

17 May 2024

Q1 FY24 Market Update

AUSTRALIA, Sydney – 17 May 2024: Dicker Data (ASX: DDR) (Company) is pleased to provide an update on the Company's Q1 2024 earnings result, interim dividend and operational trading update.

Q1 2024 Results

The Company performed well in the first quarter of the FY24 period, despite facing a subdued market. Quoting activity and pipeline strength in Q124 was in line with the prior corresponding period, positioning the Company well as we move into the second quarter, with quarter-on-quarter revenue decline mainly attributed to large back order book invoiced in Q123.

Summary of results and highlights for Q124 are as follows:

	Mar-24 \$m	Mar-23 \$m	Change \$m	Change %
Non-IFRS				
Gross Revenue ²	694.8	772.3	-74.2	-9.6%
Statutory Results				
Statutory Revenue	485.9	542.2	-56.4	-10.4%
EBITDA ¹	33.5	33.5	0.0	0.0%
Net Operating Profit Before Tax ¹	24.6	25.9	-1.3	-5.0%
Net Profit Before Tax	24.6	25.4	-0.8	-3.1%

¹ Excludes one off restructure costs of \$0.0m (Q123: \$0.5m)

² Gross revenue is non-IFRS financial information and does not represent revenue in accordance with Australian Accounting Standards. This represents gross proceeds from sale of goods and services, both as agent and principal.

- Gross revenue for the first quarter finalised at \$694.8m, a decline of \$74.2m or 9.6%.
- Gross revenue was impacted on a quarter-on-quarter basis as a result of the large backorder book from FY22 being invoiced in Q123 as supply chain disruptions eased. Over \$300M backorder book was brought forward and most of it invoiced out in Q1 2023. As at the end of FY23 our backorder book was within normalised levels of approximately \$200m.
- Looking at net new booking, pipeline strengths, quoting activities, Q1 2024 was either flat or even slightly up on corresponding Q1 2023.
- Whilst revenue was down, the Company delivered EBITDA of \$33.5m, flat against the corresponding Q1 2023.
- Net profit before tax finalised at \$24.6m, down by \$0.8m or 3.1%, impacted by higher interest costs for the period.



- A number of new vendors were launched in the quarter including Adobe and Hikvision which we expect to scale in the second half of the year.
- The Company solidified its position as a leader in the Artificial Intelligence (AI) market following its appointment in Q124 as the only end-to-end NVIDIA distributor in the ANZ region and established a leadership position in the AI software arena, currently ranking as the number one distributor for Microsoft Copilot in both Australia and New Zealand

Commenting on the result, Chairman and CEO, David Dicker said "Following three years of a high-growth environment, the market was more subdued in the first quarter. Despite this, our market share with the majority of vendors either grew or remained steadfast, highlighting the strength of the Company's market position and performance. We are optimistic for the second half, with the Company well-positioned to capitalise as the market returns to growth, as well as having several strategic growth initiatives underway."

Interim Dividend

In line with the Company's dividend policy to pay out 100% of after-tax profits, the Company will retain the current policy of paying quarterly dividends. The proposed rate for the interim dividends for FY24 will be 11.0 cents per share fully franked, an increase on the 10.0 cents per share paid in Q1 2023. The first interim dividend was declared 13th May 2024. It is expected that as per prior years the final dividend for FY24 to be paid in March 2025.

Operational Update

The Company performed well in the first quarter of the FY24 period, despite facing a subdued market. Quoting activity and pipeline strength in Q124 was in line with the prior corresponding period, positioning the Company well as we move into the second quarter. A flat EBITDA was maintained year on year, thanks largely to our people across Australia and New Zealand continuing to demonstrate a high-level of resilience as they proactively supported the Company's partner community to maximise the available opportunities. The reported year on year decline in revenue came as a result of the Company's substantial backorder book being fulfilled in the prior corresponding period (Q123), as the pandemic induced chip shortages and logistical challenges that impacted global supply chains and the manufacturing capabilities of the Company's vendors improved significantly.

Pleasingly, the market continues to respond well to the value-added services offered by the Company, in turn helping to attract new reseller partners and further deepen relationships with existing partners. The new vendor distribution agreements the Company has signed in the previous 12 months coupled with the new, higher margin markets the Company has successfully entered, such as the access and surveillance market, resulted in gross margins finalising slightly higher than the prior corresponding period.

The Company announced two new distributorships in the first quarter. Firstly, securing the distribution rights for Adobe across Australia and New Zealand following a rigorous review process. Commenting on the appointment, Adobe's Senior Director of SMB, Education and Channel for APAC, Brent Irwin, reaffirmed the strength of the Company's cloud platform, stating "Dicker Data's advanced cloud marketplace, extensive partner network and deep understanding of the



local markets supports our ongoing commitment to delivering the best digital experiences for our customers." The second distribution change saw Dicker Data appointed as the preferred distributor for Samsung B2B Mobility (MX), representing increased strength and presence for the Company in yet another growth market.

The Company has quickly established a leadership position in the Artificial Intelligence (AI) arena, currently ranking as the number one distributor for Microsoft Copilot in both Australia and New Zealand. Building on this, the Company's core device vendors (ASUS, Dell Technologies, Dynabook, Fujitsu, HP, Lenovo and Microsoft) have commenced the rollout of their AI PCs in the Australian and New Zealand markets, with stock now available from Dicker Data across some brands. As stated in the Company's Annual Report, we expect the AI-driven device refresh to materialise in the second half of FY24, with the market showing early positive signs. Industry research and analyst firm, Canalys, is predicting that 19% of PCs shipped in 2024 will be AI-capable, escalating to 60% by 2027, with a strong inclination towards commercial adoption. The Company is investing ahead in securing the right inventory mix to support refresh cycles as they commence at a larger scale.

Furthermore, the Company solidified its position as a leader in the AI market following its appointment in Q124 as the only end-to-end NVIDIA distributor in the ANZ region. This announcement places Dicker Data at the centre of the AI revolution and solidifies the Company's position as the trusted go-to provider for large scale, complex AI deployments. Since the appointment, the Company has worked closely with NVIDIA and its existing partners on several opportunities, with the NVIDIA partnership expect to continue growing in significance throughout 2024 and beyond.

The Company's access and surveillance business unit, DAS, successfully launched its new distributorship of Hikvision in both countries in Q124. The addition of Hikvision has resulted in the Company now representing the top two CCTV vendors globally (Axis and Hikvision) and is providing access to an increased number of surveillance partners in Australia and New Zealand who have chosen Hikvision as their preferred brand. Hikvision's investment into the Artificial Intelligence of Things (AIoT) is revolutionising the security industry and has enabled DAS to offer advanced threat detection and prevention and predictive security solutions to partners. The DAS business unit improved revenue and profitability year on year in Q124 thanks to growth in new and existing vendors but was impacted by the building and construction sector slowdown. The Company is expecting better market conditions in the second half of FY24 to enable the continued growth of the access and surveillance business.

The Company remains well positioned in the market, retaining its strong market share across all key vendor partnerships. This demonstrates the broader market trends impacting the wider industry, which have been generally subdued. Our ability to hold our market share, despite the challenging economic climate, underscores our competitive strength and the effectiveness of our strategic market positioning. It reflects our resilience and adaptability in the face of industry-wide headwinds, and our commitment to delivering value to our customers remains unwavering. The Company retains an optimistic outlook for the second half of the FY24 period.

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 46 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 12,300 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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