

9 May 2023

Q1 FY23 Market Update

AUSTRALIA, Sydney – 9 May 2023: Dicker Data (ASX: DDR) (Company) today provides an update on the Company's Q1 2023 earning result, interim dividends and operational trading update.

Q1 2023 Results

Summary of results and highlights for Q1 2023 are as follows:

	\$m Mar-23	\$m Mar-22	\$m Increase	% Increase
Total Revenue	772.3	673.6	98.7	14.7%
Operating Profit Before Tax	25.9	23.8	2.1	8.8%
Net Profit Before Tax	25.4	23.8	1.6	6.7%

- Total revenue in Q1 2023 finalised at \$772.3m, up by \$98.7m representing an increase of 14.7%.
- The revenue split between Australia and New Zealand was \$623.9m and \$148.4m respectively.
- The increase in revenue is partly attributed to full quarter contribution from Hills acquisition not in the comparative period, with the balance attributable to organic growth from existing and new vendors and increases in other income, representing year on year organic growth of 9.7%.
- The revenue contribution from the DAS business for the quarter was \$33.4m and whilst first quarter was focused on cost rationalisation with this business unit yet to deliver a profit, we do expect it to be profitable from Q2 2023.
- Gross margins for the quarter finalised at 9.2%, in line with expectations and up from 8.6% in the comparative quarter last year.
- Excluding one off costs, operating profit before tax finalised at \$25.9m, an increase of \$2.1m or 8.8%
- Net profit before tax for the first quarter was \$25.4m, an increase of 6.7%, which included one off redundancy costs of \$513.6k as we continue to review costs of operations.

Commenting on the result, Chairman and CEO, David Dicker, said "We delivered a pleasing result in the first quarter of 2023, buoyed by a strong monthly revenue result in March. Revenue was up by 14.7% on the prior corresponding period and profit before tax remained strong increasing 8.8%, excluding one-off costs. We expect to see the upside of operational refinements undertaken during the first quarter within the next three to six months, putting us in a strong position to deliver on shareholder expectations in FY23."



Interim Dividends

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 FY23 will be 10.0 cents per share fully franked. It is expected that as per prior years the final dividend for FY23 will be paid in March 2024.

Operational Update

Despite ongoing market challenges, the Company grew revenue by 14.7% in the first quarter. The size, scale and breadth of solutions offered by the Company played a key role in insulating it from supply chain woes that continue to impact market segments and a number of vendors. Operating profit before tax grew 8.8% despite continued pressure from two further interest rate increases in the quarter. With a clearer view on the macroeconomic outlook for Australia and New Zealand, the expected impacts from further increases in interest rates have been factored into internal forecasts and plans for the FY23 period.

Backorders across the company are currently in the vicinity of \$235m. Supply constraints continue to restrict the Company's ability to fulfil some orders, however the situation is improving, with the supply chain for approximately 75% of the Company's vendors now being able to keep up with market demand. Segments that are still impacted by supply chain challenges include datacentre infrastructure and networking. As previously stated, the Company expects supply constraints to ease further by the third quarter. The breadth of technologies and solutions represented by the Company has enabled it to effectively navigate the challenging market dynamics.

The Company undertook a number of operational refinements in the first quarter to improve the overall health of the business reviewing costs and working capital investment. Inventory is currently the major focus with work being done to reduce the overall amount of aged stock. One-off redundancy costs of \$513.6k were incurred in the period as the Company capitalised on investments into automation, process improvements and the synergies enabled by shared core services such as logistics, finance, marketing, IT and operations.

The expansion of the Company's warehouse by a further 16,636m² commenced in the fourth quarter of 2022. Work has been progressing according to plan and the Company expects to reach practical completion towards the end of June 2023, with the warehouse expected to be operational within the same period. The increase in floorspace will enable the Company to store thousands of additional pallets and products onsite, in turn improving access to just-in-time inventory for its Australian partner community.

Cybersecurity continues to be an area of growth for the Company, particularly following the high-profile attacks on Australian companies in recent years. 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.

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Executive Director and Chief Operating Officer, Vlad Mitnovetski, commented "We are entering Q2 with a positive outlook. A number of the new vendors we have onboarded in the last six to twelve months have begun delivering on our expectations and the pipeline for our existing vendor portfolio continues to grow. There are a number of new opportunities that we are working with our partner community to capitalise on, and we have a strong vision and plan on what we need to do to set the Company up for success in the remainder of FY23. Furthermore, the consolidation of the technology distribution market in Australia and New Zealand continues to create unique opportunities that we are well-placed to maximise."

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, and [cloud](#) 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 10,200 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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