

TESSERENT MAKES STRATEGIC CANBERRA-BASED ACQUISITION, STRENGTHENING FEDERAL GOVERNMENT CYBERSECURITY TIES

- Acquisition servicing Federal Government departments and agencies (including Defence and Law Enforcement agencies)
- Tesserent now Canberra's largest pure cybersecurity provider
- Acquisitions targeting the newly announced \$1.35B "Cyber Enhanced Situational Awareness and Response (CESAR)" budget
- Immediately revenue and earnings accretive with FY20 revenue of \$7.6M and \$2.2M EBITDA
- Significant fixed long-term contracts with multiple Federal Government departments and agencies

Tesserent Limited (ASX:TNT) is pleased to announce the strategic acquisition of Seer security's Melbourne and Canberra-based businesses with the signing of a binding Share Purchase Agreement executed between both parties.

This acquisition provides specialist high security services and delivery capabilities to Australian Federal Government departments and agencies including Defence and Law Enforcement.

Seer significantly strengthens the Company's cybersecurity capabilities, with a focus on Government-certified delivery of Assurance and Governance, Risk and Compliance (GRC) services alongside Software Development (Dev App) capabilities. This, together with TNT's already strong presence in Canberra through North Security makes Tesserent the largest cybersecurity services provider in the Canberra market today. This is evidenced by three of TNT Group companies featuring in the recently released Federal Government's 2020 "Defence Cyber Industry Capability Report"¹.

The Seer business has an excellent operating record and is immediately earnings and cash flow accretive to the Group. Seer achieved in excess of **\$7.6M** revenue and **\$2.2M** in sustainable earnings in FY20, with strong revenue and earnings forecast for FY21. The firm's financial position is underpinned by multiple locked-in federal government contracts. The Seer Canberra team will join the North Security team on completion while the Melbourne team will remain an independent organisation focused on extending their leadership position in Security Software development. Integration of the new team will be completed by the end of September 2020.

Geoff Lord, TNT's Chairman commented; "we are delighted to welcome Seer Security to the Group, particularly in light of the \$1.35B 'Cyber Enhanced Situational Awareness and Response (CESAR)' package to combat foreign cyber threats to Australian sovereignty, recently announced by Prime Minister Scott Morrison".

This acquisition is fully funded through Tesserent's Acquisition Debt Funding Facility with Pure Asset Management (announced 20 July 2020) and is expected to be completed in early August. The consideration for the acquisition of Seer will be a mix of cash and TNT shares, being \$5M cash and 76,923,077 shares (6,923,077 are subject to

¹ *Defence Cyber Industry Capability Report*, Austrade, February 2020

shareholder approval). The cash payment will be split over three payments, with \$2.5M payable on completion, \$1.25M 13 months after completion and a further \$1.25M 25 months after completion.

Scott Ceely, Seer’s Managing Director commented; “there is a significant opportunity for Australian-based cyber firms to work with all levels of Australian government to improve their security posture. Having the support of Australia’s largest listed cyber company behind us will enable Seer to scale up and expand our capabilities to better serve the organisations that are securing our nation”.

Julian Challingsworth, TNT’s Co-CEO commented; “current market conditions continue to present tremendous consolidation opportunities in the short to medium term, and we fully expect to take advantage of this with additional acquisitions currently under consideration”.

The Company looks forward to keeping the market updated on the progress of Seer and further acquisitions in coming announcements.

ABOUT TESSERENT

Tesserent provides full service, enterprise-grade Cyber Security 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 24/7 monitoring against Cyber Security threats.

Tesserent has been transformed via the acquisition of several high-quality Cyber Security businesses including Pure Security, Rivium and North, making it Australia’s largest listed dedicated Cyber Security firm.

Learn more at www.tesseract.com.

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