

SportsHero

SportsHero Limited

ACN 123 423 987

Annual Report

for the year ended

30 June 2024

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CORPORATE DIRECTORY

Directors

Stratos Karousos (Non- Executive Chair)
Tom Lapping (Director and CEO)
Michael Higginson (Non-Executive Director) resigned 16 February 2024
Adele Sim (Executive Director) - appointed 16 February 2024

Company Secretary

Michael Higginson - resigned 16 February 2024
Ross Pearson – appointed 16 February 2024

Registered Office and Principal Place of Business

22 Glenview Road
Mt Ku-ring-gai NSW 2050

Telephone: +61 (2) 9457 8276

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

Auditor

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

Share Registry

Automic
Level 5, 126 Phillip Street
Sydney NSW 2000

Telephone: 1300 288 664

Stock Exchange Listing

Australian Securities Exchange
ASX Code: SHO

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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:

22 Glenview Road
Mt Ku-ring-gai NSW 2050

Telephone: +61 (2) 9457 8276

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 2024. The Directors have the power to amend and reissue the financial statements.

OPERATIONS REPORT

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

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

Asia Pacific

Indonesia

PSSI

On 1 September 2023, the Company announced a new exclusive 3 year revenue share agreement with the Football Association of Indonesia, known as PSSI.

PSSI will promote the newly launched KitaGaruda web app across all the digital and marketing channels as this will be their centralized platform for fan community and engagement. The parties have agreed that 30% of all revenue generated from third-party sponsorship, direct marketing and gamification will be distributed to SHO.

SHO and PSSI have agreed to appoint Whisper Media, owned by one of Indonesia's largest conglomerate EMTEK Group (IDX:EMTK), who are also the second largest media company in the country. Whisper Media will manage all advertising sales for KitaGaruda web app.

Whisper Media have commenced selling all digital assets on KitaGaruda, generating first advertising revenues for PSSI and SHO in June 2024 and has undertaken to continue to maximise sales over the next 6 to 12 months as app traffic has increased substantially with the Indonesia National Team's recent performance and progress in the World Cup Qualifiers.

PSSI has confirmed major sponsorship renewals with all 7 key brand partners, including Bank Mandiri and AQUA, IndoSat, IndoMilk, FreePort, Sinarmas and AstraFinance. SHO confirms that its wholly owned KitaGaruda app, as part of the digital inventory and rights, is included in the major sponsorship renewal contracts for the next 3 years.

IGV

On 13 November 2023, the Company announced a 3 year partnership agreement with IGVault HK Limited, owner and operator of iGV.com, a global leader in esports virtual asset trading.

Over the last 17 years, iGV.com has become a trusted name among gamers in North America and Europe as being the safest and most reliable online trading platform for esports digital assets for over 500 game titles. SportsHero has secured the rights to promote and distribute iGV.com to Indonesia and Thailand over the next 3 years. The parties have agreed that 70% of all revenue generated from transaction commissions in both markets will be distributed to SHO.

On 12 September 2024, SportsHero and IGV announced the launch of a new unique gaming product into the Indonesian market. The new product called "Family Game Room" will offer Indonesia's estimated 8.3 million PC gamers a unique cloud based, game sharing experience with access to over 200 of the most popular titles including Call of Duty, Among Us, Counter Strike 2, Elden Ring, PUBG, Grand Theft Auto 5 and Rust. Monthly subscriptions start at US \$9.90 upon launch and SportsHero expects initial revenue contributions and cashflow in the December quarter and forecast to scale up throughout the remainder of the financial year, in line with a

OPERATIONS REPORT

suitable marketing and customer acquisition spend, with a focus on building a scaleable and profitable SaaS based business segment.

Esports Strategy Advisor Appointed

To drive the esports go to market strategy, SportsHero has appointed Crispin Tristram as the new Esports Strategy Corporate Advisor. Crispin is the co-Founder and current COO of Dynasty Gaming & Media, one of the leading esports and gaming groups in the Asia Pacific. With over 15 years of experience in the esports industry including 5 years in Indonesia, Tristram brings a wealth of knowledge and expertise.

During his tenure in Indonesia, he headed up the Digital Lifestyle Category for Telkomsel's 180 million strong customer base. Tristram expanded Telkomsel's digital business, moving the organisation into games distribution, esports, publishing and content production and micro-loans. He successfully grew Telkomsel to be the leading digital Entertainment and Gaming brand in Indonesia through the launching of Dunia Games and MAXstream original scripted content studios.

Dunia Games' digital presence grew rapidly under his leadership to over 30 million monthly active users and generating ecommerce revenues of over US\$250 million per annum. He also built Telkomsel's MAXstream video on demand platform with 20 million users supported by MAXstream original content studios. MAXstream studios is now a major independent content creator in Indonesia creating over 130 titles of scripted long and short form content.

Crispin Tristram has over 25 years' experience in the Telecommunication and Entertainment industries. He has a proven track record in organization-wide digital transformation and new business unit rapid revenue growth. Crispin is a telecommunications and digital entertainment veteran having worked extensively in Europe, Asia and Oceania for major blue-chip brands such as Vodafone, France Telecom, Singtel Group, Optus, Hoyts and Bain.

Olahbola

We are very pleased to confirm that Olahbola maintains its position as a top 5 sports influencer on TikTok and continues to attract advertisers and sponsors. Olahbola now has over 1.6 million followers on Tiktok. The top performing post generated over 34.7 million views and the Olahbola page has generated over 70.4 million likes.

TALON Esports

On 27 April 2023, the Company announced the execution of a 3 year legally binding agreement (**Agreement**) with Hong Kong based TALON Esports Limited (**TALON**) to expand to 6 new Asia Pacific markets through this exclusive partnership.

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

Tekken 7 and Street Fighter V. Established in 2017, TALON has successfully grown their fan base in Asia Pacific with 20.2 million fans across all channels including players and influencers. Its partners include the likes of Animoca Brands, PSG, Nike, KFC and Mastercard.

China

Zongheng Esports (Shanghai), was established as an interim entity by way of a local company structure by a local Chinese National shareholder with the shares held in trust for and on behalf of SHO under a deed of trust

OPERATIONS REPORT

(Deed) while SHO worked to set up a wholly-owned foreign enterprise (WOFE). As SHO's primary focus for China has now pivoted to expanding successful Chinese esports businesses into Southeast Asian markets, similar to IGV, SHO has terminated the deed of trust and will conduct future business in China through a WOFE.

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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 2024.

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:

| | |
|-------------------|--|
| Stratos Karousos | Non-Executive Chair |
| Tom Lapping | Director and CEO |
| Michael Higginson | Non-Executive Director (resigned 16 February 2024) |
| Adele Sim | Executive Director (appointed 16 February 2024) |

Stratos Karousos - Non-Executive Director and Chair

Mr Karousos is the holder of a Bachelor of Law (University of Technology, Sydney) and Master of Commerce (University of New South Wales).

Mr Karousos is an experienced director and senior executive with deep corporate and legal experience gained mostly in Australia, Asia, Europe and the United States.

Stratos is currently the Chief Commercial Officer of productivity tool and workflow group espresso Displays and the Chief Strategy Officer of aquaculture and agriculture biotechnology group Genics.

He has previously held positions as non-executive director of robotics company Nightingale Intelligent Systems Inc (ASX: NGL), CEO and director of an ASX listed company and has held senior roles in global organisations including Wise Tech Global Limited (ASX: WTC) and Baker McKenzie.

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 (resigned 16 February 2024)

Qualification: B.Bus Fin & Admin

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

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

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

DIRECTORS REPORT

Mr Higginson is a director of Cape Range Limited (ASX: CAG) and Zuleika Gold Limited (ASX: ZAG).

Adele Sim – Executive Director (appointed 16 February 2024) and COO
Qualification: GAICD and Executive MBA

Adele Sim is an accomplished Chief Operating Officer with extensive experience in operations and business development, currently leading SportsHero Enterprise Pte Ltd. across multiple regions. With over 15 years of experience in various leadership roles, she has demonstrated expertise in strategic planning, project management, and team leadership. Adele is known for her ability to align business strategies with operational goals and fostering a culture of transparency and accountability within her teams. A graduate of the Australian Institute of Company Directors, she is also bilingual in English and Mandarin, enhancing her ability to navigate diverse business environments

(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, options and performance rights of the Group are:

| | Number of shares | Number of options | Number of performance rights |
|------------------|---------------------|----------------------|------------------------------------|
| Stratos Karousos | 1,478,664 | - | - |
| Tom Lapping | 13,782,143 | - | - |
| Adele Sim | 1,100,000 | - | - |
| TOTAL | 16,360,807 | - | - |

Company Secretary

Ross Pearson
Qualification: BA Accounting FCPA

Directors' meetings

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

| | Directors' Meetings | |
|-------------------|----------------------------|-----|
| | (a) | (b) |
| Stratos Karousos | 4 | 4 |
| Tom Lapping | 4 | 4 |
| Michael Higginson | 1 | 1 |
| Adele Sim | 3 | 3 |

- (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.

DIRECTORS REPORT

For details of the Company's controlled entities, please refer to note 28.

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 2024 was US\$621,411 (2023: US\$2,182,894).

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

- Administration expenses, totaling US\$505,465 and
- Employee and consulting expenses, totaling US\$504,999

The Group's basic loss per share for the year from continuing operation was 0.11 US cents (2023: 0.38 US cents).

Dividends

No dividend has been paid during or is recommended for the financial year ended 30 June 2024 (2023: 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 September 2023, the Company announced that it had entered into a new exclusive 3 year revenue share agreement with PSSI, the Football Association of Indonesia. Throughout the 3 year term, PSSI intends to use the KitaGaruda app, built by SportsHero, to stream live and recorded matches to their estimated 80 million fan base in Indonesia and will exclusively provide rich content, including access to video footage of games, events and features of the Indonesian national team and its players. Revenue will be distributed 70% to PSSI, 30% to SHO.

On 13 November 2023, SportsHero signed a 3 year partnership agreement with IGVault HK Limited, the owner and operator of IGV.com, a global leader in esports virtual asset trading. SportsHero has secured the rights to promote and distribute IGV.com to Indonesia and Thailand over the next 3 years. Revenue generated in both markets to be distributed 70% of SportsHero, 30% to IGV.

Zongheng Esports (Shanghai), was established as an interim entity by way of a local company structure by a local Chinese National shareholder with the shares held in trust for and on behalf of SHO under a deed of trust (Deed) while SHO worked to set up a wholly-owned foreign enterprise (WOFE). As SHO's primary focus for China has now pivoted to expanding successful Chinese esports businesses into Southeast Asian markets, similar to IGV, SHO has terminated the deed of trust and will conduct future business in China through a WOFE.

Future developments

Likely future developments in the operations of the Group are referred to in the Operations Report. Other than as referred to in this report, further information as to likely developments in the operations of the Group and expected

DIRECTORS REPORT

results of those operations would, in the opinion of the Directors, be speculative and prejudicial to the interests of the Group and its shareholders.

Matters subsequent to the end of the financial year

On the 27 September 2024, the Company announced it has received firm commitments for a capital raising of A\$500,000 for the issue of 50 million shares at A\$0.01 per share which will be used to accelerate the commercialization of existing partnerships and expand the sales and marketing efforts.

During September 2024, the Company also secured an additional A\$500,000 drawdown facility from a major shareholder bringing the total drawdown facility to A\$1.5 million with A\$1.2 million drawdown remaining as at 30 September 2024 (refer to note 15).

No other matters or circumstances have arisen since 30 June 2024 that have significantly affected or may significantly affect:

- the Group's operations in future financial years; or
- the results of those operations in future financial years; or
- the Group's state of affairs in future financial years.

Financial position

The Group's working capital, being current assets less current liabilities, was negative US\$564,221 as at 30 June 2024 (2023: US negative US\$488,620).

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 2024 are summarised below:

| | 2024 US\$ | 2023 US\$ | 2022 US\$ | 2021 US\$ | 2020 US\$ |
|-----------------------|--------------|--------------|--------------|--------------|--------------|
| Income | 399,204 | 16,728 | 42,034 | 40,570 | 3,434 |
| EBITDA | (586,591) | (2,170,635) | (1,712,389) | (1,442,887) | (1,204,006) |
| EBIT | (587,772) | (2,182,158) | (1,714,648) | (1,462,932) | (1,257,439) |
| Loss after income tax | (621,411) | (2,182,894) | (1,714,648) | (1,479,219) | (1,259,559) |

DIRECTORS REPORT

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

| | 2024 | 2023 | 2022 | 2021 | 2020 |
|---|--------|--------|--------|--------|--------|
| | US | US | US | US | US |
| Share price at financial year end (US cents) | 0.002 | 1.7 | 1.4 | 1.5 | 1.3 |
| Total dividends declared (US cents per share) | - | - | - | - | - |
| Basic loss per share (US cents per share) | (0.10) | (0.38) | (0.32) | (0.37) | (0.39) |

Remuneration report (Audited)

Details of Remuneration for the Year Ended 30 June 2024

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 2024, the consolidated entity did not engage any external parties for a review of remuneration practices.

On 24 November 2023 Annual General Meeting, 100% of the eligible votes received supported the adoption of the remuneration report for the year ended 30 June 2023. 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. There were no other persons considered key management personnel as defined in AASB 124 Related Party Disclosures.

The tables below show the 2024 and 2023 remuneration of the Directors:

| 2024 | Short-term | Post-employment | Share-based payments | Long-term Benefits | Total US\$ | Value of share-based payments as a % |
|---------------------------|--------------------|---------------------|----------------------|--------------------------------|------------|--------------------------------------|
| | Salary & fees US\$ | Superannuation US\$ | Shares US\$ | Annual/Long service leave US\$ | | |
| Chair Stratos Karousos | 65,572 | - | - | - | 65,572 | 0% |

DIRECTORS REPORT

| <i>Directors</i> | | | | | | |
|--|-------------------------------|----------------------------|-----------------------------|--|-------------------|---|
| Tom Lapping | 163,173 | - | - | - | 163,173 | 0% |
| Michael Higginson (i) | 27,680 | - | - | - | 27,680 | 0% |
| Adele Sim (ii) | 53,730 | 4,869 | - | - | 58,599 | 0% |
| Total key management personnel compensation | 310,155 | 4,869 | - | - | 315,024 | 0% |
| <i>2023</i> | | | | | | |
| | <i>Short-term</i> | <i>Post-employment</i> | <i>Share-based payments</i> | <i>Long-term Benefits</i> | | <i>Value of share-based payments as a %</i> |
| | Salary & fees US\$ | Superannuation US\$ | Shares US\$ | Annual /Long service leave US\$ | Total US\$ | |
| <i>Chair</i> | | | | | | |
| Stratos Karousos | 47,808 | - | - | - | 47,808 | 0% |
| John Dougall | 19,388 | - | - | - | 19,388 | 0% |
| <i>Directors</i> | | | | | | |
| Tom Lapping | 161,314 | - | - | - | 161,314 | 0% |
| Michael Higginson | 57,317 | - | - | - | 57,317 | 0% |
| Total key management personnel compensation | 285,827 | - | - | - | 285,827 | 0% |

- (i) Amount included remunerations from 1 July 2023 to 16 February 2024.
(ii) Amount included remunerations from 16 February 2024 to 30 June 2024.

Related party transactions and balances

Payables to key management personnel

| | Consolidated | |
|--|---------------------|------------------|
| | 2024 US\$ | 2023 US\$ |
| Amounts payable to Directors and Director related entities at the end of the financial year, included in current liabilities | 46,700 | 25,789 |

Other transactions with key management personnel

DIRECTORS REPORT

During the year the Group paid rent of US\$2,459 (2023:US\$3,978) and US\$11,125 (2023: nil) to Mr Higginson and Solehouse (Tom Lapping related company), being for the provision of the Group's registered and principal office and office space in Singapore respectively.

There were no other sale or purchase related transactions between the Group and key management personnel during the year ended 30 June 2024 (2023: nil).

Other transactions with related parties

Following the receipt of shareholder approval on 24 November 2023, on 4 December 2023 the Company issued 1,331,753 shares to Mr Karousos in lieu of cash fees for the 2023 financial year totaling AU\$28,493.

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

Performance Rights as a Proportion of Total Remuneration

No performance rights were issued during the year ended 30 June 2024 and included as a proportion of total remuneration (2023: nil).

Ordinary Shares held by Directors

| 2024 | Balance at beginning of year | Allotted during the year | Purchased during the year | Sold during the year | As appointment /Resignation | Balance at end of year |
|------------------|-------------------------------------|---------------------------------|----------------------------------|-----------------------------|------------------------------------|-------------------------------|
| Directors | | | | | | |
| S Karousos | 146,911 | 1,331,753 | - | - | - | 1,478,664 |
| M Higginson | 1,020,834 | - | - | - | (1,020,834) | - |
| T Lapping | 13,782,143 | - | - | - | - | 13,782,143 |
| A Sim | - | - | - | - | 1,100,000 | 1,100,000 |
| | 14,949,888 | 1,331,753 | - | - | 79,166 | 16,360,807 |

| 2023 | Balance at beginning of year | Allotted during the year | Purchased during the year | Sold during the year | Balance at end of year |
|------------------|-------------------------------------|---------------------------------|----------------------------------|-----------------------------|-------------------------------|
| Directors | | | | | |
| S Karousos | 146,911 | - | - | - | 146,911 |
| M Higginson | 1,020,834 | - | - | - | 1,020,834 |
| T Lapping | 13,782,143 | - | - | - | 13,782,143 |
| J Dougall | 3,589,624 | 1,456,711 | - | - | 5,046,335 |
| | 18,539,512 | 1,456,711 | - | - | 19,996,223 |

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.

DIRECTORS REPORT

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 2024

During the year there were no options granted, converted, expired or lapsed (2023: Nil).

Performance rights granted for the Year Ended 30 June 2024

During the year ended 30 June 2024, there were no performance rights granted to key management personnel.

The table below shows the 2023 performance rights to key management personnel:

| 2023 Directors | Balance at beginning of year | Allotted | Granted as compensation | Converted | Expired | Other changes | Balance at end of year |
|-------------------|------------------------------------|----------|----------------------------|-----------|------------------|------------------|------------------------------|
| S Karousos | - | - | - | - | - | - | - |
| J Dougall | 5,000,000 | - | - | - | 5,000,000 | - | - |
| T Lapping | 2,000,000 | - | - | - | 2,000,000 | - | - |
| M Higginson | 1,000,000 | - | - | - | 1,000,000 | - | - |
| Total | 8,000,000 | - | - | - | 8,000,000 | - | - |

Performance rights as a proportion of total remuneration

The value of performance options issued during the year to key management personnel as a percentage of the total remuneration paid to key management personnel was 0% (2023: 0%).

Employment Contracts of Directors and Senior Executives

On 7 October 2022, the Company entered into an agreement with Mr Karousos that set out the terms and conditions of his appointment as a Non-Executive Director and Chair of the Company.

In consideration for the appointment of Mr Karousos, the Company agreed to pay Mr Karousos the following:

- cash fee of AU\$5,000 per month; and
- share fee of AU\$40,000 per annum (at an issue price equal to the VWAP of the Company's Shares for the year).

If following any financial year end shareholders do not approve the issue of the shares the subject of the share fee, then the Company will pay Mr Karousos the share fee in cash.

Mr Lapping is paid fees at the rate of SG\$18,333 per month. Total fees paid to Mr Lapping during the year was SG\$219,996.

Mr Higginson is paid director fees at the rate of AU\$25,000 per annum. Total fees paid or payable to Mr Higginson for the year are AU\$42,212, comprised of AU\$26,588 consulting and secretarial fees and \$15,625 directors fees up to the date of resignation.

DIRECTORS REPORT

On 16 February 2024, the Company entered into an agreement with Ms A Sim pay director fees at the rate of AU\$25,000 per annum. Total directors fees paid or payable to Ms Sim from the 16 February 2024 to 30 June 2024 is AU\$9,247.

On 24 January 2022, the Company entered into an agreement with Ms A Sim as Chief Operating Officer. On 12 July 2022, Board of Directors has agreed to revise the salary to AU\$180,000 per annum. Total salary fees paid or payable to Ms Sim from the 16 February 2024 to 30 June 2024 is AU\$67,500.

As of 30 June 2024, there were no other formal contracts for Non-Executive Directors.

Share-based compensation

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

Loans to key management personnel and their related parties

There are no loans to Directors or executives at reporting date (30 June 2023: 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 |
|------------------|------------------|----------------|---------------------|
| 29 December 2022 | 31 December 2024 | AU\$0.03 | 1,000,000 |
| 29 December 2022 | 31 December 2024 | AU\$0.05 | 1,000,000 |
| 29 December 2022 | 31 December 2024 | AU\$0.10 | 1,000,000 |
| 29 December 2022 | 31 December 2024 | AU\$0.20 | 1,000,000 |
| 29 December 2022 | 31 December 2024 | AU\$0.50 | 5,000,000 |
| 29 December 2022 | 31 December 2024 | AU\$1.00 | 5,000,000 |
| 27 April 2023 | 30 April 2026 | AU\$0.05 | 2,500,000 |
| 27 April 2023 | 30 April 2026 | AU\$0.10 | 2,500,000 |
| 27 April 2023 | 30 April 2026 | AU\$0.15 | 5,000,000 |
| | | | 24,000,000 |

During the financial year ended 30 June 2024, 1,000,000 listed options each exercisable at AU\$0.05 expired on 31 October 2023, 1,000,000 options each exercisable at AU\$0.10 expired on 31 November 2023, 1,000,000 options each exercisable at AU\$0.20 expired on 31 December 2023, 2,500,000 options each exercisable at AU\$0.05 expired on 31 December 2023, 2,000,000 options each exercisable at AU\$0.05 expiry 30 June 2024, 1,000,000 options each exercisable at AU\$0.10 expiry 30 June 2024 and 1,000,000 options exercisable at AU\$0.20 expiry 30 June 2024. No SportsHero shares were issued following the exercise of options.

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

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

Performance rights

DIRECTORS REPORT

During the year there were no performance rights issued

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

Indemnification

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

Non-audit services

No fees for non-audit services were paid/payable to the Group's auditors during year (2023: nil).

Auditor's independence declaration

The auditor's independence declaration for the year ended 30 June 2024 has been received and immediately follows the Directors' Report.

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

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

Corporate Governance

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

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



Stratos Karousos
Chair

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of SportsHero Limited for the year ended 30 June 2024, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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



RSM AUSTRALIA



MATTHEW BEEVERS
Partner

Perth, WA
Dated: 30 September 2024

THE POWER OF BEING UNDERSTOOD
ASSURANCE | TAX | CONSULTING

STATEMENT OF FINANCIAL POSITION

| | Note | Consolidated | |
|--------------------------------------|------|-------------------------|-------------------------|
| | | 30 June 2024 US\$ | 30 June 2023 US\$ |
| Current assets | | | |
| Cash and cash equivalents | 9 | 26,721 | 135,461 |
| Trade and other receivables | 10 | 4,915 | 43,076 |
| Total current assets | | <u>31,636</u> | <u>178,537</u> |
| Non-current assets | | | |
| Right of use assets | 12 | - | 17,476 |
| Plant and equipment | 11 | 2,416 | 7,668 |
| Total non-current assets | | <u>2,416</u> | <u>25,144</u> |
| Total assets | | <u>34,052</u> | <u>203,681</u> |
| Current liabilities | | | |
| Trade payables | 14 | 322,286 | 331,457 |
| Borrowings | 15 | 273,571 | 331,500 |
| Lease liability - current | 13 | - | 4,200 |
| Total current liabilities | | <u>595,857</u> | <u>667,157</u> |
| Non-current liabilities | | | |
| Lease liability – non-current | 13 | - | 13,679 |
| Total non-current liabilities | | <u>-</u> | <u>13,679</u> |
| Total Liabilities | | <u>595,857</u> | <u>680,836</u> |
| Net (liabilities) | | <u>(561,805)</u> | <u>(477,155)</u> |
| Equity | | | |
| Issued capital | 16 | 16,866,986 | 16,299,945 |
| Share based payments reserve | 17 | 219,756 | 342,006 |
| Foreign currency translation reserve | 17 | (411,606) | (381,325) |
| Accumulated losses | | <u>(17,236,941)</u> | <u>(16,737,781)</u> |
| Total equity | | <u>(561,805)</u> | <u>(477,155)</u> |

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

STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME

| | | Consolidated | |
|---|-------------|---------------------|--------------------|
| | | 2024 | 2023 |
| | Note | US\$ | US\$ |
| Continuing operations | | | |
| Income | | | |
| Revenue | 3 | 8,540 | 16,643 |
| Other revenue | 3 | 390,408 | 85 |
| Foreign exchange gain | 3 | 76 | - |
| Expenses | | | |
| Administration expenses | 4 | (505,465) | (933,281) |
| Employee and consulting expenses | 5 | (504,999) | (762,274) |
| Depreciation expense | 11 & 12 | (1,181) | (1,037) |
| Finance cost | | (33,639) | - |
| Impairment loss - GST receivables | | (16,697) | - |
| Share based payments | 21 | - | (153,653) |
| | | (662,957) | (1,833,517) |
| Loss before income tax expense from continuing operations | | | |
| Income tax expense | 7 | - | - |
| Loss after tax expense for continuing operations | | (662,957) | (1,833,517) |
| Profit/(loss) after income tax expense from discontinued operations | 8 | 41,546 | (349,377) |
| | | (621,411) | (2,182,894) |
| Loss after income tax expense for the year attributable to the owners of SHO | | | |
| Other comprehensive income | | | |
| Items that may be reclassified subsequently to profit or loss | | | |
| Foreign currency translation | | (30,281) | (65,205) |
| | | (30,281) | (65,205) |
| Total other comprehensive loss for the year | | | |
| Total comprehensive loss for the year attributable to the owners of SHO | | | |
| | | (651,692) | (2,248,099) |
| Total comprehensive income for the year attributed to: | | | |
| Continuing operations | | (696,066) | (1,889,059) |
| Discontinuing operations | | 44,374 | (359,040) |
| | | (651,692) | (2,248,099) |
| Basic and Diluted loss per share from continuing operations | 6 | (0.11) | (0.32) |
| Basic and Diluted earnings/(loss) per share from discontinuing operations | 6 | 0.01 | (0.06) |
| Basic and Diluted loss per share attributable to the owners of SHO | 6 | (0.10) | (0.38) |

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

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STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2024

| | Issued Capital | Share Based Payments Reserve | Foreign Currency Translation Reserve | Accumulated Losses | Total Equity |
|--|-------------------|---------------------------------------|---|-----------------------|------------------|
| | US\$ | US\$ | US\$ | US\$ | US\$ |
| Consolidated | | | | | |
| Balance at 1 July 2023 | 16,299,945 | 342,006 | (381,325) | (16,737,781) | (477,155) |
| Total comprehensive loss for the year | - | - | (30,281) | (621,411) | (651,692) |
| Performance rights issued during the year | - | - | - | - | - |
| Share based payments | - | (122,250) | - | 122,250 | - |
| Share based payments for settlement of director fees | 18,596 | - | - | - | 18,596 |
| Shares issued during the year | 551,993 | - | - | - | 551,993 |
| Share issue costs | (3,548) | - | - | - | (3,548) |
| Balance at 30 June 2024 | 16,866,986 | 219,756 | (411,606) | (17,236,941) | (561,805) |
| Balance at 1 July 2022 | 16,207,345 | 1,176,927 | (316,120) | (15,483,521) | 1,584,631 |
| Total comprehensive loss for the year | - | - | (65,205) | (2,182,894) | (2,248,099) |
| Performance rights issued during the year | - | - | - | - | - |
| Share based payments | 59,940 | (834,921) | - | 928,634 | 153,653 |
| Share based payments for settlement of director fees | 33,530 | - | - | - | 33,530 |
| Shares issued during the year | - | - | - | - | - |
| Share issue costs | (870) | - | - | - | (870) |
| Balance at 30 June 2023 | 16,299,945 | 342,006 | (381,325) | (16,737,781) | (477,155) |

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 2024

| | Note | Consolidated | |
|---|------|------------------|--------------------|
| | | 2024 | 2023 |
| | | US\$ | US\$ |
| Cash Flows from Operating Activities | | | |
| Receipts from customers | | 7,476 | 16,643 |
| Payments to suppliers | | (479,784) | (1,092,130) |
| Payments to employees | | (462,236) | (922,879) |
| Receipt of R&D tax offset | | 390,259 | - |
| Interest received | | - | 84 |
| Net cash flows (used in) operating activities | 18 | (544,285) | (1,998,282) |
| Cash Flows from Investing Activities | | | |
| Payments for plant and equipment | | (1,521) | (8,068) |
| Net cash flows (used in) investing activities | | (1,521) | (8,068) |
| Cash Flows from Financing Activities | | | |
| Issue of new share capital | | 551,993 | - |
| Share issue transaction costs | | (3,547) | (870) |
| Proceeds from borrowings | | 336,387 | 331,500 |
| Repayment of borrowings | | (397,284) | - |
| Finance cost paid | | (39,343) | - |
| Lease liability payments | | (11,035) | (14,012) |
| Net cash provided by financing activities | | 437,171 | 316,618 |
| Net decrease in cash and cash equivalents | | (108,635) | (1,689,732) |
| Effects of exchange rate changes on cash and cash equivalents | | (105) | 63,581 |
| Cash and cash equivalents at the beginning of the year | | 135,461 | 1,761,612 |
| Cash and cash equivalents at the end of the year | 9 | 26,721 | 135,461 |

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

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NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2024

1. CORPORATE INFORMATION

The financial report of SportsHero Limited and its controlled entities (the “Group” or “consolidated entity”) for the year ended 30 June 2024 was authorised for issue in accordance with a resolution of the Director’s on 30 September 2024.

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. MATERIAL ACCOUNTING POLICY INFORMATION

The accounting policies that are material to the consolidated entity are set out below. The accounting policies adopted are consistent with those of the previous financial year, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

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

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

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

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2024.

(a) Basis of preparation

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

Historical cost convention

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

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

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.

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NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2024

(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\$621,411 and had net cash outflows from operating activities of US\$544,285 for the year ended 30 June 2024. As at that date the Group had net current liabilities of US\$564,221 and net liabilities of US\$561,805.

Since year end, the Group has continued to incur losses and requires immediate fund raising in order to meet current liabilities and fund working capital needs.

These factors indicate a material uncertainty as to whether the Group will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The Directors believe that there are reasonable grounds to believe that the Group will be able to continue as a going concern, after consideration of the following factors:

- The ability to issue additional securities under the Corporations Act 2001 to raise further working capital. On the 27 September 2024, the Company announced that it has received firm commitments for a A\$500,000 placement through the issuance of 50 million new fully paid shares @A\$0.01 per share via share placement.
- The Directors expect to retain the continued support from shareholders and other financiers that have supported the Company's previous capital raising to assist with meeting future funding needs. Since 30 June 2024, the group's short term shareholder loan facility has increased from AU\$1,000,000 to AU\$1,500,000.

Accordingly, the Directors believe that the Company 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 report.

The financial report does not include any adjustments relating to the amount or classification of recorded assets or liabilities that might be necessary if the Group does not continue as a going concern.

(c) Statement of Compliance

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

Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of SportsHero as at 30 June 2024 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.

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

NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2024

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.

Where the consolidated entity loses control over a subsidiary, It derecognizes the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognized in equity. The consolidated entity recognizes the fair value of any investment retained together with any gain or loss in profit or loss.

(d) Current and non-current classification

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

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

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

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

(e) Segment reporting

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

(f) Revenue from contracts with customers

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

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

Advertising revenue

NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2024

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

Interest

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

Government grants

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

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) 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.

(j) 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.

(k) Provisions

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NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2024

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.

(l) Employee entitlements

Short-term employee benefits

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

Other long-term employee benefits

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

Defined contribution superannuation expense

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

Share-based payments

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

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

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

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

(m) Income tax

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

NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2024

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

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

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

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

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

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

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

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

Tax consolidation

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

(n) Equity based payments

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

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

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

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NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2024

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

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

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

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

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

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

(o) 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.

(p) Dividends

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

(q) 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.

(r) Goods and services tax (GST)

NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2024

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

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

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

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

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

(s) Foreign currency transactions and balances

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

Foreign currency transactions

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

Foreign operations

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

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

(t) 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.

(u) Critical accounting judgements, estimates and assumptions

NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2024

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

Share-based payment transactions

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

3. Revenue

| | Consolidated | |
|---|---------------------|-------------|
| | 2024 | 2023 |
| | US\$ | US\$ |
| <i>Revenue from customers</i> | | |
| Advertising revenue | 8,540 | 16,643 |
| | 8,540 | 16,643 |
| <i>Other revenue</i> | | |
| Interest revenue | 27 | 9 |
| Other income | 122 | 76 |
| Government grants Research and Development tax offset | 390,259 | - |
| | 390,408 | 85 |

Commission on advertising revenue is recognized at point of invoicing based on confirmation of sales completed by third party.

4. Administration expenses

| | Consolidated | |
|---|---------------------|-------------|
| | 2024 | 2023 |
| | US\$ | US\$ |
| <i>Administration expenses include the following:</i> | | |
| Advertising and marketing | 68,496 | 167,487 |
| Professional fees | 338,395 | 361,916 |
| Sports subscription services | 8,267 | 21,138 |
| Legal | 2,394 | 39,606 |
| Research and development | 87,913 | 343,134 |
| | 505,465 | 933,281 |

5. Employee and consulting expenses

| | Consolidated | |
|------------------|---------------------|-------------|
| | 2024 | 2023 |
| | US\$ | US\$ |
| Salary and wages | 504,999 | 762,274 |
| | 504,999 | 762,274 |

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NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2024

6. Loss per share

The following reflects the loss used in the basic and diluted loss per share computations.

| | Consolidated | |
|---|----------------------|----------------------|
| | 2024 | 2023 |
| | Cents | Cents |
| | US\$ | US\$ |
| Basic and diluted loss per share for continuing operations (US cents) | (0.11) | (0.32) |
| <i>Loss used in calculating loss per share for continuing operations</i> | | |
| For basic and diluted earnings per share: | | |
| Loss for year attributed to continued operations | (662,957) | (1,833,517) |
| Loss for the year attributable to ordinary shareholders | <u>(662,957)</u> | <u>(1,833,517)</u> |
| Basic and diluted earning/(loss) per share for discontinuing operations (US cents) | 0.01 | (0.06) |
| <i>Profit/(loss) used in calculating earnings/loss per share for discontinuing operations</i> | | |
| For basic and diluted earnings per share: | | |
| Profit/(loss) for year attributed to continued operations | 41,546 | (349,377) |
| Profit/(loss) for the year attributable to ordinary shareholders | <u>41,546</u> | <u>(349,377)</u> |
| Basic and diluted loss per share for continuing operations (US cents) | (0.10) | (0.38) |
| <i>Loss used in calculating loss per share for continuing operations</i> | | |
| For basic and diluted earnings per share: | | |
| Loss for year attributed to continued operations | (621,411) | (2,182,894) |
| Loss for the year attributable to ordinary shareholders | <u>(621,411)</u> | <u>(2,182,894)</u> |
| | 2024 | 2023 |
| | No. of shares | No. of shares |
| Weighted average number of ordinary shares for basic and diluted loss per share | <u>599,526,663</u> | <u>572,404,861</u> |

- (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 14, 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.

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NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2024

| 7. Income taxes | Consolidated | |
|---|--------------|--------------|
| | 2024 US\$ | 2023 US\$ |
| Income tax recognised in profit or loss | | |
| Prima facie tax benefit on operating loss from continuing operations before income tax at 25% (2023: 25%) | (165,739) | (545,724) |
| Tax effect on different tax rate | 39,408 | - |
| Tax effect of amounts which are not deductible (taxable) in calculating taxable income: | | |
| Other non-deductible items | 62 | (27,572) |
| Unrecognised deferred tax asset attributable to tax losses and temporary differences | 126,269 | 573,296 |
| | <hr/> | <hr/> |
| Income tax attributable to operating loss | - | - |

The Group's unrecognised tax losses and unutilised capital allowance in Australia of \$8,846,975 (tax effect of \$2,211,744) and Singapore of \$2,736,333 (tax effect of \$456,177) are available for offset against future profits subject to continuing to meet the relevant statutory tests.

Unrecognised tax losses in the Indonesia of \$79,904 (tax effect of \$17,579) can be used for up to 5 years.

The potential deferred tax asset of US\$2,694,499 (2023: US\$2,280,850), arising from tax losses and temporary differences (as disclosed above), has not been recognised as an asset because recovery of tax losses and temporary differences is not considered probable given the development stage of the Company's apps.

The potential deferred tax asset will only be obtained if:

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

8. Discontinued operations

On 1 June 2024 the consolidated entity discontinued its China operations. Financial information in relation to the discontinued operations is detailed below.

Financial performance information

| | 2024 US\$ | 2023 US\$ |
|---------------------------------------|--------------|--------------|
| Income | | |
| Sales income | - | - |
| Other revenue | - | - |
| Expenses | | |
| Commission expense | - | - |
| Administration expenses | (347) | (177,550) |
| Employee and consulting expense | (8,846) | (160,605) |
| Depreciation and Amortisation expense | (11,497) | (10,486) |

NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2024

| | | |
|--|---------------|------------------|
| Interest expense | (290) | (736) |
| Derecognition of net payables | 67,485 | - |
| Write off property plant and equipment | (4,959) | - |
| Profit / (Loss) before income tax | 41,546 | (349,377) |
| Income tax expense | - | - |
| Profit / (Loss) after income tax expense for the year from discontinued operations | 41,546 | (349,377) |
| Other comprehensive income for the year from discontinued operations | 2,828 | (9,663) |
| Total comprehensive income/(loss) for the year from discontinued operations | 44,374 | (359,040) |

Cash flow information

| | 2024 US\$ | 2023 US\$ |
|--|-----------------|------------------|
| Net cash used operating activities | (23,306) | (281,682) |
| Net cash used in investing activities | - | (7,149) |
| Net decrease in cash and cash equivalents from discontinued operations | (23,306) | (288,831) |

| | 2024 US\$ |
|---|--------------|
| <i>Carrying amounts of asset and liabilities disposed off</i> | |
| Cash and cash equivalent | - |
| Trade and other payable | - |
| Right of Use Assets | - |
| Plant and equipment | - |
| Total assets | - |
| Trade and other payables | - |
| Lease liability - current | - |
| Total Liabilities | - |
| Net Assets | - |

Details of disposal

| | |
|---------------------------------------|----------|
| Total consideration | - |
| Carrying value of net assets disposed | - |
| Derecognition of foreign currency | - |
| Disposal cost | - |
| Total assets | - |

| | Consolidated | |
|-------------------------------------|--------------|--------------|
| | 2024 US\$ | 2023 US\$ |
| 9. Cash and cash equivalents | | |
| Cash at bank | 26,721 | 135,461 |

NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2024

26,721 135,461

10. Trade and other receivables

| | Consolidated | |
|--|---------------------|-------------|
| | 2024 | 2023 |
| | US\$ | US\$ |
| Trade receivables | 2,109 | 1,219 |
| Less: allowance for expected credit losses | - | - |
| Other receivables | 2,806 | 41,857 |
| | 4,915 | 43,076 |

Allowance for expected credit losses

The consolidated entity has recognised a loss of nil (2023: nil) in profit or loss in respect of the expected credit losses for the year ended 30 June 2024.

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

| | Consolidated | |
|-----------------------------|---------------------|-------------|
| | 2024 | 2023 |
| | US\$ | US\$ |
| Opening balance | - | - |
| Written off in current year | - | - |
| Closing balance | - | - |

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.

| | Consolidated | |
|--|---------------------|-------------|
| | 2024 | 2023 |
| | US\$ | US\$ |
| 11. Property, plant and equipment | | |
| Equipment – at cost | 19,442 | 17,691 |
| Less: Accumulated depreciation | (17,026) | (10,292) |
| Foreign exchange differences | - | 269 |
| | 2,416 | 7,668 |

| | Equipment |
|------------------------------|------------------|
| Consolidated | US\$ |
| Balance as at 1 July 2022 | 2,122 |
| Additions | 8,068 |
| Depreciation expense | (1,037) |
| Foreign exchange differences | (1,485) |
| Balance as 30 June 2023 | 7,668 |
| Balance at 1 July 2023 | 7,668 |

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NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2024

| | |
|------------------------------|---------|
| Additions | 1,522 |
| Depreciation expense | (1,181) |
| Write off | (4,959) |
| Foreign exchange differences | (634) |
| Balance as 30 June 2024 | 2,416 |

| 12. Right-of-use assets | Consolidated | |
|-----------------------------------|--------------|--------------|
| | 2024 US\$ | 2023 US\$ |
| Land and buildings – right-of-use | - | 27,962 |
| Less: Accumulated depreciation | - | (10,486) |
| | - | 17,476 |

| 13. Lease liabilities | Consolidated | |
|-------------------------------|--------------|--------------|
| | 2024 US\$ | 2023 US\$ |
| Lease liability - current | - | 4,200 |
| Lease liability – non-current | - | 13,679 |
| | - | 17,879 |

| 14. Trade and other payables | Consolidated | |
|------------------------------|--------------|--------------|
| | 2024 US\$ | 2023 US\$ |
| Current Payables | | |
| Trade payables | 130,696 | 211,958 |
| Accrued expenses | 191,590 | 119,499 |
| | 322,286 | 331,457 |

- (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.

| 15. Borrowings | Consolidated | |
|---------------------------------|----------------------|----------------------|
| | 2024 US\$ | 2023 US\$ |
| Loans from shareholders | 192,096 | - |
| Drawdown facilities | 81,475 | 331,500 |
| Total current borrowings | 273,571 | 331,500 |
| | 2024 US\$ | 2023 US\$ |
| Total Facilities | | |
| Drawdown facilities | 662,400 | 331,500 |
| | 662,400 | 331,500 |

NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2024

Used at the reporting date

| | | |
|---------------------|---------------|----------------|
| Drawdown Facilities | 81,475 | 331,500 |
| | <u>81,475</u> | <u>331,500</u> |

Unused at the reporting date

| | | |
|---------------------|----------------|----------|
| Drawdown Facilities | 580,925 | - |
| | <u>580,925</u> | <u>-</u> |

Loan from Shareholders

During the year the following unsecured loans were obtained from major shareholders:

- AU\$90,000 charging a flat fee of AU\$9,000 payable within 6 months of borrowing or within 7 days of the Group successfully completing an equity capital raising, whichever event occurs first. In addition, the lender may opt to convert AU\$99,000 into shares on the same terms as the equity capital raise.
- AU\$100,000 charging a flat fee of AU\$100,000 payable within 6 months of borrowing or within 7 days of the Group successfully completing an equity capital raising, whichever event occurs first. In addition, the lender may opt to convert AU\$110,000 into shares on the same terms as the equity capital raise.
- AU\$100,000 charging a flat fee of AU\$10,000 payable within 3 months of borrowing or within 14 days of the Group successfully completing an equity capital raising, whichever event occurs first. In addition, the lender may opt to convert \$110,000 into shares on the same terms as the equity capital raise.

Drawdown Facility

During the year the following unsecured Drawdown Facilities were obtained from major shareholders.

- AU\$500,000 unsecured drawdown facility attracting a 10% interest charge based on total drawdown amounts payable within 6 months of borrowing or with 14 days of the Group successfully completing an equity capital raising, whichever event occurs earlier. In addition, the lender may opt to convert the total amount drawdown and relevant interest changed into shares on the same terms as the equity capital raise. Under the facility the drawdown facility must not exceed AU\$100,000 per month.
- AU\$500,000 unsecured drawdown facility attracting a 10% interest charge based on total drawdown amounts payable within 6 months of borrowing or with 14 days of the Group successfully completing an equity capital raising, whichever event occurs earlier. In addition, the lender may opt to convert the total amount drawdown and relevant interest changed into shares on the same terms as the equity capital raise. Under the facility the drawdown facility must not exceed AU\$100,000 per month.

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NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2024

| 16. Contributed Equity | 2024 | 2024 | 2023 | 2023 |
|---|-------------|------------|-------------|------------|
| | Number | US\$ | Number | US\$ |
| (a) Share capital | | | | |
| <i>Ordinary fully paid shares</i> | 617,832,837 | 16,866,986 | 575,001,084 | 16,299,946 |
| (b) Movements in ordinary shares | | | | |
| Opening balance | 575,001,084 | 16,299,945 | 569,794,373 | 16,207,345 |
| Shares issued at US\$0.016 per share ¹ | | | 250,000 | 4,480 |
| Shares issued at US\$0.016 per share ² | | | 1,000,000 | 16,093 |
| Shares issued at US\$0.016 per share ³ | | | 2,500,000 | 39,367 |
| Shares issued at US\$0.023 per share ⁴ | | | 1,456,711 | 33,531 |
| Transaction cost on share issue | | | | (870) |
| Shares issued at US\$0.013 per share ⁵ | 41,500,000 | 551,993 | - | - |
| Shares issued at US\$0.014 per share ⁶ | 1,331,7523 | 18,596 | - | - |
| Transaction cost on share issue | - | (3,548) | - | - |
| | 617,832,836 | 16,866,986 | 575,001,084 | 16,299,946 |

¹ Issue price AU\$0.024 translated to US\$ at grant date

⁴ Issue price AU\$0.0343 translated to US\$ at grant date

² Issue price AU\$0.024 translated to US\$ at grant date

⁵ Issue price AU\$0.02 translated to US\$ at grant date

³ Issue price AU\$0.024 translated to US\$ at grant date

⁶ Issue price AU\$0.021 translated to US\$ at grant date

1. On 29 December 2022, the Company issued 250,000 shares to Livewire Group International Pty Ltd in consideration for the provision of media, marketing, loyalty and sponsorship advisory services.
2. On 29 December 2022, the Company issued 1,000,000 shares to AiDriven Pty Ltd in part consideration for the development of the App.
3. On 29 December 2022, the Company issued 2,500,000 shares to Sherry Chen in part consideration for the engagement of Sherry as the Company's Head of Esports, China.
4. On 29 December 2022, the Company issued 1,456,711 shares to John Dougall at an issue price of AU\$0.03432 per share in relation to AU\$50,000 in Director fees.
5. On 4 December 2023, The Company issued 41,500,000 shares at an issue price of AU\$0.02 per share to raise AU\$830,000 working capital
6. On 4 December 2023, the Company issued 1,331,753 shares to Mr Stratos Karousos at an issue price of AU\$0.021275 per share in relation to AU\$28,333 in Director fees.

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.

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NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2024

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

No dividends were paid in 2024 (2023: nil) and no dividends are expected to be paid in 2024.

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 | |
|--|------------------|------------------|
| | 2024 US\$ | 2023 US\$ |
| Reserves | | |
| <i>Share-based payments reserve</i> | | |
| As at 1 July | 342,006 | 1,176,927 |
| Share based payments | - | 93,713 |
| Expiry of Options and Performance rights | (122,250) | (928,634) |
| As at 30 June | <u>219,756</u> | <u>342,006</u> |
| <i>Foreign currency reserve</i> | | |
| As at 1 July | (381,325) | (316,120) |
| Foreign currency translation | (30,281) | (65,205) |
| As at 30 June | <u>(411,606)</u> | <u>(381,325)</u> |

Nature and purpose of reserves

Share-based payment reserve

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

Foreign currency reserve

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

18. Notes to Statement of Cash Flows

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

| | Consolidated | |
|-------------------------------------|--------------|--------------|
| | 2024 US\$ | 2023 US\$ |
| Operating loss after tax | (621,411) | (2,182,894) |
| <i>Add non-cash items:</i> | | |
| Depreciation and amortisation | 12,678 | 1,037 |
| Share-based payments expense | 18,596 | 153,652 |
| Finance cost | 33,639 | - |
| Interest expense on lease liability | 290 | 736 |
| Derecognition of net payables | 45,829 | - |

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NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2024

Changes in net assets and liabilities:

| | | |
|--|------------------|--------------------|
| Movement in receivables | (38,162) | (9,766) |
| Movement in payables | 4,256 | 52,965 |
| Lease liabilities | - | (14,012) |
| Net cash flow used in operating activities | <u>(544,285)</u> | <u>(1,998,282)</u> |

(b) Non-cash financing and investing activities

Consolidated

| | 2024 | 2023 |
|---|---------------|---------------|
| | US\$ | US\$ |
| Shares issued for provision of services | 18,691 | 59,940 |
| | <u>18,691</u> | <u>59,940</u> |

19. Parent Information

Parent

| | 2024 | 2023 |
|---------------------------------|------------------|--------------------|
| | US\$ | US\$ |
| Current assets | 1,098 | - |
| Non-current assets | - | - |
| TOTAL ASSETS | <u>1,098</u> | <u>-</u> |
| LIABILITIES | | |
| Current liabilities | 443,438 | 477,155 |
| TOTAL LIABILITIES | <u>443,438</u> | <u>477,155</u> |
| NET (LIABILITIES)/ASSETS | <u>(442,340)</u> | <u>(477,155)</u> |
| EQUITY | | |
| Contributed equity | 14,366,984 | 13,799,489 |
| Reserves | (502,954) | (373,513) |
| Accumulated losses | (14,306,370) | (13,903,131) |
| TOTAL EQUITY | <u>(442,340)</u> | <u>(477,155)</u> |
| Loss for the year | <u>(403,239)</u> | <u>(1,112,760)</u> |
| Total comprehensive loss | <u>(403,239)</u> | <u>(1,112,760)</u> |

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2024 (2023: nil)

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment at as 30 June 2024 and 30 June 2023.

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NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2024

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 2, except for the following:

- Investment in subsidiaries are accounted for at cost, less any impairment, in the parent entity
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of impairment of the investment.

20. 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:

| | |
|-------------|--|
| S Karousos | Non-Executive Director and Chair |
| T Lapping | Director and CEO |
| M Higginson | Non-Executive Director – resigned 16 February 2024 |
| A Sim | Executive Director – appointed 16 February 2024 |

All of the above persons were key management personnel during the year ended 30 June 2024.

| | Consolidated | |
|--|---------------------|-------------|
| | 2024 | 2023 |
| | US\$ | US\$ |
| (b) Key management personnel remuneration | | |
| Short-term employee benefits | 310,155 | 285,827 |
| Post employment benefit | 4,869 | - |
| | 315,024 | 285,827 |

(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 | 46,700 | 25,789 |
| | | |

(d) Other transactions with key management personnel

During the year the Group paid rent of US\$2,459 (2023:US\$3,978) and US\$11,125 (2023: nil) to Mr Higginson and Solehouse (Tom Lapping related company), being for the provision of the Group's registered and principal office and office space in Singapore respectively.

There were no other sale or purchase related transactions between the Group and key management personnel during the year ended 30 June 2024 (2023: nil).

(e) Other transactions with related parties

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

(f) Other Entities

There were no other transaction with other entities.

Consolidated

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NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2024

| | 2024 | | 2023 | |
|---|-------------------|--------------------------------------|-------------------|--------------------------------------|
| | Number of Options | Weighted Average Exercise Price US\$ | Number of Options | Weighted Average Exercise Price US\$ |
| At beginning of reporting year | 39,500,000 | | 164,150,000 | |
| Granted during the year | - | | 28,000,000 | 0.225 |
| - Lapsed | (15,500,000) | 0.007 | (152,650,000) | 0.037 |
| - Exercised | - | - | - | - |
| Balance the end of reporting year | 24,000,000 | | 39,500,000 | |
| Exercisable at end of reporting year | 24,000,000 | | 39,500,000 | |

| 21. Share based payments | 2024 | 2023 |
|---|----------|----------------|
| | US\$ | US\$ |
| Recognised share-based payment expenses | | |
| Shares issued for services rendered | - | 59,940 |
| Performance rights vesting over period – issued in prior year | - | 12,371 |
| Options issued for services rendered | - | 81,342 |
| | - | 153,653 |

During the year ended 30 June 2024, 1,500,000 options and 1,500,000 performance rights were expired and have been reversed and recognised through accumulated losses (refer to the statement of changes in equity on page 19).

Employee Securities Incentive Plan

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

(a) Performance rights

There were no performance rights granted during the 12 months ending 30 June 2024.

(b) Options

There were no options granted during the 12 months ending 30 June 2024.

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 |
|------------|-------------|--------------------------|---------------------------|------------------------------|----------------------------|------------------------|-----------------------------------|
| 2-Jul-21 | 1-Jul-23 | 6,000,000 | - | - | (6,000,000) | - | - |

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NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2024

| | | | | | | | |
|--------------|-----------|-------------------|----------|----------|---------------------|-------------------|-------------------|
| 31-Jan-22 | 31-Oct-23 | 1,000,000 | - | - | (1,000,000) | - | - |
| 31-Jan-22 | 31-Oct-23 | 1,000,000 | - | - | (1,000,000) | - | - |
| 31-Jan-22 | 31-Dec-23 | 3,500,000 | - | - | (3,500,000) | - | - |
| 29-Nov-22 | 30-Jun-24 | 2,000,000 | - | - | (2,000,000) | - | - |
| 29-Dec-22 | 30-Jun-24 | 2,000,000 | - | - | (2,000,000) | - | - |
| 29-Nov-22 | 31-Dec-24 | 14,000,000 | - | - | - | 14,000,000 | 14,000,000 |
| 27-Apr-23 | 30-Apr-26 | 10,000,000 | - | - | - | 10,000,000 | 10,000,000 |
| Total | | 39,500,000 | - | - | (15,500,000) | 24,000,000 | 24,000,000 |

(d) Shares issued for services rendered

On 4 December 2023, the following shares were issued:

- 1,331,753 shares were issued to Stratos Karousos in connection with FY 2023 Director fees of AU\$28,333;

22. Auditors' Remuneration

| | Consolidated | |
|--|---------------------|---------------|
| | 2024 | 2023 |
| | US\$ | US\$ |
| <u>Audit of the financial statements - RSM Australia Partners</u> | | |
| Audit or review of financial reports | 49,492 | 36,858 |
| | 49,492 | 36,858 |
| <u>Audit services - Network firms</u> | | |
| Audit or review of the financial statements - RSM SG Assurance LLP | 11,795 | 11,732 |
| Audit or review of the financial statements - RSM China CPA LLP | - | 4,040 |
| | 11,795 | 15,772 |
| | 61,287 | 52,630 |

23. Commitments

There are no outstanding commitments as at 30 June 2024 (2023: Nil).

24. 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 14 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.

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NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2024

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.

| Consolidated | Notes | Interest Rate | 1 year or less US\$ | Over 1-5 years US\$ | Total US\$ |
|------------------------------------|--------------|----------------------|----------------------------|----------------------------|-------------------|
| 2024 | | | | | |
| Financial assets | | | | | |
| Cash and cash equivalents | 9 | 0% | 26,721 | - | 26,721 |
| Trade and other receivables | 10 | 0% | 4,915 | - | 4,915 |
| Total financial assets | | | 31,636 | - | 31,636 |
| Financial liabilities | | | | | |
| Trade and other payables | 14 | 0% | 322,286 | - | 322,286 |
| Borrowings (interest bearing) | 15 | 10% | 81,475 | - | 81,475 |
| Borrowings (non-interest bearing) | 15 | 0% | 192,096 | - | 192,096 |
| Total financial liabilities | | | 595,857 | - | 595,857 |
| Net financial (liabilities) | | | (564,221) | - | (564,221) |

| Consolidated | Notes | Interest Rate | 1 year or less US\$ | Over 1-5 years US\$ | Total US\$ |
|------------------------------------|--------------|----------------------|----------------------------|----------------------------|-------------------|
| 2023 | | | | | |
| Financial assets | | | | | |
| Cash and cash equivalents | 9 | 0% | 135,461 | - | 135,461 |
| Trade and other receivables | 10 | 0% | 43,076 | - | 43,076 |
| Total financial assets | | | 178,537 | - | 178,537 |
| Financial liabilities | | | | | |
| Trade and other payables | 14 | 0% | 335,657 | - | 335,657 |
| Borrowings | 15 | 0% | 331,500 | - | 331,500 |
| Total financial liabilities | | | 667,157 | - | 667,157 |
| Net financial assets | | | (488,620) | - | (488,620) |

Interest rate sensitivity

At 30 June 2024, 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 2023: Nil), as a result of lower/higher interest income from cash and cash equivalents.

At 30 June 2024, 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 \$2,852 lower/higher (30 June 2023: Nil), as a result of lower/higher interest income from borrowings.

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NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2024

A sensitivity of 15% (15%: 2023) 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 2024 from around 5.1% to 5.86% representing a 0.765 basis point increase. Market expectations are that interest rates in Australia are more likely to move up than down in subsequent periods.

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

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.

| | | | Consolidated | | Consolidated |
|--|-------------|---|----------------------|---|----------------------|
| | Note | Weighted average interest rate | 2024 US\$ | Weighted average interest rate | 2023 US\$ |
| Contracted maturities of payables at 30 June | | | | | |
| Borrowings | 14 | 10% | 273,571 | - | 331,500 |
| Lease liabilities | 12 | - | - | - | 17,879 |
| Trade and other payables -less than 6 months | 13 | - | 322,286 | - | 331,457 |
| | | | 595,857 | | 680,836 |

Foreign exchange risk

The Group has cash and cash equivalents denominated in AU\$ of US\$1,098 (2023: US\$69,112). At 30 June 2024, if USD/AUD rates had changed by 15% with all other variables held constant, loss for the year and equity would have been US\$165 lower/higher (30 June 2023: US\$10,367), as a result of with change in fair value of cash and cash equivalents.

A sensitivity of 15% (15%: 2023) 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.

25. Segment Information

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

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

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

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NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2024

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.

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NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2024

| Consolidated - 2024 | Australia US\$ | Singapore US\$ | Indonesia US\$ | *Discontinued | Total US\$ |
|---------------------------------------|-------------------|-------------------|-------------------|---------------|------------------|
| | | | | China US\$ | |
| Revenue | | | | | |
| Intersegment sales | - | - | - | - | - |
| Income | 390,283 | 1,302 | 7,363 | - | 398,948 |
| Total segment income | 390,283 | 1,302 | 7,363 | - | 398,948 |
| Intersegment eliminations | - | - | - | - | - |
| Total revenue | | | | | 398,948 |
| EBITDA | (28,181) | (494,179) | (94,280) | 30,049 | (586,591) |
| Loss before income tax expense | (73,317) | (495,128) | (94,512) | 41,546 | (621,411) |
| Income tax expense | - | - | - | - | - |
| Loss after income tax expense | | | | | (621,411) |
| Assets | | | | | |
| Segment assets | 5,440,149 | 217,309 | 173,518 | - | 5,830,976 |
| Intersegment eliminations | | | | | (5,796,924) |
| Total assets | | | | | 34,052 |
| Liabilities | | | | | |
| Segment liabilities | 530,987 | 5,479,911 | 326,585 | - | 6,337,483 |
| Intersegment eliminations | | | | | (5,741,626) |
| Total liabilities | | | | | 595,857 |
| Consolidated - 2023 | Australia US\$ | Singapore US\$ | Indonesia US\$ | China US\$ | Total US\$ |
| Revenue | | | | | |
| Intersegment sales | - | - | - | - | - |
| Income | 75 | 490 | 16,162 | - | 16,727 |
| Total segment income | 75 | 490 | 16,162 | - | 16,727 |
| Intersegment eliminations | - | - | - | - | - |
| Total revenue | | | | | 16,727 |
| EBITDA | (1,246,621) | (480,566) | (105,293) | (338,891) | (2,171,371) |
| Loss before income tax expense | (1,246,619) | (481,605) | (105,293) | (349,377) | (2,182,894) |
| Income tax expense | - | - | - | - | - |
| Loss after income tax expense | (1,246,619) | (481,605) | (105,293) | (349,377) | (2,182,894) |
| Material items include: | | | | | |
| Share based payments | | | | | (153,652) |
| Depreciation | | | | | (1,037) |
| Assets | | | | | |
| Segment assets | 69,113 | 48,736 | 9,390 | 76,442 | 203,681 |
| Total assets | | | | | 203,681 |
| Liabilities | | | | | |
| Segment liabilities | 846,294 | 5,201,625 | 259,821 | 523,681 | 6,831,421 |
| Intersegment eliminations | | | | | (6,150,585) |
| Total liabilities | | | | | 680,836 |

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NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2024

26. Matters subsequent to the end of the financial year

On the 27 September 2024, the Company announced it had received firm commitments for a capital raising of A\$500,000 for the issue of 50 million shares at A\$0.01 per share which will be used to accelerate the commercialization of existing partnerships and expand the sales and marketing efforts.

During September 2024, the Company also secured an additional A\$500,000 drawdown facility from a major shareholder bringing the total drawdown facility to A\$1.5 million with A\$1.2 million drawdown remaining as at 30 September 2024 (refer to note 15).

No other matters or circumstances have arisen since 30 June 2024 that have significantly affected or may significantly affect:

- the Group's operations in future financial years; or
- the results of those operations in future financial years; or
- the Group's state of affairs in future financial years.

27. Contingent Liabilities and Contingent Assets

The Group does not have any contingent liabilities or contingent assets as at 30 June 2024 (2023: Nil).

28. 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 % 2024 | Ownership % 2023 |
|---|-------------------------------------|------------------------------------|--------------------------------|---------------------------------|---------------------------------|
| Parent entity | | | | | |
| SportsHero Limited | Australia | Parent | Australian Dollars (AUD) | | |
| Name of Controlled Entity | | | | | |
| Sportz Hero Pty Limited | Australia | Investment holding | Australian Dollars (AUD) | 100% | 100% |
| SportsHero Enterprise Pte Ltd | Singapore | Technology development & marketing | Singapore Dollars (SGD) | 100% | 100% |
| PT Sport Hero Indonesia | Indonesia | Operations | Indonesia Rupiah (IDR) | 99% | 99% |
| EsportsHero Pty Ltd | Australia | Operations | Australian Dollars (AUD) | 100% | 100% |
| Zongheng (Shanghai) Esports Information Technologies Co Ltd | China | Operations | Chinese Yuan (CNY) | - | 100% |

NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2024

29. Company Details

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

22 Glenview Road
Mt Ku-ring-gai NSW 2080

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CONSOLIDATED ENTITY DISCLOSURE STATEMENT

| Entity name | Entity type | Place formed/ Country of incorporation | Ownership Interest % | Tax residency |
|----------------------------------|--------------------|---|-------------------------------------|----------------------|
| SportsHero Limited | Body Corporate | Australia | 100% | Australia |
| Sportz Hero Pty Limited | Body Corporate | Australia | 100% | Australia |
| SportsHero Enterprise Pte Ltd | Body Corporate | Singapore | 100% | Singapore |
| PT Sport Hero Indonesia | Body Corporate | Indonesia | 99% | Indonesia |
| EsportsHero Pty Ltd | Body Corporate | Australia | 100% | Australia |

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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 2024 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
 - (iii) the information disclosed in the attached consolidated entity disclosure statements is true and correct; 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 2024.

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



Stratos Karousos
Chair

Dated this 30th day of September 2024

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SPORTSHERO LIMITED

Opinion

We have audited the financial report of SportsHero Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2024, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information, the consolidated entity disclosure statement 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 2024 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 (the 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 in the financial report, which indicates that the Group has incurred a net loss of US\$621,411 during the year ended 30 June 2024 and, as of that date, the Group's current liabilities exceeded its current assets by US\$564,221. As stated in Note 2, this condition, along with other matters as set forth in Note 2, 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.

THE POWER OF BEING UNDERSTOOD ASSURANCE | TAX | CONSULTING

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, we have determined the matters described below to be the key audit matters to be communicated in our report.

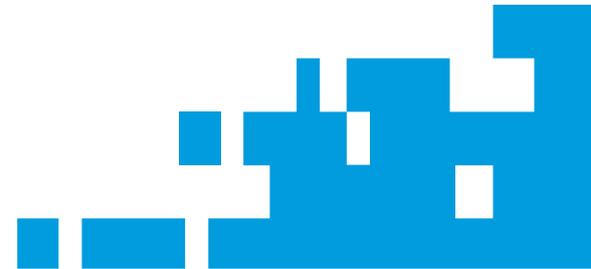
| Key audit matter | How our audit addressed this matter |
|---|---|
| Expenses Refer to Note 4 and Note 5 in the financial statements | |
| <p>With respect to continuing operations, the Group has recognised administration expenses of \$US505,465 and employee and consulting expenses of \$US504,999 for the year ended 30 June 2024.</p> <p>We considered expenses to be a key audit matter as it is the most significant account balance in the consolidated statement of profit or loss and other comprehensive income.</p> | <p>Our audit procedures included:</p> <ul style="list-style-type: none"> Assessing whether administration expenses and employee and consulting expenses have been recognised in accordance with Australian Accounting Standards; Vouching, on a sample basis, administration expenses and employee and consulting expenses transactions to supporting documentation to ascertain the occurrence and accuracy of expenses recognised; Testing the accuracy of administration expenses and employee and consulting expenses relating to discontinued operations and checking that these have been correctly excluded from administration expenses and employee and consulting expenses relating to continuing operations in both the current and comparative period; Testing on a sample basis, expense transactions before and after reporting date to supporting documentation to ascertain that expenses have been recognised in the correct financial year Assessing the work performed by component auditors with respect to administration expenses and employee and consulting expenses recognised by the respective Group's component entities; and Assessing the appropriateness of disclosures in the financial statements. |

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 2024 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.

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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:

- a. the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001; and
- b. the consolidated entity disclosure statement that is true and correct in accordance with the Corporations Act 2001, and

for such internal control as the directors determine is necessary to enable the preparation of:

- i. the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- ii. the consolidated entity disclosure statement that is true and correct and is free of 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/admin/file/content102/c3/ar1_2020.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 in the directors' report for the year ended 30 June 2024.

In our opinion, the Remuneration Report of SportsHero Limited, for the year ended 30 June 2024, 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.

A handwritten signature in blue ink that reads "RSM".

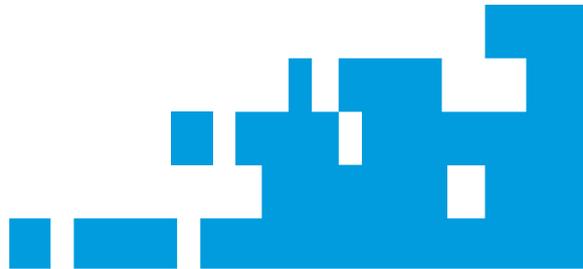
RSM AUSTRALIA

A handwritten signature in blue ink, appearing to read "Matthew Beevers".

MATTHEW BEEVERS
Partner

Perth, WA
Dated: 30 September 2024

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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 26 September 2024.

Distribution schedules of security holders

| | Fully Paid Shares | AU\$0.05 AU\$0.10 AU\$0.20 Options Expiring 31/10/23 30/11/23 31/12/23 | AU\$0.05 Options Expiring 31/12/23 | AU\$0.05 AU\$0.10 AU\$0.20 Options Expiring 30/6/24 | AU\$0.03 AU\$0.05 AU\$0.10 AU\$0.20 AU\$0.50 AU\$1.00 Options Expiring 30/12/24 | AU\$0.05 AU\$0.10 AU\$0.15 Options Expiring 30/4/26 | Performa nce Rights |
|------------------------------|-------------------------|---|---|--|---|--|---------------------------|
| 1 -1,000 | 155 | - | - | - | - | - | - |
| 1,001 - 5,000 | 174 | - | - | - | - | - | - |
| 5,001 - 10,000 | 113 | - | - | - | - | - | - |
| 10,001 - 100,000 | 436 | - | - | - | - | - | - |
| 100,001 and over | 301 | 1 | 1 | 1 | 1 | 1 | 1 |
| Number of Holders | 1,179 | 1 | 1 | 1 | 1 | 1 | 1 |

Holders of non-marketable parcels

There are 752 fully paid ordinary shareholders who hold less than a marketable parcel of shares.

Twenty largest holders

The names of the twenty largest shareholders are:

| | | Number of shares | % Held |
|----|--|-------------------------|---------------|
| 1 | IPV CAPITAL II HK LIMITED | 47,898,000 | 7.75% |
| 2 | MR ADRIAN STEPHEN PAUL & MRS NOELENE FAYE PAUL <ZME SUPERANNUATION FUND A/C> | 40,544,767 | 6.56% |
| 3 | SUNSHORE HOLDINGS PTY LTD | 30,682,694 | 4.97% |
| 4 | J & TW DEKKER PTY LTD <J & TW DEKKER FAMILY A/C> | 26,990,216 | 4.37% |
| 5 | MR COLIN JEE FAI LOW | 25,852,568 | 4.18% |
| 6 | MR AHMAD FUAD BIN MD ALI | 22,000,000 | 3.56% |
| 7 | MR COLIN JEE FAI LOW <NO 2 A/C> | 17,908,837 | 2.90% |
| 8 | BNP PARIBAS NOMS PTY LTD | 17,206,087 | 2.78% |
| 9 | MR COLIN JEE FAI LOW | 16,400,000 | 2.65% |
| 10 | TIMRIKI PTY LTD <TIMRIKI A/C> | 16,337,000 | 2.64% |
| 11 | MR JOHN LEONARD WOODWARD <THE WOODWARD INVESTMENT A/C> | 14,323,204 | 2.32% |
| 12 | MR JOHN LEONARD WOODWARD | 14,287,655 | 2.31% |
| 13 | MR STUART CROW | 12,500,000 | 2.02% |
| 14 | MR PAOLO D'ANGELO | 11,330,425 | 1.83% |

SHAREHOLDER INFORMATION

| | | | |
|----|---|--------------------|---------------|
| 15 | MR THOMAS NAPONG LAPPING TONAVANIK | 8,357,143 | 1.35% |
| 16 | MS JEANNE GO LIM | 8,190,310 | 1.33% |
| 17 | MR ZENON DEKKER | 7,446,831 | 1.21% |
| 18 | LJM CAPITAL CORPORATION PTY LTD | 7,414,199 | 1.20% |
| 19 | MR JOHN DEKKER & MRS TANYA WILMA DEKKER <REZELICO SUPER FUND A/C> | 7,155,140 | 1.16% |
| 20 | MR MICHAEL MARNEWICK | 6,694,298 | 1.08% |
| | | 359,519,374 | 58.19% |

Restricted securities

The Group has no Restricted Securities on issue.

Unquoted equity securities

| | Number on issue | Number of holders |
|---|--------------------|----------------------|
| Options exercisable at AU\$0.03 and expiring 31 December 2024 | 1,000,000 | 1 |
| Options exercisable at AU\$0.05 and expiring 31 December 2024 | 1,000,000 | 1 |
| Options exercisable at AU\$0.10 and expiring 31 December 2024 | 1,000,000 | 1 |
| Options exercisable at AU\$0.20 and expiring 31 December 2024 | 1,000,000 | 1 |
| Options exercisable at AU\$0.50 and expiring 31 December 2024 | 5,000,000 | 1 |
| Options exercisable at AU\$1.00 and expiring 31 December 2024 | 5,000,000 | 1 |
| Options exercisable at AU\$0.05 and expiring 30 April 2026 | 2,500,000 | 1 |
| Options exercisable at AU\$0.10 and expiring 30 April 2026 | 2,500,000 | 1 |
| Options exercisable at AU\$0.15 and expiring 30 April 2026 | 5,000,000 | 1 |
| Performance rights | 1,500,000 | 1 |

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

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

- options expiring 31 October 2023, 30 November 2023, 31 December 2023 and the 3 classes of options expiring 30 June 2024.

Talon Esports Ltd holds 100% of the 3 classes of options expiring 30 April 2026.

Substantial shareholder

| | No. of Shares Held | % of Shares Held |
|---------------------------|-----------------------|---------------------|
| IPV Capital II HK Limited | 47,898,000 | 8.33% |

On-market buy-back

There is no current on-market buy-back.

Acquisition of voting shares

SHAREHOLDER INFORMATION

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.

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