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ASX ANNOUNCEMENT

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MOTOPIA TO ACQUIRE CLOUD DATA MIGRATION TECHNOLOGY AND SERVICES PROVIDER CIRRALTO BUSINESS SERVICES PTY LTD

HIGHLIGHTS

- **Motopia signs binding agreement to acquire cloud technology and services provider Cirralto Business Services Pty Ltd.**
- **Cirralto's data conversion technology targets on-premise accounting systems updating to cloud accounting platforms.**
- **Cirralto's data migration and conversion technology and service complement Motopia's existing portfolio of data migration technologies and align with Motopia's company strategy.**
- **Motopia and Cirralto have jointly marketed their data conversion and migration technology services to prospective customers over the last 18 months.**
- **Consideration for the transaction is the issue of 132,500,000 new Motopia shares to Cirralto shareholders.**
- **Cirralto is forecast to generate A\$1M revenue in FY2017, providing immediate cashflow for Motopia.**

Motopia Limited (ASX: **MOT** or **the Company**), is pleased to announce it has executed a binding agreement (**the Agreement**) to wholly acquire Cirralto Business Services Pty Ltd (**Cirralto**) (**the Transaction**).

Cirralto is a technology solutions provider and owner of the Flashconvert technology solution. Flashconvert is a migration service that migrates legacy, on premise accounting data files to cloud accounting platforms. The Flashconvert migration tool reads, converts, cleans and writes the data from a source accounting platform to the destination cloud accounting service.

Cirralto provides technology consulting services to businesses looking to enable mobility in their workforce and migrate their technology to cloud platforms. Cirralto's business has been growing considerably, with FY2017 revenue expected to exceed A\$1,000,000. Cirralto's business model is completely aligned with the Company's vision of legacy data migration, with Flashconvert technology complimentary with the Company's existing 2SQL and MU2 data migration technology offerings.

Motopia's relationship with Cirralto has been longstanding with the parties working together since December 2014, when the Company announced that it had signed an agreement with Cirralto to commercially deploy the Company's data migration software (the 2SQL platform) via the cloud. Since that time, the Company and Cirralto have worked collaboratively to acquire customers and promote a joint technology services offering.

Cirralto was engaged to develop and manage a cloud based software tool that enabled users to upload and convert their data and software using Motopia's 2SQL application whilst also providing dedicated helpdesk and support services to Motopia's 2SQL customers. A merger of the Company's technology with Cirralto's technology and services is expected to provide significant growth and revenue opportunities for the merged company and result in value accretion for shareholders. The Company expects no immediate changes to its current operating structure.

The Transaction consideration for Cirralto is proposed to be an issue of 132,500,000 fully paid ordinary shares (post consolidation) in the Company.

About Cirralto

Cirralto is a technology solutions specialist that provides technology enablement services to customers to fulfil their digital and eCommerce ambitions to better compete in the global marketplace, open new markets and acquire new customers.

Cirralto's enablement skills and service assists customers in moving their legacy data from older on-premise operating systems; customer relationship management systems (CRMs); and on premise financial reporting platforms to cloud solutions such as Xero and to the more robust enterprise resource planning (ERP) systems such as Microsoft Dynamics.

Cirralto has developed a data migration platform which takes customers from on premise accounting platforms to cloud accounting platforms. The platform, known as "Flashconvert" allows businesses or their accountants to upload legacy data files for conversion to cloud accounting platforms (www.flashconvert.com).

The advent of cloud accounting platforms such as Xero has resulted in a huge demand for conversion of on-premise data migration to cloud accounting platforms. To service this growing market need for data conversion and migration to cloud, Cirralto has developed Flashconvert, an automated service that enables customers (accountants; book-keepers or businesses direct) to upload a backup file of their financial data to an online cloud service that converts the data to a format that is compatible with the desired cloud accounting platform such as Xero.

The Flashconvert service harvests the data from the backup, runs a background processing tool that converts the data in to a compatible format with the destination system; identifies conversion errors via an online visualisation tool prior to posting allowing the customer to correct errors so that the new environment is correctly reconciled from the start.

Flashconvert currently supports conversion services to Xero only and is a conversion services partner of Xero.

In addition to the Flashconvert technology, Cirralto provides customers with technology consultation and enablement services. Cirralto's technology specialists cover the following:

- legacy and data migration;
- enterprise software implementation;
- eCommerce enablement and web development;
- digital and apps integration solutions; and
- help desk and support services.

Cirralto has successfully implemented numerous eCommerce web stores; cloud enabled CRMs; and ERP implementations, either individually or bundled via and integrated offering to customers. Whilst the customer pays for the 3rd party technology systems, Cirralto receives a reseller margin and generates significant revenue from labour and consultative services, wrapped in a SaaS and support model with monthly recurring revenue.

Cirralto's target segment where its services can provide the most benefit to customers is in the small to medium enterprise segment; buying groups; wholesale distributors and franchise groups. It is currently engaged with one franchise group with over 250 stores nationally to deliver a cloud migration and eCommerce enabled solution to its owned and franchisee stores.

Additionally, Cirralto has engaged in discussions with 3rd party technology and software vendors to form partner alliances and become accredited resellers and enablement partners of 3rd party ISV (integrated software vendor) products and services, and is currently in advanced discussions to become an enablement partner with an emerging eCommerce technology provider to rapidly deploy eCommerce migrations and enablement services on behalf of the vendor.

Since its inception, Cirralto has generated over A\$500,000 in revenue and is forecast to generate A\$1,000,000 in revenues for FY2017.

Motopia and Cirralto

In December 2014 the Company contracted Cirralto to provide dedicated technical development, sales, helpdesk and support services to 2SQL customers utilising the cloud environment and deliver both technical and sales expertise on behalf of the Company. Since the launch of the CU2 platform, the Cirralto's technical and sales staff have assisted the Motopia in:

- (a) developing and managing a cloud based software tool that enables customers to upload and convert their data and software using the Company's 2SQL application;
- (b) the roll out of the CU2 platform for a range of migration solutions; and
- (c) entering in to reseller agreements with third party cloud service and data migration vendors to expand the reach of the Company's conversion technologies,

This allowed the Company to have a solid platform of technologies and IT resources and expertise to underpin growth and revenue initiatives for 2016 and beyond.

The merger of the two businesses was driven by Motopia and Cirralto identifying the customers of each business requiring both business' data conversion and migration technologies to enable a complete business modernisation to be cloud enabled.

The prospect of both parties being able to market their platforms to each others customers is expected to provide significant synergies and provide a value uplift to existing shareholders and further leverage the Company's value proposition in data conversion and migration services.

As there is no change to the nature of the Motopia's activities, nor the Company's main undertaking of technology and software development in data migration and conversion solutions, the Transaction is consistent with the Company's objectives to become the premier data migration and conversion solution specialist. The activities of Cirralto are entirely complementary to the Company's current legacy data conversion assets and the merger of both parties products/technologies allows the combined entity have an expanded and more complete data migration offering.

Transaction Terms and Consideration Payable

The consideration payable for Cirralto is proposed to be an issue of 132,500,000 fully paid ordinary shares in the Motopia (**Consideration Shares**), to be issued on completion (and post the Company completing a 100 for 1 share consolidation).

Whilst the terms of the agreement are binding, completion is conditional upon the satisfaction (or waiver) of the following conditions precedent on or prior to 31 March 2017:

- (a) the Company being satisfied with the results of its final due diligence on Cirralto;
- (b) Cirralto being satisfied with the results of its final due diligence on the Company;
- (c) Cirralto Shareholders accepting the offer in respect of their Cirralto Shares within 30 days after the execution of the Heads of Agreement with the Company;
- (d) Approval by the shareholders of the Company for all purposes at a General Meeting in accordance with the ASX Listing Rules and the Corporations Act (including Section 195(4), Section 208, Section 254H and Item 7 of Section 611 of the Corporations Act);
- (e) each key management personnel of Cirralto entering into an employment contract with the Company (or its nominee) on terms and conditions mutually agreeable between the parties;
- (f) the Company complying with ASX Listing Rules and receiving all necessary approvals from ASX and ASIC to complete the Transaction including:
 - (i) raising a minimum of \$2,600,000 (**Capital Raising**);
 - (ii) a consolidation of capital on a 100:1 basis (**Share Consolidation**);

(together, the **Conditions Precedent**). If the conditions precedent are not satisfied (or waived by mutual agreement) on or before 5.00pm (WST) on 31 March 2017, the agreement will be at end and the parties will be released from their obligations.

The Company will prepare the necessary meeting documents in accordance with the Corporations Act and ASX Listing Rules for the purpose of the approvals referred to above.

Related Parties

The major shareholders of Cirralto are entities associated with existing Company directors Adrian Floate, Marcus L'Estrange and Shaun Melville. As some shareholders of Cirralto are related parties of the Company, Listing Rule 10.1 applies and the Company will commission an independent expert's report to substantiate the fairness and reasonableness of the Transaction.

The Board is currently in the process of engaging an independent expert for the purpose of providing a report to shareholders opining that the Transaction is fair and reasonable or, not fair but reasonable so that shareholders are sufficiently informed when voting on the Transaction.

Share Consolidation

Prior to completion, the Company will consolidate its ordinary share capital on a one hundred for one basis (100:1). As announced on 17 October 2016, under the Notice of Meeting pertaining to the Company's Annual General Meeting, the Company is seeking Shareholder approval for a consolidation of capital on a one hundred to one basis.

Capital Raising

As outlined above, the Company will seek to raise approximately A\$2.6 million via a combination of debt and/or equity by means of a rights issue and/or placement to shareholders (on a post-consolidation basis) (**Capital Raise**).

The Company proposes to utilise funds raised in conjunction with the Transaction for the continued development of the Company's existing technologies, with the balance being utilised primarily to expand the sales offering of both technologies to both sets of existing customers. Irrespective of the Transaction completing, it is the Company's intent to proceed with the capital raise.

The Company will update the market on the amount, timing and structure of capital raise in due course.

Transaction Timetable

The following timetable provides an indication of the timing of events for completion of the Cirralto transaction. Note that dates are indicative only and subject to change.

Indicative Date	Event
22 nd January	Despatch of meeting documentation required for shareholders to approve transaction
22 nd February	Shareholder to approve Transaction
14 th March	Completion of Transaction, including capital raising and allotment of shares

Capital Structure

Motopia's pre-Transaction issued capital will comprise approximately 6.536 billion ordinary shares. On completion of the proposed one hundred for one share consolidation and assuming approximately A\$2.6 million is raised, the Company will have 263.2 million ordinary shares on issue. The pro forma capitalisation structure of the Company immediately prior to, and following, the Capital Raise and Transaction is highlighted in the table below.

Shareholder	Current Capitalisation		Post Transaction ¹	
	Shares	%	Shares	%
Existing MOT Shareholders	6.5b	100.0	65.3	24.8
Capital Raise	0	0.0	65.3	24.8
Cirralto Consideration	0	0.0	132.5	50.4
Total:	6.5b	100.0	263.2m	100.0

Table 2: Motopia pro-forma capitalisation structure

Notes:

1. Post Transaction capitalisation accounts for 100-for-1 share consolidation and assumes A\$2.6 million capital raising at A\$0.04 per share.

Board and Management Changes

With immediate effect, Motopia's current non-Executive Director, Mr Adrian Floate, will assume the role of Executive Director, with the terms of his remuneration to be finalised shortly.

On completion of the Transaction, Mr Francis DeSouza a current Director of Cirralto, will join Motopia as an Executive of the Company, reporting to the Board.

Mr DeSouza has over 10 years of investment banking and equity markets experience. He is a co-founder of Cirralto and co-founder of Appstablishment Software Group Pty Ltd, a mobile application and software development company. Prior to founding Cirralto and Appstablishment, Mr DeSouza was a corporate advisor and founder of Otsana Capital, a boutique corporate advisory firm; Burnvoir, a boutique corporate advisory firm and Citigroup Global Capital Markets. Mr DeSouza specialises in mergers, acquisitions, divestments, capital raisings, IPO's (Initial Public Offerings), corporate restructuring and recapitalisation of private and public listed companies.

Summary

The company believes that Cirralto's migration and conversion technology and service complement Motopia's existing portfolio of data migration technologies and align with Motopia's vision:

"To be Australia's best Cloud Migration Service Provider by offering customers a clear path to simply and effectively connect to cloud software applications. The company vision is to establish diversified revenue streams from the execution of conversion services, consulting to clients and reselling value adding applications that enhance our customers use of the cloud."

The Transaction also provides diversification for the Company's existing migration technologies and complements the Company's migration to cloud offering.

About Motopia Limited

Motopia Ltd (ASX:MOT) is an ASX listed company that owns and operates technology assets that enable legacy migration to the cloud. Motopia's 2SQL product is regarded by Microsoft and other technology experts as the best of breed Access to SQL migration solution.

In response to the growth of cloud computing services and broadening demand for legacy migration away from Access, Motopia has invested in a SaaS platform (www.convertu2online.com) to complement its on premise migration offerings. We have also formed new relationships to support our commercialisation plans that encompass 24hr a day platform operations, support and channel sales. Moving forward, the board is positioning Motopia as a "migrate" anything technology company to offer our customers a set of tools to migrate from any legacy custom software platform to the cloud.

For more information, visit www.motopia.com or contact:

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