

Another Record Revenue Month suggests that 12th record quarter well on track

HIGHLIGHTS

- 445% increase in ATM hardware and software sales in StarATM
- 299% increase in actual annual group revenues in 2016 compared to 2015
- 205% improvement in 2016 YTD ATM revenue compared to 2015 YTD ATM revenue
- 30% increase in projected quarterly revenue on back of organic growth

Stargroup Limited (ASX : STL) ("Stargroup or the Company") is pleased to announce that once again it has delivered a record month of group revenue in October. The Company is now well on its way to delivering another record quarter of revenue, the 12th in a row.

The Company's ATM hardware and software sales division, namely StarATM Pty Ltd, had a record calendar revenue month, with revenues of \$646,277, which easily eclipsed the 2016 full year revenue result of \$150,149. The actual revenues year to date are now \$818,779 which is a 445% increase on the full year result from 2016.

The record revenue in the StarATM division follows the recent delivery from South Korea of over 100 of the new version of lobby style ATMs from NeoICP Korea Inc. ("NeoICP"). The new machines have added functionality and improved security measures as part of the ongoing research and development being undertaken by NeoICP and keeping at the forefront of industry standards.

Mr Todd Zani, Stargroup's CEO and Executive Chairman said *"Our Group Revenues were greater than \$1.1mil in the month of October which was a record month for the business and significantly greater than originally budgeted for the month."*

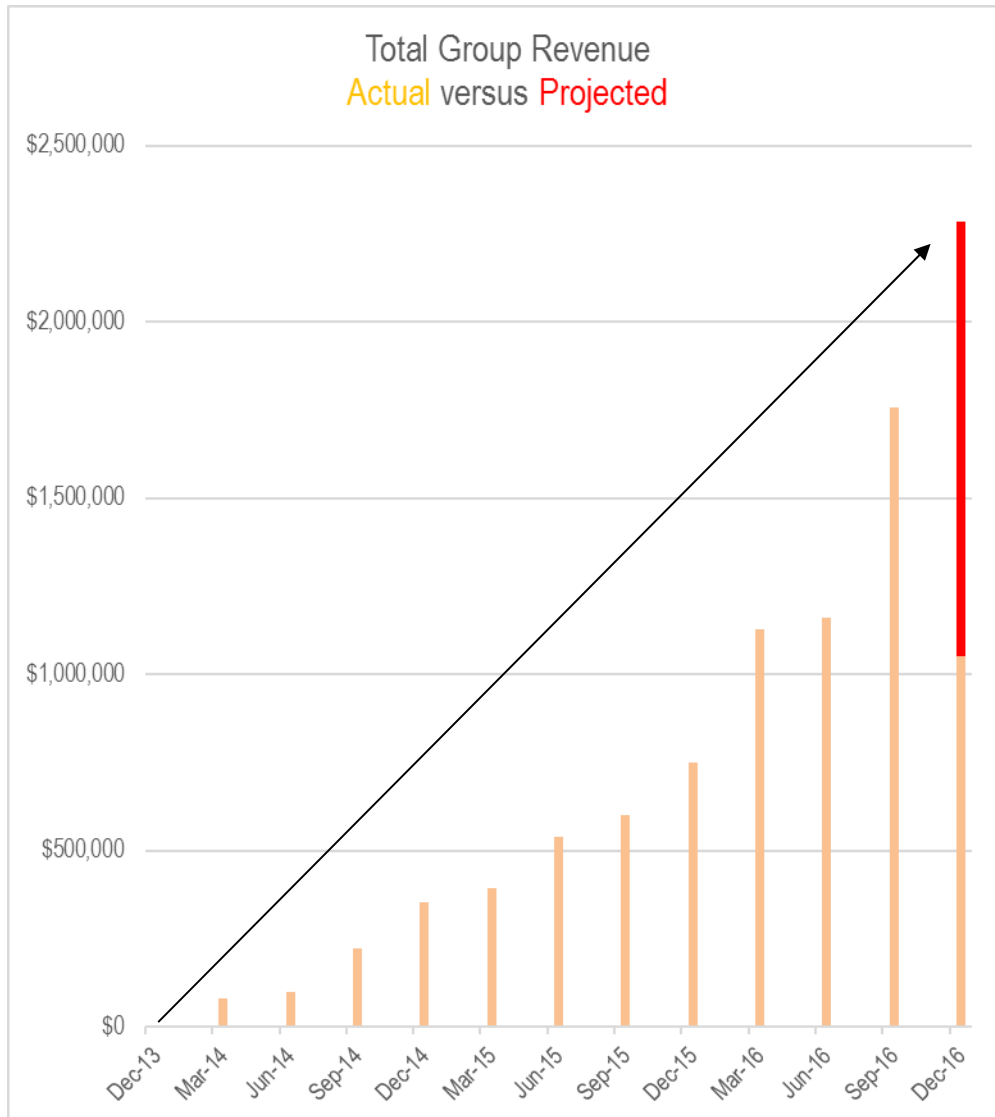
A number of Independent ATM Deployers ("IADs") have been acquiring hardware from us in the last few months as part of upgrading their ageing fleets before the end of the year to ensure that their hardware is compliant with the rules mandated by Europay, Mastercard and Visa ("EMV"). This is largely to ensure that their networks and ATMs can accept the EMV chip cards issued by financial institutions.

Historically, NeoICP, via its distributors have sold greater than 3,000 cashPod ATMs into Australia and a great number of these will require upgrading as part of the EMV liability shift. All IADs need to make sure that their hardware is fully compliant and our hardware has always been EMV ready and these upgrades will see further revenue for our StarATM division in both the short term and long term as we assist IADs through this process.

Some of the older ATMs owned by other IADs will need to be replaced to comply with the new standards as they are not upgradeable and the recent deliveries will assist us with meeting the supply demand for other IADs and our own sales pipeline.

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As a result, when our actual results for October are combined with our projected revenues for November and December, it is clearly showing that we are on track for another record quarter of revenue which will be our 12th record of quarterly growth, as can be highlighted below."



We are pleased to continue to keep the market informed on our projected revenues and when we couple the organic revenue growth that we are experiencing at present with the additional revenue and EBITDA impact of our recently announced Indue ATM Businesses acquisition, we are also well on track to make our maiden dividend payment in June 2017," said Mr Zani

Stargroup recently announced to the market that it had completed its due diligence of the ATM switching, settlement processing, telecommunications and ATM reseller business operated by Indue Limited and that both parties had agreed to the key terms of the asset sale agreement and other contractual documentation in relation to the transaction.

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The \$6.5mil that Stargroup has agreed to pay on 31 December 2016 will add a further \$4mil in annualised revenue and \$1.7mil in annualised EBITDA to the Company and Stargroup has already agreed to the commercial terms of a debt instrument for a minimum of \$10mil and a maximum of \$15mil to fund the acquisition and other potential 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.

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.

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