

FY22 Results Briefing

18th August 2022

Agenda

Data#3 Overview

FY22 Operational Overview

FY22 Financial Performance

FY23 Strategy

Customer Success

Summary and Outlook

FY22 Financial Highlights



Revenue
\$2.2B
Up 12.1%



Gross Profit
\$218.2M
Up 12.1%



NPBT
\$44.1M
Up 19.4%



NPAT
\$30.3M
Up 19.1%



Basic EPS
19.61 cents
Up 18.8%



Dividends per share
17.90 cents
Up 19.3%
Payout ratio of 91.3%

FY22 Overview

Revenue

\$2.2B



Public Cloud Revenue

\$1.0B



Recurring Revenue

66%



People

1,300+



- Strong result with good contributions across business units and regions, supported by growing pipeline of large integration project opportunities
- In line with strategic focus, increase in software and services revenue driving recurring revenue and margin accretion
- Order backlog from supply chain delays increased from \$3M at end of FY21 to over \$6M at end of FY22 (pre-tax profit). This will be realised in 1H FY23
- Leading market position, strength of supplier relationships, long-term customer base and experienced team underpins positive outlook

Key awards + certifications

- HRD Employer of Choice – 7th year in a row
- Cisco Global Software Partner of the Year
- Microsoft Worldwide Device Distributor/Reseller Partner of the Year
- Microsoft Worldwide Surface+ Partner of the Year



ESG update

- Sustainability goals
- Formed Reconciliation Action Plan Working Group
- Ethics global benchmarking





Digital Transformation



**Artificial
Intelligence**



Internet of Things



3D Printing

Foundation Layer



Multi-cloud



**Modern
Workplace**



Security



Data & Analytics



Connectivity

Integrated Solutions



Multi-cloud

Modern Data Centre
Public Cloud
Private Cloud



Modern Workplace

Collaboration
End User Devices
Printing
Systems Management



Security

Cloud Security
Data Security and Privacy
Identity and Access Management
Infrastructure and Endpoint Security
Security Monitoring and Analytics



Data & Analytics

Business Analytics
Customer Management
Internet of Things
Location-Based Analytics



Connectivity

IT-OT Networking
Software-Defined Networks
Software-Defined WAN
Wireless Networks

Consulting

Project Services

Support Services

Lifecycle



#1 partner in Australia



#1 partner in Australia



#1 partner in Australia



Top five partner in Australia

**Strategic partnerships
with global leaders**

**Significant investment
in technical capability
and certifications**

**400+ other partnerships
with emerging vendors**

FY22 Operational Overview

FY22 Operational Highlights



Multi-cloud Growth

\$1.0B in Public Cloud
plus, Private Cloud growth



Security Growth

Fastest growing solution
and top customer priority
ISO 27001 certified



Services

Strong growth in Consulting and
Support Services improving
Gross Margin



Customer Experience

Investment in systems and people
driven by data and analytics.
Global recognition with Cisco.



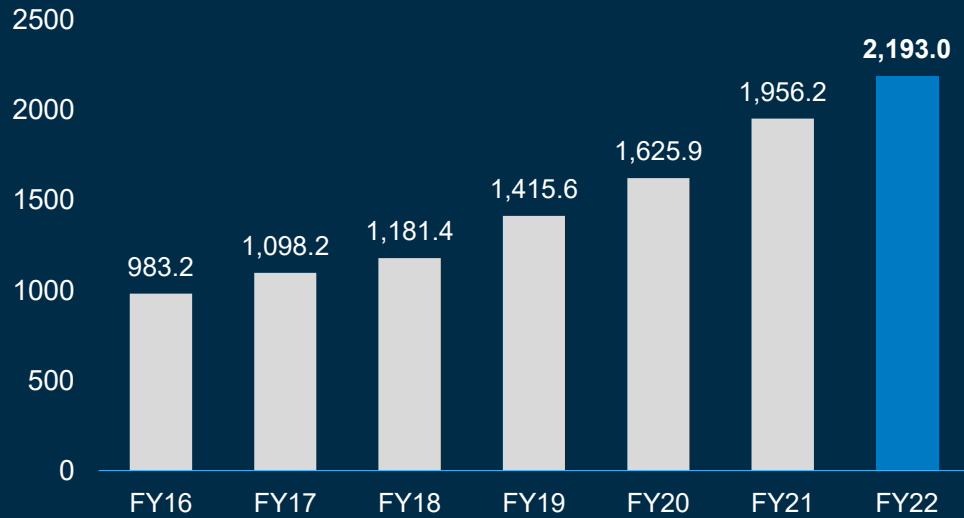
ERP System

New Microsoft D365 platform
(multi-year project & investment,
successful 'go-live' in March 2022)

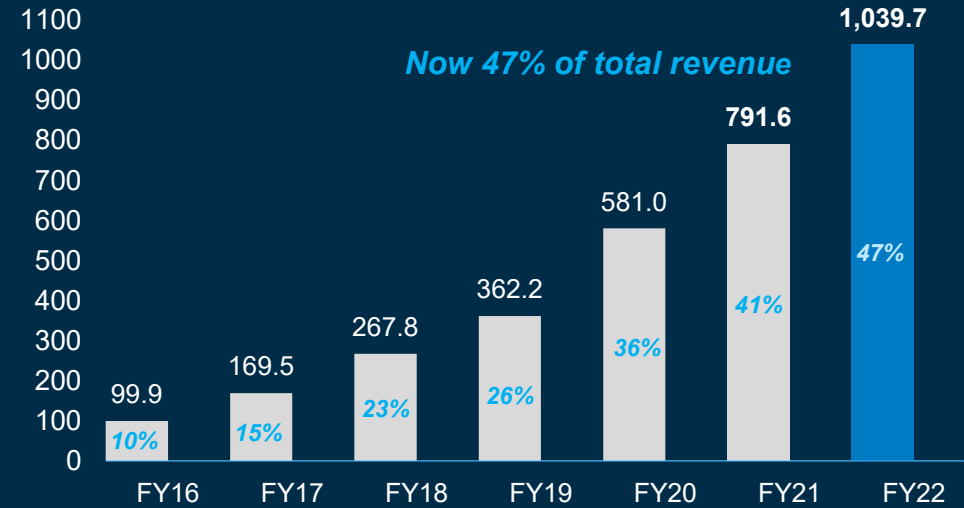
FY22 Financial Performance

Sustained revenue growth, boosted by cloud

Total revenue (\$M)



Total Public Cloud revenue (\$M)



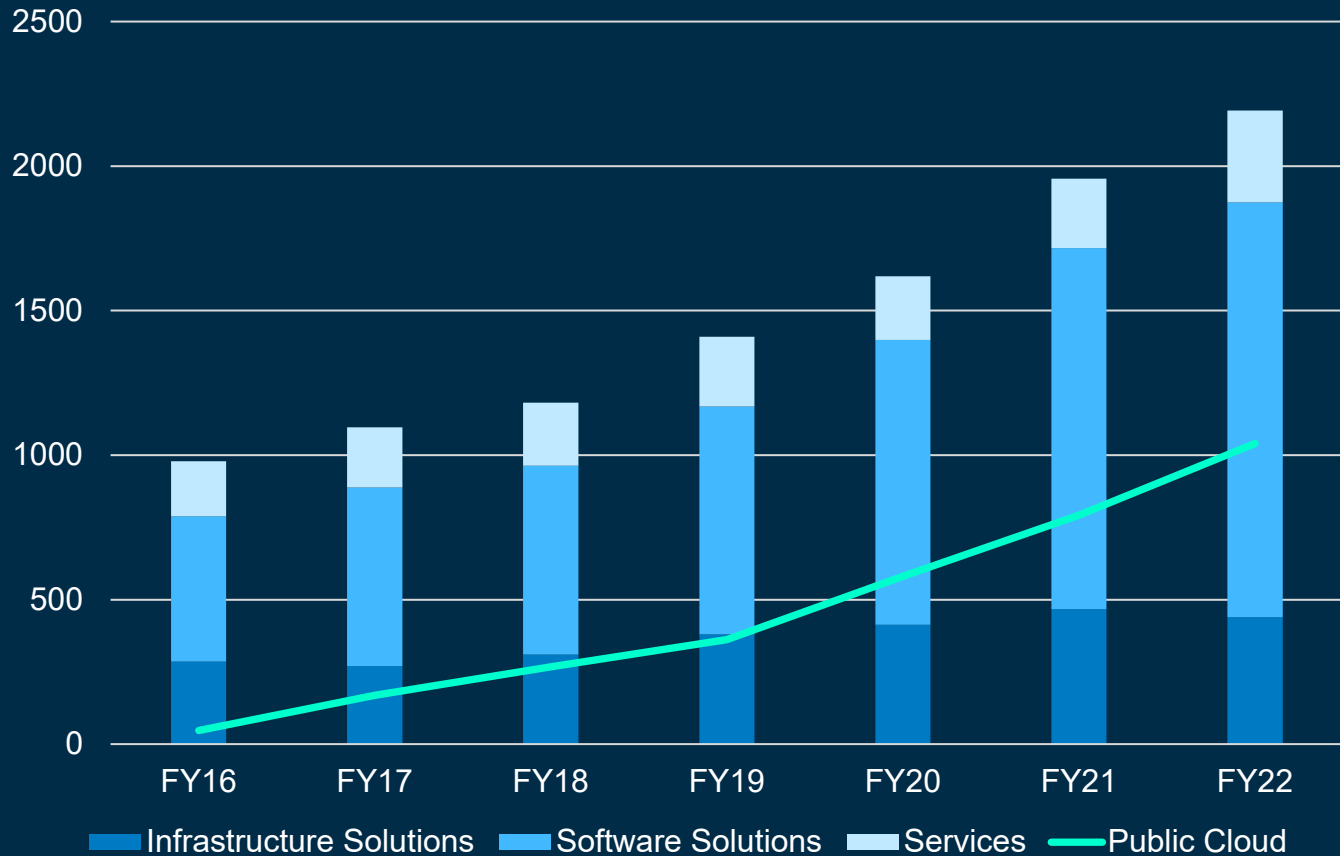
Strong revenue growth CAGR of 14.3%¹ fuelled by software licensing, cloud-based solutions and services.

Total revenue includes \$1.04B of public cloud revenues (up 31.3% on PCP), supporting further growth in services.

~66% of revenue is recurring, meaning under term-based contracts (up 62% on PCP).

Changing sales mix

Revenue trend by functional area (\$M)



| Business unit | FY22 revenue (\$M) | Change vs. FY21 |
|---------------------------------|--------------------|-----------------|
| Business Aspect Consulting | 26.6 | + 50.0% |
| Project Services | 66.6 | + 5.0% |
| Support Services | 160.1 | + 66.6% |
| People Solutions (recruitment) | 62.3 | + 8.7% |
| Total Services | 318.4 | + 32.7% |
| Software Solutions | 1,433.7 | + 14.8% |
| Infrastructure Solutions | 440.3 | - 5.7% |

Gross margin and Gross profit

Overall Gross Margin % varies with the changing revenue mix.

- Infrastructure Solutions impacted by inflated backlog.
- Strong growth in software licensing and public cloud revenues.
- Accelerated services growth has boosted total Gross Profit \$.

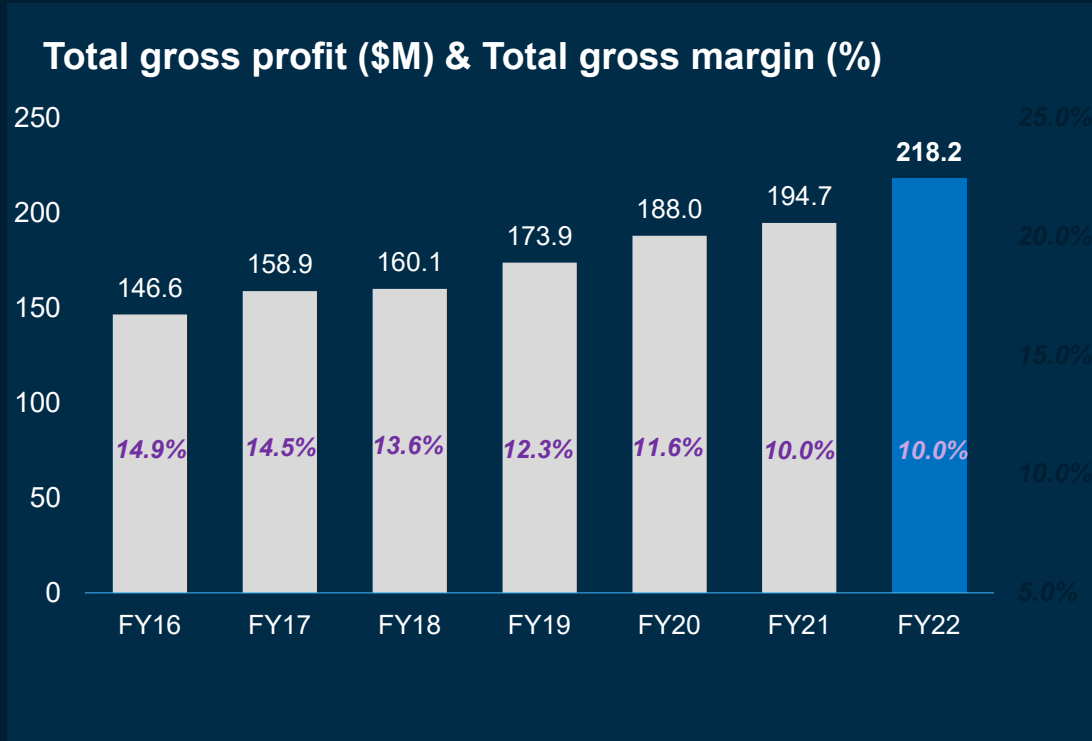
Gross Margin % within each business unit has remained relatively stable.

Changing vendor incentive programs will increasingly see rebates shift from product to services.

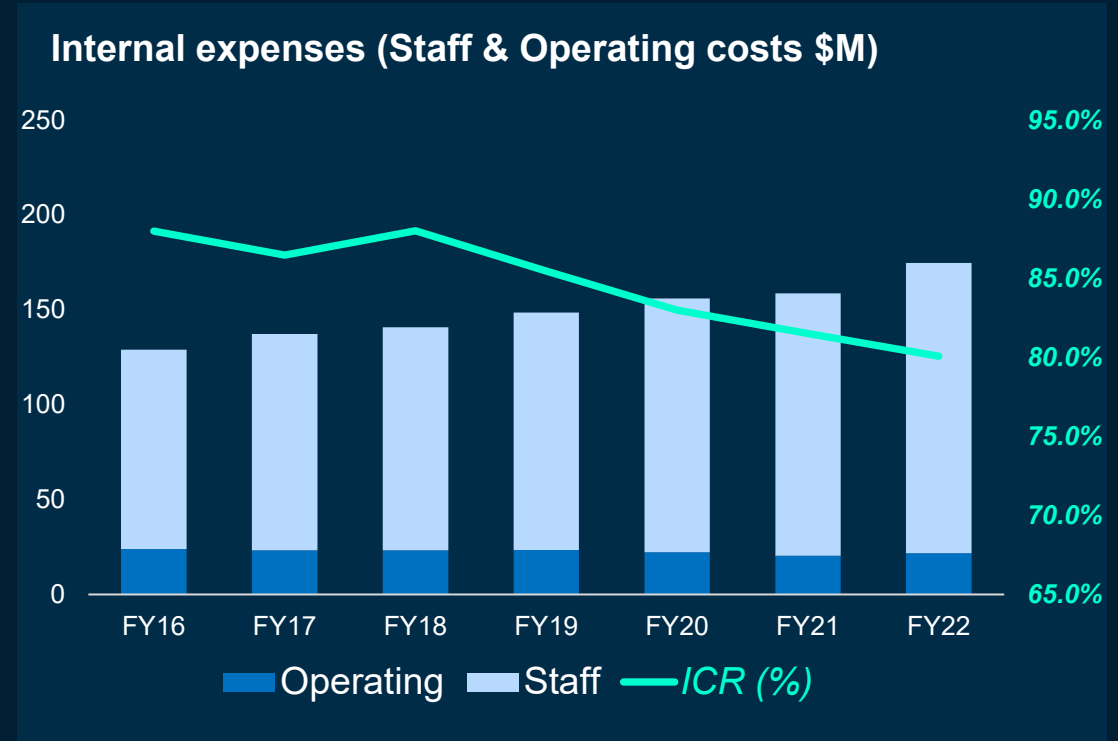
Objective is to deliver steady, sustained growth in total Gross Profit \$

| Business unit | FY22 revenue (\$M) | FY22 revenue growth | Relative Gross Margin % | | |
|--------------------------|--------------------|---------------------|-------------------------|------------------|------|
| | | | LOW | MED | HIGH |
| Consulting | 26.6 | + 50.0% | MED - HIGH | | |
| Project Services | 66.6 | + 5.0% | MED | | |
| Support Services | 160.1 | + 66.6% | Maintenance Services | LOW - MED | |
| | | | Managed Services | HIGH | |
| People Solutions | 62.3 | + 8.7% | LOW - MED | | |
| Software Solutions | 1,433.7 | + 14.8% | LOW | | |
| Infrastructure Solutions | 440.3 | - 5.7% | LOW to MED | | |

Steady improvement in operating leverage



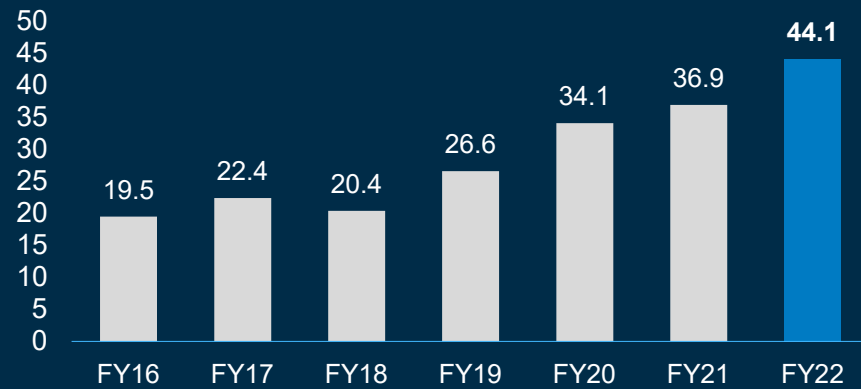
Gross margin % has varied with changing sales mix, and is expected to return to growth as services contribution increases



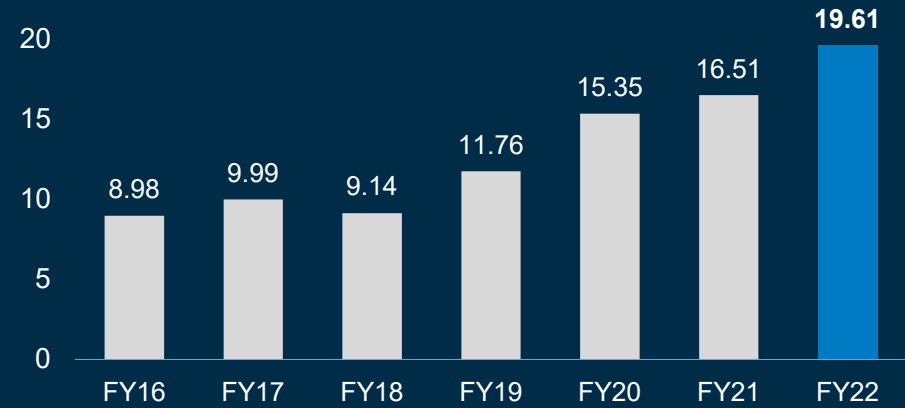
Internal Cost Ratio (Internal expenses / Gross profit) has improved from 88.0% in FY16 to 80.1% in FY22 (FY21: 81.5%)

Sustained earnings growth

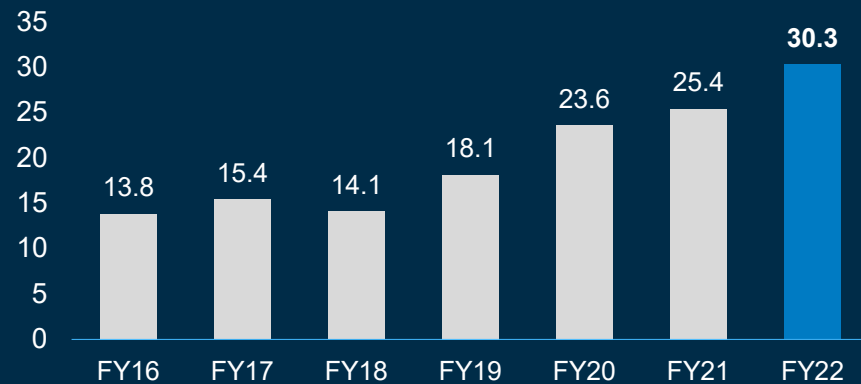
NPBT (\$M)



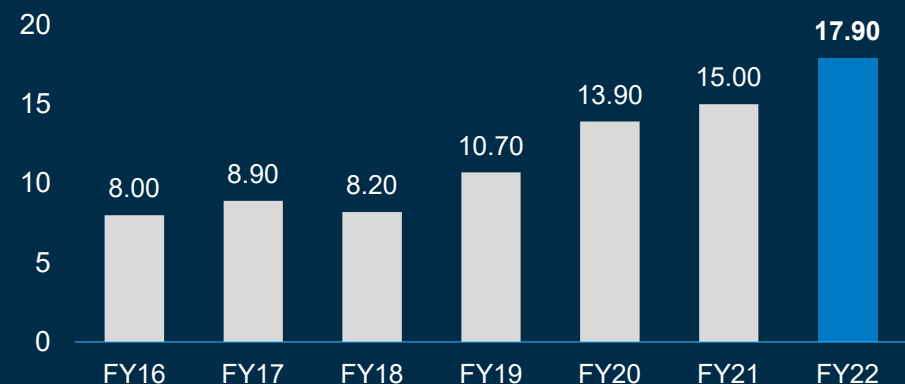
Basic EPS (cents)



NPAT (\$M) - excluding minority interests



DPS (cents)



Statement of profit or loss

| | 2022 \$'000 | 2021 \$'000 | Change % |
|---|----------------|----------------|-------------|
| Revenue | | | |
| Revenue from contracts with customers | 2,192,421 | 1,955,247 | +12.1 |
| Other revenue | 576 | 941 | -38.8 |
| | 2,192,997 | 1,956,188 | +12.1 |
| Expenses | | | |
| Change in inventory | 19,206 | (7,286) | |
| Purchase of goods | (1,774,938) | (1,593,258) | +11.4 |
| Employee and contractor costs directly on-charged (cost of sales on services) | (88,789) | (74,629) | +19.0 |
| Other cost of sales on services | (129,682) | (85,328) | +52.0 |
| Internal employee and contractor costs | (152,996) | (138,346) | +10.6 |
| Telecommunications | (2,216) | (2,287) | -3.1 |
| Rent | (1,717) | (2,033) | -15.5 |
| Travel | (258) | (180) | +43.3 |
| Professional fees | (1,023) | (1,028) | -0.5 |
| Depreciation and amortisation | (5,288) | (5,172) | +2.2 |
| Finance costs | (1,376) | (1,444) | -4.7 |
| Other | (9,827) | (8,254) | +19.1 |
| | (2,148,904) | (1,919,245) | +12.0 |
| Profit before income tax expense | 44,093 | 36,943 | +19.4 |
| Income tax expense | (13,831) | (11,540) | +19.9 |
| Profit for the year | 30,262 | 25,403 | +19.1 |
| Profit for the year is attributable to | | | |
| Owners of Data#3 Limited | 30,262 | 25,414 | +19.1 |
| Non-controlling interests | - | (11) | |
| | 30,262 | 25,403 | +19.1 |
| Earnings per share for profit attributable to the ordinary equity holders of the company: | Cents | Cents | |
| Basic earnings per share | 19.61 | 16.51 | +18.8 |
| Diluted earnings per share | 19.55 | 16.43 | +19.0 |

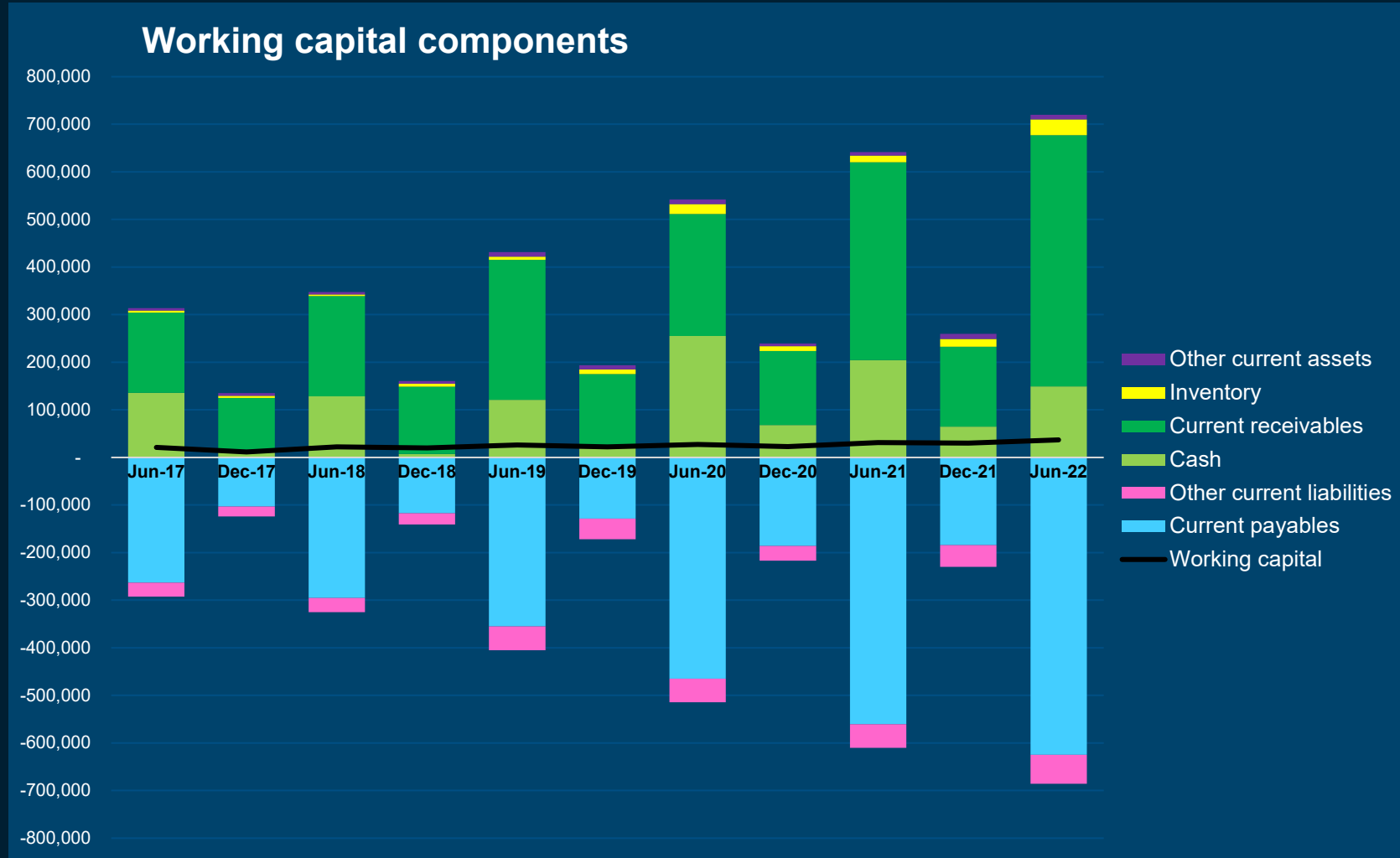
- Revenue increased by 12.1%
- Gross profit increased by 12.1% (from \$194.7M to \$218.2M) and total gross margin remained stable at 10.0%
- Internal staff costs increased by 10.6% (from \$138.3 million to \$153.0 million) reflecting 6.6% headcount growth (predominantly in Services) and general remuneration increases
- Other operating expenses increased by 6.4% (from \$20.4 million to \$21.7 million)
 - ✓ Dynamics 365 ERP project costs
 - ✓ Small increase in Travel costs
 - ✓ Reduction in Rent expense
- Basic EPS increased by 18.8%
- Return on equity 49.0% (FY21 45.1%)

Balance sheet

| | 2022 \$'000 | 2021 \$'000 | Change % |
|--------------------------------------|----------------|----------------|--------------|
| Current assets | | | |
| Cash and cash equivalents | 149,459 | 204,323 | -26.9 |
| Trade and other receivables | 527,888 | 415,991 | +26.9 |
| Contract assets | 5,776 | 3,355 | +72.2 |
| Inventories | 33,078 | 13,872 | +138.5 |
| Other | 3,955 | 4,018 | -1.6 |
| Total current assets | 720,156 | 641,559 | +12.3 |
| Non-current assets | | | |
| Trade and other receivables | 1,072 | 2,336 | -54.1 |
| Property and equipment | 3,388 | 3,375 | +0.4 |
| Right-of-use assets | 23,585 | 25,698 | -8.2 |
| Deferred tax assets | 5,292 | 5,898 | -10.3 |
| Intangible assets | 17,394 | 15,959 | +9.0 |
| Total non-current assets | 50,731 | 53,266 | -4.8 |
| Total assets | 770,887 | 694,825 | +10.9 |
| Current liabilities | | | |
| Trade and other payables | 622,698 | 560,865 | +11.0 |
| Contract liabilities | 49,710 | 39,312 | +26.4 |
| Lease liabilities | 3,002 | 2,761 | +8.7 |
| Current tax liabilities | 705 | 1,327 | -46.9 |
| Provisions | 7,236 | 6,095 | +18.7 |
| Total current liabilities | 683,351 | 610,360 | +12.0 |
| Non-current liabilities | | | |
| Trade and other payables | - | 614 | -100.0 |
| Lease liabilities | 22,643 | 24,105 | -6.1 |
| Provisions | 3,196 | 3,441 | -7.1 |
| Total non-current liabilities | 25,839 | 28,160 | -8.2 |
| Total liabilities | 709,190 | 638,520 | +11.1 |
| Net assets | 61,697 | 56,305 | +9.6 |
| Equity | | | |
| Contributed equity | 10,313 | 8,278 | +24.6 |
| Share-based payments reserve | 559 | 1,825 | -69.4 |
| Foreign currency translation reserve | (443) | (657) | -32.6 |
| Retained earnings | 51,268 | 46,859 | +9.4 |
| Total equity | 61,697 | 56,305 | +9.6 |

- Strong balance sheet with no borrowings
- 4Q revenue spike (in line with normal customer spend patterns) inflated Trade receivables and Trade payables at year end
- As in prior periods, this created a large temporary cash surplus at 30 June
- Average DSOS of 28.1 days (FY21 = 27.7 days)
- Inflated inventory holdings due to supply chain delays and partial deliveries, however all inventory is allocated to non-cancellable customer orders

Working capital analysis



Efficient working capital model.

Short or negative working capital cycles underpin self-funding of business.

Inventory inflated due to backlog, but allocated to non-cancellable customer orders.

Average collection cycle approx. 28 days.

Favourable trade terms with suppliers.

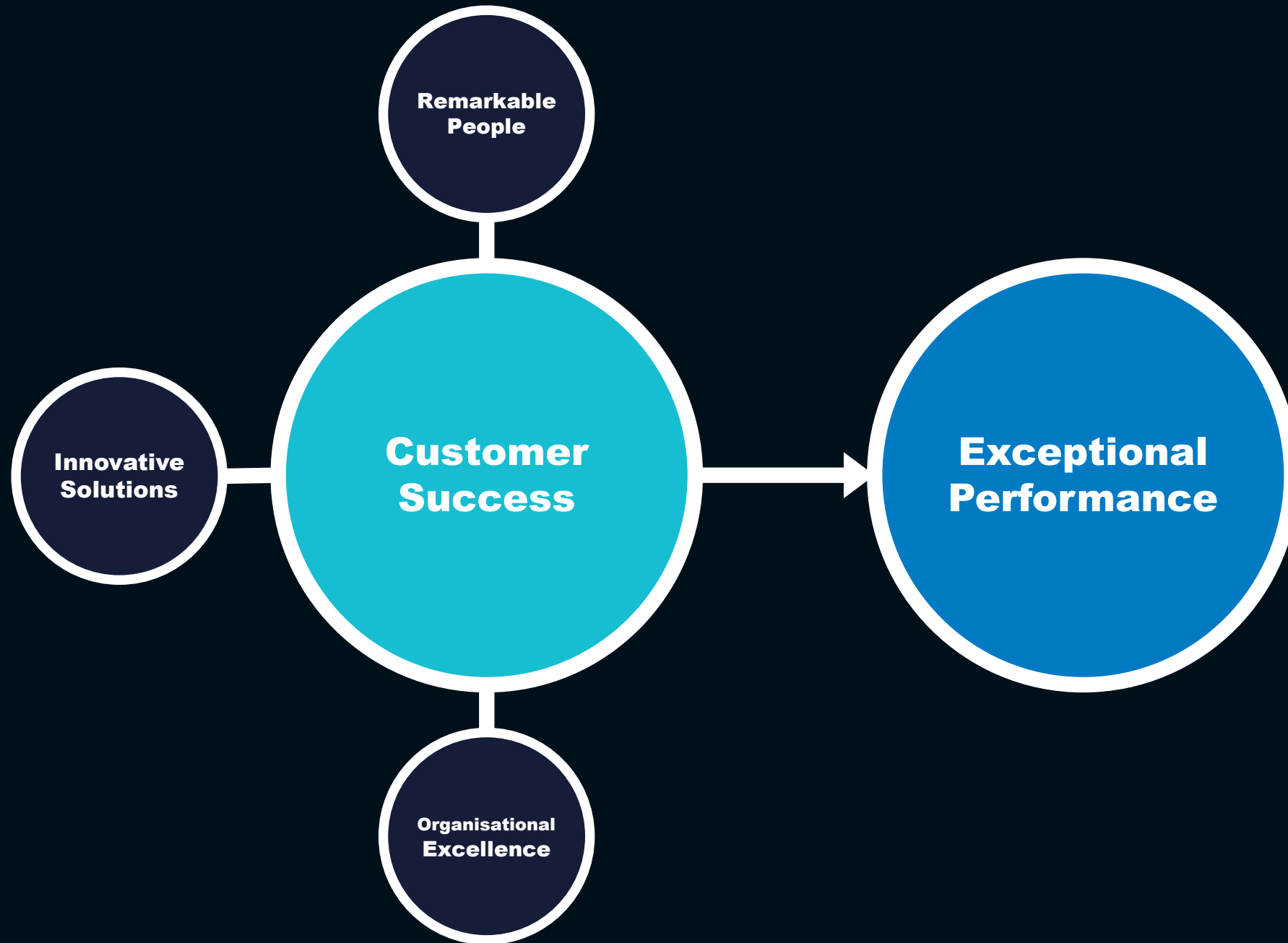
Stable working capital position, despite significant seasonal fluctuation at period end.

Statement of cash flows

| | 2022 | 2021 | Change |
|---|-------------|-------------|--------|
| | \$'000 | \$'000 | % |
| Cash flows from operating activities | | | |
| Receipts from customers (inclusive of GST) | 2,313,048 | 2,013,332 | +14.9 |
| Payments to suppliers and employees (inclusive of GST) | (2,291,312) | (2,002,883) | +14.4 |
| GST paid | (29,364) | (16,972) | +73.0 |
| Interest received | 245 | 762 | -67.8 |
| Interest and other borrowing costs paid | (1,334) | (1,400) | -4.7 |
| Income tax paid (net of refunds) | (13,906) | (15,530) | -10.5 |
| Net cash (outflow) from operating activities | (22,623) | (22,691) | -0.3 |
| Cash flows from investing activities | | | |
| Payments for property and equipment | (997) | (18) | |
| Payments for software assets | (2,878) | (1,904) | +51.2 |
| Payment for purchase of minority interest | - | (150) | |
| Net cash (outflow) from investing activities | (3,875) | (2,072) | +87.0 |
| Cash flows from financing activities | | | |
| Payment of dividends | (25,853) | (22,018) | +17.4 |
| Proceeds from issue of shares | 2,035 | - | |
| Payments for shares acquired by the Data#3 Employee Share Trust | (2,035) | - | |
| Lease liability payments | (2,727) | (3,190) | -14.5 |
| Net cash (outflow) from financing activities | (28,580) | (25,208) | +13.4 |
| Net (decrease) in cash and cash equivalents held | (55,078) | (49,971) | +10.2 |
| Cash and cash equivalents, beginning of financial year | 204,323 | 255,147 | -19.9 |
| Effect of exchange rate changes on cash and cash equivalents | 214 | (853) | |
| Cash and cash equivalents, end of financial year | 149,459 | 204,323 | -26.9 |

- Cash flow 'seasonality' consistent with previous years
- Timing differences in collections from customers and payments to suppliers around 30 June generate temporary cash surpluses
- FY22 average daily cash balance \$117.2M (FY21 = \$126.6M)
- Underlying 'free cash' is typically \$15M - \$20M but has been reduced in FY22 due to inflated inventory position at year-end. This is expected to normalise in 1H FY23 as the backlog unwinds
- Cash conversion of 123%# for 7-year period (FY16 to FY22)
[# Total Free Cash Flow \$173M / Total NPAT \$141M]
- Low capital expenditure
- High dividend payout ratio of ~90%

FY23 Strategy and Outlook



FY22 Customer stories

NEWS

Data#3 set to deliver the digital future at Queen's Wharf Brisbane



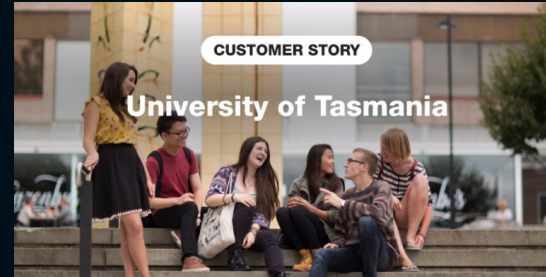
CUSTOMER STORY

St Peter's College Adelaide



CUSTOMER STORY

University of Tasmania



CUSTOMER STORY

Victoria State Emergency Service



CUSTOMER STORY

Fiona Stanley Hospital Aids Clinical Efficiency with Post-COVID Login Solution



CUSTOMER STORY

Knight Frank Cloud Transition Enables Breakthrough Property Services



CUSTOMER STORY

BTC Markets



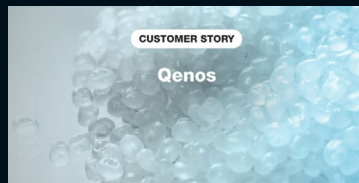
CUSTOMER STORY

SeaRoad Holdings



CUSTOMER STORY

Genos



CUSTOMER STORY

Credit Corporation (PNG)



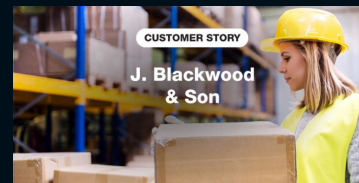
CUSTOMER STORY

Vision Super




CUSTOMER STORY

J. Blackwood & Son



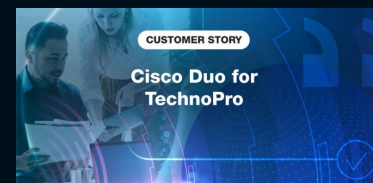
CUSTOMER STORY

ElectraNet



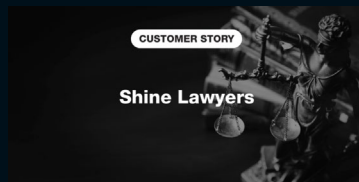
CUSTOMER STORY

Cisco Duo for TechnoPro



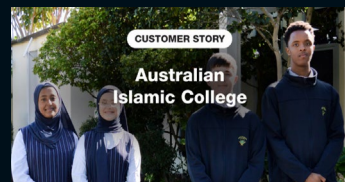
CUSTOMER STORY

Shine Lawyers



CUSTOMER STORY

Australian Islamic College



CUSTOMER STORY

Cisco ACI Solution Supports the Future of Business in Engineering Industry



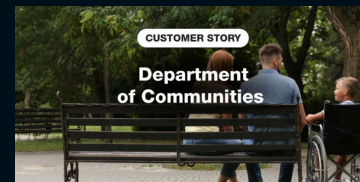
NEWS

Data#3's Managed Services to Bolster Digital Transformation at the Department for Education in SA



CUSTOMER STORY

Department of Communities



CUSTOMER STORY

Bega Valley Shire Council Ensures Compliance and Value with Data#3 Software Asset Management



Delivering the digital future in South Australia

- Last year we announced a multi-year managed services contract with Department for Education
- Since then we have succeeded in winning more managed services contracts in SA. These include:
 - Attorney Generals Department and Public Trustee
 - Department for Environment and Water
 - Department for Human Services
 - Department of Treasury and Finance
- SA Government previously had a single large outsource
- Breaking down large contracts is becoming a trend



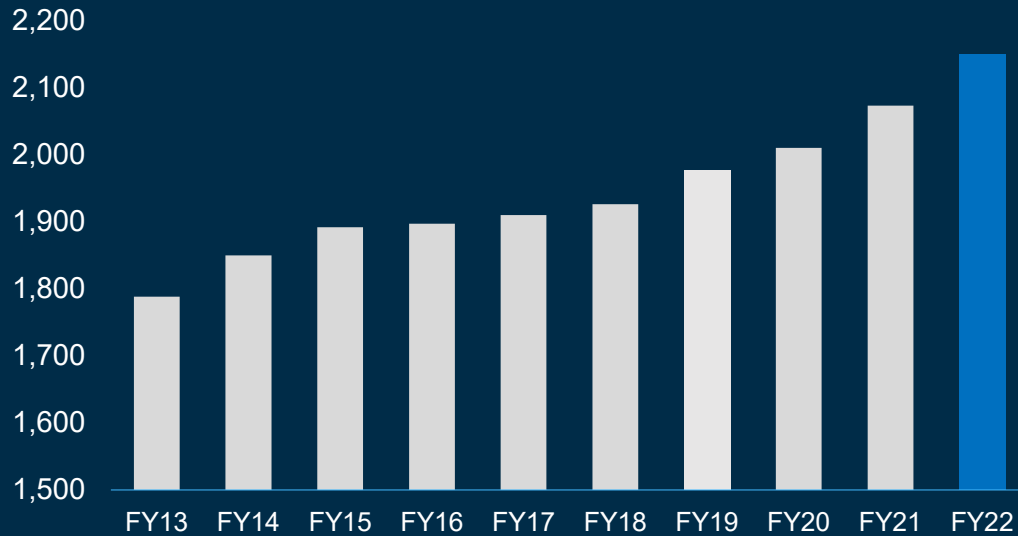
Data#3



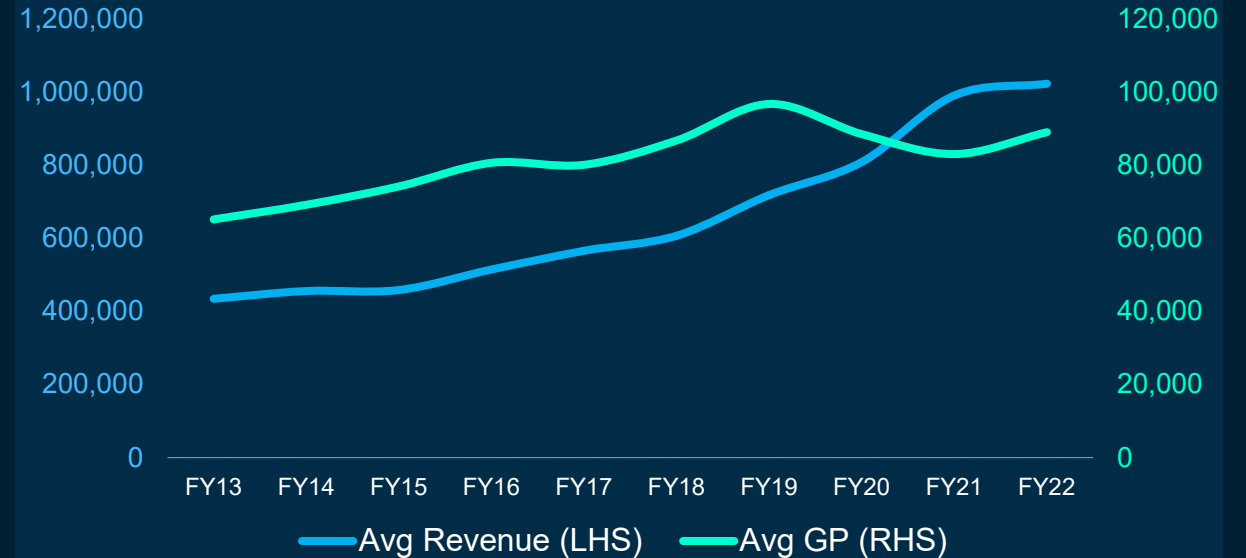
Government
of South Australia
Department for Education

Increasing customer engagement

Number of Customers



Average Revenue & Average Gross Profit per Customer



Steady growth in customer base, with over 5,000 active accounts across 2,150 customer groups.

The largest customer groups are in the education sector.

Average revenue per customer group has increased as we extend engagement across our portfolio of solutions.

Average GP per customer group decreased in FY20 & FY21 due to pandemic spend shift toward lower margin product. FY22 has seen a return to a more normal mix of solutions.

Strategic Focus Areas



Customer Experience

Long-term view, not transactional

Lifecycle approach

Joint investments with
global vendors



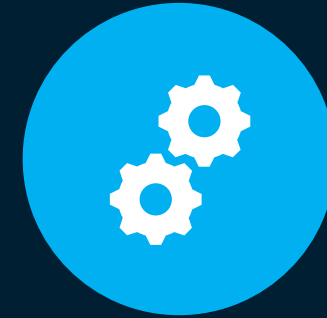
Security

Protecting our business

Market opportunity

Executive leadership

Go to market with
Business Aspect



Accelerating Services

Completed rebuild of
Managed Services

Strong growth in Consulting
& Support Services

Complementing vendor
incentive programs

We will continue to focus on driving growth in our services and software businesses to increase recurring revenues and improve margins

Outlook



Services growth will continue to complement software and infrastructure divisions, while improving recurring revenue and margins



Growth in cloud business provides data and insights to enhance lifecycle services



Supply constraints set to continue into FY23; well placed to grow market share by leveraging market leading relationships



Strong pipeline of major integration project opportunities as large corporates and government drive transformation agendas

“The backlog from FY22 has again provided a fast start to the current year, and we are well positioned to capitalise on opportunities this provides.

We remain committed to delivering sustainable earnings growth, underpinned by our leading market position, unrivalled vendor relationships, long-term customer base and highly experienced and committed team.”

- Laurence Baynham, CEO



Q&A

Appendix

Data#3: Delivering The Digital Future (Company Video)



Data#3 is
delivering the
digital future

<https://youtu.be/nU6bOYVrekg>

Recent Awards

| | | | | | |
|---|--|---|--|---|---|
| Microsoft Worldwide Surface+ Partner of the Year | Cisco Global Software Partner of the Year | Aruba As a Service Partner of the Year | Employer of Choice, HRD Magazine | Cisco ANZ Partner of the Year | |
| Cisco APJC Security Partner of the Year | Dell Technologies Solution Provider of the Year | Dell Technologies Channel Excellence in Cloud Sales Asia Pacific Japan | Dell Technologies Channel Services Delivery Excellence Partner 2022 | Hewlett Packard Enterprise Greenlake Partner of the Year | Trend Micro Security Partner of the Year |
| Employer of Choice, HRD Magazine | Poly Hybrid Solutions Partner 2021 ANZ | Veeam Pro Partner of the Year ANZ | Aruba National Partner of the Year | Microsoft Worldwide Device Distributor/Reseller Partner of the Year | |

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