

ASX Release: 19 July 2016

ASX: WSG

Market update for the quarter ended June 2016

Technology rentals Company, WolfStrike Rentals Group Limited (the Company) (ASX: WSG) is pleased to provide an update to the market for the quarter ended June.

In accordance with the Prospectus, the Company continues to implement its strategy of expanding its customer base and increasing the size of its rental book. Focus also continues on the reduction of the interest and operating costs and restructure of its current rental funding facilities.

Financial and operational highlights:

- Number of customers up to 3,232 from 3,129 showing growth of 3%;
- Rental book future total contracted cashflows, including GST = \$9.7M – up 11% since March 2016;
- Monthly contracted Cashflow being generated by the rent book is now at A\$247k and growing consistently month on month;
- Australia now looking to expand via selection and recruitment of sales agents to expand the Company's reach; and
- NZ business continues to grow with new agents and resellers expected to be appointed over the next few months

Board Appointments:

On 23rd June 2016, John Seton was appointed as an independant director. John Seton is an Auckland based solicitor with extensive business experience in technology, mining, wine and investment companies with both listed and private directorships and chairmanships, including ASX, NZX and TSX listed entities.

John has a LLB from Victoria University of Wellington, an LLM (Hons) from Auckland University and has been admitted to the New Zealand and Californian Bars and as a Solicitor of the Supreme Court of England and Wales. He is also Chartered Fellow of the New Zealand Institute of Directors and is involved in not for profit organisations.

His skill set incudes IPOs, mergers and acquisitions, transaction negotiations, asset acquisitions and divestment including fund raising, and steering businesses through significant change and growth companies

Australian sales update

The Company has increased its focus on the Australian market. It is expected that, whilst there are some upfront costs, the Company will increase its Australian presence by identifying value accretive acquisitions and/or agent relationships that will grow the overall rental business and expect to have an announcement soon in this regard.

The Company has consolidated Wolfstrike Rentals Pty Limited (**WRSPL**), into its operations to provide a mechanism to accept rental contracts from Australian based customers. WRSPL already has over \$250,000 of contracted cashflows in its rent book and is generating monthly cashflows from rental contract income. This is expected to increase significantly as agents are recruited and sales grow in the Australian market.



Other initiatives update:

As previously advised the Company continues to identify and work with parties who have the ability to assist in the refinancing of the rent book with a view to lowering the cost and structure of borrowing. This is a key focus for management. Whilst this process may take longer than initially thought, we are getting good indications from potential funders.

Acquisitions

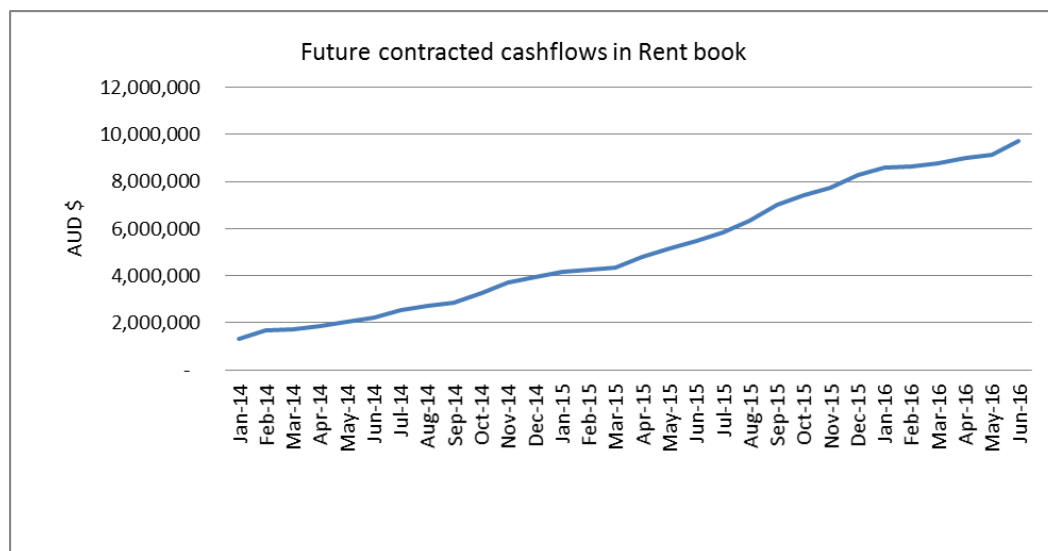
The Company is still actively looking for customer base acquisitions, or parties who can utilise the Company's rental offering, and has identified multiple potential opportunities. As these progress the market will be updated accordingly.

Additionally, the Company continues to expand its agent network, in both New Zealand and Australia as this is a core driver of rental contract flow and allows rapid growth with minimal operational cost. The Company will continue to look at mechanisms to reduce contract acquisition costs using the agent sales model and network.

Business Update**Total contracted cashflows**

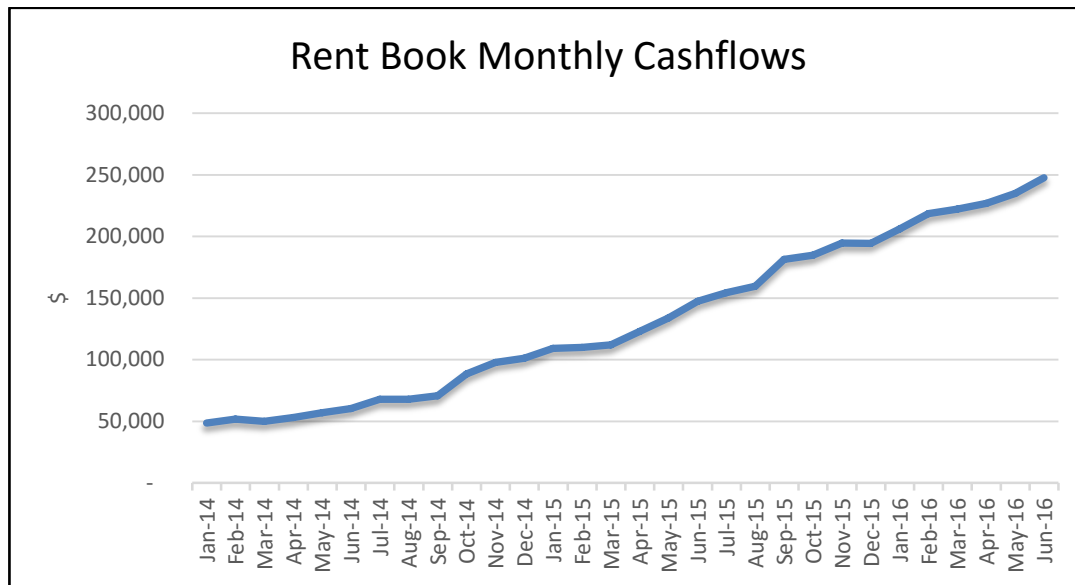
The total contracted cashflows of the rental book continues to grow in line with expectations.

Refer the **below** chart for the gross contracted cashflows of the Company, including GST. This represents total contracted future cashflows and is a key indicator of the business growth. The chart shows the consolidated picture of both the NZ and Australian business.



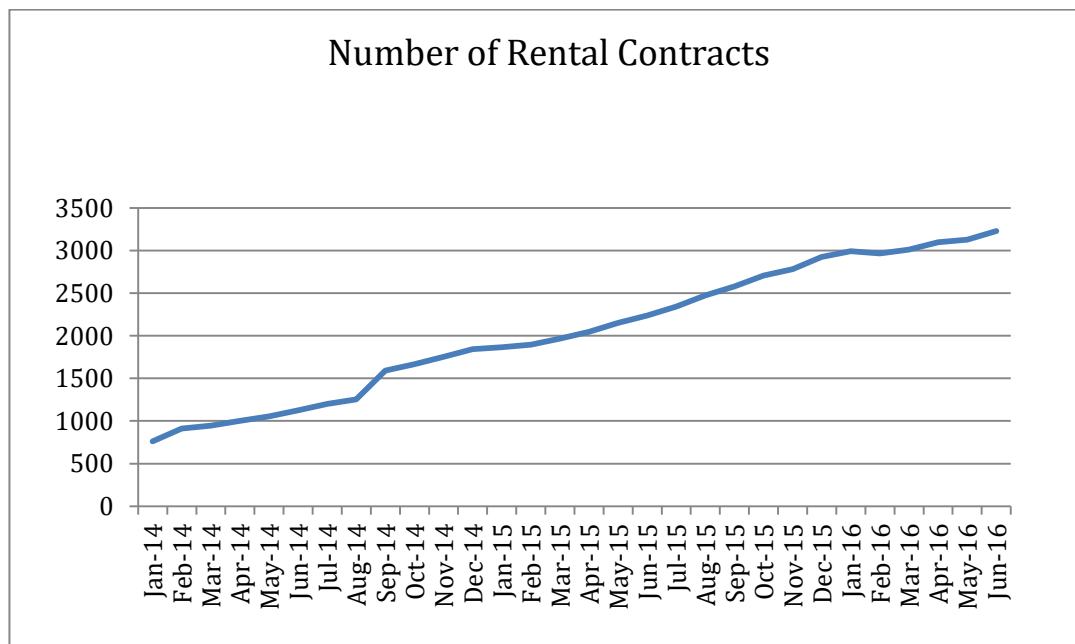
Monthly cash flow receipts from rental contracts

The Company continues to increase its monthly rental cashflow income as it also grows its total contracted cashflows. This chart includes the Australian business as well.



Customer base

Current customer numbers continue to grow and over the next three to four years the business is expected, via current infrastructure in New Zealand and Australia, to have over 10,000 customers generating rental cashflows of circa \$1M per month.



Revenue recognition

As advised in the Prospectus, the Company has adopted a revenue recognition policy in line with Australian Accounting Standards AASB117 and income will therefore be recognised based on the present value of the Finance lease book.

This will be reflected in the end year audited accounts which will also include the one-off impacts of the reverse acquisition accounting treatment (due to acquisition of the Wolfstrike companies by WSG), and a number of impairments relating to inventory, and rental book.

The end year accounts will be for the parent listed entity (WSG) and will only include trading results of the Wolfstrike acquisitions since the acquisition date, being 18th March 2016. As such they do not reflect the operational business on a normalised basis.

Research report

Melbourne based Beer and co have produced a research report which is available for download at the Company's website <http://wolfstrike.net/investor-relations/>

About Wolfstrike Rentals

WolfStrike Rentals Group is an Australasian Company with a core focus on the financing and management of rental contracts for technology solutions. With operations throughout Australia and New Zealand, WolfStrike provides a range of financial and operational services to SMEs.

In addition to providing rental facilities, WolfStrike also manages its own direct and agent-based sales network which provides a consistent deal flow to the rental Company.

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