

ASX ANNOUNCEMENT | MANALTO LIMITED

13 June 2017

PROPOSED US ACQUISITION TO BOOST SALES TEAM

Highlights

- **Proposed Acquisition of US Sales and Software Distribution Business**
- **Revenue flow of \$500,000 per annum following completion of the Acquisition**
- **Appointment of Head of Sales - Franchising**
- **Product Launch to Franchising Industry in the US**

MANALTO EXECUTES BINDING TERMS SHEET TO ACQUIRE US SALES AND SOFTWARE DISTRIBUTOR

Manalto Limited (**Manalto / Company**) is pleased to advise it has signed a binding Terms Sheet (**Terms Sheet**) to acquire control of the assets of companies and businesses owned or controlled by Mr Rick Solomon (**Solomon Group**). Solomon Group is a software sales and support company with offices in New York and San Francisco and clients throughout North America. The proposed acquisition will provide Manalto will a strong sales capability in North America.

Solomon Group has been a reseller of the Bambu Digital (**Bambu**) range of business productivity products for North America since 2003. As previously announced, Manalto has entered a binding Terms Sheet to acquire Bambu which is subject to shareholder approval. The acquisition of Solomon Group is conditional upon the successful completion of the acquisition of Bambu.

Solomon Group sells the business productivity suite provided by Bambu which covers strategy, marketing, finance and human resource software as well as providing online training and business coaching particularly for SMBs who do not have an external board of directors or advisory board to help develop senior management. Solomon Group has developed products in this coaching area that complement the Bambu business productivity suite.

Key Acquisition Terms

The consideration payable by the Company for the proposed acquisition of the Solomon Group is:

- (a) US\$150,000 on completion of the proposed acquisition; and
- (b) \$US150,000 on the 6 month anniversary of completion of the proposed acquisition.

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The Company also proposes issuing the following securities in connection with the proposed acquisition the issue of which are subject to the completion of the proposed acquisition of the Solomon Group proceeding:

- (a) 8,750,000 options with an exercise price of \$0.04 and expiring the earlier of 5 years from the date of issue or 1 year after ceasing to be an employee of Manalto (unless such cessation is due to retirement in which case, 5 years from the date of issue) to Mr Rick Solomon;
- (b) 3,125,000 options with an exercise price of \$0.04 and expiring the earlier of 5 years from the date of issue or 1 year after ceasing to be an employee of Manalto (unless such cessation is due to retirement in which case, 5 years from the date of issue) to Mr Matthew Solomon; and
- (c) 3,125,000 options with an exercise price of \$0.04 and expiring the earlier of 5 years from the date of issue or 1 year after ceasing to be an employee of Manalto (unless such cessation is due to retirement in which case, 5 years from the date of issue) to Mr Michael Celada.

Manalto intends to acquire Solomon Group including all intellectual property and other assets (either by share sale, asset sale or a combination thereof). Terms of this proposed acquisition (including various conditions precedent) are:

- (a) The parties completing satisfactory due diligence within 60 days of the date the Terms Sheet, or such later date as agreed by the parties (**Due Diligence Date**);
- (b) The parties entering into Formal Documentation by the Due Diligence Date;
- (c) The acquisition of Bambu by Manalto being completed within 60 days of the date of the Terms Sheet;
- (d) There having been no event, occurrence or change after the date of execution of the term sheet which individually or when aggregated with any other events, occurrences or changes has had or is reasonably likely to have a material adverse effect on MTL, the Solomon Group or the Transaction;
- (e) The parties obtaining any other third party written consents required as a result of the Transaction within 60 days of the date of the Terms Sheet;
- (f) Manalto obtaining any necessary regulatory consents or approvals, in particular any consents required from the ASX under the ASX Listing Rules to permit the Transaction within 60 days of the date of the Terms Sheet; and
- (g) With effect from completion of the proposed acquisition of Solomon Group by Manalto, appoint/retain Rick Solomon as President of the Solomon Group, or in the case of the proposed acquisition proceeding by way of acquisition of assets, as President of the operating entity/company in the US.

Executive Chairman Jim McKerlie said *“Our strategy is to manage head office and corporate functions from Sydney and Cape Town and concentrate resources in the US on sales. The proposed acquisition of Solomon Group, which includes a team that is well known and proven to us, will deliver a genuine sales capability. The timing is good having just launched the*

powerful Manalto smart marketing platform and Bambu's people productivity product Kendo."

BENEFITS OF THE PROPOSED ACQUISITION

The proposed acquisition of the Solomon Group will, following completion, provide Manalto with several strategic and operational advantages including:

- There will be revenue benefits from the acquisition to the value of approximately \$500,000 pa;
- Immediate sales capability in the North American market. Solomon Group has a presence in New York and San Francisco giving east coast and west coast coverage;
- The team at Solomon Group are very experienced in the full suite of Bambu products which are being released through the Manalto distribution network;
- The IP that comes with the Solomon Group in online business coaching and training is a very good fit with the Company's existing product offering. In particular, providing specific benefits for franchisees, in terms of making them better business managers, which is core to our strategy of selling the smart marketing platform to franchisors and business productivity tools (and now on line training) to business owners/franchisees;
- The Solomon Group will commence work immediately, under a paid retainer and be in place for the major franchising events starting in the US on 14 June 2017;
- Rick Solomon, who will become President of Manalto in North America is a widely regarded sales professional who enjoys the trusted advisor status amongst his clients and the business community; and
- There will be revenue benefits from the acquisition.

APPOINTMENT OF US SALES DIRECTOR – FRANCHISING

The Company is delighted to announce the appointment of Ms Taria Michalet who started on 12 June, 2017. Ms Michalet has extensive experience in the North American franchising sector as a sales leader, account manager and marketer. Her experience in technology sales has given her skills and expertise in SaaS Sales, SEM, Social Media Marketing, Digital Marketing and Corporate Account Management.

Taking responsibility for the franchise sector sales leadership, Ms Michalet will be accountable for building revenue from the sales of the new Manalto smart marketing platform into franchise systems. She will report to Mr Solomon as president of Manalto North America following the acquisition of the Solomon Group and be fully supported by the global technical and account management team.

PRODUCT RELEASE – SMART MARKETING PLATFORM

Over the last six months the Company has been continually upgrading the Manalto product from a social media management tool to an intelligent, dynamic marketing platform that will allow users to manage social listening, aggregate data from several input sources (beyond Manalto's own product), analyse and report on the data and increasingly automating the marketing processes making management and governance easier and more reliable.

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The Company will be releasing the latest version of the product at two franchising events in North America later this month (ie June 2017). The product launch will be fully supported by the Company's new US Sales Director Taria Michalet and Rick Solomon and his team from the Solomon Group following Manalto completing the acquisition of the Solomon Group.

This is a very active time in the American marketing calendar with conferences being critical events to present products to major stakeholders from the franchise industry.

ENDS

About Manalto Limited

Manalto Limited (MTL.ASX) is a global provider of social media management solutions. Manalto's proprietary software delivers capability for the streamlined management of social media including controls to support organisational brand management, reputational risk management and efficiency in managing users, community engagement and analytics. An enterprise can centrally publish content and update brand assets across hundreds of its organisation's social media pages spanning multiple platforms – in just one click. Manalto offers an Enterprise Solution and a SME Business Application sold through cloud partners. Manalto is headquartered in Australia with offices in the United States, Netherlands and South Africa.

For further information on Manalto visit manalto.com

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