

28 April 2017

Australian Securities Exchange (**ASX**)  
Level 40, Central Park  
152-158 St George's Terrace  
Perth WA 6000

## QUARTERLY ACTIVITIES REPORT

Wangle Technologies Limited (**Wangle** or the **Company**) (**ASX: WGL**) is pleased to provide the following Activities Report for the quarter ending 31 March 2017.

### Highlights

- **The commercial launch of the Company's first product offering, the Wangle VPN App**
- **Wangle VPN App confirmed as up to twice as fast as OpenVPN by PwC**
- **Identification of an additional 2 commercial product opportunities (Wangle Family Insites and Wangle Enterprise Mobile VPN) underpinned by the Company's proprietary data capture and real time analytic capabilities**
- **Landmark commercial agreement signed with the Telethon Kids Institute**
- **Board and Management changes including the appointment of Sean Smith and Jon Wild**
- **\$739,000 received under the Federal Government Research and Development (R&D) Tax Incentive Scheme**

### **Wangle VPN App**

Following the end of the quarter, the Company announced it had released its first commercial product offering, the Wangle VPN App, to market.

The paid version of the Wangle VPN App is available to customers via both the Android and iOS App Stores. It offers subscribers access to Australia's only VPN with Australian Communications and Media Authority (**ACMA**) and Communications Access Coordinator (**CAC**) approvals in place, ensuring full compliance with the recently enacted changes to the Telecommunications Act.

The Wangle App is available at \$4.99 per month after a free 30-day trial period and provides customers access to the fastest, cheapest and most secure mobile VPN on the market. This includes the newly established global network presence backed by our partners in Rackspace and Amazon Web Services.

The unique technology stack upon which the Wangle VPN App is based allows for speed and data savings well in excess of its peers. During the quarter, this was verified by independent testing conducted by PricewaterhouseCoopers (**PwC**).

PwC was engaged by Wangle to conduct testing and provide independent assurances on the performance of the Wangle VPN App, and to provide management with a report of the full results captured through repeated testing within a quality assured testing environment and methodology.

Results provided by PwC confirmed that the Wangle VPN network performance not only met management expectations, but very often exceeded them. Furthermore, the Wangle VPN proved considerably faster than leading competitor OpenVPN (with over 5 million customers globally and growing at 150,000 per month<sup>ii</sup>).

The Company has been encouraged by the take up of the Wangle VPN App by the public in the first week of its commercial availability and looks forward to the launch of the associated marketing campaign in the coming weeks to further drive subscriber acquisition.

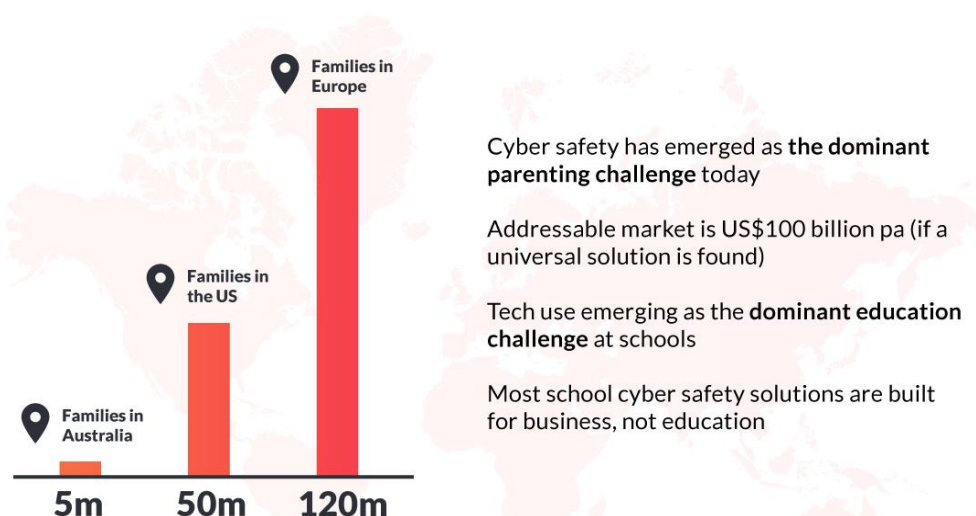
## Commercial Product Strategy

Whilst the initial commercial focus has centred on customer acquisition and subscription models for the Wangle VPN App specifically, the Company has determined that the Wangle VPN network is a strong core foundation on which to build multiple commercial verticals. With the addition of advanced network data capture and analytics capabilities, the Wangle network now offers a unique feature set to help realise the true commercial value of the technology. To that end, the Company has identified and intends to pursue the growing opportunity within the family and enterprise security sectors.

These verticals, not only represent a linear path of product evolution, resource focus and technical development which will enable the Company to build and launch multiple revenue streams over the next 12 months, but also demonstrate reuse of the Company's main technology to offset operational expenses across multiple products and revenue streams.

This initial focus will be on the family security sector via the Wangle Family Insites product. The product will help parents identify risk behaviours of online access by their children, provide real-time alerting and risk analysis, and provide advice and resources when risk behaviours are observed. The product is unique within the family protection vertical in that it reviews the behaviours rather than content (preserving the privacy of children and teenagers), can monitor traffic on multiple mobile devices outside of home networks, and offers real content and advice on the issues identified.

### Cyber Safety Market



Sources: Australian Institute of Family Studies. 2017. Types of families in Australia. [ONLINE] Available at: <https://aifs.gov.au/facts-and-figures/types-families-australia>. [Accessed 5 April 2017]; Pordata. 2017. Map Search. [ONLINE] Available at: <http://www.pordata.pt/en/Europe>. [Accessed 5 April 2017]; United States Census Bureau. 2016. Figure FM-1 Families with children under 18. [ONLINE] Available at: <https://www.census.gov/hhes/families/files/graphics/FM-1.pdf>. [Accessed 5 April 2017].

### **Commercial Partnership agreement with the Telethon Kids Institute**

During the quarter Wangle formally entered into a commercial partnership agreement with the Telethon Kids Institute to support the continued development and commercialisation of the Wangle Family Insights product due for release later this year.

The Telethon Kids Institute will provide Wangle with data derived from cyber safety research including behavioural benchmarking based on 12 years of previous research. This data will enable Wangle to identify key risk behavioural trends from network patterns without interrogating the actual online content of children, thus allowing general risks to be identified while preserving the privacy, trust and cooperation of children and teenagers.

### **Wangle Management & Board Changes**

On the 25th of January the Wangle Board announced the appointment of Mr Sean Smith as CEO and Managing Director of Wangle. Mr Smith was accepted to the Board alongside Mr James Robinson who was appointed Non-Executive Director.

Mr Smith has almost two decades of experience growing and leading teams for a range of different sized business' including ASX-listed Australian companies, NYSE-listed global businesses and one of Australia's privately funded start up success stories.

On the 21st March Wangle also announced the appointment of Mr Jon Wild as Chairman of the Board. Mr Wild has been a marketing leader for the past twenty years across a diverse range of categories and companies including Unilever, British Telecom (where he launched the O2 brand in Europe), Telstra, Orbitz Worldwide and more recently at Groupon (NASDAQ:GRPN) in roles including CMO (APAC) and VP of Marketing (North America).

Following the end of the quarter the Company also announced the appointment of Professor Donna Cross as a Non-Executive Director. Donna is a Professor with the Faculty of Medicine, Dentistry and Health Sciences at the University of Western Australia and the Telethon Kids Institute.

Following these appointments to the Board and the resignations as directors of Mr Andrew Haythorpe, Mr Jason Gitmans, Mr Keaton Wallace and Mr Cam Worth, the Company is now well positioned to implement its commercialisation strategy.

### **Review of Operations**

Since his appointment, Mr Smith has undertaken a review of the operational, strategic and commercial plans of the Company to ensure the delivery of commercial objectives and shareholder returns. He has focused on previously communicated business models and made assessments on the commercial viability and long term value of each model in order to build the strategic plan.

Mr Smith has also reviewed staffing structures, the technology platform and the Company's capability to deliver on its strategic and commercial plans. This process has allowed the formulation of the strategic plan, the assigning of resources where needed, and the ability to focus the business on executing the plan quickly and thoroughly.

## Research and Development (R&D) Tax Incentive Scheme

The Company has also received a total of \$739,000 under the Federal Government's Research and Development (R&D) Tax Incentive Scheme which relates to the 2016 financial year. This additional funding has boosted Company's capital reserves and will support upcoming operational and marketing investment as the Company shifts focus to refine, commercialise and grow its revolutionary Wangle VPN network and associated products.

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For further information, please contact:

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## ABOUT WANGLE TECHNOLOGIES

Wangle Technologies has developed patented algorithms that not only optimise, compress and secure the data flow to mobile devices, but facilitate real time analysis of network patterns and usage behaviours. Wangle's technology provides compelling value to consumers, service providers and enterprises looking for innovative low cost solutions for managing network capacity and use.

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<sup>1</sup> *Telecommunications (Interception and Access) (Obligation to Keep Records) Instrument 2015. Telecommunications (Interception and Access) Act 1979 (TIA Act).*

<sup>ii</sup> Source: OpenVPN.net: <https://openvpn.net/index.php/about-menu/openvpn-facts.html>

## 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**

Wangle Technologies Limited

**ABN**

80 096 870 978

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

31 March 2017

<b>Consolidated statement of cash flows</b>	<b>Current quarter (Mar 2017) \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers		
1.2 Payments for		
(a) research and development	(646)	(1,818)
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	(13)	(33)
(d) leased assets	(4)	(34)
(e) staff costs	(34)	(120)
(f) administration and corporate costs	(145)	(633)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	11	50
1.5 Interest and other costs of finance paid	(5)	(12)
1.6 Income taxes paid		-
1.7 Government tax incentives (R&D Rebate)	189*	189
1.8 Other (ATO GST Refund)	23	197
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(624)</b>	<b>(2,214)</b>

\* The Company received an additional \$550,544, before costs, in Research and Development (R&D) Tax Incentive Scheme cash rebates in early April 2017.

<b>2.</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire:		
	(a) property, plant and equipment	-	-
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	-	(6)
	(e) other non-current assets	-	(5)
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment	-	-
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>-</b>	<b>(11)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	-	475
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>-</b>	<b>475</b>

<b>4.</b>	<b>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	2,114	3,240
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(624)	(2,214)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	(11)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	475
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>1,490*</b>	<b>1,490</b>

\* The Company received an additional \$550,544, before costs, in Research and Development (R&D) Tax Incentive Scheme cash rebates in early April 2017.

<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 (Mar 2017) \$A'000</b>	<b>Previous quarter (Dec 2016) \$A'000</b>
5.1	Bank balances	205	560
5.2	Call deposits	1,285	1,554
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>1,490*</b>	<b>2,114</b>

\* The Company received an additional \$550,544, before costs, in Research and Development (R&D) Tax Incentive Scheme cash rebates in early April 2017.

<b>6.</b>	<b>Payments to directors of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to these parties included in item 1.2	114
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	

Payment of director's fees, rent, administration expenses and reimbursements.

7. <b>Payments to related entities of the entity and their associates</b>	Current quarter \$A'000
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	

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8. <b>Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
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. <b>Estimated cash outflows for next quarter</b>	\$A'000
9.1 Research and development	453
9.2 Product manufacturing and operating costs	-
9.3 Advertising and marketing	217
9.4 Leased assets	15
9.5 Staff costs	20
9.6 Administration and corporate costs	87
9.7 Other (provide details if material)	-
<b>9.8 Total estimated cash outflows</b>	<b>792</b>

10. <b>Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)</b>	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.

Sign here:  .....  
Company Secretary

Date: 28 April 2017

Print name: Loren A. King

### 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.