

7 March 2018

NOTIFICATION TO INELIGIBLE RETAIL SHAREHOLDERS

Dear Shareholder

BPS Technology Limited Entitlement Offer – Notification to Ineligible Shareholders

On Wednesday 28 February 2018, BPS Technology Limited (ASX: BPS) (**BPS** or **Company**) announced that it was conducting a capital raising by way of a pro rata accelerated non-renounceable entitlement offer to eligible shareholders to subscribe for 2 new fully paid ordinary BPS shares (**New Shares**) for every 3 existing fully paid ordinary BPS shares (**Existing Shares**) held at 7:00pm (Sydney time) on Friday 2 March 2018 (**Record Date**) to raise approximately \$22.1 million (before costs) (**Entitlement Offer**).

The proceeds of the Entitlement Offer will be used to pay down existing debt facilities, fund working capital, the costs of the Entitlement Offer and if it proceeds, the proposed acquisition of the business assets of The Gruden Group Limited (**Gruden**), an ASX listed digital marketing and transactional payment company with 500,000 users across 800 retail outlets managing 100,000 transactions per month (**Proposed Acquisition**). BPS has entered into a binding term sheet relating to the Proposed Acquisition and the Proposed Acquisition is subject to conditions precedent including the execution of a formal agreement, the approval of shareholders from BPS and Gruden and no material adverse change arising in relation to Gruden or BPS.

The Entitlement Offer comprises an institutional entitlement offer (**Institutional Entitlement Offer**) and an offer to Eligible Retail Shareholders (as defined below) to participate on the same terms (**Retail Entitlement Offer**). The Entitlement Offer is being made by the Company in accordance with section 708AA of the Corporations Act 2001 (Cth) (**Act**) as modified by the Australian Securities and Investments Commission Corporations (Non-Traditional Rights Issue) Instrument 2016/84, meaning that no prospectus or other disclosure document needs to be prepared. The Institutional Entitlement Offer has already closed and the results were announced to the Australian Securities Exchange (**ASX**) on Friday 2 March 2018.

This notice is to inform you about the Retail Entitlement Offer and to explain why you will not be able to subscribe for New Shares under the Retail Entitlement Offer. This letter is not an offer to issue New Shares to you, nor an invitation for you to apply for New Shares. You are not required to do anything in response to this letter.

DETAILS OF THE RETAIL ENTITLEMENT OFFER

The Retail Entitlement Offer involves an offer to Eligible Retail Shareholders of an entitlement to subscribe for 2 New Shares for every 3 Existing Shares held at 7:00pm (Sydney time) on the Record Date, at a price of \$0.28 for each New Share (**Entitlement**).

Documents relating to the Retail Entitlement Offer, including the Retail Entitlement Offer Booklet, were lodged with ASX on 7 March 2018 and are being mailed to Eligible Retail Shareholders.

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Eligibility criteria

The Company has determined, pursuant to ASX Listing Rule 7.7.1(a) and section 9A(3)(a) of the Act, that it would be unreasonable to make offers to shareholders in countries other than Australia and New Zealand in connection with the Retail Entitlement Offer having regard to:

- a) the relatively small number of shareholders in the other jurisdictions where the Retail Entitlement Offer would be made;
- b) the number and value of shares for which such shareholders would otherwise have been entitled; and
- c) the costs of complying with the legal and regulatory requirements in each other jurisdiction where the Retail Entitlement Offer would be made.

Shareholders who are eligible to participate in the Retail Entitlement Offer (**Eligible Shareholders**) are shareholders who:

- a) are registered as a holder of Existing Shares as at 7.00pm (Sydney time) on the Record Date;
- b) have a registered address in Australia or New Zealand; and
- c) were not entitled to participate in the Institutional Entitlement Offer which was open to investors to whom offers of shares in BPS were made without a disclosure document as defined by the *Corporations Act 2001* (Cth) or without registration, lodgement of a formal disclosure document or other formal filing in accordance with the laws of the relevant foreign jurisdiction.

The Company may (at its absolute discretion) extend the Retail Entitlement Offer to certain institutional shareholders in foreign jurisdictions who did not participate in the institutional component of the Entitlement Offer (subject to compliance with applicable laws).

Unfortunately, the Company has determined that you do not satisfy the eligibility criteria for an Eligible Retail Shareholder stated above. In compliance with ASX Listing Rule 7.7.1(b) and section 9A(3) of the Act, the Company wishes to advise you that it will not be extending the Retail Entitlement Offer to you and you will not be able to subscribe for New Shares under the Retail Entitlement Offer. You will also not be sent the retail offer document relating to the Retail Entitlement Offer nor be able to subscribe for New Shares under the Retail Entitlement Offer.

As the Retail Entitlement Offer is non-renounceable, you will not receive any payment or value for Entitlements in respect of any New Shares that would have been offered to you if you were eligible.

Further information

Further details in respect of the Entitlement Offer (including details of eligibility) can be found on BPS' announcements platform of the ASX (www.asx.com.au).



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If you have any questions, you should seek advice from your stockbroker, accountant or other independent professional adviser or the BPS Offer Information Line: 1300 362 398 (within Australia) or +612 8355 1004 (outside Australia).

On behalf of the Company, thank you for your continued support of BPS.

Yours faithfully

A handwritten signature in black ink, appearing to be 'Iain Dunstan', with a long horizontal stroke extending to the right.

CEO and Managing Director
BPS Technology Limited

For more information, please contact:

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