

Certain information contained in this announcement would have been deemed inside information for the purposes of Article 7 of Regulation (EU) No 596/2014 until the release of this announcement.

31 January 2020

Billing Services Group Limited

("Billing Services Group", "BSG", the "Company" or the "Group")

Proposed disposal of BSG Wireless business

and

Notice of Special General Meeting

(The definitions of all defined terms in this announcement are set out below in Appendix III of this announcement)

BSG, a leading provider of telecommunications clearing and financial settlement products, Wi-Fi data solutions and verification services, is pleased to announce that following a competitive sale process, it has entered into a conditional agreement for the disposal of all of the assets (with limited exceptions) of the Company's wholly owned subsidiary, BSG Wireless Limited, to Single Digits Connection, LLC for approximately US\$5,250,000 in cash. For more information on Single Digits, please see: www.singledigits.com.

The size of the proposed transaction means that the Disposal is deemed to result in a fundamental change of business under AIM Rule 15 and, consequently, is conditional, amongst other things, on Shareholder approval at a Special General Meeting to be held at 11.00a.m. on 19 February 2020 at the offices of Reed Smith LLP at The Broadgate Tower, 20 Primrose Street, London, EC2A 2RS. A Circular will be distributed to shareholders today (and made available on the Company's website at www.bsgclearing.com) to provide, among other things: (i) details of the Transaction; and (ii) notice of the Special General Meeting to be convened to consider and, if thought fit, approve the Transaction.

For the avoidance of doubt, assuming Shareholders approve the Transaction at the Special General Meeting, Billing Services Group will continue to be classified as an operating company and not a cash shell pursuant to AIM Rule 15.

It is currently intended that following completion of the Disposal, the Company will make a cash distribution to Shareholders in the first quarter of 2020 in a form and an amount to be determined by the Board, which will take into account other factors described in the Circular.

Completion of the Disposal is conditional upon, among other things, approval of the Disposal by the Shareholders. If such approval is not provided by the Shareholders, the Disposal will not be completed.

INFORMATION ON THE WIRELESS BUSINESS

BSG Wireless offers three primary services to wireless network operators:

- *Roaming hub service* - this is a managed service for enabling interconnection between Wi-Fi networks. It enables a customer of a carrier to use the networks of other operators. The service tracks, verifies, bills and clears inter-carrier charges;
- *"Find and Connect" mobile app* - provides a map of Wi-Fi network access points in the vicinity of the phone or other device. The app authenticates the profile of the user and enables the phone/device to connect seamlessly to the Wi-Fi network; and
- *Hotspot location data service* – allows operators to manage inventory and locations of their active hotspots.

FINANCIAL INFORMATION IN RELATION TO THE DISPOSAL

In the year ended 31 December 2018 Company generated revenues of US\$16.1 million, EBITDA of US\$0.8 million and a net loss of US\$7.8 million, of which the Wireless Business contributed revenues of US\$2.9 million, EBITDA of US\$0.48 million and a net loss of US\$1.35 million.

PRINCIPAL TERMS OF THE DISPOSAL

Under the Disposal Agreement, which was signed on 30 January 2020, BSG Wireless has conditionally agreed to sell all of its assets (with limited exceptions) to Single Digits.

The purchase price for the BSG Wireless assets is approximately US\$5,250,000 in cash, subject to post-Completion adjustment. The consideration will be due in cash at Completion with the exception of US\$925,000 of the consideration which is to be held in escrow. The escrow amount is being provided to satisfy any liability of BSG Wireless or the Company under the terms of the Disposal Agreement and will be released to BSG Wireless over a 9 to 18 month period following Completion subject to any warranty or indemnity claims made in this period pursuant to the terms of the Disposal Agreement.

The Disposal is conditional, among other things, upon the approval of Shareholders at the SGM. The parties may terminate the Disposal Agreement by mutual consent, in the event of a breach of warranty, or if Completion has not occurred before 28 February 2020.

Further information on the Disposal and the principal terms and conditions of the Disposal Agreement are set out in Part III of the Circular.

USE OF PROCEEDS

The proceeds receivable by the Company from the Disposal are expected to be approximately US\$4.3 million (net of the anticipated escrow amount and before the payment of fees and other costs).

It is currently anticipated that, dependent on the Company's circumstances following Completion, a cash distribution will be made to Shareholders in the first quarter of 2020 in a form and an amount to be determined by the Directors acting in their discretion. Any proposed distribution would need to be approved by the Board and the Shareholders in accordance with the requirements of the Companies Act.

THE CONTINUING GROUP FOLLOWING THE DISPOSAL

Strategy

If the sale of BSG Wireless is completed, BSG will operate two business lines: the Wireline Business and the TPV Business.

In light of the secular revenue decline in the Wireline Business and the absence of any likelihood of a favourable change in trends, the Company will continue to assess strategic options for the Wireline Business. The Wireline Business is currently generating a modest level of EBITDA, but further declines in revenue will adversely affect profitability. The Company will endeavour to undertake necessary expense reductions as appropriate, but it has become increasingly difficult to reduce expenses without jeopardising the reliability of services. If the Company is unable to generate earnings or find a buyer on reasonable terms for the Wireline Business, it will consider the other options available at that time.

The TPV Business is a relatively stable business which generates a modest level of EBITDA. The business has multiple competitors, some of whom could be potential buyers of the business. The Board will continue to explore all options for the business.

Growth Outlook

Revenue within the Wireline Business is expected to continue to decline. There is some potential for the TPV Business to experience increases in revenue, particularly if it is able to increase market share. However, the potential for added market share is limited by the highly competitive nature of the TPV industry.

Dividend Policy

The declaration and payment of any future dividends and the amount of any such dividends will depend upon the Company's results, financial condition, future prospects, profits being available for distribution, limitations under any financing arrangements and any other factors deemed by the Directors to be relevant at the time, subject always to the requirements of the Companies Act.

CURRENT TRADING AND FUTURE PROSPECTS

Trading for the eleven months ended 30 November 2019 was in line with the Board's expectations and consistent with the recent trading conditions experienced by the Company. Future revenues and profitability are not readily predictable, as they will largely depend on completion of the sale of the asset of BSG Wireless, the composition of the Continuing Group and changes in the number of LECs that continue to offer third-party billing services.

RECOMMENDATION AND IRREVOCABLE UNDERTAKINGS

The Directors consider the Disposal to be in the best interests of the Company and its Shareholders as a whole and accordingly unanimously recommend that Shareholders vote in favour of the Resolution to be proposed at the SGM as they intend to do in respect of their own beneficial holdings amounting, in aggregate, to 10,638,944 Common Shares, representing approximately 6.46 per cent. of the Common Shares.

In addition to the Directors, certain other shareholders have irrevocably undertaken to vote in favour of the Resolution in respect of the Common Shares in which they are interested, amounting to, in aggregate, to 93,728,286 Common Shares, representing 56.88 per cent. of the Common Shares. In total the Directors and the shareholders who have irrevocably undertaken to vote in favour of the Resolution represent, in aggregate, 104,367,230 Common Shares totalling 63.34 per cent. of the Common Shares.

ENQUIRIES:

Billing Services Group Limited

Norman M. Phipps (Chief Executive Officer, Chief Financial Officer and Executive Director) +1 210 949 7000

finnCap

Nominated Adviser and Broker

020 7220 0500

Scott Mathieson

Matthew Radley

The information contained in the Appendixes set out below has been taken from the Circular that is being sent to Shareholders today and is available on the Company's website at www.bsgclearing.com.

APPENDIX I

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Conditional Agreement for Disposal signed	30 January 2020
Circular sent to Shareholders	31 January 2020
Latest time and date for receipt of Form of Direction and CREST Proxy Instructions from holders of Depository Interests	11.00 a.m. on 14 February 2020
Latest time and date for receipt of Form of Proxy and CREST Proxy Instructions from holders of Common Shares	11.00 a.m. on 17 February 2020
Special General Meeting	11.00 a.m. on 19 February 2020
Disposal Long Stop Date	28 February 2020

Notes:

- 1. Each of the times and dates above are indicative only and if any of the details contained in the timetable above should change, the revised times and dates will be notified to Shareholders by means of an announcement through a Regulatory Information Service.*
- 2. All of the above times refer to Greenwich Mean Time ('GMT') unless otherwise stated.*
- 3. All events listed in the above timetable following the SGM are conditional on the passing at the SGM of the Resolution.*
- 4. The Company does not hold any shares in treasury.*

APPENDIX II
EXTRACTS FROM THE CIRCULAR

1. INTRODUCTION

The Company has today announced that following a competitive sale process, it has entered into a conditional agreement for the disposal of all of the assets (with limited exceptions) of BSG Wireless to Single Digits for approximately US\$5,250,000 in cash.

It is currently intended that following completion of the disposal, the Company will make a cash distribution to Shareholders in the first quarter of 2020 in a form and an amount to be determined by the Board, which will take into account other factors described in the Circular.

Completion of the Disposal is conditional upon, among other things, approval of the Disposal by the Shareholders. If such approval is not provided by the Shareholders, the Disposal will not be completed.

In addition to providing you with information about the Disposal, this letter sets out the background to and reasons for the Disposal. The size of the proposed transaction means that the Disposal is deemed to result in a fundamental change of business under the AIM Rules and, consequently, the Shareholders are required to approve it. Therefore, this letter also explains why the Directors consider that the proposals are fair and reasonable, in the best interests of the Company and the Shareholders as a whole and why the Directors unanimously recommend that you vote in favour of the Resolution to be proposed at the SGM, as they intend to do in respect of their own beneficial interests.

Shareholders should read the whole of the Circular and not just rely on the information contained in this announcement.

2. INFORMATION ON BSG

2.1 *Corporate History*

The Company is a leading provider of telecommunications clearing and financial settlement products, Wi-Fi data solutions and verification services. The Company currently operates three businesses: the Wireline Business, the TPV Business and the Wireless Business.

The Wireline Business was formed in 2003 through the combination of the two largest LEC billing companies in the US. Following admission of the Company's Common Shares to trading on AIM in 2005, the Company acquired the TPV Business in 2006, followed by the Wireless Business in 2012.

2.2 *Information on the Wireline Business*

The telecommunications network in the US relies on highly regulated regional telecommunication carriers or LECs who have a government-approved quasi-monopoly to provide local landline telecommunications services within their assigned areas. A 'local' call is any landline-originated call where the distance between the initiator and the recipient is within a defined range, (e.g. 25 miles). If a caller initiates a call to a party outside of the local service area, the initiator needs to have (and pay for) 'long distance' service. Landline telephone users can obtain long distance service from their incumbent LEC or from independent LDSPs that have competitive offerings.

The Company provides an efficient billing option for the LDSPs. Instead of invoicing customers directly, the LDSP can electronically submit its call record information to the Company. BSG has contracts with LECs allowing BSG to submit aggregated call record information to LECs. After BSG submits call records to the LECs, the LECs post the long distance charges to the appropriate consumers' accounts. The added charges for the LDSP's services are then included in the LEC's monthly invoices sent to its end users. The LECs collect money for the invoiced long distance services and remit collected funds to BSG (net of deductions for their fees and reserves). BSG then distributes the collected funds (net of its fees and reserves) to the LDSPs. The transaction cycle, called 'LEC billing' or 'third-party billing', has proven over time to be the most efficient way for LDSPs to bill and collect funds for their services.

Not all LECs provide third party billing services. When a LDSP's charges cannot be billed through a LEC, BSG offers a direct billing service. Under that service, BSG sends invoices directly to the call initiator, collects payments and remits the collected funds, net of fees and reserves, to the appropriate LDSP.

2.3 Information on the TPV Business

BSG's TPV service is used by entities that engage an independent party to verify that an authorised individual has reached an agreement to change its service provider. Examples of underlying transactions include agreements to subscribe to a service, such as energy utility, cable TV or health care. Verifications can be done by a live operator who records the confirmation of the terms of the agreement (e.g. name of party, age of party, agreed price, term of contract, cancellation fees, etc.). The verifications can also be made through an automated question and answer sequence in which the party inputs answers (e.g. 'Press 1 for Yes or 2 for No').

2.4 Information on the Wireless Business

BSG Wireless offers three primary services to wireless network operators:

- *Roaming hub service* - this is a managed service for enabling interconnection between Wi-Fi networks. It enables a customer of a carrier to use the networks of other operators. The service tracks, verifies, bills and clears inter-carrier charges;
- *"Find and Connect" mobile app* - provides a map of Wi-Fi network access points in the vicinity of the phone or other device. The app authenticates the profile of the user and enables the phone/device to connect seamlessly to the Wi-Fi network; and
- *Hotspot location data service* – allows operators to manage inventory and locations of their active hotspots.

3. BACKGROUND TO AND REASONS FOR THE DISPOSAL

In 2017, 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. The primary objective of the review was to maximise shareholder value in light of divergent trends in the Wireline Business and the Wireless Business. The Wireline Business has experienced a sustained secular decline in transaction volume and revenues as a result of declining usage of wireline telecommunications and cessation of third-party billing by the largest LECs. In contrast, the Wireless Business has experienced modest gains in revenue and new clients.

Between 2017 and 2018, in connection with the strategic review, the Board pursued the sale of the Company as a whole to a single buyer or, alternatively, the sale of one or more business units to multiple

buyers. Negotiations were held with potential buyers of the Wireless Business, but the Company was unable to reach a satisfactory agreement.

In 2019, following a renewed competitive process to sell the Wireless Business, Single Digits, Inc, the parent company of the Buyer, expressed interest in purchasing the Wireless Business. After completing a customary due diligence review of the Wireless Business, the Buyer made an offer to the Company. After further negotiations and due consideration, the Board agreed to approve the sale of the Wireless Business to the Buyer, subject to the approval of the Company's shareholders.

The Board's decision to sell the Wireless Business under the terms offered by the Buyer was driven by multiple considerations, including:

- the purchase price was deemed reasonable in light of current market conditions;
- the entire purchase price would be paid in cash;
- the terms and conditions of the transaction, taken as a whole, are consistent with normal and customary terms in comparable transactions; and
- the transaction is consistent with the objectives of the strategic review.

4. FINANCIAL INFORMATION IN RELATION TO THE DISPOSAL

In the year ended 31 December 2018 Company generated revenues of US\$16.1 million, EBITDA of US\$0.8 million and a net loss of US\$7.8 million, of which the Wireless Business contributed revenues of US\$2.9 million, EBITDA of US\$0.48 million and a net loss of US\$1.35 million.

5. PRINCIPAL TERMS OF THE DISPOSAL

Under the Disposal Agreement, which was signed on 30 January 2020, BSG Wireless has conditionally agreed to sell all of its assets (with limited exceptions) to Single Digits.

The purchase price for the BSG Wireless assets is approximately US\$5,250,000 in cash. The Disposal Agreement contains warranties which are customary for a transaction of this nature.

The Disposal is conditional, among other things, upon the approval of Shareholders at the SGM. The parties may terminate the Disposal Agreement by mutual consent, in the event of a breach of warranty, or if Completion has not occurred before 28 February 2020.

Further information on the Disposal and the principal terms and conditions of the Disposal Agreement are set out in Part III of the Circular.

6. USE OF PROCEEDS

The proceeds receivable by the Company from the Disposal are expected to be approximately US\$4.7 million (net of the anticipated escrow amount and before the payment of fees and other costs).

It is currently anticipated that, dependent on the Company's circumstances following Completion, a cash distribution will be made to Shareholders in the first quarter of 2020 in a form and an amount to be determined by the Directors acting in their discretion. Any proposed distribution would need to be approved by the Board and the Shareholders in accordance with the requirements of the Companies Act.

7. THE CONTINUING GROUP FOLLOWING THE DISPOSAL

7.1 Strategy

If the sale of BSG Wireless is completed, BSG will operate two business lines: the Wireline Business and the TPV Business.

In light of the secular revenue decline in the Wireline Business, discussed in paragraph 3 above, and the absence of any likelihood of a favourable change in trends, the Company will continue to assess strategic options for the Wireline Business. The Wireline Business is currently generating a modest level of EBITDA, but further declines in revenue will adversely affect profitability. The Company will endeavour to undertake necessary expense reductions as appropriate, but it has become increasingly difficult to reduce expenses without jeopardising the reliability of services. If the Company is unable to generate earnings or find a buyer on reasonable terms for the Wireline Business, it will consider the other options available at that time.

The TPV Business is a relatively stable business which generates a modest level of EBITDA. The business has multiple competitors, some of whom could be potential buyers of the business. The Board will continue to explore all options for the business.

7.2 Growth Outlook

Revenue within the Wireline Business is expected to continue to decline. There is some potential for the TPV Business to experience increases in revenue, particularly if it is able to increase market share. However, the potential for added market share is limited by the highly competitive nature of the TPV industry.

7.3 Dividend Policy

The declaration and payment of any future dividends and the amount of any such dividends will depend upon the Company's results, financial condition, future prospects, profits being available for distribution, limitations under any financing arrangements and any other factors deemed by the Directors to be relevant at the time, subject always to the requirements of the Companies Act.

8. CURRENT TRADING AND FUTURE PROSPECTS

Trading for the eleven months ended 30 November 2019 was in line with the Board's expectations and consistent with the recent trading conditions experienced by the Company. Future revenues and profitability are not readily predictable, as they will largely depend on completion of the sale of BSG Wireless, the composition of the Continuing Group and changes in the number of LECs that continue to offer third-party billing services.

9. SPECIAL GENERAL MEETING

The Disposal is conditional, among other things, upon Shareholder approval.

A notice is set out at the end of the Circular convening the SGM to be held at the offices of Reed Smith LLP at The Broadgate Tower, 20 Primrose Street, London, EC2A 2RS at 11.00 a.m. on 19 February 2020. A Resolution will be proposed at the SGM to seek the approval of the Shareholders to the Disposal and authorise the Directors, or any committee of Directors, to take all steps to implement the Disposal.

The authorities conferred by the Resolution will lapse within the time frame set out in the relevant Resolution.

10. FURTHER INFORMATION

The expected timetable of principal events for the Disposal is set out on page 6 of the Circular and in Appendix II above. Further information regarding the Disposal and the principal terms and conditions of the Disposal Agreement are set out in Part III of the Circular.

Your attention is drawn to the further information contained in Parts II and III of the Circular, the Notice of Special General Meeting which forms part of the Circular, as well as to the Form of Proxy which accompanies the Circular. **Shareholders should read the whole of the Circular and not just rely on the information contained in this announcement.**

11. ACTION TO BE TAKEN

In addition to the Circular, Shareholders will also be sent the following documents:

- a Form of Proxy for use in relation to the SGM; and
- a reply-paid envelope for use in connection with the return of the Form of Proxy (in the UK only).

Whether or not you intend to be present in person at the SGM, you are strongly encouraged to complete, sign and return your Form of Proxy in accordance with the instructions printed thereon so as to be received by post or, during normal business hours only, by hand, at Link Asset Services of The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU, United Kingdom, as soon as possible but in any event so as to arrive by not later than 11.00 a.m. on 14 February 2020 if you hold Depositary Interests or 17 February 2020 if you hold Common Shares (or, in the case of an adjournment of the SGM, not later than 72 hours (if you hold Depositary Receipts) or 48 hours (if you hold Common Shares) before the time fixed for the holding of the adjourned meeting (excluding any part of a day that is not a Business Day)).

Appointing a proxy in accordance with the instructions set out above will enable your vote to be counted at the SGM in the event of your absence. The completion and return of a Form of Proxy will not preclude you from attending and voting in person at the SGM, or any adjournment thereof, should you wish to do so.

12. RECOMMENDATION AND IRREVOCABLE UNDERTAKINGS

The Directors consider the Disposal to be in the best interests of the Company and its Shareholders as a whole and accordingly unanimously recommend that Shareholders vote in favour of the Resolution to be proposed at the SGM as they intend to do in respect of their own beneficial holdings amounting, in aggregate, to 10,638,944 Common Shares, representing approximately 6.46 per cent. of the Common Shares.

In addition to the Directors, certain other shareholders, have irrevocably undertaken to vote in favour of the Resolution in respect of the Common Shares in which they are interested, amounting in aggregate to 93,728,286 Common Shares, representing 56.88 per cent of the Common Shares. In total the Directors and the shareholders who have irrevocably undertaken to vote in favour of the Resolution represent in aggregate 104,367,230 Common Shares totalling 63.34 per cent of the Common Shares.

APPENDIX III

DEFINITIONS

The following words and expressions shall have the following meanings in this announcement unless the context otherwise requires:

'AIM'	the market of that name operated by the London Stock Exchange;
'AIM Rules'	the rules for AIM companies as published by the London Stock Exchange from time to time;
'Board' or 'Directors'	the directors of the Company;
'BSG Wireless'	BSG Wireless Limited, a company incorporated and registered in England and Wales with company number 06520674 whose registered office is located at 4 Comet House, Calleva Park, Aldermaston, Berkshire, RG7 8JA;
'Business Day'	any day which is not a Saturday, Sunday or public holiday on which banks are open for business in the City of London and Bermuda;
'Buyer'	Single Digits Connection LLC;
'Circular'	the circular being sent to Shareholders today and being made available on the Company's website at www.bsgclearing.com ;
'Common Shares'	the 164,768,689 common shares of US\$1.00 each in the share capital of the Company;
'Companies Act'	the Companies Act of Bermuda 1981, as amended;
'Company' or 'BSG'	Billing Services Group Limited, a company incorporated and registered in Bermuda with registered company number EC36839 whose registered office is located at Canon's Court, 22 Victoria Street, Hamilton, HM 12 Bermuda;
'Completion'	completion of the Disposal;
'Continuing Group'	the Company and its subsidiary undertakings following Completion;
'CREST'	the computerised settlement system to facilitate transfer of title to or interests in securities in uncertificated form operated by Euroclear UK & Ireland Limited;
'Disposal'	the proposed disposal of all of the assets (with limited exceptions) of BSG Wireless pursuant to the terms of the Disposal Agreement;
'Disposal Agreement'	the asset purchase agreement between the Company, BSG Wireless and Single Digits, dated 30 January 2020, relating to the Disposal;
'Depository Interests'	a depository interest representing an underlying Common Share;
'EBITDA'	earnings before interest, tax, depreciation and amortisation;
'Form of Proxy'	the form of proxy and direction for use at the SGM which accompanies the Circular;
'Group'	BSG and its subsidiary undertakings, including BSG Wireless;
'LDSP'	long distance service provider;
'LEC'	local exchange carrier;
'London Stock Exchange'	London Stock Exchange plc;
'Notice of SGM'	the notice of the SGM, which is set out at the end of the Circular;

'Registrar'	Link Asset Services of The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU;
'Resolution'	the resolution to be proposed at the SGM, as set out in the Notice of SGM;
'SGM'	the special general meeting of the Company, notice of which is set out at the end of the Circular;
'Shareholder(s)'	holder(s) of Common Shares;
'Single Digits'	Single Digits Connection, LLC, a limited liability company incorporated in Delaware with file number 7812164 and having its registered office at 4 Bedford Farms Drive, Suite 210, Bedford, NH 03110, USA;
'TPV'	third party verification;
'TPV Business'	the business offering TPV services;
'UK' or 'United Kingdom'	the United Kingdom of Great Britain and Northern Ireland;
'US' or 'United States'	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia and all other areas subject to its jurisdiction;
'Wireless Business'	the business conducted by BSG Wireless; and
'Wireline Business'	the business offering third-party telephone billing services to LDSPs.