

ASX RELEASE

26 OCTOBER 2021

ACTIVITIES REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2021

Highlights

- 157% increase in cash receipts to A\$396k for the quarter, compared to Q1 FY20.
- An additional A\$76k of cash receipts received by Invigo has been excluded from the quarterly cash receipts, as it was earned and received prior to the acquisition date of 26 July 2021. Including these excluded cash receipts, the Company achieved revenue growth of 41% for Q1 FY22 compared to Q4 FY21.
- The Company has delivered 36% average quarter on quarter growth for the past seven quarters. This is supported by consistent customer growth that is expected to culminate in a projected annual revenue growth from the prior financial year of 114% (based on annualising Q1 FY22 revenue).
- Significant investment was made to core systems to support the anticipated scaling of payment processing transaction volumes.
- Spenda Integration with Mastercard Track Business Payment Services commissioned and now successfully processing transactions.
- Neu Capital was appointed as lead advisor for the establishment of a securitisation style debt warehouse structure that can support the Company's lending and payment demand of up to A\$100m per month.
- Cirralto board approved the utilisation of A\$10m in capital to cornerstone the Company's debt warehouse which is expected to grow to A\$100m in the coming quarters.

- A\$19.0m cash or cash equivalents as of 30 September 2021. Plus \$2.05m in net loan receivables.
- Completion of acquisition of Sydney based Fintech, Invigo Pty Ltd.
- Execution of a binding share sale agreement to acquire software development house, Greenshoots Technology.
- Completion of the integration of Invigo and Appstablishment core services into the enlarged Company structure.
- Q1 FY22 net operating cash outflows were \$2.705 million.

Investor Webinar

Cirralto is pleased to announce that Managing Director Adrian Floate will discuss the latest quarterly results via a Quarterly webinar at 3:00 pm AEDST on Tuesday 26 October 2021.

Presenting: Adrian Floate, MD

Time: 3:00pm (AEDST) Tuesday 26 October 2021

Investors can register to join the quarterly webinar at the link:

https://us02web.zoom.us/webinar/register/WN_mGIVIKrXSHCU7UYwwiGMwW

Investors are invited to submit questions prior to the webinar to melanie@NWRcommunications.com.au

Cirralto Limited (**ASX: CRO, "Cirralto" or "the Company"**) is pleased to release its quarterly activity and cash flow report for the quarter ended 30 September 2021 (Q1 FY22).

OPERATIONAL UPDATE

Scaling and Infrastructure Improvements

During the quarter the Company continued its focus on improving core

operations and business processes to ensure all requirements are in place for the next phase of growth. The viral acquisition model (Node and Spoke Strategy) of the software is such that once key agreements are commercialised their connected businesses are expected to accelerate customer acquisition at a very sharp rate.

Ensuring all the areas of the business are operating at peak efficiency will allow the Company to maximise this growth curve, with a view to driving revenue growth and in turn increase Company value for investors. This customer acquisition strategy was highlighted as one of four major areas of competitive advantage in an independent analysis conducted this quarter by Neu Capital (details further in the announcement).

A critical element in helping the Company deliver on product development and growth has been its close relationship with Microsoft. The Company consciously engaged Microsoft as a strategic capability uplift partner to build new services and redesign existing ones to be higher performing, more cost-effective, and more scalable to support high transaction growth.

During this quarter this relationship has resulted in the build of new scalable cloud-native microservices with CPU paid for on-demand. These strategic upgrades and enhancements will enable the Company to process high payment transaction volumes with integration partners, including Mastercard and Fiserv. These system improvements give the Company confidence that it can deliver on its strategic technology plan for a flexible, performance-driven, iterative architecture approach to managing an ever-increasing growth in transaction volumes.

Appointment of Neu Capital & Independent Competitive Analysis

In August the Company appointed Neu Capital Australia Pty Ltd ("**Neu Capital**") as its lead advisor in respect to the establishment of a debt warehouse.

Neu Capital is a corporate finance firm specialising in securitisation, structured finance and special situation transactions, ranging from A\$20m to A\$200m across Australia and New Zealand. Neu Capital is especially active in designing and arranging warehouse funding structures for fintechs and non-bank lenders with major banks and credit funds.

The implementation of the debt warehouse has been designed to carry the business into the future for several years of balance sheet growth, in a securitisation grade format that facilitates investments from banks and credit funds who are expected to provide wholesale funds to the Company.

As part of their engagement, Neu Capital performed an independent competitive analysis of Cirralto's product and market strategy. The report classified three major areas of advantage, outlined below.

1. Customer Acquisition

Cirralto's integrated solution enables a viral customer acquisition strategy at little or no marginal cost as customers can seamlessly invite their customers into the Spenda network with all parties obtaining a commercial benefit from the process.

2. Credit Profile

Cirralto is positioned to provide convenience credit, or point-of-activity debt, which is aligned to standard trade discounting and reduces the likelihood that customers borrow out of urgent need or distress. This coupled with short-cycle lending (less than 90 days) mitigates credit risks.

3. Credit Underwriting

Ledger integration beyond financial statements enables access to historical 'real economy' activity data (e.g. point of sale data, inventory, purchase orders, buyer-supplier trading history and/or bank cash flows). Additionally, the use of Spenda's accounts payables and accounts receivables software for payments creates a proprietary behavioural history prior to the borrower applying for credit.

This information enables enhanced credit analysis, scorecard design/iteration and fraud prevention.

Integration with Mastercard Track Business Payment Services ("BPS")

During the quarter the Company began processing transactions through Spenda over Mastercard's Track Business Payment Service ("**BPS**") program.

The commercialisation of payments over the Mastercard Track BPS program is a milestone achievement made possible by the continued and strengthening relationship between Cirralto and Mastercard and builds on the referral agreement signed with Mastercard in July 2021 to deliver trade finance services and the Business Payments Aggregator ("**BPA**") agreement with Fiserv (**NASDAQ:FISV**) and Mastercard, as announced by the Company on 14 December 2020, to extend the Company's business payment offerings.

The Mastercard Track BPS program is an innovative, open-loop network that delivers value to both buyers and suppliers by simplifying and automating the set-up and execution of business payments using multiple payment rails and enhancing the exchange of payments-related data. In turn, it enables buyers and suppliers to utilise the best available option for paying invoices.

Integration of Appstablishment and Invigo

Following the completion of the acquisitions of Appstablishment Software Group Pty Ltd ("**Appstablishment**") and Invigo Pty Ltd ("**Invigo**") on 4 June and 26 July respectively, the Company has now fully integrated both entities into the enlarged Cirralto group, resulting in a capability and software uplift.

CORPORATE AND FINANCIAL UPDATE

Acquisition of Invigo

As announced on 5 July 2021, the Company signed a binding share sale agreement to acquire 100% of the ordinary shares of Invigo for 132,951,740 ordinary shares at an issue price of A\$0.075 per share. Invigo is a Sydney based Fintech, which provides the Company with the opportunity to deploy the Spenda product suite to its existing customer base. It also further bolsters our product offering enabling the Company to integrate a Buy-Now-Pay-Later ("**BNPL**") model in the business to business ("**B2B**") customer market. The acquisition was completed on 26 July 2021, as announced on the ASX.

Cirralto signs Referral Agreement with Mastercard and Fresh Supply Co

As announced on 7 July 2021, the Company signed a five-year referral agreement with Mastercard Asia/Pacific Pte Ltd ("**Mastercard**") and Fresh Supply Co Pty Ltd ("**Fresh Supply Co**") to enable growth in the Company's global payments and cashflow solutions customer base. The Company intends to focus on the agricultural business sector through the Fresh Supply Co customer network to offer trade finance solutions and integrated payment services. Additionally, through its Mastercard agreement, the Company aims to provide integrated trade finance solutions to Mastercard's business customers.

Change in Auditor

As announced on 10 August 2021, the Company appointed HLB Mann Judd (WA Partnership) ("**HLB**") as the Company's auditor. The decision to change auditor was made following a consultation process, where the Board chose HLB based on their reputation and experience and their international network.

Acquisition of Greenshoots

As announced on 14 September 2021, the Company executed a binding share sale agreement to acquire development house Greenshoots Technology Pty Ltd ("**Greenshoots**"). Once completed, it will provide the Company with the necessary Intellectual Property ("**IP**") to complete its retail solutions capability, enabling the Company to focus on growth in the eCommerce payments and consumer pay-later services. It is envisaged that this eCommerce platform will be a strategic pillar for international expansion leveraging off of global sales growth. Further, the Company has bolstered its development teams with an additional 24 development staff joining as a result of the acquisition.

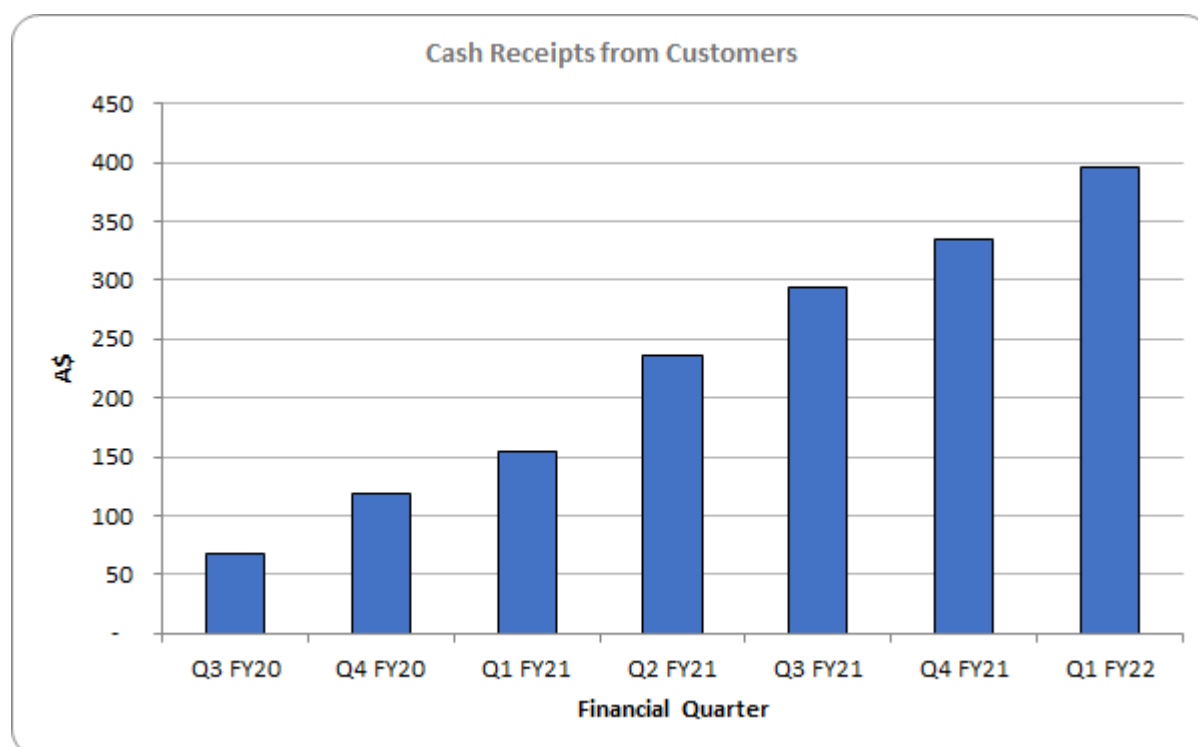
Reported as a [A\\$4.2T global opportunity](#) in 2022, eCommerce is a growing area of focus for businesses as they continue to pursue digital sales opportunities. With the acquisition of Greenshoots, Cirralto can leverage the global growth in online sales and use our eCommerce platform as a strategic pillar for international expansion.

Cirralto can deliver custom eCommerce experiences that solve fulfilment issues and improves business performance. Incorporating payments and stock control within our eCommerce platform means our customers reduce their need to process returns and claims, transacting the payments only when fulfilment can be guaranteed.

Financial Position

During the quarter the Company continued to successfully onboard new customers across multiple market segments. The Company's primary focus was on developing customer segments that can deliver long term sustainable growth and layered recurring revenue.

Cash receipts from customers continue to grow quarter on quarter, with cash receipts for this quarter being A\$396k, compared to A\$334k for the 30 June 2021 quarter, representing a 19% increase, as depicted in the below graph. This resulted in a closing cash position of A\$19m as of 30 September 2021.



Payments totalling A\$83,309 were paid directly to Mr Adrian Floate (Managing Director) in relation to directors' fees and superannuation on directors' fees.

Accrued costs of A\$7,500 were recorded in relation to directors' fees for Mr Peter Richards for the quarter, and remain payable as at 30 September 2021.

Accrued costs of A\$7,500 were recorded in relation to directors' fees for Mr Howard Digby for the quarter, and remain payable as at 30 September 2021.

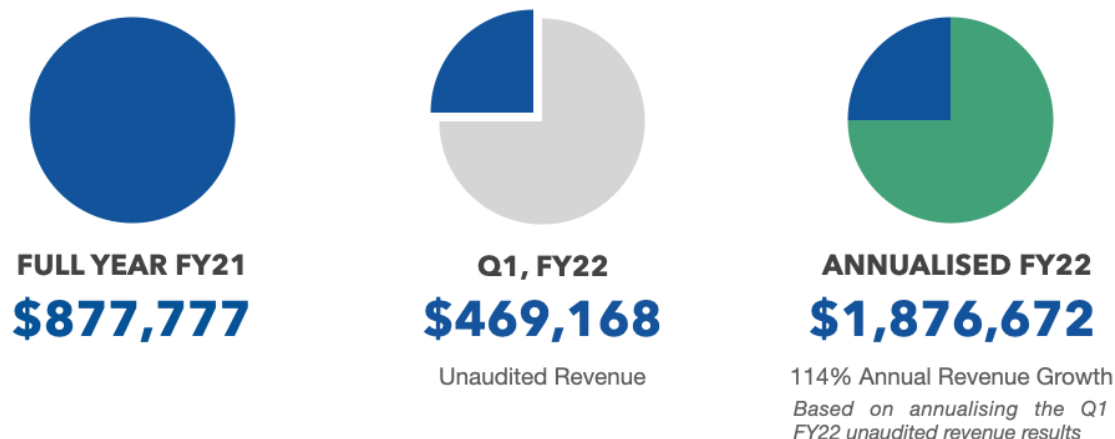
Accrued costs of A\$7,500 were recorded in relation to directors' fees for Mr Stephen Dale for the quarter, and remain payable as at 30 September 2021.

No other related party transactions occurred during the quarter ended.

Annualised Revenue Growth

During the quarter the Company continued to deliver growth in revenue and cash receipts. Looking forward, the Company is now on track to achieve minimum growth of more than 100% without further sales.

REVENUE GROWTH



Continuing customer growth, product diversification, securitisation debt warehouse and utilisation of software, payment and lending technologies will enable continuing growth and improved financial performance.

Summary of operating expenditure incurred on business activities

The operating expenditure for the September 2021 quarter is summarised as follows:

\$'000

| | |
|---|-------|
| Product manufacturing and operating costs | 101 |
| Advertising and marketing | 39 |
| Leased assets | 4 |
| Staff costs | 1,458 |
| Administration and corporate costs | 1,207 |

PRODUCT DEVELOPMENT

Highlights

- Release of Spenda Payment Suite upgrades with significant enhancements to core revenue-earning functionality, representing a A\$1.1m in-house investment.
- BNPL software release, providing the system incorporation of Invigo lending products into Spenda's payment processing platform, allowing buyer-initiated supplier payment, with irrevocable auto-repayments back to Invigo.
- Delivery of core functionality of the Spenda Business Payments Framework allowing tenant-to-tenant business transaction processing from buyer's ledger to seller's ledger, using Spenda's uniquely configurable Merchant Payment delivery mechanism.
- Delivery of a new tenant onboarding feature, to allow easy new-customer uptake of Spenda, via the web channel.
- Upgrades to Spenda Service and Point of Sale apps, to facilitate the adoption and uptake of customer acquisition in the automotive business domain.

The Company has also completed internal product development and internal testing of a number of new features to extend the reach of the new Pay Now or Pay

Later functionality to allow consumption of these core payment services via Third Party Integrators and websites.

FUTURE FOCUS

Future Acquisitions

The Company continues to conduct assessment of technology and payment companies with capabilities that would enhance our product or the services we can deliver to customers. These activities are ongoing and as with the acquisitions of Appstablishment, Invigo and Greenshoots potential transactions will need to deliver a compelling payback period and provide multiple synergies that make buying the capabilities of the business more compelling than building them.

Setting Up 2022

The key activities that will enable 2022 to be a year of accelerated growth are well defined and understood across the team. In line with the planned acquisition of Greenshoots there is a clear focus to complete development of our eCommerce product. We will balance this with further enhancements to our BNPL and early settlement discount solutions that we expect will unlock both domestic and international opportunities in the near term.

Organisationally, we expect to see a return to office activities as the whole country takes a step forward in our ability to leverage the learnings from remote work and blend this the strengths of face to face collaboration.

Commenting on the achievements of the quarter Adrian Floate, Managing Director of Cirralto, said *"The start of the financial year has been very pleasing as we have seen the strategies seeded in the past few years bear fruit. Digesting the Invigo acquisition and launching the BNPL solutions are formative and highlight the next chapter in a very exciting future. The company continues to be focused on growth*

by both expanding market segments and geographies with the acquisition of strategic customers and by innovating with business models that leverage our ability to manage a value chain through sales, invoicing, lending and payment.”

- ENDS -

This announcement has been Authorised by Adrian Floate, CEO.



About Spenda

Spenda is a feature-based payments product that integrates business processes that happen before and after the payment event adding value up and down the supply chain to consumers, retailers, wholesalers and manufacturers. The product delivers value with digital collaboration that removes the start / stop out of the quote to payment lifecycle, linking any buyer and seller together so they operate from one single version of the digital truth.

Spenda delivers a fully integrated digital payment and business software solution that enables businesses to transform with fast, error-free digital efficiency. We're on a mission to fundamentally change the way people do business by delivering digital tools that streamline business processes and improve efficiency and payment practices.

The Spenda solution includes real-time digital business payment services, debt collection software, a dynamic POS and inventory management system,

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eCommerce and catalogue sharing, as well as service management solutions – all of which can seamlessly integrate into any existing accounting, financial or ERP management system.

Our 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. We allow 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.

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 enables 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.

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

Investor Enquiries

Please email: shareholders@cirralto.com.au

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