

BPS Acquisition to FastTrack Growth of Gruden Platforms

- **Binding term sheet signed with BPS Technology Limited (ASX:BPS) for the sale of Gruden's operating business units**
- **Acquisition for a total of \$7.75 million in BPS shares and \$250,000 cash consideration**
- **Shareholders gain access to a well-established profitable business with significant value uplift expected as technological and revenue synergies are realised**
- **Opens Gruden to new investment opportunities to bring additional value to the listed entity and its shareholders**
- **Fully underwritten \$22.1m BPS capital raising**

Further to the announcement on 28 February 2018, that The Gruden Group Limited (**Gruden** or **the Company**) has entered into a binding term sheet with BPS Technology Limited (**BPS**) for the sale of its business units, that includes MobileDEN, Gruden Government and Gruden Performance Marketing and Enterprise Platforms (**the Transaction**), the Company would like to provide shareholders with further information and background to the Transaction.

Under the term sheet, it is proposed BPS will acquire the business units for a total of \$8m. If the transaction proceeds, Gruden will receive up to \$7.75m in BPS shares to be issued to Gruden and \$250,000 cash consideration.

In conjunction to the acquisition, BPS will seek its shareholders' approval to be renamed IncentiaPay as disclosed to BPS shareholders yesterday. The Gruden brand and each of Gruden's business units will be transferred to BPS. IncentiaPay is a leading provider of transactional platforms and management systems which enable businesses to attract customers across multiple sales channels. The current BPS platforms serve 28,000 merchants and a network of approximately 20,000 Not-For-Profit organisations, giving IncentiaPay a reach of over 2m customers. IncentiaPay earns revenues on transactions over the platforms via its subsidiaries Bartercard, Entertainment Book and bucci.

Strategic Rationale

Significant technological benefits – enhanced technology

Gruden's digital marketing capabilities and its payments, loyalty and ordering platform, MobileDEN, will be integrated into BPS' holistic offering, providing enhanced transactional capabilities and creating an 'all-in-one' benefits network.

Bringing together leading entertainment deals platform, Entertainment Publications, and the world's largest B2B retail exchange platform, Bartercard, with MobileDEN's payments, ordering and loyalty platform, will create a platform that will deliver significant value to clients that are seeking a one-stop platform to manage and increase customer engagement and revenues.

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In addition, Gruden's Enterprise Platforms business unit will continue to service and grow their external client base, whilst focusing on optimising and enhancing IncentiaPay's digital offering across their brands. The Government Practice will also continue to service and grow its various Government clients, whilst looking at new opportunities this may offer the Bartercard and Entertainment brands.

Cross-selling and increased revenue opportunities

Gruden's platforms and services will be made available to IncentiaPay's extensive network of merchants and customers, comprised of 28,000 merchants and approximately 20,000 Not-For-Profit organisations, accelerating its penetration in the quick service restaurant and retail segments. Bringing together the business and sales functions is also expected to increase the cross-selling opportunities to drive the revenue opportunity from annuity and transactional revenues.

Creates a digital and transactional platforms business with a blue-chip customer base

Following the acquisition BPS will have an expanded blue-chip client base and an expert management team driving Rewards, Deals and Incentives. Gruden boasts among its client base companies including RedRooster, MadMex, The Coffee Club, Oporto and Sydney Olympic Park and BPS has such names as ANZ, HSBC, Zurich, Anytime Fitness, Bakers Delight and Brumbies among its clients.

Accelerates commercial growth of MobileDEN

It is expected that once owned by BPS there will be greater access to capital to further drive feature enrichment and expansion of MobileDEN, as well as leveraging its technology to deliver the future goals of an "all in one" platform for IncentiaPay. With enhanced access to funding to fuel customer acquisition and rollout, MobileDEN is expected to accelerate. The cross-selling opportunities and synergies to be leveraged across existing sales pipelines and customer bases also provides access to new markets and segments.

Details of the Transaction

Key Terms

The key terms of the Transaction are as follows:

- (i) Completion of the Transaction 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, including approval for the Transaction pursuant to ASX Listing Rule 11.2;
 - Gruden obtaining all necessary consents from counterparties to material contracts;
 - No breached of the Binding Term Sheet or final acquisition agreement;
 - No material adverse change arising in relation to Gruden or BPS.
- (ii) The consideration under the Transaction will be \$8 million comprising up to \$7.75m in BPS shares (27.68 million shares) and \$250,000 cash consideration, subject to standard purchase price adjustments. The issue of shares is subject to BPS shareholder approval, which is expected to be sought at an EGM on or about 5th April, 2018.

The Gruden Group

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Impact of the Transaction on the Company

The material impact of the Transaction on the Company will be:

1. The disposal of all the operating business units of the Company; and
2. The Company will hold up to 27.68 million shares in BPS.

There will be no impact on the capital structure of the Company.

If the transaction completes Gruden's shareholders will be provided with indirect access to a significant revenue generating and profitable business with a substantial growth opportunity, through the shares it will own in BPS. Furthermore, the transaction opens up Gruden to new investment opportunities to bring additional value to the listed entity and its shareholders.

With the issue of BPS shares as consideration, Gruden shareholders will continue to benefit from expansion of both Gruden's and BPS's delivery platforms.

Post the transaction, the Board will consider a range of options for the Company going forward. These may include: further investment in the Fintech sector; a possible in-specie distribution to shareholders of BPS shares; and the intention to actively seek new compelling investments that will bring substantial shareholder value.

ASX Requirements

The proposed Transaction will constitute the disposal of the Company's main business undertakings.

ASX Listing Rule 11.2 provides that, where a company proposes to make a significant change in the nature or scale of its activities which involves the disposal of its main undertaking, it must first obtain the approval of its shareholders.

The Company proposes to seek shareholder approval for the purpose of Listing Rule 11.2 at a meeting to be convened as soon as practicable.

Following the proposed disposal of the Company's main undertaking, ASX may require the Company to seek shareholder approval pursuant to ASX Listing Rule 11.1.2 and/or re-comply with Chapters 1 and 2 of the Listing Rules pursuant to ASX Listing Rule 11.1.3 with respect of any future transaction the Company may enter into.

A disposal by a listed entity of its main undertaking can also raise issues under Listing Rule 12.1 and 12.2, which oblige a listed entity to satisfy ASX on an ongoing basis that the level of its operations is sufficient, and its financial condition adequate, to warrant its continued listing and continued quotation of its securities.

ASX Guidance Note 12 states, the disposal by a listed entity of its main undertaking may be a precursor to the entity embarking on a new business venture, either immediately or once a suitable business has been identified and acquired. In the latter case, notwithstanding Listing Rule 12.3, ASX will, in the absence of any other reason to suspend the quotation of the entity's securities, generally continue the

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quotation of its securities for up to six months to allow it time to identify, and make an announcement of its intention to acquire, a suitable new business.

If an entity is not able to make an announcement of its intention to acquire a new business, within six months of completing the disposal of its main undertaking, ASX will generally exercise its discretion under Listing Rule 12.3 to suspend the quotation of its securities at the end of that six month period. The suspension will continue until the entity makes an announcement acceptable to ASX about its future activities

Gruden Chairman, Stephen Harrison said, “The Board and I are excited about the opportunities that the BPS acquisition will bring to the Gruden group of business units and our employees. The Transaction will see our services and products integrated into BPS' solid business foundation, leading to significant synergies to be realised. The depth of BPS' merchant network will open up new sales opportunities and the additional technological capabilities will enable us to continue to enrich and enhance our MobileDEN platform. Furthermore, this opens the GGL entity to new prospects and business opportunities as part of the BPS Group and this will deliver shareholders additional value and we are looking forward to exploring these opportunities.”

ENDS

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About Gruden

The Gruden Group Ltd is a market-leading provider of Digital Transformation services offering fully integrated fintech platforms in the digital marketplace, with approximately 100 staff and contractors, across five office locations. The Company comprises the award-winning Gruden Digital Services, Gruden Performance Marketing, award-winning Gruden MobileDEN and Gruden Government. Services offered across the group include digital marketing, web and mobile application development and mobile loyalty with point of sale integration.

For more information, visit www.thegrudengroup.com

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