



## NEWS RELEASE

**NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION, DIRECTLY OR INDIRECTLY, WITHIN, INTO OR IN THE UNITED STATES, AUSTRALIA, CANADA, JAPAN, NEW ZEALAND, THE REPUBLIC OF IRELAND OR THE REPUBLIC OF SOUTH AFRICA.**

6 December 2017

### **Billing Services Group Limited (‘BSG’ or the ‘Company’)**

#### **Tender Offer**

BSG is pleased to announce that it proposes to return up to US\$5.0 million to Shareholders by way of a Tender Offer at a price of US\$0.0425 per Share. In aggregate the Company intends to redeem up to 117,647,059 Shares, representing 41.7 per cent. of the Company’s Issued Capital.

Under the Companies Act 1981 of Bermuda and the AIM Rules, the Tender Offer does not require the approval of Shareholders at a general meeting. A Circular is being posted to Shareholders later today which will also be available on the Company’s website [www.bsgclearing.com](http://www.bsgclearing.com).

Further details of the Tender Offer are set out below.

#### **Expected Timetable for the Tender Offer\***

Publication of the Circular	6 December 2017
Latest time and date for receipt of Forms of Tender and TTE Instructions from CREST Shareholders	1.00 p.m. 14 December 2017
Closing Time and Date	1.00 p.m. 14 December 2017
Record Date and Time	close of business on 14 December 2017
Outcome of Tender Offer announced	by 8.00 a.m. on 15 December 2017
Cancellation of Tender Shares	5.00 p.m. on 21 December 2017
Cheques despatched for Tendered Shares in certificated form and payment through CREST for Tendered Shares in uncertificated form	by 21 December 2017
CREST accounts credited for revised holdings of Shares	by 21 December 2017
Despatch of balance share certificates for unsold Shares	by 21 December 2017

\* All times shown are references to London time unless otherwise stated. The dates and times given are indicative only and are based on the Company's current expectations and may be subject to change. If any of the times and/or dates above change the revised times and/or dates will be notified to Shareholders by announcement through the Regulatory News Service of the London Stock Exchange.

Unless otherwise defined herein, capitalised terms used in this announcement shall have the same meaning as defined in the Circular.

**Further information:**

**Billing Services Group Limited** +1 210 949 7000  
Norm Phipps

**finnCap Limited** +44 (0)20 7220 0500  
Stuart Andrews/Scott Mathieson

**BSG Media Relations** +1 210 326 8992  
Leslie Komet Ausburn

The information communicated in this announcement is inside information for the purposes of Article 7 of Regulation 596/2014.

**About BSG:**

BSG has locations in San Antonio, Texas, USA and Aldermaston, United Kingdom, and is traded on the London Stock Exchange (AIM: BILL). For more information on BSG, visit [www.bsgclearing.com](http://www.bsgclearing.com).

**Forward Looking Statements**

Certain statements in this announcement are "Forward Looking Statements." These Forward Looking Statements are not based on historical facts but rather on the Directors' expectations regarding the Company's future growth, results of operations, revenues, profits, dividends, performance, future capital and other expenditures (including the amount, nature and sources of funding thereof), competitive advantages, business prospects and opportunities. Such Forward Looking Statements reflect management's current beliefs and assumptions and are based on information currently available to management. Forward Looking Statements involve significant known and unknown risks and uncertainties. A number of factors could cause actual results to differ materially from the results discussed in the Forward Looking Statements including risks associated with vulnerability to general economic market and business conditions, competition, environmental and other regulatory changes, actions by governmental authorities, the availability of capital markets, reliance on key personnel, uninsured and underinsured losses and other factors, many of which are beyond the control of the Company. Although the Forward Looking Statements contained in this Document are based upon what management believes to be reasonable assumptions, the Company cannot assure investors that actual results will be consistent with these Forward Looking Statements.

The following text has been extracted from the Circular:

## 1 INTRODUCTION

- 1.1 On 6 December 2017, the Board announced its intention to provide Shareholders with an opportunity to realise all or some of their investment in the Company by offering them the chance to tender to the Company up to all of their Shares by way of a Tender Offer. In aggregate, the Company intends to redeem up to an aggregate of 117,647,059 Shares representing 41.7 per cent. of the Issued Capital, at a price of US\$0.0425 per Ordinary Share and for aggregate consideration of US\$5,000,000 if the Tender Offer is fully subscribed.
- 1.2 The Circular sets out the background to and reasons for the Tender Offer and the reasons why the Board has resolved that the Company make the Tender Offer. The terms and conditions of and the procedure for participating in the Tender Offer are also set out in the Circular and details can be found in Part II of the Circular and in the accompanying Form of Tender.
- 1.3 Under the Act and the AIM Rules, **the Tender Offer does not require the approval at a general meeting of the Shareholders.**
- 1.4 **Shareholders do not have to accept the Tender Offer. Following the Tender Offer, the Board will continue to operate its business in accordance with its current strategy and will seek to grow the Company's operating revenue and profits. Those Shareholders who do not accept the Tender Offer will have a proportionately larger interest in the Issued Capital following completion of the Tender Offer.**
- 1.5 Although Shareholders should take their own tax advice on the implications of the Tender Offer for them, the Directors believe the Tender Offer (as opposed to a cash dividend) is a tax efficient method of returning value to Shareholders.

## 2 CURRENT OPERATIONS AND TRADING OF THE COMPANY

### Summary and highlights of Interim Results

- 2.1 **On 13 September 2017 the Company released its Interim Results. Shareholders are advised to review the Interim Results in detail concurrent with the Circular as the Interim Results provide the most comprehensive review of the Company's financial performance and trading for the period to 30 June 2017. Set out below is a summary of the operational highlights in the period to 30 June 2017:**
- (a) trading for the six months ended 30 June 2017 was in line with the Board's expectations and consistent with the recent trading conditions experienced by the Company;
  - (b) the Company completed the delivery of the new Wi-Fi Location Data Service (WLDS) product to AT&T, Boingo and Telus;
  - (c) the Company signed a new contract with XLN (a UK-based business telecom provider) to provide Wi-Fi hub services;
  - (d) the Company extended its hotspot finder and connection product suite with delivery to VAST Networks (a Wi-Fi network infrastructure provider based in South Africa);
  - (e) the Company enhanced the hub service product suite to include Alerting, and delivered to AT&T;
  - (f) the Company signed three new Third Party Verification (TPV) service agreements with Park Power, Pivot Health and National Health Plans and Benefits; and
  - (g) the Company deployed TPV services to eight states on behalf of Direct Energy.

### Current Trading and Outlook

- 2.2 In 2016, the Company initiated a strategic review to assist the Board in determining the future composition of the group, including its capital structure and business lines. This review is ongoing, and the decision to make this Tender Offer and return US\$5,000,000 to shareholders represents one of the initial conclusions of the review. In addition, the Company is in discussions to sell its Wi-Fi data solutions business. Following a sale of the Wi-Fi data solutions business, if successful, the board will consider further cash distributions and other actions with respect to the legacy businesses.
- 2.3 The Company expects that revenues in the second half of 2017 will compare unfavourably with the second half of 2016 due to AT&T's discontinuation of third-party billing in December 2016, as described in the Company's announcements dated 9 August 2016, 12 September 2016 and 29 March 2017, together with the secular decline in billable long distance and operator service calls initiated on wireline phones.
- 2.4 The Company's direct billing initiative has developed solid traction and the Directors expect this to continue over the course of 2017. However, as evidenced by our year-to-date financial performance, this initiative does not offset AT&T's discontinuation of third-party billing described above.
- 2.5 As set out in the Interim Results, the Company performed a qualitative analysis for goodwill impairment and determined that it was more likely than not that there was no impairment at 30 June 2017. The continued declining revenue of the wireline business, along with an associated decrease in operating income has now led the Board to conclude that an impairment of goodwill should be made in the next reported accounts and it is expected that this impairment will be not less than US\$16 million. Such a non-cash impairment loss will result in a lower level of income in the year ended 31 December 2017 and will reduce shareholders' equity.
- 2.6 Following the completion of the Tender Offer, the Company will continue to operate its business in accordance with its operational model.

### **3 REASONS FOR THE TENDER OFFER**

The Directors consider that the Tender Offer:

- (a) provides an opportunity for Eligible Shareholders who opt to tender their Shares to the Company to realise the value of their investment, providing a return of cash now and liquidity which may not otherwise be available through the market; and
- (b) allows Shareholders the opportunity to dispose of Shares efficiently and free of dealing costs.

### **4 THE TENDER OFFER**

- 4.1 Eligible Shareholders are invited to tender their Shares for purchase by the Company on the terms and subject to the conditions set out in Part II of the Circular: in the case of Eligible Shareholders holding certificated Common Shares, in the Form of Tender and, in the case of Eligible Shareholders holding Depository Interests, by sending a TTE Instruction.
- 4.2 The maximum number of Shares that will be purchased by the Company under the Tender Offer is 117,647,059 (representing 41.7 per cent. of the Issued Capital). The Company will satisfy payment for Tendered Shares entirely from its own resources.
- 4.3 The Tender Offer is being made available to all Eligible Shareholders on the Register as at the Record Date (other than certain Overseas Shareholders, as described in paragraph 10 of this Part I). Eligible Shareholders may tender: (a) some; (b) all; or (c) none of the Shares registered in their name on the Record Date, however, only one tender may be made in

respect of any single Share. The total number of Shares tendered by any Eligible Shareholder should not exceed the total number of Shares registered in such Eligible Shareholder's name.

- 4.4 Pursuant to the Tender Offer, Eligible Shareholders may sell more than their Tender Entitlement to the extent that other Shareholders tender less than their Tender Entitlement. If at the Closing Time any Shareholders have tendered less than their Tender Entitlement under the Tender Offer, surplus tenders will be accepted in proportion to the number of additional Shares tendered so that the total number of Shares purchased pursuant to the Tender Offer does not exceed 117,647,059. Tendered Shares will be acquired with full title guarantee, free of all liens, charges, restrictions, claims, equitable interests and encumbrances and together with all rights attaching to them.
- 4.5 The Shares tendered by Eligible Shareholders will be cancelled and thus the overall number of Common Shares issued by the Company will be reduced by the number of Tendered Shares. The practical effect of this is that, following completion of the Tender Offer, each remaining Common Share will (immediately following such cancellation) represent a greater percentage of the Company's issued share capital than it does as part of the Issued Capital.
- 4.6 All Shares which are successfully tendered and accepted by the Company (at its sole discretion) will be purchased at the Purchase Price. No Shares tendered or purported to be tendered at any price other than the Purchase Price will be purchased by the Company.
- 4.7 **To be valid, Forms of Tender must be received by the Receiving Agent, and in the case of a TTE Instruction must settle, no later than by 1:00 p.m. on 14 December 2017.**
- 4.8 Eligible Shareholders do not have to tender any Shares if they do not wish to, but, once submitted, a Form of Tender and/or a TTE Instruction is irrevocable and cannot be withdrawn. Eligible Shareholders should note that, once tendered, Shares may not be sold, transferred, charged or otherwise disposed of. **Shareholders who do not want to participate in the Tender Offer should not complete the Form of Tender and will not be required to make a TTE Instruction.**
- 4.9 Shareholders should note that the Company is entitled not to, and will not, proceed with the Tender Offer if the Directors determine, prior to close of business on the Record Date, that:
- (a) the Board cannot be satisfied on reasonable grounds that the Company is, or immediately after completion of the Tender Offer will be unable to, satisfy the solvency test prescribed by the Act;
  - (b) the Board in its absolute discretion concludes that the Tender Offer would no longer be likely to promote the success of the Company for the benefit of Shareholders as a whole; or
  - (c) there shall occur any material adverse change in national or international, financial, economic, political or market conditions; or
- which, in respect of (b) and (c) above, in the reasonable opinion of the Directors of the Company, renders the Tender Offer temporarily or permanently impractical or inadvisable (taking into account the background to and reasons for the Tender Offer); the Company shall in such a case terminate the Tender Offer and shall, as soon as reasonably practicable thereafter, notify the Eligible Shareholders affected in writing (and return Tendered Shares as soon as reasonably practicable).
- 4.10 Unless the Tender period is extended (at the sole discretion of the Board) the Tender Offer will remain open from the date of the Circular until 1:00 p.m. on the Record Date (in the event of an extension of the Tender Period the Company will notify all Shareholders through the Regulatory News Service of the London Stock Exchange on the day any extension is approved).

- 4.11 In the event that the Tender Offer is cancelled or withdrawn by the Company (at its sole discretion), the Company will notify all Shareholders through the Regulatory News Service of the London Stock Exchange on the day the Tender Offer is cancelled or withdrawn. Neither the Company nor any Director shall have any liability to any Shareholder for any loss, damage or costs caused to such Shareholder as a direct or indirect result of the Tender Offer and/or its withdrawal or cancellation.
- 4.12 The Purchase Price is net of all direct costs and expenses incurred by the Company in connection with the Tender Offer and therefore the Purchase Price is the actual amount which will be received from the Company per Ordinary Share successfully sold by an Eligible Shareholder under the Tender Offer.

4.13 ***Allocation policy***

Each Eligible Shareholder is entitled to sell its Tender Entitlement of Shares registered in his/her/its name on the Record Date, rounded down to the nearest whole number of Shares. Eligible Shareholders may sell more than their Tender Entitlement to the extent that other Shareholders tender less than their Tender Entitlement. To the extent that any Shareholders have tendered less than their Tender Entitlement under the Tender Offer, surplus tenders will be accepted in proportion to the number of additional Shares tendered so that the total number of Shares purchased pursuant to the Tender Offer does not exceed 117,647,059.

**5 TAKEOVER CODE**

The Company is incorporated in Bermuda and is not subject to the City Code. Accordingly, the Company is not subject to takeover regulation in the UK. Investors should be aware in particular that the protections afforded to shareholders by the City Code which are designed to regulate the way in which the purchase by a company of its own shares is conducted will not be available. Neither the Bye-laws nor Bermuda law contain provisions which provide protections analogous to those provided by the City Code. For the avoidance of doubt, no offer will be required to be made under Rule 9 of the City Code, or otherwise, as a result of the Tender Offer.

**6 TAXATION**

No advice is provided by the Company regarding taxation. Shareholders are strongly advised to consult their professional advisers about their own personal tax position arising in connection with the Tender Offer.

**7 CLOSING TIME AND RECORD DATE**

Only Eligible Shareholders who hold Shares at the Closing Time on the Record Date are eligible to participate in the Tender Offer in respect of those Shares so held.

Any Shareholder holding shares in certificated form who returns a Form of Tender is required to return also the relevant share certificate or a completed letter of indemnity in lieu thereof by Closing Time on the Record Date.

**8 OVERSEAS SHAREHOLDERS**

8.1 US Shareholders should refer to the Notice to US Shareholders attached to the Circular for instructions on how they can participate in the Tender Offer.

8.2 The Tender Offer is not available to Shareholders whose address, as stated on either of the Registers, is in a Restricted Jurisdiction, or who are resident in a Restricted Jurisdiction. The Board shall use its discretion in deciding whether the Tender Offer is made available to Shareholders whose address or place of residence is not in a Restricted Jurisdiction but is outside of the UK. A Restricted Jurisdiction includes Australia, Canada, Japan, New Zealand, the Republic of Ireland, the Republic of South Africa, or any other jurisdiction where the

mailing of the Circular or the making of the Tender Offer into such jurisdiction would constitute a violation of the laws of such jurisdiction.

- 8.3 The making of the Tender Offer in, or to persons resident in, jurisdictions outside the United Kingdom or custodians, nominees or trustees for persons who are citizens, residents or nationals of jurisdictions outside the United Kingdom may be prohibited or affected by the laws of the relevant overseas jurisdiction. Shareholders who are Overseas Shareholders should inform themselves about and observe any applicable legal or regulatory requirements. It is the responsibility of any such Shareholder wishing to tender Shares to satisfy himself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, the compliance with other necessary formalities and the payment of any issue, transfer or other taxes due in such jurisdiction. If you are in any doubt about your position, you should consult your professional adviser in the relevant jurisdiction.
- 8.4 Shareholders will be responsible for any such issue, transfer or other taxes payable and the Company and any person acting on their behalf shall be fully indemnified and held harmless by such Shareholder for any such issue, transfer or other taxes such person may be required to pay. No steps have been taken to register or qualify the Tender Offer or to authorise the extending of the Tender Offer or the distribution of the Circular, the Form of Tender and any related documents in any territory outside the United Kingdom.
- 8.5 A Shareholder will be deemed not to have tendered Shares pursuant to the Tender Offer if:
- (a) such Shareholder is unable to make the representations and warranties set out in paragraph 5 of Part II of the Circular (in the case of Shareholders holding their interest in certificated form) and paragraph 6 of Part II of the Circular (in the case of Shareholders holding Depository Interests); or
  - (b) such Shareholder completes Box 1 of a Form of Tender with an address in any Restricted Jurisdiction or has a registered address in any Restricted Jurisdiction and in either case such Shareholder does not insert in Box 1 of a Form of Tender the name and address of the person or agent outside of any Restricted Jurisdiction to whom he wishes the consideration to which he is entitled under the Tender Offer to be sent, subject to the provisions of this paragraph and applicable law; or
  - (c) such Shareholder inserts in Box 4A or 4B of a Form of Tender the name and address of a person or agent in any Restricted Jurisdiction to whom he wishes the consideration to which such Shareholder is entitled under the Tender Offer to be sent; or
  - (d) the Form of Tender received from him is in an envelope postmarked in, or which otherwise appears to the Company or its agents to have been sent from any Restricted Jurisdiction.
- 8.6 The Company reserves the right, in its absolute discretion, to investigate in relation to any Tender, whether the representations and warranties in paragraphs 5 and 6 (as applicable) of Part II of the Circular are correct and, if such investigation is undertaken and as a result the Company determines (for any reason) that such representation and warranty is not correct, such Tender shall not be valid.
- 8.7 The provisions in this paragraph 8 and/or any other terms of the Tender Offer relating to Overseas Shareholders, may be waived, varied or modified as regards a specific Shareholder or on a general basis by the Company in its absolute discretion but only if the Company is satisfied that such waiver, variation or modification will not constitute or give rise to breach of applicable securities or other laws. References to a "Shareholder" shall include references to the persons executing Forms of Tender and and/or submitting a TTE Instruction, and in the event of more than one person executing Forms of Tender, the provisions in paragraph 8.5 above shall apply to them jointly and severally.

## **9 ACTION TO BE TAKEN IN RESPECT OF THE TENDER OFFER**

### **9.1 *Eligible Shareholders who hold Common Shares in certificated form (that is, not in CREST)***

Eligible Shareholders who hold Common Shares in certificated form and who wish to participate in the Tender Offer should follow the instructions on the accompanying Form of Tender and in Part II of the Circular and return it by post or by hand (during normal business hours only) to the Receiving Agent, Link Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU so as to arrive by no later than the Closing Time on the Record Date. A pre-paid envelope accompanies this document for this purpose (for use in the UK only). Eligible Shareholders who hold their Common Shares in certificated form should also send their share certificate(s) or other documents of title in respect of the Common Shares tendered with their Form of Tender.

The execution of the Form of Tender will constitute the irrevocable appointment of any director or officer of the Company, or other person(s) nominated by the Company, as a Shareholder's attorney and/or agent ("**Attorney**") and an irrevocable instruction and authorisation for the Attorney to complete and execute all or any instruments of transfer and/or other documents at the Attorney's absolute discretion in relation to the Common Shares being tendered by that Shareholder.

**COMPLETED FORMS OF TENDER MUST BE RECEIVED BY NOT LATER THAN 1:00 p.m. ON 14 DECEMBER 2017.**

Further details of the procedure for tendering and settlement are set out in Part II of the Circular and on the accompanying Form of Tender. Further copies of the Form of Tender may be obtained on request from Link Asset Services on 0371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9:00 a.m. and 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that Link Asset Services cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

### **9.2 *Eligible Shareholders who hold Depository Interests***

Eligible Shareholders who hold Depository Interests are not required to complete a Form of Tender. They are therefore not being sent a Form of Tender with the Circular. Eligible Shareholders who hold their interest in Common Shares in uncertificated form in CREST and who wish to tender all or any of their Shares under the Tender Offer should tender electronically through CREST so that the TTE Instruction settles no later than 1:00 p.m. on 14 December 2017.

Further details of the procedures for tendering and settlement are set out in Part II of the Circular.

### **9.3 *US Shareholders***

US Shareholders should refer to the Notice to US Shareholders attached to the Circular for instructions on how they can participate in the Tender Offer.

### **9.4 *Eligible Shareholders who do not want to participate in the Tender Offer***

Eligible Shareholders who do not want to participate in the Tender Offer do not need to take any action and should not complete the Form of Tender or make a TTE Instruction.

## **10 ADDITIONAL INFORMATION**

If you are in any doubt about the completion of the Form of Tender or submission of a TTE Instruction please contact Link Asset Services on 0371 664 0321. Calls are charged at the

standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9:00 a.m. and 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that Link Asset Services cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

For legal reasons neither the Receiving Agent nor the Company will be able to give advice on the merits of the Tender Offer or to provide legal, financial or taxation advice, and accordingly Shareholders should consult with their stockbroker, solicitor, accountant, bank manager or other independent professional adviser for such advice.

## **11 NO RECOMMENDATION**

**The Directors make no recommendation to Shareholders in relation to whether or not tendering for sale any of their Shares pursuant to the Tender Offer is in their best interests. Whether or not Eligible Shareholders decide to tender any of their Shares will depend, among other things, on their individual circumstances, including their tax position, and on their view of the Company's prospects, and the management's experience and ability to identify suitable acquisition targets in the future. Shareholders in any doubt as to the action they should take should consult an appropriately qualified independent financial adviser authorised under the Financial Services and Market Act 2000.**