

ASX ANNOUNCEMENT | MANALTO LIMITED

26 May 2017

Company Update

- **Cost-out program continues**
- **Revenue uplift**
- **Franchise expertise confirmed**

Cost Outs

Manalto Limited (**Manalto / the Company**), previously announced, in its March Quarterly Report, a major cost reduction programme commencing in Q1 CY17. Management has continued to work on this initiative. Several actions have taken time to implement and, on a recurring basis, operating costs have further been reduced in Q2 CY17, as the initiatives come into effect.

Executive Chair, Jim McKerlie said “The Company is in a start-up stage and management of expenses and cash is a priority. The adoption of the “yield” strategy of prioritising opportunities that lead to early revenue has been implemented and costs not leading to near term revenue have been substantially reduced. The impact of cost-out can take a few months to take effect and we are now experiencing the benefits of the decisions taken in the previous quarter.”

Revenue Uplift

The Company has recently adopted a sales initiative focussing on its new and enhanced franchise offering. The Manalto social media management tool has been progressively upgraded towards a marketing platform that franchisors and franchisees can utilise. It recognises that franchisors have different needs and user requirements to the owner managed franchisees. New functionality includes “social listening” utilising IBM’s Watson (the Artificial Intelligence product) and a fuller integration with Microsoft Office 365 (ie greater transfer of data from Manalto to the Office 365 suite which will allow enhancing reporting using Word, PowerPoint and Excel).

The second phase of this initiative is to roll out Kendo, the people productivity tool from Bambu Digital Pty Ltd (**Bambu**). Kendo will be targeted towards franchisees who are essentially SMEs who require a quick and easy way to set objectives for their people and measure performance against these. As previously announced on 20 April 2017, the Company has signed a binding terms sheet to acquire Bambu with this being subject to shareholder’s approval. The roll out of Kendo is subject to the Company completing the acquisition of Bambu.

In Q1 CY17 several new franchise accounts were signed and onboarding of these clients is progressing. The revenue impact of these will begin to flow through in Q2 CY17 and beyond. In relation to this revenue impact, Executive Chair, Jim McKerlie said “Franchise sales have a lengthy sales cycle and the Company has been very active in building its pipeline. We have taken sponsorship positions in two significant franchise conferences in the United States and will have a Mid-Year Sale initiative commencing in June.”

Franchise Expert Confirmed

Further to the updates above, Manalto is pleased to announce the confirmation of Mr Jerry Darnel as its Franchise Industry Special Advisor. Mr Darnell, who has been an advisor to the Company for some time, has taken an expanded role in assisting the launch of the new franchise product. He has been an advocate, entrepreneur and leading consultant in franchising for almost 40 years in the United States and around the world. He has worked in every sector of franchising and advised many very prominent franchise founders, leaders and industry affiliations. Mr Darnel co-authored the 1993 Franchise Handbook for the American Management Association and the 1999 Franchising Handbook for Dummies. He has chaired the Exhibitors Advisory Committee of the International Franchise Association.

Jim McKerlie said “Jerry has been a good friend to Manalto and we have confirmed a role for him going forward where he introduces us to major franchise system owners and managers. This will assist in creating a strong pipeline of opportunities for the Company”.

Mr Darnell said “Franchising provides growing opportunities in developed economies like the US and Australia and in the developing economies of Asia. To be successful a franchise system must leverage technology to increase its competitiveness and Manalto with the enhanced franchise platform provides both the franchisor and franchisee better marketing and productivity improvement”.

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