



31 January 2024

## Quarterly Activities Report for the quarter ended 31 December 2023

### Highlights

- **Over 300,000 unique visitors driven to iGV since SportsHero's Indonesian soft launch on 6 January 2024**
- **Whisper Media, owned by Emtek, appointed/engaged as official marketing agency to sell digital advertising on PSSI's official KitaGaruda web app**
- **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

#### IGV update

On 13 November 2023, SHO announced the establishment of a three year partnership agreement with HK based iGVault HK Limited (iGV), a global leader in esports virtual assets trading that facilitates secure transactions between buyers and sellers in esports gaming communities. IGV is a virtual asset trading platform with 17 years of experience, carrying the trust of millions of esports players worldwide and the trading of more than 500 games.

Since its establishment in 2006, iGV has upheld the tenet of "safe, speed, smart" and delivered a secure, fast and intelligent trading environment. In nearly 18 years, iGV has completed more than 1 billion US dollars in revenue, serving more than 10 million trading players and more than 500 games are traded on their platform. In addition, iGV assumes the guarantee responsibility for every buy and/or sell transaction conducted on its platform. iGV.com has established itself as a market leader for esports virtual assets trading in North America and Europe by ensuring safe and secure handling of user data.

Having an established partner and platform like iGV.com provides SHO the opportunity to leverage a tried and tested product in Indonesia and Thailand, Southeast Asia's two largest addressable markets of esports gamers, fans and audience.

Since the soft launch of IGV on 6 January 2024, SHO has driven over 300,000 unique visitors to IGV.id in January and will target to increase this to 1mil per month by the end of the March quarter. In tandem and consistent with IGV's historical performance in other markets, the target conversion rate of unique visits to transactions will be approximately 5% by the end of the March quarter. Given the nature of the Indonesian market, target transaction size has averaged between USD 5 and 20. We expect both the yield and transaction size to improve over time as the market becomes both aware and educated on this platform.

With almost 18 years of experience building this business from scratch, iGV's Founder and Chairman, Mr Oisin Lee, notes the response at soft launch in Indonesia as extremely

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encouraging and tracking well towards user targets and eventual transactions. “Timing is everything in our business and now is when we should capitalise on markets like Indonesia and Thailand, as the esports sector is now rapidly growing in this part of the world. We are extremely well positioned as our platform has evolved and grown into a comprehensive esports trading platform that has successfully penetrated and secured market share in the biggest esports markets in the world. We are excited to partner with SHO and launch into SEA.”

SHO has focused its initial brand awareness campaigns on the esports game, FIFA24 and promoted it to the over 12 million football fans across its successful social media platforms.

To kick-off the influencer campaign in January 2024, SportsHero engaged with some of Indonesia’s top esports influencers. One of them, @yourrkayesss with 7.8 million TikTok followers and @ewkharis with 2.8 million followers on Instagram has an 11.08% engagement rate. Vior, @violeorca has 3.9 million followers on TikTok and @nitavior has 1.7 million followers on Instagram with a 12.94% engagement rate.

The IGV partnership and launch is very synergistic with our partnerships with PSSI in Indonesia and Talon for the rest of SEA which gives SHO an immediate sizeable target market. SHO is well poised to generate meaningful revenue by the end of the March quarter.

## **PSSI update**

As of 1 January 2024, Indonesia’s official site for Indonesian football, Kitagaruda includes video highlights of the national team’s games, news and videos to enhance fan engagement and a community forum. SHO will complete building key revenue generating features for the platform this quarter which includes the PSSI e-store to sell merchandise and tickets and a membership loyalty program for recurring revenue potential.

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 Kitagaruda 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.

## **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.

PSSI have appointed Whisper Media, 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

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articles and sponsorship of prediction competitions. Revenue generation from KitaGaruda.id is expected by the end of the March quarter.

Whisper Media's client portfolio include Indonesia's SCTV and IndoSiar, Malaysia's Media Prima and Singapore's Mediacorp to name a few.

## TALON and AAA

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**).

SHO's strategy with TALON is a mid-term opportunity that can generate revenue through customising the AAA product/platform to new esports partners and tournament organisers throughout Southeast Asia. Potential revenue will come from the sale of licensing rights, advertising and sponsorships on the platform. Our long term commitment and goals with PSSI in Indonesia and IGV in Southeast Asia complements our TALON partnership strategy.

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. This is still in progress.

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.

## China

SportsHero's current partnerships with the Wuhan Esports Association and Shanghai Fumin Sports and Culture Co are still being optimised to enable the live streaming and broadcasting of their domestic tournaments.

As our Head of Esports in China (Sherry Chen) has emphasised, the importance of allocating a sizeable budget for marketing and promoting SHO apps in WeChat's miniprogram in order to achieve the target of 1 million registered esports users. SHO is currently working on her proposal with our Chinese Strategic and Corporate Advisor, Wang He.

Similar to our IGV partnership, feedback to date has been that most potential Chinese partners are keen on our involvement in the Southeast Asian markets, along with the strengths of our existing partnerships with PSSI in Indonesia and TALON for the rest of the Territory. Over the quarter and subsequent to our China meetings in late September 2023, Wang He organised several new strategic partnership meetings, with IGV being one of them. We have progressed and are currently in advanced discussions with two potential Chinese esports partners. It is clear from the discussions that SportsHero's appeal is our current operations and infrastructure in Southeast Asia offering them the perfect partner to expanding into the Southeast Asian markets.

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Due to recent developments in the domestic Chinese esports market with new government restrictions, this is now of significant relevance as SHO can provide an alternative opportunity for Chinese corporations to expand their successful businesses into Southeast Asia. We are well poised to capitalise on these new Chinese regulations.

## Cash and expenditure (A\$'000)

Net cash used in operating activities for Q4 FY22/23 totaled \$338k, which included the following:

- China office and administration costs \$60k
- Esports staff and administration costs \$85k
- Operating & development costs, staff costs and promotion & marketing \$96k
- corporate costs, staff costs, administration and professional expenses \$97k.

Cash at bank as at 31 December 2023 totaled \$146k.

During Q1 FY23/24 a total of \$89k was paid to related parties of the Company as follows:

- \$62.5k for the provision of full-time services by a director
- \$14k for director fees paid to non-executive directors
- \$11.5k 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



## 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")**

31 December 2023

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	1	7
1.2 Payments for		
(a) research and development	(7)	(29)
(b) product manufacturing and operating costs	(47)	(90)
(c) advertising and marketing	(1)	(78)
(d) leased assets	-	(2)
(e) staff costs	(98)	(259)
(f) administration and corporate costs	(186)	(332)
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
1.8 Other (provide details if material)	-	18
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(338)</b>	<b>(597)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities	-	-
(g) businesses	-	-

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Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
	(h) property, plant and equipment	-	-
	(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)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>-</b>	<b>-</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	777	830
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
3.6	Repayment of borrowings	-	(370)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>407</b>	<b>560</b>

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<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	80	183
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(338)	(597)
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)	407	560
4.5	Effect of movement in exchange rates on cash held	(3)	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>146</b>	<b>146</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	146	80
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>146</b>	<b>80</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to related parties and their associates included in item 1	89
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

*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.*

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7.	<b>Financing facilities</b>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
	<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	230	230
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	<b>Total financing facilities</b>	230	230
7.5	<b>Unused financing facilities available at quarter end</b>		-
7.6	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.		
	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		

8.	<b>Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1	Net cash from / (used in) operating activities (item 1.9)	(338)
8.2	Cash and cash equivalents at quarter end (item 4.6)	146
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	146
8.5	<b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	0.43
	<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?	
	Answer: No. Having developed its apps and established a presence in China and a new 3 year South East Asia revenue share partnership with HK based iGVault HK Ltd, the Company's focus will progress to promotion and subscription of our products and the generation of meaningful revenue. In addition, on 16 January 2024, the Company announced the receipt of an R&D reimbursement of \$427k from the ATO.	



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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?

Answer: As announced on 16 January 2024, the Company received an R&D refund of \$427k. In addition, the Company has established a 6 month \$500,000 Draw Down facility whereby the Company can draw down up to \$100,000 per month over the 6 months to 29 July 2024. Furthermore, the Company intends to raise additional cash to fund its operations via a placement of securities to sophisticated and institutional investors raising a minimum of \$1m and up to \$2m. The placement would utilise the Company's unused Listing Rule 7.1 and 7.1A placement capacity and if required shareholder approval would be obtained. The Company believes that its intended placement is very likely to be successful.

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 has commenced driving Indonesian users to IGV Indonesia and expects to commence generating revenues from sale of virtual assets in Q1 2024 and beyond in Indonesia. In addition, following the successful launch of IGV in Indonesia and the commencement of revenue generation, the Company will launch the same IGV platform in Thailand.

*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 January 2024

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

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[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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