



SportsHero Limited

ACN 123 423 987

Annual Report

for the year ended

30 June 2022

CORPORATE DIRECTORY

Directors

John Dougall (Non-Executive Chairman)
Tom Lapping (Director and CEO)
Michael Higginson (Non-Executive Director)

Company Secretary

Michael Higginson

Registered Office and Principal Place of Business

36 Prestwick Drive
Twin Waters, QLD 4564

Telephone: +61 (7) 5457 0557
Facsimile: +61 (7) 5457 0557

Website: <http://sportshero.live/>

Auditor

RSM Australia Partners
Level 32/2 The Esplanade
Perth WA 6000

Share Registry

Advanced Share Registry Services Limited
110 Stirling Highway
Nedlands WA 6009

Telephone: +61 (8) 9389 8033
Facsimile: +61 (8) 9262 3723

Stock Exchange Listing

Australian Securities Exchange
ASX Code: SHO

CONTENTS	PAGE
CHAIRMAN'S LETTER	4
OPERATIONS REPORT	5
DIRECTORS' REPORT	8
AUDITOR'S INDEPENDENCE DECLARATION	19
STATEMENT OF FINANCIAL POSITION	20
STATEMENT OF COMPREHENSIVE INCOME	21
STATEMENT OF CHANGES IN EQUITY	22
STATEMENT OF CASH FLOWS	23
NOTES TO THE FINANCIAL STATEMENTS	24
DIRECTORS' DECLARATION	55
INDEPENDENT AUDITOR'S REPORT	56
SHAREHOLDER INFORMATION	59

General information

The financial statements cover SportsHero Limited as a consolidated entity consisting of SportsHero Limited and its subsidiaries. The financial statements are presented in US dollars, which is SportsHero Limited's functional and presentation currency.

SportsHero Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

36 Prestwick Drive
Twin Waters, QLD 4564

Telephone: +61 (7) 5457 0557
Facsimile: +61 (7) 5457 0557

A description of the nature of the consolidated entity's operations and its principal activities are included in the Directors' Report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 30 September 2022. The Directors have the power to amend and reissue the financial statements.

CHAIRMAN'S LETTER

Dear Shareholder

Throughout the 2022 financial year, SportsHero has focused on delivering the key building blocks to fast track the Company's global ecosystem goal by developing and implementing its offering of bespoke prediction competitions, across all global esports competition levels. We have invested in new technology and new markets to position the Company to generate revenue at scale.

During the year, the Company successfully raised AU\$2,800,000 in working capital from existing and new Shareholders. As we continue to enhance and develop our innovative technologies and expand our footprint, your Company remains committed to delivering on the investment of all Shareholders.

As innovators in the sport prediction markets, we have developed a state-of-the-art artificial intelligence predictor that will enable the Company to generate new revenue opportunities, including licencing revenue, subscription revenue, exclusive streaming revenue and royalties, affiliate gaming revenue with gaming communities, betting companies and sporting news websites.

Our goal remains to deploy our premium white label solutions across multiple sports to sporting groups and other partners globally.

In driving to make that goal a reality, we strengthened our executive team in Australia and appointed a leading international gaming marketing company as our media, marketing, loyalty and sponsorship advisor.

In a significant strategic initiative we commenced operations in China, gaining control of a Chinese incorporated company and appointing one of China's most regarded and revered esports media personalities to head up our Chinese activities. More recently, we have established an office in Shanghai and secured commercial arrangements with the operating arm of China's second largest esports association.

We have confidence in our past investments in Indonesia. With more than 11,000,000 Olahbola users and a first-class team engaged, via our Indonesian subsidiary, we forged an association with Indonesia's premier junior leagues and established a subscription revenue partnership with Ellevate Football and Top Skor. Ellevate Football operates a world leading football talent scouting platform whilst Top Skor owns and operates youth football leagues across Indonesia.

As a direct result of the efforts of our team, led by our CEO Mr Tom Lapping, the past twelve months has delivered a global opportunity for the Company to capitalise on its world first artificial intelligence and virtual reality technologies. It certainly is an exciting time to be a SportsHero Shareholder.

After three years as your Chairman, I have elected not to stand for re-election at our 2022 Annual General Meeting. Whilst my replacement has not yet been secured, your Board will announce my well-credentialled successor in coming weeks.

In closing, I wish to thank my fellow Directors and our dedicated and committed team for their hard work and inspiration over the past three years. I also take this opportunity to thank you, our Shareholders, for your encouragement and continued support.



John Dougall
Chairman
SportsHero Limited

OPERATIONS REPORT

The Company's goal is to become one of world's most dynamic, engaging and largest sporting communities.

Our vision is to deploy our white label digital solutions across multiple sports to sporting groups and other partners globally.

On 21 April 2021, SportsHero announced its intention to develop a world first proprietary esports prediction platform utilising the latest advancements in deep learning to predict the outcomes of esports competitions prior to the match, as well as during live competition.

Over one year of research, toil, development and endeavour has culminated in the launch in Australia on 23 August 2022 of SportsHero's first ever tier 1 professional esports prediction tournament (mobile site: esportshero.com).

The launch of this Australian tournament showcases, for the first time, SportsHero's world first proprietary esports artificial intelligence predictor, that will add value to our users and help drive user engagement and usage to our platforms.

Importantly, we have also significantly progressed our Chinese strategy in the largest esports market in the world. In that regard, on 31 August 2022 SportsHero soft launched its co-branded initial esports tournament in partnership with Wuhan Esports Association (the 2nd largest esports association in China).

SportsHero is positioning itself to be a world leader in the rapidly expanding esports market by introducing our artificial intelligence predictor and delivering unique esports prediction competitions. Furthermore, SportsHero is planning to apply its proprietary deep learning-based predictor across multiple sports and/or sporting events globally.

SportsHero's strategy is to build a large and engaged user base of active sports fans utilising our unique and proprietary technologies, our official associations with governing bodies and partnerships with technology innovators and prominent market participants. We will then monetise these strategic assets with recurring revenue generated from multiple sources, including complementary advertising income, brand sponsorship, subscriptions, competition revenue, video streaming, ecommerce, affiliate gaming revenue and match and gamification ticket sales.

Having developed a white label digital solution, SportsHero is able to offer its digital solutions across multiple sports to sporting groups and other partners globally.

Esports prediction tournaments

SportsHero has developed a unique esports prediction tournament automated build system that leverages its proprietary artificial intelligence to generate prediction tournaments for both professional and custom esports tournaments from around the world.

In August 2022, SportsHero announced that it had launched in Australia its first ever tier 1 professional esports prediction tournament and soft launched a co-branded initial esports tournament in China with Wuhan Esports Association (the 2nd largest esports association in China).

SportsHero's esports Predictor utilises the latest advancements in deep learning technology to predict the outcomes of esports competitions prior to the match, as well as live during the competition.

SportsHero will be promoting its free to play esports prediction tournament for the League of Legends World Championships 2022 in Australia, Singapore, Malaysia, Philippines, Hong Kong, United States and United Kingdom across online community platform Reddit.

Esports artificial intelligence predictor

SportsHero's proprietary artificial intelligence uses Convolutional Neural Network (CNN) algorithms to generate probabilistic and deterministic predictions on professional esports matches.

The main advantage of CNN, compared to its predecessors, is that it automatically detects the important data features without any human supervision.

OPERATIONS REPORT

SportsHero has developed a unique data system, which is specially used to generate data-based combat power maps. At the same time, it has reconstructed its algorithm structure based on CNN, so that the algorithm can process large quantities of multi-dimensional data and constantly improves its accuracy and stability by continuously obtaining data.

Blackhawk Network

On 7 June 2022, SportsHero announced that its wholly owned Australian subsidiary, EsportsHero Pty Ltd (**EsportsHero**), had executed a 5 year Australian Distribution Partner Agreement (**Agreement**) with Blackhawk Network (Australia) Pty Ltd (**Blackhawk**).

Blackhawk is the Australian arm of the very successful Californian based global leader of commerce solutions, Blackhawk Network Holdings Inc.

Blackhawk Network is a global leader in branded payments and e-commerce solutions, with gift card distribution agreements in place with many of the largest gaming brands in the world. Through the Blackhawk Agreement (for which no cash consideration is to be paid), EsportsHero will earn commissions from the sale of a curated range of digital gaming gift cards (e-gift cards), including but not limited to Sony PlayStation digital gaming products.

As part of Blackhawk Network's service to their card partners, the business identifies key distribution channels to market, promote and sell their products to a targeted consumer segment.

EsportsHero users will be able to purchase authorised e-gift cards for their preferred gaming brands to redeem online in their gaming accounts specific to the e-gift cards purchased, including the purchase of digital copies of Sony PlayStation games.

The cash stored value cards, will be available to only EsportsHero users located within Australia.

Ellevote Football partnership

On 22 February 2021, SportsHero announced an exclusive 3-year partnership with the UK based Footie Group Limited, owner of Ellevote Football.

Ellevote Football has developed a world leading football talent scouting platform. Parents of aspiring young footballers subscribe to the Ellevote Football platform to showcase their child's talent directly to the scouts engaged by professional football clubs worldwide.

On 6 July 2022, SportsHero and Ellevote entered into a mutually beneficially marketing and sponsorship agreement with PT Top Skor Indonesia (**Top Skor**) who are the owners and operators of youth football leagues throughout Indonesia.

Ellevote Football is fully integrated into SportsHero's 100% owned and fully localised Indonesian app OlahBola.

OlahBola Ellevote is a subscription revenue product that will be promoted throughout Indonesia by Top Skor to its youth football leagues, clubs and players.

With the OlahBola Ellevote football offer, SportsHero is introducing to Indonesia a unique and valuable opportunity for the substantial number of young up-an-coming Indonesian football players to be discovered.

OlahBola

On 7 July 2020, SportsHero successfully launched in Indonesia its first locally branded and fully localised football app 'OlahBola'. As at 30 June 2022, OlahBola generated in excess of 4.7 million new unique users.

OlahBola 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.

OPERATIONS REPORT

Review of operations

On 9 September 2021, the Company announced the launching of its state-of-the-art artificial intelligence esports predictor to service new markets and the rapidly expanding esports gaming market. The Company further announced the engagement of highly experienced esports consultant, Mr Scott Russell.

On 11 October 2021, the Company announced that it was developing a world first dedicated esports prediction hub, with League of Legends, FIFA, CS:GO and Dota2 to be included in SportsHero's game portfolio.

On 14 October 2021, the Company announced that it would test launch in Australia its unique esports prediction competitions in partnership with established Australia esports tournament organiser EGN.

On 29 November 2021, the Company announced that it had entered into a mandate with Novus Capital Limited, pursuant to which Company had received binding commitments to raise \$2,800,000 pursuant to the issue of 80,000,000 fully paid ordinary 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.

On 30 November 2021, the Company announced the Indonesian launch of world leading football talent scouting app Ellevate Football.

On 1 December 2021, the Company announced that Mr Scott Russell was appointed as the Company's Chief Commercial Officer.

On 8 December 2021, the Company announced that Chinese esports media personality, Sherry Chen, was appointed to head the Company's Chinese esports activities.

On 13 December 2021, the Company announced its intention to co-develop with leading Chinese virtual reality software and hardware developer, Nanchang Virtual Reality Detections Technology Co Ltd, a world first virtual reality prediction platform.

On 27 January 2022, the Company announced the Australian launch of the EsportsHero platform and prediction competitions in partnership with EGN Gaming. The platform being promoted to EGN's 40,000+ Australian esports audience. In addition, the Company also announced its first affiliate agreement with Australian owned and operated Palmerbet (owned and operated by Palmer Bookmaking Pty Ltd).

On 15 March 2022, the Company announced the appointment of Sam Stevens as the Company's esports business development specialist.

On 23 March 2022, the Company announced a two year partnership with Australian gaming marketing leader, Livewire Group International Pty Ltd as our media, marketing, loyalty and sponsorship advisor.

On 16 May 2022, the Company announced that it had entered into a Memorandum of Co-operation with China's second largest esports association (the Wuhan Esports Association) and the launch of an initial esports prediction platform on Wechat, allowing Wechat users to access, engage and compete in Chinese prediction competitions.

On 30 May 2022, the Company announced the establishment of its first Chinese commercial agreement with Wuhan Monster Technology Co Ltd (WMT), the commercial and operating arm of the Wuhan Esports Association. In accordance with the agreement, WMT will promote SportsHero's Chinese app to all of WMT's leagues, teams, registered gamers and WMT's existing and potential corporate and commercial partners within the city of Wuhan and the greater Hubei region.

On 7 June 2022, the Company announced the establishment of a 5 year Australian Distribution Partnership Agreement with Blackhawk Network (Australia) Pty Ltd. Blackhawk is the Australian arm of the very successful Californian based global leader of ecommerce solutions, Blackhawk Network Holdings Inc. Pursuant to the agreement with Blackhawk, the Company will earn commissions from the sale of a curated range of digital gaming gift cards (e-gift cards), including but not limited to Sony PlayStation digital gaming products.

DIRECTORS REPORT

The Directors present their report together with the consolidated financial report for SportsHero Limited ("SportsHero" or the "Company") and its controlled entities (collectively the "Group"), for the year ended 30 June 2022.

Directors

(i) Names, qualifications and experience

The names and details of the Group's Directors in office at any time during the financial period and until the date of this report are as follows:

John Dougall	Non-Executive Director and Chairman
Tom Lapping	Director and CEO
Michael Higginson	Non-Executive Director

John Dougall – Non-Executive Director and Chairman

Mr Dougall is the holder of Bachelor of Commerce Degree from the University of Melbourne.

Mr Dougall has worked at Chief Executive and board level in a number of technology companies based in Melbourne, New York, Sydney, London and San Francisco. He has also served as Managing Director of four ASX listed companies, successfully exporting Australian technology to China, India, Indonesia, The Philippines, Vietnam and Latin America.

Mr Dougall is currently the Non-Executive Chairman of Tinybeans Group Limited (ASX: TNY), a mobile and web-based technology company based in Sydney and New York, that connects parents with the most trusted tools and resources to assist, in particular, young families.

He has also served as President and CEO of an Australian company that ultimately listed on the NASDAQ, selling its software solutions to major retailers in the USA and Europe.

In addition, Mr Dougall previously served as a director to several industry associations, as chairman of the Australian Government's CSIRO Information Technology Advisory Board, as well as advising Government on industry strategy and trade.

Tom Lapping – Director and CEO

Mr Lapping is highly experienced across the securities and media sectors. Since 2016, he has played an integral role within SportsHero and was a key member of the team during the transition of the SportsHero business from a Singaporean unlisted entity to an ASX listed public company in February 2017.

Tom is a successful entrepreneur who has accumulated extensive experience leading both established and early-stage ventures in the Asia-Pacific region. Tom has a keen understanding of consumer behaviour and was recognised as a 40under40 business entrepreneur award winner in Western Australia in 2003.

Michael Higginson – Non-Executive Director

Qualification: B.Bus Fin & Admin

Mr Higginson is the holder of a Bachelor of Business Degree with majors in both Finance and Administration.

Mr Higginson is a professional director and company secretary with extensive experience in public company administration, ASX Listing Rules, the Corporations Act, capital raisings, corporate governance, financial reporting and due diligence.

Mr Higginson was formerly an executive officer with the Australian Securities Exchange and has, over the last 35 years, held numerous directorship and company secretarial roles with a number of public listed companies across a range of industry sectors.

Mr Higginson is a director of Cape Range Limited (ASX: CAG) and for the period 10 February 2022 to 18 July 2022 (inclusive) was a director of Zuleika Gold Limited (ASX: ZAG).

DIRECTORS REPORT

(ii) Interests in the Shares and Options of the Group

As at the date of this report, the interest of the Directors in the shares and performance rights of the Group are:

	Number of shares	Number of options	Number of performance rights
John Dougall	3,589,624	-	5,000,000
Tom Lapping	13,782,143	-	2,000,000
Michael Higginson	1,020,834	-	1,000,000
TOTAL	18,392,601	-	8,000,000

Company Secretary

Michael Higginson
Qualification: B.Bus Fin & Admin

Directors' meetings

The number of meetings attended by each of the Directors of the Group during the financial year was:

	Directors' Meetings	
	(a)	(b)
John Dougall	8	8
Tom Lapping	8	8
Michael Higginson	8	8

(a) Number of meetings held and entitled to attend

(b) Number of meetings attended

Given the size of the Group and current level of activities, the Board has assumed the duties and responsibilities typically delegated to an audit committee, risk committee, remuneration committee and nomination committee.

Corporate structure

SportsHero Limited is a company limited by shares that is incorporated and domiciled in Australia.

For details of the Company's controlled entities, please refer to note 25.

Nature of operations and principal activities

The principal activity of the Group during the year was the development of the Group's sports gamification platforms.

Results of operations

The operating loss after income tax of the Group for the year ended 30 June 2022 was US\$1,714,648 (2021: US\$1,479,219).

As set out in the Statement of Comprehensive Income, the two most significant expense categories for the financial year were:

- Administration expenses, totaling US\$851,714 and
- Employee and consulting expenses, totaling US\$635,751.

The Group's basic loss per share for the year was 0.32 US cents (2021: 0.37 US cents).

DIRECTORS REPORT

Dividends

No dividend has been paid during or is recommended for the financial year ended 30 June 2022 (2021: nil).

Review of operations

The principal activity of the Group during the financial year was the development of the Group's sports gamification platforms.

An overview of the Group's operations during the financial year is set out in the Operations Report.

Significant changes in state of affairs

On 2 July 2021, 4,000,000 Director performance rights were converted into 4,000,000 shares following the attainment on or before 31 December 2021 of in excess of 3,000,000 new unique OlahBola users.

On 23 August 2021, the Pay-to-Play Australia Pty Ltd joint venture with Cross Bet Holdings Pty Ltd was terminated.

On 9 September 2021, the Company announced the launching of its state-of-the-art artificial intelligence esports predictor to service new markets and the rapidly expanding esports gaming market. The Company further announced the engagement of highly experienced esports consultant, Mr Scott Russell.

On 11 October 2021, the Company announced that it was developing a world first dedicated esports prediction hub, with League of Legends, FIFA, CS:GO and Dota2 to be included in SportsHero's game portfolio.

On 14 October 2021, the Company announced that it would test launch in Australia its unique esports prediction competitions in partnership with established Australia esports tournament organiser EGN.

On 29 November 2021, the Company announced that it had entered into a mandate with Novus Capital Limited, pursuant to which Company had received binding commitments to raise \$2,800,000 pursuant to the issue of 80,000,000 fully paid ordinary 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.

On 30 November 2021, the Company announced the Indonesian launch of world leading football talent scouting app Ellevate Football.

On 1 December 2021, the Company announced that Mr Scott Russell was appointed as the Company's Chief Commercial Officer.

On 8 December 2021, the Company announced that Chinese esports media personality, Sherry Chen, was appointed to head the Company's Chinese esports activities.

On 13 December 2021, the Company announced its intention to co-develop with leading Chinese virtual reality software and hardware developer, Nanchang Virtual Reality Detections Technology Co Ltd a world first virtual reality prediction platform.

On 27 January 2022, the Company announced the Australian launch of the EsportsHero platform and prediction competitions in partnership with EGN Gaming. The platform being promoted to EGN's 40,000+ Australian esports audience. In addition, the Company also announced its first affiliate agreement with Australian owned and operated Palmerbet (owned and operated by Palmer Bookmaking Pty Ltd).

On 15 March 2022, the Company announced the appointment of Sam Stevens as the Company's esports business development specialist.

On 23 March 2022, the Company announced a two year partnership with Australian gaming marketing leader, Livewire Group International Pty Ltd as our media, marketing, loyalty and sponsorship advisor.

DIRECTORS REPORT

On 16 May 2022, the Company announced that it had entered into a Memorandum of Co-operation with China's second largest esports association (the Wuhan Esports Association) and the launch of an initial esports prediction platform on Wechat, allowing Wechat users to access, engage and compete in Chinese prediction competitions.

On 30 May 2022, the Company announced the establishment of its first Chinese commercial agreement with Wuhan Monster Technology Co Ltd (**WMT**), the commercial and operating arm of the Wuhan Esports Association. In accordance with the agreement, WMT will promote SportsHero's Chinese app to all of WMT's leagues, teams, registered gamers and WMT's existing and potential corporate and commercial partners within the city of Wuhan and the greater Hubei region.

On 7 June 2022, the Company announced the establishment of a 5 year Australian Distribution Partnership Agreement with Blackhawk Network (Australia) Pty Ltd (**Blackhawk**). Blackhawk is the Australian arm of the very successful Californian based global leader of ecommerce solutions, Blackhawk Network Holdings Inc. Pursuant to the agreement with Blackhawk, the Company will earn commissions from the sale of a curated range of digital gaming gift cards (e-gift cards), including but not limited to Sony PlayStation digital gaming products.

Future developments

Likely future developments in the operations of the Group are referred to in the Chairman's Letter and Operations Report. Other than as referred to in this report, further information as to likely developments in the operations of the Group and expected results of those operations would, in the opinion of the Directors, be speculative and prejudicial to the interests of the Group and its shareholders.

Subsequent events

On 6 July 2022, the Company announced that it had entered into a mutually beneficial marketing and sponsorship agreement with Indonesia's premier junior football leagues, Liga Top Skor. In consideration for SportsHero agreeing to sponsor the 2022-23 Liga Top Skor youth football leagues, Top Skor have agreed to actively promote "OlahBola Ellevate" to their youth football players, clubs and leagues across Indonesia. OlahBola Ellevate is the Company's Indonesia football talent scouting app (refer Operations Report).

On 7 July 2022, the Company announced that Logitech (China) Technology Co Ltd (a wholly owned subsidiary of Swiss multinational Logitech International SA) had agreed to be the first commercial sponsor for the Company's recently launched Chinese app on Wechat.

On 18 August 2022, the Company announced the launch of its first ever tier 1 professional esports prediction tournament in Australia, which was launched on 23 August 2022.

On 31 August 2022 SportsHero soft launched its co-branded initial esports tournament in partnership with Wuhan Esports Association (the 2nd largest esports association in China).

On 21 September 2022, the Company announced that EsportsHero has entered into a two year (with a two year automatic renewal) Australian Gift Card Supplier Agreement with digital gift card giant Prezzy Pty Ltd. Prezzy operates a leading global gifting platform with operations in North America, United Kingdom, Australia and New Zealand.

Financial position

The Group's working capital, being current assets less current liabilities, was US\$1,582,509 as at 30 June 2022 (2021: US\$1,241,859).

In the Directors' opinion there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

Proceedings on behalf of the Group

No person has applied for leave of court to bring proceedings on behalf of the Group or intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or any part of those proceedings.

DIRECTORS REPORT

Additional information

The earnings of the consolidated entity for the five years to 30 June 2022 are summarised below:

	2022 US\$	2021 US\$	2020 US\$	2019 US\$	2018 US\$
Income	42,034	40,570	3,434	463,791	16,841
EBITDA	(1,712,389)	(1,442,887)	(1,204,006)	(2,276,050)	(3,830,964)
EBIT	(1,714,648)	(1,462,932)	(1,257,439)	(2,276,625)	(4,335,566)
Loss after income tax	(1,714,648)	(1,479,219)	(1,259,559)	(2,276,625)	(4,335,566)

The factors that are considered to affect total shareholders return are summarised below:

	2022 US	2021 US	2020 US	2019 US	2018 US
Share price at financial year end (US cents)	1.4	1.5	1.3	4.5	5.91
Total dividends declared (US cents per share)	-	-	-	-	-
Basic and diluted loss per share for continued operations (US cents per share)	0.32	0.37	0.39	0.93	1.55
Basic diluted loss per share for discontinued operations (US cents per share)	-	-	-	-	0.29
Basic loss per share (US cents per share)	0.32	0.37	0.39	0.93	1.84

Remuneration report (Audited)

Details of Remuneration for the Year Ended 30 June 2022

Details of the remuneration for each Director and the key management personnel of the Group during the year are set out in the following tables.

The Board's policy for determining the nature and amount of remuneration for Directors and senior executives of the Group is as follows:

- All executives receive a base salary (which is based on factors such as length of service and experience).
- The Board reviews executive packages annually by reference to the Group's performance, executive performance and comparable information from industry sectors.
- All remuneration paid to Directors and executives is valued at the cost to the Group and expensed. Options are valued using the Black-Scholes methodology.
- Remuneration of non-executive Directors at market rates for time, commitment and responsibilities.

The Board determines payments to the non-executive Directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought if required.

During the financial year ended 30 June 2022, the consolidated entity did not engage any external parties for a review of remuneration practices.

At the 2021 Annual General Meeting, 99.8% of the eligible votes received supported the adoption of the remuneration report for the year ended 30 June 2021. The Group did not receive any specific feedback at the Annual General Meeting regarding its remuneration practices.

The key management personnel of the Group include the Directors and Company Secretary. There were no other persons considered key management personnel as defined in AASB 124 Related Party Disclosures.

DIRECTORS REPORT

The tables below show the 2022 and 2021 remuneration of the Directors and other key management personnel:

2022	Short-term	Post-employment	Share-based payments		Value of share-based payments as a %
	Salary & fees US\$	Superannuation US\$	Shares and performance rights US\$	Total US\$	
<i>Chairman</i>					
John Dougall	72,580	-	(710) ⁽¹⁾	71,870	(1%)
<i>Directors</i>					
Tom Lapping	147,085	-	21,607	168,692	13%
Michael Higginson	69,885	-	20,882	90,767	23%
Total key management personnel compensation	289,550	-	41,779	331,329	13%

⁽¹⁾ Reversal of value of Class C performance rights issued in prior year that are vesting over period due to change in probability for achieving vesting condition.

2021	Short-term	Post-employment	Share-based payments		Value of share-based payments as a %
	Salary & fees US\$	Superannuation US\$	Performance rights US\$	Total US\$	
<i>Chairman</i>					
John Dougall	59,125	-	46,137	105,262	44%
<i>Directors</i>					
Tom Lapping	105,847	-	69,340	175,187	40%
Michael Higginson	61,818	-	34,670	96,488	36%
Total key management personnel compensation	226,790	-	150,147	376,937	40%

Related party transactions and balances

Payables to key management personnel

	Consolidated	
	2022 US\$	2021 US\$
Amounts payable to Directors and Director related entities at the end of the financial year, included in current liabilities	43,937	45,870

Other transactions with key management personnel

During the year the Group paid rent of US\$4,355 (2021: US\$2,613) to Mr Higginson for the provision of the Group's registered and principal office.

There were no other sale or purchase related transactions between the Group and key management personnel during the year ended 30 June 2022 (2021: nil).

DIRECTORS REPORT

Other transactions with related parties

Following the attainment on or before 31 December 2021 of an aggregate of in excess of 3,000,000 new unique users on the Company's OlahBola app, on 2 July 2021 4,000,000 Class B performance rights converted into 4,000,000 shares. The 4,000,000 shares were issued as follows:

- John Dougall – 1,000,000
- Tom Lapping – 2,000,000
- Michael Higginson – 1,000,000

Following the receipt of shareholder approval on 10 November 2021, on 12 November 2021 the Company issued 1,078,868 shares to Mr Dougall in lieu of cash fees for the 2021 financial year totaling AU\$50,000.

There were no other transactions with related parties throughout the year.

Performance Rights as a Proportion of Total Remuneration

No performance rights were issued during the year ended 30 June 2022 and included as a proportion of total remuneration (2021: 12,000,000 Director performance rights and 4,000,000 performance rights were issued during the year ended 30 June 2021 and included as a proportion of total remuneration).

Ordinary Shares held by Directors

2021	<i>Balance at beginning of year</i>	<i>Allotted during the year</i>	<i>Purchased during the year</i>	<i>Sold during the year</i>	<i>Balance at end of year</i>
Directors					
J Dougall	-	1,510,756	-	-	1,510,756
M Higginson	20,834	-	-	-	20,834
T Lapping	11,782,143	-	-	-	11,782,143
	11,802,977	1,510,756	-	-	13,313,733
2022	<i>Balance at beginning of year</i>	<i>Allotted during the year</i>	<i>Purchased during the year</i>	<i>Sold during the year</i>	<i>Balance at end of year</i>
Directors					
J Dougall	1,510,756	2,078,868	-	-	3,589,624
M Higginson	20,834	1,000,000	-	-	1,020,834
T Lapping	11,782,143	2,000,000	-	-	13,782,143
	13,313,733	5,078,868	-	-	18,392,601

Group Performance, Shareholder Wealth and Director and Executive Remuneration

The remuneration policy has been tailored to increase goal congruence between shareholders, Directors and executives. The achievement of this aim has been through the issue of options or performance rights to Directors and executives to encourage the alignment of personal and shareholder interests.

Executive and non-executive Directors and other key management personnel may be granted options or performance rights over ordinary shares.

The recipients of options or performance rights are responsible for growing the Group and increasing shareholder value. If they achieve this goal the value of the options or performance rights granted to them will also increase. Therefore, the options or performance provide an incentive to the recipients to remain with the Group and to continue to work to enhance the Group's value.

DIRECTORS REPORT

Options granted for the Year Ended 30 June 2022

2022 Directors	Balance at beginning of year	Option movements for the year					Other changes	Balance at end of year
		Allotted	Granted as compensation	Exercised	Expired			
J Dougall	-	-	-	-	-	-	-	-
T Lapping	-	-	-	-	-	-	-	-
M Higginson	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-

2021 Directors	Balance at beginning of year	Option movements for the year					Other changes	Balance at end of year
		Allotted	Granted as compensation	Exercised	Expired			
J Dougall	-	-	-	-	-	-	-	-
T Lapping	-	-	-	-	-	-	-	-
M Higginson	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-

Performance rights granted for the Year Ended 30 June 2022

Performance rights movements for the year							
2022 Directors	Balance at beginning of year	Allotted	Granted as compensation	Converted	Expired	Other changes	Balance at end of year
2022 Directors	Balance at beginning of year	Allotted	Granted as compensation	Converted	Expired	Other changes	Balance at end of year
J Dougall	7,000,000	-	-	1,000,000	1,000,000	-	5,000,000
T Lapping	6,000,000	-	-	2,000,000	2,000,000	-	2,000,000
M Higginson	3,000,000	-	-	1,000,000	1,000,000	-	1,000,000
Total	16,000,000	-	-	4,000,000	4,000,000	-	8,000,000

2021 Directors	Balance at beginning of year	Allotted	Granted as compensation	Converted	Expired	Other changes	Balance at end of year
J Dougall	-	-	7,000,000	-	-	-	7,000,000
T Lapping	-	-	6,000,000	-	-	-	6,000,000
M Higginson	-	-	3,000,000	-	-	-	3,000,000
Total	-	-	16,000,000	-	-	-	16,000,000

DIRECTORS REPORT

Performance rights as a proportion of total remuneration

The value of performance options issued during the year to key management personnel as a percentage of the total remuneration paid to key management personnel was 0% (2021: 40%).

Employment Contracts of Directors and Senior Executives

On 18 October 2019, the Company entered into an agreement with Mr Dougall that set out the terms and conditions of his appointment as a Non-Executive Director and Chairman of the Company (**Agreement**).

In consideration for the appointment of Mr Dougall and subject to the receipt of Shareholder approval in accordance with the Corporations Act and the ASX Listing Rules (as required), the Company agreed to pay Mr Dougall the following:

- Cash fee of AU\$4,166.67 per month;
- Share fee of AU\$50,000 per annum (at an issue price equal to the VWAP of the Company's Shares for the year); and
- Subject to shareholder approval (which was obtained on 15 January 2021); the granting of 4,000,000 Performance Rights, converting into 4,000,000 Shares on attainment of the Performance Hurdle set out below.

Performance Hurdle

The milestone required to trigger the conversion of the 4,000,000 Performance Rights into 4,000,000 Shares is upon the SportsHero Limited consolidated group of companies achieving breakeven operating cash flow (or better) for any six month period up to and including the six months ended 31 December 2022 as determined by the audited and/or audit reviewed financial statements lodged with ASX by SportsHero Limited in compliance with the Listing Rules of the ASX (**Performance Hurdle**). All Shares issued on conversion of Performance Rights (following the achievement of the Performance Hurdle) will be subject to a voluntary 12 month escrow from their date of issue.

Mr Lapping is paid fees at the rate of SG\$18,333 per month.

Mr Higginson is paid fees at the rate of AU\$25,000 per annum. Total consulting and secretarial fees paid or payable to Mr Higginson for the year are AU\$71,287.50

As of 30 June 2022, there were no other formal contracts for Non-Executive Directors.

Share-based compensation

The issue of options and/or performance rights to Directors and executives is to encourage the alignment of personal and shareholder returns. The intention is to align the objectives of Directors and executives with that of the business and shareholders. In addition, all Directors and executives are encouraged to hold shares in the Group.

Loans to key management personnel and their related parties

There are no loans to Directors or executives at reporting date (30 June 2021: nil).

End of remuneration report

DIRECTORS REPORT

Share options

At the date of this report, the unissued ordinary shares of the Group under option are as follows:

Grant date	Date of Expiry	Exercise Price	Number Under Option
22 January 2021	16 December 2022	AU\$0.05	47,750,000
9 February 2021	16 December 2022	AU\$0.05	50,000,000
2 July 2021	16 December 2022	AU\$0.05	5,900,000
2 July 2021	1 July 2023	AU\$0.05	6,000,000
3 December 2021	16 December 2022	AU\$0.05	40,000,000
12 November 2021	30 April 2023	AU\$0.05	1,000,000
12 November 2021	31 May 2023	AU\$0.10	1,000,000
12 November 2021	30 June 2023	AU\$0.20	1,000,000
3 February 2022	31 October 2023	AU\$0.05	1,000,000
3 February 2022	31 November 2023	AU\$0.10	1,000,000
3 February 2022	31 December 2023	AU\$0.20	1,000,000
3 February 2022	31 December 2023	AU\$0.05	2,500,000
4 February 2022	16 December 2022	AU\$0.05	6,000,000
			164,150,000

During the financial year ended 30 June 2022, 20,000,000 options each exercisable at \$0.10 expired on 30 September 2021 and no SportsHero shares were issued following the exercise of options.

Since the end of the financial year no options have been issued and no options have lapsed.

Since the end of the financial year no shares have been issued following the exercise of options.

No person entitled to exercise an option had or has any right by virtue of the option to participate in any share issue of any other body corporate.

Performance rights

On 26 August 2020, 4,000,000 performance rights were issued on the appointment of Rob Davies as the Company's Indonesian Director of Operations.

On 20 October 2020, 2,000,000 shares were issued following the conversion of 2,000,000 performance rights held by Rob Davies.

On 21 August 2021, 2,000,000 performance rights issued to Rob Davies lapsed.

On 22 January 2021, 16,000,000 performance rights were issued to Directors following the receipt of shareholder approval on 15 January 2021.

On 2 July 2021, 4,000,000 shares were issued following the conversion of 4,000,000 performance rights to the following Directors:

- 1,000,000 shares were issued to John Dougall;
- 2,000,000 shares were issued to Tom Lapping; and
- 1,000,000 shares were issued to Michael Higginson.

On 2 July 2021, 6,000,000 performance rights were issued in accordance with the Company's Employee Securities Incentive Plan.

On 5 January 2022, 4,000,000 performance rights (held by Directors) lapsed.

On 1 May 2022, 3,000,000 of the performance rights issued in accordance with the Company's Employee Securities Incentive Plan lapsed.

DIRECTORS REPORT

On 3 February 2022, 2,500,000 performance rights were issued following the appointment of Scott Russell as the Company's Chief Commercial Officer.

On 23 March 2022, 1,500,000 performance rights were issued to Livewire Group International Pty Ltd following their appointment as the Company's media, marketing, loyalty and sponsorship advisor.

Since the end of the financial year no other performance rights have been issued and no shares have been issued following the conversion of performance rights.

Indemnification

During the financial year, the Group did not pay premiums to insure the Directors and Company Secretary of the Group.

Non-audit services

No fees for non-audit services were paid/payable to the Group's auditors during year (2021: nil).

Auditor's independence declaration

The auditor's independence declaration for the year ended 30 June 2022 has been received and immediately follows the Directors' Report.

Officers of the Group who are former partners of RSM Australia Partners

There are no officers of the Group who are former partners of RSM Australia Partners.

Corporate Governance

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of the Group support and have adhered to the principles of sound corporate governance. The Board recognises the recent recommendations of the Australian Securities Exchange Corporate Governance Council, and considers that SportsHero is in compliance with those guidelines which are of importance to the commercial operation of a small cap company. The Group's corporate governance statement and disclosures are contained on the Group's website at: <http://sportshero.live/>

This report is made in accordance with a resolution of the Directors.



John Dougall
Chairman

RSM Australia Partners

Level 32 Exchange Tower, 2 The Esplanade Perth WA 6000
GPO Box R1253 Perth WA 6844

T +61 (0) 8 9261 9100

F +61 (0) 8 9261 9111

www.rsm.com.au

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of SportsHero Limited for the year ended 30 June 2022, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) The auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) Any applicable code of professional conduct in relation to the audit.

RSM
RSM AUSTRALIA PARTNERS



ALASDAIR WHYTE
Partner

Perth, WA
Dated: 30 September 2022

STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

		Consolidated	
		30 June	30 June
	Note	2022	2021
		US\$	US\$
Current assets			
Cash and cash equivalents	8	1,761,612	1,377,257
Trade and other receivables	9	3,076	1,942
Total current assets		<u>1,764,688</u>	<u>1,379,199</u>
Non-current assets			
Plant and equipment	10	<u>2,122</u>	<u>2,130</u>
Total non-current assets		<u>2,122</u>	<u>2,130</u>
Total assets		<u>1,766,810</u>	<u>1,381,329</u>
Current liabilities			
Trade payables	12	<u>182,179</u>	<u>137,340</u>
Total current liabilities		<u>182,179</u>	<u>137,340</u>
Total liabilities		<u>182,179</u>	<u>137,340</u>
Net (liabilities)/assets		<u>1,584,631</u>	<u>1,243,989</u>
Equity			
Issued capital	13	16,207,345	14,161,989
Share based payments reserve	14	1,176,927	1,083,076
Foreign currency translation reserve	14	(316,120)	(232,203)
Accumulated losses		<u>(15,483,521)</u>	<u>(13,768,873)</u>
Total equity		<u>1,584,631</u>	<u>1,243,989</u>

The above statement of financial position should be read in conjunction with the accompanying notes.

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2022

		Consolidated	
		2022	2021
	Note	US\$	US\$
Continuing operations			
Income			
Revenue	3	16,783	22,664
Other revenue	3	25,251	17,906
Expenses			
Administration expenses	4	(851,714)	(747,684)
Employee and consulting expenses	5	(635,751)	(366,737)
Depreciation expense	10,11	(2,259)	(20,045)
Interest expense		-	(16,287)
Share based payments	18	(266,958)	(369,036)
Loss before income tax expense		(1,714,648)	(1,479,219)
Income tax expense	7	-	-
Loss after tax expense for continuing operations		(1,714,648)	(1,479,219)
Loss for the year		(1,714,648)	(1,479,219)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		(83,917)	(82,580)
Total comprehensive loss for the year		(1,798,565)	(1,561,799)
Basic and Diluted loss per share (US cents per share)	6	0.32	0.37

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2022

		Issued Capital	Share Based Payments Reserve	Foreign Currency Translation Reserve	Accumulated Losses	Total Equity
	Note	US\$	US\$	US\$	US\$	US\$
Consolidated						
Balance at 01/07/2020		11,784,318	474,168	(149,623)	(12,289,654)	(180,791)
Comprehensive loss for the year		-	-	(82,580)	(1,479,219)	(1,561,799)
Shares issued during the year - conversion of performance rights	13	35,215	(35,215)	-	-	-
Shares issued during the year	13	2,533,747	-	-	-	2,533,749
Share based payments	18	126,758	242,278	-	-	369,036
Share based payments for settlement of liability		25,815	-	-	-	25,815
Shares issued during the year - conversion of convertible notes		246,575	-	-	-	246,573
Transaction costs	13	(590,439)	401,845	-	-	(188,594)
Balance at 30/06/2021		14,161,989	1,083,076	(232,203)	(13,768,873)	1,243,989
Balance at 01/07/2021		14,161,989	1,083,076	(232,203)	(13,768,873)	1,243,989
Comprehensive loss for the year		-	-	(83,917)	(1,714,648)	(1,798,565)
Shares issued during the year - conversion of performance rights	13	95,565	(95,565)	-	-	-
Shares issued during the year	13	1,981,277	-	-	-	1,981,277
Share based payments	18	126,877	140,081	-	-	266,958
Share based payments - for settlement of liability		36,435	-	-	-	35,435
Transaction costs	13	(194,798)	49,335	-	-	(145,463)
Balance at 30/06/2022		16,207,345	1,176,927	(316,120)	(15,483,521)	1,584,631

The above statement of changes in equity should be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS

For the year ended 30 June 2022

		Consolidated	
		2022	2021
	Note	US\$	US\$
Cash Flows from Operating Activities			
Receipts from customers		40,768	40,484
Payments to suppliers		(1,413,057)	(1,136,904)
Interest received		12	86
Net cash flows (used) in operating activities	15	<u>(1,372,277)</u>	<u>(1,096,334)</u>
Cash Flows from Investing Activities			
Payments for plant and equipment		<u>(2,013)</u>	-
Net cash flows (used) in investing activities		<u>(2,013)</u>	-
Cash Flows from Financing Activities			
Issue of new share capital		1,981,277	2,533,747
Share issue transaction costs		(145,463)	(188,594)
Lease liability payments		<u>-</u>	<u>(17,307)</u>
Net cash provided by financing activities		<u>1,835,814</u>	<u>2,327,846</u>
Net increase in cash and cash equivalents		461,524	1,231,512
Effects of exchange rate changes on cash and cash equivalents		(77,169)	(8,844)
Cash and cash equivalents at the beginning of the year		<u>1,377,257</u>	<u>154,589</u>
Cash and cash equivalents at the end of the year	8	<u>1,761,612</u>	<u>1,377,257</u>

The above statement of cash flows should be read in conjunction with the accompanying notes

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

The financial report of SportsHero Limited and its controlled entities (the “Group” or “consolidated entity”) for the year ended 30 June 2022 was authorised for issue in accordance with a resolution of the Director’s on 30 September 2022.

SportsHero Limited (“SportsHero” or the “Company”) is a company limited by shares, incorporated in Australia, and whose securities are publicly traded on the Australia Securities Exchange.

The nature of the operations and principal activities of the Group are described in the Director’s Report.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (‘AASB’) that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The directors of the Group do not anticipate that the application of the new or amended Accounting Standards and Interpretations in the future will have an impact on the Group’s financial statements.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2022.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2(x).

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 16.

The report is presented in US dollars, unless otherwise stated.

NOTES TO THE FINANCIAL STATEMENTS

(b) Going concern

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

As disclosed in the financial statements, the consolidated entity incurred a net loss of US\$1,714,648 and had net cash outflows from operating activities of US\$1,372,277 for the year ended 30 June 2022.

The ability of the consolidated entity to continue as a going concern is principally dependent upon the consolidated entity generating sales income from its operating activities, securing funds by raising additional capital from equity markets and managing cash flows in line with available funds.

The Directors believe that it is reasonably foreseeable that the consolidated entity will continue as a going concern and that it is appropriate for it to adopt the going concern basis in the preparation of the financial statements after consideration of the following factors:

- following the launch of its platforms in both Australia and China, the consolidated entity is forecasting sales income to be generated from its operating activities;
- the Directors expect to retain the continued support from shareholders and other financiers that have supported the Company's previous capital raisings to assist with meeting future funding needs;
- on 10 September 2020, the Company announced the signing of a definitive Standby Placement Agreement with Mint Capital Advisors for a financing facility of up to AU\$5,000,000. The Standby Placement Agreement has a term of 36 months and the Company is entitled to drawdown up to AU\$140,000 per month, provided the issue price (calculated in accordance with the terms of the Standby Placement Agreement) is above a floor price of AU\$0.02 per share. As at 30 June 2022, the financing facility had a further 14 months before the expiry of its term. As such, the Company had available to it up to a maximum of a AU\$1,960,000 that could be drawn under the financing facility; and
- the consolidated entity has the ability to curtail corporate and administration expenses and overhead cash outflows as and when required.

(c) Statement of Compliance

The financial report complies with Australian Accounting Standards and International Financial Reporting Standards.

Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of SportsHero as at 30 June 2022 and the results of all subsidiaries for the year then ended.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Associates and joint venture entities are consolidated using the equity method. The initial recognition of the investment in the joint venture has been recognised at cost, with the carrying amount increased or decreased to recognise SportsHero's share of the profit or loss of the investee after the date of acquisition. The share of the investee's profit or loss is recognised in the investor's profit or loss.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

NOTES TO THE FINANCIAL STATEMENTS

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the consolidated entity. Losses incurred by the consolidated entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

(d) Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is current when: it is expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within twelve months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non-current.

A liability is current when: it is expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within twelve months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

(e) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker is responsible for allocating resources and assessing performance of any operating segments.

(f) Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Group: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are initially recognised as deferred revenue in the form of a separate refund liability.

Advertising revenue

Advertising revenue is recognised over the term of the advertising contract as services are rendered over time.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant

NOTES TO THE FINANCIAL STATEMENTS

period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

(g) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above. The Group does not have any bank overdraft facilities.

(h) Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 90 days. The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue. Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

(i) Plant and equipment

Plant and equipment is stated at historical cost less depreciation and any accumulated impairment losses.

Historical cost includes expenditure that is directly attributable to the acquisition of these items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost over their estimated useful lives. The expected useful lives are.

- Equipment – 3 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year end.

(j) Impairment of assets

At each reporting date, the consolidated entity reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

Where it is not possible to estimate the recoverable amount of an individual asset, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

NOTES TO THE FINANCIAL STATEMENTS

(k) Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification.

Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless, an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Financial assets at fair value through profit or loss

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include equity investments which the consolidated entity intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

Impairment of financial assets

The consolidated entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in profit or loss.

(l) Trade and other payables

Trade payables and other payables are carried at the transaction price minus principal repayments. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

NOTES TO THE FINANCIAL STATEMENTS

(m) Provisions

Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

(n) Employee entitlements

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months of the reporting date are recognised in current liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are recognised in non-current liabilities, provided there is an unconditional right to defer settlement of the liability. The liability is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Share-based payments

Equity-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using an appropriate option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

NOTES TO THE FINANCIAL STATEMENTS

(o) Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

(p) Income tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at the end of the reporting period. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at the end of the reporting period. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Tax consolidation

SportsHero Limited and its wholly-owned subsidiaries have not formed an income tax consolidated group under tax consolidation legislation.

NOTES TO THE FINANCIAL STATEMENTS

(q) Equity based payments

The Group provides benefits to its Directors and employees in the form of share-based payments, whereby Directors and employees render services in exchange for share, options to acquire shares or rights over shares (equity-settled transactions).

The cost of these equity-settled transactions is measured by reference to the fair value to the Group of the equity instruments at the date at which they were granted. The fair value of options is determined using the Black-Scholes model, taking into account the terms and conditions upon which the options were granted.

The cost of equity-settled transactions is recognised as an expense, together with a corresponding increase in equity, on a straight-line basis, over the period in which the vesting and/or service conditions are fulfilled (the vesting period), ending on the date on which the relevant Directors and employees become fully entitled to the options (the vesting date).

At each subsequent reporting date until vesting, the cumulative charge to the statement of comprehensive income reflects:

- a. the grant date fair value of the options;
- b. the current best estimate of the number of options that will ultimately vest, taking into account such factors as the likelihood of employee turnover during the vesting period and the likelihood of vesting conditions being met, based on best available information at balance date; and
- c. the extent to which the vesting period has expired.

The charge to the statement of comprehensive income for the period is the cumulative amount as calculated above less the amounts already charged in previous periods. There is a corresponding entry to equity.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. An additional expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it has vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

(r) Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(s) Dividends

Dividends are recognised when declared during the financial year and no longer at the discretion of the Group.

NOTES TO THE FINANCIAL STATEMENTS

(t) Earnings per share

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends);
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(u) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financial activities, which are recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(v) Foreign currency transactions and balances

The financial statements are presented in US dollars, which is SportsHero's functional and presentation currency.

Foreign currency transactions

Foreign currency transactions are translated into US dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated into US dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into US dollars using the average exchange rates, which approximate the rate at the date of the transaction, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

NOTES TO THE FINANCIAL STATEMENTS

(w) Right to use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

(x) Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management take judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Share-based payment transactions

The consolidated entity measures the cost of equity-settled transactions with employees and suppliers by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. Probabilities have been assigned to non-market vesting conditions for the performance rights issued. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

NOTES TO THE FINANCIAL STATEMENTS

3. Revenue	Consolidated	
	2022 US\$	2021 US\$
<i>Revenue from customers</i>		
Advertising revenue	16,783	22,664
	<u>16,783</u>	<u>22,664</u>
<i>Other revenue</i>		
Interest revenue	12	86
Other income	25,239	17,820
	<u>25,251</u>	<u>17,906</u>

Advertising revenue is recognised over the term of advertising contract as services are rendered over time.

4. Administration expenses	Consolidated	
	2022 US\$	2021 US\$
<i>Administration expenses include the following:</i>		
Advertising and marketing	84,410	228,850
Professional fees	258,386	222,515
Sports subscription services	14,747	1,414
Legal	13,561	62,619
Research and development	223,936	22,403

5. Employee and consulting expenses	Consolidated	
	2022 US\$	2021 US\$
Salary and wages	635,751	366,737
	<u>635,751</u>	<u>366,737</u>

6. Loss per share	Consolidated	
	2022 US\$	2021 US\$
The following reflects the loss used in the basic and diluted loss per share computations.		
Loss used in calculating earnings per share		
For basic and diluted earnings per share:		
Loss for year attributed to continued operations	1,714,648	1,479,219
Loss for the year attributable to ordinary shareholders	<u>1,714,648</u>	<u>1,479,219</u>

NOTES TO THE FINANCIAL STATEMENTS

Weighted average number of shares

	2022	2021
	No. of shares	No. of shares
Weighted average number of ordinary shares for basic and diluted loss per share	533,990,545	404,900,439
Loss per share		
Basic and diluted loss per share (US cents)	0.32	0.37

- (i) Anti-dilutive options on issue are excluded from the dilutive earnings per share calculation.
- (ii) Other than the issue of the securities disclosed in note 13, there has been no other transactions involving ordinary shares or potential ordinary shares that would significantly change the number of ordinary shares or potential ordinary shares outstanding between the reporting date and the date of completion of these financial statements.

7. Income taxes

	Consolidated 2022 US\$	2021 US\$
Income tax recognised in profit or loss		
Prima facie tax benefit on operating loss before income tax at 25% (2021: 27.5%)	(428,662)	(406,785)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Other non-deductible items	(269)	(177,153)
Unrecognised deferred tax asset attributable to tax losses and temporary differences	428,931	583,938
Income tax attributable to operating loss	-	-

The consolidated entity has US\$11,265,226 (2021: US\$9,744,860) tax losses arising in Australia that are available indefinitely for offset against future profit of the Group in which the losses arose.

The potential deferred tax asset of US\$2,816,306 (2021: US\$2,708,870), arising from tax losses and temporary differences (as disclosed above), has not been recognised as an asset because recovery of tax losses and temporary differences is not considered probable given the development stage of the Company's apps.

The potential deferred tax asset will only be obtained if:

- the Group derives future assessable income of a nature and an amount sufficient to enable the benefit to be realised;
- the Group continues to comply with the conditions for deductibility imposed by tax legislation; and
- no changes in tax legislation adversely affect the Group in realising the benefit from the related deduction for the losses.

NOTES TO THE FINANCIAL STATEMENTS

8. Cash and cash equivalents	Consolidated	
	2022 US\$	2021 US\$
Cash at bank	1,761,612	1,377,257
	<u>1,761,612</u>	<u>1,377,257</u>

9. Trade and other receivables	Consolidated	
	2022 US\$	2021 US\$
Trade receivables	-	-
Less: allowance for expected credit losses	-	-
Other receivables	3,076	1,942
	<u>3,076</u>	<u>1,942</u>

Allowance for expected credit losses

The consolidated entity has recognised a loss of nil (2021: nil) in profit or loss in respect of the expected credit losses for the year ended 30 June 2022.

Movements in the allowance for expected credit losses are as follows:

	Consolidated	
	2022 US\$	2021 US\$
Opening balance	-	158,161
Written off in current year	-	(158,161)
Closing balance	<u>-</u>	<u>-</u>

Credit Risk

The maximum exposure to credit risk at balance date is the carrying amount (net of allowance for expected credit losses) of those assets as disclosed in the statement of financial position and notes to the financial statements. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit ratings of its counterparties are continuously monitored, and the aggregate value of transactions concluded are spread amongst approved counterparties.

10. Property, plant and equipment	Consolidated	
	2022 US\$	2021 US\$
Equipment – at cost	9,623	7,352
Less: Accumulated depreciation	(8,227)	(6,015)
Foreign exchange differences	726	793
	<u>2,122</u>	<u>2,130</u>

NOTES TO THE FINANCIAL STATEMENTS

Consolidated	Equipment US\$
Balance as at 1 July 2020	4,508
Additions	-
Disposals	-
Depreciation expense	(3,136)
Foreign exchange differences	758
Balance as 30 June 2021	<u>2,130</u>
Balance at 1 July 2021	2,130
Additions	2,013
Depreciation expense	(2,259)
Foreign exchange differences	238
Balance as 30 June 2022	<u>2,122</u>

	Consolidated	
11. Right-of-use assets	2022	2021
	US\$	US\$
Land and buildings – right-of-use	-	16,909
Less: Accumulated depreciation	-	(16,909)
	<u>-</u>	<u>-</u>

	Consolidated	
12. Trade and other payables	2022	2021
	US\$	US\$
Current Payables		
Trade payables	101,282	65,428
Accrued expenses	80,897	71,912
	<u>182,179</u>	<u>137,340</u>

- (i) Due to the short-term nature of these payables, their carrying value is assumed to approximate their fair value.
- (ii) Trade payables are non-interest bearing.

NOTES TO THE FINANCIAL STATEMENTS

13. Contributed Equity	2022 Number	2022 US\$	2021 Number	2021 US\$
(a) Share capital				
Ordinary fully paid shares	569,794,373	16,207,345	478,965,505	14,161,989
(b) Movements in ordinary shares				
Opening balance	478,965,505	14,161,989	328,206,064	11,784,318
Shares issued at US\$0.018 per share ¹	-	-	3,000,000	53,948
Shares issued at US\$0.014 per share ²	-	-	5,000,000	72,820
Shares issued at US\$0.015 per share ³	-	-	3,100,933	48,538
Shares issued at US\$0.176 per share ⁴	-	-	2,000,000	35,215
Shares issued at US\$0.018 per share ⁵	-	-	53,500,000	977,579
Shares issued at US\$0.016 per share ⁶	-	-	1,860,664	30,328
Shares issued at US\$0.019 per share ⁷	-	-	18,000,000	348,570
Shares issued at US\$0.018 per share ⁸	-	-	7,720,303	143,524
Shares issued at US\$0.017 per share ⁹	-	-	1,510,756	25,815
Shares issued at US\$0.023 per share ¹⁰	-	-	50,000,000	1,159,050
Shares issued at US\$0.019 per share ¹¹	-	-	1,069,923	20,826
Shares issued at US\$0.013 per share ¹²	-	-	3,996,862	51,897
Transaction cost on share issue	-	-	-	(590,439)
Shares issued at US\$0.024 per share ¹³	4,000,000	95,565	-	-
Shares issued at US\$0.020 per share ¹⁴	3,000,000	60,475	-	-
Shares issued at US\$0.034 per share ¹⁵	1,078,868	36,435	-	-
Shares issued at US\$0.024 per share ¹⁶	500,000	12,024	-	-
Shares issued at US\$0.024 per share ¹⁷	2,000,000	48,093	-	-
Shares issued at US\$0.025 per share ¹⁸	80,000,000	1,981,277	-	-
Shares issued at US\$0.025 per share ¹⁹	250,000	6,285	-	-
Transaction cost on share issue	-	(194,798)	-	-
	569,794,373	16,207,345	478,965,505	14,161,989

¹ Issue price AU\$0.025 translated to US\$ at grant date

² Issue price AU\$0.02 translated to US\$ at grant date

³ Issue price AU\$0.02223 translated to US\$ at grant date

⁴ Issue price AU\$0.025 translated to US\$ at grant date

⁵ Issue price AU\$0.025 translated to US\$ at grant date

⁶ Issue price AU\$0.0223 translated to US\$ at grant date

⁷ Issue price AU\$0.025 translated to US\$ at grant date

⁸ Issue price AU\$0.024 translated to US\$ at grant date

⁹ Issue price AU\$0.022 translated to US\$ at grant date

¹⁰ Issue price AU\$0.03 translated to US\$ at grant date

¹¹ Issue price AU\$0.0252 translated to US\$ at grant date

¹² Issue price AU\$0.0173 translated to US\$ at grant date

¹³ Issue price AU\$0.032 translated to US\$ at grant date

¹⁴ Issue price AU\$0.027 translated to US\$ at grant date

¹⁵ Issue price AU\$0.0463 translated to US\$ at grant date

¹⁶ Issue price AU\$0.033 translated to US\$ at grant date

¹⁷ Issue price AU\$0.033 translated to US\$ at grant date

¹⁸ Issue price AU\$0.035 translated to US\$ at grant date

¹⁹ Issue price AU\$0.34 translated to US\$ at grant date

- On 26 August 2020, the Company issued 3,000,000 shares to Rob Davies as a sign on fee at a deemed issue price of AU\$0.025 per share (share based payment expense).
- On 11 September 2020, the Company issued 5,000,000 shares to Mint Capital Advisors at a deemed issue price of AU\$0.020 per share in consideration for the establishment of a AU\$5,000,000 Standby Placement Facility (share based payment expense).
- On 20 October 2020, the Company issued 3,100,933 shares at an issue price of AU\$0.02223 per share to raise AU\$68,933 in working capital.
- On 20 October 2020, the Company issued 2,000,000 shares to Rob Davies following the conversion of 2,000,000 Performance Rights.

NOTES TO THE FINANCIAL STATEMENTS

5. On 11 November 2020, the Company issued 53,500,000 shares to sophisticated investors at an issue price of AU\$0.025 per share to raise AU\$1,337,500 in working capital.
6. On 11 November 2020, the Company issued 1,860,664 shares at an issue price of AU\$0.0223 per share following the conversion of 38 convertible notes, each with a face value of AU\$1,000, and the payment to the noteholders of AU\$2019.73 in interest.
7. On 22 January 2021, the Company issued 18,000,000 to sophisticated investors at an issue price of AU\$0.025 per share to raise AU\$450,000 in working capital.
8. On 22 January 2021, the Company issued 7,720,303 shares at an issue price of AU\$0.024 per share following the conversion of 175 convertible notes, each with a face value of AU\$1,000, and the payment to the noteholders of AU\$10,258.90 in interest.
9. On 22 January 2021, the Company issued 1,510,756 shares at an issue price of AU\$0.02206 per share to Mr John Dougall in lieu of the payment of fees to the value of AU\$33,333.33.
10. On 9 February 2021, the Company issued 50,000,000 shares to sophisticated investors at an issue price of AU\$0.03 per share to raise AU\$1,500,000 in working capital.
11. On 9 February 2021, the Company issued 1,069,923 shares at an issue price of AU\$0.025191 per share following the conversion of 25 convertible notes, each with a face value of AU\$1,000, and the payment to the noteholders of AU\$1,952.05 in interest.
12. Effective as of 30 June 2021, the Company issued 3,996,862 shares at an issue price of AU\$0.0173 per share following the conversion of 62 convertible notes, each with a face value of AU\$1,000, and the payment to the noteholders of AU\$7,028.49 in interest.
13. On 2 July 2021, the Company issued 4,000,000 shares to Directors following the conversion of 4,000,000 performance rights.
14. On 2 July 2021, the Company issued 3,000,000 shares to executives following the receipt of shareholder approval.
15. On 12 November 2021, the Company issued 1,078,868 shares to John Dougall at an issue price of AU\$0.04635 per share in lieu of AU\$50,000 in Director fees.
16. On 12 November 2021, the Company issued 500,000 shares to entity associated with Scott Russell in consideration for the receipt of esports consulting services.
17. On 12 November 2021, the Company issued 2,000,000 shares in part consideration for work undertaken towards the development of an artificial intelligence esports predictor.
18. On 3 December 2021, the Company issued 80,000,000 shares at an issue price of AU\$0.035 per share to raise AU\$2,800,000 in working capital.
19. On 23 March 2022, the Company issued 250,000 shares to Livewire Group International Pty Ltd in consideration for the provision of media, marketing, loyalty and sponsorship advisory services.

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Group in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Group does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back

There is no current on-market share buy-back.

Capital risk management

When managing capital, management's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity.

In order to maintain or adjust the capital structure, the entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, enter into joint ventures or sell assets.

The entity does not have a defined share buy-back plan.

No dividends were paid in 2022 (2021: nil) and no dividends are expected to be paid in 2022.

There is no current intention to incur debt funding on behalf of the Group

The Group is not subject to any externally imposed capital requirements.

NOTES TO THE FINANCIAL STATEMENTS

14. Reserves	Consolidated	
	2022 US\$	2021 US\$
Reserves		
<i>Share-based payments reserve</i>		
As at 1 July 2021	1,083,076	474,168
Share based payments	140,081	242,278
Conversion of rights	(95,565)	(35,215)
Underwriter options – transaction costs on share issue	49,335	401,845
As at 30 June 2022	<u>1,176,927</u>	<u>1,083,076</u>
<i>Foreign currency reserve</i>		
As at 1 July 2021	(232,203)	(149,623)
Foreign currency translation	(83,917)	(82,580)
As at 30 June 2022	<u>(316,120)</u>	<u>(232,203)</u>

Nature and purpose of reserves

Share-based payment reserve

The share-based payments reserve records the value of share options and performance rights issued by the Group.

Foreign currency reserve

The reserve is used to recognise exchange differences arising from translation of the financial statements of international operations to US dollars. It is also used to recognise gains and losses on hedges of the net investments in foreign operations.

15. Notes to Statement of Cash Flows

(a) Reconciliation of net cash used in operating activities to operating loss after income tax

	Consolidated	
	2022 US\$	2021 US\$
Operating loss after tax	(1,714,648)	(1,479,219)
<i>Add non-cash items:</i>		
Depreciation and amortisation	2,259	20,045
Share-based payments expense	266,958	369,036
Interest expense on lease liability	-	412
<i>Changes in net assets and liabilities:</i>		
Movement in receivables	(1,258)	13,430
Movement in payables	74,412	(20,038)
Net cash flow used in operating activities	<u>(1,372,277)</u>	<u>(1,096,334)</u>

NOTES TO THE FINANCIAL STATEMENTS

		Consolidated	
(b) Non-cash financing and investing activities		2022	2021
		US\$	US\$
Shares issued for provision of services		258,877	434,361
		<u>258,877</u>	<u>434,361</u>
		Parent	
16. Parent Information		2022	2021
		US\$	US\$
ASSETS			
Current assets	1,703,835	1,304,665	
Non-current assets	-	-	
TOTAL ASSETS	<u>1,703,835</u>	<u>1,304,665</u>	
LIABILITIES			
Current liabilities	119,204	60,979	
TOTAL LIABILITIES	<u>119,204</u>	<u>60,979</u>	
NET (LIABILITIES)/ASSETS	<u>1,584,631</u>	<u>1,243,686</u>	
EQUITY			
Contributed equity	13,707,344	11,661,989	
Reserves	667,658	833,683	
Accumulated losses	(12,790,371)	(11,251,986)	
TOTAL EQUITY	<u>1,584,631</u>	<u>1,243,686</u>	
Loss for the year	<u>(1,538,385)</u>	<u>(1,562,102)</u>	
Total comprehensive loss	<u>(1,538,365)</u>	<u>(1,562,102)</u>	

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2022 (2021: nil)

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2022 and 30 June 2021.

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 2.

NOTES TO THE FINANCIAL STATEMENTS

17. Related Party Transactions

(a) Directors and Specified Executives

The names and positions held by key management personnel in office at any time during the year are:

J Dougall	Non-Executive Director and Chair
T Lapping	Director and CEO
M Higginson	Non-Executive Director

All of the above persons were key management personnel during the year ended 30 June 2022.

	Consolidated	
	2022	2021
	US\$	US\$
<i>(b) Key management personnel remuneration</i>		
Short-term employee benefits	331,329	376,937
	<u>331,329</u>	<u>376,937</u>

(c) Payables to key management personnel

Amounts payable to Directors and Director related entities at the end of the financial year, included in current liabilities	43,937	45,870
	<u>43,937</u>	<u>45,870</u>

(d) Other transactions with key management personnel

During the year the Group paid rent of US\$4,355 (2021: US\$2,613) to Mr Higginson for the provision of the Group's registered and principal office.

There were no other sale or purchase related transactions between the Group and key management personnel during the year ended 30 June 2022 (2021: nil).

(e) Other transactions with related parties

Following the receipt of shareholder approval on 10 November 2021, on 12 November 2021 the Company issued 1,078,868 shares to Mr Dougall in lieu of cash fees for the 2021 financial year totaling AU\$50,000.

Following the attainment on or before 31 December 2021 of an aggregate of in excess of 3,000,000 new unique users on the Company's OlahBola app, on 2 July 2021 4,000,000 Class B performance rights converted into 4,000,000 shares. The 4,000,000 shares were issued as follows:

- John Dougall – 1,000,000
- Tom Lapping – 2,000,000
- Michael Higginson – 1,000,000

There were no other transactions with related parties throughout the year.

(f) Other Entities

There were no other transaction with other entities.

NOTES TO THE FINANCIAL STATEMENTS

18. Share based payments	Consolidated	
	2022 US\$	2021 US\$
Recognised share-based payment expenses		
Shares issued for services rendered	126,877	126,758
Performance rights vesting over period – issued in prior year	-	-
Forfeiture of performance options issued in prior year	-	-
Forfeiture of performance rights issued in prior year	-	-
Options issued for services rendered	32,700	56,166
Performance rights vesting over a period – issued in prior year	107,381	186,112
	<u>266,958</u>	<u>369,036</u>
Underwriter options – transaction costs on share issue	<u>49,335</u>	<u>401,845</u>

Employee Securities Incentive Plan

On 15 January 2021, the Group established an Employee Securities Incentive Plan that allows for securities to be granted to eligible employees and officers of the Group. The number of securities that can be issued under the plan cannot exceed 19,833,383. The terms and conditions of the securities issued under the plan are at the discretion of the Board.

(a) Performance rights

Performance rights granted during the 12 months ending 30 June 2022 were as follows:

On 2 July 2021, 6,000,000 performance rights were issued in accordance with the Company's Employee Securities Incentive Plan.

On 2 July 2021, 4,000,000 shares were issued following the conversion of 4,000,000 performance rights to the following Directors:

- 1,000,000 shares were issued to John Dougall;
- 2,000,000 shares were issued to Tom Lapping; and
- 1,000,000 shares were issued to Michael Higginson.

On 5 January 2022, 4,000,000 performance rights (held by Directors) lapsed.

On 1 May 2022, 3,000,000 of the performance rights issued in accordance with the Company's Employee Securities Incentive Plan lapsed.

On 3 February 2022, 2,500,000 performance rights were issued following the appointment of Scott Russell as the Company's Chief Commercial Officer.

On 23 March 2022, 1,500,000 performance rights were issued to Livewire Group International Pty Ltd following their appointment as the Company's media, marketing, loyalty and sponsorship advisor.

Performance rights granted during the 12 months ending 30 June 2021 were as follows:

- 4,000,000 performance rights were granted on 26 August 2020 to Rob Davies, 2,000,000 converting on securing a Tier 1 partnership on or before 31 August 2021 and 2,000,000

NOTES TO THE FINANCIAL STATEMENTS

- converting on the attainment of 1,000,000 new unique users on the Company's OlahBola or Kita Garuda apps on or before 31 August 2021;
- ii) following the receipt of shareholder approval on 15 January 2021, 4,000,000 performance rights were granted on 22 January 2021 to John Dougall, converting on the Company achieving breakeven operating cash flow for any 6 month period up to and including 31 December 2022; and
- iii) following the receipt of shareholder approval on 15 January 2021, 12,000,000 performance rights were granted on 22 January 2021 as follows:
- 4,000,000 Class A performance rights, converting on the VWAP of the Company's shares trading on ASX exceeding AU\$0.08 per share over 7 consecutive days on or before 31 December 2021;
 - 4,000,000 Class B performance rights, converting on attainment on or before 31 December 2021 of not less than 3,000,000 new unique OlahBola users; and
 - 4,000,000 Class C performance rights, converting on the achievement of a positive EBITDA (with all share based payments being excluded from the EBITDA calculation) during any 6 month period up to and including 31 December 2022.

On 20 October 2020, 2,000,000 performance rights granted to Rob Davies were converted into 2,000,000 shares following the attainment of 1,000,000 new unique users on the Company's OlahBola app.

On 2 July 2021, 4,000,000 Class B performance rights were converted into shares following the attainment of 3,000,000 new unique users on the Company's OlahBola app.

(b) Options

During the year a total of 66,400,000 options were issued as follows:

Grant date	Date of Expiry	Exercise Price	Number Under Option
2 July 2021	16 December 2022	AU\$0.05	5,900,000 ¹
2 July 2021	1 July 2023	AU\$0.05	6,000,000
12 November 2021	30 April 2023	AU\$0.05	1,000,000
12 November 2021	31 May 2023	AU\$0.10	1,000,000
12 November 2021	30 June 2023	AU\$0.20	1,000,000
3 December 2021	16 December 2022	AU\$0.05	40,000,000
3 February 2022	31 October 2023	AU\$0.05	1,000,000
3 February 2022	31 November 2023	AU\$0.10	1,000,000
3 February 2022	31 December 2023	AU\$0.20	1,000,000
3 February 2022	31 December 2023	AU\$0.05	2,500,000
4 February 2022	16 December 2022	AU\$0.05	6,000,000

¹ On 2 July 2021, the Company issued 5,900,000 options at an exercise price of AU\$0.05 per share and expiring 16 December 2022, however, the grant date is deemed to have been 2 February 2021

NOTES TO THE FINANCIAL STATEMENTS

Following options were granted in the 12 months ending 30 June 2022.

On 2 July 2021, the Company issued 6,000,000 in incentive options at an exercise price of AU\$0.05 per share and expiring 1 July 2023.

Grant date	2 July 2021
Dividend yield (%)	-
Expected price volatility	100%
Risk-free interest rate (%)	0.05%
Expected life of options (years)	2
Option exercise price (AU\$)	0.05
Option exercise price in AU\$ translated to US\$ at grant date	0.037
Share price at grant date AU\$	0.027
Share price in AU\$ translated to US\$ at grant date	0.0202
Number of options issued	6,000,000
FV at grant date (AU\$)	55,800
FV at grant date (US\$)	41,660

On 12 November 2021, the Company issued AiDriven 1,000,000 options at an exercise price of AU\$0.05 per share and expiring 30 April 2023, 1,000,000 options at an exercise price of AU\$0.010 per share and expiring 31 May 2023 and 1,000,000 options at an exercise price of AU\$0.20 per share and expiring 30 June 2023.

Grant date	12 November 2021	12 November 2021	12 November 2021
Dividend yield (%)	-	-	-
Expected price volatility	100%	100%	100%
Risk-free interest rate (%)	0.05%	0.05%	0.05%
Expected life of options (years)	1.47	1.55	1.64
Option exercise price (AU\$)	0.05	0.10	0.20
Option exercise price in AU\$ translated to US\$ at grant date	0.036	0.073	0.14
Share price at grant date AU\$	0.033	0.033	0.033
Share price in AU\$ translated to US\$ at grant date	0.024	0.024	0.024
Number of options issued	1,000,000	1,000,000	1,000,000
FV at grant date (AU\$)	10,800	6,300	3,200
FV at grant date (US\$)	7,869	4,590	2,332

On 3 December 2021, the Company issued 40,000,000 free attaching options on a 1 for 2 basis, expiring 16 December 2022 in relation to the Novus placement.

NOTES TO THE FINANCIAL STATEMENTS

On 3 February 2022, the Company issued AiDriven 1,000,000 options at an exercise price of AU\$0.05 per share and expiring 31 October 2023, 1,000,000 options at an exercise price of AU\$0.10 per share and expiring 31 November 2023 and 1,000,000 options at an exercise price of AU\$0.20 per share and expiring 31 December 2023

Grant date	¹ 31 January 2022	¹ 31 January 2022	¹ 31 January 2022
Dividend yield (%)	-	-	-
Expected price volatility	100%	100%	100%
Risk-free interest rate (%)	0.05%	0.05%	0.05%
Expected life of options (years)	1.75	1.83	1.92
Option exercise price (AU\$)	0.05	0.10	0.20
Option exercise price in AU\$ translated to US\$ at grant date	0.035	0.07	0.14
Share price at grant date AU\$	0.036	0.036	0.036
Share price in AU\$ translated to US\$ at grant date	0.025	0.025	0.025
Number of options issued	1,000,000	1,000,000	1,000,000
FV at grant date (AU\$)	14,692	9,264	5,174
FV at grant date (US\$)	10,461	6,595	3,683

¹ These 3,000,000 options were issued on 3 February 2022, however, the grant date is deemed to have been 31 January 2022.

On 3 February 2022, the Company issued 2,500,000 in incentive options to Scott Russell at an exercise price of AU\$0.05 per share and expiring 31 December 2023.

Grant date	¹ 31 January 2022
Dividend yield (%)	-
Expected price volatility	100%
Risk-free interest rate (%)	0.80%
Expected life of options (years)	1.9
Option exercise price (AU\$)	0.05
Option exercise price in AU\$ translated to US\$ at grant date	0.035
Share price at grant date AU\$	0.038
Share price in AU\$ translated to US\$ at grant date	0.027
Number of options issued	2,500,000
FV at grant date (AU\$)	42,398
FV at grant date (US\$)	30,087

¹ These 2,500,000 options were issued on 3 February 2022, however, the grant date is deemed to have been 31 January 2022.

NOTES TO THE FINANCIAL STATEMENTS

(c) Underwriter options – transaction costs on share issue

On 4 February 2022, the Company issued 6,000,000 options in part consideration of Novus Capital Ltd acting as Lead Manager for Company's \$2.8m share placement at an exercise price of AU\$0.05 per share and expiring 16 December 2022.

Grant date	¹ 31 January 2022
Dividend yield (%)	-
Expected price volatility	100%
Risk-free interest rate (%)	0.78%
Expected life of options (years)	0.87
Option exercise price (AU\$)	0.05
Option exercise price in AU\$ translated to US\$ at grant date	0.035
Share price at grant date AU\$	0.037
Share price in AU\$ translated to US\$ at grant date	0.025
Number of options issued	6,000,000
FV at grant date (AU\$)	69,000
FV at grant date (US\$)	49,355

¹ These 6,000,000 options were issued on 4 February 2022, however, the grant date is deemed to have been 31 January 2022.

NOTES TO THE FINANCIAL STATEMENTS

	2022		2021	
	Number of Options	Weighted Average Exercise Price US\$	Number of Options	Weighted Average Exercise Price US\$
At beginning of reporting year	117,750,000		21,000,000	
Granted during the year	66,400,000	0.041	97,750,000	0.050
- Lapsed	(20,000,000)	0.069	(1,000,000)	0.200
- Exercised	-	-	-	-
Balance the end of reporting year	164,150,000		117,750,000	
Exercisable at end of reporting year	164,150,000		117,750,000	

The following table sets out the movements in the number of options throughout the year:

Grant date	Expiry date	Balance at start of year	Number issued during year	Number exercised during year	Number expired during year	Balance at end of year	Number exercisable at end of year
12 Sept 19	30 Sept 21	20,000,000	-	-	(20,000,000)	-	-
15 Jan 21	16 Dec 22	47,750,000	-	-	-	47,750,000	47,750,000
4 Feb 21	16 Dec 22	50,000,000	-	-	-	50,000,000	50,000,000
2 July 21	16 Dec 22	-	5,900,000	-	-	5,900,000	5,900,000
2 July 21	1 July 23	-	6,000,000	-	-	6,000,000	6,000,000
12 Nov 21	30 Apr 23	-	1,000,000	-	-	1,000,000	1,000,000
12 Nov 21	31 May 23	-	1,000,000	-	-	1,000,000	1,000,000
12 Nov 21	30 Jun 23	-	1,000,000	-	-	1,000,000	1,000,000
3 Dec 21	16 Dec 22	-	40,000,000	-	-	40,000,000	40,000,000
3 Feb 22	31 Oct 23	-	1,000,000	-	-	1,000,000	1,000,000
3 Feb 22	31 Nov 23	-	1,000,000	-	-	1,000,000	1,000,000
3 Feb 22	31 Dec 23	-	3,500,000	-	-	3,500,000	3,500,000
4 Feb 22	16 Dec 22	-	6,000,000	-	-	6,000,000	6,000,000
Total		117,750,000	66,400,000	-	(20,000,000)	164,150,000	164,150,000

(d) Shares issued for services rendered

On 2 July 2021, 4,000,000 shares were issued following the conversion of 4,000,000 performance rights and a further 3,000,000 incentive shares were issued in accordance with the Company's incentive scheme.

On 12 November 2021, the following shares were issued:

- 1,078,868 shares were issued to John Dougall in lieu of Director fees of AU\$50,000;
- 500,000 shares were issued to Knew Land Pty Ltd in consideration for consulting services; and
- 2,000,000 shares were issued to AiDriven Pty Ltd in part consideration for the development of the Company's esports predictor.

On 23 March 2022, 250,000 shares were issued to Livewire Group International Pty Ltd in consideration for the provision of marketing services.

NOTES TO THE FINANCIAL STATEMENTS

19. Auditors' Remuneration	Consolidated	
	2022	2021
	US\$	US\$
<u>Audit of the financial statements - RSM Australia Partners</u>		
Audit or review of financial reports	40,812	35,321
	40,812	35,321
<u>Audit services - Network firms</u>		
Audit or review of the financial statements - RSM Chio Lim LLP	11,031	9,773
	11,031	9,773
	51,843	45,094

20. Commitments

There are no outstanding commitments as at 30 June 2022 (2021: Nil).

21. Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise cash and short-term deposits.

The main purpose of these financial instruments is to finance the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations. It is, and has been throughout the entire year under review, the Group's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Group's financial instruments are cash flow interest rate risk and equity price risk. Other minor risks are either summarised below or disclosed at note 9 in the case of credit risk and note 13 in the case of capital risk management. The Board reviews and agrees policies for managing each of these risks.

Cash Flow Interest Rate Risk

The Group's exposure to the risks of changes in market interest rates relates primarily to the Group's short-term deposits with a floating interest rate. These financial assets with variable rates expose the Group to cash flow interest rate risk. The Group's borrowings which are fixed rate convertible notes expose the Group to fair value risk. All other financial assets and liabilities in the form of receivables and payables are non-interest bearing. The Group does not engage in any hedging or derivative transactions to manage interest rate risk.

The following tables set out the carrying amount by maturity of the Group's exposure to interest rate risk and the effective weighted average interest rate for each class of these financial instruments.

The Group has not entered into any hedging activities to cover interest rate risk. In regard to its interest rate risk, the Group does not have a formal policy in place to mitigate such risks.

NOTES TO THE FINANCIAL STATEMENTS

		Interest Rate	1 year or less US\$	Over 1- 5 years US\$	Non- interest bearing US\$	Total US\$
Consolidated	Notes					
2021						
Financial assets						
Cash and cash equivalents	8	0%	-	-	1,377,257	1,377,257
Trade and other receivables	9				1,942	1,942
Total financial assets			-	-	1,379,199	1,379,199
Financial liabilities						
Trade and other payables	12		-	-	137,340	137,399
Total financial liabilities			-	-	137,340	137,399
Net financial assets			-	-	1,241,859	1,241,859

		Interest Rate	1 year or less US\$	Over 1- 5 years US\$	Non- interest bearing US\$	Total US\$
Consolidated	Notes					
2022						
Financial assets						
Cash and cash equivalents	8	0%	-	-	1,761,612	1,761,612
Trade and other receivables	9		-	-	3,076	3,076
Total financial assets for continuing operations			-	-	1,764,688	1,764,688
Financial liabilities						
Trade and other payables	12		-	-	182,179	182,179
Total financial liabilities			-	-	182,179	182,179
Net financial assets			-	-	1,582,509	1,582,509

Interest rate sensitivity

At 30 June 2022, if interest rates had changed by 15% during the entire year with all other variables held constant, income for the year and equity would have been nil lower/higher (30 June 2021: Nil), as a result of lower/higher interest income from cash and cash equivalents.

At 30 June 2022, if interest rates had changed by 15% during the entire year with all other variables held constant, income for the year and equity would have been nil lower/higher (30 June 2021: Nil), as a result of lower/higher interest income from borrowings.

A sensitivity of 15% (15%: 2021) has been selected as this is considered reasonable given the current level of both short term and long term Australian interest rates. A 15% sensitivity would move short term interest rates at 30 June 2022 from around 0.25% to 0.287% representing a 0.0375 basis point increase. Market expectations are that interest rates in Australia are more likely to move up than down in subsequent periods.

Based on the sensitivity analysis only interest revenue from variable rate deposits and cash balances are impacted resulting in a decrease or increase in overall income.

NOTES TO THE FINANCIAL STATEMENTS

Liquidity risk

The Group manages liquidity risk by maintaining sufficient cash reserves and marketable securities, and through the continuous monitoring of budgeted and actual cash flows.

	Note	Weighted average interest rate	Consolidated 2022 US\$	2021 US\$
Contracted maturities of payables at 30 June				
Payable				
- less than 6 months	12	-	182,179	137,340
			<u>182,179</u>	<u>137,340</u>

Foreign exchange risk

The Group has cash and cash equivalents denominated in AU\$ of US\$1,719,194 (2021: US\$1,304,665). At 30 June 2022, if USD/AUD rates had changed by 15% with all other variables held constant, loss for the year and equity would have been US\$257,879 lower/higher (30 June 2021: US\$195,700), as a result of with change in fair value of cash and cash equivalents.

A sensitivity of 15% (15%: 2021) has been selected as this is considered reasonable given the current level of volatility in the USD/AUD rate.

Net fair values

For financial assets and liabilities, the net fair value approximates their carrying value. No financial assets and financial liabilities are readily traded on organised markets in standardised form, other than listed investments. The consolidated entity has no financial assets where carrying amount exceeds net fair values at balance date.

22. Segment Information

For management purposes the Group is organised into two strategic units:

- corporate head office in Australia
- technology development and marketing based in Singapore
- operations in Indonesia

Such structural organisation is determined by the nature of risks and returns associated with each business segment and define the management structure as well as the internal reporting system. It represents the basis on which the Group reports its primary segment information to the Board.

The operating segment analysis presented in these financial statements reflects operations analysis by business. It best describes the way the Group is managed and provides a meaningful insight into the business activities of the Group.

The following table presents details of revenue and operating loss by business segment as well as reconciliation between the information disclosed for reportable segments and the aggregated information in the financial statements. The information disclosed in the table below is derived directly from the internal financial reporting system used by the Board of Directors to monitor and evaluate the performance of our operating segments separately.

NOTES TO THE FINANCIAL STATEMENTS

Consolidated - 2021	Australia US\$	Singapore US\$	Indonesia US\$	China US\$	Total US\$
Revenue					
Intersegment sales	-	-	-	-	-
Income	1,828	16,078	22,664	-	40,570
Total segment income	1,828	16,078	22,664	-	40,570
Intersegment eliminations	-	-	-	-	-
Total revenue					40,570
EBITDA	(838,739)	(546,604)	(50,707)	-	(1,436,050)
Loss before income tax expense	(854,615)	(573,897)	(50,707)	-	(1,479,219)
Income tax expense	-	-	-	-	-
Loss after income tax expense	(854,615)	(573,897)	(50,707)		(1,479,219)
<i>Material items include:</i>					
Share based payments	(369,036)	-	-	-	(369,036)
Depreciation	-	(20,045)	-	-	(20,045)
Assets					
Segment assets	1,304,665	66,898	9,766	-	1,381,329
Total assets	1,304,665	66,898	9,766		1,381,329
Liabilities					
Segment liabilities	60,979	3,057,737	58,101	-	3,176,817
Intersegment eliminations	-	(2,984,695)	(54,782)	-	(3,039,477)
Total liabilities	60,979	73,042	3,319	-	137,340
Consolidated - 2022	Australia US\$	Singapore US\$	Indonesia US\$	China US\$	Total US\$
Revenue					
Intersegment sales	-	-	-	-	-
Income	2,140	23,099	16,795	-	42,034
Total segment income	2,140	23,099	16,795	-	42,034
Intersegment eliminations	-	-	-	-	-
Total revenue					42,034
EBITDA	(987,435)	(511,705)	(101,112)	(112,137)	(1,712,389)
Loss before income tax expense	(987,435)	(513,964)	(101,112)	(112,137)	(1,714,648)
Income tax expense	-	-	-	-	-
Loss after income tax expense					(1,714,648)
<i>Material items include:</i>					
Share based payments	(266,958)	-	-	-	(266,958)
Depreciation	-	(2,259)	-	-	(2,259)
Assets					
Segment assets	1,719,194	43,364	4,252	-	1,766,810
Total assets					1,766,810
Liabilities					
Segment liabilities	210,524	4,431,778	150,106	108,351	4,850,374
Intersegment eliminations	(91,320)	(4,368,803)	(150,106)	(108,351)	(4,668,195)
Total liabilities	119,204	62,975	-	-	182,179

NOTES TO THE FINANCIAL STATEMENTS

23. Subsequent Events

On 6 July 2022, the Company announced that it had entered into a mutually beneficial marketing and sponsorship agreement with Indonesia's premier junior football leagues, Liga Top Skor. In consideration for SportsHero agreeing to sponsor the 2022-23 Liga Top Skor youth football leagues, Top Skor have agreed to actively promote "OlahBola Ellevate" to their youth football players, clubs and leagues across Indonesia. OlahBola Ellevate is the Company's Indonesia football talent scouting app (refer Operations Report).

On 7 July 2022, the Company announced that Logitech (China) Technology Co Ltd (a wholly owned subsidiary of Swiss multinational Logitech International SA) had agreed to be the first commercial sponsor for the Company's recently launched Chinese app on Wechat.

On 18 August 2022, the Company announced the launch of its first ever tier 1 professional esports prediction tournament in Australia, which was launched on 23 August 2022.

On 31 August 2022 SportsHero soft launched its co-branded initial esports tournament in partnership with Wuhan Esports Association (the 2nd largest esports association in China).

On 21 September 2022, the Company announced that EsportsHero has entered into a two year (with a two year automatic renewal) Australian Gift Card Supplier Agreement with digital gift card giant Prezzy Pty Ltd. Prezzy operates a leading global gifting platform with operations in North America, United Kingdom, Australia and New Zealand.

24. Contingent Liabilities and Contingent Assets

The Group does not have any contingent liabilities or contingent assets as at 30 June 2022 (2021: Nil).

25. Investment in Controlled Entities

The consolidated financial statements incorporate the assets, liabilities and results of the following wholly-owned subsidiaries in accordance with the accounting policy described in note 2:

	Country of Incorporation	Principal Activities	Functional Currency	Ownership %
Parent entity				
SportsHero Limited	Australia	Parent	Australian Dollars (AUD)	
Name of Controlled Entity				
Sportz Hero Pty Limited	Australia	Investment holding	Australian Dollars (AUD)	100%
SportsHero Enterprise Pte Ltd	Singapore	Technology development & marketing	Singapore Dollars (SGD)	100%
PT Sport Hero Indonesia	Indonesia	Operations	Indonesia Rupiah (IDR)	100%
Zongheng (Shanghai) Esports Information Technologies Co Ltd ¹	China	Operations	Chinese Yuan (CNY)	100%
EsportsHero Pty Ltd ²	Australia	Operations	Australian Dollars (AUD)	100%

NOTES TO THE FINANCIAL STATEMENTS

1. On 16 February 2022, SportsHero facilitated the incorporation of Zongheng (Shanghai) Esports Information Technologies Co Ltd (**Zongheng**) in the Peoples Republic of China. On 12 May 2022, SportsHero executed a Deed of Trust with the sole shareholder of Zongheng which confirmed that 100% of the issued share capital of Zongheng was held in trust by the shareholder for SportsHero.

2. SportsHero previously held 50% of the issued share capital of EsportsHero Pty Ltd, which was incorporated as a joint venture entity on 15 January 2019. On 23 August 2021, SportsHero paid \$15,000 to its former joint venture partner to terminate the joint venture and gain 100% control of EsportsHero Pty Ltd. The \$15,000 paid was fully expensed and that no balance sheet consideration was acquired as this was a dormant entity and was not a business combination.

26. Company Details

The registered office and principal place of business of the Group is:

36 Prestwick Drive
Twin Waters, QLD 4564

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of SportsHero Limited, I state that:

In the opinion of the Directors:

- (a) the financial statements and notes of the consolidated entity are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2022 and of its performance for the year ended on that date; and
 - (ii) complying with the Australian Accounting Standards (including the Australian Accounting Interpretations) and Corporations Regulations 2001; and
- (b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 2; and
- (c) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the financial year ended 30 June 2022.

Signed in accordance with a resolution of Directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the Board



John Dougall
Chairman

Dated this 30th day of September 2022

RSM Australia Partners

Level 32 Exchange Tower, 2 The Esplanade Perth WA 6000
GPO Box R1253 Perth WA 6844

T +61 (0) 8 9261 9100

F +61 (0) 8 9261 9111

www.rsm.com.au

www.rsm.com.au

INDEPENDENT AUDITOR'S REPORT To the Members of SportsHero Limited

Opinion

We have audited the financial report of SportsHero Ltd (**Company**) and its subsidiaries (**Group**), which comprises the statement of financial position as at 30 June 2022, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2022 and of its financial performance for the year then ended; and
- (ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (Code)* that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed this matter
Share-based payment Refer to Note 18 in the financial statements	
<p>In accordance with AASB 2 <i>Share-based Payment</i>, the Group recognised share based payment expenses and capital raising costs from the issue of options and performance rights:</p> <ul style="list-style-type: none"> 2,500,000 performance rights with market vesting conditions. Management used a valuation model to value these rights and estimated the length of the expected vesting period. 7,500,000 performance rights were granted with non-market based vesting conditions. Management was required to assess the probability of achieving the non-market performance conditions attached to the rights. 6,000,000 options were issued to lead managers (capital raising costs) and 15,000,000 options were issued as consideration for services rendered. <p>We determined this to be a key audit matter due to the material amount of the share-based payment and the significant judgement involved in assessing the fair value of the transactions in accordance with AASB 2 <i>Share-based Payment</i>.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> Reading the key terms and conditions of the performance rights and options issued; Obtaining the valuation models prepared by management and assessing whether the models were appropriate for valuing the performance rights and options; Assessing management's determination of the probability of achieving the non-market performance conditions attached to the performance rights; Assessing the mathematical accuracy of the computation and the apportioned expense over the vesting period; Challenging the reasonableness of key assumptions used by management to value the options; and Assessing the relevant disclosures in the financial statements to ensure compliance with Accounting Standards.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2022 but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/auditors_responsibilities/ar1.pdf. This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included within the directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of SportsHero Limited, for the year ended 30 June 2022, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

RSM
RSM AUSTRALIA PARTNERS



ALASDAIR WHYTE
Partner

Perth, WA
Dated: 30 September 2022

SHAREHOLDER INFORMATION

Additional information required by Australian Securities Exchange Limited and not shown elsewhere in this Annual Report is as follows. The information is made up to 19 September 2022.

Distribution schedules of security holders

	Fully Paid Shares	AU\$0.05 Options Expiring 16/12/22	AU\$0.05 Options Expiring 1/7/23	AU\$0.05 Options Expiring 30/4/23, 31/10/23 & 31/12/23	AU\$0.10 Options Expiring 31/5/23 & 30/11/23	AU\$0.20 Options Expiring 30/6/23 & 31/12/23	Performa nce Rights
1 -1,000	155	2	-	-	-	-	-
1,001 - 5,000	197	0	-	-	-	-	-
5,001 - 10,000	137	0	-	-	-	-	-
10,001 - 100,000	545	22	-	-	-	-	-
100,001 and over	336	115	3	1	1	1	8
Number of Holders	1,370	139	3	1	1	1	8

Holders of non-marketable parcels

There are 725 fully paid ordinary shareholders who hold less than a marketable parcel of shares.

Twenty largest holders

The names of the twenty largest shareholders are:

	Number of shares	% Held
1 IPV CAPITAL II HK LIMITED	47,898,000	8.41
2 MR ADRIAN PAUL + MRS NOELENE PAUL	25,777,728	4.52
3 MR RODNEY LAURENCE STAGGARD	18,500,000	3.25
4 MR COLIN JEE FAI LOW <NO 2 A/C>	18,300,000	3.21
5 SUNSHORE HOLDINGS PTY LTD	17,682,000	3.1
6 MR AHMAD FUAD BIN MD ALI	17,000,000	2.98
7 TIMRIKI PTY LTD <TIMRIKI A/C>	16,532,000	2.9
8 HSBC CUSTODY NOMINEES (AUSTRALIA) LTD	15,948,338	2.8
9 HAPPINESS INVESTMENTS PTY LTD	11,639,188	2.04
10 COLIN JEE FAI LOW	11,400,000	2
11 JOHN LEONARD WOODWARD	10,826,990	1.9
12 TOBY LEI	9,293,809	1.63
13 BNP PARIBAS NOMINEES PTY LTD	9,132,444	1.6
14 MR THOMAS NAPONG LAPPING TONAVANIK	8,357,143	1.47
15 J & TW DEKKER PTY LTD	8,320,216	1.46
16 ONE MANAGED INVESTMENT FUNDS LIMITED	8,285,000	1.45
17 MR COLIN JEE FAI LOW	8,273,642	1.45
18 MR TOBY LEI	7,000,000	1.23
19 MR MICHAEL MARNEWICK	6,694,298	1.17
20 MR PETER HOWELLS	6,500,000	1.14
	283,360,796	49.71

SHAREHOLDER INFORMATION

The names of the twenty largest option holders are:

	Number of options	% Held
1 W I G PTY LTD	15,000,000	10.02
2 MR PETER DARREN RUSSELL	10,000,000	6.68
3 MR RODNEY JAMES WELLSTEAD	10,000,000	6.68
4 MR BILAL AHMAD	8,800,000	5.88
5 FIRST GROWTH FUNDS LIMITED	7,666,667	5.12
6 ACTIV8 CAPITAL VENTURES PTY LTD	5,500,000	3.68
7 ALLGREEN HOLDINGS PTY LTD	5,000,000	3.34
8 MERRILL LYNCH (AUSTRALIA) NOMINEES P/L	5,000,000	3.34
9 MR COLIN JEE FAI LOW	5,000,000	3.34
10 CALMA SUPER PTY LTD	4,371,428	2.92
11 MR JOHN LEONARD WOODWARD	3,742,857	2.5
12 MR STEVEN PANOMARENKO	3,202,062	2.14
13 MS ANGELA MARGARET DAY	2,750,000	1.84
14 MR TOBY LEI	2,185,500	1.46
15 ONE MANAGED INVESTMENT FUNDS LIMITED	2,142,500	1.43
16 MR MATTHEW SPARTALIS	2,000,000	1.34
17 MR BRADY THOMAS CARROLL	2,000,000	1.34
18 LJM CAPITAL CORPORATION PTY LTD	1,850,000	1.24
19 HAWERA PTY LTD	1,800,000	1.2
20 MR STEVEN LYLE HADJIFOTIS	1,711,083	1.14
	99,722,097	66.63

Restricted securities

The Group has no Restricted Securities on issue.

Unquoted equity securities

	Number on issue	Number of holders
Options exercisable at AU\$0.05 and expiring 1 July 2023	6,000,000	3
Options exercisable at AU\$0.05 and expiring 30 April 2023	1,000,000	1
Options exercisable at AU\$0.10 and expiring 31 May 2023	1,000,000	1
Options exercisable at AU\$0.20 and expiring 30 June 2023	1,000,000	1
Options exercisable at AU\$0.05 and expiring 31 October 2023	1,000,000	1
Options exercisable at AU\$0.10 and expiring 30 November 2023	1,000,000	1
Options exercisable at AU\$0.20 and expiring 31 December 2023	1,000,000	1
Options exercisable at AU\$0.05 and expiring 31 December 2023	2,500,000	1
Performance rights	15,000,000	8

SHAREHOLDER INFORMATION

Names of persons holding more than 20% of a given class of unquoted securities (other than incentive securities)

AiDriven Pty Ltd holds 100% of the options for each of the following 6 classes of options:

Options expiring 30 April 2023, 31 May 2023, 30 June 2023, 31 October 2023, 30 November 2023 and 31 December 2023.

Substantial shareholder

	No. of Shares Held	% of Shares Held
IPV Capital II HK Limited	47,898,000	8.41%

On-market buy-back

There is no current on-market buy-back.

Acquisition of voting shares

No issues of securities have been approved for the purposes of Item 7 of section 611 of the Corporations Act 2001.

Voting Rights

Ordinary fully paid shares – on a show of hands, every member present in person or by proxy shall have one vote and upon a poll, each member shall have one vote per share.

Tax status

The Group is treated as a public company for taxation purposes.

Franking credits

The Group has nil franking credits.