

30 August 2024

H1 2024 Interim Results

SYDNEY, AUSTRALIA –30 August 2024: Dicker Data (ASX: DDR) (Company) today releases its Interim Financial Report for the half year ended 30 June 2024 (H1 2024).

H1 2024 Results

As a result of a strong sales performance in Q224, gross sales for the half year finalised at \$1,590.1m, only slightly down by 0.4% on prior half year results. Whilst gross sales were relatively flat for the half year as a result of a subdued Q124 result, Q2 gross sales grew by 8.3% quarter on quarter.

Summary of results and highlights for H1 2024 are as follows:

6 months to:	\$m Jun-24	\$m Jun-23	\$m Change	% Change
Non-IFRS				
Gross Revenue ²	1,590.1	1,596.4	-6.3	-0.4%
Statutory Results				
Statutory Revenue	1,084.5	1,107.9	-23.4	-2.1%
EBITDA ¹	68.9	70.6	-1.7	-2.4%
Net Operating Profit Before Tax ¹	50.8	54.9	-4.1	-7.4%
Net Profit Before Tax	50.8	54.1	-3.3	-6.1%
Net Profit After Tax	35.4	37.6	-2.2	-5.7%

¹ Excludes one off acquisition and integration costs of \$0.0m (Jun23: \$800k)

² 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.

Commenting on the result, Founder, Chairman and CEO, David Dicker, said “We have continued to perform despite the market conditions, delivering an increase in year-on-year gross sales in the second quarter of 8.3%. This is the strongest sign of market conditions improving to date, and I’m confident the Company is well-positioned to capitalise on this momentum in the second half.”

Revenue

Statutory revenue for the consolidated entity for the 6 months to June was \$1,084.5m (Jun23: \$1,107.9m) down by \$23.4m, or 2.1%. Total gross revenue for the six months finished relatively flat at \$1,590.1m (Jun23: \$1,596.4m) being a small decline of 0.4%

The underlying gross sales for the 6 months to 30 June 2024 were \$ \$1,584.7m (Jun23: \$1,590.9m), down by \$6.2m being a decline of 0.4%. Whilst gross sales were relatively flat for the half year, gross sales for Q224 grew quarter on quarter by 8.3%, with growth across most categories. Of particular note was the return to growth in PCs sales, providing a strong indication of the commencement of the expected PC refresh cycle.

At a sector level, hardware and virtual services sales declined by \$8.2m or 0.7% finalising at gross sales of \$1,133.8m (Jun23: \$1,142.0m). Software sales increased to \$444.9m for the half, up \$2.1m (Jun23: \$442.8m) and now representing 28% of our underlying gross sales. Software gross sales increased despite the significant impact from the loss of Autodesk sole distribution in the first half, contributing a decline of approximately \$58m across ANZ. Services revenue declined by \$127k or 4.1% finalising at \$6.0m (Jun23: \$6.1m).

Vlad Mitnovetski, Executive Director and Chief Operating Officer, Dicker Data added "We remain optimistic for the second half, particularly as we reflect on the strong growth of 8.3% in gross sales in the second quarter. Our position as the number one Australian and New Zealand distributor of Microsoft Copilot demonstrates our leadership in the Artificial Intelligence (AI) arena, as does our status as the only end-to-end NVIDIA distributor for the ANZ region, which will play a role in the Company's growth in the years to come."

"There are several broader market initiatives that are materialising, such as the Windows 10 end of support device refresh, that are expected to bolster the Company's performance in the second half and into our FY25," Mitnovetski added. "Our teams are out proactively engaging with our partner communities across Australia and New Zealand to mobilise them around these initiatives and to assist them in creating new opportunities with their end-customers as we look to expand our reach and share of wallet."

Profit

Gross profit (excluding other revenue) was \$155.0m (Jun23: \$150.7m), an increase of \$4.4m, representing growth of 2.9%. Gross profit margin improved for the half year to 14.3% (Jun23: 13.6%). Based on underlying gross sales, the gross profit margin was 9.8% (Jun23: 9.4%), representing a consistent increase in the achievement of back-end margin programs and continued margin improvement in our New Zealand business.

Operating expenses (excluding one-off costs) have grown by \$5.4m, an increase of 6.3% on the previous corresponding period. The largest increase in expenses was related to salary costs. Salary related expenses were up by \$3.4m (+4.9%), to \$73.0m, representing 6.7% of revenue (Jun23: 6.3%). Employee costs also impacted, with the increase in the superannuation levy from 1st July 2023, being lower in the comparative period. Other operating costs (excluding one-off costs) have increased by \$2.0m (+12.7%) mainly attributable to increase in bad debt provision.

Finance costs were \$12.1m for the half, up \$2.7m from the prior year (Jun23: \$9.4m), driven predominantly by increases in the cost of borrowing and, to a lesser extent, by an increase in working capital levels. Net working capital investment increased to \$402.5m (Jun23: \$384.5m), an increase of \$18.0m.

Total EBITDA for the half year finalised at \$68.9m being 6.3% of revenue, only marginally down on the corresponding period last year at \$70.6m or 6.4% of revenue, down by \$1.7m or 2.4%.

Net profit before tax finalised at \$50.8m (Jun23: \$54.1m) representing decrease of 6.1%. The profit decline is attributable to increase in employee and finance costs. This was partially offset by improved gross profit margins.

Statement of financial position

The statement of financial position reflected an increase in working capital investment since the last balance date. Total investment in net working capital was \$402.5m, up by \$18.0m (Dec23: \$384.5m). Total inventory holdings increased from the prior balance date to \$296.1m (Dec23: \$218.9m), an increase of \$77.3m. Trade and other receivables finalised at \$548.2m (Dec23: \$485.7m) an increase of \$62.5m, with collections days increasing. This was offset by trade and other payables also increasing to \$441.8m (Dec23: \$320.0m), up \$121.8m.

Total borrowings increased to \$331.1m (Dec23: \$300.9m), with the Company's net debt position finalising at \$314.7m, up \$25.4m against the last balance date. Total borrowings increased by \$30.2m comprising of an increase in the drawn balance of the Westpac Receivables Facility increasing to \$233m from \$197m as at Dec23.

Cash flow

Net cash generated from operating activities was \$26.2m (Jun23: \$37.2m), a decrease of \$11.0m, impacted by an increase in working capital investment.

Mary Stojcevski, Executive Director and Chief Financial Officer, Dicker Data Limited commented on the Company's H124 performance saying "We've continued to invest ahead of the curve in key market areas. The Company is well-positioned as we move into the second half, with strong inventory balances. We continue to leverage strategic offerings from our vendors, such as early settlement discounts, to improve profitability. The decline in NPAT of 5.7% for the H124 period was largely due to increased debt servicing costs and additional provisioning in respect of bad debts. As we look towards the second half, the Company's financial position remains strong, with capacity to meet the needs of our partners and the broader market."

Review of Operations

The Company displayed remarkable resilience in the face of subdued market conditions persisting throughout the first half of our financial year. Following a strong Q224, gross sales finalised relatively flat year on year, yet profitability was squeezed predominantly with increased finance costs as a result of higher interest rates. Despite this, the Company's market share across all key vendors was either maintained or grew, demonstrating the widespread challenging conditions facing the entire sector, and the strength of the Company's performance in the period.

The Company sourced growth in the first half from the materialisation of new distribution agreements established in late 2023 and early 2024, such as NetApp, Riverbed, Hikvision and our exclusive arrangement with Samsung's Mobile Experience (MX) division. Demand for cloud, cybersecurity and cyber resiliency solutions remained strong, despite some pipeline being pushed into the second half. However, these gains made during the first half were offset by contractions in demand for networking, components and professional AV solutions.

Profitability during the first half was not only impacted by increased interest rates but also increased competitiveness and increase in some operating expenses, but the overall impact was softened by improved margins. Despite the subdued market conditions, the Company saw signs of the market returning to growth during the later stages of the half year period. Several product categories recovered into single digit growth, with some categories achieving double digit growth, predominantly led by software. The Company's performance in Q224 reflected the signs of market recovery, with gross sales finalising 8.2% higher quarter on quarter.

The Company further extended its leading position in the Artificial Intelligence (AI) arena, retaining the number one distribution market share for Microsoft Copilot in Australia and New Zealand during the first half, which is regarded as a leading indicator of success in the Generative AI arena. We are continuing our work to educate and enable our

Australian and New Zealand partners on how to capitalise on the opportunity presented by AI, as well as enabling our teams internally to accelerate their productivity with the staged rollout of AI tools, such as Microsoft Copilot.

During the first half the Company was selected as Microsoft's go-to-market distributor for the strategic opportunity to drive device refresh as the world approaches Windows 10 end of support in October 2025. Selected amongst only a handful of distributors globally for the initiative, the Company has commenced work educating its network of channel partners on how to maximise the impending opportunity. Furthermore, the Company now has stock of the latest Copilot+ PCs, AI PCs and Windows 11 Pro devices, providing access for our partners to the full spectrum of corporate and commercial refresh choices.

The Company's Dicker Access and Surveillance (DAS) business continued to strengthen its position in the first half, delivering growth on both the top and bottom line. The division's appointment as a distributor for Hikvision has resulted in the Company representing the top two global surveillance brands, in turn increasing our market coverage and widening our appeal. The appointment also solidifies the Company's position at the centre of the convergence of the IT and security market which is expected to accelerate in the next twelve months. Furthermore, the DAS division also onboarded safety platform vendor Duress, which will unlock access to new verticals, such as health.

The Company's adaptability and comprehensive range of value-add services has underscored its appeal to the thousands of reseller partners across Australia and New Zealand who choose to work with us each month. The Company remains well-positioned for the remainder of the financial year, particularly as much of the strategic groundwork to stimulate the required levels of demand was successfully delivered in the first half. Despite the subdued market thus far, the Company retains a positive outlook that the business will return to growth in the second half. Our commitment to delivering for our shareholders, vendors and partners remains unwavering.

Teleconference and Webcast Details

An investor conference call and webcast will be hosted on the same day at 11:00am (AEST) by the following members of the Dicker Data Board:

- Mary Stojcevski, Executive Director and Chief Financial Officer
- Vlad Mitnovetski, Executive Director and Chief Operating Officer

Option 1 – View the webcast

Option 1 is most suitable if you do not wish to ask a verbal question during the Q&A session. The presentation will be streamed live at: <https://webcast.openbriefing.com/ddr-hyr-2024/>

Option 2 – Participate in the teleconference

Option 2 is most suitable if you wish to actively participate in the teleconference and ask verbal questions during the Q&A session. All participants wishing to use this option must pre-register at the link provided below. Once registered, participants will receive a calendar invitation that includes dial-in details, the required passcode and a unique access PIN. On the day, dial the number provided and follow the prompts to enter your passcode and PIN and you will immediately join the conference with no need to wait for an operator.

To ask a question during the Q&A session, participants will need to dial "*1" (star, 1) on their telephone pad. To cancel your question, participants will need to dial "#" (hash) on their telephone pad. For help during the teleconference, participants will need to dial "*0" (star, 0) on their telephone pad.

Conference call pre-registration link: <https://s1.c-conf.com/diamondpass/10039812-4thk8i.html>

For further information please contact:

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Authorised for release by the Board of Dicker Data Ltd

David Dicker
Chairman & CEO

About Dicker Data

Dicker Data (ASX: DDR) is an Australian-owned and operated, ASX-listed technology hardware, software, and [cloud](#) distributor in business since 1978. Our sales and [presales](#) teams are experienced product specialists who are dedicated to helping our partners tailor solutions to suit their client's needs.

As a distributor, we sell exclusively to our valued partner base. We pride ourselves on developing strong long-term relationships with our customers and [helping them grow](#). This customer-first approach means we are proactive in engaging with our resellers and allows us to dynamically shift with changing market conditions, in turn helping to [increase profitability](#).

Dicker Data distributes a wide portfolio of products from the world's leading technology vendors, including [Cisco](#), [Citrix](#), [Dell Technologies](#), [Hewlett Packard Enterprise](#), [HP](#), [Lenovo](#), [Microsoft](#), and [other Tier 1 global brands](#). As the leading Australian distributor for many of these vendors, Dicker Data is dedicated to helping our partners deliver industry-leading solutions built on the world's best technologies.
<https://www.dickerdata.com.au/>