



31 July 2023

## Quarterly Activities Report for the quarter ended 30 June 2023

### Highlights

- Expansion into 6 new Asia Pacific markets, through an exclusive partnership with TALON Esports
- Working with TALON Esports to develop a white label solution to create a dynamic esports entertainment hub for South East Asian markets
- Significant progress made during the quarter in China, the largest esports gaming market in the world
- Shanghai Fumin's prediction competitions to be featured on SportsHero China's mobile app in the December 2023 quarter
- SportsHero Chinese mobile app launched on Apple in May
- Aim Assist Analysis (AAA) launched in Australia's Apple store and Google Play store on 19 April 2023 and generated 7,040,311 impressions
- Live streaming of esports matches now available to Australian subscribers on AAA
- The AAA algorithm continues to perform, with up to 100% prediction accuracy
- Olahbola maintains its top 5 sports influencer position on TikTok in Indonesia

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### Asia Pacific

#### *TALON Esports*

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

With 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.

TALON is Asia Pacific's fastest growing esports brand (with a 20m+ fan base) winning 4 out of the last 5 championships in the PCS (League of Legends). They have qualified for every international tournament since their entry into League of Legends and have continued to build a portfolio across several popular game titles, including League of Legends, Valorant, Dota2, Arena of Valor, Rainbow 6, Tekken 7 and Street Fighter V.

Established in 2017, TALON has successfully grown their fan base in Asia Pacific with 20.2 million fans across all channels including players and influencers. Its partners include the likes of Animoca Brands, PSG, Nike, KFC and Mastercard.

**SportsHero Limited**

ABN 98 123 423 987

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# SportsHero

In the last 12 months with 23 TALON owned and managed social channels in 7 different languages across 7 different markets, they have achieved over:

- 61 million average monthly impressions across all TALON channels;
- 10.1 million average monthly views across all TALON live and video content; and
- 4,000 pieces of content produced per month across the entire network.

TALON works and develops with the leading Web3 platforms and are keen to leverage EsportsHero's proprietary technology in esports prediction and tournament management to enhance their esports offering to their network and clientele.



Figure 2: TALON's current client portfolio

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

The parties have agreed that all revenue generated in the Territory from all sources, including memberships, subscriptions, advertising, sponsorship and ecommerce, will be shared equally after deducting agreed costs and expenses.

During the quarter, SportsHero has been working directly with TALON's co-founders Sean Zhang and Jerrold Tham to develop a white label solution to create a dynamic esports entertainment hub

As a result of these efforts, we are on target to launch, in the December quarter throughout the Territory, a new product with more features and revenue streams.

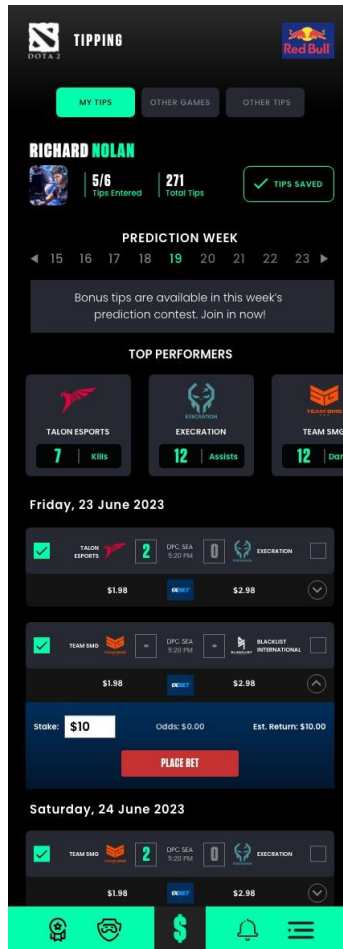
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## China

### *Shanghai Fumin Sports and Culture Co. Ltd*

In the largest esports market in the world, SportsHero Limited (**SportsHero**) has continued to build and deliver its China strategy.

On 30 March 2023, the Company announced the execution of a 3 year legally binding terms sheet (**Terms Sheet**) with Shanghai Fumin Sports and Culture Co. Ltd (**FMWH**), the esports tournament and events provider of Netease Games – one of China’s largest esports game publisher. Netease Games is listed on NASDAQ: NTES and HKEX: 9999.

In accordance with the Terms Sheet, a schedule of prediction tournaments will be featured on FMWH’s mobile app in the December quarter.

### *Wuhan Monster Technology Co Ltd*

Wuhan Monster Technology Co Ltd (**WMT**) (the commercial and operating arm of the Wuhan Esports Association (**WEA**)) will be directly involved in the upcoming Asian Games in Hangzhou and have scheduled prediction competitions on WEA’s miniprogram. During the quarter, SportsHero’s executive team met with the CEO of WMT in Hangzhou to discuss and plan the best go to market strategy for the many esports tournaments scheduled in second half of 2023.

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### ***Chinese mobile app***

During the quarter, SportsHero's executive team visited China on 5 occasions to expand our commercial partnerships and to support the planned phase 2 release of our Chinese mobile app.

In May 2023, SportsHero launched on Apple its Chinese mobile app with the IOS currently being tested (in a closed environment) for bugs and user experience feedback.

The planned phase 2 release will feature in-depth data analysis of the competing esports teams.

## **Australia**

### ***Aim Assist Analysis (AAA)***

On 19 April 2023, AAA was launched in Australia's Apple store and Google Play stores and during the three months ended 30 June 2023 achieved the following esports prediction accuracy:

- 72% accuracy in April, with 7 days hitting 100% accuracy
- 84% accuracy in May, with 12 days hitting 100% accuracy
- 81% accuracy in June, with 8 days hitting 100% accuracy

AAA marketing and promotion campaigns ran from 19 April to 30 June across Meta, YouTube, Reddit and Google and focused on the AAA brand and product awareness. The initial marketing campaigns generated an impressive 7,040,311 impressions, which provided valuable learnings for the upcoming anticipated generation of AAA installs and subscriptions.

### ***AAA - Version 2***

Following the initial and highly exploratory Version 1 marketing campaign, we are now focused on improving and delivering a product with optimum commercial appeal. 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, to improve and increase user conversion to Rivalry, our betting partner.

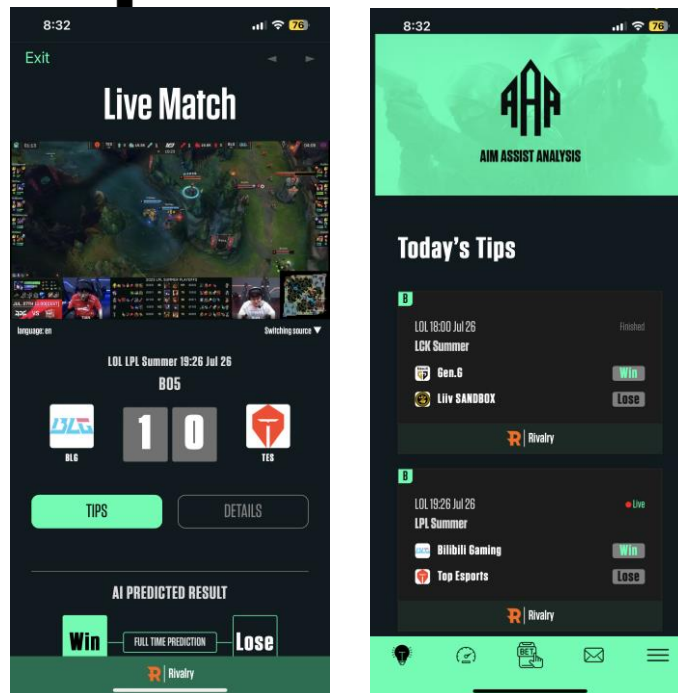
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# SportsHero



## Personnel

During the past 18 months, Scott Russell (Chief Commercial Officer) and Sam Stevens (Esports Business Development Executive) have played pivotal roles in developing EsportsHero (our Australian subsidiary) and AAA.

With key partnerships now in place and our focus being set outside of the Australian market, both Scott and Sam ceased their employment with the Company during the quarter.

## Indonesia

### Olahbola

We are pleased to report that Olahbola maintains its position as a top 5 sports influencer on TikTok and continues to attract advertisers and sponsors. Unfortunately, the prevailing economic conditions in Indonesia continue to be challenging and as such many firms have not returned to their pre-Covid advertising budgets.

Olahbola now has over 1.5 million followers on Tiktok, top performing post generated over 15.3 million views and the Olahbola page has generated over 63.6 million likes.

SportsHero has completed the development of a white label product for football in Indonesia and we are currently developing a similar platform for esports, which is expected to launch in the December quarter.

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

Subsequent to the end of the quarter, the Company received R&D grant proceeds of \$167,764.

Net cash used in operating activities for Q4 FY22/23 totaled \$425k, which included the following:

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- China office and administration costs \$80k
- China marketing and promotional costs \$75k
- OlahBola operating & development costs, staff costs and promotion & marketing \$36k
- Esports predictor consultancy fees \$30k
- Esports staff costs and promotion & marketing \$98k
- corporate costs, staff costs, administration and professional expenses \$106k

Cash at bank as at 30 June 2023 totaled \$183k.

During Q4 FY22/23 a total of \$86k was paid to related parties of the Company as follows:

- \$55k for the provision of full-time services by a director
- \$21.5k for director fees paid to non-executive directors
- \$8k 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**



## 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 June 2023

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	2	24
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(53)	(139)
(c) advertising and marketing	(17)	(117)
(d) leased assets	-	-
(e) staff costs	(296)	(1,057)
(f) administration and corporate costs	(61)	(774)
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	-	-
1.8 Other (provide details if material)	-	4
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(425)</b>	<b>(2,059)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities	-	-
(g) businesses	-	-
(h) property, plant and equipment	-	(1)

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Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
	(i) investments	-	-
	(j) intellectual property	(154)	(818)
	(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>(154)</b>	<b>(819)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
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	500	500
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)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>500</b>	<b>500</b>



# SportsHero

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
<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	262	2,557
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(425)	(2,059)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(154)	(819)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	500	500
4.5	Effect of movement in exchange rates on cash held	-	4
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>183</b>	<b>183</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	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	183	262
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>183</b>	<b>262</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	86
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>		

# SportsHero

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	500	500
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	<b>Total financing facilities</b>	500	500
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 loan provided by Sunshore Holdings Pty Ltd (not a related party) for a term of 6 months and a total fee of \$50,000		

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)	(425)
8.2	Cash and cash equivalents at quarter end (item 4.6)	183
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	183
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, the Company's focus will progress to promotion and subscription of our products and the generation of meaningful revenue.	
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: The Company intends 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.	

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 subscription based apps are now available for download and it is expected that they will commence generating meaningful revenues in Q3 of 2023 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 July 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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