DATATEC

Driving Technology

Annual Report 2023

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Datatec published its annual results for the year ended 28 February 2023 ("FY23") on 23 May 2023, which is the effective date of this Annual Report, except for the notice of Annual General Meeting ("AGM") and form of proxy dated 28 June 2023.

Board of directors

The Board

The Board is responsible for the leadership and guidance of the Group and exercises control over all divisions and subsidiaries by monitoring executive management. The Board is at the head of the Group's corporate governance structure and ensures that the Group is a responsible corporate citizen, cognisant of the impact its operations may have on the environment and society in which it operates, while acting in accordance with Datatec's Code of Conduct.

Board confirmation of good governance

The Board recognises the King IV Report on Corporate Governance™ for South Africa 2016 ("King IV")* as the essential governance framework behind its strategy for value creation. The Board has applied the principles of King IV to govern, create, sustain and grow value for the Group and achieve the intended outcomes of the King IV Code.

Further information on the Group's application of King IV can be found on **www.datatec.com**.

The Board fully embraces the principle of ethical leadership in setting and implementing the strategy and the Group's approach to governance, guided by the principles of King IV.

In addition, the Board takes full responsibility for the management, direction and performance of the Group by exercising independent judgement on all issues reserved for its review and approval while taking cognisance of the needs of stakeholders.

The Board confirms that Datatec has complied with the provisions of the Companies Act 71 of 2008, as amended ("Companies Act") and is operating in conformity with its Memorandum of Incorporation ("MoI").

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Board committees

The Board has established four committees to assist it with its duties:
- Social and Ethics Committee
- Audit, Risk and Compliance Committee ("ARCC")
- Nominations Committee
- Remuneration Committee

Division of duties

The responsibilities of the Chair and Chief Executive Officer ("CEO"), and those of other non-executive and executive directors, are clearly separated to ensure a balance of authority which precludes any one director from exercising unfettered powers of decision-making.

These responsibilities are set out in the Board Charter, which can be found on Datatec's website **www.datatec.com**.

The non-executive directors draw on their experience, skills and business acumen to ensure impartial and objective viewpoints in decision-making processes and standards of conduct. The mix of technical, entrepreneurial, financial and business skills of the directors is considered to be balanced, thus enhancing the effectiveness of the Board.

Board diversity policy

Diversity is enshrined in Datatec's Code of Conduct and the Board strongly supports the principles of diversity, and sees promoting race, gender and overall diversity at Board level as an essential element of good corporate governance. A diverse Board will include differences in age, gender, race, culture, field of knowledge, skills and industry experience, and other distinctions between members of the Board. These differences will be considered in determining the optimum composition of the Board and, when possible, should be balanced appropriately.

Annually, the Board, assisted by the Nominations Committee, will discuss and agree on proposed objectives, including, without limitation, the setting of voluntary targets for achieving diversity. The policy on promotion of diversity at Board level can be found on Datatec's website **www.datatec.com**.

Board of directors continued

Maya Makanjee

Independent
non-executive Chair

Age: 61
Appointed to the Board:
1 November 2018

Skills, expertise and experience:
Maya is an independent non-executive director with executive experience in the telecommunications, financial services, consulting and fast-moving consumer goods industries. She has held directorships in human resources, marketing communication, corporate affairs and reputation management, strategy, and business re-engineering and has extensive experience in Southern African Development Community ("SADC") countries, as well as in some markets in Asia.

She was previously an executive director of Vodacom (Pty) Ltd, Nestlé South Africa (Pty) Ltd and SABMiller (Africa and Asia), Chair of the Vodacom Foundation South Africa and a board member of World Wide Fund for Nature. Maya holds a Master of Business Leadership (cum laude) degree from the University of South Africa, a Bachelor of Commerce degree from the University of KwaZulu-Natal in Durban and a Bachelor of Fine Arts degree in Dance from the University of Mumbai.

Other directorships:
- Non-executive director of Ellies Holdings Limited
- Non-executive director of Mpact Limited
- Non-executive director of Truworths International Limited

Committees:
N R S

Jens Montanana

Chief Executive Officer

Age: 62
Appointed to the Board:
6 October 1994

Skills, expertise and experience:
Jens is the founder and Chief Executive Officer ("CEO") of Datatec, which he established in 1986.

Between 1989 and 1993, Jens also served as Managing Director and Vice-President of US Robotics (UK) Limited, a wholly owned subsidiary of US Robotics, Inc. which was acquired by 3Com in 1997. In 1993, he co-founded US start-up Xedia Corporation, which was subsequently sold to Lucent Corporation in 1999.

In 1994, Datatec listed on the JSE and Jens held the role of Chair as well as CEO until 2001, when Datatec established an independent non-executive Chair role. Jens chairs the boards of Datatec's divisional parent companies, Logicalis International Limited, Logicalis Latin America and Westcon International Limited.

Other directorships:
- Chairman of Corero plc (AIM London)

Ivan Dittrich

Chief Financial Officer

Age: 50
Appointed to the Board:
30 May 2016

Skills, expertise and experience:
Ivan re-joined Datatec in May 2016 from Vodacom, where he had been Group Chief Financial Officer ("CFO") from June 2012 to July 2015. Prior to that, he held a number of senior executive positions over a 13-year period at Datatec, including Group CFO from May 2008 to June 2012.

Ivan qualified as a Chartered Accountant (South Africa) at Deloitte South Africa and also worked for PricewaterhouseCoopers in London. He completed the Oxford Advanced Management and Leadership programme at Saïd Business School.

Stephen Davidson

Independent
non-executive director

Age: 67
Appointed to the Board:
1 February 2007

Skills, expertise and experience:
Stephen was previously Vice-Chair, Investment Banking, at WestLB Panmure and Chief Executive and Finance Director of Telewest Communications plc.

He has a first-class Honours degree in Mathematics and Statistics from the University of Aberdeen.

Other directorships:
- Non-executive Chair of Actual Experience plc (AIM London)
- Non-executive Chair of PRS for Music
- Non-executive director at MCB Group Ltd
- Non-executive director Calnex Solutions plc

Committees:
N R S

Committee key

A	ARCC
S	Social and Ethics Committee
R	Remuneration Committee
N	Nominations Committee
○	Chair of committee

John McCartney

Independent non-executive director

Age: 70
Appointed to the Board: 16 July 2007

Skills, expertise and experience:

John served as a non-executive director of Datatec from May 1998 to September 2002 and was then reappointed in July 2007. He was formerly President and Chief Operations Officer of US Robotics, Inc., which he joined in 1984, as well as President of 3Com Corporation's Client Access Unit.

Other directorships:

- Non-executive Chair of Huron Consulting Group (NASDAQ)
- Non-executive director EQT, Corp (NASDAQ)

Committees:

N

Rick Medlock

Independent non-executive director

Age: 63
Appointed to the Board: 1 January 2020

Skills, expertise and experience:

Rick has been working in the technology, media and telecommunications sector for more than 30 years, specialising in fast-growing, globally focused technology companies, private equity-backed investments and initial public offerings ("IPOs").

He was the CFO of Synamedia after assisting with its buy-out from Cisco in October 2018.

Prior to that, Rick was the CFO of Worldpay from 2015 to 2018. During that period, Worldpay transitioned from the largest ever European private equity IPO to a US$30 billion merger in January 2018, becoming the largest payments processor in the world listed on the NYSE. Prior to Worldpay, Rick held a succession of CFO roles at Misys, Inmarsat plc and NDS Group plc.

Rick is a Fellow of the Institute of Chartered Accountants in England and Wales and has a Master of Economics degree from the University of Cambridge.

Other directorships:

- Smith + Nephew plc (Audit Committee Chair and non-executive director)
- Deliveroo Holdings plc (Audit Chair and non-executive director)
- BluJay Solutions Ltd (Chair)

Committees:

A

Johnson Njeke

Independent non-executive director

Age: 64
Appointed to the Board: 1 September 2016

Skills, expertise and experience:

Johnson was a Partner of PricewaterhouseCoopers from 1990 to 1994. In 1994 he co-founded Kagiso Trust Investments. He was the Managing Director of the Kagiso group until 2010. He is currently the Executive Chair of Silver Unicorn Coal and Minerals (Pty) Ltd.

He is a past Chair of the South African Institute of Chartered Accountants ("SAICA") and its Education Committee. He has served in a number of prominent advisory roles for both the public and private sector.

Johnson has a Bachelor of Commerce degree and a Bachelor of Accounting Science (Honours) degree, and qualified as a Chartered Accountant (South Africa).

Other directorships:

- Executive Chair of Silver Unicorn Coal and Minerals (Pty) Ltd
- Non-executive director of Delta Property Fund
- Trustee and Chair of Hollard Foundation Trust
- Non-executive director of Motus Holdings Limited
- Non-executive director of Clicks Group Limited

Committees:

A R S

Deepa Sita

Independent non-executive director

Age: 46
Appointed to the Board: 1 March 2022

Skills, expertise and experience:

Deepa Sita is an executive director and CFO of Tiger Brands Limited and has excellent experience in a wide range of executive roles as a CFO including Masswarehouse (a division of Massmart Holdings Limited) and the Gordon Institute of Business Science ("GIBS"), University of Pretoria.

Deepa is a Chartered Accountant (South Africa) and holds a Master of Business Administration ("MBA") (cum laude) from GIBS, University of Pretoria and a Bachelor of Commerce Accounting (Honours) degree from the University of Johannesburg.

Other directorships:

- Executive director and CFO of Tiger Brands Limited

Committees:

A R

Luis Rapparini

Independent non-executive director

Age: 58
Appointed to the Board: 1 September 2022

Skills, expertise and experience:

Luis has extensive experience as a finance and internal audit executive developed over his career with British American Tobacco ("BAT"), Raízen and Royal Dutch Shell working in local, regional and global positions, with wide exposure to national and international investors.

He was Chief Financial and Investor Relations Officer of Raízen, a joint venture start-up, where he played a fundamental role in the significant growth of the business whilst building robust governance in a complex environment. Thereafter, he joined Royal Dutch Shell as Chief Audit Officer, heading internal audit and reporting directly to the audit committee.

He holds an MBA Finance, from the Pontifícia Universidade Católica do Rio de Janeiro, Brazil as well as post-graduate degree in Information Technology and a Bachelor of Civil Engineering from the same university.

Luis is Chair of the audit committee of Datatec's subsidiary, Logicalis Latin America.

Other directorships:

- CCR SA
- OceanPact SA
- Rumo SA
- Compass SA

Committees:

R

Board of directors continued

Changes to the Board and committees during FY23 and up to the date of this Annual Report

Deepa Sita was appointed as an independent non-executive director and member of the Remuneration Committee with effect from 1 March 2022 and also appointed as member of the ARCC with effect from 1 July 2022.

Ekta Singh-Bushell, who served as an independent non-executive director since June 2018 retired from the Board with effect from 27 July 2022.

Luis Rapparini was appointed as an independent non-executive director with effect from 1 September 2022 and also as member of the Remuneration Committee with effect from 1 December 2022.

Rotation of directors

In terms of the Group's MoI, one-third of the Board's directors must retire from office at each AGM on a rotation basis. Retiring directors may make themselves available for re-election, provided that they remain eligible as required by the MoI and in compliance with the JSE Listings Requirements.

At the upcoming AGM, Jens Montanana and Stephen Davidson will retire by rotation and, being eligible, will offer themselves for re-election. Datatec is seeking a final reappointment for Stephen Davidson for one year until his retirement from the Board at the 2024 AGM.

Luis Rapparini will seek election as a director at the AGM.

On behalf of the Board, the Chair confirms that on the basis of the annual evaluation of the Board and of the performance of individual directors, the performance and commitment of Jens Montanana, Stephen Davidson and Luis Rapparini throughout their periods of office have been highly satisfactory.

The Board unanimously recommends shareholders to vote in favour of the re-election of Jens Montanana and Stephen Davidson as well as the election of Luis Rapparini at the AGM.

Annual Board and committee reviews

During FY23, the Board undertook a detailed evaluation of the Board and its committees and the executive directors.

Questionnaires were developed with the assistance of an external consultant experienced in governance matters for listed companies to assist in this process. The responses to the questionnaires were reviewed and discussed by the Board and by the individual committees and areas for improvement were identified.

In addition to Board and committee self-evaluations, the directors were evaluated during the year as follows:

- Non-executive directors were assessed for independence by the Nominations Committee and the Board
- The CEO was assessed by all the non-executive directors
- The CFO was assessed by the Audit, Risk and Compliance Committee

Support functions

Independent advice

All directors have access to seek professional and independent advice about the affairs of the Group at the Group's expense.

Company Secretary

All directors have unlimited access to the advice and services of the Company Secretary. The Company Secretary is responsible for the duties set out in section 88 of the Companies Act, including governance and proper administration of the Board, regulatory advice, monitoring the implementation of Board decisions and ensuring that ethical governance standards are implemented.

Datatec Management Services (Pty) Ltd, a South African company, is the Company Secretary. This company is managed by Simon Morris.

The Board undertakes an annual evaluation of the Company Secretary in accordance with the JSE Listings Requirements. The evaluation criteria for the Company Secretary includes assessing the qualifications, knowledge of or experience with relevant laws, the ability to provide comprehensive support and the ability to provide guidance to directors as to their duties, responsibilities and powers. The annual evaluation in May 2023 involved the completion of a questionnaire by Board members and based on the results of the evaluation, the Board is comfortable that the Company Secretary maintains an arm's length relationship with the Board at all times, has the relevant experience to discharge his duties and is sufficiently qualified and skilled to act in accordance with, and advise directors in terms of the JSE Listings Requirements and update the directors in terms of the recommendations of the King IV Code and other relevant local and international law.

Simon Morris is a qualified Chartered Accountant.

Board meeting attendance

The directors' attendance at Board meetings during FY23 and subsequently to the date of this report is as follows:

	9 March 2022	**17 May 2022**	**14 July 2022**	**1 November 2022**	**3 February 2023**	16 March 2023	17 May 2023
M Makanjee	**P**	**P**	**P**	**P**	**P**	P	P
SJ Davidson	**P**	**P**	**P**	**P**	**P**	P	P
IP Dittrich	**P**	**P**	**P**	**P**	**P**	P	P
JF McCartney	**P**	**P**	**P**	**P**	**P**	P	P
CRK Medlock	**P**	**P**	**P**	**P**	**P**	P	P
JP Montanana	**P**	**P**	**P**	**P**	**P**	P	P
MJN Njeke	**P**	**P**	**P**	**P**	**P**	P	P
E Singh-Bushell	**P**	**P**	**P**	**–**	**–**	–	–
DS Sita	**P**	**P**	**P**	**P**	**P**	P	P
LC Rapparini	**–**	**–**	**–**	**–**	**P**	P	P

P = present
– = not a director at the time

Social and Ethics Committee report

Stephen Davidson

Social and Ethics Committee Chair

The Social and Ethics Committee's responsibilities encompass **monitoring and regulating** the Group's social and ethics performance, and its **impact on its stakeholders.**

Although management is tasked with overseeing the day-to-day operational sustainability of their respective areas of business, and reporting thereon to the Social and Ethics Committee, the Board remains ultimately responsible for the Group's ethics performance, adherence to human rights principles and sustainability. The committee was established under the terms of the Companies Act.

The continued enhancement of the Group's ethical culture is a priority for the Board (through the Social and Ethics Committee and other relevant committees) and executive management. This takes on greater significance against the backdrop of recent corporate failures, the challenging macroeconomic environment and the ongoing fight against corruption and fraud.

The Social and Ethics Committee operates within defined terms of reference as set out in its charter, the Companies Act and the authority granted to it by the Board. Broadly, the committee is tasked with overseeing the good corporate citizenship of the Group on behalf of the Board. In conjunction with the Board, the Social and Ethics Committee has applied the principles of King IV throughout the reporting period.

During FY23 and to date, the following were some key activities and outcomes from the Social and Ethics Committee:

- Monitored the employee annual Code of Conduct and anti-bribery and corruption training. In addition, monitored compliance with the Group's Code of Conduct to ensure that robust controls remain in place. This included considering the effectiveness of the Group's Code of Conduct, which was amended during the reporting period, as well as effective management of the whistleblowing hotline.
- Monitored progress on employment equity in the South African subsidiaries, focusing on the subsidiary plans versus the Department of Labour targets. Monitored that there was no discrimination, and that decent working conditions prevailed in the Group. Ensured that any discrimination reported was investigated in terms of the Group's policies and guidelines.
- Oversaw the continued improvement or at the very least maintaining the Datatec consolidated BBBEE contributor status for the South African subsidiaries. WestconGroup SA retained Level 1 BBBEE contributor status; Logicalis SA maintained its Level 1 rating and Datatec's combined South African entities were a Level 3 rating.
- Monitored the Group's standing in terms of the 10 principles of the United Nations Global Compact, through the letters of representation process. Ensured that global subsidiaries are adhering to local health and safety regulations applicable to their jurisdictions.
- Oversaw the Group's response to the CDP reporting and other climate change initiatives.
- Reviewed the Group's social investment and donations within the communities in which we operate and monitored that there were no donations to politically exposed persons.
- Reviewed the Group's reports on health and safety.
- Logicalis International, Logicalis Latin America and Westcon International refreshed their online annual Code of Conduct and anti-bribery and corruption training and ensured they were rolled out to all their employees by means of training programmes.

The committee will continue to guide the Group to ensure it does business responsibly and ethically. In FY24 and beyond, the committee will focus on the following key initiatives in addition to its other objectives.

- Oversee the Group's approach to climate change and target setting.
- Monitor employee wellbeing given the economic and social challenges.
- Oversee the enhancement of the culture of ethics and ethical leadership in the Group.
- Monitor the employment equity practices in the South African operations and non-discrimination in the Group.
- Oversee the continued support of youth employment and skills by the South African subsidiaries through learnerships and internships.
- Deepening ethics awareness and overseeing greater awareness by employees and third parties of the Group's anti-bribery and corruption hotline.
- Develop a consolidated strategy for Group social investment and donations.
- Oversee the Group's environmental and social strategy framework and ensure that the Group conducts business in a sustainable manner.

The Social and Ethics Committee examines the application of the Group's Code of Conduct which provides a framework of "how we do business" in an honest and ethical way across the Group. On an annual basis, the Group conducts Code of Conduct training and all employees are required to complete it. The committee reviews the reports from the subsidiaries relating to Code of Conduct and anti-bribery and corruption training. During the reporting period, the centralised whistleblowing hotline operated effectively and efficiently. The Group-wide, centralised whistleblowing hotline allows Code of Conduct and anti-bribery and corruption allegations to be reported centrally to the Group Chief Risk Officer ("CRO") and General Counsel.

The committee also monitors the Group's application of BBBEE legislation in its South African operations and the promotion of equality and prevention of unfair discrimination throughout the global operations of Datatec. Furthermore, the committee oversees the Group's contribution to the development of communities in South Africa and beyond through the Datatec Educational and Technology Foundation.

For more information on transformation and BBBEE, refer to page 38.

The committee draws matters relating to employment equity, BBBEE, corporate social investment ("CSI") and labour to the attention of the Board and reports on them to shareholders at the AGM.

No human rights incidents or those contrary to the 10 principles of the United Nations Global Compact were reported during FY23 and to date. The Group operations have robust supplier on-boarding policies which they adhere to when conducting due diligence with new partners. These polices include, among other things, compliance with the Group's Code of Code and anti-bribery and corruption policies, in order to mitigate the risks associated with violations of human rights incidents. In South Africa, aspects such as prohibition of child labour, compulsory labour and discriminatory practices are monitored by the Department of Labour in addition to the committee. The Department of Labour conducts regular audits related to employment equity and labour laws. Subsidiaries operating in other jurisdictions adhere to the labour laws relevant to them and report on any major changes in labour law to the committee and the ARCC.

Health and safety reports are reviewed annually by the committee and at least quarterly at the subsidiary audit committees and risk forums. The Group operates in over 50 countries and subsidiaries keep abreast and comply with relevant health and safety legislation in the jurisdictions they operate in. The health, safety and wellbeing of our employees continues to remain a priority.

For more information on health and safety, refer to page 37.

The committee reviews its performance annually by means of questionnaires completed by individual committee members and attendees which are then discussed at Board and committee meetings. These appraisals enable the committee to evaluate its effectiveness objectively and to conclude that it is operating effectively under the terms of reference set out in its charter. There were no issues identified in the committee appraisals and the committee was satisfied with the manner in which it has operated during the reporting period.

Stephen Davidson
Chair, Social and Ethics Committee

May 2023

Social and Ethics Committee report continued

Social and Ethics Committee composition and constitution

- The Board has established a Social and Ethics Committee under the terms of the Companies Act.
- The committee operates within defined terms of reference as set out in its charter and the authority granted to it by the Board and meets at least twice a year.

The Social and Ethics Committee charter is available on the Group's website **www.datatec.com**.

The Social and Ethics Committee comprises the following independent non-executive directors:

- Stephen Davidson (Chair)
- Maya Makanjee
- Johnson Njeke

Directors' attendance at Social and Ethics Committee meetings during FY23 and subsequently to the date of this report is as follows:

	8 March 2022	**31 October 2022**	15 March 2023
SJ Davidson	**P**	**P**	P
M Makanjee	**P**	**P**	P
MJN Njeke	**P**	**P**	P

P = present

Risk report

Johnson Njeke
Audit, Risk and Compliance Committee Chair

> The Board is responsible for Datatec's **strategy, leadership** and **decision-making** which are all impacted by risk. **Risk-based leadership**, with the Board at its apex, is **fundamental to Datatec.**

Risk policy

The Group's risk policy:

- sets out and explains Datatec's approach to risk and risk management;
- records the Board's evaluation of Datatec's risk appetite for the main categories of risk;
- explains the principles behind Datatec's risk management framework which contains the procedures by which the policy is implemented; and
- supports management in managing risk, allowing risk to be managed on a decentralised basis subject to Group overview.

The approach to risk management and internal control defined in the risk policy has been applied throughout the year under review and up to the date of approval of this Annual Report and annual financial statements.

The risk policy is reviewed by the ARCC and approved annually by the Board. The latest update was approved in March 2023.

While all risks are continually monitored, the ARCC is paying particular attention to cyber security threats, which remain at a very high level. Risk mitigation in this area is being undertaken continuously across the Group and is being closely monitored by the ARCC.

The risk management framework which is used for maintaining sound risk management and internal control systems throughout the Group is explained in more detail later in this report.

Board assessment of the Group's system of internal controls and risk management

Nothing has come to the attention of the Board or has arisen out of the internal control self-assessment process, internal audits or year-end external audit that causes the Board to believe that the Group's system of internal controls and risk management is not effective or that the internal financial controls do not form a sound basis for the preparation of reliable financial statements. The Board's opinion is based on the combined assurances of external and internal auditors, management and the ARCC.

Risk report continued

Risk management framework

The Group's risk management process has three key steps:

- Identify key risks – document in risk registers
- Implement controls to mitigate risk – monitor through continuous review
- Obtain assurance that controls are effective – combined assurance programme

Within this framework, the specific responsibilities of different designates and the processes they follow are set out below:

Responsibility	Process
Board • Extensive experience in the Group's main business streams • Experience of the non-executive directors in other fields of business	• Level of risk tolerance and limits of risk appetite are set as part of the strategic direction of the Group • A combined assurance framework is in place to ensure adequate assurance that the controls over the identified risks are operating effectively • A Group risk register is maintained and risks across all aspects of the Group's operations are considered, including financial, market, political and operational risks, as well as social, ethical and environmental risks
Audit, Risk and Compliance Committee	• Monitors risk management activities on an ongoing basis • Discusses risk topics raised • Reviews risk registers semi-annually • Reviews divisional audit, risk and compliance committee meeting minutes • Reviews CRO Forum minutes
Group Chief Risk Officer	• Chairs CRO Forum • Chairs Information and Communication Technology ("ICT") Governance Committee • Maintains Group risk register • Reports to CFO • Reports to ARCC • Ensures that the risk management framework is operating effectively in the divisions • Ensures improvements in the controls and risks identified in the Group risk register
Divisions – divisional boards and executive committees	• Regularly review strategic and emerging risks • Input to risk registers • Identify and prioritise high-risk areas on risk maps based on impact and likelihood • Impact ratings are broadly defined in terms of financial thresholds, operational impacts, regulatory compliance, customer and community impacts, employee impacts and reputational impacts • Likelihood ratings are defined in terms of the overall likelihood of a risk materialising • Further analyse high-risk areas to identify potential root causes • Identify mitigating controls and associated monitoring/assurance activities for each high-risk area • Assign an executive to monitor and manage specific risk areas • Review risk registers and risk maps semi-annually
Divisional chief risk officers	• Ensure divisional risk procedures are in accordance with and support the Group's risk management framework • Maintain divisional risk registers • Coordinate the execution at divisional level of the risk management framework • Identify emerging risk and compliance issues • Report on divisional management of risk to divisional audit, risk and compliance committees (which report to the divisional boards) • Oversee management's response to matters identified as requiring improvement • Report to the semi-annual CRO Forum

Financial and internal control

The Group's internal control and accounting systems are designed to provide reasonable, but not absolute, assurance as to the integrity and reliability of the financial information and to safeguard, verify and maintain accountability of its revenues and assets. These controls are implemented and maintained by skilled personnel.

The operation of key internal controls is assessed on an annual cycle using an internal control questionnaire ("ICQ") process which is completed by the process owners of all Group subsidiaries with operational accounting functions. The CFOs of the subsidiaries are responsible for validating the responses. The results of the ICQ are critically assessed by divisional and Group management and assist in harmonising controls and setting standards across the business.

Combined assurance

A combined assurance framework for monitoring and evaluating the effectiveness of the internal controls is in place throughout the Group. This framework deploys and co-ordinates internal and external assurance providers to report on the effectiveness of the Group's internal controls.

A combined assurance model aims to optimise the assurance coverage obtained from management, internal assurance providers and external assurance providers on the risk areas affecting the Group. Within Datatec there are a number of assurance providers that either directly or indirectly provide the Board and management with certain assurances over the effectiveness of those controls that mitigate the risks as identified during the risk assessment process. Collectively, the activities of these assurance providers are referred to as the combined assurance framework.

As the nature and significance of risks vary, assurance providers are required to be equipped with the necessary expertise and experience to provide assurance that risks are adequately mitigated. External assurance providers include external audit, specialist IT and cyber security specialists, sustainability assurance providers and other professional advisers.

In the combined assurance model, each control is linked to a specific assurance provider, where applicable, to enable the following to be identified:
- Risk areas where no/insufficient controls have been identified
- Risk areas where controls have been identified, yet insufficient assurance is provided (gaps)
- Risk areas where duplicate or "excess" assurance is provided (duplication)

Management-based assurance: Management oversight, including strategy implementation, performance measurements, control self-assessments and continual monitoring mechanisms and systems:
- Local management is required to undertake the ICQ process annually to ensure key controls are in place and this is monitored against internal control norms. Remediation is taken where any control is considered to be ineffective. The process and results are also reviewed by the ARCC.
- In addition, the Board obtains a formal letter of assurance twice a year from each of its subsidiary divisions (supported by similar representations from the divisions' own subsidiaries) which provides the Board with assurance over the operation of the risk management processes described above, including the operation of internal controls over financial and IT risks, compliance with legislation, and the ethical and sustainable management of the business.

Internal assurance: Risk management (adopting an effective enterprise risk management framework), legal, compliance, health and safety, and quality assurance departments are included. They are responsible for maintaining policies, minimum standards, oversight and risk management performance and reporting. The internal audit function, as described in more detail on the following page, is the primary assurance provider within the organisation.

Independent assurance: Independent and objective assurance of the overall adequacy and effectiveness of risk management, governance and internal control within the organisation includes external audit and other expert assurance providers required from time to time.

Oversight committees: Appropriate assurance providers under each of the above categories have been identified:
- The ARCC
- The Social and Ethics Committee with regard to oversight of the Group's controls in the sphere of ethics, corporate social responsibility and sustainability
- The Remuneration Committee with regard to controls in the remuneration sphere
- The Nominations Committee in relation to Board diversity and corporate governance structures

Management has used this model to conclude on the completeness and appropriateness of the current assurance activities for each risk identified and that the level of assurance provision is satisfactory. It continues to maintain the framework as part of the ongoing risk management process.

The ARCC has reviewed the combined assurance frameworks for the Group and its divisions to satisfy itself with management's conclusions and will continue to review them as part of its role in oversight of risk management.

In light of its review of the combined assurance framework, the ARCC has recommended to the Board that appropriate assurance activities are in place in relation to the controls operating over each risk identified in the risk management process.

The governance of ICT

The Board has the responsibility to govern technology and information in a way that supports the organisation in setting and achieving its strategic objectives (King IV Principle 12). To achieve this, the governance of ICT is embedded in the Group's risk management framework. ICT risk is managed across all operations with controls and assurance provision to be maintained and reviewed in the same way as for other risks. The Board has adopted an ICT governance policy setting out the Group's approach to ICT governance. Within this policy, an ICT Governance Committee has been established comprising

Risk report continued

divisional ICT risk management and ICT executives with the aim of reinforcing the integration of IT risk issues into the Group's risk management framework.

The Board includes a review of ICT governance procedures operated by the Group's major divisions in its annual timetable to assist in its ICT governance role.

There are documented and tested procedures in the major subsidiaries which will allow them to continue their critical business processes in the event of a disastrous incident impacting their activities. Such business continuity planning procedures are reviewed annually and, where weaknesses are identified, the relevant subsidiaries are required to rectify them.

Management reporting

The Group operates management reporting disciplines which include the preparation of annual budgets by operating entities. Monthly results and the financial status of operating entities are reported against approved budgets. Project projections and cash flow forecasts are reviewed regularly, while working capital, borrowing facilities and bank covenant compliance is monitored on an ongoing basis.

All financial reporting by the Group, including external financial reporting and internal management reporting, is generated from the same financial systems which are subject to the internal controls and risk management procedures described below.

Compliance framework and processes

The Board governs compliance with applicable laws and adopted non-binding rules, codes and standards in a way which supports the organisation being ethical and a good corporate citizen (King IV Principle 13). Each division manages compliance with relevant laws and regulations, which the ARCC has divided into the following broad categories for the purposes of monitoring. These are considered to be the main themes/classes of legislation which pose the biggest risk to Datatec in the event of breach:

- Corporate law – companies acts, financial reporting
- Financial law – anti-money laundering and fraud
- Export regulations – trade sanctions and foreign corrupt practices
- Import regulations – including duty and VAT taxation
- Securities law – insider dealing and stock exchange compliance
- Employment law – unfair dismissal, employment practices, health and safety
- Intellectual property, trademarks and patents
- Competition legislation
- Data protection/privacy legislation

Each category is considered in the risk assessment process and, if appropriate, a risk is recorded on the relevant risk register and managed in accordance with the risk management framework set out in this report. The divisions' audit, risk and compliance committees report on each category of legislation above, noting whether any breaches of compliance have been identified.

Internal audit

Internal audit is an independent appraisal function which examines and evaluates the activities and the appropriateness of the systems of internal control, risk management and governance. The internal auditor is the key assurance provider in the Group's combined assurance framework. The function provides the Board with a report of its activities which, along with other sources of assurance, is used by the Board in making its assessment of the Group's system of internal controls and risk management.

Datatec has an in-house internal audit function which operates within defined terms of reference as set out in its charter and the authority granted to it by the ARCC and the Board.

The internal audit function reports to the Datatec ARCC. Internal audit, headed by the Chief Audit Executive, is functionally responsible to the Chair of the ARCC and administratively to the CFO and CRO.

Audit plans are presented in advance to the ARCC for approval. The plans are based on an assessment of risk areas involving an independent review of the Group's own risk assessments, which are recorded in the risk registers. A significant component of the internal audit plan is the continuous audit of the business process cycles through the divisional ERP systems which is undertaken using automated audit protocols. The internal audit plan also includes audits of key controls applying to business processes at specific locations. Both audit visits and continuous auditing assessments include an independent assessment by the internal auditor of the ICQ responses of the entity being audited for the controls in scope for the audit in order to validate the ICQ self-assessment.

The internal audit function has capability in cyber security and is performing cyber security audits to address this critical risk area across the Group.

The internal audit team attends and presents its findings to the ARCC. Management is responsible for acting on the findings of internal audit and implementing remedial action to correct identified control weaknesses in accordance with an agreed timetable. Internal audit reviews management's actions on the findings and reports back on the effectiveness and timeliness of the response.

The internal audit team attends the CRO Forum to assist in the dissemination of findings across the Group and the Cyber Security Internal Audit Director also provides input and assistance to the ICT Governance Committee to support the enhancement of ICT general controls and cyber security protection across the Group.

The internal audit process and management's response to the findings thereby contribute to a continuous improvement culture in the Group's risk management function.

During FY23, the internal audit team undertook a quality self-assessment which was reviewed and validated by an independent external assessor. This assessment concluded that the internal audit team generally conforms to the standards of the Institute of Internal Auditors ("IIA").

The ARCC is satisfied that internal audit has met its responsibilities for the year with respect to its terms of reference.

External audit

The ARCC is responsible for recommending the external auditor for appointment by shareholders and for ensuring that the external auditor is appropriately independent.

PricewaterhouseCoopers ("PwC") is the external auditor, having been selected and appointed in FY21. The appointment is approved by shareholders at the AGM annually. The current designated audit partner is Berno Niebuhr, who will be retiring and will be replaced by Deon Storm for the FY24 audit subject to JSE approval. Thereafter, PwC has the policy of rotating the designated partner every five years.

The external auditor carries out an annual audit of the Group's subsidiaries in accordance with international auditing standards and reports in detail on the results of the audit both to the audit, risk and compliance committees of the Group's divisions and to the Group ARCC. The external auditor is therefore the main external assurance provider for the Board in relation to the Group's financial results for each financial year.

PwC has confirmed its compliance with the ethical requirements regarding independence and is considered independent with regards to the Group as required by the codes endorsed and administered by the Independent Regulatory Board for Auditors ("IRBA"), the South African Institute of Chartered Accountants ("SAICA") and the International Federation of Accountants. As required by section 3.84(g)(iii) of the JSE Listings Requirements, the committee obtained the information listed in paragraph 22.15(h) of the JSE Listings Requirements and satisfied itself that the external auditor and audit partner, Mr Deon Storm, have the necessary accreditation and are suitable for reappointment. The committee has nominated PwC as external auditor for FY24 for approval at the AGM on 27 July 2023. The committee is also satisfied that the designated partner is not on the JSE's list of disqualified individuals.

The ARCC regularly reviews the external auditor's independence and maintains control over the non-audit services provided, if any. Pre-approved permissible non-audit services performed by the external auditors include taxation and due diligence services. The external auditor is prohibited from providing non-audit services such as valuation and accounting work where its independence might be compromised by later auditing its own work. Any other non-audit services provided by the external auditor are required to be specifically approved by the Chair of the ARCC or by the full committee if the fees are likely to be in excess of 25% of the audit fee.

Key risks

Among the items on the risk register being monitored within the Group's risk management framework the following are currently seen as key priorities:

Supply chain

At the start of FY23, the supply chain situation was problematic with various factors, including the war in Ukraine, Covid-19 lockdowns in China and global inflationary pressures, which impacted freight costs, disrupting the supply chain. During the year, this disruption was seen to ease with signs of improvement noted. However, the supply chain remains a key risk area for all the Group's businesses.

Technological market disruption

The Group's operations focus on the higher value, faster growing products and services in the ICT supply chain. It is essential to anticipate the impact of the rapid technological change which is a feature of the sector.

Dependence on key vendors

The Group is dependent on certain vendors, particularly Cisco, whose products and services accounted for a significant proportion of the Group's revenue. If any one of the Group's principal vendors terminates, fails to renew or adversely changes its agreement or arrangements with the Group materially, it could significantly reduce the Group's revenue and operating profit and thereby seriously harm the Group's business, financial condition and results of operations.

Internal technological risks – cyber security

The Group's internal systems are at risk, both from planned changes leading to business interruption and disruption by external "cyber" threats. The Group continued to face the threat of financial crime attempted by "phishing" emails and "social engineering". The Group has high dependence on its key information systems.

Risk of failure to fund working capital needs sufficiently

The Group's business is working capital intensive; this is particularly relevant for Westcon International. Westcon International's financing facilities are utilised to finance accounts receivable and inventories. The availability of these facilities and any material changes thereto may affect the business's ability to fund its working capital requirements.

Risk of overdependence on key personnel

The Group's future success depends largely on the continued employment of its executive directors, senior management and key sales, technical and marketing personnel. Certain key employees have relationships with principal vendors and customers which are particularly important to the business of the Group. The executive directors, senior management team and key technical personnel would be difficult to replace and the loss of any of these key employees could harm the business and prospects of the Group.

Johnson Njeke
Chair, Audit, Risk and Compliance Committee

May 2023

ARCC constitution and operation

The committee operates within defined terms of reference as set out in its charter which has been approved by the Board.

The ARCC charter is available on the Group's website **www.datatec.com**.

The ARCC during FY23 consisted of the following independent non-executive directors:
- Johnson Njeke (Chair)
- Deepa Sita – from 1 July 2022
- Rick Medlock
- Ekta Singh-Bushell – up to 27 July 2022

The ARCC meets at least four times a year and the external auditors, the internal auditors, CEO, CFO, CRO and Group Legal Counsel are invited to attend.

Directors' attendance at ARCC meetings during FY23 and subsequently to the date of this report (all meetings were scheduled) is as follows:

	8 March 2022	**16 May 2022**	**13 July 2022**	**31 October 2022**	**3 February 2023**	15 March 2023	16 May 2023
MJN Njeke	**P**	**P**	**P**	**P**	**P**	P	P
CRK Medlock	**P**	**P**	**P**	**P**	**P**	P	P
DS Sita	**–**	**–**	**P**	**P**	**P**	P	P
E Singh-Bushell	**P**	**P**	**A**	**–**	**–**	–	–

P = present, A = absent
– = not a member at the time

The principal purpose of the committee is to:
- Assist the Board in discharging its duties relating to safeguarding of assets, risk evaluation and risk management, operation of internal controls and accurate reporting to shareholders and compliance with relevant laws and regulations;
- provide a forum for discussing business risk and control issues and for developing relevant recommendations for consideration by the Board;
- provide oversight of the activities of the internal audit and the external audit functions.

The committee's annual report is included in the annual financial statements on page 68 of this Annual Report.

The committee reviews its performance annually by means of questionnaires completed by individual committee members and attendees which are then discussed at Board and committee meetings. These appraisals enable the committee to evaluate its effectiveness objectively and to conclude that it is operating effectively under the terms of reference set down in its charter.

The committee is satisfied that it has met its legal and regulatory responsibilities for the year under review and to the date of this report with respect to its terms of reference as set out in its charter.

The Chair of the committee will be available at the AGM to answer queries about the work of the committee.

Remuneration report

Stephen Davidson

Remuneration Committee Chair

> Our committee is focused on ensuring that the remuneration structures at Datatec **drive value creation** for our stakeholders, with a reward framework and value proposition for our executives, which is in accordance with **ethical corporate governance standards**.

Part 1 – Background statement

Introduction

On behalf of the Board of Directors and the Remuneration Committee, I am pleased to present the remuneration report ("the report") for 2023.

The Remuneration Committee aims to ensure that Datatec remunerates fairly, responsibly and transparently to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term (King IV Principle 14). Our committee is focused on ensuring that the remuneration structures at Datatec drive value creation for our stakeholders, with a reward framework and value proposition for our executives which is in accordance with ethical corporate governance standards. We are satisfied that our policies are aligned with shareholder value creation.

Our performance and pay outcomes in FY23

The Group maintained strong operational and financial performance during FY23. Pursuant to our Strategic Review process seeking to unlock value for shareholders, we sold Analysys Mason in September 2022 and returned the sale proceeds to shareholders by means of a special dividend of US$158 million.

The performance of Westcon International during FY23 was excellent representing a continuation of the impressive turnaround and development of the business which has been achieved since the sale of Westcon Americas in 2018.

The main remuneration outcomes in FY23 are as follows with the detail set out in the Policy and Implementation sections of this report:

- Executives received no increase in guaranteed pay for FY23
- Likewise, non-executive directors' fees were not increased
- Short-term incentives ("STIs") earned for FY23 reduced compared to FY22 primarily because the underlying earnings per share ("uEPS") target was not met
- The Westcon International Equity Appreciation Plan ("EAP") crystallised in March 2023 with significant reward for Westcon International management and the Datatec executive directors which are included in FY23 remuneration in this report
- The Conditional Share Plan ("CSP") awards granted in May 2020 with a performance period that ended 28 February 2023 vested at 100%, because total shareholder return ("TSR") and uEPS growth target performance conditions were achieved

Performance and pay targets for FY24

The main remuneration targets and outlook are summarised below with the detail set out in the Policy and Implementation sections of this report:

- No changes have been made to the remuneration policy for FY24
- Executives received a 6% increase in basic pay for FY24 having received no increase for FY23
- Likewise, non-executive directors received a 6% increase in fees for FY24 having received no increase for FY23
- STI – the weighting of metrics has changed slightly:
  - Added a working capital metric for Logicalis Latin America ("LATAM") (5% of the on-target bonus)
  - Personal key performance indicators ("KPIs") consequently reduced to 20% of the on-target bonus (from 25%)
  - The weightings for the remainder of the metrics remain unchanged from FY23
- Long-term Incentive ("LTI")
  - CSP awards will be made in line with our policy – the absolute TSR performance condition was the sole performance condition for the grant in June 2023
  - Deferred bonus warrant ("DBW") grants of share appreciation rights ("SARs") will be made in June 2023 as co-investment with participants' acquisition of shares with part of their FY23 bonuses

An important development in FY24 is the implementation of new management incentive plans for Logicalis International and Westcon International, the latter succeeding from the EAP.

Linking pay to our strategy

In August 2021, Datatec announced a comprehensive Strategic Review to consider options and initiatives to unlock and maximise shareholder value going forward. The Strategic Review aims to address the persistent gap between Datatec's valuation and the inherent value of its underlying assets while also ensuring that the Group is positioned to take full advantage of the positive market dynamics for its technology solutions and services. In parallel, the strategy of pursuing a combination of corporate and business actions aimed at enhancing the competitiveness and profitability of our subsidiaries and operating divisions in order to enhance value remains in place.

The Group's remuneration policy seeks to align remuneration to the achievement of the Group's strategic objectives.

Aligning remuneration to our strategic objectives

Strategic objective	Short-term incentive	Long-term incentive
Value generation	FY23 and FY24: personal KPI for the executive directors' STI: reduce structural discount	FY23 and FY24: The performance condition for the whole of the CSP vesting is absolute TSR. Furthermore, executive share ownership requirements and the additional two-year holding period post vesting for deferred bonus plan ("DBP") and DBW ensure shareholder alignment over the long term. FY23 and FY24: DBW co-investment only benefits participant if share price increases.
Underlying earnings per share	FY23 and FY24: target for 35% of STI is budget uEPS	–
Earnings before interest, taxation, depreciation and amortisation ("EBITDA")	FY23 and FY24: target for 30% of STI is budget Group adjusted EBITDA	–
Other quantitative measures addressing current short-term priorities	FY23 and FY24: metrics addressing Westcon International and Logicalis working capital (Logicalis divided into Logicalis International and Logicalis LATAM for FY24).	–

The context in which the committee has set STI and LTI targets for FY24 flows from the strategic imperatives of the Group.

The committee believes the use of absolute TSR as a performance condition for CSP vesting will align remuneration with value creation for shareholders and decided to use this metric as the sole performance condition for the FY23 and FY24 CSP grants.

Motivating the drive to improve profitability remains of high importance for which the uEPS and EBITDA growth targets are key in the STI. The committee has noted that the key metric used by investors for valuing businesses in our sector is EBITDA, and hence this metric links directly to the strategic goals.

The Remuneration Committee is satisfied that the remuneration policy has achieved its objectives in FY23 and we propose no changes to the policy for FY24. We believe the policy and implementation set out in this report achieve an equitable alignment of shareholder and management interests.

Remuneration Committee constitution and operation

The role of the committee is to assist the Board in ensuring that the Company remunerates directors and executives fairly and responsibly in alignment with the creation of long-term shareholder value and to ensure that the disclosure of director and senior management remuneration is accurate, complete and transparent. The Remuneration Committee operates under terms defined in its charter, which has been approved by the Board.

The Remuneration Committee charter is available on the Group's website **www.datatec.com**.

The Remuneration Committee comprises the following independent non-executive directors:
- Stephen Davidson (Chair)
- Maya Makanjee
- Johnson Njeke
- Deepa Sita
- Luis Rapparini (from 1 December 2022)

The Remuneration Committee's meetings during FY23 and to the date of this report (together with the attendance of the committee members) are shown in the table below:

	9 March 2022	17 May 2022	13 July 2022	1 November 2022	16 March 2023	17 May 2023
SJ Davidson	P	P	P	P	P	P
M Makanjee	P	P	P	P	P	P
MJN Njeke	P	P	P	P	P	P
DS Sita	P	P	P	P	P	P
LC Rapparini	▨	▨	▨	▨	P	P

P = present

▨ *= not a member of the committee*

Deepa Sita will succeed Stephen Davidson as Chair of the Remuneration Committee at the AGM on 27 July 2023.

The CEO and CFO may be invited to attend portions of meetings of the Remuneration Committee, but neither may take part in any decisions regarding their own remuneration.

The Remuneration Committee employs the services of specialist consultants in the field of executive remuneration to provide advice. The independent service providers used to value LTIs are: ShareForce, BDO and Deloitte. Benchmarking services are provided by Willis Towers Watson. The committee is satisfied that the consultants have provided independent and objective advice and, while giving due consideration to any advice received, has made its decisions independently in accordance with its charter.

The committee reviews its performance annually by means of questionnaires completed by individual committee members which are then discussed at committee and Board meetings. These appraisals enable the committee to evaluate its effectiveness objectively and to conclude whether it is meeting its objectives as described in its charter.

Future focus areas

The committee intends to continue the consultation process with shareholders and discuss the continuing evolution of the remuneration policy focusing on ESG and inclusion of environmental metrics in remuneration. The committee will continue to focus its oversight on fair and responsible pay, diversity, equity and inclusion and talent management throughout the Datatec Group.

I am very pleased to welcome the appointment of Dina Knight as Datatec Group Chief People Officer in February 2023 and look forward to her professional support of the committee's work.

Shareholder engagement

We are very appreciative of the high levels of shareholder support given to our remuneration policy and implementation at the 2022 AGM and, although we do not propose any changes in policy we continued our process of annual shareholder engagement which is detailed on the following page.

At the AGM on 27 July 2023, you will be requested to endorse our remuneration policy and the implementation thereof. We will continue our engagements with shareholders to discuss areas of concern you may have; your constructive input is valued and appreciated as we continue to improve our remuneration framework. On behalf of the Remuneration Committee, I thank you for your continued support and feedback.

Stephen Davidson
Chair, Remuneration Committee

May 2023

Shareholder engagement

The Remuneration Committee maintains a programme of shareholder consultation to ensure shareholders' views on remuneration are properly addressed by the committee and considered in the Group's remuneration policy and implementation practices.

Voting outcomes

The FY22 remuneration policy was put before shareholders for an advisory vote at the AGM on 27 July 2022 and received support from 95.6% of shares voted (2021: 93.0%).

The FY22 remuneration implementation report was put before shareholders for an advisory vote at the AGM on 27 July 2022 and received support from 96.2% of shares voted (2021: 64.7%).

If the remuneration policy or implementation is voted against by more than 25% of shareholders, consultation with shareholders will be undertaken per the King IV code.

Consultation during FY23

During FY23, consultation was held in January/February 2023 with Maya Makanjee, Chair of the Board; Stephen Davidson, Chair of the Remuneration Committee; and Deepa Sita, independent non-executive director and member of the Remuneration Committee visiting investment managers to address remuneration-related issues among other ESG matters.

Discussion point	Shareholders' views	Actions taken
ESG metrics in STI and LTI		
The committee discussed with shareholders its intention to introduce quantitative metrics for environmental impact into the remuneration structure, noting that the Group was well advanced on implementing such metrics in its corporate responsible business programme.	Shareholders all support the Group in driving its responsible business agenda and agreed management should be incentivised to drive the agenda to achieve the corporate targets for ESG. Views differed on whether environmental metrics should be applied in STI or LTI. Some shareholders thought STI was the appropriate place whereas others argued for LTI given that environmental goals tend to be longer term. All shareholders agreed that the appropriate level for the environmental targets in variable remuneration would be 10%.	The FY23 STI target included an ESG metric as a personal KPI for executive directors constituting 10% of STI. The committee will retain this for FY24 and will evaluate the achievement of this KPI based on the achievement of the responsible business plans which have a clear timeline of achievements. Refer to the Responsible Business section in the Datatec 2023 Integrated Report. For FY25, the committee will look to retain the 10% ESG KPI for STI but make it a quantifiable environmental target. The committee will also consider introducing a similar longer term environmental metric into LTI performance condition.
Westcon International EAP		
The success of Westcon International over the past five years was noted and the implications for the EAP which would crystallise in March 2023. The outcome for the management team was noted to be at the high end of the scenarios presented in previous remuneration reports.	Shareholders noted the success of Westcon International and had the opportunity to meet Westcon International management on an investors' roadshow just prior to the Chair's roadshow.	Details of the outcome of the Westcon International EAP are provided in this report see page 33.
Subsidiary management incentive plans ("MIPs")		
MIPs are planned to be introduced for Logicalis International and Westcon International management. The salient features of these new plans were explained and discussed.	Shareholders appreciated the concept behind the new MIPs noting that management would buy in to the schemes at current valuations and would remain minority shareholders until Datatec realises the value of its investment.	Further information on the Logicalis International MIP and the Westcon International MIP are provided in this report see page 24.
Other matters discussed with shareholders		
Other topics of discussion with shareholders during the consultation process included the development of fair and responsible pay reporting and the South African Companies Act amendments currently under consideration and their potential impact on remuneration committees and reporting of remuneration. Shareholders and the committee both value the consultation process which has been continuing for a number of years now and will continue with further engagement in the next financial year.		

Part 2 – Remuneration policy

Objectives of the policy

The objectives of the remuneration policy are to:

- Set remuneration levels to attract and retain the best local and international talent who will enhance business performance.
- Recognise and reward superior performance when it occurs.
- Direct employees' energies and activities towards key business goals and strategic outcomes.
- Align employees' and shareholders' interests.
- Align employees' remuneration with the goals of the Strategic Review.

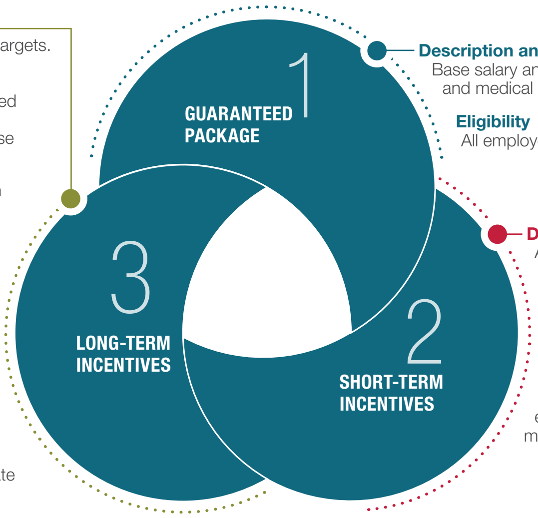
Datatec rewards its executives and managers in a way that reflects market dynamics and the context in which it operates. Datatec is structured as a group which actively manages its principal divisions, Westcon International, Logicalis International and Logicalis Latin America. The remuneration policy applies throughout the Group but the details provided of individuals' remuneration are applicable to the Datatec executives. All elements of the remuneration policy are aligned to the strategic goals of the Group.
For purposes of this report, a high-level overview of the remuneration elements and design principles informing remuneration arrangements for all employees is provided, with in-depth focus on Datatec executives.

Key principles

Key principles of the remuneration policy are to:

- Reward all employees suitably for their contribution to the Group's operating and financial performance.
- Apply fair and responsible pay principles to all employees across the Group.
- Promote a common interest with shareholders.
- Consider the international ICT industry, market and country benchmarks to ensure the Group's remuneration is competitive in regions in which the Group operates, particularly the US, Brazil and the UK.
- Ensure that a significant proportion of the remuneration of executive directors and senior managers is performance-based.
- Balance the performance-based element of remuneration between the achievement of short-term and long-term objectives.

These principles are enshrined in the three main elements of remuneration:



1 Guaranteed package

Description and policy
Base salary and benefits including retirement and medical scheme contributions.

Eligibility
All employees.

2 Short-term incentives

Description and policy
Annual bonus plan with performance targets, subject to deferral as explained below.

Eligibility
Group executives participate in an annual STI plan as explained in detail below. Management of divisions participate in STI plans similar to the Group executives but based on divisional performance targets and personal performance targets. Non-management employees typically receive lower levels of STIs based more on personal targets rather than on corporate goals.

3 Long-term incentives

Description and policy
Share-based remuneration plans with performance targets. Two share-settled group plans are used, namely:
- **CSP** – a performance share plan;
- **DBW** – a portion of the bonus is deferred and used to acquire shares and the Company contributes a co-investment in the form of SARs. Both of these elements are forfeitable.

A number of cash-settled share-based remuneration plans are operated in divisions. These are explained in further detail below.

New MIPs are being introduced for senior management of Westcon International and Logicalis International in FY24.

Eligibility
Datatec Group executives and management participate in the Datatec CSP.

Executive directors and two other senior managers participate in the DBW.

Senior management of Westcon International, Logicalis International and Logicalis LATAM participate in divisional share schemes.

Cash-settled share-based remuneration plans will remain in place for the second tier of senior management in Westcon International and Logicalis International.

Remuneration report continued

Base salary

The purpose of the base salary is to provide a fixed income to individuals, which is subject to annual review by the Remuneration Committee. In addition to this, executive directors and senior executives are entitled to various employment benefits, such as defined contribution pension, medical insurance, and death and disability insurance. These benefits are determined by the level of base salary received by the executive.

To ensure that the base salary levels for executives are fair and competitive, the Company conducts benchmarking exercises using databases of pay levels in comparator companies provided by third-party advisors. The comparator companies used are appropriate for the role being benchmarked. As an example, the role of a regional CEO in a subsidiary division is benchmarked against subsidiaries of international groups in that region, while divisional CEOs are benchmarked against international unlisted corporations.

During these benchmarking exercises, the median pay of the comparator group is used as a guide for determining the pay of the executive concerned. These exercises are typically conducted when executive roles change or new appointments are made and when internal corporate restructuring is undertaken. However, routine annual benchmarking exercises are not carried out as the Remuneration Committee recognises the potential for driving salaries up that this could cause.

Short-term incentive

Structural overview

<table>
<tr><td>Bonus formula</td><td>The STI is calculated in relation to base salary as follows:
Base salary x On-Target STI percentage x [(personal score x personal weighting) + (corporate score x corporate weighting)]</td></tr>
<tr><td>On-target STI percentage</td><td>CEO: 175%
CFO: 95%
Potential outcomes for the STI in relation to base salary are illustrated in the scenario analysis on page 25.</td></tr>
<tr><td>Weightings between corporate and personal performance measures</td><td>The weighting between corporate and personal performance is reflective of the participants' seniority and the following weightings apply:
Executive directors and some senior management: In FY23, the policy was to apply an 75% corporate and 25% personal weighting and this changed slightly for FY24 to 80% corporate and 20% personal weighting because of the addition of a 5% working capital metric for Logicalis LATAM added to the corporate component.
For other senior management we use 50% corporate and 50% personal (with exceptions where appropriate as agreed by the Remuneration Committee).</td></tr>
<tr><td>Target setting</td><td>Each element of the bonus is based on the achievement of a target: if that target is reached the bonus element is described as “on-target”. The Remuneration Committee establishes the target and a range around the target demarcated by “guard-rails” such that the bonus for each element is capped if the upper guard-rail is reached. Below the lower guard-rail, zero bonus is earned and at the lower guard-rail 40% of on-target bonus is earned. Between the guard-rails and the on-target position the bonus outcome is obtained by linear interpolation.
The on-target bonus levels in relation to base salary are set out in the table below.
STI as a percentage of base salary<table><tr><th></th><th>On-target STI</th><th>Maximum STI (cap)</th></tr><tr><td>CEO</td><td>175%</td><td>175% x 143% = 250%</td></tr><tr><td>CFO</td><td>95%</td><td>95% x 153% = 145%</td></tr></table>Potential outcomes for the STI in relation to base salary are illustrated in the scenario analysis on page 25.
The metrics used and bonus outcomes for FY23 are shown in the implementation report on page 28.</td></tr>
<tr><td>Delivery of the STI (applicable to executive directors and senior Group executives)</td><td>The STI is partly delivered in cash and partly delivered in shares which are deferred into the plan with minimum mandatory deferral of 20% (for STI achievement above 50% of target) and a maximum permitted deferral of 50% of STI.</td></tr>
</table>

FY24 metrics

The corporate financial goals constitute 80% of the total STI for FY24. These targets include underlying earnings per share and EBITDA (with the relative weighting amended as described above). Also included are cash management/working capital targets with separate metrics for Westcon International, Logicalis International and Logicalis LATAM which match the working capital metrics included in the STI of management of the three divisions.

FY24 STI structure

1) Underlying earnings per share	**US cents**	**Bonus**	**Target**
Lower guard-rail	-12%	40%	35%
On target	Budget	100%	
Upper guard-rail	12%	160%	

2) Adjusted EBITDA	**USA$ million**	**Bonus**	**Target**
Lower guard-rail	-14%	40%	30%
On target	Budget	100%	
Upper guard-rail	14%	160%	

3a) Westcon International working capital – net working capital days	**Days**	**Bonus**	**Target**
Lower guard-rail	10%	40%	5%
On target	Target	100%	
Upper guard-rail	-10%	160%	

3b) Logicalis International working capital – operating cash conversion	**US$ million**	**Bonus**	**Target**
Lower guard-rail	-20%	40%	5%
On target	Target	100%	
Upper guard-rail	20%	160%	

3c) Logicalis LATAM working capital – operating cash conversion	**US$ million**	**Bonus**	**Target**
Lower guard-rail	-20%	40%	5%
On target	Target	100%	
Upper guard-rail	20%	160%	

4) Personal KPIs – CEO and CFO

ESG – predominantly E – environmental – 10% Reduce structural discount/strategic review – 10%	20%
Total on-target bonus	100%

The FY24 targets for uEPS, adjusted EBITDA and working capital metrics based on budget are not shown as this is commercially sensitive information but will be fully disclosed next year in the Implementation section of the FY24 remuneration report.

The personal KPIs agreed by the committee for the executive directors for FY24 are as follows:

- **ESG** – predominantly E – environmental to be assessed by achievement against the responsible business development timeline planned achievements for FY24.
- **Reduce structural discount/strategic review** – initiatives to achieve value generation during FY24.

Long-term incentives

Group plans – structural overview

	Deferred Bonus Warrants	Conditional Share Plan
Instrument	The deferred STI is in the form of shares which will be held in escrow for the benefit of participants. The Company co-investment is awarded as SARs. The SARs will be awarded at market value using the same price applicable to purchase the deferred shares.	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, Group executives and staff.
Allocation levels	The mandatory deferral percentage in the DBW (if the bonus exceeds 50% of target) is 20%. The maximum deferral percentage is 50%. The number of SARs to be awarded is based on an actuarial calculation of their value relative to the current share price.	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; • Datatec Group executives and staff – range from 100% to 50% of base salary.
Vesting period	Three years.	
Additional holding period	A holding period of two additional years will follow the vesting period of three years for the share element. The SARs are subject to a four-year exercise period commencing on the vesting date and will be subject to a two-year holding period post vesting.	
Performance period	One year, aligned with the STI performance as explained above.	Three years.
Performance conditions	No performance conditions apply, but performance is an entry qualification requirement. Further performance alignment via share price appreciation before the SARs will be exercisable.	Performance conditions apply to the grants. At the end of the three-year performance period the performance conditions are tested and if met, awards are share-settled, vesting on a sliding scale between 50% at threshold and 100% at the upper target.
Dividends	Dividends will accrue on the shares purchased by participants using their STI and these dividends must be taken in the form of shares (provided the Company offers a scrip alternative) while the shares are held in escrow to the end of the holding period. No dividends will accrue on the SARs during the exercise period.	No dividends accrue on the CSP awards during the three-year performance period.
Plan and individual limits	The new DBW will be non-dilutive to shareholders as it will be settled by purchasing shares on the market.	The maximum number of new shares which can be issued to participants to settle obligations under the CSP is 7.4 million shares. The maximum number of shares which can be delivered to any individual participant in the CSP is 3.7 million shares. It is proposed to increase this limit to 6.0 million shares to adjust it in proportion to modifications made to the CSP to account for special dividends.

	Deferred Bonus Warrants	Conditional Share Plan
Termination of employment provisions		
Termination is at the Company's instigation and not for fault ("good leaver")	The executive will retain all the shares which he had deferred into the DBW and will retain a portion of the SARs which have been granted but 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. The terminated executive will continue to hold the reduced number of awards until the vesting date when they will vest along with the other grants in accordance with the rules of the scheme and be exercised within one year. SARs which have vested but not been exercised at the termination date must be exercised within one year thereof.	The executive will retain a portion of LTI share incentive awards which have been granted but 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. The terminated executive will continue to hold the reduced number of awards until the vesting date when they will vest in accordance with the rules of the scheme if the relevant performance conditions are satisfied.
Resignation from the Company or termination for fault	All unvested (deferred shares and SARs) and vested but unexercised SARs are forfeited. In addition, such executives will be required to repay all dividends (pre-tax value) earned from the award date on the shares.	All unvested CSP awards are forfeited.

CSP performance condition for FY24

The committee intends to apply a single performance condition to the May 2023 (FY24) CSP grant, being the absolute TSR performance condition (the same performance condition as FY23) using an updated weighted average cost of capital ("WACC") as the threshold:

Condition	Absolute TSR
Performance period	From the FY23 results announcement day being 23 May 2023 until the day of the FY26 results announcement approximately three years later.
Threshold (50% vesting)	11.2% compound annual growth rate ("CAGR") – the Group's WACC
Maximum (100% vesting)	13.2% CAGR – the WACC plus 2%

Linear vesting applies between threshold and target levels. Potential outcomes for LTI in relation to base salary are illustrated in the scenario analysis on page 25.

The committee considers a single performance condition to be appropriate given the Group's strategic review which prioritises value creation/realisation as the overriding objective.

Divisional long-term incentives

The Group's divisions operate share-based incentive schemes to incentivise management to generate value in the divisional entities.

- **Westcon International**
  - Following the sale of Westcon Americas in 2017, Westcon International implemented an EAP for key senior management and a SARs scheme for the next tier of senior management. Both schemes commenced at the start of FY19 with a long stop crystallisation in March 2024 determined by the valuation of Westcon International at 28 February 2023. Datatec executive directors participated in the Westcon International EAP, under the terms of certain modifications, and the outcome of this scheme is covered in the Implementation section of this report on page 33.
  - In FY24, Westcon International will implement a management incentive plan termed the Westcon International Long-Term Incentive Plan ("WILTIP"). Senior management will roll part of their gains from the Westcon International EAP into the WILTIP. In addition, a new SAR scheme similar to the original SAR scheme above will be initiated for the next tier of senior management.
- **Logicalis International**
  - In FY24, Logicalis International implemented a management incentive plan termed the Logicalis International Long-Term Incentive Plan ("LILTIP") for the senior management team. The existing Logicalis International SAR scheme for the next tier of senior management will continue.
- **Logicalis Latin America**
  - Logicalis LATAM operates a CSP for senior management and a SAR scheme for the next tier of senior managers. The feasibility of introducing a MIP is currently being investigated.

The CSP and SAR schemes in the divisions are cash-settled and are based on the divisional entity's valuation/notional share price. Datatec shares are not used in the settlement of the subsidiary share schemes. These schemes are accounted for under IFRS 2. Details of the operation of the subsidiary division share schemes, including grants, exercises and lapses during FY23 and the prior year, are included in Note 2 to the consolidated annual financial statements.

The WILTIP and LILTIP are not share-based payment schemes as defined under IFRS 2. The management teams of the businesses are minority shareholders in Westcon International and Logicalis International respectively and can only be realised at the same time as a value realisation/exit date for Datatec.

Management incentive plans implemented in subsidiaries: Logicalis International Long-Term Incentive Plan and Westcon International Long-Term Incentive Plan

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

These new management incentive plans will be implemented in early FY24 for Logicalis International and Westcon International. The divisional management teams will only realise their investment at the same time as Datatec does through a value realisation event.

The executive directors of Datatec will not participate in these new divisional schemes.

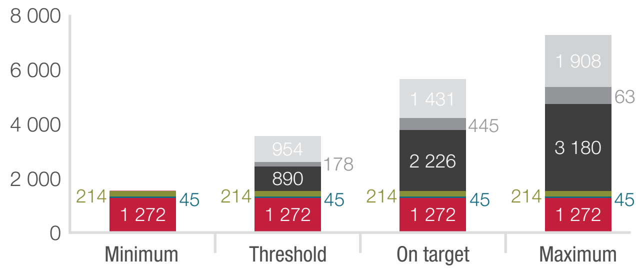
Exceptional incentive awards

In addition to the three elements of remuneration noted above (base salary, short-term and long-term incentives) the Remuneration Committee may, in highly exceptional circumstances, award bonuses to management for the successful execution of significant disposal transactions which generate exceptional value for shareholders. In such rare circumstances the committee would consult with shareholders in advance of making such awards.

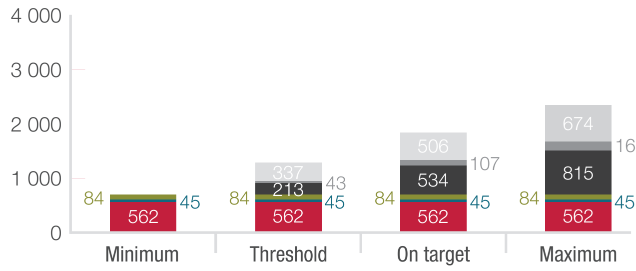
Scenario analysis

The following tables show the minimum, threshold, on-target and maximum remuneration the executive directors can earn under the remuneration policy in the next financial year, FY24, compared to FY23. The actual remuneration earned in FY23 is shown in Part 3 of this report – Implementation.

CEO – FY24
US$'000

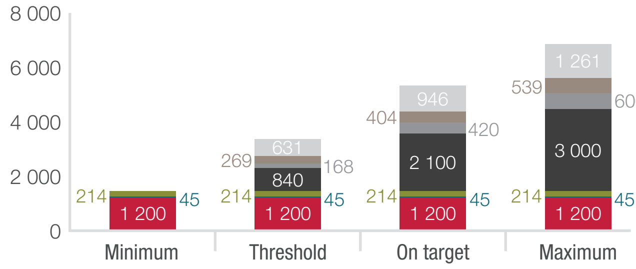


CFO – FY24
US$'000

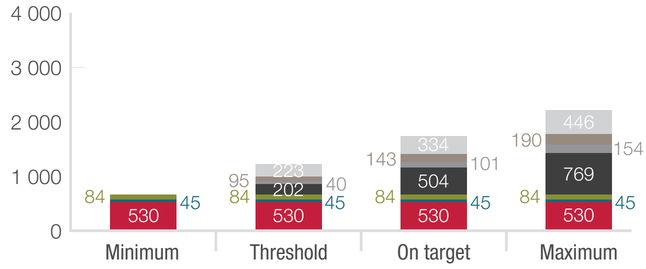


● Base salary ● Benefits ● Pension ● STI ● LTI – DBW ● LTI – CSP

CEO – FY23
US$'000



CFO – FY23
US$'000



● Base salary ● Benefits ● Pension ● STI ● LTI – DBW ● LTI – WI-EAP ● LTI – CSP

*Under the **minimum scenario** the executives earn only their guaranteed package of base salary, benefits and Company pension contributions. All STI metrics are assumed to be below the lower guard-rail resulting in no STI payment and consequently no DBW deferral being possible. The CSP performance conditions are assumed to have not been met, resulting in no LTI value.*

*The **threshold scenario** includes the guaranteed package plus the minimum STI which would be earned if all STI metrics were triggered at the lower guard-rail threshold and 40% of on-target bonus was earned. It assumes that 20% of the bonus would be deferred into the DBW (despite investment in the DBW not being mandatory below the 50% bonus level) with the corporate co-investment applied. Under this scenario it is assumed that the CSP performance conditions are triggered three years after grant only at threshold level resulting in 50% vesting.*

*The **on-target scenario** assumes the achievement of STI targets and it assumes the mandatory minimum deferral of 20% of STI into the DBW with the corporate co-investment applied. In addition, the CSP award is assumed to vest 75% (half-way between the threshold and maximum scenarios).*

*The **maximum scenario** assumes that all STI metrics are over-achieved above the upper guard-rail resulting in the maximum STI being earned (which is 143% of the on-target STI for the CEO and 153% of the on-target STI for the CFO). This scenario also assumes the mandatory minimum deferral of 20% of STI into the DBW with the corporate co-investment applied. For the CSP, the assumption is that all performance conditions are met at target level resulting in 100% vesting of the conditional share awards (there is no "over-performance" provision in the CSP).*

The mandatory minimum deferral of 20% of STI into the DBW is assumed in each scenario above (except the minimum scenario in which there is no STI). If the maximum deferral of 50% of STI were to be made into the DBW, the on-target scenario total for the CEO would increase by US$668 000 to US$6 301 000 and the on-target scenario total for the CFO would increase by US$160 000 to US$1 997 000.

It should be noted that the CSP and DBW components of the scenario analysis will only become available to the executives three and five years respectively after the financial year shown in the analysis. The LTI values shown in the above analysis are based on the share price at the date of grant and no discounting for the time value of money has been applied.

The annual grant of Datatec CSP conditional shares for the Datatec executives who participated in the Westcon International EAP was reduced by an "equivalence" factor to avoid "double dipping" in relation to reward opportunities during the life of the EAP. The equivalence factor was 29.9% for the June 2022 CSP grant in the FY23 figures above. This reduction in the annual CSP grants was to take into account the potential benefit of the once-off Westcon International EAP grant in FY19 and consequently the potential benefit arising from the Westcon International EAP was illustrated in the scenario tables using the element of the CSP grant foregone by the CEO and CFO as a proxy for the notional increase in the value of the Westcon International EAP units, even though the one-off grant of Westcon International EAP units was in FY19 before the years shown in the analysis. This adjustment has now ceased and thus is not reflected in the FY24 tables above.

Shareholding guidelines

The Board has set out shareholding guidelines for executive directors whereby a shareholding with a market value of twice annual base salary should be held. The LTIs are intended to enable new executive directors to achieve this shareholding guideline over time. Both executive directors' shareholdings are compliant with this guidance at 28 February 2023 and at the date of this report.

Directors' service contracts

The employment contracts of executive directors are terminable at six months' notice by either party and contain contractual provisions for payment on termination covering the guaranteed package but no commitment relating to STI. The termination rules applicable to the LTIs are disclosed in the LTI section above.

All non-executive directors have letters of appointment with Datatec Limited. Under these contracts, non-executive directors retire in accordance with the Memorandum of Incorporation of the Company, which is at least every three years. Retiring directors may offer themselves for re-election.

Malus and clawback policy

The Board instituted a malus and clawback policy with effect from 1 March 2020 which was subsequently revised during FY23. The policy is based on a range of possible triggers as follows:

- Material restatement of the Company's financial results caused by material non-compliance with financial reporting requirements including fraud, wilful negligence and misrepresentation
- Errors in the calculation of STI or LTI
- Material failure of risk management
- Action or conduct of a participant which, in the reasonable opinion of the Board, amounts to serious misconduct or gross negligence
- Fraud or action or conduct of a participant which, in the reasonable opinion of the Board, amounts to serious dishonesty or breach of trust

As the restatement of annual financial statements is a published event, the first trigger of the malus and clawback policy is well-defined and the process of clawing back STI and LTI which had been based on the annual financial statements before restatement will be transparent. Similarly, the calculation of STI and LTI is explained in this remuneration report annually so errors should be readily identified and would be transparently corrected under the policy.

The other triggers noted above account for eventualities other than those which cause a restatement of annual financial statements which could inflict reputational damage on the Company. The committee believes it would be the Board's fiduciary responsibility to address such matters and incorporating them into the malus and clawback policy will facilitate appropriate measures to be taken in the event of the Company suffering reputational damage through the fault of executives.

Discretion

The remuneration policy set out in this Part 2 of the remuneration report sets out the methodology, metrics and principles which will be used to determine the remuneration of Datatec directors and executives. It is not intended that there should be any departure from the policy in FY24.

However, the Remuneration Committee notes that exceptional circumstances can arise which make it expedient for the committee to retain the ability to exercise discretion in responding to exceptional situations. It also notes that the STI is discretionary and the Board may exercise its fiduciary duty to override the outcome of the financial and personal metrics in exceptional circumstances of malfeasance by an executive – see Malus and clawback policy above.

If the committee's exercising of discretion necessitates any departure from the policy, such an occurrence would be reported in future implementation reports. Any significant changes to the policy will be undertaken only after consultation with shareholders.

External appointments of executive directors

Subject to the approval of the Board, executive directors are permitted to hold a directorship in one non-Group listed company and to retain the fees payable from such an appointment.

Non-executive directors' remuneration

The fee structure for non-executive directors, including the Chair, is recommended to the Remuneration Committee by executive management. It is periodically reviewed based on benchmarking studies prepared by external advisers using data from comparable companies and taking account of the international nature of the business.

An increase in non-executive directors' annual fees of 6% is proposed for FY24. There was no increase in the previous year and the fees remained at FY22 levels in FY23. The proposed increase will be put to shareholders for approval at the AGM on 27 July 2023. The fees for FY23 are set out in the implementation report below.

The Chair's fee covers her role on the Board and its committees and attendance at subsidiary board meetings and shareholder meetings as required. Other non-executive directors receive a fee for their Board role plus fees as members/chairs of individual committees.

The terms and conditions of appointment of non-executive directors are available on request from the Company Secretary. Non-executive directors are not eligible to participate in the annual bonus plan or any of the Datatec share incentive schemes.

Part 3: Remuneration implementation

Base pay adjustments

The base salary for the executive directors was not increased for FY23, remaining at the same level as the prior year.

For FY24, the Remuneration Committee has approved an increase of 6% in the base salary for the executive directors, noting that over the past two years the increase has been below that awarded to Datatec head office staff. By comparison, over the same two-year period the US Consumer Prices Index ("CPI") increased by 14.4%.

Datatec Group short-term incentives

The FY23 STI bonus structure comprised Company and individual performance targets. The outcome is set out in the table on the next page.

The committee assessed achievement against the personal KPI goals as follows:

For the CEO:

- **ESG** – during FY23 the Group expedited its Responsible Business programme to drive improvements particularly in the environmental and social aspects of ESG. The progress made is reflected in the Group's Integrated Report. Notable achievements include: EcoVadis assessment, UN Global Compact; TCFD supporter; GRI and JSE Gap Analysis; CDP reporting of all entities in the Group; Net Zero Commitment (SBTi). The committee considered that the CEO's direction and close involvement in championing responsible business merits an achievement of 12% for this KPI (target 10%).
- **Leadership (operational and organisational)** – the Remuneration Committee considered how the CEO has led the Group while promoting its values and Code of Conduct. This was done utilising a Culture Scorecard which allowed quantitative assessment of five components:
  - Behaviour
    - Proportion of employees who completed training in ethics
    - Proportion of employees who completed training in cyber security
    - Safety and cyber metrics
  - People
    - Turnover rate of direct reports/leadership team
    - Employee engagement survey/employee pulse

  The overall assessment of the leadership category was determined to be 5.52%, above the target of 5%.
- **Reduce structural discount** – progress on the Strategic Review announced in August 2021 was assessed during FY23. The sale of Analysys Mason and consequent special dividend distributing US$158 million to shareholders was a significant value realisation event and the committee considered this metric to have been overachieved and awarded a 16% rating (target 10%).

For the CFO:

- **ESG** – the CFO's role in ESG has been to support the CEO in leading the Responsible Business process and the committee concluded an achievement of 12% for this KPI was merited (target 10%).
- **Leadership (operational and organisational)** – the Remuneration Committee considered how the achievement of the CEO against the Culture Scorecard metrics noted above should translate to the CFO in assessing how he has led the finance teams across the Group while promoting its values and Code of Conduct. This was assessed to be 5.44% (target 5%).
- **Reduce structural discount** – the committee assessed that the CFO's input on the Strategic Review has been highly effective in support of the CEO especially in relation to the Analysys Mason sale transaction and therefore the same achievement of 16% (target 10%) for this metric is merited.

Remuneration report continued

FY23 bonus outcome

1) Underlying earnings per share	US cents	Bonus	Target	Outcome CEO	Outcome CFO
Actual	**7.9**	**0%**	35%	**0.0%**	**0.0%**
Lower guard-rail	15.0	40%			
On target	17.4	100%			
Upper guard-rail	19.0	160%			

2) Adjusted EBITDA	US$ million	Bonus	Target	Outcome CEO	Outcome CFO
Lower guard-rail	163	40%	30%	**29.1%**	**29.1%**
Actual	**188**	**97%**			
On target	190	100%			
Upper guard-rail	216	160%			

Note: Budget and actual figures have been adjusted by adding Analysys Mason adjusted EBITDA in H1

3a) Logicalis working capital – operating cash conversion	US$ million	Bonus	Target	Outcome CEO	Outcome CFO
Lower guard-rail	67	40%	5%	**6.0%**	**6.0%**
On target	84	100%			
Actual	**101**	**120%**			
Upper guard-rail	105	160%			

3b) Westcon working capital – net working capital days	Days	Bonus	Target	Outcome CEO	Outcome CFO
Lower guard-rail	21	40%	5%	**8.0%**	**8.0%**
On target	19	100%			
Upper guard-rail	17	160%			
Actual	**12.1**	**160%**			

4) Personal KPIs – CEO and CFO		Target	Outcome CEO	Outcome CFO
• ESG	10%	25%	**33.5%**	**33.4%**
• Leadership (operational and organisational)	5%			
• Reduce structural discount	10%			

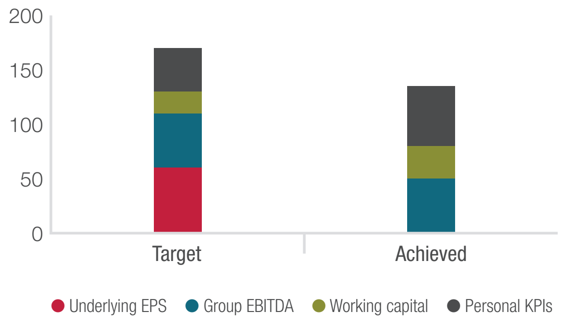
Total on-target bonus	100%	**76.6%**	**76.5%**

The achievement of the targets set out below translated into the following bonus payment for FY23. The executive directors are required to defer a mandatory minimum of 20% of their FY23 bonus into the DBW (the final STI disclosed below includes the mandatory deferral percentage). See section “Deferred Bonus Warrants to be awarded during FY24” for details.

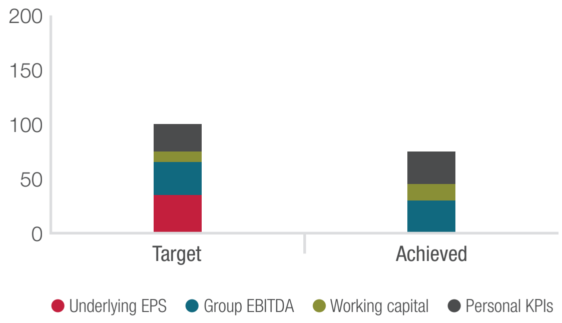
Executive director	Base salary (A)	On-target bonus rate (B)	Weighted corporate score (target 75%) (C)	Weighted personal score (target 25%) (D)	Final STI (A x B x (C + D))
Jens Montanana (CEO)	1 200 000	175%	43.1%	33.5%	1 608 275
Ivan Dittrich (CFO)	530 000	95%	43.1%	33.4%	385 200

The targets and outcomes of the annual bonuses of the executive directors for FY23, shown as a percentage of base salary and split by the bonus elements, are illustrated below.

CEO FY23 bonus composition as a percentage of basic salary



CFO FY23 bonus composition as a percentage of basic salary



The metrics for the executive directors' STI in FY24 are set out in Part 2 of this remuneration report.

Datatec Group long-term incentives awarded during FY23

Conditional Share Plan awarded during FY23

The annual grant of CSP awards was made on 11 July 2022 following approval by the Remuneration Committee. The awards will vest after three years subject to the Group meeting certain performance conditions set by the Remuneration Committee. One performance conditions was applied to the FY23 award in line with the policy communicated in the FY22 remuneration report, namely:

Performance condition	Threshold – 50% vesting	Maximum – 100% vesting
Total Shareholder Return ("TSR") calculated as follows: $CAGR(t_0, t) = (\frac{V(t)}{V(t_0)})^{\frac{1}{t-t_0}} - 1$ Where: • V(t0) is the average TSR index for the 30 trading days up to and including 25 May 2021, the date of the FY21 results announcement; • V(t) is the average TSR index for 30 trading days up to the date of the FY24 results announcement; • t0 is the start date, i.e. commencement of the performance period: 25 May 2021; • t is the test date, i.e. end of the performance period: the date of the FY24 results announcement; and • The difference between the dates is expressed in terms of years. The TSR index referred to above is the 30-day vwap of a Datatec share adjusted for all dividends (ordinary, special or any other return to ordinary shareholders) which were distributed during the performance period. Such dividends will be treated as if they had been reinvested in Datatec shares on the dates paid.	TSR must exceed 10.80% which was the Company's weighted average cost of capital as at 28 February 2022, as measured over a three-year performance period.	TSR must equal or exceed 12.80%, as measured over a three-year performance period.

Linear vesting applies between threshold and maximum levels.

Executive directors' CSP awards are as follows:

	Number of awards – movement in FY23							Fair value of awards				
CSP	Grant date	At 28 February 2022	**Granted**	**Vested**	**Lapsed**	**Modification**	**At 28 February 2023**	US$'000	On grant as % of base pay	On vesting US$'000	**At 28 February 2023 US$'000**	At 28 February 2022 US$'000
JP Montanana	01 Jun 19	612 695	**–**	**(153 174)**	**(459 521)**	**–**	**–**	1 246	109%	377	**–**	372
	01 Jun 20	889 952	**–**	**–**	**–**	**366 536**	**1 256 488**	1 086	95%		**2 256**	1 442
	01 Jun 21	590 734	**–**	**–**	**–**	**243 300**	**834 034**	1 094	91%		**998**	957
	11 Jul 22	–	**505 436**	**–**	**–**	**208 169**	**713 605**	1 261	105%		**854**	–
		2 093 381	**505 436**	**(153 174)**	**(459 521)**	**818 005**	**2 804 127**				**4 109**	2 771
IP Dittrich	01 Jun 19	216 271	**–**	**(54 068)**	**(162 203)**	**–**	**–**	344	87%	133	**–**	131
	01 Jun 20	314 137	**–**	**–**	**–**	**129 381**	**443 518**	383	76%		**796**	509
	01 Jun 21	208 726	**–**	**–**	**–**	**85 966**	**294 692**	387	73%		**353**	338
	11 Jul 22	–	**178 588**	**–**	**–**	**73 554**	**252 142**	446	84%		**302**	–
		739 134	**178 588**	**(54 068)**	**(162 203)**	**288 901**	**990 352**				**1 451**	978

The fair value of the CSP awards granted during FY23 at date of grant (11 July 2022) was R39.14 (FY22: R29.09) per award being the 30-day volume-weighted average share price on the day of the Group's FY22 results announcement. The fair value at 28 February 2023 is based on the 30-day vwap on 28 February 2023, R33.07 (FY22: R37.53) multiplied by an estimate of the performance conditions being achieved. The 2019 awards vested 25% in June 2022 with 25% vesting as the return on invested capital ("ROIC") performance condition threshold was achieved. The threshold for the uEPS performance condition was not achieved. Therefore 75% of the 2019 award lapsed.

For the 2020 awards, the fair value at 28 February 2023 assumes that the awards will vest in full as the performance condition targets are expected to be achieved. For the 2021 and 2022 awards, the fair value assumes 67% vesting of the awards, i.e. that the performance condition targets will only be 67% achieved. The actual value of any benefit received by the directors from these CSPs will be reported in future remuneration reports when the awards vest.

Modification to Conditional Share Plan during FY23

On 5 December 2022, Datatec paid a special dividend to shareholders. In order for the economic interest of participants in the CSP to be maintained, a modification to the number of awards which were in their vesting period on the payment date of the special dividend is required. The modification involves a "factor" which is calculated as follows: X/(X-Y), where X is the share price at close the day prior to ex-div date and Y is the amount of the (cash) dividend. For the special dividend paid on 5 December 2022 the factor is 4285/(4285-1250) = 1.412 and the table above shows the increase in the number of awards in accordance with this modification.

Deferred bonus awarded during FY23 based on FY22 short-term incentives outcomes

Executive directors deferred part of their FY22 bonuses under the terms of the DBW. The deferred part of the FY22 bonus was used to purchase Datatec shares ("bonus shares") which will be held in escrow until vesting. In accordance with the policy, an equal co-investment from the Company was applied to the deferred bonus amount in the form of a grant of SARs whose expected value based on an actuarial calculation is equal to the STI deferred. The number of SARs awarded was determined by the Remuneration Committee based on an estimate of the fair value of the SARs at the date of grant in relation to the market value of a Datatec share.

Bonus shares purchased and the SARs granted in terms of the DBW Plan are subject to an employment condition and only vest with the participant if they remain in employment with the Company for approximately three years to the vesting date on 30 June 2025. In addition, there is a two-year, post vesting holding period which applies to the bonus shares and any shares arising from exercise of the SARs within two years of vesting.

		Amount of bonus deferred				
DBW	FY23 grant date	%	US$'000	Bonus shares purchased US$'000	SARs granted US$'000	Fair value of awards on grant US$'000
JP Montanana	15 Aug 22	24.2%	624	624	624	1 248
IP Dittrich	15 Aug 22	20.0%	124	124	124	247

The number of shares to be purchased was calculated based on the Rand value of bonus deferred divided by R39.19 being the 30-day volume-weighted average share price on 24 May 2022, the date of the Group's FY22 results announcement. The number of shares to be purchased was increased by 3.01824% being the ratio applicable to the FY22 scrip distribution paid on 18 July 2022 between the deferral of the bonus and the grant of bonus shares. These shares were acquired, with prior clearance, at a volume-weighted average price of R46.1425 per share. The bonus shares granted in terms of the DBW Plan are subject to an employment condition and only vest with the participant if they remain in employment with the Company for approximately three years to the vesting date on 30 June 2025 during which time they are held in escrow accounts for each participant. These bonus shares are included in the directors' shareholdings shown later in this report.

Under the rules of the DBW, dividends paid on the bonus shares during the vesting period must be taken as scrip distributions (if the Company provides a scrip alternative). The value of the scrip distribution received by the directors who are participants in the DBW during FY23 are as follows:

Dividends on DBW bonus shares	**FY23 US$000**	FY22 US$000
JP Montanana	**184**	–
IP Dittrich	**36**	–

SARs in respect of Datatec ordinary shares were granted in terms of the DBW Plan on 12 August 2022 with a grant price of R39.19 per SAR being the 30-day volume-weighted average share price on 24 May 2022, the date of the Group's FY22 results announcement. The SARs granted to the directors were as follows:

		Number of awards – movement in FY23						**Fair value of awards**		
DBW SARS	Grant date	At 28 February 2022	**Granted**	**Vested**	**Lapsed**	**Modification**	**At 28 February 2023**	On grant US$'000	**At 28 February 2023 US$'000**	At 28 February 2022 US$'000
JP Montanana	15 Aug 22		**1 000 000**			**411 860**	**1 411 860**	624	**408**	–
IP Dittrich	15 Aug 22		**198 108**			**81 593**	**279 701**	124	**81**	–

Modification to Deferred Bonus Warrant share appreciation rights during FY23

The DBW SARS require a modification to the number of awards in the same way as the CSP units outstanding at the time of the special dividend as described above. In addition, the SAR strike price requires to be reduced by the same modification factor of 1.412 which results in the strike price of R39.19 being modified to R27.75. The table above shows the increase in the number of awards in accordance with the modification and the fair value is calculated using the 30-day vwap price at 28 February 2023 less the modified strike price.

Deferred Bonus Warrants to be awarded during FY24 based on the FY23 short-term incentive outcomes

Executive directors have deferred part of their FY23 bonuses under the terms of the DBW. In accordance with the policy, an equal co-investment from the Company will be applied to the deferred bonus amount in the form of a grant of SARs whose expected value based on an actuarial calculation is equal to the STI deferred.

		Amount of bonus deferred				
DBW	FY24 grant date (expected)	%	US$'000	Datatec shares to be purchased US$'000	SARs to be granted US$'000	Fair value of awards on grant US$'000
JP Montanana	Jun 23	29.4%	473	473	473	946
IP Dittrich	Jun 23	22.1%	85	85	85	170

The table above shows the monetary amount of the FY23 STI deferral to be used to purchase Datatec shares and Company co-investment in a grant of SARs to be made in June 2023. The fair value of the awards on grant includes both the shares purchased by directors with part of their FY23 bonus and the Company co-investment in the form of a grant of SARs.

Previous Datatec Group share schemes

Two Datatec Group share schemes which operated in the past and were winding down during FY23 are the DBP and the SARs scheme.

The previous Datatec Group share schemes, the SARS, long-term incentive plan and old DBP, operated from 2005 until 2017 and thereafter they were superseded by the CSP and new DBP which was itself succeeded by the DBW. Existing grants under the previous share schemes remained active for the three-year performance periods and details of the operation of the previous share schemes have been provided in past remuneration reports. The only remaining vested SARs award at 28 February 2022 was the SARs granted in May 2015 (during FY16) which had vested during FY19 and the CEO was the only director holding this award. This last remaining SAR award was exercised during FY23 on 1 July 2022 at an exercise price of ZAR 43.01 which was ZAR11.52 above the strike price of ZAR31.49.

Deferred Bonus Plan

The DBP was discontinued in FY22 after executive directors deferred part of their FY21 bonuses under the terms of the DBP in June 2021. In accordance with the policy, a co-investment equal to the amount of deferred bonus was provided by the Company and the total amount was applied to purchase Datatec shares in accordance with the policy.

Executive directors' holdings in the DBP are shown in the table below:

			Amount of bonus deferred							
DBP	Bonus year	Grant date	%	US$'000	Company co-investment US$'000	Total invested in shares US$'000	Total number of shares purchased	Fair value of awards on grant US$'000	**Fair value of awards at 28 February 2023 US$'000**	Fair value of awards at 28 February 2022 US$'000
JP Montanana	FY19	Jun 19	50.0%	812	812	1 624	702 407	1 624	n/a	1 707
	FY20	Jun 20	37.3%	300	300	600	**432 353**	**600**	**776**	1 050
	FY21	Jun 21	37.9%	1 039	1 039	2 078	**987 024**	**2 078**	**1 772**	2 398
Forfeitable total at 28 February 2023							**1 419 377**	**2 678**	**2 548**	5 155
IP Dittrich	FY19	Jun 19	25.0%	96	96	191	82 636	191	n/a	201
	FY20	Jun 20	25.0%	48	48	96	**69 317**	**96**	**124**	168
	FY21	Jun 21	33.3%	225	225	450	**213 778**	**450**	**384**	519
Forfeitable total at 28 February 2023							**283 095**	**546**	**508**	889
							1 702 472	**3 224**	**3 056**	6 044

All the DBP shares are forfeitable if the director resigns from Datatec during the three-year vesting period. The fair value of these awards at date of grant was the share price at which the DBP shares were purchased on the dates shown in the table. The fair value as at 28 February 2023 is R33.07 (FY22: R37.53) being the 30-day volume-weighted average share price on 28 February 2023.

During FY23, the DBP awards from June 2019 vested at the end of the three-year employment period. These awards are not included in the fair value total at 28 February 2023 because they no longer form part of the DBP.

The forfeitable DBP shares above are included in the directors' shareholdings as at 28 February 2023 disclosed later in this report.

The value of dividends directors received in FY23 on DBP shares while they were in the vesting period was:

Dividends	**FY23 US$'000**	FY22 US$'000
JP Montanana	**1 014**	464
IP Dittrich	**202**	62

Dividends received on DBP shares while they are in the vesting period would be repayable to the Company if the shares to which the dividends relate are forfeit prior to vesting due to breach of the employment condition.

Share Appreciation Rights Scheme

The only remaining vested SARs award at 28 February 2022 was the SARs granted in May 2015 (during FY16) which had vested during FY19 and the CEO was the only director holding this award. The last remaining SAR award was exercise during FY23 on 1 July 2022 at an exercise price of ZAR43.01 which was ZAR11.52 above the strike price of ZAR31.49.

	Number of awards – movement in FY23				**Fair value of awards**		
SARS	Grant date	At 28 February 2022	**Exercise**	**At 28 February 2023**	On exercise US$'000	**At 28 February 2023 US$'000**	At 28 February 2022 US$'000
JP Montanana	14 May 15	714 879	**(714 879)**	**–**	507	**–**	280

Directors’ interests in Westcon International Equity Appreciation Plan (awarded during FY19)

The Remuneration Committee implemented an EAP for Westcon International senior management to incentivise value generation from the starting point of 1 March 2018 after the disposal of Westcon Americas in the SYNNEX transaction. Participants were 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 do not have any share rights, in particular they do not have the right to dividends or votes.

10% of the value of Westcon International above the hurdle would be paid to the EAP pool in the event of 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 has been adjusted for in computing the equity appreciation for participants at the end of the EAP.

If Westcon International was not sold within five years of the start of the scheme on 1 March 2018, the rules of the EAP provided that the business will be valued by an independent valuer at 1 March 2023 and the EAP would pay out to participants on the basis of that valuation. The valuation has been 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. Datatec executive directors received one-off awards under the Westcon International EAP in FY19 by virtue of their leadership roles as CEO and CFO of Westcon International (in addition to their Datatec roles).

The annual grant of Datatec CSP conditional shares for the Datatec executives who participated in the Westcon International EAP has been reduced by an “equivalence” factor to avoid double participation in relation to reward opportunities over the five-year life of the Westcon International EAP.

In addition, for the Datatec executives who participate in the Westcon International EAP an adjustment of 10% carried interest (CAGR) was added to the equity base of US$125 million. This annually increasing threshold was used for the equivalence factor calculation described above.

Further, the committee determined that there will be a financial cap on the benefit the CEO and CFO can receive from their participation in the Westcon International EAP. The cap was based on the pay-out which would be achieved if the Westcon International business is valued at/sold for US$400 million. The level of the cap is:
- CEO: US$6.6 million
- CFO US$3.3 million

The valuation of Westcon International at 1 March 2023 was US$488.44 million which results in the fair value of the EAP units held by Datatec executives being calculated as follows:

Threshold: US$125 x 10% pa CAGR = US$201

Equity appreciation per unit: US$488.44 – US$201.31 = US$287.12

At this valuation, the financial cap noted above comes into effect and the payment due to the Datatec executives is restricted to the capped amount.

Westcon EAP	Grant date (FY19)	Number of awards	Fair value of awards on grant US$’000	Grant fair value as % of base pay %	**Fair value of awards at 28 February 2023**		Fair value of awards at 28 February 2022 US$’000
					Pre-cap US$’000	**Capped US$’000**	
JP Montanana	14 Mar 18	30 000	–	–	**8 614**	**6 600**	2 605
IP Dittrich	14 Mar 18	15 000	–	–	**4 307**	**3 300**	1 302

In addition to the above, Datatec granted Mr Montanana a conditional award equivalent to 10 000 Westcon International EAP units on 14 March 2018. This award was conditional on a sale of Westcon International for US$300 million or more. If that condition had been met, Mr Montanana would receive a cash payment from Datatec equivalent to the value of 10 000 units of the Westcon International EAP. The award had the same adjustment made to the threshold, 10% carried interest (CAGR) annually added to the equity base of US$125 million, as the other Westcon International EAP awards provided to Datatec executives. As Westcon International had not been sold by 14 March 2023, this award has lapsed.

Dilution attributable to Datatec Group share incentive plans

In practice, the Company has not issued new shares in settlement of share schemes in the recent past and has no intention to do so in the near future. Instead, shares for settlement of share schemes are purchased in the market.

If new shares were to be issued to settle expected vesting of outstanding CSP awards, the dilution arising would be 2.88% (FY22: 1.63%).

The DBP does not give rise to any dilution effect because forfeitable shares are granted to participants at the start of the holding period and settled using shares purchased in the market. However, the forfeitable shares are treated as treasury shares until vesting. The DBW does not give rise to any dilution effect because forfeitable shares are granted to participants at the start of the holding period using shares purchased in the market and the SARs co-investment, when ultimately exercised, will also use shares purchased in the market at the time.

None of the divisional share-based remuneration plans has any dilution effect as they are not settled with Datatec shares.

Shareholding guidelines

Both executive directors are compliant with the shareholding guidelines set out in the Policy section at the date of this report.

Single figure remuneration of executive directors

The following tables show the composition of a single figure of remuneration for the executive directors:

		CEO		**CFO**	
Component		**FY23 US$'000**	FY22 US$'000	**FY23 US$'000**	FY22 US$'000
LTI	CSP	**2 256**	372	**797**	131
	WI EAP	**6 600**	–	**3 300**	–
Total LTI		**8 856**	372	**4 097**	131
STI	Cash	**1 136**	1 953	**300**	494
	Deferred	**473**	624	**85**	124
Total STI		**1 609**	2 577	**385**	618
Pension		**214**	214	**84**	84
Benefits		**49**	59	**50**	49
Base salary		**1 200**	1 200	**530**	530
Guaranteed package		**1 463**	1 473	**664**	663
		11 928	4 422	**5 146**	1 412

LTI

CSP

The remuneration from the CSP shown for FY23 is the fair value of the award expected to vest because the performance conditions for the June 2020 CSP grant are expected to be met. The CSP remuneration shown for FY22 arises from the vesting of 25% of the June 2019 CSP in June 2022 following achievement of the ROIC threshold. Fair value is calculated using the 30-day vwap of Datatec shares as at 28 February in each year.

DBW

The value of the SARs granted by the Company in respect of FY23 and FY22 bonuses deferred by the directors is not included in the single figure remuneration table. The intrinsic value of these SARs will be reported in the single figure remuneration table for the financial year preceding their vesting.

Westcon International EAP

The value of the payment to the executive directors due in FY24 from the crystallisation of the Westcon International EAP based on the valuation of Westcon International at 28 February 2023 is included in their FY23 LTI in the single figure remuneration table.

STI

The STI shown above is split between the element deferred into the DBW and the element paid in cash after publication of the Group results.

Non-executive executive directors' remuneration

During FY23, non-executive directors received the following fees which were at the same level as FY22:

Role	**FY23 fee US$**
Chair of the Board (total fee inclusive of all committee and subsidiary board work)	**211 640**
Senior non-executive director	**78 000**
Non-executive director	**66 860**
Chair of the Audit, Risk and Compliance Committee	**33 420**
Member of the Audit, Risk and Compliance Committee	**16 710**
Chair of the Social and Ethics Committee	**11 140**
Member of the Social and Ethics Committee	**5 570**
Chair of the Remuneration Committee	**16 710**
Member of the Remuneration Committee	**8 360**
Member of the Nominations Committee	**5 570**
Chair of Datatec Technology and Education Foundation	**12 600**

These fees were approved by shareholders at the AGM on 27 July 2022. An increase of 6% is proposed for FY24 (the year ending 28 February 2024) and the proposed fees for FY24 will be submitted to the 2023 AGM for shareholder approval.

Non-executive directors are reimbursed for travel costs necessary for attending Board meetings and do not receive any employment benefits.

Remuneration report continued

Summary of directors’ remuneration

The remuneration of directors serving on the Board in FY23 and FY22 is shown in the following tables:

	FY23						
	Guaranteed package						
US$’000	**Basic salary**	**Pension**	**Other benefits**	**Fees**	**STI**	**LTI**	**Total**
Executive directors							
JP Montanana	1 200	214	49	–	1 609	8 856	11 928
IP Dittrich	530	84	50	–	385	4 097	5 146
Total executive directors	1 730	298	99	–	1 994	12 953	17 074
Non-executive directors							
M Makanjee	–	–	–	224	–	–	224
SJ Davidson	–	–	–	100	–	–	100
JF McCartney	–	–	–	72	–	–	72
CRK Medlock	–	–	–	84	–	–	84
MJN Njeke	–	–	–	114	–	–	114
LC Rapparini*	–	–	–	138	–	–	138
E Singh-Bushell – to 27 July 2022	–	–	–	45	–	–	45
DS Sita	–	–	–	86	–	–	86
Total non-executive directors	–	–	–	863	–	–	863
Total directors’ emoluments	1 730	298	99	863	1 994	12 953	17 937

* Note: LC Rapparini’s fees include:	
Datatec non-executive director fees from appointment on 1 September 2022	36
Logicalis LATAM ARCC Chair and committee fees throughout FY23	102
	138

	FY22						
	Guaranteed package						
US$’000	Basic salary	Pension	Other benefits	Fees	STI	LTI	Total
Executive directors							
JP Montanana	1 200	214	59	–	2 577	372	4 422
IP Dittrich	530	84	49	–	618	131	1 412
Total executive directors	1 730	298	108	–	3 195	503	5 834
Non-executive directors							
SJ Davidson	–	–	–	212	–	–	212
M Makanjee	–	–	–	111	–	–	111
JF McCartney	–	–	–	72	–	–	72
CRK Medlock	–	–	–	84	–	–	84
MJN Njeke	–	–	–	114	–	–	114
E Singh-Bushell	–	–	–	109	–	–	109
Total non-executive directors	–	–	–	702	–	–	702
Total directors’ emoluments	1 730	298	108	702	3 195	503	6 536

Note: The non-executive directors’ fees shown above exclude VAT.

Health and safety report

Health and safety ("H&S") policy and procedures

Datatec has a Group-wide H&S policy, which is complemented by individual policies at each subsidiary to ensure compliance with local regulations.

Management at each subsidiary is responsible for implementing and maintaining the policy throughout the organisation, and ensuring that health and safety considerations are given priority in planning and day-to-day supervision of work.

The Group CEO delegates the responsibility for maintaining a safe working environment to a Health and Safety Committee or nominated individuals at each subsidiary. Health and safety issues are collated by the committees, nominated individuals and the Group Company Secretary, who reports to the Board.

Health and wellness

The approach to health and wellness is on a per region/operation basis, in keeping with the decentralised management model of the Group. At most operations, employees are afforded health schemes with the operations contributing the entire or part of the employee membership fee.

Health and safety committees

The subsidiary health and safety committees' members are permanent, full-time employees acquainted with conditions and activities in the workplace. Each subsidiary elects its health and safety committee and will include representatives from various departments within the subsidiary.

The committees are responsible for:
- reviewing and recommending changes to the H&S policy; investigating any accident which may occur, with the objective of achieving a factual and honest assessment of the causes and thereby preventing recurrence;
- proactively identifying health and safety hazards in the work environment;
- reporting hazards to management;
- making recommendations to management to reduce health and safety hazards;
- keeping abreast of relevant legislation and reporting major changes to relevant audit committees;
- creating awareness of workplace risks with employees;
- investigating complaints by employees relating to health and safety at work;
- setting goals for improving health and safety within the business;
- identifying health and safety training needs in the different areas of the business; and
- attending meetings with health and safety inspectors if required.

Employees are responsible for taking reasonable care of their own health, carrying out lawful orders in terms of health and safety, and complying with notices, instructions, hazard and warning signs. Furthermore, it is their responsibility to report any safety risk and any accident, injury or health and safety incident to the designated health and safety representative or human resources manager.

Westcon International

Commitment to health and safety

Westcon International is committed to ensuring the health and safety of all staff, contractors, and visitors to its facilities. Its key policy objectives are:
- Create a positive health and safety culture across all Westcon International activities, assess hazards and risks across all functions of the business and apply appropriate controls to reduce or eliminate hazards
- Ensure safe and proper management of hazardous materials and waste, including their handling, disposal, storage, and shipment, as well as ensuring compliance with divisional and legal requirements pertaining to the management of hazardous waste
- Ensure all employees, visitors and contractors are made aware of hazards and risks relevant to their activities within the Westcon International facilities and operations across its global business
- Develop and implement processes for oversight, management, and continual improvement, engaging employees in these processes, identifying awareness training requirements and any concerns or breaches of legislation
- Identify and meet, as a minimum, applicable legislation across its global operations and adopt compliant occupational health and safety processes ensuring integration into its core business by the involvement of all employees, managers, and directors

In FY23, a digital incident and accident reporting system was launched in its European logistics facilities to make it easier for employees to report accidents and near misses. This system provides much improved visibility to conduct the necessary root cause analysis and corrective action procedures. In FY24, Westcon International plans to expand the scope of this system to the rest of the business to ensure it has a comprehensive, global view.

Key health and safety metrics have also been incorporated within the internal "scorecards" within the European logistics centres, reflective of a positive cultural shift whereby performance is no longer measured solely using traditional operational indicators.

Training

Westcon International continues to deliver training on health and safety topics to all staff regularly. In person training is also provided for individuals in key health and safety roles at a site level such as first-aiders and fire marshals.

Logicalis International and Logicalis Latin America

Commitment to health and safety

Logicalis recognises its obligation to reduce the risk of injury in the work environment and to provide a clean and safe place to work. It undertakes to comply with health and safety regulations as set out in the jurisdictions in which Logicalis operates around the world.

Policies

Each Logicalis operation has its own health and safety policy which is consistent with best practice in the applicable jurisdiction, and regularly undertakes programmes and procedures to mitigate health and safety risks, such as risk assessments and safety audits.

Training

Logicalis also ensures that the appropriate health and safety training is provided for its employees for the role that they perform, which includes, where appropriate, the training of first-aiders and fire marshals.

All employees within Logicalis annually complete an online Code of Conduct training course which covers the responsibilities of Logicalis as an employer and all its employees with regard to health and safety in the workplace.

BBBEE and transformation

As a South African company, Datatec is required to comply with the Codes of Good Practice on BEE issued by the Department of Trade, Industry and Competition ("the Codes"), as well as the BBBEE Act 53 of 2003 ("BBBEE Act"), amended by the BBBEE Act 46 of 2013, specifically the ICT sector codes. In this regard, the South African-based operations are required to comply with the Codes. In terms of section 13G(2) of the BBBEE Act, read with regulation 12(3) of the BBBEE Regulations, all public companies listed on the JSE are required to provide the BBBEE commission, on an annual basis, with a report on their compliance with BBBEE.

Datatec has two South African operating subsidiaries: **WestconGroup SA (Pty) Ltd** has achieved a Level 1 BBBEE status under the ICT charter codes, giving its customers 135% procurement spend recognition.

Logicalis SA (Pty) Ltd also has a Level 1 BBBEE status under the ICT charter codes, giving its customers 135% procurement spend recognition.

Datatec's consolidated BBBEE status, which includes the non-operating Datatec Limited head office, WestconGroup SA (Pty) Ltd and Logicalis SA (Pty) Ltd, is Level 3, giving its customers 110% procurement spend recognition.

Datatec takes BBBEE and transformation very seriously and will continue to comply with legislation and work on areas of improvement. Annual BBBEE audits are performed by an accredited BBBEE verification agent.

In its broadest sense, transformation is a strategic priority for the Company. Datatec is committed to BBBEE in its South African operations and transformation across all business practices and levels.

To view the WestconGroup SA (Pty) Ltd, Logicalis SA (Pty) Ltd and the consolidated Datatec scorecards, please visit Datatec's website **www.datatec.com**.

Responsible Business overview

Datatec is committed to doing business responsibly. We believe that cultivating long-term value for shared prosperity is critical to our business. Our Responsible Business practices reflect a holistic view which encompasses four main pillars namely, Our Communities, Our Planet, Our People and Governance and Communication.

Our Communities

Ensuring positive socio-economic impact by unlocking shared prosperity through supporting inclusive education is core to Datatec's purpose.

We are advocates for education and lifelong learning. Over our 37-year history, we have maintained the belief that education is the most transformative force in building a competitive economy and resilient societies. Primarily through the work of our subsidiaries and through the Datatec Educational and Technology Foundation ("the Foundation"), we actively work towards ensuring that education is more inclusive and socially relevant by investing in eliminating barriers to education and actively driving access to quality learning opportunities.

Datatec has committed to work and partner with organisations that align with its Responsible Business philosophy and that offer programmes which support education in science, technology, engineering and mathematics ("STEM") to empower disadvantaged communities, and which facilitate interventions to increase the number of women and minority groups in the technology industry.

Datatec Group

The transition toward the fourth industrial revolution is drastically changing the workforce landscape. STEM-related careers are a significant force behind innovation and economic growth, and there is increased emphasis on a tech-driven and tech-enabled workforce. To ensure that South African youth have access to quality education, regardless of their background or economic status, the Foundation follows a future-led approach to fund educational organisations whose purpose is to empower and equip young people with the skills needed to participate more inclusively in our economy.

Overview of the Foundation

The Foundation funds organisations to improve education within underprivileged communities in South Africa, specifically in STEM subjects. As a competitive global market leader in ICT, Datatec regards it as imperative to address the needs of its founding country's people and make a meaningful difference where it is needed most – education in South Africa.

Our programmes

Kutlwanong Centre for Maths, Science and Technology – Promaths

Promaths provides after-school and holiday mathematics and physical sciences tuition for Grades 10 – 12 learners (240 in FY22, 270 in FY23, and 300 in FY24) in the Eastern Cape's Mdantsane township.

OLICO Maths Education

OLICO provides a blended use of extracurricular mathematics tutoring, custom-built online mathematics programmes for Grade 7 – 12 learners, and mathematics clubs aimed at primary-school learners (Grades R – 6). The mathematics clubs offer fun games and activities to build basic core number fluency and enjoyment of the subjects.

PROTEC Pietermaritzburg

PROTEC Pietermaritzburg Academy provides enrichment education for disadvantaged children in Grades 9 – 12. The aim is to provide learners with tuition in core mathematics, the sciences, coding, and English, and to empower them to pursue technological careers of their choice.

Tomorrow Trust

The Tomorrow Trust provides integrated academic and psychosocial support to orphaned and vulnerable children. Datatec supports the Saturday and holiday school programme, providing academic support for disadvantaged children. Learners receive comprehensive academic lessons in mathematics, English, and natural sciences, as well as providing career guidance support, leadership workshops, and psychosocial support.

The Vula Programme at Hilton College

The Vula Programme is an educational outreach initiative at Hilton College in KwaZulu-Natal, which services more than 100 under-resourced schools from previously disadvantaged communities. Datatec contributes towards the running of the project.

Afrika Tikkun

Afrika Tikkun provides sustainable care and educational development for vulnerable and orphaned children from birth until age 25.

Maharishi Institute

The Maharishi Institute offers virtually free university access opportunities to unemployed youth, and increased employability after completing their degree courses.

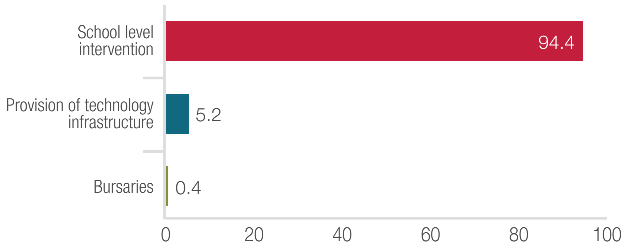
Belgium Campus iTversity

The Belgium Campus is an IT university offering IT degrees, diplomas, and certificates to graduates.

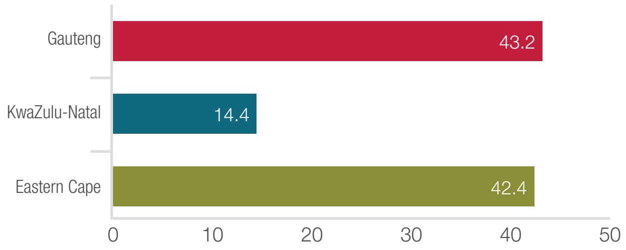
Our Communities continued

The following are approximate numbers of individuals who have benefited from the ZAR8.7 million funding provided by the Foundation in FY23:

CSI spend by project type
%



CSI spend by geography
%



Teacher and learner development at a secondary school level

FY23 targets as published in the Datatec FY22 Integrated Report	Progress against FY23 targets	FY24 targets
Project – Kutlwanong Promaths		
25 distinctions in mathematics and science	• Achieved 37 distinctions – 19 in mathematics, and 18 in physical sciences, respectively	• 45 distinctions in mathematics and physical sciences • 100% pass rate • 90% Bachelor pass rate • Provide career guidance to all learners • Utilise online platforms to deliver blended learning and provide recorded lessons and support on other subjects • Replace/repair 27 lost or damaged devices
100% pass rate	• 90 Grade 12 learners achieved a 100% pass	
100% Bachelor pass rate	• 92% of Grade 12 learners achieved a Bachelor-level pass	
Provide career guidance to all learners	• Career guidance offered to all 270 learners	
Utilise online platforms to deliver blended learning	• Utilised online platforms to deliver blended learning	
Run a device campaign to supply learners with a device in FY23, focusing on Grade 12 learners in Mdantsane centre	• 270 devices (tablets) distributed to the learners	

FY23 targets as published in the Datatec FY22 Integrated Report	Progress against FY23 targets	FY24 targets
Project – The Tomorrow Trust		
100% pass rate	• 30 Grade 10 and 30 Grade 11 learners on the programme progressed to the next grade	**Grade 11 targets** • 90% pass rate • 90% in-person attendance • 80% virtual attendance **Grade 12 targets** • 100% pass rate • 90% Bachelor pass rate • Nine distinctions in mathematics • Nine distinctions in physical sciences • 12 distinctions in life sciences • 18 distinctions in English • Provide Sunday classes focusing on mathematics and physical sciences • 90% in-person attendance • 80% virtual attendance
All learners to average above 50% in English, mathematics, life science, and physical sciences	• 86% of Grade 10 learners obtained over 50% in English, mathematics, life sciences, and physical sciences • 75% of Grade 11 learners obtained over 50% in English, mathematics, life sciences, and physical sciences	
70% of learners to achieve 50% or more in mathematics and English	• 83% of Grade 10 learners obtained over 50% in mathematics and English • 82% of Grade 11 learners obtained over 50% in mathematics and English	
100% of Datatec-supported learners achieve higher results than their peers at school in mathematics and English	• 66% of the Grade 10 learners achieved above 50% in mathematics compared to their peers, with a group average of 29%. 100% achieved above 50% in English compared to their peers, who have a group average of 49% • 67% of Grade 11 learners achieved above 50% in mathematics compared to their peers, with a group average of 53%. 97% achieved above 50% in English compared to their peers, who have a group average of 68%	
95% attendance rate	• 91% attendance rate. Load-shedding challenges resulted in slightly lower attendance for virtual classes	

Our Communities continued

FY23 targets as published in the Datatec FY22 Integrated Report	Progress against FY23 targets	FY24 targets
Project – OLICO Maths Education		
50 matric learners for 2022	• 69 matric learners in 2022	• 70 matric learners for 2023 • 90% matric pass rate • 85% pure mathematics pass rate • 60% of Grade 12 learners to achieve 50% or higher in mathematics • 70% post-secondary acceptance • 1 658 learners in the high school programme in 2023 • 2 652 learners in the primary school programme in 2023 • 25 000 learners to have access to the WhatsApp hotline in 2023
100% matric pass rate	• The 2022 matric class achieved a 96% matric pass rate	
100% mathematics pass rate	• 90% mathematics pass rate	
70% of Grade 12 learners achieve 50% or higher in mathematics	• 66.5% achieved above 50% in mathematics; the class of 2022 was impacted the most by the Covid-19 period	
70% post-secondary acceptance	• 74% of the class of 2022 have confirmed enrolment in post-secondary studies or youth employment programmes	
1 575 learners in the high school programme in 2022	• 1 533 learners participated in the high school programme	
1 600 learners in the primary school programme in 2022	• 2 038 learners participated in the primary school programme	
10 000 learners to have access to the WhatsApp hotline in 2022	• 12 258 learners messaged OLICO's WhatsApp mathematics hotline to receive assistance from a tutor in 2022	
Diepsloot centre to be upgraded in 2022	• Second computer lab was installed. The rooms were painted and refurbished and the plumbing was upgraded	
Project – The Vula Programme		
Mathematics training for an additional 100 teachers	• 134 teachers trained	• Mathematics training for an additional 100 teachers • Provide ongoing support for 300 mathematics teachers from training intakes of previous years • Provide ongoing science training and support for up to 100 teachers • Directly assist up to 2 000 learners in mathematics and science • Provide career guidance to 500 Grade 12 learners at the annual Vula careers day
Support for 300 mathematics teachers from training intakes of previous years	• Support for 343 teachers	
Ongoing science training and support for up to 100 teachers	• 104 teachers received ongoing science training	
Directly assist more than 1 000 learners	• 4 206 learners were directly involved in the contact sessions in 2022	
Provide career guidance to 500 Grade 12 learners	• Careers day did not occur in 2022 due to Covid-19 restrictions	

FY23 targets as published in the Datatec FY22 Integrated Report	Progress against FY23 targets	FY24 targets
Project – PROTEC Pietermaritzburg		
N/A – New project	N/A – New project	**Grade 12 targets** • 90% attendance rate on all sessions including 30 days of Saturday school and 15 days of vacation school annually • 90% to 100% matric pass rate • 55% to 65% Bachelor pass rate • Three to five distinctions per subject in mathematics, physical sciences, and English • Provide career guidance to ensure that 80% of post-secondary learners are still registered for their original course choice at university **Grade 9 to 11 targets** • 70% of learners to achieve 60% or above

Improving technology infrastructure and access to computers

FY23 targets as published in the Datatec FY22 Integrated Report	Progress against FY23 targets	FY24 targets
Project – Afrika Tikkun		
Make available an additional 100 iPads to be used across five centres to support eLearning programmes	• 120 iPads were purchased and distributed across Afrika Tikkun's five centres	Reach 2 670 youth through the Child and Youth Development Programme
Enable access to quality technology infrastructure for learners and communities	• Afrika Tikkun achieved a matric pass rate of 86% compared to the national pass rate of 80.1%, ensuring that the youth have a high chance of either venturing into further education, employment, training, or entrepreneurship	
To reach a minimum of an additional 2 500 beneficiaries with the above initiatives	• 2 992 beneficiaries in the Child and Youth Development Programme have access to technology	

Our Communities continued

ICT skills development for the unemployed

FY23 targets as published in the Datatec FY22 Integrated Report	Progress against FY23 targets	FY24 targets
Project – Maharishi Institute		
Train 530 unemployed youth	🟠 484 individuals (91% of the target) were trained by the end of FY23	Finalise the project and reach the target of training 530 unemployed youth by end of 2023
Develop skills for the fourth industrial revolution	🟢 The Year-3 Cybersecurity Academy learners graduated in September 2022. Each completed between 13 and 17 qualifications, including a business degree, level 4, 5, and 6 national qualifications with the Media, Information and Communication Technologies SETA, and up to 13 international qualifications related to cyber security	
Finalisation of the second year of the project	🟠 Recruitment and training are continuing to meet the target of training 530 unemployed youth	

Bursaries for disadvantaged learners

FY23 targets as published in the Datatec FY22 Integrated Report	Progress against FY23 targets	FY24 targets
Belgium Campus iTversity		
Students to complete their IT degree (fourth year) and secure an internship	🟠 One of the two learners supported by the Foundation has successfully completed their IT degree; another is repeating a module in 2023	Successful completion of the IT degree for the learner who is repeating one module in 2023
Assist with employment for the newly graduated learners	🟢 The two learners have secured internships in the banking and ICT sectors	

🟢 *Achieved*
🟠 *Partially achieved*

Success story

No quick silver bullet to mathematics education among township youth, but there is a solution

Ongoing corporate support and a results-driven grassroots programme has and can make a significant difference in addressing the poor uptake of mathematics as a subject, which is crucial if South Africa is to prosper as a nation.

Currently, less than 30% of all matric students take mathematics as a subject, with only half that number passing their final exams. The impact is felt immediately in the corporate sector, particularly in terms of gender parity where women account for only 23% of STEM professionals in the country, according to Statistics South Africa.

Encouraging township youth to take mathematics presents a considerable challenge, since resources are scarce and single-parent households are often unable to meet their most basic needs. Crime, drug and alcohol prevalence present a further challenge.

The problem is not insurmountable, however.

Corporate-backed entities like the Datatec Education and Technology Foundation have recognised the importance of investing in mathematics programmes in townships to produce outstanding graduates who will not only take the country forward, but also uplift their own communities. For over 15 years, the Foundation has partnered with OLICO Maths Education to change the lives of township learners who annually feature among the top 20% of mathematics performers nationally. This relationship is unique in that corporate social investment cycles are usually reviewed on a one-year basis or only operate on a two to three-year funding cycle.

The long-term approach has worked wonders, says OLICO co-founder and director, Andrew Barratt.

“The major advantage is that we’ve been able to do a deep dive into trying to solve the complex issue that is mathematics education. The ability to test, refine, adapt and repeat cannot be rushed if we want solutions that make a genuine impact,” he says. “We are so much wiser, more informed and better equipped for this challenge through the long-term support of partners like Datatec.”

It is an approach highly valued by 18-year-old Kwena Molapo High School learner Candy Mamabolo, whose mathematics marks have improved significantly since joining the OLICO programme in 2017.

“I really enjoy that they take time to explain things to you properly and give you the time to understand the mathematics,” says Candy, who dreams of becoming a chartered accountant one day. “My mathematics improved so much that I even placed second in a mathematics olympiad.”

Another Kwena Molapo High learner, Modishe Motsepe, 14, has become the most improved male learner in the programme.

The aspirant software engineer concurs that taking the time to “explain things nicely”, with every pupil being accommodated, makes the programme what it is today.

The partnership between OLICO and the Foundation grew from humble beginnings. Initially, only a small group of Datatec staffers volunteered on an informal computer literacy project in Ivory Park, Midrand. This project later turned into a tutoring programme that evolved to focus on mathematics support across all grades. Ten years ago, OLICO pitched an idea to pilot a mathematics programme in Diepsloot. Only two funders were prepared to invest in the initiative – the Datatec Foundation being one – and today OLICO is a multi-award-winning mathematics support intervention whose programme and materials are used extensively by learners, NGOs and schools across South Africa.

More than 3 200 learners are enrolled annually in the programme, in which lessons are held twice a week in schools and community centres in Gauteng, Limpopo and the Western Cape. In addition, more than 8 000 learners have accessed OLICO’s free WhatsApp mathematics hotline to speak to a skilled tutor to help them.

On Mandela Day this year, Datatec helped renovate a lab at OLICO’s Diepsloot centre with a new coat of paint and some minor repairs. Datatec also recently funded the installation of a second computer lab at this centre to help cater for more learners.

“The fact is NGOs can’t operate on project costs alone,” Barratt says. “There are inevitably core organisational expenses that need to be covered. This is an area that has improved dramatically over the past 10 years thanks to Datatec’s involvement.”

Datatec Foundation Chair Maya Makanjee says education is the key that will unlock prosperity for all South Africans, regardless of their backgrounds and upbringing.

“Success in mathematics and science is critically important if we want to grow the pool of young people pursuing careers in STEM subjects,” she says.

Our Communities continued

Datatec flagship project

In FY23, Datatec partnered with the Bunmi Adedayo Foundation to support their "Subject Enhancement Programme in Mathematics". Through this initiative, 1 000 mathematics teachers from low-cost schools across three Nigerian states (Osun, Ogun and Rivers states) received additional training, hands-on skills, and exposure to best practice tools and principles. This will enable 30 000 primary school students to increase their academic improvement in mathematics, providing them with the skills needed to succeed in the modern economy. Datatec has invested US$67 500 in the project, providing infrastructural support for 15 schools and operational support and training resources. This is part of our commitment to creating more opportunities for young people to secure meaningful and rewarding work.

Datatec's emergency response

Datatec responded to the severe flooding and landslides caused by heavy rainfall in April 2022 in KwaZulu-Natal, South Africa. The catastrophic event resulted in over 400 deaths, displaced people, and destroyed houses. In response, Datatec donated ZAR100 000 to Doctors Without Borders and Gift of the Givers to aid relief efforts.

In February 2023, a powerful earthquake hit southeast Turkey and the northwest region of Syria, leaving thousands of people needing necessities like shelter, food, clean water, and sanitation. Datatec responded by donating US$50 000 to Concern Worldwide on their Turkey-Syria Earthquake Emergency Appeal to assist those affected by the earthquake in Turkey and Syria.

Mandela Day

Datatec head office and WestconGroup SA staff spent a day at OLICO's Diepsloot centre on Mandela Day – an annual celebration in South Africa to mark Nelson Mandela's birthday to commemorate his legacy – painting the computer labs. Datatec also funded the installation of water tanks, fixing toilets and a new short throw projector for one of the labs as part of the Mandela Day initiative.

Datatec also recently funded the installation of a second computer lab at this centre to help cater for more learners, funded a solar system installation and purchased tablets for another OLICO centre.

Bunmi Adedayo Foundation – mathematics teachers training.

Westcon International

Westcon International continues to adhere to its CSR policy to be a responsible business that meets the highest standards of ethics and professionalism. It is committed to working and partnering with organisations that align with its CSR philosophy on sustainability, e-waste, technology, and education. Westcon International is committed to the United Nations Global Compact and will readily act to promote its identity as a socially aware and responsible business.

Below are some community initiatives from its operations across the world.

North America

Westcon International North America continues to support the community by donating to local charitable not for profit organisations such as Toys for Tots and Meals on Wheels.

Europe

In April 2022, Westcon International's UK team hosted its first Migrant Leaders event. Migrant Leaders is a charity working with first and second-generation migrants to inspire and help them capture career opportunities. A three-day hybrid internship was designed in which six students were introduced to Westcon International's global business functions in the first two days through interactive virtual sessions and online meetings, followed by an in-person final day at the Westcon-Comstor office in Bracknell UK which included security and collaboration workshops. The students were given valuable insights, tips, training and a network of professionals to build lasting connections with.

Money was also raised for one of Westcon International's charities, #ShelterUK. All leftover food and sweet treats were taken to The Salvation Army homeless shelter in Swindon.

Weston-Comstor Iberia collaborates with non-profit organisations whose primary objectives are philanthropy and social wellbeing. One of the projects supported helps children with health problems through a bottle caps recycling initiative to help cover some of their needs.

Events promoted and held in the region included:

- "March4Woman" for International Women's Day in March 2022
- "Walk & Talk" for World Mental Health Day between October and November

The Central European region supported a children's home in Berlin, SOS-Kinderdorf and donated EUR10 000.

Westcon UK – Foodbank appeal.

Middle East and Africa

Westcon International's Middle East team is passionate about supporting disadvantaged communities. Among the initiatives that Westcon International's Middle East supported in FY23 were:

- Volunteering at Senses Residential and Day Care for Special Needs, a non-profit organisation based in Dubai, and the first residential care facility in the Middle East dedicated to improving the quality of life of People of Determination
- Toy donation to Al Jalilah Children's Specialty Hospital, the first dedicated children's hospital in the United Arab Emirates built on the belief that all children should have an equal opportunity for success in life and that the treatment of children suffering from illness or disease should not be subject to geographical chance

WestconGroup SA continues to support the JB Marks Education Trust Fund by providing bursaries to study Information Technology at tertiary level for the dependants of the National Union of Mineworkers members. Its disabled learnership programme also continued, providing learnership for four disabled individuals run by Action for The Blind, including accommodation, sourcing and assessment, and a stipend. It also offered a schooling assistance programme to support employees' children through bursaries that will fund primary and secondary education. In addition, the Westcon Woman's Empowerment Trust provided bursaries to two females to study Information Technology at the tertiary level. Employees also participated in a canned food drive and successfully collected over 2 000 food cans for Meals on Wheels.

Westcon Africa partnered with Rising Above the Storms ("RAS"), a global non-profit organisation providing aid in Rwanda. RAS is dedicated to advocating for at-risk and vulnerable youth. It is continuing this partnership to ensure the continuity and longevity of the ongoing projects at the Rwanda Learning Centre, which include:

- Youth Education: Sponsorship of 10 youths for their education and schooling needs for an entire year
- Technology: The business setup of a computer lab named "Comstor and Friends E-Lab" (in partnership with Westcon Africa's business partners in Rwanda) to introduce disadvantaged youth to technology early in life
- Girl Health: A contribution was made towards purchasing sanitary products (equivalent of one-year supply)

Westcon Iberia – Employee children Christmas party.

Asia-Pacific

Further internal promotion of Westcon International's "Community Service Day" in New Zealand saw over 100 hours dedicated to volunteering, an increase from the previous financial year. Some examples of how the team spent their days volunteering includes: Eat My Lunch, Surf Lifesaving, and youth/school camps. Employees also donated Christmas gifts to Starship Children's Hospital while Westcon New Zealand made a charitable donation to continue as a corporate partner.

In February 2023, New Zealand experienced a severe tropical cyclone, Cyclone Gabrielle, which devastated the North Island, resulting in an estimated 10 000 people being displaced and over 225 000 homes losing power, with some towns being completely cut off from telecommunications and road access. Westcon New Zealand partnered with Cisco New Zealand to provide logistic support and the transportation of critical Cisco equipment to recover Hawkes Bay region, the worst-hit area.

The Westcon Australia team contributed to a number of charities during FY23, including:

- Australia's Biggest Morning Tea. This community event raises vital funds to make a big difference for those impacted by cancer
- "CEO Walk in My Shoes", a programme where funds were to support children and their families going through tough times
- For a few years in a row, Westcon Australia has participated in STEPtember to help in raising funds for cerebral palsy research and this year had five teams participate, raising over AU$2 000
- Funds were also raised for Movember which helps to raise awareness of men's health issues, such as prostate cancer, testicular cancer and men's suicide

Many community service events were held by Westcon International's teams in Asia:

In Singapore, following last year's success, a "Walk for Charity" was organised, not only to get fit, but to turn miles into charity. Over 100 participants walked along the East Coast Park and MacRitchie Nature Trail and Reservoir Park. An impressive distance of 1 439 km was walked, amounting to US$14 390. Together with the individual pledged donations of US$1 470, Westcon Singapore raised close to $16 000 for Food from the Heart, eligible for a dollar-for-dollar matching grant from the Singapore Government Tote Board; a total of over US$31 000 – slightly more than last year.

In Hong Kong, with the same goal in mind, a charity walk was organised and clocked a total distance of 205 km which amounted to over HK$10 000 for Big Tree Animal Sanctuary and Adoption Centre.

The team in the Philippines organised a mangrove tree planting, and donated necessary items to the Binuangan Elementary School, Obando Bulacan.

For information on Westcon International's FY24 targets, please refer to the Datatec 2023 Integrated Report.

Our Communities continued

Logicalis

Logicalis' social and community development goal is to improve education for the next generation and to support local charities in the communities that it operates in. Its focus is on supporting education in STEM, and enabling opportunities for women and minority groups to enter and be supported within the ICT sector.

Logicalis continued to support future Architects of Change™ through education in FY23, implementing 15 strategic education projects across the Group in the US, EMEA, Asia, Australia and Latin America, exceeding its goal for FY23. This commitment, as well as its intention to ensure that at least 50% of project beneficiaries are women and/or represent regional ethnic minority groups, is part of its long-term goal to implement at least 30 strategic education projects across the division by FY25 – at least one in every country.

Below are some community initiatives from its operations across the world.

Logicalis International

North America

Logicalis United States ("LUS") launched the Women's Initiatives Network – Live2Lead speaker series to inspire Architects of Change to embrace the power of personal growth and extend job postings to top historically black colleges and universities in the US.

A scholarship programme has been developed to provide financial support for females, transgender women or individuals who identify as non-binary to pursue a career in STEM. US$3 500 in scholarships were awarded to two applicants that will be awarded in FY24. Unallocated funds will be rolled to FY24.

Logicalis Spain Innovation Challenge.

EMEA

Logicalis UK successfully launched the STEM Ambassador Programme in FY22 which was continued in FY23. This national volunteer programme aims to inspire and engage children and young people (ages 5 to 19) in all things STEM. Ambassadors from STEM employers provide free support in and out of the classroom. At the time of launch, approximately six employees joined the programme to provide mentoring to local schools in the Slough area. It also supported the Toys and Teens Appeal over Christmas.

In FY23, Logicalis Ireland introduced one volunteer day per year for employees to engage in community activities and a policy will be implemented to support this.

Logicalis Channel Islands continued the sponsorship of the community rugby club as well as the Gorey Regatta, a family and community sailing event.

Logicalis Germany donated EUR1 000 to each of the social initiatives at its German branch offices, including Tierhilfeverein Kellerranch e.V., Kinderprojekt Arche, Kleine Hilfsaktion e.V., Stiftung Schmetterling, and Bodelschwingh-Schule. It also expanded its cooperation with Hacker School, including integration into Girls' Day.

Logicalis Portugal donated towards the Women's Race initiative, to the UNICEF – Ukraine Campaign in August 2022, and donated material and made a financial contribution to the Casa Organisation.

Among Logicalis Spain's community initiatives in FY23 were the "Logicalis Innovation Challenge", in which Logicalis Spain partnered with Spanish universities to support students in technology and Apadrina TIC – Logicalis mentored three STEM students and contributed to funding the programme with a particular focus on women in STEM degrees.

Logicalis South Africa ("LSA") upgraded and renewed the Lenasia Muslim School's firewall and internet security. Additionally, it donated clothes, blankets and toiletries to a homeless shelter in the community as part of its Mandela Day and Women's Day initiatives. LSA also provided financial support and investments to its suppliers to help them grow and expand their businesses and offerings as well as bursaries and learnerships for learners in previously disadvantaged communities.

Logicalis SA homeless shelter donation.

Asia-Pacific

Logicalis Australia executives participated in the annual CEO sleepout event, raising AU$14 000 to support the growing number of homeless people in Australia. It also supported STEPtember, an initiative that promotes active health and raised more than $4 000 for cerebral palsy. Its eighth year running the Christmas Toy Appeal was also a great success.

Logicalis Australia also partnered with Anglicare Victoria and The Salvation Army to donate and wrap toys, raising over $5 000 to provide toys for children who may otherwise not be able to receive them for Christmas. Over 100 toys were donated by staff and key technology vendor Dell Technologies. In addition, it matched donations of AU$5 000 towards these causes.

Logicalis Singapore and iZeno hosted three sessions of technology workshops, career talks and office tours for Polytechnic Girls in Technology to support and inspire the girls to pursue a career in the industry. It also collaborated with Cisco Singapore to support Club Rainbow children (with chronic illnesses) to organise cyber security talks, mentorship, e-learning via Cisco Net academy and office tours. A workshop was also organised for the children at Club Rainbow to celebrate Children's Day, where Logicalis Singapore employees and their children created door hangers and fridge magnets.

Donations of laptops to Medical Awareness Camp Outreach ("MACO") under their Computer Empowerment Programme were made by Logicalis Malaysia. The laptops will be repurposed and refurbished by the group of interns at MACO and donated to schools, refugee homes and underprivileged families.

Logicalis Hong Kong conducted a talk for female students at one of the schools of the Tung Wah Group of Hospitals, while Packet System Indonesia collaborated with 1 000 Guru Foundation to send 24 of its best employees to pursue a career in technology.

For information on Logicalis International's FY24 targets, please refer to the Datatec 2023 Integrated Report.

Logicalis Australia Christmas Toy Appeal.

Logicalis Latin America

In FY23, Logicalis Latin America supported several education-focused initiatives, which included:

- PROA Institute: Sponsorship of 10 young low-income black women in the PROPROFISSÃO training course, which enables them to work as programmers and start their careers in IT. The course is intended for young people between the ages of 17 and 22 from the state of São Paulo, who are attending or have completed their third year of high school in the public education system, and runs for six months, with 440 hours of training.
- Women Rock IT (Cisco): A free online programme developed by Cisco, to train girls and women (cisgender and transgender) in support of business operations and small retailers. It covers building simple local area networks, IP addressing schemes, basic network security, and basic configurations for routers and switches. The goal is to enable them to access more career opportunities, increase their employability and ensure they can decide their economic future. The course runs for approximately six months and is part of a global movement to motivate girls and women to dedicate themselves to technology, including pursuing certification in networking.
- Technovation Summer School for Girls: Logicalis Latin America sponsored this event for the third time in 2023, with an entirely online and free event organised by University of São Paulo-São Carlos, allowing girls between 10 and 18 years old to learn how to create mobile applications with training in computing and entrepreneurship. The event's main objective is to demonstrate to teenagers and young women that they are as capable as boys of working in the field of exact sciences, emphasising that computing is not something exclusive to the male world.
- Chess for All: An initiative of the Association for the Development of Chess, a non-profit entity that assists 200 children between the ages of seven and 12 with physical disabilities, visual disabilities, mild Autism Spectrum Disorder, and Down syndrome. The project uses the game as a pedagogical tool to stimulate and develop social and emotional skills in the children, such as memory, concentration, logical reasoning, analytical ability, helping to promote their inclusion.

For information on Logicalis Latin America's FY24 targets, please refer to the Datatec 2023 Integrated Report.

Logicalis LATAM Women Rock IT event.

Our Planet

Datatec is deepening its investment into minimising its environmental impact across its business value chain.

Emissions reduction is a significant pillar of Datatec's environmental stewardship strategy and its efforts are informed by its short and long-term ambitions. There is a continued focus on bolstering emission reduction action plans, whilst ensuring effective tracking and progress measurement.

In order to establish a baseline of its emissions, Datatec had every region report into the CDP in FY23. The Group achieved a B CDP score, which is in the management band, and is a reflection that it is taking coordinated action on climate issues. Datatec is above the African and global averages, which are a B- and C respectively. Datatec's highest scoring areas were risk management and governance, with its lowest scoring areas of targets and scope 3 emissions having since been addressed.

Understanding our broader value chain emissions

To date, Datatec has applied the GHG Protocol Corporate Accounting and Reporting Standard to measure its carbon footprint, focusing on scope 1 and 2 and including certain limited scope 3 emission sources. In FY23, Datatec undertook an initial scope 3 relevance screening to better understand our broader value chain impacts, as per the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard ("Scope 3 Standard"). The primary goal of the Scope 3 Standard is to provide a standardised step-by-step approach to help companies understand their full value chain emissions impact in order to focus company efforts on the greatest greenhouse gas reduction opportunities, leading to more sustainable decisions about companies' activities and the products they buy, sell, and produce.

Because the screening undertaken is a crude estimation of emissions and is not at an acceptable level of accuracy for emissions reporting, they have not been included in this report. The initial scope 3 relevance screening of our operations allowed us to better understand our scope 3 emission sources that need to still be quantified in the future, as well as the key data required in order to quantify these. All 15 scope 3 categories were considered in this screening and the financial-based GHG Protocol Quantis Scope 3 Evaluator Tool and other environmentally extended input-output models from more up to date sources were utilised. The exercise has identified gaps in current scope 3 emissions inclusions, has informed the prioritisation of categories that have been identified as high and very high, and has led to the development of a roadmap for inclusion of scope 3 emissions categories in the future. In the coming year, high priority scope 3 emission categories will be included using acceptable methods of estimation, while other sources will be included using financial expenditure methodologies, with the aim of improving the accuracy of quantification over the next two to three years.

Datatec's baseline across scopes 1 and 2 are detailed below:

Emissions	**tCO_2e 2023**	tCO_2e 2022
Scope 1	**2 531**	2 084
Scope 2 – location-based	**6 176**	5 432
Scope 2 – market-based	**6 040**	5 867
Total scope 1 and 2 emissions – location-based	**8 707**	7 516
Total scope 1 and 2 emissions – market-based	**8 571**	7 951

* *Note: The carbon emissions data presented in the table has not been audited and should not be considered as an assurance of the accuracy and completeness of such information.*

Stepping towards a net zero tomorrow

Following the screening process, the Group has committed to setting science-based targets to reach net-zero carbon emissions by 2050. To enable us to meet our goals, we have developed carbon reduction plans specific to the regions in which we operate. We will perform annual reviews to ensure our targets remain aligned with climate science and we are confident that our targets will provide a platform for continued improvements in our environmental sustainability efforts.

Westcon International

Protecting our planet is important to Westcon International which is why it is acting to minimise its largest impact area: supply chain emissions. It is also working to minimise its environmental footprint through circular and environmentally responsible technology, which provides commercial value to its partners and vendors.

Climate strategy

As part of its climate strategy, Westcon International has established an emissions baseline across scopes 1 and 2 for the FY22 period.

Emissions	**tCO_2e 2023**	tCO_2e 2022
Scope 1	**900**	925
Scope 2 – location-based	**2 790**	2 797
Scope 2 – market-based	**2 663**	2 896
Total scope 1 and 2 emissions – location-based	**3 690**	3 722
Total scope 1 and 2 emissions – market-based	**3 563**	3 821

* *Note: The carbon emissions data presented in the table has not been audited and should not be considered as an assurance of the accuracy and completeness of such information.*

For detailed information on Westcon's Our Planet strategy and strategic progress, please refer to the Datatec 2023 Integrated Report.

Our Planet continued

Environmental initiatives

Westcon International looks to protect the environment proactively and activities include:

- Recycling – initiatives are active within all Westcon International's offices with containers to recycle batteries, food in dining rooms/cafeterias and paper recycling. Internal recycling policy posters are displayed. Old computers and other IT equipment are recycled through companies or donated to non-profit organisations for use in other training rooms
- Conserving energy – lights with sensors
- Using environmentally friendly technologies – investigations into, and in some areas, completion of the introduction of programmes for electric vehicles for employees and power charging stations at some office locations
- In an effort to raise environmental awareness, the Westcon Taiwan team organised clean up events and volunteer days which included family members of staff, while the team in China organised a park clean up

Waste and recycling

- Westcon International continues to make declarations regarding WEEE – packaging and batteries are in line with statutory legislation
- Strict controls are in place over e-waste using collection points for end-of-life e-waste
  - Collected by licensed waste companies and processed in accordance with legislation
  - E-waste relating to end-of-life products sold/distributed is managed by specially selected waste management compliance schemes
  - Required data of new products sold is collected and submitted to the appropriate authorities, mainly in Europe, and Westcon International is preparing to meet other countries' future waste requirements. In India, Westcon International is required to be part of an e-waste management and education programme to be able to trade in the region and has a third-party provider who manages this programme and ensures that e-waste quotas are completed
  - In the Asia-Pacific region where warehouses manage their own waste, key recyclable elements coming out of the facilities are separated. Where landlords manage the waste, there is proactive engagement with the landlords to change their waste programmes or monitor and report on waste

Westcon UK – Electric vehicle day.

Logicalis

Improving its environmental performance has fast become a business imperative for both Logicalis International and Logicalis Latin America.

Logicalis has committed to being a carbon neutral global organisation by 2025 and made a formal commitment to the SBTi to actively drive the reduction in global emissions. Logicalis' work in sustainability has been supported by the 2022 "Employee Sustainability Challenge", an initiative to encourage employees to implement environmental projects across the world, which has driven new local initiatives to help reduce emissions, water use or waste generation.

As part of its climate strategy, Logicalis has established an emissions baseline across scopes 1 and 2 for the FY22 period.

Emissions	**tCO_2e 2023**	tCO_2e 2022
Scope 1	**1 626**	1 155
Scope 2 – location-based	**3 345**	2 565
Scope 2 – market-based	**3 336**	2 890
Total scope 1 and 2 emissions – location-based	**4 971**	3 720
Total scope 1 and 2 emissions – market-based	**4 962**	4 045

* *Note: The carbon emissions data presented in the table has not been audited and should not be considered as an assurance of the accuracy and completeness of such information.*

Our Planet continued

Logicalis International

Environmental initiatives

North America

Logicalis US ("LUS") supports environmental protection through its policies, programmes, and practices for conducting operations in an environmentally and economically responsible manner. It strives whenever possible to execute property leases in buildings certified in green technology and maintains a national vendor affiliation to handle office paper recycling across LUS offices. There is a further national vendor affiliation to provide for water filtration systems across LUS offices, which has proven to reduce the volume of water consumption compared to more conventional tap water access.

In FY23, LUS developed the "Our Planet Plan" with both goal and control elements relating to LUS' energy use, waste, pollution, and natural resource conservation. LUS implemented the "Our Planet Plan" and began to measure attainments against control criteria in all applicable areas. Furthermore, it evaluated environmental risks LUS may face and how to manage those risks.

Europe

UK, Channel Islands and Ireland

- Logicalis UK continued with their electric car scheme to encourage employees to switch from petrol/diesel to electric/hybrid cars. The uptake has been reasonable and attractive to employees joining as new starters and moving across from businesses acquired
- The Cycle to Work scheme has continued with an increase in the number of employees who are able to borrow between £1 000 to £4 000, encouraging employees to buy bikes and use the car less
- Flexible working was introduced, with the option to work at any office. This initiative has resulted in a significant reduction in travel
- Units in Newbury were closed to reduce our carbon footprint. The Ireland office will move into a new location which offers a better carbon footprint
- In March 2023, Logicalis UK gained ISO14001 accreditation (environmental management). The UK, Channel Islands and Irish operations also completed their first EcoVadis assessments, and received "scorecards". Correction active plans have been implemented to improve scores
- A project was commenced to move to a "green" scheme for electric supply to all office locations in the UK, which has already been completed for Farringdon and Newbury

Germany

- Logicalis Germany is using as new and efficient software as possible, and are shutting down virtual machines that are no longer needed to reduce energy consumption
- For customers, scripts are optimised as much as possible and do not have unnecessarily long run times to reduce energy consumption
- Sustainability and energy consumption are being integrated into customer talks and marketing to highlight cloud scenarios and SaaS offerings (only consume what you need, resulting in decreased energy consumption)
- Maintains separation of waste into different categories in all branches
- Switched from plastic bottles to glass bottles at all locations

Spain

- Offices switched to a 100% renewable energy supply, which reduced electricity consumption and scope 2 emissions from 130.13 tCO_2e to 40.22 tCO_2e in FY23, a 70.88% reduction
- Although new equipment has been installed in the data centres and a new plant has been acquired in the Madrid offices, energy consumption reduced by 0.7%
- Switched to FSC® certified paper – paper that has been harvested in a socially and environmentally responsible manner
- Reduced paper and cardboard consumption by 22.19% from 160 kg in FY22 to 125 kg in FY23
- An Estimation Report of the GHG emissions generated by its activity based on the ISO 14064-1:2019 Standard was completed
- Electric cars were included in the rental car fleet
- Received a silver medal in its EcoVadis assessment

Portugal

- Logicalis Portugal has been gradually changing its fuel vehicles to electric vehicles and installing sockets for electric vehicles at its building garage in Lisbon. At the moment, 11% of the fleet is electric
- Received a bronze medal in its EcoVadis assessment
- Continued with the flexible working policy reducing the number of vehicles going into the office daily and reducing the amount of commuting time during rush hours

MEA

Logicalis South Africa implemented a number of impact-reducing environmental initiatives in FY23:

- Switched to LED retrofit bulbs and responsibly disposed of all mercury-containing fluorescent bulbs. This resulted in significant reduction and savings on energy costs and has resulted in more energy efficient offices
- Office space has been reduced. As offices operate at 50% to 70% capacity on rotation, a feasibility study was completed to reduce the space. The Johannesburg operations moved from 969 m² to 377 m² office space as part of phase one
- Phase two renovation and subleasing is planned for quarter 2 of FY24
- Completed an Ecovadis assessment

Asia-Pacific

- In FY23, Logicalis Australia's environmental initiatives included:
  - Introduced extra recycling bins in our office locations to reduce waste to landfill
  - Sourced high-quality, reusable coffee mugs for staff use which has reduced staff's waste through coffee/tea consumption, and resulted in a discount for staff from coffee shops when using their own cups
  - Completed an Ecovadis assessment
  - Switched office's renewable energy supply to 50%

Logicalis Australia reusable coffee cups.

- Logicalis Asia implemented environmental initiatives across Malaysia, Indonesia, China, Taiwan, Hong Kong and Singapore which included:
  - Logicalis Singapore received a Green Mark Platinum certification
  - Email campaigns to all staff have been implemented to create awareness of sustainability, through which tips are shared. A donation drive for upcycling of books and electronics and donations to charitable organisations was organised
  - Smart lighting and/or LED lighting was installed in certain offices
  - iZeno Singapore will donate used laptops to a non-profit organisation which will be refurbished and distributed to families and individuals who do not have access to these devices enabling them to become digitally connected
  - China received a silver medal in its EcoVadis assessment and Indonesia received a bronze medal
  - In Indonesia, a tree donation and planting was done with Lindungi Hutan to protect the forest in Indonesia and reduce emissions

Plans/targets for FY24

- Reduce square footage in LUS offices as property leases come up for renewal
  - Reduce overall square footage by 77 800 ft^2 across nine locations by 1 July 2023
- Identify “renewal energy provider” options for property leases. Utility providers are currently being screened to determine current green initiatives and contribute to LUS’ carbon-neutral strategy
- Encourage employees travelling on LUS business to select electric vehicles
- Logicalis UK will continue to implement the flexible working policy and continue the project to move its remaining offices in the UK to the “Green” scheme. Beach/park clean-up events are planned to occur in all regional locations
- In FY24, Logicalis Germany’s plans include switching of energy contracts to green electricity and installing charging sockets for electric cars at more locations. Furthermore, it plans to have at least 31.7% of its fleet being electric or plug-in hybrid vehicles by the end of 2023
- Logicalis Spain has set as an objective for FY23-FY24 the completion of the Carbon Footprint estimation report for its activities to obtain the certification in the ISO 14064:2019 standard. Furthermore, Logicalis Spain plans to be carbon neutral by 2023
- In FY24, Logicalis Portugal plans to have two environmental initiatives, promoting environmental sustainability awareness for employees and gradually changing fuel vehicles to electric vehicles – from 11% to 28% by the end of FY24
- In FY24, Logicalis South Africa will commence a two-year programme rollout of ISO 14001 – Environmental Management System to be completed by the end of FY25
- In FY24, Logicalis Australia aims to continue with its current initiatives while also adhering to the Sustainable travel policy as defined by Logicalis globally
- In FY24, Logicalis Asia plans to review the EcoVadis recommendations for improvement and determine actions that can be undertaken and will continue to create awareness on ESG and its donation drive to support upcycling
- Improve on the US, UK and Asia EcoVadis assessments

Logicalis Latin America

Logicalis Latin America is devoted to making meaningful progress towards sustainability. It prides itself on taking small steps to create ripples in its ecosystem to ensure it can drive a more sustainable future. Whether effectively managing its environment or positively impacting corporate profitability through its initiatives, Logicalis Latin America is leading the way in sustainable development and corporate social responsibility.

Environmental initiatives

- Logicalis Brazil issued a Sustainability Report in 2022
- Conscious disposal of obsolete equipment (Brazil): Logicalis executed two official inventories and thereafter disposed of obsolete materials. More than 10 tons of equipment, such as cables and hardware, were discarded and processed by GAG 2022, an expert in the sector. Ensuring the correct end destination for these pieces of equipment protects the environment and guarantees reduced storage costs
- An e-waste campaign was conducted in the São Paulo and Rio de Janeiro offices
- Electric vehicle project: Launched in August 2022, the supply chain team is leading an electric vehicle project to transport equipment near São Paulo. More than 25 000 km have been travelled since September 2022 using electric vehicles
- Logicalis’ suppliers event based on ESG theme (Brazil): Approximately 30 suppliers attended the event, and included a panel with BlockC and ÓGUI to discuss ESG in practice
- Reverse logistics (Brazil): There is a specific channel in place to assist customers who hold products that need to be disposed of which cannot be disposed of in general waste. Logicalis is committed to protecting the environment and helping its clients to do the same
- Greenhouse gases inventory (Brazil): Logicalis Brazil has been measuring and neutralising greenhouse gases since 2018

Plans/targets for FY24

- Expand the fleet of electric vehicles in Brazil
- Continue with the conscious disposal of obsolete equipment in Brazil
- Develop a reverse logistics campaign/meeting to incentivise customers in São Paulo to use the reverse logistics service
- Develop a formal greenhouse gases inventory
- Conduct an ESG-themed Logicalis’ suppliers event in Brazil
- Conduct an e-waste campaign in 2023
- Invite 10 suppliers to present at the Block C platform and start their low carbon journeys, which will help Logicalis Latin America in its scope 3 journey
- ESG week: conduct a hybrid event (virtual and at present) to present the main Responsible Business initiatives to employees

Logicalis Brazil electric delivery vehicle.

Our People

Datatec employs over 11 000 people in more than 50 countries across the world. The Group strives to attract and retain the best talent, and recognises that it is imperative to ensure that its people are prioritised. We believe in maintaining a fair, inclusive culture; and in ensuring that our employees have optimal working conditions and opportunities for growth and development. Through Responsible Business, we create opportunities for our employees through our diversity, equity and inclusion programmes; ensuring employee wellbeing, health and safety; and striving to be a great place to work.

Datatec is an equal opportunities employer and is committed to a working environment that is free from discrimination. We recognise the importance of purposefully embedding diversity, equity, and inclusion into our ways of working across our Group. This remains a consistent, growing focus and is shaping the values that have come to define the culture of Datatec.

In FY23, in appreciation of the importance of being more deliberate in our efforts, we updated our values as Datatec Group, adding "Inclusion" as a core Group value.

Westcon International

Westcon International strives to be a place that people want to join and love to stay. It has created an inclusive culture where its people can feel and do their best. Westcon International welcomes employees of every background, race, creed, and orientation and gives them equitable access to skills and development training to help them reach their full potential.

Diversity, equity and inclusion

Westcon International's culture is built on a foundation of inclusion. The ONE Westcon programme raises awareness internally and supports in areas relating to diversity, equality and inclusion. It enables Westcon International's people to celebrate its diversity globally and ensure its employees feel included and respected regardless of their, gender, race, religion, sexual orientation, physical conditions, cultural background, or country of origin.

As a global business, Westcon International believes that through providing an inclusive environment, its employees will be motivated to make outstanding contributions and that the best environment comes from a workforce that reflects the world around us. Different ideas and perspectives help the division innovate, learn, thrive, and grow in a sustainable way. That is why the executive team and entire organisation is fully committed to creating a diverse and inclusive workplace.

Westcon International's leadership charter demonstrates individual commitment at the top of the business to diversity and inclusion, and sets the standards and expectations to be followed throughout all levels of the division. Westcon International has a commitment to:

- Drive the ONE Westcon agenda and strategic priorities
- Promote an inclusive workplace where all employees have equal access and opportunity to achieve their potential
- Promote industry leading initiatives focused on increased representation of diverse groups at all role levels
- Ensure all managers and leaders of its business undertake appropriate training in relation to diversity and inclusion
- Hold relevant business leaders and functions accountable for taking appropriate action where feedback and improvements are identified
- Celebrate and share success stories for the benefit of employees and the wider cause within the industry

Recruiting the best talent

Westcon International's strategy clearly articulates that the core strength of its division is its people. Attracting, developing and retaining the best employees across its international business will enable Westcon International to deliver its business priorities and goals.

After the effects of the global pandemic, Westcon International is committed to establishing and maintaining a hybrid working environment with remote/home working flexibility as a part of its talent retention approach in a changing world of "work is what you do…not where you do it".

Supportive environment

Employee wellbeing is a priority, encompassing physical, mental and emotional, community and social, as well as financial wellbeing. Westcon International is committed to a wellbeing vision, that will enable the division to support its employees' health and talent outcomes in order to maintain long-term performance and achieve its strategic business objectives.

Mental health awareness is a year-round focus with regular communications and events. Employee engagement is a key focus and an annual employee survey is conducted to get a better understanding of employee morale, satisfaction, and engagement. Open and honest feedback is encouraged which is fundamental to shaping Westcon International's development. Survey responses have been instrumental in setting direction for future key focus areas and ultimately make Westcon International more successful and an even better place to work.

The health and wellbeing employee resource group encourages a habitual, well-balanced lifestyle and provides support to employees. Members can share experiences and thoughts on mental health and wellbeing. Some offices have opened "calm rooms", which provide a calming, stress-free space for staff to meditate, look after their mental health, and relax. These rooms are equipped with various calming features, such as sound machines, fleece blankets, and seasonal adjustment disorder lamps.

Significant investments towards employee assistance programmes have been made in various locations. One example is provision of 24/7 telephone counselling, 365 days a year to employees and their households.

People development

Westcon International launched its new learning and development policy in the latter part of FY23, which has been incorporated into its learning and development strategy. Through equitable access to skills and development training, it is supporting and growing its pool of experts and empowering people to reach their potential. This is executed through ongoing training opportunities, leadership and development training, diversity, equity and inclusion training, and promoting employee health and wellbeing.

During the year, training budgets were increased by 25% globally. US$150 000 was invested in leadership and development training. As a people-oriented business, this training helps managers lead and support teams across the globe. By leveraging technology, and providing comprehensive guidance and support, numerous training programmes have been delivered from onboarding to leadership, cyber security to environment social governance.

Westcon International's employees come from many different backgrounds and cultures. Those differences are considered through numerous diversity, equity and inclusion training initiatives, with over 900 employees enrolled on these programmes.

Early careers

Westcon International's global "Level Up" programme is designed to attract interns, graduates and apprentices to enhance their ability to follow their chosen career path in the future. Apprenticeships are offered in the UK, Germany, France, the Netherlands, the Middle East, South Africa, Singapore, China, Taiwan and Thailand.

- The apprenticeship scheme in the UK continues to be a success within the sales team and in FY23 this was expanded into finance and HR
- For the third consecutive year, Westcon International won the CRN Award (Distributor) for Best Graduate and/or Apprenticeship Scheme 2022
- Several new interns commenced their internships at various locations in Europe
- Westcon International New Zealand has engaged with a new talent partner, TupuToa, focused on increasing the number of Māori and Pacific leadership within New Zealand and has taken on two interns in the last 12 months from TupuToa, as well as another two interns
- Two interns in New Zealand have accepted permanent roles with Westcon International. Eleven learners in South Africa have accepted permanent roles with either WestconGroup SA or its supplier and enterprise development partners

Westcon UK – CRN Awards Stage winners.

Logicalis

A great place to work

Logicalis recognises that its people are critical to the ongoing success of its business which is why it launched a new Employee Value Proposition ("EVP"). The EVP statement "We do everything in our power to ensure you Belong, Grow and Thrive", is at the heart of all employee activities. By striving to attract the best talent, develop and reward its people for great performance and engage effectively with them through relevant and stimulating development opportunities, Logicalis aims to be an employer of choice and was recognised in FY23 as being a "Great Place to Work" in 12 countries.

Developing talent

In Logicalis, the focus on advanced technologies requires a high level of technical expertise. Its leadership teams work closely with its strategic partners to ensure that employees are trained appropriately and have the necessary accreditations. Logicalis also recognises the important role of leaders across the organisation and developed and launched a new global leadership framework in FY23. This framework will provide the direction and anchor for all leadership development programmes including talent programmes. The global leadership framework will be officially launched in Q1 FY24, having been approved by the board and global HR senior leadership team.

In the interests of its long-term sustainability and to develop and retain its top leadership talent, Logicalis has established a series of international development programmes. It also invests in the development of its technical leadership teams through a tailored programme designed specifically for leaders in our technical teams. 2023 also saw the agreement and alignment to launch a "Leadership Capability" programme which will offer leadership development and support for all leaders across the organisation. The deployment of this programme will commence in Q2.

Logicalis runs a globally aligned senior leadership talent development programme for employees who demonstrate the right mindset and capability to move into more substantial leadership roles in the future.

Our People continued

Continuous listening to employees

To enable Logicalis to understand what its employees think and feel about working for Logicalis, a continuous listening "Pulse" platform gives business leaders access to real-time feedback and analytics from their teams, where improvement opportunities can be easily identified in each operation, followed up by action plans which managers and employees agree upon together.

Living its values

Logicalis has a set of values and competency framework, which helps develop a common identity across all operations. It clarifies what behaviours it takes to be successful in Logicalis, and these are often used in recruitment, 360 feedback and individual performance and development discussions. Employees can also nominate each other for value awards for living the values through a "values" app. In 2023, the values were reviewed and following feedback from employees have been updated to reflect the comments received.

Diversity, equity, and inclusion

Logicalis recognises that when people from diverse backgrounds work together, the more innovative and creative that team is likely to be. It has therefore made a commitment to increase the number of women and minority groups in the division; rooted in the belief that each Logicalis employee is accountable for the continued creation of a diverse, inclusive and high-performing culture.

Logicalis' Global Inclusion Council is a team of global leaders who drive the creation of strategic accountability and actions to help deliver diversity and inclusion objectives, provide governance and oversight on diversity efforts, and promote division-wide communication on progress. The council continues to work to identify more opportunities for Logicalis to grow and enhance its culture so all employees feel valued and can thrive.

Logicalis is invested in processes to attract more diverse candidates to facilitate diverse talent selection. It continues to roll out training programmes and courses, which include unconscious bias, the impact of micro-behaviours in the workplace, and inclusive leadership training. It has also rolled out diversity, equity, and inclusion training on various topics. A milestone for Logicalis was the launch of its first global employee resource group ("ERG"), enhancing the already established regional ERGs which support its diverse employee population across the world.

Since 2021, Logicalis has been able to achieve a significant increase in female participation in "High Potential" programmes and "Leadership" academies across the world; and the Logicalis overall female population continues to grow, as well as the number of females in leadership roles. During FY23, Logicalis increased the number of global female leaders in the division to 25% and global female representation throughout the employee base has increased to 24%.

Wellbeing

Logicalis is committed to supporting its people through every aspect of their wellbeing journeys. It encourages and supports the cultivation of good health habits, the achievement of clarity and balance, and opportunities to stay connected to each other and with our communities.

In FY23, Logicalis executed a "Logicalis Wellbeing Programme", with a focus on supporting employees' physical, mental and emotional, community and social wellbeing. The programme was launched with a "Logicalis Global Wellbeing Challenge" and resulted in US$44 000 raised for the Ukraine charity Concern.

Internships

Each Logicalis US region identifies two projects focusing on 50% female beneficiaries, beneficiary representatives of its regional ethnic diversities, and opportunities for employee volunteerism. Through a new internships programme, Logicalis US will encourage the sourcing of women and diverse candidates for its five internship roles.

Logicalis UK continues to support its apprentices who joined in FY23. One apprentice completed their apprenticeship with a distinction towards the end of FY23 and has since been offered a permanent contract.

In FY24, Logicalis UK will continue to support four apprentices across marketing and sales. It plans to relaunch its "STEM in the UK" initiative and get more programme uptake. It also plans to launch the programme in Channel Islands and Ireland.

Logicalis Spain has signed agreements with many of the most prominent universities in Spain for hiring interns and promoting their professional careers.

Logicalis Latin America

Logicalis Latin America's Level Up Programme was launched in February 2023. Training of black people who have already taken a professional or technical course in IT and are looking for better job opportunities was prioritised. In addition to offering training in IT, the programme leverages their employability and feeds the pipeline for potential candidates for Logicalis Latin America.

Logicalis Brazil launched an internship programme in FY23, filling 30 vacancies, the first year in which more women were hired than men. In all, 17 women and 13 men were hired from the most diverse technology centres throughout Brazil.

Unconscious bias training is mandatory for all new hires in Brazil with a focus on sensibilisation and education. Brazil has three affinity groups, LogiWomen, LogiBold and LogiPride which focus on sensibilisation, education, and offer a safe, inclusive and diverse environment. Logicalis Brazil has also held various virtual panels to increase diversity, equity, and inclusion perspectives.

Logicalis Latin America also offers an employee assistance programme which offers expert support (phone, app or website) to employees and their families for psychological, emotional, social, financial, legal and nutritional issues.

Logicalis Latin America launched its "Gympass" initiative in February 2022. This benefit improves and encourages physical and mental health for its employees. An in-person health event was also held at its offices to measure blood pressure, perform bioimpedance and offer nutritional guidance.

In FY24, diversity, equity and inclusion and employee wellbeing plans include continuity of the current initiatives such as unconscious bias training, LGBTQIA+ affinity groups, internships and the Level Up programme, the employee assistance programme and health initiatives.

Directors' responsibility statement

for the year ended 28 February 2023

The directors are responsible for the preparation and fair presentation of the consolidated annual financial statements of Datatec Limited ("Datatec" or the "Company" or the "Group"), comprising the consolidated statement of financial position at 28 February 2023 and the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the consolidated annual financial statements which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards ("IFRS") and the requirements of the South African Companies Act 71 of 2008 ("the Companies Act").

In terms of the Companies Act, the directors are required to prepare consolidated annual financial statements that fairly present the state of affairs and business of the Group at the end of the financial year and of the profit for that year. The consolidated annual financial statements for the year ended 28 February 2023 are prepared in accordance with IFRS of the International Accounting Standards Board, Interpretations issued by the IFRS Interpretations Committee, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the JSE Listings Requirements and the Companies Act and incorporate transparent and responsible disclosure together with appropriate accounting policies. These consolidated annual financial statements were compiled under the supervision of Ivan Dittrich CA(SA), the Chief Financial Officer ("CFO").

The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management as well as the preparation of the supplementary schedules included in these consolidated annual financial statements.

These consolidated annual financial statements have been audited in compliance with the requirements of the Companies Act. The auditor is responsible for reporting on whether the consolidated annual financial statements are fairly presented in accordance with the applicable financial reporting framework.

The directors have made an assessment of the ability of the Company and its subsidiaries to continue as going concerns and believe that the Group and its subsidiaries have adequate resources to continue in operation for the foreseeable future, and accordingly, these consolidated annual financial statements have been prepared on a going concern basis.

The directors of the Company are responsible for the controls over, and security of the website and, where applicable, for establishing and controlling the process of electronically distributing annual reports and other financial information to shareholders and to the Companies and Intellectual Property Commission.

Approval of the consolidated annual financial statements

The consolidated annual financial statements of Datatec Limited as identified in the first paragraph were approved by the Board of directors on 22 May 2023 and signed by:

JP Montanana
Chief Executive Officer

Authorised director

IP Dittrich
Chief Financial Officer

Authorised director

CEO and CFO responsibility statement

for the year ended 28 February 2023

Each of the directors, whose names are stated below, hereby confirm that:

(a) the annual financial statements set out on pages 61 to 184, fairly present in all material respects the financial position, financial performance and cash flows of Datatec Group in terms of IFRS;

(b) to the best of our knowledge and belief, no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading;

(c) internal financial controls have been put in place to ensure that material information relating to the Datatec Group and its consolidated subsidiaries have been provided to effectively prepare the financial statements of the Datatec Group;

(d) the internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function as executive directors with primary responsibility for implementation and execution of controls;

(e) where we are not satisfied, we have disclosed to the audit committee and the auditors any deficiencies in design and operational effectiveness of the internal financial controls, and taken steps to remedy the deficiencies; and

(f) we are not aware of any fraud involving directors.

JP Montanana
Chief Executive Officer

Authorised director

IP Dittrich
Chief Financial Officer

Authorised director

Certificate by Company Secretary

for the year ended 28 February 2023

In terms of section 88(2)(e) of the South African Companies Act 71 of 2008, I certify that for the year ended 28 February 2023 Datatec Limited has filed with the Commissioner of the CIPC all such returns as are required of a public company in terms of the Act. Further, that such returns are true, correct and up to date.

Simon Morris

SP Morris
For and on behalf of Datatec Management Services (Pty) Ltd

Company Secretary

Independent auditor's report

To the Shareholders of Datatec Limited

Report on the audit of the consolidated financial statements

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Datatec Limited (the Company) and its subsidiaries (together the Group) as at 28 February 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

What we have audited

Datatec Limited's consolidated financial statements set out on pages 73 to 184 comprise:

- the consolidated statement of financial position as at 28 February 2023;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended;
- a summary of significant accounting policies; and
- the notes to the financial statements.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

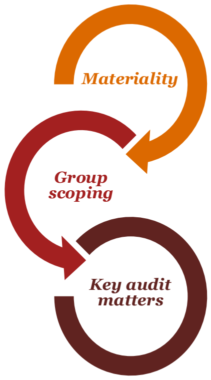
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*.

Our audit approach

Overview



Overall Group materiality

- Overall group materiality: US$26 million, which represents 0.5% of consolidated revenue.

Group audit scope

- We performed full scope audits on the three components that were financially significant, in addition to the full scope audit of the Company. Analytical review procedures were performed over all remaining components not in scope based on the associated risk of the component.

Key audit matters

- Valuation of Westcon International Limited ("Westcon International");
- Recoverability of deferred tax assets recognised on accumulated tax losses; and
- Impairment assessment of goodwill arising from business combinations.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Overall group materiality	US$26 million.
How we determined it	0.5% of consolidated revenue.
Rationale for the materiality benchmark applied	We selected consolidated revenue as the benchmark for materiality because, in our view, it is the benchmark against which the performance of the Group is most commonly measured by users, as it is an indicator of market share. Consolidated revenue is one of the key drivers of the Group's business and is one of the key performance indicators for stakeholders. The Group's focus is on growth which is attributable to an increase in revenue. Furthermore, consolidated profit before tax is typically volatile, whereas consolidated revenue has remained stable and deemed a more appropriate benchmark. We chose 0.5% as the benchmark threshold, which is lower than the quantitative materiality threshold that we would typically apply when using consolidated revenue to compute materiality. We took into account various factors, including the intended users and distribution of the consolidated financial statements, as well as the financial covenants held over the Group's debt.

How we tailored our group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Our group audit scope included consideration of significant components as well as taking into consideration the sufficiency of work performed over material line items in the consolidated financial statements.

Our scoping assessment included consideration of the financial significance of the Group's components as well as the sufficiency of work planned to be performed over material consolidated financial statement line items. We identified three financially significant components in the Group, namely Westcon International Limited and Logicalis International Limited, both incorporated in the United Kingdom, as well as Logicalis Latin America Holdings S.A., incorporated in Brazil. These components were considered to be financially significant based on their contribution to consolidated revenue, consolidated profit before tax, consolidated EBITDA, consolidated assets and consolidated liabilities. We performed a full scope audit of these three components and the Company. Analytical review procedures were performed over all remaining components not in scope, to assess whether any risks exist that would require additional audit procedures.

In establishing the overall approach to the group audit, we determined the extent of the work that needed to be performed by us, as the group engagement team, and by component auditors, in order to issue our audit opinion on the consolidated financial statements of the Group.

Where the work was performed by component auditors, we determined the level of involvement necessary in the audit work at those components (including their scoping considerations regarding their respective components) to be able to conclude whether sufficient appropriate audit evidence has been obtained as a basis for our opinion on the consolidated financial statements as a whole. Detailed group audit instructions were communicated to all components in scope.

We conducted meetings with all of our significant component teams and management. During these meetings we discussed the strategy and financial performance of the local businesses, the audit plan and execution, significant risks and other relevant audit topics and the clearance of those matters at the conclusion of the component audits.

We assessed the competence, knowledge and experience of the component auditors and evaluated the procedures performed on the significant audit areas to assess the adequacy thereof in pursuit of our audit opinion on the consolidated financial statements.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Valuation of Westcon International Refer to the following notes to the Group consolidated annual financial statements for detail: • Group accounting policies: – Critical accounting judgements and key sources of estimation: – Key sources of estimation uncertainty; • Note 2: Share-based payments – Subsidiary schemes (cash-settled) – Westcon International – Westcon International Equity Appreciation Plan (EAP); and – Westcon International SAR Scheme; • Note 23: Trade and other payables; • Note 30: Related party transactions – Directors' emoluments – Westcon International Equity Appreciation Plan The Group through its subsidiary, Westcon International, implemented an Equity Appreciation Plan ("EAP") in 2019, to incentivise value generation for senior management. In addition, a Share Appreciation Rights (SAR) Scheme was implemented to incentivise the cadre of senior management who were not awarded units under the EAP. The share based payment liability recognised as at 28 February 2023 in relation to the EAP and SAR Scheme amounted to US$61 million. **EAP** In terms of the EAP, ten percent of the value of Westcon International that is above US$125 million will be paid to the EAP pool on the sale of Westcon Limited. If Westcon Limited is not sold within five years commencing 1 March 2018, the business is to be valued by an independent valuer for purposes of determining the amounts due to participants of the EAP. A valuation of the business as at 28 February 2023 was undertaken by an independent third party. A discounted cash flow approach was applied by the valuer and a sum-of-the-parts methodology was applied where the equity value of each of the operating regions within Westcon International was calculated and combined to arrive at the value of the business. The key assumptions applied in the valuation included consolidated weighted: • revenue compound annual growth rate for the forecast period; • discount rate; • terminal growth rate; • risk free rate; • inflation rate; • country risk premium; and • tax rate. **SAR Scheme** As the base value for the SARS is the same as that of the EAP (ie. US$125 million), an adjustment for the recapitalisation of Westcon International is necessary. We considered the valuation of Westcon International to be a matter of most significance to the current year audit due to: • the significant judgements and assumptions applied in determining the value of Westcon International; and • the magnitude of the share based payment liability for the year and liability recognised in the consolidated financial statements as at 28 February 2023.	Our audit addressed this key audit matter as follows: • We obtained the valuation of the Westcon International business as at 28 February 2023 from management and compared the forecasted financial information used in the valuation to forecasts approved by the Westcon board and noted no differences in this regard; • We assessed the reliability of the Group's budgets included in its business plans (which form the basis of the future earnings in the cash flow forecasts), by comparing prior period budgets to actual results. We evaluated the differences noted against underlying documentation and explanations obtained from management. We noted no matters requiring further consideration in this regard; • We assessed the objectivity, competence and capabilities of management's independent valuer, noting no matters requiring further consideration; • With the assistance of our valuations expertise: – We assessed the appropriateness of the valuation methodology applied by the valuer against generally accepted valuation models. Based on our procedures performed, we found this to be consistent; and – We independently recalculated a range of discount rates taking into account independently obtained data such as the long-term risk free rates, equity betas, alpha-, equity market risk-, sovereign risk- and size premiums of the regions in which Westcon International operates. No significant variances were noted between our independently calculated discount rates and those determined by management. • We compared the resultant valuation multiples implied by the valuation with those of comparable industry peers and found these to be in line with industry multiples; • We independently calculated terminal growth rates consistent with publicly available information relating to terminal average growth rates for each of the regions in which the Westcon business operates and compared those to the growth rates as determined by management. We did not note any material exceptions in this regard; • We performed a stress test on the valuation model by applying our independently calculated discount rates to the forecasts of the respective regions and noted that this did not materially alter the outcome of the valuation; • We assessed the reasonableness of the IFRS 2 expense recognised based on the underlying valuation of the business using a Black-Scholes methodology and noted no material variances when compared to the expense calculated by management; and • We inspected the Datatec Limited Remuneration Committee's approval of the amounts to be paid out in respect of the Westcon EAP and SAR Scheme to establish that the amounts to be paid out are final and approved by the relevant governance structures.

Independent auditor’s report continued

Key audit matter	How our audit addressed the key audit matter
Recoverability of deferred tax assets recognised on assessed losses Refer to the following notes to the Group consolidated annual financial statements for detail: • Group accounting policies: – Taxation; – Critical accounting judgements and key sources of estimation – Key sources of estimation uncertainty; and • Note 13: Deferred tax assets/(liabilities). A deferred tax asset is recognised on assessed losses to the extent that it is probable that taxable profit will be available against which a deductible temporary difference or unused tax losses or tax credits can be utilised. The carrying value of the deferred tax assets recognised on assessed losses as at 28 February 2023 is US$38.5 million. The Group has not recognised a potential deferred tax asset of US$20.8 million on assessed tax losses. Management performed an assessment to determine whether sufficient future taxable profits will be available to utilise the unused tax losses. In assessing whether sufficient future taxable profits will be available, management applies judgement in estimating future taxable profits of the individual subsidiaries in the Group. These judgements are based on the business plans for each individual subsidiary in the Group and the future profits included in the approved budgets of the relevant entities. We considered the recoverability of the deferred tax assets recognised on assessed losses to be a matter of most significance to our current year audit due to: • the significant judgement applied in determining the future taxable profits; and • the magnitude of the deferred tax assets recognised on assessed losses in relation to the consolidated financial statements.	Our audit addressed this key audit matter as follows: • We obtained management’s assessment with regards to the forecasted probability of future taxable profits, and the resultant realisation of deferred tax assets and tested this for mathematical accuracy, noting no material exceptions; • We obtained an understanding of the assumptions applied by management in their assessment, through discussions with management. We assessed these for reasonability based on our understanding of the business and found these to be appropriate; • We assessed management’s forecasting ability by comparing their previous budgets to the actual results and evaluated the differences noted against underlying documentation and explanations obtained from management. We noted no matters requiring further consideration in this regard; • We compared the budgets included in management’s forecast to the budgets approved by the Board and noted no differences; • We critically evaluated the acceptability of management’s assessment by considering the completeness thereof with reference to known significant items of income and expenses based on our understanding of the business’s performance to date and future business plans. Based on this assessment we accepted management’s assessment as reasonable; • With the assistance of our tax expertise we assessed the appropriateness of principles and interpretations of enacted tax legislation and noted no material exceptions in this regard; and • We performed a sensitivity analysis by flexing key assumptions to assess the impact these will have on the estimated future taxable profits. We did not note any aspect which required further consideration.

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of goodwill arising from business combinations Refer to the following notes to the Group consolidated annual financial statements for detail: • Group accounting policies • Goodwill; • Critical accounting judgements and key sources of estimation – Key sources of estimation uncertainty; and • Note 7: Goodwill. As at 28 February 2023, the Group recognised goodwill with a carrying amount of US$245 million. In accordance with the relevant accounting standards the Group is required to conduct an annual impairment test on goodwill, or more frequently if events or changes in circumstances indicate that impairment might be likely at the individual CGU level. For purposes of its impairment testing, the Group has allocated goodwill to each of its segmental cash-generating units (“CGUs”) that is expected to benefit from the synergies of the business combinations. The Group performed its annual impairment tests and concluded that no impairments were required to be recognised in the current financial year. The recoverable amounts of each respective segmental CGU is determined based on a fair value less cost to sell model, which is compared to values arising from a comparable company’s market approach and a market transactions method. External valuations are obtained for the Logicalis International and Logicalis Latin America CGUs which are compared to the corresponding net asset value, including goodwill. Fair value less costs to sell is based on a discounted cash flow calculation. The key assumptions used in the calculation is disclosed in Note 7 to the consolidated financial statements. We considered the impairment assessment of goodwill arising from business combinations to be a matter of most significance to the current year audit of the consolidated financial statements due to the following: • the significant judgement and assumptions applied by management in determining the recoverable amounts of the segmental CGUs; and • the magnitude of the goodwill balance in relation to the consolidated financial statements.	Our audit addressed this key audit matter as follows: • We obtained management’s allocation assessment of goodwill to the segmental CGUs and evaluated the reasonableness of the allocation assessment in line with our understanding of how the Group is currently managed. Based on our procedures performed, we did not identify any matter in this regard requiring further consideration; • We tested the mathematical accuracy of the valuation models used by management and no material differences were noted. • We also assessed the reasonableness of the valuation methodology (discounted cash flows model) applied by management to be consistent with industry practice and in line with the requirements of IAS 36 Impairment of Assets; • We assessed the reliability of the Group’s budgets included in the business plans (which form the basis of the future earnings in the cash flow forecasts), by comparing prior period budgets to actual results. Where variances were noted we applied historically achieved rates to our independent assessment of future forecasts; • We further compared the budgets included in the business plans to the budgets approved by the Board and noted no differences; • With the assistance of our valuations expertise, we performed the following: • Independently calculated a range of discount rates for each segmental CGU taking into account independently obtained data such as the cost of debt, risk free rates in the market, market risk premiums adjusted for specific risks relating to the relevant CGUs, debt/equity ratios, sovereign risk premiums as well as the beta of comparable companies; • Using our independently calculated discount rates for each CGU, we performed a stress test on the impairment calculations by applying our independently calculated discount rates to the CGUs to assess whether there is an impairment. No material exceptions were noted; and • Calculated the terminal value consistent with publicly available information relating to long-term average growth rates for each of the markets in which the respective CGUs operate. No material exceptions were noted. • We applied the above independently sourced and calculated inputs to management’s forecasts (adjusted for actual achieved rates) and compared management’s recoverable amount of each CGU to the results of our calculations. No material differences were noted; and • We further assessed the reasonableness of the discount rates, terminal growth rates and forecasted cash flows by independently performing a sensitivity analysis to determine the degree by which certain key assumptions (discount rate, long-term growth rate and budgeted gross margin) would need to change in order to result in an impairment or a material difference between the resultant recoverable amounts of the CGUs. Whilst our independently determined key assumptions were different from those applied by management in certain instances, the impact of these differences was found to have an immaterial impact on the recoverable amounts.

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Datatec Audited Group Consolidated Annual Financial Statements 2023" and "Datatec Limited Audited Annual Financial Statements for the year ended 28 February 2023", which includes the Directors' Report, the Audit, Risk and Compliance Committee Report and the Certificate by Company Secretary as required by the Companies Act of South Africa, which we obtained prior to the date of this auditor's report, and the other sections of the document titled "Datatec Integrated Report 2023" and "Datatec Annual Report 2023", which is expected to be made available to us after that date. The other information does not include the consolidated or the separate financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated financial statements

The directors are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that PricewaterhouseCoopers Inc. has been the auditor of Datatec Limited for 3 years.

PricewaterhouseCoopers I.

PricewaterhouseCoopers Inc.
Director: BW Niebuhr
Registered Auditor
Johannesburg, South Africa

23 May 2023

Audit, Risk and Compliance Committee report

for the year ended 28 February 2023

The information below constitutes the report of the Audit, Risk and Compliance Committee ("ARCC" or "the committee").

The ARCC comprises three independent non-executive directors: Johnson Njeke (Chair), Deepa Sita and Rick Medlock.

The following officers are invited to attend all meetings of the ARCC:
- Chair of the Board, Maya Makanjee
- Chief Executive Officer, Jens Montanana
- Chief Financial Officer, Ivan Dittrich
- Chief Risk Officer, Simon Morris
- Chief Audit Executive, Marcos Bedendo (internal audit)

The external and internal auditors attend the ARCC and have unrestricted access to the ARCC and also meet with the committee members, without management present, at least once a year.

The committee meets at least four times a year. In the year under review and subsequently up to the date of this report, the committee has met six times, with all members in attendance. The Chair of the committee reports on the committee's activities at each Board meeting.

The committee operates within defined terms of reference as set out in its charter and the authority granted to it by the Board. The charter is reviewed annually to confirm compliance with the King IV* Code and the Companies Act and to ensure the incorporation of best practice developments.

The charter is available at **www.datatec.com**.

The committee is satisfied that it has met and complied with its legal and regulatory responsibilities for the year under review and to the date of this report with respect to its terms of reference as set out in its charter.

Each of Datatec's main operating divisions has an audit, risk and compliance committee, chaired by the Group Chief Financial Officer, Ivan Dittrich in the case of Westcon International and Logicalis International and by Luis Rapparini in the case of Logicalis LATAM. Reports from these committees are submitted to the Datatec ARCC, which retains all the functions of an audit committee in respect of Datatec's subsidiaries.

In terms of the Companies Act and the JSE Listings Requirements, the committee has considered and satisfied itself of the appropriateness of the expertise and experience of Mr Dittrich. Further, the committee considers the appropriateness of the expertise and adequacy of resources of the Group's finance function and the experience of senior management in the finance function and the risk management organisation. For the year under review, the committee is satisfied that the Group has established appropriate financial reporting procedures and controls, and that those procedures and controls are operating effectively.

The committee is responsible for approving the external auditor's fees. It oversees the Company's policy and controls that address the provision of non-audit services by the external auditor, and the nature and extent of such services rendered during the financial year. This contributes to maintaining the external auditor's independence.

The committee reviews the activities and effectiveness of the Group's internal audit function and annually reviews the internal audit charter and recommends it to the Board. The ARCC receives reports from the Chief Audit Executive at each of its meetings and reviews the progress of the internal audit programme, results and findings from internal audit work, and actions taken by management to resolve issues in a timely manner.

The ARCC assists the Board in reviewing the risk management process and significant risks facing the Group. The committee reviews the Group's risk strategy with the executive directors and senior management and oversees the Group's use of recognised risk management and internal control models and frameworks to maintain a sound system of risk management and internal control. Combined assurance processes are in place throughout the Group to provide the committee with internal management assurance and external assurance from a range of assurance providers, including the internal auditor. The ARCC is satisfied that the appropriate processes are in place, including effective combined assurance, to enable the Board to make an objective assessment of the Group's system of internal controls and risk management.

The committee is closely involved in the JSE's proactive monitoring of annual financial statements. It reviews the annual report issued by the JSE on this subject and related information and ensures that all the comments by the JSE are taken into consideration in its review of the Group's financial information.

The committee is tasked with reviewing the interim and consolidated annual financial statements and Integrated and Annual Reports. The ARCC recommended the annual financial statements for the year ended 28 February 2023 for approval to the Board. The Board has subsequently approved the consolidated annual financial statements, which will be published on the Company's website and presented at the forthcoming AGM.

Going concern

The Board has satisfied itself that the Group has adequate resources to continue in operation for the foreseeable future.

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Key sources of estimation uncertainty

The results and statement of financial position presented in the consolidated annual financial statements point to many areas where key assumptions concerning the future, and other key areas of estimation included in the Group's consolidated annual financial statements, pose a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

These are outlined in the notes to the consolidated annual financial statements. The committee has considered in particular the qualitative and quantitative aspects of information presented in the statement of financial position and other notes that contain sources of estimation and uncertainty in the following areas:

- estimates made in determining the recoverable amount of goodwill included in the statement of financial position. This is considered to be a key audit matter. Refer to Note 7 for further discussion of the methodology and rationale for selecting these inputs to management's estimations;
- estimates made in determining the probability of future taxable income justifying the recognition of deferred tax assets;
- estimates in determining the expense related to cash-and-equity-settled share-based payments from the various share schemes across the Group;
- estimates made in determining the amount or timing relating to restructuring, legal claims, taxes, pension and dilapidation obligations;
- estimates made when measuring expected credit losses;
- estimates and judgements in determining uncertain tax provisions regarding the amounts that may eventually become payable. Refer to Note 29; and
- estimates made in determining the level of provision required for obsolete inventory.

In making its assessment in each of the above areas, the committee examined the external auditor's report and questioned senior management in arriving at their conclusions.

Based on their review of the underlying issues and assumptions, the committee considers the accounting treatment for the above to be appropriate.

Critical judgements in applying accounting policies

Agent vs principal

In the process of applying the Group's accounting policies, the directors made a judgement in determining whether the Group is acting as a principal or as an agent. When deciding the most appropriate basis for presenting revenue or related costs, both legal form and substance of the agreement between the Group and the counterparty are reviewed to determine each party's respective role in the transaction.

Judgement in determining the starting point of the tax rate reconciliation

The tax rate reconciliation uses the 28% South African statutory rate as a starting point. This is deemed to be a key management judgement, as described in more detail in Note 5.

Judgement in determining the Westcon EAP valuation/IFRS 2 charge

A valuation of Westcon International Limited has been performed for the purposes of deriving the expected expense for the Equity Appreciation Plan ("EAP") and Share Appreciation Rights Scheme ("SARS").

Westcon International, in which the Datatec Group holds an effective interest of 92.1%, implemented the EAP and SARS to incentivise value generation for the Westcon business.

To determine the value of the liability and associated charge to be recognised under the requirements of International Financial Reporting Standard (IFRS 2 Share-based Payment), the Group obtained an external valuation which is based on an income approach (discounted cash flow).

Management used assumptions relating to future earnings, discount rates, terminal growth rates, which have been modelled using forecast periods covering five years.

Subsequent to 28 February 2023, the Remuneration Committee approved the Westcon International Equity Appreciation Plan and Share Appreciation Rights Scheme settlement as accounted for and disclosed in the FY23 consolidated annual financial statements. These amounts will be settled accordingly.

MJ Njeke
Audit, Risk and Compliance Committee Chair

Sandton

22 May 2023

Directors' report

for the year ended 28 February 2023

Profile and Group structure

Datatec is an international ICT solutions and services group operating in more than 50 countries across North America, Latin America, Europe, Africa, the Middle East and Asia-Pacific. The Group's service offering spans the technology distribution and integration sectors of the ICT market.

Datatec operates three divisions:
- Westcon International: Technology distribution of security and networking products
- Logicalis International: ICT infrastructure solutions and services
- Logicalis Latin America: ICT infrastructure solutions and services

Datatec Limited (the "Company"), a South African company with registration number 1994/005004/06, is the parent company of the Group. The Company's shares are listed on the JSE Limited with share code DTC and ISIN ZAE000017745.

Stated share capital

Authorised stated share capital

The authorised stated share capital of the Company as at 28 February 2023 and 28 February 2022 is R4 000 000, made up of 400 000 000 ordinary shares.

Issued stated capital

As at 28 February 2023, the issued share capital, excluding treasury shares and shares held throughout the period for equity-settled share schemes, amounted to R2 196 533.16, divided into 219 653 316 ordinary shares (28 February 2022: R2 169 578.74, divided into 216 957 874 ordinary shares). Of the issued share capital, 3 000 000 shares are held by the Company in treasury (FY22: 549 867).

Dividend policy

The Group's policy is to maintain a three times cover relative to underlying* earnings when declaring ordinary dividends.

Dividends

On 24 May 2022, the Board declared a final dividend for FY22 of 111 ZAR cents per share equivalent to 7 US cents per share or in total US$15 million as a cash dividend with a scrip distribution alternative.

Effective 27 September 2022, Datatec sold its 71.2% shareholding in Analysys Mason, which had been held by its 100% subsidiary Datatec PLC and received its portion of the initial consideration on completion, comprising approximately GBP128 million in cash and GBP7.1 million in deferred loan notes, payable three years after completion. On 11 October 2022, the Board declared a GBP135.1 million (US$158.5 million) dividend to shareholders by way of a special cash dividend with scrip alternative of 1 250 ZAR cents (71.5 US cents) per Datatec ordinary share. All transaction-related costs were absorbed by the Company in order to maximise this distribution to shareholders.

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

Going concern

The Board has satisfied itself that the Group has adequate resources to continue in operation for the foreseeable future.

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 or as disclosed in the consolidated annual financial statements.

Solvency

The Board has determined that the Group is solvent with net assets at 28 February 2023 of US$472.0 million (FY22: US$563.4 million) and tangible net assets of US$178.8 million (FY22: US$243.3 million). The Group is expected to remain solvent over the next 12 months.

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

Liquidity

In December 2022, Logicalis International renewed a four-year US$135 million banking facility for its subsidiaries, this includes a US$10.0 million acquisitions facility. This senior facility covers Logicalis International's operations throughout the world. It is used to fund working capital requirements and also includes an acquisition credit line. In addition, Logicalis International utilises other third-party finance linked to local overdrafts, lease financing and vendor partner loans as appropriate with typical borrowing periods of six months to three years.

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

Westcon International has an invoice assignment facility of EUR390.6 million for its European subsidiaries, as well as an extended payables facility of US$105.0 million. Westcon International has a securitisation facility of US$120.0 million for its Asia-Pacific facilities. In addition, Westcon International utilises accounts receivable facilities in the Middle East (US$15.0 million) and Indonesia (US$11.0 million) as well as overdraft facilities in Europe (EUR4.0 million) and Africa (US$1.0 million), a securitisation facility in South Africa (ZAR250.0 million) and a line of credit in Singapore (US$1.2 million) to finance the business.

The Group performed covenant projections to confirm that banking covenants are unlikely to be breached for the next 12 months.

The Group ended FY23 with net debt of US$106.6 million compared to FY22 (US$130.0 million), refer Note 31.2.

Trade receivables are of a sound quality and adequate expected credit losses 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 consolidated annual financial statements.

Conclusion

The Group's projections show 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.

Investments and subsidiaries

Financial information relating to the Group's investments are disclosed in Note 12 and interests in subsidiaries is contained in Note 44 to the consolidated annual financial statements.

Acquisitions

The Group made the following acquisitions during the financial year ended 28 February 2023:

Logicalis International

Effective 1 March 2022, Logicalis International Limited a wholly owned subsidiary of Logicalis Group Limited increased its shareholding in Logicalis Portugal S.A. by 30%, resulting in Logicalis Portugal S.A. being a wholly owned subsidiary. The acquisition was for a deferred consideration payment of US$4.4 million based on the EBITDA for the two financial years ended 28 February 2021 and 28 February 2022 respectively. The purchase price was paid on 1 September 2022.

On 4 August 2022, Logicalis UK Limited acquired 100% of the shareholding of Q Associates Ltd for a consideration of US$6.7 million, a leading provider of IT consultancy and advisory services around data management, data protection, compliance and information security.

On 27 October 2022, the Datatec Group increased its stake in Cirrus Participações S.A. ("Kumulus") from 32.56% effective shareholding to 48.87% for BRL17 million (approximately US$3.4 million). One of the minority shareholders sold his 2% shareholding in Kumulus to the Datatec Group in December 2022. The Datatec Group's effective shareholding after these transactions is 51.31%. The Group does not have control over Cirrus Participações S.A. and its subsidiary entities under the IFRS 10 model because it does not have the ability to significantly affect the activities of the other entity nor does it have the right to receive variable returns.

Analysys Mason (subsequently disposed – see below)

On 30 April 2022, Access Markets International ("AMI") Partners Inc., a 100% owned subsidiary of Analysys Mason Limited, acquired 100% of the membership interests in Northern Sky Research, LLC ("NSR") for a consideration of US$10.9 million. NSR is based in the US and specialises in research and consulting services to the space and satellite sector.

Directors' report continued

for the year ended 28 February 2023

Material disposal

Effective 27 September 2022, Datatec sold its 71.2% shareholding in Analysys Mason which had been held by its 100%-owned subsidiary Datatec PLC. The disposal has been accounted for as a discontinued operation as required per IFRS 5 Non-current assets held for sale and discontinued operations. Datatec PLC received its portion of the consideration on completion, comprising approximately GBP128.0 million (US$137.1 million equivalent) in cash. A further amount of GBP7.1 million comprising deferred loan notes will be payable three years after the completion of the transaction. A gain on disposal of Analysys Mason of US$109.9 million is accounted for as part of the profit for the year from discontinued operations.

Share-based payments and long-term incentive schemes

Details of the Group's share-based payment schemes and long-term incentive schemes are set out in Note 2 of the consolidated annual financial statements.

Events occurring subsequent to the year-end

Increased shareholding in subsidiaries

Effective 3 March 2023, Logicalis Spain, S.L., a wholly owned subsidiary of Logicalis International Limited, increased its shareholding in Audea Seguridad de la Informacion, S.L. by 2.3% to 72.3%. Effective 21 April 2023, Logicalis Spain, S.L. increased its shareholding in Audea Seguridad de la Informacion, S.L. by 13.85% to 86.15%.

Management incentive plan – Logicalis International

Logicalis International implemented the Logicalis International Long Term Incentive Plan ("LILTIP") in March 2023 following a corporate restructuring. A fixed return instrument was issued to Datatec PLC in addition to its ordinary equity. The Logicalis International Executive Leadership team, being 18 individuals, invested 5.4% of the ordinary equity in the new structure with the same rights as Datatec's ordinary shares in Logicalis International. A further 0.9% of the ordinary equity is available for purchase by management to allow for changes to the management team up to a total limit of 6.3%.

Dividend declared

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

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

Directors

Directors' interests in the shares of the Company, their remuneration and their interests in share-based remuneration schemes are provided in Note 30 to these consolidated annual financial statements.

All directors are subject to election by shareholders at the first AGM after their appointment. Subsequently, the terms of the Company's Memorandum of Incorporation require one-third of all directors to retire annually (ensuring each director retires at least once every three years) when they may offer themselves for re-election by shareholders.

Annual general meeting

The AGM of shareholders of Datatec will be held as a virtual meeting at 14:00 South African time on Thursday, 27 July 2023.

Group accounting policies

for the year ended 28 February 2023

Basis of accounting and reporting

The consolidated annual financial statements as set out on pages 70 to 184 have been prepared on the historical cost basis except for those assets and liabilities referred to that are measured at fair value. Significant details of the Group's accounting policies are set out below and are consistent with those applied in the previous year, with the exception of changes due to implementation of the new standard, as explained in the adoption of the new accounting standard below.

Accounting policies for which no choice is permitted in terms of International Financial Reporting Standards ("IFRS") have been included only if management considers that the disclosure will assist users in understanding the financial statements as a whole, after considering the materiality of the item being discussed. Accounting policies which are not applicable from time to time have been removed, but will be included if the type of transaction occurs in future or becomes material.

The consolidated annual financial statements comply with the IFRS of the International Accounting Standards Board, Interpretations issued by the IFRS Interpretations Committee, the JSE Listings Requirements, the Companies Act as well as the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council.

Adoption of amendments to existing standards and interpretations

The Group adopted the following amendments to existing standards and interpretations:

Applicable standard or note	Amendment	Amendment application	Effective reporting period
IAS 16 *Property, Plant and Equipment*	Proceeds before Intended Use	The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.	1 January 2022
IFRS 9 *Financial Instruments*	Annual Improvements to IFRS Standards 2018–2020	The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognise a financial liability.	1 January 2022
IFRS 16 *Leases*		The amendment to Illustrative Example 13 accompanying IFRS 16 removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.	
IAS 37 *Provisions*	Onerous Contracts – Cost of Fulfilling a Contract	The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract or an allocation of other costs that relate directly to fulfilling contracts.	1 January 2022
IFRS 16 *Leases*	Covid-19-Related Rent Concessions beyond 30 June 2021	The amendment extends, by one year, the May 2020 amendment that provides lessees with an exemption from assessing whether a Covid-19-related rent concession is a lease modification.	1 April 2021

The application of the amendments to the existing standards and the interpretation had no material impact on the disclosures or amounts recognised in the Group's consolidated annual financial statements.

Group accounting policies continued

for the year ended 28 February 2023

New or revised accounting standards and amendments to existing standards not yet effective

At the date of authorisation of these consolidated annual financial statements, the following new or revised accounting standards and amendments to existing standards applicable to the Group were in issue but not yet effective:

Applicable standard or note	**Amendment**	**Amendment application**	**Effective reporting period**
IAS 1 *Presentation of Financial Statement*	Classification of Liabilities as Current or Non-current	The amendment defers the effective date of the January 2020 amendments by one year, so that entities would be required to apply the amendment for annual periods beginning on or after 1 January 2023.	1 January 2024
IAS 1 and IFRS *Practice Statement 2*	Disclosure of Accounting Policies	The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy.	1 January 2023
IAS 8 *Accounting Policies, Changes in Accounting Estimates and Error*	Definition of Accounting Estimates	The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error.	1 January 2023
IAS 12 *Income Taxes*	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	The amendments clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.	1 January 2023
IFRS 10 *Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures*	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	The committee recommended that IAS 28 (2011) be amended so that: (a) the current requirements regarding the partial gain or loss recognition for transactions between an investor and its associate or joint venture only apply to the gain or loss resulting from the sale or contribution of assets that do not constitute a business as defined in IFRS 3 Business Combinations (b) the gain or loss resulting from the sale or contribution to an associate or a joint venture of assets that constitute a business as defined in IFRS 3 is recognised in full. It was also recommended to amend IFRS 10 so that the gain or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 to an associate or joint venture is recognised only to the extent of unrelated investors' interests in the associate or joint venture.	The effective date has been postponed indefinitely.

The Group did not early adopt any new, revised or amended accounting standards or interpretations.

The accounting standards, amendments to issued accounting standards and interpretations, which are relevant to the Group but not yet effective at 28 February 2023, are being evaluated for the impact of these pronouncements. Other than the IAS 12 amendment, the accounting standards, amendments to issued standards and interpretations are not expected to have a material impact.

Critical accounting judgements and key sources of estimation

In the application of the Group's accounting policies described below, the directors are required to make judgements, estimates and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors which are considered to be relevant. Actual results may differ from these estimates.

The estimates and the underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Certain of the Group's assets and liabilities are measured at fair value for financial reporting purposes.

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent that it is available and also engages third parties to perform valuations on its material acquisitions. Specifically, market-observable data is used for derivatives (forward-currency contracts) in the form of the latest foreign currency exchange rates that are available.

Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities is disclosed in the relevant notes.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key areas of estimation included in the Group's consolidated annual financial statements, that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year:

- Estimates made in determining the recoverable amount of goodwill included in the statement of financial position (refer to Note 7). This requires an estimation of the recoverable amount of the cash-generating unit ("CGU") to which the goodwill is allocated. The Group's CGUs to which goodwill is allocated are consistent with the segments (refer to Note 37) to these consolidated financial statements. The resulting recoverable amount calculations are sensitive to changes in the timing or quantum of future cash flows, the weighted average cost of capital and assumptions in determining the revenue growth rates and terminal growth rates. Changes in one or more of these inputs to management's estimations could result in the recognition of an impairment charge. Refer to Note 7 for further discussion of the methodology and rationale for selecting these inputs to management's estimations.
- Estimates made in determining the underlying forecasts used to determine the valuation of Westcon International for use in the Equity Appreciation Plan ("EAP"). The Group is required to make significant estimates in assessing the valuation of Westcon International to be able to compute the IFRS 2 charge thereof. An income approach is used with discounted cash flows for a five-year period. This involves obtaining a discount rate externally and determining long-term growth rates of revenue and EBITDA in the various countries where Westcon operates. Refer to Note 2.
- Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences (as applicable) to the extent that it is probable that future taxable profits will be available against which the deferred tax assets can be used. The Group is required to make significant estimates in assessing whether future taxable profits will be available.
- Future taxable profits are determined based on business plans for individual subsidiaries in the Group and the probable reversal of taxable temporary differences in future. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Such reductions are reversed when the probability of future taxable profits improves. The Group's recognised and unrecognised deferred tax assets for the current year are disclosed in Note 13.
- The Group operates in numerous tax jurisdictions and the Group's interpretations and application of the various tax rules applied in direct and indirect tax filings may result in disputes between the Group and the relevant tax authorities. Uncertain tax positions are based on the most likely outcome of the tax liability based on information that is available. Due to the level of estimation and judgements required in determining tax provisions, amounts that may eventually become payable may differ from provisions recognised. Refer to Note 29.
- Estimates made in determining the level of provision required for obsolete inventory. Inventory obsolescence is determined by reference to the risk profile of a vendor which considers the age of the inventory, the ability to rotate stock, the turnover of the stock and any other extenuating circumstances that management is aware of (refer to Note 15).
- Estimates are made in determining the amount or timing relating to restructuring, legal claims, pension and dilapidation obligations. Refer to Note 26 for uncertainties disclosed for each of the categories listed.
- The Group recognises cash – and equity-settled share-based payment expenses from its various share incentive schemes and exercises judgements when calculating these expenses. Expenses are generally based on the fair values of awards granted to employees. Fair value is measured using appropriate valuation and option pricing models, where applicable. The values assigned to the key assumptions used in the valuation models for the Group's share incentive schemes are disclosed in Note 2. Estimates are utilised when measuring the expected credit losses ("ECLs") which are applied to determine the provision recorded against the gross value of trade receivables (refer to Note 16). The Group applies the simplified approach as permitted by IFRS 9 when providing for expected credit losses on trade receivables and contract assets. Factors which are considered for each of the operating segments are as follows:
  - **For Logicalis International and Logicalis Latin America**
    - A loss allowance is recognised for all trade receivables, and is monitored at the end of each reporting period. To measure the expected credit losses, the trade receivables have been grouped based on shared credit risk characteristics into common ageing buckets. The historic loss rates are calculated for each ageing category from current to two years. The calculated historic loss rates are adjusted for identified forward-looking factors per ageing bucket for each risk category.
    - Management may make further adjustments to the ECL to consider specific event risk where there is uncertainty in respect of the model's ability to capture conditions due to inherent limitations of modelling; for example, when a trade receivable has been placed under liquidation and proceedings are at a stage that a reliable estimate of non-recoverability can be made. These specifically identified debtors are removed from the ECL buckets when modelling the remainder of the trade receivables.

- **For Westcon International**
  - In measuring lifetime ECLs, past experience is considered to be the most significant predictor to determine historic write-off rates for trade receivables that reach different ageing categories that fall past due. A provision is then created based on this experience being the estimated likelihood of a debt being written off once it reaches the ageing bucket.
  - For higher value receivables which are lower volume, the receivable is reviewed independently for recoverability. In making this assessment, management considers the age past due, the geography in which the customer resides, and the knowledge of the customer's situation based on the Group's discussions and dealings with particular customers. Further to the above assessments, the Group considers forward-looking information such as known changes in the macroeconomic environment of customers located in a certain geography, or the deterioration in the Group's relationship, or discussions with a particular customer.
  - For lower-value receivables which are higher volume, Westcon International applies a percentage to the ageing buckets of these receivables. These percentages are derived by comparing the amounts ultimately written off in each ageing category to the total amount of customer receivables in each ageing category. Forward-looking information is assessed and included where material.

Critical judgements in applying accounting policies

Agent vs principal (net vs gross revenue)

When deciding on the most appropriate basis for presenting revenue or related costs, both the legal form and the substance of the agreement between the Group and the counterparty are reviewed to determine each party's respective role in the transaction. The Group evaluates the following control indicators, among others, when determining whether it is acting as a principal or agent in transactions with customers, and therefore whether the recording of revenue is on a gross or a net basis:

- the Group is primarily responsible for fulfilling the promise to provide the specified goods or service;
- the Group has inventory risk before the specified good or service has been transferred to a customer or after transfer of control to the customer;
- the Group has discretion in establishing the price for the specified good or service;
- the Group is involved in determining product or service specifications; and
- the Group has discretion in supplier selection.

Revenue from sales arrangements where the Group acts as agent is recognised on a net basis, and the commission or gross profit earned on these contracts is recognised as revenue.

In the process of applying the Group's accounting policies, the directors have made a judgement in determining that the Group is acting as an agent in the provision of both vendor resold maintenance sales and certain sales of software, as well as of cloud and software services.

For vendor resold maintenance sales, a customer purchases a maintenance or service package from the Group that is delivered over time directly by the vendor. These service contracts are sold alongside but separately from the associated products, and the Group serves as the agent for the contract on behalf of the vendor. The Group's responsibility is to arrange for the provision of the specified service by the vendor, and the Group does not control the specified service before it is transferred to the customer. The Group therefore has no obligation to the customer in terms of the service or maintenance once the sale has been made.

The Group sells cloud computing solutions, which include Infrastructure as a Service ("IaaS") and Software as a Service ("SaaS"). These solutions utilise third-party vendors to offer the Group's customers access to cloud technology and software in the cloud that provides flexible computing and storage resources, enhances office productivity, provides security or assists in collaboration.

While most of the Group's software licence sales are recognised on a gross basis, as the Group is acting as a principal in these transactions at the point the software licence is delivered to the customer, some software licences are sold with the ability to access that vendor's latest technology via product updates. The Group evaluates each of these arrangements to determine its performance obligation and appropriate recognition of revenue. The assessment of whether the Group acts as a principal or an agent is judgemental and requires a weighting of the individual factors in reaching a conclusion. The Group deems the defining characteristic of each arrangement to be whether its material performance obligation is to deliver the solution or to arrange access to the solution.

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 delivery on a net basis as the Group is acting as an agent in the transaction. In all other cases, the Group is deemed to be acting as principal and revenue is recognised on a gross basis.

IFRS 16 – *Leases*

The Group applies judgement in determining the lease term by considering all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option and whether it is reasonably certain that options will be exercised by considering factors such as how far in the future an option occurs, the Group's business planning cycle and past history of terminating/not renewing leases. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

Multi-year contract revenue recognition

The Group enters into multi-year contract arrangements, predominantly for the sale of software licences, software-as-a-service and maintenance products which allow for periodic billing to the customer over the term of the arrangement. The terms offered to customers on these deferred billing plans include back-to-back arrangements where the Group benefits from a similar billing profile from its vendors, as well as asynchronous arrangements. The contracts are non-cancellable by the Group or the customer other than in specific circumstances. The assessment of when revenue should be recognised in these arrangements requires considerable judgement of the individual factors.

Amounts receivable for multi-year contracts and the associated accrued costs of the contract from the vendor are recorded on the statement of financial position in line with IFRS 15. The current portion of amounts receivable is included in Note 16 and the non-current portion is included in Note 19.1; while the current portion of accrued costs is included in Note 23 and the non-current portion is included in other non-current liabilities. The amounts are recorded gross on the statement of financial position (discounted to present value where material), since the Group is contractually entitled to, and obligated for, the gross cash flows and no contractual right of set-off exists.

Judgements in determining if financial assets should be derecognised

The Group applies judgements in the determination of whether its financial assets should be derecognised. The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire or have been transferred and the Group has transferred substantially all the risks and rewards of ownership of the asset to another entity. Refer to the policy on Financial Instruments, c) Derecognition of financial assets for further information.

Judgement in determining the starting point of the tax rate reconciliation

The tax rate reconciliation uses the 28% South African statutory 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 rate is therefore deemed to be the most appropriate starting point.

During the budget speech presented on 23 February 2022, the finance minister announced that the corporate tax rate will be reduced from 28% to 27%. Based on the assessment of the impact, the Group concluded the tax rate change to have an insignificant impact on the tax balances reported as at 28 February 2023.

Basis of consolidation

The Group reports in US Dollar as the US Dollar is the functional currency in which the major part of the Group's trading is conducted, and it is consistent with the economic substance of most of the Group's transaction flows worldwide. Reporting in US Dollar also simplifies financial analysis and is more meaningful to global investors and shareholders, and for international benchmarking.

The translation for the Group components where the functional currency is not US Dollar, including the holding company, is performed as follows:

(a) Assets and liabilities are translated at the closing rate ruling at the date of each statement of financial position.

(b) Income and expense items for all periods presented are translated at a weighted average rate that approximates the ruling exchange rates at the dates of the transactions.
Exchange differences arising from the translations in (a) and (b) are recognised in other comprehensive income and accumulated in the foreign currency translation reserve.

(c) The functional currency of the parent company is South African Rand. The share capital and share premium of the parent company are translated into US Dollar at the closing exchange rates.

The exchange differences arising on this translation (c) are recognised directly in equity and accumulated in non-distributable reserves.

The weighted average and closing exchange rates of the Group's material currencies are listed below:

	Average US$ exchange rates FY23	**Closing US$ exchange rates FY23**	Average US$ exchange rates FY22	Closing US$ exchange rates FY22
British Pound/US$	**1.21**	**1.21**	1.37	1.33
Euro/US$	**1.04**	**1.06**	1.16	1.11
US$/Brazilian Real	**5.13**	**5.20**	5.37	5.16
US$/Australian Dollar	**1.45**	**1.48**	1.35	1.38
US$/Singapore Dollar	**1.38**	**1.35**	1.35	1.35
US$/South African Rand	**16.79**	**18.42**	15.01	15.45

The consolidated financial statements incorporate the financial statements of the Company and all enterprises controlled by the Company during the reporting period. The assessment of whether the Group has control over the investee is carried out at acquisition or inception.

Control is achieved when the Group:
- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there may have been changes to one or more of the elements of control. Total comprehensive income of subsidiaries is attributable to the owners of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

Accounting policies of subsidiaries are consistent with the policies adopted by the Group. Subsidiaries may only have a different statutory reporting year-end if required by local regulations.

Business combinations

The acquisition of subsidiaries is accounted for using the acquisition method.

Acquisition method

The consideration for each acquisition is measured at the aggregate of the fair values at the date of exchange of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions of recognition under IFRS 3 are recognised at their fair values at the acquisition date. Costs associated with the acquisition are expensed, and may include such costs as advisory, legal, accounting, valuation and other professional costs associated with the transaction.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in the consolidated statement of comprehensive income.

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Non-controlling interests in the acquiree are initially measured at the non-controlling shareholders' proportion of the net identifiable assets acquired and liabilities and contingent liabilities assumed.

Non-controlling shareholders are treated as equity participants; therefore, all acquisitions of non-controlling interests or disposals by the Group of its interests in subsidiaries, where control is maintained subsequent to the disposal, are accounted for as equity transactions. Consequently, the difference between the fair value of the consideration transferred and the carrying amount of a non-controlling interest purchased or disposed of, is recorded in equity. Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity.

Changes in the Group's ownership interests in subsidiaries that do not result in variations in the Group's control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the parent. Additionally, the proportionate share of the cumulative amount of the exchange differences recognised in other comprehensive income is transferred within equity between foreign currency translation reserve and non-controlling interest.

Foreign currency transactions

The Group operates in various countries with various functional currencies. Transactions in currencies other than the functional currency are initially recorded at the rates of exchange ruling on the dates of the transactions. At each reporting date, assets and liabilities denominated in currencies other than the functional currency are translated at the rates prevailing at the reporting date. Profits and losses arising on such translations are recognised in profit or loss, except for unrealised profits or losses on exchange arising from equity loans, which are accumulated in the foreign currency translation reserve until the loan is derecognised, at which time it is reclassified to profit or loss. The equity loans are included in the net investments of foreign operations. Foreign exchange differences on taxes are accounted for in other comprehensive income in the statement of comprehensive income and included in foreign gains/losses.

Goodwill and fair value adjustments to identifiable assets acquired and liabilities assumed through acquisition of a foreign operation are treated as assets and liabilities of the foreign operation, and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

Property, plant and equipment

Owned assets

All property, plant and equipment have been measured at cost less accumulated depreciation and any recognised impairment loss except land, which is shown at cost less any recognised impairment loss. Depreciation is calculated based on cost using the straight-line method over the estimated useful lives of the assets less their residual value. Estimation of the useful economic life includes an assessment of the expected rate of technological developments and the intensity at which assets are expected to be used based on historic usage of similar property, plant and equipment. Revision of the useful life is considered annually and if there are significant changes to the initial usage assumptions.

The basis of depreciation provided on property, plant and equipment is as follows:

	Useful lives (years)
Office furniture and equipment	**2 – 6**
Motor vehicles	**2 – 4**
Computer equipment	**2 – 6**
Buildings	**20**
Leasehold improvements	**Shorter of useful life/period of the lease**

Land and buildings comprise mainly warehouses and offices. Software purchased to support the Group's back office, accounting and customer relationship functions that are an integral part of the hardware, is included in computer equipment and is depreciated over its expected useful life.

All assets' residual values and useful lives are reviewed at each reporting date and any changes to these estimates are accounted for on a prospective basis.

Leasing

Leases as a lessee

Right-of-use assets

The Group leases various property, plant and equipment. Rental contracts are typically entered into for fixed periods but may have extension options. The Group assesses whether it is reasonably certain to exercise an extension option, or not to exercise a termination option and accordingly determine the lease term. Lease terms are negotiated on an individual basis and contain a range of terms and conditions.

The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low-value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

Items of low value have been determined based on the nature of the assets. Similar items are categorised and assessed to determine whether such items are considered to be low value. Low-value items include assets such as laptops and phones. The assessment of 'low value' for a leased asset is to be made on the basis of the value of an asset when it is (or was) new, regardless of whether the actual asset being leased is new. Additionally, the assessment is made regardless of whether the leased asset is material to the lessee.

The right-of-use asset is measured initially at cost, and subsequently at cost less any accumulated depreciation and impairment losses. Impairment losses are determined in accordance with IAS 36 (refer to impairment policy below). Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset, or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

Lease liabilities

The lease liability is measured initially at the present value of the future lease payments, discounted at the Group's incremental borrowing rate, unless the rate implicit in the lease is readily determinable. The lease liability is subsequently increased by lease finance charges and decreased by lease payments made. Lease finance charges are amortised over the duration of the underlying leases, using the effective interest method. Incremental borrowing rates have been determined based on country-specific factors, and vary across the Group.

Lease as a lessor

Amounts due from lessees under finance leases are recognised as receivables at the amount of the net investment in the lease, which is determined by discounting the gross investment in the lease at the interest rate implicit in the lease or the entities' cost of borrowing. The gross investment in the lease is the aggregate of the minimum lease payments accruing to the lessor. Finance lease income is allocated to accounting periods using the effective interest rate method.

Capitalised development expenditure

An intangible asset arising from internal development (or from the development phase of an internal project) is recognised only if the Group can demonstrate all of the conditions as described in IAS 38.

Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends and has sufficient resources to complete the development and to use the asset. The expenditure that is capitalised includes the cost of internal and external labour charges. Expenditure that enhances or extends the performance of intangible assets beyond their original specifications is recognised as a capital improvement and is capitalised to the original cost of the assets.

Capitalised development assets are amortised using the straight-line method over their useful lives, which generally do not exceed seven years. The estimation of useful lives of capitalised development assets is based on the term of the initial software licences or expectations about the future use after considering technological developments.

All other expenditure on research activities is recognised as an expense in the period in which it is incurred.

The Group assesses whether cloud computing arrangements including software licences should be capitalised on a case-by-case basis. In circumstances where the Group does not have control over the software and therefore does not have the power to obtain the future economic benefit from the resource, the costs related to the cloud computing arrangement are expensed rather than capitalised. However, if the Group has control over the software and can obtain future economic benefits from it, then it will be capitalised, in accordance with IAS 38.

Other intangible assets

Other intangible assets include those intangible assets acquired and identified as part of a business combination, and software acquired separately. An intangible asset acquired in a business combination is recognised separately when it meets the recognition criteria in terms of IAS 38. Intangible assets acquired as part of a business combination are capitalised at fair value on the acquisition date, whereas purchased intangible assets are capitalised at cost.

Other intangible assets are amortised using the straight-line method over their useful lives. Factors considered in estimating the useful life of an intangible asset include:

- legal, regulatory or contractual provisions that may limit or extend the useful life;
- the effects of obsolescence, demand, competition, and other economic factors;
- the expected useful lives of related assets;
- the expected use of the intangible asset by the Company;
- the level of maintenance expenditures expected;
- the expected retention period of customers; and
- the expected completion date of the backlog projects.

The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

	Useful lives (years)
Trademarks, marketing, customer and vendor relationships	**Maximum of 10**
Software	**2 – 6**

Intangible assets which do not meet the criteria listed above are recognised as expenses in the period in which they are incurred.

An intangible asset is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in profit or loss.

Goodwill

Goodwill represents the excess consideration transferred for an acquisition over the fair value of the Group's share of the net identifiable assets of the acquiree at the date of acquisition. For the purpose of impairment testing, goodwill is allocated to each of the Group's CGUs expected to benefit from the synergies of the business combination and is measured and managed at an operating segment level. Goodwill is carried at cost less accumulated impairment losses.

The Group annually reviews the carrying amounts of goodwill for impairments. The recoverable amounts of the goodwill are estimated in order to determine the extent, if any, of the impairment loss. Impairment tests are conducted annually or more frequently when an indication of impairment exists on goodwill attributed to the CGUs. An impairment loss is recognised in profit or loss if the carrying amount of an asset or CGU exceeds its recoverable amount. The recoverable amount of a CGU is the higher of its value-in-use and its fair value less costs of disposal. In assessing value-in-use and fair value less costs of disposal, the estimated future cash flows associated with budgeted and forecast results are discounted to their present value using an appropriate discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

In determining the recoverable amount of goodwill, the Group obtains external valuations to support the impairment test of the CGU. Determining whether goodwill is impaired requires an estimate of the recoverable amount of the CGUs to which goodwill has been allocated. The recoverable amount calculation requires the entity to estimate the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate present value. The impairment review is therefore conducted by reference to a discounted cash flow model applied to the underlying CGU, including the carrying value of goodwill, to ensure that the business remains profitable and cash-generative, and that it supports the ongoing recognition of the goodwill.

If the recoverable amount of the CGU is less than the CGU's carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata, based on the carrying amount of each asset in the unit.

Investments in associates and joint ventures

The results and assets and liabilities of associates and joint ventures are incorporated in the Group's financial statements using the equity method of accounting, and are recognised initially at cost.

The Group's investment in associates and joint ventures includes goodwill identified on acquisition, net of any accumulated impairment losses. The consolidated financial statements include the Group's share of post-acquisition accumulated profits or losses of associated companies and joint ventures in the carrying amount of the investments.

Impairment

At each reporting date, or more frequently when an indication of impairment exists, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. The recoverable amount is the higher of fair value less costs to sell and value-in-use.

If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, its carrying amount is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately in profit or loss.

Inventories

Inventories, comprising spares/maintenance inventory, finished goods and merchandise for resale, are measured at the lower of cost and net realisable value and are valued mainly on the weighted average cost basis.

Contract work-in-progress is recognised over time according to the percentage of work completed, which aligns to the percentage of the performance obligation performed over time as tracked by reference to the milestones for each contract.

Financial instruments

Financial instruments are valued at either:

- at fair value through profit and loss ("FVTPL"); or
- at amortised cost.

The Group determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Group's business model for managing financial assets and their contractual cash flow characteristics. Financial liabilities are measured at amortised cost unless they are required to be measured at FVTPL (such as derivatives).

a) Classification and measurement

Financial assets and financial liabilities are recognised when a Group entity becomes a party to the contractual provisions of the instruments, and are initially measured at fair value. In addition, for financial reporting purposes, fair value measurements are categorised into level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, the inputs are described as follows:

- level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- level 2 are inputs other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and
- level 3 are inputs for the asset or liability that are not based on observable market data (unobservable inputs).

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent that it is available for its level 2 financial instruments.

Foreign exchange gains and losses

- For financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the operating costs line item; and
- For financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the operating costs line item.

Group accounting policies continued

for the year ended 28 February 2023

Derivative instruments

The Group enters into derivative financial instruments to manage its exposure to foreign exchange rate risk and interest rate risk, including forward exchange contracts, interest rate swap agreements and foreign currency collars. Further details of derivative financial instruments are disclosed in Note 31.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately, unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability. Derivatives are not offset in the financial statements unless the Group has both legal right and intention to offset. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months.

Other derivatives are presented as current assets or current liabilities.

Bonds

Bonds with a fixed maturity date are classified as financial assets at amortised cost and are measured using the effective interest method.

Trade receivables

Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective of collecting the contractual cash flows, and therefore measures them subsequently at amortised cost using the effective interest method. Details about the Group's impairment policies and the calculation of the loss allowance are provided below.

Cash resources

Cash resources are initially measured at amortised cost. Cash resources include cash on hand, deposits held on call with banks, and other short-term highly liquid investments with original maturities of three months or less, and are measured at amortised cost using the effective interest method. Cash resources are included in cash and cash equivalents in the statement of cash flows (refer to Note 36).

Borrowings

Borrowings are initially recorded at fair value, net of direct issue costs, and are subsequently measured at amortised cost using the effective interest method. Finance charges, including premiums payable on settlement or redemption, are accounted for on an accrual basis and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Bank overdrafts

Bank overdrafts are initially recorded at fair value, net of direct issue costs, and are subsequently measured at amortised cost using the effective interest method and are accounted for as financial liabilities. All bank overdrafts are presented in current liabilities on the statement of financial position (refer to Note 28).

Cash flows on bank overdrafts repayable on demand under certain conditions are classified as financing activities in the statement of cash flows (refer to Note 36). Cash flows on bank overdrafts are reported on a net basis in the statement of cash flows as the receipts and payments are large amounts with quick turnover and short maturities.

Bank overdrafts that are unconditionally repayable on demand are classified as cash and cash equivalents in the statement of cash flows (refer to Note 36).

Trade and other payables

Trade and other payables (excluding the short-term portion of share-based payments), are recognised initially at fair value and are subsequently measured at amortised cost using the effective interest method.

Other receivables

Financial assets, other than those that are disclosed above, are measured at amortised cost using the effective interest method.

Acquisition-related liabilities

Acquisition-related liabilities represent purchase considerations owing in respect of acquisitions. The purchase considerations are to be settled with the vendors in cash or shares on achievement of agreed performance criteria. The amounts owing are interest-free.

Acquisition-related liabilities are classified as financial liabilities designated at fair value through profit or loss except where the option portion is fixed, in which case they are classified as financial liabilities at amortised cost.

They are classified as level 3 financial instruments, whose fair value measurements are derived from inputs that are unobservable for the liabilities. Movements are presented in the statement of comprehensive income as acquisition-related fair value adjustments. Refer to Note 25.

Equity instruments

Equity instruments issued by the Company are recorded as the proceeds are received, net of the direct issue costs. Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments. Income tax relating to transaction costs of an equity transaction is accounted for in accordance with IAS 12.

Interest income

Interest income mainly arises from bank and other deposits. Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost. For financial assets other than purchased or originated credit assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset.

b) Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss.

The simplified approach has been applied to trade receivables and contract assets as permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of trade receivables and contract assets. The Group assesses, on a forward-looking basis, the ECL, defined as the contractual cash flows and the cash flows that are expected to be received associated with its assets at amortised cost.

Trade receivable and contract assets

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due for Logicalis International and Logicalis Latin America. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts.

The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

During this process, the probability of the non-payment of the trade receivables and contract assets is assessed.
- This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables and contract assets.
- The expected credit loss model applies a percentage based on an assessment of historical default rates and certain forward-looking information, against receivables and contract assets that are grouped into certain age brackets.
- In assessing the expected credit loss, the location of customers as well as their global presence is considered in the calculation. Typically, when these customers are in default it is due to disputes over the provision of a good or service, or billing technicalities, and not due to a credit risk due to an inability to settle their accounts.
- The forward-looking information that is incorporated includes:
  - emerging or anticipated changes in the macroeconomic environment where a customer is located; for example, geographies where there are sensitive fluctuations to foreign currency rates and/or where the customer debt is in a volatile currency; and
  - anticipated changes in the ownership or management of a customer which is in default, or where long-term relationships with customer management are likely to be compromised.

This method for calculating a provision is further supplemented by a specific review against higher value and aged trade receivables where there are other more specific risk factors identified from publicly available information such as insolvency proceedings. Other specific risk factors considered in this assessment are the age past due of the receivable, the probability of default by reference to past experience, the extent to which the customer is engaging in discussions to settle the debt, or conversely, whether there is an ongoing dispute as well as the macroeconomic environment of the geography/market in which the customer is located.

For trade receivables, which are reported net, such ECLs are recorded in a separate ECL account, with the profit or loss being recognised within profit from operating activities in the consolidated statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated ECL.

Factors which are considered for each of the operating segments are as follows:

- **For Logicalis International**
  - A loss allowance is recognised for all trade receivables, in accordance with IFRS 9, and is monitored at the end of each reporting period. To measure the ECLs, the trade receivables have been grouped based on shared credit risk characteristics and into common ageing buckets. The historic loss rates are calculated for each ageing category from current to two years. The calculated historic loss rates are adjusted for identified forward-looking factors per ageing bucket for each risk category.
  - Management may make further adjustments to the ECL to consider specific event risk where there is uncertainty in respect of the model's ability to capture conditions due to inherent limitations of modelling; for example, when a trade receivable has been placed under liquidation and proceedings are at a stage that a reliable estimate of non-recoverability can be made. These specifically identified debtors are removed from the ECL buckets when modelling the remainder of the trade receivables.

- **For Logicalis Latin America**
  - A loss allowance is recognised for all trade receivables, in accordance with IFRS 9, and is monitored monthly and at the end of each reporting period. To measure the ECLs, the trade receivables are analysed on an individual basis, specific allowance is used when there is an objective evidence.
  - The customer credit data is analysed on a monthly basis in order to use this information for the estimation of ECL on a monthly and annual basis, or whenever relevant events or situations related to credit risk so warrant.
- **For Westcon International**
  - In measuring ECLs, past experience is considered to be the most significant predictor to determine historic write-off rates for trade receivables that reach different ageing categories that fall past due. For higher value receivables which are lower volume, the receivable is reviewed independently for recoverability. In making this assessment, management considers age past due, the geography in which the customer resides, and the knowledge of the customer's situation based on the Group's discussions and dealings with particular customers. Further to the above assessments, the Group considers forward-looking information, such as known changes in the macroeconomic environment of customers located in a certain geography or the deterioration in the Group's relationship or discussions with a particular customer.

Write-off policy

When the debtor is in severe financial difficulty and there is no prospect of recovering the debt, and every effort to collect a customer receivable balance has been exhausted, the balance is written off with approval required through the matrix of authorities defined by each operating segment. A write-off will only be approved if there is no realistic prospect of recovery; for example, when a customer is in liquidation or subject to bankruptcy proceedings.

c) Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire or have been transferred, and the Group has transferred substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group continues to recognise the financial asset to the extent of its continuing involvement in the financial asset, and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Logicalis Group Limited enters into various invoice factoring arrangements with third-party finance houses. Where the arrangement signed with the third party is without recourse, the account receivable and related debt are derecognised.

Westcon International has a significant invoice assignment with recourse facility with a funder that provides working capital secured against the assignment of certain trade receivables to the funder. In these arrangements, the trade receivables are not derecognised because the substantial risks and rewards of ownership are retained by Westcon International. In particular, Westcon International continues to incur the risk of default and any credit losses by a customer, including the withdrawal of funding where a customer invoice falls more than 60 days past the due date. Westcon International retains the control of the customer relationship and all credit collection activity. The funder is unable to sell the receivable unilaterally. Refer to Note 24. Westcon recognises a separate financial liability on the statement of financial position for the amounts advanced by the funder, less any amounts already repaid. In the statement of cash flows, the cash receipts from customers are accounted for in operating activities and the cash flows relating to the facility are reflected in cash flows from financing activities.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Other receivables

Other receivables include prepayments, accrued income and claims/refunds due for other tax as well as rebates due (from vendors according to vendor rebate programmes). Prepayments mainly represent prepaid vendor costs on services that are recognised over time where the cost of providing the service is deferred over the same time period. Accrued income arises on certain contracts where a deferred timetable for billing a customer has been agreed. These items are all measured at amortised cost.

Provisions

A restructuring provision is recognised when the Group has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring and not associated with the ongoing activities of the entity.

Provisions for dilapidations and asset retirement obligations are recognised when the Group has a present obligation to return modified or utilised assets to a specified standard. Provisions for dilapidations and asset retirement obligations are measured at the directors' best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value using the entities' cost of borrowing where the effect is material. Provisions for legal claims, VAT/sales tax, onerous contracts and other provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are not recognised for future operating losses. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

Taxation

The tax expense in the statement of comprehensive income represents the sum of the current tax and deferred tax. Current taxation comprises tax payable calculated on the basis of the expected taxable income for the year, using the tax rates enacted or substantially enacted at the statement of financial position date, and any adjustment of tax payable for previous years.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Group's consolidated annual financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable income will be available against which deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition, other than in a business combination, of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In certain jurisdictions, goodwill relating to business combinations is tax deductible. Deferred tax liabilities for taxable temporary differences relating to goodwill are recognised to the extent they do not arise from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying value of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised, or the liability is settled, or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the reporting date. Deferred tax is charged or credited in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case the deferred tax is also dealt with in other comprehensive income or equity, respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for a business combination.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities, and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

The entity considers its leases to be a single transaction in which the asset and liability are integrally linked. Thus, in applying the requirements of IAS 12 – Income taxes to assets and liabilities arising from finance leases, the entity nets the deferred tax impact of the lease asset and liability. The net deferred tax impact is shown as a movement in deferred tax assets.

Revenue

The Group's revenues result primarily from the sale of various technology products and services.

Recognition

Revenue is recognised based on the completion of performance obligations and an assessment of when control, over the specified good or service being provided, is transferred to the customer in accordance with IFRS 15 – *Revenue from contracts with customers*. The following indicators are used by the Group in determining when control has passed to the customer:

- the Group has a right to payment for the product or service;
- the customer has legal title to the product;
- the Group has transferred physical possession of the product to the customer;
- the customer has the significant risk and rewards of ownership of the product; and
- the customer has accepted the product or service.

The Group has standard terms and conditions for customer sales that are tailored to suit individual contracts. A contract is therefore deemed to be in place upon submission of a purchase order (or evidence of buying request) from the customer. Alternatively, fulfilment of an order by the Group is deemed to represent a contract per the standard terms and conditions. The contract in place with the customer per the above will include a sales price that is fixed or readily determinable.

Products sold by the Group are delivered via shipment from the Group's facilities, drop shipment directly from the vendor, or by electronic delivery of keys for software products. In the case of drop shipments from the vendor to its customers, the Group is generally responsible for negotiating the price both with the vendor and customer, payment to the vendor, establishing payment terms with the customer, product returns, and has risk of loss if the customer does not make payment. As the principal with the customer, the Group recognises revenue upon product shipment.

Measurement

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group provides volume rebates and other discounts to certain customers which are considered variable consideration. Sales are recorded net of such discounts, rebates and returns, which historically have not been material. Tariffs are included in sales as the Group has enforceable rights to additional consideration to cover the cost of tariffs. Other taxes imposed by governmental authorities on the Group's revenue-producing activities with customers, such as sales taxes and value added taxes, are excluded from net sales.

Contracts are assessed individually to determine whether the products and services are distinct; i.e. the product or service is separately identifiable from the other promises in the contract with the customer and whether the customer can benefit from the goods or services either on its own or together with other resources that are readily available. The consideration is allocated between the goods and services in a contract based on management's best estimate of the standalone selling prices of the goods and services.

A receivable is recognised by the Group when the goods are delivered as this represents the point in time at which the right to consideration becomes unconditional, and only the passage of time is required before payment is due. Payment terms are on a customer-by-customer basis, but there are no financing components or, where there are, these are accounted for separately based on the financing component, which can be separately established. Discounts are agreed with suppliers and passed on to a client; this is treated as a reduction in both the cost of the item and, consequently, to the standalone selling price of that item.

When a contract results in payments received from customers in advance of fulfilling the performance obligation, a contract liability is recognised. Similarly, when the performance obligation has been fulfilled and the customers have not been invoiced, a contract asset is recognised.

Types of revenue

The Group principally generates revenue from providing the following goods and services:

Revenue from product sales:
- Revenue from sales of hardware
- Revenue from sales of software
- Revenue from vendor resold services and product maintenance sales

Revenue from services:
- Revenue from professional services
- Revenue from other services

Revenue from annuity services:
- Revenue from cloud services
- Revenue from software services
- Revenue from other services

In recognising revenue, the practical expedient in IFRS 15, paragraph 63 is applied as at inception in contracts with customers the period between the recognition of revenue and expected payment date is always less than one year.

Revenue from product sales

Revenue from sales of hardware

Revenue is recognised at a point in time when control passes to the customer, being when the goods are delivered to the customer per the chosen shipment method.

Included in revenue from product sales is Westcon International, Logicalis International and Logicalis Latin America's vendor maintenance revenue. A customer purchases a maintenance or service package from Westcon International, Logicalis International and Logicalis Latin America that is delivered over time directly by the vendor. Westcon International, Logicalis International and Logicalis Latin America have no obligation to the customer in terms of the service or maintenance once the sale has been made. These revenues are recognised at a point in time, and on a net basis, as Westcon International, Logicalis International and Logicalis Latin America act as agents and have no further obligations to the customer once the sale has been made. The commission or gross profit earned on these sales is recognised as revenue. The maintenance package is sold alongside the hardware/software purchased by the vendor and is therefore considered as an integral part of the product.

Revenue from sales of software

Revenue from sales of software represents the resale of software licensing and SaaS related to Logicalis International and Logicalis Latin America. The Group's performance obligation is met as the software licence(s) is passed over to the client (this may be, for instance, when licence keys are handed to the client or when a contract representing the licence is assigned dependent on the applicable deal), and as such, revenue is recognised at a point in time where the right to access the licensing product has transferred to the customer.

Revenue from vendor resold services and product maintenance sales

The Group sells maintenance contracts on behalf of its vendors which are accounted for on a net basis because the Group is acting as an agent. The commission or gross profit earned on these sales is recognised as revenue.

A maintenance package is sold alongside hardware or software products. The Group's responsibility is to arrange for the provision of the specified service by the original equipment manufacturer/vendor, and the Group does not control the specified service before it is transferred to the customer. Westcon International, Logicalis International and Logicalis Latin America therefore has no obligation to the customer in terms of the service or maintenance once the sale has been made and revenue is recognised at a point in time once the maintenance contract start date is initiated.

Revenue from services

Revenue from professional and other services

The Group earns revenue from professional service contracts with customers. These include supply chain management, professional, education and other support services. These services are levied on a fixed fee or time and materials basis.

Support and embedded support services provide remote or on-site support to customers over a contract term which may include sparing or advanced hardware replacement. In most cases, revenue is recognised over time on a straight-line basis to represent the fulfilment of the service over the contractual period. In some cases, revenue is recognised on a milestone basis if the support contract is incident/ticket/pay-as-you-go based.

For professional services, revenue is recognised at a point in time when the service is complete, or at multiple points in time where the service is milestone based. In these contracts, customers gain immediate use of the output of the service once the professional service has been rendered.

Where recorded revenue exceeds amounts invoiced to clients, the excess is classified as contract assets and where recorded revenue is less than the amounts invoiced to clients, the difference is classified as contract liabilities.

Revenue from annuity services

Revenue from cloud services

Cloud services are recognised over time when acting as principal in a manner reflecting the delivery of the service and at a point in time when acting as an agent, depending on the nature and scope of the contract.

Revenue from software services

The Group sells cloud computing solutions which include IaaS and SaaS related to Westcon International. The Group recognises revenue for cloud computing solutions at the time of delivery, being the point in time when control passes, and on a net basis as the Group is acting as an agent in the transaction.

Software application and development

The Group sells software application and development to its customers based on requirements set by the customers in each respective contract. The Group recognises the revenue on a principal basis over time using the input method, i.e., costs incurred as a percentage of the total estimated costs. When a contract results in payment received from customers in advance of fulfilling the performance obligation, a contract liability is recognised, similarly, when the performance obligation has been fulfilled and the customers have not been invoiced, a contract asset is recognised.

Revenue from other annuity services

The Group provides annuity services to perform the specified service over a specified period of time. The specified service would comprise a single series of services that are transferred to the client over the agreed period. Annuity services performed by the Group relate primarily to the provision of managed IT and cloud and in-house maintenance services, and are recognised as the customer simultaneously receives and consumes the benefit of the services provided. Annuity services are recognised over time and equally over the life of the annuity service.

Included in revenue from annuity services is Logicalis International and Logicalis Latin America's vendor resold services as the revenue stream is directly related to the generation of recurring revenue.

Net revenue vs gross revenue recognition

Revenue from sales arrangements where the Group acts as agent (primarily vendor-provided services and maintenance agreements) is recognised on a net basis and the commission or gross profit earned on these contracts is recognised as revenue.

When deciding on the most appropriate basis for presenting revenue or related costs, both the legal form and the substance of the agreement between the Group and the counterparty are reviewed to determine each party's respective role in the transaction. Refer to critical judgements for the judgements applied in deciding whether the Group is acting as an agent or a principal.

Capitalisation of costs incurred to fulfil contracts

The Group incurs certain costs to fulfil contracts with customers. These costs are directly attributable to the completion of a contract, generate or enhance resources of the entity that will be used in satisfying performance obligations in the future and are expected to be recovered, however the performance obligation to recognise the revenue has not yet been met. The capitalised costs are recognised in profit or loss when the Group has satisfied the related performance obligation in the contract with the customer, which is usually within 12 months after the end of the reporting period.

Dividend income

Dividend income is recognised when the right to receive payment is established and is included as part of revenue in the statement of comprehensive income.

Upon receipt of dividend income, the Group has elected to present the cash flow as part of its investing activities.

Finance costs

Finance costs include the borrowing costs on bank overdrafts and trade finance, finance leases and debt issuance costs which are recognised in profit or loss using the effective interest method.

Share-based payments

The Group issues equity-settled and cash-settled share-based incentives to certain employees.

Equity-settled share-based payments are measured at fair value (excluding the effect of non-market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest, and adjusted for the effect of non-market-based vesting conditions. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payments reserve.

For cash-settled share-based payments, the liability for the fair value of all unexercised share rights which are expected to vest is determined initially at grant date and then revalued at each reporting date and amortised over the applicable vesting period.

Fair value is measured by independent experts using appropriate pricing models. The expected life used in the models has been adjusted, based on the directors' best estimate, for the effects of non-transferability, exercise restrictions and exercise behavioural considerations.

Deferred bonus warrants ("DBW")

The Deferred Bonus Warrant ("DBW") has replaced the previous Deferred Bonus Plan ("DBP") and the co-investment by the Company now takes the form of share appreciation right ("SARs").

The deferred STI is in the form of shares which will be held in escrow for the benefit of participants. The Company co-investment is awarded as SARs. The SARs will be awarded at market value using the same price applicable to purchase the deferred shares.

Executive directors (CEO and CFO) and two senior Group executives, provided the minimum STI levels are achieved as indicated above. The mandatory deferral percentage in the DBW (if the bonus exceeds 50% of target) is 20%. The maximum deferral percentage is 50%. The number of SARs to be awarded is based on an actuarial calculation of their value relative to the current share price.

Four years vesting period

A holding period of two additional years will follow the vesting period of three years for the share element. The SARs are subject to a four-year exercise period commencing on the vesting date and will be subject to a two-year holding period post vesting.

One year, aligned with the STI performance.

No prospective performance conditions apply, but performance is an entry qualification requirement. Further performance alignment via share price appreciation before the SARs will be exercisable.

Dividends will accrue on the shares purchased by participants using their STI and these dividends must be taken in the form of shares (provided the Company offers a scrip alternative) while the shares are held in escrow to the end of the holding period. No dividends will accrue on the SARs during the exercise period.

The new DBW will be non-dilutive to shareholders as it will be settled by purchasing shares in the market.

The executive will retain all the shares which he had deferred into the DBW and will retain a portion of the SARs which have been granted but 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. The terminated executive will continue to hold the reduced number of awards until the vesting date when they will vest along with the other grants in accordance with the rules of the scheme and be exercised within one year. SARs which have vested but not been exercised at the termination date must be exercised within one year thereof.

All unvested (deferred shares and SARs) and vested but unexercised SARs are forfeited. In addition, such executives will be required to repay all dividends (pre-tax value) earned from the award date on the shares.

Pension scheme arrangements

Certain subsidiaries of the Group make contributions to various defined contribution retirement plans on behalf of employees, in accordance with the local practice in the country of operation. These contributions are charged against profit or loss as incurred.

The Group has no liability to these defined contribution retirement plans other than the payment of its share of the contribution in terms of the agreement with the funds and employees concerned, which differs from country to country.

Related parties

Related party transactions constitute the transfer of resources, services or obligations between the Group and a party related to the Group, regardless of whether a price is charged. For the purposes of defining related party transactions with key management, key management has been defined as directors and the Group's Executive Committee and includes close members of their families and entities controlled or jointly controlled by these individuals.

Use of non-IFRS financial measures

The Group uses certain measures to assess the financial performance of the business. Certain of these measures are termed "non-IFRS measures" because they exclude amounts that are included in, or include amounts that are excluded from, the most directly comparable measure calculated and presented in accordance with IFRS, or are calculated using financial measures that are not calculated in accordance with IFRS. These non-IFRS measures include EBITDA, underlying earnings* and underlying* earnings per share. An explanation of the relevance of each of the measures, and a reconciliation of these measures to the most directly comparable measures in prior period, is provided below and in the relevant notes.

EBITDA

The Group includes EBITDA and EBITDA margin because they are key measures that the Company's management and Board of directors use to understand and evaluate its core operating performance and trends.

EBITDA is a core metric in the annual budget; and is used to develop short and long-term operational plans.

EBITDA is defined as operating profit before finance interest, tax, depreciation and amortisation. EBITDA further excludes the following: the Group share of equity-accounted investment losses; acquisition-related fair value adjustments; other income and gains or losses on the disposal of investments.

The Group calculates EBITDA margin as EBITDA divided by total revenue. All further references made to EBITDA will be in accordance with the definition stated above.

Consolidated statement of comprehensive income

for the year ended 28 February 2023

	Notes	2023 US$'000	2022 Re-presented^ US$'000
Continuing operations			
Revenue*	1	5 143 125	4 546 398
Cost of sales		(4 398 618)	(3 816 630)
Gross profit		744 507	729 768
Operating costs	3	(573 986)	(568 948)
Net impairment of financial assets	16.2, 19.2	(4 477)	(1 898)
Restructuring costs	3	(15 157)	–
Share-based payments	2	(52 641)	(15 465)
Operating profit before interest, tax, depreciation and amortisation ("EBITDA")		98 246	143 457
Depreciation of property, plant and equipment	3	(16 298)	(17 505)
Depreciation of right-of-use assets	3	(28 565)	(31 741)
Amortisation of capitalised development expenditure	3	(9 058)	(7 432)
Amortisation of acquired intangible assets and software	3	(14 213)	(11 804)
Impairment of property, plant and equipment, right-of-use assets and capitalised development expenditure		(11 620)	–
Operating profit	3	18 492	74 975
Interest income	4	8 484	2 264
Finance costs	4	(46 574)	(33 315)
Share of equity-accounted investment earnings/(losses)	12.1	882	(427)
Acquisition-related fair value adjustments		38	567
Other income/(expenses)		21	(27)
Loss on disposal of investments	12.1	(1 392)	–
(Loss)/profit before taxation		(20 049)	44 037
Taxation	5	(13 375)	(9 470)
(Loss)/profit for the year from continuing operations		(33 424)	34 567
Discontinued operations			
Profit for the year from discontinued operations	40.2	116 967	5 766
Profit for the year		83 543	40 333
Other comprehensive (loss)/income			
Items that may be reclassified subsequently to profit or loss		(10 539)	(4 986)
Exchange differences arising on translation to presentation currency		(18 256)	(3 664)
Translation of equity loans		2 492	(872)
Tax on translation of equity loans		(692)	245
Recycling of reserves due to loss of control and other items		5 917	(695)
Total comprehensive income for the year		73 004	35 347
Profit attributable to:			
Owners of the parent		80 334	33 902
– Continuing operations		74 804	29 109
– Discontinued operations		5 530	4 793
Non-controlling interests		3 209	6 431
– Continuing operations		1 687	5 458
– Discontinued operations		1 522	973
		83 543	40 333
Total comprehensive income attributable to:			
Owners of the parent		70 623	25 249
Non-controlling interests		2 381	10 098
		73 004	35 347
Earnings per share (US cents)			
Basic	6.2	36.9	16.7
– Continuing operations		(16.1)	14.3
– Discontinued operations		53.0	2.4
Diluted	6.3	36.9	16.2
– Continuing operations		(16.1)	13.9
– Discontinued operations		53.0	2.3

* *Included in revenue is US$12.6 million of revenue (FY22: US$25.4 million) from acquisitions made in the current year from the date of control.*

^ *The prior year has been re-presented to show comparative results from discontinued operations in accordance with IFRS 5. Refer to Note 40.*

Consolidated statement of financial position

as at 28 February 2023

	Notes	2023 US$'000	2022 US$'000
Assets			
Non-current assets		**610 565**	613 155
Goodwill	7	**245 375**	262 606
Property, plant and equipment	8	**33 054**	32 517
Right-of-use assets	9	**56 248**	80 639
Capitalised development expenditure	10.1	**31 723**	29 351
Acquired intangible assets and software	10.2	**16 086**	28 132
Investments	12	**6 457**	13 454
Deferred tax assets	13	**80 331**	69 951
Finance lease receivables	14	**12 681**	20 573
Other non-current assets, contract assets and contract costs	19	**128 610**	75 932
Current assets		**3 015 700**	2 399 078
Investments	12	**4 677**	–
Inventories	15	**411 059**	309 227
Trade receivables	16	**1 508 470**	1 223 824
Prepaid expenses	17	**196 659**	168 068
Other receivables	18	**79 896**	55 067
Contract assets and contract costs	19	**202 566**	156 058
Current tax assets	33	**19 390**	23 030
Finance lease receivables	14	**8 300**	9 878
Cash resources	36	**584 683**	453 926
Total assets		**3 626 265**	3 012 233
Equity and liabilities			
Equity attributable to equity holders of the parent		**472 009**	563 430
Stated capital	20	**138 091**	148 859
Non-distributable reserves		**124 970**	105 628
Foreign currency translation reserve		**(147 110)**	(138 306)
Share-based payments reserve		**10 458**	9 465
Distributable reserves		**345 600**	437 784
Non-controlling interests		**60 331**	67 516
Total equity		**532 340**	630 946
Non-current liabilities		**224 284**	229 112
Long-term interest-bearing liabilities	21	**41 624**	56 440
Lease liabilities	22	**45 412**	61 523
Liability for share-based payments		**1 602**	7 676
Acquisition-related liabilities	25	**1 061**	4 056
Deferred tax liabilities	13	**29 366**	28 096
Deferred revenue	27	**27 415**	21 464
Provisions	26	**8 860**	8 913
Other liabilities		**68 944**	40 944
Current liabilities		**2 869 641**	2 152 175
Trade and other payables	23	**2 071 975**	1 526 163
Short-term interest-bearing liabilities	24	**380 862**	266 617
Lease liabilities	22	**27 005**	32 870
Deferred revenue	27	**160 806**	134 638
Provisions	26	**12 904**	7 254
Acquisition-related liabilities	25	**2 803**	39
Current tax liabilities	33	**16 924**	18 035
Bank overdrafts	28	**196 362**	166 559
Total equity and liabilities		**3 626 265**	3 012 233

Consolidated statement of changes in equity

for the year ended 28 February 2023

	Stated capital US$'000	Foreign currency translation reserve US$'000
Balance at 1 March 2021	115 410	(129 332)
Total comprehensive (loss)/income recognised for the year	–	(8 974)
Profit attributable to the owners of the parent	–	–
Profit attributable to the non-controlling interests	–	–
Translation of equity loans	–	(2 918)
Tax on translation of equity loans	–	818
Exchange differences arising on translation to presentation currency	–	(6 874)
Transfers and other items	–	–
Translation of stated capital**	(4 071)	–
Acquisitions of subsidiaries	–	–
DBP shares***	(2 805)	–
DBS shares*** vested during the year	1 830	–
Treasury shares purchased	(4 279)	–
Share-based payments	2 914	–
Dividend to non-controlling interests	–	–
Dividend to shareholders*	39 860	–
Increase in minority shareholding	–	–
Charge and settlement for equity-settled share-based payments	–	–
Balance at 1 March 2022	**148 859**	**(138 306)**
Total comprehensive (loss)/income recognised for the year	**–**	**(8 804)**
Profit attributable to the owners of the parent	**–**	**–**
Profit attributable to the non-controlling interests	**–**	**–**
Translation of equity loans	**–**	**2 492**
Tax on translation of equity loans	**–**	**(692)**
Exchange differences arising on translation to presentation currency	**–**	**(16 561)**
Recycling of reserves to reserves due to loss of control and other items	**–**	**5 957**
Translation of stated capital**	**(25 346)**	**–**
Disposal of subsidiary	**–**	**–**
DBW shares*** granted during the year	**(864)**	**–**
DBP shares*** vested during the year	**2 013**	**–**
Treasury shares purchased	**(5 957)**	**–**
Share-based payments vested	**1 307**	**–**
Dividend to non-controlling interests	**–**	**–**
Dividend to shareholders*	**18 079**	**–**
Increase in minority shareholding	**–**	**–**
Charge and settlement for equity-settled share-based payments	**–**	**–**
Balance at 28 February 2023	**138 091**	**(147 110)**

*** Non-distributable reserves relate to the translation of stated capital of the parent company and reserves recognised in the recording of changes in holdings of subsidiaries (changes in the holdings of subsidiaries that do not result in loss of control) amongst other items.*

Foreign currency translation reserve includes the translation of subsidiaries and the parent company into presentation currency.

Transactions in FY23

There were 3 000 000 treasury shares held by the Company as 28 February 2023 (FY22: 549 867 treasury shares). Refer to Note 20 for a reconciliation of the number of shares.

**** During FY23, 0.4 million shares (FY22: 1.3 million shares) to the value of US$0.9 million (FY22: US$2.8 million) were purchased as treasury shares and issued to the DBW scheme participants (refer to Note 2). During FY23, 0.9 million shares to the value of US$2.0 million vested (FY22: US$1.8 million DBP shares vested). DBP and DBW shares are considered to be treasury shares for the Group and are added back to the Group's stated capital until the vesting conditions are met.*

In FY23, there were no share repurchases (FY22: no share repurchases).

Share issue expenses for the year amounted to US$0.1 million in FY23. These were accounted for in equity and are reflected as part of the US$18.1 million.

Non-distributable reserves US$'000	Share-based payments reserve US$'000	Distributable reserves US$'000	Equity attributable to equity holders of the parent US$'000	Non-controlling interests US$'000	Total equity US$'000
101 271	10 114	485 693	583 156	57 465	640 621
(407)	(457)	35 087	25 249	10 098	35 347
–	–	33 902	33 902	–	33 902
–	–	–	–	6 431	6 431
–	–	2 046	(872)	–	(872)
–	–	(573)	245	–	245
–	(457)	–	(7 331)	3 667	(3 664)
(407)	–	(288)	(695)	–	(695)
4 071	–	–	–	–	–
–	–	–	–	412	412
–	–	–	(2 805)	–	(2 805)
–	(1 772)	–	58	–	58
–	–	–	(4 279)	–	(4 279)
–	(2 648)	–	266	–	266
–	–	–	–	(1 708)	(1 708)
–	–	(82 996)	(43 136)	–	(43 136)
693	–	–	693	1 249	1 942
–	4 228	–	4 228	–	4 228
105 628	**9 465**	**437 784**	**563 430**	**67 516**	**630 946**
–	**(867)**	**80 294**	**70 623**	**2 381**	**73 004**
–	**–**	**80 334**	**80 334**	**–**	**80 334**
–	**–**	**–**	**–**	**3 209**	**3 209**
–	**–**	**–**	**2 492**	**–**	**2 492**
–	**–**	**–**	**(692)**	**–**	**(692)**
–	**(867)**	**–**	**(17 428)**	**(828)**	**(18 256)**
–	**–**	**(40)**	**5 917**	**–**	**5 917**
25 346	**–**	**–**	**–**	**–**	**–**
–	**(907)**	**–**	**(907)**	**(9 444)**	**(10 351)**
–	**–**	**–**	**(864)**	**–**	**(864)**
–	**(2 013)**	**–**	**–**	**–**	**–**
–	**–**	**–**	**(5 957)**	**–**	**(5 957)**
–	**(1 351)**	**–**	**(44)**	**–**	**(44)**
–	**–**	**–**	**–**	**(1 231)**	**(1 231)**
–	**–**	**(172 478)**	**(154 399)**	**–**	**(154 399)**
(6 004)	**–**	**–**	**(6 004)**	**1 109**	**(4 895)**
–	**6 131**	**–**	**6 131**	**–**	**6 131**
124 970	**10 458**	**345 600**	**472 009**	**60 331**	**532 340**

* **Dividends paid to shareholders in FY23**

During FY23 the Board declared a final FY22 dividend of 111 ZAR cents to shareholders in the form of a cash dividend with scrip distribution alternative.

The result of the shareholder election was that 4 787 467 fully paid new ordinary shares were issued to shareholders who did not elect to receive the cash dividend. A total cash dividend of US$3.8 million has been paid to shareholders who retained the default cash dividend. The total distribution to shareholders was US$14.0 million of which the scrip portion was US$10.2 million.

During FY23, the Board declared a special dividend of 1 250 ZAR cents to shareholders in the form of a cash dividend with scrip distribution alternative.

The result of the shareholder election was that 3 171 196 fully paid new ordinary shares were issued to shareholders who did not elect to receive the cash dividend. A total cash dividend of US$150.6 million has been paid to shareholders who retained the default cash dividend. The total distribution to shareholders was US$158.5 million of which the scrip portion was US$7.9 million.

Consolidated statement of cash flows

for the year ended 28 February 2023

	Notes	2023 US$'000	2022 US$'000
Cash flow from operating activities			
Cash generated from operations	32	**173 406**	96 712
Interest income		**8 240**	2 263
Finance costs[+/~]		**(46 836)**	(33 528)
Taxation paid	33	**(24 182)**	(26 282)
Net cash inflow from operating activities		**110 628**	39 165
Cash flow from investing activities			
Cash outflow for acquisitions	38	**(15 992)**	(6 610)
Settlement of Siticom acquisition-related option		**–**	(5 853)
Settlement of deferred purchase consideration		**–**	(1 962)
Outflow of restricted cash		**–**	(8 709)
Inflow of restricted cash		**–**	5 767
Loan to associate		**–**	(1 000)
Proceeds on disposal of investments	12.1	**4 425**	1 943
Inflow from investments (Angola government bonds)	12.2	**2 598**	–
Dividends received from investments	12.1	**989**	225
Additions to equity-accounted investments	12.1	**(3 432)**	(1 123)
Net proceeds on disposal of Analysys Mason	40	**128 390**	–
Disposal-related costs	40	**(4 600)**	–
Additions to property, plant and equipment	34	**(18 326)**	(11 084)
Additions to capitalised development expenditure	10.1	**(15 425)**	(11 701)
Additions to software	10.2	**(2 918)**	(2 056)
Proceeds on disposal of property, plant and equipment and software		**760**	572
Net cash inflow/(outflow) from investing activities		**76 469**	(41 591)
Cash flow from financing activities			
Dividends paid to shareholders		**(154 399)**	(43 136)
Dividends paid to non-controlling interests		**(1 231)**	(1 708)
Treasury shares purchased	20	**(7 725)**	(6 150)
Settlement of deferred purchase consideration		**(4 402)**	–
Loan repayment from associate		**1 007**	–
Overdrafts repayable on demand under certain conditions[~]	35.2	**(2 316)**	7 082
Repayment of lease liability – principal	35.2	**(33 872)**	(36 121)
Proceeds from short-term liabilities	35.2	**136 201**	42 647
Repayment of short-term liabilities	35.2	**(10 118)**	(28 609)
Proceeds from long-term liabilities	35.2	**58 296**	84 882
Repayment of long-term liabilities	35.2	**(72 757)**	(82 564)
Net cash outflow from financing activities		**(91 316)**	(63 677)
Net increase/(decrease) in cash and cash equivalents		**95 781**	(66 103)
Cash and cash equivalents at the beginning of the year	36	**415 973**	478 772
Translation differences on cash and cash equivalents	35.1	**1 032**	3 304
Cash and cash equivalents at the end of the year	36	**512 786**	415 973

[+] *Finance costs include US$6.0 million (FY22: US$5.3 million) of finance costs related to finance leases that are included in cash flows from operating activities. Refer to Note 4.*

[~] *Finance costs include US$18.4 million (FY22: US$12.8 million) interest on bank overdrafts repayable on demand under certain conditions. These finance costs are included in cash flows from operating activities.*

Refer to Note 40 for cash flows from discontinued operations.

Notes to the Group consolidated annual financial statements

for the year ended 28 February 2023

		2023 **US$'000**	2022 Re-presented^ US$'000
1.	**Revenue**		
	Revenue from product sales	**4 369 597**	3 819 538
	Revenue from sales of hardware	**2 728 305**	2 363 055
	Revenue from sales of software*	**1 571 010**	1 388 188
	Revenue from vendor resold services and product maintenance sales	**70 282**	68 295
	Timing of revenue from product sales	**4 369 597**	3 819 538
	At a point in time	**4 369 597**	3 819 538
	Revenue from services	**325 784**	299 633
	Revenue from professional services	**325 784**	299 633
	Timing of revenue from services	**325 784**	299 633
	At a point in time	**1 800**	706
	Over time	**323 984**	298 927
	Revenue from annuity services	**447 744**	427 227
	Revenue from cloud services	**110 354**	47 588
	Revenue from software services*	**11 639**	10 268
	Revenue from other annuity services	**325 751**	369 371
	Timing of revenue from annuity services	**447 744**	427 227
	At a point in time	**48 651**	39 309
	Over time	**399 093**	387 918
		5 143 125	4 546 398

* *Includes software as a service revenues.*

^ *The prior year has been re-presented to show comparative results from discontinued operations in accordance with IFRS 5. Refer to Note 40.*

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

2. Share-based payments

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

- Conditional share plan ("CSP") – a performance share plan;
- Deferred bonus plan ("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; and
- Deferred Bonus Warrant scheme ("DBW") – a portion of a participant's bonus is deferred. This component is in the form of bonus shares. The Company then further matches this deferral in the form of share appreciation rights ("SARs"). The bonus shares together with the SARs collectively forms the DBW.

A number of cash-settled share-based remuneration plans are operated in divisions. These are explained below.

Group plans – structural overview

	Deferred Bonus Plan	Conditional Share Plan	Deferred Bonus Warrants
Instrument	The deferred short-term incentive ("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.	The deferred STI is in the form of shares which will be held in escrow for the benefit of participants. The Company co-investment is awarded as share appreciation rights ("SARs"). The SARs will be awarded at market value using the same price applicable to purchase the deferred shares.
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.	Executive directors (CEO and CFO) and two senior Group executives, provided the minimum STI levels are achieved as indicated above.

Notes to the Group consolidated annual financial statements

continued

for the year ended 28 February 2023

2. Share-based payments (continued)

	Deferred Bonus Plan	Conditional Share Plan	Deferred Bonus Warrants
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 Equity Appreciation Plan ("EAP") is scaled down to avoid "double dipping".	The mandatory deferral percentage in the DBW (if the bonus exceeds 50% of target) is 20%. The maximum deferral percentage is 50%. The number of SARs to be awarded is based on an actuarial calculation of their value relative to the current share price.
Vesting period	Three years.	Three years.	Four 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.		A holding period of two additional years will follow the vesting period of three years for the share element. The SARs are subject to a four-year exercise period commencing on the vesting date and will be subject to a two-year holding period post vesting.
Performance period	One year, aligned with the STI performance as explained above.	Three years.	One year.
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.	No prospective performance conditions apply, but performance is an entry qualification requirement.

2. Share-based payments (continued)

	Deferred Bonus Plan	Conditional Share Plan	Deferred Bonus Warrants
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.	The new DBW will be non-dilutive to shareholders as it will be settled by purchasing shares off the market. No plan or individual limit is therefore in place.
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 long-term incentive ("LTI") awards are forfeited. This includes shares in the DBP (both the employee's deferred STI element and the co-investment from the Company) and DBW (both the employee's deferred STI element and the co-investment from the Company awarded in the form of share appreciation rights) within the three-year vesting period for DBP and four-year vesting period for DBW. In addition, such executives will be required to repay all dividends (pre-tax value) earned from the award date under the DBP and DBW (bonus shares, deferred shares and share appreciation rights). 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.		

Notes to the Group consolidated annual financial statements

continued

for the year ended 28 February 2023

2. Share-based payments (continued)

	2023		2022	
	Number of shares ('000)	**Weighted average grant price**	Number of shares ('000)	Weighted average grant price
The Group plans 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	**5 031**	**28.09**	5 380	24.75
Granted during the year	**1 257**	**29.09**	1 376	29.09
Forfeited/lapsed during the year	**(1 033)**	**33.05**	(1 206)	21.20
Vested and exercised during the year – share price on exercise ZAR36.06 (FY22: ZAR28.12)	**(344)**	**33.05**	(1 133)	20.78
Modification in respect of Special Dividend	**2 022**	**24.80**	614	–
Outstanding at the end of the year	**6 933**	**26.33**	5 031	28.09
At 28 February 2023, the CSP awards had a weighted average remaining contractual life of 1.1 years (FY22: 1.3 years).				
Datatec Deferred Bonus Plan 2017 ("DBP")		**ZAR**		ZAR
Outstanding at the beginning of year	**2 776**	**29.30**	2 537	26.49
Shares purchased by participants in the year from pre-tax bonus of the prior year	**–**	**–**	666	29.09
Shares purchased by the Company for participants	**–**	**–**	666	29.09
Vested during the year	**(870)**	**33.05**	(1 093)	22.50
Forfeitable shares at the end of the year	**1 906**	**27.59**	2 776	29.30
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 a three-year vesting period (from date of grant). At 28 February 2023, the weighted average remaining life of the awards until the end of the vesting period was 0.4 years (FY22: 1.4 years).				
Datatec Share Appreciation Rights ("SARs") schemes		**ZAR**		ZAR
Outstanding at the beginning of the year	**915**	**31.49**	1 168	35.79
Modification in respect of Special Dividend	**–**	**–**	159	(4.30)
Exercised during the year – weighted average share price on exercise ZAR38.36 (FY22: ZAR38.12)	**(915)**	**31.49**	(412)	31.49
Forfeited/lapsed during the year	**–**	**–**	–	–
Outstanding at the end of the year	**–**	**–**	915	31.49
Exercisable at the end of the year	**–**	**–**	915	31.49
The Datatec SARS was discontinued after the final awards in FY18. The final exercise took place in FY23 with nil units outstanding at the end of the year.				
Datatec Deferred Bonus Warrants Scheme ("DBW") Bonus Shares		**ZAR**		ZAR
Shares purchased by participants in the year from pre-tax bonus of the prior year	**357**	**39.19**	–	–
Forfeitable at end of year	**357**	**39.19**	–	–
Datatec Deferred Bonus Warrants Scheme ("DBW") Share Appreciation Rights ("SARs")		**ZAR**		ZAR
Co-investment Share Appreciation Rights	**1 385**	**39.19**	–	–
Modified in respect of Special Dividend	**570**	**(11.43)**	–	–
Outstanding at end of year	**1 955**	**27.76**	–	–

Participants in the DBW defer a portion of their pre-tax bonus (bonus shares). In addition, the Company allocates to the participants an equal Company co-investment in the form of Share Appreciation Rights. The portion of pre-tax bonus deferred are used to purchase Datatec shares which the participants hold under the terms of the DBW. These shares are all forfeitable if the participant leaves the employment of the Group within the three-year period from date of grant after which the shares vest. At 28 February 2023, the weighted average remaining life of the awards until the end of the vesting period was 2.3 years.

2. Share-based payments (continued)

Datatec Group schemes (equity-settled) (continued)

Modification

During FY23 a modification to the Company's share schemes was required pursuant to the Special Dividend paid on 5 December 2022 in order to maintain the economic rights of participants.

Using a methodology consistent with previous special dividends, a modification factor was calculated as follows: X/Y, where X is the Datatec share price on 29 November 2022 (ZAR42.85) and Y is the adjusted price (Share price as at 20 November 2022 less special dividend of ZAR12.50) Hence for the Special Dividend paid on 5 December 2022 the factor is 42.85/30.35 = 1.412.

This factor is applied to the share schemes as follows:

CSP – increase the number of awards by a factor of 1.412, there is no exercise price to adjust;

DBP – no modification to the DBP awards is required because the awards are in the form of forfeitable shares held by participants so dividends paid during the vesting period accrue to the participants.

DBW SARs – the modification required was to:

i) increase the number of awards by a factor of 1.412; and

ii) decrease the exercise price by a factor of 1.412 in order to retain the same 'moneyness' (i.e. previous strike price divided by 1.412).

Fair value

The CSP awards granted in FY23 are conditional on a market condition as well as the completion of a three-year service period, whereas the CSP awards granted in FY22 are conditional upon both a market (two-thirds of the grant) and non-market (one-third of the grant) performance condition as well as the completion of a three-year service period. The fair value of the CSP grant in FY23 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 Datatec's total shareholder return ("TSR") share price.

The DBP awards granted in previous years 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 DBW awards granted in FY23 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 DBW 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, DBP and DBW bonus share awards is shown in the table below:

	2023			2022	
	CSP	**DBW (SARs)**	**DBW (bonus shares)**	CSP	DBP
Grant date	**11 July 2022**	**12 August 2022**	**12 August 2022**	01 June 2021	07 June 2021
Vesting date	**1 June 2025**	**30 June 2025**	**30 June 2025**	01 June 2024	07 June 2024
Performance/employment period	**24 May 2022 to 24 May 2025**	**1 March 2021 to 28 February 2025**	**1 March 2021 to 28 February 2025**		28 February 2021 to 29 February 2024
Share price at grant date (closing price)	**ZAR43.60**	**n/a**	**ZAR44.66**	ZAR31.25	ZAR28.90
Risk-free rate (nominal annual compounded continuously)	**7.74%**	**8.08%**	**7.18%**	4.96%	4.89%
Dividend yield	**2.55%**	**1.98%**	**1.51%**	2.77%	3.00%
Volatility – determined using equally-weighted historical volatility method	**54.75%**	**42.33%**	**N/A**	47.61%	N/A
Fair value (of one unit)	**ZAR27.39**	**ZAR20.90**	**ZAR44.66**	ZAR21.94	ZAR28.90

2. Share-based payments (continued)

Datatec Group schemes (equity-settled) (continued)

Logicalis International and Logicalis Latin America

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

Logicalis International 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 International and Logicalis 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 the participant remains in the employment of Logicalis International or Logicalis 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 International or Logicalis LATAM share price growth;
  - One-third (i.e. 25% of the total award) based on net income per share growth;
  - 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.

	2023		2022	
	Number of shares ('000)	**Weighted average grant price**	Number of shares ('000)	Weighted average grant price
Logicalis International CSP		**US$**		US$
Outstanding at the beginning of the year	**1 909**	**4.65**	1 784	4.74
Granted during the year	**–**	**–**	722	4.57
Exercised during the year – share price on exercise US$5.08 (FY22: US$4.57)	**(74)**	**4.92**	(87)	4.84
Lapsed/forfeited during the year	**(419)**	**4.92**	(510)	4.81
Outstanding at the end of the year	**1 416**	**4.56**	1 909	4.65
Exercisable at the end of the year	**105**	**4.88**	53	4.84
The Logicalis CSP awards outstanding at 28 February 2023 comprised grant prices in the range US$4.49 to US$4.92 (FY22: US$4.49 to US$4.92). At 28 February 2023, the CSP awards had a weighted average remaining contractual life of 3.7 years (FY22: 4.4 years).				
Logicalis LATAM CSP		**US$**		US$
Outstanding at the beginning of the year	**274**	**7.84**	325	8.18
Granted during the year	**144**	**5.67**	106	7.18
Exercised during the year – share price on exercise US$8.87 (FY22: US$7.18)	**(15)**	**8.87**	(27)	8.16
Lapsed/forfeited during the year	**(73)**	**8.87**	(130)	8.08
Outstanding at the end of the year	**330**	**6.62**	274	7.84

The Logicalis LATAM CSP awards outstanding at 28 February 2023 comprised grant prices in the range US$5.67 to US$8.87 (FY22: US$7.18 to US$8.87). At 28 February 2023, the CSP awards had a weighted average remaining contractual life of 4.5 years (FY22: 4.4 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.

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.

2. Share-based payments (continued)

Datatec Group schemes (equity-settled) (continued)

	2023		2022	
	Number of shares ('000)	**Weighted average grant price**	Number of shares ('000)	Weighted average grant price
Logicalis SAR Scheme		**US$**		US$
Outstanding at the beginning of the year	**1 472**	**4.54**	2 179	4.69
Granted during the year	**–**	**–**	461	4.57
Exercised during the year – share price on exercise US$5.08 (FY22: US$4.57)	**(139)**	**3.70**	(100)	3.70
Forfeited/lapsed during the year	**(381)**	**4.92**	(1 068)	4.94
Outstanding at the end of the year	**952**	**4.50**	1 472	4.54
Exercisable at the end of the year	**30**	**3.70**	169	3.70

The Logicalis SARs outstanding at 28 February 2023 comprised grant prices in the range of US$3.70 to US$4.57 (FY22: US$3.70 to US$4.92) and had a weighted average remaining contractual life of 4.7 years (FY22: 5.0 years).

	2023		2022	
	Number of shares ('000)	**Weighted average grant price**	Number of shares ('000)	Weighted average grant price
Logicalis LATAM SAR Scheme		**US$**		US$
Outstanding at the beginning of the year	**439**	**7.57**	564	7.58
Granted during the year	**209**	**5.67**	154	7.18
Exercised during the year – share price on exercise US$8.87 (FY22: US$7.18)	**(14)**	**5.08**	(92)	5.65
Forfeited/lapsed during the year	**(194)**	**8.39**	(187)	8.21
Outstanding at the end of the year	**440**	**6.38**	439	7.57
Exercisable at the end of the year	**39**	**5.83**	52	5.63

The Logicalis LATAM SARs outstanding at 28 February 2023 comprised grant prices in the range of US$5.08 to US$7.41 (FY22: US$5.08 to US$8.87) and had a weighted average remaining contractual life of 5.3 years (FY22: 5.0 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 intercompany 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 was not sold within five years of the start of the scheme on 1 March 2018, the business was to be valued by an independent valuer with the EAP set to pay out to participants on the basis of that valuation. A valuation of the business was undertaken to determine its value at 28 February 2023. The external valuation was calculated by an independent third party using the discounted cash flow approach. A sum-of-the-parts methodology was applied where the equity value of each of the operating regions within Westcon International was calculated and combined to arrive at the valuation to be used for the purpose of the scheme. The following consolidated weighted key assumptions were applied:

- Compounded annual growth rate through the forecast period: 5.52%
- Weighted average cost of capital: 13.89%
- Terminal growth rate: 2.21%
- Risk-free rate: 4.19%
- Inflation rate: 2.19%
- Country risk premium: 1.29%
- Tax rate: 24.08%

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 with the corresponding cash-settled share-based payment liability included in Note 23.

Notes to the Group consolidated annual financial statements

continued

for the year ended 28 February 2023

2. Share-based payments (continued)

Datatec Group schemes (equity-settled) (continued)

	2023		2022	
	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	**148**	**125.00**	143	125.00
Granted during the year	**–**	**–**	8	125.00
Forfeited/lapsed during the year	**–**	**–**	(3)	125.00
Outstanding at the end of the year	**148**	**125.00**	148	125.00

At 28 February 2023, the EAP awards had a remaining contractual life of 0.1 years (FY22: 1.0 years).

Westcon International SAR Scheme

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).

	2023		2022	
	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	**2 384**	**1.25**	2 595	1.25
Granted during the year	**–**	**–**	–	–
Exercised during the year	**–**	**–**	(144)	–
Forfeited/lapsed during the year	**(34)**	**–**	(67)	–
Outstanding at the end of the year	**2 350**	**1.25**	2 384	1.25

At 28 February 2023, the SAR awards had a remaining contractual life of 0.3 years (FY22: 1.3 years). Subsequent to 28 February 2023, the Remuneration Committee approved the Westcon International Equity Appreciation Plan and Share Appreciation Rights Scheme settlement as accounted for and disclosed in the FY23 consolidated annual financial statements. These amounts will be settled accordingly.

2. Share-based payments (continued)

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.

	2023		2022	
	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	**253**	**19.89**	246	16.36
Granted during the year	**–**	**–**	86	25.27
Exercised during the year – share price on exercise £80.44 (FY22: £25.27)	**(251)**	**19.89**	(77)	14.64
Forfeited/lapsed during the year	**(2)**	**19.89**	(2)	20.75
Outstanding at the end of the year	**–**	**–**	253	19.89

All outstanding shares vested on the change in control on the disposal of Analysys Mason during the current financial year.

Valuation models

The fair value of CSP and Performance Share 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.

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

	2023		2022	
Grant date	**01 June 2022**	**01 July 2022**	01 June 2021	01 July 2021
Vesting date	**01 June 2025**	**01 July 2025**	01 July 2024	12 July 2024
Risk-free rate	**3.72%**	**5.07%**	0.48%	1.59%
Expected life (years)	**3.00**	**7.00**	3.00	7.00
Dividend yield	**0.00%**	**1.57%**	1.45%	2.24%
Volatility of subsidiary	**0.00%**	**42.06%**	37.70%	44.14%

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

	2023 US$'000	2022 Re-presented^ US$'000
Expense in respect of equity-settled schemes	**6 943**	4 228
Datatec Limited	**6 943**	3 097
Subsidiaries	**–**	1 131
Expense in respect of cash-settled schemes	**45 698**	11 237
Datatec Limited	**8 447**	1 591
Subsidiaries	**37 251**	9 646
	52 641	15 465

^ *The prior year has been re-presented to show comparative results from discontinued operations in accordance with IFRS 5. Refer to Note 40.*

Settlements of US$3.4 million have been made relating to equity-settled schemes for the year ended 28 February 2023 (FY22: US$4.4 million). No share-based payment charges have been allocated to cost of sales. Share-based payments primarily relate to the operating function of the Group.

3. Operating profit

Operating profit is arrived at after taking into account the following items:

	2023 US$'000	2022 Re-presented^ US$'000
Operating costs		
Auditors' remuneration	**6 235**	7 880
Audit fees	**6 155**	6 140
Other services	**80**	1 740
Taxation services	**38**	607
Other services and expenses	**42**	1 133
Fees for professional services	**23 363**	18 599
Administrative and managerial	**1 994**	2 220
Consulting	**14 574**	11 165
Accounting and advisory	**6 795**	5 214
Foreign exchange (gains)/losses(-)	**(15 287)**	(2 114)
Realised	**(24 056)**	(1 480)
Unrealised	**8 769**	(634)
Staff costs@+	**457 377**	445 699
Retirement benefit contributions	**13 569**	13 086
Staff costs	**443 808**	432 613
Directors' emoluments*	**5 154**	6 033
Executive directors	**4 401**	5 331
Salaries	**2 083**	1 730
Bonuses	**2 104**	3 195
Benefits	**214**	406
Non-executive directors' emoluments – fees	**753**	702
Short-term lease payments	**3 261**	2 797
Low-value assets payments	**759**	483
Variable lease payments	**431**	735
Net loss/(profit) on disposal of property, plant and equipment, right-of-use assets and software	**422**	(82)
Other expenses+	**92 271**	88 918
Total operating costs	**573 986**	568 948

^ *The prior year has been re-presented to show comparative results from discontinued operations in accordance with IFRS 5. Refer to Note 40.*

+ *Certain items previously included in other operating expenses have been reclassified to staff costs.*

@ *Additional staff costs information included 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.*

(-) *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;*
- *Foreign exchange gains and losses on cash and cash equivalents are considered to be realised and accounted for in the statement of comprehensive income.*

3. Operating profit (continued)

	2023 US$'000	2022 Re-presented^ US$'000
Staff costs		
Staff costs included in cost of sales	**261 107**	246 114
Staff costs included in operating costs	**457 377**	445 699
Total staff costs	**718 484**	691 813
Restructuring costs		
Restructuring costs	**15 157**	–
Restructuring costs relate to fundamental reorganisations in Logicalis International and Logicalis Latin America.		
Depreciation and amortisation~		
Depreciation: Property, plant and equipment	**16 298**	17 505
Office furniture, equipment and motor vehicles	**1 940**	2 200
Computer equipment	**10 460**	11 126
Leasehold improvements	**3 790**	4 093
Land and buildings	**108**	86
Depreciation: Right-of-use assets	**28 565**	31 741
Office furniture, equipment and motor vehicles	**5 164**	5 196
Computer equipment	**2 284**	3 312
Land and buildings	**21 117**	23 233
Amortisation	**23 271**	19 236
Amortisation of software	**2 584**	2 895
Amortisation of capitalised development expenditure	**9 058**	7 432
Amortisation of acquired intangible assets	**11 629**	8 909
Total depreciation and amortisation	**68 134**	68 482

^ *The prior year has been re-presented to show comparative results from discontinued operations in accordance with IFRS 5. Refer to Note 40.*
~ *No depreciation or amortisation is allocated to cost of sales. Depreciation and amortisation primarily relate to the operating function of the Group.*

4. Net finance costs

	2023 US$'000	2022 Re-presented^ US$'000
Finance costs		
Lease liabilities	**(5 896)**	(5 090)
Bank overdrafts and long-term liabilities*	**(40 678)**	(28 225)
	(46 574)	(33 315)
Interest income		
Bank and other deposits	**7 672**	1 915
Other	**812**	349
	8 484	2 264
Net finance costs	**(38 090)**	(31 051)

^ *The prior year has been re-presented to show comparative results from discontinued operations in accordance with IFRS 5. Refer to Note 40.*
* *Includes interest on bank overdrafts repayable on demand of US$1.8 million (FY22: US$4.4 million).*

5. Taxation

5.1 Taxation charge

	2023 US$'000	2022 Re-presented^ US$'000
South African normal taxation:		
Current taxation – current year	**1 154**	(246)
Current taxation – prior year	**126**	(22)
Deferred taxation – current year	**(156)**	34
Deferred taxation – prior year	**966**	(26)
South African tax	**2 090**	(260)
Foreign taxation:		
Current taxation – current year	**24 537**	23 642
Current taxation – prior year	**1 108**	(1 673)
Deferred taxation – current year	**(13 590)**	(7 807)
Deferred taxation – rate adjustment	**(124)**	(4 869)
Deferred taxation – prior year	**(646)**	437
Foreign tax	**11 285**	9 730
Total taxation charge	**13 375**	9 470

^ *The prior year has been re-presented to show comparative results from discontinued operations in accordance with IFRS 5. Refer to Note 40.*

5.2 Reconciliation of taxation rate to profit before taxation

	2023 %	2022 Re-presented^ %	**2023 US$'000**	2022 Re-presented^ US$'000
(Loss)/profit before tax			**(20 049)**	44 037
South African statutory tax rate	**28.0**	28.0	**(5 614)**	12 330
Reconciling items expected to reoccur:				
Equity-accounted earnings(1)	**0.5**	0.3	**(96)**	147
Intra-group management fees(2)	**(18.4)**	4.1	**3 687**	1 785
Non-deductible property, plant and equipment, inventory and other asset impairments(3)	**(1.2)**	1.0	**245**	424
Other non-deductible expenses and permanent differences(4)	**(22.5)**	5.5	**4 507**	2 432
Share-based payments(5)	**0.1**	(1.8)	**(14)**	(781)
Exempt profits/incentives(6)	**5.1**	(1.6)	**(1 019)**	(691)
Non-recoverable withholding taxes(7)	**(3.0)**	2.3	**592**	1 024
Tax arising on dividend flows(8)	**–**	(0.2)	**5**	(100)
Tax loss utilised/recognised(9)	**16.7**	(12.7)	**(3 344)**	(5 611)
Foreign taxation rate differential(10)	**(30.5)**	2.3	**6 112**	1 035
Tax losses and other deferred tax assets not recognised(11)	**(30.6)**	8.1	**6 127**	3 549
Rate adjustment(12)	**0.6**	(11.1)	**(124)**	(4 869)
Prior year adjustments(13)	**(7.8)**	(2.9)	**1 554**	(1 284)
Reconciling items that are not expected to reoccur:				
Acquisition-related adjustments(14)	**–**	0.2	**–**	80
Other non-recurring costs(15)	**(3.7)**	–	**757**	–
Effective taxation rate	**(66.7)**	21.5	**13 375**	9 470

^ *The prior year has been re-presented to show comparative results from discontinued operations in accordance with IFRS 5. Refer to Note 40.*

5. Taxation (continued)

5.2 Reconciliation of taxation rate to profit before taxation (continued)

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. The negative effective taxation rate arising in the current year reflects the fact that a tax charge has arisen on a loss before taxation.

(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, disallowed legal expenses, disallowed customs duty costs, the impact of foreign exchange movements and 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 net 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 losses arising in the year. The Group has earned profits in jurisdictions with significantly higher statutory tax rates such as Brazil at 34% (FY22: 34%) and has also incurred losses in jurisdictions with significantly lower statutory tax rates such as the UK at 19% (FY22: 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. In the year ended 28 February 2022, this related solely to a change in the UK rate of taxation to come into effect on 1 April 2023.

(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) Other non-recurring costs includes costs relating to the potential listing of Logicalis Latin America that have been written off in the year.

		2023 US$'000	2022 Re-presented^ US$'000
5.	**Taxation** (continued)		
5.3	**Taxation charge/(credit) by region:**		
	North America	**(141)**	1 601
	Latin America	**534**	800
	Europe	**3 578**	376
	Asia-Pacific	**5 682**	6 076
	Middle East and Africa	**3 722**	617
	Total taxation charge	**13 375**	9 470
5.4	**Unutilised tax losses**		
	Certain subsidiaries had tax losses at the end of the financial year that are available to reduce their future taxable income and are estimated to be:	**236 478**	226 301
	Future tax relief at a blended tax rate of 25.1% (FY22: 24.7%) is US$59.3 million (FY22: US$56.0 million). Deferred tax assets of US$38.5 million (FY22: US$35.3 million) have been recognised in respect of a portion of these losses as set out in Note 13.	**59 295**	55 998

^ *The prior year has been re-presented to show comparative results from discontinued operations in accordance with IFRS 5. Refer to Note 40.*

6. Earnings per share

6.1 Reconciliation of attributable profit to headline (loss)/earnings

	2023 **US$'000**	2022 Represented^ US$'000
Total profit for the year attributable to equity holders of the parent	**80 334**	33 902
(Loss)/profit for the year from continuing operations	**(35 111)**	29 109
Profit for the year from discontinued operations+	**115 445**	4 793
Total headline earnings adjustments	**(100 569)**	(894)
Impairment of property, plant and equipment, capitalised development expenditure and right-of-use assets		
– Gross	**11 620**	–
– Tax effect	**(1 394)**	–
– Non-controlling interest	**(345)**	–
Profit on sale of investments		
– Gross	**(111 438)**	–
– Tax effect	**600**	–
Loss on disposal of intangible assets	**–**	1
Realised foreign exchange gains on equity loans settled		
– Gross	**–**	(1 174)
– Tax effect	**–**	329
Loss/(profit) on disposal of property, plant and equipment, software and right-of-use assets		
– Gross	**422**	(83)
– Tax effect	*****	33
– Non-controlling interests	**(34)**	–
Total headline (loss)/earnings	**(20 235)**	33 008
Reconciliation of attributable profit to headline (loss)/earnings – continuing operations		
Total (loss)/profit for the year attributable to the equity holders of the parent – continuing operations	**(35 111)**	29 109
Headline earnings adjustments – continuing operations	**11 660**	(894)
Impairment of property, plant and equipment, capitalised development expenditure and right-of-use assets		
– Gross	**11 620**	–
– Tax effect	**(1 395)**	–
– Non-controlling interest	**(345)**	–
Profit on sale of investments		
– Gross	**1 392**	–
Loss on disposal of intangible assets	**–**	1
Realised foreign exchange gains on equity loans settled		
– Gross	**–**	(1 174)
– Tax effect	**–**	329
Loss/(profit) on disposal of property, plant and equipment, software and right-of-use assets		
– Gross	**422**	(83)
– Tax effect	*****	33
– Non-controlling interest	**(34)**	–
Headline (loss)/earnings – continuing operations	**(23 451)**	28 215
Reconciliation of attributable profit to headline earnings – discontinued operations		
Total profit for the year attributable to the equity holders of the parent – discontinued operations	**115 445**	4 793
Headline earnings adjustments – discontinued operations	**(112 229)**	–
Profit on disposal of investments		
– Gross	**(112 830)**	–
– Tax effect	**601**	–
Headline earnings – discontinued operations	**3 216**	4 793
Total headline (loss)/earnings	**(20 235)**	33 008

^ *The prior year has been re-presented to show comparative results from discontinued operations in accordance with IFRS 5.*

* *Less than US$1 000.*

\+ *Refer to Note 40.2.*

Notes to the Group consolidated annual financial statements

continued

for the year ended 28 February 2023

		2023 US cents	2022 US cents
6.	**Earnings per share** (continued)		
6.2	**Earnings per share**		
	Basic earnings/(loss) per share	**36.9**	16.7
	Continuing operations	**(16.1)**	14.3
	Discontinued operations	**53.0**	2.4
	Headline (loss)/earnings per share	**(9.3)**	16.2
	Continuing operations	**(10.8)**	13.9
	Discontinued operations	**1.5**	2.3

The earnings metrics above are calculated on the weighted average number of shares in issue during the year of 217 983 895 (FY22: 203 179 153), after the deduction of the weighted average number of treasury shares and shares relating to the DBP and DBW of 2 098 084 (FY22: 2 757 767).

As at 28 February 2023, the Group held 3 000 000 (FY22: 549 867) shares as treasury shares (refer to Note 20). There were 372 261 (FY22: 9 123) weighted average treasury shares. As at 28 February 2023, there were 2 263 221 (2 098 084 weighted average) shares relating to the DBP and DBW (FY22: 2 776 908 (2 757 767 weighted average) shares relating to the DBP and DBW).

		2023 US cents	2022 US cents
6.3	**Diluted earnings per share**		
	Diluted basic earnings/(loss) per share	**36.9**	16.2
	Continuing operations	**(16.1)**	13.9
	Discontinued operations	**53.0**	2.3
	Diluted headline(loss)/earnings per share	**(9.3)**	15.8
	Continuing operations	**(10.8)**	13.5
	Discontinued operations	**1.5**	2.3

As an anti-dilutive impact is observed on earnings per share, no dilutive impact was recorded.

		Number of shares 2023	Number of shares 2022
6.4	**Issued and weighted average number of shares**		
	Issued shares at the beginning of year	**216 957 874**	201 450 000
	The weighted average number of shares is calculated by weighting the number of outstanding shares for the period in the financial year during which they were in issue:		
	Issue of shares for a script distribution final dividend	**2 951 178**	1 060 535
	Issue of shares for a script distribution special dividend	**764 562**	3 435 504
	Treasury shares granted for deferral of bonus in relation to the DBW bonus shares	**(191 519)**	–
	Treasury shares issued to settle deferred DBP shares	**–**	(992 687)
	Treasury shares relating to DBP shares held throughout the period	**(1 906 565)**	(1 444 809)
	Treasury shares relating to DBP shares that have vested in the current financial year	**(219 374)**	(320 371)
	Treasury shares purchased	**(372 261)**	(9 019)
	Weighted average number of shares	**217 983 895**	203 179 153
6.5	**Weighted and diluted weighted average number of shares**		
	Weighted average number of shares	**217 983 895**	203 179 153
	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	**8 603 341**	6 099 534
	Diluted weighted average number of shares	**226 587 236**	209 278 687

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 South African Institute of Chartered Accountants ("SAICA") as amended from time to time and as required by the JSE Limited.

	2023 US$'000	2022 US$'000
7. Goodwill		
Net book value	**245 375**	262 606
At the beginning of the year	**262 606**	255 536
Arising on acquisition of subsidiaries (Note 38)	**18 699**	12 199
Disposal of discontinued operations	**(25 566)**	–
Translation and other movements	**(10 364)**	(5 129)
Balance at the end of the year	**245 375**	262 606
Goodwill at cost	**245 375**	262 606
Per cash-generating unit:	**245 375**	262 606
Logicalis International#	**209 707**	203 545
Logicalis Latin America#	**35 668**	35 831
Management Consulting	**–**	23 230

The Logicalis segment previously reported in the prior period is now being reported as two management segments, Logicalis International (representing the Logicalis business outside of Latin America) and Logicalis Latin America. The ultimate Logicalis holding company, Logicalis Group Limited, and its associated costs, is now included in the Corporate segment. Comparative results have been re-presented.

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 International and Logicalis Latin America CGUs.

External valuations are obtained for the Logicalis International and Logicalis Latin America 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 six-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.

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 two- to six-year cash flow projections, a terminal growth rate and a discount rate. The growth rates are based on industry growth forecasts.

The higher revenue growth rate range for Logicalis International during FY22 was as a result of the businesses recovering from the Covid-19 period, FY23 resulted in an alleviation of the global supply chain constraints and decline of extended lead times. The high end of the current year's rate range remained fairly high at 11.1%, primarily as a result of the unwinding of the backlog from prior years. The higher growth rate range in FY23 for Logicalis Latin America is attributed to a recovery since the decline in FY21 revenues resulting from the global chip supply shortage and Covid-19. The Logicalis Latin America region showed improvement in FY23. The terminal growth rates are mainly driven by the long-term inflation outlook for each country which are weighted based on the earnings contribution for the Logicalis Latin America segment.

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.

7. Goodwill (continued)

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

	Logicalis International[#]	Logicalis Latin America[#]	Management Consulting
2023			
Discount rate	**13.5%**	**18.0%**	**–**
Revenue growth rate in discrete period	**2.0% – 11.1%**	**7.5% – 28.9%**	**–**
Terminal growth rate	**2.0%**	**3.2%**	**–**
2022			
Discount rate	12.3%	17.3%	14.5%
Revenue growth rate in discrete period	2.2% – 14.4%	6.7% – 16.3%	10.1% – 12.4%
Terminal growth rate	2.0%	5.3%	1.8%

[#] The Logicalis segment previously reported in the prior period is now being reported as two management segments, Logicalis International (representing the Logicalis business outside of Latin America) and Logicalis Latin America. The ultimate Logicalis holding company, Logicalis Group Limited, and its associated costs, is now included in the Corporate segment. Comparative results have been re-presented.

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 CGUs.

	2023			2022		
	Cost US$'000	**Accumulated depreciation US$'000**	**Net book value US$'000**	Cost US$'000	Accumulated depreciation US$'000	Net book value US$'000
8. Property, plant and equipment						
Office furniture, equipment and motor vehicles	**19 772**	**(15 691)**	**4 081**	22 043	(16 969)	5 074
Computer equipment	**100 888**	**(80 689)**	**20 199**	101 271	(85 106)	16 165
Leasehold improvements	**35 384**	**(28 574)**	**6 810**	47 832	(38 068)	9 764
Land and buildings	**2 440**	**(476)**	**1 964**	1 844	(330)	1 514
	158 484	**(125 430)**	**33 054**	172 990	(140 473)	32 517

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 improvements US$'000**	**Land and buildings US$'000**	**Total US$'000**
Balance at 1 March 2021	6 015	19 868	12 521	1 583	39 987
Subsidiaries acquired	523	124	–	–	647
Additions	1 108	8 084	1 874	18	11 084
Disposals	(108)	(192)	(64)	–	(364)
Transfers	2	(8)	6	–	–
Translation and other movements	(209)	(344)	(330)	(1)	(884)
Depreciation – continuing operations[^]	(2 200)	(11 126)	(4 093)	(86)	(17 505)
Depreciation – discontinued operations[^]	(57)	(241)	(150)	–	(448)
Balance at 28 February 2022	**5 074**	**16 165**	**9 764**	**1 514**	**32 517**
Subsidiaries acquired	**54**	**350**	**–**	**567**	**971**
Additions	**1 684**	**14 966**	**1 605**	**71**	**18 326**
Disposals	**(487)**	**(212)**	**(81)**	**–**	**(780)**
Disposal of discontinued operations	**(115)**	**(501)**	**(247)**	**–**	**(863)**
Transfers	**17**	**(18)**	**1**	[+]	[+]
Translation and other movements	**(179)**	**(25)**	**(341)**	**(80)**	**(625)**
Impairments	**(4)**	**–**	**(63)**	**–**	**(67)**
Depreciation – continuing operations	**(1 940)**	**(10 460)**	**(3 790)**	**(108)**	**(16 298)**
Depreciation – discontinued operations	**(23)**	**(66)**	**(38)**	**–**	**(127)**
Balance at 28 February 2023	**4 081**	**20 199**	**6 810**	**1 964**	**33 054**

[^] The prior year has been re-presented to show comparative results from discontinued operations in accordance with IFRS 5. Refer to Note 40.

[+] Less than US$1 000.

9. Right-of-use assets

	2023 Cost US$'000	2023 Accumulated depreciation and impairment US$'000	2023 Net book value US$'000	2022 Cost US$'000	2022 Accumulated depreciation and impairment US$'000	2022 Net book value US$'000
Office furniture, equipment and motor vehicles	**22 641**	**(14 689)**	**7 952**	19 566	(10 988)	8 578
Computer equipment	**12 547**	**(11 458)**	**1 089**	12 873	(9 974)	2 899
Land and buildings	**112 521**	**(65 314)**	**47 207**	127 452	(58 290)	69 162
	147 709	**(91 461)**	**56 248**	159 891	(79 252)	80 639

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 2021	8 802	5 920	80 115	94 837
Subsidiaries acquired	740	–	1 200	1 940
Additions	4 361	505	16 318	21 184
Disposals	+	(82)	(1 744)	(1 826)
Translation and other movements	(129)	(30)	(1 264)	(1 423)
Revaluations	–	–	61	61
Impairment	–	–	(291)	(291)
Depreciation – continuing operations^	(5 196)	(3 312)	(23 233)	(31 741)
Depreciation – discontinued operations^	–	(102)	(2 000)	(2 102)
Balance at 28 February 2022	**8 578**	**2 899**	**69 162**	**80 639**
Subsidiaries acquired	**–**	**–**	**297**	**297**
Additions	**4 985**	**621**	**18 699**	**24 305**
Disposals	**(208)**	**(5)**	**(2 946)**	**(3 159)**
Disposal of discontinued operations	**–**	**(84)**	**(4 299)**	**(4 383)**
Transfers	**–**	**–**	**(851)**	**(851)**
Translation and other movements	**(178)**	**(58)**	**(3 117)**	**(3 353)**
Revaluations	**–**	**–**	**(224)**	**(224)**
Impairment~	**(38)**	**–**	**(7 952)**	**(7 990)**
Depreciation – continuing operations	**(5 164)**	**(2 284)**	**(21 117)**	**(28 565)**
Depreciation – discontinued operations	**(23)**	**–**	**(445)**	**(468)**
Balance at 28 February 2023	**7 952**	**1 089**	**47 207**	**56 248**

~ *During FY23, the Group performed a review of potential impairments against right-of-use assets (leased properties) following a review of utilisation levels in its key offices and buildings. Impairments of US$8.0 million have been recognised in the current financial year.*

* *Includes leasehold improvements.*

^ *The prior year has been re-presented to show comparative results from discontinued operations in accordance with IFRS 5. Refer to Note 40.*

+ *Less than US$1 000.*

10. Intangible assets

10.1 Capitalised development expenditure

Included in amounts capitalised below, was US$1.4 million (FY22: US$1.3 million) of SAP-related capitalised development expenditure for Westcon International. Capitalised expenditures related to SAP are functionality modifications/enhancements made to the existing SAP platform. Non-SAP-related expenditure included modifications/enhancements to Westcon International's digital platforms and to previously built cloud platforms as well as the development of new Application Programming Interfaces ("APIs"). The closing net book value of US$31.7 million consists of US$31.6 million (FY22: US$28.5 million) relating to Westcon International and US$0.1 million (FY22: US$0.8 million) relating to Logicalis International.

	2023 US$'000	2022 US$'000
Net book value	**31 723**	29 351
At the beginning of the year	**29 351**	25 040
Amounts capitalised	**15 425**	11 701
Disposals	**–**	(2)
Impairment*	**(3 563)**	–
Translation and other movements	**(432)**	44
Amortisation	**(9 058)**	(7 432)
Balance at the end of the year	**31 723**	29 351
Capitalised development expenditure at cost	**66 227**	56 117
Accumulated amortisation and impairment	**(34 504)**	(26 766)

* *This impairment of US$3.6 million was raised in Logicalis International as a result of the underperformance in sales of four internally generated software products in their Global Operations segment. Together with the subsequent restructure and closure of this business, management has concluded that the assets have been impaired. 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

	2023 US$'000	2022 US$'000
Net book value	**10 053**	21 483
At the beginning of the year	**21 483**	25 769
Arising on acquisition of subsidiaries	**3 543**	6 683
Disposal of discontinued operations	**(2 094)**	–
Translation and other movements	**(992)**	(869)
Amortisation – continuing operations^	**(11 629)**	(8 909)
Amortisation – discontinued operations^	**(258)**	(1 191)
Balance at the end of the year	**10 053**	21 483
Acquired intangible assets at cost	**20 121**	48 330
Accumulated amortisation and impairment	**(10 068)**	(26 847)

^ *The prior year has been re-presented to show comparative results from discontinued operations in accordance with IFRS 5. Refer to Note 40.*

As at 28 February 2022 there was one significant acquired intangible asset (customer relationship in Logicalis International) with a net book value of US$8.6 million. During the current, year management reassessed the useful life of this asset resulting in amortisation of US$8.6 million being recognised during the year. As at 28 February 2023, the asset had a net book value of US$nil.

Acquired intangible assets are amortised using the straight-line method over their useful lives, which generally do not exceed 10 years (FY22: 10 years).

	2023 US$'000	2022 US$'000

10. Intangible assets (continued)

10.2 Acquired intangible assets and software (continued)

10.2.2 Software

	2023 US$'000	2022 US$'000
Net book value	**6 033**	6 649
At the beginning of the year	**6 649**	8 141
Additions	**2 918**	2 056
Disposals	**(34)**	(183)
Disposal of discontinued operations	**(479)**	–
Translation and other movements	**(399)**	(291)
Amortisation – continuing operations^	**(2 584)**	(2 895)
Amortisation – discontinued operations^	**(38)**	(179)
Balance at the end of the year	**6 033**	6 649
Software at cost	**19 142**	18 864
Accumulated amortisation	**(13 109)**	(12 215)
Total acquired intangible assets and software	**16 086**	28 132

^ *The prior year has been re-presented to show comparative results from discontinued operations in accordance with IFRS 5. Refer to Note 40.*

Software is amortised using the straight-line method over their useful lives, which ranges from two to six years (FY22: two to six years).

There are no intangible assets with indefinite useful lives.

11. Capital commitments

	2023 US$'000	2022 US$'000
Contractual commitments authorised	**20 119**	14 842
Property, plant and equipment	**6 398**	3 566
Intangible assets	**13 721**	11 276
Capital expenditure not contractually committed	**17 735**	29 135
Total capital commitments	**37 854**	43 977

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

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12. Investments

12.1 Equity-accounted investments

The investments comprise associates that are equity-accounted. An assessment of control is performed to determine whether the Group has the practical ability to direct the relevant activities unilaterally. In making the judgement, the relative size and dispersion of other vote holders, potential voting rights held by them or others and rights from other contractual arrangements were considered. After the assessment, the Group concluded that it did not have a controlling interest to direct the relevant activities of the equity-accounted investments.

None of these equity-accounted associates are considered to be material to the Group.

Details of the Group's investments are:

			Effective ownership		Carrying value	
	Country of incorporation and principal place of business	**Nature of business**	**2023 %**	2022 %	**2023 US$'000**	2022 US$'000
Equity-accounted:						
Esource Resources, LLC.	USA	ICT Solutions	**–**	45.0	**–**	983
Cirrus Participações S.A. ("Kumulus")*	Brazil	ICT Solutions	**51.3**	32.6	**3 639**	852
Fortum Fibre AS	Norway	Management Consulting	**–**	16.6	**–**	1 564
Mason Advisory Limited	UK	Management Consulting	**42.5**	44.7	**2 800**	2 672
					6 439	6 071

* *37.05% (FY22: 50.10%) is owned by PromonLogicalis Latin America Limited.*

During the year, the Group received a dividend from Mason Advisory Limited of US$1.0 million (FY22: US$nil) and Esource Resources, LLC of US$nil (FY22: US$0.2 million).

During the year, effective 25 May 2022, Analysys Mason Ventures Fund Nordic 1 AS, a wholly owned subsidiary of Analysys Mason AS sold 100% of its shareholding in Fortum Fiber to its co-owners for a consideration of US$4.4 million.

The Group disposed of its 45% investment in Esource Resources, LLC., at no value on mutual agreement with the remaining shareholders.

Cirrus Participações S.A., an equity-accounted investment in Logicalis, has a 100% (FY22: 100%) shareholding in Kumulus Serviços em CloudComputing e Database Ltda ("Kumulus"). As at 28 February 2023, a subsidiary in the United Kingdom purchased 27.23% and PromonLogicalis Latin America Limited maintained its 50.1%. As the Group owns 65% of PromonLogicalis Latin America Limited, this resulted in an effective shareholding of 51.31% (FY22: 32.57%) in Cirrus Participações S.A. The Group does not have control over Cirrus Participações S.A. and its subsidiary entities under the IFRS 10 model because it does not have the ability to significantly affect the activities of the other entity nor does it have the right to receive variable returns.

During the year, Cirrus Participações S.A.'s year-end changed from 31 December to 28 February, the reporting date when the investment in these associates was made. The year-ends of all the associates are now the same as the Group.

There were no loans granted to any investment companies during the year (FY22: US$1.0 million). Kumulus repaid a loan of US$1.0 million that was granted to it by a European subsidiary of the Group in FY22.

	2023 US$'000	2022 US$'000
Carrying amount	**6 439**	6 071
Total share of equity-accounted investment earnings/(losses)		
Esource Resources, LLC.	**409**	451
Cirrus Participações S.A	**(645)**	(1 612)
Mason Advisory Limited	**1 118**	734
	882	(427)

12. Investments (continued)

	2023 US$'000	2022 US$'000
12.2 Bonds (Angola government bonds)		
ISIN: AOTNX0519L18	–	7 276
Long-term portion	–	7 276
ISIN: AOTNX0519L18	4 677	–
Short-term portion	4 677	–

Westcon International

The Angolan government bonds are indexed to the US Dollar. The amount of US$4.7 million (FY22: 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%.

During the year, bonds worth US$2.6 million (FY22: US$nil) were discounted and paid. US$nil (FY23: US$nil) 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.

	2023 US$'000	2022 US$'000
Equity-accounted investments	6 439	6 071
Other investments	18	107
Bonds	4 677	7 276
Total investments	11 134	13 454
Long-term portion	6 457	13 454
Short-term portion	4 677	–
	11 134	13 454

	2023 US$'000	2022 US$'000
13. Deferred tax assets/(liabilities)		
13.1 Movement of deferred tax assets		
At the beginning of the year	**69 951**	55 837
Credit to profit and loss	**14 244**	13 911
Disposal of discontinued operations	**(2 575)**	–
Translation and other movements	**(1 289)**	203
	80 331	69 951
Analysis of deferred tax assets		
Capital allowances	**4 693**	4 097
Expense accruals and similar items	**29 093**	25 610
Effect of tax losses*	**38 489**	36 285
Intangible assets	**3 910**	–
Other individually immaterial temporary differences	**4 146**	3 959
	80 331	69 951
13.2 Movement of deferred tax liabilities		
At the beginning of the year	**(28 096)**	(26 149)
Arising on acquisition of subsidiaries	**(886)**	(1 890)
Disposal of discontinued operations	**839**	–
Debit to profit and loss	**(694)**	(531)
(Charge)/credit to other comprehensive income	**(897)**	329
Translation and other movements	**368**	145
	(29 366)	(28 096)
Analysis of deferred tax liabilities		
Capital allowances	**(726)**	(1 123)
Goodwill	**(22 549)**	(17 790)
Intangible assets	**(2 146)**	(4 641)
Other individually immaterial temporary differences	**(3 945)**	(4 542)
	(29 366)	(28 096)

* *Deferred tax assets recognised in relation to tax losses total US$38.5 million (FY22: US$36.3 million). Of this, US$34.6 million (FY22: US$29.8 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$12.9 million (FY22: US$10.7 million) relating to entities that were loss making in both the current and prior year. This includes losses relating to Chile, the UK and South Africa which can be carried forward indefinitely against their own future profits. Estimated tax losses carried forward include US$2.3 million (FY22: US$5.4 million) relating to Argentina that expire by 28 February 2028 (FY22: 28 February 2027). The deferred tax assets recognised are based on the future taxable profits derived from the approved budgets of the relevant entities. The approved budgets of these entities indicate return to profitability in the short term with the budget periods spanning over the medium term which has resulted in some assessed losses not having had deferred tax assets recognised. These budgets are aligned with ongoing management actions to restore profitability in these jurisdictions. These include business restructuring which has resulted in the associated one-off costs being expensed this year.*

Potential deferred tax assets of US$20.8 million (FY22: US$20.9 million) on assessed/estimated tax losses have not been recognised at 28 February 2023 as management does not believe that it is probable that taxable profit will be available in the foreseeable future against which these losses can be utilised. These tax losses can be carried forwardly indefinitely.

14. Finance lease receivables

	2023		2022	
	Minimum lease payments US$'000	Present value of minimum lease payments US$'000	Minimum lease payments US$'000	Present value of minimum lease payments US$'000
Current portion receivable within one year	**8 704**	**8 300**	10 567	9 878
Receivable within one and two years	**6 809**	**6 627**	8 770	8 336
Receivable within two and three years	**4 219**	**4 167**	6 962	6 756
Receivable within three and four years	**1 458**	**1 407**	4 267	4 198
Receivable within four and five years	**410**	**305**	1 287	1 283
Receivable after five years	**177**	**175**	–	–
	21 777	**20 981**	31 853	30 451
Less: unearned finance income	**(796)**	**–**	(1 402)	–
Present value of minimum lease assets	**20 981**	**20 981**	30 451	30 451
Current portion		**8 300**		9 878
Long-term portion		**12 681**		20 573
Finance lease receivables		**20 981**		30 451

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.

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

Logicalis International#

Two of Logicalis International's subsidiaries in Europe and Australia have entered into various finance leases, bearing interest between 0.60% and 14.42%. These leases are repayable at various dates between April 2023 and June 2028. At 28 February 2023, US$19.0 million (FY22: US$28.9 million) was receivable.

Logicalis Latin America#

One of Logicalis' Latin American subsidiaries has entered into various finance leases, bearing interest between 0.30% and 8.70%. These leases are repayable at various dates between April 2023 and October 2026. At 28 February 2023, US$1.2 million (FY22: US$1.5 million) was receivable.

Corporate

One of Corporate's European subsidiaries has entered into a finance lease, bearing interest at 2.65%. This lease is repayable at December 2028. At 28 February 2023, US$0.8 million (FY22: US$nil) was receivable.

The majority of the exposure, US$19.0 million (FY22: US$28.9 million) is in Europe (refer to Note 31.4). Expected credit losses for the year are, however, negligible.

The Logicalis segment previously reported in the prior period is now being reported as two management segments, Logicalis Latin America and Logicalis International (representing the Logicalis business outside of Latin America). The ultimate Logicalis holding company, Logicalis Group Limited, and its associated costs, is now included in the Corporate segment. Comparative results have been re-presented.

		2023 US$'000	2022 US$'000
15.	**Inventories**		
	Merchandise for resale	**398 446**	295 762
	Spares/maintenance inventory	**8 873**	9 105
	Work-in-progress	**25 351**	23 508
		432 670	328 375
	Inventory provisions	**(21 611)**	(19 148)
		411 059	309 227

Obsolete inventory amounting to US$0.2 million (FY22: US$nil) was written off during the year.

During the year, inventories of US$2.7 billion (FY22: US$2.3 billion) were recognised as part of cost of sales. There was no inventories encumbered as at 28 February 2023 (FY22: US$0.1 million).

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$593.8 million (FY22: US$271.8 million) which currently extends payment terms to 90 days (FY22: 60 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 2023, US$289.3 million (FY22: US$192.7 million) was outstanding and is included in trade payables (refer to Note 23). Purchases within 0 to 30 days are described as unfunded and are also included in trade payables (refer to Note 23). The funded availability limit of US$593.8 million is treated as a group limit which is transferable for usage by the subsidiaries.

Westcon International's Asia-Pacific subsidiaries have an inventory purchase financing agreement for purchases with a vendor for a maximum of US$100.0 million (FY22: US$79.0 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 2023, US$68.6 million (FY22: US$40.2 million) was outstanding and is included in trade payables (refer to Note 23). The facility is based on usage between three subsidiaries, namely Singapore, Indonesia and Philippines. As at 28 February 2023, the amounts in the respective subsidiaries were as follows: Singapore: US$56.0 million (FY22: US$33.2 million), Indonesia: US$8.2 million (FY22: US$3.1 million) and Philippines: US$4.4 million (FY22: US$3.9 million), these amounts are included in trade payables (refer to 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 (FY22: US$26.5 million) which extends payment terms from 30 days to 90 days. The agreement may be cancelled at any time with a 60-day notice by either Westcon International or the vendor. As at 28 February 2023, US$8.3 million (FY22: US$7.2 million) was outstanding and is included in trade payables (refer to Note 23).

		2023 US$'000	2022 US$'000
16.	**Trade receivables**		
	Trade receivables	**1 536 212**	1 250 584
	Expected credit loss allowance	**(27 742)**	(26 760)
		1 508 470	1 223 824

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.

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 customer. Limits attributed to customers are reviewed regularly.

There is one customer in Latin America, with a gross value of US$75.7 million, which represents approximately 5% of the total balance of trade receivables (FY22: US$64.4 million (over 5%)). 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$617.0 million of credit insurance is held over trade receivables (FY22: US$497.1 million).

US$22.1 million of trade receivables are pledged as collateral against long-term interest-bearing liabilities and US$742.5 million of trade receivables have been assigned against short-term interest-bearing liabilities (FY22: US$19.4 million collateral against long-term interest-bearing liabilities and US$597.6 million of trade receivables assigned against short-term interest-bearing liabilities). Refer to Note 21.1 and Note 24.

The weighted average write-off rate over recent years across all classes of trade receivables is 0.47% (FY22: 0.51%). The Group therefore has sufficient expected credit loss allowances. The weighted average write-off rate has been calculated using trade receivables write-offs as a percentage of the gross trade receivables using a simple weighting over the last three years. Please refer to "Write-off policy" in the Financial Instruments section of the accounting policies for more information on write-offs.

Management has concluded that the likelihood of material expected credit losses is low.

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**
2023						
Datatec Group Total						
Current	60 749	125 311	746 423	229 392	99 622	1 261 497
1 – 30 days past due	14 917	12 887	50 427	35 400	20 228	133 859
31 – 60 days past due	3 324	10 622	17 716	15 254	5 814	52 730
61 – 90 days past due	2 224	1 737	11 184	4 681	3 903	23 729
91 – 120 days past due	937	1 342	2 857	2 157	2 988	10 281
Over 120 days past due	3 322	9 066	15 436	5 571	20 721	54 116
Gross trade receivables	85 473	160 965	844 043	292 455	153 276	1 536 212
Expected credit loss allowance	–	(619)	(7 902)	(3 392)	(15 829)	(27 742)
Net trade receivables	85 473	160 346	836 141	289 063	137 447	1 508 470
Westcon International						
Current	–	–	626 226	178 756	97 025	902 007
1 – 30 days past due	–	–	29 617	20 132	19 372	69 121
31 – 60 days past due	–	–	16 038	11 325	5 617	32 980
61 – 90 days past due	–	–	10 695	2 752	3 835	17 282
91 – 120 days past due	–	–	1 909	1 962	2 973	6 844
Over 120 days past due	–	–	15 333	1 792	20 673	37 798
Gross trade receivables	–	–	699 818	216 719	149 495	1 066 032
Expected credit loss allowance	–	–	(7 269)	(1 056)	(15 802)	(24 127)
Net trade receivables	–	–	692 549	215 663	133 693	1 041 905
Logicalis International#						
Current	60 749	–	120 197	50 636	2 597	234 179
1 – 30 days past due	14 917	–	20 810	15 268	856	51 851
31 – 60 days past due	3 324	–	1 678	3 929	197	9 128
61 – 90 days past due	2 224	–	489	1 929	68	4 710
91 – 120 days past due	937	–	948	195	15	2 095
Over 120 days past due	3 322	–	103	3 779	48	7 252
Gross trade receivables	85 473	–	144 225	75 736	3 781	309 215
Expected credit loss allowance	–	–	(633)	(2 336)	(27)	(2 996)
Net trade receivables	85 473	–	143 592	73 400	3 754	306 219
Logicalis Latin America#						
Current	–	125 311	–	–	–	125 311
1 – 30 days past due	–	12 887	–	–	–	12 887
31 – 60 days past due	–	10 622	–	–	–	10 622
61 – 90 days past due	–	1 737	–	–	–	1 737
91 – 120 days past due	–	1 342	–	–	–	1 342
Over 120 days past due	–	9 066	–	–	–	9 066
Gross trade receivables	–	160 965	–	–	–	160 965
Expected credit loss allowance	–	(619)	–	–	–	(619)
Net trade receivables	–	160 346	–	–	–	160 346

 # The Logicalis segment previously reported in the prior period is now being reported as two management segments, Logicalis Latin America and Logicalis International (representing the Logicalis business outside of Latin America). The ultimate Logicalis holding company, Logicalis Group Limited, and its associated costs, is now included in the Corporate segment. Comparative results have been re-presented.

16. Trade receivables (continued)

16.1 Trade receivables credit risk (continued)

Days past due:	North America US$'000	Latin America US$'000	Europe US$'000	Asia-Pacific US$'000	MEA US$'000	Total US$'000
Corporate and Management Consulting						
Current	–	–	–	–	–	–
1 – 30 days past due	–	–	–	–	–	–
31 – 60 days past due	–	–	–	–	–	–
61 – 90 days past due	–	–	–	–	–	–
91 – 120 days past due	–	–	–	–	–	–
Over 120 days past due	–	–	–	–	–	–
Gross trade receivables	–	–	–	–	–	–
Expected credit loss allowance	–	–	–	–	–	–
Net trade receivables	–	–	–	–	–	–

The past due receivables ageing categories above are shown gross, before taking into account expected credit loss allowances. US$27.1 million (FY22: US$26.2 million) expected credit losses have been allocated to the US$64.4 million (FY22: US$43.8 million) over 90 days past due receivables, resulting in a net over 90 days past due receivables balance of US$37.3 million (FY22: US$17.6 million). Where there are no expected credit loss allowances, the balances are deemed to be recoverable and there are either payment plans in place with the relevant customers or discussions with the customers are ongoing to resolve the payment of the outstanding balances.

Days past due:	North America US$'000	Latin America US$'000	Europe US$'000	Asia-Pacific US$'000	MEA US$'000	Total US$'000
2022						
Datatec Group Total						
Current	72 233	115 848	599 579	173 409	108 068	1 069 137
1 – 30 days past due	14 594	9 737	42 915	18 664	10 053	95 963
31 – 60 days past due	7 104	8 779	9 795	5 601	1 181	32 460
61 – 90 days past due	1 608	1 379	4 639	416	1 212	9 254
91 – 120 days past due	1 699	867	1 379	1 464	(566)	4 843
Over 120 days past due	5 323	2 819	8 120	5 680	16 985	38 927
Gross trade receivables	102 561	139 429	666 427	205 234	136 933	1 250 584
Expected credit loss allowance	(185)	(629)	(7 428)	(3 281)	(15 237)	(26 760)
Net trade receivables	102 376	138 800	658 999	201 953	121 696	1 223 824
Westcon International						
Current	–	–	492 045	136 335	103 469	731 849
1 – 30 days past due	–	–	29 049	11 485	8 751	49 285
31 – 60 days past due	–	–	6 891	3 373	854	11 118
61 – 90 days past due	–	–	2 484	(460)	461	2 485
91 – 120 days past due	–	–	1 322	698	(603)	1 417
Over 120 days past due	–	–	7 823	941	16 236	25 000
Gross trade receivables	–	–	539 614	152 372	129 168	821 154
Expected credit loss allowance	–	–	(6 836)	(883)	(14 883)	(22 602)
Net trade receivables	–	–	532 778	151 489	114 285	798 552

16. Trade receivables (continued)

16.1 Trade receivables credit risk (continued)

Days past due:	North America US$'000	Latin America US$'000	Europe US$'000	Asia-Pacific US$'000	MEA US$'000	Total US$'000
Logicalis International#						
Current	70 716	–	96 996	36 142	2 556	206 410
1 – 30 days past due	14 336	–	13 143	7 043	764	35 286
31 – 60 days past due	7 064	–	2 463	2 021	173	11 721
61 – 90 days past due	1 608	–	1 112	798	12	3 530
91 – 120 days past due	1 699	–	45	763	30	2 537
Over 120 days past due	5 292	–	279	4 739	34	10 344
Gross trade receivables	100 715	–	114 038	51 506	3 569	269 828
Expected credit loss allowance	(154)	–	(592)	(2 398)	(41)	(3 185)
Net trade receivables	100 561	–	113 446	49 108	3 528	266 643
Logicalis Latin America#						
Current	–	115 807	–	–	–	115 807
1 – 30 days past due	–	9 687	–	–	–	9 687
31 – 60 days past due	–	8 779	–	–	–	8 779
61 – 90 days past due	–	1 298	–	–	–	1 298
91 – 120 days past due	–	867	–	–	–	867
Over 120 days past due	–	2 819	–	–	–	2 819
Gross trade receivables	–	139 257	–	–	–	139 257
Expected credit loss allowance	–	(629)	–	–	–	(629)
Net trade receivables	–	138 628	–	–	–	138 628
Corporate and Management Consulting						
Current	1 517	41	10 538	932	2 043	15 071
1 – 30 days past due	258	50	723	136	538	1 705
31 – 60 days past due	40	–	441	207	154	842
61 – 90 days past due	–	81	1 043	78	739	1 941
91 – 120 days past due	–	–	12	3	7	22
Over 120 days past due	31	–	18	–	715	764
Gross trade receivables	1 846	172	12 775	1 356	4 196	20 345
Expected credit loss allowance	(31)	–	–	–	(313)	(344)
Net trade receivables	1 815	172	12 775	1 356	3 883	20 001

The Logicalis segment previously reported in the prior period is now being reported as two management segments, Logicalis Latin America and Logicalis International (representing the Logicalis business outside of Latin America). The ultimate Logicalis holding company, Logicalis Group Limited, and its associated costs, is now included in the Corporate segment. Comparative results have been re-presented.

Negative amounts represent credits on accounts that have not yet been applied/cleared due to timing of customer approvals as well as payments received in advance.

16. Trade receivables (continued)

16.2 Reconciliation of the expected credit loss allowance account

US$'000	North America	Latin America	Europe	Asia-Pacific	MEA	Total
Balance on 1 March 2021	(158)	(489)	(9 024)	(3 707)	(13 534)	(26 912)
Impairment losses recognised on trade receivables – continuing operations	(116)	(575)	(2 083)	40	(2 483)	(5 217)
Impairment losses recognised on trade receivables – discontinued operations	(15)	–	–	(120)	(30)	(165)
Impairment losses reversed – continuing operations^	101	372	2 771	75	–	3 319
Impairment losses reversed – discontinued operations^	–	–	12	–	105	117
Bad debt write-offs	3	78	761	378	884	2 104
Disposal of discontinued operations	–	–	–	–	–	–
Net exchange gains and losses	–	(15)	135	53	(179)	(6)
Balance at 28 February 2022	**(185)**	**(629)**	**(7 428)**	**(3 281)**	**(15 237)**	**(26 760)**
Impairment losses recognised on trade receivables – continuing operations	**–**	**(669)**	**(1 497)**	**(2 217)**	**(1 854)**	**(6 237)**
Impairment losses recognised on trade receivables – discontinued operations	**–**	**–**	**(558)**	**–**	**(43)**	**(601)**
Impairment losses reversed – continuing operations	**154**	**756**	**1 082**	**203**	**20**	**2 215**
Impairment losses reversed – discontinued operations	**–**	**–**	**558**	**–**	**65**	**623**
Bad debt write-offs	**27**	**(108)**	**(113)**	**1 608**	**347**	**1 761**
Disposal of discontinued operations	**–**	**–**	**–**	**–**	**208**	**208**
Net exchange gains and losses	**4**	**31**	**54**	**295**	**665**	**1 049**
Balance at 28 February 2023	**–**	**(619)**	**(7 902)**	**(3 392)**	**(15 829)**	**(27 742)**

^ *The prior year has been re-presented to show comparative results from discontinued operations in accordance with IFRS 5. Refer to Note 40.*

Expected credit losses on trade receivables relate to the operating function of the Group.

17. Prepaid expenses

	2023 US$'000	2022 US$'000
Prepaid vendor maintenance	**107 914**	91 429
Deferred services cost of sales	**31 938**	27 341
Prepaid commissions	**10 426**	7 864
Prepaid licencing	**5 365**	3 427
Prepaid taxes	**4 453**	4 010
Prepaid project costs	**4 096**	2 698
Prepaid insurance	**3 565**	3 743
Sundry prepayments (individually immaterial)	**28 902**	27 556
	196 659	168 068

Notes to the Group consolidated annual financial statements

continued

for the year ended 28 February 2023

	2023 US$'000	2022 US$'000
18. Other receivables		
Rebates due	**24 630**	15 137
Tax receivables	**20 703**	13 879
Restricted cash	**8 702**	8 647
Sundry receivables*	**25 861**	17 404
	79 896	55 067

* *Includes notes and deposits held, derivative financial assets and a number of immaterial receivables.*

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

	2023 US$'000	2022 US$'000
19. Other non-current assets, contract assets and contract costs		
19.1 Other non-current assets and contract costs		
Other non-current assets		
Security deposits	**1 976**	2 807
Notes receivable*	**12 003**	4 406
Other	**824**	3 521
Amounts receivable for multi-year contracts**	**72 256**	43 927
	87 059	54 661
Non-current contract assets	**41 551**	21 271
Other non-current assets and contract costs	**128 610**	75 932

* *Includes US$7.6 million term notes receivable recognised on disposal of Analysys Mason in Datatec PLC. Refer note 40.*

** *Relates to multi-year contracts in Westcon International where performance obligations have already been fulfilled. The amounts due to Westcon International are unconditional and the contracts are non-cancellable. The short-term portion (US$79.5 million (FY22: US$41.8 million)) is included in trade receivables. Amounts owing for purchases related to these multi-year contracts have been recognised in other liabilities (long-term portion of US$68.7 million (FY22: US$40.6 million)) and trade and other payables (short-term portion of US$75.5 million (FY22: US$37.9 million)).*

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

	2023 US$'000	2022 US$'000
19.2 Contract assets and contract costs		
Non-current	**41 551**	21 271
Non-current contract assets	**41 551**	21 271
Non-current costs to obtain contracts	**–**	–
Current	**202 566**	156 058
Current contract assets	**202 566**	156 058
Current costs to obtain contracts	**–**	–
Total contract assets and contract costs	**244 117**	177 329
Changes during the period:		
At the beginning of the year	**177 329**	154 322
Amounts recognised during the year	**99 849**	35 523
Change in the time frame for a right to consideration to become unconditional	**(9 561)**	(8 473)
Impairment losses recognised	**(455)**	–
Translation and other movements	**(23 045)**	(4 043)
Total contract assets and contract costs	**244 117**	177 329

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 was US$0.5 million (FY22: negligible).

	2023 US$'000	2022 US$'000
20. Stated capital		
Authorised share capital		
400 000 000 (FY22: 400 000 000) ordinary shares of ZAR0.01 each		
Issued share capital		
219 653 316 (FY22: 216 957 874) fully paid ordinary shares excluding treasury, DBP and DBW shares		
Stated capital	**138 091**	148 859
	138 091	148 859

	Number of shares	**Stated capital US$'000**
Balance at 1 March 2021	198 912 678	115 410
Issue of shares for a scrip distribution FY21 final dividend	1 728 104	3 584
Issue of shares for a scrip distribution special dividend	13 779 770	36 276
Treasury shares granted to deferred DBP shares	(1 332 099)	(2 805)
Treasury shares relating to DBP shares that have vested in the current financial year	1 092 513	1 830
Treasury shares at year-end	(549 867)	(1 365)
Effects of foreign currency translation	–	(4 071)
Balance at 28 February 2022	**213 631 099**	**148 859**
Issue of shares for a scrip distribution FY22 final dividend	**4 787 467**	**10 247**
Issue of shares for a scrip distribution special dividend	**3 171 196**	**7 832**
Treasury shares granted to deferred DBW shares	**(356 656)**	**(864)**
Treasury shares relating to DBP shares that have vested in the current financial year	**870 343**	**2 013**
Treasury shares purchased	**(3 039 802)**	**(5 957)**
Treasury shares issued to settle share schemes that vested	**589 669**	**1 307**
Effects of foreign currency translation	**–**	**(25 346)**
Balance at 28 February 2023	**219 653 316**	**138 091**

Reconciliation of treasury shares	**Number of shares**	**Treasury shares US$'000**
Balance as at 1 March 2022	**549 867**	**1 365**
Treasury shares purchased	**3 039 802**	**5 957**
Treasury shares used to settle share schemes that vested	**(589 669)**	**(1 307)**
Balance as at 28 February 2023	**3 000 000**	**6 015**

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

During the year ended 28 February 2023, 7 958 663 (FY22: 15 507 874) shares were issued as a scrip distribution to shareholders.

As at 28 February 2023, the Group held 3 000 000 (FY22: 549 867) shares as treasury shares. These treasury shares were set off against stated capital in FY23.

As at 28 February 2023, there were 2 263 221 shares (FY22: 2 776 908 shares) relating to the DBP and DBW (refer to Note 2). This includes 356 656 shares used for participants in the DBW in the current year (FY22: 1 332 099 shares used for the DBP) less 870 343 shares (FY22: 1 092 513) that vested in the current financial year and left the restrictions of the DBP. The DBP and DBW shares between grant and vesting (i.e. while forfeitable) are set off against stated capital.

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	2023 US$'000	2022 Re-presented~ US$'000
21. Long-term interest-bearing liabilities		
Secured loans	**25 434**	43 566
Westcon International	**12 252**	13 003
Logicalis International#	**13 182**	21 076
Logicalis Latin America#	**–**	110
Management Consulting	**–**	9 377
Unsecured loans	**37 340**	38 203
Westcon International	**912**	1 437
Logicalis International#	**12 788**	10 626
Logicalis Latin America#	**23 640**	26 140
	62 774	81 769
Less: Current portion included in short-term interest-bearing liabilities (Note 24)	**(21 150)**	(25 329)
Long-term portion	**41 624**	56 440
Repayable between one and two years	**34 688**	22 606
Repayable between two and three years	**5 688**	28 180
Repayable between three and four years	**954**	4 693
Repayable between four and five years	**219**	961
Repayable after five years	**75**	–
	41 624	56 440

~ *The prior year has been re-presented to show comparatives disaggregated per segment.*

\# *The Logicalis segment previously reported in the prior period is now being reported as two management segments, Logicalis Latin America and Logicalis International (representing the Logicalis business outside of Latin America). The ultimate Logicalis holding company, Logicalis Group Limited, and its associated costs, is now included in the Corporate and Management Consulting segment. Comparative results have been re-presented.*

21. Long-term interest-bearing liabilities (continued)

21.1 Secured loans and other long-term liabilities

Principal amount (loan currency)	Principal amount US$'000	Currency	Interest rate	Final repayment date	Repayment terms	2023 Total capital amount outstanding US$'000
Secured:						**25 434**
Westcon International						**12 252**
250 000	13 576	ZAR	three month JIBAR + 2.9%	September 2024	Full capital repayable every 3 years, interest paid quarterly	**12 218**
180	141	SGD	5.19%	August 2024*	Monthly instalments	**34**
Logicalis International#						**13 182**
12 747	13 523	EUR	2.99%	June 2025*	Monthly instalments	**3 124**
5 340	5 665	EUR	2.03%	June 2026*	Monthly instalments	**1 608**
1 003	1 064	EUR	3.60%	June 2028*	Monthly instalments	**1 051**
31 263	33 166	EUR	0.63% – 4.16%	Between April 2023 and June 2028*	Monthly instalments	**7 399**
Unsecured:						**37 340**
Westcon International						**912**
1 100	1 305	EUR	0.0%	August 2025*	Annual instalments	**701**
667	450	AU$	5.00%	January 2025*	Monthly instalments	**211**
Logicalis International#						**12 788**
7 896	7 896	US$	5.25%	May 2024	Annual instalments	**5 128**
2 782	2 951	EUR	5.97%	November 2025*	Quarterly instalments	**2 711**
Various	10 451	Various	Interest-free to 5.30%	Between May 2023 and June 2026*	Monthly, quarterly, bi-annually and annual instalments	**4 949**
Logicalis Latin America#						**23 640**
14 913	14 913	US$	1.80%	May 2025*	Quarterly instalments	**6 843**
25 000	4 807	BRL	16.45%	March 2024	Bullet payment on 18 March 2024	**5 564**
25 000	4 807	BRL	5.51%	September 2024*	Bullet payment on 23 September 2024	**4 945**
5 308	5 308	US$	1.82%	Between June and November 2024*	Quarterly instalments	**2 511**
5 108	5 108	US$	1.82%	September 2023*	Quarterly instalments	**1 290**
Various	5 160	Various	1.63% – 17.14%	Between April 2024 and April 2026*	Monthly, quarterly and per semester	**2 487**

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

\# *The Logicalis segment previously reported in the prior period is now being reported as two management segments, Logicalis Latin America and Logicalis International (representing the Logicalis business outside of Latin America). The ultimate Logicalis holding company, Logicalis Group Limited, and its associated costs, is now included in the Corporate and Management Consulting segment. Comparative results have been re-presented.*

One of the liabilities is secured by trade receivables to the value of US$22.1 million (FY22: US$19.4 million).

Another liability is secured by a car to the value of US$nil (FY22: US$0.05 million).

Logicalis International's secured 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.

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

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21. Long-term interest-bearing liabilities (continued)

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

Principal amount (loan currency)	Principal amount US$'000	Currency	Interest rate	Final repayment date	Repayment terms	2022 Total capital amount outstanding US$'000
Secured:						43 566
Westcon International						13 003
200 000	12 948	ZAR	three month JIBAR + 2.5%	September 2024	Full capital repayable every 3 years, interest paid quarterly	12 948
180	141	SGD	5.19%	August 2024*	Monthly instalments	55
Logicalis International[#]						21 076
12 747	14 196	EUR	3.00%	June 2025*	Monthly instalments	4 669
6 017	6 701	EUR	2.03%	June 2026*	Monthly instalments	2 465
8 747	9 742	EUR	1.00%	June 2026*	Monthly instalments	2 154
4 327	4 819	EUR	1.87%	June 2026*	Monthly instalments	1 984
2 949	3 284	EUR	2.00%	June 2022*	Monthly instalments	1 552
1 593	1 775	EUR	2.00%	September 2024*	Monthly instalments	1 534
1 340	1 622	EUR	2.10%	September 2026*	Monthly instalments	1 493
4 738	5 277	EUR	5.28%	January 2023*	Monthly instalments	1 074
8 086	9 005	EUR	0.63%	December 2023*	Monthly instalments	1 372
2 605	2 901	EUR	1.64%	October 2024*	Monthly instalments	989
7 534	1 790	EUR	1.20% – 4.20%	Between March 2022 and June 2026*	Monthly instalments	1 790
Logicalis Latin America[#]						110
88 004	110	Various	9.54%	March 2022	Monthly instalments	110
Management Consulting						9 377
7 040	9 377	GBP	3.19%	December 2025*	Annual instalments	9 377
Unsecured:						38 203
Westcon International						1 437
1 100	1 305	EUR	0.0%	October 2025*	Annual instalments	1 050
667	482	AU$	5.00%	January 2025*	Monthly instalments	343
134	97	AU$	5.50%	September 2022*	Annual instalments	44
Logicalis International[#]						10 626
2 811	2 811	US$	3.00%	January 2023*	Quarterly instalments	2 389
1 550	1 550	US$	3.00%	January 2023*	Quarterly instalments	1 317
903	903	US$	4.20%	September 2023*	Quarterly instalments	678
1 616	1 168	AU$	0.00%	March 2022*	Monthly instalments	410
3 171	406	HKD	3.40%	July 2022*	Annual instalments	138
8 748	9 553	Various	Interest-free to 5.30%	Between April 2022 and April 2024*	Monthly, quarterly and annual instalments	5 694
Logicalis Latin America[#]						26 140
14 913	14 913	US$	1.80%	May 2025*	Quarterly instalments	10 582
35 000	7 167	BRL	14.20%	August 2023	Bullet payment on 28 August 2023	7 167
5 108	5 108	US$	1.82%	September 2023*	Quarterly instalments	2 926
3 946	3 946	US$	1.82%	November 2024*	Quarterly instalments	2 192
914	914	US$	3.42%	June 2025*	Quarterly instalments	650
2 231	595	PEN	1.14%	May 2024*	Monthly instalments	548
589	589	US$	3.43%	April 2026*	Quarterly instalments	501
3 487	675	BRL	5.00%	December 2025*	Monthly instalments	393
1 594	1 180	US$	1.82% – 4.12%	Between April 2024 and April 2026*	Monthly instalments	1 181

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

[#] *The Logicalis segment previously reported in the prior period is now being reported as two management segments, Logicalis Latin America and Logicalis International (representing the Logicalis business outside of Latin America). The ultimate Logicalis holding company, Logicalis Group Limited, and its associated costs, is now included in the Corporate and Management Consulting segment. Comparative results have been re-presented.*

22. Lease liabilities

	2023 US$'000	2022 US$'000
Non-current	**45 412**	61 523
Current	**27 005**	32 870
	72 417	94 393
Current portion repayable within one year	**27 005**	32 870
Repayable between one and two years	**17 935**	24 322
Repayable between two and three years	**10 036**	15 302
Repayable between three and four years	**6 985**	8 046
Repayable between four and five years	**4 648**	5 068
Repayable between five and ten years	**5 808**	8 785
	72 417	94 393

Geographic segment	Currency	Classes of right-of-use assets leased	Interest rate	Final repayment date	Principal amount US$'000	2023 Total capital amount outstanding US$'000
Westcon International						**29 790**
North America	US$	Land and buildings	4.50%	September 2029	2 965	**1 767**
Europe	Various	Land and buildings, office furniture and equipment and motor vehicles	Between 3.50% and 5.00%	Between January 2026 and September 2031	41 288	**20 229**
Asia-Pacific	Various	Land and buildings and office furniture and equipment	Between 1.79% and 8.50%	Between January 2025 and May 2027	11 498	**5 992**
MEA	Various	Land and buildings and motor vehicles	Between 5.00% and 13.50%	Between February 2025 and February 2026	4 546	**1 802**
Logicalis International#						**32 508**
North America	US$	Computer equipment, equipment and land and buildings	Between 3.61% and 7.00%	Between April 2023 and May 2030	26 600	**10 332**
Europe	EUR and GBP	Office furniture, equipment, motor vehicles, computer equipment and land and buildings	Between 0.20% and 7.50%	Between March 2023 and January 2030	28 186	**14 223**
Asia-Pacific	Various	Office furniture, equipment, computer equipment, leasehold improvements and land and buildings	Between 0.00% and 10.60%	Between April 2023 and June 2027	20 934	**6 757**
MEA	ZAR	Land and buildings and Motor vehicles	Between 8.00% and 10.75%	Between April 2024 and December 2027	1 830	**1 196**
Logicalis Latin America#						**7 108**
Latin America	Various	Land and buildings	Between 0.00% and 44.00%	Between March 2023 and November 2027	15 066	**7 108**
Corporate						**3 011**
North America	US$	Land and buildings	2.65%	December 2028	2 541	**2 525**
MEA	ZAR	Equipment and land and buildings	9.25%	Between December 2023 and November 2030	551	**486**

The Logicalis segment previously reported in the prior period is now being reported as two management segments, Logicalis Latin America and Logicalis International (representing the Logicalis business outside of Latin America). The ultimate Logicalis holding company, Logicalis Group Limited, and its associated costs, is now included in the Corporate segment. Comparative results have been re-presented.

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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$'000	2022 Total capital amount outstanding US$'000
Westcon International						33 760
North America	US$	Land and buildings	4.50%	September 2029	2 965	1 989
Europe	Various	Equipment, motor vehicles and land and buildings	4.50%	Between January 2026 and April 2030	41 133	21 983
Asia-Pacific	Various	Equipment and land and buildings	Between 1.79% and 9.50%	Between January 2025 and July 2025	13 896	6 738
MEA	Various	Equipment, motor vehicles and land and buildings	Between 4.50% and 22.00%	Between April 2022 and December 2026	20 456	3 050
Logicalis International#						43 829
North America	US$	Equipment, computer equipment and land and buildings	Between 0.00% and 7.59%	Between March 2021 and September 2026	30 264	14 968
Europe	EUR and GBP	Office furniture, equipment, motor vehicles, computer equipment, leasehold improvements and land and buildings	Between 0.20% and 6.00%	Between April 2022 and January 2030	27 351	15 747
Asia-Pacific	Various	Office furniture, equipment, computer equipment, leasehold improvements and land and buildings	Between 0.00% and 10.60%	Between March 2022 and June 2027	23 554	11 836
MEA	ZAR	Land and buildings	Between 6.25% and 10.30%	Between June 2021 and March 2025	1 950	1 278
Logicalis Latin America#						10 193
Latin America	Various	Equipment, leasehold improvements and land and buildings	Between 0.00% and 44.00%	Between March 2020 and November 2025	17 419	10 193
Corporate and Management Consulting						6 611
North America	US$	Land and buildings	2.50%	August 2028	328	48
Europe	Various	Computer equipment and land and buildings	Between 2.5% and 3.01%	Between October 2022 and August 2028	9 793	5 572
Asia-Pacific	Various	Land and buildings	2.50%	August 2024	719	335
MEA	Various	Equipment and land and buildings	Between 2.5% and 9.25%	Between September 2021 and November 2030	827	656

The Logicalis segment previously reported in the prior period is now being reported as two management segments, Logicalis Latin America and Logicalis International (representing the Logicalis business outside of Latin America). The ultimate Logicalis holding company, Logicalis Group Limited, and its associated costs, is now included in the Corporate segment. Comparative results have been re-presented.

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.

23. Trade and other payables

	2023 US$'000	2022 US$'000
Trade payables	**1 515 478**	1 113 072
VAT/sales tax	**39 458**	35 959
Sundry payables and accruals*	**453 577**	358 198
Short-term portion of share-based payments	**63 462**	18 934
	2 071 975	1 526 163

* *Includes accruals for products costs, commissions, customer rebates, withholding tax, payroll taxes, other taxes and a number of individually immaterial accruals and payables. The prior year has been re-presented to show aggregated comparative information.*

The short-term portion of share-based payments has increased as a result of the increasing valuations of the divisions' cash-settled share-based payment plans, particularly Westcon International. US$61.0 million of the total US$63.5 million short-term portion of share-based payments relates to the Westcon International EAP and the Westcon International SAR scheme. The share-based payment charge in FY23 was exceptionally high and will be substantially lower in future years. Refer to Note 2.

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.

Withholding taxes

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

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

Inventory purchase financing arrangements

Logicalis International and Logicalis Latin Americas' 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 International#

- Logicalis United States: Extended payment terms begin at 60 days+ for a maximum of US$85.0 million (FY22: US$60.0 million). At 28 February 2023, US$7.4 million was utilised (FY22: US$9.3 million).
- Logicalis United States: Extended payment terms begin at 75 days+ for a maximum of US$28.0 million (FY22: US$48.0 million). At 28 February 2023, US$1.3 million was utilised (FY22: US$4.6 million).

Logicalis Latin America#

- Extended payment terms begin at 90 days+ for a maximum of US$125.0 million (FY22: US$125.0 million). At 28 February 2023, US$13.9 million was utilised (FY22: US$5.9 million).

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

The Logicalis segment previously reported in the prior period is now being reported as two management segments, Logicalis Latin America and Logicalis International (representing the Logicalis business outside of Latin America). The ultimate Logicalis holding company, Logicalis Group Limited, and its associated costs, is now included in the Corporate segment. Comparative results have been re-presented.

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24. Short-term interest-bearing liabilities

	2023 US$'000	2022 US$'000
Unsecured short-term funding – Logicalis International[#]	**3 693**	1 850
Unsecured short-term funding – Logicalis International	**1 286**	–
Unsecured short-term funding – Logicalis International[#]	**–**	478
Unsecured short-term funding – Logicalis International[#]	**–**	159
Unsecured short-term funding – Logicalis Latin America	**2 112**	–
Unsecured short-term funding – Logicalis Latin America[#]	**–**	2 041
Unsecured short-term funding – Logicalis Latin America[#]	**–**	1 005
Secured short-term funding – Westcon International	**269 053**	140 937
Secured short-term funding – Westcon International	**81 624**	79 870
Secured short-term funding – Westcon International	**–**	12 924
Secured short-term funding – Logicalis Latin America[#]	**1 944**	1 440
Secured short-term funding – Logicalis Latin America[#]	**–**	580
Secured short-term funding – Logicalis Latin America[#]	**–**	4
Current portion of other long-term liabilities (Note 21)	**21 150**	25 329
	380 862	266 617

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

Unsecured loans

One of Logicalis International's subsidiaries has entered into various loans with a lender, between US$0.3 million and US$3.0 million, bearing interest between 3.00% and 3.70%. These liabilities are repayable between March and December 2023. At 28 February 2023, US$3.7 million was outstanding (FY22: US$1.9 million).

One of Logicalis International's subsidiaries has entered into various loans with various lenders for US$1.3 million bearing interest at 3.75%. This liability is repayable in December 2023. At 28 February 2023, US$1.3 million was outstanding (FY22: US$nil).

One of Logicalis Latin America's subsidiaries has entered into various forfaiting arrangements with a lender, between US$0.4 million and US$0.5 million each, bearing interest at 6.50%. These liabilities are repayable in June 2023. At 28 February 2023, US$2.1 million (FY22: US$nil) was outstanding.

Secured loans

Some of Westcon International's subsidiaries have entered into various arrangements with a lender, up to a maximum of US$414.4 million (EUR390.6 million) (FY22: US$435.0 million (EUR390.6 million)), bearing interest at three-month EURIBOR + 0.9%, three-month US LIBOR + 0.9%, CHF SARON +0.9% and three-month GBP TSRR + 0.9%. As at 28 February 2023, there were restrictions of US$nil (FY22: US$23.9 million) against the gross available facilities. These are rolling facilities and at 28 February 2023, US$269.1 million (FY22: US$140.9 million) was outstanding. The net availability on this facility is US$145.3 million (FY22: US$270.2 million).

One of Westcon International's subsidiaries has entered into various arrangements with a lender of US$120.0 million, bearing interest at 1.50% above bank base rate. The maximum facility is US$120.0 million. As at 28 February 2023, there were restrictions of US$8.6 million (FY22: US$22.1 million). These are rolling facilities and at 28 February 2023, US$81.6 million (FY22: US$79.9 million) was outstanding. The net availability of this facility, after taking into account restrictions and the amount outstanding, was US$29.8 million (FY22: US$nil).

One of Westcon International's subsidiaries has entered into various arrangements with a lender of US$120.0 million (FY22: US$65.7 million), bearing interest at 3.25%. The maximum facility is US$120.0 million. These are rolling facilities and at 28 February 2023, US$nil (FY22: US$12.9 million) was outstanding. The net availability of this facility, after taking into account restrictions and the amount outstanding, was US$105.0 million (FY22: US$52.8 million).

One of Logicalis Latin America's subsidiaries has entered into a funding arrangement with a lender, between US$0.01 million and US$0.4 million each, bearing interest between 15.00% and 16.20%. These loans are repayable between March and April 2023. At 28 February 2023, US$1.9 million (FY22: US$1.4 million) was outstanding. The liability is secured by invoices to the value of US$1.9 million (FY22: US$1.4 million).

[#] *The Logicalis segment previously reported in the prior period is now being reported as two management segments, Logicalis Latin America and Logicalis International (representing the Logicalis business outside of Latin America). The ultimate Logicalis holding company, Logicalis Group Limited, and its associated costs, is now included in the Corporate segment. Comparative results have been re-presented.*

	2023 US$'000	2022 US$'000
25. Acquisition-related liabilities		
Long-term portion	**1 061**	4 056
Short-term portion	**2 803**	39
	3 864	4 095

Acquisition-related liabilities represent purchase considerations owing in respect of acquisitions. The purchase considerations are to be settled with the vendors in cash or shares on achievement of agreed performance criteria. The amounts owing are interest-free.

Acquisition-related liabilities are classified as financial liabilities designated at fair value through profit or loss. 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 International

On 30 June 2019, Logicalis International completed the acquisition of Mars Investment Holdings (Pty) Ltd ("Mars Technologies"), a South African IT services business. The consideration payable comprised an initial amount of ZAR4.0 million (US$0.3 million) with a deferred consideration payable of ZAR1.2 million (US$0.1 million) due within three years, provided certain conditions are met. These conditions were not met and the outstanding amount of R0.6 million (US$0.04 million) has been taken to the statement of comprehensive income.

On 1 June 2021, Logicalis Networks GmbH, acquired Siticom GmbH a leading 5G integrator based in Germany, for a consideration of EUR6.2 million (US$7.4 million). The acquisition gives Logicalis a platform to establish a pan-European centre-of-expertise in developing advanced networking integration capabilities around 5G and evolving cloud orchestrated network interoperability. There are two options for Logicalis to repurchase this minority stake for an agreed amount of up to EUR8.8 million (approximately US$9.3 million) over two years, where after Logicalis will own 100% of Siticom. A potential maximum EUR1.0 million (approximately US$1.1 million) earn-out liability, subject to certain performance conditions, is included in the acquisition-related liability and payable in FY24. The amount outstanding as at year-end is EUR3.6 million (US$3.9 million).

On 1 March 2022, Logicalis acquired the remaining 30% stake in Logicalis Portugal S.A., from the non-controlling parties for a consideration of US$4.4 million. The consideration payable was deferred and paid on 2 September 2022.

26. Provisions

	Restructuring US$'000	Legal claims and costs US$'000	VAT/ sales tax US$'000	Pension obli-gations US$'000	Dilapida-tions/asset retirement obligations US$'000	Onerous contracts US$'000	Other US$'000	Total US$'000
Balance at 1 March 2022	1 386	859	1 179	5 513	4 361	1 140	1 729	16 167
Amounts added	15 723	1 816	85	595	349	138	398	19 104
Utilised	(7 925)	(129)	–	(1 060)	(531)	(491)	(99)	(10 235)
Amounts reversed	(404)	(359)	(700)	(230)	(109)	–	(511)	(2 313)
Translation and other	9	(166)	(1)	(287)	(242)	(77)	(195)	(959)
Balance at 28 February 2023	8 789	2 021	563	4 531	3 828	710	1 322	21 764
Expected maturity:								
Within one year	8 498	1 526	563	1 075	325	23	894	12 904
Between two and five years	286	478	–	966	969	687	303	3 689
More than five years	5	17	–	2 490	2 534	–	125	5 171
	8 789	2 021	563	4 531	3 828	710	1 322	21 764

	2023 US$'000	2022 US$'000
Long-term portion	8 860	8 913
Short-term portion	12 904	7 254
	21 764	16 167

Restructuring provisions include expected costs for certain restructuring activities of the Group where the details have already been announced to affected parties. The timing of restructuring provisions is fairly certain and is expected to be settled within 12 months. There is minimal uncertainty with regards to the amounts but some provisions are subject to final agreement.

Legal claims and costs are provisions for anticipated settlements including costs for various legal matters that the Group is defending. 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 both inhouse and external legal counsel of the Group.

VAT/Sales tax provisions relate to provisions for potential taxes in foreign jurisdictions and external tax consultants are being utilised to investigate these exposures.

Pension obligations relate to a pension scheme operated by Logicalis International and Logicalis Latin America, for which full defined benefit pension disclosure has not been disclosed due to its immaterial value. 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 include discount rates, retirement ages and estimates of growth in retirement funding.

Dilapidations and asset retirement obligations relate to provisions where the Group is expected to restore certain leased property and assets to their original condition. The timing of some dilapidations/asset retirement obligations is fairly certain and based on the lease agreement end dates but there is uncertainty regarding one dilapidation obligation. There is uncertainty with regards to the amount as they are subject to the properties' conditions, the position and behaviour of the landlord and the local rates prevailing at the time.

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. 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.

Other provisions include asset vendor credits, employee settlement claims and other provisions which are individually insignificant.

	2023 US$'000	2022 US$'000
27. Deferred revenue		
Non-current	**27 415**	21 464
Current	**160 806**	134 638
	188 221	156 102
Changes during the year:		
At the beginning of the year	**156 102**	143 186
Changes due to new contracts and revenue recognised that was included in the contract liability balance at the beginning of the year	**204 905**	225 700
Changes due to business combinations	**8 037**	–
Change in estimation of transaction price	**(933)**	601
Disposal of discontinued operations	**(5 065)**	–
Other adjustments	**378**	361
Change in the time frame for a right to consideration to become unconditional	**(5 404)**	(4 833)
Amounts recognised during the year	**(162 969)**	(205 314)
Translation and other movements	**(6 830)**	(3 599)
	188 221	156 102

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.

	2023 US$'000	2022 Re-presented~ US$'000
28. Bank overdrafts		
Total bank overdrafts at the end of the year	**196 362**	166 559
Bank overdrafts unconditionally repayable on demand	**71 897**	37 953
Logicalis International#	**27 258**	8 978
Logicalis Latin America#	**44 639**	28 975
Bank overdrafts repayable on demand under certain conditions (Note 36)	**124 465**	128 606
Westcon International	**7 108**	7 532
Logicalis International#	**114 817**	118 112
Logicalis Latin America#	**2 540**	2 962
	196 362	166 559

~ *The prior year has been re-presented to show comparatives disaggregated per segment.*

The Logicalis segment previously reported in the prior period is now being reported as two management segments, Logicalis Latin America and Logicalis International (representing the Logicalis business outside of Latin America). The ultimate Logicalis holding company, Logicalis Group Limited, and its associated costs, is now included in the Corporate and Management Consulting segment. Comparative results have been re-presented.

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28. Bank overdrafts (continued)

Region	Facility currency	Facility limit US$'000	Interest rate	2023 Overdraft US$'000
Westcon International				**7 108**
Bank overdrafts repayable on demand under certain conditions				**7 108**
UAE	US$	15 000	Emirates Interbank Offered Rate "EIBOR" (three-month) + 2.25% (7.14% as at 28 February 2023).	**5 388**
Indonesia	US$	11 000	For IDR drawings, bank best lending rate minus 5.20% (9.00% average as at 28 February 2023).	**1 720**

Only facilities that have been drawn at 28 February 2023 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$31.2 million (FY22: US$31.5 million). US$7.1 million (FY22: US$7.5 million) was drawn at year-end. As at 28 February, there were restrictions of US$nil (FY22: US$2.5 million). The net availability of the facilities is US$24.1 million (FY22: US$21.5 million). The net availability does not include any cash sources in Westcon International. US$nil (FY22: US$nil) of trade receivables are pledged as collateral against bank overdrafts.

Region	Facility currency	Facility limit US$'000	Interest rate	2023 Overdraft US$'000
Logicalis International#				**142 075**
Bank overdrafts unconditionally repayable on demand				**27 258**
UK and Channel Islands	Various	–*	Interest rates vary based on the amounts drawn down. This is not an additional facility. This overdraft is offset by cash in a pooling agreement.	**23 660**
South Africa	ZAR	3 801	10.00% as at 28 February 2023.	**3 598**
Bank overdrafts repayable on demand under certain conditions				**114 817**
UK	Various	115 559	SOFR**, SONIA**, BBSW**, EURIBOR** and SORA** (dependent on the length of the interest period) plus a margin rate which is determined from a margin ratchet on quarterly leverage. • This facility matures in November 2026 after a four-year term. • The facility includes EBITDA and interest cover covenants which are tested quarterly.	**114 771**
South Africa	ZAR	109	Prime plus 6.2% (17.00% as at 28 February 2023). • This facility has no specified maturity date.	**46**

** The total facility limit applies to an account with cash pooling.*
*** SOFR – Secured Overnight Financing Rate.*
SONIA – Sterling Overnight Interbank Average Rate.
BBSW – Bank Bill Swap Rate.
EURIBOR – Euro Interbank Offered Rate.
SORA – Singapore Overnight Rate Average.

Only facilities that have been drawn at 28 February 2023 have been included in the table above. There are further facilities available, which together with the drawn facilities above on all Logicalis International bank overdrafts, amounts to total facilities of US$132.7 million (FY22: US$129.2 million). US$142.1 million of overdrafts (FY22: US$127.1 million) at year-end. No restrictions apply to the facilities. The net availability of all facilities, excluding unlinked overdrafts is US$14.3 million (FY22: US$3.6 million). The net availability does not include any cash sources in Logicalis International.

28. Bank overdrafts (continued)

Region	Facility currency	Facility limit US$'000	Interest rate	2023 Overdraft US$'000
Logicalis Latin America[#]				**47 179**
Bank overdrafts unconditionally repayable on demand				**44 639**
Brazil	BRL	8 323	CDI (Interbank deposit rate) + 3.55% (17.00% at 28 February 2023).	**8 323**
Brazil	US$	12 277	Fixed rate of 8.00%.	**6 765**
Brazil	US$	6 034	Fixed rate of 8.00%.	**6 034**
Brazil	BRL	5 401	Fixed rate of 3.00%.	**5 401**
Brazil	BRL	4 331	Fixed rate of 6.00%.	**4 331**
Brazil	BRL	4 106	CDI (Interbank deposit rate) + 2.85% (4.00% at 28 February 2023).	**4 106**
Brazil	BRL	2 536	Fixed rate of 3%.	**2 536**
Brazil	BRL	2 206	CDI (Interbank deposit rate) + 3.95% (18.00% at 28 February 2023).	**2 206**
Brazil	BRL	918	CDI (Interbank deposit rate) + 3.49% (17.00% at 28 February 2023).	**918**
Chile	US$	14 000	Interest-free.	**3 093**
Chile	US$	*	Fixed rate of 11.00%.	**926**
Bank overdrafts repayable on demand under certain conditions				**2 540**
Chile	US$	2 540	Fixed rate of 8.00%.	**2 540**

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

Only facilities that have been drawn at 28 February 2023 have been included in the table above. There are further facilities available, which together with the drawn facilities above on all Logicalis Latin America bank overdrafts, amounts to total facilities of US$83.6 million (FY22: US$76.0 million). US$47.2 million of overdrafts (FY22: US$31.9 million) at year-end. No restrictions apply to the facilities. The net availability of all facilities, excluding unlinked overdrafts is US$36.4 million (FY22: US$44.0 million). The net availability does not include any cash sources in Logicalis Latin America.

28. Bank overdrafts (continued)

Region	Facility currency	Facility limit US$'000	Interest rate	2022 Overdraft US$'000
Westcon International				7 532
Bank overdrafts repayable on demand under certain conditions				7 532
UAE	US$	15 000	London Interbank offered "LIBOR" (US$ three-month) + 2.5% (2.599% as at 28 February 2022).	7 288
Indonesia	US$	3 000	For IDR drawings, bank best lending rate minus 5.20% (8.00% average as at 28 February 2022).	244
Logicalis International#				127 091
Bank overdrafts unconditionally repayable on demand				8 979
UK	Various	*	Interest rates vary based on the amounts drawn down. This is not an additional facility. This overdraft is offset by cash in a pooling agreement.	8 979
Bank overdrafts repayable on demand under certain conditions				118 112
UK	Various	82 275	SOFR (dependent on the length of the interest period) plus a margin rate which is determined from a margin ratchet on quarterly leverage. • This facility matures in January 2024 after a three-year term plus agreed one-year extension. • The facility includes EBITDA and interest cover covenants which are tested quarterly.	80 598
UK	Various	33 125	US LIBOR (six-month), EURIBOR (six-month) and SIBOR (six-month) (dependent on the length of the interest period) plus a margin rate which is determined from a margin ratchet on quarterly leverage. • This facility matures in January 2024 after a three-year term plus agreed one-year extension. • The facility includes EBITDA and interest cover covenants which are tested quarterly.	33 125
South Africa	ZAR	3 884	6.00% as at 28 February 2022. • This facility has no specified maturity date.	644
Portugal	EUR	67	2.00% as at 28 February 2022.	21
Indonesia	US$	9 500	Revolving loan IDR 5.85%, US$7.25% below best lending rate from bank (8.00% as at 28 February 2022). • This facility contains covenants that restrict Logicalis International's 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.	3 724

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

*** SOFR – Secured Overnight Financing Rate.*

28. Bank overdrafts (continued)

Region	Facility currency	Facility limit US$'000	Interest rate	2022 Overdraft US$'000
Logicalis Latin America[#]				31 936
Bank overdrafts unconditionally repayable on demand				28 974
Brazil	US$	8 055	This facility has a per annum pre-fixed interest rate in US$ (between 3% and 4% as at 28 February 2022).	8 055
Brazil	BRL	2 038	CDI (Interbank deposit rate) + 3.8% (14.55% at 28 February 2022).	2 038
Brazil	BRL	11 340	CDI (Interbank deposit rate) + 3.29% (14.04% at 28 February 2022).	11 340
Brazil	BRL	1 781	CDI (Interbank deposit rate) + 3.3% (14.05% at 28 February 2022).	1 781
Brazil	US$	5 760	This facility has a per annum pre-fixed interest rate in US$ (between 3.98% and 4.05% as at 28 February 2022).	5 760
Bank overdrafts repayable on demand under certain conditions				2 962
Chile	US$ • This facility has no specified maturity date.	2 403	Fixed rate of 8.00%.	2 403
Brazil	US$ • This facility has no specified maturity date.	118	Fixed rate of 5.00%.	118
Chile	CLP • This facility has no specified maturity date.	441	5.20% as at 28 February 2022.	441

[#] *The Logicalis segment previously reported in the prior period is now being reported as two management segments, Logicalis Latin America and Logicalis International (representing the Logicalis business outside of Latin America). The ultimate Logicalis holding company, Logicalis Group Limited, and its associated costs, is now included in the Corporate segment. Comparative results have been re-presented.*

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.

At 28 February 2022, Logicalis Latin America reported a contingent liability in respect of a possible tax liability at its subsidiary in Brazil. This related to an April 2012 tax assessment issued by a Brazilian state tax authority stating that PromonLogicalis should have paid a higher rate of state tax on its equipment sales up to October 2010 than actually paid. During this year, a favourable administrative court ruling was obtained and the state tax authority confirmed that the tax assessment was cancelled. This decision is final, and no further action is required. This is therefore no longer considered to be a contingent liability.

Logicalis International has a contingent tax liability at its Indonesian subsidiary PT. Packet Systems Indonesia. The Indonesian Tax Authority has raised withholding tax assessments in relation to purchases of vendor software and warranties which have been resold to customers. Withholding tax notices have been issued for each month in the calendar year 2016 and the first two months of the calendar year 2018. Objections have been filed by the company in respect of these periods with the Indonesian Tax Court.

The Group has certain contingent liabilities resulting from litigation and claims. 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.

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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 2023, the inter-group sales of goods and provision of services amounted to US$71.1 million (FY22: US$53.4 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 transacted with its associate Esource Resources, LLC which was disposed of during the current year (refer to Note 12.1). During the year the Group made sales totalling US$74.9 million (FY22: US$49.0 million) and received management fees of US$0.3 million (FY22: US$0.3 million) from this entity. No amounts due to or from this entity is disclosed as it no longer meets the definition of a related party at 28 February 2023.

	2023 US$'000	2022 US$'000
Key management personnel compensation:		
Short-term employee benefits	**8 257**	8 541
Post-employment benefits	**284**	378
Share-based payments	**14 181**	451
	22 721	9 370

Key management personnel compensation comprises the compensation of 12 (FY22: 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.

Directors' emoluments

The following tables set out the remuneration of individual directors who held office during FY23 and FY22.

	FY23						
	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	1 200	214	49	–	1 609	8 856	11 928
IP Dittrich	530	84	50	–	385	4 097	5 146
Total executive directors	1 730	298	99	–	1 994	12 953	17 074
Non-executive directors							
SJ Davidson	–	–	–	100	–	–	100
M Makanjee	–	–	–	224	–	–	224
JF McCartney	–	–	–	72	–	–	72
CRK Medlock	–	–	–	84	–	–	84
MJN Njeke	–	–	–	114	–	–	114
LC Rapparini (appointed 1 September 2022)	–	–	–	138	–	–	138
E Singh-Bushell (resigned 27 July 2022)	–	–	–	45	–	–	45
DS Sita (appointed 1 March 2022)	–	–	–	86	–	–	86
Total non-executive directors	–	–	–	863	–	–	863
Total directors' emoluments	1 730	298	99	863	1 994	12 953	17 937

30. Related-party transactions (continued)

Directors' emoluments (continued)

	FY22						
	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	1 200	214	59	–	2 577	372	4 422
IP Dittrich	530	84	49	–	618	131	1 412
Total executive directors	1 730	298	108	–	3 195	503	5 834
Non-executive directors							
SJ Davidson	–	–	–	212	–	–	212
M Makanjee	–	–	–	111	–	–	111
JF McCartney	–	–	–	72	–	–	72
CRK Medlock	–	–	–	84	–	–	84
MJN Njeke	–	–	–	114	–	–	114
E Singh-Bushell	–	–	–	109	–	–	109
Total non-executive directors	–	–	–	702	–	–	702
Total directors' emoluments	1 730	298	108	702	3 195	503	6 536

* *Other benefits include private medical insurance, permanent health insurance, life assurance and fuel for private vehicle.*

There has been no change in the directors holding office from 28 February 2023 up to the date of approval of these financial statements.

Conditional Share Plan ("CSP")

Grants were made under the CSP in FY23 and FY22 including the following awards to directors:

			Number of awards – movement in FY23					Fair value of awards				
CSP	Grant date	At 28 February 2022	**Granted**	**Vested**	**Lapsed**	**Modifi-cation**	**At 28 February 2023**	On grant US$'000	On grant as % of base pay	On vesting US$'000	**At 28 February 2023 US$'000**	At 28 February 2022 US$'000
JP Montanana	1-Jun-19	612 695	**–**	**(153 174)**	**(459 521)**	**–**	**–**	1 246	109%	377	**–**	372
	1-Jun-20	889 952	**–**	**–**	**–**	**366 536**	**1 256 488**	1 086	95%	–	**2 256**	1 442
	1-Jun-21	590 734	**–**	**–**	**–**	**243 300**	**834 034**	1 094	91%	–	**998**	957
	1-Jun-22	–	**505 436**	**–**	**–**	**208 169**	**713 605**	1 261	105%	–	**854**	–
		2 093 381	**505 436**	**(153 174)**	**(459 521)**	**818 005**	**2 804 127**				**4 108**	2 771
IP Dittrich	1-Jun-19	216 271	**–**	**(54 068)**	**(162 203)**	**–**	**–**	344	87%	133	**–**	131
	1-Jun-20	314 137	**–**	**–**	**–**	**129 381**	**443 518**	383	76%	–	**796**	509
	1-Jun-21	208 726	**–**	**–**	**–**	**85 966**	**294 692**	387	73%	–	**353**	338
	1-Jun-22	–	**178 588**	**–**	**–**	**73 554**	**252 142**	446	84%	–	**302**	–
		739 134	**178 588**	**(54 068)**	**(162 203)**	**288 901**	**990 352**				**1 451**	978

Deferred Bonus Warrants ("DBW") – FY23

Under the terms of the new DBW plan, the executive directors must defer a minimum of 20% of their bonus and may elect to defer up to 50%. Datatec shares will be purchased with the deferred bonus and the Company will co-invest the same value into SARs. The Company's co-investment in the SARs is not disclosed in the LTI element shown in the directors' remuneration table.

Jens Montanana elected to defer 24.2% of his FY22 bonus, being US$623 798, into the DBW to purchase forfeitable shares in June 2022. The Company co-invested the same amount of forfeitable shares and the Company's co-investment is included in the FY22 LTI element shown in the directors' remuneration table.

Ivan Dittrich elected to defer 20% of his FY22 bonus, being US$123 579 into the DBW to purchase forfeitable shares in June 2022. The Company co-invested the same amount of forfeitable shares and the Company's co-investment is included in the FY22 LTI element shown in the directors' remuneration table.

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30. Related-party transactions (continued)

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 (FY19)	Number of awards	Fair value of awards on grant US$'000	Grant fair value as a % of base pay %	Fair value of awards at 28 February 2023* Pre-cap US$'000	Fair value of awards at 28 February 2023* Capped US$'000	Fair value of awards at 28 February 2022 US$'000
JP Montanana	14-Mar-18	30 000	30 000	–	**8 614**	**6 600**	2 605
IP Dittrich	14-Mar-18	15 000	15 000	–	**4 307**	**3 300**	1 302

* *The fair value of the EAP units as at 28 February 2023 was 287.15 US cents, however this value is capped at 224.49 US cents per unit in terms of additional restrictions imposed by the Datatec Group Remuneration Committee during FY23.*

In addition to the above, in FY19 Jens Montanana received an award of 10 000 units in the WI – EAP conditional on a sale of Westcon International for in excess of US$300 million being achieved. As no sale of Westcon International has taken place during FY23 this additional grant of 10 000 units has now lapsed.

Share Appreciation Rights Scheme ("SARS")

Directors holding office during FY23 held the following share appreciation rights under the rules of the SARS which was discontinued in 2017:

SARS	Grant date	Number of awards – movement in FY23: 28 February 2022 US$'000	Number of awards – movement in FY23: Exercised US$'000	Number of awards – movement in FY23: 28 February 2023 US$'000	Fair value of awards: On exercise US$'000	Fair value of awards: 28 February 2022 US$'000
JP Montanana	14-May-15	714 879	**(714 879)**	**–**	**507**	280

Directors' interests in shares

Directors' interests in the ordinary shares of the Company at 28 February 2023 and 28 February 2022 are shown below:

	At 28 February 2023 Direct	At 28 February 2023 Indirect	At 28 February 2023 Associates	At 28 February 2023 Total	At 28 February 2022 Direct	At 28 February 2022 Indirect	At 28 February 2022 Associates	At 28 February 2022 Total
Executive directors								
JP Montanana	**500 000**	**31 332 429**	**–**	**31 832 429**	500 000	30 141 893	–	30 641 893
IP Dittrich	**969 224**	**–**	**–**	**969 224**	822 905	–	–	822 905
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
	1 469 224	**32 611 306**	**11 001**	**34 091 531**	1 322 905	31 420 770	11 001	32 754 676

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 2023 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 and DBW (which are forfeited if they resign from the Company) are included in the above table.

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 in 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 FY22, 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 24, bank overdrafts (Note 28), leases disclosed in Note 22, net cash resources (Note 36) and equity attributable to equity holders of the parent, comprising issued capital (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:

	2023 US$'000	2022 US$'000
Long-term interest-bearing liabilities	**41 624**	56 440
Short-term interest-bearing liabilities	**380 862**	266 617
Lease liabilities – long-term	**45 412**	61 523
Lease liabilities – short-term	**27 005**	32 870
Cash resources	**(584 683)**	(453 926)
Bank overdrafts	**196 362**	166 559
Net debt	**106 582**	130 083
Total equity attributable to the parent	**472 009**	563 430
Gearing ratio: debt-to-equity ratio	**23%**	23%

31.3 Categories of financial instruments

Financial assets		
Financial assets at fair value through profit or loss	**5 080**	2 153
Financial assets at amortised cost	**2 252 139**	1 800 137
Financial liabilities		
Financial liabilities at fair value through profit or loss	**8 802**	2 052
Financial liabilities at amortised cost	**2 573 353**	1 920 832

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

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$75.7 million, which represents over 5% of the total balance of trade receivables (FY22: US$64.4 million). 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
2023							
Financial assets at amortised cost							
Bonds		–	–	–	–	4 677	4 677
Finance lease receivables		–	1 214	19 612	155	–	20 981
Loans granted to third parties and other long-term assets due		326	–	71 561	13 795	1 377	87 059
Gross trade accounts receivable		85 473	160 965	844 043	292 455	153 276	1 536 212
Less: Expected credit loss allowances		–	(619)	(7 902)	(3 392)	(15 829)	(27 742)
Sundry receivables		6 975	13 329	15 729	7 519	2 717	46 269
Cash resources		35 627	56 810	297 553	128 599	66 094	584 683
Financial assets at fair value through profit or loss							
Derivative financial assets	2	–	649	3 277	1 154	–	5 080
Maximum on-balance sheet exposure		128 401	232 348	1 243 873	440 285	212 312	2 257 219
Financial guarantees		–	–	–	–	–	–
Contract assets and contract costs		88 395	59 577	43 289	52 191	665	244 117

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
2022							
Financial assets at amortised cost							
Bonds		–	–	–	–	7 276	7 276
Finance lease receivables		–	1 408	28 932	111	–	30 451
Loans granted to third parties and other long-term assets due		326	1 006	36 733	14 571	2 025	54 661
Gross trade accounts receivable		102 561	139 429	666 427	205 234	136 933	1 250 584
Less: Expected credit loss allowances		(185)	(629)	(7 428)	(3 281)	(15 237)	(26 760)
Sundry receivables		5 421	968	16 423	5 282	1 905	29 999
Cash resources		20 783	31 982	185 446	146 798	68 917	453 926
Financial assets at fair value through profit or loss							
Derivative financial assets	2	–	2 153	–	–	–	2 153
Maximum on-balance sheet exposure		128 906	176 317	926 533	368 715	201 819	1 802 290
Financial guarantees		–	–	–	–	–	–
Contract assets and contract costs		63 185	26 959	45 614	39 660	1 911	177 329

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 B- stable. 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.

31. Financial instruments (continued)

31.4 Credit risk management (continued)

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.

Management has concluded that the likelihood of material expected credit losses is low.

Expected credit losses for finance lease receivables and contract assets are negligible. 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 in assessing the credit losses for these financial assets.

US$22.1 million of trade receivables are pledged as collateral against long-term interest-bearing liabilities and US$742.5 million of trade receivables have been assigned against short-term interest-bearing liabilities (FY22: US$19.4 million collateral against long-term interest-bearing liabilities and US$597.6 million of trade receivables assigned against short-term interest-bearing liabilities). Refer to Note 21.1 and Note 24.

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. The Group does not hold any collateral over its trade receivables balances.

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$617.0 million of credit insurance is held over trade receivables (FY22: US$497.1 million).

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 and are secured against the assets of the company to which the facility is made available. These facilities 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, among 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.

Logicalis International is supported by a corporate facility of US$135.0 million, covering all its operations comprising an acquisition facility and a rolling credit facility to fund working capital requirements. Logicalis, Inc. a subsidiary operating in the United States, has a receivables purchase agreement. This agreement qualifies as a transfer of risks and rewards to the buyer and therefore permits the company to derecognise the relating accounts receivable. There is a finance cost to this company which is based on the individual customer's credit score and credit term of the customer invoices selected for sale. There is an agreed list of customers, each with an individual credit limit which, when combined totals US$200 million. As at 28 February 2023, US$10.5 million had been utilised.

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

Westcon International has an invoice assignment facility of EUR390.6 million for its European subsidiaries, as well as an extended payables facility of US$105.0 million. Westcon International has a securitisation facility of US$120.0 million for its Asia-Pacific facilities. In addition, Westcon International utilises accounts receivable facilities in the Middle East (US$15.0 million) and Indonesia (US$11.0 million) as well as overdraft facilities in Europe (EUR4.0 million) and Africa Asia-Pacific facilities. In addition, Westcon International utilises accounts receivable facilities in the Middle East (US$1.0 million), a securitisation facility in South Africa (ZAR250.0 million) and a line of credit in Singapore (US$1.2 million) to finance the business.

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

All externally imposed covenants have been complied with during the financial year. The Group has performed covenant projections for the next 12 months to confirm that banking covenants are expected to be met.

31. Financial instruments (continued)

31.5 Liquidity risk management (continued)

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 US$’000	0 – 1 year US$’000	1 – 2 years US$’000	2 – 5 years US$’000	After 5 years US$’000	Total US$’000
2023						
Financial liabilities at amortised cost						
Long-term interest-bearing liabilities		**21 150**	**24 178**	**17 371**	**75**	**62 774**
Other non-current liabilities		**–**	**40 998**	**27 946**	**–**	**68 944**
Lease liabilities		**27 005**	**17 935**	**21 669**	**5 808**	**72 417**
Trade payables		**1 515 478**	**–**	**–**	**–**	**1 515 478**
Other payables and other financial liabilities*		**297 666**	**–**	**–**	**–**	**297 666**
Short-term interest-bearing liabilities		**359 712**	**–**	**–**	**–**	**359 712**
Bank overdrafts		**196 362**	**–**	**–**	**–**	**196 362**
Financial liabilities at fair value through profit or loss						
Acquisition-related liabilities	**3**	**2 803**	**1 061**	**–**	**–**	**3 864**
Derivative financial liabilities	**2**	**8 802**	**–**	**–**	**–**	**8 802**
		2 428 978	**84 172**	**66 986**	**5 883**	**2 586 019**
Financial guarantees/commitments		**–**	**–**	**–**	**–**	**–**
2022						
Financial liabilities at amortised cost						
Long-term interest-bearing liabilities		25 329	22 606	33 834	–	81 769
Lease liabilities		32 870	24 322	28 416	8 785	94 393
Trade payables		1 113 072	–	–	–	1 113 072
Other payables and other financial liabilities*		223 751	–	–	–	223 751
Short-term interest-bearing liabilities		241 288	–	–	–	241 288
Bank overdrafts		166 559	–	–	–	166 559
Financial liabilities at fair value through profit or loss				–		
Acquisition-related liabilities	3	39	4 056	–	–	4 095
Derivative financial liabilities	2	2 052	–	–	–	2 052
		1 804 960	50 984	62 250	8 785	1 926 979
Financial guarantees/commitments		-	-	-	-	-

* *Other payables per Note 23 of US$556.5 million (FY22: US$413.1 million) less VAT/sales tax of US$39.5 million (FY22: US$36.0 million), short-term portion of share-based payments of US$63.5 million (FY22: US$18.9 million), sundry accruals and payables which are not financial liabilities of US$147.0 million (FY22: US$132.4 million), and derivative financial liabilities which are disclosed separately of US$8.8 million (FY22: US$2.0 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 operate 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.

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.

To determine the exposures and movements referenced below, financial assets and liabilities are split between items denominated in functional currency and items not denominated in functional currency across the different entities and regions across the Group. The net balance of items that are not denominated in functional currency and that are not hedged represents the net foreign exchange exposure in each division. The applicable change that represents management's assessment of the reasonably possible change in foreign exchange rates, is 10%. Foreign exchange rates in the Group vary due to the large number of geographic locations and fluctuate more in certain regions due to economic uncertainty, particularly in emerging markets. Therefore, 10% has been chosen for the sensitivity analyses as it represents a reasonable average year-on-year movement in the exchange rates across the various regions in the Group.

Westcon International

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. The total exposure is US$54.5 million (FY22: US$7.8 million). A 10% movement will result in a US$5.5 million (FY22: US$0.8 million) movement in the statement of comprehensive income. Westcon International's most significant exposures are to the US Dollar, British Pound and Euro.

Logicalis International

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. The total exposure is US$36.1 million (FY22: US$27.4 million). A 10% movement will result in a US$3.6 million movement (FY22: US$2.7 million) in the statement of comprehensive income. Logicalis International's largest exposures are to the US Dollar and Euro.

31. Financial instruments (continued)

31.7 Foreign exchange risk management (continued)

31.7.1 Foreign currency exposure analysis (continued)

Logicalis Latin America

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. The total exposure is US$56.1 million (FY22: US$41.1 million). A 10% movement will result in a US$5.6 million movement (FY22: US$4.1 million) in the statement of comprehensive income. Logicalis Latin America's largest exposures are to the US Dollar and Brazilian Real.

Corporate and Management Consulting

Datatec management has performed a review of foreign currency exposures of the financial assets and liabilities of the Corporate and Management Consulting segment. The total exposure, mostly to the US Dollar and British Pound, is US$18.5 million (FY22: US$24.7 million). A 10% movement will result in a US$1.9 million movement (FY22: US$2.5 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 sets 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 exposed to variable interest rates calculated for the year across the various entities and regions across the Group. 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. 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 2023 would decrease by a net amount of US$2.73 million (FY22: US$1.40 million decrease)

Westcon International

- profit for the year ended 28 February 2023 would decrease by a net amount of US$1.72 million (FY22: US$0.87 million decrease)

Logicalis International

- profit for the year ended 28 February 2023 would decrease by a net amount of US$0.72 million (FY22: US$0.24 million decrease)

Logicalis Latin America

- profit for the year ended 28 February 2023 would decrease by a net amount of US$0.34 million (FY22: US$0.28 million decrease)

Corporate and Management Consulting

- profit for the year ended 28 February 2023 would increase by a net amount of US$0.05 million (FY22: US$0.01 decrease)

32. Cash generated from operations

	Notes	2023 US$'000	2022 US$'000
Profit before taxation for operations*		**98 383**	50 935
Adjustment for:			
Unrealised foreign exchange losses/(gains)	3, 40	**9 115**	(470)
Share-based payments	2	**55 267**	22 517
Share of equity-accounted investment (earnings)/losses	12.1	**(882)**	427
Depreciation and amortisation	3, 40	**69 025**	72 402
Loss/(profit) on disposal of property, plant and equipment and software		**55**	(27)
Loss/(profit) on disposal of right-of-use asset		**367**	(55)
Net movement in provisions	26	**16 791**	(1 350)
Net movements on expected credit loss allowances		**4 455**	1 946
Acquisition-related fair value adjustments	25	**(38)**	(567)
Movement in inventory provision		**(1 043)**	1 267
Cash payments to settle share-based payment obligations	2	**–**	(3 916)
Non-cash movement on multi-year contracts		**272**	(7 192)
Profit on disposal of Analysys Mason	40.2	**(109 915)**	–
Profit on disposal of investment	12.1	**(2 915)**	–
Loss on disposal of investment	12.1	**1 392**	–
Impairment of right-of-use assets	9	**7 990**	–
Impairment of capitalised development expenditure	10.1	**3 563**	–
Interest income	4, 40	**(8 500)**	(2 271)
Finance costs**	4, 40	**46 836**	33 580
Other non-cash items (individually immaterial)		**1 391**	6 293
Operating profit before working capital changes		**191 609**	173 519
Working capital changes:		**(25 542)**	(83 791)
Increase in inventories		**(109 055)**	(66 806)
Increase in receivables		**(347 606)**	(96 647)
Increase in payables		**484 124**	89 254
Increase in contract assets and contract costs		**(89 989)**	(27 051)
Increase in deferred revenue		**36 984**	17 459
Decrease in finance lease receivables		**6 585**	6 984
Decrease in other non-current assets		**754**	–
		173 406	96 712

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

33. Taxation paid

	2023 US$'000	2022 US$'000
Net taxation asset at the beginning of the year	**4 995**	4 173
Subsidiaries acquired	**(14)**	(549)
Disposal of discontinued operations	**1 633**	–
Charge to profit and loss from continued operations (excluding deferred tax)	**(26 925)**	(23 982)
Charge to profit and loss for discontinued operations (excluding deferred tax)	**(1 465)**	–
Other movements and translation differences	**60**	(929)
Net taxation asset at the end of the year	**(2 466)**	(4 995)
	(24 182)	(26 282)
Net taxation		
Current tax assets	**19 390**	23 030
Current tax liability	**(16 924)**	(18 035)
	2 466	4 995

	2023 US$'000	2022 US$'000
34. Additions to property, plant and equipment		
Maintenance of operations:		
Office furniture, equipment and motor vehicles	**1 305**	420
Computer equipment	**11 118**	4 971
Leasehold improvements	**476**	822
Land and buildings	**71**	18
Expansion of operations:		
Office furniture, equipment and motor vehicles	**379**	688
Computer equipment	**3 848**	3 113
Leasehold improvements	**1 129**	1 052
	18 326	11 084

35. Cash flow additional notes

35.1 Translation difference on cash and cash equivalents

	2023 US$'000	2022 US$'000
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.	**1 032**	3 304

35.2 Reconciliation of liabilities arising from financing activities

					Non-cash changes					
	Note	Opening balance as at 1 March 2022 US$'000	Financing cash inflows* US$'000	Financing cash outflows* US$'000	Operating cash outflows US$'000	Acquisition of subsidiary US$'000	New leases US$'000	Disposal of discontinued operations US$'000	Foreign currency and other changes US$'000	Closing balance as at 28 February 2023 US$'000
2023										
Acquisition-related liabilities	25	(4 095)	–	4 402	–	(4 894)	–	831	(108)	(3 864)
Long-term interest-bearing liabilities**	21	(81 769)	(58 296)	72 757	4 307	(69)	–	–	296	(62 774)
Unsecured loans		(38 203)	(41 147)	41 106	2 198	(69)	–	–	(1 225)	(37 340)
Secured loans		(43 566)	(17 149)	31 651	2 109	–	–	–	1 521	(25 434)
Lease liabilities***/****	22	(94 393)	–	33 872	5 896	–	(18 712)	4 093	(3 173)	(72 417)
Bank overdrafts repayable on demand under certain conditions~	28	(128 606)	–	2 316	18 406	–	–	–	(16 581)	(124 465)
Short-term interest-bearing liabilities	24	(241 288)	(136 201)	10 118	16 292	–	–	–	(8 633)	(359 712)

*	*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$21.2 million – refer to Note 21).*

***	*The non-cash movement in leases include finance cost related to finance leases of US$6.0 million (refer to Note 4), of which US$5.9 million relates to continued operations, new leases of US$18.7 million, foreign currency and other movements.*

****	*Includes current portion (US$27.0 million – refer to Note 22).*

~	*Cash flows include US$6.0 million interest related to lease liabilities and US$18.4 million interest on bank overdrafts repayable on demand under certain conditions these are included in cash flows from operating activities.*

35. Cash flow additional notes (continued)

35.2 Reconciliation of liabilities arising from financing activities (continued)

	Note	Opening balance as at 1 March 2021 US$'000	Financing cash inflows* US$'000	Financing cash outflows* US$'000	Operating cash outflows US$'000	Non-cash changes Acquisition of subsidiary US$'000	Non-cash changes New leases US$'000	Non-cash changes Foreign currency and other changes US$'000	Closing balance as at 28 February 2022 US$'000
2022									
Acquisition-related liabilities	25	(2 620)	–	7 815	–	(10 496)	–	1 206	(4 095)
Long-term interest-bearing liabilities**	21	(76 682)	(84 882)	82 564	6 371	(2 923)	–	(6 217)	(81 769)
Unsecured loans		(31 202)	(48 084)	44 154	2 624	(2 923)	–	(2 772)	(38 203)
Secured loans		(45 480)	(36 798)	38 410	3 747	–	–	(3 445)	(43 566)
Lease liabilities***/****	22	(114 245)	–	36 121	5 260	–	(18 887)	(2 642)	(94 393)
Bank overdrafts repayable on demand under certain conditions~	28	(121 557)	(7 082)	–	12 814	–	–	(12 781)	(128 606)
Short-term interest-bearing liabilities	24	(227 149)	(42 647)	28 609	4 736	–	–	(4 837)	(241 288)

* *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$25.3 million – refer to Note 21).*

*** *The non-cash movement in leases include finance cost related to finance leases of US$5.3 million (refer to Note 4), foreign currency and other movements.*

**** *Includes current portion (US$32.9 million – refer to Note 22).*

~ *Cash flows include US$5.3 million interest related to lease liabilities and US$12.8 million interest on bank overdrafts repayable on demand under certain conditions these are included in cash flows from operating activities.*

36. Cash and cash equivalents at the end of the year

	Notes	2023 US$'000	2022 US$'000
Cash resources		**584 683**	453 926
Bank overdrafts unconditionally repayable on demand	28	**(71 897)**	(37 953)
Cash and cash equivalents (per the statement of cash flows)		**512 786**	415 973
Bank overdrafts repayable on demand under certain conditions	28	**(124 465)**	(128 606)
Net cash resources		**388 321**	287 367
Bank overdrafts unconditionally repayable on demand		**(71 897)**	(37 953)
Bank overdrafts repayable on demand under certain conditions		**(124 465)**	(128 606)
Total bank overdrafts	28	**(196 362)**	(166 559)

37. Segmental report

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

Principal activities are as follows:

- Westcon International: Value-added technology distributor of industry-leading solutions. Provides class-leading cyber security, network infrastructure, unified collaboration products, data centre solutions, channel support services and financing/leasing solutions for ICT customers;
- Logicalis International and Logicalis Latin America: International solutions providers of digital services; and
- Corporate and Management Consulting: Management Consulting provides strategic, trusted advisory, modelling and market intelligence services to the TMT industries. Analysys Mason was disposed of during the year and its results are disclosed as discontinued operations. Corporate includes 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 performance of the operating segments, has been identified as the executive directors that make strategic decisions.

The segmental report has been updated in the current and prior year to reflect significant expenses identified in EBITDA. The regional analysis of EBITDA is no longer presented. Following the change to management reporting segments, EBITDA is now only reviewed per operating division by the chief operating decision maker.

During FY23 and FY22, there were no customers that individually accounted for over 10% of the Group's revenue. There is one customer in Logicalis Latin America which accounts for over 10% of Logicalis Latin America's revenue (US$180.7 million).

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37. Segmental report (continued)

	Westcon International	
	2023 US$'000	2022 US$'000
37.1 Condensed statement of comprehensive income		
Revenue	**3 420 569**	2 890 439
Total revenue	**3 490 498**	2 943 742
Inter-segmental	**(69 929)**	(53 303)
Gross profit	**328 700**	318 966
North America	**119**	–
Latin America	**–**	–
Europe	**184 891**	190 960
Asia-Pacific	**107 123**	89 383
MEA	**36 567**	38 623
Significant expenses included in EBITDA:		
Staff costs	**(199 892)**	(199 367)
Share-based payments	**(36 284)**	(10 523)
Restructuring costs	**–**	–
EBITDA	**48 459**	68 071
Depreciation and amortisation	**(23 367)**	(24 509)
Impairment of property, plant and equipment, right-of-use assets and capitalised development expenditure	**(3 351)**	–
Operating profit/(loss)	**21 741**	43 562
Interest income	**1 117**	546
Finance costs	**(20 341)**	(11 825)
Share of equity-accounted investment earnings/(losses)	**–**	–
Acquisition-related fair value adjustments	**–**	–
Other income/(expenses)	**21**	(27)
Loss on disposal of investment	**–**	–
Profit/(loss) before taxation	**2 538**	32 256
Taxation	**(6 271)**	(1 413)
(Loss)/profit for the year from continuing operations	**(3 733)**	30 843
Profit for the year from discontinued operations	**–**	–
(Loss)/profit for the year	**(3 733)**	30 843

^ *The prior year has been re-presented to show comparative results from discontinued operations in accordance with IFRS 5. Refer to Note 40.*

\# *The Logicalis segment previously reported in the prior period is now being reported as two management segments, Logicalis Latin America and Logicalis International (representing the Logicalis business outside of Latin America). The ultimate Logicalis holding company, Logicalis Group Limited, and its associated costs, is now included in the Corporate segment. Comparative results have been re-presented.*

Logicalis International		Logicalis Latin America		Corporate and Management Consulting		Datatec Group Total	
2023 US$'000	2022 Re-presented# US$'000	2023 US$'000	2022 Re-presented# US$'000	2023 US$'000	2022 Re-presented^# US$'000	2023 US$'000	2022 Re-presented^ US$'000
1 231 517	1 133 265	491 039	522 694	–	–	5 143 125	4 546 398
1 232 365	1 133 357	491 406	522 694	(71 144)	(53 395)	5 143 125	4 546 398
(848)	(92)	(367)	–	71 144	53 395	–	–
306 318	304 283	109 489	106 519	–	–	744 507	729 768
106 269	101 932	–	–	–	–	106 388	101 932
–	–	109 489	106 519	–	–	109 489	106 519
119 436	125 789	–	–	–	–	304 327	316 749
77 000	72 274	–	–	–	–	184 123	161 657
3 613	4 288	–	–	–	–	40 180	42 911
(199 625)	(192 418)	(55 170)	(51 319)	(2 690)	(2 595)	(457 377)	(445 699)
(463)	(899)	(504)	645	(15 390)	(4 688)	(52 641)	(15 465)
(12 504)	–	(2 189)	–	(464)	–	(15 157)	–
50 466	64 048	21 156	28 486	(21 835)	(17 148)	98 246	143 457
(37 293)	(36 186)	(7 354)	(7 470)	(120)	(317)	(68 134)	(68 482)
(6 578)	–	–	–	(1 691)	–	(11 620)	–
6 595	27 862	13 802	21 016	(23 646)	(17 465)	18 492	74 975
1 329	441	2 454	635	3 584	642	8 484	2 264
(13 197)	(7 861)	(12 935)	(13 525)	(101)	(104)	(46 574)	(33 315)
409	452	(645)	(1 613)	1 118	734	882	(427)
38	567	–	–	–	–	38	567
–	–	–	–	–	–	21	(27)
(1 392)	–	–	–	–	–	(1 392)	–
(6 218)	21 461	2 676	6 513	(19 045)	(16 193)	(20 049)	44 037
(1 264)	(6 659)	(1 391)	(1 748)	(4 449)	350	(13 375)	(9 470)
(7 482)	14 802	1 285	4 765	(23 494)	(15 843)	(33 424)	34 567
–	–	–	–	116 967	5 766	116 967	5 766
(7 482)	14 802	1 285	4 765	93 473	(10 077)	83 543	40 333

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37. Segmental report (continued)

Westcon International
2023

	North America US$'000	Latin America US$'000	Europe US$'000	Asia-Pacific US$'000	MEA US$'000	Total US$'000
37.2 Revenue	119	–	2 117 922	841 209	461 319	3 420 569
Revenue from product sales	–	–	2 064 492	820 832	453 620	3 338 944
Revenue from sales of hardware	–	–	1 276 471	445 675	296 706	2 018 852
Revenue from sales of software*	–	–	771 913	394 633	152 368	1 318 914
Revenue from vendor resold services and product maintenance sales	–	–	48 646	14 143	7 628	70 417
Inter-segmental	–	–	(32 538)	(33 619)	(3 082)	(69 239)
Nature of revenue from product sales	–	–	2 064 492	820 832	453 620	3 338 944
Principal	–	–	2 048 384	840 308	449 074	3 337 766
Agent	–	–	48 646	14 143	7 628	70 417
Inter-segmental	–	–	(32 538)	(33 619)	(3 082)	(69 239)
Timing of revenue from product sales	–	–	2 064 492	820 832	453 620	3 338 944
At a point in time	–	–	2 097 030	854 451	456 702	3 408 183
Over time	–	–	–	–	–	–
Inter-segmental	–	–	(32 538)	(33 619)	(3 082)	(69 239)
Revenue from services	119	–	46 348	17 421	6 098	69 986
Revenue from professional services	119	–	46 686	17 627	6 123	70 555
Inter-segmental	–	–	(338)	(206)	(25)	(569)
Nature of revenue from product sales	119	–	46 348	17 421	6 098	69 986
Principal	119	–	46 686	17 627	6 123	70 555
Agent	–	–	–	–	–	–
Inter-segmental	–	–	(338)	(206)	(25)	(569)
Timing of revenue from product sales	119	–	46 348	17 421	6 098	69 986
At a point in time	–	–	–	–	–	–
Over time	119	–	46 686	17 627	6 123	70 555
Inter-segmental	–	–	(338)	(206)	(25)	(569)
Revenue from annuity services	–	–	7 082	2 956	1 601	11 639
Revenue from cloud services	–	–	–	–	–	–
Revenue from software services*	–	–	7 110	2 956	1 694	11 760
Revenue from other services	–	–	–	–	–	–
Inter-segmental	–	–	(28)	–	(93)	(121)
Nature of revenue from product sales	–	–	7 082	2 956	1 601	11 639
Principal	–	–	–	–	–	–
Agent	–	–	7 110	2 956	1 694	11 760
Inter-segmental	–	–	(28)	–	(93)	(121)
Timing of revenue from product sales	–	–	7 082	2 956	1 601	11 639
At a point in time	–	–	7 110	2 956	1 694	11 760
Over time	–	–	–	–	–	–
Inter-segmental	–	–	(28)	–	(93)	(121)

* *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 2022					
North America US$'000	Latin America US$'000	Europe US$'000	Asia-Pacific US$'000	MEA US$'000	Total US$'000
–	–	1 810 836	703 073	376 530	2 890 439
–	–	1 757 636	686 473	366 535	2 810 644
–	–	1 056 856	378 423	243 940	1 679 219
–	–	678 853	315 274	121 274	1 115 401
–	–	49 228	16 535	2 791	68 554
–	–	(27 301)	(23 759)	(1 470)	(52 530)
–	–	1 757 636	686 473	366 535	2 810 644
–	–	1 735 961	693 704	365 213	2 794 878
–	–	48 976	16 528	2 792	68 296
–	–	(27 301)	(23 759)	(1 470)	(52 530)
–	–	1 757 636	686 473	366 535	2 810 644
–	–	1 784 937	710 232	368 005	2 863 174
–	–	–	–	–	–
–	–	(27 301)	(23 759)	(1 470)	(52 530)
–	–	47 813	13 375	8 339	69 527
–	–	48 130	13 776	8 352	70 258
–	–	(317)	(401)	(13)	(731)
–	–	47 813	13 375	8 339	69 527
–	–	48 130	13 776	8 352	70 258
–	–	–	–	–	–
–	–	(317)	(401)	(13)	(731)
–	–	47 813	13 375	8 339	69 527
–	–	–	–	–	–
–	–	48 130	13 776	8 352	70 258
–	–	(317)	(401)	(13)	(731)
–	–	5 387	3 225	1 656	10 268
–	–	–	–	–	–
–	–	5 387	3 267	1 656	10 310
–	–	–	–	–	–
–	–	–	(42)	–	(42)
–	–	5 387	3 225	1 656	10 268
–	–	–	–	–	–
–	–	5 387	3 267	1 656	10 310
–	–	–	(42)	–	(42)
–	–	5 387	3 225	1 656	10 268
–	–	–	–	1 874	1 874
–	–	5 387	3 267	(218)	8 436
–	–	–	(42)	–	(42)

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37. Segmental report (continued)

	Logicalis International 2023					
	North America US$'000	**Latin America US$'000**	**Europe US$'000**	**Asia-Pacific US$'000**	**MEA US$'000**	**Total US$'000**
37.2 Revenue (continued)	419 175	–	441 483	352 996	17 863	1 231 517
Revenue from product sales	282 656	–	259 892	208 157	4 531	755 236
Revenue from sales of hardware	223 872	–	205 494	136 250	4 167	569 783
Revenue from sales of software*	58 784	–	55 189	71 907	421	186 301
Revenue from vendor resold services and product maintenance sales	–	–	–	–	–	–
Inter-segmental	–	–	(791)	–	(57)	(848)
Nature of revenue from product sales	282 656	–	259 892	208 157	4 531	755 236
Principal	273 858	–	256 071	203 997	4 588	738 514
Agent	8 798	–	4 612	4 160	–	17 570
Inter-segmental	–	–	(791)	–	(57)	(848)
Timing of revenue from product sales	282 656	–	259 892	208 157	4 531	755 236
At a point in time	282 656	–	260 683	208 157	4 588	756 084
Over time	–	–	–	–	–	–
Inter-segmental	–	–	(791)	–	(57)	(848)
Revenue from services	40 524	–	104 272	46 988	2 508	194 292
Revenue from professional services	40 524	–	104 272	46 988	2 508	194 292
Inter-segmental	–	–	–	–	–	–
Nature of revenue from product sales	40 524	–	104 272	46 988	2 508	194 292
Principal	39 516	–	103 709	46 985	2 508	192 718
Agent	1 008	–	563	3	–	1 574
Inter-segmental	–	–	–	–	–	–
Timing of revenue from product sales	40 524	–	104 272	46 988	2 508	194 292
At a point in time	1 008	–	563	3	–	1 574
Over time	39 516	–	103 709	46 985	2 508	192 718
Inter-segmental	–	–	–	–	–	–
Revenue from annuity services	95 995	–	77 319	97 851	10 824	281 989
Revenue from cloud services	58 168	–	23 736	25 913	1 137	108 954
Revenue from software services*	–	–	–	–	–	–
Revenue from other services	37 827	–	53 583	71 938	9 687	173 035
Inter-segmental	–	–	–	–	–	–
Nature of revenue from product sales	95 995	–	77 319	97 851	10 824	281 989
Principal	79 935	–	65 104	93 750	10 824	249 613
Agent	16 060	–	12 215	4 101	–	32 376
Inter-segmental	–	–	–	–	–	–
Timing of revenue from product sales	95 995	–	77 319	97 851	10 824	281 989
At a point in time	16 060	–	12 215	4 101	–	32 376
Over time	79 935	–	65 104	93 750	10 824	249 613
Inter-segmental	–	–	–	–	–	–

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[*] *Includes software as a service revenues.*

[#] *The Logicalis segment previously reported in the prior period is now being reported as two management segments, Logicalis Latin America and Logicalis International (representing the Logicalis business outside of Latin America). The ultimate Logicalis holding company, Logicalis Group Limited, and its associated costs, is now included in the Corporate segment. Comparative results have been re-presented.*

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.

Logicalis International 2022 Re-presented#					
North America US$'000	Latin America US$'000	Europe US$'000	Asia-Pacific US$'000	MEA US$'000	Total US$'000
349 055	–	460 237	307 586	16 387	1 133 265
251 772	–	212 508	191 201	12 436	667 917
181 183	–	150 784	137 645	10 131	479 743
70 589	–	61 737	53 556	2 384	188 266
–	–	–	–	–	–
–	–	(13)	–	(79)	(92)
251 772	–	212 508	191 201	12 436	667 917
244 667	–	205 425	191 028	12 768	653 888
7 105	–	7 096	173	(253)	14 121
–	–	(13)	–	(79)	(92)
251 772	–	212 508	191 201	12 436	667 917
251 772	–	212 521	191 201	12 515	668 009
–	–	–	–	–	–
–	–	(13)	–	(79)	(92)
31 116	–	107 212	39 436	2 097	179 861
31 116	–	107 212	39 436	2 097	179 861
–	–	–	–	–	–
31 116	–	107 212	39 436	2 097	179 861
30 667	–	107 046	39 436	2 097	179 246
449	–	166	–	–	615
–	–	–	–	–	–
31 116	–	107 212	39 436	2 097	179 861
449	–	166	–	–	615
30 667	–	107 046	39 436	2 097	179 246
–	–	–	–	–	–
66 167	–	140 517	76 949	1 854	285 487
18 253	–	10 363	16 606	1 371	46 593
–	–	–	–	–	–
47 914	–	130 154	60 343	483	238 894
–	–	–	–	–	–
66 167	–	140 517	76 949	1 854	285 487
49 572	–	125 169	72 410	1 854	249 005
16 595	–	15 348	4 539	–	36 482
–	–	–	–	–	–
66 167	–	140 517	76 949	1 854	285 487
16 595	–	15 348	4 539	–	36 482
49 572	–	125 169	72 410	1 854	249 005
–	–	–	–	–	–

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37. Segmental report (continued)

Logicalis Latin America
2023

		North America US$'000	Latin America US$'000	Europe US$'000	Asia-Pacific US$'000	MEA US$'000	Total US$'000
37.2	**Revenue** (continued)	–	491 039	–	–	–	491 039
	Revenue from product sales	–	275 417	–	–	–	275 417
	Revenue from sales of hardware	–	186 814	–	–	–	186 814
	Revenue from sales of software*	–	88 970	–	–	–	88 970
	Revenue from vendor resold services and product maintenance sales	–	–	–	–	–	–
	Inter-segmental	–	(367)	–	–	–	(367)
	Nature of revenue from product sales	–	275 417	–	–	–	275 417
	Principal	–	272 978	–	–	–	272 978
	Agent	–	2 806	–	–	–	2 806
	Inter-segmental	–	(367)	–	–	–	(367)
	Timing of revenue from product sales	–	275 417	–	–	–	275 417
	At a point in time	–	275 784	–	–	–	275 784
	Over time	–	–	–	–	–	–
	Inter-segmental	–	(367)	–	–	–	(367)
	Revenue from services	–	61 506	–	–	–	61 506
	Revenue from professional services	–	61 506	–	–	–	61 506
	Inter-segmental	–	–	–	–	–	–
	Nature of revenue from product sales	–	61 506	–	–	–	61 506
	Principal	–	61 280	–	–	–	61 280
	Agent	–	226	–	–	–	226
	Inter-segmental	–	–	–	–	–	–
	Timing of revenue from product sales	–	61 506	–	–	–	61 506
	At a point in time	–	226	–	–	–	226
	Over time	–	61 280	–	–	–	61 280
	Inter-segmental	–	–	–	–	–	–
	Revenue from annuity services	–	154 116	–	–	–	154 116
	Revenue from cloud services	–	1 400	–	–	–	1 400
	Revenue from software services*	–	–	–	–	–	–
	Revenue from other services	–	152 716	–	–	–	152 716
	Inter-segmental	–	–	–	–	–	–
	Nature of revenue from product sales	–	154 116	–	–	–	154 116
	Principal	–	149 480	–	–	–	149 480
	Agent	–	4 636	–	–	–	4 636
	Inter-segmental	–	–	–	–	–	–
	Timing of revenue from product sales	–	154 116	–	–	–	154 116
	At a point in time	–	4 636	–	–	–	4 636
	Over time	–	149 480	–	–	–	149 480
	Inter-segmental	–	–	–	–	–	–

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* *Includes software as a service revenues.*

\# *The Logicalis segment previously reported in the prior period is now being reported as two management segments, Logicalis Latin America and Logicalis International (representing the Logicalis business outside of Latin America). The ultimate Logicalis holding company, Logicalis Group Limited, and its associated costs, is now included in the Corporate segment. Comparative results have been re-presented.*

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.

Logicalis Latin America 2022 Re-presented[#]					
North America US$'000	Latin America US$'000	Europe US$'000	Asia-Pacific US$'000	MEA US$'000	Total US$'000
–	522 694	–	–	–	522 694
–	340 977	–	–	–	340 977
–	245 063	–	–	–	245 063
–	95 914	–	–	–	95 914
–	–	–	–	–	–
–	–	–	–	–	–
–	340 977	–	–	–	340 977
–	336 415	–	–	–	336 415
–	4 562	–	–	–	4 562
–	–	–	–	–	–
–	340 977	–	–	–	340 977
–	340 977	–	–	–	340 977
–	–	–	–	–	–
–	–	–	–	–	–
–	50 245	–	–	–	50 245
–	50 245	–	–	–	50 245
–	–	–	–	–	–
–	50 245	–	–	–	50 245
–	50 154	–	–	–	50 154
–	91	–	–	–	91
–	–	–	–	–	–
–	50 245	–	–	–	50 245
–	91	–	–	–	91
–	50 154	–	–	–	50 154
–	–	–	–	–	–
–	131 472	–	–	–	131 472
–	995	–	–	–	995
–	–	–	–	–	–
–	130 477	–	–	–	130 477
–	–	–	–	–	–
–	131 472	–	–	–	131 472
–	130 519	–	–	–	130 519
–	953	–	–	–	953
–	–	–	–	–	–
–	131 472	–	–	–	131 472
–	953	–	–	–	953
–	130 519	–	–	–	130 519
–	–	–	–	–	–

37. Segmental report (continued)

Corporate and Management Consulting 2023

	North America US$'000	Latin America US$'000	Europe US$'000	Asia-Pacific US$'000	MEA US$'000	Total US$'000
37.2 Revenue (continued)	–	–	–	–	–	–
Revenue from product sales	–	–	–	–	–	–
Revenue from sales of hardware	–	(367)	(20 213)	(23 630)	(2 934)	(47 144)
Revenue from sales of software*	–	–	(12 789)	(10 216)	(170)	(23 175)
Revenue from vendor resold services and product maintenance sales	–	–	(327)	227	(35)	(135)
Inter-segmental	–	367	33 329	33 619	3 139	70 454
Nature of revenue from product sales	–	–	–	–	–	–
Principal	–	(367)	(33 002)	(33 846)	(3 104)	(70 319)
Agent	–	–	(327)	227	(35)	(135)
Inter-segmental	–	367	33 329	33 619	3 139	70 454
Timing of revenue from product sales	–	–	–	–	–	–
At a point in time	–	(367)	(33 329)	(33 619)	(3 139)	(70 454)
Over time	–	–	–	–	–	–
Inter-segmental	–	367	33 329	33 619	3 139	70 454
Revenue from services	–	–	–	–	–	–
Revenue from professional services	–	–	(338)	(206)	(25)	(569)
Inter-segmental	–	–	338	206	25	569
Nature of revenue from product sales	–	–	–	–	–	–
Principal	–	–	(338)	(206)	(25)	(569)
Agent	–	–	–	–	–	–
Inter-segmental	–	–	338	206	25	569
Timing of revenue from product sales	–	–	–	–	–	–
At a point in time	–	–	–	–	–	–
Over time	–	–	(338)	(206)	(25)	(569)
Inter-segmental	–	–	338	206	25	569
Revenue from annuity services	–	–	–	–	–	–
Revenue from cloud services	–	–	–	–	–	–
Revenue from software services*	–	–	(28)	–	(93)	(121)
Revenue from other services	–	–	–	–	–	–
Inter-segmental	–	–	28	–	93	121
Nature of revenue from product sales	–	–	–	–	–	–
Principal	–	–	–	–	–	–
Agent	–	–	(28)	–	(93)	(121)
Inter-segmental	–	–	28	–	93	121
Timing of revenue from product sales	–	–	–	–	–	–
At a point in time	–	–	(28)	–	(93)	(121)
Over time	–	–	–	–	–	–
Inter-segmental	–	–	28	–	93	121

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* *Includes software as a service revenues.*

^ *The prior year has been re-presented to show comparative results from discontinued operations in accordance with IFRS 5. Refer to Note 40.*

Corporate and Management Consulting 2022 Re-presented^					
North America US$'000	Latin America US$'000	Europe US$'000	Asia-Pacific US$'000	MEA US$'000	Total US$'000
–	–	–	–	–	–
–	–	–	–	–	–
–	–	(21 134)	(18 287)	(1 549)	(40 970)
–	–	(5 928)	(5 465)	–	(11 393)
–	–	(252)	(7)	–	(259)
–	–	27 314	23 759	1 549	52 622
–	–	–	–	–	–
–	–	(27 314)	(23 759)	(1 549)	(52 622)
–	–	–	–	–	–
–	–	27 314	23 759	1 549	52 622
–	–	–	–	–	–
–	–	(27 314)	(23 759)	(1 549)	(52 622)
–	–	–	–	–	–
–	–	27 314	23 759	1 549	52 622
–	–	–	–	–	–
–	–	(317)	(401)	(13)	(731)
–	–	317	401	13	731
–	–	–	–	–	–
–	–	(317)	(401)	(13)	(731)
–	–	–	–	–	–
–	–	317	401	13	731
–	–	–	–	–	–
–	–	–	–	–	–
–	–	(317)	(401)	(13)	(731)
–	–	317	401	13	731
–	–	–	–	–	–
–	–	–	–	–	–
–	–	–	(42)	–	(42)
–	–	–	–	–	–
–	–	–	42	–	42
–	–	–	–	–	–
–	–	–	–	–	–
–	–	–	(42)	–	(42)
–	–	–	42	–	42
–	–	–	–	–	–
–	–	–	–	–	–
–	–	–	(42)	–	(42)
–	–	–	42	–	42

37. Segmental report (continued)

	Datatec Group Total 2023					
	North America US$'000	Latin America US$'000	Europe US$'000	Asia-Pacific US$'000	MEA US$'000	Total US$'000
37.2 Revenue (continued)	419 294	491 039	2 559 405	1 194 205	479 182	5 143 125
Revenue from product sales	282 656	275 417	2 324 384	1 028 989	458 151	4 369 597
Revenue from sales of hardware	223 872	186 447	1 461 752	558 295	297 939	2 728 305
Revenue from sales of software*	58 784	88 970	814 313	456 324	152 619	1 571 010
Revenue from vendor resold services and product maintenance sales	–	–	48 319	14 370	7 593	70 282
Inter-segmental	–	–	–	–	–	–
Nature of revenue from product sales	282 656	275 417	2 324 384	1 028 989	458 151	4 369 597
Principal	273 858	272 611	2 271 453	1 010 459	450 558	4 278 939
Agent	8 798	2 806	52 931	18 530	7 593	90 658
Inter-segmental	–	–	–	–	–	–
Timing of revenue from product sales	282 656	275 417	2 324 384	1 028 989	458 151	4 369 597
At a point in time	282 656	275 417	2 324 384	1 028 989	458 151	4 369 597
Over time	–	–	–	–	–	–
Inter-segmental	–	–	–	–	–	–
Revenue from services	40 643	61 506	150 620	64 409	8 606	325 784
Revenue from professional services	40 643	61 506	150 620	64 409	8 606	325 784
Inter-segmental	–	–	–	–	–	–
Nature of revenue from product sales	40 643	61 506	150 620	64 409	8 606	325 784
Principal	39 635	61 280	150 057	64 406	8 606	323 984
Agent	1 008	226	563	3	–	1 800
Inter-segmental	–	–	–	–	–	–
Timing of revenue from product sales	40 643	61 506	150 620	64 409	8 606	325 784
At a point in time	1 008	226	563	3	–	1 800
Over time	39 635	61 280	150 057	64 406	8 606	323 984
Inter-segmental	–	–	–	–	–	–
Revenue from annuity services	95 995	154 116	84 401	100 807	12 425	447 744
Revenue from cloud services	58 168	1 400	23 736	25 913	1 137	110 354
Revenue from software services*	–	–	7 082	2 956	1 601	11 639
Revenue from other services	37 827	152 716	53 583	71 938	9 687	325 751
Inter-segmental	–	–	–	–	–	–
Nature of revenue from product sales	95 995	154 116	84 401	100 807	12 425	447 744
Principal	79 935	149 480	65 104	93 750	10 824	399 093
Agent	16 060	4 636	19 297	7 057	1 601	48 651
Inter-segmental	–	–	–	–	–	–
Timing of revenue from product sales	95 995	154 116	84 401	100 807	12 425	447 744
At a point in time	16 060	4 636	19 297	7 057	1 601	48 651
Over time	79 935	149 480	65 104	93 750	10 824	399 093
Inter-segmental	–	–	–	–	–	–

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* *Includes software as a service revenues.*

^ *The prior year has been re-presented to show comparative results from discontinued operations in accordance with IFRS 5. Refer to Note 40.*

Datatec Group Total 2022 Re-presented^					
North America US$'000	Latin America US$'000	Europe US$'000	Asia-Pacific US$'000	MEA US$'000	Total US$'000
349 055	522 694	2 271 073	1 010 659	392 917	4 546 398
251 772	340 977	1 970 144	877 674	378 971	3 819 538
181 183	245 063	1 186 506	497 781	252 522	2 363 055
70 589	95 914	734 662	363 365	123 658	1 388 188
–	–	48 976	16 528	2 791	68 295
–	–	–	–	–	–
251 772	340 977	1 970 144	877 674	378 971	3 819 538
244 667	336 415	1 914 072	860 973	376 432	3 732 559
7 105	4 562	56 072	16 701	2 539	86 979
–	–	–	–	–	–
251 772	340 977	1 970 144	877 674	378 971	3 819 538
251 772	340 977	1 970 144	877 674	378 971	3 819 538
–	–	–	–	–	–
–	–	–	–	–	–
31 116	50 245	155 025	52 811	10 436	299 633
31 116	50 245	155 025	52 811	10 436	299 633
–	–	–	–	–	–
31 116	50 245	155 025	52 811	10 436	299 633
30 667	50 154	154 859	52 811	10 436	298 927
449	91	166	–	–	706
–	–	–	–	–	–
31 116	50 245	155 025	52 811	10 436	299 633
449	91	166	–	–	706
30 667	50 154	154 859	52 811	10 436	298 927
–	–	–	–	–	–
66 167	131 472	145 904	80 174	3 510	427 227
18 253	995	10 363	16 606	1 371	47 588
–	–	5 387	3 225	1 656	10 268
47 914	130 477	130 154	60 343	483	369 371
–	–	–	–	–	–
66 167	131 472	145 904	80 174	3 510	427 227
49 572	130 519	125 169	72 410	1 854	379 524
16 595	953	20 735	7 764	1 656	47 703
–	–	–	–	–	–
66 167	131 472	145 904	80 174	3 510	427 227
16 595	953	15 348	4 539	1 874	39 309
49 572	130 519	130 556	75 635	1 636	387 918
–	–	–	–	–	–

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37. Segmental report (continued)

	Westcon International	
	2023 US$'000	2022 US$'000
37.3 Condensed statement of financial position		
Total assets	**1 935 153**	1 443 308
Non-current assets (Excl. financial instruments and deferred tax assets)	**63 075**	66 892
North America	**32 609**	31 526
Latin America	**–**	–
Europe	**39 620**	24 177
Asia-Pacific	**8 018**	8 076
MEA	**(17 172)**	3 113
Net cash resources	**325 192**	196 920
North America	**14 611**	10 897
Latin America	**–**	–
Europe	**169 326**	51 988
Asia-Pacific	**104 148**	113 483
MEA	**37 107**	20 552
Inventories	**311 427**	226 008
North America	**–**	–
Latin America	**–**	–
Europe	**150 774**	120 785
Asia-Pacific	**109 017**	70 902
MEA	**51 636**	34 321
Trade accounts receivable	**1 041 905**	798 552
North America	**–**	–
Latin America	**–**	–
Europe	**692 549**	532 778
Asia-Pacific	**215 663**	151 489
MEA	**133 693**	114 285
Total liabilities	**(1 845 555)**	(1 325 785)
Trade and other payables	**(1 323 795)**	(947 500)
North America	**(12 702)**	(8 111)
Latin America	**–**	–
Europe	**(806 272)**	(590 627)
Asia-Pacific	**(339 161)**	(239 734)
MEA	**(165 660)**	(109 028)
Short-term interest-bearing liabilities	**(352 402)**	(234 152)
North America	**–**	–
Latin America	**–**	–
Europe	**(269 288)**	(154 259)
Asia-Pacific	**(81 757)**	(79 893)
MEA	**(1 357)**	–
Number of employees at the end of the year*	**3 502**	3 390

The Logicalis segment previously reported in the prior period is now being reported as two management segments, Logicalis Latin America and Logicalis International (representing the Logicalis business outside of Latin America). The ultimate Logicalis holding company, Logicalis Group Limited, and its associated costs, is now included in the Corporate segment. Comparative results have been re-presented.

* *Includes both permanent employees and contractors.*

Logicalis International		Logicalis Latin America		Corporate and Management Consulting		Datatec Group Total	
2023 US$'000	2022 Re-presented# US$'000	**2023 US$'000**	2022 Re-presented# US$'000	**2023 US$'000**	2022 Re-presented# US$'000	**2023 US$'000**	2022 US$'000
1 087 569	976 807	**507 688**	390 930	**95 855**	201 188	**3 626 265**	3 012 233
306 390	302 593	**54 143**	53 047	**6 886**	38 162	**430 494**	460 694
134 096	148 572	**–**	–	**1**	816	**166 706**	180 914
–	–	**54 143**	53 047	**–**	–	**54 143**	53 047
132 535	112 127	**–**	–	**6 380**	36 170	**178 535**	172 474
38 210	44 198	**–**	–	**–**	386	**46 228**	52 660
1 549	(2 304)	**–**	–	**505**	790	**(15 118)**	1 599
(24 525)	(31 716)	**9 631**	45	**78 023**	122 118	**388 321**	287 367
21 016	9 526	**–**	–	**–**	359	**35 627**	20 782
–	–	**9 631**	45	**–**	–	**9 631**	45
(65 134)	(66 406)	**–**	–	**54 930**	77 142	**159 122**	62 724
22 731	25 248	**–**	–	**–**	4 099	**126 879**	142 830
(3 138)	(84)	**–**	–	**23 093**	40 518	**57 062**	60 986
58 446	58 382	**41 186**	24 837	**–**	–	**411 059**	309 227
7 535	3 923	**–**	–	**–**	–	**7 535**	3 923
–	–	**41 186**	24 837	**–**	–	**41 186**	24 837
12 898	10 486	**–**	–	**–**	–	**163 672**	131 271
35 147	42 699	**–**	–	**–**	–	**144 164**	113 601
2 866	1 274	**–**	–	**–**	–	**54 502**	35 595
306 219	266 643	**160 346**	138 628	**–**	20 001	**1 508 470**	1 223 824
85 473	100 561	**–**	–	**–**	1 815	**85 473**	102 376
–	–	**160 346**	138 628	**–**	172	**160 346**	138 800
143 592	113 446	**–**	–	**–**	12 775	**836 141**	658 999
73 400	49 108	**–**	–	**–**	1 356	**289 063**	201 953
3 754	3 528	**–**	–	**–**	3 883	**137 447**	121 696
(865 704)	(745 551)	**(354 665)**	(241 162)	**(28 001)**	(68 789)	**(3 093 925)**	(2 381 287)
(529 053)	(424 349)	**(199 539)**	(117 984)	**(19 588)**	(36 330)	**(2 071 975)**	(1 526 163)
(179 295)	(160 294)	**–**	–	**(3 505)**	(367)	**(195 502)**	(168 772)
–	–	**(199 539)**	(117 984)	**–**	–	**(199 539)**	(117 984)
(221 793)	(169 968)	**–**	–	**(9 875)**	(32 651)	**(1 037 940)**	(793 246)
(122 685)	(88 176)	**–**	–	**–**	(2 200)	**(461 846)**	(330 110)
(5 280)	(5 911)	**–**	–	**(6 208)**	(1 112)	**(177 148)**	(116 051)
(17 628)	(20 219)	**(10 832)**	(10 518)	**–**	(1 728)	**(380 862)**	(266 617)
(2 499)	–	**–**	–	**–**	–	**(2 499)**	–
–	–	**(10 832)**	(10 518)	**–**	–	**(10 832)**	(10 518)
(9 949)	(13 446)	**–**	–	**–**	(1 728)	**(279 237)**	(169 433)
(5 180)	(6 773)	**–**	–	**–**	–	**(86 937)**	(86 666)
–	–	**–**	–	**–**	–	**(1 357)**	–
4 260	3 965	**3 229**	3 189	**18**	389	**11 009**	10 933

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38. Acquisitions of subsidiaries

Subsidiaries acquired	**Date of acquisition**	**Proportion of shares acquired**
Q Associates Limited	4 August 2022	100%
Northern Sky Research	3 May 2022	100%

	2023			2022
	Q Associates Limited Fair value on acquisition US$'000	**Northern Sky Research Fair value on acquisition US$'000**	**Total Fair value on acquisition US$'000**	Total Fair value on acquisition US$'000
Non-current assets	**4 811**	**–**	**4 811**	9 288
Plant and equipment	**971**	**–**	**971**	647
Other intangible assets	**3 543**	**–**	**3 543**	6 683
Right-of-use assets	**297**	**–**	**297**	1 940
Investments	**–**	**–**	**–**	18
Current assets	**9 175**	**1 125**	**10 300**	10 905
Inventories	**133**	**–**	**133**	3 750
Trade receivables and other receivables	**8 649**	**538**	**9 187**	3 913
Cash resources	**393**	**587**	**980**	3 242
Non-current liabilities	**(886)**	**–**	**(886)**	(4 813)
Long-term interest-bearing liabilities	**–**	**–**	**–**	(2 923)
Deferred tax liabilities	**(886)**	**–**	**(886)**	(1 890)
Current liabilities	**(14 889)**	**(482)**	**(15 371)**	(7 251)
Trade and other payables	**(5 371)**	**(2)**	**(5 373)**	(6 271)
Short-term interest-bearing borrowings	**(69)**	**–**	**(69)**	–
Deferred revenue	**(8 090)**	**(480)**	**(8 570)**	(7)
Current tax liabilities	**(14)**	**–**	**(14)**	(549)
Bank overdrafts	**(1 345)**	**–**	**(1 345)**	(424)
	(1 789)	**643**	**(1 146)**	8 129
Goodwill on acquisition	**8 464**	**10 235**	**18 699**	12 199
Non-controlling interests recognised	**–**	**–**	**–**	(404)
Fair value of acquisition	**6 675**	**10 878**	**17 553**	19 924
Net cash acquired	**952**	**(587)**	**365**	(2 818)
Acquisition-related liabilities	**–**	**(1 926)**	**(1 926)**	(10 496)
Net cash outflow for acquisitions	**7 627**	**8 365**	**15 992**	6 610

The above acquisitions represent the subsidiaries acquired during the year.

38. Acquisitions of subsidiaries (continued)

Management Consulting (discontinued operations)

On 3 May 2022, Access Markets International (AMI) Partners, Inc. a 100% owned subsidiary of Analysys Mason Limited acquired 100% of the membership interests in Northern Sky Research, LLC ("NSR"), for a consideration of US$10.9 million. NSR is based in the US and specialises in research and consulting services to the space and satellite sector.

NSR was disposed of as part of the sale of Analysys Mason Limited in September 2022.

Logicalis International

On 4 August 2022, Logicalis International acquired 100% shareholding of Q Associates Limited ("Q Associates"), for a consideration of US$6.7 million. Q Associates is a leading provider of IT consultancy and advisory services around data management, data protection, compliance and information security.

The acquisition adds complementary capabilities to Logicalis UK and Ireland's core expertise in digital infrastructure, networking and cloud, enabling a broader portfolio of best-in-class solutions and services for customers operating in the digital-enabled world. Q Associates provides technology solutions to UK universities and research councils, government security services and home office departments and commercial clients across major industry sectors, including finance, legal, transportation and energy. Q Associates holds advanced technical accreditations with many of the world's leading technology vendors, including Microsoft, NetApp, Oracle, IBM and Rubrik.

As a result of these acquisitions, goodwill and other intangible assets increased provisionally by US$18.7 million and US$3.5 million respectively.

The revenue and EBITDA loss from continuing operations included from these acquisitions in FY23 were US$12.6 million and US$0.8 million, respectively. Loss after tax included from these acquisitions was US$1.3 million.

The revenue and EBITDA from discontinued operations included from these acquisitions in FY23 were US$1.6 million and US$0.4 million, respectively. Profit after tax included from these acquisitions was US$0.4 million.

Had the acquisition dates been 1 March 2022, the revenue and EBITDA loss from continuing operations would have been approximately US$21.6 million and US$1.3 million, respectively. Loss after tax would have been approximately US$2.2 million.

Had the acquisition dates been 1 March 2022, the revenue and EBITDA from discontinued operations would have been approximately US$2.3 million and US$0.6 million, respectively. Profit after tax would have been approximately US$0.6 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.

Non-controlling interests in the acquiree are initially measured at the non-controlling shareholders' proportion of the net identifiable assets acquired and liabilities and contingent liabilities assumed.

Acquisition-related costs, included in operating costs, for the year amounted to US$0.1 million (FY22: US$0.9 million).

Acquisition-related costs, included in discontinued operations, for the year amounted to US$0.1 million (FY22: US$nil million).

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		Accumulated non-controlling interests – Datatec Group	
		2023 %	2022 %	**2023 US$'000**	2022 US$'000
PromonLogicalis Latin America Limited	UK	**35.0**	35.0	**41 244**	41 833
Westcon International Limited	UK	**7.9**	7.9	**6 711**	5 887
PT. Packet Systems Indonesia	Indonesia	**46.5**	46.5	**13 268**	12 140

Reconciliation of accumulated non-controlling interests – Datatec Group

	Opening balance as at 1 March 2022 US$'000	(Loss)/profit for the year US$'000	Dividends paid US$'000	Translation and other movements US$'000	Closing balance as at 28 February 2023 US$'000
PromonLogicalis Latin America Limited	**41 833**	**(195)**	**(394)**	**–**	**41 244**
Westcon International Limited	**5 887**	**(1 159)**	**–**	**1 983**	**6 711**
PT. Packet Systems Indonesia	**12 140**	**1 920**	**(135)**	**(657)**	**13 268**

Summarised information in respect of the above subsidiaries is shown below as at 28 February 2023 and 28 February 2022. 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.

	PT. Packet Systems (Indonesia)		PromonLogicalis Latin America Limited		Westcon International Limited	
	2023 US$'000	2022 US$'000	**2023 US$'000**	2022 US$'000	**2023 US$'000**	2022 US$'000
Non-current assets	**4 961**	5 121	**53 855**	46 035	**177 630**	110 871
Current assets	**67 445**	50 440	**418 917**	314 565	**1 742 860**	1 309 523
Non-current liabilities	**(2 051)**	(2 258)	**(28 397)**	(32 600)	**(114 194)**	(46 265)
Current liabilities	**(41 882)**	(27 197)	**(322 235)**	(208 477)	**(1 703 685)**	(1 253 767)
Equity attributable to equity holders of the parent	**(28 533)**	(26 106)	**(122 500)**	(119 523)	**(107 430)**	(125 195)
Non-controlling interests	**–**	–	**(394)**	–	**4 819**	4 833
Revenue	**(93 649)**	64 948	**491 406**	522 911	**3 323 728**	2 809 054
Operating profit before finance costs, depreciation and amortisation ("EBITDA")	**(6 883)**	6 314	**14 289**	28 486	**8 898**	31 425
Profit/(loss) for the year	**(4 130)**	3 873	**1 168**	2 915	**(14 833)**	21 466
Net cash inflow/(outflow)	**476**	3 725	**11 748**	(12 424)	**119 760**	(38 627)
Net cash (outflow)/inflow from operating activities	**2 822**	2 021	**27 639**	5 691	**28 865**	32 225
Net cash inflow/(outflow) from investing activities	**(175)**	(133)	**(8 958)**	(3 402)	**(14 170)**	(19 368)
Net cash inflow/(outflow) from financing activities	**(2 171)**	1 837	**(6 933)**	(14 713)	**105 065**	(51 484)

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

40. Discontinued operations

A disposal group qualifies as a discontinued operation if it is a component of the Group that either has been disposed of, or is classified as held for sale, and:

- represents a separate major line of business or geographical area of operations; or
- is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss from discontinued operations in the statement of profit or loss. The prior period is also re-presented for all operations that have been discontinued by the end of the reporting period.

40.1 Contribution of discontinued operations

On 27 September 2022, Datatec completed the sale of its management consultancy division, Analysys Mason with the disposal of its effective 71.2% shareholding. The sale is in terms of a process initiated by the Board pursuant to its Strategic Review in order to unlock shareholder value. During the year, Analysys Mason was classified as a disposal group in terms of IFRS 5.

The contribution of discontinued operations included in the Group's results until disposal is as follows:

	2023 US$'000	2022 US$'000
Revenue	**51 751**	90 384
Cost of sales	**(30 060)**	(49 756)
Gross profit	**21 691**	40 628
Operating costs	**(12 348)**	(22 452)
Net impairment of financial assets	**22**	(48)
Share-based payments	**(2 626)**	(7 052)
Operating profit before interest, tax, depreciation and amortisation ("EBITDA")	**6 739**	11 076
Depreciation of property, plant and equipment	**(127)**	(448)
Depreciation of right-of-use assets	**(468)**	(2 102)
Amortisation of acquired intangible assets and software	**(296)**	(1 370)
Operating profit	**5 848**	7 156
Interest income	**16**	6
Finance costs	**(262)**	(265)
Profit on disposal of investment	**2 915**	–
Profit before taxation	**8 517**	6 897
Taxation	**(1 465)**	(1 131)
Profit for the period from discontinued operations	**7 052**	5 766
Profit attributable to:		
Owners of the parent	**5 530**	4 793
Non-controlling interests	**1 522**	973
	7 052	5 766

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40. Discontinued operations (continued)

40.1 Contribution of discontinued operations (continued)

The statement of financial position at the disposal date is as follows:

	Period ended 27 September 2022 US$'000	Year ended 28 February 2022 US$'000
Assets		
Non-current assets	**35 960**	37 675
Goodwill	**25 566**	23 230
Property, plant and equipment	**863**	899
Right-of-use assets	**4 383**	5 507
Acquired intangible assets and software	**2 573**	3 503
Investments	**–**	1 654
Deferred tax assets	**2 575**	2 834
Other non-current assets	**–**	48
Current assets	**38 722**	53 216
Trade receivables	**14 191**	20 001
Prepaid expense	**1 382**	1 305
Other receivables	**1 712**	2 046
Contract assets and contract costs	**12 627**	10 692
Current tax assets	**116**	144
Cash resources	**8 694**	19 028
Total assets	**74 682**	90 891
Equity and liabilities		
Equity attributable to equity holders of the parent	**34 566**	35 253
Non-controlling interests	**(469)**	2 394
Total equity	**34 097**	37 647
Non-current liabilities	**4 861**	15 072
Long-term interest-bearing liabilities	**–**	7 649
Lease liabilities	**2 923**	3 901
Liability for share-based payments	**–**	2 355
Acquisition-related liabilities	**831**	–
Deferred tax liabilities	**839**	824
Other liabilities	**268**	343
Current liabilities	**35 724**	38 172
Trade and other payables	**26 909**	28 327
Lease liabilities	**1 170**	2 087
Deferred revenue	**5 065**	6 277
Acquisition-related liabilities	**831**	–
Current tax liabilities	**1 749**	1 481
Total equity and liabilities	**74 682**	90 891

40. Discontinued operations (continued)

40.1 Contribution of discontinued operations (continued)

Cash flows from discontinued operations

	2023 US$'000	2022 US$'000
Net cash inflow from operating activities	**3 593**	8 700
Net cash outflow from investing activities	**(12 943)**	(861)
Net cash outflow from financing activities	**(9 800)**	(5 264)
Net (decrease)/increase in cash and cash equivalents	**(19 150)**	2 575
Opening cash	**19 028**	16 453
Translation differences	**122**	–
Cash and cash equivalents at the end of the period – discontinued operations	**–**	19 028
Cash and cash equivalents at the end of the period – continuing operations	**512 786**	396 945
Cash and cash equivalents at the end of the period – combined operations	**512 786**	415 973

40.2 Gain on disposal of subsidiary

	2023 US$'000
Consideration received	**137 084**
Deferred loan note	**7 603**
Goodwill derecognised	**(25 566)**
Other net assets disposed of	**(9 000)**
Non-controlling interest derecognised	**9 444**
Release of share-based payment reserve	**907**
Cumulative loss on disposal group reclassified from equity on loss of control of subsidiary	**(5 957)**
Transaction-related costs incurred on the disposal	**(4 600)**
	109 915

	2023 US$'000	2022 US$'000
Profit for the year from discontinued operations		
Profit for the year – disposal group	**7 052**	5 766
Gain on disposal of subsidiary	**109 915**	–
	116 967	5 766

40.3 Net cash inflow on disposal of subsidiary

	2023 US$'000
Consideration received in cash	**137 084**
Less: Cash and cash equivalent balances disposed of	**(8 694)**
Transaction-related costs incurred on the disposal	**(4 600)**
Net cash flow on disposal of subsidiary	**123 790**

41. Subsequent events

Increased shareholding in subsidiaries

Effective 3 March 2023, Logicalis Spain, S.L., a wholly owned subsidiary of Logicalis International Limited, increased its shareholding in Audea Seguridad de la Informacion, S.L. by 2.3% to 72.3%. Effective 21 April 2023, Logicalis Spain, S.L. increased its shareholding in Audea Seguridad de la Informacion, S.L. by 13.85% to 86.15%.

Dividend declared

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

Management incentive plan – Logicalis International

Logicalis International implemented the Logicalis International Long Term Incentive Plan (“LILTIP”) in March 2023 following a corporate restructuring.

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

42. 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.

Solvency

The Board determined that the Group is solvent, as at 28 February 2023, with net assets of US$472.0 million (FY22: US$563.4 million) and tangible net assets of US$178.8 million (FY22: US$243.3 million). The Group is expected to remain solvent over the next 12 months.

Liquidity

Financing facilities entered into in recent years, as well as the strong operating cash flow generated during FY23, significantly enhanced the Group’s liquidity position.

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 Group’s projections show 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.

43. Interest rate benchmark reform

The Financial Stability Board has initiated a fundamental review and reform of the major interest rate benchmarks used globally by financial market participants. This review seeks to replace existing interbank offered rates ("IBORs") with alternative risk-free rates ("ARRs") to improve market efficiency and mitigate systemic risk across financial markets.

During the 2021 financial year, the LIBOR's administrator, the Intercontinental Exchange Benchmark Administration Limited, announced it would no longer publish EUR-, CHF-, JPY- and GBP-related LIBOR rates for all tenors after 31 December 2021. The ICE Benchmark Administration Limited ("IBA") has adopted a two-stage approach for the cession of the US$LIBOR rates with the 1-week and 2-month US$LIBOR rates no longer being published after 31 December 2021 and the remaining being the overnight, 1-month, 3-month, 6-month and 12-month rates no longer being published after 30 June 2023.

The South African Reserve Bank ("SARB") has indicated its intention to move away from JIBAR and to create an alternative reference rate for South Africa; however, there is currently no indication of when the designated successor rate will be made available. SARB noted that JIBAR did not comply with the IOSCO Principles for Benchmarks. The SARB Market Practitioners Group ("MPG"), a joint public-private body has been mandated to facilitate decisions on the choice of alternative reference rates for financial contracts that should replace JIBAR. Given that the LIBOR rates and ARRs are calculated on a different basis, adjustments may be made to contracts that are transitioned from LIBOR to ARRs, to ensure economic equivalence.

Interest Rate Benchmark Reform ("IBOR") – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) – effective date 1 January 2021: The Group's facilities have various linked rates including US LIBOR (three months), EIBOR and JIBAR, the facilities have various maturity dates. At present, no material impact is anticipated on the Group's financial results when the remaining facilities' transition to alternative benchmark rates take place.

The main risks to which the Group is exposed as a result of IBOR reform are operational as detailed below:

Legal risk – risk of being non-compliant to the agreements previously agreed with facility providers. The Group discussed and agreed upon with all relevant parties any rate changes and the effects thereof with the relevant parties, prior to changes to the rates. This has therefore mitigated the risk to an acceptable level for the Group. The Group engaged in a proactive approach and leveraged off of the good standing relationship with all parties involved in the rate change to ensure a smooth transition.

Operational risk – risk of the Group's systems not being able to accommodate for the changes to the interest rates as agreed with the relevant parties. The Group has experienced personnel working on these and the systems have been designed to adapt to changes and have the necessary controls in place to ensure that this is implemented and approved at all relevant levels. These factors have mitigated the risk to an acceptable level.

Financial instruments impacted by the reform which have transitioned to an alternative benchmark rate as at the end of the year under review (reporting period):

During the year there were no financial instruments impacted by the reform which transitioned to alternative benchmark rates. There were, however, financial instruments previously linked to US$LIBOR (six months) and SIBOR (six-month) that matured.

Financial instruments impacted by the reform which are yet to transition to an alternative benchmark rate as at the end of the year under review (reporting period):

	US$LIBOR (three-month) US$'000	EIBOR (three-month) US$'000	ZAR JIBAR US$'000	TOTAL US$'000
Total liabilities subject to IBOR reform	**99 622**	**5 388**	**12 218**	**117 228**
Long-term liabilities interest-bearing liabilities*	–	–	12 218	12 218
Short-term interest-bearing liabilities*	99 622	–	–	99 622
Bank overdraft*	–	5 388	–	5 388

* *The remaining IBOR that are yet to transition will be replaced with risk-free rates (RFRs). The two most common that are likely to be adopted will be SOFR (US$) and SONIA (GBP)/TSSR.*

No comparative information is required.

The Group's systems are equipped to cater for any new rates for the above financial instruments. Regular updates are being provided to management and staff on the transition process as Logicalis International, Logicalis Latin America and Westcon International have experienced management teams involved with the process.

The majority of Group's IBOR exposures are in US$LIBOR and JIBAR which are expected to either mature before or near the expected cessation date for US$LIBOR (three-month), which has an effective date of 30 June 2023 and as per SARB respectively. This largely further reduces the risks identified above although not entirely.

Notes to the Group consolidated annual financial statements

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44. Subsidiaries and equity-accounted investments

Subsidiaries and equity-accounted investments	Notes	Nature of business	Country of incorporation	**Datatec Group effective holding (% held)**	
				As at 28 February 2023	As at 28 February 2022
Incorporated in Africa					
Analysys Mason Limited (Mauritius)	4	C	Mauritius	**–**	79.40
Westcon Africa Angola Limited	2	D	Angola	**92.10**	92.10
Westcon Africa Distribution (Nigeria) Limited	2	D	Nigeria	**92.10**	92.10
Westcon Africa (Kenya) Limited	2	D	Kenya	**92.10**	92.10
Westcon Africa (Mauritius) Limited	2	D	Mauritius	**92.10**	92.10
Westcon Africa (Morocco) SARL	2	D	Morocco	**92.10**	92.10
Westcon Africa (SADC) (Pty) Ltd*	1	D	South Africa	**90.00**	90.00
Westcon Africa Tanzania Limited*	2	D	Tanzania	**92.10**	92.10
Westcon Africa Zambia Limited*	2	D	Zambia	**69.08**	69.08
Westcon Africa Namibia (Pty) Ltd*	1	D	Namibia	**90.00**	90.00
Obega Limited*	1	D	Botswana	**90.00**	90.00
Westcon Southern Africa Holdings (Pty) Ltd*	1	D	South Africa	**54.00**	54.00
Westcon Group Egypt LLC*	2	D	Egypt	**92.10**	92.10
Westcon Egypt LLC*	2	D	Egypt	**92.10**	92.10
Westcon Africa (Uganda) Limited	2	D	Uganda	**92.10**	92.10
Westcon Emerging Markets Group (Pty) Ltd	1	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
Clarotech Holdings (Pty) Ltd*	3	I	South Africa	**69.93**	100.00
Clarotech Consulting (Pty) Ltd*	3	I	South Africa	**69.93**	100.00
Logicalis SA (Pty) Ltd	3	I	South Africa	**69.93**	100.00
Logicalis Soluções – Prestação de Serviços (SU) Limitada		I	Angola	**100.00**	70.00
Mars Investment Holdings (Pty) Ltd	3	I	South Africa	**41.96**	60.00
Mars Network and Risk Services (Pty) Ltd	3	I	South Africa	**41.96**	60.00
Mars Technologies (Pty) Ltd	3	I	South Africa	**41.96**	60.00
Datatec Management Services (Pty) Ltd*		O	South Africa	**100.00**	100.00
LGLP (Pty) Ltd	9	O	South Africa	**100.00**	–
Incorporated in UK and Europe					
Analysys Mason Ventures Fund Nordic 1 AS	4	C	Norway	**–**	79.40
Analysys Mason Ventures Nordic AS	4	C	Norway	**–**	47.64
Analysis Mason GmbH	4	C	Germany	**–**	79.40
Analysys Limited	4	C	United Kingdom	**–**	79.40
Analysys Mason AB	4	C	Sweden	**–**	79.40
Analysys Mason AS	4	C	Norway	**–**	79.40
Analysys Mason Consulting AB	4	C	Sweden	**–**	79.40
Analysys Mason Holdings AB	4	C	Sweden	**–**	79.40
Analysys Mason Limited	4	C	United Kingdom	**–**	79.40
Analysys Mason Limited	4	C	Ireland	**–**	79.40
Analysys Mason SAS	4	C	France	**–**	79.40
Analysys Mason Spain S.L.	4	C	Spain	**–**	79.40
Analysys Mason S.R.L.	4	C	Italy	**–**	79.40
Westcon Denmark ApS	2	D	Denmark	**92.10**	92.10
Westcon Group Africa Operations Limited	2	D	United Kingdom	**92.10**	92.10
Westcon Group Austria GmbH	2	D	Austria	**92.10**	92.10
Westcon Group European Operations Limited	2	D	United Kingdom	**92.10**	92.10
Westcon Group Germany GmbH	2	D	Germany	**92.10**	92.10
Westcon Group Italia S.R.L.	2	D	Italy	**92.10**	92.10
Westcon Group Middle East Holdings Limited	2	D	United Kingdom	**92.10**	92.10
Westcon Group Netherlands BV	2	D	Netherlands	**92.10**	92.10
Westcon Group Norway AS	2	D	Norway	**92.10**	92.10
Westcon Group Poland Sp. Z.O.O.	2	D	Poland	**92.10**	92.10
Westcon Group Portugal, Sociedade Unipessoal, Limitada	2	D	Portugal	**92.10**	92.10
Westcon International Limited	2	D	United Kingdom	**92.10**	92.10

44. Subsidiaries and equity-accounted investments (continued)

Subsidiaries and equity-accounted investments	Notes	Nature of business	Country of incorporation	Datatec Group effective holding (% held) As at 28 February 2023	As at 28 February 2022
Incorporated in UK and Europe (continued)					
NOXS UK Limited*	2	D	United Kingdom	**92.10**	92.10
WGEO Switzerland GmbH	2	D	Switzerland	**92.10**	92.10
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
Audea Formación S.L.		I	Spain	**70.00**	70.00
Audea Seguridad de la Información S.L.		I	Spain	**70.00**	70.00
Risk4All S.L.		I	Spain	**43.75**	43.75
DX Net Limitada	5	I	Portugal	**51.00**	35.70
ITUMA GmbH	5	I	Germany	**51.00**	51.00
Logicalis Channel Islands Limited		I	Channel Islands	**100.00**	100.00
Logicalis Global Operations Centre S.A		I	Portugal	**100.00**	100.00
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 International Limited		I	United Kingdom	**100.00**	100.00
Logicalis International Group Holding Limited	9	I	United Kingdom	**100.00**	–
Logicalis Networks GmbH		I	Germany	**100.00**	100.00
Logicalis Portugal S.A	5	I	Portugal	**100.00**	70.00
Logicalis Siticom GmbH		I	Germany	**90.00**	90.00
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
Siticom GmbH		I	Germany	**90.00**	90.00
Two Ten Degrees Limited	9	I	United Kingdom	**100.00**	–
Orange Networks GmbH		I	Germany	**100.00**	100.00
PromonLogicalis Latin America Limited	6	I	United Kingdom	**65.00**	65.00
Q Associates Limited	9	I	United Kingdom	**100.00**	–
Virtualization Limitada	5	I	Portugal	**75.00**	52.50
Datatec plc		O	United Kingdom	**100.00**	100.00

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44. Subsidiaries and equity-accounted investments (continued)

Subsidiaries and equity-accounted investments	Notes	Nature of business	Country of incorporation	Datatec Group effective holding (% held) As at 28 February 2023	Datatec Group effective holding (% held) As at 28 February 2022
Incorporated in US and Canada					
Access Markets International (AMI) Partners, Inc.	4	C	USA	**–**	79.40
Active Symbols, Inc.*		C	USA	**100.00**	100.00
EyeAlike, Inc.*		C	USA	**72.40**	72.40
OSS Observer LLC	4	C	USA	**–**	79.40
WG Services, Inc.	2	D	USA	**92.10**	92.10
Canada WGIT Services, Inc.	2	F	Canada	**92.10**	92.10
Datatec Financial Services, Inc.		F	USA	**100.00**	100.00
Logicalis, Inc.		I	USA	**100.00**	100.00
Logicalis South America, Inc.	6	I	USA	**65.00**	65.00
Logicalis US Holdings, Inc.		I	USA	**100.00**	100.00
Nubeliu Limited	6	I	Cayman Islands	**65.00**	65.00
Nubeliu I LLC.*	6	I	USA	**65.00**	65.00
Nubeliu II LLC.*	6	I	USA	**65.00**	65.00
PLLAL International LLC	6	I	USA	**65.00**	65.00
Incorporated in Latin America					
C2 Mining Solutions S.A.C.	6	I	Peru	**65.00**	65.00
Coasin Chile S.A.	6	I	Chile	**65.00**	65.00
Logicalis Andina Bolivia LAB. Limitada	6	I	Bolivia	**65.00**	65.00
Logicalis Andina S.A.C.	6	I	Peru	**65.00**	65.00
Logicalis Argentina S.A.	6	I	Argentina	**65.00**	65.00
Logicalis Chile S.A.	6	I	Chile	**65.00**	65.00
Logicalis Colombia S.A.S	6	I	Colombia	**65.00**	65.00
Logicalis Ecuador S.A.	6	I	Ecuador	**65.00**	65.00
Logicalis Inc. S.A.	6	I	Uruguay	**65.00**	65.00
Logicalis Latin America Holding S.A.	6	I	Brazil	**65.00**	65.00
Logicalis Mexico, S. de R.L. de C.V.	6	I	Mexico	**65.00**	65.00
Logicalis Paraguay S.A.	6	I	Paraguay	**65.00**	65.00
Logicalis Puerto Rico Inc.	6	I	Puerto Rico	**65.00**	65.00
Logicalis República Dominicana S.A.S	6	I	Dominican Republic	**65.00**	65.00
Logicalis Uruguay S.A.	6	I	Uruguay	**65.00**	65.00
NubeliU Argentina S.R.L	6	I	Argentina	**65.00**	65.00
NubeliU Consultoria e Licenciamento de Software Limitada	6	I	Brazil	**65.00**	65.00
PromonLogicalis Tecnologia e Participações Limitada	6	I	Brazil	**65.00**	65.00
PTLS Serviços de Tecnologia e Assessoria Técnica Limitada	6	I	Brazil	**65.00**	65.00
WeService Serviços e Tecnologia Limitada	6	I	Brazil	**65.00**	65.00

44. Subsidiaries and equity-accounted investments (continued)

Subsidiaries and equity-accounted investments	Notes	Nature of business	Country of incorporation	Datatec Group effective holding (% held) As at 28 February 2023	 As at 28 February 2022
Incorporated in Australia and New Zealand					
Westcon Group NZ Limited	2	D	New Zealand	**92.10**	92.10
Westcon Group Pty Ltd	2	D	Australia	**92.10**	92.10
Datatec Financial Services (NZ) Limited		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 Ltd		I	Australia	**100.00**	100.00
Logicalis Australia Pty Ltd		I	Australia	**100.00**	100.00
Incorporated in British Virgin Islands					
Comstor Middle East Limited*	9	D	British Virgin Islands	**–**	92.10
Westcon Middle East Limited*	9	D	British Virgin Islands	**–**	92.10
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 Private Limited	4	C	India	**–**	79.40
Analysys Mason Limited	4	C	Hong Kong	**–**	79.40
Analysys Mason Pte. Limited	4	C	Singapore	**–**	79.40
PT Westcon International Indonesia	2	D	Indonesia	**92.10**	92.10
PT. Westcon Solutions	2	D	Indonesia	**92.10**	92.10
Westcon Group (Thailand) Co. Limited	2	D	Thailand	**92.10**	90.26
Westcon Group (Vietnam) Co. Limited	2	D	Vietnam	**92.10**	92.10
Westcon Group Pte. Limited	2	D	Singapore	**92.10**	92.10
Westcon Solutions (HK) Limited	2	D	Hong Kong	**92.10**	92.10
Westcon Solutions (M) Sdn. Bhd.	2	D	Malaysia	**92.10**	92.10
Westcon Solutions (Shanghai) Limited	2	D	China	**92.10**	92.10
Westcon Solutions IMH Pte. Limited	2	D	Singapore	**92.10**	92.10
Westcon Solutions Philippines Inc.	2	D	Philippines	**92.09**	91.18
Westcon Solutions Pte. Limited	2	D	Singapore	**92.10**	92.10
WestconComstor International (India) Private Limited	2	D	India	**92.10**	92.10
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	8	I	Indonesia	**53.50**	53.50
Logicalis Asia Pacific MSC Sdn. Bhd.		I	Malaysia	**100.00**	100.00
Logicalis Vietnam Company Limited		I	Vietnam	**100.00**	100.00
iZeno Private Limited	8	I	Singapore	**65.00**	65.00
iZeno Sdn Bhd	8	I	Malaysia	**65.00**	65.00
iZeno Incorporated	9	I	Philippines	**65.00**	–
iZeno (Thailand) Company Limited	9	I	Thailand	**65.00**	–
PT iZeno Teknologi Indonesia	8	I	Indonesia	**64.35**	64.35

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44. Subsidiaries and equity-accounted investments (continued)

Subsidiaries and equity-accounted investments	Notes	Nature of business	Country of incorporation	Datatec Group effective holding (% held) As at 28 February 2023	Datatec Group effective holding (% held) As at 28 February 2022
Incorporated in Middle East					
Analysys Mason FZ LLC	4	C	United Arab Emirates	**–**	79.40
Westcon Africa FZCO*		D	United Arab Emirates	**92.10**	92.10
Westcon Doha LLC	7	D	Qatar	**45.13**	45.13
Westcon Kuwait Company for Communications, Equipment, Accessories and Spare Parts WLL	7	D	Kuwait	**45.13**	45.13
Westcon LLC	7	D	Oman	**92.10**	92.10
Westcon Middle East Bahrain WLL	7	D	Bahrain	**91.18**	91.18
Westcon Middle East Equipments Trading LLC	7	D	United Arab Emirates	**45.13**	45.13
Westcon Middle East FZE	7	D	United Arab Emirates	**92.10**	92.10
Westcon Saudi Company LLC	7	D	Kingdom of Saudi Arabia	**69.08**	69.08
Datatec International Services FZE		O	United Arab Emirates	**100.00**	100.00
Equity-accounted associates and joint ventures					
Incorporated in UK and Europe					
Fortum Fibre AS	10	C	Norway	**–**	13.15
Mason Advisory Limited	10	C	United Kingdom	**42.50**	44.74
Incorporated in US and Canada					
Westcon GDS LLC (not material)	10	D	USA	**46.05**	46.05
Esource Resources, LLC.	10	I	USA	**–**	45.00
Incorporated in Latin America					
Cirrus Participações S.A.	10	I	Brazil	**51.31**	32.57
Saleslogics Serviços em Inteligência de Negócios Empresariais e Informática Ltda.	10	I	Brazil	**33.35**	21.17
Kumulus Serviços em Cloud Computing e Database Ltda	10	I	Brazil	**51.31**	32.56

* *Entities disclosed include dormant entities, entities in the process of deregistration and entities being liquidated.*

Trading and dormant entities have been disclosed above.
C – Consulting Services
D – Distribution
F – Datatec Financial Services
I – ICT Solutions
O – Other holdings

44. Subsidiaries and equity-accounted investments (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 Proprietary Limited ("WEMG") and WEMG holds 59.995% of the shares of Westcon Southern Africa Holdings Proprietary Limited and 100% of the shares in Westcon Group Shared Services Proprietary Limited. WEMG controls Westcon Southern Africa Holdings Proprietary Limited.

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 Proprietary Limited (South Africa). WEMG has control over the fund. This fund is consolidated in the Datatec Group financial statements.

Westcon Southern Africa Holdings Proprietary Limited holds 81.5% of the shares in WestconGroup SA Proprietary Limited and 100% of the shares in Westcon Namibia Distribution Proprietary Limited and also controls both these entities.

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

Note 2

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 Public Limited Company (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 92.1% effective holding by the Datatec Group.

Note 3

In FY21, Logicalis International Limited disposed of 40% of its investment in Mars Investment Holdings Proprietary Limited as part of a BBBEE deal. Mars Investment Holdings Proprietary Limited owns 100% of Mars Technologies Proprietary Limited and Mars Network and Risk Services Proprietary Limited. In FY23, Logicalis International Limited disposed of 30% of its shareholding in Logicalis South Africa as part of a BBBEE deal.

Note 4

During the year the Group disposed of its Management Consulting division, refer to Note 38.

Note 5

Logicalis International Limited owns 100% of the issued share capital of Logicalis Portugal S.A. ("Logicalis Portugal"). Logicalis Portugal owns 75% of the issued share capital of DX Net Limitada and Virtualization Limitada.

Logicalis International 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 Networks GmbH 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 6

Datatec PLC, a 100%-owned subsidiary of 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 Promon Logicalis Latin America Limited ("PLLAL"). PLLAL further owns a number of entities across Latin America that are controlled and consolidated by PLLAL.

44. Subsidiaries and equity-accounted investments (continued)

Subsidiary companies (continued)

Note 7

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. Westcon increased its shareholding in Westcon Middle East Bahrain WLL to 99% in FY22.

Note 8

In FY21 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.

Note 9: Acquisitions, disposals and newly incorporated entities

LGLP (Pty) was newly incorporated during the year under review, the Group owns 100% shareholding of the entity.

Logicalis International Group Holding Limited was newly incorporated during the year under review, the Group owns 100% shareholding of the entity. The investment in Logicalis International is held in this entity.

iZeno Pte Limited acquired 99.99991% of iZeno (Thailand) Company Limited and 99.99903% of iZeno Incorporated in May 2022 and February 2022 respectively.

During the year Logicalis UK Limited, a 100%-owned subsidiary of Logicalis International, acquired 100% of Q Associates Limited and its subsidiary Two Ten Degrees Limited. Refer to Note 38 for further details.

During the year Access Markets International (AMI) Partners, Inc. a 100%-owned subsidiary of Analysys Mason Limited acquired 100% of Northern Sky Research, LLC, refer to Note 38 for further details.

Comstor Middle East Limited and Westcon Middle East Limited were dissolved during the year.

The results of these acquisitions are consolidated in the Datatec Group results based on control as defined in terms of IFRS 10.

Note 10: Equity-accounted associates and joint ventures

During the year Fortum Fibre AS was disposed of by the Management Consulting division. The Group disposed of its investment in Esource Resources, LLC for no consideration. Datatec PLC's shareholding in Mason Advisory Limited was decreased to 42.50% (FY22: 44.74%) due to additional shares being issued to an existing external shareholder.

During the year Logicalis Group Limited acquired 27.23% shareholding (FY22: nil) of Cirrus Participações S.A.C. in Brazil ("Cirrus"). PLLAL decreased its holding to 37.05% (FY22: 50.1%) of Cirrus. Cirrus owns 65% of Saleslogics Serviços em Inteligência de Negócios Empresariais e Informática Limitada and 100% (FY22: 99.994%) of Kumulus Serviços em Cloud Computing e Database Limitada 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.

Notice of Annual General Meeting

Datatec Limited

(Incorporated in the Republic of South Africa)
Registration number: 1994/005004/06
Share code: DTC
ISIN: ZAE000017745
(“Datatec” or “the Company” or “the Group”)

Notice is hereby given that the annual general meeting (“Meeting”) of shareholders of Datatec will be held at 14:00 on Thursday, 27 July 2023. This Meeting will be conducted entirely by electronic communication with shareholder participation and voting expected to be online through the use of a virtual meeting platform (the “Virtual Meeting Platform”) provided by The Meeting Specialists Proprietary Limited (“TMS” or the “Scrutineers”).

The Board of directors (“the Board”), in accordance with section 63(2)(a) of the Companies Act, No 71 of 2008, as amended (“Companies Act”) and the Company’s Memorandum of Incorporation (“MoI”), have resolved to convene the Meeting entirely by electronic communication. Please see below for further details regarding the electronic participation instructions and guidelines, and should you have any further questions, please send an email to **ir@datatec.com**.

The Meeting will be held for the purpose of: (i) considering the following business to be transacted and voting on the resolutions, with or without modification, in the manner required by the Companies Act, as read with the Listings Requirements of the JSE Limited (“JSE”) (“Listings Requirements”), and (ii) deal with such other business as may lawfully be dealt with at the Meeting:

1. Presentation of annual financial statements

“To present Datatec’s audited annual financial statements for the year ended 28 February 2023, including the directors’ report, the Audit, Risk and Compliance Committee report, and Group audited annual financial statements for the year ended 28 February 2023; all of which are contained from pages 59 to 184 of the Annual Report.”

2. The Social and Ethics Committee report

“Please refer to page 6 for the Social and Ethics Committee report. The Chair of the Social and Ethics Committee is available to report to the shareholders at the Meeting.”

3. Re-election of director

Ordinary resolution number 1

“Resolved that Mr JP Montanana, who retires in terms of the MoI and who offers himself for re-election, be and is hereby re-elected as a director of the Company.”

Please refer to page 2 for Mr Montanana’s brief *curriculum vitae*. On behalf of the Board, the Chair confirms that, on the basis of the annual evaluation of the Board and of the performance of individual directors, the performance and commitment of Mr Montanana throughout his period of office was highly satisfactory.

In order for this resolution to be adopted, the support of more than 50% (fifty percent) of votes cast by shareholders present or represented by proxy at the Meeting is required.

4. Re-election of director

Ordinary resolution number 2

“Resolved that Mr SJ Davidson, who retires in terms of the MoI and who offers himself for re-election, be and is hereby re-elected as a director of the Company for a term of one year from the date of the Meeting.”

The Company is seeking a final reappointment for Mr Davidson for one year until his retirement from the Board at the 2024 Annual General Meeting of the Company.

Please refer to page 2 for Mr Davidson’s brief *curriculum vitae*. On behalf of the Board, the Chair confirms that, on the basis of the annual evaluation of the Board and of the performance of individual directors, the performance and commitment of Mr Davidson throughout his period of office was highly satisfactory.

In order for this resolution to be adopted, the support of more than 50% (fifty percent) of votes cast by shareholders present or represented by proxy at the Meeting is required.

5. Election of director

Ordinary resolution number 3

"Resolved that Mr LC Rapparini, who has been appointed by the Board on 1 September 2022, be and is hereby elected as a director of the Company."

On behalf of the Board, the Chair confirms that Mr Rapparini's extensive experience and expertise in finance and internal audit will make a significant contribution to Datatec.

Please refer to page 3 for Mr Rapparini's brief *curriculum vitae*. On behalf of the Board, the Chair confirms that the performance and commitment of Mr Rapparini throughout his period of office was highly satisfactory.

In order for this resolution to be adopted, the support of more than 50% (fifty percent) of votes cast by shareholders present or represented by proxy at the Meeting is required.

6. Reappointment of independent auditors

Ordinary resolution number 4

"Resolved that PricewaterhouseCoopers Incorporated, and Mr Deon Storm as the designated auditor, as recommended by the current Audit, Risk and Compliance Committee of the Company, be reappointed, as auditors of the Company from the conclusion of this Meeting until the conclusion of the next Meeting."

In order for this resolution to be adopted, the support of more than 50% (fifty percent) of votes cast by shareholders present or represented by proxy at the Meeting is required.

7. Election of Audit, Risk and Compliance Committee members

Ordinary resolution number 5

"Resolved that the members of the Audit, Risk and Compliance Committee be elected to serve with effect from the conclusion of this Meeting to the commencement of the next Meeting to be held in 2024 by separate election to the committee of the following independent non-executive directors:

5.1 Mr MJN Njeke;
5.2 Ms DS Sita;
5.3 Mr CRK Medlock."

Please refer to page 3 for Mr Njeke's, Ms Sita's and Mr Medlock's brief *curricula vitae*. On behalf of the Board, the Chair confirms that each candidate for election to the Audit, Risk and Compliance Committee has the relevant knowledge and experience to discharge their role effectively and that the performance of each candidate in the service of the Audit, Risk and Compliance Committee to the date of this notice has been highly satisfactory.

In order for each of the above resolutions to be adopted, the support of more than 50% (fifty percent) of votes cast by shareholders present or represented by proxy at the Meeting is required.

8. Non-binding advisory votes on Remuneration Policy and Remuneration Implementation

Ordinary resolution number 6

"Resolved that the Remuneration Policy of the Company as reflected on pages 19 to 26, be and is hereby endorsed through a non-binding advisory vote as recommended by the Report on Corporate Governance for South Africa, 2016 ('King IV')."

Ordinary resolution number 7

"Resolved that the Remuneration Implementation Report of the Company as reflected on pages 27 to 36, be and is hereby endorsed through a non-binding advisory vote as recommended by King IV."

Explanatory note on ordinary resolutions number 6 and 7

In terms of principle 14 of King IV, the Company's remuneration policy and remuneration implementation report should be tabled to shareholders for separate non-binding advisory votes at the Meeting. These votes enable shareholders to express their views on the remuneration policies adopted by the Company and on the implementation thereof. Shareholders are requested to endorse the Company's remuneration policy set out in the Annual Report.

9. Approval of amendments to the rules of the Datatec Conditional Share Plan 2017 ("CSP")

Ordinary resolution number 8

"Resolved that the Company approves the amendments made to the Conditional Share Plan 2017 to ensure compliance with Schedule 14 of the JSE Listings Requirements, which can be summarised as follows:

1. Clause 2.1.39 has been inserted to define 'Special Dividends';
2. The fixed number of Shares settled to any single Participant, as disclosed in clause 4.2.1 of the CSP rules, be amended to not exceed 6,000,000 Shares. This number equates to approximately 2.67% of the Company's issued share capital as at 28 February 2023;
3. Inclusion of the definition 'Special Dividends' in clause 4.4.2 of the CSP rules to comply with 14.3(b) of the JSE Listings Requirements to provide that in the event of a special dividend by the Company, the Board shall, without requiring the approval of shareholders of the Company in a general meeting, adjust the maximum number of Shares which a Participant may receive in terms of the CSP so as to ensure that Participants are given entitlement to the same proportion of the equity capital of the Company as that to which he was previously entitled prior to the occurrence of the relevant event."

Reason for ordinary resolution number 8

When the Company pays a special dividend, significant value is transferred to ordinary shareholders but not to CSP unit holders whose future interest in Datatec shares is conditional upon meeting performance conditions. In order to preserve the economic value of the CSP units, a modification is made to increase the number of granted but non-yet vested awards at the time the special dividend is paid. The reason for and the effect of this resolution is to apply the same logic to the limit contained in the CSP Rules on the fixed number of Shares which may be settled to any single Participant over the lifetime of the CSP.

Adopting the amendments to the CSP rules will allow the CSP to continue to provide Participants with incentive to advance the Company's interests and promote the alignment of interests between such employees and the shareholders of the Company.

The JSE has provided formal approval of the amendments to the CSP rules.

Copies of the CSP rules are available for inspection from the date of this notice of annual general meeting until the conclusion of this Meeting convened in terms thereof at the registered office of the Company.

In terms of the JSE Listings Requirements, the approval of a 75% majority of the votes cast by shareholders present or represented by proxy and entitled to vote at this Meeting, is required for this ordinary resolution number 8 to become effective, but excluding the votes attaching to all Shares subject to the CSP Rules.

10. Approval of non-executive directors’ fees

Special resolution number 1

“Resolved that the Board and committee fees for non-executive directors for the financial year ending 29 February 2024, as recommended by the Remuneration Committee and set out in the note below, be and are hereby authorised, in accordance with the provisions of the Companies Act, and that the Company may continue to pay directors’ fees at the annual rates specified in the note below for the period from 28 February 2023 until the Company’s 2024 Meeting.

Directors’ fees:

- Chair of the Board: US$224 338 (total fee inclusive of all committee and subsidiary board work);
- Non-executive director’s fee: US$70 872;
- Chair of the Audit, Risk and Compliance Committee: US$35 425;
- Member of the Audit, Risk and Compliance Committee: US$17 713;
- Chair of the Social and Ethics Committee: US$11 808;
- Member of the Social and Ethics Committee: US$5 904;
- Chair of the Remuneration Committee: US$17 713;
- Member of the Remuneration Committee: US$8 862;
- Member of the Nominations Committee: US$5 904; and
- Chair of Trustees of the Datatec Educational and Technology Foundation: US$13 356.”

Reason for special resolution number 1

The Companies Act requires shareholder approval of non-executive directors’ fees prior to payment of such fees. The fees have been increased 6% from the levels approved at the previous Meeting having remained at their previous level for two years.

In terms of the Companies Act, 75% (seventy-five percent) of the votes cast by shareholders present or represented by proxy at this Meeting must be cast in favour of this resolution for it to be adopted.

11. Authority to provide financial assistance to any group company

Special resolution number 2

“Resolved that, to the extent required by sections 44 and/or 45 of the Companies Act, the Board may, subject to the provisions of the Companies Act, the Company’s MoI and the Listings Requirements, authorise the Company to provide direct or indirect financial assistance to any related or inter-related (as defined in the Companies Act) company or corporation of the Company, on terms and conditions which the directors may determine, commencing on the date of passing of this resolution and ending at the next Meeting.”

Reason for special resolution number 2

In terms of the Companies Act, the Board may authorise the Company to provide any financial assistance in terms of sections 44 and/or 45 of the Companies Act to any related or inter-related company or corporation of the Company, subject to certain requirements set out in the Companies Act, including the Company meeting the solvency and liquidity test. This general authority would greatly assist the Company inter alia with making inter-company loans to Group companies as well as granting letters of support and guarantees in appropriate circumstances. The existence of a general shareholder authority would avoid the need to refer each instance to members for approval which might impede the negotiations and add time and expense. If approved, this general authority will expire at the next Meeting.

Notification

Written notice in terms of section 45(5) of the Companies Act of any such resolution by the Board shall be given to all shareholders of the Company and any trade union representing its employees:

- within 10 business days after the Board adopts the resolution, if the total value of the financial assistance contemplated in that resolution, together with any previous such resolution during the financial year, exceeds one-tenth of 1% (one percent) of the Company’s net worth at the time of the resolution; or
- within 30 business days after the end of the financial year, in any other case.

Subject to the approval of this special resolution, the Board will pass a similar financial assistance resolution on or after the date of this Meeting.

In terms of the Companies Act, 75% (seventy-five percent) of the votes cast by shareholders present or represented by proxy at the Meeting must be cast in favour of this resolution for it to be adopted.

12. General authority to repurchase shares

Special resolution number 3

"Resolved that the Board be authorised by way of a general authority given as a renewable mandate, to facilitate the acquisition by the Company and/or a subsidiary of the Company of the issued ordinary shares of the Company, upon such terms and conditions and in such amounts as the directors of the Company may from time to time determine, but subject to the MoI, the provisions of the Companies Act and the Listings Requirements, when applicable and provided that:

a. an announcement giving such details as may be required in terms of the Listings Requirements be released on the Stock Exchange News Service when the Company or its subsidiaries have cumulatively repurchased 3% (three percent) of the initial number of the shares of the Company in issue as at the time the general authority was granted and for each 3% (three percent) in aggregate of the initial number of shares acquired thereafter;
b. the authorisation granted above shall remain in force from the date of passing of this special resolution for a period of 15 (fifteen) months or until the next Meeting, whichever period is shorter;
c. at any point in time, the Company will only appoint one agent to effect any repurchase(s) on its behalf;
d. the Company or its subsidiary shall not repurchase securities during a prohibited period as defined in paragraph 3.67 of the Listings Requirements unless the repurchase is done in accordance with the provisions of the Listings Requirements, including, but not limited to, a repurchase programme being in place, where dates and quantities of shares to be traded during the prohibited period are fixed (not subject to any variation) and full details of the programme being disclosed to the JSE in writing prior to the commencement of the prohibited period, as required and the Company having instructed an independent third party, which makes its investment decisions in relation to the Company's securities independently of, and uninfluenced by, the Company, prior to the commencement of the prohibited period to execute the repurchase programme submitted to the JSE;
e. the repurchase of securities will be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the Company and the counterparty (reported trades are prohibited);
f. the repurchase by the Company of its own securities above may not exceed 20% (twenty percent) of the Company's issued ordinary share capital in the aggregate in any one financial year, as at the beginning of the financial year, or in the case of acquisition by any of the Company's subsidiaries, 10% (ten percent) of such issued ordinary share capital in the aggregate if such shares are to be held as treasury shares;
g. any such general repurchase will be subject to the applicable provisions of the Companies Act (including sections 114 and 115 to the extent that section 48(8) is applicable in relation to that particular repurchase);
h. any such repurchases are subject to exchange control approval at that point in time;
i. in determining the price at which the Company's ordinary shares are acquired by the Company in terms of this general authority, the maximum premium at which such ordinary shares may be acquired will be 10% (ten percent) of the weighted average of the market price at which such ordinary shares are traded on the JSE, as determined over the 5 (five) trading days immediately preceding the date of the repurchase of such ordinary shares by the Company or a subsidiary of the Company; and
j. a resolution has been passed by the Board confirming that the Board has authorised the general repurchase, that the Company has passed the solvency and liquidity test as required by the Companies Act and since the test was done there have been no material changes to the financial position of the Group."

At least 75% (seventy-five percent) of the votes cast by shareholders present or represented by proxy at the Meeting must be cast in favour of this resolution in terms of the Listings Requirements in order for it to be adopted.

Additional disclosure

For purposes of considering Special Resolution Number 3 and in terms of the Listings Requirements, the information below has been included in the Annual Report, in which this notice of Meeting is included, at the places indicated:

- Major shareholders (refer page 195); and
- Share capital of the Company (refer page 127).

The Company will not commence a general repurchase of shares as contemplated above unless the following can be met:

- the Company and the Group will be able to repay its debts in the ordinary course of business for a period of 12 (twelve) months following the date of the general repurchase;
- the Company and the Group's assets will be in excess of the liabilities of the Company and the Group for a period of 12 (twelve) months after the date of the general repurchase. For this purpose, the assets and liabilities will be recognised and measured in accordance with the accounting policies used in the latest audited consolidated annual financial statements which comply with the Companies Act;
- the share capital and reserves of the Company and the Group will be adequate for ordinary business purposes for a period of 12 (twelve) months after the date of the general repurchase; and
- the working capital of the Company and the Group will be adequate for ordinary business purposes for a period of 12 (twelve) months following the date of the repurchase.

Any decision by the Board involving a repurchase by the Company of more than 5% (five percent) of the issued shares of any class will be subject to the requirements of sections 48, 114 and 115 of the Companies Act, including the distribution of a circular to the shareholders of the Company in compliance with the Companies Act and the Listings Requirements, seeking the approval of the shareholders for such repurchase.

Reason and effect

The reason and effect for Special Resolution Number 3 is to authorise the Company and/or its subsidiary company by way of a general authority to acquire its own issued shares on such terms, conditions and in such amounts as determined from time to time by the directors of the Company subject to the limitations set out above.

Statement of Board's intention

The Board has no current plans to repurchase shares but would like the flexibility to use the shareholder authority which this resolution would provide to undertake a repurchase if circumstances arise in future which would render such a repurchase beneficial to the Company having regard to prevailing circumstances, market conditions as well as the Company's liquidity requirements.

Directors' responsibility statement

The directors, whose names are given on page 197, collectively and individually accept full responsibility for the accuracy of the information pertaining to Special Resolution Number 3 and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this special resolution contains all information required by the Listings Requirements.

Material changes

There have been no material changes in the affairs or financial position of the Company and/or the Group since the date of signature of the audit report up to the date of this notice.

13. Authority to sign all documents required

Ordinary resolution number 9

"Any director of the Company or the Company Secretary shall be and is hereby authorised to sign all documents and perform all acts which may be required to give effect to such Ordinary Resolutions Number 1 to 8 and Special Resolutions Number 1 to 3 passed at the Meeting."

In order for this resolution to be adopted, the support of more than 50% (fifty percent) of votes cast by shareholders present or represented by proxy at the Meeting is required.

14. To transact such other business as may be transacted at an annual general meeting

The record date on which shareholders must be recorded as such in the register maintained by the transfer secretaries of the Company for the purposes of being entitled to receive this notice of the Meeting is Thursday, 15 June 2023.

Voting and proxies

Record date and proxies

The record date on which shareholders must be recorded as such in the register maintained by the transfer secretaries of the Company for the purposes of being entitled to attend and vote at the Meeting is Friday, 14 July 2023. Accordingly, the last day to trade for the purposes of being entitled to attend and vote at the Meeting is Tuesday, 11 July 2023.

Shareholders who have not dematerialised their shares or who have dematerialised their shares with "own name" registration are entitled to attend and vote at the Meeting (in each case via the Virtual Meeting Platform) and are entitled to appoint a proxy or proxies to attend, speak and vote in their stead. The person so appointed need not be a shareholder of the Company. Proxy forms must be forwarded to reach the registered office of the Company or The Meeting Specialists Proprietary Limited, JSE Building, One Exchange Square, Gwen Lane, Sandown, 2196 or posted to The Meeting Specialists Proprietary Limited at PO Box 62043, Marshalltown, 2107, South Africa or emailed to **proxy@tmsmeetings.co.za**, so as to be received by them, for administrative purposes, by no later than 14:00, on Tuesday, 25 July 2023. Any forms of proxy not lodged by this time may be emailed to **proxy@tmsmeetings.co.za** prior to the commencement of the Meeting.

Proxy forms must only be completed by shareholders who have dematerialised their shares with "own name" registration or who have not dematerialised their shares.

Every member attending the Meeting personally or by proxy and entitled to vote at the Meeting of the Company shall have one vote only irrespective of the number of shares such member holds. In the event of a poll, every member shall be entitled to that proportion of the total votes in the Company which the aggregate amount of the nominal value of the shares held by such member bears to the aggregate amount of the nominal value of all the shares issued by the Company.

Shareholders who have dematerialised their shares, other than those shareholders who have dematerialised their shares with "own name" registration, who are unable to attend the Meeting but wish to be represented thereat, should contact their Central Securities Depository Participant ("CSDP") or broker (as the case may be) in the manner and time stipulated in their agreement entered into by such shareholder and the CSDP or broker (as the case may be) to furnish the CSDP or broker (as the case may be) with their voting instructions and in the event that such shareholders wish to attend the Meeting, to obtain the necessary authority to do so. Such shareholders who wish to attend the meeting in person (via the Virtual Meeting Platform) must obtain the necessary letter of representation from their CSDP or broker.

Shares held by a share trust or scheme will not have their votes at meetings taken into account for the purposes of resolutions proposed in terms of the Listings Requirements.

Notice of Annual General Meeting continued

Electronic participation in the 2023 meeting

All shareholders who wish to attend the meeting are required to participate in the Meeting by way of electronic participation, and are required to send a notice in writing (including details on how the shareholder or representative (including proxy) can be contacted) to the Scrutineers, at The Meeting Specialists Proprietary Limited, JSE Building, One Exchange Square, Gwen Lane, Sandown, 2196 or post to The Meeting Specialists Proprietary Limited at PO Box 62043, Marshalltown, 2107, South Africa or email **proxy@tmsmeetings.co.za**. The written notification must be received by the Scrutineers at least 48 hours prior to the Meeting (being Tuesday, 25 July 2023) for the Scrutineers to arrange for the shareholder (or representative or proxy) to provide reasonably satisfactory identification to the transfer secretaries for the purposes of section 63(1) of the Companies Act and for the Scrutineers to provide the shareholder (or representative or proxy) with details on how to access the Meeting by means of electronic participation. The written notification should contain the following:

- a certified copy of the shareholder's identification document or passport if the shareholder is an individual;
- a certified copy of a resolution of letter of representation given by the holder if the shareholder is a company or juristic person, and certified copies of identity document or passports of the persons who passed the resolution; and
- a valid email address and/or telephone number.

Participants who have complied with the notice requirement above, will be contacted between Wednesday, 26 July 2023 and Thursday, 27 July 2023, and provided the relevant connection details as well as the passcodes through which they or their proxy/ies can participate via electronic communication and of the process for participation via a unique link to the email/cellphone number provided in the notification.

It is recommended that shareholders log into the online platform at least 15 minutes prior to the scheduled start time for the Meeting. Should shareholders require assistance with accessing the online platform, they can call the following helpline: +2781 711 4255.

Shareholders will be able to view a live webcast of the Meeting, ask directors questions online in written format or orally and submit your votes in real time if the shareholder has not already voted through their CSDP or broker.

The cost of accessing any means of electronic participation provided by the Company will be borne by the Company.

By order of the Board

SP Morris
For and on behalf of
Datatec Management Services (Pty) Ltd
Company Secretary

Sandton

28 June 2023

Form of proxy

Datatec Limited

(Incorporated in the Republic of South Africa)
Registration number: 1994/005004/06
JSE code: DTC
ISIN: ZAE000017745
("the Company")

Please note that this proxy form is only for use by members who have not dematerialised their ordinary shares or who have dematerialised their ordinary shares and registered them with own name registration.

I/We

Telephone number:

Cell phone number:

Email:

of

being a member/members of the above mentioned Company, hereby appoint:

or failing him/her,

the Chair of the Annual General Meeting as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at 14:00 on Thursday, 27 July 2023 and at any adjournment of that meeting.

Signed at this day of 2023

Signature

Please indicate with an "X" in the appropriate space on the right how you wish your votes to be cast. If you return this form duly signed, without any specific direction, the proxy shall be entitled to vote as he/she thinks fit.

No.	Type		In favour of resolution	Against resolution	Abstain from voting
3.	O1	Re-election of JP Montanana			
4.	O2	Re-election of SJ Davidson			
5.	O3	Election of LC Rapparini			
6.	O4	Reappointment of independent auditors			
7.	O5	Election of Audit, Risk and Compliance Committee			
		5.1 Election of MJN Njeke			
		5.2 Election of DS Sita			
		5.3 Election of CRK Medlock			
8A.	O6	Non-binding advisory vote on Remuneration Policy			
8B.	O7	Non-binding advisory vote on Remuneration Implementation			
9.	O8	Approval of amendments to the rules of the Datatec Conditional Share Plan 2017			
10.	S1	Approval of non-executive directors' fees			
11.	S2	Authority to provide financial assistance to any Group company			
12.	S3	General authority to repurchase shares			
13.	O9	Authority to sign all documents required			

O = Ordinary S = Special

Notes to the form of proxy

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint one or more proxies to attend, speak and vote in his/her stead. A proxy need not be a registered member of the Company.
2. Every member attending the Annual General Meeting personally or by proxy and entitled to vote at the Annual General Meeting of the Company shall have one vote only irrespective of the number of shares such member holds. In the event of a poll, every member shall be entitled to that proportion of the total votes in the Company which the aggregate amount of the nominal value of the shares held by such member bears to the aggregate amount of the nominal value of all the shares issued by the Company.
3. Members registered in their own name are members who elected not to participate in the Issuer-Sponsored Nominee Programme and who appointed Computershare Investor Services Proprietary Limited as their Central Securities Depository Participant ("CSDP") with the express instruction that their uncertificated shares are to be registered in the electronic sub-register of members in their own names.

Instructions on signing and lodging the form of proxy

1. A member may insert the name of a proxy or the names of two alternative proxies of the member's choice in the space/s provided overleaf, with or without deleting "the chair of the Annual General Meeting", but any such deletion must be initialled by the member. Should this space be left blank, the proxy will be exercised by the chair of the Annual General Meeting. The person whose name appears first on the form of proxy and who is present at the Annual General Meeting will be entitled to act as proxy to the exclusion of those whose names follow.
2. A member's voting instructions to the proxy must be indicated by the insertion of an "X", or the number of votes exercisable by that member, in the appropriate spaces provided overleaf. Failure to do so will be deemed to authorise the proxy to vote or to abstain from voting at the Annual General Meeting as he/she thinks fit in respect of all the member's exercisable votes. A member or his/her proxy is not obliged to use all the votes exercisable by him/her or by his/her proxy but the total number of votes cast, or those in respect of which abstention is recorded, may not exceed the total number of votes exercisable by the member or by his/her proxy.
3. To be valid, the completed forms of proxy must be lodged with The Meeting Specialists Proprietary Limited, JSE Building, One Exchange Square, Gwen Lane, Sandown, 2196 or posted to The Meeting Specialists Proprietary Limited at PO Box 62043, Marshalltown, 2107, South Africa or emailed to **proxy@tmsmeetings.co.za**, or call The Meeting Specialists on +27 11 520 7952/0/1, so as to be received by them, for administrative purposes, by no later than 14:00, on Tuesday, 25 July 2023. Any forms of proxy not lodged by this time must be received by the chair of the Annual General Meeting in a timely manner.
4. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the chair of the Annual General Meeting.
5. The completion and lodging of this form of proxy will not preclude the relevant member from attending the Annual General Meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such member wish to do so.

   The completion of any blank spaces overleaf need not be initialled. Any alterations or corrections to this form of proxy must be initialled by the signatory/ies.

   The chair of the Annual General Meeting may accept any form of proxy which is completed other than in accordance with these instructions provided that he is satisfied as to the manner in which a member wishes to vote.

   Members who have dematerialised their shares must inform their CSDP or broker of their intention to attend the Annual General Meeting and request their CSDP or broker to issue them with the necessary authorisation to attend or provide their CSDP or broker with their voting instructions should they not wish to attend the Annual General Meeting in person.

   In terms of section 58 of the Companies Act, 2008 ("the Companies Act"):
   - a shareholder may, at any time and in accordance with the provisions of section 58 of the Companies Act, appoint any individual (including an individual who is not a shareholder) as a proxy to participate in, and speak and vote at, a shareholders' meeting on behalf of such shareholder;
   - a proxy may delegate his authority to act on behalf of a shareholder to another person, subject to any restriction set out in the instrument appointing such proxy;
   - irrespective of the form of instrument used to appoint a proxy, the appointment of a proxy is suspended at any time and to the extent that the relevant shareholder chooses to act directly and in person in the exercise of any of such shareholder's rights as a shareholder;
   - any appointment by a shareholder of a proxy is revocable, unless the form of instrument used to appoint such proxy states otherwise;
   - if an appointment of a proxy is revocable, a shareholder may revoke the proxy appointment by:
     (a) cancelling it in writing, or making a later inconsistent appointment of a proxy; and
     (b) delivering a copy of the revocation instrument to the proxy and to the Company; and
   - a proxy appointed by a shareholder is entitled to exercise, or abstain from exercising, any voting right of such shareholder without direction, except to the extent that the Memorandum of Incorporation of the Company, or the instrument appointing the proxy, provides otherwise.

Shares and shareholders

for the year ended 28 February 2023

Stock exchange performance	**1 March 2022 to 28 February 2023**	1 March 2021 to 28 February 2022
Shares traded as a percentage of issued shares (%)		
Total number of shares traded ('000)	**60 811**	51 590
Shares traded as a percentage of issued shares (%)	**27.79**	25.16
Total value of shares traded (R million)	**2 373**	1 685
JSE Limited prices (SA cents)		
Closing	**3 403**	3 660
High	**4 876**	4 365
Low	**2 800**	2 355
JSE Limited prices adjusted for special dividends: R12.50 in December 2022 and R5.12 in November 2021 (SA cents)		
Closing	**3 403**	1 898
High	**3 626**	2 603
Low	**1 550**	593
Public/non-public shareholding		
Percentage non-public shareholders	**36.54%**	37.40%
Percentage public shareholders	**63.46%**	62.60%

Listed below are analyses of holdings extracted from the register of ordinary shareholders at 28 February 2023:

	Shareholders in SA		**Shareholders other than in SA**		**Total shareholders**	
Shareholder type	**Number**	**Percentage of shares**	**Number**	**Percentage of shares**	**Number**	**Percentage of shares**
Directors	**–**	**–**	**4**	**15.16**	**4**	**15.16**
Shareholders over 10%	**1**	**20.05**	**–**	**–**	**1**	**20.05**
Treasury	**1**	**1.33**	**–**	**–**	**1**	**1.33**
Total non-public	**2**	**21.38**	**4**	**15.16**	**6**	**36.54**
Public	**5 016**	**48.61**	**291**	**14.85**	**5 307**	**63.46**
Total	**5 018**	**69.99**	**295**	**30.01**	**5 313**	**100.00**

The following are the principal beneficial shareholders whose holding directly or indirectly in the Company total more than 5% of the issued share capital as at 28 February 2023:

	Number of ordinary shares	**Percentage of issued shares**
Government Employees Pension Fund (PIC)	**45 092 788**	**20.05**
Jens Montanana (Director)	**31 832 429**	**14.15**
M&G Group*	**13 594 291**	**6.04**
Sanlam Group*	**11 370 642**	**5.06**
Old Mutual Group*	**11 345 684**	**5.04**

*Note: * Shareholdings are aggregates of several legal entities owned by the same overall group which individually are less than 5%.*

Shares and shareholders continued

Listed below are analyses of holdings extracted from the register of ordinary shareholders at 28 February 2022:

Shareholder type	Shareholders in SA Number	Shareholders in SA Percentage of shares	Shareholders other than in SA Number	Shareholders other than in SA Percentage of shares	Total shareholders Number	Total shareholders Percentage of shares
Directors	–	–	4	15.10	4	15.10
Shareholders over 10%	1	22.05	–	–	1	22.05
Treasury	1	0.25	–	–	1	0.25
Total non-public	2	22.30	4	15.10	6	37.40
Public	4 285	46.15	264	16.45	4 549	62.60
Total	4 287	68.45	268	31.55	4 555	100.00

The following are the principal beneficial shareholders whose holding directly or indirectly in the Company total more than 5% of the issued share capital as at 28 February 2022:

	Number of ordinary shares	Percentage of issued shares
Government Employees Pension Fund (PIC)	47 849 229	22.05
Jens Montanana (director)	30 641 963	14.12
Sanlam Group*	12 601 913	5.81
Old Mutual Group*	11 717 298	5.40
M&G Group*	10 956 842	5.05

*Note: * Shareholdings are aggregates of several legal entities owned by the same overall group which individually are less than 5%.*

Black people and black female economic interest and voting rights

An analysis of black beneficiation through mandated investment schemes invested in Datatec as at 28 February 2023:

	Number of ordinary shares	**Percentage of issued shares**
Total mandated investments identified	**136 176 883**	**60.55**
Voting rights deemed to be held by black people on a flow-through basis	**59 626 799**	**26.51**
Voting rights deemed to be held by black women on a flow-through basis	**29 543 792**	**13.14**
Economic interest deemed to be held by black people on a flow-through basis	**33 670 578**	**14.97**
Economic interest deemed to be held by black women on a flow-through basis	**17 226 396**	**7.66**

An analysis of black beneficiation through mandated investment schemes invested in Datatec as at 28 February 2022:

	Number of ordinary shares	Percentage of issued shares
Total mandated investments identified	133 084 279	61.34
Voting rights deemed to be held by black people on a flow-through basis	54 435 886	25.09
Voting rights deemed to be held by black women on a flow-through basis	28 979 601	13.36
Economic interest deemed to be held by black people on a flow-through basis	35 292 519	16.27
Economic interest deemed to be held by black women on a flow-through basis	18 008 080	8.30

Administration

Board of directors

Name	Date of appointment	Position held at 28 February 2023
Executive directors		
JP Montanana (British)	6 October 1994	Chief Executive Officer
IP Dittrich	30 May 2016	Chief Financial Officer
Non-executive directors		
M Makanjee#^+	1 November 2018	Independent non-executive Chair
SJ Davidson (British) #^+	1 February 2007	Independent non-executive director
JF McCartney (American)#	16 July 2007	Independent non-executive director
CRK Medlock (British)*	1 January 2020	Independent non-executive director
MJN Njeke*^+	1 September 2016	Independent non-executive director
DS Sita*^	1 March 2022	Independent non-executive director
LC Rapparini^ (Brazilian)	1 September 2022	Independent non-executive director

Resignations during the year		
E Singh-Bushell (American)*#^	1 June 2018	Resigned – 27 July 2022

* *Audit, Risk and Compliance Committee*
# *Nominations Committee*
^ *Remuneration Committee*
+ *Social and Ethics Committee*

Shareholders' diary

2023 Annual General Meeting	27 July 2023
Reports	
Interim results (half-year to August 2023)	October 2023
Announcement of FY24 annual results	May 2024
FY24 Annual Report	June 2024
FY24 Integrated Report	June 2024

Glossary

AGM	Annual General Meeting
AIM	Alternative Investment Market, the London Stock Exchange's international market for smaller, growing companies
Analysys Mason	A global consultancy and research firm which constituted Datatec's Management Consulting division, specialising in telecommunication, media and technology and offers strategic, trusted advisory, modelling and market intelligence services, which was disposed of during FY23
ARCC	The Datatec Group Audit, Risk and Compliance Committee
BBBEE	Broad-Based Black Economic Empowerment
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CIPC	Companies and Intellectual Property Commission
CPI	Consumer Price Index
CRO	Chief Risk Officer
CSDP	Central Securities Depository Participant
CSI	Corporate social investment, contributions (monetary, employee time and resources), external to normal business activities for the purpose of benefiting and uplifting communities
CSR	Corporate social responsibility
EMEA	Europe, Middle East and Africa
ESG	Environmental, social and corporate governance
H&S	Health and safety
IPO	Initial Public Offering
JSE	The Johannesburg Stock Exchange, a securities exchange operated by JSE Limited
King IV/The King IV Code	The King IV Report on Corporate Governance for South Africa, 2016
KPI	Key performance indicators
LATAM	Latin America
Logicalis or Logicalis Group	A division of Datatec that supplies ICT infrastructure and solutions and managed services. Datatec has split its investment in Logicalis Group into two divisions: Logicalis International and Logicalis Latin America
Logicalis International	Comprises the Logicalis business in all markets outside Latin America
Logicalis Latin America	Comprises the Logicalis business in Latin America
LSE	London Stock Exchange
LTI	Long-term incentive
Management Consulting	A division of Datatec that comprised Analysys Mason, a specialist telecommunications, media and technology Adviser. Analysys Mason was disposed of during FY23
MEA	Middle East and Africa
MoI	The Company's Memorandum of Incorporation
NASDAQ	National Association of Securities Automated Quotations, a United States electronic securities market

NPO	Non-profit organisation
NYSE	New York Stock Exchange
PLLAL	PromonLogicalis Latin America Limited
PwC	PricewaterhouseCoopers Inc.
SAICA	South African Institute of Chartered Accountants
Scope 1 emissions	Direct greenhouse gas emissions from sources owned or controlled by a company ie emissions are released into the atmosphere directly from the company's daily activities. They include boiler and furnace emissions, transportation emissions, and chemical production emissions from owned or controlled processes. (eg. emissions from company facilities and vehicles)
Scope 2 emissions	Indirect emissions. Come from electricity, steam, heat and cooling consumption. (eg. emissions from purchased energy to switch on lights)
Scope 3 emissions	All indirect emissions, also known as value chain emissions. These are linked not only to a company's value chain but to its entire product life. Companies' most common and significant source of emissions. (eg. emissions from waste disposal, business travel and downstream product/services usage)
SENS	Stock Exchange News Service
SETA	Sector Education and Training Authority
STEM	Science, technology, engineering and mathematics
STI	Short-term incentive
The Board	The Board of directors of Datatec Limited, as set out on pages 2 and 3
The Code	The Datatec Group Code of Conduct
The Companies Act	South African Companies Act 71 of 2008, as amended
The Company or Datatec	Datatec Limited, listed on the JSE in the "Computer Services" sector
The current year, the year, the year under review or FY23	The year ended 28 February 2023
The Foundation	The Datatec Educational and Technology Foundation
The Group	The Datatec Group, Datatec Limited and its subsidiaries
The previous year, the prior year or FY22	The year ended 28 February 2022
TMS	The Meeting Specialists Proprietary Limited
WEEE	Waste from electrical and electronic equipment
Westcon International or Westcon	A division of Datatec that provides distribution of security, collaboration, networking and data centre products. Includes Datatec Financial Services, a provider of financing/leasing solutions

Financial and technical definitions

Financial definitions

Amortisation	The systematic allocation of the cost of an intangible asset over its useful life
BBSW	Bank Bill Swap Rate
CAGR	Compound annual growth rate
CDI	A daily average of overnight interbank loans, used as an investment benchmark in the Brazilian financial system
CGU	Cash-generating unit
CSP	Conditional Share Plan
DBP	Deferred Bonus Plan
DBW	Deferred Bonus Warrant
Depreciation	The systematic allocation of the cost of an asset, less its residual value, over its useful life
EAP	Equity Appreciation Plan
EBITDA	Earnings before interest, taxation, depreciation and amortisation
EIBOR	Emirates Interbank Offered Rate
EPS	Earnings per share, the portion of a Company's profit attributable (equally) to each outstanding ordinary share
EURIBOR	Euro Interbank Offered Rate
FEC	Forward exchange contract
FVTPL	Fair value through profit or loss
FY	Financial year; for Datatec, ended/ending 28/29 February
H2	The second half of the financial year, from 1 September to 28 February
HEPS	Headline earnings divided by the weighted average number of shares in issue during the financial year
IFRS	International Financial Reporting Standards
JIBAR	Johannesburg Interbank Average Rate
LIBOR	London Interbank Offered Rate
LTIP	Long-Term Incentive Plan
MIP	Management Incentive Plan
ROIC	Return on invested capital. This is calculated by dividing net operating profit after tax by average invested capital
SAR Scheme	The Datatec Limited Share Appreciation Rights Scheme
SARs	Share Appreciation Rights
SOFR	Secured Overnight Financing Rate
SONIA	Sterling Overnight Interbank Average Rate
SORA	Singapore Overnight Rate Average
TSR	Total shareholder return
UEPS	Underlying earnings divided by the weighted average number of shares in issue during the financial year
Underlying earnings	Earnings excluding impairments of goodwill and intangible assets, profit or loss on sale of investments and assets, amortisation of acquired intangible assets, 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
VWAP	30-day volume-weighted average price

Technical definitions

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

Contact details

REGISTERED OFFICES

Datatec Limited
3rd Floor
Sandown Chambers
Sandown Village Office Park
81 Maude Street
Sandown, 2196
South Africa
Tel +27 (0) 11 233 1000
Email: ir@datatec.com

Datatec plc
1st Floor, Bush House
North West Wing
London
WC2B 4PJ
United Kingdom
Tel +44 (0) 207 395 9000

COMPANY SECRETARY

Datatec Management Services (Pty) Ltd
(Managing Director – SP Morris)

OFFICE – UK

1st Floor, Bush House
North West Wing
London
WC2B 4PJ
United Kingdom
Tel +44 (0) 207 395 9000

OFFICE – USA

660 White Plains Road
Tarrytown
New York 10591
USA
Tel +1 914 829 7000

SPONSOR

Pallidus Exchange Services Proprietary Limited
Die Groenhuis
38 Garsfontein Road
Waterkloof
Pretoria

TRANSFER SECRETARIES

Computershare Investor Services (Pty) Ltd
Rosebank Towers
15 Biermann Avenue
Rosebank, 2196
South Africa
Private Bag X9000
Saxonwold, 2132

CORPORATE LAW ADVISERS AND CONSULTANTS

Bowman Gilfillan Inc.
11 Alice Lane
Sandton, 2196
South Africa

AUDITORS

PricewaterhouseCoopers
4 Lisbon Lane
Waterfall City
Jukskei View, 2090
South Africa

PRINCIPAL BANKERS – SA

The Standard Bank of South Africa Limited
Corporate and Investment Banking
30 Baker Street
Rosebank, 2196
South Africa

PRINCIPAL BANKERS – UK

HSBC U.K. Bank plc
26 Broad Street
Reading
Berkshire
RG1 2B

Company information

Datatec Limited

Incorporated in the Republic of South Africa
Registration number: 1994/005004/06
ISIN: ZAE000017745
JSE Main Board: Computer Services
Listing date: 1994
Share code: DTC
Shares in issue at 28 February 2023: 224 916 537

Bastion

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www.datatec.com
www.westconcomstor.com
www.logicalis.com