



21 July 2020

## **\$5,000,000 Financing Facility Secured**

### **Highlights**

- Binding Term Sheet with US based Mint Capital Advisors to provide up to \$5m in equity funding
- Controlled investment structure allowing SportsHero to drawdown funds as and when required
- Enables SportsHero to implement its growth strategy - building and monetising a large base of active users of its proprietary, sports prediction social network
- Funding coincides with the resumption of major football leagues, including the English Premier League and Spain's La Liga

SportsHero Limited (ASX:SHO) (**SportsHero** or **Company**) is pleased to announce the execution of a Binding Term Sheet with US based Mint Capital Advisors Ltd (**Mint**) for a financing facility of up to \$5m over a three year term (**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 English Premier League and Spain's 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 working capital requirements, being ongoing monthly operational costs such as accounting fees, ASX fees, audit costs, consulting and staff fees (including for app development and maintenance), director fees, legal costs, marketing costs, share registry fees and software subscriptions.

The discretionary nature of the Facility will allow 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 uncertainty surrounding global football competitions. It is expected that this flexibility will be especially useful over the next 12-18 months.

The key terms of the Facility are summarised below.

- SportsHero may elect to drawdown funds in consideration for the issue of shares to Mint in accordance with the terms of the Facility.
- Any shares issued to Mint will be issued at a price equal to 90% of the 15 trading day average daily VWAP of SportsHero's shares traded on ASX for the 15 trading days following the date of issue of SportsHero's drawdown notification.
- The number of shares issued to Mint will be that number of shares equal to five times the average daily traded volume of shares on ASX for the 15 previous trading days prior to the date of issue.
- Sportshero may drawdown up to \$140,000 per month (or larger amounts as agreed by the parties).
- SportsHero will only be able to drawdown funds if the issue price (that is, the price calculated according to the terms of the Facility) is above a floor price of \$0.02 per share. No drawdown will occur if the floor price is below \$0.02 per share.

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# SportsHero

- Mint shall not be entitled to own more than 9.99% of the shares in SportsHero, either pursuant to the terms of the Facility or via one or more on-market acquisitions. If Mint's shareholding was to increase above 9.99%, then Mint would need to sell down part of its shareholding to ensure compliance with the terms of the Facility.
- All issuances of shares under the Facility are subject to compliance with the Corporations Act 2001 and the ASX Listing Rules. Drawdowns will be undertaken in reliance on Listing Rules 7.1 and 7.1A – if the Company does not have sufficient placement capacity under either of those Listing Rules, then it will not undertake a drawdown and no shares will be issued until such time as the Company has capacity to do so.

As the Facility prescribes the issue price and mechanism for calculating the number of shares to be issued in the event of a drawdown, the Company will not be able to include an exact figure that it intends to raise in any drawdown notice provided to Mint – the final amount of funding received will be a function of the share price and trading volumes over the relevant calculation period, subject always to the \$140,000 monthly cap, \$5m limit and compliance with the ASX Listing Rules and the Corporations Act 2001. Please refer to Schedule 1 for a worked example of how a drawdown will work.

The Facility will be documented in a definitive agreement, with terms that are consistent with the Binding Term Sheet.

SportsHero has agreed to pay Mint a 2% fee on the total funding limit (i.e. \$5m). The fee will be paid by the issue of 5 million shares at an issue price of \$0.02 per share, with half of the shares to be issued upon execution of the definitive agreement and the remaining half to be issued on or prior to the first drawdown (for clarity, the second half of the fee is only payable if the first drawdown is completed). The 5 million shares will be issued in accordance with Listing Rule 7.1.

Mint is a US-based investment group that specialises in servicing high net worth corporate and institutional clients globally. The Company was introduced to Mint through one of its financial advisers, Novus Capital, with which Mint has an Australian institutional account. The Company has undertaken due diligence and 'know-your-client' activities in respect of Mint and, as noted above, the Board of SportsHero has resolved that the Facility provided by Mint provides the flexibility and financial backstop that SportsHero requires during this period of uncertainty.

Tom Lapping, CEO of SportsHero said: "We are delighted to be able to secure a source of capital that can be drawn down at our sole discretion over a three year period as and when it is required. This equity capital source provides the Company with an entirely new funding option that delivers great flexibility and strengthens our financial position."

"Importantly, this additional source of capital includes controls to ensure that shareholder value is protected and enables us to implement our growth strategy, just as football is resuming in Europe."

"We are now very well placed to drive revenue growth, with FY21 looking to be a busy and productive year for the Company."

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

Michael Higginson  
Director/Company Secretary



## SCHEDULE 1 – WORKED EXAMPLE

Below is a worked example of a drawdown that could be made in accordance with the terms of the Facility.

### On trading day 1

SportsHero advises Mint that it wishes to make a drawdown (**Notice**).

### For trading days 1 to trading day 15

#### *Calculation of number of shares to be issued*

- The number of shares to be issued shall be equal to 5 times the average daily traded volume of shares on ASX for the 15 trading days prior to the date of issue of the shares.
- As such, assuming that the average daily traded volume on ASX for the above 15 day period equals 200,000 shares, then the maximum number of shares to be issued will be 1,000,000 (that is,  $5 \times 200,000$ ).

#### *Calculation of issue price*

- The issue price of the shares shall be 90% of the 15 trading day VWAP following the issue of the Notice.
- As such, assuming that the 15 trading day VWAP equals \$0.025, then the issue price will be \$0.0225 per share (that is,  $0.9 \times \$0.025$ ). Note that no issue will occur if the issue price calculated in accordance with the Facility is less than \$0.02 per share.

### Post trading day 15

Following receipt of the subscription funds, the Company issues Mint 1,000,000 shares at an issue price of \$0.0225 per share, raising \$22,500 (that is,  $1,000,000 \times 0.0225$ ).

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