

# ShareRoot

20 May 2019

Ms Penelope Reid  
Advisor, Listing Compliance  
ASX Compliance Pty Ltd  
Level 40, Central Park  
152-158 St Georges Terrace  
Perth, WA 6000

By Email: [ListingsCompliancePerth@asx.com.au](mailto:ListingsCompliancePerth@asx.com.au)

Dear Ms. Reid,

## **Shareroot Limited (the “Company”) - Response to Appendix 4C query**

With reference to your letter dated 15<sup>th</sup> May 2019 and with specific reference to the queries contained therein, we advise as follows:

**1. Does SRO expect that it will continue to have negative operating cash flows for the time being and, if not, why not?**

The newly appointed SRO board is well into a significant review and restructuring process, which was first announced to the market in February of this year. The board has provided several updates since that announcement. The restructure has resulted in a significant cost reduction, primarily from the winding down of U.S operations, which is largely complete. The review also identified several new revenue opportunities, which are beginning to materialise this quarter. The board is in the process of finalising an updated business plan which will include cashflow forecasts. ShareRoot anticipates completing its financial restructure and revised business plan with associated financial forecasts by early June and aims to provide the market and shareholders with an update to be released to the market as soon as it's complete.

The Company has already reduced its spending as a result of the restructure and management expect to see negative operating cash flow for the next quarter of less than \$200,000 moving into a positive cash situation by mid-2020 onwards. SRO also has net accounts receivable in the order of \$150,000, which it expects to collect by the end of the financial year.

The company is also exploring its options in terms of access to additional capital.

**2. Has SRO taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?**

SRO is exploring several options to access capital, including a possible rights issue. In the event that the Company decides to proceed with a certain capital raising, the Company will announce details once they have been finalised. The Company has engaged in discussions with a number of

possible funding sources to resolve its near term funding issue and aims to have a resolution within the coming month.

- 3. Does SRO expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?**

Yes – the Company has significantly reduced its monthly expenditure and is exploring a number of possible funding options from debt through to a capital raising such as a possible rights issue.

- 4. Please confirm that SRO is complying with listing rule 3.1 and that there is no information that should be given to ASX about its financial condition under that rule that has not already been released to the market?**

The board has made several announcements updating shareholders since the restructure began, with the next update due early next month. SRO is complying with rule 3.1. and will continue to provide the market and shareholders appropriate updates.

- 5. Please confirm that SRO's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of SRO with delegated authority from the board to respond to ASX on disclosure matters.**

The Company's responses to the above questions have been authorised and approved in accordance with its published continuous disclosure policy and by an officer of the Company with delegated authority to respond to ASX on disclosure matters.

For and on behalf of the Board,



Andrew Bursill  
Company Secretary



15 May 2019

Reference: ODIN02129

Mr Andrew Bursill  
Company Secretary  
ShareRoot Limited  
Level 5, 126 Phillip Street  
SYDNEY NSW 2000

By email: [abursill@fa.com.au](mailto:abursill@fa.com.au)

Dear Mr Bursill

**ShareRoot Limited ('SRO'): Appendix 4C Query**

ASX refers to SRO's Appendix 4C quarterly report for the period ended 31 March 2019 lodged with the ASX Market Announcements Platform and released on 30 April 2019 (the 'Appendix 4C').

ASX notes that SRO has reported:

- negative net operating cash flows for the quarter of \$644,000;
- cash at the end of the quarter of \$161,000; and
- estimated cash outflows for the next quarter of \$671,000.

It is possible to conclude, based on the information in the Appendix 4C, that if SRO were to continue to expend cash at the rate indicated by the Appendix 4C, SRO may not have sufficient cash to continue funding its operations.

**Request for Information**

In view of that, ASX asks SRO to answer separately each of the following questions and provide the following confirmations in a format suitable for release to the market under Listing Rule 18.7A:

1. Does SRO expect that it will continue to have negative operating cash flows for the time being and, if not, why not?
2. Has SRO taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?
3. Does SRO expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?
4. Please confirm that SRO is complying with Listing Rule 3.1 and that there is no information that should be given to ASX about its financial condition under that rule that has not already been released to the market.
5. Please confirm that SRO's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of SRO with delegated authority from the board to respond to ASX on disclosure matters.

Please also provide any other information that SRO considers may be relevant to ASX forming an opinion on whether SRO is complying with Listing Rule 12.2 that a listed entity's financial condition must, in ASX's opinion, be adequate to warrant the continued quotation of its securities and its continued listing.

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### When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **3 PM AWST Monday, 20 May 2019**.

If we do not have your response by then, ASX will have no choice but to consider suspending trading in SRO's securities under Listing Rule 17.3. You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, SRO's obligation is to disclose the information "immediately". This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market. Your response should be sent to me by e-mail at [ListingsCompliancePerth@asx.com.au](mailto:ListingsCompliancePerth@asx.com.au). It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

### Listing Rule 3.1 and 3.1A

Listing Rule 3.1 requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. Exceptions to this requirement are set out in Listing Rule 3.1A. In responding to this letter, you should have regard to SRO's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*. It should be noted that SRO's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

### Trading halt

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in SRO's securities under Listing Rule 17.1. If you wish to request a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We may require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

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**Enquiries**

If you have any queries or concerns about any of the above, please contact me immediately.

Yours sincerely

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**Penelope Reid**  
Adviser, Listings Compliance (Perth)