

ASX RELEASE

5 JULY 2021

**CIRRALTO SIGNS BINDING SHARE SALE AGREEMENT
TO ACQUIRE SYDNEY BASED FINTECH, INVIGO**

Key Highlights

- Binding share sale agreement signed to acquire 100% of Sydney based Fintech, Invigo for A\$10m with the issue of 132,951,740 shares at 7.5c per share.
- Combining the two synergistic businesses is expected to drive revenue growth and provide opportunities for Cirralto to deploy its Spenda products across Invigo's customer base.
- Enablement of increased functionality to the Spenda payment product suite, significantly bolstering financial services capability and enabling the Company to create AML / KYC economies of scale.
- It will enable integrated buy-now, pay-later (BNPL), Pay-By-Instalment capability and Pay Now Supply (PNS) in the Business to Business (B2B) customer category.
- Scrip-based acquisition, preserving cash within the enlarged group to execute on strategy.
- Key Invigo personnel will strengthen Cirralto's existing Executive Leadership Team, providing significant additional industry experience and execution capability.
- Invigo's unaudited accounts show it posting a small profit on revenue for the June quarter of \$253k, whilst delivering revenue growth of 24% from the previous quarter, following the Cirralto funding deal announced on 6 April 2021.
- Invigo's platform is being integrated into the core Spenda Payment services enabling the combined group to quickly scale collaboratively.
- Invigo's present funding investments will be supplemented with direct balance sheet investment from Cirralto both reducing funding cost and increasing funding leverage.

Cirralto Limited (**ASX: CRO, "Cirralto" or "the Company"**) is pleased to announce that it has signed a binding Share Sale Agreement ("**SSA**") to acquire 100% of the issued capital of Sydney based Fintech, Invigo Pty Ltd ("**Invigo**"), with an expected completion date of 12 July 2021, subject to satisfaction of conditions precedent under the SSA ("**Completion**").

The acquisition is expected to unlock multiple commercial opportunities, drive revenue growth and provide opportunities for Cirralto to deploy its Spenda products across Invigo's customer base.

The acquisition follows several months of negotiations and builds upon the Partnering Agreement and Strategic Loan Funding Arrangement entered into with Invigo in August 2019 and April 2021 respectively.

About Invigo

Invigo is a Sydney-based Fintech business that provides easily accessible business finance and business management tools. It offers a variety of solutions that enable buyers and sellers to improve their cash flow and gain access to credit solutions to better run their business.

Invigo's fintech platform offers businesses an integrated supply chain funding solution aimed at accelerating the settlement of payments between buyers and their suppliers.

The Invigo Service

Invigo offers both buyer and seller initiated immediate payment of invoices raised by the seller or the buyer, pay-by instalment or immediate supplier payment, for all business customers. For the seller, this can be used as a tool to extend credit to customers and drive cashflow. For the buyer, it can be used to create liquidity in their business, smooth seasonal purchasing profiles and manage purchasing within credit limits. Invigo generates revenue by charging customer fees as a percentage of the total transaction value and/or charging interest on customers borrowings.

Integrated within Spenda, it enables a multi-option payment service that comprises:

1. Online application, facility underwriting and credit limit assignment;
2. Customer account creation (including AML / KYC for Cirralto's payment services);
3. Real-time approval of transactions onto the Invigo account;
4. Utilisation of Cirralto payment services and the Spenda intent-to-pay framework to capture instalment payments from account holders;
5. Streamlined working capital account access to all customers via the Spenda interface; and
6. Enhancement to Spendacollect that will enable account utilisation at the point of statement payment.

Anticipated synergies

This acquisition of Invigo enables the Company to deliver multi-option payment services on more favourable terms to both the buyer and the seller, releasing higher margins to any seller and increasing the buying capacity of buyers.

The acquisition will also allow the Company to reduce administration costs through the consolidation of credit and risk management into a single team.

Acquiring Invigo adds additional functionality to the Spenda suite, enabling the Company to offer a broad range of payment products that can be easily integrated into any business.

The acquisition of Invigo will enable Cirralto to:

1. Further monetise its existing technologies;
2. Fully integrate a range of funding options into its core platform;

3. Deliver multi-option payment services on more favourable terms to both the buyer and seller;
4. Create AML / KYC economies of scale; and
5. Enable free-flowing BNPL and Pay By Instalment strategy in the B2B customer category.

For businesses, Cirralto is delivering flexibility to payments that enables them to better understand their cash flow.

For businesses, Cirralto will deliver broad cash flow enhancement capabilities providing flexibility in when they receive funds and when they make payments. With Cirralto, businesses can easily visualise who they owe money to, who owes them money, and what funding resources they have to optimise cash flow.

With this information and capital availability they will be able to better plan their business strategy and position themselves for growth.

For consumers in the B2B market, this means digital invoices delivered to their preferred device, and payments made with a 'swipe yes to pay' function, instead of a card tap. Consumers will also have immediate access to their full purchase history, access to greater payment flexibility to manage debt and fully integrated ledger-to-ledger accounts.

Coupled with our BPSP and BPA agreements, the acquisition of Invigo delivers Cirralto deeper payment processing capabilities. This increased margin will allow the Company to compete for bigger customers and help them to deliver collaborative payments to their trading network.

Key terms of the Share Sale Agreement

Under the terms of the SSA, Cirralto has agreed to acquire all of the issued shares in Invigo. The consideration for the acquisition is 100% scrip based, with Cirralto agreeing to issue in aggregate 132,951,740 Cirralto Shares ("**Consideration Shares**") to the shareholders of Invigo ("**Vendors**"), with each Consideration Share having:

- (a) a deemed issue price of approximately \$0.075 per Consideration Share; and
- (b) a total value equal to approximately \$10m.
- (c) the below voluntary escrow will apply to Consideration Shares:

| | |
|----------------------------------|--------------------|
| No escrow | 19,942,761 |
| 30 days escrow | 25,947,973 |
| 60 days escrow | 18,534,266 |
| 90 days escrow | 18,534,266 |
| 1 year escrow | 49,992,474 |
| Total Shares to be Issued | 132,951,740 |

Consideration Shares will be issued without prior shareholder approval utilising part of the Company's 15% placement capacity under ASX Listing Rule 7.1.

Completion of the acquisition under the SSA is subject to satisfaction (or waiver, as applicable) of the following conditions precedent (**Conditions**):

- (a) the Company notifying the Vendors it is satisfied with the results of legal, operational and financial due diligence investigations in relation to Invigo and its business and shares;
- (b) no material adverse condition having occurred or arisen in relation Invigo or its business since execution of the SSA;
- (c) each of Andy Hilton and Corrie Hassan entering into employment arrangements with Invigo or the Company, on terms agreeable to the Company;
- (d) all security interests over any assets of Invigo being discharged to the reasonable satisfaction of the Company;
- (e) all applicable change of control consents having been obtained for material contracts of Invigo;
- (f) all necessary regulatory, shareholder and other approvals being obtained in connection with the acquisition; and
- (g) the Vendors demonstrating to the reasonable satisfaction of the Company that Invigo will have cleared all, and as at completion have no, outstanding liabilities owing to Invigo's directors.

Either party may terminate the SSA if the Conditions are not satisfied, or validly waived by the Company (as applicable), by 31 August 2021.

The current \$2 million loan agreement between the Company and Invigo will remain in place and will be consolidated into the Company's post acquisition accounts. Invigo has entered into other funding arrangements with wholesale lenders for the purpose of providing debt and liquidity funding to its clients, these loan amounts are fully offset by loan funds payable from its customers. There will be no material gross impact to Cirralto's tangible net assets and liabilities as a result of the acquisition, however at any point in time Invigo can have up to \$25 million in client lending and wholesale debt. No additional material funding is required to jointly rollout Invigo's products and services post acquisition.

With effect from completion, Mr Andy Hilton will join Cirralto's Executive Leadership Team and Ms Corrie Hassan will assume an executive managerial role within the Company. Details of each of those key persons are set out below:

Mr Andrew Hilton

Andy is the co-founder and Managing Director of Invigo. Having spent nearly 30 years' in traditional lending businesses and having established two others previously, Andy identified the need for companies to access finance more efficiently. Andy has a background in both accounting and engineering and over five years managed the 20 times growth of an IT distribution business. These skills have given Andy the ability to understand what type of funding a business needs and the best way to provide it. Invigo has provided the platform to enable the testing and development of a diverse range of funding products.

Ms Corrie Hassan

Corrie is the co-founder and Operational Director of Invigo. She has over 20 years' business finance experience in both the UK and Australia, much of the time focussed on risk and operational management. She was founder and CEO for 10 years of 180 Group, an Australian SME lending business, immediately prior to joining Andy to establish Invigo. Corrie now manages portfolio risk as well as maintaining control over Invigo's operations.

Commenting on the acquisition, Cirralto's CEO, Adrian Floate, said, "the acquisition of Invigo into the Cirralto product portfolio will enable immediately service our payments customer base with Invigo's cashflow solutions. This is a really exciting acquisition and there is no question that blending customer payments with improved access to working capital is a big win for our customers and I expect that all shareholders will be delighted too."

Invigo Managing Director, Andrew Hilton, said, *"the future of cash flow funding will rely on integration with digital technologies. Until now, business borrowers have relied on archaic finance applications and processes, it is now time for an evolution that makes finance more accessible and more immediate. Cirralto's Spenda product suite provides a very coherent path to achieving this and allows us to execute our multi-option payment vision."*

Authorised by Adrian Floate, Managing Director.

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About Cirralto

Cirralto Limited (ASX:CRO) is a transaction services business supplying industries with a broad range of B2B payment services, digital trading software and integrated solutions. Our goal is to convert eft payments to card payments utilising the BPSP engagement coupled with our payments collaboration framework. Our competitive advantages deliver customers end-to-end e-invoicing integration, rapid ordering, digital trust and automated reconciliation.

Cirralto supplies its customers a recipe of integrated software to create a vertical market standard operating environment (SOE) that enable the effective and seamless transfer of data from multiple, disparate software systems in one standardised technology solution, such as SpendRetail. Cirralto has licensing agreements with third party software vendors that enable it to provide integrated SOE solutions to its customers.

For investors seeking information on the Company's activities that relate to marketing, customer events and other acknowledgement of customer activities, this information will be posted to the Company's news section of the website and on social media channels with the handle #getSpenda, active on Twitter, LinkedIn, Instagram and FaceBook.

About Spenda

The Spenda solution is a family of products designed to support businesses in all their day-to-day activities. Unlike other software platforms that offer part of the solution, the Spenda suite improves efficiency and productivity in every area of business and has payments and finance baked into its core functionalities.

The Spenda suite is built on a framework of strong integrations at its core. The backend powerhouse that drives Spenda is an open-auth integration platform that enables customers to sync data across their cloud app ecosystem into their accounting and ERP software.

This engine can push and pull business data such as debtors, creditors, inventory and transactions (purchase orders, invoices, credit notes etc) in real-time or based on user-driven events. With Spenda businesses can connect to their customers and their catalogues to quickly and easily share data.

The Spenda product suite includes software to support; Point of sale, Inventory management, Procurement, Service management, Debt collection, Payment services, eCommerce and Catalogue sharing.

Spenda removes business inefficiencies allowing businesses to do the job once, with no double data entry and removes manual, paper-based processes that are time-consuming and prone to errors. On top of that, the product is mobile, with modules accessible on tablets and phones as well as desktop.

For more information, see <https://www.cirralto.com.au/>

Investor Enquiries

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