

ASX RELEASE

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STRATEGIC LOAN FUNDING ARRANGEMENT TO UNLOCK B2B PAYMENT AND POINT OF ACTIVITY LENDING OPPORTUNITIES

Key Highlights

- Cirralto provides a fully secured \$2m strategic loan to Fintech lender, Invigo, to extend strategic commercial funding programs, unlocking multiple commercial payment and point-of-activity lending opportunities
- Funding enables Invigo to leverage its existing capital structure and provide additional lending to existing and new customers
- Concurrently, the parties will commence a broad pilot program with several retailers and manufacturers, including several hundred trading partners
- The loan funding provides the necessary seed funding to support the deployment by Invigo of Business-to-Business Buy-Now, Pay-Later and Pay by Instalment products (using Cirralto's SpendaCollect product) across the pilot customer base
- The pilot is expected not only to stress-test SpendaCollect in various lending and payment scenarios, but also to deliver Cirralto three discrete income streams

Cirralto Limited (ASX: **CRO**, "**Cirralto**" or "**the Company**") is pleased to announce that it has entered into a strategic loan funding agreement ("**agreement**") with Invigo Pty Ltd ("**Invigo**"), which is expected to unlock multiple payment and point-of-activity lending commercial opportunities. The agreement has been executed following several months of negotiations and builds upon the Partnering Agreement entered with Invigo in August 2019.

Business synergies

Invigo is a Sydney-based Fintech business that provides easily accessible business finance and business management tools. It offers a variety of solutions that enable buyers and sellers to improve their cash flow and gain access to credit solutions to better run their business.

Invigo's fintech platform offers businesses an integrated supply chain funding solution aimed at accelerating the settlement of payments between buyers and their suppliers. Invigo's platform is targeted at customers with a similar business profile to Cirralto's customers and equally, Cirralto's vertical market technology solutions are directly applicable to Invigo's customers.

Loan agreement

Under the agreement, Cirralto will provide a secured strategic loan to Invigo of \$2m on a 6-month term from the date the loan funds are advanced. Based on the applicable overall interest rate of 10.25% under the agreement, the loan will provide an annualised return on investment to Cirralto of approximately \$205k per annum.

Security has been provided against all company assets and the invoice receivables the loan is being utilised to fund. In addition, Cirralto has directors guarantees for all borrowings.

The funding provided by Cirralto enables Invigo to leverage its existing loan facilities and broaden its debt pool on a 10:1 basis. The additional \$20m+ capital pool to which Invigo will consequently have access will be used to provide liquidity to the trading community and support extending credit terms to buyers, with immediate settlement to the supplier.

Furthermore, the loan funding provided by Cirralto will provide the necessary seed funding requirements to support the provision by Invigo of Business-to-Business Buy-Now, Pay-Later (“BNPL”) and Pay by Instalment services (using Cirralto’s SpendaCollect product) across the pilot customer base contemplated below.

Pilot program

Concurrent to providing the loan funding, the parties will commence a broad pilot program with a number of retailers and manufacturers, which include several hundred trading partners.

Phase 1 of the pilot program will be delivered to a control group of ~200 wholesalers, manufacturers and retail businesses who trade regularly. Following the delivery of successful Phase 1, the program will be extended to a much larger base of ~2700 wholesalers/manufacturers and retailers. The pilot is expected to run for up to 3 months and go into full commercial release Q3 of 2021.

During Phase 1, Cirralto will provide the Business-to-Business BNPL and Pay by Instalment functionality through SpendaCollect, to enable retailers to purchase from their suppliers with extended trade terms. The pay-later services will be accessible as a payment option at the point of purchase for any buyer who has been credit approved.

The deal is a significant development for the Company, as it provides a mechanism for commercialising the Company’s Business BNPL functionality and will in addition provide an opportunity for the Cirralto team to assess, in a controlled environment, on-boarding requirements, commercial load, establish transactional peaks and other benchmarks that will enable the Company to better shape the delivery of similar types of services to broader markets.

The pilot alone is expected to deliver Cirralto approximately \$200,000 during the 6 month loan period and \$400,000 in annualised revenue including interest income from the loan, payment fees from transaction processing and transaction lending fees. The income streams from lending are

complementary to Cirralto's existing income stream and are anticipated to enable consistent increases in the Company's average revenue per user ("ARPU").

Cirralto's CEO and Managing Director, Adrian Floate said "this is a big step for us as a business and comes at the end of a long road of collaboration with Invigo that was interrupted by COVID. We will use the pilot to perfect our delivery of lending solutions at the point of payment within the SpendaCollect and SpendaPay products."

Invigo's Managing Director, Andy Hilton said "partnership with Cirralto and access to the funding potential available within their customer base has significant strategic benefit to Invigo. The loan funds provided by Cirralto and our ability to leverage them for the parties' mutual benefit represents perfect alignment in our broader business goals and enables us to deliver further monetisation of their technology."

About Invigo

Founded in 2017, Invigo is a Fintech firm based in Sydney with 6 full time employees. They offer buyer and seller-initiated invoice finance. For the seller, this can be used as a tool to extend credit to customers and drive cash flow. For the buyer, it can be used to create liquidity in their business and smooth lumpy expenditure profiles.

The Invigo customers and channels perfectly complement those of Spenda with the same opportunity to sell up and down the supply chain. Invigo style services are clearly in demand from Cirralto's current and targeted customers.

About Spenda

Spenda delivers a fully integrated digital payment and business software solution that enables businesses to transform with fast, error-free digital efficiency. It embodies Cirralto's mission to fundamentally change the way people do business by delivering digital tools that streamline business processes and improve efficiency and payment practices.

The Spenda solution includes real-time digital business payment services, debt collection software, a dynamic POS and inventory management system, eCommerce and catalogue sharing, as well as service management solutions – all of which can seamlessly integrate into any existing accounting, financial or ERP management system.

Our engine can "push and pull" business data such as debtors, creditors, inventory and transactions (purchase orders, invoices, credit notes, etc.) in real-time or based on user-driven events. Through Spenda, Cirralto allows businesses to do the job once, with no double data entry and removes manual, paper-based processes that are time-consuming and prone to errors.

Authorised by the Board of Directors.

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About Cirralto

Cirralto Limited (ASX:CRO) is a transaction services business supplying industries with a broad range of B2B payment services, digital trading software and integrated solutions. Our goal is to convert eft payments to card payments utilising the BPSP engagement coupled with our payments collaboration framework. Our competitive advantages deliver customers end-to-end e-invoicing integration, rapid ordering, digital trust and automated reconciliation.

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

For more information, see <https://www.cirralto.com.au/>

Investor Enquiries

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