

18 August 2016

BPS TECHNOLOGY DELIVERS RECORD FY16 REVENUES

Highlights:

- **Robust business development drives record revenue of more than \$50 million**
- **Investment in bolstered salesforce drives EBITDA of \$9.5 million**
- **Transformational acquisition of Entertainment to boost FY17 revenue by 118% and drive projected EBITDA growth of 49% in current year**
- **Final dividend of 2.0 cents per share taking full-year dividends to 4.0 cents per share**

Leading channel enablement and payments platform provider BPS Technology Limited (“BPS”, “BPS Technology” or “the Company”) is pleased to release its full year results for the year ending 30 June 2016 (FY16).

In its second year of operation since listing on the ASX in September 2014, the Board set some ambitious goals for BPS in 2016. The Company is pleased to report:

- Revenue increased to record levels, rising 4% to \$50.2 million — breaking the \$50 million threshold for the first time
- Gross profit grew by 3% to \$38.6 million, driven by development of new and existing Bartercard territories
- The introduction of a new sales model accelerating activity across the Bartercard network, with Australian new member growth of 25% year-on-year
- Earnings before interest, tax, depreciation and amortisation (EBITDA) of \$9.5 million, \$0.5 million lower than the previous period as a result of the Company’s investment in bolstering its salesforce and optimising the Bartercard sales model
- Net profit after tax of \$7.34 million, \$0.5 million lower than the 2015 result (tracking the EBITDA outcome)
- Dividends paid to shareholders of 4.0 cents per share (comprising a 2.0 cent unfranked interim dividend and a 2.0 cent fully franked final dividend)
- \$5 million in convertible notes raised in December 2015, set to be repaid in December 2016 following the Company’s recent successful capital raising

Investors would be aware that in August 2016, BPS successfully completed a \$27.5 million capital raising to institutional investors, fully underwritten by Moelis & Company. BPS is proud to welcome 20 of Australia’s leading institutions to the register.

The success of this significantly oversubscribed institutional placement has enabled the Company to execute the acquisition of Entertainment Publications (“Entertainment”), a leading business-to-consumer (B2C) deals platform. The combination of BPS and Entertainment brings together two proven, profitable and scalable businesses with significant growth potential.

This is a transformative acquisition which should make a significant impact on BPS’ financial profile. Excluding revenue and cost synergies, the Company projects FY17 revenue growth of 118% to \$109 million, driving projected EBITDA growth of 49% to \$14.2 million.



Welcoming Entertainment into the BPS group extends the Company's reach to more than 36,000 SMEs and 18,000 not-for-profits (NFPs), taking BPS into 550,000 homes across Australia and New Zealand.

The Company looks forward to the settlement of the transaction in September 2016. Investors can find more detail on the acquisition in [the presentation released to the ASX](#).

"This is a pleasing result which represents reward for the sustained efforts of a cohesive team," said BPS Technology Chief Executive Officer Trevor Dietz.

"The full-year result reflects continued growth in our Bartercard business along with promising development in the rollout of bucqi, our loyalty and payments platform. We are excited about the new growth we can drive across our business lines as we pursue the integration of Entertainment, bucqi and Bartercard, and look forward to continuing to deliver value to BPS shareholders."

Operational highlights

The year to 30 June 2016 brought many business development highlights for BPS. The Company has:

- Executed a landmark agreement with online retail giant Alibaba partner SmartTrans Holdings Ltd (ASX: SMA) to gain preferential entry into China for the Company's Australian members
- Moved to monetise this channel through a \$2 million distribution agreement with functional food innovator Morlife into China via SmartTrans and Alibaba
- Expanded Bartercard's US operations to 10 sites through the opening of three new franchises in California, Tennessee and Georgia, with significant further expansion in early FY17 and a promising pipeline of potential new franchises
- Completed the acquisition of two major Australian Bartercard franchises, seeing more than 70% of members now under Company control
- Introduced a new sales model which has driven annual growth in new merchant members of 25%
- Embarked upon a commercial partnership with digital marketing and mobile payment specialist Gruden Group Ltd (ASX: GGL)
- Opened a new business and travel insurance sales channel through Honan Insurance Group, automating a low-touch, high-margin revenue stream for BPS while providing its merchants with critical products at affordable rates
- Appointed Chief Technology Officer Andrew McIntyre after a successful global search
- Launched bucqi in Australia (Southeast Queensland) and New Zealand (Wellington) in March quarter. By 30 June 2016, achieved installation of bucqi into approximately 340 merchants with around 3,400 consumers having downloaded the bucqi app

Dividend

The Board of Directors has declared a final dividend of 2.0 cents per share, taking the full year dividend to 4.0 cents per share. The Company expects to pay the final dividend to shareholders in October 2016 and will advise shareholders of the payment date in the near future.

As per the Company's FY17 pro forma cash flow statement (disclosed with the investor presentation recently released to the ASX), BPS expects to pay fully franked dividends of 5.0 cents per share for FY17, subject to Board approval. This is set to comprise an interim dividend of 2.0 cents per share (expected to be paid in April 2017) and a final dividend of 3.0 cents per share (expected to be paid in October 2017).

The Board of Directors remains alert to further opportunities to expand the Company's revenue streams via channel enablement. The Company expects to capitalise on further revenue generating opportunities in the coming year.

The Board would like to thank all investors for their continued faith in BPS Technology and would like to take this opportunity to recognise the efforts of the Company's management team and all of its hardworking staff around the world.

The Company looks forward to continuing to reward investors' faith in the year ahead.

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About BPS Technology Limited (ASX: BPS): BPS Technology Limited is a leading provider of technology platforms and management systems in the Digital Payments space for Small to Medium Businesses (SMBs) in 8 countries. Its technology platforms and systems help to drive customers to its SMB merchants. More than 24,000 SMBs transact in excess of 1.8m transactions worth \$600m+ per annum using its various technology platforms. BPS earns fees on all transactions over the platforms via its subsidiaries Bartercard, TESS and bucqi.

About Entertainment: Entertainment Publications is a business-to-consumer (B2C) deals platform with an established model proven over 21 years of profitable operations. Entertainment provides restaurant, accommodation and activity guides with special offers from more than 12,000 SMEs to consumers via 18,000 Not for Profits into 550,000 households across Australia and New Zealand.

About Bartercard: Bartercard operates the world's largest trade exchange. It allows small to medium businesses to conduct business transactions without the use of cash. There are 50,000+ card holders in 8 countries currently. Bartercard transactions can be conducted online, via its mobile app, across more than 7,000 bank EFTPOS terminals and on bucqi terminals.

About bucqi: bucqi is a disruptive technology based around a loyalty platform designed for SMBs combined with a robust and innovative mobile payment app for both merchants and consumers. The payments platform has been two years in the making and has a number of patents pending. It allows consumers to easily pay for goods with their mobile phones and they earn and redeem reward points via a wide range of participating suppliers. It has been launched in 3 regional cities in Queensland Australia and Wellington in New Zealand.