



31 January 2022

Quarterly Activities Report for the quarter ended 31 December 2021

Highlights

- Development of world first dedicated esports prediction hub
- Australian launch of eSportsHero's platform and prediction tournaments
- Partnership to co-develop world first virtual reality esports prediction platform
- Indonesian launch of leading Ellevate Football talent scouting app
- SportsHero's fully localised Indonesian app 'OlahBola' has now generated over 8.4 million new unique users and will reach 10 million users well ahead of schedule
- \$2,800,000 raised in a heavily oversubscribed placement to new and existing institutional shareholders
- Appointment of highly experienced esports professional, Mr Scott Russell, as the Company's Chief Commercial Officer
- Appointment of one of China's most regarded and revered esports personalities, Ms Sherry Chen, as the Company's Head of eSportsHero, China

Acknowledgement

As Chairman of SportsHero Limited, I am thrilled with the significant achievements and endeavours of our very small yet dedicated and committed team, led by our very determined and creative CEO Mr Tom Lapping.

The results and accomplishments of the December 2021 quarter are quite simply outstanding.

The Company has now developed and is rapidly moving towards the global delivery of world first artificial intelligence and virtual reality technologies that offer users unparalleled interactive platforms driven by our proprietary esports predictor technology and our prediction tournament intellectual property assets and expertise.

World first dedicated esports prediction hub

On 11 October 2021, SportsHero announced that it was looking to create a global ecosystem for esports communities, fans, teams and tournament organisers to integrate, engage and monetise their userbases through prediction and gamification.

To create this global ecosystem, the Company developed a world first proprietary esports prediction tournament platform (**Platform**), providing the Company with the ability to access the rapidly expanding global esports market that encompasses hundreds of millions of fans globally¹.

The Company's technology portfolio includes the entire suite of prediction and tournament structures (including points systems, scoring and live leaderboards) covering the largest and most popular esports games, as well as datasets covering these esports games globally. Our portfolio traverses the entire esports market and includes esports game titles and tournaments such as League of Legends, FIFA, DOTA2 and CSGO.

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

Australian launch of eSportsHero's platform and prediction tournaments

On 27 January 2022, SportsHero announced the Australian launch of the Platform and prediction tournaments in partnership with EGN Gaming. SportsHero will operate and co-brand 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 will be featured on a dedicated page with a subscription option to access predictions on League of Legends, to be followed by DOTA2 and CSGO globally.

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.

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 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 80,000 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.

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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 8.4 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 8.4 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 8.4 million new unique users, with December 2021 and January 2022 yielding record high traffic with over 1.02 million and 1.16 million new unique users being generated respectively.

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.

Heavily oversubscribed \$2,800,000 capital raising completed

On 29 November 2021, the Company entered into a mandate with Novus Capital Limited (**Novus**), pursuant to which Novus agreed to raise \$2,800,000 in working capital for the Company (**Mandate**).

In accordance with the Mandate, the Company agreed to issue 80,000,000 fully paid ordinary shares (**Shares**) at an issue price of \$0.035 per Share and 40,000,000 free attaching options each exercisable at \$0.05 and expiring 16 December 2022 (**Options**) to sophisticated and professional investors.

On 3 December 2021, the Company completed the placement of the 80,000,000 Shares 40,000,000 free attaching Options.

Strategic appointment of Mr Scott Russell, as the Company's Chief Commercial Officer

On 1 December 2021, the Company secured the services of Mr Scott Russell as Chief Commercial Officer.

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Scott is a highly experienced professional that possesses a leading understanding of esports ecosystems and is uniquely placed as a result of his substantive involvement within the entertainment and gaming industries.

Scott was previously Head of Gaming for Asia Pacific with US based global e-commerce and payment provider, Blackhawk Network wherein he launched dedicated gaming ecommerce channels focused entirely on digital game code distribution in Indonesia, Japan, India, Singapore and Australia.

In 2019, Scott launched his own esports consultancy business in Singapore and quickly established a strong network of contacts and relationships within the esports and gaming industries across Asia.

One of Scott's career highlights was his involvement in the launch of the first professional city based esports league in Australia and the first dedicated esports division in a cinema exhibitor in the world. Scott led the negotiation of a tripartite agreement between Gfinity, HT&E and Hoyts Group, which implemented the conversion of a cinema auditorium into a dedicated esports arena and broadcast studio.

Scott's close involvement with the entertainment, gaming and esports industries includes working alongside top tier game publishers such as Riot Games, Activision Blizzard and Ubisoft, as well as professional Australian esports teams such as the Order, Chiefs and Legacy, whilst also working closely with key media channels such as Twitch, YouTube, and Fandom.

Scott has been directly involved in developing esports programs for major media publishers and has first-hand experience with the interface between media channels, esports organisations and game publishers in delivering bespoke initiatives to engage with gaming audiences.

Key Chinese appointment – Head of eSportsHero China

On 8 December 2021, SportsHero secured the services of one of China's most regarded and revered esports personalities, 'Sherry' Chen Fang Hui, to head the Company's Chinese esports activities and development.

As a successful player, coach, tournament director and media personality, Sherry's network spans across the gaming, media and esports industries throughout China. As such, Sherry is uniquely qualified to facilitate the capitalisation by SportsHero of business growth opportunities within China and the development of the eSportsHero business in China.

As a former professional international esports champion and the current coach of LGD Gaming (one of China's largest esports teams), Sherry is a regular TV presenter and guest on multiple esports reality television shows and regularly hosts official livestreams of professional matches on behalf of the game publisher, Tencent Holdings (HKG: 0700).

Sherry is currently the Tournament Director for Chinese esports powerhouse LGD Gaming, she previously held head coaching roles with multiple top tier esports teams such as ROX Tigers (South Korea) and Qin/RF Gaming. In 2018 Sherry was awarded China's top female coach award across all gaming titles.

In her capacity as either a professional player or esports coach, over the last 11 years Sherry and/or her coached team has achieved a top 3 podium finish in all national and international esports competitions entered into.

In 2014, Sherry was appointed as COO of OMG Esports for two years and prior to that she held multiple management roles for organisations such as VG Esports, CLC Esports, LOLadies and Nirvana Esports.

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Sportclips Limited

On 6 May 2021, SportsHero announced a 3-year revenue sharing partnership with UK based Sportclips Limited, who in turn have an exclusive subscriber agreement with Indosat Ooredoo (Indonesia's second largest telco).

In consideration for the provision by SportsHero to Sportclips of our fully localised Indonesian content (being the same content generated by SportsHero for OlahBola), SportsHero was entitled to 50% of Sportclips 40% revenue share received from subscribers on Indosat.

To date, no subscribers have been generated by Sportclips. As such, SportsHero elected to discontinue the provision of content to Sportclips and at no cost the Company the agreement has come to an end.

COVID-19

As a consequence of the COVID-19 pandemic, nationwide lockdowns and curfews have been imposed in Indonesia, which have significantly impacted internal demand and economic activity.

During the December quarter, some Indonesian football competitions commenced behind closed doors and without crowds. As a consequence of the continuing spread of COVID-19, businesses have significantly cut back on their advertising and sponsorship spend, which has resulted in the loss by PSSI of its major sponsors.

The ongoing difficulties being experienced in Indonesia and within Indonesian football, is significantly impacting on the Company's ability to generate any revenue from its dedicated Indonesian football app, Kita Garuda.

Cash and expenditure (A\$'000)

Net cash used in operating activities for Q2 FY21/22 totaled \$476k, which included the following:

- OlahBola operating & development costs, staff costs and promotion & marketing \$100k
- OlahBola content and software services \$20k
- Esports predictor consultancy fees \$90k
- Ellevate promotion & marketing, staff costs and development costs \$45k
- Esports promotion & marketing and staff costs \$55k
- corporate costs, staff costs, administration, professional and legal expenses \$125k
- corporate promotion & marketing \$41k
- PSSI nil

Cash at bank as at 31 December 2021 totaled \$3.635m.

During Q1 FY21/22 a total of \$88k was paid to related parties of the Company as follows:

- \$45k for the provision of full-time services by a director
- \$18.75k for director fees paid to non-executive directors
- \$22.75k 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

John Dougall

Chairman

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1. [Global Esports viewership by viewer type 2022 | Statista](#)

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