

ShareRoot

ASX Announcement

29 April 2016

MARCH 2016 QUARTERLY REPORT

Highlights

- High activity quarter, including the successful listing on the ASX via RTO
- Substantial customer growth and platform validation with five new clients and two high profile renewed contracts, bringing ShareRoot's customer base to over 45 brands
- Greatly outperforming industry benchmarks for product stickiness and client retention
- Top-tier management appointments and sales team growth, strengthening the leadership and sales capabilities of the business
- Company is well funded with approximately \$3.3m cash at bank and expects to continue strong customer growth in the current quarter

Leading user-generated content (UGC) marketing platform company, ShareRoot Limited (ASX:SRO or ShareRoot 'the Company') is pleased to release its Appendix 4C Report for the three-month period to 31 March 2016 and provide a review of its progress for the quarter.

Financial and Operational

Strong customer growth - New client wins

During the quarter, the Company was pleased to sign five new clients (encompassing over 10 brands) to the platform as well as renewing contracts with two high profile customers, Costco Wholesale and University of California Los Angeles (UCLA).

This brings ShareRoot's customer base to over 20 customers in total (including MacDonald's in the US and Quicken Loans), with over 45 brands using the platform.

New and renewed clients during the quarter:

- **Costco Wholesale** (NYSE: COST/market cap: USD\$65B): Wholesale retailing giant Costco renewed to a 12-month contract, allowing Costco to legally secure UGC from Facebook, Twitter and Instagram.
- **Richard Sandoval Restaurants**: Richard Sandoval Restaurants signed up for ShareRoot's platform for 12 restaurant locations across the United States.
- **The Shoe Mart**: Has over 30,000 pairs of shoes available for purchase and the ShareRoot platform offers an innovative platform for The Shoe Mart to increase customer engagement.
- **UCLA**: UCLA renewed and expanded its contract for a further 12 months, upgrading its contract from a Standard package to an Advanced package.
- **Fathead LLC**: Fathead is a leading manufacturer and retailer of life-sized, precision cut vinyl wall graphics and signed with ShareRoot following a referral.

- **Sound Devices:** Sound Devices makes professional audio and video equipment with offices internationally in Wisconsin and Germany.
- **Stubbs BBQ:** Stubbs BBQ renewed and expanded its contract for a further 12 months and has been featured on television shows such as the Tonight Show with David Letterman.
- **Paqui Tortilla Chips:** Paqui Tortilla Chips are a referral client from within the same agency as Stubbs BBQ and Visit San Antonio.

Strong Client Renewal Rate

Throughout its lifetime, the Company has maintained a high client renewal rate exceeding 70% for its entire platform. This is substantially ahead of internal expectations and serves as further strong validation of the Company's go-to-market strategy to sign customers to the platform at discounted rates with a view to substantially increasing the contract value upon renewal.

Outperforming Expansion Revenue Rate

This high renewal rate demonstrates that the ShareRoot platform is not only valued by clients when they sign up, but that value continues to increase as over 70% of clients re-sign and increase their spend as demonstrated in the expansion revenue rate.

To help define 'expansion revenue rate', ShareRoot's Standard package expansion revenue rate is 254%, which means that when \$2,000 is initially spent by a customer on a Standard package, ShareRoot can expect that when the next round of contracts go out, customers will spend on average \$5,080 (this number includes the customers who don't renew).

As a SaaS company with a rapidly growing platform, ShareRoot is already achieving strong results in its key metrics, including renewal rate and expansion revenue.

Appointment of Chief Operating Officer

During the quarter, the Company appointed highly experienced Silicon Valley executive, Misha McPherson to the role of COO of ShareRoot. Ms McPherson joined with over 18 years' of extensive experience in building, scaling and empowering teams at some of Silicon Valley's leading technology companies, including Yahoo, Yammer, Mixpanel and Responsys.

Commercial Director – Australasia

In line with the Company's strategy to broaden its customer based geographically, Mr. Ian Hasslacher was appointed as Commercial Director to lead the Company's Australasia sales efforts.

Mr. Hasslacher brings more than 15 years' of experience of taking disruptive technologies to market across a wide range of sectors. Mr. Hasslacher joined the Company having recently launched the partner program for the Adobe Digital Marketing Cloud.

Sales Team Growth

In addition to the above senior management appointments and in line with the Company's customer growth strategy, ShareRoot grew its sales force from one sales professional to reach six employees during the quarter. This has substantially enhanced the Company's ability to scale up and sign new customers to the platform and is already delivering early encouraging results.

Launch of 10th Gallery

The Company successfully launched its 10th Advanced Tier UGC gallery for clients during the March quarter. These galleries help ShareRoot's subscription customers manage and display UGC to increase sales and engagement on social media. The launch of the 10th gallery was ahead of Company expectations, demonstrating encouraging customer validation of the technology and its features.

Launch of Referral Program

During the quarter, the Company successfully launched its customer referral program, offering existing clients the opportunity to refer new clients to the ShareRoot platform in return for cash benefits. The referral program constitutes a key component of ShareRoot's customer growth and marketing strategy.

Set up in response to positive customer feedback from Costco USA, the referral program has already delivered its first new client, leading US manufacturer and retailer of life-sized, precision cut vinyl wall graphics Fathead LLC. This builds on the referral of Costco Canada and Costco Mexico to the Company by Costco USA.

Financial Update

During the quarter there were non-recurring payments made in relation to the discontinuing operations of Monto Mineral Ltd of \$368,000.

The Company is well funded to execute its customer growth strategy with cash at bank of \$3.3 million as at 31 March 2016.

Corporate Update

Successful listing on the ASX

ShareRoot commenced trading on the Australian Securities Exchange on 14 January 2016 following its 100% acquisition by Monto Minerals. As part of the listing, the Company successfully raised \$5m to execute its customer growth strategy in the US and expand into new geographic markets.

Outlook

Substantial operational progress has been made by ShareRoot in the past quarter, with continued client wins and high profile appointments to the Company's management and leadership team. This positions the Company well to emerge as a market leader in the large and rapidly growing marketing space (worth \$650 billion in 2015).

The Company expects further large client wins in the months ahead, on the back of its significantly increased sales team and the recently launched referral program.

ShareRoot plans to launch additional packages of the platform in the months ahead with expanded functionality to improve the experience for our clients.

Commenting on the quarterly, ShareRoot Co-Founder and CEO Noah Abelson said:

"The past quarter has been a very high activity one for the Company, with our successful listing on the ASX, a number of high profile operational appointments and a range of new client sign-ups to our innovative marketing platform. In the months ahead we expect continued client wins as the Company positions itself to be at the forefront of the rapidly growing UGC market."

For more information, please contact:

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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 admitted on the basis of commitments

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

Name of entity

SHAREROOT LTD

ABN

71 063 144 865

Quarter ended ("current quarter")

31 March 2016

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter	Year to date (9 months)
		\$A'000	\$A'000
1.1	Receipts from customers	5	23
1.2	Payments for (a) staff costs	(580)	(1,098)
	(b) advertising and marketing	-	-
	(c) research and development	-	-
	(d) leased assets	-	-
	(e) other working capital	(296)	(907)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	6	6
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other – receipt for exclusivity fees	-	300
	Other – non-recurring payments in relation to discontinuing operations of Monto Minerals Ltd	(368)	(368)
Net operating cash flows		(1,233)	(2,044)

+ See chapter 19 for defined terms.

Appendix 4C
Quarterly report for entities
admitted on the basis of commitments

	Current quarter	Year to date (9 months)
	\$A'000	\$A'000
1.8 Net operating cash flows (carried forward)	(1,233)	(2,044)
Cash flows related to investing activities		
1.9 Payment for acquisition of:		
(a) businesses (item 5)	5,120	5,120
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	(6)	(11)
(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 (provide details if material)	-	-
Net investing cash flows	5,114	5,109
1.14 Total operating and investing cash flows	3,881	3,065
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.	-	-
1.16 Proceeds from sale of forfeited shares	-	-
1.17 Proceeds from borrowings	-	699
1.18 Repayment of borrowings	-	-
1.19 Dividends paid	-	-
1.20 Other – payment of share issue costs	(434)	(434)
Net financing cash flows	(434)	265
Net increase (decrease) in cash held	3,447	3,330
1.21 Cash at beginning of quarter/year to date	82	176
1.22 Exchange rate adjustments to item 1.20	(188)	(165)
1.23 Cash at end of quarter	3,341	3,341

Notes:

On 11 January 2016, ShareRoot Ltd (formerly Monto Minerals Ltd) acquired 100% of the ordinary share capital and voting rights of ShareRoot Inc. This is treated as a reverse acquisition under the guidelines and principles of AASB 3 Business Combinations whereby ShareRoot Inc. is treated as the acquirer and ShareRoot Ltd is the acquiree. As a result, the Statement of Cash Flows comprises the cash transactions for ShareRoot Inc. for the full quarter and year to date periods and the cash transactions of ShareRoot Limited (and its group entities) from the date of acquisition (11 January 2016) to the period end date of 31 March 2016.

+ 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 \$A'000
1.24	Aggregate amount of payments to the parties included in item 1.2	96
1.25	Aggregate amount of loans to the parties included in item 1.11	-
1.26	Explanation necessary for an understanding of the transactions	
	Directors' remuneration and fees.	

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

The acquisition of ShareRoot Inc. by ShareRoot Limited is accounted for under AASB 2 Share Based Payments whereby the non-cash consideration in a reverse acquisition is deemed to be the fair value of the deemed issue of shares by the legal acquiree (ShareRoot Inc.), equivalent to the current shareholders interest in the legal acquirer (ShareRoot Limited) post the acquisition. The consideration net of cash acquired is reported in the Statement of Cash Flows as positive \$5,120,047 in item 1.9a, being the cash held by ShareRoot Limited as at the date of acquisition.

- 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

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities	-
3.2	Credit standby arrangements	-

+ See chapter 19 for defined terms.

Appendix 4C
Quarterly report for entities
admitted on the basis of commitments

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 \$A'000	Previous quarter \$A'000
4.1	Cash on hand and at bank	3,341	82
4.2	Deposits at call	-	-
4.3	Bank overdraft	-	-
4.4	Other (provide details)	-	-
Total: cash at end of quarter (item 1.23)		3,341	82

Acquisitions and disposals of business entities

	Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1	Name of entity	ShareRoot Ltd Herberton Tin Pty Ltd Baal Gammon Copper Pty Ltd
5.2	Place of incorporation or registration	Australia
5.3	Consideration for acquisition or disposal	Cash : Nil
5.4	Total net assets	\$5,088,694
5.5	Nature of business	ASX listed entity

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act.
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here: Date: 29 April 2016
 Company secretary

Print name: **Andrew Bursill**

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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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