

ASX RELEASE

14 SEPTEMBER 2021

CIRRALTO TO ACQUIRE E-COMMERCE COMPANY, GREENSHOOTS TECHNOLOGY

Key Highlights

- Cirralto has executed a binding share sale agreement to acquire software development house, Greenshoots Technology.
- The Greenshoots IP completes Cirralto's retail solutions capabilities enabling it to focus on growth in eCommerce payments and consumer pay-later services to capture a greater share of the A\$50B Australian eCommerce opportunity.
- Once integrated into the Spenda ecosystem, Greenshoots will become Spenda eCommerce and natively offer Spenda Payment services to eCommerce merchants.
- The Company will use the eCommerce platform as a strategic pillar for international expansion, leveraging off the global growth in online sales.
- Proposed acquisition on attractive terms all 100% scrip based, with upfront consideration of \$1.5m (at 6.2c/share), and potential for a further \$3.6m, subject to the achievement of product delivery and revenue milestones, preserving cash within the Company to execute on strategy.
- Key personnel will bolster Cirralto's Management and Development teams, increasing development capacity to meet current release schedules with an additional 24 personnel integrated into the Company.

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 software development house, Greenshoots Technology Pty Ltd (“**Greenshoots**”), with an expected completion date of 30 September 2021, subject to satisfaction of conditions precedent under the SSA (“**Completion**”).

Greenshoots is a multi-lingual, multi-tenanted eCommerce platform that will complete and complement Cirralto’s retail Intellectual Property (“**IP**”) and enable

improvements in our go-to-market strategy with direct to market brands, retailers and retail service providers.

Beyond the eCommerce functionality the acquisition will deliver critical components to the Spenda product suite, including improved:

- Multi-channel sales and fulfilment management;
- Integration services and workflows with freight providers and 3PL's;
- Alignment with franchise and buying group eCommerce;
- integration of the Company's marketplace software enabling it to accelerate both domestic and cross border trade;
- Access to global markets; and
- Core development capabilities with the addition of 24 technical resources that span management, core development and testing.

The addition of the development resources is expected to increase the speed and quality of the software the Company can release while also providing time-saving benefits to Cirralto through the direct ownership of unique IP necessary for the growth and increased functionality of the Spenda product suite.

Commenting on the acquisition, Cirralto's CEO, Adrian Floate, said, "the acquisition of Greenshoots into the Cirralto product portfolio will enable us to immediately service businesses looking for an integrated, powerful eCommerce solution.

"Unlike other eCommerce providers, the integration behind the Greenshoots solution means we can essentially 'plugin and play' the service with our existing Spenda solution. The benefit to customers is huge, not only are they able to sell online, take payment and transact smoothly, but the capabilities of Greenshoots IP mean we are able to push out our inside sales feature and delivery partnership channels at an accelerated pace."

Greenshoots Founders Stuart Freer, Raghav Jain and Janardan Singh said,
"we are incredibly pleased to be joining the Cirralto family and look forward to the synergies that Spenda and Greenshoots can bring to customers as Spenda eCommerce."

The acquisition follows several months of negotiations and due diligence (which remains ongoing).

The Market Opportunity

Australians are set to spend over \$11 billion on Christmas presents this year – an average of \$726 each¹. Of this, an average of 48% of gifts are likely to be purchased online, with 58% of people saying they'll purchase more or significantly more items online than they did last year.

eCommerce sales are up 31% in April 2020 to \$5.2m, when compared to the average in 2019. The national average for online purchases in 2019 was 17.2%, which grew to 41% in 2020².

Globally, eCommerce sales are predicted to reach \$4.2T in FY22³. With the use of "Buy Now, Pay Later" ("BNPL") as a payment option growing 166% in March 2021 (YoY in America). Cirralto intends to leverage this increased trend in BNPL usage with the growth in eCommerce to provide easy access to on-demand lending to the B2C market.

Greenshoots Background

Greenshoots is a technology-enabled business finance solution company that provides businesses with a white-labelled eCommerce platform. The Greenshoots solution runs through an integrated API channel to integrate business data with existing systems.

The Greenshoots Solution

The Greenshoots IP is unique in the market as it delivers not only a stand-alone eCommerce solution but can integrate with Spenda's software solution to provide businesses with an omnichannel sales tool that connects the point of sale solution to eCommerce transactions.

Integrated with Spenda, it enables an omnichannel eCommerce solution that comprises:

- **Real-time stock integration**

Updating price changes and inventory numbers when a sale is made online or in-store, so businesses never make sales they cannot fulfil. Delivering improved customer experience and retention.

- **Warehouse Management, Shipping and Freight Management**

To track, move, pack, pick and ship items between multiple warehouses for smooth order fulfilment.

- **Payment Gateway Integration**

The ability to add secure payment methods or drop in Spenda's pay now, pay later widget. Customers are provided with a range of secure payment options for a faster checkout experience; and

- **Customisable eCommerce**

Greenshoots eCommerce offering is designed for businesses to build their own website, with a selection of themes to remove the setup responsibilities from Spenda and ensure a quick and easy experience for businesses.

Key terms of the Share Sale Agreement

Under the terms of the SSA, Cirralto has agreed to acquire all of the issued shares in Greenshoots. The consideration for the acquisition is 100% scrip based, with Cirralto agreeing to issue in aggregate 24,193,548 fully paid ordinary shares in the capital of Cirralto (**"Consideration Shares"**) to the shareholders of Greenshoots (**"Vendors"**) at Completion, with the Consideration Shares having:

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- (a) a deemed issue price of approximately \$0.062 per Consideration Share; and
 - (b) a total aggregate value equal to approximately \$1.5m.

Following Completion, the Vendors may, subject to meeting various milestones, also potentially be issued with up to 58,064,515 additional fully paid ordinary shares in the capital of Cirralto (being shares to the value of approximately \$3.6m, based on a deemed issue price of \$0.062 per share) (**"Deferred Consideration Shares"**) on the following basis:

- (a) Subject to the Company obtaining ASX approval and/or shareholder approval (if applicable), within 14 days following the product launch of the Company's **Spenda Pay and Desk** product, the Company will issue to the Vendors (in aggregate) a total of 24,193,548 Deferred Consideration Shares (being shares to the value of approximately \$1.5m, based on a deemed issue price of \$0.062 per share).
- (b) Subject to the Company obtaining ASX approval and/or shareholder approval (if applicable), within 14 days following the product launch of the Company's **Spenda eCommerce** product, the Company will issue to the Vendors (in aggregate) a total of 24,193,548 Deferred Consideration Shares (being shares to the value of approximately \$1.5m, based on a deemed issue price of \$0.062 per share).
- (c) Subject to the Company obtaining ASX approval and/or shareholder approval (if applicable), within 14 days following the satisfaction by Greenshoots of at least \$600,000 in revenue in any measurement period, the Company will issue to the Vendors (in aggregate) a total of 9,677,419 Deferred Consideration Shares (being shares to the value of \$600,000, based on a deemed issue price of \$0.062 per share).

For the purposes of paragraph (c) above, the **measurement period** means any 12-month period which either:

- (A) commences on 1 January and expires on 31 December; or
- (B) commences on 1 July and expires on 30 June; and

The revenue for any measurement period will:

- (A) Be determined based on the audit/audit reviewed financial statements for the relevant period released by the Purchaser to the ASX;
- (B) Exclude one-off or extraordinary revenue items;
- (C) Exclude revenue received in the form of government grants, allowances, rebates or other hand-outs; and
- (D) Exclude revenue or profit that has been “manufactured” to achieve the relevant milestone.

70% of all Consideration Shares and Deferred Consideration Shares issued under paragraph (a) or (b) above to each Vendor will be subject to voluntary escrow for a period of 12 months following the date of their issue.

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

- (a) all necessary regulatory, shareholder and other approvals being obtained in connection with the acquisition;
- (b) no changes being made to the capital structure of Greenshoots without the prior written approval of the Company;
- (c) the Vendors demonstrating to the Company’s reasonable satisfaction that Greenshoots has cleared all, and as at the date of Completion will have no, outstanding liabilities owing to its directors, including in respect of director’s loans, director’s expenses, director’s funding interest payments due and unpaid salaries; and
- (d) the Vendors providing evidence to the reasonable satisfaction of the Company to demonstrate Greenshoots has lodged all required tax returns (including for FY2021).

Either party may terminate the SSA if the Conditions are not satisfied, or validly waived by the Company (as applicable), by 29 October 2021.

¹ Australian Retailers Association in conjunction with Roy Morgan: <https://www.retail.org.au/post/countdown-to-christmas-australians-set-to-spend-over-11-billion-on-gifts>

² Inside Australian Online Shopping – 2021 eCommerce Industry Report:

https://auspost.com.au/content/dam/auspost_corp/media/documents/e-commerce-industry-report-2021.pdf

³ 2021 Digital Economy Index: <https://business.adobe.com/au/resources/digital-economy-index.html>

This announcement has been approved by the Board of Cirralto Limited.

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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 SpendaRetail. 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 prime 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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