



30 April 2024

Quarterly Activities Report for the quarter ended 31 March 2024

- **Successful launch of IGV Indonesia with conclusive validation of market demand generating 2,051,982 unique visitors**
- **Extensive market competitor analysis confirms current catalogue of products are competitively priced**
- **Comprehensive market results and analysis provided key insights to the optimization required for revenue generation**
- **PSSI renewal season with their major annual sponsors to commence in May to June 2024**

Indonesia

Successful launch of IGV in Indonesia

SHO's commercial goals and obligations with IGV entail promoting and marketing IGV to the football and esports audience in Indonesia. Through the results generated and subsequent analysis during this quarter, we validated robust market demand as evidenced by the unique visits from esports gamers to the platform. At the time of the soft launch on 6th January 2024, we established targets to drive 1 million unique visitors by the end of the March quarter, achieve a conversion rate to transactions of 5%, consistent with IGV's historical performance in other markets, and maintain an average transaction size ranging from USD 5 to 20.

We are very pleased to report that by the end of the March quarter, SHO successfully generated over 2 million unique visitors to IGV. We identified the top 10 games in Indonesia enabling us to finetune our marketing strategy to focus on the three most popular game titles with the most supply on IGV. During this period, we ran an extensive influencer program that effectively boosted traffic and provided valuable customer feedback which strongly indicated a need for expanded local payment options, including retail operations such as Alfamart and 7-11, e-wallets, and bank transfers.

Whilst the average transaction size during this quarter was USD 15 which sat right in the range we targeted, conversion rate to transactions was less than 1%. We concluded that the two areas that needed further optimization were a localized, Indonesian-centric user interface that is more appealing to the younger gaming demographic and an improved suite of local payment options that are favored in this market.

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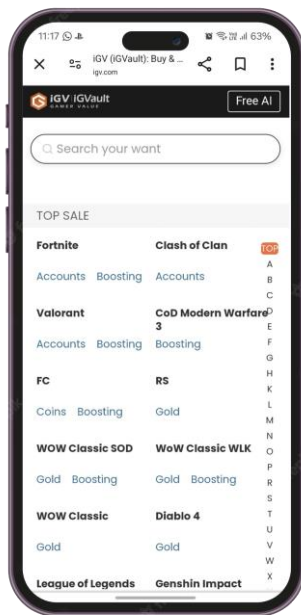
ABN 98 123 423 987

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Tel: +61 2 9457 0276

Customer driven optimization

During the soft launch phase, we maintained IGV's global text-centric format ensuring local translations and currency for Indonesia. Customers could locate their product however did not have confidence in the available payment options. Before the end of the March quarter, we worked closely with local gaming focus groups to redesign the user interface that will appeal to the local customers and their habits.



Version 1 home page



Version 2 home page

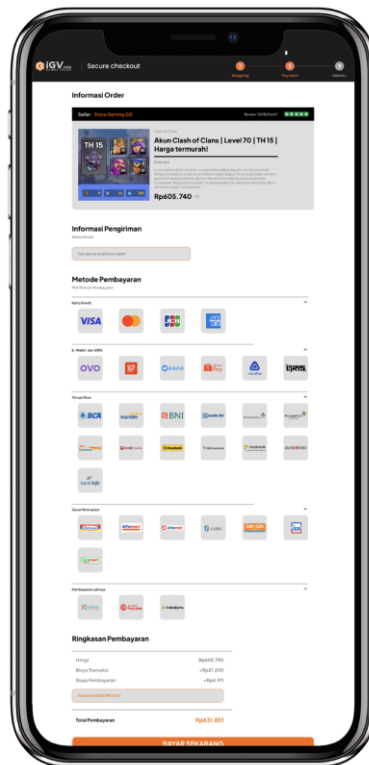
The redesigned homepage tailored for Indonesian customers was launched in early April. The results provide conclusive evidence that the improved site is tracking well.

	End of March 2024	Mid April 2024
Traffic from home page to product page	14.53%	41.72%
Traffic from product page to transaction	7.29%	25.76%

Immediate next steps

We have had extensive discussions with the largest local payment providers in Indonesia and will immediately begin integrating over 20 additional payment options to the site to improve customer transaction conversion. We expect these payment options to be fully integrated by the end of May 2024 and a significant improvement in the conversion to transactions to immediately follow.

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Mockup of the new payment page

PSSI update

At the end of this quarter, SHO has completed building key revenue generating features for the platform which includes all digital inventory of banner ads, including pre- and post-roll for video ads that will be sold by the appointed agency, Whisper Media. As advised by Whisper Media, advertising sales will commence end April 2024.

PSSI will enter into their annual renewal season with their current portfolio of major sponsors in May and June where they will include all digital inventory on Kitagaruda as part of the new sponsorship renewal package adding a 10% to 20% premium on current sponsorship contracts. 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 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 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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China

As a result of the successful market launch in Indonesia with the IGV partnership, this has validated the value SHO brings with its current infrastructure and partnerships to Chinese esports companies looking to expand their businesses into new markets in Southeast Asia. It is evident to these potential partners the importance of local market knowledge and resources as these markets require a fully localized product and strategy to succeed.

Under the strong advisement of our China Strategic Advisor, Wang He, SHO is well positioned to do similar partnerships as IGV has been a successful example of fast-tracking entry into the largest Southeast Asian markets.

We are pleased to report significant progress in our current negotiations with potential Chinese esports partners and will leverage the ongoing results from the IGV partnership to formalize a favourable partnership structure for SHO.

Whilst there is continued uncertainty in the domestic Chinese esports market and taking into consideration the sizeable cost and budget required in this market, SHO has decided to further evaluate a go-to market strategy that is affordable.

TALON

As a result of the synergies with Talon and especially in the Thailand market, we have decided to pivot the Talon partnership strategy to include the launch of IGV Thailand.

During this quarter, we have worked closely with the Talon Thai team to evaluate the best go-to market strategy to launch IGV into Thailand in May 2024. Talon has a comprehensive local team including top esports influencers, content creators, and a strong fan base. This provides SHO with an opportunity to fast-track the launch of IGV into the Thai market with an engaged audience.

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.

Cash and expenditure (A\$'000)

Net cash used in operating activities for Q3 FY23/24 totaled \$378k, which included the following:

- China office and administration costs \$43k
- Esports staff and administration costs \$85k
- Operating & development costs, staff costs and promotion & marketing \$142k
- corporate costs, staff costs, administration and professional expenses \$108k

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Cash at bank as at 31 March 2024 totaled \$183k.

During Q3 FY23/24 a total of \$99k was paid to related parties of the Company as follows:

- \$62k for the provision of full-time services by a director
- \$15k for director fees paid to non-executive directors
- \$11.5k for the provision of services by a non-executive director
- \$2k for office rent to non-executive director

Authorised for release by the Board

Ross Pearson
Company Secretary

Telephone: +61 419 255 305

1. APPENDIX 4C

2. QUARTERLY CASH FLOW REPORT FOR ENTITIES SUBJECT TO LISTING RULE 4.7B

2.1 Name of entity:

Sportshero Ltd

2.2 ABN

98 123 423 987

2.3 2.4 Quarter ended ("current quarter")

31 March 2024

2.5	Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	1	8
1.2	Payments for		
	(a) research and development	(10)	(38)
	(b) product manufacturing and operating costs	(26)	(116)
	(c) advertising and marketing	(79)	(158)
	(d) leased assets	-	(2)
	(e) staff costs	(113)	(371)
	(f) administration and corporate costs	(150)	(483)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	-

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2.5	Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	427	595
1.8	Other (provide details if material)	-	18
1.9	Net cash from / (used in) operating activities	50	(547)

2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	(3)	(3)
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(g) entities	-	-
	(h) businesses	-	-
	(i) property, plant and equipment	-	-
	(j) investments	-	-
	(k) intellectual property	-	-
	(l) 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)	(3)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	830
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-

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2.5	Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	240	340
3.6	Repayment of borrowings	(230)	(600)
3.7	Transaction costs related to loans and borrowings	(20)	(20)
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	(10)	550

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	146	183
4.2	Net cash from / (used in) operating activities (item 1.9 above)	50	(547)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(3)	(3)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(10)	550
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	183	183



5.	2.6	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		183	143
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)		183	143

(a)

6.	2.7	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		99
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



7. 2.8 Financing facilities

Note: the term "facility" includes all forms of financing arrangements available to the entity.

2.9 *Add notes as necessary for an understanding of the sources of finance available to the entity.*

- 7.1 Loan facilities
- 7.2 Credit standby arrangements
- 7.3 Other (please specify)
- 7.4 **Total financing facilities**

Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
500	100
-	-
-	-
500	100

7.5 Unused financing facilities available at quarter end

400

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 drawn down facility from Sunshore Holdings Pty Ltd (not a related party) of up to \$500,000, fees of 10% are payable upon payment of loan.

8. 2.10	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (Item 1.9)	50
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)	400
8.4	Total available funding (Item 8.2 + Item 8.3)	583
8.5	Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	11.66

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:



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: Note cash outflows from operating activities (excluding R&D refund) amounts to \$378,000 resulting in funding available for approximately 1.5 quarters

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: Yes. Additional funding consisting of \$500,000 draw down facility has been obtained resulting in the total draw down facility at the time of lodgement being \$900,000

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: Yes. The product has been successfully launched into the Indonesian market and the market feedback has indicated that the product is well received and competitively priced. Following an optimisation of the product in relation to incorporating customer preferred payment platforms it is expected substantial revenues will begin to be generated.

(a)

2.11 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.

30 April 2024

Date:

The Board of SportsHero Limited

Authorised by:

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

2.12 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.

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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