THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

The definitions and interpretations set out on pages 6 to 9 of this Circular apply, *mutatis mutandis*, to this whole Circular.

Action required

- If you are in any doubt as to what action you should take in relation to this Circular, please consult your CSDP, Broker, banker, accountant, attorney or other professional adviser immediately.
- If you have disposed of all your Shares, this Circular should be handed to the purchaser of such Shares or to the CSDP, Broker or other agent through whom such disposal was effected.
- Datatec Shareholders are referred to pages 3 and 4 of this Circular, which set forth the detailed action required of them in respect of the matters dealt with in this Circular.

Datatec does not accept responsibility and will not be held liable, under any applicable law or regulation, for any action of, or omission by, the CSDP or Broker of a Dematerialised Datatec Shareholder, including, without limitation, any failure on the part of the CSDP or Broker of any beneficial owner of Datatec Shares to notify such beneficial owner of the matters set forth in this Circular.

DATATEC LIMITED

(Incorporated in South Africa)
(Registration No. **1994/005004/06**)
Share code: **DTC**
ISIN: **ZAE000017745**
("**Datatec**" or the "**Company**")

CIRCULAR TO DATATEC SHAREHOLDERS

Regarding:

- **the Transaction, which comprises the proposed disposal by Datatec Plc, a wholly-owned subsidiary of Datatec, of its entire 71.2% interest in Analysys Mason to the Purchaser, which Transaction constitutes a Category 1 Transaction for Datatec in terms of the JSE Listings Requirements; and**
- **approval of the Transaction, as required by and in terms of the JSE Listings Requirements;**

and incorporating:

- **a notice of a General Meeting of Datatec Shareholders; and**
- **a form of proxy *(blue)* in respect of the General Meeting (to be completed by Certificated Datatec Shareholders and Dematerialised Datatec Shareholders with "own-name" registration only).**

Financial Advisors	Sponsor	Independent Reporting Accountants
Lazard	RMB	PwC, Deloitte
Legal Advisors as to English Law	**Legal Advisors as to South African Law**	**Meeting Scrutineers**
Dorsey	Bowmans	TMS

Date of issue: Friday, 5 August 2022

This Circular is available in English only and copies thereof may be obtained during normal business hours from the registered office of Datatec or at the Transfer Secretaries at the addresses set out in the "Corporate Information and Advisors" section of this Circular. The Circular will also be available on the Datatec website (www. datatec.co.za) as from the date of posting hereof until the date of the General Meeting.

FORWARD-LOOKING STATEMENTS DISCLAIMER

The definitions and interpretations set out on pages 6 to 9 of this Circular apply, *mutatis mutandis,* to this *Forward-looking statements disclaimer.*

This Circular contains statements about Datatec that are, or may be, forward-looking statements. All statements, other than statements of historical fact, are, or may be deemed to be, forward-looking statements, including, without limitation, those concerning: strategy; the economic outlook for the information, communication and technology industry; cash costs and other operating results; growth prospects and outlook for operations, individually or in the aggregate; liquidity and capital resources and expenditure and the outcome and consequences of any pending litigation proceedings. These forward-looking statements are not based on historical facts, but rather reflect current expectations concerning future results and events and generally may be identified by the use of forward-looking words or phrases such as "believe", "aim", "expect", "anticipate", "intend", "foresee", "forecast", "likely", "should", "planned", "may", "estimated", "potential" or similar words and phrases.

Examples of forward-looking statements include statements regarding a future financial position or future profits, cash flows, corporate strategy, estimates of capital expenditures, acquisition strategy, or future capital expenditure levels, and other economic factors, such as, inter alia, interest rates.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Datatec cautions that forward-looking statements are not guarantees of future performance. Actual results, financial and operating conditions, liquidity and the developments within the industry in which Datatec operates may differ materially from those made in, or suggested by, the forward-looking statements contained in this Circular.

All these forward-looking statements are based on estimates and assumptions, all of which, although Datatec may believe them to be reasonable, are inherently uncertain. Such estimates, assumptions or statements may not eventuate. Many factors (including factors not yet known to Datatec, or not currently considered material), could cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied in those estimates, statements or assumptions.

Datatec Shareholders should keep in mind that any forward-looking statement made in this Circular or elsewhere is applicable only at the date on which such forward-looking statement is made. New factors that could cause the business of Datatec or other matters to which such forward-looking statements relate, not to develop as expected may emerge from time to time and it is not possible to predict all of them. Further, the extent to which any factor or combination of factors may cause actual results to differ materially from those contained in any forward-looking statement are not known. Datatec has no duty to, and does not intend to, update or revise the forward-looking statements contained in this Circular after the date of this Circular, except as may be required by law. Any forward-looking statements have not been reviewed nor reported on by the external auditors.

Other

Lazard & Co., Limited ("Lazard"), which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting exclusively as financial adviser to the Company and no one else in connection with the Transaction and will not be responsible to anyone other than the Company for providing the protections afforded to clients of Lazard nor for providing advice in relation to the Transaction or any other matters referred to in this Circular. Neither Lazard nor any of its affiliates owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Lazard in connection with this Circular, any statement contained herein or otherwise.

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CORPORATE INFORMATION AND ADVISORS

Datatec Registered Address
Datatec Limited
(Registration number 1994/005004/06)
Third Floor, Sandown Chambers
Sandown Village Office Park
81 Maude Street
Sandown, 2196
South Africa
(PO Box 76226, Wendywood, 2144)

Place of incorporation: South Africa
Date of incorporation: 11 July 1994

Executive Directors
Jens Peter Montanana (Chief Executive Officer)
Ivan Philip Dittrich (Chief Financial Officer)

Independent Non-executive Chair
Maya Makanjee

Independent Non-executive Directors
Charles Richard Kenneth Medlock
Deepa Shantilal Sita
John Francis McCartney
Mfundiso Johnson Ntabankulu Njeke
Stephen James Davidson

Legal Advisors as to English law
Dorsey & Whitney (Europe) LLP
199 Bishopsgate
London
EC2M 3UT
(Postal address same as above)

Transfer Secretaries
Computershare Investor Services Proprietary Limited
15 Biermann Avenue
Rosebank, 2196
South Africa
(Private Bag X9000, Saxonwold, 2132, South Africa)

Meeting Scrutineers
The Meeting Specialist Proprietary Limited
JSE Building
One Exchange Square
2 Gwen Lane
Sandown, 2196
South Africa
(PO Box 62043, Marshalltown, 2107, South Africa)
Email: proxy@tmsmeetings.co.za

Company Secretary
Datatec Management Services Proprietary Limited
(Registration number 1996/012776/07)
Third Floor, Sandown Chambers
Sandown Village Office Park
81 Maude Street
Sandown, 2196
South Africa
(PO Box 76226, Wendywood, 2144)

Financial Advisors
Lazard & Co., Limited
50 Stratton Street
London
W1J 8LL, United Kingdom
(postal address same as above)

Independent Reporting Accountants
PricewaterhouseCoopers Inc.
4 Lisbon Lane, Waterfall City
Jukskei View, 2090
South Africa
(Private Bag X36, Sunninghill, 2157, South Africa)

Deloitte & Touche
Deloitte Place
5 Magwa Crescent
Waterfall City, Waterfall, 2090
South Africa
(Private Bag X6, Gallo Manor, 2052, South Africa)

Legal Advisors as to South African law
Bowmans
11 Alice Lane
Sandton, 2146
South Africa
(PO Box 785812, Sandton, 2146, South Africa)

Sponsor
Rand Merchant Bank
(A division of FirstRand Bank Limited)
1 Merchant Place
Corner Fredman Drive and Rivonia Road
Sandton, 2196
South Africa
(PO Box 786273, Sandton, 2146)

ACTION REQUIRED BY DATATEC SHAREHOLDERS

The definitions and interpretations commencing on page 6 of this Circular apply, *mutatis mutandis,* to this Action required by Datatec Shareholders section.

Datatec Shareholders are requested to take note of the following information regarding the action required by them in connection with this Circular.

If you are in any doubt as to what action to take, please consult your Broker, CSDP, banker, legal advisor, accountant, or other professional advisor immediately.

If you have disposed of all your Shares, please forward this Circular to the person to whom you disposed of such Shares or to the Broker, CSDP, banker or other agent through whom you disposed of such Shares.

1 General Meeting

The General Meeting, convened in terms of the Notice of General Meeting, will be held entirely by electronic communication, as permitted by the JSE, the provisions of the Companies Act and the MOI on Friday, 2 September 2022, commencing at 12:00.

In this respect, the Company has retained the services of The Meeting Specialist to host the General Meeting remotely on an interactive electronic platform, in order to facilitate remote participation and voting by Shareholders. TMS will also act as scrutineer.

Shareholders who wish to attend the General Meeting electronically and/or to vote at the General Meeting are required to contact TMS on **proxy@tmsmeetings.co.za** or, alternatively, to contact their office on +27 11 520 7950 as soon as possible but, in any event, for administration purposes, by no later than 12:00 on Wednesday, 31 August 2022. However, this will not in any way affect the rights of Shareholders to register for the General Meeting after this date, provided, however, that only those Shareholders who are fully verified (as required in terms of section 63(1) of the Companies Act) and subsequently registered at the commencement of the General Meeting, will be allowed to participate in and/or to vote by electronic means.

TMS will assist Shareholders with the requirements for electronic participation in, and/or voting at, the General Meeting. TMS is further obliged to validate (in correspondence with the Company and, in particular, the Transfer Secretaries, Computershare Investor Services Proprietary Limited, and your CSDP) each such Shareholder's entitlement to participate in and/or to vote at the General Meeting, before providing it with the necessary means to access the General Meeting and/or the associated voting platform. For further information in this regard, please see the details contained in the Notice of General Meeting.

While the Company will incur all costs for the hosting by TMS of the General Meeting by way of a remote interactive electronic platform, Shareholders will be liable for their own network charges in relation to electronic participation in and/or voting at the General Meeting. Any such charges will not be for the account of the JSE, the Company and/or TMS. None of the JSE, the Company or TMS will be held accountable in the case of loss of network connectivity or other network failure due to insufficient airtime, internet connectivity, internet bandwidth and/or power outages which prevents any such Shareholder from participating in and/or voting at the General Meeting.

2 Dematerialised Shareholders without "own name" registration

If you have Dematerialised your Shares without "own name" registration, then the following actions are relevant to you in connection with the General Meeting:

Voting at the General Meeting

- Your CSDP/Broker is obliged to contact you, in the manner stipulated in the agreement concluded between you and your CSDP/Broker, in order to ascertain how you wish to cast your vote at the General Meeting and, thereafter, to cast your vote in accordance with your instructions.
- If you have not been contacted, it would be advisable for you to contact your CSDP/Broker and to furnish it with your voting instructions.
- If your CSDP/Broker does not obtain voting instructions from you, it will be obliged to vote in accordance with the instructions contained in the agreement concluded between you and your CSDP/Broker.
- You should **NOT** complete the attached Form of Proxy *(blue).*

Attendance and representation at the General Meeting

- If you wish to attend the General Meeting, you must advise your CSDP/Broker, in accordance with the agreement concluded between you and your CSDP/Broker, and your CSDP/Broker will issue you with the necessary letter of representation for you to attend the General Meeting.
- Unless you advise your CSDP/Broker, in accordance with the terms of the agreement concluded between you and your CSDP/Broker, that you wish to attend the General Meeting and have been provided with a letter of representation from it or instructed it to send its proxy to represent you at the General Meeting, your CSDP/Broker may assume that you do not wish to attend the General Meeting and may act in accordance with the agreement between you and your CSDP/Broker.

3 Dematerialised Shareholders with "own name" registration and Certificated Datatec Shareholders

If you have not Dematerialised your Shares or if you have Dematerialised your Shares with "own name" registration, then the following is relevant to you in connection with the General Meeting:

Voting, attendance and representation at the General Meeting

- Shareholders are strongly encouraged to submit votes by proxy before the General Meeting.
- You are, however, entitled to attend and vote at the General Meeting by electronic communication and may speak at and vote at the General Meeting.
- If you are unable to attend the General Meeting, you may appoint a proxy to represent you at the General Meeting by completing the attached Form of Proxy *(blue)* in accordance with the instructions it contains and returning it to TMS to be received by email at **proxy@tmsmeetings.co.za** by no later than 12:00 on Wednesday, 31 August 2022, for administration purposes. Alternatively, such Forms of Proxy may be lodged with the Chair of the General Meeting at any time before the meeting by email, care of Simon Morris at **Simon.Morris@Datatec.com**.
- Where there are joint holders of Datatec Shares, any one of such persons may vote at the General Meeting in respect of such Datatec Shares as if that person is solely entitled thereto, but if more than one of such joint holders are present or represented at the General Meeting, the person whose name appears first in the Register in respect of such Datatec Shares or its/his/her proxy, as the case may be, shall alone be entitled to vote in respect of such Datatec Shares.
- Shareholders were advised, in the announcement released on SENS on Friday, 5 August 2022 to obtain a copy of the Circular as follows:
  - by accessing an electronic copy of the Circular on the Company's website, available at **https://www.datatec.co.za/circulars.php**;
  - by contacting the Transfer Secretaries, Computershare Investor Services Proprietary Limited on +27 11 370 5000 or at **proxy@computershare.co.za** to request an electronic copy of the Circular;
  - by contacting their CSDP or Broker to request an electronic copy of the Circular;
  - by contacting the Company Secretary, Simon Morris on +27 11 233 1000 or at **Simon.Morris@Datatec.com** in order to request an electronic copy of the Circular or to make reasonable alternative arrangements to obtain a copy.

Datatec does not accept responsibility and will not be held liable, under any applicable law or regulation, for any action of, or omission by, the CSDP or Broker of a Dematerialised Datatec Shareholder, including, without limitation, any failure on the part of the CSDP or Broker of any beneficial owner to notify such beneficial owner of the General Meeting or of the matters set forth in this Circular.

If you wish to Dematerialise your Datatec Shares, please contact your Broker.

4 Identification of Shareholders

In terms of section 63(1) of the Companies Act, before any person may attend or participate in the General Meeting, that person must present reasonably satisfactory identification and the person presiding at the General Meeting must be reasonably satisfied that the right of the person to participate and vote at the General Meeting, either as a Datatec Shareholder, or as a proxy or a representative for a Datatec Shareholder, has been reasonably verified. Acceptable forms of identification include a valid green bar-coded or smart card identification document issued by the South African Department of Home Affairs, a South African driver's licence or a valid passport. Only those Shareholders who are fully verified (as required in terms of section 63(1) of the Companies Act) and subsequently registered at the commencement of the General Meeting with TMS in accordance with what is set out above, will be allowed to participate in and/or vote by electronic means.

IMPORTANT DATES AND TIMES

The definitions and interpretations commencing on page 6 of this Circular apply *mutatis mutandis* to this *Important dates and times* section.

	2022
Record date for purposes of receiving the Circular and Notice of General Meeting (being the date on which a Datatec Shareholder must be recorded in the Register in order to receive the notice of General Meeting)	Friday, 29 July
Circular and Notice of General Meeting posted to Datatec Shareholders and Notice of General Meeting released on SENS	Friday, 5 August
Last day to trade in order to be eligible to attend, speak and vote at the General Meeting	Tuesday, 23 August
Record date to determine Shareholders eligible to attend, speak and vote at the General Meeting	Friday, 26 August
For administrative purposes, last date to lodge Forms of Proxy with The Meeting Specialist, by 12:00	Wednesday, 31 August
Last date to lodge Forms of Proxy with the Chair of the General Meeting, by 12:00	Friday, 2 September
General Meeting to be held entirely by electronic communication at 12:00	Friday, 2 September
Results of General Meeting released on SENS	Friday, 2 September
Expected Completion Date	Tuesday, 27 September
Longstop Date	Saturday, 31 December

Notes:

(1) All dates and times are South African dates and times.

(2) The dates and times may be changed by Datatec. Any change will be published on SENS and in the South African press.

(3) If the General Meeting is adjourned or postponed, Forms of Proxy submitted for the initial general meeting will remain valid in respect of any adjournment or postponement of the General Meeting.

(4) Datatec Shareholders are reminded that Datatec Shares can only be traded in Dematerialised form. It is therefore suggested that Certificated Datatec Shareholders on the Register only Dematerialise their Datatec Shares prior to the last day to trade in order to be eligible to attend, speak and vote at the General Meeting (Tuesday, 23 August 2022). No orders to Dematerialise or rematerialise Datatec Shares will be processed from the Business Day following the last day to trade in order to be eligible to attend, speak and vote at the General Meeting (Tuesday, 23 August 2022), up to and including the record date to determine Shareholders eligible to attend, speak and vote at the General Meeting (Friday, 26 August 2022), but such orders will again be processed from the first Business Day after the record date to determine Shareholders eligible to attend, speak and vote at the General Meeting (Friday, 26 August 2022).

DEFINITIONS AND INTERPRETATIONS

In this Circular and the documents attached hereto, unless the context indicates otherwise:

- the words in the first column shall have the meanings assigned to them in the second column; the singular includes the plural and vice versa; an expression which denotes one gender includes the other genders; a natural person includes a juristic person and vice versa and cognate expressions shall bear corresponding meanings; and
- all dates and times referred to are South African times and dates, unless otherwise stated.

"Act" or **"Companies Act"**	means the Companies Act, No. 71 of 2008, as amended;
"Analysys Mason"	means Analysys Mason Limited, a private company registered in accordance with the laws of England and Wales, with registration number 05177472, being an indirect subsidiary of Datatec;
"Analysys Mason Group"	means Analysys Mason and each of the Analysys Mason Subsidiaries;
"Analysys Mason Subsidiaries"	means the subsidiary undertakings of Analysys Mason, whose details are set out in Annexure 1;
"BDC"	has the meaning given to it in paragraph 8 of this Circular;
"BDC Funds"	means certain funds managed by Bridgepoint Advisers II Limited;
"Board" or **"Directors"**	means the Board of directors of Datatec as constituted from time to time, which at the date of this Circular is as set out in the *Corporate information* and advisors section of this Circular and on page 10 of this Circular; and "Director" shall mean any one of the directors of Datatec, as the context may require;
"Broker"	means any person registered as a "broking member (equities)" in accordance with the provisions of the Financial Markets Act;
"Business Day"	means a day other than (i) a Saturday or Sunday, or (ii) a gazetted public holiday in South Africa;
"CEO"	means Chief Executive Officer;
"Certificated Share"	means a Datatec Share represented by a share certificate or other physical Document of Title, which has not been surrendered for Dematerialisation in terms of the requirements of Strate and which may no longer be traded on the JSE;
"Certificated Datatec Shareholder"	means a Datatec Shareholder who holds Certificated Shares;
"CFO"	means Chief Financial Officer;
"Circular"	means this circular dated Friday, 5 August 2022, including the annexures and attachments hereto;
"Company Secretary"	means the Company Secretary of Datatec from time to time, who as at the date of this Circular is as set out in the *Corporate information and advisors* section of this Circular;
"Completion"	means completion of the sale and purchase of the Sale Shares in accordance with the Share Sale Agreement;
"Completion Date"	means the date on which Completion takes place;
"Conditions"	means the conditions described in paragraph 2.3 of this Circular;
"CSDP"	means Central Securities Depository Participant: a person authorised by a licensed central securities depository to perform custody and administration services or settlement services or both in terms of the central securities depository rules published in terms of the Financial Markets Act, and includes an external participant, where appropriate, as contemplated in the Financial Markets Act;
"Datatec Group"	means, collectively, Datatec and its subsidiaries;

"Datatec Plc"	means Datatec Plc, a public company registered in accordance with the laws of England and Wales with company number 07817963, being a wholly-owned subsidiary of Datatec;
"Datatec Shareholders" or **"Shareholders"**	means holders of Datatec Shares from time to time;
"Drag Provision"	has the meaning given to it in paragraph 2.1 of this Circular;
"Deferred Loan Notes"	means unsecured loan notes carrying a 7% p.a. coupon, to be issued by Midco 1;
"Dematerialise" and **"Dematerialisation"**	means the process whereby physical share certificates are replaced with electronic records evidencing ownership of shares for the purpose of Strate, as contemplated in the Financial Markets Act;
"Dematerialised Shares"	means Datatec Shares that have been Dematerialised in accordance with the rules of Strate, evidencing ownership of shareholding in electronic format, which Shares may be traded on the JSE;
"Dematerialised Datatec Shareholder"	means a Datatec Shareholder who holds Dematerialised Shares;
"Document of Title"	means valid share certificates, certified transfer deeds, balance receipts or any other proof of ownership of Datatec Shares, reasonably acceptable to Datatec;
"Earn Out Loan Notes"	has the meaning given to it in paragraph 2.2 of this Circular;
"EBITDA"	means earnings before interest, taxes, depreciation and amortisation;
"Euro" or **"€"**	means the official monetary unit and currency for the European Union;
"Financial Markets Act"	means the South African Financial Markets Act, No. 19 of 2012, as amended;
"Form of Proxy"	means the blue form of proxy incorporated into this Circular for use by Certificated Datatec Shareholders and Dematerialised Datatec Shareholders with "own name" registration only, for purposes of appointing a proxy to represent such Datatec Shareholder at the General Meeting;
"FY21"	means the financial year of Datatec commencing 1 March 2020 and ending 28 February 2021;
"FY22"	means the financial year of Datatec commencing 1 March 2021 and ending 28 February 2022;
"FY23"	means the financial year of Datatec commencing 1 March 2022 and ending 28 February 2023;
"General Meeting"	means the General Meeting of Datatec Shareholders convened in terms of the Notice of General Meeting to be held, at 12:00 on Friday, 2 September 2022, in order for Datatec Shareholders to consider and, if deemed fit, approve, with or without modification, the Ordinary Resolution, to be held entirely by electronic communication on the platform hosted by The Meeting Specialist (including any adjournment or postponement thereof);
"IFRS"	means International Financial Reporting Standards;
"JSE"	means JSE Limited, a public company registered in accordance with the laws of South Africa under registration number 2005/022939/06 and which is licensed as an exchange in terms of the Financial Markets Act;
"JSE Listings Requirements"	means the listings requirements of the JSE, as amended;
"Last Practicable Date"	means Wednesday, 27 July 2022, being the last practicable date prior to finalisation of this Circular;
"Locked Box Date"	means 28 February 2022;
"Locked Box Period"	means the period from and excluding the Locked Box Date to and including the Completion Date;

"Logicalis Group Limited"	means Logicalis Group Limited, a private company registered in accordance with the laws of England and Wales, with registration number 4012342;
"Logicalis Business"	means Logicalis Group Limited and its subsidiary undertakings;
"Longstop Date"	means 18:00 (London time) on 31 December 2022, or such later date as may be agreed in writing between Datatec Plc, the Management Sellers' Representative and the Purchaser;
"Management Sellers"	means Abraham Moerman, Thomas Rudkin, Joan Antoni Obradors Samarra, Fiona Margaret Glennon, Jan Morten Ruud and Chris Andrew Stanford-Beale, being certain members of the management team of Analysys Mason holding shares in Analysys Mason as at the Last Practicable Date;
"Management Sellers' Representative"	means the person appointed from time to time in accordance with the terms of the Share Sale Agreement as the representative of the Management Sellers for the purposes of making certain actions, requests, elections, proposals or consents under the Share Sale Agreement on behalf of the Management Sellers;
"Midco 1"	means Aramis Midco 1 Limited, a private company registered in accordance with the laws of England and Wales with company number 14106426, being an indirect holding company of the Purchaser and the direct subsidiary of Topco;
"Minority Sellers"	means the owners of the Minority Shares who are selling the Minority Shares pursuant to the Minority SPA, as detailed therein, or pursuant to the tag along/drag along provisions contained in the articles of association of Analysys Mason (as the case may be);
"Minority Shares"	means the shares in the capital of Analysys Mason that are not being sold pursuant to the Share Sale Agreement;
"Minority SPA"	means the sale and purchase agreement proposed to be entered into between the Purchaser, Analysys Mason and the Minority Sellers in relation to certain of the Minority Shares;
"MOI"	means the memorandum of incorporation of the Company, as in force from time to time;
"Notice of General Meeting"	means the notice to Datatec Shareholders convening the General Meeting, which notice together with the Form of Proxy is attached to, and forms part of, this Circular;
"Ordinary Resolution"	means the ordinary resolution set out in the Notice of General Meeting attached to and forming part of this Circular;
"Purchaser"	means Aramis Bidco Limited (a newly formed company incorporated by BDC Funds);
"R" or **"ZAR"**	means South African rand, the lawful currency of South Africa;
"Register"	means the register of Certificated Datatec Shareholders maintained by the Transfer Secretaries on behalf of the Company and the sub-register of Dematerialised Datatec Shareholders maintained by the relevant CSDPs;
"Sale Shares"	means the shares in the capital of Analysys Mason owned by the Sellers, representing approximately 78.6% of all the issued shares in Analysys Mason as at Completion;
"Sellers"	means Datatec Plc and the Management Sellers;
"SENS"	means the Stock Exchange News Service of the JSE;
"Share Sale Agreement"	means the share sale agreement dated 29 June 2022, between Datatec Plc, the Management Sellers, Analysys Mason, and the Purchaser in relation to the Transaction;
"Shares" or **"Datatec Shares"**	means the ordinary shares in Datatec;
"South Africa"	means the Republic of South Africa;
"Sterling" or **"£"**	means the British pound, the lawful currency of the United Kingdom;

"Strate"	means Strate Proprietary Limited, a private company registered in accordance with the laws of South Africa under registration number 1998/022242/07, a licensed central securities depository registered in terms of the Financial Markets Act and responsible for the electronic clearing and settlement system provided to the JSE;
"The Meeting Specialist" or **"TMS"**	means The Meeting Specialist Proprietary Limited, a private company registered in accordance with the laws of South Africa under registration number 2017/287419/07, being the host and scrutineer of the General Meeting on an interactive electronic platform;
"Topco"	means Aramis Topco Limited, a private company registered in accordance with the laws of England and Wales with company number 14106372, being an indirect holding company of the Purchaser as further described in paragraph 8 of this Circular;
"Transaction"	means the transaction described in section 2 of this Circular;
"Transaction Business Day"	means any day other than a Saturday, Sunday or any other day which is a public holiday in England or South Africa;
"Transfer Secretaries"	means Computershare Investor Services Proprietary Limited, a private company registered in accordance with the laws of South Africa under registration number 2004/003647/07;
"Westcon International"	means Westcon International Limited, a private company registered in accordance with the laws of England and Wales, with registration number 04411310; and
"Westcon International Business"	means Westcon International Limited and its subsidiary undertakings.

DATATEC LIMITED

(Incorporated in South Africa)
(Registration No. **1994/005004/06**)
Share code: **DTC**
ISIN: **ZAE000017745**
("**Datatec**" or the "**Company**")

Directors
Executive:
Jens Peter Montanana (CEO, British)
Ivan Philip Dittrich (CFO, South African)

Non-executive:
Maya Makanjee (Independent Non-executive Chair, South African)
Charles Richard Kenneth Medlock (Independent Non-executive Director, British)
Deepa Shantilal Sita (Independent Non-executive Director, South African)
John Francis McCartney (Independent Non-executive Director, American)
Mfundiso Johnson Ntabankulu Njeke (Independent Non-executive Director, South African)
Stephen James Davidson (Independent Non-executive Director, British)

CIRCULAR TO DATATEC SHAREHOLDERS

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1. INTRODUCTION AND PURPOSE OF THIS CIRCULAR

Shareholders are referred to the announcement released by Datatec on SENS on Thursday, 30 June 2022 and in the press on Friday, 1 July 2022, wherein Shareholders were advised that Datatec Plc, the Purchaser, Analysys Mason and the Management Sellers had reached agreement to enter into the Transaction in accordance with the terms, and subject to the conditions, set out in the Share Sale Agreement.

The Transaction constitutes a Category 1 Transaction for the purposes of the JSE Listings Requirements, which is subject to Shareholder approval by way of the Ordinary Resolution.

The purpose of this Circular is to:

- provide Shareholders with the requisite information in accordance with the JSE Listings Requirements with regard to the Transaction so as to enable Shareholders to make an informed decision as to whether or not they should vote in favour of the Ordinary Resolution; and
- convene the General Meeting in order to pass the Ordinary Resolution.

2. THE TRANSACTION AND THE PRINCIPAL TERMS

2.1 Introduction

On Wednesday, 29 June 2022, Datatec Plc, a wholly owned subsidiary of Datatec, the Management Sellers, Analysys Mason and the Purchaser entered into the Share Sale Agreement, for the sale by the Sellers of the Sale Shares to the Purchaser. As at the Last Practicable Date, Datatec Plc held approximately 79.4% of the issued shares in Analysys Mason, but its interest will be diluted to approximately 71.2% of the issued shares in Analysys Mason prior to Completion as a result of the issue of ordinary shares in Analysys Mason under the rules of Analysys Mason's performance share schemes in satisfaction of vested awards.

It is also proposed that, on or prior to Completion, a second share purchase agreement, being the Minority SPA, will be entered into by the Purchaser, Analysys Mason and the Minority Sellers, for the sale by the Minority Sellers of the Minority Shares to the Purchaser, representing approximately 21.4% of all of the issued shares in Analysys Mason.

Accordingly, pursuant to the terms of the Share Sale Agreement and the Minority SPA, the Purchaser will acquire the entire issued share capital of Analysys Mason. Any Minority Sellers who do not enter into the Minority SPA will have their Analysys Mason shares acquired pursuant to the drag-along provisions of the articles of association of Analysys Mason (or will exercise their tag along rights under the articles of association of Analysys Mason) (the "Drag Provision").

Certain of the Management Sellers have agreed, pursuant to the Share Sale Agreement, to reinvest a portion of the consideration to be paid to them into securities in Topco and Midco 1, as is customary for management sellers in a management buy-out transaction. The Minority Sellers who are also employees of Analysys Mason will similarly be encouraged to reinvest a portion of their consideration into securities in Topco and Midco 1, on the same terms as the Management Sellers.

It was stated in the announcement released by Datatec on SENS on Thursday, 30 June 2022 that Datatec's CEO, Jens Montanana, would, in his personal capacity, have the option to invest approximately £2.4 million in Topco and Midco 1 for a period of 90 days after Completion by the purchase, from funds managed by Bridgepoint Advisers II Limited, of shares and loan notes held by them in Topco and Midco 1 (respectively). The JSE determined that this option resulted in Datatec's CEO having a vested interest in the Transaction in terms of paragraph 10.2 of the JSE Listings Requirements and that it would therefore not be appropriate for him to vote on the Ordinary Resolution. Accordingly, the parties to the agreement that granted Datatec's CEO the option to invest agreed to terminate that agreement and Datatec's CEO is accordingly entitled to vote on the Ordinary Resolution.

The Share Sale Agreement is governed by the laws of England. The following is a summary of the principal terms of the Share Sale Agreement.

2.2 Consideration

The Transaction values Analysys Mason, on an enterprise value basis, at a maximum of £210 million. This enterprise value corresponds, after the deduction of certain debt-like items, to an equity consideration of £200 million (which amount is subject to certain adjustments described below). The £200 million equity consideration comprises:

- an initial cash consideration for all of the Analysys Mason shares sold pursuant to the Share Sale Agreement of £190 million, discharged by a cash payment of £180 million and the issue of £10 million Deferred Loan Notes (being unsecured loan notes issued by Midco1 carrying a coupon of 7% per annum, which are payable on the third anniversary of Completion (together with accrued interest)); and
- an aggregate earn-out payment of up to £10 million, which may become payable with reference to an EBITDA target of the Analysys Mason Group for the financial year ending 28 February 2023. Any payment that may become payable pursuant to the earn-out will be satisfied by the issue by Midco 1 of non-interest bearing unsecured loan notes which will be payable on 28 February 2025 ("**Earn Out Loan Notes**").

For the sale of its entire 71.2% shareholding in Analysys Mason, Datatec Plc will receive its portion (namely 71.2%) of the initial consideration for all of the Analysys Mason shares sold pursuant to the Share Sale Agreement. Accordingly, on Completion, Datatec Plc will receive approximately £128 million in cash and approximately £7.1 million in principal amount of Deferred Loan Notes. In addition, if any payment becomes due under the earn-out, Datatec will receive 71.2% of any such payment.

The Share Sale Agreement also provides for the following possible adjustments to the equity consideration for Analysys Mason. These possible adjustments will not have a significant impact on the consideration that Datatec Plc will receive for its interest in Analysys Mason and do not change the enterprise value of £210 million:

- Additional consideration of up to £2.4 million in aggregate may be payable after Completion in the event that the Analysys Mason Group benefits from and, in its sole discretion, utilises corporation tax savings relating to the issuance of the performance shares under Analysys Mason's performance share schemes. It has been agreed that 50% of any such corporation tax savings (less, in the case of Datatec Plc only, an amount equal to the amount received by Datatec Plc in respect of group tax reliefs that were surrendered by Datatec Group on or before the date of Completion but which proved to be unavailable to the Analysys Mason Group), will be paid to the Sellers and the Minority Sellers, with such payment being made on the third anniversary of Completion (unless any corporation tax savings have not been utilised in full by the third anniversary of Completion, in which case the additional consideration shall be paid on each subsequent anniversary of Completion until the relevant corporation tax savings have been utilised in full). Datatec Plc would receive 71.2% of any such additional consideration.
- Additional consideration of up to £402 000 in aggregate shall be payable to the Sellers and the Minority Sellers in the event that any amount of an outstanding debt owed by a Russian debtor to the Analysys Mason Group is repaid on or before 28 February 2023. Such additional consideration (if any) will be paid in cash or, at the Purchaser's sole election, satisfied by the issuance to the Sellers and the Minority Sellers of additional Earn Out Loan Notes (if it is determined that consideration is payable pursuant to the terms of the earn out). Datatec Plc would receive 71.2% of any such additional consideration.
- An adjustment will be made in the event that the amount of employer's national insurance contributions (and other relevant social security contributions and/or taxes in applicable jurisdictions) payable by the Analysys Mason Group

("**Employer Tax Liability**") in respect of (i) the issue of shares in satisfaction of vested performance share awards; (ii) the acquisition of and/or sale of certain shares held by US tax-resident employees; and/or (iii) the payment of retention bonuses to certain employees based in Germany, is greater than or less than the estimated Employer Tax Liability at Completion ("**Estimated Employer Tax Liability**"). If the actual Employer Tax Liability is less than or more than the Estimated Employer Tax Liability then, subject to a de minimis threshold of £25 000, the equity consideration will be adjusted accordingly.

- Further adjustments to the equity consideration will be made in the event that the completion accounts relating to (i) a recent acquisition by the Analysys Mason Group ("**Acquisition**") and (ii) the recent sale of an equity interest in Fortum Fiber AS by the Analysys Mason Group ("**FF Sale**"), result in a "true-up" being paid by or to the Analysys Mason Group (as the case may be) in excess of £50 000 in respect of the Acquisition and/or £25 000 in respect of the FF Sale.

The Share Sale Agreement provides for a "locked box structure", which allows the Purchaser to receive the financial benefits accruing to the Analysys Mason Group during the Locked Box Period. This in turn means that no "leakage" to the current shareholders (as contemplated in the Share Sale Agreement, including distributions) may take place during the Locked Box Period, and the Sellers are obliged to compensate the Purchaser for any unauthorised "leakage" occurring during the Locked Box Period.

2.3 Conditions and Termination

Completion is conditional on (i) the passing of the Ordinary Resolution at the General Meeting, (ii) the French Ministry of Economy and the UK Department for Business, Energy and Industrial Strategy each approving the Transaction and (iii) such number of Minority Sellers who (when combined with the Management Sellers) hold 75% of the aggregate Analysys Mason shares that are not held by Datatec Plc (including certain specified persons) entering the Minority SPA (the "**Conditions**").

Completion shall take place on the later of: (i) date falling on the seventeenth Transaction Business Day after (but not including) the day of satisfaction of the last of the Conditions; and (ii) the date falling on the fifteenth Business Day after (but not including) service of the most recently served notice on those who are selling their shares pursuant to the Drag Provision, or on such other date as is agreed in writing by Datatec Plc, the Management Sellers' Representative and the Purchaser.

Datatec Plc has agreed to take all reasonable steps to procure satisfaction of the Condition referred to in (i) above, save where otherwise the directors of Datatec would or are reasonably likely to be in breach of their fiduciary duties, law or regulation.

If the Conditions are not satisfied or waived by the Purchaser by the Longstop Date, the Share Sale Agreement will automatically terminate.

Datatec Plc has agreed to pay a break fee of £1.4 million and Analysys Mason has agreed to pay a break fee of £0.6 million to the Purchaser if either Condition referred to in (i) and (iii) above are not satisfied on or before the Long Stop Date or a resolution of Datatec is passed which prevents the Transaction from being implemented.

2.4 Pre-Completion Undertakings

Datatec Plc and the Management Sellers have given certain customary undertakings not to take certain actions in relation to the business of the Analysys Mason Group during the period between signing the Share Sale Agreement and Completion.

2.5 Warranties and the Tax Covenant

Certain Sellers, including Datatec Plc, have given warranties to the Purchaser that are customary for a transaction of this nature. Only the warranties relating to title and capacity will be repeated at Completion. The warranties are subject to customary financial and other limitations. The Purchaser has also given customary warranties in favour of the Sellers.

The Share Sale Agreement includes a customary tax covenant, pursuant to which certain Sellers, including Datatec Plc, agree to indemnify the Purchaser in respect of pre-Completion tax liabilities. The tax covenant is subject to typical exemptions and limitations.

Liability in respect of the business warranties and the tax covenant is capped at £1.00, save that the Purchaser and Datatec Plc have provided a two-way indemnity in respect of claims for secondary tax liabilities up to a maximum liability of £20 million. The Purchaser has placed a warranty and indemnity insurance policy in respect of the business warranties and the tax covenant.

2.6 Restrictive Covenants and Post-Completion Obligations

Datatec Plc and the Management Sellers have entered into customary non-compete and non-solicitation restrictive covenants with the Purchaser. The restrictions will apply for a period of 18 months from the Completion Date for Datatec Plc and for a period of 12 months from the Completion Date for the Management Sellers.

In the event that Datatec divests all, or substantially all, of both its Westcon International Business and assets and its Logicalis Business and assets during the 12 month period from Completion, Datatec Plc must notify the Purchaser at least 20 Transaction Business Days in advance of completion of the last of such sale and has agreed to work with the Purchaser to implement reasonable protections for the Purchaser in respect of any residual obligations of Datatec Plc under the Share Sale Agreement (including, where appropriate, agreeing that monies amounting to £25 million in aggregate are placed into escrow by Datatec Plc for the remainder of the 12 month period commencing on the date of Completion).

2.7 Transaction Categorisation and Shareholder Approval

The total consideration measured against the market capitalisation of Datatec, as at close of business on Wednesday, 29 June 2022 (being the date of signature of the Share Sale Agreement), results in a percentage ratio of more than 30%. Accordingly, the Transaction is classified as a Category 1 Transaction in terms of paragraph 9.5 of the JSE Listings Requirements and requires approval by way of an ordinary resolution by Datatec Shareholders at a General Meeting in terms of paragraph 9.20 of the Listings Requirements.

For the avoidance of doubt, the Transaction does not constitute a disposal of the greater part of the assets or undertaking of Datatec, as contemplated in section 112 of the Companies Act, and is not an "affected transaction" as defined in section 117(a)(c) of the Companies Act.

The Transaction does not constitute a related party transaction in terms of the JSE Listings Requirements.

3. RATIONALE FOR THE TRANSACTION

Shareholders were advised in the announcement released by Datatec on SENS on 25 August 2021 that the Board had engaged Lazard & Co., Limited to assist with a comprehensive evaluation of strategic options and initiatives ("**the Strategic Review**") to unlock and maximise shareholder value going forward.

The Strategic Review seeks to address the persistent gap between Datatec's valuation and the inherent value of its underlying assets, while also ensuring that the Datatec Group is positioned to take full advantage of the positive market dynamics for its technologies and services.

The Transaction is being entered into pursuant to the Strategic Review to unlock Shareholder value.

4. SHAREHOLDER SUPPORT

Jens Montanana, who, as at the Last Practicable Date, held 31 500 369 Datatec Shares constituting approximately 14.20% of all of the issued Datatec Shares (excluding treasury shares) has given Datatec an irrevocable undertaking to vote in favour of the Ordinary Resolution.

In addition, Datatec has received an irrevocable undertaking to vote in favour of the Ordinary Resolution from Camissa Asset Management Proprietary Limited, which, as at the Last Practicable Date, held or managed 32 025 650 Datatec Shares, constituting approximately 14.44% of all of the issued Datatec Shares (excluding treasury shares).

Datatec has also received letters of support in relation to the Transaction from MandG Investment Managers Proprietary Limited and Sanlam Investment Management Proprietary Limited who, as at the Last Practicable Date, held or managed 30 040 272 Datatec Shares and 36 547 485 Datatec Shares respectively, constituting approximately 13.55% and 16.48% of all of the issued Datatec Shares (excluding treasury shares) respectively.

5. USE OF PROCEEDS

The net proceeds received by Datatec from the Transaction will be returned to Shareholders as soon as reasonably practicable, and the exact mechanism of such distribution is still to be determined.

6. OVERVIEW OF DATATEC

The Datatec Group is an international information and communication technology solutions and services group. Since its foundation in 1986, the Datatec Group has built an extensive global footprint, operating in over 50 countries across North America, Latin America, Europe, Africa, the Middle East and the Asia-Pacific.

Through three core divisions, the Datatec Group offers Integration and Managed Services (Logicalis Business), Technology Distribution and Financial Services (Westcon International Business), and Management Consulting (Analysys Mason).

In 1994, the Group listed on the JSE.

Description of Analysys Mason

With offices in 14 countries, across Europe, Asia-Pacific and the Middle East, Analysys Mason is a global leader in telecoms, media and technology management consulting, a critical enabler of economic, environmental and social transformation.

Analysys Mason brings together unparalleled commercial and technical understanding to deliver bespoke consultancy on strategy, transaction support, transformation, regulation and policy, further strengthened by globally respected research.

7. PROSPECTS OF DATATEC

Global semiconductor shortages and ongoing supply chain constraints continue to remain elevated, resulting in high backlog (sales orders waiting to be fulfilled) levels. These challenges are compounded by various factors, including the war in Ukraine, Covid-19 lockdowns in China and global inflationary pressures which are creating a more challenging environment. This is expected to impact all of Datatec's divisions in FY23, especially Logicalis Latin America during the first half of FY23. Datatec's divisions remain well-positioned to satisfy the continuing demand for software and services in networking, cyber security and cloud infrastructure.

Datatec's strong balance sheet provides a firm foundation to support growth and new initiatives as supply chain constraints ease over time. The board is focussed on driving shareholder value and implementing opportunities arising from the Strategic Review.

8. OVERVIEW OF THE PURCHASER

Part of Bridgepoint, the international alternative private assets management group with assets under management exceeding €33 billion, Bridgepoint Development Capital ("**BDC**") invests in midcap companies in the UK, France and the Nordic region.

BDC works actively to develop successful businesses undertaking growth and expansion, with enterprise values typically up to £250 million. It is currently investing in its fourth fund, the £1.5 billion BDC IV fund (which is managed by Bridgepoint Advisers II Limited). The Purchaser is an indirect wholly owned subsidiary of Topco, which is ultimately owned by a nominee of the BDC IV fund.

Bridgepoint has offices in Europe (Amsterdam, Frankfurt, London, Luxembourg, Madrid, Paris, and Stockholm), the USA (New York and San Francisco), and China (Shanghai).

9. INFORMATION ON DIRECTORS

Directors' Remuneration and Service Contracts

The Directors' remuneration and benefits are set out in note 30 from page 133 of Datatec's Annual Audited Financial Statements for the year ended 28 February 2022 as published on 24 May 2022; available on the Company's website: https://www.datatec.co.za/annual-reports.php. There has been and will be no change to the Directors' remuneration and benefits as a result of the Transaction.

Contracts of employment with executive Directors of Datatec were concluded on terms and conditions that are standard for such appointments and contain normal terms of employment. The contracts of employment are available for inspection as described in paragraph 23 of this Circular. There are no service contracts in place in respect of non-executive Directors of Datatec.

Share Ownership of Directors

The following sets forth, to the knowledge of the Board, the total amount of Datatec Shares directly or indirectly owned by the directors and their associates as at the Last Practicable Date. No Director has resigned during the 18-month period preceding the Last Practicable Date.

	Direct beneficial	Indirect beneficial	Associates	Total	Percentage of total issued Shares
Executive Directors					
JP Montanana	500 000	31 000 369	–	31 500 369	14.20%
IP Dittrich	903 442	–	–	903 442	0.41%
Non-executive Directors					
SJ Davidson	–	–	11 001	11 001	0.01%
JF McCartney	–	1 278 877	–	1 278 877	0.58%
Total	**1 403 442**	**32 279 246**	**11 001**	**33 693 689**	**15.20%**

Note: Between the end of the preceding financial year, being 28 February 2022, and the Last Practicable Date there have been the following changes in the share ownership of the directors or their associates:

	JP Montanana	IP Dittrich	SENS Announcement date
Settlement of 2015 Share Appreciation Rights Scheme (SARS)	191 476	–	8 July 2022
Settlement of 2019 Conditional Share Plan (CSP)	153 174	54 068	8 July 2022
Scrip election for final dividend in respect of financial year ended 28 February 2022.	513 826	26 469	21 July 2022

Directors' Interests in Transactions

None of the directors of Datatec, including any Director who has resigned during the last 18 months, had or has any interest, direct or indirect, in any transactions that were effected by Datatec during the current or immediately preceding financial year or during any earlier financial year and which remain in any respect outstanding or underperformed.

10. MAJOR SHAREHOLDERS

As far as the Board is aware, as at the Last Practicable Date, the following Shareholders, other than Directors, have a beneficial interest in 5% or more of the Shares in issue:

Name of Shareholder	Number of Shares	Percentage of Shares in issue
Government Employees Pension Fund (PIC)	45 804 165	21.11%
M&G Group*	12 664 864	5.83%
Sanlam Group*	12 075 352	5.57%
Old Mutual Group*	10 860 323	5.01%
Total	**81 404 704**	**37.52%**

Note: * shareholdings are aggregates of several legal entities owned by the same overall group which individually are less than 5%.

There has been no change in the controlling Shareholder(s) and trading objects of Datatec and its major subsidiaries during the previous five years.

11. WORKING CAPITAL STATEMENT

The Directors of Datatec have considered the effects of the Transaction and are of the opinion that the working capital available to the Datatec Group (following implementation of the Transaction) will be adequate for Datatec's ordinary business purposes for a period of at least 12 months from the date of this Circular.

12. MATERIAL CHANGES

There have been no material changes in the financial or trading position of the Datatec Group or Analysys Mason since the end of its last financial year end.

Datatec's key risks are disclosed in the Risk Report to its 2022 annual report and as follows:

https://www.datatec.co.za/pdf/investors/annual-reports/2022/datatec-ar-2022-final.pdf

13. MATERIAL CONTRACTS

As at the Last Practicable Date, Analysys Mason has not entered into any material contracts, including any restrictive funding arrangement and/or a contract entered into (whether verbally or in writing) otherwise than in the ordinary course of business carried on, or proposed to be carried on, by Analysys Mason within two years prior to the Last Practicable Date, or entered into at any time and containing an obligation or settlement that is material to it.

14. MATERIAL LOANS

Information on the material loans of Analysys Mason is set out in Annexure 8. The Transaction will not result in a change to the material loans of Datatec.

15. PRO FORMA FINANCIAL EFFECTS

The consolidated pro forma statement of financial position and statement of comprehensive income of Datatec, showing the pro forma effects of the Transaction (the "pro forma financial information"), are set out in Annexure 6 of this circular.

The pro forma financial information has been provided for illustrative purposes only, to provide information on how the Transaction may have affected the results and financial position of Datatec. Because of its nature, the pro forma financial information may not fairly represent Datatec's financial position, changes in equity, results of operations or cash flows after the Transaction.

The pro forma financial information has been prepared in accordance with the provisions of the JSE Listings Requirements, the Guide on Pro forma Financial Information issued by SAICA and Datatec's accounting policies, which are in compliance with IFRS.

The pro forma financial information, including the assumptions on which it is based and the financial information from which it has been prepared, is the responsibility of the Datatec Directors.

The pro forma financial information should be read in conjunction with the Independent Reporting Accountants' reasonable assurance report thereon contained in Annexure 7 to this Circular.

Per Datatec Ordinary share (US cents per share)	**Before the Transaction (note 1)**	**Pro forma after the Transaction and before the earn-out (note 2)**	**% change**	**Pro forma after the Transaction and after the earn-out (note 3)**	**% change**
Basic earnings	16.7	85.1	410	89.4	436
Headline earnings	16.2	13.4	(17)	13.4	(17)
Underlying** earnings	18.7	15.5	(17)	15.5	(17)
Diluted basic earnings	16.2	82.7	410	86.8	436
Diluted headline earnings	15.8	13.0	(17)	13.0	(17)
Diluted underlying earnings	18.2	15.1	(17)	15.1	(17)
Net asset value	264	332	26	336	27
Net tangible asset value	114	194	71	198	74
Weighted average number of shares ('000)	203 179	203 179		203 179	
Diluted weighted average number of shares ('000)	209 279	209 279		209 279	
Number of shares in issue ('000)	216 958	216 958		216 958	

Notes:

1. The financial information in the "Before the Transaction" column has been extracted, without adjustment, from the Datatec Group audited consolidated annual financial statements for the year ended 28 February 2022.
2. The financial information in the "Pro forma after the Transaction and before the earn-out" column reflects the pro forma impact of the Transaction but does not reflect the impact of the potential earn-out. This further represents the financial effects if zero earn-out is achieved.
3. The financial information in the "Pro forma after the Transaction" column reflects the pro forma impact of the Transaction and the impact of the maximum potential earn-out.
4. Pro forma earnings, headline earnings and underlying** earnings per share are based on the principal assumption that the Transaction was effective 1 March 2021.
5. Pro forma net asset and net tangible asset value per share are based on the principal assumption that the Transaction was effective 28 February 2022.
6. The net consideration will be returned to shareholders as soon as reasonably practicable, which would serve to reduce shareholders' equity in Datatec. However, as the exact mechanism of such distribution is still to be determined, the effect of the distribution is not reflected within the pro forma financial information.
7. Detailed notes and assumptions underlying the pro forma financial information are set out in Annexure 6.

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

16. ANALYSYS MASON HISTORICAL FINANCIAL INFORMATION

The historical financial information for Analysys Mason for the three years ended February 2022 is disclosed in this Circular as follows:

- Annexure 2 for the year ended February 2020;
- Annexure 4 for the years ended February 2021 and 2022.

The historical financial information for Analysys Mason should be read in conjunction with the Independent Reporting Accountants' reports thereon, contained in Annexures 3 and 5 to this Circular.

17. OPINION AND RECOMMENDATIONS

The Directors unanimously recommend that Datatec Shareholders vote in favour of the Ordinary Resolution. Each of the directors who holds Datatec Shares intends to vote his or her Datatec Shares in favour of the Ordinary Resolution.

18. LITIGATION STATEMENT

As at the Last Practicable Date, there are no legal or arbitration proceedings, including proceedings that are pending or threatened, of which Datatec is aware, that may have or have had, in the twelve-month period preceding the date of this Circular, a material effect on the financial position of the Datatec Group and Analysys Mason.

19. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors, whose names are set out in the "Corporate Information and Advisors" section of this Circular, individually and collectively accept full responsibility for the accuracy of the information given and certify that, to the best of their knowledge and belief, no facts have been omitted that would make any statement in this Circular false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this Circular contains all information required by the JSE Listings Requirements.

20. CONSENTS

Bowman Gilfillan Inc, Dorsey & Whitney (Europe) LLP, Rand Merchant Bank, Lazard & Co., Limited, The Meeting Specialist and the Transfer Secretaries have consented in writing to act in their capacities stated and to their names being stated in this Circular and none of the aforementioned have withdrawn their consent prior to the publication of this Circular.

Each of PriceWaterhouseCoopers Inc. and Deloitte & Touche has given and has not withdrawn its written consent to the issue of this Circular, containing its reporting accountants' report(s) in the form and context in which it appears.

21. NOTICE OF GENERAL MEETING

The General Meeting will be held entirely by electronic communication at 12:00 on Friday, 2 September 2022 in order for Datatec Shareholders to consider and, if deemed fit, to pass, with or without modification, the Ordinary Resolution.

Shareholders are referred to the Notice of General Meeting for detail on the Ordinary Resolution to be proposed at the General Meeting and to the *Action Required by Shareholders* section of this Circular for information on the procedure to be followed by Shareholders in order to participate and to exercise their votes at the General Meeting.

The quorum requirement for the General Meeting to begin or for a matter to be considered at the General Meeting is at least three shareholders present in person. In addition:

- the General Meeting may not begin until sufficient persons are present or represented by proxy to exercise, in aggregate, at least 25% of the voting rights that are entitled to be exercised in respect of the Ordinary Resolution to be decided at the General Meeting; and
- the ordinary resolution may not begin to be considered unless sufficient persons are present or represented by proxy to exercise, in aggregate, at least 25% of all of the voting rights that are entitled to be exercised in respect thereof at the time the matter is called on the agenda.

Every Shareholder present or represented by proxy and entitled to exercise voting rights at the General Meeting shall be entitled to one vote on a show of hands, irrespective of the number of the voting rights that Shareholder would otherwise be entitled to exercise. On a poll, any person who is present at the General Meeting, whether as a Shareholder or as proxy for a Shareholder, has the number of votes determined in accordance with the voting rights associated with the Shares held by that Shareholder.

22. EXPENSES

The estimated total expenses, including Value Added Tax, incurred by all shareholders of Analysys Mason in respect of the Transaction, are set out below. The Company will account for these expenses in accordance with its proportionate shareholding in Analysys Mason. The amounts in the table below have been converted to USD at the exchange rates prevailing at 28 February 2022:

Recipient	Fees incurred by shareholders	USD'000
Sterling	Data room fees	16
Lazard	Professional fee	3 784
Dorsey	Legal fees	827
DLA Piper	Legal fees	173
Chubb	Insurance	437
Total		**5 237**
Datatec portion of fees (71.2%)		**3 729**

The estimated expenses (including Value Added Tax) that will be incurred by Datatec in respect of the Transaction contemplated in this Circular include the following: The amounts in the table below have been converted to USD at the exchange rates prevailing at 28 February 2022:

Advisor/Recipient	Fees incurred by Datatec	USD'000
The Meeting specialist	General Meeting	5
RMB	Sponsor fees	34
Bowmans	Legal fees	101
Bastion	Circular printing and posting	11
JSE	Documentation, inspection and ruling request fees	7
Deloitte	Independent reporting accountants	53
PwC	Independent reporting accountants	497
Contractor	Preparation of USD Annual financial statements	42
Total		**750**

23. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents, or copies thereof, will be available for inspection by Shareholders during normal business hours, from 08h00 to 17h00, from the date of issue of this Circular on Friday, 5 August 2022 up to and including the date of the General Meeting on Friday, 2 September 2022, at the registered office of Datatec (Third Floor, Sandown Chambers, Sandown Village Office Park, 81 Maude Street, Sandown, South Africa) and/or through a secure electronic manner at the election of the person requesting inspection from the Company Secretary by emailing Simon.Morris@Datatec.com or from the Sponsor, by emailing sponsorteam@rmb.co.za:

- the Share Sale Agreement;
- the historical financial information of Analysys Mason for the year ended February 2020, as set out in Annexure 2;
- the signed independent reporting accountants' report on the historical financial information of Analysys Mason for the year ended February 2020, as set out in Annexure 3;
- the historical financial information of Analysys Mason for the years ended February 2021 and 2022, as set out in Annexure 4;
- the signed independent reporting accountants' report on the historical financial information of Analysys Mason for the years ended February 2021 and 2022, as set out in Annexure 5;
- the signed independent reporting accountants' assurance report accountant's report on the compilation of the *pro forma* financial information as set out in Annexure 7;
- a copy of the Company's audited annual financial statements for the years ended February 2020, 2021, and 2022;
- Directors' service contracts;
- a signed copy of this Circular (available in English only);
- the MOI and the memoranda of incorporation of the Company's major subsidiaries;
- the irrevocable undertakings and letters of support referred to in paragraph 4 above; and
- the letters of consent referred to in paragraph 20 above.

By order of the Board

(Being duly authorised hereto to sign this Circular for and on behalf of each and every Director in accordance with a round robin resolution of the Board signed by each and every Director)

DATATEC LIMITED

Simon Paul Morris

For and on behalf of

Datatec Management Services Proprietary Limited
Company Secretary

Friday, 5 August 2022

Registered offices of Datatec
Third Floor
Sandown Chambers, Sandown Village Office Park
81 Maude Street
Sandown, South Africa

ANALYSYS MASON SUBSIDIARIES

Company Name	% owned by Analysys Mason	Country of Registration
Analysys Mason Pte Limited	100%	Singapore
Analysys Mason Limited	100%	Ireland
Analysys Limited	100%	United Kingdom
Analysys Mason FZ LLC	100%	United Arab Emirates
Analysys Mason Limited	100%	Mauritius
Analysys Mason India Pvt Limited	100%	India
Analysys Mason Limited	100%	Hong Kong
Analysys Mason AB	100%	Sweden
Analysys Mason Consulting AB	100%	Sweden
Analysys Mason Holding AB	100%	Sweden
Analysys Mason AS	100%	Norway
Analysys Mason Spain SLU	100%	Spain
Analysys Mason SRL	100%	Italy
Access Markets International (AMI) Partners Inc.	100%	United States of America
Northern Sky Research LLC	100%	United States of America
Analysys Mason SAS	100%	France
Analysys Mason GmbH	100%	Germany
Analysys Mason Ventures Fund Nordic 1 AS	100%	Norway
Analysys Mason Ventures Nordic AS	60%	Norway

HISTORICAL FINANCIAL INFORMATION OF ANALYSYS MASON FOR THE YEAR ENDED 29 FEBRUARY 2020

INTRODUCTION

Introduction to the Historical Financial Information

The historical financial information presented below consists of the consolidated statement of financial position, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows, detailed notes and the accounting policies of Analysys Mason Limited and its subsidiaries ("Analysys Mason" or "the Group") for the financial year ended 29 February 2020 (collectively referred to as the "Historical Financial Information").

The directors of Analysys Mason Limited ("the Company") are responsible for the preparation and fair presentation of the Historical Financial Information in accordance with International Financial Reporting Standards ("IFRS"), and for such internal control as the directors determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

The directors of Datatec Limited ("Datatec") are responsible for the preparation, contents and presentation of the Circular and are responsible for ensuring that Datatec complies with the JSE Listings Requirements.

Commentary on the Historical Financial Information

29 February 2020

Analysys Mason reported an increase in revenues to US$58.8 million.

Analysys Mason experienced strong demand for consulting services during the 2020 financial year, particularly in Europe and the Middle East, whilst the Research division saw growth in Asia and emerging markets.

The business has generated EBITDA before management fees of US$9.4 million at a margin of 16.0% and a profit before tax of US$5.4 million.

Analysys Mason acquired AB Stelacon, a consulting company based in Sweden at the start of the 2020 reporting year. The acquisition supported the Group's strategy to strengthens its position in the Scandinavian region following the successful expansion in Norway in 2017 and added valuable skills and expertise to the Group's workforce.

Analysys Mason adopted IFRS 16 *Leases* ("IFRS 16") for the 2020 financial year, recognising US$9.6 million as right-of-use assets and lease liabilities as at 1 March 2019. This was the main driver of increases in non-current assets and non-current liabilities. Cash and cash equivalents increased to US$6.2 million with the cash generated from profitable trading being utilised to support the additional working capital requirements of the growing operations and as cash outflows for investments.

Presentation of the Historical Financial Information

Analysys Mason's functional and reporting currency is Pound Sterling. The historical financial information is presented in US Dollars (US$), which is the Analysys Mason's presentation currency for the purposes of the Circular.

The exchange rates used for the translations are summarised as follows:

	2020	**2019**
£1/$		
Average exchange rate	1.273	1.315
Closing spot exchange rate	1.282	1.330

Independent Reporting Accountant

The historical financial information for the financial year ended 29 February 2020 has been independently reviewed by Deloitte & Touche (Practice number 902276), Deloitte Place, 5 Magwa Crescent, Waterfall City, Waterfall, 2090, South Africa (Private Bag X6, Gallo Manor, 2052, South Africa), and their review report can be found in Annexure 3 of this Circular.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 29 FEBRUARY 2020

	Notes	2020 US$
REVENUE	2	58 825 565
Cost of sales		(35 066 287)
GROSS PROFIT		23 759 278
Administrative expenses	3	(18 440 117)
Other income		455 735
OPERATING PROFIT	4	5 774 896
Investment revenue	7	35 192
Finance costs	8	(376 042)
PROFIT BEFORE TAX	4	5 434 046
Tax	9	(1 585 369)
PROFIT FOR THE YEAR		3 848 677
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation to presentation currency		(1 107 319)
TOTAL OTHER COMPREHENSIVE LOSS		(1 107 319)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		2 741 358
Attributable to:		
Equity holders of the parent		2 741 358

All activities arose from continuing operations.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 29 FEBRUARY 2020

	Share capital (Note 27) US$	Share premium account (Note 28) US$	Own shares (Note 29) US$	Foreign currency translation reserves US$	Non-distri-butable reserves US$	Retained earnings (Note 30) US$	Total equity US$
Balance as at 1 March 2019	33 969	24 605 733	(1 895 564)	(10 328 601)	8 591 966	10 415 495	31 422 998
Total comprehensive (loss) income for the year	–	–	–	(1 107 319)	–	3 848 677	2 741 358
Profit for the year	–	–	–	–	–	3 848 677	3 848 677
Exchange differences arising on translation to presentation currency	–	–	–	(1 107 319)	–	–	(1 107 319)
Own shares acquired in the year	–	–	(232 591)	–	–	–	(232 591)
Own shares disposed in the year	–	–	228 123	–	–	–	228 123
Own shares transacted at a discount	–	–	843 826	–	–	(843 826)	–
Shares distributed on acquisition	–	–	727 814	–	–	–	727 814
Credit to equity for equity-settled share-based payments	–		195 686	–	–	151 262	346 948
Translation of share capital, share premium and own shares	(1 236)	(895 537)	82 012	–	814 761	–	–
Balance as at 29 February 2020	32 733	23 710 196	(50 694)	(11 435 920)	9 406 727	13 571 608	35 234 650

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 29 FEBRUARY 2020

	Notes	2020 US$
NON-CURRENT ASSETS		
Goodwill	10	23 142 553
Investments	15	1 690 581
Property, plant and equipment	12	1 116 434
Right-of-use assets	13	8 421 113
Intangible assets	14	1 821 706
Loans to related parties	11	23 512
Deferred tax assets	25	1 395 814
		37 611 713
CURRENT ASSETS		
Contract assets	17	7 107 755
Trade and other receivables	18	14 697 859
Current tax asset		99 875
Cash and cash equivalents	19	6 239 961
		28 145 450
TOTAL ASSETS		65 757 163
CURRENT LIABILITIES		
Trade and other payables	20	11 483 361
Lease liabilities	22	1 779 466
Contingent consideration	21	1 230 374
Contract liabilities	23	4 196 827
Borrowings	24	121 775
Liabilities for share-based payments	26	1 219 615
Current tax liability		1 459 450
Loan from parent company	24	720 429
		22 211 297
NET CURRENT ASSETS		5 934 153
NON-CURRENT LIABILITIES		
Borrowings	24	117 847
Lease liabilities	22	6 555 038
Liabilities for share-based payments	25	560 145
Deferred tax liabilities	26	352 984
Loan from parent company	24	725 202
		8 311 216
TOTAL LIABILITIES		30 522 513
NET ASSETS		35 234 650
EQUITY		
Share capital	27	32 733
Share premium account	28	23 710 196
Own shares	29	(50 694)
Foreign currency translation reserve		(11 435 920)
Non-distributable reserves		9 406 727
Retained earnings	30	13 571 608
TOTAL EQUITY		35 234 650

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 29 FEBRUARY 2020

	Notes	2020 US$
NET CASH GENERATED FROM OPERATING ACTIVITIES	31	6 102 251
INVESTING ACTIVITIES		
Interest received		47 218
Repayment of related party loan		763 697
Purchases of property, plant and equipment	12	(726 134)
Purchase of intangible assets	14	(143 360)
Payment for acquisition of subsidiary net of cash acquired	38	(441 241)
Net cash outflow from investments	15	(1 592 180)
Net cash used in investing activities		(2 092 000)
FINANCING ACTIVITIES		
Repayment of borrowings	33	(45 073)
Repayment of lease liabilities	33	(1 978 136)
Interest paid for lease liabilities	33	(280 741)
Repayment of loan from parent company	33	(645 789)
Payments to vendors	33	(196 467)
Purchase of own shares	29	(232 591)
Disposal of own shares	29	423 809
Net cash used in financing activities		(2 954 988)
NET INCREASE IN CASH AND CASH EQUIVALENTS		1 055 263
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		5 372 435
Translation differences on cash and cash equivalents arising from translation to presentation currency		(187 737)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	19	6 239 961

NOTES TO THE HISTORICAL FINANCIAL INFORMATION FOR THE YEAR ENDED 29 FEBRUARY 2020

1. ACCOUNTING POLICIES

PRESENTATION OF THE HISTORICAL FINANCIAL INFORMATION

The Group's functional currency is Pound Sterling as that is the primary economic environment in which the Group operates. The historical financial information is presented in US Dollars (US$), which is the Group's presentation currency for the purposes of the Circular. The translation from functional currency to presentation currency was performed in accordance with IAS 21 *The Effects of Changes in Foreign Exchange Rates* 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.

(c) The share capital and share premium of the parent company are translated into US Dollars at the closing exchange rates. The exchange differences arising from the translation are recognised directly in equity and accumulated in non-distributable reserves.

The average and closing exchange rates used are as follows:

	2020	**2019**
£1/US$		
Average exchange rate	1.273	1.315
Closing spot exchange rate	1.282	1.330

Foreign operations have been consolidated in accordance with the policies set out below in note 1.6.

The historical information was prepared using the consolidated financial statements of Analysys Mason for the year ended 29 February 2020. Comparatives have not been presented.

BASIS OF ACCOUNTING

The historical financial information complies with the IFRS of the International Accounting Standards Board and Interpretations issued by the IFRS Interpretations Committee, as well as the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council.

The principal accounting policies, which have been consistently applied throughout the year, are set out below.

GOING CONCERN

The Group made a profit on ordinary activities before tax of US$5.4 million and generated positive cash flows for the year ended 29 February 2020. Analysys Mason has net current assets of US$5.9 million and net assets of US$35.2 million as at 29 February 2020. Analysys Mason has cash and cash equivalents of US$6.2 million as at 29 February 2020 and currently has internal borrowings of US$1.4 million and external borrowings of US$0.2 million. There were no covenants on borrowings at the reporting date.

On 11 March 2020 the World Health Organization ("WHO") declared the coronavirus disease ("COVID-19") to be a global pandemic. The directors responded by reviewing the Group's future profit and cash flow projections in conjunction with the current economic climate, as well banking facilities in place to support all the operations, in order to determine the adequacy of the Group's working capital and the ability to continue as a going concern for the foreseeable future. These projections covered future financial performance, solvency and liquidity assessments for a period of 12 months from the date of approval of these financial statements, including performing sensitivity analyses and stress testing of various possible scenarios, varying in severity, related to COVID-19. These scenarios included contingency planning for restructuring actions to be taken in response to the more severe scenarios.

The severity of the COVID-19 virus has eased significantly, global economic activity is slowly returning to normal levels. The directors, however, continue to monitor developments of the COVID-19 virus by assessing the potential future operational and financial impact on the Group, seeking to take mitigating actions as required.

For the 2021 and 2022 financial years, the Group made a profit before tax of US$5.8 million and US$8.6 million, respectively. As at 28 February 2022, the Group has net assets of US$44.0 million and cash and cash equivalents of US$19.0 million.

At 28 February 2022, Analysys Mason had access to a US$9.3 million (£7.0 million equivalent) rolling credit facility (2021: US$nil) and a US$1.3 million (£1.0 million equivalent) (2021: US$4.2 million or £3.0 million equivalent) overdraft facility with HSBC plc ("HSBC"). As at 28 February 2022 and as at the date of approval of the historical financial information, the full rolling credit facility was in use but the overdraft facility was unutilised. Administrative and financial covenants are attached to the financing facility and there have been no covenant breaches in the current year. The Company and its Irish and German trading subsidiaries act as guarantor to the HSBC facilities outlined above.

The directors of Analysys Mason have prepared cash flow forecasts for at least 12 months from the date of approval of the historical financial information to determine the Group's ability to continue as a going concern. These projections included performing sensitivity analyses of severe but plausible downsides to revenue and the resulting impact on Analysys Mason's profit and cash generation. Analysys Mason continued to generate positive cash flows and, together with the credit and overdraft facilities, Analysys Mason will have sufficient funds to meet its liabilities as they fall due for the period.

As the directors are confident that Analysys Mason will have sufficient funds to meet its liabilities as they fall due for at least 12 months from the date of approval of the consolidated historical financial information, the consolidated historical financial information has been prepared on the going concern basis.

ADOPTION OF NEW AND REVISED STANDARDS

The Group adopted the following amendments to accounting standards. The adoption of these amendments did not have a material impact on the Group's financial statements.

Applicable standard	Key requirements or changes in accounting policy	Implementation progress and expected impact
IFRS 16 *Leases* Effective date 1 January 2019	The new standard addresses the definition of a lease, recognition and measurement of leases and establishes principles for reporting useful information to users of financial statements about the leasing activities of both lessees and lessors. The principal impact of IFRS 16 has been a change to the accounting treatment by lessees of leases previously classified as operating leases. Lease agreements gave rise to the recognition by the lessee of an asset, representing the right to use the leased item, and a related liability for future lease payments. Lease costs are recognised in profit and loss in the form of depreciation of the right-of-use asset over the lease term, and finance charges representing the unwind of the discount on the lease liability. Certain exemptions from recognising leases on the balance sheet are available for leases with terms of 12 months or less or where the underlying asset is of low value.	During the year, the Group implemented IFRS 16 using the modified retrospective approach, under which the cumulative effect of the initial application is recognised in retained earnings as at 1 March 2019. Accordingly, comparative information presented for FY19 has not been restated. The most significant impact on the Group applying IFRS 16, based on contractual arrangements in place at 28 February 2019, has been the recognition of lease liabilities of US$9.6 million, along with right-of-use assets with a similar aggregate value. This liability corresponds to the minimum lease payments under operating leases adjusted for the effects of discounting. Lease liabilities principally relate to property where the Group is a lessee under an operating lease arrangement. The impact of the standard on underlying earnings and profit before tax following the adoption is not considered to be material although the statement of comprehensive income presentation of the previous operating lease expense is now allocated between the depreciation of the right-of-use assets, and a finance charge representing the unwinding of the discount on the leases. In applying IFRS 16 for the first time, the Group has used certain practical expedients permitted by the standard in the application of the initial accounting. Refer to Note 39 for further detail on the application of IFRS 16.

ADOPTION OF AMENDMENTS TO EXISTING STANDARDS AND INTERPRETATIONS

- Annual Improvements to IFRS Standards 2015 – 2017 Cycle Amendments to IFRS 3 *Business Combinations* effective 1 January 2019, IFRS 10 *Consolidated Financial Statements* and IAS 28 (amendments) Sale or Contribution of Assets between an Investor and its Associate or Joint Venture effective 1 January 2019;
- IFRIC 23 *Uncertainty over Income Tax Treatments* effective 1 January 2019;
- Amendments to IAS 19 *Employee Benefits Plan Amendment*, Curtailment or Settlement effective 1 January 2019
- Amendments to IAS 28 *Long-term interests in Associates* and Joint Ventures effective 1 January 2019; and
- Amendments to IFRS 9 *Prepayment Features with Negative Compensation* effective 1 January 2019.

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

NEW OR REVISED ACCOUNTING STANDARDS, AMENDMENTS TO EXISTING STANDARDS AND INTERPRETATIONS IN ISSUE BUT NOT YET EFFECTIVE

The following new or revised IFRS standards and interpretations have been issued with effective dates applicable to future financial statements of the Group. These are not expected to have a significant impact on the Group's financial statements in the year that these standards are adopted.

International Financial Reporting Standards		**Effective date for annual periods beginning on or after**
IFRS 1	*First-time Adoption of International Financial Reporting Standards*	
	Amendments resulting from Annual Improvements to IFRS Standards 2018–2020 (subsidiary as a first-time adopter)	1 January 2022
IFRS 3	*Business Combinations*	
	Amendments to clarify the definition of a business	1 January 2020
	Amendments updating a reference to the Conceptual Framework	1 January 2022
IFRS4	*Insurance Contracts*	
	Interest Rate Benchmark Reform – phase 2	1 January 2021
	Extension of the Temporary Exemption from Applying IFRS 9	1 January 2023
IFRS 7	*Financial Instruments: Disclosures*	
	Interest Rate Benchmark Reform	1 January 2020
	Interest Rate Benchmark Reform – phase 2	1 January 2021
IFRS 9	*Financial Instruments*	
	Interest Rate Benchmark Reform	1 January 2020
	Interest Rate Benchmark Reform – phase 2	1 January 2021
	Amendments resulting from Annual Improvements to IFRS Standards 2019–2020 (fees in the '10 per cent' test for derecognition of financial liabilities)	1 January 2022
IFRS 16	*Leases*	
	Amendment to provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification	1 January 2020
	Interest Rate Benchmark Reform – phase 2	1 January 2021
	Amendment to extend the exemption from assessing whether a COVID-19-related rent concession is a lease modification	1 April 2021

International Financial Reporting Standards		Effective date for annual periods beginning on or after
IFRS 17	*Insurance Contracts*	
	Original issue	1 January 2023
	Amendments to address concerns and implementation challenges that were identified after IFRS 17 was published (includes a deferral of the effective date to annual periods beginning on or after 1 January 2023)	1 January 2023
International Accounting Standards ("IAS")		
IAS 1	*Presentation of Financial Statements*	
	Amendments regarding the definition of material	1 January 2020
	Amendments regarding the classification of liabilities	1 January 2023
	Amendments regarding the disclosure of accounting policies	1 January 2023
IAS 8	*Accounting Policies, Changes in Accounting Estimates and Errors*	
	Amendments regarding the definition of material	1 January 2020
	Amendments regarding the definition of accounting estimates	1 January 2023
IAS 12	*Income Taxes*	
	Amendments regarding deferred tax on leases and decommissioning obligations	1 January 2023
IAS16	*Property, plant and equipment*	
	Amendments prohibiting a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use	1 January 2022
IAS 37	*Provisions, Contingent Liabilities and Contingent Assets*	
	Amendments regarding the costs to include when assessing whether a contract is onerous	1 January 2022
IAS 39	*Financial Instruments: Recognition and Measurement*	
	Interest Rate Benchmark Reform	1 January 2020
	Interest Rate Benchmark Reform – phase 2	1 January 2021
IAS 41	*Agriculture*	
	Amendments resulting from Annual Improvements to IFRS Standards 2018–2020 (taxation in fair value measurements)	1 January 2020
	Amendments to References to the Conceptual Framework in IFRS Standards	1 January 2020
	Annual Improvements to IFRS Standards 2018–2020 (May 2020)	1 January 2022

SIGNIFICANT ACCOUNTING POLICIES

1.1. Basis of consolidation

The consolidated historical financial information incorporates the financial statements of the Company and its subsidiaries controlled by the Company up to the end of February each year. Control is achieved when the Company:

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

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Profit or loss and each component of other comprehensive income are attributed to the owners of the Group and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the parent and to the non-controlling interests even if this results in non-controlling interests having a deficit balance.

The operating results of Analysys Mason entities are included from the effective date of acquisition to the effective date of disposal. All inter-company transactions, balances, income and expenses are eliminated in full on consolidation.

When Analysys Mason loses control of a subsidiary, the gain or loss on disposal recognised in the statement of comprehensive income is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if Analysys Mason had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs).

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with Analysys Mason's accounting policies.

1.2. Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured as the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by Analysys Mason in exchange for control of the acquiree. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions of recognition under IFRS 3 *Business Combinations* ("IFRS 3") are recognised at their fair values at the acquisition date, except for non-current assets that are classified as held-for-sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*, which are recognised and measured at fair value less costs to sell.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of consideration transferred over Analysys Mason's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, Analysys Mason's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the consideration transferred, the excess is recognised immediately in profit and loss. Costs associated with the acquisition are expensed, and may include such costs as advisory, legal, accounting, valuation and other professional costs associated with the transaction.

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.

Contingent consideration is measured at fair value at the acquisition date and included as part of the consideration transferred in a business combination. Subsequent adjustments to the consideration are recognised against the cost of the acquisition, with corresponding adjustments against goodwill, only to the extent that they arise from new information obtained within the measurement period (which is not more than 12 months from the acquisition date) about facts and circumstances that existed at the acquisition date. All other subsequent adjustments that do not qualify as measurement period adjustments, classified as assets or liabilities, are measured at fair value and are recognised in profit or loss.

A non-controlling interest in the acquiree is initially measured at the proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, Analysys Mason reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (refer above) or additional assets or liabilities are recognised to reflect new information obtained about the facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

1.3. Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over Analysys Mason's interest in the fair value of the identifiable assets and liabilities of a subsidiary, associate or jointly-controlled entity at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill which is recognised as an asset is reviewed for impairment at least annually. Any impairment is recognised immediately in profit or loss and is not subsequently reversed.

Analysys Mason considers itself to have one cash-generating unit to which goodwill has been allocated and tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. 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, Analysys Mason obtains external valuations to support the impairment test of the CGU. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, associate or jointly-controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

1.4. Investments in associates

An associate is an entity over which Analysys Mason has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

An investment in an associate is initially carried at cost and subsequently accounted for under the equity method, net of any accumulated impairment losses.

1.5. Revenue recognition

Revenue is stated net of Value Added Tax ("VAT") and trade discounts. Revenue from customers is recognised in accordance with the following 5 steps per IFRS 15:

Step 1 : Identify the contract(s) with a customer;

Step 2 : Identify the performance obligations in the contract;

Step 3 : Determine the transaction price;

Step 4 : Allocate the transaction price to the performance obligations in the contract; and

Step 5 : Recognise revenue when (or as) the entity satisfies a performance obligation.

Revenue from professional services

Revenue is earned from professional services contracts with customers which are categorised by "Fixed Price" and "Time and Material" contracts. Customers gain immediate use of the output of the service once the professional service has been rendered. The performance obligations are recognised over-time where the performance obligation complies with the criteria under IFRS 15 of providing an asset with no alternative use and an enforceable right to payment. The two categories of revenue are defined as:

- Fixed Price: Contracts with a fixed total price for the agreed contract deliverables. The revenue on the performance obligation is recognised based on the stage of completion of the contract. The directors have assessed that the stage of completion is determined by the amount of time that is needed to complete the performance obligation.
- Time and Material: Contracts where client is invoiced on the basis of agreed day rates and "materials" refer to the expenses incurred during the delivery of the contract. Revenue for this category is recognised over time as the hours/days are delivered.

Annuity revenue

Annuity revenue is derived where clients are given access to a reports platform over an agreed period of time. The specified agreement would comprise uninterrupted access to the reports platform with regular updates to the suites of reports. Annuity revenue is recognised over time and equally over the life of the subscription period.

Where recorded revenue exceeds amounts invoiced to clients, the excess is classified as accrued income (contract asset) and where recorded revenue is less than the amounts invoiced to clients, the difference is classified as deferred income (contract liability).

1.6. Foreign currencies

The individual financial statements of each group company are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each group company are expressed in Pounds Sterling, which is the functional currency of Analysys Mason, and the presentation currency for the Group's consolidated financial statements.

In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are translated at the closing rate of the balance sheet date. Income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions). Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Where appropriate, in order to minimise its exposure to foreign exchange risks, Analysys Mason enters into forward exchange contracts. Any gains or losses arising are recognised in the statement of comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale. Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

1.7. Finance income

Finance income mainly arises from bank and other deposits. Finance 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, finance income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset.

1.8. Retirement benefit costs

Analysys Mason operates defined contribution pension schemes for a number of its staff and directors. Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes are dealt with as payments to defined contribution schemes where Analysys Mason's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit scheme.

Analysys Mason operates a defined benefits pension scheme for some staff in the Norwegian subsidiary of Analysys Mason. At the end of financial year, Analysys Mason uses a third party expert to provide an actuarial assessment under

IAS 19. The charges to the statement of comprehensive income and net pension liability/asset are recognised in line with the actuarial assessment. The gross defined benefit obligation is immaterial.

1.9. Taxation

The tax expense represents the sum of the tax currently payable 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 balance sheet date, and any adjustment of tax payable for previous years.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. 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.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where Analysys Mason 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.

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the statement of comprehensive income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Where current tax or deferred tax arises from the initial accounting for business combination, the tax effect is included in the accounting for a business combination.

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 Analysys Mason intends to settle its current tax assets and liabilities on a net basis.

1.10. Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is charged so as to write off the cost of assets over their estimated useful lives, using the straight-line method, on the following bases:

Leasehold improvements	over the shorter of the lease term or their useful life
Fixtures and equipment	over two to five years

The carrying value of tangible fixed assets is reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

1.11. Leasing

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

The lease liability is measured initially at the present value of the lease payments that are not paid at commencement date, discounted at Analysys Mason's incremental borrowing rate, unless the rate implicit in the lease is readily determinable. The lease liability is subsequently increased by interest costs and decreased by lease payments made.

The right-of-use asset is measured initially at cost and subsequently at cost less any accumulated depreciation and impairment losses. 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 Analysys Mason 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.

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

Analysys Mason has applied judgement to determine the lease term for some of the lease contracts, in which it is a lessee, that include renewal options. The assessment of whether Analysys Mason is reasonably certain to exercise such options impacts the lease term, which affects the amount of lease liabilities and right-of-use assets recognised.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or to not exercise a termination option. 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). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and is within the control of the lessee. The majority of extension and termination options held are exercisable only by Analysys Mason and not by the respective lessor.

1.12. Intangible assets

Intangible fixed assets are stated at cost less accumulated amortisation and any recognised impairment loss. An intangible asset is recognised when it meets the following criteria:

- It is identifiable;
- The entity has control over the asset;
- It is probable that economic benefits will flow to the entity; and
- The cost of the asset can be measured reliably.

Amortisation is charged so as to write off the cost of assets over their estimated useful lives, using the straight-line method, on the following bases:

Software	over three years
Customer relationship	over one to five years
Technology based	over seven years

Intangible assets which do not meet the criteria listed above are recognised as expenses in the period in which they are incurred.

The carrying value of intangible assets is reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income. None of the intangible assets are internally generated.

Impairment of tangible and intangible assets excluding goodwill

At each balance sheet date, Analysys Mason reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Recoverable amount is the higher of fair value less costs to sell and value in use.

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

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

1.13. Financial instruments

Financial assets and financial liabilities are recognised in Analysys Mason'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.

Financial instruments are valued at either fair value through profit and loss ("FVTPL") or at amortised cost. Analysys Mason determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by Analysys Mason's business model for managing financial assets and their contractual cashflow characteristics. Financial liabilities are measured at amortised cost unless they are required to be measured at FVTPL (such as derivatives).

Financial assets

Financial assets are classified into the following specified categories: "Trade and other receivables" and "Cash and Cash Equivalents". The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

All financial assets are recognised and derecognised on trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit and loss, which are initially measured at fair value.

Trade and other 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. They are subsequently measured at amortised cost using the effective interest method, less the allowance for expected credit losses.

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and are therefore all classified as current. Analysys Mason 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 expected credit loss allowance are provided below.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Impairment of financial assets

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. Analysys Mason 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. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The simplified approach has been applied to trade receivables, contract assets, loans to related parties and other receivables as permitted by IFRS 9 *Financial Instruments* ("IFRS 9"), which requires expected lifetime losses to be recognised from initial recognition of 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. 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 a dispute ongoing as well as the macro-economic environment of the geography/market in which the customer is located.

Derecognition of financial assets

Analysys Mason derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of Analysys Mason after deducting all of its liabilities. 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 IAS12 *Income Taxes*.

Financial liabilities

Financial liabilities are classified as 'other financial liabilities'.

Other financial liabilities

Other financial liabilities (trade and other payables), including borrowings, are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

Derecognition of financial liabilities

Analysys Mason derecognises financial liabilities when, and only when, Analysys Mason's obligations are discharged, cancelled or they expire.

Contingent consideration

Contingent consideration represents purchase considerations owing in respect of acquisitions. These purchase considerations are to be settled with the vendors in cash or shares on fulfilment of agreed performance criteria. Contingent consideration is included in the purchase consideration at acquisition and, to the extent that agreed performance criteria are not met, affect the profit or loss in the period in which that determination is made. Contingent consideration is stated at fair value with any gains or losses on remeasurement recognised in profit or loss.

Derivative financial instruments

Analysys Mason uses derivative financial instruments to mitigate its foreign currency and not for speculative or trading purposes. Derivatives are not designated as accounting hedges. All derivatives are recognised as assets or liabilities and measured at fair value in Analysys Mason's consolidated balance sheet. Derivatives are classified within other debtors and other creditors to the extent that they mature within 12 months of the balance sheet date. Changes in the fair value of derivatives are included in the consolidated statement of comprehensive income in the period in which they occur.

Fair value of financial instruments

Analysys Mason uses fair values to measure certain financial instruments.

Fair value is defined as the price that would be received for an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date.

IFRS 7 *Financial Instruments: Disclosures* ("IFRS 7") describes three levels of inputs that may be used to measure fair value:

- Level 1 – inputs are quoted prices in active markets for identical assets or liabilities that the Group has the ability to access at the measurement date.
- Level 2 – inputs are observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities. Level 2 assets and liabilities include derivative contracts whose value is determined using a pricing model or discounted cash flow methodologies with inputs that are observable in the market or can be derived principally from or corroborated by observable market data.
- Level 3 – inputs are unobservable inputs that are supported by little or no market activity. Valuation of Level 3 assets and liabilities requires significant management judgment to develop estimates of fair value. Estimates are not necessarily indicative of the amounts the Company could realise in a current market transaction.

Derivative financial instruments are recognised and measured at fair value in the consolidated statement of financial position. Carrying amounts of receivables, payables, accrued expenses and short-term debt approximate to their fair values.

1.14. Share-based payments

Analysys Mason has applied the requirements of IFRS 2 *Share-based Payment* ("IFRS 2").

Analysys Mason issues equity-settled and cash-settled share-based payments to certain employees as part of their total remuneration. The fair values are charged to the statement of comprehensive income on a straight-line basis over the vesting period with an increase in equity reserves for equity-settled share-based payments (included in retained earnings) and an increase in non-current liabilities for cash-settled share-based payments (shown separately in the consolidated statement of financial position). Management reviews the fair value estimate each year based on its estimate of shares that will eventually vest.

In applying IFRS 2, the directors have used employee churn rate for different options based on previous experience to arrive at the estimate of shares that will eventually vest. The valuation is conducted by an independent advisor, and the market value of the Company is assessed on the going concern basis utilising the discounted cashflows as a basis for arriving at the fair value.

1.15. Critical accounting judgements and key sources of estimation uncertainty

In the application of Analysys Mason's accounting policies, which are described above, the directors are required to make judgements, estimates and assumptions about the carrying amounts 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 that are considered to be relevant. Actual results may differ from these estimates.

Critical judgements

Business Combinations – In making their judgments with regards to the fair value and useful life of assets and liabilities for acquired businesses, the directors have considered the criteria for accounting for business combinations set out in IFRS 3, including the identification and valuation of acquired intangible assets.

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 Analysys Mason's historical financial information, that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year:

Acquired intangible assets – Estimates made in determining the recoverable amount of acquired intangible assets included in the consolidated statement of financial position (disclosed in note 14). At each reporting date, or more frequently when an indication of impairment exists, Analysys Mason reviews the carrying amounts of its acquired 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.

Goodwill impairment – Estimates are made in determining the recoverable amount of goodwill included in the consolidated statement of financial position. Similar to acquired intangible assets, this requires an estimation of the fair value of the cash-generating unit to which the goodwill is allocated. The fair value of the CGU is based on fair value less cost to sell. Analysys Mason has allocated goodwill at the entire group level, as this is the lowest level at which goodwill is monitored for impairment purposes. Analysys Mason therefore has one CGU for the purpose of assessing goodwill for impairment. The resulting recoverable amount calculations are sensitive to changes in the timing or quantum of future cash flows, the discount rate and assumptions in determining the revenue growth rates and terminal growth rates. Refer to note 10 for further disclosure of the methodology and rationale for selection of these inputs in management's estimations.

Revenue recognition – Analysys Mason recognises revenue when, or as, it satisfies a performance obligation by transferring control of the service to a customer. For the fixed price revenue which is recognised over time, Analysys Mason frequently uses an input method to measure progress which relies on Analysys Mason's internal measure of progress compared to total anticipated costs. The estimate of total anticipated costs is subjected to a high level of review at all stages in a project life cycle. The ability to estimate the final cost outcome is critical and if it cannot be reliably estimated revenue should be constrained to the extent of costs recognised only, with no margin recognised. This estimation of total anticipated costs is inherently judgmental and depends upon the complexity of work being undertaken and any customisations being made to service.

Expected credit losses – Estimates are utilised when measuring the expected credit losses ("ECLs") which are applied to determine the allowance recorded against the gross value of trade receivables (disclosed in note 18). Analysys Mason applies the simplified approach as permitted by IFRS 9 when providing for ECLs on trade receivables and contract assets. ECLs on trade receivables are determined monthly. Factors including the geography in which the customer resides, communication with the client, and any publicly available information regarding the entity are considered.

Deferred tax assets – Estimates made in determining the recoverability of the deferred tax assets 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 statement of financial position (disclosed in note 26).

Share-based payment expenses – Analysys Mason applies judgement in the classification of its share incentive scheme between cash-settled and equity-settled. When the shares vest, the employees become party to the shareholders agreement and are unconditional share owners in the Company. Analysys Mason recognises cash-settled and equity-settled share-based payment expenses from its various share incentive schemes and exercises judgements when calculating these expenses. Expenses are generally based on the fair values of awards granted to employees. Fair value is measured using appropriate valuation and option pricing models, where applicable. The values assigned to the key assumptions used in the valuation models for Analysys Mason's share incentive schemes are disclosed in note 24.

1.16 Use of non-IFRS financial measures

Analysys Mason 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 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 and Headline Earnings.

An explanation of the relevance of each of the measures, and a reconciliation of these measures to the most directly comparable measures in prior period, is provided below and in the relevant notes.

EBITDA

EBITDA is a key measure that the 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 income and finance costs, tax, depreciation and amortisation. EBITDA further excludes the following: the Group's share of equity-accounted investment losses; acquisition-related fair value adjustments; other income and gains or losses on the disposal of investments.

Headline earnings

Headline earnings is based on the earnings (profit for the year) attributable to ordinary shareholders, after excluding those items as required by Circular 1/2021 Headline Earnings issued by the SAICA as amended from time to time and as required by the JSE Limited. Headline earnings is calculated by adjusting the profit for the year with (where applicable):

- profit or loss on disposal of property, plant and equipment;
- impairment of non-financial assets;
- once-off restructuring costs;
- tax implications of above adjustments;
- once-off tax adjustments; and
- Non-controlling interest impact of the above adjustments.

The reconciliation of profit for the year to headline earnings is disclosed in note 42.

	2020 US$
2. REVENUE	
An analysis of the Group's revenue, all from continuing operations, is as follows:	
Telecoms, media and IT consultancy services	58 825 565

Revenue is earned by performing professional services and providing access to subscriptions. Revenue is recognised over time. There is no single customer that contributes more than 10% of the Group's total revenue.

Business and Geographical Segments

The Group has only one principal activity, the provision of telecoms, media and IT consultancy services. The following table provides an analysis of the Group's revenue by geographical market, irrespective of the origin of services:

United Kingdom	10 119 778
Other European countries	22 004 907
Rest of world	26 700 880
	58 825 565

	2020 US$
3. OTHER INCOME	
Income from sublet properties	455 735

	2020 US$
4. OPERATING PROFIT	
Operating profit has been arrived at after charging:	
Net foreign exchange gains	14 552
Depreciation of property, plant and equipment	433 772
Depreciation of right-of-use assets	1 988 811
Amortisation of acquired intangible assets	823 677
Amortisation of software	78 019
Staff costs (note 6)	36 136 064
Share-based payments expense	2 058 940
Net increase in provision for expected credit losses	61 507
Low value and short-term lease expense	160 481
Management fees expense	258 263
Loss on disposal of property, plant and equipment	325
Loss on disposal of software	1 222

The amortisation of intangible assets and depreciation are included within administrative expenses

	2020 US$
5. AUDITOR'S REMUNERATION	
The analysis of auditor's remuneration is as follows:	
Total audit fees	114 555
Total non-audit fees	20 317

	2020 No.
6. STAFF COSTS	
The average monthly number of employees (including directors) was:	
– Office and management	226
This is split between direct employees and non-direct employees:	
– Direct employees	180
– Non-direct employees	46

	2020 US$
Their aggregate remuneration comprised:	
– Wages and salaries expense	31 079 166
– Social security costs	3 390 442
– Pension fund costs	1 666 456
	36 136 064

Non-direct employees are not directly involved in the production of billed services. The directors' remuneration has been disclosed separately in note 37.

The cost of sales primarily consists of amounts direct employee costs of US$28.0 million and third-party subcontractors of US$2.9 million.

	2020 US$
7. INVESTMENT INCOME	
Interest receivable on bank deposits	2 646
Interest receivable on related party loans	32 546
	35 192

	2020 US$
8. FINANCE COSTS	
All finance costs relate to financial instruments measured at amortised cost.	
Interest paid on bank overdrafts and other loans	22 192
Finance charges on finance lease obligations	280 741
Interest paid on group loan	73 109
	376 042

	2020 US$
9. TAX	
Current tax	2 286 040
– Current year	2 385 863
– Adjustments in respect of prior years	(99 823)
Deferred tax	(700 671)
– Current year	(669 054)
– Adjustments in respect of prior years	(31 617)
Total tax charge	1 585 369

The tax charge for the year is reconciled as follows:

	2020 %	2020 US$
Profit before tax		5 434 046
Standard rate as a percentage of profit before tax	19.0	1 032 469
Effects of:		
Non-deductible expenses	1.8	99 708
Utilisation of losses previously not recognised	(0.2)	(9 326)
Deferred tax not recognised	0.1	5 185
Non-recoverable withholding taxes	7.0	379 726
Different tax rates of subsidiaries operating in other jurisdictions	3.8	208 463
Change in rate of income tax	–	584
Adjustments in respect of prior years	(2.4)	(131 440)
Tax expense and effective tax rate for the year	29.2	1 585 369

Finance Bill 2016 enacted provisions to reduce the main rate of UK corporation tax to 17% from 1 April 2020. However, in the March 2020 Budget it was announced that the reduction in the UK rate to 17% will now not occur and the Corporation Tax Rate will be held at 19% in accordance with the Finance Act 2020. As substantive enactment is after the balance sheet date, deferred tax balances as at 29 February 2020 continue to be measured at a rate of 17%.

	US$
10. GOODWILL	
Cost	
At 1 March 2019	26 835 956
Other movements	9 848
Additions	1 603 404
Exchange differences arising on translation to presentation currency	(964 790)
At 29 February 2020	27 484 418
Accumulated impairment losses	
At 1 March 2019	4 505 858
Exchange differences arising on translation to presentation currency	(163 993)
At 29 February 2020	4 341 865
Carrying amount	
At 29 February 2020	23 142 553

Analysys Mason has one cash-generating unit. As part of the annual impairment test, an external valuation was obtained and compared to the corresponding carrying value of the cash-generating unit. The recoverable amount 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- to three-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 are post-tax rates of return that reflect current market assessments of the time value of money and the risks specific to Analysys Mason.
- Growth rates: Growth rates are based on budgeted figures and management estimates/ assumptions in respect of the three- to six-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.

	2020 %
Discount rate (post-tax rate)	14.1
Revenue growth rate in discrete period	(2.0) – 5.1
Terminal growth rate	2.0

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

The directors believe that a reasonable 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 Analysys Mason in the current year.

	2020 US$
11. LOANS TO RELATED PARTIES	
Loan to Directus AS	23 512
Amounts due for settlement:	
– Within 12 months	–
– After 12 months (note 37)	23 512
	23 512

The settlement currency from Directus AS is Norwegian Krone.

On 18 February 2019, Analysys Mason Limited granted Directus AS an unsecured loan totalling NOK206 900 (US$23 951 equivalent) over three years and repayable at the end of the term. The loan bears interest at a rate of Norwegian Interbank Offered Rate plus 0.5%. When considering impairment of loans to related parties, Analysys Mason applies the simplified approach as permitted by IFRS 9.

12. PROPERTY, PLANT AND EQUIPMENT

	Capitalised leased assets US$	Leasehold improve-ments US$	Fixtures and equipment US$	Total US$
Cost				
At 1 March 2019	321 192	1 386 078	1 489 410	3 196 680
Additions	–	302 793	423 341	726 134
Disposals	–	(80 660)	(290 870)	(371 530)
Acquisition of subsidiary	–	–	36 920	36 920
Capitalised leased assets transferred to right-of-use assets on adoption of IFRS 16	(321 192)	–	–	(321 192)
Exchange differences arising on translation to presentation currency	–	(48 806)	(52 957)	(101 763)
At 29 February 2020	–	1 559 405	1 605 844	3 165 249
Accumulated depreciation and impairment losses				
At 1 March 2019	258 739	817 367	1 210 450	2 286 556
Charge for the year	–	238 416	195 356	433 772
Eliminated on disposals	–	(80 660)	(290 545)	(371 205)
Acquisition of subsidiary	–	–	31 539	31 539
Capitalised leased assets transferred to right-of-use assets on adoption of IFRS 16	(258 739)	–	–	(258 739)
Exchange differences arising on translation to presentation currency	–	(28 583)	(44 525)	(73 108)
At 29 February 2020	–	946 540	1 102 275	2 048 815
Carrying amount				
At 29 February 2020	–	612 865	503 569	1 116 434

Capitalised leased assets relate to IT equipment. Contractual commitments at year end are US$nil.

13. RIGHT-OF-USE ASSETS

	Land and buildings US$	Computer equipment US$	Total US$
Cost			
At 1 March 2019	–	–	–
Take-on balances on adoption of IFRS 16	9 525 417	35 377	9 560 794
Capitalised leased assets transferred from property, plant and equipment on adoption of IFRS 16	–	321 192	321 192
Additions	1 056 789	86 378	1 143 167
Exchange differences arising on translation to presentation currency	(338 876)	(12 339)	(351 215)
At 29 February 2020	10 243 330	430 608	10 673 938
Accumulated depreciation and impairment losses			
At 1 March 2019	–	–	–
Capitalised leased assets transferred from property, plant and equipment on adoption of IFRS 16	–	258 739	258 739
Charge for the year	1 906 039	82 772	1 988 811
Exchange differences arising on translation to presentation currency	14 080	(8 805)	5 275
At 29 February 2020	1 920 119	332 706	2 252 825
Carrying amount			
At 29 February 2020	8 323 211	97 902	8 421 113

Refer to note 39 for details of the impact of the adoption of IFRS 16.

The Group has initially applied IFRS 16 at 1 March 2019 using the cumulative effect method, under which the comparative information is not restated.

14. INTANGIBLE ASSETS

	Software US$	Customer relationships US$	Technology based US$	Total US$
Cost				
At 1 March 2019	1 163 027	1 981 578	398 406	3 543 011
Additions	143 360	–	–	143 360
Disposals	(114 431)	–	–	(114 431)
Acquisition of subsidiary	–	1 161 905	–	1 161 905
Exchange differences arising on translation to presentation currency	(42 115)	(63 538)	(14 500)	(120 153)
At 29 February 2020	1 149 841	3 079 945	383 906	4 613 692
Accumulated amortisation and impairment losses				
At 1 March 2019	1 023 964	976 743	72 420	2 073 127
Charge for the year	78 019	767 264	56 413	901 696
Eliminated on disposals	(113 209)	–	–	(113 209)
Acquisition of subsidiary	–	–	–	–
Exchange differences arising on translation to presentation currency	(37 528)	(29 881)	(2 219)	(69 628)
At 29 February 2020	951 246	1 714 126	126 614	2 791 986
Carrying amount				
At 29 February 2020	198 595	1 365 819	257 292	1 821 706

During the year, the Group acquired Stelacon Holding AB, a consultancy based in Sweden. The intangible assets that were acquired have been recognised above. Contractual commitments at year end are US$nil.

15. INVESTMENTS

The principal activity of Directus AS is consulting and the country of incorporation is Norway. The registered address of Directus AS is Tjuvholmen allé 3,0252 Oslo, Norway.

2020	Effective ownership %	Net carrying value US$
Investment in Directus AS	41	1 690 581

The movement in the net carrying value for the year is reconciled as follows:

	2020 US$
Net carrying value	
At 1 March 2019	89 911
Additions – increase in shareholding in investment	1 592 180
Share of current year loss	–
Exchange differences arising on translation to presentation currency	8 490
	1 690 581

Analysys Mason's share of equity accounted losses for the year in Directus AS is US$nil.

Analysys Mason performed an impairment assessment and concluded that no impairment was required to be recorded in the current year.

16. SUBSIDIARIES

A list of the investments in subsidiaries, including the name, principal activity and country of incorporation is shown below:

Name of company	Principal activity	Country of incorporation
Analysys Mason Pte Limited	Consulting	Singapore
Analysys Mason Limited	Consulting	Ireland
Analysys Limited	Consulting	UK
OSS Observer LLC	Dormant	USA
Analysys Mason FZ LLC	Consulting	UAE
Analysys Mason (Mauritius) Limited	Consulting	Mauritius
Analysys Mason India Pvt Limited	Consulting	India
Analysys Mason Limited	Consulting	Hong Kong
Analysys Mason AB	Consulting	Sweden
Analysys Mason AS	Consulting	Norway
Analysys Mason Spain SLU	Consulting	Spain
Analysys Mason SRL	Consulting	Italy
Access Markets International (AMI) Partners Inc.	Research	USA
Access Markets International (AMI) Partners PTE Limited	Research	Singapore
Analysys Mason Holding AB	Consulting	Sweden
Analysys Mason SAS*	Consulting	France

** The Company indirectly owns all of the issued ordinary shares of these subsidiary undertakings.*

Each of the above subsidiaries is 100% owned by Analysys Mason Limited.

	2020 US$
17. CONTRACT ASSETS	
Contract assets	7 107 755
Reconciliation of contract assets	
At 1 March 2019	3 955 274
Revenue recognised during the year	(3 783 372)
Contract assets recognised during the year	7 055 635
Exchange differences arising on translation to presentation currency	(119 782)
At 29 February 2020	7 107 755

All contract assets relate to work that has been performed but not yet classified to a receivable. At the end of the year, there were no contracts where the revenue could not be recognised due to the performance obligations being unsatisfied (or partially unsatisfied). The performance obligation is part of a contract that has an original expected duration of one year or less. All contract assets are expected to be received within one year.

Once a contract is fulfilled, Analysys Mason will invoice in line with the billing schedule to the customer and transfer the contract asset to trade receivables.

Analysys Mason has used the simplified approach method in accordance with IFRS 9 to assess the ECL. The impact was immaterial. As permitted under IFRS 15 para 122 Analysys Mason has taken advantage of certain disclosure exemptions.

	2020 US$
18. TRADE AND OTHER RECEIVABLES	
Amounts receivable for the sale of services	12 432 303
Less: Expected credit loss allowance	(286 300)
	12 146 003
Prepayments	1 029 955
Other receivables	1 521 901
	14 697 859

Trade receivables

The average credit period taken on sales of services is 60 days.

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.

Analysys Mason does not hold any collateral over its trade receivables balances.

The analysis of the Group's trade receivables by region is as follows:

	North America US$	Latin America US$	Europe US$	Asia-Pacific US$	Middle East/ Africa US$	Total US$
2020						
Current	311 111	104 568	4 088 546	603 793	1 847 104	6 955 122
1 – 30 days	151 428	63 011	1 325 985	1 156 027	902 490	3 598 941
30 – 60 days	–	35 506	436 669	19 004	112 587	603 766
60 – 90 days	–	–	560 894	–	7 501	568 395
90 – 120 days	–	22 504	–	3 000	89 669	115 173
120+ days	–	–	168 225	1 050	421 631	590 906
Gross trade receivables	462 539	225 589	6 580 319	1 782 874	3 380 982	12 432 303
Expected credit loss allowance	–	–	–	–	(286 300)	(286 300)
Net trade receivables	462 539	225 589	6 580 319	1 782 874	3 094 682	12 146 003

Analysys Mason applies the simplified approach when recognising 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; Analysys Mason's historical credit loss experience; general economic conditions; and an assessment of both the current as well as the forecast direction of conditions at the reporting date. Analysys Mason considers forward-looking information such as significant known changes in the macroeconomic environment of customers located in a certain geography, the deterioration in Analysys Mason'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 Analysys Mason's geographic segments is limited due to the customer base being large, unrelated and geographically diverse. The weighted average write-off rate over recent years across all classes of trade receivables is 0.11%. The Group therefore has sufficient expected credit loss allowances. Accordingly, the directors believe that there is no further credit provision required in excess of the expected credit loss allowance at the reporting date.

The analysis of the expected credit loss allowance by region is as follows:

	North America US$	Latin America US$	Europe US$	Asia-Pacific US$	Middle East/ Africa US$	Total US$
At 1 March 2019	–	–	(6 121)	–	(232 812)	(238 933)
Impairment losses recognised on trade receivables	–	–	–	–	(61 507)	(61 507)
Impairment losses reversed	–	–	–	–	–	–
Bad debt write-offs	–	–	5 880	–	–	5 880
Net exchange gains and losses	–	–	(25)	–	–	(25)
Exchange difference arising on translation to presentation currency	–	–	266	–	8 019	8 285
At 29 February 2020	–	–	–	–	(286 300)	(286 300)

	2020 US$
Prepayments	
Insurance	273 295
Rent, rates and services charges	103 691
Other prepayments	652 969
	1 029 955
Other receivables	
VAT and other tax receivables	405 519
Sundry receivables	917 849
Amounts due from related parties (note 37)	198 533
	1 521 901

Expected credit losses have been assessed using the simplified approach. No material expected credit losses have been identified.

	2020 US$

19. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets approximates their fair value.

Cash and cash equivalents	6 239 961

	2020 US$
20. TRADE AND OTHER PAYABLES	
Trade payables	1 139 311
Taxes and social security	1 768 841
Accruals	7 357 987
Sundry payables	1 217 222
	11 483 361

Trade and other payables principally comprise amounts outstanding for trade purchases, social security on employment costs, value added taxes and ongoing costs. The accruals balance is mainly made up of property, professional services and employee related accruals.

Trade payable accounts will be settled during the normal course of business. Analysys Mason has no inventory purchase financing arrangements.

The directors consider that the carrying amount of trade payables approximates their fair value.

	2020 US$

21. CONTINGENT CONSIDERATION

Amounts due to vendors	1 230 374

Effective 1 March 2019, Analysys Mason acquired Stelacon Holding AB, a consultancy based in Sweden. The consideration payable comprised an initial consideration of US$1.46 million (the equivalent SEK13.0 million), paid as a mix of cash and Analysys Mason shares, and deferred cash consideration of up to US$1.30 million (SEK12.0 million). US$1.28 million (SEK11.8 million) was agreed as the final contingent consideration based on certain targets being met. The balance at the reporting date relates to the amounts due to the previous shareholders of Stelacon Holding AB. The final contingent consideration was paid in 2021.

During the year, US$196 469 was paid to the previous shareholders of Access Markets International (AMI) Partners Inc due to the required conditions being met during the year.

22. LEASE LIABILITIES

During the year, the Group had various lease agreements in existence. The lease terms vary from two to ten years. The Group's obligations under finance leases are secured by the lessors' title to the leased assets.

	Land and buildings US$	Photo-copier equipment US$	Total US$
2020			
Within one year	1 766 065	13 401	1 779 466
In second to fifth years	6 372 573	11 454	6 384 027
After five years	171 011	–	171 011
Total	8 309 649	24 855	8 334 504
Total short-term liabilities	1 766 065	13 401	1 779 466
Total long-term liabilities	6 543 584	11 454	6 555 038

On 1 March 2019 (date of adoption of IFRS16) the Group recognised lease liabilities of US$9.6m. Where an **interest** rate was not provided by the lessor the Group applied an incremental borrowing rate of 2.75% to calculate the present value of the lease.

	2020 US$
23. CONTRACT LIABILITIES	
Contract liabilities	4 196 827
Reconciliation of contract liabilities	
Contract liabilities at the beginning of the year	3 476 059
Change in time frame for a performance obligation to be satisfied	(3 324 985)
Amounts recognised during the year	4 166 053
Exchange differences arising on translation to presentation currency	(120 300)
	4 196 827

All contract liabilities relate to payments on account and deferred revenue where there is still a performance obligation to satisfy so the revenue on the contract cannot be recognised. All contract liabilities are expected to be recognised within one year.

	2020 US$
24. BORROWINGS	
Secured borrowings at amortised cost	
Bank loan	152 565
Finance lease	87 056
Unsecured borrowings at amortised cost	
Loan from parent company	1 445 631
Total borrowings	1 685 252
Disclosed as follows:	
Bank loan	83 245
Finance lease	38 530
Loan from parent company	720 429
Amounts due for settlement within 12 months	842 204
Bank loan	69 320
Finance lease	48 527
Loan from parent company	725 202
Amounts due for settlement after 12 months	843 049

The settlement currencies for the borrowings are Swedish Krone and US Dollars.

Analysys Mason Limited has a US$3.8 million overdraft facility, and bears interest at a rate of 2.0% over the Bank of England base rate. The overdraft is secured by a debenture comprising fixed and floating charges over all assets and undertakings of Analysys Mason Limited and Analysys Limited. The overdraft is unutilised as at the reporting date.

There is a composite guarantee between HSBC Bank plc, Analysys Mason Limited, Analysys Limited, Analysys Mason Limited (Ireland), Analysys Mason FZ LLC, Analysys Mason Pte Limited and Analysys Mason (Mauritius) Limited, as well as a guarantee given by Datatec plc to HSBC limited to US$6.4 million which covers Analysys Mason Limited.

On 1 July 2018 Datatec plc granted Analysys Mason Limited a loan totalling US$3.5 million repayable over three years. This bears interest at a rate of 2.0% over the USD LIBOR base rate. At 29 February 2020, the value of the loan outstanding to Datatec plc was US$1 445 631.

Stelacon Holding AB has a loan from Handelsbanken AB totalling US$0.4 million with a final repayment date 31 December 2021. This bears interest at a rate of 3.5% and is secured against the assets of the business. At 29 February 2020, the value of the loan outstanding was US$152 565.

25. SHARE-BASED PAYMENTS

Performance Shares scheme (cash-settled and equity-settled)

The Company has a Performance Shares scheme for certain employees of the Group. Performance Shares are forfeited if the employee leaves the Group before they vest.

The Company has different vesting conditions dependent upon the year of issue. For Performance Shares issued in 2017, 2018 and 2019: 25% of the Performance Shares, the unconditional portion, automatically vest on the expiry of 3 years from the date of grant and will be equity settled. The balance of 75% is conditional upon the performance of Analysys Mason and is a compound instrument which can be settled by way of cash, equity, or a mix of both to be elected by the performance holders. Details of Performance Shares outstanding during the year are as follows:

2020	**Number of share options**
Outstanding at the beginning of the year	218 660
Granted during the year	86 529
Exercised during the year	(56 304)
Expired during the year	(15 708)
Outstanding at the end of the year	233 177
Exercisable at the end of the year	–

The weighted average share price at the date of exercise for share options exercised during the year was US$23.31. The options outstanding at 29 February 2020 had a weighted average exercise price of US$0, and a weighted average remaining contractual life of 1.1 years. In 2020, options were granted on 1 March 2019. The aggregate of the estimated fair values of the options granted on those dates is US$2 031 496.

Analysys Mason recognised total expenses of US$2 058 940 for the cash and equity-settled Performance Shares scheme. In 2020, Analysys Mason has recorded liabilities of US$1 779 760 in “Liabilities for Share-Based Payments” with the balance of US$833 505, being the equity portion included in retained earnings (see note 30).

Growth Share Plan (cash settled)

	Expenses US$	Liability Equity US$	Cash US$
2020			
Performance Shares	2 058 940	833 505	1 779 760

The liabilities for share-based payments are disclosed as follows:

	2020 US$
Total short-term	1 219 615
Total long-term	560 145
	1 779 760

26. DEFERRED TAX

	Accelerated tax depreciation US$	Provisions US$	Losses US$	Intangible assets US$	Total US$
At 1 March 2019	190 356	413 718	301 905	(296 808)	609 171
Acquisition of subsidiary	–	–	–	(248 185)	(248 185)
(Charge) credit to income	(7 869)	72 059	454 783	181 698	700 671
Exchange differences arising on translation to presentation currency	(6 984)	(14 525)	(7 629)	10 311	(18 827)
At 29 February 2020	175 503	471 252	749 059	(352 984)	1 042 830

The analysis and disclosure of the deferred tax balances (after offset) are as follows:

	2020 US$
Deferred tax assets	1 395 814
Deferred tax liabilities	(352 984)
	1 042 830

Deferred tax assets of US$749 059 have been recognised in respect of losses incurred by entities that were loss-making in both the current and prior year. The recognition of the deferred tax asset on tax losses is based on the strong probability that future taxable profits will arise based on budgets, in excess of the profits arising on the reversal of existing taxable differences, against which these losses may be offset. The deferred tax assets are expected to be recovered within seven years. The deferred tax liabilities relate to different jurisdictions of the deferred tax assets

At the reporting date, the Group has unused and unrecognised tax losses of US$1 555 808 available for offset against future taxable profits. Of these unrecognised tax losses US$760 362 relating to USA will start to expire from February 2030.

	2020 US$
27. SHARE CAPITAL	
Authorised	
10 000 000 ordinary shares of US$0.01 each	
376 250 deferred shares of US$0.01 each	
Issued and fully-paid	
2 176 588 ordinary shares of US$0.01 each	28 963
376 250 deferred shares of US$0.01 each	5 006
Exchange differences arising on translation to presentation currency	(1 236)
	32 733

The Company has two classes of ordinary shares which carry no rights to fixed income. Shareholders present in person or by proxy have one vote for every ordinary share held. Votes may be exercised by a show of hands or a poll.

In the event of liquidation, any assets of the Company remaining after the payment of its liabilities shall first be due to the ordinary shareholders. Deferred shares are entitled to a payment of US$1 in aggregate.

	2020 US$
28. SHARE PREMIUM ACCOUNT	
At 1 March 2019	24 605 733
Exchange differences arising on translation to presentation currency	(895 537)
At 29 February 2020	23 710 196

	2020 US$
29. OWN SHARES	
At 1 March 2019	(1 895 564)
Acquired in the year	(232 591)
Disposed in the year through cash settlement	228 123
Shares distributed on acquisition	727 814
Shares vested in the year	195 686
Revaluation of shares transacted by the Employee Benefit Trust at a discount, taken straight to equity reserves	843 826
Exchange differences arising on translation to presentation currency	82 012
At 29 February 2020	(50 694)

The Analysys Mason Limited Employee Benefit Trust ("the Trust") was established on 17 November 2006. In accordance with the terms of the Trust Deed, the Trust was established as part of a remuneration arrangement in order to facilitate the recruitment, retention and motivation of employees of Analysys Mason Limited and its subsidiaries.

The Trust is funded by a loan of US$50 694 from Analysys Mason Limited. At the financial year end, the Trust held 3 759 ordinary shares of US$0.01 each and 65 000 deferred shares of 1c each in Analysys Mason Limited.

The own shares reserve represents the cost of shares in Analysys Mason Limited purchased from employees leaving the Company and held by the Trust.

The Analysys Mason Limited Subscription and Shareholders' Agreement provides management shareholders with a put option and a leavers clause enabling them to sell the shares they hold in the Company under certain conditions. There is no contractual obligation for the Company to acquire the shares from the management shareholders under either the put option or the leavers clause.

	2020 US$
30. RETAINED EARNINGS	
At 1 March 2019	10 415 495
Profit for the year	3 848 677
Credit to equity for equity-settled share based payments	151 262
Shares in Employee Benefit Trust transacted at a discount	(843 826)
At 29 February 2020	13 571 608

	2020 US$
31. RECONCILIATION OF NET CASH GENERATED FROM OPERATING ACTIVITIES	
Net cash generated from operating activities is reconciled as follows:	
Profit for the year	3 848 677
Adjustment for:	
Investment revenue	(35 192)
Finance costs	376 042
Income tax expense	1 585 369
Depreciation of property, plant and equipment	433 772
Depreciation of right-of-use assets	1 988 810
Amortisation of intangible assets	901 696
Share-based payments expense	2 058 940
Unrealised foreign exchange losses	50 814
Loss on disposal of property, plant and equipment	325
Loss on disposal of software	1 222
Operating cash flows before movements in working capital	11 210 475
Increase in contract assets	(3 272 264)
Increase in trade and other receivables	(1 442 906)
Increase in trade and other payables	761 527
Cash generated from operations	7 256 832
Income tax paid (note 32)	(1 032 405)
Interest paid	(122 176)
Net cash generated from operating activities	6 102 251

Cash and cash equivalents comprise cash and short term bank deposits. No bank accounts are overdrawn at the year end.

	2020 US$
32. RECONCILIATION OF INCOME TAX PAID	
Income tax paid is reconciled as follows:	
Net tax liability at the beginning of the year	(570 236)
Acquisition of subsidiaries	(45 751)
Charge for the year	(2 286 040)
Foreign currency exchange differences	(2 391)
Foreign withholding tax suffered	497 625
Exchange differences arising on translation to presentation currency	14 813
Net tax liability at the end of the year	1 359 575
Income tax paid	(1 032 405)

33. RECONCILIATION OF CASH FLOWS FOR FINANCING ACTIVITIES

	As at 1 March 2019 US$	Financing cash inflows US$	Financing cash outflows US$	Acquisition of subsidiary US$	Foreign currency and other changes US$	Exchange difference from trans-lation to present-ation currency US$	As at 29 February 2020 US$
Reconciliation of liabilities arising from financing activities							
Unsecured interest-bearing liabilities	53 815	–	(45 073)	145 044	–	(1 221)	152 565
Loan from parent company	2 111 153	–	(645 789)	–	61 420	(81 153)	1 445 631
Lease liabilities*	9 560 793	–	(2 258 877)	–	1 386 998	(354 410)	8 334 504

** The cash outflow for the year comprises repayment of the lease liability of US$1 978 136 and interest of US$280 741. The non-cash movement in leases include finance costs related to finance leases of US$0.28 million (refer to note 8), new leases of US$1.1 million, foreign currency and other movements.*

34. CONTINGENT LIABILITIES

The Group issues bid and performance guarantees in compliance with contracts held with its UK and overseas clients. The amount of outstanding guarantees at the financial year end was US$288 190.

35. RETIREMENT BENEFITS

The Group operates defined contribution pension schemes for staff and directors. Contributions are charged to the statement of comprehensive income as they become payable in accordance with the rules of the schemes.

Analysys Mason also has a defined benefit pension scheme in Analysys Mason AS. This scheme is closed to new members. Analysys Mason has not disclosed the IAS19 requirements as they are not considered to be material.

During the year, the Group contributed US$1 666 456 to defined contribution pension schemes and had outstanding contributions of US$170 439 as at 29 February 2020.

36. FINANCIAL INSTRUMENTS

36.1 Financial risk management objectives

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

The Group seeks to minimise the effects of these risks by using derivative financial instruments to hedge these risk exposures. Compliance with policies and exposure limits is reviewed by Datatec Limited's (the senior parent company) internal auditors on a continual basis. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

When appropriate, management reports regularly to Datatec Limited's audit, risk and compliance committee.

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

36.2 Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders. The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 24, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings. The Group is not subject to any externally imposed capital requirements. The Group's capital structure is reviewed on at least an annual basis by the Board.

36.3 Significant accounting policies

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the basis of measurement and the basis for recognition of income and expenses) for each class of financial asset, financial liability and equity instrument are disclosed in Note 1.

36.4 Categories of financial instruments

The categories of financial assets and liabilities are summarised as follows:

	Amortised cost US$	Fair value through profit or loss US$	Total US$
2020			
Financial assets			
Loans to related party	23 512	–	23 512
Trade and other receivables	13 262 384	61 416	13 323 800
Cash and cash equivalents	6 239 961	–	6 239 961
Financial liabilities			
Trade and other payables	2 590 339	162 306	2 752 645
Lease liabilities	8 334 504	–	8 334 504
Loan from parent company	1 445 631	–	1 445 631
Other borrowings	239 622	–	239 622

All other assets and liabilities in the statement of financial position not disclosed above are non-financial instruments.

36.5 Credit risk management

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

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

In assessing whether the credit risk on trade receivables have increased significantly since initial recognition, the Group compares the risk of a default occurring at the reporting date with the risk of default occurring at the date of initial recognition. The Group considers both quantitative and qualitative information that is reasonable and supportable including historical and forward-looking information that is available without undue cost or effort.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Group defines counterparties as having similar characteristics if they are related entities. Concentration of credit risk did not exceed 10% of gross monetary assets at any time during the year. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

The Group assess trade receivables as a low risk of default if the trade receivable has enough capacity to settle their debts. A customer is deemed to be in default once the due date for payment per agreed terms and conditions is missed, and no alternative method or timetable for settlement has been agreed to. When the debtor is in severe financial difficulty, there is no prospect of recovering the debt and every effort has been made to recover the debt the debt will be written off. If the debtor is placed into liquidation the debt will be written off immediately. Management makes the decision based on the information that is available to them.

The carrying amount of financial assets, which is net of impairment losses, represents the Group's maximum exposure to credit risk. Further information on the concentration of credit risk is detailed in the following table:

	North America US$	Latin America US$	Europe US$	Asia-Pacific US$	Middle East/ Africa US$	Total US$
2020						
Gross trade receivables	462 539	225 589	6 580 319	1 782 874	3 380 982	12 432 303
Less: Expected credit loss allowance	–	–	–	–	(286 300)	(286 300)
Net trade receivables	462 539	225 589	6 580 319	1 782 874	3 094 682	12 146 003
Other receivables	47 861	–	644 357	420 411	3 752	1 116 381
Loans to related party	–	–	23 512	–	–	23 512
Forward exchange contract assets	–	–	61 416	–	–	61 416
Cash and cash equivalents	52 028	–	5 329 642	499 172	359 119	6 239 961
Maximum on balance sheet exposure	562 428	225 589	12 639 246	2 702 457	3 457 553	19 587 273

The maximum off balance sheet exposure is US$nil.

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

36.6 Liquidity risk management

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

The Group is dependent on its bank overdraft to operate. These facilities generally consist of either a fixed term or fixed period but are repayable on demand, are secured against the assets of the Company to which the facility is made available.

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

	0 – 1 year US$	1 – 2 years US$	2 – 5 years US$	> 5 years US$	Total US$
2020					
Trade and other payables	2 590 339	–	–	–	2 590 339
Forward exchange contract liabilities	162 306	–	–	–	162 306
Lease liabilities	1 779 466	1 631 433	4 752 594	171 011	8 334 504
Loan from parent company	720 429	725 202	–	–	1 445 631
Other borrowings	121 775	117 847	–	–	239 622
	5 374 315	2 474 482	4 752 594	171 011	12 772 402

The Group continues to actively monitor its exposure to liquidity risks and the manner in which it manages and measures the risk.

36.7 Market risk management

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates (see note 36.8) and interest rates (see note 36.9). The Group uses forward foreign exchange contracts to hedge the exchange rate risk arising on transactions denominated in foreign currency.

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

36.8 Foreign exchange risk management

Analysys Mason operates in the global business environment and undertakes many transactions denominated in foreign currencies. The Group is exposed to the risk of fluctuating exchange rates and seeks to actively manage this exposure, within approved policy parameters and through the use of derivative instruments. These instruments primarily comprise forward exchange contracts. Forward exchange contracts require a future purchase or sale of foreign currency at a specified price. The Group does not trade with forward exchange contracts for speculative purposes.

Fluctuations in exchange rates also affect the translation of the profits of subsidiaries whose reporting currency are not the Pound Sterling, the Group's primary reporting currency. A 10% movement will result in a US$0.1 million movement in other comprehensive income or loss.

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

2020	Liabilities US$	Assets US$
Other currencies – other than Pound Sterling	5 643 247	14 854 049

Forward foreign exchange contracts

It is the policy of the Group to enter into foreign exchange contracts to cover specific foreign currency payments and receipts based on the known exposure generated. The Group also enters into foreign exchange contracts to manage the risk associated with anticipated sales and purchase transactions out to approximately six months within 100% of the anticipated exposure generated. All forward contracts are held by the Company. The Group does not apply any hedge accounting. During the year, the Group made losses on foreign exchange contracts of US$100 149 which have been recognised in administrative expenses within the consolidated statement of comprehensive income.

The following table details the forward exchange contracts outstanding as at the year end:

2020	Average exchange rate	Foreign currency	Notional value US$	Fair value US$
Sell USD – Less than 3 months	1.3112	3 297 000	2 113 838	(73 342)
Sell EUR – Less than 3 months	1.1706	1 654 000	4 121 812	(12 193)
Sell SAR – Less than 3 months	4.9836	1 584 000	407 548	(14 928)
Buy AED – Less than 3 months	4.6949	(556 000)	151 849	(427)
				(100 890)

The fair value amounts are included within other debtors or other payables in the statement of financial position, as appropriate. These forward foreign exchange contract assets/liabilities are classified as level 2 financial instruments.

36.9 Interest rate risk management

The Group is exposed to interest rate risk on any drawn balances of the general overdraft facility amounting to US$3.8m, bearing interest at the UK base rate plus 2.0%. Interest rate risk is not currently considered significant, however management reviews interest rate risk on a regular basis and would take action if this became the case. Analysys Mason is also exposed to the interest rate on the loans from Datatec Limited, bearing interest at the 3-month USD LIBOR rate plus 2% – 4%.

An increase of 1% in applicable variable rate will result in a US$0.01 million reduction in profit before tax.

37. RELATED PARTY TRANSACTIONS

Transactions between the Company and its subsidiaries which are related parties, have been eliminated on consolidation and are not disclosed in this note. Transactions with fellow group undertakings of the ultimate parent, Datatec Limited, are disclosed below.

Sale/purchase of goods and services to/from related parties were made at a competitive rate discounted to reflect the relationships between the parties. No transactions occurred that might affect decisions made by users of the financial statements.

The amounts outstanding will be settled in cash. No guarantees have been given or received. No provisions have been made for expected credit losses in respect of amounts owed by related parties as it is considered to be immaterial.

2020	Sale of services US$	Purchase of services US$	Amounts owed by related parties US$	Amounts owed to related parties US$
Trading transactions				
Datatec Limited	89 098	–	–	–
Datatec Financial Services Limited	76 370	–	76 934	–
Datatec plc	356 513	356 440	–	1 532 426
Datatec International Services FZE	–	–	2 223	–
Mason Advisory Limited	–	–	119 376	–
	521 981	356 440	198 533	1 532 426
Directus AS	–	–	23 512	–
	521 981	356 440	222 045	1 532 426

On 1 July 2018, Datatec plc granted Analysys Mason Limited a loan totalling US$3 500 000 repayable over three years. This bears interest at a rate of 2.0% over the USD LIBOR base rate. At 29 February 2020, the amounts due within one year on the loan was US$720 429 and the amounts due after one year was US$725 202.

All sales and purchases relate to admin services supplied and received other than those explicitly detailed below:

Loan interest charged to Mason Advisory Limited of US$32 546.

Loan interest charged by Datatec plc of US$73 109.

Remuneration of key management personnel

The remuneration of the directors, who are deemed to be the key management personnel of the Group, is set out below in aggregate for each of the categories specified in IAS 24 *Related Party Disclosures*.

	2020 US$
Short-term employee benefits	2 165 413
Post-employment benefits	122 502
Share-based payments	362 551
Benefit in kind arising on the purchase of ordinary shares at a discount	571 202
	3 221 668

During the year, directors of the Company entered into sale and purchase transactions of Analysys Mason Limited's shares, a summary of which is disclosed below.

		Sale transaction			Purchase transaction		
	Type	Date	Number of shares	Price per share US$	Date	Number of shares	Price per share US$
A C Moerman	Ordinary	–	–	–	6 Jan 2020	5 145	1.78
F M Glennon	Ordinary	–	–	–	6 Jan 2020	5 145	1.78
T J Rudkin	Ordinary	–	–	–	6 Jan 2020	5 145	1.78
C A Stanford-Beale	Ordinary	–	–	–	6 Jan 2020	5 145	1.78
J M Ruud	Ordinary	–	–	–	6 Jan 2020	5 145	1.78
J A Obradors Samarra	Ordinary	–	–	–	6 Jan 2020	5 145	1.78

Dividends totalling US$nil in respect of ordinary shares held by the Company's directors were paid in the year.

	2020 US$
On 6 January 2020, the Group provided non-interest bearing loans to the directors of the Company. The loans were provided to help the directors finance the tax burden of a discounted share purchase. The loans are repayable over three years and the aggregated balance at 29 February 2020 were as follows:	
Loans provided to directors	202 528

	2020 US$
On 6 January 2020, the Group provided an advanced payment to a director of the Company. The advance payment, which is non-interest bearing, was provided to help the director finance the tax burden of a discounted share purchase. The advanced payment will be repaid to the Group by salary reductions over three years. The balance at 29 February 2020 was as follows:	
Advanced payments to directors	72 293

One director, through a limited company, Ruud Industrier AS, has a 5.18% equity share in Directus AS. Analysys Mason has a 41% equity share in Directus AS. The director received no payments from Directus AS in the current year.

There were no other material transactions or balances between the Group and its key management personnel or members of their close family.

38. ACQUISITION OF SUBSIDIARY

On 1 March 2019, Analysys Mason acquired 100% of the issued share capital and voting rights of Stelacon Holding AB, a consultancy based in Sweden. The consideration payable comprised an initial consideration of US$1.4 million paid as a mix of cash and Analysys Mason shares, and deferred cash consideration of up to US$1.2 million. US$1.2 million was agreed as the final contingent consideration based on certain targets being met. This acquisition was an important further step in building a pan-Scandinavian presence, after Analysys Mason's successful expansion into Norway. Stelacon brings experience in areas including smart cities, regional development, digital services, policy and regulation, and telecoms and digital communication.

Consideration transferred

	US$
Cash	677 529
Shares	727 814
Contingent consideration	1 221 352
	2 626 695
Identifiable assets acquired, and liabilities assumed	
Property, plant and equipment	5 381
Acquired intangibles assets	1 161 905
Trade receivables	469 625
Other receivables	47 681
Cash	236 288
Deferred tax liabilities	(248 185)
Trade payables	(54 958)
Other payables	(548 695)
Tax liability	(45 751)
Total identifiable net assets acquired	1 023 291
Goodwill	1 603 404
	2 626 695
Cash	677 529
Shares	727 814
Contingent consideration	1 221 352
	2 626 695
Purchase consideration settled in cash	(677 529)
Less: Cash acquired	236 288
Net cash paid	(441 241)

The acquired subsidiary contributed US$2.9m revenue and losses of US$0.2m to the Group's operating profit from the acquisition date to the balance sheet date. All receivables acquired are measured at amortised cost. The carrying value of trade receivables balances equals its fair value, therefore no fair value disclosures are provided. Acquisition-related costs, included in operating costs, for the year amounted to US$0.1m.

39. ADOPTION OF IFRS 16

The impact of the adoption of IFRS 16 in the current year is summarised as follows:

	Land and buildings US$	Computer equipment US$	Total US$
Operating lease commitments disclosed as at 28 February 2019	12 888 661	39 402	12 928 063
Discounted using the lessees' incremental borrowing rates at the date of initial application	(1 015 216)	(1 707)	(1 016 923)
Less: Short-term leases recognised on a straight-line basis as expense	(41 650)	–	(41 650)
Less: Translation and other movements	(2 255 266)	(6 953)	(2 262 219)
Total lease liabilities as at 1 March 2019	9 576 529	30 742	9 607 271

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

On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as "operating leases" under the principles of IAS 17. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessees' incremental borrowing rates as at 1 March 2019. Incremental borrowing rates have been determined based on UK specific factors. The weighted average incremental borrowing rates applied to the lease liabilities on 1 March 2019 were 2.75%.

The change in accounting policy affected the following items in the statement of financial position as at 1 March 2019:

	2020 US$
Assets	
Increase in right-of-use assets	
Computer equipment	35 377
Land and buildings	9 525 417
	9 560 794

Operating lease liabilities, net of prepayments, of $46 477 were off-set against the right-of-use assets as at 1 March 2019.

	2020 US$
Equity and liabilities	
Increase in equity and lease liabilities	
Lease liabilities	9 607 271
	9 607 271

40. SUBSEQUENT EVENTS

Acquisitions

Effective 1 April 2020, Analysys Mason Limited acquired 100% of the share capital of Allolio&Konrad, a consulting company headquartered in Bonn, Germany for a total cash consideration of $7.7 million of which $6.6 million was paid to settle debt of Allolio&Konrad with the seller. Allolio&Konrad has an extensive track record in the telecommunications industry, and its key services include the design, management and assurance of major business support systems (BSS) and operational support systems (OSS) transformation programmes and large-scale, multi-year IT strategy initiatives, alongside other solutions focussed on performance and operations management. The functional currency of Allolio&Konrad is Euro's.

Effective 30 April 2022 Access Markets International (AMI) Partners, Inc., a 100% owned subsidiary of Analysys Mason Limited, acquired 100% of the membership interests in Northern Sky Research, LLC ("NSR") for cash consideration of up to US$11 million. This includes an earn out payment of up to US$2 million payable based on mutually agreeable revenue targets. NSR is a company based in Boston (U.S.A) which specialises in research and consulting services to the space and satellite sector. The purchase price allocation was still in process of being performed at the time of the approval of the financial statements of Analysys Mason for the year ended 28 February 2022.

Effective 25 May 2022, Analysys Mason Ventures Fund Nordic 1 AS, a 100% owned subsidiary of Analysys Mason AS, sold 100% of its shareholding in Fortum Fiber AS to its co-owners for an undisclosed cash consideration. The consideration was paid in cash on closing and an additional adjustment amount based on the 31 May 2022 balance sheet was paid on 24 June 2022 in cash.

Coronavirus pandemic

On 11 March 2020 the World Health Organization declared the coronavirus disease ("COVID-19") to be a global pandemic. The directors responded by reviewing the Group's future profit and cash flow projections in conjunction with the current economic climate, as well banking facilities in place to support all the operations, in order to determine the adequacy of the Group's working capital and the ability to continue as a going concern for the foreseeable future. COVID-19 has not had a material impact on the business of Analysys Mason.

There have been no other facts or circumstances of a material nature that have occurred between the reporting date and the date that the historical financial information was approved that would require adjustment to or disclosure in the historical financial information.

41. IMMEDIATE AND ULTIMATE PARENT COMPANY

The immediate parent company of Analysys Mason is Datatec plc, a company incorporated in the United Kingdom. The ultimate parent company and controlling party of Analysys Mason is Datatec Limited, a company incorporated in South Africa. Datatec Limited is the largest group in which the results of the Company are consolidated. Analysys Mason Limited is the smallest group in which the results of the Company are consolidated. Consolidated financial statements can be obtained from the registered address North West Wing, Bush House, Aldwych, London, WC2B 4PJ. Financial statements for Datatec Limited are publicly available for PO Box 76226, Wendywood, Johannesburg 2144, South Africa.

42. RECONCILIATION OF HEADLINE EARNINGS

	2020 US$
The profit for the year is reconciled to headline earnings as follows:	
Profit for the year	3 848 677
Loss on disposal of property, plant and equipment and intangible assets	1 548
Tax effect of the adjustments	(452)
Minority impact of the adjustments	(188)
Headline earnings	3 849 585

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF ANALYSYS MASON FOR THE YEAR ENDED FEBRUARY 2020

The Directors
Datatec Limited
Third Floor
Sandown Chambers
Sandown Village Office Park
81 Maude Street
Sandown

Dear Sirs/Mesdames

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE HISTORICAL FINANCIAL INFORMATION INCLUDED IN THE CIRCULAR

We have reviewed the historical financial information of Analysys Mason Limited ("Analysys Mason" or "the Company") in respect of the year ended 29 February 2020 set out in Annexure 2 of the circular to Datatec Limited shareholders dated 5 August 2022 ("the circular"), comprising the consolidated statement of financial position, the consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and the notes, comprising a summary of significant accounting policies and other explanatory information for the year then ended (collectively "the historical financial information").

Responsibilities of the directors

The company's directors are responsible for the preparation of the historical financial information for the year ended 29 February 2020, in accordance with the requirements of the JSE Listings Requirements, and for such internal control as the directors determine is necessary to enable the preparation of historical financial information that is free from material misstatement, whether due to fraud or error.

The JSE Listings Requirements require the historical financial information in respect of each annual period to be prepared in accordance with the conceptual framework, the measurement and recognition requirements of International Financial Reporting Standards ("IFRS"), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and also, as a minimum, to be presented and contain the disclosures required by the JSE Listings Requirements.

Auditor's Responsibility for the review of historical financial information

Our responsibility is to express a conclusion on the historical financial information, for the year ended 29 February 2020, based on our review. We conducted our review in accordance with International Standard on Review Engagements ("ISRE") 2400, which applies to a review of historical financial information performed by the independent auditor of the entity. ISRE 2400 requires us to conclude whether anything has come to our attention that causes us to believe that the historical financial information is not prepared, in all material respects, in accordance with the requirements of the JSE Listings Requirements. This standard also requires us to comply with relevant ethical requirements.

A review of the historical financial information in accordance with ISRE 2400 is a limited assurance engagement. We perform procedures, primarily consisting of making inquiries of the directors, management and others within the entity, as appropriate, and applying analytical procedures; and evaluating the evidence obtained.

The procedures performed in a review are substantially less than and differ in nature from those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on the historical financial information.

Conclusion on the historical financial information

Based on our review of the historical financial information of the company in respect of the year ended 29 February 2020, nothing has come to our attention that causes us to believe that the historical financial information of Analysys Mason for the year ended 29 February 2020 is not prepared, in all material respects, in accordance with the requirements of the JSE Listings Requirements, as set out in Annexure 2 of the circular.

Emphasis of Matter – Comparative Historical Financial Information

We draw attention to note 1 of the historical financial information for the year ended 29 February 2020, which details that no comparative historical financial information has been presented in the circular. Our conclusion is not modified in respect of this matter.

Consent

We consent to the inclusion of this report, which will form part of the circular in the form and context in which it appears.

Deloitte & Touche

Deloitte & Touche
Registered Auditor
Per: M Rayfield
Partner
28 July 2022

Deloitte & Touche
Deloitte
5 Magwa Crescent
Waterfall City
Waterfall
Docex 10 Johannesburg

HISTORICAL FINANCIAL INFORMATION OF ANALYSYS MASON FOR THE YEARS ENDED 28 FEBRUARY 2022 AND 2021

INTRODUCTION

Introduction to the Historical Financial Information

The historical financial information presented below consists of the consolidated statement of financial position, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows, detailed notes and the accounting policies of Analysys Mason Limited and its subsidiaries ("Analysys Mason" or "the Group") for the financial years ended 28 February 2022 and 28 February 2021 (collectively referred to as the "Historical Financial Information").

The directors of Analysys Mason Limited ("the Company") are responsible for the preparation and fair presentation of the Historical Financial Information in accordance with International Financial Reporting Standards ("IFRS"), and for such internal control as the directors determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

The directors of Datatec are responsible for the preparation, contents and presentation of the Circular and are responsible for ensuring that Datatec complies with the JSE Listings Requirements.

Background

Analysys Mason is a world leading management consultancy focused on TMT, a critical enabler of economic, environmental and social transformation. They bring together unparalleled commercial and technical understanding to deliver bespoke consultancy on strategy, transaction support, transformation, regulation and policy, further strengthened by globally respected research.

Commentary on the Historical Financial Information

28 February 2022

Despite the continuing disruption of the COVID-19 global pandemic, demand for Analysys Mason's services has remained robust, with strong year-on-year revenue growth recorded. Analysys Mason reported an increase in revenues to US$90.4 million and gross margin increased to 45%. There was modest revenue growth from clients in the UK whilst strong revenue growth has been seen across Europe and the rest of the world, in particular Asia. In terms of propositions, demand for Transaction Support and Transformation services was particularly buoyant.

The business generated earnings before interest, tax, depreciation and amortisation ("EBITDA") before management fees of US$10.4 million at a margin of 11.5% and profit before tax of US$8.6 million (EBITDA of US$9.8 million and profit before tax of US$5.3 million when adjusted to exclude the gain on investments arising from the transfer of investments within the group).

Cash and cash equivalents increased to US$19.0 million. During the year, the Company repaid all parent company borrowings after entering into a new funding arrangement with a third party lender.

In April 2021, Analysys Mason announced it had been awarded a 2021 Queen's Award for Enterprise for International Trade. The Queen's Award for Enterprise is one of the most prestigious business awards in the UK.

In April 2022, Analysys Mason acquired Northern Sky Research LLC, a prominent global provider of satellite and space market research and consulting service. The acquisition supports Analysys Mason's provision of an exceptional breadth of services to new and existing clients worldwide.

28 February 2021

Analysys Mason reported an increase in revenues to US$73.5 million (2020: US$58.8 million) and gross margin increased to 43% (2020: 40%). Demand for services was subdued at the start of the year due to the outbreak of the COVID-19 global pandemic. However, the Group recovered relatively quickly in Europe and the US. Proposition-wise, demand for Transaction Support was strong globally with the Group's expertise around fibre and 5G particularly in demand.

The business generated EBITDA before management fees of US$11.0 million (2020: US$9.4 million) at a margin of 15.0% (2020: 16.0%) and a profit before tax of US$5.8 million (2020: US$ 5.4 million).

In April 2020, Analysys Mason acquired Allolio&Konrad Consulting GmbH ("Allolio&Konrad"). The acquisition provided Analysys Mason with a presence in Germany and also deepened its proposition offering in transformation.

Cash and cash equivalents increased to US$16.5 million (2020: US$6.2 million) which resulted in an increase in net current assets to US$10.9 million, placing Analysys Mason in a stable financial position. New parent company loans were entered into during the year to provide funding to support the acquisition of Allolio&Konrad.

Presentation of the Historical Financial Information

Analysys Mason's functional and reporting currency is Pound Sterling. The historical financial information is presented in US Dollars (US$), which is the Group's presentation currency for the purposes of the Circular.

The exchange rates used for the translation from British Sterling to US Dollars are summarised as follows:

	2022	2021	2020
£1/$			
Average exchange rate	1.365	1.299	1.273
Closing spot exchange rate	1.332	1.392	1.282

Independent Reporting Accountant

The historical financial information for the financial year ended 28 February 2022, has been independently audited by PricewaterhouseCoopers Inc. (Registration 1998/012055/21), 4 Lisbon Lane, Waterfall City, Jukskei View, South Africa (Private Bag X36, Sunninghill, 2157) and their audit report can be found in Annexure 5 of this Circular.

The historical financial information for the financial year ended 28 February 2021, has been independently reviewed by PricewaterhouseCoopers Inc. (Registration 1998/012055/21), 4 Lisbon Lane, Waterfall City, Jukskei View, South Africa (Private Bag X36, Sunninghill, 2157) and their review report can be found in Annexure 5 of this Circular.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 28 FEBRUARY 2022

	Notes	2022 US$	2021 US$
REVENUE	2	90 434 081	73 518 469
Cost of sales		(49 754 725)	(41 939 764)
GROSS PROFIT		40 679 356	31 578 705
Administrative expenses		(35 248 148)	(25 664 807)
Other income	3	413 849	476 914
OPERATING PROFIT	4	5 845 057	6 390 812
Finance income	7	6 375	15 494
Finance costs	8	(556 409)	(635 751)
Share of equity-accounted investment losses	11	–	(2 499)
Gain on investments	11	3 273 523	–
PROFIT BEFORE TAX		8 568 546	5 768 056
Tax	9	(1 131 363)	(1 672 864)
PROFIT FOR THE YEAR		7 437 183	4 095 192
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation to presentation currency		(1 999 864)	2 425 214
Items that will not be reclassified to profit or loss:			
Actuarial losses on post-retirement benefit plans		(407 391)	–
Total other comprehensive (loss) income		(2 407 255)	2 425 214
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		5 029 928	6 520 406
Attributable to:			
Equity holders of the parent		5 029 928	6 520 406

All activities arose from continuing operations.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 28 FEBRUARY 2022

	Share capital (Note 26) US$	Share premium account (Note 27) US$	Own shares (Note 28) US$	Foreign currency translation reserve US$	Non-distributable reserves US$	Retained earnings (Note 29) US$	Non-controlling interest US$	Total equity US$
Balance as at 1 March 2020	32 733	23 710 196	(50 694)	(11 435 924)	9 406 730	13 571 609	–	35 234 650
Total comprehensive income for the year	–	–	–	2 425 214	–	4 095 192	–	6 520 406
Profit for the year	–	–	–	–	–	4 095 192	–	4 095 192
Exchange differences arising on translation to presentation currency	–	–	–	2 425 214	–	–	–	2 425 214
Own shares acquired in the year	–	–	(875 233)	–	–	–	–	(875 233)
Own shares disposed in the year	–	–	591 514	–	–	–	–	591 514
Own shares transacted at a discount	–	–	91 247	–	–	(91 247)	–	–
Credit to equity for equity-settled share-based payments	–	–	242 935	–	–	410 812	–	653 747
Dividend paid during the year	–	–	–	–	–	(565 696)	–	(565 696)
Translation of share capital, share premium and own shares	2 820	2 042 742	(748)	–	(2 044 814)	–	–	–
Balance as at 28 February 2021	35 553	25 752 938	(979)	(9 010 710)	7 361 916	17 420 670	–	41 559 388
Total comprehensive (loss) income for the year	–	–	–	(1 999 864)	–	7 029 792	–	5 029 928
Profit for the year	–	–	–	–	–	7 437 183	–	7 437 183
Actuarial losses on post-retirement benefit plans	–	–	–	–	–	(407 391)		(407 391)
Exchange differences arising on translation to presentation currency	–	–	–	(1 999 864)	–	–	–	(1 999 864)
Own shares acquired in the year	–	–	(2 344 300)	–	–	–	–	(2 344 300)
Own shares disposed in the year	–	–	732 156	–	–	–	–	732 156
Own shares transacted at a discount	–	–	298 680	–	–	(298 680)	–	–
Credit to equity for equity-settled share-based payments	–	–	372 176	–	–	(158 965)	–	213 211
Credit to equity for equity-settled bonus payments	–	–	941 289	–	–	–	–	941 289
Dividend paid during the year	–	–	–	–	–	(2 169 864)	–	(2 169 864)
Non-controlling interest	–	–	–	–	–	–	8 038	8 038
Translation of share capital, share premium and own shares	(1 549)	(1 122 242)	43	–	1 123 748	–	–	–
Balance as at 28 February 2022	34 004	24 630 696	(935)	(11 010 574)	8 485 664	21 822 953	8 038	43 969 846

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 28 FEBRUARY 2022

	Notes	2022 US$	2021 US$
NON-CURRENT ASSETS			
Goodwill	10	28 452 461	29 748 832
Investments	11	–	1 729 575
Property, plant and equipment	12	899 661	967 640
Right-of-use assets	13	5 506 762	7 074 268
Intangible assets	14	3 503 021	4 590 090
Long-term loans	15	47 702	49 432
Deferred tax assets	17	2 830 882	2 088 043
Defined benefit pension scheme asset	34	–	100 774
		41 240 489	46 348 654
CURRENT ASSETS			
Investments held for sale	11	4 847 152	–
Contract assets	18	10 691 741	8 640 545
Trade and other receivables	19	22 858 542	16 387 028
Current tax asset		144 275	478 580
Cash and cash equivalents	20	19 027 624	16 452 515
		57 569 334	41 958 668
TOTAL ASSETS		98 809 823	88 307 322
CURRENT LIABILITIES			
Trade and other payables	21	22 957 577	16 204 952
Lease liabilities	22	2 087 044	2 162 963
Contract liabilities	23	6 276 628	5 454 251
Liabilities for share-based payments	25	4 815 283	2 781 233
Current tax liability		1 481 155	1 543 928
Borrowings	24	1 727 967	2 902 108
		39 345 654	31 049 435
NET CURRENT ASSETS		18 223 680	10 909 233
NON-CURRENT LIABILITIES			
Lease liabilities	22	3 901 431	5 435 290
Liabilities for share-based payments	25	2 780 254	1 117 117
Deferred tax liabilities	17	821 208	1 188 027
Borrowings	24	7 648 833	7 958 065
Defined benefit pension scheme liability	34	342 597	–
		15 494 323	15 698 499
TOTAL LIABILITIES		54 839 977	46 747 934
NET ASSETS		43 969 846	41 559 388
EQUITY			
Share capital	26	34 004	35 553
Share premium account	27	24 630 696	25 752 938
Own shares	28	(935)	(979)
Foreign currency translation reserve		(11 010 574)	(9 010 710)
Non-distributable reserves		8 485 664	7 361 916
Retained earnings	29	21 822 953	17 420 670
Equity attributable to equity holders of the parent		43 961 808	41 559 388
Non-controlling interest		8 038	–
TOTAL EQUITY		43 969 846	41 559 388

CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED 28 FEBRUARY 2022

	Notes	2022 US$	2021 US$
NET CASH GENERATED FROM OPERATING ACTIVITIES	30	11 436 609	10 098 669
INVESTING ACTIVITIES			
Interest received		4 911	15 494
Purchases of property, plant and equipment	12	(399 903)	(245 312)
Purchase of development costs	14	(460 666)	(285 845)
Cash outflow for acquisition of subsidiary	37	–	(7 101 514)
Net cash used in investing activities		(855 658)	(7 617 177)
FINANCING ACTIVITIES			
Repayment of borrowings	32	–	(154 619)
Repayment on lease liabilities	32	(2 122 631)	(1 982 349)
Interest paid on lease liabilities	32	(169 159)	(189 904)
Loan (repaid to) advanced from parent company	32	(10 530 902)	9 961 152
Loan advanced from bank	32	9 559 421	–
Dividends paid		(2 169 864)	(565 696)
Purchase of own shares	28	(2 344 300)	(875 233)
Disposal of own shares	28	732 156	591 514
Net cash (used in) from financing activities		(7 045 279)	6 784 865
NET INCREASE IN CASH AND CASH EQUIVALENTS		3 535 672	9 266 357
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		16 452 515	6 239 961
Translation differences on cash and cash equivalents arising from translation to presentation currency		(960 563)	946 197
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	20	19 027 624	16 452 515

NOTES TO THE CONSOLIDATED HISTORICAL FINANCIAL INFORMATION FOR THE YEAR ENDED 28 FEBRUARY 2022

1. ACCOUNTING POLICIES

PRESENTATION OF THE HISTORICAL FINANCIAL INFORMATION

The Group's functional currency is Pound Sterling as that is the primary economic environment in which the Group operates. The historical financial information is presented in US Dollars (US$), which is the Group's presentation currency for the purposes of the Circular. The translation from functional currency to presentation currency was performed in accordance with IAS 21 *The Effects of Changes in Foreign Exchange Rates* 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.

(c) The share capital and share premium of the parent company are translated into US Dollars at the closing exchange rates. The exchange differences arising from the translation are recognised directly in equity and accumulated in non-distributable reserves.

The average and closing exchange rates used are as follows:

£1/US$	2022	2021	2020
Average exchange rate	1.365	1.299	1.273
Closing spot exchange rate	1.332	1.392	1.282

Foreign operations have been consolidated in accordance with the policies set out below in note 1.6.

The historical information was prepared using the consolidated financial statements of Analysys Mason for the year ended 28 February 2022.

BASIS OF ACCOUNTING

The historical financial information complies with the IFRS of the International Accounting Standards Board and Interpretations issued by the IFRS Interpretations Committee, as well as the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council.

The principal accounting policies, which have been consistently applied throughout the year, are set out below.

GOING CONCERN

Analysys Mason made a profit before tax of US$8.6 million (2021:US$5.8 million) and has generated positive cash outflows for the year ended 28 February 2022. Analysys Mason has net current assets of US$18.2 million (2021:US$10.9 million) and net assets of US$44.0 million (2021:US$41.6 million) as at 28 February 2022. Analysys Mason has cash at bank of US$19.0 million (2021:US$16.5 million) as at 28 February 2022 and currently has internal borrowings of US$nil (2021:US$10.9 million) and external borrowings of US$9.4 million (2021:US$nil).

At 28 February 2022, Analysys Mason had access to a US$9.3 million (£7.0 million equivalent) rolling credit facility (2021: US$ nil) and a US$1.3 million (£1.0 million equivalent) (2021: US$4.2 million or £3.0 million equivalent) overdraft facility with HSBC plc ("HSBC"). As at 28 February 2022 and as at the date of approval of the historical financial information, the full rolling credit facility was in use but the overdraft facility was unutilised. Financial covenants are attached to the financing facility and there have been no covenant breaches in the current year. The Company and its Irish and German trading subsidiaries act as guarantor to the HSBC facilities outlined above.

The directors of Analysys Mason have prepared cash flow forecasts for at least 12 months from the date of approval of the historical financial information to determine the Group's ability to continue as a going concern. These projections included performing sensitivity analyses of severe but plausible downsides to revenue and the resulting impact on Analysys Mason's profit and cash generation. Analysys Mason continued to generate positive cash flows and, together with the credit and overdraft facilities, Analysys Mason will have sufficient funds to meet its liabilities as they fall due for the period

As the directors are confident that Analysys Mason will have sufficient funds to meet its liabilities as they fall due for at least 12 months from the date of approval of the consolidated historical financial information, the consolidated historical financial information has been prepared on the going concern basis.

ADOPTION OF AMENDMENTS TO EXISTING STANDARDS AND INTERPRETATIONS

Analysys Mason adopted the following amendments to existing standards and interpretations:

- Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16).

The application of the amendments to the existing standards and the interpretation had no material impact on the disclosures or amounts recognised in Analysys Mason's historical financial information.

NEW OR REVISED ACCOUNTING STANDARDS, AMENDMENTS TO EXISTING STANDARDS AND INTERPRETATIONS IN ISSUE BUT NOT YET EFFECTIVE

The following new or revised IFRS standards and interpretations have been issued with effective dates applicable to future financial statements of the Group. These are not expected to have a significant impact on the Group's financial statements in the year that these standards are adopted.

International Financial Reporting Standards		**Effective date for annual periods beginning on or after**
IFRS 1	*First-time Adoption of International Financial Reporting Standards* Amendments resulting from Annual Improvements to IFRS Standards 2018–2020 (subsidiary as a first-time adopter)	1 January 2022
IFRS 3	*Business Combinations* Amendments updating a reference to the Conceptual Framework	1 January 2022
IFRS4	*Insurance Contracts* Extension of the Temporary Exemption from Applying IFRS 9.	1 January 2023

International Financial Reporting Standards		Effective date for annual periods beginning on or after
IFRS 9	*Financial Instruments* Amendments resulting from Annual Improvements to IFRS Standards 2019–2020 (fees in the '10 per cent' test for derecognition of financial liabilities)	1 January 2022
IFRS 16	*Leases* Amendment to extend the exemption from assessing whether a COVID-19-related rent concession is a lease modification	1 April 2021
IFRS 17	*Insurance Contracts* Original issue Amendments to address concerns and implementation challenges that were identified after IFRS 17 was published (includes a deferral of the effective date to annual periods beginning on or after 1 January 2023)	1 January 2023 1 January 2023
International Accounting Standards ("IAS")		
IAS 1	*Presentation of Financial Statements* Amendments regarding the classification of liabilities Amendments regarding the disclosure of accounting policies	1 January 2023 1 January 2023
IAS 8	*Accounting Policies, Changes in Accounting Estimates and Errors* Amendments regarding the definition of accounting estimates	1 January 2023
IAS 12	*Income Taxes* Amendments regarding deferred tax on leases and decommissioning obligations	1 January 2023
IAS 16	*Property, plant and equipment* Amendments prohibiting a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use	1 January 2022
IAS 37	*Provisions, Contingent Liabilities and Contingent Assets* Amendments regarding the costs to include when assessing whether a contract is onerous	1 January 2022
	Annual Improvements to IFRS Standards 2018–2020 (May 2020)	1 January 2022

SIGNIFICANT ACCOUNTING POLICIES

1.1. Basis of consolidation

The consolidated historical financial information incorporates the financial statements of the Company and its subsidiaries controlled by the Company up to the end of February each year. Control is achieved when the Company:

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

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in non-controlling interests having a deficit balance.

The operating results of Analysys Mason entities are included from the effective date of acquisition to the effective date of disposal. All inter-company transactions, balances, income and expenses are eliminated in full on consolidation.

When Analysys Mason loses control of a subsidiary, the gain or loss on disposal recognised in the statement of comprehensive income is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if Analysys Mason had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs).

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with Analysys Mason's accounting policies.

1.2. Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured as the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by Analysys Mason in exchange for control of the acquiree. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions of recognition under IFRS 3 *Business Combinations* ("IFRS 3") are recognised at their fair values at the acquisition date, except for non-current assets that are classified as held-for-sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*, which are recognised and measured at fair value less costs to sell.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of consideration transferred over Analysys Mason's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, Analysys Mason's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the consideration transferred, the excess is recognised immediately in profit and loss. Costs associated with the acquisition are expensed, and may include such costs as advisory, legal, accounting, valuation and other professional costs associated with the transaction.

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.

Contingent consideration is measured at fair value at the acquisition date and included as part of the consideration transferred in a business combination. Subsequent adjustments to the consideration are recognised against the cost of the acquisition, with corresponding adjustments against goodwill, only to the extent that they arise from new information obtained within the measurement period (which is not more than 12 months from the acquisition date) about facts and circumstances that existed at the acquisition date. All other subsequent adjustments that do not qualify as measurement period adjustments, classified as assets or liabilities, are measured at fair value and are recognised in profit or loss.

A non-controlling interest in the acquiree is initially measured at the proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, Analysys Mason reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (refer above) or additional assets or liabilities are recognised to reflect new information obtained about the facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

1.3. Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over Analysys Mason's interest in the fair value of the identifiable assets and liabilities of a subsidiary, associate or jointly-controlled entity at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill, which is recognised as an asset is reviewed for impairment at least annually. Any impairment is recognised immediately in profit or loss and is not subsequently reversed.

Analysys Mason considers itself to have one cash-generating unit to which goodwill has been allocated and is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. The recoverable amount of a cash-generating unit ("CGU") is the higher of its value-in-use and its fair value less costs of disposal. In assessing the recoverable amount, 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, Analysys Mason obtains external valuations to support the impairment test of the CGU. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, associate or jointly-controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

1.4. Investments in associates

An associate is an entity over which Analysys Mason has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

An investment in an associate is initially carried at cost and subsequently accounted for under the equity method, net of any accumulated impairment losses.

1.5. Revenue recognition

Revenue is stated net of Value Added Tax and trade discounts. Revenue from customers is recognised in accordance with the following 5 steps per IFRS 15:

Step 1 : Identify the contract(s) with a customer;

Step 2 : Identify the performance obligations in the contract;

Step 3 : Determine the transaction price;

Step 4 : Allocate the transaction price to the performance obligations in the contract; and

Step 5 : Recognise revenue when (or as) the entity satisfies a performance obligation.

Revenue from professional services

Revenue is earned from professional services contracts with customers which are categorised by “Fixed Price” and “Time and Material” contracts. Customers gain immediate use of the output of the service once the professional service has been rendered. The performance obligations are recognised over-time where the performance obligation complies with the criteria under IFRS 15 of providing an asset with no alternative use and an enforceable right to payment. The two categories of revenue are defined as:

- Fixed Price: Contracts with a fixed total price for the agreed contract deliverables. The revenue on the performance obligation is recognised based on the stage of completion of the contract. The directors have assessed that the stage of completion is determined by the amount of time that is needed to complete the performance obligation.
- Time and Material: Contracts where client is invoiced on the basis of agreed day rates and “materials” refer to the expenses incurred during the delivery of the contract. Revenue for this category is recognised over time as the hours/days are delivered.

Annuity revenue

Annuity revenue is derived where clients are given access to a reports platform over an agreed period of time. The specified agreement would comprise uninterrupted access to the reports platform with regular updates to the suites of reports. Annuity revenue is recognised over time and equally over the life of the subscription period. Where recorded revenue exceeds amounts invoiced to clients, the excess is classified as accrued income (contract asset) and where recorded revenue is less than the amounts invoiced to clients, the difference is classified as deferred income (contract liability).

1.6. Foreign currencies

The individual financial statements of each group company are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each group company are expressed in Pounds Sterling, which is the functional currency of Analysys Mason, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual companies, transactions in currencies other than the entity’s functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are translated at the closing rate of the balance sheet date. Income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions). Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Where appropriate, in order to minimise its exposure to foreign exchange risks, Analysys Mason enters into forward exchange contracts. Any gains or losses arising are recognised in the statement of comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

1.7. Finance income

Finance income mainly arises from bank and other deposits. Finance 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, finance income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset.

1.8. Retirement benefit costs

Analysys Mason operates defined contribution pension schemes for a number of its staff and directors. Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes are dealt with as payments to defined contribution schemes where Analysys Mason's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit scheme.

Analysys Mason operates a defined benefits pension scheme for some staff in the Norwegian subsidiary of Analysys Mason. At the end of financial year, Analysys Mason uses a third party expert to provide an actuarial assessment under IAS 19. The charges to the statement of comprehensive income and net pension liability/asset are recognised in line with the actuarial assessment. The gross defined benefit pension asset and defined benefit obligation are both individually immaterial, please refer to note 34.

1.9. Taxation

The tax expense represents the sum of the tax currently payable 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 balance sheet date, and any adjustment of tax payable for previous years.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. 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.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where Analysys Mason 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.

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the statement of comprehensive income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Where current tax or deferred tax arises from the initial accounting for business combination, the tax effect is included in the accounting for a business combination.

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 Analysys Mason intends to settle its current tax assets and liabilities on a net basis.

1.10. Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is charged so as to write off the cost of assets over their estimated useful lives, using the straight-line method, on the following bases:

Leasehold improvements	over the shorter of the lease term or their useful life
Fixtures and equipment	over two to five years

The carrying value of tangible fixed assets is reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

1.11 Leasing

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

The lease liability is measured initially at the present value of the lease payments that are not paid at commencement date, discounted at Analysys Mason’s incremental borrowing rate, unless the rate implicit in the lease is readily determinable. The lease liability is subsequently increased by interest costs and decreased by lease payments made.

The right-of-use asset is measured initially at cost and subsequently at cost less any accumulated depreciation and impairment losses. 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 Analysys Mason 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.

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

Analysys Mason has applied judgement to determine the lease term for some of the lease contracts, in which it is a lessee, that include renewal options. The assessment of whether Analysys Mason is reasonably certain to exercise such options impacts the lease term, which affects the amount of lease liabilities and right-of-use assets recognised.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or to not exercise a termination option. 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). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and is within the control of the lessee. The majority of extension and termination options held are exercisable only by Analysys Mason and not by the respective lessor.

1.12. Intangible assets

Intangible fixed assets are stated at cost less accumulated amortisation and any recognised impairment loss. An intangible asset is recognised when it meets the following criteria:

- It is identifiable;
- The entity has control over the asset;
- It is probable that economic benefits will flow to the entity; and
- The cost of the asset can be measured reliably.

Amortisation is charged so as to write off the cost of assets over their estimated useful lives, using the straight-line method, on the following bases:

Software	over three years
Customer relationship	over one to five years
Technology based	over seven years

Intangible assets which do not meet the criteria listed above are recognised as expenses in the period in which they are incurred.

The carrying value of intangible assets is reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income. None of the intangible assets are internally generated.

Impairment of tangible and intangible assets excluding goodwill

At each balance sheet date, Analysys Mason reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Recoverable amount is the higher of fair value less costs to sell and value in use.

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

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

1.13. Financial instruments

Financial assets and financial liabilities are recognised in Analysys Mason'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.

Financial instruments are valued at either fair value through profit and loss ("FVTPL") or at amortised cost. Analysys Mason determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by Analysys Mason's business model for managing financial assets and their contractual cashflow characteristics. Financial liabilities are measured at amortised cost unless they are required to be measured at FVTPL (such as derivatives).

Financial assets

Financial assets are classified into the following specified categories: “Trade and other receivables” and “Cash and Cash Equivalents”. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

All financial assets are recognised and derecognised on trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit and loss, which are initially measured at fair value.

Trade and other 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. They are subsequently measured at amortised cost using the effective interest method, less the allowance for expected credit losses.

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and are therefore all classified as current. Analysys Mason 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 expected credit loss allowance are provided below.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Impairment of financial assets

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. Analysys Mason 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. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The simplified approach has been applied to trade receivables, contract assets, loans to related parties and other receivables as permitted by IFRS 9 *Financial Instruments* (“IFRS 9”), which requires expected lifetime losses to be recognised from initial recognition of 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. 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 a dispute ongoing as well as the macro-economic environment of the geography/market in which the customer is located.

Derecognition of financial assets

Analysys Mason derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of Analysys Mason after deducting all of its liabilities. 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*.

Financial liabilities

Financial liabilities are classified as 'other financial liabilities'.

Other financial liabilities

Other financial liabilities (trade and other payables), including borrowings, are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

Derecognition of financial liabilities

Analysys Mason derecognises financial liabilities when, and only when, Analysys Mason's obligations are discharged, cancelled or they expire.

Contingent consideration

Contingent consideration represents purchase considerations owing in respect of acquisitions. These purchase considerations are to be settled with the vendors in cash or shares on fulfilment of agreed performance criteria. Contingent consideration is included in the purchase consideration at acquisition and, to the extent that agreed performance criteria are not met, affect the profit or loss in the period in which that determination is made. Contingent consideration is stated at fair value with any gains or losses on remeasurement recognised in profit or loss.

Derivative financial instruments

Analysys Mason uses derivative financial instruments to mitigate its foreign currency and not for speculative or trading purposes. Derivatives are not designated as accounting hedges. All derivatives are recognised as assets or liabilities and measured at fair value in Analysys Mason's consolidated balance sheet. Derivatives are classified within other debtors and other creditors to the extent that they mature within 12 months of the balance sheet date. Changes in the fair value of derivatives are included in the consolidated statement of comprehensive income in the period in which they occur.

Fair value of financial instruments

Analysys Mason uses fair values to measure certain financial instruments.

Fair value is defined as the price that would be received for an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date.

IFRS 7 *Financial Instruments: Disclosures* ("IFRS 7") describes three levels of inputs that may be used to measure fair value:

- Level 1 – inputs are quoted prices in active markets for identical assets or liabilities that the Group has the ability to access at the measurement date.
- Level 2 – inputs are observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities. Level 2 assets and liabilities include derivative contracts whose value is determined using a pricing model or discounted cash flow methodologies with inputs that are observable in the market or can be derived principally from or corroborated by observable market data.
- Level 3 – inputs are unobservable inputs that are supported by little or no market activity. Valuation of Level 3 assets and liabilities requires significant management judgment to develop estimates of fair value. Estimates are not necessarily indicative of the amounts the Group could realise in a current market transaction.

Derivative financial instruments are recognised and measured at fair value in the consolidated statement of financial position. Carrying amounts of receivables, payables, accrued expenses and short-term debt approximate to their fair values.

1.14. Share-based payments

Analysys Mason has applied the requirements of IFRS 2 *Share-based Payment* ("IFRS 2").

Analysys Mason issues equity-settled and cash-settled share-based payments to certain employees as part of their total remuneration. The fair values are charged to the statement of comprehensive income on a straight-line basis over the vesting period with an increase in equity reserves for equity-settled share-based payments (included in retained earnings) and an increase in non-current liabilities for cash-settled share-based payments (shown separately in the consolidated statement of financial position). Management reviews the fair value estimate each year based on its estimate of shares that will eventually vest.

In applying IFRS 2, the directors have used employee churn rate for different options based on previous experience to arrive at the estimate of shares that will eventually vest. The valuation is conducted by an independent advisor, and the market value of the Company is assessed on the going concern basis utilising the discounted cashflows as a basis for arriving at the fair value.

1.15 Non-current assets (or disposal groups) held for sale

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the statement of financial position. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the statement of financial position.

1.16. Critical accounting judgements and key sources of estimation uncertainty

In the application of Analysys Mason's accounting policies, which are described above, the directors are required to make judgements, estimates and assumptions about the carrying amounts 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 that are considered to be relevant. Actual results may differ from these estimates.

Critical judgements

Business Combinations – In making their judgments with regards to the fair value and useful life of assets and liabilities for acquired businesses, the directors have considered the criteria for accounting for business combinations set out in IFRS 3, including the identification and valuation of acquired intangible assets.

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 Analysys Mason's historical financial information, that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year:

Acquired intangible assets – Estimates made in determining the recoverable amount of acquired intangible assets included in the consolidated statement of financial position (disclosed in note 14). At each reporting date, or more frequently when an indication of impairment exists, Analysys Mason reviews the carrying amounts of its acquired 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.

Goodwill impairment – Estimates are made in determining the recoverable amount of goodwill included in the consolidated statement of financial position. Similar to acquired intangible assets, this requires an estimation of the fair value of the cash-generating unit (CGU) to which the goodwill is allocated. The fair value of the CGU is based on fair value less cost to sell. Analysys Mason has allocated goodwill at the entire group level, as this is the lowest level at which goodwill is monitored for impairment purposes. Analysys Mason therefore has one CGU for the purposes of assessing goodwill for impairment. The resulting recoverable amount calculations are sensitive to changes in the timing or quantum of future cash flows, the discount rate and assumptions in determining the revenue growth rates and terminal growth rates. Refer to note 10 for further disclosure of the methodology and rationale for selection of these inputs in management's estimations.

Revenue recognition – Analysys Mason recognises revenue when, or as, it satisfies a performance obligation by transferring control of the service to a customer. For the fixed price revenue which is recognised over time, Analysys Mason frequently uses an input method to measure progress which relies on Analysys Mason's internal measure of progress compared to total anticipated costs. The estimate of total anticipated costs is subjected to a high level of review at all stages in a project life cycle. The ability to estimate the final cost outcome is critical and if it cannot be reliably estimated revenue should be constrained to the extent of costs recognised only, with no margin recognised. This estimation of total anticipated costs is inherently judgmental and depends upon the complexity of work being undertaken and any customisations being made to service.

Expected credit losses – Estimates are utilised when measuring the expected credit losses ("ECLs") which are applied to determine the allowance recorded against the gross value of trade receivables (disclosed in note 19). Analysys Mason applies the simplified approach as permitted by IFRS 9 when providing for ECLs on trade receivables and contract assets. ECLs on trade receivables and contract assets are determined monthly. Factors including the geography in which the customer resides, communication with the client, and any publicly available information regarding the entity are considered.

Deferred tax assets – Estimates made in determining the recoverability of the deferred tax assets 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 statement of financial position (disclosed in note 17).

Share-based payment expenses – Analysys Mason applies judgement in the classification of its share incentive scheme between cash-settled and equity-settled. When the shares vest, the employees become party to the shareholders agreement and are unconditional share owners in the Company. Analysys Mason recognises cash-settled and equity-settled share-based payment expenses from its various share incentive schemes and exercises judgements when calculating these expenses. Expenses are generally based on the fair values of awards granted to employees. Fair value is measured using appropriate valuation and option pricing models, where applicable. The values assigned to the key assumptions used in the valuation models for Analysys Mason's share incentive schemes are disclosed in note 25.

1.17 Use of non-IFRS financial measures

Analysys Mason 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 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 and Headline Earnings.

An explanation of the relevance of each of the measures, and a reconciliation of these measures to the most directly comparable measures in prior period, is provided below and in the relevant notes.

EBITDA

EBITDA is a key measure that the 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 income and finance costs, tax, depreciation and amortisation. EBITDA further excludes the following: the Group's share of equity-accounted investment losses; acquisition-related fair value adjustments; other income and gains or losses on the disposal of investments.

Headline earnings

Headline earnings is based on the earnings (profit for the year) attributable to ordinary shareholders, after excluding those items as required by Circular 1/2021 Headline Earnings issued by the SAICA as amended from time to time and as required by the JSE Limited. Headline earnings is calculated by adjusting the profit for the year with (where applicable):

- profit or loss on disposal of property, plant and equipment;
- impairment of non-financial assets;
- once-off restructuring costs;
- tax implications of above adjustments;
- once-off tax adjustments; and
- Non-controlling interest impact of the above adjustments.

The reconciliation of profit for the year to headline earnings is disclosed in note 40.

	2022 US$	2021 US$
2. REVENUE		
An analysis of Analysys Mason's revenue, all from continuing operations, is as follows:		
Telecoms, media and IT industries	90 434 081	73 518 469

Revenue is earned by performing professional services and providing access to subscriptions. Revenue is recognised over time. There is no single customer which contributes more than 10% of the Group's total revenue in either financial year.

Business and Geographical Segments

Analysys Mason has only one principal activity, providing professional services of telecoms, media and IT industries.

The following table provides an analysis of Analysys Mason's revenue by geographical market, irrespective of the origin of services:

	2022 US$	2021 US$
United Kingdom	16 704 488	15 449 549
Other European countries	42 110 123	32 800 893
Rest of world	31 619 470	25 268 027
	90 434 081	73 518 469

	2022 US$	2021 US$
3. OTHER INCOME		
Income from sublet properties	413 849	476 914

	2022 US$	2021 US$
4. OPERATING PROFIT		
Operating profit has been arrived at after charging:		
Net foreign exchange losses	208 703	269 297
Depreciation of property, plant and equipment	448 118	491 923
Depreciation of right-of-use assets	2 101 803	2 132 391
Impairment of right-of-use assets	–	155 377
Amortisation	1 370 101	1 676 232
Staff costs (note 6)	66 451 255	52 243 214
Increase in expected credit losses	597 120	216 738
Low value and short-term lease expense	136 433	133 677
Management fees expense	610 497	310 205
Restructuring	–	37 028
Loss on disposal of property, plant and equipment	–	109

The amortisation of intangible assets and depreciation are included within administrative expense.

	2022 US$	2021 US$
5. AUDITORS' REMUNERATION		
The analysis of auditors' remuneration is as follows:		
Total audit fees	169 338	203 989
Total non-audit fees	–	–

	2022 No.	2021 No.
6. STAFF COSTS		
The average monthly number of employees (including directors) was:		
– Office and management	341	317
This is split between direct employees and non-direct employees:		
– Direct employees	284	266
– Non-direct employees	57	51

	2022 US$	2021 US$
Their aggregate remuneration comprised:		
– Wages and salaries expense	51 355 243	42 128 121
– Share-based payments and retention scheme charge (note 25)	7 598 216	4 077 827
– Social security costs	5 252 250	4 181 655
– Other pension costs	2 245 546	1 855 611
	66 451 255	52 243 214

Non-direct employees are not directly involved in the production of billed services. The directors' remuneration has been disclosed separately in note 36.

The cost of sales primarily consists of direct employee costs of US$42.0 million (2021: US$36.4 million) and third party subcontractors of US$6.3million (2021: US$4.5 million).

	2022 US$	2021 US$
7. FINANCE INCOME		
Interest income from bank deposits	6 375	15 494

	2022 US$	2021 US$
8. FINANCE COSTS		
Interest paid on bank overdrafts and other loans	95 527	28 094
Finance charges on finance lease obligations	169 159	189 904
Interest paid on loan from parent	291 723	417 753
	556 409	635 751

All finance costs relate to financial instruments measured at amortised cost.

	2022 US$	2021 US$
9. TAX		
Current tax	2 280 249	2 684 682
– Current year	2 911 593	2 767 169
– Adjustments in respect of prior years	(631 344)	(82 487)
Deferred tax	(1 148 886)	(1 011 818)
– Current year	(1 212 827)	(1 186 741)
– Adjustments in respect of prior years	63 941	174 923
Total tax charge	1 131 363	1 672 864

The tax charge for the year is reconciled as follows:

	2022 US$	2022 %	2021 US$	2021 %
Profit before tax	8 568 546		5 768 056	
Standard rate as a percentage of profit before tax	1 628 024	19.0	1 095 931	19.0
Effects of:				
Non-deductible expenses	130 615	1.5	29 432	0.5
Utilisation of losses previously not recognised	(21 834)	(0.3)	–	–
Non-recoverable withholding taxes	226 983	2.7	151 771	2.6
Different tax rates of subsidiaries operating in other jurisdictions	512 034	6.0	396 727	6.9
Gain on investment	(621 970)	(7.3)	–	–
Change in rate of deferred tax	(155 085)	(1.8)	(93 433)	(1.6)
Adjustments in respect of prior years	(567 404)	(6.6)	92 436	1.6
Tax expense and effective tax rate for the year	1 131 363	13.2	1 672 864	29.0

The Finance Act 2020, which provides that the UK corporation tax rate be maintained at 19% from 1 April 2020, was substantively enacted on 17 March 2020. Deferred tax balances arising from entities in the UK as at 28 February 2021 have therefore been measured at a rate of 19%.

In the Spring Budget 2021, the government announced that from 1 April 2023 the UK corporation tax rate will increase to 25%. The proposal to increase the rate to 25% was substantively enacted on 24 May 2021. Deferred tax balances arising from entities in the UK as at 28 February 2022 have therefore been measured at a rate of 25%.

	US$
10. GOODWILL	
Cost	
At 1 March 2020	27 484 418
Acquisitions	4 303 778
Exchange difference arising on translation to presentation currency	2 676 573
At 28 February 2021	34 464 769
Acquisitions	–
Exchange difference arising on translation to presentation currency	(1 501 879)
At 28 February 2022	32 962 890
Accumulated impairment losses	
At 1 March 2020	4 341 865
Exchange difference arising on translation to presentation currency	374 072
At 28 February 2021	4 715 937
Exchange difference arising on translation to presentation currency	(205 508)
At 28 February 2022	4 510 429
Carrying amount	
At 28 February 2022	28 452 461
At 28 February 2021	29 748 832

Analysys Mason has one cash-generating unit. As part of the annual impairment test, an external valuation was obtained and compared to the corresponding carrying value of the cash-generating unit. The recoverable amount 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- to three-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 are post-tax rates of return that reflect current market assessments of the time value of money and the risks specific to Analysys Mason.
- Growth rates: Growth rates are based on budgeted figures and management estimates/assumptions in respect of the three- to six-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.

	2022 %	2021 %
Discount rate (post-tax rate)	14.5	14.4
Revenue growth rate in discrete period	10.1 – 12.4	2.9 – 5.2
Terminal growth rate	1.8	1.8

Revenue is forecast to increase by 10.3% in 2023 and thereafter increase at an average of 11.2% in 2024 and in 2025. The significant increase in revenue in 2023 and subsequent years is due to the business exceeding its budget for 2022. The recent acquisitions included in the business have performed better than anticipated in 2022 have also contributed to an increase in revenue growth expectations.

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

The directors believe that a reasonable 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 Analysys Mason in the current year and prior year.

11. INVESTMENTS

Investment in Directus AS

The principal activity of Directus AS is consulting and the country of incorporation is Norway. Directus AS' year end is 31 December. The registered address of Directus AS is Tjuvholmen allé 3,0252 Oslo, Norway.

On 21 December 2020, Analysys Mason transferred the US$1 763 239 (NOK 15 million equivalent) investment in Directus AS to Analysys Mason AS, a subsidiary company in the Analysys Mason Group. Analysys Mason AS funded this transaction by increasing the value of its share capital, held by Analysys Mason.

On 26 May 2021 Analysys Mason AS went through a demerger process swapping all shares in Directus AS for shares in Fortum Fiber AS. This process reduced the holding in Directus AS from 41.4% to 0%.

Analysys Mason's total share of the equity accounted losses for the current year in Directus AS is US$nil (2021:US$2 499).

In the prior year, the assessment of the investment for impairment was performed and it was concluded that no impairment was required.

Investment in Fortum Fiber AS

The principal activity of Fortum Fiber AS is consulting and the company of incorporation is Norway. Fortum Fiber AS was established April 2019 with a business plan to utilise FOV ducts and pipes to offer dark fibre. The business plan exploits unique market opportunities derived from consolidation a de facto duopoly and competitors occupied with mergers and strategies that will reduce dark fibre supply further. The registered address of Fortum Fiber AS is Drammensveien 144 0277 Oslo Norway.

Analysys Mason's total share of the equity accounted losses for the current year in Fortum Fiber AS is US$nil.

Analysys Mason AS has a 16.56% holding in Fortum Fiber AS. Prior to the demerger mentioned above, Analysys Mason AS held 41.4% in Directus AS; Directus AS then held 40% in Fortum Fiber AS. The result was that economically Analysys Mason AS had an indirect interest of 16.56% in Fortum Fiber AS. The demerger was envisaged such that Analysys Mason AS could hold the 16.56% shareholding in Fortum Fiber AS through its subsidiary. This was achieved by Analysys Mason AS derecognising its full investment in Directus AS at its carrying amount of $1.7 million and then recognising a direct investment in Fortum Fiber AS at fair value per IAS 28, with the resulting gain of US$3.3 million being recognised in profit or loss in the current year. Analysys Mason had significant influence over its investment in Fortum Fiber AS because two of its five board members were employees of Analysys Mason.

Investments held for sale

The decision was made by 28 February 2022 to sell the investment in Fortum Fiber AS. There is interest in the investment and it is expected to be sold within the next 12 months. On this basis, the investment has been disclosed as held for sale at the reporting date.

12. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improve-ments US$	Fixtures and equipment US$	Total US$
Cost			
At 1 March 2020	1 559 405	1 605 844	3 165 249
Additions	–	245 312	245 312
Disposals	(190 981)	(156 247)	(347 228)
Acquisition of subsidiary	–	105 599	105 599
Exchange adjustments	(1 274)	(56 141)	(57 415)
Exchange difference arising on translation to presentation currency	120 561	148 286	268 847
At 1 March 2021	1 487 711	1 892 653	3 380 364
Additions	53 239	346 664	399 903
Disposals	–	(14 007)	(14 007)
Exchange adjustments	(39 108)	(73 412)	(112 520)
Exchange difference arising on translation to presentation currency	(65 178)	(88 859)	(154 037)
At 28 February 2022	1 436 664	2 063 039	3 499 703
Accumulated depreciation and impairment losses			
At 1 March 2020	946 540	1 102 275	2 048 815
Charge for the year	231 844	260 079	491 923
Eliminated on disposals	(190 981)	(156 138)	(347 119)
Acquisition of subsidiary	–	63 478	63 478
Exchange adjustments	(845)	(32 584)	(33 429)
Exchange difference arising on translation to presentation currency	84 418	104 638	189 056
At 1 March 2021	1 070 976	1 341 748	2 412 724
Charge for the year	150 098	298 020	448 118
Eliminated on disposals	–	(14 007)	(14 007)
Exchange adjustments	(46 330)	(87 941)	(134 271)
Exchange difference arising on translation to presentation currency	(49 225)	(63 297)	(112 522)
At 28 February 2022	1 125 519	1 474 523	2 600 042
Carrying amount			
At 28 February 2022	311 145	588 516	899 661
At 28 February 2021	416 735	550 905	967 640

13. RIGHT-OF-USE ASSETS

	Land and buildings US$	Computer equipment US$	Total US$
Cost			
At 1 March 2020	10 243 330	430 608	10 673 938
Additions	172 341	225 569	397 910
Remeasurement	76 126	–	76 126
Exchange adjustments	(214 804)	–	(214 804)
Exchange difference arising on translation to presentation currency	884 924	53 277	938 201
At 28 February 2021	11 161 917	709 454	11 871 371
Additions	755 564	–	755 564
Remeasurement	114 414	–	114 414
Exchange adjustments	(69 501)	391	(69 110)
Exchange difference arising on translation to presentation currency	(506 112)	(30 927)	(537 039)
At 28 February 2022	11 456 282	678 918	12 135 200
Accumulated depreciation and impairment losses			
At 1 March 2020	1 920 119	332 706	2 252 825
Charge for the year	2 039 441	92 950	2 132 391
Impairment charge for the year	155 377	–	155 377
Exchange adjustments	(94 856)	–	(94 856)
Exchange difference arising on translation to presentation currency	316 036	35 330	351 366
At 28 February 2021	4 336 117	460 986	4 797 103
Charge for the year	2 000 261	101 542	2 101 803
Exchange adjustments	(19 392)	9 472	(9 920)
Exchange difference arising on translation to presentation currency	(237 725)	(22 823)	(260 548)
At 28 February 2022	6 079 261	549 177	6 628 438
Carrying amount			
At 28 February 2022	5 377 021	129 741	5 506 762
At 28 February 2021	6 825 800	248 468	7 074 268

The impairment recorded in 2021 relates to Access Markets International (AMI) Partners Inc.'s leased office in New York. In the prior year, Access Markets International (AMI) Partners Inc. chose to vacate this office and sublet an office from a related party, Datatec plc. Impairment commenced at the point in time Access Markets International (AMI) Partners Inc. made this decision. The impaired lease expires on 28 February 2023 and the right-of-use asset has been depreciated in full.

14. INTANGIBLE ASSETS

	Software US$	Customer relationships US$	Technology based US$	Total US$
Cost				
At 1 March 2020	1 149 841	3 079 945	383 906	4 613 692
Additions	285 845	–	–	285 845
Disposals	(758 362)	–	–	(758 362)
Acquisition of subsidiary	–	3 824 466	–	3 824 466
Exchange difference arising on translation to presentation currency	65 175	539 642	33 075	637 892
At 28 February 2021	742 499	7 444 053	416 981	8 603 533
Additions	460 666	–	–	460 666
Disposals	(143 630)	(1 793 965)	–	(1 937 595)
Exchange difference arising on translation to presentation currency	(40 161)	(280 224)	(18 171)	(338 556)
At 28 February 2022	1 019 374	5 369 864	398 810	6 788 048
Amortisation and impairment losses				
At 1 March 2020	951 246	1 714 126	126 614	2 791 986
Charge for the year	163 938	1 452 097	57 598	1 673 633
Eliminated on disposals	(758 362)	–	–	(758 362)
Exchange difference arising on translation to presentation currency	39 324	251 824	15 038	306 186
At 28 February 2021	396 146	3 418 047	199 250	4 013 443
Charge for the year	178 723	1 130 849	60 529	1 370 101
Eliminated on disposals	(143 630)	(1 793 965)	–	(1 937 595)
Exchange difference arising on translation to presentation currency	(18 127)	(132 623)	(10 172)	(160 922)
At 28 February 2022	413 112	2 622 308	249 607	3 285 027
Carrying amount				
At 28 February 2022	606 262	2 747 556	149 203	3 503 021
At 28 February 2021	346 353	4 026 006	217 731	4 590 090

Current year disposals relate to customer relationships amortised in full and which are no longer in use by Analysys Mason.

During the prior year, Analysys Mason acquired Allolio&Konrad, a consultancy based in Germany. Details can be found in note 37. The intangible assets that were acquired have been disclosed above.

	2022 US$	2021 US$
15. LONG-TERM LOANS		
Loan to Directus AS	47 702	49 342
Long-term loans are disclosed as follows:		
Amounts due for settlement within 12 months	–	–
Amounts due for settlement after 12 months	47 702	49 342

The settlement currency from Directus AS is Norwegian Krone. Directus AS may repay any amounts which it has borrowed from Analysys Mason at any point in time prior to 31 December 2025 (the termination date). The loan bears interest at 0.5% over the 3 months NIBOR and becomes payable upon the termination date. When considering impairment of the loans to related parties, Analysys Mason applies the simplified approach as permitted by IFRS 9.

Directus AS became a third party during the current year (refer note 11).

16. SUBSIDIARIES

A list of the investments in subsidiaries, including the name, principal activity and country of incorporation is shown below:

Name of company	Principal activity	Country of incorporation
Analysys Mason Pte Limited	Consulting	Singapore
Analysys Mason Limited	Consulting	Ireland
Analysys Limited	Consulting	UK
OSS Observer LLC	Dormant	USA
Analysys Mason FZ LLC	Consulting	UAE
Analysys Mason (Mauritius) Limited	Consulting	Mauritius
Analysys Mason India Pvt Limited*	Consulting	India
Analysys Mason Limited	Consulting	Hong Kong
Analysys Mason AB*	Consulting	Sweden
Analysys Mason AS	Consulting	Norway
Analysys Mason Spain SLU	Consulting	Spain
Analysys Mason SRL	Consulting	Italy
Access Markets International (AMI) Partners Inc.	Research	USA
Analysys Mason Consulting AB	Consulting	Sweden
Analysys Mason Holding AB	Consulting	Sweden
Analysys Mason SAS*	Consulting	France
Analysys Mason GmbH	Consulting	Germany
Analysys Mason Ventures Nordic 1 AS*	Consulting	Norway
Analysys Mason Ventures Nordic AS	Consulting	Norway

Each of the subsidiaries is 100% owned by Analysys Mason with the exception of Analysys Mason Ventures Nordic AS (60%).

** The Company indirectly owns all of the issued ordinary shares of these subsidiary undertakings.*

17. DEFERRED TAX

	Accelerated tax depreciation US$	Provisions US$	Losses US$	Other US$	Intangible assets US$	Total US$
At 1 March 2020	175 503	471 252	749 059	–	(352 984)	1 042 830
Additions through acquisition of subsidiary	–	–	–	–	(1 147 322)	(1 147 322)
Credit to income	23 791	295 348	296 141	–	396 535	1 011 815
Exchange adjustments	(10 258)	(27 546)	(43 778)	–	–	(81 582)
Exchange difference arising on translation to presentation currency	16 091	59 807	82 633	–	(84 256)	74 275
At 28 February 2021	205 127	798 861	1 084 055	–	(1 188 027)	900 016
Credit (debit) to income	61 548	781 678	(21 834)	30 223	323 001	1 174 616
Exchange adjustments	–	(1 233)	4 494	–	–	3 261
Exchange difference arising on translation to presentation currency	(10 454)	(54 027)	(46 813)	(743)	43 818	(68 219)
At 28 February 2022	256 221	1 525 279	1 019 902	29 480	(821 208)	2 009 674

The analysis and disclosure of the deferred tax balances (after offset) are as follows:

	2022 US$	2021 US$
Deferred tax assets	2 830 882	2 088 043
Deferred tax liabilities	(821 208)	(1 188 027)
	2 009 674	900 016

Deferred tax assets of US$1 021 236 (2021: US$1 084 057) have been recognised in respect of losses incurred by entities that were loss-making in both the current and prior year. The recognition of the deferred tax asset on tax losses is based on the strong probability that future profits will arise based on budgets, in excess of the profits arising on the reversal of existing taxable differences, against which these losses may be offset. The deferred tax assets are expected to be recovered within seven years (2021: seven years). The deferred tax liabilities relate to different jurisdictions of the deferred tax assets.

At the reporting date, Analysys Mason has unused and unrecognised tax losses of US$650 201 (2021: US$679 826) available for offset against future taxable profits.

	2022 US$	2021 US$
18. CONTRACT ASSETS		
Contract assets	10 691 741	8 640 545
Reconciliation of contract assets		
Contract asset at the beginning of the year	8 640 545	7 107 755
Revenue recognised during the year	(8 472 608)	(7 203 490)
Contract assets recognised during the year	10 961 613	8 062 319
Exchange difference arising on translation to presentation currency	(437 809)	673 961
	10 691 741	8 640 545

All contract assets relate to work that has been performed but not yet classified to a receivable. At the end of the year there were no contracts where the revenue could not be recognised due to the performance obligations being unsatisfied (or partially unsatisfied). The performance obligation is part of a contract that has an original expected duration of one year or less. All contract assets are expected to be received within one year.

Once a contract is fulfilled, Analysys Mason will invoice in line with the billing schedule to the customer and transfer the contract asset to trade receivables. Contract assets have increased due to the growth of the business and timing of customer billing.

Analysys Mason has used the simplified approach method in accordance with IFRS 9 to assess the ECL. The impact was immaterial. As permitted under IFRS 15, Analysys Mason has taken advantage of certain disclosure exemptions.

	2022 US$	2021 US$
19. TRADE AND OTHER RECEIVABLES		
Amounts receivable for the sale of services	20 345 242	13 526 025
Less: Expected credit loss allowance	(878 991)	(527 041)
	19 466 251	12 998 984
Prepayments	1 305 251	1 143 364
Other receivables	2 087 040	2 244 680
	22 858 542	16 387 028

Trade receivables

All trade receivables represent financial assets of Analysys Mason and are measured at amortised cost. The carrying value of trade receivables balances approximates their fair value, therefore no fair value disclosures are provided.

The average credit period taken on sales of services is 55 days (2021: 62 days).

Analysys Mason does not hold any collateral over its trade receivables balances.

The analysis of the Group's trade receivables by region is as follows:

	North America US$	Latin America US$	Europe US$	Asia-Pacific US$	Middle East/ Africa US$	Total US$
2022						
Current	1 517 029	41 220	10 536 547	933 013	2 043 663	15 071 472
1 – 30 days	257 763	49 664	722 904	135 849	538 672	1 704 852
30 – 60 days	39 731	–	441 689	207 884	153 168	842 472
60 – 90 days	–	81 117	1 042 960	77 888	738 749	1 940 714
90 – 120 days	–	–	11 919	2 619	7 394	21 932
120+ days	30 831	–	17 904	–	715 065	763 800
Gross trade receivables	1 845 354	172 001	12 773 923	1 357 253	4 196 711	20 345 242
Expected credit loss allowance	(30 831)	–	(535 083)	–	(313 077)	(878 991)
Net trade receivables	1 814 523	172 001	12 238 840	1 357 253	3 883 634	19 466 251
2021						
Current	1 177 436	77 250	5 881 794	554 412	1 107 928	8 798 820
1 – 30 days	305 436	–	1 575 218	145 640	349 062	2 375 356
30 – 60 days	–	105 000	284 458	142 796	196 294	728 548
60 – 90 days	1 000	–	408 955	359 126	27 525	796 606
90 – 120 days	–	–	–	90 000	11 020	101 020
120+ days	31 040	–	96 942	94 000	503 693	725 675
Gross trade receivables	1 514 912	182 250	8 247 367	1 385 974	2 195 522	13 526 025
Expected credit loss allowance	(15 520)	–	(79 460)	(39 824)	(392 237)	(527 041)
Net trade receivables	1 499 392	182 250	8 167 907	1 346 150	1 803 285	12 998 984

The expected credit loss allowance for Latin America and Asia Pacific is immaterial.

Analysys Mason applies the simplified approach when recognising 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; Analysys Mason's historical credit loss experience; general economic conditions; and an assessment of both the current as well as the forecast direction of conditions at the reporting date. Analysys Mason considers forward-looking information such as significant known changes in the macroeconomic environment of customers located in a certain geography, the deterioration in Analysys Mason'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 Analysys Mason's geographic segments is limited due to the customer base being large, unrelated and geographically diverse. The weighted average write-off rate over recent years across all classes of trade receivables is 0.52% (2021: 0.11%). The Group therefore has sufficient expected credit loss allowances. Accordingly, the directors believe that there is no further credit provision required in excess of the expected credit loss allowance at the reporting date.

The analysis of the expected credit loss allowance by region is as follows:

	North America US$	Latin America US$	Europe US$	Asia-Pacific US$	Middle East /Africa US$	Total US$
At 1 March 2020	–	–	–	–	(286 300)	(286 300)
Impairment losses recognised on trade receivables	(14 482)	–	(89 265)	(37 159)	(102 328)	(243 234)
Impairment losses reversed	–	–	–	–	26 496	26 496
Bad debt write-offs	–	–	12 995	–	–	12 995
Net exchange gains and losses	–	–	2 126	–	–	2 126
Exchange difference arising on translation to presentation currency	(1 039)	–	(5 318)	(2 665)	(30 102)	(39 124)
At 28 February 2021	(15 521)	–	(79 462)	(39 824)	(392 234)	(527 041)
Impairment losses recognised on trade receivables	(15 337)	–	(548 589)	(119 709)	(29 780)	(713 415)
Impairment losses reversed	–	–	11 414	–	104 881	116 295
Bad debt write-offs	–	–	64 683	162 329	–	227 012
Net exchange gains and losses	(1 053)	–	1 820	(3 570)	(11 466)	(14 269)
Exchange difference arising on translation to presentation currency	1 080	–	15 051	774	15 522	32 427
At 28 February 2022	(30 831)	–	(535 083)	–	(313 077)	(878 991)

	2022 US$	2021 US$
Prepayments		
Insurance	308 985	300 942
Rent, rates and services charges	245 651	132 549
Other prepayments	750 615	709 873
	1 305 251	1 143 364
Other receivables		
Tax receivables	1 329 088	718 749
Sundry debtors	716 800	1 056 644
Amounts due from related party (note 36)	41 152	469 287
	2 087 040	2 244 680

Expected credit losses have been assessed using the simplified approach. No material expected credit losses have been identified.

	2022 US$	2021 US$

20. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash held by Analysys Mason and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets approximates their fair value.

Cash and cash equivalents	19 027 624	16 452 515

	2022 US$	2021 US$
21. TRADE AND OTHER PAYABLES		
Trade payables	2 077 497	1 212 382
Taxes and social security	2 212 395	1 868 995
Accruals	16 921 021	11 619 860
Sundry payables	1 746 664	1 503 715
	22 957 577	16 204 952

Trade and other payables principally comprise amounts outstanding for trade purchases, social security on employment costs, value added taxes and ongoing costs. The accruals balance is mainly made up of property, professional services and employee related accruals.

Trade payable accounts will be settled during the normal course of business. Analysys Mason has no inventory purchase financing arrangements.

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

22. LEASE LIABILITIES

	1 March 2021 US$	Cash flow US$	Foreign exchange movement US$	Other non-cash movement US$	Translation difference US$	28 February 2022 US$
Land and buildings	7 351 706	(2 178 360)	9 408	971 792	(290 893)	5 863 653
Equipment	246 547	(113 430)	(352)	–	(7 943)	124 822
Total lease liabilities	7 598 253	(2 291 790)	9 056	971 792	(298 836)	5 988 475

	1 March 2020 US$	Cash flow US$	Foreign exchange movement US$	Other non-cash movement US$	Translation difference US$	28 February 2021 US$
Land and buildings	8 309 649	(2 055 147)	244 838	248 467	603 899	7 351 706
Equipment	24 855	(117 106)	–	321 964	16 834	246 547
Total lease liabilities	8 334 504	(2 172 253)	244 838	570 431	620 733	7 598 253

	Land and buildings		Equipment		Total	
	2022 US$	2021 US$	2022 US$	2021 US$	2022 US$	2021 US$
Within one year	1 989 851	1 980 392	97 193	182 571	2 087 044	2 162 963
In second to fifth years	3 600 645	4 904 971	27 629	63 976	3 628 274	4 968 947
After five years	273 157	466 343	–	–	273 157	466 343
Total	5 863 653	7 351 706	124 822	246 547	5 988 475	7 598 253
Total short-term liabilities	1 989 851	1 980 392	97 193	182 571	2 087 044	2 162 963
Total long-term liabilities	3 873 802	5 371 314	27 629	63 976	3 901 431	5 435 290

During the year, Analysys Mason had various lease agreements in existence. The lease terms vary from two to seven years, same as in the prior year.

Where an interest rate has not been agreed by the lessor, Analysys Mason applied an incremental borrowing rate of 2.10%. (2021: 2.10%)

	2022 US$	2021 US$
23. CONTRACT LIABILITIES		
Contract liabilities	6 276 628	5 454 251
Reconciliation of contract liabilities		
Contract liabilities at the beginning of the year	5 454 251	4 196 827
Revenue recognised during the year	(5 348 242)	(4 253 355)
Contract liabilities recognised during the year	6 435 058	5 089 252
Exchange difference arising on translation to presentation currency	(264 439)	421 527
	6 276 628	5 454 251

All contract liabilities relate to payments on account and deferred revenue where there is still a performance obligation to satisfy so the revenue on the contract cannot be recognised. All contract liabilities are expected to be recognised within one year.

	2022 US$	2021 US$
24. BORROWINGS		
Unsecured borrowings		
Loan from parent company	–	10 860 173
Loan from bank	9 376 800	–
Borrowings are disclosed as follows:		
Amounts due for settlement within 12 months	1 727 967	2 902 108
Amounts due for settlement after 12 months	7 648 833	7 958 065

The settlement currency for the borrowings is Pound Sterling (2021: US Dollars).

Analysys Mason Limited has a US$1.3 million (£1.0 million equivalent) overdraft facility (2021: US$4.2 million, £3.0 million equivalent), and bears interest at a rate of 2.0% over the Bank of England base rate. The overdraft is secured by a debenture comprising fixed and floating charges over all assets and undertakings of Analysys Mason Limited, Analysys Mason Limited (Ireland) and Analysys Mason GmbH.

On 21 December 2021 Analysys Mason obtained a rolling credit facility of US$9.3 million (£7.0 million equivalent) from HSBC. The facility is drawn down in full and the facility reduces to US$7.9 million (£5.9 million equivalent) 12 months after the initial draw down, then to US$6.4 million (£4.8 million equivalent) 24 months after the initial draw down. The facility bears interest at a rate of 2.75% over UK SONIA on the utilised element and a non-utilisation fee of 1.1% of the total available undrawn amount of the facility.

The credit facility has the following financial covenants, all of which Analysys Mason has complied with and expects to comply with for the foreseeable future:

1. Interest Cover – EBITDA will not fall below a figure equal to 400% of the aggregated of the interest charges and interest element of financial lessees, in any relevant period (financial quarter).

2. Total Net Debt to EBITDA – Total Net Debt for a Relevant Period will not be more than 150% of EBITDA for that relevant period (financial quarter).

On 21 December 2021, Analysys Mason utilised the HSBC credit facility to repay the loan from the parent company in full.

25. SHARE-BASED PAYMENTS

Performance shares scheme (cash and equity-settled)

The Company has a performance shares scheme for certain employees of Analysys Mason. Performance shares are forfeited if the employee leaves Analysys Mason before they vest.

For each year of issue 25% of the performance share grant, the unconditional portion, automatically vest three years from the date of grant and will be equity-settled. The balance of 75% is conditional upon the performance of Analysys Mason and is a compound instrument which can be settled by way of cash, equity, or a mix of both to be elected by the holders.

Details of the number of performance shares outstanding during the year are as follows:

	2022	2021
Number outstanding at the beginning of the year	245 595	233 177
Granted during the year	85 936	87 015
Exercised during the year	(77 230)	(69 288)
Expired during the year	(2 439)	(5 309)
Number outstanding at the end of the year	251 862	245 595
Exercisable at the end of the year	–	–

The weighted average share price at the date of exercise for share options exercised during the year was US$34.51 (2021: US$23.79). The options outstanding at 28 February 2022 had a weighted average exercise price of US$0 (2021: US$0), and a weighted average remaining contractual life of 1.0 years (2021: 1.0 years). In 2022, options were granted on 1 March 2021. The aggregate of the estimated fair values of the options granted on those dates is US$2 892 597 (2021: US$3 062 365).

Analysys Mason recognised total expenses of US$6 850 959 (2021: US$3 335 940) for the cash and equity-settled Performance Shares scheme. In 2022, Analysys Mason has recorded liabilities of US$6 943 109 (2021: US$3 127 760) in “Liabilities for share-based payments” with the balance of US$1 131 902 (2021: US$1 345 591), being the equity portion, included in retained earnings (note 29).

Retention

Analysys Mason recognised total expenses of US$747 257 (2021:US$741 887) relating to retention agreements for senior management of the acquired business, Allolio&Konrad. The retention agreements are settled annually, with the only condition being continued employment. The retention agreements extend for a period of four years, until 31 March 2024. Analysys Mason has recorded liabilities of US$652 428 (2021: US$770 590) in “Liabilities for share-based payments”.

	2022			2021		
	Expenses	Liability		Expenses	Liability	
		Equity	Cash		Equity	Cash
Summary	US$	US$	US$	US$	US$	US$
Performance shares	6 850 959	1 131 902	6 943 109	3 335 940	1 345 591	3 127 760
Retention	747 257	–	652 428	741 887	–	770 590
	7 598 216	1 131 902	7 595 537	4 077 827	1 345 591	3 898 350

The liabilities for share-based payments are disclosed as follows:

	2022 US$	2021 US$
Amounts due for settlement within 12 months	4 815 283	2 781 233
Amounts due for settlement after 12 months	2 780 254	1 117 117
	7 595 537	3 898 350

	2022 US$	2021 US$
26. SHARE CAPITAL		
Authorised		
10 000 000 (2021: 10 000 000) ordinary shares of US$0.01 each		
376 250 (2021: 376 250) deferred shares of US$0.01 each		
Issued and fully-paid		
2 176 588 (2021: 2 176 588) ordinary shares of US$0.01 each	28 993	30 314
376 250 (2021: 376 250) deferred shares of US$0.01 each	5 011	5 239
	34 004	35 553

The movement for the year is reconciled as follows:

	2022 US$	2021 US$
Balance at the beginning of the year	35 553	32 733
Exchange difference arising on translation to presentation currency transferred to non-distributable reserves	(1 549)	2 820
Balance at the end of the year	34 004	35 553

The Company has two classes of ordinary shares which carry no rights to fixed income.

Shareholders present in person or by proxy have one vote for every ordinary share held. Votes may be exercised by a show of hands or a poll.

In the event of liquidation any assets of the Company remaining after the payment of its liabilities shall first be due to the ordinary shareholders. Deferred shares are entitled to a payment of US$1.3 in aggregate.

	2022 US$	2021 US$
27. SHARE PREMIUM ACCOUNT		
Balance at the beginning of the year	25 752 938	23 710 196
Exchange difference arising on translation to presentation currency transferred to non-distributable reserves	(1 122 242)	2 042 742
Balance at the end of the year	24 630 696	25 752 938

	2022 US$	2021 US$
28. OWN SHARES		
Balance at the beginning of the year	(979)	(50 694)
Acquired in the year	(2 344 300)	(875 233)
Disposed in the year through cash settlement	732 156	591 514
Shares vested in the year	372 176	242 935
Equity-settled bonus payments	941 289	–
Revaluation of shares transacted by the Employee Benefit Trust at a discount, taken straight to equity reserves	298 680	91 247
Exchange difference arising on translation to presentation currency transferred to non-distributable reserves	43	(748)
Balance at the end of the year	(935)	(979)

The Analysys Mason Limited Employee Benefit Trust (“the Trust”) was established on 17 November 2006. In accordance with the terms of the Trust Deed, the Trust was established as part of a remuneration arrangement in order to facilitate the recruitment, retention and motivation of employees of Analysys Mason Limited and its subsidiaries.

The Trust is funded by a loan of US$936 (2021: US$979) from Analysys Mason Limited. At the financial year end, the Trust held nil ordinary shares of US$0.01 each and 65 000 (2021: 65 000) deferred shares of US$0.01 each in Analysys Mason Limited.

The own shares reserve represents the cost of shares in Analysys Mason Limited purchased from employees leaving the Company and held by the Trust.

Analysys Mason settled US$941 289 of the employees bonus by equity, remaining amount was settled by cash.

The Analysys Mason Limited Subscription and Shareholders' Agreement provides management shareholders with a put option and a leavers clause enabling them to sell the shares they hold in the Company under certain conditions. There is no contractual obligation for the Company to acquire the shares from the management shareholders under either the put option or the leavers clause.

	2022 US$	2021 US$
29. RETAINED EARNINGS		
Balance at the beginning of the year	17 420 670	13 571 609
Profit for the year	7 437 183	4 095 192
Shares in Employee Benefit Trust transacted at a discount	(298 680)	(91 247)
Credit to equity for equity-settled share-based payments	(158 965)	410 812
Dividends paid during the year	(2 169 864)	(565 696)
Actuarial losses on post-retirement benefit plans	(407 391)	–
Balance at the end of the year	21 822 953	17 420 670

	2022 US$	2021 US$
30. RECONCILIATION OF NET CASH GENERATED FROM OPERATING ACTIVITIES		
Profit for the year	7 437 183	4 095 192
Adjustment for:		
Finance income	(6 375)	(15 494)
Finance costs	556 409	635 751
Share of equity-accounted investment losses	–	2 499
Income tax expense	1 131 363	1 672 864
Depreciation of property, plant and equipment	448 118	491 923
Depreciation of right-of-use assets	2 101 803	2 132 391
Impairment of right-of-use assets	–	155 377
Amortisation of intangible assets	1 370 101	1 673 633
Share-based payments and retention scheme expense	7 598 216	4 077 827
Gain on investment	(3 273 523)	–
Unrealised foreign exchange losses (gains)	163 824	(881 225)
Loss on disposal of property, plant and equipment	–	109
Operating cash flows before movements in working capital	17 527 119	14 040 847
(Increase) decrease in contract assets	(2 489 006)	653 605
Increase in contract liabilities	1 086 816	835 897
Increase in trade and other receivables	(7 767 913)	(229 566)
Increase (decrease) in trade and other payables	5 551 567	(1 548 363)
Cash generated from operations	13 908 583	13 752 420
Income tax paid (note 31)	(1 648 362)	(3 625 657)
Interest paid	(823 612)	(28 094)
Net cash generated from operating activities	11 436 609	10 098 669

Cash and cash equivalents comprise cash and short term bank deposits. No bank accounts are overdrawn at the year end.

	2022 US$	2021 US$
31. RECONCILIATION OF INCOME TAX PAID		
Income tax paid is reconciled as follows:		
Net tax liability at the beginning of the year	(1 065 348)	(1 359 574)
Acquisition of subsidiary	–	(792 654)
Charge for the year	(2 280 249)	(2 684 682)
Foreign currency exchange differences	19 009	28 242
Other	286 896	207 270
Exchange difference arising on translation to presentation currency	54 450	(89 607)
Net tax liability at the end of the year	1 336 880	1 065 348
Income tax paid	(1 648 362)	(3 625 657)

32. RECONCILIATION OF CASH FLOWS ARISING FROM FINANCING ACTIVITIES

	As at 1 March 2021 US$	Financing cash inflows US$	Financing cash outflows US$	Acquisition of subsidiary US$	Foreign currency and other changes US$	Exchange difference from translation to presentation currency US$	As at 28 February 2022 US$
Reconciliation of liabilities arising from financing activities							
Loan from bank	–	9 559 421	–	–	54 061	(236 682)	9 376 800
Loan from parent company	10 860 173	–	(10 530 902)	–	(118 193)	(211 078)	–
Lease liabilities*	7 598 253	–	(2 291 790)	–	980 848	(298 836)	5 988 475

	As at 1 March 2020 US$	Financing cash inflows US$	Financing cash outflows US$	Acquisition of subsidiary US$	Foreign currency and other changes US$	Exchange difference from translation to presentation currency US$	As at 28 February 2021 US$
Reconciliation of liabilities arising from financing activities							
Long-term unsecured interest-bearing liabilities	152 565	–	(7 082 845)	6 932 375	(4 149)	2 054	–
Loan from parent company	1 445 631	9 961 152	–	–	(1 292 844)	746 234	10 860 173
Lease liabilities*	8 334 504	–	(2 172 253)	–	815 268	620 734	7 598 253

** The cash outflow for the year comprises repayment of the lease liability of US$2 122 631 (2021: US$1 982 349) and interest of US$169 159 (2021: US$189 904). The non-cash movement in leases include finance costs related to finance leases of US$0.16 million (2021: US$0.19 million), new leases of US$755 564 (2021: US$172 341) (refer note 13), foreign currency and other movements.*

33. CONTINGENT LIABILITIES

Analysys Mason issues bid and performance guarantees in compliance with contracts held with its UK and overseas clients. The amount of outstanding guarantees at the financial year end was US$425 865 (2021: US$468 276).

34. RETIREMENT BENEFITS

Analysys Mason operates defined contribution pension schemes for staff and directors. Contributions are charged to the statement of comprehensive income as they become payable in accordance with the rules of the schemes.

During the year, Analysys Mason contributed US$2 213 468 (2021:US$1 821 199) to defined contribution pension schemes and had outstanding contributions of US$135 407 as at 28 February 2022 (2021: US$128 007).

Analysys Mason also has a defined benefit pension scheme in Analysys Mason AS. This scheme is closed to new members. Analysys Mason has not disclosed the IAS 19 requirements as they are not considered to be material.

As at 28 February 2022, the balance of the defined benefit pension asset is US$1 172 034 (2021: US$1 170 534) and the balance of the defined pension obligation is US$1 514 631 (2021: US$1 069 760). The scheme has a net liability balance of US$342 597 (2021: US$100 774 net asset).

During the year, the total cost charged to the statement of comprehensive income in 2022 in respect of the defined benefit scheme is US$445 253 (2021: US$69 541) out of which US$407 391 (2019: US$nil) is recorded as other comprehensive income due to the remeasurement of defined benefit pension asset and liability. As at 28 February 2022, US$nil (2021: US$17 931) contributions were due to the scheme.

35. FINANCIAL INSTRUMENTS

35.1 Financial risk management objectives

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

Analysys Mason seeks to minimise the effects of these risks by using derivative financial instruments to hedge these risk exposures. Compliance with policies and exposure limits is reviewed by Datatec Limited's (the senior parent company) internal auditors on a continual basis. Analysys Mason does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

When appropriate, management reports regularly to Datatec Limited's audit, risk and compliance committee.

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

35.2 Capital risk management

Analysys Mason manages its capital to ensure that entities in Analysys Mason will be able to continue as a going concern while maximising the return to stakeholders. The capital structure of Analysys Mason consists of debt, which includes the borrowings disclosed in note 24, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings. Analysys Mason's capital structure is reviewed on at least an annual basis by the Board.

35.3 Significant accounting policies

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the basis of measurement and the basis for recognition of income and expenses) for each class of financial asset, financial liability and equity instrument are disclosed in note 1.

35.4 Categories of financial instruments

	Amortised cost US$	Fair value through profit or loss US$	Total US$
2022			
Financial assets			
Trade and other receivables	19 977 840	–	19 977 840
Long-term loans	47 702	–	47 702
Cash and cash equivalents	19 027 624	–	19 027 624
	39 053 166	–	39 053 166
Financial liabilities			
Trade and other payables	3 512 991	36 927	3 549 918
Lease liabilities	5 988 475	–	5 988 475
Borrowings	9 376 800	–	9 376 800
	18 878 266	36 927	18 915 193
2021			
Financial assets			
Trade and other receivables	14 028 273	149 449	14 177 722
Loans to related parties	49 432	–	49 432
Cash and cash equivalents	16 452 515	–	16 452 515
	30 530 220	149 449	30 679 669
Financial liabilities			
Trade and other payables	2 858 220	–	2 858 220
Lease liabilities	7 598 253	–	7 598 253
Loan from parent company	10 860 173	–	10 860 173
	21 316 646	–	21 316 646

All other assets and liabilities in the statement of financial position not disclosed above are non-financial instruments.

35.5 Credit risk management

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

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

In assessing whether the credit risk on trade receivables have increased significantly since initial recognition, Analysys Mason compares the risk of a default occurring at the reporting date with the risk of default occurring at the date of initial recognition. Analysys Mason considers both quantitative and qualitative information that is reasonable and supportable including historical and forward-looking information that is available without undue cost or effort.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Group defines counterparties as having similar characteristics if they are related entities. Concentration of credit risk did not exceed 10% of gross monetary assets at any time during the year. 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.

Analysys Mason assesses trade receivables as a low risk of default if the trade receivable has enough capacity to settle their debts. A customer is deemed to be in default once the due date for payment per agreed terms and conditions is missed, and no alternative method or timetable for settlement has been agreed to. When the debtor is in severe financial difficulty, there is no prospect of recovering the debt and every effort has been made to recover the debt the debt will be written off. If the debtor is placed into liquidation the debt will be written off immediately. Management makes the decision based on the information that is available to them.

The carrying amount of financial assets, which is net of impairment losses, represents Analysys Mason's maximum exposure to credit risk. Further information on the concentration of credit risk is detailed in the following table:

	North America US$	Latin America US$	Europe US$	Asia-Pacific US$	Middle East/ Africa US$	Total US$
2022						
Gross trade receivables	1 845 354	172 001	12 773 923	1 357 253	4 196 711	20 345 242
Less: Allowance for expected credit losses	(30 831)	–	(535 083)	–	(313 077)	(878 991)
Other receivables	48 903	–	326 397	127 004	9 285	511 589
Total trade and other receivables	1 863 426	172 001	12 565 237	1 484 257	3 892 919	19 977 840
Long-term loans	–	–	47 702	–	–	47 702
Cash and cash equivalents	673 604	13 659 784	352 318	4 099 082	242 836	19 027 624
Maximum on balance sheet exposure	2 537 030	13 831 785	12 965 257	5 583 339	4 135 755	39 053 166
2021						
Gross trade accounts receivable	1 514 912	182 250	8 247 366	1 385 975	2 195 522	13 526 025
Less: Allowance for expected credit losses	(15 520)	–	(79 460)	(39 824)	(392 237)	(527 041)
Other receivables	49 235	–	844 088	132 291	3 675	1 029 289
Total trade and other receivables	1 548 627	182 250	9 011 994	1 478 442	1 806 960	14 028 273
Forward exchange contract assets	–	–	149 449	–	–	149 449
Long-term loans	–	–	49 432	–	–	49 432
Cash and cash equivalents	138 866	–	14 469 949	1 561 880	281 820	16 452 515
Maximum on balance sheet exposure	1 687 493	182 250	23 680 824	3 040 322	2 088 780	30 679 669

The maximum off balance sheet exposure is US$nil (2021: US$nil).

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

35.6 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 Analysys Mason'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.

Analysys Mason is dependent on its bank overdraft to operate. These facilities generally consist of either a fixed term or fixed period but are repayable on demand and are secured against the assets of the Company to which the facility is made available.

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

	0 – 1 year US$	1 – 2 years US$	2 – 5 years US$	> 5 years US$	Total US$
2022					
Trade and other payables	3 512 991	–	–	–	3 512 991
Forward exchange contract liabilities	36 927	–	–	–	36 927
Lease liabilities	2 087 044	1 354 879	2 273 395	273 157	5 988 475
Borrowings	1 727 967	1 704 136	5 944 697	–	9 376 800
	7 364 929	3 059 015	8 218 092	273 157	18 915 193
2021					
Trade and other payables	2 858 220	–	–	–	2 858 220
Lease liabilities	2 162 963	2 994 827	2 249 918	190 545	7 598 253
Loan from parent company	2 902 108	1 238 038	6 720 027	–	10 860 173
	7 923 291	4 232 865	8 969 945	190 545	21 316 646

Analysys Mason continues to actively monitor its exposure to liquidity risks and the manner in which it manages and measures the risk.

35.7 Market risk management

The activities of the Group expose it primarily to the financial risks of changes in foreign currency exchange rates (see note 35.8) and interest rates (see note 35.9). Analysys Mason uses forward foreign exchange contracts to hedge the exchange rate risk arising on transactions denominated in foreign currency.

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

35.8 Foreign exchange risk management

Analysys Mason operates in the global business environment and undertakes many transactions denominated in foreign currencies. Analysys Mason is exposed to the risk of fluctuating exchange rates and seeks to actively manage this exposure, within approved policy parameters and through the use of derivative instruments. These instruments primarily comprise forward exchange contracts. Forward exchange contracts require a future purchase or sale of foreign currency at a specified price. Analysys Mason does not trade with forward exchange contracts for speculative purposes.

Fluctuations in exchange rates also affect the translation of the profits of subsidiaries whose reporting currency are not the British Sterling, the Group's primary reporting currency. A 10% movement will result in a US$2.1 million (2021: US$1.0 million) change in other comprehensive income/loss.

The carrying amounts of Analysys Mason's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Liabilities		Assets	
	2022 US$	2021 US$	2022 US$	2021 US$
Other currencies	3 036 674	14 953 884	27 003 913	26 015 649

Forward foreign exchange contracts

It is the policy of Analysys Mason to enter into foreign exchange contracts to cover specific foreign currency payments and receipts based on the known exposure generated. Analysys Mason also enters into foreign exchange contracts to manage the risk associated with anticipated sales and purchase transactions out to approximately three months within 100% of the anticipated exposure generated. All forward contracts are held by the Company. The Group do not apply any hedge accounting. During the year, Analysys Mason made gains on foreign exchange contracts of US$184 404 (2021: losses of US$241 697) which have been recognised in administrative expenses within the consolidated statement of comprehensive income.

The following table details the forward exchange contracts outstanding as at the year end:

	Average exchange rate		Foreign currency		Notional value		Fair value FEC (liability) asset	
	2022	2021	2022	2021	2022 US$	2021 US$	2022 US$	2021 US$
Sell USD								
Less than 3 months	1.36	1.39	4 977 000	(6 051 000)	4 922 471	(5 958 730)	(21 034)	92 294
Sell EUR								
Less than 3 months	1.20	1.15	619 000	2 238 000	687 955	3 116 863	(5 058)	57 155
Sell SAR								
Less than 3 months	5.05	–	3 289 000	–	860 328	–	(10 835)	–
							(36 927)	149 449

The fair value amounts are included within other debtors and prepayments or other payables in the statement of financial position as appropriate. These forward foreign exchange contract assets/liabilities are classified as level 2 financial instruments.

35.9 Interest rate risk management

Analysys Mason is exposed to interest rate risk on any drawn balances of the general overdraft facility amounting to US$1.3 million (£1.0 million equivalent) (2021: US$4.2 million, £3.0 million equivalent), bearing interest at the UK base rate plus 2.0% (2021: 2.0%). Interest rate risk is not considered significant, however management review interest rate risk on a regular basis and would take action if this became the case. Analysys Mason is also exposed to the interest rate on the credit facility from HSBC, bearing interest at the UK SONIA rate plus 2.75%. In the prior year, Analysys Mason was exposed to the interest rate on the loans from Datatec Limited, bearing interest at the 3-month USD LIBOR rate plus 2% – 4%.

An increase of 1% in applicable variable rate will result in a US$0.01 million (2021: US$0.01 million) reduction in profit before tax.

36. RELATED PARTY TRANSACTIONS

Transactions between the Company and its subsidiaries which are related parties, have been eliminated on consolidation and are not disclosed in this note. Transactions with fellow group undertakings of the ultimate parent, Datatec Limited, are disclosed below.

Sale/purchase of goods and services to/from related parties were made at a competitive rate discounted to reflect the relationships between the parties. No transactions occurred that might affect decisions made by users of the financial statements.

The amounts outstanding will be settled in cash. No guarantees have been given or received. No provisions have been made for expected credit losses in respect of amounts owed by related parties as it is considered to be immaterial.

	Sales of services		Purchase of services		Amounts owed by related parties		Amounts owed to related parties	
	2022 US$	2021 US$	2022 US$	2021 US$	2022 US$	2021 US$	2022 US$	2021 US$
Trading transactions								
Datatec Financial Services Limited	81 938	77 970	–	–	–	83 562	–	–
Datatec plc	330 155	620 973	610 497	310 205	41 152	383 523	176 716	11 017 473
Datatec International Services FZE	–	–	–	–	–	2 202	–	–
	412 093	698 943	610 497	310 205	41 152	469 287	176 716	11 017 473
Directus AS[1]	–	–	–	–	–	49 432	–	–
	412 093	689 943	610 497	310 205	41 152	518 719	176 716	11 017 473

[1] *Directus AS became a third party during the current year. Refer to note 11 for more detail.*

All sales and purchases relate to admin services supplied and received other than those explicitly detailed below:

- Consultancy fees charged to Datatec plc of US$49 776 (2021: US$324 875).
- Loan interest charged by Datatec plc of US$291 723 (2021: US$417 753).

Remuneration of key management personnel

The remuneration of the directors, who are deemed to be the key management personnel of Analysys Mason, is set out below in aggregate for each of the categories specified in IAS 24 *Related Party Disclosures.*

	2022 US$	**2021 US$**
Short-term employee benefits	4 047 950	3 105 199
Post-employment benefits	212 693	139 540
Share-based payments	939 031	533 872
Benefit in kind arising on the purchase of ordinary shares at a discount	36 955	47 358
	5 236 629	3 825 969

During the year, directors of the Company entered into sale and purchase transactions of Analysys Mason Limited's shares, a summary of which is disclosed below.

		Sale transaction			**Purchase transaction**		
2022	**Type**	**Date**	**Number of shares**	**Price per share US$**	**Date**	**Number of shares**	**Price per share US$**
J M Ruud	Ordinary	21 Sept 2021	2 500	34.51			
P J McMenemy	Ordinary				21 Sept 2021	7 000	27.61
P J McMenemy	Ordinary				10 Jan 2022	946	34.51
2021							
A C Moerman	Ordinary	–	–	–	10 Aug 2020	857	19.04
C A Stanford-Beale	Ordinary	–	–	–	10 Aug 2020	1 100	19.04
J M Ruud	Ordinary	10 Aug 2020	4 888	23.79	–	–	–
P J McMenemy	Ordinary	–	–	–	10 Aug 2020	8 000	19.04

Dividends totalling US$112 490 (2021: US$26 837) in respect of ordinary shares held by the Company's directors were paid in the year.

On 6 January 2020, Analysys Mason provided non-interest bearing loans to the Company directors . The loans were provided to help the directors finance the tax burden of a discounted share purchase. During the year, US$17 679 (2021: US$182 645) was repaid by the directors towards the loans. The loans were repayable over three years and the aggregated balance at the reporting date is as follows:

	2022 US$	**2021 US$**
Loans provided to directors	–	24 233

On 6 January 2020, Analysys Mason provided an advanced payment to a director of the Company. The advance payment, which is non-interest bearing, was provided to help the director finance the tax burden of a discounted share purchase. During the year, US$26 108 (2021: US$24 389) was repaid by the director towards the advanced payment. The advanced payment will be repaid by salary reductions over three years. The balance at the reporting date is as follows:

	2022 US$	**2021 US$**
Advanced payment to directors	25 515	52 384

In the prior year, one director, through a limited company, Ruud Industrier AS, had a 5.18% equity share in Directus AS. The director received no payments from Directus AS in the current and prior years. Directus AS became a third party during the current year.

There were no other material transactions or balances between Analysys Mason and its key management personnel or members of their close family.

37. ACQUISITION OF SUBSIDIARY

On 1 April 2020, Analysys Mason Limited acquired 100% of the share capital of Allolio&Konrad, a consulting company headquartered in Bonn, Germany. Consideration of US$1.0 million was paid as cash. US$0.3 million of cash was paid on 31 March 2020 and a further payment of US$0.7 million was paid on 1 July 2020.

A further US$6.6 million of consideration was paid to settle debt of Allolio&Konrad with the seller. Post-acquisition, the Group agreed revised loan terms with Allolio&Konrad.

Allolio&Konrad has an extensive track record in the telecommunications industry, and its key services include the design, management and assurance of major business support systems (BSS) and operational support systems (OSS) transformation programmes and large-scale, multi-year IT strategy initiatives, alongside other solutions focussed on performance and operations management.

	2021 US$
Consideration transferred	
Cash	1 099 753
Identifiable assets acquired, and liabilities assumed	
Acquired intangibles assets	3 826 197
Property, plant and equipment	42 121
Trade receivables	1 193 054
Other receivables	1 638 132
Cash	926 465
Long-term loan	(6 932 375)
Deferred tax	(1 147 322)
Trade payables	(186 845)
Tax liability	(792 654)
Other payables	(1 770 798)
Total identifiable net liabilities acquired	(3 204 025)
Goodwill	4 303 778
Payment for acquisition of subsidiary net of cash acquired	
Payment of acquiree's liabilities	6 928 226
Purchase consideration settled in cash	1 099 753
Less: Cash acquired	(926 465)
Net cash outflow for acquisition of subsidiary	7 101 514

The acquired subsidiary contributed US$12.1 million revenue and profits of US$4.2 million to Analysys Mason's operating profit from the acquisition date to the balance sheet date. All receivables acquired are measured at amortised cost. The carrying value of trade receivables balances equals its fair value, therefore no fair value disclosures are provided.

Acquired other receivables includes contract assets where the carrying value differed to Analysys Mason's valuation. Pre-acquisition, the contract asset recognised was equal to the costs incurred against performance obligations not yet fully delivered. Post-acquisition, the contract asset is equal to the revenue that can be recognised for work performed but not yet classified as a trade receivable. The difference of US$0.6 million has been recognised as a fair value adjustment, debiting contract assets.

Acquisition-related costs of US$0.3 million have been incurred and are included in administrative expenses.

38. SUBSEQUENT EVENTS

Acquisitions

Effective 30 April 2022 Access Markets International (AMI) Partners, Inc., a 100% owned subsidiary of Analysys Mason Limited, acquired 100% of the membership interests in Northern Sky Research, LLC ("NSR") for cash consideration of up to US$11 million. This includes an earn out payment of up to US$2 million payable based on mutually agreeable revenue targets. NSR is a company based in Boston (U.S.A) which specialises in research and consulting services to the space and satellite sector. The purchase price allocation was still in process of being performed at the time of the approval of the financial statements of Analysys Mason for the year ended 28 February 2022.

Effective 25 May 2022, Analysys Mason Ventures Fund Nordic 1 AS, a 100% owned subsidiary of Analysys Mason AS, sold 100% of its shareholding in Fortum Fiber AS to its co-owners for an undisclosed cash consideration. The consideration was paid in cash on closing and an additional adjustment amount based on the 31 May 2022 balance sheet was paid on 24 June 2022 in cash.

There have been no other facts or circumstances of a material nature that have occurred between the reporting date and the date that the historical financial information was approved that would require adjustment to or disclosure in the historical financial information.

39. IMMEDIATE AND ULTIMATE PARENT COMPANY

The immediate parent company of Analysys Mason is Datatec plc, a company incorporated in the United Kingdom. The ultimate parent company and controlling party of Analysys Mason is Datatec Limited, a company incorporated in South Africa. Datatec Limited is the largest group in which the results of the Company are consolidated. Analysys Mason Limited is the smallest group in which the results of the Company are consolidated. Consolidated financial statements can be obtained from the registered address North West Wing, Bush House, Aldwych, London, WC2B 4PJ. Financial statements for Datatec Limited are publicly available for P.O. Box 76226, Wendywood, Johannesburg 2144, South Africa.

	2022 US$	2021 US$
40. RECONCILIATION OF HEADLINE EARNINGS		
The profit for the year is reconciled to headline earnings as follows:		
Profit for the year	7 437 183	4 095 192
Gain on investments	(3 273 523)	–
Impairment of right-of-use asset	–	155 377
Loss on disposal of property, plant and equipment	–	109
Tax effect of the above	–	(45 154)
Minority impact of the above	–	(19 860)
Headline earnings	4 163 660	4 185 664

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF ANALYSYS MASON FOR THE YEARS ENDED FEBRUARY 2021 AND 2022

Independent reporting accountants' review report on the Consolidated Historical Financial Information

To the directors of Datatec Limited

Introduction

Datatec Limited ("Datatec" or "you") is issuing a Circular to its shareholders (the "Circular") regarding the proposed disposal of its subsidiary, Analysys Mason Limited (the "Company") and its subsidiaries (together the "Group") (the "Proposed Transaction").

At your request and for the purpose of the Circular to be dated on or about 5 August 2022, we have reviewed the consolidated statement of financial position of the Group as at 28 February 2021 and the related consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the period then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information (the "2021 Historical Financial Information"), presented in Annexure 4 to the Circular, in compliance with the requirements of the JSE Limited Listings Requirements.

Directors' responsibility

The directors of Datatec are responsible for the preparation, contents and presentation of the Circular and are responsible for ensuring that Datatec complies with the requirements of the JSE Limited's Listings Requirements.

The directors of the Company are responsible for the preparation and fair presentation of the 2021 Historical Financial Information in accordance with International Financial Reporting Standard, (IAS) 34 *Interim Financial Reporting* and the requirements of the JSE Limited Listings Requirements, and for such internal control as the directors determine is necessary to enable the preparation of the 2021 Historical Financial Information that is free from material misstatement, whether due to fraud or error.

In preparing the 2021 Historical Financial Information, the directors of the Company are responsible for assessing the Group'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 to cease operations, or have no realistic alternative but to do so.

Reporting accountant's responsibility

Our responsibility is to express a conclusion on the 2021 Historical Financial Information. We conducted our review in accordance with International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity,* which applies to a review of historical financial information performed by the independent auditor of the entity. ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the consolidated financial statements are not prepared in all material respects in accordance with the applicable financial reporting framework. This standard also requires us to comply with relevant ethical requirements.

A review of financial statements in accordance with ISRE 2410 is a limited assurance engagement. We perform procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluate the evidence obtained.

The procedures in a review are substantially less than and differ in nature from those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on the 2021 Historical Financial Information.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the 2021 Historical Financial Information of the Group does not present fairly, in all material respects, the consolidated financial position of the Group as at 28 February 2021, and its consolidated financial performance and its consolidated cash flows for the period then ended in accordance with International Financial Reporting Standards and the requirements of the JSE Listings Requirements.

Purpose of the report

This report has been prepared for the purpose of the Circular and for no other purpose.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: Berno Niebuhr
Registered Auditor
Johannesburg, South Africa
28 July 2022

INDEPENDENT REPORTING ACCOUNTANTS' AUDIT REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF ANALYSYS MASON LIMITED FOR THE YEAR ENDED 28 FEBRUARY 2022

Independent reporting accountants' audit report on the Consolidated Historical Financial Information

To the directors of Datatec Limited

Our opinion

Datatec Limited ("Datatec" or "you") is issuing a Circular to its shareholders (the "Circular") regarding the proposed disposal of subsidiary, Analysys Mason Limited (the "Company") and its subsidiaries ("together the "Group") (the "Proposed Transaction").

In our opinion, the Consolidated Historical Financial Information as set out in Annexure 4 of the Circular (the "2022 Historical Financial Information") presents fairly, in all material respects, the consolidated financial position of the Group as at 28 February 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards and the JSE Limited Listings Requirements.

What we have audited

At your request and solely for the purpose of the Circular to be dated on or about 5 August 2022, we have audited the Group's 2022 Historical Financial Information set out on pages 65 to 105, which comprises:

- the consolidated statement of financial position as at 28 February 2022;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the 2022 Historical Financial Information, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Reporting accountant's responsibilities for the audit of the consolidated historical financial information* 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 are independent of the Group in accordance with the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants* (including International Independence Standards).

Purpose of this report

This report has been prepared for the purpose of the Circular and for no other purpose.

Other Matter

The consolidated historical financial information of the Group as at 28 February 2021, and for the year then ended was not audited but was subject to review. A review engagement is substantially less in scope than an audit. The review report dated 28 July 2022 expressed an unqualified conclusion.

Responsibilities of the directors for the consolidated historical financial information

The directors of Datatec are responsible for the preparation, contents and presentation of the Circular and are responsible for ensuring that Datatec complies with the requirements of the JSE Limited Listings Requirements.

The directors of the Company are responsible for the preparation and fair presentation of the 2022 Historical Financial Information in accordance with International Financial Reporting Standards and the requirements of the JSE Limited Listings Requirements, and for such internal control as the directors determine is necessary to enable the preparation of the 2022 Historical Financial Information that is free from material misstatement, whether due to fraud or error.

In preparing the 2022 Historical Financial Information, the directors of the Company are responsible for assessing the Group'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 the Group or to cease operations, or have no realistic alternative but to do so.

Reporting accountant's responsibilities for the audit of the consolidated historical financial information

Our objectives are to obtain reasonable assurance about whether the 2022 Historical Financial Information as a whole is free from material misstatement, whether due to fraud or error, and to issue a reporting accountants' 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 will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this 2022 Historical Financial Information.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 2022 Historical Financial Information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors of the Company.
- Conclude on the appropriateness of the directors of the Company's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our reporting accountants' report to the related disclosures in the 2022 Historical Financial Information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our reporting accountants' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the 2022 Historical Financial Information, including the disclosures, and whether the 2022 Historical Financial Information represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the 2022 Historical Financial Information. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors of Datatec regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers I.

PricewaterhouseCoopers Inc.
Director: Berno Niebuhr
Registered Auditor
Johannesburg, South Africa
28 July 2022

PRO FORMA FINANCIAL INFORMATION OF DATATEC

The definitions and interpretations commencing on page 6 of this Circular apply to this Annexure 6.

Set out below is the consolidated pro forma statement of comprehensive income and consolidated pro forma statement of financial position of Datatec, illustrating the pro forma effects of the Transaction (the "pro forma financial information"). The pro forma financial information has been provided for illustrative purposes only, to provide information on how the Transaction may have affected the results and financial position of Datatec on the assumption that the Transaction was effective 1 March 2021 for purposes of the consolidated pro forma statement of comprehensive income and 28 February 2022 for purposes of the consolidated pro forma statement of financial position. Because of its nature, the pro forma financial information may not fairly represent Datatec's financial position, changes in equity, results of operations or cash flows after the Transaction.

The pro forma financial information, including the assumptions on which it is based and the financial information from which it has been prepared, is the responsibility of the directors of Datatec.

The pro forma financial information has been prepared in accordance with the JSE Listings Requirements, the Guide on Pro Forma Financial Information issued by SAICA, and the accounting policies of Datatec, which are in compliance with IFRS.

All other assumptions used in the preparation of the pro forma financial information have been detailed in the notes thereto. The pro forma financial information presented below does not purport to be indicative of the financial results and effects of the Transaction had it been implemented on a different date.

The pro forma financial information, set out on the next page, should be read in conjunction with the assurance report of the Independent Reporting Accountant on the compilation of consolidated pro forma financial information, which is included as Annexure 7 to this Circular.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE TWELVE MONTHS ENDED 28 FEBRUARY 2022

US$'000	Before Transaction	Analysys Mason	Consoli–dation adjustments	Disposal consider–ation	Transaction related costs	Deferred Loan Notes	Pro Forma after the Transaction and before earn–out	100% Earn–out	Pro Forma after the Transaction
Notes	**1**	**2**	**3**	**5**	**6**	**7**		**8**	
Revenue	4 636 782	(90 434)	50	–	–	–	4 546 398	–	4 546 398
Cost of sales	(3 866 386)	49 755	1	–	–	–	(3 816 630)	–	(3 816 630)
Gross profit	770 396	(40 679)	51	–	–	–	729 768	–	729 768
Operating costs	(591 400)	22 707	(255)	–	–	–	(568 948)	–	(568 948)
Net impairment of financial assets	(1 946)	49	–	–	–	–	(1 897)	–	(1 897)
Share-based payments	(22 517)	7 598	(546)	–	–	–	(15 465)	–	(15 465)
Operating profit before interest, tax, depreciation and amortisation ("EBITDA") before management fee	154 533	(10 326)	(750)	–	–	–	143 457	–	143 457
Datatec management fee	–	561	(561)	–	–	–	–	–	–
Operating profit before interest, tax, depreciation and amortisation ("EBITDA")	154 533	(9 765)	(1 311)	–	–	–	143 457	–	143 457
Depreciation of property, plant and equipment	(17 953)	448	–	–	–	–	(17 505)	–	(17 505)
Depreciation of right-of-use assets	(33 843)	2 102	–	–	–	–	(31 741)	–	(31 741)
Amortisation of capitalised development expenditure	(7 432)	–	–	–	–	–	(7 432)	–	(7 432)
Amortisation of acquired intangible assets and software	(13 174)	1 370	–	–	–	–	(11 804)	–	(11 804)
Operating profit	82 131	(5 845)	(1 311)	–	–	–	74 975	–	74 975
Interest income	2 271	(6)	–	–	–	–	2 265	–	2 265
Finance costs	(33 580)	265	–	–	–	–	(33 315)	–	(33 315)
Intercompany interest	–	292	(292)	–	–	–	–	–	–
Share of equity-accounted investment losses	(427)	–	–	–	–	–	(427)	–	(427)
Gain on investment	–	(3 274)	3 274	–	–	–	–	–	–

US$'000	Before Transaction	Analysys Mason	Consoli–dation adjustments	Disposal consider–ation	Transaction related costs	Deferred Loan Notes	Pro Forma after the Transaction and before earn–out	100% Earn–out	Pro Forma after the Transaction
Acquisition-related fair value adjustments	567	–	–	–	–	–	567	–	567
Profit on disposal of subsidiary	–	–	–	138 869	(4 479)	10 446	144 836	8 633	153 469
Other income	(27)	–	–	–	–	–	(27)	–	(27)
Profit before taxation	50 935	(8 568)	1 671	138 869	(4 479)	10 446	188 874	8 633	197 507
Taxation	(10 602)	1 131	–	–	–	–	(9 471)	–	(9 471)
Profit for the period	40 333	(7 437)	1 671	138 869	(4 479)	10 446	179 403	8 633	188 036
Profit attributable to:									
Owners of the parent	33 902	(7 437)	1 671	138 869	(4 479)	10 446	172 972	8 633	181 605
Non-controlling interests	6 431	–	–	–	–	–	6 431	–	6 431
	40 333	(7 437)	1 671	138 869	(4 479)	10 446	179 403	8 633	188 036
Reconciliation attributable to headline earnings									
Total basic earnings									
Profit attributable to the equity holders of the parent	33 902	(7 437)	1 671	138 869	(4 479)	10 446	172 972	8 633	181 605
Profit on disposal of subsidiary/ investment	–	3 274	(3 274)	(138 869)	4 479	(10 446)	(144 836)	(8 633)	(153 469)
Realised foreign exchange gains on equity loans settled	(1 174)	–	–	–	–	–	(1 174)	–	(1 174)
Loss on disposal of PPE, right of use assets and intangible asset (net)	(82)	–	–	–	–	–	(82)	–	(82)
Tax on realised foreign exchange gains on equity loans settled	329	–	–	–	–	–	329	–	329
Tax on loss on disposal of PPE and right of use assets (net)	33	–	–	–	–	–	33	–	33
Total headline earnings	33 008	(4 163)	(1 603)	–	–	–	27 242	–	27 242
Amortisation of acquired intangible assets	10 100	(1 191)	–	–	–	–	8 909	–	8 909

US$'000	Before Transaction	Analysys Mason	Consoli–dation adjustments	Disposal consider–ation	Transaction related costs	Deferred Loan Notes	Pro Forma after the Transaction and before earn–out	100% Earn–out	Pro Forma after the Transaction
Net Unrealised foreign exchange gains / (losses)	(470)	(164)	–	–	–	–	(634)	–	(634)
Acquisition related fair value adjustment	(567)	–	–	–	–	–	(567)	–	(567)
Tax on amortisation of acquired intangible assets	(2 427)	324	–	–	–	–	(2 103)	–	(2 103)
Tax on net Unrealised foreign exchange gains / (losses)	(582)	29	–	–	–	–	(553)	–	(553)
Minority on amortisation of acquired intangible assets	(1 046)	156	–	–	–	–	(890)	–	(890)
Minority on net unrealised foreign exchange gains/ (losses)	67	28	–	–	–	–	95	–	95
Total underlying earnings	38 083	(4 981)	(1 603)	–	–	–	31 499	–	31 499
Basic earnings per share (US cents)	16.7					–	85.1	–	89.4
Headline earning per share (US cents)	16.2					–	13.4	–	13.4
Underlying** earnings per share (US cents)	18.7					–	15.5	–	15.5
Diluted basic earnings per share (US cents)	16.2					–	82.7	–	86.8
Diluted headline earnings per share (US cents)	15.8					–	13.0	–	13.0
Diluted underlying earnings per share (US cents)	18.2					–	15.1	–	15.1
Weighted average number of shares ('000)	203 179					–	203 179	–	203 179
Diluted weighted average number of shares ('000)	209 279					–	209 279	–	209 279

NOTES TO PRO FORMA – STATEMENT OF COMPREHENSIVE INCOME

Notes and assumptions:

1. The "Before Transaction" information has been extracted, without adjustment, from the Datatec Group audited consolidated annual financial statements for the year ended 28 February 2022.

2. Extracted from the audited historical condensed financial information of Analysys Mason for the year ended 28 February 2022, attached as Annexure 4 to this Circular.

3. Represents the reversal of consolidation and unadjusted entries relating to the consolidation of Analysys Mason within the historical condensed financial results of Datatec.

4. The performance shares to the value of US$25 million, which are expected to vest due to change in control provisions in existing share-based payment schemes, will result in the dilution of the Datatec PLC shareholding in Analysys Mason from 79.4% to 71.2% at transaction date. This will have an impact on the statement of other comprehensive income in the calculation of the profit on disposal.

5. The once-off profit on the disposal has been determined using the net consideration and the consolidated net asset value of Analysys Mason as if the Transaction occurred on 28 February 2022 as follows:

Profit on disposal	**USD'000**
Adjusted equity consideration 100% of Analysys Mason (refer note 5 Notes to the pro forma statement of financial position below for calculation)	239 955
Datatec's 71.2% of Analysys Mason equity value	170 889
Less: carrying value of equity in Analysys Mason per Annexure 4	(43 962)
Add: Consolidation entries (refer note 3 above)	11 942
Profit attributable to Datatec @ 71.2%	138 869

The profit (net of transaction related costs) is expected to be returned to shareholders however, due to the uncertainty around the timing of the distribution of funds and the exact mechanism not being determined yet, no earnings effects have been included in the pro forma statement of comprehensive income.

6. Datatec's share of once-off transaction costs of US$4.5 million are expected to be incurred as a direct result of the Transaction. This includes Datatec's share of US$3.7 million transaction costs that all shareholders contribute to as well as US$0.8 million of Datatec specific transaction costs, refer summary of expenses in circular above. The transaction fees are not tax deductible as they have been considered capital in nature.

7. A once-off non-contingent deferred purchase consideration comprising of GBP10 million Deferred Loan Notes (US$13.3 million based on a closing spot rate of 1.332 as at 28 February 2022) is payable on the 3rd year anniversary of the effective date of the Transaction. It will accrue interest of 7% per annum (US$2.8 million in total for the 3 years) which will be settled with the deferred purchase consideration. Datatec's 71.2% share of the deferred purchase consideration and interest is US$11.5 million. The present value is calculated using an effective interest rate of 3.19%, representing the current lending rate for Analysys Mason, being US$10.4 million.

8. A potential maximum once-off earn-out of GBP10 million (US$13.3 million) is payable on the 3rd year anniversary of the effective date of the Transaction. This earn-out payment is subject to EBITDA performance criteria for the 2023 financial year for Analysys Mason being achieved. The earn-out will be determined on a sliding scale with EBITDA target between GBP15.6 million (zero earn-out) and GBP16.6 million (maximum earn-out) This will not accrue interest. Datatec's 71.2% share of the maximum earn-out is GBP7.1 million (US$9.5 million). The present value is calculated using an effective interest rate of 3.19%, representing the current lending rate for Analysys Mason, being US$8.6 million. At the effective date of the transaction, the potential earn-out will be estimated and an asset raised in accordance with IFRS.

9. It is considered that the sale of shares by Datatec Plc to BDC will fall within the UK substantial shareholdings exemption and consequently no tax charge on capital gains will arise.

10. Save for transaction costs and profit on sale of Analysys Mason, all adjustments are expected to have a continuing effect.

11. No effect has been given for the possible adjustments to the equity consideration for Analysys Mason outlined in paragraph 2.2 of the Circular, which will not have a significant impact on the consideration, as the possibility and quantum of the adjustments is unknown and / or subject to future contingent events.

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

THE PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 28 FEBRUARY 2022 HAS BEEN PREPARED TO SHOW THE IMPACT OF THE TRANSACTION AS IF IT WAS EFFECTIVE 28 FEBRUARY 2022.

US$'000	Before Transaction	Analysys Mason	Consoli–dation journals	Reduction Analysys Mason shareholding	Disposal consideration	Transaction related costs	Deferred Loan Notes	Pro Forma after the Transaction and before earn–out	100% Earn–out	Pro Forma after the Transaction
Note	**1**	**2**	**3**	**4**	**5**	**6**	**7**		**8**	
Assets										
Non-current assets	613 155	(41 241)	3 569	–	–	–	10 446	585 929	8 633	594 562
Goodwill	262 606	(28 452)	5 223	–	–	–	–	239 377	–	239 377
Property, plant and equipment	32 517	(900)	–	–	–	–	–	31 617	–	31 617
Right-of-use assets	80 639	(5 507)	–	–	–	–	–	75 132	–	75 132
Capitalised development expenditure	29 351	–	–	–	–	–	–	29 351	–	29 351
Acquired intangible assets and software	28 132	(3 503)	–	–	–	–	–	24 629	–	24 629
Investments	13 454	–	(1 654)	–	–	–	–	11 800	–	11 800
Deferred tax assets	69 951	(2 831)	–	–	–	–	–	67 120	–	67 120
Finance lease receivables	20 573	–	–	–	–	–	–	20 573	–	20 573
Other non-current assets, contract assets and contract costs	75 932	(48)	–	–	–	–	10 446	86 330	8 633	94 963
Current assets	2 399 078	(57 569)	4 847	–	170 889	4 479	–	2 512 766	–	2 512 766
Inventories	309 227	–	–	–	–	–	–	309 227	–	309 227
Trade receivables	1 223 824	(19 507)	–	–	–	–	–	1 204 317	–	1 204 317
Prepaid expenses and other receivables	223 135	(3 351)	–	–	–	–	–	219 784	–	219 784
Investments held for sale	–	(4 847)	4 847					–	–	–
Contract assets and contract costs	156 058	(10 692)	–	–	–	–	–	145 366	–	145 366
Current tax assets	23 030	(144)	–	–	–	–	–	22 886	–	22 886

US$'000	Before Transaction	Analysys Mason	Consoli–dation journals	Reduction Analysys Mason shareholding	Disposal consideration	Transaction related costs	Deferred Loan Notes	Pro Forma after the Transaction and before earn–out	100% Earn–out	Pro Forma after the Transaction
Note	**1**	**2**	**3**	**4**	**5**	**6**	**7**		**8**	
Finance lease receivables	9 878	–	–	–	–	–	–	9 878	–	9 878
Cash resources	453 926	(19 028)	–	–	170 889	(4 479)	–	601 308	–	601 308
Total assets	3 012 233	(98 810)	8 416	–	170 889	(4 479)	10 446	3 098 695	8 633	3 107 328
Equity and liabilities										
Equity attributable to equity holders of the parent	563 430	(43 962)	11 941	(2 625)	173 514	(4 479)	10 446	708 265	8 633	716 898
Stated capital	148 859	(24 665)	24 665	–	–	–	–	148 859	–	148 859
Non-distributable reserves	105 628	(6 464)	(2)	(2 625)	2 625	–	–	99 162	–	99 162
Foreign currency translation reserve	(138 306)	11 011	–	–	–	–	–	(127 295)	–	(127 295)
Share-based payment reserve	9 465	(2 021)	–	–	–	–	–	7 444	–	7 444
Distributable reserves	437 784	(21 823)	(12 722)	–	170 889	(4 479)	10 446	580 095	8 633	588 728
Non-controlling interests	67 516	(8)	(5 619)	2 625	(2 625)	–	–	61 889	–	61 889
Total equity	630 946	(43 970)	6 322	–	170 889	(4 479)	10 446	770 154	8 633	778 787
Non-current liabilities	229 112	(15 494)	–	–	–	–	–	213 618	–	213 618
Long-term interest-bearing liabilities	56 440	(7 649)	–	–	–	–	–	48 791	–	48 791
Lease liabilities	61 523	(3 901)	–	–	–	–	–	57 622	–	57 622
Liability for share-based payments	7 676	(2 780)	–	–	–	–	–	4 896	–	4 896
Acquisition-related liabilities	4 056	–	–	–	–	–	–	4 056	–	4 056
Deferred tax liabilities	28 096	(821)	–	–	–	–	–	27 275	–	27 275
Deferred revenue	21 464	–	–	–	–	–	–	21 464	–	21 464
Provisions	8 913	–	–	–	–	–	–	8 913	–	8 913
Other Non-Current Liabilities	40 944	(343)	–	–	–	–	–	40 601	–	40 601

US$'000	Before Transaction	Analysys Mason	Consoli–dation journals	Reduction Analysys Mason shareholding	Disposal consideration	Transaction related costs	Deferred Loan Notes	Pro Forma after the Transaction and before earn–out	100% Earn–out	Pro Forma after the Transaction
Note	**1**	**2**	**3**	**4**	**5**	**6**	**7**		**8**	
Current liabilities	2 152 175	(39 346)	2 094	–	–	–	–	2 114 923	–	2 114 923
Trade and other payables	1 526 163	(29 365)	2 094	–	–	–	–	1 498 892	–	1 498 892
Short-term interest-bearing liabilities	266 617	–	–	–	–	–	–	266 617	–	266 617
Lease liabilities	32 870	(2 087)	–	–	–	–	–	30 783	–	30 783
Deferred revenue	134 638	(6 277)	–	–	–	–	–	128 361	–	128 361
Provisions	7 254	–	–	–	–	–	–	7 254	–	7 254
Acquisition-related liabilities	39	(0)	–	–	–	–	–	39	–	39
Intercompany payables	–	(136)	–	–	–	–	–	(136)	–	(136)
Current tax liabilities	18 035	(1 481)	–	–	–	–	–	16 554	–	16 554
Bank overdrafts	166 559	–	–	–	–	–	–	166 559	–	166 559
Total equity and liabilities	3 012 233	(98 810)	8 416	–	170 889	(4 479)	10 446	3 098 695	8 633	3 107 328
Issued number shares (excluding treasury and DBP shares)	213 631 099							213 631 099		213 631 099
Net asset value per share (USD cents)	264							332		336
Net tangible asset value per share (USD cents)	114							194		198

NOTES TO PRO FORMA STATEMENT OF FINANCIAL POSITION

Notes and assumptions:

1. The "Before Transaction" information has been extracted, without adjustment, from the Datatec Group audited consolidated annual financial statements for the year ended 28 February 2022.

2. Extracted from the audited historical condensed financial information of Analysys Mason for the year ended 28 February 2022, attached as Annexure 4 to this Circular. The FY22 financial results have been converted at 1.332, being the spot exchange rate at 28 February 2022. Adjustments have been made to agree to group reporting.

3. Represents the reversal of consolidation and unadjusted entries relating to the consolidation of Analysys Mason within the historical condensed financial results of Datatec.

4. Performance shares to the value of US$25 million are expected to vest due to change in control provisions in existing share-based payment schemes. The vesting of these performance shares will result in the dilution of the Datatec shareholding in Analysys Mason. The Datatec effective shareholding will decrease from 79.4% to 71.2% at transaction date. The dilution resulted in an increase of US$2.6 million in the minority reserve. This is a transaction within equity as it does not result in the loss of control.

5. The net proceeds on disposal has been assumed as follows based on the financial position as at 28 February 2022. The amounts in the table below have been converted to USD at 1.332, being the exchange rate at 28 February 2022:

	GBP'000	**USD'000**
Enterprise value (maximum consideration)	210 000	279 722
Deduction of certain debt-like items	(9 855)	(13 127)
Equity consideration	200 145	266 595
Equity consideration comprising off:		
Initial cash consideration	180 145	239 955
Deferred Loan Notes	10 000	13 320
Aggregate earn-out payment	10 000	13 320
Datatec's 71.2% of Initial cash consideration	128 294	170 889
Datatec's 71.2% of Deferred loan notes (not discounted)	7 121	9 486
Datatec's 71.2% of earn-out (not discounted)	7 121	9 486

The net proceeds (after transaction related costs) will be returned to shareholders as soon as reasonably practicable, which would serve to reduce shareholders' equity in Datatec. However, as the exact mechanism of such distribution is still to be determined, the effect of the distribution is not reflected within the pro forma statement of financial information.

6. Datatec's share of once-off transaction costs of US$4.5 million are expected to be incurred as a direct result of the Transaction. This includes Datatec's share of US$3.7 million transaction costs that all shareholders contribute to as well as US$0.8 million of Datatec specific transaction costs, refer summary of expenses in circular above. The transaction costs are assumed to be settled in cash shortly after the closing date. The transaction fees are not tax deductible as they are considered capital in nature.

7. A once-off non-contingent deferred purchase consideration comprising of GBP10 million Deferred Loan Notes (US$13.3 million based on a closing spot rate of 1.332 as at 28 February 2022) is payable on the 3rd year anniversary of the effective date of the Transaction. It will accrue interest of 7% per annum (US$2.8 million in total for the 3 years) which will be settled with the deferred purchase consideration. Datatec's 71.2% share of the deferred purchase consideration and interest is US$11.5 million. The present value is calculated using an effective interest rate of 3.19%, representing the current lending rate for Analysys Mason, being US$10.4 million.

8. A potential maximum once-off earn-out of GBP10 million (US$13.3 million) is payable on the 3rd year anniversary of the effective date of the Transaction. This earn out payment is subject to EBITDA performance criteria for the 2023 financial year for Analysys Mason being achieved. The earn-out will be determined on a sliding scale with EBITDA target between GBP15.6 million (zero earn-out) and GBP16.6 million (maximum GBP10.0 million earn-out) This will not accrue interest. Datatec's 71.2% share of the maximum earn-out is GBP7.1 million (US$9.5 million). The present value is calculated using an effective interest rate of 3.19%, representing the current lending rate for Analysys Mason, being US$8.6 million. At the effective date of the transaction, the potential earn-out will be estimated and an asset raised in accordance with IFRS.

9. It is considered that the sale of shares by Datatec Plc to BDC will fall within the UK substantial shareholdings exemption and consequently no tax charge on capital gains will arise.

10. No effect has been given for the possible adjustments to the equity consideration for Analysys Mason outlined in paragraph 2.2 of the Circular, which will not have a significant impact on the consideration, as the possibility and quantum of the adjustments is unknown and / or subject to future contingent events.

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF *PRO FORMA* FINANCIAL INFORMATION

To the Directors of Datatec Limited

We have completed our assurance engagement to report on the compilation of the pro forma financial information of Datatec Limited ("Datatec", the "Company", or "you") by the directors. The Pro Forma Financial Information, as set out in Annexure 6 of the Circular, consists of the pro forma statement of financial position as at 28 February 2022, the Pro Forma Statement of profit or loss and other comprehensive income for the year ended 28 February 2022 and related notes ("The Pro Forma Financial Information"). The applicable criteria on the basis of which the directors have compiled the Pro Forma Financial Information are specified in the JSE Limited ("JSE)" Listings Requirements and described in paragraph 15 of the Circular and Annexure 6 of the Circular.

The Pro Forma Financial Information has been compiled by the directors to illustrate the impact of the proposed disposal of its subsidiary, Analysys Mason Limited ("Analysys Mason") (the "Proposed Transaction"). As part of this process, information about the Company's financial position and financial performance has been extracted by the directors from the Company's financial statements for the year ended 28 February 2022, which is audited.

Directors' responsibility

The directors of the Company are responsible for compiling the Pro Forma Financial Information on the basis of the applicable criteria specified in the JSE Listings Requirements and described in paragraph 15 of the Circular and Annexure 6 of the Circular.

Our independence and quality control

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

The firm applies International Standard on Quality Control 1 and, accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting accountant's responsibility

Our responsibility is to express an opinion about whether the pro forma financial information has been compiled, in all material respects, by the directors on the basis of the applicable criteria specified in the JSE Listings Requirements and described in paragraph 15 of the Circular and Annexure 6 of the Circular based on our procedures performed.

We conducted our engagement in accordance with the International Standard on Assurance Engagements ("ISAE") 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus* issued by the International Auditing and Assurance Standards Board. This standard requires that we plan and perform our procedures to obtain reasonable assurance about whether the pro forma financial information has been compiled, in all material respects, on the basis specified in the JSE Listings Requirements.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of Pro Forma Financial Information is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the company as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction would have been as presented.

A reasonable assurance engagement to report on whether the Pro Forma Financial Information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

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

The procedures selected depend on our judgment, having regard to our understanding of the nature of the Company, the event or transaction in respect of which the Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

Our engagement also involves evaluating the overall presentation of the Pro Forma Financial Information.

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

Opinion

In our opinion, the Pro Forma Financial Information has been compiled, in all material respects, on the basis of the applicable criteria specified by the JSE Listings Requirements and described in paragraph 15 of the Circular and Annexure 6 of the Circular.

PricewaterhouseCoopers I.

PricewaterhouseCoopers Inc.
Director: Berno Niebuhr
Registered Auditor
Johannesburg, South Africa
28 July 2022

MATERIAL LOANS

The Transaction will not result in a change in the material loans of Datatec. Set out below for information purposes are the material loans of Analysys Mason as at the Last Practicable Date.

Name of Agreement	REVOLVING LOAN FACILITY
Parties	HSBC UK & Analysys Mason Limited (UK)
Amount / Limit	year 1 facility limit £7 000 000; year 2 facility limit £5 900 000; year 3 facility limit £4 800 000. The facility terminates on the Maturity Date
Repayments / drawdowns	repayments and drawdowns can be made at any time; and any repayments will be made based on utilised amount
Purpose of Loan	working capital funding
Interest Rate	compounded SONIA + 2.75% when utilised; compounded SONIA + 1.10% on the undrawn part of the facility
Balance Utilised	£7 000 000
Maturity Date	December 2024
Covenants	1. interest cover: profit before interest and tax will not fall below a figure equal to 400.000% of the aggregate of the interest charges, in any relevant period 2. total net debt to EBITDA: total net debt for a relevant period will not be more than 150.000% of EBITDA for that relevant period
Security	guarantee and indemnity provided by AML (UK), AML (Ireland) and AML (Germany) debenture comprising fixed and floating charges over all assets and undertakings of AML
Who can use this facility	Analysys Mason Limited (UK)

DATATEC LIMITED
(Incorporated in South Africa)
(Registration No. **1994/005004/06**)
Share code: **DTC**
ISIN: **ZAE000017745**
("**Datatec**" or the "**Company**")

NOTICE OF GENERAL MEETING

All terms defined in the Circular to which this Notice of General Meeting is attached shall bear the same meanings herein.

Notice is hereby given that a General Meeting of the Shareholders will be held on Friday, 2 September 2022 at 12:00 entirely by electronic communication. Shareholders are referred to the "Action Required by Shareholders" section of the Circular to which this Notice of General Meeting is attached for information on the procedure to be followed by Shareholders in order to participate and to exercise their votes at the General Meeting.

The purpose of the meeting is to transact the following business and resolutions, with or without amendments approved at the meeting.

Only Shareholders who are registered in the Register on Friday, 26 August 2022 will be entitled to attend, speak and vote at the General Meeting. Therefore, the last date to trade to be eligible to participate and vote at the General Meeting of Datatec Shareholders is Tuesday, 23 August 2022.

In terms of section 62(3) (e) of the Companies Act:

- a Shareholder who is entitled to attend and vote at the General Meeting is entitled to appoint a proxy or two or more proxies to attend, participate in and vote at the General Meeting in the place of the Shareholder; and
- a proxy need not be a Shareholder of the Company.

Kindly note that, in terms of section 63(1) of the Companies Act, any person attending or participating in a meeting of Shareholders must present reasonably satisfactory identification and the person presiding at the meeting must be reasonably satisfied that the right of any person to participate in and vote (whether as a Shareholder or as a proxy for a Shareholder) has been reasonably verified. Accordingly, all Shareholders recorded in the registers of the Company on the voting record date will be required to provide identification satisfactory to the Chair of the General Meeting in order to participate in and vote at the General Meeting. Forms of identification include valid identity documents, drivers' licences and passports.

RESOLUTIONS

ORDINARY RESOLUTION NUMBER 1 – APPROVAL OF THE TRANSACTION

Approval of the Transaction, as required by and in terms of the JSE Listings Requirements

"Resolved that, by way of a specific approval in accordance with the provisions of section 9.20 of the JSE Listings Requirements, Datatec be and is hereby authorised to enter into the Share Sale Agreement, and to implement the Transaction, and accordingly that the Transaction be and is hereby approved."

In order for Ordinary Resolution Number 1 to be adopted, the support of more than 50% of the voting rights exercised on the resolution by Shareholders, present in person or by proxy at the General Meeting, is required. Only Shareholders reflected on the Register as such on the voting record date (other than the holders of treasury shares) are entitled to vote on the Ordinary Resolution Number 1.

The reason for Ordinary Resolution Number 1 is that the Transaction is classified by the JSE as a Category 1 Transaction for the purposes of Section 9 of the JSE Listings Requirements. Datatec is therefore required to obtain the approval of the Datatec Shareholders for the Transaction, in accordance with the provisions of the JSE Listings Requirements.

The effect of passing Ordinary Resolution Number 1 will be that Datatec will have obtained the approval of the Datatec Shareholders for the Transaction as required in terms of the JSE Listings Requirements.

Electronic participation

The Company has made provision for Shareholders or their proxies to participate electronically in the General Meeting by way of an electronic platform hosted by TMS. Should you wish to participate in the General Meeting by electronic communication as aforesaid, you, or your proxy, will be required to advise the Company thereof by no later than 12:00 on Wednesday, 31 August 2022, for administration purposes only, by submitting by email to TMS at **proxy@tmsmeetings.co.za**, with relevant contact details, including an email address, cellular number and landline as well as full details of the Shareholder's title to securities issued by the Company and proof of identity, in the form of copies of identity documents and share certificates (in the case of certificated shares) and (in the case of dematerialised shares) written confirmation from the Shareholder's CSDP confirming the Shareholder's title to the dematerialised shares.

Upon receipt of the required information, the Shareholder concerned will be provided with a secure code and instructions to access the electronic communication during the General Meeting. Shareholders must note that access to the electronic communication will be at the expense of the Shareholders who wish to utilise the facility. Voting will not be possible via the electronic facility and Shareholders wishing to vote their Datatec Shares at the General Meeting will need to be presented or represented at the meeting either in person, by proxy, by representative or by letter of representation, as provided for in the Notice of General Meeting.

Proxies and authority for representatives to act

A Form of Proxy is attached for the convenience of any Shareholder holding Certificated Shares and Dematerialised Shareholders with "Own-Name" registration, who cannot attend the General Meeting but wishes to be represented thereat.

The attached Form of Proxy is only to be completed by those Shareholders who are:

- holding shares in Certificated form; or
- recorded on the Company's sub-register in Dematerialised electronic form with "Own-Name" registration.

All other beneficial owners who have dematerialised their Shares through a CSDP or Broker and wish to attend the General Meeting, must instruct their CSDP or Broker to provide them with the necessary letter of representation, or they must provide the CSDP or Broker with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or Broker. These Shareholders must not use a Form of Proxy.

Forms of Proxy must be deposited with TMS by email at **proxy@tmsmeetings.co.za** to be received by no later than 12:00 on Wednesday, 31 August 2022, for administration purposes, or to the Chair of the General Meeting, at any time before the General Meeting, commences by email, care of Simon Morris at **Simon.Morris@Datatec.com**. Any Shareholder who completes and lodges a Form of Proxy will nevertheless be entitled to attend, speak and vote in person at the General Meeting should the Shareholder decide to do so.

A company that is a Shareholder, wishing to attend and participate at the General Meeting should ensure that a resolution authorising a representative to so attend and participate at the General Meeting on its behalf is passed by its directors. Resolutions authorising representatives in terms of section 57(5) of the Companies Act must be lodged with TMS prior to the General Meeting, for administration purposes, or to the Chair of the General Meeting at any time before the General Meeting commences by email, care of Simon Morris at **Simon.Morris@Datatec.com**.

The Company does not accept responsibility and will not be held liable for any failure on the part of the CSDP or Broker of a Dematerialised Shareholder to notify such Shareholder of the General Meeting or any business to be conducted thereat.

By order of the Board

DATATEC LIMITED
Simon Paul Morris

For and on behalf of

Datatec Management Services (Pty) Limited
Company Secretary

Friday, 5 August 2022

DATATEC

DATATEC LIMITED

(Incorporated in South Africa)
(Registration No. **1994/005004/06**)
Share code: **DTC**
ISIN: **ZAE000017745**
("**Datatec**" or the "**Company**")

FORM OF PROXY

(FOR USE BY CERTIFICATED SHAREHOLDERS AND "OWN-NAME" DEMATERIALISED SHAREHOLDERS ONLY)

All terms defined in the Circular to which this Form of Proxy is attached shall bear the same meanings herein.

For completion by the aforesaid registered Shareholders who are unable to attend the General Meeting of Shareholders of the Company to be held on Friday, 2 September 2022 by electronic communication ("the General Meeting of Datatec Shareholders").

If you are a Dematerialised Shareholder, other than with "own-name" registration, do not use this Form of Proxy. Dematerialised Shareholders, other than with "own-name" registration, should provide instructions to their appointed CSDP or Broker in the form as stipulated in the agreement entered into between the Shareholder and the CSDP or Broker.

I/We (FULL NAMES IN BLOCK LETTERS PLEASE) ______________________________

of (ADDRESS) ______________________________

Telephone number ______________ Cellphone number ______________

E-mail address ______________________________

being a Shareholder (s) of the Company holding shares in the Company do hereby appoint

1. ______________________________ or failing him/her

2. ______________________________ or failing him/her

3. The Chair of the General Meeting of Datatec Shareholders

as my/our proxy to vote for me/our behalf at the General Meeting (and any adjournment thereof) for the purpose of considering and, if deemed fit, passing with or without modifications, the following resolutions to be considered at the General Meeting of Datatec Shareholders.

	Number of votes		
	***In favour of**	***Against**	***Abstain**
Ordinary Resolution Number 1: Approval of the Transaction			

Insert an X or the number of shares in the appropriate block. If no indications are given, the proxy will vote as he/she deems fit. Each Shareholder entitled to attend, speak and vote and the meeting may appoint one or more proxies (who need not be a Shareholder of the Company) to attend, speak and vote in his/her stead.

Please read the notes on the reverse side hereof.

Signed at ______________ on ______________ 2022

Signature ______________________________

Assisted by (where applicable) ______________________________

Completed Forms of Proxy must, for administrative purposes, be lodged with TMS by email at **proxy@tmsmeetings.co.za** by no later than 12:00 (South African Standard Time) on Wednesday, 31 August 2022. Alternatively, such Forms of Proxy may be lodged with the Chair of the General Meeting at any time before the meeting by email, care of Simon Morris at **Simon.Morris@Datatec.com.**

NOTES TO THE FORM OF PROXY

1. This form of proxy should only be used by certificated Shareholders or Shareholders who have dematerialised their shares with own-name registration.

2. All other Shareholders who have dematerialised their shares through a CSDP or Broker and wish to attend the General Meeting, must provide the CSDP or Broker with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or Broker.

3. A Shareholder may insert the name/s of one or more proxies, none of whom need be a member of the Company, in the space provided, with or without deleting “the Chair of the General Meeting”. The person whose name appears first on the form of proxy and who is present at the General Meeting will be entitled to act as proxy to the exclusion of those whose names follow. In the event that no names are indicated, the proxy shall be exercised by the Chair of the General Meeting.

4. A Shareholder’s instructions on the form of proxy must be indicated by the insertion of an “X” or the number of shares in the appropriate space provided. Failure to comply with the above will be deemed to authorise the Chair of the General Meeting, if the Chair is the authorised proxy, to vote in favour of the resolutions at the General Meeting, or any other proxy to vote or to abstain from voting at the General Meeting as he/she deems fit in respect of all of the Shareholder’s votes exercisable thereat. A Shareholder or his/her proxy is not obliged to use all the votes exercisable by the Shareholder or his/her proxy, but the total of the votes cast and in respect whereof abstentions are recorded may not exceed the total of the votes exercisable by the Shareholder or by his/her proxy.

5. In order to be effective, completed forms of proxy must reach TMS, at the email address set out below, by 12:00 on Wednesday, 31 August 2022, for administration purposes, or to the Chair of the General Meeting at any time before the meeting commences.

6. The completion and lodging of this form of proxy shall in no way preclude the Shareholder from attending, speaking and voting in person at the General Meeting to the exclusion of any proxy appointed in terms hereof.

7. Should this form of proxy not be completed and/or received in accordance with these notes, the chair may accept or reject it, provided that in the case of acceptance, the chair is satisfied as to the manner in which the Shareholder wishes to vote.

8. Documentary evidence establishing the authority of the person signing this form of proxy in a representative or other legal capacity must be attached to this form of proxy unless previously recorded by the TMS or waived by the chair of the General Meeting.

9. The chair shall be entitled to reject the authority of a person signing the form of proxy -

   9.1. under a power of attorney; or

   9.2. on behalf of a Company,

   unless that person’s power of attorney or authority is deposited at the registered office of the Company or TMS not less than forty-eight hours before the meeting.

10. Where shares are held jointly, all joint holders are required to sign the form of proxy.

11. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by TMS.

12. Any alteration of or correction to this form of proxy must be initialled by the signatory/ies.

13. On a show of hands, every Shareholder present in person or represented by proxy shall have only one vote, irrespective of the number of shares he/she holds or represents.

14. On a poll, any person who is present at the General Meeting, whether as a Shareholder or as proxy for a Shareholder, has the number of votes determined in accordance with the voting rights associated with the Shares held by such Shareholder.

Registered office
Care of Simon Morris
Simon.Morris@Datatec.com

The Meeting Specialist
proxy@tmsmeetings.co.za