



Driving Technology

Integrated Report 2023



Feedback

We value feedback from our stakeholders and use it to ensure that we are reporting appropriately on the issues that are most relevant to them.

Please take the time to give us your feedback on this report.

Email: ir@datatec.com



@DatatecGroup



<https://www.linkedin.com/company/datatec-limited>

www.datatec.com

Forward-looking statements

The Integrated Report may contain statements regarding the future financial performance of the Group which may be considered to be forward-looking statements. By their nature, forward-looking statements involve risk and uncertainty, and although the Group has taken reasonable care to ensure the accuracy of the information presented, no assurance can be given that such expectations will prove to have been correct. The Group has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements.

There may be other factors that cause actions, events or results not to be as anticipated, estimated or intended.

It is important to note that:

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

Our reporting

- Integrated Report
- Annual Report
- Shareholder information – Notice of Annual General Meeting ("AGM")

Online

- Direct access to all our reports
- Our website has detailed investor, corporate governance, responsible business (including environmental and corporate social investment ("CSI")) and business information

Overview

Datatec is an international information and communication technology (“ICT”) solutions and services group that has annual revenues in excess of US\$5.1 billion. It was founded in 1986 and has been listed on the Johannesburg Stock Exchange (“JSE”) since 1994.

Fast facts

Revenue
US\$5.1 billion

Founded in
1986



Many shareholders are now benefiting from more accessible information and helping the environment too. If you have not already tried it, visit our online Integrated Report website on your mobile device by scanning the QR code with a QR code reader smart app.

Global customers and partners
over 10 000

Employees
over 11 000

Listed on JSE since
1994

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About this report

Our Integrated Report is the principal communication interface with our shareholders and other stakeholders of Datatec Limited who have a vested interest in our Group and its commitment to create value and ensure a sustainable business for the future.

Scope and boundary

The Integrated Report endeavours to present an overview of the financial, economic, environmental, social and governance performance of the Group for the year 1 March 2022 to 28 February 2023 ("FY23"). Datatec's aim is to present a holistic overview of the value the Group seeks to create for stakeholders by communicating content that is useful and relevant in an open and balanced manner. The report summarises the Group's strategy, business model, operations, risks, stakeholder interests and responsible business practices that takes account of resources employed in its business activities and resources and groups on which Datatec has an impact.

The information disclosed encompasses all divisions and subsidiaries of Datatec Limited, across all regions of operation unless indicated otherwise.

Datatec published its FY23 results on 23 May 2023 which is the effective date of this Integrated Report, except for the Chair's review dated July 2023.

Reporting boundary

Reporting period

1 March 2022 to 28 February 2023

(except for the Chair's review in this Integrated Report dated July 2023, and Notice of AGM and form of proxy in the Annual Report dated June 2023)

Target readers

Shareholders (providers of financial capital). Other stakeholders of Datatec Limited who have a vested interest in our Company and its value creation journey

Integrated Report

Strategy, operating context, risks, stakeholder outcomes, leadership, responsible business practices, financial and non-financial performance

Annual Report

Governance, responsible business reports, financial results, shareholder notices

Financial reporting boundary

Datatec Limited

Subsidiaries

Associates

Refer to Note 44 of the Group consolidated annual financial statements in the Annual Report for a list of subsidiary companies and equity-accounted associates.

Assurance

To ensure the integrity of reporting in the integrated and annual reports, the Group has a formal combined assurance model in place, which includes management, external audit, internal audit and other independent assurance providers.

The Integrated Report has been reviewed by the Audit, Risk and Compliance Committee ("ARCC"), the Board, Company Secretary and investor relations consultants.

Materiality

This report focuses on matters that materially impact Datatec's ability to create value over the short, medium and long term, execute its strategy and impair profitability.

Developing an understanding of the topics most pertinent to our business and our key stakeholders is crucial to Datatec's strategic plans and reporting. Identifying our potential material matters requires input from divisions and subsidiaries, and feedback from Datatec's shareholder engagement roadshows has been used to identify matters to report on.

In the first quarter of FY24, Datatec will undertake its next full materiality assessment, which will serve to identify its priority topics for the years ahead. Through a combination of research, peer benchmarking, trend analysis and stakeholder engagement, including consultation with Datatec employees, customers, investors, beneficiaries, regulators, lenders, analysts and the media, Datatec's reporting will continue to be adapted and extended.

An assessment of Datatec's material matters and ranking of importance is performed by the Board.

Materiality process

Identify

Identify issues that have the potential to materially impact Datatec's ability to:

Create value over the short, medium and long term

Execute its strategy

Improve profitability

Identify issues that have the potential to erode value for providers of capital and stakeholders

Input from divisions and subsidiaries

Research, benchmarking, trend analysis

Feedback from shareholder engagement roadshows

Rank

Material issues are ranked in order of importance by the Board based on those with the greatest relevance in our operating context

These issues together with our key risks, are used to determine the matters that are material to our ability to create value over the short, medium and long term, that have the potential to erode value and that could adversely affect the Group's ability to achieve its objectives and successfully execute its strategies

Key risks are documented in risk registers

Assess

Material matters are regularly discussed and assessed by the Board.

Consideration is given to

- Datatec's strategy, including responsible business strategy, and ensuring that our strategy remains relevant
- Our business model
- Our operating environment and the potential impact on opportunities for the Group
- Outcomes for providers of capital and stakeholders

Framework

The following frameworks have been applied in the preparation of the Integrated Report:

- King IV™* Report on Corporate Governance in South Africa 2016 ("King IV")
- Companies Act 71 of 2008 ("the Companies Act")
- JSE Listings Requirements
- The International <IR> Framework
- Discussion Papers issued by the South African Integrated Reporting Committee ("IRC") and the International Integrated Reporting Council ("IIRC")
- International Financial Reporting Standards ("IFRS") – applied in preparing the Group consolidated annual financial statements in the financial results section of the Annual Report and all financial data derived therefrom in the Integrated Report

Jens Montanana
Chief Executive Officer
("CEO")

Ivan Dittrich
Chief Financial Officer
("CFO")

Johnson Njeke
Chair: ARCC

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Navigation icons

These icons refer to our strategic objectives:



These icons refer to our stakeholders:



Board confirmation

The Board acknowledges its responsibility for the integrity of the integrated and annual reports.

The directors confirm they have collectively assessed the content and believe that the Integrated Report addresses the material matters that substantively affect the organisation's ability to create value over the short, medium and long term and is a fair representation of the integrated performance of the Group.

The ARCC, which has oversight responsibility for the Integrated Report, acknowledges its responsibility to ensure the integrity of this Integrated Report and has applied its mind to the preparation and presentation of the report. It has concluded that the report has been presented in accordance with the International <IR> Framework and recommended the report for approval by the Board of directors.

The Board has therefore approved the 2023 report for release to stakeholders.

The Board is committed to providing effective leadership to the Group and fully embraces the principle of ethical leadership in setting and implementing the strategy and 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.

Maya Makanjee
Chair

Jens Montanana
CEO

Ivan Dittrich
CFO

Stephen Davidson
Independent non-executive
director

John McCartney
Independent non-executive
director

Rick Medlock
Independent non-executive
director

Johnson Njeke
Independent non-executive
director

Luis Rapparini
Independent non-executive
director

Deepa Sita
Independent non-executive director

Further information is available online

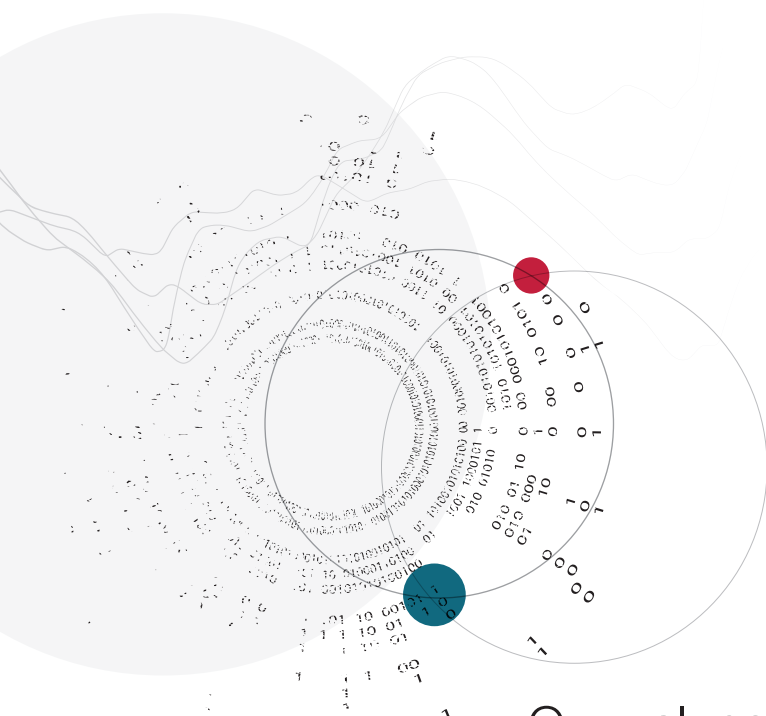
Further information is available within the Integrated Report

Further information is available in the Annual Report

Linked to executive remuneration

Who we are

Datatec is an international ICT solutions and services group operating in more than 50 countries across six continents.



Our values

Datatec is committed to maintaining the highest standards of ethics and business conduct. Our business philosophy has its roots in an entrepreneurial culture. We are committed to being ethical, honest, socially responsible corporate citizens and strive to be an employer of choice, attracting, developing and retaining talented people. We value business partnerships and we work towards creating shareholder value by developing a best-in-class portfolio of actively managed businesses operating in the high-value, fast-growing sectors of the ICT market.

What makes us different

Datatec offers shareholders an opportunity to invest in a leading international ICT group that is uniquely positioned to take advantage of best-in-class solutions in cyber security, hybrid technology, networking, unified collaboration, cloud and data centre technologies.

Our purpose

To deliver value to all stakeholders through technology agility and service excellence.

Our vision

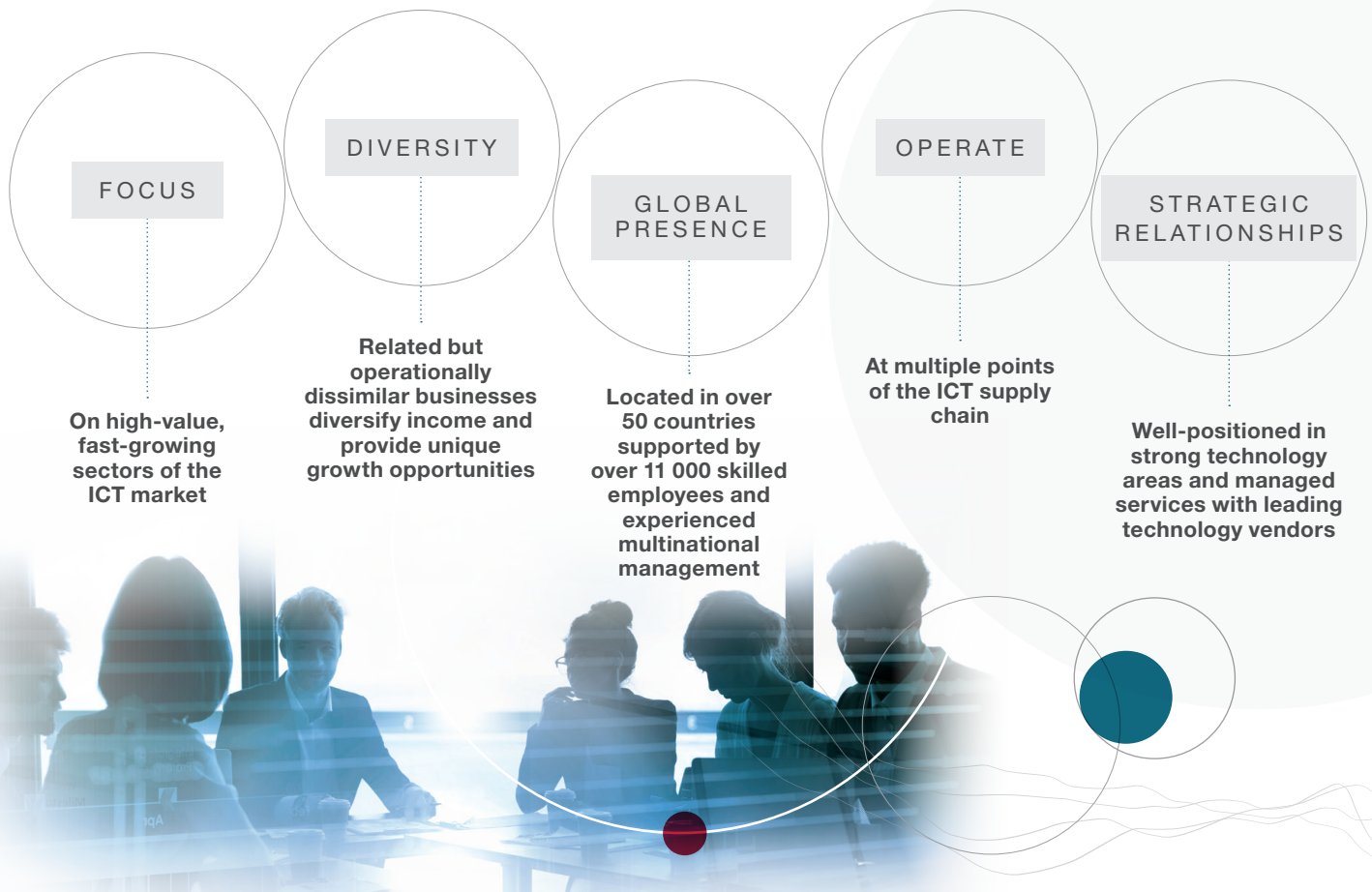
To be a global leader in speciality, high-value ICT solutions through distribution and integrated services businesses, in collaboration with leading vendor technology partners. We have built an extensive global footprint through our entrepreneurial expansion, which we plan to continue.

Sustainable development goals

Datatec supports the United Nations sustainable development goals and is committed to playing its role in ensuring that these goals are attained. Four goals have been identified in areas which Datatec believes it can have the most impact and are aligned with Datatec's focus areas.



Our investment proposition



Innovation

We embrace change and creativity to deliver the best practical outcomes

Integrity

We champion an environment of honesty, transparency, fairness and high moral standards

Excellence

We strive to exceed expectations and be the best that we can be, maintaining the highest level of quality

Empowerment

We encourage initiative and provide opportunities for our people

Partnerships

We build strong relationships and alliances to achieve success for the long term

Inclusion

Our ways of working are built on a foundation of diversity, equity, and inclusion

Our purpose and values are reflected in all aspects of our operations, including how we execute our strategy, our stakeholder engagement and our responsible business practices.

Our divisions

Datatec's portfolio of businesses spans the integration and managed services, technology distribution and management consulting sectors of the ICT market and is split into three core divisions:

1.

Technology distribution
and financial services

WESTCON INTERNATIONAL

Over

3 500

employees

Over

50

countries worldwide

2.

ICT solutions
and services

LOGICALIS INTERNATIONAL

Over

4 000

employees

Over

15

countries worldwide

3.

ICT solutions
and services

LOGICALIS LATIN AMERICA

Over

3 000

employees

Over

10

countries across
Latin America

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

1. **Westcon Comstor**

Partner Success. It's what we do.

WESTCON INTERNATIONAL

Global value-added technology provider and specialist distributor of industry-leading, world-class cyber security, network infrastructure, cloud collaboration products, data centre solutions and channel support services

Provider of innovative financial solutions to Datatec Group customers

- Goes to market under the Westcon and Comstor brands
- Westcon International's portfolio of market-leading vendors includes Broadcom, Check Point, Cisco, CrowdStrike, Extreme Networks, F5, Juniper, Palo Alto, Proofpoint, Tenable and Zscaler

Over **12 000** partners

18 logistics and staging facilities throughout Europe, Middle East, sub-Saharan Africa, Asia, Australia and New Zealand

2. **LOGICALIS** Architects of Change

LOGICALIS INTERNATIONAL

Global digital transformation enabler and cloud managed services provider

- Logicalis International has built strong partnerships with the world's most respected technology solutions and services vendors ensuring that it is often first to market and to deploy new technologies, especially in the areas of cloud, security, workplace and connectivity
- Customer advocate with some of the world's leading technology companies including Cisco, HPE, Microsoft, NetApp, Oracle, Palo Alto and VMware
- Operates in Europe, North America, Asia-Pacific and Africa
- Solutions
 - Connectivity, cloud, digital workplace, security
- Services
 - Consulting services, professional services, modern managed services

3. **LOGICALIS** Architects of Change

LOGICALIS LATIN AMERICA

Global digital transformation enabler and cloud managed services provider

- Logicalis Latin America has built strong partnerships with the world's most respected technology solutions and services vendors ensuring that it is often first to market and to deploy new technologies, especially in the areas of cloud, security, workplace and connectivity
- Customer advocate with some of the world's leading technology companies including Akamai, AWS, Cisco, Fortinet, Microsoft, NetScout, PureStorage and Red Hat
- Operates across South America, Mexico and the Caribbean
- Solutions
 - Connectivity, cloud, digital workplace, security
- Services
 - Consulting services, professional services, modern managed services

Our operating context

Where we operate

Datatec operates in more than 50 countries across North America, Latin America, Europe, Asia-Pacific, Middle East and Africa.

Our biggest revenue contribution is from Europe followed by Asia-Pacific.

Our products and services

- ICT infrastructure solutions
- Digital enablement services
- Security
- Collaboration
- Networking
- Data centre products and solutions

Our vendors

- Broadcom
- Cisco
- Checkpoint
- CrowdStrike
- F5
- HPE
- IBM
- Microsoft
- Palo Alto Networks among others

Current trading

1

Strong demand for cyber security, networking, cloud infrastructure

2

Growth in software mix and managed services

3

Supply chain issues and backlog improving

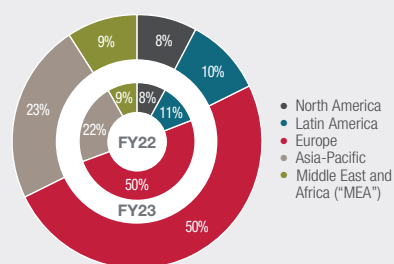
4

Excellent working capital enables strong balance sheet

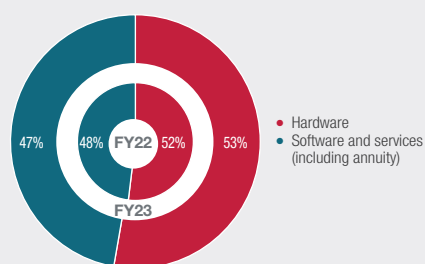
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All divisions expecting to deliver improved performance in FY24

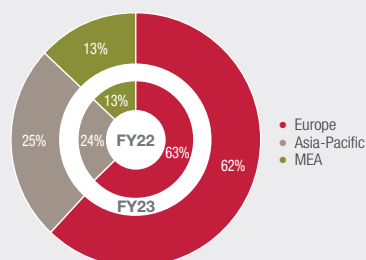
Datatec Group revenue percentage contribution by geography



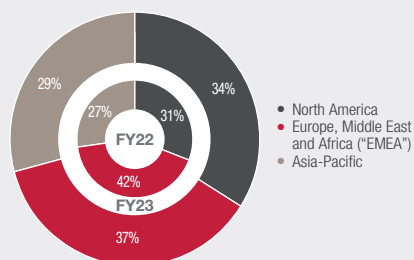
Revenue contribution by segment



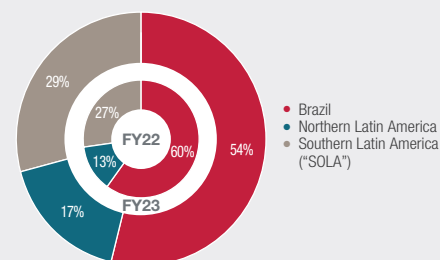
Westcon International revenue percentage contribution by geography



Logistics International revenue percentage contribution by geography



Logistics Latin America revenue percentage contribution by geography



Increased
software and
services

Hardware impacted
by supply chain
constraints

Expecting software
to move towards half
of the revenue mix

Business becoming
less asset
intensive

Our operating environment

The Group delivered a strong operational performance during FY23 benefiting from continuing trends in networking and cyber security. We continue to see consistent demand for our technology solutions and services across the world.

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

Demand for networking, cyber security products and solutions using cloud infrastructure remained strong while software and services contributions continued to grow as part of the overall mix. We continue to see good momentum in demand for our technology solutions and services across the world.

With the semiconductor shortage now easing, our operations remain well-positioned to service customers in their respective markets as we continue to actively manage supply chain headwinds.

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

Supply chain disruptions

Datatec continued to experience supply chain issues during FY23. Westcon International's hardware and software backlog remained elevated because of the semiconductor shortage and supply chain constraints. Logicalis International also experienced shipment delays as a result of the global supply chain issues resulted in backlog remaining high throughout the year. As expected, the business was most impacted by supply chain delays as referred to in Datatec's FY22 results. The business recovered well in the second half of FY23 with some easing in supply constraints.

However, with supply chain issues abating and backlogs reducing, our operations remain well-positioned in their markets.

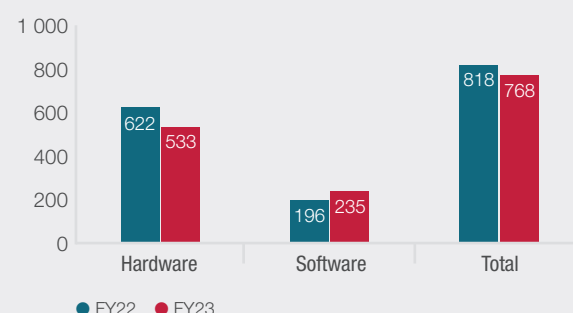
Fluctuating exchange rates

Exchange rate volatility has a big impact on Datatec, especially in emerging markets. We are exposed to the effects of negative fluctuations in the Brazilian Real and South African Rand in particular. Exchange rate fluctuations affect all our divisions. Westcon International was significantly impacted by the sharp strengthening of the US Dollar against the Euro and Pound Sterling, especially during the first half of FY23.

Global macroeconomic uncertainty

Over the short term, macroeconomic conditions are expected to remain uncertain, however, Datatec has proved resilient against several macroeconomic risks that persist.

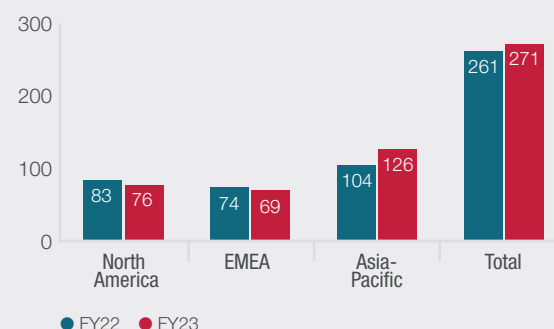
Westcon International hardware and software backlog
(on a net revenue basis)
US\$m



Backlog
declines 6%

Improved hardware shipments and **strong growth** in software orders

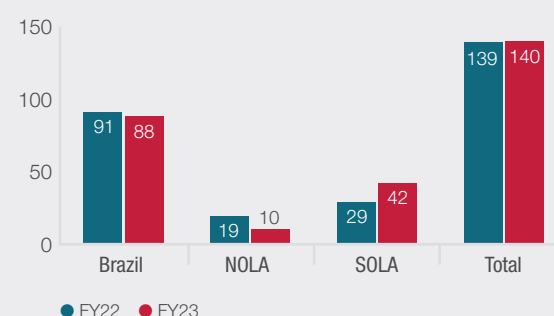
Logicalis International product backlog
(on a net revenue basis)
US\$m



Product backlog
remains high
but has peaked

Strong order intake in Asia driving backlog growth

Logicalis Latin America product backlog
(on a net revenue basis)
US\$m



Stabilising of backlog and supply chain issues

SOLA had **largest increase** with **importation challenges** in Argentina

Our stakeholders

Datatec aims to create value for all stakeholders in the short, medium and long term. Understanding the needs and expectations of our stakeholders is fundamental to achieving this objective.



To create value for our stakeholders we focus on:

Our relationships with our stakeholders, their needs and meeting their expectations.

While the stakeholders we engage with are:

Datatec has identified seven key stakeholder groups that may impact or be impacted by its business strategy, activities and policies.

We rely on these stakeholder groups to create value. Alongside, we have disclosed the key issues raised by each and our response in addressing these issues.

The strategic objectives linked to the key outcomes are illustrated by our strategic objectives icons.

Our ability to create value is interdependent on the quality of our relationships with our key stakeholders, all of which are regarded as strong.

Strategic objectives key

-  Improving shareholder returns
-  Business development
-  Enhancing competitiveness and profitability
-  Responsible business

 Shareholders	 Financial institutions and providers of financing	 Employees
Key issues raised	Key issues raised	Key issues raised
• Remuneration policy • Share-based payment schemes • Value realisation • Sustainable returns • Governance • Risk management	• Financial health • Liquidity • Ratios • Cash generation • Risk management • Growth prospects • Compliance • Covenant adherence	• Ongoing training and personal development • Non-discriminatory work environment • Nature, variety and breadth of work • Performance management • Incentives and rewards
Our response	Our response	Our response
• Consulted extensively with shareholders on environmental, social and governance ("ESG") and remuneration matters • Implemented numerous initiatives to improve operational efficiencies, cut costs and enhance profitability • Investor roadshows and meetings with analysts	• Invoice assignment facility, extended payables facility, securitisation facilities and accounts receivable facilities in Westcon International • Corporate banking facilities in Logicalis International • Uncommitted overdraft facilities and short-term lending arrangements in Logicalis Latin America	• Decentralised engagement programmes – operation specific • Education, training and development programmes – operation specific • Employee performance assessments • Group and regional tracking of employee turnover rate and drivers • Refreshed share incentive schemes
Key outcomes	Key outcomes	Key outcomes
• Refined remuneration policy • Earnings before interest, taxation, depreciation and amortisation ("EBITDA") US\$98.3 million (adjusted EBITDA US\$180.2 million) • 7.9 US cents underlying earnings per share ("uEPS") • Strong balance sheet • Stringent focus on application of good governance principles • Risk management focus in ARCC • Global responsible business strategy has been developed and targets have been formalised	• Net debt has decreased to US\$106.6 million • US\$47 million in interest to providers of financing • Reduced interest cover (includes IFRS 16 interest) reflecting the impact of higher interest base rates • Increased operating cash flows • Strategic acquisition made in Logicalis International	• US\$724 million in staff salaries and benefits • Commitment to diversity and inclusion; Datatec's values amended to add inclusion as a core value • Ongoing employee development • Long-term and short-term employee incentives
Strategic objectives	Strategic objectives	Strategic objectives
 		 

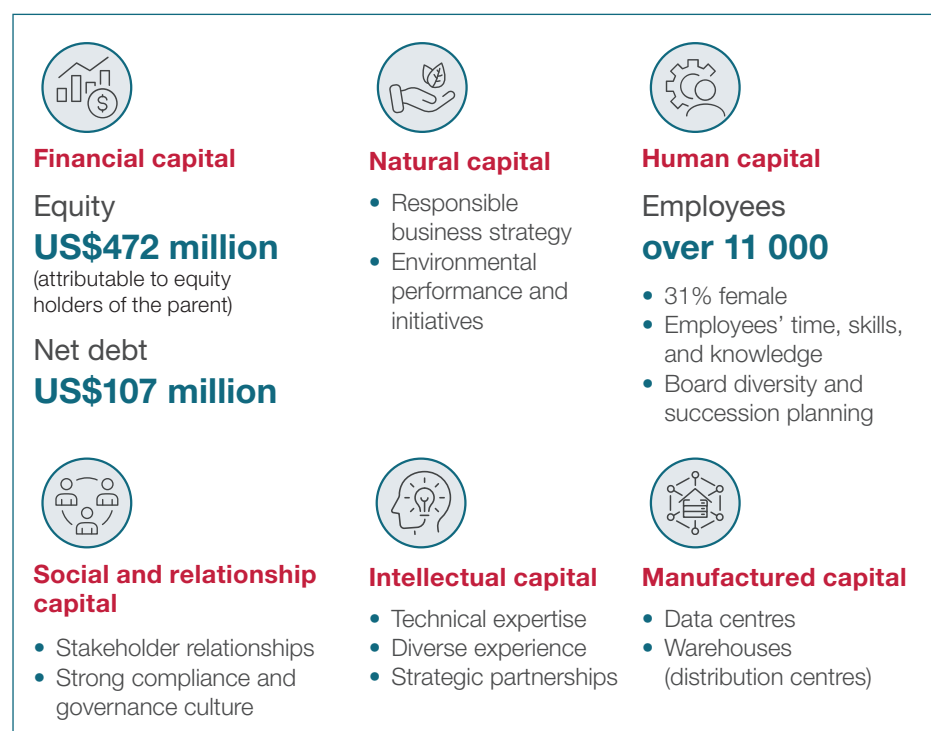
**Customers****Vendors****Governments and
regulators****CSR beneficiaries**

Key issues raised	Key issues raised	Key issues raised	Key issues raised
- Effectiveness of processing and transacting systems - Value for money and quality of service - Premium (best-in-class) vendors - Vendor profile (broad offering) - High degree of technical competence - Diverse product and service offering across the Group - Innovation and early adaptation to emerging trends	- Alignment with vendor "approach to market" messaging - Meeting vendor financial targets - Accreditations (training) - Quality of training programmes - Maintaining technical edge in light of ongoing market evolution - Scope for alignment and scale of operations - Geographic reach - Financial health - Innovation and early adaptation to emerging trends	- Investment - Employment - Taxation - Governance - Compliance - Impact on energy usage (IT centres) - Import and customs controls - Diversity - Empowerment and transformation - Data privacy	- Development of education (specifically science, technology, engineering and mathematics) in previously disadvantaged communities - Charitable and compassionate aid
Our response	Our response	Our response	Our response
- Implemented digital enablement technology tools to improve customer experience and speed to market - Customer engagement programmes to ensure customer needs and expectations are met - Strong partnership approach to deliver best results - Customer satisfaction surveys - Vendor incubation accelerates access to emerging technologies	- Differentiated global relationship management strengthens partnerships - Active participation at global vendor conferences - Partner enablement programmes to drive global expansion, channel development and scale - Global services capabilities - Vendor satisfaction surveys - Vendor audits and assessments	- Maintain sound governance policies and processes - Regulatory returns/submissions made on time - Complied with JSE Listings Requirements - Tax compliance policy (UK) - BBBEE certification for SA operations and maintained BBBEE ownership credentials - Board policy on diversity - Adhere to strict data protection policies and processes	- Partnerships with various organisations committed to improving education in under-resourced schools and communities - Partnerships with non-profit organisations that provide professional development to teachers - Partnerships with organisations that provide secondary school-level intervention programmes focused on improving results in mathematics, science and English
Key outcomes	Key outcomes	Key outcomes	Key outcomes
- Positive feedback from satisfaction surveys - Strong vendor offerings - Improving software and services mix – services revenue from continuing operations is 15% of total revenue and total software and services is expected to move towards half of the revenue mix	- Positive feedback from satisfaction surveys - Strong vendor relationships - Numerous partnership awards won - Extended partner reach - Vendor incubation provides competitive advantage - Contract renewals	- Westcon SA BBBEE status – Level 1 - Logicalis SA BBBEE status – Level 1 - US\$27 million directly distributed to governments - Increased energy savings initiatives - Environmental certification - Diversity policies in place	- The Datatec Foundation invested ZAR8.7 million in FY23 - Provided close to 3 000 individuals with access to technology - Over 100 teachers directly benefiting from extra training in mathematics and science - Over 500 individuals benefiting from ICT skills training over a three-year period 1 000 teachers benefiting from Datatec flagship project
Strategic objectives	Strategic objectives	Strategic objectives	Strategic objectives

Our business model

The Group has a decentralised business model which empowers its divisional management teams to make operational decisions that are best suited to their individual operating needs but within a strategic operating and financial framework set by the Group to ensure sustained value for all stakeholders.

Key resources



Our activities

The Group's offering spans various sectors of the ICT market.

Westcon Comstor

Partner Success. It's what we do.

Westcon International

- Technology distribution
- Westcon International's principal revenue stream is product sales
- Alternative financing expertise

LOGICALIS
Architects of Change

Logicalis International

- Digital services provider
- Logicalis International's principal revenue stream is product sales

LOGICALIS
Architects of Change

Logicalis Latin America

- Digital services provider
- Logicalis Latin America's principal revenue stream is product sales

Key strategic partners

- Cisco
- HPE
- Microsoft
- Palo Alto Networks

Key relationships

- Shareholders
- Employees
- Customers
- Vendors
- CSR beneficiaries
- Financial institutions and providers of financing
- Governments and regulators

Key revenue segments

Revenue stream

- Product sales – Westcon International
- Services and annuity revenue – Logicalis International and Logicalis Latin America

Geographic

- North America
- Latin America
- Europe
- Asia-Pacific
- MEA

Key revenue drivers

- Volumes
- Exchange rates (in relation to US Dollar)

Material currencies

- Brazilian Real
- British Pound
- Euro
- Singapore Dollar
- South African Rand
- Australian Dollar

Impact of our activities on future availability of resources

- Improvements to EBITDA and working capital will reduce net debt over time
- Business activities have an impact on availability of natural resources, the impact of which is being managed through responsible business practices

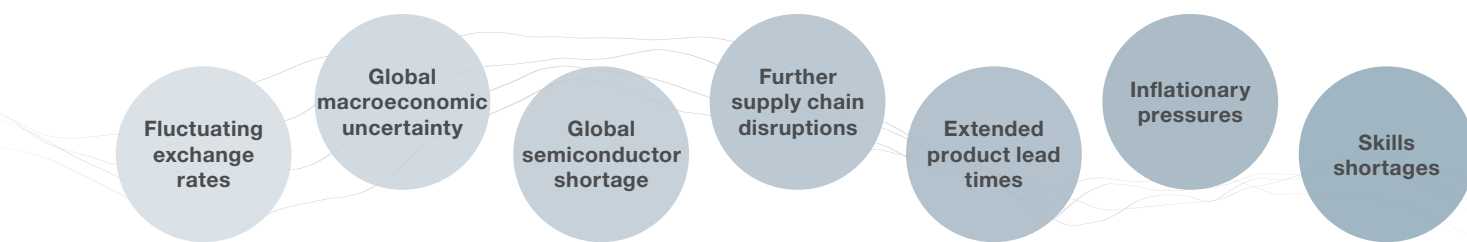
Constraints on availability of resources

- Limited borrowings facilities

How we create value

We are improving shareholder returns by optimising our business for the current environment which includes cost and liquidity management. We are committed to conducting our business in a responsible and sustainable way. This commitment applies to our planet, our communities and to our people. We continue to pursue organic and acquisition expansion activities.

What impacts our ability to create value?



Key outcomes for stakeholders

Financial capital



- Decrease in uEPS to 7.9 US cents
- Decrease in gross margins
- Decrease in backlog – US\$1 179 million at year-end (FY22: US\$1 218 million)
- Strong balance sheet
- Decrease in net debt
- Decrease in net asset value per share to 215 US cents
- Dividend declared
- Special dividend of ZAR2.7 billion paid on successful sale of Analysys Mason

Natural capital



- Business activities negatively impact the environment, with measures taken to reduce impact as far as possible
- Baseline of carbon emissions established
- Completion of Group-wide scope 3 assessment
- Officially committed to the Science Based Targets initiative ("SBTi") Corporate Zero Standard
- Launch of phase one of Datatec's waste management strategy

Human capital



- Increased employee base
- Increase in salaries and benefits
- Invested close to US\$3 million on career development, training, and accreditations
- 13 Great Place to Work accreditations

Social and relationship capital



- Shareholder consultation
- Over 10 000 people impacted through community support interventions
- Contributed ZAR8.7 million to education interventions in South Africa through the Datatec Foundation
- Invested over US\$160 000 in community support initiatives through the Datatec Africa flagship project, subsidiary community interventions and emergency response
- WestconGroup SA and Logicalis SA – Level 1 BBBEE status
- Datatec's consolidated BBBEE status maintained at Level 3

Intellectual capital



- Scarce technical skills retained
- Strategic partnerships and relationships successfully maintained
- Supply chain issues negatively impacting customers but improving
- Positive feedback from vendor satisfaction surveys

Manufactured capital



- Reduced floor space in operations where possible
- Increased revenues from product sales, services and annuity services

- Short-term value created
- Short-term value preserved
- Short-term value eroded

- Long-term value created
- Long-term value preserved

Governance and ethics

Datatec's business model is underpinned by its commitment to maintaining the highest standards of ethics and business conduct and to being honest, transparent, socially responsible corporate citizens. Corporate governance is viewed as a tool that contributes to improved operational decision-making and business performance.

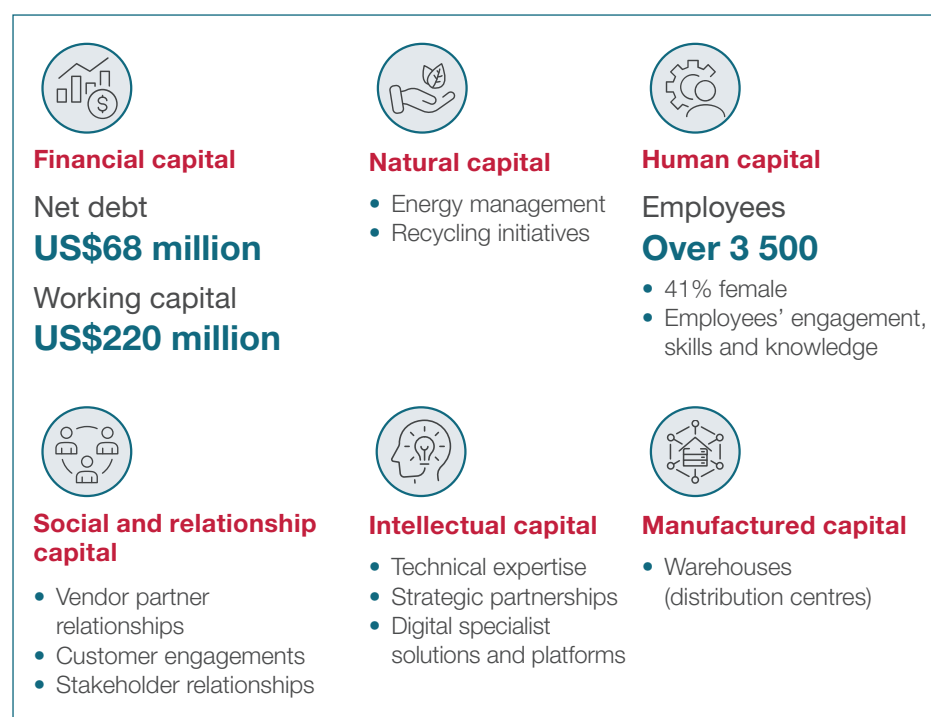
Westcon International's business model

Westcon International enables vendors of high-tech enterprise solutions to increase their channel and market penetration by supporting and developing an extensive channel of IT systems integrators, service providers and resellers.

What makes Westcon International different?

- International presence – located in over 50 countries supported by skilled employees
- Strong relationships with industry-leading vendors
- Extensive network of global service providers, system integrators and enterprise resellers
- Global digital marketplace and systems capability for device, subscription, recurring offers and cloud solutions
- Wealth of industry insight, technical expertise and decades of distribution experience

Key resources



Activities



Westcon International

- Technology distribution
- Channel enablement
 - Marketing, data and analytics for demand generation
 - Digital distribution marketplace
- Advanced technical and channel services
- Financing and capital into the channel
- Training and development

Impact of activities on future availability of resources

- Improving working capital will reduce net debt over time
- Business activities have an impact on availability of natural resources, the impact of which is being managed through responsible business practices

Constraints on availability of resources

- Availability of financing facilities and any material changes thereto may affect Westcon International's ability to fund its working capital requirements

Key partners and relationships

Key partners

- Broadcom
- Cisco
- Check Point
- CrowdStrike
- Extreme
- Juniper
- Palo Alto Networks
- Zscaler

Key relationships

- Customers
- Employees
- Vendors

Key revenue segments

Categories

- Cyber security
- Network infrastructure
- Cloud collaboration
- Data centre

Geographic

- Asia-Pacific
- Europe

Key revenue drivers

- Sales – volumes driven
- Enterprises need to constantly refresh and update their technology capability, their increased requirement for productivity, flexibility and defence from the growing security threats
- Market share of vendors' solutions and expansion into additional geographies

How Westcon International creates value

Westcon International has extensive operations in over 50 countries. Westcon International has strong foundation vendor relationships with over 30 years' distribution success as a strategic partner to the world's leading IT brands. Westcon International has skilled employees who are dedicated to delivering outstanding performance and delivering customer satisfaction.

What impacts Westcon International's ability to create value?



Key outcomes for stakeholders

Shareholders

- 18% revenue growth (25% in constant currency)
- Decreased operating profitability
- Improvement in working capital days
- Decrease in net debt
- Significant hardware and software backlog – US\$768 million at year-end (FY22: US\$818 million)
- Decreased gross margins due to foreign currency translation (partially offset through hedging)

Financial institutions and debt funders

- US\$20.3 million interest paid to debt providers
- Primary European borrowing facility committed to 2026

Employees

- Employee training initiatives
- Recognition of employees through performance evaluation programmes
- Focus on employee health and wellbeing
- Employee satisfaction and attrition

Customers

- Supply chain issues continue to impact customers, but improving
- Customer satisfaction

Vendors (suppliers)

- Recognition by vendors through partner awards
- Strong vendor relationships and focused sales teams

Corporate social responsibility beneficiaries

- Improvements in the communities where its employees live and work

Environment

- Business activities negatively impact the environment, with measures taken to reduce impact as far as possible
- Energy savings
- Reduced waste through recycling initiatives

Governments and regulators

- Compliance with regulatory requirements
- US\$6.3 million in taxes paid

- Value created
- Value preserved
- Value eroded

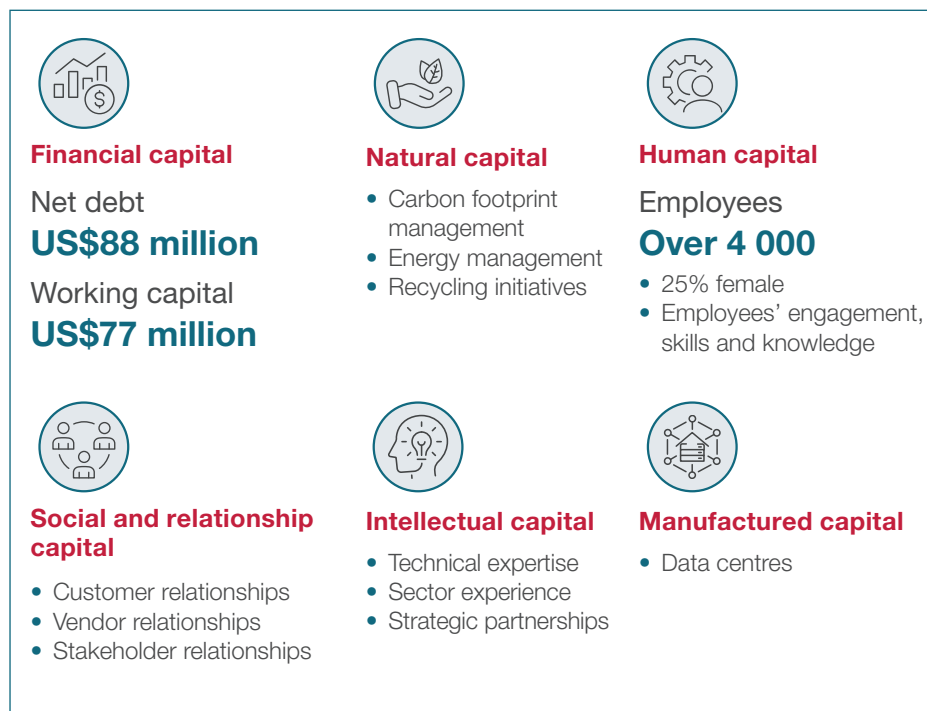
Logicalis International's business model

Logicalis International harnesses its collective technology expertise to help its clients build a blueprint for success, so they can deliver sustainable outcomes that matter. Its lifecycle services across cloud, connectivity, collaboration and security are designed to help optimise operations, reduce risk and empower employees.

What makes Logicalis International different?

- Global technology service provider based in over 15 countries
- Over 10 000 clients across a range of industry sectors
- Logicalis International delivers next-generation digital managed services, to provide its clients with real-time visibility and actionable insights across the performance of their digital ecosystem including: availability, user experience, security, economic performance and sustainability
- Help clients create sustainable outcomes through technology

Key resources



Activities



Logicalis International

- Full lifecycle services including consulting, professional and managed services
- Technology solutions including cloud, security, workplace, connectivity, data and artificial intelligence ("AI")

Impact of activities on future availability of resources

- Improvements to EBITDA and working capital will reduce net debt over time
- Business activities have an impact on availability of natural resources, the impact of which is being managed through responsible business practices

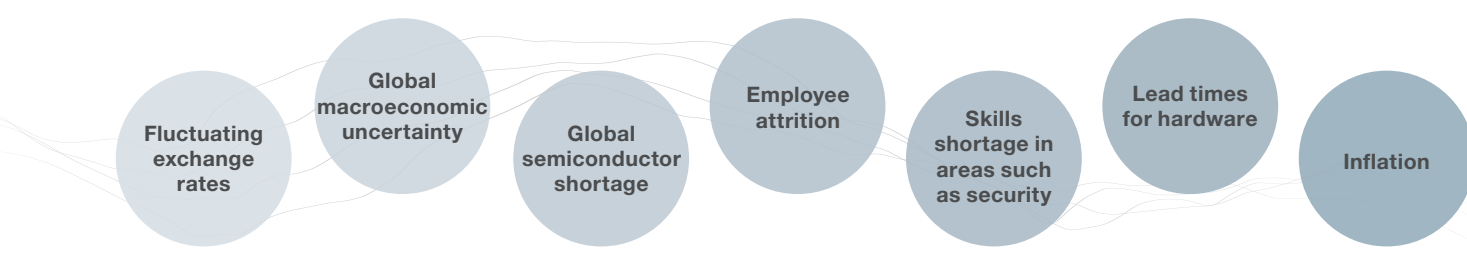
Constraints on availability of resources

- Net debt facility limits. There is, however, adequate headroom at present and going forward

How Logicalis International creates value

Logicalis International works with both IT and line-of-business stakeholders to align technology investments with business strategy, driving critical business objectives through the adoption and application of technology for competitive advantage. Through Logicalis International's digital managed services platform, its customers can evolve their business to digital-first.

What impacts Logicalis International's ability to create value?



Key outcomes for stakeholders

Shareholders

- Decreased managed services and annuity revenue contribution
- Strong growth momentum in order intake
- Slight increase in backlog – US\$271 million at year-end (FY22: US\$261 million)
- Increased operating costs
- Decrease in net debt

Financial institutions and debt funders

- US\$13.2 million interest paid to debt providers

Employees

- Recognition of employees through performance rewards
- Investment in business and technical expertise for employees
- Focus on employee health and wellbeing
- Employee satisfaction and attrition

Customers

- Supply chain issues continue to impact customers
- Dedicated, committed long-term partnership delivering superior customer experience

Vendors (suppliers)

- Recognition by vendors through joint investment/co-development and partner awards
- Committed and strategic long-term profitable vendor relationships

Corporate social responsibility beneficiaries

- Improved quality of life for local communities

Environment

- Business activities negatively impact the environment, with measures taken to reduce impact as far as possible
- Carbon scope 1 and scope 2 pledge
- Energy savings and reduced carbon footprint
- Environmental certifications

Governments and regulators

- Compliance with regulatory requirements
- US\$1.3 million in taxes paid

- Value created
- Value preserved
- Value eroded

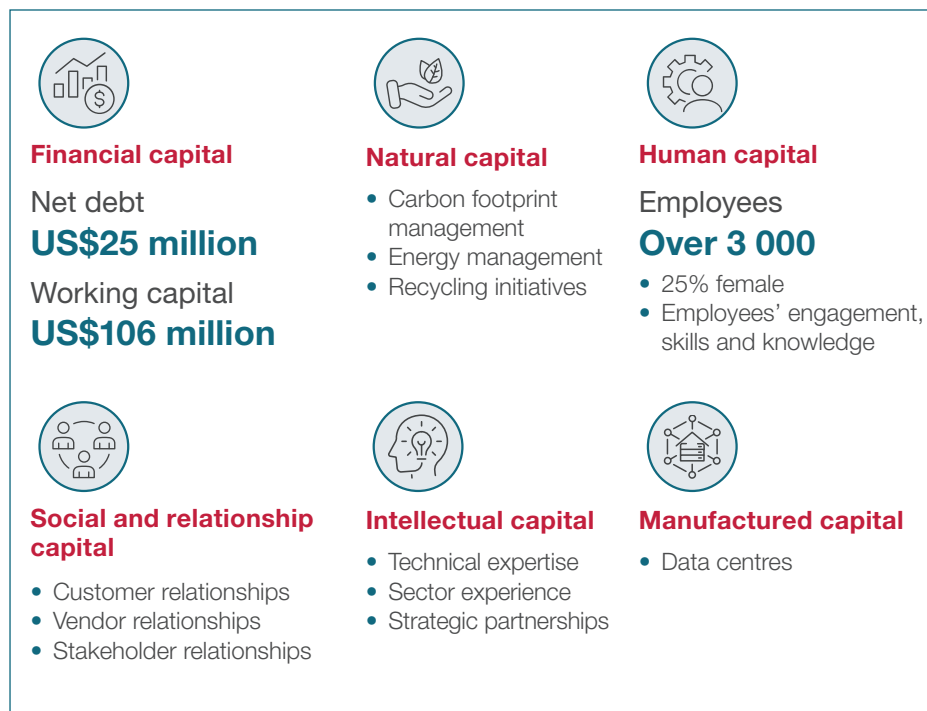
Logicalis Latin America's business model

Logicalis Latin America creates and maintains relevance for both customers and stakeholders by leveraging its collaborative culture and skills/knowledge exchange to globally develop modern managed services, combined with local business innovation, agility and management to execute upon its strategy.

What makes Logicalis Latin America different?

- Logicalis Latin America is a managed services provider operating in over 10 countries across Latin America
- End-to-end capabilities – Logicalis Latin America offers unique consulting capabilities as well as managed services to implement and run cloud solutions end-to-end
- Value-driven engagement – Logicalis Latin America's repeatable model is focused on simplicity, speed and agility to help clients deliver core business value faster and with less risk

Key resources



Activities



Logicalis Latin America

- Lifecycle services
- Extensive modern managed services portfolio
- Cloud solutions, including advisory and design
- Managed security and security advisory services
- Network infrastructure expertise
- Workplace and collaboration applications and virtual desktop infrastructure
 - IoT solutions
- Enterprise data management, data analytics tools and consultancy
 - Green IT solutions

Impact of activities on future availability of resources

- Improvements to EBITDA and working capital will reduce net debt over time
- Business activities have an impact on availability of natural resources, the impact of which is being managed through responsible business practices

Constraints on availability of resources

- Net debt facility limits.
- There is, however, adequate headroom at present and going forward

Key partners and relationships

Key partners

- AWS
- Cisco
- Microsoft

Key relationships

- Customers
- Employees

Key revenue segments

Categories

- Annuity services
- Direct product sales

Vendors

- AWS
- Cisco
- Microsoft

Geographic

- South America
- Mexico
- Caribbean

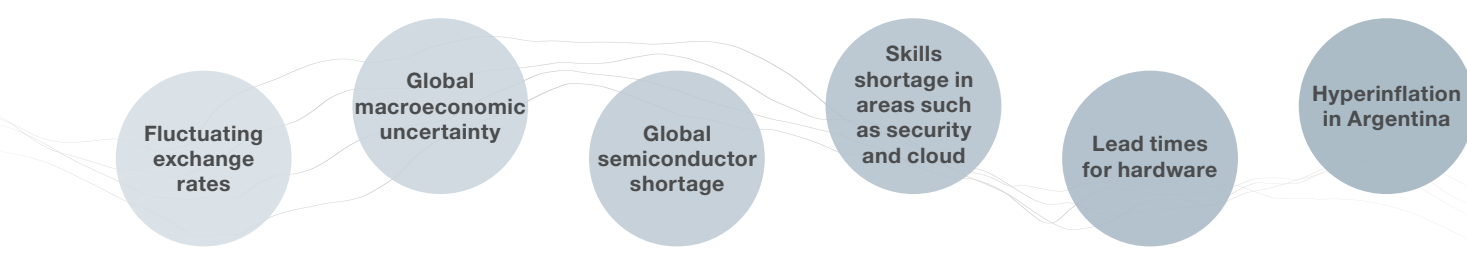
Key revenue drivers

- Volumes
- Exchange rates

How Logicalis Latin America creates value

As “Architects of Change™”, Logicalis Latin America helps businesses rethink their approach to digital transformation strategy to take a hybrid approach with agility, scalability, and innovation at the core, building resilient businesses for the future. Logicalis Latin America provides a lifecycle services approach to navigate the intricacies of business in the region.

What impacts Logicalis Latin America’s ability to create value?



Key outcomes for stakeholders

Shareholders

- Increased managed services and annuity revenue contribution
- Decrease in total revenue
- Stabilising of backlog – US\$140 million at year-end (FY22: US\$139 million)
- Increased foreign exchange losses
- EBITDA decrease
- Decrease in net debt

Financial institutions and debt funders

- US\$12.9 million interest paid to debt providers

Employees

- Recognition of employees through performance rewards
- Investment in business and technical expertise for employees
- Focus on employee health and wellbeing
- Employee satisfaction and attrition

Customers

- Supply chain issues continue to impact customers, but have stabilised
- Dedicated, committed long-term partnership delivering superior customer experience

Vendors (suppliers)

- Recognition by vendors through joint investment/co-development and partner awards
- Committed and strategic long-term profitable vendor relationships

Corporate social responsibility beneficiaries

- Improved quality of life for local communities

Environment

- Business activities negatively impact the environment, with measures taken to reduce impact as far as possible
- Energy savings and reduced carbon footprint
- Environmental certifications
- First Sustainability Report produced in Brazil

Governments and regulators

- Compliance with regulatory requirements
- US\$1.4 million in taxes paid

- Value created
- Value preserved
- Value eroded

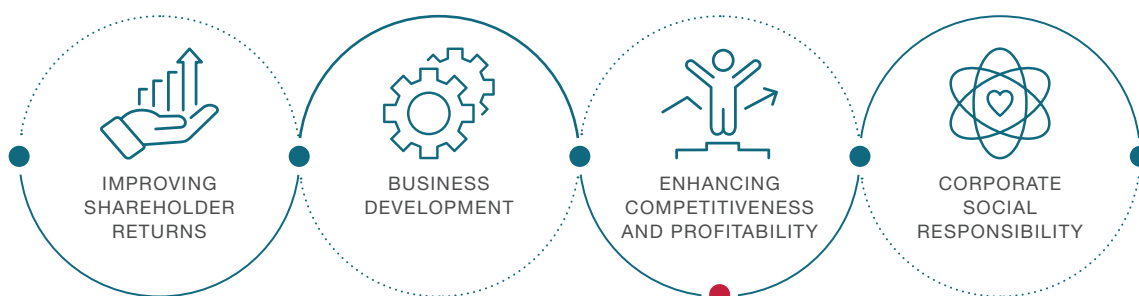
Our strategy

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

The Group provides leadership and sets the direction and strategy for each business, together with divisional management. It identifies potential areas for growth and supports the realisation of growth both organically and through acquisition by allocating capital and financing.

The Group targets profit growth, EBITDA margins and total shareholder return ("TSR").

The Group's decentralised operating model, extensive geographic footprint, positioning across the ICT value chain and strong vendor and customer relationships combine to create a strategic competitive advantage.



Westcon Comstor
Partner Success. It's what we do.

Westcon International

Westcon International's ambition is to be the leading value-added distributor for cyber security and networking vendors across Europe, the Middle East, Africa and Asia-Pacific.

LOGICALIS
Architects of Change

Logicalis International

Logicalis International's ambition is to be the leading ICT services and solutions partner to customers in its key markets around the world.

LOGICALIS
Architects of Change

Logicalis Latin America

Logicalis Latin America's ambition is to be one of the key enablers of the region's technological evolution, driving its customers' digital transformation through sustainable and inclusive high-value services.

Medium-term strategic objectives


Structural
improvement in
profit margins and
working capital


Position at
forefront of trends
around networking
and cloud


Reduce effective
tax rate with
better geographic
profit mix

Westcon Comstor

Partner Success. It's what we do.

Westcon International Sales and growth driven

- Achieve strong profitable sales growth >10%
- Achieve improved gross margin percentage >7.6%

Solutions portfolio

- Recurring revenues to represent 55% of total revenues

Operational excellence

- Positively impact productivity through continued roll-out of process automation and capabilities utilising digital technologies – achieve improvement to productivity ratio in every sub-region
- Organisational operating improvement – achieve a gross profit to adjusted EBITDA conversion ratio >30%

Digital and data leadership

- Transition to a digitally-enabled sales company – pilot and launch of global customer relationship management (“CRM”) roll-out as part of sales process optimisation initiative
- Global release of PartnerCentral platform and marketplace with increasing adoption

Responsible business

- Execution of 2024 ESG initiatives
- Roll out training and development for digitally enhanced way of working

LOGICALIS
Architects of Change

Logicalis International

- Key strategic goals
 - Shift revenue mix so that revenue from recurring services increases as a percentage of total gross profit, while building an agile organisation to stay competitive
 - Be a responsible business
 - Improve environmental performance across Logicalis International
 - Create new Architects of Change
 - Celebrate diversity, and engage and empower Logicalis International's people to reach their full potential
- Continue to grow cloud professional and managed services business
- Continue to enhance new lifecycle solutions built around the hardware and software of Logicalis International's most strategic vendors
- Manage operating expenses to ensure they remain at an optimum level
- Focus on operating cash conversion to ensure maximum positive cash flows

LOGICALIS
Architects of Change

Logicalis Latin America

- Continue to grow managed services business
- Expand DevOps/continuous delivery and modernisation services business
- Continue expanding digital offerings business
- Deploy new operating model in Hispanic America
- Focus on profitability recovery

Our strategic progress

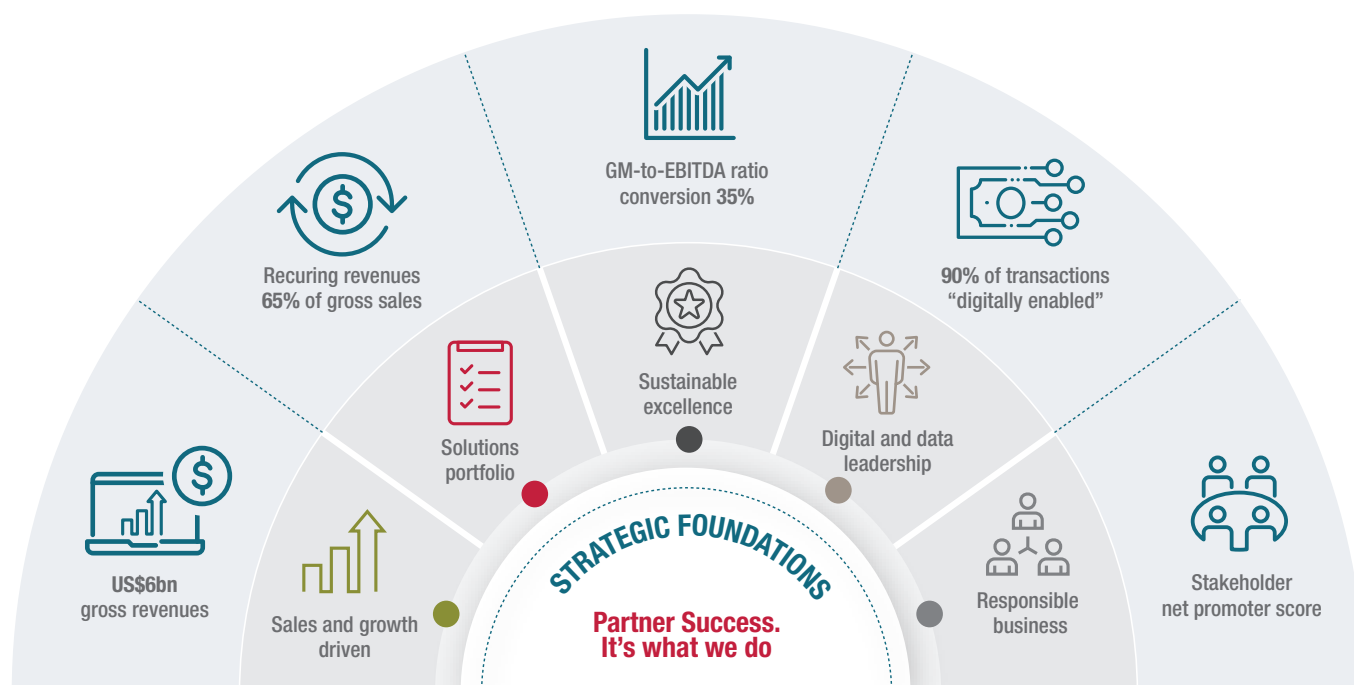
Westcon International

Westcon International has developed its strategy according to its core values, enabling its partners and improving their business potential and performance. Westcon International's strategic framework aims to create value for all stakeholders via five strategic foundations that define its priorities, namely: sales and growth driven; solutions portfolio; sustainable excellence; digital and data leadership; and responsible business.

Westcon International aims to bring to market industry-leading fixed or wireless-based networking solutions, security, virtualisation, remote access and cloud computing products.

Westcon International will continue the model of specialisation for vendor solutions and will enhance the customer and market segment orientation with appropriately tailored propositions. It will prioritise financial and operating performance while investing in advanced systems and business automation which are accelerating its transformation into the world's leading data driven technology provider and specialist distributor of cyber security and networking solutions.

Goals and strategic foundation FY23 – FY27



Below are the FY23 strategic objectives as published in the previous year, as well as Westcon International's progress against these objectives:

2023 strategic priority	2023 delivery	
Sales and growth driven		
Achieve strong profitable sales growth +10% and improved gross margin percentage	Revenue increased by 18.3% to US\$3.42 billion (FY22: US\$2.89 billion)	Achieved
	Gross margin was negatively impacted by significant strengthening of the US Dollar	Ongoing
Establish and formalise cloud collaboration business unit in Europe	This unit was successfully established during the financial year	Achieved



Achieved



Ongoing

2023 strategic priority	2023 delivery	
Solutions portfolio		
Recurring revenues to represent 55% of total revenues	Recurring revenues represented 55% of total gross sales	
Expand next-generation sequencing portfolio revenues	Revenues from vendors reported under the next-generation portfolio grew by over 135%	
Operational excellence		
Positively impact productivity through continued roll-out of process automation and capabilities utilising digital technologies – achieve improvement to productivity ratio in every sub-region	Productivity improved in all regions except for the Middle East where gross profit was negatively impacted by accruals for prior year uncertain tax positions	
Organisational operating improvement achieving a gross profit to EBITDA conversion ratio >27%	EBITDA was negatively impacted by IFRS 2 charge and net foreign exchange losses. Excluding the IFRS 2 charges, EBITDA reflected a 26% conversion ratio from gross profit	
Digital and data leadership		
Transition to a digitally-enabled sales company – pilot and launch phase one of global CRM roll-out	Project had been delayed due to confirming design requirements. Project design is complete and is on track to be launched in FY24	
Successfully launch refreshed business-to-business (“B2B”) PartnerCentral platform/marketplace	PartnerCentral launch in pilot countries successfully completed during Q4 of FY23	
Responsible business		
Establish and formalise ESG policy and framework in line with globally recognised and adopted frameworks	- Formalised team and tools to deliver against Westcon International's intent and desire to achieve net zero carbon emissions by 2050 - Formally signed up to the SBTi initiative, signalling Westcon International's intent to measure and report on climate-related impacts	
Nurture internal talent while developing a positive external employer brand through advocacy of performance and values – show improved employee engagement metrics	Westcon International reported an improvement in overall engagement and advocacy (over 91% would recommend joining Westcon International)	



Achieved



Ongoing

Our strategic progress continued

2022 strategic objectives still in progress at date of 2022 report

Below are the FY22 strategic objectives which were noted as still in progress in the previous year's Integrated Report, which were not identified as a FY23 strategic objective, and Westcon International's progress against these objectives:

2022 strategic priority	2023 delivery	
Partner alignment		
Successful adoption of a sales commission system that enables the alignment of sales rewards and incentives directly with the achievement of specific vendor objectives	Successfully adopted in EMEA. Westcon International is still considering rolling this out to the Asia-Pacific region which is a significantly more diverse operating environment	
Segmenting customers so that the appropriate propositions and go-to-market models can be deployed in an effective manner	Significant progress has been made in this area to classify customers including embedding the data governance required across the organisation. This area continues to be developed to inform and enhance the go-to-market sales motions across Westcon International	
Execution excellence		
Positively impact productivity through continued roll-out of process automation and capabilities utilising digital technologies	Productivity improved in all regions except for the Middle East	
Digital enablement		
Continue to innovate in digital distribution platforms to enhance customer experience and vendor ecosystem	PartnerCentral launch in pilot countries successfully completed during Q4 of FY23	
Further targeted sales and marketing activity with named global and enterprise customers to drive further integration and adoption of the application programming interface ("API") toolset	Modest take-up by this customer segment	
People oriented		
Nurture internal talent while developing a positive external employer brand through advocacy of performance and values	Westcon International reported an improvement in overall engagement and advocacy (over 91% would recommend joining Westcon International)	



Achieved



Ongoing

In executing its strategy, certain trade-offs are often required to be made, and decisions about trade-offs are made after careful consideration of the risks and rewards present in each case. During FY23, Westcon International experienced growth and expanded its market share organically. Gaining market share, territory expansion with existing vendors or bringing new vendors to existing markets requires investment and competitive pricing strategies which all come with a degree of risk.

Logicalis International

Logicalis International's growth in services is built on the excellence of its service delivery, delivered to clients with integrity and in partnership with them to help them achieve their goals. Additionally, with agile business practices, it is able to unlock further innovation and empowerment across Logicalis International to drive future growth and remain at the cutting edge.

Even though global trading uncertainties are expected to persist for the short to medium term, Logicalis International is confident in its ability to continue to respond to market needs. The technology segments that Logicalis International specialises in are key parts of cloud infrastructure and the remote access computing solutions necessary for enterprises to adapt.

Below are the FY23 strategic objectives as published in the previous year, as well as Logicalis International's progress against these objectives:

2023 strategic priority	2023 delivery	
Continue to grow professional and managed services business	Logicalis International continues to grow its managed and professional services revenue in its core technology focus areas	
Continue to enhance new lifecycle solutions build around the hardware and software of Logicalis' most strategic vendors	- Logicalis International has launched a number of additional global solutions including: Intelligent Connectivity, Logicalis Secure OnMesh, and Employee Collaboration - To support these lifecycle solutions it has also developed its Managed Digital Fabric Platform and Managed Digital Fabric score, to provide customers with solid intelligence and actionable insights that will drive operational efficiencies and sustainable business outcomes	
Manage operating expenses to ensure they remain at an optimum level	Logicalis International management completed a number of initiatives during FY23 to manage its cost base so that the agile operating leverage model is maintained across its businesses	
Focus on operating cash conversion to ensure maximum positive cash flows	Logicalis International management's key focus has been to ensure that each individual deal sold is structured to generate positive cash flows for the business	



Achieved



Ongoing

2022 strategic objectives still in progress at date of 2022 report

Below are the FY22 strategic objectives which were noted as still in progress in the previous year's Integrated Report which were not identified as a FY23 strategic objective, and our progress against these objectives:

2022 strategic priority	2023 delivery	
Scale new lifecycle solutions globally to deliver the best outcomes to customers	All four of the Logicalis International global lifecycle solutions are now available in all of its markets, with employees trained to sell and deliver these services to its customers worldwide	
Continue to focus on growing annuity services revenue streams	Logicalis International has continued to focus its marketing and sales efforts on its annuity services, generating greater awareness of its capabilities and generating new business opportunities	



Achieved



Ongoing

In executing its strategy, certain trade-offs are often required. During FY23, Logicalis expanded its market footprint through the acquisition of Q Associates, a specialist in IT consultancy and advisory services around data management, data protection, compliance and information security. Occasionally, Logicalis enters new territories or technologies without acquisition, which is often economical in start-up but can come at much higher risk based on execution.

Logicalis Latin America

Logicalis Latin America has a strong position in the region, being one of the largest ICT companies in the most relevant territories it operates in. Through a customer-centric approach, the division has achieved a solid customer base comprised of blue-chip companies that drive innovation in their respective markets.

Despite a challenging environment in Latin America, it is expected that investments in IT, mainly the ones related to digital transformation initiatives, will continue to expand throughout the region.

Logicalis Latin America is confident in its ability to respond to its evolving customers' needs through a comprehensive and digital-ready portfolio leveraged by an ecosystem of leading partners.

While Logicalis is now presented as two segments, namely Logicalis International and Logicalis Latin America, in FY22 Logicalis Latin America's strategic objectives were included in the overall Logicalis strategic objectives included in the Logicalis International section above.

Strategic risk management

Risk management at Datatec is not viewed as a task that is performed in isolation. It is part of the day-to-day practices and staff at all levels are familiar with Datatec's risk policy. The Board is responsible for Datatec's strategy, leadership and decision-making which are all impacted by risk. Risk-based leadership is therefore fundamental to Datatec.

Board

- The Board determines the level of risk tolerance and limits of risk appetite are set as part of the strategic direction of the Group
- The Board is ultimately responsible for the governance of risk

ARCC

- Monitors risk management activities at the Group and subsidiary level on an ongoing basis

Group Chief Risk Officer

- Ensures that the risk management framework is operating effectively in the divisions
- Chairs bi-annual inter-divisional risk forum

Divisions – divisional boards and executive committees

- Regularly review strategic and emerging risks and identify and prioritise high-risk areas on risk maps based on impact and likelihood
- Analyse high-risk areas to identify potential root causes
- Identify mitigating controls and associated monitoring/assurance activities for each high-risk area

Divisional chief risk officers

- Ensure divisional risk procedures are in accordance with and support the Group's risk management framework
- Oversee management's response to matters identified as requiring improvement

The Board is responsible for approving Datatec's risk appetite and when the risk tolerance is exceeded, it is management's responsibility to take action.

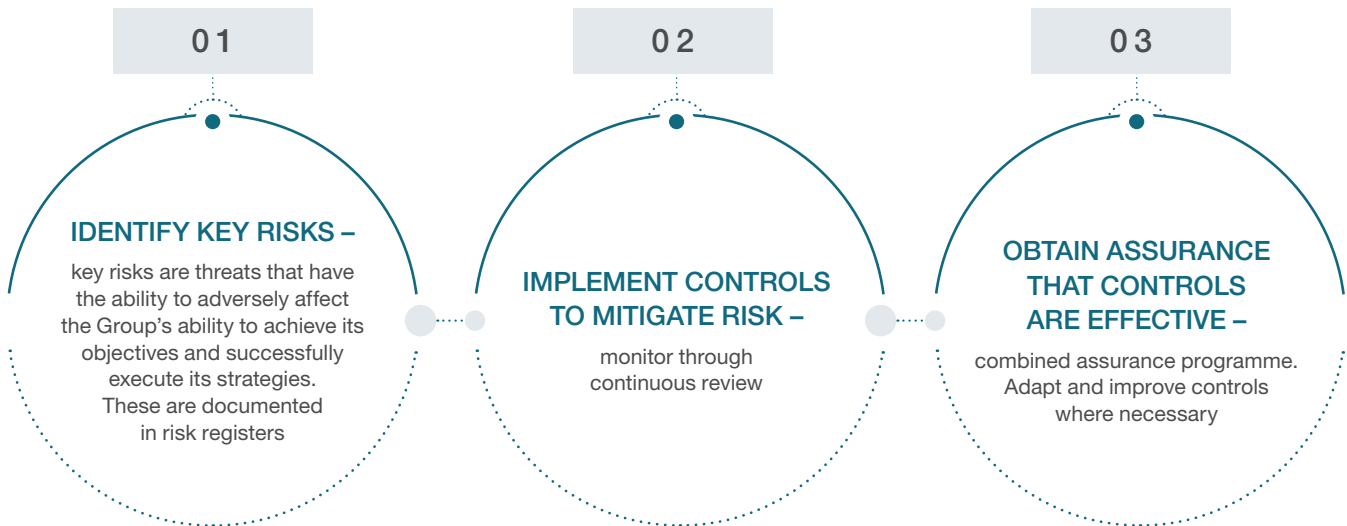
Datatec's aim is for the risk register to be a management tool driving the following two critical areas:

- Business-driven goals via strategic planning
- Compliance-driven goals via risk managers and internal audit

Risk-based leadership with the Board at its apex is fundamental to Datatec's approach to its operations. In line with the King IV Code, the Board governs risk in a way that supports the organisation in setting and achieving its strategic objectives.

Our risk management process

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



How do we identify risks?

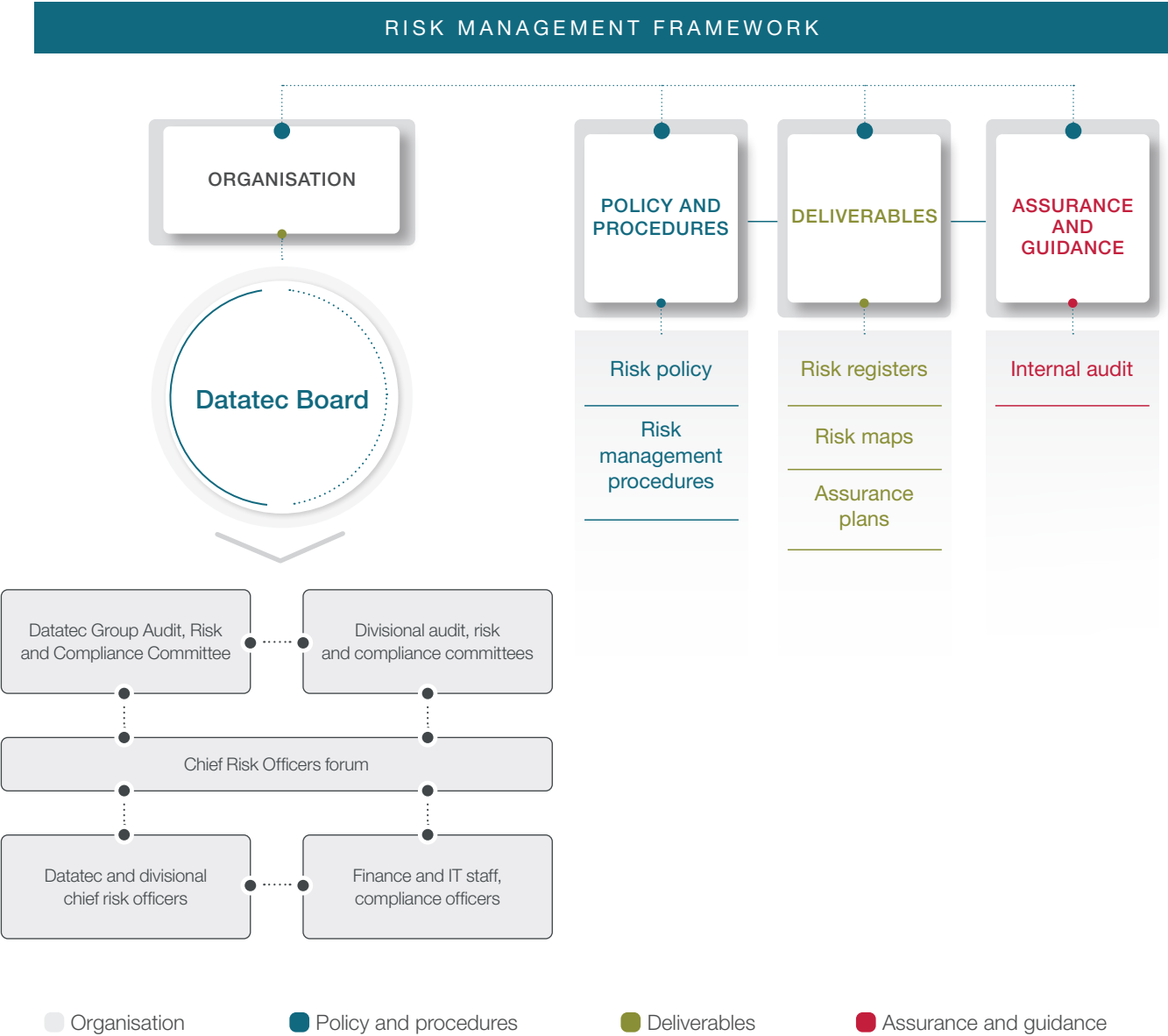
Our risks are identified as threats that can impact the Group's ability to deliver its objectives and its strategy. Our risks are regularly reviewed in the context of our operating environment.

How do we respond to our risks?

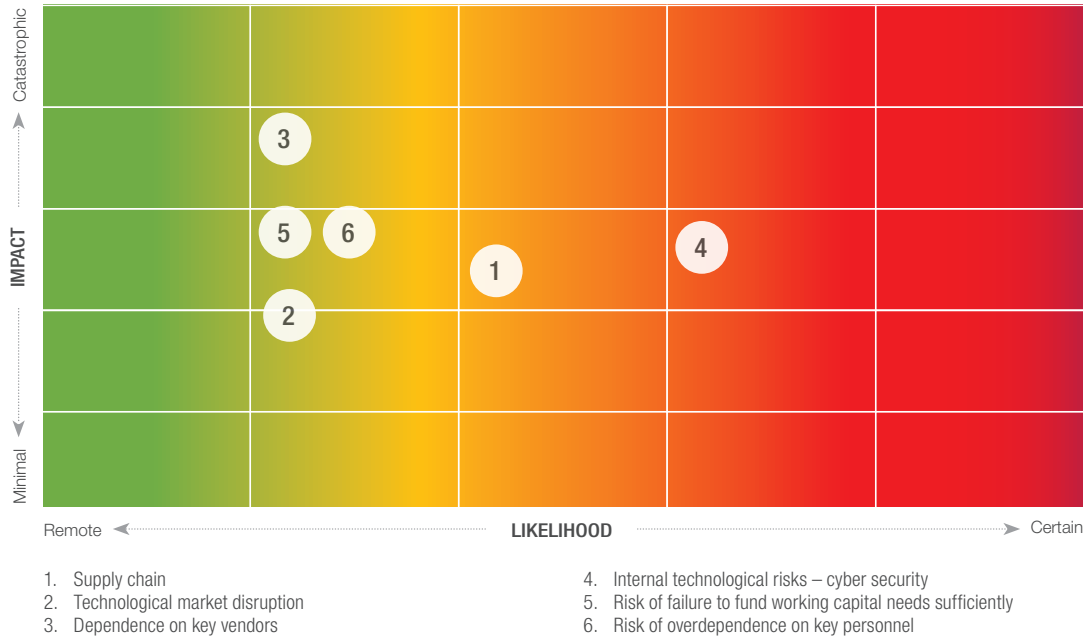
Our risks are assessed and prioritised. The relationship between the impact and likelihood of risks is recorded in risk registers. Key risk responses are identified and reviewed to ensure that our process continually improves and evolves.

Strategic risk management continued

Risk oversight



Our key risks



As an ICT group with operations and activities across both established and emerging markets, we face challenging risks as well as numerous opportunities. The strategic objectives affected by each key risk are illustrated using our strategic objectives icons.

Datatec Group

Key risk	Our strategic response
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.	- Continue to collaborate with vendors - Put mitigation actions in place until the situation normalises - Constantly monitor supply routes and options - Additional focus on non-device-based solutions
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.	- Careful partner selection in terms of vendors - Work closely with our vendor partners - Employ qualified staff at operating divisions who can pre-empt market changes resulting from new technology - Provide products and services ahead of competitors

Strategic risk management continued

Our key risks continued

Key risk	Our strategic response
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.	• Maintain strong and transparent relationships • Diversify vendor portfolio to reduce reliance on any one specific vendor
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.	• Deploy significant resources on its own information security defences • Utilise enhanced data privacy policies and procedures • Utilise technological means such as anti-virus and anti-phishing software as well as the expertise of IT experts • Continuously enhance threat prevention and detection policies, tools, procedures, and internal controls • Actively monitor and address threats • Education/awareness campaigns among employees
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.	• Manage working capital through inventory control and effective accounts receivable management • Regularly monitor funding availability, sales and collection forecasts • Engage in regular communication with providers of funding • Working capital is a key focus area of management • Working capital is a key focus area of the review processes in the risk management framework • Ensure sufficient liquidity available
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.	• Maintain a high standard of employment conditions and working environment • Provide benefits and share incentive schemes • Ensure proper succession planning in place

Westcon International**Impact of global semiconductor shortages****Response:**

Implement advanced ordering and increase safety stock of critical stock-keeping units. Additional focus on non-device-based solutions.

Global supply chain disruption**Response:**

Constantly monitor supply routes and options. Additional focus on non-device-based solutions.

Liquidity and financing – availability of working capital funding**Response:**

Regularly monitor funding availability, sales and collection forecasts; and engage in regular communication with providers of funding. Primary European facility term secured through September 2026.

Inventory management – fast moving high obsolete inventory resulting in excessive write-offs**Response:**

Ensure stringent inventory management controls and monthly inventory reviews; and include stock rotation rights in vendor contracts.

Foreign exchange – impact of fluctuations on results and management of exposures**Response:**

Ensure that Westcon International is appropriately hedged.

Macroeconomic environment**Response:**

Conduct thorough market analyses and monitor macroeconomic factors in all key markets.

Failure to manage payment discounts, product rebates and allowances**Response:**

Oversight over prompt payment discounts, product rebates, allowances and vendor-based programmes. Monitor growth and actively manage growth in strategic areas. Maintain strong and transparent relationships with vendor partners.

Dependence on key vendors**Response:**

Maintain strong and transparent relationships.

Cyber security threats**Response:**

Threat prevention and detection policies, tools and procedures are continuously being enhanced. Threats are actively monitored and addressed. Disaster recovery and business continuity plans are formally documented, reviewed and tested. Phishing campaigns and mandatory security awareness training are conducted regularly throughout Westcon International.

Logicalis International**Supplier delivery delays**

During FY23, Logicalis International has continued to see lead times remain at longer levels than historic norms for many vendors, including Cisco, presenting a challenge to its operations.

Response:

Logicalis International continues to collaborate with vendors and put in place mitigation actions until the situation normalises.

Customers moving to public cloud as part of hybrid cloud strategies**Response:**

Build skills and capability in public cloud as well as enhance relationships with major providers. Logicalis International continues to make efforts to standardise the core components of its global lifecycle solutions across key markets, making them more scalable.

Dependence on key vendors**Response:**

Logicalis International will continue its programme of diversification of vendor portfolio to reduce reliance on any one specific vendor and maintain strong and transparent relationships with them.

Liquidity management**Response:**

Focus on optimising Logicalis International for the current environment which will include cost and liquidity management. Logicalis International will continue to assess its ongoing funding requirements as trading conditions change in future and growth opportunities arise, but it is envisaged that the credit capacity currently used across Logicalis International remains adequate for the short to medium term.

Macroeconomic environment**Response:**

Conduct thorough market analyses and monitor the macroeconomic factors in volatile markets.

Cyber security threats**Response:**

Threat prevention and detection policies, tools, procedures, and internal controls are continuously being enhanced and audited. Threats are actively monitored and addressed. Disaster recovery, business continuity plans, and incident response are formally documented, reviewed and tested. Phishing campaigns and mandatory security awareness training are conducted regularly.

Retention and acquisition of talent**Response:**

Logicalis International continues to review its tools (career bands and performance management, engagement scores, employee value proposition) to ensure it remains attractive in the market.

Strategic risk management continued

Our key risks continued

Logicalis Latin America

Supplier delivery delays

During FY23, Logicalis Latin America has seen delays in delivery times by Cisco and other vendors, presenting a challenge to its operations.

Response:

Logicalis Latin America will continue collaborating with vendors and implementing mitigation actions until the situation normalises.

Customers moving to the public cloud as part of hybrid cloud strategies

Response:

Build skills and capability in the public cloud and enhance relationships with major providers.

Dependence on key vendors

Response:

Logicalis Latin America will continue its programme of diversification of vendor portfolio to reduce reliance on any one specific vendor and maintain strong and transparent relationships with all of them.

Liquidity management

Response:

Focus on optimising Logicalis Latin America for the current environment, including cost and liquidity management. Logicalis Latin America will continue to assess its ongoing funding requirements as trading conditions change in the future and growth opportunities arise. However, it is envisaged that the credit capacity currently used across Logicalis Latin America remains adequate for the short to medium term.

Macroeconomic environment

Response:

Conduct thorough market analyses and monitor the macroeconomic factors in volatile markets, including the impact of inflation and hyperinflation.

Cyber security threats

Response:

Threat prevention and detection policies, tools, procedures, and internal controls are continuously being enhanced and audited. Threats are actively monitored and addressed. Disaster recovery, business continuity plans, and incident response are formally documented, reviewed and tested. Phishing campaigns and mandatory security awareness training are conducted regularly.

Retention and acquisition of talent

Response:

Logicalis Latin America continues to monitor its HR departments and tools (career bands, performance management, and survey platforms) to ensure it remains attractive in the market.

Strategic remuneration

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.

01 STRATEGIC OBJECTIVE	02 SHORT-TERM INCENTIVE ("STI")	03 LONG-TERM INCENTIVE ("LTI")
Value generation	FY23 and FY24: personal key performance indicators ("KPI") for the executive directors' STI: reduce structural discount	FY23 and FY24: The performance condition for the whole of the conditional share plan ("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 deferred bonus warrant ("DBW") ensure shareholder alignment over the long term. FY23 and FY24: DBW co-investment only benefits participant if share price increases.
uEPS	FY23 and FY24: target for 35% of STI is budget uEPS	–
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 Latin America ("LATAM") for FY24).	–

The context in which the Remuneration Committee ("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 proposes no changes to the policy for FY24. We believe the policy and implementation set out in the Annual Report achieve an equitable alignment of shareholder and management interests.



Please refer to the remuneration report in the Datatec 2023 Annual Report for more information.

Statement of commitment to good governance and assurance

Chair's statement on corporate governance

Datatec believes that good corporate governance contributes to enhanced accountability, fairness and transparency. Good governance exists in an environment where roles and responsibilities are clearly defined, forums are conducive to robust debate and performance is regularly reviewed. We outline our progress and describe our governance efforts below.

The Datatec Board is committed to providing effective leadership to the Group. The Board embraces the principles of ethical leadership in setting and implementing Datatec's strategy and is guided by the principles of King IV, the Companies Act, the JSE Listings Requirements and all other applicable laws, standards and codes.

The Board exercises independent judgement on all issues reserved for its review and approval, while simultaneously considering the needs of stakeholders, and takes full responsibility for the management, direction and performance of the Group.

To ensure we make and execute good decisions, which are transparently in the interest of Datatec, its shareholders and other stakeholders, the Board works continuously to maintain and develop its governance framework.

Maya Makanjee
Chair

Board confirmation of good governance

The Board recognises the King IV Code 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.

The Board fully embraces the principle of ethical leadership in setting and implementing the strategy and 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 and is operating in conformity with its Memorandum of Incorporation ("Mol").

Application of King IV

Good corporate governance as envisaged in King IV is integral to every critical aspect of value creation. As such, the complete impact of the Board's application of King IV, as it relates to governance and how it affects value creation, cannot be captured through a single-section disclosure.

Accordingly, in the various sections of this Integrated Report, we have endeavoured to demonstrate how the Board applies the principles of King IV to govern, create, sustain and grow value for the Group as well as achieve the intended outcomes of the King IV Code. This theme will be one that is reflected in this Integrated Report and will be an evolutionary process.



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

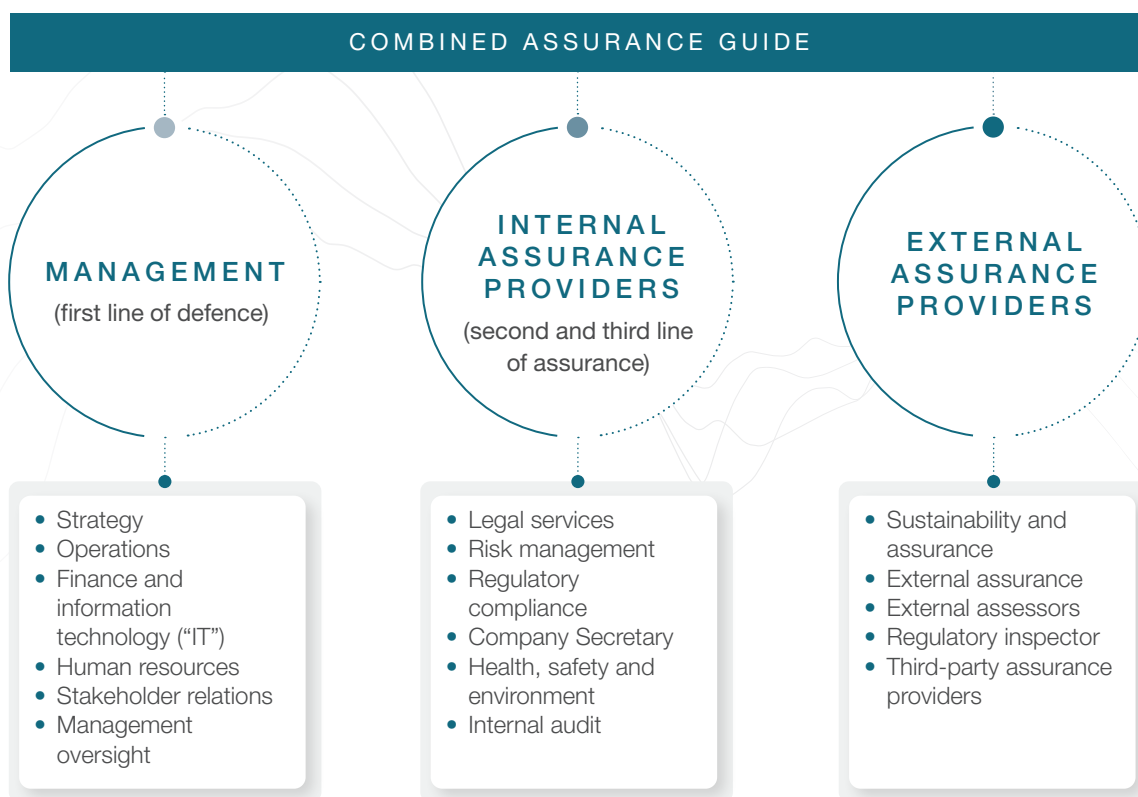
Datatec combined assurance

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



For more information on the combined assurance model, please refer to the risk report in the Annual Report.



Datatec is committed to maintaining the highest standards of ethics and business conduct. The Group has a Code of Conduct ("the Code") detailing the standards expected from all Datatec employees, including addressing specific matters such as bribery and corruption. The Code is applied across all divisions.

Ethics

The Code is founded on the 10 principles of the United Nations Global Compact and the Organisation for Economic Co-operation and Development ("OECD") policy guidelines. The Code is reviewed annually by the Datatec Social and Ethics Committee and approved by the Board.

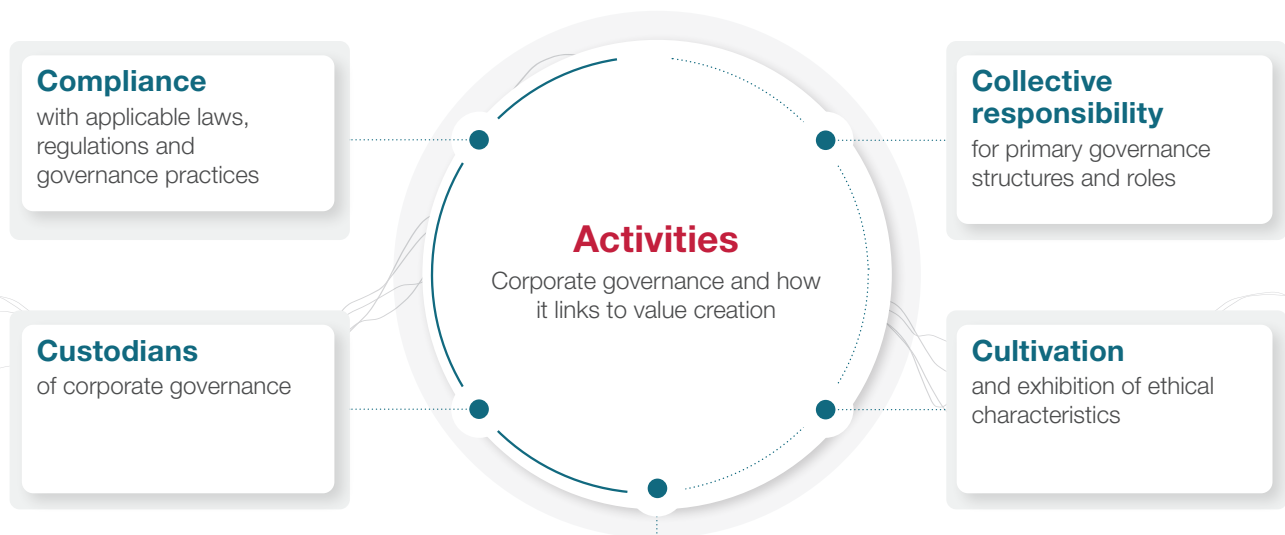
All Datatec employees are required to undertake annual training on the Code. Westcon International, Logicalis International and Logicalis Latin America organise this training through an annual online programme.

The Datatec Social and Ethics Committee and the Datatec ARCC monitor implementation of the Code. The divisions are required to report any unethical or fraudulent conduct in contravention of the Code to the Datatec ARCC and the Datatec Social and Ethics Committee and to provide formal semi-annual assurance to the Board on these matters.

The Group has a whistleblowing hotline for anonymous reporting of any unethical conduct or breaches of the Code. The hotline is operated by a third-party supplier independent of the Group.

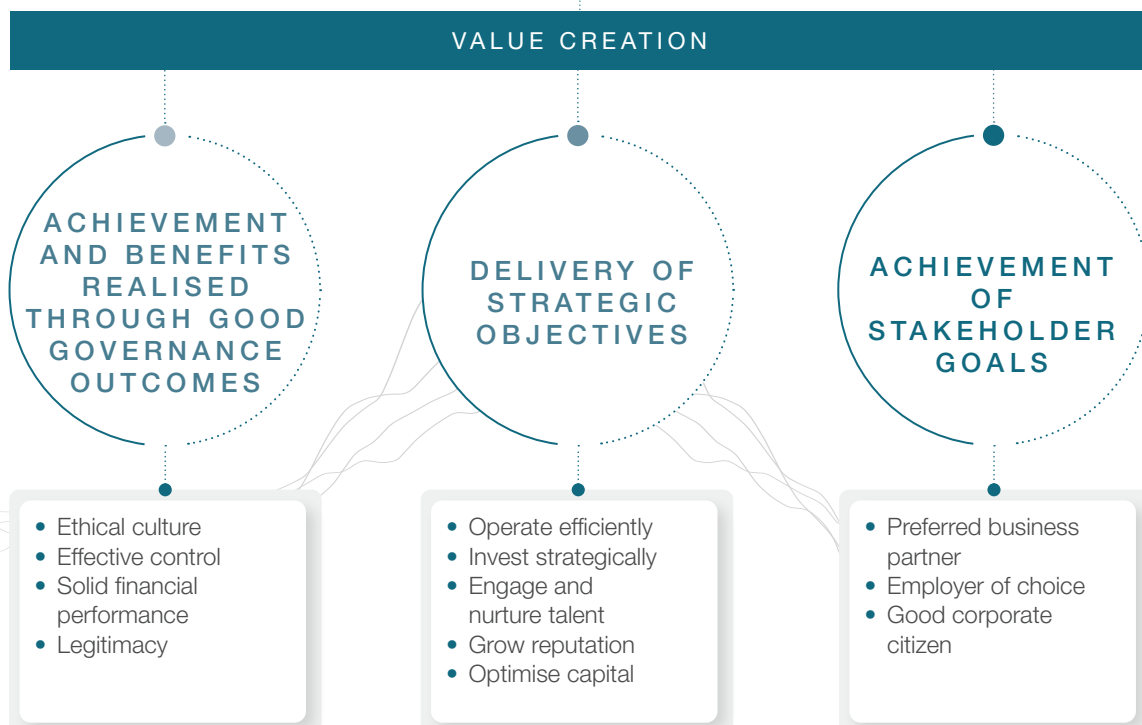
Any complaints received via the hotline or any other means are investigated in accordance with the Group's procedures for investigating complaints. These procedures are under the direction of the ARCC and the results of any investigations are reported to the ARCC and/or Social and Ethics Committee. No significant incidents of unethical behaviour were reported at Group or divisional level during the year.

Value creation through governance



- Leadership, ethics and corporate citizenship
- Risk, oversight, compliance and assurance
- Stakeholder relations

- Strategy, performance and reporting remuneration
- Corporate governance



Governance creating and protecting value

The Board contributes to strategic delivery and value creation by focusing on responsible and ethical leadership to ensure a sustainable business. The Board periodically reviews opportunities and threats it believes could have the most significant impact on the Group's ability to have sustainable value for its stakeholders.

Datatec's view on corporate governance is to approach it as more than just a compliance exercise, but rather as a tool that contributes to improved operational decision-making and business performance.

The Board is confident that the improved corporate governance achieved through the Group's governance structures has created value in the form of improved financial performance, a sustainable business model, transparent shareholder relationships and high-reputational integrity.

Board representation and contribution to value creation

Diversity is enshrined in Datatec's Code of Conduct and the Board strongly supports the principle of diversity at Board level as an essential element of good corporate governance.

A diverse Board includes differences in skills, industry experience, cultural background, race, gender and other distinctions between members of the Board. These differences will be considered in determining the optimum composition of the Board and, when possible, will be balanced appropriately. This diversity facilitates an environment for constructive dialogue and enables the Board to consider the needs of a wide range of stakeholder interests.

During the year under review, there were some changes to the composition of the Board committees. The Board is of the view that the most recent changes to the Board committees will result in greater diversity in terms of skills and experience, race, age, gender and culture.



The Board believes that these governance qualities enable the Group to create value for stakeholders in a sustainable manner as described in the strategy section on page 20 of this report.



Please refer to the Annual Report for more details on diversity at Board level.



The policy on promotion of diversity at Board level is available on the website www.datatec.com.



Our leadership

The Board is responsible for the leadership and guidance of the Group and exercises control over all divisions and subsidiaries by monitoring the executive management.



1 Maya Makanjee (61)
Independent non-executive Chair
 Appointed to the Board: 1 November 2018
 Tenure: 4 years
 Committees: **N R S**
 Skills and expertise:



2 Jens Montanana (62)
Chief Executive Officer
 Appointed to the Board: 6 October 1994
 Tenure: 28 years
 Skills and expertise:



3 Ivan Dittrich (50)
Chief Financial Officer
 Appointed to the Board: 30 May 2016
 Tenure: 7 years
 Skills and expertise:



4 Stephen Davidson (67)
Independent non-executive director
 Appointed to the Board: 1 February 2007
 Tenure: 16 years
 Committees: **N R S**
 Skills and expertise:



Skills and expertise

	Finance
	Business management
	Strategy
	IT
	Cyber security
	Telecommunications
	Risk
	Mergers and acquisitions
	Environment and sustainability
	Leadership
	Emerging markets
	Public sector

Board nationalities

	South African	4
	American	1
	Brazilian	1
	British	3

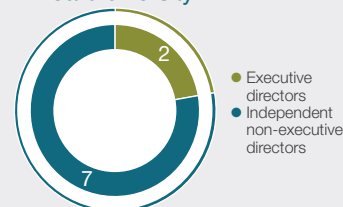
Board diversity

Executive directors	2
Independent non-executive directors	7

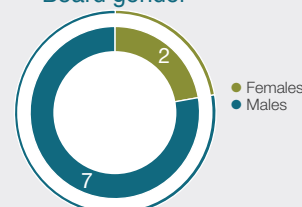
Board race

White	6
Black*	3
* African, Coloured and Indian population.	

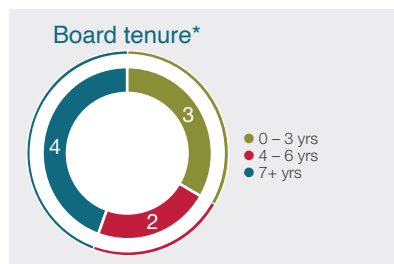
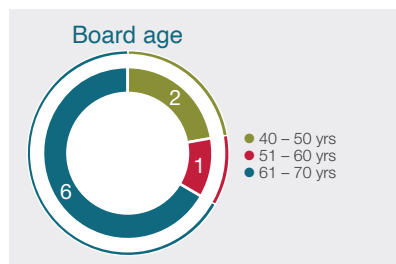
Board diversity



Board gender



* Target – minimum 2 females.



* Tenure is as at date of publication.

5 John McCartney (70)

Independent non-executive director

Appointed to the Board: 16 July 2007

Tenure: 15 years

Committee:

N

Skills and expertise:



7 Johnson Njeke (64)

Independent non-executive director

Appointed to the Board: 1 September 2016

Tenure: 6 years

Committees:

A R S

Skills and expertise:



6 Rick Medlock (63)

Independent non-executive director

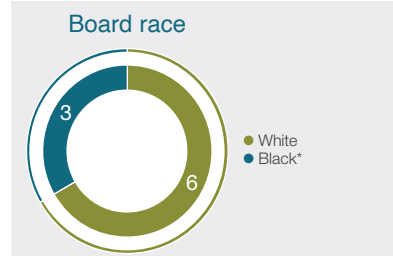
Appointed to the Board: 1 January 2020

Tenure: 3 years

Committee:

A

Skills and expertise:



* African, Coloured and Indian population.

8 Luis Rapparini (58)

Independent non-executive director

Appointed to the Board: 1 September 2022

Tenure: new appointment

Committees:

R

Skills and expertise:



9 Deepa Sita (46)

Independent non-executive director

Appointed to the Board: 1 March 2022

Tenure: 1 year

Committees:

A R

Skills and expertise:



Committee key

- A ARCC
- S Social and Ethics Committee
- R Remuneration Committee
- N Nominations Committee
- Chairman of Committee

Our leadership continued

Corporate governance practices

Datatec believes that good corporate governance contributes to enhanced accountability, fairness and transparency.

The Board is ultimately accountable and responsible for the performance and affairs of the Company and is committed to upholding the King IV principles. The Board sets the tone for the Company through ethical leadership and is committed to maintaining the highest standards of ethics and business conduct. The Board members act with independence, competence, diligence, awareness, insight and information. The Board ensures that the Group is a responsible contributor to society by facilitating economic growth, paying taxes, providing skills and improving the communities in which it operates.

The Board provides guidance to the Group on strategic objectives and takes accountability for the performance of the Group. There is oversight from the Board to the Group on the management of compliance risk, remuneration governance and ICT governance, which support good governance practices. Sustainable growth and delivery of strategic purpose are key objectives of the Board.

The Board appreciates that these principles are essential for good governance and are important to successful stakeholder engagement.

The standards of disclosure are regulated by the Companies Act, the JSE Listings Requirements and the King IV Code.

The Board appreciates that effective corporate governance is a key driver of sustainability and acknowledges its responsibility in this regard, including reporting openly thereon to stakeholders. Throughout the year (and up to the date of approval of this Integrated Report) the principles articulated in the King IV Code have been applied or, if not applied, explained.



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

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 and subsidiary committees. The Board is at the head of the Group's corporate governance structure and ensures 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.

The Board is governed by a formal Board charter that regulates the parameters within which it operates and defines its roles and responsibilities in accordance with legislation and global best practice with particular reference to the King IV Code and the Companies Act. The directors are of the opinion that they have adhered to the terms of reference set out in the Board charter for the year.



A copy of the Board charter is available on the website www.datatec.com.

The Board ensures that the governance of risk and technology and information through the Board committees supports the organisation in setting and achieving its strategic objectives.

The assurance services, in the form of external and internal audit functions, further enable an effective control environment that supports the Board's decision-making.

The responsibilities of the Chair and 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.

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.

To fulfil their responsibilities adequately, directors have unrestricted access to timely financial and other information, records and documents relating to the Group. The Board receives presentations from the management teams of its major subsidiaries, enabling it to explore specific issues and developments in greater depth.

Directors are provided with guidelines regarding their duties and responsibilities and a formal orientation programme has been established to familiarise incoming directors with the Group's business, competitive position, strategic plans and objectives. The Board has established four committees to assist it with its duties:

- ARCC
- Nominations Committee
- Remuneration Committee
- Social and Ethics Committee



More information about the Board's committees is available in the Datatec 2023 Annual Report.

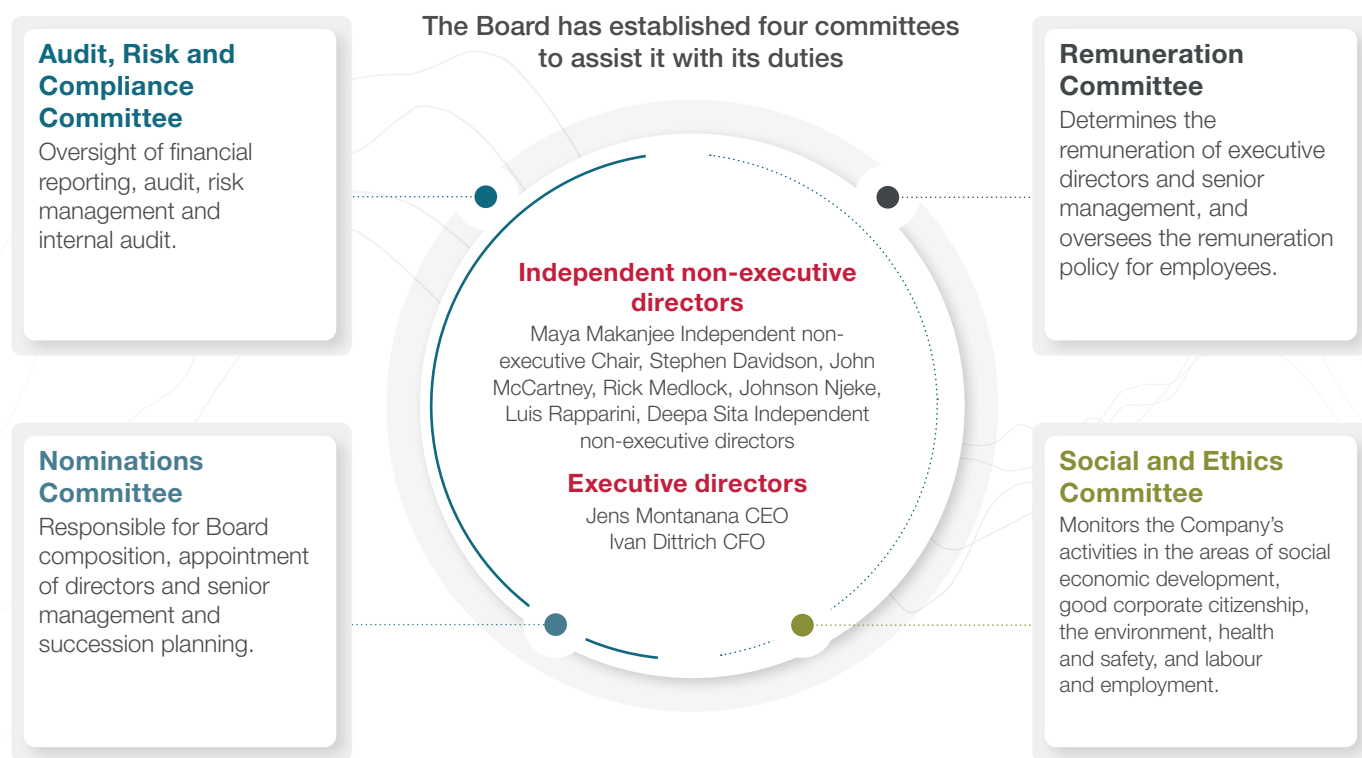
Outcomes of the Board's leadership

- Ethical culture
- Compliance culture
- Effective controls
- Effective risk management processes
- Improved performance
- Responsible business practices

Board activities

The Board is cognisant of its responsibilities recommended in the King IV Code:

- To set and steer Datatec's strategic direction
- To approve policy and planning
- To oversee and monitor management's implementation and execution
- To ensure accountability for performance



The Board is guided by its responsibilities and this is taken into account when setting the agenda for Board meetings.

Typical Board meetings include:

- Reports from the Board committees
- Reports on material matters arising out of their latest meetings
- Corporate governance updates
- Updates of regulatory considerations
- Review of shareholder analyses and share price information
- Financial performance updates
- Discussions of strategic matters

A key focus area of the Board is monitoring of 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.

Board 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.

There were no material issues which were identified during the Board review.

Changes to the Board and committees

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.

Attendance

The Board and Board committee attendance was very good during FY23 to the date of this report. This illustrates the Board's high levels of engagement.



The full Board and Board committee attendance is available in the Datatec 2023 Annual Report.

Our leadership continued

ARCC

Members

Johnson Njeke (Chair),
Deepa Sita (from
1 July 2022), Rick Medlock,
Ekta Singh-Bushell (up to
27 July 2022)

Attendance

92%

Committee focus in FY23

- Reviewed the Group consolidated annual financial statements, the half-yearly results announcement and other financial reports
- Monitored the Group's financial reporting procedures and whether those procedures are operating effectively
- Assessed the risks facing the business and reviewed the Group's risk management procedures
- Monitored the effectiveness of internal controls and the state of the internal control environment
- Reviewed the internal and external audit plans and reviewed the findings and recommendations of the internal and external auditors
- Reviewed the effectiveness of the external auditors and internal auditors
- Considered appropriateness of the expertise and experience of the Group CFO

Nominations Committee

Members

Maya Makanjee (Chair),
Stephen Davidson,
John McCartney

Attendance

100%

Committee focus in FY23

- Reviewed succession planning for executive and non-executive directors
- Monitored Board diversity
- Discussed and agreed on proposed objectives and voluntary targets
- Reviewed the independence of non-executive directors

Remuneration Committee

Members

Stephen Davidson (Chair), Maya Makanjee, Johnson Njeke, Deepa Sita, Luis Rapparini (from 1 December 2022)

Attendance

100%

Committee focus in FY23

- Focused oversight on fair and responsible pay, diversity and inclusion and talent management throughout the Datatec Group
- Continued evolution of remuneration policy
- Determined remuneration packages for executive directors
- Ensured that the short and long-term incentive elements of remuneration provide adequate incentive to executive directors and senior management to deliver, and at the same time stretch them to overachieve (pay for performance)
- Ensured that share incentive schemes are adequate to motivate the retention of key executives
- Ensured the remuneration strategy facilitates the attraction and retention of key talent
- Ensured that the Company's recommendation for remuneration of non-executive directors is equitable
- Continued consultation process with shareholders

Social and Ethics Committee

Members

Stephen Davidson (Chair), Maya Makanjee, Johnson Njeke

Attendance

100%

Committee focus in FY23

- Monitored the employee annual Code of Conduct and anti-bribery and corruption training. In addition, monitored non-compliance of 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 achieved a level 1 rating; and Datatec consolidated South African subsidiaries 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

Chair's review

Continuing success and value generation

Datatec delivered another strong operational performance despite supply chain headwinds and unlocked significant value for shareholders in the past financial year.



Special dividend of 1 250 SA cents per share following the **successful sale of Analysys Mason** (approximately 72 US cents per share)

Maya Makanjee

Chair

Seizing opportunities

The past 12 months provided a new set of challenges as global supply chain disruptions persisted and inflationary pressures took hold. This continued to drive backlogs across our operations although the situation started easing towards the end of the financial year.

Against this backdrop, our businesses continued to take advantage of opportunities created by the positive trends for our services and successfully assisted a wide range of organisations ensure that they had the necessary systems in place to transform and navigate future disruptions.

Importantly, the year was also marked by a significant value realisation event for our shareholders through the successful sale of our management consulting division, Analysys Mason.

Performance overview

Westcon International produced another excellent set of results building on the improvements of recent years as the leadership team delivered on its multi-year turnaround strategy.

This success drove an increased valuation of the division resulting in a high once-off accounting charge for the year relating to its share-based remuneration plan. Under IFRS 2, the continuing share-based payment charge included in operating expenses was US\$52.6 million, more than triple the equivalent charge in FY22 of US\$15.5 million which reflected the increasing valuation of the division's cash-settled share-based payment plans. Whilst we anticipate this charge will be substantially lower in future years, it significantly impacted all the earnings metrics of the Group for the year.

We are implementing new executive long-term incentive schemes for our subsidiaries that will enable divisional executive management to invest in the equity of their businesses alongside Datatec to better align with shareholders in value generation.

At the start of the year, Datatec made the decision to split its investment in Logicalis Group into two divisions. Logicalis International, with operations in Europe, North America, Asia-Pacific and Africa, maintained good results for the year and Logicalis Latin America, which operates across South America, Mexico and the Caribbean, had a much improved second half, supported by improvements in its supply chain.

The Group's revenues increased 13% to US\$5.1 billion compared to US\$4.5 billion in the prior year on a continuing basis excluding the results of Analysys Mason which was sold during the year. Adjusted EBITDA also rose 13% to US\$180.2 million compared to US\$158.9 million in the prior year on the same continuing basis. uEPS was 7.9 US cents per share compared to 18.7 US cents in FY22 because of the high accounting charge for share-based payments noted above which is not expected to recur in future.

Our overall balance sheet remained strong during the year, supported by excellent working capital management and liquidity enhancements, positioning the business well as we entered a higher interest rate environment.

Continued **excellent**
operational execution in
Westcon International

**Ordinary dividend of
195 SA cents**
(approximately 10 US cents
per share)

Unlocking value for shareholders

In August 2021, the Board engaged Lazard to assist with a comprehensive Strategic Review to unlock and maximise shareholder value.

The Strategic Review has continued 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 June 2022, we announced that the Strategic Review process had led to Datatec entering into a transaction to sell its interest in Analysys Mason to Bridgepoint Development Capital, an international alternative private asset management group. We believed that the time was right to realise our investment in Analysys Mason which had developed significantly with Datatec's support over the past 20 years to become one of the world's leading telecommunications, media and technology management consultancies. Bridgepoint Development Capital is the ideal partner for Analysys Mason's next growth phase, supported by significant reinvestment from management and employee shareholders.

The completion of the transaction in September 2022 represented a significant liquidity event for shareholders with all proceeds distributed by means of a GBP135.1 million special dividend, equating to approximately 38% of Datatec's market capitalisation at the time. It is worth noting that the division's contribution to Group EBITDA was about 6% for the year ended 28 February 2022.

The Strategic Review continues to focus on improving shareholder returns over the medium term through a combination of corporate activity and business development actions aimed at enhancing the competitiveness and profitability of subsidiaries and operating divisions.

Better aligning divisional executive management remuneration with Datatec shareholder needs was also an area of focus. To this end, we engaged a leading corporate advisory firm during the year to develop the new executive long-term incentive schemes for our subsidiaries. The management incentive plans are focused on maximising shareholder value and designed to achieve strong equity value creation alignment. Key individuals in the divisional leadership teams are able to invest their own funds to become shareholders alongside Datatec in their businesses at fair value. Their investment will only realise at the same time as Datatec's through future value realisation events.

The new incentive scheme for Logicalis International was implemented in March 2023 and Westcon International's is expected to be implemented during the second quarter of the current financial year. The executive directors of Datatec will not participate in these new divisional management incentive plans.

Chair's review continued

Dividends

This year saw substantial returns flowing to shareholders in the form of dividends.

The initial cash consideration received on completion of the sale of Analysys Mason was approximately GBP128 million, with a further GBP7.1 million in deferred loan notes payable three years after completion.

On 11 October 2022, the Board declared a GBP135.1 million special dividend to shareholders. 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 the financial year of ZAR439 million or 195 SA cents per share, equivalent to 10 US cents per share. This dividend was calculated by normalising full year underlying earnings per share by excluding all share-based payment charges and applying the Group's dividend cover policy of three times to underlying earnings.

As is customary, both dividends were offered as a cash dividend with a scrip distribution alternative.

Board evolution

Datatec is committed to the highest standards of corporate governance, which form the foundation for the long-term sustainability of our company and the creation of value for our stakeholders.

Our Board evolution process continued during FY23 with Luis Rapparini, who is also the Chair of the Logicalis Latin America audit committee, joining the Datatec Board on 1 September 2022. Luis has extensive experience as a finance and internal audit executive developed over his career with British American Tobacco, Raízen and Royal Dutch Shell. Luis also joined the Remuneration Committee on 1 December 2022.

At the AGM in July 2023, John McCartney will retire from the Board after many years of service and I would like to thank him for the depth of wisdom and experience he has brought to the Board over this time. Stephen Davidson, our other long serving non-executive director, is standing for re-election for a final one-year term at the AGM. He will also hand over the reins of the Remuneration Committee to a new Chair, Deepa Sita.

I would like to extend my appreciation to all my colleagues for their ongoing dedication and support. Their robust oversight on the implementation of the strategy continues to be critical.

Entrenching our responsible business strategy

Datatec is committed to conducting business in a responsible and sustainable way.

Our shared-value responsible business strategy continues to deliver on its promises and is fully aligned with our commitment to environmental performance, our responsibility to support society and communities, and to continue to work from an ethical business platform with strong corporate governance.

The implementation of our global network of responsible business champions serves to effectively drive this important work throughout Datatec's divisions. I am very pleased to witness the great progress being made in this area across the Group as a member of the Group's responsible business Committee.

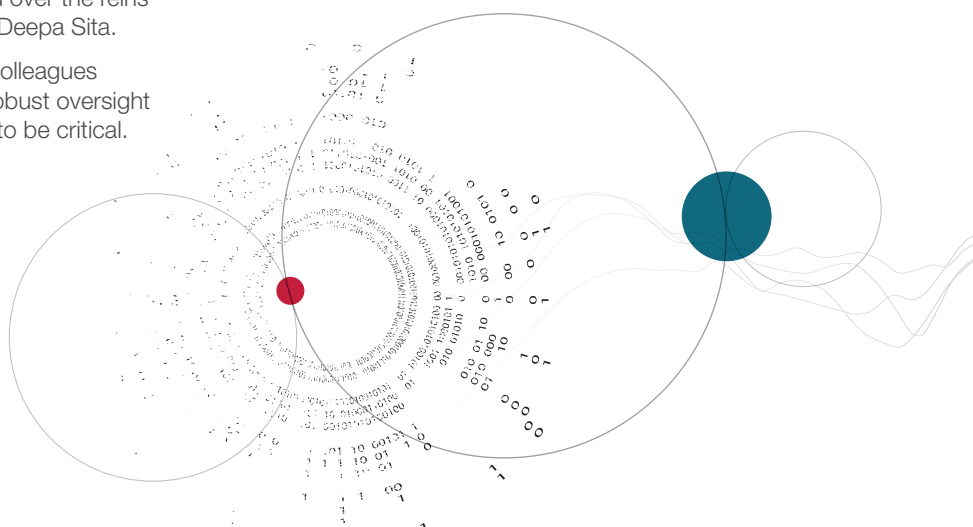
You will see elsewhere in this Integrated Report how Datatec's responsible business targets are set and monitored and I look forward to the successful evolution of this reporting.

Maintaining active engagements

As with other stakeholders, and in line with our commitment to build trusting relationships, our proactive engagement programme with shareholders continued during the year.

In late January and February of 2023, Stephen Davidson, Deepa Sita and I held a series of face-to-face and online shareholder consultations covering a range of ESG and remuneration matters. We appreciate the constructive exchanges that these meetings generate and will continue to maintain open lines of communication to stay fully attuned to shareholders' perspectives.

We encourage our shareholders to attend the AGM on 27 July 2023 which is being held as a virtual meeting to allow broad participation.



A word of thanks

On behalf of the Board, I would like to express our thanks to the more than 10 000 employees whose commitment has contributed to the Group's success under the leadership of Jens Montanana and Ivan Dittrich.

Looking ahead

Demand for our technology solutions and services across the world continues to grow.

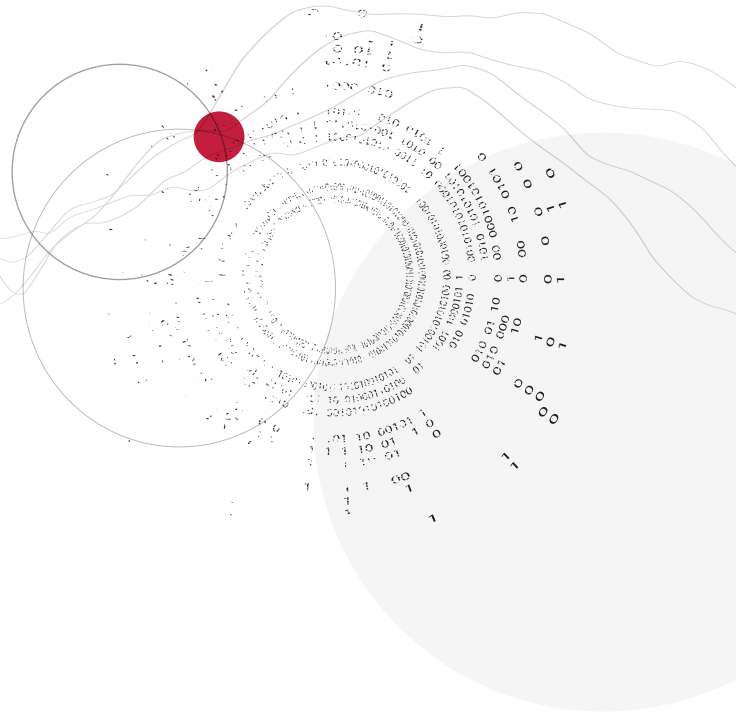
With the semiconductor shortage now easing and the ability to actively manage supply chain issues, our operations remain well-positioned to deliver in their respective markets. Financially, the Group has been able to mitigate rising interest rates through its strong working capital management and by reducing debt levels.

I am very confident that the strong leadership in place across the entire Group is ready to capitalise on opportunities in our sector, whilst the Board remains focused on driving shareholder value in the context of its Strategic Review for the benefit of all our stakeholders.



Maya Makanjee
Chair

26 July 2023



Executive directors' report

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



Jens Montanana
CEO

Ivan Dittrich
CFO

Strong demand
for cyber security,
networking and
cloud infrastructure

Westcon International delivered another excellent financial performance. The significant performance improvements in recent years have driven an increased valuation of the division resulting in a high once-off accounting charge for FY23 relating to its share-based remuneration plan which materially impacted all of the earnings metrics.

Logicalis International's results were solid and Logicalis Latin America had a much improved second half, with improvement of its supply chain.

During the year, we successfully concluded the disposal of Analysys Mason and unlocked significant value for shareholders in line with the ongoing Strategic Review process. A special dividend of ZAR2.7 billion was distributed in addition to which we are now declaring a final ordinary dividend of ZAR439 million for FY23.

We continue to see consistent demand for our technology solutions and services across the world. With supply chain issues abating and backlogs reducing, our operations remain well-positioned in their markets.

Jens Montanana
CEO

Strategic overview

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

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

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

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

During FY23, Datatec engaged a leading corporate advisory firm to develop new executive long-term incentive schemes for its subsidiaries to better align divisional executive management remuneration with Datatec shareholders. The developed management incentive plans focused on maximising shareholder value, designed to achieve strong equity value

Solid results from Logicalis International

Logicalis Latin America turnaround in H2

creation alignment and engage key management in the businesses as shareholders with their own money invested alongside Datatec. Divisional leadership teams will be able to invest in their businesses at fair value in the form of “sweet equity”. An intermediate holding company is required in which Datatec will hold both a fixed return instrument (loan note) and ordinary equity and management will hold a minority equity participation.

The new management incentive plan for Logicalis International was implemented on 3 March 2023 and Westcon International's management incentive plan is expected to be implemented during the second quarter of FY24. The divisional management teams will only realise their investment at the same time as Datatec does through future value realisation events.

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

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

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

Material disposal

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

Dividends

The initial consideration Datatec PLC received on completion of the sale of AM was approximately GBP128 million in cash and GBP7.1 million in deferred loan notes (payable three years after completion). On 11 October 2022, the Board declared a GBP135.1 million special dividend to shareholders by way of a cash dividend with scrip alternative of 1 250 SA 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 SA cents per share, equivalent to 10 US cents per share, in total ZAR439 million, with the customary form of a cash dividend with a scrip distribution alternative. This dividend was calculated by normalising FY23 underlying earnings per share by excluding all share-based payment charges and applying the Group's dividend cover policy of three times to underlying earnings.

Executive directors' report continued

Group results

To be more in line with international peers, the Group is now presenting the adjusted figure for EBITDA excluding share-based payments, restructuring costs, one-off tax items impacting EBITDA, and acquisition, integration and corporate actions costs.

Alignment of underlying earnings per share with peer reporting

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

Liquidity and borrowing facilities

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

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

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

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

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

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

Acquisitions

Logicalis International

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

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

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

Analysys Mason (subsequently disposed of)

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

Divisional reviews

Segment changes

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

Westcon International

Westcon International's unique international market access delivered strong growth and financial performance in all strategic regions, representing a resilient footprint against several macroeconomic risks that persist.

Westcon International's hardware and software backlog remained elevated because of the semiconductor shortage and supply chain constraints. Backlog at the end of FY23 was approximately US\$768 million (FY22: US\$818 million).

Westcon International will continue to prioritise financial and operating performance while investing in advanced systems and business automation which are accelerating its transformation into the world's leading data driven technology provider and specialist distributor of cyber security and networking solutions.



Refer to Westcon International performance in the Measuring value section for an overview of Westcon International's financial performance.

Logicalis International

Logicalis International had a strong order intake during FY23. Shipment delays as a result of the global supply chain issues resulted in backlog remaining high throughout the year. Logicalis International's product backlog at the end of FY23 was approximately US\$271.0 million (FY22: US\$261.0 million).

Logicalis International continues to develop its capabilities within cloud, IoT, software, security, data management and intelligent networks in support of its strategy to provide full lifecycle solutions around IT infrastructure to its customers.

The future will likely involve hybrid workplaces for part-time office and remote workers. Preparing and planning for this environment will be essential in providing a better digital experience for customers, partners and employees.

Logicalis International remains confident about the long-term prospects for the industry and its positioning within it. Over the short term, macroeconomic conditions are expected to remain uncertain.



Refer to Logicalis International performance in the Measuring value section for an overview of Logicalis International's financial performance.

Logicalis Latin America

Logicalis Latin America had a lower order intake during FY23. As expected, the business was most impacted by supply chain delays as referred to in Datatec's FY22 results. The business recovered well in the second half of FY23 with some easing in supply constraints. Logicalis Latin America's product backlog at the end of FY23 was approximately US\$140.0 million (FY22: US\$139.0 million).

The market drivers and outlook for Logicalis Latin America are consistent with those provided for Logicalis International above. In addition, Logicalis Latin America is continuing to improve its customer diversification.



Refer to Logicalis Latin America performance in the Measuring value section for an overview of Logicalis Latin America's financial performance.

Corporate and Management Consulting

The disposal of Analysys Mason was concluded on 27 September 2022. The FY23 results of Analysys Mason are disclosed as discontinued operations and US\$7.1 million is included in profit from discontinued operations in accordance with IFRS 5.

The Corporate segment includes the net operating costs of the Datatec head office entities which were US\$30.4 million (FY22: US\$18.1 million). Corporate costs include the remuneration of the Board and head office staff, including share-based payments, as well as consulting fees and audit fees. The increase in corporate costs is mainly as a result of increased share-based payment charges of US\$15.4 million in FY23 (FY22: US\$4.7 million). In FY23, foreign exchange gains were US\$8.6 million (FY22: foreign exchange gains of US\$1.0 million).

As at 28 February 2023, Datatec head office entities held cash of US\$78.0 million (FY22: US\$103.1 million) of which US\$16.4 million (FY22: US\$30.8 million) is held in South Africa and subject to the South African Reserve Bank regulations. These cash balances decreased by US\$15.1 million from 28 February 2022 mainly as a result of settlement of share-based payment schemes (shares purchased in the market), the cash portion of the FY22 final dividend paid to shareholders of Datatec and the Analysys Mason transaction-related costs that were absorbed by the Company.

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 SA cents per share, equivalent to 10 US cents per share or in total US\$22.5 million with the customary form of a cash dividend with a scrip distribution alternative.

Management incentive plan – Logicalis International

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

There were no other material subsequent events.

Current trading and outlook

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

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

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

Jens Montanana
CEO

23 May 2023

Ivan Dittrich
CFO

Fair and responsible remuneration

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.

- Executives received no increase in guaranteed pay for FY23
- Likewise, non-executive directors' fees were not increased
- STIs earned for FY23 reduced compared to FY22 primarily because the 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
- The CSP awards granted in May 2020 with a performance period that ended 28 February 2023 vested at 100%, because TSR and uEPS growth target performance conditions were achieved

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.

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:

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 share appreciation rights ("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 in the remuneration report in the Datatec 2023 Annual Report.

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

Eligibility

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

Description and policy

Base salary and benefits including retirement and medical scheme contributions.

Eligibility

All employees.

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.

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)]

For executive directors and some senior management:

- 75% corporate, 25% personal weighting
- 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

Other senior management:

- 50% corporate, 50% personal (with exceptions where appropriate as agreed by the Remuneration Committee) weighting

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.

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.

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%).

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.

Performance and pay targets for FY24

The main remuneration targets and outlook are summarised below with the detail set out in the Datatec 2023 Annual Report:

- No changes made to remuneration policy for FY24
- Executives received 6% increase in basic pay for FY24 having received no increase for FY23
- Likewise, non-executive directors received 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 LATAM (5% of the on-target bonus)
 - Personal KPIs consequently reduced to 20% of the on-target bonus (from 25%)
 - The weightings for the remainder of the metrics remain unchanged from FY23
- LTI
 - CSP awards were made in line with our policy – the absolute TSR performance condition was the sole performance condition for the grant in June 2023
 - DBW grants of SARs were 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.

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.

The Chair of the Remuneration Committee is 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.

Fair and responsible remuneration continued

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		US\$ 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%				20%
Reduce structural discount/strategic review – 10%				
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.

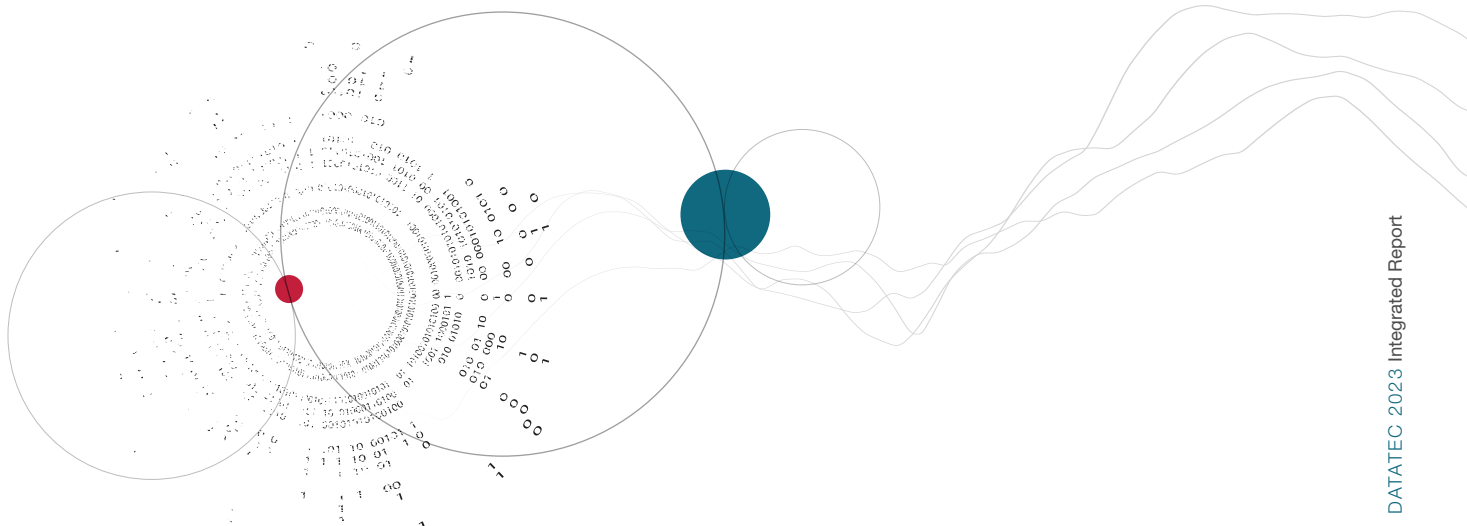
FY23 bonus outcome

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.



Fair and responsible remuneration continued

FY23 bonus outcome

1) Underlying earnings per share	US cents	Bonus	Target	Outcome CEO	Outcome CFO
Actual	7.9	0%			
Lower guard-rail	15.0	40%	35%	0.0%	0.0%
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%			
Actual	188	97%	30%	29.1%	29.1%
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%			
On target	84	100%	5%	6.0%	6.0%
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%			
On target	19	100%	5%	8.0%	8.0%
Upper guard-rail	17	160%			
Actual	12.1	160%			

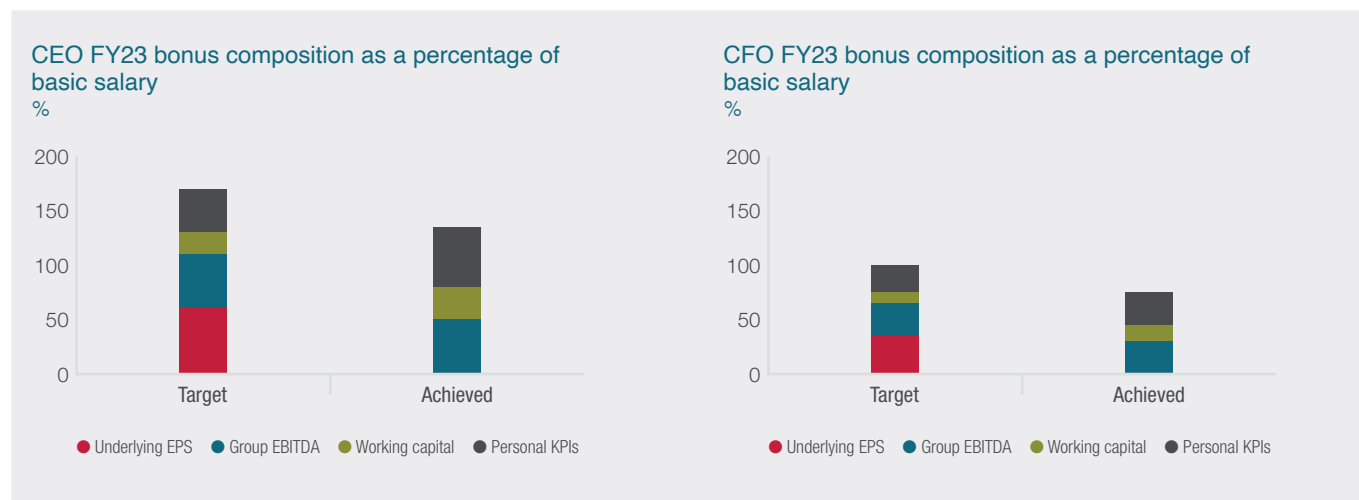
4) Personal KPIs – CEO and CFO	Target	Outcome CEO	Outcome CFO
• ESG	10%		
• Leadership (operational and organisational)	5%		
• Reduce structural discount	10%	25%	33.5%
		33.4%	

Total on-target bonus	100%	76.6%	76.5%
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The achievement of the targets translated into the following bonus payment for FY23:

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.



Please refer to the remuneration report in the Datatec 2023 Annual Report for information on non-executive directors' fees.

Single figure remuneration of executive directors

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

Component		CEO		CFO	
		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.



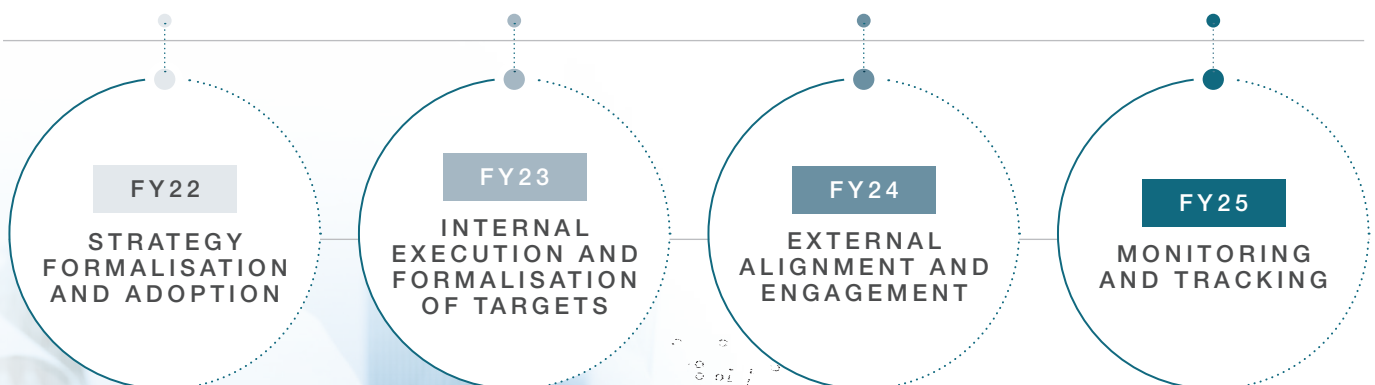
Please refer to the remuneration report in the Datatec 2023 Annual Report for more information.

Responsible business overview and strategy

Datatec is resolute in its commitment to doing business responsibly. We believe that cultivating long-term value for shared prosperity is critical to our business. We continued to accelerate our efforts to ensure inclusive opportunities and a positive societal impact in FY23 across our divisions, consistently driving ESG initiatives in our operations worldwide. This forms part of our responsible business practices, which encompass a holistic view that considers many aspects of the business, from our carbon footprint and overall sustainability to the number of women in our teams.

While the foundations of our global business have always been built on the core principles of ESG, over the last two years Datatec has worked to accelerate its responsible business efforts. Beginning in 2021 with formalisation of the responsible business strategy, we began with a focus on communicating and adopting; in which executive buy-in, employee buy-in, and the establishment of a global responsible business champions network and committee were prioritised to enable us to drive our strategy and objectives forward.

In FY23, Datatec's responsible business agenda focused on internal execution and the formalisation of targets. Efforts were geared towards operationalising our broader responsible business strategy and bringing it to life through a number of initiatives executed within Datatec's four main pillars of responsible business, namely our communities, our people, our planet and governance and communication.



Responsible business highlights



OUR COMMUNITIES

- Positively impacted more than 10 000 people through community support interventions across the Group
- Contributed ZAR8.7 million to education interventions in South Africa through the Datatec Foundation
- Invested over US\$160 000 in community support initiatives through the Datatec Africa Flagship Project, subsidiary community interventions and emergency response



OUR PEOPLE

- Invested close to US\$3 million on employees' career development, training, and accreditations across the Group
- Rebranding of the Datatec values to have the value of "Inclusion" adopted as core to who we are and how we work
- 11 employee resource groups ("ERGs") created to support our inclusive culture thriving across Datatec and its subsidiaries
- 13 "Great Place to Work" accreditations



OUR PLANET

- Baseline of carbon emissions established by having all Datatec's operating regions report to the CDP (formerly Carbon Disclosure Project)
- Completion of Group-wide scope 3 assessment to understand broader value chain impacts, as per the Greenhouse Gas ("GHG") Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard
- Officially committed to the SBTi Corporate Zero Standard – the world's first framework for corporate net zero target setting in line with climate science. These targets have been submitted to SBTi for formal validation
- Introduction of sustainability KPIs for members of the Logicalis executive team, linked to renewable energy and ESG reporting targets
- Launch of phase one of Datatec's waste management strategy, with the development of an e-waste plan and policy for Logicalis International and Logicalis Latin America



GOVERNANCE AND COMMUNICATION

- Officially a supporter of the Task Force on Climate-related Financial Disclosures ("TCFD")
- Became a signatory to the United Nations Global Compact, demonstrating Datatec's commitment to sustainability in labour, human rights, environment and anti-corruption
- Completed a Group EcoVadis assessment to evaluate the Group's environmental, social and ethical practices, allowing Datatec to identify potential areas for improvement, measure its efforts against industry benchmarks, and set benchmarks for its actions
- Launch of global cloud-based ESG dashboard to track, measure and monitor progress against Datatec's global responsible business targets

The year ahead: FY24

Developing an understanding of the responsible business topics most pertinent to our business and our key stakeholders is crucial to Datatec's strategic plans and reporting. In the first quarter of FY24, Datatec will undertake its next full materiality assessment, which will serve to identify its critical responsible business topics for the years ahead. Datatec's responsible business strategy will continue to be adapted and extended to ensure that its work remains as impactful as possible.

Datatec will continue to work to align its reporting with standards set by the JSE, Global Reporting Initiative ("GRI"), Sustainability Accounting Standards Board ("SASB"), the TCFD, and CDP and will continue to align its efforts to the UN Global Compact and the sustainable development goals.

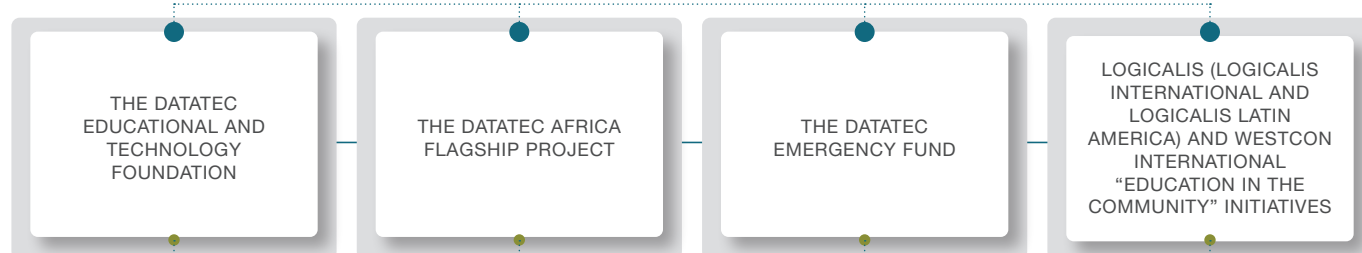
Data management and data accuracy are a priority, and with vast improvements made over the past year, we will continue to focus on gathering quality data and improving measurement while implementing the use of our cloud-based dashboard. We prioritise transparency around our activities and their environmental impact, and will progressively increase communication around our efforts in mitigating environmental harm and the standards we hold ourselves accountable to. In FY24, we will release our first responsible business report.

Our communities

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

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. We seek to positively impact the communities in which we operate through four community support interventions:



The Foundation

Datatec is deeply committed to empowering people at the grassroots level to reduce poverty and inequality. It has been another successful year for the Foundation, which met its principal objective to improve the quality of education in South Africa and create opportunities for those less fortunate.

The Foundation provides funding support to organisations that aim to improve education within underprivileged communities in South Africa, with spend primarily directed into school-level intervention programmes for learners and teachers, and educational bursaries. Other initiatives include providing technology infrastructure and skills development for unemployed youth.

The Foundation's beneficiaries include:

- Afrika Tikkun provides sustainable care and educational development for vulnerable and orphaned children from birth until age 25
- Belgium Campus iTversity is an IT university offering IT degrees, diplomas, and certificates to graduates
- Kutlwanong Centre for Maths, Science and Technology – Promaths provides after-school and holiday mathematics and physical sciences tuition for Grades 10 – 12 learners in the Eastern Cape's Mdantsane township
- Maharishi Institute offers virtually free university access opportunities to unemployed youth, and increase employability after completing their degree courses
- OLICO Maths Education provides a blended use of extracurricular mathematics tutoring, custom-built online mathematics programmes (Grade 7 – 12 learners), and mathematics clubs aimed at primary school learners (Grades R – 6)
- PROTEC Pietermaritzburg provides enrichment education for disadvantaged children in Grades 9 – 12
- The Tomorrow Trust provides integrated academic and psychosocial support to orphaned and vulnerable children
- 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

FY23 highlights

- OLICO's 2022 matric class significantly outperformed their peers from under-resourced schools, with two-thirds scoring in the top 20% of mathematics performers nationally despite a system-wide decline in mathematics performance
- OLICO's first matric cohort from Alex High more than doubled the average number of mathematics passes above 50% in the last decade at this school
- Tomorrow Trust achieved a 100% pass rate and 75% of learners actively engaged with the ITSOK Tech app, an emotional intelligence app used to assist in child safeguarding, to create a mental health environment through online platforms for all senior learners
- Kutlwanong Promaths distributed 270 learning devices to the learners in the Mdantsane Centre. The centre achieved a 100% pass rate and a 92% Bachelor pass rate
- The top learner in the Buffalo City Metro in the Eastern Cape for the 2022 National Senior Certificate is a Kutlwanong Promaths learner from Mdantsane Centre
- Datatec sponsored the purchasing of 120 iPads which were distributed for use across Afrika Tikkun's Diepsloot, Orange Farm, Emfuleni, Braamfontein, and Alexandra centres
- Maharishi Institute's third year Cybersecurity Academy students graduated in September 2022. Not only have each of them completed between 13 and 17 qualifications respectively (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), and a 100% pass rate on all of the qualifications.

Specific targets for FY24 include: Afrika Tikkun reaching 2 670 youth, a 100% pass rate for Promaths learners, the Maharishi Institute reaching its target of training 530 unemployed youth, a 90% pass rate for OLICO's learners, a 90% minimum pass rate for PROTEC Pietermaritzburg's learners, a 100% pass rate for The Tomorrow Trust's Grade 12 learners, and mathematics training for an additional 100 teachers on The Vula Programme.



For detailed information on the Foundation's community activities, including detailed FY24 targets and progress against the FY23 targets published in the 2022 integrated report, please refer to the Datatec 2023 Annual Report.

FY23 FOUNDATION OUTCOMES

Total number of learners
benefiting from school
level intervention in
mathematics and science

3 555

(FY22: 2 580)

58% female

42% male

Total number of teachers
benefiting from extra
training in mathematics
and science

134

(FY22: 127)

Total number of
individuals gaining
access to computer
technology

2 992

(FY22: 2 500)

Total number of
individuals benefiting
from ICT skills training

530

over a three-year period
(FY23, FY22 and FY21)

Total number of learners
receiving career
guidance

380

(FY22: 329)

Total number of students
gaining access to
bursaries

4

(FY22: 5)



Bunmi Adedayo Foundation – mathematics teachers training.

Datatec Flagship Project

In FY23, Datatec supported the Bunmi Adedayo Foundation's "Subject Enhancement Programme in Mathematics" which benefited 1 000 mathematics teachers from low-cost schools across three Nigerian states. Datatec has invested US\$67 500 in the project, providing infrastructural support for 15 schools and operational support and training resources.

Datatec Emergency Fund

Datatec responded to the severe flooding and landslides caused by heavy rainfall in April 2022 in KwaZulu-Natal, South Africa by donating ZAR100 000 to Doctors Without Borders and Gift of the Givers to aid relief efforts.

Datatec donated US\$50 000 to Concern Worldwide on their Turkey-Syria Earthquake Emergency Appeal to assist those affected by the earthquake in February 2023.



Datatec head office staff – Mandela Day.

Mandela Day

Datatec head office and WestconGroup SA staff spent a day at OLICO's Diepsloot centre on Mandela Day painting the computer labs. Datatec also funded the installation of water tanks, fixing of toilets and a new short throw projector. Datatec also recently funded the installation of a second computer lab at this centre, funded a solar system installation, and purchased tablets for another OLICO centre.

Our communities continued

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.

Westcon International's Education in the Community portfolio consists of three programmes, each of which align to its core business and anticipated business needs, the community and social challenges that have been highlighted as being of concern in each of the regions that Westcon International operates in, and as being of importance to its people across the globe.

The Education in the Community Programmes include:

- Driving STEM: Supporting education in STEM to empower disadvantaged communities
- Diversity in technology: Facilitating interventions to increase the number of women and minority groups in the technology industry
- Skills for technology: Retaining staff through education, providing current and relevant training and attracting new talent to support them within the technology industry

Among its FY23 highlights and achievements, Westcon International met its goal to execute educational onboarding events. Westcon International routinely invests in youth upskilling initiatives, including internships and experience, that have propelled several participants into full-time roles. It also completed events and awareness days as part of its FY23 global calendar, including work with Migrant Leaders, a charity working with first and second generation migrants, to inspire and help them capture career opportunities.



Westcon Iberia – Employee children Christmas party.

A specific target for FY24 is the implementation of a volunteer scheme and policy.



For detailed information on Westcon International's community activities, please refer to the Datatec 2023 Annual Report.

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. Logicalis believes that by combining regional and local efforts under a divisional strategy and structure, it can facilitate the creation of meaningful, sustainable impact – for Logicalis and the world.

Logicalis continued to support future Architects of Change through education in FY23, implementing 15 strategic education projects across the US, EMEA, Asia, Australia and Latin America, exceeding its FY23 goal. This commitment, together with 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 Logicalis by FY25 – at least one in every country.

It continues to focus on supporting education in STEM, and enabling opportunities for women and minority groups to enter and be supported within the ICT sector. STEM subjects are widely recognised as having a positive impact on the economy and society, and by increasing access to STEM learning resources, Logicalis is able to actively work to address the STEM skills shortage at its root while supporting individuals and the wider global economy.



Logicalis Spain Innovation Challenge.



Logicalis SA homeless shelter donation.

Logicalis International

Some of Logicalis International's most notable FY23 projects include:

- A newly formed partnership in Australia with the University of Sydney on their professional mentoring programme
- The work of Logicalis Singapore with Polytechnic Girls in Technology to support and inspire the girls to pursue a career in the tech industry
- Launch of the STEM Ambassador programme in the UK
- Logicalis Innovation Programme in Spain partnering with local universities and supporting Apadrina TIC to fund women in STEM degrees
- The work of the Women's Initiatives Network in the US to inspire Architects of Change to embrace the power of personal growth and extend job postings to top historically black colleges and universities

In FY24, Logicalis International will continue to pursue its long-term strategic goals as outlined above, and aims to roll out a first global community education initiative. Regional plans include:

- Logicalis Germany aims to donate used laptops to schools and unusable hardware to electrical recyclers for recycling
- Logicalis Portugal will continue to support social initiatives with an intention to double its donations and participation. It will also continue to sponsor Leões de Porto Salvo and its "Upskill Initiative"
- In FY24, Logicalis Spain will launch the second edition of the "Logicalis Innovation Challenge". Its target is to at least double the number of projects participating and launch the next edition of Apadrina, a STEM-focused student programme. It aims to add more universities to its internship programme and collaborate with other institutions. Logicalis Spain aims to attend university forums, roundtables and workshops to contribute its skills and knowledge of technologies and educate the next generation of Architects of Change. In line with this target, it has been invited by Microsoft to participate in a roundtable and an AI programme that has recently started and spans nine months
- In FY24, Logicalis South Africa's plans include donations of computer labs and equipment, partnering with the Innovation Hub to employ the unemployed, and provide skills development and training throughout their employment
- Logicalis Australia plans to continue supporting initiatives which include STEPTember to support Cerebral Palsy, Movember to support men's mental health, the CEO Sleepout to support people experiencing homelessness, and its Christmas Toy Appeal, with donations from staff and supplies to local charities. It will also be launching its newly formed partnership in Australia with the University of Sydney on their professional mentoring programme

Logicalis Latin America

Some of Logicalis Latin America's most notable FY23 projects include:

- The support of 10 low-income women in technology in Brazil
- Sponsorship of the Technovation Summer School for Girls which teaches young girls how to create mobile apps with training in computing and entrepreneurship
- Partnership with Cisco Brazil on the Women Rock IT programme sponsoring girls and women in STEM

In FY24, Logicalis LATAM plans to support the following initiatives:

- Women Rock IT (Cisco)
- Technovation Summer School for Girls
- Level Up: Level Up is a technology training programme focused on minority groups aiming to boost technical and behavioural development and improve employment opportunities. The programme's first edition is dedicated to black people aged 18 and over who have already taken a professional or technical course in the IT area or have experience in the area and are looking for better job opportunities and professional development. Throughout the year, Logicalis Latin America will train 120 students
- WOMCY: A new diversity, equity and inclusion movement deal has been negotiated with WOMCY ("Women in Cyber Security") for Hispanic America (except Mexico and Brazil), a non-profit organisation – made up of women – focusing on the development of cyber security. Its mission is to reduce the knowledge gap and increase the talent pool in cyber security, offering cyber security consulting for the education and corporate segments



For detailed information on Logicalis International and Logicalis Latin America's community activities, please refer to the Datatec 2023 Annual Report.



Cisco Women Rock IT event in Brazil.

Our planet

Datatec is deepening its investment into minimising its environmental impact across its business value chain. It supports leading initiatives in the global sustainability space, and counts the United Nations Global Compact, CDP and SBTi among its formal commitments.

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 strong focus on bolstering emission reduction action plans, whilst ensuring effective tracking and progress measurement. Datatec appreciates that a net zero impact strategy takes time and requires a holistic strategy and consistent, considered application.

Over the past seven years, Datatec has increased the scope of emissions measured, and in line with its commitment 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

Datatec engaged GCX Africa to undertake a scope 3 relevance assessment and high-level screening of its scope 3 emissions to understand the broader value chain impacts, as per the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (also referred to as the Scope 3 Standard). 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.

Emissions	tCO ₂ e FY23	tCO ₂ e FY22
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.

The screening outcomes have allowed Datatec to better understand the 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, enabling the Group to align with SBTi criteria in setting science-based emission reduction targets.



For detailed information the results of the assessment, please refer to the Datatec 2023 Annual Report.

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. Our targets are aligned with the goals of the Paris Agreement and are based on the recommendations of the SBTi. Datatec has committed to reduce absolute scope 1 and 2 GHG emissions by 50% by 2030 from a FY22 base year, and we have committed that 80% of suppliers by spend covering purchased goods and services and the use of sold products will have science-based targets by FY25. SBTi is yet to approve Datatec's targets.

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 plans to use its scale and influence in the supply chain to promote sustainability and help its partners do the same. Westcon International is also working to minimise its environmental footprint through circular and environmentally responsible technology, which provides commercial value to its partners and vendors.

Strategic progress

Westcon International continues to invest in improving its ESG performance and assessing new ways to take meaningful action to reduce its carbon footprint. During FY23, Westcon International delivered improvements to its policies, implemented additional actions to reduce its environmental impacts, and improved data collection processes which will enhance its ability to report progress accurately and efficiently. Westcon International continues to leverage the EcoVadis sustainability ratings platform to regularly assess its performance across ESG topics, the results of which are shared transparently with its stakeholders.

Climate strategy

Westcon International has taken a number of key steps in delivering the first year of activities within its five-year roadmap towards decarbonisation. These include:

- Formally committed to set net zero targets for validation by the SBTi
- Established an emissions baseline across scopes 1, 2 and 3 for FY22 (*for detailed information, please refer to the Datatec 2023 Annual Report*)
- Developed a number of short and long-term targets in line with the SBTi's methodology which have been submitted to SBTi for formal validation
- Developed an emissions reduction action plan
- Communicated commitments and targets transparently to stakeholders
- Engaged with key vendors to outline commitments, share information and garner support

Plans/targets for FY24

- Establish formal governance structures to ensure that sustainability is embedded within the broader Westcon International strategy
- Focus on improving data quality across environmental metrics, driven by increased collaboration with vendors
- Implement responsible business policies linked to travel and electric vehicles
- Increase procurement of renewable energy in Europe through tariff switches
- Further develop responsible business KPIs and internal targets
- Establish a baseline for the waste its business generates
- Launch EMEA sustainability ERG
- Obtain certification for ISO9001 (Quality) and ISO14001 (Environmental) in Australia, New Zealand and Singapore logistics centres
- Conduct qualitative climate-scenario analysis linked to annual carbon footprint calculation through CDP submission
- Obtain validation of decarbonisation targets by SBTi
- Perform system needs assessment to help plan for future tooling in two key areas:
 - Tracking progress against climate change targets
 - Supporting engagement and collecting data from supply chain



Westcon UK – Electric vehicle day.

WESTCON INTERNATIONAL'S NEAR-TERM (2030) AND LONG-TERM (2050) DECARBONISATION TARGETS SET

Reaching **net zero** emissions across scopes 1, 2 and 3 by 2050

A **50%** reduction in absolute scope 1 and 2 emissions by 2030

A **25%** reduction in absolute scope 3 emissions by 2030

80% of our suppliers having science-based targets by FY2025

Our planet continued

Progress against FY23 goals

FY23 goal	FY23 delivery	
Establish key metrics for ESG reporting dashboard	Significant progress made in implementing a third-party solution with a view to improving the efficiency of collecting environmental and emissions data across the division. The first iteration of the dashboard is expected to be completed in Q1 FY24.	
Improve both the accuracy and efficiency of waste and recycling reporting through ERP enhancements	The capability to hold additional information within product data records linked to packaging materials and dangerous goods (lithium batteries) has been improved within SAP, driving efficiencies in reporting for these areas.	
Implement and certify its operations across both EMEA and Asia-Pacific to the ISO14001 standard (environmental management) with a view to providing practical tools to help implement its sustainability strategy and better manage its environmental responsibilities	European logistics centres in the UK and Netherlands achieved certification to the ISO14001 standard. Implementation for logistics centres in Australia, New Zealand and Singapore is in progress, with a view to achieve certification by H1 FY24.	
Identify opportunities to collaborate with vendors on ESG topics	Engagement and collaboration with vendors will be critical in order to achieve scope 3 emissions reduction targets. The initial focus is to explore possibilities to share information linked to goods and services purchased. Opportunities for further engagement on topics linked to the circular economy will be identified.	

Progress against FY22 goals noted as “in progress” in prior year report

FY22 goal	FY23 delivery	
Establish more accurate data from offices in multi-occupancy buildings	Although some progress has been made in this area, obtaining accurate data continues to be challenging for some smaller office locations, and certain geographies. There is close alignment between the ESG team and facilities resources to engage with landlords to obtain this information.	
Reduce the amount of waste to landfill	Availability of waste data remains challenging to obtain outside of Westcon International's larger facilities. Efforts are being focused on establishing a clear baseline for waste generation to enable the setting of targets to reduce waste to landfill. A number of its UK offices have partnered with zero-waste providers to minimise waste to landfill.	
Increase renewable energy usage where contracts allow	An emissions reduction action plan has been developed which outlines a goal to achieve 100% renewable energy usage by 2030. Westcon International's actions are focused around three key areas, transition to green energy, energy efficiency and electrification of its car fleet. Changes to tariffs have already been made within Europe to progress against this target. The year-on-year increase will be confirmed post completion of the FY23 carbon footprint calculation.	

 Achieved
  Partially achieved
  In progress

For detailed information on Westcon's our planet activities, please refer to the Datatec 2023 Annual Report.

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. By actively aligning Logicalis' strategies with the goals of the Paris Agreement, the transition to a low carbon economy can be accelerated by SBTi to avoid the worst effects of climate change. Logicalis has developed a number of short and long-term targets in line with the SBTi's methodology which have been submitted to SBTi for formal validation, and has designed a number of policies and initiatives to enable it to exceed these goals.

In FY23, Logicalis focused on the internal execution of the global responsible business and climate strategy. Some of its key achievements:

- For the first time, regional executives and the global CEO had carbon-reduction bonus-linked KPIs and a directive to initiate carbon-reduction projects in every region
- Logicalis has further worked to develop a holistic understanding of its ESG performance and identify areas for improvement through its work using EcoVadis, a sustainability assessment methodology. In FY23, 11 of its global operations achieved an EcoVadis sustainability rating

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, driving new local initiatives to help reduce emissions, water use or waste generation.

During the year, Logicalis launched a customer sustainability score, providing its managed services customers with an environmental impact score across its global technology solutions, to help them understand their IT emissions, together with recommendations on how they can improve. This is offered as a scalable, agile, managed service. It is also part of Cisco's global initiative to responsibly repurpose and recycle end-of-use products. Logicalis currently holds the Cisco environmental sustainability specialisation in eight countries across the world and will continue to build on this.



Logicalis Brazil electric delivery vehicle.



Logicalis Australia reusable coffee cups.

Our planet continued

Logicalis International

Progress against FY23 goals

FY23 goal	FY23 delivery	
In FY23, have every region report into the CDP for the first time	Baseline of carbon emissions established by having all regions report to the CDP.	
Implement at least one environmental project (to help reduce emissions, water use, or waste generation, as examples) in every country that Logicalis operates in, equating to 27 new environmental projects	32 environmental projects implemented or continued across Logicalis (including Logicalis Latin America). Not all were executed in every country due to constraints such as capacity and size of operation.	
Have a minimum of 25% of global operations powered by renewable energy in the coming year	Five of Logicalis' global operations switched to renewable energy, supporting the implementation of its robust decarbonisation strategy.	



Achieved

Plans/targets for FY24 and beyond

- Become carbon neutral on scope 1 and 2 emissions by 2025. Logicalis International is implementing many sustainability initiatives to achieve this goal, primarily through the implementation of carbon reduction initiatives
- Reduce absolute scope 1 and scope 2 emissions by 50% by 2030
- Support 80% of suppliers by spend covering purchased goods and services to have their own science-based targets by 2025
- Progress Logicalis International's waste management journey by extending the scope of management plans and policy from e-waste to general waste
- Have 50% of the waste generated by its operations diverted from landfill and have 75% of its operations powered by renewable energy by FY25
- Annual commitment to energy reduction targets based on energy efficiency for every region of operation, ranging between 2% (for Europe) and 5% for all other regions

- Continue to switch to renewable energy, with all operations achieving the switch by 2029
- For operations with mobile fleets, switch to electric or biodiesel fuel at a rate of 6% per year

In the first quarter of FY24, launch two new global policies as part of our responsible business strategy:

- A global e-waste policy to facilitate the proper disposal of electronic waste
- A global sustainable travel policy to reduce carbon footprint while travelling
- Launch responsible business/ESG training module for all employees in Q2 of FY24
- Produce a Logicalis International responsible business report for FY24



For detailed information on Logicalis International's our planet activities, please refer to the Datatec 2023 Annual Report.

Logicalis Latin America

Progress against FY23 goals

FY23 goal	FY23 delivery	
In FY23, have every region report into the CDP for the first time	Baseline of carbon emissions established by having all regions report to the CDP.	



Achieved

Plans/targets for FY24

- Expand electric vehicle fleet in Brazil
- Continue with the conscious disposal of obsolete equipment in Brazil
- Develop a reverse logistics campaign to incentivise customers in São Paulo to utilise its reverse logistics service, a specific channel to assist customers dispose of products that cannot be disposed of in general waste
- Conduct an ESG-themed Logicalis' suppliers event in Brazil

- Conduct an e-waste campaign in 2023
- Develop a carbon emissions inventory for Logicalis Chile, together with BlockC, based on its 2022 (calendar year) emissions. Continue the process, which has already begun, in Logicalis Brazil



For detailed information on Logicalis Latin America's our planet activities, please refer to the Datatec 2023 Annual Report.

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.

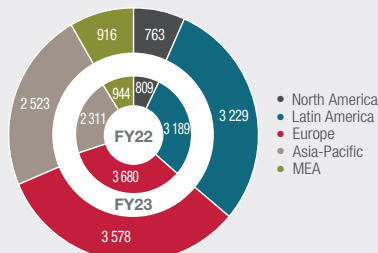
We believe in maintaining a fair, inclusive culture; and in ensuring that our employees have optimal working conditions and opportunities for growth and development. Through responsible business, we create opportunities for our employees through our diversity, equity and inclusion programmes; ensuring employee wellbeing, health and safety; and striving to be a great place to work.

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

Transformation is a strategic priority across Datatec and its divisions. We continue to comply with legislation and work on areas of improvement. In South Africa, Datatec has achieved a Level 3 BBBEE rating; WestconGroup SA's rating is Level 1; and Logicalis SA is Level 1.

11 009 employees (FY22: 10 933)

Employees by geography



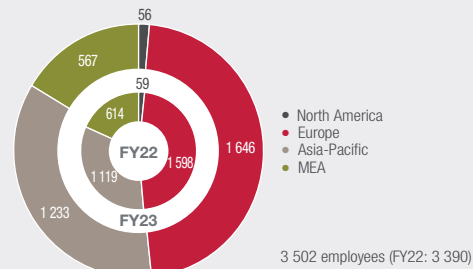
Westcon International

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.

Highlights

- Training budgets were increased by 25% globally
- Close to US\$1 million spent on training programmes during FY23. The division continues to embrace virtual training to deliver effective development of key topics to all functions
- ESG training rolled out to all employees with unconscious bias, and cyber security forming part of the onboarding curriculum
- Over 3 500 employees

Employees by geography



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.

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



Westcon UK – CRN Awards Stage Winners.

Our people continued

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.

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.

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 employees 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.

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.

Some of Westcon International's past achievements and plans for FY24 include:

- The continued success of the ONE Westcon programme, including the creation and adoption of an internal global Microsoft Teams channel, used to highlight and promote internal charity, health and ONE Westcon events
- Expand on the creation of seven employee resource groups which focus on inclusion, equality, health and wellbeing, sport and fitness, carers and workplace, and ESG
- Build on the success of the "Level Up" global expansion
- Inclusivity training such as unconscious bias and inclusive leadership



For detailed information on Westcon's our people activities, please refer to the Datatec 2023 Annual Report.

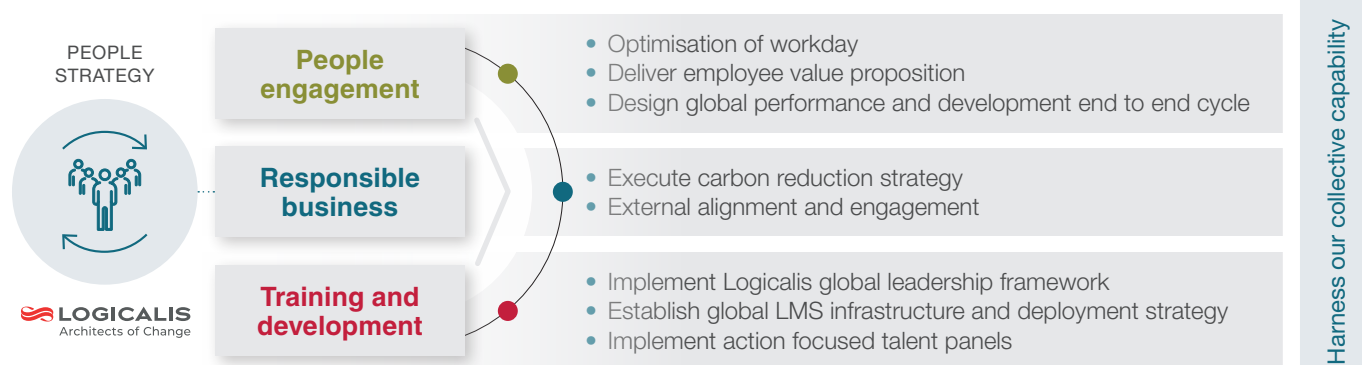
Logicalis

Logicalis recognises that its people are critical to the ongoing success of its business and by striving to attract the best talent, develop and reward its people for great performance and engage effectively with them, Logicalis aims to be an employer of choice. In FY23, Logicalis was recognised as being a "Great Place to Work" in 12 countries.

Highlights

- Invested US\$1.9 million in employees career development, training, and accreditations
- 25.5% increase in global female leaders from 22% in FY21
- Global female representation has increased to 24%
- FY23 launch of our first global affinity group, Architects of Pride, supporting members of Logicalis' LGBTQIA+ community and their allies

Logicalis' three strategic priorities for the people team are set out below:



Logicalis' leadership teams work closely with its strategic partners to ensure that employees are trained appropriately and have the necessary accreditations. 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 to leaders in its technical teams.

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.

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. 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 SA employees.

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.

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.

Logicalis is committed to supporting its employees' wellbeing and in FY23, executed a "Logicalis Wellbeing Programme", with a focus on supporting employees physical, mental and emotional, community and social wellbeing.

Logicalis also offers various internship programmes across its operations.

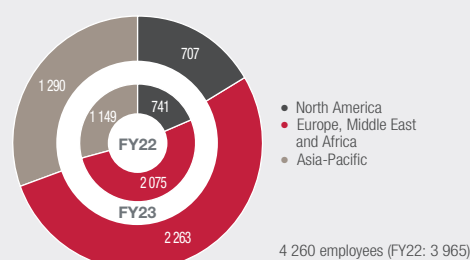
Some of Logicalis' plans for FY24 include:

- Defining diversity, equity, and inclusion targets based on peer benchmarking, best practice and the outcomes of the Datatec materiality assessment
- Execution of the newly launched EVP
- Expansion to a broader curriculum, introducing accessible learning for all employees
- New starter onboarding programme



For detailed information on Logicalis' our people activities, please refer to the Datatec 2023 Annual Report.

Logicalis International employees by geography



Logicalis Latin America

3 229 employees (FY22: 3 189)

Logicalis Brazil's Level Up Programme was launched in February 2023 to offer training in IT. The programme also leverages participants' 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.

Mandatory unconscious bias training is given to all new hires in Brazil and Logicalis Brazil 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, as well as health events and initiatives.

Westcon International divisional review



David Grant
Chief Executive Officer

Callum McGregor
Chief Financial Officer

Westcon  Comstor

Partner Success. It's what we do.

Westcon International enables vendors of high-tech enterprise solutions to increase their channel and market penetration by supporting and developing an extensive channel of IT systems integrators, service providers and resellers.

Highlights

Continued excellent momentum with revenue up 18%

(Constant currency: 25%)

Adjusted EBITDA increased by 21% to US\$95.1 million

(FY22: US\$78.6 million)

EBITDA down 29% to US\$48.4 million

(FY22: US\$68.1 million) impacted negatively by IFRS 2 charge and negative foreign exchange impacts on margins in Europe

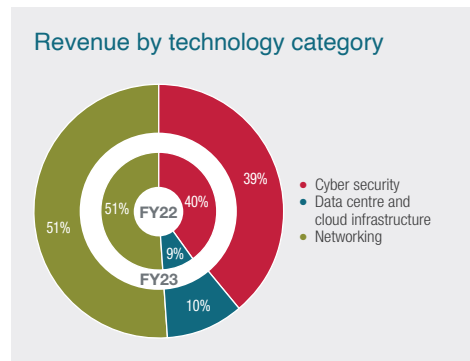
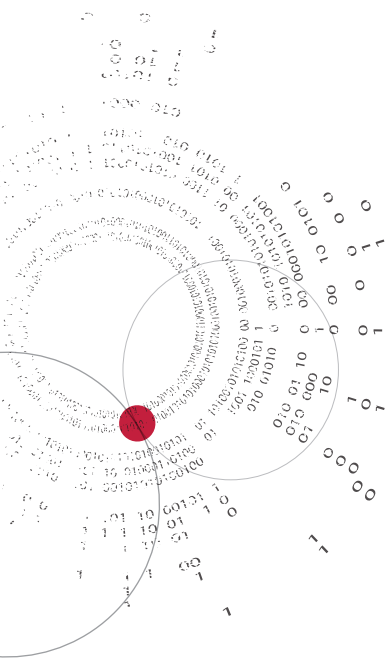
Strong cash collections

throughout the period

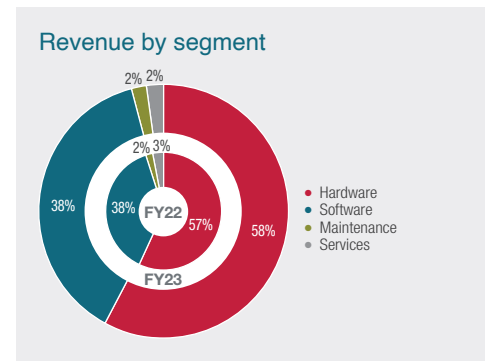
Development of emissions reduction action plan

Sustained demand for networking, cyber security and cloud infrastructure resulted in record order intake levels

Creation of **supplier code of conduct** environmental addendum **addressing key topics** across **climate change, waste** and **circularity**



Over **3 500** employees
41% female



Over **50** countries worldwide

Corporate overview

Purpose

Global value-added technology provider and specialist distributor of industry-leading world-class cyber security, network infrastructure, cloud collaboration products, data centre solutions and channel support services



Global network of service providers, systems integrators and speciality resellers



Operating globally with major presence in Asia-pacific, Europe, Middle East and Africa



Provides solutions from a broad portfolio of world-class, market-leading high-tech vendors



Goes to market under the **Westcon** and **Comstor** brands



Westcon International's purpose is to drive partner success, to maximise sales and market penetration of emerging and core vendor solutions, transforming the distribution channel. This is achieved through its people, relationships, marketplace, digital and data driven marketing strategies and innovation.

Westcon International divisional review continued

Westcon

Westcon has expertise with vendors in the following technology solution segments:

- **Cyber security:** Broadcom, Check Point, CrowdStrike, Efficient IP, F5 Networks, Infoblox, Ivanti, Netscout, Palo Alto Networks, Splunk, Tenable, TrendMicro and Zscaler
- **Networking infrastructure:** Ciena, Extreme Networks, Juniper, Nokia, Ruckus
- **Cloud collaboration and mobility:** Audiocodes, Avaya, Microsoft, Mitel, Zebra
- **Cloud computing and infrastructure:** AWS, Microsoft, NetApp, Pure Storage and VMware

Comstor

The world's only Cisco-dedicated global distributor provides the full line of Cisco technologies to a wide range of customers in over 100 countries. Comstor specialises in the following architectures/technologies:

- **Cisco security:** providing highly secure firewall, web and email threat detection and management services for network and mobile device protection
- **Cisco collaboration:** empowering people to engage and innovate through multiple endpoints and truly collaborative software; anywhere, any time, on any device
- **Cisco software:** flexible software licensing across the hardware estate combined with profitable annuity revenue
- **Cisco data centre:** allowing data to be analysed, simplified, automated and protected for operational efficiency through storage of digital information on mission-critical applications
- **Cisco enterprise networking:** covering SMB and enterprise solutions across core switching, wireless and routing technologies – without the enterprise costs
- **Cisco services:** providing customer support on Cisco solutions through its global support and solutions team of experts, serving over 180 countries and responding in 17 languages

Westcon International

Westcon International also has capability practices and specialities that it offers globally under its Westcon-Comstor brand:

- **Cloud:** AWS, Microsoft Azure and Microsoft Office 365
- **Flex:** Funding solutions that blend software billing and traditional distribution with flexible payment schemes to overcome budget constraints and accelerate the adoption of the latest technology
- **Support and technical services:** Education, network and security operating centres, technical support and professional services installation
- **Global supply chain services:** logistics, staging, strategic stocking, configuration, project coordination, VAT recoverability; global contracting and global credit management for international deployments and contracts

How Westcon International creates value

Westcon International's people are dedicated to delivering outstanding performance, customer and vendor satisfaction. Westcon International provides a wealth of industry insight, industry-leading marketplace capability, innovative financing, marketing and business generation tools, technical expertise and decades of distribution experience for hybrid solutions.

Westcon International has established long-lasting and strategic vendor engagements and contracts. These relationships are leveraged to ensure its partners can access established and emerging technology solutions. With over 30 years' distribution success as a strategic partner to the world's leading IT brands, Westcon International combines global reach, digital capability, technology capability and scale with a personalised, local footprint to provide capabilities and services that vastly exceed the traditional distribution experience.

Westcon International selects market-leading vendor solutions and delivers outstanding propositions. It remains focused on process improvement, automation, both front office sales automation and back office efficiency with an emphasis on accuracy, quality and urgency in all functions.

Westcon International offers employees rewarding and challenging work in an inspiring, fast-moving environment. It has established an inclusive culture where people are valued and respected and where everyone can contribute, thrive, collaborate and reach their full potential.

Impacts of Westcon International's external environment on its ability to create value

Numerous factors, such as global macroeconomic and political conditions, global supply chain disruptions, the recent surge in fuel and energy prices could all impact Westcon International's ability to create value.

Ongoing global semiconductor shortages and supply chain constraints have eased slightly in recent months resulting in a slight decrease to Westcon International's product backlog. Headwinds from rising interest rates, compounded by geopolitical issues like the ongoing war in Ukraine and global inflationary pressures are expected to continue to disrupt global supply chains and could negatively impact demand for the foreseeable future.

Opportunities

The drive for the channel to have a digital engagement with suppliers (Gartner research) is creating opportunities for businesses like Westcon International to create value. The multi-year investments in advanced systems and business automation combined with the focus on portfolio expansion of software and subscription-based solutions provide opportunities for the division to continue improving operating leverage and overall profitability. Westcon International is also confident that the introduction of a class-leading CRM platform, as part of the “Sales Process Optimisation” initiative, will have a significant impact on digitally enabling the entire sales force. While the initial pilot and roll out of the first phase was delayed in FY23, Westcon International is confident that a successful global roll-out will be completed during FY24.

The underlying trends in the technology segments that Westcon International participates in remain positive and the business is well-positioned to benefit from continuing demand for software and services in networking, cyber security, and cloud infrastructure.

Markets

Strong growth was experienced during FY23 in all regions. The Comstor Europe division achieved overall revenue growth of 20% resulting in continued strong market share gains across the region.

Westcon Europe performed strongly with another year of double-digit growth (12%) benefiting from sustained demand for cyber security and networking technologies. Asia-Pacific revenue increased 20% with excellent growth in Australia (40%) and Asia (14%) in particular.

Outlook

The multi-year investments in advanced systems and business automation and focus on portfolio expansion with software and subscription-based solutions have enabled the business to record double-digit revenue growth despite the product supply constraints.

The underlying trends in the technology segments that Westcon International participates in remain positive and the division is well-positioned to benefit from continuing demand for software and services in networking, cyber security, and cloud infrastructure. However, rising interest rates combined with rising energy costs and the additional geopolitical issues such as the ongoing war in Ukraine could negatively impact demand in the short term. Westcon International continues to monitor and mitigate the impact on demand, product availability and costs.

Westcon International will continue to prioritise financial and operating performance while investing in advanced systems and business automation which are accelerating its transformation into the world's leading data driven technology provider and specialist distributor of cyber security and networking solutions.

Awards and recognition

Westcon International's leadership, vision, programmes and performance continue to draw the attention of the technology market it serves. Its relentless commitment to excellence transcends all facets of the organisation. Most recent accolades include:

Vendor awards

Broadcom Software – Technical Enablement – Partner of the Year 2022, APAC

Broadcom Software – Symantec Knight – Cybersecurity Partner of the Year 2022, Asia

Broadcom Software – Education & Training Services – Partner of the Year 2022, Asia

Cisco – APJC Distributor of the Year, Australia

Cisco – Distributor of the Year, MEA

Cisco – Distributor of the Year, Middle East

Cisco – Distributor of the Year North Europe, Sweden

Cisco – Distributor of the Year, Netherlands

Cisco – Distributor of the Year, Germany

Cisco – Distributor of the Year, Belgium

Cisco – Distributor of the Year, Philippines

Extreme Networks – International Distributor of the Year

Extreme Networks – Distribution Campaign Contribution of the year 2022, UKI

F5 – Distributor of the Year, Austria

F5 – Distributor of the Year, Germany

IBM – Partner of the Year FY22, Europe

Juniper Networks – Worldwide Distributor Partner of the Year 2022

Juniper Networks – Worldwide Distributor Partner of the Year 2023

Juniper Networks – Renewals Distributor of the Year DACH, Germany

NetApp – Cloud Partner 2022, META

Palo Alto Networks – ANZ Distribution Partner of the Year, New Zealand

Palo Alto Networks – EMEA Authorised Training Partner of the Year 2022

Poly – MENA Distributor of the Year 2021, MEA

Ribbon – Cloud Partner of the Year 2022, EMEA

Trend Micro – Distributor of the Year 2021, Austria

Vectra AI – Distribution Partner of the Year 2021, Germany

Zscaler – Enablement innovation award, EMEA

Industry awards

Comms Dealer – Best ICT Distributor, UK

CRN – Networking/Comms Distributor of the Year 2022, UK

CRN – Security Distributor of the Year 2022, UK

e-Learning Journal – e-Learning award 2022, Germany

IT-Business Distri Awards – Gold award in the category IT Security and Networking

Reseller News Awards – Distribution Innovation Award – Creativity, New Zealand

UC Today – Best UC Distributor 2022, UK/Europe

Logicalis International divisional review



Bob Bailkoski
CEO

Craig Baxter
Finance Director

Logicalis International harnesses its collective technology expertise to help its clients build a blueprint for success, so they can deliver sustainable outcomes that matter. Its lifecycle services across cloud, connectivity, collaboration and security are designed to help optimise operations, reduce risk and empower employees.

Highlights

Steady growth in order intake

Maintained a **consistently high net promoter score**

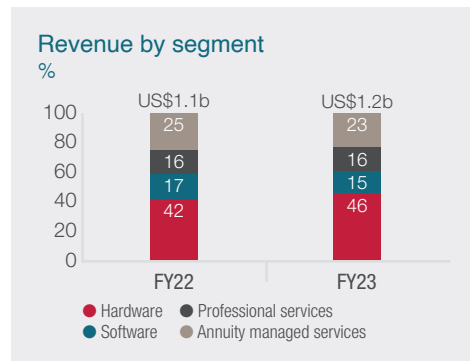
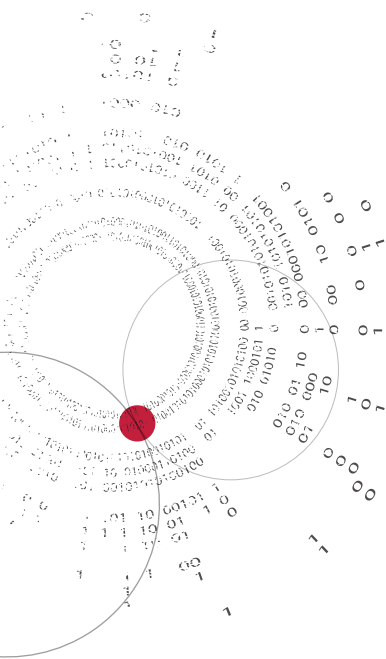
Demand for networking, cyber security, and cloud infrastructure

Committed to **target of carbon neutral scope 1 and 2 by 2025**

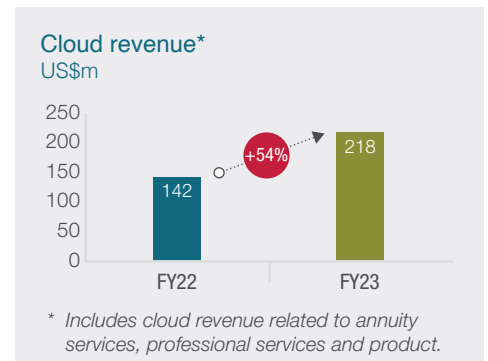
Robust operating cash conversion

Strong growth in cloud-based revenues

Working with EcoVadis to provide a holistic understanding of **ESG performance and improvement areas**



Over **4 000** employees
25% female



Over **15** countries worldwide

Corporate overview

Purpose

Global technology services provider
and solutions partner



Customers span multiple industries
and geographical regions



Operates in vertical markets including financial services, telecommunications, education, healthcare, retail, government, manufacturing, and professional services



Customer advocate with some of the world's leading technology companies including Cisco, HPE, Microsoft, NetApp, Oracle, Palo Alto, and VMware



Logicalis International harnesses its collective technology expertise to help its clients build a blueprint for success, so they can deliver sustainable outcomes that matter. Logicalis International believes that true responsible business is an opportunity to create truly meaningful sustainable impact, which is at the heart of Logicalis International's agenda.

Logicalis International divisional review continued

How Logicalis International creates value

Logicalis International's go-to-market strategy is based on delivering the desired business outcomes of its customers. This is achieved through the implementation and delivery of a variety of technology solutions and services. Logicalis International works with stakeholders to align technology investments with business strategy, driving critical business objectives through the adoption and application of technology for competitive advantage.

Customers' business outcomes often revolve around the following areas:

- Empowering employees
- Optimising operations
- Transforming business and operating models

Logicalis International's solutions have been specifically designed to achieve these outcomes. These include technologies such as cloud, security, digital workspace, and connectivity.

A key element of Logicalis International's value proposition is its extensive service portfolio. Services include product integration and associated professional services, lifecycle and managed services and cloud solutions, with a focus on embedding security across all technology offerings. Logicalis International delivers consistent, digital global services using shared, best practice platforms.

Logicalis International maintains an environment of honesty, transparency, fairness and high-moral standards which encourages initiative and provides opportunities for its people. Change and creativity are embraced to deliver the best practical outcomes. It strives to exceed expectations and be the best while maintaining the highest level of quality. It relies on the strong relationships and alliances that it has built to achieve success in the long term.

Logicalis International's goal is to be a strategic partner to businesses, enabling them to operate more effectively, and supporting them as they contribute to the strategic development of their organisation.

Impacts of Logicalis International's external environment on its ability to create value

Numerous factors, such as global economic and political conditions, lower growth in the markets served, increased competition, risks related to new technologies, reliance on a limited number of strategic vendors and the scarcity of available suitably qualified technical and leadership talent could all impact Logicalis International's ability to create value.

Opportunities

Clients are looking to take advantage of technology to build a more engaged workforce with better balance, leverage cloud for operational efficiencies and innovate to provide a strong foundation to build a flexible infrastructure which can outpace competitors.

Wider adoption of technology brings with it a cyber threat landscape that continues to expand and evolve, becoming increasingly sophisticated. Clients are struggling to manage with the requirements to detect new threats, and to understand exactly what they need to protect their business.

Logicalis International is ideally suited to supporting these challenges, especially because of the scarcity of qualified talent.

We continue to be in a period of digital transformation with exponential ongoing technology change. To leverage this, Logicalis International is investing in assets, platforms, and solutions, building on current capabilities by providing managed lifecycle services across cloud, connectivity, collaboration and security that are designed to optimise operations, reduce risk and empower employees.

Another area growing in importance, is sustainability. While all businesses will need to become sustainable over time, most are still unsure of how to achieve that goal. To help its clients, Logicalis International has developed a managed digital fabric platform and scoring which provides customers with insight into their digital footprint and the carbon emissions associated with the services Logicalis International provides to them.

Markets

Even though global trading uncertainties are expected to persist for the short to medium term, Logicalis International is confident in its ability to continue to respond to market needs caused by post Covid-19 changes to working practices, current economic and conflict disruptions. The technology segments that Logicalis International specialises in are key parts of cloud infrastructure and the remote access computing and collaboration solutions necessary for enterprises to adjust.

While Logicalis International is ideally positioned to continue to respond to changing market needs as technology plays an even more integral role in the global economy, the supply chain shortages experienced as the world emerged from the Covid-19 pandemic remain mostly unresolved. This, coupled with recent geopolitical issues, have created a lot of uncertainty, both in the short and medium term, which will impact the division's performance.

Outlook

Logicalis International continues to develop its capabilities within cloud, IoT, software, security, data management and intelligent networks in support of its strategy to provide full lifecycle solutions around IT infrastructure to its customers.

The future will likely involve hybrid workplaces for part-time office and remote workers. Preparing and planning for this environment will be essential in providing a better digital experience for customers, partners and employees.

Logicalis International remains confident about the long-term prospects for the industry and its positioning within it. Over the short term, macroeconomic conditions are expected to remain uncertain.

Awards and recognition

Logicalis International has a long-standing relationship with Cisco and has maintained Global Gold status for the past six years, Cisco's highest partner category badge. Logicalis International also obtained Cisco Powered validation for:

- Cisco SD-WAN
- Meraki SD-WAN
- SASE
- Secure Access
- Meraki Security
- Cloud Managed Security
- Infrastructure as a Service
- Managed Business Communications
- Managed Security
- Managed Unified Contact Center
- Multiprotocol Label Switching ("MPLS")
- Virtual Private Network ("VPN")

Beyond its core Cisco capabilities, Logicalis International has built a reputation within Cisco for its innovation, focusing on emerging technologies such as private 5G networks, where it is one of only two global launch partners, Secure Access Service Edge ("SASE") and hybrid work. It is currently the Cisco global enterprise network partner of the year, recognising its continued growth with Cisco and its investment in managed services, "aaS" solutions and buying models for customers.

Logicalis International is also proud to be part of Cisco's global initiative to responsibly repurpose and recycle end-of-use products. It currently holds the Cisco environmental sustainability specialisation in eight countries and will continue to build on this.

Logicalis International has a fast-growing relationship with Microsoft and has established global capabilities and expertise in Microsoft's cloud infrastructure (Azure), and Microsoft's modern workplace (Office 365).

Logicalis International has five out of the six Microsoft Solution Partner badges, namely:

- Infrastructure (Azure)
- Data and AI (Azure)
- Digital and App Innovation (Azure)
- Modern Work
- Skilling

Logicalis International also holds 11 advanced Microsoft specialisations and has the elite specialist status in security. It is a member of the Microsoft Intelligent Security Association ("MISA"). MISA is an ecosystem of independent software vendors and managed security service providers that have integrated their security solutions to better defend themselves in a world of growing threats. MISA members are experts from across the cyber security industry with the common goal of improving customer security. Each new member brings valuable experience, which makes the partnership more effective as it expands.

In addition, Logicalis International was recognised with a number of partner awards. Those highlighting its strategic focus include the following awards:

Global

- Cisco 2022 Global Enterprise Networking & Meraki Partner of the Year
- TSIA 2022 Star Awards: Finalist in the Innovation in Managed Services Strategic Adaptation

North America

- CRN MSP 500
- CRN Solution Provider 500
- CRN Tech Elite 250

Asia-Pacific

- Channel Asia Innovation Awards 2022: Tech Innovation – Singapore
- Cisco FY22 Performance Excellence Award: Hong Kong
- Cisco APJC Geographic Awards: Social Impact Partner of the Year
- Cisco PS22: Marketing Partner of the Year Award Winner – Logicalis Asia
- Microsoft Partner of the Year 2021: Rising Star Award – Singapore

EMEA

- Cisco PS22: IoT/Industry Partner of the Year – Germany
- Tech Excellence Awards: Managed Security Service Provider of the Year – Logicalis UK&I
- Microsoft Partner of the Year 2022: Best Joint Sales Partner – Spain
- Microsoft Partner of the Year Finalist 2022: Azure Migration – Spain

Logicalis Latin America divisional review



Rodrigo Parreira
CEO



Rodrigo Romero
CFO

Logicalis Latin America creates and maintains relevance for both customers and stakeholders by leveraging its collaborative culture and skills/knowledge exchange to globally develop modern managed services, combined with local business innovation, agility and management to execute upon its strategy.

Highlights

Increasing revenue services

in line with the strategy

Improving **business mix**
and **gross margins**

External net interest costs reduction by close to 20%

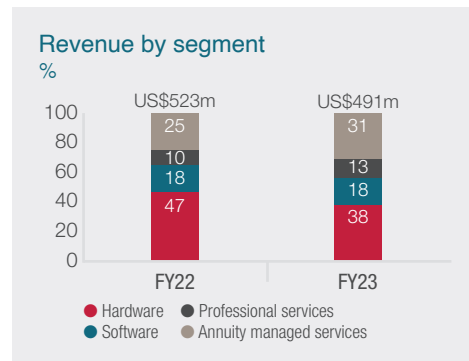
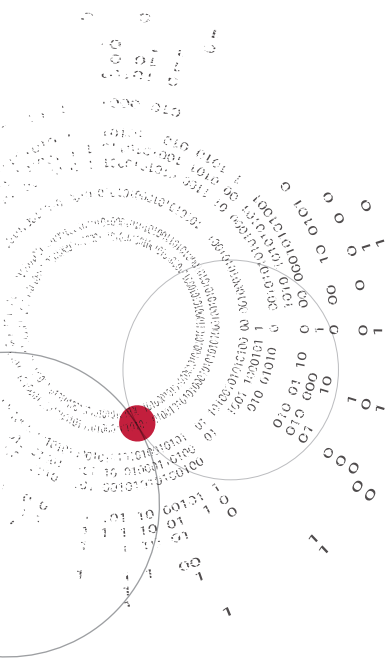
year-on-year

Demand for networking, cyber security,
and cloud infrastructure

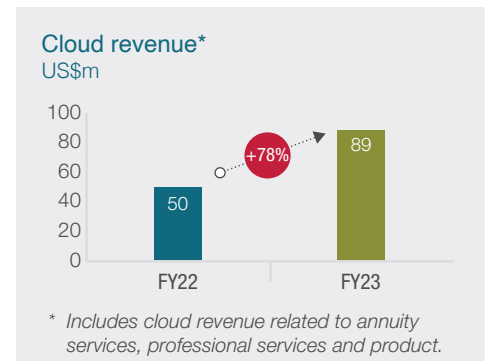
Net debt and interest costs reduction of a fifth

Accelerated growth in recurring
service businesses

Strong growth in professional
services related to cloud migration and
application modernisation



Over **3 000** employees
25% female



Over **10** countries
in Latin America

Corporate overview

Purpose

Global technology services provider
and solutions partner



Customers span multiple industries
across Latin America



Operates in vertical markets including financial services, telecommunications, education, healthcare, retail, government, manufacturing, and professional services



Customer advocate with some of the world's leading technology companies including Akamai, AWS, Cisco, Fortinet, Microsoft, Netscout, PureStorage and Red Hat



Logicalis Latin America harnesses its collective technology expertise to help its clients build a blueprint for success, so they can deliver sustainable outcomes that matter. Logicalis Latin America believes that true responsible business is an opportunity to create truly meaningful sustainable impact, which is at the heart of Latin America's agenda.

Logicalis Latin America divisional review continued

How Logicalis Latin America creates value

Logicalis Latin America's go-to-market strategy is based on delivering the desired business outcomes of its customers. This is achieved through the implementation and delivery of a variety of technology solutions and services. Logicalis Latin America works with stakeholders to align technology investments with business strategy, driving critical business objectives through the adoption and application of technology for competitive advantage.

Customers' business outcomes often revolve around the following areas:

- Empowering employees
- Optimising operations
- Transforming business and operating models

Logicalis Latin America's solutions have been specifically designed to achieve these outcomes. These include technologies such as cloud, security, digital workspace, and connectivity.

A key element of Logicalis Latin America's value proposition is its extensive service portfolio; which includes product integration and associated professional services, lifecycle and managed services and cloud solutions, with a focus on embedding security across all technology offerings.

Logicalis Latin America maintains an environment of honesty, transparency, fairness and high-moral standards and change and creativity are embraced to deliver the best practical outcomes. It strives to exceed expectations and be the best while maintaining the highest level of quality. It relies on the strong relationships and alliances that it has built to achieve success in the long term.

Logicalis Latin America's goal is to be a strategic partner to businesses, enabling them to operate more effectively, and supporting them as they contribute to the strategic development of their organisation.

Impacts of Logicalis Latin America's external environment on its ability to create value

Numerous factors could have an impact, such as global economic and political conditions, lower growth in the markets served, increased competition, risks related to new technologies, reliance on a limited number of strategic vendors and the scarcity of available suitably qualified technical and leadership talent.

Opportunities

While companies work to overcome cost reduction challenges and achieve efficiency gains, they have been increasingly investing in innovations in search of a competitive edge. Technology is an essential element in this innovation process and thus plays a more strategic role in the corporate context.

In order to dedicate more energy to the innovation process, many organisations rely on highly specialised partners who can support them on this transformation journey, providing high-level services aligned with market trends.

Meeting customers' demands and delivering the innovation that the market needs are Logicalis Latin America's objectives, as it increasingly dedicates itself to providing ongoing services to clients, assuming technology management so that customers can concentrate their energies on the core of their business.

Sustainability is an area growing in importance. To help its clients, Logicalis Latin America is working towards launching sustainability measures for all its global solutions.

Markets

While Logicalis Latin America is ideally positioned to continue responding to changing market needs as technology plays an even more integral role in the global economy, supply chain shortages remain challenging. Coupled with recent political and economic turmoil in some countries in Latin America, this has created a lot of uncertainty, both in the short and medium term, which will impact the division's performance.

Outlook

Logicalis Latin America continues to develop its capabilities within cloud, IoT, software, security, data management and intelligent networks in support of its strategy to provide full lifecycle solutions around IT infrastructure to its customers. Logicalis Latin America is continuing to improve its customer diversification.

Logicalis Latin America remains confident about the long-term prospects for the industry and its positioning within it. Over the short term, macroeconomic conditions are expected to remain uncertain.

Awards and recognition

Logicalis Latin America has a long-standing relationship with Cisco and has maintained Global Gold status, Cisco's highest partner category badge. Logicalis Latin America also obtained:

- Cisco IoT Advantage Specialisation certification for its operations in Argentina, Bolivia, Brazil, Chile, Peru, Paraguay, and Uruguay
- Advanced Customer Experience (CX) specialisation

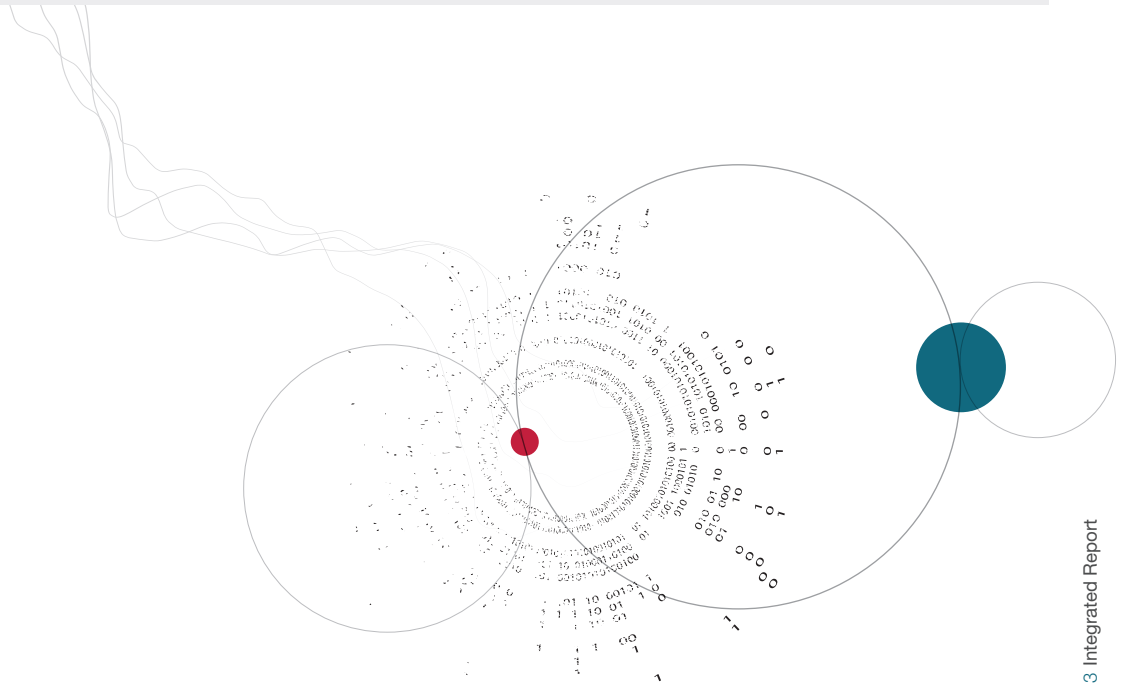
Beyond its core Cisco capabilities, Logicalis Latin America has built a reputation within Cisco for its innovation, focusing on emerging technologies such as private 5G networks, SASE, "aaS" solutions and buying models. Logicalis Latin America was the first Cisco Premium services partner in Latin America.

Logicalis Latin America has a fast-growing relationship with Microsoft and has established global capabilities and expertise in Microsoft's cloud infrastructure (Azure), and Microsoft's modern workplace (Office 365). Logicalis Latin America is a member of MISA.

Logicalis Latin America has a strong relationship with AWS and obtained Managed Provider Status in 2022, strengthening its capacity to deliver the best cloud managed services. Logicalis Latin America was also recognised as a leader in four quadrants of the ISG Provider Lens™ AWS Ecosystem Partners 2022.

In addition, Logicalis Latin America was recognised with a number of partner awards. Those highlighting its strategic focus include the following awards:

- Cisco Cloud Infrastructure and Software Partner of the Year – LATAM
- Cisco IoT/Industry Partner of the Year – LATAM
- Cisco Cloud Infrastructure and Software Partner of the Year – Brazil
- Cisco Customer Experience Partner of the Year – Brazil
- Cisco Commercial Partner of the Year – Brazil
- Cisco Marketing Partner of the Year – Brazil
- Cisco Enterprise Networking Partner of the Year – MCR (Multi Country Region)



Value creation at a glance

Significant progress made towards **responsible business** agenda

13 “Great Place to Work” accreditations

Baseline of **carbon emissions** established

Completion of **Group-wide scope 3** assessment to understand broader value chain impacts

WestconGroup SA maintained **Level 1** BBBEE status

Logicalis SA achieved **Level 1** BBBEE status

Datatec’s consolidated BBBEE status maintained at **Level 3**

Supply chain issues and backlog **improving**

Growth in software mix and managed services

Strong demand for cyber security, networking, cloud infrastructure

Final dividend of **ZAR439 million**, based on uEPS (adjusted for IFRS 2 charges) of 29.5 US cents

Adjusted EBITDA increased to **US\$180.2 million** from US\$158.9 million

Underlying earnings per share down to 7.9 US cents from 18.7 US cents

- adjusted for IFRS 2 charge (used for dividend) underlying earnings per share up to 29.5 US cents from 27.4 US cents
- materially impacted by exceptionally high IFRS 2 charge of US\$53 million (FY22: US\$15 million from continuing operations)

Revenue increased to **US\$5.1 billion** from US\$4.5 billion

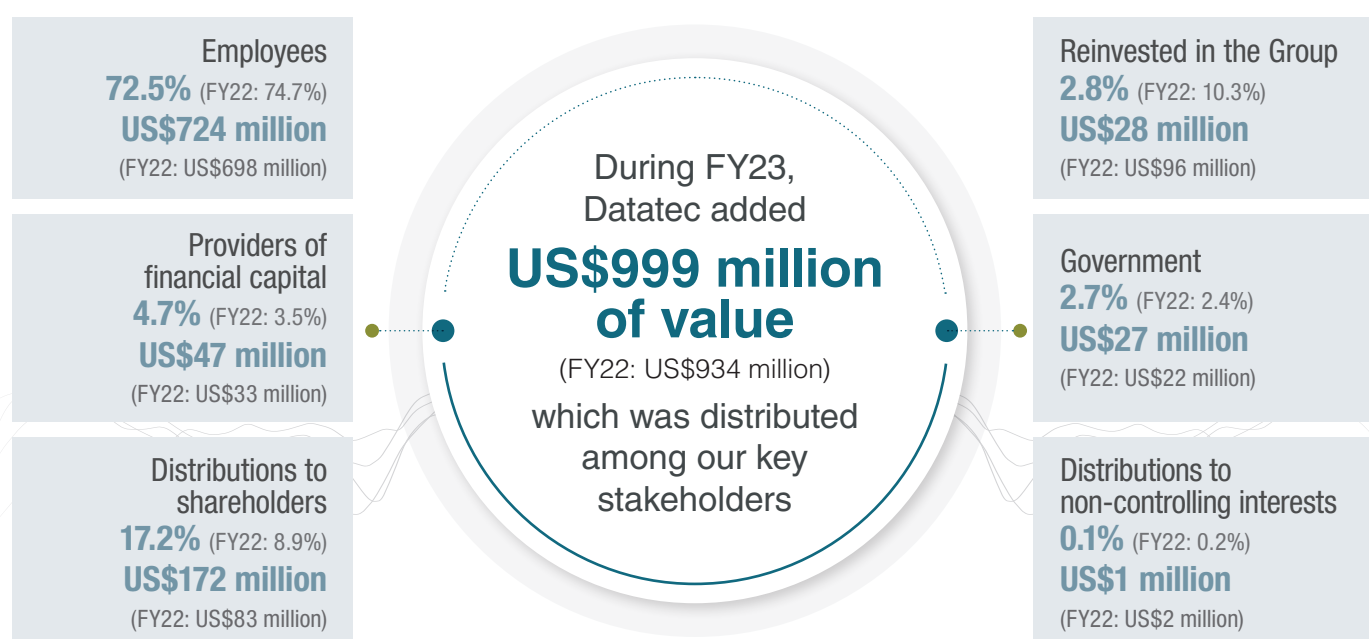
Decreased net debt, from US\$130.1 million to **US\$106.6 million**

All divisions expecting to deliver **improved performance in FY24**

Value added statement

	FY23 US\$'000	FY22 Re-presented [^] US\$'000
Revenue from continuing operations	5 143 125	4 546 398
Interest received from continuing operations	8 484	2 264
Gain on disposal of subsidiaries	109 915	–
Less: Paid to suppliers for materials and services from continuing operations	(4 262 466)	(3 614 512)
Total value added	999 058	934 150
Distributed as follows:		
Employees		
Salaries, wages and benefits from continuing operations	723 638	697 846
Providers of financial capital		
Financing from continuing operations	46 574	33 315
Distributions to shareholders	172 478	82 996
Distributions to non-controlling interests	1 231	1 708
Government		
Taxation – current from continuing operations	26 925	21 701
Total value distributed	970 846	837 566
Portion of value reinvested to sustain and expand the business		
Depreciation and amortisation from continuing operations	68 134	68 482
Deferred taxation from continuing operations	(13 550)	(12 231)
Non-controlling interests	3 209	6 431
Equity holders of the parent ⁺	(29 581)	33 902
Total value distributed and reinvested	999 058	934 150
⁺ Equity attributable to holders of the parent	80 334	
Less: Gain on disposal of subsidiaries	(109 915)	
	(29 581)	

[^] The prior year has been re-presented to show comparative results from discontinued operations in accordance with IFRS 5.



Executive directors' commentary on Group results

US\$ million	FY23 reported	Analysys Mason	FY23 combined [^]	FY22 reported	FY22 combined [^]	% movement reported	% movement combined [^]
Revenue	5 143.1	51.8	5 194.9	4 546.4	4 636.8	13	12
Gross profit	744.5	21.7	766.2	729.8	770.4	2	(1)
Gross margin (%)	14.5	41.9	14.7	16.1	16.6		
Operating costs	(646.2)	(15.0)	(661.2)	(586.4)	(615.9)	10	7
EBITDA	98.3	6.7	105.0	143.4	154.5	(31)	(32)
EBITDA margin (%)	1.9	12.9	2.0	3.2	3.3		
Adjusted EBITDA	180.2	9.5	189.7	158.9	177.0	13	7
Adjusted EBITDA margin (%)	3.5	18.3	3.7	3.5	3.8		
Depreciation and amortisation	(68.2)	(0.9)	(69.1)	(68.4)	(72.4)	–	(5)
PPE, right-of-use assets and intangible assets impairment	(11.6)	–	(11.6)	–	–		
Operating profit	18.5	5.8	24.3	75.0	82.1	(75)	(70)
Operating profit margin (%)	0.4	11.2	0.5	1.6	1.8		
Net finance costs	(38.1)	(0.2)	(38.3)	(31.0)	(31.3)	23	22
(Loss)/profit before taxation	(20.0)	8.5	(11.5)	44.0	50.9	(145)	(123)
Taxation	(13.4)	(1.4)	(14.8)	(9.5)	(10.6)	41	40
Underlying earnings per share	6.1	1.8	7.9	16.0	18.7		
Headline (loss)/earnings per share	(10.8)	1.5	(9.3)	13.9	16.2		
Earnings per share	(16.1)	53.0	36.9	14.3	16.7		

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.

Product backlog

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

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

Cash and net debt

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

US\$ million	FY23	FY22
Cash resources	584.7	453.9
Bank overdrafts	(196.4)	(166.6)
Short-term interest-bearing liabilities and short-term leases	(407.9)	(299.5)
Long-term interest-bearing liabilities and long-term leases	(87.0)	(117.9)
Combined [^] net debt	(106.6)	(130.1)
Continuing net debt	(106.6)	(133.7)

[^] Including Analysys Mason discontinued operations

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

Group combined[^] revenue was up by **12.0%**. **Group continuing revenue** was up by **13.1%**. In constant currency, Group continuing revenue increased by 20.3%.

The Group's continuing **gross margin** in FY23 was **14.5%** (FY22: 16.1%). The significant strengthening of the US Dollar compared to the Pound Sterling and Euro during much of FY23 had a significant negative impact on gross margins in Westcon Europe, largely offset by realised and unrealised foreign exchange gains on hedging contracts. This was less pronounced in the second half.

Restructuring costs of **US\$15.2 million** were included in FY23 relating to **fundamental reorganisations** in Logicalis International and Logicalis Latin America. There were no restructuring costs in FY22. **Continuing operating costs** included **US\$15.3 million** of foreign exchange gains (FY22: gains of US\$2.1 million). **Foreign exchange gains** consisted of unrealised foreign exchange losses of **US\$8.8 million** (FY22: gains of US\$0.6 million) and **realised foreign exchange gains** of **US\$24.1 million** (FY22: gains of US\$1.5 million). Unrealised foreign exchange differences are excluded from underlying earnings per share. The unrealised foreign exchange losses arose mainly in Westcon Europe on open positions of forward exchange contracts ("FECs"). The FECs hedge the net open working capital position of the business, as well as the open order backlog, which constituted the majority of the unrealised variances.

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

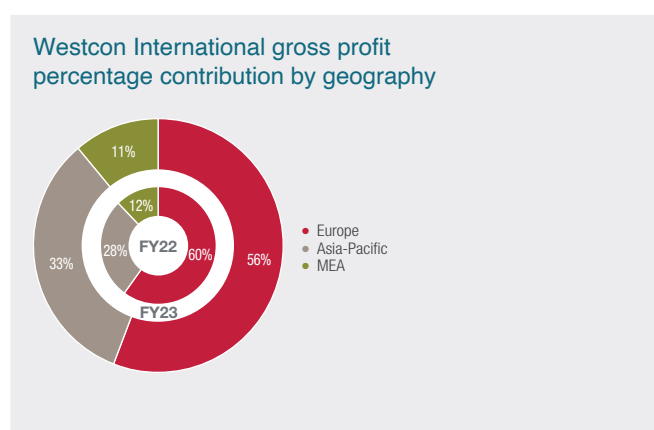
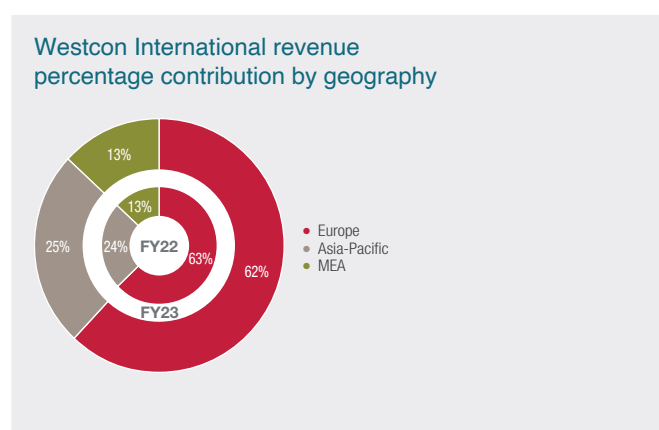
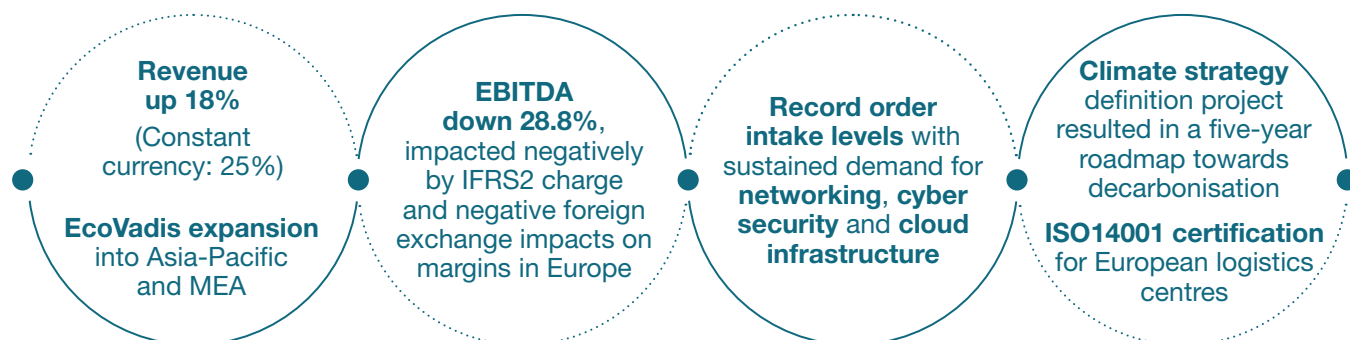
Operating profit includes **US\$8.0 million** of impairment of right-of-use assets, **US\$2.9 million** from Logicalis International and US\$3.4 million from Westcon International related to property restructuring initiatives.

The **continuing net interest charge increased** mainly due to increased interest rates.

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

[^] Including Analysys Mason discontinued operations.

Westcon International performance



US\$ million	FY23	FY22	% movement
Revenue	3 420.6	2 890.4	18
Gross profit	328.7	319.0	3
Gross margin (%)	9.6	11.0	
Operating costs	(280.3)	(250.9)	12
EBITDA	48.4	68.1	(29)
EBITDA margin (%)	1.4	2.4	
Adjusted EBITDA	95.1	78.6	21
Adjusted EBITDA margin (%)	2.8	2.7	
Operating profit	21.7	43.6	(50)
Operating profit margin (%)	0.6	1.5	

Net working capital

Net working capital days increased to 23 days (FY22: 15 days) due to a combination of higher days sales outstanding and a reduction in inventory turns partially offset by an improvement in days payable outstanding, mainly as a result of extra payment days received from Cisco. Net debt decreased US\$16.6 million to US\$68.4 million (FY22: US\$85.0 million).

Cash and net debt

US\$ million	FY23	FY22
Cash resources	332.3	204.5
Bank overdrafts	(7.1)	(7.5)
Short-term interest-bearing liabilities and short-term leases	(361.9)	(243.5)
Long-term interest-bearing liabilities and long-term leases	(31.7)	(38.5)
Net debt	(68.4)	(85.0)

Despite significant supply chain disruptions, **Westcon International's revenue increased due to strong demand** for network infrastructure, remote access solutions, enhanced cyber security and unified collaboration for flexible working and virtual office environments. In constant currency, **revenue improved by 25.4%**.

The **decrease in gross margin** is largely **due to the rapid strengthening of the US Dollar** against the Euro and Pound Sterling in the first half of FY23 which had a significant **negative impact on gross margins in Europe** throughout FY23. These negative impacts were partially offset by benefits of foreign exchange hedging gains reported in operating expenses. **Realised foreign exchange gains of US\$17.5 million** (foreign exchange gains FY22: US\$2.2 million) were generated and unrealised foreign exchange losses were US\$7.0 million (foreign exchange gains FY22: US\$2.6 million).

The **unrealised foreign exchange variances** arose **mainly in Westcon Europe** on open positions of FECs. The FECs hedge the net open working capital position of the business, as well as the open order backlog, which constituted the majority of the unrealised variances.

Operating costs increased due to the impact of the net foreign exchange gains of US\$10.5 million (FY22: US\$4.8 million gain) discussed above which were offset by share-based payment charges of US\$36.3 million (FY22: US\$10.5 million). Excluding both foreign exchange gains and share-based payment charges, **operating costs increased 3.8% or US\$9.3 million**.

EBITDA decreased primarily due to a **US\$25.8 million increase** in share-based compensation expense.

Adjusted EBITDA increased with **higher results** in Europe, MEA and Asia-Pacific.

Non-financial performance

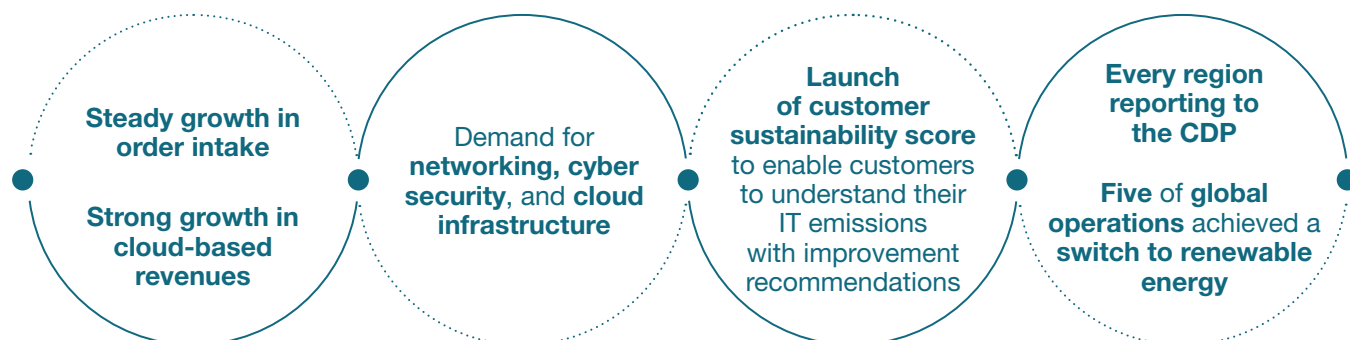
Westcon International has successfully continued to roll-out and increase adoption of internal tools, new applications, and extended partner and vendor integrations that have all contributed to improved internal and external stakeholder experiences.

The business has, once again, been awarded numerous vendor awards and accolades in recognition of the outstanding execution in all markets in which the business operates (refer to the Westcon International divisional report).

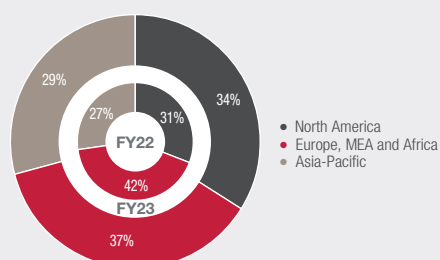
Westcon International's ONE Westcon, related employee wellness initiatives and training programmes all continue to enrich the lives of every Westcon International member motivating them to make outstanding contributions.

Westcon International is committed to ambitious corporate climate action and has signed up to the SBTi initiative and formally committed to set net zero targets for validation by the SBTi.

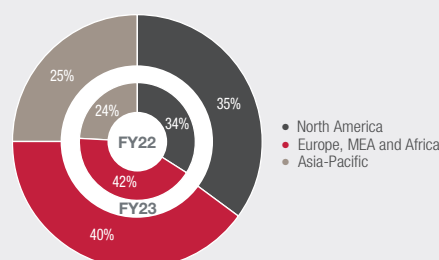
Logicalis International performance



Logicalis International revenue percentage contribution by geography



Logicalis International gross profit percentage contribution by geography



US\$ million	FY23	FY22	% movement
Revenue	1 231.5	1 133.3	9
Gross profit	306.3	304.3	1
Gross margin (%)	24.9	26.9	
Operating costs	(255.8)	(240.3)	6
EBITDA	50.5	64.0	(21)
EBITDA margin (%)	4.1	5.6	
Adjusted EBITDA	66.2	64.9	2
Adjusted EBITDA margin (%)	5.4	5.7	
Operating profit	6.6	27.9	(76)
Operating profit margin (%)	0.5	2.5	

Cash and net debt

US\$ million	FY23	FY22
Cash resources	117.6	95.2
Bank overdrafts	(142.1)	(127.1)
Short-term interest-bearing liabilities and short-term leases	(31.8)	(37.7)
Long-term interest-bearing liabilities and long-term leases	(31.7)	(41.3)
Net debt	(88.0)	(110.9)

- In constant currency, **revenue improved by 16.0%**.

- **Underlying gross margin** percentage was **impacted by product and services mix**.

- **FY23 increase in operating costs** principally reflects the **costs incurred for restructuring initiatives** as a result of the separation of Logicalis into Logicalis International and Logicalis Latin America in addition to other rationalisation decisions across local regional operations.

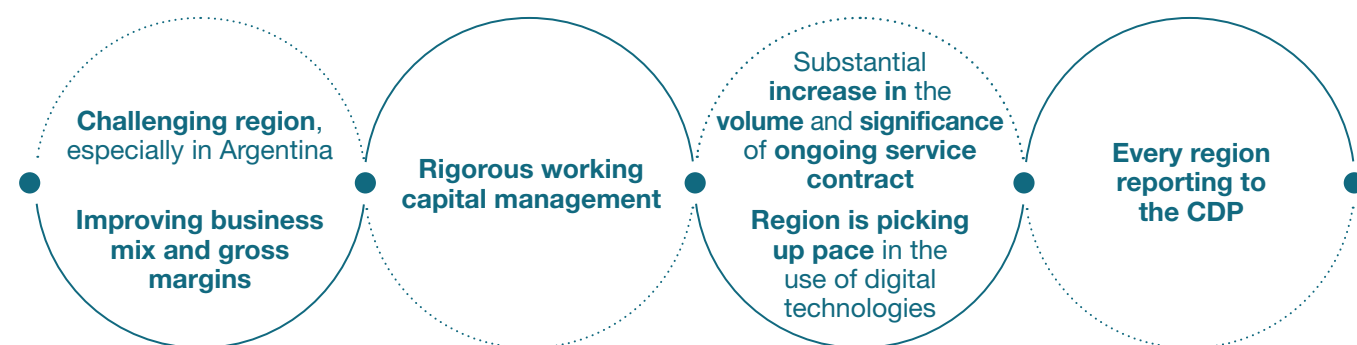
- **Adjusted EBITDA** excluded restructuring costs of **US\$12.5 million** and one-off tax items impacting EBITDA of **US\$2.6 million**.

- **Operating profit was impacted by restructuring costs of US\$12.5 million** and impairments relating to right-of-use assets and capitalised development costs totalling **US\$6.5 million** as a result of the restructuring actions taken during the year.
The **net interest charge increased by US\$4.4 million to US\$11.9 million**, reflecting the impact of a higher interest base rate environment on borrowings.

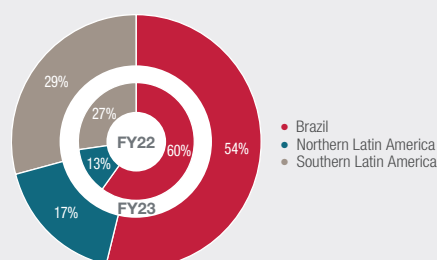
Non-financial performance

Logicalis International has made excellent progress with all its FY23 strategic objectives. Cloud professional and managed services revenues increased with the introduction of new lifecycle solutions built around the hardware and software of Logicalis International's most strategic vendors. The establishment of its southern and northern hubs ensured that Logicalis International was able to scale solutions globally to deliver tangible business outcomes for clients.

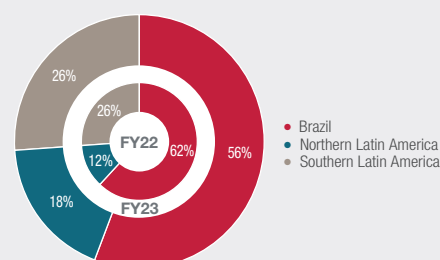
Logicalis Latin America performance



Logicalis Latin America revenue percentage contribution by geography



Logicalis Latin America gross profit percentage contribution by geography



US\$ million	FY23	FY22	% movement
Revenue	491.0	522.7	(6)
Gross profit	109.5	106.5	3
Gross margin (%)	22.3	20.4	
Operating costs	(88.3)	(78.0)	13
EBITDA	21.2	28.5	(26)
EBITDA margin (%)	4.3	5.5	
Adjusted EBITDA	24.9	27.9	(11)
Adjusted EBITDA margin (%)	5.1	5.3	
Operating profit	13.8	21.0	(34)
Operating profit margin (%)	2.8	4.0	

Cash and net debt

The decrease in net debt compared to FY22 was driven primarily by decreased volume of business, reducing working capital requirements.

US\$ million	FY23	FY22
Cash resources	56.8	32.0
Bank overdrafts	(47.2)	(31.9)
Short-term interest-bearing liabilities and short-term leases	(13.8)	(14.4)
Long-term interest-bearing liabilities and long-term leases	(21.0)	(26.1)
Net debt	(25.2)	(40.4)

In constant currency, **revenue improved by 1.2%**.

Underlying gross margin percentage remained solid with the headline increase caused by the **better mix of services** delivered in FY23.

The **FY23 increase in operating costs** reflects restructuring costs of **US\$2.2 million** and **US\$2.1 million** of Brazil IPO cost write-offs.

Adjusted EBITDA excluded restructuring costs of **US\$2.2 million**, Brazil IPO cost write-offs of **US\$2.1 million**, share-based payments costs of **US\$0.5 million** and one-off tax items credits of **US\$1.1 million**.

Operating profit was **US\$13.8 million** (FY22 profit: US\$21.0 million). The net interest charge decreased by **US\$2.4 million**, reflecting the lower volume of borrowing and factoring required for working capital in Brazil as a result of reduced volumes.

Non-financial performance

Logicalis Latin America achieved its FY23 strategic objectives. Cloud professional and managed services revenues increased with the introduction of new lifecycle solutions. It also expanded its continuous delivery services throughout Latin America. Notable improvements were made towards its responsible business agenda and Logicalis Brazil issued a Sustainability Report in 2022.

Five-year review

	FY23	FY22	FY21	FY20	FY19
In US Dollar (US\$'000)					
Revenue [‡]	5 143 125	4 546 398	4 036 269	4 246 109	4 286 698
Continuing operations [‡]	5 130 500	4 521 033	4 031 977	4 225 692	4 232 459
Revenue from acquisitions [‡]	12 625	25 365	4 292	20 417	54 239
EBITDA [‡]	98 246	143 457	108 409	149 730	84 418
Operating profit/(loss) before goodwill, investment, property, plant and equipment, right-of-use assets and intangible asset adjustments/impairments [‡]	30 112	74 975	44 048	76 934	47 144
Westcon International ^Δ	25 092	43 562	22 215	18 972	(4 226)
Logicalis International [#]	13 173	27 862	13 357	18 303	15 269
Logicalis Latin America [#]	13 802	21 016	26 908	53 984	50 680
Corporate ^{Δ‡}	(21 955)	(17 465)	(18 432)	(14 325)	(14 579)
(Loss)/profit before taxation [‡]	(20 049)	44 037	19 524	53 152	22 707
(Loss)/profit for the year from continuing operations [‡]	(33 424)	34 567	1 658	22 929	2 520
Profit for the year from discontinued operations [‡]	116 967	5 766	4 046	5 082	12 430
Profit after taxation	83 543	40 333	5 704	28 011	14 950
Attributable profit	80 334	33 902	2 601	14 237	13 134
Headline (loss)/profit	(20 335)	33 008	3 556	12 491	1 658
Capital distribution and dividends to shareholders	(154 399)	(43 136)	–	(12 167)	–
Non-current assets	610 565	613 155	554 690	512 598	437 786
Current assets	3 015 700	2 399 078	2 242 568	2 083 928	2 284 521
Equity attributable to equity holders of the parent	472 009	563 430	583 156	572 315	648 927
Non-controlling interests	60 331	67 516	57 465	70 778	63 303
Non-current liabilities	224 284	229 112	176 624	187 610	100 805
Current liabilities	2 869 641	2 152 175	1 980 013	1 765 823	1 909 272
Net cash inflow from operating activities	110 628	39 165	172 009	147 656	8 025
Net cash inflow/(outflow) from investing activities	76 469	(41 591)	(34 199)	(30 966)	(59 286)
Net cash (outflow)/inflow from financing activities ^Δ	(91 316)	(63 677)	14 945	108 854	(54 584)
Cash and cash equivalents ^Δ	512 786	415 973	478 772	332 304	40 381
Net debt	(106 582)	(130 083)	(60 861)	(139 867)	(100 753)
In US cents					
Headline (losses)/earnings per share	(9)	16	2	6	1
Underlying* earnings per share	8	19	14	10	7
Basic earnings per share	37	17	1	7	6
Net asset value per share	215	264	293	288	298
Tangible net asset value per share	81	114	135	142	167
Distribution per share	79	41	–	7	–
In SA cents					
Distribution per share	1 361	612	–	100	–
Ratios					
Return on capital employed	4.0%	10.3%	6.4%	10.6%	5.9%
Return on invested capital	1.7%	10.0%	1.8%	5.2%	1.1%
Return on average shareholders' equity	3.3%	6.6%	4.7%	3.4%	2.3%
Net debt-to-equity ratio	0.23:1	0.23:1	0.10:1	0.24:1	0.16:1
Current ratio	1.1:1	1.1:1	1.1:1	1.2:1	1.2:1
EBITDA margin [‡]	1.9%	3.2%	2.7%	3.5%	2.0%
Operating profit/(loss) margin [‡]	0.6%	1.6%	1.1%	1.8%	1.1%
Interest cover [‡]	2.1	4.3	4.0	3.7	2.6
Percentage change in SA Consumer Price Index	7.0	5.7	2.9	4.6	4.1

	FY23	FY22	FY21	FY20	FY19
Stock exchange performance					
Total number of shares traded ('000)	60 811	51 590	71 719	128 887	174 397
Total number of shares traded on the JSE as a percentage of total shares traded	27.8%	25.2%	35.6%	60.4%	72.7%
Total value of shares traded (ZAR million)	2 373	1 685	1 810	4 405	4 132
Prices (SA cents)					
Closing	3 403	3 660	2 577	3 060	3 150
High	4 876	4 365	3 615	3 797	3 300
Low	2 800	2 355	1 755	2 800	1 715
Market capitalisation (ZAR million)	7 654	7 941	5 191	6 164	6 346
JSE Limited prices adjusted for special dividends: ZAR12.50 in December 2022 and ZAR5.12 in November 2021					
Prices (SA cents)					
Closing	3 403	1 898	815	1 298	1 388
High	3 626	2 603	1 853	2 035	1 538
Low	1 550	593	~	1 038	~
P/E ratio (underlying* earnings) – adjusted prices	26	13	11	21	35
Shares issued					
Issued (million) – excluding treasury shares and shares held by participants under deferred bonus plan	220	214	199	198	218
Weighted average (million)	218	203	199	210	238
Employees					
Number of employees at the end of the year – continuing operations [‡]	11 009	10 561	9 599	10 646	9 885
Average number of employees [‡]	10 785	10 080	10 123	10 266	9 143
Operating profit/(loss) per average employee (US\$'000) [‡]	3	7	4	7	5
Gross assets per employee (US\$'000) [‡]	329	285	291	244	275
Exchange rates					
Rand/\$ statement of comprehensive income translation rate	16.8	15.0	16.5	14.7	13.6
Rand/\$ statement of financial position translation rate	18.4	15.4	15.1	15.6	13.9

Notes:

- Tangible net asset value per share is calculated using net asset value exclusive of intangible assets, goodwill and capitalised development expenditure and the number of shares in issue (excluding shares held by participants under the deferred bonus plan and treasury shares) at the end of the financial period.
- Return on capital employed is calculated using operating profit before goodwill, investment and intangible asset adjustment/impairment and the average of opening and closing capital employed. Capital employed is calculated using total shareholder funds plus all long-term liabilities including acquisition-related liabilities of a long-term nature but excluding deferred tax liabilities, provisions and liability for share-based payments.
- Return on invested capital is calculated using net operating profit after tax and average invested capital. Net operating profit after tax is calculated using operating profit before goodwill, investment and intangible asset adjustment/impairment to which amortisation of acquired intangible assets is added back, and is tax effected at the normalised effective tax rate. Invested capital is calculated using total shareholder funds plus long-term interest-bearing liabilities, short-term interest-bearing liabilities (excluding interest-bearing trade payables) and bank overdrafts less cash resources.
- Return on average shareholders' equity is calculated using underlying* earnings and the average of opening and closing equity attributable to the equity holders of the parent.
- Debt, for the purposes of the debt-to-equity ratio, includes all long-term interest-bearing liabilities and includes short-term interest-bearing liabilities (excluding interest-bearing trade payables) but excludes deferred tax liabilities, acquisition-related liabilities and liability for share-based payments. Net debt includes bank overdrafts and cash resources.
- The P/E ratio (price earnings ratio) is calculated using underlying* earnings per share and the closing share price.
- Ratios referring to operating profit use operating profit before goodwill, investment, property, plant and equipment, right-of-use assets and intangible asset adjustments/impairments.
- Interest cover is calculated using EBITDA and finance costs.
- The SA Consumer Price Index is sourced from Statistics South Africa.
- Detailed segmental information is set out in Note 37 of the Group consolidated annual financial statements in the Annual Report.

* 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.

[‡] Datatec Financial Services has been included in the Westcon International segment in FY22, and in the Corporate segment in preceding years.

[‡] Re-presented. The statement of comprehensive income has been re-presented to show comparative results from continuing and discontinued operations in accordance with IFRS 5. The re-presented information for FY19 to FY21 has not been audited. Only certain ratios which are related to the statement of comprehensive income only have been re-presented. Ratios which are affected by both the statement of comprehensive income and the statement of financial position have not been re-presented.

[‡] The Logicals segment previously reported in the prior period is now being reported as two management segments, Logicals Latin America and Logicals International (representing the Logicals business outside of Latin America). The ultimate Logicals holding company, Logicals Group Limited, and its associated costs, is now included in the "Corporate" segment. Comparative results have been re-presented. The re-presented information for FY19 to FY21 has not been audited.

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

– The dividend-adjusted lows in FY21 and FY19 are less than zero, ie the share price of those lows was subsequently fully returned in cash.

Glossary

AGM	Annual General Meeting
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
Backlog	Open unfulfilled sales orders
BBBEE	Broad-Based Black Economic Empowerment
CDP	Formerly the Carbon Disclosure Project, an environmental disclosure system
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CPI	Consumer Price Index
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
ERG	Employee resource group
ESG	Environmental, social and corporate governance
GRI	Global Reporting Initiative, an international independent standards organisation providing the world's most widely used standards for sustainability reporting
ICT	Information and communication technology
IIRC	International Integrated Reporting Council
IRC	South African Integrated Reporting Committee
ISIN	International Securities Identification Number
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 indicator
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
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
MISA	Microsoft Intelligent Security Association
Mol	the Company's Memorandum of Incorporation
OECD	Organisation for Economic Co-operation and Development
SAICA	South African Institute of Chartered Accountants
SBTi	Science Based Targets initiative, a collaboration between the CDP, the United Nations Global Compact, World Resources Institute and the World Wide Fund for Nature
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
STEM	Science, technology, engineering and mathematics
STI	Short-term incentive
The Board	The Board of directors of Datatec Limited
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 FY2	The year ended 28 February 2022
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

Adjusted EBITDA	Excludes restructuring costs, share-based payments, one-off tax items impacting EBITDA, and acquisition, integration and corporate action costs
Constant currency	Constant currency information includes figures for the current period had they been translated at the average foreign currency exchange rates of the prior reporting period
CSP	Conditional Share Plan
DBP	Deferred Bonus Plan
DBW	Deferred Bonus Warrant
EBITDA	Earnings before interest, taxation, depreciation
FY	Financial year; for Datatec, ended/ending 28/29 February
H1	The first half of the financial year, from 1 March to 31 August
H2	The second half of the financial year, from 1 September to 28 February
IFRS	International Financial Reporting Standards
P/E ratio	Price-earnings ratio
ROIC	Return on invested capital. This is calculated by dividing net operating profit after tax by average invested capital
SARs	Share Appreciation Rights
STI	Short-term incentive
TSR	Total shareholder return
uEPS	Underlying earnings divided by the weighted average number of shares in issue during the financial year
Underlying earnings	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
vwap	30-day volume-weighted average price

Technical definitions

aaS	As a service
AI	Artificial intelligence
API	Application Programming Interface – used for building software applications
Cloud computing	A generic term for flexible or hosted on the internet IT-related services for consumers and business, including storage, computing power, software development, and applications. These services eliminate the need for in-house IT resources
Cloud services	Services made available to users on demand via the internet from a cloud computing provider's servers
Collaboration	Collaboration refers to highly diversified teams working together inside and outside a company with the purpose of creating value by improving innovation, customer relationships and efficiency while leveraging technology for effective interaction between the virtual and physical spaces
CRM	Customer relationship management
Data Centre	A centralised storage facility by an application service provider to retain database information
DevOps	DevOps is a combination of software development (dev) and operations (ops). It is a set of practices, tools, and a cultural philosophy that automate and integrate the processes between software development and IT teams
ERP	Enterprise resource planning, software that manages and integrates business processes through a single system
Hardware	The machines, wiring and other physical components or other electronic system
IaaS	Infrastructure as a service
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
IoT	The Internet of Things. The network of physical devices, vehicles, buildings and other items – embedded with electronics, software, sensors and network connectivity that enable these objects to collect and exchange data
IT	Information technology
Networking	The construction, design and use of a network
Software	The programs and other operating information used by a computer

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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



Driving Technology

www.datatec.com

www.westconcomstor.com

www.logicalis.com

www.la.logicalis.com

