

Data#3

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2024

**Annual
Report**

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Message to Shareholders

Dear Shareholders,

We're pleased to report that 2024 was another successful year of growth, delivered through our core purpose of enabling our customers' success. This was delivered in a challenging economic environment of persistent inflation, higher interest rates and geopolitical instability, which was also combined with some unusual market buying behaviour post pandemic.

Overall, the business performed well in this environment, growing revenue and profitability while maintaining our skilled workforce, improving operational efficiency and onboarding new customers. Our vendor partners continued to support and recognise us, and our customer satisfaction and loyalty remained at the highest levels.

FY24 results overview

Despite the uncertain operating environment causing customers to deliberate longer on large IT spending decisions, our FY24 gross sales grew to a record \$2.8 billion, up 7.6% on FY23. This was driven by our customers continuing to invest in digital transformation, enterprise security, networking, and multi-cloud, together with record levels of demand for our major vendors.

Net profit before tax of \$62.1 million was up 16.6% in FY24. Earnings per share of 28.00 cents were up 16.9% and the Board declared a fully franked total dividend for the year of 25.50 cents per share, an increase of 16.4% on FY23, representing a payout ratio of 91.1%. We have grown our recurring revenue base from 65% to 67% this year, reflecting the gradual shift in customers' preferences for As-a-Service purchasing models and multi-year subscriptions, in addition to growth in longer term contracts in our Managed and Maintenance Services businesses. This locks in a strong and secure foundation for future growth.

We have seen strong growth across public and private sector customers, with a focus on the education, healthcare and resources sectors, which have demonstrated consistent growth again. We saw particularly pleasing growth in the ACT and Victoria this year and will continue our strategic focus on growing market share in NSW.

Financial results were mixed across our diversified portfolio of business units this financial year, with the strongest growth achieved by our Software Solutions, Maintenance and Managed Services businesses. This aligns with our continued strategy to deliver growth in Services and to grow our recurring revenue base.

We have continued to invest in the Managed Services business and onboard new customers in FY24. We expect to realise the benefits of this investment as contracts mature following their initial transition phase and profitability generally increases from year two onwards of typically five-year contracts. On the back of winning our largest ever Managed Services Contract in FY23 with Future Fund Management Agency, in FY24 we secured an even larger contract for a new customer that will commence in H1 FY25.

Data*3 demonstrated a strong commitment to the technology community through active participation in a number of industry conferences and vendor partner advisory councils throughout the year. This engagement underscores our dedication to staying at the forefront of industry trends and innovations. Additionally, our own JuiceIT conference, held across multiple cities including Brisbane, Adelaide, Perth, Melbourne, Hobart, and for the first time, Canberra, attracted over 2,000 customers in FY24. This remarkable turnout highlights the expanding national reach of our business and our ongoing commitment to fostering meaningful connections with our customers and partners.

Well placed in a growing IT Market

The IT market continues to grow both domestically and internationally, as decision makers increasingly seek opportunities to drive greater efficiencies. Gartner has forecast Australian IT spending to grow 7.8% in 2024 to almost \$133 billion, led by digital investment programs.

One year on from the availability of Microsoft Copilot, the market has embraced the opportunity associated with Artificial Intelligence ("AI"). Our vendor relationships with Microsoft, Cisco, HP, Dell and Lenovo means we are at the forefront of AI advancements and have a range of solutions across software and infrastructure to provide to our customers. We have seen great interest in our readiness and adoption services, plus fundamental services such as data governance and security and change management. Our consulting and customer success businesses also benefit from this increased activity. Further, the application of AI within Data*3 will assist with improving operational efficiencies.

Data centre is expected to grow 24% globally in FY25. Much of this will be seen in hyperscalers such as Microsoft as they build Generative AI processing capability. What this means for Data*3 is additional capacity from our vendors to sell customers our part of our integrated solutions. We also expect customers to reinvest in their own data centre capability to provide additional processing power.

We continue to receive exceptional support from our vendor partners. In FY24, we again won global recognition from Cisco as Software Partner of the year, which was the sixth consecutive global award across multiple categories. We also won the worldwide Microsoft Surface partner of the year for the second year in a row, complemented by a regional award for Microsoft M365 based on the work we are doing across the modern work portfolio, particularly Copilot. These awards were further complemented by many other regional and Australian awards from our chosen partners. This shows that where we choose to invest, we succeed.

These awards are due recognition for the excellent work of our teams and innovation in providing customer solutions. They also provide external validation from our vendors that we have the proven capability to implement their solutions to the highest level and provide comfort to our customers of the quality and reliability of our services.

Leadership changes

During the year, as part of our succession program, Laurence Baynham stepped down from his role as CEO and Managing Director effective 1 March 2024, after almost 30 years with Data*3. On behalf of the Board, we would like to thank Laurence for his outstanding leadership, which has contributed significantly to the ongoing success of the Company.

Brad Colledge has taken the reins from Laurence, following a deliberative succession plan and hands-on transition period. Brad joined the Company in 1995, initially to start the Software Solutions business, before expanding his remit to the Infrastructure Solutions business and finally the Services business in his role as Executive General Manager in recent years. Brad is highly regarded across the business and has the full support of the Board.

Lastly, FY24 saw the retirement of Richard Anderson, who served as Chair of Data*3 since 2000. Richard guided the Company through national expansion and substantial growth in shareholder value over an extended period of time, and we wish him all the best in his retirement.

Mark Gray, who joined the Data*3 Board in 2017, was appointed Chair effective from the Company's AGM in October 2023. Mark has vast experience in strategic leadership across the public and private sectors and his strong finance, operational and governance expertise is highly valued by the Board.

Environment, Social & Governance (ESG)

One of our key objectives is to lead our industry in ethical business practices.

For the second year in a row, we were named the APAC winner of Frost & Sullivan Institute's Enlightened Growth Leadership Award. This reflects our commitment to harnessing the power of people and technology for a better future. Notably, this is the only award that considers the synergy between financial growth, corporate social responsibility and ESG.

We have made further progress on our ESG initiatives in conjunction with our vendor partners. HP's Amplify Partner Impact program is one such program leading the way. We recently received a 5-star rating under this program for our sustainability initiatives around people, planet and community.

We evolved and refined our information gathering processes during FY24. With major regulatory change on the horizon, it is critical we get this right and improve accuracy. By working with existing and new partners, we are setting an accurate baseline which will allow us to measure progress moving forward.

Since launching our Reconciliation Action Plan (RAP) last year, we have taken several steps towards meaningful action to advance reconciliation. This includes celebrating culturally significant events, creating a Welcome to Country and Acknowledgement of Country Guide to support the cultural awareness and education of our employees, along with partnering with established groups such as Indigenous Literacy Foundation and Supply Nation, so we can continue to contribute towards reconciliation with Australia's First Nations people.

We have invested in programs that support women entering technology careers and that enable progression, as it is expected that women will increasingly occupy senior roles attracting higher salaries. Since our last Workplace Gender Equality Agency submission, we welcomed Tash Macknish to the role of Chief People Officer, and we are proud to say that at 33% overall female representation we are ahead of industry average, and with 33% female representation on our Executive Leadership Team, and 40% on our Board, we are in good shape to further progress in this space.

Lastly, our Data*3 teams have gradually returned to working from our offices following the pandemic but continue to enjoy the flexibility provided by our flexible working arrangements.

Outlook

Our strategic priorities remain the same with our focus on solutions, people and community, customer experience, and operational excellence.

In terms of outlook, we expect further growth in our Services business, and it is expected to be underpinned by demand for AI solutions. We also see further profitability from our Managed Services business as we continue to onboard new customers.

Multi-cloud and Security will see growth with the ongoing trend towards annuity offerings.

Infrastructure Solutions is expected to see potential ongoing challenges with delayed decision making particularly in networking, however will benefit from the uptick in Multi-cloud and End User Computing, infused with AI. The end user compute market is also expected to grow on the back of the Windows 11 upgrade opportunity and post covid refresh.

We will continue to position for growth in large infrastructure projects, including opportunity for Brisbane based organisations with infrastructure required for the Brisbane Olympics and Paralympics 2032.

Overall, Data*3 is well placed to leverage the AI opportunity and to continue to provide sustainable growth, while having a positive impact on the local economies and communities in which we operate.

Thank you for your continued loyalty and support. We look forward to updating you on our progress throughout the year.

Mark Gray
Chairman

Brad Colledge
CEO and Managing Director

Data#3 Customer Story

International School of WA

**ISWA device update drives personalised
learning and staff productivity**

Objective

The International School of Western Australia (ISWA) wanted to invest in modern devices and explore an 'as a service' model that would empower teachers and students to take full advantage of digital learning advancements in the modern classroom.

Approach

ISWA sought a Device as a Service (DaaS) solution that would reduce administrative burden while providing a higher level of service to families, students and staff, whom were tightly involved in the process.

Benefits

- **Modern, reliable, and secure devices fit for purpose**
- **More efficient and interactive classroom environment**
- **Streamlined procurement and support process**
- **Improved user experience**
- **Cost predictability through a DaaS (operational cost) model**



Students can do graphing, calculate complex maths equations, and create art. We have a student media team, and they are remarkably creative in how they work with the laptops. The technology facilitates the inquiry-based learning that is at the centre of the way we work.

Dr Caroline Brokvam,
Principal, ISWA

Data#3 in FY24

Gross sales

\$2.8b

People

1,400+

Listed on the ASX in

1997

Years in business

45+

Facilities across Australia + Fiji

12

Customers

5,000+

Project hours

708,100

Professional services projects

2,500+

Customer satisfaction score

4.29 / 5

Key awards + certifications

- HRD Employer of Choice Award for ninth year in a row
- Data#3 named as one of Australia's Best Workplaces™ in 2024
- Microsoft Surface PC Reseller Worldwide Partner of the Year for the second year
- Cisco Global Software Partner of the Year

Financial Summary



The following table sets out our performance in FY24 compared with previous years:

	FY18	FY19	FY20	FY21	FY22	FY23	FY24	%
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	change
Total gross sales	1,181,411	1,415,569	1,625,941	1,956,188	2,192,997	2,564,570	2,764,118	+7.8%
Total gross profit	160,112	173,907	187,979	194,746	218,218	250,651	270,091	+7.8%
Total gross margin %	13.6%	12.3%	11.6%	10.0%	10.0%	9.8%	9.8%	
Earnings before interest (net) & tax	19,498	25,758	34,079	37,664	45,196	50,973	53,497	+5.0%
Profit before income tax	20,399	26,564	34,066	36,943	44,093	53,234	62,073	+16.6%
Profit after tax attributable to members of Data#3	14,078	18,112	23,636	25,414	30,262	37,030	43,311	+17.0%
Net profit margin % (on gross revenue)	1.19%	1.27%	1.45%	1.30%	1.38%	1.44%	1.57%	
Return on equity %	31.6%	38.5%	45.2%	45.1%	49.0%	54.2%	57.8%	
Basic earnings per share	9.14 cents	11.76 cents	15.35 cents	16.51 cents	19.61 cents	23.96 cents	28.00 cents	+16.9%
Dividends declared per share	8.2 cents	10.7 cents	13.9 cents	15.0 cents	17.9 cents	21.9 cents	25.5 cents	+16.4%
Payout ratio	89.7%	91.0%	90.6%	90.9%	91.3%	91.4%	91.1%	
Share price at 30 June	\$1.60	\$2.12	\$4.54	\$5.61	\$4.66	\$7.20	\$8.37	+16.3%
Total shareholder return, based on dividends paid during year	-3.1%	38.9%	119.9%	26.7%	-13.9%	+58.9%	+19.7%	

Operating and Financial Review

Operational overview

We are pleased to report record gross sales of \$2.8 billion in FY24 and sales growth in line with the forecast Australian IT market growth rate.¹ In addition, we maintained the average gross margin earned on gross sales and delivered gross profit growth of 7.8% in FY24. We see this as a solid achievement considering the highly competitive markets in which we operated, together with the subdued economic conditions caused by higher interest rates, high inflation and global geopolitical conflicts during the financial year. In addition, some customers deliberated on non-discretionary IT spending this financial year, which resulted in fewer deals to compete for, and the year saw some competitors lower pricing to gain market share. Although we didn't exceed market growth rates as we have in recent years, to continue to achieve growth while maintaining gross margins is a testament to Data#3's continuing value proposition and competitive advantages.

Our core business of connectivity, collaboration, modern workplace, end-user computing, multi-cloud and enterprise security offerings continues to align with customer priorities and underpins their continued investment in IT infrastructure, software and services.

We achieved growth across most customer sectors this financial year, including Government, Defence, Education and Mining. Geographically, we continued to expand in the ACT, Victoria, Western Australian and Fiji, while sales in New South Wales were relatively flat year on year given the particularly competitive local market.

Demand for our Security solutions remained strong as security was yet again our customers' top priority in FY24. Growth in this area was underpinned by sales of Microsoft E5 and Managed Security Operations Centre ("SOC") services, with customers focused on securing cloud services, incident response, planning and management and protecting and managing information and identities. In response to increasing demand, we opened our own SOC in Brisbane in July 2024 to meet the highest standards of data protection and sovereignty in delivering threat monitoring, detection and response. We expect this to present further opportunities in FY25 as protection against the threat of cyber attacks continues to be our customers' number one priority. Having a local SOC provides comfort to customers who prefer their operations to be supported locally by an Australian company.

Some key infrastructure projects completed this financial year include the Sydney Football Stadium, Stadium Australia, Queens Wharf and Griffith University. Our expertise in the design and implementation of both wired and wireless networking equipment at large sites such as hospitals, stadiums and universities means we are well placed to capitalise on upcoming opportunities, such as infrastructure projects for the 2032 Brisbane Olympics, and continue to build our large project pipeline.

The launch of ChatGPT during FY23, followed by Copilot for Microsoft 365 ("Copilot") this financial year, has sparked widespread interest in the future of generative AI ("Gen AI").

¹ Gartner: Forecasts IT spending in Australia to Grow 7.8% in 2024

We are leading the Australian market for Copilot services and licenses and were one of only 600 organisations globally to have taken part in the Copilot Early Adopter's Program in FY24. We have begun helping our customers understand how they can use and apply Gen AI with our Copilot Readiness Assessments, while also helping them minimise any potential risks surrounding data governance and security through our specialised consulting services.

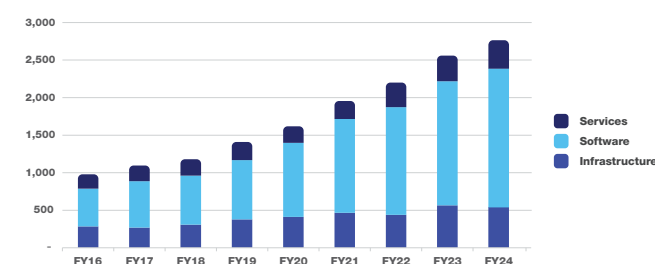
AI is complementary to our solutions and will be infused across all our vendor offerings, providing opportunity right across our solutions. This will benefit our solutions from device to cloud in infrastructure, software and services, providing customers with compelling reasons to upgrade to the latest solutions to gain efficiencies and competitive advantage. Like our customers, we also continue to adopt and use AI, including order automation, invoice automation, data analysis and insights and our internal use of Microsoft Copilot.

Operating results by functional area

The core Data#3 business is structured around three functional areas – Software Solutions, Infrastructure Solutions and Services – operating across eight regions. Business Aspect operates independently but within the Data#3 structure.

Pleasingly, we experienced strong gross sales growth in Software Solutions, Managed and Maintenance Services and moderate growth in Project Services but saw a decline in Infrastructure Solutions, Consulting and People Solutions, as outlined in the following sections.

Gross Sales trend by functional area (\$M)



Infrastructure Solutions

The Infrastructure Solutions business provides technology that enables our customers to achieve a broad range of business outcomes. It provides notebook computers through to networking, collaboration, data centre, and multi-cloud solutions. The business helps customers procure industry-leading solutions and maximise returns from infrastructure investments, utilising Data#3's warehouses, digital customer platforms, and customer success teams.

Infrastructure Solutions gross sales of \$547.4 million for FY24 was down 3.6% on the prior year, predominately due to a decline in sales of networking hardware and a slight slowdown in customer decision making on larger contracts.

While our FY24 Infrastructure result was negatively impacted by customers ordering in advance of requirements in FY23 following the supply chain challenges experienced in recent years, we are seeing improved sales of networking hardware into FY25. Our Infrastructure sales are also linked to and supplemented by sales of maintenance support contracts, particularly those under Enterprise Agreements, and which are reported as Services sales. The combined product and maintenance business grew by 2% in FY24.

End user computing sales were up 3% this financial year, with many customers approaching their renewal period and upgrading devices to facilitate Windows 11 upgrades. Customers continue to assess their future requirements, including for newly released AI enabled devices. We see significant opportunity in this space heading into FY25.

Sales of collaboration tools increased on the prior year, reflecting significant opportunities to enable the integration of vendor products, such as Cisco with Microsoft.

There has been a gradual shift from capital expenditure to As-a-Service software purchasing models, as customers opt for flexibility and better cash flow management. This increases recurring revenue and customer retention but can spread profitability over a longer time period.

Customers continue to look at ways of optimising their IT environments and we are seeing a continuing shift by customers from purely on premise or public cloud to a hybrid or multi-cloud environment in preparation for their adoption of artificial intelligence ("AI") and to reduce the significant costs of public cloud computing. This evolution provides further opportunities for us to design, procure and implement hardware, software and services to enable our customers' success.

Data#3 retained its position on the HP Global Partner Advisory Board, Microsoft Surface Global Advisory Board and remained a member of the Cisco, HPE/Aruba, Dell and Lenovo Advisory Boards for Asia Pacific during FY24.

Software Solutions

The Software Solutions business helps customers maximise business value from their software investments through effective procurement, deployment, management and optimisation.

The business achieved solid gross sales growth in FY24 of 11.0% to \$1.83 billion, as we retained our market leading position in Public Sector verticals and gained market share in other sectors, particularly Education.

Customers continue to invest in public cloud offerings with subscription services for Microsoft Azure and Office 365 delivering consistent and annuity-based growth, particularly in security.

Software Advisory Services, including Software Asset Management services and consulting, have become increasingly popular as customers seek to drive efficiency across their software portfolio. Software Advisory provides excellent links between the customer's software licensing agreements and Data#3's Project Services, Maintenance and Managed Services, which help with the deployment, adoption, and management of the software.

Operating results by functional area (continued)

Packaged services offerings are being attached to software sales and drive customer outcomes and loyalty throughout the product lifecycle.

Our partnerships with major global vendors continue to strengthen, as we are rewarded and recognised for continuing to deliver on customer success and overall long-term customer experience through global vendor awards and incentives earned under the vendor incentive programs.

Services

The Services function includes a wide portfolio of services and capabilities, broadly categorised as follows:

- Consulting (through Business Aspect) for management and information technology consulting services
- Project Services for the design and implementation of technology solutions
- Maintenance Services for the provision of vendor and Data#3 delivered hardware support under annuity-based contracts
- Managed Services for the outsourcing of the management of part or all of a customer's information technology functions and processes, and
- People Solutions for the provision of contractors and permanent staff.

In aggregate, the Services business achieved gross sales growth of 9.6% to \$375.9 million in FY24, predominately driven by growth in Project Services, Maintenance and Managed Services as outlined below.

Consulting

Our Business Aspect team has extensive consulting skills, experience and expertise in digital transformation, cloud strategy, architecture, security, risk, control, planning, design and governance.

The FY24 consulting market was competitive with generally reduced demand, however we performed well in the higher education, healthcare and utilities sectors. Gross sales were down on prior year by 5.5% to \$31.4 million in FY24, with some delayed customer decision making and some customers choosing to hire permanent consultants. The financial impact of the decline in sales was offset by cost reductions and internal efficiencies, which improved net profitability on the prior period.

Project Services

Our Project Services business continued to deliver transformation projects for customers this year, with excellent growth in NSW and Victoria and solid momentum into FY25. Opportunities with networking and data centre projects and increasing interest in Microsoft CoPilot for M365 drove demand for professional services this financial year.

Gross sales increased by 6.0% to \$79.0 million in FY24, with average utilisation rates above 80% and a solid pipeline of projects heading into FY25. Margins and profitability continue to improve, with our highly skilled and growing Professional Services team reducing the need for third party delivered services.

Managed Services

We onboarded a number of new customers and renewed and expanded the services provided to existing customers in our Managed Services business this financial year. As customers are faced with managing more complex, multi-cloud environments and have increased concern about cybersecurity threats, they are seeking specialised skillsets which is driving an increased demand for managed services.

We are pleased to report that Managed Services gross sales increased by 11.6% to \$43.9 million in FY24. The overall profitability of the business also improved and should continue to do so as we scale the business up and our most recent contracts mature and in turn become more profitable.

Customer attrition was low, and the small number of contract terminations were driven by customers bringing services in-house or due to acquisition. Our average contract tenure reduced from 9 years to 7 years because of the continued growth in new business.

We continue to build our capability and expertise in Managed Services following our recertification under the Microsoft expert MSP program and ISO 27001 accreditation across more of the operations' locations. We are also building out our Solution offerings in the areas of network management with Managed Software Defined Wide Area Networking (SDWAN) and Secure Access Service Edge (SASE) solutions.

Maintenance Services

Our Maintenance Services business achieved strong growth in gross sales of 26.8% to \$158.5 million in FY24, as customers move from traditional software support to Enterprise Agreements. These agreements enable organisations to buy, consume and manage their technology across the software portfolio with a three-to-five-year cross platform agreement. We are increasingly seeing a shift to these types of support agreements by vendors, such as Cisco and Palo Alto.

People Solutions

Following its peak in FY23, the contingent labour market has transitioned to a more balanced state, impacted by changing cost management priorities by customers. These factors presented growth challenges for our People Solutions business during FY24, with gross sales down on prior year by 11.6% to \$60.2 million.

Following a material reduction in demand for contingent labour by one of our key customers this year, we focused on rebuilding pipeline with strategic onshore and offshore augmentation solutions. Demand for labour in the technology sector has softened with improved resource availability, but we are still facing skill shortages in some key specialist areas.

Financial overview

Change in accounting policy – revenue recognition for contracts with customers

During the year, the group undertook a detailed review of its software licensing and vendor delivered maintenance agreements to reassess whether it is acting as a principal or agent under these agreements. This was in response to updated guidance released for software resellers in 2022 on the application of the revenue accounting standard (AASB 15). The review resulted in a change to the company's revenue accounting policy to present software licensing and vendor-delivered maintenance support revenues on a net basis, including an adjustment of comparatives. This is a statutory presentation change only, and the group will continue to measure its operational performance in terms of Gross Sales, with both Gross Sales and statutory revenue to be reported to ensure comparability with historical reporting and to align with how the company internally measures performance. A detailed explanation of the changes to revenue recognition and a reconciliation by business unit of revenue recognised in the Consolidated Statement of Comprehensive Income to Gross Sales is provided in Note 3 of the financial statements.

A summary of non-IFRS adjustments is also provided in the following table:

	FY24 \$'000	FY23' \$'000
Statutory revenue – Product	549,364	553,486
Statutory revenue – Services	256,382	255,139
Interest income	9,690	3,508
Other income	247	362
Total statutory revenue	815,683	812,495
Non-IFRS adjustments – Product	1,828,909	1,664,171
Product Gross Sales ²	2,378,273	2,217,657
Non-IFRS adjustments – Services	119,526	87,904
Services Gross Sales ²	375,908	343,043
Total Gross Sales ²	2,754,428	2,561,062
Change in inventory	312	13,665
Purchase of goods	414,630	413,876
Non-IFRS adjustments – Product	1,828,909	1,664,171
Product Gross Profit	134,422	125,945
Product Gross Margin ²	5.7%	5.7%
Employee and other direct contractor costs	88,083	99,148
Other cost of sales Services	32,877	31,285
Non-IFRS adjustments – Services	119,526	87,904
Services Gross Profit	135,422	124,706
Services Gross Margin ²	36.0%	36.4%

1. The prior year has been adjusted to reflect the change in revenue accounting policy to present software licensing and vendor-delivered maintenance support contract revenues on a net basis as agent.
2. Gross Sales and Gross Margin are non-IFRS financial measures and are not presented in accordance with Australian Accounting Standards. Gross Sales represents gross proceeds from the sale of goods and services, both as agent and principal. Total Gross Sales includes Product and Services Gross sales and other income. Refer to Note 3 for further information. Gross Margin represents Gross Profit relative to Gross Sales.

While the group only has one reportable segment for financial reporting purposes, it aggregates financial information from the Statement of Comprehensive Income as Product and Services when reporting on its operating performance to provide greater insights to Financial Report users.

FY24 Financial Results

The Data#3 group delivered another solid financial performance in FY24, with record gross sales of \$2.8 billion. This represented growth of 7.6% – in line with the forecast Australian IT market growth rate. This growth was underpinned by the continued investment by our customers in enterprise security, networking, storage, multi-cloud and digital transformation. In addition, we saw strong growth in Software Solutions and growth across most of our Services business, in line with our strategic priorities.

We achieved solid overall growth in sales of Product (Software Solutions and Infrastructure Solutions) and Services of 7.2% and 9.6% respectively; however, performance was mixed by business area and region, as outlined in the ‘Operating results by functional area’ section.

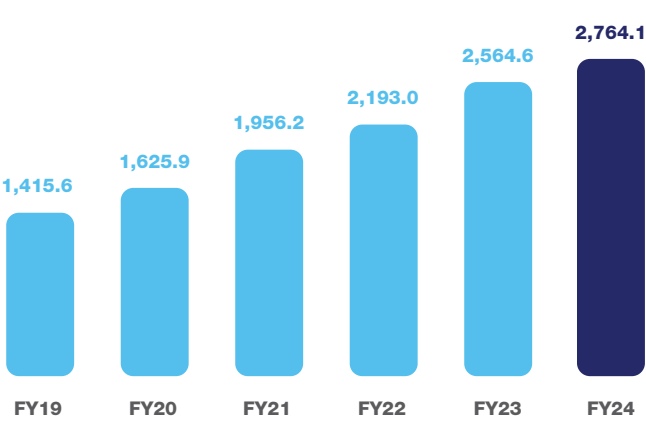
Total statutory revenue increased by 0.4% to \$815.7 million following the adjustment relating to our change in revenue recognition accounting policy for software licensing and vendor delivered maintenance support contract revenues as mentioned earlier. The decline in Infrastructure revenues recognised on a gross basis as principal, was offset by higher Services revenue and increased agency fees and incentives recognised on a net basis in relation to software licensing and vendor delivered maintenance sales.

Recurring revenue increased from 65% to 67%, reflecting a gradual shift by our customers to multi-year subscription and As-a-Service purchasing models, in addition to growth in longer term contracts (typically three to five years) in our Managed and Maintenance Services businesses. Recurring revenue increases the predictability of our earnings, and longer-term customer relationships are generally more profitable.

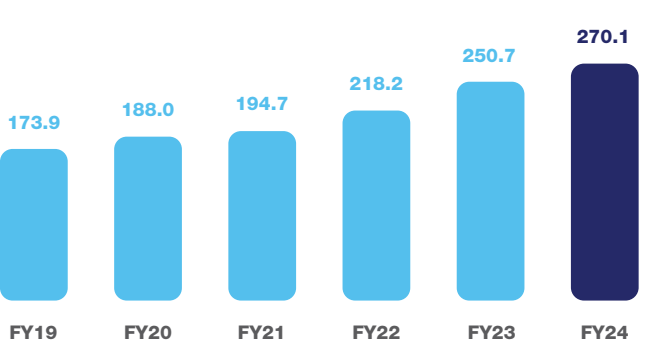
We delivered record interest income of \$9.7 million (FY23: \$3.5 million) as a result of our diligent management of working capital and higher interest rates.

Total gross profit increased by 7.8% to \$270.1 million in FY24, and our total gross margin of 9.8% was consistent with the prior year - a solid outcome given the highly competitive market in which we operated this financial year. Product gross margins were stable at 5.7% and Services margins decreased slightly from 36.4% in FY23 to 36.0% in FY24, however we are pleased to report that the net profitability of our Services business improved on the prior financial period.

Gross sales and other income (\$M)



Total gross profit (\$M)



Vendor rebates earned relative to gross sales were consistent with the prior year and are reflective of our continued alignment with major vendors and the high standards of service we provide our customers.

Internal staff costs increased by 7.6% in FY24, driven by a 2% increase in headcount and general remuneration increases in line with the market. The increase in permanent headcount was comprised predominately of billable Services staff, in addition to some specialist Infrastructure sales roles to drive strategic growth.

Other operating expenses increased by 12.5% from \$24.3 million to \$27.4 million as a result of general price rises, such as insurance and software licensing, increased travel relative to higher sales activity and internal investments in systems. Spend on IT projects increased in FY24 as we completed work to enhance and consolidate e-commerce platforms, implement a new payroll system and customer success platform, and uplift cyber security, among others. These projects will realise either a financial benefit in the form of increased sales or cost reductions, or a non-financial benefit in the form of risk reduction over several years.

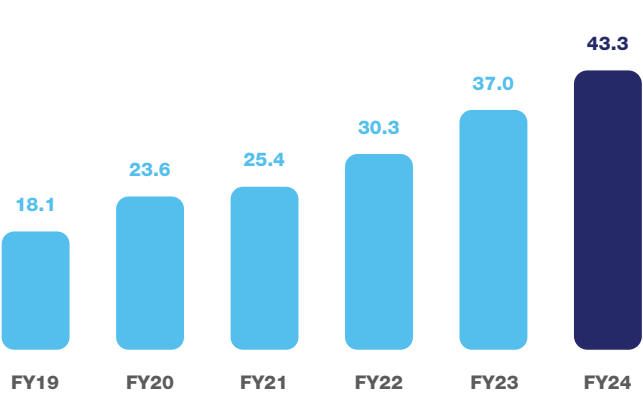
Our internal cost ratio (staff and operating expenses as a percentage of gross profit) increased slightly from 80.3% to 80.6%, due to the higher costs of operating in a competitively priced market, and continued investment in people and systems. This includes our Managed Services business, which is expected to improve its margins as contracts mature and we achieve greater scale. Our goal remains to achieve a steady improvement in our internal cost ratio with a continued focus on gaining operating efficiencies through system and process improvements, in addition to scaling up our higher margin Services business over time.

The group’s total profit before tax increased by 16.6% from \$53.2 million to \$62.1 million, with the pre-tax profit margin measured on gross sales increasing from 2.08% to 2.25%. This represented basic earnings per share of 28.00 cents, an increase of 16.9% on the prior year.

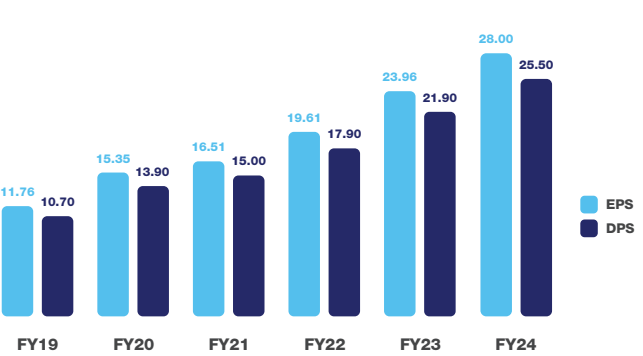
The Board declared fully franked dividends of 25.5 cents per share for the full year, an increase of 16.4% and representing a payout ratio of 91.1%.

Return on equity was 57.8% (FY23: 54.2%).

Profit after income tax (\$M)



Basic earnings per share & dividends per share (cents)



Balance sheet and cash flow

The company’s FY24 balance sheet remains strong and debt-free, with inventory and trade receivables returning to their pre-pandemic normal.

The cash balance closed the year at \$276.4 million, down on the prior year closing balance of \$404.8 million due to the timing of customer receipts prior to period end. This reflects our seasonal temporary cash surplus at 30 June each year, with payments to suppliers for June sales payable in the first quarter of the next financial year.

Trade receivables and payables are relatively high at year end due to the typical May/June sales peak. Trade and other receivables at 30 June 2024 were \$519.1 million and trade and other current payables were \$704.4 million, reflecting the timing differences in the collections from customers and payments to suppliers around 30 June.

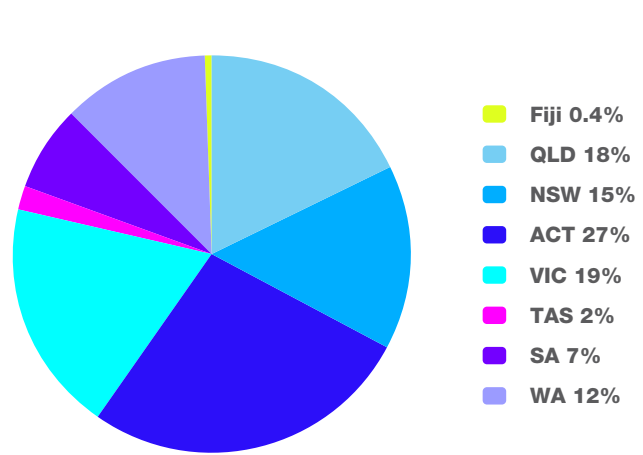
The key trade receivables indicator of average days’ sales outstanding (DSO) improved from 33 days in FY23 to 26 days in FY24, reflecting our ongoing focus on effective working capital management.

Total inventory holdings remained consistent with the prior financial period at around \$19 million, following its return to pre pandemic normal levels in the second half of FY23. All inventory is committed to customer contracts; therefore, we carry a low risk of obsolescence.

The net cash outflow from operating activities was \$86.2 million (FY23: \$291.0 million inflow), predominately due to the traditional May/June sales peak and the spike in collections before the end of June. These collections generate temporary cash surpluses which subsequently reverse after 30 June when the associated supplier payments are made, resulting in a material cash outflow in the first half. The prior year’s net cash flow from operating activities was inflated by the realisation of carried forward debtors and inventory caused by supply chain issues in the preceding years.

Performance by region

FY24 Gross Sales split by region (Total \$2,754M)



- Queensland – sales performance was relatively flat year on year, with some delays in Public Sector decision making and slight softness in the consulting market. This was offset by a solid performance from our Queensland Software Solutions business

Performance by region (continued)

- New South Wales – sales were in line with the previous financial period following reduced demand in a key People Solutions account and a highly competitive Infrastructure market; offset by solid growth in sales of software licenses
- ACT – achieved strong sales growth of 10%, underpinned by Public Sector software licensing renewals and growth across all lines of business
- Victoria – continued to gain market share with 8% sales growth in FY24 and growth across all lines of business, but predominately in Managed Services and Infrastructure Solutions
- Tasmania – delivered a strong result with 11% growth in sales, driven by Software Solutions and Services
- South Australia – achieved solid growth in sales of 8%, driven by increases across all lines of business
- Western Australia – continued its strong performance and achieved sales growth of 17% for FY24
- Fiji and the Pacific Islands – again achieved strong growth in sales through our key Software accounts, increasing 18% on the previous year.

People

We ended FY24 with 1,480 people in the group, up from 1,447 people at the end of FY23. This includes a combination of permanent, contracted and casual staff.

Some of our incredible people-related achievements in FY24 include the following:

- We were recognised as one of Australia’s Best Workplaces in Technology by Great Place to Work.
- Our staff satisfaction survey achieved a significant response rate, and 96% of our people agreed that Data#3 is an excellent company to work for and they would recommend Data#3 to others in the industry.
- We achieved recognition as a HRD Employer of Choice for the ninth year in a row.
- Our annual voluntary turnover rate was below the industry average.
- Across our business, 26,000 hours of learning and training activities were completed by our people.

Vendor relationships and external awards

In FY24 we continued to strengthen our partnerships with key global vendors such as Microsoft, Cisco, HP, Adobe and Dell, in addition to many others. By aligning with these partners, we are capturing a significant proportion of the addressable market in large corporate and public sector organisations.

We finished the year in leading positions with our major vendor partners Microsoft, HP and Cisco.

Our major vendors prefer working with fewer, larger partners who are equipped and certified to provide customers with their full range of products in their target customer markets. Of particular note was Data#3’s renewal of the Microsoft Azure Expert Managed Service Provider certification in FY24.

We are one of few certified partners in Australia and this certification underpins our ability to support and manage Microsoft Azure. This is complementary to our leading position with licensing customers for Azure in Australia and ensures we are well positioned to enable our customers to gain value from the Azure platform. Customers also prefer to partner with an experienced solution provider such as Data#3 that can deliver a full breadth of products and services, minimising the need for multiple suppliers.

In addition to major vendors such as Microsoft, Cisco, HP and Dell, we work with hundreds of other vendors such as Palo Alto, Veeam, Lenovo, Citrix, Mimecast, Fortinet and VMware. Our Vendor Management and Solutions teams regularly scan the market for new and emerging vendors that complement our existing solutions and offerings, while remaining focused on the vendors that best meet our customers’ requirements and strategic growth areas.

Increasingly the vendor channel programs are focusing on the adoption and usage of their technologies. Many vendor programs have a customer experience emphasis which focuses on the full lifecycle of their products combined with our specialist services. The programs are, therefore, promoting longer-term, ongoing customer engagement rather than short-term transactions. This translates into greater opportunities for organisations with services teams that are skilled in the associated technologies, such as Data#3.

Each year we receive national and international recognition from our global partners, and we are delighted to have been awarded the following in 2024:

- Cisco Global Software Partner of the Year
- Microsoft Worldwide Surface Reseller Partner of the Year
- Microsoft ANZ Modern Work Partner of the Year
- HP Greater Asia Poly Partner of the Year
- Veeam ProPartner of the Year ANZ
- Palo Alto Networks’ Nextwave Partner of the Year

Cisco and Microsoft have over 60,000 and 400,000 partners globally, so for an Australian company to win global awards is a significant achievement.

Award recognition from our vendors shows that where Data#3 invests, we succeed. This provides confidence to our customers that Data#3 has the skill and competency to implement and manage their preferred vendor’s solutions.

Data#3 is also the number one Microsoft security reseller in Australia and Asia and number five globally, so we are well placed to continue to grow our security practice in FY25.

Performance against strategic priorities

We have made pleasing progress on all our strategic priorities during FY24 as outlined below:

Solutions

We have continued to enhance our solutions to adapt to changing market demands. Every customer has a business strategy that includes digital technologies, and all digital technologies require a foundation of multi-cloud, networks and end-user computing and security.

FY24 saw another strong year of growth for our Software Solutions business, in addition to our Managed Services business, which are both aligned to our strategies of increasing recurring revenue and growing our Services business through our customer lifecycle solutions.

We refined and optimised our partnerships and alignment with key global vendors to maximise financial returns from vendor incentive programs and drive strategic growth this financial year. Our agility in adapting to changes in incentive programs, internal expertise in managing these programs, and alignment of our sales strategy with that of our vendors, means we are well placed to continue to maximise these returns and execute on our Solutions strategy in FY25.

Customer Experience

This strategic priority is focused on increasing our customer engagements across our Solutions lifecycle to drive customer outcomes and long-term profitability. We continued to build out our customer success digital platforms during FY24, and we enhanced and merged existing platforms to gain efficiencies, reduce costs and improve our customers’ user experience.

We successfully increased adoption and consumption engagements by leveraging customer data to drive targeted engagements and expansion within our existing customer base.

We worked jointly with our major vendors on embedding our data analysis into customer contracts and service level agreements, as commenced in the prior year. In addition, the lifecycle of services for our solutions continues to provide opportunities to expand our relationships with existing customers, as well as attract new ones.

People and Community

Our employee value proposition was enhanced so that we can attract, develop and retain the best talent. Our People Development strategy was focused this year on enhancing the capabilities of our workforce to meet the needs of our business and our customers, through the development of a three-year Workforce Plan. The Plan included initiatives such as the identification of our future skills requirements, a skills gap audit and the promotion of a culture of ongoing learning and development.

In addition, our People and Community strategic priority was focused on the development and enhancement of our Environment, Social and Governance (“ESG”) policies and practices to create positive social, environmental and economic returns. See the ESG section for further details.

Operational Excellence

This financial year we enhanced our operational efficiency by delivering a range of projects aimed at leveraging our digital platforms and data, optimising business processes, and driving innovation leveraging AI this financial year. This included our participation in the Microsoft Copilot Early Adopter program, which enabled us to not only test the internal benefits of its use, but also develop use cases to assist with our AI go to market strategy.

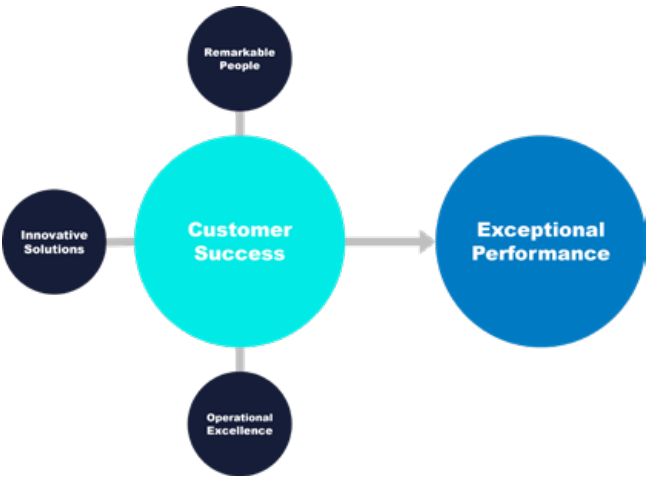
Other workstreams completed during FY24 under this strategic priority include the development of a knowledge base outlining our internal platform capabilities, development of a data governance policy, scoping the implementation of a data warehouse and analytics tools, and automations such as order and invoice processing.

FY25 Strategy and Outlook

Our Strategic Priorities for FY25 remain as follows:

- Solutions – accelerating Data#3’s services
- People and Community – connecting Data#3 with its people and the communities in which it operates
- Customer experience – differentiating Data#3 through the experiences we deliver to our customers
- Operational excellence – connecting and simplifying Data#3 to deliver an agile and efficient business.

Customer success is at the core of our strategy. We combine our innovative solutions, remarkable people and operational excellence to enable our customers’ success. This in turn provides exceptional performance for Data#3.

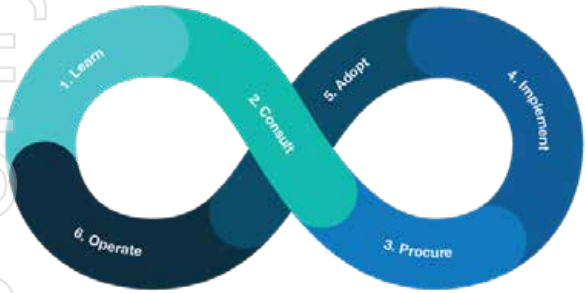


Our strategy enables customer business outcomes across solutions including Security, Connectivity, Cloud and the Modern Workplace – all infused with AI. We will execute this strategy in FY25 by evolving solutions and services which centre around our world leading vendors and that address customer challenges, while capitalising on the strengths of our core business.

Services are key to this approach as they ensure we are leveraging the great talent we have in our business to assist customers, particularly in areas where specialised skillsets are in high demand. Our Customer Experience strategic priority will help drive growth in our Services business by continuing to enhance the way in which we help customers use, adopt, and optimise technology to drive outcomes.

FY25 Strategy and Outlook (continued)

Our solution lifecycle approach ensures we are engaging with customers early and continuing to provide value right throughout the solution lifecycle.



We will look to strengthen our partnerships with major global vendors in FY25 and align our investments, including actively investing in our people and solutions to address the rapidly changing solution landscape. Data#3 has representation on a number of local and global advisory Boards which provide feedback and early access to vendor strategy changes.

There is continued sales opportunity relating to AI and other industry high growth areas such as security, with AI now embedded across existing solutions, and not just available as a separate solution. We have seen the recent release of AI enabled PCs. Device and Server technology now incorporates Neural Processing Units (NPUs) specifically designed to enhance AI performance. AI provides opportunity for our Consulting, Professional Services, Customer Success and Managed Services teams as we assist customers to determine how AI can improve their business processes and information management while also providing data security and change management best practice.

We are expecting to see continued momentum in As-a-Service and recurring revenue solutions through FY25, ensuring customers have access to different consumption approaches.

Demand for end user devices will be driven by the need to support Windows 11, and AI-enabled edge, in addition to post-covid refresh cycles. Our Device as a Service offerings gained momentum in FY24, and we see this continuing into FY25.

Our Security practice will only strengthen as customers are challenged by ongoing cyber threats, in addition to security related challenges presented by their gradual adoption of AI.

Cloud and data centre will likely see growth in response to security and data concerns, and in determining how AI is best utilised in the right location for workloads and use cases. Sustainability will be a focus as customers navigate the increase in AI-enabled infrastructure, which can potentially be high in its environmental footprint. Vendors such as Microsoft and HP who are leading the way in sustainability practices will be an important influence on customer decision making.

We see continued engagement and coverage across all key verticals. Our strong government engagement will continue this year across all states, and we should see solid customer engagement across the Resources, Education and Healthcare sectors.

Our digital approach to sales and customer experience is increasing in adoption and maturity. We have actions in place to better connect our customers to our data and drive the right experience to optimise their environments. We've made investments in the supporting platforms which provide these services to ensure we have better leverage across our business and ensure a great customer experience for all customers.

There is some optimism that the challenging trading conditions caused by a highly inflationary and high-interest-rate economic environment will ease early in calendar year 2025, resulting in improved consumer sentiment and a return to more normal levels of sales growth. Investments by the Public Sector in new infrastructure projects should also help to grow our pipeline across all lines of business.

The foreseeable risks (and any available mitigants) to achieving our short to medium-term financial growth aspirations, specific to Data#3 and in addition to the general macro-economic risks that would impact most organisations, include the following:

- Major changes to customer and reseller sales strategies and vendor incentive programs that would negatively impact future profitability.
Mitigant: Data#3 works closely with vendors to stay abreast of any potential changes and adapts sales strategies and vendor management processes accordingly.
- Access to skilled technology labour to enable us to deliver contracted work and achieve growth in areas of strategic focus.
Mitigant: Our talent attraction and retention policies, including staff benefits and people development initiatives.
- Any negative geopolitical influence on the region or supply chains.
Mitigant: We work with vendors to expedite deliveries (where possible), utilise distributors with available stock, and provide customers with ongoing updates, as evidenced with the pandemic-related supply chain challenges.
- Delayed decision making due to state government elections.
Mitigant: We work with Agencies in the lead up to the election to ensure customer requirements have been addressed prior to lock down periods and again after an election to ensure any technology requirements for Machinery of Government Changes are addressed.
- Government change in policy with regards to the use of contractors.
Mitigant: We provide both contract resources and outcome-based project offerings. While some governments may prefer to reduce contractors in preference of employing full time staff, the limited access to skilled resources means outcome-based projects are still a solution for public sector customers.

Sustainability and ESG

Our vision is to harness the power of people and technology for a better future, and we are committed to a sustainable environment, social and governance (ESG) framework that makes a meaningful difference within our business and the local communities in which we operate.

We are pleased with the progress made on ESG initiatives in FY24, as outlined in our full Data#3 FY24 ESG Report which will be released with our FY24 Annual Report.

Data#3 ESG highlights for FY24 are as follows:

- Being named the APAC winner of Frost & Sullivan Institute's Enlightened Growth Leadership Award for Best Practices Recognition in 2024
- Becoming a founding member of the Sustainability Tech Coalition
- Partnering with external sustainability consultants to continue to measure and refine our reported Greenhouse Gas Emissions, and establish an accurate emissions baseline
- Progressing the development of our Net Zero Strategy through the completion of a Climate Related Financial Disclosure (CRFD) Gap Assessment, and planning for a Climate Risk and Opportunity Assessment and Climate Scenario Analysis to be completed in FY25
- Partnering with Supply Nation and the Indigenous Literacy Foundation, and we began working on our Indigenous Procurement Policy
- Being named in the top 25 Australia's Best Workplaces in Technology for 2024
- Installing solar panels at our logistics hub in Darra, Queensland
- Forming a new partnership with impact organisation SolarBuddy in the pursuit to fight energy poverty

Board of Directors



Brad Colledge
Managing Director and
Chief Executive Officer

Brad was appointed Managing Director and Chief Executive Officer on 1 March 2024. Brad holds a degree in Business Management from Queensland University of Technology and is a graduate of the Australian Institute of Company Directors. He has over 30 years' experience in the business technology industry and joined Data#3 in 1995. Initially working to establish the Licensing Solutions business in Data#3, Brad's responsibility expanded to the broader Software Solutions business, Infrastructure Solutions business and Services businesses.



Mark Esler
Non-executive Director

Mark commenced his IT career at IBM Australia in 1976 and worked in a number of roles at IBM before joining the Data#3 group in 1984 as an executive director. Mark served as an executive director of Data#3 Limited from 1997 to 2002, and performed senior management roles in Sales and Marketing, Operations and Supply Chain before retiring from his role as Queensland General Manager in 2014. Mark has been actively involved in many IT related forums and was a member of both the Asia Pacific and Worldwide Hewlett-Packard Global Partner Advisory Boards from 2011 until 2014. He has also been recognised as a 30-year Fellow of the Australian Institute of Company Directors. Mark re-joined the Board of Data#3 Limited in 2019.



Susan Forrester AM
Non-executive Director

Susan joined the Board of Data#3 Limited in 2022. Susan has served as Chair and Non-Executive Director for several ASX-listed ASX200/300 companies. Susan is currently the Chair of Jumbo Interactive Limited and a Non-executive Director of Plenti Ltd. Susan is also the Chair of South Bank Corporation. Her previous listed directorships over the past 11 years include Over the Wire Holdings Limited, National Veterinary Care Ltd, Xenith IP Limited, G8 Education Limited and Viva Leisure Limited. Prior to her portfolio career, Susan served as CEO of a commercial architectural design firm and a national professional membership body, and HR Director at Queensland Treasury Corporation and Allens Lawyers. Susan is a Fellow and Councillor of the Australian Institute of Company Directors. Susan also serves on the Diligent Institute Advisory Board in New York as a corporate governance specialist, representing Asia Pacific.



Mark Gray
Non-executive Chairman

Mark joined the Board of Data#3 Limited in 2017 and was appointed Chairman in 2023. Mark also chairs the Remuneration and Nomination Committee. He is also the Chairman of Sugar Terminals Limited, Deputy Chairman of Urban Utilities, and a Non-Executive Director of the Northern Australia Infrastructure Facility, Queensland Cricket and the Royal Flying Doctor Service of Australia (Queensland). Previous senior executive roles include Under Treasurer of the Queensland Treasury Department, Chief Executive Officer of the Queensland Competition Authority and the Queensland Independent Commission of Audit, Queensland Office Head at Macquarie Group and Executive Director with BDO.



Leanne Muller
Non-executive Director

Leanne joined the Board of Data#3 Limited in 2016 and chairs the Audit and Risk Committee. During her thirty-year business career Leanne held various senior corporate financial management roles, including as Chief Financial Officer (or equivalent) for RACQ, Uniting Care Queensland and Energex. Prior to those appointments Leanne worked in professional advisory services for antecedent firms of PwC and KPMG. Leanne is a Non-executive Director of Sugar Terminals Limited and Guide Dogs Queensland. Leanne also served on the Board of Qlnsure Limited until 2019 and the Boards of Peak Services Group companies and Hyne Timber Group companies until 2023.

Executive Management Team



Terence Bonner
General Counsel & Company Secretary

Terence is broadly responsible for legal, compliance and risk management functions at Data#3. As Company Secretary of Data#3 since 2007, Terence also supports Board governance. Joining Data#3 in 2005, Terence has over 25 years of experience in private practice, and technology related in-house counsel roles. Terence holds a Bachelor of Laws and Bachelor of Commerce from the University of Queensland and is a qualified Solicitor. Terence is a member of the Governance Institute of Australia and the Queensland Law Society.



Michael Bowser
Executive General Manager – Services

Michael Bowser is a seasoned executive with over 35 years of experience at Data#3, where he joined in 1987. Throughout his career, he has excelled in various roles, including technical engineering, pre-sales, sales, and executive management. Michael played a crucial role in establishing Data#3's Managed Services and Networking divisions, significantly shaping the company's operational and sales processes. From March 2024, Michael is the Executive General Manager – Services, overseeing the delivery of Data#3's service portfolio, including consulting, and managed services while also managing the company's IT business operations. His extensive experience and strategic vision continue to drive Data#3's success as a leading technology services provider in Australia.



Brad Colledge
Managing Director and Chief Executive Officer

Brad was appointed Managing Director and Chief Executive Officer on 1 March 2024. Brad holds a degree in Business Management from Queensland University of Technology and is a graduate of the Australian Institute of Company Directors. He has over 30 years' experience in the business technology industry and joined Data#3 in 1995. Initially working to establish the Licensing Solutions business in Data#3, Brad's responsibility expanded to the broader Software Solutions business, Infrastructure Solutions business and Services businesses.



Tash Macknish
Chief People Officer

Tash is responsible for the OD&HR function chartered with fostering a high performance and inclusive culture, ensuring attraction, retention and development of a diverse and talented workforce. Joining Data#3 in 2008, Tash has worked in the ICT industry for over 30 years. Data#3 has been recognised as an Employer of choice for the last 8 years and has recently been accredited as A Great Place to Work. Tash has HR qualifications, is a member of the Australian Institute of Project Management and has completed the Governance Essentials Certificate through the Governance Institute of Australia. Tash received the ARN – Channel News Achievement Award in 2023 recognising her outstanding contributions to the ICT Industry. Data#3 has been recognised as an Employer of choice for the last eight years and has been accredited as A Great Place to Work.



Cherie O'Riordan
Chief Financial Officer

Cherie joined Data#3 in January 2023 and is a Chartered Accountant and Graduate Member of the Australian Institute of Company Directors. She also holds a degree in Economics from the University of Queensland. Cherie has over 20 years' experience working in senior finance roles and as a Company Secretary across a range of sectors and ASX listed companies, including Cardno Limited and Silver Chef Limited. Cherie is responsible for the finance, accounting and investor relations functions at Data#3.



John Tan
Chief Customer Officer

John leads the Data#3 sales performance and focus on customer experience. John's responsibility is across the Software Solutions and Infrastructure Solutions businesses. John was previously a Data#3 customer. In 2007 he joined Data#3 to lead the Maintenance Solutions business and then led the Infrastructure Solutions business from 2018. John has over 25 years in the technology industry. He holds a Bachelor of Business in Accounting (Queensland University of Technology) and is a Graduate Member of the Australian Institute of Company Directors. John also contributes to the technology industry by representing Data#3 on several global advisory Boards.

Environmental, Social and Governance (ESG)

Sustainability

The Data#3 Sustainability Report 2024 highlights our commitment to ethical practices, social responsibility, and environmental goals. It integrates elements of Environmental, Social, and Governance (ESG) reporting with Corporate Social Responsibility (CSR) content, catering to a diverse audience.

Our dedication to sustainability is deeply intertwined with our success story. As we continue to grow financially, we recognise our increased obligation to do what is right for the communities in which we operate. We acknowledge the duty we have not only to Australia but to the world, ensuring that we conduct our business ethically.

Our Planet, Our People, Our Policies, and Our Partnerships all play a crucial role in this journey. See below key highlights for each section. Our most recent Sustainability Report can be found at data3.com/sustainability.

FY24 Highlights

Data#3 was recognised with the 2024 Enlightened Growth Leadership Award from the Frost & Sullivan Institute for the third consecutive year. This award uniquely recognises the synergy between financial growth, corporate social responsibility, and ESG.

Our Planet



- Data#3 continues to work towards our goal of carbon neutrality by 2032.
- We established a new partnership with the Energy & Sustainability division of Schneider Electric Australia to help define the gaps that exist between our current and desired position on climate related reporting relating to governance and environmental impacts, and to devise a strategy that closes those gaps.
- Data#3 made investments in solar energy to reduce dependence on fossil fuels.
- We joined the HP Amplify Impact 4 Star Program and received a certification that reflects our commitment to sustainability programs as well as our collaboration with HP through their Planet Partner program.

Our People



- Data#3 was named HRD Employer of choice for the ninth year in a row and also named as one of Australia's Best Workplaces™ in Technology by Great Place To Work®.
- We were re-accredited as a Family Inclusive Workplace in FY24.
- We updated parental leave benefits effective 1 January 2025: primary carers 12 weeks paid leave, secondary carers 2 weeks flexible paid leave.
- From 1 January 2025, Data#3 will make superannuation contributions during paid parental leave.

Our Policies



- We enhanced our governance structure to better focus on sustainability and climate.
- Data#3's ethical culture scored increased to 4.49 and our ethics rated highest again in our annual customer satisfaction survey.
- We were re-certified, with flying colours, to our ISO9001 Quality assurance accreditation.
- Our cyber security policies continued to be enhanced to adapt to the increasing activity targeting business in Australia.
- We are pleased to report that 100% of our staff completed our annual ethics training program.
- We now have 70 certified mental health first aid trainers in our organisation.

Our Partnerships



- Data#3 joined with industry leaders and niche experts to form the Sustainability Tech Coalition.
- We partnered with Circonomy on a pilot program to refurbish technology waste and extend its life.
- Data#3 announced SolarBuddy, an impact organisation providing portable solar devices to children affected by energy poverty, as our new national charity partner.

Corporate Governance Statement

This Corporate Governance Statement (“Statement”) describes how Data#3 Limited (“Data#3” or the “Company”) approaches corporate governance and highlights our current key governance practices. The Board of Data#3 is committed to meeting shareholders’ expectations of best practice corporate governance as they evolve. Corporate governance practices are reviewed periodically to ensure they support Data#3’s ongoing focus on delivering sustainable performance and shareholder value.

An overview of our corporate governance framework is set out below:



During the year, our longstanding Chairman, Mr Richard Anderson, retired at the conclusion of the 2023 Annual General Meeting. Mr Mark Gray was appointed Chairman of the Board with effect from 31 October, 2023. Also, our longstanding Managing Director, Mr Laurence Baynham, retired with effect on 1 March, 2024. Mr Bradley Colledge, who commenced with Data#3 in 1995, was appointed as CEO and Managing Director (MD) with effect from 1 March 2024. Otherwise, there were no changes to Board composition or leadership during the 2024 financial year.

The Board has established a structured self-assessment process to review and evaluate the performance of the Board as a whole, its committees, and the Board’s interaction with management. Following the Board performance evaluation commenced in FY23, and subsequent to Mr Gray’s appointment as Chair of the Board, various practices have been reviewed and modified during FY24.

Directors, other than the MD, are subject to re-election in accordance with Data#3’s Constitution. Details of the re-election of each director are set out in the explanatory notes to the Notice of AGM. Mr Mark Gray was re-elected at the AGM held during the year.

The company undertakes appropriate external checks before any new director, executive or other employee is appointed, and a written agreement is in place between Data#3 and each individual setting out the terms of their appointment. External checking was undertaken as part of the process of appointment of Mr Colledge as CEO/MD.

The MD/CEO is the Board’s principal link to the executive management team and the MD/CEO has the authority to delegate to members of the executive leadership team within approved policies and limits, but remains accountable for all authority delegated to its members. The Board ensures the senior leadership team is appropriately qualified, experienced and resourced to discharge its responsibilities.

The performance of the MD/CEO is formally assessed half-yearly by the Board, based on a combination of financial and non-financial goals via a formal process. Each Non-Executive Director has an opportunity to contribute to the MD/CEO performance assessment. The MD/CEO is responsible for evaluating the performance of members of the executive management team. Formal evaluations of the MD/CEO and members of the executive leadership team were undertaken during the year in accordance with this process.

The efficient operation of the Board is assisted by Mr Terence Bonner, as Company Secretary, appointed in 2007. The Company Secretary is accountable to the Board, through the Chairman, for all matters to do with the proper functioning of the Board and its committees.

In developing Data#3’s corporate governance framework, the Board has considered the ASX Corporate Governance Principles and Recommendations 4th edition (ASX Principles). This statement outlines how Data#3’s corporate governance practices and policies align with those recommendations or, where there are divergences, why there are divergences and how we intend to achieve alignment in time. It is noted that the ASX Principles are under review and Data#3 will be considering enhancements to align with the 5th edition when it comes into effect.

Further information regarding Data#3’s corporate governance policies and practices can be found on the Investor Centre website at <https://investor.data3.com/Investor-Centre/>.

Principle 1: Lay solid foundations for management and oversight

The Board is accountable to shareholders for the oversight of management of the business and is responsible for Data#3’s overall strategy, performance and governance. The Board’s responsibilities are set out in the Board’s charter, which is available on Data#3’s Investor Centre website at: <https://investor.data3.com/Investor-Centre/>.

The Board’s charter also sets out the powers and responsibilities delegated to the Managing Director (MD) / Chief Executive Officer (CEO) as necessary to recommend and implement the strategies approved by the Board and to manage the business activities of Data#3. The main duties and responsibilities of the Board are summarised as follows:

Strategic planning for the group	Involves commenting on and providing final approval of the Group’s corporate strategy and related performance objectives as developed by Group management; and monitoring Group management’s implementation of and performance with respect to that agreed corporate strategy.
Financial and risk management	Includes approving the Group’s budgets and other performance indicators and monitoring progress against them; approving and monitoring financial and other reporting, internal and external audit plans; setting the Group’s financial and non-financial risk appetite and approving enterprise risk management plans; and monitoring the progress of major capital expenditure, acquisitions and divestitures within the scope of Board approved delegations.
Corporate governance	Incorporates overseeing Data#3’s corporate governance framework, including approving Data#3’s statement of core values and code of conduct as well as changes made to key supporting Group policies; and overseeing Data#3’s reporting to shareholders and its compliance with its continuous disclosure obligations.
Overseeing Group management	Involves the appointment and (if required) removal of the Chief Executive Officer as well as the monitoring of his or her ongoing performance; and the appointment and (if required) removal of Group management personnel, including the Chief Financial Officer and Company Secretary.
Remuneration	Comprises the approval of Data#3’s overall remuneration framework and determining the remuneration of non-executive directors within the limits approved by shareholders.

Principle 1: Lay solid foundations for management and oversight (continued)

Diversity

Data#3 understands that business performance and productivity can be enhanced when we embrace the unique perspectives, skills, and experiences of our people. That is why we have an established Embrace program, which brings together our diversity and inclusion (D&I) policies, activities, and support services, to assist our efforts in fostering a diverse and inclusive workplace where our people feel a sense of belonging.

The diversity policy (and other key policies) and ‘Embrace’ program seek to provide a workplace where:

- everyone is valued and respected for their distinctive skills, experiences and perspectives;
- structures, policies and procedures are in place to assist employees to balance their professional and personal responsibilities effectively;
- recruitment processes embrace the various forms of diversity;
- employees have access to opportunities based on merit;
- the culture is free from discrimination, harassment and bullying; and
- employment decisions are transparent, equitable and procedurally fair.

Through our Embrace program we are committed to facilitating a more diverse and representative workforce and management structure. As such there are a number of measurable objectives, are summarised below:

Objective: To maintain or increase the proportion of female employees working for Data#3 over the year.

- The proportion remained steady at 33%, however remains well above the IT industry average.

Objective: To maintain or increase the proportion of women in the management team over the year.

- The proportion declined slightly from 30% to 35%.

Objective: To maintain or increase the proportion of women on the Board to at least 30%.

- The proportion increased to 40% during the year, following the retirement of Mr Anderson on 31 October, 2023.

The proportion of women on the newly formed executive management team, as established by Mr Colledge from 4 March 2024, increased to 33%.

The gender representation as at 30 June 2024 is set out in the table below:

	2024		2023	
	Female	Male	Female	Male
All employees	33%	67%	33%	67%
Management team	35%	65%	30%	70%
Executive leadership team	33%	67%	25%	75%
Board of directors (from 01.11.2023)	40%	60%	33%	67%

To view Data#3’s Employer Statement in relation to the report, visit: www.data3.com/data3-employer-statement/.

In this statement we define ‘senior executive’ as a member of the executive management team.

Principle 2: Structure the Board to add value

The Board has determined that its optimum composition will:

- have a minimum of 4 and majority of independent, non-executive directors;
- have a minimum collective level of “medium” representation across each category of the Board skills matrix; and, where reasonable, target “high” representation across each category;
- reflect Data#3’s strategic objectives.

Directors are initially selected by Board members, subject to election by the shareholders at the next AGM. Data#3’s constitution specifies that all directors (with the exception of the MD) must retire from office no later than the third AGM following their last election. Where eligible, a director may stand for re-election.

The Board is currently composed of five directors, being four non-executive directors and the Managing Director. Membership of the Board is set out in the directors’ report on page 38. Details of each individual director’s background is set out in the directors’ report on page 38 and the directors’ profiles on page 17.

Remuneration and Nomination Committee

The Remuneration and Nomination Committee is composed of three non-executive directors and chaired by an independent director. The Committee members are Mr Gray (Chairman), Mr Esler and Ms Forrester. It is noted that Mr Esler was appointed to the vacancy on this committee, upon the retirement of Mr Anderson.

The responsibilities of the Remuneration and Nomination Committee are set out in its formal charter, which is available on Data#3’s Investor Centre website at <https://investor.data3.com/Investor-Centre/>.

The committee’s responsibilities in relation to remuneration are set out below under the heading “Principal 8: Remunerate fairly and responsibly”. The main responsibilities of the committee in relation to remuneration and nomination are:

- assessing the Board skills matrix, and size and composition of the Board;
- reviewing Board renewal and senior executive succession plans;
- reviewing remuneration structures
- evaluating the Board’s performance; and
- recommending to the Board the appointment of new directors and the CEO.

Details of the Remuneration and Nomination Committee meetings and members’ attendance are set out on page 39 in the directors’ report.

Board skills and experience

The Board, as it evolves, collectively seeks to ensure its membership includes an appropriate mix of skills, experience and personal attributes that allows it to govern and direct the Data#3 business in line with its strategy and risk appetite. The Board seeks individual directors to discharge their responsibilities collaboratively, effectively and efficiently, to understand the business of Data#3 and the environment within which it operates.

The Board maintains a skills matrix that outlines the skills and experience considered by the Board to be the appropriate combination to effectively carry out its duties. The Board skills matrix has been reviewed and updated and this year Data#3 has disclosed individual assessments. Please see the below table.

The Board has identified that, collectively, it does have the necessary mix of skills, experience, personal attributes and diversity appropriate to the current requirements of Data#3’s strategy and that, as a whole, the directors’ contribute across the different categories as set out below. Importantly, the Board benefits in key categories from Board members having specific expertise or experience (typically based on their executive or professional careers).

The specific qualifications, experience and relevant expertise of each Board member is set out in the Directors’ Report. The matrix provides important input to assist the Board in identifying potential future directors to complement the Board’s then current skill set and to address areas of future focus and development for existing directors (to the extent that is possible through additional study).

Principle 2: Structure the Board to add value (continued)

	Director				
	Mark Gray	Leanne Muller	Mark Esler	Susan Forrester	Brad Colledge
Attributes					
HEART	✓	✓	✓	✓	✓
Ethics	✓	✓	✓	✓	✓
Capacity/Time	✓	✓	✓	✓	✓
Skills / Experience					
Executive Leadership / Management	■■■	■■■	■■■	■■■	■■■
Industry / Sector	■■	■■	■■■	■■	■■■
People and Culture	■■■	■■	■■■	■■■	■■■
Strategy	■■■	■■■	■■■	■■■	■■■
Technology, Innovation & Digital	■■	■■	■■■	■■	■■■
Financial	■■■	■■■	■■	■■	■■■
Governance, Risk and Compliance	■■■	■■■	■■	■■■	■■■
Sustainability	■■	■■	■■	■■■	■■
Cyber Security	■	■■	■■■	■■■	■■■
Tenure, Diversity & Independence					
Tenure	6	8	4	2	28
Gender	M	F	M	F	M
Independence	✓	✓	✓	✓	N

- High = A strength based on tertiary qualification or organisational experience in the area. Is sufficient to be considered by peers to have a high level of skill or experience.
- Medium = Sufficient skill and expertise to be a respected contributor in the area.
- Low = Less than medium or insufficient skill and expertise in the area.

Skill / Experience Category	Summary
Executive Leadership / Management	Experience in CEO or senior executive position of listed company or government body
Industry / Sector	Knowledge and experience in the ICT industry, including customer centric, sales and delivery
People and Culture	Experience in safety & wellbeing, workplace culture, people management, organisational design, remuneration frameworks, diversity & inclusion and talent development.
Strategy	Experience in setting and execution of strategy, including performance assessment to business plan
Technology, innovation & digital	Experience in information technology platforms, understanding of digital technologies, use of data & analytics, delivering on innovation initiatives
Financial	Experience in analysing financial statements and reporting, critically assessing financial performance, budget planning, internal controls and efficient use of resources.
Governance, Risk and Compliance	Experience in implementing high standards of corporate governance, including legal skills, risk management frameworks, compliance and regulatory environments
Sustainability	Experience in areas of environment, social and governance (ESG), including climate change, reporting disclosures, and diversity issues.
Cyber Security	Experience in information security, privacy and data governance management and controls for cyber risks

Directors also maintain professional development throughout the year to enable them to discharge their duties effectively and add value. This professional development includes: regulatory updates and legislative changes including continuous disclosure, cyber security, WH&S, modern slavery, ethics, AI, industrial relations, sustainability, general industry developments and professional development required as members of the Australian Institute of Company Directors and other professional bodies. During the year, the Board formalised a professional development expense policy.

Independence

A Director is considered to be independent if they are a Non-Executive Director who is free of any interest, position or relationship that might influence, or could reasonably be perceived to influence, in a material respect, their capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of the Company as a whole, rather than in the interests of an individual security holder or other party.

The independence of Non-Executive Directors is assessed prior to appointment and reviewed at least annually (or earlier as and when their circumstances change). Where the Board determines that a Director is no longer independent, the Company will make an announcement to the ASX at the appropriate time.

The Company's criteria for assessing director independence aligns with the guidance provided in the ASX Principles. This has been undertaken and is informed by external guidance and market standards as they evolve.

With the exception of the MD/CEO, all of the Directors are Non-Executive Directors. All current Non-Executive Directors are considered to be independent. Please see the Board skills matrix.

Mr Esler (appointed in 2019) is considered an independent, non-executive director. Mr Esler was an Executive Manager of Data#3 until 2014 and maintains approximately 1.8% ownership of Data#3.

Ms Muller (appointed in 2016), Mr Gray (appointed in 2017), and Ms Forrester (appointed in 2022), are considered independent non-executive directors.

To facilitate independence, directors have the right, in connection with their duties and responsibilities, to obtain independent professional advice at Data#3's expense. Prior written approval of the Chairman is required, but this will not be withheld unreasonably. If appropriate, any advice so received will be made available to all other directors. Directors' arrangements with Data#3 in the past have not been material and have therefore not adversely impacted the directors' independent status. Disclosure of related party transactions is set out in the financial statements.

When a potential or actual conflict of interest or a material personal interest arises in relation to any matter that concerns the affairs of Data#3, it is the Board's policy that the director concerned must give the other directors immediate notice of such interest and that the director concerned may, except where the conflict is considered a material personal interest, with the prior consent of the Board take part in discussions and exercise their duties as a director. A director's register of interests and positions is maintained and updated as required. Directors are asked to declare potential conflicts and updates to their register of interests at the commencement of each Board meeting, and these are recorded in the minutes.

The Board meets as often as the directors determine necessary to fulfil its responsibilities and duties, generally monthly, although the frequency of meetings is currently under review. The number of meetings of the Board and its committees held during the 2024 financial year and the number of meetings attended by each director is disclosed in the directors' report.

Principle 2: Structure the Board to add value (continued)

The Board has again taken the opportunity to convene at various Data#3 office locations throughout the year and meets formally on a regular basis with members of the executive leadership team and other management staff. The meetings are chaired by the Chairman or, in his absence, another Non-Executive Director.

The Chairman’s responsibilities are set out in the Constitution and summarised in the Board Charter, and the Chairman is assisted by the Company Secretary. The Chief Financial Officer (CFO – Ms Cherie O’Riordan) and General Counsel (Terence Bonner) are usually invited to attend all meetings, and other executives attend the meetings periodically by invitation. Board and committee agendas are structured to reflect their defined responsibilities, to give the Board a detailed overview of the performance and significant issues confronting each business unit and Data#3 and to review any major risk mitigation thereof.

Non-Executive directors are expected to make the commitment necessary to prepare for and attend Board and committee meetings and associated activities. Other commitments of Non-Executive Directors are considered by the Board prior to the director’s appointment to the Board and are reviewed as part of the Board performance assessment.

All new directors participate in a comprehensive induction program to gain an understanding of Data#3’s financial performance, strategies, operations and risk management processes and the respective rights, duties, responsibilities and roles of the Board and senior executives. Ongoing director education on the Data#3 business is also facilitated through regular management presentations and interaction and by relevant site and customer visits.

The Board has also established an Audit and Risk Committee and a Remuneration and Nomination Committee to advise and support the Board in carrying out its duties. For the 2024 financial period, both committees were determined to be comprised solely of independent directors. Each committee operates under a charter which includes a description of its duties and responsibilities. The charters are available on the company’s website. Further information on the Audit and Risk Committee is set out below under the headings “Principle 4: Safeguard integrity in corporate reporting” and “Principle 7: Recognise and manage risk”.

Principle 3: Act ethically and responsibly

Data#3’s Board is committed to setting the highest ethical culture and standards for the company. Data#3 has a code of conduct, a code of business ethics and other policies that set out practices designed to guide Data#3’s people to:

- act with integrity and objectivity,
- observe the highest standards of behaviour and business ethics, and
- strive at all times to enhance the good reputation and performance of Data#3.

Code of conduct and Code of business ethics

Data#3 has developed a code of conduct and code of business ethics which, together, reinforce Data#3’s vision and core values statements, this corporate governance statement and the terms and conditions of employment that apply to all employees. The core values for all employees and directors are as follows:

- honesty,
- excellence,
- agility,
- respect, and
- teamwork.

In relation to conduct, the codes require our people to behave with honesty and integrity and in a way that enhances the company’s reputation. The codes also require our people who are aware of unethical conduct within Data#3 to report that conduct, which can be done anonymously. The code of conduct and code of business ethics are available on Data#3’s Investor Centre website: <https://investor.data3.com/Investor-Centre/> and the vision and values statements are included in the code of conduct. The Board is appraised on a regular basis on any material breaches of these codes.

Data#3 has a Provider Code of Ethics and Conduct that sets out acceptable minimum standards of conduct for our suppliers and vendors. Data#3 has an established GEAR (Governance, Ethics, Assurance and Risk) team who take responsibility for providing advice and support to employees as well as manage compliance with internal and external standards.

Other policies

Data#3 has a Whistleblower Policy; an Anti-bribery, Anti-Corruption and Conflict of Interest Policy; a Modern Slavery Policy to reflect legislative changes and reinforce Data#3’s culture of acting lawfully, honestly, ethically and responsibly. These policies are available on Data#3’s website at <https://www.data3.com/policy/>.

As part of Data#3’s Risk Management Policy, the Board is informed of any material non-compliances or breaches of these policies, including any material changes to risk exposure.

Environmental, social and governance responsibility

Data#3 continues to invest in and enhance its sustainability and environmental, social and governance programs. For further information see pages 21 to 22. Data#3 publishes a separate Sustainability Report and this report is available on Data#3’s Investor Centre website: <https://investor.data3.com/Investor-Centre/>.

There is continued focus on Data#3’s approach to identifying, addressing and remediating (if necessary) Modern Slavery risks and practices in its operations and supply chain including for the purposes of ongoing compliance under the *Modern Slavery Act 2018 (Cth)*. Further details on Data#3’s activities in this regard are detailed in the Modern Slavery Statement and the Modern Slavery Policy is available on the Data#3 website at <https://www.data3.com/policy/>.

Share trading policy

Data#3 has a share trading policy which restricts the time period in which directors and employees may purchase and sell company securities. The policy prohibits insider trading and reinforces the directors’ and company’s statutory obligations to notify the ASX regarding any dealing in Data#3’s securities which results in a change in the relevant interests of the director in Data#3’s securities. The policy is available on Data#3’s Investor Centre website at <https://investor.data3.com/Investor-Centre/>.

Principle 4: Safeguard integrity in corporate reporting

The Board is responsible for the integrity of Data#3’s corporate reporting and for ensuring that the financial statements are completed in accordance with applicable accounting standards and provide an accurate view of Data#3’s performance and financial position. All half year and year-end financial reports are audited or reviewed by the company’s external auditor before being released to the market.

Audit and Risk Committee

The Audit and Risk Committee is composed of three independent non-executive directors. The committee members are Ms Muller (Chair), Mr Esler and Mr Gray.

Each member is financially literate and has the technical and business expertise necessary to serve on the committee – their profiles are set out on page 17 to 18. The responsibilities of the Audit and Risk Committee are set out in its formal charter, which is available on Data#3’s Investor Centre website at <https://investor.data3.com/Investor-Centre/>.

Details of the Audit and Risk Committee meetings and members’ attendance are set out on page 39 in the directors’ report.

The Audit and Risk Committee has, within the scope of its responsibilities, unfettered access to members of the executive leadership team and the external auditor. Directors receive detailed financial and operational reports from executive and senior management on a monthly basis and managers are available to discuss the reports with the Board as considered appropriate.

The MD/CEO and CFO provide a formal declaration to the Board at the end of each reporting period confirming that, in their opinion, the financial records of the company have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the company and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively in all material respects.

The company’s external auditor attends relevant Audit and Risk Committee meetings, and each AGM, and is available to answer questions from shareholders on the conduct of the audit.

During the financial year, a formal review of external auditor services occurred which resulted in applications being invited from the market. Subject to ASIC consent, Data#3 proposes to appoint a new external auditor to a casual vacancy and for that appointment to be put to shareholders at the 2024 Annual General Meeting for approval.

Principle 5: Make timely and balanced disclosure

Continuous disclosure policy

The Board has established a continuous disclosure policy which contains written policies and procedures that promote timely and balanced disclosure of all material matters concerning Data#3. The continuous disclosure policy is available on Data#3’s Investor Centre website at <https://investor.data3.com/Investor-Centre/>. A review of continuous disclosure obligations is a standing agenda item at all Board meetings.

Two Communication Officers are appointed by Data#3: the Company Secretary and Chief Financial Officer. These officers are responsible for communications to the ASX. This role includes ensuring the Board is assessing ongoing compliance with continuous disclosure requirements in the ASX Listing Rules and overseeing and coordinating information disclosures to the ASX, analysts, brokers, shareholders and the public.

Under this policy any price-sensitive material for public announcement, such as annual and interim profit announcements, other material market announcements, financial reports, presentations to investors and analysts and other investor briefings, are required to be lodged with the ASX as soon as practical and before external disclosure elsewhere and then posted on Data#3’s website. Data#3 ensures that such announcements are timely, factual, do not omit material information and are expressed in a clear and objective manner. Where practical, all directors receive copies of material market announcements prior to lodgement, or promptly thereafter. Shareholders are encouraged to subscribe on Data#3’s website to receive email alerts for all company announcements.

The Board has also developed procedures for safeguarding confidential corporate information to avoid premature disclosure and for responding to market rumours, leaks and inadvertent disclosures.

Principle 6: Respect the rights of security holders

Data#3 is committed to providing shareholders with extensive, transparent, accessible and timely communications on company activities, strategy and performance. Data#3’s continuous disclosure policy promotes effective communication with shareholders, a copy of which is available on the website. All shareholders receive electronic copies of the company’s annual and half-yearly reports, unless they have elected to receive hard copies.

Principle 6: Respect the rights of security holders (continued)

The key platform for shareholder communication is the investor section of the company’s website, which offers shareholders the ability to subscribe for email alerts on all company announcements. The website is also a repository of all information of interest to shareholders, including all recent company announcements, media briefings, details of company meetings, webcasts, press releases and annual and half-yearly financial reports. The website includes a mechanism for shareholders to provide feedback and comments, or alternatively shareholders can raise questions by contacting Data#3 by telephone, email or post. Contact details are provided on Data#3’s website and in the ‘Corporate Directory’ section in the annual report.

Data#3 has a structured annual investor relations program and draws on internal and external expertise.

Data#3 usually convenes its AGM during October or November. Notices of meetings are accompanied by explanatory notes on the items of business and together they seek to clearly explain the nature of the business of the meeting. Full copies of notices of meetings are placed on Data#3’s website. Shareholders are encouraged to attend the meeting or, if unable to attend, to vote on motions proposed by appointing a proxy. All substantive resolutions are decided by a poll at the meeting. Data#3 webcasts the formal addresses made at its AGM and any other general meetings which are held for the benefit of those shareholders unable to attend.

The 2024 AGM will be conducted as a hybrid meeting to facilitate wider and inclusive participation.

Data#3’s share registry, Link Market Services, offers electronic communication with the company’s shareholders and Data#3’s website has a dedicated Shareholder Services page to facilitate the electronic communication between the share registry and shareholders. Shareholders can elect to receive Data#3’s documents including notices of meetings, annual reports, distribution advices and other correspondence by electronic means. Shareholders can also lodge their proxies electronically. All substantive resolutions at a meeting of security holders are decided by a poll.

Principle 7: Recognise and manage risk

Risk management policy

The Board has established a risk management policy and procedures (in accordance with ISO 31000) that promote the identification, assessment, monitoring and management of risk and the identification of any material changes to Data#3’s risk profile. A summary of this policy is available on Data#3’s Investor Centre website at <https://investor.data3.com/Investor-Centre/>.

There are many risks that Data#3 faces in its business operations and the industry within which it operates. A range of factors, some of which are beyond the reasonable control of Data#3, can influence performance. The Board regularly reviews Data#3’s risk appetite statement and group risk management policy.

Audit and Risk Committee

The Board has assigned the primary responsibility for operational risk management to the Audit and Risk Committee. Refer to “Principle 4: Safeguard integrity in corporate reporting” for information on the members and meetings of the Audit and Risk Committee.

The Audit and Risk Committee reviewed the company’s risk management framework and risk appetite in the 2024 financial year and is satisfied that management has ensured sound risk management and compliance practices are embedded into the operations of the business and that management has continued to review and improve those practices.

The Audit & Risk Committee and the Board receive regular reports from the General Counsel and management regarding the effectiveness of Data#3’s management framework and any material business risks that have been identified. In response to the increased compliance requirements, the committee has placed even greater emphasis on Data#3’s systems and controls to ensure compliance requirements are met. The company continues to invest in this area. The operational risk, workplace safety, information security, and business continuity management system remain the top priorities.

The Board receives regular assurance from the MD/CEO and the CFO that the declaration provided in accordance with section 295A of the Corporations Act 2001 (see Principle 4 above) is founded on a sound system of risk management and internal control which implements policies adopted by the Board and that the system is operating effectively.

The company does not consider that it has, at this time, material exposure to environmental or social sustainability risks but it is also continuing to review the effectiveness of the current framework in identifying new and emerging risks. The company provides a more substantive statement in its Sustainability Report. The risks faced by Data#3 are assessed across the following categories: strategic; information technology and cyber security; human resources; customer success, solution quality, vendors and project success; health, safety and environment; financial management; reputational; compliance, legal & regulatory; real property; and market-related risks.

The risk management system addresses the material business risks including the following:

Classification	Material Business Risk
Health, Safety and Environment	Health and Safety of staff & working environments (including Pandemic)
Strategic	- Market demand for ICT products and services - Changes in customers’ ICT procurement models - Key vendor channel strategy, supply chain and customer engagement models - Effective positioning of Data#3’s solutions in the market - Identification of ICT industry opportunities - Competitor activity
Human Resources	- Attraction and retention of key personnel - Quality and skill of the senior leadership team
Customer Success / Solutions	Delivery of customer solutions within agreed expectations
Financial Management	- Integrity of financial information and adherence with applicable accounting standards - Business processes and operations
Reputational	Ethical conduct and reputation
IT & Cyber Security	- Information Security, including cyber-risk resilience - Internal information technology systems and processes
Compliance	Legal & compliance

Principle 7: Recognise and manage risk (continued)

The company does not have a separate formal internal audit function, however the GEAR team and other business unit compliance teams undertake periodic reviews and audits of key internal processes. The GEAR and Legal & Risk Advisory teams conduct compliance and legal risk reviews on an ongoing basis.

The Board, the Audit and Risk Committee, senior Data#3 executives and the wider management team monitor and evaluate risks through a variety of existing systems, programs and policies, including:

- identification and assessment of strategic risks through periodic reviews as part of strategic business planning and objective setting
- monthly review and reporting of operational (commercial), safety, cyber and business continuity risks relating to individual business units, management systems and territories
- financial budgeting and key performance indicator reporting systems to monitor monthly performance against budgets and targets, cash and inventory
- monthly written reports from the senior leadership team
- delegations of authority, including approval limits for operational and capital expenditure
- employment & industrial relations policies and management guidelines
- a comprehensive annual insurance review program
- work, health and safety and environment reviews and reports
- half yearly financial reviews conducted by the company's auditors
- internal and external quality assurance audits (Data#3 Limited is a Quality Certified Company to AS/NZS ISO 9001:2015).
- Internal and external information security management audits (Data#3 Limited is a Quality Certified Company to AS/NZS ISO 27001:2013)

Principle 8: Remunerate fairly and responsibly

Remuneration and Nomination Committee

As set out at "Principle 2: Structure the Board to add value" above, the Board has established a separate Remuneration and Nomination Committee to assist in implementing remuneration policies and practices that are designed to motivate senior executives to pursue the long-term growth and success of Data#3 and to demonstrate a clear relationship between senior executives' performance and remuneration and corporate performance. The responsibilities of the Remuneration and Nomination Committee are set out in its charter which is available on Data#3's Investor Centre website at <https://investor.data3.com/Investor-Centre/>

In relation to remuneration, the Committee is responsible for recommendations on:

- Data#3's remuneration, recruitment, retention and termination policies and approach for senior executives;
- senior executives' remuneration and incentives;
- superannuation arrangements; and
- remuneration for directors.

Data#3's remuneration policies and practices in relation to Key Management Personnel, including the amount of remuneration, are as disclosed in Data#3's remuneration report on pages 40 to 52. Data#3 has clearly differentiated the structure of Non-Executive Directors' remuneration from that of the MD/CEO and other executive managers.

Data#3's remuneration policy for Non-Executive Directors and the amount of remuneration paid to Non-Executive Directors is discussed in detail in the remuneration report. Non-executive directors are not granted options, nor do they receive bonus payments. There are no termination payments to Non-Executive Directors on their retirement from office other than payments accruing from superannuation contributions comprising part of their remuneration.



Tax Report

Introduction

We are pleased to present the Data#3 Limited (Data#3) Tax Report for the year ended 30 June 2024 (FY24). We take our tax compliance responsibilities seriously and strive to meet all our tax obligations in accordance with the laws of each state and country in which we do business. This report sets out taxation information as recommended by the Tax Transparency Code for Data#3 and the companies it controlled during the year (the group).

The Tax Transparency Code (TTC) is a set of principles and minimum standards to guide disclosure of tax information by businesses. The TTC was developed by the Australian Board of Taxation to

- encourage large and medium-sized businesses to publicly disclose their tax affairs to highlight those that are paying their fair share and to encourage all businesses not to engage in aggressive tax avoidance
- help large businesses (such as Data#3) become more transparent and help educate the public about their compliance with Australia's tax laws.

Adoption of the TTC is voluntary; Data#3 has elected to adopt it because we believe disclosure of additional information in relation to tax will benefit our shareholders and the public.

We take pride in the fact that we are dedicated to contributing to the national economy, having a positive influence on the communities in which we work and reducing our impact on the environment. Contributing to the national economy includes paying our fair share of tax in Australia as well as other countries in which we conduct business.

In FY24 the group paid just over \$65 million in taxes and duties to government authorities, with 91% of that paid here in Australia.

Tax strategy

As an enterprise listed on the Australian Stock Exchange, Data#3 is obligated to act in the best interests of its shareholders to maximise shareholder value and places great importance on risk management processes that aim to provide a level of comfort to its current and prospective shareholders to protect shareholder value. Our tax strategy seeks to ensure we

- comply with all relevant tax laws of each jurisdiction in which we operate
- meet all our tax obligations in accordance with the laws of each jurisdiction in which we operate, including lodging the tax returns and paying the correct amount of tax on time
- consider the financial and non-financial impacts of decisions when assessing tax positions and strategies
- have a reasonably certain position relating to all tax positions adopted
- never enter an arrangement for the main purpose of achieving a tax benefit.

We do not engage in aggressive tax planning strategies, and we do not use any "tax havens". At all times we seek to have transparent and cooperative relationships with relevant tax authorities in Australia and other countries in which we may operate. Data#3 has a good working relationship with the ATO. The ATO has undertaken various tax risk reviews consistent with its approach to organisations of a similar size to Data#3, and we have approached these reviews in an open and cooperative manner.

Tax governance

Data#3 has adopted a structured and disciplined approach to risk management by developing and implementing a risk management framework in accordance with ISO 31000:2018 *Risk management – Principles and Guidelines*. We have a comprehensive corporate tax governance framework that sits within our overall risk management framework. The overall objective of our tax governance policy is to ensure income tax matters related to tax elections and/or decisions regarding tax treatments are appropriate and reviewed by third parties where necessary.

International related party dealings

Data#3 transacts approximately 99% of its business within Australia. We have one overseas office in Fiji, and we apply our tax strategies and governance policies as set out above to the business we conduct in Fiji.

Tax contribution

Summary of taxes paid in Australia

During FY24 we paid the following amounts of tax within Australia:

	\$'000
Australian corporate income tax	17,549
GST	27,212
Fringe benefits tax	577
Payroll tax	13,790
Duties	100
	59,228

Foreign taxes paid

For FY24 we paid the following amounts of tax to overseas jurisdictions:

	\$'000
Fiji – VAT	5,711
Other	115
	5,826

Income tax reconciliations

Reconciliation of accounting profit to income tax expense

The TTC requires a reconciliation of accounting profit to the income tax expense disclosed in Data#3's financial statements for FY24. The reconciliation is set out as follows:

	\$'000
Accounting profit before income tax	62,073
Income tax calculated at the Australian tax rate: 30%	18,622
Tax effect of amounts which are not deductible in calculating taxable income:	
Non-deductible items	134
	18,756
Difference in overseas tax rates	(19)
Under provision in prior year	25
Income tax expense	18,762
	%
Effective tax rate (income tax expense as a percentage of profit before tax)	30.2

Reconciliation of income tax expense to income tax paid

The TTC also requires participants to disclose a reconciliation of the difference between income tax expense disclosed in the financial statements for FY24 and the actual tax paid in that year. The reconciliation is set out below:

	\$'000
Income tax expense	18,762
Balance of FY23 income tax liability paid in FY24	4,471
Balance of FY24 income tax liability to be paid	(7,220)
Balance of previous year assessment to be received	(309)
Underprovision of income tax expense in prior years	(25)
Temporary differences recognised in deferred tax expense	
Contract assets	822
Property and equipment	410
Right-of-use assets	1,099
Intangible assets	(267)
AASB 16 lease liabilities	(987)
Employee provisions	373
Other payables	307
Share-based payments	134
Other temporary differences	94
Income tax paid in FY24	17,664

Directors' Report

Your directors present their report on the consolidated entity consisting of Data#3 Limited (the company) and the entities it controlled at the end of, or during, the year ended 30 June 2024. Throughout the report the consolidated entity is referred to as the group. “We”, “our”, or “us” refer in this report to the directors speaking on behalf of the group.

1. Principal activities

We provide information technology solutions which draw on our broad range of products and services and, where relevant, with our alliances with other leading industry providers. Our technology solutions are broadly categorised into the following areas:

- Cloud – highly secure data centre solutions to improve business efficiency, reduce costs and scale customers’ technology requirements in hybrid IT environments
- Modern Workplace – solutions to optimise our customers’ IT environment and assist them to realise the full value of their technology assets
- Security – solutions designed to help our customers navigate the complexities of cyber security and a changing threat landscape
- Data and Analytics – solutions designed to enhance visibility and control over customers’ data to enable them to make faster, more accurate business decisions
- Connectivity – solutions to enable customers to seamlessly connect to business networks and information – anywhere, any time and on any device

Our service capabilities include the following:

- consulting
- project services
- maintenance services
- managed services
- recruitment

There were no significant changes in the nature of our group’s activities during the year.

2. Dividends

	Cents	\$’000
Final dividend declared for FY24 subsequent to year end	12.90c	19,957
Dividends paid in the year:		
Interim for FY24	12.60c	19,492
Final for FY23	11.90c	18,410
	24.50c	37,902

3. Operating and financial review

Information on the operations and financial position of the group and its business strategies and prospects is set out in the attached Operating and Financial Review, as follows:

	Page
Operational review	7
Operating results by functional area	8
Financial review	10
Performance by region	12
Our strategy and plan for FY25	14

4. Business strategy

Our vision is to harness the power of people and technology for a better future.

For more information on our business strategy please refer to page 14 of the attached Operating and Financial Review.

5. Earnings per share

	2024 Cents	2023 Cents
Basic earnings per share	28.00	23.96
Diluted earnings per share	27.90	23.88

6. Significant changes in the state of affairs

There was no significant change in the state of the group’s affairs during the year.

7. Significant events after the balance date

The directors declared a dividend in relation to FY24 subsequent to year end (see item 2 above). No other matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect

- (a) the group’s operations in future financial years; or
- (b) the results of those operations in future financial years; or
- (c) the group’s state of affairs in future financial years.

8. Likely developments and expected results

Information on likely developments and expected results is included in the attached Operating and Financial Review on page 14.

9. Directors

The names and details of Data#3 Limited’s directors are set out in the following sections. Mr R Anderson, OAM and Mr L Baynham were directors from the beginning of the year until 31 October 2023 and 1 March 2024, the respective dates they ceased to be directors. Mr Colledge was a director from 1 March 2024, the date of his appointment, and remains in office at the date of this report. All other directors were in office for the entire financial year and remain in office at the date of this report.

Names, qualifications, experience and special responsibilities

R A Anderson, OAM, BCom, FCA, FCPA
(Chairman, Non-executive Director until 31 October 2023)
Independent non-executive director since 1997 and Chairman since 2000. Mr Anderson was formerly a partner with PricewaterhouseCoopers, the firm’s Managing Partner in Queensland, and a member of the firm’s National Committee. He was previously a member of the Capital Markets Board of Queensland Treasury Corporation and President of CPA Australia in Queensland.

During the past three years Mr Anderson also served as a non-executive director of one other public company: Lindsay Australia Limited (until 31 August 2021). Mr Anderson is also president of Guide Dogs Queensland.

Special responsibilities:
Chair of the Board (until 31 October 2023)
Member of the Remuneration and Nomination Committee (until 31 October 2023)

L C Baynham, BBus (Honours), FAICD
(Managing Director until 1 March 2024)
Managing Director 2016 to 2024. Serving as Chief Executive Officer from 2014 until March 2024, Mr Baynham has served Data#3 in various roles since 1994, including as Group General Manager for ten years. Prior to joining Data#3, Mr Baynham gained a broad range of international IT industry experience. Mr Baynham is a graduate of the INSEAD Business School (Singapore) Strategic Management Academy and sits on a number of global advisory Boards for key strategic partners representing Data#3 and the wider Australian IT channel community.

B D Colledge, BBus
(Managing Director from 1 March 2024)
Managing Director and Chief Executive Officer since March 2024. Brad has more than 30 years’ experience in the business technology industry and joined Data#3 in 1995. Initially working to establish the Licensing Solutions business in Data#3, Brad’s responsibility subsequently expanded to the broader Software Solutions business, Infrastructure Solutions business and Services businesses.

M R Esler, FAICD
(Non-executive Director)
Independent non-executive director since August 2019. Mr Esler has extensive experience in IT, first in a number of roles with IBM before joining the Data#3 group in 1984 as an executive director. Mr Esler served as an executive director of Data#3 Limited from 1997 to 2002, and performed senior management roles in Sales and Marketing, Operations and Supply Chain before retiring from his role as Queensland General Manager in 2014. Mr Esler has been actively involved in many IT-related forums and was a member of both the Asia Pacific and Worldwide Hewlett-Packard Global Partner Advisory Boards from 2011 until 2014. He has also been recognised as a 30-year Fellow of the Australian Institute of Company Directors.

Special responsibilities:
Member of the Remuneration and Nomination Committee (appointed upon Mr Richard Anderson’s retirement).

9. Directors (continued)

S M Forrester AM, BA, LLB (Hons), EMBA, FAICD
(Non-executive Director)

Independent non-executive director since her appointment on 30 March 2022. Ms Forrester is a highly respected company director with an executive career spanning over 25 years in large professional services firms, covering law, finance, human resources and corporate governance. Bringing a wealth of experience having served as chair and non-executive director on multiple ASX listed companies for over a decade, Susan has a particular focus on strategy and governance within industries that are undergoing rapid change, often as a result of technology. Susan is a Member (AM) in the General Division of the Order of Australia for significant service to business through governance and strategic roles as an advocate for women. In addition, Ms Forrester serves on the Diligent Institute Advisory Board in New York as a corporate governance specialist representing Asia Pacific and is a Queensland Councillor with the AICD.

Ms Forrester is currently serving as non-executive chairs of Jumbo Interactive Limited (since 2020) and South Bank Corporation (since 2024), and as non-executive director of Plenti Group Limited (since 2020).

During the past three years Ms Forrester has also served as non-executive director of Over the Wire Holdings Limited (2015 - 2022).

Special responsibilities:
Member of the Remuneration and Nomination Committee

A M Gray, DUniv, B.Econ (Hons), FAICD
(Chair (from 31 October 2023), Non-executive Director)

Independent non-executive director since August 2017. Mr Gray is Chairman of Sugar Terminals Limited, Deputy Chairman of Queensland Urban Utilities and a non-executive director of the Northern Australia Infrastructure Facility, the Royal Flying Doctor Service of Australia (Queensland), and Queensland Cricket. Previous senior executive appointments include Under Treasurer of the Queensland Treasury Department, Chief Executive Officer of the Queensland Competition Authority and the Queensland Independent Commission of Audit, Office Head (Queensland) at Macquarie Group and Executive Director with BDO.

During the past three years, Mr Gray has served as a non-executive director of one other public company: Sugar Terminals Limited (director since 2017).

Special responsibilities:
Chair of the Remuneration and Nomination Committee
Member of the Audit and Risk Committee

L M Muller, BCom, CA, GradDip App Fin and Inv, GAICD
(Non-executive Director)

Independent non-executive director since February 2016. Ms Muller has extensive experience in finance with a 30-year career in senior corporate financial management roles and professional advisory services roles. Ms Muller has previously held Chief Financial Officer (or equivalent roles) with RACQ, Uniting Care Queensland and Energex. Prior to those appointments Ms Muller worked for PricewaterhouseCoopers and with the Australian Securities Commission. Ms Muller is currently on the Boards of Sugar Terminals Limited and Guide Dogs Queensland.

During the past three years, Ms Muller has served as a non-executive director of one other public company: Sugar Terminals Limited (director since 2017).

Special responsibilities:
Chair of the Audit and Risk Committee

Directors’ interests in shares and options

The movements during the reporting period in the number of ordinary shares in Data*3 Limited held directly, indirectly, or beneficially by each key management person, including their personally related entities, are shown in section H of the Remuneration Report. There was no movement in shares held directly, indirectly, or beneficially from 30 June 2024 up to the date of this report. No directors hold options or share rights.

Meetings of directors

The number of meetings of our Board of directors (including meetings of the Board committees) held during the year, and the numbers of meetings attended by each director are shown below:

Name	Full meetings of directors		Meetings of Audit and Risk Committee		Meetings of Remuneration and Nomination Committee	
	Meetings attended	Meetings held*	Meetings attended	Meetings held*	Meetings attended	Meetings held*
R A Anderson	6	6	**	**	2	2
L C Baynham	11	11	**	**	**	**
B D Colledge	4	4	**	**	**	**
M R Esler	15	15	4	4	2	2
S M Forrester	15	15	**	**	4	4
A M Gray	15	15	4	4	4	4
L M Muller	15	15	4	4	**	**

*Number of meetings held during the time the director held office or was a member of the committee during the year.
**Not a member of the committee during the year.

10. Company secretary

Mr T W Bonner, LLB, BComm, AGIA, was appointed to the position of Joint Company Secretary in 2007 and has been sole company secretary since April 2023. He has served as our General Counsel since 2005 and is a member of the Queensland Law Society and the Governance Institute of Australia.

11. Shares under option and share rights

Unissued shares
As at the date of this report 573,648 share rights over ordinary shares were outstanding (573,648 at reporting date). Holders of share rights do not have any right to participate in any share issue of the company by virtue of the share rights. Refer to Note 22 for further information on the share rights outstanding.

Shares issued on settlement of share rights
During the year 104,880 fully paid ordinary shares in Data*3 Limited were issued at a weighted average share price of \$6.829 in settlement of vested share rights. Refer to Note 22 for further information on the share rights settled during the year.

Share options
No options were granted, lapsed, forfeited, settled or exercised during the year or up to the date of this report.

12. Indemnification and insurance of directors and officers

During the financial year, we paid a premium to insure the directors and members of the executive management team (officers) against any claims raised or liability incurred by them in their Data*3 role capacity. Subject to typical terms of D&O insurance policies, our directors and officers are also indemnified against any liability for costs and expenses incurred in defending civil or criminal proceedings. The amount of the premium is not disclosed in accordance with the terms of the policy.

13. Environmental regulation and performance

Our group is not subject to any particular and significant environmental regulations.

14. Rounding

The company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors’ Reports) Instrument 2016/191, relating to the “rounding off” of amounts in the directors’ report and financial report. We have rounded off amounts in the directors’ report and financial report to the nearest thousand dollars, or in certain cases to the nearest dollar, in accordance with that instrument.

15. Proceedings on behalf of the company

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

16. Auditor independence and non-audit services

Pitcher Partners continued as our auditor in FY24. We employ Pitcher Partners on assignments additional to its statutory duties where the firm’s expertise and experience with our company are important. Fees we paid or owed to the auditor for these non-audit services during the year are included in the following table of total fees paid or payable to the auditor:

	2024	2023
	\$	\$
Audit and other assurance services		
Audit and review of financial statements	183,500	175,000
Non-audit services		
Tax compliance services	21,280	20,314
Other business advice	4,700	-
	25,980	20,314
Total remuneration	209,480	195,314

The Board of directors has considered the position and, in accordance with the advice received from the Audit and Risk Committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the provision of non-audit services by the auditor did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the Audit and Risk Committee to ensure they do not impact the impartiality and objectivity of the auditor
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*.

A copy of the auditors’ independence declaration as required under section 307C of the *Corporations Act 2001* is set out on the page following this Directors’ report.

17. Remuneration report – audited

The remuneration report sets out the following, in accordance with section 300A of the *Corporations Act 2001* (Corporations Act):

- A. Key Management Personnel (KMP)
- B. Role of the Remuneration and Nomination Committee
- C. Non-executive directors’ remuneration
- D. Executive remuneration strategy and structure
- E. Contractual arrangements with executive KMP
- F. KMP remuneration table
- G. The group’s performance
- H. Other statutory information

17. Remuneration report – audited (continued)

A. Key Management Personnel (KMP)

KMP are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the group, directly or indirectly, including any director (whether executive or otherwise) of the company.

The KMP disclosed for the financial year ended 30 June 2024 are detailed in the following table.

Name	Title	Period KMP (if less than full year)
Directors		
Richard Anderson	Non-executive Director and Chairman	Retired 31 October 2023
Laurence Baynham	Managing Director/Chief Executive Officer	Resigned 1 March 2024
Brad Colledge	Managing Director/Chief Executive Officer	KMP from FY16; appointed MD/CEO 1 March 2024
Mark Esler	Non-executive Director	
Susan Forrester	Non-executive Director	
Mark Gray	Non-executive Director and Chairman	Non-executive Director from FY18; appointed Chairman 31 October 2023
Leanne Muller	Non-executive Director	
Executives		
Michael Bowser	Executive General Manager – Services	
Cherie O’Riordan	Chief Financial Officer	
John Tan	Chief Customer Officer	From 1 March 2024

Following the appointment of Brad Colledge as Chief Executive Officer and Managing Director effective 1 March 2024, the company restructured its Executive Management Team and as a result John Tan, Chief Customer Officer, met the definition of KMP from 1 March 2024.

There have been no changes in KMP since the end of the reporting period.

B. Role of the Remuneration and Nomination Committee

The Data³ Board of Directors (“the Board”) has delegated certain remuneration and nomination responsibilities to the Remuneration and Nomination Committee (RNC), a separate committee of the Board made up of non-executive directors. The ultimate responsibility for approval of remuneration and nomination policy matters rests with the Data³ Board.

In relation to remuneration the RNC is responsible for reviewing the following:

- Data³’s remuneration, recruitment, retention and termination policies for senior executives
- superannuation arrangements
- the remuneration for non-executive directors

The RNC has the authority to engage independent counsel and other advisers as it determines necessary to carry out its duties. The RNC seeks input regarding the governance of KMP remuneration from the following sources:

- shareholders
- RNC members
- external remuneration consultants
- tax advisors and lawyers
- managers within the group

C. Non-executive directors’ remuneration

Non-executive directors receive a Board fee and additional fees for chairing the Board or participating in committees of the Board. Non-executive directors do not receive bonus payments or share options and are not provided with retirement benefits other than statutory superannuation.

Board fees are reviewed annually, considering the level of fees paid to non-executive directors of other publicly listed Australian companies of similar size and industry and the specific requirements for a Data³ Board member.

The maximum annual total directors’ fee amount approved by the shareholders at the Annual General Meeting on 27 October 2022 is \$900,000. Board fees are allocated as follows (inclusive of superannuation):

Fees	From 1 January 2023 \$’000
Base fees	
Chair	173,000
Other non-executive directors	105,000
Additional fees	
Chair of any formal committee of the Board	12,000

From the retirement of Richard Anderson on 31 October 2023, the Board is composed of five directors (four non-executive directors and the Managing Director/CEO). All non-executive directors enter into a letter of appointment with the company. The letter sets out the expectations of the appointment, summarises the Board policies and terms, including remuneration, relevant to the role of the director.

D. Executive remuneration strategy and structure

The Board’s objective in relation to remuneration policy is to achieve the following:

- set remuneration at levels that are intended to attract and retain executives capable of managing our operations, achieving our strategic objectives, and increasing shareholder wealth
- motivate senior executives to pursue the long-term growth and success of Data³
- demonstrate a clear relationship between senior executives’ performance and remuneration
- consider prevailing market conditions
- be reflective of the group’s short-term and long-term performance objectives
- be transparent and acceptable to shareholders

Executive compensation packages include a mix of fixed and variable remuneration, and short and long-term performance-based incentives. Short-term incentives are set at a level designed to encourage high performance without creating an environment that promotes undue risk taking. Long-term incentives are assessed over a three-year period and are designed to achieve long-term growth in shareholder returns.

The group’s remuneration framework is set out below.

Element	Purpose	Performance metrics	Proportion of target compensation	Changes for FY24
Annual fixed remuneration (FR)	Provide a competitive market salary, including superannuation and non-monetary benefits	Requirements of position description	CEO: 58% Former CEO: 64% CFO: 54% Other execs: 54-59%	Reviewed in line with market position
Short-term incentives (STI)	Reward for current year performance	Net profit targets (before tax and STI expense), individual performance	CEO: 27% Former CEO: 26% CFO: 22% Other execs: 26-35%	None
Long-term incentives (LTI)	Alignment to long-term shareholder value	Three-year cumulative EPS targets and achievement of group strategic priorities	CEO: 15% Former CEO: 10% CFO: 24% Other execs: 6-20%	None

17. Remuneration report – audited (continued)

Annual fixed remuneration (FR)
Fixed executive remuneration comprises a combination of cash and non-cash benefits at the executive’s discretion, plus statutory superannuation. There are no guaranteed fixed remuneration increases included in any executives’ contracts. FR is reviewed annually or on promotion and is benchmarked against remuneration for comparable roles at other publicly listed Australian companies of similar size. The RNC aims to position executives at the median of the benchmark, with flexibility to consider the position and responsibilities of each executive. Exceptions are managed separately for occasions where particular expertise must be retained or acquired.

Short-term incentives (STI)
Incentives under the group’s current STI plan are at-risk components of remuneration for executives provided in the form of cash. Under the plan executives can earn an annual cash bonus if predefined targets are met. The STI is linked to the achievement of financial and non-financial objectives that are relevant to meeting the group’s business objectives. A major part of the STI is determined by the actual performance against planned group and divisional profit targets relevant to each individual. A smaller portion of the STI is set with reference to the executive’s non-financial performance objectives which are agreed annually. The structure of the short-term incentive plan is set out below.

D. Executive remuneration strategy and structure (continued)

Variable executive remuneration – the short-term incentive (STI) plan

Feature	Description		
Purpose	The STI plan aims to provide an incentive for executives to deliver and outperform annual business objectives that will lead to sustainable, superior returns for shareholders. The target STI is composed of financial and non-financial elements as follows: - Managing Director/CEO – 70% financial and 30% non-financial - Executive General Manager – Software, Infrastructure & Services – 71% financial and 29% non-financial (note: this role ceased on 1 March 2024, the date Mr Colledge was promoted to CEO/MD) - Executive General Manager – Services – 74% financial and 26% non-financial - Chief Financial Officer – 75% financial and 25% non-financial. - Chief Customer Officer – 91% financial and 9% non-financial. Using a profit target for the financial component ensures variable reward is only available when value has been created for shareholders and when profit is consistent with the business plan. Profit targets are based on the group’s overall result as well as an individual’s business unit result, where applicable.		
Award opportunities	<u>Role</u>	<u>Base offer</u>	<u>Maximum offer</u>
	Managing Director/CEO	46% of total fixed remuneration	62% of total fixed remuneration
	Former Managing Director/CEO	40% of total fixed remuneration	54% of total fixed remuneration
	Executive General Manager – Software, Infrastructure & Services	59% of total fixed remuneration	78% of total fixed remuneration
	Executive General Manager – Services	48% of total fixed remuneration	66% of total fixed remuneration
	Chief Financial Officer	41% of total fixed remuneration	56% of total fixed remuneration
	Chief Customer Officer	59% of total fixed remuneration	86% of total fixed remuneration
Performance metrics	For the financial component of the STI, the STI is earned based on the following: - targets set equal to budgeted net profit before tax plus bonus value - bonuses are earned in linear proportion to the profit target achieved – for example, achievement of 90% of the financial target will equate to earning 90% of the financial STI bonus and so on up to a maximum of 150% achievement of the financial target. For the non-financial component of the STI, the STI is earned based on the individual’s achievement against personal performance objectives, which are aligned to the group’s annual strategic goals, and which include sustainability.		
Award determination and payment	Financial component – calculated and paid subsequent to the end of each quarter. Non-financial component – calculated and paid subsequent to the end of each half year. Payments are made in cash net of PAYG withholding.		
Cessation of employment	Employment agreements and remuneration policies set out how STIs are managed on termination of employment. Depending on the reason for termination – resignation, termination for cause, or redundancy – STIs have different treatment (including pro-rata treatment or forfeiture of future STI entitlements).		
Board discretion	The Board has discretion to adjust remuneration outcomes up or down to prevent any inappropriate reward outcomes, including reducing (down to zero, if appropriate) any STI awards.		

17. Remuneration report – audited (continued)

D. Executive remuneration strategy and structure (continued)

Long-term incentives (LTI)
Executives may be invited to participate in the group’s LTI plan at the Board’s discretion. LTI are at-risk components of remuneration for executives provided in the form of equity in the company to ensure executives

- consider the achievement of longer term financial and strategic objectives,
- hold a stake in the company,
- align their interests with those of shareholders, and
- share risk with shareholders.

The LTI is based on performance rights that vest based on assessment against group objectives. The measurement period is three years, and the measure used is as deemed best by the Board to drive value creation for shareholders. The structure of the LTI plan is set out in the following table.

Variable executive remuneration – the long-term incentive (LTI) plan

Feature	Description
Purpose	The aim of the LTI remuneration element is to provide compensation based on earnings per share (EPS) performance by Data*3 Limited, as the Board believes EPS is the best measure to drive long-term value creation for shareholders given the specific circumstances of the company.
Form of equity and exercise price	The LTI plan is in the form of a performance rights plan. The rights are subject to vesting, and each right entitles the holder to one ordinary share in Data*3 Limited for no consideration. There is no entitlement to dividends during the measurement period.
Award allocation	FY24 offers Former MD/CEO: nil; Executive General Managers and CFO: \$150,000 each. The award value was divided by the relevant volume weighted average share price for the five trading days following the release of the FY23 audited financial statements to determine the number of performance rights granted
Measurement period	Three years unless otherwise determined by the Board. FY24 offers – Three years from 1 July 2023 to 30 June 2026.
Vesting conditions	Vesting of the rights is based on three-year cumulative EPS performance and assessment of strategic priorities execution against rolling three-year strategic targets. The Board establishes a three-year cumulative EPS target taking into account historical financial performance and future growth predictions (including forecast economic conditions and other market factors). The cumulative EPS target for the LTI is not disclosed as this is considered sensitive information. Vesting of the rights is based on a sliding scale of cumulative EPS performance and do not exceed 100%. Performance rights that do not vest will lapse.
Conversion of vested performance rights	Vested rights will be settled via the issue of ordinary shares within 60 days following release of the FY26 financial report, except where the Board exercises its discretion to settle in the form of cash.
Cessation of employment	Under the plan performance rights do not vest until the end of the relevant three-year period. Cessation of employment during this period will cause the performance rights to lapse unless the Board exercises its discretion and determines otherwise, such as in the case of retirement, injury, disability, death or redundancy.
Board discretion	The Board retains discretion to adjust the EPS performance condition to ensure participants are not penalised nor provided a windfall benefit arising from matters outside of management’s control. The Board also has discretion over the vesting and settlement of performance rights in the event of a change in control of the company.

Assessing performance
The CEO is responsible for assessing the performance of KMP who report to him against key performance indicators (KPIs), and the Board assesses the performance of the CEO. Performance assessments are based on detailed performance evaluations, business unit results, the earnings per share result, and verifiable data such as data from independently run surveys to ensure assessments are fair.

Independent advice
When required, the Board or RNC obtains independent advice from remuneration consultants on the appropriateness of the group’s executive and non-executive director remuneration framework.

Advice was sought from Crichton & Associates in the second half of FY24. The advice provided has been considered in relation to remuneration reviews for the Board and executive management team for FY25.

E. Contractual arrangements with executive KMP

A summary of contractual arrangements with the CEO and executive KMP is set out below.

Component	CEO¹	Other Executive KMP
Fixed remuneration	Current – \$560,000 plus super Former – \$655,601 plus super	Range of \$309,000 to 387,000
Contract duration	Ongoing contract	Ongoing contract
Required termination notice by individual/ employer	Current – six months² Former – six months	Three months
Post-employment restraint of trade	Current – six months Former – twelve months	Three months
Termination of employment (without cause)	• Entitlement to pro rata annual STI. • At the Board’s discretion, unvested LTI may remain on foot subject to achievement of the performance hurdles at the original date of testing (on a pro rata basis for each full year of performance). • The Board has discretion to award a greater or lower amount of either incentive.	
Termination of employment (with cause)	• Entitlement to pro rata annual STI. • Unvested LTI will lapse. • Vested and unexercised LTI can be exercised in accordance with the terms of the LTI plan.	
Termination of employment by the individual (resignation)	• Entitlement to pro rata annual STI. • Unvested LTI will lapse. • Vested and unexercised LTI can be exercised in accordance with the terms of the LTI plan.	
Non-financial benefits	Car park, laptop, mobile phone, salary continuance insurance, business subscriptions	

17. Remuneration report – audited (continued)

E. Contractual arrangements with executive KMP (continued)

1. Mr Baynham announced his retirement and tendered his resignation from the CEO/MD position on 30 October 2023 to take effect 1 March 2024. Mr Baynham's last day as KMP was 1 March 2024. The company elected to make a termination payment in lieu of notice and pay out his leave entitlements on the basis of what would have been earned if he had remained employed until such leave entitlements had been exhausted (calculated as at 25 November, 2024). On that basis the Board approved payment of his full FY24 STI based on the average of the last three years' performance for FY21-23, and the Board confirmed entitlement to the FY22-24 LTI share rights that are due to vest subsequent to FY24, as set out in the table below.

Grant date of share rights tranche	Number of rights	Treatment
30 November 2021	47,067	100% vesting upon achievement of cumulative EPS target for the three years ending 30 June 2024.

Vested rights will be settled via the issue of ordinary shares within 60 days following release of the FY24 financial report.

The termination payment for Mr Baynham set out in the KMP remuneration table in section F comprises the following:

Pay element	\$
Long service leave entitlement	331,154
Annual leave entitlement	134,747
STI bonus (ex gratia)	95,373
	561,274

Ex gratia share-based termination benefit for Mr Baynham

The Board exercised its discretion in relation to the retirement of a long-standing and high performing executive to provide Mr Baynham with the following termination benefit:

- a) That up to two-thirds of the FY23-FY25 LTI share rights issued on 18 November 2022 will vest upon achievement of the cumulative EPS target subsequent to FY25 (given 50,722 rights were issued, a maximum of 33,815 will vest).
- b) Up to 15,325 ordinary shares to be purchased on market subject to achievement of the cumulative EPS target applicable to the FY24-FY26 LTI shares granted on 31 October 2023 to other KMP, with a three-year vesting period. The number of shares is equal to one third of the number of rights that Mr Baynham would have been granted under the LTI plan had he not resigned.

In accordance with the plan rules, the Board has discretion to maintain the LTIs on issue notwithstanding the period of employment ending prior to the vesting date.

2. Mr Colledge was promoted to CEO/MD on 1 March 2024 from his previous position of Executive General Manager – Software, Infrastructure & Services.

Data*3 may terminate Mr Colledge's employment agreement for cause by providing the minimum statutory notice set out in the *Fair Work Act 2009* or minimum three months (circumstance dependent).

Previous KMP

Mr B Hill, the previous CFO, announced his retirement in November 2022. His successor, Ms O’Riordan, commenced employment on 30 January 2023; Mr Hill transitioned his CFO duties to her, officially finishing as a KMP on 31 March 2023, with his continuing role as Outgoing CFO whilst largely on annual or long service leave. Mr Hill's final day of employment was 8 January 2024. In addition to Mr Hill's Fixed Remuneration (which remained consistent with FY23), the Company provided STI remuneration payments of \$157,352.60 (gross) on his retirement.

Discretion exercised under the Long-Term Incentive Plan for Mr Hill

The Board exercised its discretion in relation to the retirement of a long-standing and high performing executive to provide Mr Hill with the following termination benefit:

- a) That up to two-thirds of the FY22-24 LTI share rights issued on 30 November 2021 will vest upon achievement of the cumulative EPS target subsequent to FY24 (given 27,580 rights were issued, a maximum of 18,387 will vest).

- b) That up to one-third of the FY23-25 LTI share rights issued on 18 November 2022 will vest upon achievement of the cumulative EPS target subsequent to FY25 (given 24,230 rights were issued, a maximum of 8,077 will vest).

F. KMP remuneration table

Compensation paid, payable, or provided by the group or on behalf of the group to KMP as calculated in accordance with applicable accounting standards is set out in the following table.

		Fixed remuneration		Variable remuneration				Total reward	Performance related	Change in accrued leave (a) (e)
		Cash salary and fees (e)	Post-employment benefits (b)	Termination benefits	Cash bonus (c) (e)	Non-monetary (e)	Share-based (d) (f)			
		\$	\$	\$	\$	\$	\$			
Non-executive directors										
Anderson, R.A. (until 31/10/2023) Chairman	2024	52,759	5,803	-	-	-	-	58,562	-	-
	2023	148,281	15,569	-	-	-	-	163,850	-	-
Esler, M. R.	2024	95,023	10,452	-	-	-	-	105,475	-	-
	2023	87,511	9,189	-	-	-	-	96,700	-	-
Forrester, S. M.	2024	95,023	10,452	-	-	-	-	105,475	-	-
	2023	87,511	9,189	-	-	-	-	96,700	-	-
Gray, A.M. Chairman (from 1/11/2023)	2024	139,668	15,363	-	-	-	-	155,031	-	-
	2023	97,941	10,284	-	-	-	-	108,225	-	-
Muller, L.M.	2024	105,882	11,647	-	-	-	-	117,529	-	-
	2023	97,941	10,284	-	-	-	-	108,225	-	-
Subtotals – non-executive directors	2024	488,355	53,717	-	-	-	-	542,072	-	-
	2023	519,185	54,515	-	-	-	-	573,700	-	-
Executive director										
Baynham, L.C. (until 1/3/2024) Chief Executive Officer/ MD	2024	437,067	27,399	561,274	187,913	304	310,281	1,524,238	32.7	(390,686)
	2023	628,983	25,292	-	272,233	2,000	237,301	1,165,809	43.7	60,140
Colledge, B.D. (CEO/MD from 1/3/2024, Executive General Manager until 28/2/2024)	2024	560,000	27,399	-	275,099	-	146,540	1,009,038	41.8	68,833
	2023	436,832	25,292	-	259,099	2,000	143,484	866,707	46.4	26,787
Other KMP										
Bowser, M.J. Executive General Manager	2024	387,000	27,399	-	201,946	-	146,540	762,885	45.7	12,348
	2023	372,590	25,292	-	198,495	2,000	143,484	741,861	46.1	13,911
Hill, B.I. (CFO until 31/3/2023)	2023	277,753	25,292	-	93,762	2,000	143,484	542,291	43.7	(41,922)
O’Riordan, C.E. (from 1/4/2023) Chief Financial Officer	2024	309,000	27,399	-	137,661	-	46,124	520,184	35.3	19,214
	2023	74,795	7,853	-	33,275	-	-	115,923	28.7	11,614
Tan, J. E. (from 1/3/2024) Chief Customer Officer	2024	115,000	12,650	-	132,026	-	34,194	293,870	56.6	(1,092)
	2023	-	-	-	-	-	-	-	-	-
Subtotals – Executive KMP	2024	1,808,067	122,246	561,274	934,645	304	683,679	4,110,215	39.4	(291,383)
	2023	1,790,953	109,021	-	856,864	8,000	667,753	3,432,591	44.4	70,530
Totals – KMP	2024	2,296,422	175,963	561,274	934,645	304	683,679	4,652,287	34.8	(291,383)
	2023	2,310,138	163,536	-	856,864	8,000	667,753	4,006,291	38.1	70,530

- (a) This is the change in accrued annual and long service leave and is measured in accordance with AASB 119 Employee Benefits.
- (b) Post-employment benefits comprise statutory superannuation.
- (c) Short-term bonus is composed of STI.
- (d) Share-based remuneration comprises share-based incentives and share-based ex-gratia rewards. Remuneration expense is recognised for each tranche of rights granted and outstanding on a straight-line basis over the vesting period.
- (e) This is a short-term benefit as it is a movement in current provision, except for \$5,222 which is non-current (FY23: \$2,067).
- (f) This is a long-term benefit.

11. Remuneration report – audited (continued)

G. The group's performance

Relationship between remuneration and group performance

The overall level of executive reward takes into account the group's performance over a number of years, with greater emphasis given to improving performance over the prior year. Since 2019 the group's net profit has grown at an average compounded rate of 19.0% per year, the average executive remuneration has decreased by an average compounded rate of 0.9% per year, and total shareholder return decreased by an average compounded rate of 0.8%. The Board is satisfied with the level of executive remuneration that is at risk and based on group performance and believes the group's executives are remunerated fairly and in line with the long-term performance of the group. The equity-based LTI plan ensures significant focus is maintained on the group's long-term performance, as each year's LTI offering is subject to three-year vesting.

Short-term incentives

In FY24 profit-related performance targets were exceeded by approximately 3%, resulting in actual short-term bonuses that were above target.

Long-term incentives

LTI remuneration is based primarily on the basic earnings per share (EPS) performance of Data#3 Limited. In FY24 the EPS target was exceeded, resulting in vesting of LTI that was on target for 100% vesting.

Group performance

Measures of the group's performance during FY24 and the previous four years, as required by the Corporations Act, is set out below.

	Profit after tax to members of Data#3 Limited	Basic earnings per share	Share price at 30 June	Dividends paid per share	Change in shareholder value each year*
	\$'000	Cents	\$	Cents	\$
FY24	43,311	28.00	8.37	24.50	1.42
FY23	37,030	23.96	7.20	20.65	2.75
FY22	30,262	19.61	4.66	16.75	(0.78)
FY21	25,414	16.51	5.61	14.30	1.21
FY20	23,636	15.35	4.54	12.20	2.54

* calculated as the share price increase or decrease plus dividends paid per share during the financial year.

H. Other statutory information

(i) Performance-based remuneration granted and forfeited during the year

Cash bonuses

For each short-term cash bonus included in the table of remuneration expenses in section (f), the percentage of the planned bonus that was actually earned in the financial year, and the percentage that was forfeited because the person did not meet the relevant profit or other performance-related criteria, are set out below.

Name	Earned %	Forfeited %
Baynham, L.C.	104%	0%
Bowser, M.J.	101%	0%
Colledge, B.D.	101%	0%
O'Riordan, C.E.	101%	0%
Tan, J.E.	104%	0%

Remuneration in FY24 reflected overachievement of short-term profit targets in relation to the short-term incentive plan (STI).

Equity instruments

All rights and options refer to rights and options over ordinary shares of Data#3 Limited, which are exercisable one-for-one under the Data#3 Long Term Incentive Plan.

The share-based amounts included in the table of remuneration expenses in section F relate to rights issued to KMP. Compensation expense is recognised for each tranche of rights granted on a straight-line basis over the vesting period. The share-based payment amounts for KMP in FY24 were calculated as follows:

Grant date of rights	Compensation expense				
	L Baynham \$	M Bowser \$	B Colledge \$	C O'Riordan \$	J Tan \$
30 November 2021	83,152	48,725	48,725	-	11,369
18 November 2022	108,207 ¹	51,691	51,691	-	12,062
31 October 2023	-	46,124	46,124	46,124	10,763
1 March 2024	118,922	-	-	-	-
FY24 LTI compensation expense	310,281	146,540	146,540	46,124	34,194

1. The rights issued to Mr Baynham on 18 November 2022 have been prorated to two thirds due to his resignation and the service requirement has been removed. Refer to section (E) above for further detail.

No options were granted or vested during the reporting period. Performance rights with nil exercise price were granted to KMP as compensation during FY24 for no consideration as follows:

Key management person	Performance rights granted	Date of grant	Fair value per right at grant date	Fair value of rights
			\$	\$
Baynham, L.C. ¹	15,325	1 March 2024	7.76	118,922
Bowser, M.J.	21,964	31 October 2023	6.30	138,373
Colledge, B.D.	21,964	31 October 2023	6.30	138,373
O'Riordan, C.E.	21,964	31 October 2023	6.30	138,373
Tan, J.E.	5,125	31 October 2023	6.30	32,288

1. Refer to section E (1) for further explanation.

The fair value of the rights was determined using the Black Scholes Model that takes into account the market price of the company's shares at the grant date, the three-year vesting period and expected dividends during that period that will not be received by the employees.

During the reporting period, the following ordinary shares were issued with a nil exercise price on the exercise of vested rights previously granted as compensation:

Key management person	Performance rights vested/ shares issued	Date of initial grant	Date of exercise	Share price of shares issued	Total value of shares issued	Vested
				\$	\$	%
Baynham, L.C.	27,510	12/11/2020	01/09/2023	6.829	187,877	100%
Bowser, M.J.	25,790	12/11/2020	01/09/2023	6.829	176,130	100%
Colledge, B.D.	25,790	12/11/2020	01/09/2023	6.829	176,130	100%

11. Remuneration report – audited (continued)

H. Other statutory information (continued)

(ii) Details of equity incentives affecting current and future remuneration

The terms and conditions of each grant of rights affecting remuneration in the current or a future reporting period are as follows:

Grant date	Vesting and exercise date	Expiry date	Value per right at grant date	Performance achieved	Vested
			\$		%
30 November 2021	Release date of 30/06/2024 annual financial results	60 days after exercise date	5.30	60.08 cents cumulative EPS	100%
18 November 2022	Release date of 30/06/2025 annual financial results	60 days after exercise date	6.40	To be determined	n/a
31 October 2023	Release date of 30/06/2026 annual financial results	60 days after exercise date	6.30	To be determined	n/a

All rights and options expire on the earlier of their expiry date or termination of the individual's employment (unless the Board exercises its discretion to keep the rights on foot). In addition to a continuing employment service condition, vesting is conditional on the achievement of (1) a cumulative earnings per share target and (2) specific strategic priorities. For rights granted in the current year, the earliest vesting date is 1 July 2026. For the performance rights granted on 30 November 2021 in FY22, the cumulative three-year basic EPS target was a minimum 43.62 cents and a maximum 61.33 cents. The actual cumulative three-year basic EPS achieved was 71.12 cents. The number of rights over ordinary shares in the company provided as remuneration to KMP is shown in section (i) above. The rights carry no dividend or voting rights. When exercisable, each right is convertible into one ordinary share of Data#3 Limited within 60 days after the release of the annual financial results to the market. The exercise price for all rights granted to date is nil.

Movements in options and rights over equity instruments

The movements during the reporting period in the number of rights over ordinary shares in Data#3 Limited held directly, indirectly or beneficially by each key management person, including their personally related entities, are shown below. No options have been issued or are outstanding.

Key management person	Held at 1 July 2023	Granted as compensation	Exercised	Lapsed or forfeited	Became/ (ceased as) KMP	Held at 30 June 2024	Vested and exercisable at 30 June 2024
Baynham, L.C.	125,299	15,325	(27,510)	(16,907)	(96,207)	-	-
Bowser, M.J.	77,600	21,964	(25,790)	-	-	73,774	-
Colledge, B.D.	77,600	21,964	(25,790)	-	-	73,774	-
O'Riordan, C.E.	-	21,964	-	-	-	21,964	-
Tan, J.E.	-	5,125	-	-	12,089	17,214	-

Movements in shares

The movements during the reporting period in the number of ordinary shares in Data#3 Limited held directly, indirectly, or beneficially by each key management person, including their personally related entities, are shown in the following table.

	Balance 30 June 2023	Received upon exercise of rights	Other changes ¹	Balance 30 June 2024
Directors:				
Anderson, R.A. ²	670,000	-	(670,000)	-
Baynham, L.C. ²	300,325	27,510	(327,835)	-
Colledge, B.D.	373,939	25,790	-	399,729
Esler, M.R.	2,799,330	-	-	2,799,330
Forrester, S.M.	26,705	-	1,277	27,982
Gray, A.M.	20,000	-	13,385	33,385
Muller, L.M.	50,000	-	-	50,000
Other executives:				
Bowser, M.J.	292,153	25,790	(35,000)	282,943
O'Riordan, C.E.	-	-	-	-
Tan, J.E. ²	-	-	13,957	13,957

1. Except as noted, other changes refer to the individual's on-market trading.
2. The amount in other changes is the individual's shareholding at the date the person commenced or ceased to be a key management person, as applicable, in addition to the individual's on-market trading.

None of the shares in the preceding table are held nominally by the directors or any of the other KMP.

(iii) Other transactions with KMP

From time to time, directors of Data#3, or their related entities, may purchase goods from the group. These purchases are on the same terms and conditions as those entered into by other group employees or customers and are trivial or domestic in nature.

There were no other transactions during FY24 with KMP or their personally related entities other than compensation and transactions in relation to shares and performance rights as discussed in this report.

(iv) Voting of shareholders at the 2023 Annual General Meeting

We received a 96.57% vote in support of the adoption of our Remuneration Report for the 2023 financial year.

This is the end of the audited remuneration report.

This report is made in accordance with a resolution of the directors.

A M Gray
Chairman

Mark Gray

Brisbane
21 August 2024



Level 38, 345 Queen Street
Brisbane, QLD 4000

Postal address
GPO Box 1144
Brisbane, QLD 4001

p. +61 7 3222 8444
pitcher.com.au

The Directors
Data#3 Limited
555 Coronation Drive
TOOWONG QLD 4066

Auditor's Independence Declaration

In relation to the independent audit for the year ended 30 June 2024, to the best of my knowledge and belief there have been:

- (i) No contraventions of the auditor independence requirements of the *Corporations Act 2001*; and
- (ii) No contraventions of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*.

This declaration is in respect of Data#3 Limited and the entities it controlled during the year.

Pitcher Partners
PITCHER PARTNERS

J. Evans
JASON EVANS
Partner

Brisbane, Queensland
21 August 2024

Adelaide | Brisbane | Melbourne | Newcastle | Perth | Sydney



Nigel Fischer	Jason Evans	Brett Headrick	Simon Chun	James Field	Felicity Crimston	Murray Graham	Edward Fletcher	Tracey Norris
Mark Nicholson	Kylie Lamprecht	Warwick Face	Jeremy Jones	Daniel Colwell	Cheryl Mason	Andrew Robin	Robert Hughes	
Peter Camenzuli	Norman Thurecht	Cole Wilkinson	Tom Splatt	Robyn Cooper	Kieran Wallis	Karen Levine	Ventura Caso	

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Financial Report 2024

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Consolidated statement of comprehensive income
for the year ended 30 June 2024

	Notes	2024 \$'000	2023 \$'000
Revenue			
Revenue from contracts with customers	3	805,746	808,625
Other revenue	3	9,937	3,870
		815,683	812,495
Expenses			
Changes in inventory		(312)	(13,665)
Purchase of goods		(414,630)	(413,876)
Employee and contractor costs directly on-charged (cost of sales on services)		(88,083)	(99,148)
Other cost of sales on services		(32,877)	(31,285)
Internal employee and contractor costs		(190,321)	(176,941)
Telecommunications		(2,239)	(2,073)
Rent		(1,777)	(1,780)
Travel		(1,474)	(1,299)
Professional fees		(1,022)	(1,304)
Depreciation and amortisation	4	(6,303)	(6,280)
Finance costs	4	(1,114)	(1,247)
Other		(13,458)	(10,363)
		(753,610)	(759,261)
Profit before income tax expense		62,073	53,234
Income tax expense	5	(18,762)	(16,204)
Profit for the year attributable to the ordinary equity holders of the company		43,311	37,030
Other comprehensive income, net of tax:			
<i>Items that may be reclassified to profit or loss</i>			
Exchange differences on translation of foreign operations		(191)	231
Total comprehensive income attributable to the ordinary equity holders of the company		43,120	37,261
Earnings per share for profit attributable to the ordinary equity holders of the company:		Cents	Cents
Basic earnings per share	13	28.00	23.96
Diluted earnings per share	13	27.90	23.88

The accompanying notes form part of these financial statements.

Consolidated balance sheet
as at 30 June 2024

	Notes	2024 \$'000	2023 \$'000
Current assets			
Cash and cash equivalents	6	276,381	404,766
Trade and other receivables	7	519,148	454,788
Contract assets		3,351	5,855
Inventories – at net realisable value		19,101	19,413
Other	8	6,133	5,214
Total current assets		824,114	890,036
Non-current assets			
Trade and other receivables	7	744	217
Property and equipment		2,605	3,202
Right-of-use assets	16	17,399	21,064
Deferred tax assets	5	8,033	5,879
Intangible assets	9	13,252	15,207
Total non-current assets		42,033	45,569
Total assets		866,147	935,605
Current liabilities			
Trade and other payables	10	704,365	775,582
Contract liabilities	11	46,786	52,120
Lease liabilities	16	3,990	3,587
Current tax liabilities		7,219	4,159
Provisions	12	8,008	7,806
Total current liabilities		770,368	843,254
Non-current liabilities			
Lease liabilities	16	16,605	20,296
Provisions	12	4,258	3,710
Total non-current liabilities		20,863	24,006
Total liabilities		791,231	867,260
Net assets		74,916	68,345
Equity			
Contributed equity	15	12,577	11,861
Share-based payments reserve	22	960	323
Foreign currency translation reserve		(403)	(212)
Retained earnings		61,782	56,373
Total equity		74,916	68,345

The accompanying notes form part of these financial statements.

Consolidated statement of changes in equity
for the year ended 30 June 2024

Attributable to owners of Data*3 Limited						
		Contributed equity	Share-based payment reserve	Foreign currency translation reserve	Retained earnings	Total shareholders' equity
	Notes	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2022		10,313	559	(443)	51,268	61,697
Profit for the year		-	-	-	37,030	37,030
Other comprehensive income, net of tax		-	-	231	-	231
Total comprehensive income		-	-	231	37,030	37,261
Transactions with owners in their capacity as owners:						
Payment of dividends	14	-	-	-	(31,925)	(31,925)
Issue of shares under employee share scheme	22	1,548	(1,548)	-	-	-
Employee share schemes – value of employee services	22	-	1,009	-	-	1,009
Employee share schemes – movement in deferred tax	5	-	303	-	-	303
		1,548	(236)	-	(31,925)	(30,613)
Balance at 30 June 2023		11,861	323	(212)	56,373	68,345
Profit for the year		-	-	-	43,311	43,311
Other comprehensive income, net of tax		-	-	(191)	-	(191)
Total comprehensive income		-	-	(191)	43,311	43,120
Transactions with owners in their capacity as owners:						
Payment of dividends	14	-	-	-	(37,902)	(37,902)
Issue of shares under employee share scheme	22	716	(716)	-	-	-
Employee share schemes – value of employee services	22	-	1,162	-	-	1,162
Employee share schemes – movement in deferred tax	5	-	191	-	-	191
		716	637	-	(37,902)	(36,549)
Balance at 30 June 2024		12,577	960	(403)	61,782	74,916

The accompanying notes form part of these financial statements.

Consolidated statement of cash flows
for the year ended 30 June 2024

	Notes	2024 \$'000	2023 \$'000
Cash flows from operating activities			
Receipts from customers and agency arrangements (inclusive of GST)		2,969,179	2,886,667
Payments to suppliers and employees (inclusive of GST)		(3,013,776)	(2,555,014)
GST paid		(32,766)	(29,162)
Interest received		9,923	2,777
Interest and other borrowing costs paid		(1,086)	(1,219)
Income tax paid (net of refunds)		(17,664)	(13,033)
Net cash inflow (outflow) from operating activities	6	(86,190)	291,016
Cash flows from investing activities			
Payments for property and equipment		(607)	(981)
Proceeds from sale of equipment		2	13
Net cash (outflow) from investing activities		(605)	(968)
Cash flows from financing activities			
Payment of dividends	14	(37,902)	(31,925)
Lease liability payments	16	(3,497)	(3,047)
Net cash (outflow) from financing activities		(41,399)	(34,972)
Net increase/(decrease) in cash and cash equivalents held		(128,194)	(255,076)
Cash and cash equivalents, beginning of financial year		404,766	149,459
Effect of exchange rate changes on cash and cash equivalents		(191)	231
Cash and cash equivalents, end of financial year	6	276,381	404,766

The accompanying notes form part of these financial statements.

About this report

The material accounting policies we have adopted in the preparation of our financial report are set out in the following notes to the financial statements. These policies have been consistently applied to all the periods presented, unless otherwise stated. The financial statements are for the group consisting of Data³ Limited (“the company”) and its subsidiaries. References in this financial report to “we”, “us” or “our” refer to management speaking on behalf of the consolidated group (“the group”).

We have prepared these general-purpose financial statements in accordance with Australian Accounting Standards and interpretations issued by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. These financial statements are presented in Australian dollars and have been prepared under the historical cost convention. The functional currency is also Australian dollars. Data³ Limited is a for-profit entity for the purpose of preparing the financial statements.

Compliance with IFRS
Our financial statements also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

Changes in accounting standards and regulatory requirements
We adopted all the new and revised accounting standards and interpretations issued by the Australian Accounting Standards Board that are relevant to our operations and effective for an accounting period that begins on or after 1 July 2023. Please refer to Note 1 for further information.

Change in accounting policy – revenue recognition for contracts with customers
During the financial year the group undertook a detailed review of its software licensing and vendor-delivered maintenance agreements to reassess whether it is acting as a principal or agent under these agreements. This was in response to updated guidance released for software resellers in 2022 on the application of the revenue accounting standard (AASB 15). The review resulted in a change to the company’s revenue accounting policy to present software licensing and vendor-delivered maintenance revenues on a net basis, including an adjustment of comparatives. Please refer to Note 3 for further information.

Critical estimates, judgements and errors
The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management must also exercise judgement in applying the group’s accounting policies. Following is an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be wrong. Detailed information about each of these estimates and judgements is included in other notes together with information about the basis of calculation for each affected line item in the financial statements. The areas involving significant estimates or judgements are as follows:

- recognition of revenue and allocation of transaction price (note 3)
- impairment of financial assets (note 7(b))
- estimation of goodwill impairment (note 9)
- estimation uncertainties and judgements made in relation to lease accounting (note 16)

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

Corporate information

The financial report was authorised for issue in accordance with a resolution of the directors on 21 August 2024. Data³ Limited is a public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business follows:

Level 1
555 Coronation Drive
TOOWONG QLD 4066

Note 1. Changes in accounting standards

We adopted the following new accounting standards on 1 July 2023, neither of which had a material effect on the consolidated financial statements for FY24:

- **AASB 2021-2 and 2021-6** – the amendments provide a definition of and clarifications on accounting estimates and clarify the concept of materiality in the context of disclosure of accounting policies.
- **AASB 2021-5** – the amendments narrow the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences and clarify that the exemption does not apply to transactions such as leases and decommissioning obligations.

Note 2. Segment information

Our business is conducted primarily in Australia. Our management team makes financial decisions and allocates resources based on the information it receives from our internal management system. We attribute sales to an operating segment based on the type of product or service provided to the customer. Revenue from customers domiciled in Australia comprised 99.9% of external sales for FY24 (FY23: 99.5%). During the year there was no customer that individually accounted for more than 10% of the group’s total revenue (FY23: none).

The sale of product and services is highly integrated into the IT solutions that each of our business units delivers to its customers. Each business unit services a similar customer base, applies similar methods to distribute those products and services to customers, and operates within a similar economic and regulatory environment. On this basis, we have determined that separate reporting of our business units does not add significantly to the understanding of them because there is significant overlap of product and services within each business unit, and there are frequent changes between the business units, resulting in the business units having characteristics that are so similar that they are expected to have the same future outcome. As a result, we have concluded that the company has only one reportable segment, which is that of value-added IT reseller and IT solutions provider. These solutions typically comprise a combination of infrastructure, software and service elements.

The company’s revenue, results and assets for this reportable segment can be determined by reference to the Consolidated Statement of Comprehensive Income and the Consolidated Balance Sheet.

Note 3. Revenue

Change in accounting policy

In May 2022, the IFRS Interpretations Committee (IFRIC) issued a final agenda decision on ‘Principal versus Agent: Software Reseller (IFRS 15)’ about whether a reseller of software licenses is acting as principal or agent for the purposes of recognising revenue under IFRS 15 Revenue from Contracts with Customers.

Following the release of IFRIC’s decision, management undertook a detailed review of new and updated software licensing and maintenance agreements and obtained independent advice from a third party. We analysed revenue recognition in respect of various contracts with our customers to reassess if we are acting as principal or agent.

Management concluded that while Data³ does meet some criteria of control, on balance it does not demonstrate sufficient control of the licenses for vendor-delivered software licensing and maintenance contracts before they are transferred to the customer and therefore has determined that we act as an agent in respect of these sales. The group has revised its accounting policy for the recognition of sales of vendor-delivered software licensing and maintenance contracts to account for this revenue as agent. On this basis, revenue recognised as agent is the net of revenue due under the contract (including related volume rebates or incentives) and costs of sale. The effect on the FY23 Consolidated Statement of Comprehensive Income of the change in accounting policy is shown below:

	As previously reported	Adjustments	Adjusted¹
	\$'000	\$'000	\$'000
Year ended 30 June 2023			
Revenue from contracts with customers	2,560,700	(1,752,075)	808,625
Total revenue	2,564,570	(1,752,075)	812,495
Purchase of goods	(2,078,047)	1,664,171	(413,876)
Other costs of sales on services	(119,189)	87,904	(31,285)
Total expenses	(2,511,336)	1,752,075	(759,261)
Profit before income tax	53,234	-	53,234

Note 3. Revenue (continued)

1. At 31 December 2023 we had adjusted for all vendor-delivered software licensing contracts. Upon further investigation, we determined that vendor-delivered maintenance contracts also meet the criteria for reporting on an agent basis; we have adjusted for this change in these figures. Also, certain reclassifications have been made to prior year financial statements disclosed in our report for the six months ended 31 December 2023 to conform with classifications used in the current year. These reclassifications had no impact on net profit, shareholders’ equity or cash flows as previously reported.

Revenue recognition critical judgements

Management exercises judgment in determining the categorisation of revenues as there is an increasing tendency for vendors to bundle various elements in the products and services that we resell – for example, some infrastructure offerings include software and/ or bundled services, and support offerings can include software licenses. Principal versus agent assessments depend on the specific facts and circumstances in the agreements with suppliers and customers and can be complex, requiring a high degree of judgement.

Revenue from contracts with customers

We sell hardware, software licenses, maintenance contracts, consulting, recruitment, and contracting services. Revenue is recognised based on the completion of performance obligations at the transaction price allocated to the performance obligation. The transaction price is determined by the price specified in the underlying contract or order. Where the contracts include multiple performance obligations, the transaction price is allocated to each performance obligation based on prices set out on the customer’s purchase order; when one or more performance obligations relate to services to be delivered in the future, the associated revenue is deferred and recognised in accordance with the specific accounting policy applicable to the service (refer below for our services revenue accounting policies). No discounts, loyalty points or returns are offered to customers. A performance obligation is satisfied when control of the promised good or service is transferred to the customer.

Each sale is evaluated to determine whether we are operating as principal or agent and recording revenue on a gross or net basis, respectively. The main criteria demonstrating if we act as principal are as follows:

- we are primarily responsible for fulfilling the promise to provide the specified goods or service
- we have control over the item sold before the specified good or service has been transferred to a customer
- with physical goods, we have title to the goods and inventory risk until we receive payment for the goods
- we have discretion in establishing the price for the specified good or service.

Our disaggregated revenues and accounting policies for each material revenue stream are set out below.

A summary of our revenue by business unit and accounting basis is as follows:

Business unit/revenue stream	Policy note	Revenue recognition timing	2024 \$'000	2023' \$'000
Infrastructure Solutions (INS)				
Hardware – as principal	A (1)	Point in time	470,199	482,721
Software licensing and vendor-branded maintenance services – as agent	A (2)	Point in time	11,031	8,090
Services – as principal	B (2)	Over time	1,463	397
Software Solutions (SWS)				
Software licensing, vendor-branded maintenance services and consumption sales – as agent	A (2)	Point in time	68,134	62,063
Consulting – as principal	B (2)	Over time	1,452	1,159
Services				
Consulting services – as principal	B (2)	Over time	32,718	34,591
Maintenance and project services – as principal	B (1)/(2)	Over time	89,044	86,869
Managed services – as principal	B (1)	Over time	43,880	39,594
Vendor branded maintenance contracts – as agent	A (2)	Point in time	27,649	25,050
Contracting services – as principal	B (3)	Over time	60,176	68,091
Total revenue from contracts with customers			805,746	808,625
Other revenue			9,937	3,870
			815,683	812,495

1. Adjusted for the change in accounting policy described above. Please refer to the table below:

	As previously reported	Adjustments	Adjusted
Business unit	\$'000	\$'000	\$'000
Year ended 30 June 2023			
Infrastructure Solutions	566,187	(74,933)	491,254
Software Solutions	1,652,453	(1,589,238)	63,215
Business Aspect	33,204	-	33,204
Project Services	74,549	-	74,549
Support Services	164,330	(87,904)	76,426
People Solutions	68,091	-	68,091
Discovery Technology	1,886	-	1,886
Total revenue from contracts with customers	2,560,700	(1,752,075)	808,625

Note 3. Revenue (continued)

A Product revenue

(1) Sales of hardware

We sell hardware products that are sourced from and delivered by multiple suppliers. We recognise revenue from the sale of these products at the point in time when control of the promised goods has passed to the customer (at which time an invoice is raised) and as principal. Payments from customers are generally due within 30 days of invoice date. The following indicators are used by the company in determining when control has passed to the customer:

- we have a right to payment for the product or service
- we have transferred physical possession of the product to the customer
- the customer has the significant risks and rewards of ownership of the product
- the customer has accepted the product.

We record the gross value of the consideration from the customer as revenue. We are acting as principal in these sales for the following reasons:

- we have primary responsibility for the acceptability of goods sold, as the customer’s order is based on our recommendation
- we have title to the goods until the customer pays us
- we are exposed to inventory risk during the delivery period
- we have complete control to establish the selling price.

Suppliers typically provide standard warranties on most of the infrastructure products we sell. These manufacturer warranties are assurance-type warranties and are not considered separate performance obligations. The warranties are not sold separately and only provide assurance that products will conform with the manufacturer’s specifications.

(2) Software licensing contracts and vendor-branded maintenance contracts

We sell software licenses (including Software as a Service or “SaaS” cloud computing solutions) and vendor-branded maintenance contracts on behalf of our suppliers. As our performance obligation is the fulfillment of the end user’s order with product or services provided by the supplier, we recognise revenue for these sales on an agent basis at the time the order is fulfilled (at the time the software license/maintenance contract is activated by the vendor), whereby the revenue is equal to the amount of consideration receivable from the end user less the cost of sale due to the supplier. This represents a change in revenue recognition from principal to agent and means the software supplier is effectively our customer rather than the end user. Previously the sales recognised on a principal basis equalled the gross amount of consideration due from the end user. In relation to software license sales, we also receive vendor rebates and incentives which are accounted for as revenue at the time that receipt of the rebate/ incentive is considered probable.

(a) Multi-year software licensing contracts

Under multi-year software sales contracts, customers commit to a minimum number of software licenses over a three-year term, with the right to change to another reseller at the end of each year; historically changes of partner have been rare and immaterial. We recognise revenue annually on an agent basis at the time each annual order is fulfilled, whereby the revenue is equal to the amount of consideration receivable from the end user less the cost of sale due to the supplier. At the end of each year of the contract, we review the actual usage by the customer; at that time we recognise additional fees and invoice the customer for usage above the minimum levels included in the contract. Customers are invoiced annually, and payment is generally due 30 days from invoice date. We satisfy performance obligations under the contract by arranging the transfer of the licensing to the customer; therefore, we recognise revenue on a net basis, as we are acting as an agent in the transaction.

(b) Consumption sales

In these contracts, consumption is charged based on actual usage of services, which is measured in units like compute hours, data storage, and data transfer. Charges are billed to customers monthly, with payment generally due 30 days from invoice date, and we recognise revenue for the services consumed under the contract on an agent basis at the point in time the usage is known, whereby the revenue is equal to the amount of consideration receivable from the end user less the cost of sale due to the supplier.

B Services revenue

(1) Maintenance and managed services

We provide maintenance and managed services to customers as principal where we are primarily responsible for the service provided to the customers. We recognise revenue from these services over time as the services are provided in accordance with the sales contract. Customers are normally invoiced monthly, with payment generally due 30 days from invoice date.

(2) Consulting and contracting services

We provide consulting and contracting services on both fixed fee and time-and-material bases. The services are provided by our own employees or by third party contractors. For fixed fee contracts we recognise revenue from these services as principal over time based on labour hours worked as a percentage of total estimated hours, for each contract where we have an enforceable right to payment for performance completed. Where it is probable that a loss will arise from a fixed price service contract, we immediately recognise the excess of total costs over revenue as an expense. For time-and-material contracts we recognise revenue over time at agreed-upon billing rates when services are provided. Customers are normally invoiced monthly, with payment generally due 30 days from invoice date.

We act as principal in providing these services, as we are primarily responsible for fulfilling the services (whether we engage a third-party contractor or not) and we have discretion in setting the price for the services to the customer.

C Incentives and rebates

We account for incentives and rebates from suppliers in the period in which they are earned. Rebates earned were traditionally related to sales volumes and short term in nature, with rebates earned but not yet received typically relating to the preceding quarter’s sales. In recent times, our key vendors have transitioned from volume-based to more services incentive programs to incentivise increased customer engagement and adoption of their products. Incentives and rebates are earned in relation to sales made as principal or agent; they are recognised in cost of goods sold or revenue, respectively, in the Consolidated Statement of Comprehensive Income; incentives and rebates earned but not yet received are included within accrued income in the Statement of Financial Position.

D Other revenue

Other revenue comprises primarily interest revenue, which is recognised as it accrues using the effective interest method.

Note 4. Expenses

	2024 \$'000	2023 \$'000
Depreciation and amortisation of property and equipment	1,195	1,161
Depreciation of right-of-use assets (Note 16)	3,911	3,806
Amortisation of software recorded in depreciation and amortisation (Note 9)	1,197	1,313
Depreciation and amortisation - recorded in depreciation and amortisation expense	6,303	6,280
Amortisation of software - recorded in cost of sales (Note 9)	758	874
Total depreciation and amortisation	7,061	7,154
Finance costs		
Interest on lease liabilities (Note 16)	1,084	1,188
Other interest and finance charges paid/payable	2	31
Unwinding of discount on provisions and other payables (Note 12)	28	28
	1,114	1,247
Employee benefits expense	172,215	157,555
Termination benefits expense (excluding employee-originated terminations)	474	304
Defined contribution superannuation expense	19,876	18,447
Other charges against assets - Impairment of trade receivables (Note 7(b))	420	7

Note 5. Income tax

	2024	2023
	\$'000	\$'000
The major components of income tax expense are as follows:		
Current income tax expense	20,722	16,440
Deferred income tax relating to the origination and reversal of temporary differences	(1,985)	(310)
Adjustments for current tax of prior years	25	74
Income tax expense	18,762	16,204
A reconciliation between income tax expense and the product of accounting profit before income tax multiplied by the company's applicable income tax rate is as follows:		
Accounting profit before income tax	62,073	53,234
Income tax calculated at the Australian tax rate: 30% (FY23: 30%)	18,622	15,970
Tax effect of amounts which are not deductible in calculating taxable income:		
Non-deductible items	134	183
	18,756	16,153
Difference in overseas tax rates	(19)	(23)
Under/(over) provision in prior year	25	74
Income tax expense	18,762	16,204
	%	%
Effective tax rate (income tax expense as a percentage of profit before tax)	30.2	30.4

We paid income taxes (net of refunds in relation to the prior year, if any) of \$17,664,000 during FY24 (FY23: \$13,033,000).

Deferred income tax assets and liabilities are attributable to the following temporary differences:

	2024	2023
	\$'000	\$'000
Lease liabilities	6,178	7,165
Accrued liabilities	3,532	3,098
Provisions	3,814	3,473
Depreciation	715	303
Share-based payments	1,013	688
Other	30	31
Total deferred tax assets	15,282	14,758
Right-of-use assets	(5,220)	(6,319)
Intangible assets	(856)	(589)
Contract assets	(1,166)	(1,988)
Other	(7)	17
Total deferred tax liabilities	(7,249)	(8,879)
Net deferred tax assets	8,033	5,879

Movements in deferred tax assets are as follows:

	Lease liabilities	Accrued liabilities	Provisions	Depreciation	Share-based payments	Other	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 30 June 2022	7,693	2,936	3,164	180	547	41	14,561
(Charged)/credited							
- to profit or loss	(528)	162	309	132	(162)	7	(80)
- to current tax liability	-	-	-	(9)	-	(17)	(26)
- to equity	-	-	-	-	303	-	303
Balance at 30 June 2023	7,165	3,098	3,473	303	688	31	14,758
(Charged)/credited							
- to profit or loss	(987)	434	341	410	134	21	353
- to current tax liability	-	-	-	2	-	(22)	(20)
- to equity	-	-	-	-	191	-	191
Balance at 30 June 2024	6,178	3,532	3,814	715	1,013	30	15,282

Note 5. Income tax (continued)

Movements in deferred tax liabilities are as follows:

	Right-of-use assets	Intangible assets	Contract assets	Other	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 30 June 2022	(7,076)	(282)	(1,747)	(164)	(9,269)
(Charged)/credited					
- to profit or loss	757	(307)	(241)	181	390
Balance at 30 June 2023	(6,319)	(589)	(1,988)	17	(8,879)
(Charged)/credited					
- to profit or loss	1,099	(267)	822	(22)	1,632
- to current tax liability	-	-	-	(2)	(2)
Balance at 30 June 2024	(5,220)	(856)	(1,166)	(7)	(7,249)

Note 6. Cash and cash equivalents

	2024	2023
	\$'000	\$'000
Cash at bank and on hand	26,381	35,752
Deposits at call	250,000	369,014
	276,381	404,766

For purposes of the consolidated statement of cash flow, cash and cash equivalents include cash on hand, deposits held at call with financial institutions, and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. We show any bank overdrafts within borrowings in current liabilities on the balance sheet.

Reconciliation of net profit to net cash flow from operations

	Notes	2024 \$'000	2023 \$'000
Profit for the year		43,311	37,030
Loss (gain) on disposal of property, equipment and software		7	(7)
Depreciation and amortisation	4	7,061	7,154
Unwinding of discount on provisions	4	28	28
Bad and doubtful debts	4	420	7
Non-cash employee benefits expense – share-based payments	22	1,162	1,009
Other		(1)	46
Change in operating assets and liabilities			
Decrease/(increase) in receivables		(65,307)	73,997
Decrease/(increase) in contract assets		2,504	(79)
Decrease/(increase) in inventories		312	13,570
Decrease/(increase) in other operating assets		(919)	(1,259)
Decrease/(increase) in net deferred tax assets ¹		(1,963)	(284)
Increase/(decrease) in payables		(71,217)	152,884
Increase/(decrease) in contract liabilities		(5,334)	2,410
Increase/(decrease) in current tax liabilities		3,060	3,454
Increase/(decrease) in provision for employee benefits		686	1,056
Net cash inflow/(outflow) from operating activities		(86,190)	291,016

1. The movement in deferred tax assets is net of the tax effect of \$191,000 related to the share-based payments equity reserve (FY23: \$303,000).

Non-cash transactions
During FY24 we entered into new leases resulting in the recognition of additional lease assets of \$246,000 (FY23: \$1,285,000) and corresponding lease and make-good liabilities of \$209,000 and \$36,000, respectively (FY23: leases of \$1,285,000). These transactions are excluded from the consolidated statement of cash flows.

Note 7. Trade and other receivables

	2024 \$'000	2023 \$'000
Current		
Trade receivables (a)	500,033	436,480
Allowance for impairment (b)	(448)	(62)
	499,585	436,418
Other receivables (c)	19,563	18,370
	519,148	454,788
Non-current		
Trade receivables on deferred payment terms (d)	744	217

We carry loans and receivables at amortised cost using the effective interest method. We establish an allowance for impairment of loans and receivables using the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

To measure the expected credit losses, we group trade receivables based on shared credit risk characteristics (being government versus other debtors) and the days past due. The expected loss rates are based on the historical credit losses experienced over the previous five years. We adjust historical loss rates to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. More material or higher risk receivable balances are reviewed individually, and we consider specific circumstances including payment history, the forecast of economic conditions in the customer's operating sector, communication quality and responsiveness to determine future expected credit losses. We provide individually, where necessary, based on the perceived level of risk. In addition, any entities that are in administration are provided for individually.

Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

(a) Trade receivables

Trade receivables are non-interest bearing and generally due for settlement within 30 days.

(b) Allowance for impairment

We recognised an impairment loss of \$420,000 in the current year (FY23: \$7,000). Impairment amounts are included in profit or loss within other expenses. Movements in the provision for impairment loss were as follows:

	\$'000
Carrying amount at 1 July 2022	111
Impairment loss recognised during the year	7
Receivables written off during the year	(7)
Unused provision reversed during the year	(49)
Carrying amount at 30 June 2023	62
Impairment loss recognised during the year	420
Receivables written off during the year	(34)
Carrying amount at 30 June 2024	448

Our ageing of trade receivables, receivables past due not impaired, and the expected loss percentage applied to each ageing category at 30 June 2024, is as follows:

	2024				2023			
	Expected loss	Trade receivables	Credit loss allowance	Past due but not impaired	Expected loss	Trade receivables	Credit loss allowance	Past due but not impaired
	%	\$'000	\$'000	\$'000	%	\$'000	\$'000	\$'000
Current	-	478,794	-	-	-	411,074	-	-
1-30 days	0.3%	15,368	51	15,317	-	17,701	-	17,701
31-60 days	1.2%	3,391	41	3,350	-	1,872	-	1,872
61-90 days	1.3%	870	11	859	0.5%	2,197	11	2,186
91-120 days	1.6%	561	9	552	1.0%	720	7	713
+120 days	32.0%	1,049	336	713	1.5%	2,916	44	2,872
		500,033	448	20,791		436,480	62	25,344

The increase in the expected loss percentage relates to two specifically identified debtors as at 30 June 2024 and does not represent underlying deterioration of the credit quality of our customers. For trade receivables that are past due, each customer's account has been placed on hold where deemed necessary until full payment is made.

(c) Other receivables

These amounts generally arise from accrued rebates or transactions outside our usual operating activities. Interest is normally not charged, collateral is not normally obtained, and the receivables are normally due within 30 days of recognition. None of these receivables are past due.

(d) Trade receivables on deferred payment terms

Non-current trade receivables are unsecured, non-interest bearing and payable within two years. None of these receivables are past due.

Note 8. Other assets

	2024 \$'000	2023 \$'000
Prepayments	6,030	5,125
Security deposits	103	89
	6,133	5,214

Note 9. Intangible assets

	2024 \$'000	2023 \$'000
Goodwill – at cost	11,843	11,843
Accumulated impairment	(1,787)	(1,787)
	10,056	10,056
Software assets – at cost	7,740	7,740
Accumulated amortisation and impairment	(4,544)	(3,347)
	3,196	4,393
Internally generated software assets – at cost	8,471	8,471
Accumulated amortisation and impairment	(8,471)	(7,713)
	-	758
	13,252	15,207

	Goodwill \$'000	Software assets \$'000	Internally generated software \$'000	Total \$'000
Carrying amount at 1 July 2022	10,056	5,706	1,632	17,394
Amortisation (Note 4)	-	(1,313)	(874)	(2,187)
Carrying amount at 30 June 2023	10,056	4,393	758	15,207
Amortisation (Note 4)	-	(1,197)	(758)	(1,955)
Carrying amount at 30 June 2024	10,056	3,196	-	13,252

Goodwill
We initially measure goodwill on acquisition at cost, being the excess of the cost of the business combination over the acquirer’s interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Subsequently goodwill is carried at cost less any accumulated impairment losses. We test goodwill for impairment on an annual basis, or more frequently if events or changes in circumstances indicate that it might be impaired, and we write its value down when impaired (refer next page).

Software
Software assets include those we have developed ourselves and those we have purchased. We capitalise costs incurred in purchasing or developing software where the software will provide a future financial benefit to the group and we have control over the use of the software. Costs of internally generated software that we capitalise from the date we have determined the software’s technical feasibility include external direct costs of materials and service and direct payroll and payroll-related costs of employees’ time spent on the project. Software assets are carried at cost less accumulated amortisation and impairment losses. We calculate amortisation using the straight-line method over the estimated useful lives of the respective assets, generally two to five years.

Impairment testing
Goodwill is not subject to amortisation; we test it annually for impairment or more frequently if events or changes in circumstances indicate it might be impaired. We test other assets for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. We recognise an impairment loss for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs to sell or value in use. For the purposes of assessing impairment, we group together assets that cannot be tested individually into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the cash-generating unit or CGU). For the purpose of goodwill impairment testing, we aggregate CGUs to which goodwill has been allocated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. We allocate goodwill acquired in a business combination to groups of CGUs that are expected to benefit from the synergies of the combination.

We have allocated goodwill to our cash-generating units (CGUs) according to business unit, unless that unit did not exist at the time of the business acquisition which generated the goodwill. Goodwill summarised by business unit is shown below:

Cash generating unit (CGU)	Carrying amount at 1 July 2022 \$'000	Reallocation of goodwill during FY23 \$'000	Carrying amount at 30 June 2023 \$'000	Impairment recognised during FY24 \$'000	Carrying amount at 30 June 2024 \$'000
Infrastructure Solutions	847	877	1,724	-	1,724
Software Solutions	2,013	-	2,013	-	2,013
Business Aspect	1,532	-	1,532	-	1,532
Project Services	1,211	-	1,211	-	1,211
Support Services	2,396	-	2,396	-	2,396
People Solutions	1,180	-	1,180	-	1,180
Discovery Technology	877	(877)	-	-	-
	10,056	-	10,056	-	10,056

We determine whether goodwill is impaired at least on an annual basis. This requires an estimation of the recoverable amount of the cash generating units to which the goodwill is allocated. We determined the recoverable amount of each cash generating unit based on a value-in-use calculation using cash flow projections based on financial projections approved by senior management for FY25. In FY23, following the integration of Discovery Technology operations into the Infrastructure Solutions CGU, the goodwill associated with Discovery Technology was reallocated to Infrastructure Solutions. We applied a 12% before-tax discount rate to cash flow projections (FY23: 12%) and extrapolated cash flows for the four years beyond the FY25 financial year using an average growth rate of 3.5% (FY23: 3.5%) and a terminal value growth rate thereafter of 3.0% (FY23: 3.0%). No impairment was identified on these cash generating units at 30 June 2024 (FY23: nil).

Key assumptions used in value-in-use calculations
We determined budgeted gross profits based on past performance and our expectations for the future. The discount rate was estimated based on our weighted average cost of capital at the date of impairment test. We have considered and assessed reasonably possible changes to these key assumptions and have not identified any that could cause the carrying amount of goodwill to exceed its recoverable amount.

Note 10. Trade and other payables

	2024	2023
	\$'000	\$'000
Current		
Trade payables – unsecured	679,619	728,721
Other payables – unsecured	24,746	46,861
	704,365	775,582

Current trade and other payables are unsecured and are usually paid within 30 to 60 days of recognition.

Note 11. Contract liabilities

	2024	2023
	\$'000	\$'000
Contract liabilities	46,786	52,120

Contract liabilities arise primarily from revenue contracts when customers pay us amounts due under the contracts before the goods or services identified in the contracts are delivered and from rebates received in advance from vendors on multi-year contracts. The contract liabilities primarily relate to contracts where the revenue is recognised at a point in time, and revenue is normally recognised within one to three years. We recognised revenue of \$24,742,000 that was included in the contract liability balance at 1 July 2023 in relation to customer and related vendor contracts for the provision of IT products and services (FY23: \$46,344,000).

Note 12. Provisions

	2024			2023		
	Current	Non-current	Total	Current	Non-current	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Employee benefits (long service leave)	7,990	3,186	11,176	7,806	2,684	10,490
Lease remediation	18	1,072	1,090	-	1,026	1,026
	8,008	4,258	12,266	7,806	3,710	11,516

Movements in provisions other than employee benefits are as follows:

	Lease remediation
	\$'000
Balance at 1 July 2022	998
Increase to present value	28
Balance at 30 June 2023	1,026
Additions	36
Increase to present value	28
Balance at 30 June 2024	1,090

Note 13. Earnings per share

	2024	2023
Basic earnings per share (cents)	28.00	23.96
Diluted earnings per share (cents)	27.90	23.88
Earnings used in the calculation of basic and diluted earnings per share (\$000)	43,311	37,030
Weighted average number of ordinary shares for basic earnings per share (number)	154,686,011	154,556,033
Adjustment for dilutive elements (share rights – number)	549,494	499,183
Weighted average number of ordinary shares for diluted earnings per share (number)	155,235,505	155,055,216

During FY24 104,880 shares were issued under the Data#3 Long Term Incentive Plan (FY23: 249,999). Please refer to Note 22 for further detail.

Note 14. Dividends

	2024	2023
	\$'000	\$'000
Dividends paid on ordinary shares during the year		
Final fully franked dividend for FY23: 11.90c per share (FY22: 10.65c)	18,410	16,465
Interim fully franked dividend for FY24: 12.60c per share (FY23: 10.00c)	19,492	15,460
	37,902	31,925
Dividends declared (not recognised as a liability at year end)		
Final fully franked dividend for FY24: 12.90c (FY23: 11.90c)	19,957	18,397
The tax rate at which dividends paid have been franked is 30% (FY23: 30%). Dividends declared will be franked at the rate of 30% (FY23: 30%).		
Franking credit balance		
Franking credits available for subsequent financial years based on a tax rate of 30% (FY23: 30%)	38,561	34,086

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for the following:

- (a) franking credits that will arise from the payment of the current tax liability;
- (b) franking debits that will arise from the payment of dividends recognised as a liability at the reporting date; and
- (c) franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date.

The dividend declared by the directors since year end, but not recognised as a liability at year end, will result in a reduction in the franking account of \$8,553,000 (FY23: \$7,885,000).

Note 15. Contributed equity

(a) Movements in ordinary share capital	Number of shares
Ordinary shares on issue at 1 July 2022	154,349,185
Ordinary shares issued during the year (Note 22)	249,999
Ordinary shares on issue at 30 June 2023	154,599,184
Ordinary shares issued during the year (Note 22)	104,880
Ordinary shares on issue at 30 June 2024	154,704,064

(b) Ordinary shares

All ordinary shares issued as at 30 June 2024 and 2023 are fully paid. Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the company in proportion to the number of and amounts paid on the shares held. Every holder of ordinary shares present at a meeting in person or by proxy is entitled to one vote per share. Ordinary shares have no par value, and the company has an unlimited amount of authorised capital. Subject to legislative requirements, the directors control the issue of shares in the company.

(c) Share options

No share options are outstanding as at 30 June 2024 (2023: nil).

(d) Share rights

Please refer to Note 22.

(e) Capital management

When managing capital (equity), the Board’s objectives are to ensure the group continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. The Board adjusts the capital structure as necessary to take advantage of favourable costs of capital or high returns on assets. As the market is constantly changing, the Board may change the amount of dividends to be paid to shareholders, return capital to shareholders, issue new shares or reduce debt that may be incurred to acquire assets.

During FY24 the Board paid dividends of \$37,902,000 (FY23: \$31,925,000). The Board’s intent is to maintain the historical dividend payout ratio; however, market conditions and funding requirements are taken into consideration prior to the declaration of each dividend.

We are not subject to any externally imposed capital requirements.

Note 16. Leases

Right-of-use assets

	2024 \$’000	2023 \$’000
Right-of-use assets – premises leases	33,235	32,989
Accumulated amortisation	(16,017)	(12,154)
	17,218	20,835
Right-of-use assets – equipment leases	239	239
Accumulated depreciation	(58)	(10)
	181	229
	17,399	21,064

Right-of-use assets

The movement in right-of-use assets follows:

	Right-of-use assets (premises) \$’000	Right-of-use assets (equipment) \$’000	Total right-of-use assets \$’000
Carrying amount at 1 July 2022	23,585	-	23,585
Additions	1,046	239	1,285
Depreciation (Note 4)	(3,796)	(10)	(3,806)
Carrying amount at 30 June 2023	20,835	229	21,064
Additions	246	-	246
Depreciation (Note 4)	(3,863)	(48)	(3,911)
Carrying amount at 30 June 2024	17,218	181	17,399

Lease liabilities

	2024 \$’000	2023 \$’000
Current lease liabilities	3,990	3,587
Non-current lease liabilities	16,605	20,296
Total lease liabilities	20,595	23,883
Total payments for leases during the year comprise the following:		
Principal payments	3,497	3,047
Interest expense	1,084	1,188
Payments made in relation to lease liabilities	4,581	4,235
Payments made for low-value leases	251	350

The future payments of lease liabilities, including interest, are set out in Note 18(c).

We lease various offices, warehouses and office equipment under rental contracts that normally range from three to eight years, with many contracts containing extension options, normally for two to three years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Under the relevant lease agreements (mainly premises) the rentals are subject to periodic review to market and/or for CPI increases. Generally, the premises lease agreements require us to maintain a bank guarantee (please refer to Note 18(c)) as security for the lease agreement. All our significant premises leases allow assignment of the lease or sublease of the premises with the approval of the landlord. All leases are under normal commercial lease terms and conditions.

Note 17. Net cash/(debt) reconciliation

An analysis of net cash/(debt) and the movements in net debt are set out below.

Net cash/(debt)	2024 \$'000	2023 \$'000
Cash and cash equivalents	276,381	404,766
Leases	(20,595)	(23,883)
Net cash	255,786	380,883

Movement in net cash/(debt)	Cash \$'000	Leases \$'000	Total \$'000
Net cash/(debt) at 1 July 2022	149,459	(25,645)	123,814
Cash flows	255,307	3,047	258,354
Acquisition – leases	-	(1,285)	(1,285)
Net cash/(debt) at 30 June 2023	404,766	(23,883)	380,883
Cash flows	(128,385)	3,497	(124,888)
Acquisition – leases	-	(209)	(209)
Net cash/(debt) at 30 June 2024	276,381	(20,595)	255,786

Note 18. Financial risk management

Our business activities can expose us to a variety of financial risks: market risk (including foreign exchange risk, price risk, and cash flow and fair value interest rate risk), credit risk, and liquidity risk. Our overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on our financial performance. To date we have not used derivative financial instruments. We use sensitivity analysis to measure interest rate and foreign exchange risks, and aging analysis for credit risk. Risk management is carried out by our Chief Financial Officer (CFO) under policies approved by the Board of directors. The CFO identifies, evaluates and mitigates financial risks in close cooperation with senior management.

All our financial assets except cash and cash equivalents are within the loans and receivables category at amortised cost, and our financial liabilities are all within the financial liabilities recorded at amortised cost category.

(a) Market risk

(i) Foreign exchange risk

Foreign exchange risk arises for us when future commercial transactions and recognised assets and liabilities are denominated in a currency other than the Australian dollar. We make sales via our Fiji branch to customers who require the currency of settlement to be in Fiji dollars. At year end the Australian dollar value of assets/(liabilities) denominated in Fiji dollars is as follows:

	2024 \$'000	2023 \$'000
Cash	18,353	17,879
Accounts receivable	398	702
Other (liabilities)	(124)	(44)

At 30 June 2024 if the foreign exchange rates had changed, as illustrated in the table below, with all other variables remaining constant, other comprehensive income and equity would have been affected as follows:

	Other comprehensive income		Equity	
	Higher/(lower)		Higher/(lower)	
	2024 \$000	2023 \$000	2024 \$000	2023 \$000
-2.5% (FY23: -3.5%)	(454)	(603)	(454)	(603)
+2.5% (FY23: +4.0%)	478	743	478	743

The rate changes above are based on economic forecasts of major banks for FY25 together with the variation in rates experienced during the current year. Profit or loss would not be affected by a movement in the exchange rates as calculated in the table above because the foreign exchange gain or loss is unrealised and is recorded in other comprehensive income until such time as the gain or loss is realised.

(ii) Price risk

We are not exposed to equity securities or commodity price risk.

(iii) Cash flow and fair value interest rate risk

Our exposure to cash flow interest rate risk arises predominantly from cash and cash equivalents bearing variable interest rates. Our surplus cash position fluctuates regularly, and ongoing liquidity needs mean most of our funds are maintained in at-call accounts. Our borrowings are not material, and our lease liabilities are fixed rate instruments which do not expose us to fair value interest rate risk. At balance date we maintained the following variable rate accounts:

	30 June 2024		30 June 2023	
	Weighted average interest rate	Balance	Weighted average interest rate	Balance
	%	\$'000	%	\$'000
Cash at bank and on hand	2.0%	26,381	1.3%	35,752
Deposits at call	4.3%	250,000	2.1%	369,014
Cash and cash equivalents	4.0%	276,381	1.9%	404,766

At balance date, if the interest rates had changed, as illustrated in the table below, with all other variables remaining constant, after-tax profit and equity would have been affected as follows:

	After-tax profit		Equity	
	Higher/(lower)		Higher/(lower)	
	2024 \$000	2023 \$000	2024 \$000	2023 \$000
-0.75% (75 basis points) (FY23: -0.50%)	(1,355)	(1,354)	(1,355)	(1,354)
+0.25% (25 basis points) (FY23: +1.25%)	451	677	451	677

The rate changes above are based on economic forecasts of major Australian banks for FY25.

Note 18. Financial risk management (continued)

(b) Credit risk

Credit risk arises from the financial assets of our group, which comprise cash and cash equivalents, contract assets, and trade, finance lease and other receivables. Our exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of these instruments. We do not hold any credit derivatives to offset the credit exposure. We have policies in place to ensure that sales of products and services are made to customers with an appropriate credit history; collateral is not normally obtained. We set risk limits for each individual customer in accordance with parameters set by the Board. These limits are regularly monitored.

Specific information as to our credit risk exposures is as follows:

- Cash and cash equivalents are maintained at two large financial institutions with high credit ratings.
- During FY24 year, no customer individually accounted for more than 10% of total revenue (FY23: none); gross sales to one government customer comprised 7.0% of total gross sales on a non-IFRS basis (FY23: 6.9%).
- At 30 June 2024, one debtor comprised 11% of total debtors (FY23: 12%), and the ten largest debtors comprised approximately 39% of total debtors (FY23: 48%), of which 100% were accounts receivable from government customers (FY23: 89%).
- Our customers generally do not have independent credit ratings. Our risk control procedures assess the credit quality of the customer considering its financial position, past experience and other factors. We set individual risk limits based on internal or external ratings in accordance with limits set by the Board. Our credit management department regularly monitors compliance with credit limits. Management believes the credit quality of our customers is high based on the very low level of bad debt write-offs experienced historically. In FY24 total bad debt write-offs as a percent of the trade receivables carrying amount as at 30 June 2024 was 0.08% (FY23: 0.00%).

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. We aim to maintain flexibility in funding by keeping committed credit lines available. We manage liquidity risk by monitoring cash flows and ensuring that adequate cash and unused borrowing facilities are maintained.

At reporting date we had used \$4,140,000 (FY23: \$8,143,000) of the multi-option financing facility for bank guarantees and our corporate credit card facility and had access to the following undrawn borrowing facilities at the reporting date:

	2024	2023
	\$'000	\$'000
Multi-option bank facility	20,860	16,857

The multi-option facility is a comprehensive borrowing facility which includes a bank overdraft facility and is subject to certain financial undertakings. The facility is subject to annual review. Interest is variable and is charged at prevailing market rates. The weighted average interest rate for FY24 was 8.1% (FY23: 6.8%).

Maturity of financial liabilities

The table below categorises our financial liabilities into relevant maturity groups based on their contractual maturities, calculated as their undiscounted cash flows. All the financial liabilities are non-derivative and measured at amortised cost.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years	Total contractual cash flows	Carrying amount
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 30 June 2024						
Trade and other payables	693,578	-	-	-	693,578	693,578
Lease liabilities	4,935	4,677	9,132	4,973	23,717	20,595
	698,513	4,677	9,132	4,973	717,295	714,173
At 30 June 2023						
Trade and other payables	765,350	-	-	-	765,350	765,350
Lease liabilities	4,669	4,747	10,789	7,813	28,018	23,883
	770,019	4,747	10,789	7,813	793,368	789,233

(d) Fair values

The carrying amounts of financial assets (net of any provision for impairment) and current financial liabilities approximate fair value primarily because of their short maturities. The carrying amount of the non-current receivables approximates fair value because the interest rate applicable to the receivables approximates current market rates.

Note 19. Related parties

Wholly-owned group

The consolidated financial statements include the financial statements of Data#3 Limited (being the ultimate parent entity) and the subsidiaries listed in the following table.

Name of entity	Country of formation or incorporation	Equity holding (ordinary shares)	
		2024	2023
		%	%
Business Aspect Group Pty Ltd	Australia	100.0	100.0
Business Aspect (Australia) Pty Ltd	Australia	100.0	100.0
Business Aspect Pty Ltd	Australia	100.0	100.0
Discovery Technology Pty Ltd	Australia	100.0	100.0

Data#3 Limited established the Data#3 Employee Share Trust in FY20 and it remains in operation (refer to Note 22 for further information).

Note 19. Related parties (continued)

Parent entity
Summarised financial information for the parent entity is as follows:

	2024 \$'000	2023 \$'000
As at 30 June		
Current assets	811,054	879,329
Total assets	857,428	929,016
Current liabilities	767,426	840,296
Total liabilities	788,084	864,146
Shareholders' equity		
Contributed equity	12,577	11,861
Share-based payments reserve	960	323
Foreign currency translation reserve	(403)	(212)
Retained earnings	56,210	52,898
Total equity	69,344	64,870
For the year ended 30 June		
Net profit for the year	41,214	35,545
Other comprehensive income, net of tax:		
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	(191)	231
Total comprehensive income	41,023	35,776

Note 20. Contingent liabilities

At 30 June 2024 we had provided bank guarantees totalling \$2,952,000 (FY23: \$2,952,000) to lessors as security for premises we lease and \$1,117,000 (FY23: \$5,117,000) to customers for contract performance. The guarantees will remain in place for the duration of the relevant contracts. Bank guarantees are secured by charges over all our assets.

Note 21. Key management personnel

Key management personnel compensation is set out below.

	2024 \$	2023 \$
Short-term employee benefits (including change in current employment provisions)	2,934,766	3,243,465
Share-based compensation (long-term employee benefits)	683,679	667,753
Termination benefits	561,274	-
Change in non-current employment provisions (long-term employee benefits)	5,222	2,067
Post-employment benefits	175,963	163,536
	4,360,904	4,076,821

For additional information refer to the remuneration table on page 48.

Transactions with key management personnel

There were no transactions during FY24 or FY23 with key management personnel or their personally related entities other than compensation and transactions in relation to shares and performance rights as discussed in this report (refer to Note 22).

The following table shows the rights granted and outstanding at the beginning and end of the reporting period in relation to key management personnel:

	Fair value per right granted \$	Share rights Number
Balance 30 June 2022		484,686
Share rights granted	6.40	123,412
Share rights settled		(249,999)
Balance 30 June 2023		358,099
Share rights granted	6.30	71,017
Share rights granted	7.76	15,325
Share rights forfeited		(16,907)
Share rights settled		(79,090)
Share rights of new/(exiting) KMPs		(161,718)
Balance 30 June 2024		186,726

Note 21. Key management personnel (continued)

Ordinary shares held directly, indirectly or beneficially by key management personnel, including their personally related entities, are shown below.

Ordinary shares	
	Number
Balance 30 June 2022	4,980,401
Received upon exercise of rights	249,999
Other changes*	(697,948)
Balance 30 June 2023	4,532,452
Received upon exercise of rights	79,090
Other changes*	(1,004,216)
Balance 30 June 2024	3,607,326

* Other changes refer to the individual's on-market trading plus the individual's shareholding at the date the person commenced or ceased to be a key management person, as applicable.

None of the shares in the preceding table are held nominally by the directors or any of the other key management personnel.

Note 22. Share-based payments

The Data#3 Long Term Incentive Plan (LTIP) was approved by shareholders at the 2018 Annual General Meeting. The LTIP has been designed to align the interests of eligible employees with the interests of shareholders of the company by enabling directors and employees to have involvement with, and share in the future and growth of, the company and to assist the company to attract, reward and retain high quality staff. Under the LTIP participants are granted rights or options which only vest if certain performance conditions are met. The exercise price, vesting conditions and vesting period are set by the Board in its discretion. Participation in the LTIP is at the Board's discretion, and no individual has a contractual right to participate in the LTIP or to receive any guaranteed benefits. Rights or options are granted under the LTIP for no consideration and carry no dividend or voting rights. Vested rights are exercisable for 60 days following issuance of the audited financial statements.

The number of rights to be granted is determined based on the currency value of the board-approved LTI divided by the volume weighted average share price for the five trading days following the release of the preceding year's audited financial statements.

The following table shows the rights granted and outstanding at the beginning and end of the reporting period:

	Fair value per right granted	Share rights
	\$	Number
Balance at 30 June 2022		568,341
Settled on 1 September 2022		(249,999)
Granted on 18 November 2022	6.40	213,876
Balance at 30 June 2023		532,218
Settled on 1 September 2023		(104,880)
Granted on 31 October 2023	6.30	147,892
Forfeited on 1 March 2024		(16,907)
Granted on 1 March 2024	7.76	15,325
Balance at 30 June 2024		573,648

At 30 June 2024 204,269 of the performance rights (FY23: 104,880) vested. The 104,880 rights granted in FY21 were settled during the year (nil exercise price) (FY23: 249,999 rights and nil exercise price). No options were granted, lapsed, forfeited, settled or exercised during the year (FY23: nil).

Note 22. Share-based payments (continued)

Settlement of FY21 rights
On 1 September 2023 ordinary shares were issued to the Data#3 Employee Share Trust ("the share trust"), which in turn provided the shares to executives whose rights vested under the Data#3 Long Term Incentive Plan. Data#3 Limited provided the funds to the share trust to enable the acquisition of shares. The rights were granted on 12 November 2020 and fully vested on 30 June 2023. Other details of the share issuance are set out below.

Number of rights converted to shares	104,880
Share price of shares issued	\$6.829

Refer to the table below for the amounts recorded in the financial statements in relation to the performance rights.

Fair value of performance rights granted
For the rights outstanding at balance date, the assessed fair value at grant date of performance rights granted was calculated using the Black Scholes Model that takes into account the following inputs:

	Date of rights grant			
	FY22	FY23	FY24	FY24
	30 November 2021	18 November 2022	31 October 2023	1 March 2024
Exercise price per share	Nil	Nil	Nil	Nil
Expiry date	30 June 2024	30 June 2025	30 June 2026	30 June 2026
Share price at grant date	\$5.68	\$6.85	\$6.77	\$8.26
Expected dividend yield	2.65%	2.63%	2.70%	2.70%

Amounts recorded in the financial statements in relation to the performance rights are set out below.

	\$000
Share based payments reserve at 1 July 2022	559
Issue of shares for performance rights under employee share scheme (offsets contributed equity)	(1,548)
Employee benefits expense in relation to performance rights	1,009
Movement in deferred tax related to performance rights	303
Share based payments reserve at 30 June 2023	323
Issue of shares for performance rights under employee share scheme (offsets contributed equity)	(716)
Employee benefits expense in relation to performance rights	1,162
Movement in deferred tax related to performance rights	191
Share based payments reserve at 30 June 2024	960

Accounting policy
We provide equity-settled share-based payments to employees through the Long-term Incentive Plan (LTIP).

The fair value of the incentives and options granted is determined at grant date and is recognised as an employee benefit expense with a corresponding increase in equity on a straight-line basis over the period during which the employees become unconditionally entitled to the incentives or options. We determine the fair value using the Black Scholes Model that takes into account the market price of the company's shares at the grant date, the three-year vesting period and expected dividends during that period that will not be received by the employees.

At each balance sheet date we revise the estimated number of rights/options that are expected to become exercisable. The employee benefits expense recognised each period takes into account the most recent estimate.

Note 23. Remuneration of auditor

The following fees were paid or payable to the auditor for audit and non-audit services:

	2024 \$	2023 \$
Audit and other assurance services		
Audit and review of financial statements	183,500	175,000
Non-audit services		
Tax compliance services	21,280	20,314
Other business advice	4,700	-
	25,980	20,314
Total remuneration	209,480	195,314

We employ Pitcher Partners on assignments additional to its statutory duties where the firm's expertise and experience with our group are important.

Note 24. Accounting standards not yet effective

Relevant Australian Accounting Standards that have recently been issued or amended, but are not yet effective and have not been adopted for the annual reporting period ended 30 June 2024, are as follows:

Standard/Interpretation	Application date of Standard ⁽¹⁾	Application date for the group ⁽¹⁾
AASB 2020-1 and 2020-6 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current	1 January 2024	1 July 2024
AASB 2023-1 Amendments to Australian Accounting Standards – Supplier Finance Arrangements	1 January 2024	1 July 2024
AASB 2024-2 Amendments to Australian Accounting Standards – Classification and Measurement of Financial Instruments	1 January 2026	1 July 2026
AASB 18 Presentation and Disclosure in Financial Statements	1 January 2027	1 July 2027

1. Application date is for annual reporting periods beginning on or after the date shown in the above table.

The directors anticipate that the adoption of these standards and interpretations in future years may have the following impacts:

AASB 2020-1 – the standard amends AASB 101 Presentation of Financial Statements to clarify that liabilities are classified as either current or non-current depending on the rights that exist at the end of the reporting period. When this Standard is first adopted for the year ending 30 June 2025, we do not expect there will be any changes to the classification of liabilities within our financial report, as we do not have any material borrowings.

AASB 2023-1 – the standard amends AASB 107 and AASB 7 to require an entity to provide additional disclosures about its supplier finance arrangements to enable users of financial statements to assess how supplier finance arrangements affect an entity's liabilities, cash flows and exposure to liquidity risk. When this Standard is first adopted for the year ending 30 June 2025, we do not expect there will be any material changes to the disclosures within our financial report, as we do not have any material financing arrangements.

AASB 2024-2 – the standard amends AASB 7 and AASB 9 to provide guidance on when a financial asset or a financial liability is recognised and derecognised and includes an exception for the derecognition of certain financial liabilities that are settled using an electronic payment system. The amendments also set out new measurement and disclosure requirements in relation to cash flows with ESG-linked conditions and additional disclosures relating to investments in equity instruments. As the initiation and settlement of our trade payables occurs within the same day for all material payments, when this Standard is first adopted for the year ending 30 June 2027, we do not expect there will be any material changes to the disclosures within our financial report, as we do not currently have material transactions which are the subject of this amendment.

AASB 18 – the standard replaces AASB 101 Presentation of Financial Statements to improve how entities communicate in their financial statements, with a particular focus on information about financial performance in the statement of profit or loss. When this Standard is first adopted for the year ending 30 June 2028, there will be changes in the format of information presented on each of the primary financial statements in the financial report.

Consolidated entity disclosure statement

Set out below is relevant information relating to entities that are consolidated in the consolidated financial statements at the end of the financial year as required by the Corporations Act 2001 (s.295(3A)(a)):

Name of entity	Country of formation or incorporation	Country of tax residency	Equity holding (ordinary shares) %
Parent entity			
Data*3 Limited	Australia	Australia ¹	N/A
Wholly owned subsidiaries			
Business Aspect Group Pty Ltd	Australia	Australia	100
Business Aspect (Australia) Pty Ltd	Australia	Australia	100
Business Aspect Pty Ltd	Australia	Australia	100
Discovery Technology Pty Ltd	Australia	Australia	100
Other entities			
Data*3 Employee Share Trust	Australia	Australia	N/A

1. Data*3 Limited also operates a branch in Fiji which has its tax residency in Fiji.

At the end of the financial year, no entity within the consolidated entity was a trustee of a trust within the consolidated entity, a partner in a partnership within the consolidated entity, or a participant in a joint venture with the consolidated entity.

Directors' declaration

In the opinion of the directors:

(a) the financial statements and notes set out on pages 57 to 88 are in accordance with the *Corporations Act 2001*, including:

- (i) complying with Australian Accounting Standards and the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
- (ii) giving a true and fair view of the group's financial position as at 30 June 2024 and of its performance for the financial year ended on that date;

(b) there are reasonable grounds to believe that the group will be able to pay its debts as and when they become due and payable; and

(c) the consolidated entity disclosure statement set out on page 89 is true and correct.

The notes to the consolidated financial statements confirm that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The directors have been given the declarations by the managing director and chief financial officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the directors.

A M Gray
Chairman

Mark Gray

Brisbane
21 August 2024

Independent Auditor's Report to the Members of Data#3 Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Data#3 ("the Company") and its controlled entities ("the Group"), which comprises the consolidated balance sheet as at 30 June 2024, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements including material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 30 June 2024 and of its financial performance for the year then ended; and
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter

Revenue Recognition (\$805,746,000)

Refer to note 3

We have focused on revenue as a key audit matter.

Given the nature of the Group's operations, the performance at the end of the financial year has a significant impact on the Group's profit for the year. This is due to the quantum of revenue transactions occurring near year-end.

The Group enters into differing types of contracts with customers and recognises revenue from contracts with customers for software & cloud and solutions & services as disclosed in note 3 of the consolidated financial statements. AASB15 Revenue from Contracts with Customers requires management to apply judgement, also when assessing whether the Group acts as a principal or agent and the timing of revenue recognition. The assessment whether the Group acts as a principal or agent affects whether revenue is presented on a gross or net basis.

The assessment regarding the timing of revenue recognition determines whether revenue is recognised in the appropriate period.

How our audit addressed the key audit matter

Our procedures included, amongst others:

- Understanding and evaluating the design and implementation of controls over the revenue recognition and invoicing process;
- Evaluating the operating effectiveness of key controls that are relevant to the recognition of revenue;
- Assessing the revenue recognition policy based on AASB15;
- Selecting a sample of transactions prior to year-end and agreeing to supporting documentation to obtain evidence that the goods have been delivered and accepted at a customer's specified location (sales recognised at a point in time), a specified project milestone had been achieved (sales recognised over time) or labour hours had been worked (sales recognised over time), in the same period to which the revenue is recognised;
- Performing substantive tests of detail on receivables, contract assets and contract liabilities recognised at year end to obtain evidence on the existence / completeness of the assets / liabilities at year-end and the corresponding revenue being recognised in the correct period; and
- Assessing the adequacy of the disclosures in the financial report.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2024, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Other Matter – Change in accounting policy

We draw attention to note 3 which discloses the nature and amounts adjusted in the prior period as a result of a change in accounting policy with regard to the recognition of revenue as an agent not a principle for certain customer contracts. Our opinion is not modified in respect of this matter.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of:

- (a) the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*; and
- (b) the consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001*; and for such internal control as the directors determine is necessary to enable the preparation of:
 - (i) the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
 - (ii) the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 40 to 52 of the directors' report for the year ended 30 June 2024. In our opinion, the Remuneration Report of Data*3, for the year ended 30 June 2024, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



PITCHER PARTNERS



JASON EVANS
Partner

Brisbane, Queensland
21 August 2024

Shareholder Information

The shareholder information set out below was applicable as at 5 August 2024.

1. Distribution of equity securities

(a) Analysis of numbers of equity security holders by size of holding:

	Number of shares	% of issued capital	Number of holders
1 to 1,000	1,194,366	0.77	2,861
1,001 to 5,000	7,104,293	4.59	2,671
5,001 to 10,000	8,384,347	5.42	1,092
10,001 to 50,000	28,290,805	18.29	1,278
50,001 to 100,000	11,676,303	7.55	160
100,001 and over	98,053,950	63.38	114
	154,704,064	100.00	8,176

(b) There were 209 holders of less than a marketable parcel of ordinary shares.

2. Twenty largest quoted equity security holders

Name	Ordinary shares	
	Number held	% of issued shares
HSBC Custody Nominees (Australia) Limited	23,955,562	15.48
Citicorp Nominees Pty Limited	18,632,545	12.04
J P Morgan Nominees Australia Pty Limited	17,117,691	11.06
National Nominees Pty Limited	2,523,389	1.63
Oakport Pty Ltd	2,118,478	1.37
Powell Clark Trading Pty Ltd (Data3 Prof Serv S/F A/C)	2,000,000	1.29
BNP Paribas Nominees Pty Ltd (Agency Lending A/C)	1,761,117	1.14
J T Populin	1,661,379	1.07
BNP Paribas Nominees Pty Ltd	1,580,164	1.02
Anacacia Pty Limited (Wattle Fund A/C)	1,179,249	0.76
BNP Paribas Nominees Pty Ltd ACF (Clearstream)	1,071,647	0.69
Thomson Associates Pty Ltd	1,000,000	0.65
Citicorp Nominees Pty Limited (Colonial First State Inv A/C)	920,503	0.60
U Pty Ltd (Andelise Super Fund A/C)	753,880	0.49
BNP Paribas Nominees Pty Ltd (IB AU Noms Retail A/C)	747,257	0.48
HSBC Custody Nominees (Australia) Limited	703,830	0.45
Elterry Pty Ltd (Powell Family A/C)	660,000	0.43
Banksia Administration Services Pty Ltd (Ron Gilbert Homes S/F A/C)	637,000	0.41
BNP Paribas Nominees Pty Ltd HUB24 Custodial Serv Ltd (DRP A/C)	554,674	0.36
Densley Pty Ltd (Litvin Gamble Unit A/C)	502,000	0.32
	80,080,365	51.76

3. Substantial shareholders

Not applicable.

4. Unquoted equity securities

Not applicable.

5. Voting rights

The voting rights attaching to the ordinary shares, set out in the company’s constitution, are as follows:

- (a) every shareholder present at a general meeting has one vote on a show of hands; and
(b) on a poll, each shareholder has one vote for each fully paid share held.

Options have no voting rights.

Financial Calendar

2024

21 August Full year results announcement
16 September Record date for final dividend
30 September Final dividend payment
30 October Annual General Meeting

2025

14 February Half year results announcement
17 March Record date for interim dividend
31 March Interim dividend payment
30 June Year end

Corporate Directory

Corporate Head Office

Brisbane
Level 1
555 Coronation Drive
TOOWONG QLD 4066

P.O. Box 551
INDOOROPILLY QLD 4068

All Data*3 locations can be reached
on the following numbers:

T: 1300 23 28 23
F: 1300 32 82 32
E: info@data3.com.au
W: www.data3.com.au

Registered Office

Level 1
555 Coronation Drive
TOOWONG QLD 4066

Branch Offices

Sydney
Level 8
100 Arthur Street
NORTH SYDNEY NSW 2060

Melbourne
Level 4
55 Southbank Boulevard
SOUTHBANK VIC 3006

Canberra
Level 3
65 Canberra Avenue
GRIFFITH ACT 2603

Adelaide

Level 14
91 King William Street
ADELAIDE SA 5000

Perth

Level 1
11 Mounts Bay Road
PERTH WA 6000

Hobart

Level 7
39 Murray Street
HOBART TAS 7000

Suva, Fiji

Suva Business Centre
217 Victoria Parade
SUVA

Configuration and Integration Centres

Brisbane

59 Clinker Street
DARRA QLD 4076

Sydney

Unit 5
40 Brodie Street
RYDALMERE NSW 2116

Melbourne

Lot 10 Unit 5
Helen Kob Drive
BRAESIDE VIC 3195

Other Contacts

Auditors

Pitcher Partners
Level 38
Central Plaza One
345 Queen Street
BRISBANE QLD 4000

Bankers

Commonwealth Bank of Australia
Level 22
201 Sussex Street
SYDNEY NSW 2000

Share Registry

Link Market Services Limited
Level 21
10 Eagle Street
BRISBANE QLD 4000

Locked Bag A14
SYDNEY SOUTH NSW 1235
T: (02) 8280 7454
F: (02) 9287 0303
E: registrars@linkmarketservices.com.au
W: www.linkmarketservices.com.au

ABN

Data*3 Limited
31 010 545 267

ACN

Data*3 Limited
010 545 267

ASX Code DTL



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