SportsHero Limited

ACN 123 423 987

Annual Report

for the year ended

30 June 2020

CORPORATE DIRECTORY

Directors
John Dougall (Non-Executive Chairman – appointed 30 October 2019)
Tom Lapping (Director and CEO)
Michael Higginson (Non-Executive Director)

Company Secretary

Michael Higginson

Registered Office and
Principal Place of Business

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Twin Waters, QLD 4564

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Website: http://sportshero.live/

Auditor

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Stock Exchange Listing

Australian Securities Exchange
ASX Code: SHO

CONTENTS **PAGE**

CHAIRMAN'S LETTER	4
OPERATIONS REPORT	5
DIRECTORS' REPORT	9
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	52
INDEPENDENT AUDITOR'S REPORT	53
SHAREHOLDER INFORMATION	56

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 2020. The Directors have the power to amend and reissue the financial statements.

CHAIRMAN'S LETTER

Dear SportsHero Shareholder

The 2019/20 financial year has been exciting and tumultuous for our Company. We have delivered substantial enhancements to our technologies and forged partnerships with Dugout and La Liga to enrich our digital offering for sports fans and advertising partners.

Whilst COVID-19 is impacting on our ability to monetise our intelligent, engaging sports prediction platforms due to the cancellation of football competitions in Indonesia and Europe, we are well placed for commercial success and material revenue growth as markets reopen and football competitions re-commence.

I took the Chair of SportsHero nearly twelve months ago. As a public company director for 30 years, I have a strong commitment to building sustainable profitable growth. I believe in good governance, disciplined capital management and the importance of having an ethical, desirable and respected corporate culture. I believe that I can assist my co-directors and management team in delivering on SportsHero's potential as we meet our obligations to our shareholders, staff, business partners and the millions of football and sporting fans that will be attracted to our offerings.

In early January 2020 I travelled to Jakarta and Singapore with our CEO Tom Lapping to speak with our business partner PSSI (Football Association of Indonesia), to meet with our local staff and to present our business strategy to the Australian Ambassador and senior officers. I was encouraged by the progress we have made and importantly the scale of the opportunity we are developing. Indonesia is a large, growing and vibrant market of fanatical sports fans. Our platform is ideally suited for brand partners to access this consumer demographic.

In March 2020 when COVID first hit, it was critical that we streamlined the business to ensure we could endure a protracted downturn and retain our ability to capitalise as recovery emerged. Your board took actions to reduce operating costs, whilst retaining key talent in order to be able to rapidly up scale. In April 2020, the Company issued convertible notes to the value of AU$300,000 to add to working capital and bolster our financial position.

Whilst our commercial activities have been impacted through COVID, we have used this time productively. A number of initiatives have been taken by your directors, including the successful launch of Olahbola, the first-ever release of a local language app covering international football for the Indonesian market, the signing of a AU$5,000,000 financing facility with Mint Capital Advisors to fund our growth strategy and the return of a AU$200,000 bond following the rejection by the Northern Territory Racing Commission of the transfer of an on-line gaming licence to our Pay-2-Play joint venture.

Your directors and staff are conscious that we are yet to be cash flow positive as we continue to invest in product development and sales and marketing. In the 2020/21 year we have committed to a number of operational milestones and we will report on progress against those milestones throughout the next 12 months. We simply ask that you 'track us rather than trust us' and judge us on what we do and what we deliver. Subject to unforeseen circumstances, we anticipate turning cash flow positive in calendar end 2021. We are committed to delivering on your investment. It is an exciting time to be at SportsHero and I look forward to updating you as we progress.

In closing I wish to thank my co-directors and staff for their hard work, dedication and creativity over the past year. I also thank you, our shareholders, for your encouragement and on-going support.

Sincerely

John Dougall
Chairman
SportsHero Limited

OPERATIONS REPORT

SportsHero's strategy is to build a large and engaged user base of active sports fans utilising our premium technologies and official associations with the sport's governing bodies. We will then monetise these strategic assets with recurring revenue generated from complementary advertising income, brand sponsorship, subscriptions, competition revenue, video streaming, ecommerce and match and gamification ticket sales.

SportsHero has developed a proprietary, intelligent, engaging sports prediction platform, designed to provide a dynamic immersive social experience, coupled with both monetary and other prizes.

It has exclusive digital partnerships with the Football Association of Indonesia (**PSSI**), as well as with Spain's La Liga, one of the world's most popular sporting leagues, and Dugout, a unique media company co-owned by 10 of the world's biggest football clubs with over 40 million views per month in Indonesia.

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

SportsHero operates in Indonesia, which is a very large and attractive market in which we are targeting passionate football fans aged 18-35 years with middle-income demographics. With no obvious competition, everything is in place for us to grow quickly, build scale and generate substantial revenues.

Olahbola - The Indonesian football app for fanatical fans

SportsHero has developed and owns Olahbola, the Indonesian local market version of SportsHero's platform. It was designed and successfully delivered to a planned timetable. The app 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.

Olahbola provides these fanatical football fans with the opportunity to predict outcomes, compete with other users and climb the leaderboard and win prizes, including 'money can't buy' experiences, merchandise and entertainment products.

The app, which is dedicated to international football, leverages SportsHero's exclusive and valuable La Liga partnership rights and assets in conjunction with Dugout's premium content covering these leagues.

With the recent commencement of both La Liga and the English Premier League on 12 September 2020, the Company expects continued growth in Olahbola's already impressive 770,000+ user numbers. This large and growing user base will considerably enhance our value proposition to advertising brand partners.

With these foundations in place, we expect material revenue generation this financial year.

Kita Garuda app and PSSI - Commercialisation

SportsHero has an exclusive three-year agreement (with two further three-year options) with PSSI. Under the agreement, SportsHero and PSSI will share revenues from football fan subscriptions and advertising campaigns on both the Kita Garuda app and web browser. PSSI is responsible for all marketing costs, while SportsHero advises on strategy and execution.

Importantly, the web browser enables the capture of all smart phone users. There are over 130 million avid social media users in Indonesia, with 65 million people aged between 18 and 35.

Pursuant to the agreement, the parties have agreed that net revenue from direct advertising will be split 70/30% in favour of the party that introduces the advertiser. Included under the agreement revenue is generated from:

- Direct advertising
- Brand sponsorship
- Competition revenue
- Video streaming
- eCommerce
- Match ticketing

OPERATIONS REPORT

- Gamification-related ticket sales – which are required to participate in weekly, monthly and season long prediction competitions and PSSI promotions.

With respect to revenue generated from third party sponsorships, direct advertising and relevant competitions, the party which introduces the revenue source will receive 70% of the revenue, less all applicable taxes and deductions (the other party will receive 30%).

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

La Liga - Partnership agreement

SportsHero has a landmark partnership with Spain's top football division and one of the world's most popular football leagues, La Liga. Pursuant to the partnership, SportsHero was appointed as La Liga's exclusive Indonesian partner in the sports prediction app category.

The partnership sees La Liga, home to some of the most successful football clubs in the world as well as some of sport's most famous faces, giving SportsHero access to La Liga's valuable merchandise, Intellectual Property rights and digital assets. This includes access to ex legend players to help promote SportsHero's platforms and digital marketing campaigns through La Liga's huge social media following and digital channels.

The partnership also provides a host of money can't buy merchandise and prizes including VIP experiences such as Partner box tickets to the famous El Classico which are available to SportsHero to offer up as exclusive prizes to its Indonesian, weekly, monthly and season long competitions.

Dugout - Sporting content deal

The Company has an unparalleled two-year sporting content deal with Dugout for the provision of dynamic football content covering the biggest and most popular football leagues globally.

Dugout is a unique media company co-owned by 10 of the world's biggest football clubs that attracts approximately 40 million video views per month in Indonesia.

The value of this agreement to SportsHero is that in addition to the content portion of the deal, it also includes pre roll advertising wherein Dugout will advertise SportsHero's platform to their existing audience, and in so doing will drive traffic to SportsHero.

The deal gives SportsHero access to and the ability to show the most dynamic football content (which it simply could not produce internally) that will complement and transform SportsHero's digital platforms.

In addition, Dugout has guaranteed that an Olahbola promotional video clip will be viewed in Indonesia 750,000 times per month.

Linius Technologies - Licensing agreement

The Group has a binding agreement with leading hyper-personalised video content provider, Linius Technologies Limited (**Linius**) (ASX: LNU).

Pursuant to the agreement, SportsHero secured the rights to use the Linius technology across all of the Group's platforms, including the mobile application 'Kita Garuda', developed for PSSI.

The Linius technology allows a user to customise a video to show only content that is relevant to the individual requirements and viewing preferences of the user. For example, once integrated, a user of the PSSI app will be able to search for and watch highlights of their favourite players, the best goals scored, or customise their viewing content based on virtually any criteria, such as shots on target, goalkeeper saves, injuries, substitutions, penalties, red cards and many more.

The integration of the Linius technology into the PSSI mobile app has the potential to significantly increase user engagement and viewer numbers for the 'Kita Garuda' mobile app, which in turn is expected to result in the generation of more substantive advertising revenue for both PSSI and SportsHero.

OPERATIONS REPORT

Sports Bookmaker License

On 10 January 2019, the Company announced that it had entered into a non-binding Heads of Agreement with Cross Bet Holdings Pty Ltd (**CBH**) for the purpose of securing access to a Sports Bookmaker Licence (**Licence**).

On 8 March 2019, the Company announced the formation of a joint venture with CBH for the purpose of enabling the granting of a Licence to a newly incorporated joint venture vehicle named Pay-to-Play Australia Pty Ltd (**P-to-P**).

Subject to the granting of a Licence to P-to-P by the Northern Territory Racing Commission (**NTRC**) the joint venture parties intended to operate a pay-to-play sports prediction platform in Australia.

To facilitate the granting of the Licence to P-to-P, SportsHero loaned P-to-P AU$200,000 to enable P-to-P to pay a AU$200,000 refundable bond to the NTRC.

The NTRC have not approved the transfer of a Licence to P-to-P. As a consequence, the NTRC has cancelled the bond and P-to-P has repaid the AU$200,000 loan to SportsHero.

The NTRC has previously either granted or approved the grant of a Licence to Cross Bet Pty Ltd (a wholly owned subsidiary of CBH) and has recently approved the acquisition by SportsHero of a 50% equity interest in Cross Bet Pty Ltd (effectively enabling SportsHero to acquire a 50% interest in a Licence). SportsHero is aware that CBH is intending to use the Licence to undertake gambling operations in Australia. As the proposed gambling operations would indirectly result in a change in the nature of SportsHero's activities, SportsHero has resolved not to acquire a 50% interest in Cross Bet Pty Ltd.

The Board is considering its options with regard to the P-to-P joint venture.

COVID-19

As a consequence of the COVID-19 pandemic:

1. On 17 March 2020, PSSI announced the suspension of all Indonesian football competitions, with no date being set for its resumption.

2. Spanish football fixtures re-commenced on 11 June 2020, having been suspended since 12 March 2020.

The suspension of football by both the Indonesian and the Spanish football leagues has had a temporary, although material impact on the Company's ability to generate revenues from its prediction platforms, sponsor and partner advertising.

As a response to COVID-19, the Company implemented substantial cost saving measures, whilst at the same time retaining key talent and personnel in order to retain the ability to rapidly scale up in the future.

Cash savings measures were implemented. These cost saving measures included the following:

- ✓ the standing down all contracted team members, whilst retaining the ability to scale up immediately following the COVID-19 crisis.

- ✓ Chairman and Directors to forego remuneration for the period commencing 1 March 2020 and ending upon the commencement of revenue generation.

- ✓ CEO and senior staff to take a 50% salary cut until the commencement of revenue generation.

- ✓ renegotiation of all retainers, subscription services and reduction of leased office space.

Mint Capital Advisors - AU$5 million financing facility

On 10 September 2020, the Company entered into a definitive Standby Placement Agreement with Bahamas based Mint Capital Advisors (**Mint**) to provide up to AU$5m in equity funding over three years (**Facility**).

OPERATIONS REPORT

The equity funding provided by Mint, which SportsHero can access on a discretionary basis as and when it is required, will be used to fund working capital requirements.

The discretionary nature of the Facility will allow the Company to access funds only when they are needed. Whilst SportsHero may not require the full AU$5m over the next three years, having the Facility provides flexibility and a financial backstop during a period of uncertainty surrounding global football competitions.

Indonesian operating entity

On 21 September 2020, the Company announced that it had successfully secured a wholly owned Indonesian operating entity.

The securing of this entity is a key component for the Company as it will facilitate the building of SportsHero's Indonesian presence by enabling such things as the hiring of Indonesian staff, the opening of an Indonesian bank account, the securing of offices in Indonesia and the collection of revenue.

Pegasus Corporate Advisory

The Company has engaged Pegasus Corporate Advisory as its investor relations advisor. Pegasus specialises in assisting small cap ASX listed technology companies by helping build their profile, creating investor interest and improving communications and market engagement.

Precise details of events and activities undertaken are as set out in the Directors' Report under the headings "Significant changes in state of affairs" and "Subsequent events".

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 2020.

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 (appointed 30 October 2019)
Tom Lapping	Director and CEO
Michael Higginson	Non-Executive Director
Wayne Johnson	Non-Executive Director (resigned 29 October 2019)

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. Tinybeans has an engaged user base of 3.5 million members and over 1.28 million active monthly users in over 200 countries/territories.

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 33 years, held numerous directorship and company secretarial roles with a number of public listed companies across a range of industry sectors.

DIRECTORS REPORT

Mr Higginson is a director of Cape Range Limited (ASX: CAG).

Mr Wayne Johnson (Non-Executive Director) – Resigned 29 October 2019

Mr Johnson has over 30 years business and financial transaction experience gained in Australia, New Zealand, Asia and North America. He has extensive experience in managing businesses, corporate advisory, governance and compliance as a result of building, managing and directing public and private companies from start up to established public corporations.

Mr Johnson's hands on experience in business management and operations, often in markets undergoing significant change, is a rare attribute not held by many corporate advisors. The knowledge and skills accumulated through being at the helm of a range of successful enterprises has been at the core of his ability to drive many merger and acquisition transactions, restructures and recapitalisations. Mr Johnson's expertise spans a variety of industries, including telecommunications, electronic payments, financial services and the resources sector.

Mr Johnson is the principal of Noblemen Ventures Pty Ltd, a Sydney based corporate and investment advisory firm providing services to select public and private entities, primarily in the middle market. He also provides services as a professional director to public companies. Mr Johnson is chairman of Cape Range Limited (ASX code: CAG) and a non-executive director Enhanced Oil & Gas Recovery Ltd.

(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 options of the Group are:

	Number of shares	Number of options
John Dougall	-	-
Tom Lapping	11,782,143	-
Michael Higginson	20,834	-
TOTAL	**11,802,977**	**-**

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	6	6
Tom Lapping	6	6
Michael Higginson	6	6
Wayne Johnson	-	-

(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 29.

DIRECTORS REPORT

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 2020 was US$1,259,559 (2019: US$2,276,625).

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

- Administration expenses, totaling US$657,369 and
- Employee and consulting expenses, totaling US$435,634.

The Group's basic loss per share for the year was 0.39 US cents (2019: 0.93 US cents).

Dividends

No dividend has been paid during or is recommended for the financial year ended 30 June 2020 (2019: 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 1 July 2019, the Group announced a licensing agreement with Linius Technologies Limited whereby SportsHero secured the rights to use the Linius video customisation technology. For further information, please refer to the Operations Report.

On 24 July 2019, the Group issued 4,283,333 shares at an issue price of AU$0.10 per share raising AU$428,333 in working capital. In addition, the Group raised a further AU$820,217 (before costs) following the exercise of 16,404,334 options each exercisable at AU$0.05 and expiring 31 August 2019.

On 1 August 2019, the Group announced an extension of the partnership with PSSI for a term of 3 years, plus the right to further extend for 2 further periods of 3 years (ie a total of 9 years).

On 12 September 2019, the Group completed the raising of AU$1,862,500 (before costs) pursuant to the issue of 37,250,000 shares following the exercise of 37,250,000 options each exercisable at AU$0.05 and expiring 31 August 2019 and issued 20,000,000 options each exercisable at AU$0.10 and expiring 30 September 2021.

On 30 October 2019, Mr John Dougall was appointed as a Director of the Company following the resignation of Mr Wayne Johnson on 29 October 2019.

On 16 April 2020, the Company announced that commitments for the raising of AU$300,000, pursuant to the issue of 300 10% convertible notes, had been received. The Company also announced the implementation of cost saving measures.

On 5 May 2020 the Company announced that a 2 year sporting content deal, accessing content covering the biggest and most popular sporting leagues globally, had been secured. The 2 year deal with Dugout, a unique media company co-owned by 10 of the world's biggest football clubs with 40 million video views per month in Indonesia, will provide SportsHero with compelling and comprehensive content.

DIRECTORS REPORT

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 7 July 2020, the Company announced the launch of Olahbola. Olahbola being SportsHero's first ever locally branded and fully localised football app covering international football for the Indonesian market.

On 26 August 2020, the Company announced the appointment of Mr Rob Davies as the Company's Indonesian Director of Operations. In order to secure the services of Mr Davies, the Company issued Mr Davies 3,000,000 shares and 4,000,000 performance rights.

On 10 September 2020, the Company announced the signing of a definitive Standby Placement Agreement with Mint Capital Advisors (Mint) for a financing facility of up to AU$5,000,000 and the issue of 5,000,000 shares to the nominee of Mint. The Standby Placement Agreement has a term of 36 months and the Company is entitled to drawdown of 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.

On 21 September 2020, the Company announced that it had successfully secured a wholly owned Indonesian operating entity.

The securing of this entity is a key component for the Company as it will facilitate the building of SportsHero's Indonesian presence by enabling such things as the hiring of Indonesian staff, the opening of an Indonesian bank account, the securing of offices in Indonesia and the collection of revenue.

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has been financially negative for SportsHero up to 30 June 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining physical distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

Financial position

The Group's working capital, being current assets less current liabilities, was negative US$202,208 as at 30 June 2020 (2019: negative US$1,162,990).

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.

Additional information

The earnings of the consolidated entity for the five years to 30 June 2020 are summarised below:

	2020 US$	2019 US$	2018 US$	2017 US$	2016 US$
Income	3,434	463,791	16,841	9,113	-
EBITDA	(1,204,006)	(2,276,050)	(3,830,964)	(3,410,171)	(151,228)
EBIT	(1,257,439)	(2,276,625)	(4,335,566)	(3,850,447)	(151,260)
Loss after income tax	(1,259,559)	(2,276,625)	(4,335,566)	(4,266,614)	(151,260)

DIRECTORS REPORT

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

	2020 US	2019 US	2018 US	2017 US	2016 US
Share price at financial year end (US cents)	1.3	4.5	5.91	3.1	-
Total dividends declared (US cents per share)	-	-	-	-	-
Basic and diluted loss per share for continued operations (US cents per share)	0.39	0.93	1.55	3.48	-
Basic diluted loss per share for discontinued operations (US cents per share)	-	-	0.29	0.37	-
Basic loss per share (US cents per share)	0.39	0.93	1.84	3.85	-

Remuneration report (Audited)

Details of Remuneration for the Year Ended 30 June 2020

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 2020, the consolidated entity did not engage any external parties for a review of remuneration practices.

At the 2019 Annual General Meeting, 100% of the eligible votes received supported the adoption of the remuneration report for the year ended 30 June 2019. 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 2020 and 2019 remuneration of the Directors and other key management personnel:

2020	***Short-term***	***Post-employment***	***Share-based payments***		***Value of options as a %***
	Salary & fees US$	**Superannuation US$**	**Shares US$**	**Total US$**	
Chairman					
John Dougall*	36,366	-	-	36,366	0%
Directors					
Tom Lapping	112,343	-	-	112,343	0%
Michael Higginson	63,070			63,070	0%
Wayne Johnson**	23,497	-	-	23,497	0%
Total key management personnel compensation	**235,276**	**-**	**-**	**235,276**	**0%**

* Appointed on 30 October 2019
** Resigned on 29 October 2019

2019	***Short-term***		***Post-employment***	***Share-based payments***		***Value of options as a %***
	Salary & fees US$	**Cash Bonus US$**	**Superannuation US$**	**Shares US$**	**Total US$**	
Chairman						
Michael Higginson	75,384	-	-	-	75,384	0%
Directors						
Tom Lapping	107,340	28,624	-	-	135,964	0%
Wayne Johnson*	25,903	-	-	-	25,903	0%
Christopher Green**	7,800	-	-	-	7,800	0%
Total key management personnel compensation	**216,427**	**28,624**	**-**	**-**	**245,051**	**0%**

* Appointed on 28 November 2018
** Resigned on 27 November 2018

Related party transactions and balances

Payables to key management personnel

	Consolidated	
	2020 US$	**2019 US$**
Amounts payable to Directors and Director related entities at the end of the financial year, included in current liabilities	32,706	35,049

DIRECTORS REPORT

Other transactions with key management personnel

During the year the Group paid rent of US$3,021 (2019: US$4,293) 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 2020 (2019: nil).

Other transactions with related parties

During the year the Group reimbursed Noblemen Ventures Pty Ltd (an entity controlled by Mr Johnson) for costs of US$523 (2019: US$21,466)

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

Performance Shares as a Proportion of Total Remuneration

There were no performance shares issued to Directors during the year ended 30 June 2020 (2019: nil).

Ordinary Shares held by Directors

2020 **Directors**	***Balance at beginning of year***	**Allotted during the year**	**Purchased during the year**	**Sold during the year**	***Balance at end of year***
J Dougall[1]	-	-	-	-	-
M Higginson	20,834	-	-	-	20,834
T Lapping	11,782,143	-	-	-	11,782,143
W Johnson[2]	-	-	-	-	-
	11,802,977	**-**	**-**	**-**	**11,802,977**

1. Opening balance represents shareholding upon appointment as a Director on 30 October 2019
2. Closing balance represents shareholding upon resignation as a Director on 29 October 2019

2019 **Directors**	***Balance at beginning of year***	**Allotted during the year**	**Purchased during the year**	**Sold during the year**	***Balance at end of year***
M Higginson	20,834	-	-	-	20,834
C Green[1]	-	-	-	-	-
T Lapping	11,782,143	-	-	-	11,782,143
W Johnson[2]	-	-	-	-	-
	11,802,977	**-**	**-**	**-**	**11,802,977**

1. Closing balance represents shareholding upon resignation as a Director on 27 November 2018
2. Opening balance represents shareholding upon appointment as a Director on 28 November 2018

DIRECTORS REPORT

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.

Options Granted for the Year Ended 30 June 2020

2020 Directors	Balance at beginning of year	*Option movements for the year* Allotted	Granted as compensation	Exercised	Expired	Other changes	Balance at end of year
J Dougall[1]	-	-	-	-	-	-	-
T Lapping	16,714,286	-	-	-	(14,714,286)	(2,000,000)	-
M Higginson	-	-	-	-	-	-	-
W Johnson[2]	-	-	-	-	-	-	-
Total	***16,714,286***	***-***	***-***	***-***	***-***	***-***	***-***

1.Opening balance represents number of options held upon appointment as a Director on 30 October 2019.
2.Closing balance represents number of options held upon resignation as a Director on 29 October 2019.

2019 Directors	Balance at beginning of year	*Option movements for the year* Allotted	Granted as compensation	Exercised	Expired	Other changes	Balance at end of year
M Higginson	-	-	-	-	-	-	-
C Green[1]	-	-	-	-	-	-	-
T Lapping	16,714,286	-	-	-	-	-	16,714,286
W Johnson[2]	-	-	-	-	-	-	-
Total	***16,714,286***	***-***	***-***	***-***	***-***	***-***	***16,714,286***

1.Closing balance represents number of options held upon resignation as a Director on 27 November 2018.
2.Opening balance represents number of options held upon appointment at 28 November 2018.

Performance Options 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% (2019: 0%).

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 has agreed to pay Mr Dougall the following:

DIRECTORS REPORT

- 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; 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 was paid fees at the rate of AU15,000 per month for July and August 2019. From September 2019 Mr Lapping is paid fees at the rate of SG$15,000 per month.

Mr Higginson is paid fees at the rate of AU$2,083 per month. Consulting and secretarial fees paid or payable to Mr Higginson are AU$75,199.

Mr Johnson was paid fees at the rate of AU$5,000 per month, until the date of resignation and AU$15,000 was paid on resignation.

As of 30 June 2020, there were no other formal contracts for Non-Executive Directors.

Fees waived by Directors during the year

During the period commencing 1 April 2020 and ending 30 June 2020, the following fees were waived by each of the Directors as follows:

- Mr Dougall waived 100% of his cash fee of AU$4,167 per month (total waived being AU$12,501)
- Mr Lapping waived 50% of his cash fee of SG$15,000 per month (total waived being SG$22,500)
- Mr Higginson waived 100% of his cash fee of AU$2,083 per month (total waived being AU$6,249)

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.

During the financial year, the Group has not paid bonuses to any Directors or executives.

Loans to key management personnel and their related parties
There are no loans to directors or executives at reporting date (30 June 2019: nil).

End of remuneration 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
1 February 2018	1 February 2021	AU$0.20	1,000,000
12 September 2019	30 September 2021	AU$0.10	20,000,000

DIRECTORS REPORT

During the financial year ended 30 June 2020, 53,653,334 SportsHero Limited shares were issued following the exercise of 53,653,334 options expiring 31 August 2019.

Performance rights

Since the end of the financial year 4,000,000 performance rights have been issued on appointment of Rob Davies as Company's Indonesian Director of Operations.

Since the end of the financial year no shares have been issued following the exercise of options or the conversion of performance rights.

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

No amounts are unpaid on any of the shares on issue.

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.

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 (2019: nil).

Auditor's independence declaration

The auditor's independence declaration for the year ended 30 June 2020 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 Limited 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

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of SportsHero Limited for the year ended 30 June 2020, 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.

David Wall
Partner
RSM Australia Partners

Perth, WA
Dated: 30 September 2020

STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

	Note	Consolidated 30 June 2020 US$	Consolidated 30 June 2019 US$
Current assets			
Cash and cash equivalents	8	154,589	49,781
Trade and other receivables	9	147,655	44,246
Total current assets		302,244	94,027
Non-current assets			
Right of use assets	12	16,909	-
Plant and equipment	10	4,508	1,507
Investment accounted for using the equity method	18	-	24,623
Other assets	11	-	140,260
Total non-current assets		21,417	166,390
Total assets		323,661	260,417
Current liabilities			
Trade payables	14	281,099	1,257,017
Borrowings	15	206,045	-
Lease liability	13	17,308	-
Total current liabilities		504,452	1,257,017
Total liabilities		504,452	1,257,017
Net (liabilities)/assets		(180,791)	(996,600)
Equity			
Issued capital	16	11,784,318	10,097,370
Share based payments reserve	17	474,168	92,515
Foreign currency translation reserve	17	(149,623)	(156,390)
Accumulated losses		(12,289,654)	(11,030,095)
Total equity		(180,791)	(996,600)

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 2020

	Note	Consolidated 2020 US$	2019 US$
Continuing operations			
Income			
Revenue	3	-	423,242
Other revenue	3	3,434	40,549
Expenses			
Administration expenses	4a	(657,369)	(1,259,352)
Commission expense	4b	-	(243,364)
Employee and consulting expenses	5	(435,634)	(844,977)
Depreciation expense	10,12	(53,434)	(575)
Interest expense		(2,120)	-
Impairment expense	9	-	(158,161)
Share based payments	22	(12,883)	(223,333)
Share of net loss of joint venture accounted for using equity method	20	(101,553)	(10,654)
Loss before income tax expense		(1,259,559)	(2,276,625)
Income tax expense	7	-	-
Loss after tax expense for continuing operations		(1,259,559)	(2,276,625)
Loss for the year		(1,259,559)	(2,276,625)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		6,767	(38,975)
Total comprehensive loss for the year		(1,252,792)	(2,315,600)
Basic and diluted loss per share for continued operations (US cents per share)	6	0.39	0.93
Basic and Diluted loss per share (US cents per share)	6	0.39	0.93

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 2020

	Note	Issued Capital	Share Based Payments Reserve	Foreign Currency Translation Reserve	Accumulated Losses	Total Equity
		US$	US$	US$	US$	US$
Consolidated						
Balance at 01/07/2019		10,097,370	92,515	(156,390)	(11,030,095)	(996,600)
Comprehensive loss for the year		-	-	6,767	(1,259,559)	(1,252,792)
Exercise of options	16	1,854,473	-	-	-	1,854,473
Shares issued during the year	16	299,191	-	-	-	299,191
Share based payments	22	-	12,883	-	-	12,883
Transaction costs	16	(466,716)	368,770	-	-	(97,946)
Balance at 30/06/2020		11,784,318	474,168	(149,623)	(12,289,654)	(180,791)
Balance at 01/07/2018		8,559,488	97,751	(117,415)	(8,753,470)	(213,646)
Total comprehensive loss for the year		-	-	(38,975)	(2,276,625)	(2,315,600)
Performance rights issued during the year	17	117,035	(117,035)	-	-	-
Shares issued during the year	16	1,397,136	-	-	-	1,397,136
Share based payments	22	111,534	111,799	-	-	223,333
Transaction costs	16	(87,823)	-	-	-	(87,823)
Balance at 30/06/2019		10,097,370	92,515	(156,390)	(11,030,095)	(996,600)

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 2020

		Consolidated	
		2020	**2019**
	Note	**US$**	**US$**
Cash Flows from Operating Activities			
Receipts from customers		-	54,469
Payments to suppliers		(2,107,732)	(1,910,731)
Interest received		3,434	2,042
Net cash flows used in operating activities	18	(2,104,298)	(1,854,220)
Cash Flows from Investing Activities			
Payments for plant and equipment		(5,270)	(2,086)
Cash received as part of acquisition		-	(35,277)
Net cash flows used in investing activities		(5,270)	(37,363)
Cash Flows from Financing Activities			
Issue of new share capital		2,153,664	1,744,829
Proceeds from issue of convertible notes		205,890	-
Share issue transaction costs		(97,946)	(87,823)
Lease liability payments		(52,848)	-
Net cash provided by financing activities		2,208,760	1,657,006
Net (decrease) / increase in cash and cash equivalents		99,192	(234,577)
Effects of exchange rate changes on cash and cash equivalents		5,616	(38,975)
Cash and cash equivalents at the beginning of the year		49,781	323,333
Cash and cash equivalents at the end of the year	8	154,589	49,781

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 2020 was authorised for issue in accordance with a resolution of the Director’s on 30 September 2020.

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 following Accounting Standards and Interpretations are most relevant to the consolidated entity:

AASB 16 Leases
The consolidated entity has adopted AASB 16 from 1 July 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

Impact of adoption
AASB 16 was adopted using the modified retrospective approach and as such the comparatives have not been restated. The impact of adoption on opening retained profits as at 1 July 2019 was as follows:

	1 July 2019 $
Operating lease commitments as at 1 July 2019 (AASB 17)	72,270
Operating lease commitments discounted based on the weighted average incremental borrowing rate of 4.8% (AASB 16)	(4,231)
Right of use assets (AASB 16)	68,039
Lease liabilities - current (AASB 16)	(50,533)
Lease liabilities – non-current (AASB 16)	(17,506)
Impact on opening accumulated losses at 1 July 2019	-

When adopting AASB 16 from 1 July 2019, the consolidated entity has applied the following practical expedients:

NOTES TO THE FINANCIAL STATEMENTS

- applying a single discount rate to the portfolio of leases with reasonably similar characteristics;
- accounting for leases with a remaining lease term of 12 months as at 1 July 2019 as short-term leases;
- excluding any initial direct costs from the measurement of right-of-use assets;
- using hindsight in determining the lease term when the contract contains options to extend or terminate the lease; and
- not apply AASB 16 to contracts that were not previously identified as containing a lease.

Right-of-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 or amortised 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.

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 2020.

(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.

NOTES TO THE FINANCIAL STATEMENTS

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(y).

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 19.

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

(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$1,259,559 and had net cash outflows from operating activities of US$2,104,298 and a net cash outflow from investing activities of US$5,270 for the year ended 30 June 2020. As at that date, the consolidated entity had net current liabilities of US$202,208 and net liabilities of US$180,791.

The ability of the consolidated entity to continue as a going concern is principally dependent upon the consolidated entity generating sales income from its activities in Indonesia, 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 following factors:

- The consolidated entity’s budget 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;
- As disclosed in note 27, 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 of 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; and
- The consolidated entity has the ability to curtail corporate and administration expenses and overhead cash outflows as and when required.

Accordingly, the Directors believe that the consolidated entity will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial statements.

The financial statements do not include any adjustments relating to the amounts or classification of recorded assets or liabilities that might be necessary if the consolidated entity does not continue as a going concern.

NOTES TO THE FINANCIAL STATEMENTS

(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 Limited as at 30 June 2020 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 Limited 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

(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.

Competition sales

Revenue from competitions is recognised at the point in time when the competition prize is drawn.

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 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.

NOTES TO THE FINANCIAL STATEMENTS

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) Joint venture

Joint ventures are entities over which the consolidated entity has joint control. Investments in joint ventures are accounted for using the equity method. Under the equity method, the share of the profits or losses of the joint venture is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in joint ventures are carried in the statement of financial position at cost plus post-acquisition changes in the consolidated entity's share of net assets of the joint venture. Dividends received or receivable from joint ventures reduce the carrying amount of the investment.

When the consolidated entity's share of losses in an joint venture equals or exceeds its interest in the joint venture, including any unsecured long-term receivables, the consolidated entity does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture.

The consolidated entity discontinues the use of the equity method upon the loss of joint control and significant influence over the joint venture and recognises any retained investment at its fair value. Any difference between the joint venture's carrying amount, fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

(k) 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.

(l) 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, it's carrying value is written off.

NOTES TO THE FINANCIAL STATEMENTS

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.

(m) 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.

(n) 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.

(o) 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.

NOTES TO THE FINANCIAL STATEMENTS

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.

(p) 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.

(q) 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.

NOTES TO THE FINANCIAL STATEMENTS

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.

(r) 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 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 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.

NOTES TO THE FINANCIAL STATEMENTS

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.

(s) 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.

(t) Dividends

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

(u) 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.

(v) 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.

NOTES TO THE FINANCIAL STATEMENTS

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.

(w) Foreign currency transactions and balances

The financial statements are presented in US dollars, which is SportsHero Limited'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.

(x) Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

The component of the convertible notes that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs.

On the issue of the convertible notes the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond and this amount is carried as a current liability until extinguished on conversion or redemption as the maturity date is within 12 months. The corresponding interest on convertible notes is expensed to profit or loss.

(y) 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.

NOTES TO THE FINANCIAL STATEMENTS

Share-based payment transactions
The consolidated entity measures the cost of equity-settled transactions with employees 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. 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.

Coronavirus (COVID-19) pandemic
Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the consolidated entity based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the consolidated entity operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the consolidated entity unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

3. Revenue

	Consolidated 2020 US$	2019 US$
Revenue from customers		
Competition sales	-	423,242
	-	423,242
Other revenue		
Interest revenue	3,434	2,042
Other income	-	38,507
	3,434	463,791

For the year ended 30 June 2020 and 30 June 2019, all revenue was recognised at a point in time once the relevant performance obligation was met.

4a. Administration expenses

	Consolidated 2020 US$	2019 US$
Administration expenses include the following:		
Advertising and marketing	321,047	303,183
Professional fees	144,935	497,518
Sports subscription services	2,150	37,872
Legal	169,828	149,813

4b. Commission expense

	2020	2019
Commission expense	-	243,364
	-	243,364

Commission was paid in relation to the revenue generated form the La Liga Hero of the Month competitions in Indonesia.

5. Employee and consulting expenses

	Consolidated 2020 US$	2019 US$
Salary and wages	435,634	844,977
	435,634	844,977

NOTES TO THE FINANCIAL STATEMENTS

6. Loss per share

	Consolidated 2020 US$	2019 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	1,259,559	2,276,625
Loss for the year attributable to ordinary shareholders	1,259,559	2,276,625

Weighted average number of shares

	2020 No. of shares	2019 No. of shares
Weighted average number of ordinary shares for basic and diluted loss per share	319,318,140	245,674,218

Loss per share

Basic and diluted loss per share for continued operations (US cents)	0.39	0.93
Basic and diluted loss per share for discontinued operations (US cents)	-	-
Basic and diluted loss per share (US cents)	0.39	0.93

(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 16, 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 2020 US$	2019 US$
Income tax recognised in profit or loss		
Prima facie tax benefit on operating loss before income tax at (2019: 27.5%)	(346,379)	(626,072)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Other non-deductible items	(134,542)	61,417
Unrecognised deferred tax asset attributable to tax losses and temporary differences	480,921	564,655
Income tax attributable to operating loss	-	-

The consolidated entity has US$8,253,861 (2019: US$6,185,194) 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$1,690,487 (2019: US$1,209,566), 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 app.
The potential deferred tax asset will only be obtained if:

NOTES TO THE FINANCIAL STATEMENTS

- 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.

8. Cash and cash equivalents

	Consolidated	
	2020	2019
	US$	US$
Cash at bank	154,589	49,781
	154,589	49,781

9. Trade and other receivables

	Consolidated	
	2020	2019
	US$	US$
Trade receivables	158,161	158,161
Less: allowance for expected credit losses	(158,161)	(158,161)
Other receivables	147,655	44,246
	147,655	44,246

Allowance for expected credit losses
The consolidated entity has recognised a loss of nil (2019: $158,161) in profit or loss in respect of the expected credit losses for the year ended 30 June 2020.

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

	Consolidated	
	2020	2019
	US$	US$
Opening balance	158,161	-
Additional provisions recognised	-	158,161
Closing balance	158,161	158,161

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	
	2020	2019
	US$	US$
Equipment – at cost	7,352	2,086
Less: Accumulated depreciation	(2,879)	(575)
Foreign exchange differences	35	(4)
	4,508	1,507

NOTES TO THE FINANCIAL STATEMENTS

Consolidated	Equipment US$
Balance as at 1 July 2018	5,007
Additions	2,086
Disposals	(5,007)
Depreciation expense	(575)
Foreign exchange differences	(4)
Balance as 30 June 2019	1,507
Balance at 1 July 2019	1,507
Additions	5,270
Depreciation expense	(2,304)
Foreign exchange differences	35
Balance as 30 June 2020	4,508

11. Other assets

In 2019 other assets of US$140,260 related to a bond paid to the Northern Territory Racing Commission (NTRC) for the grant by the NTRC of a Sports Bookmakers License to Pay-to-Play Australia Pty Ltd. Other assets were classified as non-current assets as at 30 June 2019. As at 30 June 2020 the balance was classified as other current receivables, as the license was not granted and the balance was returned in August 2020 to the Group.

12. Right-of-use assets

	Consolidated	
	2020 US$	2019 US$
Land and buildings – right-of-use	68,039	-
Less: Accumulated depreciation	(51,130)	-
	16,909	-

13. Lease liabilities

	Consolidated	
	2020 US$	2019 US$
Lease liability - current	17,308	-

14. Trade and other payables

	Consolidated	
Current Payables	2020 US$	2019 US$
Trade payables	221,898	497,640
Other payables	-	257,086
Receipts for shares not issued at year end	-	455,144
Accrued expenses	59,201	47,147
	281,099	1,257,017

NOTES TO THE FINANCIAL STATEMENTS

(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.
(iii) Other payables relates discontinued operations.

15. Borrowings

	Consolidated	
	2020	2019
	US$	US$
Convertible notes	206,045	-

On 30 June 2020, 300 Convertible Notes were issued with a face value of AU$1,000 (US$686) and a maturity date of 1 year from the date of issue. The convertible notes accrue interest at 10% and are convertible into ordinary shares at lower of AU$0.03 or 80% of the volume weighted average price of shares trading on ASX over the 7 trading days prior to the conversion date. The note holder has the option to convert the convertible notes (and interest accrued) at any time commencing from 6 months from the issue date to the maturity date. On maturity date, all the remaining convertible notes that have not been converted, will be converted into shares.

16. Contributed Equity

		2020 Number	2020 US$	2019 Number	2019 US$
(a) Share capital					
Ordinary fully paid shares		328,206,064	11,784,318	270,269,397	10,097,370
(b) Movements in ordinary shares					
Opening balance		270,269,397	10,097,370	249,370,229	8,559,488
Shares issued at US$0.070 per share [1]	(i)	4,283,333	299,191	-	-
Shares issued at US$0.035 per share [2]	(ii)	16,403,334	572,887	-	-
Shares issued at US$0.034 per share [3]	(iii)	37,250,000	1,281,586	-	-
Shares issued at US$0.081 per share [4]	(iv)	-	-	1,000,000	81,224
Shares issued at US$0.142 per share [6]	(v)	-	-	3,582,500	508,213
Shares issued at US$0.078 per share [4]	(vi)	-	-	1,500,000	117,035
Shares issued at US$0.071 per share [5]	(vii)	-	-	10,808,334	764,797
Shares issued at US$0.035 per share [2]	(viii)	-	-	3,508,334	124,125
Shares issued at US$0.061 per share [7]	(ix)	-	-	500,000	30,311
Transaction cost on share issue		-	(466,716)	-	(87,823)
		328,206,064	11,784,318	270,269,397	10,097,370

[1] *Issue price AU$0.10 translated to US$ at grant date*
[2] *Issue price AU$0.05 translated to US$ at grant date*
[3] *Issue price AU$$0.05 translated to US$ at grant date*
[4] *Issue price AU$0.11 translated to US$ at grant date*
[6] *Issue price AU$0.20 translated to US$ at grant date*
[5] *Issue price AU$0.10 translated to US$ at grant date*
[7] *Issue price AU$0.085 translated to US$ at grant date*

(i) On 24 July 2019, the Group issued 4,283,333 shares to sophisticated investors at an issue price of AU$0.10 to raise working capital.
(ii) On 24 July 2019, the Group issued 16,403,334 shares following the exercise of 16,403,334 options each exercisable at AU$0.05 and expiring 31 August 2019.
(iii) On 12 September 2019, the Group issued 37,250,000 shares following the exercise of 37,250,000 options each exercisable at AU$0.05 and expiring 31 August 2019.
(iv) On 12 July 2018, the Group issued 1,000,000 ordinary shares and 1,500,000 performance rights in consideration for the engagement of Mr Flintoft as the Group’s Chief Digital Officer.

NOTES TO THE FINANCIAL STATEMENTS

(v) On 3 October 2018, the Group issued 3,582,500 ordinary shares at an issue price of AU$0.20 per share.
(vi) On 3 October 2018, 1,500,000 shares were issued to Mr Flintoft following the conversion of 1,500,000 performance rights.
(vii) On 8 February 2019, the Group issued 10,808,334 ordinary shares at an issue price of AU$0.10 per share.
(viii) On 8 February 2019, the Group issued 3,508,334 shares following the exercise of 3,508,334 options each exercisable at AU$0.05 and expiring 31 August 2019.
(ix) On 27 February 2019, the Group issued the following shares;
- 250,000 shares to Mr Giteau in consideration for being appointed as a SportsHero Rugby Ambassador, and
- 250,000 shares to Mr Mitchell in consideration for being appointed as a SportsHero Rugby Ambassador

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 2020 (2019: nil) and no dividends are expected to be paid in 2020.

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.

17. Reserves

	Consolidated 2020 US$	Consolidated 2019 US$
Reserves		
Share-based payments reserve		
As at 1 July 2019	92,515	97,751
Share based payments	12,883	111,799
Conversion of rights	-	(117,035)
Underwriter options – transaction costs on share issue	368,770	-
As at 30 June 2020	474,168	92,515
Foreign currency reserve		
As at 1 July 2019	(156,390)	(117,415)
Foreign currency translation	6,767	(38,975)
As at 30 June 2020	(149,623)	(156,390)

NOTES TO THE FINANCIAL STATEMENTS

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.

18. Notes to Statement of Cash Flows

	Consolidated	
	2020	**2019**
	US$	**US$**
(a) Reconciliation of net cash used in operating activities to operating loss after income tax		
Operating loss after tax	(1,259,559)	(2,276,625)
Add non-cash items:		
Depreciation and amortisation	53,434	575
Loss on Disposal of property plant and equipment	-	5,007
Share-based payments expense	12,883	223,333
Impairment expense	-	158,161
Interest expense on lease liability	2,120	-
Changes in net assets and liabilities:		
Movement in receivables	34,958	(329,828)
Movement in payables	(1,049,687)	354,503
Share of loss on joint venture	101,553	10,654
Net cash flow used in operating activities	(2,104,298)	(1,854,220)

(b) Non-cash financing and investing activities

	Consolidated	
	2020	**2019**
	US$	**US$**
Shares issued for provision of services	-	228,570
	-	228,570

NOTES TO THE FINANCIAL STATEMENTS

19. Parent Information

	Parent 2020 US$	Parent 2019 US$
ASSETS		
Current assets	227,977	59,700
Non-current assets	-	164,883
TOTAL ASSETS	227,977	224,583
LIABILITIES		
Current liabilities	408,768	1,221,183
TOTAL LIABILITIES	408,768	1,221,183
NET (LIABILITIES)/ASSETS	(180,791)	(996,600)
EQUITY		
Contributed equity	9,284,318	7,597,370
Reserves	224,775	(24,437)
Accumulated losses	(9,689,884)	(8,569,533)
TOTAL EQUITY	(180,791)	(996,600)
Loss for the year	(1,120,351)	(2,316,044)
Total comprehensive loss	(1,120,351)	(2,316,044)

Contingent liabilities
The parent entity had no contingent liabilities as at 30 June 2020 (2019: nil)

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment at as 30 June 2020 and 30 June 2019.

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

20. Details of Associates and Joint Venture entities

Name of associate / joint venture	Reporting entity's percentage holding 2020 %	2019 %	Contribution to profit/(loss) (where material) 2020 US$	2019 US$
Pay-to-Play Australia Pty Ltd	50%	50%	(101,553)	(10,654)
Group's aggregate share of associates and joint venture entities' profit /(loss) (where material)				
Profit/(loss) from ordinary activities before income tax			(101,553)	(10,654)
Income tax on operating activities			-	-

The above joint venture is accounted for using the equity method in the consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

21. 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
W Johnson	Non-Executive Director

All of the above persons were key management personnel during the year ended 30 June 2020.

	Consolidated	
	2020	**2019**
(b) Key management personnel remuneration	**US$**	**US$**
Short-term employee benefits	235,276	245,051
	235,276	245,051

(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	32,706	35,049

(d) Other transactions with key management personnel

During the year the Group paid rent of US$3,021 (2019: US$4,293) 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 2020 (2019: nil).

(e) Other transactions with related parties

During the year the Group reimbursed Noblemen Ventures Pty Ltd (an entity controlled by Mr Johnson) for costs of US$523 (2019: US$21,466)

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

	Consolidated	
22. Share based payments	**2020**	**2019**
	US$	**US$**
Recognised share-based payment expenses		
Shares issued for services rendered	-	111,534
Performance rights vesting over period – issued in prior year	12,883	117,035
Forfeiture of performance options issued in prior year	-	(42,586)
Forfeiture of performance rights issued in prior year	-	(24,429)
Performance rights vesting over a period – issued in prior year	-	61,779
	12,883	223,333
Underwriter options – transaction costs on share issue	386,770	-

Employee share option plan

The Group has established an Employee Share Option Plan that allows for share options to be granted to eligible employees and officers of the Group. The number of share options that can be issued under the plan cannot exceed 5% of the total number of shares on issue. The terms and conditions of the share option issued under the plan are at the discretion of the Board, however, the maximum term of the share option is five years.

(a) Performance rights

No performance rights were granted during the 12 months ending 30 June 2020.

In 2019 performance rights granted during the year at no consideration, do not have an exercise price and will lapse if the vesting conditions are not met. Details of the performance rights issue and their vesting conditions are set out below:

i) 1,500,000 shares will be issued to Chief Digital Officer, Chris Flintoft for the re-design of the software and upgrade of application to include new sports, such as cycling, AFL and rugby – vested on 30 September 2018,

(b) Performance options

There were no performance options issued in the 12 months ending 30 June 2020 (2019: Nil).

(c) Underwriter options – transaction costs on share issue

Grant date	12 September 2019
Dividend yield (%)	-
Expected price volatility	100%
Risk-free interest rate (%)	1.94%
Expected life of options (years)	2
Option exercise price (AU$)	0.10
Option exercise price in AU$ translated to US$ at grant date	0.069
Share price at grant date AU$	0.063
Share price in AU$ translated to US$ at grant date	0.043
Number of options issued	20,000,000
FV at grant date (AU$)	535,925
FV at grant date (US$)	368,770

NOTES TO THE FINANCIAL STATEMENTS

	2020		2019	
	Number of Options	**Weighted Average Exercise Price US$**	**Number of Options**	**Weighted Average Exercise Price US$**
At beginning of reporting year	68,463,094		71,971,428	
Granted during the year	20,000,000	0.010	-	
- Lapsed	(9,526,427)	0.035	-	
- Exercised	(57,936,667)	0.034	-	
- Early exercise of options expiring on 31 August 2019	-		(3,508,334)	0.035
Balance the end of reporting year	**21,000,000**		**68,463,094**	
Exercisable at end of reporting year	**21,000,000**		**68,463,094**	

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
7 Feb 17	31 Aug 19	67,463,094	-	(57,936,667)	(9,526,427)	-	-
1 Feb 18	1 Feb 21	1,000,000	-	-		1,000,000	1,000,000
12 Sept 19	30 Sept 21	-	20,000,000	-	-	20,000,000	20,000,000
Total		68,463,094	20,000,000	(57,936,667)	(9,526,427)	21,000,000	21,000,000

23. Auditors' Remuneration

	Consolidated	
	2020 US$	**2019 US$**
Audit of the financial statements - RSM Australia Partners		
Audit or review of financial reports	30,884	32,558
	30,884	32,558
Audit services - Network firms		
Audit or review of the financial statements - RSM Chio Lim LLP	9,401	15,383
	9,401	15,383
	40,285	**47,941**

NOTES TO THE FINANCIAL STATEMENTS

24. Commitments

There were no outstanding commitments which are not disclosed in the financial statements as at 30 June 2020 other than:

	Consolidated	
	2020	**2019**
Office rental commitments	**US$**	**US$**
Within 1 year	-	73,660
After 1 year but not more than 5 years	-	25,843
	-	99,503

25. 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 16 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

Consolidated	Notes	Interest Rate	1 year or less US$	Over 1-5 years US$	Non-interest bearing US$	Total US$
2020						
Financial assets						
Cash and cash equivalents	8	0%	-	-	154,589	154,589
Trade and other receivables	9		-	-	147,655	147,655
Total financial assets for continuing operations			-	-	302,244	302,244
Financial liabilities						
Trade and other payables	14		-	-	281,099	281,099
Borrowings	15	10%			206,045	206,045
Total financial liabilities			-	-	487,144	487,144
Net financial assets			**-**	**-**	**(184,900)**	**(184,900)**

Consolidated	Notes	Interest Rate	1 year or less US$	Over 1-5 years US$	Non-interest bearing US$	Total US$
2019						
Financial assets						
Cash and cash equivalents	8	0%	-	-	49,781	49,781
Trade and other receivables	9				44,246	44,246
Total financial assets			-	-	94,027	94,027
Financial liabilities						
Trade and other payables	14		-	-	1,257,017	1,257,017
Total financial liabilities			-	-	1,257,017	1,257,017
Net financial assets			**-**	**-**	**(1,162,990)**	**(1,162,990)**

Interest rate sensitivity

At 30 June 2020, 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 2019: Nil), as a result of lower/higher interest income from cash and cash equivalents.

At 30 June 2020, 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 US$3,091 lower/higher (30 June 2019: Nil), as a result of lower/higher interest income from borrowings.

A sensitivity of 15% (15%: 2019) 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 2020 from around 0.25% to 0.2875% representing a 0.0375 basis point decrease. Market expectations are that interest rates in Australia are more likely to move down than up 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 2020 US$	Consolidated 2019 US$
Contracted maturities of payables at 30 June				
Payable				
- less than 6 months	14	-	281,099	544,787
Borrowings – convertible notes				
- 1 year or less	15	10%	206,045	-
			487,144	544,787

Foreign exchange risk

The Group has cash and cash equivalents denominated in AU$ of US$122,675 (2019: US$22,299). At 30 June 2020, if USD/AUD rates had changed by 15% with all other variables held constant, loss for the year and equity would have been US$18,401 lower/higher (30 June 2019: US$3,345), as a result of with change in fair value of cash and cash equivalents.

A sensitivity of 15% (15%: 2019) 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.

26. 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

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 - 2019	Australia US$	Singapore US$	Total US$
Revenue			
Intersegment sales	-	-	-
Income	463,168	623	463,791
Total segment income	463,168	623	463,791
Intersegment eliminations	-	-	-
Total revenue	463,168	623	463,791
EBITDA	(1,845,380)	(430,670)	(2,276,050)
Profit before income tax expense	(1,845,380)	(431,245)	(2,276,625)
Income tax expense	-	-	-
Loss after income tax expense	**(1,845,380)**	**(431,245)**	**(2,276,625)**
Material items include:			
Share based payments	223,333	-	223,333
Depreciation	-	575	575
Impairment	158,161	-	158,161
Assets			
Segment assets	224,583	35,834	260,417
Total assets	**224,583**	**35,834**	**260,417**
Liabilities			
Segment liabilities	1,093,044	2,196,522	3,289,566
Intersegment eliminations	-	(2,032,549)	(2,032,549)
Total liabilities	1,093,044	163,973	**1,257,017**

Consolidated - 2020	Australia US$	Singapore US$	Total US$
Revenue			
Intersegment sales	-	-	-
Other revenue	1,318	2,116	3,434
Total segment revenue	1,318	2,116	3,434
Intersegment eliminations	-	-	-
Total revenue	1,318	2,116	3,434
EBITDA	(366,265)	(837,741)	(1,204,006)
Profit before income tax expense	(421,818)	(837,741)	(1,259,559)
Income tax expense	-	-	-
Loss after income tax expense	**(421,818)**	**(837,741)**	**(1,259,559)**
Material items include:			
Share based payments	12,883	-	12,883
Depreciation	-	53,434	53,434
Assets			
Segment assets	259,893	63,768	323,661
Total assets	**259,893**	**63,768**	**323,661**
Liabilities			
Segment liabilities	408,768	3,001,439	3,410,207
Intersegment eliminations	(324,338)	(2,581,417)	(2,905,755)
Total liabilities	**84,430**	**420,022**	**504,452**

NOTES TO THE FINANCIAL STATEMENTS

27. Subsequent Events

On 7 July 2020, the Company announced the launch of Olahbola. Olahbola being SportsHero's first ever locally branded and fully localised football app covering international football for the Indonesian market.

On 26 August 2020, the Company announced the appointment of Mr Rob Davies as the Company's Indonesian Director of Operations. In order to secure the services of Mr Davies, the Company issued Mr Davies 3,000,000 shares and 4,000,000 performance rights.

On 10 September 2020, the Company announced the signing of a definitive Standby Placement Agreement with Mint Capital Advisors (**Mint**) for a financing facility of up to AU$5,000,000 and the issue of 5,000,000 shares to the nominee of Mint for nil consideration. 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.

On 21 September 2020, the Company announced that it had successfully secured a wholly owned Indonesian operating entity.

The securing of this entity is a key component for the Company as it will facilitate the building of SportsHero's Indonesian presence by enabling such things as the hiring of Indonesian staff, the opening of an Indonesian bank account, the securing of offices in Indonesia and the collection of revenue.

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has been financially negative for SportsHero up to 30 June 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining physical distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

28. Contingent Liabilities and Contingent Assets

In the 2018 financial year the Group recognised in its financial statements a current liability of US$324,338 in relation to claims that arose in relation to a former overseas subsidiary of the Group. The Group confirms that it has received no claims (or otherwise) in relation to this matter and no claims are currently pending against the former overseas subsidiary. The directors are of the view that the possibility of any reimbursement is remote.

The Group does not have any other contingent liabilities as at 30 June 2020 (2019: Nil).

The Group does not have any contingent assets as at 30 June 2020 (2019: Nil).

NOTES TO THE FINANCIAL STATEMENTS

29. 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 1:

	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%

30. 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 2020 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 2020.

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 2020

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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 2020, 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 2020 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.

Material uncertainty related to going concern

We draw attention to Note 2(b) in the financial report, which indicates that the Group incurred a loss of US$1,259,559 and had net cash outflows from operating activities of US$2,104,298 for the year ended 30 June 2020. As at that date, the Group had net current liabilities of US$202,208 and net liabilities of US$180,791. As stated in Note 2(b), these events or conditions, along with other matters as set forth in Note 2(b), indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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. In addition to the matter described in the *Material uncertainty related to going concern* section of our report, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed this matter
Share-based payment Refer to Note 22 in the financial statements	
During the financial year, the Group incurred capital raising costs of US$368,770 from the issue of 20,000,000 options. The Group has brought the capital raising costs to account in accordance with AASB 2 *Share-based Payment*. 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 transaction.	Our audit procedures included: • Reviewing the key terms and conditions of the options issued; • Obtaining the valuation models prepared by management and assessing whether the models were appropriate for valuing the options; • Challenging the reasonableness of key assumptions used by management to value the options; and • Reviewing 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 2020 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 2020.

In our opinion, the Remuneration Report of SportsHero Limited, for the year ended 30 June 2020, 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.

David Wall
Partner
RSM Australia Partners

Perth, Western Australia
30 September 2020

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 16 September 2020.

Distribution schedules of security holders

	Fully Paid Shares	AU$0.20 Options Expiring 1/02/21	AU$0.10 Options Expiring 20/9/21	Convertible Notes	Performance Rights
1 -1,000	149	-	-	8	-
1,001 - 5,000	242	-	-	-	-
5,001 - 10,000	138	-	-	-	-
10,001 - 100,000	340	-	-	-	-
100,001 and over	219	1	1	-	1
Number of Holders	1,088	**1**	**1**	**8**	**1**

Holders of nonmarketable parcels

There are 631 fully paid ordinary shareholders who hold less than a marketable parcel of shares.

Twenty largest shareholders

The names of the twenty largest shareholders are:

		Number of shares	**% Held**
1	MYHERO LIMITED	60,000,000	17.85
2	IPV CAPITAL II HK LIMITED	16,650,000	4.95
3	SUNSHORE HOLDINGS PTY LTD	12,500,000	3.72
4	J & TW DEKKER PTY LTD	11,555,511	3.44
5	COLIN JEE FAI LOW	10,833,242	3.22
6	THOMAS NAPONG LAPPING TONAVANIK	8,357,143	2.49
7	COLIN JEE FAI LOW	8,350,000	2.48
8	BNP PARIBAS NOMS PTY LTD	7,795,759	2.32
9	JOHN LEONARD WOODWARD	7,140,322	2.12
10	CITICORP NOMINEES PTY LIMITED	6,674,064	1.99
11	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	6,614,327	1.97
12	ALLGREEN HOLDINGS PTY LTD	6,098,671	1.81
13	TIMRIKI PTY LTD	5,142,857	1.53
14	JEANNE GO LIM	5,018,310	1.49
15	KORTANA PTY LTD <THE KORTANA A/C>	5,000,000	1.49
16	ADRIAN STEPHEN PAUL + NOELINE FAYE PAUL	4,242,857	1.26
17	ONE MANAGED INVESTMENT FUNDS LIMITED	4,000,000	1.19
18	ONE MANAGED INVESTMENT FUNDS LIMITED	4,000,000	1.19
19	PARRY CAPITAL MANAGEMENT LIMITED	4,000,000	1.19
20	LUBOMIR KULISEV	4,000,000	1.19
		197,973,063	**58.88**

SHAREHOLDER INFORMATION

Restricted securities

The Group has no Restricted Securities on issue.

Unquoted equity securities

	Number on issue	Number of holders
Options to acquire fully paid shares at AU$0.20 per share and expiring 1 February 2021	1,000,000	1
Options to acquire fully paid shares at AU$0.10 per share and expiring 20 September 2021	20,000,000	1
10% Convertible Notes	300	8

Substantial shareholder

	No. of Shares Held	% of Shares Held
MyHero Limited	60,000,000	17.85%

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.