

ABN 88 098 640 352

ASX Announcement

31 October 2018

QUARTERLY ACTIVITIES REPORT – SEPTEMBER 2018

Manalto Limited (MTL.ASX) (“Manalto” or “the Company”) provides the following summary of activities for the quarter ended 30 September 2018.

OPERATIONS UPDATE

Development of Manalto product

During the quarter, the development team continued its work developing the long term development goals by:

- Further use and functionality of IBM Watson;
- BI Data analysis and advanced reporting via Microsoft Power BI;
- Improvement of UX of the Manalto UI; and
- Increased platform stability and integrations, based on client feedback.

Several maintenance issues occurred during the quarter where the development team was able to handle these issues and avoid significant system downtime. Unfortunately, the maintenance issues did distract the team from the long term development goals.

An unexpected occurrence that the development team had to handle during the quarter were the changes Facebook implemented in response to global concerns about user privacy. The development team focused on verification of Manalto’s use and access to Facebook’s Extended Platform Products programme to ensure continued integration and interaction with the Facebook platform. Further evaluations continue to take place within the technology stack of the platform to find more operational efficiencies. The team have continued their evaluation and testing of Facebook APIs to ensure relevance to the Manalto platform.

Business as usual for the development team also continued during the quarter in regards to the handling of support tickets raised by customers as well as Manalto sales and accounts staff.

Status of new development hires

The Company terminated the India based development hire it made. The Indian hire struggled to navigate the difficulty of the Manalto platform and did not effectively integrate with the existing team. The Company realises that the Manalto platform is a difficult platform for new staff to understand, requiring very specific technical skills. Manalto has since worked to improve its onboarding process of new staff. Therefore, the Company is re-evaluating its recruitment process and remains committed to hire and train new development staff in order to expand the team to accelerate the Manalto product.

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Sales and Marketing

Sales during the September 2018 quarter totalled \$18.5k and customer receipts \$23k.

During the quarter, Manalto decided to make attempts to aggressively increase sales and marketing by implementing a 12 month plan which commenced during the quarter. As part of that increased effort, the sales team pursued new leads and performed product demonstrations for new prospects. The sales team is currently awaiting to receive some feedback and time to reconnect with the prospective buyers.

Immediate tangible results from the new strategy were the sales team brought in five new franchisees for Mosquito Joe and brought in six new franchisees for Business Alliance Inc.

The increased sales and marketing effort resulted in a substantial new potential customer acquisition. For instance, Manalto is currently in talks with the Max Challenge Franchising group.

Status of liquidations and litigation

During the quarter, the Company continued to progress the overseas liquidations. Further, the Company settled two litigation claims. One-off settlement costs were incurred as a result of these settlements, which were in line with Manalto's expectations. The current budgeted exposure for outstanding litigation items is not expected to exceed \$150,000 based on the advice received from Manalto's lawyers.

CORPORATE UPDATE

Cash position

The cash balance at 30 September 2018 was \$621k.

Cashflows in the September quarter varied from forecasted cashflows as follows:

Category	Estimate \$'000	Actual \$'000	Reason
Advertising and Marketing	10	149	Unbudgeted advertising and marketing agreements to provide up to 12 months of support to the Company's new sales and marketing strategy.
Staff	160	181	Additional hiring of overseas staff for product development and additional staff hire to manage the liquidation process of subsidiary entities.

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Use of funds

As at the date of this report, the Company cash balance is \$540k. The Company intends to use these funds as follows.

Category	Budget
Product operating costs	\$30,000
Advertising and marketing	\$50,000
Staff costs	\$150,000
Administration and corporate costs (including current creditors)	\$310,000

Shareholder meeting

The Company has its Annual General Meeting scheduled to be held on Friday, 30 November 2018. As at the date of this report, Notices of Annual General Meeting have been dispatched to the Shareholders.

Compliance with ASX Listing Rules

The Directors confirm that the Company is in compliance with ASX Listing Rule 3.1.

ENDS

Aida Tabakovic
Company Secretary
For the Board of 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.