

## TESSERENT SIGNS SALES & PURCHASE AGREEMENT FOR ACQUISITION OF PS&C LIMITED'S SECURITY DIVISION

- **Acquisition to make Tesserent Australia's largest listed dedicated cybersecurity firm, with more than \$30m revenue forecast in FY2020**
- **The acquisition consideration of \$16m (based on 5.3x normalised EBITDA FY19 audited accounts) is fully funded with \$9m cash, \$5m Tesserent equity (at \$0.05 per ordinary share) and \$2m cash or equity at Tesserent's option, deferred for 6 months**
- **PS&C Security growing strongly – FY19 revenue of \$16.4m (up 33% on FY18) & normalised EBITDA of \$3.1m (up 11% on FY18)**
- **Following the acquisition, Tesserent will expand its cybersecurity capabilities to include security advisory, penetration testing, security infrastructure & secure application development**
- **Expands customer base to all industries, covering various geographies including Asia and the UK**

Tesserent Limited (ASX: TNT, Tesserent) is pleased to advise that, as a key component of its previously announced Cyber 360 Strategy, it has signed a sales and purchase agreement (SPA) to acquire (subject to shareholder approval) the security division of ICT and digital consulting organisation PS&C Limited ('PS&C Security', ASX:PSZ).

The proposed acquisition will see Tesserent become Australia's largest listed dedicated cybersecurity business, with more than 90 cybersecurity professionals that have served more than 600 customers in the last three years. The integration of the PS&C Security business will give Tesserent full cybersecurity capabilities including security advisory, penetration testing, deployment and management of security infrastructure and secure application development. As a result of the proposed acquisition Tesserent's customer footprint will expand across Australia, Asia and the UK. More information at: <https://www.pscgroup.com.au/our-brands/psc-security/>

PS&C Security brings a strong and growing financial history to Tesserent, having delivered revenue of \$16.4m in FY2019 (up 33% from \$12.3M in FY2018) with a normalised EBITDA of \$3.1m (up 11% from \$2.8m in FY18).

Tesserent is fully funded for the proposed acquisition by way of a \$7m converting note committed by a group of existing shareholders (full details below), and a \$3m acquisition facility provided by PURE Asset Management as recently announced.

PS&C Security has more than 20 years' experience in defending, protecting and assuring applications and IT infrastructure for customers. It has completed thousands of penetration tests, security consulting engagements and managed services undertakings for organisations spanning various sectors.

### TESSERENT MANAGING DIRECTOR JULAIN CHALLINGSWORTH COMMENTED:

“The acquisition of the PS&C Security business is a natural fit for Tesserent, with numerous synergies between the two groups that we expect will enable us to provide a comprehensive cybersecurity offering to our current and prospective customer base.

“The PS&C Security business brings with it some of the best minds in the cybersecurity sector in Australia and is a key facet of our comprehensive acquisition strategy that we expect to deliver excellent shareholder value moving forward.”

### CONVERTING NOTE

Should the acquisition proceed, Tesserent will borrow under a \$7m converting note (Note) with the following terms:

- Conversion during year one to 140,000,000 ordinary Tesserent shares at \$0.05 per share
- Conversion during year two to 93,333,333 ordinary Tesserent shares at \$0.075 per share
- Automatic conversion at the end of year to 70,000,000 ordinary Tesserent shares at \$0.10 per share
- 1 option to be issued for every 3.33 shares subscribed for (exercisable at \$0.10)
- Interest rate of 8% (cash) or 10% if paid in shares (at the Company's discretion)

### TIMETABLE

The acquisition of PS&C Security, and the conversion of the Note into shares, requires approval of Tesserent shareholders. Further details regarding the timetable of the transaction will be communicated in due course.

## ASX ANNOUNCEMENT

Melbourne – 3 October 2019



### ABOUT TESSERENT

Tesseract 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, Tesseract delivers world-class Security-as-a-Service to medium and large organisations' around the globe. With a next generation end-to-end security and networking offer, Tesseract 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.tesseract.com](http://www.tesseract.com).

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