



22 August 2018

Mr Dale Allen  
Listings Compliance (Perth)  
ASX Limited

Dear Dale

## **RESPONSE TO ASX LETTER**

SportsHero Limited (**SHO** or the **Company**) refers to your letter dated 17 August 2018 and responds to the 3 questions and provides the 2 confirmations as set out below:

### **Question #1**

*Does SHO expect that it will continue to have negative operating cash flows for the time being and, if not, why not?*

Answer: For the "time being", yes. The Company does, however, expect that revenues will escalate as a result of the recent successful launch of the Company's localised Indonesian app, the generation of early revenues from the Company's World Cup Campaign, the launch of Version 3 of the Company's app in advance of the opening of the 2018/2019 English Premier League and the Spanish La Liga seasons.

### **Question #2**

*Has SHO taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?*

Answer: SHO is taking steps to fund its ongoing operations and to raise further cash to fund those operations. The Company intends to undertake further equity raisings and considers it very likely that it will be successful.

### **Question #3**

*Does SHO expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?*

Answer: SHO does expect to continue its operations and to meet its business objectives. The Company refers ASX to its June Quarterly Report which stated:

"The Company is delighted to outline the very considerable achievements that occurred during the June quarter of 2018."

"Firstly, the Company finalised the extensive task of developing a fully localised Indonesian version of the SportsHero platform. The Indonesian version of the platform is dedicated to football and caters to the millions of fanatical Indonesian football fans who follow the country's most popular sport."

# SportsHero

"Following the development of the Indonesian localised platform, on 15 June 2018 the Company launched its World Cup campaign in Indonesia. The results of the campaign were immediately positive as they delivered not only proof of concept, but also very encouraging early revenue flows. These revenue flows validating management's decision to pivot operations to allow for the rapid build of the localised Indonesian platform and the design and build of the Indonesian World Cup campaign."

"As reported to ASX on 2 July 2018, SportsHero's fully localised Indonesian user experience generated gross revenue of A\$50,180 in the first two weeks of the World Cup campaign. The Company is also delighted to report that the gross revenue for the World Cup campaign in July 2018 more than doubled, exceeding A\$107,000."

"The Company is also excited to announce that it is on target to launch Version 3 of the Company's App in advance of the August opening of the 2018/2019 English Premier League and the Spanish La Liga seasons, which are the two most followed football leagues in the world. In Indonesia, these two leagues represent a key "pay to play" market for the Company and the millions of Indonesian football fans."

"From a technical perspective, the Company's ongoing research and development is now delivering very tangible results that will be incorporated in the new user experience of Version 3."

## **Confirmation #4**

*Can the Entity confirm that it is in compliance with Listing Rule 3.1 and that there is no information that should be given to ASX about its financial condition in accordance with that Rule that has not already been released to the market?*

Response: The Company is currently in a trading halt pending the release of announcement concerning a strategic partnership. Aside from this pending announcement, the Company is in compliance with Listing Rule 3.1 and there is no other information that should be given to ASX about its financial condition in accordance with that Rule that has not already been released to the market.

## **Confirmation #5**

*Please confirm that SHO's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of the Entity with delegated authority from the board to respond to ASX on disclosure matters.*

Response: The Company's response to the questions have been authorised and approved by an officer of the Company with delegated authority from the board to respond to ASX on disclosure matters.

Yours faithfully

Michael Higginson  
Company Secretary



17 August 2018

Mr Michael Higginson  
Company Secretary  
SportsHero Limited

By email:

Dear Mr Higginson

**SportsHero Limited (“SHO”): Appendix 4C Query**

I refer to SHO’s Appendix 4C quarterly report for the period ended 30 June 2018 lodged with ASX Market Announcements Platform and released on 31 July 2018 (the “Appendix 4C”).

ASX notes that SHO has reported:

- negative net operating cash flows for the quarter of \$821,000;
- cash at the end of the quarter of \$437,000; and
- estimated cash outflows for the next quarter of \$522,000.

It is possible to conclude, based on the information in the Appendix 4C, that if SHO were to continue to expend cash at the rate indicated by the Appendix 4C, SHO may not have sufficient cash to continue funding its operations. In view of that, ASX asks SHO to answer separately each of the following questions and provide the following confirmations in a format suitable for release to the market in accordance with Listing Rule 18.7A:

1. Does SHO expect that it will continue to have negative operating cash flows for the time being and, if not, why not?
2. Has SHO taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?
3. Does SHO expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?
4. Please confirm that SHO is in compliance with Listing Rule 3.1 and that there is no information that should be given to ASX about its financial condition in accordance with that Rule that has not already been released to the market.
5. Please confirm that SHO’s responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of SHO with delegated authority from the board to respond to ASX on disclosure matters.

Please also provide any other information that SHO considers may be relevant to ASX forming an opinion on whether SHO is in compliance with Listing Rule 12.2 (a listed entity’s financial condition must, in ASX’s opinion, be adequate to warrant the continued quotation of its securities and its continued listing).

**When and where to send your response**

This request is made under, and in accordance with Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, **by not later than 7am AWST on Wednesday 22 August 2018**. If we do not have your response by then, ASX will have no choice but to consider suspending trading in SHO’s securities under Listing Rule 17.3.

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You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, SHO's obligation is to disclose the information "immediately". This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail at [tradinghaltspert@asx.com.au](mailto:tradinghaltspert@asx.com.au). It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

### **Listing Rule 3.1**

Listing Rule 3.1 requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. Exceptions to this requirement are set out in Listing Rule 3.1A.

In responding to this letter, you should have regard to SHO's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*.

It should be noted that SHO's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

### **Trading halt**

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in SHO's securities under Listing Rule 17.1.

If you wish to request a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

If you have any queries or concerns about any of the above, please contact me immediately.

Kind regards

*[Sent electronically without signature]*

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Dale Allen, Listings Compliance (Perth)