



ASX ANNOUNCEMENT | TESSERENT LIMITED

MELBOURNE – WEDNESDAY 10TH MAY 2017

COMPANY UPDATE:

Tesseract is pleased to provide shareholders with an update regarding recent business advancements as we continue to execute our business plan and focus on our core business of managed security services.

The company has recently improved its cash position by \$234,000 following the sale of 1,000,000 Family Zone Cyber Safety (ASX:FZO) shares. Tesseract received these shares as part of the Sonar/MyNet IP Sale (refer ASX Announcement 16th December 2016). Since investment is not part of our company strategy, we have converted this asset to cash for use in the development and growth of our core business. In summary, the extra cash inflows for the June quarter are expected to be as follows:

- \$234K from the sale of FZO shares;
- \$2M from the sale of IP to FZO (of which \$1M has been received in April 2017 with the final \$1M expected by 30 May 2017); and
- \$300K to be received in relation to the company's ATO R&D claim.

This ensures that Tesseract is in a strong cash position going forward.

As the company continues to expand its managed security product offerings, we are pleased to also announce a partnership with Palo Alto Networks (NYSE: PANW). Tesseract selected Palo Alto Networks as a partner due to their global recognition and the extensive accreditation of their next-generation firewall. Palo Alto Networks is an established firewall market leader, having recently been positioned by Gartner in the "Leaders" quadrant of the "Magic Quadrant for Enterprise Network Firewalls" for the fifth consecutive year. The partnership with Palo Alto Networks paves the way for Tesseract to expand our managed security business, offering not only our own proprietary platform but also Palo Alto's globally recognised firewall, both bundled with Tesseract's managed services overlay. Partnering with Palo Alto will enable Tesseract to offer customers managed security services that complement the services delivered on Tesseract's own proprietary platform.

Tesseract continues to expand its go-to-market strategy by introducing a Small and Medium Business (SMB) focused suite of managed security services. Tesseract's view is that the SMB market has not been well serviced and it is a significant growth opportunity due to the limited choice of managed security services offered to this



market. Tesseract is launching a range of SMB focused managed security services that are designed to provide SMBs with peace-of-mind, knowing that their network is being protected by a team of security experts. Tesseract's services will provide enterprise-grade managed security for SMBs and assist SMB customers to meet their obligations under the Privacy Act and the recently announced Data Breach Notification legislation.

In response to customer demand, Tesseract has partnered with Carbon Enx to provide a range of professional security consultative services. This is also an opportunity to grow the sales pipeline as security consulting engagements identify new managed security opportunities.

Tesseract CEO Keith Glennan said "Market opportunities in the cyber security space continue to evolve, which is why we need to continually review and expand our product offerings. In the last six months, we have engaged with AlienVault, Palo Alto Networks, and Carbon Enx as key business partners. These partnerships enable us to provide leading technology to our customers in conjunction with Tesseract's proprietary platform and managed service overlay. Our managed service offering continues to set Tesseract apart from our competitors, by providing locally managed, 24/7/365 monitoring and support from our primary Security Operations Centre in Melbourne. Likewise, the SMB space is largely untapped and we are excited about being able to profitably provide an enterprise-grade security solution to this market "

About Tesseract

Tesseract is a specialist in managed cyber security. Tesseract manages direct end-customers in Australia while also offering a managed security service to wholesale channel partners globally, enabling them to deliver effective cyber-security management to their end-customers.

For more information, please visit the company's web site at www.tesseract.com.

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