

SportsHero

29 January 2021

Quarterly Report for the quarter ended 31 December 2020

Highlights

- **SportsHero's fully localised Indonesian app 'OlahBola' generates over 2 million new unique users in first 6 months**
- **Revenue sharing partnership with MolaTV, Indonesia's exclusive licensed broadcaster of the English Premier League and Germany's Bundesliga**
- **First commercial brand sponsorship agreement with MolaTV**
- **Capital raising of \$1,787,500 completed**
- **First commercial brand collaboration on the OlahBola platform - with Germany's Nivea Men's and Tokopedia, Indonesia's largest e-commerce platform**
- **Opening of a Jakarta Office, appointment of Indonesian Director of Sales & Business Development and expansion of Indonesian sales team**

SportsHero's Goal

The Company's goal is to become the leading dedicated social network for sports prediction in South East Asia. Our strategy is to build a large user base of active sports fans utilising our premium proprietary technologies and official associations with the sport's governing bodies.

Our vision is to deploy our white label digital solutions across multiple sports to sporting groups and other partners globally.

OlahBola

On 7 July 2020, SportsHero successfully launched in Indonesia its first locally branded and fully localised football app 'OlahBola'. **The launch generating over 2 million new unique users in the first 6 months** and coincided with the resumption of major football leagues, including the English Premier League (EPL) and Spain's La Liga.

To capitalise on the strong user traction and growth, our tech team fast tracked the building, development and release of the following product features ahead of schedule:

- fan features;
- fan forum; and
- fan gallery.

These features enhance user engagement and retention, which in turn makes OlahBola a more attractive commercial proposition to brand partners and advertisers.

The Indonesian version of SportsHero's platform is dedicated to international football and caters to the millions of fanatical Indonesian football fans who follow and support international football leagues, such as the EPL and La Liga. The OlahBola app provides dynamic video content from these football leagues, providing a platform for advertisers and, in turn, revenue opportunities for the Company.

SportsHero Limited

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First commercial brand collaboration with Germany's Nivea and Indonesia's Tokopedia

On 20 October 2020, the Company announced its first commercial brand collaboration utilising the OlahBola platform.

German based multinational Nivea (who are also the global sponsor of Spain's Real Madrid football club – the reigning La Liga champions and one of the biggest football clubs in the world) sponsored an initial one month exclusive promotion to OlahBola users. This initial exclusive promotion enabled OlahBola users to win vouchers to purchase Nivea Men products to the value of A\$5,000. Winning vouchers entitle the holders to redeem Nivea Men products on Tokopedia. Tokopedia is Indonesia's largest e-commerce platform and is backed by Japan's Softbank Group and Chinese e-commerce giant Alibaba Group Holdings Ltd.

MolaTV revenue sharing partnership

On 11 November 2020, the Company announced a 3 year deal with MolaTV that is expected to significantly increase SportsHero's user engagement, user numbers and value proposition to advertisers to accelerate revenue growth.

Significance of the MolaTV deal

The MolaTV deal enables SportsHero to deliver the world's most sought after and dynamic football content, which can only be produced by a licensed broadcaster, that has transformed SportsHero's OlahBola platform.

The MolaTV partnership opens a completely new revenue stream for OlahBola. Capitalising on OlahBola's rapid user growth, we are offering our users a direct value-add and our partners an effective digital referral platform.

Deal overview

MolaTV will provide SportsHero with broadcast game highlights of the English Premier League (EPL), the German Football League (Bundesliga), the Dutch Football League (Eredivisie), Carabao Cup Football (formerly the English League Cup), Copa Libertadores Football (an annual international South American premier club competition) and any other leagues for which MolaTV are the licensed broadcaster. In that regard, MolaTV are aggressively pursuing football rights for other major leagues throughout the world and SportsHero's agreement extends to include those leagues.

In accordance with the partnership, MolaTV will pay SportsHero 10% of all MolaTV subscription revenues generated from SportsHero's OlahBola app.

No other consideration is paid by SportsHero for the MolaTV content broadcast on OlahBola.

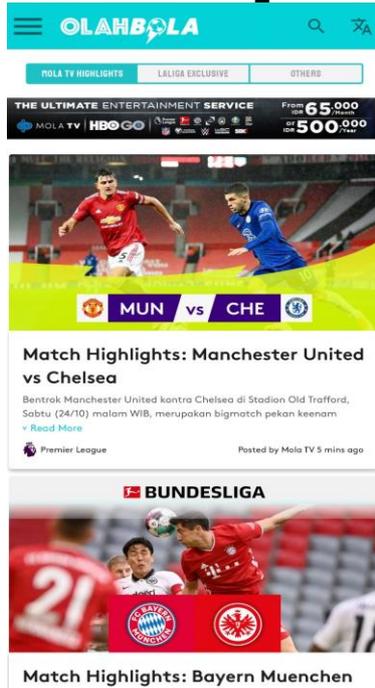
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Who is MolaTV?

Mola TV is a multiplatform cable television, IPTV and video on-demand-over-the-top channel in Indonesia owned and operated by Polytron, a company within the Djarum Group. The group has many business interests among them, BCA bank and Polytron Electronics and is owned by the most successful family owned company in Indonesia. The family being rated as Asia's 4th richest by Bloomberg in 2019 with a wealth of over US\$32 billion.

In 2019, MolaTV signed a 3-year agreement to become the official license holder for PSSI's (the Football Association of Indonesia) match broadcasting rights to produce and broadcast in Indonesia all Indonesian National Team matches, both the first and junior teams (including Garuda Select), the League 3 national finals, the Elite Pro Academy, the Soeratin Cup and the Women's League 1.

MolaTV holds the exclusive broadcast rights for the English Premier League for Indonesia and has acquired the Indonesian broadcasting rights for the following:

- the 2022 FIFA World Cup in Qatar
- the UEFA Champions League 202-21; and
- European Qualifiers 2020-22.

MolaTV is headquartered in Jakarta and has studios in both England and Jakarta.

First commercial brand sponsorship agreement with MolaTV

On 16 December 2020, the Company announced the signing of its first commercial revenue generating agreement. The agreement, with MolaTV, delivers on guidance initially provided in the June 2020 quarterly report.

Pursuant to the agreement, MolaTV became the lead sponsor for this season's English Premier League (EPL) prediction games on SportsHero's OlahBola app. As part of a 12-month initial

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campaign, "Play EPL Strategy Games brought to you by MolaTV" will be featured in the OlahBola Game Centre. Weekly prizes will include either weekly or monthly MolaTV subscriptions.

The brand sponsorship agreement starts with an initial commitment by MolaTV to spend \$50,000, with an expectation of MolaTV expanding the spend as results are achieved.

\$1,787,500 Capital Raising completed

On 4 November 2020, the Company announced that it had entered into a mandate with Veritas Securities Limited ("**Veritas**"), pursuant to which Veritas agreed to unconditionally raise \$1,337,500 in working capital for the Company ("**Mandate**").

In accordance with the Mandate, the Company issued 53,500,000 Shares at an issue price of \$0.025 per Share to sophisticated and professional investors. Following the receipt of shareholder approval on 15 January 2021, the Company granted (on a 1 for 2 basis) 26,750,000 free attaching options each exercisable at \$0.05 per Share and expiring 16 December 2022 (**Options**).

Following the receipt of shareholder approval on 15 January 2021, the Company raised a further \$450,000 from strategic institutional investor **First Growth Funds Limited** pursuant to the issue of 18,000,000 Shares (at an issue price of \$0.025 per Share) and the granting of 9,000,000 free attaching Options.

First Growth Funds Limited is an investment and advisory business that invests across a broad range of asset classes including listed equities, private equity and digital assets. The Company actively invests and supports high growth technology companies listed in Australia and North America that have strong management teams and proven business models.

Appointment of Indonesian Director of Sales & Business Development

To drive the accelerated revenue strategy, SportsHero announced on 1 December 2020 the appointment of Ms Ika Novi as the Company's Indonesian Director of Sales and Business Development.

Ms Novi is Indonesian, is the holder of an MBA and has in excess of 10 years experience with positions held with Bank DKI Indonesia and Rob's Jobs, a job postings platform that she built from zero to 25,000 companies, 150,000 users and 30,000 job postings in less than 18 months. Ms Novi has existing and close relationships with most departments of the current Indonesian government and has a strong network of A-list Indonesian companies.

Local Team Expansion

In addition to the engagement of Ms Novi, SportsHero also announced the opening of a local office in Jakarta and the engagement of three new Indonesian based content specialists. One of the content specialists will be the dedicated content producer for the MolaTV page to publish video highlights and write the related articles. The other two content specialists will focus on producing written daily content for the app and deliver social media marketing videos to promote OlahBola throughout Indonesia.

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COVID-19

As a consequence of the COVID-19 pandemic:

1. On 17 March 2020, PSSI announced the suspension of all Indonesian football competitions, with no date being set for its resumption.
2. Both Spanish and English football, which were suspended due to COVID-19, commenced their 2020/21 football seasons on 12 September 2020.

The suspension of football in Indonesian has had a temporary impact on the Company's ability to generate revenues from its Kita Garuda platform.

Cash and expenditure (A\$'000)

Net cash used in operating activities for Q2 FY20/21 totaled \$540, which included the following:

- OlahBola R&D, operating & development costs, staff costs and promotion \$315
- OlahBola content and software services \$35
- corporate costs, staff costs, administration, professional and legal expenses \$161
- corporate promotion and travel costs \$29
- PSSI \$- (due to the cancellation of all Indonesian football as a result of COVID-19)

Q2 FY20/21 operating expenditure exceeded the Q2 forecast in last quarter's Appendix 4C due to accelerated payments for the La Liga exclusive relationship as well as additional legal expenses.

Operating expenses in Q3 FY 20/21 are forecast to be around \$450.

Cash at bank as at 31 December 2021 totaled \$888.

The Company anticipates being cash flow positive by calendar end 2021.

During Q2 FY20/21 a total of \$58 was paid to related parties of the Company as follows:

- \$30 for the provision of full-time services by a director
- \$nil for director fees paid to non-executive directors
- \$28 for the provision of services by a non-executive director

Authorised for release by the Board

John Dougall

Chairman

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