



Dicker Data Limited

ABN: 95 000 969 362

Appendix 4E
Preliminary Final Report
Year ended 31 December 2023

Results for announcement to the market

Dicker Data Limited

ABN 95 000 969 362

1. **Reporting period:** **Year ended 31 December 2023**
Previous Corresponding Period: Year ended 31 December 2022

2. **Results for announcement to the market**

Operating and financial review on comparative period

RESULTS:	Note	Movement			12 Months Dec-23 \$'000	12 Months Dec-22 \$'000
Revenues from ordinary activities	1	Up	2.5%	to	2,267,711	2,213,157
Net operating profit before tax*		Up	9.7%	to	117,325	106,977
Net profit before tax		Up	11.0%	to	116,412	104,853
Net profit after tax attributable to members		Up	12.5%	to	82,145	73,047
Gross sales and other revenue	1	Up	5.6%	to	3,278,063	3,104,408

*excludes one off costs of \$0.9m (2022: \$2.1m)

Note 1 – Gross revenue 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 other revenue. Refer to table below for reconciliation of statutory to underlying results. Changes in presentation of revenue are detailed in Note 2 to the Financial Statements. The above results are based on restated FY22 results and therefore revenue and gross margin outcomes vary to the prior year report.

Gross Revenue Non-IFRS	Note	Dec-23 \$'000	Dec-22 \$'000
Statutory revenue	1	2,267,711	2,213,157
Non-IFRS adjustment		1,010,352	891,251
Gross sales and other revenue	1	3,278,063	3,104,408
Other income		8,327	742
Gross sales		3,269,736	3,103,666

BRIEF EXPLANATION OF THE FIGURES REPORTED ABOVE

REVENUE

Change in presentation – revenue recognition for contracts with customers

The Company is a value-added distributor of IT hardware, software, cloud, access control, surveillance and emerging technology solutions for the corporate and commercial market. With changes to our vendor software programs over time the Company undertook a detailed review of new and updated software agreements. The Company considered revenue recognition in respect of revenue from different contracts with

our customers to reassess if the Company is acting as principal or agent in the resale of software licensing, warranty and maintenance products. It was concluded that the Company does not control the service before it is transferred to the customer, and therefore it has been determined that the Company is acting as an agent in respect of the sales. The Company has revised its accounting policy for the recognition of sales of virtual services and software to account for this revenue as agent and therefore recognises revenue as the agency fee made up of standard commission and other incentives driven by volume and other metrics. The prior period has been restated and a detailed explanation of changes to revenue recognition is provided at Note 2 in the financial statements. The statutory revenue for the consolidated entity for the 12 months to 31 December 2023 was \$2,267.7m (2022: \$2,213.2m) up by \$54.5m, or 2.5%.

Whilst there is a change in presentation of statutory revenue, the underlying gross sales as reported in the previous year for the consolidated entity for the 12 months to 31 December 2023 were \$3,269.7m (2022: \$3,103.7m), up by \$166.0m (+5.4%). Gross sales represent the gross proceeds from sale of goods and services, both as agent and principal. Underlying sales growth on the prior year of 5.4%, is partly attributed to a full 12 month's contribution from the Hills acquisition, which was completed on 1 May 2022, with the balance attributable to organic growth from existing and new vendors. Having only eight months contribution in the comparative period the Hills acquisition, together with the CSP acquisition in NZ, which was completed 28 February 2023, contributed an incremental \$70.5m in sales, which includes the addition of new vendors in the DAS business unit, with a full year contribution in FY23 of \$153.3m (2022: \$82.8m).

At a country level, in Australia sales grew by \$166.0m (+6.5%) and in New Zealand, whilst sales were flat driven by decline in consumer sales with slow down in PC demand, gross margins significantly improved as did profitability. At a sector level, we experienced growth across all product segments, with hardware and virtual services gross sales at \$2,357.1m (+\$79.1m, +3.5%), software sales at \$900.3m (+\$86.5m, +10.6%) and representing 27.5% of our underlying gross sales, with our services revenue increasing to \$12.3m (+\$0.5m, +4.0%). We continue to see strong growth in both subscription and recurring revenue software businesses (+10.7%), reflecting the ongoing trend toward recurring revenue models by vendors, as well as Dicker Data's increased market share.

GROSS PROFIT

Gross profit for the reporting period was up 11.2% at \$315.5m (2022: \$283.7m). Gross profit margins as measured against net revenue improved in the current year at 13.9% (2022: 12.8%), with improvement in gross margins in our New Zealand business. In addition to improvement in margins in New Zealand, margin improvement also attributable to increase in breadth of higher margin vendors with Australian gross profit margin finishing at 14.6% (2022: 13.7%) and New Zealand improving to 10.6% (2022: 8.8%).

EXPENSES

Operating Expenses

Operating expenses (excluding one-off costs) were \$172.1m for the reporting period (2022: \$154.0m), up by 11.8%, also increasing as a proportion to revenue at 7.6% (2022: 7.0%), as the company continues to invest in servicing the customer and vendor relationships it has added as a result of the acquisition of the Exeed, Hills and CSP businesses. The increase in expenses is attributed primarily to an increase in salary related expenses. Salary costs were \$141.9m (2022: \$130.6m) an increase of \$11.3m (+8.7%), and increasing as a proportion of revenue to 6.3% (2022: 5.9%). The increase in salary and headcount is attributed mainly to the full year impact of addition of staff with the acquisition of the Hills business. Employee costs also grew with the increase in the superannuation guarantee rates. In addition the Company continues to maintain strong performance based remuneration packages, the increase in salary costs is also driven by the increase in revenue and operating profit growth experienced. Headcount across the group finished at 899 (2022: 859), an increase of 4.6%. Other operating expenses, excluding one-off costs increased by \$6.8m to \$30.2m (2022: \$23.4m), increasing as a proportion of sales to 1.3% (2022: 1.1%), mainly driven by increase in provision for doubtful debts, as well as increases in travel and a full year of branch costs for the DAS business.

Depreciation, Amortisation and Interest

Depreciation and amortisation for the reporting period was \$13.9m (2022: \$12.3m), an increase of \$1.7m, predominantly relating to increase in depreciation for right of use assets. Depreciation on the Right of Use Assets (ROUA) for capitalised leases amounted to \$4.2m (2022: \$3.1m). Included in this number is also \$4.7m (2022: \$4.5m) for amortisation of identifiable intangibles, of which \$2.1m related to New Zealand and \$2.6m to Australia.

Finance costs in the reporting period were \$20.4m, up by \$9.3m from the prior year (2022: \$11.1m), attributed to the full year effect of incremental interest rate rises significantly increasing the Company's cost of debt.

NET PROFIT

Operating profit before tax finalised at \$117.3m (2022: \$107.0m) up by 9.7%, after adding back one off costs of \$0.9m (2022: \$2.1m) related to cost restructure initiatives associated with the recent acquisitions continuing from the prior year. Statutory profit before tax finalised at \$116.4m (2022: \$104.9m) up by \$11.5m or 11.0%. Net profit after tax increased to \$82.1m (2022: \$73.0m), up by \$9.1m increasing 12.5%. Weighted average earnings per share increased to 45.59 cents per share (2022: 41.80 cents), up by 9.1%.

STATEMENT OF FINANCIAL POSITION

Total assets as at 31 December 2023 were \$927.0m (2022: \$1,002.9m), with cash finalising at \$11.6m, down by \$0.7m (2022: \$12.3m).

The statement of financial position reflects a significant improvement in working capital efficiency as supply chains normalised in 2023. Inventory and debtors days have lowered by 20.2% and 12.3% respectively, with these improvements offset by reduced payables days as the Company has taken advantage of some vendor early payment discount options. Total investment in net working capital was \$384.5m up by \$25.4m from previous year (2022: \$359.1m). Trade and other receivables were down from the previous year to \$485.7m (2022: \$525.6m), a decrease of \$39.9m. The company also continued to improve its inventory efficiency, with inventories finishing at \$218.9m (2022: \$261.7m), down by \$42.8m. Inventory days decreased to 27.0 days (2022: 33.8 days). Trade and other payables finalised at \$320.0m (2022: \$428.1m), down by \$108.1m.

Property, plant and equipment increased to \$96.7m during the period (2022: \$87.6m) an increase of \$9.1m as the company completed works on the expansion of the distribution centre. Total liabilities as at 31 December 2023 were \$671.7m, significantly down from the prior period (2022: \$772.7m). Current borrowings comprising the drawn amount on the receivables purchase facility with Westpac was at \$197.0m as at 31 December 2023, \$12.0m higher than the prior year (2022: \$185.0m). A \$50.0m acquisition facility remains for the Exeed acquisition maturing in August 2024. The balance of drawn debt of \$53.9m relates to a Bank of New Zealand (BNZ) cash advance facility used to fund the NZ operations. Overall borrowings are \$300.9m, up \$9.2m (2022: \$291.7m), representing an improvement to the debt to equity ratio of 1.18 (2022: 1.27). Equity has increased to \$255.3m during the year (2022: \$230.1m).

Equity Movement	\$'000
Equity 31 Dec 2022	230,145
Comprehensive Income for FY23	81,923
Share Issue – DRP	1,821
Dividends Paid	(58,553)
Equity 31 Dec 2023	255,336

3. Annual Financial Report

Refer to the attached Annual Report for the audited Financial Statements for the year ended 31 December 2023.

4. Dividends Paid

Security Type	Security	Dec-23 Cents per share	Dec-22 Cents per share
Final Dividend	Ordinary	15.0	2.5
Interim Dividends	Ordinary	30.0	39.0
Total Dividends for all securities for the year		45.0	41.5

5. Dividend Reinvestment Plans

The Dividend Reinvestment Plan introduced in March 2014 has been retained for the 2023 year. Of the \$58.6m dividends paid, \$56.7m were paid as cash dividends and \$1.8m participated in the DRP.

6. Net Tangible Assets

Net Tangible Assets	Dec-23	Dec-22
	\$	\$
Net tangible assets per ordinary share	0.892	0.745

7. Details of entities over which control has been gained or lost

Entity	Principal Place of Business	Ownership Interest Dec-23	Ownership Interest Dec-22
Dicker Data Financial Services NZ Ltd	New Zealand	100%	100%

8. Details of associates and joint venture entities

Not applicable.

9. Any other significant information

Not applicable.

10. Audit

This report is based on the audited financial statements.

Signed:



David Dicker
CEO and Chairman
Sydney, 27 February 2024