



## **ASX ANNOUNCEMENT | TESSERENT LIMITED**

MELBOURNE – 8TH NOVEMBER 2016

### **TESSERENT SELLS EDUCATION-FOCUSED IP FOR \$3.8M IN CASH AND SHARES**

- Tesseract sells Sonar/MyNet IP to Family Zone Cyber Safety Limited (ASX:FZO) for \$3.8m, consisting of \$3.5m cash and \$0.3m in FZO shares, subject to condition precedent.
- Tesseract continues to sell and fully support Sonar/MyNet services globally and has been appointed as the exclusive reseller of Sonar/MyNet in Australia.
- Tesseract retains existing education client base and remains focused on education-sector.
- Substantial cash injection of \$3.5m allows Tesseract to optimise market opportunities by making significant investments in its core business as a managed security service provider.
- Sonar/MyNet sale significantly reduces Tesseract's overheads for the continued development of the software, through headcount reduction.
- Model allows Tesseract's offering to scale profitably on a variable-cost, on-demand basis.
- Tesseract and Family Zone's working relationship provides an exciting opportunity to expand the cyber safety market, with technologies designed for use within schools and the home environment.

### **Sale of Sonar/MyNet to Family Zone**

In May 2016, Tesseract acquired the customers and assets of Blue Reef Pty Ltd (including the Sonar/MyNet IP) for a total of \$3.5m, consisting of \$1.0m in cash and \$2.5m in allocated shares.

Tesseract has agreed to sell the Sonar/MyNet IP purchased from Blue Reef to Family Zone. The 150 education-focused customers acquired from Blue Reef and the associated revenue, continue to be owned by Tesseract and remain a key part of the Tesseract Education business model.

Family Zone will pay Tesseract \$3.8m in cash and shares for the Sonar/MyNet IP.

For personal use only



Family Zone will pay Tesseract \$3.8m, per the schedule below:

- \$0.25m non-refundable cash deposit
- \$0.75m in cash on completion
- \$0.3m in FZO shares (1m shares at assumed price of \$0.30) issued on completion
- \$0.5m in cash on 28<sup>th</sup> February 2017
- \$2.0m in cash on 31<sup>st</sup> May 2017

The sale is conditional on Family Zone shareholder approval. Following the payment to Tesseract of the non-refundable deposit, Family Zone will seek that approval.

### **Tesseract engaged as a Reseller and Distributor**

Family Zone has engaged Tesseract as a global reseller and distributor of Sonar/MyNet under the following arrangements:

- Tesseract is appointed as Family Zone's exclusive agent in Australia & New Zealand.
- Tesseract is also engaged to distribute Sonar/MyNet to existing and new global customers as a non-exclusive global distributor.
- Tesseract will continue to sell and support the Sonar/MyNet platform to education-focused customers in Australia and overseas.
- Tesseract will pay Family Zone monthly license fees for each Tesseract customer with an active installation of Sonar/MyNet.
- Family Zone's consumer focused cyber safety offerings will be interfaced with Sonar/MyNet to create compelling offers for parents of Sonar/MyNet schools.

### **The Commercial Opportunity**

The sale of Sonar/MyNet to Family Zone has enabled Tesseract to profitably sell a sub-set of the assets acquired from the Blue Reef acquisition earlier this year, while still maintaining access to these technologies under an exclusive reseller and distribution agreement in Australia and New Zealand and global distribution rights. The sale of Sonar/MyNet enables Tesseract to generate \$3.8m in cash and shares, which can be used to expand our capabilities in our core business.

This transaction also marks the commencement of what we expect to be a strong business partnership between Tesseract and Family Zone.



## About Tesseract

Tesseract is a specialist in managed cyber security. Tesseract manages direct end-customers in Australia and around the world 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).

## Contact

Oliver Carton  
Company Secretary  
Phone: +61 (0)3 9880 5559  
E-mail: [investor@tesseract.com](mailto:investor@tesseract.com)

Warrick Lace  
Media and Investor Enquires  
Phone: +61 404 656 408  
E-mail: [warrick@nwrcommunications.com.au](mailto:warrick@nwrcommunications.com.au)

For personal use only