

ChallengerX plc

(incorporated in England and Wales with registered number – 13440398)

Annual Report and Financial Statements

FOR THE PERIOD ENDED 30 JUNE 2024



CHALLENGER X PLC – REGISTERED NUMBER 13440398
COMPANY INFORMATION

Directors	Mr John May – Non- Executive Chairman Mr Lucas Caneda – Chief Executive Mr Stuart Adam – (appointed 25 January 2023) Mr Nick Martin (appointed 16 February 2024)
Company Secretary	Mr Robert Porter
Company number	13440398
Registered office	9 th Floor 16 Great Queen Street, London, England WC2B 5DG
Principal place of business / operations	9 th Floor 16 Great Queen Street, London, England WC2B 5DG
Independent Auditors	MAH, Chartered Accountants 2nd Floor 154 Bishopsgate London EC2M 4LN
Registrars	Neville Registrars Ltd Neville House Steelpark Road Halesowen B62 8HD
Legal Advisors	Fladgate LLP 16 Great Queen Street, London, England WC2B 5DG
Website	www.challengerx.io

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CHALLENGER X PLC – REGISTERED NUMBER 13440398
STRATEGIC REPORT
FOR THE PERIOD ENDED 30 JUNE 2024

The directors present their strategic report for the year ended 30 June 2024.

Principal activity

The principal activity of the Company in the period was to employ both traditional and non-traditional marketing strategies to rapidly “professionalise” amateur and semi-professional sports clubs around the world.

Review of business

The results show a loss of £0.778m (2023: £0.392m) during the period with total Net Liabilities of £0.187m (2023: £0.033m), of which £0.002m (2023: £0.048m) was in the form of cash.

The Company’s Ordinary Shares were admitted to trading on the Access segment of Aquis Stock Exchange Growth Market (AQSE) in London, UK on 23 December 2021. Following the resignation of its corporate adviser, trading in the Company’s ordinary shares on AQSE were suspended on 6 June 2024. The Company is aware of its continuing obligations under the AQSE rules.

On 17 August 2023 the Company announced it had entered into an exclusive licence agreement with Flash Corp Technologies Ltd (“Flash Corp”) by which the Company acquired a renewable 13-month license over the rights of FlashBet Wheel App’s design and technology in UK and Europe, for a consideration satisfied by 80,000,000 new ordinary shares of £0.001 each issued at market price of 0.55p in ChallengerX (“New Shares”), and a value of £440,000 on Challenger X balance sheet.

Despite significant efforts made during the period of the licence agreement to enhance the FlashBet Wheel App’s design and technology with a view to getting it to market and generating revenues; the Board were increasingly of the view that it would be unlikely in the foreseeable term that by continuing to follow its progression it was unlikely to generate the revenues that had been projected. Indeed, no revenue was generated within the 13 months. Accordingly the Board were of the view that it was not in the interests of the Company to renew or extend the licence agreement nor acquire the exclusive rights to the intellectual property; and further agreed that the carrying value of the initial cost of £440,000 be impaired in full in the accounts to 30 June 2024.

Post year end

On 8 January the Company announced it had raised a total of £120,000 through the issuance of a Convertible Loan Note (“CLN” or “Loan”). The Company will pay interest on the Loan at an annual rate of 5%, with the first payment due on 30 June 2025 and subsequent payments every six months thereafter. The Loan will be automatically converted into 120,000,000 ordinary shares of £0.001 each in the Company upon the relisting of ChallengerX Shares on the Aquis Stock Exchange. If the Automatic Conversion does not take place, ChallengerX has to repay the Loan having been given 30 days’ notice by the Lender.

On 20 January the Company further announced it is in active negotiations with the owners of Nyce International Limited and Virya VC Limited, with the aim to acquire their entire issued share capital. In addition, as part of this transaction, the Company intends to enter into a perpetual, irrevocable licensing agreement in relation to an instance of Reelsoft AB’s Vision RGS (Remote Gaming Server) and Game Aggregation Platform (together, the “Potential Acquisitions”).

The Company is at an advanced stage of its legal and financial due diligence process and negotiation of the share purchase agreements and licensing agreements. The consideration for the Potential Acquisitions is expected to be satisfied fully in the issue of new ordinary shares of £0.001 each.

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STRATEGIC REPORT
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The Board is also negotiating certain new board appointments and working alongside an Aquis Corporate Adviser to conduct a review of the potential candidates' experience and background as well as of the enlarged group's suitability, following completion of the Potential Acquisitions and readmission to trading on the Aquis Stock Exchange.

It is not expected that the Potential Acquisitions would constitute a Reverse Takeover under Rule 3.6 of the Access Rulebook.

The Potential Acquisitions are subject to a number of conditions, including the completion of due diligence to the satisfaction of all parties, the lifting of the suspension to trading of ChallengerX Shares by Aquis Stock Exchange, the issue and admission of the new Ordinary Shares to trading, and completion of a fundraise in a sufficient amount to satisfy the enlarged group's working capital requirement.

The completion of Potential Acquisitions and relisting of ChallengerX Shares on the Aquis Stock Exchange cannot be guaranteed.

More details surrounding activities following the year end are at Note 14.

Environmental disclosures

The Directors take environmental matters into deep consideration as part of their decision-making process and strive to be a responsible member of the wider community, minimising the Company's impact on the environment wherever possible.

Principal risks and uncertainties

The Company has exposure to the following risks and uncertainties:

Early-stage companies present an opportunity for potentially high returns but at the same time these companies are pre revenue and their business models may not prove to be as successful as hoped.

Financial risk

Financial risk arises through the Company's holdings in financial assets and financial liabilities. The key financial risk is that proceeds from financial assets are insufficient to fund obligations arising from distributions to its shareholders as they fall due. The most important components of financial risk are interest rate risk, foreign currency risk and liquidity risk.

Risk amounts are monitored to ensure these are maintained within permissible ranges based on the Company's economic capital model and are reported to the Board of Directors.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. This is related to the underlying valuation of equity investments.

Management does not believe the Company is any more exposed to financial statement risk factors than others in the industry and has a system of internal controls and procedures that are designed to mitigate such risks.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities. The Company's policy and approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stress conditions, without incurring unacceptable losses or risking damage to the reputation of the Company.

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STRATEGIC REPORT
FOR THE PERIOD ENDED 30 JUNE 2024

Foreign currency risk

Foreign exchange risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Financial risk management objectives and policies

- Credit risk,
- Interest rate risk,
- Liquidity risk.

This note presents information about the Company's exposure to each of the above risks, its objectives, policy and procedures for measuring and managing risks. Quantitative information is included in other notes to the financial statements.

The management of the Company ensures the definition and control of the risk management policy. The objective of this policy is to identify and analyse the risks facing the Company, to define the limits within which the risks must fall, to manage the risks and to ensure compliance with the defined limits. The risk management policy and systems are regularly reviewed to take into account changes in market conditions and activities of the Company. The Company, through its management rules, aims to develop a rigorous and constructive environment in which employees have a good understanding of their roles and obligations.

Credit Risk

Credit risk represents the risk of financial loss for the Company in the event that a client or counterparty to a financial instrument breach its contractual obligations.

The carrying amount of financial assets represents the maximum exposure to credit risk.

Trade receivables

Whilst there are zero trade receivables at present it is envisaged that this may change in the future depending on the nature of the Group's commercial relationships with its customers.

Cash and cash equivalents

The Company is not exposed to interest rate risk as it has no interest bearing debt.

Liquidity risk

The Company makes sure it has sufficient funds to meet its liabilities by (i) preserving sufficient cash, (ii) maintaining free cash flow.

Section 172(1) Statement

This statement is intended by the Board of Directors to set out how they have approached and met their responsibilities under s172(1)(a) to (f) of the Companies Act 2006 in the period ending 30 June 2024.

Stakeholders of the Company include employees, shareholders, customers, suppliers, creditors of the business and the community in which it operates.

The Directors, both collectively and individually, consider that they have acted in good faith to promote the success of the Company for the benefit of its Stakeholders as a whole (having regard to the matters set out in s172 of the Act) in the decisions taken during the period. In particular:

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FOR THE PERIOD ENDED 30 JUNE 2024

To ensure that the Board take account of the likely consequences of their decisions in the long term, they receive regular and timely information on all the key areas of the business including financial performance, operational matters, health and safety, environmental reports, risks and opportunities – all supported by Key Performance Indicators (KPIs). The Company’s performance and progress is also reviewed regularly at Board meetings.

The Company’s employees are fundamental to the success of the business. The directors understand that it is critical to engage with and understand their views and to ensure that all employees’ interests are considered. To strengthen employee engagement, the Directors promote and encourage all employees to raise any concerns or suggestions with senior management without hesitation.

The Directors take environmental matters into deep consideration as part of their decision-making process and strive to be a responsible member of the wider community, minimising the Company’s impact on the environment wherever possible.

The Directors’ intentions are to behave responsibly towards all stakeholders and treat them fairly and equally, so that they all benefit from the long-term success of the Company.

The Directors have overall responsibility for determining the Company’s purpose, values and strategy and for ensuring high standards of governance. The primary aim of the Directors is to promote the long-term sustainable success of the Company, generating value for stakeholders and contributing to the wider society. In the future, the Board will continue to review and challenge how the Company can improve its engagement with its stakeholders and employees.

ON BEHALF OF THE BOARD:

DocuSigned by:
Stuart Adam
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.....
Stuart Adam, Director

Date: 24 January 2025

CHALLENGER X PLC – REGISTERED NUMBER 13440398
KEY PERSONNEL
FOR THE PERIOD ENDED 30 JUNE 2024

John May – Non- Executive Chairman

John May has been a practicing Chartered Accountant for over 40 years providing services across a broad range of clients from SMEs to PLCs of international repute. He was a Senior Partner in the leading Chartered Accountancy firm, now Crowe UK, for 17 of those years, including 8 years on the Managing Board, where he was involved with developing marketing strategy in the capacity as National Marketing Partner, and the Chairman of the Thames Valley Offices for 9 years. More recently Mr. May has been in the board of companies which require his experience and corporate governance skills, particularly in relation to Audit Committee and statutory responsibilities. These companies are predominantly in the fintech, clean power, health-tech and ethical mining industries. Past directorships include Tomco Energy Plc, Petrolatina Energy Plc, Hayward Tyler Group Plc and London & Boston Investments. Current directorships include City & Westminster Corporate Finance LLP and Red Leopard Holdings Plc.

Lucas Caneda – Chief Executive Officer

Lucas Caneda is a professional rugby player previously with Sarlat Rugby, a team incubated by the UNIQORN Incubator-Accelerator in southwest France. Hailing from Argentina, Mr. Caneda serves as the Company's business development director where he is in charge of outreach to prospective sports team clients as well as general business development. Prior to joining the Company, he served as a technical service specialist at TecnoCientífica S.A.

Stuart Adam – Chief Financial Officer

Stuart Adam has over 30 years of experience as a professionally qualified accountant across a wide range of financial accounting, reporting, control and management functions in both public and private sectors, and for a broad range of clients from SMEs to PLCs, including several AIM and LSE listed companies. He is currently senior partner in City & Westminster Corporate Finance LLP, an independent corporate finance and business advisory firm which is authorised and regulated by the FCA. He is also a Chartered Member of the Chartered Institute for Securities & Investment.

Nick Martin – Non- Executive Director

Nick has been managing director of Premier Office (UK) Limited ("Premier Office") for the past 15 years, a print supplier in the south of the UK. In addition to his role at Premier Office, Nick serves as chairman of Tik Tok Technologies Limited (a company incorporated in England & Wales, with company number 10221419; for the avoidance of doubt, the company has no connection with TikTok app or its parent company ByteDance Ltd) and is a director of Flash Corp UK Technologies Limited ("Flash Corp"). At Flash Corp, Nick is involved in the development of Flashbet, a gaming app that enjoys the benefit of a patent granted in the US. In 2023, Challenger X acquired a renewable 13-month license over the rights of FlashBet Wheel App's design and technology in UK and Europe.

CHALLENGER X PLC – REGISTERED NUMBER 13440398
DIRECTORS REPORT
FOR THE PERIOD ENDED 30 JUNE 2024

The directors present their report and financial statements for the period ended 30 June 2024.

Principal activities

Challenger X was incorporated on 7 June 2021. It employs both traditional and non-traditional marketing strategies to rapidly “professionalise” amateur and semi-professional sports clubs around the world.

The Company leverages the Board’s expertise, and experience in multiple sectors to drive value creation and to establish the business. The Board has a proven capability in transaction origination and strategic business plan execution to achieve significant growth.

The Company successfully had its ordinary share capital admitted to trading on the Access Segment of the Aquis Stock Exchange Growth Market on 23 December 2021. Following the resignation of its corporate adviser, trading in the Company’s ordinary shares on AQSE were suspended on 6 June 2024. The Company is aware of its continuing obligations under the AQSE rules.

Results

The Company recorded a loss for the period ended 30 June 2024 before taxation of £0.778 (2023: £0.392m).

Directors

The following directors have held office during the period and to the date of these financial statements:

John May

Lucas Caneda

Stuart Adam (appointed 25 January 2023)

Nick Martin (appointed 16 February 2024)

Details of the Directors’ holding of Ordinary Shares and Warrants are set out in the Directors’ Report from page 14.

Financial Risk & Management

The overall objective of the Board is to set policies that seek to reduce risk as far as practical without unduly affecting the Company’s competitiveness and flexibility. Further details regarding these policies can be referenced in Note 2.

Share Capital

Details of the Company’s issued share capital, together with details of the movements since incorporation, and warrants granted, are shown in Note 10. The Company has one class of Ordinary Share, and all shares have equal voting rights and rank pari passu for the distribution of dividends and repayment of capital.

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DIRECTORS REPORT
FOR THE PERIOD ENDED 30 JUNE 2024

Substantial Shareholdings

At 21 January 2025, the Company had been informed of the following substantial interests over 5% of the issued share capital of the Company:

	Number of shares	Percentage Holding
Barnard Nominees LTD	70,261,112	16.24%
Dominique Einhorn*	46,875,000	10.84%
M6 Limited	37,500,000	8.67%
Seguro Nominees Limited	24,798,947	5.73%
Hargreaves Lansdown (Nominees) Limited	21,667,648	5.01%

*Dominique Einhorn owns 77% of M6 Ltd
 1,546,341 shares (0.36%) are currently held in Challenger X Plc Treasury

Corporate Governance Statement

The Directors recognise the importance of sound corporate governance and have taken action to take account of the requirements of the QCA Code to the extent that they consider it appropriate having regard to the Company's size, board structure, stage of development and resources.

The Board, which meets not less than once per month, will ensure that procedures, resources and controls are in place to ensure that AQSE Growth Market Access Rulebook compliance by the Company is operating effectively at all times and that the directors are communicating effectively with the Company's AQSE Corporate Adviser regarding the Company's ongoing compliance with the AQSE Growth Market Access Rulebook and in relation to all announcements and notifications and potential transactions.

In addition, the board has set up a board of advisors which will meet whenever the board proposes to make an investment. The board of advisors will agree recommendations in relation to each proposed investment and submit them to the board. In order to implement its business strategy, as at the date of this report, the Company has adopted the corporate governance structure which includes the implementation of the following committees:

i) **Audit Committee**

The Board has established an Audit Committee with formally delegated duties and responsibilities. The Audit Committee is chaired by John May and its other member is Stuart Adam. The Audit Committee will meet at least two times a year and will be responsible for ensuring the financial performance of the Company is properly reported on and monitored, including reviews of the annual and interim accounts, results announcements, internal control systems and procedures and accounting policies, as well as keeping under review the categorisation, monitoring and overall effectiveness of the Company's risk assessment and internal control processes.

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DIRECTORS REPORT
FOR THE PERIOD ENDED 30 JUNE 2024

ii) **Remuneration Committee**

The remuneration committee, which comprises John May and Stuart Adam, is responsible for the review and recommendation of the scale and structure of remuneration for senior management,

including any bonus arrangements or the award of share options with due regard to the interests of the Shareholders and the performance of the Company.

The Company does not have a nomination committee as the Board does not consider it appropriate to establish such a committee at this stage of the Company's development. Decisions which would usually be taken by the nomination committee will be taken by the Board as a whole.

Board of Directors

The Board comprises four directors, one of whom is independent. The directors are ultimately responsible for managing the Company's business in accordance with its articles and assessing the appropriateness of its investing policy and strategy. The directors also have overall responsibility for the Company's activities, including its investment activities, and reviewing the performance of the Company's investments. The board comprises John May, as Non Executive Chairman, Lucas Caneda as Chief Executive Officer, Stuart Adam as Chief Financial Officer and Nick Martin as Executive Director, as detailed in the Key Personnel Report on page 8.

As the Company develops the composition of the board will be reviewed to ensure it remains appropriate for the Company, such that the constitution of the board will reflect the profile of the Company and prevailing corporate governance standards and, in particular, with a view to ensuring

that there are independent directors (using the definition set out in the QCA Code).

The directors believe the board is comprised of a knowledgeable and experienced group of professionals with relevant experience and capability to deliver the Company's strategy.

External Auditor

MAH, Chartered Accountants have been appointed auditors to the Company and have expressed their willingness to remain in office. The Audit Committee will meet with the auditor at least twice a year to consider the results, internal procedures and controls and matters raised by the auditor. The board considers auditor independence and objectivity and the effectiveness of the audit process. It also considers the nature and extent of the non-audit services supplied by the auditor reviewing the ratio of audit to non-audit fees and ensures that an appropriate relationship is maintained between the Company and its external auditor.

As part of the decision to recommend the appointment of the external auditor, the board considers the tenure of the auditor in addition to the results of its review of the effectiveness of the external auditor and considers whether there should be a full tender process. There are no contractual obligations restricting the board's choice of external auditor. The Company has a policy of controlling the provision of non-audit services by the external auditor in order that their objectivity and independence are safeguarded.

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DIRECTORS REPORT
FOR THE PERIOD ENDED 30 JUNE 2024

Directors' Remuneration

Remuneration Policies (unaudited)

The current directors' remuneration policies are set out in individual services contracts between the Company and the respective director. The directors are not required to comply with any shareholding qualifications.

Service contracts (unaudited)

The Directors have entered into service agreements with the Company and will continue to be employed until terminated by either party and observing the correct notice period however the Company has grounds to terminate the contract immediately in certain circumstances.

Each director is paid at a rate per annum as follows:

John May	£36,000 per annum *1
Lucas Caneda	£48,000 per annum *2
Stuart Adam	£36,000 per annum *3
Nick Martin	£nil

**1 Part of this remuneration is paid to City & Westminster Corporate Finance LLP. An LLP controlled jointly by John May and Stuart Adam*

**2 Part of this remuneration is paid to Happy Consulting LLC, an LLC owned and controlled by Lucas Caneda*

**3 Remuneration is paid to City & Westminster Corporate Finance LLP. An LLP controlled jointly by John May and Stuart Adam*

Implementation Report

Particulars of Directors' Remuneration

Particulars of directors' remuneration under the Companies Act 2006 are required to be audited, are given in this Report.

Remuneration paid to the directors' during the period ended 30 June 2024 was:

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DIRECTORS REPORT
FOR THE PERIOD ENDED 30 JUNE 2024

	Directors’ Fees £	Total 2024 £	Total 2023 £
John May	36,000	36,000	36,000
Lucas Caneda	48,000	48,000	44,446
Stuart Adam (appointed 25 January 2023)	36,000	36,000	15,690
Nick Martin (appointed 16 February 2024)	-	-	-
Olivia Edwards (resigned 9 January 2023)	-	-	10,000
Nicholas Lyth (resigned 9 January 2023)	-	-	10,000
Michael Misha Sher (resigned 9 January 2023)	-	-	14,000
Brian Connell (resigned 3 May 2022)	-	-	3,000
	120,000	120,000	133,136

Payments for loss of office

There were no payments for loss of office.

Bonus and incentive plans

There were no bonus and incentive plans in place during the period.

Political Donations

The Company did not make any donations to political parties in the period.

**CHALLENGER X PLC – REGISTERED NUMBER 13440398
DIRECTORS REPORT
FOR THE PERIOD ENDED 30 JUNE 2024**

Directors’ interests in shares (audited)

The Company has no director shareholder requirements.

The beneficial interest of the directors in the ordinary share capital of the Company on 30 June 2024 were and at the date of these accounts:

	Ordinary Shares	Percentage of issued share capital 2024 %	Percentage of issued share capital 2023 %
Lucas Caneda	12,527,778	2.90	2.54
John May*	1,733,334	0.40	-
Stuart Adam*	1,733,334	0.40	-
Nick Martin	600,000	0.14	-
	16,594,446	3.70	2.54

* Shares are held in the name of City & Westminster Corporate Finance LLP, in which John May and Stuart Adam have the controlling interest.

Warrants

On Admission to Aquis the company granted warrants to its Corporate Advisor to subscribe for an aggregate of 2,875,000 ordinary shares representing 1% of the enlarged share capital.

Further warrants with a total of 2,600,000 to acquire ordinary shares were granted on 23 March 2022 (Note 10).

Impact of operations on the community and environment

The Company currently has no current operations that impact upon the community or environment, however upon any potential investment will ensure it reviews its Health, Safety & Environment (‘HSE’) and other policies and works responsibly with suppliers, and performance is monitored on an on-going basis.

Maintain a reputation for high standards of business conduct

The corporate governance section of this annual report on [page 11 sets out the board and committee structures and extensive board and committee meetings held during the year, together with the experience of executive management and the board and the Company's policies and procedures.

Act fairly between members of the Company

The board takes feedback from a wide range of shareholders (large and small) and endeavours at every opportunity to pro-actively engage with all shareholders (via regular news reporting-RNS) and engage with any specific shareholders in response to particular queries they may have from time to time. The board considers that its key decisions during the year have impacted equally on all members of the Company.

CHALLENGER X PLC – REGISTERED NUMBER 13440398
DIRECTORS REPORT
FOR THE PERIOD ENDED 30 JUNE 2024

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and financial statements in accordance with applicable laws and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the company financial statements in accordance with International Accounting Standards in conformity with the requirements of Companies Act 2006. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the profit and loss of the company for that period.

In preparing the financial statements the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- Ensure statements comply with International Accounting Standards in conformity with the Companies Act 2006 for the period; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the Company financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

The financial statements are published on the Company's website (<https://www.challengerx.io>). The work carried out by the auditor does not involve consideration of the maintenance and integrity of this website and accordingly, the auditor accepts no responsibility for any changes that have occurred to the financial statements since they were initially presented on the website. Visitors to the website need to be aware that legislation in the United Kingdom covering the preparation and dissemination of the financial statements may differ from legislation in their jurisdiction.

Disclosure and Transparency Rules

Details of the Company's share capital and warrants are given in Note 10 . There are no restrictions on transfer or limitations on the holding of the ordinary shares. None of the shares carry any special rights with regard to the control of the Company. There are no known arrangements under which the financial rights are held by a person other than the holder and no known agreements or restrictions on share transfers and voting rights. As far as the Company is aware there are no persons with significant direct or indirect holdings other than the directors and other significant shareholders as shown on pages 10 and 14. The provisions covering the appointment and replacement of directors are contained in the Company's articles, any changes to which require shareholder approval. There are no significant agreements to which the Company is party that take effect, alter or terminate upon a change of control following a takeover bid and no agreements for compensation for loss of office or employment that become effective as a result of such a bid.

**CHALLENGER X PLC – REGISTERED NUMBER 13440398
DIRECTORS REPORT
FOR THE PERIOD ENDED 30 JUNE 2024**

Requirements of the Aquis Growth Market Access Rules

The Aquis Growth Market Access Rules require the Company to include certain information in a single identifiable section of the Annual Report or a cross reference table indicating where the information is set out. The Directors confirm that there are no disclosures required in relation to the Aquis Growth Market Access Rules.

Auditor Information

The directors who held office at the date of approval of the Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's Auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

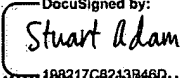
Events after the reporting period

Events after the reporting period are disclosed in note 14 to the financial statements.

Going concern

In making their assessment of going concern, the Directors, having made due and careful enquiry, are of the opinion that the Company will have access to adequate working capital to meet its obligations for the period of at least 12 months from the date of approval of the financial statements. The Directors, have discussed the Company's position with its investors and professional advisors. The Directors believe strongly in the Group's potential. However, the success of securing funding has been identified as a material uncertainty which may cast significant doubt over the going concern assessment. Whilst acknowledging this uncertainty, based upon the expectation of completing a successful fundraising in the near future, and the continued support of its investors, the Directors consider it appropriate to continue to prepare the financial statements on a going concern basis.

ON BEHALF OF THE BOARD:

DocuSigned by:

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Stuart Adam, Director

Date: 24 January 2025

**CHALLENGER X PLC – REGISTERED NUMBER 13440398
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHALLENGERX PLC
FOR THE PERIOD ENDED 30 JUNE 2024**

Qualified Opinion

We have audited the financial statements of ChallengerX PLC (the 'company') for the period ended 30 June 2024 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, except for the effects of the matter described in the basis for qualified opinion section of our report, the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2024 and of its loss for the period then ended;
- have been properly prepared in accordance with and United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for qualified opinion

Due to the subsidiary Sports X SAS, a company incorporated in France, being in administration, we were unable to obtain sufficient financial information and subsequent audit evidence to satisfy ourselves concerning the financial results of that subsidiary, as at 30 June 2024. Consequently, their results are not consolidated within these financial statements despite the fact they were required to be under Companies Act 2006 and the Financial Reporting Standard 102.

In addition, were these financial results included within the financial statements, the Strategic report and Directors' report would also need to be amended. The directors therefore present single entity financial statements for Challenger X PLC.

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CHALLENGER X PLC – REGISTERED NUMBER 13440398
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHALLENGERX PLC
FOR THE PERIOD ENDED 30 JUNE 2024

Material uncertainty relating to going concern

The company incurred a net loss of £778,000 during the period ended 30 June 2024 and, as of that date, the company's accumulated profit and loss reserves were in deficit by £2,406,600 and the cash balance was £2,000. As stated in note 2, these events or conditions along with other matters as set forth in note 2, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the entity's ability to continue to adopt the going concern basis of accounting included:

- Reviewing the cash flow forecasts prepared by management for the period up to January 2026, providing challenge to key assumptions and reviewing for reasonableness;
- Reviewing post-year end RNS announcements and held discussions with management on expenditure plans and
- Reviewing the documentation and cash flow forecasts for the potential enlarged group including Potential Acquisitions disclosed in note 14; and
- Assessing the adequacy of going concern disclosures within the financial statements.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Materiality

The materiality for the financial statements as a whole was set at £10,000. This has been determined with reference to the benchmark of the operating expense for the year, which we consider to be an appropriate measure based on the activities of the company during the year as they are pre trading and have minimal assets. Materiality represents 3% of operating expenses for the year, excluding impairment losses to be prudent.

An overview of the scope of our audit

We tailored the scope of our audit to ensure that we were able to give our audit opinion on the financial statements of Challenger X PLC taking into account the nature of the company's activities, the company's risk profile, the accounting processes and controls, and the environment in which the company operates.

We designed our audit to ensure that we obtain sufficient and appropriate audit evidence in respect of:

- The significant transactions and balances;
- Other items, which, irrespective of size, are perceived as carrying a significant level of audit risk whether through susceptibility to fraud, or other reasons;
- The appropriateness of the going concern assumption used in the preparation of the financial statements.

**CHALLENGER X PLC – REGISTERED NUMBER 13440398
 INDEPENDENT AUDITOR’S REPORT TO THE MEMBERS OF CHALLENGERX PLC
 FOR THE PERIOD ENDED 30 JUNE 2024**

Key audit matters

We identified the key audit matters described below as that which were the most significant in the audit of the financial statements of the current period. Key audit matters include the most significant assessed risks of material misstatement, including those risks that had the greatest effect on our overall audit strategy, the allocation of resources in the audit and the direction of the efforts of the audit team.

In addressing this matter, we have performed the procedures below which were designed to address the matter in the context of the financial statements as a whole and in forming our opinion thereon. Consequently, we do not provide a separate opinion on this individual matter.

Key audit matter & description of risk	How the matter was addressed in the audit and key observations arising with respect to that risk
<p><u>Going concern</u> The company has used going concern basis of preparation in its accounting policies. However, there is significant judgement required as to whether the company can continue to operate as a going concern.</p>	<p>We evaluated management’s assessment about going concern and challenged the judgement made by management, as described in note 2.</p> <p>As part of our procedures we:</p> <ul style="list-style-type: none"> • Reviewed the company’s environment, controls and management’s assessment of the company’s ability to continue as a going concern. • Reviewed the cashflow forecasts and assumptions made and the data sources. <p>Based on our procedures we concluded that there is a material uncertainty relating to going concern, as referred to in the above paragraph under the heading ‘Material Uncertainty relating to going concern’</p>

**CHALLENGER X PLC – REGISTERED NUMBER 13440398
INDEPENDENT AUDITOR’S REPORT TO THE MEMBERS OF CHALLENGERX PLC
FOR THE PERIOD ENDED 30 JUNE 2024**

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor’s report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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.

Qualified opinions on other matters prescribed by the Companies Act 2006

Except for the matters described in the Basis for qualified opinion, in our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors’ report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors’ report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

Except for the matters described in the Basis for qualified opinion, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors’ report.

Arising solely from the limitation of scope of our audit work relating to Sports X SAS, referred to above:

- We have not obtained all the information and explanations that we consider necessary for the purposes of the audit; and
- We were unable to determine whether adequate accounting records have been kept.

Except for the matter described above, we have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors’ remuneration specified by law are not made; or

CHALLENGER X PLC – REGISTERED NUMBER 13440398
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHALLENGERX PLC
FOR THE PERIOD ENDED 30 JUNE 2024

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability 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 company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are 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 ISAs (UK) 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 these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the group and parent company and the sector in which they operate to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through discussions with management, industry research and the application of cumulative audit knowledge and experience of the sector.
- We determined the principal laws and regulations relevant to the group and company in this regard to be those arising from:
 - Aquis rules;
 - Companies Act 2006;
 - Employment Law;
 - Anti-Bribery Money Laundering Regulations; and

Auditor's responsibilities for the audit of the financial statements' (continued)

- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the group and company with those laws and regulations. These procedures included, but were not limited to:
 - review of legal and professional fees to understand the nature of the costs and the existence of any noncompliance with laws and regulations;
 - discussion with management regarding potential non-compliance; and
 - review of minutes of meetings of those charged with governance and RNS

CHALLENGER X PLC – REGISTERED NUMBER 13440398
INDEPENDENT AUDITOR’S REPORT TO THE MEMBERS OF CHALLENGERX PLC
FOR THE PERIOD ENDED 30 JUNE 2024

We also identified the risks of material misstatement of the financial statements due to fraud. We considered, in addition to the non-rebuttable presumption of a risk of fraud arising from management override of controls, the potential for management bias was identified in relation to the going concern of the group and company and as noted above, we addressed this by challenging the assumptions and judgements made by management when auditing that significant accounting estimate.

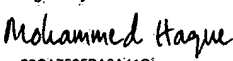
- As in all of our audits, we addressed the risk of fraud arising from management override of controls by performing audit procedures which included, but were not limited to: the testing of journals; reviewing accounting estimates for evidence of bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is available on the Financial Reporting Council’s website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor’s report.

Use of our report

This report is made solely to the company’s members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company’s members those matters we are required to state to them in an auditor’s report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company’s members as a body, for our audit work, for this report, or for the opinions we have formed.

Signed by:

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Mohammed Haque
(Senior Statutory Auditor)
for and on behalf of
MAH, Chartered Accountants
Statutory Auditor

2nd Floor
154 Bishopsgate
London
EC2M 4LN

24 January 2025

CHALLENGER X PLC – REGISTERED NUMBER 13440398
STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 JUNE 2024

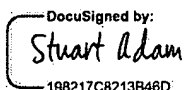
	Note	2024 £'000	2023 £'000
Expenses			
Administrative expenses		(778)	(392)
Operating loss	4	(778)	(392)
(Loss) before tax		(778)	(392)
Taxation	6	-	-
(Loss) for the financial year		(778)	(392)
Total comprehensive loss		(778)	(392)
(Loss) per share (pence) from continuing operations attributable to owners of the company- basic & diluted	7	(0.19)	(0.13)

The notes on pages 27 to 38 form part of these financial statements.

CHALLENGER X PLC – REGISTERED NUMBER 13440398
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2024

	Notes	2024 £'000	2023 £'000
ASSETS			
Current assets			
Trade and other receivables	8	8	15
Cash and cash equivalents		2	48
Total current assets		10	63
TOTAL ASSETS		10	63
LIABILITIES AND EQUITY			
Current liabilities			
Trade and other payables	9	197	96
Total current liabilities		197	96
Capital and reserves			
Share capital	10	433	343
Share premium		1,786	1,252
Retained earnings		(2,406)	(1,628)
Total equity		(187)	(33)
TOTAL LIABILITIES AND EQUITY		10	63

The financial statements were approved by the Board of Directors on 24 January 2025 and signed on its behalf by:

DocuSigned by:

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Stuart Adam
 Director

The notes on pages 27 to 38 form part of these financial statements.

CHALLENGER X PLC – REGISTERED NUMBER 13440398
STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2024

	Share capital	Share premium	Retained earnings	Total
	£'000	£'000	£'000	£'000
Balance as at 1 July 2023	343	1,252	(1,628)	(33)
(Loss) for the year	-	-	(778)	(778)
Total comprehensive loss	-	-	(778)	(778)
Issue of shares (net of costs)	90	534	-	624
Total transaction with owners	90	534	-	624
As at 30 June 2024	433	1,786	(2,406)	(187)

	Share capital	Share premium	Retained earnings	Total
	£'000	£'000	£'000	£'000
Balance as at 1 July 2022	288	1,230	(1,236)	282
(Loss) for the year	-	-	(392)	(392)
Total comprehensive loss	-	-	(392)	(392)
Issue of shares (net of costs)	55	22	-	77
Total transaction with owners	55	22	-	77
As at 30 June 2023	343	1,252	(1,628)	(33)

The notes on pages 27 to 38 form part of these financial statements.

CHALLENGER X PLC – REGISTERED NUMBER 13440398
STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 JUNE 2024

	2024	2023
	£'000	£'000
Cash from operating activities		
(Loss) before tax	(778)	(392)
Adjustments for:		
Decrease/(Increase) in trade and other receivables	7	(8)
Increase/(Decrease) in trade and other payables	101	(14)
Impairment of assets	440	-
Net cash used in operating activities	(230)	(414)
Cash flows from financing activities		
Issue of shares	74	82
Adjustment to share issue cost	-	(5)
Loans received	110	-
Net cash provided by financing activities	184	77
Net cash flows for the year	(46)	(337)
Cash and cash equivalents at beginning of year	48	385
Cash and cash equivalents at end of year	2	48
Net change in cash and cash equivalents	(46)	(337)
Cash and cash equivalents comprise:		
Cash at bank and in hand	2	48

The notes on pages 27 to 38 form part of these financial statements.

CHALLENGER X PLC – REGISTERED NUMBER 13440398
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2024

1. General information

ChallengerX PLC is a public limited company limited by shares and was incorporated in England on 7 June 2021 with company number 13440398. Its registered office is 16 Great Queen Street, London, WC2B 5DG.

The Company's shares are listed on the Aquis Stock Exchange Growth Market under ticker CXS and ISIN number GB00BMDOWG01. Trading in the Company's ordinary shares on AQSE were suspended on 6 June 2024. The Company is aware of its continuing obligations under the AQSE rules.

The Company's trading strategy is to focus on employing both traditional and non-traditional marketing strategies to rapidly "professionalise" amateur and semi-professional sports clubs around the world.

The Company has been actively pursuing potential strategic transactions.

Accounting policies

Basis of preparation

The financial statements of ChallengerX PLC have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

These financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the recognition of listed investments at fair value.

The financial statements are presented in Pounds Sterling, which is the Company's presentation and functional currency.

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment and complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3 to the financial statements.

The financial statements have been prepared on the historical cost basis and are presented in £'000 unless otherwise stated.

CHALLENGER X PLC – REGISTERED NUMBER 13440398
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2024

2. Accounting Policies (continued)

Going concern

As at 30 June 2024, the Company had cash of £2,000 (2023: £48,000). The Company has limited operating cash flow and is dependent on the performance of development of trading activities or raising further capital and its cash balances for its working capital requirements.

As at 21 January 2025, the Company had approximately £96,000 of cash at bank.

In making their assessment of going concern, the Directors, having made due and careful enquiry, are of the opinion that the Company will have access to adequate working capital to meet its obligations for the period of at least 12 months from the date of approval of the financial statements. The Directors, have discussed the Company's position with its investors and professional advisors. The Directors believe strongly in the Company's potential. However, the success of securing funding has been identified as a material uncertainty which may cast significant doubt over the going concern assessment. Whilst acknowledging this uncertainty, based upon the expectation of completing a successful fundraising and the Potential Acquisitions disclosed in note 14 in the near future, and the continued support of its investors, the Directors consider it appropriate to continue to prepare the financial statements on a going concern basis.

Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period.

The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period and is the amount of income tax payable in respect of the taxable profit for the year or prior year.

Deferred tax is recognised on all timing difference between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities

Liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Intangible assets

Externally acquired intangible assets are initially recognised at cost and subsequently amortised on a straight-line basis over their useful economic lives. They are reviewed for impairment annually.

CHALLENGER X PLC – REGISTERED NUMBER 13440398
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2024

2. Accounting Policies (continued)

Provisions

Where a measurable obligation exists at the accounting date, but which is dependent upon a set of conditions realistically being able to be satisfied, a provision to accommodate that obligation is charged to the income statement and maintained in the balance sheet until such time as the obligation is either crystallised or reversed.

Financial instruments

The Company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instrument.

Financial assets

Basic financial assets, including trade and other receivables and cash and cash equivalents balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised.

Any impairment reversal is recognised in profit or loss.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

CHALLENGER X PLC – REGISTERED NUMBER 13440398
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2024

2. Accounting policies (cont'd)

Financial liabilities

Basic financial liabilities include trade and other payables.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Payables are classified as current liabilities if payment is due within one year. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Share Capital

Share Capital consists of one class of ordinary shares.

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

Ordinary shares bestow full rights on shareholders.

Warrants

Warrants are an option to acquire shares between two future dates at a fixed price. They are occasionally issued to third parties that invest in the Company's equity and are granted at the time of that equity investment.

If the warrant options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.

Exceptional Items

The Company classifies certain one-off charges or credits that have a material impact on the Company's financial results as 'exceptional items'. These are disclosed separately to provide further understanding of the financial performance of the Company.

Cash and cash equivalents

Cash and cash equivalents comprise cash at hand and current balances at banks.

Foreign currencies

Functional and presentation currency

The financial statements are presented in Pounds Sterling, which is the Company's presentation and functional currency.

CHALLENGER X PLC – REGISTERED NUMBER 13440398
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2024

2. Accounting policies (cont'd)

Transactions and balances

Transactions in foreign currencies are converted into the functional currency on initial recognition, using the exchange rates approximating to those ruling at the transaction dates. At each period end foreign currency monetary items are translated using the rates ruling as of that date. Non-monetary assets and liabilities are not retranslated. All exchange differences are recognised in profit or loss.

3. Critical accounting estimates and judgements

Management makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including the expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Critical judgements in applying the entity's accounting policies

(a) Carrying value of investments in subsidiary

The Company is required to make judgments over the carrying value of investments in unquoted companies where fair values cannot be readily established and evaluate the size of any impairment required.

The carrying value of such investments cannot always be substantiated by comparison with independent markets and, in many cases, may not be capable of being realised immediately. Management's significant judgement in this regard is that the value of their investment represents their cost less previous impairment.

The unlisted investments have been fully impaired in a previous accounting period.

(b) Carrying value of intangible assets

The Company is required to make judgments over the carrying value of intangible assets and evaluate the size of any impairment required.

During the year the Company acquired and then fully impaired intangible assets of £440,000 relating to the Flash Corp licence disclosed in note 10.

CHALLENGER X PLC – REGISTERED NUMBER 13440398
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2024

4. Operating loss

The operating loss is stated after charging:

	2024	2023
	£'000	£'000
Auditors' remuneration:		
Audit fees	12	12
Other expenses:		
Impairment losses (note 10)	440	-

5. Staff costs

	2024	2023
The average number of persons (including directors) employed by the Company during the year	4	3

	2024	2023
	£'000	£'000
Wages and salaries (including directors) employed	120	133
Social security costs	-	-
Directors remuneration		
Salaries and fees	120	133

6. Taxation

	2024	2023
	£'000	£'000
Reconciliation of tax charges		
(Loss) on ordinary activities before taxation	(778)	(392)
Current tax on loss for the year at standard rate of UK Corporation tax of 25% (2023: 19%)	(195)	(74)
Expenses not deductible for tax purposes	-	-
Losses carried forward	195	74
Tax in the income statement	-	-

The Company now has tax losses of approximately £2.406 million (2023: £1.628 million) to carry forward against future profits. The Directors have not recognised a deferred tax asset of £0.407 million (2023: £0.309 million) on the losses to date due to the uncertainty of recovery.

The corporation tax rate in the UK increased to 25% on 1 April 2023.

CHALLENGER X PLC – REGISTERED NUMBER 13440398
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2024

7. Earnings per share

	2024	2023
	£'000	£'000
Earnings		
(Loss) for the period	(778)	(392)
Number of shares		
Weighted average number of shares for the purposes of basic and diluted earnings per share	412,994,364	308,132,945
(Loss) per share (pence)	(0.19)	(0.13)

8. Trade and other receivables

	2024	2023
	£'000	£'000
Other Debtors	8	15
Total	8	15

9. Trade and other payables

	2024	2023
	£'000	£'000
Trade payables	177	79
Other payables	8	2
Accruals and other payables	12	15
Total	197	96

CHALLENGER X PLC – REGISTERED NUMBER 13440398
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2024

10. Share capital

	2024	2023
	£'000	£'000
Allotted, issued and fully paid:		
Beginning of the year	343	288
New shares issued	90	55
At 30 June : 432,580,556 ordinary shares of £0.001 (2023: 343,140,556 ordinary shares of £0.001)	433	343

In February 2023, the Company issued 55,555,556 ordinary shares of £0.0010 at a cash price of £0.0045 per share on Subscription and Admission to trading on the Access segment of the Aquis Exchange Growth Market. Following non-payment of all the amounts due under the Subscription, the Company forfeited the remaining 33,226,343 Shares, in accordance with the process set out in the Company's Articles of Association. The Company placed 33,226,343 shares in the Treasury.

During the year 31,680,002 of Treasury shares were allocated to satisfy some of the Company's liabilities. The balance of shares in Treasury at 30 June 2024 was 1,546,341.

On 17 August 2023 the Company issued 80,000,000 ordinary shares of £0.001 at a price of £0.0055 per share for a value of £440,000 having entered into an exclusive licence agreement with Flash Corp Technologies Ltd ("Flash Corp") by which the Company acquired a renewable 13-month license over the rights of FlashBet Wheel App's design and technology in UK and Europe. Despite significant efforts made during the period of the licence agreement to enhance the FlashBet Wheel App's design and technology with a view to getting it to market and generating revenues; the Board were increasingly of the view that it would be unlikely in the foreseeable term that by continuing to follow its progression it was unlikely to generate the revenues that had been projected. Indeed, no revenue was generated within the 13 months. Accordingly the Board were of the view that it was not in the interests of the Company to renew or extend the licence agreement nor acquire the exclusive rights to the intellectual property; and further agreed that the carrying value of the initial cost of £440,000 be impaired in full in the accounts to 30 June 2024.

On 24 June 2024 the Company allotted 9,440,000 ordinary shares of £0.001 at a price of £0.0045 by way of settlement of liabilities owed to the Company.

The Company also granted a total of 55,555,556 warrants to subscribe for new ordinary shares of GBP0.001 each ("Warrants"). The Warrants being exercisable at 0.45 pence per ordinary share, and for a period of 5 years from the date of issue. These warrants have been withdrawn.

CHALLENGER X PLC – REGISTERED NUMBER 13440398
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2024

Warrants of 2,875,000 to acquire ordinary shares were issued immediately following Admission on 23 December 2021 and remain outstanding. The warrants are exercisable at £0.02 per share for a period of 5 years from date of issue.

On 23 March 2022 warrants of 2,600,000 to acquire ordinary shares were granted as a performance based commercial incentive program to the Commissioner of the largest American soccer league in the USA / Mexico.

The warrants were issued with the following terms:

- 100,000 warrants fully vested and exercisable for a period of 5 years at £0.05 per share however subject to a two-year lock-in from date of issue;
- 500,000 warrants vesting when the number of teams referred by the recipient exceed 100, and exercisable at £0.05 for a period of 5 years from the date of issue;
- 1,000,000 warrants vesting when the number of teams referred by the recipient exceed 400, and exercisable at £0.07 for a period of 5 years from the date of issue;
- 1,000,000 warrants vesting when revenues from all teams referred to the Company by the recipient exceed \$50,000 in any calendar month, and exercisable at £0.10 for a period of 5 years from the date of issue.

11. Reserves

The Company's reserves are as follows:

The share capital comprises the issued ordinary shares of the company at par.

The share premium represents premiums received on the initial issuing of the share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

Retained earnings include all current and prior period results as disclosed in the statement of comprehensive income.

12. Financial Instruments

The Company raises finance through equity issues and places surplus cash on short term deposits. The policies for managing this risk are kept under review by the directors.

The carrying values of the Company's financial assets and liabilities are summarised below:

	2024	2023
	£'000	£'000
Carrying amount of financial assets		
Cash and bank balance	2	48
Carrying amount of financial liabilities		
Trade payables	177	79

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12. Financial instruments (cont'd)

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company is subject to credit risk on its investments and cash. In accordance with the Company's policy, the Board of Directors monitors the Company's exposure to credit risk on an ongoing basis.

Liquidity risk

Liquidity risk arises from the Company's management of working capital. It is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due.

The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this aim, it seeks to maintain cash balances to meet expected requirements for a period of at least 30 days.

Currency risk

The Company holds Euro and US dollar denominated accounts but has no material exposure to currency risk due to its limited cash reserves. The Directors manage its exposure to currency risk within its cash reserves.

13. Related party transactions

Ultimate controlling party

The Directors do not consider there to be a single ultimate controlling party.

Key management personnel compensation

Key management are considered to be the directors of the Company. Details of their remuneration and equity holdings are disclosed in the Directors Report.

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13. Related party transactions (cont.)

The related party disclosures in respect of this remuneration are disclosed below:

	2024	2023
	£'000	£'000
Fees for the consultancy services supplied by City & Westminster Corporate Finance LLP, an LLP controlled by John May and Stuart Adam.	60	52
Fees for the consultancy services supplied by Happy Consulting LLC, an LLC owned and controlled by Lucas Caneda.	48	44
Fees for the consultancy services supplied by Crowdrise 360 Inc , a company owned and controlled by Brian Connell (a director who resigned on 3 May 2022).	-	3

At the year end the above related parties were owed £93,600 (2023: £17,000) in relation to unpaid director fees included within trade creditors.

14. Post balance sheet events

On 8 January the Company announced it had raised a total of £120,000 through the issuance of a Convertible Loan Note (“CLN” or “Loan”). The Company will pay interest on the Loan at an annual rate of 5%, with the first payment due on 30 June 2025 and subsequent payments every six months thereafter. The Loan will be automatically converted into 120,000,000 ordinary shares of £0.001 each in the Company upon the relisting of ChallengerX Shares on the Aquis Stock Exchange. If the Automatic Conversion does not take place, ChallengerX has to repay the Loan having been given 30 days' notice by the Lender. Additionally, the Loan may be converted into 120,000,000 Ordinary Shares at any time following 31 January 2025 upon receiving a Voluntary Conversion Notice from the lender. In the event that the Ordinary Shares' suspension from trading is not lifted by 20 March 2025, the lender will be entitled to purchase further new Ordinary Shares at £0.001 up to a cap of taking the lender's overall shareholding to 29.95%. The CLN is also subject to customary events of default. The funds raised through the issuance of the CLN will be used to cover costs relating to the due diligence on potential acquisitions and to the lifting of the suspension of the Ordinary Shares from trading on Aquis Stock Exchange.

On 20 January the Company further announced it is in active negotiations with the owners of Nyce International Limited and Virya VC Limited, with the aim to acquire their entire issued share capital. In addition, as part of this transaction, the Company intends to enter into a perpetual, irrevocable

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licensing agreement in relation to an instance of Reelsoft AB's Vision RGS (Remote Gaming Server) and Game Aggregation Platform (together, the "**Potential Acquisitions**").

The Company is at an advanced stage of its legal and financial due diligence process and negotiation of the share purchase agreements and licensing agreements. The consideration for the Potential Acquisitions is expected to be satisfied fully in the issue of new ordinary shares of £0.001 each. The Board is also negotiating certain new board appointments and working alongside an Aquis Corporate Adviser to conduct a review of the potential candidates' experience and background as well as of the enlarged group's suitability, following completion of the Potential Acquisitions and readmission to trading on the Aquis Stock Exchange.

It is not expected that the Potential Acquisitions would constitute a Reverse Takeover under Rule 3.6 of the Access Rulebook.

The Potential Acquisitions are subject to a number of conditions, including the completion of due diligence to the satisfaction of all parties, the lifting of the suspension to trading of ChallengerX Shares by Aquis Stock Exchange, the issue and admission of the new Ordinary Shares to trading, and completion of a fundraise in a sufficient amount to satisfy the enlarged group's working capital requirement.

The completion of Potential Acquisitions and relisting of ChallengerX Shares on the Aquis Stock Exchange cannot be guaranteed.