

24 January 2025

ChallengerX plc

("ChallengerX", "CX" or the "Company")

Final Results for the Period Ended 30 June 2024

ChallengerX (AQUIS: CXS) announces its Audited Annual Report and financial statements for the year ended 30 June 2024 (the "**Annual Report**").

An extract of the Company's audited report and accounts can be found below. A full copy of the Annual Report, Which should be read in full, and will shortly be available from the Company's website <https://challengerx.io/investors/> and will be sent to all shareholders.

The audit opinion on the financial statements for the year ended 30 June 2024 is qualified due to the subsidiary Sports X SAS, a company incorporated in France, being in administration. The auditors were unable to obtain sufficient financial information and subsequent audit evidence to satisfy themselves concerning the financial results of that subsidiary, as at 30 June 2024. Consequently, those results are not consolidated within the financial statements despite the fact they were required to be under the Companies Act 2006 and the Financial Reporting Standard 102. In accordance with Rule 4.3 of the AQSE Growth Market Access Rulebook, the Company will announce management statements within one month of the quarter end for each quarter until an audit report is published without modification. Accordingly, the Company will release the following quarterly reports:

- A report for the quarters ended 30 September and 31 December 2024 by 31 January 2025
- A report for the quarter ending 31 March 2025 by 30 April 2025
- A report for the quarter ending 30 June 2025 by 31 July 2025

This announcement contains inside information for the purposes of the UK Market Abuse Regulation and the Directors of the Company are responsible for the release of this announcement.

For further information, please contact:

Enquiries:

ChallengerX plc

John May, Chairman

jmay@city-westminster.com

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

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

Principal activity

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

Review of business

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

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

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

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

Post year end

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

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

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

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

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

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

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

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

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:

Stuart Adam , Director

Date: 24 January 2025

Qualified Opinion

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

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

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

Basis for qualified opinion

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

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

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

Material uncertainty relating to going concern

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

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

- Reviewing the cash flow forecasts prepared by management for the period up to January

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

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

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

2nd Floor
154 Bishopsgate
London
EC2M 4LN

24 January 2025

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

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

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

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

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

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

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Stuart Adam
Director

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

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

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

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

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

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

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

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

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

1. General information

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

The Company's shares are listed on the Aquis Stock Exchange Growth Market under ticker CXS and ISIN number GB00BMD0WG01. Trading in the Company's ordinary shares on AQSE were suspended on 6 June 2024. The Company is aware of its continuing obligations under the AQSE rules.

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

The Company has been actively pursuing potential strategic transactions.

Accounting policies

Basis of preparation

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

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

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

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

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

Going concern

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

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

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

Taxation

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

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

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

Deferred tax assets and liabilities

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

Intangible assets

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

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.

Financial liabilities

Basic financial liabilities include trade and other payables.

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

Share Capital

Share Capital consists of one class of ordinary shares.

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

Ordinary shares bestow full rights on shareholders.

Warrants

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

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

Exceptional Items

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

Cash and cash equivalents

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

Foreign currencies

Functional and presentation currency

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

Transactions and balances

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

3. Critical accounting estimates and judgements

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

Critical judgements in applying the entity's accounting policies

(a) Carrying value of investments in subsidiary

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

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

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

(b) Carrying value of intangible assets

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

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

4. Operating loss

The operating loss is stated after charging:

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

5. Staff costs

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

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

6. Taxation

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

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

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

7. Earnings per share

	2024	2023
	£'000	£'000
Earnings		

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

8. Trade and other receivables

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

9. Trade and other payables

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

10. Share capital

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

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

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

On 17 August 2023 the Company issued 80,000,000 ordinary shares of £0.001 at a price of £0.0055 per share for a value of £440,000 having entered into an exclusive licence agreement with Flash Corp Technologies Ltd ("Flash Corp") by which the Company acquired a renewable 13-month license over the rights of FlashBet

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

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

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

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

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

The warrants were issued with the following terms:

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

11. Reserves

The Company's reserves are as follows:

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

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

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

12. Financial Instruments

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

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

2024

2023

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

Credit risk

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

Liquidity risk

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

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

Currency risk

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

13. Related party transactions

Ultimate controlling party

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

Key management personnel compensation

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

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

	2024	2023
	£'000	£'000
Fees for the consultancy services supplied by City & Westminster Corporate Finance LLP, an LLP controlled by John May and Stuart Adam.	60	52
Fees for the consultancy services supplied by Happy Consulting LLC, an LLC owned and controlled by Lucas Caneda.	48	44

Fees for the consultancy services supplied by Crowdrise 360 Inc , a company owned and controlled by Brian Connell (a director who resigned on 3 May 2022).

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

14. Post balance sheet events

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

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

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

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

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

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