

28 February 2018

BPS TECHNOLOGY LIMITED
TO BE RENAMED INCENTIAPAY

**\$22.1M FULLY UNDERWRITTEN NON-RENOUNCEABLE ENTITLEMENT
OFFER AND STRATEGIC ACQUISITION**

BPS Technology Limited (“BPS”, “BPS Technology”, “IncentiaPay” or the “Company”) announces the following:

- 2 for 3 underwritten accelerated non-renounceable entitlement offer to raise \$22.1m at an issue price of \$0.28 per share (“Offer”)
- Execution of a binding term sheet for the proposed acquisition of the business assets of Gruden Group Limited (“Gruden”), an ASX listed company for a total consideration of \$8 million, comprising of up to 27.68 million BPS shares (“Consideration Shares”) and cash of up to \$0.25 million, subject to standard purchase price adjustments;
- Release of 1H FY18 financial results and provided FY18 full year revenue guidance of \$110 million and underlying EBITDA of between \$4.5 million of \$6.5 million, and FY19 full year underlying EBITDA guidance of between \$9.0 million and \$11.0 million;
- Appointment of Chris Berkefeld to the BPS board as an Independent Director, bringing his significant experience and further strengthening the board and corporate governance;
- Simultaneously with the Offer, entities associated with Trevor Dietz, Brian Hall and Tony Wiese will sell 9.3 million shares at \$0.28 per share (“Share Sale”); and
- Extraordinary General Meeting (“EGM”) to be held on or about **Thursday, 5 April 2018** to pass a number of resolutions, including renaming BPS to IncentiaPay, approving the issue of the Consideration Shares, refresh the Company’s placement capacity, approve management incentive arrangements and ratify the appointment of directors.

Overview of the Offer and Share Sale

As announced to the market in December 2017, BPS has developed a significant restructuring and turnaround strategy to re-position BPS for growth. As part of the strategy, BPS is conducting a capital raising to consist of a fully underwritten 2 for 3 accelerated non-renounceable entitlement offer to issue 79.0 million shares at an issue price of \$0.28 per share to raise approximately \$22.1 million (“Offer”).

Securities issued under the Offer will rank equally with existing BPS shares.

Simultaneous with the Offer entities associated with former BPS directors, Trevor Dietz, Brian Hall and Tony Wiese, will sell 9.3 million shares at \$0.28 per share.

Moelis Australia Advisory Pty Ltd is acting as Financial Advisor, Lead Manager and Underwriter of the Offer.

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Overview of proposed acquisition of Gruden

The Company has today entered into a binding term sheet relating to its proposed acquisition of the business assets of Gruden, an ASX listed digital marketing and transactional payment company, servicing over 500,000 users across approximately 800 retail outlets handling in excess of 100,000 transactions per month. Gruden operates across four business streams of Performance Marketing, Government, Digital Services, and mobileDEN.

The transaction is subject to a number of conditions and therefore there is no guarantee that the proposed transaction will proceed. However, the benefits to BPS of the proposed acquisition if it proceeds are as follows:

- Enables BPS to further penetrate the quick service restaurant and hospitality sectors;
- Provides access to a blue chip customer base including Red Rooster, Oporto, Starbucks and Betta Group;
- Opportunity for significant revenue and cost synergies with the duplication of business functions and cross-selling opportunities (e.g. AliPay and mobileDEN);
- Product/feature enrichment by integrating Gruden's digital marketing and transactional capabilities with BPS's payments and rewards platform;
- Enhances BPS's capabilities with Gruden's management team with strong experience in technology, media and digital sectors;
- Proven development capabilities in large scale transactional platforms such as eTenders Platform for NSW State Government and AusTender for Federal Government.

In executing the binding term sheet, BPS has substantially completed a detailed commercial, financial and legal due diligence on Gruden.

The proposed acquisition is subject to a number of conditions, typical of transactions of this nature, including:

- Execution of a Share and Business Purchase Agreement;
- Gruden obtaining all necessary regulatory and shareholder approvals;
- Gruden obtaining all necessary consents from counterparties to material contracts;
- No breaches of the Binding Term Sheet or final acquisition agreement
- No material adverse change arising in relation to Gruden or BPS

1H FY18 results and guidance

Based on the 1H FY18 financial results released today, and taking into account the restructuring and turnaround plan initiatives, the following key financial metrics are provided. Forecast guidance is standalone BPS and does not include the potential impact of Gruden.

FY18 full year revenue guidance	\$110m
FY18 full year underlying EBITDA range	\$4.5m - \$6.5m
FY19 full year underlying EBITDA range	\$9.0m - \$11.0m

BPS remains a strong underlying business. The new management team and Board will pursue a restructuring and turnaround plan and focus on re-positioning BPS for growth to drive revenue and profitability. The Board has provided a range for underlying EBITDA reflecting some uncertainty on the execution timing of the restructuring and turnaround plan.

Extraordinary General Meeting

BPS will hold an Extraordinary General Meeting (“EGM”) to approve a number of resolutions including:

1. Change of Company name to IncentiaPay
2. Ratification of previous issues of shares to refresh its placement capacity
3. Approval of issue of consideration shares to Gruden
4. Approval of Employee incentive plans
5. Ratifying the appointment of non-executive directors

Entitlement Offer Timetable

Indicative dates in relation to the Entitlement Offer are as follows:

Trading halt	Wednesday, 28 February 2018
1H FY18 results release	Wednesday, 28 February 2018
Announce Entitlement Offer	Wednesday, 28 February 2018
Trading resumes	Friday, 2 March 2018
Entitlement Offer record date	Friday, 2 March 2018
Retail Entitlement Offer opens	Wednesday, 7 March 2018
Settlement of the Institutional Entitlement Offer	Friday, 9 March 2018
Allotment and ASX quotation of Institutional Entitlement Offer	Tuesday, 6 March 2018
Retail Entitlement Offer closes	Friday, 16 March 2018
Results of Retail Entitlement Offer announced	Tuesday, 20 March 2018
Settlement of the Retail Entitlement Offer securities	Thursday, 22 March 2018
Allotment of Retail Entitlement Offer securities	Friday, 23 March 2018
ASX quotation of Retail Entitlement securities	Monday, 26 March 2018
Dispatch holding statements	Tuesday, 27 March 2018

All dates and times are indicative only and subject to change. Unless otherwise specified, all times and dates refer to Australian Eastern Daylight Time (AEDT).

Additional information

Additional information about the Offer, Share Sale and proposed Gruden acquisition, including key risks, is contained in the BPS investor presentation released to the ASX today. The retail entitlement offer booklet will be released separately and mailed to eligible shareholders.

For more information, please contact:

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