

BPS Technology Limited Annual General Meeting 2016

Chairman's Address

Dear Fellow Shareholders, Ladies and Gentlemen, Staff of BPS Technology Limited – welcome to the Company's 3rd Annual General Meeting.

The Company and its Management has made considerable headway in the twelve months since our last AGM:

- The Group's revenue increased to record levels, rising 4% to \$50.2 million — breaking the \$50 million threshold for the first time
- Our Gross profit grew by 3% to \$38.6 million, driven by development of new and existing Bartercard territories
- The Bartercard business introduced a new sales model without joining fee accelerating activity across the Bartercard network, with Australia showing growth in new member sales of 25% year-on-year but this was not without some cost
- Our Earnings before interest, tax, depreciation and amortisation (EBITDA) of \$9.5 million was \$0.5 million lower than the previous period as a result of the reduced joining fees to optimise the Bartercard sales model
- Net profit after tax was \$7.34 million, \$0.5 million lower than the 2015 result - this tracked the EBITDA outcome
- Dividends paid to shareholders amounted to 4.0 cents per share comprising a 2.0 cent unfranked interim dividend and a 2.0 cent fully franked final dividend
- We expect Dividends going forward to be fully franked
- In December 2015 we raised five million dollars via convertible notes which is set to be repaid or converted on or before December 2016.

As all Shareholders would be aware, in September of this year, BPS completed the transformative acquisition of Entertainment Publications Australia and New Zealand, which produces the Entertainment Book and the Entertainment Digital Membership. This enterprise now forms the Fourth Division in our Group alongside that of Bartercard, Bucqi and TESS.

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Entertainment connects SMEs with consumers via community groups, charities, schools and other not-for-profit organizations (“NFPs”) thus complementing our existing offering to our member base and adding another section to our Business Performance Solutions package.

As a result of the acquisition BPS now has a network of circa 36,000 SMEs, 18,000 NFPs and reaches into more than 550,000 homes. The acquisition has had a significant impact on the financial profile of BPS with a projected increase in revenue of 118% and a 49% increase in EBITDA.

In addition it was pleasing to see the Vendor in this Transaction, Mr. Ben Johnston, commit to stay on in the capacity as Chairman of Entertainment Publications thus preserving the link with key Not For Profit’s, Clients and Staff. We look forward to his continued participation.

On Thursday of last week Moelis & Company released its Research Note on BPS Technology (a copy of which has been made available to you all) with a Buy recommendation and a 12 month target price of \$1.35. This latest research complements that undertaken by Baillieu Holst and other Stocking Broking firms. Market education remains a key focus for the Company’s Investor Relations Strategy which is being assisted by our new Stock Brokers.

During the capital raise to fund the acquisition, it was particularly pleasing to note that BPS has gained the strong support of several well-known Institutions and by all indications are looking at us as a medium to long term investment.

After another trading month we reaffirm the half year guidance given to the market last month.

Ladies and Gentlemen, BPS Technology Limited has had a transformational year. The Board remains excited by the prospects ahead.

I will now hand over to our Chief Executive Officer, Mr Trevor Dietz, for his address to shareholders after which we will continue with the AGM. We will allow time for questions at the end of the meeting. Thank you.