

SportsHero

31 October 2019

Quarterly Report for the period ended 30 September 2019 and Appendix 4C

Highlights

- Updated and expanded partnership agreement with the Football Association of Indonesia, which significantly extends the term and expands the scope of the previous partnership agreement in relation to the 'Kita Garuda' white label mobile application, developed for the Football Association of Indonesia.
- Binding agreement with leading hyper-personalised video content provider Linius Technologies Limited, for the rights to use the Linius technology in the SportsHero app and other white label solutions, including the Kita Garda mobile app.
- Further functionality added to the Kita Garuda mobile app, with the addition of video streaming and live scores.
- The exercise of 53.65 million options at \$0.05 by institutional and other investors, resulted in a total of \$2.68m in capital being raised, with funds applied towards the development the Kita Garuda white label mobile app.

Operational Update

Long Term Partnership with PSSI

On 1 August 2019, the Company announced that it had entered into an updated and expanded partnership agreement ("Partnership Agreement") with the Football Association of Indonesia ("PSSI"), which significantly extends the term and expands the scope of the previous partnership agreement in relation to the 'Kita Garuda' white label mobile application.

The updated and expanded Partnership Agreement superseded and replaced the 25 March 2019 partnership agreement. Significantly, the parties to the Partnership Agreement, agreed to extend the term to a period of 3 + 3 + 3 years (meaning at the end of the 3 year term, both parties have the option to extend the term for 2 further periods of 3 years).

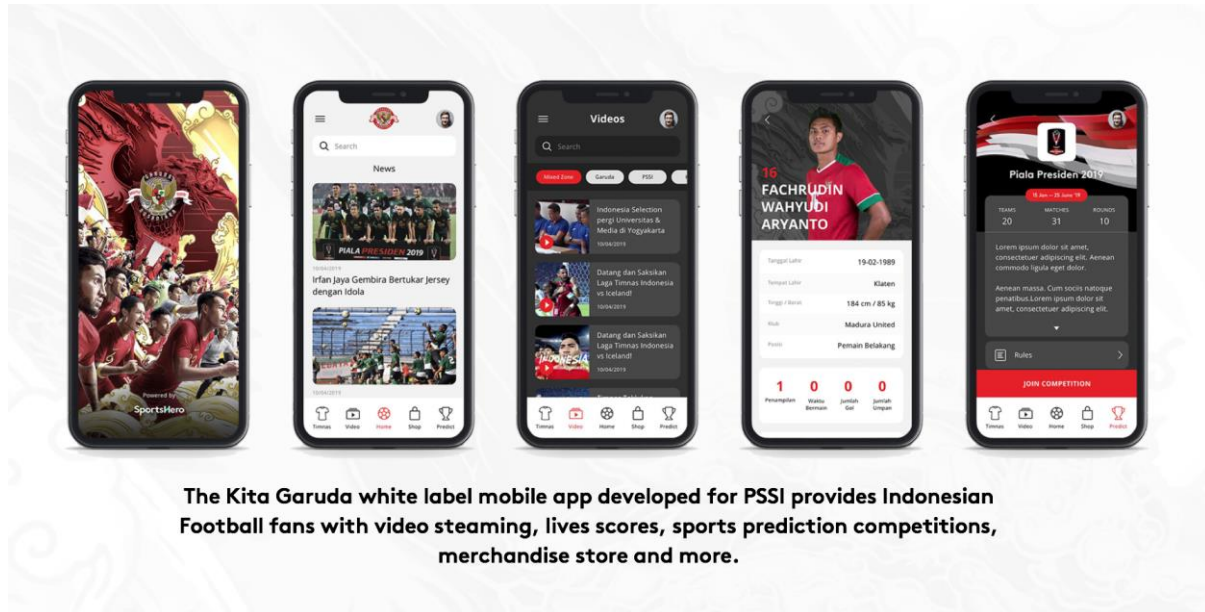
This extended term fosters and promotes a positive long term relationship between the parties and importantly will allow SportsHero to develop, integrate and deliver additional long term revenue generating functionalities, including a ticketing platform for live matches, in-app merchandise fan shop and in-app live streaming.

SportsHero CEO, Tom Lapping, commented: "I am very pleased with SportsHero's progress during the September quarter, as importantly, we have extended and expanded the partnership agreement with PSSI, thereby enabling the development

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of additional functionality, including the integration of the Linius hyper-personalisation technology. As per the Kita Garuda Presentation for October 2019, we have secured the exclusive rights to the complete match footage from the 2018/19 Piala Cup season, with Linius integration expected by December 2019."

"During the quarter, without dilution to the Company's fully diluted capital structure, we successfully raised \$2.68 million following the exercise by institutional and other investors of 53.65 million \$0.05 options. The funds raised will drive further development of the Kita Garuda mobile app. We certainly look forward to continuing to work with PSSI and I would like to sincerely thank shareholders for their continued support."



Licensing Agreement with Linius Technologies

On 1 July 2019, SportsHero announced that it had entered into a binding agreement with leading hyper-personalised video content provider Linius Technologies Limited ("Linius") (ASX: LNU), via their respective wholly owned subsidiaries. Pursuant to the agreement, SportsHero secured the rights to use the Linius technology in the SportsHero app and other 'white label' solutions, including the mobile application 'Kita Garuda', developed for PSSI.

The Linius technology allows a user to customise a video to show only content that is relevant to the individual requirements and viewing preferences of the user. For example, a user of the PSSI app will be able to search for and watch highlights of their favourite players, the best goals scored, or customise their viewing content based on virtually any criteria, such as shots on target, goalkeeper saves, injuries, substitutions, penalties, red cards and many more. As per the Kita Garuda presentation released on 25 October 2019, SportsHero expects that the Linius integration will be complete by December 2019.

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Further Functionality for Kita Garuda Mobile App

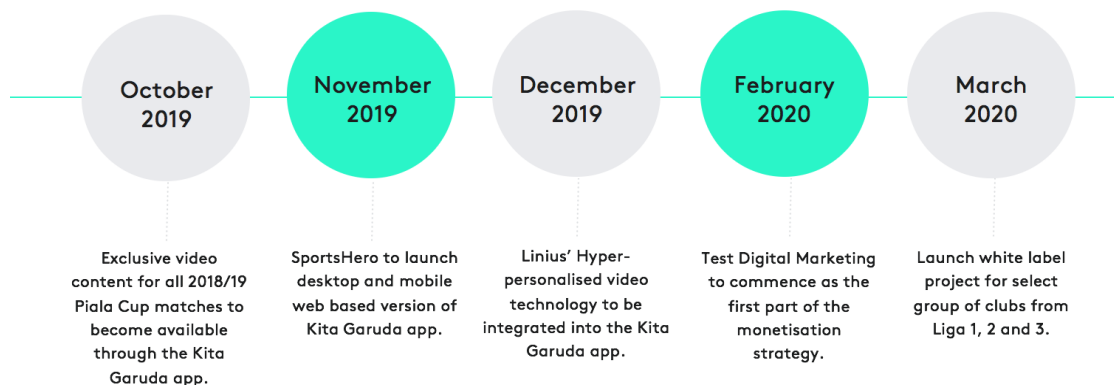
During the quarter, SportsHero announced that further functionality had been added to the 'Kita Garuda' white label mobile application, including the addition of video streaming and live scores, which are now available in the most recent app update.

With the aim of driving downloads, the Grand Final of the Piala Indonesia Cup match between Persija Jakarta and PSM Makassar, was live streamed through the Kita Garuda mobile app. Video streaming is an important function of the app, as it precedes the integration of the Linius hyper personalised video content.

Exclusivity for Indonesia's FIFA World Cup

On 21 August, SportsHero announced that 100% of all ticket sales for Indonesia's upcoming FIFA World Cup qualifying matches were to be purchased through the Kita Garuda mobile application. The exclusive FIFA World Cup ticket booking platform became live on Android and IOS versions of the Kita Garuda mobile application on 21 August, with PSSI implementing a marketing strategy to drive awareness. PSSI also granted SportsHero the exclusive rights to sell Indonesian FIFA World Cup merchandise through the Kita Garuda app.

News Flow Catalysts



Background

On 25 March 2019, the Company entered into an initial Partnership Agreement with PSSI, one of the world's largest sports federations, boasting an engaged fan base of 80 million fans, over 4 leagues and 128 teams. In June 2019, the 'Kita Garuda' mobile application went live on both Apple's App Store and Google Play.

On 1 August 2019, the parties to the Partnership Agreement agreed to extend the term to a period of 3 + 3 + 3 years.

Partnership Overview

Indonesia represents the largest 'digital' community in the Association of South East Asian Nations, with 130 million social media users, 177 million mobile users and 120

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million mobile social users. The partnership between SportsHero and PSSI has been established with a goal of transforming the 80 million Indonesian football fans into engaged consumers of digital content.

In accordance with the Partnership Agreement, SportsHero has been appointed by PSSI as its **exclusive** provider and partner to build its first official platform, including apps that will incorporate SportsHero's gamified sports prediction platform, a ticketing platform, live streaming, social media, merchandise/e-commerce, game highlights and player access.

The Kita Garuda mobile application is a bespoke PSSI branded platform, built and powered by SportsHero and represents SportsHero's first 'white-label' collaboration.

The Kita Garuda mobile application will generate revenue from the following sources:

- Direct advertising
- Brand sponsorship
- Competition revenue
- Video streaming
- eCommerce
- Match ticketing
- 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.



Corporate Update

Sports Bookmaker Licence

During the March 2019 quarter, SportsHero executed binding agreements with Cross Bet Holdings Pty Ltd for the purpose of enabling the granting of a Sports Bookmaker Licence (regulated by the Northern Territory Racing Commission (**NTRC**)) to facilitate the Australian launch of a SportsHero pay-to-play sports prediction platform.

Recent positive meetings with the NTRC give every indication that the Licence may be granted at the next NTRC committee meeting.

Capital Raising - Exercise of Options

During the quarter, a total of 53.65 million options (of which, the exercise of 30 million options was underwritten by Veritas Securities Limited) each exercisable at \$0.05 and expiring 31 August 2019 were exercised by institutional and other investors, raising \$2.68m in working capital.

Of the 53.65 million options exercised, Melbourne based investment fund, Technical Investing Investment Funds, exercised a total of 10,000,000 options.

The funds raised will be applied towards the further development of the 'white label' mobile application, Kita Garuda, developed for the Football Association of Indonesia and towards the Australian launch of SportsHero's pay-to-play sports prediction platform. The Board of SportsHero welcomes the new shareholders.

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SportsHero

About SportsHero

SportsHero Limited (ASX: SHO) has developed an Australian intelligent, engaging sports prediction platform, designed to provide a dynamic immersive social experience, coupled with both monetary and other prizes. SportsHero has executed an exclusive multi-revenue stream digital partnership agreement with the Football Association of Indonesia ("PSSI"), with over 80 Million PSSI fans targeted for connection on a newly developed digital platform offering a broad range of revenue streams and powered by SportsHero. The Company also has a partnership with one of the world's most popular sporting leagues, Spain's LaLiga, as the exclusive Indonesian partner in the sports prediction category.

About the Football Association of Indonesia (PSSI)

The Football Association of Indonesia is one of the world's largest sports federations, boasting an engaged fan base of 80 million fans, over 4 leagues and 128 teams. PSSI is 100% owned and controlled by the Indonesian Government and committed to elevating and improving the football experience in Indonesia by offering a state-of-the-art digital platform to unite the loyal and passionate fans in one community, with the aim of consuming the sport in a respectful and aspirational spirit.

Football in Indonesia

There are more than 700 languages spoken in Indonesia, however, the country is unified by the common language of football. Football is undoubtedly the most popular sport in Indonesia in terms of annual attendance, participation and revenue. It is played at all levels, with Piala Indonesia Cup and Liga 1 being the most popular domestic leagues. PSSI is also developing both youth and women's football programs and is targeting participation in the 2024 Olympics and co-hosting the 2034 football World Cup.

Throughout the 2019/20 Piala Indonesia Cup season, PSSI will host up to 1,200 matches, with an estimated average game attendance of between 20,000 to 30,000 fans from an estimated total supporter base of over 120 million Indonesians.

What makes football fans in Indonesia unique, in comparison to their neighbouring countries, is their high level of loyal support for both their National Team and their domestic football leagues. Unlike their regional neighbours, the level of local support exceeds the level of support for the world's two most followed leagues, being the English Premier league and Spain's LaLiga. Indonesia also boasts an impressive supporter base demographic, which is represented by 85% males between 17-34 years of age.

Mobile, Social & Internet Penetration in Indonesia

Indonesia has a population of 265 million people. According to Hootsuite's Digital in a 2018 report, 45% of the population are active mobile social users. That's a staggering 120 million individual users.



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")

98 123 423 987

30 September 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 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	(356)	(356)
(c) advertising and marketing	(162)	(162)
(d) leased assets	-	-
(e) staff costs	(185)	(185)
(f) administration and corporate costs	(279)	(279)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	1
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	53	53
1.8 Other (payment of prior year contingent liability)	-	-
1.9 Net cash from / (used in) operating activities	(928)^a	(928)^a

a. As at 30 June 2019 the Group had creditors totalling \$670k, all of which were paid during the September quarter.

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(5)	(5)
(b) businesses (see item 10)	-	-

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Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
	(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	(5)	(5)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	2,484	2,484
3.4	Transaction costs related to issues of shares, convertible notes or options	(150)	(150)
3.5	Proceeds from borrowings	50	50
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	2,384	2,384

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Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
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	67	67
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(928)	(928)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(5)	(5)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	2,384	2,384
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of quarter	1,518	1,518

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	1,518	1,518
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)	1,518	1,518

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	113
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

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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.		

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	-
9.2 Product manufacturing and operating costs	150
9.3 Advertising and marketing	40
9.4 Leased assets	-
9.5 Staff costs	200
9.6 Administration and corporate costs	95
9.7 Other	
9.8 Total estimated cash outflows	485^a

a. Should the Northern Territory Racing Commission grant a Sports Bookmaker Licence during the December 2019 quarter, then the estimated cash outflows for the December 2019 quarter will increase by an estimated \$225k as the Group will commit additional resources to facilitate the Australian launch of SportsHero's pay-to-play sports prediction platform.

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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: 31 October 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.