2021 ANNUAL REPORT

Dicker Data Limited ABN 95 000 969 362

DICKER DATA

Dicker Data is an Australian owned and operated, ASX listed distributor of computer hardware, software and related products with over 43 years experience.

Incorporated in 1978, Dicker Data's mission is to inspire, educate and enable ICT resellers to achieve their full potential through the delivery of unparalleled service, technology and logistics. Dicker Data is Australia's largest locally owned and operated ICT distributor. Serving in excess of 8,200 registered reseller partners annually, Dicker Data finished the FY21 year with revenues just short of $2.5b. Since listing on the ASX in January 2011, Dicker Data has delivered consistently profitable results for shareholders whilst maintaining a 100% dividend policy.

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2021 HIGHLIGHTS

$2.5b
Total Revenue
▲ Up 24.2% YOY

$118.7m
EBITDA
▲ Up 29.9% YOY

$520m
Recurring Revenue
▲ Up +19.7% YOY

$73.6m
Net Profit After Tax
▲ Up 28.6% YOY

42.6c
Earnings Per Share
▲ Up 25.6% YOY

Dicker Data acquired Exeed to create New Zealand's 2nd largest technology distributor

6,200 Active AU Partners	**2,000** Active NZ Partners

ARN FROM IDG

We were named ARN's **Diversity & Inclusion Champion**

December 2021 was our **largest revenue month** ever at $300m	Australia relocated to new custom built facility

OUR ANZ VENDOR PORTFOLIO

AccelTex Solutions
Acronis
AMD
ANKER
APC
Apple Authorised Distributor
arcserve
aruba a Hewlett Packard Enterprise company
ASUS In Search of Incredible
ATDEC Infinite Mounting Possibilities
audiocodes
AUTODESK Value Added Distributor
AVIZIA
BARCO
beats by dr.dre
belkin
BitTitan
BLUPEAK
CAT PHONES | CAT
CHECK POINT
CISCO
citrix
CLOUDALLY Secure Cloud Backup
COHESITY
commBOX
COMMVAULT
COMMSCOPE RUCKUS
ConnectWise
controlc
COOLER MASTER
CRESTRON
crossware mail signature
CyberPower
CYGNETT
alhua TECHNOLOGY
DELL Technologies AUTHORIZED DISTRIBUTOR
DICKER DATA SERVICES
DICKER DATA FINANCIAL SERVICES
digital matter
dynabook
ECOVACS
ekahau WIRELESS DESIGN
encapto wifi
exeed recycling services
Forcepoint
FUJIFILM
FUJITSU
GIGABYTE
hp
Hewlett Packard Enterprise
HITACHI Inspire the Next
Honeywell
HUAWEI
inseego
intel
Interactive
Jabra GN
JUNIPER driven by Mist AI
KB KAISER BAAS
kaspersky
Kensington
Kingston TECHNOLOGY
KOFAX
kontakt.io
KYOCERA Authorised Distributor
LACIE

Lenovo
LG
lifesize
LIFX
LINKSYS
logitech
Micron
Microsoft
motorola A Lenovo Company
MOYORK
NNN National Narrowband Network Co.
neat.
nerdio
netAlly
NETGEAR
nimblestorage a Hewlett Packard Enterprise company
NUANCE
NUTANIX
NVIDIA
opentext
pclocs
PHILIPS
poly
printix
PURESTORAGE
QNAP
ring
RSA
SAMSUNG
SEAGATE
signagelive
skykick
smartoptics
SONICWALL
StarTech.com
STM
StarWind
StorageCraft an Arcserve company
SuiteFiles
SUPERMICRO
Swann Security Made Smarter
Synology
Targus
TeamViewer
Telstra
TOSIBOX
tp-link
TREND MICRO
Trustwave an Optus company
TUCANO MILANO 1985
veeam
vGRID
VERITAS
vmware
WatchGuard
WEBROOT an opentext company
Wiise
WITHINGS
zoom

BOARD OF DIRECTORS & SENIOR MANAGEMENT

The following persons were directors of Dicker Data Limited during the financial year end and up to the date of this report. Directors were in office for this entire period unless otherwise stated.

BOARD OF DIRECTORS

SENIOR MANAGEMENT

DAVID DICKER

Chairman and Chief Executive Officer

- Founded Dicker Data
- Has been director of the company since inception in 1978
- Focuses on business strategy and decision making

FIONA BROWN

Non-executive Director

- Co-Founder of Dicker Data
- Involved in the business since inception in 1978
- Has over 26 years' of experience in the IT distribution industry

MARY STOJCEVSKI

Executive Director and Chief Financial Officer

- Joined Dicker Data as Financial Controller in 1999
- Responsibilities include all the financial management, administration and compliance functions of the company
- Has been an Executive Director of the company since August 2010

VLADIMIR MITNOVETSKI

Executive Director and Chief Operating Officer

- Joined Dicker Data as Category Manager in 2010
- Appointed to the board as Executive Director in 2014
- Has over 20 years' of distribution industry experience having previously worked for Tech Pacific and Ingram Micro

IAN WELCH

Executive Director, Chief Information Officer and Director of Operations

- Joined Dicker Data in March 2013 as General Manager IT
- Was appointed Executive Director in August 2015
- Responsible for internal IT Systems and processes and working closely with vendors and customers on digital transformation technologies

LEANNE RALPH

Non-executive Director

- Experienced governance professional
- Ex-CFO in the importing, wholesaling and retail sector
- Extensive ASX-related experience

KIM STEWART-SMITH

Non-executive Director

- Joined the board 29 March 2021
- Experienced governance professional
- Extensive executive experience
- Skilled business, finance and tax advisor

CEO COMMENTARY

Welcome to our Annual Report on the year 2021.

Another year with difficult market conditions. Having learned a lot in 2020, where we were still able to get outstanding results, the company was well prepared for the continuation of a very testing environment. Despite all this, we have returned an outstanding result. Combined revenue for Aus and NZ was just under $2.5b. A sensational outcome, up by 24.2% year on year comparison. Consolidated Net profit before tax finished at $105.1m, an increase, year on year of 28.4%. A tremendous result that is credit to our staff and management team.

During the year we successfully acquired Exeed, headquartered in NZ, to significantly bolster our operations there. We now have the platform to contend for number one in the NZ distribution sphere. We also recently signed a business sale agreement to acquire the Hills Security and IT business. This will open us up to a new range of customers, as well as add substantial revenue. We expect this platform to provide some significant upside in 2022.

We have begun the planning to expand our warehouse.

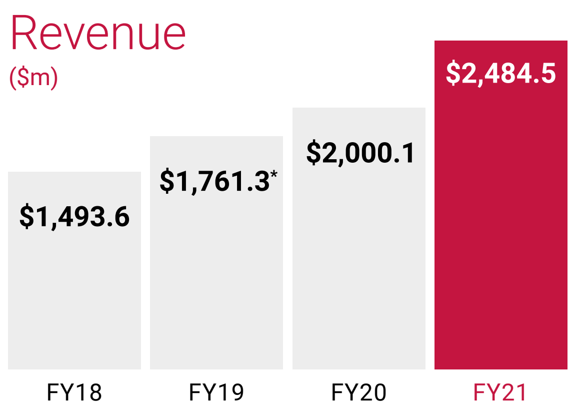
With what appears to be the end of the Pandemic finally, I am very confident about 2022.

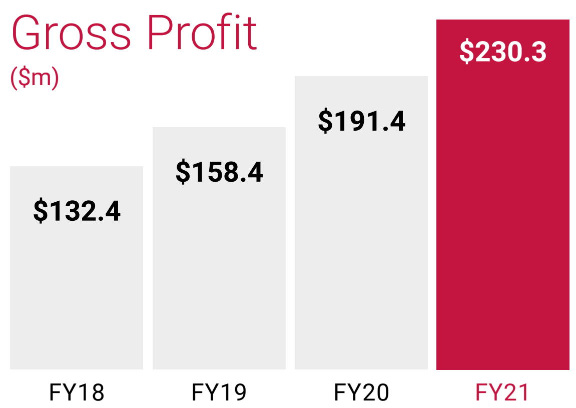
David Dicker
CEO AND CHAIRMAN

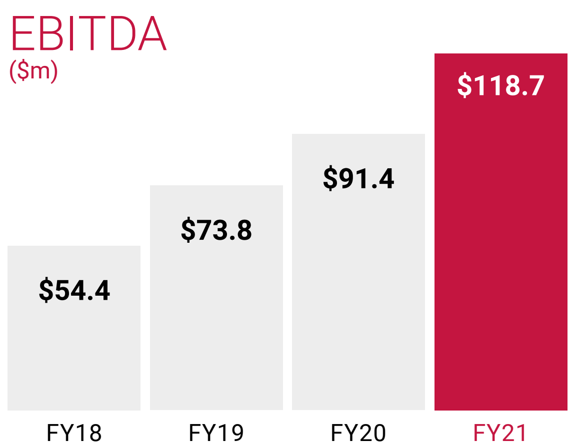
Results Summary

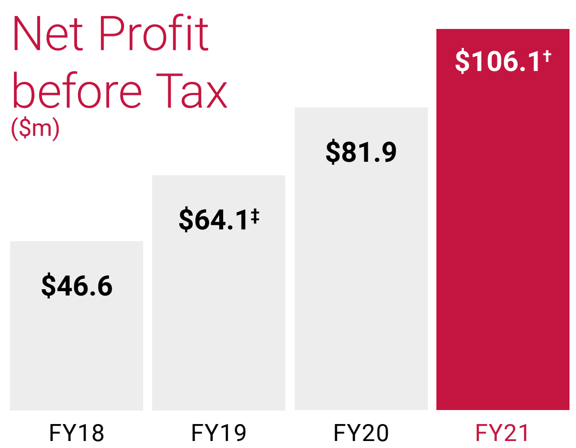
Key Financial Data	2021 $'000	2020 $'000
Total revenue from ordinary activities	2,484,459	2,000,112
Gross Profit	230,336	191,391
Earnings before interest, tax, depreciation [EBITDA]	118,728	91,389
Net operating profit before tax*	106,075	81,859
Net statutory profit before tax	105,097	81,859
Net profit after tax [NPAT]	73,562	57,182
Earnings per share (cents)	42.63	33.95
Dividends paid	64,676	59,546
Dividends per share (cents)	37.50	35.50

*Add back one off acquisition transaction costs of $978k









* FY19 - Revenue excludes Profit on Sale of property
‡ FY19 - Operating Profit before tax excluding Profit on Sale of property and cost for Employee Share Scheme
† FY21 - Operating Profit before tax excludesone off acquisition transaction costs of $978k

WHO WE ARE

Established in 1978, Dicker Data (ASX: DDR) has grown to become Australia's largest value-add distributor of IT hardware, software, cloud and emerging technology solutions for the corporate and commercial market.

In operation for over 43 years, the company boasts a long history of strong revenue and profit growth, with a current market cap of close to $2.5b. With an experienced founder-led management team, the company made its mark on the ASX in January 2011 and has since delivered a financial return of over 60 times or 5,900 percent on initial investments in the company's IPO, all whilst paying out 100 percent of profits in dividends. Fast forward to 2021, Dicker Data is a member of the S&P/ASX 300 Index and S&P/ASX All Technology Index.

Dicker Data is the vital link in the technology value and supply chain that supports over 8,200 IT reseller partners to design, configure, deliver and deploy the technology that helps address the challenges of today with the solutions of tomorrow, for hundreds of thousands of Australian and New Zealand (ANZ) end-user businesses each year.

As digital transformation is now a business reality, Dicker Data is the trusted advisor that provides technology driven solutions into all levels of Government, Enterprise and Small to Medium Businesses via its partner network to improve operational efficiency and deliver a superior experience for their customers.

Deemed as an essential service throughout the pandemic, Dicker Data is the catalyst for new technology adoption and continues to be one of the driving forces behind Australia's uptake of advanced technologies and digital solutions.

The company's consistent and strong results over the years consolidates its status as a true Australian success story.

Operating on the cutting-edge of technology and representing vendors from all walks of technology, Dicker Data continues to derive growth from new technical innovations, services and trends whilst leveraging its market position as the trusted advisor and enabler of business continuity to thousands of IT reseller partners and enterprises across ANZ.

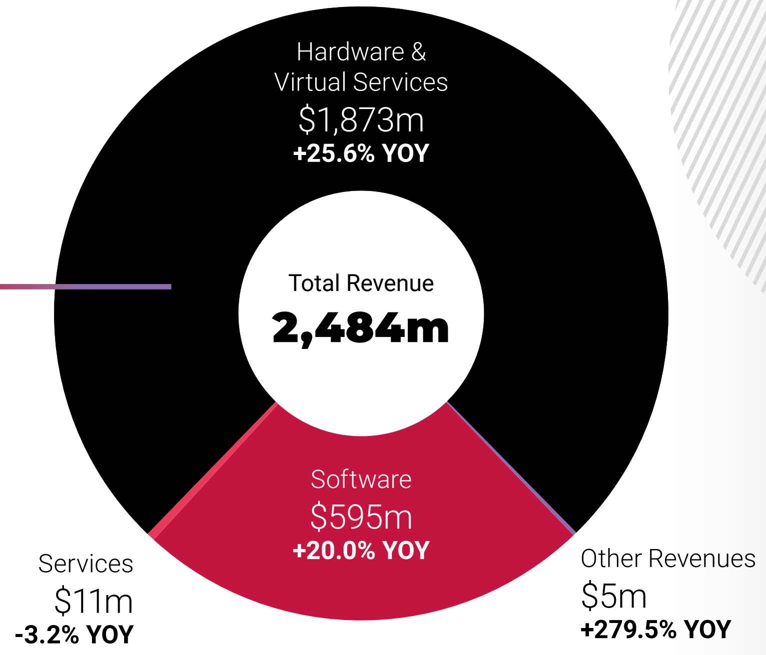
Dicker Data is renowned for its customer centric approach offering agility, flexibility and foresight to build capabilities in adjacent sectors to identify the next source of growth. Dicker Data's performance-based culture, management incentives and shareholder alignment are key drivers to consistent growth and success.

over
86%
of our resellers choose to purchase online

over
8,200
active reseller partners in Australia & NZ

over
90
vendors across Australia and NZ

2021 IN REVIEW



2021 was a year of significant milestones for Dicker Data, despite the volatile market conditions and uncertainty caused by global chip shortages, logistics complications and the ongoing pandemic.

Our team moved into our new corporate headquarters and distribution facility at 238 Captain Cook Drive, Kurnell in early 2021, with the facility officially being opened in April 2021 by The Hon. Scott Morrison MP, Prime Minister of Australia. After touring our facility, the Prime Minister outlined how Dicker Data is at the heart of Australia's digital transformation, recognising the role our team has played throughout the pandemic in keeping Australians connected and businesses moving forward.

In July we announced our strategic acquisition of the Exeed Group across Australia and New Zealand. The acquisition has cemented Dicker Data's position as the second largest IT distributor in the New Zealand market and provides a strong platform to overtake the current market leader. The cultures of both Dicker Data and Exeed have strong synergies which we believe will create one of the leading places to work in the Kiwi technology sector. The Australian division of the Exeed Group was fully integrated into Dicker Data's Australian operations in December 2021, with the New Zealand integration to be completed within the first half of 2022.

Our investment into hiring and retaining top talent accelerated in line with our overall growth in 2021, resulting in a larger, yet more efficient, workforce. The various leaders within our business are constantly digitally transforming their departments and leveraging our internal support mechanisms to scale their various services. We believe in the technology we sell to our customers and advocate for our own teams to leverage that technology to improve processes and deliver superior customer experiences.

2021 saw nine new vendors onboarded across security, collaboration, networking and virtualisation (excluding Exeed). Industry heavyweight VMware joined Dicker Data in February and the company has begun to enjoy the benefits VMware brings to the overall technology ecosystem. The total revenue generated from these nine new vendors was $54.7m. Existing vendors grew by over $240m, or 12% as vendor consolidation has benefitted the company or as full sets of value have been recognised from the vendors added in FY20.

over
250,000
orders placed online

+26%
web orders

Average online order size grew by
42%
YOY

INDUSTRY RECOGNITION

Australia and New Zealand in 2021

ASUS NZ
Motherboard Distributor of the Year

ARUBA
National Marketing Excellence

CHECKPOINT
Top Cloud Distribution Partner of the Year

CISCO
APJC SB Marketing Innovation & Excellence

DELL TECHNOLOGIES
Distributor of the Year

HP
PC Distributor of the Year - AU

HPE
Distribution Partner Reactivation of the Year

Honeywell NZ
Distributor of the Year

INTEL
Highest DCG Revenue Growth - APJ

LENOVO NZ
IDG Distributor of the Year

MICROSOFT
#1 Fastest Growing Teams Distributor in APJ

MICROSOFT NZ
Global Runner Up Indirect Provider Partner of the Year!

POLY
Distributor of the Year

SECURID – RSA
Outstanding commitment, dedication & support

SEAGATE
APAC Distributor of the Year

SEAGATE
Highest Growth Distributor

TELSTRA
Enterprise Distributor of the Year

TREND MICRO
Distributor of the Year

ARN
Hardware Distributor of the Year award at the 2021 #ARN Innovation Awards!

ARN
Diversity & Inclusion Champion

EXEED ACQUISITION

This transaction will propel Dicker Data NZ to become the second largest IT distributor in New Zealand with estimated revenue of over NZD $500m for the combined entities.

Established in 2002, and headquartered in Auckland, Exeed is the second largest IT distributor in the New Zealand market and holds dominant market share across a number of the vendors they represent. The acquisition of Exeed will provide Dicker Data NZ with the platform to rival the largest distributor in the NZ market using a mixture of unique local market knowledge and access to an increased range of world leading brands.

With operations expanded into Australia in 2016, the Exeed business represents combined revenues of approx. NZD $380m, with FY21 full year normalised EBITDA earnings expected to be approx. $15m. In addition to NZD $310m of revenue in the NZ market, this acquisition also gives us access to NZD $70m revenue in Australia, across a vendor base that has no overlap with existing Australian vendors.

Exeed is a leading distributor of key technology brands including Apple, HP, Hewlett Packard Enterprise and Microsoft, with a focus on both the commercial and retail sectors. Exeed carries a number of exclusive distributorships in New Zealand including Motorola, Ruckus and Webroot. The business employs a total of 119 staff, with 95 based in New Zealand and 24 in Australia.

As a locally owned and operated distributor in New Zealand, Exeed shares many cultural similarities with Dicker Data. Their ability to outpace all foreign rivals in their local market is testament to the strength of the business being acquired. The competitive advantage a local distributor brings is deeply engrained in Dicker Data's DNA, and every reseller partner who works with either business today should be reassured that the seamless continuity of their business is the utmost priority as Exeed is integrated into Dicker Data.

19 Years
IT Industry
Experience

2nd Largest
New Zealand
IT Distributor

Revenue
NZD$380m

Established
Retail Distribution

1,200 NZ
Reseller Partners

ENVIRONMENTAL, SOCIAL & GOVERNANCE

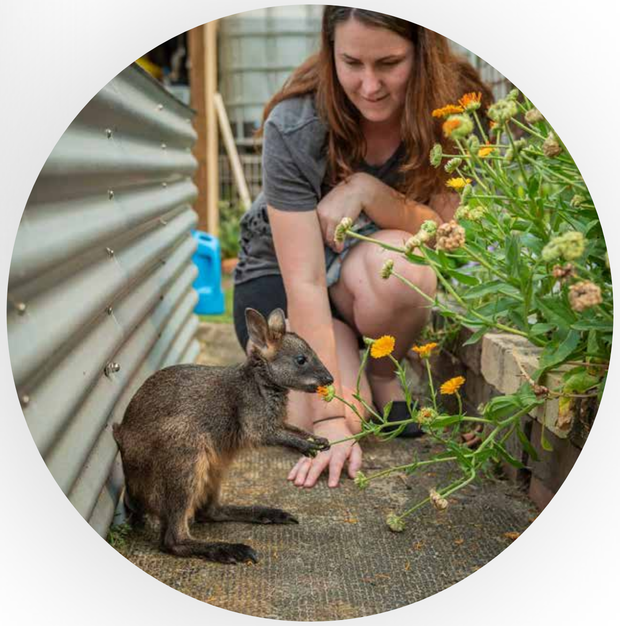
Dicker Data has a long history of implementing initiatives to create a sustainable and ethical future. These initiatives are core to the ongoing success of the company and play a key role in fostering a sense of community with our employees and the various organisations we support. We are proactively working to use our privileged position as a leading company in the technology sector to drive better outcomes for people and the planet.

Corporate Social Responsibility

Dicker Data is proud of its long-standing commitment to corporate social responsibility (CSR) initiatives. Despite the ongoing challenges presented by the pandemic, Dicker Data has remained steadfast in delivering on the CSR expectations of its shareholders and stakeholders. As an ASX300 company and as the largest Australian-owned technology distributor, we have a key role to play in ensuring our operations and those of our suppliers are focused on protecting the rights of people, protecting the planet and to ensure that we have robust policies and procedures in place to uphold the company's reputation as a model corporate citizen. It is this commitment that continues to drive our employee satisfaction to new heights, with nearly 85% of all staff indicating they were proud to work for Dicker Data in 2021.

OCEAN IMPACT ORGANISATION

Dicker Data was the category sponsor for the Ocean Monitoring Spotlight Award in the 2021 Ocean Impact Organisation's Pitchfest. Pitchfest recognises the organisations that are creating innovative solutions to transform ocean health and Dicker Data's involvement enabled the winner of the Ocean Monitoring Spotlight award to benefit from a cash prize. Dicker Data is working with Ocean Impact Organisation to provide their headline winners with access to technology and expertise from the company's Executive team in 2022.



Foundation for National Parks & Wildlife
Established in 1970

Launched in December 2020, Dicker Data's partnership with FNPW enables the company's reseller partners to donate towards protecting the environment for the future and enabling land acquisition to grow the footprint of our National Parks. Each donation made by Dicker Data's reseller partner community is matched by the company.

Team Initiatives

Several teams from within Dicker Data have conducted fundraising activities in 2021. Some of the charities they supported include:

Diversity and Inclusion

Dicker Data boasts not only an industry leading, but ASX300 and ASX All Tech Index leading Board gender ratio of 57% female to 43% male. The broader company's gender ratio is also industry leading at 54% male to 46% female. We represent a wide range of ethnicities, religions, ages, abilities and many other identity groupings. We speak over 30 languages and pride ourselves on our strong connections and opportunities to learn from abundantly diverse perspectives. It's this diversity and inclusion that is at the centre of the company's success.

We have a rich history of inclusive practices that embrace the diversity of our people. Dicker Data is extremely proud to have been named the Diversity and Inclusion Champion of 2021 for the Australian technology industry. Presided over by Australian Reseller News (ARN), the launch of this prestigious award saw Dicker Data compared to global technology leaders such as Microsoft and Cisco, with the company successfully being awarded with the inaugural honours.

Dicker Data is a proud member of the Champions of Change coalition. Joining in 2019 as a part of the Microsoft cohort, COO Vladimir Mitnovetski and CFO, Mary Stojcevski, have led the company's efforts to deliver on the requirements of the program and continually transform the organisation. Dicker Data was recognised as the leading technology company in the Microsoft cohort in the 2020 Champions of Change benchmark report across a number of the categories measured. Dicker Data remains committed to driving the proliferation of women in leadership at the company and has also participated in the Women Rising initiative to assist female staff in identifying and addressing challenges to their career growth and educating leaders on how to develop more diverse teams.

HELLO
SALUT
CIAO

We speak over 30 languages

57% female representation on our Board of Directors and 46% company wide

57%

We come from all over the world

Almost 85% of our 700-strong workforce indicated they're proud to work for Dicker Data

Commitment to our People

Our people have always been our largest competitive advantage and we remain committed to hiring and retaining the best people in the Australian technology industry. Our family culture centred on empowerment has created a unique corporate environment where entrepreneurship is encouraged and celebrated. Inclusivity and flexibility are at the core of the company and is best exemplified by the company hiring new mothers returning to the workforce on flexible working arrangements as far back as the 1980s.

Almost 85% of our 700-strong workforce indicated they're proud to work for Dicker Data in our annual staff survey. Our Executive leadership team are committed to acting on the feedback provided by our staff to create the best possible working environment that supports the career objectives of the people who choose to work with us. Our leaders encourage new ideas and the ambition of our teams' continually drives the company to new heights.

Our new facility features

- 678 solar panels
- Over 133,000 trees, grasses, shrubs and ground cover
- Electric vehicle charging stations
- Energy self-sufficient with low emissive glass
- Rainwater and stormwater recycled onsite
- All ewaste recycled in a sustainable manner

Our Facilities

Dicker Data moved into its new custom-designed and built facility in Kurnell NSW in 2021. Officially opened by the Prime Minister of Australia, the Hon. Scott Morrison MP in April 2021, the $74m development features a number of initiatives to reduce the company's impact on the environment. Featuring 8 electric car charging stations and 678 solar panels, Dicker Data has the capacity to operate completely off-grid under certain weather circumstances, enabling the company to be energy self-sufficient. In 2021, 62% of the power consumed by our facility was produced by solar or was supplied by the batteries stored onsite. Furthermore, the office facilities were fitted with low emissive glass to reduce glare and lower the requirement for heating and cooling, in turn lowering energy consumption.

Dicker Data's facility captures both rainwater as it falls and stormwater from the ground. All of this water is recycled onsite, with no overflow into the external stormwater infrastructure. The water is captured in detention basins that surround the facility and is then used by the onsite irrigation system and by the toilet facilities. Any overflow is soaked into the ground and directed back to the nearby Botany Bay precinct, all whilst enriching the soil with nutrients to promote plant growth and to boost the local ecology.

Over 133,000 trees, grasses, shrubs and ground cover were planted or sown onsite during the construction and landscaping process to create a peaceful surround for our otherwise bustling hub. The majority of plants selected are native to the local area and were carefully chosen to promote a healthy ecology for the surrounding flora and fauna.

Operational Focus on Sustainability

Dicker Data is a proud member of Australia Packaging Covenant Organisation (APCO) and is committed to playing its part in developing a circular economy for packaging in Australia. With millions of shipments leaving our warehouse each year, Dicker Data and its suppliers have a significant role to play in reducing non-recyclable packaging and phasing out the use of problematic and unnecessary single-use plastic packaging. We are committed to playing our part in assisting APCO to reach its 2025 goal of 100% of packaging to be reusable, recyclable or compostable and ensuring we recycle every eligible waste material handled by our business.

Dicker Data is also proud to have met its obligations under the Product Stewardship Act for Televisions & Computers. Partnering with E-Cycle Solution Pty Ltd, Dicker Data is recycling all of the company's ewaste in a sustainable manner and managing the sustainable disposal of excess packaging materials.

Modern Slavery

The company published its first edition of a Modern Slavery Statement in 2020 and was met with pleasing results across the large majority of its supply chain. Dicker Data remains fully committed to exceeding its obligations in this area and continues to undertake action to ensure its supply chain is compliant with local and global standards. Our strategies towards minimising Modern Slavery continue to evolve as we work towards a sustainable and ethical future for our business and the wider technology industry.

Ethical Conduct

Dicker Data is committed to ensuring its operations meet the ethical standards outlined in the company's Code of Business Conduct. All employees are required to undergo online training and complete a test on the company's Code of Business Conduct upon commencement of their employment and every 12 months thereafter. Full support is provided to assist employees in understanding their obligations and their role in upholding the Code of Business Conduct.

Dicker Data is proud to have met its full taxation obligations in Australia and New Zealand, and to have not accessed any of the Government's JobKeeper, JobSeeker or other support mechanisms throughout the pandemic. Our company has been fortunate enough to have benefitted from strong growth in the demand for technology and related services. Our commitment to operating with the highest ethical standards cements the company's position as a well-regarded corporate citizen and positively impacts the way our employees view the company they work for.

2022 AND BEYOND

Companies have engaged in Digital Transformation for more than a decade; however, the last two years have accelerated the adoption of technology as businesses experienced a changing work environment with global and national lockdowns. Businesses, communities and individuals embraced the new digital wave and harnessed the power of technology and its potential to keep businesses open and communities and teams connected.

This exposure and adoption of new technology saw the world embrace a new digital era and it's clear Australia's digital evolution has only just begun. Dicker Data has worked closely with the world's leading vendors to ensure business continuity for our reseller partners and their customers. As this next phase of digital transformation evolves, the role of IT distribution will be an essential component for every business, be it directly with our partners or indirectly via other means.

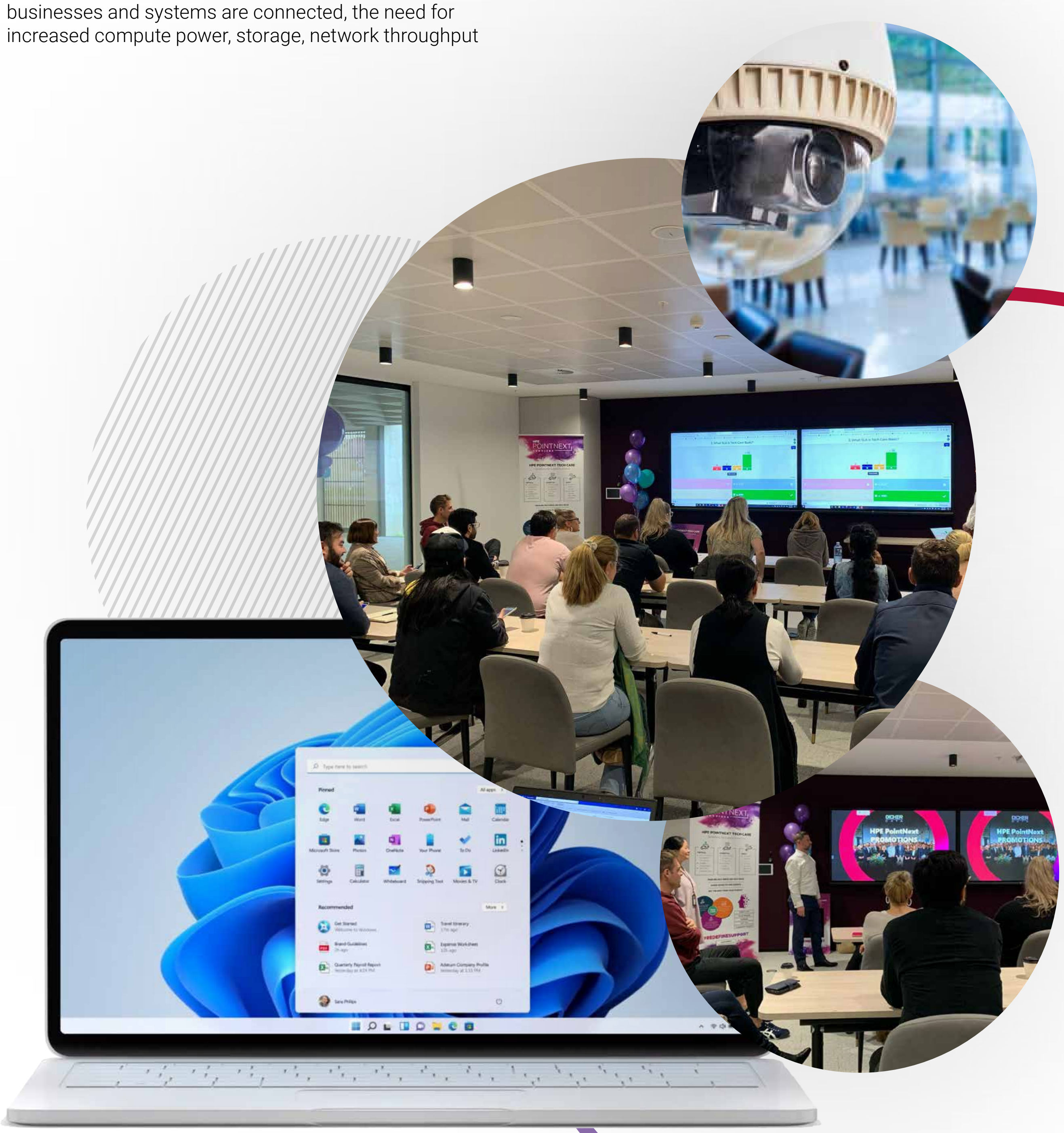
Dicker Data is well-positioned to capitalise on the opportunity ahead as it continues to work as strategic partners with resellers and be the vital link to the technology value and supply chain.

Software is the highest growth opportunity for the Company in FY22. Context Research is predicting over 25% year-on-year growth in software for all distributors globally, driven predominantly by hybrid cloud adoption. Our software portfolio continues to go from strength to strength and we believe it is now the second largest, if not the largest, software distribution business by revenue in the ANZ region. Fuelled by growth in cloud, security, collaboration and productivity, software continues to play a key role in increasing the Company's annual recurring revenues (ARR), with more customers than ever before opting for Operational Expenditure (OPEX) procurement over the traditional Capital Expenditure (CAPEX)model. Furthermore, some of the most significant operational gains made by the Company in the last 12 months have come from our digital transformation, led by investment into software development to streamline processes and increase overall efficiencies.

The work from anywhere trend (WFA) will continue to drive demand for devices, particularly as product refresh cycles are accelerated in light of distributed workforces meeting increased security threats. The release of Windows 11 in October 2021 was met with positive reviews and is yet another key driver for accelerated device refresh as organisations look to leverage the latest technology to further their competitive edge whilst addressing security concerns in the process. Further to this, we believe demand for devices will continue to increase as employers use technology as their main tool in combatting the "Great Resignation." Employee experience is a key factor in attracting and retaining top talent and the technology provided to employees is now seen as a reflection of a company's investment in their employee's ability to succeed. Professional Audio Visual (AV) is forecasted to continue delivering strong double-digit growth in FY22, particularly with many businesses welcoming staff back into their offices. Demand for smart office technology, large format displays for shared spaces and meeting rooms along with the associated peripheral devices, such as Unified Communications (UC) headsets, will underpin the growth. In addition, the homogenisation of collaboration platforms has begun with key technology partnerships forming between some of the major vendors we represent. This is in turn further democratising collaboration solutions for all organisations, resulting in even small businesses justifying the investment into meeting room solutions to give their employees a similar experience whether they're physically present or joining remotely.

We are forecasting another strong year for our infrastructure business. 5G adoption has significantly accelerated in the last 12 months which is leading to increased demand for networking products to harness the full capabilities of 5G, and a boost in demand for storage solutions to help organisations cope with the exponential growth in their data. As more people, businesses and systems are connected, the need for increased compute power, storage, network throughput and analytics to distil the data will continue to grow. We have been focused on ensuring we represent the vendors with the leading technology solutions to support our network of partners to capitalise on the infrastructure opportunity from the edge, to the core, to the cloud.

Supply constraints are expected to continue until at least mid-2022, however, this is not of significant concern. We have demonstrated a strong level of resilience over the last two years and are well-versed in navigating and performing in this disruptive environment, all whilst maximising the available opportunities.



*https://www.dickerdata.com.au/hubfs/Context22Briefing.pdf

DIRECTORS' REPORT

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Dicker Data Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 31 December 2021.

The following persons were directors of Dicker Data Limited during the financial year end and up to the date of this report. Directors were in office for this entire period unless otherwise stated.

Directors

- David J Dicker
- Fiona T Brown
- Mary Stojcevski
- Vladimir Mitnovetski
- Ian Welch
- Leanne Ralph
- Kim Stewart-Smith (appointed 29 March 2021)

Principal Activities

The principal activities of the consolidated entity during the year were wholesale distribution of computer hardware, software and related products. There were no significant changes in the nature of the activities carried out during the year.

Dividends

Dividends paid during the financial year were as follows:

Record Date	Payment Date	Dividend /Share (in Cents)	Amount (in 000's)	Type	FY	Amount Franked
15-Feb-21	01-Mar-21	0.105	$18,074	Final	2020	100%
15-May-21	01-Jun-21	0.090	$15,497	Interim	2021	100%
18-Aug-21	01-Sep-21	0.090	$15,550	Interim	2021	100%
15-Nov-21	01-Dec-21	0.090	$15,555	Interim	2021	100%
Total		**0.375**	**$64,676**			

The total dividends declared and paid during the financial year were 37.5 cents per share or a total of $64.7m, fully franked. (2020: 35.5 cents per share, $59.6m), representing an increase of 5.6%.

Our dividend policy provides for fully franked dividends to be paid on a quarterly basis, with the intent to pay out 100% of the underlying after-tax profits from operations after taking into account projected capital expenditure and cash requirements. The Dividend Reinvestment Plan (DRP) introduced in March 2014 has been retained for the 2021 year. Of the $64.7m dividends paid, $56.9m were paid as cash dividends and $7.8m participated in the DRP.

A final dividend for FY21 of 15.0 cents per share was declared on 9 February 2022 with a record date of 15 February 2022 and a payment date of 1 March 2022. With the three interim dividends paid during FY21, this will bring total dividends paid for the FY21 year to 42.0 cents per share. The FY21 dividend paid represents an increase over FY20 of 27.3%.

Type	FY	Payment Date	Dividend /Share (in Cents)	FY	Payment Date	Dividend /Share (in Cents)
Interim	2021	01-Jun-21	0.090	2020	01-Jun-20	0.075
Interim	2021	01-Sep-21	0.090	2020	01-Sep-20	0.075
Interim	2021	01-Dec-21	0.090	2020	01-Dec-20	0.075
Final	2021	01-Mar-22	0.150	2020	01-Mar-21	0.105
TOTAL	**2021**		**0.420**	**2020**		**0.330**

Operating and Financial Review

A snapshot of the operations of the consolidated entity for the full year and the results of those operations are as follows:

	Dec-21 ($ 000's)	Dec-20 ($ 000's)	Increase ($ 000's)	Increase %
Total Revenue	$2,484,459	$2,000,112	$484,347	24.2%
Gross Profit	$230,336	$191,391	$38,945	20.3%
Net operating profit before tax *	$106,075	$81,859	$24,216	29.6%
Net statutory profit before tax	$105,097	$81,859	$23,238	28.4%
Net profit after tax attributable to members	**$73,562**	**$57,182**	**$16,299**	**28.6%**

* Add back one off acquisition transaction costs of $978k

Revenue

The revenue for the consolidated entity for the 12 months to 31 December 2021 was $2,484.5m (2020: $2,000.1m), up by $484.3m (+24.2%). At a country level, Australia grew $300.3m (+16.3%) and New Zealand grew $184.1m (+128.7%). The addition of the Exeed business represented incremental revenue of $183.1m.

Total revenue from sales of goods and services, excluding other revenue was $2,479.4m (2020: $1,998.8m) up by $480.6m representing increase of 24.0%. On 6 August 2021 Dicker Data completed the acquisition of the Exeed business which contributed five months of revenue for the financial year. The revenue contribution from the Exeed business was $144.9m in New Zealand and $38.2m in Australia. Dicker Data has continued to add new vendors and increased the breadth of products offered by existing vendors whilst still driving growth. In 2021 a total of 9 new vendors were added (excluding Exeed), contributing incremental revenue of $54.7m. Existing vendors grew $240.6m (+12.0%) as vendor consolidation continues to provide access to new product sets or as full value was achieved from vendors added in 2020 (+$20.2m YoY). The growth of existing vendors continues to be driven by the increase in demand for remote working solutions, surge in demand for virtual capabilities and accelerated digital transformation of businesses as a result of the COVID-19 pandemic.

At a sector level, the Company maintained strong growth across all product related business units, with hardware and support sales up $382m (+25.6%), and software sales up $99m (+20.0%). Lockdowns and product availability impacted our services business unit, slightly down -$0.4m (-3.2%).
Within our software business the strongest growth came from our recurring revenue products increasing to $520m (+19.7%).

Gross Profit

Gross profit for the reporting period was up 20.3% at $230.3m (2020: $191.4m). Gross profit margins abated in the current year at 9.3% (2020: 9.6%). The decrease in profit margins is largely a normalisation from last year's opportunities caused by disruption in the supply chain, although these challenges remain.

Expenses

Operating Expenses

Operating costs for the reporting period were $116.3m (2020: $101.0m), up by 15.2%, but decreasing as a proportion to revenue at 4.7% (2020: 5.1%), as the company continues to benefit from scale.
The increase in costs is attributed primarily to an increase in salary related expenses. Salary costs were $101.0m (2020: $86.2m) an increase of $14.8m (+17.1%), but decreasing as a proportion of revenue to 4.0% (2020: 4.3%). The increase in salary and head count is attributed mainly to the Exeed acquisition, but also to investment in additional headcount as a result of new vendor signings and growth in existing vendors. With strong performance based remuneration packages the increase in salary costs is driven by the increase in revenue and operating profit growth experienced. Headcount across the group finished at 694 (2020: 525), an increase of 32.2%.

Other operating expenses, excluding one-off costs increased by $0.6m to $15.3m but fell as a proportion of sales to 0.6% (2020: 0.7%).

Depreciation, Amortisation and Interest

Depreciation and amortisation for the reporting period was $9.1m, an increase of $2.7m. Included in this number is $2.7m for amortisation of identifiable intangibles. There was also some increases in plant and equipment associated with the Exeed acquisition and depreciation with additional PP&E purchases inline with increase of additional headcount in the financial year. With the adoption of accounting standard AASB16, amortisation on the Right of Use Assets (ROUA) for capitalised leases amounted to $2.4m.

Finance costs in the reporting period were $3.9m, up from the prior year (2020: $3.5m), mainly attributed to incremental debt associated with the Exeed acquisition and increase in working capital requirements.

Net Profit

Operating profit before tax finalised at $106.1m (2020: $81.9m) up by 29.6%, after adding back one off transactions costs of $977.9k related to the acquisition of the Exeed business. Statutory profit before tax finalised at $105.1m (2020: $81.9m) up by 28.4%. Net profit after tax increased to $73.6m (2020: $57.2m), up by 29.6%.

Weighted average earnings per share increased to 42.63 cents per share (2020: 33.95 cents), up by 25.6%.

Statement of Financial Position

Total assets as at 31 December 2021 increased to $854.1m (2020: $581.9m).

The statement of financial position reflects a substantial increase in working capital investment, mainly driven by the incremental working capital attached to the Exeed business, however the existing business has also made strategic increases in working capital to facilitate ongoing growth and to maintain supply in a sometimes disjointed supply chain.

Total investment in net working capital was $258.6 up by $91.5m from previous year (2020: $167.0m). Cash finalised at $7.4m, down by $23.0m (2020: 30.4m). Trade and other receivables were up from the previous year to $455.5 (2020: $327.0m). The company increased inventory investment significantly with inventories finishing at $201.3m (2020: $113.2m). Inventory days increased to 32.6 days (2020: 22.8 days). Trade and other payables were up to $398.2m (2020:$273.2m).

Property, plant and equipment increased to $82.3m during the period (2020: $78.0m) an increase of $4.3m as the company completed works on the new distribution centre and office complex and brought on the Exeed assets onto the balance sheet.

Total liabilities as at 31 December 2021 were $675.8m, up from the prior period (2020: $420.3m).
Current borrowings comprising the drawn amount on the receivables purchase facility with Westpac was at $140.0m as at 31 December 2021, $20.0m higher than the prior year (2020: $120.0m). A $70.0m acquisition facility was established for the Exeed acquisition of which $10.0m is current and $60m non-current. The Exeed business combination also added $20.2m in debt, funding Exeed's working capital. Overall borrowings are $230.2m, up $110.2m (2020: $120m).

Equity has increased to $178.3m during the year (2020: $161.6m) due to the impact of timing differences in dividend flows (+$8.8m) and the contribution from the DRP (+$7.7m).

Equity Movement	$'000
Equity 31 Dec 2020	161,613
Comprehensive Income for FY2021	73,624
Share Issue (DRP)	7,737
Dividends Paid	(64,676)
Equity 31 Dec 2021	**178,297**

Significant changes in the state of affairs

Exeed Group Acquisition

On 30 July 2021, Dicker Data entered into a binding Sale and Purchase Agreement (SPA) to acquire the Exeed Group (Exeed) business operating across Australia and New Zealand. The purchase price was $68m cash free, debt free but included taking on existing working capital debt which was assumed by Dicker Data as part of the working capital balance at completion. The acquisition funding was supported by a cash advance facility from Westpac. The transaction completed 6 August 2021. In the current financial year there is five months contribution from the Exeed business.

Established in 2002, and headquartered in Auckland, Exeed was the second largest IT distributor in the New Zealand market and held a dominant market share across a number of the vendors represented. The acquisition of Exeed will provide Dicker Data NZ with the platform to rival the largest distributor in the NZ market using a mixture of unique local market knowledge and access to an increased range of world leading brands.

Exeed was a leading distributor of key technology brands including Apple, HP, Hewlett Packard Enterprise and Microsoft. With operations expanded into Australia in 2016, the Exeed business represented combined revenues of approx. NZD $380m, with FY21 full year normalised EBITDA earnings expected to be approx. $15m. In addition to NZD $310m of revenue in the NZ market, the acquisition also provided access to NZD $70m revenue in Australia, across a vendor base that has no overlap with existing Australian vendors.

The opportunity provides a solid customer base of nearly 1,200 resellers, growth in market share and revenue, plus immediate gain of skilled and specialist experts across the new commercial brands and retail specialisation. Employing a total of 119 staff, there was an addition of 95 staff in New Zealand and 24 in Australia. The scale of the combined entity will enhance Dicker Data's value proposition to New Zealand resellers and provides the local market with access to every major technology brand under the one banner, plus providing platform to enter selected retail business in Australia.

Supply Chain Disruption

During the financial year, largely as a result of impacts of the Covid-19 worldwide lockdowns the previous year, significant disruption was experienced in the supply chain. This was exacerbated by a global chip shortage as a result of elevated demand as globally all industries embarked on digital transformation strategies. The global chip shortage is expected to continue for the foreseeable future as manufacturers work to manage the available inventory. Larger international markets, such as the US and Europe are experiencing higher allocations than many countries across the APAC region, although the situation is improving with time. Each vendor is executing a slightly different strategy, and Dicker Data continues to demonstrate its strength and resilience as it continues to be extremely well placed to capitalise on the opportunities this unique market dynamic is creating. Over the course of 2021 Dicker Data has been able to adapt to the changing supply chain challenges and we have improved our ability to forecast and work with our vendors to secure stock allocations whilst managing customer expectations. This has however led to increase investment in working capital with increased inventory holdings as a result.

Despite the current shortages, we are experiencing strong demand with a backlog of orders to fulfil and as supply improves, we expect to continue to meet this demand over the course of FY22. Having a significant place in the IT supply chain, as an essential component for broader business continuity and digital transformation, we are also identifying significant future opportunities within the technology sector. As digital transformation continues to accelerate, the role of technology in business success continues to proliferate and the evolving hybrid and modern workforce becomes increasingly dependent on more intelligent, faster and collaborative technology solutions.

New Building Update

The construction of the new distribution centre at 238 Captain Cook Drive Kurnell was completed by the end of 2020 and at the start of 2021 all staff relocated to the new building. By February 2021 the business was fully operating out of the new premises.

The size of the first stage of the new distribution centre is 28,925 sqm with 22,965 sqm of it being warehouse space. This is an increase of approx 10,000 sqm from the previous warehouse facility representing an increase in capacity of 80%. The increased capacity enabled our existing business to grow and also provided for the ability to integrate the Exeed Australia business at this one location. The Exeed Australia business was operating out of a Melbourne based warehouse and office and before the end of the financial year all stock was relocated to Kurnell.

There is a further 18,620 sqm warehouse and office space approved as part of the Development Application to be built as part of a second stage providing future expansion options, which we anticipate to commence this year.

COVID-19 Update

On 31 January 2020, the World Health Organisation (WHO) announced a global health emergency because of a new strain of coronavirus (COVID-19 outbreak) and the risks to the international community as the virus spread globally beyond its point of origin. Because of the rapid increase in exposure globally, on 11 March 2020, the WHO classified the COVID-19 outbreak as a pandemic.

Over the last two years the business to date has proved resilient to the negative economic impact of COVID-19. Significant growth was experienced due to increase in demand for remote working solutions, surge in demand for virtual capabilities and accelerated digital transformation of businesses as a result of the COVID-19 pandemic. The Company did not access any government COVID-19 related grants in the period or to the date of signing of this report. There is still significant uncertainty as to the full impact that the pandemic will have on the economy overall which could impact the Company's earnings in the new financial year, however our teams are now well positioned to ensure continuity of supply. The full impact of the COVID-19 outbreak continues to evolve at the date of this report.

Matters subsequent to the end of the financial year

Acquisition of Hills Security and IT Division

On 21 February 2022 the Company announced that it had entered into a conditional business sale agreement (BSA) to acquire the Security and Information Technology (SIT) distribution division of Hills Limited (ASX: HIL) (Hills) in Australia.

Headquartered in Lidcombe, NSW, Hills is the largest distributor of physical security products in the Australian market. The SIT division generated $123.2m revenue in FY21, with $98.7m of the total attributed to security and the remaining $24.4m to IT products. Following the acquisition, Dicker Data will not only be the largest distributor in the segment but will be positioned to grow rapidly as the Company leverages synergies gained from the Hills SIT division and capitalises on the market convergence occurring between security and IT.

Under the terms of the BSA, Dicker Data will acquire the SIT business for cash consideration structured as a partial Net Asset sale. Upon completion Dicker Data will acquire the business, inventory, customer and vendor relationships, employees and their entitlement obligations, and certain other net assets of the Hills SIT division. The purchase price represents a premium to the net assets sold and the final amount is largely dependent upon inventory related balances at the completion date. The price is estimated to be in the range of $20 million.

Dicker Data and the Hills SIT division share only three mutual vendors, presenting an opportunity to novate agreements with over 50 net new vendors to Dicker Data, in line with the company's growth strategy. The Hills SIT division is currently working with over 2,000 customers, 85% of whom are new to Dicker Data, which is expected to grow the Company's total active customer base to over 10,000 businesses across ANZ. The acquisition will accelerate the Company's entry into the physical security market and presents a significant opportunity to introduce the existing Hills SIT customer base to the wider range of technologies offered by Dicker Data.

The agreement will see Dicker Data transition 130 of the Hills team members and assume responsibility for a nationwide network of seven trade centres.

The physical security market has traditionally been serviced by an industry-specific group of businesses who are highly specialised. Similar to the Professional AV and electrical trade markets, the physical security segment is converging with the IT market as IoT, artificial intelligence, smart devices and cloud solutions become critical elements of best-practice security solutions.

Rollover of Westpac Receivables Facility
The Westpac receivables facility has been renewed for a further 2 years, with the limit on the facility increasing from $180m to $220m. This renewal of the facility and increase in limit ensures the ongoing funding to continue to support working capital investments and the growth of the business.

There were no other significant matters subsequent to the end of the financial year.

Likely Developments And Expected Results Of Operations

As the world approaches two years of uncertainty caused by the global pandemic, one common theme has emerged as the backbone to both business success and community connection; technology. The importance of technology in our daily lives is unquestionable and as business embraces the era of the dispersed workforce, the role and importance of technology cannot be understated. The nomenclature of Digital Transformation was coined over 10 years ago, but despite this many businesses hadn't fully embraced the concept until they were forced to as a result of the pandemic and subsequent city and nationwide lockdowns. The pandemic has shown businesses, communities and individuals alike that by harnessing the power of technology they are able to realise their full potential. The exposure of Australian businesses to digital transformation and their ability to realise the benefits buoys our positive outlook for the company's Financial Year 2022 and beyond. Put simply, Australia's digital revolution has only just begun and Dicker Data is extremely well positioned to capitalise on the opportunity ahead as it continues to accelerate.

Software represents the highest growth opportunity in FY22. Context Research is predicting over 25% year-on-year growth in software for all distributors globally, driven predominantly by hybrid cloud adoption. Our software portfolio continues to go from strength to strength and we believe it is now the second largest, if not the largest, software distribution business by revenue in the ANZ region. Fuelled by growth in cloud, security, collaboration and productivity, software continues to play a key role in increasing the company's annual recurring revenues (ARR), with more customers than ever before opting for OPEX (Operational Expenditure) procurement over the traditional CAPEX (Capital Expenditure) model. Furthermore, some of the most significant operational gains made by the company in the last 12 months have come from our own digital transformation, led by investment into software development to streamline processes and increase overall efficiencies.

The work from anywhere movement will continue to drive demand for devices, particularly as product refresh cycles are accelerated in light of dispersed workforces meeting increased security threats. The release of Windows 11 in October 2021 was met with positive reviews and is yet another key driver for accelerated device refresh as organisations look to leverage the latest technology to further their competitive edge whilst addressing security concerns in the process. Further to this, we believe demand for devices will continue to increase as employers use technology as their main tool in combatting the "Great Resignation." Employee experience is a key factor in attracting and retaining top talent and the technology provided to employees is now seen as a reflection of the company's investment in their own success.

Professional AV is forecasted to continue delivering strong double-digit growth in FY22, particularly with many businesses welcoming staff back into their offices. Demand for smart office technology, large format displays for shared spaces and meeting rooms along with the associated peripheral devices, such as Unified Communications (UC) headsets, will underpin the growth. The homogenisation of collaboration platforms has begun with key technology partnerships forming between some of the major vendors we represent. This is in turn further democratising collaboration solutions for all organisations, resulting in even small businesses justifying the investment into meeting room solutions to give their employees a similar experience whether they're physically present or joining remotely.

We are forecasting another strong year for our infrastructure business. 5G adoption has significantly accelerated in the last 12 months which is leading to increased demand for networking products to harness the full capabilities of 5G, and a boost in demand for storage solutions to help organisations cope with the exponential growth in their data. As more people, businesses and systems are connected together, the need for increased compute power, storage, network throughput and analytics to distil the data will continue to grow. We have been focused on ensuring we represent the vendors with the leading technology solutions to support our network of partners to capitalise on the infrastructure opportunity from the edge, to the core, to the cloud.

Following on from the Hills acquisition we will be looking to capitalise on this by establishing a separate security division in FY22. Physical security, such as security cameras, network video recorders (NVRs) and many more technologies represent a significant untapped opportunity for the company. We believe this market, similarly to Professional AV two years ago, will converge with the traditional IT channel that we service, presenting an opportunity to not only capture new customers in the physical security market, but to open physical security solutions to our extensive existing partner network across Australia and New Zealand.

Supply constraints are expected to continue until at least mid-2022, however, this is not of significant concern. We have demonstrated a strong level of resilience over the last two years and are well-versed in navigating and performing in this disruptive environment, all whilst maximising the available opportunities.

Environmental Regulation

The consolidated entity is subject to the requirements of the Product Stewardship (Televisions and Computers) Regulations 2011. There have been no instances of non-compliance throughout the year.

INFORMATION ON DIRECTORS

Director Meetings

The number of meetings of the company's board of directors and of each board committee held during the year and the number of meetings attended by each director were:

	Board		Audit & Risk Committee		Nomination & Remuneration Committee	
Directors	**Meetings eligible to attend**	**Meetings attended**	**Meetings eligible to attend**	**Meetings attended**	**Meetings eligible to attend**	**Meetings attended**
Mr David Dicker *	12	12	1	1	-	-
Ms Fiona Brown	12	12	2	2	3	3
Mr Vladimir Mitnovetski **	12	12	1	1	-	-
Ms Mary Stojcevski	12	12	-	-	-	-
Mr Ian Welch	12	12	-	-	-	-
Ms Leanne Ralph	12	12	2	2	3	3
Ms Kim Stewart-Smith ***	9	9	1	1	2	2

* Removed as member 29 Mar 21 on Audit and Risk Committee
** Removed as member 29 Mar 21 on Audit and Risk Committee
*** Appointed as member 29 Mar 21 on Audit and Risk Committee, Nomination and Remuneration Committee

DAVID DICKER

Chief Executive Officer (CEO) and Chairman

David is the co-founder of the company and has been a director of the company since its inception. David's role as CEO requires focus on Dicker Data's business strategy and decision making and under David's strategic guidance the company has enjoyed material growth, establishing Dicker Data as one of the leading Australia-based distributors of IT products.

Interest in Equities:
10,000,000 Ordinary shares in Dicker Data Limited
48,000,000 Ordinary shares held by Rodin Ventures Limited
10,000 Ordinary shares held by his wife

Interest in Contracts:
Nil

Special Responsibilities:
Chairman and responsible for the overall business management and strategy as Chief Executive Officer.

Other Current Listed Company Directorships:
None

Other Current Listed Company Directorships held in Previous 3 Years:
None

FIONA BROWN

Non-Executive Director

Fiona Brown is the co-founder of Dicker Data and currently serves as Non-Executive Director of the company. Fiona has been involved with the business since it started in 1978 and has been a director of the company since 1983. As a Non-Executive Director, Fiona brings her knowledge and experience in the IT distribution industry for over 40 years, of which the first 26 years was in the role of General Manager of the business.

Interest in Equities:
54,305,643 Ordinary shares in Dicker Data Limited
1,319,448 Ordinary shares held by Fi Brown Trust N01
97,745 Ordinary shares held by South Coast Developments Pty Ltd as trustee for the Brown Family Superfund

Interest in Contracts:
Nil

Special Responsibilities:
Member of the Audit and Risk Management Committee
Member of the Nomination and Remuneration Committee

Other Current Listed Company Directorships:
None

Other Current Listed Company Directorships held in Previous 3 Years:
None

VLADIMIR MITNOVETSKI

Executive Director and Chief Operating Officer

Vlad joined the company in 2010 in his role as Category Manager. In this role he was responsible for the establishment and growth of key volume vendors and was instrumental in the introduction of new vendors to Dicker Data's portfolio. Vlad is a business technology professional with over 18 years of distribution industry experience. Vlad started his career at Tech Pacific and then Ingram Micro where he worked in various roles before progressing to business unit manager roles in enterprise and personal systems, working closely with many leading vendors. Vlad holds a bachelor of business degree from University of Technology and a masters degree in Advanced Marketing and Management from the University of New South Wales. Vlad was appointed to the position of Chief Operating Officer on 8th September 2014.

Interest in Equities:

715,000	Ordinary shares in Dicker Data Limited
38,377	Ordinary shares held by Mitnovetski Pty Ltd as Trustee for Mitnovetski Superannuation Fund
20,627	Ordinary shares held by his wife

Interest in Contracts:
Nil

Special Responsibilities:
Responsible for the sales, vendor alliances and operations of the consolidated entity.

Other Current Listed Company Directorships:
None

Other Current Listed Company Directorships held in Previous 3 Years:
None

MARY STOJCEVSKI

Executive Director and Chief Financial Officer

Mary joined Dicker Data as Financial Controller in 1999. Her responsibilities include all of the financial management, administration and compliance functions of the company. Prior to joining Dicker Data Mary had over 15 years' experience in accounting and taxation. Mary holds a Bachelor of Commerce Degree with a major in Accounting from the University of New South Wales. Mary is also an Executive Director of the company and has been a director since 31 August 2010.

Interest in Equities:

61,015	Ordinary shares in Dicker Data Limited
205,249	Ordinary shares held by Stojen Pty Ltd as trustee for Stojinvest Superannuation Fund

Interest in Contracts:
Nil

Special Responsibilities:
Responsible for the overall financial management and compliance functions of the consolidated entity

Other Current Listed Company Directorships:
None

Other Current Listed Company Directorships held in Previous 3 Years:
None

IAN WELCH

Executive Director, Chief Information Officer and Director of Operations

Ian joined Dicker Data in March 2013 as General Manager – IT before he was appointed Chief Information Officer on 6th August 2015. Prior to officially joining Dicker Data Ian spent more than 15 years consulting to Dicker Data in various roles. During this period Ian had been instrumental in establishing and maintaining the IT Systems for Dicker Data and as a result has a deep understanding of the business and all related processes. Ian started his career as an IT Professional working as consultant to businesses in various sectors. A large proportion of these were in the logistics space which have allowed Ian to develop a fundamental understanding of such operations. Ian is also an Executive Director of the company and was appointed 6th August 2015.

Interest in Equities:

64,528	Ordinary shares in Dicker Data Limited

Interest in Contracts:
Nil

Special Responsibilities:
Responsible for IT operations, systems and processes

Other Current Listed Company Directorships:
None

Other Current Listed Company Directorships held in Previous 3 Years:
None

LEANNE RALPH

Non-Executive Director

Leanne was appointed as an independent non-executive director on 13 December 2019. Prior to her appointment Leanne was the founder and director of Boardworx Australia Pty Ltd, a provider of outsourced company secretarial services, until its sale in 2017. Leanne is a highly experienced governance professional with over 15 years in this field, having held the role of Company Secretary for a number of ASX-listed entities across a diverse range of industries. She currently holds the roles of Non-Executive Director of Raise Foundation, and is Company Secretary for various listed entities. Leanne's prior executive positions focussed on accounting and finance for almost 20 years, as CFO of International Brand Management Pty Ltd, a business of importing, wholesaling and retailing luxury fashion brands, and Principal Client Advisor with Altus Financial, providing management accountant and company secretarial services to clients. Leanne holds a Bachelor of Business with majors in Accounting and Finance, is a Graduate Member of the Australian Institute of Company Directors and a Fellow of the Governance Institute of Australia.

Interest in Equities:

3,237	Ordinary shares in Dicker Data Limited
3,973	Ordinary shares held by related parties

Interest in Contracts:
Nil

Special Responsibilities:
Chair of the Nomination & Remuneration Committee
Member of the Audit & Risk Management Committee

Other Current Listed Company Directorships:
None

Other Current Listed Company Directorships held in Previous 3 Years:
None

KIM STEWART-SMITH
Non-Executive Director

Kim was appointed as an independent non-executive director on 29 March 2021. Prior to her appointment Kim spent 20 years in senior roles in Professional Services Firms and is currently running her own Business Advisory and Chartered Accounting firm. She was also founder and director of business advisory at chartered accounting firm Altus Financial. Kim has also spend 3 years as Oceania Corporate Services Leader for Ernst and Young. In this role she oversaw a team of 65 both within Oceania and Manilla delivering outsourced virtual CFO, finance, accounting and company secretarial services to clients of Ernst and Young. Kim has extensive experience in senior commercial finance roles. She was CEO of an international technology company that explored a strategic sale, and she spent 8 years as CFO and Company Secretary for Austereo and Mojo Publicis Advertising. Kim holds a Senior Executive MBA from Melbourne Business School, a Bachelor of Business with majors in Accounting and Finance, and she holds a Public Practice Certificate from the Institute of Chartered Accountants Australia and New Zealand.

Interest in Equities:
1,500 Ordinary shares held by Stewart & Smith Pty Ltd as Trustee for Stewart-Smith Superannuation Fund

Interest in Contracts:
Nil

Special Responsibilities:
Chair of the Audit and Risk Management Committee
Member of the Nomination and Remuneration Committee

Other Current Listed Company Directorships:
None

ERIN MCMULLEN
Company Secretary

Erin McMullen was appointed to the position of Company Secretary on 6th November 2018. Erin has over 11 years' experience in company secretarial roles for various publicly listed and unlisted entities. Prior to this Erin worked in Executive Support and Managerial roles across a number of sectors.

Remuneration Report (Audited)

Introduction from the Chair of the Nomination & Remuneration Committee

Dear Shareholders,

On behalf of Dicker Data's Nomination & Remuneration Committee, I am pleased to present our Remuneration Report for the year ended 31 December 2021.

The intention of this report is to describe the linkage between our strategy, remuneration principles and remuneration framework and how these have been driving the significant shareholder returns Dicker Data has achieved.

In a highly competitive industry that does not provide for the development or maintenance of any economic moats, annual profit growth and, as a consequence, our dividends, is the primary driver of value. The primary driver of market value is also the primary determinant of executive remuneration. Incentives make up greater than 85% of executive remuneration. The determinants of incentive payments are margin and profit. This ensures alignment with shareholder interests. It varies executive pay levels with profit levels and the company's capacity to pay. It is also transparent, audited, simple to understand, and straightforward to administer.

The short-term profit focus (fed primarily by winning new business) feeds into long term wealth, since new business turns into annual recurring revenue, contributing to profits in future years.

This is evident from the table below:

Dicker Data Growth	10yr	5yr	1yr
Revenue	546.54%	109.74%	24.24%
Net Operating Profit Before Tax	1095.87%	187.40%	28.32%
EPS**	749.40%	165.84%	25.60%
Dividends	3650.0%	135.11%	5.63%
TSR*	6767.33%	611.59%	45.50%

*Total Shareholder Return (TSR)
** Earnings Per Share (EPS)

FY21 Outcomes
FY21 has seen a continuation of Dicker Data's growth under our executive team. Net operating profit before tax increased by 28%. Realisable remuneration (base pay plus incentives) increased 28% for the COO & CFO and increased 70% for the CIO.

For FY21:

- The CFO received a base pay adjustment of $50,000.
- Base pay is unchanged for other executives.
- COO & CFO Performance-related incentive outcomes increased by 28% (in line with the increase in net operating profit before tax).
- The CIO's Performance-related incentive outcomes increased from 1% to 1.5% of net operating profit before tax, to be consistent with the CFO's profit share.

Response to First Strike
At our 2021 AGM, 28.92% of votes cast were against the FY20 Remuneration Report, constituting a 'first strike' under the *Corporations Act 2001* (Cth) (Corporations Act).

Proxy advisors and shareholder feedback indicated concern with the uncapped nature of the profit share plan, the absence of a long-term incentive plan and the lack of equity payments and/or deferral on the profit share plan. The board seriously considered this feedback, with outcomes from this review featuring in the next section of this report.

FY22 Remuneration
No increase to base pay or incentive opportunity is planned in FY22.

A mandatory shareholding requirement (MSR) for executives of 300% of base pay has been introduced. This formalises what is a long-standing cultural expectation of our executives. All executives exceed this requirement. Accompanying this, a MSR for non-executive directors (NEDs) has been introduced. This requires NEDs to accumulate a minimum shareholding equal to 100% of annual base board fees over five years from the date of appointment to the board, based on director fees and share price at the time of appointment.

Concluding Comments
No other ASX 300 company has remuneration as directly linked to performance as Dicker Data. Our view is that it is also the most transparent and simple executive remuneration among listed peers. Our policy whereby all or almost all executive remuneration is tied to our profitability sets us apart from competitors, and ensures we attract, retain and focus the industry's best talent on the key driver of shareholder returns and value. Executive pay can decline as much as increase. The fact that it has not declined over the last five years is a testament to our policy's ability to attract and retain the best talent, as well as its unrelenting focus on financial improvement.

Dicker Data remains focused on delivering growth. We believe that our remuneration structure combined with significant executive "skin in the game" positions us well to continue providing our shareholders with strong returns, ensures executive pay varies with performance, and exposes and aligns executives personal asset holdings with the long term interests of shareholders.

We remain open to remuneration frameworks that are simpler, at least as transparent and more aligned. To that end we will continue to have ongoing dialogue with proxy advisers and our shareholders to ensure our framework continues to deliver on that promise.

Leanne Ralph
Chair of the Nomination & Remuneration Committee
28 February 2022

Remuneration Report (Audited)

All information in this remuneration report has been audited as required by section 308(3C) of the Corporations Act. The remuneration report is set out under the following main headings:

a. Consideration of FY20 strike feedback
b. Key management personnel
c. Principles used to determine the nature and amount of remuneration
d. Details of remuneration
e. Service agreements
f. Share-based compensation
g. Additional disclosures relating to key management personnel

(a) Consideration of FY20 Strike feedback
At our 2021 AGM, 71.08% of the votes received supported the remuneration report for the financial year ended 31 December 2020. Votes cast were against the FY20 Remuneration Report were 28.92%, constituting a 'first strike' under the Corporations Act.

The following table summarises the issues raised by our shareholders and their proxy advisors in connection with the FY20 Remuneration Report resolution. Our assessment and consideration of these concerns are also in the table below.

<table>
<tr><th>Issue raised</th><th>Consideration by Company</th></tr>
<tr><td>No proportion of executive remuneration is deferred/ delivered in equity</td><td>
If executives did not own Dicker Data shares, or were not actively acquiring our shares to meet ownership expectations, the absence of equity as part of remuneration would be a valid concern. However, Dicker Data executives already have accumulated our shares from after tax proceeds from their incentive payments, consistent with board expectations. Their personal exposure to total shareholder returns, and hence alignment with shareholder interests, is significant. Their "skin in the game" is considerably higher than executives in peer companies.
The following table breaks down the current shareholding levels as a proportion of base pay for each executive:
<table>
<tr><th>Issue raised</th><th>Shareholding ($) as at 31 December 2021</th><th>Shareholding as a multiple of Base Pay</th></tr>
<tr><td>Vladimir Mitnovetski</td><td>$14,121,447</td><td>23.5</td></tr>
<tr><td>Mary Stoicevski</td><td>$3,674,473</td><td>14.7</td></tr>
<tr><td>Ian Welch</td><td>$957,596</td><td>3.8</td></tr>
</table>
There is an argument that remuneration deferral with equity would assist in executive retention. In considering this we note that each member of the Dicker Data executive team has been at the company for over 7 years, exceeding average ASX 300 company executive tenure by about 2 years. This suggests that the current policy has been effective at retention of talented executives that deliver performance.
Therefore deferral would serve no further purpose given their levels of ownership and exposure, while detracting from the simplicity and attractiveness of our incentive plans for talented executives who get results.
Nevertheless, our review did recognise that some improvement was warranted. While it has always been a cultural expectation that executives own significant Dicker Data stock, there was no formal policy requiring this to be maintained. Therefore a mandatory shareholding requirement for executives of 300% of base pay to ensure all current and future executives achieve and maintain significant shareholdings has been introduced. Although our executives have binding employment agreements currently in force, they have nevertheless fully endorsed this change. All have voluntarily agreed with this requirement. Lastly, while we acknowledge that executives currently meet these requirements, they are only matched by very few other ASX 300 companies.
</td></tr>
<tr><td>No Long Term Incentive Plan (LTI)</td><td>We have deliberately configured our business to be agile, with limited long term risk exposure. That is, we are asset light. Most capital deployment is in inventory, which we turn over quickly to further reduce capital risk from obsolescence and write downs. This permits us to focus primarily on sales and service, agilely responding to our customers' needs. Unlike competitors, we do not want to be weighed down by legacy systems in a fast moving world of technology. Vendors that we stock invest the capital, so we do not have to. The spread of vendors and their products permits us to always have solutions for our customers, providing we are agile enough to identify new technology opportunities to configure to their needs. This pressure to respond in the short term is the reason we have maintained consistently high levels of profit growth since we have listed. Our incentive plan is essential to this strategy, while executive share ownership has ensured good levels of alignment.</td></tr>
</table>

Issue raised	Consideration by Company
Executives are entitled to a percentage of net operating income before tax without a limit on outperformance	The executive team has low levels of base pay in comparison to market practice. A larger proportion of executives' realised remuneration is at risk relative to market practice. In the event that the gateway (a net profit margin of 2.5%) is not achieved no profit share incentive will be earned. Based on the feedback, it appeared that the uncapped profit share was an issue for some proxy advisors and investors because it can result in very high remuneration relative to similarly sized companies. This appeared to outweigh, for the few that noted it, the very low remuneration relative to others that could equally result if performance was poor. Dicker Data values remuneration and performance symmetry. It does not subscribe to the view that executive pay can go up but not down. Hence our philosophy more equitably shares the risk between executives and shareholders. To cap the executive pay upside, we would have to increase the floor on the executive pay downside. We do not want to condemn shareholders with mediocrity by in effect saying to executives we do not want them to outperform. We do. Introducing a cap on outperformance of executives would be demotivating, reduce executive retention, require Dicker Data to raise base pay and undermine the model that has increased shareholder wealth so significantly since listing as a public company.
Only one performance measure	Some proxy advisors and investors were concerned that there was a singular focus on one measure. To some investors this would increase risk that other important aspects would be disregarded, resulting in loss of value. We have considered this within the context of the nature of the company and executive shareholdings. We are reasonably satisfied from this review that the primary driver of value is profit. Since 2017, the net profit before tax has grown at an average rate of 27.1%. Shareholder wealth has increased at an average rate of 26.5% per annum over this period. For the financial year, earnings per share increased by 26.4% whilst dividends paid to shareholders increased by 5.6%. While there are other important performance factors, they are primarily hygiene measures. That is, they are necessary as leading indicators of ongoing organisational health. While they are not primary value drivers, failure to attend to these can be risky, and consequently impact share price and dividends. Hence as a board we do set standards for our executives, and measure and monitor these. Rather than signalling any of these out, assigning a weight, and varying pay according to a formula, we believe the impact of these is best managed through requiring high levels of executive share ownership. This has now been formalised with the MSR.

(b) Key management personnel

Key management personnel (KMP) covered in this report are detailed below:

	Name	Position Held	Tenure
Non-Executive Directors	Fiona Brown	Non-Executive Director	Full Year
	Leanne Ralph	Independent Non-Executive Director	Full Year
	Kim Stewart-Smith	Independent Non-Executive Director	From 29 March 2021
Executive Directors	David Dicker	Chief Executive Officer	Full Year
	Vladimir Mitnovetski	Chief Operating Officer	Full Year
	Mary Stoicevski	Chief Financial Officer	Full Year
	Ian Welch	Chief Information Officer	Full Year

(c) Principles used to determine the nature and amount of remuneration

In determining the remuneration packages of its executives, the board adopts principles that ensures the level and composition of remuneration aligns with the interests of shareholders and allows us to retain our high performing talent.

These key principles are:

- A focus on the performance of the business – executives are paid on the performance of the business;
- A minimum performance threshold has to be met before any performance awards are paid. This ensures the variable reward is only available when value has been created for shareholders and when profit is in line with the approved budget;
- The remuneration framework is simple, clear and transparent;
- Competitive remuneration packages to ensure the retention of highly skilled long-serving personnel.

Executive remuneration and other terms of employment are reviewed annually by the board having regard to performance against goals set at the start of the year and relevant comparative information. Any changes to remuneration and benefits would need to be agreed with executives, given their binding employment agreements. Remuneration is intended to attract and retain executives capable of managing the company's operations, achieving the company's strategic objectives, and increasing shareholder wealth.

Executives Remuneration Framework

The executive pay and reward framework includes the following components:

- Base pay and benefits
- Performance-related cash incentives
- Other statutory-based remuneration components such as superannuation.

The combination of these comprises the executive's remuneration.

Base pay

Base pay is structured as a total employment cost package which may be delivered as a combination of cash and prescribed non-financial benefits at the executive's discretion. There are no guaranteed base pay increases included in any senior executives' contracts.

The following table summarises the executives base pay in FY21 as well as FY20:

Name	FY21 Base Pay	FY20 Base Pay
David Dicker	-	-
Vladimir Mitnovetski*	$600,000	$600,000
Mary Stoicevski	$250,000	$200,000
Ian Welch	$250,000	$250,000

* The remuneration payable to Mr Mitnovetski will be a performance-based salary of the higher amount of either: (i) $50,000 per month; or (ii) 4% of net operating profit before tax in the quarter. Profit incentive is subject to the company achieving a net profit margin of 2.5% in a calendar quarter.

Performance-related incentives

Performance-related cash incentive entitlements are linked to the achievement of financial objectives, namely Net Operating Income before Tax if a minimum margin gateway has been achieved. Non-financial objectives are also relevant in assessing executive performance in meeting the company's business objectives.

Using a profit measure ensures variable reward is only available when value has been created for shareholders. Incentives vary with the company's capacity to pay incentives.

The executives' cash incentive entitlements are assessed and paid either monthly or quarterly based on the actual performance against the relevant monthly profit with reconciliation at the end of the financial year against the audited full-year actual profit. The performance-related award is un-capped after the threshold performance metric has been achieved. The chairman and CEO is responsible for assessing whether an individual's targets have been met.

The performance-related cash incentives align with Dicker Data's strategy by:

- Focussing executives on the key value driver for share price and dividends.
- Varying remuneration directly with the performance of the company and its capacity to pay.
- Establishing a performance gateway requiring a minimum margin to be achieved before any payment is made.
- Lower risk through having relatively low fixed remuneration cost.
- Providing for zero incentives in the event of poor performance.
- Being simple to understand, monitor and audit.
- Providing remuneration that is highly competitive, but only for executives who perform.
- Aligning executive prosperity with shareholders via a high shareholding requirement.

Non-executive directors

Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, the directors. The board determines remuneration of non-executive directors within the maximum amount approved by the shareholders from time to time. This maximum currently stands at $250,000 per annum in total for salary and fees, to be divided among the non-executive directors in such a proportion and manner as they agree. Leanne Ralph was appointed to the board as a non-executive independent director in December 2019. Kim Stewart- Smith was appointed to the board as a non-executive independent director in March 2021. Fiona Brown is also non-executive director, but is also a major shareholder, and therefore not considered independent.

(d) Details of remuneration

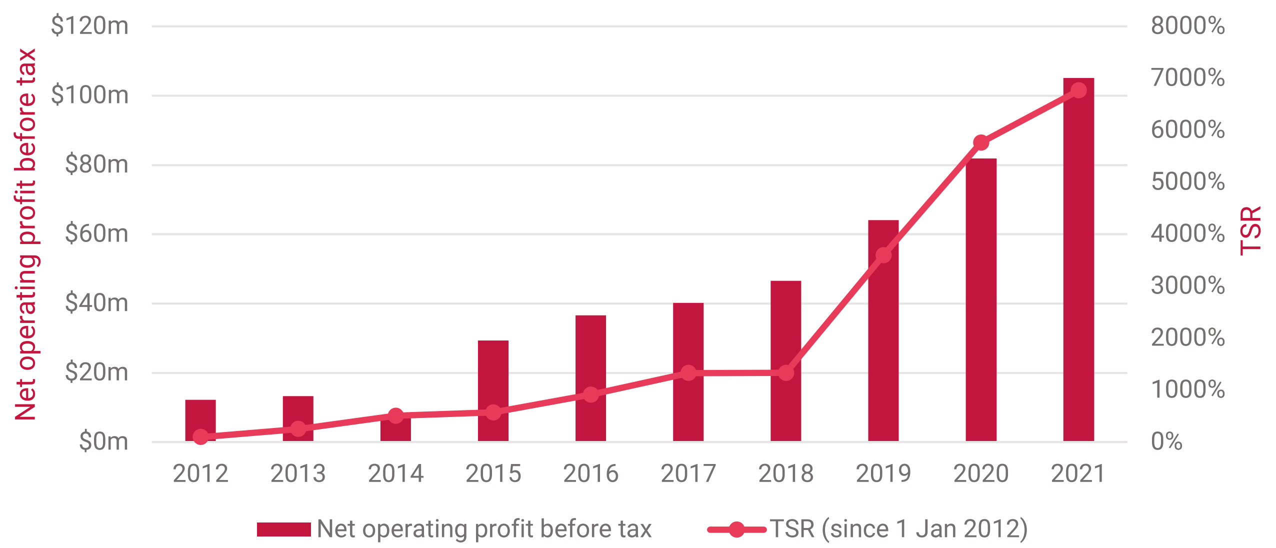
Relationship between remuneration and company performance

The overall level of executive reward takes into account the performance over the financial year with greater emphasis given to improving performance over the prior year.

During the tenure of the current executive team, financial performance has improved significantly.

The executive team increased the net operating profit on an average over the last 5 years by 27.1%. As a large proportion of the executive's remuneration package is based on net operating profit outcomes the executive remuneration also increased. Shareholder wealth has increased at an average rate of 26.5% per annum over this period. For the financial year, earnings per share increased by 26.4% whilst dividends paid to shareholders increased by 5.6%.

The following table summarises net operating profit before tax and total shareholder return (TSR) over the past ten years:

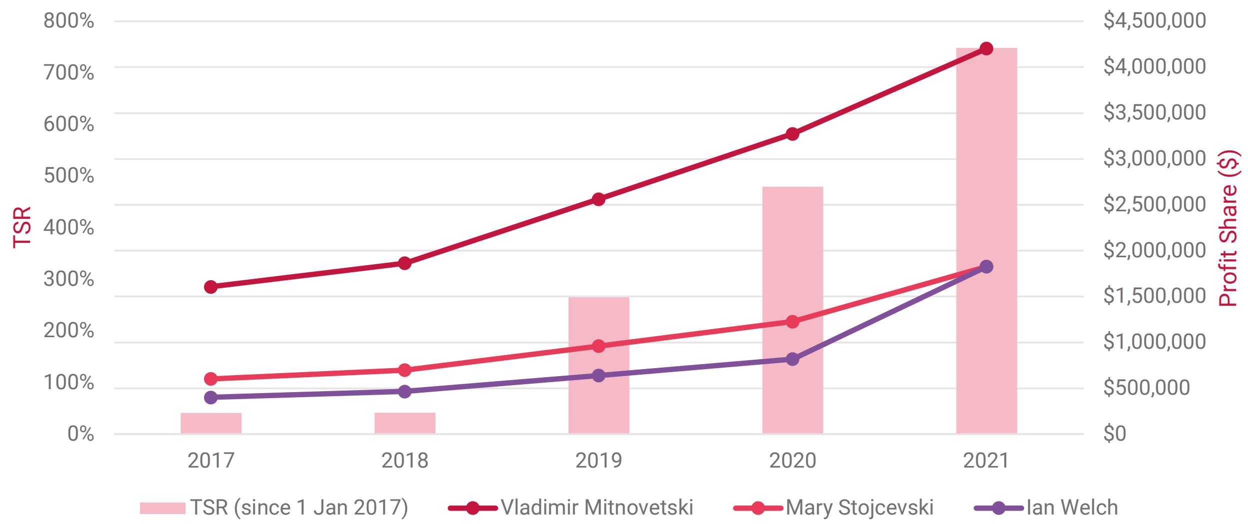


David Dicker does not participate in the profit share based incentive plan. The following table summarises FY21 incentive pay outcomes for the KMP executives who are eligible:

Name	Net Profit Margin Threshold	Net Profit Margin Achieved	Net Operating Income before Tax	Profit Share %	Profit Share $
Vladimir Mitnovetski*				4.0%	$4,203,891
Mary Stoicevski	2.5%	4.2%	$105.1m	1.5%	$1,576,459
Ian Welch				1.5%	$1,576,459

As the net profit margin percentage performance gateway was achieved for FY21, each executive received their incentive based on Net Operating Income before Tax.

The following graph compares each executive's performance to company total shareholder return over the last five years. These graphs display how the performance of the current executive team has driven growth and returns over the past five years and how well it correlates with executive performance based pay.



Total remuneration

Compensation paid to key management personnel is set out below. Key management personnel include all directors of the company and executives who, in the opinion of the board and CEO, have authority and responsibility for planning, directing and controlling the activities of the group directly or indirectly.

		Short Term				Short Term	Long Term	Share Based Payments				
		Cash	Incentive Cash Bonus	Super	Non-Cash	Annual Leave	Long Service	Shares	Options	Total	Proportion of remuneration that is performance based	% of value of remuneration that consists of share Based Payments
	FY	Salary & Fees $	$	$	FBT Reportable $	Leave $	Leave $	$	$	$	%	%
Executive Directors												
David Dicker Chief Executive Officer	Dec-21	-	-	-	-	-	-	-	-	-	-	-
	Dec-20	-	-	-	-	-	-	-	-	-	-	-
Vladimir Mitnovetski Chief Operating Officer	Dec-21	-	4,203,891	399,370	-	32,314	10,003	-	-	4,645,577	100.00%	-
	Dec-20	-	3,274,289	311,057	-	11,541	10,029	-	-	3,606,916	100.00%	-
Mary Stojcevski Chief Financial Officer	Dec-21	250,000	1,576,459	173,514	-	15,877	14,143	-	-	2,029,993	85.04%	-
	Dec-20	203,077	1,227,858	135,939	-	3,846	3,342	-	-	1,574,062	76.71%	-
Ian Welch Chief Information Officer	Dec-21	250,000	1,576,459	173,514	-	13,778	4,234	-	-	2,017,985	85.54%	-
	Dec-20	253,846	818,572	101,880	-	10,577	4,178	-	-	1,189,053	70.39%	-
Non-Executive Directors												
Fiona Brown	Dec-21	54,289	-	5,294	-	-	-	-	-	59,583	-	-
	Dec-20	50,228	-	4,772	-	-	-	-	-	55,000	-	-
Leanne Ralph	Dec-21	58,382	-	5,694	-	-	-	-	-	64,076	-	-
	Dec-20	54,300	-	5,700	-	-	-	-	-	60,000	-	-
Kim Stewart-Smith	Dec-21	45,031	-	4,426	-	-	-	-	-	49,456	-	-
	Dec-20	-	-	-	-	-	-	-	-	-	-	-
TOTAL	Dec-21	657,703	7,356,809	761,810	-	61,969	28,380	-	-	8,866,671	-	-
	Dec-20	561,451	5,320,719	559,348	-	25,964	17,549	-	-	6,485,031	-	-

(e) Service agreements

Terms of employment for the executive directors and other key management personnel are by way of Consultancy Agreement or an Executive Service Agreement (ESA). The contract details the base salary and performance-related incentives.

Consultancy Agreement for David Dicker

The company has engaged Rodin FZC (a company incorporated in Dubai) to provide the services of David Dicker to act as the Chief Executive Officer and Executive Director of the company on an as-needed basis. The Consultancy Agreement is dated 26 October 2010. The engagement is for an indefinite term. Either party may terminate the agreement on the provision of 6 months' notice. No fee is payable by the company to Rodin FZC for the provision of the services. The agreement contains a number of post-termination restraints.

Deed of Adherence for David Dicker

The company and David Dicker have entered into a Deed of Adherence whereby Mr Dicker has agreed to adhere and comply with all covenants and obligations of Rodin FZC set out in the Consultancy Agreement (between the company and Rodin FZC) to the maximum allowable extent permitted by law as if Mr Dicker was named as Rodin FZC therein. The Deed is dated 26 October 2010.

Executive Service Agreement for Vladimir Mitnovetski

The company has appointed Vladimir Mitnovetski as Chief Operating Officer and Director of the Board of the company by way of an Executive Service Agreement (ESA). The ESA is dated 1 September 2014. The appointment of Mr Mitnovetski is for an unspecified time. Either the company or Mr Mitnovetski may terminate the ESA with 3 months' notice. The remuneration payable to Mr Mitnovetski will be a performance-based salary of the higher amount of either: (i) $50,000 per month; or (ii) 4% of net operating profit before tax in the quarter. Profit incentive is subject to the company achieving a net profit margin of 2.5% in a calendar quarter. Superannuation is uncapped and payable on total of base and performance payments at 9.5%. The ESA also contains a number of post-termination restraints.

Executive Service Agreement for Mary Stojcevski

The company has appointed Mary Stojcevski as Chief Financial Officer and Director of the Board of the company by way of an Executive Service Agreement (ESA). The ESA is dated 25 October 2010. The ESA confirms Ms Stojcevski's continuous service with the company commenced from 31 August 2010. The appointment of Ms Stojcevski is for an unspecified time. Either the company or Ms Stojcevski may terminate the ESA with 3 months' notice. The remuneration payable to Ms Stojcevski comprises of a base remuneration of $250,000 per annum. Ms Stojcevski is also entitled to a performance incentive equal to 1.5% of the company's net operating profit before tax. This is subject to net profit margin before tax not being less than 2.5%, unless otherwise agreed. Superannuation is uncapped and payable at 9.5% on total of base and performance payments. The ESA also contains a number of post-termination restraints.

Executive Service Agreement for Ian Welch

The company has appointed Ian Welch as Chief Information Officer and Director of the Board of the company by way of an Executive Service Agreement (ESA). The ESA is dated 1 September 2015. The ESA confirms Mr Welch's continuous service with the company for all purposes commenced from 30 March 2013. The appointment of Mr Welch is for an unspecified time. Either the company or Mr Welch may terminate the ESA with 3 months' notice. The remuneration payable to Mr Welch comprises a base remuneration of $250,000 per annum. Mr Welch is also entitled to a performance incentive equal to 1.5% of the Company's net profit before tax. This is subject to net profit margin before tax not being less than 2.5%, unless otherwise agreed. Superannuation is uncapped and payable at 9.5% on total of base and performance payments. The ESA also contains a number of post-termination restraints.

(f) Share-based compensation

No shares, rights, or options were granted to directors or key management personnel during the year ended 31 December 2021, no rights or options vested or lapsed during the year, and no rights or options were exercised during the year by directors.

(g) Additional disclosures relating to key management personnel shareholding

The number of shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their related parties, is set out below:

December 2021	Balance at the start of the year	Additions	Disposals	Balance at the end of the year
Ordinary Shares				
David Dicker	60,750,000	-	(2,740,000)	58,010,000
Fiona Brown	55,169,743	553,093	-	55,722,836
Vladimir Mitnovetski	951,580	84,032	(261,608)	774,004
Mary Stojcevski	247,606	18,658	-	266,264
Ian Welch	64,528	-	-	64,528
Leanne Ralph	18,803	3,175	(14,768)	7,210
Kim Stewart-Smith	-	1,500	-	1,500
	117,202,260	660,458	(3,016,376)	114,846,342

December 2020	Balance at the start of the year	Additions	Disposals	Balance at the end of the year
Ordinary Shares				
David Dicker	60,563,495	186,505	-	60,750,000
Fiona Brown	54,602,140	567,603	-	55,169,743
Vladimir Mitnovetski	729,316	222,264	-	951,580
Mary Stojcevski	210,863	36,743	-	247,606
Ian Welch	60,000	4,528	-	64,528
Leanne Ralph	1,600	17,203	-	18,803
	116,167,414	1,034,846	-	117,202,260

This concludes the remuneration report which has been audited.

Transactions with Related Parties

There were a number of related party transactions during the year with the entity Rodin Cars Ltd, a New Zealand based entity owned by David Dicker. The transactions included provision of marketing and IT services and sales of goods and services which are billed to Rodin Cars Ltd on a monthly basis at commercial market rates. Total amount billed to Rodin Cars Ltd for FY21 was $182,331. Dicker Data Financial Services Pty Ltd has also provided finance to Rodin Cars Ltd at arms length commercial rates. The amount payable as at 31 December 2021 was $403,283. The principal amount financed was $3,993,922.57. In addition to these transactions some payments have been made on behalf of director David Dicker throughout the year that were subsequently reimbursed, or funds were deposited in advance to cover these expenses. As at 31 December 2021 there were no funds owed or owing.

Share Options

There were no outstanding options at the end of this financial year.

Indemnification and insurance of directors and officers

The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act. The contract of insurance prohibits disclosure of the nature of liability and the amount of the premium.

Indemnity and insurance of auditor

The company has not, during or since the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the Corporations Act for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

Non-Audit Services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 25 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act.

The directors are of the opinion that the services as disclosed in note 25 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

Officers of the company who are former audit partners of BDO

There are no officers of the company who are former audit partners of BDO Audit Pty Ltd.

Rounding of amounts

The company is of a kind referred to in ASIC Corporations (Rounding in Financial / Directors' Report) Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act is set out on page 87.

Auditor

Accounting Firm BDO Audit Pty Ltd continues in office in accordance with section 327 of the Corporations Act.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act.

On behalf of the directors

David Dicker
CEO AND CHAIRMAN

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

	Note	Consolidated 31-Dec-21 $'000	Consolidated 31-Dec-20 $'000
Revenue			
Sales revenue		2,479,423	1,998,785
Other revenue:			
Interest received		326	375
Recoveries		-	4
Other revenue		4,710	948
	4	**2,484,459**	**2,000,112**
Expenses			
Changes in inventories		88,029	(7,187)
Purchases of inventories		(2,337,117)	(1,800,207)
Employee benefits expense		(100,993)	(86,232)
Depreciation and amortisation	5	(9,104)	(6,379)
Finance costs	5	(3,875)	(3,527)
Other expenses		(16,302)	(14,721)
		(2,379,362)	(1,918,253)
Profit before income tax expense		**105,097**	**81,859**
Income tax expense	6	(31,535)	(24,677)
Profit after income tax expense for the year		**73,562**	**57,182**
Profit attributable to members of the company		73,562	57,182
Other comprehensive income, net of tax			
Items that may be reclassified subsequently to profit or loss			
Foreign Currency Translation		62	(364)
Total comprehensive income for the year		**73,624**	**56,818**
Total comprehensive income attributable to members of the company		**73,624**	**56,818**
Weighted Earnings per share		**Cents**	**Cents**
Basic earnings per share	31	42.63	33.95
Diluted earnings per share	31	42.63	33.95

The statement of profit or loss and other comprehensive income is to be read in conjunction with the attached notes.

STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	Note	Consolidated 31-Dec-21 $'000	Consolidated 31-Dec-20 $'000
Assets			
Current Assets			
Cash and cash equivalents	10	7,413	30,368
Trade and other receivables	11	455,467	326,963
Inventories	12	201,276	113,246
Total Current Assets		**664,156**	**470,577**
Non-Current Assets			
Right of Use Asset	15	2,709	2,276
Property, plant and equipment	13	82,287	78,024
Intangible assets	14	98,630	24,933
Deferred tax assets	8	6,341	6,135
Total Non-Current Assets		**189,967**	**111,368**
TOTAL ASSETS		**854,123**	**581,945**
Liabilities			
Current Liabilities			
Trade and other payables	16	398,179	273,193
Lease Liabilities	15	2,715	2,243
Borrowings	17	170,169	120,000
Current tax liabilities	7	11,216	4,937
Short-term provisions	18	17,294	13,354
Total Current Liabilities		**599,573**	**413,727**
Non-Current Liabilities			
Borrowings	17	60,000	-
Lease Liabilities	15	439	514
Deferred tax liabilities	9	13,698	4,154
Long-term provisions	18	2,116	1,937
Total Non-Current Liabilities		**76,253**	**6,605**
TOTAL LIABILITIES		**675,826**	**420,332**
NET ASSETS		**178,297**	**161,613**
EQUITY			
Equity attributable to Equity Holders			
Issued capital	19	139,527	131,790
Reserves	20	332	270
Retained profits		38,439	29,553
TOTAL EQUITY		**178,297**	**161,613**

The statement of financial position is to be read in conjunction with the attached notes.

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2021

Consolidated	Note	Issued Capital $'000	Retained Profits $'000	Reserves $'000	Total Equity $'000
Balance at 1 January 2020		**62,516**	**31,917**	**634**	**95,067**
Profit after income tax for the year		-	57,182	-	**57,182**
Other comprehensive income for the year net of tax		-	-	(364)	**(364)**
Total comprehensive income for the year		-	**57,182**	**(364)**	**56,818**
Transactions with the owners in their capacity as owners:					
Share Issue (DRP)	19	5,656	-	-	**5,656**
Share Capital Raising and Share Purchase Plan (SPP)	19	63,618	-	-	**63,618**
Dividends Paid	21	-	(59,546)	-	**(59,546)**
Balance at 31 December 2020		**131,790**	**29,553**	**270**	**161,613**

Consolidated	Note	Issued Capital $'000	Retained Profits $'000	Reserves $'000	Total Equity $'000
Balance at 1 January 2021		**131,790**	**29,553**	**270**	**161,613**
Profit after income tax for the year		-	73,562	-	**73,562**
Other comprehensive income for the year net of tax		-	-	62	**62**
Total comprehensive income for the year		-	**73,562**	**62**	**73,624**
Transactions with the owners in their capacity as owners:					
Share Issue (DRP)	19	7,737	-	-	**7,737**
Dividends Paid	21	-	(64,676)	-	**(64,676)**
Balance at 31 December 2021		**139,527**	**38,439**	**332**	**178,297**

The statement of changes in equity is to be read in conjunction with the attached notes.

STATEMENT OF CASH FLOWS

For the year ended 31 December 2021

	Note	31-Dec-21 $'000	31-Dec-20 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		2,638,571	2,168,061
Payments to suppliers and employees (inclusive of GST)		(2,586,494)	(2,075,493)
Interest received	4	326	375
Interest and other finance costs paid		(3,715)	(3,338)
Income tax paid		(28,073)	(30,227)
Net cash from operating activities	30	**20,615**	**59,378**
Cash flows from investing activities			
Payments for property, plant and equipment		(7,077)	(48,122)
Proceeds from sale of property plant and equipment		(1)	64
Payments for intangibles		(2)	(3)
Payment for purchase of business, net of cash acquired		(63,640)	-
Net cash used in investing activities		**(70,720)**	**(48,061)**
Cash Flows From Financing Activities			
Proceeds from share issue		(47)	63,618
Repayment of Bond		-	(40,000)
Drawdown of borrowings		86,826	30,000
Principal paid on lease liabilities		(2,576)	(3,061)
Interest paid on lease liabilities		(160)	(190)
Payment of dividends		(56,893)	(53,889)
Net cash used in financing activities		**27,150**	**(3,523)**
Net cash flows		**(22,955)**	**7,795**
Cash and cash equivalents at the beginning of the period		30,368	22,573
Cash and cash equivalents at the end of period	10	**7,413**	**30,368**

The statement of cash flows is to be read in conjunction with the attached notes.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

1. Significant Accounting Policies

The principal accounting policies adopted in the preparation of the financial statements are set out below and in the following notes. These policies have been consistently applied to all the years presented, unless otherwise stated.

New, revised or amending Accounting Standards and Interpretations adopted
The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any other new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

New Accounting Standards and Interpretations not yet Mandatory or early Adopted
Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 31 December 2021, unless otherwise stated. The consolidated entity has not yet performed an assessment of the impact of these new or amended Accounting Standards and Interpretations.

Basis of preparation
These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention
The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in the notes.

Parent entity information
In accordance with the Corporations Act, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 27.

Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Dicker Data Limited ('company' or 'parent entity') as at 31 December 2021 and the results of all subsidiaries for the year then ended. Dicker Data Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the consolidated entity. Losses incurred by the consolidated entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Foreign Currency Translation
The financial statements are presented in Australian dollars, which is Dicker Data Limited's functional and presentation currency.

Foreign Currency Transactions
Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign Operations
The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rate at the date of the transaction, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

Current and Non-Current Classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is current when: it is expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within twelve months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non-current.

A liability is current when: it is expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within twelve months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Goods and Services Tax ('GST') and Other Similar Taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from, or payable to, the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Business combinations
The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the consolidated entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

Rounding of Amounts
The company is of a kind referred to in ASIC Corporations (Rounding in Financial / Directors' Reports) Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

2. Critical Accounting Judgements, Estimates and Assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed at each note.

3. Operating Segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Identification of Reportable Operating Segments
The consolidated entity is organised into two operating segments: Australian and New Zealand operations. These operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. Operating segments have been aggregated where they are below the quantitative thresholds and where the aggregation criteria has been met per AASB8 Operating Segments.

The CODM reviews EBITDA (earnings before interest, tax, depreciation and amortisation). Reportable revenue is for only the one product range being sale of IT goods and services. The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements. Included in each of the operating segments is the respective revenue from the Exeed Australia and Exeed New Zealand businesses

The information reported to the CODM is on at least a monthly basis.

Intersegment Transactions
During the year there was no dividend paid from Dicker Data NZ Ltd to Express Data Holdings Pty Ltd (2020: $Nil).

Intersegment Receivables, Payables and Loans
Intersegment loans are initially recognised at the consideration received. Intersegment loans receivable and loans payable that earn or incur non-market interest are not adjusted to fair value based on market interest rates. Intersegment loans are eliminated on consolidation. No single customer represents more than 10% of revenue.

3. Operating Segments

Consolidated - December 2021	Australia $'000	New Zealand $'000	Eliminations/ Unallocated $'000	TOTAL $'000
Revenue				
Sale of goods*	2,152,620	326,803	-	**2,479,423**
Other revenue:				
Interest received	260	66	-	**326**
Recoveries	-	-	-	**-**
Other revenue	4,475	235	-	**4,710**
Total Revenue	**2,157,355**	**327,104**	**-**	**2,484,459**
EBITDA	108,443	9,307	-	**117,750**
Depreciation & amortisation	(7,226)	(1,878)	-	**(9,104)**
Interest received	260	66	-	**326**
Finance costs	(2,662)	(1,213)	-	**(3,875)**
Profit before income tax	98,815	6,282	-	**105,097**
Income tax expense	(30,000)	(1,535)	-	**(31,535)**
Profit after income tax expense	68,815	4,747	-	**73,562**
Segment current assets	625,334	53,293	(14,471)	**664,156**
Segment non current assets	137,683	52,284	-	**189,967**
Segment Assets	**763,017**	**105,577**	**(14,471)**	**854,123**
Segment current liabilities	531,197	82,847	(14,471)	**599,573**
Segment non current liabilities	69,368	6,885	-	**76,253**
Segment Liabilities	600,565	89,732	(14,471)	**675,826**

*Revenue by product type and geographic location is disclosed at Note 4

Consolidated - December 2020	Australia $'000	New Zealand $'000	Eliminations/ Unallocated $'000	TOTAL $'000
Revenue				
Sale of goods*	1,855,901	142,884	-	**1,998,785**
Other revenue:				
Interest received	467	14	(106)	**375**
Recoveries	4	-	-	**4**
Other revenue	934	14	-	**948**
Total Revenue	**1,857,306**	**142,912**	**(106)**	**2,000,112**
EBITDA	88,485	2,905	-	**91,390**
Depreciation & amortisation	(5,609)	(770)	-	**(6,379)**
Interest received	361	14	-	**375**
Finance costs	(3,423)	(210)	106	**(3,527)**
Profit before income tax	79,814	1,939	106	**81,859**
Income tax expense	(24,088)	(589)	-	**(24,677)**
Profit after income tax expense	55,726	1,350	106	**57,182**
Segment current assets	441,782	28,970	(175)	**470,577**
Segment non current assets	109,858	1,510	-	**111,368**
Segment Assets	**551,640**	**30,480**	**(175)**	**581,945**
Segment current liabilities	394,968	18,815	(56)	**413,727**
Segment non current liabilities	6,091	514	-	**6,605**
Segment Liabilities	401,059	19,329	(56)	**420,332**

*Revenue by product type and geographic location is disclosed at Note 4

4. Revenue

Sales from contracts with customers

The company sells hardware, software (including software licensing), warranties, logistics and configuration services. The performance promise that is the responsibility of the company is to procure and supply or provide access to these products and services and revenue is recognised at the point of sale. Whilst each revenue stream represents a performance obligation, the performance obligation that is created is to deliver these goods and services hence the entity has determined point of sale as the most relevant way to recognise revenue per performance obligation. The company bears the inventory and credit risk and has pricing control for the products and services supplied. Amounts disclosed as revenue are net of sales returns and any customer rebates. Returns and customer rebates represent a variable consideration but do not represent a judgement by management. There is no constraint on the amount of revenue recognised. In some limited contractual agreements, the company acts as an agent. In such circumstances the revenue is recognised on a net basis.

Disaggregation of revenue

The group has disaggregated the revenue from customer contracts into various categories in the following table which is intended to:

- depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic data; and
- enable users to understand the relationship with revenue segment information provided in Note 3

For hardware products the performance obligation is satisfied when the products are delivered. For software, subscription and virtual products the performance obligation is satisfied when access is facilitated. For 3rd party warranties the performance obligations is satisfied when the hardware is allocated to a warranty. Services revenue is recognised when the service is performed.

Year to 31 December 2021

Product Type	Description	Revenue recognition (PIT/OT)	Agent/ Principal	AU	NZ	Consolidated
Infrastructure	Hardware products	Point in time	Principal	1,498,821	221,083	1,719,904
Virtual Services	Sales of 3rd party warranties and services	Point in time	Principal	143,448	9,980	153,428
Software	Perpetual and subscription licensing including cloud products	Point in time	Principal	499,521	95,648	595,169
Dicker Data Services	3rd party logistics and configuration services	Point in time	Principal	4,762	92	4,854
Partner Services	Agent commission	Point in time	Agent	6,068	-	6,068
				2,152,620	**326,803**	**2,479,423**

Year to 31 December 2020

Product Type	Description	Revenue recognition (PIT/OT)	Agent/ Principal	AU	NZ	Consolidated
Infrastructure	Hardware products	Point in time	Principal	1,294,609	60,626	1,355,234
Virtual Services	Sales of 3rd party warranties and services	Point in time	Principal	131,319	5,025	136,345
Software	Perpetual and subscription licensing including cloud products	Point in time	Principal	418,673	77,245	495,918
Dicker Data Services	3rd party logistics and configuration services	Point in time	Principal	5,239	-13	5,226
Partner Services	Agent commission	Point in time	Agent	6,062	-	6,062
				1,855,902	**142,883**	**1,998,785**

Other Revenue

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other Revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

	Note	Consolidated 31-Dec-21 $'000	Consolidated 31-Dec-20 $'000
Sales from contracts with customers:			
Sale of goods and services		2,479,423	1,998,785
Other revenue:			
Interest		326	375
Recoveries		-	4
Other revenue		4,710	948
Total Revenue		**2,484,459**	**2,000,112**

5. Expenses

Cost of Sales

Cost of goods sold are represented net of supplier rebates and settlement discounts. Supplier rebates can be paid monthly, quarterly or half yearly. At the end of the financial year an estimate of rebates due, relating to the financial year is accounted for based on best available information at the time of the rebate being paid. Estimate of rebates is based on information provided by our suppliers on our tracking to targets and on management's judgement based on historical achievements

Depreciation and amortisation

Depreciation is calculated on a straight line basis to write off the net cost of each item of property, plant and equipment (excluding land) or capover their expected useful lives. Amortisation of intangibles is calculated on a straight-line basis over their expected useful lives, as either determined by management or by an independent valuation.

Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred, including:

- interest on any bank overdraft
- interest on short-term and long-term borrowings
- interest on finance leases

Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Operating leases

For the current financial year operating leases have been capitalised with recognition of a right-to-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets). Amortisation of right-to-use assets is in line with AASB 16 and represents unwinding of the liability in principal on straight-line basis and interest component is expensed.

	Note	Consolidated 31-Dec-21 $'000	31-Dec-20 $'000
Depreciation			
Building		1,851	32
Plant and equipment		2,185	1,923
Total depreciation		4,036	1,955
Amortisation			
Software		15	17
Right of Use Asset		2,387	3,065
Customer Contracts, Brands, Non Compete		2,666	1,342
Total amortisation		5,068	4,424
Total deprecation and amortisation		9,104	6,379
Finance costs			
Interest and finance charges paid / payable		3,875	3,527
Superannuation expense			
Defined contribution superannuation expense		6,816	5,884
Operating Leases			
Property Rental Expense		32	24

6. Income Tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable. With the change in financial year, the Company has applied and has been approved for a substituted accounting period for the lodgement of its tax return based on the calendar year January to December.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered, or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entity's which intend to settle simultaneously.

Dicker Data Limited (the 'head entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group from 01 April 2014, under the tax consolidation regime. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group. In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group. Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

Income Tax Critical Judgements

The consolidated entity is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The consolidated entity recognises liabilities for anticipated tax audit issues based on the consolidated entity's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

		Consolidated 31-Dec-21 $'000	31-Dec-20 $'000
(A)	The components of tax expense comprise:		
	Current tax	32,565	25,722
	Over/(Under) provision in respect of prior years	86	12
		32,651	25,734
	Deferred tax (expense/benefit)	(904)	(1,045)
	Over/(Under) provision in respect of prior years	(212)	(12)
		(1,116)	(1,057)
		31,535	24,677
	Deferred tax included in income tax expense comprises:		
	(Increase) Decrease in deferred tax assets	188	(509)
	Increase (Decrease) in deferred tax liabilities	(1,210)	(655)
	Deferred tax included in statement of changes in equity	118	118
		(904)	(1,045)

	Consolidated 31-Dec-21 $'000	Consolidated 31-Dec-20 $'000
(B) The prima facie tax payable on profit before income tax is reconciled to the income tax as follows:		
Prima facie tax payable on profit before income tax at 30%	31,529	24,557
Add tax effect of:		
Under provision for income tax in prior year	(127)	3
Non-deductible expenses	236	112
Franking deficit tax	-	-
Deferred Tax on intangibles	-	-
	31,638	24,672
Less tax effect of:		
Differences in overseas tax rates	(103)	5
Income tax expense attributable to entity	**31,535**	**24,677**
The applicable weighted average effective tax rates are as follows:	30.0%	30.1%

7. Current tax

Current tax liability	11,216	4,937

8. Deferred Tax Asset

Deferred tax asset comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Provision for receivables impairment	550	695
Provision for employee entitlements	4,030	3,351
Accrued expenses	460	640
Inventory	1,408	728
Capitalised expenditure	265	8
Property Plant and Equipment	(1,054)	(344)
Capitalised right-of-use assets	327	583
Amounts recognised in equity:		
Share Issue Costs	355	474
Deferred tax asset	6,341	6,135
Movements in Deferred Tax Asset		
Opening Balance	6,135	5,151
Credited / (charged) to profit or loss	(57)	509
Credited / (charged) to equity	263	475
Closing Balance	6,341	6,135

	Consolidated 31-Dec-21 $'000	Consolidated 31-Dec-20 $'000

9. Deferred Tax Liabilities

The balance comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Land and Buildings	-	-
Capitalised right-of-use assets	243	446
Prepayments	13	19
Accrued income	1,460	1,555
Intangible assets	11,982	2,134
Deferred tax liability	13,698	4,154
Movements in Deferred Tax Liability		
Opening Balance	4,154	4,809
Credited / (charged) to profit or loss	9,544	(655)
Credited / (charged) to equity	-	-
Closing Balance	13,698	4,154

10. Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash at bank	7,413	30,368

11. Trade and Other Receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days from end of month.

Other receivables are recognised at amortised cost, less any provision for impairment. Other receivables mainly includes vendor rebates receivable and are due to be paid within 3 months.

Trade receivables	418,063	298,415
Less: Provision for impairment of receivables	(1,809)	(2,319)
	416,254	296,096
Other receivables	39,213	28,087
Related party receivable	-	2,780
	455,467	**326,963**

Impairment of receivables

The expected loss rates are based on the Group's movement of balances from one ageing category to the next to indicate increase in collection time which is an indicator of the probability of default. The value of debtors insurance is then applied to these balances to indicate the exposure at default. These loss rates are then applied to the individual ageing categories to calculate an expected credit loss.

The entity has used their ability to apply the effects of debtor's insurance as a suitable collateral to reduce the exposure of default.

The consolidated entity has recognised a decrease in the provision in the profit and loss of $35k to $1,809k (2021: $1,844k) in respect of impairment of receivables for the year ended 31 December 2021.

12. Inventories

Finished goods are stated at the lower of cost or net realisable value. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts received or receivable.

Stock in transit is stated at the lower of cost and net realisable value. Cost comprises purchase and delivery costs, net of rebates and discounts received or receivable.

Net realisable value is the estimated selling price (plus any applicable supplier claims as per revenue recognition policy) in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Impairment of Inventories

The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence.

	Consolidated	
	31-Dec-21 $'000	31-Dec-20 $'000
Finished Goods	203,073	114,956
Less: Provision for Impairment	(1,797)	(1,710)
	201,276	**113,246**

13. Property, Plant and Equipment

Land and buildings are carried at cost less subsequent depreciation for buildings and accumulated impairment for land and buildings. Each class of plant and equipment and property improvements is carried at cost less, where applicable, any accumulated depreciation and impairment losses.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Buildings	-	40 Years
Property improvements	-	10 - 20 Years
Leasehold improvements	-	10 - 20 Years
Plant and equipment	-	2 - 10 Years
Plant and equipment under lease	-	2 - 10 Years
Motor vehicles	-	8 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements and plant and equipment under lease are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

Estimation of Useful Lives of Assets

The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

	Consolidated	
	31-Dec-21 $'000	31-Dec-20 $'000
Freehold land	18,435	18,435
Building - at cost	55,912	53,360
Less accumulated depreciation	(1,380)	-
	54,532	53,360
Total land and buildings	**72,967**	**71,795**
Fitout & Leasehold improvements - at cost	6,267	4,174
Less accumulated depreciation	(2,048)	(1,568)
	4,219	2,606
Plant and equipment - at cost	13,465	6,881
Less accumulated depreciation	(8,370)	(3,266)
	5,095	3,615
Motor vehicles	252	252
Less accumulated depreciation	(246)	(244)
	6	8
Total plant and equipment	**9,320**	**6,229**
Total property, plant and equipment	**82,287**	**78,024**

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Freehold land $'000	Buildings $'000	Fitout Costs $'000	Plant and equipment $'000	Motor vehicles $'000	Total $'000
Balance at 1 January 2020	18,435	9,335	213	3,987	11	**31,981**
Additions	-	44,025	2,425	1,672	-	**48,122**
Depreciation expense	-	-	(32)	(1,920)	(3)	**(1,955)**
Disposals	-	-	-	(114)	-	**(114)**
Effect of movements in exchange rate	-	-	-	(10)	-	**(10)**
Balance at 31 December 2020	**18,435**	**53,360**	**2,606**	**3,615**	**8**	**78,024**
Additions through business combinations	-	-	-	1,268	-	1,268
Additions	-	2,552	2,087	2,438	-	7,077
Depreciation expense	-	(1,380)	(471)	(2,183)	(2)	(4,036)
Disposals	-	-	-	(38)	-	(38)
Effect of movements in exchange rate	-	-	(3)	(5)	-	(8)
Balance at 31 December 2021	**18,435**	**54,532**	**4,219**	**5,095**	**6**	**82,287**

14. Intangibles

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the de-recognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Goodwill

Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Customer Contracts

Customer contracts acquired in a business combination are amortised on a straight-line basis over the period of their expected benefit, being their finite life which varies between 18 months and 15 years. Additional indentifiable intagbiles for customer contracts were added for the FY21 year as a result of the Exeed group acquisition and finite life of the new customer contracts varies between.

Brand

On the basis of Exeed's reputation and position as second largest distributor, underlying business, relationships, capability and experience in the New Zealand market a value has been attributed to the Exeed brand. This was based of an independent purchase price valuation. The valuation of the Exeed brand was based using the income approach. This identifiable intangible is amortised on straight-line basis over the period of the expected benefit being finite life of 10 years.

Non-compete

Non-compete agreement in the sale and purchase agreement for the acquisition of the Exeed business included a three year restraint period in respect of some of the sellers. Value has been attributed as an identifiable intangible to the non-compete clause due to the restricted sellers having many years of industry experience and with the proceeds from the sale of the equity interest in the Exeed Group may have provided the ability for the restricted sellers to set up a competing business. This identifiable intangible is amortised on straight-line basis over the period of the expected benefit being finite life of 3 years.

Software

Significant costs associated with software are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 4 years.

Impairment of Intangibles

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

	Consolidated	
	31-Dec-21 $'000	31-Dec-20 $'000
Goodwill	57,247	17,799
Customer Contracts	51,256	17,657
Less: Accumulated amortisation	(12,976)	(10,545)
Brand	2,323	-
Less: Accumulated amortisation	(96)	-
Non Compete	1,006	-
Less: Accumulated amortisation	(139)	-
Software - at cost	25	73
Less: Accumulated amortisation	(15)	(51)
	98,630	**24,933**

	Goodwill $'000	Customer Contracts $'000	Brands $'000	Non Compete $'000	Software $'000	Total $'000
Balance at 1 January 2020	**17,799**	**8,454**	**-**	**-**	**37**	**26,290**
Additions	-	-	-	-	3	3
Amortisation expense	-	(1,342)	-	-	(17)	(1,359)
Disposal	-	-	-	-	-	-
Effect of movements in exchange rate	-	-	-	-	(1)	(1)
Balance at 31 December 2020	**17,799**	**7,112**	**-**	**-**	**22**	**24,933**
Additions through business combinations	39,479	33,597	2,323	1,005	-	76,404
Additions	-	-	-	-	2	2
Amortisation expense	-	(2,431)	(96)	(139)	(15)	(2,681)
Disposal	-	-	-	-	-	-
Effect of movements in exchange rate	(28)	-	-	-	-	(28)
Balance at 31 December 2021	**57,250**	**38,278**	**2,227**	**866**	**9**	**98,630**

Goodwill and other Indefinite Life Intangible Assets Estimates

The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows. The recoverable amount of the consolidated entity's goodwill has been determined by a value-in-use calculation using a discounted cash flow model, based on a 1 year EBITDA projection period approved by management and extrapolated for a further 4 years using a steady rate, together with a terminal value.

Management considers the cash generating units (CGU) of the group to be Australia and New Zealand. Goodwill has been allocated $22.2m and $29.8m, respectively. Included in the value of goodwill for each of the cash generating units is the goodwill acquired in the Exeed Australia and Exeed New Zealand businesses. As a result the assumptions used in the discounted cash flow model for each cash generating unit have been updated based on the assessment of each cash generating unit in its own right.

The following key assumptions were used in the discounted cash flow model for each cash generating unit:

a. 9.85% (2020: 9.15%) for Australian CGU and 15.28% (2020: 9.15%) for New Zealand CGU post-tax discount rate; and
b. 2.5% (2020: 2.5%) for the Australian CGU and 5.0% (2020: 2.5%) for the New Zealand CGU in year 1 and 2.5% thereafter for Australian CGU and 5.0% for the New Zealand CGU (2020: 2.5%) per annum EBITDA growth rate.

The discount rate of 9.85% and 15.28% for Australia and New Zealand respectively, post tax reflects management's estimate of the time value of money and the consolidated entity's weighted average cost of capital, the risk free rate and the volatility of the share price relative to market movements. Management believes the projected EBITDA growth rate is reasonable based on forecasted organic and general market growth.

Based on the above, the recoverable amount of each cash generating unit exceeded the carrying amount and therefore no impairment of goodwill.

Sensitivity Analysis

As disclosed in note 2, the directors have made judgements and estimates in respect of impairment testing of goodwill. Management believes that any reasonable changes in the key assumptions on which the recoverable amount of division goodwill is based would not cause the cash-generating unit's carrying amount to exceed its recoverable amount. The sensitivities are as follows: (a) EBITDA would need to decrease by more than 93% to trigger impairment for the Australian CGU, and 67% for the New Zealand CGU, with all other assumptions remaining constant; b) The discount rate would be required to increase to 46.0% to trigger impairment for the Australian CGU, and 44.0% for the New Zealand CGU, with all other assumptions remaining constant.

15. Leases

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of 12 months or less

Lease Liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the group's incremental borrowing rate on commencement of the lease is used. Key judgements used in the calculation of the lease liability include incremental borrowing rate of 2.9%. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition the carrying value of the lease liability includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the group if it is reasonable certain to assess that option; and
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of the termination option being exercised.

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before the commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the group is contractually required to dismantle, remove or restore leased assets.

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

When the group revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted using a revised discount rate. The carrying value of the lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised, except the discount rate remains unchanged. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining revised lease term. If the carrying amount of the right-of-use asset is adjusted to zero, any further reduction is recognised in profit and loss.

Nature of leasing activities

The Company leases 7 properties in Australia and New Zealand for which the lease contracts provide for payments to increase each year by inflation or to be reset periodically to market rental rates. The table below reflects the current proportion of lease

	Lease Contracts Number	Fixed Payments %	Variable Payments %	Sensitivity
Property leases with periodic uplift to market rentals	7	-	100	158

Lease Commitments

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset. A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits. Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease.

	Consolidated	
	31-Dec-21 $'000	31-Dec-20 $'000
Right-of-Use Asset		
Opening Balance	2,276	5,191
Additions through business combinations	2,176	-
Amortisation	(2,387)	(3,065)
Effect of modification to lease terms	660	-
Variable lease payment adjustment	(1)	178
Effect of movements in exchange rate	(15)	(28)
	2,709	**2,276**
Lease Liabilities		
Opening Balance	2,757	5,676
Additions through business combinations	2,334	-
Interest Expense	160	190
Effect of modification to lease terms	660	-
Variable lease payment adjustment	(1)	178
Lease payments	(2,736)	(3,251)
Foreign exchange movements	(20)	(36)
	3,154	**2,757**
Lease Commitments		
Within 1 year	**2,715**	**2,243**
Between 1 to 5 Years	**439**	**514**
	3,154	**2,757**

16. Trade and Other Payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 - 60 days of recognition.

	Consolidated	
	31-Dec-21 $'000	31-Dec-20 $'000
Trade payables	381,164	250,319
Other payables	17,015	22,874
	398,179	**273,193**

17. Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

	Consolidated	
	31-Dec-21 $'000	31-Dec-20 $'000
Current		
Receivables Facility	140,000	120,000
Cash Advance Facility	10,000	-
BNZ Exeed Facility	20,169	-
Total current borrowings	170,169	120,000
Non-Current		
Cash Advance Facility	60,000	-
(a) Total current and non-current secured liabilities:		
Receivables Facility	140,000	120,000
Cash Advance Facility	70,000	-
BNZ Exeed Facility	20,169	-
Total Borrowings	**230,169**	**120,000**
(b) The receivables facility is secured by a fixed charge over all the debtors		
(c) Receivables Facility limit	180,000	180,000

The drawn amount of these facilities as at the report date is as per Note 17 above.

Westpac Receivables Facility

The Westpac receivables facility has been renewed for a further 2 years, with the limit on the facility increasing from $180m to $220m, supported by the increase in receivables balance. The renewal of the facility and increase in limit ensures the ongoing funding to continue to support working capital investments and the growth of the business. The Company believes that this increased facility provides the required debt capacity to fund its present needs.

Westpac Cash Advance Facility

During the year a new cash advance facility for $70m was entered into with Westpac to fund the acquisition of the Exeed group and corresponding transaction costs. The facility is for 2 years and includes annual amortisation amount of $10m per annum.

Bank of New Zealand Facility

An additional borrowing facility was assumed with the Exeed acquisition being an invoice finance facility and cash advance facility that supports the working capital requirements of the Exeed business. The facility also includes a Standby Letter of Credit facility for $20m that supports supplier trade credit arrangements. Dicker Data NZ Ltd is in process of establishing a new facility with BNZ to replace this facility and support the ongoing growth and working capital requirements of the combined New Zealand business.

18. Provisions

Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability.

	Consolidated	
	31-Dec-21 $'000	31-Dec-20 $'000
Current		
Employee Benefits	17,050	13,127
Lease make-good provision	243	227
	17,294	**13,354**
Non Current		
Employee Benefits	**2,116**	**1,937**

Employee Benefits
Short-Term Employee Benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months of the reporting date are recognised in current liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

Other Long-Term Employee Benefits
The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are recognised in non-current liabilities, provided there is an unconditional right to defer settlement of the liability. The liability is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Amounts not expected to be settled within the next 12 months
The current provision for employee benefits includes all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount is presented as current, since the consolidated entity does not have an unconditional right to defer settlement. However, based on past experience, the consolidated entity does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

The following amounts reflect leave that is not expected to be taken within the next 12 months:

	Consolidated	
	31-Dec-21 $'000	31-Dec-20 $'000
Employee benefits obligation expected to be settled after 12 months	7,643	6,109

Lease Make Good Provision
A provision has been made for the present value of anticipated costs for future restoration of leased premises. The provision includes future cost estimates associated with closure of the premises. The calculation of this provision requires assumptions such as application of closure dates and cost estimates. The provision recognised for each site is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs for sites are recognised in the statement of financial position by adjusting the asset and the provision. Reductions in the provision that exceed the carrying amount of the asset will be recognised in profit or loss.

19. Issued Capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

	Dec 2021 Shares	Dec 2021 $'000	Dec 2020 Shares	Dec 2020 $'000
Ordinary shares - fully paid	172,884,664	139,527	172,134,046	131,790

Movements in ordinary share capital

Details	Date	Issue Price	No of Shares	$'000
Opening Balance	1-Jan-19		161,615,513	62,515
Issue of shares DRP	1-Mar-20	$ 6.887	614,980	4,236
Issue of shares - Capital Raising	7-May-20	$ 6.700	7,462,687	48,618
Issue of shares DRP	1-Jun-20	$ 7.042	69,531	491
Issue of shares - Share Purchase Plan (SPP)	5-Jun-20	$ 6.625	2,264,150	15,000
Issue of shares DRP	1-Sep-20	$ 7.521	62,756	474
Issue of shares DRP	1-Dec-20	$ 10.168	44,429	456
Balance	**31-Dec-20**		**172,134,046**	**131,790**
Late expensing of invoice for Jun20 Capital Raising & SPP				(47)
Issue of shares DRP	01-Mar-21	$ 11.826	56,235	668
Issue of shares DRP	01-Jun-21	$ 9.450	589,554	5,570
Issue of shares DRP	01-Sep-21	$ 14.356	53,628	779
Issue of shares DRP	01-Dec-21	$ 14.938	51,201	767
Balance	**31-Dec-21**		**172,884,664**	**139,527**

Ordinary Shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital. On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Employee Share Scheme
There were no new shares issued under any employee share scheme during the FY21 financial year.

Share Buy-Back
There is no current on-market share buy-back.

Capital Risk Management
The consolidated entity's objectives when managing capital is to safeguard its ability to continue as a going concern whilst enhancing long-term shareholder value through funding its business at an optimised weighted average cost of capital. In seeking to optimise its weighted average cost of capital, the consolidated entity may adjust its capital structure from time to time, including varying the amount of dividends paid to shareholders, by returning capital to shareholders, by issuing new shares or taking on or reducing debt. The consolidated entity is subject to certain financing arrangements and covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

The capital risk management policy remains unchanged from the 31 December 2020 Annual Report.

20. Reserves

	Consolidated	
	31-Dec-21 $'000	31-Dec-20 $'000
Capital Profits Reserve (Pre-CGT)	369	369
Foreign currency reserve	(37)	(99)
	332	**270**

Capital Profits Reserve (Pre-CGT)
The capital profits reserve records non-taxable profits on sale of investments.

Foreign Currency Reserve
The reserve is used to recognise exchange differences arising from translation of the financial statements of foreign operations to Australian dollars. It is also used to recognise gains and losses on hedges of the net investments in foreign operations.

Movements in reserves		
Opening Balance	270	634
Foreign currency translation	62	(364)
Closing Balance	**332**	**270**

21. Dividends

Dividends declared or paid during the financial year	**64,676**	**59,546**

Type	FY	Payment Date	Dividend per share (in cents)	Amount (in 000's)	FY	Payment Date	Dividend per share (in cents)	Amount (in 000's)
Final	2020	01-Mar-21	0.105	18,074	2019	2-Mar-20	0.130	21,010
Interim	2021	01-Jun-21	0.090	15,497	2020	1-Jun-20	0.075	12,727
Interim	2021	01-Sep-21	0.090	15,550	2020	1-Sep-20	0.075	12,902
Interim	2021	01-Dec-21	0.090	15,555	2020	1-Dec-20	0.075	12,907
			0.375	**64,676**			**0.355**	**59,546**

The tax rate that dividends have been franked is 30% (2020: 30%)

	Consolidated	
	31-Dec-21 $'000	31-Dec-20 $'000
Franking credit balance:		
Franking credits available for subsequent financial years based on a tax rate of 30% (2020: 30%)	**13,360**	**11,740**

The above amounts represent the balance of the franking account as at the end of the financial year adjusted for franking credits arising from:

- franking credits from dividends recognised as receivables at year end
- franking credits that will arise from payment of the current tax liability
- franking debits arising from payment of proposed dividends recognised as a liability

22. Fair Value Disclosures
When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principle market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interest. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed each reporting date and transfers between levels are determined based on a reassessment of the lowest level input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Fair Value Measurement Hierarchy
The consolidated entity is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

The company has a number of financial instruments which are not measured at fair value in the statement of financial position, including cash, receivables, payables and borrowings. The fair value of these financial assets and financial liabilities approximates their carrying amount.

The fair value of Borrowings in Note 17, is estimated by discounting the future contractual cash flows at the current market interest rates for loans with similar risk profiles and has been measured under Level 2 of the hierarchy.

The carrying value of borrowings classified as financial liabilities measured at amortised cost approximates fair value.

23. Financial Instruments

Derivative Financial Instruments
Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. Derivatives are classified as current or non-current depending on the expected period of realisation.

Investments and Other Financial Assets
Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. They are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on the purpose of the acquisition and subsequent reclassification to other categories is restricted.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership.

Impairment of Financial Assets
The consolidated entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes significant financial difficulty of the issuer or obligor; a breach of contract such as default or delinquency in payments; the lender granting to a borrower concessions due to economic or legal reasons that the lender would not otherwise do; it becomes probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for the financial asset; or observable data indicating that there is a measurable decrease in estimated future cash flows.

The amount of the impairment allowance for financial assets carried at cost is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the current market rate of return for similar financial assets.

	Consolidated	
Financial Assets and Liabilities	**31-Dec-21 $'000**	**31-Dec-20 $'000**
Financial Assets		
Cash and cash equivalents	7,413	30,368
Trade and other receivables	455,467	326,963
Total Financial Assets	**462,880**	**357,331**
Financial Liabilities		
Trade and other payables	398,179	273,193
Borrowings	230,169	120,000
Lease Liabilities	3,154	2,757
Total Financial Liabilities	**631,502**	**395,950**

Financial Risk Management Policies
The directors' overall risk management strategy seeks to assist the company in meeting its financial targets, whilst minimising potential adverse effects on financial performance. Although the company does not have any documented policies and procedures, the key management personnel manage the different types of risks to which the company is exposed by considering risk and monitoring levels of exposure to interest rate and credit risk and by being aware of market forecasts for interest rates. Ageing analyses and monitoring of specific credit allowances are undertaken to manage credit risk. Liquidity risk is managed through general business budgets and forecasts. The main purpose of non-derivative financial instruments is to manage foreign currency risk. The company had open forward contracts as at the end of the financial year to mitigate this risk. The directors and key management personnel meet on a regular basis to analyse financial risk exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

Specific Financial Risk Exposures and Management
The main risks the company is exposed to through its financial instruments are:

- credit risk
- liquidity risk
- interest rate risk
- foreign exchange risk

Credit Risk
Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the company. Credit risk is reviewed regularly by the directors and key management personnel. It predominantly arises from exposures to customers.

The Company's exposure to credit risk is limited due to debtor insurance which is held over its trade receivables. The insurance policy limits the exposure of the company to 10% of individual customer's balance plus the excess as specified in the policy after an aggregate first loss of $200,000. Receivables balances are monitored on an ongoing basis and as a result the Company's exposure to bad debts has not been significant.

It is the company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures including an assessment of their credit rating, financial position, past experience and industry reputation. Credit limits are set for each individual customer in accordance with parameters set by the directors. These credit limits are regularly monitored. Customers that do not meet the company's strict credit policies and criteria may only purchase in cash or using recognised credit cards.

The company has no significant concentration of credit risk with any single counterparty or group of counterparties. The profile of all counterparties is largely the same being reseller partners and have been grouped together in assessing expected credit loss. Trade and other receivables that are neither past due or impaired are considered to be of high credit quality.

Credit Risk Exposures - The maximum exposure to credit risk by class of recognised financial assets at reporting date, excluding the value of any collateral or other security held, is equivalent to the carrying value and classification of those financial assets (net of any provisions) as presented in the statement of financial position.

Liquidity Risk
Liquidity risk arises from the possibility that the company might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The company manages this risk through the following mechanisms:

- preparing forward-looking cash flow analyses in relation to its operational, investing and financing activities;
- monitoring undrawn credit facilities;
- obtaining funding from a variety of sources;
- maintaining a reputable credit profile; and
- managing credit risk related to financial assets.

The tables below reflect an undiscounted contractual maturity analysis for financial liabilities. Financial guarantee liabilities are treated as payable on demand since the company has no control over the timing of any potential settlement of the liability.

Cash flows realised from financial instruments reflect management's expectation as to the timing of realisation.

Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflect the earliest contractual settlement dates and do not reflect management's expectations that banking facilities will roll forward.

	Consolidated	
Financial liability maturity analysis	**31-Dec-21 $'000**	**31-Dec-20 $'000**
Financial liabilities due for payment		
Trade and other payables		
Within 6 Months	398,179	273,193
6 Months - 1 Year	-	-
1 - 2 Years	-	-
2 - 5 Years	-	-
	398,179	**273,193**
Borrowings		
Within 6 Months	170,169	120,000
6 Months - 1 Year	-	-
1 - 2 Years	60,000	-
2 - 5 Years	-	-
Total contractual outflows	**230,169**	**120,000**

Financial assets pledged as collateral

Certain financial assets have been pledged as security for the debt and their realisation into cash may be restricted subject to terms and conditions attached to the relevant debt contracts. Refer to Note 16(c).

Interest Rate Risk

The company's main interest rate risk arises from borrowings. All borrowings are at variable interest rates and expose the company to interest rate risk which will impact future cash flows and interest charges and is indicated by the following floating interest rate financial liabilities

	Consolidated	
	31-Dec-21 $'000	**31-Dec-20 $'000**
Financial liabilities due for payment		
Floating rate instruments		
Receivable finance facility	140,000	120,000
Cash Advance Facility	70,000	-
BNZ Working Capital Facility	20,169	-
	230,169	**120,000**

Due to the current interest rate environment the Company has not entered into any interest rate swap at any other time during the year. Management will continue to monitor the interest rate environment to determine whether entering into a new swap agreement will be prudent to do so in the future.

Sensitivity Analysis

The company has performed a sensitivity analysis relating to its exposure to interest rate risk at reporting date. If interest rates changed by -/+ 1% from the year end rates with all other variables held constant, post-tax profit would have been $1,671,634 lower/higher (2020: $840,000 lower/higher) as a result of higher/lower interest

Foreign Exchange Risk

The consolidated entity undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations. Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

In order to protect against exchange rate movements, the consolidated entity has entered into forward foreign exchange contracts. These contracts are hedging highly probable forecasted cash flows for the ensuing financial year. Management has a risk management policy to hedge between 30% and 80% of anticipated foreign currency transactions for the subsequent 4 months.

The maturity, settlement amounts and the average contractual exchange rates of the consolidated entity's outstanding forward foreign exchange contracts at the reporting date was as follows:

	Sell Australian dollars		Average exchange rates		Sell New Zealand dollars		Average exchange rates	
	31-Dec-21 $'000	**31-Dec-20 $'000**	**31-Dec-21 $'000**	**31-Dec-20 $'000**	**31-Dec-21 $'000**	**31-Dec-20 $'000**	**31-Dec-21 $'000**	**31-Dec-20 $'000**
Buy US dollars								
Maturity:								
0 - 3 months	20,805	29,794	0.7233	0.7398	3,140	2,496	0.6873	0.6825
3 - 6 months	-	-	-	-	-	-	-	-
Buy AU dollars								
Maturity:								
0 - 3 months	-	-	-	-	1,339	2,194	0.9508	0.9415
3 - 6 months	-	-	-	-	-	-	-	-

The carrying amount of the consolidated entity's foreign currency denominated financial assets and financial liabilities at the reporting date was as follows:

	31-Dec-21	
Consolidated	**US$'000**	**NZ$'000**
Cash at bank	554,163	903
Trade receivables	8,432	52,839
Trade payables	(25,978)	(45,108)
Net statement of financial position exposure	536,617	8,634

Based on the financial instruments held at 31 December 2021, a strengthening/weakening of AU$ against US$ and NZ$ would have resulted in the following changes to the Groups reported profit and loss and/or equity.

Sensitivity Analysis	Equity		Profit or Loss	
(Effects in Thousands)	**Strengthening**	**Weakening**	**Strengthening**	**Weakening**
US$ (5% movement)	-	-	(26,831)	26,831
NZ$ (5% movement)	(845)	845	(432)	432

24. Key Management Personnel Compensation

	Consolidated	
	31-Dec-21 $'000	31-Dec-20 $'000
Short-term benefits	8,076,481	6,950,408
Long-term benefits	28,380	21,309
Post employment benefits	761,810	658,816
Total compensation	**8,866,671**	**7,630,533**

Prior year includes totals for a Key Management Person who has since resigned

25. Remuneration of Auditors

Audit services - BDO		
Auditing or reviewing the financial report	**336,000**	**265,000**
Other services - BDO		
Indirect Tax Services	99,000	217,000
Tax and Corporate Services	353,000	235,000
	452,000	**452,000**
Other services - Other BDO Network Firms		
Indirect Tax Services	-	-
Tax and Corporate Services	9,000	16,000
	9,000	**16,000**

26. Contingent Liabilities

The directors are not aware of any contingent liabilities related to the Consolidated entity as at the report date.

Capital Commitments

Capital expenditure commitments contracted for at reporting date but not recognised as liabilities:

	Consolidated	
	31-Dec-21 $'000	31-Dec-20 $'000
Acquisition of Hills Security and IT division	**20,000**	**-**
Property, plant and equipment	**-**	**1,491**

27. Parent Entity Information

Set out below is the supplementary information about the parent entity:

Statement of profit or loss and other comprehensive income		
Profit after income tax	66,731	56,838
Total comprehensive income	66,731	56,838
Statement of financial position		
Total current assets	574,371	415,989
Total assets	720,108	537,413
Total current liabilities	562,845	390,564
Total liabilities	567,026	394,122
Equity		
Issued capital	139,527	131,790
Reserves	369	369
Retained profits	13,186	11,132
Total Equity	153,082	143,291

Guarantees Entered into by the Parent Entity in Relation to the Debts of its Subsidiaries

The parent entity and some of its subsidiaries are party to a deed of cross guarantee under which each company guarantees the debts of the others. The parent entity has also provided a parent guarantee in respect of obligations of Exeed Ltd and Exeed Australia Limited Partnership in favour of Bank of New Zealand. No deficiencies of assets exist in any of these subsidiaries.

Capital Commitments

The Company has entered into a conditional Business Sale Agreement (BSA) to acquire the Security and Information Technology (SIT) distribution division of Hills Ltd. The estimated purchase price is $20m. The purchase price represents a premium to net assets and the final amount is largely dependent upon inventory balances at completion date.

The parent entity had the capital commitments for property, plant and equipment as detailed in Note 26.

Significant Accounting Policies

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in Note 1 and throughout the notes.

28. Business Combinations

Acquisitions

On 6 August 2021 Dicker Data Limited acquired the Exeed Group businesses operating across Australia and New Zealand. In New Zealand, Dicker Data NZ Ltd acquired 100% of the issued capital of Exeed Ltd, whilst Dicker Data Ltd acquired 100% of the partnership interest in the Exeed Australia Limited Partnership. Established in 2002, and headquartered in Auckland, Exeed is the second largest IT distributor in the New Zealand market and holds dominant market share across a number of the vendors they represent. The acquisition of Exeed will provide Dicker Data NZ with the platform to rival the largest distributor in the NZ market using a mixture of unique local market knowledge and access to an increased range of world leading brands. For the 5 months since the acquisition the incremental revenue contribution from the Exeed business has been $144.9m in New Zealand and $38.2m in Australia. The net profit after tax contribution from the acquired business reflected in the FY21 results was $4.4m.

Details of the net assets acquired, goodwill and purchase consideration are as follows:

	Exeed Ltd New Zealand	Exeed Australia Ltd Partnership	Fair Value Total $'000
Cash and cash equivalents	-	2,654	2,654
Trade receivables	20,796	10,547	31,343
Other receivables	5,112	864	5,976
Inventories	11,250	3,832	15,082
Other current assets	3,599	-	3,599
Property, plant and equipment	1,093	175	1,268
Right of use assets	1,878	298	2,176
Trade payables	(18,880)	(7,268)	(26,148)
Accruals and provisions	(2,366)	(1,037)	(3,403)
Other payables	(731)	(456)	(1,187)
Other Liabilities	(1,764)	(3,569)	(5,332)
Lease Liability	(2,016)	(318)	(2,334)
Tax Liability	(868)	(871)	(1,739)
Borrowings	(16,579)	(5,031)	(21,610)
Deferred tax liabilities	(6,934)	(3,522)	(10,456)
Net identifiable assets and liabilities	**(6,408)**	**(3,702)**	**(10,110)**
Indentifiable intangible assets			
Customer Contracts	22,246	11,351	33,597
Brand	2,323	-	2,323
Non-compete	660	346	1,005
Identifiable Intangibles	25,229	11,697	36,925
Goodwill	24,668	14,811	39,479
Net Assets Acquired	43,489	22,805	66,294
Purchase Consideration Comprises			
Cash Paid	44,645	23,411	68,056
Working capital adjustment	(1,156)	(606)	(1,762)
	43,489	22,805	66,294

29. Interests in Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following wholly-owned subsidiaries in accordance with the accounting policy described in note 1:

	Principal place of business / country of incorporation	Ownership Interest 2021 %	Ownership Interest 2020 %
Express Data Holdings Pty Ltd	Australia	100%	100%
Dicker Data Financial Services Pty Ltd	Australia	100%	100%
Dicker Data GP Pty Ltd (newly incorporated in the financial year)	Australia	100%	-
Dicker Data New Zealand Ltd	New Zealand	100%	100%
Exeed Ltd	New Zealand	100%	-

30. Reconciliation of Profit After Income Tax to Net cash

	Consolidated 31-Dec-21 $'000	Consolidated 31-Dec-20 $'000
Profit after income tax	73,562	57,182
Adjustments for:		
Depreciation	4,036	1,958
Amortisation on intangibles	2,681	1,359
Amortisation on leased assets	2,387	3,065
Amortisation of borrowing costs	31	70
(Profit) / Loss on the Disposals of PPE	-	50
Changes in Assets & Liabilities:		
Decrease (increase) in current inventories	(72,947)	7,187
Decrease (increase) in current receivables	(90,925)	(32,886)
Decrease (increase) in deferred tax assets	(206)	(984)
(Decrease) increase in deferred tax liabilities	(912)	(655)
(Decrease) increase in payables & Other	97,651	22,450
(Decrease) increase in provisions	716	4,494
(Decrease) increase in current tax liabilities	4,541	(3,912)
Net cash from operating activities	**20,615**	**59,378**

31. Non-Cash Investing and Financing Activities

Shares issued under dividend reinvestments plan (DRP)	7,737	5,656

32. Earnings Per Share

	Consolidated	
	31-Dec-21 $'000	31-Dec-20 $'000
Profit after income tax	73,562	57,182
Profit after income tax attributable to the owners of Dicker Data Limited		
Weighted average number of shares used as denominator	**Number**	**Number**
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	172,553,523	168,106,292
Weighted average number of ordinary shares and options granted are used as the denominator in calculating diluted earnings per share	172,553,523	168,106,292
	Cents	**Cents**
Basic earnings per share (cents)	42.63	33.95
Diluted earnings per share (cents)	42.63	33.95

33. Related Party Transactions

Parent entity:
Dicker Data Limited is the parent entity.

Subsidiaries:
Interests in subsidiaries are set out in note 29.

Key Management Personnel:
Disclosures relating to key management personnel are set out in note 24 and the remuneration report in the directors' report.

Transactions with related parties:

There were a number of related party transactions during the year with the entity Rodin Cars Ltd, a New Zealand based entity owned by David Dicker. The transactions included provision of marketing and IT services and sales of goods and services which are billed to Rodin Cars Ltd on a monthly basis at commercial market rates. Total amount billed to Rodin Cars Ltd for FY21 was $182,331. Dicker Data Financial Services Pty Ltd has also provided finance to Rodin Cars Ltd at arms length commercial rates. The amount payable as at 31 December 2021 was $403,283. The principal amount financed was $3,993,922.57. In addition to these transactions some payments have been made on behalf of director David Dicker throughout the year that were subsequently reimbursed, or funds were deposited in advance to cover these expenses. As at 31 December 2021 there were no funds owed or owing.

34. Subsequent Events

Acquisition of Hills Security and IT Division
On 21 February 2022 the Company announced that it had entered into a conditional business sale agreement (BSA) to acquire the Security and Information Technology (SIT) distribution division of Hills Limited (ASX: HIL) (Hills) in Australia.

Headquartered in Lidcombe, NSW, Hills is the largest distributor of physical security products in the Australian market. The SIT division generated $123.2m revenue in FY21, with $98.7m of the total attributed to security and the remaining $24.4m to IT products. Following the acquisition, Dicker Data will not only be the largest distributor in the segment but will be positioned to grow rapidly as the Company leverages synergies gained from the Hills SIT division and capitalises on the market convergence occurring between security and IT.

Under the terms of the BSA, Dicker Data will acquire the SIT business for cash consideration structured as a partial Net Asset sale. Upon completion Dicker Data will acquire the business, inventory, customer and vendor relationships, employees and their entitlement obligations, and certain other net assets of the Hills SIT division. The purchase price represents a premium to the net assets sold and the final amount is largely dependent upon inventory related balances at the completion date. The price is estimated to be in the range of $20 million.

Dicker Data and the Hills SIT division share only three mutual vendors, presenting an opportunity to novate agreements with over 50 net new vendors to Dicker Data, in line with the company's growth strategy. The Hills SIT division is currently working with over 2,000 customers, 85% of whom are new to Dicker Data, which is expected to grow the Company's total active customer base to over 10,000 businesses across ANZ. The acquisition will accelerate the Company's entry into the physical security market and presents a significant opportunity to introduce the existing Hills SIT customer base to the wider range of technologies offered by Dicker Data. The agreement will see Dicker Data transition 130 of the Hills team members and assume responsibility for a nationwide network of seven trade centres.

The physical security market has traditionally been serviced by an industry-specific group of businesses who are highly specialised. Similar to the Professional AV and electrical trade markets, the physical security segment is converging with the IT market as IoT, artificial intelligence, smart devices and cloud solutions become critical elements of best-practice security solutions.

The proposed acquisition is subject to Hills shareholder approval, which will be sought at a general meeting of shareholders, expected to be held in early April 2022, and an Independent Expert concluding that the proposed transaction is "fair and reasonable" to Hills shareholders. The Directors of Hills will be unanimously recommending that shareholders vote in favour of the transaction.

Rollover of Westpac Receivables Facility
The Westpac receivables facility has been renewed for a further 2 years, with the limit on the facility increasing from $180m to $220m. The renewal of the facility and increase in limit ensures the ongoing funding to continue to support working capital investments and the growth of the business.

DIRECTORS' DECLARATION

In the directors' opinion:

- the attached financial statements and notes thereto comply with the Corporations Act, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 31st December 2021 and of its performance for the financial year ended on that date;
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and

The directors have been given the declarations required by section 295A of the Corporations Act.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act.

On behalf of the directors

David Dicker
CEO AND CHAIRMAN
Sydney, 28 February 2022

AUDITOR'S DECLARATION OF INDEPENDENCE

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DECLARATION OF INDEPENDENCE BY TIM AMAN TO THE DIRECTORS OF DICKER DATA LIMITED

As lead auditor of Dicker Data Limited for the year ended 31 December 2021, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Dicker Data Limited and the entities it controlled during the period.

Tim Aman
Director

BDO Audit Pty Ltd

Sydney, 28 February 2022

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INDEPENDENT AUDITOR'S REPORT

To the members of Dicker Data Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Dicker Data Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of the Group's financial position as at 31 December 2021 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT

BDO

Accounting for the acquisition of Exeed Ltd and Exeed Australia Limited Partnership

Key audit matter	*How the matter was addressed in our audit*
As disclosed in Note 28 of the financial report, the group acquired 100% of the issued capital of Exeed Ltd, and 100% of the partnership interest in Exeed Australia Limited Partnership. A number of estimates and judgements are made by management in order to determine the fair value of the identifiable intangible assets. Due to these factors and the overall significance of the acquisitions to the group, we consider this area to be a key audit matter.	To determine whether these acquisitions where appropriately accounted for and disclosed within the financial statements, we performed, amongst others, the following audit procedures: • Reviewed the sale and purchase agreements for each acquisition to understand the terms and conditions of the acquisition and critically evaluate managements application of the relevant accounting standards. • Obtained the external valuation report to critically assess the determination of the fair values of the identifiable intangible assets associated with each acquisition. • In conjunction with our expert we: ○ Assessed the identification of intangible assets acquired including Customer Contracts, Brand and Non-compete, along with the valuation methodologies used to value those assets; ○ Challenged the associated underlying forecasted cash flows for the Customer Contracts assets intangible asset valuations and compared key assumptions, including forecast growth rates, royalty rates applied, by comparing them to historical results, business trends, economic and industry forecasts and comparable transactions; ○ Evaluated discount rates used by assessing the cost of capital applied in each valuation by comparing them to market data and industry research; and ○ Checked the mathematical accuracy of the calculations. • Assessed the appropriateness of the Group's disclosures in respect of these acquisitions.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 31 December 2021, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT

BDO

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group 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 has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 the Australian Auditing Standards 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 financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 37 to 46 of the directors' report for the year ended 31 December 2021.

In our opinion, the Remuneration Report of Dicker Data Limited, for the year ended 31 December 2021, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit Pty Ltd

BDO

Tim Aman
Director
Sydney, 28 February 2022

SHAREHOLDER INFORMATION

Additional information required under ASX Listing Rule 4.10 and not shown elsewhere in this Annual Report is as follows. This information is current as at 3 February 2022.

Ordinary share capital

Analysis of numbers of equity security holders by size of holding:

Size of Holding	Number of Shareholders	Number of Shares	% of Issued Capital
100,001 and Over	42	139,812,931	80.87
10,001 to 100,000	672	15,076,932	8.72
5,001 to 10,000	846	6,305,487	3.65
1,001 to 5,000	3,739	8,862,375	5.13
1 to 1,000	7,817	2,826,939	1.64
Total	**13,116**	**172,884,664**	**100.0**

Unquoted Options

The Company had no unquoted options on issue as at 3 February 2022.

Less than marketable parcels of ordinary shares

There were 381 holders of less than a marketable parcel of ordinary shares. The number of shares in aggregate of these unmarketable parcels is 4,433.

Substantial Holders

The names of the Substantial Shareholders listed in the Company's Register as at 3 February 2022:

Size Of Holding	Number Of Shareholders	Number Of Shares
Mr David John Dicker	58,000,000	33.55%
Ms Fiona Tudor Brown	55,722,836	32.23%

Twenty largest holders of quoted equity securities

Size Of Holding	Number Of Shareholders	Number Of Shares
Ms Fiona Tudor Brown	54,266,464	31.39
Rodin Ventures Limited	48,000,000	27.76
Mr David John Dicker	10,000,000	5.78
HSBC Custody Nominees (Australia) Limited	5,749,592	3.33
J P Morgan Nominees Australia Pty Limited	5,385,406	3.12
Citicorp Nominees Pty Limited	3,511,774	2.03
National Nominees Limited	1,710,437	0.99
Fiona Brown	1,319,448	0.76
Jeremy And Lynette King Superannuation Pty Ltd	929,000	0.54
Certane CT Pty Ltd	868,021	0.50
HSBC Custody Nominees (Australia) Limited - A/C 2	728,390	0.42
Mr Vladimir Mitnovetski	715,000	0.41
CS Third Nominees Pty Limited	571,559	0.33
Sandhurst Trustees Ltd	417,711	0.24
UBS Nominees Pty Ltd	389,430	0.23
Certane Ct Pty Ltd	375,480	0.22
Mr Hoang Luong Trinh	315,000	0.18
Mr Tony Hoang Nghia Trinh	305,000	0.18
Diales Pty Limited	290,000	0.17
Broadgate Investments Pty Ltd	260,128	0.15
Total	**136,107,840**	**78.73**

Voting Rights

In accordance with the Constitution each member present at a meeting whether in person, or by proxy, or by power of attorney, or in a duly authorised representative in the case of a corporate member, shall have one vote on a show of hands, and one vote for each fully paid ordinary share, on a poll.

On-Market Buy-Backs

There is no current on-market buy-back in relation to the Company's securities.

Dicker Data's mission is to inspire, educate and enable ICT resellers to achieve their full potential through the delivery of unparalleled service, technology and logistics.

Dicker Data is Australia's largest locally owned and operated ICT distributor.

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