

## STARGROUP ACHIEVES RECORD REVENUE AND EBITDA RESULTS

### HIGHLIGHTS

- Record Revenue of \$4,017,195, up 228% on 1HY'2016 result
- ATM Network Revenues of \$3,165,725, up 205% on 1HY'2016 result
- ATM and EFTPOS Product Sales of \$851,470, up 452% on 1HY'2016 result
- Gross Profit from ATM Network and Other Segments Up 267% on 1HY'2016 result
- EBITDA up 63% on the same period last year
- Net cash flow from operating activities of \$1,365,715, up 186% on 1HY'2016 result
- Statutory Loss of \$1,497,883 impacted by accelerated depreciation on ATM networks acquired in FY2016 and one off costs

Financial Technology and ATM machine company Stargroup Limited (ASX : STL) wishes to advise it has released its results for the half year ending 31 December 2016.

Mr Todd Zani, Stargroup's CEO and Executive Chairman said *"The 1HY17 results reflect a significant improvement in all of our key divisions with our ATM network revenues and also our ATM and EFTPOS product revenues being at record levels. Our EBITDA result was also a 64% improvement on the prior year half year result and the net cash flows from operations, by comparison were also up 197% and if not for a number of one off costs in the first half this would have been our first positive EBITDA result.*

*Some of these one off costs included the costs associated with capital raising and settlement of the Cash My ATM network on 4 July, the establishment costs of our new \$15mil cash convenience facility with Goldfields Money and more recently, the costs associated with upscaling of the business as part of the Indue ATM businesses acquisition,"* said Mr Zani

The Company expects the new cash convenience agreement signed with Goldfields Money (Goldfields) will see a greater than \$650,000 cost saving to the business in 2HY17 and further significant savings in FY18. Further, Stargroup has met with the majority of the 76 Independent ATM Deployers (IADs) which Stargroup will process ATM transactions for, post the Indue acquisition, and a number of them have agreed to take up a white labelled version of the cash convenience agreement with Stargroup. This is expected to generate significant net revenues for the Group with the cash convenience needs of the 76 IADs being estimated at a further \$15mil to \$30mil.

As a result, Stargroup is in negotiations with Goldfields to increase its present facility to ensure sufficient funds are available for the Group's organic growth and to also provide these services to the IADs and the Group will update the market in due course.

Stargroup will continue to focus on building a leading financial technology company and some of the key catalysts in 2HY'2017 are as follows:

- The completion of the Indue ATM Businesses acquisition via wholly owned subsidiary StarLink, which is scheduled to complete on 13 March 2017. The consideration payable is \$6.5million and the projected annualised revenue increase is \$4.1million and the projected annualised EBITDA increase is \$1.7million and the Group has put in place a \$15million debt facility to fund this acquisition and other acquisitions.
- The certification and distribution of next generation EFTPOS payment solutions in Australia and New Zealand via wholly owned subsidiary StarApps. Stargroup is progressing a number of existing and new distribution agreements and is in negotiations with a number of resellers and other strategic partners;
- The negotiation of an increase of the existing cash convenience agreement in place with Goldfields from \$15million to circa \$30million or more, subject to the demand and take up of as such by the IADs being processed by StarLink;
- The launch of white labelled banking products, including the distribution of a Stargroup debit card which will be made available to all Stargroup customers and shareholders which will enable shareholders to enjoy 'free' transactions at StarATMs in Australia;
- The launch of a Stargroup loyalty program which will include additional benefits to Stargroup customers and shareholders;
- Further organic growth in quality only ATM sites via the continued disciplined site selection via wholly owned subsidiary Star Payment Systems;
- Further sales of NeoICP ATMs and software in Australia and abroad. This includes the distribution of the recycler ATM that allows users to both withdraw and deposit money and Stargroup is in negotiation to internationally expand its footprint; and
- The targeting of smaller unlisted IADs and other synergistic businesses for value accretive mergers and acquisitions;

#### 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 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.

Stargroup Limited, via its wholly owned subsidiary, StarLink, will post settlement of the Indue ATM business acquisition, provide ATM switching, settlement and processing services, telecommunication services and resell ATMs to approximately 70 ATM Deployers, 1,700 ATMs, 1350 modems and process approximately 12,000,000 transactions per annum.

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