).

	2021 US$'000	2020 US$'000
Expected to be recognised		
Within one year	5 464	4 197
	5 464	4 197

** Prior year balances includes US$4.2 million, previously disclosed separately.*

	2021 US$'000	2020 US$'000
28. BANK OVERDRAFTS		
Total bank overdrafts at the end of the year	131 417	263 800
Bank overdrafts unconditionally repayable on demand	9 860	14 885
Bank overdrafts repayable on demand under certain conditions (refer to Note 36)	121 557	248 915
	131 417	263 800

Region	Provider	Facility currency	Facility limit US$'000	Interest rate	2021 Overdraft US$'000
Westcon International					**4 907**
Bank overdrafts repayable on demand under certain conditions					**4 907**
UAE	HSBC	US$	15 000	London or Emirates Interbank offered ("LIBOR" or "EIBOR") + 2.25% (0.18838% and 0.3069% as at 28 February 2021)	3 716
Indonesia	HSBC	IDR	3 000	For IDR drawings, bank best lending rate less 5.20% (7.35% as at 28 February 2021)	1 191

Only facilities that have been drawn at 28 February 2021 have been included in the table above. There are further facilities available, which together with the drawn facilities above, amounts to total facilities of US$32.0 million (FY20: US$355.8 million). US$4.9 million (FY20: US$132.2 million) was drawn at year-end. No restrictions apply to the facilities. The net availability of the facilities is US$27.1 million (FY20: US$141.7 million). The net availability does not include any cash sources in Westcon International. US$nil (FY20: US$236.9 million) of trade receivables are pledged as collateral against bank overdrafts. Datatec plc has US$nil (FY20: US$15 million) of cash as collateral for Westcon Asia facilities.

Notes to the Group consolidated annual financial statements continued

for the year ended 28 February 2021

28. BANK OVERDRAFTS (continued)

Region	Provider	Facility currency	Facility limit US$'000	Interest rate	2021 Overdraft US$'000
Logicalis					**126 510**
Bank overdrafts unconditionally repayable on demand					**9 860**
UK	HSBC	Multiple currencies	0*	Interest rates vary based on the amounts drawn down.	**8 587**
	• This is not an additional facility. This overdraft is offset by cash in a pooling agreement.				
South Africa	Investec	ZAR	1 323	6.00% as at 28 February 2021	**1 255**
	• This facility has no maturity date.				
South Africa	Standard Bank	ZAR	130	16.00% as at 28 February 2021	**18**
Bank overdrafts repayable on demand under certain conditions					**116 650**
UK	Barclays syndicate	US$	78 875	LIBOR (dependent on the length of the interest period) plus a margin rate which is determined from a margin ratchet on quarterly leverage. The margin ranges between 1.75% to 2.75% (2.00% as at 28 February 2021)	**70 219**
	• This facility matures in January 2023 after a three-year term. • Thereafter there is the option to extend this facility for a year. • The facility includes EBITDA and interest cover covenants which are tested quarterly.				
UK	Barclays syndicate	SGD	8 324	LIBOR (dependent on the length of the interest period) plus a margin rate which is determined from a margin ratchet on quarterly leverage. The margin ranges between 1.75% to 2.75% (3.00% as at 28 February 2021)	**8 324**
	• This facility matures in January 2023 after a three-year term. • Thereafter there is the option to extend this facility for a year. • The facility includes EBITDA and interest cover covenants which are tested quarterly.				

28. BANK OVERDRAFTS (continued)

Logicalis (continued)

Region	Provider	Facility currency	Facility limit US$'000	Interest rate	2021 Overdraft US$'000
Bank overdrafts repayable on demand under certain conditions (continued)					
Brazil	Banco ABC do Brasil	US$	8 084	This facility has a per annum pre-fixed interest rate in US$ (Between 4% and 5% as at 28 February 2021)	**8 084**
	• There are four different overdrafts under this facility, maturing between March 2021 and August 2021. • This facility contains covenants that restrict Logicalis' ability to create or incur liens, dispose of or transfer any substantial part of its assets, merge, consolidate or transfer all or substantially all of its assets and make material changes to accounting policies or reporting practices without the bank's prior consent.				
Brazil	Banco Votorantim S/A	US$	7 224	This facility has a per annum pre-fixed interest rate in US$ (Between 4% and 5% as at 28 February 2021)	**7 224**
	• There are three different overdrafts under this facility, maturing between April 2021 and July 2021. • This facility contains covenants that restrict Logicalis' ability to create or incur liens, dispose of or transfer any substantial part of its assets, merge, consolidate or transfer all or substantially all of its assets and make material changes to accounting policies or reporting practices without the bank's prior consent.				
Brazil	Banco Itau BBA S/A	BRL	5 673	CDI (Interbank deposit rate) + 4.38% (6.00% at 28 February 2021)	**5 673**
	• This facility matures in April 2021.				
Indonesia	HSBC	US$	9 500	Revolving loan IDR 5.85%, US$7.25% below bank lending rate from bank (Currently IDR 13.8134%/ US$ 12.6034%)	**5 315**
	• This facility contains covenants that restrict Logicalis' ability to declare or pay dividends, make changes in shareholder composition, make any loans or extend credit outside of ordinary business, pledge company property or assets against debt without the bank's prior consent.				
Brazil	Banco Itau BBA S/A	US$	4 557	CDI (Interbank deposit rate) + 3.29% (5.00% at 28 February 2021)	**4 557**
	• This facility matures in August 2021.				

Notes to the Group consolidated annual financial statements continued

for the year ended 28 February 2021

28. BANK OVERDRAFTS (continued)

Logicalis (continued)

Bank overdrafts repayable on demand under certain conditions (continued)

Region	Provider	Facility currency	Facility limit US$'000	Interest rate	2021 Overdraft US$'000
UK	Barclays	AUD	3 092	LIBOR (dependent on the length of the interest period) plus a margin rate which is determined from a margin ratchet on quarterly leverage. The margin ranges between 1.75% to 2.75% (2.00% as at 28 February 2021)	**3 092**
	• This facility matures in January 2023 after a three-year term. • Thereafter there is the option to extend this facility for a year. • The facility includes EBITDA and interest cover covenants which are tested quarterly.				
Brazil	Banco ABC do Brasil	BRL	1 792	CDI (Interbank deposit rate) + 4.50% (6.00% at 28 February 2021)	**1 792**
	• This facility matures in April 2021.				
Brazil	Banco Votorantim	BRL	1 572	CDI (Interbank deposit rate) + 4.65% (7.00% at 28 February 2021)	**1 572**
	• This facility matures in April 2021.				
Other	Various	Various	836	Between 0.00% and 4.00%	**798**

** The total facility limit applies to an account with cash pooling.*

Only facilities that have been drawn at 28 February 2021 have been included in the table above. There are further facilities available, which together with the drawn facilities above on all Logicalis bank overdrafts, amounts to total facilities of US$194.3 million (FY20: US$203.8 million). (US$126.5 million of overdrafts (FY20: US$131.6 million) at year-end). No restrictions apply to the facilities. The net availability of all facilities, excluding unlinked overdrafts is US$67.8 million (FY20: US$87.0 million). The net availability does not include any cash sources in Logicalis.

28. BANK OVERDRAFTS (continued)

Region	Provider	Facility currency	Facility limit US$'000	Interest rate	2020 Overdraft US$'000
Westcon International					132 245
Bank overdrafts repayable on demand under certain conditions					132 245
UK	HSBC syndicate	US$	220 000	2.95% above the US$, Euro or Sterling base rates (1.625%, 0.0% and 0.75% as at 29 February 2020)	103 400
	• The facility matures in June 2020*. • Advances under this arrangement are available up to 75% of the subsidiary's eligible accounts receivable. • The facility contains certain affirmative and negative covenants, including, but not limited to, covenants that restrict Westcon International's ability to grant guarantees or incur debt with its third parties other than to immediate affiliates (as defined) subject to specific thresholds dependent on the nature of the debt, restrict the creation of liens, debentures and mortgages and restrict acquisitions higher than US$7.5 million value without the bank's prior consent. • This balance fluctuates daily.				
Germany	HSBC syndicate	US$	60 000	2.95% above the US$ and Euro base rates (1.625% and 0.0% as at 29 February 2020)	9 882
	• The facility matures in June 2020*. • Advances under this arrangement are available up to 75% of the subsidiary's eligible accounts receivable. • The facility contains certain affirmative and negative covenants, including, but not limited to, covenants that restrict Westcon International's ability to grant guarantees or incur debt with its third parties other than to immediate affiliates (as defined) subject to specific thresholds dependent on the nature of the debt, restrict the creation of liens, debentures and mortgages and restrict acquisitions higher than US$7.5 million value without the bank's prior consent. • This balance fluctuates daily.				
UAE	HSBC	US$	15 000	London or Emirates Interbank Offered ("LIBOR or EIBOR") + 2.25% (1.61% and 1.85% as at 29 February 2020)	5 820
Singapore	HSBC	US$	11 000	For US$ drawings, LIBOR + 1.60% (3.25% as at 29 February 2020)	5 100
	• Borrowings under this facility are collateralised by current and future assets.				
Singapore	HSBC	US$	6 000	For US$ drawings, LIBOR + 1.60% For SGD drawings, Singapore Interbank rate + 1.60% (3.48% for US$ and 3.30% for SGD as at 29 February 2020)	3 720
	• Borrowings under this facility are collateralised by current and future assets.				
Indonesia	HSBC	IDR	3 000	For US$ drawings, bank best lending rate less 4.15% For IDR drawings, bank best lending rate less 7.75% (9.15% as at 29 February 2020)	2 370
Singapore	HSBC	US$	6 000	For US$ drawings, LIBOR + 1.60% (3.31% as at 29 February 2020)	1 953
	• Borrowings under this facility are collateralised by current and future assets.				

* *On 14 May 2020, Westcon International extended its expiring European Invoice Financing facility of US$280 million for a further 12 months until 4 June 2021. The facility was reduced with effect from 4 June 2020 to US$224 million with an accordion facility to go up to US$280 million during the period November 2020 to February 2021 when working capital utilisation is typically at its highest.*

Notes to the Group consolidated annual financial statements continued

for the year ended 28 February 2021

28. BANK OVERDRAFTS (continued)

Region	Provider	Facility currency	Facility limit US$'000	Interest rate	2020 Overdraft US$'000
Logicalis					131 555
Bank overdrafts unconditionally repayable on demand					14 885
UK	HSBC	Multiple currencies	0*	Interest rates vary based on the amounts drawn down.	14 684
	• This is not an additional facility. This overdraft is offset by cash in a pooling agreement.				
Other	Various	Various	641	Between 0.00% and 8.75%	201
Bank overdrafts repayable on demand under certain conditions					116 670
UK	Barclays syndicate	Multiple currencies	40 137	LIBOR (dependent on the length of the interest period) plus a margin rate which is determined from a margin ratchet on quarterly leverage. The margin ranges between 2.00% to 3.00% (4.26% as at 29 February 2020)	40 137
	• This facility matures in January 2023 after a three-year term. • Thereafter there is the option to extend this facility for a year. • The facility includes EBITDA and interest cover covenants which are tested quarterly.				
UK	Barclays syndicate	Multiple currencies	50 000	LIBOR (dependent on the length of the interest period) plus a margin rate which is determined from a margin ratchet on quarterly leverage. The margin ranges between 1.75% to 2.75% (3.65% as at 29 February 2020)	33 263
	• This facility matures in January 2023 after a three-year term. • Thereafter there is the option to extend this facility for a year. • The facility includes EBITDA and interest cover covenants which are tested quarterly.				
Chile	Banco Itaú Unibanco	US$	11 000	This facility has a fixed interest rate (7.70% as at 29 February 2020)	10 123
Brazil	Banco Votorantim	US$	7 931	This facility has a per annum pre-fixed interest rate in US$ (4.80% as at 29 February 2020)	7 931
	• There are four different overdrafts under this facility, maturing between March and July 2020. • This facility contains covenants that require the bank's claims to rank *pari passu* with other unsecured payables and that restrict Logicalis' ability to create, incur, assume or permit any encumbrances on the cross guarantees in place.				

28. BANK OVERDRAFTS (continued)

Logicalis (continued)

Bank overdrafts repayable on demand under certain conditions (continued)

Region	Provider	Facility currency	Facility limit US$'000	Interest rate	2020 Overdraft US$'000
Brazil	Banco ABC do Brasil	US$	6 183	This facility has a per annum pre-fixed interest rate in US$ (4.50% as at 29 February 2020) • There are two different overdrafts under this facility, maturing in June 2020. • This facility contains covenants that restrict Logicalis' ability to create or incur liens, dispose of or transfer any substantial part of its assets, merge, consolidate or transfer all or substantially all of its assets and make material changes to accounting policies or reporting practices without the bank's prior consent.	6 183
Brazil	Banco Itaú Unibanco	BRL	5 690	CDI + 1.50% (CDI: 4.15% at 29 February 2020). • This facility matures in August 2020.	5 690
Brazil	Banco Votorantim	BRL	3 580	CDI + 1.79% (CDI: 4.15% at 29 February 2020). • This facility matures in August 2020.	3 580
Brazil	De Lage Landen	BRL	2 733	This facility has a per annum pre-fixed interest rate in BRL (13.35% as at 29 February 2020) • There are three different overdrafts under this facility, maturing between June and October 2020.	2 733
Chile	Banco Santander	CLP	3 660	This facility has a fixed interest rate (43.00% at 29 February 2020)	2 067
Mexico	HSBC	US$	2 000	For MXN drawings, 3.5% + TIIE (Interbank equilibrium rate) For US$ drawings, 4.5% + LIBOR (MXN: 9.84% and US$: 5.20% at 29 February 2020)	1 445
Colombia	Banco Itaú Corbanca	COP	2 025	IBR M.V. + 5.119% (8.42% at 29 February 2020)	1 201
Brazil	Banco Bradesco	US$	1 010	This facility has a per annum pre-fixed interest rate in US$ (5.50% as at 29 February 2020) • This facility matures in June 2020.	1 010
Other	HSBC	Various	Various	Between 1.83% and 8.75%	1 307

** The total facility limit applies to an account with cash pooling.*

Notes to the Group consolidated annual financial statements continued

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29. CONTINGENT LIABILITIES, GUARANTEES AND LITIGATION

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

Logicalis has a contingent liability in respect of a possible tax liability at its PromonLogicalis Latin America Limited ("PromonLogicalis") subsidiary in Brazil. In April 2011, a Brazilian state tax authority claimed that PromonLogicalis should have paid a higher rate of state tax on its equipment sales up to October 2010 than actually paid. PromonLogicalis management, supported by a legal opinion, strongly disagrees with the state tax authority's assessment and has formally appealed against it. Datatec management supports PromonLogicalis management's view and believes it unlikely that PromonLogicalis will have to pay any additional tax.

The Group has certain contingent liabilities resulting from litigation and claims, including breach of warranties, where operations have been acquired or disposed of, generally involving commercial and employment matters, which are incidental to the ordinary conduct of its business. Management believes, after taking legal advice where appropriate on the probable outcome of these contingencies, that none of these contingencies will materially affect the financial position or the results of operations of the Group.

30. RELATED-PARTY TRANSACTIONS

Sales and purchases between Group companies are concluded on normal commercial terms in the ordinary course of business. For the year ended 28 February 2021, the inter-group sales of goods and provision of services amounted to US$37.5 million (FY20: US$39.9 million), which are eliminated on consolidation. Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note.

The Group also transacts with its associate Esource Resources, LLC (refer to Note 12.1). During the year, the Group made sales totalling US$58.2 million (FY20: US$51.1 million) and received management fees of US$0.4 million (FY20: US$0.3 million). As at 28 February 2021, US$1.1 million (FY20: US$2.2 million) was due from Esource Resources, LLC.

During the year, a short-term loan of US$0.1 million to Esource Resources, LLC was repaid. US$0.03 million (FY20: US$0.1 million) was due to Esource Resources, LLC and is repayable under normal commercial terms.

The amounts due to and from Esource Resources, LLC are unsecured and interest-free.

	2021 US$'000	2020 US$'000
Key management personnel compensation		
Short-term employee benefits	**7 759**	7 374
Post-employment benefits	**284**	241
Share-based payments	**496**	369
	8 539	7 984

Key management personnel compensation comprises the compensation of 12 (FY20: 12) senior executives of the Group's divisions. The remuneration of Datatec's executive directors is included in Note 3 and in the tables on the following page. There were no other prescribed officers in the Company.

30. RELATED-PARTY TRANSACTIONS (continued)

Directors' emoluments

The following tables set out the remuneration of individual directors who held office during FY21 and FY20.

	2021						
	Guaranteed package						
	Basic salary US$'000	Pension US$'000	Other benefits* US$'000	Fees US$'000	STI US$'000	LTI US$'000	Total US$'000
Executive directors							
JP Montanana	1 140	214	55	–	2 739	2 135	6 283
IP Dittrich	503	84	46	–	675	569	1 877
Total executive directors	1 643	298	101	–	3 414	2 704	8 160
Non-executive directors							
SJ Davidson	–	–	–	202	–	–	202
M Makanjee	–	–	–	102	–	–	102
JF McCartney	–	–	–	75	–	–	75
CRK Medlock	–	–	–	80	–	–	80
MJN Njeke	–	–	–	103	–	–	103
E Singh-Bushell	–	–	–	101	–	–	101
Total non-executive directors	–	–	–	663	–	–	663
Total directors' emoluments	1 643	298	101	663	3 414	2 704	8 823

	2020						
	Guaranteed package						
	Basic salary US$'000	Pension US$'000	Other benefits* US$'000	Fees US$'000	STI US$'000	LTI US$'000	Total US$'000
Executive directors							
JP Montanana	1 140	214	48	–	862	3 106	5 370
IP Dittrich	503	84	47	–	207	665	1 506
Total executive directors	1 643	298	95	–	1 069	3 771	6 876
Non-executive directors							
SJ Davidson	–	–	–	202	–	–	202
M Makanjee	–	–	–	93	–	–	93
JF McCartney	–	–	–	101	–	15	116
CRK Medlock (from 1 January 2020)	–	–	–	13	–	–	13
MJN Njeke	–	–	–	109	–	–	109
E Singh-Bushell	–	–	–	99	–	–	99
Total non-executive directors	–	–	–	617	–	15	632
Total directors' emoluments	1 643	298	95	617	1 069	3 786	7 508

* *Other benefits include private medical insurance, permanent health insurance, life assurance and fuel for private vehicles. There has been no change in the directors holding office up to the date of approval of these financial statements.*

Notes to the Group consolidated annual financial statements continued

for the year ended 28 February 2021

30. RELATED-PARTY TRANSACTIONS (continued)

Conditional Share Plan (CSP)

Grants were made under the CSP in FY21 and FY20, including the following awards to directors:

CSP	Grant date	Number of awards 2020	Number of awards 2021	Fair value of awards on grant US$'000	Grant fair value as a % of base pay %	Fair value of awards at 28 February 2021 US$'000	Fair value of awards at 29 February 2020 US$'000
JP Montanana	1 Jun 18	1 291 148		2 142	150	1 096	277
	1 Jun 19	538 870		1 246	109	91	115
	1 Jun 20		782 719	–	95	886	–
						2 073	392
IP Dittrich	1 Jun 18	405 066		672	120	344	87
	1 Jun 19	190 212		344	87	32	41
	1 Jun 20		276 286	–	76	313	–
						689	128

Deferred Bonus Plan ("DBP")

Jens Montanana has elected to defer 37.9% of his FY21 bonus, being US$1 039 000 (FY20: US$300 000) into the DBP to purchase forfeitable shares in June 2021. The Company will co-invest the same amount of forfeitable shares and the Company's co-investment is included in the LTI element shown in the directors' remuneration table.

Ivan Dittrich has elected to defer 33.3% of his FY21 bonus, being US$225 000 (FY20: US$48 100) into the DBP to purchase forfeitable shares in June 2021. The Company will co-invest the same amount of forfeitable shares and the Company's co-investment is included in the LTI element shown in the directors' remuneration table.

Westcon International Equity Appreciation Plan ("WI – EAP")

During FY19, Datatec executive directors received one-off awards of units in the Westcon International EAP as follows:

Westcon EAP	Grant date	Number of awards	Fair value of awards on grant US$'000	Grant fair value as a % of base pay %	Fair value of awards at 28 February 2021 US$'000	Fair value of awards at 29 February 2020 US$'000
JP Montanana	14 Mar 18	30 000	–	–	1 625	102
IP Dittrich	14 Mar 18	15 000	–	–	812	51

In addition to the above, in FY19 Jens Montanana received an award of 10 000 units in the Westcon International – EAP conditional on a sale of Westcon International for in excess of US$300 million being achieved. The fair value of this award on grant was nil and at 28 February 2021 was US$750 000 (FY20: US$37 000).

Discontinued long-term incentives (Old LTI)

Directors holding office during FY21 held the following share appreciation rights under the rules of the SARs Scheme:

	Grant date	Grant price (ZAR)	SARs held at the beginning of the year	Exercised during the year	Lapsed during the year	SARs held at the end of the year
JP Montanana	14 May 15	35.79	629 000	–	–	629 000
	28 Jul 17	34.94	748 955	–	(748 955)	–
Sub-total			1 377 955	–	(748 955)	629 000
IP Dittrich	28 Jul 17	34.94	230 039	–	(230 039)	–
Sub-total			230 039	–	(230 039)	–
Total			1 607 994	–	(978 994)	629 000

The SARs granted in May 2017 did not meet their performance condition and lapsed in May 2020. Accordingly, the directors received no remuneration from the SARs Scheme in FY21 and FY20.

30. RELATED-PARTY TRANSACTIONS (continued)

Discontinued long-term incentives (Old LTI) (continued)

Directors holding office during FY21 held the following conditional awards under the LTIP:

	Grant date	Awards held at the beginning of the year	Vested and settled during the year	Lapsed/ forfeited during the year	Awards held at the end of the year
JP Montanana	12 May 16	561 135	(561 135)	–	–
	28 Jul 17	748 955	(748 955)	–	–
Sub-total		1 310 090	(1 310 090)	–	–
IP Dittrich	12 May 16	115 749	(115 749)	–	–
	28 Jul 17	172 529	(172 529)	–	–
Sub-total		288 278	(288 278)	–	–
Total		1 598 368	(1 598 368)	–	–

The remaining LTIP awards vested in May 2020 and the value of the vesting was included in the directors' FY20 LTI remuneration figure disclosed above.

Directors' interests in shares

Directors' interests in the ordinary shares of the Company at 28 February 2021 and 29 February 2020 are shown below:

	At 28 February 2021				At 29 February 2020			
	Direct beneficial	Indirect beneficial	Asso-ciates	Total	Direct beneficial	Indirect beneficial	Asso-ciates	Total
Executive directors								
JP Montanana	500 000	25 492 443	–	25 992 443	500 000	24 180 000	–	24 680 000
IP Dittrich	521 594	–	–	521 594	293 724	–	–	293 724
Non-executive directors								
SJ Davidson	–	–	11 001	11 001	–	–	11 001	11 001
JF McCartney	–	1 278 877	–	1 278 877	–	1 278 877	–	1 278 877
	1 021 594	26 771 320	11 001	27 803 915	793 724	25 458 877	11 001	26 263 602

Of Mr Montanana's shareholding, 1 000 000 shares have been pledged as security for certain equity funding transactions.

Directors' interests in ordinary shares of the Company shown above are unchanged from 28 February 2021 to the date of this report. Non-executive directors not shown in the above tables did not hold any Datatec shares in either year. Shares held by executive directors in relation to the DBP (which are forfeited if they resign from the Company) are included in the above table.

Notes to the Group consolidated annual financial statements continued

for the year ended 28 February 2021

31. FINANCIAL INSTRUMENTS

31.1 Financial risk management objectives

The management of financial risks relating to the operations of the Group is in line with the Group's decentralised business model with oversight through divisional audit, risk and compliance committee meetings. This is achieved through the use of internal risk analyses which analyse exposures by likelihood and magnitude of risks. These risks include market risk (including currency and interest rate risk), credit risk and liquidity risk.

The Group seeks to minimise the effects of these risks by matching assets and liabilities as far as possible or using derivative financial instruments to hedge these risk exposures. The use of financial derivatives is governed by the Group's internal policies applicable at subsidiary level. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

When appropriate, management reports regularly to the Group's Audit, Risk and Compliance Committee.

The Group's financial assets and liabilities consist mainly of net cash resources, accounts receivable, accounts payable, borrowings and leases.

31.2 Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through optimisation of the debt and equity balance. The Group's overall strategy with respect to the debt and equity balance remains unchanged from FY20, with particular focus placed on the management of overall net debt. The capital structure of the Group consists of debt, which includes the borrowings disclosed in Notes 21 and 28, net cash resources and equity attributable to equity holders of the parent, comprising issued capital (see Note 20), reserves and retained earnings.

Gearing ratio

The Group's capital structure is reviewed on at least a semi-annual basis. As part of this review, the Board considers the cost of capital and the risks associated with each class of capital.

The gearing ratio at the year-end was as follows:

	2021 US$'000	2020 US$'000
Long-term interest-bearing liabilities	**(42 371)**	(18 638)
Short-term interest-bearing liabilities	**(261 460)**	(75 145)
Lease liabilities – long-term	**(77 847)**	(95 148)
Lease liabilities – short-term	**(36 398)**	(34 325)
Cash resources	**488 632**	347 189
Bank overdrafts	**(131 417)**	(263 800)
Net debt	**(60 861)**	(139 867)
Total equity attributable to the parent	**583 156**	572 315
Gearing ratio: debt-to-equity ratio	**(10%)**	(24%)

31.3 Categories of financial instruments

	2021 US$'000	2020 US$'000
Financial assets		
Financial assets at fair value through profit or loss	**4 378**	4 595
Financial assets at amortised cost	**1 696 698**	1 568 062
Financial liabilities		
Financial liabilities at fair value through profit or loss	**(1 046)**	(724)
Financial liabilities at amortised cost	**(1 766 956)**	(1 613 493)
Other financial liabilities at fair value through profit or loss (designated)	**(2 620)**	(5 490)

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

The FY20 table has been updated to include derivatives.

31. FINANCIAL INSTRUMENTS (continued)

31.4 Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluations are performed on the financial condition of accounts receivable and, where possible and appropriate, credit insurance cover is purchased. The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

The Group defines counterparties as having similar characteristics if they are related entities.

There is one customer in Latin America, with a gross value of US$56.4 million (FY20: US$72.6 million), which represents approximately 5% of the total balance of trade receivables (FY20: over 5%). There has not been any change in the credit quality of this receivable and the amount is considered recoverable. The majority of the balance receivable is current and this receivable therefore presents a low credit risk. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with appropriate credit ratings assigned by international or recognised credit rating agencies.

Concentration risk is monitored and addressed by management on an ongoing basis.

The carrying amount of financial assets recorded in the financial statements (see Note 31.3), which is net of impairment losses, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained. Further information on the concentration of credit risk is detailed in the following table:

	Level	North America US$'000	Latin America US$'000	Europe US$'000	Asia-Pacific US$'000	MEA US$'000	Total US$'000
2021							
Financial assets at amortised cost							
Bonds		–	–	–	–	7 276	7 276
Finance lease receivables		841	848	37 223	330	–	39 242
Loans granted to third parties and other long-term assets due		326	–	430	5 219	2 001	7 976
Gross trade accounts receivable		68 728	126 108	612 971	184 004	143 206	1 135 017
Less: Expected credit loss allowances		(158)	(489)	(9 024)	(3 707)	(13 534)	(26 912)
Sundry receivables		6 926	19 335	12 685	4 749	1 772	45 467
Cash resources		39 192	51 100	203 082	142 847	52 411	488 632
Financial assets at fair value through profit or loss							
Derivative financial assets	2	–	4 378	–	–	–	4 378
Maximum on-balance sheet exposure		115 855	201 280	857 367	333 442	193 132	1 701 076
Financial guarantees		–	–	–	–	–	–
Contract assets and contract costs		45 109	27 442	48 299	33 224	248	154 322

Notes to the Group consolidated annual financial statements continued

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31. FINANCIAL INSTRUMENTS (continued)

31.4 Credit risk management (continued)

	Level	North America US$'000	Latin America US$'000	Europe US$'000	Asia-Pacific US$'000	MEA US$'000	Total US$'000
2020							
Financial assets at amortised cost							
Bonds		–	–	–	–	13 118	13 118
Finance lease receivables		–	1 681	33 601	410	–	35 692
Loans granted to third parties and other long-term assets due		326	–	4 059	4 018	1 057	9 460
Gross trade accounts receivable		80 274	182 228	565 878	173 670	137 962	1 140 012
Less: Expected credit loss allowances		(59)	(833)	(10 017)	(4 658)	(13 935)	(29 502)
Sundry receivables		10 055	24 290	13 577	2 744	1 427	52 093
Cash resources		42 960	43 820	124 468	97 320	38 621	347 189
Financial assets at fair value through profit or loss							
Derivative financial assets	2	–	4 595	–	–	–	4 595
Maximum on-balance sheet exposure		133 556	255 781	731 566	273 504	178 250	1 572 657
Financial guarantees		–	–	–	–	–	–
Contract assets and contract costs		39 834	18 358	16 330	28 916	1 738	105 176

The FY20 table has been updated to include derivatives.

The carrying values of loans granted to third parties, other long-term assets due and sundry receivables balances approximates their fair value, therefore no fair value disclosures are provided.

The internal risk rating of loans granted to third parties and other long-term assets due and other receivables is "low credit risk" and these financial assets are considered to be performing.

The external credit ratings of the Group's main banks range from lower medium grade to high grade. The external credit risk ratings of bonds is Ba3 – non-investment grade. There have been no defaults by the Angolan government on bond maturity in the past and the National Bank of Angola has been settling bonds as they fall due.

When measuring expected credit losses, the Group uses publicly available, reasonable forward-looking information. Expected credit losses are based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

For trade receivables, finance lease receivables and contract assets, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime expected credit losses. The Group determines the expected credit losses on these items by using a provision matrix, which takes into consideration the payment profiles of these receivables over a period of 12 months in preceding financial years, the Group's historical credit loss experience, adjusted for factors that are specific to the receivables, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The Group considers forward-looking information such as known changes in the macroeconomic environment of customers located in a certain geography, the deterioration in the Group's relationship or discussions with a particular customer. Consideration of these factors enables an estimation of future expected credit losses to be made. Accordingly, the credit risk profile of these assets is presented based on their past due status in terms of the provision matrix. A default on a receivable occurs when the receivable fails to make contractual payments when they fall due.

The Group's trade receivables share similar risk characteristics by nature. The default percentages on outstanding trade receivables are determined based on the geographical regions of the trade receivables.

Covid-19 has had a minimal impact on trade receivables. Collections from customers during the FY21 have remained in line with historic norms. As intermediaries in the supply chain, both Logicalis and Westcon International are working with vendors to provide support to their supply chains during the pandemic. Management has concluded that the likelihood of material expected credit losses is low.

31. FINANCIAL INSTRUMENTS (continued)

31.4 Credit risk management (continued)

Expected credit losses for finance lease receivables and contract assets are negligible and all balances are included in the "current" ageing per the Group's past due matrix. Note 16 includes further details on the loss allowance for trade receivables.

There has been no change in the estimation techniques or significant assumptions made during the year is assessing the credit losses for these financial assets.

US$17.3 million of trade receivables are pledged as collateral against long-term interest-bearing liabilities and US$529.7 million of trade receivables have been assigned against short-term interest-bearing liabilities. Refer to Note 21.1 and Note 24. (FY20: US$244.3 million of trade receivables pledged as collateral long-term interest-bearing liabilities and bank overdrafts). There has not been any deterioration or changes in the collateral policies during the year, nor are there any financial instruments for which a loss allowance has not been recognised because of the collateral.

There has not been any deterioration or changes in the collateral policies during the year, nor are there any financial instruments for which a loss allowance has not been recognised because of the collateral.

All significant customers are vetted by an external credit agency where possible. In certain instances, customers with low credit ratings are investigated further and requests for collateral are made. Credit guarantees are sought for receivables over a certain credit limit. The Group makes use of credit insurance in many of its geographies. US$459.9 million of credit insurance (FY20: US$430.0 million) is held over trade receivables.

No material expected credit losses have been recognised for any financial assets, other than trade receivables.

The Group does not consider there to be any significant credit risk, which has not been adequately provided for at the reporting date.

Furthermore, there has been no material change to the Group's exposure to credit risks or the manner in which it manages and measures the risk.

31.5 Liquidity risk management

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. Ultimate responsibility for liquidity risk management rests with the Board, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and borrowing facilities and by continuously monitoring forecast and actual cash flows.

The Group is dependent on its bank overdrafts and trade finance facilities to operate. These facilities generally consist of either a fixed term or fixed period and may be repayable on demand, are secured against the assets of the company to which the facility is made available and contain certain covenants including financial covenants such as minimum liquidity, maximum leverage and pre-tax earnings coverage. In certain circumstances, if these covenants are violated and a waiver is not obtained for such violation, this may, amongst other things, mean that the facility may be repayable on demand. Included in Note 28 is a listing of additional undrawn facilities that the Group has at its disposal to further reduce liquidity risk.

In light of the Covid-19 crisis, particular attention has been given to assessing the outlook for liquidity across the Group and ensuring that sufficient cash will continue to be generated to settle liabilities as they fall due.

In February 2020, Logicalis completed a new three-year US$155 million banking facility for its subsidiaries. This senior facility covers Logicalis' operations throughout the world, excluding Latin America, which has its own separate credit facilities. The facility is used to fund working capital requirements and also includes a new acquisition credit line. In FY21, Logicalis successfully renegotiated the covenants under this facility, to ensure greater covenant headroom. In addition, the Latin American credit facilities are considered adequate in the current environment.

Westcon International completed two significant refinancing arrangements during FY21:

- A two-year US$80 million new receivables securitisation facility for its Asia-Pacific subsidiaries ("Westcon APAC"). The new facility has been entered into with Westpac Banking Corporation, replacing Westcon APAC's uncommitted financing facilities in Australia, New Zealand and Singapore and was effective from 25 September 2020.
- A three-year €275 million new invoice assignment facility for its European subsidiaries ("Westcon Europe"). The new facility was entered into with a European banking syndicate, led by Crédit Agricole Leasing & Factoring and was effective 1 October 2020 ("CAL&F facility"). The CAL&F facility replaced the previous syndicated invoice finance facility led by HSBC ("HIF facility"). The HIF facility was disclosed under bank overdrafts in the statement of financial position. Due to the different nature of the CAL&F facility, it is disclosed under short-term interest-bearing liabilities in the statement of financial position. Net cash/debt under both facilities remain unchanged.

The Group performed covenant projections for the next 12 months to confirm that banking covenants are likely to be met. The Covid-19 pandemic is not expected to impact the Group's ability to meet its banking covenants.

Notes to the Group consolidated annual financial statements continued

for the year ended 28 February 2021

31. FINANCIAL INSTRUMENTS (continued)

31.5 Liquidity risk management (continued)

WestconGroup South Africa's trading during Q1 of FY21 was impacted due to the Covid-19 pandemic. Limited hardware was shipped during this period and the ZAR/US$ exchange rate also deteriorated significantly resulting in abnormal realised forex losses. These losses triggered a technical breach in one of the covenants relating to the securitisation facility with Futuregrowth Asset Management. Trading recovered in subsequent periods and after consultation with the lenders the specific covenant was temporary waived by the lenders and the facility was not withdrawn. No other covenants of the facility were breached during the period.

The new financing facilities, as well as the very strong operating cash flow generated during FY21, significantly improved the Group's liquidity position, despite the impact of the Covid-19 pandemic.

The following tables detail the Group's remaining contractual maturity for its non-derivative and derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

	Level	0 – 1 year US$'000	1 – 2 years US$'000	2 – 5 years US$'000	After 5 years US$'000	Total US$'000
2021						
Financial liabilities at amortised cost						
Long-term interest-bearing liabilities		**(34 311)**	**(17 261)**	**(24 457)**	**(653)**	**(76 682)**
Lease liabilities		**(36 398)**	**(28 066)**	**(38 665)**	**(11 116)**	**(114 245)**
Trade payables		**(993 067)**	**–**	**–**	**–**	**(993 067)**
Other payables and other financial liabilities*		**(224 396)**	**–**	**–**	**–**	**(224 396)**
Short-term interest-bearing liabilities		**(227 149)**	**–**	**–**	**–**	**(227 149)**
Bank overdrafts		**(131 417)**	**–**	**–**	**–**	**(131 417)**
Financial liabilities at fair value through profit or loss						
Amounts owing to vendors	**3**	**(2 580)**	**(40)**	**–**	**–**	**(2 620)**
Derivative financial liabilities	**2**	**(1 046)**	**–**	**–**	**–**	**(1 046)**
		(1 650 364)	**(45 367)**	**(63 122)**	**(11 769)**	**(1 770 622)**
Financial guarantees/commitments		**–**	**–**	**–**	**–**	**–**
2020						
Financial liabilities at amortised cost						
Long-term interest-bearing liabilities		(24 394)	(15 379)	(3 169)	(90)	(43 032)
Lease liabilities		(34 325)	(30 067)	(50 375)	(14 706)	(129 473)
Trade payables		(928 201)	–	–	–	(928 201)
Other payables and other financial liabilities*		(198 236)	–	–	–	(198 236)
Short-term interest-bearing liabilities		(50 751)	–	–	–	(50 751)
Bank overdrafts		(263 800)	–	–	–	(263 800)
Financial liabilities at fair value through profit or loss						
Amounts owing to vendors	3	(3 438)	(2 052)	–	–	(5 490)
Derivative financial liabilities	2	(724)	–	–	–	(724)
		(1 503 869)	(47 498)	(53 544)	(14 796)	(1 619 707)
Financial guarantees/commitments		–	–	–	–	–

* *Other payables per Note 23 of US$392.1 million (FY20: US$330.8 million) less VAT/sales tax of US$50.4 million (FY20: US$37.9 million), short-term portion of share-based payments of US$5.0 million (FY20: US$2.7 million), accruals which are not financial liabilities of US$75.1 million (FY20: US$56.2 million), other payables which are not financial liabilities of US$36.2 million (FY20: US$35.1 million) and derivative financial liabilities which are disclosed separately of US$1.0 million (FY20: US$0.7 million).*

The Group continues to actively monitor its exposure to liquidity risks and the manner in which it manages and measures the risk, particularly the inherent counterparty risk which may arise through the Group's dealings with financial institutions.

31. FINANCIAL INSTRUMENTS (continued)

31.6 Market risk management

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates (see Note 31.7) and interest rates (see Note 31.8). The Group enters into a variety of derivative financial instruments to manage its exposure to foreign currency and interest rate risk, including:

- forward foreign exchange contracts ("FECs") to hedge the exchange rate risk arising on transactions denominated in foreign currency;
- a zero cost collar which offers protection against adverse currency moves beyond a certain level; and
- interest rate swaps to mitigate the risk of rising interest rates.

There has been no material change to the Group's exposure to market risks or the manner in which it manages and measures the risk.

31.7 Foreign exchange risk management

The Group operates in the global business environment and undertakes many transactions denominated in foreign currencies which exposes it to the risk of fluctuating exchange rates. The day-to-day management of foreign currency exchange risk is performed on a decentralised basis, within approved policy parameters and through the use of derivative instruments. These instruments primarily comprise FECs and zero cost collars. FECs require a future purchase or sale of foreign currency at a specified price. The Group does not trade in FECs for speculative purposes.

Fluctuations in exchange rates also affect the translation of the profits of subsidiaries whose functional currency is not the US Dollar. The most significant other currencies in which the Group trades are the Pound Sterling, the Euro, the Brazilian Real, the Australian Dollar and the South African Rand.

31.7.1 Foreign currency exposure analysis

The Group's operating companies have financial assets and liabilities that are denominated in multiple currencies, in many instances currencies other than their functional currencies. Differences arising from the translation of these foreign currency denominated financial assets and liabilities are recognised in the statement of comprehensive income as foreign exchange gains and/or losses.

Westcon International

Westcon International operates in the global business environment and undertakes many transactions denominated in foreign currencies. Westcon International is exposed to the risk of fluctuating exchange rates and seeks to actively manage this exposure, within approved policy parameters and through the use of derivative instruments. These instruments primarily comprise forward exchange contracts. Forward exchange contracts require a future purchase or sale of foreign currency at a specified price.

Datatec management has performed a review of foreign currency exposures of the financial assets and liabilities of Westcon International. In addition the foreign exchange gains and losses in the statement of comprehensive income were reviewed to identify the regions with potential exposures. Where no natural hedges occur, Westcon International is adequately hedged in most regions. There were foreign exchange exposures found in Africa and the total exposure is US$10.7 million (FY20: US$6.2 million). A 10% movement will result in a US$1.1 million (FY20: US$0.6 million) movement in the statement of comprehensive income.

Logicalis

Logicalis operates in the global business environment and undertakes many transactions denominated in foreign currencies. Logicalis is exposed to the risk of fluctuating exchange rates and seeks to actively manage this exposure, within approved policy parameters and through the use of derivative instruments. These instruments primarily comprise forward exchange contracts. Forward exchange contracts require a future purchase or sale of foreign currency at a specified price.

Datatec management has performed a review of foreign currency exposures of the financial assets and liabilities of Logicalis. In addition the foreign exchange gains and losses in the statement of comprehensive income were reviewed to identify the regions with potential exposures. Where no natural hedges occur, Logicalis is adequately hedged in most regions. The total exposure is US$72.1 million (FY20: US$20.5 million). A 10% movement will result in a US$7.2 million movement (FY20: US$2.1 million) in the statement of comprehensive income.

Ten percent represents a reasonable average year-on-year movement in the exchange rates of the Group's material currencies against the US Dollar.

Notes to the Group consolidated annual financial statements continued

for the year ended 28 February 2021

31. FINANCIAL INSTRUMENTS (continued)

31.7 Foreign exchange risk management (continued)

31.7.1 Foreign currency exposure analysis (continued)

Corporate, Management Consulting and Financial Services

Datatec management has performed a review of foreign currency exposures of the financial assets and liabilities of the Corporate, Management Consulting and Financial Services segment. The total exposure is US$38.3 million (FY20: US$6.6 million). A 10% movement will result in a US$3.8 million movement (FY20: US$0.7 million) in the statement of comprehensive income.

31.7.2 Forward foreign exchange contracts

It is the policy of the Group to enter into FECs to cover certain specific foreign currency payments and receipts based on the known exposure generated. The Group also enters into FECs to manage the risk associated with anticipated sales and purchase transactions, with FECs ranging up to approximately six months and with cover up to 100% of the anticipated exposure generated. Obligations under open FEC contracts are detailed in Notes 31.4 and 31.5, as derivative financial assets and derivative financial liabilities respectively.

31.8 Interest rate risk management

The Group is exposed to interest rate risk as entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group maintaining an appropriate mix between fixed and floating rate borrowings. The interest rate characteristics of new borrowings and the refinancing of existing borrowings are positioned according to expected movements in interest rates and defined risk appetite (see Note 31.5).

Interest rate sensitivity analyses

The analyses below set out the sensitivity of the Group's variable rate financial assets and liabilities to movements in the applicable interest rates based on an average outstanding asset or liability calculated for the year. The applicable increase or decrease that represents management's assessment of the reasonably possible change in interest rates, is a 10% increase in the applicable variable interest rates across the Group. Interest rates in the Group vary due to the large number of geographic locations. Interest rates fluctuate more in certain regions due to economic uncertainty, particularly in emerging markets. Therefore, 10% has therefore been chosen for the sensitivity analyses as it represents a reasonable average expected change in interest rates across the various regions in the Group.

Datatec Group

- Profit for the year ended 28 February 2021 would decrease by a net amount of US$0.79 million (FY20: US$1.00 million decrease)

Westcon International

- Profit for the year ended 28 February 2021 would decrease by a net amount of US$0.68 million (FY20: US$0.93 million decrease)

Logicalis

- Profit for the year ended 28 February 2021 would decrease by a net amount of US$0.10 million (FY20: US$0.07 million decrease)

Corporate, Management Consulting and Financial Services

- Profit for the year ended 28 February 2021 would decrease by a net amount of US$0.01 million (FY20: immaterial)

32. CASH GENERATED FROM OPERATIONS

	2021 US$'000	2020 US$'000
Profit before taxation	**25 244**	59,820+
Adjustment for		
Unrealised foreign exchange losses	**283**	1 247
Share-based payments	**11 493**	7 623
Share of equity-accounted investment (earnings)/losses	**(908)**	204
Depreciation and amortisation	**68 659**	76 120
Loss/(profit) on disposal of property, plant and equipment	**912**	(65)
Profit on disposal of discontinued operations	**–**	(1 332)
Net movement in provisions	**16 127**	(11 082)
Gain on disposal of investment	**–**	(415)
Net movements on expected credit loss allowances	**5 389**	3 700
Acquisition-related fair value adjustments	**–**	(696)
Cash payments to settlement of share-based payment obligations	**(2 654)**	(1 574)
Interest income	**(1 895)**	(14 911)
Finance costs*	**27 587**	40 785
Other non-cash items (individually immaterial)	**4 251**	(1 086)
Operating profit before working capital changes	**154 488**	158 338
Working capital changes	**78 154**	56 984
Decrease in inventories	**13 324**	70 992
Decrease in receivables	**15 314**	78 496
Increase/(decrease) in payables	**88 373**	(69 698)
Increase in contract assets and contract costs	**(50 526)**	(23 252)
Increase in deferred revenue	**11 669**	446
Decrease in finance lease receivables	**–**	247
Other non-current assets	**1 709**	–
	234 351	215 569

* *Includes non-cash accruals.*
\+ *Includes both continuing and discontinued operations.*

Notes to the Group consolidated annual financial statements continued

for the year ended 28 February 2021

	2021 US$'000	2020 US$'000
33. TAXATION PAID		
Net taxation liability – at the beginning of the year	**(586)**	(4 384)
Subsidiaries acquired	**(1 000)**	(17)
Charge to profit and loss (excluding deferred taxation)	**(29 173)**	(32 055)
Other movements and translation differences	**(1 665)**	(1 071)
Net taxation (asset)/liability – at the end of the year	**(4 173)**	586
	(36 597)	(36 941)
Net taxation		
Current tax assets	**20 769**	16 091
Current tax liability	**(16 596)**	(16 677)
	4 173	(586)

	2021 US$'000	2020 US$'000
34. ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT		
Maintenance of operations		
Office furniture, equipment and motor vehicles	**553**	930
Computer equipment	**6 973**	5 575
Leasehold improvements	**3 217**	1 343
Land and buildings	**–**	–
Expansion of operations		
Office furniture, equipment and motor vehicles	**1 881**	437
Computer equipment	**4 284**	4 174
Leasehold improvements	**909**	3 077
Land and buildings	**–**	–
	17 817	15 536

	2021 US$'000	2020 Restated# US$'000
35. CASH FLOW ADDITIONAL NOTES		
35.1 Translation difference on cash and cash equivalents		
Translation differences on cash and cash equivalents are calculated on the combined cash resources and bank overdrafts that are unconditionally repayable on demand of companies that hold cash in currencies other than the US Dollar.	**(6 287)**	(9 270)

35. CASH FLOW ADDITIONAL NOTES

(continued)

35.2 Reconciliation of liabilities arising from financing activities

	Note	Opening balance as at 1 March 2020 US$'000	Financing cash inflows* US$'000	Financing cash outflows* US$'000	Non-cash changes: Acquisition of subsidiary US$'000	Non-cash changes: Transfers US$'000	Non-cash changes: Foreign currency and other changes US$'000	Closing balance as at 28 February 2021 US$'000
2021								
Amounts owing to vendors	25	(5 490)	**–**	**3 130**	**–**	**–**	**(260)**	**(2 620)**
Long-term interest-bearing liabilities**	21	(43 032)	**(50 832)**	**27 416**	**–**	**(4 113)**	**(6 121)**	**(76 682)**
Unsecured loans		(29 980)	**(26 389)**	**17 377**	**–**	**–**	**7 790**	**(31 202)**
Secured loans		(13 052)	**(24 443)**	**10 039**	**–**	**(4 113)**	**(13 911)**	**(45 480)**
Lease liabilities***/****/~	22	(129 473)	**–**	**61 408**	**(42)**	**8 682**	**(54 820)**	**(114 245)**
Bank overdrafts repayable on demand under certain conditions~	28	(248 915)	**–**	**123 182**	**–**	**–**	**4 176**	**(121 557)**
Short-term interest-bearing liabilities	24	(50 751)	**(218 210)**	**49 992**	**(6 744)**	**(4 569)**	**3 133**	**(227 149)**

* *The cash flows from bank loans and other borrowings make up the net amount of proceeds and repayments in terms of short-term and long-term liabilities in the Group statement of cash flows under financing liabilities.*

** *Includes current portion (US$34.3 million – refer to Note 21).*

*** *The non-cash movement in leases include finance cost related to finance leases of US$4.9 million (refer to Note 4), new leases of US$46.9 million, foreign currency and other movements.*

**** *Includes current portion (US$36.4 million – refer to Note 22).*

~ *Cash flows include US$4.9 million interest related to lease liabilities and US$13.5 million interest on bank overdrafts repayable on demand under certain conditions. These are included in cash flows from operating activities.*

	Note	Opening balance as at 1 March 2019 US$'000	Financing cash inflows* US$'000	Financing cash outflows* US$'000	Non-cash changes: Acquisition of subsidiary US$'000	Non-cash changes: Transfers US$'000	Non-cash changes: Foreign currency and other changes US$'000	Closing balance as at 29 February 2020 US$'000
2020								
Amounts owing to vendors	25	(2 329)	–	196	(4 186)	–	829	(5 490)
Long-term interest-bearing liabilities**	21	(45 406)	(16 002)	14 963	(145)	–	3 558	(43 032)
Unsecured loans		(30 948)	(16 002)	14 195	–	–	2 775	(29 980)
Secured loans		(14 458)	–	768	(145)	–	783	(13 052)
Lease liabilities***/****/~	22	(30 982)	–	22 248	(1 216)	–	(119 523)	(129 473)
Bank overdrafts repayable on demand under certain conditions#~	28	(293 357)	–	49 924	–	–	(5 482)	(248 915)
Short-term interest-bearing liabilities	24	(64 746)	(53 110)	61 620	–	–	5 485	(50 751)

* *The cash flows from bank loans and other borrowings make up the net amount of proceeds and repayments in terms of short-term and long-term liabilities in the Group statement of cash flows under financing liabilities.*

** *Includes current portion (US$24.4 million – refer to Note 21).*

*** *The non-cash movement in leases include the IFRS 16 take-on leases of US$94.6 million in FY20, finance cost related to finance leases of US$6.0 million (refer to Note 4), new leases, foreign currency and other movements.*

**** *Includes current portion (US$34.3 million – refer to Note 22).*

~ *Cash flows include US$6.0 million interest related to lease liabilities and US$17.9 million interest on bank overdrafts repayable on demand under certain conditions. These are included in cash flows from operating activities.*

Restated.

Notes to the Group consolidated annual financial statements continued

for the year ended 28 February 2021

	2021 US$'000	2020 Restated# US$'000
36. CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		
Cash resources	**488 632**	347 189
Bank overdrafts unconditionally repayable on demand (Note 28)	**(9 860)**	(14 885)
Cash and cash equivalents (per the statement of cash flows)	**478 772**	332 304
Bank overdrafts repayable on demand under certain conditions (refer to Note 28)	**(121 557)**	(248 915)
Net cash resources	**357 215**	83 389
Bank overdrafts unconditionally repayable on demand	**(9 860)**	(14 885)
Bank overdrafts repayable on demand under certain conditions	**(121 557)**	(248 915)
Total bank overdrafts (Note 28)	**(131 417)**	(263 800)

The Group restated its statement for cash flows for FY20 to exclude certain bank overdrafts from cash and cash equivalents. Bank overdraft that are repayable on demand under certain circumstances, but not unconditionally repayable on demand have now been excluded from cash and cash equivalents and cash flows associated with these bank overdrafts are now shown as cash flows from financing activities. The restatement relates to banking arrangements that form an integral part of the Group's cash management.

The table below illustrates the effect of the restatement on the statement of cash flows for the prior period as follows:

Statement of cash flows (extract) FY20

	Before restatement 2020 US$'000	After restatement 2020 US$'000	Total restatement 2020 US$'000
2020			
Net cash inflow from operating activities	147 656	147 656	–
Net cash outflow from investing activities	(30 966)	(30 966)	–
Net cash outflow from financing activities	(76 781)	(108 854)	(32 073)
Overdrafts repayable on demand under certain conditions	–	(32 073)	(32 073)
Other financing activities	(76 781)	(76 781)	–
Net increase/(decrease) in cash and cash equivalents	39 909	7 836	(32 073)
Cash and cash equivalents at the beginning of the year	40 381	333 738	293 357
Translation differences on cash and cash equivalents	3 099	(9 270)	(12 369)
Cash and cash equivalents at the end of the year	83 389	332 304	248 915

37. SEGMENTAL REPORT

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

Principal activities are as follows:

- Westcon International – Technology distribution of security and networking products;
- Logicalis – ICT infrastructure solutions and services; and
- Corporate, Management Consulting and Financial Services – includes strategic and technical consulting; capital/leasing business; Group head office companies and Group consolidation adjustments.

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 group of directors who make strategic decisions.

Notes to the Group consolidated annual financial statements continued

for the year ended 28 February 2021

37. SEGMENTAL REPORT (continued)

37.1 Condensed statement of comprehensive income

	Westcon International 2021 US$'000	Westcon International 2020 Restated^ US$'000
Revenue	**2 585 678**	2 473 113
Total revenue	**2 622 754**	2 512 039
Inter-segmental	**(37 076)**	(38 926)
Gross Profit	**290 987**	275 701
North America	**–**	–
Latin America	**–**	–
Europe	**177 793**	163 708
Asia-Pacific	**71 141**	70 834
MEA	**42 053**	41 159
Restructuring costs	**7 764**	–
EBITDA	**44 782**	40 038
North America	**–**	–
Latin America	**–**	–
Europe	**41 404**	41 763
Asia-Pacific	**21 893**	18 622
MEA	**10 917**	8 767
Datatec Group and divisional central costs	**(29 432)**	(29 114)
Depreciation and amortisation	**(22 567)**	(21 066)
Operating profit/(loss)	**22 215**	18 972
Interest income	**728**	1 084
Finance costs	**(10 933)**	(14 733)
Share of equity-accounted investment (losses)/earnings	**–**	(398)
Acquisition-related fair value adjustments	**–**	–
Other income	**55**	918
Gain on disposal of investment	**–**	415
Profit/(loss) before taxation	**12 065**	6 258
Taxation	**(3 694)**	(5 962)
Profit/(loss) for the year from continuing operations	**8 371**	296
Profit for the year from discontinued operations	**–**	–
Profit/(loss) for the year	**8 371**	296

^ *Refer to Note 1.*

During FY21 and FY20, there were no customers that individually accounted for over 10% of the Group's revenue.

Logicalis 2021 US$'000	Logicalis 2020 Restated^ US$'000	Corporate, Management Consulting and Financial Services 2021 US$'000	Corporate, Management Consulting and Financial Services 2020 US$'000	Datatec Group total 2021 US$'000	Datatec Group total 2020 Restated^ US$'000
1 449 543	1 681 531	**74 242**	59 777	**4 109 463**	4 214 421
1 449 956	1 682 419	**36 753**	19 963	**4 109 463**	4 214 421
(413)	(888)	**37 489**	39 814	**–**	–
367 491	441 181	**32 059**	24 696	**690 537**	741 578
95 659	108 853	**2 988**	1 710	**98 647**	110 563
102 226	164 759	**678**	650	**102 904**	165 409
107 477	105 663	**21 334**	13 410	**306 604**	282 781
59 893	59 379	**3 909**	3 903	**134 943**	134 116
2 236	2 527	**3 150**	5 023	**47 439**	48 709
14 138	–	**476**	–	**22 378**	–
81 931	123 854	**(8 081)**	(5 235)	**118 632**	158 657
20 247	24 649	**1 027**	129	**21 274**	24 778
34 317	66 641	**233**	249	**34 550**	66 890
13 895	22 308	**5 435**	4 504	**60 734**	68 575
23 145	21 819	**1 344**	1 375	**46 382**	41 816
(644)	(573)	**1 083**	1 924	**11 356**	10 118
(9 029)	(10 990)	**(17 203)**	(13 416)	**(55 664)**	(53 520)
(41 666)	(51 567)	**(4 426)**	(3 487)	**(68 659)**	(76 120)
40 265	72 287	**(12 507)**	(8 722)	**49 973**	82 537
770	11 538	**397**	2 289	**1 895**	14 911
(16 373)	(25 608)	**(281)**	(444)	**(27 587)**	(40 785)
362	(181)	**546**	375	**908**	(204)
–	696	**–**	–	**–**	696
–	–	**–**	–	**55**	918
–	–	**–**	–	**–**	415
25 024	58 732	**(11 845)**	(6 502)	**25 244**	58 488
(13 813)	(21 949)	**(2 033)**	(3 898)	**(19 540)**	(31 809)
11 211	36 783	**(13 878)**	(10 400)	**5 704**	26 679
–	–	**–**	1 332	**–**	1 332
11 211	36 783	**(13 878)**	(9 068)	**5 704**	28 011

Notes to the Group consolidated annual financial statements continued

for the year ended 28 February 2021

37. SEGMENTAL REPORT (continued)

		Westcon International 2021 North America US$'000	Latin America US$'000	Europe US$'000	Asia-Pacific US$'000	MEA US$'000	Central US$'000	Total US$'000
37.2	Revenue	–	–	1 607 610	608 704	369 364	–	2 585 678
	Revenue from product sales	–	–	1 556 322	592 372	360 279	–	2 508 973
	Revenue from sales of hardware	–	–	950 542	356 708	221 896	–	1 529 146
	Revenue from sales of software*	–	–	575 938	239 689	131 250	–	946 877
	Revenue from vendor resold services and product maintenance sales	–	–	47 667	13 853	8 216	–	69 736
	Inter-segmental	–	–	(17 825)	(17 878)	(1 083)	–	(36 786)
	Nature of revenue from product sales	–	–	1 556 322	592 372	360 279	–	2 508 973
	Principal	–	–	1 526 480	596 397	353 146	–	2 476 023
	Agent	–	–	47 667	13 853	8 216	–	69 736
	Inter-segmental	–	–	(17 825)	(17 878)	(1 083)	–	(36 786)
	Timing of revenue from product sales	–	–	1 556 322	592 372	360 279	–	2 508 973
	At a point in time	–	–	1 574 147	610 250	361 362	–	2 545 759
	Over time	–	–	–	–	–	–	–
	Inter-segmental	–	–	(17 825)	(17 878)	(1 083)	–	(36 786)
	Revenue from services	–	–	45 786	14 255	7 969	–	68 010
	Revenue from professional services	–	–	45 932	14 336	7 973	–	68 241
	Inter-segmental	–	–	(146)	(81)	(4)	–	(231)
	Nature of revenue from services	–	–	45 786	14 255	7 969	–	68 010
	Principal	–	–	45 932	14 336	7 973	–	68 241
	Agent	–	–	–	–	–	–	–
	Inter-segmental	–	–	(146)	(81)	(4)	–	(231)
	Timing of revenue from services	–	–	45 786	14 255	7 969	–	68 010
	At a point in time	–	–	–			–	–
	Over time	–	–	45 932	14 336	7 973	–	68 241
	Inter-segmental	–	–	(146)	(81)	(4)	–	(231)
	Revenue from annuity services	–	–	5 502	2 077	1 116	–	8 695
	Revenue from cloud services	–	–	–	–	–	–	–
	Revenue from software services*	–	–	5 513	2 125	1 116	–	8 754
	Revenue from other annuity services	–	–	–	–	–	–	–
	Inter-segmental	–	–	(11)	(48)	–	–	(59)
	Nature of revenue from annuity services	–	–	5 502	2 077	1 116	–	8 695
	Principal	–	–	–	–	–	–	–
	Agent	–	–	5 513	2 125	1 116	–	8 754
	Inter-segmental	–	–	(11)	(48)	–	–	(59)
	Timing of revenue from annuity services	–	–	5 502	2 077	1 116	–	8 695
	At a point in time	–	–	5 513	2 125	1 116	–	8 754
	Over time	–	–	–	–	–	–	–
	Inter-segmental	–	–	(11)	(48)	–	–	(59)

^ *Refer to Note 1.*
* *Includes software as a service revenues.*

Vendor resold services in Westcon International is included in revenue from product sales as the revenue stream is directly related to the sales of product.

Westcon International 2020 Restated^						
North America US$'000	Latin America US$'000	Europe US$'000	Asia-Pacific US$'000	MEA US$'000	Central US$'000	Total US$'000
–	–	1 503 001	577 280	392 832	–	2 473 113
–	–	1 452 335	564 775	384 028	–	2 401 138
–	–	1 014 622	376 940	263 650	–	1 655 212
–	–	409 322	201 274	112 627	–	723 223
–	–	40 900	11 239	9 016	–	61 155
–	–	(12 509)	(24 678)	(1 265)	–	(38 452)
–	–	1 452 335	564 775	384 028	–	2 401 138
–	–	1 423 944	578 214	376 277	–	2 378 435
–	–	40 900	11 239	9 016	–	61 155
–	–	(12 509)	(24 678)	(1 265)	–	(38 452)
–	–	1 452 335	564 775	384 028	–	2 401 138
–	–	1 464 844	589 453	385 293	–	2 439 590
–	–	–	–	–	–	–
–	–	(12 509)	(24 678)	(1 265)	–	(38 452)
–	–	48 535	11 828	7 535	–	67 898
–	–	48 704	11 977	7 535	–	68 216
–	–	(169)	(149)	–	–	(318)
–	–	48 535	11 828	7 535	–	67 898
–	–	48 704	11 977	7 535	–	68 216
–	–	–	–	–	–	–
–	–	(169)	(149)	–	–	(318)
–	–	48 535	11 828	7 535	–	67 898
–	–	–	–	–	–	–
–	–	48 704	11 977	7 535	–	68 216
–	–	(169)	(149)	–	–	(318)
–	–	2 131	677	1 269	–	4 077
–	–	–	–	–	–	–
–	–	2 137	827	1 269	–	4 233
–	–	–	–	–	–	–
–	–	(6)	(150)	–	–	(156)
–	–	2 131	677	1 269	–	4 077
–	–	–	–	–	–	–
–	–	2 137	827	1 269	–	4 233
–	–	(6)	(150)	–	–	(156)
–	–	2 131	677	1 269	–	4 077
–	–	2 137	827	1 269	–	4 233
–	–	–	–	–	–	–
–	–	(6)	(150)	–	–	(156)

Notes to the Group consolidated annual financial statements continued

for the year ended 28 February 2021

37. SEGMENTAL REPORT (continued)

Westcon International 2020 Reported

	North America US$'000	Latin America US$'000	Europe US$'000	Asia-Pacific US$'000	MEA US$'000	Central US$'000	Total US$'000
37.2 Revenue (continued)	–	–	1 536 170	599 985	408 468	–	2 544 623
Revenue from product sales	–	–	1 465 287	566 243	370 842	–	2 402 372
Revenue from sales of hardware	–	–	1 014 622	376 940	263 650	–	1 655 212
Revenue from sales of software*	–	–	422 620	203 356	99 445	–	725 421
Revenue from vendor resold services and product maintenance sales	–	–	40 804	10 961	9 015	–	60 780
Inter-segmental	–	–	(12 759)	(25 014)	(1 268)	–	(39 041)
Nature of revenue from product sales	–	–	1 465 287	566 243	370 842	–	2 402 372
Principal	–	–	1 478 046	591 257	372 110	–	2 441 413
Agent	–	–	–	–	–	–	–
Inter-segmental	–	–	(12 759)	(25 014)	(1 268)	–	(39 041)
Timing of revenue from product sales	–	–	1 465 287	566 243	370 842	–	2 402 372
At a point in time	–	–	1 478 046	591 257	372 110	–	2 441 413
Over time	–	–	–	–	–	–	–
Inter-segmental	–	–	(12 759)	(25 014)	(1 268)	–	(39 041)
Revenue from services	–	–	48 535	11 828	7 535	–	67 898
Revenue from professional services	–	–	48 535	11 828	7 535	–	67 898
Inter-segmental	–	–	–	–	–	–	–
Nature of revenue from services	–	–	48 535	11 828	7 535	–	67 898
Principal	–	–	48 535	11 828	7 535	–	67 898
Agent	–	–	–	–	–	–	–
Inter-segmental	–	–	–	–	–	–	–
Timing of revenue from services	–	–	48 535	11 828	7 535	–	67 898
At a point in time	–	–	48 535	11 828	7 535	–	67 898
Over time	–	–	–	–	–	–	–
Inter-segmental	–	–	–	–	–	–	–
Revenue from annuity services	–	–	22 348	21 914	30 091	–	74 353
Revenue from cloud services	–	–	22 348	21 914	30 091	–	74 353
Revenue from software services*	–	–	–	–	–	–	–
Revenue from other annuity services	–	–	–	–	–	–	–
Inter-segmental	–	–	–	–	–	–	–
Nature of revenue from annuity services	–	–	22 348	21 914	30 091	–	74 353
Principal	–	–	22 348	21 914	30 091	–	74 353
Agent	–	–	–	–	–	–	–
Inter-segmental	–	–	–	–	–	–	–
Timing of revenue from annuity services	–	–	22 348	21 914	30 091	–	74 353
At a point in time	–	–	22 348	21 914	30 091	–	74 353
Over time	–	–	–	–	–	–	–
Inter-segmental	–	–	–	–	–	–	–

Westcon International
2020 Restatement

North America US$'000	Latin America US$'000	Europe US$'000	Asia-Pacific US$'000	MEA US$'000	Central US$'000	Total US$'000
–	–	(33 169)	(22 705)	(15 636)	–	(71 510)
–	–	(12 952)	(1 468)	13 186	–	(1 234)
–	–	–	–	–	–	–
–	–	(13 298)	(2 082)	13 182	–	(2 198)
–	–	96	278	1	–	375
–	–	250	336	3	–	589
–	–	(12 952)	(1 468)	13 186	–	(1 234)
–	–	(54 102)	(13 043)	4 167	–	(62 978)
–	–	40 900	11 239	9 016	–	61 155
–	–	250	336	3	–	589
–	–	(12 952)	(1 468)	13 186	–	(1 234)
–	–	(13 202)	(1 804)	13 183	–	(1 823)
–	–	–	–	–	–	–
–	–	250	336	3	–	589
–	–	–	–	–	–	–
–	–	169	149	–	–	318
–	–	(169)	(149)	–	–	(318)
–	–	–	–	–	–	–
–	–	169	149	–	–	318
–	–	–	–	–	–	–
–	–	(169)	(149)	–	–	(318)
–	–	–	–	–	–	–
–	–	(48 535)	(11 828)	(7 535)	–	(67 898)
–	–	48 704	11 977	7 535	–	68 216
–	–	(169)	(149)	–	–	(318)
–	–	(20 217)	(21 237)	(28 822)	–	(70 276)
–	–	(22 348)	(21 914)	(30 091)	–	(74 353)
–	–	2 137	827	1 269	–	4 233
–	–	–	–	–	–	–
–	–	(6)	(150)	–	–	(156)
–	–	(20 217)	(21 237)	(28 822)	–	(70 276)
–	–	(22 348)	(21 914)	(30 091)	–	(74 353)
–	–	2 137	827	1 269	–	4 233
–	–	(6)	(150)	–	–	(156)
–	–	(20 217)	(21 237)	(28 822)	–	(70 276)
–	–	(20 211)	(21 087)	(28 822)	–	(70 120)
–	–	–	–	–	–	–
–	–	(6)	(150)	–	–	(156)

Notes to the Group consolidated annual financial statements continued

for the year ended 28 February 2021

37. SEGMENTAL REPORT (continued)

		Logicalis 2021						
		North America US$'000	Latin America US$'000	Europe US$'000	Asia-Pacific US$'000	MEA US$'000	Central US$'000	Total US$'000
37.2	Revenue (continued)	336 768	451 051	424 219	231 755	5 750	–	1 449 543
	Revenue from product sales	229 936	254 626	221 799	131 642	1 509	–	839 512
	Revenue from sales of hardware	170 654	191 652	180 260	111 185	988	–	654 739
	Revenue from sales of software*	59 147	62 983	41 246	20 490	573	–	184 439
	Revenue from vendor resold services and product maintenance sales	442	–	305	–	–	–	747
	Inter-segmental	(307)	(9)	(12)	(33)	(52)	–	(413)
	Nature of revenue from product sales	229 936	254 626	221 799	131 642	1 509	–	839 512
	Principal	228 299	253 513	215 842	130 321	1 528	–	829 503
	Agent	1 944	1 122	5 969	1 354	33	–	10 422
	Inter-segmental	(307)	(9)	(12)	(33)	(52)	–	(413)
	Timing of revenue from product sales	229 936	254 626	221 799	131 642	1 509	–	839 512
	At a point in time	230 243	254 635	221 811	131 675	1 561	–	839 925
	Over time	–	–	–	–	–	–	–
	Inter-segmental	(307)	(9)	(12)	(33)	(52)	–	(413)
	Revenue from services	34 221	70 115	73 485	29 648	1 798	–	209 267
	Revenue from professional services	34 221	70 115	73 485	29 648	1 798	–	209 267
	Inter-segmental	–	–	–	–	–	–	–
	Nature of revenue from services	34 221	70 115	73 485	29 648	1 798	–	209 267
	Principal	34 221	68 576	73 485	29 627	1 798	–	207 707
	Agent	–	1 539	–	21	–	–	1 560
	Inter-segmental	–	–	–	–	–	–	–
	Timing of revenue from services	34 221	70 115	73 485	29 648	1 798	–	209 267
	At a point in time	–	1 539	–	21	–	–	1 560
	Over time	34 221	68 576	73 485	29 627	1 798	–	207 707
	Inter-segmental	–	–	–	–	–	–	–
	Revenue from annuity services	72 611	126 310	128 935	70 465	2 443	–	400 764
	Revenue from cloud services	21 676	2 559	10 068	12 338	1 012	–	47 653
	Revenue from software services*	–	–	–	–	–	–	–
	Revenue from other annuity services	50 935	123 751	118 867	58 127	1 431	–	353 111
	Inter-segmental	–	–	–	–	–	–	–
	Nature of revenue from annuity services	72 611	126 310	128 935	70 465	2 443	–	400 764
	Principal	56 340	123 457	115 478	65 470	2 443	–	363 188
	Agent	16 271	2 853	13 457	4 995	–	–	37 576
	Inter-segmental	–	–	–	–	–	–	–
	Timing of revenue from annuity services	72 611	126 310	128 935	70 465	2 443	–	400 764
	At a point in time	16 271	2 853	13 457	4 995	–	–	37 576
	Over time	56 340	123 457	115 478	65 470	2 443	–	363 188
	Inter-segmental	–	–	–	–	–	–	–

^ *Refer to Note 1.*
* *Includes software as a service revenues.*

Vendor resold services in Logicalis is included in revenue from annuity services as the revenue stream is directly related to the generation of recurring revenue.

A prior year reclassification of US$65.6 million from professional services to software was required in Latin America. Previously Logicalis' Brazilian operation had reported the revenue as services revenue following local Brazilian tax requirements which requires that all software revenue that does not include an associated media component be classified as service revenue.

			Logicalis 2020 Restated^			
North America US$'000	Latin America US$'000	Europe US$'000	Asia-Pacific US$'000	MEA US$'000	Central US$'000	Total US$'000
408 693	613 670	401 633	251 105	6 496	(66)	1 681 531
294 319	399 801	206 699	149 048	1 698	(66)	1 051 499
258 209	334 018	164 061	139 568	1 087	(66)	896 877
35 839	65 783	42 972	9 498	611	–	154 703
601	–	206	–	–	–	807
(330)	–	(540)	(18)	–	–	(888)
294 319	399 801	206 699	149 048	1 698	(66)	1 051 499
290 842	395 255	201 288	148 762	1 688	(66)	1 037 769
3 807	4 546	5 951	304	10	–	14 618
(330)	–	(540)	(18)	–	–	(888)
294 319	399 801	206 699	149 048	1 698	(66)	1 051 499
294 649	399 801	207 239	149 066	1 698	(66)	1 052 387
–	–	–	–	–	–	–
(330)	–	(540)	(18)	–	–	(888)
39 647	75 576	69 296	32 209	1 068	–	217 796
39 647	75 576	69 296	32 209	1 068	–	217 796
–	–	–	–	–	–	–
39 647	75 576	69 296	32 209	1 068	–	217 796
39 647	75 576	69 296	32 209	1 068	–	217 796
–	–	–	–	–	–	–
–	–	–	–	–	–	–
39 647	75 576	69 296	32 209	1 068	–	217 796
–	–	–	–	–	–	–
39 647	75 576	69 296	32 209	1 068	–	217 796
–	–	–	–	–	–	–
74 727	138 293	125 638	69 848	3 730	–	412 236
24 425	702	9 941	12 858	1 458	–	49 384
–	–	–	–	–	–	–
50 302	137 591	115 697	56 990	2 272	–	362 852
–	–	–	–	–	–	–
74 727	138 293	125 638	69 848	3 730	–	412 236
58 074	137 212	107 336	64 801	3 730	–	371 153
16 653	1 081	18 302	5 047	–	–	41 083
–	–	–	–	–	–	–
74 727	138 293	125 638	69 848	3 730	–	412 236
–	–	–	–	–	–	–
74 727	138 293	125 638	69 848	3 730	–	412 236
–	–	–	–	–	–	–

Notes to the Group consolidated annual financial statements continued

for the year ended 28 February 2021

37. SEGMENTAL REPORT (continued)

	North America US$'000	Latin America US$'000	Europe US$'000	Asia-Pacific US$'000	MEA US$'000	Central US$'000	Total US$'000
	Logicalis 2020 Reported						
37.2 Revenue (continued)	419 637	613 827	407 903	252 551	6 593	(66)	1 700 445
Revenue from product sales	305 263	334 354	212 969	150 494	1 795	(66)	1 004 809
Revenue from sales of hardware	258 209	334 018	164 061	139 568	1 087	(66)	896 877
Revenue from sales of software*	46 783	336	49 242	10 944	708	–	108 013
Revenue from vendor resold services and product maintenance sales	601	–	206	–	–	–	807
Inter-segmental	(330)	–	(540)	(18)	–	–	(888)
Nature of revenue from product sales	305 263	334 354	212 969	150 494	1 795	(66)	1 004 809
Principal	304 992	334 276	208 707	150 383	1 795	(66)	1 000 087
Agent	601	78	4 802	129	–	–	5 610
Inter-segmental	(330)	–	(540)	(18)	–	–	(888)
Timing of revenue from product sales	305 263	334 354	212 969	150 494	1 795	(66)	1 004 809
At a point in time	305 593	334 354	213 509	150 512	1 795	(66)	1 005 697
Over time	–	–	–	–	–	–	–
Inter-segmental	(330)	–	(540)	(18)	–	–	(888)
Revenue from services	39 647	141 180	69 296	32 209	1 068	–	283 400
Revenue from professional services	39 647	141 180	69 296	32 209	1 068	–	283 400
Inter-segmental	–	–	–	–	–	–	–
Nature of revenue from services	39 647	141 180	69 296	32 209	1 068	–	283 400
Principal	39 647	136 727	69 296	32 209	1 068	–	278 947
Agent	–	4 453	–	–	–	–	4 453
Inter-segmental	–	–	–	–	–	–	–
Timing of revenue from services	39 647	141 180	69 296	32 209	1 068	–	283 400
At a point in time	–	–	–	–	–	–	–
Over time	39 647	141 180	69 296	32 209	1 068	–	283 400
Inter-segmental	–	–	–	–	–	–	–
Revenue from annuity services	74 727	138 293	125 638	69 848	3 730	–	412 236
Revenue from cloud services	24 425	702	9 941	12 858	1 458	–	49 384
Revenue from software services*	–	–	–	–	–	–	–
Revenue from other annuity services	50 302	137 591	115 697	56 990	2 272	–	362 852
Inter-segmental	–	–	–	–	–	–	–
Nature of revenue from annuity services	74 727	138 293	125 638	69 848	3 730	–	412 236
Principal	58 074	137 212	107 336	64 801	3 730	–	371 153
Agent	16 653	1 081	18 302	5 047	–	–	41 083
Inter-segmental	–	–	–	–	–	–	–
Timing of revenue from annuity services	74 727	138 293	125 638	69 848	3 730	–	412 236
At a point in time	–	–	–	–	–	–	–
Over time	74 727	138 293	125 638	69 848	3 730	–	412 236
Inter-segmental	–	–	–	–	–	–	–

Logicalis 2020 Restatement						
North America US$'000	Latin America US$'000	Europe US$'000	Asia-Pacific US$'000	MEA US$'000	Central US$'000	Total US$'000
(10 944)	(157)	(6 270)	(1 446)	(97)	–	(18 914)
(10 944)	65 447	(6 270)	(1 446)	(97)	–	46 690
–	–	–	–	–	–	–
(10 944)	65 447	(6 270)	(1 446)	(97)	–	46 690
–	–	–	–	–	–	–
–	–	–	–	–	–	–
(10 944)	65 447	(6 270)	(1 446)	(97)	–	46 690
(14 150)	60 979	(7 419)	(1 621)	(107)	–	37 682
3 206	4 468	1 149	175	10	–	9 008
–	–	–	–	–	–	–
(10 944)	65 447	(6 270)	(1 446)	(97)	–	46 690
(10 944)	65 447	(6 270)	(1 446)	(97)	–	46 690
–	–	–	–	–	–	–
–	–	–	–	–	–	–
–	(65 604)	–	–	–	–	(65 604)
–	(65 604)	–	–	–	–	(65 604)
–	–	–	–	–	–	–
–	(65 604)	–	–	–	–	(65 604)
–	(61 151)	–	–	–	–	(61 151)
–	(4 453)	–	–	–	–	(4 453)
–	–	–	–	–	–	–
–	(65 604)	–	–	–	–	(65 604)
–	–	–	–	–	–	–
–	(65 604)	–	–	–	–	(65 604)
–	–	–	–	–	–	–
–	–	–	–	–	–	–
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Notes to the Group consolidated annual financial statements continued

for the year ended 28 February 2021

37. SEGMENTAL REPORT (continued)

	Corporate, Management Consulting and Financial Services 2021						
	North America US$'000	Latin America US$'000	Europe US$'000	Asia-Pacific US$'000	MEA US$'000	Central US$'000	Total US$'000
37.2 Revenue (continued)	7 619	1 598	48 132	9 473	7 420	–	74 242
Revenue from product sales	580	–	206	263	–	–	1 049
Revenue from sales of hardware	273	(9)	(11 374)	(8 999)	(839)	–	(20 948)
Revenue from sales of software*	–	–	(6 112)	(8 536)	(296)	–	(14 944)
Revenue from vendor resold services and product maintenance sales	–	–	(145)	(113)	–	–	(258)
Inter-segmental	307	9	17 837	17 911	1 135	–	37 199
Nature of revenue from product sales	580	–	206	263	–	–	1 049
Principal	273	(9)	(17 486)	(17 535)	(1 135)	–	(35 892)
Agent	–	–	(145)	(113)	–	–	(258)
Inter-segmental	307	9	17 837	17 911	1 135	–	37 199
Timing of revenue from product sales	580	–	206	263	–	–	1 049
At a point in time	273	(9)	(17 631)	(17 648)	(1 135)	–	(36 150)
Over time	–	–	–	–	–	–	–
Inter-segmental	307	9	17 837	17 911	1 135	–	37 199
Revenue from services	5 185	1 502	44 050	7 922	6 894	–	65 553
Revenue from professional services	5 185	1 502	43 904	7 841	6 890	–	65 322
Inter-segmental	–	–	146	81	4	–	231
Nature of revenue from services	5 185	1 502	44 050	7 922	6 894	–	65 553
Principal	5 185	1 502	43 904	7 841	6 890	–	65 322
Agent	–	–	–	–	–	–	–
Inter-segmental	–	–	146	81	4	–	231
Timing of revenue from services	5 185	1 502	44 050	7 922	6 894	–	65 553
At a point in time	–	–	–	–	–	–	–
Over time	5 185	1 502	43 904	7 841	6 890	–	65 322
Inter-segmental	–	–	146	81	4	–	231
Revenue from annuity services	1 854	96	3 876	1 288	526	–	7 640
Revenue from cloud services	–	–	–	–	–	–	–
Revenue from software services*	–	–	(11)	(48)	–	–	(59)
Revenue from other annuity services	1 854	96	3 876	1 288	526	–	7 640
Inter-segmental	–	–	11	48	–	–	59
Nature of revenue from annuity services	1 854	96	3 876	1 288	526	–	7 640
Principal	1 854	96	3 876	1 288	526	–	7 640
Agent	–	–	(11)	(48)	–	–	(59)
Inter-segmental	–	–	11	48	–	–	59
Timing of revenue from annuity services	1 854	96	3 876	1 288	526	–	7 640
At a point in time	–	–	(11)	(48)	–	–	(59)
Over time	1 854	96	3 876	1 288	526	–	7 640
Inter-segmental	–	–	11	48	–	–	59

^ *Refer to Note 1.*
* *Includes software as a service revenues.*

Corporate, Management Consulting and Financial Services 2020 Restated^						
North America US$'000	Latin America US$'000	Europe US$'000	Asia-Pacific US$'000	MEA US$'000	Central US$'000	Total US$'000
3 991	1 611	32 560	9 268	12 347	–	59 777
165	–	435	441	–	–	1 041
(165)	–	(9 068)	(11 119)	(1 165)	–	(21 517)
–	–	(3 449)	(12 858)	(100)	–	(16 407)
–	–	(97)	(278)	–	–	(375)
330	–	13 049	24 696	1 265	–	39 340
165	–	435	441	–	–	1 041
(165)	–	(12 517)	(23 977)	(1 265)	–	(37 924)
–	–	(97)	(278)	–	–	(375)
330	–	13 049	24 696	1 265	–	39 340
165	–	435	441	–	–	1 041
(165)	–	(12 614)	(24 255)	(1 265)	–	(38 299)
–	–	–	–	–	–	–
330	–	13 049	24 696	1 265	–	39 340
2 514	1 519	28 481	7 670	11 681	–	51 865
2 514	1 519	28 312	7 521	11 681	–	51 547
–	–	169	149	–	–	318
2 514	1 519	28 481	7 670	11 681	–	51 865
2 514	1 519	28 312	7 521	11 681	–	51 547
–	–	–	–	–	–	–
–	–	169	149	–	–	318
2 514	1 519	28 481	7 670	11 681	–	51 865
–	–	–	–	–	–	–
2 514	1 519	28 312	7 521	11 681	–	51 547
–	–	169	149	–	–	318
1 312	92	3 644	1 157	666	–	6 871
–	–	–	–	–	–	–
–	–	(6)	(150)	–	–	(156)
1 312	92	3 644	1 157	666	–	6 871
–	–	6	150	–	–	156
1 312	92	3 644	1 157	666	–	6 871
1 312	92	3 644	1 157	666	–	6 871
–	–	(6)	(150)	–	–	(156)
–	–	6	150	–	–	156
1 312	92	3 644	1 157	666	–	6 871
1 312	92	3 638	1 007	666	–	6 715
–	–	–	–	–	–	–
–	–	6	150	–	–	156

Notes to the Group consolidated annual financial statements continued

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37. SEGMENTAL REPORT (continued)

	Corporate, Management Consulting and Financial Services 2020 Reported						
	North America US$'000	Latin America US$'000	Europe US$'000	Asia-Pacific US$'000	MEA US$'000	Central US$'000	Total US$'000
37.2 Revenue (continued)	3 991	1 611	32 560	9 268	12 347	–	59 777
Revenue from product sales	165	–	435	441	–	–	1 041
Revenue from sales of hardware	(165)	–	(9 547)	(18 088)	(1 267)	–	(29 067)
Revenue from sales of software*	–	–	(3 317)	(6 503)	(1)	–	(9 821)
Revenue from vendor resold services and product maintenance sales	–	–	–	–	–	–	–
Inter-segmental	330	–	13 299	25 032	1 268	–	39 929
Nature of revenue from product sales	165	–	435	441	–	–	1 041
Principal	(165)	–	(12 864)	(24 591)	(1 268)	–	(38 888)
Agent	–	–	–	–	–	–	–
Inter-segmental	330	–	13 299	25 032	1 268	–	39 929
Timing of revenue from product sales	165	–	435	441	–	–	1 041
At a point in time	(165)	–	(12 864)	(24 591)	(1 268)	–	(38 888)
Over time	–	–	–	–	–	–	–
Inter-segmental	330	–	13 299	25 032	1 268	–	39 929
Revenue from services	2 514	1 519	28 481	7 670	11 681	–	51 865
Revenue from professional services	2 514	1 519	28 481	7 670	11 681	–	51 865
Inter-segmental	–	–	–	–	–	–	–
Nature of revenue from services	2 514	1 519	28 481	7 670	11 681	–	51 865
Principal	2 514	1 519	28 481	7 670	11 681	–	51 865
Agent	–	–	–	–	–	–	–
Inter-segmental	–	–	–	–	–	–	–
Timing of revenue from services	2 514	1 519	28 481	7 670	11 681	–	51 865
At a point in time	–	–	–	–	–	–	–
Over time	2 514	1 519	28 481	7 670	11 681	–	51 865
Inter-segmental	–	–	–	–	–	–	–
Revenue from annuity services	1 312	92	3 644	1 157	666	–	6 871
Revenue from cloud services	–	–	–	–	–	–	–
Revenue from software services*	–	–	–	–	–	–	–
Revenue from other annuity services	1 312	92	3 644	1 157	666	–	6 871
Inter-segmental	–	–	–	–	–	–	–
Nature of revenue from annuity services	1 312	92	3 644	1 157	666	–	6 871
Principal	1 312	92	3 644	1 157	666	–	6 871
Agent	–	–	–	–	–	–	–
Inter-segmental	–	–	–	–	–	–	–
Timing of revenue from annuity services	1 312	92	3 644	1 157	666	–	6 871
At a point in time	1 312	92	3 644	1 157	666	–	6 871
Over time	–	–	–	–	–	–	–
Inter-segmental	–	–	–	–	–	–	–

* *Includes software as a service revenues.*

Corporate, Management Consulting and Financial Services
2020 Restatement

North America US$'000	Latin America US$'000	Europe US$'000	Asia-Pacific US$'000	MEA US$'000	Central US$'000	Total US$'000
–	–	–	–	–	–	–
–	–	–	–	–	–	–
–	–	479	6 969	102	–	7 550
–	–	(132)	(6 355)	(99)	–	(6 586)
–	–	(97)	(278)	–	–	(375)
–	–	(250)	(336)	(3)	–	(589)
–	–	–	–	–	–	–
–	–	347	614	3	–	964
–	–	(97)	(278)	–	–	(375)
–	–	(250)	(336)	(3)	–	(589)
–	–	–	–	–	–	–
–	–	250	336	3	–	589
–	–	–	–	–	–	–
–	–	(250)	(336)	(3)	–	(589)
–	–	–	–	–	–	–
–	–	(169)	(149)	–	–	(318)
–	–	169	149	–	–	318
–	–	–	–	–	–	–
–	–	(169)	(149)	–	–	(318)
–	–	–	–	–	–	–
–	–	169	149	–	–	318
–	–	–	–	–	–	–
–	–	–	–	–	–	–
–	–	(169)	(149)	–	–	(318)
–	–	169	149	–	–	318
–	–	–	–	–	–	–
–	–	–	–	–	–	–
–	–	(6)	(150)	–	–	(156)
–	–	–	–	–	–	–
–	–	6	150	–	–	156
–	–	–	–	–	–	–
–	–	–	–	–	–	–
–	–	(6)	(150)	–	–	(156)
–	–	6	150	–	–	156
–	–	–	–	–	–	–
–	–	(6)	(150)	–	–	(156)
–	–	–	–	–	–	–
–	–	6	150	–	–	156

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37. SEGMENTAL REPORT (continued)

	Datatec Group Total 2021						
	North America US$'000	**Latin America US$'000**	**Europe US$'000**	**Asia-Pacific US$'000**	**MEA US$'000**	**Central US$'000**	**Total US$'000**
37.2 **37.2 Revenue** (continued)	344 387	452 649	2 079 961	849 932	382 534	–	4 109 463
Revenue from product sales	230 516	254 626	1 778 327	724 277	361 788	–	3 349 534
Revenue from sales of hardware	170 927	191 643	1 119 428	458 894	222 045	–	2 162 937
Revenue from sales of software*	59 147	62 983	611 072	251 643	131 527	–	1 116 372
Revenue from vendor resold services and product maintenance sales	442	–	47 827	13 740	8 216	–	70 225
Inter-segmental	–	–	–	–	–	–	–
Nature of revenue from product sales	230 516	254 626	1 778 327	724 277	361 788	–	3 349 534
Principal	228 572	253 504	1 724 836	709 183	353 539	–	3 269 634
Agent	1 944	1 122	53 491	15 094	8 249	–	79 900
Inter-segmental	–	–	–	–	–	–	–
Timing of revenue from product sales	230 516	254 626	1 778 327	724 277	361 788	–	3 349 534
At a point in time	230 516	254 626	1 778 327	724 277	361 788	–	3 349 534
Over time	–	–	–	–	–	–	–
Inter-segmental	–	–	–	–	–	–	–
Revenue from services	39 406	71 617	163 321	51 825	16 661	–	342 830
Revenue from professional services	39 406	71 617	163 321	51 825	16 661	–	342 830
Inter-segmental	–	–	–	–	–	–	–
Nature of revenue from services	39 406	71 617	163 321	51 825	16 661	–	342 830
Principal	39 406	70 078	163 321	51 804	16 661	–	341 270
Agent	–	1 539	–	21	–	–	1 560
Inter-segmental	–	–	–	–	–	–	–
Timing of revenue from services	39 406	71 617	163 321	51 825	16 661	–	342 830
At a point in time	–	1 539	–	21	–	–	1 560
Over time	39 406	70 078	163 321	51 804	16 661	–	341 270
Inter-segmental	–	–	–	–	–	–	–
Revenue from annuity services	74 465	126 406	138 313	73 830	4 085	–	417 099
Revenue from cloud services	21 676	2 559	10 068	12 338	1 012	–	47 653
Revenue from software services*	–	–	5 502	2 077	1 116	–	8 695
Revenue from other annuity services	52 789	123 847	122 743	59 415	1 957	–	360 751
Inter-segmental	–	–	–	–	–	–	–
Nature of revenue from annuity services	74 465	126 406	138 313	73 830	4 085	–	417 099
Principal	58 194	123 553	119 354	66 758	2 969	–	370 828
Agent	16 271	2 853	18 959	7 072	1 116	–	46 271
Inter-segmental	–	–	–	–	–	–	–
Timing of revenue from annuity services	74 465	126 406	138 313	73 830	4 085	–	417 099
At a point in time	16 271	2 853	18 959	7 072	1 116	–	46 271
Over time	58 194	123 553	119 354	66 758	2 969	–	370 828
Inter-segmental	–	–	–	–	–	–	–

^ *Refer to Note 1.*

* *Includes software as a service revenues.*

Datatec Group Total 2020 Restated^						
North America US$'000	Latin America US$'000	Europe US$'000	Asia-Pacific US$'000	MEA US$'000	Central US$'000	Total US$'000
412 684	615 281	1 937 194	837 653	411 675	(66)	4 214 421
294 484	399 801	1 659 469	714 264	385 726	(66)	3 453 678
258 044	334 018	1 169 615	505 389	263 572	(66)	2 530 572
35 839	65 783	448 845	197 914	113 138	–	861 519
601	–	41 009	10 961	9 016	–	61 587
–	–	–	–	–	–	–
294 484	399 801	1 659 469	714 264	385 726	(66)	3 453 678
290 677	395 255	1 612 715	702 999	376 700	(66)	3 378 280
3 807	4 546	46 754	11 265	9 026	–	75 398
–	–	–	–	–	–	–
294 484	399 801	1 659 469	714 264	385 726	(66)	3 453 678
294 484	399 801	1 659 469	714 264	385 726	(66)	3 453 678
–	–	–	–	–	–	–
–	–	–	–	–	–	–
42 161	77 095	146 312	51 707	20 284	–	337 559
42 161	77 095	146 312	51 707	20 284	–	337 559
–	–	–	–	–	–	–
42 161	77 095	146 312	51 707	20 284	–	337 559
42 161	77 095	146 312	51 707	20 284	–	337 559
–	–	–	–	–	–	–
–	–	–	–	–	–	–
42 161	77 095	146 312	51 707	20 284	–	337 559
–	–	–	–	–	–	–
42 161	77 095	146 312	51 707	20 284	–	337 559
–	–	–	–	–	–	–
76 039	138 385	131 413	71 682	5 665	–	423 184
24 425	702	9 941	12 858	1 458	–	49 384
–	–	2 131	677	1 269	–	4 077
51 614	137 683	119 341	58 147	2 938	–	369 723
–	–	–	–	–	–	–
76 039	138 385	131 413	71 682	5 665	–	423 184
59 386	137 304	110 980	65 958	4 396	–	378 024
16 653	1 081	20 433	5 724	1 269	–	45 160
–	–	–	–	–	–	–
76 039	138 385	131 413	71 682	5 665	–	423 184
1 312	92	5 775	1 834	1 935	–	10 948
74 727	138 293	125 638	69 848	3 730	–	412 236
–	–	–	–	–	–	–

Notes to the Group consolidated annual financial statements continued

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37. SEGMENTAL REPORT (continued)

		Datatec Group Total 2020 Reported						
		North America US$'000	Latin America US$'000	Europe US$'000	Asia-Pacific US$'000	MEA US$'000	Central US$'000	Total US$'000
37.2	**Revenue** (continued)	423 628	615 438	1 976 633	861 804	427 408	(66)	4 304 845
	Revenue from product sales	305 428	334 354	1 678 691	717 178	372 637	(66)	3 408 222
	Revenue from sales of hardware	258 044	334 018	1 169 136	498 420	263 470	(66)	2 523 022
	Revenue from sales of software*	46 783	336	468 545	207 797	100 152	–	823 613
	Revenue from vendor resold services and product maintenance sales	601	–	41 010	10 961	9 015	–	61 587
	Inter-segmental	–	–	–	–	–	–	–
	Nature of revenue from product sales	305 428	334 354	1 678 691	717 178	372 637	(66)	3 408 222
	Principal	304 827	334 276	1 673 889	717 049	372 637	(66)	3 402 612
	Agent	601	78	4 802	129	–	–	5 610
	Inter-segmental	–	–	–	–	–	–	–
	Timing of revenue from product sales	305 428	334 354	1 678 691	717 178	372 637	(66)	3 408 222
	At a point in time	305 428	334 354	1 678 691	717 178	372 637	(66)	3 408 222
	Over time	–	–	–	–	–	–	–
	Inter-segmental	–	–	–	–	–	–	–
	Revenue from services	42 161	142 699	146 312	51 707	20 284	–	403 163
	Revenue from professional services	42 161	142 699	146 312	51 707	20 284	–	403 163
	Inter-segmental	–	–	–	–	–	–	–
	Nature of revenue from services	42 161	142 699	146 312	51 707	20 284	–	403 163
	Principal	42 161	138 246	146 312	51 707	20 284	–	398 710
	Agent	–	4 453	–	–	–	–	4 453
	Inter-segmental	–	–	–	–	–	–	–
	Timing of revenue from services	42 161	142 699	146 312	51 707	20 284	–	403 163
	At a point in time	–	–	48 535	11 828	7 535	–	67 898
	Over time	42 161	142 699	97 777	39 879	12 749	–	335 265
	Inter-segmental	–	–	–	–	–	–	–
	Revenue from annuity services	76 039	138 385	151 630	92 919	34 487	–	493 460
	Revenue from cloud services	24 425	702	32 289	34 772	31 549	–	123 737
	Revenue from software services*	–	–	–	–	–	–	–
	Revenue from other annuity services	51 614	137 683	119 341	58 147	2 938	–	369 723
	Inter-segmental	–	–	–	–	–	–	–
	Nature of revenue from annuity services	76 039	138 385	151 630	92 919	34 487	–	493 460
	Principal	59 386	137 304	133 328	87 872	34 487	–	452 377
	Agent	16 653	1 081	18 302	5 047	–	–	41 083
	Inter-segmental	–	–	–	–	–	–	–
	Timing of revenue from annuity services	76 039	138 385	151 630	92 919	34 487	–	493 460
	At a point in time	1 312	92	25 992	23 071	30 757	–	81 224
	Over time	74 727	138 293	125 638	69 848	3 730	–	412 236
	Inter-segmental	–	–	–	–	–	–	–

* *Includes software as a service revenues.*

Datatec Group Total
2020 Restatement

North America US$'000	Latin America US$'000	Europe US$'000	Asia-Pacific US$'000	MEA US$'000	Central US$'000	Total US$'000
(10 944)	(157)	(39 439)	(24 151)	(15 733)	–	(90 424)
(10 944)	65 447	(19 222)	(2 914)	13 089	–	45 456
–	–	479	6 969	102	–	7 550
(10 944)	65 447	(19 700)	(9 883)	12 986	–	37 906
–	–	(1)	–	1	–	–
–	–	–	–	–	–	–
(10 944)	65 447	(19 222)	(2 914)	13 089	–	45 456
(14 150)	60 979	(61 174)	(14 050)	4 063	–	(24 332)
3 206	4 468	41 952	11 136	9 026	–	69 788
–	–	–	–	–	–	–
(10 944)	65 447	(19 222)	(2 914)	13 089	–	45 456
(10 944)	65 447	(19 222)	(2 914)	13 089	–	45 456
–	–	–	–	–	–	–
–	–	–	–	–	–	–
–	(65 604)	–	–	–	–	(65 604)
–	(65 604)	–	–	–	–	(65 604)
–	–	–	–	–	–	–
–	(65 604)	–	–	–	–	(65 604)
–	(61 151)	–	–	–	–	(61 151)
–	(4 453)	–	–	–	–	(4 453)
–	–	–	–	–	–	–
–	(65 604)	–	–	–	–	(65 604)
–	–	(48 535)	(11 828)	(7 535)	–	(67 898)
–	(65 604)	48 535	11 828	7 535	–	2 294
–	–	–	–	–	–	–
–	–	(20 217)	(21 237)	(28 822)	–	(70 276)
–	–	(22 348)	(21 914)	(30 091)	–	(74 353)
–	–	2 131	677	1 269	–	4 077
–	–	–	–	–	–	–
–	–	–	–	–	–	–
–	–	(20 217)	(21 237)	(28 822)	–	(70 276)
–	–	(22 348)	(21 914)	(30 091)	–	(74 353)
–	–	2 131	677	1 269	–	4 077
–	–	–	–	–	–	–
–	–	(20 217)	(21 237)	(28 822)	–	(70 276)
–	–	(20 217)	(21 237)	(28 822)	–	(70 276)
–	–	–	–	–	–	–
–	–	–	–	–	–	–

Notes to the Group consolidated annual financial statements continued

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37. SEGMENTAL REPORT (continued)

	Westcon International 2021 US$'000	Westcon International 2020 US$'000	Logicalis 2021 US$'000	Logicalis 2020 US$'000	Corporate, Management Consulting and Financial Services 2021 US$'000	Corporate, Management Consulting and Financial Services 2020 US$'000	Datatec Group Total 2021 US$'000	Datatec Group Total 2020 US$'000
37.3 Condensed statement of financial position								
Total assets	**1 336 059**	1 155 583	**1 296 818**	1 303 083	**164 381**	137 860	**2 797 258**	2 596 526
North America	**49 754**	42 862	**302 907**	291 703	**3 144**	3 929	**355 805**	338 494
Latin America	**–**	–	**414 810**	490 609	**182**	614	**414 992**	491 223
Europe	**821 796**	716 668	**362 721**	343 288	**131 617**	106 657	**1 316 134**	1 166 613
Asia-Pacific	**309 990**	257 888	**207 963**	169 917	**4 895**	4 186	**522 848**	431 991
MEA	**154 519**	138 165	**8 417**	7 566	**24 543**	22 474	**187 479**	168 205
Non-current assets (excluding financial instruments and deferred tax assets)	**73 302**	63 228	**340 008**	324 856	**41 843**	34 123	**455 153**	422 207
North America	**27 462**	21 632	**135 577**	137 748	**1**	(114)	**163 040**	159 266
Latin America	**–**	–	**39 756**	43 701	**–**	–	**39 756**	43 701
Europe	**31 210**	31 706	**111 918**	111 656	**40 567**	32 654	**183 695**	176 016
Asia-Pacific	**10 713**	4 823	**47 994**	26 983	**406**	727	**59 113**	32 533
MEA	**3 917**	5 067	**4 763**	4 768	**869**	856	**9 549**	10 691
Net cash resources	**238 232**	(4 463)	**27 846**	12 600	**91 137**	75 252	**357 215**	83 389
North America	**5 257**	12 057	**33 788**	28 803	**147**	2 100	**39 192**	42 960
Latin America	**–**	–	**22 056**	811	**–**	–	**22 056**	811
Europe	**89 215**	(96 416)	**(45 619)**	(38 372)	**69 235**	57 600	**112 831**	(77 188)
Asia-Pacific	**115 495**	62 676	**18 657**	20 692	**1 562**	640	**135 714**	84 008
MEA	**28 265**	17 220	**(1 036)**	666	**20 193**	14 912	**47 422**	32 798
Inventories	**183 663**	174 618	**58 342**	78 653	**–**	–	**242 005**	253 271
North America	**–**	–	**876**	2 128	**–**	–	**876**	2 128
Latin America	**–**	–	**22 811**	45 377	**–**	–	**22 811**	45 377
Europe	**125 117**	117 305	**8 661**	7 765	**–**	–	**133 778**	125 070
Asia-Pacific	**38 265**	32 804	**25 870**	23 270	**–**	–	**64 135**	56 074
MEA	**20 281**	24 509	**124**	113	**–**	–	**20 405**	24 622
Trade accounts receivable	**750 839**	695 076	**344 015**	403 155	**13 251**	12 279	**1 108 105**	1 110 510
North America	**–**	(13)	**67 071**	79 766	**1 499**	462	**68 570**	80 215
Latin America	**–**	–	**125 437**	181 169	**182**	226	**125 619**	181 395
Europe	**492 037**	455 593	**103 489**	93 401	**8 420**	6 867	**603 946**	555 861
Asia-Pacific	**132 311**	119 471	**46 640**	47 912	**1 346**	1 629	**180 297**	169 012
MEA	**126 491**	120 025	**1 378**	907	**1 804**	3 095	**129 673**	124 027
Total liabilities	**(1 170 444)**	(985 859)	**(935 536)**	(926 877)	**(50 657)**	(40 697)	**(2 156 637)**	(1 953 433)
North America	**12 775**	(5 853)	**(182 634)**	(188 435)	**(142)**	(1 319)	**(170 001)**	(195 607)
Latin America	**–**	–	**(262 066)**	(312 071)	**–**	(104)	**(262 066)**	(312 175)
Europe	**(802 813)**	(681 184)	**(362 168)**	(322 863)	**(46 373)**	(34 613)	**(1 211 354)**	(1 038 660)
Asia-Pacific	**(256 728)**	(188 917)	**(123 807)**	(100 786)	**(912)**	(2 398)	**(381 447)**	(292 101)
MEA	**(123 678)**	(109 905)	**(4 861)**	(2 722)	**(3 230)**	(2 263)	**(131 769)**	(114 890)
Trade and other payables and short-term interest-bearing liabilities	**(1 074 090)**	(767 414)	**(547 001)**	(549 242)	**(25 577)**	(17 502)	**(1 646 668)**	(1 334 158)
North America	**(6 646)**	(2 914)	**(140 064)**	(147 515)	**(79)**	(599)	**(146 789)**	(151 028)
Latin America	**–**	–	**(156 350)**	(189 203)	**–**	(15)	**(156 350)**	(189 218)
Europe	**(737 182)**	(512 489)	**(179 504)**	(145 754)	**(24 852)**	(17 618)	**(941 538)**	(675 861)
Asia-Pacific	**(217 597)**	(168 042)	**(69 600)**	(65 642)	**(648)**	(1 149)	**(287 845)**	(234 833)
MEA	**(112 665)**	(83 969)	**(1 483)**	(1 128)	**2**	1 879	**(114 146)**	(83 218)
Number of employees at the end of the year*	**3 109**	3 281	**6 468**	7 339	**362**	304	**9 939**	10 924

* *Includes both permanent employees and contractors.*

38. ACQUISITIONS OF SUBSIDIARIES

Subsidiaries acquired	Date of acquisition	Proportion of shares acquired
Allolio&Konrad Consulting GmbH ("Allolio&Konrad")	1 April 2020	100%
iZeno Private Limited ("iZeno")	4 November 2020	65%

	2021			2020
	iZeno	Allolio&Konrad	Total	
	Fair value on acquisition US$'000	Fair value on acquisition US$'000	Fair value on acquisition US$'000	Total Fair value on acquisition US$'000
Non-current assets	3 993	3 866	7 859	10 133
Plant and equipment	76	42	118	2 549
Capitalised development expenditure	–	–	–	28
Software	–	–	–	47
Other intangible assets	3 802	3 824	7 626	3 864
Right-of-use asset – long-term	67	–	67	–
Other non-current assets	48	–	48	3 645
Current assets	5 042	3 757	8 799	9 560
Inventories	–	–	–	1 002
Trade receivables and other receivables	1 814	1 321	3 135	7 402
Current tax assets	–	–	–	88
Contract assets	391	1 513	1 904	–
Cash resources	2 837	923	3 760	1 068
Non-current liabilities	(1 408)	(1 147)	(2 555)	(2 807)
Long-term interest-bearing liabilities	–	–	–	(1 701)
Deferred tax liability	(646)	(1 147)	(1 793)	(859)
Other non-current liabilities	(762)	–	(762)	(247)
Current liabilities	(2 991)	(9 688)	(12 679)	(14 523)
Trade and other payables	(991)	(175)	(1 166)	(8 830)
Lease liabilities	(42)	–	(42)	–
Contract liabilities	(315)	–	(315)	–
Short-term loans	–	(6 744)	(6 744)	–
Deferred revenue	(1 435)	(1 977)	(3 412)	(4 975)
Current taxation liabilities	(208)	(792)	(1 000)	(105)
Bank overdraft	–	–	–	(613)
	4 636	(3 212)	1 424	2 363
Goodwill on acquisitions	5 204	4 291	9 495	13 016
Non-controlling interests recognised	(1 623)	–	(1 623)	(710)
Fair value of acquisition	8 217	1 079	9 296	14 669
Net (cash)/overdraft acquired	(2 837)	(923)	(3 760)	(455)
Deferred purchase consideration	–	–	–	(4 186)
Subsidiary shares issued	–	–	–	(728)
Net cash outflow for acquisitions	5 380	156	5 536	9 300

Notes to the Group consolidated annual financial statements continued

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38. ACQUISITIONS OF SUBSIDIARIES (continued)

The above acquisitions represent the subsidiaries acquired during the year.

The revenue and EBITDA included from these acquisitions in FY21 were US$16.4 million and US$4.1 million, respectively; profit after tax included from these acquisitions was US$2.2 million. Had the acquisition dates been 1 March 2020, the revenue and EBITDA would have been approximately US$25.7 million and US$5.9 million, respectively. Profit after tax would have been approximately US$3.5 million.

The initial amounts of acquisition accounting for all of the acquisitions have been finalised at the date of the finalisation of these consolidated financial statements.

None of the goodwill raised on the aforementioned acquisitions will be deductible for tax purposes.

All trade receivables acquired are measured at amortised cost. The carrying value of trade receivables balances approximates its fair value, therefore no fair value disclosures are provided.

All identifiable intangible assets have been recognised and accounted for at fair value.

Acquisition-related costs, included in operating costs, for the year amounted to US$0.5 million (FY20: US$0.3 million).

The following acquisitions were concluded during the financial year ended 28 February 2021 and included in the table above:

Logicalis Group

Effective 4 November 2020, Logicalis Asia acquired 65% of iZeno Private Limited ("iZeno") for US$8.2 million, a specialist in digital transformation solutions based in Singapore. iZeno has a team of 85 skilled employees who have delivered, implemented and optimised enterprise solutions to more than 300 clients. The company is headquartered in Singapore with additional operations in Malaysia, Indonesia and Thailand. iZeno has skills in application modernisation, customer experience and hybrid cloud. These will enhance the scope of services offered by Logicalis and will accelerate the Group's vision to be the preferred digital transformation enabler for its customers in Asia. Acquisition-related costs of US$0.2 million have been incurred.

Analysys Mason

Effective 1 April 2020, Analysys Mason acquired 100% of the shares in Allolio&Konrad for €7 million cash (the equivalent of US$7.8 million). The consideration paid included €6 million (the equivalent of US$6.7 million) to settle debt of Allolio&Konrad with the seller. Allolio&Konrad is a consultancy based in Bonn, Germany with an extensive track record in the telecommunications industry and long-term client relationships with Europe's leading telecom operators. Acquisition-related costs of €0.2 million (the equivalent of US$0.3 million) have been incurred.

39. NON-WHOLLY OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

	Country of incorporation and principal place of business	Ownership rights and voting rights held by non-controlling interests		Profit allocated to non-controlling interests – in statutory entity		Accumulated non-controlling interests – Datatec Group	
		2021 %	2020 %	**2021 US$'000**	2020 US$'000	**2021 US$'000**	2020 US$'000
PromonLogicalis Latin America Limited	UK	**35.0**	35.0	**(88)**	8 284	**37 640**	52 726
Westcon International Limited	UK	**7.9**	10.0	**(77)**	(456)	**4 180**	4 473

Westcon International was 90% owned by Datatec following the sale of Westcon Americas to SYNNEX Corporation ("SYNNEX") together with 10% of Westcon International in FY18. Effective 19 June 2020, Datatec plc (an intermediate holding company) increased its shareholding in Westcon International to 92.1% as a result of a capitalisation transaction, resulting in a reduction of the minority interest of SYNNEX from 10% to 7.9%.

39. NON-WHOLLY OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS (continued)

Summarised information in respect of the above subsidiaries is shown below as at 28 February 2021 and 29 February 2020. This information pertains to the statutory entities listed and not the Group's interest in these entities except where stated. The summarised financial information below represents amounts before inter-group eliminations.

	PromonLogicalis Latin America Limited		Westcon International Limited	
	2021 US$'000	2020 US$'000	**2021 US$'000**	2020 US$'000
Non-current assets	**45 421**	50 170	**104 785**	89 854
Current assets	**327 595**	387 297	**1 203 665**	1 051 932
Non-current liabilities	**(28 165)**	(21 051)	**(80 235)**	(215 042)
Current liabilities	**(237 310)**	(283 992)	**(1 124 905)**	(904 811)
Equity attributable to equity holders of the parent	**(107 541)**	(85 411)	**(108 099)**	(26 645)
Non-controlling interests	**–**	(47 013)	**4 789**	4 712
Revenue	**451 827**	615 540	**2 456 642**	2 397 148
Operating profit before finance costs, depreciation and amortisation ("EBITDA")	**34 317**	66 641	**35 203**	31 048
Profit/(loss) for the year	**9 525**	23 685	**(1 618)**	(13 226)
Attributable to the owners of the parent	**9 613**	15 401	**(1 541)**	(12 770)
Attributable to non-controlling interests	**(88)**	8 284	**(77)**	(456)
Total comprehensive income/(loss)	**9 211**	4 610	**1 377**	(18 812)
Attributable to the owners of the parent	**9 299**	2 876	**1 454**	(18 356)
Attributable to non-controlling interests	**(88)**	1 734	**(77)**	(456)
Dividends paid to non-controlling interests	**–**	2 031	**–**	–
Net cash inflow	**16 021**	133	**244 715**	87 169
Net cash inflow from operating activities	**42 136**	26 736	**71 275**	119 615
Net cash outflow from investing activities	**(3 681)**	(3 596)	**(15 700)**	(11 060)
Net cash (outflow)/inflow from financing activities	**(22 434)**	(23 007)	**189 140**	(21 386)

There are no other material non-controlling interests within the Group.

40. SUBSEQUENT EVENTS

On 31 March 2021, Logicalis acquired a 70% stake in Áudea, a Spanish company which specialises in cyber security and regulatory compliance, for a consideration of US$2.0 million.

On 1 March 2021 Logicalis Group's 65% subsidiary PLLAL exercised its option to acquire an additional interest of 20.1% in Kumulus for US$1.2 million. Kumulus will continue to be equity-accounted for in the Group's results because the Group does not have executive control.

Dividend declared

The Board declared a cash dividend with scrip alternative of 100 South African cents per share (approximately 7.1 US cents per share), which is in excess of the amount determined under the policy. This decision was informed by the strength of the statement of financial position and enhanced liquidity in the Group, positive operating profitability across all divisions of the Group and the cautiously optimistic trading outlook for the Group.

There were no events that occurred subsequent to the reporting date that require disclosure or adjustment to these financial statements.

Notes to the Group consolidated annual financial statements continued

for the year ended 28 February 2021

41. GOING CONCERN

The Board has satisfied itself that the Group has adequate resources to continue in operation for the foreseeable future. The Group's financial statements have accordingly been prepared on a going concern basis.

The Group currently has no need to undertake a capital restructuring and key executive management is in place. The Board is not aware of any material non-compliance with statutory or regulatory requirements and there are no pending legal proceedings other than in the normal course of business.

Covid-19 update

On 11 March 2020, the World Health Organization officially declared the novel coronavirus, Covid-19, a pandemic. Following this declaration and subsequent lockdowns, the Group's immediate priority was to keep employees safe in accordance with government guidelines in all geographies of operation. This typically involved maximising working from home, social distancing and implementing advised measures to limit the spread of Covid-19.

The multi-year investments in Westcon International's advanced systems and business automation enabled business continuity plans to be deployed effectively, with almost the entire workforce switching to remote working. Most of Logicalis' global workforce was also able to work remotely, limiting disruptions during lockdown periods.

Although some delays and supply disruptions were experienced, especially in countries with highly restrictive lockdowns, the business operations coped very well and performed well ahead of expectations set at the start of the year. Increased demand for the Group's technology solutions was experienced to support remote working during the lockdowns enforced throughout the world. In particular, demand for cloud computing, remote access solutions, virtualisation, security and unified communications remains strong.

The Group underwent restructuring initiatives to reduce Covid-19-related risks, and to reduce its cost base.

The Group is not only focused on managing the risks brought about by Covid-19, but also on the opportunities it creates in the accelerated digitalisation it has brought about. The Group is well positioned to continue to benefit from this evolution. The positioning of the Group's divisions remains strategically sound with good demand for their solutions and services expected to continue as the world emerges from the current crisis and investments towards digital transformation accelerate.

Solvency

The Board determined that the Group is solvent, as at 28 February 2021, with net assets of US$582.0 million (FY20: US$572.3 million) and tangible net assets of US$268.7 million (FY20: US$281.0 million). The Group is expected to remain solvent over the next 12 months.

Liquidity

In February 2020 Logicalis completed a new three-year US$155 million banking facility for its subsidiaries. This senior facility covers Logicalis's operations throughout the world, excluding Latin America, which has its own separate credit facilities. It is used to fund working capital requirements and also includes a new acquisition credit line. In addition, the Latin American credit facilities are considered adequate in the current environment.

Westcon International completed significant refinancing arrangements during FY21:

- A two-year US$80 million new receivables securitisation facility for its Asia-Pacific subsidiaries ("Westcon APAC"). The new facility has been entered into with Westpac Banking Corporation, replacing Westcon APAC's uncommitted financing facilities in Australia, New Zealand and Singapore, and was effective from 25 September 2020
- A three-year €275 million new invoice assignment facility for its European subsidiaries ("Westcon Europe"). The new facility was entered into with a European banking syndicate, led by CAL&F facility and was effective 1 October 2020. This new facility replaced the previous US$224 million syndicated invoice financing facility

The new financing facilities, as well as the strong operating cash flow generated during FY21, significantly improved the Group's liquidity position, despite the impact of the Covid-19 pandemic.

The Group performed covenant projections to confirm that banking covenants are unlikely to be breached for the next 12 months. Trade receivables and inventory are of a sound quality and adequate provisions have been recorded.

The Group's forecasts and projections of its current and expected financial performance show that the Group is expected to operate within the levels of its banking facilities for at least 12 months from the authorisation date of these annual financial statements. The Covid-19 pandemic is not expected to impact the Group's ability to meet its banking covenants.

The Group's projections shows that the Group has sufficient capital and liquidity to continue to meet its short-term obligations and, as a result, it is appropriate to prepare these annual financial statements on a going concern basis.

42. SUBSIDIARY COMPANIES

Subsidiary companies	Notes	Nature of business	Country of incorporation	Datatec Group effective holding (% held) As at 28 February 2021	As at 29 February 2020
INCORPORATED IN AFRICA					
Analysys Mason Limited (Mauritius)	4	C	Mauritius	**82.00**	82.90
Westcon Africa (Kenya) Limited	5	D	Kenya	**92.10**	89.99
Westcon Africa (Mauritius) Limited	5	D	Mauritius	**92.10**	89.99
Westcon Africa (Morocco) SARL	5	D	Morocco	**92.10**	90.00
Westcon Africa Angola Limited	5	D	Angola	**92.10**	89.99
Westcon Africa Distribution (Nigeria) Limited	5	D	Nigeria	**92.10**	89.99
Westcon Emerging Markets Group (Pty) Ltd	2	D	South Africa	**90.00**	90.00
Westcon Group Shared Services (Pty) Ltd	1	D	South Africa	**90.00**	90.00
Westcon Namibia Distribution (Pty) Ltd	1	D	Namibia	**54.00**	54.00
WestconGroup SA (Pty) Ltd	1	D	South Africa	**44.01**	44.01
Logicalis SA (Pty) Ltd		I	South Africa	**100.00**	100.00
Mars Investment Holdings (Pty) Ltd	3	I	South Africa	**60.00**	100.00
Mars Network and Risk Services (Pty) Ltd	3	I	South Africa	**60.00**	100.00
Mars Technologies (Pty) Ltd	3	I	South Africa	**60.00**	100.00
INCORPORATED IN UK AND EUROPE					
Analysys Mason Ventures Fund Nordic 1 AS	4	C	Norway	**82.00**	–
Analysys Mason Ventures Nordic AS	4	C	Norway	**49.20**	–
Allolio&Konrad Consulting GmbH	4	C	Germany	**82.00**	–
Analysys Limited	4	C	United Kingdom	**82.00**	82.90
Analysys Mason AB	4	C	Sweden	**82.00**	82.90
Analysys Mason AS	4	C	Norway	**82.00**	82.90
Analysys Mason Consulting AB	4	C	Sweden	**82.00**	82.90
Analysys Mason Holding AB	4	C	Sweden	**82.00**	82.90
Analysys Mason Limited	4	C	United Kingdom	**82.00**	82.90
Analysys Mason Limited	4	C	Ireland	**82.00**	82.90
Analysys Mason SAS	4	C	France	**82.00**	82.90
Analysys Mason Spain S.L.	4	C	Spain	**82.00**	82.90
Analysys Mason S.R.L.	4	C	Italy	**82.00**	82.90
Westcon Denmark ApS	5	D	Denmark	**92.10**	90.00
Westcon Group Africa Operations Limited	5	D	United Kingdom	**92.10**	89.99
Westcon Group Austria GmbH	5	D	Austria	**92.10**	90.00
Westcon Group European Operations Limited	5	D	United Kingdom	**92.10**	90.00
Westcon Group Germany GmbH	5	D	Germany	**92.10**	90.00
Westcon Group Italia S.R.L.	5	D	Italy	**92.10**	90.00
Westcon Group Middle East Holdings Limited	5	D	United Kingdom	**92.10**	90.00
Westcon Group Netherlands BV	5	D	Netherlands	**92.10**	90.00
Westcon Group Norway AS	5	D	Norway	**92.10**	–
Westcon Group Poland Sp. Z.O.O.	5	D	Poland	**92.10**	90.00
Westcon Group Portugal, Sociedade Unipessoal, Limitada	5	D	Portugal	**92.10**	90.00
Westcon International Limited	5	D	United Kingdom	**92.10**	90.00
WGEO Switzerland GmbH	5	D	Switzerland	**92.10**	90.00
Datatec Financial Services Holdings Limited		F	United Kingdom	**100.00**	100.00
Datatec Financial Services Limited		F	United Kingdom	**100.00**	100.00
Datatec Group Finance Limited		F	United Kingdom	**100.00**	100.00
DX Net Limitada	6	I	Portugal	**35.70**	35.70
ITUMA GmbH	6	I	Germany	**51.00**	51.00
Logicalis Channel Islands Limited		I	Channel Islands	**100.00**	100.00

Notes to the Group consolidated annual financial statements continued

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42. SUBSIDIARY COMPANIES (continued)

Subsidiary companies	Notes	Nature of business	Country of incorporation	Datatec Group effective holding (% held) As at 28 February 2021	As at 29 February 2020
INCORPORATED IN UK AND EUROPE (continued)					
Logicalis GmbH		I	Germany	**100.00**	100.00
Logicalis Group Finance Limited		I	United Kingdom	**100.00**	100.00
Logicalis Group Limited		I	United Kingdom	**100.00**	100.00
Logicalis Guernsey Limited		I	Channel Islands	**100.00**	100.00
Logicalis Ireland Limited		I	Ireland	**100.00**	100.00
Logicalis Jersey Limited		I	Channel Islands	**100.00**	100.00
Logicalis Limited		I	United Kingdom	**100.00**	100.00
Logicalis Networks GmbH		I	Germany	**100.00**	100.00
Logicalis Portugal S.A.	6	I	Portugal	**70.00**	70.00
Logicalis Solutions Limited		I	Ireland	**100.00**	100.00
Logicalis Spain S.L.		I	Spain	**100.00**	100.00
Logicalis Technical Services Limited		I	Ireland	**100.00**	100.00
Logicalis Technology Limited		I	Ireland	**100.00**	100.00
Logicalis UK Limited		I	United Kingdom	**100.00**	100.00
Orange Networks GmbH		I	Germany	**100.00**	100.00
PromonLogicalis Latin America Limited	7	I	United Kingdom	**65.00**	65.00
Virtualization Limitada	6	I	Portugal	**52.50**	52.50
Datatec plc		O	United Kingdom	**100.00**	100.00
INCORPORATED IN US AND CANADA					
Access Markets International (AMI) Partners, Inc.	4	C	USA	**82.00**	82.90
WG Services, Inc.	5	D	USA	**92.10**	90.00
Canada WGIT Services, Inc.	5	F	Canada	**92.10**	90.00
Datatec Financial Services, Inc.		F	USA	**100.00**	100.00
Logicalis, Inc.		I	USA	**100.00**	100.00
Logicalis South America, Inc.	7	I	USA	**65.00**	65.00
Logicalis US Holdings, Inc.		I	USA	**100.00**	100.00
NubeliU Limited	7	I	Cayman Islands	**65.00**	33.15
PLLAL International LLC.	7	I	USA	**65.00**	65.00
INCORPORATED IN LATIN AMERICA					
C2 Mining Solutions S.A.C.	7	I	Peru	**65.00**	65.00
Coasin Chile S.A.	7	I	Chile	**65.00**	65.00
Logicalis Andina Bolivia LAB. Limitada	7	I	Bolivia	**65.00**	65.00
Logicalis Andina S.A.C.	7	I	Peru	**65.00**	65.00
Logicalis Argentina S.A.	7	I	Argentina	**65.00**	65.00
Logicalis Chile S.A.	7	I	Chile	**65.00**	65.00
Logicalis Colombia S.A.S.	7	I	Colombia	**65.00**	65.00
Logicalis Ecuador S.A.	7	I	Ecuador	**65.00**	65.00
Logicalis Inc. S.A.	7	I	Uruguay	**65.00**	65.00
Logicalis Mexico, S. de R.L. de C.V.	7	I	Mexico	**65.00**	65.00
Logicalis Paraguay S.A.	7	I	Paraguay	**65.00**	65.00
Logicalis Puerto Rico Inc.	7	I	Puerto Rico	**65.00**	65.00
Logicalis Uruguay S.A.	7	I	Uruguay	**65.00**	65.00
NubeliU Argentina S.R.L.	7	I	Argentina	**65.00**	33.15
NubeliU Consultoria e Licenciamento de Software Limitada	7	I	Brazil	**65.00**	33.15
Promon-Logicalis Tecnologia e Participações Limitada	7	I	Brazil	**65.00**	65.00
PTLS Serviços de Tecnologia e Assessoria Técnica Limitada	7	I	Brazil	**65.00**	65.00
WeService Serviços e Tecnologia Limitada	7	I	Brazil	**65.00**	65.00

42. SUBSIDIARY COMPANIES (continued)

Subsidiary companies	Notes	Nature of business	Country of incorporation	Datatec Group effective holding (% held) As at 28 February 2021	As at 29 February 2020
INCORPORATED IN AUSTRALIA AND NEW ZEALAND					
Westcon Group NZ Limited	5	D	New Zealand	**92.10**	90.00
Westcon Group Pty Limited	5	D	Australia	**92.10**	90.00
Datatec Financial Services (NZ) Ltd		F	New Zealand	**100.00**	100.00
Datatec Financial Services Pty Ltd		F	Australia	**100.00**	100.00
Corporate Network Integration Pty Ltd		I	Australia	**100.00**	100.00
Logicalis Australia Holdings Pty Limited		I	Australia	**100.00**	100.00
Logicalis Australia Pty Limited		I	Australia	**100.00**	100.00
INCORPORATED IN BRITISH VIRGIN ISLANDS					
NetStar Group Holding Limited		I	British Virgin Islands	**100.00**	100.00
Datatec International Holdings Limited		O	British Virgin Islands	**100.00**	100.00
INCORPORATED IN ASIA					
Analysys Mason India Pvt. Limited	4	C	India	**82.00**	82.90
Analysys Mason Limited	4	C	Hong Kong	**82.00**	82.90
Analysys Mason Pte. Limited	4	C	Singapore	**82.00**	82.90
PT Westcon International Indonesia (formerly PT. Westcon Group)	5	D	Indonesia	**92.10**	90.00
PT. Westcon Solutions	5	D	Indonesia	**92.10**	90.00
Westcon Group (Thailand) Co. Limited	5	D	Thailand	**90.26**	88.20
Westcon Group (Vietnam) Co. Limited	5	D	Vietnam	**92.10**	90.00
Westcon Group Pte. Limited	5	D	Singapore	**92.10**	90.00
Westcon Solutions (HK) Limited	5	D	Hong Kong	**92.10**	90.00
Westcon Solutions (M) Sdn. Bhd.	5	D	Malaysia	**92.10**	90.00
Westcon Solutions (Shanghai) Limited	5	D	China	**92.10**	90.00
Westcon Solutions IMH Pte. Limited	5	D	Singapore	**92.10**	90.00
Westcon Solutions Philippines, Inc.	5	D	Philippines	**92.10**	90.00
Westcon Solutions Pte. Limited	5	D	Singapore	**92.10**	90.00
WestconComstor International (India) Private Limited	5	D	India	**92.10**	90.00
Logicalis Hong Kong Limited		I	Hong Kong	**100.00**	100.00
Logicalis Malaysia Sdn. Bhd.		I	Malaysia	**100.00**	100.00
Logicalis Pte. Limited (Xiamen)		I	China	**100.00**	100.00
Logicalis Shanghai Limited		I	China	**100.00**	100.00
Logicalis Singapore Pte. Limited		I	Singapore	**100.00**	100.00
PT. Packet Systems Indonesia	9	I	Indonesia	**53.50**	53.50
Logicalis Asia Pacific MSC Sdn. Bhd.		I	Malaysia	**100.00**	100.00
Logicalis Vietnam Limited		I	Vietnam	**100.00**	–
iZeno Private Limited	9	I	Singapore	**65.00**	–
iZeno Sdn Bhd	9	I	Malaysia	**65.00**	–
PT iZeno Teknologi Indonesia	9	I	Indonesia	**64.35**	–

Notes to the Group consolidated annual financial statements continued

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42. SUBSIDIARY COMPANIES (continued)

Subsidiary companies	Notes	Nature of business	Country of incorporation	Datatec Group effective holding (% held) As at 28 February 2021	As at 29 February 2020
INCORPORATED IN MIDDLE EAST					
Analysys Mason FZ LLC	4	C	United Arab Emirates	**82.00**	82.90
Westcon Doha LLC	8	D	Qatar	**45.13**	44.10
Westcon Kuwait WLL	8	D	Kuwait	**45.13**	44.10
Westcon LLC	5	D	Oman	**92.10**	90.00
Westcon Middle East Bahrain WLL	8	D	Bahrain	**45.13**	44.10
Westcon Middle East Equipments Trading LLC	8	D	United Arab Emirates	**45.13**	44.10
Westcon Middle East FZE	5	D	United Arab Emirates	**92.10**	90.00
Westcon Saudi Company LLC	8	D	Kingdom of Saudi Arabia	**69.08**	67.50
Datatec International Services FZE		O	United Arab Emirates	**100.00**	100.00

Equity-accounted associates and joint ventures	Notes	Nature of business	Country of incorporation	Datatec Group effective holding (% held) As at 28 February 2021	As at 29 February 2020
INCORPORATED IN UK AND EUROPE					
Directus AS	10	C	Norway	**33.95**	34.28
Fortum Fiber AS	10	C	Norway	**13.58**	–
Mason Advisory Limited		C	United Kingdom	**44.74**	44.74
INCORPORATED IN US AND CANADA					
Westcon GDS LLC. (not material)		D	USA	**45.00**	45.00
Esource Resources, LLC.		I	USA	**45.00**	45.00
INCORPORATED IN LATIN AMERICA					
Cirrus Participações S.A.	10	I	Brazil	**19.50**	–
Saleslogics Serviços em Inteligência de Negócios Empresariais e Informática Ltda.	10	I	Brazil	**12.68**	–
Kumulus Serviços em Cloud Computing e Database Ltda	10	I	Brazil	**19.50**	–

Only trading entities have been disclosed
C – Consulting Services
D – Distribution
F – Datatec Financial Services
I – ICT Solutions
O – Other holdings

42. SUBSIDIARY COMPANIES (continued)

Subsidiary companies

The subsidiary companies listing above illustrates the effective percentage shareholding of the Datatec Group in its trading subsidiaries. There are subsidiaries within the Group that have non-controlling interests and a number of these subsidiaries hold further investments that also have non-controlling interests. These entities are controlled by the Group and consolidated.

Note 1

Datatec Limited (the ultimate holding company) owns 90% of Westcon Emerging Markets Group (Pty) Ltd ("WEMG") and WEMG holds 59.995% of the shares of Westcon Southern Africa Holdings (Pty) Ltd and 100% of the shares in Westcon Group Shared Services (Pty) Ltd. WEMG controls Westcon Southern Africa Holdings (Pty) Ltd.

Westcon Southern Africa Holdings (Pty) Ltd holds 81.5% of the shares in WestconGroup SA (Pty) Ltd and 100% of the shares in Westcon Namibia Distribution (Pty) Ltd and also controls both these entities.

WEMG, Westcon Southern Africa Holdings (Pty) Ltd and WestconGroup SA (Pty) Ltd are consolidated in the Group's annual financial statements based on control as defined in terms of IFRS 10.

Note 2

In FY20, WEMG, a subsidiary of the Datatec Group, made a capital investment in Ascension Fund No 5 LLP ("the fund"), the BBBEE partner of Westcon Southern Africa Holdings (Pty) Ltd (South Africa). WEMG has control over the fund. This fund is consolidated in the Datatec Group financial statements.

Note 3

In the current year Logicalis disposed of 40% of its investment in Mars Investment Holdings (Pty) Ltd as part of a BBBEE deal. Mars Investment Holdings (Pty) Ltd owns 100% of Mars Technologies (Pty) Ltd and Mars Network and Risk Services (Pty) Ltd.

Note 4

Datatec plc has an 18% minority shareholding in Analysys Mason Limited (prior year 17.1%). Analysys Mason Limited owns 60% of Analysys Mason Venture Nordic AS (incorporated in the current year) and controls the entity.

Note 5

Westcon International was 90% owned by Datatec following the sale of Westcon Americas to SYNNEX Corporation ("SYNNEX") together with 10% of Westcon International in FY18. Effective 19 June 2020, Datatec plc (an intermediate holding company) increased its shareholding in Westcon International to 92.1% as a result of a capitalisation transaction, resulting in a reduction of the minority interest of SYNNEX from 10% to 7.9%. As a result, the 100%-owned subsidiaries of Westcon International now have a 92% effective holding by the Datatec Group.

Note 6

Logicalis Group Limited owns 70% of the issued share capital of Logicalis Portugal S.A. ("Logicalis Portugal"). Logicalis Portugal owns 51% of the issued share capital of DX Net Limitada.

Logicalis Group Limited consolidates Logicalis Portugal and its investments in DX Net Limitada and Virtualization Limitada as Logicalis Portugal has control over both these entities in terms of the requirements of IFRS 10.

Logicalis' German business owns 51% of the shares in ITUMA GmbH and it is consolidated in the Group's annual financial statements based on control as defined in terms of IFRS 10.

Note 7

Datatec Limited owns 100% of the issued share capital of Logicalis Group Limited which has a 65% interest in Logicalis Latin America Holdings S.A., that owns 100% of PLLAL. In the current year, PLLAL increased its shareholding in NubeliU Limited from 51% to 100%. PLLAL further owns a number of entities across Latin America that are controlled and consolidated by PLLAL.

Logicalis Group Limited consolidates the above entities as it controls Logicalis Latin America Holdings S.A. as defined in IFRS 10.

Note 8

Westcon Doha and Westcon Kuwait are 100% consolidated as the minority shareholders have no rights to obtain a share of profits. Westcon has full management control in terms of their shareholder agreements of these entities.

Westcon Middle East Equipments Trading LLC, Westcon Saudi Company LLC and Westcon Middle East Bahrain WLL are 100% consolidated as Westcon has full control over these entities in terms of the shareholder agreements.

Note 9

During the year, Logicalis' Singapore business purchased 65% of the shares of iZeno Private Limited ("iZeno"). iZeno in turn owns 99% of the shares in PT iZeno Teknologi Indonesia and 100% of the shares in iZeno Sdn Bhd. iZeno's results are consolidated in the Datatec Group results based on control as defined in terms of IFRS 10.

Logicalis' Singapore business owns 53.5% of the shares in PT. Packet Systems Indonesia and it is consolidated in the Group's annual financial statements based on control as defined in terms of IFRS 10.

Note 10: Equity-accounted associates and joint ventures

In FY20, the Management Consulting division acquired 41.4% of shares in Directus AS. Directus AS owns 40% of Fortum Fibre AS. Directus AS is equity-accounted in Datatec Group's annual financial statements.

During the year Logicalis acquired 30% of Cirrus Participações S.A. in Brazil ("Cirrus"), via its PLLAL subsidiary. Cirrus owns 65% of Saleslogics Serviços em Inteligência de Negócios Empresariais e Informática Ltda. and 99.994% of Kumulus Serviços em Cloud Computing e Database Ltda respectively. Cirrus is equity-accounted for in Datatec Group's annual financial statements.

Refer to Note 12 for material equity-accounted investments and joint ventures.

Notes to the Group consolidated annual financial statements continued

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43. SHARE-BASED REMUNERATION SCHEMES

Long-term incentives

Long-term incentives comprise share-based remuneration plans with performance targets. Two share-settled Group plans are used, namely:

- CSP – a performance share plan; and
- DBP – a portion of the bonus is deferred and the Company contributes a co-investment. Both of these components are in the form of shares which are forfeitable.

A number of cash-settled share-based remuneration plans are operated in divisions. These are explained in Note 2 of these financial statements.

Group plans – structural overview

	DEFERRED BONUS PLAN	CONDITIONAL SHARE PLAN
Instrument	The deferred STI (deferred shares) and the Company co-investment shares are awarded as restricted shares with voting and dividend rights.	Conditional rights to shares subject to performance vesting conditions.
Eligibility	Executive directors (CEO and CFO) and two senior Group executives, provided the minimum STI levels are achieved as indicated above.	Executive directors and Group executives and staff.
Allocation levels	The minimum participation level for executives in the DBP is on a sliding scale with a 20% mandatory investment between 50% of target and on-target bonus and 33% for above on-target bonus. The maximum proportion of annual bonus which participants may defer into the DBP is 75%.	The quantum of awards is based on annual base salary and the face value of awards which is the current Datatec share price (using a 30-day volume-weighted average price) as follows: • CEO – 150% x base salary; • CFO – 120% x base salary; and • Datatec Group executives and staff – range from 100% to 50% of base salary. The number of awards granted to participants who also participate in the Westcon International EAP is scaled down to avoid "double dipping".
Vesting period	Three years.	
Additional holding period	For the STI and co-investment share elements, a holding period of two additional years follows the vesting period of three years.	
Performance period	One year, aligned with the STI performance as explained above.	Three years.
Performance conditions	No prospective performance conditions apply, but performance is an entry qualification requirement.	Performance conditions apply to the grants and the conditional awards are held for a performance period of three years. At the end of the three-year performance period the performance conditions are tested and if met, awards vest on a sliding scale between 50% at threshold and 100% at the upper target.

43. SHARE-BASED REMUNERATION SCHEMES (continued)

Long-term incentives (continued)

Group plans – structural overview (continued)

	DEFERRED BONUS PLAN	CONDITIONAL SHARE PLAN
Plan and individual limits	The maximum number of co-investment shares which can be delivered to any individual participant in the DBP is 1.6 million shares. The maximum number of new shares which can be issued to participants to settle obligations under the DBP is 3.2 million shares.	The maximum number of shares which can be delivered to any individual participant in the CSP is 3.7 million shares. The maximum number of new shares which can be issued to participants to settle obligations under the CSP is 7.4 million shares.
Termination of employment provisions	If an executive director resigns from the Company or is terminated for fault, eg dismissal on grounds of misconduct, proven poor performance, dishonest or fraudulent conduct ("bad leaver"), all unvested and unexercised LTI awards are forfeited. This includes shares in the DBP (both the employee's deferred STI element and the co-investment from the Company) within the three-year vesting period (DBP). In addition, such executives will be required to repay all dividends (pre-tax value) earned from the award date under the DBP (bonus shares and deferred shares). If termination is at the Company's instigation and not for fault ("good leaver"), the executive will retain a portion of LTI share incentive awards which have been granted but have not yet vested. The proportion will be determined *pro rata*, relative to the time of the vesting period which has elapsed up to the termination date, and in the case of the CSP, will be adjusted based on the extent to which performance conditions have been met. The terminated executive will continue to hold the reduced amount of awards until the vesting date, when they will vest along with the other grants, in accordance with the rules of the scheme, if the relevant performance conditions are satisfied.	