

TESSERENT SECURES \$4M TERM LOAN FACILITY

Tesserent Limited (ASX: TNT, Tesserent) is pleased to announce it has entered into an agreement with PURE Asset Management Pty Ltd to provide Tesserent access to a term loan facility of up to \$4 million.

The loan facility will be split evenly in two separate tranches of \$2 million, with the first available for general working capital and the second available for lender approved acquisition opportunities from 1 November 2019 onwards.

The Tranche One Working Capital Facility will be available for drawn down upon financial close of the facility, with an interest rate of 11.5% per annum. The Tranche Two Acquisition Facility will enable Tesserent to draw up to \$2 million on 45 days' notice at any time after November 2019 upon lender approval of the acquisition. An interest rate of 9.90% per annum will apply to the Acquisition Facility. Other key terms of the facility are attached to this announcement.

TESSERENT MANAGING DIRECTOR JULAIN CHALLINGSWORTH COMMENTED:

"The Tesserent business has gathered momentum in recent months, with the pipeline of opportunities continuing to expand as company directors continue to recognise the importance of cyber security. This capital injection ensures Tesserent is fully funded to profitability, with PURE also highly supportive of the company's value-added acquisition strategy."

"As well as pushing our Cyber360 offering to the market, we expect to grow our capabilities via further strategic acquisitions to deliver a full suite of enterprise security solutions. We look forward to providing shareholders with more insights on these positive developments in the near future."

PURE ASSET MANAGEMENT DIRECTOR NICK BERRY COMMENTED:

"Cyber security is one of the fastest growing sectors in Australia. Along with this organic industry tailwind, the fragmented nature of the market presents a material opportunity to consolidate. We're excited about the operating leverage we expect Tesserent to demonstrate, being now fully funded to profitability and for acquisitive growth. We have been impressed with management's laser focus on execution, and are confident Tesserent will grow to be a dominant force in corporate cyber security."

ASX ANNOUNCEMENT

Melbourne – 19 September 2019



APPOINTMENT OF INDEPENDENT DIRECTOR

Tesseract is pleased to advise that it has appointed Steven Caswell as an Independent Director. Steve is an experienced CEO and Director having worked in numerous roles in management consulting. He has previously established an IT consulting Industry and taken it through to a NASDAQ listing. He holds a BSc from Monash University, a Graduate Diploma in Management from RMIT and completed the AICD Company Directorship Diploma.

ABOUT TESSERENT

Tesseract provides enterprise-grade managed cybersecurity and networking services to corporate customers in Australia and internationally in the UK and Korea. With a 24/7 Security and Network Operations Centre, Tesseract delivers world-class Security-as-a-Service to medium and large organisations' around the globe. With a next generation end-to-end security and networking offer, Tesseract customers obtain state-of-the-art security and connectivity and complete peace of mind that their critical data and networks are secure and protected. Learn more at www.tesseract.com.

ABOUT PURE

PURE Asset Management are a specialist provider of Hybrid Capital to Australia's most compelling emerging growth companies. Founded in 2018, PURE funds working capital, acquisitions and buybacks via structures that are less dilutive than equity capital, offering companies an alternative to direct equity markets. Learn more at www.puream.com.au.

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FINANCE FACILITY TERMS

<p>Amount</p>	<p>A\$4.0m in two tranches:</p> <p>Working Capital Facility: A\$2.0m</p> <p>Acquisition Facility: A\$2.0m. Drawable from 1 November 2019, subject to Lender approval of any target acquisition.</p>
<p>Term</p>	<p>Working Capital Facility: 36 months from utilisation.</p> <p>Acquisition Facility: 36 months from utilisation.</p>
<p>Warrants</p>	<p>Associated with the Working Capital Facility, the Lender will be issued with Warrants to acquire 15,000,000 Tesseract shares upon utilisation of the Working Capital Facility, A further 10,000,000 Warrants may be issued subject to shareholder approval.</p> <p>Warrants associated with the Working Capital Facility will have an exercise price which is the lower of:</p> <ul style="list-style-type: none"> - A\$0.08; and - The Theoretical Ex Rights Price (TERP) of any future capital raise requiring shareholder approval to increase shares on issue in Tesseract by greater than 15%. <p>In the instance the Company elects to draw the Acquisition Facility, the Company will seek shareholder approval to entitle the Lender to be issued with Warrants equal to the dollar amount divided by an amount equal to 125% of the VWAP for the 30-day period ending on the Utilisation Date of the Acquisition Facility Loan.</p> <p>Warrants associated with the Acquisition Facility will have an exercise price which is the lower of:</p> <ul style="list-style-type: none"> - 125% of the VWAP for the 30-day period preceding the first utilization date under the Acquisition Facility Loan; or - The TERP of any future capital raise requiring shareholder approval to increase shares on issue in Tesseract by greater than 15%.
<p>Covenants and representations</p>	<p>The Company is required to provide certain standard representations, undertakings and covenants in favour of the Lender.</p>