



8 March 2019

## **Joint Venture established and Sports Bookmaker Licence to be secured to enable the Australian launch of SportsHero's pay-to-play platform**

SportsHero Limited (the **Company** or **SportsHero**) refers to its ASX announcement dated 10 January 2019 wherein it announced its intention to secure access to a Sports Bookmaker Licence (**Licence**) regulated by the Northern Territory Racing Commission (**NTRC**) to facilitate the Australian launch of a pay-to-play sports prediction platform (**Platform**).

SportsHero is very pleased to announce that it has 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.

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. Subject to this, the final steps in the granting of the Licence are expected to be the payment of a \$200,000 refundable bond, the inspection of the Northern Territory office by the NTRC and the nomination of a key employee by P-to-P in Darwin.

SportsHero's CEO, Mr Tom Lapping said: "The securing of access to a full Australian sports bookmaker licence is a real achievement and game changer for SportsHero. Sporting events and the tipping of sporting results are a part of our Australian culture and we are very excited at being able to differentiate ourselves in the Australian market by offering a diverse range of sports tipping products and prizes."

CBH's Managing Director, Mr Scott Cross said: "We are very excited to partner with Sportshero. We feel this is a fantastic opportunity to bring a global brand to the pay-to-play market in Australia and, more importantly, bring the Australian public something new and refreshing."

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.

To facilitate the payment of the Licence bond and the granting of the Licence to P-to-P, SportsHero has agreed to provide P-to-P with an interest free loan of \$200,000.

The parties have today further executed a put and call option deed in relation to SportsHero acquiring CBH's 50% shareholding in P-to-P.



The essential terms and conditions of the put and call option are as follows:

- CBH has been granted an irrevocable and exclusive put option (**Put Option**) for a term of 3 years (**Put Term**) from the date of the Platform launch;
- SportsHero has been granted an irrevocable and exclusive call option (**Call Option**) for a term commencing 18 months from the date of the Platform launch and expiring 3 years from the date of the Platform launch (**Call Term**);
- the Put Option can only be put to SportsHero during the Put Term and provided that P-to-P achieves a minimum net operating revenue of \$1 million in any 12 month period during the Put Term;
- the Call Option can only be exercised by SportsHero during the Call Term;
- the exercise price to be paid by SportsHero for both the Put Option and the Call Option will be calculated by multiplying by 5 the net operating revenue earned by P-to-P during the 12 month period immediately preceding the date of exercise of either the Put Option or the Call Option (**Exercise Price**);
- subject to obtaining any required shareholder approvals in accordance with the ASX Listing Rules or the Corporations Act, the Exercise Price will be paid by SportsHero in either cash and/or fully paid ordinary shares at an issue price equal to the 30 trading day VWAP of SportsHero shares on the ASX immediately prior to the date of exercise of either the Put Option or the Call Option; and
- if SportsHero does not meet the Call Option, then CBH can acquire SportsHero's shares in P-to-P for a nominal consideration.

The parties have further entered into royalty free intellectual property licenses with P-to-P to provide P-to-P with various intellectual property assets to develop, operate and market the Platform in accordance with the License terms.

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.

**Join us! Game on!**