

## TESSERENT ACQUIRES AIRLOOM KICKING OFF PHASE 2 OF ITS ACQUISITION STRATEGY

- **Acquires Airloom kicking off Phase 2 of acquisition strategy**
- Airloom achieved unaudited FY20 gross revenue of \$27M and \$2.7M EBITDA
- Significant synergies for Security Operations Centre adding advanced security managed services
- Acquisition is immediately earnings, cash flow and EPS accretive
- Group gross revenue now \$80M+ run rate post-completion\*
- Strengthens market position in Sydney

*\*TNT Group revenue on a month-to-month basis following completion on an annualised basis*

Tesserent Limited (ASX:TNT) is pleased to announce the strategic acquisition of Airloom with the signing of a Share Purchase Agreement executed between both parties on the 25 August 2020.

The Company now has a strong earnings base and is targeting a revenue run rate on an annualised monthly basis of circa **\$80M** post completion, comprising current Group revenue plus revenue from the Seer acquisition announced on 23 July 2020 plus Airloom revenue set out below.

### **Airloom Acquisition**

Airloom is a Sydney-based cybersecurity firm with a focus on security architecture and supporting organisations secure their journey to the cloud. The firm has a strong management team and an excellent operating record, with FY20 gross revenue in excess of \$27M. Airloom is immediately earnings, cash flow and EPS accretive to the TNT Group, having achieved in excess of \$2.7M EBITDA in FY20. Strong revenue and earnings are expected to continue into FY21. Importantly, the firm's financial position is underpinned by multiple locked-in recurring multi-year annuity-based contracts.

The acquisition is fully funded through Tesserent's Acquisition Debt Funding Facility with PURE Asset Management (announced 20 July 2020). The consideration for the acquisition of Airloom is a mix of cash and TNT shares, being \$6M cash and 40M shares, issued at a 30-day VWAP, subject to any necessary shareholder or other regulatory approval. The cash payment will be split over two payments, with \$5M payable on completion and \$1M upon achieving agreed key financial milestones.

The Airloom acquisition is highly complementary to Tesserent's existing group of companies, further strengthens the Group's national footprint and is a strategic fit within TNT's Cyber 360 go-to-market strategy. There are significant synergies to be realised through the deployment of managed security services delivered from the companies local Security Operations Centre (SOC). Airloom's focus on the Banking, Finance and ASX top 50 customers creates significant synergy benefits including cross-sell opportunities for the entire Group, but with a particular benefit for the Pure Security business.

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Geoff Lord, TNT's Chairman, commented; "We're extremely pleased to welcome Chris Hagios, Malcolm Salameh, and Adrian Noblett to the Tesseract family. The Airloom management team enjoys a reputation second to none in the cybersecurity market, and is a real boost to our operations, particularly in Sydney where we will look to improve our already strong reputation".

### **Phase 1 Acquisitions Completed, Phase 2 launched!**

Phase 1 of TNT's acquisition strategy was predominantly focused on future-proofing the Company by acquiring scale whilst building out the firm's Cyber 360 offering. This included achieving a \$40M+ revenue run rate and month-to-month operational profitability, **both achieved by the end of FY20**. The foundation for significant future growth is now in place as the Company enters the second phase of its acquisition strategy.

Phase 2 is focused on driving the business to a revenue run rate in excess of \$80M and delivering a positive Net Profit After Tax (NPAT) and creating shareholder value through the acquisition of strategic businesses with high-margin, annuity-based income and proprietary intellectual property. This includes potential expansion into overseas markets with a particular focus on "Five Eyes" nations.

In addition, the Company will continue to acquire bolt-on assets that build out the firm's solution offering in key markets including Government, Defence and Critical Infrastructure.

The Company looks forward to keeping the market updated on the progress of its Phase 2 acquisitions, several of which are currently in due diligence.

### **ABOUT TESSERENT**

Tesseract 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, Tesseract has the capability to support organisations defend their digital assets against increasing risks and cyber-attacks.

Tesseract 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.tesseract.com](http://www.tesseract.com).

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