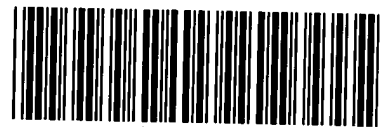


LOGICALIS GROUP LIMITED
ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED 28 FEBRUARY 2021

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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 2021.

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 6,197 (2020: 6,482) 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 \$1,444.1 million (2020 ^Restated: \$1,673.3 million) for the year ended 28 February 2021, including \$4.3 million (2020: \$18.7 million) of revenue from acquisitions made during the year. Revenue declined in all regions due to COVID-19 outbreak. 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. On a constant currency basis (translating foreign currencies utilising exchange rates in existence during the prior year resulting in a conversion currency adjustment of \$100m to arrive at an adjusted revenue figure of \$1,544.1m), revenues shrank by 8.7%, showing trading performance of subsidiaries in relevant local currency.

^FY20 revenue restatement

During the year, the volumes of software, software services and cloud computing solutions, which include Infrastructure as a Service (“IaaS”) and Software as a Service (“SaaS”) sold by the Group, have grown in significance. As a result, the Group revisited the revenue recognition for these arrangements leading to the decision to restate its consolidated statement of comprehensive income, reflecting a decrease in revenue and a corresponding decrease in cost of goods sold in the previous financial year. There was no impact on gross profit or items below gross profit and hence, there was no impact on earnings.

2020: USD’000	Before Restatement	After Restatement	Total Restatement
Revenue	1,692,100	1,673,283	18,817
Cost of Sales	<u>1,253,446</u>	<u>1,234,629</u>	<u>18,817</u>
Gross Profit	438,654	438,654	-

The Group’s vendors continuously change the way in which they bring their products and services to market and there is a significant amount of judgement involved in determining whether or not the Group acts as an agent or principal with regards to these arrangements. In its reassessment, the Group concluded that in those arrangements where the software service is delivered remotely entirely by the vendor, or where the updates and cloud access are critical to the effectiveness of the solution and there is no material “on-premise” component to the solution, the Group will recognise revenue at the time of invoice on a net basis as the Group is acting as an agent in the transaction. The restated consolidated statement of comprehensive income reflects only the fees earned, for acting as an agent in these arrangements, as revenue.

Note that despite the revenue being disclosed on a net basis, the Group has a contractual right to the gross amount of cash related to the gross revenue and therefore, for any amounts remaining unpaid at the period end, the Group continues to present these amounts as gross trade receivables in the consolidated statement of financial position. The restatement has no impact on the consolidated statement of financial position or consolidated statement of cash flows.

LOGICALIS GROUP LIMITED

STRATEGIC REPORT

Principal activities and business review (Continued)

Logicalis achieved gross margins of 25% (2020: 26%). Gross margins declined slightly in FY21 due to COVID-19 impacts on the delivery of services to clients. As a result, gross profit shrunk by 17% to \$365.3 million (2020: \$438.7 million), Latin America region being the largest contributor to the decline.

EBITDA (Or “Operating profit before separable items” please see Consolidated Income Statement for reconciliation) declined by 34% to \$82.6 million (2020: \$124.4 million), resulting in an EBITDA margin of 5.7% (2020: 7.4%). Prior year EBITA includes a one-off improvement of \$19.6 million as a result of the change in accounting caused by applying IFRS 16 during FY20, showing an underlying decline of \$22.2 million (21% decline). After charges for depreciation and amortisation of intangible assets, impairment of goodwill and intangibles and management fees, operating profit declined by 50% to \$30.5 million (2020: \$60.7 million). The operating profit (refer to Consolidated Income Statement for reconciliation) further includes an impairment of goodwill relating to UK operations of \$3.5 million compared to prior year’s impairment of \$4.2 million. On a normalised basis, before goodwill impairment of \$3.5m, operating profit declined by 47.7% to \$34.0 million from \$65.0 million in 2020, reflecting the decline in Gross profit cascading down to EBIT.

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 47 days (2020: 49 days) at year-end was mainly driven by performance improvement outside of LATAM. 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 82 days (2020: 69 days) at the end of the financial year. Logicalis increased the DPO while maintaining good relationships with the suppliers by utilising extended payment terms offered during the economic slow down caused by COVID-19 which contributed to working capital needs. Net cash (Being cash on hand and at bank, less bank overdrafts) was \$28.9 million, 143% more than the \$11.9 million reported at 29 February 2020. The operating cash conversion ratio (being Net cash generated by operating activities divided by EBITDA) for the year increased to 129% from 31% in the previous year, primarily due to the unwind of a large contract in LATAM.

Developments during the year

In November 2020, Logicalis Singapore acquired 65% interest in iZeno Group (iZeno Sdn Bhd 100%, and PT iZeno Teknologi Indonesia 99% are controlling subsidiaries of iZeno Private Limited) a specialist in mission-critical applications, integrating AI & machine learning, DevOps, ITSM, cloud, CRM & CX, data analytics, and other leading technologies with presence in Singapore, Malaysia, Indonesia, Thailand and Philippines.

In July 2020, PromonLogicalis Latin America Limited (“PLLAL”), a 65%-owned subsidiary of the Group, acquired 30% of the shares in Cirrus Participações S.A. (“Kumulus”) for BRL6 million in cash (the equivalent of \$1.2 million). Kumulus is based in Brazil with 80 employees specialising in Microsoft cloud and data managed services.

In 2020, Logicalis introduced the “Pulse” survey platform across the whole Group, replacing a more traditional biennial employee engagement survey, enabling business leaders to gain real time feedback from employees regarding changes they are making in the business. This has been particularly helpful during the pandemic when the vast majority of our colleagues have been working from home.

Response rates have been very healthy at over 80% throughout the year and the global engagement score has been aligned to the technology industry benchmarks. Leaders have been able to share their action plans with their colleagues through the platform to address areas requiring development, to improve engagement levels.

Future prospects

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.

The declaration of COVID-19 as a pandemic by the World Health Organisation (“WHO”) on 11 March 2020. The Group’s immediate response was to keep employees safe in accordance with government guidelines in all geographies of operation which typically involved maximising working from home, social distancing and all advised measures to limit the spread of COVID-19.

LOGICALIS GROUP LIMITED

STRATEGIC REPORT

Future prospects (Continued)

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

The COVID-19 pandemic has created a lot of uncertainty over the 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. As the lockdown measures are easing in most parts of the world, management expect increased business activities in the next financial year.

As part of continue to focus on growing annuity services revenue streams, Logicalis launched and implemented the first Logicalis global cloud migration and managed service solution. Logicalis expect to grow our cloud professional and managed services business in FY22.

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 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 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 functional 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.

LOGICALIS GROUP LIMITED

STRATEGIC REPORT

Principal risks, uncertainties and financial risks (Continued)

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 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.

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 18 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:

LOGICALIS GROUP LIMITED

STRATEGIC REPORT

Section 172 Factor	Engagement activities	References
<p>a) the likely consequences of any decision in the long term</p>	<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>
<p>b) the interests of the Company's employees</p>	<p>Logicalis believes that its employees are a key driver of its success and relies on their knowledge and skills.</p> <p>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.</p>	<p>Refer to:</p> <ul style="list-style-type: none"> • Employees on page 8
<p>c) the need to foster the Company's business relationships with suppliers, customers and others</p>	<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 	<p>Refer to</p> <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
<p>d) the impact of the Company's operations on the community and the environment</p>	<p>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.</p>	<p>Refer to:</p> <ul style="list-style-type: none"> • Corporate Social Responsibility on page 9 & 10

LOGICALIS GROUP LIMITED

STRATEGIC REPORT

Section 172 Factor	Engagement activities	References
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 FY20.	Refer to: <ul style="list-style-type: none">• Stakeholder engagement as disclosed on page 20 of the Datatec PLC accounts

Stakeholder engagement

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

LOGICALIS GROUP LIMITED

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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.	2021: -16% 2020 [^] : -5 %	Growth during the year was impacted by the COVID-19 pandemic. On a constant currency basis organic growth was -9%.
Services mix %		
<i>Target:</i> To continue to increase the services mix year on year.	2021: 42% 2020 [^] : 41%	Improving the services mix % demonstrates the success of the Group's strategic goal to grow service offerings.
Gross Margin %		
<i>Target:</i> To maintain or improve the gross margin %.	2021: 25.3% 2020 [^] : 25.9%	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. FY21 margins were impacted by COVID-19 but the focus on services in FY22 is expected to bring improvement in the gross margin %.
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.	2021: 53% 2020 [^] : 53%	The groups usage of Cisco remained constant during FY21.
Operating profit (before Datatec management fees)		
<i>Target:</i> To increase the operating profit of the Group.	2021: \$38.1M 2020: \$69.3M	Operating profit, in FY21 was affected by COVID-19 with the group maintaining a satisfactory performance in the face of difficult trading conditions.
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.	2021: 47 2020: 49	Managing days sales outstanding effectively is a key driver of net cash flow. Performance improvement outside Latin America region lead to overall improvement in the days sales outstanding compared to prior year.
Cash generated by operations as a percentage of EBITDA		
<i>Target:</i> To convert 60-70% or more of EBITDA into cash.	2021: 129% 2020: 31%	Cash conversion is used as a metric to ensure that management remain focused on cash as well as operating profit. Primarily due to the unwind of large contracts in LATAM.

[^] Restated

LOGICALIS GROUP LIMITED

STRATEGIC REPORT

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

Employee Engagement

Over \$2 million spent on development programmes and training accreditations. This is less than FY20 mainly due to the Logicalis talent programmes having been cancelled, and offices around the group being closed in FY21 due to the pandemic. This has been offset by a significant increase in certification investments particularly with our global partners Cisco and Microsoft, as well as the introduction of learning content platforms around the Group, offering the division's colleagues the opportunity to develop their people, business and technical skills.

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 FY21 as being a "great place to work" in 5 countries within the technology industry, along with regional recognition for the first time for LATAM and is targeting 11 countries to take part in similar awards in FY22. Group supports a non-discriminatory policy and employs 63 employees recognized as 'disabled' throughout the group.

Developing talent

In Logicalis, the focus on advanced technologies requires a high level of technical expertise and 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 ready for some of the most challenging executive roles in the business in the future, develop the best senior technical talent to become more rounded business professionals and increase international collaboration across Logicalis.

In order to develop its future leaders internally, Logicalis run a high-potential development programme to fast track the development of some of its employees who show signs of having the capability and ambition to assume senior leadership roles in the future. As we emerge from the pandemic, in FY22 there will be four high-potential programmes run across Europe, Latin America, the US and Asia with 62 high potentials benefitting from the investment. All of these programmes have high-retention and promotion rates for those who attended. Finally, in FY21, the majority of operations invested in providing online learning content on business, people and technical skills to their employees.

Rewarding performance

The majority of 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's top leadership talent and effective succession management.

Continuous listening to employees

To enable Logicalis to understand what their employees think and feel about working for Logicalis, a continuous listening pulse platform from Peakon was successfully launched across the whole division in FY21. This 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 have a set of values and competency framework, which helps the division develop a common identity across all of its international operations. It clarifies what behaviours it takes to be successful in Logicalis, which 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.

LOGICALIS GROUP LIMITED

STRATEGIC REPORT

Corporate Social Responsibility (continued)

Employees (continued)

HR Digital Transformation

As Logicalis embarks on creating global organisation structures for services and the 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 (Workday), which will not only help leaders to effectively manage their employees around the world, provide better quality people data to enable the business to make better decisions but also provide a far superior digital experience for its colleagues. Workday is being rolled out across multiple regions in FY22.

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.

Environmental

As a responsible international provider of IT solutions, Logicalis seeks to measure and minimise the way in which its commercial activities may impact on the environment. Logicalis is also committed to providing practical advice and support to its customers and vendor partners to help them along the path to ever cleaner and greener IT solutions.

Logicalis recognises that a responsible attitude to Green IT can lead to significant reductions in energy consumption and carbon emissions. As well as reducing greenhouse gases and operational costs, the technologies it promotes, such as remote working and video and teleconferencing, enables flexible working environments, greater productivity and improved business continuity.

Logicalis promotes remote working and videoconferencing across regional and home offices to minimise car or air transportation and reduce its carbon footprint. This is also supported through Logicalis' schemes to encourage employees to use public transport.

Logicalis' local operations support initiatives for reducing power and water usage and monitoring waste reduction in its offices. These range from paper and plastic recycling to water filtration and office lighting efficiency systems.

Streamlined Energy and Carbon Reporting (SECR)

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

Social and Community

Logicalis' operating companies are committed to improving the quality of life for their local communities and this year saw increased employee participation in activities that make a difference.

Many of the local operations have donated employees' time to volunteer in their local communities to support the elderly, the sick, or people in disadvantaged and under privileged situations. Donations have been made to different charities in the communities Logicalis serves across the globe, through various fundraising events.

Logicalis helped its customer National Cheng Kung University ("NCKU") to build the first AI-enabled, cloud-based virtual learning platform, that would provide AI courses for primary and secondary school students.

The university needed a professional team that could not only establish a platform for high-performance computing in AI applications, but one that also possessed requisite knowledge and expertise in the basics and higher theories of AI and machine learning.

Logicalis designed and delivered an integrated high-performance computing infrastructure with a cloud virtual desktop infrastructure ("VDI") and developed a tailor-made AI course providing NCKU with the practical know-how to inspire students to pursue advanced degrees and research opportunities in the AI field.

In California more than 20 K-12 Schools needed immediate access for IT technology staff, normally deployed at the District offices, to work from home to support remote learning services.

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Corporate Social Responsibility (continued)

Social and Community (Continued)

Logicalis launched Rapid Deployment Services (RDS) designed to support customer's needs to deploy remote workers, maintain security and infrastructure readiness, and provide supplemental IT staff support. All services were fully deployed within 3 working days and has been so successful that the district has already purchased an expansion for more remote workers.

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.

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. 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.

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.

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.

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 and extended to four-years post year end. 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.

LOGICALIS GROUP LIMITED

STRATEGIC REPORT

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 82 days (2020: 69 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.

Research and development

Logicalis has capitalised large investments in the implementation of customer relationship software during the year (Note 11).

COVID-19

Since the start of the COVID-19 pandemic, Logicalis has prioritised employee safety and wellbeing during this challenging period. Majority of employees around the Group have been able to successfully work from home during the pandemic.

Significant wellbeing focus, with a variety of actions offered to support employees across the division's operations, from recharging days, wellness expert run webinars, counselling services offered to colleagues and their families, as well as wellbeing videos and articles shared throughout the Group. Hybrid flexible working policies are in place in all businesses which have been able to reopen their offices, with employees being asked to work where they can be most effective in their roles.

Short term cost reduction measures undertaken during 2021 in response to COVID-19 pandemic leading to \$ 20.3m total savings during the year. Examples of these measures include salary sacrifice, furloughing and deferred discretionary spend in areas such as marketing and training.

Significant business restructuring undertaken through the Group during 2021 with broad operational scope including sales, service delivery and back-office functions.

Total one-off restructuring charges incurred of \$14.1m across the Group for 2021 delivering an in-year benefit of \$6.6m from cost reduction and leading to annualised cost savings of \$20.9m from 2022.

New opportunities

In Europe, Logicalis teams helped a UK university, with tens of thousands of users accessing services remotely, to enhance security for staff and students which allowed uninterrupted learning.

In Asia, Logicalis designed and quickly implemented a brand new network infrastructure for a community hospital that is being used as extra capacity to support COVID-19 patients.

In the USA, Logicalis scaled the computing resources in an Indiana state hospital to staff who normally had no means of remote working. This enabled them to continue to assist those seeking critical care in a race against time before the governor announced the lockdown.

In Latin America, Logicalis was able to support a large financial institution with its immediate need to enable a remote workforce. This involved providing 50,000 collaboration licenses in addition to training and monitoring activity.

Hybrid infrastructure solutions, which have been increasingly common in recent years, have also become more sought after. Logicalis has been responding to a significant rise in demand for its production-ready cloud platform, which provides a pre-packaged, pre-configured cloud environment, designed to get a business cloud-enabled in a matter of weeks.

Solutions like these support businesses in the resilience and agility of their operations.

LOGICALIS GROUP LIMITED

STRATEGIC REPORT

COVID-19 (Continued)

Impact

The impact of COVID-19 on business performance remains unclear, but Logicalis has focused on cash preservation activities to ensure it can withstand the pressure that may come from short-term delays to orders from customers, or an inability to deliver and install due to the response from national governments.

In determining the possible extent of future credit losses as a consequence of COVID-19, a range of possible scenarios has been considered. While some of the scenarios suggest that credit losses could be incurred if COVID-19 affects the ability of large sections of Logicalis' customer base to delay payment for a period of six to twelve months, collections from customers subsequent to the year-end were in line with historic norms.

Action plans have been prepared to respond to various scenarios during this period of uncertainty, including cost reduction initiatives.

This report was approved by the Board of Directors on 25 August 2021 and signed by order of the board by:



L Dal Bianco
Company Secretary

25 August 2021

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 2021, and should be read in conjunction with the strategic report.

Dividends

The Directors did not recommend an ordinary share dividend during the year (2020: \$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 currently in force. 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 is 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 auditor is 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 auditor for Logicalis Group.

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

- Indication of future developments;
- Policy for disabled persons;
- Charitable donations (Social and Community);
- Risk management policy;
- Engagement with suppliers, customers and others;
- Employee engagement;
- Actions on employee participation; and
- Use of financial instruments;
- Streamlined Energy and Carbon Reporting
- Research and development
- Section 172 statements

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 25 August 2021 and signed by order of the board by:



L Dal Bianco
Company Secretary

25 August 2021

LOGICALIS GROUP LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The directors are responsible for preparing the 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 international accounting standards in conformity with the requirements of the Companies Act 2006.

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 international accounting standards in conformity with the requirements of the Companies Act 2006 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 also 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 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.

Directors' confirmations

In the case of each director in office at the date the directors' report is approved:

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

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 2021 and of the group's and company's profit and the group's and company's cash flows for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Consolidated Financial Statements (the "Annual Report"), which comprise: Consolidated balance sheet and Company balance sheet as at 28 February 2021; Consolidated income statement, Consolidated statement of comprehensive income, Company statement of comprehensive income, Consolidated cash flow statement, Company cash flow statement, Consolidated statement of changes in equity and Company statement of changes in equity 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.

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LOGICALIS GROUP LIMITED

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 2021 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.

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 tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. 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:

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LOGICALIS GROUP LIMITED

- 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
25 August 2021

LOGICALIS GROUP LIMITED

CONSOLIDATED INCOME STATEMENT

Year ended 28 February 2021

	Notes	2021 \$'000	2020 Restated [^] \$'000
REVENUE			
Continuing operations before acquisitions		1,439,775	1,673,283
Acquisitions	25	4,295	-
		<u>1,444,070</u>	<u>1,673,283</u>
Cost of sales	4	(1,078,814)	(1,234,629)
		<u>365,256</u>	<u>438,654</u>
GROSS PROFIT			
Administrative expenses before separable items		(282,681)	(314,228)
Operating profit before separable items		<u>82,575</u>	<u>124,426</u>
Amortisation of other intangible assets	5	(6,417)	(9,331)
Depreciation of property, plant and equipment	5	(15,169)	(22,515)
Depreciation of right-of-use assets	5	(19,383)	(19,041)
Impairment of goodwill	5	(3,530)	(4,267)
Datatec management fees	5	(7,586)	(8,520)
Total administrative expenses		(334,766)	(377,901)
OPERATING PROFIT			
Continuing operations before acquisitions		29,640	58,456
Acquisitions	25	850	2,297
		<u>30,490</u>	<u>60,753</u>
Finance income	6	754	11,534
Other income		-	696
Finance costs	7	(16,721)	(26,328)
Share of profit/(loss) of associates		361	(181)
PROFIT BEFORE TAX	5	14,884	46,474
Tax	9	(14,269)	(22,305)
PROFIT / (LOSS) FOR THE YEAR		<u>615</u>	<u>24,169</u>
Attributable to:			
The owner of the Company		(2,082)	10,051
Non-controlling interests		2,697	14,118
		<u>615</u>	<u>24,169</u>

LOGICALIS GROUP LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 28 February 2021

	2021	2020
	\$'000	\$'000
Profit for the year	615	24,169
Other Comprehensive Income		
Items that may be reclassified subsequently to the Consolidated Income Statement:		
Gain on Foreign Exchange hedges recognised directly in OCI	68	55
Exchange differences on translation of foreign operations	(11,796)	(25,701)
Acquisition at bargain price	314	-
	<u>(11,414)</u>	<u>(25,646)</u>
Total other comprehensive loss for the year	(11,414)	(25,646)
Total comprehensive loss for the year	<u>(10,799)</u>	<u>(1,477)</u>
Attributable to:		
The owner of the Company	(1,300)	(11,641)
Non-controlling interests	(9,499)	10,164
	<u>(10,799)</u>	<u>(1,477)</u>

LOGICALIS GROUP LIMITED

CONSOLIDATED BALANCE SHEET

As at 28 February 2021

	Notes	2021 \$'000	2020 \$'000
NON-CURRENT ASSETS			
Goodwill	10	174,116	169,475
Other intangible assets	11	20,216	20,712
Property, plant and equipment	12	36,096	35,764
Right-of-use assets	13	48,260	42,838
Investments	14	2,116	552
Long term lease receivables	20	28,448	27,111
Deferred tax assets	15	31,760	28,628
TOTAL NON-CURRENT ASSETS		<u>341,012</u>	<u>325,080</u>
CURRENT ASSETS			
Inventories	16	58,219	78,540
Trade and other receivables	17	522,772	588,744
Accrued Income	17	145,568	97,960
Current tax recoverable	9	12,451	11,248
Cash and cash equivalents	19	154,119	143,487
TOTAL CURRENT ASSETS		<u>893,129</u>	<u>919,979</u>
TOTAL ASSETS		<u>1,234,141</u>	<u>1,245,059</u>
CURRENT LIABILITIES			
Trade and other payables	18	(535,762)	(516,786)
Deferred Income	18	(105,928)	(100,511)
Other short-term borrowings	18	(26,442)	(50,751)
Bank overdrafts and loans	19	(125,237)	(91,415)
Current tax payable	9	(5,452)	(6,029)
Obligations under leases	21	(22,353)	(25,684)
Provisions	22	(9,242)	(5,628)
Liability for share-based payments	23	(1,002)	(1,110)
TOTAL CURRENT LIABILITIES		<u>(831,418)</u>	<u>(797,914)</u>
NET CURRENT ASSETS		<u>61,711</u>	<u>122,065</u>
NON-CURRENT LIABILITIES			
Amounts owed to holding company and fellow subsidiaries	18	(13,526)	(13,467)
Bank borrowings	18	-	(40,137)
Obligations under leases	21	(38,764)	(61,948)
Other payables	18	-	(1,975)
Other long-term borrowings	18	(41,899)	(5,407)
Long-term provisions	22	(7,015)	(7,624)
Deferred tax liabilities	15	(23,734)	(23,007)
Liability for share-based payments	26	(2,952)	(3,815)
TOTAL NON-CURRENT LIABILITIES		<u>(127,890)</u>	<u>(157,380)</u>
TOTAL LIABILITIES		<u>(959,308)</u>	<u>(955,294)</u>
NET ASSETS		<u>274,833</u>	<u>289,765</u>

LOGICALIS GROUP LIMITED

CONSOLIDATED BALANCE SHEET (CONTINUED)

As at 28 February 2021

	Notes	2021 \$'000	2020 \$'000
EQUITY			
Share capital	23	117,623	117,623
Share premium		12,571	12,571
Capital contributions reserve		12,398	12,398
Merger reserve		(32,049)	(32,049)
Foreign currency exchange reserve		(105,295)	(106,088)
Non-distributable reserve		1,298	984
Retained earnings		216,719	219,126
		<hr/>	<hr/>
EQUITY ATTRIBUTABLE TO THE OWNER OF THE COMPANY		223,265	224,565
NON-CONTROLLING INTERESTS		51,568	65,200
		<hr/>	<hr/>
TOTAL EQUITY		274,833	289,765
		<hr/> <hr/>	<hr/> <hr/>

The financial statements of Logicalis Group Limited, registered number 04012342, were approved by the Board of Directors and authorised for issue on 25 August 2021.

Signed on behalf of the Board of Directors by:


R Baillkoski
Director


S Radcliffe
Director

LOGICALIS GROUP LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)
Year ended 28 February 2021

	Share capital \$'000	Share premium \$'000	Capital contributions reserve \$'000	Merger reserve \$'000	Foreign exchange reserve \$'000	Non- distributable reserve \$'000	Retained earnings \$'000	Total \$'000	Non- controlling interest \$'000	Total equity \$'000
At 1 March 2019	117,623	12,571	12,398	(32,049)	(87,673)	984	212,352	236,206	57,295	293,501
Profit for the year	-	-	-	-	-	-	10,051	10,051	14,118	24,169
Other comprehensive profit/(loss) for the year	-	-	-	-	(18,415)	-	(3,277)	(21,692)	(3,954)	(25,646)
Total comprehensive (loss)/income for the year	-	-	-	-	(18,415)	-	6,774	(11,641)	10,164	(1,477)
Dividend payments	-	-	-	-	-	-	-	-	(2,970)	(2,970)
NCI arising on acquisition of subsidiaries	-	-	-	-	-	-	-	-	711	711
At 29 February 2020	<u>117,623</u>	<u>12,571</u>	<u>12,398</u>	<u>(32,049)</u>	<u>(106,088)</u>	<u>984</u>	<u>219,126</u>	<u>224,565</u>	<u>65,200</u>	<u>289,765</u>

LOGICALIS GROUP LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)
Year ended 28 February 2021

	Share capital \$'000	Share premium \$'000	Capital contribu- tions reserve \$'000	Merger reserve \$'000	Foreign currency exchange reserve \$'000	Non- distributa ble reserve \$'000	Retained earnings \$'000	Total \$'000	Non- controlling interest \$'000	Total equity \$'000
At 1 March 2020	117,623	12,571	12,398	(32,049)	(106,088)	984	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	-	-	-	-	793	314	(325)	782	(12,196)	(11,414)
Total comprehensive (loss)/income for the year	-	-	-	-	793	314	(2,407)	(1,300)	(9,499)	(10,799)
Dividend payments	-	-	-	-	-	-	-	-	(4,803)	(4,803)
NCl arising on acquisition of subsidiaries	-	-	-	-	-	-	-	-	670	670
At 28 February 2021	<u>117,623</u>	<u>12,571</u>	<u>12,398</u>	<u>(32,049)</u>	<u>(105,295)</u>	<u>1,298</u>	<u>216,719</u>	<u>223,265</u>	<u>51,568</u>	<u>274,833</u>

LOGICALIS GROUP LIMITED

CONSOLIDATED CASH FLOW STATEMENT

Year ended 28 February 2021

	2021	2020
Note	\$'000	^Restated \$'000
Operating activities		
Cash generated by operations	135,276	83,476
Other income received	(1,954)	4,916
Finance costs paid	(4,581)	(13,748)
Payments under Share Appreciation Rights Scheme	(1,081)	(252)
Tax paid	(21,264)	(27,140)
Net cash generated by/(utilised in) operating activities	<u>106,396</u>	<u>47,252</u>
Investing activities		
Purchases of property, plant and equipment	(17,790)	(13,298)
Capitalised development expenditure	(1,898)	(33)
Proceeds on disposal of property, plant and equipment	1,842	103
Initial payments to acquire subsidiaries (net of cash received)	(6,645)	(8,767)
Deferred consideration paid	1,832	-
Net cash (utilised in)/generated from investing activities	<u>(26,323)</u>	<u>(21,996)</u>
Financing activities		
Repayment of loans from holding company and fellow subsidiaries	(17,174)	(7,490)
Proceeds from borrowings	80,973	68,665
Repayment of borrowings	(70,256)	(75,564)
Overdrafts repayable on demand under certain conditions^	(4,661)	26,197
Dividend payment to non-controlling interest parties	(4,803)	(2,970)
Repayments of obligations under finance leases	(44,366)	(5,022)
Net cash (utilised in)/generated from financing activities	<u>(60,287)</u>	<u>3,815</u>
Net increase in cash, cash equivalents and bank overdrafts	19,786	29,072
Cash, cash equivalents and bank overdrafts at beginning of year	128,604	109,889
Effect of foreign exchange rate changes	(2,885)	10,357
Cash, cash equivalents and bank overdrafts at end of year	<u>145,505</u>	<u>128,604</u>
Disclosed in note 19 as:		
Cash and cash equivalents	154,119	143,487
Bank overdrafts unconditionally repayable on demand	(8,614)	(14,883)
	<u>145,505</u>	<u>128,604</u>

^ See note 19

LOGICALIS GROUP LIMITED

NOTE TO CONSOLIDATED CASH FLOW STATEMENT
Year ended 28 February 2021

	2021	2020
	\$'000	\$'000
Reconciliation of operating profit to cash generated by operations		
Operating profit	30,490	60,753
Adjustments for:		
Depreciation of property, plant and equipment	15,169	22,515
Depreciation of right-of-use assets	19,383	19,041
Amortisation of intangible assets	6,417	9,330
Impairment of goodwill	3,530	4,267
Gain or (Loss) on disposal of fixed assets	870	(32)
IFRS 2 share-based payments charge	143	811
Movement in provisions	9,459	(3,652)
Other non-cash	(740)	3,691
	<hr/>	<hr/>
Operating cash flows before movements in working capital	84,721	116,724
Decrease in trade and other receivables	54,595	21,156
Decrease in inventories	17,507	3,874
(Increase) in trade and other payables	(21,547)	(58,278)
	<hr/>	<hr/>
Cash generated by operations	135,276	83,476
	<hr/> <hr/>	<hr/> <hr/>

LOGICALIS GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 28 February 2021

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 international accounting standards in conformity with the requirements of the Companies Act 2006. 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. A prior year restatement of cashflows was undertaken during the year (Note 19).

The preparation of financial statements in conformity with IFRS 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.

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. 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 Logicalis includes a three-year \$155 million banking facility for its subsidiaries, completed during January 2020 and extended to four-years post year end. 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.

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.

LOGICALIS GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year ended 28 February 2021

2. ACCOUNTING POLICIES AND BASIS OF PREPARATION (CONTINUED)

Basis of consolidation

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.

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.

LOGICALIS GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year ended 28 February 2021

2. ACCOUNTING POLICIES AND BASIS OF PREPARATION (CONTINUED)

Revenue from contracts with customers

Revenue is recognised based on the completion of performance obligations and an assessment of when control is transferred to the customer. The following indicators are used by the group in determining when control has passed to the customer:

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

The group principally generates revenue from providing the following goods and services: project related revenue, sale of goods and related services, maintenance, support and outsource services, software, cloud services and related licenses.

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 recognises revenue when it transfers control over a product or services to a customer.

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.

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.

The group evaluates the following control indicators amongst others when determining whether it is acting as a principal or agent in transactions with customers and recording revenue on a gross, or net, basis:

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

Project related revenue

The group provides a service of integrating goods or services into a bundle that represent the combined output for which a customer has contracted, where the goods or services modify or are modified by other goods or services or are considered to be highly interdependent or interrelated. In these contracts the goods and services are therefore not separately identifiable and not seen as separate performance obligations. The group recognises revenue over time based on the input method, i.e. costs incurred as a percentage of total estimated costs. The group recognises contract assets and contract liabilities on these contracts depending on the billing milestones identified in these contracts.

LOGICALIS GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 28 February 2021

2. ACCOUNTING POLICIES AND BASIS OF PREPARATION (CONTINUED)

Revenue from contracts with customers (continued)

Sales of good and related services

The group sells a range of goods to its customers. The group recognises revenue when control is transferred to the customer, being when the customer accepts delivery of the goods, at a point in time. General payment terms are 30 to 90 days from invoice date. In addition, the group sells goods to customers with related services included. Depending on the nature of the contract, the group applies its judgement to conclude whether the goods and services should be treated as a single performance obligation or as two or more separate performance obligations.

Where the group sells goods and related services to customers and these goods and services are not distinct, i.e. not separately identifiable, the contracts are treated as a single performance obligation. However, where the goods and services are distinct, i.e. separately identifiable, and the customer can benefit from the goods and services either on its own or together with other resources that are readily available, then the goods and services are treated as separate performance obligations. The related services sold, when considered to be distinct, are recognised over time when the services are rendered to the customer, excluding specific services below.

The group introduces customers to third party service providers and performs billing and other administrative activities on behalf of such third parties, but does not control delivery of such services. The group recognises such third-party services on an agent basis at the point in time when the contract with the third party and end customer is signed and the invoice is issued.

The group provides software asset management services to its customers which include provision of software licences, in-house hosting and managed services. Such services are typically provided to the customers as a bundle, where the group operates as a principal responsible for delivery of such services with revenue recognised over the term of the contract with the customer on a straight-line basis.

Maintenance, support and outsource services

The group provides a range of maintenance, support and outsource services to customers. The group recognises revenue on these contracts over time on a straight-line basis as the services are rendered. The general payment terms are 30 to 90 days from invoice date. Contract assets are recognised when the services are rendered to the customers and contract liabilities are recognised when the customer pays for the services upfront over the period of the contract.

Software, cloud services and related licences, licences, including software assurance services

The group sells a range of software licenses to its customers, including cloud-based software-as-a-service. The group acts as a principal in certain contracts and as an agent in other contracts, depending on the nature and scope of the contract. Management has applied judgement in determining whether it acts as an agent or as a principal in these contracts.

Post-sale support

The group considers the value of basic post-sale support in relation to licences sold to be trivial. This conclusion was reached with reference to the fair value of such post-sale support delivered by the group and by the group's vendors on its behalf. The group doesn't separate out the basic post-sale support performance obligation from the original license sale as it is not material. The group recognises revenue from enhanced post-sale support provided by vendors on an agent basis as the group does not control delivery of such post-sale support.

Software application and development

The group sells software application and development to its customers based on requirements set by the customers in each respective contract. The group recognises the revenue on a principal basis over time using the input method, i.e. costs incurred as a percentage of the total estimated costs.

LOGICALIS GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 28 February 2021

2. ACCOUNTING POLICIES AND BASIS OF PREPARATION (CONTINUED)

Revenue from contracts with customers (continued)

Software application and development (continued)

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

Incremental costs incurred to obtain contracts

The group incurs certain costs to obtain contracts with customers. These costs include hardware, fitment, agents' commissions and other costs directly attributable to the conclusion of customer service contracts. The capitalised costs are amortised on a systematic basis over the lifetime of the contract.

Capitalisation of costs incurred to fulfil contracts

The group incurs certain costs to fulfil contracts with customers. These costs are directly attributable to the completion of a contract, generate or enhance resources of the entity that will be used in satisfying performance obligations in the future and are expected to be recovered, however the performance obligation to recognise the revenue has not yet been met. The capitalised costs are recognised in profit or loss when the group has satisfied the related performance obligation in the contract with the customer, which is usually within 12 months after the end of the reporting period.

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, 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.

LOGICALIS GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 28 February 2021

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.

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.

LOGICALIS GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 28 February 2021

2. ACCOUNTING POLICIES AND BASIS OF PREPARATION (CONTINUED)

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:

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

LOGICALIS GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 28 February 2021

2. ACCOUNTING POLICIES AND BASIS OF PREPARATION (CONTINUED)

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.

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.

LOGICALIS GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 28 February 2021

2. ACCOUNTING POLICIES AND BASIS OF PREPARATION (CONTINUED)

Financial instruments (continued)

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.

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. Appropriate allowances for estimated irrecoverable amounts are recognised in the Income Statement when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

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.

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.

LOGICALIS GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 28 February 2021

2. ACCOUNTING POLICIES AND BASIS OF PREPARATION (CONTINUED)

Leasing (continued)

Leases as a lessee (continued)

Right of use assets (continued)

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:

- Amendments to IFRS 3 Definition of a business;
- Amendments to IFRS 9, IAS 39 and IFRS 7 – Interest rate benchmark reform (Phase 1);
- Amendments to IAS 1 and IAS 8 Definition of Material; and
- Conceptual Framework Amendments to References to the Conceptual Framework in IFRS Standards.

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.

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:

- Covid-19-related Rent Concessions Amendments (Amendments to IFRS 16 – effective for annual reporting periods beginning on or after 1 April 2021)
- Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 & IFRS 16)
- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)
- Annual Improvements to IFRS 2018 – 2020 – IFRS 9 Financial Instruments; IFRS 16 Leases
- Reference to the Conceptual Framework (Amendments to IFRS 3)
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
- 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)
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)

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 2021

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 no critical judgements that have a significant effect on the amounts recognised in the financial statements (apart from those involving estimations, which are dealt with below).

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.

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. 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.

(d) 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 principle with revenue being recognised gross over time.

LOGICALIS GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 28 February 2021

4. REVENUE

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

	2021	2020
	\$'000	^ Restated
		\$'000
Sale of goods	838,279	982,445
Professional services	605,791	690,838
	<u>1,444,070</u>	<u>1,673,283</u>

As at 28 February 2021 the Group had \$996.0m (2020: 791.3m) 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 \$566.9m over the next 12 months (2020: \$511.0m) and \$429.1m over the next 13 to 60 months (2020: \$280.3m).

LOGICALIS GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 28 February 2021

5. PROFIT BEFORE TAX

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

	2021	2020
	\$'000	\$'000
Net foreign exchange (gains)/losses	(2,569)	2,274
Loss/(profit) on disposal of fixed assets	870	(32)
Depreciation of property, plant and equipment:		
- Land and building	89	154
- Short-term leasehold improvements	2,983	6,598
- Plant and machinery	103	116
- Computer equipment and software	10,438	11,793
- Motor vehicles	48	57
- Fixed and fittings	1,508	3,797
Depreciation of right of use assets		
- Land and building	14,073	15,213
- Computer equipment and software	2,937	104
- Motor vehicles	1,337	1,007
- Fixed and fittings	1,035	2,717
Amortisation of other intangible assets:		
- Business-to-business process	-	161
- Backlog acquired	379	920
- Customer relationships	4,957	7,548
- Capitalised software	1,081	702
Lease payments:		
- Short-term lease payments	2,096	3,082
- Low value assets payments	731	912
- Variable lease payments	544	190
Impairment of goodwill	3,530	4,267
Inventory recognised as an expense	653,156	771,762
Staff costs (see note 8)	367,441	390,422
Datatec management fees	7,343	7,999
Datatec internal audit fees	244	521
Auditors' remuneration:		
- For the audit of the Company's annual financial statements	600	261
- Fees payable to the Company's auditor and their associates for the audit of the Company's subsidiaries pursuant to legislation	1,746	1,861
- Consulting and advisory	533	1,352
- Tax services	779	542
- Advisory	5	6
- Acquisition related services	200	28
- Other services	86	84
- Expenses	1	7
- Less: amounts capitalised	-	(1,149)

LOGICALIS GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 28 February 2021

6. FINANCE INCOME

	2021	2020
	\$'000	\$'000
Bank interest receivable and similar income	751	11,534
Interest from Datatec entities	3	-
	<u>754</u>	<u>11,534</u>

7. FINANCE COSTS

	2021	2020
	\$'000	\$'000
Interest on bank overdrafts, loans and other borrowings	13,515	21,838
Interest on amounts owed to holding company and fellow subsidiaries	502	874
Interest on obligations under leases	2,704	3,616
	<u>16,721</u>	<u>26,328</u>

8. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2021	2020
	No.	No.
Monthly average number of people employed including directors		
Professional services and service delivery	4,097	4,098
Sales and business support	2,180	2,190
	<u>6,277</u>	<u>6,288</u>

Their aggregate remuneration comprised:

	2021	2020
	\$'000	\$'000
Wages and salaries	314,218	337,100
Termination benefits	8,206	3,964
Social security costs	35,504	37,271
Other pension costs	9,370	11,276
Share-based payments charge	143	811
	<u>367,441</u>	<u>390,422</u>

Directors' remuneration

Emoluments	1,370	1,901
Pension contributions	108	126
Share-based payments	51	22
	<u>1,529</u>	<u>2,049</u>

LOGICALIS GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 28 February 2021

8. INFORMATION REGARDING DIRECTORS AND EMPLOYEES (CONTINUED)

Highest paid director's remuneration

	2021	2020
	\$'000	\$'000
Emoluments	749	858
Pension contributions	64	73
Share-based payments	51	22
	<u>864</u>	<u>953</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 (2020: one Director). Also included in pension contributions above are contributions towards three of the Directors' personal pension schemes (2020: 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 one director (2020: no 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 \$9.4 million (2020: \$11.3 million) represents contributions payable to these schemes by the Group at rates specified in the rules of these schemes.

9. TAX

	2021	2020
	\$'000	\$'000
Current taxation		
<i>United Kingdom corporation tax:</i>		
Credit for the current year	(1,274)	(2,275)
Adjustment in respect of prior periods	633	552
<i>Foreign tax:</i>		
Charge for the current year	16,521	20,451
Adjustment in respect of prior periods	1,696	830
Total current taxation	<u>17,576</u>	<u>19,558</u>
Deferred taxation		
(Credit)/Charge for the year	(2,540)	3,764
Effect of change of taxation rate	(490)	397
Adjustment in respect of prior periods	(277)	(1,414)
Total deferred taxation (see note 15)	<u>(3,307)</u>	<u>2,747</u>
Tax charge on profit on ordinary activities	<u>14,269</u>	<u>22,305</u>

LOGICALIS GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 28 February 2021

9. TAX (CONTINUED)

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

	2021	2020
	\$'000	\$'000
Profit before tax	14,884	46,474
Tax at the UK Corporation tax rate of 19.0% (2020: 19.0 %)	2,828	8,830
<i>Factors affecting charge for the year:</i>		
Tax effect of expenses not deductible in determining taxable profit	4,642	1,233
Tax effect of different tax rates of subsidiaries operating in other jurisdictions	4,097	9,206
Change in deferred tax rate	(490)	-
Goodwill impairments	1,095	815
Other non-deductible expenses and non-deductible income	383	205
Adjustments to tax charge in respect of prior periods	2,052	(32)
Deferred tax assets not recognised	369	3,613
Tax losses utilised	(344)	(700)
Tax arising on dividend flows	(363)	(869)
Tax charge on profit on ordinary activities	14,269	22,305

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%.

	2021	2020
	\$'000	\$'000
Current tax recoverable	12,451	11,248
Current tax payable	(5,452)	(6,029)

10. GOODWILL

	2021	2020
	\$'000	\$'000
Cost		
Opening balance	217,571	214,506
Exchange movements	4,453	(7,893)
Acquisition of subsidiaries (see note 23)	5,204	10,958
Closing balance	227,228	217,571
Accumulated impairment losses		
Opening balance	48,096	46,733
Exchange movements	1,486	(2,904)
Impairment	3,530	4,267
Closing balance	53,112	48,096
Carrying amount		
At 28/29 February	174,116	169,475

LOGICALIS GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 28 February 2021

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:

	2021 \$'000	2020 \$'000
North America	103,997	102,720
Europe	30,739	33,391
Latin America	12,975	14,264
Asia Pacific	26,405	19,100
	<u>174,116</u>	<u>169,475</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 after 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.

The Group prepares cash flow forecasts derived from the most recent financial budgets approved by management for the next year and the plans for the following two years and extrapolates cash flows for the following four years based on an estimated growth rate of 2.0% (2020: 2.0%) for its North American, European and Asia Pacific operations and on an estimated growth rate of 4% (2020: 4%) for its Latin American operations. The rates do not exceed the average long-term growth rate for the relevant markets.

The post tax rate used to discount the forecast cash flows is between 12.9% and 16.1% for the Group's North American, European and Asia Pacific operations (2020: 13.0% and 16.4%) and between 14.0% and 21.3% for its Latin American operations (2020: between 17.0% 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.

As at 28 February 2021 an impairment review of Logicalis Channel Islands showed goodwill higher than the recoverable amount and goodwill amounting to \$3.5 million was impaired.

LOGICALIS GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 28 February 2021

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 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>

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 2021

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 2019	1,639	2,632	1,840	50,195	56,306
Exchange movements	3	(181)	(494)	(1,519)	(2,191)
Arising on acquisition of subsidiaries	-	33	438	2,222	2,693
At 29 February 2020	<u>1,642</u>	<u>2,484</u>	<u>1,784</u>	<u>50,898</u>	<u>56,808</u>
Accumulated amortisation					
At 1 March 2019	1,473	882	1,089	25,243	28,687
Exchange movements	9	(50)	(406)	(1,474)	(1,921)
Charge for the year	160	702	920	7,548	9,330
At 29 February 2020	<u>1,642</u>	<u>1,534</u>	<u>1,603</u>	<u>31,317</u>	<u>36,096</u>
Carrying amount					
At 29 February 2020	<u>-</u>	<u>950</u>	<u>181</u>	<u>19,581</u>	<u>20,712</u>
At 28 February 2019	<u>165</u>	<u>1,751</u>	<u>751</u>	<u>24,952</u>	<u>27,619</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 \$0.4 million (2020: \$0.9 million).

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 2021

12. PROPERTY, PLANT AND EQUIPMENT

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 classes and RoU (Note 13)	-	(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 classes and RoU (Note 13)	-	(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 2021

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 2019	2,181	31,299	4,773	97,417	572	15,213	151,455
Exchange movements	(11)	(1,894)	(181)	(5,083)	(15)	(624)	(7,808)
Additions	125	2,837	54	9,390	111	781	13,298
Acquisition of subsidiaries	640	26	-	953	691	103	2,413
Transfers between asset classes	(888)	-	-	1,642	(754)	-	-
Disposals	(58)	(451)	(15)	(5,497)	(30)	(677)	(6,728)
At 29 February 2020	1,989	31,817	4,631	98,822	575	14,796	152,630
Accumulated depreciation							
At 1 March 2019	95	17,356	4,510	75,814	432	7,761	105,968
Exchange movements	(2)	(809)	(149)	(3,652)	(10)	(352)	(4,974)
Charge for the year	154	6,598	116	11,793	57	3,797	22,515
Acquisition of subsidiaries	-	-	-	-	-	-	-
Transfers between asset classes	-	-	-	-	-	-	-
Disposals	(58)	(451)	(7)	(5,472)	(30)	(625)	(6,643)
At 29 February 2020	189	22,694	4,470	78,483	449	10,581	116,866
Carrying amount							
At 28 February 2019	2,086	13,943	263	21,603	140	7,452	45,487
At 29 February 2020	1,800	9,123	161	20,339	126	4,215	35,764

LOGICALIS GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended 28 February 2021

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 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 and PPE (Note 12)	(152)	2,378	(85)	(3)	-	2,138
Early terminations	(10,442)	(2,378)	(148)	(404)	(8)	(13,380)
At 28 February 2021	60,096	-	11,713	4,696	5,936	82,441
Accumulated depreciation						
At 1 March 2020	13,349	-	3,320	940	2,655	20,264
Exchange movements	480	-	119	132	(560)	171
Charge for the year	14,073	-	2,937	1,337	1,035	19,382
Acquisition of subsidiaries	-	-	-	-	-	-
Transfers between asset classes and PPE (Note 12)	(196)	845	(35)	(8)	269	875
Early terminations	(5,396)	(845)	(83)	(180)	(7)	(6,511)
At 28 February 2021	22,310	-	6,258	2,221	3,392	34,181
Carrying amount						
At 29 February 2020	32,763	-	4,970	2,087	3,018	42,838
At 28 February 2021	37,786	-	5,455	2,475	2,544	48,260

LOGICALIS GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 28 February 2021

13. RIGHT OF USE ASSETS (Continued)

The Group	Land and building	Short-term leasehold improvements	Computer equipment	Motor vehicles	Fixtures and fittings	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cost						
At 1 March 2019	-	-	9,598	-	-	9,598
Exchange movements	(1,709)	-	(1,204)	(14)	(507)	(3,434)
IFRS16 Recognised assets	44,944	-	263	1,565	3,496	50,268
Additions	12,359	-	593	1,572	2,684	17,208
Acquisition of subsidiaries	-	-	-	-	-	-
Transfers between asset classes	(202)	-	175	27	-	-
Early terminations	(9,280)	-	(1,135)	(123)	-	(10,538)
At 29 February 2020	46,112	-	8,290	3,027	5,673	63,102
At 1 March 2019	-	-	4,329	-	-	4,329
Exchange movements	(359)	-	(224)	(3)	(312)	(898)
Charge for the year	15,213	-	104	1,007	2,717	19,041
Acquisition of subsidiaries	-	-	-	-	-	-
Transfers between asset classes	-	-	(250)	-	250	-
Early terminations	(1,505)	-	(639)	(64)	-	(2,208)
At 29 February 2020	13,349	-	3,320	940	2,655	20,264
Carrying amount						
At 28 February 2019	-	-	5,269	-	-	5,269
At 29 February 2020	32,763	-	4,970	2,087	3,018	42,838

LOGICALIS GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended 28 February 2021

14. INVESTMENTS

The investments comprise an interest in associates that are equity-accounted.

	Country	Nature of business	Ownership %		Carrying Value S'000	
			2021	2020	2021	2020
Equity- accounted						
Esources Resources, LLC	USA	ICT Solutions	45.0	45.0	757	552
Cirrus Participações S.A.	Brazil	ICT Solutions	30.0	00.0	1,359	-
					<u>2,116</u>	<u>552</u>

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

	2021 S'000	2020 S'000
Opening balance at 1 March	28,628	35,425
Arising on acquisition of subsidiaries	-	-
Credit to the Income Statement	4,615	(4,154)
Other movements	(1,483)	(2,643)
Closing balance at 28/29 February	<u>31,760</u>	<u>28,628</u>

Analysis of deferred tax assets

	2021 S'000	2020 S'000
Accelerated capital allowances	3,820	3,311
Accruals and similar items	19,041	17,353
Tax losses	7,419	7,652
Goodwill and intangibles	-	51
Other temporary differences	1,480	261
	<u>31,760</u>	<u>28,628</u>

LOGICALIS GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 28 February 2021

15. DEFERRED TAXATION (CONTINUED)

Deferred tax liabilities

	2021	2020
	\$'000	\$'000
Opening balance at 1 March	23,007	24,799
Arising on acquisition of subsidiaries	646	599
Charge to the Income Statement	1,308	(1,406)
Other movements	(1,227)	(985)
	<u>23,734</u>	<u>23,007</u>

Analysis of deferred tax liabilities

	2021	2020
	\$'000	\$'000
Accelerated capital allowances	1,677	1,825
Goodwill and intangibles	19,876	20,748
Other temporary differences	2,181	434
	<u>23,734</u>	<u>23,007</u>

16. INVENTORIES

	2021	2020
	\$'000	\$'000
Work in progress	19,163	23,547
Finished goods and goods for resale	39,056	54,993
	<u>58,219</u>	<u>78,540</u>

17. FINANCIAL ASSETS

Trade and other receivables

	2021	2020
	\$'000	\$'000
Trade receivables	346,770	409,265
Expected credit losses	(4,133)	(7,017)
	<u>342,637</u>	<u>402,248</u>
Prepayments	175,700	199,770
Accrued income	145,568	97,960
Amounts owed by holding company and fellow subsidiaries	56	131
Derivative financial instruments (see note 20)	4,379	4,595
	<u>668,340</u>	<u>686,704</u>

LOGICALIS GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 28 February 2021

17. FINANCIAL ASSETS (CONTINUED)

Trade receivables disclosed above are classified as loans and receivables and are therefore measured at amortised cost.

The number of days sales outstanding (DSO) at the year-end was 47 days (2020: 49 days) and the average number of days sales outstanding during the year was 52 days (2020: 60 days). No interest is charged on the receivables.

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 (2020: two) individual debtor balance of over 5% of the amount receivable. This debtor balance represented 16% (\$56.4 million) of the amount receivable. The Directors have reviewed these balances because of their significant size and have assessed the debt as recoverable.

Included in the Group's trade receivables balance are debtors with a carrying amount of \$54.7 million (2020: \$78.1 million) which are past due at the reporting date for which the Group has not provided against as there has not been a significant change in credit quality and the Group believes that the amounts are still considered recoverable. The Group holds \$nil (2020: \$nil) collateral over these balances.

Ageing of past due but not impaired receivables:

	2021	2020
	\$'000	\$'000
0-30 days past due	31,212	41,854
30-60 days past due	11,417	13,793
60-90 days past due	5,168	6,451
90 days and greater past due	7,155	15,977
	<u>54,952</u>	<u>78,075</u>

Movement in the expected credit loss allowance:

	2021	2020
	\$'000	\$'000
Balance at the beginning of the year	7,017	5,673
Impairment losses recognised	4,234	5,267
Reversal of impairment losses recognised	(3,724)	(3,341)
Amounts written off as uncollectible	(3,469)	(281)
Exchange movements	75	(301)
	<u>4,133</u>	<u>7,017</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.

LOGICALIS GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 28 February 2021

17. FINANCIAL ASSETS (CONTINUED)

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

	2021	2020
	\$'000	\$'000
Derivative financial instruments fair value asset (see note 20)	- 4,379	4,595

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.

18. FINANCIAL LIABILITIES

Current liabilities

Trade and other payables

	2021	2020
	\$'000	\$'000
Trade payables	276,101	255,449
Deferred income	105,928	100,511
Accruals and other creditors	135,992	140,267
Derivative financial instruments (see note 20)	53	381
Amounts owed to holding company and fellow subsidiaries	15,108	17,959
Contingent consideration on acquisition of subsidiaries	2,580	2,219
	<u>535,762</u>	<u>516,786</u>

The number of days credit taken (DPO) at year end for trade purchases for the Group was 82 days (2020: 69 days).

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

Amounts due to holding company and fellow subsidiaries are unsecured and bear interest at either US\$ One Month LIBOR plus 1.5% or US\$ One Month LIBOR plus 2.0% depending on the loan.

LOGICALIS GROUP LIMITED

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Year ended 28 February 2021

18. FINANCIAL LIABILITIES (CONTINUED)

Non-current liabilities

	2021	2020
	\$'000	\$'000
Amounts owed to holding company and fellow subsidiaries	13,526	13,467
Contingent consideration on acquisition of subsidiaries	-	1,975
	<u>13,526</u>	<u>15,442</u>

Amounts due to holding company and fellow subsidiaries are unsecured and bear interest at either US\$ One Month LIBOR plus 1.5% or US\$ One Month LIBOR plus 2.0% depending on the loan. The contingent considerations above represent the maximum payable under acquisition agreements.

Borrowings

Current Liabilities

	2021	2020
	\$'000	\$'000
Deferred income	105,928	100,511
Other short-term borrowings	26,442	50,751
	<u>132,370</u>	<u>151,262</u>

Non-Current Liabilities

	2021	2020
	\$'000	\$'000
Long-term borrowings	41,899	5,407
Long-term bank borrowings (Note 19)	-	40,137
	<u>41,899</u>	<u>45,544</u>

LOGICALIS GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 28 February 2021

18. FINANCIAL LIABILITIES (CONTINUED)

Borrowings (continued)

Counterparty	Currency	Interest rate	Final repayment date	Repayment terms	Principal amount (Loan currency)	Principal amount USD'000	Total capital amount outstanding USD'000	
Secured								
Banco ITAU Unibanco	USD	8.00%	August 2023	Biannual instalments	7,333	7,333	7,621	
Commerzbank	EUR	10.91%	June 2025	Monthly instalments	12,747	15,389	5,543	
	EUR	2.03%	June 2026	Monthly instalments	5,340	6,447	2,943	
	EUR	5.28%	January 2023	Monthly instalments	4,738	5,720	2,373	
	EUR	0.63%	December 2023	Monthly instalments	8,086	9,761	2,277	
	EUR	1.00%	June 2026	Monthly instalments	7,378	8,907	2,569	
	EUR	1.64%	October 2024	Monthly instalments	2,298	2,774	1,484	
	EUR	1.87%	June 2026	Monthly instalments	4,327	5,224	2,683	
Other	EUR	0.63% - 4.16%	Between August 2021 and June 2026	Monthly instalments	14,018	16,923	4,686	
Unsecured:								
Cisco Systems Capital Corporation	USD	1.80%	May 2025	Monthly instalments	14,913	14,913	13,544	
	USD	1.82%	September 2023	Monthly instalments	5,108	5,108	4,713	
	USD	1.82%	November 2024*	Quarterly instalments	3,946	3,946	2,996	
	USD	-	April 2022	Quarterly instalments	1,589	1,589	993	
	AUD	0.00%	March 2023	Annual instalments	1,616	1,247	875	
	HKD	3.40%	July 2022	Annual instalments	3,171	409	272	
Deutsch leasing	EUR	2.00%	July 2025	Monthly instalments	2,949	3,560	2,335	
IBM Financed Invoices	EUR	1.40%	March 2021*	Biannual instalments	4,170	5,034	853	
Prestamo Reactiva Perú	PEN	1.14%	May 2023	Monthly instalments	2,231	611	560	
Finep	BRL	5.00%	December 2025	Monthly instalments	3,487	623	457	
Other	Various	Interest free to 11.80%	Between April 2021 and June 2026*	Monthly, quarterly, biannual and annual instalments	Various	3,596	2,335	
							Total	62,112
							Current portion of long-term liabilities	(20,213)
							Long-term borrowings	41,899

LOGICALIS GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 28 February 2021

18. FINANCIAL LIABILITIES (CONTINUED)

Borrowings (continued)

Bank overdrafts and loans due within one year

	2021	2020
	\$'000	*Restated \$'000
Bank overdrafts unconditionally repayable on demand (Note 19)	8,614	14,883

One of Logicalis' subsidiaries has entered into various forfaiting arrangements with Banco Santander, between \$0.01 million and \$0.4 million each, bearing interest at 3.20%. These liabilities are repayable between March and August 2021. At 28 February 2021, \$11.7 million (FY20: \$6.8 million) was outstanding.

One of Logicalis' subsidiaries has a factoring arrangement with Banco Santander, payable in July 2021 and bearing interest at 3.66%. At 28 February 2021, \$0.5 million (FY20: \$10.8 million) was outstanding.

Some of Logicalis' subsidiaries has entered into various loans with Cisco Systems Capital Corporation, between \$0.3 million and \$1.9 million each, bearing interest at between 0.00% and 1.10%. These loans are repayable at various dates between March 2021 and November 2021. At 28 February 2021, \$3.0 million (FY20: \$19.8 million) was outstanding.

One of Logicalis' subsidiaries has entered into various forfaiting arrangements with Banco Votorantim, between \$0.1 million and \$0.4 million each, bearing interest at 3.2%. These liabilities are repayable in May 2021. At 28 February 2021, \$1.3 million (FY20: \$2.8 million) was outstanding.

One of Logicalis' subsidiaries has entered into loan with De Lage Landen of \$0.1 million bearing interest at 3.75%. This liability is repayable in February 2022. At 28 February 2021, \$0.1 million was outstanding.

Logicalis has a \$45.0 million committed facility to fund future acquisitions as part of the Barclays Syndicated facility. This facility matures in January 2023 after a three year term, thereafter there is the option to extend this facility for a year. The applicable interest rate is London Interbank Offered Rate ("LIBOR") 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. \$8 million was drawn under this facility at 28 February 2021 (FY20: \$nil). The net availability of this facility is \$37.0 million (FY20: \$45.0 million).

One of Logicalis' subsidiaries entered into a funding arrangement with Factoring Security S.A., between \$0.02 million and \$0.6 million each, bearing interest at 3.54%. These loans are repayable between March 2021 and April 2021. At 28 February 2021, \$1.5 million (FY20: \$0.2 million) was outstanding. The liability is secured by invoices to the value of \$1.5 million (FY20: \$0.2 million).

One of Logicalis' subsidiaries entered into a funding arrangement with Tanner Servicios Financieros, S.A., of \$0.2 million, bearing bearing interest at 3.12%. This loan is repayable in April 2021. At 28 February 2021, \$0.2 million (FY20: \$1.9 million) was outstanding. The liability is secured by invoices to the value of \$0.2 million (FY20: \$1.9 million).

One of Logicalis' subsidiaries entered into various funding arrangements with Banco Scotiabank, between \$0.001 million and \$0.04 million each, bearing interest at 1.92%. These loans are repayable at various dates between March 2021 and April 2021. At 28 February 2021, \$0.1 million was outstanding. The liability is secured by invoices to the value of \$0.1 million.

LOGICALIS GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 28 February 2021

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 2021 have been disclosed above. There are further facilities available, which together with the drawn facilities above, amounts to total facilities of \$192.8 million (\$192.8 million of overdrafts at year-end). No restrictions apply to the facilities. The net availability of all facilities, excluding unlinked overdrafts is \$89.8 million. The net availability does not include any cash sources in Logicalis.

Derivative financial instruments

	2021 \$'000	2020 \$'000
Derivative financial instruments fair value liability (see note 20)	53	381

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:

	Chilean Peso \$'000	Brazilian Real \$'000	Euros \$'000	Australian Dollar \$'000	US Dollars \$'000	Other \$'000	Total \$'000
28 February 2021							
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>

LOGICALIS GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 28 February 2021

18. FINANCIAL LIABILITIES (CONTINUED)

29 February 2020	Chilean Peso \$'000	Brazilian Real \$'000	Euros \$'000	Colombian Peso \$'000	US Dollars \$'000	Other \$'000	Total \$'000
Bank overdrafts and loans	3,113	12,003	129	1,201	112,083	3,574	132,103
Amounts owed to holding company and fellow subsidiaries	-	-	-	-	13,298	-	13,298
Obligations under finance leases (see note 21)	5,360	4,037	38,123	625	20,961	18,527	87,633
	<u>8,473</u>	<u>16,040</u>	<u>38,252</u>	<u>1,826</u>	<u>146,342</u>	<u>22,101</u>	<u>233,034</u>

19. CASH AND CASH EQUIVALENTS

	2021 \$'000	2020 ^Restated \$'000
Cash and cash equivalents	154,119	143,487
Bank overdrafts unconditionally repayable on demand (note 18)	(8,614)	(14,883)
	<u>145,505</u>	<u>128,604</u>
Cash and cash equivalents (per the statement of cash flows)	(116,623)	(116,669)
Bank overdrafts repayable on demand under certain conditions	<u>28,882</u>	<u>11,935</u>
Net Cash Resources	<u>28,882</u>	<u>11,935</u>
	<u>(8,614)</u>	<u>(14,883)</u>
Bank overdrafts unconditionally repayable on demand	(116,623)	(116,669)
Bank overdrafts repayable on demand under certain conditions	<u>(125,237)</u>	<u>(131,552)</u>
Total bank overdrafts	<u>(125,237)</u>	<u>(131,552)</u>

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

LOGICALIS GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 28 February 2021

19. CASH AND CASH EQUIVALENTS (CONTINUED)

2020 \$'000	Before Restatement	Restatement	After Restatement
Net cash inflow from operating activities	39,162	8,090	47,252
Net cash outflow from investing activities	(21,996)	-	(21,996)
Net cash outflow from financing activities	(22,381)	26,196	3,815
Overdrafts repayable on demand under certain conditions	-	(116,668)	(116,668)
	<hr/>	<hr/>	<hr/>
Net increase/(decrease) in cash and cash equivalents	(5,215)	(82,382)	(87,597)
Cash and cash equivalents at the beginning of the year	15,645	94,244	109,889
Translation differences on cash and cash equivalents	1,504	(11,861)	(10,357)
	<hr/>	<hr/>	<hr/>
Cash and cash equivalents at the end of the year	11,935	-	11,935

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.

LOGICALIS GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 28 February 2021

20. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives (Continued)

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 21, 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 2021 and 29 February 2020 and is therefore ungeared.

Categories of financial instruments

	2021 \$'000	2020 \$'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	572,247	625,674
Derivative financial instruments at fair value – FEC contracts	3,278	2,854
Derivative financial instruments at fair value – Interest rate swap	1,101	1,741
	<u>576,626</u>	<u>630,269</u>
Financial liabilities		
Liabilities at amortised cost	(728,340)	(730,501)
Derivative financial instruments at fair value – FEC contracts	(53)	(381)
	<u>(728,393)</u>	<u>(730,842)</u>

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.

LOGICALIS GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 28 February 2021

20. FINANCIAL INSTRUMENTS (CONTINUED)

Categories of financial instruments (Continued)

Changes of liabilities arising from financing activities (Continued)

	Opening balance Mar 2020 \$'000	Financing cash inflows \$'000	Financing cash outflows \$'000	Acquisitio n of subsidiary \$'000	Foreign exchange movement \$'000	Other changes \$'000	Closing balance Feb 2021 \$'000
Liabilities							
Unsecured loans	29,507	63,470	(27,192)	-	(7,790)	4,113	62,108
Finance leases	87,632	-	(47,070)	42	6,617	13,897	61,118
Short-term borrowings	50,750	17,503	(43,064)	-	(3,316)	4,569	26,442
Deferred consideration	4,183	-	(1,832)	-	228	-	2,579
Bank overdrafts repayable on demand under certain conditions	116,669	-	(4,679)	-	(4,300)	8,933	116,623
	<u>288,741</u>	<u>80,973</u>	<u>(123,837)</u>	<u>42</u>	<u>(8,561)</u>	<u>31,512</u>	<u>268,870</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 2021

20. FINANCIAL INSTRUMENTS (CONTINUED)

Credit risk management (continued)

	North America \$'000	Europe \$'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	62	-	180
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>201,137</u>	<u>75,594</u>	<u>576,627</u>
Maximum on balance sheet exposure	<u>108,625</u>	<u>191,271</u>	<u>201,137</u>	<u>75,594</u>	<u>576,627</u>

	North America \$'000	Europe \$'000	Latin America \$'000	Asia Pacific \$'000	Total \$'000
29 February 2020					
Trade receivables	79,825	97,673	182,002	49,765	409,265
Expected credit loss allowance	(59)	(4,272)	(833)	(1,853)	(7,017)
Other receivables	10,007	5,486	27,144	1,322	43,959
Amounts owed by holding company and fellow subsidiaries	51	166	71	-	288
Finance Lease Receivable	0	33,601	1,681	410	35,692
Cash and cash equivalents	28,803	50,300	43,819	20,565	143,487
Derivative financial instruments at fair value	-	88	4,507	-	4,595
	<u>118,627</u>	<u>183,042</u>	<u>258,391</u>	<u>70,209</u>	<u>630,269</u>
Maximum on balance sheet exposure	<u>118,627</u>	<u>183,042</u>	<u>258,391</u>	<u>70,209</u>	<u>630,269</u>

In relation to these financial assets, there are no financial guarantees and therefore maximum off-balance-sheet exposure is nil (2020: 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 2021

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 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 17 are details of additional undrawn facilities that the Group has at its disposal to further reduce liquidity risk.

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 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
Contingent consideration on acquisition of subsidiaries	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>

LOGICALIS GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 28 February 2021

20. FINANCIAL INSTRUMENTS (CONTINUED)

Liquidity risk management (Continued)

29 February 2020	Maturity period				Total \$'000
	0-1 year \$'000	1-2 years \$'000	2-5 years \$'000	>5 years \$'000	
Trade payables	255,450	-	-	-	255,450
Other payables	139,999	-	-	-	139,999
Amounts owed to holding company and fellow subsidiaries	17,959	-	13,467	-	31,426
Contingent consideration on acquisition of subsidiaries	2,208	1,976	-	-	4,184
Obligations under finance leases	25,684	22,473	32,684	6,792	87,633
Bank loans and overdraft	131,553	-	-	-	131,553
Other borrowings	74,851	2,194	3,123	90	80,258
Derivative financial instruments at fair value	381	-	-	-	381
	<u>648,085</u>	<u>26,643</u>	<u>49,274</u>	<u>6,882</u>	<u>730,884</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 2021

20. FINANCIAL INSTRUMENTS (CONTINUED)

Foreign exchange risk management (continued)

28 February 2021	Financial assets \$'000	Financial liabilities \$'000
Argentinean Peso	8,552	233
Australian Dollar	11,627	22,169
Brazilian Real	132,604	58,138
Chilean Pesos	9,817	9,894
Indonesian Rupiah	37,366	20,485
Euro	190,005	111,493
Pound Sterling	26,718	30,527
Mexican Peso	3,462	3,805
Taiwanese Dollar	8,311	8,574
Singapore Dollar	24,269	17,424
Chinese Yuan	7,856	6,357
Other	6,414	7,515
	<u>467,001</u>	<u>296,614</u>

29 February 2020	Financial assets \$'000	Financial liabilities \$'000
Argentinean Peso	2,641	920
Australian Dollar	18,960	29,384
Brazilian Real	134,537	90,869
Chilean Pesos	11,046	16,002
Indonesian Rupiah	28,942	16,540
Euro	152,567	109,746
Pound Sterling	32,144	28,033
Mexican Peso	2,403	3,652
Taiwanese Dollar	5,852	6,150
Singapore Dollar	23,146	-
Chinese Yuan	5,655	4,680
Other	9,414	16,513
	<u>427,307</u>	<u>322,489</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

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Year ended 28 February 2021

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		Colombian Peso		Euro	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Loss before tax	(11,211)	(1,734)	(1,398)	(1,363)	(1,314)	(439)
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 sale of of \$46,745,129 (2020: \$43,386,559 purchase) against the sale of BRL 251,890,412 (2020: BRL 183,519,466). At the balance sheet date the net fair value of these contracts was a loss of \$3,155,863 (2020: \$2,561,528 asset). Losses of \$5,567,015 (2020: \$1,368,416 gain) have been transferred to the Consolidated Income Statement in respect of contracts that matured during the period.

At the year end Group had open forward exchange contracts outstanding for the purchase of GBP 454,770 (2020: GBP 1,364,310) against the sale of ZAR 8,640,564 (2020: ZAR 25,921,691). At the balance sheet date the net fair value of these contracts was a liability of \$61,765 (2020: \$86,653). Losses of \$106,800 (2020: \$35,363) have been transferred to the Consolidated Income Statement in respect of contracts that matured during the period.

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 an asset of \$1,100,543 (2020: \$1,741,095 asset). Losses of \$1,396,365 (2020: Gain of \$1,787,945) have been transferred to the Consolidated Income Statement in respect of agreements that matured during the period.

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 2021

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 2021 would have decreased by a net amount of \$194,355 (2020: \$308,926 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 29 February 2020 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.

	Notes	Carrying amount 2021 \$'000	Estimated fair value 2021 \$'000	Carrying amount 2020 \$'000	Estimated fair value 2020 \$'000
Financial assets					
Loans and receivables:					
Trade receivables	17	342,637	342,637	402,248	402,248
Other receivables		75,313	75,313	79,651	79,651
Amounts owed by holding company and fellow subsidiaries	17	180	180	288	288
Cash and cash equivalents	19	154,119	154,119	143,487	143,487
Fair value through profit and loss (FVTPL):					
Derivative financial instruments	17	4,379	4,379	4,595	4,595
		<u>576,628</u>	<u>576,628</u>	<u>630,269</u>	<u>630,269</u>
Financial liabilities					
Amortised cost:					
Trade payables	18	276,101	276,101	255,450	255,450
Other payables	18	146,123	146,123	139,959	139,959
Amounts owed to holding company and fellow subsidiaries	18	28,634	28,634	31,426	31,426
Obligations under finance leases	18	61,118	61,118	87,632	87,632
Contingent consideration on acquisition of subsidiaries	18	2,580	2,580	4,184	4,184
Bank overdrafts and loans	18	125,237	125,237	131,553	131,553
Other borrowings		88,550	88,550	80,257	80,257
Fair value through profit and loss (FVTPL):					
Derivative financial instruments	18	53	53	381	381
		<u>728,396</u>	<u>728,396</u>	<u>730,842</u>	<u>730,842</u>

LOGICALIS GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 28 February 2021

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.

Cash equivalents are classified as 'floating rate' in accordance with IAS 32 as the interest rate fluctuates on a daily basis. Interest on floating rate assets is based on the relevant national inter-bank rates.

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 instruments held at FVTPL that are measured subsequent to initial recognition at fair value are grouped into levels 1 to 3 based on the degree to which the fair value is observable.

The derivative financial instruments disclosed above are grouped into level 2. Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

All financial instruments held at FVTPL are Level 2 (2020: all Level 2). There were no transfers between any levels during the year.

21. OBLIGATIONS UNDER LEASES

	2021 \$'000	2020 \$'000
Amounts payable under leases:		
Within one year	24,468	30,364
In the second to fifth years inclusive	38,210	61,260
After five years	2,805	6,352
	<hr/>	<hr/>
	65,483	97,976
Less: future finance charges	(4,366)	(10,344)
	<hr/>	<hr/>
Total lease obligations	61,117	87,632

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.

LOGICALIS GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 28 February 2021

22. PROVISIONS

2021 \$'000	Property Provision	Restructuring	Legal Claims	Pension Obligations	Onerous Contracts	Other	Total
Opening balance	1,481	752	902	5,717	2,712	1,688	13,252
Utilisation of provision	(188)	(4,095)	(830)	(4)	(1,651)	(493)	(7,261)
Credited to Income Statement	(9)	(729)	(11)	(202)	-	(543)	(1,494)
Additions during the year	184	9,225	954	360	149	81	10,953
Exchange movements	223	174	7	233	451	(281)	807
	<u>1,691</u>	<u>5,327</u>	<u>1,022</u>	<u>6,104</u>	<u>1,661</u>	<u>452</u>	<u>16,257</u>
Current	15	5,327	859	1,870	1,084	87	9,242
Non-current	<u>1,676</u>	<u>-</u>	<u>163</u>	<u>4,234</u>	<u>577</u>	<u>365</u>	<u>7,015</u>
	<u>1,691</u>	<u>5,327</u>	<u>1,022</u>	<u>6,104</u>	<u>1,661</u>	<u>452</u>	<u>16,257</u>

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, for which a full defined benefit pension disclosure has not been disclosed due to its immaterial value.

Dilapidations and asset retirement obligations relate to provisions where the Group is expected to restore certain leased property and assets to its original condition.

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.

23. SHARE CAPITAL

Authorised

120,000,000 (2020: 120,000,000) ordinary shares of £1 each.

	2021 No.	2021 \$'000	2020 No.	2020 \$'000
Allotted, called up and fully paid ordinary shares of £1 each				
At 1 March and 28/29 February	<u>79,085,888</u>	<u>117,623</u>	<u>79,085,888</u>	<u>117,623</u>

24. DIVIDENDS

Dividends payment of \$4.8 million were paid to non-controlling interest shareholders during the current year (2020: \$2.9m)

LOGICALIS GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 28 February 2021

25. ACQUISITION OF SUBSIDIARIES AND TRADE AND ASSETS

The Group made two acquisition during the year for a total consideration of \$9.4 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 iZeno Group

Effective 4 November 2020, Logicalis Asia acquired 65% of iZeno Private Limited (“iZeno”) for \$8.2 million. A specialist in digital transformation solutions based in Singapore, iZeno has a team of 85 skilled employees who have delivered, implemented and optimised enterprise solutions to more than 300 clients. iZeno has skills in application modernisation, customer experience and hybrid cloud. These will strongly enhance the scope of services offered by Logicalis and will accelerate the Group’s vision to be the preferred digital transformation enabler for its customers in Asia. Acquisition-related costs of \$0.2 million have been incurred.

	Carrying value pre- acquisition \$'000	Fair value adjust- ments \$'000	Final fair value \$'000
Property, plant and equipment	76	-	76
Identifiable other intangible assets	-	3,802	3,802
Right of use assets	67	-	67
Other non-current assts	439	-	439
Trade and other receivables	1,814	-	1,814
Cash and cash equivalents	2,838	-	2,838
Bank overdraft	(208)	-	(208)
Other non-current liabilities	(762)	-	(762)
Trade and other payables	(2,426)	-	(2,426)
Deferred taxation liability	-	(646)	(646)
Accrued expenses and other liabilities	(357)	-	(357)
Net assets	<u>1,481</u>	<u>3,156</u>	4,637
Goodwill generated			5,204
Minority interest			(1,623)
Cost of investment			<u>8,218</u>
Satisfied by:			
Cash consideration			8,218
Deferred consideration			-
Total consideration			<u>8,218</u>
Net cash outflow arising on acquisition:			
Cash consideration			8,218
Less: Cash acquired			(2,838)
			<u>5,380</u>

The acquisition of iZeno Group contributed \$4.3 million to revenue and \$0.9m 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 2021

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

(b) Participações S.A. (“Kumulus”)

Effective 31 July 2020, PromonLogicalis Latin America Limited (“PLLAL”), a 65%-owned subsidiary of the Group, acquired 30% of the shares in Cirrus Participações S.A. (“Kumulus”) for BRL6 million in cash (the equivalent of \$1.2 million). Kumulus is based in Brazil with 80 employees specialising in Microsoft cloud and data managed services. There is a put and call option for PLLAL to acquire an additional interest of 20.1% in Kumulus for BRL6 million which was exercised post FY21 year-end.

(c) NubeliU Limited (“NubeliU Group”)

On 30th of September 2020, Promon-Logicalis Latin America Limited acquired the remaining 49% shares of NubeliU Group for a consideration of \$639,098. Following the acquisition, the Group holds 100% stake of the company.

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:

	2021		2020	
	SARs	Weighted average grant price \$	SARs	Weighted average grant price \$
Outstanding at beginning of year	2,496,724	4.442	2,962,542	4.359
Granted during the year	478,540	4.490	476,090	4.920
Lapsed/Forfeited during the year	(97,962)	4.536	(78,500)	4.040
Exercised during the year	(698,967)	3.700	(863,408)	4.457
Outstanding at end of year	<u>2,178,335</u>	<u>4.687</u>	<u>2,496,724</u>	<u>4.442</u>
Exercisable at end of year	<u>826,138</u>	<u>4.597</u>	<u>553,075</u>	<u>5.050</u>

LOGICALIS GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 28 February 2021

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 sixteenth annual grant of SARs under the SAR Scheme was made with an effective grant date of 1 July 2020. The aggregate of the estimated fair value of the SARs granted on that date which are still outstanding at 28 February 2021 is \$nil. In the year to 29 February 2020, SARs were granted with an effective grant date of 1 July 2019. The aggregate of the estimated fair value of the SARs granted on that date which were still outstanding at 29 February 2020 was \$nil. During the year, all options from the thirteenth annual grant vested as they met performance conditions (2020: All options lapsed).

The SARs outstanding at 28 February 2021 had a range of grant prices from \$3.70 to \$5.05 (2020: \$3.70 to \$5.05) and a weighted average remaining contractual life of 43 months (2020: 48 months).

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

	2021	2020
Weighted average grant price at valuation date	4.687	4.442
Weighted average exercise price at valuation date	3.700	5.050
Expected volatility	39%	35%
Expected life	6.34 years	6.34 years
Risk free rate	0.46%	1.06%
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 2021.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 28 February 2021

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:

	2021		2020	
	LGL CSPs	Weighted average grant price \$	LGL CSPs	Weighted average grant price \$
Outstanding at beginning of period	1,221,424	4.697	618,665	4.480
Granted during the period	628,719	4.490	602,759	4.920
Exercised during the period	-	-	-	-
Lapsed during the period	(67,081)	4.891	-	-
Outstanding at end of period	<u>1,783,062</u>	<u>4.741</u>	<u>1,221,424</u>	<u>4.697</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 LGL CSP Scheme.

During the year, the third annual grant of LGL CSPs under the LGL CSP Scheme was made 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. In the year to 29 February 2020, CSPs were granted with an effective grant date of 1 July 2019. The aggregate of the estimated fair value of the options granted on that date which are still outstanding at 29 February 2020 is \$nil.

The LGL CSPs outstanding at 28 February 2021 had a weighted average remaining contractual life of 52 months (2019: 70 months).

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

	2021	2020
Weighted average grant price at valuation date	4.742	4.442
Weighted average exercise price at valuation date	-	-
Expected volatility	43%	35%
Expected life	5.34 years	6.34 years
Risk free rate	0.46%	1.06%
Expected dividends	<u>0.0%</u>	<u>0.0%</u>

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 2021.

The Group recognised a total credit of \$536,899 in relation to the SAR and CSP Schemes in the financial year (2020: \$637,911 debit). The total liability at 28 February 2021 was \$2,655,428 (2020: \$3,192,327).

LOGICALIS GROUP LIMITED

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Year ended 28 February 2021

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:

	2021		2020	
	Options	Weighted average grant price \$	Options	Weighted average grant price \$
Outstanding at beginning of year	837,677	6.901	827,282	6.145
Granted during the year	114,362	7.410	184,193	8.870
Exercised during the year	(344,796)	5.810	(173,917)	5.391
Lapsed/Forfeited during the period	(41,605)	8.169	-	-
Outstanding at end of year	<u>565,519</u>	<u>7.575</u>	<u>837,558</u>	<u>6.901</u>
Exercisable at end of year	<u>136,249</u>	<u>5.724</u>	<u>145,767</u>	<u>5.223</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 twelfth annual grant of PLLAL SARs under the PLLAL SAR Schemes was made 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. In the year to 29 February 2020, PLLAL SARs were granted with an effective grant date of 1 July 2019. The aggregate of the estimated fair value of the PLLAL SARs granted on that date which were still outstanding at 29 February 2021 was \$nil.

The PLLAL SARs outstanding at 28 February 2021 had a range of grant prices from \$5.08 to \$8.87 (2020: \$5.08 to \$8.87) and a weighted average remaining contractual life of 55 months (2020: 57 months).

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

	2021	2020
Weighted average grant price at valuation date	7.575	6.901
Weighted average exercise price at valuation date	5.724	5.223
Expected volatility	39%	35%
Expected life	6.34 years	6.34 years
Risk free rate	0.46%	1.06%
Expected dividends	1.66%	2.0%

LOGICALIS GROUP LIMITED

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Year ended 28 February 2021

26. SHARE-BASED PAYMENTS (CONTINUED)

Cash-settled share-based payment plan (continued)

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 29 February 2020.

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:

	2021		2020	
	PLLAL CSPs	Weighted average grant price \$	PLLAL CSPs	Weighted average grant price \$
Outstanding at beginning of period	233,106	8.509	118,656	8.160
Granted during the period	101,169	7.410	114,450	8.870
Exercised during the period	-	-	-	-
Lapsed during the period	(9,214)	8.160	-	-
Outstanding at end of period	<u>325,061</u>	<u>8.177</u>	<u>233,106</u>	<u>8.509</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.

During the year, the third annual grant of PLLAL CSPs under the PLLAL CSP Scheme was made 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. In the year to 29 February 2020, CSPs were granted with an effective grant date of 1 July 2019. The aggregate of the estimated fair value of the options granted on that date which are still outstanding at 29 February 2020 is \$nil.

The PLLAL CSPs outstanding at 28 February 2021 had a weighted average remaining contractual life of 52 months (2020: 70 months).

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

LOGICALIS GROUP LIMITED

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Year ended 28 February 2021

26. SHARE-BASED PAYMENTS (CONTINUED)

Cash-settled share-based payment plan (continued)

	2021	2020
Weighted average grant price at valuation date	8.509	8.509
Weighted average exercise price at valuation date	-	-
Expected volatility	42%	35%
Expected life	5.34 years	5.34 years
Risk free rate	0.46%	1.06%
Expected dividends	0.94%	2.0%

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 2021.

The Group recognised a total credit of \$432,906 in relation to the PLLAL SAR and CSP Schemes in the financial year (2020: \$806,384 credit). The total liability at 28 February 2021 was \$1,299,318 (2020: \$1,732,224).

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

	2021	2020
	\$'000	\$'000
Westcon Group	337	357
Logicalis South Africa	13	2
Analysys Mason Limited	-	1
Datatec Financial Services Holdings Limited	5	526
Datatec Limited	20	4
	<u>375</u>	<u>890</u>

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

LOGICALIS GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 28 February 2021

27. RELATED PARTY TRANSACTIONS (CONTINUED)

Purchases of goods and services from fellow group undertakings

	2021	2020
	\$'000	\$'000
Westcon Group	39,771	30,373
Logicalis South Africa	2,129	2,641
Datatec Limited Group	307	24
	<u>42,207</u>	<u>33,038</u>

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

Other transactions with fellow group undertakings

	2021	2020
	\$'000	\$'000
Datatec Plc – Internal audit fee	244	521
Datatec Plc – management fees	7,343	7,999
Datatec Limited – finance costs	283	572
Datatec Plc – finance costs	216	302
	<u>8,086</u>	<u>16,394</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.

	2021	2020
	\$'000	\$'000
Promon Engenharia LTDA.	228	49
Mitra Integrasi Informatika	171	-
Esource Resources LLC	58,234	-
	<u>58,633</u>	<u>49</u>

Purchases of goods and services from other related parties

	2021	2020
	\$'000	\$'000
PT. Metrodata Electronics Tbk	16	64
Mitra Integrasi Informatika	44	-
Synnex Metrodata Indonesia	1,748	-
	<u>1,808</u>	<u>64</u>

LOGICALIS GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 28 February 2021

27. RELATED PARTY TRANSACTIONS (CONTINUED)

Other transactions with Promon S.A.

	2021	2020
	\$'000	\$'000
Promon S.A. – pension fund expenses	2,240	1,696
Promon S.A. – other operating expenses	-	5
	<u>2,240</u>	<u>1,701</u>

Promon S.A. is a related party of the Group as it owns 35% (2020: 35%) of the issued ordinary share capital of Promon-Logicalis Latin America Limited.

PromonLogicalis Tecnologia e Participações Ltda and PTLIS Serviços de Tecnologia e Assessoria Técnica Ltda provided information technology and support services to subsidiaries of Promon S.A.

A subsidiary of Promon S.A. incurred other operating expenses on behalf of PTLIS Serviços de Tecnologia e Assessoria Técnica Ltda.

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. (2020: 20.5% of the issued ordinary share capital of PT. Packet Systems Indonesia).

Remuneration of key management personnel

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

	2021	2020
	\$'000	\$'000
Salaries and short term employee benefits	8,774	9,322
Post-employment benefits	320	310
Share-based payments	511	22
	<u>9,605</u>	<u>9,654</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

The Group has a contingent liability in respect of a possible tax liability at its Brazilian operation. In April 2011, a Brazilian state tax authority claimed that the Brazilian operations should have paid a higher rate of state tax on its equipment sales up to October 2010 than actually paid. The amount being claimed by the Brazilian state tax authority, excluding interest, is BRL 15.1 million (USD 4.7 million).

The Brazilian management, supported by a legal opinion, strongly disagrees with the state tax authority's assessment and have formally appealed against it.

LOGICALIS GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 28 February 2021

29. SUBSIDIARY UNDERTAKINGS

The subsidiary undertakings as at 28 February 2021 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	
			2021	2020
Logicalis Argentina S.A.*	Argentina	IT solutions and services provider	65%	65%
Nubeliu Argentina Srl*	Argentina	IT solutions and services provider	65%	33%
Thomas Duryea Logicalis Holdings Pty Ltd*	Australia	IT solutions and services provider	100%	100%
Thomas Duryea Logicalis Pty Ltd*	Australia	Consulting, technology services and outsourcing company	100%	100%
Logicalis CNI (Corporate Network Integrations Pvt Ltd)*	Australia	IT solutions and services provider	100%	100%
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%	0%
Nubeliu Consultoria e Licenciamento de Software LTDA*	Brazil	IT solutions and services provider	65%	33%
NetStar Group Holding Limited*	British Virgin Islands	Intermediate holding company	100%	100%
Nubeliu Limited*	Cayman Islands	Intermediate Holding Company	65%	33%
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 Group Services Limited**	England and Wales	Non-trading entity	0%	100%
Logicalis UK Limited*	England and Wales	IT solutions and services provider	100%	100%

** Dissolved during the year.

LOGICALIS GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 28 February 2021

29. SUBSIDIARY UNDERTAKINGS (CONTINUED)

Subsidiary	Country of registration and incorporation	Activity	Proportion of ordinary shares held	
			2021	2020
Promon-Logicalis Latin America Limited *	England and Wales	Intermediate holding company	65%	65%
Logicalis Limited	England and Wales	Intermediate holding company	100%	100%
Logicalis Group Finance Limited*	England and Wales	Intermediate holding 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	IT solutions and services provider	100%	100%
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%	0%
Logicalis Ireland Limited*	Ireland	IT solutions and services provider	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%
Thomas Duryea Logicalis Asia Pacific 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%	0%
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 GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended 28 February 2021

29. SUBSIDIARY UNDERTAKINGS (CONTINUED)

Subsidiary	Country of registration and incorporation	Activity	Proportion of ordinary shares held 2021	2020
Logicalis Pte. Ltd*	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%
(Cilnet) Comunicações e Projectos Portugal Especiais 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 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%	0%
Logicalis Spain S.L.*	Spain	IT solutions and services provider	100%	100%
Logicalis Uruguay S.A.*	Uruguay	IT solutions and services provider	65%	65%
Logicalis Inc S.A.*	Uruguay	IT solutions and services provider	65%	65%
Nubelii I LLC*	USA	Dormant	65%	33%
Nubelii II LLC*	USA	Dormant	65%	33%
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%

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. 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 2021

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
Thomas Duryea Logicalis Holdings Pty Ltd	79 Swan Street, Richmond, Victoria, Australia 3121, Australia
Thomas Duryea Logicalis Pty Ltd *	79 Swan Street, Richmond, Victoria, Australia 3121, Australia
Logicalis CNI (Corporate Network Integrations Pvt Ltd)*	79 Swan St, Richmond, Australia
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 Group Services Limited	Building 8 Ground Floor, Foundation Park, Roxborough Way, Maidenhead, England, SL6 3UD
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 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 2021

29. SUBSIDIARY UNDERTAKINGS (CONTINUED)

Subsidiary	Registered Office
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	Sachsente 26, 21029 Hamburg, Germany
Orange Networks 365 GmbH	Sachsente 26, 21029 Hamburg, 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, Sandyford Industrial Estate, Dublin 18
Logicalis Solutions Limited*	Heather Road, Sandyford Industrial Estate, Dublin 18
Logicalis Technical Services Limited*	Heather Road, Sandyford Industrial Estate, Dublin 18
Logicalis Technology Limited*	Heather Road, Sandyford 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
Thomas Duryea Logicalis Asia Pacific 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 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 GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 28 February 2021

29. SUBSIDIARY UNDERTAKINGS (CONTINUED)

Subsidiary	Country of registration and incorporation
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
Comunicações e Projectos Especiais S.A (Cilnet)*	Lagoas Park, Edificio 5, Torre A 2740-265 Porto-Salvo, Portugal
Virtualization LDA (VXnet)*	Lagoas Park, Edificio 5, Torre A 2740-265 Porto-Salvo, Portugal
Scorpionpixel - Unipessoal, Lda (DXnet)*	Lagoas Park, Edificio 5, Torre A 2740-265 Porto-Salvo, Portugal
Logicalis Puerto Rico Inc*	252 Ponce de Leon Avenue, Floor 20, San Juan, PR 00918
Logicalis Singapore Pte Ltd*	150 Kampong Ampat #04-06 Ka Centre, Singapore 368324
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 3º, 08029 Barcelona, Spain
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.*	3505 NW 107th Avenue, Suite C, Miami, Florida 33172, US
PLLAL International LLC.*	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

LOGICALIS GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 28 February 2021

30. POST BALANCE SHEET EVENTS

On 31 March 2021, Logicalis acquired a 70% stake in Áudea, a Spanish company which specialises in cybersecurity and regulatory compliance, for a consideration of \$2.0 million.

On 1 March 2021 Logicalis Group's 65% subsidiary PLLAL exercised its option to acquire an additional interest of 20.1% in Kumulus for \$1.2 million. Kumulus will continue to be equity accounted for in the Group's results because the Group does not have control.

On 1st June 2021, Logicalis acquired a 100% stake in Siticom, a German company that is a leading player in the software-defined networking (SDN) and 5G market for a consideration of \$12.7 million, through a new company Logicalis Siticom GmbH. Immediately after the acquisition a 29.6% stake in Logicalis Siticom GmbH was sold to two of the previous owner/managers for a consideration of \$5.4 million.

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 2021, 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.

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 2021

	Notes	2021 \$'000	2020 \$'000
Dividends received		8,521	17,467
Management fees received		18,573	13,638
Foreign exchange gain		163	438
Other administrative expenses		(21,015)	(18,406)
Operating profit		6,242	13,137
Investment Impairment	39	-	(42,456)
Other income	35	33	289
Finance costs	36	(3,539)	(1,364)
Profit/(Loss) before tax		2,736	(30,394)
Tax charge	37	(166)	(185)
Profit/(Loss) and comprehensive profit/(loss) for the year attributable to the owner of the Company		2,570	(30,579)

COMPANY STATEMENT OF CHANGES IN EQUITY
Year ended 28 February 2021

	Share capital \$'000	Share premium \$'000	Capital contrib- utions reserve \$'000	Retained earnings \$'000	Total \$'000
At 1 March 2019	117,623	12,571	13,381	55,589	199,164
Loss for the year and total comprehensive loss for the year	-	-	-	(30,579)	(30,579)
At 29 February 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

LOGICALIS GROUP LIMITED

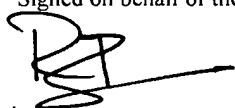
COMPANY BALANCE SHEET

As at 28 February 2021


	Notes	2021 \$'000	2020 \$'000
NON-CURRENT ASSETS			
Property, plant and equipment	38	1,091	38
Investment in subsidiaries	39	247,457	247,457
		<u>248,548</u>	<u>247,495</u>
CURRENT ASSETS			
Trade and other receivables	40	11,600	9,639
Deferred tax asset	42	402	408
Cash and cash equivalents		1,203	3,790
		<u>13,205</u>	<u>13,837</u>
TOTAL ASSETS		<u>261,753</u>	<u>261,332</u>
CURRENT LIABILITIES			
Trade and other payables	41	(9,748)	(12,768)
Financial liabilities: amounts owed to group undertakings	45	(58,737)	(50,989)
Bank overdrafts and loans	41	(8,587)	(15,693)
		<u>(77,072)</u>	<u>(79,450)</u>
NET CURRENT LIABILITIES		<u>(63,867)</u>	<u>(65,612)</u>
NON-CURRENT LIABILITIES			
Financial liabilities: amounts owed to group undertakings	45	(13,526)	(13,298)
		<u>(13,526)</u>	<u>(13,298)</u>
TOTAL LIABILITIES		<u>(90,598)</u>	<u>(92,748)</u>
NET ASSETS		<u>171,155</u>	<u>168,585</u>
EQUITY			
Share capital	43	117,623	117,623
Share premium		12,571	12,571
Capital contributions reserve		13,381	13,381
Retained earnings		27,580	25,010
		<u>171,155</u>	<u>168,585</u>
ATTRIBUTABLE TO THE OWNER OF THE COMPANY		<u>171,155</u>	<u>168,585</u>

These financial statements of Logicalis Group Limited, registered number 04012342, were approved by the Board of Directors and authorised for issue on 25 August 2021.

Signed on behalf of the Board of Directors by:



R Baillkoski
Director



S Radcliffe
Director

LOGICALIS GROUP LIMITED

COMPANY CASH FLOW STATEMENT
Year Ended 28 February 2021

	2021	2020
	S'000	S'000
Operating activities		
Cash (used in)/generated by operations	(6,049)	9,473
Other income received	33	285
Finance costs paid	(3,539)	(1,364)
Taxation paid	(159)	(567)
Dividends received	8,521	17,467
	<u>(1,193)</u>	<u>25,294</u>
Net cash (used in)/generated from operating activities		
Investing activities		
Purchases of property, plant and equipment	(1,206)	-
Acquisition of subsidiaries	-	(8,752)
Payment of deferred consideration	(1,059)	
Capital contribution to existing subsidiaries	-	(42,238)
	<u>(2,265)</u>	<u>(50,990)</u>
Net cash utilised in investing activities		
Financing activities		
Advance of loan from holding companies	-	26,579
Repayment of loan from holding company	(798)	(11,997)
Advance of loan from subsidiary companies	22,258	30,128
Repayment of loan from subsidiary companies	(13,483)	(29,675)
	<u>7,977</u>	<u>15,035</u>
Net cash generated from financing activities		
Net (decrease)/increase in cash, cash equivalents and bank overdrafts	4,519	(10,661)
Cash and cash equivalents at beginning of year	(11,903)	(1,242)
Effect of foreign exchange rate changes	-	-
	<u>(7,384)</u>	<u>(11,903)</u>
Cash, cash equivalents and bank overdrafts at end of year		
Disclosed on the Balance Sheet as:		
Cash and cash equivalents	1,203	3,790
Bank overdrafts and loans	(8,587)	(15,693)
	<u>(7,384)</u>	<u>(11,903)</u>

LOGICALIS GROUP LIMITED

**NOTE TO THE COMPANY CASH FLOW STATEMENT
Year Ended 28 February 2021**

	2021	2020
	\$'000	\$'000
Reconciliation of operating (loss)/profit to cash used in operations		
Operating profit	6,242	13,137
Adjustments for:		
Dividends received	(8,521)	(17,467)
Depreciation	152	51
	<hr/>	<hr/>
Operating cash flows before movements in working capital	(2,127)	(4,279)
(Increase)/ Decrease in trade and other receivables	(1,961)	8,218
(Decrease)/Increase in trade and other payables	(1,961)	5,534
	<hr/>	<hr/>
Cash (used in)/generated by operations	(6,049)	9,473
	<hr/> <hr/>	<hr/> <hr/>

LOGICALIS GROUP LIMITED

NOTES TO THE COMPANY FINANCIAL STATEMENTS

Year Ended 28 February 2021

34. DIRECTORS AND EMPLOYEES

Three directors received emoluments in respect of their services to the Company during the year (2020: Three). Details of their emoluments for their services to the Group are disclosed in Note 8 to the consolidated financial statements.

	2021 No.	2020 No.
Monthly average number of people employed including directors		
Business support	25	20

35. OTHER INCOME

	2021 \$'000	2020 \$'000
Interest income on amounts owed by group undertakings	33	289
	<u>33</u>	<u>289</u>

36. FINANCE COSTS

	2021 \$'000	2020 \$'000
Interest on bank overdrafts, loans and other borrowings	(1,673)	(159)
Interest expense on amounts owed to group undertakings	(1,866)	(1,205)
	<u>(3,539)</u>	<u>(1,364)</u>

37. TAX

	2021 \$'000	2020 \$'000
Current taxation		
<i>United Kingdom corporation tax:</i>		
Current year	(304)	(26)
Adjustment in respect of prior years	144	(544)
Total current taxation	<u>(160)</u>	<u>(570)</u>
Deferred taxation		
Credit for the current year	(86)	93
Adjustment in respect of prior years	80	292
Total deferred taxation (see note 42)	<u>(6)</u>	<u>385</u>
Tax (charge)/credit on loss on ordinary activities	<u>(166)</u>	<u>(185)</u>

LOGICALIS GROUP LIMITED

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37. TAX (CONTINUED)

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

	2021	2020
	\$'000	\$'000
Profit/(Loss) before tax	2,736	(30,394)
Tax at the UK Corporation tax rate of 19.0% (2020: 19.0%)	520	(5,775)
<i>Factors affecting charge for the year:</i>		
Reduction in Deferred tax rate	(43)	-
Tax effect of investment impairment	-	8,066
Tax effect of other permanent differences	(153)	(2,854)
Group relief unpaid	-	46
Deferred tax assets not recognised	-	370
Adjustments to tax charge in respect of prior periods	(15)	54
Withholding Tax arising on dividends and other income	81	26
Prior year deferred tax movement	(80)	(292)
Prior year current tax	(144)	544
Tax charge on loss	166	185

38. PROPERTY, PLANT AND EQUIPMENT

	Fixtures, fittings and equipment \$'000	Computer equipment \$'000	Computer software \$'000	Total \$'000
Cost				
At 1 March 2020	24	24	151	199
Additions	-	25	1,180	1,205
At 28 February 2021	24	49	1,331	1,404
Accumulated depreciation				
At 1 March 2020	17	24	120	161
Depreciation	4	5	143	152
At 28 February 2020	21	29	263	313
Net book value				
At 28 February 2021	3	20	1,068	1,091
At 29 February 2020	7	-	31	38

LOGICALIS GROUP LIMITED

NOTES TO THE COMPANY FINANCIAL STATEMENTS

Year Ended 28 February 2021

39. INVESTMENT IN SUBSIDIARIES

	2021	2020
	\$'000	\$'000
Cost		
At 1 March	354,127	303,137
Acquired investments	-	8,752
Investment transferred	(354,127)	-
Capital injection	247,457	42,238
	<u>247,457</u>	<u>354,127</u>
At 28/29 February	247,457	354,127
Accumulated impairment losses		
At 1 March	106,670	64,214
Investment transferred	(106,670)	-
Impairment	-	42,456
	<u>-</u>	<u>42,456</u>
At 28/29 February	-	106,670
	<u>-</u>	<u>106,670</u>
Carrying amount		
At 28/29 February	<u>247,457</u>	<u>247,457</u>

Details of the Company's subsidiaries can be found within note 28 to the Logicalis Group accounts and details of the company's acquisitions can be found in note 23 to the Logicalis Group accounts.

On 1 March 2020 Logicalis Group 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.

40. FINANCIAL ASSETS

Trade and other receivables

	2021	2020
	\$'000	\$'000
Prepayments and accrued income	4,373	5,527
Amounts owed from holding company and fellow subsidiaries (Note 44)	7,227	4,112
	<u>11,600</u>	<u>9,639</u>

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

41. FINANCIAL LIABILITIES

Trade and other payables

	2021	2020
	\$'000	\$'000
Accounts payable	1,344	2,021
Accruals and other creditors	8,404	10,747
	<u>9,748</u>	<u>12,768</u>

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

LOGICALIS GROUP LIMITED

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Year Ended 28 February 2021

41. FINANCIAL LIABILITIES (Continued)

Trade and other payables (Continued)

Bank overdrafts and loans due within one year or on demand

	2021	2020
	\$'000	\$'000
Unsecured	8,587	15,693

42. DEFERRED TAX ASSETS

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

	2021	2020
	\$'000	\$'000
At 1 March	(408)	(23)
Credit to the Statement of Comprehensive Income	6	(385)
At 28/29 February	(402)	(408)

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

43. SHARE CAPITAL

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

44. COMMITMENTS

The Company has provided a letter of support to Logicalis UK Limited, Thomas Duryea Logicalis Holdings Pty Ltd, 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.

LOGICALIS GROUP LIMITED

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Year Ended 28 February 2021

45. RELATED PARTIES

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

Loans to related parties

	2021	2020
	\$'000	\$'000
Current		
Logicalis US	1,164	808
Logicalis UK Limited	870	262
PLOG (PromonLogicalis Tecnologia e Participações Ltda)	-	42
Logicalis GmbH	1,726	294
Logicalis Ireland	188	32
Logicalis Channel Islands	388	210
Logicalis Spain S.L.	1,637	712
Logicalis Cilnet	40	-
Logicalis Australia	320	-
Logicalis Argentina	80	-
Logicalis Hong Kong	72	33
Logicalis PSI	12	623
Logicalis Group Finance Limited	-	500
Logicalis Singapore	614	279
Logicalis South Africa	43	131
Logicalis Coasin Chile	24	65
Logicalis Chile	-	21
Promon-Logicalis Latin America Limited	-	12
Datatec Financial Services Limited	13	35
Logicalis Argentina	-	13
Other (Individually immaterial)	36	40
	<u>7,227</u>	<u>4,112</u>

LOGICALIS GROUP LIMITED

NOTES TO THE COMPANY FINANCIAL STATEMENTS
Year Ended 28 February 2021

45. RELATED PARTIES (CONTINUED)

Loans from related parties

	2021	2020
	\$'000	\$'000
Current		
Logicalis Group Finance Limited	49,400	33,011
Logicalis Australia	-	72
PromonLogicalis International Inc	9	16
NetStar Group Holding Limited	5,744	5,740
Datatec Plc	3,584	12,150
	<u>58,737</u>	<u>50,989</u>
Non-current		
Datatec Limited	13,526	13,298
	<u>13,526</u>	<u>13,298</u>

The amount owed to Datatec Limited is made up of two (2020: two) separate advances. Both loans bear interest at One Month US\$ Libor plus 1.5%, are unsecured and have no fixed date for repayment.

The amount owed to NetStar Group Holding Limited is interest free, unsecured and has 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.

46. 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. As at 28 February 2021, Logicalis Group Limited stands guarantor on behalf of:

For	Limit USD'000	In Favour of
Logicalis Limited and Obliger Companies	155,000	BBVA, Barclays, HSBC, Siemens
Thomas Duryea Logicalis Holdings Pty Ltd, Logicalis, Inc., Logicalis Solutions Limited (Ireland), Logicalis Spain S.LU, Logicalis UK Limited and Thomas Duryea Logicalis Pty Limited.	62,000	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
Thomas Duryea Logicalis Holdings Pty Ltd	8,712	HSBC Bank Australia Limited

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Year Ended 28 February 2021

46. GUARANTEES (CONTINUED)

For	Limit USD'000	In Favour of
Logicalis Malaysia Sdn Bhd	1,471	HSBC Bank Malaysia Berhad
Logiclais Pte. Ltd	2,400	HSBC China
Thomas Duryea Logicalis Holdings Pty Ltd	7,100	DLL Financial Solutions Partner
Logicalis UK Limited	261	ING (UK)
Logicalis Gmbh	-	Miller Leasing Miete Gmbh
Logicalis Gmbh	5,600	Miller Leasing Miete Gmbh
Logoicalis UK Limited	-	HSBC
PSI	30,000	Cisco Capital
Logicalis Inc	2,100	Crestmark
Logicalis UK Limited	1,955	Derby University
Logiclais GmbH	11,219	Deutsche Leasing Information Technology GmbH,
Logicalis Inc	2,000	BBVA
Logicalis Spain	-	BBVA