

SportsHero

30 April 2019

Quarterly Report for the period ended 31 March 2019 and Appendix 4C

Highlights

- Execution of exclusive multi revenue stream digital partnership with the Football Association of Indonesia (PSSI), one of the world's largest sports federations that includes 4 leagues and 128 teams
- Up to 80 million PSSI fans targeted for connection
- New digital PSSI platform (to be powered by SportsHero) that will deliver a broad range of revenue streams for SportsHero, including SportsHero's gamification platform, social media, merchandise/ecommerce, game highlights and player access
- Joint Venture established and Sports Bookmaker Licence to be secured, which will enable SportsHero's pay-to-play to be launched in Australia

Overview

The March quarter certainly turned out to be a **game changer** for SportsHero as a consequence of:

1. the finalisation of a comprehensive and exclusive, strategic multi revenue stream partnership with the Football Association of Indonesia - the governing body of football in Indonesia, known as **PSSI - 100% owned and controlled by the Indonesian Government**; and
2. the securing of access to a Sports Bookmaker Licence, regulated by the Northern Territory Racing Commission, to facilitate the Australian launch of a pay-to-play sports prediction platform.

PSSI partnership

Pursuant to a Binding Heads of Agreement, PSSI has selected and appointed SportsHero as its **exclusive** provider and partner to build its first official platform, including apps that will incorporate SportsHero's gamified sports prediction platform, social media, merchandise/e-commerce, game highlights and player access.

This will be a bespoke PSSI branded platform, built and powered by SportsHero that delivers not only SportsHero's first 'white-label' collaboration, but also a meaningful expansion of the scope and range of services able to be developed on SportsHero's community based gamification platform.

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Key Features:

1. SportsHero agrees to develop a White-Label platform, in association with the Football Association of Indonesia, for a broad-based sports community encompassing multiple revenue streams, including, but not limited to gamification, built on an existing captive community of more than 80 million Indonesian football fans; and
2. Potential revenue streams to include third-party sponsorship, direct marketing and gamification related ticket sales.

Pursuant to the Binding Heads of Agreement, the parties have agreed that net revenue will be split 70/30 in PSSI's favour. Included under the exclusive agreement is revenue generated from third-party sponsorship, direct marketing and gamification-related ticket sales – which are required to participate in weekly, monthly and season long prediction competitions and PSSI promotions.

With respect to revenue generated from third party sponsorships, direct advertising and relevant competitions, the party who introduces the revenue source will receive 70% of the revenue, less all applicable taxes and deductions (the other party will receive 30%).

Throughout the term, PSSI will exclusively provide rich content, including access to video footage of games, events and features of the Indonesian national teams and its players.

In addition, PSSI intends to use the app, built by SportsHero, to stream live and recorded matches to their estimated 80 million fan base in Indonesia – thereby meaningfully expanding the potential advertising and sponsorship revenue base through a wider audience and an extended app user engagement time.

The parties further intend that users will be offered the right to subscribe to exclusive access to premium content, such as international match video highlights, live streaming of games and featured video stories and education.

Sports Bookmaker Licence

The second **game changer** event that took place was the securing of access to a Sports Bookmaker Licence regulated by the Northern Territory Racing Commission to facilitate the Australian launch of a pay-to-play sports prediction platform.

During the quarter, SportsHero executed binding agreements, including a Joint Venture Agreement (**JVA**), with Cross Bet Holdings Pty Ltd (a non-related entity) (**CBH**) for the purpose of enabling the granting of a Sports Bookmaker Licence to a newly incorporated Australian joint venture company called Pay-to-Play Australia Pty Ltd (**P-to-P**). P-to-P is 50% owned by each of SportsHero and CBH.

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Conditional approval from the Department of the Attorney General and Justice Licensing in the Northern Territory for the granting of the Licence has been received by CBH, which in turn intends to transfer that approval to P-to-P.

Under the terms of the JVA, and subject to the granting of the Licence to P-to-P, the parties intend to operate a pay-to-play sports prediction platform. Pursuant to the JVA the parties have agreed to:

- the sharing of existing resources, including without limitation intellectual property owned by the parties for the establishment of the platform under the License which is based on predicting the outcomes of sporting events;
- roll out the platform in the Australian market and, if agreed, expand the business model to other markets, such as New Zealand.

The establishment of the P-to-P joint venture and the granting of the Licence to P-to-P will facilitate the launch in Australia of a SportsHero-branded pay-to-play sports prediction platform.

Expenditure incurred

Due to the significance and potential of both the PSSI and Sports Bookmaker Licence transactions, the Company elected to accelerate their introduction and more relevantly expedite the development and delivery of the launch of the white label PSSI platform and the Australian pay-to-play sports prediction platform.

In so doing, significant additional operational and technical expenditure has been bought forward and incurred. The logic for doing so being that the sooner these two transactions are physically implemented, the sooner revenue can be generated and received. In that regard, the newly developed PSSI app (powered by SportsHero) will soft launch in Indonesia in June 2019 for the 2019 Piala Cup Playoffs, which are the most watched sporting events in Indonesia.

Private Placement

On 23 January 2019, the Company announced that it had finalised an oversubscribed private placement raising \$1.65m (pursuant to the issue of fully paid shares at an issue price of \$0.10 per share) and had received commitments for the exercise of 31 August 2019 options, raising not less than an additional \$0.55m.

As at 31 March 2019, a total of \$1,256,250 (before costs) was raised. Subsequent to the end of the quarter, Global investor IPV Capital subscribed for 4,150,000 shares at an issue price of \$0.10 per share, raising \$415,000. The balance of the capital raising (\$530,000) is expected to be received in coming weeks.

Join us! Game on!



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

SportsHero Limited

ABN

98 123 423 987

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	-	-
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(63)	(185)
(c) advertising and marketing	(177)	(361)
(d) leased assets	-	-
(e) staff costs	(193)	(319)
(f) administration and corporate costs	(520)	(1,181)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	2
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	(952)	(2,044)

SportsHero Limited ABN 98 123 423 987

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Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	(3)
(b) businesses (see item 10)	-	-
(c) investments	-	-
(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	-	(3)
3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	1,059	1,798
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	175	175
3.4 Transaction costs related to issues of shares, convertible notes or options	(61)	(82)
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-

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Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	1,173	1,891

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	62	437
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(952)	(2,044)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	(3)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,173	1,891
4.5	Effect of movement in exchange rates on cash held	-	2
4.6	Cash and cash equivalents at end of quarter	283	283

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	283	62
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)	283	62

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6. Payments to directors of the entity and their associates	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	178
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	

Fees paid to directors for services rendered to the Company

7. Payments to related entities of the entity and their associates	Current quarter \$A'000
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	

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	-
9.2	Product manufacturing and operating costs	60
9.3	Advertising and marketing	25
9.4	Leased assets	-
9.5	Staff costs	150
9.6	Administration and corporate costs	475
9.7	Other (provide details if material) – Advance to Pay-to-Play Australia Pty Ltd	250
9.8	Total estimated cash outflows	960

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		

1.1 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.

Michael Higginson

Sign here:

(Director/Company Secretary)

Date: 30 April 2019

Print name: Michael Higginson

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.