

CORPORATE DIRECTORY

Chairman

Peter Richards

Managing Director

Adrian Floate

Non-Exec Directors

Stephen Dale
Howard Digby

Company Secretary

Justyn Stedwell

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ASX Code

CRO

Issued Capital

Shares: 1,177,573,072
Options: 145,300,000

ACTIVITIES REPORT FOR THE QUARTER ENDED 30 JUNE 2020

Highlights

- Transition from a SaaS company to Business Payments Service Provider (BPSP) has progressed.
- SpendApp platform launched in the Apple App store and Xero App Marketplace.
- SpendApp Payments platform launched to first customers in March.
- 73% growth in cash collection.
- NET operating outflows reduced by \$518,000.
- 396% growth in Average Revenue per User (ARPU).

Operational

- Virtual Workplace – annual operational savings up to \$400,000.
- First SpendApp customers live and transacting.

Corporate

- Reduction in operating overheads continues in light of adverse market and economic conditions.
- Merger transaction timetable has been agreed.
- \$600,000 Convertible Security Funding Agreement entered in to with key shareholders.

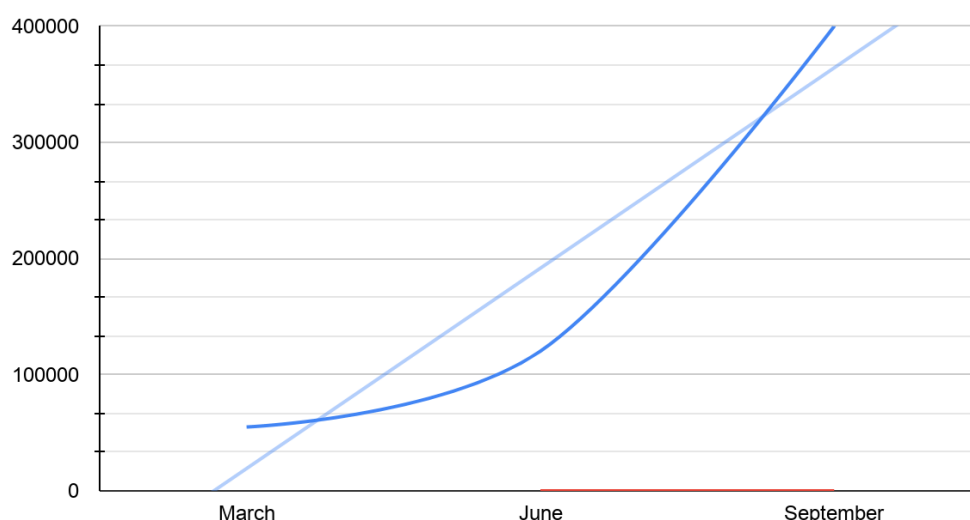
Cash Position

- Cash receipts \$118,000 recorded in the quarter.
- Cash balance of \$272,000 as at June 30, 2020.
- Working capital facility of up to A\$769,926 available.

Cirralto Limited (ASX:CRO) ("CRO" or the "Company") is pleased to provide an update on the Company's activities for the quarter ending 30th June 2020.

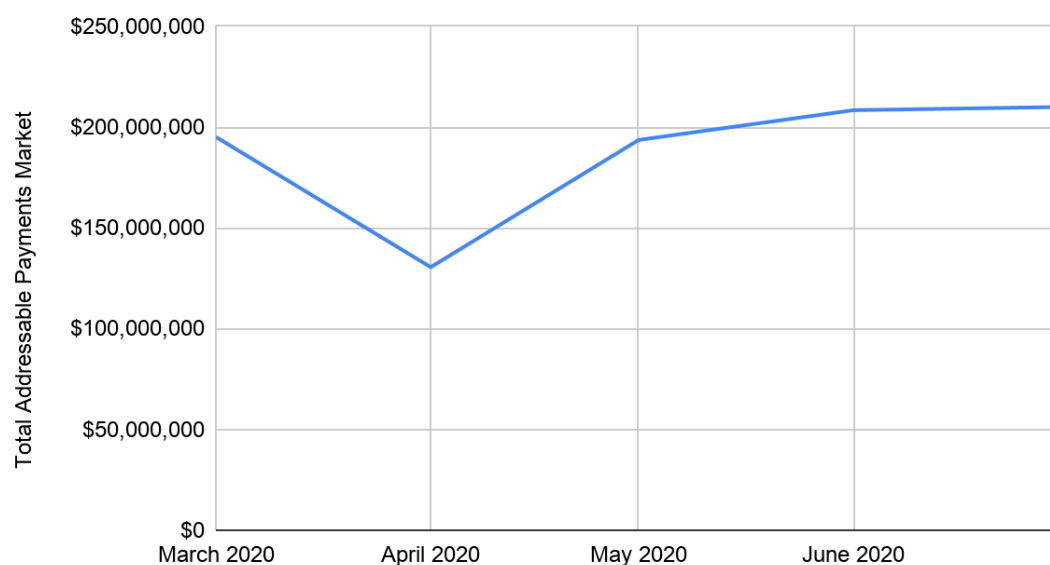
The quarter started on the back of a pervasive downturn across the economy, which saw revenues fall 48% in April following a decline of 58% in March as our customers closed down, Boards cancelled or delayed projects and the general economic outlook continued to be bleak.

COVID Revenue Trend



However, in May, the market began to recover which resulted in a sharp 398% increase in ARPU and a general revival in our customers sales revenues. Our network experienced over \$200 million in monthly sales transactions by value in June, a sharp rise from April where sales fell below A\$150 million.

COVID - Addressable B2B Payments Market Impact



Explanation of Terms

ARPU – the acronym ARPU, means Average Revenue Per User. For the purposes of this announcement it has been calculated by dividing total earned revenue for a period by total software licensees.

Total Addressable Payments Market – for the purposes of this announcement the total addressable market has been calculated by sum the total value of all sales invoices raised by licensees.

Total Customers – for the purposes of this announcement, total customers are calculated by summing the total number of businesses of any kind who have a valid software license.

Total transactions – for the purposes of this announcement, total transactions are calculated by summing the total number of customer sales, purchase, credit and payment transactions in the period.

Operational Update

1. Virtual Workplace

The Company's core business functions continue to operate as normal, with the Company transitioning to a remote working model to comply with social distancing requirements. The Company experienced a sustained productivity increase allowing it to transition to a virtual business. Office locations in Perth and Sydney were closed resulting in an annualised saving in the up to \$400,000 for the merged business.

The Company has no plans to reopen traditional office locations and is exploring new and innovative models to support its continued growth.

2. Spendapay

The Company and Appstablishment announced that our first Spendapay customers were live and transacting. Specifically, the Company launched its Spendapay payment platform with the following solutions for customers:

- an integrated EFTPOS offering bundled with Spendapay; and
- a Virtual Pin Pad service for processing online payments via phone or eCommerce.

These payments services enable Cirralto to charge customers merchant fees on a sliding scale, with the base blended merchant fee being 1.5% of the invoice value.

With the COVID-19 pandemic disrupting aspects of the retail payments system, merchants and consumers have changed their payment preferences and their mode of interaction. This has resulted in a rapid uptake of digital, contactless payments, with many merchants making it clear that contactless payment is the preferred mode of transacting, even for low- value payments. Further, there has been a significant shift to online shopping and digital payments.

Significantly, the Company's technology suite and payment capabilities are well positioned to cater to these changing customer needs and just as important in these trying times, provide cost savings for customers when they utilise the Company's merchant service payment product, Spendapay.

The Company's development initiatives aimed at providing direct-to-consumer technology services, enabling businesses that were not eCommerce ready to transact with retail consumers direct, continues

to yield results with the Company currently implementing a number of eCommerce business initiatives with customers in the pool industry vertical.

3. Product Development

During the June quarter, the Company expanded its footprint in the payments industry to grow its product capability, improved its margins and enabled integration with OpenBanking platforms and Australia's New Payments Platform "NPP". The Company is engaged in active negotiations with card scheme providers and expects to broaden its reach and capabilities in the payments sector.

Further, development in the quarter was focused on certification and commercial release of SpendaCollect. The Company anticipates the work completed during the quarter will generate significant revenue growth.

In addition, further works were carried out to improve the Company's data security and platform scaling capacity. Independent specialists were engaged to undertake security testing to confirm no significant security vulnerabilities or threats. The Company is focusing resources on this area as we look towards expansion in 2020.

4. Marketing and Business Development

Towards the end of the quarter, the business began actively implementing its channel, inside sales and marketing strategies. These focused on a composite of:

- digital acquisition of leads via LinkedIn, Instagram, Twitter, Facebook and industry publications;
- thought leadership articles positioning us as experts in the business payments space, including coverage in the West Australian and the Australian Institute of Credit Management Magazine;
- upgrading payments services within our existing customer base;
- channel development with new resellers in a variety of verticals;
- software driven upgrades that create structured customers referrals and expand our overall network.

The Company is actively able to exploit its clear competitive advantages with integration, payment flexibility and the delivery of digital business outcomes.

Planned marketing activities for the launch of the Spenda platform across the various App marketplaces such as the Apple App Store and the Xero Apps Marketplace, were postponed during the quarter due to the economic downturn. Our digital marketing campaigns, recommencing next quarter, aim at acquiring customers who are seeking cost-saving efficient business options and / or to transition to digital trading and payments solutions.

In light of the continued travel restrictions, planned attendance at retail industry conferences across Australia during the coming months have been cancelled. All articles and product showcases will be published on the Company's product websites and social media platforms at @GetSpenda and @Spenda

Corporate Update

A\$600,000 Funding Facility

On June 15, 2020, the Company announced that it had entered into a Convertible Security Funding Agreement (Funding Agreement) with key major shareholders. Under this Funding Agreement, the Company received \$600,000 as an advance against unsecured convertible notes. These funds will be

applied towards continued development of the Company's projects, in addition to general working capital purposes.

Details on the Funding Facility can be found on the ASX Company Announcements section or on the Company's website.

Acquisition Update

The Company and its proposed merger partner, Appstablishment, continue to work together to complete key compliance items necessary to finalise the acquisition of Appstablishment by the Company.

Given the complexity of the transaction and continued disruption to professional services, the completion of the relevant documentation has been delayed. The Company now expects to complete the acquisition according to the revised timetable below.

As previously stated, the merger will deliver in excess of ~\$1 million in Research and Development grants in FY2020, in addition to ~\$500,000 in annual sales and a reduction in duplicate overhead costs to the business.

Managing Director Adrian Floate said "The acquisition of the Appstablishment group, currently our software partner, is a marriage made in heaven."

"Cirralto will get a huge technology uplift and a ready-made development team that works really well with the existing business resources," he said.

"To build a development team of the calibre we are acquiring would easily cost seven figures on recruitment fees and talent sourcing."

Proposed Timetable*

Event	Indicative Date
Announcement of Appstablishment acquisition	5 December 2019
Dispatch of Notice of Meeting and Independent Expert Report to Shareholders	By 31 August 2020
Date of Shareholders Meeting to approve acquisition	By 15 October 2020
Completion of acquisition	By 30 October 2020

*This timetable is indicative only and may be subject to change.

Cash Position

Cash receipts for the quarter totalled A\$118,000 and total cash at the end of the quarter was A\$272,000 as the business continued to roll out Spenda products and make the transition to a Business Payments Service Provider.

Available funds at the end of the quarter via undrawn facilities total \$769,926.

The deferment of Board fees paid in cash continued during the quarter and will be reviewed by year end. Managing Directors salary during the quarter is stated in item 6.1 for the Company's Appendix 4C.

Managing Director Adrian Floate said, “The June 2020 quarter has delivered a set of great results and leading indicators give us great optimism for the coming quarters.”

“I firmly believe that 2020/21 will be a pivotal year for the Company as we re-position the business as a payments service provider which leverages our innovative software and allows us to gain significant footing in a relatively untapped area,” he said.

Authorised by the Board of the Company on 31 July 2020.

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For Shareholder contact:

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About Cirralto:

Cirralto Limited (ASX: CRO) is an ASX listed company that specialises in Business Payments products and solutions. Cirralto delivers collaborative digital commerce solutions to enable the effective and seamless transfer of data from multiple, disparate software systems in one standardised technology solution. 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 and @Spenda , active on Twitter, LinkedIn, Instagram and the Facebook.