TESSERENT

BOLT-ON ACQUISITION STRENGTHENS TESSERENT'S CANBERRA OPERATION, TARGETING $1.67B FEDERAL GOVERNMENT CYBERSECURITY FUNDING

- Tesserent strengthens position as Canberra's largest pure cybersecurity provider with significant talent acquisition
- Industry-renowned cybersecurity expert and his team join TNT's Canberra operation
- Ludus is the second acquisition in phase 2 following on from Airloom announced on the 26th of August 2020
- Tesserent now one of only three suppliers delivering full-service capability targeting $1.67B Federal Government cybersecurity funding package
- Acquisition immediately earnings and cash flow accretive

Tesserent Limited (ASX:TNT) is pleased to announce the strategic acquisition of Ludus Cybersecurity (Ludus) with the signing of a Share Purchase Agreement executed between both parties.

Ludus, headed up by Industry-renowned cybersecurity expert, George Stewart, will be absorbed by Tesserent's Canberra-based North Security to further enhance TNT'S strong Government offering, backed by the Federal Government's recently announced $1.67B "Cyber Enhanced Situational Awareness and Response" (CESAR) package (Figure 1).

This acquisition rounds out Tesserent's standing as the largest end-to-end cybersecurity services provider in the Canberra market with in excess of 180 locally-based cybersecurity specialists. This follows the previous acquisitions of Seer Security, North Security and Pure Security, all of whom service Federal Government departments and agencies.

Tesserent Group companies are now exceptionally well represented on the Federal Government's 2020 "Defence Cyber Industry Capability Report" (Appendix 1). As one of only three firms (from a total of 50) fulfilling all government-identified capabilities, TNT is now positioned as the leading cybersecurity provider supplying Federal Government departments and agencies.

TNT expects to retain this strong posture as the go-to "supplier(s) who can deliver a one-stop-shop delivery
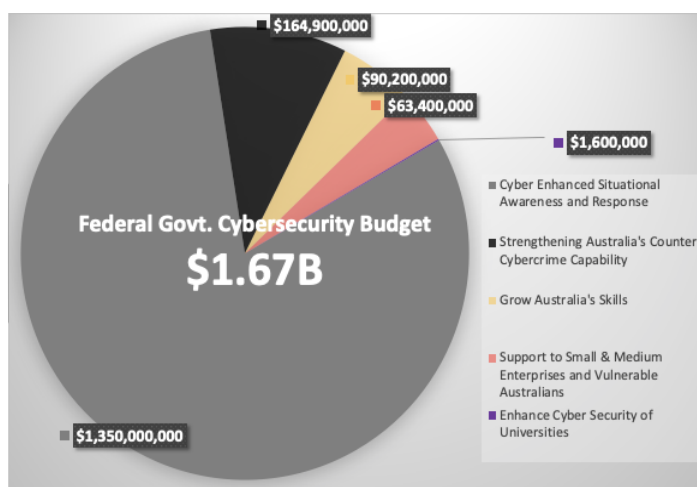
Figure 1: Breakdown of the Federal Government's CESAR Package, AFR, August 6 2020

model" for Federal Government cyber requirements (identified as a core requirement within the report)[1].

Geoff Lord, TNT's Chairman, commented; "with the Federal Government's significant investment into cybersecurity and our comprehensive offering, as identified by the Austrade report, this positions Tesserent as a key player in securing Australia's sovereignty, whilst taking advantage of the rapidly growing Canberra market. We see this as a cornerstone in maximising TNT's long-term value for shareholders".

Ludus, whilst modest in size, has a solid operating record and is immediately earnings and cash flow accretive to the Group. Ludus achieved in excess of $1.2M revenue and $350K in sustainable earnings in FY20, with strong revenue and earnings forecast for FY21. Importantly, the firm's financial position is underpinned by multiple locked-in federal government contracts, and Tesserent expects to achieve strong financial growth from synergies as Ludus is integrated into North Security.

The acquisition is fully funded through Tesserent's existing cash reserves. The consideration for the acquisition of Ludus is a mix of cash and TNT shares, being $536K cash and 4.3M Shares issued at 22.41 cents per share, subject to shareholder approval if required prior to completion. The cash payment will be split over two payments, with $268K payable on completion and $268K 13 months after completion.

Mr Lord added; "Having someone as well-respected as George Stewart and his team at Ludus will be a real boost to our operations in Canberra and improve our already strong reputation within Federal Government departments and agencies. George's appetite to take the majority of this consideration in TNT shares highlights his confidence in Tesserent's vision".

The Company looks forward to keeping the market updated on the continued progress of its Phase 2 acquisitions and associated financial milestones & objectives

ABOUT TESSERENT

Tesserent provides full service, enterprise-grade Cyber Security and networking solutions targeted at mid-market, enterprise and government customers across Australia. The company's Cyber 360 strategy delivers integrated solutions covering identification, protection and 24/7 monitoring against Cyber Security threats. With in excess of 180 security engineers, Tesserent has the capability to support organisations defend their digital assets against increasing risks and cyber-attacks.

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

Learn more at www.tesserent.com.

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[1] *Defence Cyber Industry Capability Report*, Austrade, February 2020 (page 4)

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Authorised by the Disclosure Team under Tesserent's Continuous Disclosure policy.

APPENDIX 1: Page 6, "Defence Cyber Industry Capability Report", Austrade, February 2020

AUSTRALIAN COMPANY	GOVERN / IDENTIFY				PROTECT							DETECT & RESPOND						R&D	State – HQ
	Risk and Compliance	Professional Services	Education & Training	Managed Security Services Provider / SOC*	Information, mobile and messaging security	IoT Security & 3rd Party Mgmt	Identity and access management / Fraud	Encryption	Network (Firewall & VPN)	Endpoint, Application Security and Whitelisting	Cloud Security	Threat Intelligence / Detection	Penetration Testing	Security and Behavioural Analytics	Active Defence (Red teaming, Deception, Threat hunting)	Incident Response	SOAR / SIEM*	R&D	State – HQ
Kinetic IT	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	WA
Myriad Technologies		●	●		●		●	●			●						●	●	QLD
north (+ Ludus)	●	●	●	●		●	●			●	●	●	●	●	●	●	●	●	**ACT**
Nuix	●	●	●			●			●			●		●	●	●	●		NSW
OpSys	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●		SA
Paraflare		●		●						●		●	●	●	●	●	●		NSW
Penten		●	●		●			●	●	●		●		●	●			●	ACT
Privasec	●		●	●		●					●	●	●	●			●		NSW
Prophecy International	●	●												●				●	SA
ProvenDB	●				●							●						●	VIC
Pure Security	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	**VIC**
QuintessenceLabs		●			●	●		●		●	●							●	ACT
Randtronics	●	●	●	●		●		●			●							●	NSW
RedFig Consulting									●			●		●					VIC
Red Piranha	●		●	●					●			●	●		●	●			WA
ResponSight	●											●		●					VIC
Sapien Cyber				●		●	●					●		●	●	●	●	●	WA
SecureStack	●				●		●	●		●	●	●		●			●		QLD
Secure Code Warrior	●		●							●									NSW
Seer Security	●	●			●	●											●	●	**VIC**
Senetas Corporation				●	●	●		●	●		●								VIC
Trellis Data	●				●	●						●		●	●			●	ACT
Vault Cloud	●		●	●	●	●	●	●	●	●	●	●	●				●		ACT
VeroGuard Systems					●	●	●	●			●	●							VIC
With You With Me		●	●									●	●		●	●			NSW