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: 525,884,983
Options: 59.8m

ACTIVITIES REPORT FOR THE QUARTER ENDED 31 MARCH 2019

Poolbox Rollout

- Successful completion of early adopter program with 10 independent retail pool stores lead to execution of PoolBox supply contract with leading independent distributor EMBU.
- EMBU contract to deliver PoolBox to 150 independent retail pool stores across Australia and New Zealand in 2019.
- EMBU contract expected to deliver a minimum ~$1M during 2019 with expected monthly recurring revenue of $82,000 by end of 2019.
- EMBU network of independent retail pool stores in excess of 500 across Australia and New Zealand.

Product Development

- PoolBox v2.0 platform launched in March.
- PoolBoxv2.0 includes numerous product and feature enhancements aimed at boosting productivity gains for the customer.
- Migration of existing customers to the v2.0 platform commenced in March.

Marketing and Business Development

- Marketing activities for PoolBox ahead of the industry "off season" have commenced.
- Discussions with US distributors to establish partnering opportunities remain ongoing.
- Software supply contract negotiations to supply PoolBox to franchise pool stores across Australia and New Zealand in 2019 remain ongoing.

Corporate Update

- Placement to raise ~$1m completed.
- Strong demand resulted in oversubscriptions of ~A$600k.
- Company undertook SPP to raise $500k from existing shareholders.
- Shareholders meeting convened in early April to approve additional placement of ~$650k plus placement of shortfall from SPP.
- Shareholders approved Chairman and Managing Director subscription for shares in lieu of accrued fees.
- Board and executive management fee holiday to continue.
- New Sales Manager recruited to service the east coast.

Cash Position

- $399k as at March 31, 2019.
- Additional ~$1.2m from Tranche 2 Placement and SPP receipted post close of March 2019 quarter.

Cirralto Limited (ASX:CRO) ("CRO" or the "Company") provides the following update on the Company's activities during the quarter ended 31 March 2019.

Operational Update

1. Poolbox Rollout Update

During the quarter the Company announced the execution of a key supply contract with EMBU Pty Ltd (**EMBU**). The execution of this contract was a direct result of the completion of a successful pilot program undertaken by the Company and EMBU during 2018 involving early adopter customer reference sites.

The early adopters provided valuable feedback in refining the PoolBox platform for the PoolBox v2.0, launched during the March quarter. Their feedback resulted in significant engineering gains drastically reducing implementation timeframes, enabling the Company to better utilise its existing resources and implement more customers in quicker timeframes. The Company expects to further reduce implementation timeframes as improved functionality (currently in development) is released.

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

EMBU's footprint stretches across Australia and New Zealand covering an independent retail network of over 500 Pool Stores. EMBU and the Company expect to supply the PoolBox solution to a minimum of 150 pool stores in 2019.

A typical independent store rollout is priced according to the below average cost structure:

- Store Implementation Fee: $5,000
- Monthly PoolBox subscription fee: $549
- Term: 36 month (early termination fees applicable)
- Store value over 3 year term: $24,750

Subject to performing its obligations under the supply agreement and rollout of the minimum 150 independent retail stores, the Company expects to generate:

- Implementation revenue of $750,000; and
- Monthly recurring subscription revenue of $82,350.

The Company expects that the PoolBox supply contract with EMBU will generate a minimum of A$1M in total revenue during 2019 with peak contracted monthly recurring revenue expected to be achieved in the December 2019 quarter.

The Parties will jointly commence rolling out the PoolBox software solution in Victoria and New South Wales in late March 2019 and push plan rollout to other parts of the country and New Zealand during the autumn and winter months.

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 has recommenced its marketing and contracting of customers during the tail end of March and expects to ramp up marketing and customer acquisition during the June 2019 quarter.

2. New Customer Product Development

The Company continues to secure customers in the food production vertical (with a focus on modernisation in the supply of paddock to plate technologies) with five (5) deployments of new boxed modernisation solutions for different industry verticals under a Government endorsed regional co-funding incentive scheme during the quarter. These 5 projects have similar modernisation requirements that involve custom data migration, conversion and integration between our Customers as a supplier and many of their commercial trading partners and consumers.

These custom projects enabled the Company to adapt its specific "box" type software solutions within the specific paddock to plate vertical market. The Company expects that the success of the initial pilot program will result in the expansion of the Government endorsed regional co-funding incentive scheme and will advise and update the market accordingly.

3. WestPay Update

In September 2018, Cirralto announced a partnership with WestPay to jointly develop an integrated merchant payments offering that comprises terminal (EFTPOS) and online payment processing services.

As part of the next phase of joint development between the Company and WestPay, the Company has engaged with key industry accredited partners that provide secure data and transaction network capabilities. This phase has several critical elements that will ultimately result in the Company being able to provide a full featured payment service.

During the quarter, via technology platforms supplied by the Company to its customers, the monthly average sales transactional value was in excess of $10m, further reinforcing the business case to enter the payments space, with the expected beta launch of the first merchant product to PoolBox customers during the June 2019 quarter. These services will be commercial offerings charged as a percentage of sale value. The offering is competitively priced and combines lower merchant fees while providing an integrated financial and cash management solution.

The Company is targeting a full commercial release of its own integrated payment services in 2H 2019 and will provide further updates as these solutions are developed and certified.

4. Marketing and Business Development

The Company commenced marketing activities for PoolBox ahead of the industry "off season" and has registered at Pool and Spa industry events to showcase the PoolBox platform, in addition to advertising in industry publications and re-engaging with customers that expressed interest in adopting the PoolBox solution in 2018, but were unable to be implemented within the timeframe as the industry swung in to gear during the summer season.

The Company continued discussions with major distributors in the US with a view to establishing partnering opportunities for the distribution of PoolBox in the US ahead of the launch in the US during the "low" season in October / November and which coincides with the 2019 US Pool, Spa and Patio Expo.

5. Quarter in Review

Operations have been progressing positively despite the traditionally quiet (holiday) months of January and February. The Company commenced PoolBox marketing activities in late March as the pool industry vertical continued to experience strong business activity with a longer warmer season.

Applied engineering improvements to the v2.0 PoolBox platform has resulted in significant implementation gains and improved customer experience and the Company is confident of achieving a rate of 45 implementations per month currently and improving to a faster rate than the stated 45 implementations per month.

Several regional paddock to plate projects funded under the Government endorsed regional co-funding incentive scheme were completed and the Company is now readying itself to scale delivery of more of these projects during 2019 as more businesses are approved under the scheme initiative. The Company anticipates a significant increase in the revenue contribution from this segment during 2019 and into 2020 due to the expansion of the scheme.

Corporate Update

Placement

The Company completed a bookbuild to place approximately 167 million new shares at an issue price of A$0.0095 to raise up to A$1.6m million (before costs).

The Placement was oversubscribed, with strong support received from sophisticated investors, as well as several existing shareholders. Certain members of the Board and executive management team participated in the placement.

In addition to the placement, the Company undertook a shareholder purchase plan (SPP) to raise up to $500,000 on a first come, first served basis to enable participation by all eligible shareholders for an amount of up to $15,000 per shareholder. Shareholders subscribed for 29,789,471 shares under the SPP to raise ~$283k.

The shares issued under the Placement fell within two tranches:

Tranche 1: shares were issued pursuant to Listing Rule 7.1 and Listing Rule 7.1A:

- 59,531,427 shares were issued under ASX LR 7.1; and
- 39,687,067 shares were issued under ASX LR 7.1A

And

Tranche 2: 70,053,500 approved at a meeting of shareholders in early April 2019.

Funds raised pursuant to the Placement and SPP will be utilised for general working capital purposes to support the rollout of the Company's PoolBox software solution across Australia and New Zealand and for further development work relating to the Australian certification of the Company's payments solution in partnership with Westpay.

The deferment of Board and executive management fees and salaries will continue until the Company moves into a cash flow positive position.

Less that Marketable Parcel Sale Facility

The Company announced a less than marketable parcel sale facility for holders of less than marketable parcels of the Company's shares.

This facility is open to shareholders who (at 7pm AEDT on 13 March 2019 - Record Date) held 49,999 fully-paid ordinary shares or less with a value of less than $500 based on the closing price of $0.01 on the Record Date. This represented 6,617,282 ordinary shares held by 1,212 shareholders.

By facilitating this sale, the Company expects to reduce the administrative costs and to provide an opportunity to investors with small holdings, who may find it difficult or expensive to dispose of those shares through normal means, to dispose of their small holdings in a cost-effective manner.

Resourcing

The Company added an additional senior sales resource to service the eastern seaboard. This welcome addition to the sales team adds over 10 years sales experience, specifically within the technology / start-up sector with specific experience in dealing with service and service related businesses; highly applicable to the Company's platform technologies and target vertical markets.

Cash Position

Cash Receipts totalling $235,000 were recorded by the Company for the quarter. Total cash at the end of the quarter was $399,000. An additional ~$1.2m from Tranche 2 of the placement and from the SPP were received post close of March 2019 quarter.

For Shareholder contact:

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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.