

TESSERENT SIGNS BINDING AGREEMENT FOR ACQUISITION OF NORTH BDT AND COMPLETES THE ACQUISITION OF PSC' S PURE SECURITY TEAM

- Acquisition of Canberra-based security consulting firm, north BDT (north), for \$5.3 million
- Total sales consideration of \$5.3m to be funded through \$1.25m cash on completion of the acquisition, \$2m in Tesserent equity (20m shares at \$0.10) and \$2.05m in deferred cash payments (\$512k every six months for a total of four payments)
- north has a strong portfolio of government clients and is forecast to deliver FY20 Normalised EBITDA of A\$1.2m
- Significant opportunity to cross sell north customers into SOC and Splunk services, north management also brings a strong track record of growing cybersecurity businesses
- Will enable us to relocate Rivium team into one Canberra office
- north to provide another key element within Tesserent's Cyber 360 strategy
- The two acquisitions proforma revenue run rate in 2020 should exceed \$40M for the combined entities on consolidation.

Tesserent Limited (**ASX: TNT, Tesserent, the Company**) is pleased to advise that it has signed a sale and purchase agreement (**SPA**) to acquire (subject to necessary regulatory approvals) security consulting firm, north BDT (**north**).

north is a Canberra-based consulting practice specialising in providing cybersecurity, digital strategy and governance, end-to-end application development and project services to its public and private sector clients.

north's team of management consultants and cybersecurity experts are highly experienced in providing ICT services to Australian Government agencies and bring significant knowledge in building ICT and cybersecurity businesses.

The proposed acquisition of north will give Tesserent access to north's government and private client base in Canberra and provide the Company with the opportunity to leverage north's existing customer relationships for cross sales into TNT's Security Operations Centre (SOC) and Splunk offerings.

north has a strong operating record, having delivered \$6.2m revenue and is forecast to deliver to exceed \$11m in the current financial year.

Tesserent is fully funded for the proposed acquisition through a \$1.25m cash payment plus 20m fully paid ordinary shares at \$0.10 (both at completion of the acquisition). This will be followed by deferred cash payments of \$2.05m (four \$512k payments every six months).

The proposed purchase of north is another key piece of Tesserent's acquisition strategy, complementing the organic growth the business is delivering under its Cyber 360 strategy, aimed at providing a comprehensive security as a service offering targeted at the mid-market and enterprise clients.

TESSERENT MANAGING DIRECTOR, JULIAN CHALLINGSWORTH, COMMENTED:

“north is a logical acquisition for Tesseract as it will allow us to expand our reach within Australia into the ACT, and enable us to provide our cybersecurity offerings to north’s excellent portfolio of public and private sector customers.

“The team at north will also bring their extensive knowledge in working with Australian government clients and a strong background in scaling up growth businesses.”

COMPLETION OF PS&C LIMITED’S SECURITY DIVISION ACQUISITION (PURE SECURITY)

Tesseract is also pleased to announce the completion of the acquisition of PS&C Limited’s Security division (PURE SECURITY). Upon completion of negotiations, both parties agreed to remove the earn-out agreement from the initial terms announced to the ASX on 3 October 2019.

The key revised terms of the agreement are as follows:

- Acquisition consideration of \$14m (previously \$16m) – funded through a \$9m cash payment (\$1m deferred to 31 March 2020) and 100m fully paid ordinary shares at \$0.05
- The \$2m cash or equity option (earn-out agreement) from the initial agreement has been removed under the revised acquisition terms.

Completion of the acquisition was subject to shareholder approval at Tesseract’s General Meeting held on 3 December 2019. Following shareholder approval and the revision of the transaction terms, the acquisition has now successfully completed, and the Company will issue 100m ordinary shares to vendors as non-cash consideration and pay \$8m as cash consideration.

PS&C’s Security (Pure Security) division will make Tesseract Australia’s largest listed dedicated cybersecurity firm adding in excess of \$16m in revenue bringing the combined TNT organisation up to a proforma revenue forecast of \$40m in FY20 while significantly expanding Tesseract’s customer base to all industries, covering various geographies including Asia and the UK.

ABOUT TESSERENT

Tesseract provides full service, enterprise-grade cybersecurity and networking solutions targeted at mid-market customers in Australia, and internationally in the UK and Korea. The company’s Cyber 360 strategy delivers integrated solutions covering identification, protection and monitoring against cybersecurity threats. On completion of the

Tesseract has been transformed via the acquisition of several high-quality cybersecurity businesses including PS&C Security (Hack Labs Pure Hacking, Certitude & Securus Global), Rivium and north (to be completed), making it Australia’s largest listed dedicated cybersecurity firm.

ASX ANNOUNCEMENT

Melbourne – 10 December 2019



Learn more at www.tesseract.com.

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