DATATEC

Driving Technology

2020

AUDITED PROVISIONAL RESULTS FOR THE YEAR ENDED 29 FEBRUARY **2020**, withdrawal of cautionary announcement and changes to the Board committees

Through three core divisions the group offers:

Integration and Managed Services

Logicalis is an international solutions provider of digital services currently accelerating the digital transformation of its 10 000 customers around the world. As Architects of Change™, Logicalis' focus is to design, support, and execute customers' digital transformation by bringing together their vision with its technological expertise and industry insights.

Technology Distribution

Westcon International is a value-added technology distributor of industry-leading solutions in cyber security, network infrastructure, unified communications products, data centre solutions and channel services.

Management Consulting and Financial Services

Analysys Mason
Analysys Mason is a global consultancy and research firm specialising in telecoms, media and technology ("TMT").

Datatec Financial Services
Datatec Financial Services support the Datatec Group of companies alongside any partnering organisations, by providing customers with a financed alternative method of acquiring technology hardware, software and services.

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, Sandown

Highlights

for the year ended 29 February 2020

- **Solid** operational execution in all divisions
- **Strong Logicalis** performance, especially in Latin America
- Significant **improvement** in Westcon International profitability
- Group revenue **US$4.30 billion** (FY19: US$4.33 billion)
- EBITDA **US$158.7 million** (FY19: US$86.8 million)
- Underlying* earnings per share **9.9 US cents** (FY19: 6.6 US cents)
- Excellent cash generation – **US$215.6 million** cash from operations (FY19: US$69.0 million)
- **US$60 million** returned to **shareholders** through a special dividend and share repurchases
- Effective response to **COVID-19** impact post year-end

Commentary

JENS MONTANANA, CHIEF EXECUTIVE OF DATATEC, COMMENTED:

"The Group delivered strong results in the past year, supported by good operational execution in all divisions in the face of growing global economic uncertainty.

"Westcon International returned to profitability and Logicalis Latin America produced an exceptional performance, as did Analysys Mason, our Management Consulting division, which continued to benefit from demand for 5G expertise.

"The Group generated significantly improved cash flows while we returned US$60 million to shareholders through a special dividend and ongoing share repurchases during the year.

"Since the start of the new financial year, the COVID-19 pandemic has taken its toll on economies, communities and business everywhere. We were able to adjust and move rapidly to a remote working environment across the Group and all divisions. We have seen increased demand for technologies and services required to enhance remote working in areas such as security and network access solutions, cloud migration and infrastructure virtualisation, as well as unified communications.

"I would like to thank all of our employees, customers and suppliers for their continued support during these unprecedented times.

"Datatec is well positioned to navigate the current environment in spite of the extremely uncertain macro-economic outlook. Good demand for our solutions and services is expected to continue, while we focus on costs, balance sheet and liquidity management."

Group activities

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. The Group's offerings span the technology distribution, integration and management consulting sectors of the ICT market.

Datatec operates two main divisions

- **Logicalis (Integration and managed services)**: ICT infrastructure solutions and services; and
- **Westcon International (Technology distribution)**: distribution of security, collaboration, networking and data centre products and solutions.

The specialist activities of Management Consulting and Datatec Financial Services are included with the corporate head office functions in the "Corporate, Management Consulting and Financial Services" segment of the Group.

Strategic overview

Datatec's strategy 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.

Logicalis is the largest profit contributor to the Group. The division also has the widest geographical exposure and Datatec intends to continue to develop and grow Logicalis globally, both organically and through acquisitions.

Datatec issued a cautionary announcement on 2 March 2020, informing shareholders that it is exploring the possibility of a listing (the "Potential Listing") of Logicalis' Latin American business (the "Latin American business") on the B3 S.A. – Brasil, Bolsa, Balcão (www.b3.com.br – Brazilian stock exchange). This would result in the Latin American business and its shareholders potentially carrying out a primary and secondary offering of the shares of the Latin American business, subject to satisfactory market conditions. A further cautionary announcement in this regard was issued on 15 April 2020.

Whilst the Potential Listing remains of high interest, current market conditions are making the timing of the Potential Listing increasingly undeterminable. As a result, the Board has decided to withdraw the cautionary announcement.

Westcon International is 90% owned by Datatec following the sale of Westcon Americas to SYNNEX Corporation ("SYNNEX") together with 10% of Westcon International in FY18. The Group's strategy is to reshape the Westcon International business in order to improve profitability and reduce the central cost base which was retained after the SYNNEX transaction.

Westcon International returned to profitability in FY20 supported by excellent costs containment with the previously published target reduction in central costs for FY20 successfully exceeded. Following multiple years of restructuring, as well as system and process changes in Westcon International, no restructuring charges were incurred in FY20.

Following an arbitration process by an independent accountant, the earn-out payment relating to the disposal of Westcon Americas to SYNNEX was determined to be US$14 million on 29 May 2019. This was returned to shareholders by way of a special dividend of R1.00 per share on 29 July 2019, which totalled US$15.4 million.

Group revenues in FY20 of US$4.30 billion were flat compared to the financial year ended 28 February 2019 ("FY19") in reported US Dollar terms. In constant currency*** terms, Group revenues increased by 3.6% reflecting the impact of foreign currency translation effects on the results.

EBITDA for FY20 was US$158.7 million, representing an increase of 83% on FY19 (US$86.8 million). Excluding the adoption of IFRS 16**, EBITDA would have been US$123.5 million, representing a 42% increase over the prior year.

Underlying* earnings per share ("UEPS") increased by 50% to 9.9 US cents in FY20 (FY19: 6.6 US cents).

IFRS 16 *Leases* has been adopted for FY20 which has had a significant effect on the Group's financial reporting in several areas. Operating expenses have reduced as the majority of rental costs of leased assets are no longer included and depreciation and interest expense have both increased by an approximately commensurate amount. On the statement of financial position, fixed assets have increased with the inclusion of right-of-use assets and borrowings have increased with the equivalent lease liabilities affecting the net debt metric. The detail of this accounting change is set out in the summarised financial statements below and reference is made to the effect on the key metrics in the text.

The Group balance sheet remains strong with net debt at 29 February 2020 of US$139.9 million compared to US$100.8 million at 28 February 2019. Excluding the IFRS 16 adoption, net debt would have reduced to US$55.1 million.

During FY20, the Company undertook general share repurchases under three separate shareholder mandates provided at general meetings on 15 January 2019 and 26 June 2019 and at the annual general meeting ("AGM") on 29 August 2019. These repurchases amounted to US$44.3 million and totalled 19.0 million shares which have been cancelled, reducing the Company's shares in issue to 201.45 million at 29 February 2020.

Commentary continued

Current trading and outlook

The declaration of COVID-19 as a pandemic by the World Health Organisation ("WHO") on 11 March 2020, at the start of the Group's new financial year, heralded an unprecedented global economic and humanitarian crisis.

The Group's immediate response was to keep employees safe in accordance with government guidelines in all geographies of operation which typically involved maximising working from home, social distancing and all advised measures to limit the spread of COVID-19.

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

Trading has remained steady since the beginning of the 2021 financial year, although some delays and supply disruptions were experienced especially in countries with highly restrictive lockdowns. Initial indications are that Westcon International revenues and order intake for the first quarter of FY21 ("Q1 FY21") are similar to the same period last year. For Logicalis, order intake for Q1 FY21 is similar to the corresponding period last year, with revenues for Q1 FY21 slightly lower than Q1 FY20.

The foreign currency exchange effects have been exacerbated so far in Q1 FY21 with the Rand and the Brazilian Real in particular depreciating dramatically against the US Dollar. Sustained emerging markets' currency weakness is expected for the near term.

Collections from customers during the first few months of FY21 have remained in line with historic norms. As intermediaries in the supply chain, both Logicalis and Westcon International are working with vendors to provide support to customers experiencing adverse effects from the pandemic.

Increased demand for the Group's technology solutions is being experienced to support remote working during the lockdowns enforced throughout the world. In particular, demand for cloud computing, remote access solutions, virtualisation, security and unified communications remains strong. The positioning of the Group's divisions remains strategically sound with good demand for their solutions and services expected to continue as the world emerges from the current crisis and investments towards digital transformation accelerate.

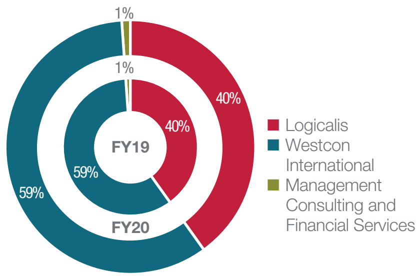
The COVID-19 pandemic has created a lot of uncertainty over the macroeconomic outlook, both in the short and medium term. As a result, the Group will not be issuing any forward-looking guidance. Our focus will remain on optimising our business for the current environment which will include cost and liquidity management.

Group results

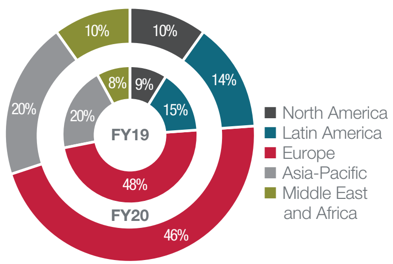
Revenue

Group revenues for the year were US$4.30 billion (FY19: US$4.33 billion) and are analysed by division and by geography shown below.

Contribution to Group revenue

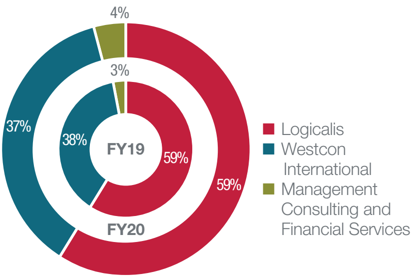


Revenue % contribution by geography

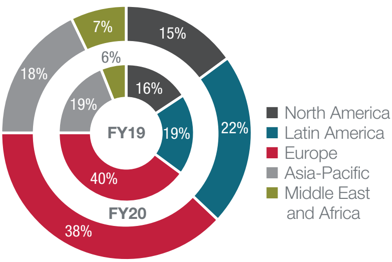


Group gross margins in FY20 were 17.2% (FY19:15.9%). Gross profit was US$741.6 million (FY19: US$687.7 million) analysed by division and by geography shown below.

Contribution to Group gross profit



Gross profit % contribution by geography



Overall operating costs were US$582.9 million (FY19: US$600.9 million). There are no fundamental restructuring costs within operating costs in FY20 (FY19: US$17.5 million restructuring costs). EBITDA was US$158.7 million (FY19: US$86.8 million) and EBITDA margin was 3.7% (FY19: 2.0%). Excluding the adoption of IFRS 16**, EBITDA would have been US$123.5 million and EBITDA margin would have been 2.9%.

Operating profit was US$82.6 million, a notable increase on the US$48.4 million operating profit in FY19.

The net interest charge increased to US$25.9 million (FY19: US$22.6 million), mainly as a result of the adoption of IFRS 16** which added US$4.6 million to the net interest charge during the year. Profit before tax was US$58.5 million (FY19: US$24.2 million).

A tax charge of US$31.8 million has arisen on pre-tax profits from continuing operations for the year of US$58.5 million. The effective tax rate of 54.4% continues to be adversely affected by losses arising in Westcon International's UK and Asia operations for which no deferred tax assets have been recognised. As at 29 February 2020, there are estimated tax loss carry forwards of US$215.6 million with an estimated future tax benefit of US$46.2 million, of which only US$17.8 million has been recognised as a deferred tax asset.

Underlying* earnings per share were 9.9 US cents (FY19: 6.6 US cents). Headline earnings per share were 5.9 US cents (FY19: 0.7 US cents).

Cash

The Group generated US$215.6 million of cash from operations during FY20 (FY19: US$69.0 million) and ended the year with a net debt of US$139.9 million (FY19: US$100.8 million and H1 FY20: $193.7 million). The net debt has been calculated as: cash of US$83.4 million (FY19 US$40.4 million); short-term borrowings and current portion of long-term debt of US$109.5 million (FY19: US$109.8 million); and long-term debt of US$113.8 million (FY19: US$31.4 million).

The adoption of IFRS 16 lease accounting has added US$84.8 million to net debt. For comparative purposes, excluding IFRS 16, net debt would have reduced to US$55.1 million. The net debt excluding IFRS 16 has been calculated as: cash of US$83.4 million (FY19: US$40.4 million); short-term borrowings and current portion of long-term debt of US$88.1 million (FY19: US$109.8 million); and long-term debt of US$50.4 million (FY19: US$31.4 million).

Commentary continued

Acquisitions

On 1 March 2019, Analysys Mason Limited acquired 100% of the issued share capital of Stelacon Holding AB ("Stelacon"), a Swedish consulting company, for US$2.6 million (including a deferred purchase consideration of US$1.2 million). This was an important further step in building a pan-Scandinavian presence, after Analysys Mason's successful expansion into Norway. Stelacon brings experience in areas including smart cities, regional development, digital services, policy and regulation, and telecoms and digital communications.

Effective 30 June 2019, Logicalis SA (Pty) Ltd, acquired 100% of the issued share capital of Mars Investment Holdings (Pty) Ltd ("Mars Technologies"), a South African IT services business, with offices in Cape Town, Johannesburg, Port Elizabeth, Durban and East London for US$0.4 million (including a deferred purchase consideration of US$0.1 million). This acquisition strengthens and expands Logicalis' South African managed services offering.

Logicalis Group purchased a 70% interest in Cilnet – Communicações e Projectos Especiais S.A. ("Cilnet") on 2 September 2019. Cilnet is a Cisco systems integrator and managed services business in Portugal. The purchase consideration was US$8.8 million (including a deferred purchase consideration of US$2.3 million and US$0.7 million non-controlling interest that was raised at acquisition). The acquisition increases Logicalis' Cisco technical expertise in the Iberian region and complements the existing Spanish operation with data centre, collaboration, networking, infrastructure and managed services capabilities, expanding the offering to the region.

Logicalis Group also acquired 100% of Orange Networks GmbH ("Orange Networks") on 2 September 2019. Orange Networks is a Microsoft services business focused on Microsoft cloud and managed services, with Germany-wide presence. The purchase price was US$2.9 million (including a deferred purchase consideration of US$0.6 million). This acquisition advances Logicalis Germany to Microsoft Gold-Certified Partner status and enhances its hybrid cloud offering.

As a result of these acquisitions, goodwill and other intangible assets increased by US$13.0 million and US$3.9 million respectively. None of the goodwill recognised is expected to be deductible for income tax purposes. The revenue and EBITDA included from the acquisitions in FY20 are US$23.3 million and US$2.6 million respectively; profit after tax included from these acquisitions was US$1.7 million. Had the acquisition dates been 1 March 2019, revenue and EBITDA attributable to these acquisitions would have been approximately US$42.8 million and US$4.9 million respectively. It is not practical to establish profit after tax that would have been contributed to the Group if they had been included for the entire year. All trade receivables are measured at amortised cost. The carrying value of trade receivables balances approximates their fair value. All identifiable intangible assets have been recognised and accounted for at fair value.

Acquisition-related costs of the above acquisitions of US$0.3 million are included in operating costs in the summarised consolidated statement of comprehensive income.

Liquidity and borrowing facilities

In light of the COVID-19 crisis, particular attention has been given to assessing the outlook for liquidity across the Group and ensuring that sufficient cash will continue to be generated to settle liabilities as they fall due. Each division has carried out scenario planning and stress testing for the twelve months following the date of this report and has contingency plans in place to adapt to the more severe scenarios.

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

On 14 May 2020, Westcon International extended its expiring European Invoice Financing facility of US$280 million for a further twelve months until 4 June 2021. The facility has been reduced with effect from 4 June 2020 to US$224 million with an accordion provision to increase the facility to US$280 million during the period from November 2020 to February 2021 when working capital utilisation is typically at its highest. This extended facility is considered adequate for Westcon International's working capital requirements, based on historical utilisation as well as projected headroom requirements as per the scenario modelling and stress testing.

The Group performed covenant projections for the next twelve months to confirm that banking covenants will continue to be met.

The Group's liquidity is dependent upon customers continuing to pay their invoices on a timely basis. To date in FY21, customers have continued to pay largely in line with historic norms. Supplies have also provided extended payment terms where required.

Working capital was very well controlled across the Group in FY20 and net working capital days continued to improve in Westcon International as detailed in the divisional review below. Trade receivables and inventory are of a sound quality and adequate provisions are held against both.

Shareholder distributions: dividend policy and share repurchases

The Group's policy is to maintain a fixed three times cover relative to underlying* earnings when declaring dividends. However, as a result of the current COVID-19 pandemic and stated focus on preserving cash, the Board has decided not to declare a dividend for FY20.

Following an arbitration process by an independent accountant, the earn-out payment relating to the disposal of Westcon Americas to SYNNEX was determined to be US$14 million and was returned to shareholders by way of a cash dividend of R1.00 per share with scrip distribution alternative on 29 July 2019, which totalled US$15.4 million. The special dividend resulted in US$12.2 million of cash being distributed to shareholders who did not elect the scrip distribution alternative and 1.25 million shares were issued to shareholders who elected the scrip distribution alternative.

The Board had previously instituted a structured programme of general share repurchases in order to return cash to shareholders. During FY20, the Company undertook general share repurchases under three separate shareholder mandates:

- General meeting on 15 January 2019 – 4.40 million shares
- General meeting on 26 June 2019 – 4.05 million shares
- AGM on 29 August 2019 – 10.55 million shares

These repurchases amounted to US$44.3 million and totalled 19.0 million shares which have been cancelled, reducing the Company's shares in issue to 201.45 million at 29 February 2020.

The Company has undertaken all its share repurchases in accordance with the JSE Listings Requirements.

Datatec has completed its share repurchase programme.

Foreign exchange translation

Losses of US$38.2 million (FY19: losses of US$54.7 million) arising on translation to presentation currency are included in total comprehensive loss of US$8.1 million (FY19: US$36.0 million). The majority of these losses arise from weakening in the Rand/US$ exchange rate from 13.94 at 28 February 2019 to 15.61 at 29 February 2020 and weakening in the Brazilian Real/US$ exchange rate from 3.73 at 28 February 2019 to 4.47 at 29 February 2020.

Divisional reviews

Divisional reviews

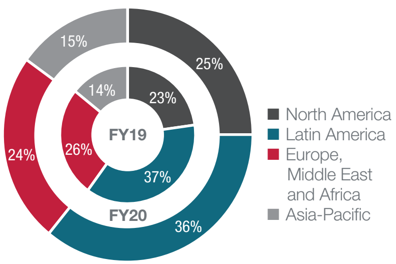
Logicalis

Logicalis accounted for 40% of the Group's revenues (FY19: 40%).

Logicalis is an international multi-skilled solution provider providing digital enablement services to help customers harness digital technology and innovative services to deliver powerful business outcomes.

Revenue decreased by 2.34% to US$1.7 billion (FY19: US$1.7 billion). In constant currency*** terms, Logicalis' revenue increased by 4.28% in FY20. Services revenues were up 6.32% with growth in both professional services and annuity revenue.

Logicalis revenue % contribution by geography



Revenue increased across North America, Asia-Pacific and Africa in absolute terms. The decrease in Europe was attributable to the rightsizing of the UK business and the decrease in Latin America was attributable to worsening exchange rates, although local currency revenue showed an increase over FY19.

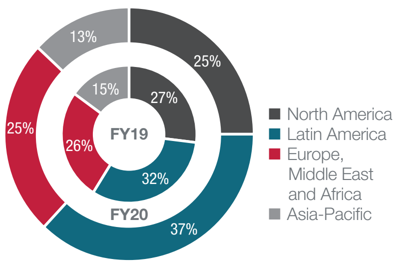
Revenues from product sales were down 7.5%, affected mainly by Latin America which benefited from large volumes of Cisco business in FY19.

Logicalis' gross margin was 25.9% (FY19: 23.6%).

This increase was partly due to the major multi-year Latin American contract which included a large product component in FY19 that transitioned to include a more substantial services element as the contract progressed. In addition, a once-off tax credit in Brazil increased gross profit by US$13.6 million in FY20, following a court ruling in favour of Logicalis with regards to certain overpaid indirect taxes. This ruling is not subject to appeal by the Brazilian tax authorities. Logicalis Brazil also recognised interest income of US$7.5 million on these multi-year overpaid taxes during FY20.

Gross profit was up 7.6% to US$441.2 million (FY19: US$410.1 million).

Logicalis gross profit % contribution by geography



EBITDA was US$123.9 million (FY19: US$93.4 million), with a corresponding EBITDA margin of 7.3% (FY19: 5.4%). Operating profit was US$72.3 million (FY19: US$65.9 million). Excluding the effects of IFRS 16**, EBITDA and operating profit would have been US$103.9 million and US$69.3 million respectively.

Argentina continued as a hyperinflation economy during FY20 although the impact on the Group results was not material.

The net interest charge decreased by US$2.7 million, largely as a result of interest receivable on the tax credit received in Brazil, which offset increased finance lease interest charges resulting from the application of IFRS 16.

Net debt of US$156.7 million (FY19: US$109.2 million) consisted of: net cash of US$12.6 million (FY19: US$16.4 million); short-term borrowings and current portion of long-term debt of US$100.8 million (FY19: US$94.4 million); and long-term debt of US$68.5 million (FY19: US$31.2 million). Excluding the impact of IFRS 16**, net debt would have been US$112.4 million. The increase in net debt compared to FY19 was driven primarily by financing related to multi-year deals in Germany, offset by seasonal outflows associated with the Americas and the reduction in working capital requirements associated with the large multi-year Latin American contract. The working capital requirements linked to both the German and Latin America contracts are expected to unwind as the projects advance.

Logicalis continues to have a contingent liability in respect of a possible tax liability at its subsidiary in Brazil.

On 30 June 2019, Logicalis completed the acquisition of Mars Technologies, a South African IT services business, offering managed IT services ranging from the remote monitoring of networks and servers, managed desktop, anti-virus, cloud backup, and printers, to full outsourcing, with a strong offering to small and mid-market enterprises.

On 2 September 2019, Logicalis Group purchased a 70% interest in Cilnet, a Cisco systems integrator and managed services business in Portugal, which increases Logicalis' Cisco technical expertise in the Iberian region and complements the existing Spanish operation with data centre, collaboration, networking, infrastructure and managed services capabilities, expanding the offering to the region.

In addition, Logicalis acquired Orange Networks on 2 September 2019, a Microsoft services business focused on Microsoft cloud and managed services, with Germany-wide presence including Hamburg, Munich, Offenbach and Düsseldorf. This acquisition advances Logicalis Germany to Microsoft Gold-Certified Partner status and enhances its hybrid cloud offering.

Logicalis continues to seek enhancements in its long-term capabilities within cloud, IoT, software, security, data management and intelligent networks to promote long-term value and insight-led transformation to its customers.

Whilst it is certain that technology will be even more firmly embedded in customers' operations following this pandemic, the exact impact of COVID-19 on Logicalis' short-to-medium-term trading is difficult to establish at this stage.

Regional leadership teams within Logicalis have prepared action plans to respond to different scenarios that they may encounter. At the same time, each region has put together compelling offers to customers and markets, including rapid remote deployment of essential solutions and services. These are designed to support customers in the areas that are most relevant to them right now, including secure remote working solutions, collaboration packages and improvements to IT resilience.

Logicalis remains confident about the long-term prospects for the industry and its positioning within it. Emerging markets currencies are expected to remain volatile over the short term.

Westcon International

Westcon International accounted for 59% of the Group's revenues (FY19: 59%).

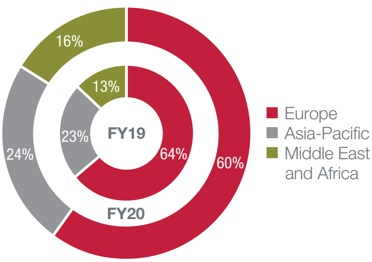
Westcon International is a value-added speciality distributor of industry-leading cyber security and network infrastructure, unified communications products, data centre solutions and channel services, with a global network of service providers, systems integrators and speciality resellers. Westcon International has operations in more than 50 countries, and goes to market under the Westcon and Comstor brands. Westcon International's portfolio of market-leading vendors includes: Cisco, Palo Alto, Avaya, Juniper, Check Point, F5 and Symantec.

Divisional reviews continued

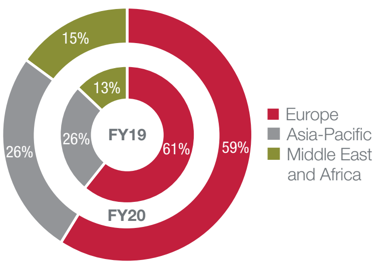
Westcon International's revenues for FY20 were flat at US$2.54 billion (FY19: US$2.54 billion) as higher sales in Asia-Pacific and Middle East and Africa ("MEA") were offset by lower sales in Europe. In constant currency*** terms, Westcon International's revenues increased by 2.7% and revenues in all regions except Europe, were up year-on-year.

Westcon International's gross profit increased by 5.9% to US$275.7 million (FY19: US$260.4 million) with increases across all regions. Gross margins increased to 10.8% (FY19: 10.2%) with higher margins in Europe and Asia-Pacific.

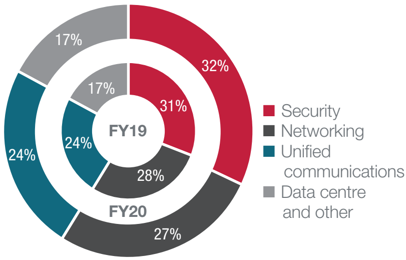
Westcon International revenue % contribution by geography



Westcon International gross profit % contribution by geography



Westcon International revenue % by technology category



Operating costs decreased 7.5% to US$235.7 million (FY19: US$254.8 million). Operating costs in FY19 benefited from a US$15.0 million SYNNEX transitional costs credit in the first half. Part of the decrease in FY20 operating costs has resulted from the adoption of IFRS 16.

Following several years of transformation, systems and process investments, no restructuring costs were incurred in FY20. Central costs of US$29 million were incurred in FY20, coming in significantly below the published target of US$33 million.

EBITDA was US$40.0 million (FY19: US$5.6 million), benefiting by $13.0 million from the adoption of IFRS 16**.

Net working capital days decreased to 22 days (FY19: 28 days) primarily due to lower days sales outstanding ("DSO") and increased inventory turns. Net debt was US$48.7 million (FY19: US$109.5 million) reflecting the adoption of IFRS 16 in FY20 which increased debt by US$31.3 million. Excluding the effect of IFRS 16**, net debt decreased to US$17.4 million.

The net debt consisted of: net overdrafts of US$4.5 million (FY19: US$94.4 million); short-term borrowings and current portion of long-term debt of US$6.6 million (FY19: US$15.0 million); and long-term debt of US$37.6 million (FY19: US$0.1 million).

In September 2019, the Group announced a change in the black economic empowerment ("BEE") partner of its subsidiary Westcon Southern Africa Holdings (Pty) Ltd ("Westcon SA"). This followed the disposal by MIC Investment Holdings (Pty) Ltd of its 40% equity interest in Westcon SA to Ascension Capital Partners (Pty) Ltd, a South African private equity investor. Westcon SA has maintained its level 1 BEE rating pursuant to this transaction.

Westcon International continues to monitor and respond to the COVID-19 pandemic with its priority on maintaining the health and welfare of its staff in compliance with relevant government directives, while limiting business impacts for channel and vendor partners.

Westcon International's key logistics centres in the UK, Netherlands, Middle East, South Africa and Asia-Pacific remain open and are being managed under strict measures to assure the wellbeing of logistics and warehousing teams while maintaining service levels. This has enabled the division to take an active role in servicing the needs of critical business sectors alongside partners during the pandemic.

The multi-year investments in Westcon International's advanced systems and business automation enabled business continuity plans to be deployed seamlessly, with almost the entire workforce switching to remote working.

The reshaping of Westcon International is proceeding according to plan and the business is now operating profitably. While the near term remains very uncertain, current conditions are driving demand for technologies that support remote access computing, cloud computing, virtualisation, security and unified communications.

Corporate, Management Consulting and Financial Services

This segment accounted for 1% of the Group's revenues (FY19: 1%).

The Management Consulting unit comprises Analysys Mason, a provider of strategic, trusted advisory, modelling and market intelligence services to the telecoms, media and technology industries.

Analysys Mason delivered an excellent performance in FY20. Management Consulting revenues were US$58.7 million (FY19: US$45.7 million) and EBITDA was US$9.4 million (FY19: US$2.8 million). This strong performance was reflected across all 16 offices worldwide and across the main propositions of Strategy, Transaction Support, Regulatory Advice and Research. In particular, areas such as 5G and fibre, where Analysys Mason has unrivalled deep domain expertise, were significant drivers of revenue growth.

Effective 1 March 2019, Analysys Mason acquired Stelacon Holding AB in Sweden as the next step in building a pan-Scandinavian team, following the earlier acquisition of Nexia Management Consulting in Norway.

On 1 April 2020, Analysys Mason acquired Allolio&Konrad, a consultancy based in Bonn, Germany with an extensive track record in the telecommunications industry and long-term client relationships with Europe's leading telecom operators. The acquisition of Allolio&Konrad builds logically on other recent acquisitions, strengthening Analysys Mason's position in the strategic, digital transformation, IT transformation, and performance consulting market, and broadening its skills base to support the accelerating demand for 5G expertise.

The Datatec Financial Services business provides financing/leasing solutions for ICT customers. The business recorded revenues of US$1.0 million in FY20 (FY19: US$0.9 million) and an EBITDA loss of US$1.2 million (FY19: US$1.7 million).

The Corporate reporting segment includes the net operating costs of the Datatec head office entities, which were US$15.3 million (FY19: US$16.8 million). These costs include the remuneration of the Board and head office staff, consulting and audit fees. In FY20, foreign exchange gains were US$1.9 million (FY19: US$3.5 million).

As at 29 February 2020, Datatec head office entities held cash of US$67.5 million of which US$14.5 million (the equivalent of ZAR226.8 million) is held in South Africa and subject to the South African Reserve Bank regulations.

Commentary continued

Subsequent events

COVID-19

On 11 March 2020, the World Health Organisation ("WHO") declared COVID-19 a global pandemic. This was followed by most countries in which the Group operates instituting lockdown restrictions to slow the spread of the disease. The Group responded by ensuring the safety and wellbeing of its employees and enabling working from home to maintain social distancing. Travel and face-to-face meetings were quickly reduced and eliminated completely in accordance with prevailing regulations. Most of the Group's business activities are able to continue under lockdown conditions and the provision of IT and communications equipment and services is often an essential component of the global response to the pandemic. The effect on the Group's business at the date of this report has been considered in detail by the board in approving the annual financial statements for FY20.

The countries in which the Group operates are all in different stages of lockdown, including travel and trade restrictions as well as social distancing measures. Outcomes range from successful virus containment with a short-term economic impact, to a prolonged global contagion resulting in a potential global recession or recessions in countries in which the Group operates. At the same time, there are a number of policy and fiscal responses emerging across the globe intended to mitigate potential negative economic impacts. Datatec is monitoring the developments closely and continuously adjusting across all its operations. The Group follows guidelines from the WHO and abides by the requirements as activated by local governments. Contingency plans have been implemented as far as possible to mitigate the potential adverse impact on the Group's employees and operations.

As the WHO declared COVID-19 a global pandemic on 11 March 2020 after the reporting date of the Group, the Group considers this to be a non-adjusting event after the reporting date as the directors are of the view that the impact of the pandemic on the global markets and economy could not have sufficiently been anticipated at 29 February 2020. As a result the financial effects resulting from the impact of COVID-19 have not been reflected in the Group's financial statements as at 29 February 2020.

As the situation remains fluid and rapidly evolving (due to continuing changes in government policy and evolving business and customer reactions thereto) as at the date the Group's consolidated annual financial statements for FY20 are authorised for issue, the directors of the Company considered that the financial effects of COVID-19 on the Group's consolidated financial statements cannot be reasonably estimated. Nevertheless, the economic effects arising from the COVID-19 pandemic may materially affect the consolidated results of the Group for the first half and full year of its FY21 financial year.

Westcon International facility

Westcon International extended its Europe financing facility on 14 May 2020 (refer above).

Acquisition

Effective 1 April 2020, Analysys Mason acquired 100% of the shares in Allolio&Konrad for €7 million cash, a consultancy based in Bonn, Germany, with an extensive track record in the telecommunications industry and long-term client relationships with Europe's leading telecom operators. Due to the timing of this acquisition, the at acquisition accounting has not been finalised and the fair value assessments of assets and liabilities acquired is still in progress; thus the goodwill and intangible asset values related to this acquisition have not been determined. Acquisition-related costs of €0.2 million have been incurred on this acquisition.

No other matter or circumstance has occurred subsequent to year-end that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the entity at the reporting date.

Changes to the Board and committees

As previously announced:

- Rick Medlock joined the Board as an independent non-executive director and member of the Audit, Risk and Compliance Committee ("ARCC") with effect 1 January 2020;

- Maya Makanjee was appointed as the Chairman of the Social and Ethics Committee on 1 June 2019 and also became the Chairman of the Remuneration Committee on 1 September 2019; and
- Johnson Njeke and Ekta Singh-Bushell stepped down from the Social and Ethics Committee on 30 November 2019.

In addition, Stephen Davidson, the Group Chairman, and John McCartney will step down from their committee roles on the ARCC and Remuneration Committee on 31 May 2020.

Ekta Singh-Bushell will be appointed to the Remuneration Committee effective 31 May 2020.

Basis of preparation

The provisional summarised consolidated financial statements are prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards ("IFRS") in effect for the Group at 29 February 2020, and further comply with the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, at a minimum contain the requirements of IAS 34 Interim Financial Reporting, as well as the requirements of the Companies Act 71 of 2008 of South Africa and the JSE Limited Listings Requirements.

The accounting policies applied in the preparation of these summarised financial statements are in terms of IFRS and are consistent with those accounting policies applied in the preparation of the previous consolidated annual financial statements except as stated below:

The Group has applied IFRS 16 *Leases* using the modified retrospective approach. The impact of the adoption of this standard and the amended accounting policies are disclosed in the summarised financial statements below. The other new or amended standards did not have an impact on the Group's accounting policies and did not require retrospective adjustments.

The preparation of these summarised financial statements and the consolidated financial statements from which these summarised financial statements were derived from for FY20 was supervised by the Chief Financial Officer, Mr Ivan Dittrich, CA(SA).

Independent auditor's report

The independent auditor, Deloitte & Touche, has issued its unmodified audit opinions on the consolidated financial statements and on these summarised consolidated financial statements for the year ended 29 February 2020 in accordance with International Standards on Auditing. These summarised consolidated financial statements have been derived from the audited consolidated annual financial statements and are consistent in all material respects, with the Group's consolidated financial statements. The consolidated financial statements and the auditor's unmodified reports on the consolidated financial statements and on these summarised consolidated financial statements are available for inspection at the Company's registered office.

The auditor's reports do not necessarily report on all of the information contained in this announcement/ financial results. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement, they should obtain a copy of the reports together with the accompanying financial information from the Company's registered office.

The full set of consolidated financial statements and unmodified audit opinion from Deloitte & Touche containing the key audit matters is available for inspection at the Company's registered office and at https://www.datatec-reports.co.za/annual-2020/pdf/afs-2020.pdf.

Any reference to future financial performance included in this announcement, has not been audited or reported on by the Company's auditor.

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.

Commentary continued

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

(i) unless otherwise indicated, forward-looking statements indicate the Group's expectations and have not been reviewed or reported on by the Group's external auditors;

(ii) actual results may differ materially from the Group's expectations if known and unknown risks or uncertainties affect its business, or if estimates or assumptions prove inaccurate;

(iii) the Group cannot guarantee that any forward-looking statement will materialise and, accordingly, readers are cautioned not to place undue reliance on these forward-looking statements; and

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

On behalf of the Board

SJ Davidson
Chairman

JP Montanana
Chief Executive Officer

IP Dittrich
Chief Financial Officer

27 May 2020

Directors

SJ Davidson# (Chairman), JP Montanana# (CEO), IP Dittrich (CFO), M Makanjee, JF McCartney°, CRK Medlock#, MJN Njeke, E Singh-Bushell°

°*American* #*British*

* *Excluding impairments of goodwill and intangible assets, profit or loss on sale of investments and assets, amortisation of acquired intangible assets, unrealised foreign exchange movements, acquisition-related adjustments, fair value movements on acquisition-related financial instruments, restructuring costs relating to fundamental reorganisations and the taxation effect on all of the aforementioned.*

The underlying* earnings measure is specific to Datatec and is not required in terms of International Financial Reporting Standards or the JSE Limited Listings Requirements.

** *Certain information presented in these results constitutes pro forma financial information. The responsibility for preparing and presenting the pro forma financial information and for the completeness and accuracy of the pro forma financial information is that of the Datatec directors. This is presented for illustrative purposes only. Because of its nature, the pro forma financial information may not fairly present the Group's financial position, changes in equity, and results of operations or cash flows. The Group has included pro forma IFRS 16 Leases, financial information that represents the results and statement of financial position showing the impact on FY20 as if IFRS 16 had not been applied.*

*** *Pro forma financial information is included for 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 ("constant currency financial information").*

The pro forma IFRS 16 and constant currency financial information contained in this announcement has been reported on by the Group's external auditors. The Group's auditors Deloitte & Touche, have issued two unmodified reasonable assurance reports (in terms of ISAE 3420: Assurance Engagements to Report on the Compilation of Pro Forma Financial Information included in the Prospectus), a copy of which is available for inspection at the Company's registered office.

To determine the revenues 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 year. The average exchange rates of the Group's material currencies are listed below:

Average US Dollar exchange rates (USD)	FY20	FY19
British Pound/US Dollar	**1.27**	1.32
Euro/US Dollar	**1.11**	1.16
US Dollar/Brazilian Real	**4.06**	3.75
US Dollar/Australian Dollar	**1.46**	1.37
US Dollar/Singapore Dollar	**1.37**	1.36
US Dollar/South African Rand	**14.67**	13.56

Independent **auditor's report on summarised consolidated financial statements**

for the year ended 29 February 2020

To the shareholders of Datatec Limited

Opinion

The summarised consolidated financial statements of Datatec Limited, which comprise the summarised consolidated statement of financial position as at 29 February 2020, the summarised consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and related notes, are derived from the audited consolidated financial statements of Datatec Limited for the year ended 29 February 2020.

In our opinion, the accompanying summarised consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements of Datatec Limited, in accordance with the requirements of the JSE Limited Listings Requirements for provisional reports, set out in the "Basis of Preparation" note to the summarised consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summarised financial statements.

Other matter

We have not audited future financial performance and expectations by management included in the accompanying summarised consolidated financial statements and accordingly do not express any opinion thereon.

Summarised consolidated financial statements

The summarised consolidated financial statements do not contain all the disclosures required by the International Financial Reporting Standards and the requirements of the Companies Act of South Africa as applicable to annual financial statements. Reading the summarised consolidated financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated financial statements of Datatec Limited and the auditor's report thereon. The summary financial statements and the audited consolidated financial statements do not reflect the effect of events that occurred subsequent to the date of our report on the audited consolidated financial statements.

The audited consolidated financial statements and our report thereon

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated 26 May 2020. That report also includes the communication of key audit matters as reported in the auditor's report of the audited financial statements.

Directors' responsibility for the summarised consolidated financial statements

The directors are responsible for the preparation of the summarised consolidated financial statements in accordance with the requirements of the JSE Limited Listings Requirements for provisional reports, set out in the "Basis of Preparation" note to the summarised consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summarised financial statements.

The Listings Requirements require provisional reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards ("IFRS"), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, and to also, as a minimum, contain the information required by IAS 34 *Interim Financial Reporting*.

Auditor's responsibility

Our responsibility is to express an opinion on whether the summarised consolidated financial statements are consistent, in all material respects, with the consolidated audited financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing ("ISA") 810 (Revised), Engagements to Report on Summary Financial Statements.

Deloitte & Touche

Deloitte & Touche
Registered auditors
Per: Mark Rayfield
Partner
27 May 2020

5 Magwa Crescent
Waterfall City
Midrand
2090
South Africa

National Executive: *LL Bam Chief Executive Officer *TMM Jordan Deputy Chief Executive Officer; Clients & Industries *MJ Jarvis Chief Operating Officer *AF Mackie Audit & Assurance *N Sing Risk Advisory DP Ndlovu Tax & Legal *MR Verster Consulting *JK Mazzocco People & Purpose MG Dicks Risk Independence & Legal * KL Hodson Financial Advisory *B Nyembe Responsible Business & Public Policy *TJ Brown Chairman of the Board

A full list of partners and directors is available on request

* Partner and registered auditor

Summarised consolidated statement of comprehensive income

for the year ended 29 February 2020

US$'000	Audited Year ended February 2020	Audited Year ended February 2019
CONTINUING OPERATIONS		
Revenue	**4 304 845**	4 332 381
Continuing operations	**4 281 591**	4 277 186
Revenue from acquisitions	**23 254**	55 195
Cost of sales	**(3 563 267)**	(3 644 637)
Gross profit	**741 578**	687 744
Operating costs	**(571 598)**	(569 896)
Net impairment of financial assets	**(3 700)**	(3 817)
Restructuring costs	**–**	(17 506)
Share-based payments	**(7 623)**	(9 764)
Operating profit before interest, tax, depreciation and amortisation ("EBITDA")	**158 657**	86 761
Depreciation of property, plant and equipment	**(27 011)**	(25 889)
Depreciation of right-of-use assets	**(32 991)**	–
Amortisation of capitalised development expenditure	**(3 217)**	(972)
Amortisation of acquired intangible assets and software	**(12 901)**	(11 477)
Operating profit	**82 537**	48 423
Interest income	**14 911**	9 568
Finance costs	**(40 785)**	(32 145)
Share of equity-accounted investment losses	**(204)**	(1 403)
Acquisition-related fair value adjustments	**696**	(35)
Other income	**918**	62
Gain/(loss) on disposal of investment	**415**	(255)
Profit before taxation	**58 488**	24 215
Taxation	**(31 809)**	(20 959)
Profit for the year from continuing operations	**26 679**	3 256
DISCONTINUED OPERATIONS		
Profit for the year from discontinued operations	**1 332**	11 694
Profit for the year	**28 011**	14 950
Other comprehensive loss		
Items that may be reclassified subsequently to profit and loss		
Exchange differences arising on translation to presentation currency	**(38 184)**	(54 735)
Translation of equity loans net of tax effect	**1 104**	2 874
Transfers and other items	**978**	948
Total comprehensive loss for the year	**(8 091)**	(35 963)
Profit attributable to:		
Owners of the parent	**14 239**	13 134
Non-controlling interests	**13 772**	1 816
	28 011	14 950
Total comprehensive loss attributable to:		
Owners of the parent	**(17 826)**	(30 734)
Non-controlling interests	**9 735**	(5 229)
	(8 091)	(35 963)
EARNINGS PER SHARE ("EPS") (US CENTS)		
Basic	**6.8**	5.5
Continuing operations	**6.2**	0.6
Discontinued operations	**0.6**	4.9
Diluted basic	**6.7**	5.5
Continuing operations	**6.1**	0.6
Discontinued operations	**0.6**	4.9

Salient **financial features**

for the year ended 29 February 2020

US$'000	Audited Year ended February 2020	Audited Year ended February 2019
HEADLINE EARNINGS	**12 491**	1 658
Headline earnings per share (US cents)		
Headline	**5.9**	0.7
Diluted headline	**5.8**	0.7
UNDERLYING* EARNINGS	**20 843**	15 728
Underlying* earnings per share (US cents)		
Underlying*	**9.9**	6.6
Diluted underlying*	**9.7**	6.5
Net asset value per share (US cents)	**288.3**	297.5
KEY RATIOS		
Gross margin (%)	**17.2**	15.9
EBITDA margin (%)	**3.7**	2.0
Effective tax rate (%)	**54.4**	86.6
Exchange rates		
Average Rand/US$ exchange rate	**14.7**	13.6
Closing Rand/US$ exchange rate	**15.6**	13.9
Number of shares issued (millions)		
Issued (excluding treasury shares)	**198**	218
Weighted average	**210**	238
Diluted weighted average	**214**	240

Headline and underlying* earnings from discontinued operations were US$nil.

The underlying* earnings measure is specific to Datatec and is not required in terms of International Financial Reporting Standards or the JSE Listings Requirements.

* *Underlying earnings exclude impairments of goodwill and intangible assets, profit or loss on sale of investments and assets, amortisation of acquired intangible assets, unrealised foreign exchange movements, acquisition-related adjustments, fair value movements on acquisition-related financial instruments, restructuring costs relating to fundamental reorganisations and the taxation effect on all of the aforementioned.*

Determination of headline and underlying* earnings

for the year ended 29 February 2020

US$'000	Audited Year ended February 2020	Audited Year ended February 2019
Reconciliation of attributable profit to headline earnings		
Profit attributable to the equity holders of the parent	**14 239**	13 134
Headline earnings adjustments	**(1 789)**	(11 375)
Profit on disposal of investment and discontinued operations	**(1 747)**	(11 439)
(Profit)/loss on disposal of property, plant and equipment	**(65)**	93
Tax effect	**23**	(29)
Non-controlling interests	**41**	(101)
Headline earnings	**12 491**	1 658
DETERMINATION OF UNDERLYING* EARNINGS		
Underlying* earnings adjustments	**8 416**	15 587
Unrealised foreign exchange losses/(gains)	**1 247**	(7 467)
Acquisition-related fair value adjustments	**(696)**	35
Restructuring costs	**–**	17 506
Amortisation of acquired intangible assets	**11 297**	10 217
Tax effect	**(3 432)**	(4 704)
Non-controlling interests	**(64)**	(1 517)
Underlying earnings	**20 843**	15 728

The underlying* earnings metric is specific to Datatec and is not required in terms of International Financial Reporting Standards or the JSE Listings Requirements.

* *Underlying earnings exclude impairments of goodwill and intangible assets, profit or loss on sale of investments and assets, amortisation of acquired intangible assets, unrealised foreign exchange movements, acquisition-related adjustments, fair value movements on acquisition-related financial instruments, restructuring costs relating to fundamental reorganisations and the taxation effect on all of the aforementioned.*

Summarised **consolidated statement of financial position**

as at 29 February 2020

US$'000	Audited Year ended February 2020	Audited Year ended February 2019
ASSETS		
Non-current assets	**512 598**	437 786
Goodwill	**241 369**	234 551
Property, plant and equipment	**43 300**	60 306
Right-of-use assets	**83 953**	–
Capitalised development expenditure	**19 908**	12 711
Acquired intangible assets and software	**30 002**	37 615
Investments	**10 908**	22 382
Deferred tax assets	**46 544**	52 134
Finance lease receivables	**27 111**	13 363
Sundry receivables and contract costs	**9 503**	4 724
Current assets	**2 083 928**	2 284 521
Investments	**5 842**	–
Inventories	**253 271**	332 256
Trade receivables	**1 110 510**	1 258 853
Prepaid expenses and other receivables	**237 311**	232 965
Contract assets and contract costs	**105 133**	98 798
Current tax assets	**16 091**	11 442
Finance lease receivables	**8 581**	5 807
Cash and cash equivalents	**347 189**	344 400
Total assets	**2 596 526**	2 722 307
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent	**572 315**	648 927
Stated capital	**113 123**	172 998
Non-distributable reserves	**101 861**	85 614
Foreign currency translation reserve	**(134 802)**	(102 527)
Share-based payment reserve	**9 041**	7 828
Distributable reserves	**483 092**	485 014
Non-controlling interests	**70 778**	63 303
Total equity	**643 093**	712 230
Non-current liabilities	**187 610**	100 805
Long-term interest-bearing liabilities	**18 638**	9 450
Lease liabilities	**95 148**	21 933
Liability for share-based payments	**5 595**	1 888
Amounts owing to vendors	**2 052**	1 393
Deferred tax liabilities	**26 127**	28 616
Deferred revenue	**28 980**	26 506
Provisions	**11 070**	11 019
Current liabilities	**1 765 823**	1 909 272
Trade and other payables	**1 259 013**	1 358 928
Short-term interest-bearing liabilities	**75 145**	100 702
Lease liabilities	**34 325**	9 049
Contract liabilities	**4 197**	3 476
Deferred revenue	**100 893**	98 788
Provisions	**8 335**	17 548
Amounts owing to vendors	**3 438**	936
Current tax liabilities	**16 677**	15 826
Bank overdrafts	**263 800**	304 019
Total equity and liabilities	**2 596 526**	2 722 307

Summarised **consolidated statement of cash flows**

for the year ended 29 February 2020

US$'000	Audited Year ended February 2020	Audited Year ended February 2019
Profit before taxation	**59 820+**	35 909+
Non-cash items	**98 518**	53 022
Operating profit before working capital changes	**158 338**	88 931
Working capital changes	**56 984**	(21 228)
Decrease/(increase) in inventories	**70 992**	(95 518)
Decrease/(increase) in receivables	**78 496**	(90 937)
(Decrease)/increase in payables	**(69 698)**	171 592
Increase in revenue-related assets	**(23 252)**	(17 234)
Increase in revenue-related liabilities	**446**	10 869
Other working capital changes	**247**	1 287
Cash generated from operations	**215 569**	68 990
Net finance costs paid#	**(30 972)**	(22 434)
Taxation paid	**(36 941)**	(38 531)
Net cash inflow from operating activities	**147 656**	8 025
Cash outflow for acquisitions	**(9 300)**	(25 450)
Disposal of investments	**7 841**	10 201
Additions to investments	**(1 592)**	(7 283)
Additions to property, plant and equipment	**(15 536)**	(23 769)
Additions to capitalised development expenditure	**(10 517)**	(11 264)
Additions to software	**(1 983)**	(1 853)
Proceeds on disposal of property, plant and equipment	**121**	132
Net cash outflow from investing activities	**(30 966)**	(59 286)
Dividend paid to shareholders	**(12 167)**	–
Treasury shares purchased	**(2 230)**	–
Shares purchased for equity-settled share-based payments	**(5 108)**	–
Share repurchases	**(44 345)**	(43 881)
Dividends paid to non-controlling interests	**(2 970)**	(53)
Earn-out received net of costs	**13 966**	–
Amounts paid to vendors	**(196)**	(927)
Repayment of lease liabilities – principal	**(16 260)**	–
Proceeds from short-term liabilities	**53 110**	65 203
Repayment of short-term liabilities	**(61 620)**	(77 830)
Proceeds from long-term liabilities	**16 002**	13 366
Repayment of long-term liabilities	**(14 963)**	(10 462)
Net cash outflow from financing activities	**(76 781)**	(54 584)
Net increase/(decrease) in cash and cash equivalents	**39 909**	(105 845)
Cash and cash equivalents at the beginning of the year	**40 381**	161 342
Translation differences on cash and cash equivalents	**3 099**	(15 116)
Cash and cash equivalents at the end of the year**	**83 389**	40 381
Cash flows from discontinued operations		
Net cash outflow from operating activities	**(144)**	(606)
Net cash inflow from financing activities	**13 966**	–
Net increase/(decrease) in cash and cash equivalents	**13 822**	(606)

*** Comprises cash resources, net of bank overdrafts.*
+ Includes both continuing and discontinued operations.
 # Includes non-cash accruals.

Summarised consolidated statement of changes in total equity

for the year ended 29 February 2020

US$'000	Audited Year ended February 2020	Audited Year ended February 2019
Balance at the beginning of the year	**712 230**	790 820
Transactions with equity holders of the parent		
Comprehensive loss	**(17 826)**	(30 734)
Dividend – out of distributable reserves^	**(15 371)**	–
Dividend – scrip^	**3 204**	–
Share repurchases	**(44 345)**	(43 881)
Share-based payments	**(44)**	1 836
Treasury shares	**(2 230)**	–
Other	**–**	103
Transactions with non-controlling interests		
Comprehensive income/(loss)	**9 735**	(5 229)
Acquisitions of subsidiaries	**710**	(459)
Other	**–**	(173)
Dividend to non-controlling interests	**(2 970)**	(53)
Balance at the end of the year	**643 093**	712 230

^ *Cash dividend of US$12.2 million paid.*

Summarised **segmental analysis**

for the year ended 29 February 2020

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

Principal activities are as follows:
- Westcon International – distribution of security, collaboration, networking and data centre products;
- Logicalis – ICT infrastructure solutions and services; and
- Corporate, Management Consulting and Financial Services: includes strategic, trusted advisory, modelling and market intelligence services,financing/leasing business, Group head office companies and Group consolidation adjustments.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors that make strategic decisions.

US$'000	Westcon International Audited Year ended February 2020	 Audited Year ended February 2019
REVENUE	**2 544 623**	2 544 774
Revenue from product sales	**2 402 372**	2 479 407
Revenue from sales of hardware/direct product sales	**1 655 212**	1 772 579
Revenue from sales of software/fulfilment product sales	**725 421**	688 036
Revenue from vendor resold services and product maintenance sales	**60 780**	57 819
Inter-segmental revenue	**(39 041)**	(39 027)
Revenue from services	**67 898**	65 367
Revenue from professional services	**67 898**	64 428
Revenue from other services	**–**	939
Annuity revenue	**74 353**	–
Revenue from cloud services	**74 353**	–
Revenue from other annuity services	**–**	–
EBITDA	**40 038**	5 565
Reconciliation of operating profit/(loss) to profit/(loss)after taxation		
Operating profit/(loss)	**18 972**	(4 226)
Interest income	**1 084**	1 491
Finance costs	**(14 733)**	(13 683)
Share of equity-accounted investment (losses)/earnings	**(398)**	(2 143)
Acquisition-related fair value adjustments	**–**	–
Other income/(expenses)	**918**	(97)
Gain/loss on disposal of investment	**415**	(255)
Profit/(loss) before taxation	**6 258**	(18 913)
Taxation	**(5 962)**	(3 271)
Profit/(loss) for the year from continuing operations	**296**	(22 184)
Profit for the year from discontinued operations	**–**	–
Profit/(loss) for the year	**296**	(22 184)
Total assets	**1 155 583**	1 226 057
Total liabilities	**(985 859)**	(1 046 305)

Sales and purchases between Group companies are concluded on normal commercial terms in the ordinary course of business. The inter-group sales of goods and provision of services for the year ended 29 February 2020 amounted to US$40.0 million (FY19: US$40.4 million). US$107.5 million (FY19: US$113.1 million) of inventory was purchased from SYNNEX Corporation Limited. US$2.4 million (FY19: US$2.6 million) was owed to SYNNEX Corporation and US$0.2 million (FY19: US$0.3 million) was due from SYNNEX Corporation. During the year, the Group made sales totalling US$51.1 million (FY19: US$48.4 million) and received management fees of US$0.3 million (FY19: US$0.5 million) from Esource Resources, LLC. As at 29 February 2020, US$2.2 million (FY19: US$4.2 million) was due from Esource Resources, LLC. US$0.1 million (FY19: US$0.2 million) was due to Esource Resources, LLC.

Logicalis		Corporate, Management Consulting and Financial Services		Datatec Group Total	
Audited Year ended February 2020	Audited Year ended February 2019	**Audited Year ended February 2020**	Audited Year ended February 2019	**Audited Year ended February 2020**	Audited Year ended February 2019
1 700 445	1 741 064	**59 777**	46 543	**4 304 845**	4 332 381
1 004 809	1 086 789	**1 041**	–	**3 408 222**	3 566 196
896 877	991 657	**(29 067)**	(30 231)	**2 523 022**	2 734 005
108 013	95 483	**(9 821)**	(10 147)	**823 613**	773 372
807	1 000	**–**	–	**61 587**	58 819
(888)	(1 351)	**39 929**	40 378	**–**	–
283 400	269 074	**51 865**	46 543	**403 163**	380 984
283 400	269 074	**51 865**	46 543	**403 163**	380 045
–	–	**–**	–	**–**	939
412 236	385 201	**6 871**	–	**493 460**	385 201
49 384	44 049	**–**	–	**123 737**	44 049
362 852	341 152	**6 871**	–	**369 723**	341 152
123 854	93 366	**(5 235)**	(12 170)	**158 657**	86 761
72 287	65 949	**(8 722)**	(13 300)	**82 537**	48 423
11 538	1 693	**2 289**	6 384	**14 911**	9 568
(25 608)	(18 455)	**(444)**	(7)	**(40 785)**	(32 145)
(181)	468	**375**	272	**(204)**	(1 403)
696	(35)	**–**	–	**696**	(35)
–	–	**–**	159	**918**	62
–	–	**–**	–	**415**	(255)
58 732	49 620	**(6 502)**	(6 492)	**58 488**	24 215
(21 949)	(12 317)	**(3 898)**	(5 371)	**(31 809)**	(20 959)
36 783	37 303	**(10 400)**	(11 863)	**26 679**	3 256
–	–	**1 332**	11 694	**1 332**	11 694
36 783	37 303	**(9 068)**	(169)	**28 011**	14 950
1 303 083	1 318 226	**137 860**	178 024	**2 596 526**	2 722 307
(926 877)	(943 441)	**(40 697)**	(20 331)	**(1 953 433)**	(2 010 077)

Financial **instruments**

as at 29 February 2020

The table below sets out the Group's classification of each class of financial instrument, at their fair values. The carrying amount of these financial instruments approximates their fair values, therefore no fair value disclosures are provided. The different fair value levels are described below.

Level 1 – inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 – inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 – inputs are inputs for the asset or liability that are not based on observable market data (unobservable inputs).

In estimating the fair value of an asset or liability, the Group uses market-observable data to the extent it is available. Where level 1 inputs are not available, the Group engages qualified third-party valuers to perform the valuation.

US$'000	Level	Audited Year ended February 2020	Audited Year ended February 2019
FINANCIAL ASSETS			
Financial assets at amortised cost			
Gross trade accounts receivable		**1 140 012**	1 290 514
Less: Expected credit loss allowances		**(29 502)**	(31 661)
Bonds		**13 118**	18 960
Loans granted to third parties and other long-term assets due		**9 460**	4 638
Finance lease receivables		**35 692**	19 170
Sundry receivables		**56 688**	63 038
Cash and cash equivalents at financial institutions		**347 189**	344 400
Financial assets at fair value through profit or loss			
Earn-out receivable	3	**–**	11 694
Derivative financial assets	2	**–**	2 318
		1 572 657	1 723 071
FINANCIAL LIABILITIES			
Financial liabilities at amortised cost			
Trade payables		**(928 201)**	(1 056 451)
Other payables and other financial liabilities		**(198 236)**	(174 234)
Long-term interest bearing liabilities*		**(43 032)**	(45 406)
Lease liabilities*		**(129 473)**	(30 982)
Short-term interest-bearing liabilities		**(50 751)**	(64 746)
Bank overdrafts		**(263 800)**	(304 019)
Financial liabilities at fair value through profit or loss			
Amounts owing to vendors	3	**(5 490)**	(2 329)
Derivative financial liabilities	2	**(724)**	(2 407)
		(1 619 707)	(1 680 574)

* *Includes current portion of long-term liabilities.*

There were no transfers between Level 1 and Level 2 during the year.

Amounts owing to vendors represent purchase considerations owing in respect of acquisitions. The purchase considerations are to be settled with the vendors in cash or shares on achievement of agreed performance criteria. The amounts owing are interest free. Amounts owing to vendors are classified as financial liabilities designated at fair value through profit or loss. They are classified as Level 3 financial instruments, whose fair value measurements are derived from inputs that are unobservable for the liabilities. Movements are presented in the statement of comprehensive income as acquisition-related fair value adjustments.

Capital **expenditure and commitments**

as at 29 February 2020

US$'000	Audited Year ended February 2020	Audited Year ended February 2019
Capital expenditure incurred in the current period (including capitalised development expenditure)	**28 036**	36 886
Capital commitments at the end of the year	**48 751**	46 779

Acquisitions **made during the year**

as at 29 February 2020

The following table sets out the assessment of the fair value of assets and liabilities acquired in the acquisitions made by the Group during the period.

US$'000	Audited Year ended February 2020
ACQUISITIONS MADE IN FY20	
Assets acquired	
Non-current assets	**6 194**
Current assets	**9 560**
Non-current liabilities	**(2 807)**
Current liabilities	**(14 523)**
Net assets acquired	**(1 576)**
Intangible assets	**3 864**
Capitalised development expenditure and software	**75**
Goodwill	**13 016**
Non-controlling interests	**(710)**
Fair value of acquisitions	**14 669**
Purchase consideration	
Subsidiary shares issued	**728**
Cash	**9 755**
Deferred purchase consideration	**4 186**
Total consideration	**14 669**
Cash outflow for acquisitions	
Cash and cash equivalents acquired	**(455)**
Cash consideration paid	**9 755**
Net cash outflow for acquisitions	**9 300**
Reconciliation of goodwill	
Opening balance‡	**234 551**
Acquisitions	**13 016**
Translation and other movements	**(6 198)**
Closing balance‡	**241 369**

‡ *The opening and closing balance of goodwill reflects the gross carrying amount of goodwill. There were no accumulated impairments carried forward.*

Acquisitions **made during the year** continued

as at 29 February 2020

On 1 March 2019, Analysys Mason Limited acquired 100% of the issued share capital Stelacon Holding AB ("Stelacon"), a Swedish consulting company for US$2.6 million (including a deferred purchase consideration of US$1.2 million). This was an important further step in building a pan-Scandinavian presence, after Analysys Mason's successful expansion into Norway. Stelacon brings experience in areas including smart cities, regional development, digital services, policy and regulation, and telecoms and digital communications.

Effective 30 June 2019, Logicalis SA (Pty) Ltd, acquired 100% of the issued share capital of Mars Investment Holdings (Pty) Ltd ("Mars Technologies"), a South African IT services business, with offices in Cape Town, Johannesburg, Port Elizabeth, Durban and East London for US$0.4 million (including a deferred purchase consideration of US$0.1 million). With this acquisition, the Logicalis South African operation strengthens and expands its managed services offering to better serve its corporate customers and deliver new services to existing customers from both companies.

Logicalis Group purchased a 70% interest in Cilnet on 2 September 2019, a Cisco systems integrator and managed services business in Portugal for US$8.8 million (including US$2.3 million deferred purchase consideration and US$0.7 million non-controlling interest). The acquisition increases Logicalis' Cisco technical expertise in the Iberian region and complements the existing Spanish operation with data centre, collaboration, networking, infrastructure and managed services capabilities, expanding the offering to the region. The company designs and integrates networking, data centre and contact centre solutions, complemented with security, managed services and application development skills.

In addition, Logicalis also acquired 100% of Orange Networks on 2 September 2019, a Microsoft services business focused on Microsoft cloud and managed services, with Germany-wide presence including Hamburg, Munich, Offenbach and Düsseldorf. The purchase price was US$2.9 million (including US$0.6 million deferred purchase consideration). This acquisition advances Logicalis Germany to Microsoft Gold-Certified Partner status and enhances its hybrid cloud offering.

As a result of these acquisitions, goodwill and other intangible assets increased by US$13.0 million and US$3.9 million respectively. None of the goodwill recognised is expected to be deductible for income tax purposes. All trade receivables acquired are measured at amortised cost. The carrying value of trade receivables balances approximates their fair value, therefore no fair value disclosures are provided. All identifiable intangible assets have been recognised and accounted for at fair value.

The revenue and EBITDA included from these acquisitions in FY20 were US$23.3 million and US$2.6 million respectively; profit after tax included from these acquisitions was US$1.7 million. Had the acquisition date been 1 March 2019, the revenue and EBITDA would have been approximately US$42.8 million and US$4.9 million respectively. It is not practical to establish profit after tax that would have been contributed to the Group if they had been included for the entire year. The fair value assessment of assets and liabilities acquired and the amounts recognised as goodwill and intangible assets have been finalised by year end.

Adoption **of IFRS 16**

as at 29 February 2020

New and amended standards adopted by the Group

The Group was required to amend its accounting policies as a result of adopting IFRS 16 *Leases*. The impact of the adoption of this standard and the amended accounting policies are disclosed below.

Change in significant accounting policy

This standard introduces a single, on-balance sheet lease accounting model for lessees. A lessee is required to recognise right-of-use assets representing its right to use the underlying assets and lease liabilities representing its obligation to make lease payments. Lessor accounting remains similar to former practice; i.e. lessors continue to classify leases as finance or operating leases.

The Group leases various property, plant and equipment. Rental contracts are typically entered for fixed periods but may have extension options. Lease terms are negotiated on an individual basis and contain a range of terms and conditions. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

Items of low value have been determined based on the nature of the assets. Similar items are categorised and assessed to determine whether items are considered to be low value. Low value items include assets such as laptops and phones.

Right-of-use assets presented within current assets capture right-of-use assets on leases with a term of 12 months or less. As the Group has elected to expense short-term leases, it does not present such amounts.

The lease liability is measured initially at the present value of the lease payments that are not paid at commencement date, discounted at the incremental borrowing rate, unless the rate implicit in the lease is readily determinable. The lease liability is subsequently increased by interest costs and decreased by lease payments made. Incremental borrowing rates have been determined based on country-specific factors and vary across the Group.

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

Up to and including the FY19 financial year, leases for property, plant and equipment were accounted for under IAS 17 *Leases* and classified as either finance or operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

The Group has elected to apply the practical expedient in IFRS 16 and accounts for lease and non-lease components as a single lease.

Adoption **of IFRS 16** continued

as at 29 February 2020

Adjustments recognised on adoption of IFRS 16

The Group adopted IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings as at 1 March 2019.

Accordingly, the comparative information presented for FY19 has not been restated.

In applying IFRS 16 for the first time, the Group used the following practical expedients permitted by the standard in the application of the initial accounting:
- the application of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- reliance on previous assessments in determining whether leases are onerous;
- not reassessing whether a contract is, or contains, a lease at the date of initial application;
- the use of hindsight in determining the lease term where contracts contain options to extend or terminate the lease;
- accounting for leases that, at 1 January 2019, had a remaining lease term of 12 months or less on a straight-line basis over the remaining lease term;
- accounting for leases for which the underlying asset is of low value on a straight-line basis over the lease term; and
- exclusion of initial direct costs from the measurement of the right-of-use asset at 1 January 2019.

The Group has also made the election to recognise the right-of-use assets on adoption of IFRS 16, at an amount equal to the lease liability, adjusted by the amount of any accrued or prepaid lease payments relating to that lease recognised in the statement of financial position immediately before the date of initial appreciation.

On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as "operating leases" under the principles of IAS 17. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessees' incremental borrowing rates as at 1 March 2019. Incremental borrowing rates have been determined based on country-specific factors and vary across the Group. The weighted average incremental borrowing rates applied to the lease liabilities on 1 March 2019 were:
- Westcon International: 4.79% and 10%
- Logicalis: 9%
- Management Consulting: 2.75%
- Corporate: 9.25%

Reconciliation between operating lease commitments and lease liabilities recognised at the date of initial application

US$'000	Audited 1 March 2019 Land and buildings	Office furniture, equipment and motor vehicles	Computer equipment	Total
Operating lease commitments disclosed as at 28 February 2019	**116 720**	**5 191**	**1 814**	**123 725**
Discounted using the lessees' incremental borrowing rates at the date of initial application	**(12 246)**	**(353)**	**(50)**	**(12 649)**
Less: Low value leases recognised on a straight-line basis as expense	**72**	**(167)**	**(123)**	**(218)**
Less: Short-term leases recognised on a straight-line basis as expense	**(286)**	**(76)**	**(325)**	**(687)**
Less: Adjustments as a result of a different treatment of extension and termination options	**(1 407)**	**(3)**	**–**	**(1 410)**
Less: Translation and other movements	**(8 149)**	**(450)**	**(535)**	**(9 134)**
Lease liabilities recognised as at 1 March 2019	**94 704**	**4 142**	**781**	**99 627**

Lease liabilities at 28 February 2019 amounted to US$30.982 million. Total lease liabilities as at 1 March 2019 amounted US$130.609 million.

Right-of-use assets were measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position as at 28 February 2019. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets as at 1 March 2019.

Previous guidance issued by the Group estimated that lease liabilities of between US$110 million and US$125 million would be recognised. However, only US$95 million was recognised due to exchange rate fluctuations as well as an overestimation in Logicalis Europe.
The change in accounting policy affected the following items in the statement of financial position:

Adoption of IFRS 16 continued

as at 29 February 2020

US$'000	Audited 1 March 2019 Increase/ (decrease)
ASSETS	
Right-of-use assets	94 570
Office furniture, equipment and motor vehicles	7 362
Computer equipment	298
Leasehold improvements	–
Land and buildings	86 910
Prepaid expenses	46
EQUITY AND LIABILITIES	
Lease liabilities	99 627
Operating lease smoothing liabilities	(5 011)
Distributable reserves	–

Pro forma information

The adoption of IFRS 16 from 1 March 2019 complicates performance comparison between the results of the current and prior financial year. To provide a more meaningful assessment of the Group's performance, pro forma information has been presented for the year ended 29 February 2020. The pro forma financial information as set out has been prepared for illustrative purposes and reflects the impact of IFRS 16 on the numbers disclosed on the statement of comprehensive income and statement of financial position as at 29 February 2020. The pro forma numbers represent the results and balance sheet position showing the impact on FY20 as if IFRS 16 had not been applied at 1 March 2019. IFRS 16 balances have been removed from the reported figures in order to determine the pro forma figures. These adjustments have been made to enable a like-for-like comparison to FY19 where IFRS 16 had not been applied.

The pro forma IFRS 16 information, which is the responsibility of the Datatec directors, has been compiled taking into account the applicable criteria as detailed in paragraphs 8.15 to 8.34 of the JSE Listings Requirements and the SAICA Guide on Pro forma Financial Information, revised and issued in September 2014 (applicable criteria). The pro forma information does not constitute financial statements fairly presented in accordance with IFRS. The pro forma information has been prepared for illustrative purposes only and because of its nature may not fairly present the Group's statement of comprehensive income, salient financial features and statement of financial position. The Group's external auditor, Deloitte & Touche, has issued an unmodified assurance report on the pro forma IFRS 16 information on 26 May 2020. A copy of its report is available for inspection at the registered office of the Company.

Impact on current year results

The following tables show the impact of IFRS 16 on the numbers disclosed on the statement of comprehensive income and statement of financial position as at 29 February 2020. The pro forma numbers represent the results and balance sheet position showing the impact on FY20 as if IFRS 16 had not been applied at 1 March 2019. IFRS 16 balances have been removed from the reported figures in order to determine the pro forma figures to enable a like-for-like comparison to FY19 where IFRS 16 had not been applied.

US$'000	Year ended February 2020 Pro forma	Year ended February 2020 Adjustments	Audited Year ended February 2020 Reported	Audited Year ended February 2019 Reported
Statement of comprehensive income				
Gross profit	736 365	5 213	741 578	687 744
Operating costs	(601 542)	29 944[(1)]	(571 598)	(569 896)
EBITDA	123 500	35 157	158 657	86 761
Depreciation	(29 456)	(30 546)[(2)]	(60 002)	(25 889)
Operating profit	77 926	4 611	82 537	48 423
Finance costs	(36 197)	(4 588)[(3)]	(40 785)	(32 145)
Profit before taxation	58 465	23	58 488	24 215
Profit for the year	27 964	47	28 011	14 950
Basic earnings per share from continuing operations (US cents)	6.1	0.1	6.2	0.6
Statement of financial position				
Total assets	2 517 562	78 964	2 596 526	2 722 307
Property, plant and equipment and right-of-use assets	47 455	79 798[(4)]	127 253	60 306
Prepaid expenses and other receivables	238 145	(834)	237 311	232 965
Total equity	(643 046)	(47)[(5)]	(643 093)	(712 230)
Total liabilities	(1 874 516)	(78 917)	(1 953 433)	(2 010 077)
Long-term interest-bearing liabilities and leases	(50 361)	(63 425)[(6)]	(113 786)	(31 383)
Trade and other payables	(1 264 836)	5 823	(1 259 013)	(1 358 928)
Short-term interest-bearing liabilities and leases	(88 156)	(21 314)[(6)]	(109 470)	(109 751)
Salient financial features				
Headline earnings per share (US cents)	5.9	0.0	5.9	0.7
Underlying earnings* per share (US cents)	9.9	0.0	9.9	6.6
Net asset value per share (US cents)	288.3	0.0	288.3	297.5

(1) Includes operating lease rentals that would have been incurred.
(2) Excludes depreciation of right-of-use assets of US$27.0 million. Depreciation of assets previously held under finance lease agreements has been included.
(3) Excludes IFRS 16-related finance costs.
(4) Excludes right-of-use assets and includes assets previously held under finance lease agreements.
(5) Total adjustments made to statement of comprehensive income.
(6) Excludes lease liabilities recognised as a result of IFRS 16.

The number of shares in issue excluding treasury shares was 198 million and the weighted average number of shares in issue was 210 million.

These adjustments are of a continuing nature.

Adoption of IFRS 16 continued

as at 29 February 2020

Impact on segmental reporting

EBITDA, operating profit and profit before taxation, segmental assets and liabilities increased for the period ended 29 February 2020, as a result of the change in accounting policy. The following segments were affected by the change:

	Westcon International	Logicalis	Corporate, Management Consulting and Financial Services	Datatec Group Total
US$'000	Audited Year ended February 2020	Audited Year ended February 2020	Audited Year ended February 2020	Audited Year ended February 2020
EBITDA	13 002	19 914	2 241	35 157
Depreciation	(11 591)	(16 927)	(2 028)	(30 546)
Operating profit	1 411	2 987	213	4 611
Finance costs	(1 872)	(2 398)	(318)	(4 588)
(Loss)/profit before taxation	(461)	589	(105)	23
Total assets	30 346	39 835	8 783	78 964
Total liabilities	(30 807)	(39 246)	(8 864)	(78 917)

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