Valereum Plc

(previously Valereum Blockchain Plc and Upper Thames Holdings Plc)

FINANCIAL STATEMENTS

for the year ended 31 December 2021

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Company Information

DIRECTORS	Richard O'Dell Poulden, Chairman Patrick L Young, Executive (appointed July 2021) Alan David Gravett, Non-Executive
SECRETARY	AMS Secretaries Limited Suite 16, Watergardens 5 Waterport Wharf GX11 1AA Gibraltar
REGISTERED OFFICE	Suite 16, Watergardens 5 Waterport Wharf GX11 1AA Gibraltar
INDEPENDENT AUDITORS	RSM Audit (Gibraltar) Limited 21 Engineer Lane GX11 1AA Gibraltar
REGISTRARS	Computershare Investor Services (Jersey) Limited Queensway House Hillgrove Street St Helier Jersey JE1 1ES Channel Islands
DEPOSITARY	Computershare Investor Services Plc The Pavilions Bridgwater Road Bristol BS13 8AE United Kingdom
BANKERS	Bank of China 1 Lothbury London EC2R 7DB United Kingdom (account closed November 2020) Privat 3 Money Ltd (as from 9 February 2021) 6 Princes Street, 4th Floor London W1B 2LG United Kingdom

Company Information (continued)

AQSE CORPORATE ADVISOR	First Sentinel Corporate Finance Limited 55 Park Lane, Mayfair London, W1K 1NA United Kingdom (up to 16 February 2021) Peterhouse Capital Limited 3rd Floor, 80 Cheapside London, EC2V 6EE United Kingdom (from 16 February 2021)
REGISTERED NUMBER	107915

Chairman's Statement
Year ended 31 December 2021

Dear Shareholders,

As you all know 2021 was an exciting and transformational year for your Company. A lot has changed from a shell company called Upper Thames, as we were called at the start of 2021, to Valereum, as we are known now, focused on linking the worlds of blockchain and fiat currencies.

The two major developments during the year were firstly, the taking of an option over 80% of the Gibraltar Stock Exchange ("GSX") and secondly the development of our Non-Fungible Token ("NFT") strategy.

I see a very exciting year ahead for Valereum through 2022 and beyond as we grow the GSX into a vibrant and relevant global market place and expand our footprint with innovative NFT related products.

The Gibraltar Stock Exchange ("GSX")

In October 2021 we announced we had taken an 80% option to acquire the GSX and in January 2022 we announced that we had increased the option to cover 90%. 50% of the acquisition has already been fully paid in accordance with the option structure. The final transfer of the shares is subject to the approval of the Gibraltar Financial Services Commission ("GFSC").

As security for the payments made, Valereum holds a fixed charge over the 50% already paid for, together with draft blank transfer forms for the ultimate transfer of the shares. Therefore we view those payments as secure.

We are working with our Gibraltar lawyers, Hassans, with whom I have worked for over thirty years, to answer the GFSC's questions and due diligence and I am happy to report that we are moving steadily forward in this regard.

The GSX is a fully regulated exchange, which we believe can be further developed to raise its potential and international profile. From this we see significant benefits to Valereum, the GSX and indeed Gibraltar. While we aspire to focus on Gibraltar, Valereum has an international mindset. We will engage with any jurisdiction where we see valid opportunities to expand.

A core focus of Valereum remains bridging the nascent crypto world with the developed legacy asset markets. To that end, we are working to make markets more accessible and efficient for all users. There are considerable possibilities - as evidenced by the EU's desire to promote a "Capital Markets Union" as much as the US explosion in SME financing through crowdfunding and there is considerable growth potential as the breadth of regulated digital assets expands. Similarly, in the NFT market where we have already announced a platform is being developed.

NFT Strategy

In June 2022 we announced that we have plans to launch a new global marketplace platform for Non-Fungible Tokens (NFTs). Full details of this, including its headquarters jurisdiction, will be announced in due course. Given the confidential nature of ongoing negotiations, key launch partners will also be announced at a later date.

While deploying a blockchain backbone to ensure immutable settlement of all transactions, the platform will enable users to pay in a variety of crypto, as well as fiat currencies, facilitating the broadest possible user base.

We see this as an exciting extension to the Valereum group's operations and whilst for the moment this is entirely separate from our plans for the GSX there will undoubtedly be synergies in future.

Management Additions

In July last year Patrick L. Young joined us as an executive director. Patrick has been working on the internet since 1994 and has a strong track record as a pioneer in the development of "financial technology" ("fintech"). Indeed, his book "Capital Market Revolution!" was published a decade before the phrase "fintech" came into common use.

Management Additions (continued)

An expert in derivatives as well as financial market structure, Patrick has been involved with pioneering markets, products and exchanges for over 20 years. He championed "single stock futures" and helped introduce them to exchanges as diverse as LIFFE in London and the Montreal Exchange in Canada. He was a pioneer in the prediction markets including as a co-founder of Intrade / Tradesports while his first book discussed the future rise of digital currencies as early as 1999.

Patrick has testified to regulators around the world, including the EUroParl Econ Committee and guest lectured at institutions including Insead and Nicolaus Copernicus University in Poland.

In September we were joined by Jack (Kaiyi) Sun as Chief Financial Officer. In addition to being a qualified accountant Jack has degrees from the Said Business School Oxford and the Judge Business School Cambridge. Jack has worked across the world for public and private companies and has a deep knowledge of international finance. Also he brings extensive contacts in Asia which he has used to start looking for links for Valereum in these markets.

Financing and Markets

During the year we raised a total of £4m through the issue of shares and the exercise of warrants. Subsequent to the year end we raised a further £2.3m primarily from the first drawdown on the $10m facility announced in January 2022.

During the latter part of this year, we intend to seek an additional listing on a larger European market. We will announce the details of these plans as soon as they are finalised.

As always I would particularly like to thank you all: staff, shareholders and advisers for your hard work and support. We will continue to announce news as soon as we are allowed by regulations to do so.

Richard Poulden

Chairman

1 July 2022

The Directors present their report together with audited financial statements of Valereum Plc ("VLRM" or "the Company") for the year ended 31 December 2021 and the 9 months ended 31 December 2020.

Principal activities

The main focus for VLRM is the linking of conventional, mainstream currency products denominated in USD and GBP into the world of crypto currencies. The linking of the two ecosystems rather than seeing them as competition opens up a range of new opportunities. The Company has an option to acquire 90% of the Gibraltar Stock Exchange (GSX) and has recently announced the addition of Non-Fungible Tokens (NFTs) to its strategy.

Change in functional and presentational currencies

As at 1 January 2021, the Board of Directors considered that the Company's assets and liabilities are predominantly Sterling Pound (£) denominated. The Board also considered that reporting in £ will reduce exposure to exchange differences in its reported results. As a result, the Directors have determined that £ is the currency which best reflects the underlying transactions, events and conditions relevant to the Company with effect from 1 January 2021 ("the effective date of the change").

Therefore, during the year, the directors resolved to change the functional and presentational currencies from United States Dollar (US$) to £ as they consider £ to be the currency in which the Company measures its performance and reports its results (see note 2 – Functional and Presentational Currencies).

Results

The Company's results for the year are shown in the Statement of Total Comprehensive Income on page 17.

The Directors do not recommend the payment of a dividend for the year ended 31 December 2021.

Business review

Please refer to the Chairman's Statement on page 5.

Principal risks and uncertainties

The principal risks and uncertainties facing the Company are those of starting a new business strategy. The Company has examined blockchain related businesses in the past, most recently in early 2019. We thus have some knowledge of the sector and also have retained advisers who are well versed in all aspects of this market (see Chairman's Statement).

Financial risk management policies

Note 15 sets out the Company's financial risk management policies for its exposure to various risks.

Post balance sheet events

Post balance sheet events are disclosed in note 19.

Directors

The Directors who served during the year and remuneration during the year in the form of consultancy fees were as follows:

	Consultancy fees £
Richard O'Dell Poulden	183,685
Patrick L Young – appointed July 2021	280,000
Alan David Gravett	24,121
	487,806

Directors (continued)

Consultancy fees paid to Richard Poulden includes fees paid to Black Swan Plc of which he is also the Chairman. The directors claimed expenses they had incurred on behalf of the Company of £38,641 (2020: £nil).

The Directors have the following interests in the issued share capital of the Company:

	Number of ordinary shares
Richard O'Dell Poulden (a)	2,899,564
Patrick L Young	-
Alan David Gravett (b)	200

(a) Richard Poulden's interest in the Ordinary Shares (or depositary interests in respect thereof) referred to above (a) belong to Black Swan Group of which Richard Poulden is Chairman.

(b) Alan Gravett and his wife, Kim Gravett, jointly legally and beneficially own 200 ordinary shares.

Payments to creditors

The Company's policy on payment practice is to settle the payment with creditors in accordance with the agreed terms of business transactions.

Corporate governance

The Directors have, so far as is practicable given the Company's size and the constitution of the board, complied with all corporate governance provisions. On 28 September 2018, the Company adopted a new Code of Governance based on the QCA Corporate Governance Code (2018) on a comply or explain basis, with the appropriate disclosures as required by AQSE Rules for Issuers. This code is available in the Company's website and has been updated for the current year.

The Directors have adopted terms of reference for an audit committee and remuneration committee but these are not in force at the Company's current stage of development. The Directors do not fully comply with the Corporate Governance Code to the extent that there is no nomination committee as the Board does not consider it appropriate to establish it at this stage of the Company's development.

Going Concern

Your attention is drawn to notes under Going Concern in note 2 to the financial statements.

Events after the reporting year

On 20 January 2022, the Company changed its name to Valereum Plc following the passing of the shareholders' resolution in an Extraordinary General Meeting held the same day. Originally, the Company was called PCGE Entertainment Plc, subsequently known as Upper Thames Holdings Plc and thereafter known as Valereum Blockchain Plc.

On 26 January 2022, the Company increased its potential ownership of GSX Ltd to acquire 90% holdings from 80% as per the original Call Option Agreement.

On 31 January 2022, Valereum has drawn US$3m from a US$10m investment facility primarily to exercise Valereum's next tranche of options over the acquisition of GSX Ltd.

On 23 February 2022, the Company issued 499,796 new ordinary shares of 0.1 pence each at a price of 36.82 pence per share which totals to £184,015 (US$250,000) following the conversion notice received by the Company under the terms of the funding facility announced on 31 January 2022.

On 28 February 2022, the Company announced that the Company's lawyers in Gibraltar have submitted the change of control application for the Juno Group of Companies ("Juno") to the Gibraltar Financial Services Commission ("GFSC") for approval. The Company announced the deal to buy Juno on 29 December 2021.

Events after the reporting year (continued)

On 19 May 2022, the Company announced that it holds a fixed charge over shares totaling 50% of the GSX and is working closely with GSX management to plan the transition.

On 13 June 2022, Valereum appointed Z/Yen Group Ltd ("Z/Yen") as its strategic adviser to provide a commercial review of the Company's business plans for GSX.

On 16 June 2022, the Company announced that it is formulating plans to launch a new global marketplace platform for NFTs.

Statement regarding disclosure of information to the Auditors

Each Director of the Company has confirmed that, in fulfilling their duties as a director, they are aware of no relevant audit information of which the Auditors are not aware of and that they have taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Auditors are aware of that information.

This information is given and should be interpreted in accordance with the provisions of Gibraltar Companies Act 2014.

Auditors

The Statutory auditors are RSM Audit (Gibraltar) Limited.

A resolution for the reappointment of RSM Audit (Gibraltar) Limited will be put to the members at the annual general meeting.

By order of the board

Richard O'Dell Poulden

Director

1 July 2022

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs and of the profit or loss of the Company for that year. In preparing those financial statements, the Directors are required to:

a. select suitable accounting policies and then apply them consistently;
b. make judgements and estimates that are reasonable and prudent;
c. state whether applicable accounting standards have been followed, subject to any material departures; and
d. 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 proper accounting records, which disclose, with reasonable accuracy at any time, the financial position of the Company and to enable them to ensure that the financial statements comply with the requirements of the Gibraltar Companies Act 2014. Specifically, pursuant to section 248 of the Companies Act, the Directors have elected to follow International Financial Reporting Standards. The Directors 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 Directors are responsible for the maintenance and integrity of the corporate financial statements included on the Company's website. Legislation in Gibraltar governing the preparation and dissemination of accounts may differ from legislation in other jurisdictions.

Richard O'Dell Poulden
Director

1 July 2022

RSM Audit (Gibraltar) Limited

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Independent auditor's report
To the shareholders of Valereum Plc

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Valereum Plc (previously Valereum Blockchain Plc and Upper Thames Holdings Plc, the "Company"), which comprise the statement of financial position as at 31 December 2021, and the statement of total comprehensive income, statement of changes in equity and statement of cash flows for the year then ended 31 December 2021, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its loss and cash flows for the period then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted for use in the European Union; and
- have been prepared in accordance with the Companies Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). 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 International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code), 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.

Independent auditor's report
To the shareholders of Valereum Plc

Report on the audit of the financial statements *(continued)*

Emphasis of matter – Going concern

The financial statements have been prepared on the assumption that the Company will continue as a going concern. As discussed in note 2 to the financial statements, the Company have incurred a net loss for the year and have accumulated losses from prior years.

The going concern ability of the Company relies on a number of matters including the future profitability from its blockchain related activities, the success of Gibraltar Stock Exchange and the continued availability of the facility. These circumstances and conditions raise doubts about the Company's ability to continue as a going concern.

Management's plans are described in note 2 together with the disclosures in the Directors Report and Chairman's Statement. In addition, note 19, events after the reporting date, provides further details affecting the going concern.

The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. 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.

Independent auditor's report
To the shareholders of Valereum Plc

Report on the audit of the financial statements *(continued)*

Risk	Our response to the risk	Key observations communicated to the audit committee
Going concern assessment • As disclosed in Note 2, the financial statements have been prepared on a going concern basis. • As at 31 December 2021, the Company has net current assets of £1,539,760, which have significantly increased from previous year's net current liabilities of £61,673. However, the Company continues to incur losses. For the year ended 31 December 2021, the Company has a total loss before tax of £1,837,823 (2020: £61,967). At the end of the year, the accounts show that the Company held cash balances totaling £1,432,377 (2020: £3,251). Administrative costs, excluding interest and share-based payments expense during the year, were £1,484,478 (2020: £63,447). This would normally indicate that Company may not be able to cover the Company's expenses for the next twelve months from the date of the approval of the financial statements. • The Company relies on its new strategy in blockchain related assets and acquisition of Gibraltar Stock Exchange (GSX) as a strategic move. • There is a risk that a material uncertainty could exist related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern. • The Company closely monitors and manages its capital position and liquidity risk regularly throughout the year to ensure that it has sufficient funds to meet forecast cash requirements and satisfy the working capital requirements and planned blockchain activity and acquisitions. Taking into account the ability of the Company to raise adequate funding to support its blockchain project, the Board of Directors is confident that the Company has access to sufficient funds to enable the Company to meet its liabilities as and when they fall due for at least the next twelve months.	Our procedures in relation to management's going concern assessment included: • We identified that the most significant assumption in assessing the Company's ability to continue as a going concern was the expected future profitability from its blockchain related program as the key determinant of the forecasted capital position and its reliance on GSX as strategic move, which was able to raise funding. The calculations supporting the assessment require management to make highly subjective judgements. The assessments are based on estimates of future performance, and are fundamental in determining the suitability of the basis adopted for the preparation of the financial statements; • We noted that the Company relies on the $10m facility; and • We assessed all the relevant going concern matters, including the impact of COVID 19 in the future operations of the Company.	We concluded that no further disclosures relating to the Company's ability to continue as a going concern need to be made in the financial statements. We nevertheless believe that there is uncertainty and therefore, we included an emphasis of matter paragraph in our audit report.

RSM

Independent auditor's report
To the shareholders of Valereum Plc

Report on the audit of the financial statements *(continued)*

Materiality

The concept of materiality is fundamental to the preparation of the Company's financial statements and the audit process. Materiality is an expression of the relative significance or importance of a particular matter in the context of the financial statements as a whole.

For the purposes of an audit, misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. Materiality is considered at both the overall financial statement level ("financial statement materiality") and, if applicable, in relation to individual account balances, classes of transactions and disclosures ("element materiality") and is used as a threshold or benchmark against which errors or differences of opinion between management and ourselves can be evaluated.

The financial statement materiality calculated for the Company is GBP140,000 which was determined on the basis of 6% of the Company's net assets as at 31 December 2021.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and 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, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with applicable law in Gibraltar and International Financial Reporting Standards, as adopted for use in the European Union, and for such internal control as the directors determine is necessary to enable the presentation 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.

Independent auditor's report
To the shareholders of Valereum Plc

Report on the audit of the financial statements *(continued)*

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 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.

As part of an audit in accordance with ISAs, we exercise professional judgement 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.

We communicate with the directors 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.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Independent auditor’s report
To the shareholders of Valereum Plc

Report on other legal and regulatory requirements

Opinion on other matter prescribed by the Companies Act 2014

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors’ Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors’ Report has been prepared in accordance with the requirements of the Companies Act 2014.

In the light of the knowledge and understanding of the Company, and its environment obtained in the course of the audit, we have not identified any material misstatements in the Directors’ Report.

Matters on which we are required to report by exception

We have nothing to report in respect of the matter where the Companies Act 2014 requires us to report to you if, in our opinion, we have not received all the information and explanations we require for our audit.

Use of our report

This report, including the opinion, has been prepared for and only for the Company’s members as a body in accordance with Section 257 of the Companies Act 2014 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

SVM Cohen
Statutory auditor

For and on behalf of
RSM Audit (Gibraltar) Limited

21 Engineer Lane
Gibraltar

1 July 2022

Statement of Total Comprehensive Income
for the year ended 31 December 2021

	Notes	Year ended 31 December 2021 £	9 Months ended 31 December 2020 £
Revenue		-	-
Cost of Sales		-	-
Gross Profit		-	-
Administrative expenses		(1,860,478)	(63,447)
Operating loss	4	(1,860,478)	(63,447)
Foreign exchange (loss)/gain		(1,676)	1,480
Interest expense		(5,000)	-
Interest income		29,331	-
Loss before taxation		(1,837,823)	(61,967)
Tax on loss	6	-	-
Loss for the financial year/period		(1,837,823)	(61,967)
Other comprehensive income			
Items that may not be reclassified subsequently to profit or loss:			
Unrealised gain on crypto assets		85,957	-
Other comprehensive income for the year/period		85,957	-
Total comprehensive loss for the year/period		(1,751,866)	(61,967)
Basic and diluted loss per share:			
For continuing activities		(0.029)	(0.005)
For discontinued activities		-	-
Total basic and diluted	7	(0.029)	(0.005)

There are no recognised gains or losses other than disclosed above.

The notes on pages 21 to 33 form part of these financial statements.

Statement of Financial Position
as at 31 December 2021

	Notes	31 December 2021	31 December 2020
		£	£
Current assets			
Loans and other receivables	8	332,331	13,450
Cash and cash equivalents		1,432,377	3,251
		1,764,708	16,701
Non-current assets			
Property, plant and equipment	9	108,243	-
Intangible asset	10	85,957	-
Investments	11	777,001	-
		971,201	-
Total assets		2,735,909	16,701
Current liabilities	12	224,948	78,374
Equity			
Share capital	13	4,125,594	4,064,440
Share premium	13	22,066,933	18,179,587
Revaluation reserve	10	85,957	-
Translation reserve		257,478	257,478
Share-based payments reserve	14	153,500	-
Accumulated losses		(24,178,501)	(22,563,178)
		2,510,961	(61,673)
Total equity and liabilities		2,735,909	16,701

The financial statements were approved by the board and authorised for issue on 1 July 2022 and signed on its behalf by:

Richard O'Dell Poulden
Director

Alan David Gravett
Director

The notes on pages 21 to 33 form part of these financial statements.

Valereum Plc
Statement of Changes in Equity
for the year ended 31 December 2021

	Notes	Share Capital £	Share Premium £	Translation Reserve £	Revaluation Reserve £	Share-based Payments Reserve £	Accumulated Losses £	Total Equity £
Balance at 31 March 2020		4,064,440	18,179,587	257,478	-	-	(22,501,211)	294
Comprehensive loss for the period		-	-	-	-	-	(61,967)	(61,967)
Balance at 31 December 2020		4,064,440	18,179,587	257,478	-	-	(22,563,178)	(61,673)
Comprehensive loss for the year		-	-	-	85,957	-	(1,837,823)	(1,751,866)
Share-based payments	14	-	-	-	-	376,000	-	376,000
Transfer of share-based payments	14	-	-	-	-	(222,500)	222,500	-
Shares issued during the year	13	61,154	3,887,346	-	-	-	-	3,948,500
Balance at 31 December 2021		4,125,594	22,066,933	257,478	85,957	153,500	(24,178,501)	2,510,961

The notes on pages 21 to 33 form part of these financial statements.

Statement of Cash Flows
Year ended 31 December 2021

	Notes	Year ended 31 December 2021 £	9 Months ended 31 December 2020 £
Cash flows from operating activities			
Loss for the year		(1,751,866)	(61,967)
Reconciliation to cash generated from operations:			
Exchange rates differences		-	1,480
Unrealised gain on crypto assets	10	(85,957)	-
Share-based payments expense	14	376,000	-
Depreciation	9	33,457	-
(Increase)/decrease in receivables		(318,881)	18,395
Increase in payables		146,574	34,748
Net cash flow from operating activities		(1,600,673)	(7,344)
Cash flows from investing activities			
Payment for acquisition of property, plant and equipment	9	(141,700)	-
Payment for acquisition of investments	11	(777,001)	-
Net cash flow from financing activities		(918,701)	-
Cash flows from financing activities			
Issue of shares	13	3,948,500	-
Net cash flow from financing activities		3,948,500	-
Net increase/(decrease) in cash		1,429,126	(7,344)
Effects of exchange rates on cash and cash equivalents		-	7,294
		1,429,126	(50)
Cash at bank and in hand at the start of the year		3,251	3,301
Cash at bank and in hand at the end of the year		1,432,377	3,251

The notes on pages 21 to 33 form part of these financial statements.

1 General Information

Valereum Plc ("VLRM" or "the Company"), previously known as Upper Thames Holdings Plc and thereafter Valereum Blockchain Plc, is incorporated in Gibraltar. The registered office is Suite 16, Watergardens 5, Waterport Wharf GX11 1AA, Gibraltar.

On 19 January 2021, the Board of Directors approved the change in the Company's accounting period from a fiscal year beginning on 1 April and ending on 31 March, to a calendar year beginning on 1 January and ending on 31 December, effective 31 December 2020. Accordingly, the prior period is for nine months ended 31 December 2020 and therefore the amounts are not entirely comparable with the year ended 31 December 2021.

2 Accounting Policies

The principal accounting policies adopted by the Company in the preparation of its financial statements for the year ended 31 December 2021 with comparatives for nine months ended 31 December 2020 is set out below. The accounting policies have been consistently applied, unless otherwise stated.

Basis of preparation

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRSs") and Interpretations issued by the IFRS Interpretations Committee ("IFRIC") as adopted by the European Union and with those parts of the Gibraltar Companies Act applicable to companies reporting under IFRS. These are the standards, subsequent amendments and related interpretations issued and adopted by the International Accounting Standards Board ("IASB") that have been endorsed by the European Union at the year-end. The financial statements have been prepared under the historical cost convention.

Going concern

The Company continues to incur losses. For the year ended 31 December 2021, the Company has a total loss before tax of £1,837,823 (2020: £61,967). At the end of the year, the accounts show that the Company held cash balances totaling £1,432,377 (2020: £3,251). Administrative costs, excluding interest and share-based payments expense during the year, were £1,484,478 (2020: £63,447).

Since June 2020, the Company has been focusing on the acquisition of the Gibraltar Stock Exchange (GSX). This strategy has been received extremely well by the markets, which has enabled the Company to raise £3,948,500 in 2021.

During the first quarter of 2022, the Company secured a US$10m facility from a US Fund Manager. This funding package also provides the Company with the necessary working capital to create the platform for future growth.

The Directors believe that the Company can continue to manage its business risks and have a reasonable expectation that it can continue to have operational existence for the foreseeable future. Accordingly, the Company continues to adopt the going concern basis in preparing the financial statements.

Functional and presentational currencies

The individual financial information of the entity is measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The Company's functional currency has historically been the United States Dollar ("US$"), which was also the Company's presentation currency.

As at 1 January 2021, the functional currency of the Company is the Pounds Sterling ("£"). The Board of Directors considered that the Company's assets and liabilities are predominantly £ denominated. The Board also considered that reporting in £ will reduce exposure to exchange differences in its reported results. As a result, the Directors have determined that £ is the currency which best reflects the underlying transactions, events and conditions relevant to the Company with effect from 1 January 2021 ("the effective date of the change").

2 Accounting Policies (continued)

Functional and presentational currencies (continued)

In accordance with IAS 21 'The Effect of Changes in Foreign Exchange Rates', the effect of a change in functional currency is accounted for prospectively. All items were translated at the exchange rate on the effective date of the change, being US$ 0.7321 to £1. The resulting translated amounts for non-monetary items are treated as their historical cost.

Share capital and premium were translated at the historic rates prevailing at the dates of the underlying transactions. The effects of translating the Company's financial results and financial position into £ were recognised in the foreign currency translation reserve.

The financial statements are presented in £ including the comparative figures. All amounts are recorded in the nearest £, except when otherwise indicated.

Foreign currencies

Monetary assets and liabilities have been translated at rates in effect at the statement of financial position date, with any exchange adjustments being charged or credited to profit or loss.

In the cash flow statement, cash flows denominated in foreign currencies are translated into the presentational currency of the Company at the average exchange rate for the period or at the prevailing rate at the time of the transaction where more appropriate.

Financial instruments

Financial assets and financial liabilities are recognised on the statement of financial position when VLRM becomes a party to the contractual provisions of the instrument.

Loans and receivables

Loans and receivables are initially recognised at transaction price including any transaction costs and subsequently measured at amortised cost determined using the effective interest method, less provision for impairment.

Financial assets at fair value through profit or loss (FVTPL)

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset. Investments in equity instruments are classified as at FVTPL.

Impairment of financial assets

The Company has adopted the expected credit loss model ("ECL") in IFRS 9. The ECL is to be measured through a loss allowance at an amount equal to:

- the 12-month expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or
- full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument).

The Company only holds trade and other receivables with no financing component and therefore has adopted an approach similar to the simplified approach to ECLs.

Provision for impairment (or the ECL) is established based from full lifetime ECL and when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivable. The amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at effective interest rate.

2 Accounting Policies (continued)

Trade and other payables

Trade and other payables are initially measured at fair value, and are subsequently measured at amortised cost using the effective interest rate method.

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Equity comprises the following:

- *Share capital represents amounts subscribed for shares at nominal value.*
- *Share premium represents amounts subscribed for share capital in excess of nominal value.*
- *Accumulated losses represents the accumulated profits and losses attributable to equity shareholders.*
- *Other reserves include translation reserve, revaluation reserve, and share-based payments reserve.*

Intangible assets

The intangible assets relate to virtual currencies held by the entity on its own behalf. The virtual currencies held by the Company are Bitcoins, which have active markets. These have been recognised at fair value, and subsequently revalued in accordance with the revaluation provisions of IAS 38. Under revaluation model, the intangible assets are initially recognised at cost and subsequently measured at fair value, with movements above cost (i.e., unrealised gains) recognised as other comprehensive income in the statement of total comprehensive income and accumulated in revaluation reserve within equity, while movements below cost (i.e., unrealised losses) recognised in the profit and loss account. When an intangible asset is disposed of, the realised gain or loss on disposal is included in the profit and loss account.

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation. Cost is depreciated on a straight-line basis over their expected useful lives as follows:

Computer equipment	3 years

Share based payments

The Company has historically issued warrants and share options in consideration for services. Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the year end date.

Deferred taxation is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, if the deferred tax arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting, nor taxable profit or loss, it is not accounted for. Deferred tax is determined using tax rates and laws that have been enacted (or substantively enacted) by the year end date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

2 Accounting Policies (continued)

Standards, amendments and interpretations to existing standards that are effective in 2021

The following new standards, amendments and interpretations to existing standards have been adopted by the Company during the year but have had no significant impact on the financial statements of the Company:

- *Interest rate benchmark reform – Phase 2, Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16. The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendment had no impact on the financial statements of the Company. The Company intends to use the practical expedients in future periods if they become applicable.*

- *COVID-19 related rent concessions beyond 30 June 2021, Amendments to IFRS 16. On 28 May 2020, the IASB issued Covid-19 Related Rent Concessions – amendments to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. The amendment was intended to apply until 30 June 2021, but as the impact of the Covid-19 pandemic is continuing, on 31 March 2021, the IASB extended the period of application of the practical expedient to 30 June 2022. The amendment applies to annual reporting periods beginning on or after 1 April 2021. The Company has not received Covid-19 related rent concessions but plans to apply the practical expedient if it becomes applicable with allowed period of application.*

New standards, amendments and interpretations to existing standards that are not yet effective or have not been early adopted by the Company

At the date of authorisation of these consolidated financial statements, the following standards and interpretations were in issue but not yet mandatorily effective and have not been applied in these financial statements:

- *IFRS 3 (Amendments), 'Business Combination – Reference to the Conceptual Framework' (effective from 1 January 2022). The amendments update an outdated reference to the Conceptual Framework in IFRS 3 without significantly changing the requirements in the standard.*

- *IAS 16 (Amendments), 'Property, Plant and Equipment – Proceeds Before Intended Use' (effective from 1 January 2022). The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.*

- *IAS 37 (Amendments), 'Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts – Cost of Fulfilling a Contract' (effective from 1 January 2022). The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labor, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).*

- *Annual Improvements to IFRS 2018-2020 Cycle. Among the improvements, the only amendments, which are effective from 1 January 2022, relevant to the Group are IFRS 9 (Amendments), 'Financial Instruments – Fees in the '10 per cent' Test for Derecognition of Liability'. The improvements clarify the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.*

2 Accounting Policies (continued)

New standards, amendments and interpretations to existing standards that are not yet effective or have not been early adopted by the Company (continued)

- *IAS 1 (Amendments), 'Presentation of Financial Statements – Classification of Liabilities at Current or Non-current' (effective from 1 January 2023). The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.*

The Company assessed that there is no significant impact of the adoption of the new or amended Accounting Standards and Interpretations on the Company's financial statements. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

3 Critical accounting estimates and judgements

Critical judgements in applying the Company's accounting policies

The following are the critical judgements, apart from those involving estimations uncertainty (see below) that management has made in the process of applying the Company's accounting policies and which have the significant effect on the amounts recognised in the financial statements.

Going concern

The preparation of the financial statements is based on the going concern assumption as disclosed in note 2. The Board of Directors, after taking into consideration the planned business activity and forecasts, believe the going concern assumption is appropriate.

Determination of functional currency

As disclosed in note 2, the Company changed its functional and presentational currencies with effect from 1 January 2021. The Directors considers £ to be the currency that most faithfully represents the economic effect of the underlying transactions, cash flows, events and conditions of the Company. The £ is the currency in which the Company measures its performance and reports its results, as well as the currency in which it assesses the viability of projects.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the financial period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period include the following.

Expected credit losses of loan receivables and provision for impairment of investments

Under IFRS 9, a provision should be made for expected credit losses that result from default events on the financial instruments. Default events are events that trigger impairment such as:

- *non-payment of loans over one year*
- *financial covenant breach*
- *insolvency of the counterparty*
- *counterparty credit rating downgrade to the lowest rating given by a credit rating agency (e.g. Moody's, S&P, Fitch).*

Given the limited exposure of the Company to credit risk, this did not have a material impact on the financial statements. The Company only holds trade and other receivables, and which have maturities of less than 12 months at amortised cost and therefore has adopted an approach similar to the simplified approach to ECLs. Given the nature of these financial assets, no allowance for expected credit losses have been booked in relation to the loan receivables with carrying amount of £279,331 as disclosed in note 8. Similarly, the Company believes there are no indications of impairment in relation to its investments in private equity instruments with carrying amount of £771,001 as disclosed in note 11. The Directors believe that the carrying amounts of the financial assets approximate their fair values.

3 Critical accounting estimates and judgements (continued)

Key sources of estimation uncertainty (continued)

Share-based payment transactions

The Company measures the cost of equity-settled transactions with non-employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using market available information and methods as well as taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity. Share-based payments calculations inherently require judgements and assumptions in calculating the fair value. Share based payments expense during the year amounted to £376,000 (2020: £nil). As disclosed in note 14, the fair value of share warrants granted as at 31 December 2021 was £153,500 (2020: £nil) and the fair value of the share warrants exercised during the year was £222,500.

4 Operating loss

Operating loss is stated after charging the following:

	31 December 2021	31 December 2020
	£	£
Fees payable to the Company's auditor for the audit of the financial statements	22,950	12,500
Remuneration of directors of the Company	487,806	-
Share-based payment expense	376,000	-

5 Staff costs

During the year ended 31 December 2021, excluding Directors, the average number of people employed by the Company was nil (2020: nil). During the year ended 31 December 2021, the Company paid wages and salaries of £nil (2020: £nil). The Company does employ a Chief Financial Officer as a consultant and also a General Manager on a similar basis.

No staff other than the directors are considered key management personnel.

6 Taxation

The Company is subject to corporation tax in Gibraltar on any profits, which are accrued in or derived from Gibraltar or any passive income which is taxable. The corporation tax rate in Gibraltar is 12.5% effective 1 August 2021. The tax rate prior to the change was 10%. The Company has no operations in Gibraltar which are taxable.

The Company has taxable losses to carry forward, consequently no provision for corporate tax has been made in these financial statements.

As at 31 December 2021 and 2020, the Company has not recognised deferred tax assets and has no deferred tax liabilities.

7 Basic and diluted loss per share

	31 December 2021 £	31 December 2020 £
Loss attributable to ordinary shareholders	(1,751,866)	(61,967)
Weighted average number of common shares in issue during the period:		
Issued ordinary shares at the beginning of the period	12,444,882	1,244,488,103
Effect of share issues before reorganisation	-	97
Weighted average number of new ordinary shares at end of the period	12,444,882	1,244,488,200
Weighted average number of common shares after reorganisation		
Issued ordinary shares at the beginning of the period	12,444,882	12,444,882
Effect of share issues after reorganisation	47,521,203	-
Weighted average number of new ordinary shares at 31 December	59,966,085	12,444,882
Weighted average number of new ordinary shares at 31 December (after retrospective adjustment)	59,966,085	12,444,882
Basic loss per share before capital reorganisation	-	-
Basic loss per share after capital reorganisation	(0.029)	(0.005)

Basic loss per share has been calculated by dividing the net results attributable to ordinary shareholders by the weighted average number of shares in issue during the period. Due to the Company being loss making, any warrants are anti-dilutive. As a result of the capital reorganisation (note 13) that had an effect on the number of shares outstanding without a corresponding change in resources, the weighted-average number of shares outstanding for the entire period is retrospectively adjusted as if the change had occurred at the beginning of the first period of loss per share information presented.

8 Trade and other receivables

	31 December 2021 £	31 December 2020 £
Loan receivable	279,331	-
Other receivables	-	13,450
Prepayments and accrued income	53,000	-
	332,331	13,450

The loan receivable is payable on demand with interest of 12% per annum. Included in other receivables in the previous year are funds which have been held by a third party on behalf of the Company. The funds may only be disbursed pursuant to the Company’s instructions and the third party is not entitled to any interest income.

9 Property, plant and equipment

	31 December 2021 £	31 December 2020 £
Cost		
As at 1 January and 1 April	-	-
Additions during the year/period	141,700	-
As at 31 December	141,700	-
Accumulated Depreciation		
As at 1 January and 1 April	-	-
Depreciation charges during the year/period	33,457	-
As at 31 December	33,457	-
Net Book Value		
As at 31 December	108,243	-

The property, plant and equipment consist of computer equipment used in mining Bitcoin crypto assets.

10 Intangible assets

	31 December 2021 £	31 December 2020 £
Cost		
As at 1 January and 1 April	-	-
Additions	-	-
Revaluation	85,957	-
As at 31 December	85,957	-

The intangible assets consist of Bitcoin crypto assets which were mined by the Company.

11 Investments

	31 December 2021 £	31 December 2020 £
Cost		
As at 1 January and 1 April	-	-
Additions	777,001	-
As at 31 December	777,001	-

The investments consist of investments in private equity instruments.

On 29 July 2021, the Company entered into a Call Option Agreement with GSX Group Limited to acquire 80% holdings in GSX Limited. Consequently, the Company paid £150,001 as option fees and £625,000 for Milestone One Option to acquire 10% of the issued share capital of GSX Limited.

On 23 December 2021, the Company entered into a Sale and Purchase Agreement with Pure Dead Brilliant Limited to acquire the entire issued share capital of Juno Holdings Limited. Consequently, the Company paid £2,000 as an option fee.

See also note 19 for the subsequent events in relation to the above acquisitions.

12 Current liabilities

	31 December 2021 £	31 December 2020 £
Other payables including taxation and social security	133,836	53,374
Accruals and deferred income	91,112	25,000
	224,948	78,374

13 Share capital

	31 December 2021	31 December 2020
Authorised:	£	£
Ordinary shares of GBP 0.001 each	6,000,000	6,000,000

Allotted and called up:

	31 December 2021 Number of shares	31 December 2021 Share capital £	31 December 2021 Share premium £	31 December 2020 Number of shares	31 December 2020 Share capital £	31 December 2020 Share premium £
As at 1 January	12,444,882	4,064,440	18,179,587	1,244,488,103	4,064,440	18,179,587
Issued during the year before reorganisation	-	-	-	97	-	-
Shares before reorganisation	12,444,882	4,064,440	18,179,587	1,244,488,200	4,064,440	18,179,587
Shares after reorganisation	12,444,882	4,064,440	18,179,587	12,444,882	4,064,440	18,179,587
Issued during the year after reorganisation	58,328,571	58,329	3,667,671	-	-	-
Warrants exercised during the year after reorganisation	2,825,000	2,825	219,675	-	-	-
As at 31 December/ 31 March	73,598,453	4,125,594	22,066,933	12,444,882	4,064,440	18,179,587

The Company issued 97 shares at a price of 0.1 pence per share so that the number of shares issued be divisible by 100 before the Capital Reorganisation.

On 2 April 2020, the Company held an Extraordinary General Meeting ("EGM") in which shareholders approved a resolution for the capital reorganisation. The Company's issued share capital of 1,244,488,200 has been consolidated on the basis of 100 Existing Ordinary Shares into one Consolidated Share, and in turn, each Consolidated Share has been sub-divided into one New Ordinary Share of 0.1 pence and one Deferred Share of 9.9 pence. As a result of the Capital Reorganisation, the Company's issued voting share capital now comprises 12,444,882 New Ordinary Shares.

The New Ordinary Shares have the same rights as the existing Ordinary Shares including voting, dividend, return of capital and other rights.

13 Share capital (continued)

The Deferred Shares do not entitle the holder thereof to receive notice of or attend and vote at any general meeting of the Company or to receive a dividend or other distribution. On a return of capital on a winding up or dissolution of the Company, the holders of the Deferred Shares are entitled to participate in the distribution of the assets of the Company pari passu with the holders of the New Ordinary Shares, but only in respect of any excess of those assets above £1 trillion. Effectively, the Deferred Shares have no material value.

These New Ordinary Shares were admitted to trading on AQSE Growth Market on 17 July 2020 and the Deferred shares have been acquired back by the Company for nil consideration.

On 16 February 2021, the Company has issued 51,600,000 new ordinary shares of 0.1 pence each at a price of 1.0 pence per share for a total cash consideration of £516,000 before expenses.

On 26 April 2021, the Company received an exercise notice of warrants for 625,000 new ordinary shares of 0.1 pence each in the Company with an exercise price of 0.4 pence each. The exercise consideration is £25,000.

On 21 June 2021, the Company announced that is has raised a total of £1 million gross by issuing a total of 1,428,571 new ordinary shares of 0.1 pence each at a price of 70 pence per share through a private placement made by the Company to strategic existing shareholders. In addition, the Company is issuing 300,000 new shares to settle certain liabilities at the Placing price.

Pursuant to the Placing, the Company will also grant Investors a warrant to subscribe 1 New Ordinary Share in the capital of the Company for every two shares subscribed in the placing exercisable for a period of two (2) years from Admission of the Placing shares at a strike price of 80 pence per ordinary share.

The warrants have an accelerator clause whereby in the event that the ordinary shares of the Company close above 80 pence per share for 5 trading days during any ten-day trading period then the Company has the right to require warrant holders to exercise all warrants held by them within 7 days. Any warrants not exercised when so required by the Company will automatically expire at the end of the 7-day period.

On 25 October 2021, the Company announced that it has raised a total of £2 million before expenses by issuing 5,000,000 new ordinary shares of 0.1 pence each at a price of 40 pence per share.

Pursuant to the Placing, the Company will also grant Investors a warrant to subscribe 1 New Ordinary Share in the capital of the Company for every two shares subscribed in the placing exercisable for a period of eighteen (18) months from Admission of the Placing shares at a strike price of 80 pence per ordinary share.

The warrants have an accelerator clause whereby in the event that the ordinary shares of the Company close above 80 pence per share for 5 trading days during any ten-day trading period then the Company has the right to require warrant holders to exercise all warrants held by them within 7 days. Any warrants not exercised when so required by the Company will automatically expire at the end of the 7-day period.

On 10 November 2021, the Company has received an exercise notice of warrants for 1,000,000 new ordinary shares of 0.1 pence each with an exercise price of 10 pence each and 1,200,000 new ordinary shares of 0.1 pence each with an exercise price of 8.125 pence each ("Ordinary Shares"). The total exercise consideration is £197,500.

14 Share based payments

Details of the share warrants and options in issue during the year/period ended 31 December are as follows:

	Number of warrants/options 2021 No	Average exercise price 2021 £	Number of warrants/options 2020 No	Average exercise price 2020 £
Outstanding at 1 January and 1 April	-	-	2,532,050	0.30
Lapsed/terminated during the year	-	-	(2,532,050)	0.30
Issued during the year	38,589,285	0.2029	-	-
Exercised during the year	(2,825,000)	0.0788	-	-
Outstanding at 31 December	35,764,285	0.2127	-	-

14 Share based payments (continued)

The fair value of share warrants granted as at 31 December 2021 was £153,500 (2020: £nil). The fair value of the share warrants exercised during the year was £222,500 (2020: £nil). The fair value is determined by using market available information and methods as well as taking into account the terms and conditions upon which the instruments were granted.

15 Financial instruments and financial risk management

VLRM's principal financial instruments comprise cash and cash equivalents, loans and other receivables, investments in equity instruments and trade and other payables. VLRM's accounting policies and methods adopted, including the criteria for recognition, the basis on which income and expenses are recognised in respect of each class of financial asset, financial liability and equity instrument are set out in note 1. VLRM does not use financial instruments for speculative purposes.

The principal financial instruments used by VLRM, from which financial instrument risk arises, are as follows:

	December 2021 £	**December 2020 £**
Financial assets:		
Loans and other receivables	332,331	13,450
Cash and cash equivalents	1,432,377	3,251
Investments	777,001	-
	2,541,709	16,701
Financial liabilities		
Other creditors	133,836	53,373
Accruals and deferred income	91,112	25,000
	224,948	78,373

Capital risk management

The Company's objective when managing capital is to ensure that adequate funding and resources are obtained to enable it to develop its projects through to profitability, while in the meantime safeguarding the Company's ability to continue as a going concern. This is aimed at enabling it, once the projects come to fruition, to provide appropriate returns for shareholders and benefits for other stakeholders. Capital is sourced from equity and from borrowings, as appropriate.

No changes were made in the objectives, policies or processes during the year ended 31 December 2021, nor the 9 months ended 31 December 2020.

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk and cash flow risk), credit risk and liquidity risk. The Company's overall risk management programme seeks to minimise potential adverse effects on the Company's financial performance.

Financial risk management

(a) Market risk

Foreign exchange risk – The Company undertakes certain transactions in foreign currencies. Hence, exposure to exchange rate fluctuations arises.

The Company incurs foreign currency risk on transactions denominated in currencies other than its functional currency. The currency other than the functional currency that gives rise to this risk at Company level is the GBP. At the year end, the Company's exposure to the currency is minimal; accordingly any increase or decrease in the exchange rates relative to the functional currency would not have a significant effect on the financial statements.

15 Financial instruments and financial risk management (continued)

Financial risk management (continued)

(a) Market risk (continued)

Fair value interest rate risk and cash flow risk – The fair values of financial assets and financial liabilities approximate the carrying amounts of those assets and liabilities reported in the statement of financial position. The Company has interest rate risk with the banks for banking facilities.

(b) Credit risk

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, loans and other receivables, investment in equity instruments, as well as committed transactions. Individual risk limits are set based on limits set by the board. Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties. Cash is placed with an established financial institution. The Company's exposure and the credit ratings of its trading counterparties are monitored by the board of Directors to ensure that the aggregate value of transactions is spread amongst approved counterparties.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

(c) 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. The principal liabilities of the Company arise in respect of the ongoing development programs, trade and other payables. Trade and other payables are all payable within 12 months.

The board receives cash flow projections on a regular basis as well as information on cash balances.

The overriding financial risk to the Company during the year was that of liquidity. At the current stage of the Company's development, major source of funds is likely to be through the injection of new equity capital or a debt facility, or a combination of such sources.

16 Commitments

The Company had no capital commitments as at 31 December 2021.

17 Contingencies

As at 31 December 2021, the Company had a claim which the Directors aggressively disagree, as they believe that the validity of the claim against the Company is weak. Any provisions, as necessary, have been reflected in the financial statements.

18 Controlling party

At 31 December 2021, the Directors do not believe there to be any single controlling party.

19 Subsequent events

On 20 January 2022, the Company changed its name to Valereum Plc following the passing of the shareholders' resolution in an Extraordinary General Meeting held the same day. Originally, the Company was called PCGE Entertainment Plc, subsequently known as Upper Thames Holdings Plc and thereafter known as Valereum Blockchain Plc.

19 Subsequent events (continued)

On 26 January 2022, the Company increased its potential ownership of GSX Ltd to acquire 90% holdings from 80% as per the original Call Option Agreement.

On 31 January 2022, Valereum has drawn US$3m from a US$10m investment facility primarily to exercise Valereum's next tranche of options over the acquisition of GSX Ltd.

On 23 February 2022, the Company issued 499,796 new ordinary shares of 0.1 pence each at a price of 36.82 pence per share which totals to £184,015 (US$250,000) following the conversion notice received by the Company under the terms of the funding facility announced on 31 January 2022.

On 28 February 2022, the Company announced that the Company's lawyers in Gibraltar have submitted the change of control application for the Juno Group of Companies ("Juno") to the Gibraltar Financial Services Commission ("GFSC") for approval. The Company announced the deal to buy Juno on 29 December 2021.

On 19 May 2022, the Company announced that it holds a fixed charge over shares totaling 50% of the GSX and is working closely with GSX management to plan the transition.

On 13 June 2022, Valereum appointed Z/Yen Group Ltd ("Z/Yen") as its strategic adviser to provide a commercial review of the Company's business plans for GSX.

On 16 June 2022, the Company announced that it is formulating plans to launch a new global marketplace platform for NFTs.

20 Related party transactions

Transactions with related parties in respect to remuneration during the year in the form of consultancy fees were as follows:

	Consultancy fees
	£
Richard O'Dell Poulden	183,685
Patrick L Young	280,000
Alan David Gravett	24,121
	487,806

Consultancy fees paid to Richard Poulden includes fees paid to Black Swan Plc of which he is also the Chairman. The directors claimed expenses they had incurred on behalf of the Company of £38,641 (2020: £nil).

On 26 October 2021, the Company obtained a short-term loan from Wishbone Gold Plc, a related party under common management, amounting to £500,000. The related loan, including accrued interest of £5,000, as presented in the statement of total comprehensive income, was subsequently repaid on 8 November 2021.

21 Availability of accounts

The full report and accounts are being posted on the Company's website, www.valereum.gi.