

DICKER

D A T A

HY23

RESULTS - AUGUST 2023



WWW.DICKERDATA.COM.AU

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AGENDA

- Welcome
- Interim Financial Results
- Business Update
- Strategy and Outlook
- Questions



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WELCOME

The background features a dark, futuristic aesthetic. On the left, a large, semi-circular wireframe sphere is rendered in shades of blue and purple, appearing to float in a space filled with glowing data points and lines. The right side of the image is dominated by a dark grey background with the main title in large, bold, white capital letters. A thin horizontal line with a small red dot at its left end is positioned below the title.

INTERIM FINANCIAL RESULTS

HY 2023

HY23 HIGHLIGHTS

\$1.6b

Gross Sales

▲ Up 9.4% HoH

\$1.1b

Statutory Revenue

▲ Up 5.3% HoH

\$70.6m

EBITDA*

▲ Up 15.4% HoH

\$54.9m

Net Operating Profit Before Tax*

▲ Up 6.0% HoH



7,857

Active AU
Partners

▲ +8% HoH



2,057

Active NZ
Partners

▲ +92% HoH

ARN

Diversity &
Inclusion
Champion

2021, 2022 & 2023

Hardware
Distributor of
the Year

10TH CONSECUTIVE YEAR

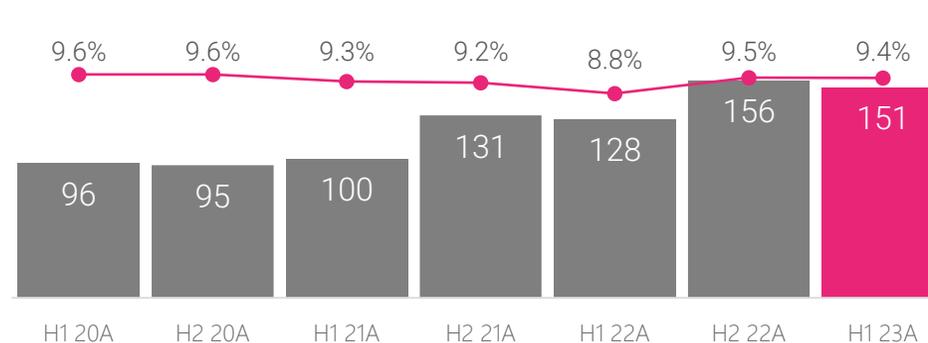
*Excluding one off acquisition and integration costs of \$0.8m

FINANCIAL TRENDS – HY23

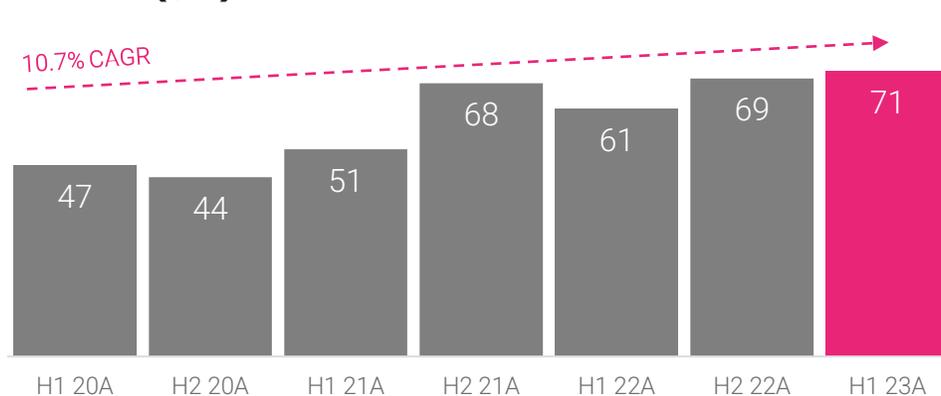
GROSS SALES (\$m)*



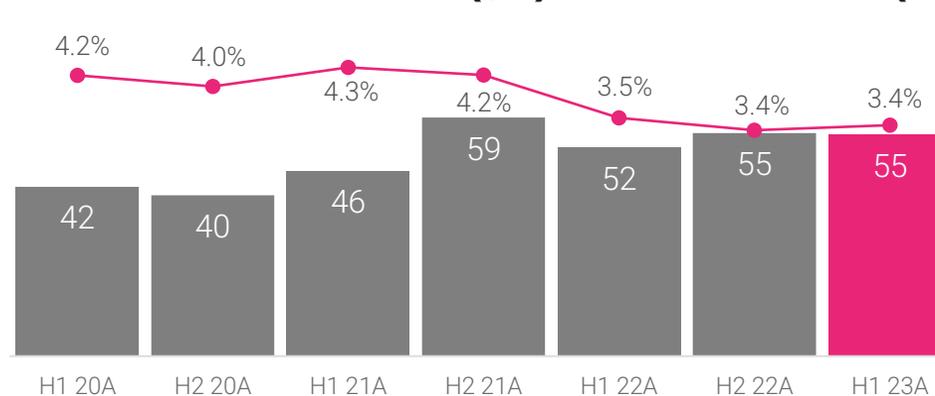
GROSS PROFIT (\$m) & GROSS PROFIT MARGIN (%)*



EBITDA (\$m)**



NET PROFIT BEFORE TAX (\$m)** & NPBT MARGIN (%)*



* Gross sales is non-IFRS financial information and does not represent revenue in accordance with Australian Accounting Standards. This represents gross proceeds from sale of goods and services, both as agent and principal and gross and net profit margins represented based on gross sales.
 ** excludes one off restructure and acquisition costs

HY23 CHANGE IN REVENUE PRESENTATION

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- The Company undertook a detailed review of new and updated software agreements to reassess if the Company is acting as principal or agent in the resale of software licensing and warranty and maintenance products.
- It has been determined that the Company is acting as an agent in respect of these sales and has revised its revenue presentation policy for the recognition of revenue being agency fee for the sale of these products. The prior period has been restated.
- As a result of this change in revenue recognition, total statutory revenue for the half year was \$1,107.9m, up 5.3%.
- Underlying gross sales as previously reported were \$1,596.4m, increasing by 9.4%.
- Gross Profit increased by 17.7% over HY22, driven by increased revenues and improved margin percentage.
- On a net revenue basis gross margin percentage was 13.6% (pcp 12.2%). Using underlying gross sales, as previously reported, the gross margin percentage was 9.4% (pcp 8.8%).

6 months (\$m)	Jun-23	Jun-22	Increase
Gross Sales	1,596.4	1,459.4	9.4%
Gross Profit	150.7	128.0	17.7%
Gross Margin	9.4%	8.8%	
Statutory Revenue*	1,107.9	1052.0	5.3%
Gross Profit	150.7	128.0	17.7%
Gross Margin (Net Revenue)	13.6%	12.2%	

*Including the re-classification of Software and Virtual Services revenues on a net basis

HY23 GROUP RESULTS

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- Increase in gross profit resulting in EBITDA growth of 15.4% at \$70.6m, up from \$61.2 in pcp.
- Operating costs* increased by 23.3% in HY22 as the company took on the full period of operating costs relating to the Hills acquisition, representing 7.7% of statutory revenue (pcp 6.6%).
- Depreciation and amortisation costs increased by 20.0%, driven by recent acquisitions. Amortisation expense includes \$2.3m for amortisation of identifiable intangibles.
- Finance costs also increased to \$9.4m, up 137.3% with increased debt levels and interest rate increases impacting PBT.
- Operating profit before tax* finalised at \$54.9m, an increase of 6.0%.
- Net profit after tax was up 9.4%, finalising at \$37.6m for the half year.

6 months (\$m)	Jun-23	Jun-22	Increase
Statutory Revenue	1,107.9	1052.0	5.3%
Gross Profit	150.7	128.0	17.7%
Gross Margin	13.6%	12.2%	
EBITDA*	70.6	61.2	15.4%
Operating Profit Before Tax*	54.9	51.8	6.0%
PBT Margin	5.0%	4.9%	
Net Profit After Tax	37.6	34.3	9.4%

*Excluding one-off acquisition and integration costs of \$0.8m (pcp \$1.6m)

HY23 BALANCE SHEET

- The Company has maintained its working capital discipline as it continues top line growth and working capital investment in existing and emerging business units.
- These investments have been funded by debt and whilst the Company's leverage has been maintained, increased borrowing costs have also impacted the cost of servicing that debt.

(\$m)	June-23	Dec-22
Net Working Capital (\$m)	363.5	359.1
Net Working Capital Days	39.1	39.7
Debt to Equity ¹	1.26x	1.27x
Debt Service Cover Ratio	8.39x	12.13x
Net Tangible Assets (\$m)	148.6	134.2

¹ Excludes leases

Net Assets (in \$m)	Jun-23	Dec-22
Cash and equivalents	29.2	12.2
Trade and other receivables	562.6	581.8
Inventory	252.2	261.7
Other current assets	1.3	-
Total current assets	845.3	855.7
PP&E	93.4	87.6
Goodwill & intangibles	96.8	96.0
Other assets	28.0	27.4
Total assets	1063.5	1066.7
Trade and other payables	451.2	484.4
Borrowings	308.3	291.7
Other current liabilities	25.4	26.5
Total current liabilities	784.9	802.6
Other long-term liabilities	33.2	34.0
Total Liabilities	818.1	836.6
TOTAL NET ASSETS	245.4	230.1
Shareholders' Equity		
Share Capital	213.4	212.7
Reserves	-0.2	0.2
Retained earnings	32.2	17.2
TOTAL EQUITY	245.4	230.1

KURNELL WAREHOUSE EXTENSION

- Stage 2 warehouse expansion works commenced in Q4 2022 and construction is now completed other than fit out and warehouse racking which is scheduled to be installed in the coming weeks.
- The new warehouse will be internally connected to the existing warehouse, enabling the Company to scale its operations across an additional 16,636m², representing a further 70% increase on Stage 1 in warehouse capacity.
- The extension brings total warehouse capacity to over 39,000 m² with approximately 8,500 incremental pallet spaces, laying the foundation for the Company's next phase in digital transformation growth.
- Cost of construction, including fit out is estimated to be \$15.0m and construction costs to date have been within budget.
- Further solar panels are being added to the roof of the new warehouse to increase the Company's ability to capture solar energy.

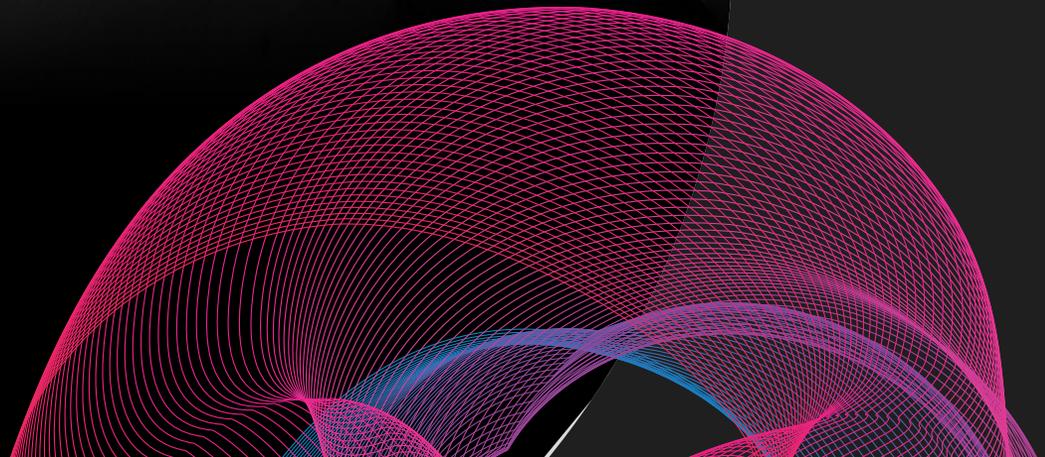


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BUSINESS UPDATE



MARKET UPDATE

The first six months of 2023 saw changes in the market dynamics as the supply chain continued to improve and particular market segments rebounded



DEVICE MARKET

- Demand for devices has decreased significantly in all markets globally.
- We expect this to only be temporary with the refresh opportunities for the devices sold through the boom period in 2020 and 2021 due for refresh in our FY24.



DATA CENTRE INFRASTRUCTURE & NETWORKING

- Large digital transformation projects are now proceeding across Australia and New Zealand.
- Significant demand as businesses turn to technology to extend their competitive advantage.



DIVERSE RANGE OF TECHNOLOGY

- The diverse technologies and solutions offered by the Company helped offset the segments that are experiencing decline.
- The Company intends to continue diversifying its portfolio to address the next phase of digital transformation and protect against market volatility.

DAS ACQUISITION UPDATE

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- Acquisition of Hills Security and IT division completed May 2022 and was re-branded as Dicker Data Access and Surveillance (DAS).
- The business was fully integrated in FY22 and is now focused on deriving maximum growth and profitability from the new division, delivering \$73m revenue in H123, from both the security and IT vendors acquired, and new security vendors added.
- DAS is expected to operate at double the gross margin of our IT business in FY23 and the business unit was profitable for Q223.
- A strong mix of access, surveillance and IT vendors are now established in the DAS division, enabling the Company to offer a complete ecosystem solutions.
- The convergence of the IT and security markets has accelerated in FY23 as the Company incorporates more infrastructure, cybersecurity, cloud storage and AI compute into DAS solutions.



CONNECT ACQUISITION UPDATE

- Capitalising on the security market convergence, we completed the acquisition of Connect Security Products Ltd in New Zealand in March 2023. This acquisition provides entry into the access and surveillance market in New Zealand.
- Connect has been integrated into the Dicker Data NZ business and the early stages of leveraging DAS partnerships in Australia has been successful, with Halo and AJAX signing on in New Zealand.
- 548 new incremental reseller partners added in New Zealand.
- Expected to deliver double digit growth in H223.
- 14 staff transitioned with the acquisition, including the previous owner who is running the new business locally in New Zealand.



2023 ANZ VENDOR ADDITIONS

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CLOUDFLARE

Cybersecurity solutions to enable a safer online environment while delivering a better internet for everyone. Protects against online threats and delivers higher speed internet solutions for businesses of all sizes.



NETAPP

A global, cloud-led, data-centric software company that empowers organisations to lead with data in the age of accelerated digital transformation. The company provides systems, software, and cloud services that enable them to run their applications optimally from data center to cloud, whether they are developing in the cloud, moving to the cloud, or creating their own cloudlike experiences on premises.



AJAX

An international technology company and Europe's largest developer and manufacturer of security systems with smart home capabilities. The company's global success has been primarily driven by its innovative technologies.



ANZ VENDOR PORTFOLIO



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INDUSTRY RECOGNITION

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- 2021, 2022 and 2023 Diversity & Inclusion Champion
- Hardware Distributor of the Year – 10TH CONSECUTIVE YEAR



- Channel Choice – Distributor of the Year
- Large Distributor of the Year
- Channel Champion – Sustainability



- National Exhibition of the Year – TechX
- NSW Exhibition of the Year – TechX



Distributor of the Year - AU



Distributor of the Year - AU



Distributor of the Year - AU



Top Commercial Distributor

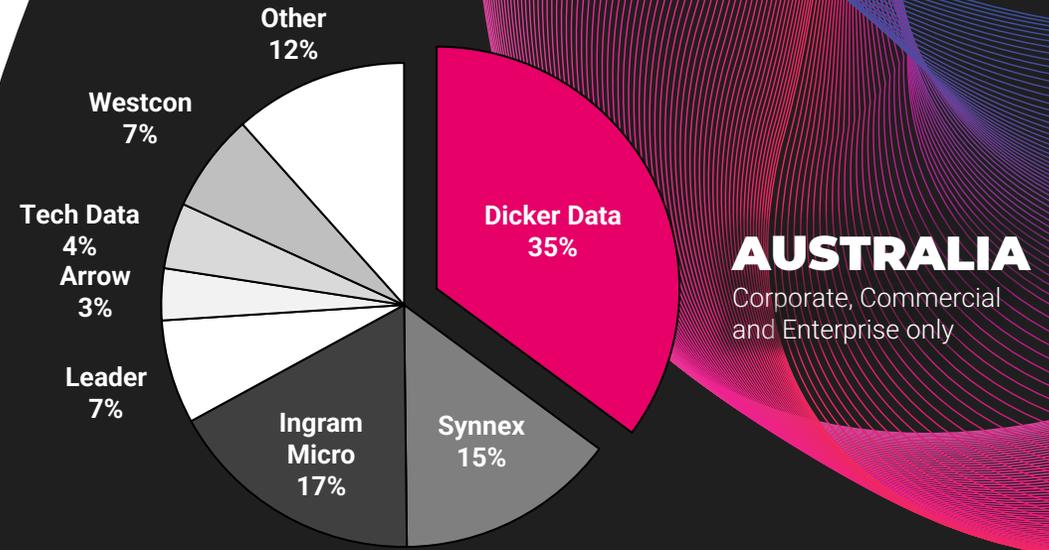


Distributor of the Year - ANZ 7th Consecutive Year

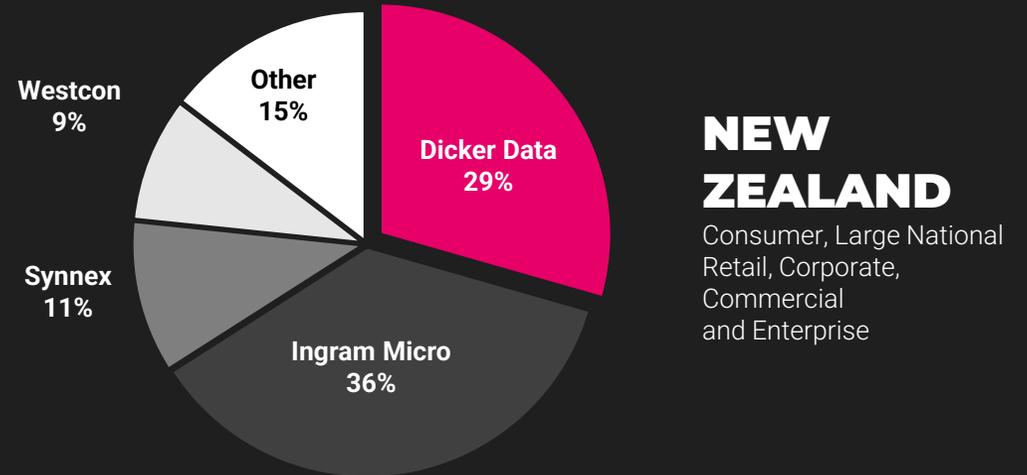
IT MARKET AND OUR STRATEGY

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- We have continued to grow our share of both the Australian and New Zealand IT markets, commanding a dominant number one position in Australia and with the platform to become number one in New Zealand.
- Our focus on the corporate, commercial and enterprise sector has delivered material growth as businesses across ANZ continue to accelerate their digital transformations.
- We are constantly evaluating the technology landscape for opportunities to accelerate our growth, as exemplified by the Company's recent acquisition of the Exeed Group, the Hills Security and IT division, and the Connected Security Products (CSP) business.
- Our focus on growing our active partner base has seen the company on board new partners, increase partner loyalty and increase the lines of business our partners rely on us for.



IT DISTRIBUTION MARKET SHARE



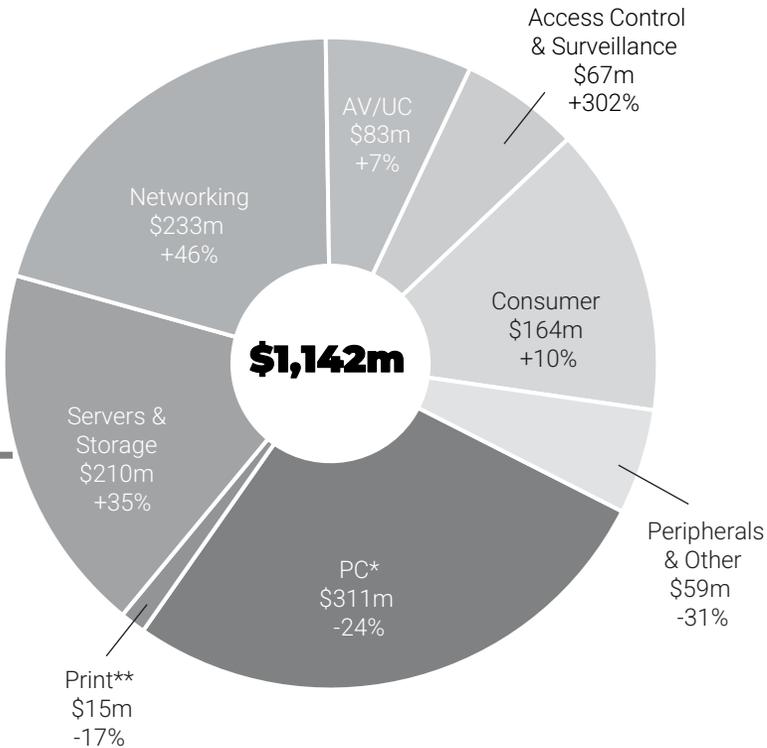
*Sources: Publicly available 2020 and 2021 financial statements and Company estimates
 **Sources: <https://www.ibisworld.com/au/market-size/computer-software-retailing/>
<https://www.ibisworld.com/nz/industry/computer-peripheral-retailing/1836/>

REVENUE CATEGORY

*Representative of underlying gross sales only, excluding other revenue. All growth %'s are versus H1, 2022.

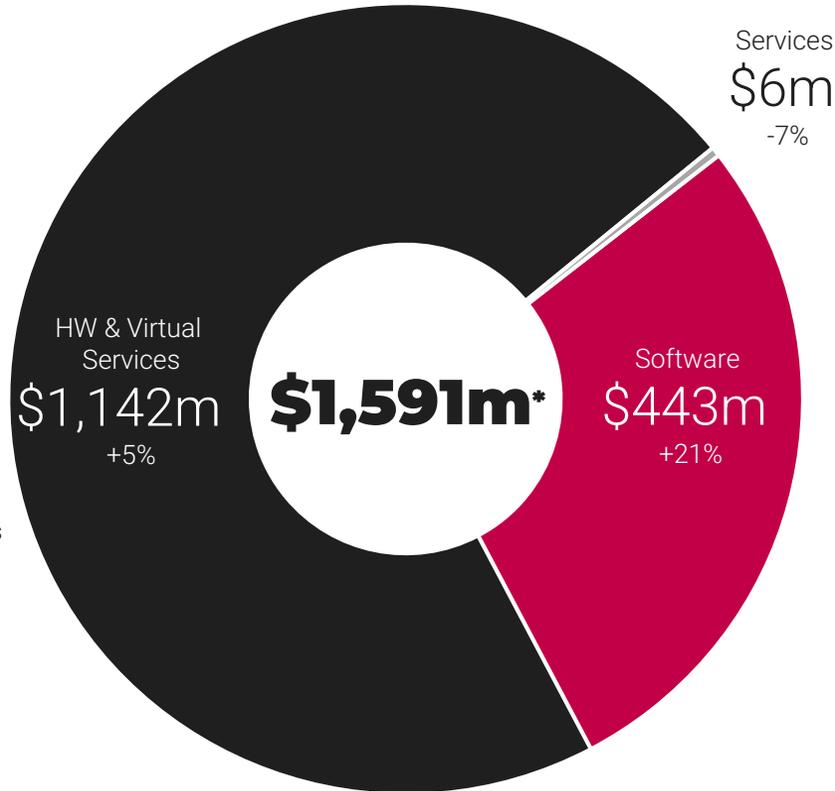
Software is becoming an increasing proportion of underlying gross sales, driven by high growth in subscription and renewable revenue

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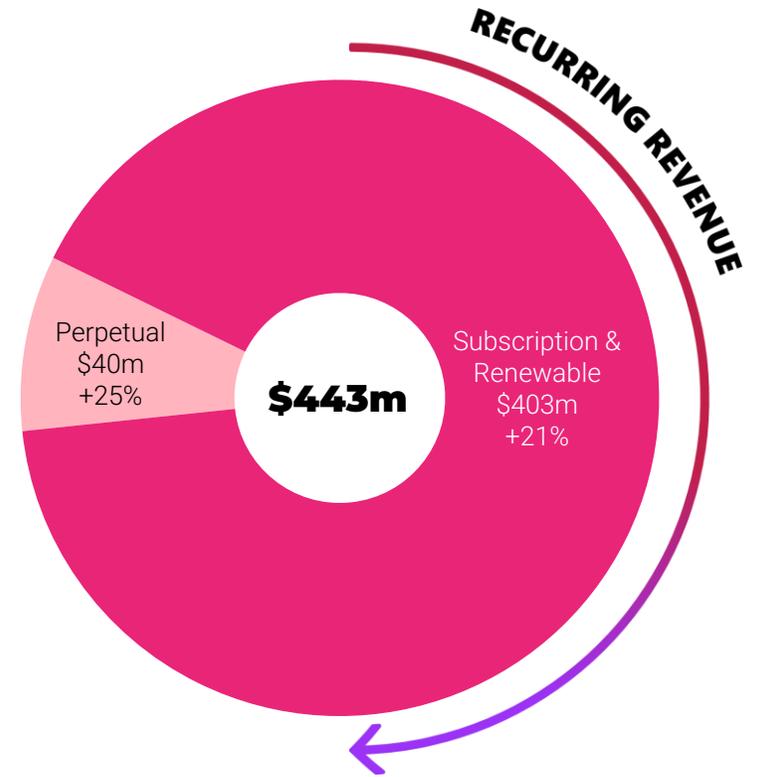
HARDWARE

by product category, representing 72% of gross sales



SOFTWARE

by billing method, representing 28% of gross sales



**HoH comparative includes \$15m Revenue reclassified as PC (from Print) in prior year

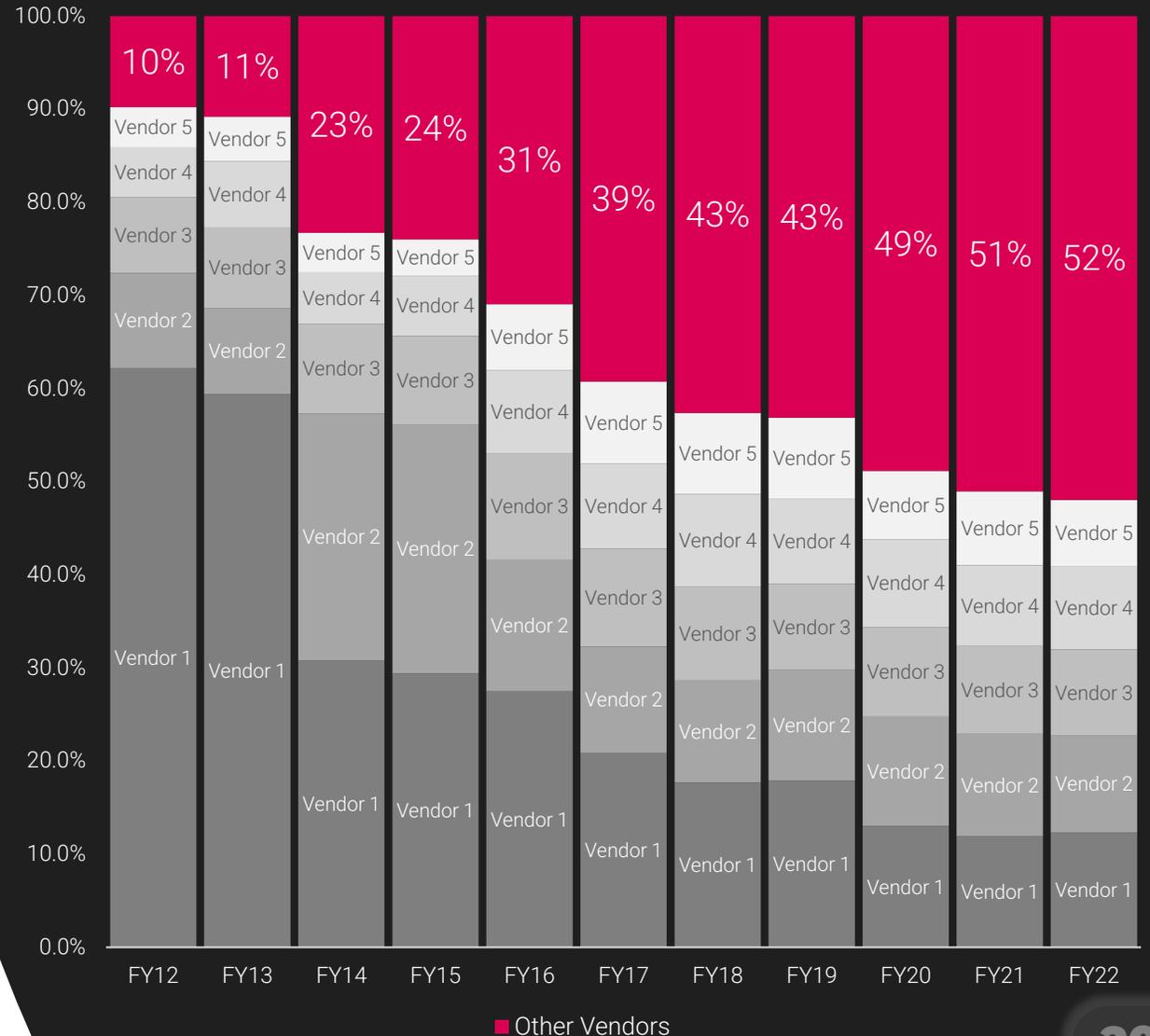
LONG-TERM VENDOR RELATIONSHIPS

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- Dicker Data has continued to introduce new vendors and expand the product offerings of existing vendors to reduce reliance on any single vendor.
- Top 5 vendors overall contribution has reduced from 90% in FY12 to 48% in FY22.
- The recent acquisitions of the Exeed, Hills and CSP businesses and their associated vendor relationships highlights and reaffirms this strategy and will continue to dilute concentrations.
- The highly-diverse nature of the Company's vendor and technology portfolios enabled it to offset declines in traditionally strong portfolios with surging demand in other segments.

MAJOR VENDOR CONCENTRATION

% of sales



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STRATEGY & OUTLOOK

2023 OPPORTUNITIES



CYBERSECURITY



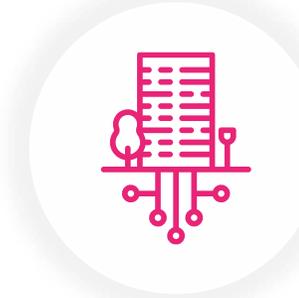
SOFTWARE



MULTICLOUD



HYBRID IT



SMART OFFICE



PRO AV & UNIFIED COMMUNICATIONS



DATA CENTRE INFRASTRUCTURE



ENTERPRISE NETWORKING

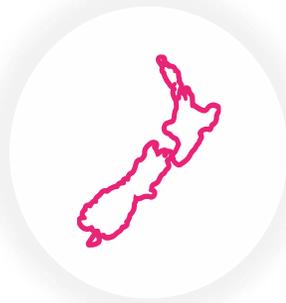


ACCESS AND SURVEILLANCE



MARKET CONVERGENCE TRENDS

2023 FOCUS



NEW ZEALAND

Leveraging the relationships and strengths of the Australian operation to introduce more brands and technologies to our New Zealand business. Accelerating the Company's growth in the New Zealand market through a strategic focus on expanding our lines of business with existing reseller partners and establishing new relationships with the large and geographically dispersed number of partners who do not already work with us today.



DICKER ACCESS AND SURVEILLANCE (DAS) AND CONNECT

The Physical Security market has begun converging with the traditional IT channel, creating an opportunity for Dicker Data to capitalise on an entirely new market that was traditionally adjacent to IT. The Company's acquisition of the Hills Security and IT division has accelerated our entry into this market, bringing with it over 50 new vendor partnerships and thousands of customers. Furthermore, the acquisition of Connected Security Products in March 2023 will launch the company's access and surveillance efforts into New Zealand. The DAS business is expected to operate with margins double that of the IT business in FY23.



2023 FOCUS



CYBERSECURITY

Cybersecurity is at the top of the agenda for every organisation in Australia and New Zealand. The Company has made several strategic vendor appointments to address the cybersecurity opportunity, with plans to further expand our range in FY23. The complexity of cybersecurity is creating a large opportunity for the Company as its partner community increase their reliance on Dicker Data to help them solve their end-customer challenges and vulnerabilities.



MARKET CONVERGENCE

A number of the markets adjacent to technology are converging with Dicker Data's IT channel, creating opportunities for the Company's partners to expand into new lines of business and creating a need for thousands more businesses to engage with Dicker Data for digital transformation services and access to technical expertise. From security to electrical trade, professional AV to onsite installers, the Company's relevance is growing and the market's reliance on our capabilities is increasing.



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QUESTIONS?

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THANK YOU

DISCLAIMER

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