

LOGICALIS GROUP LIMITED
CONSOLIDATED ANNUAL REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 28 FEBRUARY 2022

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LOGICALIS GROUP LIMITED

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LOGICALIS GROUP LIMITED

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LOGICALIS GROUP LIMITED

STRATEGIC REPORT

The Directors present their annual report and the audited consolidated financial statements for the year ended 28 February 2022.

Principal activities and business review

Logicalis Group Limited (“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.

Logicalis’ customers cross industries and geographical regions; and the company’s focus is to engage in the dynamics of its customers’ vertical markets; including financial services, TMT (telecommunications, media and technology), education, healthcare, retail, government, manufacturing and professional services and apply the skills of its 7,154 (2021: 6,197) employees (employee figures stated as at year end) in modernising key digital pillars; data centre and cloud services, security and network infrastructure, workspace communications and collaboration, data and information strategies and IT operation modernisation.

Logicalis is the advocate for its customers for some of the world’s leading technology companies including Cisco, HPE, IBM, CA Technologies, NetApp, Microsoft, Oracle, VMware, ServiceNow and DellEMC.

Logicalis’ executive management team is focused on building a strong business through organic growth and acquisition and has delivered an acceptable financial performance in the year under review in difficult trading conditions and against the headwinds of a strong US Dollar (primarily in Brazil and Argentina).

Revenue was \$1,644.4 million (2021: \$1,444.1 million) for the year ended 28 February 2022, including \$37.3 million (2021: \$4.3 million) of revenue from acquisitions made during the year. Revenue increased in all regions compared to prior year as the economies around the world were coming out of COVID-19 restrictions. WHO (World Health Organization) announced COVID-19 as a ‘Pandemic’ on 11th March 2020, and governments around the world officially implemented lockdown measures there-onwards which had a significant impact on the business performance in prior year. On a constant currency basis (translating foreign currencies utilising exchange rates in existence during the prior year resulting in a conversion currency adjustment of \$1.2 million to arrive at an adjusted revenue figure of \$1,645.5 million), revenues increased by 13.95%, showing trading performance of subsidiaries in relevant local currency.

Logicalis achieved gross margins of 24.9% (2021: 25.3%). Gross margins declined slightly in FY22 due to an increase in the product revenue mix contributing to an increase in gross profit by 12% to \$408.7 million (2021: \$365.3 million), reflecting the increment in the revenue growth.

EBITDA (Or “Operating profit before separable items” please see Consolidated Income Statement for reconciliation) increased by 12% to \$92.5 million (2021: \$82.6 million), resulting in an EBITDA margin of 5.6% (2021: 5.7%). After charges for depreciation and amortisation of intangible assets, impairment of goodwill and intangibles and management fees, operating profit increased by 17% to \$35.6 million (2021: \$30.5 million). The operating profit (refer to Consolidated Income Statement for reconciliation) includes an impairment of goodwill relating to Germany Orange operations of \$3.9 million compared to prior year’s impairment of \$3.5 million. On a normalised basis, before goodwill impairment of \$3.9 million, operating profit increased by 16.2% to \$39.5 million from \$34.0 million in 2021, reflecting the increase in Gross profit cascading down to operating profit.

DSO (Days Sales Outstanding, calculated on a cumulative countback method by deducting gross revenue, inclusive of sales taxes from trade receivables) for accounts receivable of 51 days (2021: 47 days) at year-end was mainly driven by economic challenges faced by the Group’s Latin American operations. Changes in customer mix also influenced this metric. Logicalis’ DPO (Days Payables Outstanding, calculated on a cumulative countback method by deducting gross cost of sales, inclusive of sales taxes from trade payables and accrued product costs) for accounts payable is at 90 days (2021: 82 days) at the end of the financial year. Logicalis increased the DPO by utilising extended payment terms offered during the economic slowdown caused by global COVID-19 impact and microchip shortage which contributed to working capital needs. Net cash (being cash on hand and at bank, less bank overdrafts) was negative \$31.7 million, -191% less than the positive \$28.9 million reported on 28 February 2021. The operating cash conversion ratio (being Net cash generated by operating activities divided by EBITDA) for the year decreased to 12% from 129% in the previous year, primarily impacted by the extended supplier lead times and the resulting uncertainty around final delivery. The disruption to product components has resulted in partial deliveries from suppliers which either has led to higher inventory levels whilst all equipment items are received before full delivery to customers or higher accrued revenue balances on partial delivery for which customers will not accept an invoice until the full delivery is made.

LOGICALIS GROUP LIMITED

STRATEGIC REPORT (CONTINUED)

Developments during the year

On 31 March 2021, Logicalis acquired 70% of the issued share capital in Audea Seguridad de la Información Sociedad Limitada ("Audea"), a Spanish company which specialises in cyber security, data protection, governance and compliance, for a consideration of \$2.1 million cash. Audea's cyber security capabilities are complementary to Logicalis Spain's security portfolio, creating a much broader professional and managed service offering.

On 1 June 2021, Logicalis acquired Siticom GmbH ("Siticom"), a German company that is a leading services and solutions provider in the software-defined networking and 5G market, through a new company, Logicalis Siticom GmbH. The transaction involved the acquisition of 100% of the issued share capital for a consideration of \$12.7 million (approximately EUR 10.6 million) followed by the immediate disposal of 29.6% of the issued share capital to two of the previous owner-managers for a consideration of \$5.4 million (approximately EUR 4.5 million). There are two options for Logicalis to repurchase this non-controlling interest for an agreed amount of up to \$10.5 million (approximately EUR 8.8 million) over the next two years, whereafter Logicalis will own 100% of Siticom. A potential maximum \$1.2 million (approximately EUR 1.0 million) earn-out liability, subject to certain performance conditions, is included in the purchase price and payable in the financial year ending 29 February 2024. The terms of the fixed price options were assessed, and it was determined that the risks and rewards associated with the ownership of the non-controlling interests' shares have been retained by Logicalis Siticom GmbH. As a result, Logicalis consolidated 100% of the results of Siticom for the period it was owned in FY22 and will continue to do so in the future. The total purchase price of the Siticom acquisition (including the options and earn-out liability) is up to a maximum of \$17.9 million (approximately EUR 15.0 million), of which \$10.5 million (approximately EUR 8.8 million) is accounted for as a liability at the acquisition date and included in acquisition-related liabilities. Of the proceeds received, \$8.7 million (approximately EUR 7.2 million) was placed in restricted cash earmarked for the settlement of the acquisition-related liability, as reflected in the consolidated statement of cash flows. A portion of this restricted cash was realised to settle the acquisition-related liability. In FY22, \$5.9 million (approximately EUR 4.9 million) of this liability was settled.

Siticom has extensive skills in telecommunication and software-defined networking architectures, IoT implementations and next-generation public and private networks. Siticom is focused on providing professional services around next-generation networks and private 5G. The acquisition enhances Logicalis' services mix and is margin accretive.

Upon acquiring Siticom, Logicalis became one of Cisco's preferred partners for 5G. The Siticom capabilities enabled Logicalis to deliver an end-to-end 5G solution incorporating Cisco's 5G-enabled technology.

The acquisition will give Logicalis a platform to establish a pan-European centre of expertise in developing advanced networking integration capabilities around 5G and evolving cloud orchestrated network interoperability. Logicalis also aims to expand these skill sets and application knowledge across Datatec to complement its existing capabilities in markets such as Latin America and Asia.

On 1 September 2021, Logicalis acquired 100% of the issued share capital in Logicalis South Africa Pty Ltd, a South African company that was previously wholly owned by Datatec Limited the holding company.

Future prospects

Emerging from the COVID-19 pandemic, into a supply chain shortage coupled with recent turbulent geo-political landscape from the war in Ukraine, has created a lot of uncertainty over the macro-economic 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.

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.

Increased demand for the Group's technology solutions is being experienced to support remote working following 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 plan continues to focus on growing annuity services revenue streams, with Logicalis launching and implementing the first Logicalis global cloud migration and managed service solution during the financial year. Logicalis expect to grow our cloud professional and managed services business in FY23. At the same time Logicalis global services organisation was launched which is responsible for the service delivery for all globally scaled solutions. This effort will

LOGICALIS GROUP LIMITED

STRATEGIC REPORT (CONTINUED)

Future prospects (continued)

continue to build a Global Services Organisation by creating a new hub servicing EMEA and the Americas. Consolidation of these services are expected to be key in managing operating expenses to ensure they remain at an optimum level.

Principal risks, uncertainties and financial risks

The Logicalis Group Limited Board of Directors is responsible for the total process of risk management throughout the Group as well as forming an opinion on the effectiveness of the process. The Board monitors risk management activities and actively participates in discussions around risk topics raised.

Each of the Group's subsidiaries regularly reviews their strategic risks and follows a consistent approach by identifying and prioritising 'high-risk' areas. Mitigating actions and associated monitoring and assurance activities are identified for each 'high-risk' area. In addition, responsible executive level staff members have been identified to monitor and manage specific risk areas on behalf of the company on an on-going basis.

This allows the Group to:

- better understand the contexts within which risks occur; and
- identify probable areas for risk mitigation and organisational control.

The risk management process has identified certain key risks faced by the Group, which are summarised below. The risks identified below do not necessarily comprise all those affecting the Group and the risks listed are not set out in any particular order of priority. Additional risks and uncertainties not presently known to the Group or the Directors or that the Group or the Directors currently deem immaterial may also adversely affect the Group's business or operations.

Currency exchange risk

Changes in currency rates may harm the financial condition of the Group and its subsidiaries through both translation risk and in the case of subsidiaries, transaction risk. US dollars are the presentation currency of the Group and the currency in which the Group prepares its financial statements. Whilst the Group does implement hedging transactions where appropriate, the Directors cannot predict the effect of exchange rate fluctuations upon future operating results and there can be no assurance that exchange rate fluctuations will not have a material adverse effect on its business, operating results or financial condition. Information about the use of financial instruments by the Company and its subsidiaries to manage the currency exchange risk is given in note 20 to the financial statements.

Dependence on key vendors

The Group is dependent on certain vendors, particularly Cisco, Microsoft, HPE, Dell/EMC, Netapp, Oracle and IBM. If any one of the principal vendors to the Group terminates, fails to renew or materially and adversely changes its agreement or arrangements with the Group, it could materially reduce the Group's revenue and operating profit and thereby seriously harm the Group's financial condition and operating results. The Group's management recognises the importance of its vendor partners as one of its key stakeholder groups and assigns the highest priority to maintaining close, transparent relationships with them for the mutually beneficial development of the business.

Management of future growth and acquisition risk

The Group plans to continue to grow, which will place additional demands on the management, customer support; administrative and technological resources of the Group. If the Group is unable to manage its growth effectively, its business operations or financial condition may deteriorate. To date, the Group's business has grown through acquisitions and through organic growth.

The Group will continue to consider further acquisition opportunities. If the Group is unable to integrate an acquired company or business successfully, such acquisition could lead to disruptions to the business. If the operations or assimilation of an acquired business do not accord with the Group's expectations, the Group may have to decrease the value attributed to the acquired business or realign the Group's structure. To mitigate this risk, the Group undertakes extensive due diligence of potential acquisitions, including detailed integration planning. These processes are managed and directed by Datatec Limited's central team.

Country and political risk

The Group operates in a number of geographies and is exposed to a range of external economic and political risks arising from political instability and unforeseen changes to the regulatory environment in certain countries. This has the potential to disrupt business in any countries affected. The Group's diverse portfolio of offerings, geographic

LOGICALIS GROUP LIMITED

STRATEGIC REPORT (CONTINUED)

spread, flexibility and experience help to mitigate the exposure and allows Logicalis to operate and develop the business successfully during periods of economic or political change. As a consequence of the United Kingdom leaving the European Union, further uncertainty may be apparent in the Group's European markets.

Principal risks, uncertainties and financial risks (Continued)

Product and volume related rebates, discounts and allowances

The Group receives significant benefits from product and volume related rebates, discounts and allowances and other programmes from vendors based on various factors. A decrease in purchases and/or sales of a particular vendor's products could negatively affect the amount of volume rebates the Group receives from such vendor. In addition, vendors may change their programmes or exclude the Group from time to time from participation in some of their programmes. To mitigate the risk the Group maintains active communication channels with vendors with respect to their current and planned programmes and ensures sales personnel are appropriately updated in respect of current vendor plans.

Dependence on key personnel

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

Use of financial instruments

Information about the use of financial instruments by the Group is given in note 20 to the Consolidated Annual Financial Statements.

Section 172 statement

The Logicalis Board is required to understand the views of the Group's key stakeholders and describe in the annual report how their interests and the matters set out in s172 of the Companies Act 2006 have been considered in Board discussions and decision making. The Board considers that throughout the year, it has acted in a way and made decisions that would most likely promote the success of the Group for the benefit of its members as a whole, with particular regard to:

Section 172 Factor	Engagement activities	References
a) the likely consequences of any decision in the long term	<p>Logicalis aims to create value for all stakeholders in the short, medium and long term.</p> <p>Understanding the needs and expectations of our stakeholders is fundamental to achieving this.</p> <p>The Board and board committees have regular meetings (on a quarterly basis) where key issues are discussed and addressed. The Group's strategy and business plans are approved annually by the Board. The Board also assesses how the strategy underpins long term value creation by discussing and approving a three-year plan. This year certain restructurings undertaken by the Group were specifically discussed by the Board with reference to their section 172 responsibilities.</p>	<p>Refer to the strategic report in particular:</p> <ul style="list-style-type: none"> • Principal activities and business review on page 2 • Corporate Social Responsibility on page 8 & 9 • Principal risks, uncertainties and financial risks on page 3 <p>We have disclosed the key issues raised by each stakeholder and our response in addressing these issues.</p>

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STRATEGIC REPORT (CONTINUED)

Section 172 Factor	Engagement activities	References
b) the interests of the Company's employees	Logicalis believes that its employees are a key driver of its success and relies on their knowledge and skills. Employees are aligned with the Group's purpose and are expected to uphold its values. They are a key stakeholder group whose needs and expectations are recognised and focused on.	Refer to: <ul style="list-style-type: none"> • Employees on page 8
c) the need to foster the Company's business relationships with suppliers, customers and others	<ul style="list-style-type: none"> • Differentiated global relationship management strengthens partnerships • Active participation at global vendor conferences • Partner enablement programmes to drive global expansion, channel development and scale • Global services capabilities • Vendor satisfaction surveys • Vendor audits and assessments • Implemented digital enablement technology tools to improve customer experience and speed to market • Customer engagement programmes to ensure customer needs and expectations are met • Strong partnership approach to deliver best results • Customer satisfaction surveys • Vendor incubation accelerates access to emerging technologies 	Refer to <ul style="list-style-type: none"> • Principal risks, uncertainties and financial risks on page 3 • Covid-19 on page 15 • Going concern on page 10
d) the impact of the Company's operations on the community and the environment	The Group proactively manages its environmental, social and governance impacts and performance. As a global organisation we are committed to supporting the communities in the areas we operate.	Refer to: <ul style="list-style-type: none"> • Corporate Social Responsibility on page 9 & 10
e) the desirability of the Company maintaining a reputation for high standards of business conduct	Logicalis believes that good corporate governance contributes to enhanced accountability, fairness and transparency. Good governance exists in an environment where roles and responsibilities are clearly defined, forums are conducive to robust debate and performance is regularly reviewed. Logicalis is committed to maintaining the highest standards of ethics and business conduct. The Group has a Code of Conduct ("the Code") detailing the standards expected from all Logicalis employees, including addressing specific matters such as bribery and corruption.	Refer to: <ul style="list-style-type: none"> • Corporate Social Responsibility on page 9 & 10
f) the need to act fairly as between members of the Company	The Company is a wholly owned subsidiary of Datatec Limited, a company registered in South Africa. Datatec Limited's shares are listed on the JSE Limited. The application by the Company of the principles of Section 172 of the Companies Act is entirely consistent with the approach of Datatec Limited as set out in its Integrated and Annual Report for FY22.	Refer to: <ul style="list-style-type: none"> • Stakeholder engagement as disclosed on page 20 of the Datatec PLC FY22 Integrated Reports

Stakeholder engagement

Stakeholder engagement as disclosed on page 20 of the Datatec PLC consolidated accounts.

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STRATEGIC REPORT (CONTINUED)

Key performance indicators

The Directors use a number of financial and non-financial measures to monitor and analyse performance. The indicators below provide examples of the type of key performance indicators (KPIs) used by the Directors.

Organic revenue growth		
<i>Target:</i> To increase revenue year on year, excluding the effect of acquisitions.	2022: 11% 2021: -16%	Prior year revenue included the impact from the COVID-19 pandemic. Current year's growth is influenced by pent-up demand, with extended supplier lead times tempering the growth. On a constant currency basis organic growth was 14%.
Services mix %		
<i>Target:</i> To continue to increase the services mix year on year.	2022: 39% 2021: 42%	Product revenue increased in the current year due to fulfilment of higher volume of product deals which were postponed due to COVID-19 in the prior year.
Gross Margin %		
<i>Target:</i> To maintain or improve the gross margin %.	2022: 24.9% 2021: 25.3%	With product margins under pressure and the strategic goal of growing the better margin services business, maintaining or improving the gross margin % demonstrates the sustainability of the business. FY22 margins are slightly down due to a higher product revenue mix.
Concentration of product revenue by vendor		
<i>Target:</i> To monitor the reliance on the major vendor partner (Cisco) and remain agile to a change in focus if needed.	2022: 53% 2021: 53%	Cisco remains a strategic partner of the Group with its share of product revenue remaining steady year-on-year.
Operating profit (before Datatec management fees)		
<i>Target:</i> To increase the operating profit of the Group.	2022: \$45.4M 2021: \$38.1M	Operating profit improved with the increased revenue in the current year.
Days sales outstanding		
<i>Target:</i> To maintain or improve the days sales outstanding for the Group, taking into account the cultural differences in payment terms across the Group.	2022: 51 2021: 47	Managing days sales outstanding effectively is a key driver of net cash flow. Changes in customer mix and contractual agreements in the Group's Latin American operations resulted in a higher DSO performance of the group.
Cash generated by operations as a percentage of EBITDA		
<i>Target:</i> To convert 60-70% or more of EBITDA into cash.	2022: 12% 2021: 129%	The Group has been impacted by the extended supplier lead times and the resulting uncertainty around final delivery. The disruption to product components has resulted in partial deliveries from suppliers which either has led to higher inventory levels whilst all equipment items are received before full delivery to customers or higher accrued revenue balances on partial delivery for which customers will not accept an invoice until the full delivery is made.

LOGICALIS GROUP LIMITED

STRATEGIC REPORT (CONTINUED)

Key performance indicators (continued)

Not all KPIs that are used to monitor and analyse the performance of the individual entities are consolidated to provide a Group figure. The following are examples of relevant non-financial metrics used in the monthly reporting review process:

Number of credit notes as a percentage of number of invoices – used as an indicator of workflow efficiency in the order to cash process.

Voluntary staff turnover percentage - this is monitored to ensure that staff retention levels are satisfactory.

Corporate Social Responsibility

In FY22, Logicalis committed to developing and executing a global Responsible Business strategy that includes consideration of our social and community development responsibilities, our environmental performance as an organisation, and our commitment to our people. We recognise that when executed well a shared-value Responsible Business strategy has the potential to deliver impactful, sustainable value for the organisation, the communities in which we operate, and the planet.

The Logicalis Responsible Business agenda has been shaped by understanding who we are as a business, and which social and environmental challenges are important to our people and in the regions that we operate in. This has culminated in three Responsible Business strategic pillars or focus areas that make up the Logicalis Responsible Business strategy.

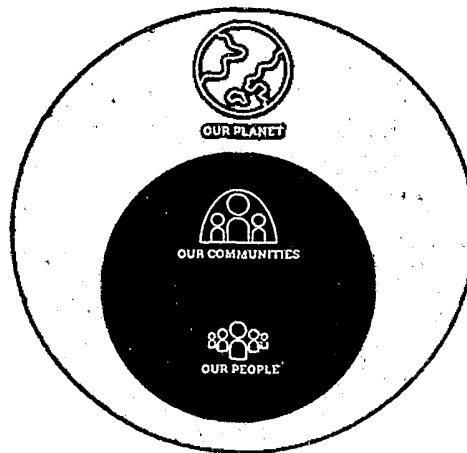


Figure 1. The Logicalis Responsible Business focus areas

All of the work that we seek to undertake is guided by one, simple principle: that as Logicalis, we are dedicated to conducting our business in a responsible and sustainable way. This commitment applies to Our Planet, Our Communities, and to Our People in the continued creation of a Great Place to Work.

Our People

A great place to work

Logicalis recognises that its people are critical to the ongoing success of the business and, by striving to attract the best talent, develop and reward its people for great performance and engage effectively with them, Logicalis aims to optimise the performance of the division. Logicalis aims to be an employer of choice and was recognised in FY22 as being a “Great Place to Work” in 12 countries.

LOGICALIS GROUP LIMITED

STRATEGIC REPORT (CONTINUED)

Corporate Social Responsibility (Continued)

Developing talent

In Logicalis, the focus on advanced technologies requires a high level of technical expertise. Management works closely with its vendors to ensure that employees are trained appropriately and have the necessary accreditations.

In the interests of its long-term sustainability and in order to develop and retain its top leadership talent, Logicalis has established a series of international development programmes. These programmes develop its senior leaders to be equipped to move into broader, more responsible roles in the future. Logicalis also invests in the development of its technical leadership teams through the Technical Academy, a programme aimed at developing more rounded business professionals and increasing international collaboration across Logicalis. This programme has contributed to 71% retention and 33% promotion rate.

In order to develop its future leaders internally, Logicalis runs a globally aligned high-potential development programme for employees who demonstrate the right mindset and capability to move into more substantial leadership roles in the future.

Rewarding performance

Most employees at Logicalis have performance objectives which are linked to the strategy of the local business. Talent and succession management reviews of the leadership team in each business are held annually, to focus on the retention and development of Logicalis top leadership talent and effective succession management.

Continuous listening to employees

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

Living its values

Logicalis has a set of values and competency framework, which helps develop a common identity across all operations. It clarifies what behaviours it takes to be successful in Logicalis, and these are often used in recruitment, 360 feedback and individual performance and development discussions. Employees can also nominate each other for value awards for living the values through the values app.

Human resources digital transformation

Logicalis has embarked on creating global organisation structures for services and centres of excellence for the division’s global solution offerings, with leaders managing people across country borders for the first time. This has accelerated the need for the division to introduce a human capital management platform. This platform will help leaders to effectively manage their employees around the world, provide better quality people data to enable better decision-making and provide a far superior digital experience. The platform was successfully launched across multiple regions in FY22.

Diversity, equity, and inclusion

At Logicalis, we have recognised that innovation drives the creation of value for our business and for the world; and that when people from diverse backgrounds work together, the more innovative and creative that team is likely to be. We have therefore made a commitment to increase the number of women and minority groups in our organisation to create more innovative, diverse teams; rooted in the belief that each Logicalis employee is accountable for the continued creation of a diverse, inclusive, and high-performing culture.

In 2021, Logicalis launched the Logicalis Global Inclusion Council, a team of global leaders who drive the creation of strategic accountability and actions to help deliver diversity and inclusion objectives, provide governance, and oversight on diversity efforts, and promote division-wide communication on progress. The council ensures that Logicalis continues to create an inclusive work environment, celebrate diversity, and engage and empower its people to reach their full potential.

LOGICALIS GROUP LIMITED

STRATEGIC REPORT (CONTINUED)

Corporate Social Responsibility (Continued)

Diversity, equity, and inclusion (Continued)

In 2021, Logicalis were able to achieve a significant increase in female participation in both the High Potential & Leadership Academy programmes across the world. We have also recognised the importance of diversity, equity and inclusion education to enable an inclusive culture for meaningful collaboration. In FY22, Logicalis rolled out organisation-wide trainings on unconscious bias and micro-behaviours, as well as inclusive leadership training for over 200 leaders around the group. Encouragingly, the Logicalis overall female population grew by 5% in FY22 and the number of females in leadership roles grew by 8%.

Wellbeing

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

Disability policy

The policy of the Group for the employment of disabled persons is to provide equal opportunities with other employees to train for and attain any position in the Group, having regard to the maintenance of a safe working environment and the constraints of their disabilities. Logicalis also provides any reasonable adjustments to ensure disabled people have access to their services and employment opportunities; challenges discriminatory assumptions about disabled people; and seeks to continue to improve access to information by ensuring availability of loop systems, braille facilities, alternative formatting and sign language interpretation.

Health and Safety

Commitment to Health and Safety

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

Policies

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

Training

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

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

Our Communities

Logicalis' Social and Community Development goal is to improve education for the next generation and to support local charities in the communities that they operate in. We believe that by combining regional and local efforts under a group strategy and structure, we can facilitate the creation of meaningful, sustainable impact for Logicalis and the world. We have made a commitment to support education in the community through the execution of three business-aligned community education programmes.

LOGICALIS GROUP LIMITED

STRATEGIC REPORT (CONTINUED)

Corporate Social Responsibility (Continued)

Our Communities (Continued)

The execution of these programmes is underpinned by a strong stakeholder engagement directive, through which we will ensure that we are identifying, engaging and collaborating with key stakeholders through all stages of programme development and implementation so that our initiatives are targeting the most relevant groups, that our interventions are meaningful and impactful, and that we are able to communicate our intentions and expectations to ensure that our work is as collaborative and inclusive as possible. This includes our commitment to work and partner with organisations that are in line with our Responsible Business philosophy.

Our Education in the Community portfolio is represented in Figure 2, below. Programmes include:

- **Driving STEM:** Supporting education in Science, Technology, Engineering and Mathematics (STEM) to empower disadvantaged communities
- **Diversity in Technology:** Facilitating interventions to increase the number of women and minority groups in the technology industry
- **Skills for Technology:** Training and retraining of adults to enter and be supported within the technology industry

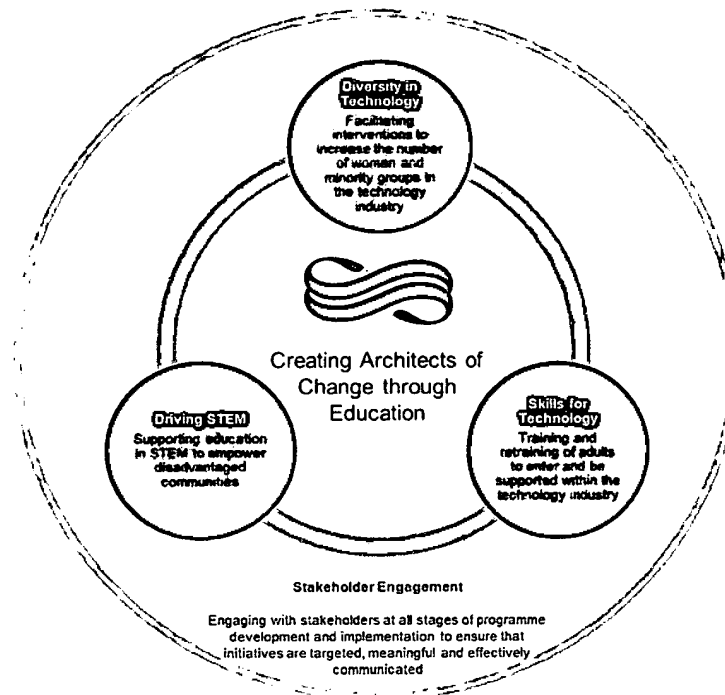


Figure 2. Our Education in the Community Focus Areas

Logicalis increased its focus on Education in the Community in FY22, exceeding a target to successfully execute a minimum of five strategic education projects around the world. Dedicated to creating Architects of Change through Education, Logicalis recognises the power and value of investing in communities, and growing STEM capabilities for women, minority groups and disadvantaged communities in all five of its operating regions.

In FY23, Logicalis has committed to identifying and implementing two strategic education projects per region, while ensuring that a minimum of 50% of project beneficiaries are female and are representative of regional ethnic minorities. Projects will continue to provide opportunities for employee volunteerism, empowering employees to connect to and directly influence the success of education programmes.

LOGICALIS GROUP LIMITED

STRATEGIC REPORT (CONTINUED)

Corporate Social Responsibility (Continued)

Our Planet

Logicalis dedicated FY22 to building an understanding of the Group's environmental performance and establishing an ambitious roadmap for improving the organisation's impact on the planet. The year saw an increase in the number of sustainability initiatives implemented worldwide, and more consistent reporting across sustainability platforms such as EcoVadis.

In FY23, Logicalis will have every region reporting into the Carbon Disclosure Project for the first time, which will provide insight to and a baseline of their carbon emissions across operations worldwide. In the coming year, the organisation will implement at least one environmental project in every country that Logicalis operates in, equating to 27 new environmental projects to help reduce emissions, or water use, or waste generation, as examples. And as part of this shift, Logicalis commits to having a minimum of 25% of global operations powered by renewable energy in the coming year. A significant piece of work planned for FY23 is to undertake science-based target development, and the associated development of a carbon reduction plan and roadmap to registration with the Science-Based Target Initiative (SBTi).

By FY25, Logicalis intends to report to global sustainability benchmarks such as the Global Reporting Initiative and has a target to recycle a minimum of 50% of the waste generated by our operations and have 75% of our operations powered by renewable energy. Additionally, Logicalis has committed to being a Scope 1 and Scope 2 carbon neutral global organisation by 2025.

Apart from legal obligations, Logicalis will proactively protect the environment. Stewardship will play an important role, and we will strive to follow best practice with respect to:

- Disposing of waste products and using dangerous substances
- Recycling
- Conserving energy
- Managing e-waste
- Using environmentally friendly technologies

Governance

Logicalis' Responsible Business governance and communication framework was developed with consideration to the World Economic Forum guidelines, which recommends metrics that are aligned to the Sustainable Development Goals (SDGs) and principal Environmental, Social and Corporate Governance (ESG) domains of Governance, Planet, People and Prosperity. ISO2600 standards for social responsibility are also being built into this framework. This will ultimately serve to enable us to effectively identify, execute and monitor our Responsible Business initiatives.

Together, these have informed the policies and guidelines documents that make up our ESG way of working at Logicalis. These include due diligence frameworks and monitoring and evaluation frameworks, so that while measuring and monitoring our real impact, we are working to create meaningful, impactful stories of change which can then be effectively communicated internally and externally through a marketing and communication action plan.

In September 2021, the first ever Datatec Responsible Business committee was convened, which included representatives from Westcon, Logicalis and Analysys Mason. It will continue to be a platform for sharing, and importantly, for ensuring that all of Datatec is aligned and driving a single Responsible Business agenda.

Streamlined Energy and Carbon Reporting (SECR)

SECR reporting requirements have been disclosed in the consolidated financial statements of Datatec PLC.

LOGICALIS GROUP LIMITED

STRATEGIC REPORT (CONTINUED)

Going concern

The Logicalis Board has undertaken a rigorous assessment of whether the Group is a going concern in light of the current economic conditions and available information about future risks and uncertainties.

The projections of the Group have been prepared on a sum-of-the-parts basis to determine the ability of each of its subsidiaries and the Group to continue as a going concern. These projections covered future financial performance, solvency and liquidity for a period of 12 months from the date of approval of the Annual Report, including performing sensitivity analyses and stress testing of various possible scenarios, varying in severity, related to COVID-19, general macroeconomic uncertainties and semiconductor shortages resulting in extended product delivery timescales.

These scenarios included contingency planning for restructuring actions to be taken in response to the more severe scenarios. It is, however, difficult to predict the overall outcome and impact of COVID-19, general macroeconomic uncertainties and semiconductor shortages.

The Group's liquidity is to a large degree impacted by customers continuing to pay their invoices. Between the reporting date and effective date of the Annual Report, customers have continued to pay largely in line with historic norms. Suppliers have also provided extended payment terms where required.

The Group has considerable financial resources together with funding from its ultimate parent company and long-term relationships with a number of suppliers and customers across different geographic areas and vertical markets.

Funding available to and being utilised by Logicalis includes a three-year \$155 million banking facility for its subsidiaries, completed during January 2020 with the option to extend for an additional year agreed during FY22. This senior facility covers Logicalis' operations throughout the world, excluding Latin America, which has its own separate credit facilities.

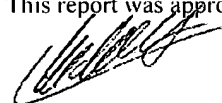
Logicalis maintains good working relationships with a number of key financial institutions and undertakes active review of facilities available with these partners, extending or replacing available facilities in line with developing business needs. As a consequence, the Directors believe that the Group is well placed to manage its business risks successfully. Having considered the principal risks and uncertainties the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Creditor payment policy

The Group agrees payment terms with its suppliers when it enters into binding purchase contracts. The Group seeks to abide by the payment terms agreed with each supplier whenever it is satisfied that the supplier has provided the goods or services in accordance with the agreed terms and conditions. The Group seeks to treat all its suppliers fairly.

The number of credit days taken at the year-end for trade purchases for the Group is 90 days (2021: 82 days). The Company does not make trade purchases and hence no disclosure is made of the Company's credit days taken at the year end.

This report was approved by the Board of Directors on 30 August 2022 and signed by order of the board by:



L Dal Bianco
Company Secretary

31 August 2022

LOGICALIS GROUP LIMITED

DIRECTORS' REPORT

The Directors present their annual report on the affairs of the Group, together with the financial statements and auditors' report, for the year ended 28 February 2022, and should be read in conjunction with the strategic report.

Dividends

The Directors did not recommend an ordinary share dividend during the year (2021: \$nil).

Directors

The Directors who held office during the year and to the date of signing are shown on page 1.

Directors' Indemnities

The Directors have the benefit of an indemnity which is a qualifying third-party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is in force during the financial year and also at the date of approval of the financial statements. The Company's ultimate parent company, Datatec Limited, purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and all companies in the Datatec Group and all Directors of such Group companies.

Independent Auditors

Each of the persons who is a Director at the date of approval of this report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Group's auditors are unaware; and
- the Director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Following the Datatec shareholder approval at the 2020 AGM on 29 July 2020, PricewaterhouseCoopers LLP ("PwC") was appointed as the statutory auditors for Logicalis Group Limited.

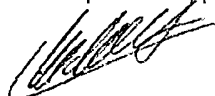
Information required to be disclosed by the companies act has been included within the strategic report (pg. 2 to 13) for the following items:

- Indication of future developments (page 3);
- Policy for disabled persons (page 10);
- Charitable donations (Social and Community) (page 11);
- Risk management policy (page 4);
- Engagement with suppliers, customers and others (page 6);
- Employee engagement (page 8 – 10);
- Actions on employee participation (page 10); and
- Use of financial instruments (page 5);
- Streamlined Energy and Carbon Reporting (page 12);
- Research and development (page 3);
- Stakeholder engagement (page 20 of the Datatec PLC consolidated accounts)

Information required to be disclosed by the companies act has been included within the notes for the following items:

- General information on the company (note 1);
- Post balance sheet events (note 30);

This report was approved by the Board of Directors on 30 August 2022 and signed by order of the board by:



L Dal Bianco
Company Secretary

31 August 2022

LOGICALIS GROUP LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Consolidated Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group and the company financial statements in accordance with UK-adopted international accounting standards.

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group and company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Independent auditors' report to the members of Logicalis Group Limited

Report on the audit of the financial statements

Opinion

In our opinion, Logicalis Group Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 28 February 2022 and of the group's profit, the company's loss and the group's and company's cash flows for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Consolidated Annual Report and Financial Statements (the "Annual Report"), which comprise: Consolidated balance sheet and Company balance sheet as at 28 February 2022; Consolidated income statement; Consolidated statement of comprehensive income; Company statement of comprehensive income; Consolidated statement of changes in equity; Company statement of changes in equity; Consolidated cash flow statement and Company cash flow statement for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Independent auditors' report to the members of Logicalis Group Limited (Continued)

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 28 February 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

Independent auditors' report to the members of Logicalis Group Limited (Continued)

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Companies Act, 2006 and tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting of inappropriate journal entries to enhance the financial performance and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Enquiry of management and those charged with governance around actual and potential litigation and claims;
- Reviewing minutes of meetings of those charged with governance;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Challenge of assumptions and judgements made by management in respect of significant accounting estimates;
- Obtaining an understanding of the entity's policies and procedures on compliance with laws and regulations; and
- Testing unusual or unexpected journal entries, particularly those impacting revenue.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

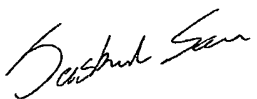
Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Jaskamal Sarai (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors



Reading

31 August 2022

LOGICALIS GROUP LIMITED

CONSOLIDATED INCOME STATEMENT

Year ended 28 February 2022

	Note	2022 \$'000	2021 \$'000
REVENUE			
Continuing operations before acquisitions		1,607,031	1,444,070
Acquisitions	25	37,334	-
		<u>1,644,365</u>	<u>1,444,070</u>
Cost of sales	4	(1,235,653)	(1,078,814)
		<u>408,712</u>	<u>365,256</u>
GROSS PROFIT			
Administrative expenses before separable items		(316,239)	(282,171)
Operating profit before separable items		<u>92,473</u>	<u>83,085</u>
Amortisation of other intangible assets	5	(7,624)	(6,417)
Depreciation of property, plant and equipment	5	(15,653)	(15,169)
Depreciation of right-of-use assets	5	(19,930)	(19,383)
Impairment of goodwill	5	(3,936)	(3,530)
Datatec management fees	5	(9,811)	(7,586)
Net impairment of financial assets	17	65	(510)
Total administrative expenses		(373,128)	(334,766)
OPERATING PROFIT			
Continuing operations before acquisitions		32,499	29,640
Acquisitions	25	3,085	850
		<u>35,584</u>	<u>30,490</u>
Finance income	6	1,067	754
Finance costs	7	(21,716)	(16,721)
Foreign exchange adjustment on deferred consideration		567	-
Share of (loss)/profit of associates		(1,162)	361
PROFIT BEFORE TAX	5	<u>14,340</u>	<u>14,884</u>
Tax	9	(7,838)	(14,269)
PROFIT FOR THE YEAR		<u><u>6,502</u></u>	<u><u>615</u></u>
Attributable to:			
The owner of the Company		2,699	(2,082)
Non-controlling interests		3,803	2,697
		<u><u>6,502</u></u>	<u><u>615</u></u>

LOGICALIS GROUP LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Year ended 28 February 2022

	2022	2021
	\$'000	\$'000
Profit for the year	6,502	615
Other Comprehensive Income/(loss)		
Items that may be reclassified subsequently to the Consolidated Income Statement:		
(Loss)/gain on Foreign Exchange hedges recognised directly in OCI	(114)	68
Exchange differences on translation of foreign operations	2,023	(11,796)
Acquisition at bargain price	-	314
	<u>1,909</u>	<u>(11,414)</u>
Total other comprehensive income/(loss) for the year	<u>1,909</u>	<u>(11,414)</u>
Total comprehensive income/(loss) for the year	<u><u>8,411</u></u>	<u><u>(10,799)</u></u>
Attributable to:		
The owner of the Company	963	(1,300)
Non-controlling interests	7,448	(9,499)
	<u><u>8,411</u></u>	<u><u>(10,799)</u></u>

LOGICALIS GROUP LIMITED

CONSOLIDATED BALANCE SHEET

As at 28 February 2022

	Note	2022 \$'000	2021 \$'000
NON-CURRENT ASSETS			
Goodwill	10	178,736	174,116
Other intangible assets	11	19,422	20,216
Property, plant and equipment	12	29,644	36,096
Right-of-use assets	13	44,074	48,260
Investments	14	1,853	2,116
Long term lease receivables	20	20,573	28,448
Accrued income	17	21,270	17,496
Deferred tax assets	15	37,034	31,760
TOTAL NON-CURRENT ASSETS		<u>352,606</u>	<u>358,508</u>
CURRENT ASSETS			
Inventories	16	83,219	58,219
Trade and other receivables	17	584,183	522,772
Accrued income	17	145,367	128,072
Current tax recoverable	9	15,614	12,451
Cash and cash equivalents	19	127,355	154,119
TOTAL CURRENT ASSETS		<u>955,738</u>	<u>875,633</u>
TOTAL ASSETS		<u>1,308,344</u>	<u>1,234,141</u>
CURRENT LIABILITIES			
Trade and other payables	18	(591,380)	(535,762)
Deferred income	18	(108,621)	(105,928)
Other short-term borrowings	18	(7,555)	(26,442)
Bank overdrafts and loans	19	(159,026)	(125,237)
Current tax payable	9	(7,946)	(5,452)
Obligations under leases	21	(21,393)	(22,353)
Provisions	22	(3,460)	(9,242)
Liability for share-based payments	26	(734)	(1,002)
TOTAL CURRENT LIABILITIES		<u>(900,115)</u>	<u>(831,418)</u>
NET CURRENT ASSETS		<u>55,623</u>	<u>44,215</u>
NON-CURRENT LIABILITIES			
Amounts owed to holding company and fellow subsidiaries	18	(13,741)	(13,526)
Obligations under leases	21	(32,628)	(38,764)
Acquisition related liabilities	18	(4,055)	-
Other long-term borrowings	18	(34,769)	(41,899)
Long-term provisions	22	(5,147)	(7,015)
Deferred tax liabilities	15	(26,521)	(23,734)
Deferred income	18	(7,269)	-
Liability for share-based payments	26	(2,769)	(2,952)
TOTAL NON-CURRENT LIABILITIES		<u>(126,899)</u>	<u>(127,890)</u>
TOTAL LIABILITIES		<u>(1,027,014)</u>	<u>(959,308)</u>
NET ASSETS		<u>281,330</u>	<u>274,833</u>

LOGICALIS GROUP LIMITED

CONSOLIDATED BALANCE SHEET (CONTINUED)

As at 28 February 2022


	Note	2022 \$'000	2021 \$'000
EQUITY			
Share capital	23	117,623	117,623
Share premium		12,571	12,571
Capital contributions reserve		12,398	12,398
Merger reserve		(31,814)	(30,075)
Foreign currency exchange reserve		(106,851)	(105,295)
Retained earnings		219,302	216,719
		<u>223,229</u>	<u>223,265</u>
EQUITY ATTRIBUTABLE TO THE OWNER OF THE COMPANY		223,229	223,265
NON-CONTROLLING INTERESTS		<u>58,101</u>	<u>51,568</u>
TOTAL EQUITY		<u>281,330</u>	<u>274,833</u>

The financial statements of Logicalis Group Limited, registered number 04012342, on page 19 to 93, were approved by the Board of Directors on 30 August 2022 and authorised for issue on 31 August 2022.

Signed on behalf of the Board of Directors by:



R Bailkoski
Director



S Radcliffe
Director

LOGICALIS GROUP LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Year ended 28 February 2022

	Share capital \$'000	Share premium \$'000	Capital contribu- tions reserve \$'000	Merger reserve \$'000	Foreign currency exchange reserve \$'000	Retained earnings \$'000	Total \$'000	Non- controlling interest \$'000	Total equity \$'000
At 1 March 2020	117,623	12,571	12,398	(31,065)	(106,088)	219,126	224,565	65,200	289,765
(Loss) / profit for the year	-	-	-	-	-	(2,082)	(2,082)	2,697	615
Other comprehensive profit/(loss) for the year	-	-	-	314	793	(325)	782	(12,196)	(11,414)
Total comprehensive loss for the year	-	-	-	314	793	(2,407)	(1,300)	(9,499)	(10,799)
Dividend payments	-	-	-	-	-	-	-	(4,803)	(4,803)
NCI arising on acquisition of subsidiaries	-	-	-	-	-	-	-	670	670
At 28 February 2021	<u>117,623</u>	<u>12,571</u>	<u>12,398</u>	<u>(30,751)</u>	<u>(105,295)</u>	<u>216,719</u>	<u>223,265</u>	<u>51,568</u>	<u>274,833</u>

LOGICALIS GROUP LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Year ended 28 February 2022

	Share capital	Share premium	Capital contribu- tions reserve	Merger reserve	Foreign currency exchange reserve	Retained earnings	Total	Non- controlling interest	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 March 2021	117,623	12,571	12,398	(30,751)	(105,295)	216,719	223,265	51,568	274,833
Profit for the year	-	-	-	-	-	2,699	2,699	3,803	6,502
Other comprehensive (loss)/profit for the year	-	-	-	-	(1,620)	(116)	(1,736)	3,645	1,909
Total comprehensive Profit for the year	-	-	-	-	(1,620)	2,583	963	7,448	8,411
Acquisition under common control	-	-	-	(1,063)	64	-	(999)	-	(999)
Dividend payments	-	-	-	-	-	-	-	(1,262)	(1,262)
NCI arising on acquisition of subsidiaries	-	-	-	-	-	-	-	347	347
At 28 February 2022	<u>117,623</u>	<u>12,571</u>	<u>12,398</u>	<u>(31,814)</u>	<u>(106,851)</u>	<u>219,302</u>	<u>223,229</u>	<u>58,101</u>	<u>281,330</u>

LOGICALIS GROUP LIMITED

CONSOLIDATED CASH FLOW STATEMENT

Year ended 28 February 2022

	2022	2021
	\$'000	\$'000
Operating activities		
Cash generated from operations	44,896	135,276
Finance income	1,067	(1,954)
Finance costs paid	(21,272)	(4,581)
Payments under Share Appreciation Rights Scheme	(550)	(1,081)
Tax paid	(12,625)	(21,264)
	<u>11,516</u>	<u>106,396</u>
Net cash generated from operating activities		
Investing activities		
Purchases of property, plant and equipment	(7,999)	(17,790)
Capitalised development expenditure	(363)	(1,898)
Proceeds on disposal of property, plant and equipment	26	1,842
Initial payments to acquire subsidiaries (net of cash received)	(7,125)	(6,645)
Dividend received from associates	225	-
Deferred consideration paid	(7,815)	(1,832)
Outflow of restricted cash for Siticom acquisition	(8,709)	-
Inflow of restricted cash for Siticom acquisition	5,767	-
	<u>(25,993)</u>	<u>(26,323)</u>
Net cash utilised in investing activities		
Financing activities		
Repayment of loans from holding company and fellow subsidiaries	-	(17,174)
Proceeds from borrowings	84,190	80,973
Repayment of borrowings	(110,941)	(70,256)
Overdrafts repayable on demand under certain conditions [^]	4,451	(4,661)
Dividend payment to non-controlling interest parties	(1,262)	(4,803)
Repayments of obligations under finance leases	(19,604)	(44,366)
	<u>(43,166)</u>	<u>(60,287)</u>
Net cash utilised in financing activities		
Net (decrease)/increase in cash, cash equivalents and bank overdrafts	(57,643)	19,786
Cash, cash equivalents and bank overdrafts at beginning of year	145,505	128,604
Effect of foreign exchange rate changes	1,541	(2,885)
	<u>89,403</u>	<u>145,505</u>
Cash, cash equivalents and bank overdrafts at end of year		
Disclosed in note 19 as:		
Cash and cash equivalents	127,355	154,119
Bank overdrafts unconditionally repayable on demand	(37,952)	(8,614)
	<u>89,403</u>	<u>145,505</u>

[^] See note 19

LOGICALIS GROUP LIMITED

NOTE TO CONSOLIDATED CASH FLOW STATEMENT
Year ended 28 February 2022

	2022	2021
	\$'000	\$'000
Reconciliation of operating profit to cash generated from operations		
Operating profit	35,584	30,490
Adjustments for:		
Depreciation of property, plant and equipment	15,653	15,169
Depreciation of right-of-use assets	19,930	19,383
Amortisation of intangible assets	7,624	6,417
Impairment of goodwill	3,936	3,530
Loss on disposal of fixed assets	1,121	870
IFRS 2 share-based payments charge	254	143
Movement in provisions	(1,453)	9,459
Other non-cash*	8,616	(740)
Operating cash flows before movements in working capital	91,265	84,721
(Increase)/decrease in trade and other receivables	(57,810)	54,595
(Increase)/decrease in inventories	(22,139)	17,507
Increase/(decrease) in trade and other payables	27,728	(21,547)
Decrease in finance lease assets	5,852	-
Cash generated from operations	44,896	135,276

*Other non-cash items include accrued management fee, and foreign exchange translation differences

LOGICALIS GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 28 February 2022

1. GENERAL INFORMATION

Logicalis Group Limited is a private company limited by shares, incorporated and domiciled in the United Kingdom under the Companies Act 2006 and registered in England and Wales. The address of the registered office is provided on page 1. The nature of the Group's operations, its principal activities and discussions relating to the financial resources and risks and uncertainties are set out in the Strategic Report.

The ultimate parent company and controlling party is Datatec Limited.

The Group uses the United States (US) Dollar as its presentation currency because this is the functional currency of the parent company.

2. ACCOUNTING POLICIES AND BASIS OF PREPARATION

Basis of preparation

These consolidated and parent company financial statements have been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards. The financial statements have been prepared under the historical cost convention as modified by financial instruments recognised at fair value. A summary of the more important accounting policies, which have been applied consistently in both the current and preceding years, is set out below.

The preparation of financial statements in, UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards, requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

Basis of preparation transition

On 31 December 2020, IFRS as adopted by the European Union at that date was brought into UK law and became UK-adopted International Accounting Standards, with future changes being subject to endorsement by the UK Endorsement Board. Logicalis Group Limited transitioned to UK-adopted International Accounting Standards in its company financial statements on 1 January 2021. This change constitutes a change in accounting framework. However, there is no impact on recognition, measurement or disclosure in the period reported as a result of the change in framework. The financial statements of Logicalis Group Limited have been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

Going concern

The Logicalis Board has undertaken a rigorous assessment of whether the Group is a going concern in light of the current economic conditions and available information about future risks and uncertainties.

The projections of the Group have been prepared on a sum-of-the-parts basis to determine the ability of each of its subsidiaries and the Group to continue as a going concern. These projections covered future financial performance, solvency and liquidity for a period of 12 months from the date of approval of the Annual Report, including performing sensitivity analyses and stress testing of various possible scenarios, varying in severity, related to COVID-19, general macroeconomic uncertainties and semiconductor shortages. These scenarios included contingency planning for restructuring actions to be taken in response to the more severe scenarios.

The Group's liquidity is to a large degree impacted by customers continuing to pay their invoices. Between the reporting date and effective date of the Annual Report, customers have continued to pay largely in line with historic norms. Suppliers have also provided extended payment terms where required.

Funding available to and being utilised by Logicalis includes a three-year \$155 million banking facility for its subsidiaries, completed during January 2020 with the option to extend for an additional year agreed during FY22. This senior facility covers Logicalis' operations throughout the world, excluding Latin America, which has its own separate credit facilities.

LOGICALIS GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 28 February 2022

2. ACCOUNTING POLICIES AND BASIS OF PREPARATION (CONTINUED)

Basis of consolidation

Logicalis maintains good working relationships with a number of key financial institutions and undertakes active review of facilities available with these partners, extending or replacing available facilities in line with developing business needs. As a consequence, the Directors believe that the Group is well placed to manage its business risks successfully.

The Group/Company has considerable financial resources together with available funding should this be needed from its ultimate parent company and long-term relationships with a number of suppliers and customers across different geographic areas and vertical markets. As a consequence, the Directors believe that the Group/Company is well placed to manage its business risks successfully.

Having considered the principal risks and uncertainties the Directors have a reasonable expectation that the Group/Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements. 2.

Subsidiary undertakings

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated on consolidation. Accounting policies of subsidiaries are consistent with the policies adopted by the Group. The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) prepared to 28/29 February each year. For local statutory purposes Logicalis Andina S.A.C., C2 Mining Solutions S.A.C., Logicalis Andina Bolivia LAB. LTDA., Logicalis Chile S.A., Coasin Chile S.A., Logicalis Colombia S.A.S., Logicalis Ecuador S.A., Logicalis Mexico S. de R.L. de C.V., Logicalis Paraguay S.A. and Logicalis South America, Inc., iZeno Private Limited, iZeno Sdn Bhd, PT iZeno Teknologi Indonesia, prepare company financial statements for the year ended 31 December.

Non-controlling interest

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling interest's share of changes in equity since the date of the combination.

Investment in subsidiaries

Investment in subsidiaries is stated at cost less, where appropriate, provisions for impairment.

Business combinations

The acquisition of subsidiaries is accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. For acquisitions after 28 February 2010 costs related to the acquisition, other than those associated with the issue of debt or equity securities, are expensed as incurred.

Any contingent purchase consideration payable is recognised at fair value at the acquisition date. If the contingent purchase consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent purchase consideration are recognised in the Consolidated Income Statement.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair value at the acquisition date.

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

LOGICALIS GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 28 February 2022

2. ACCOUNTING POLICIES AND BASIS OF PREPARATION (CONTINUED)

Business combinations (Continued)

The interests of non-controlling interest shareholdings are stated at the non-controlling interest's proportion of the fair value of the assets, liabilities and contingent liabilities recognised.

The profit or loss on the disposal or closure of a previously acquired business includes the attributable amount of any purchased goodwill relating to that business not previously charged through the Consolidated Income Statement. The results and cash flow relating to a business combination are included in the Consolidated Income Statement and the Consolidated Cash Flow Statement from the date of acquisition up to the date of disposal.

Acquisition-related liabilities are classified as financial liabilities designated at fair value through profit or loss except where the consideration is fixed, in which case they are classified as financial liabilities at amortised cost. They are classified as level 3 financial instruments, whose fair value measurements are derived from inputs that are unobservable for the liabilities. Movements are presented in the statement of comprehensive income as acquisition-related fair value adjustments. Refer to Note 18.

Revenue

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

Recognition

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

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

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

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

Measurement

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

LOGICALIS GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 28 February 2022

2. ACCOUNTING POLICIES AND BASIS OF PREPARATION (CONTINUED)

Revenue (Continued)

Measurement (Continued)

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

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

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

Types of revenue

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

Revenue from product sales:

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

Revenue from services:

- Revenue from professional services

Revenue from annuity services:

- Revenue from cloud services
- Revenue from software services

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

REVENUE FROM PRODUCT SALES

Revenue from sales of hardware

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

LOGICALIS GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 28 February 2022

2. ACCOUNTING POLICIES AND BASIS OF PREPARATION (CONTINUED)

Revenue (Continued)

Revenue from Product Sales (Continued)

Revenue from sales of software

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

Revenue from vendor resold services and product maintenance sales

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

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

REVENUE FROM SERVICES

Revenue from professional and other services

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

Support and embedded support services provide remote or on-site support to customers over a contract term which may include sparing or advanced hardware replacement. In most cases, revenue is recognised over time on a straight-line basis to represent the fulfilment of the service over the contractual period. In some cases, revenue is recognised on a milestone basis if the support contract is incident/ticket/pay-as-you-go based.

Where recorded revenue exceeds amounts invoiced to clients, the excess is classified as contract assets and where recorded revenue is less than the amounts invoiced to clients, the difference is classified as contract liabilities.

REVENUE FROM ANNUITY SERVICES

Revenue from cloud services

Cloud services are recognised over time when acting as principle in a manner reflecting the delivery of the service and at a point in time when acting as an agent, depending on the nature and scope of the contract.

Revenue from other annuity services

The Group provides annuity services to perform the specified service over a specified period of time. The specified service would comprise a single series of services that are transferred to the client over the agreed period. Annuity services performed by the Group relate primarily to the provision of managed IT and cloud and in-house maintenance services and are recognised as the customer simultaneously receives and consumes the benefit of the services provided. Annuity services are recognised over time and equally over the life of the annuity service.

LOGICALIS GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 28 February 2022

2. ACCOUNTING POLICIES AND BASIS OF PREPARATION (CONTINUED)

Revenue (Continued)

Net revenue vs gross revenue recognition

Revenue from sales arrangements where the Group acts as agent (primarily vendor-provided services and maintenance agreements) is recognised on a net basis and the commission or gross profit earned on these contracts is recognised as revenue.

When deciding on the most appropriate basis for presenting revenue or related costs, both the legal form and the substance of the agreement between the Group and the counterparty are reviewed to determine each party's respective role in the transaction. Refer to critical judgements for the judgements applied in deciding whether the Group is acting as an agent or a principal.

Capitalisation of costs incurred to fulfil contracts

The Group incurs certain costs to fulfil contracts with customers. These costs are directly attributable to the completion of a contract, generate or enhance resources of the entity that will be used in satisfying performance obligations in the future and are expected to be recovered, however the performance obligation to recognise the revenue has not yet been met. The capitalised costs are recognised in profit or loss when the group has satisfied the related performance obligation in the contract with the customer.

Taxation

The tax expense in the Income Statement represents the sum of the current tax payable and deferred tax.

The current tax payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the Income Statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax assets and liabilities are not recognised if the temporary difference arises from the recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the Income Statement / other comprehensive income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

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

Dividend income

Dividend income is recognised when the right to receive payment is established and is included as part of revenue in the statement of comprehensive income.

LOGICALIS GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 28 February 2022

2. ACCOUNTING POLICIES AND BASIS OF PREPARATION (CONTINUED)

Foreign currency translation

Functional and presentation currency

The consolidated financial statements are presented in US Dollars, which is the Company's functional and Group's presentation currency. Items included in the financial statements of each of the Group's subsidiaries are measured using the currency of the primary economic environment in which the entity operates (its functional currency).

Transactions and balances

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction. At each balance sheet date, monetary assets and liabilities denominated in foreign currencies are retranslated at the exchange rate prevailing at the balance sheet date. Translation differences on monetary items are taken to the Income Statement.

Group companies

The results and financial position of overseas Group entities are translated into US Dollars as follows:

- assets and liabilities are translated at the closing rate at the date of the balance sheet;
- income and expenses are translated at the average exchange rate for the period; and
- the resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities are taken to Other Comprehensive Income. When a foreign operation is sold, such exchange differences are recognised in the Consolidated Income Statement as part of the gain or loss on sale.

Employee benefits

Pension obligations

The Group operates defined contribution pension schemes in certain of its territories. The cost of providing this benefit is charged to the Income Statement in the period to which the contributions relate.

Share-based payments

The Group operates a number of cash-settled share-based compensation plans. The fair value of the employee services received under such schemes is recognised as an expense in the Income Statement. Fair value is determined by use of the Black Scholes Option Pricing Model or the Actuarial Binomial Model as detailed in the notes to the consolidated financial statements. The amount to be expensed over the vesting period is determined by reference to the fair value of share incentives. At each balance sheet date, the Group revises its estimates of the number of share incentives that are expected to vest. The impact of the revision of original estimates, if any, is recognised in the Income Statement, with a corresponding adjustment to creditors (for cash-settled share-based compensation plans), over the remaining vesting period.

LOGICALIS GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 28 February 2022

2. ACCOUNTING POLICIES AND BASIS OF PREPARATION (CONTINUED)

Goodwill

Goodwill is the excess of the fair value of the consideration payable for an acquisition over the fair value of the Group's share of identifiable net assets of a business acquired at the date of acquisition. Fair values are attributed to the separately identifiable assets, liabilities and contingent liabilities that existed at the date of acquisition, reflecting their condition at that date. Adjustments are made where necessary to bring the accounting policies of acquired businesses into alignment with those of the Group.

Goodwill on acquisitions of businesses is stated at cost less any impairment. Goodwill is not amortised but is tested annually for impairment or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. An impairment charge would be recognised for any amount by which the carrying value of goodwill exceeds its fair value.

Intangible assets

Intangible assets acquired in business combinations are accounted for in accordance with IFRS 3 'Business Combinations'. Such intangible assets are recognised separately if they meet the criteria for recognition. Intangible assets acquired separately from the acquisition of a business are capitalised at cost. Intangible assets are amortised over their expected useful economic lives unless these are indefinite in which case they are reviewed regularly for impairment in accordance with IAS 38 'Intangible Assets'.

Capitalised software

Capitalised software represents investment in large customer relations software implementation projects and includes internal integration work as well as the purchase of external software suites. Amortisation is charged on a straight-line basis over the life of the software licences.

Backlog acquired

Backlog acquired represents the fair value of uncompleted sales orders of the target business on acquisition by the Group and are amortised over their estimated useful lives, which range from three to twenty four months.

Customer relationships

Customer relationships represent discounted cash flows from estimated recurring revenue streams from the customers of the target business on acquisition by the Group and are amortised over the estimated useful economic lives. The useful life is assessed on an individual basis (which is on average five years). Amortisation is charged on a straight-line basis over the estimated useful life of the assets.

Technology-based application

Technology-based application represents the bespoke Wi-Fi application acquired on 1 September 2014 which offers online commerce and mobile experience solutions. Amortisation is charged on a straight-line basis over the estimated five year useful life of the asset.

Research and development costs

Research costs are expensed as incurred. Expenditure arising from development (or from the development phase of an internal project) is capitalised if it satisfies the specified criteria within IAS 38. These assets are amortised on a straight-line basis over their useful lives which is a maximum of three years commencing when the development project is brought to market.

Property, plant and equipment

Property, plant and equipment is shown at cost less subsequent depreciation and adjusted for any impairment. Land is not depreciated. Costs include expenditure that is directly attributable to the acquisition of the items.

Depreciation is provided on assets so as to write off the cost of tangible fixed assets less their residual value over their estimated useful economic lives on a straight-line basis. Estimation of the useful economic life includes an assessment of the expected rate of technological developments and the intensity at which the assets are expected to be used. Tangible fixed assets are depreciated over the following useful lives:

LOGICALIS GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 28 February 2022

2. ACCOUNTING POLICIES AND BASIS OF PREPARATION (CONTINUED)

Property, plant and equipment (Continued)

Leasehold improvements	Period of the lease
Buildings	20 years
Plant and machinery	5 years
Computer equipment and software	2-6 years
Motor vehicles	3-4 years
Fixtures and fittings	3-10 years
Office furniture and fittings	2-5 years

Impairment of tangible and intangible assets excluding goodwill

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment (if any). An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and the value-in-use. The estimated future cash flows are discounted to their present value using an after-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to a carrying amount at which the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the balance sheet date and are discounted to present value where the effect is material.

Financial instruments

Short-term debtors and creditors are treated as financial assets or liabilities. The Group does not trade in financial instruments. The Group enters into derivative financial instruments to manage its exposure to foreign exchange rate risk, including forward exchange contracts, interest rate swap agreements and foreign currency options. Further details of derivative financial instruments are disclosed in note 18 to the financial statements.

LOGICALIS GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 28 February 2022

2. ACCOUNTING POLICIES AND BASIS OF PREPARATION (CONTINUED)

Financial instruments (continued)

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

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than twelve months and it is not expected to be realised or settled within twelve months. Other derivatives are presented as current assets or current liabilities.

The fair value of a financial guarantee contract is calculated as the present value of the difference between the net contractual cash flows required under a debt instrument, and the net contractual cash flows that would have been required without the guarantee.

Trade receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost, using the effective interest rate method where credit exceeds normal terms. The Group recognises an allowance for expected credit losses (“ECLs”) for all debt instruments not held at fair value through profit or loss.

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

Cash and cash equivalents

Cash and cash equivalents comprise cash, short-term bank deposits and other short-term highly liquid investments with an original maturity of three months or less. For the purposes of the Cash Flow Statement bank overdrafts are included within cash and cash equivalents.

Trade payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Bank borrowings

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accrual basis in the Income Statement using the effective interest rate method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Leasing

Leases as a lessee

Right of use assets

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.

LOGICALIS GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 28 February 2022

2. ACCOUNTING POLICIES AND BASIS OF PREPARATION (CONTINUED)

Leasing (continued)

Leases as a lessee (continued)

Right of use assets (continued)

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.

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

Lease liabilities

The lease liability is measured initially at the present value of the lease payments that are not paid at commencement date, discounted at the Group's incremental borrowing rate, unless the rate implicit in the lease is readily determinable. The lease liability is subsequently increased by lease finance charges and decreased by lease payments made. Lease finance charges are amortised over the duration of the underlying leases, using the effective interest method. Incremental borrowing rates have been determined based on country-specific factors and vary across the Group.

Finance lease as a lessor

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

Adoption of amendments to existing standards and interpretations

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

- **Interest Rate Benchmark Reform — Phase 2**
The amendments in Interest Rate Benchmark Reform — Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) introduce a practical expedient for modifications required by the reform, clarify that hedge accounting is not discontinued solely because of the IBOR reform, and introduce disclosures that allow users to understand the nature and extent of risks arising from the IBOR reform to which the entity is exposed to and how the entity manages those risks as well as the entity's progress in transitioning from IBORs to alternative benchmark rates, and how the entity is managing this transition.
- **Covid-19- Related Rent Concessions**
Amended IFRS 16 Leases to provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification.

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

LOGICALIS GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 28 February 2022

2. ACCOUNTING POLICIES AND BASIS OF PREPARATION (CONTINUED)

New or Revised Accounting Standards and Amendments to existing new standards not yet effective

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

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)
- Annual Improvements to IFRS 2018 – 2020 – IFRS 9 Financial Instruments; IFRS 16 Leases, IFRS 9 – Financial Instruments, IFRS 1 – First-time Adoption of IFRS
- Extension of the Temporary Exemption from Applying IFRS 9 - IFRS 4 – Insurance Contracts
- Covid-19- Related Rent Concessions beyond 30 June 2021- IFRS 16 - Leases
- Disclosure of Accounting Policies - IAS 1 and IFRS Practice Statement 2
- Definition of Accounting Estimates - IAS 8 – Accounting Policies, Changes in Accounting Estimates and Error
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction - IAS 12 - Income Taxes
- Proceeds before intended use – (Amendments to IAS 16)
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)

The Group does not currently believe that the adoption of these amendments will have a material impact on the consolidated results or financial position of the Group.

LOGICALIS GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 28 February 2022

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCE OF ESTIMATION OF UNCERTAINTY

Critical judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, which are described in note 2, management has made below mentioned critical judgement that have a significant effect on the amounts recognised in the financial statements (in addition to those involving estimations, which are dealt with in the below section);

(a) Revenue recognition: Software, cloud services and related licences

The group provides cloud related services to its customers. The group has applied significant review to determine whether it acts as an agent or principal in these arrangements in accordance with the principles of IFRS 15. The group concluded that usually the group acts as an agent by arranging for the provision of SaaS from its vendors to its customers. Accordingly, the group recognises cloud related services on a net basis at the point in time that the client is given access to the vendor estate. In the cases where the group is contractually responsible for managing and providing access to the underlying real estate it has been determined that the group acts as principal with revenue being recognised gross over time.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date are discussed below.

(a) Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value-in-use of the cash generating units to which goodwill has been allocated. The value-in-use calculation requires the Group to estimate the future cash flows expected to arise from the cash generating unit and a suitable discount rate in order to calculate present value. Future cash flows are derived from the approved budgets and strategic plans. Management believes this is a reliable approach based on the past experience.

The Group prepares a valuation based on various scenarios and each of these scenarios have different growth rate assumptions. The growth rate assumptions are in relation to periods covered by Board approved plans. Other key assumptions are the discount rate, where the Group uses its corporate weighted average cost of capital and the conversion to cash ratio of future profits. The valuation models all assume steady growth in perpetuity. Pre-tax discount rate(s) are applied to cashflow projections on various scenarios. If any of these assumptions were to change materially, the resulting valuation is likely to be different (see note 10).

(b) Valuation of intangibles

When valuing customer relationships and backlog on acquisition the Group uses various assumptions including estimated discount rates, expected useful life, expected levels of customer retention and profit margins relevant to the market in which the acquired business operates. If any of these assumptions were to change materially, the resulting valuation is likely to be different (see note 11).

(c) Provisions and other creditors

Management applies judgement when estimating the amounts to be recorded for provisions, and certain accruals and other creditors. Management uses historical transactions and other relevant information to estimate the value of the balances as reliably as possible, but it is acknowledged that final settlement of the amounts may differ from those initially recognised. Refer Provisions (note: 22) and Financial assets (note: 17) for further information regarding the estimations applied.

LOGICALIS GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 28 February 2022

4. REVENUE

An analysis of the Group's revenue is as follows:

	2022 \$'000	2021 \$'000
Revenue from product sales	1,000,697	838,278
<i>Revenue from sales of hardware</i>	718,068	653,665
<i>Revenue from sales of software*</i>	282,629	183,866
<i>Revenue from vendor resold services and product maintenance sales</i>	-	747
Timing of revenue from product sales	1,000,697	838,278
<i>At a point in time</i>	1,000,697	838,278
Revenue from services	228,921	207,470
<i>Revenue from professional services</i>	228,921	207,470
Timing of revenue from professional services	228,921	207,470
<i>At a point in time</i>	706	-
<i>Over time</i>	228,215	207,470
Revenue from annuity services	414,747	398,322
<i>Revenue from cloud services</i>	46,946	46,641
<i>Revenue from other annuity services</i>	367,801	351,681
Timing of revenue from annuity services	414,747	398,322
<i>At a point in time</i>	84,306	46,640
<i>Over time</i>	330,441	351,682
	<u>1,644,365</u>	<u>1,444,070</u>

* Includes software as a service revenues.

As at 28 February 2022 the Group had \$1,185.3 million (2021: \$996.0 million) of transaction price allocated to the remaining performance obligations under contract and the entity will recognise this revenue as the performance obligations are met. This is expected to be recognised as \$757.4 million over the next 12 months (2021: \$566.9 million) and \$427.9 million over the next 13 to 60 months (2021: \$429.1 million).

LOGICALIS GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 28 February 2022

5. PROFIT BEFORE TAX

The following items have been charged/(credited) in arriving at profit before taxation:

	2022	2021
	\$'000	\$'000
Net foreign exchange losses/(gains)	3,721	(2,569)
Loss on disposal of fixed assets	1,121	870
Depreciation of property, plant and equipment:		
- Land and building	85	89
- Leasehold improvements	2,591	2,983
- Plant and machinery	122	103
- Computer equipment and software	11,155	10,438
- Motor vehicles	48	48
- Fixtures, Office furniture and fittings	1,652	1,508
Depreciation of right of use assets		
- Land and building	13,553	14,073
- Computer equipment	3,245	2,937
- Motor vehicles	1,820	1,337
- Fixtures and fittings	1,312	1,035
Amortisation of other intangible assets:		
- Backlog acquired	1,065	379
- Customer relationships	5,616	4,957
- Capitalised software	943	1,081
Lease payments:		
- Short-term lease payments	1,880	2,096
- Low value assets payments	483	731
- Variable lease payments	735	544
Impairment of goodwill	3,936	3,530
Inventory recognised as an expense	787,457	653,156
Staff costs (see note 8)	408,451	367,441
Datatec management fees	9,448	7,343
Datatec internal audit fees	363	244
Auditors' remuneration:		
- For the audit of the Company's annual financial statements	472	600
- Fees payable to the Company's auditor and their associates for the audit of the Company's subsidiaries pursuant to legislation	2,656	1,746
- Consulting and advisory	724	533
- Tax services	607	779
- Advisory	33	5
- Acquisition related services	53	200
- Other services	257	86
- Expenses	1	1
	<u>1</u>	<u>1</u>

LOGICALIS GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 28 February 2022

6. FINANCE INCOME

	2022	2021
	\$'000	\$'000
Bank interest receivable and similar income	1,067	751
Interest from Holding company and fellow subsidiaries	-	3
	<u>1,067</u>	<u>754</u>

7. FINANCE COSTS

	2022	2021
	\$'000	\$'000
Interest on bank overdrafts, loans and other borrowings	18,233	13,515
Interest on amounts owed to holding company and fellow subsidiaries	444	502
Interest on obligations under leases	3,039	2,704
	<u>21,716</u>	<u>16,721</u>

8. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2022	2021
Monthly average number of people employed including directors		
Professional services and service delivery	4,400	4,097
Sales and business support	2,335	2,180
	<u>6,735</u>	<u>6,277</u>

Their aggregate remuneration comprised:

	2022	2021
	\$'000	\$'000
Wages and salaries	356,228	314,218
Termination benefits	1,146	8,206
Social security costs	39,288	35,504
Other pension costs	11,535	9,370
Share-based payments charge	254	143
	<u>408,451</u>	<u>367,441</u>
Directors' remuneration		
Emoluments	1,284	1,370
Pension contributions	121	108
Share-based payments	-	51
	<u>1,405</u>	<u>1,529</u>

LOGICALIS GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 28 February 2022

8. INFORMATION REGARDING DIRECTORS AND EMPLOYEES (CONTINUED)

Highest paid director's remuneration

	2022	2021
	\$'000	\$'000
Emoluments	719	749
Pension contributions	74	64
Share-based payments	-	51
	<u>793</u>	<u>864</u>

One of the Directors was a member of the Logicalis defined contribution pension scheme in the year and contributions made by the Company to the scheme on his behalf are included in pension contributions above (2021: one Director). Also included in pension contributions above are contributions towards three of the Directors' personal pension schemes (2021: three Directors).

In addition to the remuneration shown above, certain directors and other senior management are beneficiaries of the share schemes operated by the Group. During the year no director (2021: One directors) exercised under the Logicalis Group Limited Cash-Settled Share Appreciation Rights Scheme. For further details refer to note 26.

Defined contribution scheme

The Group operates defined contribution pension schemes in certain of its territories. The cost of providing this benefit is charged to the Income Statement in the period to which the contributions relate. The Group has no legal or constructive obligations to make further pension payments.

The total cost charged to the Income Statement of \$11.5 million (2021: \$9.4 million) represents contributions payable to these schemes by the Group at rates specified in the rules of these schemes.

9. TAX

	2022	2021
	\$'000	\$'000
Current taxation		
<i>United Kingdom corporation tax:</i>		
Credit for the current year	(1,209)	(1,274)
Adjustment in respect of prior periods	(25)	633
<i>Foreign tax:</i>		
Charge for the current year	14,933	16,521
Adjustment in respect of prior periods	(3,344)	1,696
Total current taxation	<u>10,355</u>	<u>17,576</u>
Deferred taxation		
(Credit)/Charge for the year	(2,317)	(2,540)
Effect of change of taxation rate	(1,314)	(490)
Adjustment in respect of prior periods	1,114	(277)
Total deferred taxation (see note 15)	<u>(2,517)</u>	<u>(3,307)</u>
Tax charge on profit on ordinary activities	<u>7,838</u>	<u>14,269</u>

LOGICALIS GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 28 February 2022

9. TAX (CONTINUED)

The charge for the year can be reconciled to the profit before tax per the Consolidated Income Statement as follows:

	2022 \$'000	2021 \$'000
Profit before tax	14,340	14,884
Tax at the UK Corporation tax rate of 19.0% (2021: 19.0 %)	2,725	2,828
<i>Factors affecting charge for the year:</i>		
Tax effect of expenses not deductible in determining taxable profit	1,445	4,642
Tax effect of different tax rates of subsidiaries operating in other jurisdictions	3,330	4,097
Credit in deferred tax rate	(1,314)	(490)
Goodwill impairments	1,145	1,095
Other non-deductible expenses and non-deductible income	936	383
Adjustment in respect of prior periods	(2,255)	2,052
Deferred tax assets not recognised	2,079	369
Tax losses utilised	(153)	(344)
Tax arising on dividend flows	(100)	(363)
Tax charge on profit	7,838	14,269

The UK Government announced that the Corporation Tax main rate (for all profits except ring fence profits) for the years starting 1 April 2021 and 2022 would remain at 19%. But as per the Finance Bill 2021, published on 11 March 2021, for the financial year beginning 1st April 2023 the corporate tax rate would increase to 25%.

	2022 \$'000	2021 \$'000
Current tax recoverable	15,614	12,451
Current tax payable	(7,946)	(5,452)

10. GOODWILL

	2022 \$'000	2021 \$'000
Cost		
Opening balance	227,228	217,571
Exchange movements	(4,941)	4,453
Acquisition of subsidiaries (see note 25)	12,199	5,204
Closing balance	234,486	227,228
Accumulated impairment losses		
Opening balance	53,112	48,096
Exchange movements	(1,298)	1,486
Impairment	3,936	3,530
Closing balance	55,750	53,112
Carrying amount		
At 28 February	178,736	174,116

LOGICALIS GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 28 February 2022

10. GOODWILL (CONTINUED)

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units that are expected to benefit from that business combination. The carrying amount of goodwill has been allocated as follows:

	2022	2021
	\$'000	\$'000
North America	102,720	103,997
Europe	38,715	30,739
Latin America	15,253	12,975
Asia Pacific	22,048	26,405
	<u>178,736</u>	<u>174,116</u>

The Group tests goodwill annually for impairment or more frequently if there are indicators that goodwill might be impaired. The recoverable amount of goodwill is determined from value-in-use. The key assumptions for the value-in-use calculations are those regarding discount rates and growth rates. Management estimates discount rates using pre-tax rate of returns that reflect current market assessments of the time value of money and the risks specific to the various cash generating units to which goodwill is attributable. The growth rates are based on industry growth forecasts. Management obtained services of experts in confirming these assumptions used in the calculations.

Future earnings: Cash flow forecasts are prepared and derived from the most recent financial budgets for the next three years which are approved by management. EBITDA is considered a reliable indicator of operational performance and is considered a key assumption in the estimation of forecast future financial performance. Cash flows are extrapolated for a further two- to four-years cash flows for the following four years based on an estimated growth rate of 2.2% (2021: 2.0%) for its North American, European and Asia Pacific operations and on an estimated growth rate of 5.3% (2021: 4%) for its Latin American operations. The rates do not exceed the average long-term growth rate for the relevant markets.

The pre-tax rate used to discount the forecast cash flows is between 14.59% and 14.56% for the Group's North American, European and Asia Pacific operations (2021: 12.9% and 16.1%) and between 17.11% and 26.17% for its Latin American operations (2021: between 14.0% and 21.3%).

When preparing cash flow forecasts management further assess recoverability by performing sensitivity analyses whereby budgeted revenue growth is reduced by 50% and gross margin percentages are held constant.

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

As at 28 February 2022 an impairment review of Orange Group in Germany showed goodwill higher than the recoverable amount and goodwill amounting to \$3.9 million was impaired. Logicalis Orange, acquired in 2019 is a Microsoft services business focused on Microsoft cloud and managed services, with Germany wide presence including Hamburg, Munich, Offenbach and Düsseldorf. Orange Group carries \$2.4 million negative equity position at the year end, but expected to make \$0.5million profit before interest, tax, depreciation and amortization in the following year. Therefore directors believe impairment of Orange Group's goodwill in full reflect the appropriate carrying balance in the financial position.

LOGICALIS GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 28 February 2022

11. OTHER INTANGIBLE ASSETS

The Group	Technology -based application \$'000	Capitalised Software \$'000	Backlog acquired \$'000	Customer relation- ships \$'000	Total \$'000
Cost					
At 1 March 2021	1,791	4,089	2,792	56,107	64,779
Exchange movements	(137)	(3)	(83)	(1,985)	(2,208)
Additions	-	363	494	6,713	7,570
Disposal	(1,654)	(2)	(1,964)	(19,204)	(22,824)
At 28 February 2022	-	4,447	1,239	41,631	47,317
Accumulated amortisation					
At 1 March 2021	1,791	2,665	2,200	37,907	44,563
Exchange movements	(137)	-	(62)	(1,272)	(1,471)
Charge for the year	-	943	1,065	5,616	7,624
Disposal	(1,654)	-	(1,964)	(19,203)	(22,821)
At 28 February 2022	-	3,608	1,239	23,048	27,895
Carrying amount					
At 28 February 2022	-	839	-	18,583	19,422
At 28 February 2021	-	1,424	592	18,200	20,216

The anticipated life of intangible assets is regularly reviewed in accordance with IAS 38 'Intangible Assets'.

LOGICALIS GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 28 February 2022

11. OTHER INTANGIBLE ASSETS (CONTINUED)

The Group	Technology -based application \$'000	Capitalised Software \$'000	Backlog acquired \$'000	Customer relation- ships \$'000	Total \$'000
Cost					
At 1 March 2020	1,642	2,484	1,784	50,898	56,808
Exchange movements	149	99	223	2,192	2,663
Additions	-	1,898	785	3,017	5,700
Disposal	-	(392)	-	-	(392)
At 28 February 2021	<u>1,791</u>	<u>4,089</u>	<u>2,792</u>	<u>56,107</u>	<u>64,779</u>
Accumulated amortisation					
At 1 March 2020	1,642	1,534	1,603	31,317	36,096
Exchange movements	149	50	218	1,633	2,050
Charge for the year	-	1,081	379	4,957	6,417
At 28 February 2021	<u>1,791</u>	<u>2,665</u>	<u>2,200</u>	<u>37,907</u>	<u>44,563</u>
Carrying amount					
At 28 February 2021	<u>-</u>	<u>1,424</u>	<u>592</u>	<u>18,200</u>	<u>20,216</u>
At 29 February 2020	<u>-</u>	<u>950</u>	<u>181</u>	<u>19,581</u>	<u>20,712</u>

Backlog acquired represents the fair value of uncompleted sales orders of the target business on acquisition by the Group and is amortised over its estimated life, which is on average two years.

Customer relationships represent discounted cash flows from estimated recurring revenue streams from customers of the target business on acquisition by the Group and are amortised over their estimated useful economic lives, which is on average five years.

Technology-based application represents the bespoke Wi-Fi application acquired which offers online commerce and mobile experience solutions. Amortisation is charged on a straight-line basis over the estimated five-year useful life of the asset.

Capitalised software represents investment in the implementation of large customer relationship software. Amortisation is charged on a straight-line over the life of the software licences.

The amortisation charge relating to acquisitions amounted to \$1.4 million (2021: \$0.4million)

The anticipated life of intangible assets is regularly reviewed in accordance with IAS 38 "Intangible Assets".

LOGICALIS GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 28 February 2022

12. PROPERTY, PLANT AND EQUIPMENT

The Group	Land and buildings	Leasehold improvements	Plant and machinery	Computer equipment and Software	Motor vehicles	Fixtures, Office Furniture and fittings	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cost							
At 1 March 2021	1,826	24,440	5,049	89,880	580	8,080	129,855
Exchange movements	(1)	(531)	(8)	(1,987)	(12)	(313)	(2,852)
Additions	-	1,373	144	7,089	212	670	9,488
Acquisition of subsidiaries	-	122	27	1,292	32	663	2,136
Transfers between asset class	-	-	-	1	-	(1)	-
Disposals	-	(824)	(19)	(3,740)	(61)	(354)	(4,998)
At 28 February 2022	<u>1,825</u>	<u>24,580</u>	<u>5,193</u>	<u>92,535</u>	<u>751</u>	<u>8,745</u>	<u>133,629</u>
Accumulated depreciation							
At 1 March 2021	244	17,625	4,377	67,182	526	3,805	93,759
Exchange movements	-	(421)	37	(1,335)	(11)	(165)	(1,895)
Charge for the year	85	2,591	122	11,155	48	1,652	15,653
Acquisition of subsidiaries	-	54	28	776	21	56	935
Transfers between asset class	-	-	-	1	-	(1)	-
Disposals	-	(753)	(11)	(3,389)	(49)	(265)	(4,467)
At 28 February 2022	<u>329</u>	<u>19,096</u>	<u>4,553</u>	<u>74,390</u>	<u>535</u>	<u>5,082</u>	<u>103,985</u>
Carrying amount							
At 28 February 2021	<u>1,582</u>	<u>6,815</u>	<u>672</u>	<u>22,698</u>	<u>54</u>	<u>4,275</u>	<u>36,096</u>
At 28 February 2022	<u>1,496</u>	<u>5,484</u>	<u>640</u>	<u>18,145</u>	<u>216</u>	<u>3,663</u>	<u>29,644</u>

LOGICALIS GROUP LIMITED

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Year ended 28 February 2022

12. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The Group	Land and building \$'000	Leasehold improvements \$'000	Plant and machinery \$'000	Computer equipment and Software \$'000	Motor vehicles \$'000	Fixtures, Office Furniture and fittings \$'000	Total \$'000
Cost							
At 1 March 2020	1,989	31,817	4,631	98,822	575	14,796	152,630
Exchange movements	1	822	(166)	2,239	6	295	3,197
Additions	-	1,994	678	13,447	-	1,671	17,790
Acquisition of subsidiaries	-	22	-	53	-	1	76
Transfers between asset class	-	(2,145)	7	126	29	(155)	(2,138)
Disposals	(164)	(8,070)	(101)	(24,807)	(30)	(8,528)	(41,700)
At 28 February 2021	<u>1,826</u>	<u>24,440</u>	<u>5,049</u>	<u>89,880</u>	<u>580</u>	<u>8,080</u>	<u>129,855</u>
Accumulated depreciation							
At 1 March 2020	189	22,694	4,470	78,483	449	10,581	116,866
Exchange movements	3	661	(141)	1,437	6	212	2,178
Charge for the year	89	2,983	103	10,438	48	1,508	15,169
Acquisition of subsidiaries	-	-	-	-	-	-	-
Transfers between asset class	-	(876)	(17)	92	29	(103)	(875)
Disposals	(37)	(7,837)	(38)	(23,268)	(6)	(8,393)	(39,579)
At 28 February 2021	<u>244</u>	<u>17,625</u>	<u>4,377</u>	<u>67,182</u>	<u>526</u>	<u>3,805</u>	<u>93,759</u>
Carrying amount							
At 29 February 2020	<u>1,800</u>	<u>9,123</u>	<u>161</u>	<u>20,339</u>	<u>126</u>	<u>4,215</u>	<u>35,764</u>
At 28 February 2021	<u>1,582</u>	<u>6,815</u>	<u>672</u>	<u>22,698</u>	<u>54</u>	<u>4,275</u>	<u>36,096</u>

LOGICALIS GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 28 February 2022

13. RIGHT-OF-USE ASSETS

The Group	Land and building \$'000	Short-term leasehold improvements \$'000	Computer equipment \$'000	Motor vehicles \$'000	Fixtures and fittings \$'000	Total \$'000
Cost						
At 1 March 2021	60,096	-	11,713	4,696	5,936	82,441
Exchange movements	(2,477)	-	(119)	(490)	209	(2,877)
Additions	12,466	-	558	2,428	393	15,845
Acquisition of subsidiaries	3,200	-	-	740	-	3,940
Transfers between asset classes	-	-	-	-	-	-
Early terminations	(7,002)	-	(232)	(212)	(1,845)	(9,291)
At 28 February 2022	<u>66,283</u>	<u>-</u>	<u>11,920</u>	<u>7,162</u>	<u>4,693</u>	<u>90,058</u>
Accumulated depreciation						
At 1 March 2021	22,310	-	6,258	2,221	3,392	34,181
Exchange movements	(920)	-	(94)	(246)	93	(1,167)
Charge for the year	13,553	-	3,245	1,820	1,312	19,930
Acquisition of subsidiaries	802	-	-	-	-	802
Transfers between asset classes	-	-	-	-	-	-
Early terminations	(5,553)	-	(152)	(212)	(1,845)	(7,762)
At 28 February 2022	<u>30,192</u>	<u>-</u>	<u>9,257</u>	<u>3,583</u>	<u>2,952</u>	<u>45,984</u>
Carrying amount						
At 28 February 2021	<u>37,786</u>	<u>-</u>	<u>5,455</u>	<u>2,475</u>	<u>2,544</u>	<u>48,260</u>
At 28 February 2022	<u>36,091</u>	<u>-</u>	<u>2,663</u>	<u>3,579</u>	<u>1,741</u>	<u>44,074</u>

LOGICALIS GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 28 February 2022

13. RIGHT OF USE ASSETS (Continued)

The Group	Land and building \$'000	Short-term leasehold improvements \$'000	Computer equipment \$'000	Motor vehicles \$'000	Fixtures and fittings \$'000	Total \$'000
Cost						
At 1 March 2020	46,112	-	8,290	3,027	5,673	63,102
Exchange movements	2,364	-	252	324	(935)	2,005
Additions	22,147	-	3,404	1,752	1,206	28,509
Acquisition of subsidiaries	67	-	-	-	0	67
Transfers between asset classes	(152)	2,378	(85)	(3)	-	2,138
Early terminations	(10,442)	(2,378)	(148)	(404)	(8)	(13,380)
At 28 February 2021	<u>60,096</u>	<u>-</u>	<u>11,713</u>	<u>4,696</u>	<u>5,936</u>	<u>82,441</u>
Accumulated depreciation						
At 1 March 2020	13,349	-	3,320	940	2,655	20,264
Exchange movements	480	-	119	132	(561)	170
Charge for the year	14,073	-	2,937	1,337	1,036	19,383
Acquisition of subsidiaries	-	-	-	-	-	-
Transfers between asset classes	(196)	845	(35)	(8)	269	875
Early terminations	(5,396)	(845)	(83)	(180)	(7)	(6,511)
At 28 February 2021	<u>22,310</u>	<u>-</u>	<u>6,258</u>	<u>2,221</u>	<u>3,392</u>	<u>34,181</u>
Carrying amount						
At 29 February 2020	<u>32,763</u>	<u>-</u>	<u>4,970</u>	<u>2,087</u>	<u>3,018</u>	<u>42,838</u>
At 28 February 2021	<u>37,786</u>	<u>-</u>	<u>5,455</u>	<u>2,475</u>	<u>2,544</u>	<u>48,260</u>

LOGICALIS GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 28 February 2022

14. INVESTMENTS

The investments comprise of interest in associates that are equity-accounted and other investment that does not qualify as associates. None of these equity-accounted associates are considered to be material to the Group

	Country	Nature of business	Ownership %		Carrying Value \$'000	
			2022	2021	2022	2021
Equity- accounted						
Esources Resources, LLC	USA	ICT Solutions	45.0	45.0	983	757
Cirrus Participações S.A.	Brazil	ICT Solutions	50.1	30.0	851	1,359
					<u>1,834</u>	<u>2,116</u>
Other Investments						
WhiteBearSoluations	Spain	ICT Solutions	1.0	-	19	-
					<u>1,853</u>	<u>2,116</u>

During the year Esources Resources LLC paid \$225,000 dividend to the group. Total share of equity-accounted investment \$1,162,168 loss (2021: \$ 361,855 profit) from continuing operations post tax. No profit or loss from discontinued operations.

15. DEFERRED TAXATION

The following are the significant deferred tax assets and liabilities recognised by the Group and movements thereon. Deferred tax assets and liabilities are considered to be non-current in nature.

Deferred tax assets

	2022 \$'000	2021 \$'000
Opening balance at 1 March	31,760	28,628
Arising on acquisition of subsidiaries	1,237	-
Credit to the Income Statement	3,209	4,615
Other movements recognised in Other Comprehensive Income	828	(1,483)
Closing balance at 28 February	<u>37,034</u>	<u>31,760</u>

Analysis of deferred tax assets

	2022 \$'000	2021 \$'000
Accelerated capital allowances	3,624	3,820
Accruals and similar items	18,690	19,041
Tax losses	12,870	7,419
Goodwill and intangibles	-	-
Other temporary differences	1,850	1,480
	<u>37,034</u>	<u>31,760</u>

LOGICALIS GROUP LIMITED

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15. DEFERRED TAXATION (CONTINUED)

Deferred tax liabilities

	2022	2021
	\$'000	\$'000
Opening balance at 1 March	23,734	23,007
Arising on acquisition of subsidiaries	2,036	646
Charge to the Income Statement	692	1,308
Other movements recognised in Other Comprehensive Income	59	(1,227)
	<u>26,521</u>	<u>23,734</u>
Closing balance at 28 February	<u>26,521</u>	<u>23,734</u>

Analysis of deferred tax liabilities

	2022	2021
	\$'000	\$'000
Accelerated capital allowances	980	1,677
Goodwill and intangibles	21,610	19,876
Other temporary differences	3,931	2,181
	<u>26,521</u>	<u>23,734</u>

At the balance sheet date the group had estimated unused tax losses of \$54.5m (2021: \$31.5m) available for offset against future profits, which equates to deferred tax asset of \$14.5m. From this a deferred tax asset has been recognised totalling \$12.9m (2021: \$7.4m) leaving amounts not recognised totalling \$1.6m (2021 \$0.5m). Of the amounts recognised, \$9.5m (2021: \$4.3m) relates to entities that were loss making in both the current and prior year.

The deferred tax assets recognised are based on the future profits included in the approved budgets of the relevant entities. A deferred tax asset of \$1.4m (2021: \$0.0m) is recognised in relation to losses in Argentina that expire on 28 February 2027.

16. INVENTORIES

	2022	2021
	\$'000	\$'000
Work in progress	23,377	19,163
Finished goods and goods for resale	59,842	39,056
	<u>83,219</u>	<u>58,219</u>

LOGICALIS GROUP LIMITED

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Year ended 28 February 2022

17. FINANCIAL ASSETS

Trade and other receivables

	2022	2021
	\$'000	\$'000
Trade receivables	409,085	346,770
Expected credit losses	<u>(3,814)</u>	<u>(4,133)</u>
	405,271	342,637
Prepayments	176,505	175,700
Accrued income	166,637	145,568
Amounts owed by holding company and fellow subsidiaries	254	56
Derivative financial instruments (see note 20)	<u>2,153</u>	<u>4,379</u>
	<u><u>750,820</u></u>	<u><u>668,340</u></u>

Trade receivables disclosed above are classified as financial assets at amortised cost and are therefore measured at amortised cost. The number of days sales outstanding (DSO) at the year-end was 51 days (2021: 47 days) and the average number of days sales outstanding during the year was 52 days (2021: 52 days). No interest is charged on the receivables. Accrued income increased compared to prior year due to increased activity.

The Group has provided for trade receivables based on estimated irrecoverable amounts, determined by reference to past default experience and where possible by assessing any change in the risk profile associated with the receivables.

Before accepting any new customer, the Group generally uses an external credit scoring system to assess the potential customer's credit quality and sets credit limits by customer. Limits and scoring attributed to customers are reviewed annually. Of the trade debtors at the end of the year, there was one (2021: one) individual debtor balance which represented 15.8% (\$64.4 million) of the amount receivable. The Directors have reviewed these balances because of their significant size and have assessed the debt as recoverable.

Aging profile of expected credit losses:

	2022 \$'000			2021 \$'000		
	Trade receivables	Expected credit losses	As %	Trade receivables	Expected credit losses	As %
Current	322,217	(268)	0.08%	287,923	(239)	0.08%
1-30 days past due	44,974	(62)	0.14%	31,350	(138)	0.44%
31-60 days past due	20,500	(37)	0.18%	11,482	(65)	0.57%
61-90 days past due	4,828	(46)	0.95%	5,226	(57)	1.09%
91-120 days past due	3,405	(50)	1.47%	2,293	(214)	9.33%
Over 120 days past due	13,161	(3,351)	25.46%	8,496	(3,420)	40.25%
	<u>409,085</u>	<u>(3,814)</u>		<u>346,770</u>	<u>(4,133)</u>	

LOGICALIS GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 28 February 2022

17. FINANCIAL ASSETS (CONTINUED)

Trade and other receivables (Continued)

Movement in the expected credit loss allowance:

	2022 \$'000	2021 \$'000
Balance at the beginning of the year	4,133	7,017
Impairment losses recognised	3,255	4,234
Reversal of impairment losses recognised	(3,320)	(3,724)
Amounts written off as uncollectible	(180)	(3,469)
Exchange movements	(74)	75
	<u>3,814</u>	<u>4,133</u>
Balance at the end of the year	<u>3,814</u>	<u>4,133</u>

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. Other than the trade receivable for the customer referred to above, which has been assessed in detail by the Directors for recoverability, the concentration of credit risk is limited due to the customer base being large and mostly unrelated. Accordingly, the Directors believe that there is no further credit provision required in excess of the expected credit loss allowance.

The impairment recognised represents the difference between the carrying amount of these trade receivables and the present value of the expected settlement proceeds. The Group does not hold any collateral against these balances.

The Directors consider that the carrying value of trade and other receivables approximates to their fair value and other than those amounts already provided for no amounts are considered to have poor credit quality.

Derivative financial instruments

	2022 \$'000	2021 \$'000
Derivative financial instruments fair value asset (see note 20)	<u>2,153</u>	<u>4,379</u>

At the balance sheet date the Group had open forward foreign exchange contracts and interest rate swap agreements.

Cash and cash equivalents

Cash and cash equivalents comprise cash, short-term bank deposits and other short-term highly liquid investments with a maturity of three months or less. The carrying amount of these assets approximates to their fair value.

LOGICALIS GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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18. FINANCIAL LIABILITIES

Current liabilities

Trade and other payables

	2022	2021
	\$'000	\$'000
Trade payables	295,810	276,101
Accruals and other creditors	267,445	241,920
Derivative financial instruments (see note 20)	1,528	53
Amounts owed to holding company and fellow subsidiaries	26,558	15,108
Acquisition-related liabilities (note 20)	39	2,580
	<u>591,380</u>	<u>535,762</u>

The number of days credit taken (DPO) at year end for trade purchases for the Group was 90 days (2021: 82 days). The Directors consider that the carrying amount of trade payables approximates to fair value.

Non-current liabilities

	2022	2021
	\$'000	\$'000
Amounts owed to holding company and fellow subsidiaries	13,741	13,526
Acquisition-related liabilities (Note 20)	4,055	-
	<u>17,796</u>	<u>-</u>

The acquisition-related liabilities above represent the maximum payable under acquisition agreements.

Amounts due to holding company and fellow subsidiaries are unsecured and bear interest at either US\$ One Month LIBOR plus 1.5%.

LOGICALIS GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 28 February 2022

18. FINANCIAL LIABILITIES (CONTINUED)

Borrowings

	2022	2021
	\$'000	\$'000
Deferred income		
Non-Current	7,269	-
Current	<u>108,621</u>	<u>105,928</u>
	<u>115,890</u>	<u>105,928</u>
<i>Changes during the period</i>		
At the beginning of the year	105,928	100,511
Revenue arising from the new contracts during the year	280,820	240,164
Changes due to business combinations	-	646
Change in estimate of transaction price	266	-
Subsidiary acquired under common control	(391)	-
Other adjustments	520	-
Change in the time frame for a right to consideration to become unconditional	515	-
Amounts recognised as revenue during the year	(267,612)	(232,197)
Translation and other movements	<u>(4,156)</u>	<u>(3,196)</u>
	<u>115,890</u>	<u>105,928</u>

Deferred revenue relates to payments received from customers where there is still a commitment to complete the performance obligation. Revenue is only recognised once the performance obligation has been satisfied/partially satisfied. Deferred income has increased compared to the prior year, due to increased lead time as a result of global semiconductor shortage.

Other Borrowing Liabilities

	2022	2021
	\$'000	\$'000
Long-term borrowings – Non-Current	34,769	41,899
Other short-term borrowings – Current	<u>7,555</u>	<u>26,442</u>

LOGICALIS GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended 28 February 2022

18. FINANCIAL LIABILITIES (CONTINUED)

Counterparty	Currency	Interest rate	Final repayment date	Repayment terms	Principal amount (Loan currency)	Principal amount S'000	Total capital amount outstanding S'000
Secured							
CSI Lifecycle Leasing GmbH**	EUR	3.00%	June 2025*	Monthly instalments	12,747	14,196	4,669
	EUR	2.03%	June 2026*	Monthly instalments	6,017	6,701	2,465
	EUR	5.28%	January 2023*	Monthly instalments	4,738	5,277	1,074
	EUR	0.63%	December 2023*	Monthly instalments	8,086	9,005	1,372
	EUR	1.00%	June 2026*	Monthly instalments	8,747	9,742	2,154
	EUR	1.64%	October 2024*	Monthly instalments	2,605	2,901	989
	EUR	1.87%	June 2026*	Monthly instalments	4,327	4,819	1,984
	EUR	2.00%	June 2022*	Monthly instalments	2,949	3,284	1,552
CHG-Meridian Deutsche	EUR	2.10%	September 2026*	Monthly instalments	1,340	1,622	1,493
Computer Leasing AG	EUR	2.00%	September 2024*	Monthly instalments	1,593	1,775	1,534
Other	Various	1.20% - 9.54%	Between March 2022 and June 2026*	Monthly instalments	Various	7,644	1,900
Unsecured:							
Cisco Systems Capital Corporation	US\$	1.80%	May 2025*	Quarterly instalments	14,913	14,913	10,582
	US\$	1.82%	September 2023*	Quarterly instalments	5,108	5,108	2,926
	US\$	1.82%	November 2024*	Quarterly instalments	3,946	3,946	2,192
	US\$	3.43%	April 2026*	Quarterly instalments	589	589	502
	AUS\$	0.00%	March 2022*	Monthly instalments	1,616	1,168	410
	US\$	3.42%	June 2025*	Quarterly instalments	914	914	650
	HKD	3.40%	July 2022*	Annual instalments	3,171	406	138
De Lage Landen Pty Limited	US\$	3.00%	January 2023*	Quarterly instalments	2,811	2,811	2,389
	US\$	3.00%	January 2023*	Quarterly instalments	1,550	1,550	1,317
	US\$	4.20%	September 2023*	Quarterly instalments	903	903	678
Banco de Credito de Perú	PEN	1.14%	May 2024*	Monthly instalments	2,231	595	548
Projectos Microsoft	BRL	14.20%	August 2023	Bullet payment on 28 Aug 2023	35,000	7,167	7,167
Finep	BRL	5.00%	December 2025*	Monthly instalments	3,487	675	392
Other	Various	Interest free to 5.30%	Between April 2022 and April 2026*	Monthly, quarterly and annual instalments	Various	11,147	6,875
						Total	57,952
						Current portion of long-term liabilities	(23,183)
						Long-term borrowings	<u>34,769</u>

LOGICALIS GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 28 February 2022

18. FINANCIAL LIABILITIES (CONTINUED)

Borrowings (continued)

Bank overdrafts and loans due within one year

	2022	2021
	\$'000	\$'000
Bank overdrafts unconditionally repayable on demand (Note 19)	<u>37,952</u>	<u>8,614</u>

One of Logicalis' subsidiaries has entered into various forfaiting arrangements with Banco Votorantim, between \$0.04 million and \$0.27 million each, bearing interest at 3.25% and 3.26%. These liabilities are repayable in March 2022. At 28 February 2022, \$2.0 million (2021: \$1.3 million) was outstanding.

One of Logicalis' subsidiaries has entered into various loans with De Lage Landen between \$0.3 million and \$1.2 million, bearing interest at 3.00%. This liability is repayable between September and December 2022. At 28 February 2022, \$1.9 million was outstanding.

One of Logicalis' subsidiaries has entered into a loan with Banco Bilbao Vizcaya Argentaria, \$1.4 million each, bearing interest at 1.25%. These liabilities are repayable in September 2022. At 28 February 2022, \$1.0 million (2021: \$nil) was outstanding.

One of Logicalis' subsidiaries has entered into various loans with Societè Generale, between \$0.1 million and \$1.1 million each, bearing interest between 0.00% and 3.25%. These liabilities are repayable in between March 2022 and July 2022. At 28 February 2022, \$0.5 million (2021: \$nil) was outstanding.

One of Logicalis' subsidiaries has entered into various loans with IBM Global Financing, between \$0.04 million and \$0.44 million each, bearing interest between 1.36% and 5.06%. These liabilities are repayable in between June 2022 and September 2022. At 28 February 2022, \$0.16 million (2021: \$nil) was outstanding.

One of Logicalis' subsidiaries has entered into a funding arrangement with Factoring Security S.A., between \$0.003 million and \$0.3 million each, bearing interest between 5.94% to 10.00%. These loans are repayable between March 2022 and April 2022. At 28 February 2022, \$1.4 million (2021: \$1.5 million) was outstanding. The liability is secured by invoices to the value of \$1.4 million (2021: \$1.5 million).

One of Logicalis' subsidiaries has entered into various funding arrangements with Banco Scotiabank, between \$1.3 million and \$2.5 million each, bearing interest at 1.72%. These loans are repayable in April 2022. At 28 February 2022, \$0.004 million (2021: \$0.1 million) was outstanding. The liability is secured by invoices to the value of \$0.004 million (2021: \$0.1 million).

One of Logicalis' subsidiaries has entered into a funding arrangement with Banco Itaú, for \$0.6 million, bearing interest at 6.35%. These loans are repayable in March 2022. At 28 February 2022, \$1.5 million was outstanding (2021: \$ nil). The liability is secured by invoices to the value of \$0.6 million (2021: \$ nil).

Logicalis has a \$43.4 million (2021: \$45.0 million) committed facility to fund future acquisitions as part of the Barclays Syndicated facility. Logicalis opted to extend the facility for a year and therefore matures in January 2024 after a four year term. The applicable interest rate is Secure Overnight Financing Rate ("SOFR") plus a margin rate determined from a margin ratchet on quarterly leverage. The margin ranges from between 1.75% and 2.75%. The facility includes covenants which are tested quarterly. \$25.4 million (2021: \$8.0 million) was drawn under this facility at 28 February 2022. The net availability of this facility is \$18.0 million (2021: \$37.0 million).

LOGICALIS GROUP LIMITED

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Year ended 28 February 2022

18. FINANCIAL LIABILITIES (CONTINUED)

Borrowings (continued)

Bank overdrafts and loans due within one year or on demand (continued)

Only facilities that have been drawn at 28 February 2022 have been disclosed above. There are further facilities available, which together with the drawn facilities above, amounts to total facilities of \$205.2 million. No restrictions apply to the facilities. The net availability of all facilities, excluding unlinked overdrafts is \$48.6 million. The net availability does not include any cash sources in Logicalis.

Derivative financial instruments

	2022	2021
	\$'000	\$'000
Derivative financial instruments fair value liability (see note 20)	<u>1,528</u>	<u>53</u>

At the balance sheet date the Group had open forward foreign exchange contracts and interest rate swap agreements. Details of these derivative financial instruments have been disclosed in note 20.

Analysis of interest bearing borrowings by currency:

28 February 2022	Brazilian Real \$'000	British Pound \$'000	Euros \$'000	Indonesian Rupiah \$'000	US Dollars \$'000	Other \$'000	Total \$'000
Bank overdrafts and loans	15,160	2,418	14,436	3,724	112,107	11,455	159,300
Amounts owed to holding company and fellow subsidiaries	-	-	-	-	31,308	-	31,308
Obligations under finance leases (see note 21)	2,881	4,231	11,516	790	16,679	17,925	54,022
	<u>18,041</u>	<u>6,649</u>	<u>25,952</u>	<u>4,514</u>	<u>160,094</u>	<u>29,380</u>	<u>244,630</u>

LOGICALIS GROUP LIMITED

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18. FINANCIAL LIABILITIES (CONTINUED)

28 February 2021	Chilean Peso \$'000	Brazilian Real \$'000	Euros \$'000	Austral ian Dollar \$'000	US Dollars \$'000	Other \$'000	Total \$'000
Bank overdrafts and loans	117	13,595	27	3,092	109,750	14,266	140,847
Amounts owed to holding company and fellow subsidiaries	-	-	-	-	13,526	-	13,526
Obligations under finance leases (see note 21)	5,157	2,992	12,040	9,594	20,775	10,559	61,117
	<u>5,274</u>	<u>16,587</u>	<u>12,067</u>	<u>12,686</u>	<u>144,051</u>	<u>24,825</u>	<u>215,490</u>

19. CASH AND CASH EQUIVALENTS

	2022 \$'000	2021 \$'000
Cash and cash equivalents	127,355	154,119
Bank overdrafts unconditionally repayable on demand (note 18)	(37,952)	(8,614)
	<u>89,403</u>	<u>145,505</u>
Cash and cash equivalents (per the statement of cash flows)	89,403	145,505
Bank overdrafts repayable on demand under certain conditions	(121,074)	(116,623)
	<u>(31,671)</u>	<u>28,882</u>
Net Cash Resources	<u>(31,671)</u>	<u>28,882</u>
	<u>(37,952)</u>	<u>(8,614)</u>
Bank overdrafts unconditionally repayable on demand	(37,952)	(8,614)
Bank overdrafts repayable on demand under certain conditions	(121,074)	(116,623)
	<u>(159,026)</u>	<u>(125,237)</u>
Total bank overdrafts	<u>(159,026)</u>	<u>(125,237)</u>

LOGICALIS GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 28 February 2022

20. FINANCIAL INSTRUMENTS

Financial risk management objectives

The Group's senior management is responsible for monitoring and managing the financial risks relating to the operations of the Group. This is achieved through the use of internal risk analysis which analyse exposures by likelihood and magnitude of risks. These risks include market risk (including currency and interest risk), credit risk and liquidity risk.

When appropriate, the Group seeks to minimise the effects of these risks by using derivative financial instruments to hedge these risk exposures. The use of financial derivatives is governed by the Group's internal policies. Compliance with policies and exposure limits are reviewed by internal auditors. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Management reports regularly to the Group's Audit, Risk and Compliance Committee.

The Group's financial instruments consist mainly of cash and cash equivalents, accounts receivable, accounts payable, borrowings and derivative instruments.

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders. The Group's overall strategy with respect to the debt and equity balance remains unchanged. The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 16, cash and cash equivalents and equity attributable to the owner of the Company, comprising issued capital as disclosed in note 23, reserves and retained earnings.

Gearing ratio

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for its shareholder and benefits for other stakeholders and to maintain an optimal structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may return capital to shareholders, issue new shares or sell assets to reduce debt. The Group is in a net funds position for the years ended 28 February 2022 and 28 February 2021 and is therefore ungeared.

Categories of financial instruments

	2022 S'000	2021 S'000
Financial assets		
Financial assets at amortised cost	579,548	572,247
Derivative financial instruments at fair value – FEC contracts	1,704	3,278
Derivative financial instruments at fair value – Interest rate swap	449	1,101
	<u>581,701</u>	<u>576,626</u>
Financial liabilities		
Liabilities at amortised cost	(764,986)	(725,760)
Derivative financial instruments at fair value – FEC contracts	(589)	(53)
Derivative financial instruments at fair value – Interest rate swap	(939)	-
Acquisition-related liabilities – Current (note 18)	(39)	(2,580)
Acquisition-related liabilities – Non-Current (note 18)	(4,055)	-
	<u>(770,608)</u>	<u>(728,393)</u>

LOGICALIS GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 28 February 2022

20. FINANCIAL INSTRUMENTS (CONTINUED)

Changes of liabilities arising from financing activities

Liabilities arising from financing activities are those for which cashflows were or future cashflows will be classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

Liabilities	Opening balance Mar 2021 \$'000	Financing cash inflows \$'000	Financing cash outflows \$'000	Acquisitio n of subsidiary \$'000	New Leases \$'000	Foreign currency and other changes \$'000	Closing balance Feb 2022 \$'000
Unsecured loans	62,109	74,508	(76,888)	3,364	-	(5,141)	57,952
Finance leases	61,117	-	(16,566)	1,573	13,156	(5,258)	54,022
Short-term borrowings	26,442	9,682	(26,291)	-	-	(2,278)	7,555
Bank overdrafts repayable on demand under certain conditions	116,623	36,043	(37,730)	-	-	6,138	121,074
	<u>266,291</u>	<u>120,233</u>	<u>(157,475)</u>	<u>4,937</u>	<u>13,156</u>	<u>(6,539)</u>	<u>240,603</u>

Credit risk management

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

Trade receivables consist of a large number of customers, spread across diverse vertical markets and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained. Further information on the concentration of credit risk is detailed in note 17.

LOGICALIS GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 28 February 2022

20. FINANCIAL INSTRUMENTS (CONTINUED)

Credit risk management (continued)

	North America \$'000	EMEA \$'000	Latin America \$'000	Asia Pacific \$'000	Total \$'000
28 February 2022					
Trade receivables	100,715	117,607	139,257	51,506	409,085
Expected credit loss allowance	(154)	(633)	(629)	(2,398)	(3,814)
Other receivables	5,119	4,635	4,481	1,982	16,217
Amounts owed by holding company and fellow subsidiaries	26	102	126	-	254
Finance lease receivable	-	28,932	1,408	111	30,451
Cash and cash equivalents	9,526	56,625	31,982	29,222	127,355
Derivative financial instruments at fair value	-	-	2,153	-	2,153
	<u>115,232</u>	<u>207,268</u>	<u>178,778</u>	<u>80,423</u>	<u>581,701</u>
Maximum on balance sheet exposure	<u>115,232</u>	<u>207,268</u>	<u>178,778</u>	<u>80,423</u>	<u>581,701</u>

	North America \$'000	EMEA \$'000	Latin America \$'000	Asia Pacific \$'000	Total \$'000
28 February 2021					
Trade receivables	67,213	104,696	125,926	48,935	346,770
Expected credit loss allowance	(142)	(1,207)	(489)	(2,295)	(4,133)
Other receivables	6,877	5,833	19,335	4,025	36,070
Amounts owed by holding company and fellow subsidiaries	48	70	61	-	179
Finance lease receivable	841	37,223	848	330	39,242
Cash and cash equivalents	33,788	44,656	51,076	24,599	154,119
Derivative financial instruments at fair value	-	-	4,379	-	4,379
	<u>108,625</u>	<u>191,271</u>	<u>201,136</u>	<u>75,594</u>	<u>576,626</u>
Maximum on balance sheet exposure	<u>108,625</u>	<u>191,271</u>	<u>201,136</u>	<u>75,594</u>	<u>576,626</u>

In relation to these financial assets, there are no financial guarantees and therefore maximum off-balance-sheet exposure is nil (2021: nil).

The Group does not consider there to be any significant credit risk, which has not been adequately provided for at the balance sheet date. Furthermore, there has been no material change to the Group's exposure to credit risks or the manner in which it manages and measures the risk.

LOGICALIS GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 28 February 2022

20. FINANCIAL INSTRUMENTS (CONTINUED)

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and borrowing facilities and by continuously monitoring forecast and actual cash flows.

The Group is dependent on its bank overdrafts and trade finance facilities, such as factoring to operate. These facilities generally consist of either a fixed term or fixed period but repayable on demand, are secured against the assets of the company to which the facility is made available and contain certain covenants which include financial covenants such as debt to EBITDA coverage, fixed charge coverage and accounts receivable coverage. In certain circumstances if these covenants are violated and a waiver is not obtained for such violation, this may, amongst other things, mean that the facility may be repayable on demand. There have been no violations of covenants during the current year or at year end. Included in note 18 are details of additional undrawn facilities that the Group has at its disposal to further reduce liquidity risk.

Group is supported by a corporate facility of US\$155.0 million (FY21: US\$155.0 million), covering all operations outside of Latin America, comprising a rolling credit facility to fund working capital requirements and an acquisition facility. The Latin America region is supported separately via a number of uncommitted overdraft facilities and short-term lending arrangements

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

28 February 2022

	Maturity period				Total \$'000
	0-1 year \$'000	1-2 years \$'000	2-5 years \$'000	>5 years \$'000	
Trade payables	295,810	-	-	-	295,810
Other payables	150,321	-	-	-	150,321
Amounts owed to holding company and fellow subsidiaries	26,558	-	13,741	-	40,299
Acquisition-related liabilities	39	4,056	-	-	4,095
Obligations under finance leases	21,393	15,269	14,096	3,264	54,022
Bank loans and overdraft	159,026	-	-	-	159,026
Other borrowings	30,737	20,517	14,253	-	65,507
Derivative financial instruments at fair value	1,528	-	-	-	1,528
	<u>685,412</u>	<u>39,842</u>	<u>42,090</u>	<u>3,264</u>	<u>770,608</u>

LOGICALIS GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 28 February 2022

20. FINANCIAL INSTRUMENTS (CONTINUED)

Liquidity risk management (Continued)

28 February 2021	Maturity period				Total \$'000
	0-1 year \$'000	1-2 years \$'000	2-5 years \$'000	>5 years \$'000	
Trade payables	276,101	-	-	-	276,101
Other payables	146,121	-	-	-	146,121
Amounts owed to holding company and fellow subsidiaries	15,108	-	13,526	-	28,634
Acquisition-related liabilities	2,580	-	-	-	2,580
Obligations under finance leases	22,353	17,655	18,400	2,709	61,117
Bank loans and overdraft	125,237	-	-	-	125,237
Other borrowings	46,651	17,066	24,180	653	88,550
Derivative financial instruments at fair value	53	-	-	-	53
	<u>634,204</u>	<u>34,721</u>	<u>56,106</u>	<u>3,362</u>	<u>728,393</u>

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

Market risk management

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Group enters into a variety of derivative financial instruments to manage its exposure to foreign currency, including forward exchange contracts and options to hedge the exchange rate risk arising on transactions denominated in foreign currency. Interest rate risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings.

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

Foreign exchange risk management

The Group operates in the global business environment and undertakes many transactions denominated in foreign currencies. The Group is exposed to the risk of fluctuating exchange rates and seeks to actively manage this exposure, within approved policy parameters and through the use of derivative instruments. These instruments primarily comprise forward exchange contracts.

Forward exchange contracts require a future purchase or sale of foreign currency at a specified price. The Group does not trade with forward exchange contracts for speculative purposes.

Fluctuations in exchange rates also affect the translation of the profits of subsidiaries whose reporting currency is not the US Dollar. The most significant currencies in which the Group trades, other than the US Dollar, are the Pound Sterling, Euro and Brazilian Real. The Group also trades in the Argentinean Peso, Australian Dollar, Bolivian Boliviano, Chilean Peso, Chinese Yuan Renminbi, Colombian Peso, Hong Kong Dollar, Indonesian Rupiah, Mexican Peso, Malaysian Ringgit, Paraguayan Guarani, Peruvian Nuevo Sol, Singapore Dollar, Taiwanese Dollar and the Uruguayan Peso.

Foreign exchange risk management

The carrying amount of the Group's foreign currency denominated financial assets and liabilities at the reporting date are as follows:

LOGICALIS GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 28 February 2022

20. FINANCIAL INSTRUMENTS (CONTINUED)

Foreign exchange risk management (continued)

28 February 2022	Financial assets \$'000	Financial liabilities \$'000
Argentinean Peso	6,470	1,614
Australian Dollar	15,737	20,238
Brazilian Real	129,559	79,567
Chilean Pesos	16,256	19,573
Euro	198,073	141,439
Indonesian Rupiah	46,255	26,301
Mexican Peso	6,148	4,383
Pound Sterling	25,811	35,039
Singapore Dollar	19,841	18,571
South African Rand	4,518	6,863
Taiwanese Dollar	12,025	9,851
Other	7,756	6,872
	<u>488,449</u>	<u>370,311</u>
	Financial assets \$'000	Financial liabilities \$'000
28 February 2021		
Argentinean Peso	8,552	233
Australian Dollar	11,627	22,169
Brazilian Real	132,604	58,138
Chinese Yuan	7,856	6,357
Chilean Pesos	9,817	9,894
Euro	190,005	111,493
Indonesian Rupiah	37,366	20,485
Mexican Peso	3,462	3,805
Pound Sterling	26,718	30,527
Singapore Dollar	24,269	17,424
Taiwanese Dollar	8,311	8,574
Other	6,414	7,515
	<u>467,001</u>	<u>296,614</u>

Foreign currency sensitivity analysis

The table below indicates the Group's sensitivity to a 10% change in the closing exchange rate on the translation of foreign currency-denominated financial instruments held by the Group's subsidiaries against their respective functional currency.

The sensitivity rate is 10% and represents management's assessment of the possible change in foreign exchange rates for the functional currencies where there is significant currency exposure.

LOGICALIS GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 28 February 2022

20. FINANCIAL INSTRUMENTS (CONTINUED)

Foreign currency sensitivity analysis (Continued)

The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the currency of the lender or the borrower. Where there are financial instruments hedging the foreign currency denominated monetary items, these are also taken into account.

A positive number below indicates an increase in profit before tax and other equity and a negative number indicates a decrease in profit before tax and other equity where the US Dollar strengthens 10% against the relevant currency. For a 10% weakening of the US Dollar against the relevant currency, there would be an equal and opposite impact on the profit before tax and other equity.

	Brazilian Real		Singapore Dollars		Chilean Peso	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Loss before tax	(3,089)	(11,211)	(1,234)	(961)	(1,080)	(1,398)
Other equity	-	-	-	-	-	-

Currency derivatives

The Group utilises currency derivatives to hedge significant transactions and cash flows. The Group is party to a variety of forward exchange contracts, interest rate swap agreements and options in the management of its US dollar exchange rate exposures in Brazil. The instruments purchased are denominated in US Dollar (\$) – Brazilian Real (BRL) currency pairs.

The Group had open forward foreign exchange contracts outstanding for the purchase of \$820,671 (2021: \$46,745,129 sale) against the sale of BRL 11,995,846 (2021: BRL 251,890,412). At the balance sheet date the net fair value of these contracts was a loss of \$1,317,552 (2021: \$3,155,863 loss). Losses of \$1,825,848 (2021: \$5,567,015 loss) have been transferred to the Consolidated Income Statement in respect of contracts that matured during the year.

At the year end Group had open forward exchange contracts outstanding for the purchase of \$15,874,228 (2021: GBP 454,770) against the sale of GBP 7,431,128 & EUR 5,133,890 (2021: ZAR 8,640,564). At the balance sheet date the net fair value of these contracts was a liability of \$202,041 (2021: \$61,765). Losses of \$21,542 (2021: \$106,800) have been transferred to the Consolidated Income Statement in respect of contracts that matured during the year.

At the balance sheet date the Brazilian operations had open agreements outstanding to hedge against foreign exchange exposures between the US Dollar and Brazilian Real, where the foreign exchange exposure on translation is inherently linked to the CDI interest rate. At the balance sheet date the fair value of these agreements was a liability of \$489,816 (2021: \$1,100,543 asset). Losses of \$486,711 (2021: loss of \$1,396,365) have been transferred to the Consolidated Income Statement in respect of agreements that matured during the year.

The Group does not currently designate its foreign currency denominated debt as a hedging instrument for the purposes of hedging the translation of its foreign operations.

Interest rate risk management

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

LOGICALIS GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 28 February 2022

20. FINANCIAL INSTRUMENTS (CONTINUED)

Interest rate sensitivity analysis

Sensitivity analysis has been determined based on the exposure to interest rates for financial instruments at the balance sheet date. For floating rate financial instruments, the analysis is prepared assuming the amount held at the balance sheet date was held for the whole year. The applicable increase or decrease that represents management's assessment of the reasonably possible change in interest rates, is dependent on the location of the financial instruments. Globally, if interest rates had been 100 basis points higher and all other variables were held constant, the Group's profit for the year ended 28 February 2022 would have decreased by a net amount of \$1,626,135 (2021: \$194,355 decrease); and other equity would not have been materially affected.

Fair value of financial assets and liabilities

A comparison of current and book values of all the Group's financial instruments as at 28 February 2022 is provided below. Where market prices are not available for a particular instrument, fair values have been calculated by discounting cash flows at prevailing interest rates and by applying year end exchange rates.

	Note	Carrying amount 2022 \$'000	Estimated fair value 2022 \$'000	Carrying amount 2021 \$'000	Estimated fair value 2021 \$'000
Financial assets					
Amortised cost:					
Trade receivables	17	405,271	405,271	342,637	342,637
Other receivables	17	46,668	46,668	75,311	75,311
Amounts owed by holding company and fellow subsidiaries	17	254	254	180	180
Cash and cash equivalents	19	127,355	127,355	154,119	154,119
Fair value through profit and loss (FVTPL):					
Derivative financial instruments	17	2,153	2,153	4,379	4,379
		<u>581,701</u>	<u>581,701</u>	<u>576,626</u>	<u>576,626</u>
Financial liabilities					
Amortised cost:					
Trade payables	18	295,810	295,810	276,101	276,101
Other payables	18	150,321	150,321	146,121	146,121
Amounts owed to holding company and fellow subsidiaries	18	40,299	40,299	28,634	28,634
Obligations under finance leases	18	54,022	54,022	61,117	61,117
Bank overdrafts and loans	18	159,026	159,026	125,237	125,237
Other borrowings		65,507	65,507	88,550	88,550
Fair value through profit and loss (FVTPL):					
Derivative financial instruments	18	1,528	1,528	53	53
Acquisition-related liabilities	18	4,095	4,095	2,580	2,580
		<u>770,608</u>	<u>770,608</u>	<u>728,393</u>	<u>728,393</u>

LOGICALIS GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 28 February 2022

20. FINANCIAL INSTRUMENTS (CONTINUED)

Fair value of financial assets and liabilities (Continued)

Cash equivalents are held in a variety of short dated instruments and deposits actively managed by independent managers to maximise the return consistent with the Group's stringent risk criteria. Regular reports are produced and the returns and investments are compared with benchmark targets.

The Directors consider that the carrying amount of short-term payables and receivables approximates to their fair value.

Fair value measurements recognised in the balance sheet

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

- level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- level 2 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 a liability, the Group uses market-observable data to the extent that it is available for its level 2 financial instruments.

Acquisition related liabilities

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

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

21. OBLIGATIONS UNDER LEASES

	2022 \$'000	2021 \$'000
Amounts payable under leases:		
Within one year	23,366	24,468
In the second to fifth years inclusive	31,230	38,210
After five years	3,407	2,805
	<hr/>	<hr/>
	58,003	65,483
Less: future finance charges	(3,981)	(4,366)
	<hr/>	<hr/>
Total lease obligations	54,022	61,117

LOGICALIS GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 28 February 2022

21. OBLIGATIONS UNDER LEASES (Continued)

The Group's leases are made up of computer equipment, plant & machinery and land & buildings. The Group's lease obligations are secured by the lessors' rights over the leased assets. Generally, these lease contracts are entered into for fixed periods but may have extension options.

Some of the Group's lease arrangements include immaterial variable lease payments.

Short-term leases (lease term of 12 months or less) and leases of low value assets are recognised as an operating expense on a straight-line basis over the term of the lease (see note 5).

The fair value of the Group's lease obligations approximates to their carrying amount.

22. PROVISIONS

2022 \$'000	Property Provision	Restruc- -turing	Legal Claim s	Pension Obligat ions	Onerous Contract s	Other	Total
Opening balance	1,691	5,327	1,022	6,104	1,661	452	16,257
Utilisation of provision	(1,258)	(4,210)	(24)	(142)	(121)	(2)	(5,757)
Credited to Income Statement	-	(1,358)	(347)	(396)	(1,172)	-	(3,273)
Additions during the year	101	825	138	90	32	634	1,820
Exchange movements	(50)	(100)	(45)	(144)	(35)	(66)	(440)
	<u>484</u>	<u>484</u>	<u>744</u>	<u>5,512</u>	<u>365</u>	<u>1,018</u>	<u>8,607</u>
Current	28	484	532	1,436	365	615	3,460
Non-current	456	-	212	4,076	-	403	5,147
	<u>484</u>	<u>484</u>	<u>744</u>	<u>5,512</u>	<u>365</u>	<u>1,018</u>	<u>8,607</u>

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

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

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

LOGICALIS GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 28 February 2022

22. PROVISIONS (CONTINUED)

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

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

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

23. SHARE CAPITAL

Authorised

120,000,000 (2021: 120,000,000) ordinary shares of £1 each.

	2022 No.	2022 \$'000	2021 No.	2021 \$'000
Allotted, called up and fully paid ordinary shares of £1 each				
At 1 March and 28 February	79,085,888	117,623	79,085,888	117,623

24. DIVIDENDS

Dividend payments of \$1.3 million were paid to non-controlling interest shareholders during the current year (2021: \$4.8 million).

LOGICALIS GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 28 February 2022

25. ACQUISITION OF SUBSIDIARIES AND TRADE AND ASSETS

The Group made three acquisitions during the year for a total consideration of \$23.65 million. The acquisitions were undertaken primarily to expand service offerings in each location. The carrying values pre-acquisition and the fair value of each class of assets and liabilities on acquisition have been set out below. Goodwill recognised represents expected synergies from combination with existing Logicalis entities and other factors that do not qualify for separate recognition.

a) Acquisition of Siticom

On 1 June 2021, Logicalis acquired Siticom GmbH ("Siticom"), a German company that is a leading services and solutions provider in the software-defined networking and 5G market, through a new company, Logicalis Siticom GmbH. The transaction involved the acquisition of 100% of the issued share capital for a consideration of \$12.7 million followed by the immediate disposal of 29.6% of the issued share capital to two of the previous owners/managers for a consideration of \$5.4 million. There are two options for Logicalis to repurchase this non-controlling interest for an agreed amount of up to \$10.5 million over the next two years, whereafter Logicalis will own 100% of Siticom. A potential maximum EUR1.0 million (approximately \$1.2 million) earn-out liability, subject to certain performance conditions, is included in the purchase price and payable in the financial year ending 29 February 2024. The terms of the fixed price options were assessed and it was determined that the risks and rewards associated with the ownership of the non-controlling interests' shares have been retained by Logicalis Siticom GmbH. As a result, Logicalis consolidated 100% of the results of Siticom for the period it was owned in 2022 and will continue to do so in the future. The total purchase price of the Siticom acquisition (including the options and earn-out liability) is up to a maximum of EUR15.0 million (approximately US\$17.9 million), of which \$10.5 million is accounted for as a liability at the acquisition date and included in acquisition-related liabilities. Of the proceeds received, \$8.7 million (EUR7.2 million) was placed in restricted cash earmarked for the settlement of the acquisition-related liability. A portion of this restricted cash was realised to settle the acquisition-related liability. During 2022, \$5.9 million of this liability was settled.

Siticom has extensive skills in telecommunication and software-defined networking architectures, IoT implementations and next-generation public and private networks. Siticom is focused on providing professional services around next-generation networks and private 5G. The acquisition enhances Logicalis' services mix and is margin accretive.

Upon acquiring Siticom, Logicalis became one of Cisco's preferred partners for 5G. The Siticom capabilities enabled Logicalis to deliver an end-to-end 5G solution incorporating Cisco's 5G-enabled technology.

LOGICALIS GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 28 February 2022

25. ACQUISITION OF SUBSIDIARIES AND TRADE AND ASSETS (CONTINUED)

a) Acquisition of Siticom (Continued)

The acquisition will give Logicalis a platform to establish a pan-European centre of expertise in developing advanced networking integration capabilities around 5G and evolving cloud orchestrated network interoperability. Logicalis also aims to expand these skill sets and application knowledge across Datatec to complement its existing capabilities in markets such as Latin America and Asia.

	Carrying value pre- acquisition \$'000	Fair value adjust- ments \$'000	Final fair value \$'000
Property, plant and equipment	635	-	635
Identifiable other intangible assets	-	5,479	5,479
Right of use assets	1,940	-	1,940
Inventories	3,750	-	3,750
Trade and other receivables	3,298	-	3,298
Cash and cash equivalents	2,518	-	2,518
Long-term interest-bearing liabilities	(2,923)	-	(2,923)
Trade and other payables	(6,072)	-	(6,072)
Deferred taxation liability	-	(1,589)	(1,589)
Accrued expenses and other liabilities	(246)	-	(246)
	<u>2,900</u>	<u>3,890</u>	
Net assets			6,790
Goodwill generated			11,061
Minority interest			-
			<u>17,851</u>
Satisfied by:			
Cash consideration			7,355
Deferred consideration			10,496
			<u>17,851</u>
Total consideration			<u>17,851</u>
Net cash outflow arising on acquisition:			
Cash consideration			7,355
Less: Cash acquired			(2,518)
			<u>4,837</u>

The acquisition of Siticom Group contributed \$22.3 million to revenue and \$2.1m contribution to operating profit before finance expenses for the period between the acquisition and the balance sheet date.

LOGICALIS GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 28 February 2022

25. ACQUISITION OF SUBSIDIARIES AND TRADE AND ASSETS (CONTINUED)

(b) Áudea Group

On 31 March 2021, Logicalis acquired 70% of the issued share capital in Áudea Seguridad de la Información Sociedad Limitada ("Áudea"), a Spanish company which specialises in cyber security, data protection, governance and compliance, for a consideration of \$2.1 million cash. Áudea's cyber security capabilities are complementary to Logicalis Spain's security portfolio, creating a much broader professional and managed service offering.

	Carrying value pre- acquisition S'000	Fair value adjust- ments S'000	Final fair value S'000
Property, plant and equipment	12	-	12
Identifiable other intangible assets	-	1,204	1,204
Investments	18	-	18
Trade and other receivables	615	-	615
Cash and cash equivalents	724	-	724
Bank overdraft	(424)	-	(424)
Trade and other payables	(199)	-	(199)
Deferred taxation liability	-	(301)	(301)
Accrued expenses and other liabilities	(310)	-	(310)
	<u>436</u>	<u>903</u>	<u>1,339</u>
Net assets			1,339
Goodwill generated			1,138
Minority interest			(404)
Fair Value of the investment			<u>2,073</u>
Satisfied by:			
Cash consideration			1,773
Deferred consideration			-
Total consideration			<u>1,773</u>
Net cash outflow arising on acquisition:			
Cash consideration			2,073
Less: Cash acquired			(300)
			<u>1,773</u>

The acquisition of Audea Group contributed \$3.0 million to revenue and \$0.5 million contribution to operating profit before finance expenses for the period between the acquisition and the balance sheet date.

LOGICALIS GROUP LIMITED

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25. ACQUISITION OF SUBSIDIARIES AND TRADE AND ASSETS (CONTINUED)

Common Control

(c) Logicalis South Africa

On 1 September 2021, Logicalis acquired 100% of the issued share capital in Logicalis South Africa Pty Ltd, a South African company that was previously wholly owned by Datatec Limited the holding company.

	Carrying value pre- acquisition \$'000	Fair value adjust- ments \$'000	Final fair value \$'000
Property, plant and equipment	550	-	550
Right of use assets	1,190	-	1,190
Other intangible assets	523	-	523
Goodwill	2,354	-	2,354
Deferred taxation assets	1,275	-	1,275
Inventories	236	-	236
Trade and other receivables	4,536	-	4,536
Cash and cash equivalents	628	-	628
Lease liabilities	(1,133)	-	(1,133)
Deferred taxation liabilities	(6)	-	(6)
Trade and other payables	(6,673)	-	(6,673)
Lease liabilities	(440)	-	(440)
Bank overdraft	(21)	-	(21)
	<u>3,019</u>	<u>-</u>	<u>3,019</u>
Net assets			3,019
Goodwill generated			1,063
Minority interest			-
Fair Value of the investment			<u>4,082</u>
Satisfied by:			
Cash consideration			4,082
Deferred consideration			-
Total consideration			<u>4,082</u>
Net cash outflow arising on acquisition:			
Cash consideration			4,082
Less: Cash acquired			(607)
			<u>3,475</u>

The acquisition of South Africa contributed \$11.9 million to revenue and \$0.5 million loss to operating profit before finance expenses for the period between the acquisition and the balance sheet date.

LOGICALIS GROUP LIMITED

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26. SHARE-BASED PAYMENTS

Cash-settled share-based payment plan

The Logicalis Group Limited Cash-Settled Share Appreciation Right Scheme 2005 and 2014 ("the SAR Schemes")

During the 2006 financial year, an executive incentive scheme was established in the form of a cash-settled share appreciation right ("SAR") scheme. Under the terms of the SAR Scheme, SARs are issued annually to senior managers and directors. The SAR Scheme is cash-settled which requires an annual valuation of Logicalis to mark the liability to the valuation share price and to establish both a grant price for new awards and the exercise price for vested SARs. 50% of the SARs from the 2005 scheme vest after 24 months from the date of grant and the remainder after 36 months from the date of grant. 100% of the SARs from the 2014 scheme vest after 36 months from the date of grant. All rights lapse if the SARs are not exercised by the end of the seventh year. There are certain earnings performance conditions which govern the vesting of each award.

Details of SAR's granted to Logicalis Group employees under the SAR Scheme which are outstanding are as follows:

	2022		2021	
	SARs	Weighted average grant price \$	SARs	Weighted average grant price \$
Outstanding at beginning of year	2,178,335	4.687	2,496,724	4.442
Granted during the year	461,309	4.570	478,540	4.490
Lapsed/Forfeited during the year	(1,068,151)	4.937	(97,962)	4.536
Exercised during the year	(100,402)	3.700	(698,967)	3.700
Outstanding at end of year	<u>1,471,091</u>	<u>4.536</u>	<u>2,178,335</u>	<u>4.687</u>
Exercisable at end of year	<u>169,161</u>	<u>3.700</u>	<u>826,138</u>	<u>4.597</u>

LOGICALIS GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 28 February 2022

26. SHARE-BASED PAYMENTS (CONTINUED)

The grant price represents the amount to be deducted from the price at which each SAR is exercised. The weighted average grant price has been expressed in US Dollars (\$) as that is the currency of the SAR Scheme.

During the year, the seventeenth annual grant of SARs under the SAR Scheme was made with an effective grant date of 1 July 2021. The aggregate of the estimated fair value of the SARs granted on that date which are still outstanding at 28 February 2022 is \$nil. In the year to 28 February 2021, SARs were granted with an effective grant date of 1 July 2020. The aggregate of the estimated fair value of the SARs granted on that date which were still outstanding at 28 February 2021 was \$nil. During the year, all options from the fourteenth annual grant lapsed as they did not meet performance conditions (2021: All options lapsed).

The SARs outstanding at 28 February 2022 had a range of grant prices from \$3.70 to \$4.92 (2021: \$3.70 to \$5.05) and a weighted average remaining contractual life of 61 months (2021: 43 months).

The inputs into the Black-Scholes model for SARs granted and still outstanding at the year-end are as follows:

	2022	2021
Weighted average grant price at valuation date	4.535	4.687
Weighted average exercise price at valuation date	3.700	3.700
Expected volatility	40%	39%
Expected life	6.34 years	6.34 years
Risk free rate	0.48%	0.46%
Expected dividends	0.0%	0.0%

As Logicalis Group Limited is not listed, the expected volatility was determined using a weighted average volatility of the share price of several comparable listed companies. The expected life is the average expected period to exercise. The risk-free rate of return has been calculated using the US Dollar interest rate swap curve at 28 February 2022.

Cash-settled conditional share plan

The Logicalis Group Limited Cash-Settled Conditional Share Plan 2018 ("the LGL CSP Scheme")

During the 2019 financial year, an executive incentive scheme for Logicalis Group Limited ("LGL") was established in the form of a cash-settled conditional share plan ("LGL CSP") scheme. Under the terms of the LGL CSP Scheme, LGL CSPs are issued annually to directors. The LGL CSP Scheme is cash-settled which requires an annual valuation of LGL to mark the liability to the valuation share price and to establish both a grant price for new awards and the exercise price for vested LGL CSPs. CSPs vest after 36 months from the date of grant according to performance conditions in each grant.

All rights lapse if the CSPs are not exercised by the end of the sixth year. There are certain earnings performance conditions which govern the vesting of each award.

LOGICALIS GROUP LIMITED

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Year ended 28 February 2022

26. SHARE-BASED PAYMENTS (CONTINUED)

Cash-settled share-based payment plan (continued)

Details of LGL CSP's granted to LGL employees under the LGL CSP Scheme which are outstanding are as follows:

	2022		2021	
	LGL CSPs	Weighted average grant price \$	LGL CSPs	Weighted average grant price \$
Outstanding at beginning of period	1,783,062	4.742	1,221,424	4.697
Granted during the period	722,077	4.570	628,719	4.490
Exercised during the period	(87,126)	4.840	-	-
Lapsed/Forfeited during the period	(509,517)	4.814	(67,081)	4.891
Outstanding at end of period	<u>1,908,496</u>	<u>4.653</u>	<u>1,783,062</u>	<u>4.742</u>
Exercisable at end of period	<u>53,313</u>	<u>4.800</u>	<u>-</u>	<u>-</u>

The weighted average grant price has been expressed in US Dollars (\$) as that is the currency of the LGL CSP Scheme.

During the year, the fourth annual grant of LGL CSPs under the LGL CSP Scheme was made with an effective grant date of 1 July 2021. The aggregate of the estimated fair value of the options granted on that date which are still outstanding at 28 February 2022 is \$nil. In the year to 28 February 2021, CSPs were granted with an effective grant date of 1 July 2020. The aggregate of the estimated fair value of the options granted on that date which are still outstanding at 28 February 2021 is \$nil.

The LGL CSPs outstanding at 28 February 2022 comprised grant prices in the range \$4.49 to \$4.92 and had a weighted average remaining contractual life of 53 months (2021: 52 months).

The inputs into the Black-Scholes model for LGL CSPs granted and still outstanding at the year-end are as follows:

	2022	2021
Weighted average grant price at valuation date	4.653	4.742
Weighted average exercise price at valuation date	-	-
Expected volatility	38%	43%
Expected life	6.34 years	5.34 years
Risk free rate	0.48%	0.46%
Expected dividends	0.0%	0.0%

As LGL is not listed, the expected volatility was determined using a weighted average volatility of the share price of several comparable listed companies. The expected life is the average expected period to exercise. The risk free rate of return has been calculated using the USD Swap Curve at 28 February 2022.

The Group recognised a total \$898,532 charge in relation to the SAR and CSP Schemes in the financial year (2021: \$536,899 credit). The total liability as at 28 February 2022 was \$3,094,671 (2021: \$2,655,428).

LOGICALIS GROUP LIMITED

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Year ended 28 February 2022

26. SHARE-BASED PAYMENTS (CONTINUED)

Cash-settled share-based payment plan (continued)

The Promon-Logicalis Latin America Limited Cash-Settled Share Appreciation Right Scheme 2009 and 2014 ("the PLLAL SAR Scheme")

During the 2010 financial year, an executive incentive scheme for Promon-Logicalis Latin America Limited ("PLLAL") was established in the form of a cash-settled share appreciation right ("PLLAL SAR") scheme. Under the terms of the PLLAL SAR Scheme, PLLAL SARs are issued annually to senior managers and directors. The PLLAL SAR Scheme is cash-settled which requires an annual valuation of PLLAL to mark the liability to the valuation share price and to establish both a grant price for new awards and the exercise price for vested PLLAL SARs. 50% of the SARs from the 2009 scheme vest after 24 months from the date of grant and the remainder after 36 months from the date of grant. 100% of the SARs from the 2014 scheme vest after 36 months from the date of grant. All rights lapse if the SARs are not exercised by the end of the seventh year. There are certain earnings performance conditions which govern the vesting of each award.

Details of PLLAL SAR's granted to PLLAL employees under the SAR Scheme which are outstanding are as follows:

	2022		2021	
	Options	Weighted average grant price \$	Options	Weighted average grant price \$
Outstanding at beginning of year	565,519	7.575	837,677	6.901
Granted during the year	154,333	7.180	114,362	7.410
Exercised during the year	(91,816)	5.654	(344,915)	5.810
Lapsed/Forfeited during the period	(186,832)	8.208	(41,605)	8.169
Outstanding at end of year	<u>441,204</u>	<u>7.569</u>	<u>565,519</u>	<u>7.575</u>
Exercisable at end of year	<u>52,451</u>	<u>5.629</u>	<u>136,249</u>	<u>5.724</u>

The grant price represents the amount to be deducted from the price at which each PLLAL SAR is exercised. The weighted average grant price has been expressed in US Dollars (\$) as that is the currency of the PLLAL SAR Schemes.

During the year, the thirteenth annual grant of PLLAL SARs under the PLLAL SAR Schemes was made with an effective grant date of 1 July 2021. The aggregate of the estimated fair value of the options granted on that date which are still outstanding at 28 February 2022 is \$nil. In the year to 28 February 2021, PLLAL SARs were granted with an effective grant date of 1 July 2020. The aggregate of the estimated fair value of the PLLAL SARs granted on that date which were still outstanding at 28 February 2022 was \$nil.

The PLLAL SARs outstanding at 28 February 2022 had a range of grant prices from \$5.08 to \$8.87 (2021: \$5.08 to \$8.87) and a weighted average remaining contractual life of 60 months (2021: 55 months).

LOGICALIS GROUP LIMITED

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Year ended 28 February 2022

26. SHARE-BASED PAYMENTS (CONTINUED)

Cash-settled share-based payment plan (continued)

The inputs into the Black-Scholes model for PLLAL SARs granted and still outstanding at the year-end are as follows:

	2022	2021
Weighted average grant price at valuation date	7.569	7.575
Weighted average exercise price at valuation date	5.629	5.724
Expected volatility	39%	39%
Expected life	6.34 years	6.34 years
Risk free rate	0.48%	0.46%
Expected dividends	1.77%	1.66%

As PLLAL is not listed, the expected volatility was determined using a weighted average volatility of the share price of several comparable listed companies. The expected life is the average expected period to exercise. The risk-free rate of return has been calculated using the US Dollar interest rate swap curve at 28 February 2022.

Cash-settled conditional share plan

The Promon-Logicalis Latin America Limited Cash-Settled Conditional Share Plan 2018 ("the PLLAL CSP Scheme")

During the 2019 financial year, an executive incentive scheme for Promon-Logicalis Latin America Limited ("PLLAL") was established in the form of a cash-settled conditional share plan ("PLLAL CSP") scheme. Under the terms of the PLLAL CSP Scheme, PLLAL CSPs are issued annually to senior managers and directors. The PLLAL CSP Scheme is cash-settled which requires an annual valuation of PLLAL to mark the liability to the valuation share price and to establish both a grant price for new awards and the exercise price for vested PLLAL CSPs. CSPs vest after 36 months from the date of grant according to performance conditions in each grant.

All rights lapse if the CSPs are not exercised by the end of the seventh year. There are certain earnings performance conditions which govern the vesting of each award.

Details of PLLAL CSP's granted to PLLAL employees under the PLLAL CSP Scheme which are outstanding are as follows:

	2022		2021	
	PLLAL CSPs	Weighted average grant price \$	PLLAL CSPs	Weighted average grant price \$
Outstanding at beginning of period	325,061	8.177	233,106	8.509
Granted during the period	106,120	7.180	101,169	7.410
Exercised during the period	(27,172)	8.160	-	-
Lapsed/Forfeited during the period	(129,637)	8.081	(9,214)	8.160
Outstanding at end of period	<u>274,372</u>	<u>7.838</u>	<u>325,061</u>	<u>8.177</u>
Exercisable at end of period	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The weighted average grant price has been expressed in US Dollars (\$) as that is the currency of the PLLAL CSP Scheme.

LOGICALIS GROUP LIMITED

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Year ended 28 February 2022

26. SHARE-BASED PAYMENTS (CONTINUED)

Cash-settled share-based payment plan (continued)

During the year, the fourth annual grant of PLLAL CSPs under the PLLAL CSP Scheme was made with an effective grant date of 1 July 2021. The aggregate of the estimated fair value of the options granted on that date which are still outstanding at 28 February 2022 is \$nil. In the year to 28 February 2021, CSPs were granted with an effective grant date of 1 July 2020. The aggregate of the estimated fair value of the options granted on that date which are still outstanding at 28 February 2021 is \$nil.

The PLLAL CSPs outstanding at 28 February 2021 had a range of grant prices from \$7.18 to \$8.87 and a weighted average remaining contractual life of 52 months (2021: 52 months).

The inputs into the Black-Scholes model for PLLAL SARs granted and still outstanding at the year-end are as follows:

	2022	2021
Weighted average grant price at valuation date	7.838	8.177
Weighted average exercise price at valuation date	-	-
Expected volatility	38%	42%
Expected life	6.34 years	5.34 years
Risk free rate	0.48%	0.46%
Expected dividends	0.80%	0.94%

As PLLAL is not listed, the expected volatility was determined using a weighted average volatility of the share price of several comparable listed companies. The expected life is the average expected period to exercise. The risk-free rate of return has been calculated using the USD Swap Curve and BRL estimated Curve at 28 February 2022.

The Group recognised a total credit of \$644,613 in relation to the PLLAL SAR and CSP Schemes in the financial year (2021: \$432,906 credit). The total liability at 28 February 2022 was \$408,339 (2021: \$1,299,318).

27. RELATED PARTY TRANSACTIONS

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

Transactions with fellow group undertakings of the ultimate parent company and controlling party, Datatec Limited, are disclosed below.

Sales of goods and services to fellow group undertakings

	2022 \$'000	2021 \$'000
Westcon Group	-	337
Logicalis South Africa (Pty) Ltd	-	13
Datatec PLC	12	-
Datatec Financial Services Holdings Limited	55	5
Datatec Limited	-	20
	<u>67</u>	<u>375</u>

Goods are sold on the basis of arm's length pricing and credit principles in force with non-related parties.

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Year ended 28 February 2022

27. RELATED PARTY TRANSACTIONS (CONTINUED)

Purchases of goods and services from fellow group undertakings

	2022	2021
	\$'000	\$'000
Westcon Group	53,180	39,771
Logicalis South Africa (Pty) Ltd	-	2,129
Datatec Limited	-	307
	<u>53,180</u>	<u>42,207</u>

Goods are bought based on the pricing principles in force with non-related parties.

Other transactions with fellow group undertakings

	2022	2021
	\$'000	\$'000
Datatec Plc – internal audit fee	363	244
Datatec Plc – management fees	9,448	7,343
Datatec Limited – finance costs	252	283
Datatec Plc – finance costs	193	216
	<u>10,256</u>	<u>8,086</u>

During the year, group companies entered into the following transactions with related parties who are not members of the group.

Sales of goods and services to other related parties.

	2022	2021
	\$'000	\$'000
Promon Engenharia LTDA.	210	228
Mitra Integrasi Informatika	467	171
Metrodata Electronics	335	-
iZeno Inc	151	-
Esource Resources LLC	49,031	58,234
	<u>50,194</u>	<u>66,633</u>

Purchases of goods and services from other related parties

	2022	2021
	\$'000	\$'000
PT. Metrodata Electronics Tbk	15	16
Mitra Integrasi Informatika	38	44
Synnex Metrodata Indonesia	-	1,748
	<u>53</u>	<u>1,808</u>

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27. RELATED PARTY TRANSACTIONS (CONTINUED)

Other transactions with Promon S.A.

	2022	2021
	\$'000	\$'000
Promon S.A. – pension fund expenses	1,608	2,240

Promon S.A. is a related party of the Group as it owns 35% (2021: 35%) of the issued ordinary share capital of Promon-Logicalis Latin America Limited.

PT. Metrodata Electronics Tbk is a related party of the Group as it owns 20.5% of the issued ordinary share capital of PT. Packet Systems Indonesia PT. (2021: 20.5% of the issued ordinary share capital of PT. Packet Systems Indonesia).

iZeno Inc is related party of the group as 39.99% of the shares are held by iZeno Pvt Limited.

Remuneration of key management personnel

The remuneration of key management personnel of the Group is set out below.

	2022	2021
	\$'000	\$'000
Salaries and short term employee benefits	8,762	8,774
Post-employment benefits	385	320
Share-based payments	362	511
	<u>9,509</u>	<u>9,605</u>

Key management compensation for the Group includes the Board and Executive Board of the Company and the managing directors in each territory the Group operates in. Further information about the remuneration of the Directors is provided in note 8.

28. CONTINGENT LIABILITIES

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

In addition, Logicalis has a contingent tax liability at its Indonesian subsidiary PT. Packet Systems Indonesia. The Indonesian Tax Authority has raised withholding tax assessments in relation to purchases of vendor software and warranties which have been resold to customers. Withholding tax notices have been issued for each month in the calendar year 2016 and the first two months of the calendar year 2018 totalling US\$3.4 million (including penalties). Objections have been filed by the company in respect of these periods with the Indonesian Tax Court. Management, supported by a tax opinion, believes the case could be long drawn out however they have a strong case for the decision to be reversed on appeal and therefore no provision has been made at 28 February 2022.

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** Dissolved during the year.

29. SUBSIDIARY UNDERTAKINGS

The subsidiary undertakings as at 28 February 2021 and 28 February 2022 are shown below. The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) prepared to 29/28 February each year.

Subsidiary	Country of registration and incorporation	Activity	Proportion of ordinary shares held	
			2022	2021
Logicalis Argentina S.A.*	Argentina	IT solutions and services provider	65%	65%
Nubeliu Argentina Srl*	Argentina	IT solutions and services provider	65%	65%
Logicalis Australia Holdings Pty Ltd*	Australia	Intermediate holding company	100%	100%
Logicalis Australia Pty Ltd*	Australia	Consulting, technology services and outsourcing company	100%	100%
Corporate Network Integrations Pvt Ltd*	Australia	Dormant	100%	100%
Logicalis Soluções – Prestação de Serviços (SU), Lda.*	Angola	IT solutions and services provider	100%	0%
Logicalis Andina Bolivia LAB. LTDA.*	Bolivia	IT solutions and services provider	65%	65%
PromonLogicalis Tecnologia e Participações Ltda.*	Brazil	IT solutions and services provider	65%	65%
WeService Serviços e Tecnologia Ltda (Brazil)*	Brazil	IT solutions and services provider	65%	65%
PTLS Serviços de Tecnologia e Assessoria Técnica Ltda. *	Brazil	IT solutions and services provider	65%	65%
Logicalis Latin America Holding S.A.	Brazil	Intermediate Holding Company	65%	65%
Nubeliu Consultoria e Licenciamento de Software LTDA*	Brazil	IT solutions and services provider	65%	65%
NetStar Group Holding Limited*	British Virgin Islands	Intermediate holding company	100%	100%
Nubeliu Limited*	Cayman Islands	Intermediate Holding Company	65%	65%
Logicalis Chile S.A.*	Chile	IT solutions and services provider	65%	65%
Coasin Chile S.A.*	Chile	IT solutions and services provider	65%	65%
Logicalis Colombia S.A.S.*	Colombia	IT solutions and services provider	65%	65%
Logicalis Ecuador S.A.*	Ecuador	IT solutions and services provider	65%	65%
Logicalis UK Limited*	England and Wales	IT solutions and services provider	100%	100%

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29. SUBSIDIARY UNDERTAKINGS (CONTINUED)

Subsidiary	Country of registration and incorporation	Activity	Proportion of ordinary shares held	
			2022	2021
Promon-Logicalis Latin America Limited *	England and Wales	Intermediate holding company	65%	65%
Logicalis International Limited	England and Wales	Intermediate holding company	100%	100%
Logicalis Group Finance Limited*	England and Wales	Group support company	100%	100%
Logicalis Networks GmbH*	Germany	Intermediate holding company	100%	100%
Logicalis GmbH*	Germany	IT solutions and services provider	100%	100%
ITUMA GmbH*	Germany	IT services provider	51%	51%
Orange Networks GmbH*	Germany	IT solutions and services provider	100%	100%
Orange Networks 365 GmbH*	Germany	Dormant	100%	100%
Logicalis Siticom GmbH*	Germany	Intermediate holding company	100%	0%
Siticom GmbH*	Germany	IT solutions and services provider	100%	0%
Logicalis Guernsey Limited*	Guernsey	IT solutions and services provider	100%	100%
PT Packet Systems Indonesia*	Indonesia	IT solutions and services provider	54%	54%
PT iZeno Teknologi Indonesia*	Indonesia	IT solutions and services provider	65%	65%
Logicalis Ireland Limited*	Ireland	Intermediate holding company	100%	100%
Logicalis Solutions Limited*	Ireland	IT solutions and services provider	100%	100%
Logicalis Technical Services Limited*	Ireland	IT solutions and services provider	100%	100%
Logicalis Technology Limited*	Ireland	IT solutions and services provider	100%	100%
Logicalis Channel Islands Limited*	Jersey	Intermediate holding company	100%	100%
Logicalis Jersey Limited*	Jersey	IT solutions and services provider	100%	100%
Logicalis Asia Pacific MSC Sdn. Bhd. *	Malaysia	IT services provider	100%	100%
Logicalis Malaysia Sdn Bhd*	Malaysia	IT solutions and services provider	100%	100%
iZeno Sdn Bhd*	Malaysia	IT solutions and services provider	65%	65%

LOGICALIS GROUP LIMITED

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29. SUBSIDIARY UNDERTAKINGS (CONTINUED)

Subsidiary	Country of registration and incorporation	Activity	Proportion of ordinary shares held	
			2022	2021
Logicalis Mexico, S. De R.L. de C.V.*	Mexico	IT solutions and services provider	65%	65%
Logicalis Paraguay S.A.*	Paraguay	IT solutions and services provider	65%	65%
Logicalis Pte. Ltd (Xiamen)*	People's Republic of China	IT solutions and services provider	100%	100%
Logicalis Hong Kong Limited*	People's Republic of China	IT solutions and services provider	100%	100%
Logicalis Shanghai Limited*	People's Republic of China	IT solutions and services provider	100%	100%
Logicalis Andina S.A.C.*	Peru	IT solutions and services provider	65%	65%
C2 Mining Solutions S.A.C. *	Peru	IT solutions and services provider	65%	65%
Logicalis Portugal S. A. *	Portugal	IT solutions and services provider	70%	70%
Virtualization LDA*	Portugal	IT solutions and services provider	53%	53%
Scorpionpixel - Unipessoal, Lda*	Portugal	IT solutions and services provider	36%	36%
Logicalis Global Operations Centre S.A.*	Portugal	IT solutions and services provider	100%	0%
Logicalis Puerto Rico Inc*	Puerto Rico	IT solutions and services provider	65%	65%
Logicalis Singapore Pte Ltd*	Singapore and Republic of China	IT solutions and services provider	100%	100%
iZeno Private Limited*	Singapore	IT solutions and services provider	65%	65%
Logicalis Spain S.L.*	Spain	IT solutions and services provider	100%	100%
Audea Seguridad de la información, S.L.*	Spain	IT solutions and services provider	70%	0%
Audea Formación, S.L.*	Spain	IT solutions and services provider	70%	0%
Risk4All, S.L.*	Spain	IT solutions and services provider	43.75%	0%
Logicalis SA (PTY) LTD	South Africa	IT solutions and services provider	100%	0%
Clarotech Holdings (PTY) PTD	South Africa	Dormant	100%	0%
Clarotech Consulting (PTY) LTD	South Africa	Dormant	100%	0%

LOGICALIS GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 28 February 2022

29. SUBSIDIARY UNDERTAKINGS (CONTINUED)

All subsidiaries are owned directly by Logicalis Group Limited, except those marked * which are held indirectly via an intermediate subsidiary. All subsidiaries listed above have been included in the consolidation.

Subsidiary	Country of registration and incorporation	Activity	Proportion of ordinary shares held	
			2022	2021
MARS Investment Holdings (PTY) LTD	South Africa	Holding Company	60%	0%
MARS Technologies (PTY) LTD	South Africa	IT solutions and services provider	60%	0%
MARS Network and Risk Services (PTY) LTD	South Africa	IT solutions and services provider	60%	0%
Logicalis Uruguay S.A.*	Uruguay	IT solutions and services provider	65%	65%
Logicalis Inc S.A.*	Uruguay	IT solutions and services provider	65%	65%
Nubeliu I LLC*	USA	Dormant	65%	65%
Nubeliu II LLC*	USA	Dormant	65%	65%
Logicalis South America, Inc.*	USA	IT solutions and services provider	65%	65%
PLLAL International LLC.*	USA	IT solutions and services provider	65%	65%
Logicalis US Holdings, Inc.	USA	Intermediate holding company	100%	100%
Logicalis, Inc.*	USA	IT solutions and services provider	100%	100%

The proportion of voting rights of subsidiaries held by the Group is the same as the proportion of shares held. The principal place of business of PLLAL International LLC is Brazil and the principal place of business of Logicalis South America, Inc is Argentina, in all other cases the principal place of business is the same as the entities country of incorporation.

LOGICALIS GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 28 February 2022

29. SUBSIDIARY UNDERTAKINGS (CONTINUED)

Subsidiary	Registered Office
Logicalis Argentina S.A.*	Avenida Belgrano 955, Piso 20, Ciudad de Buenos Aires, CP: 1092, Argentina.
Nubeliu Argentina Srl *	Coronel Cetz 336, Pb, San Isidro, Buenos Aires, Argentina
Logicalis Australia Holdings Pty Ltd*	79 Swan Street, Richmond, Victoria, Australia 3121, Australia
Logicalis Australia Pty Ltd*	79 Swan Street, Richmond, Victoria, Australia 3121, Australia
Corporate Network Integrations Pvt Ltd*	79 Swan St, Richmond, Australia
Logicalis Soluções – Prestação de Serviços (SU), Lda.*	Luanda, Município e Distrito Urbano do Talaona, Rua Belas Business Park, Edifício Cuanza Sul, 6.º andar, Escritório n.º 608
Logicalis Andina Bolivia LAB. LTDA.*	4to Anillo # 4200 - Tower Dúo Piso 10 Office B, Santa Cruz de la Sierra, Bolivia
PromonLogicalis Tecnologia e Participações Ltda.*	Avenida das Nações Unidas, 12.901, Conjunto N-1802, 18º andar, Torre Norte, Centro Empresarial Nações Unidas (CENU), Brooklin Paulista, São Paulo/SP, CEP 04578-910
WeService Serviços e Tecnologia Ltda (Brazil)*	AV TAMBORE, Nº 267 - BARUERI - SP - CEP: 06460-000 Brazil
PTLS Serviços de Tecnologia e Assessoria Técnica Ltda. *	Avenida das Nações Unidas, 12.901, Conjunto N-1802, 18º andar, Torre Norte, Centro Empresarial Nações Unidas (CENU), Brooklin Paulista, São Paulo/SP, CEP 04578-910
Logicalis Latin America Holding S.A.	Av. das Nações Unidas, 12.901 – 18º andar – Torre Norte 04578-910 – Brooklin Paulista, São Paulo SP"
Nubeliu Consultoria e Licenciamento de Software LTDA*	Praça General Gentil Falcão, 139 – Apto 61 – Bloco 2 – Cidade Monções São Paulo/SP – CEP: 04571-150
NetStar Group Holding Limited*	c/o ATC Trustees (BVI) Limited, 2nd Floor, Abbott Building, Road Town, Tortola, British Virgin Islands
Nubeliu Limited*	Campbells Corporate Services Limited, Floor 4, Willow House, Cricket Square, P.O. Box 268, Grand Cayman Kyi-LI04, Cayman Islands
Logicalis Chile S.A.*	Avenida El Bosque Norte 0177 Oficina 801, Las Condes - Santiago
Coasin Chile S. A.*	Coasin Chile, Av. Del Valle Norte 732, Huechuraba, Santiago, Chile
Logicalis Colombia S.A.S.*	Street 113 No. 7 - 80 Floor 6, Office 601, Tower AR, Bogota, Colombia
Logicalis Ecuador S.A.*	Avenida República del Salvador y Portugal, Building Twin Tower, Tower 1, Office 3A- 3B, Quito, Ecuador
Logicalis UK Limited*	The Urban Building Part 6th Floor (West), 3 - 9 Albert Street, Slough, England, SL1 2BE
Promon-Logicalis Latin America Limited*	Building 8 Ground Floor, Foundation Park, Roxborough Way, Maidenhead, England, SL6 3UD

LOGICALIS GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 28 February 2022

29. SUBSIDIARY UNDERTAKINGS (CONTINUED)

Subsidiary	Registered Office
Logicalis International Limited	Building 8 Ground Floor, Foundation Park, Roxborough Way, Maidenhead, England, SL6 3UD
Logicalis Group Finance Limited*	Building 8 Ground Floor, Foundation Park, Roxborough Way, Maidenhead, England, SL6 3UD
Logicalis Networks GmbH*	Martin-Behaim Str. 19-21, 63263 Neu-Isenburg
Logicalis GmbH*	Martin-Behaim Str. 19-21, 63263 Neu-Isenburg
ITUMA GmbH*	Kleinhülsen 29, 40721 Hilden
Orange Networks GmbH*	Sachsenteur 26, 21029 Hamburg, Germany
Orange Networks 365 GmbH	Sachsenteur 26, 21029 Hamburg, Germany
Logicalis Siticom GmbH*	Martin-Behaim-Str. 19-21, 63263 Neu-isenburg, Germany
Siticom GmbH*	Siticom GmbH, Brunnenweg 19, 64331 Weiterstadt, Germany
Logicalis Guernsey Limited*	Pitronnerie Road, St. Peter Port, Guernsey
PT Packet Systems Indonesia*	The Manhattan Square, Mid Tower, 25th Floor, JL. TB. Simatupang Kav. 1S, RT.002, RW.003, Sub-District Cilandak Timur, District Pasar Minggu, South Jakarta 12560, Indonesia
Logicalis Ireland Limited*	Heather Road, Sandymount Industrial Estate, Dublin 18
Logicalis Solutions Limited*	Heather Road, Sandymount Industrial Estate, Dublin 18
Logicalis Technical Services Limited*	Heather Road, Sandymount Industrial Estate, Dublin 18
Logicalis Technology Limited*	Heather Road, Sandymount Industrial Estate, Dublin 18
Logicalis Channel Islands Limited*	Rue a la Dame, St. Saviour, Jersey, JE2 7NH
Logicalis Jersey Limited*	Rue a la Dame, St. Saviour, Jersey, JE2 7NH
Logicalis Asia Pacific MSC Sdn Bhd*	Unit F-3-1, Blok F, Third Floor, CBD Perdana 3, Jalan Perdana, Cyber 12, 63000 Cyberjaya, Selangor Darul Ehsan
Logicalis Malaysia Sdn Bhd*	No. 1 & 1A, 2nd Floor, Jalan Ipoh Kecil, 50350 Kuala Lumpur, Wilayah Persekutuan
Logicalis Mexico, S. De R.L. de C.V.*	Av. Ejército Nacional 678 – Of. 101. Col. Polanco IV Sección Del. Miguel Hidalgo C.P. 11550 - México, D.F.
Logicalis Paraguay S.A.*	Avda España 2028 c/Avda Brasilia Edificio Urano - 2do piso- Bloque B-Asuncion – Paraguay
Logicalis Pte. Ltd (Xiamen)*	Room 902 of Shen Tian International Building, No.42-46 Shen Tian Road, Siming District of Xiamen City, Fujian Province, China.

LOGICALIS GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 28 February 2022

29. SUBSIDIARY UNDERTAKINGS (CONTINUED)

Subsidiary	Country of registration and incorporation
Logicalis Hong Kong Limited*	Suite 1401-02, 14/F, 1063 King's Road, Quarry Bay, Hong Kong
Logicalis Shanghai Limited*	No. 1080, Jin Feng Rd. Jinshan District Shanghai
Logicalis Andina S.A.C.*	AV. Santo Toribio 173- OFIC. 503 Via Central 125 Edificio Real 8 San Isidro
C2 Mining Solutions S.A.C.*	Av. Santo Toribio Nro. 173 Int. 503 Urb. El Rosario Lima - Lima - San Isidro
Logicalis Portugal S.A.*	Lagoas Park, Edifício 5, Torre A 2740-265 Porto-Salvo, Portugal
Virtualization LDA*	Lagoas Park, Edifício 5, Torre A 2740-265 Porto-Salvo, Portugal
Scorpionpixel - Unipessoal, Lda*	Lagoas Park, Edifício 5, Torre A 2740-265 Porto-Salvo, Portugal
Logicalis Global Operations Centre S.A.*	Lagoas Park, Edifício 5, Torre A, Piso 5, 2740-265 Porto Salvo, Portugal
Logicalis Puerto Rico Inc*	252 Ponce de Leon Avenue, Floor 20, San Juan, PR 00918
Logicalis Singapore Pte Ltd*	80 Pasir Panjang Road #17-84 Mapletree Business City II, Singapore 117372
iZeno Private Limited*	1004 Toa Payoh North #02-11/12 Singapore 318995
iZeno Sdn Bhd*	Unit #29-8, Q Sentral, No. 2A Jalan Stesen Sentral 2, 50470 Kuala Lumpur, Malaysia
PT iZeno Teknologi Indonesia*	"Centennial Tower, Lantai 29, Kav. 24-25 Unit D-E, Jl. Jenderal Gatot Subroto No.27, Kel. Karet Semanggi, Kec. Setiabudi, Kota Adm. Jakarta Selatan, Prop. DKI Jakarta"
Logicalis Spain S.L.*	Av. Diagonal, 569 2º 3ª, 08029 Barcelona, Spain
Audea Seguridad de la información, S.L.*	C/ Ribera del Loira, 38 Edificio 4, Planta 5ª Parque Empresarial Campo de las Naciones, 28042, Madrid, Spain
Audea Formación, S.L.*	C/ Ribera del Loira, 38 Edificio 4, Planta 5ª Parque Empresarial Campo de las Naciones, 28042, Madrid, Spain
Risk4All, S.L.*	C/ Ribera del Loira, 38 Edificio 4, Planta 5ª Parque Empresarial Campo de las Naciones, 28042, Madrid, Spain
Logicalis SA (PTY) LTD	Ground Floor, Bergzicht, 163 Uys Krige Drive, Platteklouf, Western Cape, 7500
Clarotech Holdings (PTY) PTD	Ground Floor, Bergzicht, 163 Uys Krige Drive, Platteklouf, Western Cape, 7500
Clarotech Consulting (PTY) LTD	Ground Floor, Bergzicht, 163 Uys Krige Drive, Platteklouf, Western Cape, 7500
MARS Investment Holdings (PTY) LTD	Ground Floor, Bergzicht, 163 Uys Krige Drive, Platteklouf, Western Cape, 7500
MARS Technologies (PTY) LTD	Ground Floor, Bergzicht, 163 Uys Krige Drive, Platteklouf, Western Cape, 7500
MARS Network and Risk Services (PTY) LTD	Ground Floor, Bergzicht, 163 Uys Krige Drive, Platteklouf, Western Cape, 7500

LOGICALIS GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 28 February 2022

29. SUBSIDIARY UNDERTAKINGS (CONTINUED)

Subsidiary	Country of registration and incorporation
Logicalis Uruguay S.A.*	Luis A. de Herrera 1248, World Trade Center Building, Tower 3, Office 1976 - Montevideo - Uruguay
Logicalis Inc S.A.*	Luis A. de Herrera 1248, World Trade Center Building, Tower 3, Office 1976 - Montevideo - Uruguay
Nubeliu I LLC*	C/o Corporation Service Company, 251 Little Falls Drive, Wilmington, Delaware
Nubeliu II LLC*	C/o Corporation Service Company, 251 Little Falls Drive, Wilmington, Delaware
Logicalis South America, Inc.* PLLAL International LLC.*	3505 NW 107th Avenue, Suite C, Miami, Florida 33172, US Corporation Service Company, 251 Little Falls Drive, Wilmington, DE 19808
Logicalis US Holdings, Inc.*	C/O Corporation Service Company, 80 State Street, Albany, New York 12207-2543
Logicalis, Inc.*	C/O Corporation Service Company, 80 State Street, Albany, New York 12207-2543
Associates	Country of registration and incorporation
Cirrus Participações S.A	Cumarú Street – n 179, 2º Floor, Centro Empresarial Alphaville, Campinas, SP, ZIP 13098-324, Brazil
Esources Resources, LLC	7114 Lakeview Parkway West Dr Indianapolis, IN 46268, USA

** Dissolved during the year.

30. POST BALANCE SHEET EVENTS

On 1 March 2022, Logicalis acquired remaining 30% stake in Logicalis Portugal S. A., from the non-controlling parties for a consideration of \$5.3 million. Following the acquisition Logicalis International Limited will be the 100% shareholder of Logicalis Portugal S. A.

On 4 August 2022, Logicalis acquired 100% state in Q Associates Ltd, a one of the UK's leading providers of IT consultancy and advisory services around data management, data protection, compliance and information security, for a consideration of \$6.7 million. Q Associates provides technology solutions to UK Universities and Research Councils, Government Security Services and Home Office departments and commercial clients across major industry sectors, including finance, legal, transportation and energy.

Q Associates holds advanced technical accreditations with many of the World's leading technology vendors, including Microsoft, NetApp, Oracle, IBM and Rubrik. Accounting and related disclosure considerations are in progress considering it is a recent acquisition and will be finalised in due course.

31. HYPERINFLATION

From 31 May 2018 the Argentinean economy has met the definition of a hyperinflationary economy. Resulting in Logicalis Argentina S.A. applying hyperinflation accounting to its results. The impacts of hyperinflation accounting for Logicalis Argentina S.A. on the group results was not material.

32. AUDIT EXEMPTION FOR SUBSIDIARY COMPANIES

For the year ending 28 February 2022, Logicalis Group Finance Limited a fully owned subsidiary incorporated in the United Kingdom with registration number 12304087 is exempt from the requirements of the Companies Act 2006 relating to the audit of accounts under section 479A of that Act.

LOGICALIS GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 28 February 2022

33. PARENT COMPANY AND ULTIMATE CONTROLLING PARTY

The parent company is Datatec Plc, a company incorporated and registered in the United Kingdom. The ultimate parent company is Datatec Limited, a company incorporated and registered in the Republic of South Africa and listed on the Johannesburg Stock Exchange. Copies of the ultimate parent company's annual financial statements can be obtained from Datatec Limited, PO Box 76226, Wendywood 2144, South Africa or from its website www.datatec.com. Datatec Plc is the smallest group and Datatec Limited is the largest group of which the Company is a member for which consolidated accounts are prepared. Datatec PLC's registered office is Bush House, North West Wing, Aldwych, London, WC2B 4PJ, United Kingdom and Datatec Limited's registered office is Ground Floor, Sandown Chambers, Sandown Village, 16 Maude Street, Sandown, South Africa.

LOGICALIS GROUP LIMITED

COMPANY STATEMENT OF COMPREHENSIVE INCOME
Year ended 28 February 2022

	Note	2022 \$'000	2021 \$'000
Dividends received		7,253	8,521
Management fees received		17,761	18,573
Foreign exchange (loss)/gain		(154)	163
Amortization and Depreciation cost		(597)	(153)
Other administrative expenses		(23,476)	(20,862)
Operating profit		787	6,242
Finance income	36	172	33
Finance costs	37	(3,664)	(3,539)
(Loss)/Profit before tax		(2,705)	2,736
Tax charge / (credit)	38	585	(166)
(Loss)/Profit and comprehensive (loss)/profit for the year attributable to the owner of the Company		(2,120)	2,570

COMPANY STATEMENT OF CHANGES IN EQUITY
Year ended 28 February 2022

	Share capital \$'000	Share premium \$'000	Capital contrib- utions reserve \$'000	Retained earnings \$'000	Total \$'000
At 1 March 2020	117,623	12,571	13,381	25,010	168,585
Profit for the year and total comprehensive profit for the year	-	-	-	2,570	2,570
At 28 February 2021	117,623	12,571	13,381	27,580	171,155
Loss for the year and total comprehensive loss for the year	-	-	-	(2,120)	(2,120)
At 28 February 2022	117,623	12,571	13,381	25,460	169,035

LOGICALIS GROUP LIMITED

COMPANY BALANCE SHEET

As at 28 February 2022

	Note	2022 \$'000	2021 \$'000
NON-CURRENT ASSETS			
Property, plant and equipment	39	739	1,091
Right-of-use asset	40	784	-
Other intangible assets	41	567	-
Deferred tax asset	45	862	402
Investment in subsidiaries	42	247,457	247,457
		<u>250,409</u>	<u>248,950</u>
CURRENT ASSETS			
Trade and other receivables	43	23,848	11,600
Cash and cash equivalents		6,665	1,203
		<u>30,513</u>	<u>12,803</u>
TOTAL ASSETS		<u>280,922</u>	<u>261,753</u>
CURRENT LIABILITIES			
Trade and other payables	44	(10,856)	(9,748)
Financial liabilities: amounts owed to group undertakings	48	(78,944)	(58,737)
Bank overdrafts and loans	44	(6,545)	(8,587)
		<u>(96,345)</u>	<u>(77,072)</u>
NET CURRENT LIABILITIES		<u>(65,832)</u>	<u>(64,269)</u>
NON-CURRENT LIABILITIES			
Financial liabilities: amounts owed to group undertakings	48	(15,542)	(13,526)
		<u>(15,542)</u>	<u>(13,526)</u>
TOTAL LIABILITIES		<u>(111,887)</u>	<u>(90,598)</u>
NET ASSETS		<u>169,035</u>	<u>171,155</u>
EQUITY			
Share capital	46	117,623	117,623
Share premium		12,571	12,571
Capital contributions reserve		13,381	13,381
Retained earnings		25,460	27,580
TOTAL EQUITY		<u>169,035</u>	<u>171,155</u>

These financial statements of Logicalis Group Limited, registered number 04012342, on page 94 to 106, were approved by the Board of Directors on 30 August 2022 and authorised for issue on 31 August 2022.

Signed on behalf of the Board of Directors by:


R Bailkoski
 Director


S Radcliffe
 Director

LOGICALIS GROUP LIMITED

COMPANY CASH FLOW STATEMENT
Year Ended 28 February 2022

	2022	2021
	S'000	S'000
Operating activities		
Cash used in operations	(17,009)	(6,049)
Other income received/(paid)	173	33
Finance costs paid	(3,664)	(3,539)
Taxation paid	125	(159)
Dividends received	7,253	8,521
	<u>(13,122)</u>	<u>(1,193)</u>
Investing activities		
Purchases of property, plant and equipment	(1,596)	(1,206)
Acquisition of subsidiaries	-	-
Payment of deferred consideration	-	(1,059)
Capital contribution to existing subsidiaries	-	-
	<u>(1,596)</u>	<u>(2,265)</u>
Financing activities		
Advance of loan from holding companies	-	-
Repayment of loan from holding company	(798)	(798)
Advance of loan from subsidiary companies	33,258	22,258
Repayment of loan from subsidiary companies	(10,238)	(13,483)
	<u>22,222</u>	<u>7,977</u>
Net (decrease)/increase in cash, cash equivalents and bank overdrafts	7,504	4,519
Cash and cash equivalents at beginning of year	(7,384)	(11,903)
Effect of foreign exchange rate changes	-	-
	<u>120</u>	<u>(7,384)</u>
Cash, cash equivalents and bank overdrafts at end of year		
Disclosed on the Balance Sheet as:		
Cash and cash equivalents	6,665	1,203
Bank overdrafts and loans	(6,545)	(8,587)
	<u>120</u>	<u>(7,384)</u>

LOGICALIS GROUP LIMITED

NOTE TO THE COMPANY CASH FLOW STATEMENT
Year Ended 28 February 2022

	2022	2021
	\$'000	\$'000
Reconciliation of operating profit to cash used in operations		
Operating profit	787	6,242
Adjustments for:		
Dividends received	(7,253)	(8,521)
Amortisation and Depreciation	597	152
	<hr/>	<hr/>
Operating cash flows before movements in working capital	(5869)	(2,127)
Increase in trade and other receivables	(12,248)	(1,961)
Increase/(Decrease) in trade and other payables	1,108	(1,961)
	<hr/>	<hr/>
Cash used in by operations	<u>(17,009)</u>	<u>(6,049)</u>

LOGICALIS GROUP LIMITED

NOTES TO THE COMPANY FINANCIAL STATEMENTS Year Ended 28 February 2022

34. SIGNIFICANT COMPANY ACCOUNTING POLICIES

Basis of preparation

The financial statements are prepared in accordance with UK-adopted international accounting standards. The particular accounting policies adopted by the Company have been consistently applied in the current and preceding years and is consistent with the accounting policies adopted by the Group. Please refer to Note 2 to the consolidated financial statements.

Accounting convention

The financial statements are prepared under the historical cost convention as modified by the revaluation of subsidiary undertakings.

Going concern

The Board has satisfied itself that the Company has adequate resources to continue in operation for the foreseeable future. The Company's financial statements have accordingly been prepared on a going concern basis. The Company currently has no need to undertake a capital restructuring and key executive management is in place. The Board is not aware of any material non-compliance with statutory or regulatory requirements and there are no pending legal proceedings other than in the normal course of business.

Critical accounting judgements and key sources of estimation uncertainty

In applying the Company's accounting policies, the following key source of estimation uncertainty was identified, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Estimates made in determining the recoverable amount of inter-company receivables and investments included in the statement of financial position (disclosed in Notes 42 and 43). The Company continually assesses the carrying value of its inter-company receivables and investments recognised as part of historical acquisitions. This requires an estimation of the value in use, based on estimated future cash flows and discount rates relating to the inter-company receivables and investments.

35. DIRECTORS AND EMPLOYEES

Three directors received emoluments in respect of their services to the Company during the year (2021: three). Details of their emoluments for their services to the Group are disclosed in Note 8 to the consolidated financial statements.

	2022 \$'000	2021 \$'000
Monthly average number of people employed including directors		
Business support	26	25
Their aggregate remuneration comprised:		
	2022 \$'000	2021 \$'000
Wages and salaries	8,426	6,294
Social security costs	1,178	1,013
Other pension costs	425	306
Total staff costs	<u>10,029</u>	<u>7,613</u>

LOGICALIS GROUP LIMITED

NOTES TO THE COMPANY FINANCIAL STATEMENTS

Year Ended 28 February 2022

36. FINANCE INCOME

	2022	2021
	\$'000	\$'000
Interest income on amounts owed by group undertakings	172	33
	<u>172</u>	<u>33</u>

37. FINANCE COSTS

	2022	2021
	\$'000	\$'000
Interest on bank overdrafts, loans and other borrowings	(1,549)	(1,673)
Interest expense on amounts owed to group undertakings	(2,115)	(1,866)
	<u>(3,664)</u>	<u>(3,539)</u>

38. TAX

	2022	2021
	\$'000	\$'000
Current taxation		
<i>United Kingdom corporation tax:</i>		
Current year	-	(304)
Adjustment in respect of prior years	(125)	144
Total current taxation	<u>(125)</u>	<u>(160)</u>
Deferred taxation		
Credit for the current year	(418)	(86)
Adjustment in respect of prior years	(42)	80
Total deferred taxation (see note 45)	<u>(460)</u>	<u>(6)</u>
Tax credit on (loss)/profit on ordinary activities	<u>(585)</u>	<u>(166)</u>

LOGICALIS GROUP LIMITED

NOTES TO THE COMPANY FINANCIAL STATEMENTS
Year Ended 28 February 2022

38. TAX (CONTINUED)

The charge/(credit) for the year can be reconciled to the (loss)/profit per the Company Statement of Comprehensive Income as follows:

	2022	2021
	\$'000	\$'000
(Loss)/ Profit before tax	(2,705)	2,736
Tax at the UK Corporation tax rate of 19.0% (2021: 19.0%)	(514)	520
<i>Factors affecting charge for the year:</i>		
Reduction in Deferred tax rate	-	(43)
Tax effect of other Non-taxable items	254	(153)
Adjustment in respect of prior periods	-	(15)
Withholding tax arising on dividends and other income	(158)	81
Adjustments in respect of prior year - deferred tax	(42)	(80)
Adjustments in respect of prior year - current tax	(125)	(144)
Tax credit/(charge) on (loss)/profit	(585)	166

At the balance sheet date the company had estimated Nil (2021: Nil) unutilised tax losses available for offset against future profits.

39. PROPERTY, PLANT AND EQUIPMENT

	Fixtures, fittings and equipment \$'000	Computer equipment \$'000	Computer software \$'000	Total \$'000
Cost				
At 1 March 2021	24	49	1,331	1,404
Additions	32	64	20	116
At 28 February 2022	56	113	1,351	1,520
Accumulated depreciation				
At 1 March 2021	21	29	263	313
Depreciation	6	22	440	468
At 28 February 2022	27	51	703	781
Net book value				
At 28 February 2022	29	62	648	739
At 28 February 2021	3	20	1,068	1,091

LOGICALIS GROUP LIMITED

NOTES TO THE COMPANY FINANCIAL STATEMENTS

Year Ended 28 February 2022

40. RIGHT OF USE ASSETS

	Property \$'000	Total \$'000
Cost		
At 1 March 2021	-	-
Additions	904	904
	<u>904</u>	<u>904</u>
At 28 February 2022	904	904
	<u>904</u>	<u>904</u>
Accumulated depreciation		
At 1 March 2021	-	-
Depreciation	(120)	(120)
	<u>(120)</u>	<u>(120)</u>
At 28 February 2022	(120)	(120)
	<u>(120)</u>	<u>(120)</u>
Net book value		
At 28 February 2022	784	784
	<u>784</u>	<u>784</u>
At 28 February 2021	-	-
	<u>-</u>	<u>-</u>

Property under right of use assets represents, the Foundation Park leased office which signed during the year for 5 years.

41. OTHER INTANGIBLE ASSETS

	Software WIP \$'000	Software \$'000	Total \$'000
Cost			
At 1 March 2021	-	-	-
Additions	298	278	576
	<u>298</u>	<u>278</u>	<u>576</u>
At 28 February 2022	298	278	576
	<u>298</u>	<u>278</u>	<u>576</u>
Accumulated amortisation			
At 1 March 2021	-	-	-
Amortisation	-	(9)	(9)
	<u>-</u>	<u>(9)</u>	<u>(9)</u>
At 28 February 2022	-	(9)	(9)
	<u>-</u>	<u>(9)</u>	<u>(9)</u>
Net book value			
At 28 February 2022	298	269	567
	<u>298</u>	<u>269</u>	<u>567</u>
At 28 February 2021	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>

LOGICALIS GROUP LIMITED

NOTES TO THE COMPANY FINANCIAL STATEMENTS Year Ended 28 February 2022

42. INVESTMENT IN SUBSIDIARIES

	2022 \$'000	2021 \$'000
Cost		
At 1 March	247,457	354,127
Investment transferred	-	(354,127)
Capital injection	-	247,457
	<u>247,457</u>	<u>247,457</u>
At 28 February	<u>247,457</u>	<u>247,457</u>
Accumulated impairment losses		
At 1 March	-	106,670
Investment transferred	-	(106,670)
	<u>-</u>	<u>-</u>
At 28 February	<u>-</u>	<u>-</u>
Carrying amount		
At 28 February	<u>247,457</u>	<u>247,457</u>

Details of the Company's subsidiaries can be found within note 29 to the Logicalis Group Limited consolidated accounts and details of the company's acquisitions can be found in note 25 to the Logicalis Group Limited consolidated accounts.

On 1 March 2020 Logicalis Group Limited capitalised Logicalis Limited by transferring all investments outside of LATAM to Logicalis Limited and Logicalis Latin America Holdings S.A. by transferring its holding in Promon-Logicalis Latin America Holding Limited.

LOGICALIS GROUP LIMITED

NOTES TO THE COMPANY FINANCIAL STATEMENTS

Year Ended 28 February 2022

43. FINANCIAL ASSETS

Trade and other receivables

	2022	2021
	\$'000	\$'000
Prepayments and other receivables	8,508	4,373
Amounts owed from holding company and fellow subsidiaries (Note 48)	15,340	7,227
	<u>23,848</u>	<u>11,600</u>

The Directors consider that the carrying amount of trade and other receivables approximates to their fair value.

44. FINANCIAL LIABILITIES

Trade and other payables

	2022	2021
	\$'000	\$'000
Accounts payable	2,216	1,344
Accruals and other creditors	8,640	8,404
	<u>10,856</u>	<u>9,748</u>

The Directors consider that the carrying amount of trade and other payables approximates to their fair value.

Bank overdrafts and loans due within one year or on demand

	2022	2021
	\$'000	\$'000
Unsecured	<u>6,545</u>	<u>8,587</u>

45. DEFERRED TAX ASSETS

The following represents the movement on deferred tax during the year.

	2022	2021
	\$'000	\$'000
At 1 March	(402)	(408)
Credit to the Statement of Comprehensive Income	(460)	6
	<u>(862)</u>	<u>(402)</u>

The deferred tax asset represents temporary differences arising from fixed assets.

46. SHARE CAPITAL

Details of authorised and issued share capital are disclosed in note 23 to the consolidated financial statements.

LOGICALIS GROUP LIMITED

NOTES TO THE COMPANY FINANCIAL STATEMENTS Year Ended 28 February 2022

47. COMMITMENTS

The Company has provided a letter of support to Logicalis UK Limited, Logicalis Australia Pvt Ltd, Logicalis Australia Holdings Pty Ltd, Logicalis Malaysia Sdn Bhd, Logicalis Jersey Limited and Logicalis Guernsey Limited confirming its intention to continue to provide financial support to these subsidiaries for a period of at least twelve months from the date of signing its statutory accounts.

48. RELATED PARTIES

Outstanding balances between the Company and its related parties are disclosed below and include short term trading loans.

Loans to related parties

	2022	2021
	\$'000	\$'000
Current		
Logicalis Group Finance Limited	8,172	-
Logicalis, Inc.	1,588	1,164
Logicalis UK Limited	100	870
PromonLogicalis Tecnologia e Participações Ltda	174	-
Logicalis GmbH	1,328	1,726
Logicalis Solutions Limited	76	188
Logicalis Jersey Limited	187	388
Logicalis Spain S.L.	898	1,637
Logicalis Portugal S.A.	41	40
Logicalis Australia Pty Ltd	210	320
Logicalis Argentina S.A	-	80
Logicalis Hong Kong Limited	93	72
PT Packet Systems Indonesia	14	12
Logicalis Singapore Pte Ltd	585	614
Logicalis Taiwan	261	1
Logicalis South Africa Pty Ltd	54	43
Logicalis Coasin Chile S. A.	-	24
Promon-Logicalis Latin America Limited	1,458	-
Datatec Financial Services Limited	-	13
Datatec PLC	85	-
Other (Individually immaterial)	16	35
Total	<u>15,340</u>	<u>7,227</u>

LOGICALIS GROUP LIMITED

NOTES TO THE COMPANY FINANCIAL STATEMENTS

Year Ended 28 February 2022

48. RELATED PARTIES (CONTINUED)

Loans from related parties

	2022 \$'000	2021 \$'000
Current		
Logicalis Group Finance Limited	65,500	49,400
Audea Seguridad	44	-
PromonLogicalis International Inc	26	9
NetStar Group Holding Limited	-	5,744
Datatec Plc	13,374	-
	<u>78,944</u>	<u>58,737</u>
Non-current		
Datatec Limited	13,742	13,526
Logicalis Group Finance Limited	1,800	-
Datatec PLC	-	3,584
	<u>15,542</u>	<u>13,526</u>

The amount owed to Datatec Limited is made up of two (2021: two) separate advances. Both loans bear interest at One Month US\$ Libor plus 1.5%, are unsecured and have no fixed date for repayment.

Other transactions include the receipt of dividends from subsidiaries, as disclosed on the face of the Company Statement of Comprehensive Income. Management considers the risks applicable to Company are similar to that of group. Refer Note 20 for the risk management approach.

49. GUARANTEES

Logicalis Group Limited has, in the ordinary course of business, issued guarantees to third parties in respect of trading facilities and lease commitments and to banks that provide facilities to subsidiaries. Company accessed the probabilities of defaults of the guarantees provided and recognize liabilities as appropriate. As at 28 February 2022, Logicalis Group Limited stands guarantor on behalf of:

For	Limit \$'000	In Favour of
Logicalis International Limited and Obligor Companies	155,000	BBVA, Barclays, HSBC, Siemens
Logicalis Australia Holdings Pty Ltd, Logicalis, Inc., Logicalis Spain S.L.	53,312	IBM United Kingdom Financial Services Limited, IBM Ireland Limited, International Business Machines S.A., IBM Credit LLC and IBM Global Financing Australia Limited.
Logicalis, Inc.	60,000	Wells Fargo Commercial Distribution Finance LLC; GE Commercial Distribution Finance Corporation
Logicalis UK Limited	35,000	Deutsche Bank AG
Logicalis Singapore Pte Ltd	14,500	HSBC, Singapore Branch
PT Packet Systems Indonesia	9,000	HSBC, Indonesia Branch
Logicalis Australia Holdings Pty Ltd	8,712	HSBC Bank Australia Limited

LOGICALIS GROUP LIMITED**NOTES TO THE COMPANY FINANCIAL STATEMENTS
Year Ended 28 February 2022****49. GUARANTEES (CONTINUED)**

For	Limit \$'000	In Favour of
Logicalis Malaysia Sdn Bhd	1,471	HSBC Bank Malaysia Berhad
Logicalis Pte. Ltd (Xiamen)	2,400	HSBC China
Logicalis Australia Holdings Pty Ltd	7,100	DLL Financial Solutions Partner
Logicalis GmbH	5,325	Miller Leasing Miete GmbH
Logicalis GmbH	5,012	Miller Leasing Miete GmbH
Logicalis UK Limited	-	HSBC
PT Packet Systems Indonesia	30,000	Cisco Capital
Logicalis GmbH	11,219	Deutsche Leasing Information Technology GmbH
Logicalis, Inc.	2,000	BBVA
Logicalis Spain S.L.	-	BBVA
Logicalis Spain S.L.	3,800	IBM
Logicalis, Inc.	1,000	IBM
Logicalis SA (Proprietary) Limited	3,900	Investec
Logicalis UK Limited, Logicalis Solutions Limited	12,116	IBM