

CHAIRMAN LETTER TO SHAREHOLDERS

Dear Shareholder,

I am pleased to introduce myself as Tesseract's new non-executive Chairman, following my recent appointment to the role.

As Tesseract's largest shareholder, I am looking forward to working closely with the Company's Board and Management team to achieve several important goals over the coming 12 months that will strengthen Tesseract's position as a leading cybersecurity provider in Australia.

Having completed acquisitions of PS&C Limited's security division and enterprise security specialist Rivium in recent months, as well as announcing our pending acquisition of security consulting firm north BDT (subject to shareholder approval), Tesseract has grown to be an increasingly diverse business spanning the cybersecurity sector with the ability to offer a comprehensive suite of cyber security services to new and existing customers.

Through this broader approach, and as announced on 10 December 2019, we are expecting to deliver a forward revenue run rate of \$40 million by June 2020, upon completion of the acquisition of north BDT. This will be a significant increase on our previous FY2019 revenue of \$5m, however the strategy behind our acquisitions is very solid and I am confident of significant organic growth by the business to enable us to achieve this. We will keep you updated concerning progress on our strategy.

In addition to an uplift in our revenue run rate, Tesseract also has an objective to achieve cashflow positivity and profitability on a monthly basis by end of FY2020. This is exciting for our Company and among key results I know our team is working incredibly hard to achieve. We have made rapid progress over recent months as we continue to integrate the technology and skills obtained through our acquisitions, and this will continue through the rest of FY20.

As we work towards these results, the Company is undergoing a cost reduction program to ensure we are operating as efficiently and economically as possible. We are aiming to reduce our combined cost base by \$1 million per year. As part of this, we are instigating a policy of no directors' fees for the next 12 months. We will also terminate external consultancy services to keep our running costs as low as possible.

Achieving these goals will provide Tesseract with the strongest possible base on which we can build in FY2021 and beyond. Tesseract has built a large base of 650+ customers and we expect to build on this number moving forward.

Cybersecurity continues to be incredibly important to businesses, particularly to mid-market enterprises that we work with, and I believe this importance will continue to grow as increasingly technology and digital platforms become the operating standard across business, government and education. Tesseract is well-placed to take advantage of this growing demand, and we have expanded our capabilities at the right time.

Having built UXC, my former IT services business, into an \$800 million revenue opportunity, I see potential for Tesseract to copy that trajectory in today's cybersecurity market. I have strongly invested in Tesseract directly, and through my private company the Belgravia Group, for some time now and I am looking forward to lending my years of business experience to help the Company achieve its potential, both in the short term and the years ahead.

ASX ANNOUNCEMENT

Melbourne – 14 January 2020



We will regularly report our progress on achieving the targets stated above to our Shareholders over the coming months, and I look forward to keeping you updated.

Geoff Lord
Non-Executive Chairman

ABOUT TESSERENT

Tesserent provides full service, enterprise-grade cybersecurity and networking solutions targeted at mid-market customers in Australia, and internationally in the UK and Korea. The company's Cyber 360 strategy delivers integrated solutions covering identification, protection and monitoring against cybersecurity threats.

Tesserent has been transformed via the acquisition of several high-quality cybersecurity businesses including PS&C Security (Hack Labs Pure Hacking, Certitude & Securus Global), Rivium and north (to be completed), making it Australia's largest listed dedicated cybersecurity firm.

Learn more at www.tesserent.com.

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

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