

31 October 2022

Q322 Market Update

AUSTRALIA, Sydney – 31 October 2022: Dicker Data (ASX: DDR) (Company) today provides an update on the Company's Q3 2022 earning result and operational trading update for the quarter ended 30 September 2022.

Q3 2022 Results

Unaudited revenue in Q322 finalised at \$775.5m, representing an increase of \$124.0m, or 19.0% increase on the previous comparative period.

Summary of results and highlights for the 9 months ended September 30 and Q3 2022:

Unaudited 9 months to:	\$m Sep-22	\$m Sep-21	\$m Increase	% Increase
Total Revenue	2,234.9	1,720.4	514.5	29.9%
EBITDA	92.0	84.5	7.5	8.9%
Net Operating Profit Before Tax	76.7	76.6	0.1	0.1%

- Strong revenue growth year to date, with unaudited revenue finalising at approximately \$2,234.9m, an increase of 29.9% on prior corresponding period.
- Q322 unaudited revenue finalised at \$774.5m, representing an increase of 19.0% on the prior corresponding quarter.
- The Company is pleased with its profit performance in Q322, particularly when factoring in the higher-than-normal growth experienced in Q321, with profit growth for that quarter at over 63% and year to date at over 26%.
- Australia delivered 82.0% of YTD revenue total, with New Zealand delivering the remaining 18.0%.
- Increased revenue growth was attributable to a surge in demand for existing lines of business and the Company reaping the benefits of expanded, and new, exclusive vendor partnerships.
- The Q322 results include the first full quarter contribution from the creation of Dicker Data Access and Surveillance (DAS) which is now fully integrated and focused on business development.
- YTD gross profit margin finalised at 9.0%, in line with guidance.
- YTD EBITDA for the 9 months finalised at \$92.0m, an increase of 8.9%.
- Overall profitability has been impacted by costs associated with rising interest rates, freight costs and increased depreciation and amortisation as a result of recent acquisitions.
- Salary costs increased on the prior corresponding period but have remained stable at 4.8% of revenue.



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Commenting on the result, Chairman and CEO, David Dicker, said "A very pleasing increase in sales year on year. While profit didn't do as well, remaining flat, but that in comparison to with what was a very big previous year. Almost feels like a gain. With all the increases in costs, and other factors navigated, we have a very good platform for the future."

Operational Update

The Company continues to perform strongly, delivering 29.9% growth in year-to-date revenue. Despite an increase in gross margins, net profit before tax was flat against same period last year. Profit was impacted by increases in interest rates, freight, depreciation and amortisation in the period. Salary costs have increased following the Company's recent acquisitions and because of organic growth, however, salary costs remain stable at 4.8% of revenue. The Company is pleased with its performance in Q322, particularly when factoring in the higher-than-normal growth experienced in Q321, with profit growth for that quarter at over 63% and year to date at 26%.

The Dicker Data Access and Surveillance (DAS) business completed its first full quarter since being re-branded and fully integrated following the Company's acquisition of the Hills Security and IT division. The Company is pleased to report that it has returned the acquired portfolio to growth four months after taking ownership and control of the operations. Revenue, profitability and active customer count are on a positive trajectory with the DAS division now focused on business development and growth. The consolidation of the DAS distribution centre into the Company's Kurnell headquarters is underway, as is the expansion and refitting of the national DAS branch network. The branch works are expected to be completed in calendar Q123, providing the division with the platform to deliver on its growth ambitions in FY23.

The Company's flagship roadshow event, TechX, was completed in August, September and October 2022. Visiting Sydney, Melbourne, Brisbane, Perth and Auckland, TechX provided the Company an opportunity to showcase its technology portfolio and speak directly to thousands of the Dicker Data's partners. Reaching record audiences across most cities in Australia and New Zealand, TechX was sponsored by over 60 of the world's leading technology vendors. In line with the Company's growth ambitions, the New Zealand event was particularly strategic, as it provided Dicker Data a platform to present its consolidated offering following the local acquisition and integration efforts. TechX generated a large number of leads for the Company, with deals already closing as a result of the roadshow.

Dicker Data New Zealand is now fully operational from its CBD office and separate distribution facility. The new distribution facility has enabled the Company to benefit from scale and provides significant scope for future growth opportunities in the local market. Dicker Data is exploring opportunities in adjacent technologies, such as distributing the technology associated with harvesting solar power, in New Zealand. Initial sales are encouraging, with the electrical wholesale market in New Zealand converging with IT, like Australia.

Access to stock continues to impede closed revenue across Australia and New Zealand, with backorders now in the vicinity of \$390M, however, the market is showing continual signs of improvement. The Company expects the supply constraints experienced over the last two years to ease by the third quarter of 2023. Despite the supply challenges,

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demand for technology remains strong across both Australia and New Zealand. The breadth of technologies and solutions represented by the Company has enabled it to effectively navigate the challenging market dynamics and the Company's approach to managing customer expectations has proven superior throughout the last two years, leading to positive outcomes for all stakeholders.

Cybersecurity continues to be an area of growth for the Company, particularly following the high-profile attacks on Australian companies in recent months. The proliferation of breaches and their impact on consumer confidence is driving awareness of the need for comprehensive cybersecurity solutions and the Company is well-positioned to assist its vast partner network to scope, design and deploy the technologies needed to keep Australians, and Australian businesses, secure.

The Company's outlook for Q422 is buoyant, with demand across the technologies represented remaining strong. Increasing complexity is driving more opportunity for the Company's partner community and is further entrenching the Company as a technology enabler, providing trusted advice, technical know-how and solution building capabilities. Hybrid cloud has become the clear model of choice for most ANZ businesses which aligns well with the Company's cloud strategy and technology portfolio.

Update on Capital Raise & Warehouse Expansion

The Company recently announced its successful capital raising, providing balance sheet flexibility and to fund the construction and fit-out of a new warehouse expansion at the Company's headquarters in Kurnell, NSW. A builder has now been appointed and construction is slated to commence in December 2022 and be completed by the end of June 2023. The cost of the build has been confirmed at \$12m, and with the site preparation and fit out total warehouse expansion could cost up to \$15m, which is below the initially anticipated amount. Surplus funds from the capital raise will be used to increase balance sheet flexibility and to support the Company's long-term growth objectives.

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, 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 10,000 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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