



# Investor Update

Tesseract Limited (ASX:TNT)

September 2021



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# Presenting Today



**JULIAN CHALLINGSWORTH**

Executive Director and  
Co-CEO Corporate



**JAMES JONES**

Group Chief Financial Officer



**GEORGE KATAVIC**

Managing Director - North

# Business Overview

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# Tesseract at a Glance

Tesseract (ASX:TNT) is the #1 ASX-listed Cybersecurity Provider.

**+370%  
Revenue  
Growth**  
FY21

**Largest**  
Provider of  
cybersecurity services  
in the Canberra/Federal  
Government market

**1000+**  
Customers  
Across 3 key verticals:  
Government, Critical  
Infrastructure and Industry &  
Financial Services

**360+**  
Skilled Cyber  
Professionals  
Across Australia, New  
Zealand, South East  
Asia

**High Employee  
Engagement\*  
and NPS**

**\$267M**  
Market Cap  
as at  
15 Sept 2021

**Operational  
EBITDA \$9.6M**  
In FY21 improved from a  
\$2.1m loss in FY20

**\$150+M**  
FY21 Rev Run-rate  
ambition at 30 June 2021

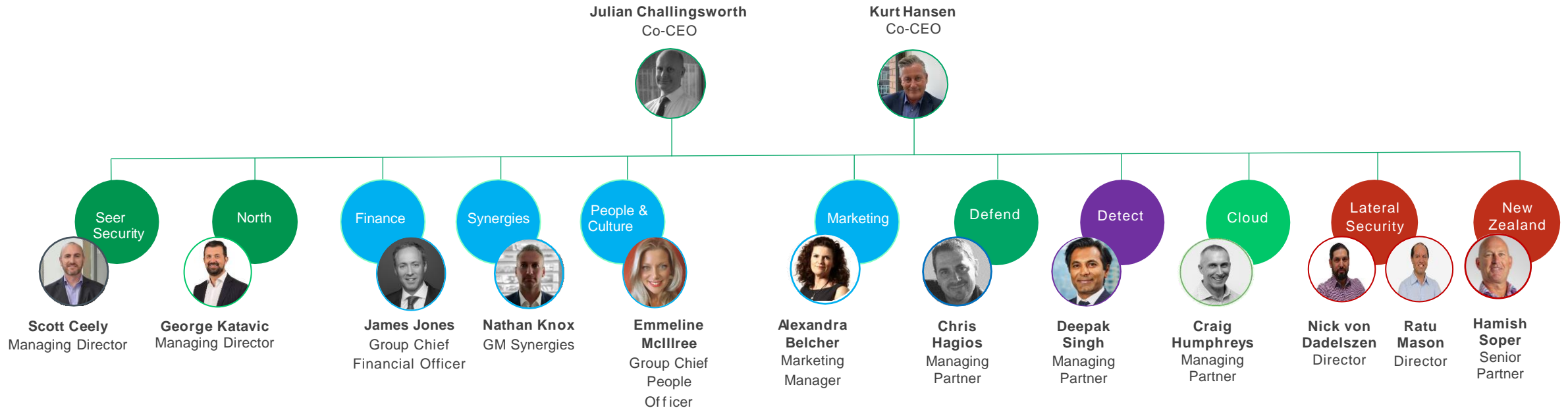
**8% Market  
Growth\*\***

**Strong M&A  
Pipeline**

\* Benchmarked against 'New Tech 2020' - a group of over 650+ global tech companies who also work with Culture Amp as their survey partner.

\*\* AustCyber – Sector Competitiveness Plan 2020

# The Tesseract Senior Leadership Team





Our mission is to be the Sovereign  
Cybersecurity Provider of choice for the Protection  
of Australia and New Zealand's Digital Assets.

# End to End Offering: Boardroom-to-Basement

Providing a one-stop-shop for a full, end-to-end cybersecurity solution.



Cyber Strategy  
and Consulting



Security Advisory (GRC)



Technical Assurance  
and Testing



Network and Cloud  
Security



Identity and Access  
Management



Managed Services and  
Monitoring



Security Integration and  
Development



Digital Forensics and  
Incident Response



Cyber Education




Converged/Physical  
Security



# Deepening Footprint in Three Key Verticals

With 1000+ customers, Tesseract is strategically focused on selectively growing its market share



**Government  
Departments & Agencies**

**47**  
Federal and State  
Departments and  
Agencies

**25**  
Local Councils



**Critical Infrastructure &  
Smart Infrastructure/IoT**

**21**  
of the top  
Energy Firms



**Industry &  
Financial Services**

**8**  
of the  
Largest Banks

**16 of the top**  
Financial Services Firms

**14 Foreign Banks**

**Tesseract provides services to 43 companies within the ASX 100**



# Engaged & Motivated People Driving Growth

Tesseract attracts and retains key resources by benchmarking against global peers.

**81%**  
recommend as a great  
place to work\*

**HIGH** Employee  
Net Promoter Score  
(NPS)

## *People Experience Strengths*

1. **Work & Life Blend:** Take time out, work flexibly & manager care for wellbeing
2. **Enablement and Alignment & Involvement:** Know what to do to be successful & have autonomy
3. **Collaboration & Communication:** People make good effort to consult others
4. **Change – Company Confidence & Support:** Position to succeed & strong support for being part of the Tesseract Group



Engagement **EQUAL** to  
Global Tech peers

## *Areas Sustaining Engagement*

1. **Leadership:** Communicating a vision that motivates
2. **Innovation:** Acting on promising new or innovative ideas
3. **Service & Quality Focus:** Effectively directing resources (funding, people and effort) towards company goals

\* Benchmarked against 'New Tech 2020' - a group of over 650+ global tech companies who also work with Culture Amp as their survey partner.

# Market Opportunity

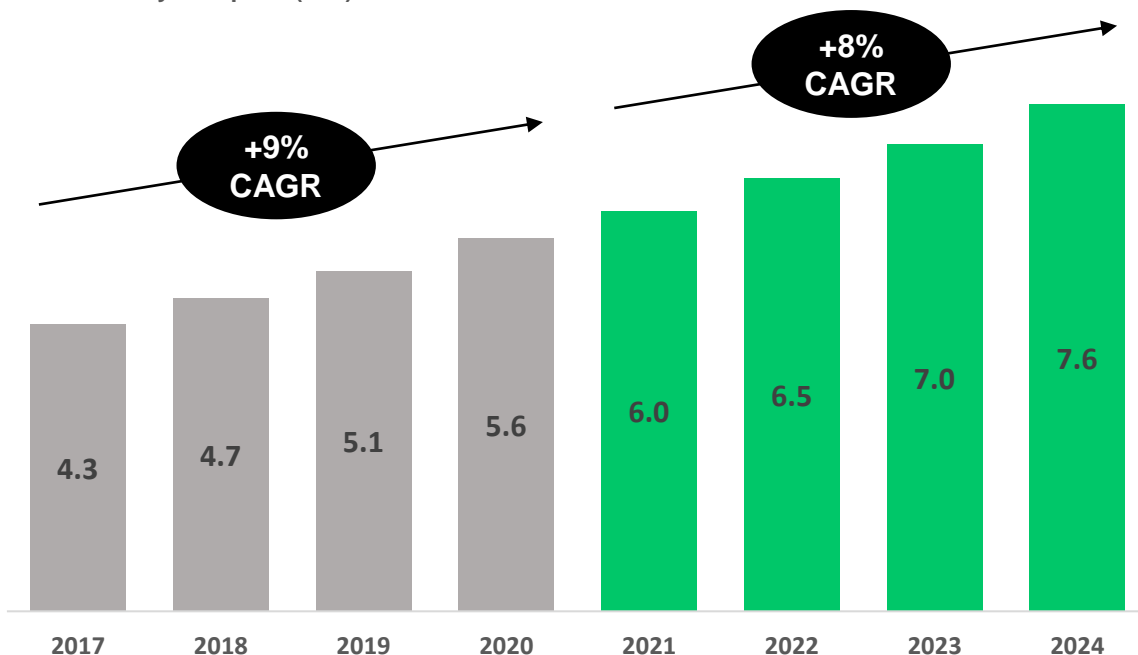
Significant opportunity to serve public and private enterprise from 'Boardroom-to-Basement'



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# Australian Cyber Security Market \$7.6B by 2024 (~8% CAGR)

Australian Cyber Spend (\$bn)



Source: AustCyber - Sector Competitiveness Plan 2020

## Cyber security high on global risk agenda

- #4 on WEF Global Risk Horizon 2021
- \$29bn potential economic impact on Australian SME's

## Increasing spend by Public and Private Enterprise

- \$4.9bn Private Enterprise spending forecast for 2021 up 8% (Gartner March 2021)
- \$1.7bn over 10 years (Australia's Cyber Security Strategy 2020)

## Australian legislation driving change

- Potential for new legislation to impact director liability for cyber breach
- Expanded sectors defined as Critical Infrastructure and imposition of Positive Security Obligations

## Shift in spend from niche to full-service

- Limited number of full-service offerings
- Most firms privately owned and focused on a specific niche

# Strategy

Increasing our market share through the successful integration of key acquisitions, and accelerating the transition to 'Security-as-a-Service' all built on a strong company culture.

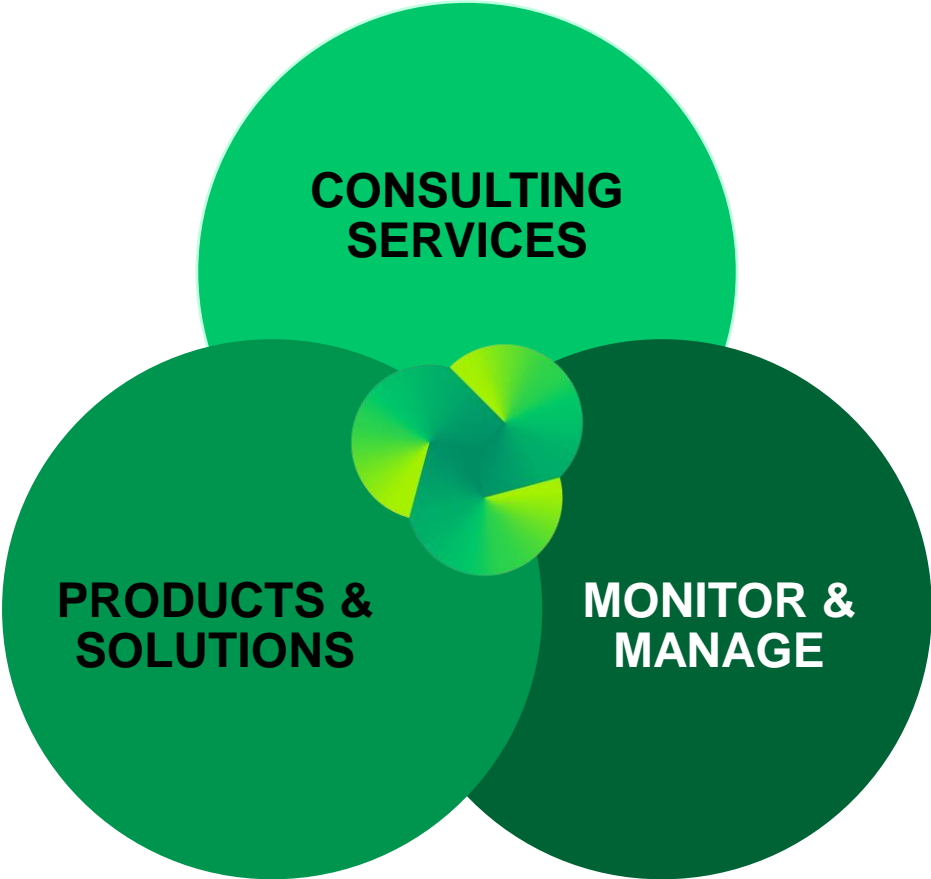


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# Enhance Strategically Relevant Capabilities

Tesseract is focused on deepening the capabilities driven by legislation and demanded by core customers

PRODUCTS & SOLUTIONS
Perimeter & Network
Endpoint
Sec Dev Apps
Data Management
IOT



CONSULTING SERVICES
Security Strategy
GRC & Architecture
Awareness Services
Assurance Services

MONITOR & MANAGE
SOC-as-a-Service
NOC-as-a-Service
Secure Cloud Infrastructure (LaaS)
Converged / FUSION Security



# Strategic Priorities to Drive Shareholder Value

Building on existing strengths and areas of focus in FY22

## Drive Earnings Growth

1. Capture further market share in three key verticals
2. Drive deeper customer engagement and increase number of services per customer
3. Integrate acquisitions to maximise synergies and drive organic revenue growth through cross-selling
4. Build out high-value, high-margin, recurring annuity revenue streams via Cloud, Secure Eye Monitoring, Incident Response and Security-as-a-Service packaged offerings

## Build Out Industry Leadership Position

1. Continue to drive the acquisition strategy to expand on capabilities and footprint
2. Foster innovation and expand proprietary intellectual property to drive high-margin product and service offerings
3. Drive industry-wide capability uplift, reduce skills shortage gap and build leadership position in Converged Security and Cyber Education via Tesserent Academy
4. Explore international expansion opportunities with a focus on Five Eyes allies (USA, UK, NZ and Canada)

# Track Record of Company-wide Growth

Market share increased through strategic acquisitions, cross-selling and a strong company culture.



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# Continuing Growth Story

Focus on continuing turnover and earnings growth for FY22 and beyond.

### FY21 Turnover by Quarter

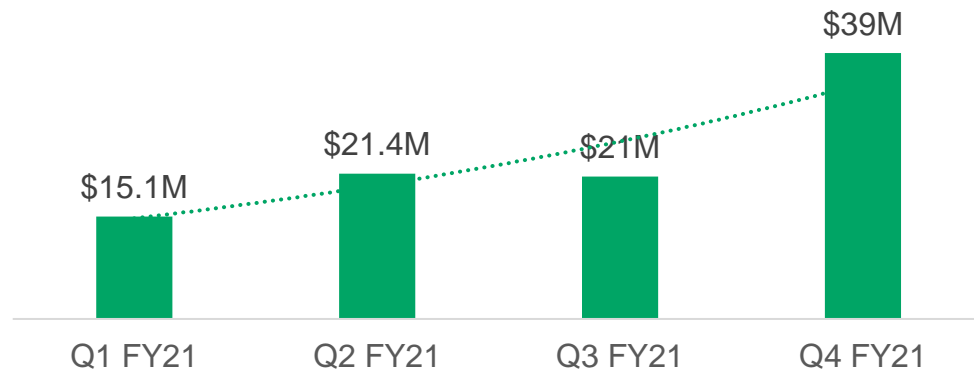


Figure 1: FY20-21 Actual Turnover by Quarter

### FY21 EBITDA\* by Quarter

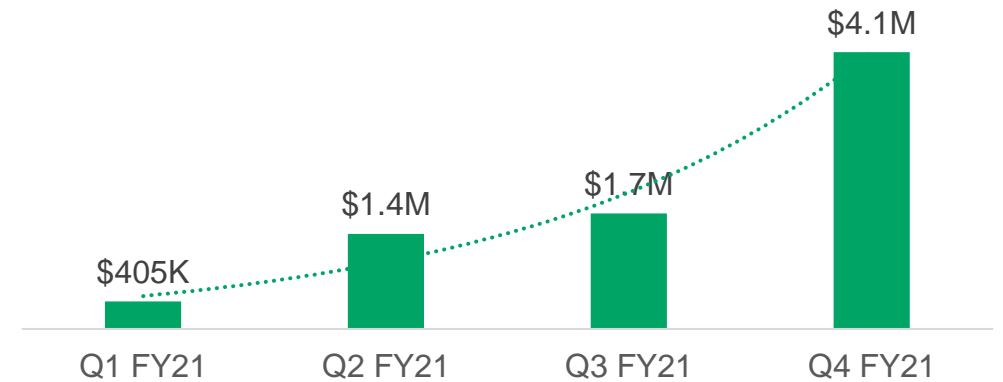


Figure 2: FY20-21 EBITDA\* by Quarter

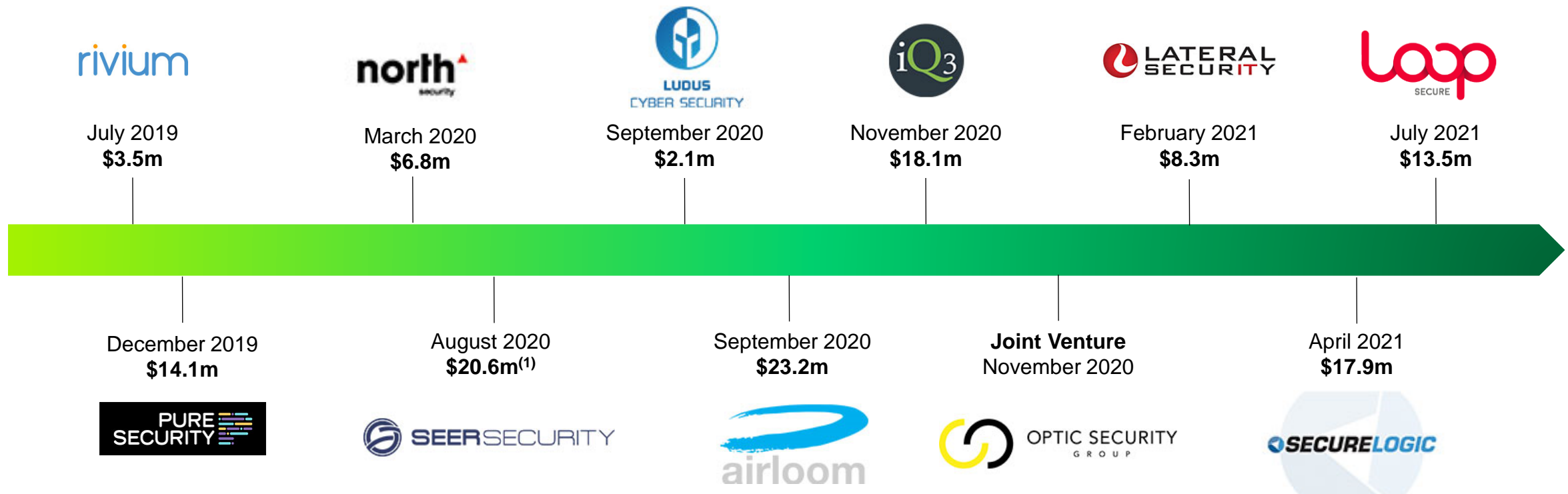
Represents operating EBITDA (excludes SBP expense and one off acquisition costs and AASB16 lease adjustments)

**TNT achieves \$150M\*\* turnover run-rate ambition**

\*\* per annum run-rate at 30 June 2021 being forecast turnover for Q4 2021 annualised

# Timeline of Acquisitions

\$128m+ deployed in the last 24 months



All acquisition values represent total consideration paid  
 1. Post accounting adjustment for share based consideration



























































































# Case Studies: Acquisition of North, Seer and iQ3







Acquisition	North/Ludus/Seer	iQ3
Annual turnover pre / post-acquisition	\$19.8 / \$25.0m	\$25.0m / \$18.5m
EBITDA pre / post-acquisition	\$3.8m / \$5.4m	\$3.0m / \$3.3m
Consideration (per SPA)	\$21.5m	\$18.1m
Implied EBITDA multiple	5.7x / 4.0x	6.0x / 5.4x

## Value drivers:

- Management teams re-focused back into client delivery and sales opportunities
- Growth potential unlocked through access to larger balance sheet and additional working capital
- Barriers to winning work reduced (brand perception enhanced: reputation, scale, balance sheet)
- Revenue synergies derived from cross-sell opportunities
- Costs synergies derived from streamlining of operations and overheads

# Acquisitions Target Core Capabilities and Verticals

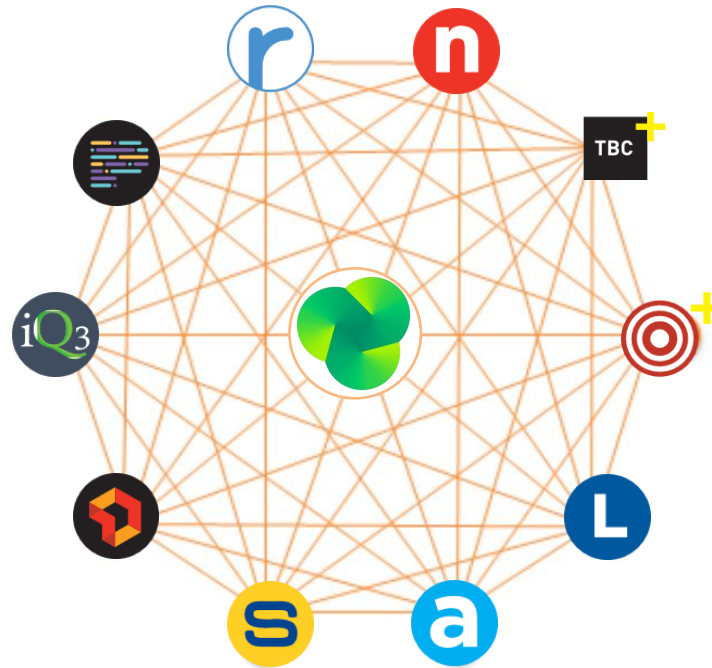
		 GOVERNMENT DEPARTMENTS & AGENCIES	 CRITICAL INFRA, SMART CITIES & IOT	 INDUSTRY & FINANCIAL SERVICES
<b>CONSULTING SERVICES</b>	SECURITY STRATEGY		 	 
	GRC + ARCHITECTURE	   	  	  
	AWARENESS SERVICES	     	  	 
	ASSURANCE SERVICES	   	 	
<b>PRODUCTS &amp; SOLUTIONS</b>	PERIMETER & NETWORK	 	  	  
	ENDPOINT		 	 
	SEC DEV APPS		 	
	DATA MANAGEMENT	 	 	 
	IoT			
<b>MONITOR &amp; MANAGE</b>	SOC AS A SERVICE	 	 	 
	NOC AS A SERVICE	 	 	 
	SECURE CLOUD INFRASTRUCTURE (LAAS)	  	  	  
	CONVERGED / FUSION SECURITY	 	 	 

-  PROPRIETARY SOFTWARE/SOLUTION
-  iQ3
-  PURE SECURITY
-  TNT SOC
-  RIVIUM
-  NORTH SECURITY
-  SEER SECURITY
-  AIRLOOM
-  LUDUS
-  LATERAL SECURITY
-  OPTIC SECURITY GROUP
-  SECURE LOGIC
-  TARGET FUTURE ACQUISITIONS



# Tesseract is Positioned for Growth

A unified offering at the core of Australia's Cyber Sector focused on attractive verticals



# Corporate

Leadership and Corporate Highlights



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# Leadership and Corporate Highlights

Experienced and Industry-relevant Board of Directors.



**GEOFF LORD**

Non-Executive Chairman



**MEGAN HAAS**

Non-Executive Director



**GREGORY BAXTER**

Non-Executive Director



**JULIAN CHALLINGSWORTH**

Executive Director and  
Co-CEO Corporate



**KURT HANSEN**

Executive Director and  
Co-CEO Operations

## ASX Ticker

## TNT

Market capitalisation (undiluted)	\$267m
Share price (as at 15 September 2021)	\$0.25
Options and warrants	176.1
Option conversion average price	25c
Shares on issue	1,070m
Top 20 shareholders	34%
Cash (1 September 2021)	\$9.0m



# **APPENDICES: Supporting Information**



# Tesserent Innovation and Tesserent Academy

Creating shareholder value through investing in  
proprietary IP and cyber education.



# Expansion Through Innovation & Education

We're pleased to announce that we are expanding our business to make strategic investments in proprietary IP-based products and companies, and launching a cyber academy to address the industry skill shortages.



TESSERENT LIMITED (ASX:TNT)





# Securing our digital future, together.

**INVESTOR ENQUIRIES:**

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