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Acquisition of Hills Security and IT Division

The Directors of Dicker Data Limited (**ASX: DDR**) (Dicker Data or Company), are pleased to announce that the Company has entered into a conditional business sale agreement (BSA) to acquire the Security and Information Technology (SIT) distribution division of Hills Limited (ASX: HIL) (Hills) in Australia.

Headquartered in Lidcombe, NSW, Hills is the largest distributor of physical security products in the Australian market. The SIT division generated \$123.2m revenue in FY21, with \$98.7m of the total attributed to security and the remaining \$24.4m to IT products. Following the acquisition, Dicker Data will not only be the largest distributor in the segment but will be positioned to grow rapidly as the Company leverages synergies gained from the Hills SIT division and capitalises on the market convergence occurring between security and IT.

Under the terms of the BSA, Dicker Data will acquire the SIT business for cash consideration structured as a partial Net Asset sale. Upon completion Dicker Data will acquire the business, inventory, customer and vendor relationships, employees and their entitlement obligations, and certain other net assets of the Hills SIT division.

The purchase price represents a premium to the net assets sold and the final amount is largely dependent upon inventory related balances at the completion date. The price is estimated to be in the range of \$20 million.

Dicker Data and the Hills SIT division share only three mutual vendors, presenting an opportunity to novate agreements with over 50 net new vendors to Dicker Data, in line with the company's growth strategy. The Hills SIT division is currently working with over 2,000 customers, 85% of whom are new to Dicker Data, which is expected to grow the Company's total active customer base to over 10,000 businesses across ANZ. The acquisition will accelerate the Company's entry into the physical security market and presents a significant opportunity to introduce the existing Hills SIT customer base to the wider range of technologies offered by Dicker Data.

Chairman and CEO, David Dicker, Dicker Data Limited said, "This will add an entirely new Business area to our company and introduce us to a wide range of new customers, as well as adding significant new revenue with the promise of significant expansion on that, going forward."

The agreement will see Dicker Data transition 130 of the Hills team members and assume responsibility for a nationwide network of seven trade centres. A new physical security business unit will be created at Dicker Data which will be led by Chris Price who re-joined the Company in January 2022 as General Manager of Physical Security. Mr Price is the former Commercial Director of Dicker Data, having worked for the Company between 2006 and 2014 and has since held Director-level roles with other technology companies such as HP.



The physical security market has traditionally been serviced by an industry-specific group of businesses who are highly specialised. Similar to the Professional AV and electrical trade markets, the physical security segment is converging with the IT market as IoT, artificial intelligence, smart devices and cloud solutions become critical elements of best-practice security solutions.

David Clarke, CEO, Hills commented "Ultimately, we have determined that a change of ownership to an organisation with strong capability in technology distribution and solutions, is in the best interests of the Hills shareholders and the future success of the SIT division, its people, suppliers and customers."

The proposed acquisition is subject to Hills shareholder approval, which will be sought at a general meeting of shareholders, expected to be held in early April 2022, and an Independent Expert concluding that the proposed transaction is "fair and reasonable" to Hills shareholders. The Directors of Hills will be unanimously recommending that shareholders vote in favour of the transaction. Other key conditions include:

- Consent from key suppliers and landlords of the SIT division to novate existing contracts to Dicker Data
- Commonwealth Bank of Australia agreement in relation to loan facilities and security over the assets sold; and
- No material adverse change occurring in the SIT division between the date of the sale agreement and transaction completion.

Authorised for release by the Board of Dicker Data Ltd.



David Dicker
Chairman & CEO



ABOUT DICKER DATA

Dicker Data (ASX: DDR) is an Australian-owned and operated, ASX-listed technology hardware, software, and [cloud](#) distributor with over 44 years of experience. Our sales and [presales](#) teams are experienced product specialists who are dedicated to helping you tailor solutions to suit your client's needs.

As a distributor, we sell exclusively to our valued partner base of over 8,200 resellers across ANZ. We pride ourselves on developing strong long-term relationships with our customers, and [helping them grow](#). This customer-first approach means we are proactive in engaging with our resellers and allows us to dynamically shift with changing market conditions, in turn helping to [increase profitability](#).

Dicker Data distributes a [wide portfolio of products](#) from the world's leading technology vendors, including [Cisco](#), [Citrix](#), [Dell Technologies](#), [Hewlett Packard Enterprise](#), [HP](#), [Lenovo](#), [Microsoft](#), and other Tier 1 global brands. As the leading Australian distributor for many of these vendors, Dicker Data is dedicated to helping our partners deliver industry-leading [solutions](#) built on the world's best technologies. <https://www.dickerdata.com.au/>

ABOUT HILLS LIMITED

Hills (ASX: HIL) is a majority Australian-owned publicly listed company that is a value-added manufacturer, distributor and installer of integrated technology solutions that connect, entertain and secure people in the environments they trust the most: their homes, hospitals, aged care facilities, schools, universities, workplaces, and government institutions. www.hills.com.au

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