ChallengerX plc

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

Annual Report and Financial Statements

FOR THE PERIOD ENDED 30 JUNE 2022

Directors	John May – Non-Executive Chairman Olivia Edwards – Director and CEO Nicholas Lyth – Finance Director Lucas Caneda - Director Misha Sher – Independent Non-Executive Director
Company Secretary	Robert Porter
Company number	13440398
Registered office	16 Great Queen Street, London, England WC2B 5DG
Independent Auditors	Kreston Reeves LLP 168 Shoreditch High Street, London E1 6RA
Corporate Advisor	First Sentinel Corporate Finance Limited 70 Charlotte St, London W1T 4QQ
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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The directors present their strategic report for the period ended 30 June 2022.

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 £1.236 million during the period with total Net Assets of £0.282m, of which £0.385m 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, raising net proceeds of £0.579 million.

During the period ended 30 June 2022, a subsidiary company incorporated in France , had it's cash assets sequestrated by French Authorities. ChallengerX PLC have been in regular contact with the French Administrators, however, given the lack of progress in recovering this asset and the unavailability of access to Sports X SAS's accounting records, the investment from the Company in Sports X SAS has been fully impaired with an exceptional charge of £839,000. Due to the lack of financial information available, it has also been impossible to consolidate the activity of Sports X SAS into the ChallengerX PLC financial statements and therefore the directors present a single entity set of financial statements for ChallengerX PLC.

During this period, a loan was made to Sarlat Rugby Club totalling £118,000. The recipient of the loan is now in administration and as such the loan has been fully impaired.

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.

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 exchanges rates.

Economic risk - Brexit

On 23 June 2016, the United Kingdom held a referendum in which voters approved an exit from the European Union, commonly referred to as "Brexit".

The United Kingdom left the European Union on 31 January 2020. In 2020 the EU and the UK reached an agreement on their new partnership. It sets out the rules that apply between the EU and the UK as of 1 January 2021. The withdrawal of the UK from the EU on 31 January 2020 continues to generate a level of uncertainty in the UK financial services sector.

Ukraine War

Whilst the war in Ukraine has had no direct impact on the Company's operations, the impact on energy prices throughout Europe has been significant and has contributed to high levels of inflation in many nations' economies. As a Company based in UK and with activities in Western Europe the Company is mindful of the turbulent economic conditions and the potential impact on the implementation if its business model.

Covid-19 pandemic

On 31 December 2019, the World Health Organisation ("WHO") was informed that a limited number of cases of pneumonia, of an unknown cause, were detected in Wuhan, Hubei. On 7 January 2020, Chinese authorities identified a new type of coronavirus ("COVID-19") as the cause. The first cases of COVID-19 were confirmed in Hong Kong on 23 January 2020.

Since 31 December 2019, the development and spread of the COVID-19 pandemic has resulted in the occurrence of a multitude of associated events. Among these are the identification of the virus, its spread in terms of number of infected and geographical prevalence, action taken by government and non-governmental organisations, actions taken by private entities, and the resulting economic effects of these.

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

Whist 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 debt.

Liquidity risk

The Company makes sure it has sufficient funds to meet its liabilities by (i) preserving sufficient cash, (ii) maintaining high 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 2022.

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:

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:

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Olivia Edwards - Director and CEO

21 December 2022

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 Pires Investments Plc, City & Westminster Corporate Finance LLP and Red Leopard Holdings Plc.

Olivia Edwards – CEO and Director

Olivia holds a Bachelor of Arts in Cognitive Systems: Mind, Language & Computation and a Master of Management from the University of British Columbia. Ms. Edwards brings operational and corporate secretary experience to ChallengerX's board. She has experience with the reporting requirements for public companies in both Canada and the UK and has facilitated numerous financial raises in various industries including web3, gaming, and carbon capture technology. She is currently the founder and director of a capital pool company listed on the TSX Venture Exchange in Canada and a director of Pioneer Media Holdings Inc., listed on the NEO Exchange in Canada and the AQSE in London.

Nicholas Lyth – Executive Finance Director Nicholas Lyth is a UK based, experienced board director and qualified accountant with over five years' experience advising a number of quoted companies including AIM listed companies Univision Engineering Ltd, Altona Energy plc and Taihua plc. Prior to his recent public company experience, Mr. Lyth was Group Finance and Purchasing Director of Belle Group, a manufacturer of engineering equipment operating across Europe, the US and Asia. He was also Head of Finance at Fothergill Group, a UK manufacturer of technical industrial fabrics, between 1996 and 2003. In his early career, Nick was a management accountant at Courtaulds plc and Rotunda plc.

Lucas Caneda – Director

Lucas Caneda is a professional rugby player 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.

Misha Sher – Independent Non-Executive Director

Misha is an international senior sports marketing executive with over 15 years' industry leadership experience in areas of sponsorship, strategic planning, brand management, media, digital and social marketing, and talent representation. He has experience of negotiating in excess of $100M in sponsorships, appearances, image rights and host city agreements across four continents. Mr. Sher is currently a vice president of Sport and Entertainment at MediaCom.

The directors present their report and financial statements for the period ended 30 June 2022.

Principal activities

Challenger X is a newly established company 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.

Results

The Company recorded a loss for the period ended 30 June 2022 before taxation of £1.236 million.

Directors

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

John May	(appointed 17 February 2022)
Olivia Edwards	(appointed 3 May 2022)
Nicholas Lyth	(appointed 3 May 2022)
Misha Sher	(appointed 4 November 2021)
Lucas Caneda	(appointed 7 June 2021)
Brian Connell	(appointed 28 September 2021, resigned 3 May 2022)
Dominique Einhorn	(appointed 7 June 2021, resigned 10 February 2022)

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 11. 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.

Substantial Shareholdings

At 15 December 2022, the Company had been informed of the following substantial interests over 3% of the issued share capital of the Company:

	Number of Shares	Percentage
Aqru plc	62,500,000	21.73
Dominique Einhorn	46,875,000	16.30
DEFY1 SAS	40,000,000	13.90
M6 Ltd	37,500,000	13.04

Dominique Einhorn owns 50% of Defy1 SAS

Dominique Einhorn owns 77% of M6 Ltd

Corporate Governance Statement

The Directors recognise the importance of sound corporate governance and taking effect from admission on 23 December 2021 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 will meet 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 Misha Sher and its other member is Nicholas Lyth. 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.

ii) Remuneration Committee

The remuneration committee, which comprises Misha Sher, Nicholas Lyth and Lucas Caneda, 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 Remuneration Committee is chaired by Misha Sher.

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 three executive directors and two non-executive directors. 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, Nicholas Lyth as Finance Director, Olivia Edwards as CEO, Lucas Caneda as Director and Michael Misha Sher as Non-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

Kreston Reeves 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.

Directors' Remuneration

Remuneration Policies (unaudited)

The current directors' remuneration polices 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. All directors fees are to be reviewed on the first anniversary of the admission to trading on the AQSE stock exchange.

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

John May	£36,000 per annum *1
Lucas Caneda	£43,000 per annum *2
Olivia Edwards	£24,000 per annum
Nicholas Lyth	£24,000 per annum
Misha Sher	£36,000 per annum

**1 Part of this remuneration is paid to City & Westminster Corporate Finance LLP. An LLP controlled by John May as Managing Partner*

**2 Remuneration is paid to Happy Consulting LLC, an LLC owned and controlled by Lucas Caneda*

<u>Implementation Report</u>

<u>Particulars of Directors' Remuneration</u>

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 2022 was:

	Directors' Fees	**Total**
	£	**£**
John May (appointed 17 February 2022)	13,187	13,187
Olivia Edwards (appointed 3 May 2022)	4,000	4,000
Nicholas Lyth (appointed 3 May 2022)	4,000	4,000
Lucas Caneda (appointed 7 June 2021)	14,855	14,855
Misha Sher (appointed 4 November 2021)	18,000	18,000
Brian Connell (appointed 28 September 2021/ resigned 3 May 2022)	31,823	31,823
Dominique Einhorn (resigned 10 February 2022)	-	-
	85,565	**85,565**

<u>Payments for loss of office</u>

There were no payments for loss of office.

<u>Bonus and incentive plans</u>

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.

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 20December 2022 were:

	Ordinary Shares	Percentage of issued share capital 2022 %
Lucas Caneda	10,750,000	3.74
	10,750,000	**3.74**

Warrants

On Admission to Aquis the company granted warrants to it's 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 (See 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.

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.

<u>Disclosure and Transparency Rules</u>

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 page 11. 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.

<u>Requirements of the Listing Rules</u>

Listing Rule 9.8.4 requires 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 Listing Rule 9.8.4.

<u>Auditor Information</u>

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 themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information

Events after the reporting period

There are no events after the balance sheet date

Future Developments

Since the end of the financial period the Money Pages business model has commenced generating revenues for the Company. Whilst these are initially at a low level it is hoped these will increase over time.

Going concern

The directors believe that the company is a going concern for a period of at least 12 months from the date of approval of the financial statements, due to the available funding resource and cost measures that they would be able to implement as necessary due to this cost cutting exercise being in the directors control.

On the basis that these measures are not yet in place, a material uncertainty regarding going concern has been included in the audit report.

Auditors

The auditors, Kreston Reeves LLP, were appointed after the period end and will be reappointed in accordance with section 485 of the Companies Act 2006.

ON BEHALF OF THE BOARD:

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Nicholas Lyth – Chief Financial Officer

21 December 2022

Qualified Opinion

We have audited the financial statements of ChallengerX PLC for the period ended 30 June 2022 which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cashflow and notes to the financial statements, including a summary of 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 possible 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 2022 and of the company's loss for the period then ended;
- have been properly prepared in accordance with 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 entity being in administration, we were unable to obtain sufficient financial information and subsequent audit evidence to satisfy ourselves concerning the financial results of the subsidiary, Sports X SAS, a company incorporated in France, as at 30 June 2022. Consequently, their results are not consolidated within these financial statements despite the fact they were required to be under the 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 ChallengerX PLC.

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and 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.

Material uncertainty relating to going concern

We draw attention to note 2 in the financial statements, which indicates that the company incurred a net loss of £1,236,000 during the period ended 30 June 2022 and, as of that date, the company's accumulated profit and loss reserves were in deficit by £1,236,000. 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 responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

An overview of the scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

We performed a full scope audit on the main components of the business representing a large proportion of the company's net assets.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
Impairment of investments The company has acquired a significant investment during the financial period. Given that this investment is known to be in administration, the full value of the investment should have been written down to £Nil at the balance sheet date.	We reviewed the supporting documentation associated with the investment to ensure an accurate costing was originally included within the financial statements. The investment's administration status was confirmed to third party evidence and the corresponding journal entries were verified to ensure the investment had been fully impaired during the period. **Based on the above procedures we consider this risk to be materially mitigated**
Going concern The company has posted a significant deficit in its first period of account. From an initial review, this loss would be unsustainable for the foreseeable future and therefore the going concern nature of the entity needs to be scrutinised.	We reviewed both period end and post period end financial information associated with the company to verify the financial performance and form an opinion of the likely future perform. In addition, there were discussions held with members of key management to understand the potential and future plans of the business as well as the funding options for a period of at least 12 months from the date of approval of the accounts. **Based on the above procedures the financial statements to have been prepared on a going concern basis but with a material uncertainty relating to going concern.**

Our application of materiality

Overall Materiality	£8,000
How we determined it	2% of gross assets
Rationale for benchmark	The company's principal activity is that of the provision of sports marketing. Due to the lack of trade in the period, a benchmark for materiality of the gross assets is considered to be the most appropriate basis for materiality.

We reported all audit differences found in excess of our triviality threshold of £400 to the directors and the management board.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor report thereon. 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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 matter described in the Basis for qualified opinion on other matters prescribed by the Companies Act 2006 section of our report, in our opinion, based on the work undertaken during 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.

Basis for qualified opinion on other matters prescribed by the Companies Act 2006

Except for the matter described in the basis for qualified 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 matter 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 and the Directors' report.

Arising solely from the limitation on the 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 purpose 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 returns 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement (set out on page 7), 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:

Capability of the audit in detecting irregularities, including fraud

Based on our understanding of the company and industry, and through discussion with the directors and other management (as required by auditing standards), we identified that the principal risks of non-compliance with laws and regulations related to health and safety, anti-bribery and employment law. We considered the extent to which non-compliance might have a material effect on the financial statements.

We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006, taxation and pension legislation. We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue or reduce expenditure and management bias in accounting estimates and judgemental areas of the financial statements such as the valuation of investments. Audit procedures performed by the engagement team included:

- Discussions with management and assessment of known or suspected instances of non-compliance with laws and regulations and fraud, and review of the reports made by management; and
- Challenging assumptions and judgements made by management in its significant accounting estimates; and
- Performing analytical procedures to identify any unusual or unexpected relationships, including related party transactions, that may indicate risks of material misstatement due to fraud; and
- Confirmation of related parties with management, and review of transactions throughout the period to identify any previously undisclosed transactions with related parties outside the normal course of business; and
- Review of significant and unusual transactions and evaluation of the underlying financial rationale supporting the transactions; and
- Identifying and testing journal entries, in particular any manual entries made at the period end for financial statement preparation.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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 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.

Anne Dwyer BSc(Hons) FCA (Senior Statutory Auditor)
For and on behalf of
Kreston Reeves LLP
Chartered Accountants
Statutory Auditor
London
21 December 2022

STATEMENT OF COMPREHENSIVE INCOME
FOR THE 13 MONTH PERIOD ENDED 30 JUNE 2022

	Notes	**2022**
		£'000
Expenses		
Administrative expenses		**(279)**
Impairment of investment in subsidiary	4	**(839)**
Impairment of loan	4	**(118)**
Operating loss	4	**(1,236)**
(Loss) before tax		**(1,236)**
Taxation	6	-
(Loss) for the financial period		**(1,236)**
Total comprehensive loss		**(1,236)**
(Loss) per share (pence) from continuing operations attributable to owners of the company - basic & diluted	7	(0.47)

The notes on pages 28 to 38 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022

	Notes	2022
		£'000
ASSETS		
Current assets		
Trade and other receivables	8	**7**
Cash and cash equivalents		**385**
Total current assets		**392**
TOTAL ASSETS		**392**
LIABILITES AND EQUITY		
Current liabilities		
Trade and other payables	9	**110**
Total current liabilities		**110**
Capital and reserves		
Share capital	10	**288**
Share premium		**1,230**
Retained earnings		**(1,236)**
Total equity		**282**
TOTAL LIABILITIES AND EQUITY		**392**

The financial statements were approved by the Board of Directors on 21 December 2022 and signed on its behalf by:

Nicholas Lyth
Chief Financial Officer

Company number 13440398

The notes on pages 28 to 38 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2022

	Share capital £'000	Share premium £'000	Retained earnings £'000	Total £'000
(Loss) for the period			(1,236)	(1,236)
Total comprehensive period			(1,236)	(1,236)
Issue of shares (net of costs)	288	1,230	-	1,518
Total transaction with owners	288	1,230	-	1,518
As at 30 June 2022	**288**	**1,230**	**(1,236)**	**282**

The notes on pages 28 to 38 form part of these financial statements.

	2022
	£'000
Cash from operating activities	
(Loss) before tax	(1,236)
Adjustments for:	
(Increase) in trade and other receivables	(7)
Increase in trade and other payables	110
Net cash used in operating activities	**(1,133)**
Cash flows from financing activities	
Proceeds from issue of shares	1,518
Net cash provided by financing activities	**1,518**
Net cash flows for the period	**385**
Cash and cash equivalents at beginning of period	-
Cash and cash equivalents at end of period	385
Net change in cash and cash equivalents	**385**
Cash and cash equivalents comprise:	
Cash at bank and in hand	**385**

The notes on pages 28 to 38 form part of these financial statements.

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 traded on the Aquis Stock Exchange Growth Market under ticker CXS and ISIN number GB00BMD0WG01.

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 is developing industry relationships and proprietary technology that allows clubs and players to get paid via sponsorship for the photos and videos they are already producing and posting to their websites and/or to social media sites such as Facebook, Instagram, Tik Tok, Google, and LinkedIn. The Company’s main area of focus is amateur and semi-pro sports clubs and players, each of which has fans that the Company helps convert into recurring revenue streams with no associated upfront costs.

The Company was first incorporated on 7 June 2021 and so the period ended 30 June 2022 represents a c. 13-month period.

2. 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.

2. Accounting Policies (continued)

Going concern

During the period ended 30 June 2022 the Company incurred a loss of £1.236 million. As at 30 June 2022 the accumulated profit and loss reserves were in deficit by £1.236 million and the Company had cash of £0.385 million. As a newly established trading company, 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.

Annualised normal running costs of the Company are circa £0.225 million. As at the date of this report, the Company had approximately £0.115 million of cash at bank.

The Directors continue to seek recovery of the sequestered funds held by the Administrator of it's subsidiary , SportsX SAS, which are believed to be £0.6m approx..

For these reasons, the directors are confident that the company will be able to pay its liabilities and continue as a going concern for a period of at least 12 months from approval of these financial statements and they therefore continues to adopt the going concern basis in preparing the financial statements.

The Company's employees can carry out their duties remotely, via the network infrastructure in place. As a result, there was no disruption to the operational activities of the Company during the COVID-19 social distancing and working from home restrictions. All key business functions continue to operate at normal capacity.

Due to the uncertainty over the continued funding a material uncertainty in relation to going concern has been included in the Audit Report.

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.

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.

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.

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.

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.

It is important to recognise that 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 down to a value of £Nil.

Further details relating to management's assessment of the carrying value of unlisted investments can be found in the Strategic Report. Management have concluded thot there are no indications of impairment to the value to the unlisted investments following this assessment.

4. Operating loss

The operating loss is stated after charging/(crediting):

	2022
	£'000
Auditors' remuneration:	
Audit fees	12
Other taxation services	-
Other services	-
Impairment of investment in subsidiary	839
Impairment of loan	118

The Company acquired 100% of the share capital of Sports X SAS on 31 August 2021 in exchange for the issue of 250,000,000 ordinary shares in the Company at a valuation of €1.0 million. Sports X SAS was placed in Administration of 23 February 2022 and therefore the Company has impaired the full cost of this investment.

In Q1 2022 a loan of €0.14m was made to Sarlat Rugby Club, a French league Federale 2 rugby union club in which Dominique Einhorn, formerly Director and CEO of the Company who resigned on 18 February 2022 owned a controlling interest, were placed in Administration on 23 February 2022. The Company has therefore impaired the full value of the loan.

5. Staff costs

	2022
The average number of persons (including directors employed by the Company during the period	**5**

	2022
	£'000
Wages and salaries (including directors) employed	
Social security costs	**86**
Directors remuneration	
Salaries and fees	**86**

6. Taxation

	2022
	£'000
Reconciliation of tax charges	
(Loss) on ordinary activities before taxation	**(1,236)**
Current tax on loss for the period at standard rate of UK Corporation tax of 19%	**(235)**
Expenses not deductible for tax purposes	**-**
Losses carried forward	**235**
Tax in the income statement	**-**

The Company now has tax losses of approximately £0.235 million to carry forward against future profits. The Directors have not recognised a deferred tax asset on the losses to date due to the uncertainty of recovery

7. Earnings per share

	2022
	£'000
Earnings	
(Loss) for the period	**(1,236)**
Number of shares	**-**
Weighted average number of shares for the purposes of basic and diluted earnings per share	**264,235,601**
(Loss) per share (pence)	**(0.47)**

8. Trade and other receivables

	2022
	£'000
Repayments	7
Total	7

9. Trade and other payables

	2022
	£'000
Trade payables	25
Accruals and other payables	85
Total	110

10. Share capital

	2022
	£'000
287,585,000 allotted issued and fully paid Ordinary shares	288

On incorporation, 7 June 2021, the company issued 2 ordinary shares of £0.0010 each for a cash price of £1 per share.

On 31 August 2021, the Company issued 249,999,998 ordinary shares of £0.0010 at a value of £0.003437.

On 23 December 2021, the Company issued 37,585,000 ordinary shares of £0.0010 at a cash price of £0.02 per share on Subscription and Admission to trading on the Access segment of the Aquis Exchange Growth Market.

Warrants

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:

12. Financial instruments (cont'd)

	2022
	£'000
Carrying amount of financial assets	
Cash and bank balance	**385**
Carrying amount of financial liabilities	
Trade payables	**110**

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 held Euro denominated currency to the total of €11,472, which expose the Company to the risk that the exchange rate of the Euro against the pound will change in a manner which adversely impacts the Company's net profit and net assets attributable to shareholders. A 10% increase in the Euro exchange rate against the pound would result in an increase in the Company's profit after tax of approximately £1k. A 10% decrease in exchange rates against the pound would have an equal and opposite effect.

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.

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

	2022
	£'000
Fees for the consultancy services supplied by City & Westminster Corporate Finance LLP, an LLP controlled by John May as Managing Partner.	**9**
Fees for the consultancy services supplied by Happy Consulting LLC, an LLC owned and controlled by Lucas Caneda.	**15**
Fees for the consultancy services supplied by Crowdraise 360 Inc , a company owned and controlled by Brian Connell (a director who resigned on 3 May 2022).	**32**

In Q1 2022 a loan of €0.14m was made to Sarlat Rugby Club, a French league Federale 2 rugby union club in which Dominique Einhorn, formerly Director and CEO of the Company who resigned on 18 February 2022 owned a controlling interest, were placed in Administration on 23 February 2022. The Company has therefore impaired the full value of the loan.