

SportsHero

ASX RELEASE

30 May 2022

First commercial agreement for China executed with Wuhan Monster Technology Co Ltd, the operating arm of the Wuhan Esports Association, China's second largest esports association



Wuhan Monster Technology Co Ltd (WMT) partners with SportsHero to drive user growth and actively promote SportsHero's proprietary esports prediction platform (app) that has been launched on Tencent Holdings Ltd (HKG:0700) Wechat platform.



WMT will promote the app by immediately targeting and engaging its current user base as well as activating its entire suite of social media assets. Promotion will also occur offline by utilising its physical media assets across the city of Wuhan and the greater Hubei region.



Sportshero's proprietary app has been developed to be exceptionally scalable, as users can simply share prediction competition links to all their contacts within the Wechat ecosystem. WMT's and the Wuhan Esports Association's global network of influencers, streamers and gamers will be mobilised to further drive reach and user numbers.



WMT is the commercial and operating arm of the Wuhan Esports Association, the 2nd largest esports association in China.



Pursuant to a 3 year Terms Sheet, WMT will actively promote and drive user growth through SportsHero's Chinese app, whilst also introducing and delivering advertising and sponsorship opportunities to SportsHero.



All revenue is to be split 50/50 between SportsHero and WMT.



SportsHero is well positioned to benefit from the continued rapid revenue growth of the Chinese gaming sector, currently the largest esports gaming market in the world.

Further to SportsHero's announcement of 16 May 2022, the Company is very pleased to announce the execution of a 3 year legally binding terms sheet (**Terms Sheet**) with Wuhan Monster Technology Co Ltd (**WMT**), the commercial and operating arm of the Wuhan Esports Association (**WEA**) – China's 2nd largest gaming association. WEA is the official governing body of esports in the region and is funded and supported by the Chinese government.

Pursuant to the Terms Sheet, SportsHero's app (including its artificial intelligence prediction competitions) will be promoted on WeChat to all of WMT's leagues, teams registered gamers and their existing and potential corporate and commercial partners within the city of Wuhan and the greater Hubei region.

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The parties have agreed that all revenue generated from all sources, including but not limited to memberships, subscriptions, advertising, sponsorship and ecommerce will be distributed on 50/50 basis.

Commercial obligations

As set out in the Terms Sheet, SportsHero will:

- develop and operate its Chinese app and predictions competitions on WeChat for WMT
- identify and engage influencers, marketing agencies and other marketing opportunities, including sponsors and corporate partners
- collaborate on the design, development, maintenance, upgraded and redevelopment of predictions competitions and the user facing product for use by WMT
- provide relevant tournament and registration management technology, including artificial intelligence predictors for esports on WeChat
- use reasonable endeavours to introduce and deliver advertising and sponsorship opportunities for the prediction competitions

As set out in the Terms Sheet, WMT will:

- promote, engage and activate all their leagues, teams, registered gamers and promote SportsHero's app amongst all existing and potential corporate and commercial partners
- use reasonable endeavours to introduce and deliver advertising and sponsorship opportunities for the prediction competitions
- provide input and recommendations on relevant tournaments, registration, structure, timetable, game titles and administration and operations with clear functionality and user interface requirements suitable for the Chinese esports market

The financial impact (including the generation of revenue and ongoing operating costs) of the partnership with WMT are unable to be quantified at this time.

Term

The Terms Sheet has a term of 3 years, which will automatically be renewed for a further 3 years unless terminated by one party giving no less than three months written notice.

The Terms Sheet may be terminated by either party immediately by written notice to the other party if:

- the other party becomes insolvent, or an order, petition, application, proceeding, meeting or resolution is made, presented, brought, called or passed for the purpose of winding up the party (and not stayed, withdrawn or dismissed within 30 days)
- an administrator is appointed to the other party
- the other party ceases to carry on business
- as reasonably determined by a party, the other party breaches the terms of the Terms Sheet, damages the reputation and/or brand of the other party
- the other party has breached a material term of the Terms Sheet which is capable of remedy

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and has failed to remedy that breach within thirty (30) days of receiving written notice from that party of that breach; or

- the other party has committed a material breach of any provision of the Terms Sheet, the breach is not (in the reasonable opinion of the party relying on this clause) capable of being remedied and the parties have not agreed in writing a basis upon which this Terms Sheet can continue within thirty (30) days of the other party receiving notice of that breach occurring.

All other terms and conditions of the Terms Sheet are considered standard for an agreement of this nature.

WMT partnership

By partnering with WMT, SportsHero's Chinese esports app users will be able to interact and engage within the WeChat ecosystem by competing in prediction competitions in both amateur and professional tournaments.

WeChat is amongst the world's most popular apps with over 1 billion monthly active users¹ and it is expected that scaling will be efficiently and quickly achieved as users are able to share links to all their contacts to participate in tournaments.

¹ <https://www.statista.com/statistics/255778/number-of-active-wechat-messenger-accounts/>



As a result of the WMT partnership, the parties will develop and operate an esports tournament management platform for all participant registration and community engagement for the esports leagues within the Wuhan Esports Association.

Wuhan Esports Association

Wuhan Esports Association is one of the largest and most developed gaming associations in China and is only second to the national body, the Chinese Esports Association. WEA hosts multiple official esports tournaments and events annually across multiple gaming titles and over the years has developed significant resources, capacity and capability. WEA owns and operates the official Wuhan Universities Esports Games, an annual competitive esports event that hosts semi-professional teams from 64 universities with in excess of 2,000 teams and over 10,000 players competing in

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~5,000 matches a year that are broadcast live to millions of viewers².

Over the years, WEA has developed significant omnichannel media exposure that encompasses traditional media as well including news and articles, television, outdoor advertising as well as livestreaming across all the major gaming platforms being Douyu, Huya and Billibilli, with a total audience reach estimated at over 30 million viewers³.



WEA's wholly owned media channels include the official Wechat account, the official Douyin account (Tik Tok), the official Kuai Shou account as well as all the official social media pages account. Total media audience reach is estimated at over 30 million people⁴.

^{2,3 & 4} Taken from Wuhan Esports Association presentation deck, 11 April 2022

China Market Update

SportsHero is positioned to benefit from the current gaming market in China, which continues to rapidly grow with recent studies showing that China now accounts for a third of global esports revenue⁵.

Significant contributing factors, such as the upcoming hosting of the Asian esports games in China and the recent crowning of a Chinese esports team as the world League of Legends champions has continued to fuel mass adoption and interest in gaming and esports in China.

The continued Chinese COVID lockdowns has created a very conducive ecosystem for SportsHero's China strategy.

⁵ <https://asiasponsorshipnews.com/china-third-of-esports-revenue/>

Authorised for release by the Board

**Michael Higginson
Company Secretary**