

SportsHero

28 April 2022

Quarterly Activities Report for the quarter ended 31 March 2022

Highlights

- Australian launch of eSportsHero's platform and prediction tournaments
- Partnering with gaming marketing expert, Livewire Group International Pty Ltd
- Partnership to co-develop world first virtual reality esports prediction platform
- Indonesian launch of leading Ellevate Football talent scouting app
- Well ahead of schedule, SportsHero's fully localised Indonesian app 'OlahBola' has now generated over 10.2 million new unique users
- Appointment of eSports Business Development Specialist

Gamifying the game

Throughout the quarter, the SportsHero team has strategically focused on the key building blocks to fast track the Company's global ecosystem goal of "gamifying the game" by developing its offering of bespoke prediction competitions within the current global esports tournaments across all competition levels.

The specialised and innovative work being undertaken is both substantial and time consuming and requires the deployment of significant expertise and resources.

With over 17,000 online esports tournaments held worldwide in 2021, esports tournament organisers are always looking at new ways they can engage with their communities, add value to their existing programs and attract new audiences.

SportsHero's opportunity is to provide tournament organisers and the over 3.24 billion gamers globally with an immersive and entertaining community engagement solution.¹

SportsHero's solution will be delivered by:

- Innovative technology - SportsHero's proprietary artificial intelligence predictor;
- Distribution partnerships - through tournament organisers and ecommerce channels;
- Rewards & loyalty - offering in-game tokens that can be used to upgrade gamer profiles; and
- Community engagement - offering prizes via our competitions and community leaderboards.

eSports artificial intelligence (AI) predictor

- SportsHero's proprietary AI predictor algorithm is built on global data sets for League of Legends, CS:GO, DOTA2 and FIFA. Additional revenue streams could include Data as a Service for access to our ever-expanding dataset;
- SportsHero's proprietary win percentage algorithm gives users an effective tool to find mispriced betting odds by integrating the live betting feeds for any number of online bookmakers into our website; and
- Premium monthly subscriptions for users who wish to access AI predictions and betting algorithms.

1. (Source: <https://www.statista.com/statistics/293304/number-video-gamers>).

SportsHero Limited

ABN 98 123 423 987

Principal and Registered Office: 36 Prestwick Drive, Twin Waters, Queensland 4564

Tel/Fax: +61 7 5457 0557

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Distribution partnership

- SportsHero will source and distribute virtual gaming top-ups to multiple game titles through its platforms and will retain a commission from each product sold;
- SportsHero will promote discounts and value adds through its marketing and messaging to drive digital sales transactions; and
- Tournament partners will actively promote virtual game top-ups and promotional offers to their community of engaged gamers.

Rewards & loyalty

SportsHero will develop a multi-tier membership program that offers rewards, discount offers, tokenisation, exclusive access to online tournaments and physical events, as well as exclusive in-game offers.

Whilst working closely with our media affiliate Livewire (see below), SportsHero will leverage strategic partnerships to add value to our membership programs by targeting the following sponsorship partner categories that will be incorporated into our membership program:

- food delivery
- streaming video on demand
- beverage
- betting
- FMCG; and
- telco's

Community engagement

SportsHero will fund and manage prize pools associated with prediction competitions tournaments, which will be used as incentives for member rewards.

In addition, SportsHero will actively develop, foster and grow community groups on contextually relevant social media platforms, including but not limited to Reddit, Discord, Twitch, YouTube, Facebook, Snapchat and Instagram.

Australian test launch of eSportsHero's platform and prediction tournaments

Stage 1 of the Company's global ecosystem strategy was announced on 14 October 2021. As disclosed in that announcement, SportsHero test launched in Australia its unique prediction competitions with established Australian esports tournament organiser, EGN Gaming.

On 27 January 2022, SportsHero announced the Australian launch of the platform and prediction tournaments in partnership with EGN Gaming. SportsHero operated co-branded esports prediction tournaments for EGN Gaming's Australian registered user base for season 1 of EGN Gaming's AVPL Super League FIFA 2022.

SportsHero's artificial intelligence predictor was featured on a dedicated page with a subscription option to access predictions on League of Legends.

In addition, integrated into the platform is a Palmerbet referral option whereby users can directly access Australian bookmaker Palmer Bookmaking Pty Ltd. In accordance with the affiliate agreement, SportsHero is entitled to receive \$50 from each referral to Palmerbet and 25% of the ongoing Palmerbet winnings from that referral.

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Partnership with Livewire Group International Pty Ltd

On 23 March 2022, the Company announced the establishment of an initial 2 year partnership between eSportsHero Pty Ltd and Australian gaming marketing leader Livewire Group International Pty Ltd (**Livewire**). Pursuant to that partnership, Livewire has been appointed as eSportsHero's Australian media, marketing, loyalty and sponsorship advisor.

Livewire is an Australian research and strategy first gaming marketing leader who have secured a growing list of blue-chip brands and expanded rapidly across APAC, Europe, the Middle East and Africa since their inception in March 2021.

Pursuant to binding Terms Sheet, Livewire will:

- be eSportsHero's media, marketing, loyalty and sponsorship advisor in Australia under the brand "eSportsHero";
- will discuss and advise on strategic initiatives relating to media, marketing, loyalty, and sponsorship that will support the growth and expansion of eSportsHero's business in Australia during the Initial Term;
- use its best endeavours to provide eSportsHero the following services:
 - i) provide recommendations on amplifying eSportsHero's owned, earned and paid media;
 - ii) conduct two market & consumer research pieces per year to support eSportsHero's growth and expansion;
 - iii) assist with reporting and data analytics for each tournament operator partnership and prediction competition implemented by eSportsHero in Australia;
 - iv) provide support with the development, design and pricing of eSportsHero's sponsorship packages, including but not limited to asset pricing, scheduling, share of voice allocation, end to end execution and creative conception;
 - v) facilitate introductions to potential eSportsHero sponsors and provide eSportsHero with recommendations and proposals to existing Livewire clients where relevant and not of a conflicting nature;
 - vi) provide recommendations to develop and grow eSportsHero's membership program including but not limited to loyalty programs, membership tiers, membership incentives and structure, customer relationship management, promotion and marketing of the eSportsHero membership program;
 - vii) provide support with the conception and implementation of eSportsHero's metaverse project including but not limited to development of the following property: in-game tokenisation and currency, non-fungible token (rewards and loyalty), digital amplification strategies, major prize pool development and funding; and
 - viii) co-develop and design an engagement survey and strategy that allows eSportsHero to directly communicate with users to continue to optimise and develop eSportsHero's platform based on direct consumer feedback.

Development of virtual reality esports prediction platform

On 13 December 2021, SportsHero partnered with leading Chinese virtual reality software and hardware developer, Nanchang Virtual Reality Detection Technology Co Ltd, to jointly develop a unique and unparalleled virtual reality esports prediction platform using SportsHero's proprietary esports predictor technology.

The platform to be designed and developed will allow users to view esports tournaments live through a virtual reality headset giving users a real-life stadium experience. This unparalleled user experience

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will enable users to completely immerse, engage and interact within the metaverse. Users will be able to place and discuss live predictions, view SportsHero's live predictor in real time, chat within their communities and view live betting odds.

There is no doubt that virtual reality is the future of esports and we are leading the innovation and adding another cutting-edge asset and potential revenue earner to our technology portfolio.

By SportsHero co-developing this exciting virtual reality technology (that is complimentary to and will be used in conjunction with our proprietary deep learning esports predictor technology) in the world's largest esports market with a leading Chinese virtual reality partner, we will certainly be creating world first premium experiences for our users.

Indonesian launch of leading Ellevate Football talent scouting app

On 30 November 2021, SportsHero soft launched in Indonesia Ellevate Football.

There has been significant interest in Ellevate Football with some 70,000 OlahBola users registering their interest. The app is currently being finetuned and optimised for the local Indonesian market, prior to the official launch and the expected generation of subscription revenues.

Ellevate Football is a football talent scouting app that allows aspiring amateur footballers to showcase their skills to scouts from leading football clubs worldwide.

Parents of aspiring young footballers can subscribe to the Ellevate Football app to showcase their child's talent directly to the scouts engaged by professional football clubs worldwide and improve their skills through the masterclass video tutorials available exclusively on the app.

With the new Ellevate Football offer, OlahBola is introducing to Indonesia a unique and valuable opportunity for the substantial number of young up-and-coming Indonesian football players to be discovered.

SportsHero is excited by the potential revenue opportunity of a recurring subscription product that will be marketed to OlahBola's growing user base of over 10 million and the potential introduction of new brand partners and advertisers who are targeting this young Indonesian demographic.

SportsHero will also market Ellevate Football to Indonesian football clubs and their tens of millions of active supporters to drive revenue and new users to OlahBola.

OlahBola generates over 10.2 million new unique users

On 7 July 2020, SportsHero successfully launched in Indonesia its first locally branded and fully localised football app 'OlahBola'.

OlahBola has now generated in excess of 10.2 million new unique users.

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 English Premier League and Spain's 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.

Recent partnership deals have enhanced SportsHero's OlahBola web app by delivering new and engaging content, products and services. Partnerships are one of the key drivers that generate user growth.

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Appointment of eSports Business Development Specialist

Following the appointments last quarter of our Chief Commercial Officer (Mr Scott Russell) and Head of eSportsHero China (Ms Sherry Chen), the Company this quarter added to our Australian team by recruiting Mr Sam Stevens as the Company's eSports Business Development Specialist.

Mr Stevens will head eSportsHero's Australian business and community development strategies and activities.

Sam's key responsibilities are to:

- develop collaborative working relationships with key stakeholders and partners to actively grow and enhance the eSportsHero network and user base;
- actively lead and design eSportsHero's community development across all relevant social media platforms, support in the execution, management and reporting of eSportsHero media and marketing activations;
- implement the eSportsHero's sales and partnership strategies across key market segments to ensure the delivery on projected growth targets; and
- originate and manage business development opportunities and participate as an ongoing stakeholder in the development of eSportsHero's products to ensure their optimisation for monetisation.

PSSI AND COVID-19

As a consequence of the COVID-19 pandemic, nationwide lockdowns and curfews were imposed in Indonesia, which significantly impacted internal demand, economic activity and resulted in the closure of all local Indonesian football for nearly two years.

Whilst some Indonesian football competitions are slowly resuming, the impact of COVID-19 has resulted in businesses significantly cutting back their advertising and sponsorship spend, which has resulted in the loss by PSSI of its major sponsors and loss of international players in its top leagues.

The ongoing difficulties being experienced in Indonesia and within Indonesian football, has significantly impacted PSSI. A recovery, whilst anticipated, is expected to be slow. Consequently, the Company's ability to generate income from its dedicated Indonesian football app, Kita Garuda, is not imminent.

CASH AND EXPENDITURE (A\$'000)

Net cash used in operating activities for Q3 FY21/22 totaled \$458k, which included the following:

- OlahBola operating & development costs, staff costs and promotion & marketing \$80k
- OlahBola content and software services \$16k
- Esports predictor consultancy fees \$77k
- Ellevate promotion & marketing, staff costs and development costs \$28k
- Esports promotion & marketing and staff costs \$80k
- corporate costs, staff costs, administration, professional and legal expenses \$150k
- corporate promotion & marketing \$27k
- PSSI nil

Cash at bank as at 31 March 2022 totaled \$3.17m.



During Q3 FY21/22 a total of \$93.5k was paid to related parties of the Company as follows:

- \$55k for the provision of full-time services by a director
- \$18.75k for director fees paid to non-executive directors
- \$18.25k for the provision of services by a non-executive director
- \$1.5k to a non-executive director for office rent

Authorised for release by the Board

Michael Higginson
Director/Company Secretary

Telephone: +61 42 999 5000

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