

Tech:niche.

Techniche Limited (ABN 83 010 506 162) and its Controlled Entities

Ground Floor, 143 Coronation Drive, Milton, Brisbane QLD

1 May 2020

Sale of less than minimum holding & Market update

Sale of less than minimum holding

The Company advises that it will be notifying all shareholders who are holders of less than a Marketable Parcel (i.e. less than \$500 worth of shares by market value) of shares in the Company as at close of business on 30 April 2020 (**Small Holders**).

In accordance with the procedures set out in the Company's constitution, the Company will advise each Small Holder that unless the Small Holder elects to remain a shareholder in the Company, the Company will sell the Small Holder's shares and account to the Small Holder for the proceeds of the sale. The Company will meet all costs associated with the sale of the shares.

The Company is aware that some shareholders with very small parcels of shares in the Company would be willing to sell their shares except for the fact that they cannot easily trade such a small parcel of shares on the ASX, or the cost of brokerage makes it uneconomic for them to do so. The Company values all its shareholders and welcomes their continued participation as shareholders, however for those shareholders who wish to sell their shares, the procedure adopted offers them a convenient and cost-effective way to do so, free of brokerage.

Attached are copies of the following documents which have been sent to Small Holders:

1. Continuing Member Notice;
2. Continuation Election Form; and
3. text of Rule 73 of the Company's constitution.

To assist Small Holders and shareholders generally, the Company provides the following Market update.

Market update

The Company advises that it expects to report a full year EBITDA profit of between \$0.9-1.3 million for the period to June 30, 2020. Consistent with prior announcements, this excludes approximately \$0.3 million in office lease costs which are now treated as amortisation and interest in line with AASB-16 Leases. Determination of the final result will be dependent on a

number of factors including the completion of some customer projects, ongoing software renewals, and unforeseen factors related to the global coronavirus pandemic.

At this stage, impacts to the Company by the global coronavirus pandemic have not been material, with most customers renewing their software subscriptions in accordance with their agreements. We have continued to keep all staff fully employed, albeit with the majority working from home, and have reduced expenses in travel and marketing.

We expect elevated risk conditions for software renewals during the next six months. Business conditions are being continually monitored and we are working closely with our customers to assist them during these difficult times.

The Company expects to benefit from various incentives that are being offered by governments in the regions that we operate. This is expected to have an additional benefit to reported profits of approximately \$100k from rebates for the full year and show higher cash balances at year end as some tax obligations are deferred.

The current cash position is approx. \$4.8m, which includes a deferred VAT payment (now due April 2021) of approx. \$500k. Therefore, available cash is approx. \$4.3m.

This announcement is authorised by the Board.

About Techniche

Techniche Limited (ASX: TCN) is a niche global software house with many Fortune 100 clients using our asset & network management applications. With offices and teams in the 3 regions of EMEA, APAC and the North America, our focus is to continue to grow revenues with our current products while developing a new platform to address the emerging need to manage the increasing range of IP enabled operational assets (IoT) on a network, particularly in light industry, where asset reliability and availability is critical. Techniche has two existing product lines known as Statseeker and Urgent.

Contact

To learn more about Techniche or about this Market Release please visit our website <https://technichegroup.com/> or contact:

Karl Jacoby, Chairman & CEO

Phone: +61 1300 55 66 73

Email: karl.jacoby@technichegroup.com

1 May 2020

**CONTINUING MEMBER NOTICE
PURSUANT TO RULE 73 OF THE COMPANY'S CONSTITUTION**

Dear Shareholder

The Company's records show that as at the close of business on Thursday, 30 April 2020 you held less than a "marketable parcel" of shares in the Company, i.e. you held less than \$500 worth of shares in the Company based on the closing price of the Company's shares on the ASX on that date.

The Company is aware that some shareholders in the Company have very small holdings of shares in the Company and would be willing to sell their shares except for the fact that they cannot easily trade such a small parcel of shares on the ASX or the cost of brokerage may make it uneconomic for them to do so.

The Company's Directors have decided to utilise the procedure provided for in Rule 73 of the Company's constitution. Under Rule 73 the Company is entitled to write to each shareholder who holds less than a marketable parcel of shares in the Company and give the shareholder the option to elect to continue to the shareholder's shares in the Company. If the shareholder does not elect to continue to hold the shareholder's shares the Company is entitled to sell the shareholder's shares and account to the shareholder for the proceeds of the sale.

Enclosed with this letter are the following:

1. Continuation Election Notice; and
2. text of Rule 73 of the Company's constitution.

If you do not sign and return the Continuation Election Form in accordance with the instructions on the form by 5.00 pm (AEST) on Thursday, 11 June 2020 ("the Election Deadline") the Company will, subject to the terms of Rule 73, be entitled to sell your shares. If your shares are in a CHES holding the Company may, after the Election deadline, move your shares from the CHES holding to an Issuer Sponsored or certificated holding for the purpose of sale.

What you need to do:

A. To relinquish your holding

If you wish to dispose of your shares in the Company you do not need to do anything.

If you do not sign and return the enclosed Continuation Election Notice by 5.00 pm (AEST) on Thursday, 11 June 2020 or, alternatively, increase your shareholding to a marketable parcel (\$500) or more by that date, the Company will sell your shares (as well as the shares of other “non-electing” shareholders) on your behalf on the ASX, or in such other manner as it may determine, and account to you for the sale proceeds. The sale proceeds to which you are entitled will be calculated by dividing the total proceeds from the sale of all shares sold by this procedure by the total number of shares sold under the procedure and multiplying the average sale price by the number of your shares sold.

The proceeds will be paid to you in Australian dollars. The Company will meet all brokerage and other costs associated with the sale of your shares.

B. To retain your holding

If you wish to retain your shareholding you must complete and return the enclosed Continuation Election Notice in accordance with the instructions in the Continuation election Notice by 5.00 pm (AEST) on Thursday, 11 June 2020.

If you do not complete and return the Continuation Election Notice, or if you do not increase your shareholding to a marketable parcel, by 5.00 pm (AEST) on Thursday, 11 June 2020 your shares will be sold.

If you have more than one shareholding in the Company it may be appropriate to consolidate them into the one holding. Please contact the Company’s share registry, Link Market Services Limited, by telephone on 1300 554 474 for more details.

Neither the Company nor its Directors make any recommendation to you as to whether to elect to have the Company sell your shares on your behalf as provided for in this Continuing Member Notice. The Company values **all** its shareholders and welcomes your continued participation as a shareholder if you wish to maintain your existing shareholding. However, should you wish to sell your shares this offers you a convenient and cost effective way to do so, free of brokerage. If you are in any doubt as to what course of action to take please consult your legal, financial or other adviser.

If you have any questions concerning this letter please contact the Company Secretary, Mr. John Lemon by telephone on (07) 3367 1666.

Yours Faithfully
TECHNICHE LIMITED

A handwritten signature in black ink, appearing to be 'Karl Jacoby', written over a horizontal line.

Karl Jacoby
Executive Chairman

IMPORTANT NOTICE

PLEASE COMPLETE THIS FORM IF YOU DO NOT WISH YOUR SHARES IN TECHNICHE LIMITED TO BE SOLD. IF YOU DO NOT UNDERSTAND THIS NOTICE YOU SHOULD IMMEDIATELY CONSULT YOUR FINANCIAL ADVISER

[Shareholder Name]

[Shareholder Address]

Number of Shares held on

Record Date of 30 April 2020: [No of shares]

CONTINUATION ELECTION NOTICE

As at 30 April 2020 you were the registered owner of the abovementioned shares in Techniche Limited ("the Company"). If you wish to retain your shares you must complete this form where indicated below and return it using the enclosed reply-paid envelope, or to one of the following addresses, **by 5.00 pm (AEST) on Thursday, 11 June 2020:**

Postal Address

Techniche Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South, NSW 1235

Hand Delivery

Techniche Limited
C/- Link Market Services Limited
Level 12, 680 George Street
Sydney, NSW

(Do not use this address for mailing purposes)

If you do not complete and return this form as provided above the Company will be entitled to sell your shares and account to you for the proceeds, as set out in the accompanying "Continuing Member Notice".

I/We the shareholder(s) described above hereby give notice that I/we wish to retain my/our abovementioned shares in the Company.

SIGNATURE OF SECURITYHOLDER – THIS MUST BE COMPLETED FOR YOUR INSTRUCTIONS TO BE EXECUTED

Securityholder 1 (individual)

Sole Director and Sole Company Secretary

Joint Securityholder 2
(individual)

Director/Company Secretary (delete one)

Joint Securityholder 3
(individual)

Director

This form must be signed by the securityholder. If a joint holding, all securityholders should sign. If signed by the securityholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the securityholder's constitution and the *Corporations Act 2001* (Cth).

Date

If you require further information please contact the Company Secretary on +61 7 3367 1666.

TECHNICHE LIMITED
CONSTITUTION – RULE 73

73. Sale of less than minimum holding

73.1 This Rule has effect notwithstanding any other provision of this Constitution to the contrary and shall override the same to the extent of any inconsistency.

73.2 In this Rule:

Continuation Election Notice means a notice by a Small Holder in the form contained on or enclosed with a Continuing Member Notice and completed and signed in accordance with the instructions on the Continuing Member Notice, notifying the Company that this Rule is not to apply to that Small Holder so that that Small Holder may remain as the holder of the securities registered in its name;

Continuing Member Notice means a notice issued pursuant to Rule 73.3 below;

Election Deadline means 5.00pm (Australian Eastern Standard Time) on a date specified in a Continuing Member Notice, being a date not less than six (6) weeks after the date of dispatch of that Continuing Member Notice;

Sale Consideration means the consideration received for the sale of any securities (less any unpaid calls instalments or interest (if any) accrued on those instalments) pursuant to this Rule;

Small Holders means persons registered, either alone or jointly with any other persons, as the holders of less than a Marketable Parcel of a class of securities in the Company.

73.3 Subject to the provisions of this Rule, the Board may determine no more than once in any twelve (12) month period, to require all (and not merely some) of the Small Holders of any class of securities in the Company to elect whether they wish to remain as the holders of the securities of that class in the Company registered in their name by forwarding to each such Small Holder (including all persons registered jointly) a Continuing Member Notice containing or enclosing:

(a) details of the securities of that class in the company held by the Small Holder;

(b) statements to the effect that:

(1) the Company intends to invoke the provisions of this Rule which allows for the sale of securities of that particular class held by all Small Holders in that class;

(2) if the Company does not receive from any such Small Holder a Continuation Election Notice by the Election Deadline, the Company will be, subject to this Rule, entitled to sell the securities of that particular class held by those particular Small Holders in its absolute discretion; and

(3) in the case of a Member whose securities are in a CHESS holding, that the Company may, without further notice, after the Election Deadline, move the securities from the CHESS holding to an Issuer Sponsored or certificated holding for the purpose of sale.

(c) a Continuation Election Notice;

(d) a copy of the text of this Rule; and

(e) any other information which the Directors may desire to include.

73.4 If a Small Holder on whom a Continuing Member Notice has been served wants to keep the securities referred to in the Continuing Member Notice, the Small Holder must give the Company a Continuing Election Notice which must be received by the Company before the Election Deadline, in which event the Company will not sell the securities referred to in the Continuing Member Notice.

73.5 If a Small Holder on whom a Continuing Member Notice has been served does not give a Continuing Election Notice which is received by the Company before the Election Deadline, the Company shall be entitled to, subject to this Rule:

(a) if the Small Holder holds those securities in a CHESS Holding, move those securities from the CHESS Holding to an Issuer Sponsored or a certificated holding for the purpose of the sale; and

(b) in any case, sell those securities in accordance with this Rule,

but only if the securities held by the Small Holder in the class of securities the subject of the Continuing Member Notice on the Election Date is less than a Marketable Parcel.

- 73.6 Any securities to be sold pursuant to this Rule may be sold on such terms and conditions, in such manner, at such prices and to such persons (including the Company itself where authorised by law) as the Board may in its absolute discretion think fit and, for the purposes of such sale, each such Small Holder shall be deemed to have:
- (a) appointed the Company as its agent for sale;
 - (b) authorised the Company to effect on its behalf a transfer of the securities sold and to deal with the proceeds of the sale of the securities in accordance with this Rule;
 - (c) appointed the Company, its Directors and the Secretary at the relevant time jointly and severally as its attorney to execute any instrument or take such steps in its name and on its behalf as they or any of them may consider appropriate to transfer the securities so sold; and
 - (d) authorised each of the attorneys appointed under clause 73.6(c) to appoint an agent to do a thing referred to in clause 73.6(c).
- 73.7 Any transferee of any securities sold pursuant to this Rule shall not be bound to see to the regularity of any procedure or to the application of the purchase consideration in respect of such sale nor shall any transferee be required to produce the certificates in respect of such securities to enable registration. Once the transferee has been registered as the holder of such securities her/his title shall not be affected by any irregularity or invalidity in any procedure and the only remedy of any Small Holder aggrieved by the sale of its securities pursuant to this Rule shall be in damages only and against the Company exclusively and shall be limited to the amount of the relevant Sale Consideration.
- 73.8 The costs and expenses of any sale of securities pursuant to this Rule (including legal costs and disbursements, brokerage and stamp duty) shall be borne and paid by the Company.
- 73.9 The Sale Consideration shall be held by the Company in trust for the Small Holder whose securities have been so sold.
- 73.10 Upon receipt of the Sale Consideration, the Company shall forthwith notify such Small Holder in writing that the relevant class of securities held by it have been sold and that the relevant Sale Consideration is being held by the Company pending the receipt by the Company of written instructions as to how such moneys are to be dealt with. If the Small Holder has been issued with a share certificate or certificates, the Small Holder's instructions to be effective, must be accompanied by the share certificate or certificates in respect of such securities sold or, if the certificate or certificates have been lost or destroyed, by a statement and undertaking under section 1070D(5) of the *Corporations Act*.
- 73.11 Despite any provision of this Rule, either express or implied, to the contrary:
- (a) the Board shall not be bound to exercise the powers conferred by this Rule and shall be entitled, at any time prior to a sale of securities being effected, to suspend or terminate its use by written notice to the Small Holders affected;
 - (b) the accidental omission by the Company to give any notice required under this Rule or the non-receipt of any such notice by any Small Holder shall not invalidate any action undertaken in good faith pursuant to this Rule;
 - (c) the Board may in its absolute discretion settle any ambiguity, difficulty, anomaly or dispute which may arise in relation to the operation of this Rule; and
 - (d) no sale of any securities pursuant to this Rule shall be undertaken if prior to such sale a takeover bid (within the meaning of Section 9 of the *Corporations Act*) to acquire securities of the same class as the securities which are to be sold pursuant to this Rule has either been announced as being intended to be made or has been made and is still open for acceptance.
- 73.12 In the event that the Company is Listed, this Rule shall be subject to the potential operation of the Listing Rules or the ASTC Settlement Rules (as the case may be) to the securities intended to be sold under this Rule.