

ASX Announcement

2 March 2018

CAPITAL RAISING & OPERATIONS UPDATE

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

Capital Raising

Manalto is pleased to advise that placement funds of \$1,060,000 have been received, with securities to be issued shortly. This raise is in addition to the \$540,000 raised in the form of convertible loans announced 20 December 2017 bringing the total amount raised to \$1.6M.

The total of \$1.6M raised forms part of the placement to raise up to \$3M as approved by shareholders at the Company's AGM. Funds raised will be used to further develop the Manalto business, provide support and growth opportunities to the US based sales and customer support team, settle creditors and allow for general working capital.

The shares for the placement and convertible loans will be issued as soon as possible, on confirmation of the Company's reinstatement to ASX quotation.

Cash balance & current budget

Manalto's current cash balance is \$1.245M.

Net of creditors, Manalto's net position is \$1.165M which is sufficient to carry out the Company's objectives, set out below.

It is Manalto's intention to apply the available net cash of \$1.165M to:

Use of Funds	\$
Software development	200,000
Additional sales team in both Australia and USA	50,000
Additional software engineers in South Africa / India	50,000
Legal and corporate advisers	50,000
Working capital	815,000
Total	1,165,000

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Creditors

The Company's notice of AGM set out the use of funds for the placement (\$3M), including \$1.3M to settle creditors. The existing creditor balance of \$1.3 million reflected the total creditors for Manalto and its subsidiaries at the time of issuing the AGM notice.

Subsequently, this creditor balance has reduced significantly via:

- Deeds of Settlement and Release with three creditors, whereby a total of \$263,684 was settled for a total of \$121,500, which has been paid (representing a total saving of \$142,184);
- Discount arrangements with some creditors (a total saving of \$4,812);
- Derecognition of some historical creditors (reduction in creditors totalling \$342,149);
- Progressed liquidation of the Ireland and Netherlands entities (resulting in creditor write offs totalling AUD\$71,800); and
- Commenced liquidation of the USA and South Africa entities (resulting in creditor write offs totalling AUD\$380,000).

Status of liquidations

Ireland & Netherlands

Manalto has made the irrevocable decision to liquidate its Irish & Netherlands subsidiaries and cease funding these subsidiaries.

As stated in the announcement of 20 December 2017, closure of the Ireland and Netherlands offices are underway. Manalto has appointed liquidators in both Ireland and Netherlands.

Manalto has received advice that the progress to date enables Manalto Ltd to write off all creditors in the Irish entity.

While the liquidation of the Netherlands entity is still in the preliminary phases, Manalto has received advice that the steps taken in the Netherlands to date mean Manalto Ltd is now in a position to write off all creditors of the Netherlands entity.

Manalto has made the irrevocable decision to liquidate its Netherlands subsidiary and cease funding the Netherlands entity.

Manalto has appointed liquidators in the Netherlands who are completing the preparatory steps required to finalise the liquidation.

USA & South Africa

The Manalto Board has made the decision to liquidate both the USA and South African entities.



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As stated in the Company's announcement dated 20 December 2017, Manalto Limited intends to engage key South African based employees directly. The same arrangements will be made for key USA-based employees.

Manalto has made the irrevocable decision to liquidate both USA subsidiaries and the South African and cease funding to each.

Manalto has appointed liquidators in the USA who have confirmed filing in the USA was completed on 26 February 2018. Manalto has appointed liquidators South Africa who are currently working on the liquidation. This work is well progressed and filing in South Africa is imminent.

On advice, Manalto is now in a position to write off all creditors of the USA and South African entities

Future capital raising

Manalto has received an undertaking from EverBlu Capital that, in addition to the funds raised to date, EverBlu will use its best endeavours to raise additional placement funds utilising the placement capacity approved by shareholders at the AGM. EverBlu has indicated the raising of a further \$1M in the next 60 days.

This will be raised in the form of a placement, utilising the capacity approved at the AGM, or where this expires, within any capacity available under LR7.1.

Funds received as part of this additional raising will be applied towards software development and increased USA- and Australian-based sales and marketing teams.

Arrangements with EverBlu

EverBlu has been (or is due to be) paid a fee of 6% on the funds raised to date. EverBlu will also be paid a 6% on any future funds raised, being the \$1M referred to above.

EverBlu is not a related party of Manalto.

Tim Wilson is an employee of EverBlu and has been appointed to the board of Manalto as a nominee of several major investors. Neither Dr Ellingford nor Mr Clee are employees of EverBlu; are remunerated by EverBlu; or have any agreement, arrangement or understanding with EverBlu under which they may receive any benefit from EverBlu.

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Forecast cashflows

Expenditure

Manalto notes the forecasted cashflow of \$620k disclosed in the quarterly report. However, due to the focus on restructuring, the expenditure for the March 2018 quarter will be less than anticipated.

Expenditure in the December 2017 quarter of \$538k includes payment to creditors following the Company's receipt of funding.

Revenue

The Company's current revenue forecast is \$25,000 per quarter.

Future development

Manalto Product

During December, the development team 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.

The Company remains committed to ongoing improvement of functional enhancements to the product and will continue to focus on assisting clients to ensure brand consistency; solving both scalability and distribution challenges.

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.

With the new funding, the Company's intention is 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.

Operations

Existing Manalto product

The Directors confirm that the existing business is the core strategy now and in the future for Manalto. Manalto affirms the statements about future plans and ongoing core product development it has made in its Annual Report and subsequent announcements.

In recent months, the development team in South Africa has rolled out several technological improvements to the core Manalto platform including troubleshooting, testing and implementation of a number of development backlog customer issues as well as the evaluation and testing of numerous newer APIs from the top social networks.

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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. The company plans to continue developing its software in accordance with best practices to ensure the product is positioned correctly and remains relevant in the ever-changing technology landscape.

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.

To maintain the momentum and to increase Manalto's sales effectiveness and product offering the company plans to increase its headcount by at least five new staff members in the IT development area within the first half of this year with two to three new members to be appointed to the IT development team in the next ten to twelve weeks.

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One area in particular that requires attention is Manalto's database, where the Board believe that this cost can be reduced significantly with the considerations of other hosting service providers other than ObjectRocket who we currently use. Like most other enterprise software platforms utilizes significant infrastructure to perform optimally on a global scale. It is imperative that we are able to maintain platform reliability so that all platforms features are available all of the time. The new IT staff will be tasked with ensuring that API development within the social platforms is managed and programmed for effectively and in a timely manner that that we do not see negative effects in our own platforms performance.

Furthermore the company expects to add an additional senior sales executive to manage the sales pipeline and increase sales leads in the USA by mid-calendar 2018. Currently the company has four major US leads that need senior management to bring about a successful result. Sales focus, training and the ability to work with our development team is required for product success and as such the additional resource is a priority.

During the second half of 2018 the company will looks at hiring a marketing executive to help ensure our brand image and message remains faithful to our core product offering.

Blockchain

Manalto wishes to clarify that any interest in blockchain (referred to in previous announcements) is been limited to consideration of how Manalto could develop this type of technology internally and integrateed it into the existing Manalto product (to develop the secure movement of information/data within the Manalto platform).

Compliance with ASX Listing Rules

The Board of Manalto confirms the Company is in compliance with ASX Listing Rules, in particular Listing Rule 3.1.

ENDS

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

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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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