

ASX Announcement

20 December 2017

Market update

Manalto Limited (**Manalto** or the **Company**) provides the following update on its operations.

Recent successes

Since the new Board was appointed to Manalto on 15 September 2017 and refocused the Company on the core Manalto product, Manalto is pleased to announce key customer growth and acquisitions:

- Ray White: grew to 81 franchises
- Mosquito Joes: grew with two franchises
- Last Man Stands: grew by four social pages
- Manalto has commenced confidential discussions with a major US fitness chain to roll out Manalto product to over 150 of their franchises. An anticipated trial of Manalto product scheduled for Q1 2018.

Completion of strategic review

The Board of Manalto has completed the strategic review of the Manalto business and core product which commenced on 15 September 2017.

Manalto stands by the vision outlined in the Review of Operations contained in the recent Annual Report to Shareholders. Manalto has continued to run software development teams in South Africa and a USA sales force that are wholly focused on the core Manalto product.

As a result of the strategic review, the Board working closely with the South African development team have identified several high-value integrations to the core Manalto platform, in particular, the potential integration of Blockchain technology.

Manalto is now in a position to provide a more detailed update on the Company's upcoming development pipeline.

Simpler corporate structure – cost saving and improved efficiency

A key outcome of the strategic review was the decision to simplify Manalto's corporate structure. The current Manalto structure spreads across multiple jurisdictions. By taking steps to now centralise the corporate structure and reporting lines in Australia, Manalto will be able to reduce compliance time and cost significantly.

As a result of this decision, Manalto has appointed advisors to close its Ireland and Netherlands entities which are no longer operational hubs. This will deliver efficiencies without impacting on the core Manalto operation which continues to be staffed in South Africa and the United States.

Existing development pipeline

As per the Annual Report, the company remains committed to ongoing improvement of functional enhancements to the product, including:

- Artificial intelligence via integration with IBM Watson;
- Data analysis and reporting from Microsoft Power BI;
- Posting and social media management by integrating with Microsoft Outlook Calendar; and
- Ongoing efforts to improve the stability and UX for existing Manalto users.

Manalto will continue to focus on assisting clients to ensure brand consistency; solving both scalability and distributed challenges. With Manalto's unique targeting capabilities; franchise/SME managers can ensure posts/profile & cover updates are published to the right social media franchise/SME pages at scale. With clients having up to 1,500 pages of different network types (primarily Facebook), Manalto provides a solution for clients to organise their business structure into Business Units within Manalto to reflect how the organization is structured "in real life". Not only can the businesses distribution be reflected in Manalto, but with Manalto's highly granular and customizable permission structure, Franchisees/SMEs and Franchisors can co-exist with applicable permissions for corporate to push down Franchise level campaigns and for Franchisees to decide whether they wish to opt in to these initiatives; providing the transparency required by these types of business structures.

Clients using Manalto have been able to take back control of their brand and, more easily and efficiently, manage their brand consistency; as well as reach far higher volumes of advertising volume. The Boards intention is to ensure that adequate funding is available to maintain and continue product development over the coming twelve months to ensure our Enterprise Solution: multi-location/multi-brand distributed organizations across a wide range of industries are properly serviced.

Planned e-commerce integrations (Blockchain)

Manalto has indicated it has taken the initial steps in empowering our platform with E-Commerce integration capabilities to enable customers of the platform to conduct transactional business via our platform. Manalto's view is that a blockchain-integrated social management platform has the advantage of native cryptocurrency and security support.

The company is currently laying the groundwork for emerging technology integration with Blockchain that could provide an e-commerce marketplace solution comprised of a multi-vendor e-commerce store, customers supplying products or services and store/site owners not only handling the marketing directly from the Manalto platform but also have the ability to conduct sales.

All with the aim to provide our customers with the ability to:

- Complete faster transactions: Interbank transactions, for example, can take up to days to settle. Blockchain transactions can reduce transaction times to minutes and can be processed 24/7.



- Disintermediation: Two or more counterparties are able to make an exchange without the oversight or intermediation of a third-party, such as an attorney.
- Fraud Reduction: Changes made to public blockchains are publicly viewable by all parties within the blockchain, creating transparency and reducing or eliminating the risk of corruption.

For our start-up customers, Blockchain technology can possibly integrate crowdfunding capabilities into their social networks. This can help significantly to accelerate crowdfunding campaigns since the cryptocurrency mechanism has the potential to be built right into our software, making a contribution to desired projects or causes simpler.

Product development milestones since 15 September 2017

In addition to the customer acquisitions and growth since 15 September 2017, the development team in South Africa has rolled out several technological improvements to the core Manalto platform. Historically, the stability and speed of the Manalto platform have been a key criticism from Manalto clients. Since 15 September, the Board has set maintenance and preventative troubleshooting as the main development objectives. Manalto anticipates high traffic through the holiday season; therefore development work to ensure a more stable and robust platform was critical.

In addition to the above achievements, the development team handled troubleshooting, testing and implementation of a number of development backlog customer issues. The most significant of which was the successful development of a number of feature requests which improved the usability of the Manalto platform.

Other important work completed since 15 September includes the evaluation and testing of numerous newer APIs from the top social networks. Manalto's developers were able to enhance the posting template functionality to deliver further ease of use and to address a number of customer feature requests.

During December, the development team is continuing to assist with 3 Tier resolution of customer logged tickets from throughout the last quarter. The development has also performed pre-work analysis and evaluation on the product development roadmap for 2018. This work is scheduled to begin promptly in 2018 utilising the new funding which has come in to Manalto.

Finance Update

On 4 October 2017, the Company announced that EverBlu Capital ("EverBlu") had committed to the short-term funding of the Company which included filling a A\$550,000 equity capital raise from the Chairman's List which has now been completed via the issue of Convertible Notes. The Company is seeking approval for the conversion of these notes at the upcoming AGM.

Furthermore, EverBlu has committed to a minimum of A\$1.5m to support the short-term funding of the Company in order to ensure the Company can pay debts as they fall due, as well as providing



longer term support in follow up capital raises. It is EverBlu's current intention that the amount will not be less than A\$1.5m and up to A\$3m.

To date, \$540,000 of this capital raising has been received ahead of the placement approval in the form of convertible loans.

Approval for a placement to raise up to \$3 million will also be sought at the upcoming AGM. The purpose of this Placement will be to further develop the Manalto business (as detailed below), provide security, support and growth opportunities to the US based sales and customer support team (the US and Australia are key markets for Manalto) and general working capital.

Use of Funds	\$
Settle existing creditors	1,300,000
Software development (commencing Q1 2018)	500,000
Additional sales team in both Australia and USA	300,000
Additional software engineers in South Africa / India	200,000
Legal and corporate advisers	300,000
Working capital	400,000
Total	3,000,000

The additional funding will ensure that Manalto is able to enhance the existing core product by seeking high value add integrations to the Manalto core product. Manalto is in a technical position to integrate cutting edge technologies such as blockchain into the product offering. The Board expects the new funding will put Manalto in a position to pursue numerous high value add software integrations in Q1 and Q2 of 2018.

To achieve these integrations, which will drive sales of the Manalto core product, it will be essential to have sufficient funding to retain some existing personnel and recruit new team members. This includes supporting some of the South African development team via employment contracts with Manalto, during the first quarter of 2018. These integrations, as well as, the increased support to the US sales team will put Manalto in a position to achieve solid sales growth during 2018.

Reinstatement to ASX quotation

Manalto anticipates reinstatement to ASX quotation to commence on completion of the current placement.

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Terence Clee
Chairman
Manalto Limited

About Manalto Limited

Manalto is an integrated technology company focusing on social media and e-commerce solutions for SMBs and enterprises. Manalto's purpose has and will remain to find a number of ways to service business consumers looking to market and transact (e-commerce) on the internet. Manalto Enterprise is a cloud-based social media management software that enables enterprises to efficiently manage their social media presence across multiple social platforms, at scale, with alignment to their structure. The Manalto solution delivers controls to support brand management and risk management across social media. Manalto saves time, money and resources, while allowing visibility to ensure real-time customer service and engagement. For further information visit manalto.com.

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