Dicker Data Limited

ABN: 95 000 969 362

Appendix 4D and
Interim Financial Report
Half Year Ended 30 June 2021

Appendix 4D
Half Year ended 30 June 2021

Current reporting period:	Half Year ended 30 June 2021
Previous Reporting Period:	Half Year ended 30 June 2020

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Operating and financial review on comparative period

Results		Movement		Jun-21 (6 months) $'000	Jun-20 (6 months) $'000
Revenues from ordinary activities	Up	6.3%	to	$1,069,291	$1,006,138
Net profit before tax	Up	9.2%	to	$45,931	$42,047
Net profit after tax attributable to members	Up	9.2%	to	$32,094	$29,390

The six months to June 2021 have seen Dicker Data increase revenue at a rate of 6.3% through growth in both established vendors and new vendors, delivering a solid result despite supply constraints experienced in the first half of the financial year. Gross Profit is tracking stronger against comparative period last year at $99.6m (Jun20: $96.5m) however profit margins marginally down against comparative period at 9.3% (Jun20: 9.6%). Operating costs as a percentage of sales have seen a small improvement at 4.8% (June20: 4.9%). Net profit before tax finalised at $45.9m, up by 9.2%. Net profit after tax finalising at $32.1m, a growth of 9.2% 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-21	Jun-20
Net tangible asset per ordinary share	0.82	0.75

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 19.5 cents per share or a total of $33.6m, fully franked.

Record Date:	Payment Date:	Dividend/Share (in Cents)	Amount (in 000's)	Type	FY	Amount Franked
15-Feb-21	1-Mar-21	0.105	$18,074	Final	2020	100%
15-May-21	1-Jun-21	0.090	$15,497	Interim 1	2021	100%
	Total	**0.195**	**$33,571**			

Dividend Reinvestment Plans

The Company continued to offer participation in the Dividend Reinvestment Plan (DRP) in the reporting period. Of the total $33.6m dividends paid in the period, $27.3m was paid as cash dividends and $6.2m 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 2021 is attached.

Signed:

David Dicker
CEO and Chairman
Sydney, 26 August 2021

Dicker Data Limited

ABN: 95 000 969 362

Interim Financial Report

Half Year Ended 30 June 2021

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 2021.

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 (Appointed 29th March 2021)

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 2021 was $1,069.3m (Jun20: $1,006.1m), up by $63.2m (+6.3%), a solid result despite supply constraints experienced in the first half of the financial year

In line with the Company's long-term strategy to evolve and differentiate its offerings and diversify the vendor portfolio, in HY21 Dicker Data added a total of 5 new vendors, contributing an incremental $14.5m. Of the existing vendors (FY20 and prior), we saw growth of $46.2m (+4.6%).

At a country level, Australia total revenue grew by $50.2m (+5.4%) and in New Zealand sales revenue grew by $13.0m (+18.8%).

At a sector level, we experienced growth across most sectors, with hardware and virtual services sales at $803.7m (+$56.9m, +7.6%), software sales at $258.0m (+$4.6m, +1.8%), and services revenue at $4.9m (-0.7m, -13.1%), with our services business seeing a number of larger enterprise projects deferred and a key customer undergoing a restructure. In the software business, Dicker Data maintained strong growth in perpetual software sales (+ 10.7%) and subscription software business (+14.8%). This was offset by decline in renewable software products after surge in these products particularly software security business in the HY20 due to the large work-from-home (WFH) migration that took place in quarter two of the 2020 financial year.

Gross Profit

Building on the Company's long history of strong performance, total gross profit (excluding other revenue) was $99.6m (Jun20: $96.5m), an increase of $3.1m or 3.3%, total gross margin decreased marginally against comparative period at 9.3% (Jun20: 9.6%). Whilst tracking above long-term averages gross margin slightly abated following strong margin opportunity in first half FY20.

Operating Expenses

Operating expenses have increased by $1.6m, an increase of 3.3% on the previous corresponding period, being lower than the revenue increase for the period. Operating expenses have been maintained as a percentage of sales at 4.8%, a small improvement on Jun20 at 4.9% of sales. Dicker Data's dedication to its people is reflected as salary related expenses accounted for most of the increase, up by $1.9m (+4.4%) due to increases in achievement-based commissions, increases in employee-related provisions and higher headcount. The number of staff increased from 454 to 540 (+18.9%) as we continue to invest in growth portfolios with the addition of 5 new vendors and new segments in HY21, for which full value is yet to be realised.

Depreciation and Amortisation expense increased by $0.8m to $4.0m compared to prior corresponding period (Jun20: $3.2m). 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 is depreciation on the Right to Use Assets (ROUA) for the capitalised leases to the value of $1.5m.

Finance costs in the reporting period were $1.4m, down $0.8m from the prior year (Jun20: $2.2m) driven mainly by the cessation of costs relating ($0.5m) to the $40m bond that was repaid in March 2020 and savings from drop-in interest rates throughout the first half of the year on interest paid on working capital debt. Net working capital investment was up to $165.9m (Jun20: $162.1m), an increase of $3.8m.

Profit

Operating profit before tax finalised at $45.9m (Jun20: $42.0m) up by 9.2%. The profit growth is attributable to a combination of revenue growth, increase in gross profit and maintenance and control of operational leverage. Gross profit (excluding other revenue) tracking better than comparative period at $99.6m (Jun20: $96.5m), an increase of $3.1m or 3.3% whilst total costs as a percentage of sales have improved slightly at 4.8% (Jun20: 4.9%).

Net Profit after tax increased to $32.1m (Jun21: $29.4m), up by 9.2%. This represents basic earnings per share of 18.58 cents, increase of 8.8% (Jun20: 17.08 cents).

Statement of Financial Position

Total assets as 30 June 2021 increased to $639.4m (Dec20: $581.9m), with cash finalising at $45.2m up by $14.8m (Dec20: $30.4m).

The statement of financial position reflected a moderation in working capital investment since the last balance date. Total investment in net working capital was $165.9m, down by $1.1m from previous year (Dec20: $167.0m). With increased supply shortages investment in Inventory declined from last balance date at $110.3m (-$2.9m on Dec20). Trade and Accounts Receivables finalised at $372.7m (+45.8m on Dec20), were offset by Accounts Payable increases at $317.3m (+$44.1m on Dec20).

Property, plant and equipment increased to $81.0m (Dec20: $78.0m), an increase of $3.0m relating to some additional fit out costs of the new distribution centre completed in January 2021.

Total liabilities as at 30 June 2021 were $473.2m, up from the prior period (Dec20: $420.3m). Total current borrowings increased to $130.0m (Dec20: $120.0m) up by $10.0m, comprising of a receivables purchase facility with Westpac.

Equity has increased to $166.2m during the period (Dec20: $161.6m), representing an increase of $4.6m.

Cash Flow

Net cash generated from operating activities was $38.7m (Jun20: $30.3), an increase of $8.4m on the comparative period last year.

Outlook

As the world continues to navigate the COVID-19 pandemic, and in particular the Delta variant, people and businesses are becoming more resilient and innovative. Lockdowns across Australia are accelerating digital transformation agendas and playing a critical factor in a business' ability to survive. Those who are adapting quickly and deploying digital first strategies are thriving and creating not only a more certain future, but a more prosperous one as well.

Demand for the technology and value-added services offered by Dicker Data remains strong. The essential role our reseller partner network plays in enabling the business continuity of Government departments and public and private companies continues to underpin this demand. Management continues to monitor the global impact of the pandemic, however, believes the Company is well-positioned to absorb any economic fallout. Furthermore, the Company is poised to take advantage of new opportunities as they arise. Dicker Data remains committed to its strategy of partnering with the world's leading technology vendors and continues to review its vendor line up to ensure the Company is aligned to the needs of its partner network.

Dicker Data's greatest opportunity in the next 12 months is supporting reseller partners in building and delivering return to work solutions and strategies that are compliant with evolving Government guidelines. The commercialisation of edge technologies will accelerate as home offices become office sub-branches that require connectivity, security and device management solutions. Furthermore, the proliferation of 5G technology and solutions continues as the work-from-anywhere movement shows signs of slowing. The revolutionary bandwidth 5G connectivity provides is enabling businesses to unlock the full potential of Artificial Intelligence and machine learning technologies whilst also assisting them to cope with the exponential growth in their data. Demand for cloud solutions also remains strong as businesses look for scalability to accommodate their changing needs amidst the disruption caused by the pandemic. Public and hybrid cloud solutions are the major growth drivers in the cloud segment, particularly as the technology, and our partner's skillsets in delivering these solutions, are maturing.

The Company's recent acquisition of the Exeed Group across Australia and New Zealand will create a number of new opportunities. Dicker Data's New Zealand operation is expected to more than double in size to over NZD $500m in annual revenue with the introduction of several tier one vendor partnerships with brands such as HP, Apple and Hewlett Packard Enterprise. Furthermore, the Exeed Group brings operational expertise in servicing the retail sector across Australia and New Zealand. The retail sector represents a significant untapped revenue opportunity for Dicker Data.

Significant changes in the state of affairs

Supply Shortage

The global chip shortage is expected to continue for the foreseeable future as manufacturers work at a global level to manage the available inventory. Larger international markets, such as the US and Europe are experiencing higher allocations than many countries across APAC region. Each vendor is executing a slightly different strategy, and as proven by the Company's H1 2021 results, Dicker Data is extremely well placed to capitalise on the opportunities this unique market dynamic is creating. Over the course of the first half of 2021 Dicker Data has been able to adapt to the changing supply chain challenges and 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 2021. We are also identifying significant opportunities within the technology sector as digital transformation continues to accelerate, business becoming digital natives and the evolving hybrid and modern workforce becoming dependent on more intelligent, faster and collaborative technology solutions.

COVID-19 Update

The full impact of the new wave of COVID-19 outbreak continues to evolve at the date of this report. Increasing restrictions across Greater Sydney in NSW and increasing restrictions across other states has resulted in further uncertainty for businesses. The Company to date has proved resilient to the negative economic impact of COVID-19, however there is significant uncertainty as to the full impact that this new wave of outbreaks and lockdowns will have on the Company's earning, liquidity and operations during the second half of 2021 and beyond. Therefore, the Company is unable to provide financial guidance for the remainder of the 2021 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.

Apart from the Exeed Group acquisition as disclosed under subsequent events, there were no other significant changes in the in the state of affairs of the consolidated entity during half-year ended 30 June 2021.

Subsequent Events

Exeed Group Acquisition

On 30th July 2021 the Company entered into a binding Sale and Purchase Agreement (SPA) to acquire the Exeed Group business (Exeed) operating across Australia and New Zealand. This transaction completed on 6th August 2021.

The purchase price was $68m on a cash free, debt free basis, other than existing working capital debt which will be assumed by Dicker Data as part of the working capital balance at completion. The acquisition funding was supported by a cash advance facility from Westpac.

Established in 2002, and headquartered in Auckland, Exeed is the second largest IT distributor in the New Zealand market distributing key technology brands including Apple, HP, Hewlett Packard Enterprise and Microsoft, with a focus on both the commercial and retail sectors. The business employs a total of 119 staff, with 95 based in New Zealand and 24 in Australia.

With operations expanded into Australia in 2016, the Exeed business represents combined revenues of approx. NZD $380m, with FY21 full year normalised EBITDA earnings expected to be approx. $15m, of which we expect five months contribution to Dicker Data's FY21 results. In addition to NZD $310m of revenue in the NZ market, this acquisition also gives us access to NZD $70m revenue in Australia, across a vendor base that has no overlap with existing Australian vendors.

The opportunity provides a solid customer base of nearly 1,200 resellers, growth in market share and revenue, plus immediate gain of skilled and specialist experts and a cultural synergy between the two companies. The arrangement will propel Dicker Data NZ to become the second largest IT distributor in New Zealand with estimated annual revenues of over $500m for the combined entities. Furthermore, the acquisition provides access to an established retail distribution business across Australia and New Zealand.

Term Loan Facility

To fund the acquisition of the Exeed Group, Dicker Data has entered into a term loan facility agreement with Westpac. The facility is for $70m, for a period of 3 years. The full value of the facility was drawn on 6th August 2021 to fund the acquisition and associated costs.

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
Sydney, 26 August 2021

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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 2021, 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, 26 August 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the half year ended 30 June 2021

	Note	30-Jun-21 $'000	30-Jun-20 $'000
REVENUE			
Sales revenue	4	1,066,537	1,005,787
Other revenue:			
Interest received		135	226
Recoveries		-	3
Other revenue		2,619	122
		1,069,291	**1,006,138**
EXPENSES			
Changes in inventories		(2,893)	18,197
Purchases of inventories		(964,011)	(927,508)
Employee benefits expense		(44,543)	(42,676)
Depreciation and amortisation		(3,985)	(3,151)
Finance costs		(1,399)	(2,169)
Other expenses		(6,529)	(6,784)
		(1,023,360)	**(964,091)**
Profit before income tax expense		**45,931**	**42,047**
Income tax expense		(13,837)	(12,657)
Profit after income tax expense for the year		**32,094**	**29,390**
Profit attributable to members of the company		**32,094**	**29,390**
Other comprehensive income, net of tax			
Items that may be reclassified subsequently to profit or loss			
Foreign Currency Translation		(113)	(427)
Total comprehensive income for the year		**31,981**	**28,963**
Total comprehensive income attributable to members of the company		**31,981**	**28,963**
Weighted Earnings per share		**Cents**	**Cents**
Basic earnings per share		18.58	17.08
Diluted earnings per share		18.58	17.08

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 2021

	Note	30-Jun-21 $'000	31-Dec-20 $'000
ASSETS			
Current Assets			
Cash and cash equivalents		45,236	30,368
Trade and other receivables		372,738	326,963
Inventories		110,353	113,246
Total Current Assets		**528,327**	**470,577**
Non-Current Assets			
Right of Use Asset		804	2,276
Property, plant and equipment		80,986	78,024
Intangible assets		24,265	24,933
Deferred tax assets		4,989	6,135
Total Non-Current Assets		**111,043**	**111,368**
TOTAL ASSETS		**639,370**	**581,945**
LIABILITIES			
Current Liabilities			
Trade and other payables		317,268	273,193
Lease Liabilities		930	2,243
Borrowings		130,000	120,000
Current tax liabilities		4,060	4,937
Short-term provisions		15,309	13,354
Total Current Liabilities		**467,568**	**413,727**
Non-Current Liabilities			
Lease Liabilities		173	514
Deferred tax liabilities		3,455	4,154
Long-term provisions		1,959	1,937
Total Non-Current Liabilities		**5,588**	**6,605**
TOTAL LIABILITIES		**473,156**	**420,332**
NET ASSETS		**166,214**	**161,613**
EQUITY			
Equity attributable to Equity Holders			
Issued capital		137,981	131,790
Reserves		157	270
Retained profits		28,076	29,553
TOTAL EQUITY		**166,214**	**161,613**

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 2021

	Note	Issued Capital $'000	Retained Profits $'000	Reserves $'000	Total Equity $'000
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**
Transactions with the owners in their capacity as owners:					
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**
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 Jun20 Share Purchase Plan (SPP)		(47)	**-**	**-**	**(47)**
Dividends Paid	5	-	(33,571)	-	**(33,571)**
Balance at 30 June 2021		**137,981**	**28,076**	**157**	**166,214**

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 2021

	Note	30-Jun-21 $'000	30-Jun-20 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers (inclusive of GST)		1,129,324	1,073,925
Payments to suppliers and employees (inclusive of GST)		(1,075,086)	(1,021,629)
Interest received		135	226
Interest and other finance costs paid		(1,369)	(2,096)
Income tax paid		(14,266)	(20,156)
NET CASH FROM OPERATING ACTIVITIES		**38,738**	**30,270**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(4,814)	(28,465)
Payments for intangibles		(1)	(2)
NET CASH USED IN INVESTING ACTIVITIES		**(4,815)**	**(28,467)**
CASH FLOWS FROM FINANCING ACTIVITIES			
(Costs) / Proceeds from share issue		(47)	63,617
Repayment of Bond		-	(40,000)
Drawdown / (Repayments of borrowings)		10,000	-
Principal paid on lease liabilities		(1,645)	(1,517)
Interest paid on lease liabilities		(30)	(73)
Payment of dividends		(27,333)	(29,009)
NET CASH USED IN FINANCING ACTIVITIES		**(19,055)**	**(6,982)**
NET CASH FLOWS		14,868	(5,179)
Cash and cash equivalents at the beginning of the period		30,368	22,573
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD		**45,236**	**17,394**

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 2021 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 2020 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

Half Year to 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	129	6	-	**135**
Total Revenue	**986,968**	**82,323**	**-**	**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**

Half Year to 30 June 2020	Australia $'000	New Zealand $'000	Eliminations / Unallocated $'000	TOTAL $'000
Revenue				
Sale of goods	936,391	69,396	-	**1,005,787**
Other revenue:				
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**

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 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**

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	39,705	253,404
Dicker Data Services	3rd party logistics and configuration services	Point in time	Principal	2,764	-	2,746
Partner Services	Agent commission	Point in time	Agent	2,858	-	2,858
				936,391	**69,396**	**1,005,787**

Note 5. Dividends

The total dividends declared and paid during the half financial year were 19.5 cents per share or a total of $33.6m, fully franked.

Record Date:	Payment Date:	Dividend/Share (in Cents)	Amount (in 000's)	Type	FY	Amount Franked
15-Feb-21	1-Mar-21	0.105	$18,074	Final	2020	100%
15-May-21	1-Jun-21	0.090	$15,497	Interim 1	2021	100%
	Total	**0.195**	**$33,571**			

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-21 $'000	31-Dec-20 $'000
Right of Use Asset		
Balance as at 1 January	2,276	5,190
Depreciation Charge for the year	(1,466)	(3,065)
Variable lease payment adjustment	(1)	178
Effect of movements in exchange rate	(5)	(27)
Closing Balance as at 30 June	**804**	**2,276**
Lease Liability		
Balance at 1 January	2,757	5,676
Interest expense	30	190
Variable lease payment adjustment	(1)	178
Lease payments	(1,675)	(3,251)
Effects of movement in exchange rate	(8)	(36)
Closing Balance as at 30 June	1,104	2,757
Maturity Analysis - contractual discounted cash flows		
Less than one year	930	2,243
One to five years	173	514
Total discounted lease liabilities as at 30 Jun 2020	**1,104**	**2,757**

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

Exeed Group Acquisition

On 30th July 2021 the Company entered into a binding Sale and Purchase Agreement (SPA) to acquire 100% of the Exeed Group business (Exeed) operating across Australia and New Zealand. This transaction completed on 6th August 2021.

The purchase price was $68m on a cash free, debt free basis, other than existing working capital debt which will be assumed by Dicker Data as part of the working capital balance at completion. The acquisition funding was supported by a cash advance facility from Westpac.

Established in 2002, and headquartered in Auckland, Exeed is the second largest IT distributor in the New Zealand market distributing key technology brands including Apple, HP, Hewlett Packard Enterprise and Microsoft, with a focus on both the commercial and retail sectors. The business employs a total of 119 staff, with 95 based in New Zealand and 24 in Australia

With operations expanded into Australia in 2016, the Exeed business represents combined revenues of approx. NZD $380m, with FY21 full year normalised EBITDA earnings expected to be approx. $15m, of which we expect five months contribution to Dicker Data's FY21 results. In addition to NZD $310m of revenue in the NZ market, this acquisition also gives us access to NZD $70m revenue in Australia, across a vendor base that has no overlap with existing Australian vendors.

The opportunity provides a solid customer base of nearly 1,200 resellers, growth in market share and revenue, plus immediate gain of skilled and specialist experts and a cultural synergy between the two companies. The arrangement will propel Dicker Data NZ to become the second largest IT distributor in New Zealand with estimated annual revenues of over $500m for the combined entities. Furthermore, the acquisition provides access to an established retail distribution business across Australia and New Zealand.

Amounts recognised in respect of the fair value of assets acquired, liabilities assumed and goodwill as a result of the acquisition cannot be disclosed at the time of signing the 30 June 2021 half-year report as these are still being determined.

Term Loan Facility

To fund the acquisition of the Exeed Group, Dicker Data has entered into a term loan facility agreement with Westpac. The facility is for $70m, for a period of 3 years. The full value of the facility was drawn on 6th August 2021 to fund the acquisition and associated costs.

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 2021 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
26 August 2021

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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 2021, 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 2021 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 2021 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, 26 August 2021