Dicker Data Limited

ABN: 95 000 969 362

Appendix 4D and
Interim Financial Report
Half Year Ended 30 June 2022

Appendix 4D
Half Year ended 30 June 2022

Current reporting period:	Half Year ended 30 June 2022
Previous Reporting Period:	Half Year ended 30 June 2021

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Operating and financial review on comparative period

Results		Movement		Jun-22 (6 months) $'000	Jun-21 (6 months) $'000
Revenues from ordinary activities	Up	36.5%	to	$1,459,447	$1,069,291
Net operating profit before tax *	Up	12.7%	to	$51,763	$45,931
Net profit before tax	Up	9.2%	to	$50,163	$45,931
Net profit after tax attributable to members	Up	7.0%	to	$34,341	$32,094

**excludes one off acquisition and integration costs of $1.6m*

The six months to June 2022 have seen Dicker Data increase revenue at a rate of 36.5% through growth in both established vendors and new vendors, delivering a strong result despite supply constraints experienced in the first half of the financial year. Gross Profit (excluding other revenue) is tracking stronger against the comparative period last year at $128.0m (Jun21: $99.6m) however profit margins are marginally down against comparative period at 8.8% (Jun21: 9.3%). Excluding one off acquisition and integrations costs, operating costs as a percentage of sales slightly improved at 4.7% (June21: 4.8%). Net profit before tax finalised at $50.2m, up by 9.2%. Net profit after tax finalising at $34.3m, a growth of 7.0% 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-22	Jun-21
Net tangible asset per ordinary share	0.34	0.82

Details of Entities Over Which Control Has Been Gained or Lost

There has been no additions or subtractions of new entities over which control has been gained or lost in the current reporting period. However the Company acquired the net assets of the Hills (ASX: HIL) Security and IT (SIT) division during the reporting period.

Dividends Paid

The total dividends declared and paid during the half financial year were 28.0 cents per share or a total of $48.4m, fully franked.

Record Date:	Payment Date:	Dividend/Share (in Cents)	Amount (in 000's)	Type	FY	Amount Franked
15-Feb-22	1-Mar-22	0.15	$25,933	Final	2021	100%
17-May-22	1-Jun-22	0.13	$22,484	Interim	2022	100%
	Total	**0.28**	**$48,417**			

Dividend Reinvestment Plans

The Company continued to offer participation in the Dividend Reinvestment Plan (DRP) in the reporting period. Of the total $48.4m dividends paid in the period, $46.8m was paid as cash dividends and $1.6m participated in the DRP.

Details of Associates and Joint Venture Entities

Not Applicable

Review Report

The financial statements were subject to review by our external auditors, BDO Audit Pty Ltd 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 2022 is attached.

Signed:

David Dicker
CEO and Chairman
Sydney, 30 August 2022

Dicker Data Limited

ABN: 95 000 969 362

Interim Financial Report
Half Year Ended 30 June 2022

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 2022.

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
Vladimir Mitnovetski
Ian Welch
Leanne Ralph
Kim Stewart-Smith

Principal activities

The principal activities of the Company during the half-year were wholesale distribution of computer hardware, software, cloud 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 2022 was $1,459.4m (Jun21: $1,069.3m), up by $390.2m (+36.5%). Strong revenue growth for the half year attributed to a full six-month contribution from the Exeed acquisition which was completed 6 August 2021, with the balance attributable to organic growth from existing and new vendors.

At a country level, in Australia total revenue grew by $204.1m (+20.7%) and in New Zealand sales revenue grew by $186.4m (+226.6%).

The addition of the Exeed business contributed $192m in incremental growth in H1 2022. The recent acquisition of the Hills Security and IT (SIT) division also contributed incremental $18m from two months trade. Other new vendors contributed $4.9m, with the balance of growth coming organically through existing vendors (+$175.6m). Excluding the contribution from Exeed and Hills the underlying revenue grew 16.8%.

At a sector level, we experienced growth across all segments, with hardware and virtual services sales at $1,085.0m (+$281.4m, +35.0%), software sales at $365.5m (+$107.5m, +41.7%) and now representing 25.0% of our revenue, and services revenue at $6.5m (+1.7m, +34.1%), with our services business converting a number of previously deferred enterprise projects. In the software business, Dicker Data is starting to see contraction in perpetual software sales (-1.5%) as more vendors transition to recurring revenue models. We saw very strong growth in both subscription and recurring revenue software businesses (+47.8%), reflecting the ongoing trend toward recursive revenue models by vendors, as well as Dicker Data's increased market share.

Gross Profit

Total gross profit (excluding other revenue) was $128.0m (Jun21: $99.6m), an increase of $28.4m, representing increase of 28.5%. Whilst the Company delivered a strong increase in gross profit dollars, total gross margin decreased against the comparative period to 8.8% (Jun21: 9.3%), with the decrease partly attributable to increased freight costs. Gross profit margins are however within expectations due to continued supply chain disruptions and the introduction of the Exeed retail business. The Company continues to expect gross profit margins to normalise at approximately 9.00% for the full year.

Operating Expenses

Operating expenses have increased by $19.5m, an increase of 38.2% on the previous corresponding period which includes $1.6m in one-off acquisition and integration costs. The largest increase in expenses related to increased salary costs with additional staff from the acquisition of Exeed Group and onboarding of staff transferring from Hills SIT acquisition. Salary related expenses were up by $14.7m (+33.1%), to $59.3m being 4.1% of revenue (Jun21: 4.2%). With the acquisition of Hills business in May 2022, over 100 new staff were added to the Company's overall headcount. Together, with the growth of the business, the Company has experienced a significant increase in headcount. The number of staff increased from 540 to 824 (+52.6%) as the Company continues to invest in growth portfolios and pursue new segments as a result of recent acquisitions. Total operating expenses (excluding one-off costs) have slightly improved as a percentage of revenue at 4.7%, comparable to 4.8% for Jun21.

Depreciation and amortisation expense increased by $1.7m to $5.7m compared to prior corresponding period (Jun21: $4.0m). Included in the half year number is $2.3m (Jun21: $0.7m) for amortisation of intangible assets, an increase of $1.6m related to amortisation of identifiable intangibles from the Exeed acquisition. Total depreciation expense was $3.4m which included $0.7m (Jun21: $0.7m) for equipment under lease through Dicker Data Financial Services. Also included in depreciation expense is depreciation on the Right to Use Assets (ROUA) for the capitalised leases to the value of $1.2m (Jun21: $1.5m).

Finance costs in the reporting period were $4.0m, up $2.6m from the prior year (Jun21: $1.4m) driven mainly by the increase in drawn debt and increase in interest rates throughout the first half of the year. Net working capital investment was up to $276.2m (Jun21: $165.9m), an increase of $110.3m.

Profit

Operating profit before tax (excluding one-off costs) finalised at $51.8m (Jun21: $45.9m) up by 12.7%. The profit growth is attributable to an increase in revenue growth. Whilst gross profit margins are lower than comparative period at 8.8% (Jun21: 9.3%), margins are within the Company's expectations and are normalising after increased margin opportunities in the prior period as a result of the additional COVID-19 related disruptions of 2021. Gross profit (excluding other revenue) increased to $128.0m (Jun21: $99.6m), an increase of $28.4m or 28.5%. Statutory net profit before tax finalised at $50.2m (Jun21: $45.9m) which included one-off acquisition and integration costs of $1.6m.

Net Profit after tax increased to $34.3m (Jun21: $32.1m), up by 7.0%. This represents basic earnings per share of 19.85 cents, increase of 6.9% (Jun21: 18.58 cents).

Statement of Financial Position

Total assets as 30 June 2022 increased to $1,006.6m (Dec21: $854.1), with cash finalising at $26.8m up by $19.4m (Dec21: $7.4m).

The statement of financial position reflected an increase in working capital investment since the last balance date. Total investment in net working capital was $276.2m, up by $17.6m from previous year (Dec21: $258.6m). With continued supply disruptions and the acquisition of the Hills Security and IT division which predominantly was purchases of inventory, total inventory holdings increased from prior balance date period to $236.6m (Dec21: $201.3m), an increase of $35.3m. Trade and other receivables finalised at $532.1m (Dec21: $455.5m) an increase of $76.6m, offset by Trade and other payables increasing to $492.6m (Dec21: $398.2m), an increase of $94.4m.

Property, plant and equipment increased to $85.5m (Dec21: $82.3m), an increase of $3.2m relating to some additional fit out and equipment costs for the new distribution centre in Kurnell, plus fit out costs for a new warehouse and office in New Zealand.

Total liabilities at 30 June 2022 were $841.5m, up by $165.7m from the prior period (Dec21: $675.8m). Total borrowings increased to $290.1m (Dec21: $230.2m) up by $59.9m comprising of an increase in the drawn balance of the Westpac Receivables Facility increasing to $180m from $140m as at Dec21. This was aided with an increase in the limit on this facility from $180m to $220m in February 2022. The increase in borrowings is also attributable to replacing the BNZ Invoice Finance Facility acquired with the Exeed acquisition with a BNZ Cash Advance Facility with an increased limit to $45.1m ($50m NZD). The drawn balance of the Exeed BNZ Invoice Finance facility as at Dec21 was $20.2m, with the drawn balance of the new facility as at Jun22 being $45.1m.

Cash Flow

Net cash generated from operating activities was $35.1m (Jun21: $38.7m), a decrease of $3.6m attributable to the increase in working capital on the comparative period.

Outlook

The Company delivered strong growth in H122 as a result of the continued digital transformation of the corporate, commercial and Government sectors in Australia and New Zealand. Demand remains strong across the Company's product portfolio, highlighting IT distribution's essential role in enabling access to technology and the appetite of the local market for technology services and products. This trend shows no signs of slowing as the digital transformation of both nations continues. Advanced solutions, such as infrastructure, networking, security and software have returned high levels of growth as business confidence also edges higher. Demand for end-user computing and devices has normalised, while the Company's Professional AV division continues to grow above expectations.

The acquisition of the Hills Security and IT (SIT) division provides access to a new market segment in access control and surveillance, such as security cameras, network video recorders (NVRs) and many more technologies that represent a significant untapped opportunity for the Company. This market, similarly to Professional AV two years ago, is converging with the traditional IT channel that we service, presenting an opportunity to not only capture new customers in the access control and surveillance markets, but to open these security solutions to our extensive existing partner network across Australia and New Zealand and offer our partners a full range of market leading security solutions.

Cybersecurity continues to be a key focus for all sectors in 2022, with intelligent solutions such as Zero Trust enabling secure, compliant, and protected technology environments. Cyber-attacks continue to increase as businesses and consumers centre more of their lives around technology, in turn driving awareness and demand for modern cybersecurity solutions. We are anticipating a high level of growth in the adoption of automation, machine learning and data capture and analysis tools as businesses and governments prioritise efficiency and productivity within their operations.

Significant changes in the state of affairs

Hills Acquisition

On 2 May 2022 the Company announced the completion of the acquisition of the Hills (ASX: HIL) Security and IT (SIT) division, providing access to a new market segment in access control and surveillance, tapping into the physical security market. The purchase price, based on a premium to the net assets was estimated at $19.4m, with a final adjustment for net assets acquired settled on 20 June 2022 resulting in additional payment of $1.9m bringing the final purchase price to $21.3m. From this date, Dicker Data transitioned more than 100 of the Hills team members and novated over 50 vendor contracts.

Following the Company's acquisition, the Hills SIT division is now known as Dicker Data Access and Surveillance, or DAS. For the half year, the two-month revenue contribution from the newly created DAS business accounted for $18m.

Supply Shortage

Stock and logistical challenges remain constant and are forecast to continue into 2023. However, the Company is fulfilling more orders and shipping more stock than in previous years, demonstrating a significant shift from supply-driven constraints to demand outstripping supply. The Company has a wealth of knowledge in managing these challenges and is proactively working with its customers to manage expectations and reduce the impact of the supply chain on their businesses.

Over the course of last year Dicker Data has demonstrated its ability to adapt to the changing supply chain challenges and we have improved our ability to forecast and work with our vendors to secure stock allocations whilst better managing customer expectations.

Despite current shortages, we are experiencing strong demand with a backlog of orders to fulfil and as supply improves, we expect to continue to meet this demand in the second half of 2022. Our backorder book is currently at $393m and remains elevated over normalised backorder expectations. We are also continually identifying significant opportunities within the technology sector as digital transformation continues to accelerate, businesses become digital natives and the evolving hybrid and modern workforce increases its dependence on more intelligent, faster and collaborative technology solutions.

BNZ NZ Facility

In June 2022 Dicker Data NZ Ltd entered into a new cash advance facility with BNZ Bank. This facility replaced the Exeed Ltd invoice finance and cash advance facilities assumed on the acquisition of Exeed Ltd. The new cash advance facility has a limit of $50m NZD and was fully drawn in June 2022. The facility also includes a stand-by letter of credit facility for approximately $21.1m NZD to support supplier trade credit arrangements. This facility will help support the ongoing growth and working capital requirements of our growing New Zealand business.

There were no other significant changes in the in the state of affairs of the consolidated entity during half-year ended 30 June 2022.

Subsequent Events

The Company has announced on 30 August 2022 a fully underwritten institutional placement to raise $50m and non-underwritten share purchase plan to raise an additional $10m.

There were no other 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:

David Dicker
CEO and Chairman
30 August 2022

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Sydney NSW 2000
Australia

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 2022, 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
Director

BDO Audit Pty Ltd

Sydney, 30 August 2022

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the half year ended 30 June 2022

	Note	30-Jun-22 $'000	30-Jun-21 $'000
REVENUE			
Sales revenue	4	1,457,041	1,066,537
Other revenue:			
Interest received		270	135
Other revenue		2,136	2,619
		1,459,447	**1,069,291**
EXPENSES			
Changes in inventories		35,345	(2,893)
Purchases of inventories		(1,364,368)	(964,011)
Employee benefits expense		(59,278)	(44,543)
Depreciation and amortisation		(5,695)	(3,985)
Finance costs		(3,973)	(1,399)
Other expenses		(11,315)	(6,529)
		(1,409,284)	**(1,023,360)**
Profit before income tax expense		**50,163**	**45,931**
Income tax expense		(15,822)	(13,837)
Profit after income tax expense for the year		**34,341**	**32,094**
Profit attributable to members of the company		**34,341**	**32,094**
Other comprehensive income, net of tax			
Foreign Currency Translation		(769)	(113)
Total comprehensive income for the year		**33,572**	**31,981**
Total comprehensive income attributable to members of the company		**33,572**	**31,981**
Weighted Earnings per share		**Cents**	**Cents**
Basic earnings per share		19.85	18.58
Diluted earnings per share		19.85	18.58

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 2022

	Note	30-Jun-22 $'000	31-Dec-21 $'000
ASSETS			
Current Assets			
Cash and cash equivalents		26,781	7,413
Trade and other receivables		532,120	455,467
Inventories		236,621	201,276
Total Current Assets		**795,522**	**664,156**
Non-Current Assets			
Right of Use Asset	8	19,311	2,709
Property, plant and equipment		85,510	82,287
Intangible assets		97,908	98,630
Deferred tax assets		8,377	6,341
Total Non-Current Assets		**211,106**	**189,967**
TOTAL ASSETS		**1,006,628**	**854,123**
LIABILITIES			
Current Liabilities			
Trade and other payables		492,578	398,179
Lease Liabilities	8	2,641	2,715
Borrowings	7	235,094	170,169
Current tax liabilities		1,945	11,216
Short-term provisions		20,797	17,294
Total Current Liabilities		**753,055**	**599,573**
Non-Current Liabilities			
Borrowings	7	55,000	60,000
Lease Liabilities	8	16,623	439
Deferred tax liabilities		14,439	13,698
Long-term provisions		2,427	2,116
Total Non-Current Liabilities		**88,489**	**76,253**
TOTAL LIABILITIES		**841,544**	**675,826**
NET ASSETS		**165,084**	**178,297**
EQUITY			
Equity attributable to Equity Holders			
Issued capital		141,157	139,527
Reserves		(437)	332
Retained profits		24,364	38,439
TOTAL EQUITY		**165,084**	**178,297**

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 2022

Consolidated	Note	Issued Capital $'000	Retained Profits $'000	Reserves $'000	Total Equity $'000
Balance at 1 January 2021		**131,790**	**29,553**	**270**	**161,613**
Profit after income tax for the year		**-**	32,094	-	**32,094**
Other comprehensive income for the year net of tax				(113)	**(113)**
Total comprehensive income for the year		**-**	**32,094**	**(113)**	**31,981**
Transactions with the owners in their capacity as owners:					
Share Issue (DRP)		6,238	**-**	**-**	**6,238**
Cost associated with June 20 Share Purchase Plan (SPP)		(47)	**-**		**(47)**
Dividends Paid			(33,571)	-	**(33,571)**
Balance at 30 June 2021		**137,981**	**28,076**	**157**	**166,214**
Balance at 1 January 2022		**139,527**	**38,439**	**332**	**178,298**
Profit after income tax for the year		**-**	34,341	-	**34,341**
Other comprehensive income for the year net of tax		-	-	(769)	**(769)**
Total comprehensive income for the year		**-**	**34,341**	**(769)**	**33,572**
Transactions with the owners in their capacity as owners:					
Share Issue (DRP)		1,630	**-**	**-**	**1,630**
Dividends Paid		-	(48,416)	-	**(48,416)**
Balance at 30 June 2022		**141,157**	**24,364**	**(437)**	**165,084**

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 2022

	Note	30-Jun-22 $'000	30-Jun-21 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers (inclusive of GST)		1,537,479	1,129,324
Payments to suppliers and employees (inclusive of GST)		(1,472,599)	(1,075,086)
Interest received		270	135
Interest and other finance costs paid		(3,626)	(1,369)
Income tax paid		(26,388)	(14,266)
NET CASH FROM OPERATING ACTIVITIES		**35,136**	**38,738**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(5,906)	(4,814)
Proceeds from sale of property plant and equipment		106	-
Payments for intangibles		-	(1)
Payment for purchase of business, net of cash acquired	9	(21,267)	-
NET CASH USED IN INVESTING ACTIVITIES		**(27,067)**	**(4,815)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from share issue		-	(47)
Drawdown of borrowings		59,925	10,000
Principal paid on lease liabilities		(1,493)	(1,645)
Interest paid on lease liabilities		(347)	(30)
Payment of dividends		(46,786)	(27,333)
NET CASH FROM /(USED) IN FINANCING ACTIVITIES		**11,299**	**(19,055)**
NET CASH FLOWS		19,368	14,868
Cash and cash equivalents at the beginning of the period		7,413	30,368
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD		**26,781**	**45,236**

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

Note 1. Significant accounting policies

These general purpose interim financial statements for the half-year reporting period ended 30 June 2022 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 2021 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

Consolidated - 30 June 2022	Australia $'000	New Zealand $'000	Eliminations / Unallocated $'000	TOTAL $'000
Revenue				
Sale of goods	1,188,373	268,668	-	**1,457,041**
Other revenue:				
Other revenue	1,884	252	-	**2,136**
Interest revenue	198	72	-	**270**
Total Revenue	1,190,455	268,992	-	**1,459,447**
EBITDA	55,013	4,549	-	**59,562**
Depreciation & Amortisation	(3,521)	(2,175)	-	**(5,696)**
Interest revenue	258	72	(60)	**270**
Finance costs	(2,745)	(1,288)	60	**(3,973)**
Profit before income tax	49,005	1,158	-	**50,163**
Income tax expense	(15,432)	(390)	-	**(15,822)**
Profit after income tax expense	33,573	768	-	**34,341**
Segment Current Assets	715,726	79,796	-	**795,522**
Segment Non Current Assets	144,432	66,674	-	**211,106**
Segment Assets	**860,158**	**146,470**	**-**	**1,006,628**
Segment Current Liabilities	643,845	109,210	-	**753,055**
Segment Non Current Liabilities	66,509	21,980	-	**88,489**
Segment Liabilities	**710,354**	**131,190**	-	**841,544**

Consolidated - 30 June 2021	Australia $'000	New Zealand $'000	Eliminations / Unallocated $'000	TOTAL $'000
Revenue				
Sale of goods	984,280	82,257	-	**1,066,537**
Other revenue:				
Other revenue	2,559	60	-	**2,619**
Interest revenue	130	5	-	**135**
Total Revenue	986,969	82,322	-	**1,069,291**

EBITDA	49,493	1,687	-	**51,180**
Depreciation & Amortisation	(3,688)	(297)	-	**(3,985)**
Interest revenue	188	6	(59)	**135**
Finance costs	(1,384)	(74)	59	**(1,399)**
Profit before income tax	44,609	1,322	-	**45,931**
Income tax expense	(13,475)	(362)	-	**(13,837)**
Profit after income tax expense	31,134	960	-	**32,094**
Segment Current Assets	486,629	41,698	-	**528,327**
Segment Non Current Assets	109,872	1,171	-	**111,043**
Segment Assets	**596,501**	**42,869**	**-**	**639,370**
Segment Current Liabilities	436,905	30,663	-	**467,568**
Segment Non Current Liabilities	5,414	174	-	**5,588**
Segment Liabilities	**442,319**	**30,837**	**-**	**473,156**

Note 4. Revenue

Sales from contracts with customers

The company sells hardware (including access control and surveillance), 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 2022

Product Type	Description	Revenue recognition	Agent/ Principal	$'000 AU	$'000 NZ	$'000 Consolidated
Infrastructure	Hardware products	Point in time	Principal	813,227	194,511	1,007,738
Virtual Services	Sales of 3rd party warranties and services	Point in time	Principal	70,872	6,424	77,296
Software	Perpetual and subscription licensing including cloud products	Point in time	Principal	297,806	67,673	365,479
Dicker Data Services	3rd party logistics and configuration services	Point in time	Principal	2,930	60	2,990
Partner Services	Agent commission	Point in time	Agent	3,538	-	3,538
				1,188,373	**268,668**	**1,457,041**

Half Year to 30 June 2021

Product Type	Description	Revenue recognition	Agent/ Principal	$'000 AU	$'000 NZ	$'000 Consolidated
Infrastructure	Hardware products	Point in time	Principal	675,319	38,135	713,454
Virtual Services	Sales of 3rd party warranties and services	Point in time	Principal	88,226	1,982	90,208
Software	Perpetual and subscription licensing including cloud products	Point in time	Principal	215,878	42,129	258,007
Dicker Data Services	3rd party logistics and configuration services	Point in time	Principal	2,159	11	2,170
Partner Services	Agent commission	Point in time	Agent	2,698	-	2,698
				984,280	**82,257**	**1,066,537**

Note 5. Dividends

The total dividends declared and paid during the half financial year were 28.0 cents per share or a total of $48.4m, fully franked.

Record Date:	Payment Date:	Dividend/Share (in Cents)	Amount (in 000's)	Type	FY	Amount Franked
15-Feb-22	1-Mar-22	0.15	$25,933	Final	2021	100%
17-May-22	1-Jun-22	0.13	$22,484	Interim	2022	100%
	Total	**0.28**	**$48,417**			

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.

Note 7. Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

Note 7. Borrowings (continued)

	30-Jun-22 $'000	31-Dec-21 $'000
Current		
Receivables Facility	180,000	140,000
Cash Advance Facility	10,000	10,000
BNZ Exeed Facility	-	20,169
BNZ Cash Advance Facility	45,094	-
Total current borrowings	**235,094**	**170,169**
Non-Current		
Cash Advance Facility	**55,000**	**60,000**

Receivables Facility

The receivables facility with Westpac was renewed for 2 years in February 2022, with the limit on the facility increasing from $180m to $220m, supported by the increase in receivables balance. The renewal of the facility and increase in limit ensures the ongoing funding to continue to support working capital investments and the growth of the business. This facility is secured by a fixed charge over the Australian receivables.

Cash Advance Facility

The cash advance facility was entered into with Westpac in August 2021 to fund the acquisition of the Exeed group and corresponding transaction costs. The original amount drawn down was $70m, which includes repayments of $10m per annum over the 3 year life of the facility. As at 30 June 2022 the outstanding amount is $65m. The facility is secured by a General Security Deed over the assets of the Company.

BNZ Cash Advance Facility

In June 2022 Dicker Data NZ Ltd entered into a new cash advance facility with BNZ Bank. This facility replaced the Exeed Ltd invoice finance and cash advance facilities assumed on the acquisition of Exeed Ltd. The new cash advance facility, expiring May 2023 is for a limit of $50m NZD and was fully drawn in June 2022. The facility also includes a stand-by letter of credit facility for $21.1m NZD to support supplier trade credit arrangements. The facility is secured by a General Security Deed over the assets of the New Zealand Group supported by a guarantee and indemnity from the parent entity. This facility will help support the ongoing growth and working capital requirements of our growing New Zealand business

Note 8. Leases

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

	30-Jun-22 $'000	31-Dec-21 $'000
Right of Use Asset		
Opening Balance	**2,709**	2,276
Addition through business combination	**2,235**	2,176
Additions	**17,161**	-
Amortisation	**(1,174)**	(2,387)
Disposal	**(1,422)**	-
Effect of modification to lease terms	**-**	660
Variable lease payment adjustment	**(7)**	(1)
Effect of movements in exchange rate	**(191)**	(15)
Closing Balance	**19,311**	**2,709**
Lease Liability		
Opening Balance	**3,154**	2,757
Addition through business combination	**2,235**	2,334
Addition	**17,161**	-
Interest expense	**347**	160
Disposal	**(1,919)**	-
Effect of modification to lease terms	**-**	660
Variable lease payment adjustment	**(7)**	(1)
Lease payments	**(1,493)**	(2,736)
Effects of movement in exchange rate	**(214)**	(20)
Closing Balance	**19,264**	**3,154**
Maturity Analysis		
Less than one year	**2,641**	2,715
One to five years	**16,623**	439
Total discounted lease liabilities	**19,264**	**3,154**

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. Business Combinations

Acquisitions

On 2 May 2022 the Company announced the completion of the acquisition of the Hills (ASX: HIL) Security and IT (SIT) division, providing access to a new market segment in access control and surveillance, tapping into the physical security market. The purchase price, based on a premium to the net assets was estimated at $19.4m, with a final adjustment for net assets acquired settled on 20 June 2022 resulting in additional payment of $1.9m bringing the final purchase price to $21.3m. From this date, Dicker Data transitioned more than 100 of the Hills team members and novated over 50 vendor contracts.

Following the Company's acquisition, the Hills SIT division will now be recognised as Dicker Data Access and Surveillance, or DAS. For the half year, the two-month revenue contribution from the newly created DAS business accounted for $18m. Had the business been acquired for the full reporting period, assuming the average revenue contribution for the two months of trading, the additional revenue contribution from this acquisition for the reporting period would be estimated at $54m. It is impracticable to disclose the profit and loss impact for the whole of the reporting period whilst the business is being integrated, due to the division acquired being an integrated business of Hills Limited and historical information on a stand-alone basis relating to the division being unavailable.

Details of the net assets acquired, goodwill and purchase consideration are as follows:

	Fair Value $'000
Prepayments	2,858
Inventory	20,764
Provision for Inventory	(2,202)
Property Plant and Equipment	614
Right of use asset	2,235
Lease Liability	(2,235)
Sundry Creditors	(79)
Employee Provisions	(1,473)
Other Provisions	(782)
Net identifiable assets and liabilities	19,700
Goodwill	1,567
Net Assets Acquired	**21,267**
Purchase Consideration Comprises:	
Cash Paid	**21,267**

Note 10. Contingent Liabilities

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

Note 11. Events after the reporting period

The Company has announced on 30 August 2022 a fully underwritten institutional placement to raise $50m and non-underwritten share purchase plan to raise an additional $10m. 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 2022 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
30 August 2022

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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 2022, 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 significant 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 30 June 2022 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 2022 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 Audit Pty Ltd

BDO

Tim Aman
Director

Sydney, 30 August 2022