

28 June 2017

## MARKET ANNOUNCEMENT

BPS Technology Limited (“Company”, “BPS” or “BPS Technology”) today announces the following key developments and updates:

- Entertainment Publications (Entertainment) exceeding expectations and on track for record revenues
- Agreement to onboard BPS’ 17,000 relevant merchants in Australia on to the Alibaba Australia eCommerce platform
- Commencement of operations in France
- Significant new agreements entered into by Frequent Values, a division of Entertainment
- Financial performance and revised earnings before interest, tax, depreciation and amortisation (EBITDA) guidance for FY17

The initiatives above represent further important steps in the evolution of BPS Technology. An overview of these developments, along with updated financial guidance, has been provided below.

### Entertainment acquisition exceeding expectations

The recently acquired Entertainment division is on track to deliver record revenues and ahead of acquisition profit forecasts. Heidi Halson, executive director of Entertainment, said that she was pleased with this selling season so far and that the revenues through the 18,000 Not for Profit partners were overall ahead of budget. “Our digital application sales have grown from 30% to almost 40% of total entertainment book sales.” she said. Ms Halson added that the Entertainment team were delighted with the progress they have made since being part of BPS. “Together with BPS senior management we have identified 25 key efficiency improvement actions which we are executing on. We have already made good progress on enhancing our digital strategies with the technology team from BPS. We will exceed our profit budget by more than 10% this year” Ms Halson said.

### The Alibaba Australia eCommerce initiative

BPS is pleased to announce that it has now signed an agreement with iSynergi Limited, Alibaba.com’s Global Service Partner in Australia.

BPS’s 17,000+ relevant merchant base will be registered on the Alibaba Platform. These merchants will be able to gain new cash business from Alibaba’s 160 million users. BPS will earn new revenue from the cash transactions generated. The BPS merchants will be “tenanted” under the Alibaba’s online “Australia Channel” via the Bartercard Members Plus program. It is planned that BPS merchants will be able to access local Australian markets via the platform as well as a global audience

Alibaba.com is the worlds’ largest B2B eCommerce platform with in excess of 160 million buyers and 2 million online stores across 90 countries.

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Kevin Lee, iSynergi General Manager said, “ To add an additional 17,000 merchants to the new Australia Channel provides immediate scale for us. I am excited that there are so many BPS merchants in our popular categories like Food & Beverage, Health & Beauty as well as Travel & Tourism.

“This can be a game changer for BPS” said Trevor Dietz, CEO of BPS, in response to what this meant for the business going forward. “We have traditionally focussed on trade-based relationships, but to now be able to access global and domestic cash markets as a service to our members offers a significant addition to our value proposition. BPS will earn fees on all transactions by its merchants over the Alibaba platforms.”

### **Commencement of operations in France**

The Bartercard licensee in France has launched its operations in Paris starting the company’s next stage of European expansion.

Bartercard International CEO Brian Hall said the latest addition to Bartercard’s global business network presents new scope to trade with France, where there are currently over three million SMEs.

“France is the second Bartercard licensee in Europe following in the steps of the UK. These are really exciting times as we break new ground and grow into different parts of the world.”

The new master franchisee is Mr Marc-William Attie, who is also the owner of Business Network International (BNI) France. BNI is the world’s largest business networking and business referral organisation which has approximately 18,000 members with over 200 Chapters in France alone.

Mr Arnaud Alacir, General Manager Bartercard France has expressed equal excitement about the new licence. “Bartercard is a new way to do business in France and with a population of 65 million people, there are so many opportunities available. We will aim to grow the Paris region initially and then open other offices under our control throughout France.”

Brian Hall added that additional licencees are planned to launch in new countries with Israel due to commence operations before the end of 2017.

### **Frequent Values new agreements**

The Frequent Values platform is a young division of Entertainment that offers digital bespoke dining and entertainment deals to the corporate sector for distribution to their customers or employees. Frequent Values has been investing into the enhancement of its digital capabilities and entered into multiple customer agreements over the past quarter. The revenues from these new customers have already commenced and include some of Australia and New Zealand’s recognizable brands such as HSBC, Commonwealth Bank, Zurich Insurance, Kiwi Saver, Intrust Super, Youi New Zealand, Access Pay, and Optus.

Daniel Nissen, director of Frequent Values, said he was pleased with the considerable progress Frequent Values had made to sign up these well known corporates. “The revenues from these new agreements will be substantial for FY18” Mr Nissen said.

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## Update on financial performance

Subject to audit review, the Company expects revenue for FY17 of approximately \$109.5m to exceed its forecast of \$109.1m.

In regards to divisional performance, the Company comments as follows:

- Non completion of expected offshore license sales combined with reduced Bartercard transaction volumes have negatively impacted performance
- The recently acquired Entertainment division has performed strongly and ahead of acquisition forecasts
- The full impact of the synergies and cross-sell opportunities identified at the time of Entertainment's acquisition will be seen in FY18 and beyond

Taking these matters into account, and noting that the financial results are incomplete and remain subject to audit review, BPS anticipates to deliver a FY17 EBITDA in the range of \$13.2m - \$13.7m, which is between 3% and 7% below the guidance of \$14.16m as per the investor presentation released to the ASX on 12 August 2016. BPS expects to meet the earnings per share (EPS) forecast of 11.8 cents.

This statement is made for market guidance purposes and BPS does not expect to make any further comment until the FY17 accounts have been finalised and approved for release to the ASX. At the release of the FY17 accounts, BPS will update the market in relation to the Company's dividend policy and the final dividend for FY17.

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**About BPS Technology Limited (BPS):** BPS is a leading provider of transactional platforms and management systems in the payments, rewards and loyalty space that enable businesses to attract customers across multiple sales channels. These platforms currently serve 36,000 merchants and ~ 600,000 customers through a network of ~ 20,000 Not-For-Profit organisations, giving BPS a reach of 2 million consumers. BPS earns revenues on transactions over the platforms via its subsidiaries Bartercard, Entertainment, Bucqi and TESS.

**About Bartercard:** Bartercard operates the world's largest retail trade exchange for over 26 years. It allows small to medium businesses to conduct transactions without the use of cash. There are 50,000+ card-holders in 8 countries and 74 offices currently. Bartercard transactions can be conducted online, via its mobile app or across more than 7,000 bank EFTPOS terminals.

**About Entertainment:** Entertainment Publications is a business-to-consumer (B2C) deals platform with an established model proven over 22 years of profitable operations. Through 21 offices Entertainment provides restaurant, accommodation and activity guides with special offers from more than 12,000 businesses to consumers in Australia and New Zealand.

**About Bucqi:** Bucqi is a disruptive mobile payments and rewards app based around a loyalty platform designed for businesses to attract consumers. It allows consumers to earn and redeem great rewards called "bucqs" via a wide range of participating merchants.