

Westcon Comstor

Westcon Group European Operations Limited

Revised Consolidated Annual Report and Financial Statements

29 February 2024



Registered number 04411285

WESTCON GROUP EUROPEAN OPERATIONS LIMITED
CONSOLIDATED ANNUAL REPORT AND FINANCIAL STATE-
MENTS

For the year ended 29 February 2024

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WESTCON GROUP EUROPEAN OPERATIONS LIMITED CONSOLIDATED ANNUAL REPORT AND FINANCIAL STATE- MENTS

For the year ended 29 February 2024

OFFICERS AND PROFESSIONAL ADVISORS

DIRECTORS

C G McGregor
D Grant

COMPANY SECRETARY

D O M Jones

REGISTERED OFFICE

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INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
3 Forbury Place
23 Forbury Road
Reading
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WESTCON GROUP EUROPEAN OPERATIONS LIMITED

GROUP STRATEGIC REPORT

For the year ended 29 February 2024

The Directors present their strategic report on the Group for the year ended 29 February 2024 and on the position of the Group at the end of the financial year.

PRINCIPAL ACTIVITIES

Westcon Group European Operations Limited (hereinafter referred to as 'the Group') is a value-added technology distributor of industry-leading solutions in cyber security, network infrastructure, unified communications products, data centre solutions and channel services with a global network of service providers, systems integrators, and speciality resellers. The Group operates in Europe, the Middle East and in Africa. The Group goes to market under the Westcon and Comstor brands. The Group creates unique programmes and provides support to grow the business of its market leading vendors such as Cisco, Extreme Networks, Juniper Networks, Checkpoint, F5, Palo Alto Networks, Avaya and Broadcom.

WESTCON

Westcon provides solutions from a broad portfolio of premier vendors. Westcon has deep expertise with vendors in the following technologies:

- Cybersecurity: Arbor Networks, Checkpoint Technologies, F5 Networks, Infoblox, Palo Alto Networks, Ivanti, TrendMicro, Broadcom;
- Networking Infrastructure: Extreme Networks, HPE, Juniper Networks, Ruckus, Silver Peak, Solar Winds,
- NGS Next Generation Solutions: Anomali, Efficient IP, Ping Identity, CrowdStrike, NetScout, Octa, Vectra, Zscaler,
- Cloud Collaboration: 8x8, Audiocodes, Avaya, Ring Central, Microsoft, Ribbon,
- IoT Internet of Things: Nokia
- Marketplace: AWS, Microsoft

COMSTOR

Comstor is the Cisco-centred business unit. The business distributes the full line of Cisco solutions:

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

OTHER

The Group also has capability practices, or specialities, that it offers globally under its Westcon-Comstor brand:

- Cloud: Amazon Web Services, Microsoft Azure and Microsoft Office 365;
- Services: supply chain, financial, education, technical support and professional; and
- Global supply chain services: logistics, staging, strategic stocking, configuration, project coordination, VAT recoverability; global contracting and global credit management.

During the year the Group acquired Rebura to increase their Amazon Web Services cloud capabilities.

STRATEGIC OVERVIEW

The Group's strategic framework aims to create value for all stakeholders via five strategic foundations that define our priorities: Sales & growth driven, Solutions portfolio, Sustainable excellence, Digital & data leadership and Responsible business. Westcon Group European Operations is financially significant in the Westcon International Group based on the contribution to consolidated revenue, consolidated profit before tax, consolidated assets or consolidated liabilities. Our strategic priorities for the period through to February 2027 across the Westcon International Group are:

- Revenue growth (the Group achieved 9.2% growth in FY24, 17.8% in FY23)
- Increased value of recurring gross sales to 65% (across the international group 58.7% was recurring in FY24, 53% in FY23). Recurring gross sales are considered to be all revenues from cloud/SaaS, maintenance contracts, managed services, embedded support, helpdesk support and software under a term licence.
- Improve normalised EBITDA (as defined on page 5) as a proportion of reported gross margin to 35% (for the Group, normalised EBITDA was 25.5% of gross margin in FY24, 9.5% in FY23)
- Increase digital enablement of our transactions (in FY24 we improved automation through our digital investments in systems such as IView, Partner Central and continued API integration with our partners and vendors)

WESTCON GROUP EUROPEAN OPERATIONS LIMITED

GROUP STRATEGIC REPORT (continued)

For the year ended 29 February 2024

- Achieve 100% of our responsible business targets which include ESG measures (we continue to define the specific goals for each category of responsible business, and our overarching goal is to achieve 100% of these targets)

MARKETS OVERVIEW

Solid growth was experienced during FY24 for the Group overall. The Westcon Europe division achieved a third consecutive year of double-digit revenue growth of 19% (FY23: 14% growth) but was offset by a decline in the Comstor Europe business of 9% (FY23: 22% growth). MEA overall growth rate was 3% with strong growth in Africa offset by slower performance in the Middle East and South Africa (FY23: 24% growth as South Africa was not part of the group then). Revenue generated from South Africa was \$84.9m during the year.

Ongoing global semiconductor shortages and supply chain constraints have eased significantly in recent months resulting in a decrease to Westcon International's product backlog. Headwinds from current levels of interest rates, global inflationary pressures, compounded by geopolitical issues like the ongoing wars in Ukraine and Israel could negatively impact demand for the foreseeable future.

BUSINESS & PERFORMANCE REVIEW

The Group's revenues for the year ended 29 February 2024 increased by \$230.5m due to strong demand for network infrastructure, remote access solutions with enhanced cyber security and unified collaboration for flexible working and virtual office environments.

The Group recorded a gross profit margin of 10.3%, an increase from 8.6% in FY23. The weakening of the US Dollar compared to the Pound Sterling and Euro during much of FY24 had a positive impact on gross margins in the Group, offset by realised and unrealised foreign exchange gains on hedging contracts. This was more pronounced in the second half of the financial year.

The Group's operating profit increased from \$5.1m to \$57.5m during the year. The rise was partially driven by a significant decrease in share-based payment, from \$23.0m expense to \$1.2m income with the charge substantially lower due to the release of over accruals from the scheme that ended and was paid out (\$2.5m income). A new scheme has been introduced in the year (\$1.3m expense). The remaining increase can primarily be attributed to an increase in gross margin (\$66.6m) offset by a reduction in foreign exchange gains (\$11.8m) and higher operating costs (\$27.6m)

Normalised EBITDA, as defined on page 5, improved from \$43.6m to \$65.5m.

The Group continued to access working capital facilities during the year with an invoice assignment facility with a European banking syndicate, led by Crédit Agricole Leasing & Factoring ("CALEF") of €390.6m, as well as an Invoice Financing facility with Levantor Capital Limited. Finance costs increased from \$15.1m to \$33.9m in FY24 as underlying base rates increased the cost of borrowing for the Group. In March 2023 the Group reached agreement with CALEF to extend the terms of the existing facility out to September 2026.

During the year, the Group acquired 100% of Rebura Holdings Limited ("Rebura"). This acquisition will strengthen Westcon International's cloud capabilities and channel-focused services offering and enable their partners to provide a comprehensive suite of AWS solutions to their customers. Rebura specialises in supporting AWS cloud migrations as well as SaaS and DevOps capabilities across the UK, Nordics and central Europe.

WGEO acquired 90% of Westcon Emerging Markets Group Proprietary Limited ("WEMG") during the year from Datatec PLC. Further information is defined on page 56, Note 13 to the Group financial statements.

Withholding taxes

As at 28 February 2022, the Group had a contingent liability in respect of a possible withholding tax obligation at its subsidiary in the Kingdom of Saudi Arabia, Westcon Saudi Company LLC ("Westcon KSA"). This relates to payments Westcon KSA has made in relation to the purchase of vendor software and maintenance services which have been resold to customers during the six years ended 31 December 2020. Westcon KSA strongly disagrees with the tax authority's assessments issued on 22 June 2021 and has submitted the necessary appeals. Following an unsuccessful attempt to utilise the alternative dispute resolution procedures the matter is now proceeding to court. The ongoing litigation with the KSA tax authorities is likely to continue beyond the next financial year end. A liability has been recognised for this matter.

WESTCON GROUP EUROPEAN OPERATIONS LIMITED

GROUP STRATEGIC REPORT (continued)

For the year ended 29 February 2024

KEY PERFORMANCE INDICATORS

The Group produces detailed management reports and accounts on a monthly basis and a number of Key Performance Indicators (KPI's) are an integral part of this process. These KPI's include earnings before interest, tax, share based payments, depreciation and amortisation (EBITDA) and EBITDA as a percentage of revenue. For the purposes of management review this would be normalised removing the effect of restructuring and transformation or other exceptional costs.

<i>Key performance indicators</i>	2024	2023
Revenues (USD'000)	2,747,932	2,517,441
Gross profit percentage	10.3%	8.6%
Operating Profit (USD'000)	57,520	5,056
Operating profit %	2.1%	0.2%
Average number of employees	1,967	1,946
Operating profit per employee (USD'000)	29	3
EBITDA (Normalised) (USD'000)	65,505	43,576

<i>Reconciliation of operating loss to normalised EBITDA</i>	2024	2023
	USD'000	USD'000
Operating Profit	57,520	5,056
Depreciation	8,852	8,461
Amortisation	294	6
EBITDA	66,666	13,523
Share based payments	(1,161)	23,047
Indirect taxes, sales taxes and withholding tax (see page 4)	-	7,006
EBITDA (Normalised)	65,505	43,576

FUTURE OUTLOOK

The multi-year investments in advanced systems and business automation and focus on portfolio expansion positions the Group well to take advantage of the underlying growth of our Vendors in the networking, cybersecurity and cloud infrastructure segments the division participates in.

Current levels of interest rates may continue to have a negative impact on costs and will continue to contribute to inflationary pressures. The geopolitical challenges in the Middle East and Ukraine could negatively impact demand in the short term.

The Group will continue to prioritise exemplary financial and operating performance while investing in advanced systems and business automation. These investments are bearing fruit and are helping to drive the Group on its mission to being the most admired data driven technology provider and specialist distributor of cyber security and networking solutions.

RISKS AND UNCERTAINTIES

BUSINESS RISK

The Group has a risk management framework in which risks are identified and managed on an ongoing basis. A risk register is maintained by the Group's compliance officer and monitored on a regular basis with those charged with governance. Executives within the business have responsibility for mitigating these risks. The risk register is presented at the Chief Risk Officer forum as part of the wider Datatec Group.

Key risks include the loss of core vendor and customer relationships, cybersecurity risks, employee retention, business transformation, systems implementation, and macro-economic changes.

CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through optimisation of the debt and equity balances. The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 25, cash and cash equivalents and equity comprising issued capital, reserves and retained earnings. In order to maintain or adjust the capital structure the Group may adjust the amount of dividends paid, issue new shares or sell assets to reduce debt. The Group monitors capital on the basis of reviewing the levels of net debt.

WESTCON GROUP EUROPEAN OPERATIONS LIMITED GROUP STRATEGIC REPORT (continued)

For the year ended 29 February 2024

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Directors have undertaken their duties to carefully consider the financial risks of the Group and have taken steps to minimise price risk, credit risk, liquidity risk and cash flow risk. The business is funded through cash, bank facilities, and shareholder's funds. Cash-flow forecasting is in place and monitored with the CFO on a daily basis. The Directors have ensured that liquidity is adequate for the continuing operations of the Group through a continued available of core facilities. In March 2023 the Group reached agreement with CALEF to extend the terms of the existing facility out to September 2026.

The Group has an active policy to hedge foreign exchange exposure, which is one of the largest risks to the Group's activities and have adopted hedge accounting during the year. All monetary elements of the working capital are hedged with forward exchange contracts and cash management. The Group does not use derivative financial instruments for speculative purposes.

The Group has a defined and monitored credit risk approach to ensure that only customers with a determined ability to pay are taken on. Bad debt as a proportion of total activity has remained very low within the Group.

STATEMENT ON s172(1)

The Directors have various duties under s172 of the Companies Act:

(a) the likely consequences of any decision in the long term

The Directors, in line with their duties under s172 of the Companies Act 2006, act in a way they consider, in good faith, would be most likely to promote the success of the Group for the benefit of its members as a whole, and in doing so have regard to a range of matters when making decisions for the long term. Key decisions and matters that are of strategic importance to the Group are appropriately informed by s172 factors.

(b) the interests of the Company's employees

Through an open dialogue with our key stakeholders, including our vendors, customers, employees, business partners and local communities, we have been able to develop a clear understanding of the needs and perspectives of a range of contributors to consider the impact on the Group's strategy and culture. The Group issues regular business wide updates to employees, and hosts webinars for all employees that are led by the senior management team.

(c) the need to foster the Company's business relationships with suppliers, customers and others

The business relies on good relationships, particularly with our core vendors and key customer relationships. The Group ensures that there are key contacts with vendors throughout the organisation from senior management through to the operational channels. Regular business reviews are held with key vendors.

(d) the impact of the Company's operations on the community and the environment

As part of the decision-making process, the Directors have to regard a number of broader factors, including the impact of the Group's operations on the community and environment, responsible business practices and the likely consequences of decisions in the long term. Acting as a responsible business is one of our key strategic priorities and will be developed further in the coming period.

Examples of how s172 factors have been applied can be found in the corporate social responsibility section below and under Non-Financial and Sustainability Information Statement (NFSIS) – Task Force on Climate Related Financial Disclosures (TCFD) WGEO Response.

(e) the desirability of the Company maintaining a reputation for high standards of business conduct

We have a zero-tolerance approach to practices which are at odds with our values and culture, for example corruption, bribery and modern slavery. We are committed to acting ethically and with integrity in all business dealings and relationships and to implementing and enforcing effective systems and controls to ensure such practices are not taking place anywhere in our businesses or supply chain.

(f) the need to act fairly as between members of the Company.

All decisions by senior management are made with full consideration to all members of the Group.

CORPORATE AND SOCIAL RESPONSIBILITY

ENVIRONMENT, HEALTH AND SAFETY

The Group is driven by a commitment to act responsibly, to minimise the impact of commercial activities on the environment. For this reason, the Group encourages every operation across the globe to pursue initiatives with the goal of improving the quality of life in local communities.

The Group's management believes that responsible business practices significantly benefit the environment, help accelerate new business, drive cost-effectiveness and enhance loyalty. It understands its role as a responsible global corporate citizen and regularly works alongside employees, suppliers, customers, the public and environmental agencies to incorporate these efforts into its overall business strategy.

The Group aims to comply with environmental legislation across every region. It works to foster an environmentally conscious culture by providing employees with appropriate information and support to ensure work is done with consideration of the

WESTCON GROUP EUROPEAN OPERATIONS LIMITED GROUP STRATEGIC REPORT (continued)

For the year ended 29 February 2024

environment. The Group seeks to effectively maintain its plant and machinery to decrease environmental risks and recycle materials where possible. Its teams focus on implementing processes that assess and improve good environmental practices and encourage both internal and external communications related to performance of these practices.

Examples of how the Group promotes environmental awareness and sustainability include:

- Recycling initiatives are active within all the office with containers to recycle batteries, food in dining rooms/cafe-terias and paper recycling. Internal recycling policy posters are displayed to raise awareness and drive personal responsibility. Electronic waste is recycled through approved third parties or donated to non-profit organizations.
- Conducting energy audits to identify consumption hotspots and opportunities for efficiency improvements. Using technology such as smart-metering and sensors to track consumption and utilisation of our office space more accurately.
- Incorporating sustainability considerations into our real estate strategy and working closely with our landlords to implement energy efficiency measures including LED lighting and sensors, electric vehicle charging points and other infrastructure improvements.
- Incorporating ESGs within our corporate induction and on-going training programs to improve awareness and drive personal accountability for our staff.

KEY EMPLOYMENT ISSUES

Recruiting the best talent

The Groups strategy clearly articulates that the core strength of its business is its people. Attracting, developing and retaining the best employees across its international business will enable The Group to deliver its business priorities and goals. With the effects of the global pandemic, we are committed to establishing and maintaining a hybrid working environment with remote/home working flexibility as a part of our talent retention approach.

Supportive environment

The Group believes in creating an inclusive, supportive and forward-thinking working environment which helps people succeed and excel in a highly competitive marketplace. This is underpinned by its values which are the heart of everything it does – partnership, excellence, innovation, empowerment and integrity. Employee recognition gifts are sent to employees at key personal landmark moments. We provide the support and tools for staff to develop their professional skills, further their career and enhance their leadership capabilities.

Employee wellbeing is a priority, encompassing physical, mental & emotional, community & social, as well as financial wellbeing. We are committed to the wellbeing vision that will enable the business to support all of our employee's health and talent outcomes to maintain long-term performance and achieve our strategic business objectives.

Mental health awareness is now a year-round focus with regular communications and events, including mindfulness, yoga sessions, support and advice, hints, and tips. We are 'Lively', our health and fitness app, encouraging individual fitness and competition.

Employee engagement is a key focus; as part of this, we conduct our annual employee survey to understand better employee morale, satisfaction, and engagement at Westcon-Comstor. We encourage open and honest feedback, which is fundamental to shaping the way we develop our company. Survey responses have been instrumental in setting direction for future key focus areas and ultimately making Westcon-Comstor more successful and an even better place to work.

Diversity and inclusion

The Groups internal culture is built on a foundation of inclusion. The core values of excellence, innovation, partnership, integrity and empowerment make up its DNA and are the anchor tenets of our organisation, diversity and broad cultural spectrum.

The ONE Westcon programme raises awareness internally and supports in areas relating to diversify, inclusion and empowerment. Through the development of our Employee Resource Groups (ERGs), we provide a safe space where our stories can be heard, mentorship and education can be provided, and policy can be built upon, empowering us to reach our full potential and reflecting a true sense of community within our workforce.

The global ONE Westcon programme enables Westcon's people to celebrate our diversity globally and help ensure employees feel included and respected regardless of their age, gender, race, religion, sexual orientation, physical conditions, cultural background or country of origin.

As a global business, the Group believes that by providing an inclusive culture, its employees will be motivated to make outstanding contributions and that the best environment comes from a workforce that reflects the world around us. Different idea and perspectives help the Company innovate, learn, thrive and grown sustainably. That is why the executive team and the entire organisation are fully committed to creating a diverse and inclusive workplace.

The Company is committed to ensuring equal pay and continues to monitor potential differences in gender pay in adherence to government guidelines. Gender pay is broadly in line with the industry. However, a focus remains on encouraging more

WESTCON GROUP EUROPEAN OPERATIONS LIMITED GROUP STRATEGIC REPORT (continued)

For the year ended 29 February 2024

women into technical support roles. Monitoring other personal characteristics can be challenging in different regions according to local data protection laws and is an area we continue to work on.

Diversity and disability practice

The employees of the Group are a significant asset, and their skills, commitment and motivations are highly valued. The Group places considerable value on the involvement of its employees. It keeps them informed on matters affecting them as employees and the various factors affecting the performance of the Company. This is achieved through formal and informal email memoranda produced in multiple languages, divisional newsletters, and Executive Management webcasts to the business. Employee representatives are consulted regularly on matters affecting their current and future interests. The Group has an equal opportunities policy, which applies to recruiting new employees and managing personnel. The Group offers all their staff training relevant to their roles. It is the Groups policy not to discriminate against disabled persons in recruitment and that career development and training, as far as possible, is identical to that of other employees. In the event of employees becoming disabled, every effort is made to ensure that their employment with the group continues.

The Group creates value for its employees through engagement programmes, education, training and development, rewards and recognition and long-term and short-term incentive. This, in turn, ensures that the Groups employees are motivated and engaged and contribute positively to its performance and success.

SOCIAL AND COMMUNITY RESPONSIBILITIES

The Group has a vested interest in the wellbeing of its employees and encourages them to give something back to their local community.

STREAMLINED ENERGY AND CARBON REPORTING (SECR)

The Group is required to report its energy use and impact in line with the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations, 2008, as amended by the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013. The data presented below is regarding the energy usage for 01 March 2023 to 29 February 2024, which is only with respect to the UK energy usage by the Group.

Associated Greenhouse gases have been calculated using the following methodology:

The carbon emissions consumption data were collected utilising a third party environmental reporting tool, GCX-Dash. This platform tracks and analyses carbon emissions across all operations. Supporting evidence was gathered and submitted for review to ensure the accuracy of the reported data. This evidence includes detailed records, such as energy bills and transportation logs.

Scopes 1, 2, and 3, and consumption and CO₂e emissions data, have been calculated in accordance with the 2019 UK Government environmental reporting guidance and GHG Protocol Corporate Accounting and Reporting Protocol. These guidelines ensure a standardized and comprehensive approach to environmental reporting. The emissions Factor Database 2023 version 1 has been used, utilising the published kWh gross calorific value (CV) and kgCO₂e emissions factors relevant for the reporting period 01/03/2023 to 29/02/2024.

UK Energy use covers activities across the UK operations, which include the following:

- Scope 1: These are direct emissions from owned or controlled sources. This includes the emissions related to the direct combustion of gas (natural gas) and consumption of fuel for transport (diesel and petrol usage).
- Scope 2: These are indirect emissions from the generation of purchased energy. This includes purchased electricity, both non-renewable and renewable electricity and electric vehicles.
- Scope 3: These are indirect emissions (not included in Scope 2) that occur in the value chain, including both upstream and downstream emissions. For this report, Scope 3 emissions disclosed for Westcon and Logicalis include Purchased Goods and Services (which only includes Water), Fuel and Energy-Related Activities Not Included in Scope 1 or 2 and Business Travel.
- Intensity metrics have been calculated utilising the 2023/24 reportable figures for revenue and full-time employees, and tCO₂e for both individual sources and total emissions were then divided by this figure to determine the tCO₂e per metric.

WESTCON GROUP EUROPEAN OPERATIONS LIMITED

GROUP STRATEGIC REPORT (continued)

For the year ended 29 February 2024

	Utility and Scope (UK Only)	FY24	FY23
Scope 1	Mobile combustion (kWh)	0	0
	Stationary combustion (kWh)	509350	356622
	Total Scope 1 emissions (tCO₂e)	103	72
Scope 2	Electricity purchased (non-renewable) (kWh)	0	111588
	Renewable electricity (kWh)	513807	410173
	Electric Vehicles (km)	242617	193121
	<i>Scope 2: Market-based (tCO₂e)</i>	12	57
	<i>Scope 2: Location-based (tCO₂e)</i>	119	136
	Scope 1 & 2 emissions Market-based (tCO₂e)	115	129
	Scope 1 & 2: Location-based (tCO₂e)	222	208
Scope 3	Scope 3 emissions*	1069	326
Scope 1,2 & 3 emissions	Scope 1, 2 & 3 emissions (market-based)	1185	454.52
	Scope 1, 2 & 3 emissions (location-based)	1291	534
Intensity Ratio	Full-time employees (number)	498	487
	Headcount Intensity Ratio	2,59	1,10
	(tCO ₂ e / no. of full-time employees)		
	Revenue (USD/m)	458.62	401.50
	Revenue Intensity Ratio	2,82	1,33
	(tCO ₂ e / USD/m revenue)		

Scope 1 and 2 consumption and CO₂e emissions data have been calculated from invoices collected over the year to aggregate the overall kWh of gas and electricity (including renewable electricity) used in the business.

Scope 1 direct emissions from the combustion of natural gas for the current year of reporting are 103 tCO₂e from 509,353 kWh of natural gas.

Scope 2 indirect emissions from grid-supplied electricity for FY24 are 119 tCO₂e (location-based), 12 tCO₂e (market-based) calculated from 513,807kWh of renewable electricity and 242,617km from electric vehicles.

*Scope 3 emissions include Purchased Goods and Services (which only include Water), Fuel and Energy-Related Activities Not Included in Scope 1 or 2, and Business Travel. Scope 3 emissions from these sources totalled 1,069 tCO₂e in FY24. Scope 3 includes Purchased Goods and Services (which only includes Water), Fuel- and energy-related activities not included in Scope 1 or 2 and Business Travel in FY23.

Intensity metrics have been determined based on the following:

- Total turnover: USD 458.62m
- Current Full-time staff: 498

WESTCON GROUP EUROPEAN OPERATIONS LIMITED

GROUP STRATEGIC REPORT (continued)

For the year ended 29 February 2024

Energy Efficiency Actions

Energy management	Westcon is committed to improving energy efficiency in pursuit of our near and long-term decarbonisation targets validated by the Science-Based Targets initiative (SBTi). These improvements will be delivered through optimising our office space and investing in infrastructure improvements within existing facilities.
Energy efficiency improvement	Some activities over the past year include: - Upgrading the gas boiler in Westcon's Logistics and office facility in Swindon, UK to improve efficiency. - PIR sensors installed to all accessible areas within the office block at our Swindon facility. - Transitioning our Bracknell office to a 100% renewable electricity contract – meaning our UK operations are now operating on 100% renewable electricity. - Continuing to deliver electric vehicles to our staff as part of the Octopus EV salary sacrifice scheme, bringing the total to 22.

GOING CONCERN

The Board has satisfied itself that the Group has adequate resources to continue in operation for the foreseeable future. The Group's financial statements have accordingly been prepared on a going concern basis.

SOLVENCY

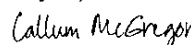
The Board has determined that the Group is solvent with net assets at 29 February 2024 of \$104,308 and cash and cash equivalents of \$173,817. The Group is expected to remain solvent over the next 12 months.

LIQUIDITY

The Group has an invoice assignment facility of EUR 390.6 million for its European subsidiaries, as well as an extended payables facility of US\$71.5 million. In March 2023 the Group reached agreement with CALEF to extend the terms of the existing facility out to September 2026.

The Group's Board approved forecasts and projections of its current and expected financial performance show that it is expected to operate within the levels of its banking facilities, and to meet all covenant compliance requirements, for at least 12 months from the authorisation date of these annual financial statements. The projections also show that the Group has sufficient capital and liquidity to continue to meet its short-term obligations and as a result it is appropriate to prepare these annual financial statements on a going concern basis.

Approved by the Board and signed on its behalf by:

Signed by:

 023683d646224EA
 C G McGregor
 Director
 24 February 2025

WESTCON GROUP EUROPEAN OPERATIONS LIMITED

GROUP DIRECTORS' REPORT

For the year ended 29 February 2024

The Directors present their report and the audited consolidated financial statements for the year ended 29 February 2024.

Under section 414c(II) of the Companies Act 2006, the Group has elected to disclose the following items within the strategic report and therefore these disclosures have not been repeated:

- how the Directors have had regard to the need to foster the Company's business relationships with suppliers, customers and others, and the effect of that regard on the principal decisions taken by the Company during the financial year;
- Financial risk management objectives and policies;
- Future developments; and
- Employee consultation.

REVISION OF THE CONSOLIDATED FINANCIAL STATEMENTS

Financial statements for the company for the year ended 29 February 2024 were previously filed at Companies House. Those original financial statements did not comply with the Companies Act 2006 Section 479A disclosures on the audit exemption of subsidiary companies. The revised financial statements has been updated to present in the Notes to the Group Financial Statements, under group accounting policies, that Rebura Limited and Rebura Holdings Limited are exempt from audit under Companies Act 2006 Section 479A. The revised financial statements also correct the references to Companies Act 2006 Section 479A instead of Section 479C. Changes were also made to the headers of the Auditor's Report, Statement of Comprehensive Income and the Group Accounting Policies due to previously made errors that were not in compliance with Section 404.3 of the Companies Act 2006.

The revised financial statements replace the original financial statements for the financial year ended 29 February 2024 and hence are now the statutory financial statements for that year. These revised financial statements have been prepared as at the date of the original financial statements, and not as at the date of the revision and accordingly do not deal with events between those dates.

PRINCIPAL ACTIVITIES

Westcon Group European Operations Limited is a private limited company domiciled in the United Kingdom. The registered office address is set out on page 2. The immediate parent company is Westcon International Group Holdings Limited, a company incorporated in the United Kingdom, which acquired the Group from Westcon International Limited on the 23rd August 2023. The ultimate parent company and controlling party is Datatec Limited, a company registered in South Africa listed on the Johannesburg stock exchange.

The Group is a value-added speciality distributor of industry leading cyber security and network infrastructure, unified communications products, data centre solutions and channel services with a global network of service providers, systems integrators and speciality resellers.

The Group trades via its branches within Europe and also acts as a holding company for subsidiaries within Europe, Middle East and Africa (together EMEA). The Group has European branches in the Netherlands, France, Spain, Belgium, Sweden, Norway, Denmark and the Czech Republic.

DIVIDENDS

During the year the Group did not declare any dividend to Westcon International Group Holdings Limited, the parent company (2023: \$nil).

DIRECTORS

The Directors of the Group who were in office during the year and up to the date of signing of the financial statements were:

D Grant
C G McGregor

DIRECTORS' INDEMNITIES

The Group has made qualifying third party indemnity provisions for the benefit of its Directors which were made during the year and remain in force during the financial year and also at the date of approval of the financial statements.

POST BALANCE SHEET EVENTS

On 21 May 2024, the Group's subsidiary in Kenya received a Notice of Findings from the Kenya Revenue Authority (KRA) claiming taxes due for corporation taxes and certain withholding taxes for the period 2018 to 2022. The Company's tax advisers believe there is no liability payable, and they will assist the Company in raising a formal objection to the assessment in its entirety.

There are no other post balance sheet events to disclose.

WESTCON GROUP EUROPEAN OPERATIONS LIMITED

GROUP DIRECTORS' REPORT (continued)

For the year ended 29 February 2024

OTHER MATTERS

Matters relating to Environment, health and safety, employment issues and social responsibility are included in the strategic report.

The Group made no political donations during the year.

Non-Financial and Sustainability Information Statement (NFSIS) – Task Force on Climate Related Financial Disclosures (TCFD) Response

To our stakeholders

Over the past two years, Westcon Group European Operations (WGEO) has set ambitious climate commitments – to reach net-zero emissions across Scopes 1, 2 and 3 by 2050. To help us get there, we developed five near-term targets:

- Reach net zero* GHG emissions across Scope 1, 2 and 3 by 2050**.
- A 50% reduction in absolute Scope 1 and 2 emissions by 2030**.
- A 25% reduction in absolute Scope 3 emissions by 2030**.
- 80% of its suppliers*** having science-based emissions reduction targets by 2025**.
- 100% renewable electricity powering our global operations by 2030.

*Net zero is defined as a 90% reduction in emissions and offsetting residual emissions (<10%).

**From a FY22 base year.

***by spending covering purchased goods and services.

Aligning with best practices on these issues will be important for achieving operational excellence, and over the last year we have ramped up our efforts to align closely with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). In this time, we have conducted a forward-looking climate scenario analysis, expanded our governance and strategy of climate-related risks and opportunities and started to measure and report on our progress.

FY24 is our first year reporting in respect to the TCFD provisions and we aim to make further progress during FY25 in relation to setting appropriate targets and define key performance indicators to monitor our response to climate-related risks and opportunities as well as steps to reduce the impact we have on the environment.

Governance

Board's oversight

Climate change is a material governance and strategic issue and the Board of Directors is responsible for ensuring there are adequate policies and strategies in place to understand and manage climate risk, while also seizing the strategic opportunities presented by the transition to a low-carbon economy.

Westcon Group European Operation is part of the Datatec group, a global ICT solutions and services group headquartered in South Africa and listed on the Johannesburg Stock Exchange. We undergo regular internal audits covering various areas from Datatec's audit plan, including both environmental, social, governance (ESG) and non-ESG aspects. We also take part in Datatec's bi-yearly risk forums and audit risk compliance committee (ARCC), which address current and emerging risks.

In FY24, the group has appointed its first Chief Sustainability Officer (CSO), with the intention to reinforce our commitment to positive action on climate and the environment.

Management's role and responsibilities

The Group's management believes that responsible business practices significantly benefit the environment, help accelerate new business, drive cost-effectiveness, and enhance loyalty.

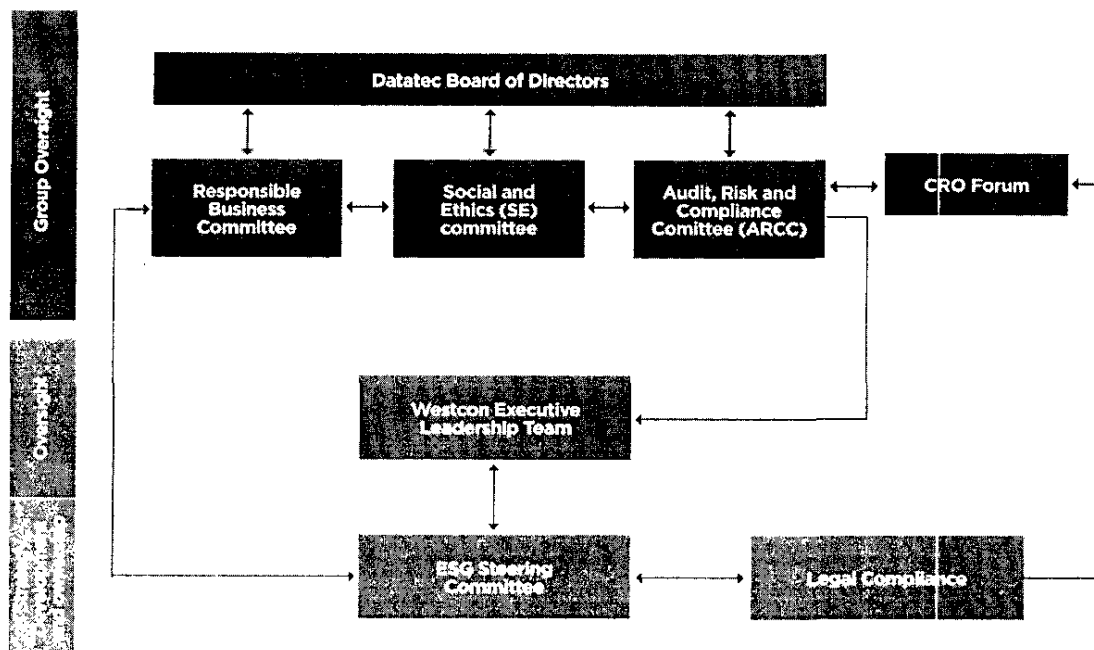
Under the leadership of the CEO, our executive and management teams are responsible for implementing strategic direction and delivering the goals approved by the Board. These include implementation of climate-related targets and policy positions, identification and management of risks and opportunities, and reporting. It understands its role as a responsible global corporate citizen and regularly works alongside employees, suppliers, customers, the public and environmental agencies to incorporate these efforts into its overall business strategy.

Executives are ultimately risk owners and are accountable for identifying, managing, and monitoring climate-related risks and opportunities within the framework and risk appetite. Key risks are reported to the Risk officer at least quarterly. The Chief Executive Officer (CEO), CSO and entire Executive Leadership team (ELT) are accountable for the Company's actions and commitments to embed climate change into our risk management and business strategy.

WESTCON GROUP EUROPEAN OPERATIONS LIMITED GROUP DIRECTORS' REPORT (continued)

For the year ended 29 February 2024

We have also established a governance structure to address environmental risks and responsibilities including a bi-yearly ESG Steering forum and a monthly committee comprised of colleagues from legal, financial and ESG departments, which review.



Strategy

The Group's Strategy and priorities are presented below.

During FY24, together with Datatec Limited and its other subsidiaries, the Company has contracted a third-party to conduct a qualitative climate scenario analysis in agreement with key climate disclosure frameworks. The objectives of the assessments were to:

- Understand where climate-related transition and physical risks and opportunities may exist within WGEO.
- Prioritise management of the current and future business from climate-related risks and opportunities perspective, thereby improving strategic decision-making and long-term sustainability of the Company.
- Prioritise risks and opportunities that should be further explored.

Climate Scenario Analysis of the risks and opportunities over short, medium and long term

Climate-related risks and opportunities are considered factors that could impact the existing trouble areas such as credit, market, liquidity, operational, reputational risk among others, in different time horizons. These include elements derived from the physical effects of climate change, generated by one-off events as well as by chronic changes in the environment.

Consistent with the TCFD recommendation, we have used scenarios to assist us with understanding these risks and opportunities for the company.

For this year's disclosure, we focused on identifying and understanding the most relevant climate-related risks and opportunities facing our business. The initial phase involved extensive engagement across our company to shortlist our business's climate related risks and opportunities that could unfold under different climate scenarios and time horizons. This process involved workshops to identify and agree on the most significant climate risks and opportunities, selection of relevant scenarios, data collection and application of exposure ratings. The output is a qualitative analysis and the goal for next year is to produce a financial classification material impacts of these risks and opportunities.

For the physical assessment, two of the International Panel on Climate Change (IPCC's) Shared Socioeconomic Pathways (SSP) scenarios (low-emission scenario SSP1-2.6 and high-emissions scenario SSP5-8.5) were used to understand how risks might impact the business through time. The following time horizons were used: baseline (present day), 2030 and 2050. For the transition assessment, two forward looking scenarios from the Network for Greening the Financial System (NGFS) (below 2°C and Current Policies) were used. Where availability was limited, data from the International Energy Agency (IEA) World Energy Outlook (WEO) was used. The Announced Pledge Scenario (APS) and Net Zero Emissions by 2050 (NZE) scenarios were also used to supplement the assessment. The following time horizons were used: 2030, 2040 and 2050.

WESTCON GROUP EUROPEAN OPERATIONS LIMITED

GROUP DIRECTORS' REPORT (continued)

For the year ended 29 February 2024

Scenarios should be used to evaluate the Company in a base case and low carbon world.

Scenario description	Transition scenarios	Physical Scenarios
Low carbon	Below 2°C Under this scenario, there is a gradual increase in the stringency of climate policies. It is assumed that countries who have a net zero target reach them partially (80% of the target), which would result in a 66% chance of limiting global warming to below 2°C.	SSP1-2.6 This is a low emissions scenario, whereby the end of the century, global warming is limited to below 2°C of warming by 2100. This scenario is aligned to the commitments under the Paris Agreement (1.5°C increase).
High carbon (base case)	Current Policies This scenario assumes that only existing and currently implemented policies are preserved and carried forward over time. Under this scenario it is expected that physical climate change risks are high.	SSP5-8.5 This high emission scenario follows a “business as usual” trajectory, assuming no additional climate policy and seeing CO2 emissions triple by 2100. This would result in a global warming temperature up to 4.4°C by the end of the century.

For the physical scenario assessment, 13 assets were identified as having strategic importance, being key operational hubs or locations with historic impacts and were chosen because they represent a good geographical spread of our locations.

Risk	Baseline	2030		2050	
		SSP1-2.6	SSP5-8.5	SSP1-2.6	SSP5-8.5
Extreme Heat	Low Risk	Moderate Risk (Moderate Increase)	Moderate Risk (Moderate Increase)	Moderate Risk (Moderate Increase)	Moderate Risk (Moderate Increase)
Extreme Cold	Moderate Risk	Low Risk (Minimal Decrease)	Low Risk (Minimal Decrease)	Minimal Risk (Moderate Decrease)	Minimal Risk (Moderate Decrease)
Water Stress & Drought	Low Risk	Moderate Risk (No/Limited Change)	Moderate Risk (No/Limited Change)	Moderate Risk (Minimal Increase)	Moderate Risk (Minimal Increase)
Wildfires	Low Risk	Low Risk (No/Limited Change)	Low Risk (Minimal Increase)	Low Risk (Minimal Increase)	Moderate Risk (Minimal Increase)
Tropical Cyclones	Low Risk	Low Risk (No/Limited Change)	Low Risk (No/Limited Change)	Low Risk (No/Limited Change)	Low Risk (No/Limited Change)

WESTCON GROUP EUROPEAN OPERATIONS LIMITED GROUP DIRECTORS' REPORT (continued)

For the year ended 29 February 2024

For the transition, selected risks and opportunities were assessed. The difference (delta) between indicator values under current policies and below 2°C scenarios across the future time horizons of 2030, 2040 and 2050 was calculated to generate an overall future risk and opportunity score. The results of the assessment incorporate both climate data and internal stakeholder insight.

Risk or opportunity	2030	2040	2050
Supplier dependence	Low Risk	High Risk	High Risk
Increasing operating costs due to fluctuating energy prices	Low Risk	Low Risk	High Risk
Move to more energy efficient buildings	Moderate Opportunity	High Opportunity	High Opportunity
Diversification of suppliers	Low Opportunity	Moderate Opportunity	High Opportunity
Developing circular products and services	Minimal Opportunity	Low Opportunity	Moderate Opportunity
Increased stakeholder concerns	Minimal Risk	Low Risk	High Risk
Emerging GHG and climate-related regulations	Low Risk	Low Risk	High Risk

Impact of climate-related risks and opportunities on strategy and financial planning

We have not yet fully assessed all the possible controls but in the table below we have listed a summary of the key activities we have undertaken. Current mitigation measures have proven sufficient to manage the baseline risks. Future mitigations will be continuously reviewed and amended when necessary as we progress towards 2030.

Type	Risk / opportunity	Potential impact(s) on business strategy and financial planning	Current mitigations	Potential future mitigations
Physical Risk	Extreme heat	- Reduced Revenue and higher costs from negative impacts of heat stress on workforce productivity. - Increased operating costs for cooling derived from increased energy use.	Air conditioning and heating in offices: HVAC systems are installed in all of our sites.	- Asses high-risk sites for heat vulnerability and upgrade HVAC systems for heat resistance. - Implement Health and Safety protocols to protect personnel at sites and remote locations.
Physical Risk	Extreme cold	- Reduced Revenue and higher costs from negative impacts of reduced temperature stress on workforce productivity. - Increased operating costs for heating derived from increased energy use.	Heating systems are installed in all relevant sites.	- Asses high-risk sites for cold vulnerability and upgrade HVAC systems. - Implement Health and Safety protocols to protect personnel at sites and remote locations.
Physical Risk	Tropical Cyclones	- Damage to physical infrastructure (ex. physical damage to offices from flying debris could present a risk for health and safety of our staff). - Disruption to operations and increased downtime may increase Capex and OpEx. - Contractual penalties caused by delays in deliveries.	Business continuity plans (BCP) include working from home when commuting into the office is affected.	- Asses high risk sites, create and implement relevant risk management policies. - Continuous review of BCP's and weather monitoring by relevant site-leads.
Physical Risk	Water Stress & Drought	Increase in OpEx costs to cover water costs.	N/A. Low risk under current conditions.	Asses cooling systems at high risks sites and upgrade HVAC systems with units that capture

WESTCON GROUP EUROPEAN OPERATIONS LIMITED

GROUP DIRECTORS' REPORT (continued)

For the year ended 29 February 2024

Type	Risk / opportunity	Potential impact(s) on business strategy and financial planning	Current mitigations	Potential future mitigations
				and re-use water as result of condensation.
Physical Risk	Wildfires	• Damage to infrastructure. • Health and safety issues for employees. • Disruption to operations and increased downtime may increase Capex and OpEx. • Supply chain delays.	• Air filtration and face masks are available in higher risk sites.	• Regularly clean cooling and ventilation systems to prevent blockages and maintain air quality. • Expand backup electricity supply to ensure continued operations. • Upgrade air filtering systems as needed to handle future climate risks.
Transition Risk / Opportunity	Supplier dependence Diversification of suppliers	• Potential disruptions in shipping, manufacturing, material availability or governmental policy changes associated with the low-carbon economy may impact supply chain operations, creating a risk that we cannot fulfill our obligations towards our customers. This can lead to loss of business or decreased profitability.	• Continuous engagement with our existing suppliers. • We have enhanced due diligence on climate-related topics for new supplier engagement.	• We are in the process of adding the environmental addendum for non-stock vendor onboarding. • Look into opportunities for collaboration to reduce emissions in the supply chain, which may lead to innovative ideas and technologies.
Transition Risk	Increasing operating costs due to fluctuating energy prices	• Increase in operating costs due to higher utilities bills.	• We have publicly committed to have our operations 100% fueled by renewable energy by 2030 and we have also created regional energy reduction targets.	• Consolidate office spaces. • Install of energy-efficient technologies in our offices (eg. smart meters/lights).
Transition Opportunity	Move to more energy efficient buildings	• Potential increased costs due to upgrading our real-estate assets to meet new energy efficient regulations and investments in decarbonization efforts. • Reduced operating costs due to less energy consumed.	• We are actively seeking to consolidate our real-estate footprint and seek energy-efficient buildings for new leases. • We are also working with landlords to make energy saving improvements and adopt sustainable practices across.	• As operational sites are leased will work with the landlords to make efficiency upgrades at a shared cost.
Transition Opportunity	Developing circular products and services	• Increased in operating costs by altering our facilities to support these initiatives and attracting the right talent. • Decrease of revenue by cannibalizing sales of new products.	• We are limiting our existing offer only towards our biggest customers.	• We continue to monitor market trends and appetite from our customers towards this type of solutions.
Transition Risk	Increased stakeholder concerns	• Reduced revenue by a switch in preference to competitors that are seen to decarbonize at a more accelerated pace. • Reduced access to capital as a result of reputational	• We are planning to enhance our disclosure suite and are targeting to improve the scores obtained against voluntary	• Ensure the appetite for decarbonization across the Company is appropriate compared to regulatory and stakeholder expectations, • Ensure the decarbonization progress is disclosed across the

WESTCON GROUP EUROPEAN OPERATIONS LIMITED

GROUP DIRECTORS' REPORT (continued)

For the year ended 29 February 2024

Type	Risk / opportunity	Potential impact(s) on business strategy and financial planning	Current mitigations	Potential future mitigations
		damage by not progressing fast enough against our targets or by missing/producing incomplete climate related disclosures.	ratings mechanisms (ex. Ecovadis, CDP, SBTi net-zero targets).	entities and is linked to key performance indicators and remuneration.
Transition Risk	Emerging GHG and climate-related regulations	- Increased operating costs due to increased reporting burden. - Loss of revenue due to reputational damage from inaccurate climate related reporting, or a failure to report against environmental regulation. - Potential fines and penalties for non-compliance.	- We have formalized responsibility for reporting and disclosure by creating a new management role within the finance department. - Increase collaboration between finance and legal teams by creating periodic meetings to review risks and opportunities and create action plans accordingly.	- Continuous close monitoring the developments of climate-related regulations. - Partner with colleagues from the Datatec Group to create upskilling session that will grow internal capabilities and knowledge-sharing.

Strategy resilience

At the aggregated level, the Group has a low overall exposure to physical climate change. Under baseline conditions, risks such as extreme heat, extreme cold and water drought present low risks to the business. By 2050, such exposure increases, particularly to extreme heat. Extreme cold present a moderate risk under baseline conditions, but such exposure is set to decrease through time, across scenarios, which is being driven primarily by increased global temperatures.

Ourt analysis shows that we will experience a balanced exposure to climate-related transition risks and opportunities under future scenarios. A move to more efficient buildings and diversification of suppliers may present the highest opportunities, while supplier dependence (e.g. the risk of input materials not being available due to high demand for transition metals), increasing operating costs due to the fluctuating energy prices and emerging GHG and climate regulations potentially presenting the highest risks.

A move to more efficient buildings is an opportunity that is currently being evaluated and planned for by the relevant department by assessing current locations of operations and determining whether there are more efficient alternative sites that could be used to reduce energy costs.

Diversification of suppliers presents a higher opportunity by 2040 and may allow the Group to relinquish reliance on too few suppliers which could also increase the chance to collaborate with suppliers to reduce emissions across the supply chain with lower emission alternative input materials, products, and services.

By 2050, emerging GHG and climate related regulations may also bring high risk largely due to more stringent climate-related legislation and mandatory disclosures likely to characterize a low-carbon scenario.

Risk management framework

The Group has a risk management framework in which risks are identified and managed on an ongoing basis. A risk register is maintained by the Group's compliance officer and monitored regularly with those charged with governance. Executives within the business have the responsibility for mitigating those risks. The risk register is presented at the Chief Risk Officer forum and in the Audit Risk and Compliance Committee (ARCC) meeting. Climate related environmental risk management is key if we are to deliver our strategy and meet our commitments.

Processes for climate related risks

The Group is driven by a commitment to act responsibly, to minimise the impact of commercial activities on the environment. For this reason, we encourage every operation across the globe to pursue initiatives with the goal of improving the quality of life in local communities.

WESTCON GROUP EUROPEAN OPERATIONS LIMITED GROUP DIRECTORS' REPORT (continued)

For the year ended 29 February 2024

The Group's management believes that responsible business practices significantly benefit the environment, help accelerate new business, drive cost-effectiveness, and enhance loyalty. It understands its role as a responsible global corporate citizen and regularly works alongside employees, suppliers, customers, the public and environmental agencies to incorporate these efforts into its overall business strategy.

The Group aims to comply with environmental legislation across every region. It works to foster an environmentally conscious culture by providing employees with appropriate information and support to ensure work is done with consideration of the environment. The Group seeks to effectively maintain its plant and machinery to decrease environmental risks and recycle materials where possible. Its teams focus on implementing processes that assess and improve good environmental practices and encourage both internal and external communications related to performance of these practices.

Examples of how the Group promotes environmental awareness and sustainability include:

- Conducting energy audits to identify consumption hotspots and opportunities for efficiency improvements. Using technology such as smart-metering and sensors to track consumption and utilisation of our office space.
- Recycling initiatives are active within all Westcon's offices with containers to recycle batteries, food in dining rooms/caféterias and paper recycling. Internal recycling posters are displayed to raise awareness and drive personal responsibility. Electronic waste is recycled through approved third-parties or donated to non-profit organisations.
- Incorporating sustainability considerations into our real estate strategy and working closely with our landlords to implement energy efficiency measures including LED lighting & sensors, electric vehicles charging points and other infrastructure improvements.
- Incorporated ESG within our corporate induction and on-going training programs to improve awareness and drive personal accountability for our staff.

Metrics and Targets

The Group seeks to reduce its environmental impact in every aspect of its business. Our commitment to the Science Based Targets initiative (SBTi), through our parent Westcon International, is central to achieving this goal and the commitment we've made in FY23, has been validated by SBTi in FY24.

Our targets are:

- Reach net zero* GHG emissions across Scope 1, 2 and 3 by 2050**.
- A 50% reduction in absolute Scope 1 and 2 emissions by 2030**.
- A 25% reduction in absolute Scope 3 emissions by 2030**.
- 80% of suppliers*** having science-based emissions reduction targets by 2025**.

*Net zero is defined as a 90% reduction in emissions and offsetting residual emissions (<10%).

**From a FY22 base year.

***by spend covering purchased goods and services.

Being a Responsible Business plays a significant role in how we conduct business. As part of our commitment to sustainability and the planet, in FY24 we've announced a new, additional target: to have 100% renewable electricity powering our global operations by 2030. This target complements our existing reduction targets and supports our overarching objective to achieve net-zero* by 2050.

We use Scope 1, 2, and 3 emissions as core metrics to assess and track progress in reducing carbon emissions. Achieving a net zero impact is a long-term goal that requires a comprehensive strategy and an effective emission reduction action plan.

The table below provides an overview of our greenhouse gas emissions. Our reporting follows the Greenhouse Gas Protocol.

Emissions	tCO ₂ e 2024	tCO ₂ e 2023
Scope 1	1 307	1 066
Scope 2 – location-based	2 475	2 741
Scope 2 – market-based	1 944	2 221
Total scope 1 and 2 emissions – location-based	3 782	3 807
Total scope 1 and 2 emissions – market-based	3 251	3 287
Scope 3 – market based	722 565	626 605
Scope 3 – location based	626 666	722 564

WESTCON GROUP EUROPEAN OPERATIONS LIMITED

GROUP DIRECTORS' REPORT (continued)

For the year ended 29 February 2024

Statement of Directors' responsibilities in respect of the financial statements

The Directors are responsible for preparing the Consolidated Annual Report and Financial Statements 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 financial statements in accordance with UK-adopted international accounting standards and the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

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 for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted international accounting standards have been followed for the group financial statements and United Kingdom Accounting Standards, comprising FRS 101 have been followed for the Company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

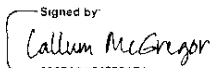
Directors' confirmations

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.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Approved by the Board and signed on its behalf by:

Signed by

Callum McGregor
Director
24 February 2025

WESTCON GROUP EUROPEAN OPERATIONS LIMITED REPORT ON THE AUDIT OF THE REVISED FINANCIAL STATEMENTS

For the year ended 29 February 2024

Independent auditors' report to the members of Westcon Group European Operations Limited

Report on the audit of the financial statements

Opinion

In our opinion:

- Westcon Group European Operations Limited's revised group financial statements and company financial statements (the "revised financial statements") give a true and fair view, seen as at the date the original financial statements were approved, of the state of the group's and of the company's affairs as at 29 February 2024 and of the group's profit and the group's cash flows for the year then ended;
- the group revised financial statements have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006 seen as at the date the original financial statements were approved;
- the company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 as they have effect under the Companies (Revision of Defective Accounts and Reports) Regulations 2008.

We have audited the revised financial statements, included within the Revised Consolidated Annual Report and Financial Statements (the "Annual Report"), which comprise: the Group and Company Statement of Financial Position as at 29 February 2024; the Group Statement of Comprehensive Income, the Group and Company Statement of Changes in Equity and the Group Statement of Cash Flows for the year then ended; and the notes to the revised financial statements, comprising material accounting policy information and other explanatory information, and which replace the original financial statements approved by the directors on 19 July 2024. The revised financial statements have been prepared under the Companies (Revision of Defective Accounts and Reports) Regulations 2008 and accordingly do not take account of events which have taken place after the date the original financial statements were approved.

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 revised 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 revised 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.

Emphasis of matter – revision of original statutory financial statements

In forming our opinion on the revised financial statements, which is not modified, we have considered the adequacy of the disclosures made in note 1 to these revised financial statements concerning the need for revision of the financial statements as the original financial statements omitted Companies Act 2006 Section 479A disclosures on the audit exemption of two subsidiary companies (Rebura Limited and Rebura Holdings Limited) including the reference to 479A; and also included incorrect headers for the Auditor's Report, Group Statement of Comprehensive Income and Notes to the Consolidated Financial Statements that were not in compliance with Section 404.3 of the Companies Act 2006. The original financial statements were approved on 19 July 2024, and our previous auditors' report was signed on that date. We have not performed a subsequent events review for the period from the date of our previous auditors' report to the date of this report.

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 original financial statements were authorised for issue. In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting

WESTCON GROUP EUROPEAN OPERATIONS LIMITED

REPORT ON THE AUDIT OF THE REVISED FINANCIAL STATEMENTS

As at 29 February 2024

in the preparation of the revised 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 revised financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the revised 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 revised financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the revised financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the revised 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 29 February 2024 is consistent with the revised 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 revised financial statements and the audit

Responsibilities of the directors for the revised financial statements

As explained more fully in the Statement of Directors' responsibilities in respect of the revised financial statements, the directors are responsible for the preparation of the revised 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 revised financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the revised 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 revised financial statements

Our objectives are to obtain reasonable assurance about whether the revised 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

WESTCON GROUP EUROPEAN OPERATIONS LIMITED

REPORT ON THE AUDIT OF THE REVISED FINANCIAL STATEMENTS

As at 29 February 2024

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 revised 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 Companies Act 2006 and tax legislation, and we considered the extent to which non-compliance might have a material effect on the revised financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the revised financial statements (including the risk of override of controls), and determined that the principal risks were related to manipulation of revenue through posting fraudulent journal entries to inflate revenue and the risk of management bias in accounting estimates. Audit procedures performed by the engagement team included:

- enquiry of management, those charged with governance and the in-house legal team around actual and potential litigation and claims, and any instances of fraud;
- enquiry of entity staff in tax and compliance functions to identify any instances of non-compliance with laws and regulations;
- evaluation of management's controls designed to prevent and detect irregularities;
- auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness, testing estimates (because of the risk of management bias), and evaluating the business rationale of significant transactions outside the normal course of business;
- reviewing revised financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations, and
- reviewing minutes of meetings of those charged with governance.

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 revised 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 auditors' responsibilities for the audit of financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. In the context of an audit of revised financial statements, in respect of our conclusion relating to going concern, we are only required to consider audit evidence up to the date of our original auditors' report. In other respects, this description forms part of our auditors' report.

We are also required to report whether in our opinion the original financial statements failed to comply with the requirements of the Companies Act 2006 in the respects identified by the directors. The audit of revised financial statements includes the performance of procedures to assess whether the revisions made by the directors are appropriate and have been properly made.

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 the Companies (Revision of Defective Accounts and Reports) Regulations 2008 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.

WESTCON GROUP EUROPEAN OPERATIONS LIMITED REPORT ON THE AUDIT OF THE REVISED FINANCIAL STATE- MENTS

As at 29 February 2024

Other required reporting

Opinion prescribed by the Companies (Revision of Defective Accounts and Re- ports) Regulations 2008

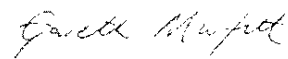
The original financial statements for the year ended 29 February 2024 failed to comply with the requirements of the Companies Act 2006 in the respects identified by the directors in note 1 to these revised financial statements.

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 revised financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Gareth Murfitt (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Reading
25 February 2025

WESTCON GROUP EUROPEAN OPERATIONS LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME

For the year ended 29 February 2024

	Notes	2024 US\$'000	2023 US\$'000
Revenue	2	2,747,932	2,517,441
Cost of sales		(2,464,480)	(2,300,580)
Gross profit		283,452	216,861
Operating costs	3	(215,977)	(179,673)
Net impairment of financial assets		(1,970)	(618)
Share-based payments	31	1,161	(23,047)
Operating profit before interest, tax, depreciation and amortisation ("EBITDA")	3	66,666	13,523
Depreciation and amortisation	3	(9,146)	(8,467)
Operating profit	3	57,520	5,056
Interest income	4	204	235
Finance costs	4	(33,902)	(15,120)
Other income	5	2,228	804
Profit/ (loss) before taxation		26,050	(9,025)
Taxation	6	(2,184)	(2,589)
Profit/ (loss) for the year from continuing operations		23,866	(11,614)
Profit/ (loss) for the year		23,866	(11,614)
OTHER COMPREHENSIVE INCOME/(LOSS)			
Items that may be reclassified subsequently to profit or loss			
Movement on cash flow hedge		(2,485)	-
Exchange differences arising on translation to presentation currency		1,643	162
Total comprehensive income/(loss) for the year		23,024	(11,452)
Profit/ (loss) attributable to:			
Owners of the parent		23,551	(11,636)
Non-controlling interests		315	22
		23,866	(11,614)
Total comprehensive income/(loss) attributable to:			
Owners of the parent		22,709	(11,474)
Non-controlling interests		315	22
		23,024	(11,452)

WESTCON GROUP EUROPEAN OPERATIONS LIMITED

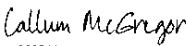
GROUP STATEMENT OF FINANCIAL POSITION

For the year ended 29 February 2024

	Notes	2024 US\$'000	*Restated 2023 US\$'000
ASSETS			
Non-current assets		194,359	181,627
Goodwill	8	61,580	57,276
Property, plant and equipment	9	2,889	2,214
Right-of-use assets	10	20,780	20,855
Intangible Assets	11	5,133	927
Investments	13	530	-
Deferred tax assets	14	29,953	26,747
Prepaid Expenses	19	16,163	12,859
Trade Receivables	18	56,120	59,474
Other non-current assets	15	1,211	1,275
Current assets		1,276,981	1,257,666
Inventories	16	163,738	198,934
Short-term intercompany loans and receivables	17	56,601	20,725
Investments	13	3,959	4,677
Trade receivables	18	837,831	800,984
Prepaid expenses	19	22,947	22,368
Other receivables	20	15,950	6,699
Current tax assets	34	2,138	2,943
Cash resources	37	173,817	200,336
Total assets		1,471,340	1,439,293
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent		103,833	95,036
Share capital	21	-	-
Share premium		64,697	64,697
Non-distributable reserves		4,951	17,220
Cash flow hedge reserve		(2,485)	-
Distributable reserves		36,670	13,119
Non-controlling interests		476	(5,664)
Total equity		104,310	89,372
Non-current liabilities		91,843	94,694
Long-term interest-bearing liabilities	22	327	467
Lease liabilities	23	14,420	15,194
Deferred tax liabilities	14	1,464	3,934
Deferred revenue	27	17,353	15,130
Provisions	26	3,222	2,982
Other non-current liabilities	24	55,057	56,987
Current liabilities		1,275,188	1,255,228
Trade and other payables	24	928,421	932,032
Short-term interest-bearing liabilities	25	282,448	269,053
Lease liabilities	23	7,389	5,443
Deferred revenue	27	38,748	36,789
Provisions	26	4,430	2,493
Current tax liabilities		5,785	4,030
Bank overdrafts	28	7,967	5,388
Total equity and liabilities		1,471,340	1,439,293

*Effective for annual reporting periods beginning on or after 1 January 2023, IAS 12 - Income Taxes - was amended for the recognition and disclosure of deferred taxes recognised on IFRS16 leased assets. Please refer to note 14 for further details.

The profit attributable to the parent is \$23,551k (FY23: loss \$11,636k). The consolidated financial statements of Westcon Group European Operations Limited, registration number 04411285, on pages 24 to 74, were approved by the Board of Directors on 24 February 2025 and signed on its behalf:

Signed by:

 022B834C46224EA
 C McGregor, Director

WESTCON GROUP EUROPEAN OPERATIONS LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY

For the year ended 29 February 2024

	Share capital	Share premium	Cash flow hedge reserve	Merger reserve	Foreign exchange reserve	(Accumulated losses)/retained earnings	Total	Non-controlling Interest	Total equity
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Balance at 1 March 2022	0	64,697	-	-	17,058	24,755	106,510	(5,686)	100,824
Profit and total comprehensive income for the year	-	-	-	-	-	(11,636)	(11,636)	22	(11,614)
Differences arising on translation	-	-	-	-	162	-	162	-	162
Balance at 1 March 2023	0	64,697	-	-	17,220	13,119	95,036	(5,664)	89,372
Acquisition of South Africa*	-	-	-	(8,087)	-	-	(8,087)	-	(8,087)
Decrease in non-controlling shareholding	-	-	-	-	(5,825)	-	(5,825)	5,825	-
Movement on cash flow hedge	-	-	(2,485)	-	-	-	(2,485)	-	(2,485)
Profit and total comprehensive income for the year	-	-	-	-	-	23,551	23,551	315	23,866
Differences arising on translation	-	-	-	-	1,643	-	1,643	-	1,643
Balance at 29 February 2024	0	64,697	(2,485)	(8,087)	13,038	36,670	103,833	476	104,309

* Details on acquisition of South African entity are disclosed in Note 13 of the financial statements.

WESTCON GROUP EUROPEAN OPERATIONS LIMITED

GROUP STATEMENT OF CASH FLOWS

For the year ended 29 February 2024

	Notes	2024 USD'000	2023 USD'000
Operating activities			
Cash generated from operations	33	18,022	40,172
Interest income		2,345	1,013
Intercompany Interest expense		(444)	-
Finance costs		(33,902)	(13,816)
Taxation paid	34	(6,248)	(5,704)
Net cash (used in)/generated from operating activities		(20,227)	21,665
Investing activities			
Purchases of property, plant and equipment	35	(1,306)	(407)
Additions to capitalised development expenditure		925	(688)
Disposal of investments (Angola government bonds)		4,676	2,598
Addition of investments (Angola government bonds)		(3,959)	-
Net outflow on related party loans		(8,767)	(1,893)
Investment in associated company/Other investments		(530)	-
Acquisition of subsidiaries net of cash		(900)	-
Rebura loan*		(3,160)	-
Net cash (used in)/ generated from investing activities		(13,021)	(390)
Financing activities			
Proceeds from long-term liabilities		(243)	(245)
Repayment of lease liabilities - long-term - principal		(8,417)	(10,145)
Increase/ (decrease) in overdrafts repayable on demand under certain conditions		2,579	(1,900)
Net proceeds from shares issued for options		-	-
Net (proceeds)/ repayments of related party borrowings		(395)	-
Net proceeds of borrowings		13,779	119,150
Net cash (used in)/ generated from financing activities		7,305	106,860
Net (decrease)/increase in cash and cash equivalents		(25,943)	128,135
Cash and cash equivalents at beginning of year		200,336	72,761
Translation differences on cash and cash equivalents		(576)	(560)
Cash and cash equivalents at end of the year	37	173,817	200,336

+ Finance costs includes US\$1.8m (2023: US\$1.3m) of finance costs related to finance leases that are included in cash flows from operating activities. Refer to Note 4.

~ Finance costs include US\$1.8m (2023: US\$11.0m) interest on bank overdrafts repayable on demand under certain conditions. These finance costs are included in cash flows from operating activities.

- On acquisition WGEO paid off a loan between Rebura and their parent company. A subsequent loan for the balance was created between Rebura and WGEO.

WESTCON GROUP EUROPEAN OPERATIONS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS

For the year ended 29 February 2024

1. BASIS OF ACCOUNTING AND REPORTING

The consolidated financial statements of Westcon Group European Operations Limited Group (WGEO) have been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards. The consolidated annual financial statements as set out on pages 25 to 76 have been prepared on the historical cost basis except for certain financial instruments (including derivatives) and cash-settled share-based payment schemes that are measured at fair values.

Significant details of the Group's accounting policies are set out below and are consistent with those applied in the previous year with the exception of changes due to implementation of the amendments to existing standards and interpretations below.

Accounting policies for which no choice is permitted in terms of International Financial Reporting Standards ("IFRS") have been included only if management considers that the disclosure will assist users in understanding the financial statements as a whole, after taking into account the materiality of the item being discussed. Accounting policies which are not applicable from time to time have been removed but will be included if the type of transaction occurs in future or becomes material. Accounting policies have been applied consistently across the Group, other than where new policies have been adopted.

Westcon Group Middle East Holdings Limited, Westcon Group Africa Operations Limited, Rebura Holdings Limited and Rebura Limited are exempt from an audit of individual financial statements due to Companies Act 2006 Section 479A where the parental undertaking (i.e. WGEO) guarantees all outstanding liabilities to which the subsidiary companies are subject to at the end of this financial year due to Companies Act 2006 Section 479C.

REVISION OF THE CONSOLIDATED FINANCIAL STATEMENTS

Financial statements for the company for the year ended 29 February 2024 were previously filed at Companies House. Those original financial statements did not comply with the Companies Act 2006 Section 479A disclosures on the audit exemption of subsidiary companies. The revised financial statements have been updated to present in the Notes to the Group Financial Statements, under group accounting policies, that Rebura Limited and Rebura Holdings Limited are exempt from audit under Companies Act 2006 Section 479A. The revised financial statements also correct the references to Companies Act 2006 Section 479A instead of Section 479C. Changes were also made to the headers of the Auditor's Report, Statement of Comprehensive Income and Group Accounting Policies due to previously made errors that were not in compliance with Section 404.3 of the Companies Act 2006.

The revised financial statements replace the original financial statements for the financial year ended 29 February 2024 and hence are now the statutory financial statements for that year. These revised financial statements have been prepared as at the date of the original financial statements, and not as at the date of the revision and accordingly do not deal with events between those dates.

Going concern

The Directors have reviewed the future profit and cash flow projections in conjunction with the current economic climate as well as banking facilities in place to support all the operations, in order to express an opinion on the adequacy of working capital and the ability to continue as a going concern for the foreseeable future. These Board approved projections covered future financial performance, solvency and liquidity for a period of 12 months from the date of the release of these results. The Directors have concluded that the Group will continue to be a going concern for the foreseeable future and therefore the results have been prepared on a going concern basis. The forecasts demonstrate no issues with meeting financial covenant requirements and remain within existing finance facility limits.

The Board has satisfied itself that the Group has adequate resources to continue in operation for the foreseeable future. The Group's financial statements have accordingly been prepared on a going concern basis.

The Group currently has no need to undertake a capital restructuring and key executive management is in place. The Board is not aware of any material non-compliance with statutory or regulatory requirements and there are no pending legal proceedings other than in the normal course of business.

Solvency

The Board determined that the Group is solvent, as at 29 February 2024, with net assets of US\$104.3m (2023: US\$89.4m). The Group is expected to remain solvent over the next 12 months.

Liquidity

The Group's key borrowing facilities are in place for a period to at least September 2026 and comprise a €390.6m customer invoice assignment facility and a \$71.5m supplier invoice facility. These financing facilities, as well as the strong operating cash flow generated during the year, demonstrate a stable Group liquidity position.

WESTCON GROUP EUROPEAN OPERATIONS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS

For the year ended 29 February 2024

Trade receivables and inventory are of a sound quality and adequate provisions have been recorded.

The Group's forecasts and projections of its current and expected financial performance show that the Group is expected to operate within the levels of its banking facilities for at least 12 months from the authorisation date of these annual financial statements. Macro-economic factors are not expected to impact the Group's ability to meet its banking covenants.

ADOPTION OF AMENDMENTS TO EXISTING STANDARDS AND INTERPRETATIONS

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

Applicable standard or note	Amendment	Amendment application	Effective reporting period
IAS 1 – <i>Presentation of financial statements ("IAS 1") and IFRS Practice Statement 2</i>	Disclosure of Accounting Policies	The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy.	1 January 2023
IAS 8 – <i>Accounting Policies, Changes in Accounting Estimates and Error</i>	Definition of Accounting Estimates	The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error.	1 January 2023
IAS 12 – <i>Income Taxes ("IAS 12")</i>	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	The amendments clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.	1 January 2023
IAS 12 – <i>Income Taxes – Pillar Two Model Rules</i>	The deferred tax exemption and disclosure	The amendments give temporary relief from accounting for deferred taxes arising from the Organisation for Economic Co-operation and Development's (OECD) international tax reform. The amendments also introduce targeted disclosure requirements.	1 January 2023
IFRS 17 – <i>Insurance Contracts ("IFRS 17")</i>	Replacement of IFRS 4 Insurance Contracts ("IFRS 4")	IFRS 17 replaces IFRS 4	1 January 2023

The Group has adopted the amendment to IAS 12 as it relates to the disclosure of deferred tax assets and deferred tax liabilities arising from a single transaction. The Group has assessed that the impact of this amendment is limited to the deferred taxes raised on leased assets accounted for in accordance with IFRS 16 Leases ("IFRS 16"). The Group previously disclosed deferred taxes raised on right-of-use assets and lease liabilities on a net basis. Following the amendments, the Group has disclosed a deferred tax asset in relation to its lease liabilities separate from the deferred tax liability in relation to its right-of-use assets in its annual financial statements. The comparative note disclosure has been restated in accordance with the revised requirements.

WESTCON GROUP EUROPEAN OPERATIONS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS

For the year ended 29 February 2024

There is no resultant impact on the statement of financial position as these balances qualify for offset in terms of IAS 12. Further, there is no impact on the opening retained earnings as at 1 March 2023 as a result of the amendment.

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

NEW OR REVISED ACCOUNTING STANDARDS AND AMENDMENTS TO EXISTING 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 were in issue but not yet effective:

Applicable standard or note	Amendment	Amendment application	Effective reporting period
IAS 1 – <i>Presentation of Financial Statement</i>	Classification of Liabilities as Current or Non-current	The amendment defers the effective date of the January 2020 amendments by one year, so that entities would be required to apply the amendment for annual periods beginning on or after 1 January 2024.	1 January 2024
IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments; Disclosures	Supplier Finance Arrangements	The amendments add disclosure requirements, and "sign-posts" within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangements.	1 January 2024
IAS 21 The Effects of Changes in Foreign Exchange Rates	Lack of Exchangeability	The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not.	1 January 2025
IFRS 16	Lease Liability in a Sale and Lease-back	These amendments include requirements for sale and lease-back transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.	1 January 2025

The Group did not early adopt any new, revised or amended accounting standards or interpretations. The accounting standards, amendments to issued accounting standards and interpretations, which are relevant to the Group but not yet effective at 29 February 2024, are being evaluated for the impact of these pronouncements. Other than IAS 12 – Income Taxes amendment, the accounting standards, amendments to issued standards and interpretations are not expected to have a material impact on the group in the current or future reporting periods and on foreseeable future transactions.

CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION

In the application of the Group's accounting policies described below, the Directors are required to make judgements, estimates and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors which are considered to be relevant. Actual results may differ from these estimates.

The estimates and the underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Certain of the Group's assets and liabilities are measured at fair value for financial reporting purposes.

WESTCON GROUP EUROPEAN OPERATIONS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS

For the year ended 29 February 2024

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent that it is available and also engages third parties to perform valuations on its material acquisitions. Specifically, market-observable data is used for derivatives (forward-currency contracts) in the form of the latest foreign currency exchange rates that are available.

Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities is disclosed in the relevant notes.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key areas of estimation included in the Group's annual financial statements, which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year:

- Estimates made in determining the recoverable amount of goodwill included in the statement of financial position (disclosed in Note 8 – Goodwill). This requires an estimation of the recoverable amount of the cash-generating unit ("CGU") to which the goodwill is allocated. The Group's CGU to which goodwill is allocated is the geographical region that is managed separately (namely the Europe, Middle East and Africa region). The resulting recoverable amount calculations are sensitive to changes in the timing or quantum of future cash flows, the weighted average cost of capital and assumptions in determining the revenue growth rates and terminal growth rates. Changes in one or more of these inputs to management's estimations could result in the recognition of an impairment charge. Refer to Note 8 – Goodwill, for further discussion of the methodology and rationale for selecting these inputs to management's estimations.
- Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences (as applicable) to the extent that it is probable that future taxable profits will be available against which the deferred tax assets can be used. The Group is required to make significant estimates in assessing whether future taxable profits will be available. Future taxable profits are determined based on business plans for individual subsidiaries in the Group and the probable reversal of taxable temporary differences in future. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Such reductions are reversed when the probability of future taxable profits improves. The Group's recognised and unrecognised deferred tax assets for the current year are disclosed in Note 14 – Deferred tax assets/(liabilities).
- The Group operates in numerous tax jurisdictions and the Group's interpretations and application of the various tax rules applied in direct and indirect tax filings may result in disputes between the Group and the relevant tax authorities. Uncertain tax positions are based on the most likely outcome of the tax liability based on information that is available. Due to the level of estimation and judgements required in determining tax provisions, amounts that may eventually become payable may differ from provisions recognised.
- Estimates made in determining the level of provision required for obsolete inventory. Inventory obsolescence is determined by reference to the risk profile of a vendor which considers the age of the inventory, the ability to rotate stock, the turnover of the stock and any other extenuating circumstances that management is aware of (disclosed in Note 16 – Inventories).
- Estimates are made in determining the amount or timing relating to restructuring, legal claims, pension and dilapidation obligations. Refer to Note 26 – Provisions for uncertainties disclosed for each of the categories listed.
- Estimates made in determining the underlying forecasts used to determine the valuation of Westcon International Limited for use in the Equity Appreciation Plan (EAP). The Group is required to make significant estimates in assessing the valuation of Westcon International to be able to compute the IFRS 2 charge thereof. An income approach is used with discounted cash-flows for a five-year period. This involves obtaining a discount rate externally and determining long-term growth rates of revenue and EBITDA in the various countries where Westcon operates. Refer to Note 31 – Share-based payments.
- Estimates are utilised when measuring the expected credit losses ("ECLs") which are applied to determine the provision recorded against the gross value of trade receivables (disclosed in Note 18 – Trade receivables). The Group applies the simplified approach as permitted by IFRS 9 – Financial Instruments when providing for expected credit losses on trade receivables and contract assets. Factors which are considered for each of the operating segments are as follows:
 - In measuring lifetime ECLs, past experience is considered to be the most significant predictor to determine historic write-off rates for trade receivables that reach different ageing categories that fall past due. A provision is then created based on this experience being the estimated likelihood of a debt being written off once it reaches the ageing bucket.
 - For higher value receivables which are lower volume, the receivable is reviewed independently for recoverability. In making this assessment, management considers the age past due, the geography in which the customer resides, and the knowledge of the customer's situation based on the Group's discussions and dealings with particular customers. Further to the above assessments, the Group considers forward-looking information such as known changes in the macroeconomic environment of

WESTCON GROUP EUROPEAN OPERATIONS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS

For the year ended 29 February 2024

customers located in a certain geography, or the deterioration in the Group's relationship, or discussions with a particular customer.

– For lower-value receivables which are higher volume, the Group applies a percentage to the ageing buckets of these receivables. These percentages are derived by comparing the amounts ultimately written off in each ageing category to the total amount of customer receivables in each ageing category. Forward-looking information is assessed and included where material.

CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

Agent vs principal (net vs gross revenue)

When deciding on the most appropriate basis for presenting revenue or related costs, both the legal form and the substance of the agreement between the Group and the counterparty are reviewed to determine each party's respective role in the transaction. The Group evaluates the following control indicators, among others, when determining whether it is acting as a principal or agent in transactions with customers, and therefore whether the recording of revenue is on a gross or a 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.

Revenue from sales arrangements where the Group acts as agent is recognised on a net basis, and the commission or gross profit earned on these contracts is recognised as revenue.

In the process of applying the Group's accounting policies, the Directors have made a judgement in determining that the Group is acting as an agent in the provision of both product maintenance sales and certain sales of software, as well as of cloud and software services.

For product maintenance sales, a customer purchases a maintenance or service package from the Group that is delivered over time directly by the vendor. These service contracts are sold alongside but separately from the associated products, and the Group serves as the agent for the contract on behalf of the vendor. The Group's responsibility is to arrange for the provision of the specified service by the vendor, and the Group does not control the specified service before it is transferred to the customer. The Group therefore has no obligation to the customer in terms of the service or maintenance once the sale has been made.

For vendor resold maintenance sales, a customer purchases a maintenance or service package from the Group that is delivered over time directly by the vendor. These service contracts are sold alongside but separately from the associated products, and the Group serves as the agent for the contract on behalf of the vendor. The Group's responsibility is to arrange for the provision of the specified service by the vendor, and the Group does not control the specified service before it is transferred to the customer. The Group therefore has no obligation to the customer in terms of the service or maintenance once the sale has been made.

The Group sells cloud computing solutions, which include Infrastructure as a Service ("IaaS") and Software as a Service ("SaaS"). These solutions utilise third-party vendors to offer the Group's customers access to cloud technology and software in the cloud that provides flexible computing and storage resources, enhances office productivity, provides security or assists in collaboration.

While most of the Group's software licence sales are recognised on a gross basis, as the Group is acting as a principal in these transactions at the point the software licence is delivered to the customer, some software licences are sold with the ability to access that vendor's latest technology via product updates. The Group evaluates each of these arrangements to determine its performance obligation and appropriate recognition of revenue. The assessment of whether the Group acts as a principal or an agent is judgemental and requires a weighting of the individual factors in reaching a conclusion. The Group deems the defining characteristic of each arrangement to be whether its material performance obligation is to deliver the solution or to arrange access to the solution.

In those arrangements where the software service is delivered entirely by the vendor (i.e. SaaS), 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

WESTCON GROUP EUROPEAN OPERATIONS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS

For the year ended 29 February 2024

Group will recognise revenue at the time of invoice on a net basis as the Group is acting as an agent in the transaction. In all other cases, the Group is deemed to be acting as principal and revenue is recognised on a gross basis.

Multi-year contract revenue recognition

The Group enters into multi-year contract arrangements, predominantly for the sale of software licences, software-as-a-service and maintenance products which allow for periodic billing to the customer over the term of the arrangement. The terms offered to customers on these deferred billing plans include back-to-back arrangements where the Group benefits from a similar billing profile from its vendors, as well as asynchronous arrangements. The contracts are non-cancellable by the Group or the customer other than in specific circumstances. The assessment of when revenue should be recognised in these arrangements requires considerable judgement of the individual factors.

Given these contracts are non-cancellable, it is management's judgement that revenue is therefore recognised at the time of initial delivery which has been determined is when the Group's performance obligation under the terms of the arrangement is met.

Amounts receivable for multi-year contracts and the associated accrued costs of the contract from the vendor are recorded on the statement of financial position in line with IFRS 15. The current portion of amounts receivable is included in Note 18.1 – Trade receivables and the non-current portion is included in Note 20 – Other non-current assets, contract assets and contract costs; while the current portion of accrued costs is included in Note 24 – Trade and other payables and the non-current portion is included in Other non-current liabilities. The amounts are recorded gross on the statement of financial position (discounted to present value where material), since the Group is contractually entitled to, and obligated for, the gross cash flows and no contractual right of set-off exists.

Leases

The Group applies judgement in determining the lease term by considering all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option and whether it is reasonably certain that options will be exercised by considering factors such as how far in the future an option occurs, the Group's business planning cycle and past history of terminating/not renewing leases. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

Judgements in determining if financial assets should be derecognised

The Group applies judgements in the determination of whether its financial assets (trade debtors that are factored) should be derecognised. The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire or have been transferred and the Group has transferred substantially all the risks and rewards of ownership of the asset to another entity. Refer to the policy on Financial Instruments, c) derecognition of financial instruments for further information.

BASIS OF CONSOLIDATION

The Group reports in US Dollar as the US Dollar is the functional currency in which the major part of the Group's trading is conducted, and it is consistent with the economic substance of most of the Group's transaction flows worldwide. Reporting in US Dollar also simplifies financial analysis and is more meaningful to global investors and shareholders, and for international benchmarking. The translation for the Group components where the functional currency is not US Dollar is performed as follows:

- (a) Assets and liabilities are translated at the closing rate ruling at the date of each statement of financial position.
- (b) Income and expense items for all periods presented are translated at a weighted average rate that approximates the ruling exchange rates at the dates of the transactions.

Exchange differences arising from the translations in (a) and (b) are recognised in other comprehensive income and accumulated in the foreign currency translation reserve.

The average and closing exchange rates of the Group's material currencies are listed below:

	Average US\$ exchange rates FY24	Closing US\$ exchange rates FY24	Average US\$ exchange rates FY23	Closing US\$ exchange rates FY23
British Pound/US\$	1.25	1.26	1.21	1.21
Euro/US\$	1.08	1.08	1.05	1.06

The consolidated financial statements incorporate the financial statements of the Group and all enterprises controlled by the

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Group during the reporting period. The assessment of whether the Group has control over the investee is carried out at acquisition or inception.

Control is achieved when the Group:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there may have been changes to one or more of the elements of control. Total comprehensive income of subsidiaries is attributable to the owners of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

Accounting policies of subsidiaries are consistent with the policies adopted by the Group. Subsidiaries may only have a different statutory reporting year end if required by local regulations.

FOREIGN CURRENCY TRANSACTIONS

The Group operates in various countries with various functional currencies. Transactions in currencies other than the functional currency are initially recorded at the rates of exchange ruling on the dates of the transactions. At each reporting date, assets and liabilities denominated in currencies other than the functional currency are translated at the rates prevailing at the reporting date. Profits and losses arising on such translations are recognised in profit or loss, except for unrealised profits or losses on exchange arising from equity loans, which are accumulated in the foreign currency translation reserve until the loan is derecognised, at which time it is reclassified to profit or loss. The equity loans are included in the net investments of foreign operations. Foreign exchange differences on taxes are accounted for in other comprehensive income in the statement of comprehensive income and included in foreign gains/losses.

Goodwill and fair value adjustments to identifiable assets acquired and liabilities assumed through acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

PROPERTY, PLANT AND EQUIPMENT

Owned assets

All property, plant and equipment have been measured at cost less accumulated depreciation and any recognised impairment loss except land, which is shown at cost less any recognised impairment loss. Depreciation is calculated based on cost using the straight-line method over the estimated useful lives of the assets less their residual value. Estimation of the useful economic life includes an assessment of the expected rate of technological developments and the intensity at which assets are expected to be used based on historic usage of similar property, plant and equipment. Revision of the useful life is considered annually and if there are significant changes to the initial usage assumptions.

The basis of depreciation provided on property, plant and equipment is as follows:

	Useful lives (years)
Office furniture and equipment	2 – 6
Motor vehicles	2 – 4
Computer equipment	2 – 6
Buildings	20
Leasehold improvements	Shorter of useful life/period of the lease

Land and buildings comprise mainly warehouses and offices. Software purchased to support the Group's back office, accounting and customer relationship functions that are an integral part of the hardware, is included in computer equipment and is depreciated over its expected useful life.

All assets' residual values and useful lives are reviewed at each reporting date and any changes to these estimates are accounted for on a prospective basis.

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LEASING

Leases as a lessee

Right-of-use assets

The Group leases various property, plant and equipment. Rental contracts are typically entered into for fixed periods but may have extension options. The Group assesses whether it is reasonably certain to exercise an extension option, or not to exercise a termination option and accordingly determine the lease term. 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 (typically \$5k). 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 such items are considered to be low value. Low-value items include assets such as laptops and phones. The assessment of 'low value' for a leased asset is to be made on the basis of the value of an asset when it is (or was) new, regardless of whether the actual asset being leased is new. Additionally, the assessment is made regardless of whether the leased asset is material to the lessee.

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 – Impairment of Assets (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 future lease payments, 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.

CAPITALISED SOFTWARE DEVELOPMENT EXPENDITURE

An intangible asset arising from internal development (or from the development phase of an internal project) is recognised only if the Group can demonstrate all of the conditions as described in IAS 38.

Development expenditure is capitalised only if development costs can be measured reliably, the product of process is technically and commercially feasible, future economic benefits are probable, and the Group intends and has sufficient resources to complete the development and to use the asset. The expenditure that is capitalised includes the cost of internal and external labour charges. Expenditure that enhances or extends the performance of intangible assets beyond their original specifications is recognised as a capital improvement and is capitalised to the original cost of the assets.

Capitalised development assets are amortised using the straight-line method over their useful lives, which generally do not exceed seven years. The estimation of useful lives of capitalised development assets is based on the term of the initial software licences or expectations about the future use after taking into account technological developments.

All other expenditure on research activities is recognised as an expense in the period in which it is incurred.

The Group assesses whether cloud computing arrangements including software licences should be capitalised on a case-by-case basis. In circumstances where the Group does not have control over the software and therefore does not have the power to obtain the future economic benefit from the resource, the costs related to the cloud computing arrangement are expensed rather than capitalised. However, if the Group has control over the software and can obtain future economic benefits from it, then it will be capitalised, in accordance with IAS 38 – Intangible Assets.

OTHER INTANGIBLE ASSETS

Other intangible assets include those intangible assets acquired and identified as part of a business combination, and software acquired separately. An intangible asset acquired in a business combination is recognised separately when it meets the

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recognition criteria in terms of IAS 38. Intangible assets acquired as part of a business combination are capitalised at fair value on acquisition date, whereas purchased intangible assets are capitalised at cost.

Other intangible assets are amortised using the straight-line method over their useful lives. Factors considered in estimating the useful life of an intangible asset include:

- legal, regulatory or contractual provisions that may limit or extend the useful life;
- the effects of obsolescence, demand, competition, and other economic factors;
- the expected useful lives of related assets;
- the expected use of the intangible asset by the Company;
- the level of maintenance expenditures expected;
- the expected retention period of customers; and
- the expected completion date of the backlog projects.

The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

	Useful lives (years)
Trademarks, marketing, customer and vendor relationships	Maximum of 10
Software	2 – 6

Intangible assets which do not meet the criteria listed above are recognised as expenses in the period in which they are incurred. An intangible asset is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the statement of comprehensive income.

GOODWILL

Goodwill represents the excess consideration transferred for an acquisition over the fair value of the Group's share of the net identifiable assets of the acquiree at the date of acquisition. For the purpose of impairment testing, goodwill is allocated to each of the Group's CGUs expected to benefit from the synergies of the business combination and is measured and managed at an operating segment level. Goodwill is carried at cost less accumulated impairment losses.

The Group annually reviews the carrying amounts of goodwill for impairments. The recoverable amounts of the goodwill are estimated in order to determine the extent, if any, of the impairment loss. Impairment tests are conducted annually or more frequently when an indication of impairment exists on goodwill attributed to the CGUs. An impairment loss is recognised in profit or loss if the carrying amount of an asset or CGU exceeds its recoverable amount. The recoverable amount of a CGU is the higher of its value-in-use and its fair value less costs of disposal. In assessing value-in-use and fair value less costs of disposal, the estimated future cash flows associated with budgeted and forecast results are discounted to their present value using an appropriate discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining the recoverable amount of goodwill, the Group obtains external valuations to support the impairment test of the CGU. Determining whether goodwill is impaired requires an estimate of the recoverable amount of the CGUs to which goodwill has been allocated. The recoverable amount calculation requires the entity to estimate the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate present value. The impairment review is therefore conducted by reference to a discounted cash flow model applied to the underlying CGU, including the carrying value of goodwill, to ensure that the business remains profitable and cash-generative, and that it supports the ongoing recognition of the goodwill.

If the recoverable amount of the CGU is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata, based on the carrying amount of each asset in the unit.

IMPAIRMENT

At each reporting date, or more frequently when an indication of impairment exists, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether 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 loss, if any. The recoverable amount is the higher of fair value less costs to sell and value-in-use.

If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, its carrying amount is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately in profit or loss.

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INVENTORIES

Inventories, comprising spares/maintenance inventory, finished goods and merchandise for resale, are measured at the lower of cost and net realisable value and are valued mainly on the weighted average cost basis.

Inventory obsolescence is determined by reference to the risk profile of a vendor which considers the age of the inventory, the ability to rotate stock, the turnover of the stock and any other extenuating circumstances that management is aware of.

FINANCIAL INSTRUMENTS

Financial instruments are valued at either:

- at fair value through profit and loss ("FVTPL"); or
- at amortised cost.

The Group determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Group's business model for managing financial assets and their contractual cash flow characteristics. Financial liabilities are measured at amortised cost unless they are required to be measured at FVTPL (such as derivatives).

A) Classification and measurement

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

- level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- level 2 inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and
- level 3 inputs are inputs for the asset or liability that are not based on observable market data (unobservable inputs).

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent that it is available for its level 2 financial instruments.

Foreign exchange gains and losses

- For financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the operating costs line item; and
- For financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the operating costs line item.

Derivative instruments

The Group enters into derivative financial instruments to manage its exposure to foreign exchange rate risk and interest rate risk, including forward exchange contracts, interest rate swap agreements and foreign currency collars. Further details of derivative financial instruments are disclosed in Note 32 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 reporting date. The resulting gain or loss is recognised in profit or loss immediately, unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability. Derivatives are not offset in the financial statements unless the Group has both legal right and intention to offset. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months.

Other derivatives are presented as current assets or current liabilities.

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Bonds

Bonds with a fixed maturity date are classified as financial assets at amortised cost and are measured using the effective interest method.

Trade receivables

Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components, when they are recognised at fair value. The group holds the trade receivables with the objective of collecting the contractual cash flows, and therefore measures them subsequently at amortised cost using the effective interest method. Details about the group's impairment policies and the calculation of the loss allowance are provided below.

Other receivables

Financial assets, other than those that are disclosed above, are measured at amortised cost using the effective interest method.

Cash resources

Cash resources are initially measured at amortised cost. Cash resources include cash on hand, deposits held on call with banks, and other short-term highly liquid investments with original maturities of three months or less, and are measured at amortised cost using the effective interest method. Cash resources are included in cash and cash equivalents in the statement of cash flows (refer Note 37).

Borrowings

Borrowings are initially recorded at fair value, net of direct issue costs, and are subsequently measured at amortised cost using the effective interest method. Finance charges, including premiums payable on settlement or redemption, are accounted for on an accrual basis 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.

Bank overdrafts

Bank overdrafts are initially recorded at fair value, net of direct issue costs, and are subsequently measured at amortised cost using the effective interest method and are accounted for as financial liabilities. All bank overdrafts are presented in current liabilities on the statement of financial position (refer Note 28).

Cash flows on bank overdrafts repayable on demand under certain conditions are classified as financing activities in the statement of cash flows (refer Note 37). Cash flows on bank overdrafts are reported on a net basis in the statement of cash flows as the receipts and payments are large amounts with quick turnover and short maturities.

Bank overdrafts that are unconditionally repayable on demand are classified as cash and cash equivalents in the statement of cash flows (refer Note 37).

Trade and other payables

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

Equity instruments

Equity instruments issued by the Company are recorded as the proceeds are received, net of the direct issue costs. Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments. Income tax relating to transaction costs of an equity transaction is accounted for in accordance with IAS 12 – Income Taxes.

Interest income

Interest income mainly arises from bank and other deposits. Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost. For financial assets other than purchased or originated credit assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset.

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B) Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss.

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

- During this process, the probability of the non-payment of the trade receivables is assessed.
- This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables.
- The expected credit loss model applies a percentage based on an assessment of historical default rates and certain forward-looking information, against receivables that are grouped into certain age brackets.
- In assessing the expected credit loss, the location of customers as well as their global presence is considered in the calculation. Typically, when these customers are in default it is due to disputes over the provision of a good or service, or billing technicalities, and not due to a credit risk due to an inability to settle their accounts.
- The forward-looking information that is incorporated includes:
 - emerging or anticipated changes in the macroeconomic environment where a customer is located; for example, geographies where there are sensitive fluctuations to foreign currency rates and/or where the customer debt is in a volatile currency; and
 - anticipated changes in the ownership or management of a customer which is in default, or where long-term relationships with customer management are likely to be compromised.

This method for calculating a provision is further supplemented by a specific review against higher value and aged trade receivables where there are other more specific risk factors identified from publicly available information such as insolvency proceedings. Other specific risk factors considered in this assessment are the age past due of the receivable, the probability of default by reference to past experience, the extent to which the customer is engaging in discussions to settle the debt, or conversely, whether there is an ongoing dispute as well as the macroeconomic environment of the geography/market in which the customer is located.

For trade receivables, which are reported net, such ECLs are recorded in a separate ECL account, with the profit or loss being recognised within profit from operating activities in the consolidated statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated ECL.

In measuring ECLs, past experience is considered to be the most significant predictor to determine historic write-off rates for trade receivables that reach different ageing categories that fall past due. For higher value receivables which are lower volume, the receivable is reviewed independently for recoverability. In making this assessment, management considers age past due, the geography in which the customer resides, and the knowledge of the customer's situation based on the Group's risk discussions and dealings with particular customers. Further to the above assessments, the Group considers forward-looking information, such as known changes in the macroeconomic environment of customers located in a certain geography or the deterioration in the Group's relationship or discussions with a particular customer.

Write-off policy

When the debtor is in severe financial difficulty and there is no prospect of recovering the debt, and every effort to collect a customer receivable balance has been exhausted, the balance is written off with approval required through the matrix of authorities defined by each operating segment. A write-off will only be approved if there is no realistic prospect of recovery; for example, when a customer is in liquidation or subject to bankruptcy proceedings.

C) Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire or have been transferred, and the Group has transferred substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group continues to recognise the financial asset to the extent of its continuing involvement in the financial asset, and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of

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ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Westcon Group European Operations Limited has a significant invoice assignment with recourse facility with a funder that provides working capital secured against the assignment of certain trade receivables to the funder. In these arrangements the trade receivables are not derecognised because the substantial risks and rewards of ownership are retained by Westcon International Limited. In particular, Westcon Group European Operations Limited continues to incur the risk of default and any credit losses by a customer, including the withdrawal of funding where a customer invoice falls more than 60 days past the due date. Westcon International Limited retains the control of the customer relationship and all credit collection activity. The funder is unable to sell the receivable unilaterally. Westcon recognises a separate financial liability on the statement of financial position for the amounts advanced by the funder, less any amounts already repaid. In the statement of cash flows, the cash receipts from customers are accounted for in operating activities and the cash flows relating to the facility are reflected in cash flows from financing activities.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

OTHER RECEIVABLES

Other receivables include prepayments, accrued income and claims/refunds due for other tax as well as rebates due (from vendors according to vendor rebate programmes). Prepayments mainly represent prepaid vendor costs on services that are recognised over time where the cost of providing the service is deferred over the same time period. Accrued income arises on certain contracts where a deferred timetable for billing a customer has been agreed. These items are all measured at amortised cost.

PROVISIONS

A restructuring provision is recognised when the Group has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring and not associated with the ongoing activities of the entity.

Provisions for dilapidations and asset retirement obligations are recognised when the Group has a present obligation to return modified or utilised assets to a specified standard. Provisions for dilapidations and asset retirement obligations are measured at the Directors' best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value using the entities' cost of borrowing where the effect is material. Provisions for legal claims, VAT/sales tax, onerous contracts and other provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are not recognised for future operating losses. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

TAXATION

The tax expense in the statement of comprehensive income represents the sum of the current tax and deferred tax. Current taxation comprises tax payable calculated on the basis of the expected taxable income for the year, using the tax rates enacted or substantially enacted at the statement of financial position date, and any adjustment of tax payable for previous years.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Group's consolidated annual financial statements and the corresponding tax bases used in the computation of taxable profit. 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 income will be available against which deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition, other than in a business combination, of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In certain jurisdictions, goodwill relating to business combinations is tax deductible.

Deferred tax liabilities for taxable temporary differences relating to goodwill are recognised to the extent they do not arise from the initial recognition of goodwill. Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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The carrying value of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable income 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 to the period when the asset is realised, or the liability is settled, or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the reporting date. Deferred tax is charged or credited in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case the deferred tax is also dealt with in other comprehensive income or equity, respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for a business combination.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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.

REVENUE

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

Recognition

Revenue is recognised based on the completion of performance obligations and an assessment of when control, over the specified good or service being provided, is transferred to the customer in accordance with IFRS 15. 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; and
- the customer has accepted the product or service.

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

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

Measurement

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

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

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

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

Types of revenue

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

Revenue from product sales

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

Revenue from services

- Revenue from professional services
- Revenue from other services

Revenue from annuity services

- Revenue from software services.

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

REVENUE FROM PRODUCT SALES

Revenue from sales of hardware

Revenue is recognised at a point in time when control passes to the customer, being when the goods are delivered to the customer per the chosen shipment method.

Included in revenue from product sales is Westcon International Limited's vendor maintenance revenue. A customer purchases a maintenance or service package from Westcon International Limited that is delivered over time directly by the vendor. Westcon International Limited has no obligation to the customer in terms of the service or maintenance once the sale has been made. These revenues are recognised at a point in time, and on a net basis, as Westcon International Limited acts as an agent and has no further obligations to the customer once the sale has been made. The commission or gross profit earned on these sales is recognised as revenue. The maintenance package is sold alongside the hardware/software purchased by the vendor and is therefore considered as an integral part of the product.

Revenue from sales of software

Revenue from sales of software represents the resale of software licensing. The Group's performance obligation is met as the software licence(s), whether perpetual or term licences (both on premise), is passed over to the client (this may be, for instance, when licence keys are handed to the client or when a contract representing the licence is assigned dependent on the applicable deal), and as such, revenue is recognised gross at a point in time where the right to access the licensing product has transferred to the customer, typically on delivery. As detailed below, SaaS revenues are recognised net as agent.

Revenue from vendor resold services and product maintenance sales

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

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

REVENUE FROM SERVICES

Revenue from professional and other services

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

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

For all other professional services, revenue is recognised at a point in time when the service is complete, or at multiple points in time where the service is milestone based. In these contracts customers gain immediate use of the output of the service once the professional service has been rendered.

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

Anti-virus software is recognised net upfront given the ongoing updates and performance required from the vendor.

REVENUE FROM ANNUITY SERVICES

Revenue from software services

The Group sells cloud computing solutions which include IaaS and SaaS. The Group recognises revenue for cloud computing solutions at the time of delivery, being the point in time when control passes, and on a net basis as the Group is acting as an agent in the transaction.

GOVERNMENT GRANTS

Government grants relating to costs incurred are deferred and recognised in the Income Statement over the period necessary to match them with the costs that they are intended to compensate. Government grants received have been credited to operating expenses within the Income Statement.

FINANCE COSTS

Finance costs include the borrowing costs on bank overdrafts and trade finance, finance leases and debt issuance costs which are recognised in profit or loss using the effective interest method.

SHARE-BASED PAYMENTS

The Group issues cash-settled share-based incentives to certain employees.

For cash-settled share-based payments, the liability for the fair value of all unexercised share rights which are expected to vest is determined initially at grant date and then revalued at each reporting date and amortised over the applicable vesting period.

Fair value is measured by independent experts using appropriate pricing models. The expected life used in the models has been adjusted, based on the Directors' best estimate, for the effects of non-transferability, exercise restrictions and exercise behavioural considerations.

PENSION SCHEME ARRANGEMENTS

Certain subsidiaries of the Group make contributions to various defined contribution retirement plans on behalf of employees, in accordance with the local practice in the country of operation. These contributions are charged against profit or loss as incurred.

The Group has no liability to these defined contribution retirement plans other than the payment of its share of the contribution in terms of the agreement with the funds and employees concerned, which differs from country to country.

RELATED PARTIES

Related party transactions constitute the transfer of resources, services or obligations between the Group and a party related to the Group, regardless of whether a price is charged. For the purposes of defining related party transactions with key management, key management has been defined as Directors and the Group's Executive Committee and includes close members of their families and entities controlled or jointly controlled by these individuals.

USE OF NON-IFRS FINANCIAL MEASURES

The Group uses certain measures to assess the financial performance of the business. Certain of these measures are termed "non-IFRS measures" because they exclude amounts that are included in, or include amounts that are excluded from, the most

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directly comparable measure calculated and presented in accordance with IFRS, or are calculated using financial measures that are not calculated in accordance with IFRS. These non-IFRS measures include EBITDA.

EBITDA

The Group includes EBITDA and EBITDA margin because they are key measures that the Company's management and Board of Directors use to understand and evaluate its core operating performance and trends. EBITDA is a core metric in the annual budget; and is used to develop short and long-term operational plans. EBITDA is defined as operating profit before finance interest, tax, depreciation and amortisation. EBITDA further excludes the following: the Group share of equity-accounted investment losses; acquisition-related fair value adjustments; other income and gains or losses on the disposal of investments. The Group calculates EBITDA margin as EBITDA divided by total revenue. All further references made to EBITDA will be in accordance with the definition stated above.

BUSINESS COMBINATIONS

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. Costs related to the acquisition, other than those associated with the issue of debt or equity securities, are expensed as incurred. 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 statement of comprehensive income.

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

Non-controlling shareholders are treated as equity participants; therefore, all acquisitions of non-controlling interests or disposals by the Group of its interests in subsidiaries, where control is maintained subsequent to the disposal, are accounted for as equity transactions. Consequently, the difference between the fair value of the consideration transferred and the carrying amount of a non-controlling interest purchased or disposed of, is recorded in equity. Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity.

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

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2. REVENUE

The Group is operational in geographic locations including the United Kingdom, Europe (excluding UK) and Rest of the World. During the year the Group only had one principal activity. The revenue by geographic destination can be analysed as follows:

	2024 USD'000	2023 USD'000
Europe	2,270,645	2,152,080
Middle East	298,526	290,486
Africa	178,761	74,875
	2,747,932	2,517,441

REVENUE	2024 USD'000	2023 USD'000
Revenue from product sales	2,660,357	2,458,123
Revenue from sales of hardware	1,455,025	1,520,278
Revenue from sales of software	1,129,531	883,062
Revenue from vendor resold services and product maintenance services	75,801	54,783
Timing of revenue from product sales		
At a point in time	2,660,357	2,458,123
Nature of revenue from product sales		
Principal	2,584,556	2,403,340
Agent	75,801	54,783
Revenue from services		
Revenue from professional services	63,522	51,688
Timing of revenue from services		
Over time	63,522	51,688
Nature of revenue from services		
Principal	63,522	51,688
Revenue from annuity services		
Revenue from software services*	24,053	7,630
Timing of revenue from annuity services		
Point in time	24,053	7,630
Nature of revenue from annuity services		
Agent	24,053	7,630
	2,747,932	2,517,441

* Includes software as a service revenue.

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3. OPERATING PROFIT

	2024 USD'000	2023 USD'000
OPERATING PROFIT		
Operating profit is arrived at after taking into account the following items:		
Operating costs		
Auditors' remuneration	2,438	1,570
For the audit of the Company's annual financial statements	1,383	1,489
Fees for additional statutory entities	1,010	81
Other services		
Taxation services	45	-
Foreign exchange losses	(795)	(12,555)
Unrealised	(5,551)	5,731
Realised	4,756	(18,286)
Staff costs [^]	141,718	123,999
Salaries and wages	107,276	93,334
Other pension costs	4,397	3,507
Social security costs	18,206	16,412
Other benefits	11,839	10,746
Directors' emoluments	7,186	1,301
Emoluments	1,180	1,238
Long term incentive plan	5,932	
Employer's contribution to pension schemes	74	63
Short-term lease payments	1,031	1,017
Management fees (refer to note 30)	37,409	39,620
Other expenses	34,176	24,721
Total operating costs	215,977	179,673

[^] Additional staff costs information included below.

* Long-term incentives for executive Directors are included in the share-based payments charge reflected in Note 31.

- Management fees are charged to the Group by Westcon Group Services Inc. for certain management, IT and head office services

- Unrealised foreign exchange gains and losses for financial instruments (excluding cash resources and bank overdrafts as disclosed on the statement of financial position) that have a different currency than the entity's functional currency, are determined as follows:

- Financial assets and liabilities that have open positions at the end of a period/reporting date are translated to the entity's functional currency at the rates prevailing for that period end/reporting date;
- The unrealised foreign exchange gains and losses are accounted for in the statement of comprehensive income;
- Foreign exchange gains and losses are considered unrealised until maturity or settlement date of the financial instrument, at which point the entire foreign exchange gain or loss is classified as realised; and Foreign exchange gains and losses on cash and cash equivalents are considered to be realised and accounted for in the statement of comprehensive income.

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3. OPERATING PROFIT (continued)

	2024 USD'000	2023 USD'000
Staff costs		
Staff costs included in cost of sales	25,481	22,038
Staff costs included in operating costs	141,718	125,300
Total staff costs	167,199	147,338

Only one Director received remuneration from Westcon Group European Operations Limited. The other Director was remunerated by other group companies and costs are recharged via a group management fee.

Depreciation and amortisation

Depreciation: Property, plant and equipment	915	1,334
Office furniture, equipment and motor vehicles	53	131
Computer equipment	188	457
Leasehold improvements	669	740
Land and buildings	5	6
Depreciation: Right-of-use asset	7,937	7,127
Office furniture, equipment and motor vehicles	2,356	2,102
Computer equipment	35	48
Land and buildings	5,546	4,977
Amortisation	294	6
Amortisation of capitalised development expenditure	-	6
Amortisation of acquired intangible assets	294	-
Total depreciation and amortisation	9,146	8,467

Average number of employees:

	2024 Number	2023 Number
Distribution	99	103
Professional Services	345	325
Sales and marketing	1,225	1,233
Administration	298	285
Total employees	1,967	1,946

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4. NET FINANCE COSTS

	2024 USD'000	2023 USD'000
Finance costs		
Interest on bank overdrafts and trade finance	(30,920)	(12,564)
Interest on finance leases	(1,782)	(1,252)
Debt issuance costs	(1,200)	(1,304)
	(33,902)	(15,120)
Interest income		
Other*	204	235
	204	235
Net finance costs	(33,698)	(14,885)

* All of the interest income was received in relation to a loan provided to Datatec Financial Services Holdings Limited, which shares the same ultimate parent Datatec Limited.

5. OTHER INCOME

	2024 USD'000	2023 USD'000
Interest income on financial assets held as investments	1,697	778
Other items	531	26
	2,228	804

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For the year ended 29 February 2024

6. TAXATION

	2024	2023
	USD'000	USD'000
6.1 Taxation (credit)/charge		
Current taxation – Current year	7,206	5,435
– Prior year	1,894	1,296
Deferred taxation – Current year	(6,369)	(4,529)
– Prior year	(547)	387
Total taxation (credit)/charge	2,184	2,589

	2024 %	2023 %	2024 USD'000	2023 USD'000
6.2 Reconciliation of taxation rate to profit / (loss) before taxation				
Profit / (loss) before tax			26,050	(9,025)
Weighted average statutory tax rate	(27.1)	(11.3)	7,069	1,016
Reconciling items expected to recur:				
Other non-deductible expenses and permanent differences (1)	(1.8)	(5.3)	465	474
Share-based payments (2)	-	-	-	-
Non-recoverable withholding taxes (3)	(0.2)	-	57	-
Tax loss utilised/recognised (4)	(35.0)	6.7	(9,113)	(602)
Foreign taxation rate differential (5)	(0.2)	0.5	(48)	(41)
Tax losses and other deferred tax assets not recognised (6)	9.1	(15.5)	2,383	1,394
Rate adjustment (7)	(0.1)	14.8	25	(1,335)
Prior year adjustments (8)	(5.2)	(18.6)	1,346	1,683
Effective taxation rate and total tax charge	(8.3)	(28.7)	2,184	2,589

Notes to the Group tax rate reconciliation:

The tax rate reconciliation uses a weighted average statutory tax rate as a starting point, which is why the starting point changes year on year.

- (1): Includes entertaining expenses, donations, gifts, disallowed interest, legal expenses, disallowed customs duty costs, and the impact of foreign exchange movements.
- (2): Reflects the differing tax treatments of share-based payments which varies across jurisdictions, and the associated current or deferred tax credits arising which often do not directly correspond to the expenses booked in the financial statements.
- (3): Represents tax deducted on cross-border commercial payments that cannot be recovered directly from a tax authority or offset against other income tax liabilities.
- (4): Relates to the utilisation or recognition of tax losses and other timing differences that have not previously been recognised as a deferred tax asset.
- (5): Related to tax arising on profits at a tax rate that differs from the local statutory rate of taxation.
- (6): Relates to those timing differences that arise in the year for which a deferred tax asset has not been recognised, typically because of the uncertainty that future taxable income will be available against which deductible temporary differences can be utilised.
- (7): Refers to changes in the carrying value of deferred tax assets and liabilities as a result of a change in local statutory rates of taxation.
- (8): Reflects changes to the current and deferred tax recorded in relation to prior accounting periods.

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6. TAXATION (continued)

	2024	2023
	USD'000	USD'000
6.3 Taxation (credit)/charge by region:		
Europe	(149)	1,318
Middle East and Africa	2,333	1,271
Total taxation charge	2,184	2,589
6.4 Unutilised tax losses		
Certain subsidiaries had tax losses at the end of the financial year that are available to reduce the future taxable income of the Group and are estimated to be:	136,899	133,624
Future tax relief at a blended tax rate of 26.4% (FY23: 25.2%) is US\$34.1m (FY23: US\$33.6m). Deferred tax assets of US\$28.5m (FY23: US\$22.6 m) have been recognised in respect of a portion of these losses as set out in Note 14.	34,136	33,568

7. BUSINESS COMBINATIONS

On 18 January 2024, the Group acquired 100% of the issued share capital of Rebura Holdings Limited ("Rebura"). Rebura is an award-winning Amazon Web Services ("AWS") advanced consulting partner and solution provider. This acquisition will strengthen Westcon International's cloud capabilities and channel-focused services offering and enable their partners to provide a comprehensive suite of AWS solutions to their customers. Rebura specialises in supporting AWS cloud migrations as well as SaaS and DevOps capabilities across the UK, Nordics and central Europe.

	2024
	USD'000
Cash paid	7,610
Total purchase consideration	7,610

WGEO purchased Rebura for US\$7.6 million, of which US\$6.5 million was paid in cash at completion. The remaining US\$1.1 million will be paid one year after the acquisition date.

The assets and liabilities recognised as a result of the acquisition are as follows:

	2024
	USD'000
Cash	2,138
Plant, property and equipment	16
Trade receivables	4,720
Trade payables	(1,680)
Other payables	(2,105)
Short term borrowings	(3,160)
Deferred tax	(1,356)
Intangible assets	5,422
Goodwill	3,615
Net assets acquired	7,610

The goodwill is attributable to the workforce and the anticipated synergies of the acquired business. It will not be deductible for tax purposes.

There were no acquisitions in the prior year.

The acquired business Rebura contributed revenues of \$1.1m and net profit of \$0.1m to the group for the period from 18th January to 29th February 2024. If the acquisition had occurred on 1 March 2023, Rebura would have contributed revenues of \$1.5m and net profit of \$0.1m.

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8. GOODWILL

	2024 USD'000	2023 USD'000
Net book value		
At the beginning of the year	57,276	57,276
Arising on acquisition of subsidiaries (Note 13)	4,311	-
Translation and other movements	(7)	-
Balance at the end of the year	61,580	57,276
Goodwill at cost	61,580	57,276

All of the Cash Generating Units (CGU) are in Europe.

Goodwill impairment assessment:

The Group completed its annual impairment tests, which are performed at the segmental cash-generating unit ("CGU") level. Goodwill has been allocated for impairment testing purposes to the CGUs.

External valuations are obtained for the CGUs and compared to the corresponding net asset value, including goodwill. The recoverable amount of each CGU is determined based on a fair value less cost to sell, which is compared to values arising from a comparable company's market approach and a market transactions method to ensure the reasonableness of the recoverable amount. The fair value less cost to sell is based on discounted cash flow calculations and is a level 3 fair value measurement, and further includes the following key assumptions:

Future earnings: Cash flow forecasts are prepared and derived from the most recent financial budgets for the next three years which are approved by management. EBITDA is considered a reliable indicator of operational performance and is considered a key assumption in the estimation of forecast future financial performance. Cash flows are extrapolated for a further two year period with estimated annual growth reducing gradually, to a rate which is considered not to exceed the long-term market growth in perpetuity used to calculate the terminal value.

Discount rates: Estimated discount rates used are post-tax rates of return that reflect current market assessments of the time value of money and the risks specific to the CGU to which goodwill is attributable.

Growth rates: Growth rates are based on budgeted figures and management estimates/assumptions in respect of the three- to five-year cash flow projections, a terminal growth rate and a discount rate. The growth rates are based on industry growth forecasts.

Expected changes to selling prices and direct costs: Changes in selling prices and direct costs are based on past practices and reasonable expectations of future changes in the market.

As a result of the impairment analyses, it was concluded that no impairments were required to be recorded in the current year.

The table below contains the key assumptions that were used in the fair value less cost to sell calculations:

	Europe
2024	
Weighted average cost of capital (post-tax rate)	13.3%
EBITDA growth rate in discrete period	2.0%
Terminal growth rate	1.7%
2023	
Weighted average cost of capital (post-tax rate)	12.9%
EBITDA growth rate in discrete period	2.0%
Terminal growth rate	1.7%

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8. GOODWILL (continued)

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

9. PROPERTY, PLANT AND EQUIPMENT

	2024			2023		
	Cost	Accumulated	Net book	Cost	Accumulated	Net book
	USD'000	Depreciation	Value	USD'000	Depreciation	Value
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Office furniture, equipment and motor vehicles	1,842	(1,623)	219	3,505	(3,443)	62
Computer equipment	2,233	(1,987)	246	2,078	(1,753)	325
Leasehold improvements	7,318	(4,899)	2,419	15,044	(13,227)	1,817
Land and buildings	16	(11)	5	16	(6)	10
	11,409	(8,520)	2,889	20,643	(18,429)	2,214

A register of land and buildings is maintained at the registered office of the applicable entities and may be inspected by shareholders or their duly authorised agents.

The fair value of property, plant and equipment approximates its net book value

Movement of property, plant and equipment	Office furniture, equipment and motor vehicles	Computer equipment	Leasehold improvements	Land and buildings	Total
	USD'000	USD'000	USD'000	USD'000	USD'000
Balance at 1 March 2022	186	521	2,417	16	3,140
Additions	7	261	140	(0)	408
Depreciation	(131)	(457)	(740)	(6)	(1,334)
Balance at 28 February 2023	62	325	1,817	10	2,214
Additions	210	38	1,058	0	1,306
Depreciation	(53)	(188)	(669)	(5)	(915)
Foreign exchange translation	(0)	71	213	0	284
Balance at 29 February 2024	219	246	2,419	5	2,889

10. RIGHT-OF-USE ASSETS

	2024			2023		
	Cost	Accumulated Depreciation and Impairment	Net book Value	Cost	Accumulated Depreciation and Impairment	Net book Value
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Office furniture, equipment and motor vehicles	11,839	(7,584)	4,255	9,426	(5,830)	3,596
Computer equipment	266	(246)	20	250	(212)	38
Land and buildings	38,199	(21,694)	16,505	33,661	(16,440)	17,221
	50,304	(29,524)	20,780	43,337	(22,482)	20,855

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10. RIGHT-OF-USE ASSETS (continued)

Movement of right-of-use assets US\$'000				
	Office, furniture, equipment and motor vehicles	Computer equipment	Land and buildings	Total
Balance at 1 March 2022	3,249	92	18,354	21,695
Additions	2,540	-	4,054	6,594
Disposals	(90)	(6)	(316)	(412)
Translation and other movements	(1)	-	106	105
Impairment	-	-	-	-
Depreciation	(2,102)	(48)	(4,977)	(7,127)
Balance at 28 February 2023	3,596	38	17,221	20,855
Additions	3,096	17	4,732	7,845
Disposals	(81)	-	(770)	(851)
Acquisitions	-	-	864	864
Depreciation	(2,356)	(35)	(5,546)	(7,937)
Translation and other movements	-	-	4	4
Balance at 29 February 2024	4,255	20	16,505	20,780

11. INTANGIBLE ASSETS

	2024				2023			
	Cost	Accumulated Depreciation	Translation and other movements	Net book value	Cost	Accumulated Depreciation	Translation and other movements	Net book value
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Capitalised development assets*	-	-	-	-	969	(42)	-	927
Acquired intangible assets and software**	5,422	(294)	5	5,133	-	-	-	-
	5,422	(294)	5	5,133	969	(42)	-	927

*Capitalised development assets are amortised using the straight-line method over their useful lives, which generally do not exceed seven years.

**During the current year the Group capitalised acquired intangible assets relating to the acquisition of Reburu.

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11. INTANGIBLE ASSETS (continued)

Movement of intangible assets	Capitalised development assets	Acquired intangible assets	Total
	USD'000	USD'000	USD'000
Balance at 1 March 2022	245	-	245
Amount capitalised	688	-	688
Acquired intangible assets at cost (refer to note 7)	-	-	-
Amortisation	(6)	-	(6)
Translation and other movements	-	-	-
Balance at 28 February 2023	927	-	927
Amount capitalised	-	-	-
Amounts transferred	(927)	-	(927)
Acquired intangible assets at cost (refer to note 7)	-	5,422	5,422
Amortisation	-	(294)	(294)
Translation and other movements	-	5	5
Balance at 29 February 2024	-	5,133	5,133

12. CAPITAL COMMITMENTS

	2024	2023
	USD'000	USD'000
Property, plant and equipment	403	449
Total capital commitments	403	449

This expenditure will be incurred in the ensuing year and will be financed from existing cash resources and available borrowing facilities.

13. INVESTMENTS

	2024	2023
	USD'000	USD'000
13.1 Bonds (Angola government bonds)		
ISIN: AOTNX0519L18	-	4,677
ISIN: AOUGDXKGI7A3	3,959	-
Ascension Fund No 5 LLP: BBBEE partner of Westcon Southern Africa Holdings Proprietary Limited	530	-
Long-term portion	530	-
Short-term portion	3,959	4,677
Total investment value	4,489	4,677

The Angolan government bonds are indexed to the US Dollar. The amount of US\$4.7m is fixed and the Kwanza equivalent of this will be repaid at maturity. The prevailing National Bank of Angola official US Dollar rate at the maturity date will be used for conversion.

Westcon Angola held US\$4.0m of dollar indexed bonds at Feb 2024. Bonds worth US\$4.7m matured in July 2023 and settled, with \$718k (2023: \$2.6m were discounted and paid, none matured in FY23) transferred back to the UK while \$4.0m was re-invested for 1 year to mature on 31st August 2024 with a coupon rate of 5.0%. The low repatriation was due to market volatility and unavailability of USD.

The weakened economic outlook for Angola, which arose in prior years mainly as a consequence of the fall in the price of crude oil, has led to a decline in the exchange rate of the Kwanza to the US Dollar. The National Bank of Angola has instituted capital controls that render the timing and quantum of conversion from Kwanza to US Dollar unpredictable. The further decline in the price of crude oil has increased uncertainty in the Angolan market. Management had instituted a series of actions to control the exposure and seek to reduce further losses, including the purchase of the bonds referenced above.

WESTCON GROUP EUROPEAN OPERATIONS LIMITED

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For the year ended 29 February 2024

13. INVESTMENTS (continued)

Expected credit losses in respect of the bonds are considered negligible. There have been no defaults by the Angolan government on bond maturity in the past and the National Bank of Angola has been settling bonds as they fall due.

The bonds are classified as level 1 financial instruments for the purposes of the IFRS 13 fair value hierarchy disclosure and are valued using quoted market rates.

13.2 Subsidiary Companies	Nature of Business	Country of Incorporation	Westcon Group effective holding (% held)	
			As at 29 February 2024	As at 28 February 2023
WGEO Switzerland GmbH	IT Distribution	Switzerland	100	100
Westcon Group Austria GmbH	IT Distribution	Austria	100	100
Westcon Group Germany GmbH	IT Distribution	Germany	100	100
Westcon Group Italia Srl	IT Distribution	Italy	100	100
Westcon Group Portugal Sociedade Unipessoal Limitada	IT Distribution	Portugal	100	100
Westcon Group Poland Sp Zoo	IT Distribution	Poland	100	100
Westcon Group Africa Operations Limited	IT Distribution	UK	100	100
Westcon Group Middle East Holdings Limited	IT Distribution	UK	100	100
Rebura Holdings Limited	IT Distribution	UK	100	-
Westcon Denmark ApS	IT Distribution	Denmark	100	100
Westcon Group Norway AS	IT Distribution	Norway	100	100
Westcon Group Netherlands B.V.	IT Distribution	Netherlands	100	100
Westcon Middle East Co. Limited	IT Distribution	Oman	100	100
Westcon Emerging Markets (Pty) Ltd	IT Distribution	South Africa	90	-

On 18 January 2024, Westcon Group European Operations Limited ("WGEO"), a 100% owned subsidiary of Westcon International Group Holdings Limited ("WIGHL"), acquired 100% of Rebura Holdings Limited ("Rebura").

WGEO acquired 90% of Westcon Emerging Markets Group Proprietary Limited ("WEMG") at cost during the year from the immediate parent company Datatec PLC for \$7.713m. WEMG holds 59.995% of the shares of Westcon Southern Africa Holdings Proprietary Limited and 100% of the shares in Westcon Group Shared Services Proprietary Limited. WEMG controls Westcon Southern Africa Holdings Proprietary Limited.

On 27th February 2024, the Company invested \$8m in Westcon Comstor Trading LLC, located in Saudi Arabia.

During the prior year, the Company made a further investment in Westcon Group Middle East Holdings Limited for \$5.0m. The issuance of shares was settled via transfer/sale of an intercompany receivable of £5.0m due to the Company from Westcon Middles East FZE.

WESTCON GROUP EUROPEAN OPERATIONS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS

For the year ended 29 February 2024

14. DEFERRED TAX

	2024 USD'000	2023 USD'000
14.1 Movement of deferred tax assets		
At the beginning of the year	26,749	22,440
Acquisition	142	-
Credit to the income statement	6,756	4,309
Other movements	(27)	-
	33,620	26,749
Analysis of deferred tax assets		
Capital allowances	110	156
Expense accruals and similar items	853	179
Effect of tax losses	28,541	22,614
IFRS 16 leases liabilities	3,964	3,634
Other temporary differences	152	166
	33,620	26,749
14.2 Movement of deferred tax liabilities		
At the beginning of the year	(3,934)	(3,767)
Acquisition	(1,377)	-
(Charge)/ Credit to the income statement	160	(167)
Other movements	21	0
	(5,131)	(3,934)
Analysis of deferred tax liabilities		
Capital allowances	-	(28)
Intangible assets	(1,283)	0
IFRS 16 right of use assets	(3,575)	(3,560)
Other temporary differences	(273)	(347)
	(5,131)	(3,934)
14.3 Reconciliation between gross and net deferred tax balances		
Gross deferred tax assets	33,620	26,749
Gross deferred tax liabilities	(5,131)	(3,934)
	28,489	22,814
The deferred tax after appropriate netting within entities is reflected in the balance sheet as follows:		
Net deferred tax assets	29,953	23,007
Net deferred tax liabilities	(1,464)	(193)
	28,489	22,814

**Effective for annual reporting periods beginning on or after 1 January 2023, IAS 12 - Income Taxes - was amended for the recognition and disclosure of deferred taxes recognised on IFRS16 leased assets. The Group has now adopted these changes retrospectively and has, as a result, restated its Deferred Tax notes for comparative purposes. The effect of this restatement was as follows: FY23 Deferred Tax Liabilities increased by US\$ 3.6 million (FY22: increase of US\$ 3.6 million) with Deferred Tax Assets increasing by the same value.*

Deferred tax assets recognized in relation to tax losses total US\$28.5 million. Of this, US\$28.0 million have been recognised in respect of entities that were loss making in either the current year or prior year. There were no amounts relating to entities that were loss making in both the current and prior year. The deferred tax assets recognised are based on the future profits included in the approved budgets of the relevant entities. Potential deferred tax assets of US\$5.6 million on assessed/estimated tax losses have not been recognised at 29 February 2024.

WESTCON GROUP EUROPEAN OPERATIONS LIMITED

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For the year ended 29 February 2024

14. DEFERRED TAX (continued)

Potential deferred tax assets of US\$5.6m (FY23: US\$11.0m) on assessed/estimated tax losses have not been recognized as at 29 February 2024 as management does not believe that it is probable that taxable profit will be available in the foreseeable future against which these losses can be utilised. The majority of these tax losses can be carried forward indefinitely.

The Group is within the scope of the OECD Pillar II model rules. Legislation has already been substantively enacted in the UK such that it will be effective for the Group's financial reporting year ended 28 February 2025. As such no current tax liability arises in this reporting period. The Group applies the exception to recognising and disclosing information about deferred tax assets and liabilities relating to Pillar II taxes as provided in the amendments to IAS 12 issued in May 2023. Under the legislation the Group will be liable to pay top up tax for the difference between the GloBE effective tax rate per jurisdiction and the 15% minimum rate. The Group is establishing systems to collect the large amount of data necessary to enable preparation of the detailed calculations required and to comply with all reporting obligations. However, from the work carried out to date it is clear that the majority of jurisdictions in which the Group operates are likely to fall within the transitional CBCR safe harbour rules. Where jurisdictions fall outside of these safe harbours we expect the top up tax arising to be not material. This is due to the operational substance the Group has in most of the jurisdictions in which it operates which provide a substance based income exclusion thereby reducing the profits to which a top up tax can apply.

15. OTHER NON-CURRENT ASSETS

	2024 USD'000	2023 USD'000
Notes receivable	32	32
Security deposits	1,121	1,235
Other	58	8
	1,211	1,275

The accrued income represents unbilled receivables for multi-year SaaS, on premise software licences and maintenance contracts. The amount falling due within one year is included in trade receivables. The associated accrual for unbilled payables to the vendors is disclosed in note 24.

16. INVENTORIES

	2024 USD'000	2023 USD'000
Goods held for resale	171,223	203,598
Inventory obsolescence provision	(7,485)	(4,664)
	163,738	198,934

£1,320k (2023: \$212k) of inventory was written off during the year and recorded in cost of sales.

Westcon Group European Operations Limited has certain inventory return arrangements with its major vendors to reduce the risk of technological obsolescence.

Westcon Group European Operations Limited has an inventory purchase financing agreement with a financing company for a specific vendor's purchases for a maximum availability of US\$605.3m (2023: US\$600.0m) which extends payment terms to 60 days. In FY23 the agreement was amended temporarily to extended payment terms to 90 days, we have now returned to our original terms of 60 days.

The agreement may be cancelled at any time with a 90-day notice by either Westcon Group European Operations Limited or the vendor. As at 29 February 2024, US\$268.9m (2023: US\$431.1m) was outstanding and is included in trade payables per Note 24. Purchases within 0 to 30 days are described as unfunded and are also included in trade payables. The funded availability limit of \$600.0m is treated as a group limit which is transferable for usage by the subsidiaries.

WESTCON GROUP EUROPEAN OPERATIONS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS

For the year ended 29 February 2024

17. SHORT TERM INTERCOMPANY LOANS AND RECEIVABLES

	2024 USD'000	2023 USD'000
Intercompany short term loans		
Datec Financial Services Holdings Limited	16,462	7,595
	16,462	7,595
Intercompany trade receivables	40,139	13,130
	56,601	20,725

All of the intercompany trade receivables are non-interest bearing and are repayable per the usual payment terms for customers (usually within 30 days).

The intercompany short term loans are interest bearing and repayable on demand.

18. TRADE RECEIVABLES

	2024 USD'000	2023 USD'000
Trade receivables	917,638	880,142
Expected credit loss allowance	(23,687)	(19,684)
	893,951	860,458

All trade receivables represent financial assets of the Group and are measured at amortised cost.

The carrying value of trade receivables balances approximates their fair value, therefore no fair value disclosures are provided.

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. The Group recognises lifetime expected credit losses for trade receivables, which are estimated using a provision matrix. This matrix takes into consideration the payment profiles of trade receivables over a period of up to two years in preceding financial years; the Group's historical credit loss experience, adjusted for factors that are specific to the receivables including insurance held and other securities in place; general economic conditions; and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The Group considers forward-looking information such as known changes in the macroeconomic environment of customers located in a certain geography, the deterioration in the Group's relationship or discussions with a particular customer. Consideration of these factors enables an estimation of future expected credit losses to be made. Accordingly, the credit risk profile of these assets is presented based on their past due status in terms of the provision matrix. Particular focus is placed on higher value and aged trade receivables where there are other, more specific risk factors. The concentration of credit risk in each of the Group's geographic segments is limited due to the customer base being large and geographically diverse. Accordingly, the Directors believe that no further credit loss allowance is required.

There has been no change in the estimation techniques or significant assumptions made during the current period.

Before accepting any new customer, use is made of local external credit agencies where necessary, to assess the potential customer's credit quality and to define credit limits by the customer. Limits attributed to customers are reviewed regularly.

The Group does not hold any collateral over its trade receivables balances. US\$465,137k of credit insurance is held over trade receivables (2023: US\$501,053k).

US\$705,807k of trade receivables have been assigned against short-term interest-bearing liabilities. Refer to Note 22 and Note 25 (2023: US\$608,487k).

US\$56,120k of non-current trade receivables is in relation to multi-year contracts (2023: US\$59,474k). US\$80,609k of current trade receivables is in relation to multi-year contracts (2023: US\$58,890k).

The weighted average write-off rate over recent years across all classes of trade receivables is 0.06% (2023: 0.14%). The Group therefore has sufficient expected credit loss allowances.

Management has concluded that the likelihood of material expected credit losses is low.

WESTCON GROUP EUROPEAN OPERATIONS LIMITED

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For the year ended 29 February 2024

18.1 Trade receivables credit risk

The following table details the credit risk profile of trade receivables based on the Group's provision matrix.

Days past due:

USD'000	Europe	Middle East	Africa	Total
2024				
Current	643,259	63,465	29,473	736,197
1 – 30 days past due	45,683	8,658	3,535	57,876
31 – 60 days past due	12,925	3,461	4,073	20,459
61 – 90 days past due	4,060	754	1,362	6,176
91 – 120 days past due	4,632	(182)	2,305	6,755
Over 120 days past due	68,769	6,503	14,903	90,175
Gross trade receivables	779,328	82,659	55,651	917,638
Expected credit loss allowance	(7,222)	(5,590)	(10,875)	(23,687)
Net trade receivables	772,106	77,069	44,776	893,951
2023				
Current	626,223	65,483	12,702	704,408
1 – 30 days past due	29,764	15,063	3,000	47,827
31 – 60 days past due	15,968	1,724	1,658	19,350
61 – 90 days past due	10,695	783	1,559	13,037
91 – 120 days past due	1,909	2,065	373	4,347
Over 120 days past due	74,540	8,382	8,251	91,173
Gross trade receivables	759,099	93,500	27,543	880,142
Expected credit loss allowance	(7,269)	(5,219)	(7,196)	(19,684)
Net trade receivables	751,830	88,281	20,347	860,458

The past due receivables ageing categories above are shown gross, before taking into account expected credit loss allowances. US\$23.687k expected credit losses have been allocated to the US\$40.453k over 90 days past due receivables, resulting in a net over 90 days past due receivables balance of US\$16.766k. Where there are no expected credit loss allowances, the balances are deemed to be recoverable, and there are either payment plans in place with the relevant customers or discussions with the customers are ongoing to resolve the payment of the outstanding balances.

Reconciliation of the expected credit loss allowance account

USD'000	Europe	Middle East	Africa	Total
Balance on 1 March 2022	(6,836)	(5,275)	(7,305)	(19,416)
Impairment losses recognised on trade receivables	(330)	(257)	(31)	(618)
Impairment losses reversed	(128)	-	-	(128)
Bad debt write-offs	-	270	-	270
Net exchange gains and losses	25	43	140	208
Balance at 28 February 2023	(7,269)	(5,219)	(7,196)	(19,684)
Subsidiary acquired	-	-	(3,387)	(3,387)
Impairment losses recognised on trade receivables	(2,732)	(3,211)	(1,404)	(7,347)
Bad debt reversal	2,225	2,734	418	5,377
Bad debt write-offs	554	1	9	564
Net exchange gains and losses	-	105	685	790
Balance at 29 February 2024	(7,222)	(5,590)	(10,875)	(23,687)

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For the year ended 29 February 2024

19. PREPAID EXPENSES

	2024 USD'000	2023 USD'000
PREPAID EXPENSES		
Deferred services cost of sales	29,270	27,106
Prepaid insurance	1,138	1,123
Prepaid vendor maintenance	188	88
Prepaid taxes	24	97
Advances	1,304	579
Sundry prepayments	7,186	6,234
	39,110	35,227

Deferred cost of sales on service contracts includes \$16,163k (2023: \$12,859k) of non-current prepaid expenses.

20. OTHER RECEIVABLES

	2024 USD'000	2023 USD'000
OTHER RECEIVABLES		
Derivative Contracts	6,561	2,905
Rebates due from vendors*	9,377	3,533
Notes and deposits held	94	52
Sundry receivables	(82)	209
	15,950	6,699

*Where no right of offset against Accounts Payable

Expected credit losses have been assessed. No material expected credit losses have been noted.

21. SHARE CAPITAL

	2024 USD	2023 USD
Issued share capital		
113 (2023: 113) fully paid ordinary shares of \$1.60 each	181	181
	181	181

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NOTES TO THE GROUP FINANCIAL STATEMENTS

For the year ended 29 February 2024

22. LONG-TERM INTEREST-BEARING LIABILITIES

	2024 USD'000	2023 USD'000
Other long-term liabilities – unsecured	10,990	702
	10,990	702
Less: current portion included in short-term interest-bearing liabilities (Note 25)	(10,663)	(235)
Long term portion	327	467
Repayable between one and two years	261	261
Repayable between two and three years	66	206
Repayable between three and four years	-	-
Repayable between four and five years	-	-
Repayable after five years	-	-
	327	467

23. LEASE LIABILITIES

	2024 USD'000	2023 USD'000
Non-current	14,420	15,194
Current	7,389	5,443
	21,809	20,637
Current portion repayable within one year	7,389	5,443
Repayable between one and two years	4,664	4,816
Repayable between two and three years	3,534	3,260
Repayable between three and four years	2,482	2,419
Repayable between four and five years	2,062	1,836
Repayable between five and ten years	1,678	2,863
	21,809	20,637

Generally, these lease contracts are entered into for fixed periods but may have extension options. The Group's finance 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 (refer to Note 3).

No residual value guarantees have been provided. The residual value risk of leased assets is not significant, because of the existence of secondary markets for these assets.

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NOTES TO THE GROUP FINANCIAL STATEMENTS

For the year ended 29 February 2024

24. TRADE AND OTHER PAYABLES

	2024 USD'000	2023 USD'000
Trade payables	858,866	872,972
VAT/sales tax	37,322	8,822
Accruals	9,349	8,333
Sundry payables	65,298	65,316
Short-term portion of share-based payments	-	31,424
Long-term portion of share-based payments	1,363	-
Current portion of long-term liabilities	10,663	235
Amounts due to Datatec Group companies – short-term	617	1,917
	983,478	989,019

The carrying value of trade and other payables approximates their fair value, therefore no fair value disclosures are provided. Trade accounts payable will be settled in the normal course of business.

Included in trade and other payables are \$56.333k of accruals for vendor invoices on committed multi-year contracts where the invoices will be received in the future. A further \$56.230k relates to invoices that will be received in more than one year and have been included as other non-current liabilities in the statement of financial position.

Details of Westcon Group European Operations Limited's inventory purchase financing arrangements can be found in Note 16. Amounts outstanding under these arrangements are included in trade payables.

Sundry payables of \$65,298k (2023: \$65,316k) includes \$21,747k (2023: \$19,606k) of provisions against potential indirect taxes, sales taxes and withholding tax where the Group is in discussion with tax authorities, \$10,809k (2023: \$11,467k) relating to commission/salary based accruals, \$12,235k (2023: \$12,361k) relating to accrued customer rebates.

25. SHORT-TERM INTEREST-BEARING LIABILITIES

	2024 USD'000	2023 USD'000
Secured short-term funding – Crédit Agricole Leasing & Factoring	282,448	269,053
	282,448	269,053

The carrying value of short-term interest-bearing liabilities approximates their fair value, therefore no fair value disclosures are provided. Trade accounts payable will be settled in the normal course of business.

Secured loans

Westcon Group European Operations Limited and some of its subsidiaries have entered into various arrangements with Crédit Agricole Leasing & Factoring up to a maximum of US\$422.2m (EUR390.6m) (FY23: US\$414.4m (EUR390.6m)), bearing interest at three-month EUIBOR + 0.9%, three-month US LIBOR + 0.9%, CHF SARON + 0.9% and three-month GBP TSRR + 0.9%. As at 29 February 2024, there were restrictions of US\$nilm (FY23: US\$nilm). These are rolling facilities and at 29 February 2024, US\$282.4m (FY23: US\$269.1m) was outstanding. The net availability on this facility is US\$139.8m (FY23: US\$145.3m).

Westcon Group European Operations Limited and some of its subsidiaries have entered into various arrangements Levantor Capital Limited of US\$71.5m (FY23: \$105.0m), bearing interest at 3.25%. The maximum facility is US\$105.0m. These are rolling facilities and at 29 February 2024, US\$nilm (FY23: US\$nilm) was outstanding. The net availability of this facility, after taking into account restrictions and the amount outstanding, was US\$71.5m (FY23: US\$105.0m).

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NOTES TO THE GROUP FINANCIAL STATEMENTS

For the year ended 29 February 2024

26. PROVISIONS

	2024 USD'000	2023 USD'000
Long-term portion	3,222	2,982
Short-term portion	4,430	2,493
	7,652	5,475

Restructuring provisions include expected costs for certain restructuring activities of the Group where the details have already been announced to affected parties. The timing of restructuring provisions is fairly certain and is expected to be settled within 12 months. There is little uncertainty with regard to the amounts but some provisions are subject to final agreement. Legal claims and costs are provisions for anticipated settlements including costs, for various legal matters that the Group is defending. There is uncertainty regarding the timing of legal claims as the finalisation of certain lawsuits cannot be determined. There is some uncertainty regarding the amounts but best estimates have been provided by legal counsel.

The VAT/sales tax provision relates to tax exposures in foreign jurisdictions and external tax consultants are being utilised to investigate these exposures.

Dilapidations and asset retirement obligations relate to provisions where the Group is expected to restore certain leased property and assets to their original condition. The timing of some dilapidations/asset retirement obligations is fairly certain and is based on the lease agreement end dates, but there is uncertainty regarding one dilapidation obligation. There is uncertainty with regard to the amounts as they are subject to the properties' conditions, the position and behaviour of the landlord and the local rates prevailing at the time.

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

Other provisions include asset vendor credits, employee settlement claims and other provisions which are individually insignificant.

27. DEFERRED REVENUE

	2024 USD'000	2023 USD'000
Non-current	17,353	15,130
Current	38,748	36,789
	56,101	51,919
Changes during the period		
At the beginning of the year	51,919	43,268
Arising from new contracts in the current year	38,334	46,246
Amounts recognised as revenue (released to the P&L) during the year	(14,551)	(20,514)
Revenue recognised as revenue (released to the P&L) during the year that was included in the contract liability balance at the beginning of the year	(20,051)	(17,145)
Other	451	64
	56,101	51,919

Deferred revenue relates to invoices issued to customers where there is still a commitment to complete the performance obligation. Revenue is only recognised once the performance obligation has been satisfied/partially satisfied.

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For the year ended 29 February 2024

28. BANK OVERDRAFTS

	2024 USD'000	2023 USD'000
Total bank overdrafts at the end of the year	7,967	5,388
Bank overdrafts unconditionally repayable on demand	-	-
Bank overdrafts repayable on demand under certain conditions (refer to Note 37)	7,967	5,388
	7,967	5,388

Only facilities that have been drawn at 29 February 2024 have been included in the table above. There are further facilities available, which together with the drawn facilities above, amounts to total facilities of US\$20,323k (2023: US\$20,243k). US\$7,967k (2023: US\$5,388k) was drawn at year-end. No restrictions apply to the facilities. The net availability of the facilities is US\$12,357k (2023: US\$14,855k). The net availability does not include any cash sources in Westcon Group European Operations Limited. US\$nil (2023: US\$nil) of trade receivables are pledged as collateral against bank overdrafts.

Region	Provider	Facility currency	Facility limit USD'000	Interest rate	2024 Overdraft USD'000
Westcon Middle East					7,967
Bank overdrafts repayable on demand under certain conditions					7,967
UAE	HSBC	US\$	15,000	London or Emirates Interbank offered ("EIBOR") (three-month) +2.50% (7.74% as at 29 February 2024)	7,967

Region	Provider	Facility currency	Facility limit USD'000	Interest rate	2023 Overdraft USD'000
Westcon Middle East					5,388
Bank overdrafts repayable on demand under certain conditions					5,388
UAE	HSBC	US\$	15,000	London or Emirates Interbank offered ("EIBOR") + 2.25% (0.489738% as at 28 February 2023)	5,388

29. CONTINGENT LIABILITIES, GUARANTEES AND LITIGATION

WGEO and its subsidiaries have issued, in the ordinary course of business, guarantees and letters of comfort to third parties in respect of finance and trading facilities, performance commitments to customers and lease commitments.

The Group has certain contingent liabilities resulting from litigation and claims, including breach of warranties, where operations have been acquired or disposed of, generally involving commercial and employment matters, which are incidental to the ordinary conduct of its business. Management believes, after taking legal advice where appropriate on the probable outcome of these contingencies, that none of these contingencies will materially affect the financial position or the results of operations of the Group.

WESTCON GROUP EUROPEAN OPERATIONS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS

For the year ended 29 February 2024

30. RELATED PARTY TRANSACTIONS

Sales and purchases between Group companies are concluded on normal commercial payment terms in the ordinary course of business. For the year ended 29 February 2024, the inter-group sales of goods and provision of services amounted to US\$3,545m (2023: US\$3,517m), which are eliminated on consolidation. Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note.

	Sales of goods and services		Purchases of goods and services		Management fees (paid)/received	
	2024	2023	2024	2023	2024	2023
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Trading Transactions - Group Companies						
Westcon South Africa	-	9,673	-	3,151	-	-
Comstek Namibia	-	55	-	-	-	-
Westcon Group Pty Ltd (AU)	490	1,460	-	-	-	-
Dastor New Zealand	-	-	390	12	-	-
Westcon Solutions Malaysia	-	-	-	-	-	-
Westcon Group Pte Ltd (SG)	18	25	-	-	-	-
Westcon Solutions Singapore	631	34	-	351	-	-
Philippines	-	-	-	-	-	-
Westcon Solutions Philippines	-	-	-	2	-	-
Comstor Thailand	-	11	-	1	-	-
Korea	-	6	-	-	-	-
Indonesia	-	-	-	-	-	-
Westcon Solutions Taiwan	-	27	-	-	-	-
Vietnam	-	6	-	-	-	-
Hong Kong	100	55	-	9	-	-
Westcon Solutions Shanghai	11	122	-	-	-	-
Japan	10	67	-	-	-	-
Westcon International India	122	3	-	-	-	-
Logicials Group Limited	12,007	23,195	-	-	-	-
Westcon Emerging Markets Group	-	-	-	-	-	-
Westcon Group Service Inc.	-	-	-	-	(43,878)	(38,513)
Westcon Group Shared Services	-	-	-	-	-	(1,107)
Datatec Financial Services	-	-	-	-	(417)	-
	13,389	34,739	390	3,526	(44,295)	(39,620)

During the year the Group received interest of \$648k (2023: \$235k) from Datatec Financial Services Limited.

At 29 February 2024 the Group was due \$16,462k (2023: \$7,595k) from Datatec Financial Services Holdings Limited in respect of a short term loan provided to that entity.

31. SHARE-BASED PAYMENTS

The income in respect of cash-settled share based payment schemes, as disclosed in more detail below, for the year ended 29 February 2024 was \$1,161k (2023: \$23,047k). Of which, \$1,349k (2023: \$3,796k) relates to the Westcon International Limited SARs scheme and income of \$2,510k (2023: expense of \$19,251k) relates to Westcon International Limited Equity Appreciation Plan.

Westcon International Limited Equity Appreciation Plan (EAP)

Before Westcon International Group Holdings Limited became the immediate parent company of the Group in FY24, it was previously Westcon International Limited. The Westcon International Limited EAP was implemented in FY19 for senior management in order to incentivise value generation. Participants have been awarded a once-off grant of "Units", whose value will

WESTCON GROUP EUROPEAN OPERATIONS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS

For the year ended 29 February 2024

31. SHARE-BASED PAYMENTS (continued)

be linked to the value of Westcon International Limited; this is a notional base value which was estimated to be US\$125m (the "Hurdle"). The Units will not have any share rights, in particular they will not have the right to dividends or votes.

Ten percent of the value of Westcon International Limited above the Hurdle will be paid to the EAP Pool on a sale of Westcon International Limited. Each Unit will receive a pro rata share of the EAP Pool when Westcon International is sold.

For example, if Westcon International Limited is sold for US\$300m, the EAP Pool will be US\$17.5m: $((US\$300m - US\$125m) \times 10\%)$. If there are 100,000 units in issue, each Unit will be worth US\$175.

If Westcon International was not sold within five years of the start of the scheme on 1 March 2018, the business was to be valued by an independent valuer with the EAP set to pay out to participants on the basis of that valuation. A valuation of the business was undertaken to determine its value at 29 February 2024. The external valuation was calculated by an independent third party using the discounted cash flow approach. A sum-of-the-parts methodology was applied where the equity value of each of the operating regions within Westcon International was calculated and combined to arrive at the valuation to be used for the purpose of the scheme. The following consolidated weighted key assumptions were applied:

- Compounded annual growth rate through the forecast period: 5.52%
- Weighted average cost of capital: 13.89%
- Terminal growth rate: 2.21%
- Risk-free rate: 4.19%
- Inflation rate: 2.19%
- Country risk premium: 1.29%
- Tax rate: 24.08%

In addition to the Westcon International Limited management participants, executive Directors of Datatec Limited, the ultimate parent company, participate in the Westcon International Limited EAP.

At 29 February 2024 there were no shares left in issue. The EAP awards had fully vested during the year (2023: 0.3 years remaining). In the prior year, there were 148k shares in issue with a weighted average grant price of \$125. Of the 148,000 shares in issue as at 28 February 2023, 54,000 were issued to participants of the Group, including the Directors of the Company.

	2024		2023	
	Number of shares	Weighted average grant price	Number of shares	Weighted average grant price
	('000)	US\$	('000)	US\$
Outstanding at the beginning of the year	148	125	148	125
Granted during the year	-	-	-	-
Exercised during the year	(148)	(125)	-	-
Forfeited/lapsed during the year	-	-	-	-
Outstanding at the end of the year	-	-	148	125

Westcon International Limited SARs Scheme

Westcon International Limited implemented a SARs Scheme during FY19 to incentivise the cadre of senior management who were not awarded units in the EAP (above).

SARs were granted in FY19 and some further awards were made in FY20 to additional participants. The SARs Scheme is a one-off grant like the EAP and each SAR has an exercise price of US\$1.25 based on a notional share capital for Westcon International Limited of 100m shares. The base valuation for the SARs was thus the same as the hurdle for the EAP. The SARs will be adjusted for the recapitalisation of Westcon International Limited noted in the EAP section above. The SARs will vest after two years without performance conditions and thereafter may be exercised over the following three years (a maximum of one-third per year).

WESTCON GROUP EUROPEAN OPERATIONS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS

For the year ended 29 February 2024

31. SHARE-BASED PAYMENTS (continued)

At 29 February 2024, the SAR awards had fully vested during the year (2023: 0.3 years remaining) with the 2,350k being issued to participants of the Group, including the Directors of the Company.

	2024		2023	
	Number of shares	Weighted average grant price	Number of shares	Weighted average grant price
	('000)	US\$	('000)	US\$
Outstanding at the beginning of the year	2,350	1.25	2,384	1.25
Granted during the year	-	-	-	-
Exercised during the year	(2,350)	(1.25)	-	-
Forfeited/lapsed during the year	-	-	(34)	-
Outstanding at the end of the year	-	-	2,350	1.25

Westcon International Limited SARs 2.0 Scheme

Westcon International Limited implemented a SARs Scheme during FY24 to incentivise the cadre of senior management who were not awarded units in the EAP (above).

SARs were granted in FY24 and is a one-off grant like the EAP. Each SAR has an exercise price of US\$2.37 based on a notional share capital for Westcon International Limited of 100m shares. The base valuation for the SARs was thus the same as the hurdle for the EAP. The SARs will be adjusted for the recapitalisation of Westcon International Limited noted in the EAP section above. The SARs will vest after two years without performance conditions and thereafter may be exercised over the following three years (a maximum of one-third per year).

At 29 February 2024, the SAR awards had fully vested during the year (2023: 0.3 years remaining). Of the 2,820,000 shares in issue at 29 February 2024, 2,557,500 shares were issued to participants of the Group, including the Directors of the Company.

	2024		2023	
	Number of shares	Weighted average grant price	Number of shares	Weighted average grant price
	('000)	US\$	('000)	US\$
Outstanding at the beginning of the year	-	-	-	-
Granted during the year	2,820	2.37	-	-
Exercised during the year	-	-	-	-
Forfeited/lapsed during the year	-	-	-	-
Outstanding at the end of the year	2,820	2.37	-	-

32. FINANCIAL INSTRUMENTS

Capital risk management

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through optimisation of the debt and equity balance. The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 25, cash and cash equivalents and equity comprising issued capital (see note 21), reserves and retained earnings. In order to maintain or adjust the capital structure the Group may adjust the amount of dividends paid, issue new shares or sell assets to reduce debt. The Group monitors capital on the basis of reviewing the levels of net debt.

WESTCON GROUP EUROPEAN OPERATIONS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS

For the year ended 29 February 2024

32. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives

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

The Group is party to a variety of foreign currency forward contracts in the management of its exchange rate exposures. The instruments purchased are primarily denominated in the currencies of the Group's principal markets.

Credit Risk

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 geographical areas. Ongoing credit evaluation is performed on the financial condition of account 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.

When measuring expected credit losses ("ECLs") under IFRS 9 estimates are utilised which are applied to determine the provision recorded against the gross value of trade receivables (disclosed in Note 18). The Group applies the simplified approach as permitted by IFRS 9 when providing for loss allowances on trade receivables. In measuring ECLs, past experience is considered to be the most significant indicator to determine historic write-off rates for trade receivables that reach different aging categories that fall past due. A provision is then created based on this experience being the estimated likelihood of a debt being written off once it reaches the aging bucket. For higher value receivables which are lower volume, the receivable is reviewed independently for indicators of impairment such as age past due, the geography in which the customer resides, and the knowledge of the customer's situation based on the Group's discussions and dealings with particular customers. In making the above assessments, the Group considers forward looking information such as known changes in the macro-economic environment of customers located in a certain geography or the deterioration in the Group's relationship or discussions with a particular customer. For lower value receivables which are higher volume, the Group applies a percentage to the ageing buckets of these receivables. These percentages are derived by comparing the amounts ultimately written off in each ageing category to the total amount of customer receivables in each ageing category.

The following presents the maximum credit risk exposure both on and off the balance sheet:

	2024	2023
On balance sheet	\$'000	\$'000
Gross trade accounts receivable	917,638	880,142
Less: allowance for bad debts	(23,687)	(19,684)
Other receivables	15,950	6,699
Bonds	3,959	4,677
Other long term assets	1,211	1,275
Cash and cash equivalents	115,167	200,336
Maximum on balance sheet exposure	1,030,239	1,074,445

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.

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.

WESTCON GROUP EUROPEAN OPERATIONS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS

For the year ended 29 February 2024

32. FINANCIAL INSTRUMENTS (continued)

All of the Group's financial liabilities, as in the prior year, mature within a 12-month period with the exception of certain lease liabilities as set out in note 23. The derivative financial instruments disclosed in note 20 all mature within 3 months of the year end.

Westcon Group European Operations Limited has an invoice assignment facility of EUR390.6m for its European subsidiaries, as well as an extended payables facility of US\$71.5m. In addition, Westcon Group European Operations Limited utilises accounts receivable facilities in the Middle East (US\$15.0m) as well as overdraft facilities in Europe (EUR4.0m) and Africa (US\$1.0m).

Market risk

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 foreign exchange contracts to hedge the exchange rate risk arising on transactions denominated in foreign currency.

Interest rate risk management

Interest rate risk is managed by the Group regularly reviewing the interest rates, related financial instruments and current economic indicators to determine the most appropriate action. 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.

Interest rate sensitivity analysis

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 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.

The analyses below sets out the sensitivity of the Group's variable rate financial assets and liabilities to movements in the applicable interest rates based on an average outstanding asset or liability exposed to variable interest rates calculated for the year across the various entities and regions across the Group. The applicable increase or decrease that represents management's assessment of the reasonably possible change in interest rates, is a 10% increase in the applicable variable interest rates. Interest rates in the Group vary due to the large number of geographic locations. Interest rates fluctuate more in certain regions due to economic uncertainty, particularly in emerging markets. Therefore, 10% has therefore been chosen for the sensitivity analyses as it represents a reasonable average expected change in interest rates across the various regions in the Group.

- profit for the year ended 29 February 2024 would decrease by a net amount of US\$3.27m (FY23: US\$1.50m decrease).

Foreign exchange risk

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, which primarily comprises forward exchange contract. Forward exchange contracts require a future purchase or sale of a 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 functional currency is not the US Dollar. The most significant other currencies in which the Group trades are the Pound Sterling, the Euro and the South African Rand.

Forward foreign exchange and option contracts

It is the policy of the Group to enter into FECs and options to cover certain specific foreign currency payments and receipts based on the known exposure generated. In the year, the Group adopted hedge accounting as a means to manage is EURO and GBP exposure. The Group also enters into FECs and options to manage the risk associated with anticipated sales and purchase transactions, with FECs ranging up to approximately six months and with cover up to 100% of the anticipated exposure generated. Obligations under open FEC contracts are detailed below as derivative financial assets/ liabilities at fair value through profit or loss (for derivatives not designated as hedging instruments) or derivative assets/ liabilities at fair value - designated as cash flow hedges.

The effective portion of the gain or loss on those contracts which are designated as cash flow hedges of forecast or firmly committed foreign currency purchases and sales is recognised in Other Comprehensive Income in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the Income Statement. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

WESTCON GROUP EUROPEAN OPERATIONS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS

For the year ended 29 February 2024

US\$11.3 million was recycled from the cash flow hedge reserve to profit or loss (net debit to profit or loss) during the current year. Where derivative contracts are used to hedge forecast transactions, the Group designates the change in fair value relating

32. FINANCIAL INSTRUMENTS (continued)

to only the spot component as the hedging instrument. A dynamic risk management approach is applied with designations revised on a monthly basis in order to allow for the management of costs of hedging. The hedged cash flows and hedging derivatives share the same spot risks which have historically dominated the change in value of future foreign currency cash flows, therefore an economic relationship is expected to exist while maintaining a hedge ratio of 1:1 between the items.

A high degree of hedge effectiveness is expected provided counterparty non-performance risks remain low and the amount of the forecasted cash flows remains higher than the designated hedged amount. Hedge effectiveness is assessed using the hypothetical derivative method. The ineffective portion relating to foreign currency derivative contracts is recognised within the operating expenses line item. No hedge ineffectiveness was recognised in the current year.

The fair value of cash flow hedge-designated option contracts is divided into:

- Intrinsic value- which is determined by the difference between the strike price and the current market price of the underlying; and
- Time value- which is the residual value of the option and reflects the volatility of the price of the underlying and the time remaining to maturity.

The Group designates the intrinsic value of eligible foreign currency options for cash flow hedge accounting purposes. The intrinsic value of designated foreign currency options is initially deferred in the cash flow hedge reserve and released to profit or loss at the same time and in the same line item as the hedged cash flow. Changes in the time value of such options are recognised immediately in profit or loss within the operating expenses line item.

The fair values of foreign exchange derivatives are as follows:

	2024	2023
	USD'000	USD'000
Derivatives in designated hedging relationships	(5,867)	
Other foreign exchange derivatives not designated in hedging relationships	6,180	(6,597)
Total derivative instruments	313	(6,597)

		2024
		Carrying Amount
		USD'000
Foreign exchange contracts	Other receivables	382
Foreign exchange contracts	Trade and other payables	(6,249)
		(5,867)

	2024	2024
	Changes in fair value used for measuring ineffectiveness in the period	Closing cash flow hedge reserve
	USD'000	USD'000
Highly probable forecast sales	0	2,485

WESTCON GROUP EUROPEAN OPERATIONS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS

For the year ended 29 February 2024

32. FINANCIAL INSTRUMENTS (continued)

The impact of the hedging instruments on the Statement of other comprehensive income is as follows:

	2024	2024	2024
	Ineffectiveness recognised in Income Statement	Amount reclassified from OCI to the Income Statement	Line item in the Income Statement
	USD'000	USD'000	
Highly probable forecast sales	0	11,293	Revenue

Foreign Exchange Sensitivity Analysis

The Group hedges its foreign currency financial assets and liabilities; the table below indicates the potential gain or loss if there were a 10.0% change in the closing exchange rate on the translation of foreign currency denominated financial instruments held by the Group.

The sensitivity rate is 10.0% and represents management's assessment of the possible change in foreign exchange rates for the functional currencies where there is a significant currency exposure.

The table below shows the potential gain / loss in the income statement, however due to hedging the Group cannot benefit from or have the risk of this fluctuation.

	2024	2024		2023	2023
	Net Assets	Gain/Loss		Net Assets	Gain/Loss
	USD'000	USD'000		USD'000	USD'000
Euros	117,841	+/- 953	Euros	119,308	+/- 726
Pounds Sterling	37,965	+/- 996	Pounds Sterling	34,846	+/- 718
Total	155,806	+/- 1,949	Total	154,154	+/- 1,444

WESTCON GROUP EUROPEAN OPERATIONS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS

For the year ended 29 February 2024

33. CASH GENERATED FROM OPERATIONS

	2024 USD'000	2023 USD'000
Profit before taxation	26,050	(9,025)
Adjustment for		
Unrealised foreign exchange (gains)/ losses	(5,551)	5,732
Share-based payments	(1,161)	23,047
Depreciation	8,852	8,461
Profit/loss on disposal of property, plant and equipment	1	-
Profit on disposal of right of use assets	851	411
Net movement in provisions	2,623	500
Amortisation	294	-
Interest income	(1,697)	(778)
Finance costs*	34,346	15,120
Impairment losses on trade receivables	1,970	618
Capitalised development expenditure	0	6
Intercompany Interest income	(648)	(235)
Inventory obsolescence reserve movement	2,677	3,140
Unpaid management fees	(201)	(1,611)
Settlement of share-based payment liabilities	(29,364)	-
Non-cash movement for multi-year licence accrued revenue and costs	2,485	(1,474)
Non-cash movement on unrealised foreign exchange hedge	7,402	-
Foreign currency translation movements	735	(7)
Operating profit before working capital changes	49,664	43,905
Working capital changes		
Increase in inventories	219	(53,167)
Increase in receivables	1,276	(150,824)
Increase in payables	(37,386)	198,286
Decrease in other non-current liabilities	(211)	(0)
Increase in deferred revenue	4,460	2,377
Other non-current assets	-	(405)
	(31,642)	(3,733)
	18,022	40,172

* Includes non-cash accruals.

WESTCON GROUP EUROPEAN OPERATIONS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS

For the year ended 29 February 2024

34. TAXATION PAID

	2024 USD'000	2023 USD'000
Net taxation liability – at the beginning of the year	1,087	18
Charge to profit and loss (excluding deferred taxation)	(9,099)	(6,731)
Acquisitions/disposals	191	-
Other movements and translation differences	21	(78)
Net taxation (asset)/liability – at the end of the year	3,647	1,087
	(4,153)	(5,704)
Net taxation		
Current tax assets	2,138	2,943
Current tax liability	(5,785)	(4,030)
	(3,647)	(1,087)

35. ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT

	2024 USD'000	2023 USD'000
Maintenance of operations	-	-
Office furniture, equipment and motor vehicles	210	7
Computer equipment	38	261
Leasehold improvements	1,058	140
Land and buildings	-	(0)
	1,306	408

36. CASH FLOW ADDITIONAL NOTES

USD'000	Note	Opening balance as at 1 March 2023	Net Fi- nancing cash in- flows/(out flows)	New leases	Acquisition of Subsidi- ary	Foreign currency and other changes	Closing balance as at 29 Feb- ruary 2024
35.1 Reconciliation of liabilities arising from financing activities 2024							
Long-term interest-bearing liabilities**	21	(702)	243	-	(10,860)	329	(10,990)
Lease liabilities***/-	35	(20,637)	8,417	(7,845)	(1,394)	(350)	(21,809)
Bank overdrafts repayable on demand under certain conditions~	27	(5,388)	(2,579)	-	-	-	(7,967)
Short-term interest-bearing liabilities	24	(269,053)	(13,779)	-	-	384	(282,448)

** Includes current portion (US\$10.7m - refer to Note 22).

*** Includes current portion (US\$7.4m - refer to Note 23).

~ Cash flows include US\$1.8m interest related to lease liabilities and US\$3.0m interest on bank overdrafts repayable on demand under certain conditions these are included in cash flows from operating activities.

WESTCON GROUP EUROPEAN OPERATIONS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS

For the year ended 29 February 2024

36. CASH FLOW ADDITIONAL NOTES (continued)

USD'000	Note	Opening balance as at 1 March 2022	Net Financing cash in-flows/(out flows)	New leases	Foreign currency and other changes	Closing balance as at 28 February 2023
35.2 Reconciliation of liabilities arising from financing activities 2023						
Long-term interest-bearing liabilities*	21	(1,050)	245	-	103	(702)
Lease liabilities**/-	35	(22,610)	8,567	(6,594)	-	(20,637)
Bank overdrafts repayable on demand under certain conditions~	27	(7,288)	1,900	-	-	(5,388)
Short-term interest-bearing liabilities	24	(153,862)	(119,932)	-	4,741	(269,053)

* Includes current portion (US\$235k - refer to Note 22).

** Includes current portion (US\$5.4m - refer to Note 23).

~ Cash flows include US\$1.3m interest related to lease liabilities and US\$1.4m interest on bank overdrafts repayable on demand under certain conditions these are included in cash flows from operating activities.

37. CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR

	2024 USD'000	2023 USD'000
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		
Cash resources	115,167	200,336
Funds on call and on Deposit	58,650	-
Bank overdrafts unconditionally repayable on demand (Note 28)	-	-
Cash and cash equivalents (per the statement of cash flows)	173,817	200,336
Bank overdrafts repayable on demand under certain conditions (refer to Note 28)	(7,967)	(5,388)
Net cash resources	165,850	194,948
Bank overdrafts unconditionally repayable on demand	-	-
Bank overdrafts repayable on demand under certain conditions	(7,967)	(5,388)
Total bank overdrafts (Note 28)	(7,967)	(5,388)

38. SUBSEQUENT EVENTS

On 21 May 2024, the Group's subsidiary in Kenya received a Notice of Findings from the Kenya Revenue Authority (KRA) claiming taxes due for corporation taxes and certain withholding taxes for the period 2018 to 2022. The Company's tax advisers believe there is no liability payable, and they will assist the Company in raising a formal objection to the assessment in its entirety. The possibility of any material unpaid taxes in respect of all current and prior fiscal periods remains remote and the Company intends to object and strongly dispute the assessments that have been raised.

There were no other material events subsequent to 29 February 2024 up to and including the date of authorization of these financial statements for issue, that have not been disclosed elsewhere in the financial statements.

WESTCON GROUP EUROPEAN OPERATIONS LIMITED

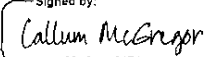
COMPANY STATEMENT OF FINANCIAL POSITION

For the year ended 29 February 2024

	Note	2024	*Restated 2023
		\$'000	\$'000
Fixed assets		191,076	163,590
Goodwill	43	54,567	54,567
Property, plant and equipment	44	2,556	2,895
Investment in subsidiaries	45	56,284	32,953
Right-of-use assets	46	17,108	17,479
Deferred tax assets	55	31,890	24,430
Trade and other receivables	48	28,671	31,266
Current assets		628,254	604,770
Inventories	47	12,323	12,888
Trade and other receivables	48	438,587	438,079
Amounts owed by group undertakings	48	78,629	44,051
Cash and bank balances		97,409	108,000
Current tax asset		1,677	1,752
Current liabilities		649,243	628,701
Trade and other payables	49	154,237	147,546
Amounts owed to group undertakings	49	323,817	307,293
Lease liabilities	50	4,714	3,957
Borrowings	51	165,951	168,811
Provisions	52	524	1,094
Current tax liabilities		371	-
Net current (liabilities) / assets		(20,989)	(23,931)
Total assets less current liabilities		170,087	139,659
Non – current liabilities		67,927	49,894
Trade and other payables	49	49,320	31,201
Lease liabilities	50	13,088	13,423
Provisions	52	2,578	2,489
Deferred tax liabilities	55	2,941	2,781
Net assets		102,160	89,765
Equity			
Share capital	53	0	0
Share premium	54	64,697	64,697
Foreign exchange reserve		(2,118)	(2,118)
Cashflow Hedging		(2,485)	-
Retained earnings		42,066	27,186
Total equity		102,160	89,765

*Effective for annual reporting periods beginning on or after 1 January 2023, IAS 12 - Income Taxes - was amended for the recognition and disclosure of deferred taxes recognised on IFRS16 leased assets. Please refer to note 55 for further details

In publishing the Company Financial Statements, the Company has taken advantage of the exemption in Section 408 of the Companies Act 2006 not to present its individual income statement and related notes that form part of the Company Financial Statements. The Company's income after tax for the financial year was \$14,880k (2023: loss of \$11,713k) which can be seen in the Statement of Changes in Equity on page 77. The financial statements on pages 76 to 92 were approved by the Board of Directors on 24 February 2025 and signed on its behalf by:

Signed by:

 072B844C46224E4
 C McGregor, Director

WESTCON GROUP EUROPEAN OPERATIONS LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 29 February 2024

	Share Capital	Share Premium	Foreign Exchange Reserve	Cash Flow Hedging	Retained Earnings	Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 March 2022	0	64,697	(2,118)	-	38,899	101,478
Loss and total comprehensive expense for the year	-	-	-	-	(11,713)	(11,713)
Differences arising on translation	-	-	-	-	-	-
Balance at 28 February 2023	0	64,697	(2,118)	-	27,186	89,765
Share premium issued	-	-	-	-	-	-
Dividend paid to parent undertaking	-	-	-	-	-	-
Cashflow Hedging	-	-	-	(2,485)	-	(2,485)
Profit and total comprehensive income for the year	-	-	-	-	14,880	14,880
Effects from FX rate changes	-	-	-	-	-	-
Balance at 29 February 2024	0	64,697	(2,118)	(2,485)	42,066	102,160

WESTCON GROUP EUROPEAN OPERATIONS LIMITED

NOTES TO THE COMPANY FINANCIAL STATEMENTS

For the year ended 29 February 2024

39. GENERAL INFORMATION ABOUT THE PARENT COMPANY

Westcon Group European Operations Limited is a private company limited by shares. The Company is incorporated and domiciled in the UK under the Companies Act 2006. The address of its registered office is set out on page 2. The Company is a wholly owned subsidiary of Westcon International Group Holdings Limited. The ultimate parent is Datatec Limited. The address of the registered office is provided on page 2. The nature of the Company's operations and its principal activities are set out in the Directors' report.

These financial statements are presented in USD because that is the functional currency of the primary economic environment in which the group operates. Foreign operations are included in accordance with the policies set out in note 1. The Company has applied Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS101) issued by the Financial Reporting Council (FRC) incorporating Amendments to FRS101 issued by the FRC in July 2015 and the amendments to Company law made by the Companies, Partnerships and Groups (Accounts and Reports) Regulations 2015 prior to their mandatory effective date of accounting periods beginning on or after 1 January 2016.

40. COMPANY ACCOUNTING POLICIES

Basis of accounting

The Company meets the definition of a qualifying entity under Financial Reporting Standard 101 (FRS 101) issued by the Financial Reporting Council. These financial statements have been prepared in accordance with FRS 101 'Reduced Disclosure Framework'. The financial statements have been prepared in accordance with The Companies Act 2006 as applicable to companies using FRS 101. The below accounting policies have been applied consistently, other than where new policies have been adopted.

The financial statements have been prepared on the historical cost basis, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- Paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share-based payment' (details of the number and weighted average exercise prices of share options, and how the fair value of goods or services received was determined).
- IFRS 7, 'Financial instruments: Disclosures'.
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities).
- The following paragraphs of IAS 1, 'Presentation of financial statements':
 - 10(d) (statement of cash flows);
 - 16 (statement of compliance with all IFRS);
 - 38A (requirement for minimum of two primary statements, including cash flow statements);
 - 38B-D (additional comparative information);
 - 111 (statement of cash flows information); and
 - 134-136 (capital management disclosures).
- IAS 7, 'Statement of cash flows'.
- Paragraphs 30 and 31 of IAS 8, 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation).
- The requirements in IAS 24, 'Related party disclosures', to disclose related party transactions entered into between two or more members of a group.

The Company adopts substantially the same accounting policies as the Group. The accounting policies set out below therefore focus on any variations from the Group accounting policies.

Going concern

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

WESTCON GROUP EUROPEAN OPERATIONS LIMITED

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For the year ended 29 February 2024

ADOPTION OF AMENDMENTS TO EXISTING STANDARDS AND INTERPRETATIONS

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

Applicable standard or note	Amendment	Amendment application	Effective reporting period
IAS 1 Presentation of financial statements ("IAS 1") and IFRS Practice Statement 2	Disclosure of Accounting Policies	The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy.	1 January 2023
IAS 8 Accounting Policies, Changes in Accounting Estimates and Error	Definition of Accounting Estimates	The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error.	1 January 2023
IAS 12 Income Taxes ("IAS 12")	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	The amendments clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.	1 January 2023
IAS 12 Income Taxes – Pillar Two Model Rules	The deferred tax exemption and disclosure	The amendments give temporary relief from accounting for deferred taxes arising from the Organisation for Economic Co-operation and Development's (OECD) international tax reform. The amendments also introduce targeted disclosure requirements.	1 January 2023
IFRS 17 Insurance Contracts ("IFRS 17")	Replacement of IFRS 4 Insurance Contracts ("IFRS 4")	IFRS 17 replaces IFRS 4	1 January 2023

The Company has adopted the amendment to IAS 12 as it relates to the disclosure of deferred tax assets and deferred tax liabilities arising from a single transaction. The Company has assessed that the impact of this amendment is limited to the deferred taxes raised on leased assets accounted for in accordance with IFRS 16 Leases ("IFRS 16"). The Company previously disclosed deferred taxes raised on right-of-use assets and lease liabilities on a net basis. Following the amendments, the Company has disclosed a deferred tax asset in relation to its lease liabilities separate from the deferred tax liability in relation to its right-of-use assets in its annual financial statements. The comparative note disclosure has been restated in accordance with the revised requirements.

The application of the amendments to the existing standards and the interpretation had no material impact on the disclosures or amounts recognised in the Companies' financial statements. The amendments listed above did not have any impact on the amounts recognised in prior years and are not expected to significantly affect the current or future periods.

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For the year ended 29 February 2024

NEW OR REVISED ACCOUNTING STANDARDS AND AMENDMENTS TO EXISTING 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 Company were in issue but not yet effective:

Applicable standard or note	Amendment	Amendment application	Effective reporting period
IAS 1 – <i>Presentation of Financial Statement</i>	Classification of Liabilities as Current or Non-current	The amendment defers the effective date of the January 2020 amendments by one year, so that entities would be required to apply the amendment for annual periods beginning on or after 1 January 2024.	1 January 2024
IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures	Supplier Finance Arrangements	The amendments add disclosure requirements, and 'signposts' within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangements.	1 January 2024
IAS 21 The Effects of Changes in Foreign Exchange Rates	Lack of Exchangeability	The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not.	1 January 2025
IFRS 16	Lease Liability in a Sale and Leaseback	These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.	1 January 2025

The Group is assessing the impact of the IFRIC agenda decision on definition of a lease - substitution right (IFRS 16).

The accounting standards, amendments to issued accounting standards and interpretations, which are relevant to the Group but not yet effective at 29 February 2024, are being evaluated for the impact of these pronouncements. The accounting standards, amendments to issued standards and interpretations are not expected to have a material impact.

INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES

Investments in subsidiaries are initially measured at cost and are assessed for indicators of impairment at the end of each reporting period. Investments in subsidiaries are derecognised on date of disposal and the difference between the carrying amount and consideration received is recognised in profit and loss.

Investments in associates are accounted for at cost to the Company.

FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value.

SUBSIDIARY COMPANY LOANS

Subsidiary company loans are initially recorded at fair value, net of direct issue costs, and are subsequently measured at amortised cost using the effective interest method. Finance charges, including premiums payable on settlement or

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redemption, are accounted for on an accrual basis 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.

A financial asset not measured at fair value through profit or loss is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. The Company assesses on a forward looking basis the expected credit losses, defined as the contractual cashflows and the cashflows that are expected to be received associated with its assets at amortised cost.

Intercompany loans are subject to the impairment provisions of IFRS 9 Financial Instruments, which requires a loss allowance to be recognised for all exposures to credit risk. The loss allowance for subsidiary loans receivable is calculated based on 12 month expected losses if the credit risk has not increased significantly since initial recognition. In cases where the credit risk has increased significantly since initial recognition, the loss allowance is calculated based on lifetime expected credit losses. The loss allowance is updated to either 12 month or lifetime expected credit losses at each reporting date based on changes in the credit risk since initial recognition. If a loan is in arrears for more than 90 days, then it is assumed that there has been a significant increase in credit risk since initial recognition.

FINANCE COSTS

Finance costs include the borrowing costs on bank overdrafts and interest on intercompany loans which are recognised in profit or loss using the effective interest method.

DIVIDENDS INCOME

Dividends received from subsidiary companies are recognised when the right to receive payment is established.

DIVIDENDS DECLARED

The liability for dividends and related taxation thereon is raised only when the dividend is declared.

FOREIGN EXCHANGE

Monetary assets and liabilities are translated into US Dollars at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into US Dollars at the rate ruling at the date of transaction. Exchange differences are taken into account in arriving at operating profit or loss.

TAXATION

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws substantially enacted by the Balance Sheet date.

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

FRS101 EXEMPTIONS

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to the presentation of a cash flow statement, related party transactions with entities that are part of the Datatec Group or investees of the Datatec Group, standards not yet effective and disclosure of financial instruments. No separate reconciliation of opening equity on the transition date under previous UK GAAP to that under FRS101 has been provided, and no comparatives have been restated.

Where relevant, equivalent disclosures have been given in the group financial statements of Datatec Limited which are available on its website: www.datatec.com

WESTCON GROUP EUROPEAN OPERATIONS LIMITED

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For the year ended 29 February 2024

41. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in note 40, the Directors are required to make judgements, estimates and assumptions which may affect the application of accounting policies and reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Management believes that while actual results may differ from these estimates, such judgements and estimates are reasonable.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

KEY SOURCES OF ESTIMATION UNCERTAINTY

The following are the key assumptions concerning the future, and other key areas of estimation included in the financial statements, that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year:

Goodwill and other intangible assets

Determination of the carrying value of goodwill (Note 43)

Determining whether goodwill is impaired requires an estimate of the value in use of the cash generating units to which goodwill has been allocated. The value in use calculation requires the entity 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.

Deferred tax assets

Estimates made in determining the probability of future taxable income are made on the basis of the budgets and forecasts authorised by Directors as well as considering the likely movement in subsequent periods based on growth given from known internal and external factors, thereby justifying the recognition of deferred tax assets included in the balance sheet (disclosed in note 55).

Impairment reviews

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

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For the year ended 29 February 2024

42. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

The average monthly number of employees (including executive Directors) is shown below:

	2024	2023
	Number	Number
Distribution	81	85
Professional services	272	251
Sales and marketing	703	723
Administration	211	195
	<u>1,267</u>	<u>1,254</u>

	2024	2023
	\$'000	\$'000
The result for the year has been charged with the following staff expense:		
Wages and salaries	87,071	98,269
Social security costs	17,152	15,447
Other pension costs	3,499	3,059
	<u>107,722</u>	<u>116,775</u>

Directors' remuneration

	2024	2023
	\$'000	\$'000
UK directors' remuneration comprised:		
Emoluments	1,180	1,238
Long term incentive plan	5,932	-
Employer's contribution to pension schemes	74	63
	<u>7,186</u>	<u>1,301</u>

The disclosure above relates to 1 Director (2023:1). No share options were exercised by the highest paid Director during the year (2023: None). The increase in emoluments in the current year were due to the two share appreciation schemes which fully vested during the year. The other Directors are paid by the Company that employs the Director and no amount is re-charged to Westcon Group European Operations Limited.

43. GOODWILL

	2024	2023
	\$'000	\$'000
Cost and Carrying amount		
Brought forward	54,567	54,567
Additions	-	-
Carried forward	<u>54,567</u>	<u>54,567</u>

Goodwill is monitored by management at the cash generating unit (CGU) level by region. All of the goodwill is allocated to the CGU "European operations".

The Company tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired. The recoverable amount of goodwill is determined from the value in use.

The key assumptions for the value in use calculations are those regarding discount rates and growth rates. Management estimate discount rates using after tax rate of returns that reflect the 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 Company prepares cash flow forecasts derived from the most recent financial budgets approved by the management for the subsequent year and extrapolates cash flows for the following 8 years based on growth rates relevant to the markets relating to the goodwill. 8 years is considered to be a suitable timeframe given the nature of the Company's operations as a value-added distributor.

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NOTES TO THE COMPANY FINANCIAL STATEMENTS

For the year ended 29 February 2024

43. GOODWILL (continued)

The post-tax discount rate used in the current year impairment reviews for all cash generating units was 13.3% (2023: 12.9%). The EBITDA growth rate used in the current year impairment reviews was 9.5% throughout the model and 1.7% perpetuity rate.

As a result of the impairment analyses, it was concluded that no impairments were required to be recorded in the year. The resulting value-in-use calculations are sensitive to changes in the timing or quantum of future cash flows and weighted average cost of capital. Changes in one or more of these inputs to management's estimations could result in the recognition of an impairment charge.

Sensitivity analysis

A decrease in the normalised EBITDA of the Company by 10% or an increase in the discount rate by 2% (to 15.3%) would result in no impairment.

44. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improve- ments \$'000	Fixtures & fit- tings \$'000	Office & Computer equipment \$'000	Total \$'000
Cost				
At 1 March 2022	16,070	1,843	3,277	21,190
Additions	121	5	949	1,075
Disposals	(2,154)	(775)	(129)	(3,058)
At 1 March 2023	14,037	1,073	4,097	19,207
Additions	1,066	124	(952)	238
Disposals	(9,473)	(505)	(1,019)	(10,997)
At 29 February 2024	5,630	692	2,126	8,448
Accumulated depreciation				
At 1 March 2022	(13,997)	(1,768)	(2,513)	(18,278)
Charge for the year	(598)	(34)	(460)	(1,092)
Disposals	2,154	775	129	3,058
At 1 March 2023	(12,441)	(1,027)	(2,844)	(16,312)
Charge for the year	(399)	(33)	(145)	(577)
Disposals	9,473	505	1,019	10,997
At 29 February 2024	(3,367)	(555)	(1,970)	(5,892)
Carrying amount				
At 29 February 2024	2,263	137	156	2,556
At 28 February 2023	1,596	46	1,253	2,895
At 28 February 2022	2,073	75	764	2,912

Depreciation is charged to the income statement within operating expenses.

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NOTES TO THE COMPANY FINANCIAL STATEMENTS

For the year ended 29 February 2024

45. INVESTMENTS IN SUBSIDIARIES

The Company has investments in the following subsidiary undertakings:

Subsidiary undertaking	Address of the registered office	County of incorporation	Principle Activity	Date of acquisition	Ownership of Ordinary shares
WGEO Switzerland GmbH	Gebaude Balsberg, Balz Zimmerman Strasse 7, Floor No 4, Office No4313, Kloten Zurich	Switzerland	IT Distribution	10/08/2012	100%
Westcon Group Austria GmbH	Brown-Boveri-Strasse, 6 Top 15/16 A-2351 Wiener Neudorf, Austria	Austria	IT Distribution	16/07/2012	100%
Westcon Group Germany GmbH	Franklinstrasse 28-29, D-10587 Berlin, Germany	Germany	IT Distribution	30/06/2014	100%
Westcon Group Italia Srl	Viale Colleoni, 15, Palazzo Orione - Scala 2, 20041 Agrate Brianza, Mila	Italy	IT Distribution	01/11/2016	100%
Westcon Group Portugal Sociedade Unipessoal Limitada	Rua Ivone Silva - Edificio Arcis, 6-6oD. Lisboa, Portugal	Portugal	IT Distribution	01/11/2016	100%
Westcon Group Poland Sp Zoo	ul. Wisniowy Business Park, Budynek E, ul. Hłzecka 26, 02-135 Warszawa	Poland	IT Distribution	01/11/2016	100%
Westcon Group Africa Operations Limited	Merchants House, Wilkinsons Road, Love Lane Industrial Estate, Cirencester, Gloucestershire GL7 1YT	UK	IT Distribution	28/11/2018	100%
Westcon Group Middle East Holdings Limited	Merchants House, Wilkinsons Road, Love Lane Industrial Estate, Cirencester, Gloucestershire GL7 1YT	UK	IT Distribution	30/10/2018	100%
Rebura Holdings Limited	Merchants House, Wilkinsons Road, Love Lane Industrial Estate, Cirencester, Gloucestershire GL7 1YT	UK	IT Distribution	29/02/2024	100%
Westcon Denmark ApS	Egegardsvej 39C, stuen, 2610 Rodovre	Denmark	IT Distribution	16/07/2019	100%
Westcon Group Norway AS	Strandvein 15B, 1366 Lyssaker, 3024 Baerum, Norway	Norway	IT Distribution	01/10/2019	100%
Westcon Group Netherlands B.V.	Loodsboot 19, 3991 CJ, Houten, The Netherlands	Netherlands	IT Distribution	31/10/2019	100%
Westcon Comstor Trading LLC	7022, Qanat As SUWAIS, 3989 Al Aqeeq District, 13515, Riyadh, Kingdom of Saudi Arabia.	Saudi Arabia	IT Distribution	27/02/2024	100%
Westcon Middle East Co. Limited	Knowledge Oasis Muscat / Al-Seeb / Muscat Governorate	Oman	IT Distribution	05/11/2019	1%
Westcon Emerging Markets Group (Pty) Ltd	3rd Floor Sandown Chambers Sandown, 81 Maude St Gauteng Booyens 2031	South Africa	IT Distribution	03/04/2023	90%

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For the year ended 29 February 2024

45. INVESTMENTS IN SUBSIDIARIES (continued)

The Company has branches located in Belgium, Czech Republic, France, Norway, Netherlands, Spain, Sweden and Saudi Arabia.

On 18 January 2024, Westcon Group European Operations Limited ("WGEO"), a 100% owned subsidiary of Westcon International Group Holdings Limited ("WIGHL"), acquired 100% of Rebura Holdings Limited ("Rebura"). WGEO purchased Rebura for US\$7.6 million, of which US\$6.5 million was paid in cash at completion. The remaining US\$1.1 million will be paid one year after the acquisition date, subject to certain conditions. Rebura is an award-winning Amazon Web Services ("AWS") advanced consulting partner and solution provider. This acquisition will strengthen Westcon International's cloud capabilities and channel-focused services offering and enable their partners to provide a comprehensive suite of AWS solutions to their customers. Rebura specialises in supporting AWS cloud migrations as well as SaaS and DevOps capabilities across the UK, Nordics and central Europe.

WGEO acquired 90% of Westcon Emerging Markets Group Proprietary Limited ("WEMG") during the year from Datatec PLC for \$7.713m. WEMG holds 59.995% of the shares of Westcon Southern Africa Holdings Proprietary Limited and 100% of the shares in Westcon Group Shared Services Proprietary Limited. WEMG controls Westcon Southern Africa Holdings Proprietary Limited.

On 27th February 2024, the Company invested \$8m in Westcon Comstor Trading LLC, located in Saudi Arabia.

During the prior year, the Company made a further investment in Westcon Group Middle East Holdings Limited for \$5.0m. The issuance of shares was settled via transfer/sale of an intercompany receivable of £5.0m due to the Company from Westcon Middles East FZE.

Subsidiaries	\$'000
Cost or valuation	
At 1 March 2023	58,502
Additions	23,331
At 29 February 2024	<u>81,833</u>
Impairment	
At 1 March 2023	25,549
Impairment	-
At 29 February 2024	<u>25,549</u>
Carrying amount	
At 1 March 2023	32,953
At 29 February 2024	<u>56,284</u>

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46. RIGHT-OF-USE ASSETS

	Property	Motor Vehicles	Office and Ware- house Equipment	Total
	\$'000	\$'000	\$'000	\$'000
Cost				
At 1 March 2022	25,528	5,332	241	31,101
Additions	2,036	1,925	0	3,961
Disposals	(2,037)	(576)	(16)	(2,629)
At 28 February 2023	25,527	6,681	225	32,433
Additions	3,001	1,951	16	4,968
Disposals	(1,482)	(466)	0	(1,948)
At 29 February 2024	27,046	8,166	241	35,453
Accumulated depreciation				
At 1 March 2022	(9,388)	(2,979)	(158)	(12,525)
Charge for the year	(3,222)	(1,494)	(44)	(4,760)
Impairment charge	0	0	0	0
Disposals	1,831	489	11	2,331
At 28 February 2023	(10,779)	(3,984)	(191)	(14,954)
Charge for the year	(3,030)	(1,658)	(33)	(4,721)
Impairment charge	0	0	0	-
Disposals	912	418	0	1,330
At 29 February 2024	(12,897)	(5,224)	(224)	(18,345)
Carrying amount				
At 29 February 2024	14,149	2,942	17	17,108
At 28 February 2023	14,748	2,697	34	17,479
At 28 February 2022	16,140	2,353	83	18,576

47. INVENTORIES

	2024	2023
	\$'000	\$'000
Goods for resale	12,323	12,888

The Company has an inventory purchase financing agreement with a financing company for a specific vendor's purchases for a maximum availability of \$600m (2023: \$600m) which extends payment terms to 60 days. In FY23 the agreement was amended temporarily to extended payment terms to 90 days, we have now returned to our original terms of 60 days. The agreement may be cancelled at any time with a 60-day notice by either the Company or the vendor. The value outstanding is included in trade payables per note 49. Purchases within 0 to 30 days are described as unfunded and are also included in trade payables.

Included in cost of sales during the year is \$573k (2023: \$721k) relating to a write-down of inventories due to the inclusion of an obsolescence provision.

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For the year ended 29 February 2024

48. TRADE AND OTHER RECEIVABLES

	2024	2023
	S'000	S'000
Trade receivables	424,398	428,843
Allowance for doubtful debts	(5,947)	(5,950)
Net accounts receivable	418,451	422,893
Amounts owed by Group undertakings	78,629	44,051
Other receivables	29,417	26,723
Corporation tax receivable	-	-
Prepayments	13,142	16,824
Derivative financial Instruments	6,248	2,905
	545,887	513,396

Trade receivables are measured at amortised cost.

No trade receivables fall due after more than one year (2023: None).

In other receivables is \$22,415k (2023: \$26,365k) of multi-year contract receivables which are due in more than one year. US\$44,221k of current trade receivables is in relation to multi-year contracts. This represents unbilled receivables for multi-year SaaS, on premise software licences and maintenance contracts.

In prepayments is \$6,256k (2023: \$4,900k) which is due in more than one year.

The average credit period taken on sales of goods, calculated by reference to gross sales value is 71 days (2023: 74 days). Any receivable deemed to be a risk by reference to past default experience of the counterparty and an analysis of the counterparty's current financial position is provided for specifically at management discretion.

Before accepting any new customer, the Company uses an external credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed at least once a year. There are no customers who represent more than 10 percent of the total balance of trade receivables.

See note 49 for the terms of amounts owed to Group undertakings.

In determining the recoverability of a trade receivable, the Company considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated.

The Company holds collateral in the form of a credit insurance policy against debtors. The credit insurance held covers \$298,455k of the total trade receivables value (2023: \$316,267k).

The Directors consider that the carrying value of trade receivables approximates their fair value.

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49. TRADE AND OTHER PAYABLES

	2024 \$'000	2023 \$'000
<i>Current liabilities</i>		
Trade payables	97,536	47,201
Amounts owed to group undertakings	323,817	307,293
Other taxation and social security	37,150	62,310
Accruals and deferred income	34,740	28,533
Derivative financial instruments	6,249	9,502
	<u>499,491</u>	<u>454,839</u>
<i>Non-current liabilities</i>		
Accruals and deferred income	<u>49,320</u>	<u>31,201</u>

The number of days credit taken at year-end for trade purchases for the Company was 19 days (2023: 14 days). The Directors consider that the carrying amount of trade payables approximates to fair value.

Included in trade payables are \$42,532k of accruals for vendor invoices on committed multi-year contracts where the invoices will be received in the future. A further \$21,438k relates to invoices that will be received in more than one year and have been included as non-current accruals and deferred income.

The Company has an inventory purchase financing agreement with a financing company for a specific vendor's purchases for a maximum availability of \$563,750k (2023: \$600,000k) which extends payment terms to 60 and 90 days respectively. The agreement may be cancelled at any time with a 60-day notice by either the Company or the vendor. The value outstanding is included in trade payables. Purchases within 0 to 30 days are described as unfunded and are also included in trade payables.

Amounts owed to group undertakings are undertaken on an arm's length basis and are repayable on demand where credit terms are not otherwise agreed. Interest is not charged on group balances unless formal loan arrangements are put in place.

Deferred income relates to payments received from customers where there is still a commitment to complete the performance obligation. Revenue is only recognized once the performance obligation has been satisfied. There is none due to be recognized in more than 5 years.

Included within accruals and deferred income is \$6,445k (2023: \$5,916k) that is expected to be recognized in more than one year and is therefore recognized in non-current liabilities. The amount of deferred income that is expected to be recognized in less than one year and recognized in current liabilities is \$7,545k (2023: \$7,583k).

50. LEASE LIABILITIES

	2024 \$'000	2023 \$'000
<i>Analysed as:</i>		
Non-current	13,088	13,423
Current	4,714	3,957
	<u>17,802</u>	<u>17,380</u>

The Company's lease liabilities are measured at the present value of the remaining lease payments, discounted using the lessees' incremental borrowing rates as at the inception of a lease. Incremental borrowing rates have been determined based on country-specific factors and vary across the Company. The weighted average incremental borrowing rates applied to the lease liabilities during the financial year was 4.5%.

Generally, these lease contracts are entered into for fixed periods but may have extension options. The Company's finance lease arrangements include immaterial variable lease payments. No residual value guarantees have been provided.

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NOTES TO THE COMPANY FINANCIAL STATEMENTS

For the year ended 29 February 2024

51. BORROWINGS

Amounts due for settlement in less than 12 months	2024 \$'000	2023 \$'000
Invoice assignment facilities	165,951	168,811
	<u>165,951</u>	<u>168,811</u>

The Company has a €391m invoice assignment with recourse facility (alongside Westcon Group Germany GmbH and Westcon Group Italia SRI.) with a European banking syndicate, led by Crédit Agricole Leasing & Factoring ("CALEF"). The committed facility is secured on the Company's trade receivables. This facility is secured by a fixed and floating charge over all the assets in Westcon Group European Operations Limited. The facilities bear interest at 3 month Euribor + 0.9% for receivables denominated in EUR, 3 month TSRR + 0.9% for receivables denominated in GBP, 3 month Libor USD + 0.9% for receivables denominated in USD and SARON + 0.9% for receivables denominated in CHF.

The facility is a with recourse facility that means the Company remains liable for the credit risk and collection activity of the trade receivables. Accordingly the trade receivables are not derecognized from the Company's balance sheet on assignment to CALEF, and the funds received in advance are recognized as a borrowing that is classified as a short term financial liability in the financial statements.

Westcon Group European Operations Limited and some of its subsidiaries have entered into various arrangements with Levantor Capital Limited of US\$71.5m (FY23: \$105.0m), bearing interest at 3.25%. The maximum facility is US\$71.5m. These are rolling facilities and at 29 February 2024, US\$nilm (FY23:US\$nilm) was outstanding. The net availability of this facility, after taking into account restrictions and the amount outstanding, was US\$71.5m (FY23: US\$105.0m).

52. PROVISIONS

Movements in each class of provision during the financial year are set out below:

	Asset retirement obligations \$'000	Restructuring obligations \$'000	Total \$'000
Carrying amount at start of year	2,519	1,064	3,583
Transferred from accruals	17	-	17
Reversed	(17)	(567)	(584)
Additional provisions recognised (note 9)	73	293	366
Amounts used in the year	-	(280)	(280)
Carrying amount at end of year	2,592	510	3,102

Asset retirement obligations

The Company is required to restore its leased premises to their original condition at the end of the respective lease terms. A provision has been recognised for the present value of the estimated expenditure required to remove any leasehold improvements. These costs have been capitalised as part of the costs of leasehold improvements and are amortised over the shorter of the term of the lease and the useful life of the assets.

The asset retirement obligation is fully due in more than 12 months due to the terms of the leased premises.

Restructuring obligations

A restructuring provision is recognised when the Company has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity. The remaining provision is expected to be fully utilised over the next 12 months.

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For the year ended 29 February 2024

53. SHARE CAPITAL

	2024	2023
	\$	\$
<i>Issued and fully-paid</i>		
113 (2023:113) ordinary shares of \$1.60 each	<u>181</u>	<u>181</u>

The difference between the consideration and the nominal value of the share issued has been credited to the share premium account.

54. SHARE PREMIUM

	\$'000	\$'000
Balance at 1 March 2022/ 1 March 2023	64,697	64,697
Share premium cancellation	-	-
Share premium issued	-	-
Balance at 29 February 2024/ 28 February 2023	<u>64,697</u>	<u>64,697</u>

55. DEFERRED TAXATION

	2024	*Restated 2023
	\$'000	\$'000
The movement on deferred tax assets is shown below:		
At 1 March 2023 and 1 March 2022	24,430	19,709
Credit to the income statement	7,460	4,721
Other timing differences - credit / (debit) to the income statement (note 12)	-	-
At 29 February 2024 and 28 February 2023	<u>31,890</u>	<u>24,430</u>

Deferred tax is provided as follows:

	2024	2023
	\$'000	\$'000
Tax losses	28,000	21,500
Accruals and similar items	639	97
IFRS 16 lease liabilities	<u>3,251</u>	<u>2,833</u>
Deferred tax asset	<u>31,890</u>	<u>24,430</u>

The movement on deferred tax liabilities is shown below:

	2024	2023
	\$'000	\$'000
At 1 March 2023 and 1 March 2022	(2,781)	(2,910)
Credit/ (debit) to the income statement (note 12)	<u>(160)</u>	<u>129</u>
At 29 February 2024 and 28 February 2023	<u>(2,941)</u>	<u>(2,781)</u>

Deferred tax is provided as follows:

	2024	2023
	\$'000	\$'000
IFRS right of use assets	<u>(2,941)</u>	<u>(2,781)</u>
Deferred tax liabilities	<u>(2,941)</u>	<u>(2,781)</u>

**Effective for annual reporting periods beginning on or after 1 January 2023, IAS 12 - Income Taxes - was amended for the recognition and disclosure of deferred taxes recognised on IFRS16 leased assets. The Group has now adopted these changes retrospectively and has, as a result, restated its Deferred Tax notes for comparative purposes. The effect of this restatement was as follows: FY23 Deferred Tax Liabilities increased by US\$ 3.3 million (FY22: increase of US\$ 2.8 million) with Deferred Tax Assets increasing by the same value.*

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55. DEFERRED TAXATION (continued)

The Company has recognised a deferred tax asset on the basis that sufficient future taxable profits are forecasted to enable utilisation of this asset.

In addition to the above recognised deferred tax asset, there are further tax losses equivalent to an unrecognized asset of \$0.9m (*restated 2023: \$10.5m). The deferred tax asset is expected to be recovered or settled more than twelve months after the reporting period.

56. POST BALANCE SHEET EVENTS

There were no material events subsequent to 29 February 2024 and up until the authorization of the financial statements for issue, that have not been disclosed elsewhere in the financial statements.

57. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

The ultimate parent company and controlling party is Datatec Limited, a company registered in South Africa listed on the Johannesburg stock exchange. The financial statements of Datatec Limited may be obtained from the website www.datatec.co.za or alternatively may be obtained via mail from Ground Floor, Sandown Chambers, Sandown Village, 16 Maude Street, Sandown, South Africa.

The immediate parent company is Westcon International Group Holdings Limited, a fellow group company incorporated in the United Kingdom, which acquired the Group from Westcon International Limited on the 23rd August 2023

Datatec PLC is the smallest group and Datatec Limited is the largest group of which the Company is a member for which consolidated financial statements are prepared. Datatec PLC's registered office is Bush House, North West Wing, Aldwych, London, WC2B 4PL, United Kingdom and Datatec Limited's registered office is 3rd Floor, Sandown Chambers, Sandown Village Office Park, 81 Maude Street, Sandown, South Africa.