

# TESSERENT GROUP SUCCESSFULLY COMPLETES DEBT REFINANCING WITH NEW BANKING PARTNER - CBA

Tesserent Limited (ASX: TNT) is pleased to announce that it has successfully completed a refinancing and upsizing of its existing debt facilities.

The refinancing has resulted in a replacement of the existing debt facilities of \$35m, previously provided by Pure Asset Management (PAM), with a new Market Rate Loan provided by the Commonwealth Bank of Australia (CBA).

In addition to the refinancing of existing debt, CBA is providing:

- a further Market Rate Loan of up to \$20m to be used to fund cash consideration payments on existing and future acquisitions;
- Ancillary facilities of \$4m to cover Bank Guarantees, FX and corporate cards for the Group.

### Savings

The implementation of the new financing arrangements will reduce the (cash) interest cost of the existing debt and result in a notional interest saving in excess of \$6 million on drawn new debt facilities over the next three years (based on current benchmark interest swap rates).

Geoff Lord, TNT's Chairman, commented; "The agreement reached with the Commonwealth Bank of Australia represents a key milestone in the growth and evolution of the Tesserent business, signifying that the business has now achieved stability and maturity to procure funding from one of Australia's leading financial institutions."

#### Rationalisation

The new partnership with CBA will be accompanied by a consolidation of Tesserent's banking arrangements, taking its banking from 29 accounts across six banks, to a single standardised banking platform and centralised treasury management function. This will dramatically increase efficiency – in line with the business' operational integration objectives.

The refinancing arrangements include standard banking covenant requirements and terms, and provide TNT access to capital for new acquisitions under certain valuation and leverage parameters.

#### **One-off costs of Refinancing**

It is noted that the refinancing and early repayment of the PAM facilities will incur a one-time prepayment/exit fee of \$1.75m.

## **ASX ANNOUNCEMENT**

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It is also noted that the refinancing triggers an acceleration of the unamortised non-cash cost of warrants associated with the PAM facilities. Under the existing arrangements the notional cost of the warrants is amortised over the remaining life of the loan – approximately \$2.6m per annum until April 2025.

Upon completion of the refinancing, the remaining value of unamortised warrants on the balance sheet is \$7.7m, and this will be recognised as a one-off **non-cash** expense below the EBITDA line in FY22.

The accounting treatment for normal amortisation of these warrants is described in detail in Note 28 of the Group's 2021 Annual Report.

Tesserent was advised by EMK Thomas Capital in respect of the refinancing process. EMK assisted Tesserent in running a competitive banking tender and delivering a successful outcome.

### **Trading update**

As TNT approaches the end of the financial year, the group is expecting to report a record year (for the third year in a row) of Turnover growth of over 60% and EBITDA growth of over 100% for the FY22 financial year compared to FY21. We look forward to providing details in our 4C in July and audited results in August.

#### CONTACT

Investor Enquiries: Media Enquiries:

 James Jones
 Alex Belcher

 Group CFO
 Head of Marketing

 +61 (0)3 9880 5559
 +61 (0)3 9880 5525

investor@tesserent.com alexandra.belcher@tesserent.com

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