

ShareRoot

ASX Announcement

28 February 2019

Board concludes review and commits to a sharper focus

ShareRoot limited (ASX:SRO) (“ShareRoot” or “the Company”) today announced the company technology audit and strategy review has revealed both opportunities and challenges to the company in being able to realise its full potential.

The overall outcomes from the review will result in a reduction of overall operational costs for the business. The Company now has a clear vision and path forward to leverage existing functional parts of ShareRoot, including Ludomade and TSS, however additional improved return from the company’s assets and abilities have been identified as well as a clear market opportunity that has the potential to significantly increase the company revenue in the future.

“The Board wish to thank ShareRoot employees, clients, service providers and advisors for their support over the past three weeks in providing information and working alongside the Board to quickly understand the state-of-play, the opportunities and the risks ahead,” said Harvey Kaplan, Chairman of ShareRoot. “It’s pleasing to see the high level of commitment within the company, particularly to client services that are being expertly delivered.”

The key findings of the board’s strategic review are as follows:

- A sharpening of the strategic focus is necessary to ensure ShareRoot is targeting its technologies and services into high-value high-impact select markets in which the company can achieve sufficient access, revenues and a market-leading position.
- There is a significant under utilised expertise and further client value in TSS that can be realised if the business is scaled and able to access supporting digital and data technologies with the capability to offer extended client services, unlocking further revenue and growth.
- The development of MediaConsent was progressing at a less than optimal pace with insufficient investment in planning market roll out, adoption tactics and allocating appropriate marketing / sales budget and resources to achieve success. MediaConsent is of value to ShareRoot but investing all available resources in one technology opportunity, coupled with addressing the significant adoption and market entry challenge

is a high risk strategy. With all of the technology being developed internationally there is currently no opportunity for ShareRoot to access valuable Australian R&D tax incentives or grants.

- ShareRoot Inc. (US registered business) is in the process of being closed down which will deliver an estimated cost saving of AUD\$500,000 per year. However, we are looking to retain some sales and marketing resources in the U.S to focus on current revenue generation and support client services associated with ShareRoot's existing social media tools (UGC Discovery) and project services.
- Operational structures need to improve to ensure better delivery and timely supply of internal support services.
- The Company does not have infinite capital resources and as a result recalibration of the strategy is urgently required. Available resources need to be carefully managed and deployed to activities that can yield the best outcomes in the near term, whilst setting up the company to achieve mid-term and long-term goals.
- The Board's highest priority is to recruit a new CEO who can bring clarity and chart a new competitive and compelling course for ShareRoot utilising the key assets and infrastructure of value identified in the review. The candidate will need to be able to deliver and expand services and a technology development plan that can create both ongoing mid-term and long-term growth opportunities on a global scale. The board is in advanced discussions with suitable candidates.

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