CORPORATE DIRECTORY

Chairman

Peter Richards

Managing Director

Adrian Floate

Non-Exec Directors

Stephen Dale
Marcus L'Estrange

Company Secretary

Justyn Stedwell

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ASX Code

CRO

Issued Capital

Shares: 396,876,445
Options: 54.8m

ACTIVITIES REPORT FOR THE QUARTER ENDED 31 DECEMBER 2018

Operational Update

- Generated new business of $100,000
- Collected $274,000 in cash from customers

Poolbox Rollout

- 4 implementations were carried out during the quarter
- Continued development work has positively impacted implementation productivity with implementation time horizon now reduced to 10 hours

Product Development

- 4 new customers within the convenience retail and food distribution market segment in implementation phase for boxed modernisation solutions within different industry verticals

Marketing and Business Development

- Exhibited Poolbox at the US International Pool & Spa Show with over 10,000 attendees
- 8 Pilot customers engaged with Poolbox delivery in late Q1 2019
- Development work commenced to regionalise Poolbox within the North American market
- Continued evaluation of market entry strategies ahead of planned commercial rollout in late 2019

Corporate Update

- Board and executive management fee holiday to continue
- Monthly cash burn of $380,000 - increase due to one off costs of restructuring operations

Cash Position

- $22,000 as at December 31, 2018

Cirralto Limited (ASX:CRO) ("CRO" or the "Company") provides the following update on the Company's activities during the quarter ended 31 December 2018.

Operational Update

1. Operational Restructure

Changes to the Company's operating structure to reduce overheads and to streamline the roll out of its modernisation solution are ongoing. Excluding one-off restructuring costs, the changes resulted in an overall reduction in annual operating overheads of approximately $900,000. Changes included reducing non-essential Company overheads including reduction in Sydney rent costs, capping of travel costs, reduction in non-sales and product development head count, and lower legal, accounting and financial administrative fees.

The deferment of Board and executive management fees and salaries until the company moves into a cash flow positive position remains in force.

2. Poolbox Rollout Update

Development work has continued on Poolbox to incorporate customer feedback on the solution to:

- Improve the implementation process;
- Improve the user experience;
- Improve the reporting functions and capabilities required for customers to gain real-time business analytics; and
- Develop and test market value added features that will enhance the user experience.

Customer feedback has been overwhelmingly positive with the customer user experience now fit for purpose within the pool and spa industry vertical.

The Company continues to experience a high level of customer engagement and feedback, highlighting the overall drive of all stakeholders to make the Poolbox solution the pre-eminent business management solution within the pool and spa industry.

Given the seasonal nature of business activity in the Pool and Spa services industry (summer being "peak" season and autumn / winter being "low" season), the Company did not undertake any meaningful marketing activities to acquire new customers during the "peak" period of October to March. The Company will recommence its marketing and contracting of customers during the coming "low" season being March to September.

3. New Customer Product Development

The Company has continued development on several new boxed modernisation solutions for different industry verticals. User testing of these boxed solutions in new verticals commenced during the quarter and pilot trials are expected to commence in February 2019.

Further to the Company acquiring a customer in the food production vertical (with a focus on modernisation in the supply of paddock to plate technologies), the Company engaged with a further three (3) customers under a Government endorsed regional co-funding incentive scheme. These 3 customers have a similar modernisation requirement that involve custom data migration, conversion and integration between the supplier and n+1 customers (business).

These custom projects provide valuable insight in to industry verticals and enables the Company to adapt its specific "box" type software solutions suitable within that specific vertical market.

4. Marketing and Business Development

Following interest from potential distribution partners for the Poolbox solution in the US market, the Company exhibited Poolbox at the US International Pool & Spa Show – one of the pool and spa industry's largest expo's with over 10,000 attendees. The Company is pleased to report that it fielded expressions of interest from over 60 companies eager to sign up to the early adopter program, and as a result was able to:

- Gain a better understanding of the feature requirements that will enable a successful US market entry product;
- Establish relationships with major distributors in the US to support a US and North American market sales launch in late H2 2019; and
- Acquire 8 US based early adopters across California, Nevada, Arizona & Texas to undertake a pilot Poolbox program designed to test implementation capabilities, solution refinement and Poolbox delivery in H1 2019, with ongoing discussions with a further 10 potential early adopters.

This has helped the Company perfect its implementation and delivery approach in the US and North American market. The Company expects that discussions with major distributors in the US will continue during 2019 prior to the commercial launch of PoolBox.

The Company's preliminary discussions with the early adopters highlighted the uniqueness of the Poolbox solution and ready market demand and acceptance for immediate deployment.

The US and North American market seasonality is inverse to the Australian market with the "peak" season being the period April to October and the "low" season being the period October to March. Company expects to launch Poolbox in the US during the "low" season in October / November coinciding with the 2019 US Pool, Spa and Patio Expo.

The tapering off of the Australian market for Poolbox customers in October 2019 is expected to dovetail in to the planned launch of Poolbox in the US and North American market in October 2019 and the Company expects that the resource utilisation rate will remain at 100%, thereby maintaining a consistent (if not increasing) rate of implementation.

5. Operational Summary

Notwithstanding the operational restructure, operations have been progressing positively and as previously advised, the Company continues to grow its footprint into new vertical markets with a requirement for a similar vertical market solution to PoolBox.

The Company reaffirms its growth goals of achieving a rate of 45 implementations per month by June 2019 during the "low" season and are focused on improving the implementation rate and feature set so that Poolbox can be delivered more effectively, and at a faster rate than the stated 45 implementations per month.

Corporate Update

At the Company's AGM in November, approval was given by shareholders for Directors of Cirralto to subscribe for $100,000 shares at $0.031 in the September Placement. Further to the placement, the Company undertook a non-renounceable 1:8 entitlements issue at an issue price of $0.031 cents to raise up to $1.5 million. The rights issue closed on Monday 29 October and the Company accepted applications from

its shareholders subscribing for 5,806,416 shares pursuant to their entitlements and additional shares, totalling approximately $179,999.

Cash Position

Cash Receipts totalling $274,000 were recorded by the Company for the quarter. Total cash at the end of the quarter was $22,000.

Managing Director, Adrian Floate, commented:

"With the rebuilding of the Company gathering pace, I am pleased to report that the Company was able to grow its quarterly revenues by ~50%, building on our efforts in the September 2018 quarter. We continue moving in the right direction and we are confident we can continue to sustain momentum in the upcoming months.

Our continued success of "boxed" modernisation service solutions validity within individual industry sectors reinforces our business case methodology when penetrating vertical markets and we are confident that we have a sustainable growth model that can scale into different industry verticals.

The coming months are critical in our software solution commercialisation ambitions as we grow customer acquisitions across a range of market sectors and grow average revenue per customer whilst focusing on rationalising and controlling delivery and implementation costs.

I would like to thank our shareholders for their continued support."

For Shareholder contact:

Please email: shareholders@cirralto.com.au

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.