



31 October 2023

Quarterly Activities Report for the quarter ended 30 September 2023

Highlights

- New exclusive 3 year revenue share agreement with the Football Association of Indonesia (known as PSSI), with revenue generated to be shared PSSI 70%, SportsHero 30%
- PSSI is one of the largest sports federations in the world, boasting a fan base of over 80 million over 4 leagues and 128 teams, PSSI being 100% owned and controlled by the Indonesian Government
- Under PSSI's new leadership (led by Mr Erick Thohir), PSSI is set to launch the newly updated KitaGaruda web app that was developed and powered by SportsHero
- SportsHero has engaged a highly respected and experienced tech and esports advisor, Wang He, as our Chinese Strategic and Corporate Advisor to identify and fast track the engagement of new Chinese esports partners
- Wang He's role is to introduce SportsHero to potential Chinese investors and assist in developing interest for potential future financing opportunities
- Developing, in conjunction with TALON Esports Limited, a dynamic South East Asian esports entertainment hub
- AAA technical optimisations to be implemented for the South East Asian market

Indonesia

PSSI

On 1 September 2023, SportsHero announced a new 3-year revenue share agreement (**Agreement**) with the Football Association of Indonesia (**PSSI**) under the new leadership and administration appointed in February 2023 and led by Mr Erick Thohir, (Chairman) and Mr Marsal Masita (Head of Commercial).

Mr Thohir is well known in the Indonesia sports scene. He is the Chairman of Indonesian Olympic Committee, owner of Satria Muda basketball club and sits in the executive board of Liga 1 team Persib Bandung Football Club. He is also renowned globally as the former owner of Inter Milan and the owner of DC United (the football club of Washington, DC) and the Philadelphia 76ers basketball club.

Under PSSI's new leadership, PSSI has embarked on a fresh commercial strategy that includes a suite of new National Team social media channels and an updated KitaGaruda web app (**that was developed and powered by SportsHero**) to connect and engage with their over 80 million passionate Indonesian football fans. Football being the number one sport in Indonesia, by way of viewership and fan base.

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PSSI is looking forward to aggressively promoting the newly launched and updated KitaGaruda web app across all their digital and marketing channels as this will be their centralised platform for fan community and engagement.

Indonesia represents the largest 'digital' community in the Association of South East Asian Nations ('ASEAN'), with 191 million social media users, 370 million mobile users and 204 million internet users.

PSSI update

Since the Company's 1 September 2023 announcement, both parties have been adding and optimising features and functions (as required by PSSI) to the kitagaruda.id web app, which has now been soft launched in Indonesia as the official site for Indonesian football, hosting exclusive national team content across all age categories for both male and female.

The upgraded kitagaruda.id web app will continue to evolve over coming months as additional features and functionalities are added to maximise its appeal to sponsors and advertisers.

PSSI is currently gearing up for the FIFA Under 17 World Cup Indonesia tournament, that starts on 10 November 2023.

Other developments include:

- Kitagaruda.id to host all national team events, news and videos to enhance fan engagement;
- the development during the current quarter of a PSSI e-store to generate online sales revenue; and
- the publication on the kitagaruda.id web app of a localised comic periodical, with potential for sponsorship and advertising.

PSSI Agreement

Pursuant to the Agreement, the parties have agreed that revenue will be split 70/30 in PSSI's favour. Included under the Agreement is revenue generated from third-party sponsorship, direct marketing and gamification.

Throughout the 3 year term, PSSI will exclusively provide rich content, including access to video footage of games, events and features of the Indonesian national teams and its players.

In addition, PSSI intends to use the app, built by SportsHero, to stream live and recorded matches to their estimated 80 million fan base in Indonesia – thereby meaningfully expanding the potential advertising and sponsorship revenue base through a wider audience and an extended app user engagement time.

The parties further intend that users will be offered the right to subscribe to exclusive access to premium content, such as international match video highlights, live streaming of games and featured video stories and education.

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PSSI have appointed an independent marketing agency (owned by the Emtex Group IDX:EMTK) dedicated to sell the digital assets on the KitaGaruda web app, which includes a full suite of banner and video ads, sponsored content for both video and written articles and sponsorship of prediction competitions.

Social media

Since SportsHero's initial partnership with PSSI in 2019, we developed Olahbola which has rapidly grown in user numbers and engagement. Olahbola achieving over 12 million users to our web app and earning a spot in the top 5 sports influencer on TikTok as a result of the Olahbolacom channel achieving higher than industry average engagement rates of 4.2% (industry average 0.67%) for Instagram and 5.2% (industry average 2.5%) for TikTok.

China

In the largest esports market in the world, SportsHero has continued to build and deliver its China strategy, as evidenced by its current suite of products which include the following:

- a WeChat app that hosts prediction competitions for leading games League of Legends, Honor of Kings, DOTA2 and CSGO;
- Wuhan Esports Association WeChat app that has been customised specifically for the association and their network of teams and tournaments for the purpose of managing their tournament registrations; and
- an esportshero mobile app which is a comprehensive platform that features esports news, tournament schedules, a team and player data centre, live streaming and community forums.

SportsHero's current partnerships with the Wuhan Esports Association and Shanghai Fumin Sports and Culture Co are being further enhanced to enable the live streaming and broadcasting of their domestic tournaments. Following completion of this development, the parties will establish a marketing strategy directed at our partners strengths and sizeable captive Chinese audience.

Since entering the Chinese esports market, we have learnt that whilst there is a huge esports audience (which includes over 487 million esports users), the market is segmented in terms of different esports products and services. In that regard, SportsHero has identified attractive sub-segments within which we can add value to our partners with our existing platforms and products.

To identify and fast track the engagement of new esports partners, SHO has engaged a highly respected and experienced tech and esports advisor, Wang He, as our Chinese Strategic and Corporate Advisor. Wang has been engaged to provide strategic advice on key markets to scale our esports activities in China. In that regard, it is expected that Wang will play a pivotal role in guiding our go-to market plan, along with identifying and introducing compatible Chinese esports partners with strong synergies. Wang's role is to introduce SportsHero to

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potential Chinese investors and assist in developing interest for potential future financing opportunities.

South East Asia

On 27 April 2023, the Company announced the execution of a 3 year legally binding agreement with Hong Kong based TALON Esports Limited (**TALON**).

TALON is Asia Pacific's fastest growing esports brand (with a 20m+ fan base) and a diverse range of revenue streams, including tournament winnings, sponsorship, player transfers, publisher fees and the sale of merchandise both physical and digital, as well as events and its own creative studio, TALON brings the discipline of traditional sport to competitive gaming. It is particularly known for its PSG TALON team, which plays League of Legends, in partnership with the esports division of legendary French sporting club Paris Saint-Germain.

Pursuant to the TALON agreement, SportsHero's proprietary esports prediction and tournament management platform will be marketed and promoted by TALON in Hong Kong, Macau, Taiwan, the Philippines, Thailand and India (collectively the **Territory**).

TALON and AAA

Throughout the quarter, SportsHero has worked with TALON towards securing a valuable gambling sponsor within the Territory for our proprietary artificial intelligence AAA esports prediction app.

In that regard, following our initial and highly exploratory version 1 Australian marketing campaign, we are now focused on improving and delivering a version 2 AAA product, with optimum commercial appeal for users within the Territory. The Australian soft launch of AAA in the prior quarter delivered valuable learnings in terms of refining and optimising the product, which we now believe is best suited for launch into Southeast Asian Markets in conjunction with TALON.

Version 2 of AAA will include live streaming of esports matches, an improved dynamic display of team data and clearer icons next to prediction tips.

Cash and expenditure (A\$'000)

Net cash used in operating activities for Q4 FY22/23 totaled \$259k, which included the following:

- China office and administration costs \$62k
- Esports staff and administration costs \$23k
- Operating & development costs, staff costs and promotion & marketing \$106k
- corporate costs, staff costs, administration and professional expenses \$261k

Cash at bank as at 30 September 2023 totaled \$80k.

During Q1 FY23/24 a total of \$79.5k was paid to related parties of the Company as follows:

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- \$55k for the provision of full-time services by a director
- \$19k for director fees paid to non-executive directors
- \$4.5k for the provision of services by a non-executive director
- \$1k 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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Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

SportsHero Limited

ABN

98 123 423 987

Quarter ended ("current quarter")

30 September 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	6	6
1.2 Payments for		
(a) research and development	(22)	(22)
(b) product manufacturing and operating costs	(42)	(42)
(c) advertising and marketing	(77)	(77)
(d) leased assets	(2)	(2)
(e) staff costs	(161)	(161)
(f) administration and corporate costs	(147)	(147)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	168	168
1.8 Other (provide details if material)	18	18
1.9 Net cash from / (used in) operating activities	(259)	(259)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(g) businesses	-	-
(h) property, plant and equipment	-	-

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Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
	(i) investments	-	-
	(j) intellectual property	-	-
	(k) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(l) businesses	-	-
	(m) property, plant and equipment	-	-
	(n) investments	-	-
	(o) intellectual property	-	-
	(p) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	-	-

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	53	53
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	100	100
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	153	153

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Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	183	183
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(259)	(259)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	153	153
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	80	80

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	80	183
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	80	183

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	80
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

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7.	Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
	<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1	Loan facilities	600	600
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	600	600
7.5	Unused financing facilities available at quarter end		-
7.6	<p>Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.</p> <p>Unsecured loans provided by Sunshore Holdings Pty Ltd (not a related party) for a term of 6 months and a total fee of \$50,000 and Colin Low (not a related party) for a term of 3 months and a total fee of \$10,000</p>		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(259)
8.2	Cash and cash equivalents at quarter end (item 4.6)	80
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	80
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	0.31
	<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6	If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
	<p>Answer: No. Having developed its apps and established a presence in China, the Company's focus will progress to promotion and subscription of our products and the generation of meaningful revenue.</p>	
8.6.2	Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
	<p>Answer: As announced on 30 October 2023, the Company has raised \$1m pursuant to the issue of 50,000,000 fully paid ordinary shares. Prior to the end of this calendar year, the Company anticipates the receipt of an R&D refund in the order of \$430k. In addition, the Company does intend to raise additional cash to fund its operations via a placement of securities. The placement would utilise the Company's unused Listing Rule 7.1 and 7.1A placement capacity. The Company believes that its intended placement is very likely to be successful.</p>	

8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: The Company expects to be able to continue its business operations and to meet its business objectives. The Company's apps are now available for download and it is expected that they will commence generating meaningful revenues in Q3 FY2024 and beyond.

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

31 October 2023

Date:

The Board of SportsHero Limited

Authorised by:
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

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