

ASX Release
1 June 2017

STARGROUP INCREASES OWNED ATM NETWORK BY 35% WITH FASTCASH ATM ACQUISITION

HIGHLIGHTS

- Stargroup to expand ATM network to 512 owned machines with acquisition of a 134 ATM machine network owned by Fast Cash ATMs Australia Pty Ltd
- Consideration is \$4.2 million, which has already been paid as part of a \$7.5 million finance facility
- Projected annualised revenue for FY18 to increase from \$17.9 million to \$20.1 million
- Projected EBITA for FY18 to increase from \$4.7 million to \$5.7 million
- Completion occurred on 1 June 2017

BACKGROUND

Financial technology company Stargroup Limited (ASX: STL) has significantly expanded its Australian Automatic Teller Machine (ATM) network through the acquisition of Fast Cash ATMs Australia Pty Ltd, owner of a 134 ATM network and associated business assets, trading as Fast Cash ATM Services (FastCash).

The acquisition of FastCash will take the total number of operational Stargroup ATMs to over 500 machines processing some 4.5 million transactions each year and current annualised revenue of greater than \$13.5 million in the ATM division of Stargroup, which now includes the brands Star Payments, StarATM, Cash My ATM and FastCash.

The ATMs acquired are deployed across New South Wales and together process some 1 million transactions annually.

THE ACQUISITION

The FastCash ATM network has been in operation for over 7 years and the business assets acquired include 134 ATMs and site agreements, the Fast Cash ATM services brand, modems and ATM inventory. Existing FastCash liabilities, including for staff entitlements, do not form part of the acquisition. One staff member will become an employee of Stargroup.

No shareholder approval is required for the acquisition and the acquisition was completed on 1 June.

CONSIDERATION

Stargroup has paid \$4.2 million for the acquisition.

FUNDING

The cash component for the acquisition was funded by way of a \$4.2 million drawdown of a \$7.5 million funding facility.

EXPECTED IMPACT ON FINANCIAL POSITION

Stargroup expects as at 1 June 2017:

- that its projected total assets will increase by \$4.2 mil to \$32.8 mil;
- that its borrowings will stand at \$7.8 million;
- that there will be no change in the company's total equity interests;
- that its projected annualised revenue for FY18 will increase from \$17.9 million to \$20.1 million;
- that its projected earnings before tax and extraordinary items (EBITDA) for FY18 will increase from \$4.75 million to \$5.75 million; and
- that its projected free cash flows from operations in FY18 will increase from \$3.67 million to \$4.67 million.

VIEWS OF THE PARTIES

Mr Todd Zani, Stargroup's CEO and Executive Chairman said that, this was an excellent acquisition of another quality ATM network that was negotiated during the course of the Indue acquisition and settlement.

The delayed Indue settlement will result in a delay in the planned dividend payment this year but this is an excellent addition to the stable of assets owned by the Group.

"Stargroup is excited to make another quality acquisition and add another quality brand to the stable of brands owned by the Group and increase our owned ATM estate by 35%. This is included in the estate of over 2,400 ATMs that we are now managing in Australia.

We are now focusing on organic growth and further developing the excellent foundations that we have layed in the last few years across all of our divisions. We have clearly outlined in our strategy that we would target smaller unlisted ATM deployers for value accretive mergers and acquisitions and this is a high quality network which we have tucked in to our operations and it will further strengthen the free cash flows from the business in FY18.

This network was already using StarLink as its payment processor and as a result the tuck-in will be done with the minimum of fuss and the vertical integration of this subsidiary has already occurred." said Mr Zani

FURTHER INFORMATION

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About Stargroup

Financial technology company Stargroup Limited is the only ASX listed company deploying ATM machines in Australia and importantly, the only listed ATM company having a direct ownership interest in the manufacturer of its ATM technologies, namely NeolCP, a South Korean private company.

Stargroup Limited became the exclusive distributor of the cashPod ATM range including the recycler ATM, back office and payment technologies in Australia for the next 5 years on 7 August 2015.

Stargroup Limited, via its wholly owned subsidiary StarLink, became an ATM processing, switching and telecommunications business on 5 May 2017 and now has over 2,400 ATMs under management, processing approximately 16 million transactions a year.

Stargroup Limited, via its wholly owned subsidiaries, StarPOS and StarApps, is also an EFTPOS and payWave technologies provider and developer of the source code in its terminals via its 5-year distribution agreement with West International AB, a Swedish NASDAQ listed company, to distribute next generation EFTPOS payment terminals and solutions in Australian and New Zealand.

Important Note

This announcement contains “forward looking statements” that are based on the Board’s beliefs, assumptions and expectations and on information currently available to management. That information includes information provided to the Company by the management of NeolCP Korea Inc., which has not been independently verified. All statements that address operating performance, events or developments that the Company expects or anticipates will occur in the future are forward-looking statements, including without limitation the Company’s expectations with respect to potential revenues, costs, profitability and financial performance. The Board believes that the forward-looking statements are reasonable as and when made.