

ShareRoot

ASX Announcement

30 April 2019

Quarterly Update for the period ending 31 March 2019

As expected this has been a most significant period of change for ShareRoot following the appointment of a new CEO six weeks ago and a recalibration of the business plan.

The first actions, following the change in leadership was to begin conserving cash and focusing on operational efficiencies, resulting in a significant reduction in head count, consultants and associated expenditure not recommended for continued development.

As expected this resulted in a number of large one-off payments as employees and consultants exited the company during this quarter, resulting in an expected reduction in working capital and total equity.

The company has been fortunate to receive an injection of \$200,000 from major investor, Antanas Guoga and is prioritizing an investigation into the company's eligibility to access R&D tax and other government incentives whilst reducing cash burn, pursuing aged receivables and employing cash conservation and operational efficiencies so as the company can navigate through this realignment period. The company is also investigating collaboration opportunities around technology development improving eligibility to access grant and alternative sources of funding.

The client services units within ShareRoot, The Social Science and Ludomade are continuing to seek out and pitch to new clients, cross sell shared services and upsell to existing clients to secure and expand retainer revenue, providing a much needed foundation for the company moving forward.

End

For **investor** enquiries: Mr Harvey Kaplan 0412 156 899

For **media** enquiries: Ms Laura Blue, Launch Link. 0416699925 laura@launchlink.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 LIMITED

ABN

71 063 144 865

Quarter ended ("current quarter")

31 MARCH 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	128	607
1.2 Payments for		
(a) research and development	(33)	(103)
(b) product manufacturing and operating costs		
(c) advertising and marketing	(41)	(109)
(d) leased assets		
(e) staff costs	(463)	(1,266)
(f) administration and corporate costs	(235)	(1,028)
1.3 Dividends received (see note 3)		
1.4 Interest received		1
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	(644)	(1,898)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	(1)
(b) businesses (see item 10), net cash acquired from subsidiary	-	(688)
(c) investments		

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Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 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	-	(689)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	-	1,222
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	-	(21)
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	-	1,201

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	810	1,546
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(644)	(1,898)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	-	(689)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	-	1,201

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Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	(5)	1
4.6	Cash and cash equivalents at end of quarter	161	161

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	161	810
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)	161	810

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 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

Current quarter \$A'000
189
-

Remuneration and fees paid to Directors and their associates.

7. Payments to related entities of the entity and their associates

- 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

Current quarter \$A'000
-
-

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	211
9.2 Product manufacturing and operating costs	
9.3 Advertising and marketing	22
9.4 Leased assets	-
9.5 Staff costs	82
9.6 Administration and corporate costs	356
9.7 Other (provide details if material)	-
9.8 Total estimated cash outflows	671

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:  Date:30 April 2019

Company Secretary

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.

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