ShareRoot

ASX Announcement
14 December 2017

ShareRoot to acquire digital content creator agency TSS

Highlights

- **TSS is a profitable revenue-generating social media and digital marketing agency**

- **Highly complementary to ShareRoot's existing offerings and delivers scale to both businesses**

ShareRoot Limited (ASX: SRO) ('ShareRoot' or 'the Company') is pleased to advise that it has entered into a binding agreement to acquire 'The Social Science' (TSS), a growing and profitable social media and digital marketing agency based in Melbourne, Victoria.

The acquisition of TSS complements and strengthens ShareRoot's capabilities and customer offerings across social and digital marketing segments with the Company being able to create, harness, and legally protect content across a much broader spectrum of social and digital media platforms.

TSS was co-founded by Michelle Gallaher in 2013, who was awarded Victorian Business Woman of the Year and Victorian Entrepreneur of the Year at the recent 2017 Telstra Business Women's Awards. Michelle has considerable knowledge of the social media and digital marketing sector and she brings these skills to ShareRoot. TSS has a core team of 5 key people operating from its premises in Melbourne and retains a number of freelancers and sources its revenue from a diverse client base.

Added Functionality
TSS complements ShareRoot's existing business and the combined businesses will have considerably more social media and digital marketing functionality and client offerings. TSS expands ShareRoot's products and services which currently **harness** user generated content, and **protect** companies in their digital marketing efforts. This new additional capability of being able to **create** which TSS adds to the ShareRoot Group enables the company to offer new capabilities to existing customers, which will result in larger contracts/increased average contract values (ACVs) and increased revenue.

Post acquisition, the ShareRoot Group will have added capabilities to:

- **Produce** content for all social and digital media platforms
- **Promote** content across all social and digital platforms
- **Protect** content across all social and digital media platforms

New Markets
With an impressive client list across the STEMM (science, technology, engineering, maths and medical) industries, TSS is predominantly entrenched in the health and life sciences industry. Ms. Gallaher's extensive expertise in the innovation industries will be leveraged over the coming quarters to drive customer acquisition. To date, TSS has delivered successful campaigns for long term clients such as the Australian

Regenerative Medicine Institute, Orthocell Ltd, Monash University's Department of Nutrition, the Victorian Bar Association, and Neuroscience Trials Australia, for example.

ShareRoot provides the perfect platform to significantly expand TSS' interest and networks in the United States and a number of opportunities have been identified. Similarly, TSS presents a growth platform and cross-selling channel for ShareRoot's core UGC platform. The consolidated offering of both business' social media and digital marketing offerings is compelling and will result in ShareRoot being able to market a more comprehensive range of social engagement marketing products and access high value markets.

No Integration Risk

TSS will continue to operate under its current brand and leadership team. Minimal integration is required with the existing operations remaining. TSS has a core team of 5 key people operating from its premises in Melbourne and retains a number of freelancers and sources its revenue from a diverse client base.

Synergies are expected to be achieved in this financial year with further cost savings to be delivered in the next financial year. The acquisition is expected to offer attractive revenue growth starting this financial year. TSS's leadership and customer base are high quality and offers expansion opportunities.

Commercial Acquisition Terms

TSS is a profitable, revenue-generating specialist digital and social media business. The business is being acquired on industry commercial terms.

Completion of the acquisition is expected to take place within 10 business days after ShareRoot's capital raise and is subject to a limited number of customary conditions precedent. Upfront consideration of $350,000 in cash and $216,666 in SRO shares at an issue price equal to the volume weighted average price for the 5 trading days prior to Completion and post the current SRO Rights Issue. The upfront cash and shares consideration represents approximately 5 times EBITDA and is in line with standard industry commercial terms.

All shares issued as consideration to TSS will rank equally with existing SRO shares. TSS is entitled to receive further performance shares worth up to $216,666 based on revenue performance milestones being achieved in each of the subsequent two financial years ending 30 June 2019 and 30 June 2020.

Commentary

ShareRoot's CEO Noah Abelson said: "This is a very pleasing transaction for ShareRoot. It delivers depth of talent to our team, added functionality, more clients in new sectors, and an expanded geographical footprint. We will have much deeper and more compelling social and digital media capability."

"As well, the life sciences and health industry is in constant need of User Generated Content amidst a regulatory environment that makes content protection absolutely essential. Our consolidated offering means clients and companies will be able to procure a comprehensive suite of social engagement services across the marketing lifecycle from the one company through a legally protected and safe environment."

TSS Co-Founder and Director Michelle Gallaher added: "We like the ShareRoot business a great deal as it provides the perfect springboard for us to scale our operations in the Australian and lucrative US market. We have been assessing opportunities here for some time and a business combination with ShareRoot presents the best avenue for growth and impact value for clients. We are looking forward to concluding this transaction and hitting the ground running in 2018, expanding our client offering and continuing to strengthen our leadership position in social media marketing and engagement in the STEMM industries.

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About ShareRoot

ShareRoot Limited (ASX: SRO) ('ShareRoot' or 'the Company') is established in the rapidly growing field of User Generated Content (UGC) marketing, providing businesses such as Costco and McDonald's franchisees a platform to search, legally acquire, organize and measure the effectiveness of user generated marketing campaigns.

UGC or Social Network Advertising is forecast to grow into a US$17 billion per year marketing sector with an 18% compound annual growth rate through to 2019.

ShareRoot works with companies via a platform provided on a monthly charge basis, solving problems of finding suitable social media content, ensuring legal compliance such as privacy regulations, assisting with Customer Identity Management (CIM), and helping to build and monitor the success of marketing campaigns.

About TSS

The Social Science is a technology focused social and digital media marketing and content creation company. The company specializes in content across technology industries such as life sciences and healthcare. The Company was founded in 2013.