

Compliance with Governance Code

One of the important requirements of AQSE Rule 4.14 , which now requires AQSE companies to state on their website which recognised corporate governance code they apply and how they have applied that code.

The Board of Directors of ChallengerX PLC (“ChallengerX” or “the Company”) is committed to developing and applying high standards of corporate governance. The Board of Directors has applied the QCA Code, revised in April 2018 as devised by the Quoted Companies Alliance.

The Quoted Companies Alliance is the independent membership organisation that champions the interests of small to mid-size quoted companies. The QCA Code takes key elements of good governance and applies them in a manner which is workable for the different needs of growing companies.

A revised version of the QCA Code (the “Revised Code”) was published in April 2018, based on the ‘comply or explain’ principle.

The QCA Code is constructed around ten broad principles (accompanied by an explanation of what these principles entail, under ‘application’) and a set of disclosures. The Code states what is considered to be appropriate arrangements for growing companies, and asks companies to provide an explanation about how they are meeting the principles through the prescribed disclosures.

The table below sets out the principles, the application recommended by the QCA code. It then sets out how the Company complies with these requirements and departures from code, and provides links to appropriate disclosures. These are based upon the recommended disclosures provided in the QCA code.

These disclosures were last reviewed on the 20 March 2023.

QCA Principle	Application	How Company complies	Departure and Reason
<p>1. Establish a strategy and business model which promotes long-term value for shareholders</p>	<p>The board must be able to express a shared view of the company’s purpose, business model, and strategy. It should go beyond the simple description of products and corporate structures and set out how the company intends to deliver shareholder value over the medium to long-term. It should demonstrate that the delivery of long-term growth is underpinned by a clear set of values aimed at protecting the company from unnecessary risk and securing its long-term future.</p>	<p>The Company is newly established and the Board has adopted a strategy appropriate for its status.</p> <p>The Company’s strategy is to employ both traditional and non-traditional marketing strategies to rapidly “professionalize” amateur and semi-professional sports clubs around the world. The Company will also mint and manage a club-branded social token that they employ throughout its fan-community development process and is set out in full on the Company’s website.</p> <p>The objective of the Directors is to generate capital appreciation and any income generated by the Company will be applied to cover costs or will be added to the funds available to further implement the growth strategy.</p> <p>In view of this, it is unlikely that the Directors will recommend a dividend during the Company’s early years. However, they may recommend or declare dividends at some future date depending on the financial position of the Company, at the Board’s sole discretion.</p>	<p>None</p>

<p>2. Seek to understand and meet shareholder needs and expectations</p>	<p>Directors must develop a good understanding of the needs and expectations of all elements of the company's shareholder base. The board must manage shareholders' expectations and should seek to understand the motivations behind shareholder voting decisions.</p>	<p>The Board is committed to maintaining good communication and having constructive dialogue with its shareholders. Institutional shareholders and analysts will have the opportunity to discuss issues and provide feedback at meetings with the Company.</p> <p>In addition, all shareholders are encouraged to attend the Company's Annual General Meeting.</p> <p>Investors also have access to current information on the Company through its website, www.challengerx.io, and via John May, Non-Executive Chairman or Stuart Adam, Chief Financial Officer who are available to answer investor relations enquiries and can be contacted on enquiries@challengerx.io</p>	<p>The Company does not currently have a dedicated investor relations professional. The Board feels that this is appropriate given the size and stage of development of the Company.</p>
<p>3. Take into account wider stakeholder and social responsibilities and their implications for long-term success</p>	<p>Long-term success relies upon good relations with a range of different stakeholder groups both internal (workforce) and external (suppliers, customers, regulators and others).</p> <p>The Board needs to identify the company's stakeholders and understand their needs, interests and expectations.</p> <p>In matters relating to the company's impact on society, the communities within which it operates or the environment have the potential to affect the company's ability to deliver shareholder value over the medium to long-term, then those matters must be integrated into the company's strategy and business model. Feedback is an essential part of all control mechanisms. Systems need to be in place to solicit, consider and act on feedback from all stakeholder groups.</p>	<p>The Board recognises that the long-term success of the Group is reliant upon the efforts of its directors, and upon its contractors, suppliers and regulators. The Company does not currently have any other employees.</p> <p>The Board has put in place a range of processes and systems to ensure that there is close Board oversight of and contact with its key resources and relationships.</p> <p>For example, the Board ensures that all key relationships with, for example, customers and suppliers are the responsibility of, or are closely supervised by, one of the directors.</p>	<p>None</p>
<p>4. Embed effective risk management, considering both opportunities and threats, throughout the organisation</p>	<p>The board needs to ensure that the company's risk management framework identifies and addresses all relevant risks in order to execute and deliver strategy; companies need to consider their extended business, including the company's supply chain, from key suppliers to end-customer. Setting strategy includes determining the extent of exposure to the identified risks that the company is able to bear and willing to take (risk tolerance and risk appetite).</p>	<p>In addition to its other roles and responsibilities the Audit and Compliance Committee (see composition details in Corporate Governance section of website) is responsible to the Board for ensuring that procedures are in place, and are being effectively implemented to identify, evaluate and manage the significant risks faced by the Company.</p> <p>The risk assessment matrix below sets out those risks, and identifies their ownership and the controls that are in place.</p> <p>This matrix is updated as changes arise in the nature of risks or the controls that are implemented to mitigate them. The Audit Committee reviews the risk matrix and the effectiveness of scenario testing on a regular basis.</p> <p>The following principal risks, and controls to mitigate them, have been identified:</p>	<p>None</p>

		<table border="1" data-bbox="940 263 1880 869"> <thead> <tr> <th>Activity</th> <th>Risk</th> <th>Impact</th> <th>Control(s)</th> </tr> </thead> <tbody> <tr> <td>Management</td> <td>Recruitment and retention of key staff</td> <td>Reduction in operating capability</td> <td>Stimulating and safe working environment. Balancing salary with longer term incentive plans.</td> </tr> <tr> <td>Regulatory adherence</td> <td>Breach of rules or product requirements</td> <td>Censure or withdrawal of authorization</td> <td>Strong compliance regime</td> </tr> <tr> <td>Strategic</td> <td>Damage to reputation Inadequate disaster recovery procedures</td> <td>Inability to secure new customers. Loss of key operational and financial data.</td> <td>Effective communications with shareholders. Secure off-site storage of data.</td> </tr> <tr> <td>Financial</td> <td>Liquidity, market and credit risk.</td> <td>Inability to continue as going concern.</td> <td>Robust financial controls and procedures in place.</td> </tr> </tbody> </table> <p data-bbox="922 906 1880 1148">The directors will establish procedures, as represented by this statement, for the purpose of providing a system of internal control. In addition, there are a range of Company policies that will be reviewed at least annually by the Board. These policies cover matters such as share dealing and insider legislation. The Board currently takes the view that an internal audit function is not considered necessary or practical due to the size of the Company and due to the close day to day executive control exercised by the Chairman, with the oversight / review of the other directors. However, the Board will continue to monitor the need for an internal audit function.</p> <p data-bbox="922 1179 1849 1239">The Board will regularly review operating and strategic risks and will consider in such reviews financial and non-financial information including:</p> <ul data-bbox="970 1275 1755 1434" style="list-style-type: none"> • a review of the business at each Board meeting, focusing on any new decisions/risks arising; • the development and secure operation of the platform; and • reports prepared by third parties. 	Activity	Risk	Impact	Control(s)	Management	Recruitment and retention of key staff	Reduction in operating capability	Stimulating and safe working environment. Balancing salary with longer term incentive plans.	Regulatory adherence	Breach of rules or product requirements	Censure or withdrawal of authorization	Strong compliance regime	Strategic	Damage to reputation Inadequate disaster recovery procedures	Inability to secure new customers. Loss of key operational and financial data.	Effective communications with shareholders. Secure off-site storage of data.	Financial	Liquidity, market and credit risk.	Inability to continue as going concern.	Robust financial controls and procedures in place.	
Activity	Risk	Impact	Control(s)																				
Management	Recruitment and retention of key staff	Reduction in operating capability	Stimulating and safe working environment. Balancing salary with longer term incentive plans.																				
Regulatory adherence	Breach of rules or product requirements	Censure or withdrawal of authorization	Strong compliance regime																				
Strategic	Damage to reputation Inadequate disaster recovery procedures	Inability to secure new customers. Loss of key operational and financial data.	Effective communications with shareholders. Secure off-site storage of data.																				
Financial	Liquidity, market and credit risk.	Inability to continue as going concern.	Robust financial controls and procedures in place.																				
5. Maintain the board as a well-functioning, balanced team led by the chair	The board members have a collective responsibility and legal obligation to promote the interests of the company and are collectively responsible for defining corporate governance arrangements. Ultimate responsibility for the quality of, and approach to, corporate governance lies with the	The Board comprises John May as Non-Executive Chairman, Lucas Caneda who has key responsibility for the day-to-day management; and Stuart Adam as Chief Financial Officer. The Board is assisted by Robert Porter as Company Secretary.	The Company currently does not currently have an independent director due to the current size of the Company,																				

	<p>chair of the board. The board (and any committees) should be provided with high quality information in a timely manner to facilitate proper assessment of the matters requiring a decision or insight. The board should have an appropriate balance between executive and non-executive directors and should have at least two independent non-executive directors. Independence is a board judgement. The board should be supported by committees (e.g. audit, remuneration, nomination) that have the necessary skills and knowledge to discharge their duties and responsibilities effectively. Directors must commit the time necessary to fulfil their roles.</p>	<p>The time commitment formally required by the Company is an overriding principal that each director will devote as much time as is required to carry out the roles and responsibilities that the director has agreed to take on. Biographical details of the current directors are set out within Principle Six below.</p> <p>Executive and non-executive directors are subject to re-election intervals as prescribed in the Company's Articles of Association.</p> <p>At each Annual General Meeting one-third of the Directors, who are subject to retirement by rotation shall retire from office. They can then offer themselves for re-election. The letters of appointment of all directors are available for inspection at the Company's registered office during normal business hours.</p> <p>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 financial statements comply with the Companies Act 2006.</p> <p>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.</p> <p>The Board meets as regularly as necessary given its AQSE status. It has established an Audit Committee and a Remuneration Committee, particulars of which appear hereafter. The Board agreed that appointments to the Board are made by the Board as a whole and so has not created a Nominations Committee.</p> <p>Board Meetings The Board retains full control of the Company with day-to-day operational control delegated to the Non-Executive Chairman. The full Board meets on occasions it considers necessary.</p> <p>The Directors will also consider appointing additional directors with relevant experience if the need arises.</p> <p>It is planned that there will be four board meetings annually and the Audit and Remuneration Committee will meet on two and one occasions respectively.</p>	<p>however it is committed to reviewing the independence requirements in line with the Companies growth.</p>
<p>6. Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities.</p>	<p>The board must have an appropriate balance of sector, financial and public markets skills and experience, as well as an appropriate balance of personal qualities and capabilities. The board should understand and challenge its own diversity, including gender balance, as part of its composition. The board should not be dominated by one person or a group of people. Strong personal bonds can be</p>	<p>The Board currently consists of three directors and, in addition, the Company uses the services of Robert Porter for ad hoc financial accounting and advisory services and also to act as Company Secretary.</p> <p>The Company notes the guidance in the QCA Code is for a company to have at least two independent non-executive directors. However, the Directors are satisfied that the Company's board composition is currently appropriate but is committed to reviewing the</p>	<p>None</p>

	<p>important but can also divide a board. As companies evolve, the mix of skills and experience required on the board will change, and board composition will need to evolve to reflect this change.</p>	<p>situation in the forthcoming financial year with the objective of appointing a further independent non-executive director.</p> <p>John May – Non-Executive Chairman John 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.</p> <p>Stuart Adam – Chief Financial Officer Stuart 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.</p> <p>Lucas Caneda – Operations Director Lucas is a professional rugby player and with strong experience business development. Hailing from Argentina, Lucas 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 Tecno Científica S.A.</p>	
<p>7. Evaluate board performance based on clear and relevant objectives, seeking continuous improvement</p>	<p>The board should regularly review the effectiveness of its performance as a unit, as well as that of its committees and the individual directors. The board performance review may be carried out internally or, ideally, externally facilitated from time to time. The review should identify development or mentoring needs of individual directors or the wider senior management team. It is healthy for membership of the board to be periodically refreshed. Succession planning is a vital task for boards. No member of the board should become indispensable.</p>	<p>Evaluation of Board Performance Internal evaluation of the Board, the Committees and individual directors is important and will develop as the status of the Company changes in the future. The expectation is that board reviews will be undertaken on annual basis in the form of peer appraisals, questionnaires, and discussions to determine each Director's effectiveness and performance in various areas. The Chairman is the person responsible for guiding the business of the Board and ensuring long-term strategic focus. The QCA Code recommends that this role should be undertaken as a non-executive role.</p>	<p>ChallengerX has yet to carry out a formal assessment of board effectiveness. The board will keep this under consideration and put in place procedures when it feels appropriate.</p>

		<p>As the Company develops and grows, it is committed to strengthen and reorganise the Board with the appointment of experienced non-executive directors in order to maintain appropriate balance.</p> <p>The Company undertakes to review the appropriateness of the role of an executive Chairman in as the Company develops in the context of its overall strategy.</p>	
8. Promote a corporate culture that is based on ethical values and behaviours	<p>The board should embody and promote a corporate culture that is based on sound ethical values and behaviours and use it as an asset and a source of competitive advantage. The policy set by the board should be visible in the actions and decisions of the chief executive and the rest of the management team. Corporate values should guide the objectives and strategy of the company. The culture should be visible in every aspect of the business, including recruitment, nominations, training and engagement. The performance and reward system should endorse the desired ethical behaviours across all levels of the company. The corporate culture should be recognisable throughout the disclosures in the annual report, website and any other statements issued by the company</p>	<p>Corporate Culture</p> <p>The Board members recognise that their decisions regarding strategy and risk will impact the corporate culture of the Company as a whole and that this will impact the performance of the Company.</p> <p>The Board is very aware that the tone and culture set by the Board will greatly impact all aspects of the Company as a whole. The Company does not currently have any other employees.</p> <p>Therefore, the importance of sound ethical values and behaviour is crucial to the ability of the Company to successfully achieve its corporate objectives.</p> <p>The Board places great importance on this aspect of corporate life and seeks to ensure, through regular discussions between all directors, that this flows through all that the Company does.</p> <p>The Board assessment of the culture within the Company at the present time is one where there is respect for all individuals, there is open dialogue within the Company and there is a commitment to best practice operations.</p> <p>The Board is able to ensure ethical behaviour and values are recognised and respected through its due diligence process when directing the investing strategies of the Company. All investment decisions are made in furtherance of the Company's strategy and business model.</p>	None
9. Maintain governance structures and processes that are fit for purpose and support good decision-making by the board	<p>The company should maintain governance structures and processes in line with its corporate culture and appropriate to its: size and complexity; capacity, and appetite and tolerance for risk. The Company's governance structures should evolve over time and in parallel with its objectives, strategy, and business model to reflect the development of the Company.</p>	<p>Maintain Appropriate Governance Structures and Processes</p> <p>The Board holds regularly scheduled quarterly meetings, and meets as required on an ad-hoc basis. Similarly for ad-hoc meetings of the Audit and Remuneration Committees.</p> <p>Notwithstanding the above the Board and its Committees receive appropriate and timely information prior to each meeting; a formal agenda is produced for each meeting, and Board and Committee papers are distributed several days before meetings take place. Any Director may challenge Company proposals and decisions are taken democratically after discussion.</p> <p>Any Director who feels that any concern remains unresolved after discussion may ask for that concern to be noted in the minutes of the meeting, which are then circulated to all</p>	None

		Directors. Any specific actions arising from such meetings are agreed by the Board or relevant Committee and then followed up by the Company's management.	
10. Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders	A healthy dialogue should exist between the board and all of its stakeholders, including shareholders, to enable all interested parties to come to informed decisions about the company. In particular, appropriate communication and reporting structures should exist between the board and all constituent parts of its shareholder base. This will assist: the communication of shareholders' views to the board and the shareholders' understanding of the unique circumstances and constraints faced by the company. It should be clear where these communication practices are described (annual report or website).	<p>The Company will communicate with shareholders through the Annual Report and Accounts, full-year and half-year announcements, the Annual General Meeting (AGM) and one-to-one meetings with large existing or potential new shareholders.</p> <p>A range of corporate information (including all Company announcements and presentations) is also available to shareholders, investors and the public on the Company's corporate website, www.challengerx.io.</p>	None