



27 October 2020

Quarterly Report for the quarter ended 30 September 2020

Highlights

- SportsHero's fully localised Indonesian app 'Olahbola', generates over 1 million new unique users in less than 4 months
- Rapidly growing user base further enhances our value proposition to advertising brand partners
- First commercial brand collaboration on the Olahbola platform - with Germany's Nivea (who are also the global sponsor of Spain's Real Madrid football club) and Tokopedia, Indonesia's largest e-commerce platform
- All technology, assets, partnerships and people in place to generate revenues in 2020

Quote from CEO Tom Lapping

"Achieving over 1,000,000 Olahbola users and commencing initial collaborations with Nivea and Tokopedia are significant milestones in SportsHero's progress."

"Surpassing 1 million unique users will catapult our value proposition to advertising brand partners and clearly demonstrates the marketability, appeal and potential of our fully localised Indonesian platform."

"In addition, the launching of our first commercial collaboration on Olahbola with high profile partners Nivea and Tokopedia is a tremendous endorsement of our platform and signals Olahbola's future potential. With this decisive progress, we are on track to generate revenue this financial half year."

"We operate in a large attractive market targeting passionate football fans aged 18-35 years with middle-income demographics. With no obvious competition, everything is in place for us to generate revenues in 2020. Our technology is highly scalable, our variable costs are minimal and the fixed cost base can support significant revenues."

Olahbola launch

On 7 July 2020, SportsHero successfully launched in Indonesia its first locally branded and fully localised football app 'Olahbola'. **The launch generating over 1,000,000 new unique users in the first 4 months** and coincided with the resumption of major football leagues, including the English Premier League (EPL) and Spain's La Liga.

The Indonesian version of SportsHero's platform is dedicated to international football and caters to the millions of fanatical Indonesian football fans who follow and support international football leagues, such as the EPL and La Liga. The Olahbola app provides dynamic video content from these football leagues, providing a platform for advertisers and, in turn, revenue opportunities for the Company.

Subsequent to the end of the quarter, on 20 October 2020 the Company announced its first commercial brand collaboration utilising the Olahbola platform. German based multinational Nivea (who are also the global sponsor of Spain's Real Madrid football club – the reigning La

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Liga champions and one of the biggest football clubs in the world) are sponsoring an initial one month exclusive promotion to Olahbola users. This initial exclusive promotion enables Olahbola users to win vouchers to purchase Nivea Men products to the value of A\$5,000. Winning vouchers entitle the holders to redeem Nivea Men products on Tokopedia. Tokopedia is Indonesia's largest e-commerce platform and is backed by Japan's SoftBank Group and Chinese e-commerce giant Alibaba Group Holding Ltd.

Dugout

On 6 May 2020, the Company signed an agreement to access Dugout's rich sports video content. SportsHero showcases Dugout's unparalleled video content on Olahbola. This being the first time SportsHero has been able to utilise Dugout's international football content since the Company's partnership with Dugout was first announced.

Dugout is a unique media company co-owned by 10 of the world's biggest football clubs that attracts approximately 40 million video views per month in Indonesia.

Additionally, Dugout has guaranteed that an Olahbola promotional video clip will be viewed in Indonesia 750,000 times per month. The Olahbola promotional video is available on the Company's website (asx.sportshero.live/).

\$5 million financing facility secured

On 10 September 2020, the Company executed a definitive Standby Placement Agreement with Bahamas based Mint Capital Advisors (**Mint**) to provide up to \$5m in equity funding over three years (**Facility**).

The Company's entry into the Facility is part of its broader strategy in relation to the resumption of global football competitions, including the EPL and La Liga.

The equity funding provided by Mint, which SportsHero can access on a discretionary basis as and when it is required, will be used to fund the Company's growth strategy.

The discretionary nature of the Facility allows the Company to access funds only when they are needed. Whilst SportsHero may not require the full \$5m over the next three years, having the Facility provides flexibility and a financial backstop during a period of COVID-19 uncertainty.

Appointment of Indonesian Director of Operations

On 26 August 2020, the Company appointed Mr Rob Davies as its Indonesian Director of Operations.

Mr Davies has lived in Indonesian since 1992 and is fluent in Bahasa Indonesian (the local language) and has held senior management positions with Bechtel Telecommunications and XLcom.

Mr Davies was responsible for successfully launching the application FM Manager, a fantasy league game for www.supersoccer.co.id, a football website owned by the Djarum Group, along with several other websites with a focus on football which exceeded 5 million users and a company with which he maintains very close ties.

Rob was also the founder of the number one blue collar application for blue collar workers in

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Indonesia "Rob's Jobs" Via Appbsolute Digital, an Australian private company.

He is currently responsible for the "Garuda select" project, in which under 17's players are trained in the UK to develop their skills by playing English teams starting on Academy C sides and progressing to A sides including Chelsea, Arsenal and Liverpool. These games are live streamed to Indonesia attracting around 5 million viewers for live games and around 15 million via national television for the behind the scenes documentaries aired weekly.

Rob has existing and close relationships with many departments of the current Indonesian Government, along with many of the senior management of PSSI. Working closely with PSSI provides him with the ability to promote and assist SportsHero in maximizing the existing PSSI partnership and potentially enhancing the relationship even further.

He has also managed several current and legendary players from the EPL for sponsorship or events based in Indonesia, including the likes of Dennis Wise, Ray Parlor, Peter Schmeichel, Robbie Fowler and Marcel Desailly. He has a long standing relationship with many of the game's greatest names and brings a wealth of experience to the Company in the area of football and appeal to the masses of Indonesia.

PSSI/SportsHero partnership – commercialisation

SportsHero has an exclusive three-year agreement (with two further three-year options) with PSSI. Under the agreement with PSSI, SportsHero and PSSI will share revenues from football fan subscriptions and advertising campaigns on both the Kita Garuda app and web browser. PSSI is responsible for all marketing costs, while SportsHero advises on strategy and execution.

Importantly, the web browser enables the capture of all smart phone users and there are over 130 million avid social media users in Indonesia, with 65 million people aged between 18 and 35.

Indonesian operating entity secured.

On 21 September 2020, the Company announced that after some 18 months, it has successfully secured a wholly owned Indonesian operating entity.

The securing of this entity is a key component for the Company as it will facilitate the building of SportsHero's Indonesian presence by enabling such things as the hiring of Indonesian staff, the opening of an Indonesian bank account, the securing of offices in Indonesia and the collection of revenue.

Pay-to-Play Australia Pty Ltd

On 20 August 2020, Pay-to-Play Australia Pty Ltd repaid the Company \$200,000 that was advanced for the purpose of establishing a \$200,000 refundable bond with the Northern Territory Racing Commission.

COVID-19

As a consequence of the COVID-19 pandemic:

1. On 17 March 2020, PSSI announced the suspension of all Indonesian football competitions, with no date being set for its resumption.

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- Both Spanish and English football, which were suspended due to COVID-19, commenced their 2020/21 football seasons on 12 September 2020.

The suspension of football in Indonesian has had a temporary impact on the Company's ability to generate revenues from its Kita Garuda platform.

Cash and expenditure (A\$'000)

Net cash used in operating activities for Q1 FY20/21 totaled \$320, which included the following:

- Olahbola R&D, operating & development costs, staff costs and promotion \$144
- Olahbola content and software services \$32
- corporate costs, staff costs, administration, professional and legal expenses \$123
- corporate promotion and travel costs \$16
- acquisition costs related to Indonesian operating entity \$5
- PSSI \$- (due to the cancellation of all Indonesian football as a result of COVID-19)

Cash at bank as at 30 September 2020 totaled \$104.

During Q1 FY20/21 a total of \$44 was paid to related parties of the Company as follows:

- \$23 for the provision of full-time services by a director
- \$nil for director fees paid to non-executive directors
- \$21 for the provision of services by a non-executive director

Authorised for release by the Board

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About SportsHero

SportsHero's strategy is to build a large user base of active sports fans utilising our premium technologies and official associations with the sport's governing bodies. We will then monetise these strategic assets with recurring revenue generated from complementary advertising income, brand sponsorship, subscriptions, competition revenue, video streaming, ecommerce and match and gamification ticket sales.

SportsHero has developed an intelligent, engaging sports prediction platform, designed to provide a dynamic immersive social experience, coupled with both monetary and other prizes.

It has an exclusive digital partnership with PSSI as well as with Spain's LaLiga, one of the world's most popular sporting leagues.

Having developed a white label digital solution, SportsHero is now able to offer that digital solution across multiple sports to sporting groups and other partners globally.

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