

30 August 2022

## Interim Results and Equity Raising

AUSTRALIA, Sydney – 30 August 2022: Dicker Data Limited (ASX: DDR) (“Dicker Data” or the “Company”) today releases its Interim Financial Report and announces a fully underwritten institutional placement to raise \$50m (“Placement”) and a non-underwritten Share Purchase Plan (“SPP”) to raise an additional \$10m.

Proceeds from the Placement (and the SPP) will be used to fund the expansion of Dicker Data’s Kurnell warehouse, increasing warehouse capacity by over 70%, as well as to provide increased balance sheet flexibility to support the Company’s long-term growth objectives.

### H1 2022 RESULTS – KEY HIGHLIGHTS

Summary of results and highlights for H1 2022 are as follows:

6 months to:	\$m Jun-22	\$m Jun-21	\$m Increase	% Increase
Revenue	1,459.4	1,069.3	390.1	36.5%
EBITDA	61.2	51.2	10.0	19.5%
Operating Profit Before Tax*	51.8	45.9	5.9	12.7%
Net Profit After Tax	34.3	32.1	2.2	7.0%

\*Excluding one-off costs of \$1.6m relating to Hills acquisition

Commenting on the results, Chairman and CEO, David Dicker said “This is another outstanding result and one that our entire team should be proud of. We continue to perform above expectations, despite the headwinds caused by supply-chain and logistical disruptions. It is pleasing to see our recent acquisitions translating into positive results for our shareholders and I am confident that the benefit to our shareholders will continue to grow as we further bed down the operations and as these new divisions leverage the scale of the wider business.”



## Revenue

- Total revenue for H122 finalising at \$1,459.4m, an increase of \$390.1m, representing strong growth of 36.5% on the prior corresponding period.
- The increase in revenue is partly attributed to a full six-month contribution from the Exeed Group, the acquisition of which was completed on 6 August 2021, with the balance attributable to organic growth from existing and new vendors.
- The revenue contribution from the Exeed business for H122 across Australia and New Zealand was \$192m.
- The first half result also includes two months contribution from the Dicker Data Access and Surveillance (DAS) business following the acquisition of the Hills Security and IT (SIT) division, accounting for \$18m in revenue.
- Excluding the contribution from Exeed and DAS, underlying organic revenue growth was 16.8%.
- At a sector level, the Company delivered growth across all segments.
- Hardware and virtual services sales finalised at \$1,085.0m (+\$281.4m) up35.0% for the half.
- Software sales finalised at \$365.5m (+\$107.5m, +41.7%) and now represents 25.0% of total revenue, with \$344m delivered via recurring subscription and renewable revenue streams, an increase of 47.8% HoH.
- Services revenue finalised at \$6.5m (+\$1.7m, +34.1%), with the Services division converting several previously deferred enterprise projects.
- Demand continues to outstrip supply, with the Company now fulfilling more orders than pre-pandemic. The Company's current open order value is \$393m.

## Gross Profit

- Total gross profit (excluding other revenue) was \$128.0m (Jun21: \$99.6m), an increase of \$28.4m, representing growth of 28.5%.
- Whilst the Company delivered a strong increase in gross profit dollars, total gross margin decreased against the comparative period to 8.8% (Jun21: 9.3%), with the decrease attributable to a combination of lower margin retail business and the headwinds created by supply chain disruptions and increased freight costs
- The Company continues to expect gross profit margins to normalise at approximately 9.0% for the full year as commercial market synergies between Dicker Data and Exeed are realised and scaled in New Zealand and as a result of increasingly strong demand for advanced technology solutions coupled with improvements in the supply chain comparative to 2021.

## Net Profit

- Operating expenses increased by \$19.5m, an increase of 38.2% on Jun21 and includes \$1.6m in one-off acquisition and integration costs. Operating expenses however improved as a percentage of revenue, finalising at 4.7% for the half (Jun21: 4.8%).
- The largest increase in operating expenses related to salary costs, with additional staff from the acquisition of the Exeed Group and the transferring of staff as a result of the Hills SIT acquisition.
- Salary related expenses increased by \$14.7m (+33.1%), to \$59.3m, representing 4.1% of revenue (Jun21: 4.2%).
- The number of staff increased from 540 to 824 (+52.6%), with new staff from the acquired businesses accounting for the majority as the Company continues to invest in growth portfolios and pursues new segments.
- Depreciation and amortisation expense increased by \$1.7m to \$5.7m (Jun21: \$4.0m).
- Total depreciation expense was \$3.4m which included \$0.7m (Jun21: \$0.7m) for equipment under lease through Dicker Data Financial Services. Depreciation expenses also includes depreciation on the Right to Use Assets (ROUA) for the capitalised leases to the value of \$1.2m (Jun21: \$1.5m).
- Amortisation expense includes \$2.3m (Jun21: \$0.7m) for amortisation of intangible assets, an increase of \$1.6m related to amortisation of identifiable intangibles from the Exeed acquisition.
- Finance costs were \$4.0m, up \$2.6m from the prior year (Jun21: \$1.4m), driven mainly by the increase in drawn debt and the increase in interest rates throughout H122.
- Operating profit before tax (excluding one-off costs) finalised at \$51.8m (Jun21: \$45.9m) up by 12.7%.
- Statutory net profit before tax finalised at \$50.2m (Jun21: \$45.9m) which included one-off acquisition and integration costs of \$1.6m.
- Net Profit after tax increased to \$34.3m (Jun21: \$32.1m), up by 7.0%.
- This represents basic earnings per share of 19.85 cents, an increase of 6.9% (Jun21: 18.58 cents).

## Statement of Financial Position

- Total investment in net working capital was \$276.2m, up by \$17.6m from the previous year end (Dec21: \$258.6m).
- With continued supply disruptions and the acquisition of the Hills Security and IT division, which predominantly included the purchase of inventory, total inventory holdings increased to \$236.6m (Dec21: \$201.3m)
- Trade and other receivables finalised at \$532.1m (Dec21: \$455.5m) an increase of \$76.6m, offset by Trade and other payables increasing to \$492.6m (Dec21: \$398.2m), an increase of \$94.4m.
- Total borrowings increased to \$290.1m (Dec21: \$230.2m) up by \$59.9m comprising of an increase in the drawn balance of the Westpac Receivables Facility increasing to \$180m from \$140m as at Dec21.
- Borrowings also increased with new BNZ Cash Advance Facility with an increased limit to \$45.1m (\$50m NZD), replacing the Exeed Invoice Finance facility which was drawn at \$20.2m as at Dec21.

## Cashflow

- Net cash generated from operating activities was \$35.1m (Jun21: \$38.7m), a decrease of \$3.6m attributable to the increase in working capital on Jun21.

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## Outlook

The Company delivered strong growth in H122 as a result of the continued digital transformation of the corporate, commercial and Government sectors in Australia and New Zealand. Demand remains strong across the Company's product portfolio and the appetite of the local economies for technology products shows no signs of slowing. Advanced solutions, such as infrastructure, networking, security and software have returned to high levels of growth as business confidence also edges higher. Demand for end-user computing and devices has normalised, however the Company's Professional AV division continues to grow above expectation.

Stock and logistical challenges remain constant and are forecasted to continue into 2023. However, the Company is fulfilling more orders and shipping more stock than in previous years, demonstrating a significant shift from supply-driven constraints to demand outstripping supply. The Company has a wealth of knowledge in managing these challenges and is proactively working with its customers to manage expectations and reduce the impact of the supply chain on their businesses.

The Company reported almost \$150m in revenue from the consumer retail segment in H122. Following the Company's successful entry into this market following the acquisition of Exeed in Australia and New Zealand, there is significant opportunity ahead as the Company scales its operations and seeks access to distribute the retail product lines from many of the Company's existing technology vendors. With a total addressable market for technology retail estimated to be in the several billions of dollars, the Company is focused on capitalising on the opportunity whilst balancing the profitability to meet shareholder expectations.

Dicker Data Access and Surveillance (DAS) is now a fully-formed and functional business unit following the Company's acquisition of the Hills Security and IT (SIT) divisions. With over 100 dedicated staff and a strong complement of access control and surveillance vendors on board, the business unit is well-positioned to disrupt the traditional security market and already boasts over 2,000 active customers and \$18m in revenue from only 2 months of trading in H122. With the IT and security markets continuing to converge, the Company is confident the market synergies will enable the business unit to scale and deliver further positive results within H222.

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## EQUITY RAISING

### Placement

Dicker Data is undertaking a fully underwritten Placement of new fully paid ordinary shares ("New Shares") to eligible institutional investors to raise gross proceeds of \$50 million.

Proceeds from the Placement will be used as follows:

- Approximately \$30 million to fund the expansion of Dicker Data's Kurnell warehouse, which is expected to commence construction by October 2022. The proposed expansion will increase warehouse capacity by over 70% once complete. This provides significant runway to capture additional growth in the coming years and is expected to deliver cost savings through consolidation of operations and improved efficiencies.
- Approximately \$20 million is to be applied towards working capital to provide the Company with increased balance sheet flexibility. Dicker Data's net debt to last twelve months EBITDA multiple is expected to reduce from 2.0x to 1.7x following the Placement.<sup>1</sup>
- To pay the cost of the Placement.

The Placement will be conducted at an issue price of \$10.30 per New Share, representing a 10.3% discount to the closing price of \$11.48 per share on Monday, 29 August 2022

Approximately 4.9 million New Shares will be issued under the Placement, representing 2.8% of Dicker Data's existing shares on issue.

New Shares issued under the Placement are expected to be issued and commence trading on Tuesday, 6 September 2022. New Shares issued under the Placement will rank equally with existing Dicker Data shares from the date of issue.

The Placement is fully underwritten by Barrenjoey Markets Pty Ltd.

Commenting on the equity raising, Chairman and CEO, David Dicker said "Our business continues to grow rapidly, both as a result of our recent acquisitions, but also organically. With each year that passes, an increasing number of channel partners are choosing us as their distribution partner and as a result we're holding more inventory and providing more trade credit than at any other point in the Company's history. This equity raising will fund the expansion of our Kurnell distribution facility, increasing capacity by over 70% to futureproof our operations. Furthermore, a percentage of the proceeds from the raise will be applied to working capital, in turn enabling the Company to capitalise on strategic market opportunities with our vendor partners."

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<sup>1</sup> Excludes leases.

## Details of the Share Purchase Plan (SPP)

Following completion of the Placement, Dicker Data will offer existing eligible shareholders the opportunity to participate in a non-underwritten SPP, to raise up to \$10 million.

Under the SPP, eligible Dicker Data shareholders, being shareholders on Dicker Data's register as at 7pm (Sydney time) on Monday, 29 August 2022 with a registered address in Australia or New Zealand, will have the opportunity to apply for up to \$30,000 of New Shares without incurring brokerage or transaction costs.

The issue price of the New Shares under the SPP will be \$10.30 per share being the same as the price paid by institutional investors under the Placement. Like for the Placement, the funds raised under the SPP are expected to be utilised by the Company to fund the Kurnell warehouse expansion and for general working capital purposes.

New Shares issued under the SPP are scheduled to be issued on Tuesday, 27 September 2022.

Dicker Data may decide to accept applications (in whole or in part) that result in the SPP raising more or less than \$10 million in its absolute discretion.

Full details of the SPP will be set out in the offer booklet for the SPP, which is expected to be released on the ASX and sent to eligible shareholders on Wednesday, 7 September 2022.

## Key dates

Event	Date
Record date for SPP	7:00pm (AEST), 29 August 2022
Trading halt and announcement of the Placement	30 August 2022
Placement executed	30 August 2022
Announcement of the outcome of the Placement	31 August 2022
Settlement of the Placement	5 September 2022
Allotment and normal trading of New Shares issued under the Placement	6 September 2022
SPP offer opens and SPP offer booklet is dispatched	7 September 2022
SPP offer closes	20 September 2022
Announcement of results of the SPP	23 September 2022
SPP allotment date	27 September 2022
Normal trading of New Shares issued under the SPP	28 September 2022
Dispatch of holding statements in respect of New Shares issued under the SPP	28 September 2022

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## Webcast

The Company will host a teleconference and webcast of its H122 results and in relation to the Placement on Tuesday, 30 August 2022 at 2:00pm AEST. The teleconference and webcast will be hosted by the following members of the Dicker Data Board:

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

Shareholders can register for the conference call with the below links:

Conference Call Registration: <https://s1.c-conf.com/DiamondPass/10023447-uy867h.html>

Audio Webcast with synchronised slides: <https://webcast.openbriefing.com/8925/>

Authorised for release by the Board of Dicker Data Ltd.

David Dicker  
Chairman & CEO

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## ABOUT DICKER DATA

Dicker Data (ASX: DDR) is an Australian-owned and operated, ASX-listed technology hardware, software, [cloud](#), cybersecurity, [access control and surveillance](#) distributor with over 44 years of experience. Our sales and [presales](#) teams are experienced product specialists who are dedicated to helping you tailor solutions to suit your client's needs.

As a distributor, we sell exclusively to our valued partner base of over 8,200 resellers across ANZ. We pride ourselves on developing strong long-term relationships with our customers, and [helping them grow](#). This customer-first approach means we are proactive in engaging with our resellers and allows us to dynamically shift with changing market conditions, in turn helping to [increase profitability](#).

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

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