

ASX RELEASE

31 JANUARY 2022

ACTIVITIES REPORT FOR THE QUARTER ENDED 31 DECEMBER 2021

Highlights

- 55% increase in cash receipts to \$615k for the quarter, compared to Q1 FY22 (September 2021 quarter), making this the strongest quarterly growth to date.
- The Company continues to expand its lending portfolio, with a gross client loan book of \$8.1m as at 31 December 2021, which included loans funds deployed across various industry sectors including food and beverage, fashion and agriculture, generating an average yield of 18.7% during the quarter.
- This expansion is in line with the Company's strategy, penetrating the supply chain (retailer, supplier and manufacturer) providing both industry and supply chain spread and represents a 71% increase in lending activity since the acquisition of Invigo.
- During the quarter, the Company lent a total of \$25.2m and received repayments of \$23.5m.
- The Company released a new, contactless payment method. "Pay By Link" is a secure payment option that removes the need for sensitive card information to be shared over the phone while providing flexible payment options including bank transfers and credit card payments.
- "Pay By Link" has a multitude of commercial opportunities and can be implemented either integrated within the Spenda suite, specifically at the

point of sale, service management and eCommerce tools, or integrated with small business accounting software (Xero, MYOB or QBO) for businesses who invoice directly from their accounting system.

- Completion of acquisition of software development house, Greenshoots Technology, enabling the Company to boost its software offering and deliver integrated B2B and B2C eCommerce solutions.
- A\$13m cash or cash equivalents as of 31 December 2021, plus A\$8.1m in gross client loan book.

Cirralto Limited (**ASX: CRO, "Cirralto" or "the Company"**) is pleased to release its quarterly activity and cash flow report for the quarter ended 31 December 2021 (Q2 FY22).

LENDING UPDATE

The addition of non-banking lending has strengthened the Company's product suite as it seeks to "weaponise" the software through its ability to assist customers to manage their cash flow and liquidity, with both payment and lending solutions delivered via the Spenda product suite.

These efforts delivered lending growth of 71% (since the acquisition of Invigo in August 2021) at an average yield of nearly 19%. Average yields of circa 25% can be achieved when loan repayments are made via credit card, as the combined business grew and integrated B2B lending solutions for cross-border and domestic business-to-business trade in various verticals.

International Lending

In December 2021 the Company funded its first global Buy-Now, Pay-Later (“BNPL”) transaction between Australia and China, delivering on the agreement signed with Tyler James Pty Ltd (“**James Tyler**”) and Fresh Supply Co Pty Ltd (“**Fresh Supply Co**”) in November 2021.

The funding, provided through an extended evidence-based approval matrix, delivers certainty to both the quality of produce, coupled with payment and supply-chain certainty between the Chinese buyers and the Australian producers.

At the end of the quarter, James Tyler has drawn down an initial A\$124k from their approved A\$2m facility, enabling them to fund this first transaction, relating to the export of New South Wales nectarines and plums to China.

The success of this initial transaction through the BNPL cross-border network is now expected to be extended to the second phase in the March 2022 quarter, to support air freight sales of produce ahead of Chinese New Year.

The Company anticipates expanding this service and related lending facilities and will update the market accordingly.

Agricultural Lending

During the quarter, the Company signed a binding agreement with Australian Agri Finance (“**AAF**”) and its parent company In Front Australian Business Solutions Pty Ltd (“**In Front**”) to deliver farm enhancement lending and input financing.

The In Front group of companies is based in Perth and Adelaide. They specialise in Equipment and Agri financing and have a large portfolio of more than 2,000 customers across Australia.

AAF will work with Cirralto to refer pilot farms for the Company’s Carbon offset finance products.

The first three successful referrals have resulted in customer transactions and contributed to revenue and cash receipts in the current quarter.

The agreement follows Cirralto's strategic loan funding investment announcement in April 2021, where loans made to Invigo pre-acquisition were used to establish this relationship.

To manage the Company's growth in Agricultural lending, Cirralto has appointed Mr Andrew Negline who joined the Company on 1 January 2022 as the Head of Agricultural Lending.

Mr Negline has more than 25 years of global experience in the red meat and livestock sector and will be instrumental in aggregating demand for Cirralto's Agricultural Lending services

SME and Marketplace Lending

During the quarter the Company commenced the delivery of its BNPL services to a variety of customers including independent retailers, small boutiques and online stores.

Customer adoption was predominantly driven by eBev.com Pty Ltd ("**eBev**") and Whola to which the Company supplies business lending and funding to their customers.

The Whola agreement has been active for three months. During this time, it has created meaningful data that the Company is continuously evaluating and using to direct and refine its B2B lending solutions. This data will be used to improve the delivery and scalability of new services with marketplaces and retail customers.

PAYMENTS UPDATE

The Company has made significant software upgrades to its payment infrastructure, including the release of Pay Invoice by Link (detailed below) and completion of the Drop-in Payment Widget designed to facilitate a better digital shopping experience.

These changes continued to drive growth in payments services with a further 30% in payments income and merchant volumes during the quarter.

Additionally, the Company continues to utilise the Business Payment Solution Provider ("**BPSP**") to process customer transactions through its Accounts Receivable software, Spenda AR.

CORPORATE AND FINANCIAL UPDATE

Acquisition of Greenshoots

As announced on 14 September 2021, the Company signed a binding Share Sale Agreement ("**SSA**") to acquire 100% of the issued capital of Greenshoots, subject to the satisfaction of conditions precedent under the SSA, which the Company confirmed were satisfied. Greenshoots is a multi-lingual, multi-tenanted eCommerce platform that will complete and complement Cirralto's retail Intellectual Property and enable improvements in our go-to-market strategy with direct to market brands, retailers and retail service providers. The acquisition was completed on 4 November 2021, as announced on the ASX.

In connection with the completion of the acquisition, the Company issued a total of 24,193,548 Cirralto shares to the shareholders of Greenshoots ("**Vendors**").

Furthermore, the following Deferred Consideration Shares may potentially be issued to the Vendors, subject to achieving specific milestones:

- 24,193,548 deferred consideration shares issued upon the product launch of Spenda Pay and Desk by 31 December 2022;
- 24,193,548 deferred consideration shares upon the product launch of the Company's eCommerce product by 31 December 2022; and
- 9,677,419 deferred consideration shares upon the satisfaction of at least \$600,000 in revenue of the above products in any measurement period by 31 December 2023.

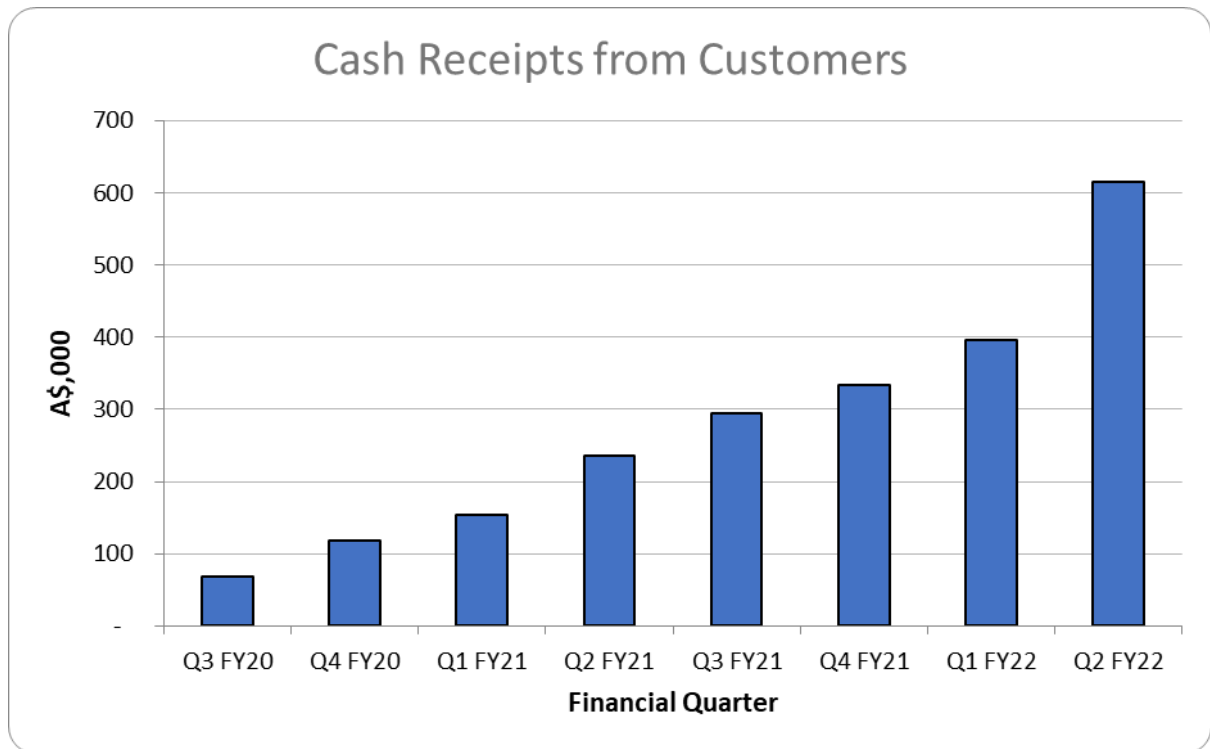
The Greenshoots team has been used as a foundation to accelerate product development and create a commercial hub in Asia.

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, delivering recurring revenue from multiple revenue streams, namely Software as a Service, Payments and Lending revenue streams.

Cash receipts from customers continued to grow quarter on quarter, with cash receipts for this quarter totalling \$615k, compared to \$396k for the 30 September 2021 quarter, representing a 55% increase.

This resulted in a closing cash position of \$13m as of 31 December 2021 plus \$8.1m in gross client loan book, representing loan capital deployed to multiple customers.



Payments totalling \$168,067 were paid directly to Mr Adrian Floate (Managing Director) in relation to directors' fees, bonus and superannuation on directors' fees.

Accrued costs of \$10,833 were recorded in relation to directors' fees for Mr Peter Richards for the quarter, and remain payable as at 31 December 2021.

Accrued costs of \$10,000 were recorded in relation to directors' fees for Mr Howard Digby for the quarter, and remain payable as at 31 December 2021.

Accrued costs of \$10,000 were recorded in relation to directors' fees for Mr Stephen Dale for the quarter, and remain payable as at 31 December 2021.

No other related party transactions occurred during the quarter.

Summary of operating expenditure incurred on business activities

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

	\$'000
Product manufacturing and operating costs	23
Advertising and marketing	125
Leased assets	3
Staff costs	1,551
Administration and corporate costs	1,218

PRODUCT DEVELOPMENT

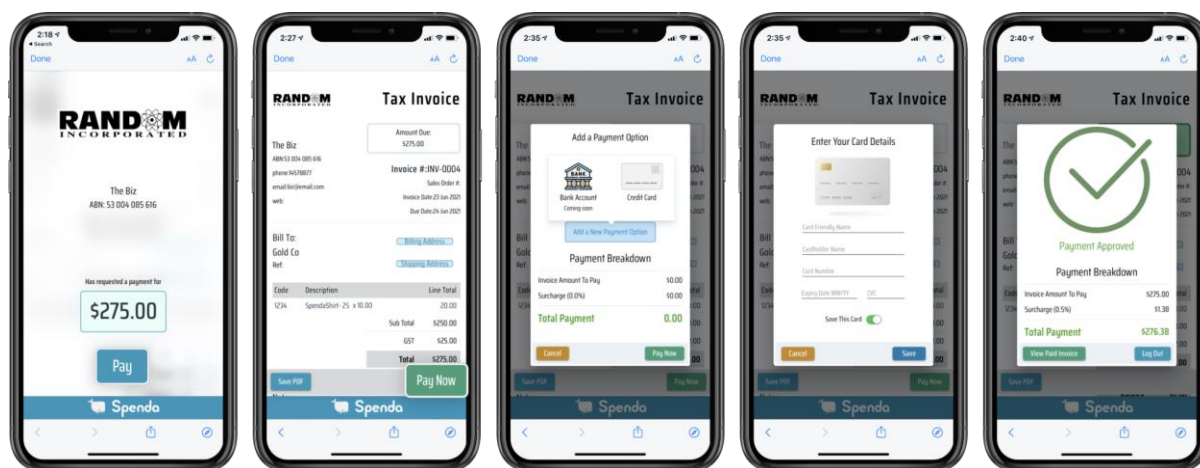
Release of Pay By Link

- Cirralto released a new, contactless payment method during the quarter. **Pay By Link** is a powerful payment tool enabling businesses to take contactless payments from customers without the need for a credit card to be exchanged or even for the customer to be physically present.
- When integrated with eCommerce, Pay By Link reduces the instance of returns or credit claims as customers are not sent the payment link until after an item has been picked, ensuring adequate stock levels to complete an order.
- Being predominantly a B2C tool for collecting payments from retail and service customers, Pay By Link introduces mainstream consumers to the Spenda suite and paves the way for the release of Spenda's wallet functionality.
- The technology underpinning Pay By Link will be used as the framework for subsequent B2B releases including **Pay Statement By Link**, which is currently being developed and is scheduled for release in March quarter 2022.

- Cirralto charges an average of 1.5% for card transactions and 0.6% for bank transfers over the Pay By Link network. Depending on the rate the Company purchases these transactions, it will generate net revenue between 0.70% to 1% from the total transaction volume, for credit card payments and a variable rate for bank transfers.

How it works

1. Once an invoice has been raised, either in the Spenda suite or directly from small businesses accounting platforms, the customer is sent an email with a unique, secure link for payment.
2. The customer clicks on the link on their phone or computer and enters their preferred payment method, either credit card or bank account. These details are tokenised and saved to make future payments quick and easy.
3. Once the customer processes a payment the business is informed, the payment is sent to their nominated bank account and a transaction is posted to their accounting system.



The release of Pay By Link expands the Company's already robust payment collection tools and provides businesses trading directly with consumers the following benefits:

- **Improving security:** Pay By Link protects a consumer from sharing personal information with third parties and removes the need to hand over a credit card or provide sensitive payment information over the phone. Additionally, Spenda has strong Anti-Money Laundering ("**AML**") and Know Your Customer ("**KYC**") procedures, as well as having Two-Step Authentication ("**2SA**") enabled on all payments.
- **Enhanced customer experience:** Pay By Link provides consumers with a data-rich platform that provides them with convenience and ease of payment. With one click they can easily see what business they are paying and view an itemised invoice so they always know exactly who they are paying and for what services. Unlike other payment technologies that are fragmented across net banking with the use of BSB payments, online credit card portals or moto payments over the phone, Spenda's Pay By Link tool provides one secure location for issuing and taking payments. The smooth payment platform is designed to make paying easy and fast, meaning businesses are paid quicker for goods and services rendered.
- **Reduce credit claims and refunds:** For businesses using an eCommerce solution, Pay By Link will reduce the instance of credit claims and returns. Once an order has been placed a confirmation is sent to the customer, but the payment collection process is not initiated until after the item/s has been picked and sent to packing. This stops consumers from paying for products that are not in stock and saves the business from having to spend valuable

time issuing returns. This functionality is especially relevant given the current uplift in eCommerce sales across Australia.

- **Cut manual data entry:** Traditional remote payments place the onus on the consumer to both identify themselves to the business collecting payment and to ensure they are paying the correct value. Pay By Link removes the need for customers to enter an invoice number or quote a reference number through the provision of a data-rich environment that securely connects and identifies the buyer, seller and the transaction value.

The commercial application of Pay By Link is many and varied. In the immediate term the Company will focus the technology on three main market segments, these are:

- **Retail service businesses:** For businesses currently issuing paper invoices or chasing up payments once a job has been completed, Pay By Link can streamline the process and deliver a link to a customer at the point a job is complete. Improving cash collection for businesses.
- **Retail businesses:** Building on the quote-to-pay functionality released in Spend's point of sale solution last year, the Pay By Link technology can be used to collect payment products without a customer needing to be physically present in the store. Pay By Link can also be used to facilitate installment payments and has applications for lay-by purchases.
- **eCommerce businesses:** For eCommerce businesses, Pay By Link can be integrated with their online store with a link sent securely to the customer once stock levels have been checked to ensure order fulfilment.

FUTURE FOCUS

The December 2021 quarter closed a foundational year for the Company and established a platform that is expected to accelerate revenue growth and offshore expansion.

The Board and Executive believe the Company is extremely well-positioned to achieve its potential and has a positive outlook for the Company in 2022 and beyond. Building on the success and milestones achieved in 2021, the focus for the beginning of 2022 is to execute and deliver on the customer and partners wins of 2021, which will then shape the remainder of the year. The Board and Executive sees this as the springboard for future growth and rolling out the Spendia product suite at scale.

The customers won to date align the Company's roadmap across all three product portfolios. Contracted customers require Spendia AR to manage their customer payment flows and are primed to upgrade their implementations to include lending. This in turn provides Cirralto with the opportunity to capitalise on its 'node to spoke strategy' by offering its customers' customers access to the Spendia product suite - a truly viral effect that is central to the Spendia Product suites design.

Ensuring the successful delivery of the current customer pipeline will:

- Provide the volume of transaction to support the debt warehouse structure and closer alignment with the card schemes;
- Align the credit and underwriting functions for debt and payment;
- Provide valuable validation of the capabilities of the Spendia product suite, as the Company seeks to partner more aggressively both domestically and abroad;

- Provide a framework for our sales and marketing teams to hunt nodes and upgrade spokes, with a composite of good data analysis and targeted offers;
- Allow the Company to scale at speed and deliver larger customers and prospects in the existing pipeline; and
- Enable the Company to accelerate recurring revenue growth in all areas (SaaS, payments and lending).

The foundation work to establish the debt warehouse was completed in the December 2021 quarter. Another key focus for the next quarter is to finalise this work, establishing the fund to satisfy current and future lending demand.

Commenting on the quarterly results Adrian Floate, Managing Director of Cirralto said, "2021 was a pivotal year for the Company, we invested significantly in infrastructure and staff, we signed critical partnerships and acquired synergistic companies that boosted the capabilities of our products and services.

"At the start of 2022, we plan on using the powerful team we have built to deliver on our current opportunities and see us through to positive cash flow and profitability. Towards the end of the year, we see ourselves starting to look to international markets, particularly Asia which we see as a great opportunity for growth as we already have a corporate structure and staff set up in the region to capitalise and deliver on opportunities as they develop."

- ENDS -



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, 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 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.

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

Investor Enquiries

Please email: shareholders@cirralto.com.au

Authorised by Adrian Floate, CEO.

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

Cirralto Limited

ABN

67 099 084 143

Quarter ended ("current quarter")

31 December 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	615	1,011
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(23)	(124)
(c) advertising and marketing	(125)	(164)
(d) leased assets	(3)	(7)
(e) staff costs	(1,551)	(3,008)
(f) administration and corporate costs	(1,218)	(2,425)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	8	18
1.5 Interest and other costs of finance paid	(139)	(219)
1.6 Income taxes paid	(690)	(930)
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	18
1.9 Net cash from / (used in) operating activities	(3,126)	(5,830)

2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	(38)	(92)
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Net Cash flows from loans to other entities	(1,944)	(2,543)
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide detail if material)	(1,000)	(71)
2.6	Net cash from / (used in) investing activities	(2,982)	(2,706)

Note to support item 2.3

The Company had a net outflow in respect to its loan book with external customers totalling \$1.9m for the quarter.

Note to support item 2.5

The Company repaid its Mezzanine debt holders in full during the quarter, with an outflow of \$1m, which will result in an immediate saving in interest repayments of \$150k per annum.

In the previous quarter, the Company assumed \$929k cash and cash equivalents on the acquisition of Invigo Pty Ltd, as announced by the Company on 26 July 2021.

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	169	183
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (Listed Option entitlement issue)	-	-
3.10	Net cash from / (used in) financing activities	169	183

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	18,972	21,386
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(3,126)	(5,830)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(2,982)	(2,706)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	169	183
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	13,033	13,033

Quarterly cash flow report for entities subject to Listing Rule 4.7B

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	13,033	18,972
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	13,033	18,972
6.	Payments to related parties of the entity and their associates	Current quarter \$A'000	
6.1	Aggregate amount of payments to related parties and their associates included in item 1	168	
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-	
Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.			
Item 6.1 relates to payments to directors, including director's remuneration, director bonus paid and director's superannuation			

7.	Financing facilities <i>Note: the term “facility” includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A’000	Amount drawn at quarter end \$A’000
7.1	Loan facilities	10,000,000	4,317,317
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	10,000,000	4,317,317
7.5	Unused financing facilities available at quarter end	5,682,683	
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
	<p>\$10m unsecured facility with Moneytech Finance Pty Ltd with a margin rate of 1.91% per annum plus the base rate of 6.27%, and a monthly line fee of \$6,475 at a term of 36 months.</p> <p>\$1m funding from various Mezzanine holders, with an interest rate of 15% per annum, was repaid during the quarter and included under section 2.5.</p> <p>The repayment of the Mezzanine holders during the quarter ended 31 December 2021, resulted in an immediate saving of \$150k per annum in interest repayments.</p>		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(3,126)
8.2	Cash and cash equivalents at quarter end (item 4.6)	13,033
8.3	Unused finance facilities available at quarter end (item 7.5)	5,682
8.4	Total available funding (item 8.2 + item 8.3)	18,716
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	6
<p><i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i></p>		
8.6	If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
	N/A	
8.6.2	Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
	N/A	
8.6.3	Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
	N/A	
<p><i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i></p>		

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 31 January 2022

Authorised by: Justyn Stedwell, Company Secretary
on behalf of the Board of Directors

(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.