

FY25 Interim Results Briefing

Presented by



Brad Colledge, MD/CEO



Cherie O'Riordan, CFO

About Data#3

- ASX 200 listed IT Services and Solutions provider in Australia and the Pacific Islands
- Our vision is to harness the power of people and technology for a better future
- 47 years evolving solutions and services to enable customers' success, combined with world-leading vendor technologies
- Delivering the digital future through cloud, modern workplace, security, connectivity, data & analytics solutions, combined with consulting, project and managed services

Agenda

1H FY25 Highlights

1H FY25 Financial Performance

IT Sector Trends

FY25 Strategy & Outlook

Q&A

1H FY25 Highlights

1H FY25 Financial Highlights



Gross Sales

\$1.4B

Up 7.4%



Gross Profit

\$143.6M

Up 10.0%



NPBT*

\$32.0M

Up 4.1%



EBIT*

\$26.0M

Up 4.6%



Basic EPS

14.43 cents

Up 4.2%



Dividends per share

13.10 cents

Up 4.0%

Payout ratio of 90.8%

**Underlying NPBT growth of 7.0% and underlying EBIT growth of 8.1% after adding back one-off restructuring costs of \$0.9 million.*

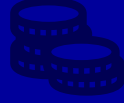
1H FY25 Overview

Gross Sales



\$1.4B

Gross Sales 5-year CAGR



14.6%

Recurring Gross Sales



70%

(FY24: 67%)

People



1,400+

- In line with strategy, strong sales growth in Managed and Maintenance Services and Software Solutions, supporting recurring Gross Sales
- Achieved solid top line growth of 7.4% in line with market, and improved overall gross margin in subdued and competitive market
- Profit before tax of \$32.0M up 4.1% on prior corresponding period and in line with AGM guidance of \$31M to \$33M (up 7.0% after adding back one-off restructuring costs of \$0.9M)
- Leading market position, strength of supplier relationships, long-standing customer base

Key awards + certifications

- HRD Employer of Choice – 9th year in a row
- Great Place to Work – Workplaces in Technology
- Cisco APJC Collaboration Partner of the Year
- Dell Technologies Solution Provider Partner of the Year
- Aruba Partnership Excellence Partner of the Year
- HP Amplify Partner of the Year



ESG update

- Environmental goals - Working towards carbon neutrality by 2032 and development of Net Zero Strategy
- APAC winner of Frost & Sullivan's Enlightened Growth Leadership Best Practices Recognition 2024



1H FY25 Operational Highlights



Cloud Software infused with AI

Cloud is now ubiquitous in our customer solutions



Services

Maintenance, Professional and Managed Services



Security Growth

Fastest growing solution and top customer priority
ISO 27001 certified



Working Capital

Normalised inventory levels
Improved DSOS
Strong cash position



Customer Experience

↑ Customer Satisfaction ratings
Investment in systems and people driven by data and analytics



Global Vendors

Awards, certifications and incentives

Vendor Awards



Leading together: Data#3's award-winning partnership with HPE and Aruba



Data#3 clinches triple crown at HP Partner Awards: Amplify, Sustainability, and Poly Growth Excellence recognised



Data#3 sets the standard in Modern Workplace, securing multiple Cisco awards



Data#3 wins Customer Experience Partner of the Year for APJC at Cisco Partner Summit 2024



Data#3 receives Dell Technologies award for Workforce Transformation Project



Data#3 recognised by Lenovo for infrastructure solutions excellence

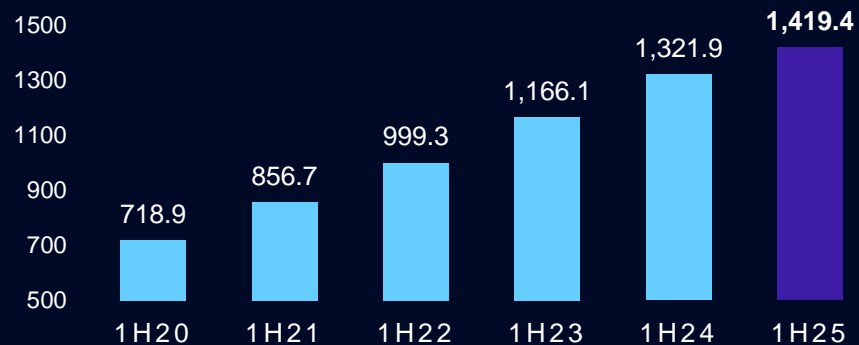
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1H FY25 Financial Performance

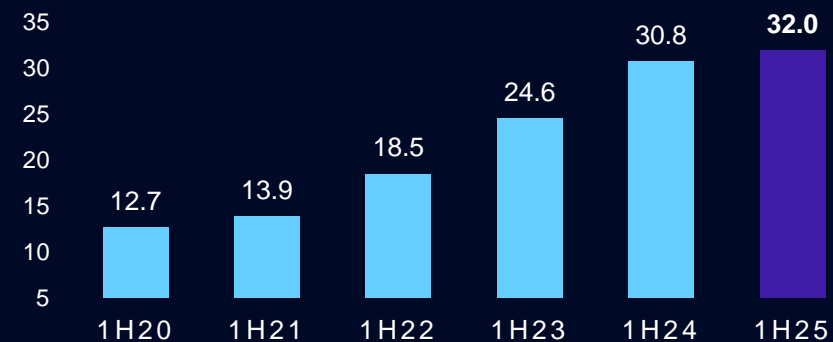
Sustained growth in earnings and Gross Sales

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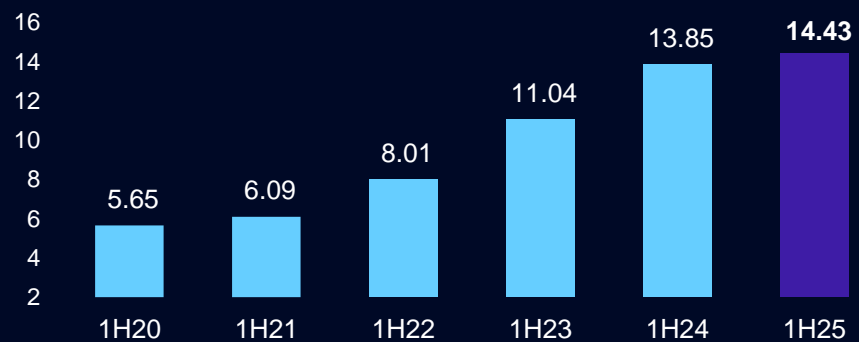
Total Gross Sales & Other Revenue (\$M)



NPBT (\$M)



Basic EPS (cents)



DPS (cents)



Gross margin and Gross profit

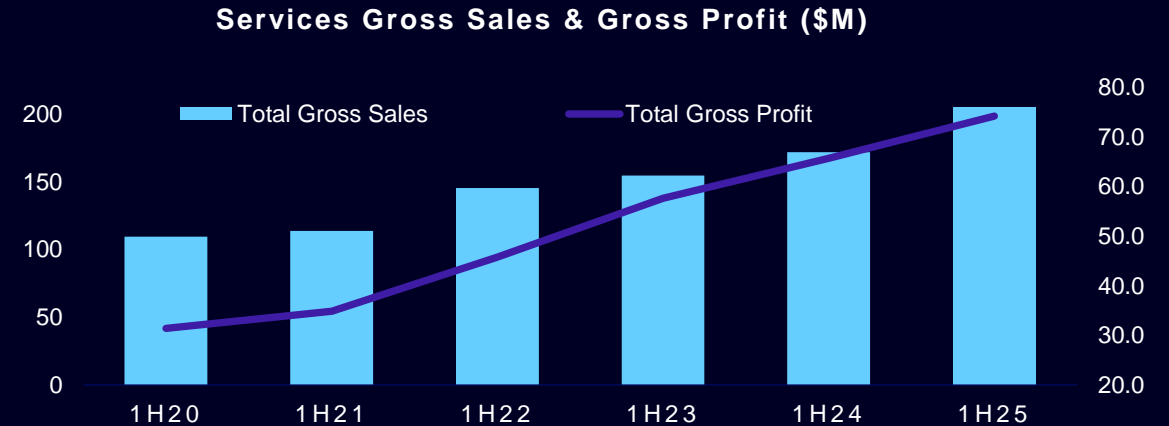
\$M	1H FY25	1H FY24	Growth
Product Gross Sales	1,207.3	1,143.1	5.6%
Product Gross Profit	69.2	64.9	6.7%
Product Margin on Gross Sales	5.7%	5.7%	-
Services Gross Sales	205.4	172.2	19.3%
Services Gross Profit	74.2	65.7	13.0%
Services Margin on Gross Sales	36.1%	38.2%	(2.1pp)
Total Gross Profit	143.6	130.6	10.0%
Total Gross Margin	10.2%	9.9%	0.3pp

Improved overall gross margin in 1H FY25, despite competitive market conditions.

Strong growth in Services and recurring revenue streams, in line with strategy.

Sales by functional area – Services

Business unit	1H FY25 Gross Sales (\$M)	Change vs. 1H FY24
Business Aspect Consulting	14.7	(8.6%)
Project Services	42.2	9.9%
Maintenance Services	87.3	38.2%
Managed Services	26.7	27.7%
People Solutions (recruitment)	32.2	1.5%
Other Services	2.3	
Total Services	205.4	19.3%

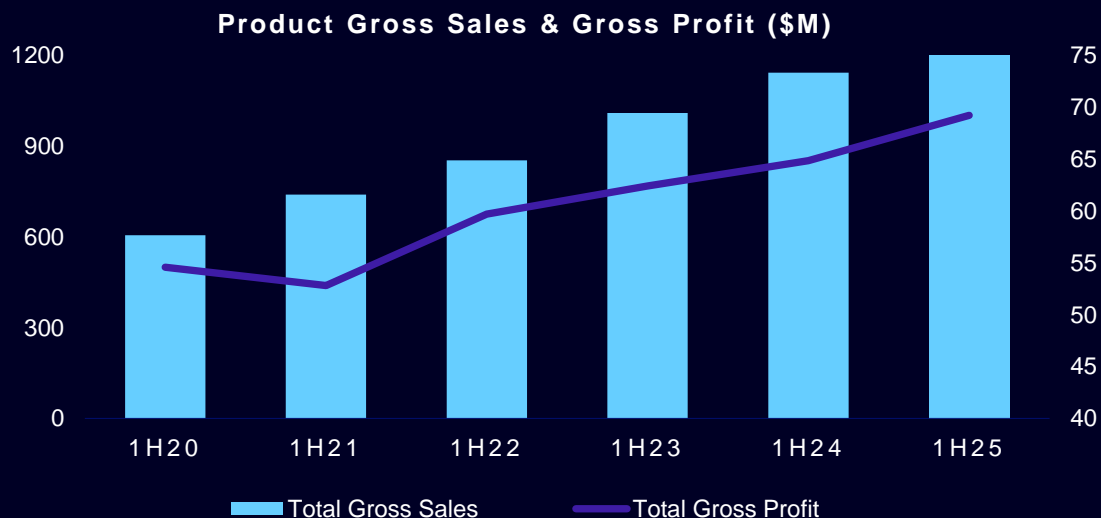


- **Maintenance Services** benefitted from the shift with vendors such as Cisco to multi-year Enterprise Agreements
- **Managed Services** boosted by large contract wins in 2H FY24 and 1H FY25, with ongoing success in the resources sector
- **Project Services** saw steady demand for digital transformation and CoPilot engagements, offset by some customer driven project delays
- **People Solutions** performance reflects stagnant labour market with low unemployment and temporary slow down in Public Sector demand for contingent labour
- **Consulting** impacted by the Queensland State election and challenging economic conditions

Sales by functional area – Product

Business unit	1H FY25 Gross Sales (\$M)	Change vs. 1H FY24
Infrastructure Solutions	234.0	(12.9%)
Software Solutions	975.6	11.4%
Other Services	(2.3)	
Total Product	1,207.3	5.6%

- **Software Solutions** growth driven by demand for security products, cloud subscriptions and Adobe, particularly in the education and public sectors. Also, higher adoption and services rebates aligned with vendor incentive programs.
- **Infrastructure Solutions** impacted by ongoing delays in customer decision making, the Queensland election and a slower ramp in end user compute sales than anticipated.



Reconciliation of Gross Sales to Statutory Revenue

Certain revenues are presented on a net basis following a change in revenue accounting policy in FY24.

- Statutory revenue presented includes the reclassification of Software licensing and vendor delivered maintenance support revenues on a net basis

This is a statutory presentation change only, and the Company will continue to measure operational performance on a Gross Sales* basis.

\$M	1H FY25	1H FY24	Growth
Gross Sales*	1,412.8	1,315.3	7.4%
Gross Profit	143.6	130.6	10.0%
Margin on Gross Sales	10.2%	9.9%	0.3pp
IFRS Adjustments	(1,021.6)	(916.4)	
Statutory Revenue**	391.2	398.9	(1.9%)
Gross Margin (Statutory Revenue)	36.7%	32.7%	3.9pp

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

** Including the reclassification of Software licensing and vendor delivered maintenance support revenues on a net basis, and excludes interest and other income. 1H FY24 Statutory Revenue was restated at 30 June 2024.

pp = percentage point

1H FY25 Financial Results – Profit and Loss

Consolidated Profit & Loss \$'000's	1H FY25	1H FY24*	Change	Change
Revenue and Other income (ex interest)	391,322	398,876	(7,554)	-1.9%
Cost of goods sold	247,733	268,321	(20,588)	-7.7%
Gross Profit	143,589	130,555	13,034	10.0%
<i>Gross profit margin</i>	36.7%	32.7%		3.9pp
Operating Expenses	114,354	102,536	11,818	11.5%
EBITDA**	29,235	28,019	1,216	4.3%
<i>EBITDA margin</i>	7.5%	7.0%		0.4pp
Depreciation and amortisation	3,216	3,136	80	2.6%
Interest Income	6,532	6,455	77	1.2%
Finance costs	526	577	(51)	-8.8%
Net profit for the period	32,025	30,761	1,264	4.1%
<i>Earnings per Share (cents)</i>	14.43	13.85	0.58	4.2%

Includes Software Solutions & vendor delivered Maintenance Support revenues presented on a net basis

Includes general wage increases of 6%, net headcount increase of 1%, IPT Project investments, increase in billable Services and licensing costs and one-off redundancy costs of \$0.9M.

Earned off strong average cash position and high cash rate

Before one-off redundancy costs, change in PBT was 7.0% and aligns with the Non-IFRS gross sales growth of 7.4%

*1H FY24 revenue was restated to present vendor delivered maintenance revenues on a net agency basis.

**Earnings before Interest, Tax, Depreciation and Amortisation

pp = percentage point

1H FY25 Financial Results – Balance Sheet

Consolidated Financial Position \$'000's

31 December 2024

30 June 2024

	31 December 2024	30 June 2024
Cash	131,008	276,381
Other current assets	250,772	547,733
Non-current assets	36,474	42,033
Total assets	418,254	866,147
Current liabilities	320,948	770,368
Non-current liabilities	18,928	20,863
Total liabilities	339,876	791,231
Net assets	78,378	74,916
<i>Current ratio</i>	1.2	1.1

Payments relating to May/June 24 sales peak made Q1 FY25

Trade debtors higher in June with EOFY sales peak. Average Day Sales Outstanding 25 days (June 24: 27 days)

Depreciation of fixed assets

Trade creditors higher in June with EOFY sales peak

Current assets / current liabilities

1H FY25 Financial Results – Cash Flow

Consolidated Cash Flow \$'000's	1H FY25	1H FY24	Change	Change %
Cash flows from operating activities	(123,818)	(266,936)	143,118	-53.6%
Cash flows from investing activities	(429)	(252)	(177)	70.2%
Cash flows from financing activities	(21,852)	(20,116)	(1,736)	8.6%
Net decrease in cash held	(146,099)	(287,304)	141,205	-49.1%
Opening cash balance	276,381	404,766	(128,385)	-31.7%
Effect of FX movements	726	(335)	1,061	-316.7%
Closing cash balance	131,008	117,127	13,881	11.9%

Operating cash outflows in 1H FY25 returned to more normal levels (1H FY24 outflows abnormally high due to normalisation of post pandemic working capital)

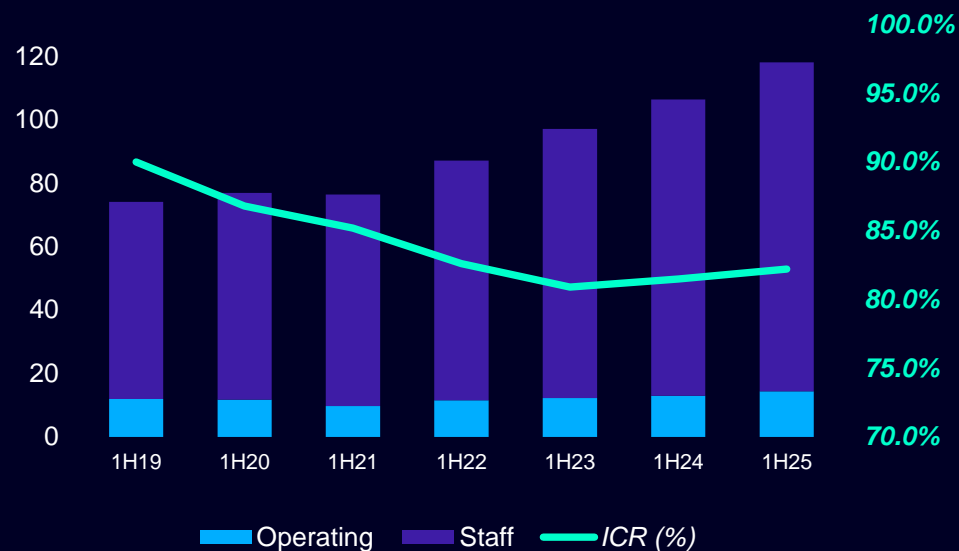
Property, plant and equipment (predominately internal computer equipment)

Dividends paid of \$20M
(1H FY24: \$18.4M) - 91% payout ratio

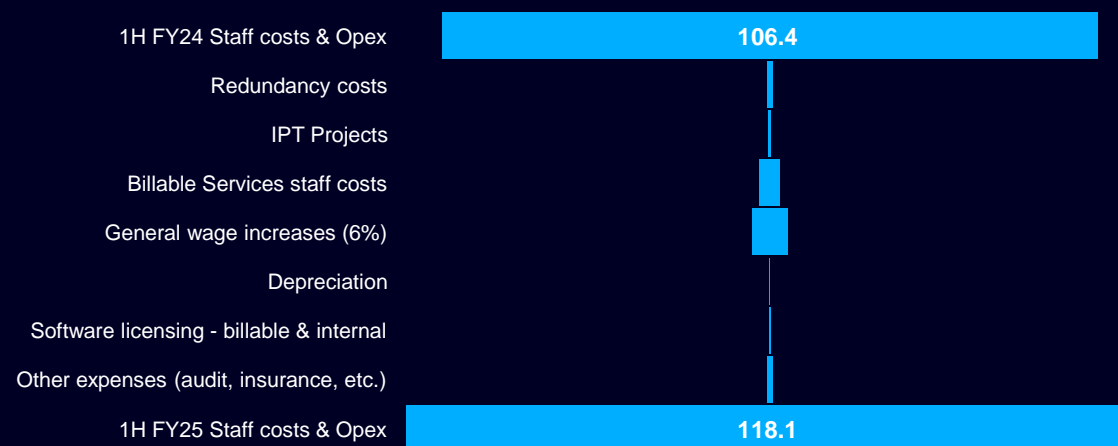
Average daily cash balance \$284M
(1H FY24: \$300M)

Positive Trend in Operating Leverage

Internal expenses (Staff & Operating costs \$M)



Operating and staff cost increases



- Internal Cost Ratio (Internal expenses / Gross profit) or ICR, has improved from 88.0% in FY16 to 82.2% in FY25
- 1H FY25 slightly up vs 1H FY24 (81.5%) due to redundancy costs, increase in billable Services staff costs (net headcount growth of 1%) and IPT project investments (including new payroll system and part implementation of CSP management platform)

- Before the \$0.9M in redundancy costs, the 1H FY25 ICR was relatively flat year on year
- Pleasing considering the ongoing inflationary and competitive economic conditions

IT Sector Trends

2025 Australian Technology Industry Trends¹



IT Industry Growth

Spend on IT expected to grow 8.7% in 2025



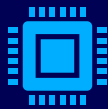
Software

13.4% growth expected



Devices

9.1% growth expected



IT Services

7.2% growth expected
Organisational efficiency



Data Centre

11.3% growth expected
Biggest opportunity for hyper-scalers



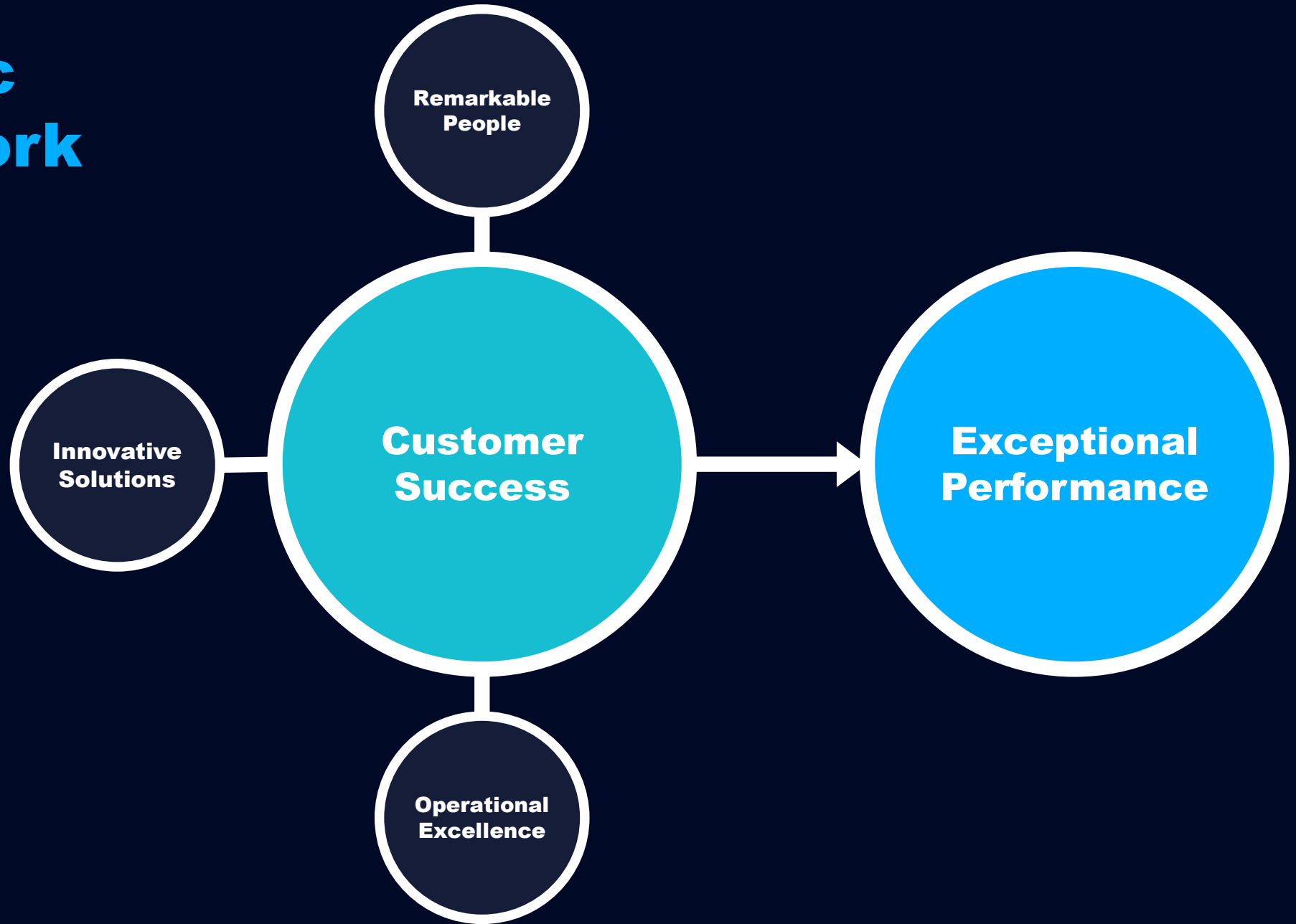
Communication Services

3.2% growth expected

1. Source: Gartner Forecasts Australian IT Spending to Grow 8.7% in 2025

FY25 Strategy and Outlook

Strategic Framework



Integrated Solutions embedded with AI



Multi-cloud

Modern Data Centre

Public Cloud

Private Cloud



Modern Workplace

Collaboration

End User Devices

Printing

Systems Management



Security

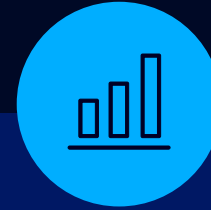
Cloud Security

Data Security and Privacy

Identity and Access Management

Infrastructure and Endpoint Security

Security Monitoring and Analytics



Data & Analytics

Business Analytics

Customer Management

Internet of Things

Location-Based Analytics



Connectivity

IT-OT Networking

Software-Defined Networks

Software-Defined WAN

Wireless Networks

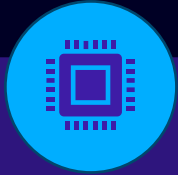
Consulting

Project Services

Managed Services

Lifecycle

The Opportunity



\$500Bn¹
in global AI-driven
infrastructure by 2027



91%²
facing the challenge of
building a multi-cloud strategy



73%³
becoming a “truly sustainable
and responsible business”
is a top priority



73%⁴
expect a cyber security incident in next
12-24 months and only 4% are ready



Millions⁵
Windows 10 end of Life,
AI PC and refresh

1. IDC FutureScape report 2024
2. Innovation Catalysts, Dell Technologies, February 2024
3. Accenture analysis of executive and employee/consumer/citizen survey 2022
4. 2024 Cisco Cybersecurity Readiness Index
5. Data#3 vendor partners and customer surveys

Glencore Technology

Business Problem

- Legacy disparate systems
- End of support
- Time consuming data gathering and reporting

IT Outcome

- Modern and flexible cloud-based solution with Microsoft Dynamics 365 and power apps

Business Outcome

- Automated processes
- Increased efficiency, less errors
- Quality and timeliness of information



The IT industry is evolving at such a pace that it's hard to stay current on emerging trends and technologies, so having experts in this field and being able to get trusted advice is a wonderful part of the relationship with Data#3.

Jo Hardie,
Senior Business Analyst,
Glencore Technology.

Microsoft Channel Incentives



Cloud Solution Provider (CSP)
Small Medium and Corporate
With Scale and Automation



Copilot



Security



**Azure
Migrations**

Vendor Partners

Adobe

VEEAM

mimecast™

TREND
MICRO™

tenable™

Data#3 Competitive Advantages



Our People

Ability to attract and retain the best people



Our Partners

Partnerships with leading global vendors



Our Expertise

Expertise and breadth of solutions across the customer lifecycle



Our Innovation

At the forefront of industry change



Our Agility

Agility internally and externally to respond to changing market dynamics



Our Financial Stability

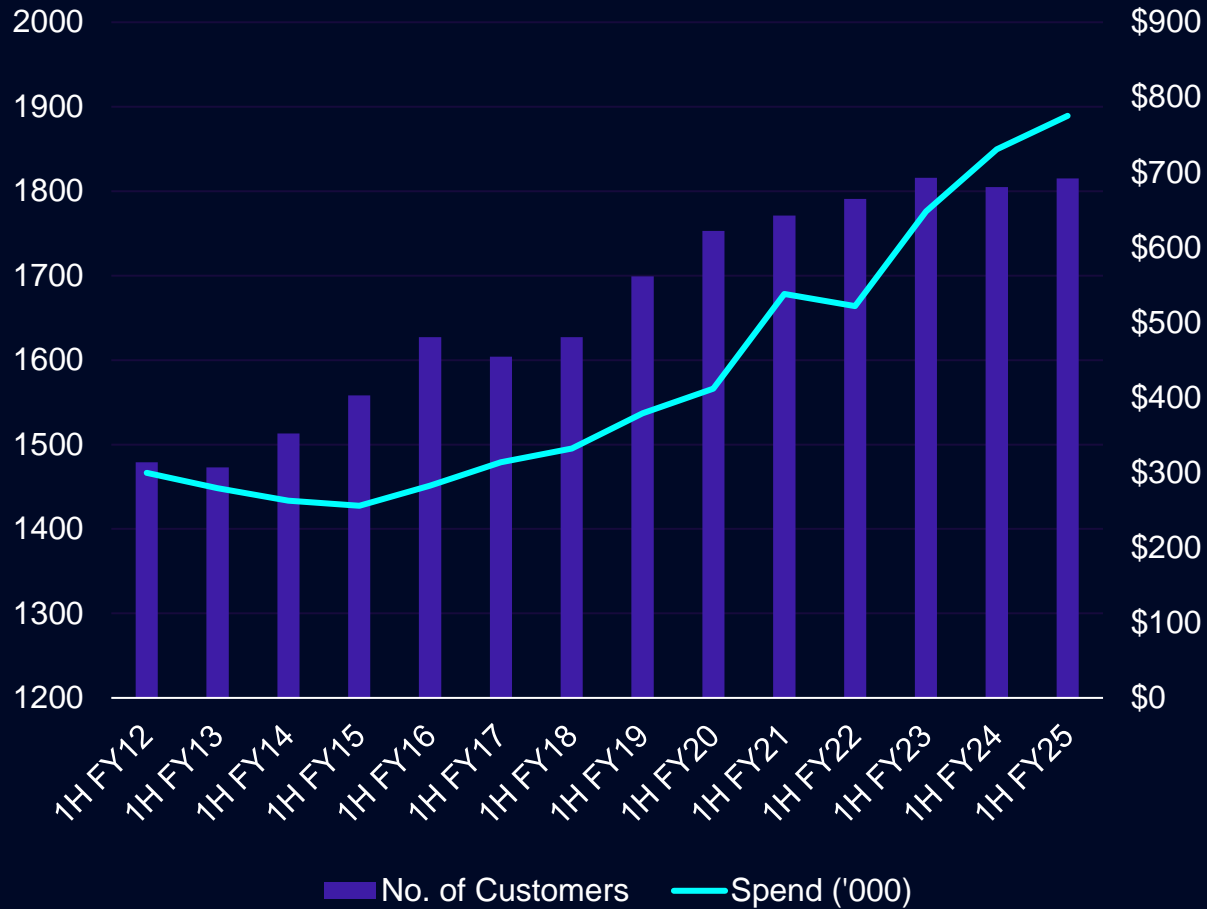
Financial stability with strong balance sheet



Our Brand

Market-leading brand and reputation

Long term customer relationships



- Number of aggregated customer groups by length of tenure over a 14-year period
- Average spend has increased significantly over time
- Over 300 customer groups with tenure of over 14 years a testament to Data#3's customer service and value proposition

Outlook



Maintain Software Profitability

Focus on CSP, Copilot, Azure and growth in vendor partners



Services Growth

Accelerated by Generative AI. Continued interest in Managed Services



Security Multi-cloud and Device Growth

Multi-cloud, Networking, and Devices



Our Services businesses continue to grow faster than the market with Security solutions leading the way.

Data#3 is well placed to deliver sustainable growth in FY25. We have a growing market, pent up demand for devices, and increased interest in multi-cloud solutions and AI.

Brad Colledge
MD and CEO, Data#3

Outlook

Consistent with previous practice, we do not intend to provide specific FY25 guidance.

In line with previous years, we continue to expect a sales peak in the months of May and June, and our goal remains to continue to deliver sustainable earnings growth for our shareholders.

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Q&A

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