



April 29, 2016

## **ASX Announcement**

### **Appendix 4C: Consolidated Statement of Cash Flows**

Manalto Limited (ASX: MTL) ("Company") is pleased to present the attached Appendix 4C: Consolidated Statement of Cash Flows for the quarter ending 31<sup>st</sup> March, 2016.

The operations of the Company are centered in the United States, including the majority of management, the majority of operating cash flows, and the location of the primary business address. Accordingly, the Directors have elected to present financial information in US dollars. All financial figures in this document are denominated in US dollars except where explicitly denoted.

The Company engaged in the following capital raising activities during Q1 CY2016:

- Under Tranche 2 of the Placement, the Company raised \$565,000 (\$AUD761,000) to 31 March 2016, and received a further \$451,000 (\$AUD588,000) in April 2016 to close out Tranche 2.
- The Company raised \$165,000 (\$AUD232,000) from the Share Purchase Plan, which closed on 16 February 2016, and is pursuing an additional \$1.283 million (\$AUD1.673 million) through placing of the shortfall in subscription. The Company has until 16 May 2016 to place the shortfall from the Share Purchase Plan.

Net operating cash flow for the quarter was (\$916,000) compared to (\$987,000) for the quarter ended 31 December 2015. This decrease is in line with management expectations and driven by improved operational efficiencies from the relocation of the technology and customer support hub to Cape Town, South Africa. The Company is projecting a further reduction in operating cash outflows from Q2 CY2016 and beyond.

### ***Business Update***

Throughout Q1 CY2016, the Company focused on building upon the Sóshlr distribution channel, enabling the acceleration of product releases and improving Manalto's global partner enablement support. Key achievements for the quarter include:

- Received AppDirect certification for its Sóshlr solution, formally launching AppDirect marketplace distribution via channel partners to an addressable market of approximately 30 million SME's worldwide.

## Appendix 4C

### Quarterly report for entities admitted on the basis of commitments

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- Signed commercial agreements with AppDirect to sell Sóshlr to Telstra (Australia) and Globe Telecom (Philippines) customers. These agreements validate Sóshlr as a top-tier offering as well as bolsters Manalto's position as a leading entrant in the social media management space within the Asia Pacific market.
- Accepted into the Odin ISV Accelerate Program - a specialised sales initiative designed to fast-track Odin partner signings of the Sóshlr product via its sales team of approximately 75 people.
- Completed Blacknight commercialisation and commenced sale of Sóshlr licenses to Blacknight customer base
- Established a technology and customer support hub in Cape Town, South Africa in January 2016, to derive improved operational efficiencies, product development acceleration and to enable 24/7 global technology and customer support services.
- Released a key solution feature – social listening.

#### ***Channel Partner Commercialisation Process - from contract execution to commercialisation***

*Management reiterates previously offered guidance surrounding the integration process with channel partners.*

The following framework illustrates the core activities milestones between contract execution and commercialisation for a partner. Management expects a timeframe of 6-10 weeks from date of contract execution for a partner to actively launch Sóshlr to their customers. Note that timeframes are dictated by partners and are dependent on existing priorities including the launch of other web services packages they may be launching. Manalto has streamlined the enablement process to support the rollout of Sóshlr for a partner.

| Milestone # | Description  |
|-------------|--|
| 1           | <i>Contract signed</i>   |
| 2           | <i>Channel Partner Kick-off Call: both Channel Partner and Sóshlr contacts to discuss Go-to-Market strategy and technical integration process and timelines.</i>   |
| 3           | <i>Channel Partner Training: provision of product training for sales and customer support personnel; knowledge transfer to change management and marketing.</i>  |
| 4           | <i>Channel Partner Marketing Discussion and Build: Collaboration around marketing and launch initiatives. Development of co-marketing.</i>   |
| 5           | <i>Completion of Technical integration: Technical integration commences immediately post-contract and depending upon Channel Partner capacity, can dictate timeframe. Requires integration into partner's cloud store, sign-on user testing and billing and reporting integration.</i> |

#### ***Partner Launch of Sóshlr***

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+ See chapter 19 for defined terms.

Manalto has developed a solid change management and marketing program, which is provided to all new partners to help streamline and accelerate Partner product launch activities. The program comprises change management documentation, digital campaign material, brand assets, in addition to custom co-branded activity as required. As guidance, Manalto anticipates that partners will conduct the following marketing activities to support the launch of Sóshlr to customers and works collaboratively with partners to help build launch campaigns.

- *Channel Partner website home page exposure*
- *Landing page within the Channel Partner cloud store*
- *Product located in prominent position within the cloud store*
- *Email marketing campaigns*
- *Search engine marketing*
- *Digital Re-targeting*
- *Google adwords*
- *Social media advertising*
- *Traditional media*
- *Customer support centre upselling*
- *Direct sales, using their existing sales reps*

#### ***About Manalto Limited***

Manalto Limited (MTL.ASX) is a provider of enterprise social media management solutions. Manalto enables organizations to efficiently manage their social media assets at scale, with alignment to their structure. Manalto delivers controls to support brand management and risk management across social media. It has an office in Washington DC Metro, and supports customers globally. For further information, please visit [Manalto.com](https://Manalto.com).

# Appendix 4C

## Quarterly report for entities admitted on the basis of commitments

Name of entity

Manalto Limited

ABN

88 098 640 352

Quarter ended ("current quarter")

March 31, 2016

### Consolidated statement of cash flows

| Cash flows related to operating activities |   | Current<br>quarter<br>\$USD'000 | Year to date<br>(9 months)<br>\$USD'000 |
|--|---|---------------------------------|---|
| 1.1  | Receipts from customers                               | 30                              | 109                                     |
| 1.2  | Payments for (a) staff costs                          | (378)                           | (1,332)                                 |
|  | (b) advertising and marketing                         | (49)                            | (159)                                   |
|  | (c) research and development <sup>1</sup>             | (163)                           | (410)                                   |
|  | (d) leased assets                                     | (356)                           | (1,180)                                 |
|  | (e) other working capital                             |                                 |   |
| 1.3  | Dividends received                                    |                                 |   |
| 1.4  | Interest and other items of a similar nature received |                                 |   |
| 1.5  | Interest and other costs of finance paid              |                                 |   |
| 1.6  | Income taxes paid                                     |                                 |   |
| 1.7  | Other (provide details if material)                   |                                 |   |
|  | <b>Net operating cash flows</b>                       | <b>(916)</b>                    | <b>(2,972)</b>                          |

<sup>1</sup> The R&D expenditure represents the IT staff salary allocation directly associated with R&D activities.

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**Quarterly report for entities**  
**admitted on the basis of commitments**

|  | Current<br>quarter<br>\$USD'000 | Year to date<br>(9 months)<br>\$USD'000 |
|--|---------------------------------|---|
| 1.8 Net operating cash flows (carried forward)       | (916)                           | (2,972)                                 |
| <b>Cash flows related to investing activities</b>    |                                 |   |
| 1.9 Payment for acquisition of:                      |                                 |   |
| (a) businesses (item 5)                              |                                 |   |
| (b) equity investments                               |                                 |   |
| (c) intellectual property                            |                                 |   |
| (d) physical non-current assets                      | (38)                            | (40)                                    |
| (e) other non-current assets                         |                                 |   |
| 1.10 Proceeds from disposal of:                      |                                 |   |
| (a) businesses (item 5)                              |                                 |   |
| (b) equity investments                               |                                 |   |
| (c) intellectual property                            |                                 |   |
| (d) physical non-current assets                      |                                 |   |
| (e) other non-current assets                         |                                 |   |
| 1.11 Loans to other entities                         |                                 |   |
| 1.12 Loans repaid by other entities                  |                                 |   |
| 1.13 Other (Security Deposits and Rental Bonds)      | (16)                            | (16)                                    |
| <b>Net investing cash flows</b>                      | <b>(54)</b>                     | <b>(56)</b>                             |
| <b>1.14 Total operating and investing cash flows</b> | <b>(970)</b>                    | <b>(3,028)</b>                          |
| <b>Cash flows related to financing activities</b>    |                                 |   |
| 1.15 Proceeds from issues of shares                  | 786                             | 1,954                                   |
| 1.16 Capital raising costs                           | (31)                            | (124)                                   |
| 1.17 Proceeds from borrowings                        |                                 |   |
| 1.18 Repayment of borrowings                         |                                 |   |
| 1.19 Dividends paid                                  |                                 |   |
| 1.20 Other (provide details if material)             |                                 |   |
| <b>Net financing cash flows<sup>2</sup></b>          | <b>755</b>                      | <b>1,830</b>                            |
| <b>Net increase (decrease) in cash held</b>          | <b>(215)</b>                    | <b>(1,198)</b>                          |
| 1.21 Cash at beginning of quarter/year to date       | 1,109                           | 2,092                                   |
| 1.22 Exchange rate adjustments to item 1.20          |                                 |   |
| <b>1.23 Cash at end of quarter</b>                   | <b>894</b>                      | <b>894</b>                              |

<sup>2</sup> Comprised of issuance of capital of \$786 thousand (\$AUD1,071 thousand) offset by cash outlays directly related to the capital issuance of \$31 thousand (\$AUD 43,000). The capital inflows for the quarter comprised of \$56 thousand (\$AUD78 thousand) from Tranche 1, \$565 thousand (\$AUD761 thousand) from Tranche 2 and \$165 thousand (\$AUD232 thousand) from the Share Purchase Plan.

+ See chapter 19 for defined terms.

## Payments to directors of the entity and associates of the directors

## Payments to related entities of the entity and associates of the related entities

|      |   | Current quarter<br>\$USD'000 |
|------|---|------------------------------|
| 1.24 | Aggregate amount of payments to the parties included in item 1.2                                  | 113                          |
| 1.25 | Aggregate amount of loans to the parties included in item 1.11                                    | -                            |
| 1.26 | Explanation necessary for an understanding of the transactions                                    |                              |
|      | Includes compensation to Executive Director Anthony Owen (CEO) and related party Megan Owen (CMO) |                              |

## Non-cash financing and investing activities

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A

- 2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

N/A

## Financing facilities available

Add notes as necessary for an understanding of the position.

|     | Amount available<br>\$USD'000 | Amount used<br>\$USD'000 |
|-----|-------------------------------|--------------------------|
| 3.1 | Loan facilities               | -                        |
| 3.2 | Credit standby arrangements   | -                        |

## Reconciliation of cash

| Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows. |                          | Current quarter<br>\$USD'000 | Previous quarter<br>\$USD'000 |
|---|--------------------------|------------------------------|-------------------------------|
| 4.1   | Cash on hand and at bank | 894                          | 1,109                         |
| 4.2   | Deposits at call         | -                            | -                             |
| 4.3   | Bank overdraft           | -                            | -                             |
| 4.4   | Other (provide details)  | -                            | -                             |
| <b>Total: cash at end of quarter (item 1.23)</b>  |                          | <b>894</b>                   | <b>1,109</b>                  |

## Acquisitions and disposals of business entities

|     | Acquisitions<br>(Item 1.9(a))<br>\$USD'000 | Disposals<br>(Item 1.10(a))<br>\$USD'000 |
|-----|--|--|
| 5.1 | Name of entity                             |  |
| 5.2 | Place of incorporation or registration     |  |
| 5.3 | Consideration for acquisition or disposal  |  |
| 5.4 | Total net assets                           |  |
| 5.5 | Nature of business                         |  |

## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here: ..... Date: 29/4/16  
Company secretary

Print name: Justyn Stedwell

## Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report except for any additional disclosure requirements requested by AASB 107 that are not already itemised in this report.
3. **Accounting Standards.** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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