



ASX / Media Release

24 June 2019

## **ShareRoot announces Non-Renounceable Entitlement Offer** **Business focused on digital healthcare** **Financial re-structure and cost cuts implemented**

### **Highlights:**

- **The Company is undertaking a 2 for 3 (2 new shares for every 3 existing shares) non-renounceable pro-rata entitlement offer to raise up to approximately \$954,342 (before costs and subject to rounding)**
- **Directors and management of the Company committed to participating in the Entitlement Offer**
- **Focus on existing revenue streams in digital innovation and transformation in health**
- **SRO has restructured the business and financial expenditure**
- **Four technology opportunities in development**

**ShareRoot Limited (ASX:SRO) (ShareRoot or Company)** is pleased to announce that the Company is undertaking a non-renounceable pro-rata entitlement offer to raise up to approximately A\$954,342 (before costs and subject to rounding).

The company also announced it has completed a restructure and now has a clear path forward to a profitable successful business in the digital healthcare industry. Management anticipates that the Entitlement Offer will provide capital for the company to drive towards profitability in the near term<sup>1</sup>.

“We now have a secure framework for value creation in place, a sharper focus on revenue-generating services and development priorities, improved operational support and technical skills. ShareRoot has a clear, well researched and viable strategy to be a competitive leader in the rapidly growing global digital healthcare industry,” stated ShareRoot CEO Michelle Gallaher.

In 2019, the Company has progressed a number of critical initiatives:

- appointed a new leadership team with deep experience in health, compliant marketing, digital transformation, artificial intelligence and machine learning;
- undertaken a financial restructure to significantly reduce costs and build a foundation towards profitability;
- developed and aligned a technology pipeline, now with four products, designed to address the unmet needs of the global biopharma, health and medtech market;
- strategic focus on the USD\$84 billion, rapidly growing digital healthcare industry; and
- readied the technology development function to be moved to Australia.

ShareRoot is now looking to leverage the momentum in compliantly accessing real world data and real world evidence in healthcare, by using artificial intelligence, machine learning and a proprietary analysis

<sup>1</sup> Subject to certain assumptions about costs and revenue being achieved in the Company's business plan.

process to gain deeper insights in order to deliver better healthcare and more patient-centric development of new medicines, medical devices and clinical practice.

ShareRoot will deploy the funds to be raised in the Entitlement Offer to support building a profitable business and strengthen the Company's balance sheet.

## Financial Update

The key aspects of changes to the business

- The Company has reduced its staff numbers and related staff and contractor costs by over 40%, closing most of the US operations with the remaining US operations focused on current and new revenue generating client accounts.
- The Company actively reduced the capital expenditure during this quarter, with the Net cash burn for the company down 25% in April from the March spend and 40% down in May. ShareRoot will continue to conserve cash as it builds its revenue streams and income over the next 12 months.
- ShareRoot has restructured its client-facing teams to accelerating and expanding the delivery of current or near-term revenue-generating digital platforms and services.
- Two of the four ShareRoot technology platforms in development are already generating early revenue. The Company plans to complete the development of these platforms to full market launch, enabling greater scale with additional function and customization features.
- The Company plans to continue the development of the MediaConsent Clinical platform in Australia positioning the Company favorably towards collaboration grants and tax incentives.

"Given the considerable uphill challenge we found ourselves in, the past five months have been nothing short of transformative for ShareRoot. The Company now has a technology pipeline loaded with four competitive opportunities to capture a leading edge in the global digital healthcare sector. What we are developing is a unique convergence of artificial intelligence, real world healthcare data and social media, one of the most exciting new frontiers in the escalating digital transformation taking place in health," said CEO Michelle Gallaher.

The forecast revenue for the current financial year of the company is anticipated to be approximately \$0.85M. This result is a 90% increase from the previous year. Significant revenue-generating resources have been partially diverted for approximately six months, assisting with the financial restructure and strategic realignment of the company. The board and management expect strong revenue growth in the coming financial year, the main revenue increases likely to be derived from across the new AI-driven digital insights and 'Widget' divisions.

## The Future of ShareRoot

ShareRoot has a range of marketing communications and strategic solutions platforms targeting the digital healthcare industry. The Company is looking to grow its revenue in three ways:

1. Solutions and services - by the continued growth of its existing business (The Social Science) in STEMM specialist social media communications, advertising and marketing. The Company has been scaling this business as well as expanding the resources and capabilities in new generation digital marketing tools. Currently, this part of the business provides the vast majority of ShareRoot's revenue.
2. Market Insights (Opal) – A new suite of tools and proprietary processes named Opal, based on artificial intelligence and machine learning, this service offering enables ShareRoot to provide clients with access to deep market insights derived ethically and compliantly from social media. Though still in development Opal has already begun generating revenue for ShareRoot and is expected to be a major driver for the company's revenue growth in the future.
3. Digital technologies – Two new technologies have been added to the ShareRoot development pipeline – “the widget” and Rank'd – to sit alongside MediaConsent Clinical. “The widget”, an ecommerce efficiency technology is already operational at an MVP stage and generating early revenue with beta clients. Rank'd is also at MVP stage as is MediaConsent Clinical though not yet in beta testing with clients. ShareRoot is working with collaborative partners to complete the development of all three platforms and plan to launch all three with further investment from the Rights Issue.

The Company will also be looking to leverage its technology pipeline for partnerships and collaborations outside its core expertise, aiming to provide collaborative revenue streams for the company.

## ShareRoot Digital Platforms

- The Social Science and ShareRoot US client team – providing social and digital media based marketing communication strategy and content creation predominantly for the STEMM industry. The Social Science is currently a profitable division within ShareRoot. The US client team consists of two part time revenue-generating client relationship managers who also have a development role with ‘the widget’.
- Digital Insights (Opal) – using AI and machine learning, ShareRoot can provide companies with real world data and real world evidence analysis of patient reported outcomes and patient or physician generated content that can assist in the allocation of marketing budgets, market access strategies and a deep understanding and predictors of market drivers and patients and physician experiences and opinion. The Digital Insights division has already entered into a number of initial service contracts based on the minimum viable product (MVP) that has been developed so far.
- “The Widget” – an ecommerce accelerator digital platform, yet to be branded, disrupts the traditional influencer marketing model by enabling a measurable return on investment for

ecommerce focused companies, whilst also gathering customer and patient experiences. The “Widget” division is currently break-even at this stage of development with a number of paying clients already utilising this platform and providing critical development feedback.

- MediaConsent Clinical – a broad patient and physician healthcare research data insights and digital experience platform that will assist the healthcare and medical research sector to access real world data and real world evidence in a compliant and consenting framework. The platform features are being designed to improve clinical trial design, recruitment and engagement efficiencies, insight into clinical trial progress, access to donated real world data for behavioral studies and observational studies.
- “Rank’d” – an agile customizable application that supports all STEM researchers and healthcare providers sort through and rank published data and papers to support continuing education obligations and keep up to date with current research, clinical guidelines and products on market.

## **Entitlement Offer**

The Company is undertaking a 2 for 3 (2 new shares for every 3 existing shares) non-renounceable pro-rata entitlement offer (**Entitlement Offer**) to raise up to A\$954,342 (before costs and subject to rounding) via the issue of up to approximately 954,342,166 shares (subject to rounding) at an issue price of A\$0.001 per share.

As the Entitlement Offer is not underwritten at present, the Company is of the view that the Entitlement Offer will not affect the control of the Company, and no Shareholder will individually obtain or exceed voting power of 20% or more.

The proceeds from the Entitlement Offer will be used by the Company as follows:

- to pay the costs of making the Entitlement Offer;
- scale the existing revenue-generating digital client services capabilities and capacity;
- complete and launch new technology products and roll out marketing campaigns;
- complete development of MediaConsent Clinical;
- re-name ShareRoot to reposition the company within the target market; and
- the remaining balance will be used to fund ongoing working capital and strengthen the Company’s balance sheet.

All shares issued under the Entitlement Offer will rank equally with existing fully paid ordinary shares in the Company as of the date of this announcement.

Eligible shareholders of the Company will only be those who are shareholders of the Company on the share register as of Thursday, 27 June 2019 (**Record Date**) with a registered address in Australia or New Zealand (**Eligible Shareholders**).

The Entitlement Offer is non-renounceable and the rights will not be able to be traded on the ASX and will not be transferable.

Eligible Shareholders wishing to participate in the Entitlement Offer should carefully read the Entitlement Offer Booklet and accompanying personalised Entitlement and Acceptance Form which are expected to be dispatched on or around 2 July 2019. Copies of the Entitlement Offer Booklet will be available on the Company's ASX website.

Directors and management of the Company committed to participating in the Entitlement Offer.

The Company reserves the right to pay up to 6% in Commission to any broker who assists the Company in placing the shortfall of the Entitlement Offer

#### **Key Dates of the Entitlement Offer**

Event	Date*
Announcement of Entitlement Offer	Monday, 24 June 2019
Ex-date for Entitlement Offer	Wednesday, 26 June 2019
Record Date	Thursday, 27 June 2019
Entitlement Offer opens	Tuesday, 2 July 2019
Dispatch of Booklet and Entitlement and Acceptance Form	
Entitlement Offer closes	Friday, 12 July 2019
Shares quoted on a deferred settlement basis	Monday, 15 July 2019
Announcement of shortfall (if any) under the Entitlement Offer	Wednesday, 17 July 2019
Notification of undersubscriptions	
Issue and allotment of shares under the Entitlement Offer	Friday, 19 July 2019
Dispatch of holding statements	Friday, 19 July 2019
Commencement of trading of new shares	Friday, 19 July 2019

*\* The above timetable is indicative only and subject to change. The quotation of shares is subject to ASX approval. Subject to the ASX Listing Rules and the Corporations Act 2001 (Cth) and other applicable laws, the Company reserves the right to vary these dates, including the Closing Date, without notice, including extending the period of the Entitlement Offer or accepting late applications, either generally or in particular cases or bringing forward the Closing Date at its discretion. Any extension of the Entitlement Offer will have a consequential effect on the issue date of the shares under the Entitlement Offer.*

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