

ASX Release  
8 May 2017

## INDUE TRANSACTION SUCCESSFULLY EXECUTED, SCALE OF ASSETS ACQUIRED REVISED

### HIGHLIGHTS

- Stargroup successfully executed Indue transaction on 5 May 2017.
- Stargroup advise that there is a >30% increase in scale of assets acquired with 2,414 ATMs under management (previously 1,700) and processing ~16mil transactions a year (previously ~12mil).
- Stargroup raises \$3.49mil before costs in an oversubscribed capital raising to fund the balance of the transaction and directors have elected to participate, subject to shareholder approval.
- The vertical integration of the Indue ATM Businesses will see key operating costs reduce by a further 15%.
- Stargroup to positively revise FY18 forward estimates.

Stargroup Limited (ASX: STL) ("Stargroup or the Company") is pleased to announce that it has successfully executed the transaction to acquire Indue Limited's Automatic Teller Machine (ATM) switching, settlement, processing, telecommunications and reseller businesses.

The Company is also pleased to update the market on the scale of the Indue asset base since the transaction was first announced. As of April, Indue has 2,414 ATMs under management (previously 1,700) and is processing approximately 15,922,920 transactions on an annualised basis (previously 12,000,000), representing a greater than 30% larger business than anticipated since negotiations began.

At the time of negotiations, the largest customer of Indue's switching, settlement and processing business was out of contract. Further, another sizeable customer had also been acquired by a Stargroup competitor in the month prior to the acquisition and hence the anticipated size of the business was as previously advised to the market.

Stargroup is pleased to advise that the largest customer has in fact agreed to commercial terms to remain and this will have a significant impact on the scale of the operations and forward revenues of the StarLink business at little to no extra cost to the business. Stargroup is also pleased to advise that it is well advanced in attracting other independent ATM deployers to StarLink.

Stargroup provided total consideration of \$6,500,000 million in cash for the assets, with the Company making a part cash payment in April before completing an oversubscribed capital raising to fund the balance of the transaction, which was settled on Friday 5 May 2017.



The Company raised \$3,490,000 through the issue of 129,137,508 fully-paid ordinary shares to existing shareholders, as well as new professional and institutional investors at a price of \$0.028 per share, with Stargroup directors also electing to participate in the placement to contribute a further \$112,000, subject to shareholder approval at a soon to be convened meeting in June.

The acquisition of the Indue assets was initially expected to increase Stargroup's forward revenues by \$4,100,000 and the combined group's EBITDA by \$1,700,000. However, the Company expects to positively revise these estimates following advice from Indue on the number of active ATMs under management and transactions being processed.

Mr Todd Zani, Stargroup's CEO and Executive Chairman said although the Indue acquisition was delayed due to a switch from an all-debt funding model to a part-equity funded transaction, the headline numbers and economies-of-scale delivered by the deal remained compelling.

*"The purchase price of the Indue assets represents an acquisition multiple of just 3.83 times forward earnings at the time of the deal and we are already beginning to realise additional revenue growth opportunities through engagement with Indue's client base during our due-diligence process," Mr Zani said.*

*"With this transaction now complete, the Board and management team can move to integrate and capitalise on the vertical integration of these Indue assets, while also continuing to deliver on the organic growth opportunities presented by our existing strategic partnerships in the financial services and technology sector. The vertical integration will see one of our key operating costs reduce by a further 15%."*

*"Although we were required to change strategy during the execution of this transaction, I am very pleased that we have been able to introduce several significant institutional investors to the Stargroup registry during the capital raising process.*

*"We will positively revise our FY18 revenue estimates and further update our shareholders at the meeting in June which will be convened to approve the options offered as part of the recently oversubscribed placement to existing shareholders, new high net worth and institutional investors."*

## 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.

