



Dicker Data Limited

ABN: 95 000 969 362

Appendix 4D and
Interim Financial Report
Half Year Ended 30 June 2020

Appendix 4D

Half Year ended 30 June 2020

Current reporting period: Half Year ended 30 June 2020

Previous Reporting Period: Half Year ended 30 June 2019

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Operating and financial review on comparative period

| Results | | Movement | | Jun-20 (6 months) \$'000 | Jun-19 (6 months) \$'000 |
|--|----|----------|----|--------------------------------|--------------------------------|
| Revenues from ordinary activities | Up | 18.1% | to | \$1,006,138 | \$852,011 |
| Net profit before tax | Up | 30.2% | to | \$42,047 | \$32,282 |
| Net profit after tax attributable to members | Up | 23.6% | to | \$29,390 | \$23,775 |

The six months to June 2020 have seen Dicker Data increase revenue at a rate of 18.1% through growth in both established vendors and new vendors. Part of the revenue growth is attributed to the migration to the remote workforce, surge in demand for virtual capabilities and accelerated digital transformation of businesses. Profit margins are tracking stronger to comparative period last year at 9.6% (Jun19: 9.1%), whilst operating costs as a percentage of sales have remained steady at 4.9%. Net profit before tax finalised at \$42.0m, up by 30.2%. Net profit after tax finalising at \$29.4m, a growth of 23.6% on comparative period.

For more detailed explanation of the figures, please refer to the Interim Financial Report under review of operations.

Net Tangible Assets

| | Jun-20 | Jun-19 |
|---------------------------------------|--------|--------|
| Net tangible asset per ordinary share | 0.75 | 0.38 |

Details of Entities Over Which Control Has Been Gained or Lost

There has been no additions or subtractions to the entity in the current reporting period.

Dividends Paid

The total dividends declared and paid during the half financial year were 20.5 cents per share or a total of \$33.7m, fully franked.

| Record Date: | Payment Date: | Dividend/Share (in Cents) | Amount (in 000's) | Type | FY | Amount Franked |
|--------------|---------------|---------------------------|-------------------|-----------|------|----------------|
| 14-Feb-20 | 2-Mar-20 | 0.130 | \$21,010 | Final | 2019 | 100% |
| 14-May-20 | 1-Jun-20 | 0.075 | \$12,727 | Interim 1 | 2020 | 100% |
| | Total | 0.205 | \$33,737 | | | |

Dividend Reinvestment Plans

The company continued to offer participation in the Dividend Reinvestment Plan (DRP) in the reporting period. Of the total \$33.7m dividends paid in the period, \$29.0m was paid as cash dividends and \$4.7m participated in the DRP.

Details of Associates and Joint Venture Entities

Not Applicable

Review Report

The financial statements were subject to review by the auditors and the review report is attached as part of the Interim Financial Report.

Attachments

The interim Financial Report of Dicker Data Limited for the half year ended 30 June 2020 is attached.

Signed:



David Dicker

CEO and Chairman

Sydney, 28 August 2020



Dicker Data Limited

ABN: 95 000 969 362

Interim Financial Report
Half Year Ended 30 June 2020

Directors' Report

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Dicker Data Limited (referred to hereafter as the 'company' or 'parent company') and the entities it controlled at the end of, or during the half year ended 30 June 2020.

Directors

The following persons were directors of Dicker Data Limited for the entire half-year ended and up to the date of this report. Directors were in office for this entire period unless otherwise stated.

David J Dicker
Fiona T Brown
Mary Stojcevski
Michael Demetre
Vladimir Mitnovetski
Ian Welch
Leanne Ralph (*Appointed 13 December 2019*)

Principal activities

The principal activities of the company during the half-year were wholesale distribution of computer hardware, software and related products. No significant change occurred in the nature of these activities for the half-year.

Review of operations

Revenue

The revenue for the consolidated entity for the 6 months to 30 June 2020 was \$1,006.1m (Jun19: \$852.0m), up by \$154.1m (+18.1%), and tracking ahead of our growth expectations. With the recent remote work revolution the Company experienced a surge in demand for remote and virtual working solutions across our hardware and software portfolios highlighting IT distribution's essential role in enabling business continuity.

Examining and capitalising on strategic market opportunities Dicker Data has continued to add new vendors and increased the breadth of products offered by existing vendors to gain access to expanded market share whilst still driving growth.

In line with the Company's long-term strategy to evolve and differentiate its offerings and diversify the vendor portfolio in 2019 and H1 2020 Dicker Data added a total of 10 new vendors, contributing an incremental \$26.3m in H1 2020. Of the existing vendors (FY 2018 and prior), we saw growth of \$127.8m (+15.1%).

At a country level, Australia grew sales revenue by \$137.3m (+17.2%) and in New Zealand sales revenue grew by \$16.8m (+31.9%).

At a sector level, we maintained strong growth across all business units, with hardware and virtual services sales at \$746.8m (+\$76.6m, +11.4%), software sales at \$253.4m (+\$76.9m, +43.6%), and services revenue at \$5.6m (+\$1.6m, +38.7%). In the software business, Dicker Data are seeing strong growth in the renewable and subscription business and have a strategic mechanism in place to deliver this for customers. Of the software revenue \$224m was recurring with 53.1% growth for the half year.

Gross Profit

Building on the Company's long history of strong performance total gross profit (excluding other revenue) was \$96.5m (Jun19: \$77.2m), an increase of \$19.3m or 24.8%. Dicker Data's profit margins have improved in the current period at 9.6%, tracking above FY19 levels at 9.1% largely driven by increased focus on mid-market and SMB business.

Operating Expenses

Operating expenses have increased by \$7.9m, an increase of 19.1% on the previous corresponding period in line with the revenue increase for the period. Operating expenses have been maintained as a percentage of sales at 4.9% (Jun19: 4.9%). Dicker Data's dedication to its people is reflected as salary related expenses accounted for the majority of the increase, up by \$7.7m (+21.9%) due to increases in achievement-based commissions, increases in employee-related provisions and higher headcount. Average headcount has increased from 454 to 507 (+11.8%) as we continue to invest in growth portfolios as a result of new vendor additions, for which full value is yet to be realised.

Depreciation and Amortisation expense increased by \$1.3m to \$3.2m compared to prior corresponding period (Jun19: \$1.8m). Included in the half year number is \$0.7m for amortisation of customer contracts, as well as \$0.7m in depreciation of equipment under lease through Dicker Data Financial Services. Also included with the adoption of the new accounting standards AASB16, is depreciation on the Right to Use Assets (ROUA) for the capitalised leases to the value of \$106k.

Finance costs in the reporting period were \$2.2m, down \$0.7m from the prior year (Jun19: \$2.9m), driven mainly by the cessation of costs relating to the \$40m bond that was repaid in March, and lower interest rates. This is despite the company continuing to increase investment in working capital. Net working capital investment was up to \$162.1m (Jun19: \$134.1m), an increase of \$28.0m.

Profit

Operating profit before tax finalised at \$42.0m (Jun19: \$32.3m) up by 30.3%. The profit growth is attributable to a combination of revenue growth, increase in gross profit margins and maintenance and control of operational leverage. Gross profit margins are tracking better to comparative period last year at 9.6% (Jun19: 9.1%), whilst total costs as a percentage of sales have been maintained in the period at 4.9% (Jun19: 4.9%)

Net Profit after tax increased to \$29.4m (Jun19: \$23.8m), up by 23.6%.

Earnings per share increased to 17.08 cents (Jun19: 14.73 cents), up by 16.0%.

Statement of Financial Position

Total assets as at 30 June 2020 increased to \$577.6m (Dec19: \$507.5m), with cash finalising at \$17.4m down by \$5.2m (Dec19: \$22.6m).

The statement of financial position reflected a moderation in working capital investment since the last balance date. Total investment in net working capital was \$162.1m, down by \$3.3m from previous year (Dec19: \$165.4m). Investment in Inventory at \$138.6m (+18.2m on Dec19) and Trade and Accounts Receivable at \$326.7m (+30.8m on Dec19), were offset by Accounts Payable increases (+52.3m on Dec19), as the company took advantage of extended terms offered by some key vendor partners.

Property, plant and equipment increased to \$59.4m (Dec19: \$32.0m), an increase of \$27.4m relating to capital expenditure for the construction of the new distribution centre.

Total liabilities as at 30 June 2020 were \$419.0m, up from the prior period (Dec19: \$412.5m). Trade and other payables were up \$52.3m to \$303.3m (Dec19: \$250.9m). Total current borrowings decreased to \$90.0m (Dec19:

\$129.9m) down by \$39.9m, of which \$40.0m relates to the repayment of the Corporate Bond in March 2020. The current borrowings comprise of a receivables purchase facility with Westpac drawn to \$90.0m as at 30 June 2020, remaining the same from the prior period (Dec19: \$90.0m).

Equity has increased to \$158.6m during the period (Dec19: \$95.1m), representing an increase of \$63.6m. This is the result of the net proceeds relating to a \$50m share placement in May 20, followed by a further \$15m share purchase plan issue in June 20. Both issues were fully subscribed.

Cash Flow

Net cash generated from operating activities was \$30.3m (Jun19: \$15.7), an increase of \$14.6m on the comparative period last year.

Outlook

As we are all living and working through unprecedented times of the COVID-19 pandemic, people and businesses showed their resilience and innovation to ensure business continuity. We have seen digital transformation accelerating at a new speed and therefore the requirement and demand for our value-added distribution services have never been higher. Dicker Data became an essential supplier enabling and driving business continuity processes.

With the recent migration to remote work the Company experienced a surge in demand for remote and virtual working solutions across all our hardware and software portfolios. As we move into H2 2020 the demand continues to be very strong with customers concentrating heavily on business continuity strategies and prioritising digital transformation during and post COVID-19.

Whilst to date we have experienced strong growth, management is actively monitoring the global economic impact of COVID-19 and its potential effect on the earnings of the Company. The Company is well-positioned to absorb any economic fallout of the pandemic and take advantage of future opportunities as they arise with ongoing potential new vendor opportunities offering transformational and revolutionary technologies

The greatest opportunity for Dicker Data over the next 6-12 months is supporting business with their return to work strategies in a post COVID-19 environment. As customers accelerate digital transformation, the edge becomes critically important as it is where we live and work. In addition to main offices and branches, people's homes will become sub-branches with working environments that need to be connected, securitised and properly managed.

Looking forward 12-24 months, the rollout of 5G connectivity is going to have a revolutionary effect within our industry driving the explosion of data and strong acceleration of AI and machine learning technologies.

Our speciality is servicing the mid-market and SMB communities, and we see a tremendous opportunity with all our hardware and software vendors as we continue assisting and supporting our customers in their digital transformation journey.

Significant changes in the state of affairs

Dicker Data Financial Services

A new financial services business was launched 12 months ago trading as Dicker Data Financial Services (DDFS). This new division was established to address the ever-growing demand for As-a-Service procurement solutions and to cater for the shift from capital expenditure to an operational consumption based expenditure. DDFS offers by the month payment solutions that can be specifically tailored to suit our partners and their customer's varying needs. DDFS is uniquely positioned against competing financial solutions in the Australian ICT channel because the offering is underpinned by the Company's own balance sheet. By utilising the only direct financing model in the industry, our

reseller partners benefit from Dicker Data's investment into every deal with them, transparency and alignment of common goals at the end of the term and predefined product mix requirement.

Since launching DDFS has supported the business with \$13m in originations, across 87 transactions to date, comprised mainly of PC devices (40%), Server and Storage (24%) and Networking (18%).

Capital Raise

On 8th May 2020 the Company completed a \$50m share placement, followed by a further \$15m share purchase plan on 5 June 2020. The net proceeds have been invested in the construction of the new distribution centre, to support the growth of Dicker Data Financial Services and to invest in working capital. The capital raising increases the public float in the Company to approximately 33% and creates financing headroom to facilitate capacity for future growth.

New Building Update

The construction of the new distribution centre at 238 Captain Cook Drive Kurnell is on track to be completed by the end of the year. The expected cost of the project is estimated to be approximately \$55m.

The size of the first stage of the new distribution centre will be just over 29,000 sqm with 23,500 sqm of it being warehouse space. This is an increase of 10,500 sqm from the current warehouse facility representing an increase in capacity of almost 80%. There is a further 20,000 sqm warehouse space approved as part of the Development Application to be built as part of a second stage providing future expansion options.

COVID-19 Update

On 31 January 2020, the World Health Organisation (WHO) announced a global health emergency because of a new strain of coronavirus (COVID-19 outbreak) and the risks to the international community as the virus spreads globally beyond its point of origin. Because of the rapid increase in exposure globally, on 11 March 2020, the WHO classified the COVID-19 outbreak as a pandemic.

The full impact of the COVID-19 outbreak continues to evolve at the date of this report. The business to date has proved resilient to the negative economic impact of COVID-19, however there is significant uncertainty as to the full impact that the pandemic will have on the Company's earning, liquidity and operations during the second half of 2020 and beyond. Therefore, the Company is unable to provide financial guidance for the remainder of the 2020 financial year. The Company did not access any government COVID-19 related grants in the period or to the date of signing of this report.

There were no other significant changes in the state of affairs of the consolidated entity during the financial half-year.

Subsequent Events

There were no significant events after the end of the interim reporting period.

Rounding of Amounts

The company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on the following page.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

Signed:

A handwritten signature in black ink, appearing to read 'David Dicker', written in a cursive style.

David Dicker

CEO and Chairman

Sydney, 28 August 2020

DECLARATION OF INDEPENDENCE BY TIM AMAN TO THE DIRECTORS OF DICKER DATA LIMITED

As lead auditor for the review of Dicker Data Limited for the half-year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Dicker Data Limited and the entities it controlled during the period.



Tim Aman
Partner

BDO East Coast Partnership

Sydney, 28 August 2020

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the half year ended 30 June 2020

| | Note | Consolidated | |
|--|------|---------------------|---------------------|
| | | 30-Jun-20 \$'000 | 30-Jun-19 \$'000 |
| REVENUE | | | |
| Sales revenue | | 1,005,787 | 850,750 |
| <i>Other revenue:</i> | | | |
| Interest received | | 226 | 76 |
| Recoveries | | 3 | 5 |
| Other revenue | | 122 | 1,180 |
| | | 1,006,138 | 852,011 |
| EXPENSES | | | |
| Changes in inventories | | 18,197 | (1,607) |
| Purchases of inventories | | (927,508) | (771,856) |
| Employee benefits expense | | (42,676) | (34,999) |
| Depreciation and amortisation | | (3,151) | (1,809) |
| Finance costs | | (2,169) | (2,939) |
| Other expenses | | (6,784) | (6,519) |
| | | (964,091) | (819,729) |
| Profit before income tax expense | | 42,047 | 32,282 |
| Income tax expense | | (12,657) | (8,507) |
| Profit after income tax expense for the year | | 29,390 | 23,775 |
| Profit attributable to members of the company | | 29,390 | 23,775 |
| Other comprehensive income, net of tax | | | |
| <i>Items that may be reclassified subsequently to profit or loss</i> | | | |
| Foreign Currency Translation | | (427) | 55 |
| Total comprehensive income for the year | | 28,963 | 23,830 |
| Total comprehensive income attributable to members of the company | | 28,963 | 23,830 |
| Weighted Earnings per share | | | |
| | | Cents | Cents |
| Basic earnings per share | | 17.08 | 14.73 |
| Diluted earnings per share | | 17.08 | 14.73 |

The consolidated statement of profit or loss and other comprehensive income is to be read in conjunction with the attached notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

| | Note | Consolidated | |
|--|------|---------------------|---------------------|
| | | 30-Jun-20 \$'000 | 31-Dec-19 \$'000 |
| ASSETS | | | |
| Current Assets | | | |
| Cash and cash equivalents | | 17,394 | 22,573 |
| Trade and other receivables | | 326,749 | 295,921 |
| Inventories | | 138,630 | 120,433 |
| Total Current Assets | | 482,773 | 438,927 |
| Non-Current Assets | | | |
| Right of Use Asset | | 3,702 | 5,191 |
| Property, plant and equipment | | 59,418 | 31,981 |
| Intangible assets | | 25,616 | 26,290 |
| Deferred tax assets | | 6,116 | 5,151 |
| Total Non-Current Assets | | 94,852 | 68,613 |
| TOTAL ASSETS | | 577,625 | 507,540 |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Trade and other payables | | 303,280 | 250,932 |
| Lease Liabilities | | 3,139 | 3,072 |
| Borrowings | | 90,000 | 129,930 |
| Current tax liabilities | | 2,613 | 8,849 |
| Short-term provisions | | 11,886 | 10,082 |
| Total Current Liabilities | | 410,918 | 402,865 |
| Non-Current Liabilities | | | |
| Lease Liabilities | | 981 | 2,604 |
| Deferred tax liabilities | | 4,511 | 4,809 |
| Long-term provisions | | 2,577 | 2,196 |
| Total Non-Current Liabilities | | 8,069 | 9,609 |
| TOTAL LIABILITIES | | 418,987 | 412,473 |
| NET ASSETS | | 158,638 | 95,067 |
| EQUITY | | | |
| Equity attributable to Equity Holders | | | |
| Issued capital | | 130,860 | 62,516 |
| Reserves | | 207 | 634 |
| Retained profits | | 27,571 | 31,917 |
| TOTAL EQUITY | | 158,638 | 95,067 |

The consolidated statement of financial position is to be read in conjunction with the attached notes

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the half year ended 30 June 2020

| Consolidated | Note | Issued Capital \$'000 | Retained Profits \$'000 | Reserves \$'000 | Total Equity \$'000 |
|--|------|-----------------------------|-------------------------------|--------------------|---------------------------|
| Balance at 1 January 2019 | | 57,982 | 21,453 | 527 | 79,962 |
| Prior Year Adjustment | | | (457) | | (457) |
| Adjusted Balance at 1 January 2019 | | 57,982 | 20,996 | 527 | 79,505 |
| Profit after income tax for the year | | - | 23,775 | - | 23,775 |
| Other comprehensive income for the year net of tax | | | | 55 | 55 |
| Total comprehensive income for the year | | - | 23,775 | 55 | 23,830 |
| <i>Transactions with the owners in their capacity as owners:</i> | | | | | |
| Share Issue (DRP) | | 3,240 | - | - | 3,240 |
| Dividends Paid | | - | (19,291) | - | (19,291) |
| Balance at 30 June 2019 | | 61,222 | 25,480 | 582 | 87,284 |
| Balance at 1 January 2020 | | 62,516 | 31,917 | 634 | 95,067 |
| Profit after income tax for the year | | - | 29,390 | - | 29,390 |
| Other comprehensive income for the year net of tax | | | | (427) | (427) |
| Total comprehensive income for the year | | - | 29,390 | (427) | 28,963 |
| <i>Transactions with the owners in their capacity as owners:</i> | | | | | |
| Share Issue (DRP) | | 4,727 | - | - | 4,727 |
| Share Capital Raising and Share Purchase Plan (SPP) | | 63,617 | - | - | 63,617 |
| Dividends Paid | | - | (33,736) | - | (33,736) |
| Balance at 30 June 2020 | | 130,860 | 27,571 | 207 | 158,638 |

The consolidated statement of changes in equity is to be read in conjunction with the attached notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the half year ended 30 June 2020

| Note | 30-Jun-20 \$'000 | 30-Jun-19 \$'000 |
|--|---------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Receipts from customers (inclusive of GST) | 1,073,925 | 867,000 |
| Payments to suppliers and employees (inclusive of GST) | (1,021,629) | (841,308) |
| Interest received | 226 | 76 |
| Interest and other finance costs paid | (2,096) | (2,976) |
| Income tax paid | (20,156) | (7,096) |
| NET CASH FROM OPERATING ACTIVITIES | 30,270 | 15,696 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Payments for property, plant and equipment | (28,465) | (1,906) |
| Payments for intangibles | (2) | - |
| NET CASH FROM (USED IN) INVESTING ACTIVITIES | (28,467) | (1,906) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from share issue | 63,618 | - |
| Repayment of Bond | (40,000) | - |
| Principal paid on lease liabilities | (1,517) | - |
| Interest paid on lease liabilities | (73) | - |
| Drawdown / (Repayments of borrowings) | - | 20,000 |
| Payment of dividends | (29,010) | (16,050) |
| NET CASH FROM (USED IN) FINANCING ACTIVITIES | (6,982) | 3,950 |
| NET CASH FLOWS | (5,179) | 17,740 |
| Cash and cash equivalents at the beginning of the period | 22,573 | 6,613 |
| CASH AND CASH EQUIVALENTS AT THE END OF PERIOD | 17,394 | 24,353 |

The consolidated statement of cash flows is to be read in conjunction with the attached notes.

DICKER DATA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Half year ended 30 June 2020

Note 1. Significant accounting policies

These general purpose interim financial statements for the half-year reporting period ended 30 June 2020 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose interim financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 31 December 2019 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New, revised or amending Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any other new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

Note 2. Critical Accounting Judgements, Estimates and Assumptions

The preparation of the interim financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, that management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results.

Note 3. Operating Segments

Identification of Reportable Operating Segments

The consolidated entity is organised into two operating segments: Australia and New Zealand. These operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

The CODM reviews EBITDA (earnings before interest, tax, depreciation and amortisation). Reportable revenue is for only the one product being the sale of IT goods. The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements. The information reported to the CODM is on at least a monthly basis.

Intersegment Transactions

There were also some immaterial inventory purchasing transactions during the period. All intersegment transactions are at market rates and have been eliminated on consolidation.

Intersegment Receivables, Payables and Loans

Intersegment loans are initially recognised at the consideration received. Interest on intersegment loans is calculated at market rates. Intersegment loans are eliminated on consolidation.

Operating Segment Information

| | Australia | New Zealand | Eliminations / Unallocated | TOTAL |
|---------------------------------|----------------|---------------|-------------------------------|----------------|
| Consolidated - 30 June 2020 | \$'000 | \$'000 | \$'000 | \$'000 |
| Revenue | | | | |
| Sale of goods | 936,391 | 69,396 | | 1,005,787 |
| <i>Other revenue:</i> | | | | |
| Recoveries | 3 | - | | 3 |
| Other revenue | 199 | (77) | | 122 |
| Interest revenue | 216 | 10 | | 226 |
| Total Revenue | 936,809 | 69,329 | - | 1,006,138 |
| EBITDA | 45,755 | 1,386 | | 47,142 |
| Depreciation & Amortisation | (2,831) | (320) | | (3,151) |
| Interest revenue | 216 | 10 | | 226 |
| Finance costs | (2,097) | (72) | | (2,169) |
| Profit before income tax | 41,043 | 1,005 | - | 42,047 |
| Income tax expense | (12,384) | (273) | | (12,657) |
| Profit after income tax expense | 28,659 | 731 | - | 29,390 |
| Segment Current Assets | 451,097 | 31,676 | | 482,773 |
| Segment Non Current Assets | 93,049 | 1,803 | | 94,852 |
| Segment Assets | 544,146 | 33,479 | - | 577,625 |
| Segment Current Liabilities | 388,644 | 22,274 | | 410,918 |
| Segment Non Current Liabilities | 7,350 | 719 | | 8,069 |
| Segment Liabilities | 395,994 | 22,993 | - | 418,987 |

| Consolidated - 30 June 2019 | Australia | New Zealand | Eliminations / Unallocated | TOTAL |
|------------------------------------|------------------|--------------------|---------------------------------------|----------------|
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Revenue | | | | |
| Sale of goods | 798,145 | 52,605 | | 850,750 |
| <i>Other revenue:</i> | | | | |
| Recoveries | 5 | - | | 5 |
| Other revenue | 1,126 | 54 | | 1,180 |
| Interest revenue | 59 | 17 | | 76 |
| Total Revenue | 799,335 | 52,676 | - | 852,011 |
| EBITDA | 36,149 | 805 | | 36,954 |
| Depreciation & Amortisation | (1,503) | (306) | | (1,809) |
| Interest revenue | 59 | 17 | | 76 |
| Finance costs | (2,910) | (29) | | (2,939) |
| Profit before income tax | 31,795 | 487 | - | 32,282 |
| Income tax expense | (8,366) | (141) | | (8,507) |
| Profit after income tax expense | 23,429 | 346 | - | 23,775 |
| Segment Current Assets | 413,628 | 26,090 | (70) | 439,648 |
| Segment Non Current Assets | 78,243 | 2,174 | - | 80,417 |
| Segment Assets | 491,871 | 28,264 | (70) | 520,065 |
| Segment Current Liabilities | 407,083 | 17,543 | (71) | 424,555 |
| Segment Non Current Liabilities | 6,920 | 1,306 | - | 8,226 |
| Segment Liabilities | 414,003 | 18,849 | (71) | 432,781 |

Note 4. Revenue

Sales from contracts with customers

The company sells hardware, software (including software licensing), warranties, logistics and configuration services. The performance promise that is the responsibility of the company is to procure and supply or provide access to these products and services and revenue is recognised at the point of sale. Whilst each revenue stream represents a performance obligation, the performance obligation that is created is to deliver these goods and services hence the entity has determined point of sale as the most relevant way to recognise revenue per performance obligation. The company bears the inventory and credit risk and has pricing control for the products and services supplied. Amounts disclosed as revenue are net of sales returns and any customer rebates. Returns and customer rebates represent a variable consideration but do not represent a judgement by management. There is no constraint on the amount of revenue recognised. In some limited contractual agreements, the company acts as an agent. In such circumstances the revenue is recognised on a net basis.

Disaggregation of revenue

The group has disaggregated the revenue from customer contracts into various categories in the following table which is intended to:

- depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic data; and
- enable users to understand the relationship with revenue segment information provided in Note 3.

For hardware products the performance obligation is satisfied when the products are delivered. For software, subscription and virtual products the performance obligation is satisfied when access is facilitated. For 3rd party warranties the performance obligations is satisfied when the hardware is allocated to a warranty. Services revenue is recognised when the service is performed.

Half Year to 30 June 2020

| Product Type | Description | Revenue recognition | Agent/ Principal | \$'000 AU | \$'000 NZ | \$'000 Consolidated |
|----------------------|---|---------------------|------------------|----------------|---------------|---------------------|
| Infrastructure | Hardware products | Point in time | Principal | 654,467 | 27,674 | 682,141 |
| Virtual Services | Sales of 3rd party warranties and services | Point in time | Principal | 62,621 | 2,017 | 64,638 |
| Software | Perpetual and subscription licensing including cloud products | Point in time | Principal | 213,681 | 39,723 | 253,404 |
| Dicker Data Services | 3rd party logistics and configuration services | Point in time | Principal | 2,764 | -18 | 2,746 |
| Partner Services | Agent commission | Point in time | Agent | 2,858 | - | 2,858 |
| | | | | 936,391 | 69,396 | 1,005,787 |

Half Year to 30 June 2019

| Product Type | Description | Revenue recognition | Agent/ Principal | \$'000 AU | \$'000 NZ | \$'000 Consolidated |
|----------------------|---|---------------------|------------------|----------------|---------------|---------------------|
| Infrastructure | Hardware products | Point in time | Principal | 585,683 | 21,579 | 607,262 |
| Virtual Services | Sales of 3rd party warranties and services | Point in time | Principal | 62,041 | 886 | 62,928 |
| Software | Perpetual and subscription licensing including cloud products | Point in time | Principal | 146,383 | 30,139 | 176,522 |
| Dicker Data Services | 3rd party logistics and configuration services | Point in time | Principal | 2,166 | 1 | 2,167 |
| Partner Services | Agent commission | Point in time | Agent | 1,872 | - | 1,872 |
| | | | | 798,145 | 52,605 | 850,750 |

Note 5. Dividends

The total dividends declared and paid during the half financial year were 20.5 cents per share or a total of \$33.7m, fully franked.

| Record Date: | Payment Date: | Dividend/Share (in Cents) | Amount (in 000's) | Type | FY | Amount Franked |
|--------------|---------------|---------------------------|-------------------|-----------|------|----------------|
| 14-Feb-20 | 2-Mar-20 | 0.130 | \$21,010 | Final | 2019 | 100% |
| 14-May-20 | 1-Jun-20 | 0.075 | \$12,727 | Interim 1 | 2020 | 100% |
| | Total | 0.205 | \$33,737 | | | |

Note 6. Fair Value Measurement

The company has a number of financial instruments which are not measured at fair value in the statement of financial position, including cash, receivables, payables and current borrowings. The fair value of these financial assets and financial liabilities approximates their carrying amount due to their short-term nature. The fair value of the corporate bond is estimated at the face value of the bond.

Note 7. Contingent Liabilities

The directors are not aware of any contingent liabilities related to the consolidated entity as at the report date.

Note 8. Leases

The company leases four properties both in Australia and New Zealand.

| | 30-Jun-20 |
|--|---------------------|
| | \$'000 |
| Right of Use Asset | |
| Balance as at 1 January 2020 | 5,191 |
| Depreciation Charge for the year | (1,459) |
| Effect of movements in exchange rate | (30) |
| Closing Balance as at 30 June 2020 | <u>3,702</u> |
| Lease Liability | |
| Balance at 1 January 2020 | 5,676 |
| Interest expense | 73 |
| Lease payments | (1,590) |
| Effects of movement in exchange rate | (39) |
| | <u>4,120</u> |
| Maturity Analysis - contractual discounted cash flows | |
| Less than one year | 3,139 |
| One to five years | 981 |
| Total discounted lease liabilities as at 30 Jun 2020 | <u>4,120</u> |

Future cash flows to which the company is potentially exposed that are not reflected in the measurement of the right of use and lease liabilities are related to extension options for which the company is uncertain to exercise.

Note 9. Events after the reporting period

No other material events have occurred subsequent to reporting date.

DIRECTOR'S DECLARATION

In the directors' opinion:

- The attached financial statements and notes thereto comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- The attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 30 June 2020 and of its performance for the financial half-year ended on that date; and
- There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5) of the Corporations Act 2001.

On behalf of the directors

Signed



David Dicker
CEO
28 August 2020

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Dicker Data Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Dicker Data Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, a summary of statement of accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the Corporations Act 2001 including:

- (i) Giving a true and fair view of the Group's financial position as at 31 June 2020 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Company 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 the audit of the annual 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 the same terms if given to the directors as at the time of this auditor's review report.

Responsibility of the directors for the financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.



Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the Group's financial position as at 30 June 2020 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

BDO East Coast Partnership

BDO


Tim Aman
Partner

Sydney, 28 August 2020