



31 January 2020

## **Quarterly Report for the quarter ended 31 December 2019 and Update**

### **Highlights**

- Assets, technology, people and partnerships are all now in place to enable Kita Garuda to commence revenue generation in H2 FY19/20;
- 9 year exclusive partnership with PSSI (Football Association of Indonesia);
- Successful soft launch of the "Kita Garuda" branded app completed in October 2019;
- In January 2020, the PSSI web browser platform was completed and will be launched, promoted and marketed by PSSI in February in advance of the March commencement of the 2020 Indonesian football season;
- Relaunch of the "SportsHero" branded app in Indonesia in January 2020, utilising the Company's exclusive LaLiga partnership;
- Exploring other strategic revenue share options for the Company's bespoke white label technology that is scalable and readily customised for use in other jurisdictions and across a range of sporting codes and media outlets;
- Linus (ASX: LNU) technology now integrated into the Kita Garuda's web browser platform;
- Board restructure – new Chair appointed with deep expertise in creating global technology platforms and executing growth strategies;
- SportsHero is engaging with the Australian Embassy in Jakarta to take advantage of the services available for dealing with Indonesian government departments and obtaining ministerial assistance; and
- The Business environment in Indonesia is changing quickly for the better, in particular and importantly at high levels.

### **Quote from Chairman John Dougall**

"I am pleased with my first 90 days as Chairman of SportsHero. Based upon my experience in creating world class technology platforms and executing global growth strategies, I believe that we are at an exciting inflection point in the Company's trajectory."

"Having invested in excess of \$9 million in developing our world class sports prediction platform and signing exclusive multi-year partnerships with both PSSI and Spain's LaLiga, we are now on the cusp of generating material revenues. Our technology has been tailored to provide rich functionality to Indonesia's 80 million passionate football fans, as well as for other sporting codes and other jurisdictions."

**SportsHero Limited**

ABN 98 123 423 987

Principal and Registered Office: 29 Brookside Place, Lota, Queensland 4179

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## **Upcoming Milestones**

We look forward to updating investors as we achieve the following three major milestones:

**1. Complete and launch both Kita Garuda and SportsHero web browser platforms**

This will enable the canvassing of all football fans in Indonesia, covering both domestic and international leagues. We will have options to cater for all user preferences.

**2. Expand our content creation and production team in Indonesia**

Exclusive and language localised colloquial content is the absolute key to our success in Indonesia. The team will work alongside our Country Manager and personnel in PSSI to gain access to players and matches. This team will generate content that can only be viewed on the mobile apps, web browser platforms and all social media channels for Kita Garuda and SportsHero.

**3. Launch Linus technology on both platforms for Kita Garuda and SportsHero**

The Linus Technology is now fully integrated on the Kita Garuda web browser platform. The plan is to launch the technology across all platforms (ie mobile app for Kita Garuda and SportsHero), plus the web browser platform for SportsHero. This will introduce a world first technology feature that will further enhance our content offering to our user base.

## **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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### **PSSI/SportsHero partnership – commercialization**

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.

In January 2020, the PSSI web browser platform was completed and will be launched, promoted and marketed by PSSI in February in advance of the March commencement of the 2020 Indonesian football season.

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.

### **Linus (ASX: LNU) technology**

As a world first, the PSSI web browser now has Linus technology fully integrated across its platform.

The Linus 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 Kita Garuda 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.

The integration of the Linus technology into the Kita Garuda mobile app has the potential to significantly increase user engagement and viewer numbers for the 'Kita Garuda' mobile app, which in turn is expected to result in the generation of more substantive advertising revenue for both PSSI and SportsHero.

### **Indonesia and Australia – Trusted neighbours opening up for trade and investment**

Indonesia and Australia are about to ratify the Indonesia–Australia Comprehensive Economic Partnership Agreement which was signed in 2019. SportsHero's business plans are seen in Jakarta as the kind of engagement that can profit from the strengthening relationship between both countries.

### **Accelerating the growth strategy**

Given the expected commencement of material revenues in H2 FY19/20, the Board is considering opportunities to raise additional capital to fund accelerated growth. Operating costs will continue to be carefully managed and are expected to be less than \$550 thousand in Q3FY19/20.

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## **Cash and expenses**

Operational cash expended in Q2 FY19/20 totaled \$610 thousand, with \$278 thousand invested in R&D and product manufacturing and operating costs.

Cash expended exceeded the Q2 FY19/20 forecast and included a \$116 thousand contribution to the Pay-to-Play Australia Pty Ltd Joint Venture.

Cash at Bank as at 31 December 2019 totaled \$738 thousand. Expenses for Q3 FY19/20 are forecast to be around \$550 thousand.

During Q2 FY19/20 a total \$83,138 was paid to related parties for the provision of services, director fees and office rent.

As outlined in SportsHero's Appendix 4C of today's date, the Company plans to raise additional capital to finance business development activities in order to capitalise on the investments made in both the SportsHero prediction platform and our exclusive digital partnerships with both PSSI and LaLiga.

## **Sports Bookmaker Licence**

During the March 2019 quarter, SportsHero executed binding agreements with Cross Bet Holdings Pty Ltd for the purpose of establishing a 50/50 joint venture and enabling the granting of a Sports Bookmaker Licence (regulated by the Northern Territory Racing Commission (**NTRC**)) to facilitate the Australian launch of a pay-to-play sports prediction platform.

The Licence has not yet been granted/transferred by the NTRC to the Pay-to-Play Australia Pty Ltd Joint Venture.

## **Authorised for release by the Board**

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**Chairman**

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