cirralto

MERCHANT PAYMENT SERVICE CERTIFIED FOR RELEASE

Highlights

Cirralto Limited (ASX: **CRO** or the **Company**) is pleased to announce the release of Cirralto's merchant payment service. As a result, Cirralto can now offer both EFTPOS and online payments services to its customers. This is another significant milestone in the development of the Company.

- Customers will be able to self-install and configure their payment services within the Spenda interface.
- Self-onboarding will reduce implementation time for customers, paving the way for large scale adoption of the Spenda + payments bundled services.
- Customers can apply for the payment service and perform Anti Money Laundering (AML) / Know Your Clients (KYC) compliance online.
- The EFTPOS services will be targeted at small businesses and franchise groups with card sales of between $500,000 and $2,000,000
- Net Merchant Income per Customer is expected to be between $200 to $1500 per month.
- The Company will cross sell and market its payment solutions to both its own and Appstablishment's existing merchant base of over 20,000 businesses.
- Sale of the payment services will be focused towards the Xero Marketplace channel.
- A targeted low cost customer acquisition model will be implemented through new "land and expand" product marketing campaigns.

CORPORATE DIRECTORY

Chairman

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Managing Director

Adrian Floate

Non-Exec Directors

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ASX Code

CRO

Issued Capital

Shares: 823,360,099
Options: 84,500,000

The Board of Cirralto Limited (ASX: CRO) ("CRO" or the "Company") is pleased to provide the market with the following update on its business.

Cirralto Merchant Payments Service

Cirralto and Appstablishment have completed the integration of their payments product offering with the Spenda platform. The first customers are expected to be onboarded and live by the end of March, early April 2020.

The certification and approval was a significant achievement in integrating the Spenda platform with a payments terminal. The Appstablishment development team had to overcome numerous technical and security requirements to ensure the final product complied with extremely high banking and regulatory security standards.

Specifically, the Company will launch its payments service with the following:

1. An integrated EFTPOS offering bundled with SpendaPOS;
2. An eCommerce payments service;
3. An integrated statements based payments service enabling customers to pay their outstanding invoices in Xero, MYOB and Quickbooks.

These significant capabilities are a result of months of development, beta testing, security testing, infrastructure setup and careful planning by the team.

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

Cirralto will offer customers acquiring and card processing for the following schemes:

- Mastercard
- Visa
- EFTPOS
- American Express
- UnionPay
- ApplePay
- SamsungPay
- GPay

Customer Case Study:

Analysis of an existing customer's total card sales transactions (EFTPOS, Visa, Mastercard and American Express) over an 8-month period (01 July 2019 to 17 February 2020) – total card transactional value $1,121,914.00.

Applying the base merchant fee rate of 1.5%, total revenue on merchant fee income is $16,830 for the ~8-month period (or ~$25,000 annualised).

In addition the monthly Software as a Service (SaaS) revenue for this customer is $499/month or roughly $6,000 per annum.

The Company expects that with the addition of the merchant payment services, gross customer revenue will grow by ~85% (low case) to up to ~400% (high case) based on customers with total card transaction value between $500,000 to $2,000,000.

Marketing Activities

The Company has commenced marketing activities for the launch of payments across multiple digital mediums. The Company will initially be offering this service to its existing customer base within the pool industry. They will then be conducting marketing campaigns in conjunction with Appstablishment, to market the payment service to Appstablishment's customer base in the automotive market and fast moving consumer goods (FMCG) category.

Appstablishment's software manages transactions with over 20,000 businesses across these markets. It is worth noting gross transaction revenue between October 1 2019 and December 31 2019 from Appstablishment's current business to business customer network was over $500m. This is a key marker, given Cirralto's payments products will be marketed to Appstablishment's customer base and attract merchant fees that are calculated as a percentage of customers revenue through the service.

The Company and Appstablishment will showcase their products during the coming months and marketing information will be showcased on the Company's product websites and social media platforms at #getSpenda.

Cirralto Managing Director, Adrian Floate, commented:

"The payments launch coupled with the recent release of Spenda in the Xero Marketplace and the Apple App Store , places the Company in a strong position to grow and scale its business. With these recent product launches, I am excited by the prospect of acquiring customers with a complete software and service offering. I am very proud of the team's tenacity and the effort displayed to release this major capability".

Authorised by the Board of the Company.

17th March, 2020

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Investor Inquiries

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About Cirralto:

Cirralto Limited (ASX: CRO) is an ASX listed company that owns and licenses 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.

Cirralto supplies its customers a recipe of integrated software to create a vertical market standard operating environment (SOE) that enable the effective and seamless transfer of data from multiple, disparate software systems in one standardised technology solution, such as SpendaPool. 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.