

TESSERENT SUCCESSFULLY INTEGRATES RIVIUM AND ACCELERATES CORE BUSINESS AS IT EXECUTES ON ITS AGGRESSIVE GROWTH STRATEGY

- Successful integration of recently acquired Melbourne-based enterprise security specialist Rivium Pty Ltd (“Rivium”), Tesserent forecasting annual revenues from the combined entity of \$14m for FY20 with a forecast further \$8.4m contracted over the next three years.
- Tesserent on track to achieve cashflow positivity **and** profitability on a monthly basis by end of the current financial year.
- Sales in **July** 2019 for firewalls and managed services exceeded sales of firewalls for all of financial year 2019.
- Tesserent’s **Cyber360** full offering is now live, helping address a larger addressable market within the cybersecurity industry
- Tesserent currently has three Artificial Intelligence (AI) enabled security proof of value programs running with customers as a precursor to contracting, that if successful will result in significant multi-year contracts, with the first program expected to go live in September. Tesserent will update the market on execution of contracts.
- **First customer has signed on for Tesserent’s innovative threat-hunting managed services** reflecting recent strong momentum around proactive cyber security initiatives with a view to capitalise on high demand from customers for proactive cyber security solutions.
- **Launch of Splunk managed service due in Q2 FY20.** Splunk captures, indexes, and correlates real-time data in a searchable repository from which it can generate graphs, reports, alerts, dashboards and other visualisations which can be used for application management, security and compliance.
- Tesserent remains focused on becoming Australia’s leading end-to-end cybersecurity business with global cybersecurity market revenues expected to increase to AUD \$6 billion by 2026 (AustCyber Security Sector – Competitiveness Plan: 2018 Update).
- Acquisition pipeline continues to mature. Future acquisitions are likely to be funded by issuing vendor scrip, reducing the Company’s cash funding burden. The Company expects to have a further acquisition update during this quarter.

Tesserent Limited (ASX: TNT, Tesserent) is pleased to report on significant recent progress as the Company delivers on key strategic steps that will accelerate it towards profitability on a monthly basis by end of FY20.

The integration of security advisory and Splunk consultancy business, Rivium, announced to the market on 18 April 2019, has been highly successful. One of the most experienced specialists in consulting, implementation and managed services for market-leading enterprise security service Splunk, Rivium attracts high profile customers spanning the government and private sectors. The Company has offices across Victoria, New South Wales, Queensland and ACT.

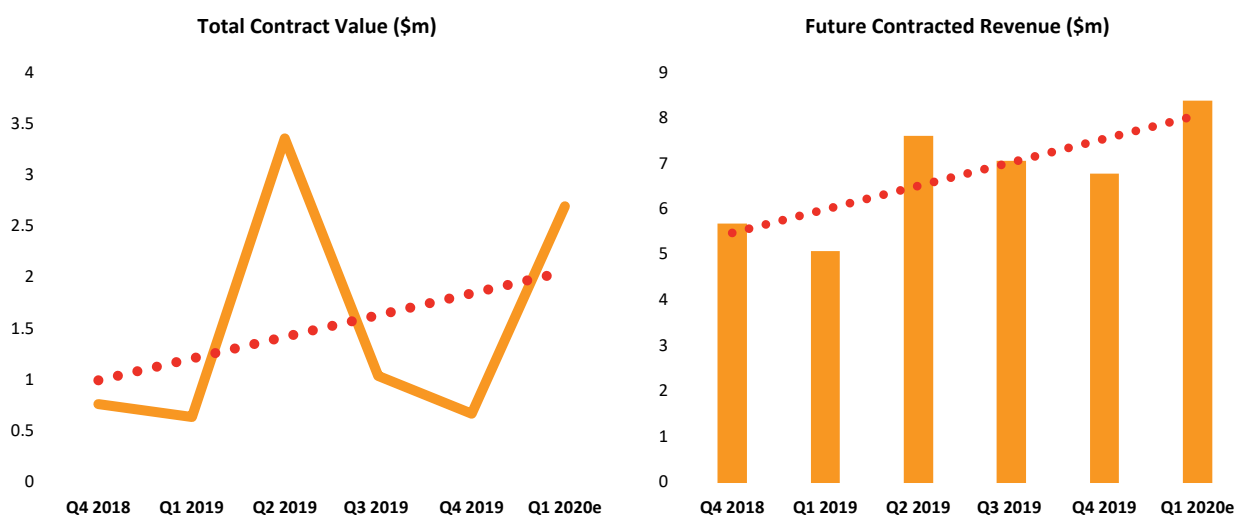
Rivium has added a Security Information Event Management (SIEM) and insider threat capability to Tesserent’s suite of cybersecurity solutions which grows the Company’s capabilities towards a full-service cybersecurity business. The acquisition was accretive from day one, with Rivium forecasting FY19 revenue of \$4.4m and EBITDA of \$650,000. EBITDA of \$1,000,000 is expected in FY20. This was the first acquisition in Tesserent’s strategy to deliver an end-to-end cybersecurity business.

Following the integration of Rivium, Tesserent is launching a Splunk managed security solution which analyses machine-generated big data and enables security teams to use data to gain organisation-wide visibility and security intelligence. This solution will bring together the expertise of the Tesserent security engineers and the deep Splunk capabilities of the Rivium team all managed from the ISO 27000 certified Security Operations Centre located in Victoria.

TOTAL CONTRACT VALUE CONTINUES TO INCREASE AND FUTURE CONTRACTED REVENUE TO GROW TO OVER \$8.4M

The total contract value forecast for Q1 has grown from an average of \$1.4M in FY 2019 to a forecasted \$2.7M in Q1 2020, this represents an uplift for Q1 of 189%, a material improvement over FY2019, highlighting the value of focusing on mid-market and enterprise clients. With the deployment of Splunk solutions and an expanding number of SD-WAN projects we expect to see additional growth in total contract value in the near-term.

Future contracted revenue continues to grow and is expected to exceed \$8.4M at the end of Q1 2020, providing a solid book of revenue to underpin the growth of the Tesserent group.



..... Trend line

TESSERENT TO LAUNCH NEW PRODUCT TO ALIGN WITH AUSTRALIAN SIGNALS DIRECTORATE ESSENTIAL 8

To prevent cybersecurity incidents, the Australian Government recommends organisations implement eight essential mitigation strategies as a baseline. Tesserent has launched a new managed service, in conjunction with its partner Huntsman Security, around compliance and monitoring to ensure companies reach the Government’s Essential 8 expectations¹. The first pilot is underway with anticipation the product will be available to all Tesserent customers in the near-term following successful completion of the pilot.

¹ <https://www.cyber.gov.au/publications/strategies-to-mitigate-cyber-security-incidents>

TESSERENT TO LAUNCH THREAT HUNTING CAPABILITY IN JULY 2019

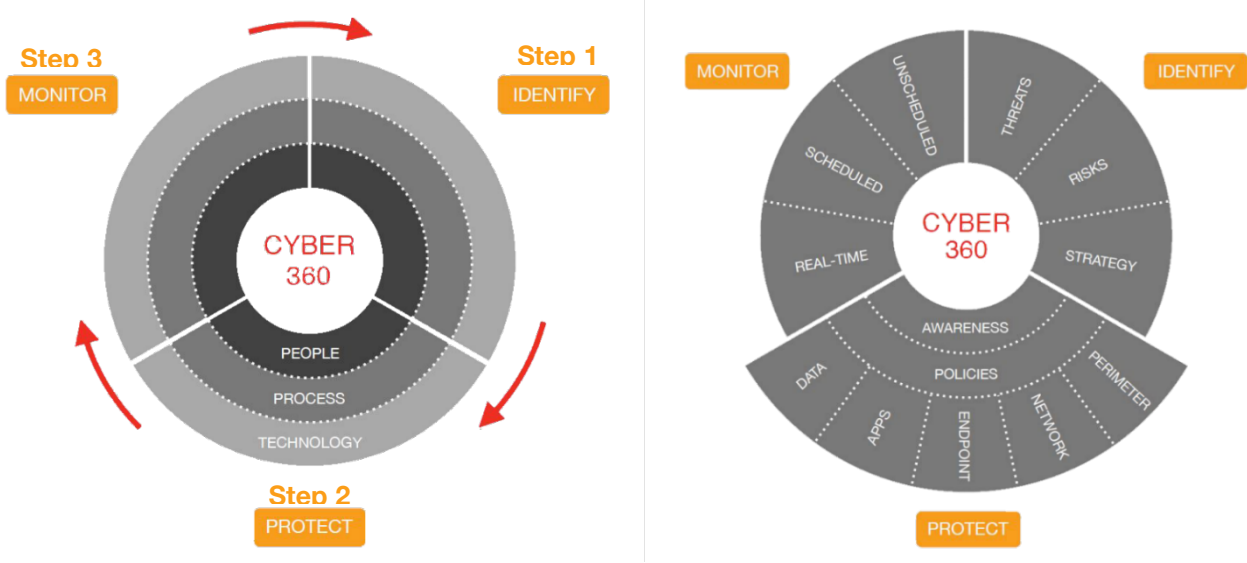
Consistent with the Company’s strategy of entering into new market segments Tesseract is launching a threat hunting product with unique capability. The product will help uncover breaches in customers’ networks. Typically breaches go undetected for 6-7 months before being discovered. The Tesseract managed service will proactively hunt out threats and eliminate them in a much shorter timeframe reducing the business damage from these attacks. As a result, Tesseract’s product offering will provide capabilities to enable customer to improve their security posture.

CYBER360’S FULL OFFERING IS NOW LIVE, HELPING SERVE A LARGER ADDRESSABLE MARKET

Tesseract’s Cyber360 full offering is now live and will allow the Company to grow its addressable market within the cybersecurity industry.

Cyber360 is a comprehensive cybersecurity framework to help customers obtain end-to-end 360-degree cyber protection. Cyber360 fully evaluates the protection required across people, processes and technology at an organization, and then implements a security strategy to suit the client’s risk profile. Security is then constantly monitored by Tesseract’s SOC to ensure adequate protection levels are maintained.

Cyber360 provides Tesseract’s customers with a complete framework to ensure end-to-end 360-degree protection



The full Cyber360 suite has been deployed into the market and is performing well with an annualised growth rate of 16%, the Company is anticipating additional new customers in Q1 FY20 across the Cyber360 framework.

Cyber360	Customer Base	New Customers Q1 FY20e
Identify (New service)	2	4
Protect	30	6
Monitor	150	6

ASX ANNOUNCEMENT

Melbourne – 25 July 2019



ACQUISITION PIPELINE

The Company is pleased that it has been able to demonstrate its ability to successfully integrate the Rivium offering under Tesserent's ownership. The acquisition pipeline remains robust, however, the Company currently expects future acquisitions may be funded by issuing TNT scrip to business vendors. This will reduce the Company's cash funding burden and the need to raise money from sophisticated or institutional investors. The Company expects to provide further updates throughout this quarter.

TESSERENT MANAGING DIRECTOR, JULIAN CHALLINGSWORTH, COMMENTED:

"Recent key initiatives designed to drive sales and market share have assisted Tesserent to move towards its goal of sustainable profitability. We are pleased with recent significant progress and the move towards profitability on a month-by-month basis. The integration of Rivium has gone smoothly and the Company is now well positioned to support ongoing growth.

"As we prepare to execute on future growth plans and capitalise on significant industry opportunities, we are moving forward and seeing accelerated sales. This is a key period for us as we expand into new high-growth markets and launch our new threat hunting products. We are rapidly positioning ourselves as a market leader in IT and cybersecurity and look forward to growing sales rapidly."

ABOUT TESSERENT

Tesserent provides enterprise-grade managed cybersecurity and networking services to corporate customers in Australia and internationally in the UK and Korea. With a 24/7 Security and Network Operations Centre, Tesserent delivers world-class Security-as-a-Service to medium and large organisation's around the globe. With a next generation end-to-end security and networking offer, Tesserent customers obtain state-of-the-art security and connectivity and complete peace of mind that their critical data and networks are secure and protected. Learn more at www.tesserent.com.

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