

**ASX ANNOUNCEMENT  
RHIPE LIMITED (ASX:RHP)**

1 April 2021

## **rhipe acquires cyber security distribution specialist, emt Distribution**

The Board of rhipe Limited ('**rhipe**' or the '**Company**') is pleased to announce that it has entered into binding legal agreements to acquire 100 percent of the share capital of emt Distribution Pty Ltd (Australia) and emt Distribution Pte Limited (Singapore) (together "emt").

emt is an Australian headquartered cyber security distribution specialist that focuses on sourcing innovative security software vendors and working with channel partners, to deliver both on-premise and cloud-based security solutions, aimed at protecting companies against cyber security attacks. emt's security product offering is centred around the Australian Signals Directorate's eight essential requirements for a company's cyber defence strategy. emt has operations in Australia, the Middle East and Asia, with 40 employees and sales of \$26m across these locations.

The acquisition strengthens rhipe's presence in security software distribution and will expand rhipe's offering to the enterprise market, providing partners with a full spectrum of security solutions from a wide choice of vendors, to help them build their own security portfolio. The acquisition complements rhipe's existing cyber security software offering centred around Microsoft's product stack and also the recent launch of rhipe's own SMB focused encryption product "SmartEncrypt". The emt business is positioned for growth in the cyber security market, with Gartner currently valuing the IT security market at USD 23bn (APAC incl. Japan) with a forecast annual growth rate of 10% from 2021 to 2024. Key drivers of the growth include regulatory compliance, insurance requirements, increased risk of threat and customer risk factors.

emt was founded in 1988 and has a portfolio of over 15 security vendors that offer cyber security solutions, catering to the needs of both small and medium businesses ("SMB") and large enterprise companies. Services provided by emt include pre and post sales technical support and professional services.

Dominic O'Hanlon, CEO of rhipe said, "emt Distribution has an incredible track record in delivering software security products and solutions via their distribution channels. By combining emt's expertise in security with rhipe's reach, we will be able to offer partners across APAC effective solutions to protect against growing threats around cyber security.

**ABOUT RHIPE**

rhipe, (ASX: RHP) is a global leader in cloud and technology solutions, providing partners with business advisory and deep domain technical expertise to thrive in the growing cloud market. rhipe is recognised as an expert in subscription software licensing in Asia Pacific. Its multi-award-winning services and support division is the industry leader in Microsoft Office 365 implementation and other global vendor solutions.

**FOR MORE INFORMATION CONTACT**

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“We plan to continue investing in the emt business to support its continued growth, delivering emt’s extensive portfolio of vendor security products to rhipe partners, while providing emt partners with access to SmartEncrypt and rhipe security vendor products . We look forward to welcoming the emt team to the rhipe family and leveraging their outstanding skills and expertise, to deliver greater outcomes for our partners and their customers.”

Richard Rundle, Founder and CEO of emt said, “As we enter our next stage of growth, we are thrilled to be joining the rhipe family to collectively execute on the opportunities ahead. I could not be prouder of our team’s success to date and believe this is a significant opportunity to align with a distributor of rhipe’s calibre, to greatly enhance our capabilities and market reach.”

rhipe is expected to complete the purchase the Australian and Asia operations of emt in the next couple of months, with the purchase of the Middle East operations expected to occur in the first half of next financial year. The purchase price for the Australia and Asia operations will be an upfront payment of \$11m payable in cash upon completion of the transaction. In addition to the upfront cash price, key management will be entitled to additional consideration of up to \$2m tied to the reported financial performance of the acquired business over the first 24 months. In the 12 months prior to acquisition, emt Australia and Asia has sales of \$19 million and delivered underlying EBITDA of \$1.9 million. The purchase of emt Australia and Asia is expected to increase rhipe’s earnings per share by more than 15% assuming emt had been owned for the whole of the current financial year and excluding transaction costs.

The exact terms of the expected purchase of emt Middle East will be disclosed post an audit of these operations after the period to 30 June 2021. emt Middle East has 19 employees based in Dubai with underlying EBITDA of approximately \$0.5m in the 12 months to 31 December 2020.

We are pleased to confirm that all key emt management have been retained, with CEO Richard Rundle now responsible for driving the continued growth of the emt business within rhipe as well supporting the expansion of rhipe’s security offering to its existing SMB focused customers.

The acquisition is expected to complete in the next two months and have a minimal impact on rhipe’s financial performance to 30 June 2021. The expected contribution from the acquired emt in the financial year to 30 June 2022 is estimated to be around \$2m of operating profit before accounting for further investment in the emt business, to take advantage of growth opportunities arising from the combination of the two businesses. A further update will be provided as part of our year end results for the financial year to 30 June 2021.

## ***ENDS***

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*Approved for release by the Board.*

**For more information, please contact: [investorrelations@rhipe.com](mailto:investorrelations@rhipe.com)**

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## About rhipe

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## About emt Distribution

emt Distribution is a channel company with over 25 years of experience in security distribution. emt offers cyber threat mitigation solutions for Enterprise, SMBs and MSPs. It is committed to selling through its channel partners enabling distribution through a large reseller base. emt's solution sets help address many of the ASD's Strategies to Mitigate Cyber Security Incidents also offering technical support and professional services.

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