



# TESSERENT

## ASX ANNOUNCEMENT

Melbourne — 31 January 2019

## QUARTERLY ACTIVITIES UPDATE AND APPENDIX 4C COMMENTARY

Tesseract Limited (ASX:TNT, Tesseract) is pleased to release its quarterly cash flow report for the December 2019 quarter set out below. Significant matters were progressed during the quarter including:

- shareholder approval for the acquisition of Asta Solutions Pty Ltd (Asta);
- shareholder approval to fundraise concerning Asta, and commencement of the fundraising process;
- securing Geoff Lord as a strategic investor and advisor, as announced to ASX on 20 December 2019;
- completing a Heads of Agreement for a three-year \$3m services contract, announced to ASX on 7 January 2019, subject only to finalisation of a standard long-form contract.

A brief update on these and other issues follows. A further market update is expected in about a month to provide more detail into the acquisition growth strategy.

### **Asta Acquisition**

Tesseract is progressing for completion to occur as soon as Asta meets the conditions precedents as agreed in the Share Purchase Agreement. We continue to work with the Asta team to progress this opportunity.

### **Fundraising**

Tesseract has received the \$500,000 investment from entities associated with Mr Lord, and expects to issue the 10m ordinary shares and 10m options in the next few days. That amount has obviously not been included in the quarterly cash flow report.

Other fundraising opportunities are being explored.



## Business growth

Tesserent will provide further details of key metrics in its next market update, however the key focus for the business during the last quarter was securing the Heads of Agreement announced on 7 January 2019 (HoA). Adding this to the value of new business acquired during the quarter, key metrics are as follows:

KEY QUARTERLY METRIC	VALUE	PCP <sup>#</sup>
Total contracts/HoA signed *	\$3.363 M	↑ 370% increase
Security contracts/ signed *	\$184 K	↓ 53% decrease
Connectivity contracts/HoA signed *	\$3.179 M	↑ 1591% increase
Contracted/HoA future income *	\$7.267 M	↑ 71% increase
Revenue	\$1.365 M	↑ 1% increase
Cash balance	\$0.901 M	↓ 44% decrease

With the appointment of new COO, Ethan Glessich, the business is focused on improving internal efficiencies including debt collection to support improved cash flow. At 31 December 2018 debtors were valued at \$470k, which we expect to recover during this quarter.

## ABOUT TESSERENT

Tesserent 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, and end-to-end security and networking offer, Tesserent delivers world-class Security-as-a-Service to medium and large organisations' around the globe. Learn more at [www.tesserent.com](http://www.tesserent.com).

## CONTACT

Please forward all investor related enquiries to Company Secretary.

### Investor Enquiries:

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Company Secretary

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<sup>#</sup> Previous corresponding period.

\* Contacts signed refers to contract value for contract period and includes a Heads of Agreement signed with K&S Freighters.

## Appendix 4C

### Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

**Name of entity**

TESSERENT LIMITED

**ABN**

13 605 672 928

**Quarter ended ("current quarter")**

31 DECEMBER 2018

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	1,447	2,357
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	(5)	(17)
(d) leased assets	-	-
(e) staff costs	(716)	(1,318)
(f) administration and corporate costs	(1,183)	(2,390)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	7	15
1.5 Interest and other costs of finance paid	(14)	(16)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	288	288
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(176)</b>	<b>(1,081)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	(13)
(b) businesses (see item 10)	-	-
(c) investments	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
(d) intellectual property	-	(134)
(e) other non-current assets	-	-
<b>2.2</b> Proceeds from disposal of:		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	-	-
<b>2.3</b> Cash flows from loans to other entities	-	-
<b>2.4</b> Dividends received (see note 3)	-	-
<b>2.5</b> Other	-	-
<b>2.6</b> <b>Net cash from / (used in) investing activities</b>	-	<b>147</b>

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of shares	-	411
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	-	-
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
<b>3.10</b> <b>Net cash from / (used in) financing activities</b>	-	<b>411</b>

<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of quarter/year to date	1,077	1,718
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(176)	(1,081)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	-	(147)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	-	411

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of quarter</b>	<b>901</b>	<b>901</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	901	577
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (Term Deposit)	-	500
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>901</b>	<b>1,077</b>

**6. Payments to directors of the entity and their associates**

6.1 Aggregate amount of payments to these parties included in item 1.2

6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3

6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

- Executive Director salaries
- Director fees

Includes amounts paid to entities associated with the Directors

**Current quarter  
\$A'000**

89

-

**7. Payments to related entities of the entity and their associates**

7.1 Aggregate amount of payments to these parties included in item 1.2

7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3

7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

**Current quarter  
\$A'000**

-

-

**8. Financing facilities available**

*Add notes as necessary for an understanding of the position*

- 8.1 Loan facilities
- 8.2 Credit standby arrangements
- 8.3 Other (please specify)

Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
-	-
-	-
-	-

- 8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

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**9. Estimated cash outflows for next quarter**

**\$A'000**

9.1	Research and development	-
9.2	Product manufacturing and operating costs	-
9.3	Advertising and marketing	20
9.4	Leased assets	60
9.5	Staff costs	700
9.6	Administration and corporate costs	1,400
9.7	Other (provide details if material)	-
<b>9.8</b>	<b>Total estimated cash outflows</b>	<b>2,180</b>

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity		
10.2 Place of incorporation or registration		
10.3 Consideration for acquisition or disposal		
10.4 Total net assets		
10.5 Nature of business		

**Compliance statement**

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



31 January 2019

Sign here: .....  
(Director/Company secretary)

Date: .....

Print name: Oliver Carton

**Notes**

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.