

ASX Announcement
31 January 2017

DECEMBER 2016 QUARTERLY REPORT

User-generated content (UGC) technology marketing company ShareRoot Limited (ASX: SRO) (ShareRoot or the Company) provides this update to shareholders for the quarter ended 31 December 2016.

Highlights

- Approximately AUD\$104,000 of new annualised revenue booked in the quarter – an +80% increase on the previous quarter
- 9 new clients secured, and 4 renewals resigned – takes total paid brands to above 50, across four countries – includes blue chip clients such as UCLA, Costco, Singapore Tourism, and Universal Pictures.
- Platform has surpassed 80,000 engaged users.
- Partnership base strengthened – seven live partnerships now in place to drive platform reach and capacity.
- Quarterly expenses reduced by almost 50% to AUD\$747,000 without impacting growth initiatives.
- AUD\$720,000 of new funding secured.
- Operational progress and increase in revenue streams validates SRO's UGC SaaS platform.

Overview

ShareRoot made pleasing progress during the quarter, delivering on all of its key metrics– growing client numbers, expanding user base, broadening partnerships, increasing revenue, and reducing the cost base without impacting sales and marketing efforts.

The Company also received funding support from new and existing shareholders that recognise ShareRoot's capacity to achieve much greater scale as more companies recognise the benefits and returns that can be generated from successful UGC campaigns.

ShareRoot is sufficiently funded in the near term with cash at bank of AUD\$1,559,000 and a lower cost base to execute on its near-term objectives.

ShareRoot is encouraged by the growth, diversity and quality of its client base as the company continues to establish itself as the leader in the UGC space. Coupled with the growing, yet modest, revenue booked for the quarter, and new future revenue-generating contracts secured, the Company expects to continue delivering quarter-on-quarter user engagement and revenue growth as more campaigns materialise.

Management commentary

ShareRoot's Chief Executive Officer Noah Abelson added: "The second quarter of FY 2017 has been one of solid progress for ShareRoot. We have strengthened our client base across a range of industries, secured new contracts which lock in forward revenue streams, and grown user and client engagement – all key developments which validate the effectiveness of UGC, and illustrate that our technology platform and growth strategy is delivering results.

"Our near term focus is on generating more partnerships, converting additional clients, and helping our clients convert more consumers into lifetime customers.

"As ShareRoot's client base grows, and we continue to leverage off the success of quality UGC campaigns that have been powered by our unique SaaS platform, we will deliver much greater scale."

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About ShareRoot

Based in Silicon Valley, ShareRoot is positioned to become a major player within the marketing ecosystem, that is growing at record pace, with a market size above \$600 billion.

Currently, ShareRoot offers a Software as a Service (SaaS) platform that works with brands and digital agencies to easily find and legally source user generated content (UGC).

ShareRoot's proprietary, legally secure process is the first of its kind, but this platform is just the beginning for ShareRoot, as it rapidly progresses towards revolutionising the way that brands relate to and connect with the consumers they sell to.

For more information about ShareRoot's award winning platform and why it can truly help *"Harness the Visual Power of Your Consumers"* please visit www.shareroot.co

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

ShareRoot Ltd

ABN

71 063 144 865

Quarter ended ("current quarter")

31 December 2016

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	40	63
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs		
(c) advertising and marketing	-	(17)
(d) leased assets		
(e) staff costs	(491)	(1,321)
(f) administration and corporate costs	(244)	(596)
1.3 Dividends received (see note 3)		
1.4 Interest received	1	2
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Government grants and tax incentives		
1.8 Other (provide details if material)		
1.9 Net cash from / (used in) operating activities	(694)	(1,869)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment		
(b) businesses (see item 10)		
(c) investments		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
	(d) intellectual property		
	(e) other non-current assets		
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment		
	(b) businesses (see item 10)		
	(c) investments		
	(d) intellectual property		
	(e) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)		
2.6	Net cash from / (used in) investing activities		

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	742	1,201
3.2	Proceeds from issue of convertible notes		
3.3	Proceeds from exercise of share options		
3.4	Transaction costs related to issues of shares, convertible notes or options	(59)	(98)
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings		
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
3.10	Net cash from / (used in) financing activities	683	1,103

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of quarter/year to date	1,491	2,299
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(694)	(1,869)
4.3	Net cash from / (used in) investing activities (item 2.6 above)		
4.4	Net cash from / (used in) financing activities (item 3.10 above)	683	1,103

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	79	26
4.6	Cash and cash equivalents at end of quarter	1,559	1,559

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	1,559	1,491
5.2 Call deposits		
5.3 Bank overdrafts		
5.4 Other (provide details)		
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,559	1,491

6. Payments to directors of the entity and their associates	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	99
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

7. Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	-
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

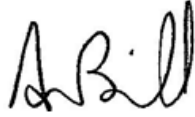
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9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	-
9.2 Product manufacturing and operating costs	-
9.3 Advertising and marketing	3
9.4 Leased assets	-
9.5 Staff costs	578
9.6 Administration and corporate costs	281
9.7 Other (provide details if material)	-
9.8 Total estimated cash outflows	862

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity	-	-
10.2 Place of incorporation or registration	-	-
10.3 Consideration for acquisition or disposal	-	-
10.4 Total net assets	-	-
10.5 Nature of business	-	-

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here:
Director and Company Secretary

Date:31 January 2017.....

Print name: Andrew Bursill

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 that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.