



## **ASX ANNOUNCEMENT | TESSERENT LIMITED**

MELBOURNE – MONDAY 5<sup>th</sup> JUNE 2017

### **SONAR/MYNET UPDATE:**

Tesseract is pleased to provide shareholders with an update regarding a recent amendment to the agreement concerning the MyNet/Sonar IP sale to Family Zone Cyber Safety Limited (ASX:FZO) (**Family Zone**) as previously announced to shareholders in the ASX announcement dated 16<sup>th</sup> December 2016.

#### **Background**

Tesseract sold the Sonar/MyNet IP to Family Zone for \$3.80M, consisting of \$3.50M cash and \$0.30M in FZO shares. Payment for the IP was agreed based on the following payment schedule:

- \$0.25M cash deposit;
- \$0.75M cash on completion;
- \$0.30M FZO shares (based on issue price of \$0.30);
- \$0.50M cash due 28<sup>th</sup> February 2017; and
- \$2.00M cash due 30<sup>th</sup> May 2017.

Tesseract had also retained a number of Sonar customers and was obliged to pay a monthly licence fee to FZO for the use of the IP.

As advised to the market on 10<sup>th</sup> May 2017, Tesseract restructured the final receivable due 30<sup>th</sup> May 2017 noting that \$1.00M cash was received in April with the balance of \$1.00M remaining due on 30<sup>th</sup> May 2017.

#### **Recent Amendment**

In consideration for Tesseract agreeing to the renegotiated agreement and payment terms for the final payment of \$1.0M from Family Zone, Tesseract has agreed to accept \$1.15M on the following terms:

- \$0.50M immediately;
- \$0.25M in FZO shares (based on 1M shares at market price of \$0.25) immediately; and
- \$0.40M payable in six equal monthly instalments commencing July 2017.

Additionally, the parties have agreed that Family Zone will take over the technical and commercial responsibilities for all remaining Tesseract Sonar customers. As previously advised to the market, Sonar



customers are billed in advance for provision of services and Tesseract will retain this invoiced revenue. Tesseract will however make a one-off payment to Family Zone of \$0.18M given that Family Zone will now provide all further services to the Sonar clients. Tesseract will no longer pay a licence fee to FZO.

This arrangement is expected to improve Tesseract's position by \$0.20M over three years. Furthermore, this agreement allows Tesseract to redeploy resources and focus on a number of higher-growth opportunities, especially with regard to new channel partnership opportunities in the telco space.

### **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](http://www.tesseract.com).

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