

MARKET RELEASE**Data#3 well placed to adapt to Microsoft's increased focus on Small Medium & Corporate Initiatives****BRISBANE, Monday 16 December 2024**

Australia's leading IT services and solutions provider Data#3 Limited (ASX:DTL) wishes to advise that Microsoft has announced changes to its partner incentive program, as follows:

- The changes will reduce the incentives earned by Data#3 on its Microsoft Enterprise agreements, effective 1 Jan 2025
- Microsoft will increase its focus on Small, Medium and Corporate ("SMC") initiatives
- Microsoft is also increasing incentives for its Copilot, Security, Azure Migrations and Cloud Solutions Provider (CSP) programs.

Microsoft has been introducing gradual changes to its incentive programs over recent years. While this latest announcement represents a more significant change to Microsoft's incentive programs, Data#3 has implemented a range of strategic initiatives to manage the change in focus, including:

- Examining resources servicing the Microsoft Enterprise business
- Increasing our focus on the SMC segment
- Bolstering our CSP business and is well advanced with Copilot Solutions, Microsoft Security offerings and Azure Migrations

In isolation, if the full effect of the changes in Microsoft Enterprise Channel Incentives had applied throughout all of FY24, that effect would have reduced FY24 Gross Profit by about 3%. However, this is not a forecast on the future impact of these changes as the effect in future years will depend on various other factors.

The changes do not influence Data#3's Infrastructure Solutions, however they will provide the opportunity to increase revenue and improve profitability in Services.

There is no change to the FY25 H1 guidance provided at the Data#3 AGM in October of \$31 to \$33 million of pre-tax profit, and the FY25 financial impact of the incentive changes is expected to be immaterial. With other areas of the business growing, Data#3 still currently expects to achieve sustainable earnings growth for the full 2025 financial year.

Approved for distribution by the Data#3 Limited Board.

ENDS**For additional information contact:**

Steve Loxton
Investor Relations Consultant
Tel: 1300 23 28 23
Email: investors@data3.com.au

Cherie O'Riordan
Chief Financial Officer
Tel: 1300 23 28 23
Email: investors@data3.com.au

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About Data#3

Data#3 Limited (ASX: DTL) is a leading Australian IT services and solutions provider, focused on helping its customers solve complex business challenges using innovative technology solutions.

Built on a foundation of over 45 years' experience, combined with world-leading vendor technologies, Data#3 delivers an integrated array of solutions spanning cloud, modern workplace, security, data & analytics and connectivity. These technology solutions are delivered by combining Data#3's services across consulting, project services and support services.

Listed on the ASX in 1997, Data#3 reported gross sales of \$2.8 billion in FY24. Headquartered in Brisbane, it has more than 1,400 staff, and facilities across 12 locations in Australia and Fiji.

For more information about Data#3 visit <http://www.data3.com.au>

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