DATATEC

Driving Technology

Annual financial results for the year ended **29 February 2024**

CONTENTS

DATATEC LIMITED
Incorporated in the Republic of South Africa

Registration number: 1994/005004/06
Share code JSE: DTC
ISIN: ZAE000017745
(“Datatec”, the “Company” or the “Group”)

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

@DatatecGroup

www.datatec.com

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

Highlights

Continuing excellent Westcon International performance

Improved cash generated from operations

Strong result from Logicalis International

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

Challenging conditions in Argentina and Brazil impacted Logicalis Latin America

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

	Results for the year ended 29 February 2024	Results for the year ended 28 February 2023	movement
Revenue (US$ million)	**5 457.9**	5 143.1	6 %
Gross profit (US$ million)	**862.2**	744.5	16 %
EBITDA (US$ million)	**177.6**	98.3	81 %
Continuing underlying* earnings per share (US cents)	**20.2**	6.1	231 %
Combined^ underlying* earnings per share (US cents)	**20.2**	7.9	156 %
Continuing net debt (US$ million)	**123.1**	106.6	15 %

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

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

Who we are

Datatec is an international ICT solutions and services Group operating in more than 50 countries across North America, Latin America, Europe, Africa, Middle East and Asia-Pacific. Through its core divisions, the Group offers Technology Distribution (Westcon International) and Integration and Managed Services (Logicalis International and Logicalis Latin America).

JENS MONTANANA, CHIEF EXECUTIVE OF DATATEC, COMMENTED:

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

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

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

Our divisions

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

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 Networks, Palo Alto Networks, Proofpoint, Tenable and Zscaler

Over **3 500** employees

LOGICALIS INTERNATIONAL

Global digital transformation enabler and cloud managed service provider

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

Operates in Europe, North America, Asia-Pacific and Africa

Over **4 000** employees

LOGICALIS LATIN AMERICA

Global digital transformation enabler and cloud managed service provider

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

Operates across South America, Mexico and the Caribbean

Over **3 000** employees

Strategic overview

Datatec's goal is to improve shareholder returns over the medium term through a combination of corporate and business development actions aimed to enhance 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 subsidiaries while also ensuring that the Group is positioned to take full advantage of the positive market dynamics for its technology solutions and services.

In line with the Strategic Review, Datatec worked with a leading corporate advisory firm to develop new executive long-term incentive plans for its subsidiaries to better align divisional leadership remuneration with Datatec shareholders. These management incentive plans focus on maximising shareholder value by engaging key management in the businesses as shareholders with their own money invested alongside Datatec. Their investment can only be realised at the same time as Datatec through future value realisation events. New management incentive plans for Logicalis International and Westcon International were implemented during FY24. The executive directors of Datatec do not participate in these incentive plans.

In December 2023, the Group invested further in Mason Advisory taking its shareholding from 42.5% to 80%. Mason Advisory holds a strategic position as a specialised independent management consultancy and the Board sees high growth potential based on positive market fundamentals, a strong management team and its track record.

From an operational perspective, Westcon International continued to deliver an excellent financial performance throughout FY24. Logicalis International also performed well with a strong second half, which included greater net revenue reported software sales. Logicalis Latin America faced difficult market conditions, especially in Argentina and Brazil, which adversely affected its performance in the second half of FY24.

The Group continues to see good demand for its technology solutions and services worldwide with subsidiaries well-positioned to service customers in their respective markets.

Dividend

On 27 May 2024, the Board declared a final cash dividend with a scrip distribution alternative for FY24 of 130 ZAR cents per share (approximately 7 US cents per share), amounting to ZAR 298.4 million.

Divisional summary

Westcon International

Westcon International's revenue increased by 7.7% to US$3.69 billion (FY23: US$3.42 billion) due to strong demand for network infrastructures and cyber security solutions. In constant currency***, revenue improved by 7.6%. EBITDA increased by 150.0% to US$121.0 million (FY23: US$48.4 million). Adjusted** EBITDA increased by 26.4% to US$120.2 million (FY23: US$95.1 million). FY23 EBITDA and adjusted** EBITDA included US$1.5 million of foreign exchange losses, compared to US$10.5 million of foreign exchange gains in FY23.

Logicalis International

Logicalis International's revenue increased by 1.5% to US$1.25 billion (FY23: US$1.23 billion). In constant currency***, revenue improved by 0.9%. FY24 revenue was impacted by a higher proportion of software sales that have been net accounted. EBITDA increased by 31.7% to US$66.5 million (FY23: US$50.5 million). Adjusted** EBITDA increased by 11.9% to US$74.1 million (FY23: US$66.2 million).

Logicalis Latin America

Logicalis Latin America's revenue increased by 4.5% to US$512.9 million (FY23: US$491.0 million). In constant currency***, revenue improved by 15.7%. EBITDA decreased to US$11.5 million (FY23: US$21.2 million). Adjusted** EBITDA decreased by 49.4% to US$12.6 million (FY23: US$24.9 million).

Current trading and outlook

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

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

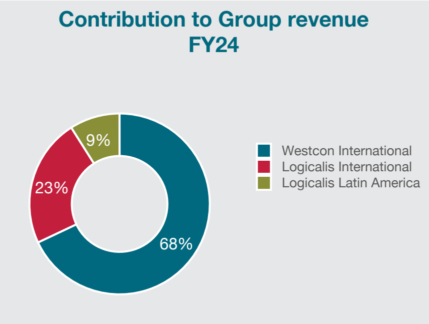
The Group continues to manage its businesses efficiently and mitigate the effects of high interest rates through effective working capital management and improving supply chains.

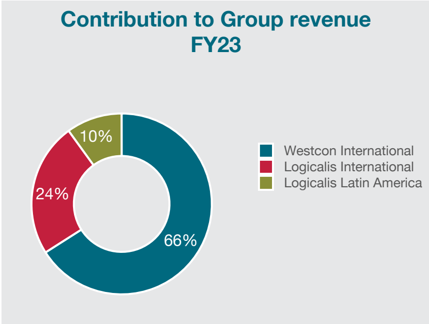
The Board continues to focus on unlocking shareholder value in the context of its Strategic Review.

Group results

Revenue

Group revenue was US$5.5 billion in FY24, up by 6.1% compared to the US$5.1 billion revenue recorded in FY23. In constant currency***, Group revenue increased by 7.0%.





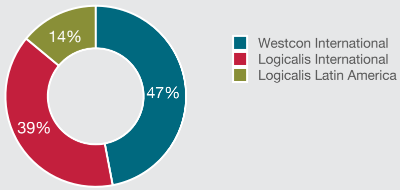
Product backlog (open and unfulfilled sales orders) continued to reduce steadily to approximately US$706.2 million (FY23: US$1.2 billion).

Product backlog (US$ million)	FY24	FY23
Westcon International	**446.0**	768.0
Logicalis International	**161.4**	271.0
Logicalis Latin America	**98.8**	140.0
Datatec Group	**706.2**	1 179.0

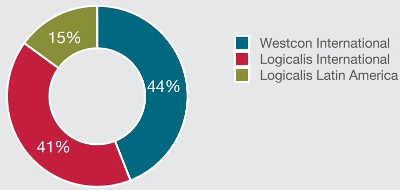
The Group's gross margin in FY24 was 15.8% (FY23: 14.5%). Gross profit was US$862.2 million (FY23: US$744.5 million).

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

Contribution to Group gross profit FY24



Contribution to Group gross profit FY23



Overall operating costs (including foreign exchange gains and losses, restructuring costs, share-based payment charges and acquisition and integration costs) were US$684.6 million (FY23: US$646.2 million).

Restructuring costs of US$3.0 million were incurred in FY24 in Logicalis Latin America (FY23: $15.2 million restructuring costs relating to fundamental reorganisations in Logicalis International and Logicalis Latin America).

Operating costs included US$21.7 million of foreign exchange losses (FY23: gains of US$15.3 million). Foreign exchange losses consisted of unrealised foreign exchange losses of US$15.9 million (FY23: losses of US$8.8 million) and realised foreign exchange losses of US$5.7 million (FY23: gains of US$24.1 million). The unrealised foreign exchange losses in FY24 arose mainly from sharp currency depreciation in Argentina over the period. The FY23 unrealised foreign exchange gains arose mainly in Westcon Europe on open positions of Forward Exchange Contracts ("FECs"). Unrealised foreign exchange differences are excluded from underlying* earnings per share.

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

Adjusted** EBITDA was US$192.1 million (FY23: US$180.2 million) and adjusted** EBITDA margin was 3.5% (FY23: 3.5%).

Depreciation and amortisation reduced to US$61.2 million (FY23: US$68.2 million) and operating profit was US$116.4 million (FY23: US$18.5 million).

The net interest charge increased to US$55.0 million (FY23: US$38.1 million) mainly due to increased cost of borrowings and higher working capital requirements and average utilisation of financing facilities, resulting in profit before tax of US$76.5 million (FY23: US$20.0 million loss before tax).

A tax charge of US$25.5 million (FY23: US$13.4 million) has arisen on pre-tax profits representing an effective tax rate of 33.4% (FY23: -66.7% on losses of the continuing business). The effective tax rate for the year continues to be adversely impacted by the limited tax credits arising on the losses of certain operations (eg Argentina). However, the effective tax rate has benefited from fair value gains arising on the acquisition of a controlling shareholding Mason Advisory Limited, a previously equity-accounted investment for which no taxation arises. As at 29 February 2029, tax losses carried forward are estimated at US$244.8 million with an estimated future tax benefit of US$61.3 million, of which US$45.1 million has been recognised as a deferred tax asset.

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 exposure in this regard.

As at 29 February 2024, withholding tax liabilities for the Group totalled US$23.5 million (FY23: US$20.0 million), which includes the liability for the Westcon KSA matter described above.

Earnings per share

Underlying* earnings per share were 20.2 US cents (FY23 continuing underlying* earnings per share: 6.1 US cents). Headline earnings per share were 14.2 US cents (FY23 continuing headline loss per share: 10.8US cents). Earnings per share were 20.4 US cents (FY23 continuing loss per share: 16.1 US cents).

Cash and net debt

The Group generated US$175.6 million of cash from operations during FY24 (FY23: US$173.4 million) and ended the period with net debt of US$123.1 million (FY23: US$106.6 million). Excluding lease liabilities, net debt would have been US$51.3 million (FY23: US$34.2 million).

US$ million	Year ended 29 February 2024	Year ended 28 February 2023
Cash resources	**569.0**	584.7
Bank overdrafts	**(178.9)**	(196.4)
Short-term interest-bearing liabilities and short-term leases	**(428.5)**	(407.9)
Long-term interest-bearing liabilities and long-term leases	**(84.7)**	(87.0)
Net debt	**(123.1)**	(106.6)

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 €390.6 million for its European subsidiaries, as well as an extended payables facility of US$71.5 million. Westcon International has a securitisation facility of US$130.0 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 (€4.0 million) and Africa (US$1.0 million), and a securitisation facility in South Africa (ZAR200.0 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.

Management incentive plans

Logicalis International implemented the Logicalis International Long-Term Incentive Plan ("LILTIP") on 3 March 2023 following a corporate restructuring. An intermediate holding company called Logicalis International Group Holdings Limited ("LIGHL") was inserted and is owned by Logicalis Group Limited ("LGL"). The Logicalis International senior management purchased 5.26% of the ordinary equity of LIGHL and LGL holds the remainder. A further 1.04% of the ordinary equity is available for purchase by management up to a total limit of 6.3%. A fixed return equity instrument (intercompany loan note) was issued to Logicalis Group Limited in addition to its ordinary equity.

Westcon International implemented the Westcon International Long-Term Incentive Plan ("WILTIP") on 1 September 2023 following a corporate restructuring. An intermediate holding company called Westcon International Group Holdings Limited ("WIGHL") was inserted and is owned by Westcon International Ltd ("WIL"). The Westcon International senior management purchased 5.0% of the ordinary equity of WIGHL and WIL holds the remaining 95%, with 1% earmarked for potential management participation in future. A fixed return equity instrument (intercompany loan note) was also issued to WIL. Datatec continues to own a 92.1% shareholding in WIL with TD Synnex as the minority shareholder.

US$ million	LIGHL	WIGHL
Ordinary equity	50	118.5
Fixed return instrument	200	450
Total equity	**250**	**568.5**

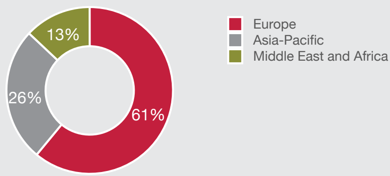
Divisional reviews

Westcon International

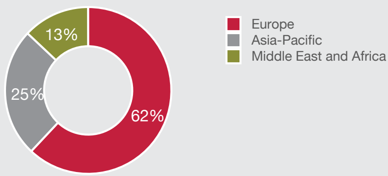
Westcon International delivered strong revenue and profit growth in all regions. Westcon International remains focused on delivering outstanding financial performance and accelerating its transformation into a leading global data-driven technology provider and specialist distributor of cyber security and networking solutions.

Westcon International's revenue increased by 7.7% to US$3.69 billion (FY23: US$3.42 billion) due to strong demand for network infrastructure, remote access solutions and cyber security solutions. In constant currency***, revenue improved by 7.6%.

Westcon International revenue % contribution by geography FY24

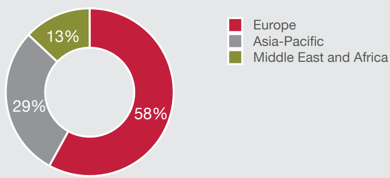


Westcon International revenue % contribution by geography FY23

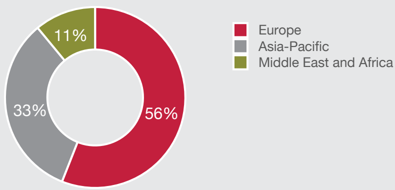


Westcon International's hardware and software backlog has reduced as supply chain constraints have eased. Product backlog at the end of FY24 was approximately US$446 million (FY23: US$768 million).

Westcon International gross profit % contribution by geography FY24



Westcon International gross profit % contribution by geography FY23



Westcon International's gross profit increased by 22.7% to US$403.4 million (FY23: US$328.7 million) and the gross margins increased to 10.9% (FY23: 9.6%). The increase in gross margin is largely due to a return to more stable foreign exchange rates compared to FY23 and the adoption of cash flow hedge accounting. In FY23, the rapid strengthening of the US Dollar against the Euro and Pound Sterling had a significant negative impact on gross margins in Europe, and these negative impacts were partially offset by the benefits of foreign exchange hedging gains reported in operating expenses. For FY24, realised foreign exchange losses of US$5.7 million (FY23: US$17.5 million realised foreign exchange gains) were generated and unrealised foreign exchange gains were US$4.1 million (FY23: US$7.0 million unrealised foreign exchange losses).

The prior year's unrealised foreign exchange gains arose mainly on open positions of FECs used to hedge net open working capital position and open order backlog.

Operating costs increased by 0.8% to US$282.4 million (FY23: US$280.3 million) due to the impact of net foreign exchange losses of US$1.5 million in FY24 compared to net foreign exchange gains of US$10.5 million in FY23. This was offset by a US$37.1 million reduction in share-based payment charges. Excluding foreign exchange and share-based payment charges, operating costs increased 10.7% or US$27.2million.

EBITDA increased by 150.0% to US$121.0 million (FY23: US$48.4 million) due to higher trading coupled with a decrease in share-based payment charges. Adjusted** EBITDA increased by 26.4% to US$120.2 million (FY23 to US$95.1 million). Adjusted** EBITDA margin increased to 3.3% (FY23: 2.8%).

Net working capital days decreased to 21 days (FY23: 23 days) with an increase in inventory turns offset by a combination of higher days sales outstanding and lower days payable outstanding. Net debt increased by US$20.5 million to US$88.9 million (FY23: US$68.4 million).

US$ million	**Year ended 29 February 2024**	Year ended 28 February 2023
Cash resources	**328.5**	332.3
Bank overdrafts	**(8.6)**	(7.1)
Short-term interest-bearing liabilities and short-term leases	**(391.8)**	(361.9)
Long-term interest-bearing liabilities and long-term leases	**(17.0)**	(31.7)
Net debt	**(88.9)**	(68.4)

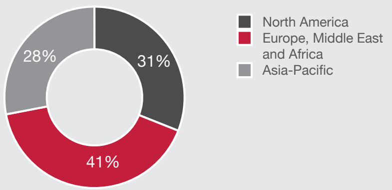
Westcon International continues to prioritise financial and operating performance while investing in advanced digital systems, data platforms and business automation, which are accelerating its transformation into the world's leading, data-driven technology provider and specialist distributor of cyber security and networking solutions. Westcon International will continue to mitigate the effects of high interest rates through effective working capital management and expects improved financial performance in FY25 compared to FY24.

Divisional reviews continued

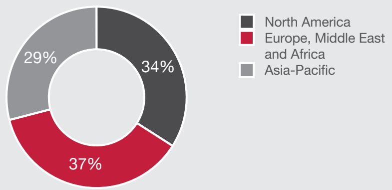
Logicalis International

Logicalis International's revenue increased by 1.5% to US$1.25 billion compared to US$1.23 billion revenue for FY23.

Logicalis International revenue % contribution by geography FY24



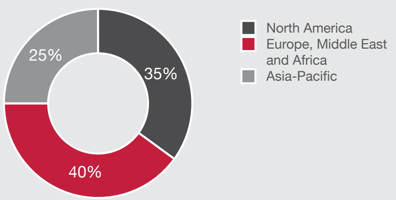
Logicalis International revenue % contribution by geography FY23



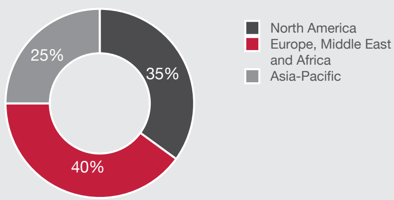
Logicalis International saw a significant fall of 40.4% in product backlog over the last 12 months primarily as a result of improving supplier lead times, while order intake was down 2.2% from FY23. Logicalis International's product backlog at the end of FY24 was approximately US$161.4 million (FY23: US$271.0 million). In constant currency***, revenue improved by 0.9%. Revenue growth was impacted in FY24 as a result of a higher proportion of net revenue accounted software sales.

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

Logicalis International gross profit % contribution by geography FY24



Logicalis International gross profit % contribution by geography FY23



Operating costs increased 6.3% to US$272.0 million (FY23: US$255.8 million) reflecting the growth in the business partially offset by reduced costs as a result of the restructuring actions taken in FY23.

EBITDA increased by 31.7% to US$66.5 million (FY23: US$50.5 million), with a corresponding EBITDA margin of 5.3% (FY23: 4.1%). Adjusted** EBITDA increased to US$74.1 million (FY23: US$66.2 million), with a corresponding adjusted** EBITDA margin of 5.9% (FY23: 5.4%). Adjusted** EBITDA in FY24 excluded acquisition and integration costs of US$3.4 million, one-off tax items impacting EBITDA of US$1.8 million and share-based payment costs of US$2.4 million.

In FY23, adjusted** EBITDA excluded restructuring costs of US$12.5 million, one-off tax items impacting EBITDA of US$2.6 million and share-based payment costs of US$0.4 million. Operating profit was US$39.1 million (FY23: US$6.6 million) reflecting a better quality of earnings.

The net interest charge increased by US$1.6 million to US$13.4 million, driven by higher borrowing costs.

Net debt decreased to US$79.3 million (FY23: US$88.0 million), principally driven by improved working capital.

US$ million	**Year ended 29 February 2024**	Year ended 28 February 2023
Cash resources	**123.8**	117.6
Bank overdrafts	**(141.4)**	(142.1)
Short-term interest-bearing liabilities and short-term leases	**(28.5)**	(31.8)
Long-term interest-bearing liabilities and long-term leases	**(33.1)**	(31.7)
Net debt	**(79.3)**	(88.0)

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 life-cycle 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.

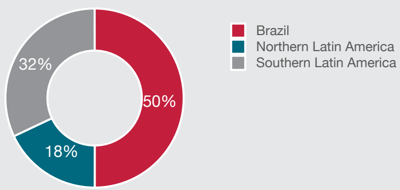
Despite short-term uncertain macroeconomic conditions, Logicalis International expects a better financial performance in FY25 compared to FY24.

Divisional reviews continued

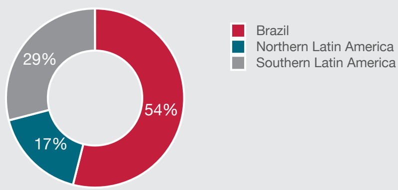
Logicalis Latin America

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

Logicalis Latin America revenue % contribution by geography FY24



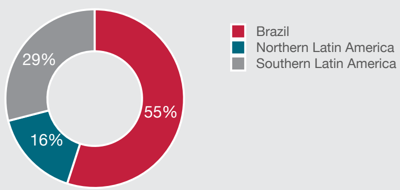
Logicalis Latin America revenue % contribution by geography FY23



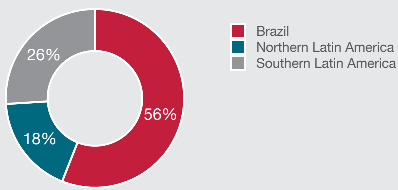
Logicalis Latin America results for FY24 were driven by a strong order intake in FY23 combined with an improved lead time for products, optimised delivery times and reduced order-to-cash cycles. Order intake in FY24 showed a deceleration when compared to the same period in FY23, especially in Brazil, generating a product backlog at the end of FY24 of approximately US$98.8 million (FY23: US$140.0 million).

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

Logicalis Latin America gross profit % contribution by geography FY24



Logicalis Latin America gross profit % contribution by geography FY23



Operating costs including foreign exchange losses) increased to US$106.4 million (FY23: US$88.3 million).

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

EBITDA decreased to US$11.5 million (FY23: US$21.2 million), with a corresponding EBITDA margin of 2.2% (FY23: 4.3%). Adjusted** EBITDA decreased by 49.4% to US$12.6 million (FY23: US$24.9 million), with a corresponding adjusted** EBITDA margin of 2.5% (FY23: 5.1%).

Operating profit was US$2.7 million (FY23: US$13.8 million).

The net interest charge reduced to US$5.9 million (FY23: US$10.4 million), reflecting the lower volume of borrowing in the region.

US$ million	**Year ended 29 February 2024**	Year ended 28 February 2023
Cash resources	**74.0**	56.8
Bank overdrafts	**(28.9)**	(47.2)
Short-term interest-bearing liabilities and short-term leases	**(7.5)**	(13.8)
Long-term interest-bearing liabilities and long-term leases	**(32.3)**	(21.0)
Net cash/(debt)	**5.2**	(25.2)

The market drivers and outlook for Logicalis Latin America are consistent with those provided for Logicalis International above, but special attention will be given to the evolution of the macroeconomic scenario in Argentina during the next financial year. In addition, Logicalis Latin America continues to focus on improving its customer diversification, driving high-value added services and expanding its product portfolio.

In September 2023, Logicalis Latin America Holding repurchased 5.0% of its shares from Promon S.A. for subsequent cancellation for US$8.6 million. This resulted in an effective shareholding of 68.42% (FY23: 65%) for Datatec and 31.58% (FY23:35%) for Promon S.A.

Corporate and Management Consulting

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

Management Consulting comprises Mason Advisory Limited in the current year. Datatec PLC increased its shareholding in Mason Advisory Limited from 42.5% to 80% effective 1 December 2023 by acquiring additional shares in Mason Advisory Limited from its management team for a consideration of US$18.2 million. The results of Mason Advisory Limited have been consolidated in the Group's annual financial statements from this acquisition date, based on control as defined in terms of IFRS 10. Revenue of US$9.6 million and EBITDA of US$1.2 million have been included in the FY24 results. As at 29 February 2024, Mason Advisory had cash of US$2.8 million.

The Corporate segment includes the net operating costs of the Datatec head office entities, which were US$22.6 million (FY23: US$30.4 million), including share-based payment charges of US$ 6.3 million (FY23: US$ 15.4 million). Corporate costs include the remuneration of the Board and head office staff, share-based payments, as well as consulting fees and audit fees. In FY24, net foreign exchange gains were US$0.6 million (FY23: net foreign exchange gains of US$8.6 million).

As at 29 February 2024, Datatec head office entities held cash of US$40.0 million (FY23: US$78.0 million) of which US$10.5 million (FY23: US$16.4 million) is held in South Africa and subject to the South African Reserve Bank regulations. These cash balances decreased by US$38.0 million from 28 February 2023 mainly as a result of the settlement of the Westcon Equity Appreciation Plan for Datatec executives, the increased investment in MAL and the cash portion of the FY23 final dividend paid to shareholders of Datatec.

Subsequent events

Increased shareholding in subsidiaries

In April 2024, Logicalis Group Limited purchased 7.04% of Cirrus Participações S.A.C. in Brazil ("Cirrus") from the minority shareholders. As the Group owns 68.4% of PromonLogicalis Latin America Limited, this resulted in a current effective shareholding in Cirrus of 67.4%. The Group will consolidate the results of Cirrus from this date in the FY25 financial year.

Management Incentive plan - Mason Advisory Limited

Mason Advisory implemented the Mason Advisory Long-Term Incentive Plan ("MALTIP") on 9 April 2024 following a corporate restructuring. Two intermediate holding companies called Mason Advisory Group Ltd ("MAGL") and Mason Advisory Group Holdings Ltd ("MAGHL") were incorporated into the Group structure. Management purchased shares in MAGHL constituting 6.25% of the ordinary equity and MAGL holds the remaining 93.75%. Datatec owns an 80.0% shareholding in MAGL. MAGHL also issued a fixed return instrument to MAGL.

Dividend declared

On 27 May 2024, the Board declared a final dividend for FY24 of 130 ZAR cents per share (approximately 7 US cents per share) totalling US$16.2 million with the customary form of a cash dividend with a scrip distribution alternative.

There were no other material subsequent events.

Cash Dividend and Scrip Distribution alternative

Introduction

Notice is hereby given that the Board of Datatec has declared a final distribution for the year ended 29 February 2024, by way of a cash dividend of 130 ZAR cents per Datatec ordinary share ("Cash Dividend") payable to the ordinary shareholders (the "Shareholders"), which will be in proportion to a Shareholder's ordinary shareholding in Datatec at the close of business on the Record Date, being Friday, 19 July 2024.

Shareholders will be entitled, in respect of all or part of their shareholding, to elect to receive new, fully paid ordinary Datatec shares ("Shares") in proportion to their ordinary shareholding on the Record Date as an alternative to the Cash Dividend (the "Scrip Distribution"). The Cash Dividend has been declared and paid out of Datatec's distributable retained profits. A dividend withholding tax of 20% will be applicable in respect of the Cash Dividend to all shareholders not exempt therefrom after deduction of which, the net Cash Dividend is 104 ZAR cents per share.

The new Shares, pursuant to the Scrip Distribution, will not be subject to a dividend withholding tax, and the issue price of the Scrip Distribution (which will equal the volume weighted average price ("VWAP") of Datatec's Shares traded on the JSE for the 30-day trading day period ending on Friday, 5 July 2024, less the amount of the Cash Dividend), will be settled by way of a capitalisation of Datatec's distributable retained profits.

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

Terms of the Cash Dividend and Scrip Distribution alternative

The Shareholders will be entitled to receive the Cash Dividend of 130 ZAR cents per Share in respect of their shareholding as at the close of trading on the JSE at the close of business on the Record Date, being Friday, 19 July 2024, in proportion to their ordinary shareholding in Datatec and to the extent that such Shareholders have not elected to receive the Scrip Distribution alternative in respect of all or a part of their shareholding.

However, Shareholders will be entitled to elect to receive a Scrip Distribution of new, fully paid Shares in respect of their shareholding in Datatec as at the Record Date, in respect of all or part of their ordinary shareholding, instead of the Cash Dividend.

The number of Scrip Distribution Shares to which each of the Shareholders will become entitled pursuant to the Scrip Distribution (subject to their election thereto) will be determined by reference to such Shareholder's ordinary shareholding in Datatec (at the close of business on the Record Date, being Friday, 19 July 2024) in relation to the ratio that 130 ZAR cents bears to the VWAP of a Datatec ordinary share traded on the JSE during the 30-day trading period ending on Friday, 5 July 2024 less the amount of the Cash Dividend, provided that, where the application of this ratio gives rise to a fraction of a Share, the rounding principles will be applied. Where a Shareholder's entitlement to new Shares calculated in accordance with the above formula gives rise to a fraction of a new Share, such fraction of a new Share will be rounded down to the nearest whole number, resulting in allocations of whole Shares and a cash payment for the fraction. The applicable cash payment will be determined with reference to the VWAP of a Share traded on the JSE on Wednesday, 17 July 2024, (being the day on which Datatec ordinary Shares begin trading 'ex' the entitlement to receive the Cash Dividend or the Scrip Distribution alternative), discounted by 10%.

Details of the ratio and the fractional entitlement will be announced on the Stock Exchange News Service ("SENS") of the JSE in accordance with the timetable below.

Circular and salient dates

A circular providing Shareholders with full information on the Cash Dividend or Scrip Distribution alternative, including a Form of Election to elect to receive the Scrip Distribution alternative will be posted to Shareholders on or about Wednesday, 5 June 2024 ("the Circular"). The salient dates of events thereafter are as follows:

Event	2024
Record date for Shareholders to be registered in the Company's securities register in order to be entitled to receive the Circular	Friday, 31 May
Distribution of Circular announced on SENS on	Wednesday, 5 June
Circular distributed on	Wednesday, 5 June
Distribution of Circular announcement published in the South African press on	Thursday, 6 June
Finalisation announcement released on SENS in respect of the ratio applicable to the Scrip Distribution Alternative, based on the 30-day VWAP "ex" the Cash Dividend ending on Friday, 5 July 2024, by 11h00 on	Monday, 8 July
Announcement published in the South African press of the ratio applicable to the Scrip Distribution Alternative, based on the 30-day VWAP "ex" the Cash Dividend ending on Friday, 5 July 2024 on	Tuesday, 9 July
Last day to trade in order to be eligible for the Cash Dividend and the Scrip Distribution Alternative	Tuesday, 16 July
Shares trade "ex" the Cash Dividend and the Scrip Distribution Alternative on	Wednesday, 17 July
Listing and trading of maximum possible number of Shares on the JSE in terms of the Scrip Distribution Alternative from the commencement of trading on	Wednesday, 17 July
Announcement released on SENS in respect of the cash payment applicable to fractional entitlements, based on the VWAP of a Share traded on the JSE on Wednesday, 17 July 2024, discounted by 10%, by 11h00 on	Thursday, 18 July
Last day to elect to receive the Scrip Distribution Alternative instead of the Cash Dividend, Forms of Election to reach Computershare Investor Services Proprietary Limited, the transfer secretaries of the Company by 12h00 on	Friday, 19 July
Record date in respect of the Cash Dividend and the Scrip Distribution Alternative	Friday, 19 July
Cash Dividend payments made, and CSDP/broker accounts credited/updated with Scrip Distribution Shares on	Monday, 22 July
Announcement relating to the results of the Cash Dividend and the Scrip Distribution Alternative released on SENS on	Monday, 22 July
Announcement relating to the results of the Cash Dividend and the Scrip Distribution Alternative published in the South African press on	Tuesday, 23 July
JSE listing of Shares in respect of the Scrip Distribution Alternative adjusted to reflect the actual number of Shares issued in terms of the Scrip Distribution Alternative at the commencement of trading on or about	Tuesday, 23 July

Cash Dividend and Scrip Distribution alternative
continued

All times provided are South African local times. The above dates and times are subject to change. Any material change will be announced on SENS.

Share certificates may not be dematerialised or rematerialised between Wednesday, 17 July 2024 and Friday, 19 July 2024, both days inclusive. If Datatec maintains a certificated register, then the register will be closed from Wednesday, 17 July 2024 and Friday, 19 July 2024, both days inclusive.

Application to the Financial Surveillance Department of the South African Reserve Bank for the payment of the Cash Dividend and the Scrip Distribution alternative will be made and an announcement regarding the approval made on SENS.

Disclaimer

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

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

1. 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;
2. 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;

3. 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
4. the Group disclaims any intention and assumes no obligation to update or revise any forward looking statement even if new information becomes available, as a result of future events or for any other reason, other than as required by the JSE Limited Listings Requirements.

On behalf of the Board

M Makanjee	**JP Montanana**	**IP Dittrich**
Chair	Chief Executive Officer	Chief Financial Officer

26 May 2024

* *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.*

Earnings before interest, tax, depreciation and amortisation ("EBITDA")

** *Adjusted EBITDA excludes restructuring costs, share-based payments, one-off tax items impacting EBITDA and acquisition, integration and corporate actions costs.*

*** *The pro forma constant currency, adjusted EBITDA and underlying earnings information, which is the responsibility of the Datatec directors, presents the Group's revenue for the current reporting period had it been translated at the average foreign currency exchange rates of the prior reporting period as well as EBITDA had restructuring costs, share-based payments, one-off tax items impacting EBITDA and acquisition, integration and corporate actions costs not been incurred. Underlying earnings include the adjustments indicated above. This information is for illustrative purposes only and because of its nature, may not fairly present the Group's results. To determine the revenue in constant currency terms, the current financial reporting period's monthly revenues in local currency have been converted to US dollars at the average monthly exchange rates prevailing over the same period in the prior period. Refer to page 23 for more information on the calculation of constant currency information.*

Shareholders are advised that the full Audited Group Consolidated Financial Statements for the year ended 29 February 2024 have been published on Datatec's website

https://www.datatec.com/annual-results.php on 27 May 2024.

Directors

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

\# *British*
^ *Brazilian*
~ *Belgian*
* *Non-Executive*

Pro forma supplementary information

as at 29 February 2024

Pro forma supplementary financial information consists of the following:

- Constant currency financial information;
- Adjusted EBITDA; and
- Underlying earnings.

The *pro forma* adjustments to EBITDA and underlying earnings are to align with international peer reporting.

The *pro forma* financial information has been compiled by the directors to illustrate the impact of the following events:

1. the impact on the Group’s revenue had such revenue been translated at the average foreign currency exchange rates (weighted average) of the prior reporting period ("constant currency");
2. the impact on the Group’s Earnings Before Interest Taxation Depreciation and Amortisation (“EBITDA”) had it excluded share-based payments, restructuring costs, one-off tax items impacting EBITDA, and acquisition, integration and corporate actions costs; and
3. the impact on the Group’s underlying earnings had the following been excluded from headline earnings:

- 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 and non-controlling interests on all of the aforementioned.

This supplementary information constitutes pro forma information in terms of the JSE Listings Requirements. The *pro forma* financial information has been compiled for illustrative purposes only and is the responsibility of the Datatec directors. Due to the nature of this information, it may not fairly present the Group's financial position, changes in equity and results of operations or cash flows.

The *pro forma* information has been compiled in terms of the JSE Listings Requirements and the Revised Guide on Pro Forma Information by SAICA.

The Group’s external auditor, PricewaterhouseCoopers Inc., has issued an unmodified assurance report, in terms of ISAE 3420 Assurance Engagements to Report on the Compilation of Pro Forma Financial Information in a Prospectus on 26 May 2024. Refer to the pages following this note for their unmodified reporting accountant’s report thereon.

Effects of the translation of foreign operations

To determine the revenues in constant currency terms, the current financial reporting period's monthly revenues in local currency have been converted to US Dollar at the average monthly exchange rates prevailing over the same period in the prior year. The average exchange rates of the Group's material currencies are listed below:

Average exchange rates	**Year ended 29 February 2024**	Year ended 28 February 2023
British Pound/US$	**1.25**	1.21
Euro/US$	**1.08**	1.04
US$/Brazilian Real	**4.94**	5.13
US$/Australian Dollar	**1.52**	1.45
US$/Singapore Dollar	**1.34**	1.38
US$/South African Rand	**18.62**	16.79

Constant currency financial information

	Year ended 29 February 2024		**Year ended 28 February 2023**	
US$'000	**Revenue**	***Pro forma* revenue**	**Revenue**	**Constant currency % change on prior year**
Datatec Group	**5 457 947**	**5 500 578**	**5 143 125**	**7.0 %**
Westcon International	**3 685 188**	**3 680 300**	**3 420 569**	**7.6 %**
Logicalis International	**1 250 203**	**1 243 016**	**1 231 517**	**0.9 %**
Logicalis Latin America	**512 920**	**567 972**	**491 039**	**15.7 %**
Consulting	**9 636**	**9 290**	**0***	**N/A**

**Mason Advisory Limited has been consolidated in the Consulting segment for three months during the current year. It had been equity accounted in the prior year.*

Pro forma supplementary information continued

as at 29 February 2024

Adjusted EBITDA

To determine adjusted EBITDA, share-based payments, restructuring costs, one-off tax items impacting EBITDA, and acquisition, integration and corporate actions costs have been excluded.

US$'000	Year ended 29 February 2024	Year ended 28 February 2023
EBITDA	**177 589**	98 246
Share-based payments	**8 277**	52 641
Restructuring costs	**2 950**	15 157
One-off tax items impacting EBITDA*	**(373)**	11 863
Acquisition, integration and corporate actions costs	**3 642**	2 275
Adjusted EBITDA	**192 085**	180 182

* *Based on information underlying the consolidated annual financial statements for the year ended 29 February 2024.*

Determination of underlying earnings

To determine underlying earnings, the following adjustments have been excluded from headline earnings: 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 and non-controlling interests on all of the aforementioned.

US$'000	Year ended 29 February 2024	Year ended 28 February 2023
Reconciliation of headline earnings/(loss) to underlying earnings		
Headline earnings/(loss)	**31 917**	(20 235)
Underlying earnings adjustments	**13 413**	37 374
Unrealised foreign exchange losses	**15 928**	9 115
Acquisition-related adjustments	**143**	38
Restructuring costs	**2 950**	15 157
Amortisation of acquired intangible assets	**3 599**	11 886
One-off tax items impacting EBITDA*	**(373)**	11 863
Acquisition, integration and corporate actions costs	**3 642**	2 318
Tax effect*	**(6 296)**	(7 258)
Non-controlling interests*	**(6 180)**	(5 745)
Underlying earnings	**45 330**	17 139
Continuing operations	**45 330**	13 311
Discontinued operations	**—**	3 828
Underlying earnings per share (US cents)		
Underlying	**20.2**	7.9
Continuing operations	**20.2**	6.1
Discontinued operations	**—**	1.8
Diluted underlying	**19.5**	7.6
Continuing operations	**19.5**	5.9
Discontinued operations	**—**	1.7

** Based on information underlying the consolidated annual financial statements for the year ended 29 February 2024.*

Items included in the definition of underlying earnings that are zero in the current and prior year and therefore not presented, would include:
- impairments of goodwill and intangible assets
- profit or loss on sale of investments and assets
- fair value movements on acquisition-related financial instruments

Independent Auditor's Assurance Report on the Compilation of pro forma financial information included in Datatec Limited's Annual financial results

for the year ended 29 February 2024

To the Directors of Datatec Limited

We have completed our assurance engagement to report on the compilation of the pro forma financial information of Datatec Limited (the "Company") and its subsidiaries (together the "Group") by the directors. The pro forma financial information as set out on pages 22 to 25 of the Annual financial results for the year ended 29 February 2024 (the "2024 Financial Results") consists of the following:

- Constant currency financial information;
- Adjusted EBITDA; and
- Underlying earnings for the year ended 29 February 2024.

The applicable criteria on the basis of which the directors have compiled the pro forma financial information are specified in the Listings Requirements of the JSE Limited (the "JSE Listings Requirements") and described in the 'Pro forma supplementary information' section of the 2024 Financial Results.

The pro forma financial information has been compiled by the directors to illustrate the impact of the following events as set out in the 'Pro forma supplementary information' section of the 2024 Financial Results:

i) the impact on the Group's revenue had such revenue been translated at the average foreign currency exchange rates (simple average) of the prior reporting period;

ii) the impact on the Group's Earnings Before Interest Taxation Depreciation and Amortisation ("EBITDA") had it excluded share-based payments, restructuring costs, one-off tax items impacting EBITDA, and acquisition, integration and corporate actions costs; and

iii) the impact on the Group's underlying earnings had the following been excluded:
  - 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.

As part of this process, information about the Group's financial performance has been extracted by the directors from the Group's consolidated financial statements for the year ended 29 February 2024, on which an audit opinion was issued on 26 May 2024.

Directors' responsibility[1]

The directors of the Company are responsible for compiling the pro forma financial information on the basis of the applicable criteria specified in the JSE Listings Requirements and described in the 'Pro forma supplementary information' section of the 2024 Financial Results.

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the *Code of Professional Conduct for Registered Auditors*, issued by the Independent Regulatory Board for Auditors' (IRBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. The IRBA Code is consistent with the corresponding sections of the *International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards)*.

The firm applies International Standard on Quality Management 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, which requires the firm to design, implement and operate a system of quality management, including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditor's responsibility

Our responsibility is to express an opinion, as required by the JSE Listings Requirements, about whether the pro forma financial information has been compiled, in all material respects, by the directors, on the basis specified in the JSE Listings Requirements and described in the 'Pro forma supplementary information' section of the 2024 Financial Results based on our procedures performed.

We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus* issued by the International Auditing and Assurance Standards Board. This standard requires that we plan and perform our procedures to obtain reasonable assurance about whether the pro forma financial information has been compiled, in all material respects, on the basis specified in the JSE Listings Requirements and described in 'Pro forma supplementary information' section of the 2024 Financial Results. For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of pro forma financial information is solely to present the impact of the events referred to above on the Group's revenue, EBITDA and underlying earnings, as if the events had occurred for purposes of the illustration.

(1) The examination of controls over the maintenance and integrity of the Company's website is beyond the scope assurance engagement on the compilation of pro forma financial information included in the 2024 Financial Results. Accordingly, we accept no responsibility for any changes that may have occurred to the 2024 Financial Results since they were initially presented on the website.

Independent Auditor's Assurance Report on the Compilation of pro forma financial information included in Datatec Limited's Annual financial results continued

for the year ended 29 February 2024

A reasonable assurance engagement to report on whether the pro forma financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the events, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgement, having regard to our understanding of the nature of the Group, the events in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

Our engagement also involves evaluating the overall presentation of the pro forma financial information.

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

Opinion

In our opinion, the pro forma financial information has been compiled, in all material respects, on the basis of the applicable criteria specified by the JSE Listings Requirements and described in the 'Pro forma supplementary information' section of the 2024 Financial Results.

PricewaterhouseCoopers Inc.
Director: D Storm
Registered Auditor
Johannesburg, South Africa
26 May 2024

Enquiries

Datatec Limited (www.datatec.com)

Jens Montanana – Chief Executive Officer	+27 (0) 11 233 1000
Ivan Dittrich – Chief Financial Officer	+27 (0) 11 233 1000
Sharne Prozesky – Group Financial Controller	+27 (0) 11 233 3235

Instinctif Partners

Frederic Cornet	+27 (0) 11 447 3030

DATATEC

Driving Technology

www.datatec.com
www.westconcomstor.com
www.logicalis.com
www.la.logicalis.com
www.masonadvisory.com