2ergo Group plc

("2ergo" or the "Company")

Disposal of 2ergo Limited for £4.5m

2ergo Group plc announces it has conditionally agreed to sell 2ergo Limited (the "Subsidiary"), its mobile coupon and loyalty business for a total consideration of £4.5 million to Eagle Eye Solutions Group plc (the "Disposal"). Eagle Eye Solutions Group plc ("Eagle Eye) is a leading digital consumer engagement business that is expected to float on AIM on or around 17 April 2014. The consideration will be settled by a payment of £2.5 million in cash and the issuance of £2 million of stock in Eagle Eye at the IPO placing price. The Disposal constitutes a fundamental disposal pursuant to Rule 15 of the AIM Rules and requires the approval of Shareholders. A circular, containing further details of the Disposal is expected to be posted to Shareholders and will be available on the Company's website www.2ergo.com

Summary of the proposals:

- 2ergo to dispose of materially all of the Company's business and IP for a total consideration of £4.5 million
- Company will become an Investment Company under the AIM Rules
- Investing policy will have an initial focus on the TMT sector
- Company will have net assets at the date of Disposal of approximately £4.75 million with cash of approximately £2.9 million before expenses related to the Disposal
- 2ergo anticipates that it will own approximately 6% of Eagle Eye on flotation. The board of 2ergo believe that Eagle Eye has a strong management team and complementary technologies
- Change of name to Broca plc

Commenting on the Disposal, Ian Smith, Executive Chairman said:

"The management team has worked incredibly hard to continue to prove the value of the technology the Company has created. The Board remains confident that the podifi technology has the ability to be a leading architect of change in the digital coupon and loyalty arena. However, sales traction has continued to be slow and we cannot give our shareholders the certainty they require over the Company's requirements for further funding to develop the opportunity independently. We are optimistic and enthusiastic over the ability of Eagle Eye to combine the two company's technologies and to leverage its Board's experience in the retail sector to successfully penetrate the market."

Background to and reasons for the Disposal

The Company raised a further £3.1 million of funding from shareholders during June last year to allow the Company to focus on commercialising its podifi technology. While revenues have started to flow from the successful trials and pilots that have been established no single contract has given the board sufficient comfort that the revised strategy would allow the Company to deliver on the promise of the technology in the short term. At the time of the last fundraising the Company's major shareholders had made it clear to the Board that they would not support further capital raisings without material success in commercialising podifi which has not been forthcoming. The Company has been engaged in discussions with Eagle Eye for some time in exploring how the IP within both businesses could be combined. The proposed Disposal will allow shareholders of the Company to monetise the IP of the Company now without dilution from further fundraisings while continuing to benefit from exposure to the podifi technology through the shares that 2ergo will receive in part consideration and which the board currently intend to retain on behalf of shareholders. If the Company wished to continue to independently develop and market the Company's podifi technology it would, in the opinion of the Directors, require significant further funding.

Information on Eagle Eye

Eagle Eye is a UK provider of digital consumer engagement solutions to the retail and hospitality industries. The Company provides a digital transaction platform for the secure issuance and redemption of promotional offers, gift vouchers and loyalty based awards, replacing previously used paper-based methods. The Company's current customer base comprises leading names in UK retail and hospitality including Gondola Group, Greggs, Karen Millen, Marks & Spencer, Mitchells and Butlers, Pets at Home, Tesco and Tragus. Further information on Eagle Eye including the intention to float notice can be viewed on its website at www.eagleeye.com soon after the release of this announcement.

Details of the Disposal

The sale of the Subsidiary represents a fundamental change of business for the purposes of Rule 15 of the AIM Rules. Accordingly, the Disposal is conditional, inter alia, on Shareholder approval being obtained at the General Meeting.

The consideration payable by Eagle Eye is £4.5 million of which £2.5 million is payable in cash at completion of the sale and the balance is to be satisfied by the allotment and issue to the Company of new ordinary shares in the capital of Eagle Eye at the IPO placing price. Eagle Eye is undertaking a fundraising as part of its admission to AIM to raise approximately £5 million by a placing of its ordinary shares. The Company has entered into an agreement restricting its ability to sell the consideration shares for a period of twelve months following admission of the Eagle Eye shares to trading on AIM.

The SPA is conditional on approval of the Disposal by Shareholders at the General Meeting and upon the admission of Eagle Eye to AIM becoming unconditional in all respects, which is currently expected to happen on or around 17 April 2014.

As at 31 August 2013 2ergo Limited had net reported liabilities of £6.7 million and made a loss before tax for the financial period of £5.6 million.

Related Party Transaction

MXC Capital Advisory LLP has advised the Company on the transaction as its retained corporate finance adviser and is due an advisory fee equal to 3.5% of the value of the transaction. MXC Capital Advisory the advisory division of MXC Capital Limited, is connected to Ian Smith, the Executive Chairman of the Company and therefore the transaction is considered to be a Related Party Transaction under the AIM Rules for Companies. The independent Directors of the Company (being Simon Duckworth, Neale Graham and Jill Collighan) consider, having consulted with Zeus Capital, that the terms of the Related Party Transaction with MXC Capital Advisory LLP are fair and reasonable insofar as shareholders of the Company are concerned.

Investing Company and Investing Policy

The Board has determined that the Company's Investing Policy will be to seek opportunities in the technology sector. The Company's objective is to generate an attractive rate of return for Shareholders, by taking advantage of opportunities to invest in the telecoms, media and technology sector. There will be no limit on the number of projects into which the Company may invest, and the Company's financial resources may be invested in a number of propositions, or in just one investment, which is likely to be deemed to be a reverse takeover pursuant to Rule 14 of the AIM Rules.

The Company will seek investment opportunities in the TMT sector that will offer good value and the potential for capital growth and/or income. This may be achieved through acquisitions, partnerships or joint venture arrangements. Such investments may result in the Company acquiring the whole or part of a company.

The strategy of the Company will be to leverage the expertise and the contacts of the Board to investigate opportunities available to it. Ian Smith, Executive Chairman of the Company, is also joint managing partner of MXC Capital Limited, a specialist investment and advisory group focused on opportunities in the TMT sector.

In particular the Board will seek to identify target investments with some or all of the following characteristics:

- a clear market opportunity;
- significant growth prospects;
- likely to benefit from access to additional equity funding; and
- the likelihood of benefits accruing from being part of a group with publicly traded shares.

The Company's Investing Policy is intended to be long-term, but if circumstances, arise whereby an acquired business or company may be floated in its own right, or disposed of at a suitable premium, such opportunities will be considered.

Under the AIM Rules, the Company is required to make an acquisition or acquisitions which constitute a reverse takeover under the AIM Rules or otherwise implement its Investing Policy within 12 months of the date of the General Meeting, failing which the Ordinary Shares would be suspended from trading on AIM in accordance with AIM Rule 40.

If the Company's Investing Policy has not been implemented within 12 months of the date of the General Meeting then the admission to trading on AIM of the Ordinary Shares would be suspended and the Directors will convene a general meeting of the Shareholders to consider whether to continue seeking investment opportunities or to wind up the Company and distribute any surplus cash back to Shareholders.

Recommendation

The Directors consider that the Disposal is in the best interests of the Company and would promote the success of the Company for the benefit of its Shareholders as a whole. Accordingly, the Directors unanimously recommend that Shareholders vote in favour of the resolutions at the Companies general meeting to approve the Disposal, as they intend to do in respect of their own beneficial shareholdings amounting, in aggregate, to 71,733,822 Ordinary Shares, representing approximately 18 per cent. of the Company's existing issued ordinary share capital. It should be noted that in the event shareholders do not pass the resolutions the Company would be liable to incur substantial costs in relation to the Disposal which it would need to raise further capital to satisfy.

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