

1 May 2018

QUARTERLY ACTIVITIES REPORT FOR THE PERIOD ENDED 31 MARCH 2018

Highlights:

- Company achieves first profit month in March 2018
- Poolbox roll-outs commence in line with successful completion of pilots
- Poolbox solution hitting the brief for customers
- Convenience retail segment shaping well as area of significant potential
- Company's target revenue for FY18 to a range of \$2.5M to \$4.5M
- Implementation capability ramp up continues

Corporate:

- \$2.6M capital raise completed in March.
- Cash Receipts of \$31,000 during the March 2018 quarter with circa \$474,000 in accounts receivable at 31 March 2018.
- \$1,829,000 cash position at 31 March 2018.

Operations Overview

Cirralto Limited ASX:CRO (**Cirralto** or the **Company**) is pleased to report that, following a transformational first half, the Company's operational performance has continued to improve in the March quarter, with a maiden profit achieved in the month of March 2018.

During the quarter, the Company continued to focus on developing the channels to market as Pool retailers operated at capacity through the summer period. This focus paid dividends with revenue through the end of February and March accounting for the majority of sales for the quarter. This also accounts for the lower cash receipts and relatively high receivables as contracts are processed at the end of each month in line with Telstra's billing cycle.

The Poolbox roll out is now in full swing with the Company leveraging its relationships with PoolTrackr, NETO, Appstablishment and Telstra to secure multisite contracts with both franchise and independent pool retail operators. The Company expects to make continuing month on month improvements in profits, with each Poolbox and retail contract having a 3 year term with annuity income of approximately 30% of gross contract value in each year. Given the nature and high customer value of



the solutions the Company expects a high rate of contract renewals and the addition of value added services to the customers as the company expands its installed base.

The company is also pleased to report early wins in the MYOB ERP channel as both customers and MYOB ERP partners have commenced the adoption of Cirralto digital commerce solutions.

During the quarter the Company commenced negotiating a further three franchise / multisite retail transactions which leverage the Company's capabilities and IP.

Whilst the Company continues to strive to achieve its revenue guidance set in Q2 the Board advises that delays in the delivery of current contracts may adversely affect the revenue for the coming quarter. Accordingly, the Board has revised revenue guidance to a range of between \$2.5M to \$4.5M as some revenue may fall into Q1, FY19.

The Board is pleased with the strong and continued growth in the Company's recurring income base which is expected to continue in this sector.

This growing recurring revenue base, coupled with the completion of the recent capital raising has provided a strong platform for further growth as the business expands and ramps up its sales and implementation capability.

The Company is also pleased to announce the appointment of several new resources to its implementation, support and sales teams. The Company has also appointed a new leader to its financial management team with Teresa Garces joining as Financial Controller.

June Quarter Plans:

- Poolbox roll out continues across Australia and New Zealand.
- Complete several new strategic digital commerce projects.
- Complete the development of new customer on-boarding and contract software to improve customer service and enable acceleration in customer acquisition.
- Progress the development of the payment services business to value add.
- Expand resources to accommodate the continuing growth in support and implementation.
- Finalise two value added service agreements to grow our average revenue within the contracted customer base.
- Develop new industry verticals for the company's solutions.

Mike Mulvey, Chief Executive Officer, commented:

"It has been a quarter of consolidation as we grow our team and prepare for strong growth. Engagement with customers remains very strong and it is pleasing to see us move from pilot to implementation phase with many of them."





“The Company’s rapid transformation is expected to continue in the June quarter as we continue to ramp up the numbers of implementations with more customers with revenues from these contracts delivered this financial year or at the start of next. This may impact the revenues for this FY18 but will give a strong kick start to FY19.

“It was extremely pleasing to reach the milestone in our business of our booked revenues exceeding our costs on a monthly basis. This combined with the recent capital raise gives us an excellent cash position to complete this financial year and launching pad into the next.”

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About Cirralto

Cirralto Limited (ASX: CRO) listed company that owns and operates technology assets and services that enable modernisation of business IT systems via the conversion, migration and management of server based legacy data and systems to the Cloud.

